

## 20. ACCOUNTS AND AUDIT

### 20.19 Tamil Nadu Panchayats (Issue and Disposals of Audit Reports of Panchayat Union Council and District Panchayat) Rules – 2000

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#### (G.O. (Ms) No.199, Rural Development (C-4) Department, Dated 31<sup>st</sup> July, 2000)

In exercise of the powers conferred under clause (xviii) of 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 of Panchayat Union Councils, 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 Reports of Panchayat Union Council and District Panchayat) Rules, 2000.

**2. Definition** - In these rules, unless the context otherwise requires, 'Act' means the Tamil Nadu Panchayats Act, 1994.

**3. Accounts and records to be produced to the Auditor** - The Commissioner of a Panchayat Union Council or Secretary of District Panchayat, as the case may be, shall send all accounts and records of the Panchayat Union Council or District Panchayat to the Auditor, appointed under sub-section (1) of section 193 of the Act, as required by him and also the Accountant - General and his subordinate officers, whenever he or his subordinate officers demand the production of records of a Panchayat Union Council or District Panchayat.

**4. Annual accounts** - The Commissioner or Secretary, as the case may be shall finalise the accounts of a year in respect of all funds, close all the relevant registers and send the annual accounts to the Auditor before the end of May of the year following the year to which the accounts relate.

**5. Audit of Panchayat Union Council and District Panchayat Accounts** - (1) The Auditor shall conduct the Audit of accounts of the Panchayat Union Council and District Panchayat every year, soon after the Commissioner or Secretary, as the case may be, submits the annual accounts for the previous year in respect of all funds maintained by him or concurrently as and when the bills are passed for payment by the Commissioner or Secretary as the case may be.

(2) The Auditor shall take up the Audit of the accounts of the Panchayat Union Council or District Panchayat in his jurisdiction from the month of June onwards and complete the Audit of all such institutions in his jurisdiction within twelve months of the date of receipt of annual accounts by him. If so, directed by the Government, the Auditor, shall take up concurrent Audit of the voucher of the Panchayat Union or District Panchayat soon after payment is made and send Audit slips after every voucher is Audited by him concurrently.

**6. Powers of the Auditors** - (1) The Auditor may, be summons in writing, -

- (i) require the production of any book, deed, contract account, voucher, receipt or other document, the perusal or examination of 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 duly specifying the purpose of production; and
- (iii) require any person so appearing 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 a continuing breach, with fine not exceeding fifteen rupees for every day during which the breach continues after conviction for the first breach.

**7. Scrutiny of the records** - The Auditor shall scrutinise every item of receipts and expenditure subject to checks, prescribed in the Audit manual and instructions issued by Rural Development Department from time to time and find out whether the Commissioner or Secretary, as the case may be, has conducted the financial transactions of the institution in accordance with the Issue and Disposal of Audit Reports of Panchayat Union Council and District Panchayat rules and orders laid down by Government from time to time.

**8. Preparation and finalisation of Audit reports** - The Auditor, during the course of Audit, shall either in annual Audit or concurrent Audit issue a copy of the draft of objection of any transaction, which he considers, is not in accordance with the Issue and Disposal of Audit Reports of Panchayat Union Council and District Panchayat rules and orders laid down by Rural Development Department in Government from time to time, to the Commissioner or Secretary, as the case may be, on getting his acknowledgement. On receipt of such draft Audit objection, the Commissioner or Secretary, as the case may be, shall take effective action to set right the defects pointed out therein and furnish replies to the Auditor, as soon as possible or before the Audit is over, as to the nature of action taken for setting right the objection and get his acknowledgement. The Auditor shall be bound to consider such replies received from the Commissioner or Secretary, as the case may be, during the course of the Audit and may either drop the draft objection or modify the same based on the nature of replies received. At the closure of the Audit, the Auditor shall compile all the draft Audit objections which remain unanswered properly from an Audit Report, present it, to the Commissioner or Secretary, as the case may be, and obtain the dated signature of the Commissioner or Secretary, as the case may be, at the end of each page of the Audit Report. The Commissioner or Secretary, as the case may be while signing in the Audit Report, shall write against each objection either "accepted the objection mentioned in this para" or write 'not accepted as the objection lacks authority for the basis of objection in this para". The Assistant Director of Local Fund Audit while scrutinising and reviewing the draft Audit Report in the presence of the Commissioner or Secretary, as the case may be, during local passing, shall examine the objections one by one, discuss the contents of the objections with the Commissioner or Secretary, as the case may be endeavor to convince him as to the correctness of the basis of the objections and finalise the Audit report. In case, Commissioner or Secretary as the case may be, is not convinced about the authority for the basis of certain objections the Assistant Director of Local Fund Audit shall ask the Commissioner or Secretary, as the case may be, to record his views briefly on the objection and then add the same to the Audit report. Such views as recorded by the Commissioner or Secretary, as the case may be, shall be part of the Audit report.

**9. Review of Audit report** - The reviewing authority namely, the Assistant Director of Local Fund Audit Department, shall not include any objection in the report for which draft Audit objection was not furnished to the Commissioner or Secretary, as the case may be, previously in the draft stage and in such cases he shall look into the transaction afresh and decide its propriety for inclusion in the Audit report. In order to avoid such contingency, the Commissioner or Secretary, as the case may be, shall ensure that the records and registers requested in Audit are produced systematically during the course of Audit.

