

## 20. ACCOUNTS AND AUDIT

### 20.12 Maintenance of accounts of Rural Local Bodies in the formats prescribed by Comptroller and Auditor General

Rural Development (C3) Department

G.O. (Ms) No. 74

Dated : 5.4.2004

Read :

1. From the Principal Accountant General (Audit), Chennai 600 035, D.O letter No. AG(Audit)I/Sectt/2001-02/546, Dated. 20.3.2002 forwarded by Finance Departments D.O./r No.33199/Fc.IV/2001-02 dated 3.4.2002.
2. Minutes of the meeting on 5.8.2002 communicated in Finance Department's D.O Letter No. 38108/FCIV/2002-04 dated: 8.8.2002
3. From the Secretary to Government, Finance Department's D.O. letter No. 38106/FCIV/2002-06, dated: 10.9.2002, addressed to Principal Accountant General Chennai, 600 035.
4. From Principal Accountant General, Chennai 600 035, D.O letter No. AG(Audit)I/Sectt.2002-03/393, Dated: 6.11.2002, communicated by Finance Department's DO letter No. 38106/FC-IV/2002-07, Dated: 23.11.2002
5. From the Principal Accountant General(Audit)I, Chennai 600 035. DO letter No. DAG, ISCII/2003-04/176/11.12.2003, communicated in letter No Finance Department's DO letter No., 38106/FC/IV/2002-17, Dated: 21.2.2004

#### ORDER

The Eleventh Finance Commission in para 8.19(d) of its report had recommended that the Comptroller and Auditor General of India (C&AG) should prescribe the format for the preparation of budgets and for keeping of accounts for the local bodies and such formats should be amendable to computerization in a networked environment. The Second State Finance Commission in para 8.19(2) Chapter XI of its report has recommended that the Government may take up with the Accountant General for the preparation of accounting and budget formats amendable to computerization. This recommendation of Second State Finance Commission was accepted by the Government and included in the Action Taken Report placed on the floor of the Legislative Assembly on 8.5.2002.

2) Taking in to account the recommendation of Eleventh Central Finance Commission, the Comptroller and Auditor General had designed the accounting formats for Panchayat Raj institutions; The Principal Accountant General (Audit)I in his letter first read above had forwarded these accounting formats for rural local bodies for adoption in Tamil Nadu. Based on the decision taken in the meeting held by Finance Department on 5.8.2002, the Principal Accountant General was requested to devise data processing codes for all the heads of accounts in the formats as in the case of State Budget. In the reference third read above, certain improvements in the accounts formats suggested by the Heads of Departments concerned were also forwarded to Principal Accountant General for consideration. Subsequently, revised model accounting formats for rural local bodies were received from Principal Accountant General and communicated in the reference fourth read above. The Directorate of Local Fund Audit has suggested certain corrections, additions to the revised accounts formats and also additional formats which were also forwarded to Principal Accountant General for consideration. The final version of the format for Panchayat Unions and Village Panchayats as approved by Comptroller and Auditor General has been received from Principal Accountant General in the reference fifth read above. Principal Account General has also stated that in respect of District Panchayats the formats communicated by the Principal Accountant General in the reference fourth read above may be adopted.

3). The Government after careful consideration accept the final accounts formats for Panchayat Raj Institutions as approved by Comptroller and Auditor General and communicated to the State Governments as annexed to this Order for adoption and issue the following further orders on implementation.

