

20. ACCOUNTS AND AUDIT

20.17 Tamil Nadu Panchayats (Issue and disposal of Audit Report) of Village Panchayats) Rules 2000

(G.O. (Ms) No.59,Rural Development (C-4) Department, Dated the 7th March, 2000)

In exercise of the powers conferred by clauses (xvi) and (xviii) of the sub-section (2) of Section 242 of the Tamil Nadu Panchayats Act, 1994 (Tamil Nadu Act 21 of 1994) and in supersession of the Rules relating to issue and disposal of Audit Reports, the Governor of Tamil Nadu hereby makes the following Rules:-

RULES

1. Short title - These Rules may be called the Tamil Nadu Panchayats (Issue and Disposal of Audit Report of Village Panchayats) Rules, 2000.

2. Definition - In these Rules, unless the context otherwise requires -

- (i) **"Act"** means the Tamil Nadu Panchayat Act, 1994 (Tamil Nadu Act 21 of 1994);
- (ii) **"Auditor"** means the Deputy Block Development Officer of the Panchayat Union, in whose jurisdiction the Village Panchayat lies, appointed by the Government under sub-section (1) of Section 193 of the Act.

3. Submission of accounts and records of the Village Panchayat - The Executive Authority of a Village Panchayat shall produce all accounts and records of the Village Panchayat to the Auditor, as required by him and also to the Accountant-General and his subordinate officers, whenever he or his subordinate officers demand the production of the records of a Village Panchayat.

4. Conduct of Audit of Village Panchayat - (1) The Executive Authority shall report, in writing, to the Auditor before the end of May of every year regarding the closure of the accounts for the previous year along with the copy of the annual accounts. The Auditor, shall conduct the Audit of the Village Panchayats every year, within two months from the receipts of the report but not later than 30th September of that year.

(2) If so directed by the Government, the Auditor shall take up concurrent Audit of vouchers of a Village Panchayat soon after the payment is made and send Audit slips after such Audit is done by him, to the Inspector for sending the same to Government with his remarks thereon.

5. Powers of the Auditor - (1) The Auditor may, by summons in writing,-

- (i) require the production of any book, deed, contract, account voucher, receipt or other documents, for the perusal or examination thereof, which he considers necessary;
- (ii) require any person having the custody or control of any such document or person accountable for it, to appear in person before him and require him to make and sign a declaration in respect of such document or to answer any question or to prepare and furnish any statement relating thereto.

(2) Whoever fails to comply with any requisition lawfully made upon him under this Rule, shall be punishable with fine which may extend to one hundred rupees, or in case of continuing breach, with fine not exceeding fifteen rupees for every day during which the breach continues after conviction of the first breach.

6. Procedure for conduct of Audit - (1) The Auditor shall scrutinize every item of expenditure and decide whether the Executive Authority has conducted the financial transactions of the Village Panchayat in accordance with Rules and Orders issued by the Government and other Competent Authorities, from time to time, and also with the approval of the Village Panchayat. As far as the receipts are concerned, the Auditor shall verify, whether the Executive Authority has properly assessed all the eligible persons or properties under various taxes leviable by the Village Panchayat. He shall decide items of expenditure which are not admissible and items of loss of

revenue, or leakage of revenue which are attributable to the negligence of the Executive Authority and clearly establish the persons responsible for the loss of income or irregular and inadmissible expenditure.

(2) The Auditor shall specify the grounds or the basis of authority or the non-observance or violation of Rules, instruction, norms or orders which has led to a material impropriety or irregularity in a transaction involving financial implications which he find in any financial transaction item of expenditure of or revenue receipt to the Village Panchayat.

(3) The Auditor shall report to the Village Panchayat any loss, waste or misapplication of money or other property owned by or vested in the Village Panchayat if such loss, waste or misapplication is a direct consequence of the neglect or misconduct of the Executive Authority or any other subordinates with names of persons directly or indirectly responsible for such loss, waste or misapplication.

(4) The Audit report on the accounts of the Village Panchayat for a financial year shall be sent to the Executive Authority and a copy of the same sent to Assistant Director of Rural Development (Audit) within fifteen days of the completion of Audit.

(5) The Assistant Director of Rural Development (Audit) shall check the Audit Report of not less than ten per cent of the total number of Village Panchayats in the district to verify the correctness of Audit done by the Auditor.

(6) During the course of Audit, when the Auditor of the Village Panchayat notices any defalcation or misappropriation of the Fund of the Village Panchayat, he shall immediately bring the fact to the notice of the Inspector for taking necessary action under the Act including prosecution of the Executive Authority. Copy of such report shall also be sent to the Assistant Director of Rural Development (Panchayat) and Assistant Director (Audit).

(7) The Executive Authority shall forthwith rectify the defects or irregularities, if any, which may be pointed out by the Auditor and report the same to the Village Panchayat.

7. Placing of Audit Report before Grama Sabha - (1) The Executive Authority shall place the Audit Report of the Village Panchayat along with the replies furnished to Auditor, in the meeting of the Grama Sabha.

(2) The Grama Sabha shall scrutinize, review and approve the Audit Report with replies.

(3) The Grama Sabha shall also take stock of the completed works and benefits intended to the beneficiaries and issue necessary completion report.

8. Action on Audit Objections - (1) The Executive Authority shall take prompt and effective action to set right the objections raised in the Audit Report. He shall prepare suitable replies to the objections and place the report alongwith his replies before the Village Panchayat and Grama Sabha for their approval. He shall submit three copies of the replies with a copy of resolution to the Assistant Director of Rural Development (Audit), through the Auditor within two months of the date of receipt of the Audit Report. The Auditor shall submit two copies of the replies of the Executive Authority after verifying the correctness of the replies, with his remarks to the Assistant Director of Rural Development (Audit) within thirty days from the date of receipt of the replies.

(2) The Assistant Director of Rural Development (Audit) shall scrutinize the replies to the Audit objections, keeping in view the remarks of the Auditor and pass suitable orders accepting or rejecting the replies to objections raised. He shall also send a copy of such orders to the Auditor.

(3) Thereupon, it is the responsibility of the Assistant Director of Rural Development (Audit), to pursue further action on the pending Audit objections, if any and initiate surcharge proceedings against the Executive Authority and any other person responsible in respect of Audit objections for which the Executive Authority has not submitted acceptable replies. Initiating such proceeding shall not be delayed beyond three months from the issue of final order on the replies.

(4) After the issue of an Audit Report on the accounts of a Village Panchayat, the Audit of the accounts of that Village Panchayat shall not be re-opened, save with special orders of the Inspector.

RAMESH CHANDRA PANDA
SECRETARY TO GOVERNMENT