



THE TAMIL NADU LOCAL FUND AUDIT DEPARTMENT MANUAL

VOLUME – II
Corrected Upto 31.12.2008

**GOVERNMENT OF TAMIL NADU
2008**



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FOREWORD

The Local Fund Audit Department Manual Volume-II contains instructions to Auditors for audit of Urban Local Bodies and Panchayat Raj Institutions. After the enactment of 73rd and 74th Amendment to the constitution of India, more functions are devolved to local bodies and more schemes are implemented by them. The introduction of Accrual Based Accounting System and maintenance of computerized records in urban local bodies require auditors to be more thorough with the new accounting system. At the outset, the revised Manual has been designed to cater the needs of present day requirement of audit like performance audit, audit for value for money, etc. The Director and his team of staff have taken painstaking efforts to bring out the Manual up to date.

I place on record my appreciation in bringing out this manual.

I hope the Manual will be useful to the auditors.

**K.GNANADESIKAN,
Principal Secretary to Government,
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CHAPTER - I

LOCAL FUND AUDIT DEPARTMENT

1. GENESIS OF THE DEPARTMENT:-

The Local Fund Audit Department was formed in the year 1880 under Madras Local Board Act 1844 to audit the accounts of Local Boards.

The Examiner of Local Fund Accounts was appointed as the inspecting officer of Local Boards in 1885. The independent Local Fund Audit Department was constituted in 1921. The audit of State Trading Scheme was entrusted to the department in 1945 and the Examiner was appointed as Chief Auditor. The Examiner was appointed as Treasurer of Charitable Endowments in 1952.

The State Trading Schemes was bifurcated from Local Fund Audit Department in 1969 and was formed as a separate Government Department with the Chief Auditor as the Head of the Department. Both the Local Fund Audit Department and State Trading Scheme Department have common cadre structure and the cadre control vested with the Examiner of Local Fund Accounts.

The State Trading Scheme Department was entrusted with the Internal Audit of Government Departments and was named as Internal Audit Department in 1992 under the control of Chief Internal Auditor.

The designation of the Examiner of Local Fund Accounts was changed as Director of Local Fund Audit in the year 1995.

The audit of the Urban local body institutions and Panchayat Raj institutions are done by the subordinates of the Director of Local Fund Audit at District levels.

1.1. ORGANIZATIONAL SETUP

The organizational setup of the Department is as follows:

DIRECTOR

JOINT DIRECTOR (HO)

DEPUTY DIRECTOR (HQ)

**ASSISTANT DIRECTORS(HQ)-6
(Audit & Pension)**

FIELD STAFF

REGIONAL DEPUTY DIRECTORS (6)

1) CHENNAI (2) VELLORE (3) TRICHY (4) COIMBATORE (5) MADURAI (6) TIRUNELVELI

DEPUTY DIRECTORS(CORPORATION AUDIT)

1) CHENNAI (2) MADURAI (3) COIMBATORE (4) TRICHY (5) SALEM (6) TIRUNELVELI

DEPUTY DIRECTORS (UNIVERSITY AUDIT)

1) MADRAS UNIVERSITY (2) T.N.VET & ANIMAL SCI. UNIVERSITY (3) ANNA UNIVERSITY (4) ANNAMALAI UNIVERSITY (5) MADURAI KAMARAJAR UNIVERSITY (6) T.N. AGRI UNIVERSITY

ASSISTANT DIRECTORS

CHENNAI CORPORATION AUDIT - ASST. DIRECTOR – I, ASST. DIRECTOR – II

OTHER CORPORATIONS: (1) VELLORE (2) ERODE (3) TIRUPUR (4) TUTICORIN

MUNICIPALITIES: (1) THANJAVUR (2) KUMBAKONAM (3) POLLACHI (4) DINDIGUL

UNIVERSITIES : (1) BHARATHIDASAN (2) BHARATHIYAR (3) ALAGAPPA (4) TAMIL UNIVERSITY

DISTRICT LEVEL

Chennai Region	Vellore Region	Trichy Region	Coimbatore Region	Madurai Region	Tirunelveli Region
Tiruvallur	Vellore	Tiruchi	Coimbatore	Madurai	Tirunelveli
Kancheepuram	Thiruvanna-malai	Karur	Erode	Dindigul	Tuticorin
Villupuram	Dharmapuri	Ariyalur	Namakkal	Theni	Virudhunagar
Cuddalore	Krishnagiri	Thanjavur	Ooty	Sivagangai	Nagercoil
	Salem	Tiruvarur		Puthukottai	
		Nagapattinam		Ramanatha puram	

1.2) Audit functions: The Local Fund Audit Department carries out the audit of Urban Local Bodies, Panchayat Raj Institutions and various miscellaneous institutions.

The Municipalities, Municipal Corporations and Town Panchayats are Urban Local Bodies and the Panchayat Unions, District Panchayats are Panchayat Raj Institutions. The prime object of these bodies are providing amenities to the general public of the Local area. It becomes incumbent on their part to raise funds through levy of taxes and fees to meet the expenditure incurred for providing various services which are either obligatory and discretionary in nature. In addition to the funds raised, the grants released by the State and Central Governments for implementation of various welfare schemes are also credited to their funds. Consequently huge sum of money is received and spent every year by the Local bodies and the transactions are audited by the Local Fund Audit Department applying the general principles of audit.

The audit of Urban Local Bodies, Panchayat Raj Institutions, Universities, Market committees, Local Library Authorities are conducted by the staff of the Director of Local Fund Audit.

The different types of audit done by the staff of the Director of Local Fund Audit is detailed below:

1. Field Audit
2. Concurrent Audit – Corporations / Municipalities / Panchayat Unions.

Field Audit: The audit of the Municipalities (other than concurrent) Town Panchayats, District Panchayats, Market Committees, Local Library Authorities and other miscellaneous institutions are done by the field staff in the office of the Assistant Directors in each district. Normally annual audit of these institutions is taken up.

Concurrent Audit: The audit of all the Municipal Corporations, Special Grade Municipalities certain Selection Grade Municipalities, Panchayat Unions and that of all the Universities are done concurrently by the audit staff stationed in the respective Institutions.

As the annual audit is done mostly on receipt of the completed annual accounts from the institutions, following of the time frame for submission of Accounts by the Local Bodies must be insisted. The Assistant Directors should ensure this through periodical watch over the local bodies.

The time frame fixed for completion of audit should be followed scrupulously by the audit staff. The Regional Deputy Director and the Assistant Directors are responsible for ensuring the timely completion of audit by audit parties.

Availing mandays in excess of the allowed ones and overstayal at the institution must be avoided.

The cases of non compliance by the local bodies in sending the Accounts should be brought to the notice of the Director through the Regional Deputy Director so that it can be taken to the notice of the concerned administrative Heads of the Departments by the Director of Local Fund Audit.

1.3) AUDITABLE INSTITUTIONS

The list of institutions auditable by the Director of Local Fund Audit are as follows: (as on 1-1-2008)

SI.No.	Institutions	Numbers
1	Corporations	10
2	Municipalities	148
3	Town Panchayats	561
4	District Panchayats	30
5	Panchayat Unions	385
6	Universities	19
7	Market Committee	25
8	Local Library Authorities	29
9	National Social Welfare Schemes	29
10	Local Planning Authorities	26
11	Miscellaneous Institutions	9
12	Village Panchayats (22%)	5563
13	State Institute of Rural Development	1
14	State Centre for Higher Education	1
15	Municipal Corporations /Municipal Employees Health Fund	1
16	Tamil Nadu Panchayat Employees Health Fund	1
17	Tamil Nadu Rural Development Employees Health Fund	1
18	Rajaveda Padasalai, Kumbakonam	1
19	Raja Chatram, Thanjavur	1

1.4) ENTRUSTMENT OF AUDIT

The audit on the accounts of Local bodies viz., Municipalities, Municipal Corporations, Town Panchayats, Panchayat Unions and District Panchayats is conducted by the Local Fund Audit Department as per the provisions contained in the respective Acts of these local self Governments.

The provisions in the Acts and various Government orders entrusting the audit of various institutions to the Director of Local Fund Audit are mentioned below:

SI.No.	Institutions	Act Provision	Order of Govt.
1	Corporations	Chennai Section 140 of Madras City Municipal Corporation Act 1919 Others : Section 171 of the respective Corporation Acts.	G.O.Ms.No.93 Finance dt.28.3.2003.
2	Municipalities	Section 122 of Tamil Nadu District Municipality Act 1920	G.O.Ms.No.93 Finance Dated 28-03-2003
3	Panchayat Union	Section 193 of T.N Panchayat Act 1994	G.O.Ms. No.265 R.D. Dated 22.12.1999 dt:22-12-1999
4	District Panchayats	Section 141 (11) of Tamil Nadu Panchayat Act 1958	G.O. Ms.No.1722 L.A. dt.15.10.1960
5	Town Panchayats	Sec. 122 of Tamil Nadu District Municipality Act 1920	G.O. Ms.No.1155 L.A.dt:11-6-1952
6	Village Panchayats (Test Audit 22%)	Sec. 193 of T.N. Panchayat Act 1994	G.O.Ms. No.371, Finance Dept. dt:11-11-2002
7	Market Committee	Rule 40 of TN Agricultural Produce Market Act 1959	G.O. Ms. 1581/Agri/dt.4.7.73
9	Local Library Authority	--	G.O. Ms. 1634/Edu/dt.30-5-1950

The Government have reiterated in G.O. Ms. No. 93 Finance dept, dt:28/3/03 that the Director of Local Fund Audit would undertake the audit of all local bodies except Village Panchayats.

1.5) Audit Planning:

In January each year an Annual plan for the audit of the institutions is to be prepared by the Deputy Director / Assistant Director. The Plan is to be prepared based on the pending audits to be completed institution wise and availability of parties and the mandays fixed for each. This annual programme should be got approved by the Regional Deputy Director / Director. It is to be split up into quarterly programmes by the Deputy Director and Assistant Director.

The following points should be borne in mind while preparing the Annual Audit Plan.

- A. Objective of the audit
- B. Areas to be covered
- C. Points to be seen
- D. Background material already available
- E. Additional information to be collected
- F. Methods of analysis of information
- G. Objections likely to be noticed
- H. Time frame for completion of audit

The quarterly programme prepared by the Assistant Directors are approved by the respective Regional Deputy Directors. The quarterly programme prepared by the Deputy Directors are approved by the Director.

The audit plan must be prepared in such a way so as to ensure that quality audit is performed in an economical, efficient and effective way and also at the right time. This is done on the basis of information about the auditable institution. The choice of audit strategy is based on the auditor's assessment. The audit planning determines the scope, objectives and expected results of the audit. In addition, the planning must form the basis of supervision and control of the audit efforts.

i. ABC Analysis in Audit

This is an important concept in audit. The auditor's efficiency lies in assessing the expenditure pattern of an Organization / Department and also by completing the audit in time. The auditors before taking up their work, should call for the budgetary allocation of the organization and fix priorities of areas. Mostly about seventy percent of the expenditure will be incurred in a few selected heads and the rest of the expenditure will be in other heads. The expenditure in other heads will be meagre when compared to bulk expenditure incurred in a few selected sub-heads.

Therefore instead of concentrating on the entire expenditures, the auditors should give preference where the major part of the amount has been spent. Based on the time available to go through the rest of the expenditure, the auditors may concentrate on the other expenditure. Hence the concept of ABC analysis is not to leave out any important expenditure incurred by the Organization / Department. If the auditors are satisfied in audit as per ABC analysis, they can arrive at a conclusion that the Organization /Department has followed the guidelines for incurring expenditure scrupulously.

ii) VED ANALYSIS IN AUDIT

This is also a new concept in audit. Generally whenever audit work is taken up, the auditors would go through the entire expenditure incurred by the organization department and they would make their own findings, based on the nature of expenditure incurred, whether they have been duly spent as per the provisions of the rules or procedures.

Under this concept the expenditure are classified on three lines viz.

- V = Vital,
- E = Essential and
- D = Desirable.

The vital expenditures are one which are highly essential to the particular nature of activity of the institution / organisation. The words vital, essential and desirable are purely relative terms and they may vary depending upon the activity of the Organization / Institution. Certain expenditures might be vital for some institutions / organizations whereas the same may be either essential or desirable to some other institutions / organisations. The auditors should draw a clear line between these items of expenditure and view the same independently with logical thinking. Therefore the auditors should not have a restricted view on expenditure and consider the same according to the circumstances. In the same manner, if the vital expenditures which were urgent in nature had been incurred, there might be little bit of deviation in observing procedures. In such circumstances, the auditors should view the expenditure in that context and should not be too rigid, as such vital expenditure would have been incurred in view of urgency in the interest of organization / institution and ensure that it has not been made intentionally.

Therefore in order to maintain uniformity the auditor should adopt the following audit standards which have ethical significance;

- a) The auditor should be independent and should avoid conflicts of interest with the audited entity on matters that may impair their independence materially.
- b) The auditor must exercise due care and concern in complying with the auditing standards.
- c) The auditor should at all times maintain absolute Integrity and Devotion to duty.
- d) Auditors should not disclose information obtained in the auditing process to third parties, either orally or in writing.

iii) MANDAYS ALLOWED FOR AUDIT :

Mandays for Audit of Municipalities, Town Panchayats and Panchayat Unions are as follows :

Mandays will be modified as and when the circumstances warrant.

Municipalities

Selection Grade	225 days
I Grade	200 days
II Grade	125 days
III Grade	100 days

For Kanyakumari District

Town Panchayats:	Special Grade	100 days	75 days
	Selection Grade	60 days	40 days
	I Grade	30 days	30 days
	II Grade	20 days	20 days

(Director letter No.HRD-1/80631/99/dt.11-1-2000)

Panchayat Unions	For audit of work vouchers	1 day for an expenditure of Rs.5.00 lakhs
	For audit of establishment vouchers	2 days
	For audit of deposit and advances	4 days
	For audit of other receipts & expenditure	1 day
	For verification of annual accounts	7days
	For drafting of Audit slip and sending for perusal and discussion with commissioner and finalisation of Audit Report	15 days

Concurrent Audit system was introduced in Panchayat Unions w.e.f. 15-9-2000. Mandays for Audit of Panchayat Union Councils were fixed on the basis of the transaction.

(Director Circular No.59006 / PU Audit –1 / 02 dt.1-10-2003 & 2-12-2003)

(Director Circular No.12/04 / Rc. 7839/PUA-1 / 04 dt.25-5-04)

Note: Power to sanction excess mandays vests with the Director of Local Fund Audit and the subordinate officers as delegated.

1.6) Audit of Accounts:

It is an important function of audit to test the accuracy of the monthly and annual accounts of an institution. Audit has to verify and certify the Annual Accounts of the institutions and append the audited Annual Accounts duly certified with the Audit Report.

An Auditor is not expected merely to confine himself to the routine audit work. He should avail himself of the opportunity of assisting the Executive authority and accountants with his advice in matters affecting accounts, budget, etc. or the financial regularity of transactions.

An examination of the authorised Schedules of Rates, or a comparative study may show that the data adopted for preparation of estimates for work, the cost arrived at are in order. He may observe any peculiar features of the revenue receipts or expenditures which may be suggestive of possible leakage of revenue, of untapped sources of revenues, or of want of attention to financial considerations. An auditor is concerned primarily with the accuracy of accounts and regularity of financial procedure and not with matters relating to administration

(i) Accounts of Urban Local Bodies: Urban Local Bodies were maintaining their accounts on single entry cash basis in which the cash flow of Money received and spent during a financial year only is exhibited in the receipt and charges statement.

In order to exhibit the true financial status of the Urban Local Bodies a new system viz. the accrual based accounts system conforming to the Generally Accepted Accounting Principles was introduced w.e.f. 1-4-1999 in some selected Municipalities and Corporations and was subsequently implemented in all Corporations and Municipalities with effect from 1-4-2000.

(G.O. Ms No.8 MA&WS dt:06-01-1999) (G.O. Ms. No.3, MA&WS Dept. dt:12-01-2000)

The accrual based accounting system was introduced in the Town Panchayats with effect from 1-4-2002.

(G.O. Ms. No.85 MA&WS Dept. dt:5-3-02)

Under the new system of accounts, the account books hitherto maintained viz. Cash book, Register of Receipts, Register of Expenditure, Posting Register have been dispensed with and the preparation of monthly / annual Trial Balance, Income and Expenditure Statement and Balance Sheet was introduced.

Receipts Books and Payment Books were introduced and each transaction was exhibited in the Journal register and General Ledger.

Opening Balance Sheet was prepared as on 1-4-99, 1-4-2000, 1-4-2001 and 1-4-2002 with the available data in each ULB and the particulars were incorporated in the prescribed 24 schedules head wise. Verification of annual accounts is done based on the opening balance sheet and the 24 schedules updated every year with addition & deletions there on by the ULBs.

(ii) Accounts of Panchayat Raj Institutions and other institutions:

In Panchayat Unions and other institutions cash based accounting system are being followed. The accounts of these institutions have to be verified with reference to the cashbook, posting register and the related subsidiary registers during the course of audit. The correctness should be ensured and the accounts have to be certified by the auditor and a certificate in the prescribed form have to be appended to the Audit Report.

1.7) Certification of Accounts:

The verification and Certification of annual accounts of the auditable institution forms a major part of the annual audit.

In Corporations, Municipalities and Town Panchayats where accrual based accounting system is adopted, the monthly Trial Balance received in the respective audit offices have to be verified and the defects noticed if any should be communicated to the Executive authority.

The annual Trial Balance, Income and Expenditure, Balance Sheet are verified during the annual audit. The correctness of the postings in the ledger are to be verified with reference to the related subsidiary Registers.

Minor defects if any noticed can be rectified by the audit staff and the major defects should be taken to the knowledge of the Executive Authorities for rectification during the course of audit. The auditor should satisfy that the annual accounts exhibit a true and fair status of the institution. After thorough scrutiny and verification the accounts are to be certified by the auditor and a certificate to the effect have to be appended with the Audit Report in the prescribed format.

Audit Certificate

Government in G.O. Ms. No.93, Finance (FC IV) Dept. dated:28-3-2003 have prescribed the following audit certificate to be appended to the audit reports of **Corporations and Municipalities**. The same has been communicated in circular No.13/2006 (RC No.34964/05/MA05 dt:2-2-2006)of the Director of Local Fund Audit .

Certificate

I have examined the Receipts and Payments account, Income and Expenditure account for the year ended 31-3- and the balance sheet as on ----- of -----.

I have obtained the information and explanations that I have required and subject to the observations in the appended audit report. I certify, as a result of my audit, that in my opinion these accounts and Balance Sheet are properly drawn up so as to exhibit true and fair view of the state of affairs of theMunicipal Corporation according to the best of information and explanation given to me and as shown by the books of the Organisation. Subject to the remarks furnished in Part-I of AR and para No. to of the Audit Report for which necessary rectification through JVS is to be done by the Commissioner in the closing balance sheet.

for Director of Local Fund Audit

2) GENERAL PRINCIPLES OF AUDIT

1. The audit entrusted by the Government by virtue of the power vested in them under the various Acts regulating the institutions is statutory audit. In the case of institutions for which the Director is appointed as the auditor by mere executive orders, not based on the Express provision of any Act, the audit done is non-statutory. The chief among the audits done by this department both from the point of view of magnitude of expenditure audited and the time taken for audit is the audit of the funds of Municipal Corporations, Municipal Councils, Panchayat Union Councils, Town Panchayats, Universities, Estates under the control of official Receivers, Local Library Authorities, Market Committees, etc.

According to G.O.Ms.No.1035, Finance (Funds), dated 14th November 1980, the accounts of all the institutions receiving grants-in-aid exceeding Rs.20,000 (recurring) per annum and Rs.1,20,000 (non-recurring) without any ceiling shall be audited by the Director of Local Fund Audit. The orders sanctioning grants-in-aid exceeding Rs.20,000 per annum (recurring) and RS.1,20,000 (non-recurring) should state clearly that the recipient institutions should be prepared to submit their accounts to the Director of Local Fund Audit for audit. In order to enable the Director of Local Fund Audit to undertake the audit of the accounts of these grants-in-aid institutions, the Government have directed that sanctions for the payment of the grant should incorporate the following conditions:-

- i. The Payment of the grant is subject to the conditions that the accounts of the grantee will be open to audit by the Director of Local Fund Audit.
- ii. The actual cost of audit will be recovered from the institutions, for the audit done by the Local Fund Audit Department.
- iii. Any audit in pursuance of these orders will be undertaken in consultation with the administrative department concerned, who will make necessary arrangements with the institutions for the conduct of such audit.
- iv. As regards the institutions which receive assistance less than the limit of Rs.20,000 (recurring) and Rs. 1,20,000 (non-recurring), the Departments of Secretariat are requested to furnish necessary utilisation certificates in respect of all grants whether they are subjected to audit by the Accountant-General or by the Director of Local Fund Audit or by Private audit.

Note: While sanctioning grants to non-Government institutions exceeding Rs.20,000/-p.a.recurring (even if it exceeds RS.25 lakhs p.a. recurring) and grants/loans exceeding Rs.1,20,000/-p.a. non recurring (even if it exceeds Rupees one crore p.a. non recurring) a condition should be incorporated in the sanction order to the effect that their accounts are subject to audit by Director of Local Fund Audit for which audit fees at prescribed rates shall be recoverable. The audit done by the Director of Local Fund Audit will be in addition to the superimposed audit done by Accountant General under Sec. 14(I) or 14(2) of C&AG Act 1971.

(Govt.Lr.No.113987 / LF / 90 / Fin, dt:26.3.91, communicated in Director Lr. No. Roc.F3173164/89/ft: 12-4-1991)

2.1) SCOPE OF AUDIT

The instructions contained in the succeeding paragraphs are framed mainly to suit an effective and efficient audit.

The scope of comprehensive auditing falls into three Divisions, namely:-

a. **Financial Accountability and Compliance** (Financial Audit):

This is to determine (i) whether financial operations are properly conducted, (ii) whether the entity has complied with the applicable Act and Rules framed there under and other regulations, (iii) whether the final reports of the audited entity are presented fairly.

b. **Performance Efficiency:** (management Audit)

This is to determine whether the entity is managing or utilising its financial propriety and personnel resources economically and to detect the causes of any inefficiency or uneconomical practices, including inadequate management systems, administrative procedures and organisational structure.

c. **Programme Evaluation: (Performance Audit):**

This is to determine whether the desired results or benefits are being achieved; whether the broad objectives established by the authorities concerned are being met; and whether the executive agency has considered alternatives which might yield the desired results at a lower cost.

2. Audit generally involves audit of individual transactions and large focus on the evaluation of the scheme or the programme to which these transactions relate.

The audit against regularity and propriety has been considered inadequate for an assessment of the performance of an organisation in terms of its goals, objectives or programmes.

Performance audit seeks to ascertain whether the resources have been utilised efficiently by deploying them in an optimum manner.

A performance budget highlights the extent to which resources are proposed to be put to productive uses. It also communicates as to what extent quantified benefits could be expected from the manner of deployment of resources.

The scope of audit in the changed situation has to be adjusted to the results expected of public expenditure. Audit should rightfully bring out the cases where the utilisation of resources is found to be sub-optimal. Performance audit is a necessary component of a system of performance budgeting.

Note: In order to have our audit approach more on the performance aspect and result oriented, it has been decided to send a consolidated performance report to Government for each financial year. For sending consolidated performance report to Government the particulars as per the performance given in Head office Lr.Rc.No.27934/cc1191dt:22.4.92 should be furnished to Director Office on completion of audit of Municipal Corporations/Municipal Councils / Municipal township Committees.

AN INTRODUCTION TO INDIAN GOVERNMENT ACCOUNTS AND AUDIT

Audit as defined in Paragraph 7 of "An introduction to Indian Government Accounts and Audit" is an instrument of financial control. The basic principles of audit have been described as follows:-

- i. Audit should be conducted by an agency independent of the authority charged with the duty of carrying on the business and of the maintaining accounts of the transactions which pass through its hands. (Paragraph 19 of an Introduction to Indian Government Accounts and Audit)
- ii. It must ensure that the accounts maintained truly represent facts, that the rules and orders framed by competent authority in regard to financial matters have been obeyed, that expenditure has been incurred with due regularity and propriety and it must bring to the notice of competent authority any irregularity or impropriety in connection therewith. (paragraph 8 of an Introduction to Indian Government Accounts and Audit)
- iii. In order to curtail irregular and unauthorised drawl of money from local body funds by the executive authorities and to instill in them a greater sense of responsibility as the custodian of local body funds, Government have ordered that the drawing officers infringing the rules should be severely dealt with by punitive action including dismissal from service and criminal action. The executive Authorities shall ensure that all the categories of bills are prepared as per rules
(G.O.Ms.No.145I, R.D.&L.A., dated 23-9-1978 read with G.O. Ms. No. 264, Finance (T&A), dated 28-3-1978)

In other words, the auditor has an inherent right of independent criticism and his primary function is to verify the accuracy and completeness of accounts to ensure that all revenue and receipts due under the respective Acts of Rules made there under are properly demanded and realized, that all revenue and receipts so called be brought to account under the proper head, that all disbursements and expenditure are authorised, vouched for and correctly classified and that the final account represents a complete and true statement of the financial transactions it purports to exhibit.

2.2) STATUTORY AND NON-STATUTORY AUDIT

Both the statutory and non-statutory audits are conducted on behalf of the Government. It is therefore, not the function of audit to criticise the orders passed by the Government though it will not be beyond its scope to see that financial rules and orders passed by the Government satisfy the provisions of law and are otherwise free from audit objections and bring the same to their notice. It is, however, one of the important duties of audit to see that the rules and orders framed by Government are properly observed and that where financial rules are framed by local bodies or their subordinate authorities they satisfy the requirements of law and are otherwise in order and are properly applied.

It is not the function of audit to prescribe as to what such orders shall be or to interfere with their administrative application. Even in the actual audit of transactions, an auditor must recognise the clear distinction between auditorial and administrative functions. Criticisms offered by the Local Fund Audit Department must, therefore, be limited to financial criticism based on the actual accounts. It is not the function of audit to range over the field of administration or statistics and offer suggestions how affairs may better be conducted.

The Executive Authorities and not the Local Fund Audit Department are responsible for finding money for the administration of the fund, or for enforcing economy in expenditure. It is therefore not for audit to suggest new sources of taxation. It is, however, the duty of audit to offer its comment on the financial position of the local body and bring to notice wastefulness in administration and infructuous expenditure. Generally, a local body, mindful of the best interest of the tax payer, will welcome suggestion to promote economy based on information forthcoming from the accounts. But, such suggestions should be made sparingly and with discrimination.

In the course of scrutiny of accounts and transactions, audit is entitled to make such queries and observations and to call for such vouchers, statements, returns and explanations in relation to them as may be necessary. All queries and observations shall be couched in language which is courteous and impersonal.

2.3) ISSUE OF SUMMONS

In auditing the accounts of Local bodies, audit should not make independent enquiries from private individuals or members of the general public. Audit should confine itself to calling upon the executive authority to furnish necessary information and in cases of difficulty; it should confer with the executive authority as to the best means of obtaining the evidence which it requires. If the necessary documents are not produced and the progress of audit is retarded thereby, the auditor can under the "Audit, Surcharge and Disallowance Rules" in the case of Municipal Corporation, a Municipal Council, a Town Panchayat, a Panchayat Union Council or Local Library Authority or Market Committee enforce their production by the issue of summons there for. The power should however be used sparingly and only in cases of persistent default and as an extreme measure.

The form of summons is furnished below:

FORM OF SUMMON I

To

A.B.(Address and descriptions)

You are hereby required to produce or cause to be produced before me on the day of..... at O' Clock the following documents, the perusal or examination of which is believed to be necessary for the elucidation of the following accounts of for the year

Auditor.

FORM OF SUMMON II

To

A.B. (Address and descriptions)

You are hereby required to appear in person before me on the day of at O' Clock, such appearance being necessary as you have the custody or control of or are accountable for the following documents, the perusal or examination of which is believed to be necessary for the elucidation of the following accounts of..... for the year(List of document)

Auditor.

Note: 1. "Cases of failure to obey the summons to the DLFA who will intimate them to the District Magistrate concerned. The District Magistrate will, on receipt of intimation from the Director of LF Audit, direct local public prosecutors to appear on behalf of the Director, in cases falling under the penal provisions of the relevant statutes, in so far as failure to obey the summons issued under the Acts or the Rules framed there under is concerned. The Director will instruct the Public Prosecutors as regards the facts of each case".

(G.O.Ms.No.413, Finance, Dept., dated 20th May 1926)

Note: 2. Non-production of records and registers particularly in respect of grant works should be brought to the notice of the Executive Authorities by Special Letters immediately during the course of audit and the Office copy of the letter should be kept along with the Office copy of the Audit Report.

If there is no response, the Executive Authorities should be appraised of the position in person and in writing again so that they may not contend later that auditor did not keep them informed, about this.

Finally the provision for summoning the records conferred in Rule 18 under Schedule V of the City Municipal Corporation Act, 1919, Rule 16 under Schedule I11 of the Madurai City Municipal Corporation Act, 1971, Rule 16 under Schedule I11 of the Coimbatore City Municipal Corporation Act, 1981, Rule 57 under Schedule IV of the Tamil Nadu District Municipalities Act, 1920, Rule 158 under Chapter V of the Tamil Nadu Agricultural Produce Markets Rules, 1962, and Rule 2 under paragraph 30 of Chapter-II of the Manual on Panchayat Administration (Part-II) should be exercised calling for the records from the persons having the custody of records. It must be noted that the summons should be specific and should furnish the details of files and records required.

(Standing Order No. 5 / 71 of LF Audit)

Note: 3. i. The summons should be served on a specified person mentioning his name and designation so that the complaint can be preferred in the Court against the particular person.

- ii. The date for the production of records or to appear in person should be given in such a way that at least 15 clear days are allowed from the date of acknowledgement of the summons.
- iii. The summons should be issued only after obtaining orders of the Assistant Director.
- iv. The summons should be sent by R.P.A.D. only and postal acknowledgement for service carefully preserved with the Office copy of the summons.

2.3.1) DISHONOUR OF SUMMONS:

The dishonor of summons by the Executive Authorities of Local Bodies is technically an offence but no prosecution can be launched immediately against the Executive Authorities of Local Bodies without the prior sanction of the Government. In the case of dishonour of summons a special report shall be made to the concerned administrative authorities by the Assistant Director about the dishonour of summons so that the administrative authorities may take appropriate action against the Executive Authority concerned for failure to respond to audit requisition for records and the delinquent can be made to feel sense of responsibility. The fact of issue of summons to the particular Executive Authority (name of the Executive Authority to be mentioned) and the dishonour of summons, viz., the non-production of records by the Executive Authority or anyone of his subordinates or satisfactory explanation furnished on or before the date fixed

shall be indicated in the special report and the default on the part of Executive Authority shall be reported immediately to administrative authority to take suitable action against the delinquent.

In the case of dishonor of summons, the complaint should be made to the Court within three months of the Commission of offence. If there is no response from the administrative authorities to the special report made within a reasonable time, the connected file leading to the issue of summons and report. to the administrative authorities about the non-production of records and dishonor of summons should be sent to Head Office in time (Le. atleast before the expiry of two months from the date of Commission of the offence) so as to enable the Director to obtain the orders of Government for prosecuting the Executive Authorities concerned.

(Standing Order No.50/71, dated 17-9-1971)

2.4) AUDIT OF RECEIPTS

It is primarily the responsibility of the departmental authorities to see that all items of revenue and other dues, which have to be brought to account are correctly and promptly assessed, realized and credited to the Local Bodies. The Director has been entrusted with the audit of accounts of both receipts and expenditure and as such, it is also one of the important functions of the Audit Department to see that all sums due to the local body have been realized and properly accounted for. It should also see that the initial accounts of demand have been properly prepared, that all items of demand have been entered in the Accounts, that the demand arrived at in the case of taxes and fees is generally correct, and that adequate steps have been taken to enforce recovery. Any investigation by audit in this regard must be so conducted as not to interfere with the executive responsibility.

In conducting the audit of receipts, audit should ascertain that adequate regulations and procedure have been framed to secure an effective check on the assessment and collection of revenue and to see by an adequate detailed check that any such regulations and procedure are being observed and that demand, collection and balance statements are regularly prepared and agreed with those of the subsidiary registers of demand and collection and that balances are regularly reviewed or checked in the manner specified by the statutory rules, Government Orders or regulations, if any. In the audit of receipts ordinarily, the general is more important than the particular.

It would be necessary to ascertain what checks are imposed against the commission of irregularities at the various stages of collection and accounting and to suggest any appropriate improvement in the procedure. Audit might for instance, suggest in a particular case that a test inspection should be carried out by comparing by a sample set of receipt counterfoils with the receipts actually in the hands of tax payers or other debtors, the results of such an inspection being made available to audit.

Note: At the instance of the Audit Department, the Executive Authority of Municipal Council has been required to compare atleast 5 percent of the originals of the receipts given to tax payers in each month with the relevant entries in the demand register concerned and to record in a separate Register of the receipts so compared. This work is required to be done by the Executive Authorities in respect of Panchayats.

The audit of receipts should be regulated mainly with reference to the statutory provisions or financial rules or orders which may be applicable to the particular receipts involved. . If the test check reveals any defect in such rules or orders the advisability of amendment should be brought to notice.

It is, however, rarely if ever the duty of audit to question an authoritative interpretation of such rules or orders and in no case may audit review a judicial decision or a decision given by an administrative authority in a quasi Judicial capacity. This instruction does not, however, debar an auditor from bringing to notice any conclusion deducible from the examination of the results of a number of such decisions.

Where any financial rule or order applicable to the case prescribes the scale or periodicity of recoveries, it will be the duty of audit to see, as far as possible, that there is no deviation without proper authority from such scale or periodicity.

Ordinarily, audit will see that no amounts due to local bodies are left outstanding on their books without sufficient reason. Audit will continue carefully to watch such out standings and suggest to departmental authorities any feasible means for their recovery. Whenever any dues appear to be irrecoverable, orders for their write off should be sought. But unless permitted by any rule or order of a competent authority no sums may be credited to a local body by debit to a suspense head; credit must follow and not precede actual realisation.

A claim or demand may be either (i) a specific demand fixed or fluctuating(all taxes are of this nature) or (ii) a demand which arises in consequence of some outgoing property, or cash, advance or service in which it is a QUID PRO QUO. Of the latter nature are the demands set by the sale or lease of land, property, farm produce, etc., by cash advances and services such as transport. The check that can be exercised in audit against (ii) will depend upon the nature of the demand and the exact circumstances in which it is made. The demand will in all cases be entered in a demand register of advances or some other register prescribed for the purpose in the rules or regulations.

(Paragraph 243 of an Introduction to Indian Government Accounts and Audit)

Frauds and embezzlements are not infrequent in the collection of revenue in local bodies. A special zeal should therefore be shown in investigating into reported frauds. The system of revenue collection should be closely scrutinized to see whether the fraud or defalcation was rendered possible by any defect in the rules or whether it was due to neglect of rules or the want of supervision on the part of any person responsible for the administration of the fund. It is the duty of audit, therefore, at such investigation, to suggest safeguards that are likely to prevent the recurrence of such frauds or defalcation.