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- (i) The Budget and Accounts formats shall be adopted with effect from 1.4.2004. The formats prescribed by the Comptroller and Auditor General of India are model formats and these have to be adopted keeping in view the local requirements. The Director of Rural Development shall go through the formats and identify specific heads in the formats with reference to programmes and functional necessities of each tier of Panchayat Raj Institutions and choose the relevant head of account, compile them and communicate to Local Bodies for preparation of Accounts in the new formats. Wherever there is need for further Sub-heads/ detailed heads based on local needs, the Director of Rural Development is authorized to open new heads and assign codes based on the general guidelines prescribed by the Comptroller and Auditor General of India and in consultation with Director of Local Fund Audit.
- (ii) The additional formats and the registers specified in the formats shall also be adopted by the rural local bodies.
- (iii) The monthly Receipts and Payment Accounts shall also be prepared by each Panchayat Raj Institutions, major head wise in a summary form given in the annexure along with a monthly bank reconciliation statement.
- (iv) There shall be only one main cashbook in each institution and under no circumstances any institution shall be allowed to have more than one cashbook. However, they can maintain subsidiary cash books for recording all transactions relating to various State\Central sponsored Schemes wherever guidelines of those schemes stipulate that separate bank accounts have to be maintained.
- (v) The accounting rules and other general instructions followed by the Works Departments in the State Government for works expenditure except where they are inconsistent with the provision of Panchayat Raj Institutions Act or codes or manual shall be followed by Panchayat Raj Institutions.
- (vi) The General directions given in the List of Codes for Functions, Programmes and activities of Panchayat Raj Institutions by Comptroller and Auditor General (Annexure) shall be followed in assigning codes for various schemes. A catalogue of schemes with unique codes shall be prepared by Directorate of Rural Development and adopted in all Panchayat Raj Institutions uniformly.
- (vii) Directorate of Rural Development shall also enlist and incorporate the specific codes for sub-heads and other account heads(given in the format as XX and YY) in the formats before communicating them to Panchayat Raj Institutions.
- (viii) Data processing codes for accounts shall also be assigned by Directorate of Rural Development in consultation with Principal Accountant General.
- (ix) A comprehensive list of all Panchayat Raj Institutions along with three or four digit (depending on the number of Panchayat Raj Institutions) numeric codes (on the pattern of Drawing and Disbursing Officer codes) shall also be prepared by Directorate of Rural Development before adopting the formats so as to make them amendable to computerization.
- (x) Director of Rural Development shall be the State Level data holder and he shall be responsible for the maintenance of accounts in all Panchayat Raj Institutions in the formats prescribed by Comptroller and Auditor General of India and also consolidation of accounts of all Panchayat Raj Institutions in the database created in the office of the Directorate of Rural Development.
- (xi) Directorate of Local Fund Audit shall be in charge of the budget master in respect of accounting formats for Panchayat Raj Institutions. Directorate of Local Funds Audit shall maintain the budget master in comparison with the catalogue of schemes with unique codes, the list of specific codes below minor heads, DP codes and others prepared by Directorate of Rural Development and monitor the adoption of the formats

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in accordance with the guidelines issued by Comptroller and Auditor General. Addition of new schemes with codes shall be made by Directorate of Rural Development in consultation with Director of Local Fund Audit and recorded in the budget master to be maintained by Directorate of Local Fund Audit.

- (xi) The accounts formats for Panchayat Raj Institutions shall also be translated into Tamil and communicated to Panchayat Raj Institutions so as to facilitate easy understanding by the Panchayat Assistants. However, English version of the accounts formats shall be linked in the network created by NIC.
  - (xiii) Regarding the development of software by NIC and training to the staff of Panchayat Raj Institutions, separate orders will be issued by the Government.
  - (xiv) Directorate of Rural Development shall also send proposals to the Government for formulating Budgeting / Accounting rules and manual for keeping of budget/accounts for Panchayat Raj Institutions on the basis of these accounting formats.
  - (xv) Directorate of Rural Development shall also send a compliance report to the Government on the effective introduction of accounts format for Panchayat Raj Institutions, its maintenance and dissemination in the networked environment created by NIC.
- 4). This order issues with the concurrence of Finance Department vide its U.O No. 21957/A/FC.IV/04 Dated: 1.4.2004.

(By order of the Governor)

**SANTHA SHEELA NAIR**  
SECRETARY TO GOVERNMENT