**10. Contents of Audit report** - The Audit report shall contain, besides the names of the Commissioners or Secretaries, as the case may be, who were in office during the period of Audit, the names of the engineers, the Union Overseers and other officers who were also in Office during the period of Audit. In addition to these, the names of officials who (other than Assistant) recommended payment for an item of expenditure, which is objected to, at the stage prior to the approval by the Commissioner or Secretary, as the case may be, and in the case of loss of revenue and in respect of the defects in the stores accounting the name of the officials including Assistants who are responsible for the loss of revenue or for the maintenance of materials, accounts and custody of such stocks, shall also, be specified at the end of each objection, for facilitating the fixing of proportionate and joint responsibility on the principle of contributory negligence on the officials who are jointly or severally responsible for an irregular or inadmissible expenditure incurred.

**11. Sending of Audit reports and special report on serious irregularities** - (1) The Assistant Director of Local Fund Audit shall send the Audit report on the accounts of a Panchayat

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Union Council or District Panchayat to the Commissioner or Secretary, as the case may be, within thirty days of the completion of Audit by the subordinate Auditors, send a copy of Audit report to the Assistant Director of Rural Development (Audit) of the district and to the Inspector of Rural Development (Audit) of the district and to the Inspector concerned. In addition to this, he shall also submit to the Director of Local Fund Audit, copies of objections involving serious financial and other persistent irregularities for further action, who may communicate such of these Audit objections which in his opinion, are serious in nature, to the Government for such action as may be found necessary.

(2) The Auditor shall communicate copies of objections to the Commissioner or Secretary, as the case may be, in whose period the expenditure in question, was incurred in cases where it is considered that he is personally responsible for the expenditure and obtain his acknowledgement. The personal responsibility shall arise in a case, where the Commissioner or Secretary, as the case may be, has taken an exceptional or different decision, departing from the office advice, for incurring an expenditure which has given room for the objection or cannot be recovered from the recipient legally. When the present Commissioner or Secretary, as the case may be, can and has to take effective action to fix responsibility and recover the amount either from the recipient of money legally or from the officials who administratively tendered wrong advice, such cases should not be considered as matters for which the past Commissioner or Secretary, as the case may be, is personally responsible. In cases, where the limitation of time stands in the way of lawful recovery of an objected expenditure, only the officials who were in office from the date of receipt of Audit report to the crucial date of time bar, shall be considered as responsible for not initiating action for recovery before the date of time bar and action shall be taken to fix responsibility for the reported loss on the principle of contributory negligence and joint responsibility.

**12. Actions to be taken on Audit objections** - (1) The Commissioner or Secretary, as the case may be, soon after the receipt of Audit report, shall initiate action and arrange to open one file for each objections in the concerned branch or seat, pursue effective speedy and systematic action to settle the objections and furnish final replies to all the objections raised. No Audit file shall be closed before the receipt of orders settling the objections contained therein. Wherever recovery orders are required to be passed by the Commissioner or Secretary, as the case may be, for recovering the amount for settlement of objections, such orders shall be passed, immediately, by him after following the prescribed procedure. In cases, where recovery orders have to be passed by an outside authority, the Commissioner or Secretary, as the case may be, shall send proposals with all relevant details to such authority who shall initiate action for issuing recovery orders and pass final orders within two months of the receipt of the proposal from the Commissioner or Secretary, as the case may be, by having recourse to the rules relating to the disciplinary action.

(2) It shall be the bounden duty of the Commissioner or Secretary, as the case may be, and his staff who are in office at the time of receipt of Audit report issued in concurrent Audit to take effective action to settle the Audit objections. If the Commissioner or Secretary, as the case may be, in office considers that any orders passed by the previous Commissioner or Secretary, as the case may be, contrary to the office advice, is responsible for the objection in question, he may address the Assistant Director of Rural Development (Audit) concerned, for fixing up of responsibility on the persons concerned adhering to the principles of joint responsibility and contributory negligence and passing necessary recovery orders within a month from the date of receipt of proposals by him. Suitable replies may, thereafter, be furnished on all those objections.

### **13. Audit report to be placed before the Panchayat Union Council or District Panchayat**

The Commissioner or Secretary, as the case may be, after preparing proper and final replies to the objections, place the Audit report and the replies to the objections before the Panchayat Union Council or District Panchayat, as the case may be, for discussion and suitable decision. He shall send the replies, addressed to the Auditor, in triplicate with a copy of the resolution of the Panchayat Union Council or District Panchayat to the Inspector through the Assistant Director of Rural Development (Audit) concerned, within two months from the date of receipt of Audit report. The Assistant Director of Rural Development (Audit) concerned shall scrutinise the replies, offer

his remarks as to the acceptability of replies or otherwise and communicate the review to the Assistant Director of Local Fund Audit along with a copy of replies received from the Commissioner or Secretary, as the case may be, within fifteen days of the receipt of report. The Assistant Director of Local Fund Audit concerned shall scrutinise the replies of the Commissioner or Secretary, as the case may be, alongwith the remarks of the Assistant Director (Audit) concerned, pass orders as to the dropping of the objections or their continuance, pending further replies and communicate them to the Commissioner or Secretary, as the case may be, within a month from the date of receipt of report from the Assistant Director of Rural Development (Audit) Concerned.

**14. Action for settlement of the Audit objections** - No. Audit report shall be kept pending for more than two years from the date of receipt of the report by the Commissioner of Secretary as the case may be. It shall be the responsibility of the Commissioner or Secretary, as the case may be, to take action to settle Audit objection by adopting such speedy and effective measures as are necessary including recourse to recovery orders wherever necessary. It is the responsibility of the Inspector concerned to watch effective action at all levels, for the early settlement of the objections and ensure closure of Audit report within the period specified above after the settlement of all objections.

**15. Restriction for re-Audit** - After the issue of an Audit report on the accounts of the panchayat union council or district panchayat, as the case may be, for a year, the Audit of the accounts for the year shall not be re-opened, save with the special orders of the Government.

**RAMESH CHANDRA PANDA**

SECRETARY TO GOVERNMENT