Objections for want of payee receipts in support of disbursements made are serious one as such cases on investigation may at times, disclose frauds or defalcations. Objections of this nature therefore deserve immediate attention and investigation. The Head of Audit Party should, therefore, prepare a report in the form of a Paragraph for the audit report soon after the defect is noticed and after obtaining the approval of the Assistant Director of Local Fund Audit communicate it to the Executive Authority of the Local Body for immediate action. The paragraph containing the defect should be suitably modified with reference to the reply of the Executive Authority and included in the audit report.

2.5) AUDIT OF EXPENDITURE

General Principles-Expenditure from the funds of local bodies is subject to the following essential audit checks:

- i. That the funds have been expended only on the purpose authorised by the Acts or Rules:
- ii. That the moneys made available for the expenditure have been provided for in the manner specified in the acts or Rules;
- iii. That the funds earmarked for specific purposes have been utilised for such purposes alone; and
- iv. That the sanction, either special or general, of the Authority competent to sanction the expenditure has been obtained.

It is an implied condition that the expenditure should be incurred from the funds of local bodies with the due regard to the broad and general principles of financial propriety. Any cases involving a breach of these principles and thus resulting in improper expenditure or waste of public money should be treated by audit in the same manner as cases of irregular or unauthorised expenditure are treated.

Conditions (i), (ii) and (iii) mentioned in the foregoing paragraph are mainly governed by the acts of the Legislature or rules, or regulations issued by authorities empowered in this behalf. Auditors must, therefore, familiarise themselves with the relevant sections of the Acts and the Schedules thereto and the rules and regulations contained in the Codes and Manuals.

2.6) AUDIT AGAINST REGULARITY

Audit against regularity consists in verifying that the expenditure conforms to the relevant provisions of the Acts or Rules made there under and is also in accordance with the financial rules, regulations and orders issued by a competent authority either in pursuance of any provisions of the-Act or in virtue of powers formally delegated to it by a higher authority. The rules, regulations and orders against which audit is conducted mainly fall under the following categories:

- i. Rules and orders regulating the powers to incur and sanction expenditure from the revenues of the local bodies;

- ii. Rules and orders dealing with the mode of presentation of claims against local bodies, withdrawing money from the accounts of the local bodies, and in general the financial rules prescribing the detailed procedure to be followed by Officers and Servants in dealing with the transactions of local bodies and;
- iii. Rules and Orders regulating the conditions of service and pay and allowances and pension of Officers and Servants of Local bodies.

The work of audit in relation to regularity of expenditure is of a quasi-judicial character. It involves the interpretation of statute, rules, and orders with reference to the case law” of previous decisions and precedents. Interpretation by Audit should be based on the plain meaning of the section, rule or order, except where this is inconsistent with another section, rule or order; in such a case the inconsistency should be referred to the competent authority for resolution or removal. In no case must interpretation by Audit ever verge of legislation.

But audit against sanctions to expenditure is a complicated affair and requires the careful attention of the auditor. Authorities competent to sanction expenditure out of funds of local bodies are mentioned in the Acts, rules, regulations or by-laws relating to such bodies and it is primary duty of audit to see that every item of expenditure is covered by the sanction of the proper authority. The determination of the proper authority will depend upon whether (a) the sanctioning authority possesses full powers in respect of expenditure under audit or (b) whether the sanctioning powers are subject to any limitations. In respect of expenditure sanctioned by authorities having full powers of sanction it is enough to confine audit merely to considerations of propriety but in respect of others the effect of conditions and restrictions should be clearly grasped and audit should challenge every item of higher sanction is necessary. This is a field where controlling authorities depends upon audit to control the financial operations of the local bodies. It is here that audit can perform useful functions as an instrument of financial control. In judging which items require sanction, difficult cases often arise when the spending authorities split up schemes to avoid higher sanction. What is a single scheme, audit is not infrequently called upon to decide especially in the case of expenditure on works.

Audit, to ensure the four conditions indicated so far, carries out what may be called the formal examination of sanctions and rules regulating such expenditure. It is an essential function of audit to bring to light not only cases of clear irregularity but also every matter which in its judgment appears to involve improper expenditure or waste of public money or stores, even though the accounts themselves may be in order and no obvious irregularity has occurred. It is thus not sufficient to see that sundry rules or orders of competent authority have been observed. It is of equal importance to see that the broad principles of orthodox finance are borne in mind not only by disbursing officers but also by sanctioning authorities. No precise rules have been laid down for regulating the course of audit against propriety. The general principles which have long been recognised as standards of financial propriety are detailed below:

- i. The expenditure should not be *prima facie* more than the occasion demands. Every Public Officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money;
- ii. No authority should exercise its powers sanctioning expenditure to pass on order, which will be directly, or indirectly to its own advantage;
- iii. Public moneys should not be utilised for the benefit of a particular person or section of the Community unless:
 - a. The amount of expenditure involved is insignificant; or
 - b. a claim for the amount could be enforced in a court of law; or
 - c. The expenditure is in pursuance of a recognized policy or custom.
- iv. The amount of allowances such as traveling allowances, granted to meet expenditure of a particular type, should be so regulated that the allowances are not, on the whole sources of profit to the recipients.

The proper discharge of duties by an Audit Officer in this field is a very delicate matter and requires much discretion and tact. A challenge against expenditure should not be expressed as based on “cannons of financial propriety”, but as transgressing a universally accepted standard of official conduct or financial administration. The same principles hold good in respect of expenditure from Local Funds also.

The audit of rates paid for work done and supplies made should receive special attention, but as objections can be raised only on grounds of financial propriety, this audit will usually present considerable difficulty. It demands the

exercise of great intelligence and care. Individual abnormalities in rates should of course be watched, but the institution, from time to time, of a comparative examination through the vouchers and accounts received for audit, of the rates paid by various Officers in the same of neighbouring localities, may indicate cases in which, the rates being abnormal, further enquiry may be desirable. It is of considerable importance that the audit checks prescribed should be observed in spirit and not in the letter as opposed to the spirit. The instructions relating to detailed audit of vouchers in support of payments are contained in the other succeeding chapters of the Manual.

The general instructions set out in the preceding paragraphs can be expressed in a detailed form as below:-

The objects of audit expenditure are to ensure:

- i. that there is provision of funds for the expenditure duly authorized by a competent authority;
- ii. that the expenditure is in accordance with a sanction properly accorded and is incurred by an Officer competent to incur it;
- iii. that the claims are made in accordance with rules and in proper form;
- iv. that all prescribed preliminaries to expenditure are observed such as proper estimate prepared and approved by competent authority for works expenditure, etc.
- v. that expenditure sanctioned for a limited period is not admitted in audit beyond that period without further sanction;
- vi. that the rules regulating the method of payment have been duly observed by the disbursing officer;
- vii. that payment has, as a fact, been made to the proper person and that it has been so acknowledged and recorded that a second claim against the local body on the same account is impossible.
- viii. that the charge is correctly classified and that if a charge is debitable to the personal account of a contractor, employee or other individual or is recoverable from him under any rule or order it is recorded as such in a prescribed account;
- ix. that the rates paid for work done or supplies made are in accordance with any scale or schedule prescribed by competent authority; and
- x. that the payments have been correctly brought to account in the original accounts.

2.7) GRANTS-IN-AID

Grants-in-aid paid by Government to local bodies are of two kinds, viz., statutory and non-statutory. A non-statutory grant is further classified as conditional and unconditional. Where conditions are attached to the utilisation of the grant, these usually take shape of specification of the particular objects on or the time within which the money must be spent. Whatever be the nature of the conditions, audit is not diverted of responsibility for seeing that they are fulfilled. Where no conditions are attached to a grant audit it is in no way concerned with the manner in which the grant is utilized by the grantee. But it should be seen in audit that the local body has claimed and realized all the grants due to it under the provisions of the statutes and also under the administrative rules and orders of Government. It should also be seen that the amount of grant due has been noted in the Miscellaneous Demand Register or some other register and its realization watched through it and the grant has been claimed in proper time. In respect of grants adjusted in the accounts at the treasury and credited in the pass book of the local body, it should be seen that they have been taken credit for in the cash book and the accounts of the local body; that the local body is eligible for the grants; that the conditions if any, attached to the drawl of grant have, as seen from the accounts, statement of expenditure prepared for the purpose and the concerned vouchers, been fulfilled; and that the grants were utilised properly.

Unless it is otherwise ruled by Government, grant made for a specified object is subject to the implied conditions.

- i. that the grant will be spent upon that object within a reasonable time, if no time-limit has been fixed by the sanctioning authority; and
- ii. that any portion of the amount which is not ultimately required for expenditure upon that object will be surrendered. Audit scrutiny, when applied, should pay due attention to these points.

When recurring grants-in-aid are made to an institution it should as far as possible be verified in audit that the grantee continues to function as such institution, and that the circumstances in recognition of which the grant was sanctioned still continue to exist.

All Institutions receiving grants-in-aid from Government should maintain in respect of each sanctioning authority separate registers called "Register of Assets required wholly or substantially met out of Government Grants showing the particulars of all assets of permanent or semi-permanent nature like buildings, roads, furniture, books, slates, etc., that are acquired wholly or substantially from Government grant together with the actual value of the assets and they should produce the register for verification at the time of audit.

The above register is of permanent nature and should be maintained in the form given in Annexure-I to G.O. Ms. No. 336, Finance, dated 28th March 1962 in respect of institutions other than Panchayat Union and Panchayats and in the form given in the Annexure to Memo. No. 93269/R.D.Accts.Spl/62-2, Rural Development and Local Administration, dated 16th April 1963 by the Panchayat and Panchayat Unions.

Note: The assets of permanent nature will mean the immovable properties and the assets of semi-permanent nature will denote the movable property of capital nature where the value exceeds Rs. 1,000/- (Rupees One Thousand only.)

Any asset acquired wholly or substantially out of Government Grant and entered in this register should not, without the sanction of Government be disposed of or encumbered or utilised for purposes other than those for which the grants were originally sanctioned.

Government have also ordered that from the existing assets all these assets that were wholly or substantially acquired out of Government grants should be sorted out and entered in the Register required to be maintained.

(G.O. Ms. No. 1494, Finance, dated 30th December 1960)

(G.O. Ms. No. 336, Finance, dated 28th March 1962)

(Memo. No. 93269/R.D. Acts.Spl/62-2, Rural Development and Local Administration, dated 16th April 1963)

2.8. REPORTS ON DEFALCATION AND OTHER LOSSES

On receipt of a report on defalcation or loss of the funds of Local Body, the audit department shall call for such further information as it may require on the subject and carefully examine the case and ascertain whether the defalcation or loss was rendered possible by any defect in the rules or whether it was due to non-observance of rules or want of supervision on the part of the administrative authorities. It should then report the result of such examination to the authority competent and make out a paragraph in the audit report on the accounts of the local body for the relevant period. If the case is of a serious nature, a report should be made to the

2.9 PREPARATION OF AUDIT REPORTS

It is essential to sort out the preliminary objections included by the auditor in the audit notes / objection statements, the relevant material information subsequently gathered by the auditor and replies, if any, received in compliance with the preliminary objections from the local bodies before preparing the audit report.

It should be seen that the objections raised during the audit are properly arranged, classified under various categories as per the Instructions issued from time to time, as precise as possible and at the same time conveying the meaning which it is intended to convey.

Drafting of Audit Report requires special skill in presenting the audit findings in a cogent, elegant and impersonal language avoiding such words as 'Frauds' 'Misappropriation' 'Manipulation' 'Moral turpitude', etc. To cultivate a good drafting style it requires lot of hard work in vigorously practicing the art of drafting, a good mastery and command over the language, a good vocabulary and above all a free flow of ideas even in well arranged sequence.

The following nine steps may be followed to bring out a quality report:

- i. Comprehend what you are required to or what you want to report on
- ii. Ascertain all possible sources of information
- iii. Decide upon what source to draw from
- iv. Gather information and explanations

- v. Sift and evidence
- vi. Synthesize the acceptable evidence
- vii. Abstract what is to the point and throw the rest away
- viii. Throw what is left into report form
- ix. Summarise your findings.

This to be remembered that the performance of the audit department is judged on the quality of the final report sent to the heads of institutions and Government.

2.9.1) EDITING OF AUDIT REPORT

Editing of an audit report is an exercise of approving the written script by a superior Auditor over who scrutinises the matter as to the accuracy of the contents, manner, language and style of presentation of facts and carrying out modifications in part or whole wherever necessary.

Editing of the audit reports involves the following processes:

- i. Going through the written matter (draft audit report) and satisfying as to the correctness of the contents and style of presentation;
- ii. Ensuring that the draft conveys properly the writers intends and that the Person for whom it is meant understands it;
- iii. Ascertaining that the language used for expression of the matter is simple, lucid and grammatically correct;
- iv. After ascertaining the accuracy or otherwise of these three products the Auditor then goes to examine that the sequence of the various facts stated and sees that in respect of all stages from the introductory remarks to the drawing of conclusion, the description is proper and that there are no glaring omissions.
- v. Thereafter the Auditor, proceeds to check the authenticity and aptness of the authorities quoted such as Sections of the Act, Government Orders and resolutions, etc.
- vi. Checks and crosschecks the interpretations derived in the matter and sees that these tally with the common established interpretations in vogue;
- vii. See that the focal point made out in the report is proved beyond doubt to the best of ability of the writer;
- iii. Satisfies himself that the statement of facts mentioned in the report are from known reliable sources, are relevant to the subject and are not exaggerated, overstated or used out of context;
- ix. Satisfies himself that there is no scope for doubt, ambiguity or possibility of challenging the statement;
- x. Sees that due consideration and weightage is given to the explanation given by other party justifying their stand;
- xi. Sees that in case of disagreement the points at issues are argued properly to prove the stand taken by audit;
- xii. Sees that a clear mention is made about the oral discussions, views for and against the decision or fact;
- xiii. Sees that the presentation is not one sided and the view point of the administration is not ridiculed;
- xiv. Sees that expressions are polite and are not aimed at any individuals to malign their reputation.
- xv. Personal references, facts based on hear say should be avoided as far as possible.
- xvi. Cases of confused thinking and baseless allegations should be eliminated;
- xvii. Then the Editor gives finishing touches and makes last minute changes before giving clearance for publication.

The real test of good audit depends upon the Audit Report, Even if the audit of a very high standard is carried out, a poorly drafted report may spoil the impression. Audit Work and Audit Report make the overall image.

In editing Audit Reports, the main thought should be on the correctness or otherwise of the objection raised by audit to point out the irregularities or the seriousness of the irregularity committed.

Responsibility for the preparation and presentation of the final report is shared by the auditor who writes the report and the Audit Officer who approves the report.

Serious irregularities are to be brought to the notice of the Heads of Institutions for taking further action. In cases of serious objections the audit has to

- i. Specify the *modus operandi*;
- ii. Offer comments on the failure or lack of supervision;
- iii. Advise the authorities to make good the losses, and
- iv. fix the responsibility and suggest action against those responsible.

2.9.2) AUDIT COMMENT ON PERFORMANCE OF EACH SCHEME / PROJECT:-

Separate paragraph for each Scheme / project Commenting on the performance of the project should be included in the Audit Reports of the Institutions where schemes are implemented. The paragraph should be an analytical as well as a factual report and the paragraph should contain generally the following informations:

- i. Name of the Scheme.
- ii. The authority in which the scheme was sanctioned.
- iii. Total estimated cost of the Scheme.
- iv. The date or year of the commencement of the Scheme.
- v. Source from which the Scheme was launched and extent of assistance.
 - i. Loan,
 - ii. Grant; and
 - iii. From the own revenue of the institution,
- vi. Amount spent up to the previous year-
 - i. Loan
 - ii. Grant
 - iii. From the own revenue of the institution
- vii. Amount spent during the year under audit
 - i. Loan
 - ii. Grant
 - iii. From the own revenue of the institution.
- viii. Time limit, if any, fixed for the execution of the Scheme.
- ix. Target, if any fixed.
- x. Whether there is any abnormal delay / progress at desired space.
- xi. Whether the Scheme is completed or in progress. if it is completed, date of completion and when the same has been handed over to the institution without delay by the agency for the execution.
- xii. If there is any delay in execution the causes for the delay.
- xiii. Whether there is abnormal variation between estimated cost and the completion report.
- xiv. Whether the work is abandoned in the middle due to reasons beyond control.
- xv. Nature of asset acquired.

xvi. Whether it is put to beneficial use (i.e)

- i. Bus-stand, shops, etc., constructed are leased out immediately after taken over.
- ii. Water- supply and Drainage connections are given to number of houses as reported in the scheme proposed.

In some cases, Bus-stands, shops, etc., constructed are handed over without forming road in bus stand or without electrifying the shops, etc., Consequently the assets acquired could not be leased out. Such things should also be commented in detail in the para.

Tender irregularities, excess payment, irregularities in respect of issues of stores, etc., should be commented upon in a separate sub-para under the main objection

Apart from individual para for each Scheme/Project, a general para on the drawal and utilisation of grants and loans during the year may be included in the report immediately after the para on the review of financial position of the Municipality. In this paragraph, the following information may be given.

- i. Nature and purpose of Grant / Loan
- ii. Reference to Government order sanctioning the grant loan.
- iii. Amount of Grant/Loan sanctioned/Carried out from previous year.
- iv. Amount utilised.
- v. Balance left unutilised.

(Director Circular RC. No. 33138 / C1 / 81, dated 9th April 1981)

2.10. LEVY OF AUDIT FEES:

Audit fees is levied by the LFAD for the audit of the Municipal Corporations and Municipalities (including Third Grade Municipalities) at the rates mentioned below:

S.No.	Name of the Institution	Rate of Audit fee	Authority
1	a)Municipal Corporation b) Municipalities	50% of the actual cost of Pay and Allowances including Traveling Allowances of the Audit staff and Deputy Director / Asst. Director	G.O.Ms.No.62 Fin.(LF) Dept., dt 17.1.94 (Examiner's Rc.No.38238/PA/95 dt.31.5.95

Audit fees is worked out for each institution immediately on completion of audit and necessary paragraph is incorporated in the Audit Report. In respect of Corporations and Municipalities wherein Concurrent Audit is carried out, the audit fees for each financial year is worked out based on the expenditure statement and intimated to the Executive Authority through a letter with a request to remit the audit fee immediately.

The audit fees should be remitted by the concerned institutions to the following Government head of Account.

"0070 – Other Administrative Services

60 – Other Services – 110 – Fees for Government Audit

AA – Fees for Government Audit – DPC Code No.0070 –60 – 110- AA 0009"

3. AUDIT ACTIVITIES OF THE REGIONAL DEPUTY DIRECTOR OF LOCAL FUND AUDIT:

The Regional Deputy Directors are entrusted with the overall supervision and review of the audit activities of the Assistant Director's office in each district within their region, and incharge of settlement of audit objections, conducting of Joint sittings and attending High Level Committees.

The primary duties performed by RDDs are as follows:

1. Review of the audit functions of all ADs under their control.

2. Review of the monthly state of audit of all AD's offices.
3. Approval of Annual calendar of audit and quarterly audit programme of audit staff of all AD's offices.
4. To watch the timely commencement and completion of audit.
3. To watch the receipt of Audit Reports from AD's offices in respect of all auditable institutions.
4. Approval of the Tour programme of all ADs under their control.
5. Approval of monthly dairies and traveling allowance bills of ADs
6. Issue of review remarks on Audit Reports.
7. Issue of Special letters on the basis of audit paras relating to loss / irregularities to the Executive Authorities concerned.
8. Issue of Special Reports to the concerned administrative heads of the Departments.
9. Settlement of pending objections relating to S/L & S/R in respect of Municipalities, Panchayat Union Councils, Town Panchayats and Miscellaneous institutions.
10. To attend Joint Sitings for settlement of objections in Municipalities and Panchayat Unions.
11. To attend High level Committees for settlement of objections in Municipalities, Panchayat Union Councils and Town Panchayats.
12. To conduct monthly review meeting of ADs in their jurisdiction to ascertain the State of audit.
13. To report about Defalcation / misappropriation if any found during audit in their region and to send the audit paras of serious nature received from the ADs to the Director and to Regional and District Administrative Authorities.

3.1) REVIEW OF AUDIT REPORTS:

The review of audit reports received from AD's offices is done in the RDD office as detailed below:

Municipal Audit Reports	50%
Panchayat Union Councils Audit Reports	50%
Town Panchayat Audit Reports	25%

Audit Reports subjected to review should be scrutinized thoroughly in RDDs office and the areas for improvement in quality of audit shall be communicated to the AD. The copies of such review remarks issued should be sent to the Director's office.

The receipt of replies to review remarks from the Assistant Directors should be watched by the RDD.

(Director's Circular No.30/08(Rc.No.MA4/47685/08) dt.29.10.08)

A Review Register should be maintained in the RDDs office for this purpose in the following format.

S.No.	Name of the Institution	Date of receipt of AR in RDD's office	Date of Review	Date of issue of Review Remarks	Signature of RDD	Date of receipt of replies to Review Remarks

3.2) ISSUE OF SPECIAL LETTERS

(a) Audit Surcharge and Disallowance Rules in the Madras City Municipal Corporation Act, Madurai City Municipal Corporation Act, Coimbatore City Municipal Corporation Act, Tamil Nadu District Municipalities Act and those issued under the Tamil Nadu Panchayats Act 1994 and the Tamil Nadu Public Libraries Act and Tamil Nadu Agricultural Market Committee Act require that the auditors should report to the local body or institution concerned any material impropriety or irregularity noticed in the accounts and any loss or waste of money or other property owned by or vested in the local body or institution caused by negligence or misconduct with the names of persons responsible for such loss. Every material irregularity or impropriety and loss should therefore be included in the audit report. The attention of the

executive authority should be invited to the particular item in the Audit Report where the irregularity has been mentioned to and he should be requested to place the objection and his reply before the Council and communicate its view to the audit department.

Audit objections of surchargeable nature should not be mentioned in the Audit notes but they should be mentioned in the Audit Report. In respect of vouchers, the actual date of payment should be noted in the audit paragraph for example "Voucher No. 120 / 1st December 1974" but not as "Voucher" No. 120/12-74".

The person or person responsible for the irregularity or impropriety should at the same time be afforded an opportunity to rectify the defect. The executive authority of a local body or the members of a Council are usually held responsible for illegal payments and losses. In G.O. No. 1424, L & M, dated the 30th April 1931 the Government reminded the President of Local bodies and others exercising the function of sanction and disbursement on behalf of local bodies that they are responsible and the plea that they were misled by or misguided by subordinates would be wholly inadmissible and that it was open to the local body or its president to take such disciplinary action as it or he thinks fit against the subordinate concerned.

The important instructions is issue of Special letter and Special Reports are detailed below:

- 1) A special letter shall be issued by the Regional Deputy Director on behalf the Director of Local Fund Audit within one month from the date of receipt of Audit Report.

The format for issue of special letter has been prescribed and communicated in Director's Circular Rc.No.56282/MA4/08 dt. 23.6.2009 . It shall be issued to the Executive Authority who held the office during the period of audit inviting his attention to the irregularities noticed in audit. If the defect communicated to the Executive Authority is not rectified within a period of two months, action will be taken to issue a special report to the authority competent for taking action after six months from the date of issue of special letter. A copy of the special letter is also sent to the present Executive Authority of the institutions to enable him to take action to rectify the defects pointed out in audit.

- 2) The Cheques are to be signed by two Officers. One of them is the executive authority and the other is a responsible person specified in the government orders. The question as to whether special letters are to be issued to both the officers for purpose of surcharge action was discussed and it was decided that the officer who passes the bill for payment is to be held responsible for any irregularity or loss.
- 3) The instructions issued in Director Circular H2/85490/80, dated 18th March 1981 will not apply to the special letter issued to non-officials to whom surcharge certificate is issued by the Director. In such cases, the existing Form of special letter with the Director of Local Fund Audit being noted in the From Address" and signed by the Regional Deputy Director as "For Director of Local Fund Audit" should be used.

(Item 7 of Director of LFA letter No. Rc.No. A3/81130/79, dated 31st March -1980)

- 4) Great care should be taken in selecting paragraph for inclusion in the special letter. No objection that could eventually be brought under the Surcharge rules should be omitted. Items which cannot be pursued to the point of surcharge should strictly be eschewed. No objection should be carried forward from one year's special letter issued to a particular person to the special letter of a subsequent year issued to the same person. Action should be taken on an objection in a year's special letter, with reference to the special letter for that year until the question of surcharge in regard to that objection is finally settled. The special letter should as a rule be sent by registered post and an acknowledgement obtained. A note should be made in the margin of the original audit report paragraph about the fact of issuing special letter. The closure of objections included in special letters should be reported to the administrative authorities by Regional Deputy Director in regard to Municipalities and Panchayat Unions and Assistant Director in respect of Town Panchayats.

(Vide DLFA K. Dis H2/58925/75-2, dated 21st October 1975 as amended subsequently)

- 5) The time allowed for replies to special letters is two months as that allowed for replies to audit reports. By the time replies to the special letters are received, replies to audit reports and the views of the local body there on would also become available so as to enable audit either to pursue the objections to the point of surcharge or drop it.

- 6) If replies to a special letter are not received within the time allowed i.e., two months as the case may be, Regional Deputy Director may wait for six months. If replies are not received even after six months, the disposal of the special letter should be taken up at once, on the materials already available. In G.O. Ms. No. 1805, Local Administration, dated the 8th May 1939, the Government informed the Commissioner that special letters on audit reports should be promptly replied to within the time allowed and that failure in this regard will result in disciplinary action being taken against them. Reasonable time should be allowed to the Commissioners / Executive Officers or Special Officers to settle the objections if a request is received from them for extension of time on account of any peculiar difficulty.

3.2.1. SELECTION OF SPECIAL LETTER PARAS:

1. Only clear case of loss pointed out in audit paras alone to be included in special letter.
2. The monetary limit for inclusion of objections in Special Letter is as follows:
 - i) Municipal Corporations : Objections involving loss of Rs.25,000 and above
 - ii) Municipalities : Objections involving loss of Rs.5,000 and above
 - iii) Other Institutions : Objections involving loss of Rs.1,000 and above
3. Objections regarding advances paid to the executive authorities pending recovery / adjustment and amount due to be recovered under Miscellaneous revenue head from the executive authority shall be included.
4. Objections relating to Establishment such as irregular pay fixation need not be included in the special letter paras since there is possibility for recovery from the staff concerned.
5. Advances, taxes and fees which are time barred during the period under audit shall be included in the special letter. Further, the advances sanctioned and admitted by the executive authority which are pending recovery shall also be included in the special letter.
6. Generally It should be ensured that there should not be non production of records by administration to audit. However, even after taking coercive steps to get the records for audit, if the records still remain not-produced, objection should be raised in the Audit Report. Such objection can be included in the special letter.
7. Issue of cement and steel to contractors for which the cost not recovered should be incorporated in the objections and included in Special letter.
8. Losses noticed due to shortage of stock of cement, steel shall also be pointed out in the objection and included in the Special letter. (Dir's Circular No.40/08 Dt.5.12.2008 and 2/09 Dt.27.2.2009.)

3.3. ISSUE OF SPECIAL REPORTS :

Special Reports are issued by the RDD's of Local Fund Audit in respect of each individual Commissioner / Executive Officer who held the office of the executive authority of an institutions during the period under audit and who is responsible for the loss or irregularity caused to the institution.

The special letter paras pending settlement after six months from the date of its issue shall be grouped individual wise and a special report prepared and sent to the concerned Head of the department for taking action against the individual by whose negligence the loss was caused to the institution.

Special Reports are issued by the RDDs to the respective administrative heads of local bodies in the prescribed format as follows:

Institutions	Report to be sent to
1. Municipalities	Director of Municipal Administration, Chennai-5
2. Panchayat Union Councils	Commissioner of Rural Development & Panchayat Raj, Chennai-15
3. Town Panchayat	Commissioner of Town Panchayat, Chennai-108.
4. Other Miscellaneous Institutions	Respective HODs.

The administrative authorities may initiate disciplinary action against the Commissioner / Executive Officer concerned for the pecuniary losses pointed out in the audit objections based on the special report sent by the audit department.

G.O. Rt .No 16 .MAWS Dept., dt.18.1.99

G.O. Rt. No.187 RD (P.6) Dept., dt.7.9.99

G.O.Rt .No.2 MAWS Dept., dt.2.2.06 and G.O.Ms.No.83 MAWS dt 1.6.2009

The important instructions in issue of special letter and Special Reports are detailed below:

In case, if special letter paras cannot be issued to an executive authority who retired from service, the objections of serious nature and losses pointed out in the Audit Report shall be sent to the Administrative Head of the Department for taking action.

A register showing the issue of the Special Report shall be maintained and separate pages shall be allotted for every local body institution. The entries regarding addition and deletion of Special Report paras in the register shall be got attested by Regional Deputy Director.

(Director of Local Fund Audit, Chennai Roc. No.54419 / EAA3/99-1 Dt.28-06-2000)

The Regional Deputy Directors are authorised to sign the special letter and special reports to the executive authority on behalf of the Director and issue the same from the Regional Deputy Director's office.

Note: Instructions have been issued in Circular No.40/08 and 41/08 (Rc.No47685 ./ MA4/08 dt. 5.12.08) and Circular No.2/9 dt.27.2.2009 of the Director regarding issue of Special Letter / Special Report. The instructions should be scrupulously followed.

3.4 SETTLEMENT OF OBJECTIONS:

The primary duty of the RDD is to give importance to the settlement of pending objections.

Settlement of objections is done through joint sittings convened at division / district level. RDDs should attend the joint sittings along with the administrative authorities viz., RDMA / District Collector and other officers for settlement of objections in respect of Municipalities and Panchayat Union Councils. The correctness of the replies furnished and the genuineness of the recovery of loss / rectification of the defect point out in the objection has to be ascertained. The replies and records in respect of each and every objection should be perused and the RDDs should satisfy themselves that the loss incurred has been fully made good. After ensuring the above facts, the paras can be settled.

The paras included in Special letter, Special Report and other paras in Audit Report may be settled during joint sittings. The ADs should assist the RDDs in Joint sittings for verifying the replies and records. Further remarks on the settlement of objections should be issued immediately at the closure of the joint sittings. Delay in issue of further remarks or issue of further remarks at a later date should be strictly avoided.

RDDs should furnish the details of number of paras settled each month institution wise in his monthly diary sent to the Director.

The joint sittings for settlement of audit objections in respect of Town Panchayats shall be attended by Assistant Director.

3.5 HIGH LEVEL COMMITTEES

RDDs should attend the HLCs for settlement of audit objections relating to retired/ retiring officials of local bodies as and when convened by the Member Secretary of the Committees at district level / Regional level. The RDD is a Member in respect of High Level Committee for Panchayat Unions and Town Panchayats and Vice-chairman in respect of Municipalities. The Committee will take decision to settle / effect suitable recovery in respect of each and every audit para placed before the committee.

On receipt of the proceedings of the committee necessary entries should be made in the Register of SL / SR regarding the orders of the committee.

In respect of paras wherein recoveries have been ordered by the HLC, a watch register should be maintained in the RDD's office to watch the action taken by the administration/ Executive Authority to recover the sum ordered by the Committee. The administrative / Executive Authority should implement the orders of HLC. The non-impelmentation of Committee's orders on the part of the administration should be brought to the notice of the Committee when the committee subsequently meets as Action taken report.

3.6) Approval of Audit Programme:

RDDs shall scrutinise and approve the annual calendar of audit sent by the AD's . The AD's shall prepare quarterly audit programme based on the calendar of audit and send it for approval to the RDDs in duplicate.

The quarterly audit programme of each AD's office should be thoroughly scrutinised and approved by the RDDs and a copy of the approved programme should be sent to the concerned ADs.

RDDs should watch whether the audit programme is carried out by all ADs as per the approved programme. Deviations from the approved programme should be got approved by RDD. In unavoidable circumstances the deviation of audit programme may be ratified by RDD.

3.7) GUIDING OF AUDIT STAFF:

RDD's should visit the O/o Assistant Directors under their control every month by rotation on the date of staff meeting and issue guidelines to the audit staff regarding the improvement of the quality of audit. RDD's should also conduct the meeting of all Inspection in their region on quarterly/half yearly basis. (Director's circular No.26/08 Rc.No.PA/47806/08 dt.29.10.08)

Para . 4 : AUDIT FUNCTIONS OF ASSISTANT DIRECTORS:-

The Assistant Directors are the heads of the audit at the district / divisional level. Each Division in a district has one Assistant Director who is in charge of the audit activities of the institutions entrusted to him. He is solely responsible for all the matters relating to the audit of the institutions under his control.

4.1 MAIN FUNCTIONS:

The Assistant Directors of each division is in charge of the audit functions of the field as well as of the concurrent staff placed at his disposal. The AD should lead the audit party for the audit of Municipalities. Assistant Directors can take up the audit of ULBs except Grade –I and II Town Panchayat either individually or along with the audit staff. When there are more than one Assistant Director in a District the senior most Assistant Director is responsible for the administration of office.

4.2 AUDIT PROGRAMME:

The Assistant Directors of each division should prepare the annual calendar of audit of the staff under their division for the audit of ULBs and as well as the concurrent audit of Municipalities & Panchayat Union Councils. The consolidated audit programme should be sent to the concerned Regional Deputy Director for approval.

Based on the approved calendar of audit the Assistant Directors should prepare quarterly programme in consultation with the heads of the audit parties and submit it to the RDD. After approval of the quarterly programme by RDD, the ADs should draw the monthly programme and communicate the same to each audit party.

4.3 GUIDING THE AUDIT STAFF:

The Assistant Directors should guide the auditors under their control so as to enable them to carry out the audit work.

The Assistant Director should visit each and every institution during the commencement of audit and hold discussions with the audit party about the areas to be covered in audit. Similarly during the completion of audit, the ADs should visit the institution and review the audit work so far done and help the audit party to complete the audit .

ADs should also visit the institution in which audit is in progress periodically and ascertain the audit work completed so far and the remaining work to be completed. He should thus guide the audit party to complete the audit in time.

The ADs should carry out the original audit of major work vouchers and expenditure on various schemes in ULBs along with the audit parties. The areas to be audited by the AD should be identified in each institution and audit taken up by the AD accordingly. The Audit Reports should contain the docket sheet in which the details of mandays availed by the A.D. and staff should be noted.

ADs should also hold discussions with the Executive Authorities regarding the progress of audit periodically to enable the smooth conduct and completion of audit by the audit parties. The difficulties faced by the audit parties should be brought to the notice of the Executive Authority during the discussion. The draft audit paras should also be made known to the Executive Authority during the periodical discussion to help the administration to rectify the defects pointed out immediately.

ADs should send the audit completion report of each institution to the RDD on the day of completion of audit by the audit party.

4.4 WATCHING OF STAFF DIARY:

ADs should obtain fortnightly diaries from the audit staff and review the same to have an overall view of the work done by each auditor. The work done and the balance work to be done are to be evaluated by the AD. The mandays availed by each auditor should also be scrutinised.

4.5 COMMUNICATING OF PARAS OF SERIOUS NATURE:

ADs should submit at least two audit paras of serious nature noticed during the current month's audit every month to the Director of Local Fund Audit through the RDD.

(Director Circular No.32/08 (Rc.No.MA4/35290/08 dt.29.10.08)

4.6 ISSUE OF AUDIT REPORTS:

ADs should ensure that the draft audit reports are submitted by the audit parties in time without delay. ADs should scrutinise the draft audit report within 3 days after receipt of the same from the audit parties and point out the defects or items to be included/ excluded and after due rectification the AD should approve the audit reports and issue them without delay. The copies of Audit Reports should be sent to RDD/ Director and to the administrative heads without fail. The A.D. should ensure that the objections raised in the audit slips have been included in the Audit Report without fail.

