



ABSTRACT

Thirteenth Finance Commission Grants - Conditionalities for availing the General Performance Grant – Fulfilling the condition of entrustment of audit of all the three tiers of Panchayat Raj Institutions to the Comptroller and Auditor General – Orders issued.

Rural Development and Panchayat Raj (PR.I) Department

G.O.(D) No.618

Dated: 10.12.2012.

Read:

1. From the Commissioner of Rural Development and Panchayat Raj Letter No.89734/2010/PRI 2.3, dated 13.7.2012.
2. From the Principal Secretary to Government, Finance Department D.O.letter No. 10730/FC II/2012 Dated:19.7.2012 addressed to the Principal Accountant General (General and Social Sector Audit), Chennai-18.

ORDER:-

The Thirteenth Finance Commission has recommended two types of Grants to Local Bodies namely General Basic Grant and General Performance Grant. The General Basic Grant is being released by Government of India from the year 2010-11. The Government of India has listed out certain conditionalities prescribed by the Thirteenth Finance Commission to be eligible for availing the General Performance Grant. One of the conditionalities laid down by the 13th Finance Commission for availing the General Performance Grant is that the State Government must put in place an audit system for all local bodies (all categories of Urban Local Bodies and all tiers of Panchayat Raj Institutions). The Comptroller and Auditor General must be given Technical Guidance and Support (TG&S) over the audit of all the local bodies in a State at every tier / category and his Annual Technical Inspection report as well as the Annual Report of the Director of Local Fund Audit must be placed before the State Legislature.

2. The Commissioner of Rural Development and Panchayat Raj in his letter first read above has stated that in respect of Rural Development and Panchayat Raj Department, audit pertaining to District Panchayats and Panchayat Unions only are being carried out by the Comptroller and Auditor General of India at present. The Village Panchayats are being audited by the Deputy Block Development Officer of Rural Development and Panchayat Raj Department. The Local Fund Audit Department is taking audit in 20% of the Village Panchayats and 2% on the basis of

list given by the Commissioner of Rural Development and Panchayat Raj. To fulfill the conditionalities of the 13th Finance Commission, it is laid down that it is imperative to entrust the audit of the Village Panchayats also to the Comptroller and Auditor General of India. Taking this into consideration, the Comptroller and Auditor General may also be allowed to audit the accounts of certain number of Village Panchayats as is being done by the Local Fund Audit Department so far may be followed.

3. The Principal Secretary to Government, Finance Department in his letter second read above has informed the Principal Accountant General (General and Social Sector Audit) that the entrustment of audit of all the three tiers of Panchayat Raj Institutions to Comptroller and Auditor General may be made without any restrictions and hence the Accountant General will be free to choose any appropriate number of local bodies in any tier.

4. The Government have examined the proposal of the Commissioner of Rural Development and Panchayat Raj and the decision of the Finance department taken in this regard and after careful examination, hereby order that the entrustment of audit of all the three tiers of Panchayat Raj Institutions to the Comptroller and Auditor General (CAG) be made without any restrictions and the Accountant General will be free to choose any appropriate number of local bodies in any tier.

5. The Commissioner of Rural Development and Panchayat Raj is directed to issue necessary instructions to all concerned to follow the instructions scrupulously and the action taken report taken in this regard be sent to Government immediately.

6. This order issues with the concurrence of Finance Department vide its U.O.No.67003/FC.II/2012, Dated: 06.12.2012.

(BY ORDER OF THE GOVERNOR)

N.S.PALANIAPPAN,
Principal Secretary to Government.

To
The Principal Accountant General (General and Social Sector Audit), Chennai-18.
The Principal Secretary to Government, Finance Department, Secretariat, Chennai-9.
The Commissioner of Rural Development and Panchayat Raj, Chennai -15
The Director of Local Fund Audit, Kuralagam, Chennai-108.
All District Collectors (except Chennai District).
The Finance (RD/FC I/FC II) Department, Secretariat, Chennai-9.

Copy to:

The Director, State Institute of Rural Development,
Maraimalai Nagar, Kancheepuram district.
The Private Secretary to the Principal Secretary to Government,
Rural Development and Panchayat Raj Department, Chennai-9.
The Rural Development and Panchayat Raj (PR III) Department, Chennai-9.
SC/SF.

// Forwarded / By Order //

Section Officer