

20. ACCOUNTS AND AUDIT

20.8 Action taken on the recommendations of Second State Finance Commission – Time frame to keep the Audit uptodate

Municipal Administration and Water Supply (MC.2) Department

G.O. (Ms) No. 145

Dated : 22.10.2002

Read :

- 1) G.O. (Ms) No.518, Finance (Resources) Department dt: 1.12.1992
From the Finance Department D.O.Ir.No.75393/FC-IV/2001-1 dated
13.5.2002.

ORDER

The action taken report on the recommendations of the Second State Finance Commission which was constituted in the G.O. cited has been placed on the Table of the House on 8.5.2002. In para 3.8 under Chapter VIII- Accountability of Audit of its report, the Commission observed that there was a general perception that Audit objections are not given due importance by the concerned executive authorities and many times, the executive authorities do not even go through the Audit reports for ascertaining the nature of Audit pointed out by the Audit and accordingly no follow up action is ever taken to rectify the defects pointed out. The statutory provision that the Audit reports should be placed before the Council and the replies with the approval of the Councils should be sent to the department within two months from the date of receipt of Audit report is being adhered to move in breach than in observance. In the above circumstances, it was considered by the Commission that specific time frame has to be incorporated in the relevant Local Bodies Acts so that action can be initiated against the persons responsible for the delay as under Companies Act 1956. The Commission, therefore, recommended that the following time frame may be adopted, so as to keep the Audit upto date:-

- 1) Accounts to be compiled by the Local Bodies for each financial year and produced to Audit
 - a) Village Panchayats and Town Panchayats) : 30th April of the immediate succeeding year
 - b) Municipalities, Panchayat Unions and District Panchayats : 15th May
 - c) Corporations : 31st May
- 2) Audited Accounts to be made available by the Local Fund Audit Department to the Local Bodies : 15th September
- 3) Audited accounts to be placed before the Council concerned and to be adopted by it : 30th September
- 4) Fixing responsibility and initiating disciplinary action, surcharge proceedings etc., : 31st December
- 5) Completing disciplinary action, effecting recovery etc., : 31st March

To monitor the above annual calendar of events the following two committees may be set up.

- a) Committee of Panchayat Raj Institutions
 - i) Secretary to Government, Finance Department
 - ii) Secretary to Government, Rural Development Department
- b) Committee for Urban Local Bodies
 - i) Secretary to Government, Finance Department
 - ii) Secretary to Government, Municipal Administration and Water Supply Department

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These Committees may meet every quarter and monitor the schedule.

2. The Government accept the time frame recommended for Urban Local Bodies by the Commission so as to keep the Audit upto date, subject to the following modifications:-

- 1) Corporations must complete the compilation of accounts and produce them to Audit by 30th June of the immediate succeeding year.
- 2) The time limit for placing the Audited accounts of all urban local bodies before the Council will be changed and fixed as two months from the date of issue of Audit report or 15th November whichever is earlier.
- 3) The recommendation for constituting a separate monitoring Committee is not accepted by the Government in view of the existing arrangements at the Office of the Commissioner of Municipal Administration / Director of Town Panchayat and in the Secretariat.

3. The Commissioner of Municipal Administration / Director of Town Panchayats / Commissioner, Chennai Corporation are requested to send necessary proposal to Government, in due course for incorporating the specific time frame with reference to the orders issued in para 2 above in the relevant Local Bodies Act.

4. Similar orders in respect of rural local bodies will be issued by Rural Development separately.

(By order of the Governor)

SANTHA SHEELA NAIR
SECRETARY TO GOVERNMENT