Note: Instructions issued regarding the duties of Assistant Directors during review of audit and approval of draft audit reports have been issued and check slip also have been prescribed in Director's Circular No.36/08 (Rc.No.TP3/47332/08)dt.29.10.08 have to be followed.

4.7. SETTLEMENT OF OBJECTION:

The Assistant Director shall attend the Joint sittings for settlement of pending objections in Municipalities and PUC along with the RDD. ADs shall conduct joint sittings for settlement of pending objections in Town Panchayats. The further remarks on all replies received for the objections should be issued immediately after the conclusion of the Joint Sitting on that day itself.

4.8 TOUR PROGRAMME AND DIARY:

Assistant Directors should submit their monthly tour programme and diary to the RDD concerned for approval. The Assistant Director I should chart out his tour programme without affecting the administrative work. Assistant Director-I should compulsorily attend office on every monday and carryout audit and review work on the other days of week. the other assistant directors should carry out the tour programme through out the month.

4.9 CONDUCT OF STAFF MEETING:

Assistant Directors should conduct monthly staff meeting of all the staff under their control to assess the position of audit of all institutions where audit is the progress. The views of the staff should be heard and the audit programme charted out based on the discussions held. The G.Os & Circulars received during the month should be made known to the staff during the meeting. The minutes of the staff meeting shall be maintained at the office. A copy of the minutes should be sent to the RDD every month.

(Director Circular No.26/08 Rc.No.PA/47806/08 dt.29.10.08)

4.10 MONTHLY REVIEW BY RDDS:

All ADs should attend the monthly meeting conducted by the RDDs to have an assessment of the audit position of each district and appraise the RDD about the present state of audit of their district. The RDD's are requested to send a copy of the minutes of the A.D's meeting to H.O. every month.

4.11 REPORTING OF DEFALCATIONS: All ADs should report the details of misappropriation or defalcations unearthed by the audit parties during the audit to the Director of LF Audit through the RDD without any failure through D.O.letter / fax. The A.D's should issue an audit slip immediately and take the objection to the notice of the RDMA / District Collector, A.D. Town panchayats etc. without fail. The ADs should assess the magnitude of the misappropriation/ defalcation and thoroughly analyse and submit a full fledged report.

(Director's Circular No.33/08(Rc.No.MA4/47685/08) dt.29.10.08)(Director Circular No.22/08 (Rc.No.TP1/29897/08) dt.31.7.08)

4.12 WATCHING OF RECEIPT OF ANNUAL ACCOUNTS AND TOWN PANCHAYAT, VOUCHERS:

It is the primary duty of the ads to have a watch over the receipt of annual accounts of all institutions / vouchers of town panchayats whose audit is under their control on the due dates.

ADs can inspect the institution which have not submitted the annual accounts and vouchers in time and hold discussions with the executive authority and insist upon them to compile and send the accounts/ vouchers without further delay. A check slip in this regard have been prescribed in Director's Circular No.36/08 (Rc.No.TP347332/08) dt.29.10.08. ADs should carryout the inspection as per the check slip. Non compliance if any by the EAs should be brought to the notice of the Director through RDD by D.O. letter. The A.Ds should sign the acknowledgement for receipt of annual accounts / Town Panchayat vouchers themselves and send to the executive authority.

(Director's Circular No.31/08 (Rc.No.MA4/47685/0-8) dt.29.10.08)

4.13 REPLIES TO REVIEW REMARKS ON AUDIT REPORTS:

The ADs should furnish their replies to the review remarks issued by the Director/ RDD on the audit reports within one month from the date or receipt of review remarks in ADs office.

5. AUDIT IN THE O/O THE ASSISTANT DIRECTORS OF LF AUDIT.

5.1 A)AUDIT OF VOUCHERS OF LOCAL BODIES

The Panchayat Union Councils and Municipal Councils retain the paid vouchers in their own offices where they are audited. They send an abstract of the monthly accounts to the office of the Assistant Director of Local Fund Audit.

In the case of Panchayat Union, the daily sheet of transaction in the prescribed forms relating to Panchayat Union General Fund and Education Fund are to be sent to reach the concurrent Inspector's unit as Panchayat Union Office on the 3rd day of the transaction. Their receipts are watched through a watch register and the returns so received are checked in the Inspector office.

B) AUDIT OF TOWN PANCHAYAT VOUCHERS IN THE OFFICE OF THE ASSISTANT DIRECTOR OF LOCAL FUND AUDIT :

The audit of all institutions are generally conducted locally in the 'institutions concerned'. In the case of Town panchayats, however, the paid vouchers are received every month in the audit office and their audit is conducted with reference to available particulars subject to local verification during local audit.

The monthly full scale audit of the accounts of Town Panchayats is done by this department from 1st April 1956. The following procedure has been prescribed for the transmission of vouchers and accounts to the office of the Assistant Director of Local Fund Audit by the Town Panchayats:

The paid vouchers for each month along with the monthly Trial Balance and the Demand, Collection Balance Statement in one batch with a list of payments detailing voucher numbers in serial order and amounts so as to reach the respective Assistant Director of Local Fund Audit Office not later than 25th of the month following.

(G.O. Ms. No. 1618, Rural Development and Local Administration, Dept., dated 30th June 1966.)

- ii. The following documents should be sent by Town Panchayats to audit offices in addition to the paid vouchers and the monthly accounts with the Demand, Collection and Balance Statement;-
 - a. Copies of proceedings, memoranda etc., relating to appointments, leave, punishments and transfers of establishments, copies of sanctioned increment certificates, etc., (to be attached to the relevant bank payment voucher wherever possible.)
 - b. Copies of sanctioned estimates for works, memoranda of contract rates, completion reports, etc.,
 - c. Copies of proceeding of meetings of Town Panchayats and sanctioned budget estimates. (G.O. Ms. No. 1326, Local Administration Dept., dated, 11th September 1956.)

C) Voucher Audit:

Usually all vouchers received are accompanied by a covering list. The correctness of the vouchers received should be checked by the Record Clerk but he should not himself sign the acknowledgement. He should put up the acknowledgement to the Assistant Director. Immediately on receipt of vouchers, a docket should be attached to the voucher bundle of a month in the following form. One docket should be attached separately for each month.

Name of the Institution	Month	
	From	To
Serial Number of Vouchers		
Date of receipt of vouchers, Date of initials of Record Clerk		
Date of handing over for voucher audit with name of Assistant Inspector.		
Dated initials of Assistant Inspector.		
Date of return to Record Clerk.		
Date initials of Record Clerk.		
Date of handing over for local audit with the name of the auditor.		
Dated initials of Assistant Inspector / Deputy Inspector		
Date of return after annual audit / initials of Auditor.		

Initials of Record Clerk.

The vouchers for each month should neatly tagged at the left hand top corner and tag tied. The vouchers should be in the custody of the Record Clerk at all times except when taken for local audit and if at all any vouchers is taken out, a slip should be inserted indicating when and by whom the voucher was taken and its final restoration watched.

Immediately on receipt of vouchers it should be verified whether monthly Trial Balance have been received along with the Demand, Collection and Balance Statement. If not reminder should be issued. The monthly Trial Balance should be kept along with each month's vouchers. While receiving the vouchers, the Record Clerk should see whether all work vouchers are accompanied with the questionnaire prescribed in Circular No. 14274/78/GI, dated 16th March 1978 of Director.

The only way to make the Executive Officers to submit Bank Payment vouchers to Audit Office in a complete form is to raise objection in the Monthly Audit Notes and follow it up by a special letter to the Executive Officer and in case of his failure to rectify the defects by reporting the fact to the District Town Panchayat Officer. Slackness on the part of audit in this respect results in vouchers being sent in complete and in perfect manner and affects the efficiency of audit. Hence the first objection in the Monthly Audit Notes should be:-

- i. Omission to note the head of debit in vouchers.
- ii. Omission to furnish particulars of voucher number working out to each item of expenditure in the monthly account itself.
- iii. Omission to note sanction authority, furnish certificate, etc.
- iv. Omission to note reference to stock book page number and furnish particulars of quotations called for and lowest accepted.
- v. Omission to attach copies of sanction orders.
- vi. Omission to attach copies of estimates etc., to work vouchers, and so on, according to the general defects noticed.
- vii. All vouchers upto Rs.25000/- shall be reviewed by the Inspector. All vouchers exceed Rs.25,000/- shall alone be reviewed by the Assistant Director.
- viii. If any irregularity is pointed out by the Inspector during Local Audit in the office it shall be thoroughly checked and reviewed by the Assistant Director immediately.
- ix. Any omission or irregularity in voucher Audit is pointed out subsequently during Local Audit, the Auditor and Review Authorities are jointly and severally responsible for such omission.

All registers and records to be seen in local audit should be clearly noted in the front side of the Bank payment voucher itself prominently under the letters "L.A".

Each auditor should audit not less than 150 vouchers per day. The vouchers should be selected by examining the nature of expenditure, amount spent in the voucher etc., The amount involved in the vouchers in the month should be tallied with the total amount of the list of vouchers enclosed along with the voucher bundle and also with the abstract of monthly Trial Balance and also with Bank Statement. Necessary objections regarding extraordinary expenditure, purchase in excess of actual requirement, payments of huge advances, expenditures which are not covered with proper sanction etc., should be commented upon in the Audit Notes.

Bank Payment Voucher audit in the office should be a complete audit of calculations, periodicity, admissibility, sanctions, acquittances and supporting documents. Local audit should normally be a verification of stock accounts, Measurement Books, Service Registers and such other records kept in Town Panchayat so far as expenditure side is concerned. Bank Payment Voucher audit should therefore be a detailed one.

Objections raised in Bank payment voucher audit should be noted in the reverse of the voucher itself and written in ink and not in audit pencil. The Assistant inspector, Deputy Inspector should put his dated initials there under. The Inspector reviewing the voucher should initial underneath this. This item number of the Audit Notes in which the objection is included should be noted and ringed off to indicate that the objection has been incorporated in the Audit Notes. An abstract of objections should be maintained .

As soon as the Bank Payment voucher audit is completed the Assistant Inspector/ Deputy Inspector should intimate the fact to the Inspector and place all the audited vouchers with review registers for review.

The review by Inspector includes general scrutiny of all Bank Payment vouchers and the correctness of the objections raised therein. Every voucher should be initialed in token of review.

On receipt for the reviewed Bank Payment vouchers and registers back, the Assistant Inspector, Deputy Inspector will copy down all objections in the audit notes noting relevant item number in the audit notes and explain the omissions in the review register itself. He will then return the vouchers to the record clerk and see that the record Clerk initials in the docket and then put up the Audit Notes with the review Register to the Inspector for approval and issue.

In order to ensure the efficiency and continuity of audit of Town Panchayat Vouchers for each financial year and its review by the Inspector systematically, the following instructions should be followed.

Each touring party headed by Inspector should be allotted the audit of Town Panchayat voucher and review. The work should be distributed by the Heads of audit parties to Assistant Inspector / Deputy Inspector attached to them. The audit should be conducted in the audit office whenever the Assistant Inspector, Deputy Inspector returns from camp and in no case not later than the following month in which the vouchers have been received. The audited vouchers should be placed along with review register before Inspector to whom the Assistant Inspector, Deputy Inspector is attached for review.

The Inspector should review the audited vouchers of Panchayats done by Assistant Inspector, Deputy Inspector. Omissions if any noticed during the review should be indicated in the review register. After such review and rectification of the omissions pointed out, the Inspector should arrange to have the audit notes written up for the period of voucher audit conducted and hand them over to office for issue.

A review register should be maintained by the head of each audit party in the form given at the end of this paragraph to check the details Bank Payment of voucher audit.

The review register is subject to scrutiny monthly by the Assistant Director. The Assistant Director should test check the review done by the Deputy Inspector/Inspector.

(Director Rc. No. 58836/90/E4dated 3-8-1990 and 72959/E4/90 dated, 30-11 -1990)

5.2) REVIEW REGISTER

Voucher number and particulars	Remarks by Inspector Deputy Inspector	Explanation by the Asst. Inspector	Final orders by Inspector/Deputy Inspector
1	2	3	4

Note: Separate pages should be allotted for each Panchayat.

Omissions to raise objections should be referred to in the review vouchers apart from such objections being raised on the Bank Payment voucher.

The auditors doing local audit should put their full signature neatly with dates in the registers audited by them instead of initialing.

(Director's Circular Roc.No.C4/40715-1 / dt.19th July 1975)

Audit Procedure (Town Panchayat): Before the audit is taken up, the auditor should thoroughly acquaint himself with the Tamil Nadu Panchayat Act, 1999 and the District Municipality Act 1920 and rules framed there under and executive instructions issued by Government and District Collectors and the Director of Town Panchayats.

(Director of Local Fund Audit Lr.No.4647 / T.Pt.3 / 2008 dated 14-7-2008)

5.3) CHECK OF VOUCHERS (GENERAL INSTRUCTIONS):

- i. that Bank Payment vouchers in the proper printed form are available in support of expenditure and that the vouchers are numbered serially.
- ii. that details of works noted and the totals are entered in words as well as in figures;
- iii. that the bills have been passed by the authority empowered in this behalf;
- iv. that the mode of payment 'paid by cheque number' or 'paid by adjustment' has been noted on the voucher;
- v. that there are no erasures and that any alterations in the total are attested by the Officer concerned as many times as they are made;
- vi. that stamped acknowledgements, wherever necessary, are available in support of payments; and that acknowledgements by marks are duly attested by witnesses:
- vii. that instructions given in the forms have been observed;
- viii. that no payment is made on a voucher or order signed by a clerk instead of the head of an office or on a voucher signed with a stamp and that copies of sanctions are certified by the sanctioning officer or by an officer authorised to sign for him;
- ix. that the classification of every voucher is correct;

In addition, the following guidelines are issued

The voucher No. and amount noted against each Bank Payment voucher in the covering list accompanied by the vouchers should be traced out with reference to Bank Payment vouchers and gross amount debited in the Bank Payment voucher. The column "Amount" in the covering list should be totaled and tallied with the total expenditure booked in the monthly account. If the amount booked in the monthly account is more than the total struck in the covering list, it is to be construed that certain vouchers have not been transmitted to audit Office. This should be viewed seriously because there may be booking of false expenditure without Bank Payment vouchers to screen defalcation. If the amount booked in the monthly account is less than the total struck in the covering list, it is to be construed that the closing balance arrived at in the monthly account has not been tallied with the Day Book. There may be some serious financial irregularities involved. Hence tracing of Bank Payment voucher No. and amount in the covering list with reference to voucher is more important duty of the auditor who conducts the voucher audit. The authority who reviews the audited vouchers should also give top priority for this check. The difference, if any, should be immediately brought to the notice of the Executive Officer and Assistant Director of Town Panchayats for immediate reconciliation

5.4 AUDIT OF TOWN PANCHAYAT BILLS

(i) AUDIT OF ESTABLISHMENT VOUCHERS

The following are the important general checks that should be applied in the case of establishment bills of Town Panchayats:

- i. that the amount drawn in the bill is arithmetically correct and supported by necessary certificates printed on the bill;
- ii. that the pay and allowances claimed for each individuals are according to the sanctioned scales of pay and at the rates admissible in his case and in accordance with rules regulating the conditions of service;
- iii. that the pay claimed is admissible in respect of post to which the incumbent has been duly appointed and of which he is actually incharge;
- iv. that no claim is 'admitted for service in a post not duly sanctioned or for pay not assigned or provided for the post held;

- v. that an increment certificate is attached to the first pay bill in which a periodical increment is drawn;
- vi. (a) that in the case of an Officer or Servant lent by Government to a Town Panchayat or transferred to it from any other local body the first pay after such loan or transfer is drawn only after the receipt of last pay certificate in the proper form granted by the head of the former office.

(b) that the loan or transfer of service is in accordance with the rules, that joining time taken is correct and transit pay drawn is admissible and correctly allocated and that the allocation of leave and leave allowances between the different bodies has been correctly made;

Note: In cases where pensionary contribution is to be paid by the local body, a suitable note should always be kept to see that such contributions are credited and at proper rates by the local body.

vii. that pay, leave salary, allowances and pension of a deceased officer are drawn only upto and inclusive of the date of his death;

viii. that the grant of leave and the payment of leave salary are correct according to the rules:

Note: The District Collectors and the Director of Town Panchayats have been authorised to pass final order regarding the grant of leave under Fundamental Rule 86 to Panchayat Clerks beyond the date of compulsory retirement.

- ix. that pay, leave salary and other allowances are distinctly shown;
- x. that in cases where officiating promotion have been given they are admissible with reference to orders of Government or the rules relating thereto;
- xi. that cases of appointments for the first time to posts in the services of Town Panchayats are supported by the production of a certificate of age, health, and vaccination except in cases where the production of such certificate has been dispensed with and that the certificate is attached to the first pay bill.
- xii. that the employment of retired persons under Town Panchayat is covered by sanction of the District Collector and the Director of Town Panchayats that the said sanction is not for a period of over one year at a time in each case and that the persons employed are in no case over 60 years of age;
- xiii. that arrear pay, etc., is drawn on a separate bill with a narration of the bill in which the charge was omitted or withheld or in which it was refunded by deduction.

Note: The original bills should be verified and the number and amount of the subsequent Bank Payment voucher should be noted against the entry in the original bill.

- xiv. that in cases where the strength, (designation and grades of salaries of an establishment have been fixed, alterations therein are not made without competent sanction;
- xv. that the conveyance allowance claimed is supported by competent sanction and is admissible and that a certificate of the actual maintenance of the conveyance in good condition and use by the person for the period of claim is attached;

Note: Conveyance allowance being a form of traveling allowance cannot ordinarily be drawn during leave or vacation. But an employee while on leave is eligible for the payment of the conveyance allowance attached to the post in the cases where he maintains a live animal.

xvi. that payments due to a deceased officer are not made except on the production of an authority of the nature specified in Clause (i), (ii), (iii), (iv) or (v) of the sub section (I) of section 214 of the Indian Succession Act 1925.

- i. above Rs.25 under the orders of the Director of Town Panchayats on the execution of an indemnity Bond with such security or securities as he may require, if he is satisfied, after such enquiry as he may consider sufficient, about the right and title of the claimant and considers that undue delay and hardship would be caused by insisting on the production of such authority.

xvii. that the bills are signed and passed by the Executive Authority;

- xviii. that the amount of salary and allowances drawn is under no circumstances be kept under deposit;
- xix. that fixed traveling allowance is drawn along with pay, that it is according to the rate sanctioned for the post and that a certificate from the controlling officer is appended to the bill to the effect that in respect of claims for fixed traveling allowance drawn in previous months, half-year or year as the case may be, he has obtained the necessary Journals and has satisfied himself that the employees concerned made the requisite tours and that in cases where the requisite tours were not made, the necessary recoveries have been effected in the bills (to be specified).
- xx. that a claim of an officer or servant of a Town Panchayat for arrears of pay and allowances or increment of pay which has been allowed to remain in abeyance, has before payment been investigated by the Executive Authority.
 - a. with the sanction of the Town Panchayat in the case of claims relating to a period exceeding six months but not exceeding two years; and
 - b. with the sanction of the Town Panchayat and of the Assistant Director of Town Panchayat in the case of claims relating to a period exceeding two years.
- 2. The payment of an arrears claim ordered under Rule -I shall not exceed the amount found to be actually due under the claim in respect of a period of one year immediately preceding the date of detection of the underpayment. If, in any particular case, it is considered that for special reasons a larger concession should be granted the Executive Authority shall consult the Director of Local Fund Audit in the first instance and then obtain, (if the Director of Local Fund Audit has so advised) the sanction of the Assistant Director Town Panchayat Officer for payments of arrears for a period exceeding one year;

Provided that consultation with the Director of Local Fund Audit shall not be necessary in respect of arrears claims upto Rs.100/- which are over one year old but not more than three years old. For the purpose of this rule, the date of detection of an under-payment shall be the date on which the under-payment is detected by or brought to the notice of the Executive Authority or, if it is first detected in audit, the date of detection by the Audit Department. An arrear claim resulting from an order issued with retrospective effect does not arise until the order is issued and shall not, therefore be treated as a claim allowed to remain in abeyance during the period prior to the date of the order. An order passed with retrospective effect shall for the purposes of this note, be deemed to be one which in the circumstances of the case, could not have been passed earlier or which was deliberately held over pending consideration.

(G.O.No.20S5, Local Administration, Dept., dated 12th October 1953.)

(G.O.Ms.No.1254, Rural Development and Local Administration, Dept., dated 19th July 1969.)

- xxi. that in respect of posts for which qualifications have been prescribed, a certificate that the persons holding the posts are duly qualified or have been exempted by competent authority is furnished in the bill;
- xxii. that in the case of temporary posts, the sanction of the competent authority for the creation of the posts is forthcoming and that the pay, allowances, etc., claimed are according to the sanctioned rate and according to the rules;
- xxiii. that subscription towards Provident Fund are deducted according to the rules and credited to "T. Deposits" Accounts of the Town Panchayat maintained in the Government Treasury;
- xxiv. that other deductions made, if any, such as those towards repayment of advance for the purchase of conveyance, security deposits and recoveries of excess payment, General Provident Fund, etc., are properly credited to the respective accounts.

Increment Certificates: Increment certificates attached to establishment bills should be examined so that it may be verified that the increments claimed are according to rule and supported by facts stated and have actually accrued. The reasons why the increment is considered to be due as stated in the increment certificate should be examined.

Arrears and Advance Bills: Arrear bills should be audited wherever necessary with reference to the original bills for the months concerned.

Time Scale of Pay: On the introduction of a time-scale of pay in an establishment, it is of vital importance to scrutinise the fixation of the initial rate of pay and the date of next increment for each member borne on that establishment.

It depends upon the correctness of pay to be drawn year after year, until the officer or servant reaches the maximum of the time-scale. The head of the office should be required to submit to the Audit office a detailed statement showing the fixation of initial pay of each member of the establishment. Where the initial rates of pay are dependent to any extent or service, they can be checked only with the service books which are with the head of office. This work can therefore be best done at the local inspections or by calling for the Service registers from the heads of Offices for being checked in the Office of the Assistant Director of Local Fund Audit. In any case, the whole or a large percentage of the initial rates and the dates of next increment must be checked.

Audit of travelling allowance

General Instructions: Before the audit is taken up, the auditor should study the rules governing the traveling allowance to the President, Vice-President, and members, etc., of Panchayats.

Audit Checks: The following important checks should be exercised in the audit of traveling bills:-

- i. that the pay of the incumbent as shown in the traveling allowance bills is correct with reference to the pay as shown in the pay bill.
- ii. that the railway fare claimed is correct as verified with the Railway time-table.
- iii. that the claims for daily allowance, mileage and cost of transport of personal effects are correct with reference to rules;
- iv. that the certificates required by the rules in support of the claim for railway fare, mileage and transport of personal effects are furnished;
- v. that the bills bear the counter signature of the competent authority wherever necessary;
- vi. that the traveling allowance of Presidents, Vice-Presidents and non-official members of the Town Panchayat are correct with reference to the rules issued by Government;
- vii. that the sanction of the competent authority is forthcoming for journeys outside the jurisdiction of the Panchayat in respect of Officers and Servants of Town Panchayat; and

Note: Payment of traveling allowance to an officer or servant of a Town Panchayat (including the Executive Officer) for a Journey performed by him outside the jurisdiction of such Town Panchayat shall be treated as ordinary expenditure and met out of the funds of the Town Panchayat concerned. Such officer or servant should obtain previous permission of the Assistant Director of Town Panchayat concerned before undertaking the journey.

(G.O.No.2347-Local Administration, Dept., dated 8th December 1951)

- ix. that the sanction of the competent authority is forthcoming in the case of grant of traveling allowance in excess of that admissible to Government Servants of similar standing and status.

Note : 1. No claim for traveling allowances shall be entertained if it is made after three months from the date of completion of the journey to which it relates. Counter-signing Officers shall refuse to Counter Sign Bills presented after three months from the date of completion of the journey for which the traveling allowances claimed.

5.5) AUDIT OF CONTINGENT VOUCHERS

The responsibility for the effective control of contingent expenditure rests primarily upon the heads of offices. Audit officers merely examine the fulfillment of that responsibility by their audit of such expenditure, the extent of which varies with the different classes of contingent charges. The main checks that should be exercised in the audit of contingent expenditure are the following:

- i. The expenditure is a proper charge and it is covered by budget allotment;
- ii. It has received such sanction as is necessary;

- iii. It has been incurred by the Officer competent to incur it;
- iv. Payments to suppliers of article such is medicine, stationery, furniture, etc., are supported by payees' receipts stamped wherever necessary. The actual receipt of the articles paid for and their entry in the respective stock accounts have been certified to by the drawing officer;
- v. The rates allowed are apparently not extravagant;
- vi. The bill is in the proper form and the classification is correctly recorded;
- vii. a. Competitive tenders or quotations have been invited as required by the rules for supply of all articles required for the whole year and the lowest tender or quotation is accepted, reasons being recorded where lowest tender or quotation has not been accepted.
 - b. An agreement wherever necessary has been obtained from the suppliers for the due fulfillment of the contract;
 - c. The articles paid for are at accepted rates;
- viii. The flow of expenditure is not too rapid;
- ix. If the expenditure in the month of March is usually large, it should be verified whether it does not lead to wasteful or unnecessary expenditure or other irregularities;
- x. Charges for which scales have been laid down are passed in accordance with the Scales;
- xi. All sub-vouchers in support of payments are forthcoming;
- xii. Bills in excess of Rs.1000/- have to be countersigned by the Assistant Director of Town Panchayat;
- xiii. To the recurring charges such as house-rent, rates, taxes, etc., necessary sanction is forthcoming;
- xiv. The totals of the various sub-vouchers attached to a bill agree with the total of the bill paid for;
- xv. Law charges, Pleader's fees etc., are paid at sanctioned rates; and with appropriate sanction;
- xvi. The following are the important checks to be exercised in the audit of printing bills;
 - a. that competitive tenders have been invited, the sanction of the Panchayat obtained for the selection of the tender accepted and that a record of the accepted rates of tenders has been made in the proceedings of the meeting at which the tender was accepted;
 - b. that the tenderer has not quoted extravagant rates and in cases where the advice of the Director of Stationery and Printing, has been taken under G.O.2829, L..M, dated 15th July 1930, as regards the rates and his advice has been taken into consideration before the acceptance of the tender.
 - c. that an agreement has been taken from the printer with Security Deposit for the due fulfillment of the contract;
 - d. that in cases where only one tender has been received it should be wherever possible be seen that the printer has not tendered widely divergent rates without sufficient jurisdiction from these obtaining in other local bodies in the district and that there is no tendency to quote higher rates in respect of items usually done for local bodies;
 - e. that forms available for sale at the Government Press or at the Central Press at Madras are not bought at the local presses;
 - f. that as far as possible and in the interest of economy tenders of local presses for printing work for other than account and other forms available at the Central and Government presses have been accepted instead of those outside persons unless the latter quotes decidedly lower rates;

g. that the printer is not paid for the Paper supplied by him at rates abnormally higher than the accepted tender rates of the stationery contractor and that where paper is supplied to the printer, a proper account for the paper used is attached to the printing bill;

Periodical charges are sometimes drawn along with salary in one bill and in such cases it may be convenient to record the audit of both charges in the same place but when this is done, budget check must be exercised in the way described above.

5.6) AUDIT OF WORK VOUCHERS

The audit of work bills in the office may be done as stated below:

- i. Whether estimate has been prepared for the work.
- ii. Whether Administrative and Technical sanction for the estimate have been obtained.
(Town panchayat Resolution No. and date and name of the Technical Authority who sanctioned the Estimate to be stated above with date of sanction).
- iii. Whether tenders were called for and if so the name of the successful tenderer
- iv. Tender percentage
- v. When was the work measured and check measured
- vi. Page No. of the Measurement Book in which measurements were recorded
- vii. Whether recoveries for materials supplied, roller hire charges, etc., have been made in the Bill
- viii. Whether completion report has been prepared and got approved. (in the case of final bills)
- ix. Whether this expenditure has been entered in the Register of Roads or wells or culverts or immovable properties as the case may be
- x. The Auditor should see whether the above questionnaire has been duly filled up

Along with the first bill copies of estimates with detailed measurement sheets will be attached. The estimates should be checked on the following lines:-

- i. that the estimate provision for rates at which work are commonly executed in Panchayat;
- ii. that the rates do not exceed those in the schedule of rates or the road metal rate;
- iii. that the requisite administrative and technical sanction has been quoted in the vouchers;
- iv. that in the Case of revised estimates they are invariably accompanied by comparative statement duly approved.

Note : The correctness of the rates adopted and the value of the work with reference to the rate and quantity of work done should be checked and the discrepancies pointed out in the audit notes.

The check of original tender files, measurement books, sanctioned Estimate should be marked for local audit.

- v. that the completion report duly approved by the technical authority, have been attached for the final bills.

Expenditure on works not supported by measurement and check measurement

An irregularity which is frequently noticed in audit in respect of execution of works in Town Panchayats, is want of duly recorded measurement and check measurement by competent authorities. But because of this defect it cannot be presumed in audit that no work was turned out at all. In the absence of any established loss, a surcharge is not possible. The usual practice followed in such cases is to request the technical and inspecting authorities, concerned to investigate, if the work was done and, if so, whether it was worth the expenditure incurred on it and to specify the exact amount of over payments so far as could be ascertained. Certain surcharges which were ordered without definite information regarding the loss sustained when there was no record of measurement or check measurement were, on appeal set

aside by the court on the ground that it was not the case of audit that the works were not executed, that no loss was established and that the mere fact that registers were not maintained properly and the rules for the execution of works were not adhered to, cannot be ground to press the matter to a surcharge. Whenever an objection for want of measurements, check measurements, etc., is noticed in audit, the Regional Deputy Director should take immediate steps to ascertain by reference to the Divisional Engineer (Highways) and District Collector whether the work was actually executed in the case and, if so, whether it was worth the amount paid therefor and if not what its reasonable cost would be, with details. No time should be lost in doing this as any delay would render identification of work, even if it has been executed, especially road works, difficult, if not impossible, thereby making a surcharge futile.

It should also be possible for Assistant Director / Regional Deputy Director to verify locally during their inspections items included in special letters issued to executive authorities and expedite the disposal of special letters.

In the case of each objection, included in a special letter which has now been admitted or cleared, the paragraph number of the audit report, the substance of objection in a few words as possible and the gist of the reply should first be written and then the notes should follow. If further notes are to be submitted on the orders already passed on an objection such notes should be written on continuation sheets so that the notes and orders on each paragraph must be continued until the item is finally dropped or surcharge certificate/special report issued. In the case of objection admitted or cleared, it would be sufficient if the number and heading of the paragraph are written and a remark recorded that the objection has been admitted or cleared.

When any objection raised in respect of (i) irregular write-off of taxes and fees or (ii) the existence of time barred arrears without any action having been taken for their collection is dropped on account, respectively of the write off being subsequently accepted or on the reply that the items were really found irrecoverable apart from the reason of their having become time-barred, an intimation should be sent to the executive authority of the local body merely to the effect that the objection has been dropped. The arrears of demand can, however; be removed from the registers of the local body only after their write-off has been sanctioned by the competent authority notwithstanding the fact that the objection in respect of the arrears has been admitted by this department on satisfactory explanation. When an objection is not considered for surcharge, as for instance, on the ground that the amount involved is below the surchargeable limit, action on the part of the executive authority for rectifying the defect is necessary and no intimation need in such cases be sent that the question of surcharge has been dropped.

5.7 RETURN OF VOUCHERS TO TOWN PANCHAYATS:

After the completion of local audit and issue of Audit report all vouchers (including the vouchers on which objections are raised) shall be returned to Town Panchayat with effect from 1984-85. (Director circular Roc.No.6696/D6/831Dt: I-I 0-84 and Director Circular Roc.37059/D-85/dt: 17-5-85).

(G.O.Ms.No.183, R.D.L.A., Dept., j dated 30th January 1974)

6. SURCHARGE POWERS

Fixing of relative responsibility certain guidelines and principles:- Under the surcharge rules, the auditor may disallow every item contrary to law and surcharge the same on the person making or authorising the making of the illegal payment. Either the person who makes the payment or the person who authorised the making of the payment may be surcharged. It was decided by the High Court in the Civil Revision Petition Nos. 1634 and 1635 of 1937 that it was somewhat inequitable to place the whole burden for an illegal payment on the President alone when such a payment was ratified by the board, and that all members who voted in ratification of the President's action were equally responsible. If an illegal payment is made by the President of a local board and the action of the President is ratified by the board both President who made the payment and the members of the boards who ratified the action of the President should be held jointly and severally liable to make good the illegal payment. The Government have (in G .0.2042, Local Administration, dated 26th July 1941) decided that the following principles should be observed in fixing the relative liability of municipal councils and executive authorities in respect of losses caused to municipal funds:

If any expenditure proposed to be incurred is brought before the Municipal Council, the executive authority should prepare a note for the information of the council stating clearly whether:

- a. the proposed charge is within its powers of sanction;
- b. it requires the sanction of a higher authority;

- c. such expenditure has been prohibited either by any statutory rules framed by the Government or executive orders issued by them or by any other authority. If the Council sanctions any objectionable item of expenditure without previous notice to the executive authority or without giving him an opportunity to scrutinize its legality, he should, before incurring the expenditure, invite the council's attention to the correct position and advise it to reconsider its resolution. He will be held solely responsible for any loss or illegal expenditure incurred by failure to follow this procedure.

If the Council decides to incur any expenditure inspite of the fact the executive authority has already pointed out that incurring of the particular expenditure is against the orders of the Government or any other authority or that it is not covered by the Council's powers of sanction, the executive authority should address the concerned Administrative Head or the Government, as the case may be for orders in the matter and wait their orders before incurring the expenditure in question. In exceptional cases, where there is no time to obtain such orders and when the council's resolution in the matter is otherwise clear and the executive authority has no reason to believe that loss will occur, he may give effect to the Council's resolution and incur the expenditure. If any loss occurs in such cases the liability for it may be fixed on the members of the Council who voted for the resolution.

If the Council sanctions any item of expenditure subject to the requisite sanction of higher authority being obtained, the executive authority should obtain such sanction before incurring the expenditure. If he fails to obtain such sanction and thus unauthorisedly incurs the expenditure, he will be held responsible for the illegal expenditure and for the loss involved. The government have ordered that the principles detailed in the second sub-paragraph above should be observed while fixing the relative liability of Panchayats and of their executive Officers also in respect of losses caused to panchayat funds.

6.1) COLLECTION OF ARREARS OF TAXES AND FIXING OF RESPONSIBILITIES: The collection staff consisting of Revenue Assistants Bill Collectors, Revenue Inspectors, the tax Clerk, Revenue Officers, Manager, Chief Ministerial Officer in-charge of collection work and the Executive Authorities are collectively responsible for any loss to the Municipal Councils due to the arrears of taxes becoming time barred and for non-recovery of the amount in time. The Government have prescribed certain procedure to watch the collection of arrears in G.O.Ms.No.419, Rural Development and Local Administration, dated 23rd February 1974 and Government Memo.No.117816/M.VW74-1, Rural Development and Local Administration, dated 23rd February 1975. The audit should see whether the procedures prescribed in the above Government orders have been adhered to and the auditor should fix the responsibility on the authorities concerned for failure to collect the taxes. The names of responsible Bill Collector, Revenue Inspectors, the Tax Clerk, Revenue Officers, Manager, Chief Ministerial Officer in charge of collection work and the executive authorities who failed to follow the Government instructions to realise the arrears in time, should be mentioned in the audit paragraph relating to arrears of taxes. The Municipal Commissioner and each one of the Municipal employees who by their negligence, allow arrears to become time-barred will be dealt with Disciplinary action and by imposing penalties of recovery of the loss depending on the extent of negligence of each of the employees. While action is taken by the Commissioner on his subordinates for their negligence the Government will in each case initiate disciplinary action against the Commissioner concerned and pass such orders as are deemed necessary in each case.

(G.O.Ms.No.1601, R.D.L.A., dared 14th September 1981).

Government in G.O.Ms.No.92, M.A. & V.S., dated 20th April 1992 have ordered that Municipal Commissioners should not be made responsible for any loss pointed out in audit if the powers to pass bills and sign cheques are delegated to the Subordinate authorities subject to conditions laid down in the above Govt. order.

Note: 1. Any new item of expenditure not specifically contemplated in the budget proposals (i.e.) not provided for in the approved budget or expenditure of capital nature should have the specific sanction/approval of the Commissioner before incurring such expenditure by the MHO/ME/RO/TPO/AO.

Note: 2. Personal responsibility for loss etc can be fixed only in cases where the loss was the direct result of any wrong decision taken by a particular officer responsible for incurring expenditure or because of his personal negligence.

Note: 3 In other cases of losses and irregularities, the MHO/ME/TPO/RO/AO in office at the time of audit or at the time of receipt of Audit Report and his successors should assume responsibility to recover or regularise the loss / to set right the irregularity etc., This department will issue special letters to the ME/MHO/RO/AO if he is held responsible for the loss and irregularities.

A person who is not a Councilor but who is a member of a Committee is as much liable for loss or waste as a Councilor is. Although Section 353 of the Tamil Nadu District Municipalities Act adverts only to the Chairman or Councilor it will be noticed that under Section 24 of the Act, all the provisions of the Act relating to the duties, powers, liabilities, disqualifications and disabilities of councilors are made applicable to members of special committees appointed under that section. This provision would include the liability arising under section 353. Further Rule 60 of Schedule IV is perfectly general in its terms.

The auditor may charge against any person responsible there for the amount of any deficiency, loss or unprofitable outlay incurred by the negligence or misconduct of that person or of any sum which ought to have been but is not brought to account by that person and in every such case certify the amount due from such persons.

In order to entitle the auditor to charge against any person the amounts of any deficiency or loss it is necessary to show that the deficiency or loss has been caused by the negligence or misconduct of the person responsible negligence or misconduct is a question of fact dependent on the special circumstances of each case. Gross carelessness or utter ignorance of the rules may amount to negligence while action in defiance of the rules would be misconduct. So in all cases where it is proposed to held a person responsible for the loss caused to a local body; the question should be examined and the personal orders of the Director taken as to how far it would be possible to prove that the loss was caused by the negligence or misconduct of the person.

Note: Delay in claiming Government Grants and the Consequent lapse may be considered as negligence for purpose of surcharge. (Government Memo NO.13271-1, R.D. & L.A., dated 6th May 1939).

6.2) SURCHARGE CERTIFICATE - ISSUE OF CERTAIN GUIDELINES

(a) Losses caused to local bodies by the failure of the executive authorities to recover, taxes, within the period of limitation prescribed in Section 345 of Tamil Nadu District Municipalities Act 1920 and Section 226 of Tamil Nadu Panchayat Act, 1994 as also lease amounts are commonly met with and the following points should be observed in dealing with such cases under the surcharge rules:

Surcharge relating to time-barred arrears of taxes should be made only after the expiry of the period of limitation prescribed in Section 345 of the Tamil Nadu District Municipalities Act 1920 and Section 226 of the Tamil Nadu Panchayat Act, 1994 respectively. The period of limitation on specified in these sections of the Acts for filling suit should be computed from the date on which the liability for the tax accrued i.e. 30 days after commencement of a half-year in respect of property tax in the case of Municipalities and 30 days after the commencement of the year in respect of House tax in the case of Town Panchayat and 60 days from the commencement of a half-year in respect of profession tax both in the case of Municipalities and Panchayats. The period of limitation for a prosecution is however different under rule 30(2) of schedule IV to the Tamil Nadu District Municipalities Act, 1920 and Rule 25(2) of the rules relating to the Assessment and Collection of taxes contained in para 48 of the Manual on Panchayat Administration, Part-I, a defaulter can be prosecuted only if for any reason, a distraint or a sufficient distraint of the defaulter's property is impracticable. The period of limitation for prosecution is three years from the date on which it was found that a distraint become impracticable. A demand cannot ordinarily be kept alive for a period of six years or nine years as the case may be by the institution of distraint proceedings towards the close of three years or six years as the case may be from the date when the tax become payable thereby obtaining a right to prosecute the defaulter within a further period of three years if distraint or a sufficient distraint was then found to be impracticable for the reason that such delay in the institution of distraint become impracticable on the first day on which it could have been made i.e., 15 days after the service of demand bill or demand notice unless it can be definitely proved that the defaulter removed his property on a later date and thereby rendered the distraint or sufficient distraint impracticable on such later date".

In G.O.Ms.No.401, L.A., dated the 13th February 1941, the period of limitation amounts due in respect of leases of markets, cart stands slaughter-houses and other immovable properties has been specified. A sum due to a local body under a contract cannot be regarded as due to it within the meaning of section 345 of the Madras District Municipalities Act, 1920 and section 226 of Madras Panchayats Act. The period of limitation prescribed for the recovery of taxes, etc., under the respective Act will not apply to sums due to municipal councils, Panchayat Unions and Panchayats under contracts which are governed by Article 116 of the Schedule I to the Indian Limitation Act, 1908. Such sums may, if the contracts have been registered be recovered by a suit within three years from the date on which the cause of action arose. The absence of a registered agreement will not, however, debar the filing of a suit for recovery on QUANTUM MERUIT basis. Where there is written agreement but it has not been registered, the rights of a local body under the agreement as such will be unenforceable but it can Sue the lessee and recover reasonable compensation for the use and occupation of its property.

So far as registered agreements are concerned the period limitation, viz., 3 years should commence from the date on which the FIRST DEFAULT in payment occurs. As regards cases in which unregistered agreements are available or no agreements have been obtained, the position should be that the question of agreement should be ignored altogether and as pointed out by Government in such cases, the case should be dealt with on a QUANTUM MERUIT basis. The cause of action in this case should be taken to have arisen from the date of occupation by the lessee and the period of limitation should commence from this date.

In the absence of a proper registered agreement the claim becomes unenforceable except on a QUANTUM MERUIT basis. As the Government have stated that it does not mean that registered agreements can be dispensed with, the fact that Executive Authority has failed to obtain an agreement is by itself a neglect on the part. It is as a result of this neglect that the case to be pursued on a QUANTUM MERUIT basis. If the same executive authority or another executive authority fails to file a suit within the period of limitation it is a further contributory negligence in this part. Again, although the period of limitation starts from the date of occupation by the lessee since he begins to enjoy the benefit of the lease, the lease is a continuing transaction and the occupation continues either till the end of the period of lease or some date before that. Consequently, the last date of period of limitation should be counted from the last date of occupation. So in the case of suits which can be tried on QUANTUM MERUIT basis, the period of limitation will start from three years from the date of occupation and will continue to three years from the last date of occupation and during this period, if more than one executive authority hold the office, all of them should be surcharged.

While surcharging losses on account of non-realisation of lease amounts the penalty or penal interest foregone by the local body should not be included in the amount to be surcharged (Local Administration Department U.O. Note NO.6034-2C, Local Administration, dated 15th April 1944).

While surcharging losses of time-barred arrears of license fees the following points should be kept in view:

According to Sections 347 and 165 of the Madras District Municipalities Act, 1920 and Madras Panchayats Act, 1958 respectively as amended, prosecutions shall be launched within three months of the commission of the offence. Failure to take out a license shall for the purpose of these sections be treated as a continuing offence until the expiration of period if any, for which the license is required and if no period is specified, prosecutions shall be launched within twelve months from the commencement of the offence. The executive authorities who were in office during the year as well as the executive authority or executive authorities who were in office during the first three months of the succeeding year and who failed to take the coercive measures enjoined by the provisions in the Acts should be held responsible for the loss.

In the case of losses due to negligence on the part of Municipal Engineers, the Municipal Commissioners shall arbitrate on the issue and pass suitable orders of recovery against the Municipal Engineers concerned. The Municipal Engineers will however have right of appeal to the Government and in the case of such an appeal, the Government shall obtain the remarks of the concerned Department viz., Tamil Nadu Water Supply and Drainage Board and the Director of Municipal Administration and pass suitable orders of recovery. (G.O.Ms.No.1308, Rural Development and Local Administration, dated 21st August 1979).

Under the existing surcharge provisions it is open to the auditor to fix the amount of loss or deficiency in a particular case on the basis of previous or subsequent figures or other reasonable data in the absence of definite and correct details as to amounts. In the case of an omission. to assess a person to profession tax or lease out a property belonging to or vesting in a local body during a half-year or a year the auditor can base his surcharge on the tax recovered or lease amount realised during the preceding and succeeding half-year or years. If in a case relating to works expenditure the auditor has no data to proceed upon, he may write to Government who will take steps to obtain such data or information

as may be available to enable the auditor to estimate the loss or deficiency by exercising the controlling powers they possess under sections 34 and 39 of the District Municipalities Act or similar provisions under the other Acts.

Judgments of the High Court and opinions of the Advocate General on matters relating to audit and surcharge are printed in Volume IV of the Manual.

When a decision is taken on the special letter file that a surcharge certificate should be issued in respect of an objection included in the Special letter, a surcharge certificate should be drafted and submitted to the Director. The surcharge file should be distinct and separate from the special letter and audit report files. An extract of the objections from the audit report on which a special letter was issued, the office copy of the special letter issued, replies, if any, received to the special letter, other correspondence in connection with the special letter, notes and orders of the Director should form the special letter file. The office copy of the surcharge certificate and the correspondence in connection with it should form the surcharge files. This file will ultimately be filed in the Head Office. At the time the surcharge certificate is drafted, the auditor and the Regional Deputy Director concerned should get themselves posted with the up-to-date information on the objection in respect of which a surcharge certificate is proposed to be issued, if necessary by issuing a memorandum to the executive authority and obtaining his reply. In the case of an item of expenditure, which is held under objection for want of competent sanction, it should be made sure that sanction has not been obtained and communicated to the Audit Office and in the case of an objection dealing with time-barred arrears, the latest demand, collection and balance statement received should be verified to see that the amount held under objection and proposed to be surcharged has not subsequently been collected. They should thus verify the correct position of the objection as far as it is possible so that the surcharge may not challenge the facts of the case mentioned in the surcharge certificate. The correct name, designation and address of the person to be surcharged should be noted in the draft surcharge certificate. The vouchers if any, referred to in the surcharge certificate, should be put up.

The opening and closing paragraphs of a surcharge certificate relating to Municipal Councils should be in the form indicated below:

I,Director of Local Fund Accounts, Chennai do hereby certify, under rule 60 of Schedule IV to the Madras District Municipalities Act 1920 as amended that a sum of Rs..... (Rupees.....) representing loss caused to illegal expenditure from the Municipal Fund is surchargeable on and due from Thiru / Thirumathi who was Chairman and Executive Authority of the aforesaid Municipality from the to for the reason set forth below:

“The amount should be credited to the aforesaid Municipal Council within fourteen days after the receipt of this certificate unless action is taken under rule 61 of Schedule IV to the Madras District Municipalities Act, 1920 as amended by G.O. Nos. 4129, Local Administration, dated the 6th November 1937 and 2489, Local Administration, dated 26th June 1939.

Dated at this day of

The opening and closing paragraph of a surcharge certificate to losses, etc., caused to Panchayat Funds and Panchayat Union Funds should be in the form shown below:

“I, Director of Local Fund Accounts, Chennai do hereby certify under Rule 5(1) of the Rules issued under section clause (XVI-9) of the Madras Panchayats Act Paragraph 30 of Manual on Panchayat Administration Part-II that a sum of Rs. (Rupees representing the loss caused to the Panchayat/Panchayat Union Fund (..... District) is surchargeable on and due from Thiru/Thirumathi who was theof the Panchayat/Panchayat Union from to for the reasons setforth below:

The amount should be paid to the credit of the aforesaid.....Panchayat Fund/Panchayat Union Fund (.....District) within fourteen days after the receipt of this certificate unless action is taken under rule 6 of the Rules

issued under section (XVI-9) of the Madras Panchayats Act, Paragraph 30 of Manual on Panchayat Administration Part-II.

Note: 1. Interest at 6 percent per annum will be charged on the surcharged amount due with effect from the day following the last day fixed for payment of the said surcharged amount. The above rates of interest is applicable in respect of surcharged amounts relating to the institutions other than the Panchayat institutions under Tamil Nadu Panchayat Act.

Note: 2. Under Tamil Nadu Panchayat Act the rate of interest to be charged on the surcharged amount has been increased from 6 percent to 12 percent.

(G.O. Ms. No. 2414, Rural Development and Local Administration, Dept., dated 27th November 1968).

(G.O. Ms. No. 1855, Rural Development and Local Administration, Dept., dated 3rd December 1980).

The intervening paragraphs of surcharge certificate should set forth the grounds for surcharge. Copies of surcharge certificates should be communicated to-

- i. the person or persons surcharged.
- ii. the Executive Authority of the concerned institution.
- iii. the Secretary to Government (of the concerned department).
- iv. the concerned Head of department.
- v. the Collector of the District concerned.
- vi. Assistant Director and Regional Deputy Director concerned.

Copies of the surcharge certificates should be signed by the Director, and the surcharge should be sent by Registered post acknowledgement due. The receipt of the acknowledgement should be watched by the Regional Deputy Director. If the person to whom a copy of the surcharge certificate is furnished refused to receive it, he is deemed to have been duly furnished with a copy of the surcharge certificate and the period fixed for appeal is in such cases calculated from the date of such refusal. If the Postal Department should return the letter containing the surcharge certificate on the ground that the whereabouts of the surchargees are not known, steps should be taken to ascertain the whereabouts of the surcharge by addressing the Collector or Executive Authority of the Local Body concerned. It was decided in G.O.Ms.No.239, L.A., dated the 21st January 1942, that if there should be any difficulty in serving surcharge certificates, special letters and summons issued by auditors under the relevant surcharge rules by post, Director may forward to the Collectors for arranging for service of the copies of the documents on the parties concerned and for obtaining their acknowledgements and for sending them to the Director or his assistants.

Note: If the person to whom the surcharge certificate is issued is a detenu and refuses to receive it while in detention, it should be served after his release.

(Local Administration Department U.O. Note No.1359-2C, Local Administration, dated 3rd March 1944)

a. Any person aggrieved by disallowance, surcharge or charge made, may within fourteen days, after he has received or been served with decision of the auditor, either

- a. apply to the court of law as specified in the following references, or
- b. in lieu of such application appeal to the Government.
 - i. Rule 22 under Part-III of schedule V to the Madras City Municipal Corporation Act, 1919.
 - ii. Rule 22 under Part-III of schedule III to the Madurai City Municipal Corporation Act, 1911.
 - iii. Rule 21 under Part-III of schedule III to the Coimbatore City Municipal Corporation Act, 1981.

- iv. Rule 6(i) under Part-II of schedule IV to the Tamil Nadu District Municipalities Act, 1920.
 - v. Section 122(3) of the Tamil Nadu Housing Board Act, 1961.
- b. In the case of Panchayat and Panchayat Union, the appeal may be made within the fourteen days time limit to the court of law or to the Director of Rural Development as per rule 6(1) of the rules under para 39 of the Manual on Panchayat Administration Part-I and rule 6(i) of the rule under para 30 of the Manual on Panchayat Administration Part-II respectively as amended in G.O. Ms. No. 1047, Rural Development and Local Administration, dated 8th July 1979.
 - c. As per rule 162 of the Tamil Nadu Agricultural Produce Market Rules, 1962, the appeal shall be made within fourteen days to the Government in the Food and Agricultural Department. Any order passed on such appeal by the State Government shall be final. Similarly, as per rule 30 of Tamil Nadu Public Libraries' Rules 1950, the appeal shall be made only to Government.

When the person or persons surcharged, appeal to the court the summons and a copy of the plaint would be received in the Head Office. On receipt of the above documents, the Collector should be requested to instruct the Government Pleader to appear on behalf of the Director who is sole respondent in surcharge cases. A copy of the letter addressed to the Collector should at the same time be forwarded to the Government Pleader and the Assistant Director concerned. The Assistant Director should place at the disposal of Government Pleader all relevant papers, instruct him as regards the facts of the case and obtain from him a draft counter. The draft counter should be obtained sufficiently in advance of the date fixed for the filing of it in the Court. If there should be any delay and the points raised in the plaint require scrutiny, the Government Pleader should be advised to obtain a short adjournment. The draft counter should, after being examined by the Regional Deputy Director with a view to see that all the points raised in the petition have been met in the draft counter, be submitted to the Director for approval. The draft counter should after approval by the Director be signed by the Assistant Director "for Director" and returned to the Government Pleader for being filed in the Court. The Regional Deputy Director keep a watch over the progress of the suit in the court. As soon as orders are passed on surcharge appeals, Regional Deputy Director should intimate the result to the Head Office and also write to the Government Pleader request them to obtain copies of judgements and decrees.

The Government Pleader, Madras should appear in all the cases in the High Court, Madras and the City Government Pleader, Madras in all the cases in the cases in the Courts in Madras other than the High Court, Madras on behalf of the Director of Local Fund Audit in surcharge cases relating to the Corporation of Chennai and Corporate Bodies in Chennai City.

(G.O.Ms.No.1029, Finance and Local Administration Department, dated 18th September 1965).

(Memo No.II7215-AIT&A!65-5, Finance. dated 23rd November 1965).

Where against a surcharge order issued against several persons, only one appeals, it depends on the nature of the order whether he alone will benefit or also others who did not appeal. If the order on appeal is reversal of surcharge all will benefit. If it exonerated one member as not responsible for act done and not therefore liable to surcharge then he alone benefits by the order. The order will have to be construed in each case as to whether it intends the cancellation of the order as a whole or the exoneration of the individual appellant only.

When an appeal is not preferred by the surchargee within the time allowed or when an appeal is dismissed by the court or Government, the Executive Authority in the case of surcharges relating to Municipal Councils and the Collector of the district in the case of surcharge relating to the Panchayat Unions and Panchayats are required to take execution proceedings for the recovery of the amounts covered by the decree if the surchargee does not pay the amount covered by the surcharge certificates of that decreed by the Court. To avoid unnecessary filing of execution petitions in cases where the surcharged amounts have been credited the Commissioner of Panchayat Union and Executive Authority of Panchayat and the surchargee should be asked in the Surcharge certificates sent to them to give intimation of credits of surcharged amounts to the Collector. As a further precaution, the Collectors also have been requested to ascertain from the executive authorities of Panchayat Union Councils and Panchayat concerned immediately before actually filing execution petitions, that the amounts due have not already been recovered. In case where surcharges are issued jointly and severally on more than one person, any sum paid by any of the persons against whom the certificate has been issued would be accepted but it should be made clear that such acceptance is without prejudice to the right of Government to recover the entire balance of surcharge amount or so much thereof as remains unpaid from the party making the payment. Execution proceedings may be taken against anyone or more than one of the persons surcharged for the recovery of so much of the total amount of surcharge as remains unpaid. If the surcharge is waived altogether on appeal all amounts tendered by the surcharge will have to be refunded.

(L.A. U.O. Note No. 17175, Local Administration Department, dated 24th January 1938).

Charges incurred by Collectors in taking execution proceedings on behalf of the Unions for the recovery of amounts surcharged should be met in the first instance from State funds and recouped from the sums recovered from the surcharges the balance being credited to the local body concerned.

In cases, where it is not possible to recover the costs of execution proceedings from the surchargee the cost should be recovered from the local body concerned.

(G.O. Ms. No. 2579. Local Administration, dated 3rd July 1939)

Similarly charges incurred by Collectors in taking execution proceedings on behalf of Panchayats for the recovery of the amounts surcharged should be met in the first instance from State Funds and recouped from the sums recovered from surchargee the balance being credited to the Panchayats concerned. In cases where it is not possible to recover the costs of the execution proceedings from the surchargee the cost should be recovered from the Panchayat concerned.

(G.O. Ms. No. 1095, Local Administration, dated 18th May 1953)

When surcharge appeals are disposed of by Courts, costs are sometimes awarded in favour of the Director These costs are to be recovered from the Surcharge along with the amount of surcharge declared to be due by the Court and credited to State funds. This Department also should watch the recovery of the cost. To this end, on receipts of decree from the Government Pleader, the amount of costs decreed should be separately noted in column (8) "Result of Appeal" in the Register of surcharges. Before the surcharge certificate file is closed, the Regional Deputy Director should ascertain and make a note both in the register and in the surcharge certificate file whether the full amount of costs has also been recovered and credited to State funds. At the end of each year i.e. on the 15th October and 15th April each year, Regional Deputy Director should submit to the Head Office a list of fresh cases where costs were awarded to Government in surcharge cases giving the following particulars. The list should include also all cases reported in previous half years in which recovery of costs is pending together with full information regarding the stage at which each case stands. The fact that the costs pending recovery have not become time-barred in any case should be examined by the Regional Deputy Director, periodically and they should append a certificate to that effect in the statement to be submitted, Where costs are due to the surchargee the fact of payment of costs with date should also be reported. If there are no cases to be reported, a "nil" return should be sent.

1. Name of Surchargee
2. Number and date of surcharge certificate
3. O.P. Number and date
4. Costs awarded to Government

(Director L.F. No. 316, dated 10th April 1943, L.F.No 6420. dated 24th. November 1949)

(L.F. No. 10559, dated 27th March 1950 and L.F. No. 4300, dated 4th August 1951).

Along with the closed surcharge files sent to Head Office for record a separate sheet containing the information the following form should be enclosed:

1. Name of the Surchargee
2. Number and date of the Surcharge Certificate
3. Amount Surcharged

Appeal in the District Court.

4. Number and date of the appeal
5. How disposed of
6. Particulars of costs awarded
 - (a) to the Surcharge
 - (b) to the Director
7. Amount and date of payment of fees, etc., to Government Pleader
8. Date of payment of costs awarded to the Surcharge

9. Date of realisation of the costs awarded to the Examiner

Appeal in the High Court

10. Number and date of the appeal

11. How disposed of

12. Particulars of Costs awarded

(a) to the Surcharge

(b) to the Director

13. Amount and date of payment of fees, etc., to Government Pleader

14. Date of payment of costs awarded to the Surcharge

15. Date of realisation of the costs awarded to the Director

Appeal to Government.

16. Number and date of the orders disposing the appeal

17. Result of the appeal

18. Surcharge amount as confirmed by the appellate authority

19. Date of payment of the amount to the funds of the Local body

Certified that no further action is necessary in the surcharge case and the file may be closed

(Director Circular L.F.No. 4235, dated 18th September 1945)

6.3) GOVERNMENT WAIVER POWER:

Notwithstanding anything contained in the surcharge and disallowance rules, the Government may at any time direct that the recovery of the whole or any part of the amount certified to be due from any person by the auditor under the surcharge and disallowance rules shall be waived if, in their opinion, such a course is necessary considering all the circumstances of the case.

- i. Rule 64 of the rules under part-II of Schedule-IV to the Tamil Nadu District Municipalities Act 1920.
- ii. Rule 9 of the rules under para 39 of the Manual on Panchayat Administration Part-I (Panchayats).
- iii. Rule 9 of the rules under para 30 of the Manual on Panchayat Administration Part-II (Panchayat Unions).
- iv. Rule 164 of the Tamil Nadu Agricultural Produce Market Rules 1962.
- v. Section 122(5) of the Tamil Nadu Housing Board Act, 1961.
- vi. Rule 31 of the Tamil Nadu Public Libraries Rules, 1950.

There is no such waiver power vested with Government under the Madras City Municipal Corporation Act, 1919, the Madurai City Municipal Corporation Act, 1971, and the Coimbatore City Municipal Corporation Act, 1981.

Surcharge rules do not provide for proceeding against the legal heirs of a deceased person who has caused loss in which surcharge proceeding are contemplated. If however, a surcharge order had been made and served on the person before his death, it should be legally enforced against the heirs to the extent of his assets in their hands.

(Memorandum No. 29863 1 B-1, Local Administration, dated 20th September 1940).

Section 41(6) of the Tamil Nadu District Municipalities Act, 1920 lays down that when a council is dissolved or superceded the State Government until the date of reconstitution thereof and the reconstituted council thereafter shall be entitled to all its assets and subject to all its liabilities the council as on the date of dissolution or supercession and on the date of reconstitution respectively. Similarly section 155(6) of the Tamil Nadu Panchayats Act, also lays down that when a council is dissolved the State Government until the date of reconstitution thereof and the reconstituted council thereafter shall be entitled to all the assets and subject to all the liabilities of the council as on the date of the dissolution and on the date of reconstitution respectively.

The Government appear to hold the assets only on behalf of the Municipal Council and Panchayat Union Council and Panchayat as a trustee. Consequently, the amount of surcharge due to a superseded or dissolved Municipal Council or a dissolved Panchayat Union Council cannot for the purpose of recovery be considered to be State of debt. (G.O.Ms.No.1689, Local Administration. Dept., dated 9th May 1940)

When a conclusive report from the Collector or Executive Authority as the case may be regarding the irrecoverability of a surcharged amount is received in the Regional Deputy Director Office, the Regional Deputy Director of Local Fund Audit should take necessary action to close the surcharge case in his registers and submit the same to Head Office with a draft report to Government intimating its closure, inviting reference to the report of the Collector or Executive Authority. Such amounts may be suggested to be omitted from the demand registers of the local bodies if they relate to revenue items or admitted in accounts if they relate to expenditure.

Further surcharge against the person from whom amounts previously surcharged were found irrecoverable should continue to be considered on merits irrespective of the fact that previous surcharges against them were ineffective on any ground including recoverability.

If in a surcharge case, the decision of the court is infavour of the petitioner it should be considered whether there is a case for revision or appeal in the High Court against the decision of the District Court. The opinion of the Government pleader who appeared in the District Court on behalf of the Director should be obtained on the question of revision or appeal and if any appeal or revision is decided upon, the Government should be requested to order the Government Pleader, Madras, to file an appeal or a revision petition if in his opinion such a course is necessary or advisable. On receipt of orders of Government on the question of filing an appeal or a revision petition the Government Pleader, Madras should be supplied with such records as he may call for.

A surcharge in respect of an irregularity or impropriety noticed during the audit of the accounts for the period prior to abolition of a local body will be legally correct and such a surcharge order will not be vitiated by reason of the local body having been abolished. It should be mentioned in the surcharge order that the illegal payment was made from or the loss was caused to the funds of the defunct institution.

(a) Reports of losses caused to and of illegal payments should be made as follows :

Municipal Councils - Director of Municipal Administration in the case of all Municipal Commissioners (G.O.Ms.No.1994, Rural Development and Local Administration, dated 24th September 1976),

Panchayat Union Councils - Director of Rural Development in the case of Panchayat Union Commissioners.

Town Panchayats - To the Collector concerned/Director of Town Panchayats

(G.O. Ms. No. 4201, L.A., Dept., dated 10th December 1940)

(G.O. Ms .No. 1526, R.D.L.A., Dept., dated 6th July 1962)

(G.O. Ms. No. 1599, L.A., Dept., dated 7th November 1957)

(G.O. Ms. No. 1994, R.D.L.A., Dept., dated 24th September 1976)

6.4) TAMIL NADU PANCHAYATS (ISSUE AND DISPOSAL OF AUDIT REPORTS OF PANCHAYAT UNION COUNCIL AND DISTRICT PANCHAYAT) RULES 2000

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 to 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.

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 15th of May of the year following the year to which the accounts relate.

Audit of Panchayat Union Council and District Panchayat Accounts: 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.

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 12 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.

Powers of the Auditors: The auditor may, by summons in writing

Require the production of any book, deed, contract, account, voucher, receipt or other document, the perusal or examination of which he considers necessary;

Require any person having the custody or control of any such documents or person accountable for it to appear in person before him duly specifying the purpose of production; and

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.

Whoever fails to comply with any requisition lawfully made upon him under this rule, shall be punishable with fine 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.

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 Unions Council and District Panchayat rules and orders laid down by Govt. from time to time.

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 on 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 Govt. 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 present it to the Commissioner or Secretary, and obtain the dated signature of the Commissioner or Secretary, 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 the para", or write "not accepted as the objection lacks authority for the basis of the 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 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 Asst. 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, shall be part of the audit report.

Review of Audit Report: The reviewing authority namely, the Asst. 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.

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.

Sending of Audit Reports and Special Report on Serious Irregularities: The Assistant Director of Local Fund Audit shall send the audit report on the accounts of a Panchayat 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 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 those audit objections which in his opinion, are serious in nature, to the Government for such action as may be found necessary.

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 acknowledgment. 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.

Actions to be taken on Audit Objections: 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.

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 person or 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.

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 15 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, along with 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.

Action for Settlement of the Audit Objections: No audit report shall be kept pending for more than 2 years from the date of receipt of the report by the Commissioner or 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 objections 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 ensures closure of audit report within the period specified above after the settlement of all objections.

Restriction for Re audit: After the issue of an audit reports 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 reopened, save with the special orders of the Government.

(G.O. Ms. No.199 Rural Development Dept. dt:31-07-2000)

7. RESULT OF AUDIT

7.1. GENERAL INSTRUCTIONS

Audit depends for the effective value in its right and duty to report results to the proper authority, so that appropriate action may be taken to rectify the irregularity and impropriety, wherever possible or to prevent a recurrence of it. This authority may be a departmental authority or local body or Government.

It is in the treatment of results of audit that the auditorial function demands the highest qualities of understanding balanced judgement and sense of proportion; and it is to enable him to deal with results adequately that the auditor has been accorded a high degree of independence and prestige. An Auditor must develop an instinct for assessing the importance of an individual irregularity.

The auditor must keep before him his primary functions of securing the substantial correctness of accounts and the regularity and propriety of individual financial transactions. He must decide therefore, when the detailed audit of accounts and transactions has been completed and all infractions of rules and orders noticed. whether to demand regularisation or correction in an individual case, or whether to be satisfied with prevention of the error or irregularity for the future. In Particular, it will be remembered that, while financial rules and orders must be observed, mere rigid and literal enforcement of such rules and orders may degenerate into wholly unintelligent audit. As a general rule, undue insistence on trifling errors and technical irregularities should be avoided and more time and attention devoted to the investigation or really important and substantial irregularities with the object, not only of securing rectification of the particular irregularity but also of ensuring regularity and propriety in similar cases for the future, At the same time, failure to appreciate the significance of what appears to be a trifling irregularity may lead to failure to discover an important fraud or defalcation. Again, notice may be taken of as indicating carelessness and inefficiency in the maintenance of accounts or in financial administration generally.

All observations and objections must be conveyed in courteous and impersonal terms and must be legible and intelligible. It is of utmost importance that any statement of criticism or irregularity, in an audit notes or audit report should be accurate, fair, moderately worded and dispassionate. The word "Moral turpitude" should not be used in Audit Report. The words Fraud, Misappropriation, Defalcation, Manipulation and such other words which lead to criticism may be avoided while drafting the Audit Reports. The legal aspects of the above words should be clearly understood before using them.

(L.F. (P,U.) 12374, dated 9th August 1967)

(Director Circular Roc.No.F-2 96622/77/ dated 30th September 1977)

7.2) Audit Notes:

The procedure for taking and recording objections in audits conducted in the offices of Assistant Director is prescribed in another chapter. The objection noticed in audits conducted in the offices of local bodies should be written in rough notes on one third margin folio or quarter size paper stitched into note book. After action has been taken to settle as many of objections as possible by personal discussion, the items remaining unsettled should be incorporated in the Audit Notes or the Audit Reports. Item number in the audit notes or the paragraph number in the audit report should be noted against each objection for facility of future reference.

Audit notes, either half-yearly or annual may be issued. The audit notes will be prepared in duplicate either typed or in manuscript and one copy issued to the local body with a covering letter for furnishing replies within the prescribed time. There shall be no delay in the issue of audit notes.

Note: 1. The name of the auditor, the name and designation of the official reviewing the audit, the time taken for audit and the period of audit should be indicated at the beginning of the audit notes.

Note: 2. The half-yearly audit notes should be issued within 15 days from the date of completion of audit. The annual audit notes should be issued along with the audit report.

At the time of Annual Audit, the objections of serious nature pending in the audit notes on the audit of first half year and Audit notes on monthly voucher audits, should be incorporated in the Audit Report and the objections of minor nature pending in such audit notes incorporated in the annual audit notes. After early over all objections either to the Audit Report or to the Annual Audit Notes, the half yearly and monthly audit notes should be closed and sent to Record. However this instruction is not applicable to Municipal concurrent audit institutions. (Director Circular Roc. No.54189/78/H1 dated 27th May 1978)

Note: 3. a. The head of audit party should give a copy of each objection raised in course of audit either to the Executive Authority, if he is available or to the Manager and obtain acknowledgement thereof in the office copy. If the Executive Authority gives replies to any of such audit slips, the replies should be considered and the objections dropped or suitably modified. On the last day of audit, the head of audit party should send a D.O. letter to the Executive Authority list out the records which were not produced such as Vouchers, M. Books, etc., and request the Executive Authority to gather all such items for production at the time of the impending visit of the Assistant Director of Local Fund Audit for finalising the Audit Report. The Assistant Director during his visit will discuss each audit objection with the Executive Authority and take into account their view points before approving the audit objections. The records that are not produced at the time of audit if produced at the time of finalising the audit report by the Assistant Director, will be verified and the objections dropped or modified, as the case may be. (Director Roc. No.66239/78/C2, dated 6th July 1978)

Lr. Roc.No.72788/78/C4, dated 22nd July 1978 of the Inspector of Municipalities addressed to all Commissioners of Municipalities Lr. Roc. No. I 38097/ Accounts VII-I/78, dated 1st September 1978 of the Director of Rural Development, Madras.

Concurrent Audit of Municipalities – I.P. Audit: In the Selection Grade and Special Grade Municipalities where immediate post audit is done in the Concurrent audit units, vouchers should be obtained from the Accountant soon after the payment is made along with the connected records such as Stock Registers, M.Book, files. etc., and checked in audit and irregularities/defects, if any, noticed should be communicated to the Executive Authorities in the form of audit slips then and there.

(Vide Director Lr. Rc. No. 77783cl / 80 / dated: 19-9-90)

The Slips may be communicated in duplicate requesting the Executive Authorities to return one copy of the audit slip along with his reply. The settlement of these slips may be watched through the register of audit slips issued and the audit slips unsettled may be incorporated in the Audit Notes/ Audit Reports issued.

A paragraph with the details of total number of audit slips issued, the losses covered in these slips the amount recovered from the persons responsible and the number of slips settled there by in the course of the I.P. audit may also be incorporated in the Audit Report to prove the effectiveness of the I.P. Audit system.

7.3) AUDIT REPORT-PREPARATION

The number and date of Bank Payment voucher or the date of receipt and particulars of receipts or payments should be given in the objection in the Audit so as to facilitate any further reference to vouchers or chalans later. Great care should be taken in arriving at the amount to be placed under objection. The nature of objection should be recorded

in sufficient detail, the reasons for enforcing recovery should be indicated in the objection, the rule or order violated should be specified, and the person responsible for loss or illegal payment should be mentioned in the objection. In the case of objections or observations regarding the defective maintenance of accounts, incorrect use of forms, suggestion for improving the state of finance, or accounts should be made and no amount need be placed under objection.

The comments should be made bringing forth the financial improvements and how the financial position of the institution is affected.

The unsatisfactory state of finance may be due to one or more of the following causes:

- a. **Expenditure in Excess of Receipts:** The income derived from taxation and normal sources of revenue should ordinarily be sufficient to cover the normal expenditure, except where expenditure is incurred in excess of the available means. If normal expenditure exceeds normal receipts, it should be commented upon.
- b. **Insufficient Taxation:** The rates at which taxes are levied may be much below the maximum permissible. The sources of income should be examined and suitably commented upon.
- c. **Slackness in Collection:** Paucity of funds in case of Municipal Councils and Panchayats may be due to slackness in collection. In regard to taxes, the percentage of collection to demand should be worked out and the actual collection compared with the provision in the budget estimates. It should be seen whether the collection of taxes and other items of revenue approximated to what was anticipated to be realised in the budget estimates. The percentage of collection to demand for the year under audit should be compared with that of the preceding three years and suitable comment made.
- d. **Generous Remissions and Writes-off:** If the amount of remissions and write-off is considerably larger as compared with the demand causes therefore should be investigated and suitable comments made.

Budget - Cases in which expenditure was incurred in excess or in the absence of budget provision without obtaining the necessary reappropriation by competent authority to cover the expenditure or the excess should be noticed in audit. The contents of this paragraph will be as given below:-

The Budget for the year was approved by the competent authorities. The expenditure in excess of budget provision as detailed below was noticed during the period under report. Prior approval of (Authorities should be quoted) was not obtained for the excess expenditure incurred over and above the budget provision as required by Government in Memorandum No. 82682 Budget 167-2 R.D. & L.A., dated 21st July 1967. The ratification for the excess expenditure incurred in the excess of and or in the absence of Budget provision may be obtained and shown to audit. The need to prepare the budget on a more realistic basis is brought to notice.

Summary of Major Irregularities.- A summary of major objections detailed in the body of the report should be given in this paragraph. The paragraph should be arranged in the order in which they were drafted for easy reference.

Defalcation detected by the Executive Authorities and adequately dealt with by them need not be detailed in the Audit Report but only a brief abstract of the number, amount and nature of the defalcations may be given. Comments should be made if the embezzlements disclose negligence on the part of the staff in not observing the rules. If a defalcation was rendered possible by any defect in rules or procedure a suitable paragraph may be included in the report. Defalcations noticed in audit should be fully stated in the audit reports.

The last paragraph should give the total number of objections remaining unsettled and their aggregate amount. Details showing the total number and amount of objections should be given in this part of the report. Assuming that the audit report is for 20 - 20 the details should be given as below:-

Objections pending settlement: -----Objections involving a sum of Rs.----- were pending settlement at the close of audit as detailed below:-

Year	Audit report/Audit	Paragraph Notes	Particulars number	Amount
1	2	3	4	5

In the case of annual audit notes the amount involved in the audit notes including the audit report should be entered as last entries in the audit notes giving reference merely to the paragraph numbers in the audit reports to arrive at the total amount placed under objection.

(H.O. Standing Order 44 / 71 / dt.15-7-1971)

An abstract of the total number of objections and the amount involved should be made at the end of the Audit Notes for the month or quarter as below:-

Serial No.	Paragraph number of Audit Notes	Amount involved
1	2	3
		Total

General: . The Audit Reports may be issued with a covering letter addressed to the Executive authority concerned . Specimen forms of covering letters in respect of Municipalities, Panchayat Unions and Town Panchayats were appended in H.O Circular Roc. No. 47113I/CI/79, dated 19th July 1979.

The audit reports of the institutions whose accounts are finally audited by Assistant Inspectors or by Deputy Inspectors of Local Fund Audit should issue in their name.

- i. In respect of the institutions the audit of which is done by Assistant Inspectors and reviewed by Deputy Inspector the audit reports should issued in the name of the Deputy Inspector.
- ii. In respect of the institutions the audit of which is done either by Assistant Inspectors or by Deputy Inspector and reviewed by Inspector the audit reports should issued in the name of the Inspector.
- iii. With a view to enable the executive authorities of local bodies in office to fix responsibility for any loss or irregularity pointed out in the audit report immediately on its receipt by him the following particulars should be furnished in the objections:
 - a. **Time barred Arrears of Fees:** It should be indicated in the objection, whether the executive authority has issued any instructions for recovery of the time-barred arrears soon after the close of the year and the recoveries so ordered and above pointed out. Otherwise, the amounts for which each Bill Collector or Revenue Inspector is responsible should be pointed out. It should also be indicated if the Bill Collectors have reported to the higher authority regarding the reasons for non-collection and whether action has been taken in the office as per rules for collection of taxes. It should also be indicated if the instructions issued in G.O. Ms. No.4 I 9, Rural Development and Local Administration, dated 23rd February 1974, have been followed in the case of Municipalities for realisation of taxes. Then the negligence of the staff responsible for such arrears should be pin pointed and made mention in the objection.
 - b. **Lease Amounts Arrears etc. :** It should be clearly indicated in the objection whether agreement were taken, whether adequate security deposit, have been taken whether in respect of arrears, action was taken in accordance with the condition of agreement and whether suit cost fixed before the arrears became time-barred. If not, the executive authority responsible for the above lapses should be mentioned. In the non-enforcement of the conditions of lease, will ultimately result in realising the arrears, it is necessary to indicate in each year report commencing from the year in which the lease came into effect that continuing responsibility of Executive Authority.
 - c. **Bills for Services Rendered:** In respect of water supply, apart from the general responsibility for the non-realisation of arrears before they became time-barred, responsibility lies on the executive authority to disconnect services for non-payments as per by-laws. Failure in this regard the name of the executive authority responsible should be mentioned in the audit report.
 - d. **Payments:** Excess or irregular payments may be caused due to mistake in calculation or irregular decision by the Executive authority.

1. In regard to excess payment in respect of works due to wrong calculations or measurements, the name and designation of the Officer who has measured and check measured the works should be mentioned. The name of the Accountant who failed to check them at the time of passing the bill should also be noted.
 2. In regard to excess payments for supplies of articles due to incorrect calculation, the persons responsible for the failure to check the bills should be noted in the objections.
- e. **Omission in Assessment of taxes, Fees:** In regard to Municipalities and Town Panchayat, cases omitted but subsequently found out, the bill Collectors and Revenue Inspectors, who are responsible for the detection of new cases should be held responsible and their names noted in the objection. In regard to license fees, it is the responsibility of the Sanitary Inspector to scrutinise list of persons carrying on the trades and also to find out places where trades are conducted without license and take action. Hence if omission are noticed in this regard, the names of Sanitary Inspectors responsible should be mentioned.
 - f. **Time-barred Advances:** Advances are granted for specific purposes. They should have been refunded or adjusted by rendering accounts. Hence in respect of advances pending the executive authority or persons responsible for the omission to effect the recoveries in time should be mentioned.
 - g. **Non-production of Records:** Name and designation of the persons who failed to produce the records should be pin pointed. Before this, records should be called for in writing by special notices (orders). The above instructions are only illustrative. As it will enable the executive authority in office to take action promptly, the names of the persons should be given in the objection as far as possible.
 - h. In cases of involving defalcation of municipal funds, shortages of stores, etc., the names of Bill Collectors, Shroff and persons incharge of stores etc., should be pointed out.
(G.O. Ms. No. 823. M.A. & W.S. Dept., Dated 20-8-87)
 - iv. Along with the copy of the Audit Report, sent to the municipal Council, one copy of the audited annual accounts in the case of audit report relating to the Revenue Fund and two copies of the accounts in the case of audit report relating to Elementary Education Fund Account should be enclosed. In the case of some of the other accounts such as those of the Local Library authorities, Town Panchayats, disabled boatmen fund, etc., the annual accounts have to be checked and enclosed to the audit reports.
 - v. The annual audit of Municipalities and Town Panchayat involves detailed examination of Trial Balance, Income and Expenditure statement and scrutiny of the statement of assets and liabilities. The results of the examination, should be incorporated in Part-I of the report.
 - vi. Large tabular statements should not be included in the body of the audit report but should when necessary appear as annexure thereto. To avoid duplication of work, the required number of copies of annexure or enclosures to audit reports, if any, should be prepared at the same time and sent along with the draft audit report.
 - vii. A docket sheet in a form prescribed in L.F. (A3) 4727, dated 29th March 1967 as amended should be attached to the Draft Audit Report.

In addition to the docket sheet work allocation chart prescribed in Examiner's circular Roc. No. C4-40715175-1, dated 19th July 1975, should be added to each Audit Report in which the final distribution of work should be appended and the auditors should sign in full against such of the items actually done by them.

- viii. In cases where paragraphs are deleted from or new paragraphs added on, to an audit report or the paragraphs rearranged by the Assistant Director, the necessary correction should be carried out in the special letters and Audit notes.
- ix. The draft audit reports should be accompanied by the following statements in addition to those referred to above:

IRREGULARITIES IN THE DRAWAL AND UTILISATION OF GRANTS

The statement showing the irregularities in the drawal and utilisation of grants should be compiled in the form prescribed below:

(Director Circular Roc. No. F3/20332179, dated 3rd May 1979)

- 1) Statement showing the irregularities in the drawal and utilisation of grants.

(The usage of the term "Over draw of grant" should be dispensed with while making comments in the Audit Reports about the irregularities in the draw and utilisation of grants.

(Director Circular Roc. No. 96625/E3177. dated 14th October 1977.)

- 2) a statement showing education tax realised under Tamil Nadu Elementary Education Act 1920 by the Municipality, on which equivalent contribution is due.
- 3) a gist of points for inclusion in the brief note to be submitted to Government.
- 4) a statement showing the Maternity and Child Welfare grant due in the case of Municipality in the rescribed form.
- 5) A statement in respect of check of claim for compost subsidy (Municipalities).
- 6) A certificate regarding delay in disbursement of non-recurring grants.

The audit report will be scrutinized and passed by the Assistant Director of Local Fund Audit except where the Inspector or Deputy Inspector has been specifically authorized to approve Audit Reports.

Maintenance of Audit Report Files:

- i. After issue of Audit Report, it should be stitched with a docket sheet along with the annual account and other documents such as Overdraw statement and other annexure. This will form Volume I of Audit Report.
- ii. Another Volume (i.e.) Volume II shall be opened for correspondence and for issue of further remarks.

Issue of Further Remarks: As soon as replies are received for the audit notes, the replies will be scrutinised by the Assistant Inspector responsible for disposal. Such of the items, as have been satisfactorily explained, cases in which recoveries have been effected and cases in which requisite sanction has been obtained should be admitted after verifying credits, sanction, etc., the fact of admission being noted in the audit notes with relevant authority or the reasons. In other cases, suitable comments should be made and communicated to the Executive Authority of the local body as further remarks. Replies to the further remarks should be dealt with in the same manner as replies to audit notes. Audit notes should be closed only after all the objections have been settled. The further remarks issued should be filed along with the audit notes .

Note: 1. In the case of Panchayat Unions, the replies will sent by the Commissioner to the Collector in duplicate with the resolution of the council approving the replies with an advance copy of the replies to audit. The Collector in turn will forward the replies to audit with his remarks, if any. On receipt of replies, further remarks in the form of a letter will be issued to the Commissioner.

Note: 2. In the case of Municipalities and Town Panchayats, however, the replies will be received from the Executive Authority direct and further remarks issued after scrutiny of the replies.

The responsibility for the removal of objections and the settlement of other points raised in audit devolves primarily upon the executive authorities of the Local bodies concerned, and heads of other institutions. To assist the Government and other departmental controlling authorities in the maintenance of a proper system of accounts, the Local Fund Audit Department has to maintain a constant and careful watch over objections and keep Government and other controlling authorities fully acquainted not only with the financial and accounts irregularities noticed in audit reports but also with the progress of clearance of objections. The Government Lr. G.O. Ms. No. 691, Rural Development and Local Administration, dated 2nd March 1971 have ordered that the recurring excess payment objected to by audit should be stopped at once. It should be resumed only on receipt of specific orders from the competent authority based on the merit of the objections. The Assistant Director and Regional Deputy Director should examine the above aspect during their inspection of local bodies. (G.O. Ms. No. 691, Rural Development and Local Administration, dated 2nd March 1971)

Amendments to Audit Report : Adenda or amendments to the Audit Report should be issued with in six months from the date of approval of Audit Report. In the cases where amendments or adenda have to be issued after the above time limit, the specific approval of the Director shall be obtained. (H.O.R.F. 7 / 51951 / CC1 / 90, dated 21-12-1990)

Closure of Audit Reports :

If all the objections in Audit Notes/Audit Reports are settled, the Audit Notes/

Audit Reports may be closed without waiting for the formal replies to AudiThe Audit Reports /

Notes may be closed in K.Dis.

(Director Lr. K.Dis. No. 78514/76/04, dated 2nd September 1976)

7.4) DUE DATES FOR SUBMISSION OF ANNUAL ACCOUNTS AND COMPLETION OF AUDIT

Government have prescribed the following Time frame for submission of annual Accounts by local bodies and for completion of audit by LFAD and for the further action to be taken by the local bodies.

Name of Institution	Due date for Submission of Annual Accounts	Due date for Issue of Audit Report by LFAD	Due date for Placing the Audit Report Before the council	Fixing Responsibility of Initiating Disciplinary Action and Surcharge proceedings	Completion of Disciplinary Action/ Effecting recovery	Authority
Corporation	30 th June of the succeeding year	15 th September	Two months from the date of issue or 15 th Nov. which ever is earlier	31 st December	31 st March	G.O.Ms.No.145 MA&WS Dt.22.10.02and G.O.83 MAWS dt.1.6.2009
Municipality	15 th May	"	"	"	"	"
Town Panchayat	30 th April	"	"	"	"	"
Pt.Union	15 th May	"	"	"	"	G.O.Ms.No.142 RD Dept., Dt.15.10.02
District Panchayat	"	"	"	"	"	"
Local Library Authority	15 th May	One year from the receipt of A/c	--	--	--	--
University	30 th June	A month from the Receipts of A/c	--	--	--	--

7.5) SETTLEMENT OF PENDING OBJECTIONS

The power to settle the pending objections on receipt of replies from the executive authorities vests with the Assistant Director and Regional Deputy Director of LFAD.

On receipt of the reply, the Asst. Director should in due course verify the reply along with the relevant records and ensure (i). The correctness of the reply and (ii). The rectification of the defects pointed out is in order. On settlement of the objection necessary further remarks should be issued. The Assistant Director can settle the special letter paras and paras on which special reports were sent by Regional Deputy Director after due verification of the records and after satisfying that the loss has been made good beyond doubt. However Assistant Directors are not empowered to relieve a person from an objection without the prior approval of the Regional Deputy Director.

Usually Joint Sitzings are conducted for settlement of objections relating to Corporation, Municipalities and Panchayat Unions with the participation of Regional Deputy Directors and Assistant Directors at District. Town Panchayats joint sittings are held by the Asst. Directors. Monthly joint sittings should be arranged by the Asst. Director and Regional Deputy Directors in consultation with the Administrative authorities and it should be ensured that due progress is achieved in the settlement of objections during every month in each district.

RULES FOR ADMISSION OF OBJECTION BY OFFICERS OF LOCAL FUND AUDIT DEPARTMENT

Delegation of Financial Powers to admit excessive or irregular expenditure / waiver of recoveries in cases where the amounts found irrecoverable are enhanced as specified below.

Sl. No.	Designation	Enhanced waiver power monetary limit
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2.	Director of Local Fund Audit / Chief Internal Auditor	Rs.750.00
3.	Joint Director of Local Fund Audit / Internal Audit	Rs.600.00
4.	Deputy Director of Local Fund Audit / Internal Audit	Rs. 500.00
5.	Assistant Director of Local Fund Audit / Internal Audit	Rs.400.00
6.	Inspector of Local Fund Audit / Internal Audit	Rs.200.00

(G.O. Ms. No.150 Finance (LF) Dept. dt:15-2-1994)

Some items are placed under objection, not because the whole or any portion of the expenditure is unjustifiable in itself but because it is not exactly covered by rule, or the authority for it is insufficient or full proof, such as is afforded by sub-vouchers, that it has been incurred has not been produced. In such cases, the Director of Local Fund Audit may forego recovery upto a limit of Rs.750 in each case,

The expenditure must not be of a recurring nature.

The power conferred on the Inspectors, the Assistant Directors and the Deputy Examiners for waiver of recoveries should be exercised judicially and not as a matter of course irrespective of the nature of the objection and to be within their powers. The waiver should be made where recovery of the amount objected is proved impossible in view of the fact that persons responsible might have left service or died or when such course is not economical due to protracted correspondence, etc. This should also ascertain whether special report was issued on the objection before dropping any objection. If special report had been issued, the waiver power should not be enforced.

(Director Circular Roc.No.H3/5240S/76-S, dated 31 August 1976).

7.6 HIGH LEVEL COMMITTEE

Having in mind the accumulation of pending audit objections year by year and in order to settle the long pending objections relating to retiring and retired local body officers and employees, Government have constituted High level committees for settlement of objections at State and District levels vesting certain powers to the committee.

Sl. No.	Institutions	Authority
1.	Chennai Corporation	G.O. Ms. No. 184/MA&WS Dept. dt:14-9-1998
2.	All other Corporations and Municipalities	G.O. Ms. No. 65/MA&WS Dept. dt:22-5-2007 G.O.Ms.No.54 MAWS Dept., dt.30.3.09
3.	Town Panchayats	G.O. Ms. No. 1/MA&WS Dept. dt:4-1-2007
4.	Panchayat Unions	G.O. Ms. No. 324/MA&WS Dept. dt:13-11-97

The details of the committee members and the power vested with the committee have been clearly narrated in the respective Government orders.

I) High Level Committee for Municipality

The power to settle long pending audit objections relating to municipal councils has been entrusted to a committee with the following composition for each District / State.

Sl. No	Designation	District level Committee	State level Committee
1	Chairman	Financial Advisor in the Office of the Director of Municipal Administration / Additional Director of Municipal	Director of Municipal Administration

		Administration (in the absence of FA)	
2	Vice Chairman	Regional Deputy Director of Local Fund Audit (for Municipalities) / Deputy Director of the concerned Corporation Audit.	Director of Local Fund Audit
3	Members (Engineering wing)	a) Regional Executive Engineer (for Municipalities) b) City Engineer (for Corporations) c) Executive Engineer (corporations) (where there are no post of City Engineer.)	Chief Engineer O/o The Director of Municipal Administration or Superintending Engineer, O/o The Director of Municipal Administration (in the absence of Chief Engineer)
4	Member	a) Commissioners of concerned Municipalities. b) Commissioners of concerned Corporations c) Asst. Commissioners of Zones in Corporations – Special invitees	Regional Director of Municipal Administration (for Municipalities) Commissioners of concerned Corporations
5	Member Secretary	Regional Director of Municipal Administration (for Municipalities) Asst. Commissioners (Accounts) for Corporations.	Financial Advisor in the Office of the Director of Municipal Administration

Function of the District Level Committee: The committee is a non statutory one intended to facilitate disposal off audit objections relating to Municipal Councils. The Committee will meet atleast once in three months to dispose off the pending audit objections.

The Committee may direct the commissioners to appear before the committee for enquiries / additional explanation if any.

The committee may examine in detail regarding the reported irregularities and pass final orders on all audit objections.

- a. enforcing a full or token recovery
- b. waiving recovery or excess payments
- c. condoning the irregularity on the merits of each case
- d. In the case of an objection requiring Government condonation the committee can recommend for the condonation.
- e. Giving suitable direction to the present Executive officers / commissioner to take action on the audit requirement.
- f. The committee may not examine the audit objections raised by the Accountant General and the cases under vigilance enquiry.
- g. The committee may also recommend and suggest to take further action by the Director of Municipal Administration.

Functions of the State Level Committee: The State level Committee shall meet not less than two times in a year to supervise the functions of the District Level Committee.

The Committee shall, examine audit objections settled by the District Level Committee and finalise the undisposed objections.

Examine all the audit objections relating to Municipal Corporations except Chennai.

In the case of audit objections relating to Commissioner of Municipal Administration, he as a member may explain the position before the committee and do not recommend for dropping of audit objection. He shall allow members and chairman to discuss and take final decision. (G.O. Rt. 65 M.A. & W.S (MA.5) Dept. dt:22-5-2007) (G.O.Ms.No.54 MAWS (MA5) Dept., 30.3.09)

II) Panchayat Union High Level Committee : The power to settle long pending audit objections relating to Panchayat Union Councils has been entrusted to a committee with the following composition for each districts.

District Level		State Level
1. Chairman	District Collector	Director of Rural Development
2. Vice-Chairman	Project Officer, District Rural Development Agency	Director of Local Fund Audit
3. Member	Regional Deputy Director of Local Fund Audit	Financial Advisor cum Chief Accounts Officer in the Office of Director of Rural Development. As a member secretary he will arrange for the convening of the meeting of the committee.
4. Member	Executive Engineer Rural Development attached to DRDA.	Chief Engineer / Superintending Engineer TWAD Board.
5. Member	Asst. Director / Accounts Officer in DRD Office.	Chief Engineer or a nominee from Highways & Rural Development Dept.
6. Member	Asst. Director (Audit), Rural Development in Collectorate (As a member, Secretary, he will arrange for the convening of the meeting of the committee)	Asst. Director (Audit) Rural Development of the concerned District.

Functions of the Committee: The High level committee, may be convened at the district level once in two months and the State committee may supervise the functions of the District level High level committees and dispose of the undisposed audit objection.

The Block Development Officer / Development Officers may be directed to appear before the High level Committee for further enquires and depose their explanations for further examination.

The Regional Deputy Director of Local Fund Audit, will place before the committees, his report summarising the irregularities noticed during the audit of panchayat union councils for further examination and pass final orders.

Enforcing a full or token recovery

Waiving the recovery or excess payment

Condoning the irregularities on the merits of each case.

In the case of an objection requiring Government condonation, the committee may recommend for condonation.

Giving suitable directions to the present commissioners to take action on the audit requirements.

The committee is a non-statutory one intended to facilitate disposal of audit objections relating to panchayat union Councils.

The committee may examine only the irregularities reported by the Director of Local Fund Audit.

The audit objections raised by the Accountant General and cases reported and under investigation by the vigilance and Anti corruption Department may not be examined.

The Assistant Director (Audit) Rural Development will act as a Co-coordinator

As per G.O. Rt. No.519 / Fin (Salaries) Dept. dt: 29-9-97 the approval of Finance Department need not be insisted.

(G.O. RT. No.324 / RD (c3) Dept. Dt.13-11-97)

Final Orders on Already Passed Cases Need not be Re-examined: The Past cases on which final orders have been already passed on audit objections enforcing a full or token recovery by the High Level Committee may not be re-examined in subsequent High Level Committee Meetings. It is against the instructions issued in G.O. Rt. No.324 / RD (C3) Dept. dt: 13-11-94. In such cases the Regional Deputy Director of Local Fund Audit may register their objections during H.L.C. meetings besides bringing to the notice of the Head Office.

(Head Office standing order No.10/05 issued in circular Roc. No.23333 / QLR / 2005 dt:4-7-2005)

The entire DCRG amount may be released to the retired commissioners to whom no disciplinary case is pending against them.

The Disciplinary proceedings may be initiated against the commissioners in the case of any deficiency or loss or unprofitable outlay incurred by the negligence or misconduct of that person
G.O. No.87 RD Dept. dt:7-9-1999.

As per the orders issued in G.O. Ms. 247 R.D. Dept. 20-4-89 the 25% withheld amount of D.C.R.G. from the retired commissioners of Panchayat unions may be released to them in the cases where there is no pending Disciplinary charges.
(D.R.D' s Letter ROC No.40385 / V6 / 99-2 Dt:11-02-2000)

III) Town Panchayat High Level Committee at District / State Level:

The power to settle long pending audit objections relating to Town Panchayats has been entrusted to a Committee with the following composition for each District / State level.

District High Level Committee

District Collector	Chairman
Regional Deputy Director of Local fund Audit	Member
Divisional Engineer (Highways)	Member
Executive Engineer (TWAD Board)	Member
District Health Officer	Member
Account Officer (Directorate of Town Panchayats)	Member
Regional Assistant Director (Town Panchayats)	Member and Coordinator

State High Level Committee

Director of Town Panchayats	Chairman
Director of Local Fund Audit	Vice Chairman

Executive Engineer (Directorate of Town Panchayats)	Member
Executive Engineer (TWAD Board)	Member
Joint Director (Public Health Rural Department)	Member
Accounts Officer (Directorate of Town Panchayats)	Member and Coordinator

Object: The long pending audit objections relating to Town Panchayats and audit objections pending against the retired or retiring Executive Officers shall be disposed off.

Functions: The Committee is a non statutory one intended to facilitate disposal of audit objections relating to Town Panchayats. The Committees shall meet once in a month or once in two months.

The Executive Officers concerned are to explain the position before the committee.

The placement of audit objections before the committee may be informed well in advance to the retiring and retired Executive Officers and direct them to appear before the Committee to depose their explanation if any.

The report on serious irregularities may also be placed before the Committee to examine.

The loss sustained shall also be ordered to be recovered at the following rates:

Sl.No.	Designation	Percentage to be recovered
i. Executive Officer		20%
ii . Assistant Engineer / Assistant Executive Engineer		40
iii. Head clerk		15
iv. Clerk		5
v. In the absence of the post of Head clerk the Clerk is held responsible		20

Condoning the irregularities on merits of each case.

In the case of an objection requiring Govt condonation, the Committee can recommend the condonation,

Giving suitable directions to the present Executive Officers to take action on the audit requirements.

The irregularities committed by the Executive Authorities during their entire period as reported by the Director of Local Fund Audit may also be examined.

The unsettled objections at District level may also be examined.

The committee shall examine the audit objections other than the cases under vigilance for enquiry.

The committee shall not reexamine the cases for which orders were already passed.

State High Level Committee:

The State High Level Committee shall supervise the functions of the District High Level Committee apart from examining the undisposed audit objections.

The procedures prescribed at the district level may be followed.

(G.O. Rt. No.1, MA & WS (T.pt.2) department dt:4-1-2007)

Where the objection is based on insufficiency of sanction, the Director of Local Fund Audit must be satisfied that the authority empowered to sanction the expenditure would accord sanction if requested to do so.

Where the objection is based in insufficiency of proof of payment, the Director of Local Fund Audit must be satisfied that undue trouble would not be caused by insistence on submission of full proof and must see no reason to doubt that the charge has actually been paid.

Where expenditure under objection has for any reason become irrecoverable, an Audit Officer of rank not lower than that of Deputy Director of Local Fund Audit may write-off an amount not exceeding Rs. 100 in each case.

Note: The powers conferred upon the Director of Local Fund Audit under the foregoing provisions of this Article are independent of the powers he can exercise in the matter of dropping surcharge proceedings under G.O.Ms.No.3145, L & M, dated 4th August 1930 as amended.

Audit once closed cannot be re-opened in the case of local bodies:- If in respect of other institutions or in case of local bodies for the years for which the audit of accounts has not been closed, payments on account of personal claims are placed under objection for more than a year after the date on which they are disbursed, the Director of Local Fund Accounts should before demanding recovery refer the matter for the orders of the Government in the department concerned. The Director of Local Fund Audit, may however, forego recovery himself if the amount involved does not exceed Rs.100/- and he is satisfied that it was drawn by the claimant concerned under a reasonable belief that he was entitled to it.

The audit may suggest token recovery.

(Director Lr. K. Dis.63189/87/SPO/Dt:11th August 1987)

7.7) The Tamil Nadu Panchayats Surcharge (Disallowance and Charge) Rules 2000

Surcharge and Disallowance: Any auditor, empowered by the Government, shall carefully and personally examine every case of loss or waste or misapplication of money or property of the Village Panchayat or Panchayat union or District Panchayat and may disallow every item contrary to law and surcharge the same on the person making or authorising the making of illegal payments and may charge against any person responsible therefore the amount of any deficiency, loss or unprofitable outlay incurred by the negligence or misconduct of that person or of any sum, which ought to have been, but is not brought to account by that person and shall, in every such case, certify the amount due from such person.

It shall not be open to an executive authority of village panchayat or commissioner of panchayat union or secretary of district panchayat whose negligence or misconduct has caused or contributed to any such deficiency or loss, to contend that notwithstanding his negligence or misconduct the deficiency or loss would not have occurred but for the negligence or misconduct of some other person.

Power of the Government: The Government prescribe the following officers to exercise the powers referred to in these rules in respect of the funds of every Village Panchayat or Panchayat Union or District Panchayat within his jurisdiction.

- a. Assistant Director of Rural Development (Panchayats) in case of village panchayats (General Funds)
- b. Director of Local Fund Audit in case of District Panchayats, Panchayat Union councils and Village Panchayats. (Scheme Funds).

The auditor shall state in writing the reasons for his decision in respect of every disallowance which shall be based on a stated authority in respect of every disallowance, surcharge or charge and furnish by registered post, a copy thereof to the person against whom it is made.

Even if the person to whom a copy of the decision of the auditor is furnished, refuses to receive it, he shall be deemed to have been duly furnished with a copy of such decision within the meaning of sub-rule (2). The period of 30 days fixed in rules 5 and 6 shall be calculated from the date of such refusal.

Issue of Surcharge Certificate: The auditor who is empowered to issue a surcharge certificate, before issuing a surcharge certificate, shall give a show cause notice to the person concerned calling upon him to state his defence about the proposed notice in writing within a specified time which shall not be less than 15 days. If such person desires to be heard in person, the opportunity of personal hearing shall be given by the auditor. In such a personal hearing the auditor shall record the proceedings of such hearing. The auditor shall issue surcharge certificate after taking into consideration the representation, if any given by the person concerned and the proceedings by the personal hearing. The show cause notice and the surcharge certificate shall be in Tamil version.

Wherever the Collector, the Inspector or other competent authority takes execution proceedings on behalf of a Village Panchayat, Panchayat Union Council or District Panchayat in respect of which a surcharge certificate has been issued by an auditor, the expenditure for such purpose shall be met from the Govt. initially and recovered from the funds of the respective Village Panchayat, Panchayat Union or District Panchayat.

Appeal against the Surcharge, Disallowance or Charge: Any person, aggrieved by the disallowance, surcharge or charge made, within thirty days from the date of the receipt of service of the decision of the auditor, appeal to the Inspector, or any officer authorised by the Government in this behalf to set aside such disallowance, surcharge or charge and the Inspector or such officer, after taking such evidence as is necessary, may confirm, modify or remit such disallowance, surcharge or charge.

Provided that the Inspector or any officer authorised by the Govt. may admit an appeal after the expiry of the time specified in this sub-rule, but within 60 days if the appellant satisfies the Inspector or such officer that he has sufficient cause for not preferring the appeal within the specified time. Provided further that during the pendency of the appeal made under rule, the certificate of disallowance, surcharge or charge, as the case may be shall not be enforced.

Against the order of the Inspector or Officer authorised by Government in this behalf under sub-rule(1), a second appeal shall be to the Government within 30 days from the date of receipt of such order, the Government may take into account all the fact present by the appellant and facts of the case and pass such order as they deem fit and proper. Against the order of the Government an appeal shall be to the High Court within 30 days from the date of receipt of such order.

Where an appeal is made to the High Court under sub-rule (2) the auditor shall be the sole respondent thereto and the applicant shall not be entitled to make either the Inspector or any officer authorised by the Government or any other person of Government a party to the proceedings.

Payment of dues: Every sum certified to be due from any person by the auditor under these rules shall be paid by such person into the bank or post office in which the funds of the village panchayat, panchayat union council or district panchayat, as the case may be, are lodged within 30 days from the date of intimation to him of the decision of the auditor unless within that time, such person has appealed against the decision to the Inspector or any officer authorised by the Government and such sum, if not paid or such sum as the Inspector or such officer shall declare to be due, shall be recoverable in the same way as an amount decreed by a court by filing execution petition.

Charge of Interest on Surcharge, Disallowance or Charge Amount: Interest at the rate specified by the Government from time to time, by general or special order or if no such order is in current at the time of issuing a surcharge certificate at a rate not less than fifteen percent per annum shall be charged on the amount of disallowance. Surcharge or charge due with effect from the day following the last date fixed for payment of the said amount of disallowance, surcharge or charge in the certificate. The interest so charged on the amount of disallowance, surcharge or charge, over due shall be specified in the certificate itself in precise terms as laid down in section 34 of the Civil Procedure Code 1908 (Central Act V of 1908)

Waiving of Amount of Disallowance, Surcharge or Charge: Notwithstanding anything contained in the rule, the Government may at any time direct that the recovery of the whole or any part of the amount of disallowance, surcharge or charge certified to be due from any person by the auditor under these rules shall be waived if, in their opinion that such a course is necessary, considering all the circumstances of the case. The reasons for such waiver shall be conveyed in writing to the Village Panchayat or Panchayat Union or District Panchayat, as the case may be.

7.8) PRODUCTION OF DOCUMENTS IN THE COURT OF LAW:

In the cases where requisition from Court of law are received for production of documents like bills, vouchers pay orders, etc., in court the previous orders of the Director should be obtained in good time before complying with such requisitions. In urgent cases, the officers concerned may pass orders directing production of records to court in anticipation of the orders of the Director and get it ratified.

(Director LF Audit Circular L.F. (PIJ) W682, dated 18th October 1965.)

7.9) RELEASE OF ORIGINAL RECORDS FOR INVESTIGATION PURPOSES:

When the investigating officer feel that the investigation cannot proceed on copies of documents including Photostat copies, he has to move the Director of Local Fund Audit through the Inspector-General of Police for original records.

Whenever requests are received from the investigating officers through the Inspector-General of Police for the release of original records of this department for investigation purposes, the original records should be released to the investigating officers-after taking Photostat copies for office records. The Photostat copies have to be retained in the concerned office of Assistant Director LF Audit till the receipt back of the original records from the investigating officers.

Arrangements for taking Photostat copies have to be made by this department and for this purpose Government have authorised the Director LF Audit in G.M. No. I 73490/Fin. (Codes)173-7, dated 8th August 1974 to enter into contract and sign agreement with the private photographer.

(G.O. Ms. No. 212, Finance, dated 18th February 1963. O.M. 83320/EII/66-13, Fin. dated 27th April 1967.

G.M. 48527/Fin/76-4, dated 4th October 1976.)

(Director LF Audit Circular Rc. No. 99699/76-D5. dated 19th November 1976.)

As the office copy of the Audit Report as submitted by the Inspector of Local Fund Audit is corrected, modified, amplified wherever necessary and finally approved by the Assistant Director and is generally in bad shape, it may not be desirable to hand over it for investigation and filing in the court. A typed copy of the Audit Report signed by Assistant Director or Deputy Director who approved the Audit Report can be treated as original and will be acceptable by the investigating authority for production in the Court. Hence a typed copy of the audit report duly signed by the Assistant Director / Deputy Director who approved the Audit Report may be kept in the audit office along with Audit Report file and the same produced to the Investigating Authority Whenever they ask for the original copy of the Audit Report.

In the cases where the Audit Report itself or its author is the subject matter of investigation the original manuscript of Audit Report shall be made available to the investigating officer on proper requisition through the Inspector-General of Police.

(Director LF Audit Letter Rc. No. 43878 / 78 / C1, dated 6th December 1978) and

(Rc. No. 18196/79-1, C1, dated 22nd March 1979)

8. FUNCTIONS OF THE DIRECTORATE OF LOCAL FUND AUDIT

The audit activities of the subordinate offices are monitored in the Directorate of Local Fund Audit.

The following audit sections carry out the functions mentioned against them.

Section	Function	Controlling Officer
Municipal Audit Section	1. Approval of draft Audit Reports of all Municipal Corporations.	Asst Director (Municipal Audit) Joint Director.

	2. Review of Audit Reports of all Municipalities. 9. Review of State of Audit of Corporations and Municipalities. 10. Approval of Tour Programme and Diary of RDDs.	
Town Panchayat Audit Section	1.Review of Audit Reports of all Town Panchayats 2. Sending D.O. Progress Report to Government. 3.Review of State of Audit of Town Panchayats	Asst Director (P.U. Audit) Deputy Director
Panchayat Union Audit Section	1.Review of Audit Reports of all Panchayat Unions /District Panchayat and Village Panchayat 2.Review of State of Audit of Panchayat Unions /District Panchayat and Village Panchayat	Asst Director (P.U. Audit) Deputy Director

FUNCTIONS OTHER THAN AUDIT

The following functions are also carried out by the Directorate of Local Fund Audit in addition to the audit functions.

1. Authorisation and disbursement of Pensionary benefits to Local Body Employees

The certification, sanction and payment of retirement/death benefits to the employees of Municipalities, Panchayat Unions and Town Panchayat is administered by the Directorate of Local Fund Audit. The pensioners are receiving monthly pension through four nationalised banks.

As per G.O.Ms.No.93 RD (CIII) Dept. dt.26.3.97 Pension Contribution shall be adjusted from the State Finance Commission fund. w.e.& 31.3.97 and G.O.Ms.No. 109 MA&WS Dept dt.3.5.97

The requirement of funds for payment of monthly pension and retirement benefits to the local body employees are received from the respective heads of the departments from the devolution of funds allotted to the local bodies. The retirement benefits are settled then and there promptly by this Department.

In respect of Municipal Corporations and Universities, audit certificates for retirement benefits are being issued by the respective residential audit units of this department based on which pension payments are made by the respective institutions from their Funds.

2. Administration of Municipal Pensioners Health and Family Security Fund Scheme:

The Health Fund Scheme and Family Security Fund scheme applicable to Govt. pensioners was extended to municipal pensioners in Go.Ms.No. 1200/MAWS Dept, Dt 25-5-99 with effect from 1-8-99. These two schemes are administered by the Director of Local Fund Audit.

3. SANCTION OF INTEREST ON PROVIDENT FUND BALANCES AND DEPOSITS OF LOCAL BODY EMPLOYEES:

The Provident Fund Deposits of Local Body Employees and investments thereon were taken over by Government from 1967. The Director of Local Fund Audit is authorised to sanction interest on the balance of Provident Fund Deposits of local bodies. Necessary authorization for payment is made on receipt of claims from the Local Bodies.

4. TREASURER OF CHARITABLE ENDOWMENTS

The Director of Local Fund Audit also functions as the Treasurer of Charitable Endowments from 1.4.1952 . Government authorizes acceptance of the endowments and publishes the scheme of administration of the endowment in the Government Gazette.

The interest amount realised for the Endowment is released to the institutions concerned based on the requisitions received from them. At present there are four Central Government Endowments worth Rs.6.83 lakhs and 782 State Government Endowments worth Rs.10.66 Crores respectively under the custody and control of the Treasurer of Charitable Endowments.

CHAPTER II

AUDIT ON THE ACCOUNTS OF DISTRICT MUNICIPALITIES

INTRODUCTION

1. AUTHORITY TO UNDERTAKE AUDIT

1. Under Sec.122 of T.N. District Municipalities Act 1920 , and as envisaged in G.O.Ms.No.93 Fin. dt.28.3.03 the DLFA in the statutory Auditor for Municipalities.
(G.O.Ms.No.93 Fin.Dept.,dt.28.3.03)
2. The transactions in a Municipality, which is responsible for the civic administration are varied. Government have issued rules on several matters under powers vested with them in the Tamil Nadu District Municipalities Act 1920. The Director of Municipal Administration is in overall supervision of the working of the Municipalities. A sound knowledge of the Act and the rules framed there under the Act embodied in the Municipal Manual, and various orders issued by Government from time to time, are quite essential for the proper conduct of audit. The implication of the rules in the Act, and important Government orders and circulars issued by the Department on several matters and procedure of audit, and the extent of checks to be exercised are detailed in brief in the following paragraphs.

2. CLASSIFICATION OF MUNICIPALITIES BASED ON INCOME

The Government have fixed norms for classification or reclassification of Municipalities and Municipal Township as follows:

Grade of Municipality	Revised Norms
	Average total annual income under all accounts excluding income under loans, lapsed Deposits, Non recurring grants (Non statutory)
Special Grade	Exceeding Rs. 10 crores
Selection Grade	Exceeding Rs. 6 crores and not exceeding 10 crores
First Grade	Exceeding Rs. 4 crores and not exceeding 6 crores
Second Grade	not Exceeding Rs.4 crores

Note: The Government have also decided that the nomenclature of Special Grade Municipalities in Tamil shall be changed as "Perunagaratchigal" . However, they will continue to be named as "Special Grade Municipalities" in English, as in vogue now.

G.O.Ms.No.237 MAWS Dept., dt.2.12.2008.

3. THE EXISTING POSITION OF MUNICIPALITIES (GRADEWISE) IS AS FOLLOWS.

Grade	No.of Municipalities
Special Grade	20
Selection Grade	29
I Grade	29
II Grade	21
III Grade	49

(G.O.Ms.No.238 MAWS Dept., dt.2.12.2008.)

The powers to upgrade the Municipalities according to the norms prescribed have been delegated to the CMA.
(G.O.Ms.No.311 M.A.W.S. dated 26.12.1997) and G.O.Ms.No.85,MA&WS, dated 22.05.1998)

4. SCOPE OF AUDIT:

- (a) The audit of a Municipality consists of the check of revenue, expenditure stores, infrastructure development and of the examination of accounts and records connected therewith.

- (b) The audit of Municipalities is conducted concurrently in the case of special and selection grade Municipalities and either half yearly or annually in the case of other Municipalities.

The following are the Acts & Rules that are to be gone through before the audit of a municipality.

1. The TNDM Act 1920
2. Municipal Manual Vo1. I & II
3. T.N.Public Health Act
4. T.N.Education Act 1920
5. T.N.Engineering Manual
6. Manual on Accrual Based Accounting system
7. Municipal Service Rules.

5. PRELIMINARY VERIFICATION BEFORE COMMENCEMENT OF AUDIT

Before the audit is commenced, the auditor should peruse the annual account, latest administration report, the budget, minutes of the Council meetings and the Government Orders relating to them, if any, and gain a overall knowledge of the state of the finance of the Municipality. He should go through the previous years' audit report, and the Annual Audit Notes regarding general defects in accounts and registers. The auditor should also ensure through a preliminary verification of the various registers and accounts, that they are in complete shape and bring to the notice of the Executive Authority any material discrepancies and make them to rectify immediately.

Clarifications regarding doubtful points.

Auditors should deal with and answer any legitimate request for advice but refrain from giving the Municipalities rulings on doubtful points of procedure or expressing independent opinions connected with the interpretations of the Act without obtaining the orders of the Director.

Responsibility for omissions in audit

The Assistant Director of LF Audit or the Inspector of Local Fund Audit who is the head of the audit party, shall allot the work to the members of the audit party judiciously and equally. Members shall be responsible for completing the individual item of audit entrusted to them without any omissions.

(Head Office letter K.Dis.No.CCI/14904/89, dated 8th April 1989)

6. AUDIT PROCEEDURE

The audit comprises of the following detailed processes:

Receipts side:

- (i) Check of collections.
- (ii) Verification of the demand, collection and balance of every item of revenue.
- (iii) Check of revenue leased out.
- (iv) Check of revenue managed departmentally.
- (v) Check of fluctuating items of revenues.
- (vi) Verification of writes off and remissions.

Expenditure side:

- (vii) Audit of payment vouchers.
- (viii) Review of advances and deposits.
- (ix) Check of expenditure against allotment.

Accounts:

- (x) Review of the general financial position.
- (xi) Review of budgetary provisions.
- (xii) Examination of several accounts and subsidiary registers
- (xiii) Verification and Correction of the Trial Balance, Income and Expenditure a/c Balance sheet and statements attached to the Accounts.
- xiv) Verification of the Receipts and Payments book balance with that shown in the bank passbook and Treasury Scroll

7. SOURCES OF REVENUE

The various items of income of municipalities can be classified primarily into three categories viz.

Category 1: Income having fixed demand such as Property tax, Profession tax, Lease amounts etc.

Category 2: Incomes which are collected without any demand, i.e. on receipt basis only, e.g. Entertainment Tax, Surcharge on Stamp duty, Interest allowed by Bank on Savings Bank Accounts, Devolution Fund Receipts etc.

Category 3: Specific items of income/ receipts which require specific accounting treatment viz. Profit on Sale of Assets, Insurance claims, Court cost received, Deposits forfeited etc.

The main sources of income of a municipality are as follows:**Revenue fund:**

- 1) Tax items.
- 2) Non-tax items/fees.
- 3) Assigned revenue.
- 4) Grants from Central/State government and other sources.
- 5) Devolution of funds from States.

Capital Fund:

- 1) Loans.
- 2) Grants
- 3) Funds from Central Finance Commission.
- 4) Sale of assets.

8. FUNDS OF THE MUNICIPALITY:

- 1. Revenue Fund Account (including Library Cess and Devolution Fund)
- 2. Capital Fund Account (including Scheme Accounts)
- 3. Water Supply and Drainage Fund Account
- 4. Education Fund Account.
- 5. Other agency funds including PF and Special Provident Fund.

Separate Bank accounts are opened by the Municipalities for the above funds as per instructions issued by the Government and commissioner of Municipal Administration from time to time.

It should be seen in audit:

- 1. Whether the Bank scroll and the chalans for Bank Remittance are received and entered in the Chitta and Receipt book.
- 2. Whether the sum total of collections are shown in the consolidated Collection Statement.

3. Whether action has been initiated to rectify the defects wherever discrepancies are noticed.
4. (i) that the outstanding arrears of tax are reviewed at the end of each half-year and list of cases pending for more than a year is taken and special notices by registered post are sent to the parties by 31st May /30th November and coercive steps as per the provisions of the Act and Rules are taken.
- (ii) that quarterly report of progress in the collection of arrears is sent by the Executive Authority to the Regional Directors for review.

Authentication of chalan Registers- The Commissioners in the Third Grade Municipalities and the Chief Ministerial Officers in the other Municipalities should authenticate all the chalan registers brought into use by furnishing certificate on the first outer page of each book that the register contains so many pages and that it has been brought into use from a particular date. A serial number should be allotted for each chalan register in use separately for each year. The above officers should maintain a record of such issue which will serve as an efficient instrument of check.

9. LEVY OF TAXES-GENERAL

Taxation forms the main source of income of a Municipality. Property Tax on the buildings and vacant lands, Profession tax and other taxes are levied by a Municipality as per the relevant provisions of the TNDM Act.

In examining the records relating to the levy of taxes the following points should be noticed:-

- i) that when a tax is levied for the first time or when the rate is increased, a notice has been published by the Council in the District Gazette and at least in one vernacular newspaper circulating in the area, of its intention to levy the tax or increase the rate of tax as required by proviso (1) to section 78 of the Tamilnadu District Municipalities Act.
- ii) that the Executive Authority has, as required by section 80 of the Tamilnadu District Municipalities Act, published a notification in the District Gazette and by beat of drum specifying the rate of such tax, the date from which (which should always be a future date) such tax is to be levied.

Note (1) A notification is necessary even if a tax is reduced or abolished.

Note (2) – Publication of a notification in the Gazette is not, however a pre-requisite and there is nothing in the Act to show that the tax is to become legally enforceable only after the notification is published. The revision of demand notice prior to the publication of the notification under section 80 is legal and is in order. (G.O.No.707, Rural Development and Local Administration, dated 7th April 1969).

Note (3) Government have held that it will be within the competency of a municipality to levy a tax from the commencement of a half year, if the other conditions as to the validity of the levy of the tax are satisfied and the mere fact that the resolution and the notification are subsequent to the commencement of the half-year will not make it a bar for the retrospective taxation and prevent its levy.

- iii) that any resolution abolishing a tax or reducing the rate of tax is reported to Government and in Municipalities which have an outstanding loan either from the Government, from the public or any other local body, such abolition or reduction is not given effect to without the sanction of Government as required by the second proviso to section 78 of the act.
- iv) that where any resolution increasing or reducing the rate of tax has taken effect for a particular year, no alteration of the rates or date fixed in such resolution so far as that year is concerned has been made;

Note (4) – Government have held that, if any demand notice in accordance with the previous resolution of a municipal council fixing the rates has been issued to any person assessed to the tax or the tax has been collected, it should be regarded that the resolution has taken effect for the year.

10. PROPERTY TAX

The tax on properties is levied as first Charge of Property under section 78 of the Tamil Nadu District Municipalities Act, 1920 on buildings and lands adjacent to the buildings, and on vacant lands. The rates of taxation as fixed by the councils under section 81 of that act may be verified. The mode of assessment of the property is specified in section 82 (1) of the Act.

The tax comprises a tax for general purposes, a tax for water supply and drainage. In addition an education tax is levied under the Elementary Education Act, 1920 as amended as an addition to the property tax at certain percentages subject to the maximum rate fixed in the Act (i.e., 5 per cent per annum of property tax assessed on annual value, 1/4% per annum of property tax assessed on capital value) . In addition, library cess is levied at 10 per cent of property tax excluding education tax under the Tamil Nadu Libraries Act, 1948 from 1.4.92. The taxes collected under each category is credited to the respective head of receipt in the account. The Library cess collected is to be remitted to the Local Library Authority by initially keeping the amount in a separate bank account.

Buildings and lands detailed under section 83 (1) of the Tamilnadu District municipalities Act shall be exempted from the payment of tax. Any particular part of a municipality may be exempted from payment of water supply and drainage tax with the sanction of collector under section 83 (3) on the ground that such area is not deriving full benefit from water-supply, drainage.

- i) Property Tax can be levied on buildings Constructed against building rule, subject to the following conditions:
01. Assessment of Property Tax will be valued or cancelled if necessary, with reference to the deviation taken on the unauthorised building.
 02. This assessment will not bind any action taken against the building for deviation of building Rules.

(Go.(RT.)No.161/MA &WS/Dt.14.11.2000)

Note: The unauthorised construction in poramboke land belonging to Government/Municipalities without following the Building Rules could be assessed for property tax.

(Government Letter No.34520/MA 4/97-6 MA & WS Department dated.21.02.2001)

- ii) exemption may be granted by the municipal council under section 83(5)of the act from payment of property tax by a general resolution of the council if the annual value of any building does not exceed a sum not being more than one hundred and eighty rupees.
 - iii) Before the audit is taken up, the latest notification regarding the levy of the tax should be called for and verified. It should be satisfied that they are in accordance with the provisions of the Act. The Zonal Basic Values and Schedule of rates of taxation worked out may also be checked to find out their correctness if not already done, in previous audit.
- iv) The following registers and records are maintained:-
- a. Assessment list / Particulars furnished by the owner of the property.
 - b. Register of Demand and arrear demands.
 - c. Quinquennial revision lists.
 - d. Counterfoils of special notices
 - e. Register of Appeal
 - f. Adjustment Slip
 - g. Register of licenses issued for the construction, reconstruction of buildings.
 - h. Register of Receipt books.
 - i. Chalan Registers/Cash Collection Statement
 - j. Register of Cheques/Drafts/M.O.received
 - k. Cheque collection statement.
 - l. Register of writes off and remission.

The following preliminary checks should be exercised in audit:-

a) It should be seen that

1. Whether the demand has been raised for each half year.
2. The annual value has been rounded off to the next nearest 10 rupees and Property Tax rounded off to the nearest next rupee.
3. That where water supply and drainage tax is levied, at the rates fixed separately for each by council as declared in the notification published under section 80.

Note:: The water supply and drainage tax levied under section 81 (i) (b) of the Act should not be treated as taxes for two different purposes and the tax levied for one purpose may be utilized for the other.

- b) Waste lands should be assessed for property tax for general purposes as vacant lands at the rates fixed by Government , but exempted under section 117 of the Tamil Nadu District Municipalities Act, 1920 from water and drainage tax and scavenging tax.. (G.O. No. 571, Local Administration, dated 27th March 1956)
- c) That when the tax on lands is levied at a rate lower than in the case of buildings with reference to section 84, of the Act the rate is uniform on all lands;
- d) That the returns prescribed in Section 91 of the Tamil Nadu District Municipalities Act are obtained wherever necessary.
- e) That Education tax has been levied at 5% per annum on the Property Tax
- f) That Library cess is levied as per the norms.

Note 1-Provison to Rule 8 (2) of Schedule IV should be read with Rules 13 and 14 (3) *ibid*. Any correction in demand under Rule 13 or 27 will ordinarily take effect from the half year to which the assessment sought to be revised relates. But in the case of a revision petition or appeal thereon against an assessment made by the Executive Authority after the issue of the demand notice for the half year, the orders on the revision petition or appeal will have effect from the succeeding half-year.

(G.O. Ms. No. 3564, Local Administration dated 6th September 1932)

Note 2 The power of the Executive Authority under Rule 8 of Schedule IV to amend the tax books between one general revision and another includes the power to reduce the tax also.

Note 3 In respect of Municipalities newly constituted from 1st April 1948 Government have stated that it would be competent for the Municipalities to levy taxes from the commencement of the half year, i.e., from 1st April 1948, if the other conditions as to the liability to pay the taxes are satisfied and that it does not make any difference that the resolution determining the levy of the taxes and the requisite notifications are subsequent to the commencement of the half-year.

Note 4 Government consider that Rule 4 (i) of Schedule IV to the Tamil Nadu District Municipalities Act, 1920, gives power to a Municipal Council to amend the assessment books only in cases where any person or property has been inadequately assessed and that it does not confer on the Municipal Council any power to reduce the Assessment where it appears to the Municipal councils that any person or property has been excessively assessed. The Municipal Council can, however, reduce an assessment if it considers that there has been any clerical or arithmetical error. When the Commissioner brings to the notice of the Municipal council a case of inadequate assessment, the council can, even in the absence of representation from the assessee concerned while giving a direction under Rule 4 of Schedule IV to Tamil Nadu District Municipalities Act, 1920, reduce the rate of enhancement recommended by the Commissioner provided it does not reduce the assessment below the existing level. The Council can also, as already stated, reduce an assessment to rectify any clerical or arithmetical error in assessment books.

(G.O.No.1163/L-11/11/54-3, Local Administration, dated 21st April 1954)

Note 5 That the general revision is made once in every five years and when it has been made the rules regarding the preparation of assessment lists have been observed.

Note 6 The State Government have power to postpone the general revision or to stay the proceedings relating to general revision for one or more half years at a time but not exceeding seven half years. In such cases the State Government may direct that the proceedings for the general revision shall be either commenced denovo or continued from the stage at which the proceedings were stayed.

(G.O.Ms.No.1959 Rural Development and Local Administration, dated 10th August 1966, G.O.Ms.No.2377 Rural Development and Local Administration, dated 27th December 1967 and G.O.Ms.No.555, Rural Development and Local Administration, dated 26th March 1969)

Note 7 Quinquennial revision is a statutory duty of a local body and cannot be omitted to be done. This may have to be seen.

- g. That when assessment books have been prepared for the first time and whenever a general revision of such books has been completed, the public notice referred to in Rule 9, Schedule IV of the Act has been given.
- h. That in all other cases of revision made with reference to Rule 8(2) Schedule IV of the Act the special notice contemplated in Rule 10, schedule IV of the Act is issued and that where the revision is made after the issue of demand notice for the half year, effect is given to the revision only from the succeeding half-year subject to the provision of Rule 4 and the proviso under Rule 4(1) of Schedule IV of the Act.

The proposal of the Municipal Councils to increase the assessment should be a definite one, the terms of which should be ascertainable, with reasonable certainty. The Council should state what appears to it to be the increase in rent, etc. that would be taken as the basis for the increase in assessment. After a direction is issued by the Council the commissioner need not go through the procedure laid down under Rules 10 to 19 of schedule IV but need only calculate and demand the assessment on the basis and in the manner directed by the Council. Since, the Council issues the direction to the Executive Authority after hearing the case of the person concerned, no appeal will also lie to it.

(G.O.Ms.No.687, Local Administration, dated 3rd April 1952)

Power to assess in case of escape from assessment

Not with standing anything to the contrary contained in the act or the rules made there under, if for any reason any person liable to pay any of the taxes or fee leviable has escaped assessment in any half-year or year or has been assessed in any half-year or year at a rate lower than the rate at which he is assessable, or in the case of property tax, has not been duly assessed in any half-year or year consequent on the building or land concerned having escaped proper determination of its annual value, the commissioner may, at any time within 6 years from the date on which such person should have been assessed, serve on such person a notice assessing him to the tax or fee due and demanding payment thereof within fifteen days from the date of such service and the provisions of the act and the rules made thereunder shall so far as may be apply as if the assessment was made in the half-year or year to which the tax or fee relates.(vide-section-117/a TNM Act 1920)

Note Section 81(2) (i) of the Tamil Nadu District Municipalities Act 1920 contemplates the levy of vacant land tax only on vacant lands. Under section 176 of the said Act, the owner of the layout site should form and metal the streets or roads, construct culverts, etc. to provide street lights, etc., to the satisfaction of the Executive Authority. But in practice this is not done in most of the cases. Further, if the vacant site tax is levied on a portion of the site where dry crops have been raised, it will be questioned in a court of law as the levy has to be made according to the existing provisions of the said Act, with reference to its usage. In the circumstances stated above, it is considered that it may not be proper to assess the approved layouts for vacant site tax irrespective of the fact whether dry crops are raised there. If the site remains vacant, then it will be assessed for tax by the Executive Authority concerned as contemplated under Section 81 (2) (i) of the said Act.

(Government Letter No.12592M/7/78-17. Rural Development and Local Administration, dated 12th August 1980.)

11. ASSESSMENT OF PROPERTY TAX (SECTION 84 AND 85 of TNDM ACT-1920)

Property tax Demand for a half year is fixed on the basis of the previous half year demand. The first half year demand is fixed on 1st April and the second half year demand on first October of each financial year. The carpet area and usage of a building are taken into account for levying Property tax within the rates approved by the council subject to the maximum and minimum fixed by the Government.

Taxation to be uniform-(1) The rate of any class of property tax on lands when levied on their annual value (under section 81, sub-section (2) may be lower than the rate of the same class of property tax on buildings but either rate shall be uniform throughout the municipal area on all buildings or on all lands liable to be taxed on their annual value as the case may be:

The aggregate property tax leviable in the case of light houses, piers, wharves, jetties and passenger sheds, latrines, cart-stands, retiring rooms and platforms belonging to a railway administration shall not exceed 4 per cent of their annual value.

The rate of any class of property tax shall be uniform throughout the municipal area on all lands liable to be taxed on their capital value.

1. Property tax a first charge on property

The property tax on buildings and lands shall subject to the prior payment of land revenue, if any due to the Government thereon, be a first charge upon the said buildings or lands and upon the movable property, if any, found within or upon the same and belonging to the person liable to such tax.

For revised procedure of Assessment of property tax with effect from 1.10.93 refer.

CMA Circular ROC 4314/R1/92/14.5.93

For revised procedure of Assessment of property tax with effect from 1.10.98 refer

G.O.Ms.No.64 MAWS 24.4.98 and CMA Circular No.69517/97/R/1/1.9.98.

2. SALIENT FEATURES OF THE NEW SYSTEM OF ASSESSMENT:

1. The new system is based on the area linked unit value. The new system of assessment of property tax is rational, equitable and transparent . There is no discretion for the assessing Officer in the assessment and this ensures better acceptability and yield substantial revenue to the urban local body.
2. The property tax is measured on usage, location and structural characteristics (type of construction) with a concession for the age of the building.
3. The basic tax which will relate to the carpet area of the building and its usage is classified into 4- categories viz:
 - (a) Residential (b) Office and other institutional c) commercial and (d)Industrial.

Two additional levies, as percentages of basic tax, based on location, which is again classified into 3 categories viz

(a) arterial roads, bus -route roads leading to arterial roads and main roads,

(b) bus route roads other than specified in roads and streets in primarily residential colonies.

1. The second additional levy will be as a percentage of basic tax based on type of construction of the building which is classified into 4 categories viz (a) tiled and asbestos roof (b) reinforced concrete cement roof with cement flooring c) reinforced concrete cement roof with mosaic flooring partly or fully and (d) reinforced concrete roof with granite, ceramic tiles, marble flooring and walls partly or fully.

2. During Quinquennial revision a concession on basic property tax is allowed for calculating the property tax with reference to the age of the building, classified in to 3 groups viz(i) above 50 years (ii) and between 30 and 49 years (iii) and between 20 and 29 years. There is no concession for buildings aged below 20 years.
3. Government have prescribed the minimum and maximum of the rates per square foot for different usages as basic tax. The council has to determine the rate per square foot for each usage within the minimum and maximum prescribed.
4. Similarly, for additional levies also the minimum and maximum of percentages for different categories of locations and different categories of type of construction are also prescribed by Govt.
5. While fixing the basic tax, the council has to take into consideration the existing level of taxation of property tax and the funds required to maintain and improve the level of basic services in the respective local body. The council has to fix the percentage of additional levy on basic tax for each of the two categories. For reduction of tax for the three categories mentioned above, the minimum and maximum are prescribed by the Govt. and the council has to determine the actual percentage of reduction to be adopted as concession for the age of the building for different age groups. In addition to fixing the basic tax and additional levies for three categories and percentage of reduction for the age of the building, the council has to divide the entire town into four different locations for levying the additional basic tax on location basis.

6. 3) VACANT LANDS

- i) All vacant lands other than agricultural lands within urban areas have to be assessed for property tax. The rate of tax has to be determined by the council, within the minimum and maximum rates prescribed by the Govt. The vacant land tax consists of 2 components.
- ii) basic rate with reference to square feet. (ii) with reference to the additional levy based on the location of the vacant land similar to the additional levy for the location of the building.

These two components put together will be the vacant land tax per square foot. The excess vacant land appurtenant to the buildings over and above three times of the plinth area of the building are also liable for assessment to vacant land tax. The excess appurtenant land will be assessed and taxed along with the property tax.

- iii) The Owner or occupier of any building or land will have to file a return in the prescribed format to the municipality furnishing all the required information within 45 days from the date verified by the commissioner. If the owner or occupier fails to furnish the return within the time limit, the commissioner may authorise a municipal official not lower than a Junior Assistant to cause an inspection and make enquiry and furnish the data required for the return.
- iv) In the case of residential building, the return furnished by the Owner or Occupier will be accepted and assessment orders issued after verifying the correctness of arithmetical calculation and location classifications. 10% of the returns and assessment for residential buildings will be checked later on and if there are inaccuracies in the return, corrective measure will be taken by the commissioner within that half Year.
- v) In respect of returns for other categories of buildings, the commissioner will verify those buildings and pass an assessment order. In the case of quinquennial revision the assessment orders have to be served to all the assessees.
- vi) To verify whether all assessees have filed returns, the municipal commissioner shall verify the master list prepared in this connection and take action on the omissions, if any, both in respect of building and in respect of lands. For filing of false returns, a fine equal to 100% of the difference in the tax due shall be levied after giving 30 days time for hearing the assessee.
- vii) The council shall not reduce the rate of basic tax or additional levy or change of classification of roads and streets once fixed without the prior approval of the Government.

viii) Discount for the age of the buildings

1.	Up to 5 years	:	No discount
2.	From 5years to 15 years	:	10%
3.	From 15 years to 25 years	:	15%
4.	Above 25 years	:	20%

DISCOUNT FOR OWNER OCCUPIED RESIDENTIAL BUILDINGS 30%

ix) Discount for The Nature Of The Building :

1.	For RCC buildings	:	No discount
2.	For tiled /AC/GI	:	25%
3.	For thatched	:	50%

No discount for rented and commercial buildings.

[Commissioner of Municipal Administration Circular ROC.No: 572/98/R1/dated 28.10.99]

12) GENERAL REVISION OF PROPERTY TAX:

The General Revision is made once in five year as required under rule 8(1) of Schedule IV of the Tamil Nadu District Municipalities Act, 1920 and that when it is made the rules prescribed for the same have been observed.

Before General Revision, Assessment list will be prepared in the prescribed form from the current Demand Register showing particulars of existing assessments. The particulars for revision should then be filled by the staff under the direct supervision of the Revision Officer. The Executive Authority shall sign the Assessment list for each ward as soon as it is completed and shall certify to the correctness of the total amount of assessment as revised for each ward. A test check of the total in the revision list may be made.

The Special notices under rule 9 of the Schedule IV to the Tamil Nadu District Municipalities Act, 1920 should have been issued in the half-year preceding that in which the revised assessments are to take effect.

To ensure that the General Revision list has been prepared properly, a test check at random of the entries of the assessments from the Demand Register previous to the year of revision, may be made.

The Demand Register will be written with reference to the Revision list after taking into the revised assessments due to disposal of Revision petition received by that time. The total demand as per Demand Register and the General Revision list should agree

The revised ceiling fixed for enhancement of property tax has been indicated as follows: For the revision effected with effect from 1.10.98.

1.	Owner Occupied Residential Buildings	:	Enhancement should not exceed 25%
2.	Rented Residential Buildings	:	Enhancement should not exceed 50%
3.	Commercial buildings	:	Enhancement should not exceed 100%
4.	Industrial buildings	:	Existing ceiling 150% Retained.

[Commissioner of Municipal Administration circular Roc No.60752/98/R1/dated 31.12.98]

General revision of Property Tax w.e.f. 1.4.2008:

Government have issued orders for taking up general revision of Property Tax in all Municipal Corporations, Municipalities, III Grade Municipalities and Town Panchayats w.e.f. 1.4.2008 in G.O.Ms.No.150 MAWS (Election) Dept., dt. 12.11.2007 .

Guidelines for revision have been issued in Lr.No.38279/ELec.2006-2 MAWS Dept., dt.1.2.2008 by the Government. The following ceiling is fixed for enhancement to taxes consequent on the quinquennial revision of property tax w.e.f. 1.4.2008.

Residential buildings (whether owner occupied or rented)	25%
For Industrial buildings	100%
For commercial buildings	150%

Ceiling for buildings assessed in the post revision period

For buildings assessed after 1.10.2007	No revision
For the buildings assessed between:-	
1.4.2006 to 30.9.2006	5%
1.4.2005 to 31.3.2006	10%
1.4.2994 to 31.3.2005	15%
1.4.2003 to 31.3.2004	20%

Note: Lr.No.63012/2007/R1 dt.11.2.2008 of the CMA may also be referred

Zonal value cannot be revised

During the quinquennial revision of property tax on buildings effected from 1.10.93 and 1.10.98 detailed guidelines were issued in Commissioner of Municipal Administration Circular Roc.No.4314/93/R1dated.14.05.1993 and Roc.No.60572/98/R1 dated.3.9.98 for determining the basic value to ensure objectivity for assessing the buildings for arriving Annual Rental Value in the levy of property tax. The Basic Value would be determined in the District Zones. Wherever it was administratively feasible for dividing the towns, each zone would be having a distinct basic value, since the rental value may vary from one area to another within a town. Only after arriving at the basic value, the quinquennial revision should be carried out.

Government in letter No.39723/MA4/94 dated.28.12.98 have stated that the rates of zonal basic values are fixed in the Municipalities before the quinquennial revision of property tax on buildings, as per the provisions in the Tamil Nadu District Municipalities Act, 1920 and the above values should not be revised by the Municipal Council, after fixation.

Hence the basic value fixed should not be revised.

Municipality/Corporation cannot revise (particularly reduce) the rate of zonal basic value without Government approval.

(Commissioner of Municipal Administration Roc.No.51481/05/R1 dated.5.10.2005 and

CMA Lr.3395 / 2006 / R1 / 1.3.2006)

Central Government Buildings:-

- (1) The Central Government is liable to pay tax at the rates that prevailed on 31st March 1937. They have, however, agreed to pay with effect from 1st April 1948 increased municipal taxes due to an increase in the valuation of the properties, the rate of tax remaining the same. They are also not liable to pay tax in respect of improvements or additions to the buildings which existed on 1st April 1937. The valuation of the Government properties will have to be made as per instructions contained in G.O.Ms.No.1202, R.D & L.A dated 23rd June 1973 and G.O.Ms.No.1580, P.W., dated 11th October 1973 communicated in Government Memorandum 35569/M.II/73-3 R.D & L.A., dated 6th February 1974.

2) Service Charges:

The service charges payable in respect of the Central Government properties should be calculated in the following manner.

1. In respect of isolated Central Government properties where all services are availed of by the department, the service charge payable will be equivalent to 75 per cent of the property tax realized.
2. In case of large and compact colonies which are self – sufficient with regard to services or where some of the services are being provided by the Department themselves, the service charge will be collected as follows:
 - a. In the case of colonies which do not directly avail themselves of civil services within the area and are self – sufficient in all respect, the payment of service charges will be restricted to 31 1/3 per cent of the normal rate of property tax applicable to private properties. In respect of colonies where only a partial use of the services is made, service charges will be paid at 50 per cent of the normal property tax rate.
 - b. In respect of colonies, where all the services provided by the Municipalities to other residents are availed of, service charges will be paid at 75 per cent of the property tax rate realized from private individuals.
3. The net ratable annual values for the purpose of these instructions shall be 9 percent of the capital value of the property concerned.
4. As per G.O.Ms.No. 1202, RD & LA, dt 23rd June 1963 and G.O.Ms.No.1272, RD & LA, dt 4th July 1978, the vacant lands belonging to Central Govt., Departments are exempted from vacant site tax as no services are being rendered by the Municipalities.

(Govt., Letter No.86295/M7/79-4, RD and LA Department dated 6th February 1980)

RAILWAY PROPERTIES:-

In respect of railway properties the liability to pay Municipal tax is only at the rates which prevailed before 1st April 1937, in respect of properties then existent and declared liable. The Central Government has, however, agreed to pay increased municipal taxes with effect from 1st April 1948 due to the increase in valuation of the properties the rate of tax remaining the same. No tax is payable in respect of improvement or additions to the buildings existed on 1st April 1937 or 26th January 1950.

The mode of valuation of the property is given in G.O. 1202, Rural Development and Local Administration dated 23rd June 1973.

1) Service Charges: -

	Water Supply and Drainage	
a.	Where the Railway administration derives no direct benefit	1/3 of the Tax.
b.	Where the benefit derived is only partial	1 / 2 of the Tax.
c.	Where full benefit is derived	Full Tax.

13) SCAVENGING TAX:

- a. Where Railway administration has made sufficient arrangements of its own for the daily removal of the filth – No tax.
- b. Where arrangements have been made for removal by the Municipality – Half of the tax.

14) LIGHTING TAX:

- a. Where the Railway administration does not take power from the local authority for lighting or where the roads leading to the station are also not lit by the Municipalities-No tax.
- b. Where the Railway does not take power from the municipality but the roads leading to the station are lit by the municipality-Half of the tax.
- c. Where the Railway takes power from the Municipality-Full tax in addition to energy charges.

Note 1- No service charges are payable in respect of vacant lands of Central Government or Railway properties.

Note 2 - When a Panchayat is upgraded as a Municipality, the notification enabling the Railways to pay Property Tax to the upgraded Municipality should be issued by the Government of India, Ministry of Railways under sub – section (1) of section 3 of Central Act XXV of 1941 for the purpose of levy of Property Tax on Railway Buildings by the upgraded Municipality. The Central Government (Railway Department) is liable to pay such local taxes as were being paid before 26th January 1950. If the legislation, under which a tax is payable in terms of Clause(2) of Article 285, is replaced and is enacted by the fresh legislation, the pre-existing tax on property will continue to be payable only if the nature or character “of the tax remain” the same. When a Panchayat is upgraded as Municipality, the nature and character of the tax proposed by the Municipality have changed and hence the Government of India cannot be legally expected to issue any notification enabling the Railways to pay Property Tax to the Municipality. In the circumstances no property tax is payable by the Railways. However, Railways are liable to pay service charges to the Municipality.

(Govt. Memorandum No.56949/M7/76-4,Rural Development and Local Administration dated 21.09.1976.)

Military Buildings

- i. that in the case of military buildings the present cost of erecting the building and the amount to be deducted from such cost on account of depreciation have been worked out by the garrison engineer and sent through the Military Estate officer, Madras Circle, and that the value of the land occupied by or appurtenant to the building is fixed by a Committee consisting of the Collector of the District, the Military Estates Officer, Madras Circle. and the Executive Authority.
- ii. that the annual value, capital value and or the rate of tax on the basis of rent are correctly calculated with reference to section 82 and 84 of the Act;

Note 1 - The calculation may be checked in a few cases here and there.

Note 2 - The annual value of a building should be calculated on the rent it is expected to fetch from month to month or year to year and not on the actual rent received during a portion of a year. If the building was in existence only for three months in a year the rent actually realized for the period cannot be spread over the twelve months in arriving at the annual rent.

(High Court Judgement communicated with G.O.Ms.No.2278,L&M., dated 27th May 1926)

Note 3 - Every single building owned by a person should be assessed as a whole and should not be split up for purpose of assessment even though the different portions have separate access.

(G.O.Ms.No.344, Local Administration, dated 15th March 1955.)

- iii. that exemptions are granted only in cases authorized by section 83 of the Act.
Municipal Council is competent under section 83(4) to exempt from payment of scavenging tax.
(Govt. Memo N0.21083/M7/69, Rural Development and Local Administration, dated 16th March 1970.)
- xiv) the following instructions have been issued by Government from time to time relating to liability of properties to tax:-
 - a. Bunks on road margins and stalls which are easily movable and for which the local bodies charge fee from year to year are not buildings. A tent is not a building within the meaning of section 3 (3) of the T.N. District Municipalities Act.

- b. Sheds are buildings within the meaning of section 3 (3) of the Act and are liable to tax. Electrical fittings installed by a landlord become part of the premises by the tenant. They are not 'machinery' for the purpose of section 82 (2).
- c. Uncovered railway platforms do not fall within the definition of buildings. They should be assessed as lands on the basis of their annual value.
- d. Levy of property tax on electric poles and wires is inadmissible.
- e. Culverts and approach roads in a compound form part of the lands and should be assessed along with them. Wells are not buildings, but in valuing the land, in which they are situated, they should be taken into account for purposes of assessment.
- f. Among railway properties, wells including loco-wells, loading banks, ash pits, foot-bridges, over-bridges, weigh-bridge, pits and thorough pit, and steel fences not exceeding 8 feet are not buildings.
- g. After the amendment of section 83 in 1939 properties enumerated in clauses (a), (c) and (e) of sub section (1) are not exempt if they are in receipt of rent. This amendment has effect from the first half of 1939-40.
- h. Meter rooms attached to Government hospitals are exempted.
(G.O.Ms.No.1509,Local Administration, dated 2nd June 1941)
- i. wardens' quarters attached to hostels are exempted.
G.O.Ms.No.1509/Local Administration dated 02.06.1941)
- j. Playgrounds attached to Educational institutions are exempted unless rent is payable by the institution concerned.
- k. The portion of the choultry occupied by its owners for the purpose of looking after the portion used as choultry may be regarded as forming integral part of the choultry as such occupation would be necessary for the proper administration of the choultry and the entire choultry should therefore be regarded as exempt from the property tax.
- l. The cattle sheds are held liable for property tax.

(Memo No.98023/62/68-8,Rural Development and Local Administration, dated 31st July 1970)
- m. The properties of the Tamil Nadu State Housing Board should be assessed to property tax in accordance with the proviso to section 82(2) of the TN. District Municipalities Act, 1920 or section 82(2) of the TN. District Municipalities Act, 1920 according to the ownership of the properties being vested with the Government (or) Tamil Nadu Housing Board. In other words the annual value of the properties is to be deemed as 6 per cent of the estimated value of the land and building if ownership vested with the Government and on the basis of the rental value fixed with reference to the value of the similar properties in the area of owned by Tamil Nadu Housing Board.
(G.O.Ms.No.2588, Rural Development and Local Administration, dated 24th December 1970.)
- n. The Executive Authority of a Municipality may assess the buildings belonging to state government and Port Trust provisionally on his own valuation if they are assessed for the first time and in accordance with the existing valuation in other cases without waiting for finalization of Quinquennial revision (Memo. No.156480/MVII/68-7, Rural Development and Local Administration, dated 4th January 1969.)
- o. Bunks and stalls of private parties on Railway properties are assessable for property tax.

(Government Memorandum No.154641, Rural Development and Local Administration dated 7th April 1962.)
- p. The cattle sheds of Dairy Development Depot in the Madhavaram Township Committee will fall under the term "building" and are liable for property tax.

(Government Memorandum No.136140/A8-M-U/79-5, Rural Development and Local Administration, dated 18th December 1974.)
- q. Veterinary Dispensary buildings are exempted from property Tax.

- r. Buildings of Tamil Nadu Ware Housing Corporation should be assessed for property tax on annual rental value basis under sub – section (2) of section 82of the Act.

(G.O.Ms.No.1755,Rural Development and Local Administration, dated 31st August 1968)

(G.O. Ms. No.1334, Rural Development and Local Administration, dated 30th June 1972)

- s. Khadi Buildings are not exempted from property Tax.

(Government Memorandum No.79935/F1/63-1,Rural Development and Local Administration, dated 30th April 1963)

- t. Annual Rental Value of private Lodging Houses and Tourist Bungalows of the Tamil Nadu Tourism Development Corporation should be assessed in the manner prescribed in Government Lr.No.D.o.No.84751/M7/68-6, Rural Development and Local Administration, dated 27th March 1969. However, this formula becomes obsolete, when the tax is assessed on square foot basis.

- u. The buildings which are exclusively used for vedapadasala but not taken on rent are exempted from liability of property tax.

(Government Letter No.95902/M7/76-4. Rural Development and Local Administration, dated 2nd September 1976)

- v. If stadium owned by private bodies are open to the public free of charge, they are exempted from property tax under section 83 (i) (c) of the Act. If they are not thrown open to public free of charge, they will not attract exemption under section 83 (i) (c) of the Act.

(Government Letter No.59602/M7/76-14, Rural Development and Local Administration dated 3rd October 1977)

- w. All Buildings in the Agricultural Research Stations and institutions now functioning under the control of the Tamil Nadu Agricultural University and those to be started by it or transferred to its control in future and which are used for research and educational purpose are exempt from payment of House Tax and Property Tax as the case may be to the village and town panchayat and municipalities provided that rent is not payable by the person or persons using them for the said purposes.

(G.O.Ms.No.1535, RD & LA, dt: 26-9-1979, read with Govt.Lr.15832/C2/84-2, RD, dt: 15-5-84)

Note- The above concession has been withdrawn as per G.O .440, M.A. & W.S., dt 26-4-88.

- V) As regards the lending libraries the question of exemption from payment of property tax will not arise so long as fees subscription is being collected from the users.

(Government Letter No.140385/M7/79/Rural Development and Local Administration, dated 11th February 1980)

- Vi) Government have held that properties of the India Life and General Assurance Society Limited held by the Life Insurance Corporation of India should be treated as the properties of the Corporation and not those of the Union of India and hence they are not entitled for exemption from all taxes imposed by the State or any institution within a state under Article 285 (1) of the constitution of India.

(G. O. Ms, NO. 582, Local Administration dated 9th April 1957)

- Vii) All the Executive Authorities of Urban Local Bodies are requested to levy property tax for residential quarters of educational institutions. (Excluding hostels) and commercial buildings within the campus like kalyana mandapam, Automatic Teller machine, shops, canteen, etc.,

- Viii) On a point raised for clarification as to whether the components of property tax i.e. Education Tax and Library Cess can be rounded off to the nearest 10 paise with reference to G.O.Ms.No.1195 RD & LA dt.29-6-81, the Government have observed that TN .Education .Act 1920 and T.N .Public Libraries Act 1948 do not provide for collection of Taxes towards the Education Tax and Library Cess anything over and above what is prescribed under the relevant Accounts and have the collections of Education Tax in excess of the percentage maintained in the second provisions to section 35 of TNEE Act 1920 is illegal.

(Letter No.16047/M6/83-9, dated 13-3-84 from the Secretary to Government RD & LA Department addressed to the Examiner of Local Fund Accounts.)

Considering the financial position of the Municipalities the request of the Ex-servicemen to exempt the land for levy of tax occupied by Ex-servicemen and other legal heirs has been rejected by the Government.

(G.O.Ms.No.503, M.A.&W.S/Department Dated 9-7-1987)

Note: It should be seen that a list of buildings and lands which are exempt from property tax is maintained in the Municipal office and that the Executive Authority has reviewed it in April every year and affixed a certificate in it whether all the buildings and lands mentioned in it continue to be entitled to exemption from property tax:

- ix. In the case of property tax levied on lands the maximum rates fixed by Government for assessment on a basis other than the annual value (or on their extent) but on their annual value only;
- x. the railway lands are not assessed on their capital value (or on their extent) but on their annual value only;
- xi. the valuation of Government vacant lands is fixed by a committee consisting of the Collector, the Executive Authority and the District Forest Officer, Garrison Engineer or the Executive Engineer, as the case may be, which should meet at the time of every general revision
- xii. Temporary structures put up in Municipal lands during exhibit are liable to tax.

(Government Memo.No.185535/M6/65-6, Rural Development and Local Administration, dated 19th August 1965.)

Note 1 - Buildings exempted under section 117 of TN District Municipalities Act, 1920 are not exempted from the payment of library cess.

(Government Memo .No.117680/63-11/Rural Development and Administration, dated 8th April 1969)

Note 2 - Buildings situated within Temple premises and used as store – room for keeping paddy and other articles to be included in the place set apart for worship are exempted from payment of tax.

(Government Memo. No. 117680/M1/67-11, Rural Development and local Administration, dated 29th January 1968.)

Note 3- Exemption under section 117 of the Act should not be granted on the ground that the profits derived from the building of the Educational institutions are utilized for fostering education such as purchase of reference books, etc., because all privately managed institutions are by and large receiving Government – aids for carrying out educational activities and there is no item of expenditure incurred by the educational institutions which has been left out of the purview of Government's assistance and as such the real burden of tax on the privately managed educational institution is borne by the Government though indirectly. The collectors should take note of the above position while passing orders exempting any educational institution from payment of property tax.

(Government Memorandum No.33192/M7/76-15, Rural Development and Local Administration, dated 18th April 1977.)

Note-4. The Amendment Act No 42 of 1994 amending Section 83 of the T.N.,DM Act Providing exemption from property tax for Buildings used for education purpose including hostels attached thereto, Public buildings and places used for charitable purpose.

Refer:- T.N. Govt. Gazette Extraordinary on 30.6.94. The Amendment has been given effect from 18.10.90.

ASSESSMENT OF TELECOM AND BSNL BUILDINGS/PUBLIC SECTOR COMPANY

As per the notes on Article 285 of the Constitution of India, Property owned by Union Government company or a statutory Corporation, Which has corporate personality of its own, cannot be said to be property of the Government of India and may therefore, be liable to Taxation. Hence all the property owned by statutory corporations like Bharat Sanchar Nigam Limited, Bharat Heavy Electricals Limited, Indian Airlines, etc. for levy of property tax as they cannot claim exemption on the ground that their properties are of the Central Government.

(Commissioner of Municipal Administration Lr.RocNo.60804/05/R1/dated 14.10.2005.)

The Towers erected for Telecommunication by various I.T. Companies are all subject to levy of property tax. Hence all the Executive Authorities are directed to assess the Towers erected by the Companies without any omission.

15) PROPERTY TAX DEMAND REGISTER:-

- i) that the total demand has been worked out at the beginning of the half-year and agreed with reference to the demand of the previous half-year after allowing for the alterations made during the half-year. if a general revision has been given effect to during half-year the total demand should be verified with the total of assessment lists.
- ii) that monthly lists of new cases or improvements are received for each month and each ward and nil statements given where there are no cases and that if the list contain more than one page they are page numbered to prevent any possible removal of any page.

(vide also article 4 to 6 of municipal manual volume ii – part i)

- iii) after ensuring the receipt of monthly lists, it should be seen that effect is given for all cases of revision promptly and taken to demand register. the cases in the monthly list relating to the period of audit which have not been given effect to within the period of audit should be detailed in the audit notes to watch further action and for guidance to subsequent audit.

Note : The alterations of assessments in the demand Register due to orders on revision or appeal petition should be made in red ink under the initials of the executive Authority. This should be verified and omission commented upon Art,4-26 of Municipal Manual Volume II part I.

To ensure that alterations effected in the Demand register are genuine, the Executive authorities of Municipal Councils and Township committees should verify the entries with reference to the bills and connected papers and attest every such correction. The Executive Authorities should also certify that the property tax demand register at the end of every half year to the effect that the alterations in the property tax demands were duly verified with reference to the connected papers and found correct and that the alterations have been correspondingly carried out wherever necessary. In the case of big municipalities where there are revenue Officers, this work should be attended to by the Revenue Officers, and the Commissioners should conduct monthly test check of not less than 5 per cent and affix their dated initials in a memorandum of Inspection pasted on the cover pages of Demand register.

- (i) In regard to retrospective revision of rates, it should be seen that besides verification of the revised assessments in the demand Register, that the difference of taxes is written in the Arrear Demand Register also and added to the Arrear Demand.
- (ii) that the demand registers are written in time and the demand notices issued between 16th to 30th April in the case of 1st half year and 16th to 31st October in the case of II Half Year.
- (iii) that warrant numbers are noted in the appropriate columns and the balances are correctly carried over to the arrear Demand Register.
- (iv) that the total demand and arrear demand as shown in the abstracts at the end of the registers are written both in words and figures and certified by the Executive Authority after reconciliation with the assessment list or the demand or the arrear demand Register as the case may be.
- v) The postings of collections made in the Demand or arrear demand register should be checked as per instructions given in paragraph 10 and the Demand Collection balance arrived at the end of the registers checked, and the total of the collections agreed to with the totals in the Accounts and Ledger. In case of computerised DCB Abstract to be prepared from ward wise total and Final abstract to be prepared and authenticated by Commissioner/Executive Officer and checked in the same manner as detailed above.

Note: Due to computerisation of demand maintenance of Demand/arrear Demand Register are being dispensed within a phased manner. As per the existing procedure after computerisation, the arrear demand and current demand are computerised and collection watched through Computer. The balance at the end of the financial year arrived at while finalising the DCB.

- vi) While auditing the vacant site tax the Register of layout maintained in the Town Planning Section should be called for and verified to see that all the agricultural lands converted into sites are assessed as vacant lands at market value and at the time of transfer of assessment such deed by sale, the sale value taken into account as market value and enhancement of vacant land tax effected in respect of other vacant sites remaining unsold on that date.

16. PROPERTY TAX ACCOUNTING

Under the accrual system of accounting, the following records are maintained in the accounting of property tax.

1. Demand Register/Arrear Demand Register (computerized)
2. Monthly Assessment register (Monthly list in book form)
3. property tax adjustment slips (MCF 11)
4. Intimation to the Assesses, for new Assessments (special notice)
5. Remittance challans / Computer receipts
6. Demand Collection, Balance statement
7. Vacancy Remission statement
8. Tax reduction on appeal statement
9. Change in Tax amount on court direction-statement
10. Statement of Assessments written-off
11. General Journal vouchers.

The components of the Property tax should be accounted for in the appropriate fund as under.

<u>Component</u>	<u>Fund in which accounted.</u>
Tax for General Purpose	Revenue Fund
Water supply and drainage tax	Water supply and drainage fund
Education tax	Elementary Education Fund
Library Cess	This is just collected and paid to LLA. Hence this is accounted as a liability. This is not the income of the Municipality.

The important aspects that should be taken care of, are detailed below:

1. Annual value of the properties should be rounded off to the next nearest 10-rupees.
2. Property Tax should be rounded off to the next nearest Rupee.
3. Penalty and service charges as fixed by the Council should be charged for each dishonoured cheque and collected
4. Uniform levy of 5% towards Education Tax is to be charged on the Property Tax value annually.
5. All adjustments, enhancements, reductions, vacancy remissions etc. should be intimated to the Accounts Cell through serially numbered "Property Tax Adjustment Slips (MCF-11)" kept in a book form with pre-printed serial numbers in order to create "recoverable"- Assets in the cases of all enhancements and to reductions "the recoverables in other cases. By this, the maintenance of the Mutation Register is dispensed with.

17. PROPERTY TAX ASSESSMENT:-

- a. The property tax is to be revised / assessed as the case may be on the buildings and vacant lands within the Municipal Limits on half yearly basis with reference to prescribed formula given below:

Property Tax Assessment Sheet

1. Ward No.& Location
2. Door No.& Street name
3. Owner's Name
- 4 (i) Assessment No
- (ii) Present Half Yearly Tax
5. Total Area of the Building
 - (i) R.C.C
 - (ii) Tiled/AC/GI
 - (iii) Thatched
6. Use of the Building
 - (i) Owner occupied Residence
 - (ii) Rental Residence
 - (iii) Industrial
 - (iv) commercial
7. Age of the Building
8. Zone
9. Zonal Basic value
10. Monthly Rental Value
 - (i) Residence (Col.5XCol.9)
 - (ii) Industrial ((Col.5XCol.9)X2)
 - (iii) Commercial ((Col.5X Col.9)X3)
11. Annual Rental Value (12 XCol.10)
12. Land Value out of Col.11($1/6^{\text{th}}$ or $1/3^{\text{rd}}$ of ARV (Col.11) as adopted)
13. Building Value out of Col.11(Col.11(-) Col.12)
14. 10% of Building value for maintenance (10% of Col.13)
15. Building Value after depreciation
16. Annual Value ((Col.15(+)) Col.12))
17. Discount for age (Col.16 X Allowed percentage)
- 17 (a) Deduction for own Building (30% X col.15)
18. Discount for nature of building (Col.16X Allowed percentage)

	RCC	Nil
(i)	Tiled /AC	25%
(ii)	Thatched	50%
19. Net annual value (Col.15(-))(16+17)
20. Half yearly Property Tax

- i) Property Tax (Col.18X rate of property tax)
- ii) Library Cess 10% of Col.19(i)
- iii) Education Tax (where levied)
(Col.18X Rate of Education Tax)
- iv) Total {Col.(i)+(ii)+(iii)}

CHANGES IN ASSESSMENT : REDUCTION IN TAX DUE :

- 1.(a) There will be two occasions to reduce the assessment amount.
 - i) Reduction by the Taxation Appeal committee (TAC) on appeal.
 - ii) Reduction on court direction

The changes, so ordered, have to be given effect in the existing Demand by preparing Property Tax adjustment slips (MCF-11) and GJVs there for.

(Xiii) There may be clear cases of excess collection of petty amounts which could not be adjusted to the next half-year's tax nor could it be worth refunding to the parties concerned. The excess amount so collected, should be brought under Property Tax "Excess Remittance A/c" (Account code No: 1005). By this procedure, the demand is updated.

18. COLLECTION SYSTEM.

PROPERTY TAX COLLECTIONS ARE TO BE MADE BY THE FOLLOWING METHODS

1. Collection is done in the treasury functioning in the collection centres by cash through the collection register chalan Register/ Computerised receipt.
2. Collection by cash in the Treasury functioning at the Central Office/Computerised.
3. Collection through cheques / Demand Drafts obtained by the Revenue Assistants/ the collection centres /Treasury and routed through the Computerised receipt and Register of Cheques Received.
4. Collection i.e. Remittance in cash./ cheque ./ D.D.s by the assessee themselves at the bank branches where arrangements with the Banks for accepting Property Tax are made and entire transaction computerised.
5. On-line collection through authorised banks.

NOTE: (a) Separate bank remittance challans (pay-in-slips) should be prepared by the shroff for remittance of cash into the bank in three account numbers for the above three funds.

(B) The very purpose of prescribing three separate remittances into the three fund accounts, at the remittances stage itself, is to ensure that water supply and drainage tax are accounted in the water supply and drainage fund account and education tax accounted in the education fund account only.

1. In the first challan, the Property Tax and other Taxes and fees etc., relating to the Revenue Fund as per the Chitta will be included.
2. In the second challan, Water supply & Drainage Tax as per the Chitta will be shown.
3. In the third challan the education tax as per the chitta will be remitted to the Education Fund A./c

Collections through cheques/DDs.received and entered in the Register of cheques received:

- a. The cheques / DDs will be deposited into the Collection bank Revenue Fund after recording the details in the daily cheque collection statement(MCF-10). The cheques will be realised after a reasonable time and given credit in the bank scroll. So the other components of the Property tax are to be accommodated in the Revenue Fund only at the initial stage, by preparing a BRV for cheques.
- b. At the end of the month, such collections through banks as recorded in the General Ledger should be totalled. It should be ensured that all cheques deposited were realised and the amounts covered by them given credits in the bank passbook/ scroll. The amounts available on the credit side of the accounts in the General Ledger under Code

Nos. 4041 &4042 and 4142 &4142 shall be drawn by two separate cheques by preparing a BPV, debiting the amounts to the above two accounts for being credited to the Water Supply & Drainage and Education Funds in Code Nos. Ws-3013, 3019, EE 3016 and 3020 respectively before 10th of next month.

Collection Through Banks:

- (i) In some places, the property tax collections are received from the tax payers direct by the banks maintaining the collection account of the Municipality. It is called "Link Bank". The link banks may arrange to collect the taxes through their branches within the municipal limits. Such other branches of the bank are called collection bank branches.

All the Collection Bank Branches should prepare and send the Daily Collection Statement in the prescribed form (MCF-9), indicating chronological collection of Property Tax, along with the receipted copies of the remittance chalangans to the LINK BANK. In turn, the LINK BANK should send such statements received from the above collection Bank Branches, to the Accounts cell (Compilation Section) of the municipal Office. In case of no transfer of collection to the LINK BANK, the respective Bank or Banks themselves should send the above mentioned statement to the accounts cell of the Main Office for compilation, verification and validation.

NOTE : Wherever the system of collections through collection centres is adopted, the Collection centres should receive all items of revenue except those cases which are not decentralized like Annual leases, Rent of buildings and shops etc. In other words, the collection centres functioning in the municipal limits should receive all items of receipts.

2. The property Tax only will be directly remitted by the Tax payers at the authorised bank branches.
3. To account for the property tax collections through bank, in places where arrangements with the bank were made to receive the tax directly from the tax payer through pre-prepared chalan, a BRV has to be prepared by listing out all credits given by the bank with receipted chalangans.
4. The Water supply & Drainage Tax part of total tax collection, will be passed on to the Water Supply and Drainage Fund Account by issue of cheque every month, by debiting to Code No. 4041 after preparing a BPV before 10th of next month.
5. The Education Tax part of total tax collection, will be passed on to the Education Fund Account by issue of cheque every month by debiting to Code No. 4042 after preparing a BPV before 10th of next month.

Collection of Property Tax, rent etc., by adjustment in the Treasury.

1. Most of the State government Departments pay the Property Tax, by presenting their contingent bills in the Treasury by debiting the expenditure to their departmental head of Account and crediting the Property Tax to the Municipal Account, by enclosing a triplicate chalan.
2. On receipt of remittance chalan (Triplicate copy) and /or receipt of details of credit from the concerned Government Department or on receipt of Treasury Scroll, BRV has to be prepared and entry made in the Receipts Book.

19. ACCOUNTING OF PROPERTY TAX COLLECTION

a) DISHONOURED CHEQUES:

1. When a cheque is given by the tax payer it is entered in the Register of cheques received and then deposited into the bank. When it is found dishonoured, the Collection Bank should stamp "Dishonoured" vide Advice No ----- across the cheques and return to the Municipal Office concerned. The Bank should also prepare a statement of "Dishonoured Cheques" every fortnight with the following particulars if an agreement with the collection bank is entered into as such.
 - a. Tax payer's Assessment number, Division number and Bill number.
 - b. Cheques number and Date.
 - c. Bank on which it is drawn.
 - d. Amount.
 - e. Reasons for Dishonour .

2. On receipt of the above statement from the collection bank, the compilation section should check the entries in the Statement of Dishonoured cheques with the individual cheques, enter them in the Register of dishonoured cheques (MCF-12) and then forward the statement to the Revenue branch where the demand register is maintained and the collections are posted, to take further action, to collect the amount within time. Necessary entries regarding dishonour should be made in the register of cheques against the SI. No. concerned.
3. As the dishonoured cheque amounts do not find place in the bank branch daily collection statement, in respect of cheques presented directly by the parties at the Bank, no accounting entries are to be passed (included in the daily collection statement only, on realisation of cheques). In the case of computerised collection, when the cheque is dis-honoured, the entry should be deleted in the computer.
4. A bank payment voucher has to be prepared in triplicate with specific endorsement "Not Payable" for each of the cheques by noting the serial number of the register of dishonoured cheques.

It becomes necessary for the simple reason that the amounts covered by such dishonoured cheques have already been brought to account in the Receipts Book as income, through BRV for cheque collections.

The credit taken in the Receipts Book for such cheques initially, could not be set right by means of GJV as no journal entries will find place in the Receipts Book and Payments Book which will reflect only the transaction with the Bank. Hence, the BPV is necessary though no payment is involved.

5. After approval of BPV, the SI No. in the Register of dishonoured cheques should be noted on the back of those cheques and then the cheques filed serially. They should not be returned to the party but filed in the Account Cell. It should be retained in the Accounts Cell, till the amount covered by each such cheque is collected in cash or by DD with a penalty in each case as fixed by the council. The SI No should also be noted against the original entries for collection of such cheques in the Register of Cheques received and simultaneously posting details of BPV under the debit shown in the Receipts Book.
6. The same procedure is applicable for similar dishonoured cheques under other account heads of income.
7. The Bank debits towards service charges for dishonoured cheques are found in the bank Scroll. The amount so charged has to be unnecessarily met by the Municipality. Bank charges and penalty charges towards dishonoured cheques need to be collected from the parties concerned.

b) ACCOUNTING OF PROPERTY TAX ADJUSTMENTS ENHANCEMENTS, REDUCTIONS, NEW ASSESSMENTS, VACANCY REMISSIONS, ETC.

1. On arriving at the total amount to be adjusted due to increase/decrease on account of enhancement, reduction, vacancy remission etc. Property Tax adjustment slips (MCF-11) with GJV in duplicate are to be prepared for the total amount of adjustments, every month by the Revenue Officer. Then the GJV should be forwarded to the Accounts Cell, for accounting. One copy of the GJV is to be returned to the Revenue Department for making necessary additions in respect of new assessments/ enhancements and for revising the demand in respect of reductions in the demand register.

c) PROPERTY TAX ADJUSTMENT SLIP

The property tax adjustment slip in the prescribed form shall be used for new assessment of property tax and enhancement, ordered on spot Verification on the monthly lists and self assessment reports of the house owner, and reduction on appeal/ court verdict and also Vacancy Remission sanctioned. Individual slips shall be used for each assessment. All such slips duly signed by the Executive Officer shall be consolidated and abstract prepared for a month and based on such an abstract a GJV shall be prepared for the increase/ decrease in demand and accounted in the 'General Ledger through the Journal Book, by Corresponding noting of the increase / decrease in the demand/ Arrear demand.

20) PROFESSION TAX

Municipal Council shall levy a profession tax in accordance with T.N.Tax on profession, Trades, Callings and Employments Act, 1992 (T.N.Act. 24 of 1992)

Section 78 of the Tamil Nadu District Municipality Act 1920 under which the profession tax is levied had been repealed consequent on the introduction of the Tamil Nadu Tax of Profession, Trades, Callings and Employments Act 1992 (Tamil Nadu Act 24/1992)

Rules and Section 29 of the said Act have also been framed and published in G.O.Ms.No.229, M.A. & W.S. Department, dated 11th September 1992.

The following Register and returns, etc., are to be maintained.

1. Application for Registration in Form No.1
2. List of Government Offices.
3. Register of Registration.
4. Register of Enrolment.
5. Demand Register with reference to Register of Registration/Enrolment.
6. Arrear Demand Register
7. Register of Write off
8. Register of Appeals.
9. Register of Prosecution
10. Half yearly return cum-chalan in Form No. VII
11. Order of Assessment of an employee form No IX
12. Return in respect of Central/ State Government Officers/Employees regarding recovery of tax for the Half Year ending September/March in Form No.XI
13. Chalan in Form No.XII
14. Notice of hearing to person who has failed to get himself enrolled in Form No.XIII

B. The following audit checks are to be exercised:

1. Whether the sanction of the council has been obtained for the levy and the adoption of the rate of Profession Tax with effect from 1.4.92 and whether all formalities have been observed such as publication in Dailies, District Gazette, etc.,
2. Whether all the persons entitled for Registration have been registered and any cancellation of such registration done by the Executive authority after satisfying that the employer to whom such registration was granted has ceased to be an employer.
3. Whether a fee of Rs.5 (Rupees five only) has been collected for issue of duplicate copy of certificate of registration/enrollment;
4. Whether the Executive authority has given a public notice every year in the months of April/October by publication in the local newspapers having wide circulation directing all persons liable to pay tax under the Act to get themselves registered or enrolled, as the case may be, and to furnish returns and pay the tax according to the provisions of the Act and the Rules.
5. Whether proper demand has been arrived at towards profession tax as per each certificate of registration Enrolment and whether the Employer has furnished monthly returns on or before the last day of every month showing the salaries and wages paid and the profession tax deducted thereon;

6. Whether action has been taken against the defaulters according to the provisions of the Act and penalty imposed for such defaults.
7. Whether the drawing and disbursing officers of Central/State Government have rendered statement of accounts showing the details of deductions made from each employee and the remittances made thereof;
8. Whether the refund of tax, penalty, interest and fees (if any) due to a person is supported by proper sanction of the Executive Authority.
9. Whether the arrears of tax, if any, have been entered in the Register of Arrear Demand Register; and
10. Whether copying fee @ Rs.5 for the first copy and @ Rs.2 for every additional copy has been collected in the form of treasury chalangans for all cases of grant of certified copies of documents.
11. Whether an appeal under Section 16 of the Act has been made in Form No. XV and whether it has been presented to the appropriate appellate authority within 15 days of the receipt of the order of decision of the Executive authority as the case may be.

Government have instructed to make compulsory revision of Profession Tax once in five years within the minimum / maximum rate fixed.

Government have held that the following classes of persons or income are not liable to the tax:-

1- Income from lands and houses situated within or without the Municipal area.

(G.O.Ms.No. 362 L & M., dated 28th January 1932 and No 1020, L & M., dated 16th March 1932).

2- Stipends

(G.O.Ms. 1306 L & M., dated 18th 1925)

3- Income earned by Government Commercial Departments.

(G.O.Ms.No. 3498. L&M., dated 25th September 1925)

4- Clothing and messing allowance to military officers and soldiers.

(G.O.Ms.No.915 L & M., dated 23 February 1934)

5- Advance of pay and allowances.

(G.O.Ms.No. 1642 L & M., dated 5th April 1934)

6- A member of Lok Sabha or Rajya Sabha or Legislative Assembly or Council is not liable to pay profession tax.

(G.O.Ms.No.315, Rural Development and Administration dated 9th February 1962)

7- Rewards given to customs officials.

(G.O.Ms.No. 2888, Local Administration, dated 21st July 1939.)

8- Remuneration given to Examiners of Universities.

(G.O.Ms.No. 1904 Local Administration dated 25th May 1940.)

9- Statutory fees levied by Market Committees.

G.O.Ms.No.4290, Local Administration, dated 18th December 1940

10- Provident Fund Amount

(G.O.Ms.No. 3932, Local Administration, dated 13th November) 1940

11- Persons subject to the Army Act residing in Municipal limits by exigencies of military duty are exempt from the payment of the following taxes.

(a) Tax on Salaries

(b) Tax on profession Trades, Callings, Appointments and office.

(c) Tax on Vehicle and animal in respect of –

(i) any animal he is required to have : and

(ii) any vehicle he is permitted to keep in lieu of such animal

(d) Education Tax compensation should be claimed from the Army Department in the case of Profession Tax.

12 (i) Mutual benefit funds which merely take money from their members for carrying on their operations and return to them the money in excess of requirements are not liable to profession tax.

(ii) command pension, wound and disability pension and dividends on shares in a bank of company are not liable to profession tax.

(iii) Income from investments including interest derived on security deposits should be taken into account for assessing persons to profession tax.

(iv) Dearness Allowance cannot be excluded when calculating the aggregate income of an assesses under section 93(2) of the District Municipalities Act.

13-Family allotment received by the members of Military officer's family.

14-Income earned by a person as a partner from a partnership firm which carries on business outside the area of the local authority wherein the assesses resides.

15- Bonus granted to the employees, being an income earned by virtue of the employment, should be taken into account for assessment to profession tax.

(G.O.Ms.N.o 1404 Rural Development and Local Administration, dated 19th July 1968.)

16-Market Committees are exempted from payment of profession tax.

(G.O.Ms.No. 2500, Rural Tax Development and Local Administration, dated 11th December 1968 and Government Memo. No39011/M7/69-3,Rural Development and local Administration, dated 27th October 1969.)

17-Profession Tax on companies in the area of the local bodies-Liable only if actual business is carried on.

(G.O.Ms.No 138904/C2/67-12, Rural Development and Local Administration, dated 7th October 1970.)

18-Banks can be assessed to profession Tax as a company under the proviso to rule 18 (2) of Schedule IV to Tamil Nadu District Municipalities Act, 1920 on turn over basis-in the area of the local body where the bank is situated.

(Government memo..No. 80023/VII/72-1, Rural Development and Local Administration, dated 19th June 1972)

19- (1) (i) – where an assessee resides in a Municipality, the tax should be levied on the aggregate of the following income derived by him viz.

(a) Income from the exercise of a profession, art or calling the transaction of business, or an appointment held within the municipality.

(b) Income, if any, from such exercise, etc. outside the Municipality; and

(ii) where the assesses does not reside within the Municipality, Profession Tax can be levied on him only on the basis of income derived by him from the exercise of a profession are on calling, the transaction of business or an appointment held within the Municipality.

(iii) That Co-operative Banks are assessed to profession Tax on the whole of their income derived from their members in the shape of interest on loans granted to them.

(iv) That co-operative central banks are assessed on the basis of the net profits as declared by the register of co-operative societies in his audit certificate as well as the amount set aside for a bad debt reserve and any other amount appropriated from the gross profits for the purpose of creating any other reserve. The income of the previous co-operative year may be taken into account. The co operative central bank should be assessed on its profit excluding those of its branches, the distribution of the income between the head office and the branches

being worked out in proportion to the working capital of each., i.e. the average income during the 12 months of the year.

20- House rent allowance should be taken into account for purpose of calculating the assessable income.

(G.O. Ms. No. 794, Local Administration, dated 22nd April 1952)

Note: 1. The house rent allowance paid to employees in lieu of free quarters should not be taken into account while calculating the aggregate income of an assessee under section 93(2) of the District Municipalities Act; the computed rental value of houses occupied by employees who are entitled to free quarters should also be excluded when calculating the aggregate income.

(G.O. Ms. No. 794, Local Administration, dated 22nd April 1952)

2 Municipal councils, may exempt with the sanction of the appropriate authority, Foreign Ambassadors, Ministers, High Commissioners and their staff holding diplomatic status from payment of all Municipal taxes from them.

(G.O. Ms. No. 1787, Local Administration, dated 24.09.1948)

3. Trade commissioners are not diplomats and are not entitled to diplomatic privileges. They should not, therefore, be granted exemption from any state or Municipal taxes.

(G.O. Ms. No. 305, Local Administration, dated 8th March 1955)

4. In regard to companies or persons transacting business other than money lending, where the profit or gain are not ascertainable, the assessment should be treated and income arrived at on the turnover of business at such percentages prescribed in the Act.

21- Subsistence allowance drawn during suspension should be treated as income and to be included in the aggregate income for the purpose of calculating profession Tax.

(Government Memorandum No. 160136/M7/76-3, Rural Development and Local Administration, dated 10th January 1977)

22- Ex gratia payment made to an employee is liable for profession Tax.

(Government Memorandum No. 42838/77-2, Rural Development and Local Administration, dated 28th May 1977)

23- Warehouses owned by the Tamil Nadu warehousing corporation which are situated in the Municipal or Town panchayat areas are assessable to profession Tax and to Dangerous and offensive Trade License fees.

(Director's letter Rc.No. 33367/80/C2, dated 3rd May 1980.)

24. Owners of heavy vehicles such as Trucks, Lorries, Mini lorries, Tourist operators will be subjected to Profession Tax.

Govt.Lr.No.34834/96 MAWS dt.29.8.96

25. BSNL Institution is liable to Profession Tax

(Lr.No.66700/03/r1 dt 1.9.04 of the CMA)

Profession Tax Demand Register- It should be seen –(i) that the demand register has been written up with reference to the half yearly returns and the orders of assessments and the totals agreed.

Note : (i)- that the total demand and arrear demand as shown in the abstract at the end of the registers are written both in words and figures after reconciliation with the half –yearly returns or the demand or arrear demand register of the previous year.

(ii) that the total of monthly collections agree with the progressive totals monthly and for a year in the Ledger. The check of collections in the current demand and Arrear Demand Registers shall be made for 2 months in a half year selected by the Assistant Director.

(iii) that the balance arrived at the end of the year is carried over as opening entries in the arrear Demand Register of the next year and the total balance verified and certified by the Executive Authority. Individual items in the Arrear

Demand Register need not be traced. But the page wise totals of the brought forwarded items in the Arrear Demand Register should however be checked in audit.

21. EDUCATION TAX –

Education Tax is levied as an addition to the Property Tax within the rates prescribed in the Act. No separate notification under section 78 and 80 necessary for the levy of the tax when it is levied for the first time or when the rate of levy of the tax is altered, on a direction issued by the State Government. Notifications under these sections should be published in cases where Municipal Councils themselves take the initiative in regard to the levy of tax.

It should be seen –(i) that the levy of the tax is within the rates, approved by the Government.

(ii) that the tax is levied as an addition to property and profession taxes and the tax has been correctly calculated

Note 1-The remission of Education Tax with the main tax is permissible and the revised tax should be based on the annual value as revised on revision petition or appeal.

Note 2- The rate of levy of education tax on properties of railway Administration and Port Trust mentioned in the proviso to section 84(1) of the Act should not exceed 1 per cent of the annual value (i.e ¼ of 4 per cent.)

Note 3- Education tax cannot be levied on railway properties unless the Railway Administration has been declared to be liable to pay the tax under section 135(1) of the Indian Railway Act.

Note 4-Properties or persons exempted from the main tax are exempted from the education tax also.

Note 5-There is no provision in the Elementary Education Act authorizing the exemption of any part of a Municipality from the payment of education tax apart from the provision contained in section 83 of the Act, in virtue of which the tax is liable to reduction in conformity with the total or partial exemption of water and drainage.

Note 6-A person who becomes liable successively to pay profession tax to more than one local authority in a half-year is liable to education tax in a Municipality only if any profession tax is actually due and leviable in that half-year and the education tax can be calculated on the profession tax due.

The fund generated from the collection of education tax shall be utilized for the improvement of schools located in the local body concerned

(Go.Ms.No. 65 /MAWS (M.A..4) dept: Dated :06.01.1999.)

22. TAX ON SERVANTS.-

This tax is payable by persons employing private servants and domestic menials in hill station municipal limits. It should be seen –

- i) that the resolution of the (hill station) Municipal Council imposing the tax and the notification of the Executive authority are in order,
- ii) that monthly tax or the moiety there of has been correctly calculated with reference to the scale published in the notification and
- iii) that the rate itself has not exceeded the maximum of Rs.2 per men sum laid down in Section 108 (1)

Note 1-This tax cannot be levied if the employers are liable to pay any one of the following taxes 1.Property tax and 2.Profession tax

Note 2-the liability of the servants themselves to pay profession tax on their income does not exempt their masters from payment of servants tax.

Note 3-The Tax should be calculated as follows in respect of each servant;-

Employment for not less than 15 days in the aggregate out of every 30days from the commencement of employment – full monthly tax.

Employment for less than 15 days but not less than 7 days in the aggregate tax during the above period – Moiety of the monthly – tax.

- iv) that lists of the private menial and domestic servants have been obtained from managers of clubs, hotels, etc., regularly every month and also from outdoor subordinates
- v) that the demand register is written up with reference to the lists referred to above

Note- The other points regarding the early settlement of demand, maintenance of demand register, etc., mentioned under profession tax should be looked into in the course of the examination of the demand register for this tax also.

23. PILGRIM TAX:-

Pilgrim tax can be levied only with the sanction of the State Government and the Government of India. The tax is collected as a surcharge on railway fares by the Railway administration by which the passengers are carried at the rates fixed by the municipal council subject to the maximum prescribed in Sec-116. The tax after deducting the cost of collection charges for printing tickets, etc. is credited to the Municipal Council by the Railway administration. It should be seen in audit.

- i. that in cases where pilgrim tax is levied for a specified period, necessary notification is published as required by section 116(3) of the Act;
- ii. that the statement of the collection made by the Railways for the entire period covered by the notification is forthcoming.
- iii. that the calculation of the amount shown as collected with reference to the No. of tickets is correct;
- iv. that the percentage of collection charges deducted is at the prescribed rates; and
- v. that the net amount payable is arithmetically correct and has been credited to the accounts of the Municipal councils within two months after the expiry of the month in case the tax is levied throughout the year and within two months after the expiry of the period if the tax is levied only for a specified period in a year.

24. VEHICLE, ANIMAL AND CART TAX:-

A tax on carriage and animal and a tax on carts are leviable in the area of the Municipality under section 98 and 105 of the Tamil Nadu District Municipalities Act, 1920. The liability for full payment of tax will arise if the carriage or animal is kept or used with in the municipality for not less than 60 days in a Half-year. If the aggregate period less than 60 days but more than 15 days only half of the tax is leviable. If the aggregate period is less than 15 days no tax is leviable.

The General provisions regarding the publication of notification under section 78 and 80 of the Tamilnadu District Municipalities act will apply to the levy of this tax also.

"In the case of cart tax, the liability for full payment of tax will arise if the cart is kept or used with in the Municipality for not less than 15 days in a half year. There is no question of payment of moiety of tax as in the case of carriage or animal tax.

(Vide section 106 of the Act and Article 371 of Municipal Manual Volume I –Part II).

The following are the registers and record that are to be scrutinized in connection with the audit of the above tax.

Half yearly list.

Collection register.

Counter foil of licenses issued

Arrear demand register

Register of Warrants

Register of Seizure

Stock account of discs.

It should be seen-(i) that the rate of levy of the taxes have not exceeded the maximum fixed under rule 20 of Schedule IV and in section 105 of the Act and that the taxes collected are in accordance with the rates so fixed.

Note (1) It is open to the council to levy tax on carts at different rate for single or double bullock carts subjects to the maximum in section 105.

(G.O.Ms. No.1869 L&M dated 28th May 1925)

Note (2) Motor and Steam road rollers are neither carts nor carriage and are liable to the tax. (G.O.Ms. No.3776, L&M, dated 17th October 1925 and Ms.No.1137, L&M D1, 19th March 1930.)

(3) Under section 79 (5) (b) of the District Municipalities Act, 1920, Municipal Councils can collect from the owner of carriage and animals only the excess, if any, of the tax payable to Municipality in respect of such carriages or animals over the already paid to another municipality. Panchayat or the cantonment Board as the case may be. Pending amendment of the District Municipalities Act to include also the taxes paid to Panchayat the Commissioners have been requested to see that in the case of vehicles in respect of which tax has been paid to Panchayat under the Madras Panchayat Act, 1958 only the excess, if any, of the tax leviable in the Municipality in respect of the vehicle over the tax already paid to the Panchayat for the same half year is collected from the owners concerned.

(G.O.Ms.No.2054 L&A dated 2nd November 1951)

(4) The exemption under Rule 20(2) of Schedule IV in respect of replaced vehicles or animal is only permissible only if such replacement is due to loss of vehicle by destruction or of animal by death.

(G.O.Ms.No.3402, L&M, 20th August, 1928)

(5) Section 101 of the Act (compensation of vehicles and animal tax with dealers of animal, vehicles etc.) will not apply to goats as the butchers do not keep them for sale or hire but to be slaughtered. They will become liable to pay the tax if the animals are kept in the Municipality for the minimum period.

(G.O.Ms. No.4076, L & M, dated 13th October 1932)

(6) Separate license shall be issued for each carriage, animal or cart. A single license should not be issued to cover two or more vehicles.

(Govt. memo. No. 9700-1.1M., dated 13th March 1973.)

(7) trollies and trucks of port trust whether used on rails or not and whether used within or outside the harbour premises come under the category of "carts" and should be assessed accordingly.

(G.O.Ms.No.795, L&M, dated 25th February 1933)

(8) Soda water carts and other hand carts are not exempt and are assessed in the usual way.

(G.O. Ms. No. 1837, L & M, dated 13th May 1935)

(9) Municipal employees or Police Officers are not exempt from the payment of vehicle and animal and cart tax.

(10) No person enrolled in the auxiliary force is liable to pay municipal tax in respect of a horse or other means of conveyance which is authorized by a general or special order of a competent military authority to maintain in his capacity as a member of the auxiliary force.

(G.O. Ms. No.4345, L.A., dated 23rd December 1940)

(11) Dhories are not vehicles either with springs or other appliance acting as springs and they do not come within the ambit of Rule 20(1) of Schedule IV to the District Municipalities Act and are not liable to the carriage and animal tax.

(12) Consequent on the passing of Act XXXVIII of 1942, carriages animals and carts used within the municipality have to be taxed in the same manner as those kept in the Municipality. The determination and assessment of the tax on vehicles and animals coming from outside the Municipal limits should be done in accordance with the instructions issued in G.O. No. 1735, Local Administration, dated 18th August 1945.

(13) Vehicles owned by the postal department come under the purview of the term 'Property' occurring in Articles 285(1) and (2) of the Constitution of India and should not be assessed to vehicle Tax if they had not been assessed to the tax before 1st April 1937. (Govt., Memorandum No. 1158255, Local Administration, dated 2nd January 1956)

- (ii) that the total represented by the counter foils of licenses issued have been brought to amount.

Note: - The total number of each kind of license issued have been counted and multiplied by the rate printed thereon, after allowing for duplicate licenses. Licenses issued on collecting moiety of the tax, etc., if any. To this total should be added the amounts realized on special licenses in Form No. 46 as recorded in a separate part of the collection registers. It should be remembered that all special warrants should be examined in detail. The grand total should then be agreed with that appearing in the collection registers and in the posting register.

- (iii) that licenses issued have been recorded in the collection registers in chronological order, the collection on account of current and arrear and those on special license for the respective period being noted in separate parts.

Note: - For this purpose not less than 2 per cent of the licenses should be examined with the collection register and Chitta.

- (iv) that license have been issued for the number of vehicles and animal mentioned in the schedules submitted by parties;

Note: - In this case also it will suffice if the schedules received for about eight days in a month are checked with the entries in the collection register.

- (v) that half-yearly and monthly lists have been received, that the numbers of licenses issued have been duly noted in them and the outstanding balances have been transferred to the arrear demand register.

Note: - The correctness of the entries of license numbers in the half-yearly lists should be test checked in a few cases.

- (vi) that the assessments reported in the monthly lists have been duly incorporated in the half-yearly lists, that the half-yearly lists have been totalled and the total demand certified over the signature of the Executive Authority.

Note: - The total collections according to the half-yearly list should be agree with those in the collection register.

- (vii) that the half-yearly lists bear evidence of security at the hands of the executive Authority or an officer deputed by him.

- (viii) that in cases where parties do not take effect out licenses, reports are received from the outdoor subordinates and the procedure prescribed for the issue of schedule and notices for payment under section 102 and for issue of special warrants is followed:

Note:- The special warrants should be entered in a separate set of pages in the register of warrants and the checks prescribed for warrants should be exercised for this class of warrants also.

- (2) As the value of special warrants is the sum total of the tax and warrant fee, great care should be taken in examination and verifying all outstanding special warrants. Missing warrants should be listed out with the amount of tax and warrant fee due and detailed in the objection statement or in the audit report.

- (x) The levy of tax on cycles has been abolished with effect from 1st April 1973. A resolution of the Municipal Councils in this regard should be verified in audit.

(G.O. No. 527, Rural Development and Local Administration, dated 23rd March 1973)

25) REVIEW PETITION AND APPEALS :-

There are provisions for filing review petition to the commissioner for correction of arithmetical errors, etc., and appeals to be filed to Taxation Appeal committee in respect of Town Panchayat and Municipalities and to the Tribunal in respect of Municipal Corporations. Against the decision of the Taxation appeal committee there is a provision for appeal to the district judge in respect of Municipalities and the appellant has to deposit the entire amount of tax decided by the Taxation Appeal committee before the appeal is entertained by the District Judge.

i) Go.Ms.No 64/MA & Ws Department/ dated 22.4.98

ii) Commissioner of Municipal Administration circular ROC No. 69517/97/R1/dated 01.07.1998

26. REGISTER OF APPEALS. –

In the Register the appeal petitions preferred by the assessee on the orders of Executive Authority on revision petitions received under rule 13 or under rule 19 of Schedule IV or on the service referred to in sections 95 and 102 of the Tamil Nadu District Municipalities act 1920 are recorded.

The following checks should be exercised-

- (i) that the appeals received have been duly entered in the register of appeals in the order of their receipt;
- (ii) that the appeals have been received within 15 days from the date of service of notice referred to in sections 95 and 102 or within 15 days from the date on which tax becomes payable under section 86 or 105 or under Rule 13 or 15 of Schedule IV or within three days from the service of notice referred to under Section 108 of the Tamil Nadu District Municipalities Act;

Note – (1) The date referred to under Rule 26 (a) (ii) of Schedule IV of the Act on which tax becomes payable should be excluded in computing the 15 days allowed for filing appeals.

(G.O.Ms.No. 1414, Local Administration, dated 30th June 1949)

Note (2) An order passed by the Executive Authorities rejecting an application for revision of property tax assessment on the ground that the petition was time barred under rule 10 of Schedule IV to the Act is not an order passed by him under rule 13 and no appeal will lie on the Municipal Council against the order under rule 23. If however the Executive Authority erroneously holds that the petition is time barred, while it is within time, an appeal will lie and the Municipal Council can take the correct view that there is no bar of limitation and pass such orders there on as it thinks fit including a demand to the Executive Authority for disposal on the merits. It is also open to the Municipal Council to dispose of the appeal on merits.

(G.O.No.928, Local Administration , dated 3rd May 1949)

Note (3) – The Municipal Council may admit belated appeals preferred within 15 days after the time prescribed if cause is shown to its satisfaction for the belated submission of the appeal.

That in the case of parties who prefer appeals under rule 26-A-b of Schedule IV and remit the tax which was in existence prior to revision, the tax amount be kept in deposit and credited to the regular head of account by making necessary transfer entries after disposal of appeals.

(G.O.Ms.No.1087, Rural Development and Local Administration, dated 3rd June 1972)

- (iii) that orders of the council or committee with reasons for the decision have been recorded both in the minutes book and appeal register by the chairman or presiding member, for either reducing or confirming the value of the property or rejection the petition as required under clause (c) of Rule 26 under Schedule IV to the Tamil Nadu District Municipalities Act 1920 (G.O.Ms.No. 265, Rural Development and Local Administration, date 14th February 1980)

Note - The orders may be recorded in the appeal register during the meeting by the Chairman or the presiding member as the case may be and a mere reference may with the approval of the council on the Committee be given in the minutes book to the appeal register.

(Memo.No. 37160-I-B-I, dated 4th December 1939)

(G.O.No. 2430, Rural Development and Local Administration dated 9th December 1969)

- (iv) that details as regards the amount of tax, the date of service of notice, the date of receipt of the application, the number and date of the voucher on which the refund is made have been noted in the appeal register;
- (v) that in cases where refunds are not made within the year, the amount refundable have been transferred to deposits;

Note- The entries in the deposit register should be traced in this connection.

- (vi) that the revised tax has been noted in the demand register; and
- (vii) that there is no undue delay in the disposal of appeals.

Note_ (1) In cases in which there was some delay on the part of a Municipal Council in disposing of the appeals preferred to it and the demand notices for the subsequent half years had already been issued on the basis of the disputed assessment but the assessment had not been collected it would be permissible to issue fresh demand notices under the proviso to Rule 28 of Schedule IV to the Act, or to refund to the assessee concerned any amount of tax collected in excess of the amount decided by the council on appeals. But in cases where before a Municipal Council decides an appeal for a half year the assessments for subsequent half years has been revised after the issue of special notices on the ground of additional construction or increase in rent actually realized then the Council's decision will not apply to the revised assessments for the subsequent half years.

Note_(2) As there is no statutory provision for the continuance and disposal of appeals and revision petitions pending at the time of abolition of a Panchayat and constitution of Municipality for that Panchayat area appeals and revision petitions cannot be regarded as continuing in force on the abolition of the Panchayat and the Municipal Councils which came in their stead cannot therefore hear those appeals and petitions. Arrears of taxes due to the defunct Panchayats will be payable to the newly constituted Municipal Councils and they form part of the assets which have devolved on the later by virtue by section 4(5) of the Act.

Note- (3) The Municipal councilor its appeal committee can reduce a tax to an amount lower than that asked for by the appellants since the council or the committee adjudicating an appeal acts in a judicial capacity. (G.O.Ms.No.869, Rural Development and Local Administration, dated 6th April 1953)

Note(4)- The receipt of a Postal Order in favour of the Municipality for the amount of the tax should be deemed to be equivalent to the receipt of the tax in cash.

(Memo.No.21834/53 IA Local Administration, dated 9th May 1953)

Note(5) -The tax appeals can be heard by the Regional Director of Municipal Administration in Municipalities of I, II and III Grades and by the Director of Municipal Administration in Municipalities of Selection and Special Grades where there are no elected Councils and where the Council is under super session. A statutory notification by the Government under Sub-rule 1 of Rule 28-A of Schedule IV to the Act empowering the Regional Director of Municipal Administration to perform the powers under rule 4, 23 and 24 of the Schedule IV will be issued for each such Municipality.

(G.O.Ms.No., 1710, Rural Development and Local Administration, dated 12th February 1974)

(Government Memo.No.1621/MVIII/74-1, Rural Development and Local Administration dated 12th February 1975)

Note (6)- In case cheques received in time but realized and credited on a later date the amount due has to be deemed to have been remitted in time and the appeal petition should not be rejected.

(Government Memo.No.227979/F1/62-11, Rural Development and Local Administration, dated 2nd August 1963)

Note(7)- The Government have observed in paragraph 2 of G.O.Ms.No.2430, Rural Development and Local Administration, dated 9th December 1969 that the mere record of "Heard party" cannot be taken to be an adequate or convincing reasons for reduction of tax assessment against the order of the Executive Authority.

(G.O.Ms.No.2430, Rural Development and Local Administration, dated 9th December 1969.)

(Government Memo.No.83432/MVIII/70-2, Rural Development and Local Administration, dated 27th May 1971.)

Note (8)- There need not be any restriction in the reduction of enhanced property tax on appeals to the Taxation Appeals Committee. The ceiling of 5% on reduction of enhanced property tax, while disposing of appeal petition by Taxation Appeal Committee in Municipalities and Municipal Townships ordered in G.O.Ms.No.1138, M.A. & WS Department dated 27-11-1987 is removed.

27. REMISSION ON ACCOUNT OF INCLUSION OR EXCLUSION OF PARTICULAR AREA

- a) Under Section 90 of the Tamil Nadu District Municipalities Act remission of the Property Tax is permissible in respect of the building or lands in an area included or excluded within the Municipality.

The following checks are to be exercised in the case of the grant of remissions:-

- (1) If the date of inclusion of an area falls within the last two months of the half year no property tax is leviable for that half year. If the date falls in the first 4 months of the half year, a remission of the tax not exceeding half of the tax for that half year proportionate to the number of days in that half year preceding the date of inclusion is granted.
 - (2) As regards exclusion of an area in the Municipality if the date of exclusion falls within the first two months of the half year the remission of the whole of the tax of the half year is permissible. If such date falls within the last four months of the half year the remission granted is proportionate to the number of days in that half year succeeding the date of exclusion subject to a maximum of half of the property tax payable for the half year. A remission is to be granted only if an application for such remission has been made to the Executive Authority within three months from the date of exclusion of the area.
- b) Remission on Account of Demolition or Destruction of Building:-**Remission in the half yearly tax of any building is permissible under section 89 (2) of the Tamil Nadu District Municipalities Act 1920 if the building is demolished or destroyed during the course of the half year subject to the giving of a notice by the owner to the effect.

The following points are to be examined:-

- (1) that no remission is granted if a proper notice has not been given.
- (2) That it is seen from the notice of demolition that the building has been completely demolished or destroyed.
- (3) That the remission has been given only in respect of the tax attributed to the building portion and
- (4) Full remission is granted where the notice of demolition was given within the first two months of the half year concerned and that the remission given is proportionate to the number of days in the half year succeeding the demolition or destruction if the notice is given within the last four months in the half-year. The remission granted in these cases should not exceed half of the tax for the building only as per section 89 (2) (c) of the TNDM Act 1920. that the entries of such remission are made in the register concerned and the refunds of taxes made are noted in the demand register

c) Register of Vacancy Remission:-

Under Section 87 of the Tamil Nadu District Municipalities Act, 1920 the remission of the tax in respect of any building is permissible subject to the observance of the following conditions.

1. The notice of vacancy for the building should have been received during the half-year in which the building was vacant during the preceding half-year.
2. The remission is to be calculated only from the date of receipt of the notice of vacancy or the date of commencement of the actual vacancy whichever is later.
3. The remission is granted only if the building was vacant or unlet for 30 or more consecutive days in any of the half-year.
4. The vacancy of the building has been verified by the outdoor staff of the Municipality and the fact recorded.
5. The refunds are sanctioned only if the demands are made during the half-year or in the succeeding half-year.
6. The remission granted are proportionate to the number of days during which the building was vacant in the half-year subject to the maximum of one-half of the tax attributable to the building alone.
7. That all the notices of vacancy are entered in the Register of vacancy remissions and the facts of refunds also recorded in the columns concerned.

Note- The remission granted will not include the library cess.

(Memo No. 3558/MVI/67-2, Rural Development and Local Administration, dated 27th February 1968)

Note:- The refund vouchers audited should be traced in this register.

8. Even for any portion of a house which is vacant and duly notified the owner of the property will be eligible for vacancy remission subject to the limits and conditions imposed by section -87 of the Act. This position will not, however, apply to the buildings that are let out by the owner to a chief tenant who sublets for profit.

(G.O.Ms.No. 133, Rural Development and Local Administration, dated 24th January 1977)

9. Request of the Tamil Nadu Warehousing Corporation to allow non-occupancy relief of 25% in respect of their Godown buildings for the purpose of assessment to property tax has been negated by the Government since the Tamil Nadu Warehousing Corporation is a profit making organization.

(Lr.No. 32563/M6/85-19, dated 6th April 1987 from the Deputy Secretary to Government , M.A and W.S Department addressed to Managing Director, Tamil Nadu Warehousing Corporation, Madras)

d. Write-off of Tax

Under section 118 of the Tamil Nadu District Municipalities Act 1920 the council is competent to write off the irrecoverable taxes and fees.

- i. That the irrecoverability has been established beyond doubt by taking all the coercive steps under the act.
- ii. that all remissions excluding vacancy remission granted otherwise than on appeal and all written off items are recorded in this register and necessary particulars are recorded in the minutes book.
- iii. that remissions or writes-off have been sanctioned by the competent authority:
- iv. that there are no irregular remission or writes-off;

Note 1-It is irregular to write –off taxes for a year when they are collected for subsequent period and without proper scrutiny of lists by a responsible person.

- (iv) that in the case of taxes and fees written –off on account of irrecoverability, adequate action had been taken to collect the amounts before the items became time-barred;

(G.O.Ms.189,Rural Development and Local Administration, dated 6th October 1969)

Note 2-The instruction of the Government in G.O.No. 419, Rural Development and Local Administration, dated 23rd February 1974 regarding the collection of taxes should also be borne in mind while verifying the write off papers.

As regards advances which could not be recovered, the correct course would be to debit them to direct expenditure under the regular heads of accounts with the permission of the Government only after verifying whether steps have been taken to realize or adjust the advance.

(G.O.Ms.No. 1438, Rural Development and Local Administration, dated 23rd August 1969)

The total amount of write-off under the different items of revenue for the year should be cross-checked with the Demand collection balance figures

The Govt. also direct that the sanction of the competent authority be obtained for the writing off of the library cess and Education tax, before the proposals for writing off of property tax are placed before the Municipal Council/Municipal Township.

(G.O.Ms.No.30 AS & WS. dt: 1st February 1991).

28) RECOVERY OF TIME BARRED TAXES AND FEES

The taxes and fees due to a municipality becomes time barred after the expiry of 12 years from the date of accrual.

Government have enhanced the 3- Years limitation period prescribed in section-345 of the TamilNadu District Municipalities Act to 6 years and then to 12 years as provided to TamilNadu Panchayat Act-1994 and the Madurai City Municipal Corporation act-1971.

(G.O.Ms.No.43,MA & WS Dept Dates:12.02.1996) & (GOVT. Lr.No.(D.Dis)No.393 MAWS dated 12.7.2000)

(Commissioner of Municipal Administration Chennai Circular No.37267/92/R-1dt 22.04.1993)

Coercive steps should be taken by the municipality to collect the taxes and fees left unpaid for a long time without allowing them to become time-barred.

The Council under section 118 of the Tamil Nadu District Municipalities Act-1920 is competent to write off time – barred arrears of taxes. The persons who are responsible to allow the arrears of taxes to become time barred may be dealt with disciplinary action based on the merits of the case individually by the competent authority.

Disciplinary proceedings may be initiated against municipal employees under Tamil Nadu Municipal employees Disciplinary and Appeals Rules 1970 and recover the loss from the Revenue Officers, Bill collectors Revenue Inspectors, Assistant Revenue officers, Manager and Commissioners/Executive Authorities concerned who are responsible for arrears of taxes becoming time barred at the following percentage as per CMA'S letter No.RC.37667/92/R123.06.93.

Bill collectors	30%
Revenue Inspectors	30%
Seat Assistant	20%
Revenue officers,	
Assistant Revenue officer & Manager	15%
Commissioners/Executive Authorities	5%

Total	100%

It should be seen that:

- 1) Whether the balances have not been allowed to become barred by limitation of time without any action having been taken for their realization.
- 2) Arrears should be analysed year wise. The period of limitation for the filing of a suit is 12 years from 30th April or 30th October in the case of property tax and 30th May or 29th November in the case of profession tax, respectively. The service of a demand notice is not also a condition precedent to the taking of proceedings in a court. The period of limitation for the recovery of a tax by prosecution is ordinarily 12 years from the date on which a distraint or a sufficient distraint was found impracticable. Arrears which have become time- barred and which are not covered by prosecution or suit should be listed out and made mention of in the audit report.
- 3) Auditors should see that in regard to items of taxes and other items of revenue, which would normally have become time-barred in the course of the period of audit, the relevant papers showing whether any legal steps were actually taken for their recovery or otherwise and ensure that no item is omitted to be pointed out in the audit report..

29. REGISTER OF BILLS ISSUED

Before the introduction of computer collection the Taxes, Fees and Other Collections are made by the Revenue Officers through bills, Triplicate chalan and other Ticket books in all municipalities.

Property tax and other taxes levied by all Municipalities and Municipal Townships may be collected through the Nationalized Banks. Central Co-Operative Banks and branches of Town Co-operative Banks from the second half year of 1989-90.(Govt.Letter (Ms) 3338/M.A.W.S.,dated 8th June 1989)

In Govt letter No. 219/M.A.W.S.,dated 26th August 1992 certain revised guidelines were issued for the collection of taxes through the nationalized banks and by the revenue assistants of the Municipality concerned.

The above system of collection is dispensed with and the collections are made through Computers at various facilitation centers established in important places in the town and in selected banks from the year 2004-2005 onwards.

1. Separate Receipt forms are printed and machine numbered. These printed forms are entered in the money value from registers. These forms are issued to the persons who are in charge of Computer collection centre, based on their requirements, either weekly or once in fifteen days and their signatures obtained.

2. On receipt of the forms the persons who are in charge of the Computer collection centre may enter in the stock account duly noting the machine numbers of the printed forms before using it.
3. While the collections are entered Computers, separate numbers are also given by the software continuously. Head wise abstract is also prepared by the computer, daily showing the details of collection under property tax, profession tax, excess water charges and other non-tax items.
4. The collections through various collection centres are handed over to the shroff of the Municipal Treasury and receipts are also issued to the concerned persons who are incharge of the collection centres. The shroff will enter the details of collection made at various centres in the chitta collection centre wise and head wise, and prepare fund wise abstract also. A BRV is prepared for each day of collection, so as to remit the amount to the bank account.

The following checks are to be exercised in the money value form stock register.

1. whether the receipts are machine numbered serially.
 2. Whether all the receipts received are accounted for in the money value form register along with numbers serially.
 3. The forms are issued to the persons who are incharge of the computer collection centres on the indents.
 4. The issues are made serially to the computer collection centre, and acknowledgements of having received the receipts are obtained.
 5. The receipt books should be issued to the persons who are incharge of computer collection centre chronologically.
 6. After the issues closing stock of the money value form register shall be struck.
 7. Quarterly physical verification shall be undertaken either by the Commissioner or by the person authorized by the Commissioner surprisingly.
 8. Audit should ensure the correctness of receipts issued and the balance of stock.
5. i) the persons who are incharge of the computer collection centres shall maintain a stock register duly entering the receipts books with machine numbers.
 - (ii) The utilized receipt books with machine numbers should be shown, under the issue column and the unused leaves with serial numbers to be entered.
 - (iii) The total numbers of receipt books utilized should agree with the total numbers generated by the computer.
 - (iv) Daily collections abstract should be shown to the audit, and the correctness of the remittance in the municipal treasury shall be ensured.
 - (v) The correctness of the remittance into the bank by the shroff may be ensured with reference to the abstract of the chitta and the bank remittance chalans.
 - (vi) the correctness of the receipts shall be traced up to the final day of the audit.
 - (vii) The correctness of fund wise receipts abstract, total issues of receipts,(based on machine numbers) and numbers generated through computer may be ensured.
6. Municipal treasury:
 - (i) The checks prescribed for the computer collection centres may be exercised.
 - (ii) A fund wise abstract may be prepared daily in the chitta and the correctness of the amount in the chitta and the correctness of the bank remittance in the next working day itself be ensured.

- (iii) Physical verification certificate along with denomination statement for the amount collected by the manager shall be ensured.
- (iv) The manager shall ensure the correctness of various heads noted in the BRV.

7. Cheque Register:

- (i) Whether the acknowledgements have been issued for all the cheques received at the municipal treasury / computer collection centres.
- (ii) Whether the details of the cheques received are correctly entered in the register and account wise abstract prepared daily.
- (iii) The cheques are presented at banks either on the same day or the next working day to the concerned bank account.
- (iv) The correctness of preparations of BRV, fund wise and the head of account shall be verified and certified by the manager.

8. Facilitation counters in selected Banks.

- (i) Whether a stock account being maintained by the bank officer for receipts books.
- (ii) Weekly bank scroll and copies of receipts issued should be received by the municipal office, and the correctness of accounting ensured.
- (iii) A BRV should be prepared based on these receipts and the manager shall ensure the correctness, by rendering signature.
- (iv) The audit shall ensure the correctness.

IN CONCURRENT AUDIT

- (1) The correctness of collection shall be ensured in audit daily.
- (2) Separate register shall be maintained in the audit section to watch the correctness of receipt books.
- (3) Any omission in receipt number shall be brought to the notice of the commissioner immediately.
- (4) The cancelled receipts and its approval by the manager shall be produced to audit for verification.
- (5) The cancellation of receipts shall not be in a routine procedure. If it is a routine manner it shall be taken into the commissioner's notice.
- (6) Separate register shall be maintained in computer collection center/municipal treasury for this purpose.

GENERAL:

- 1. Separate chitta is not maintained .A fund wise abstract generated from the computer in municipal treasury is serving the chitta function.
- 2. Eventhough abstracts and totals are generated by the software the correctness of the totals should be ensured.
- 3. The correctness of the daily total of each component of Property tax viz. General purpose, Water Supply, Education Tax and Library cess need to be verified in audit.
- 4. The correctness of the posting of total collection of Tax (component wise) received by the shroff from other collection centers in the main office chitta / computer generated chitta should also be verified.
- 5. The correctness of the cancelled receipts also should be verified in audit.

DESTRUCTION OF UNUSED BILL BOOKS.

The unused bill books/ department collection receipts may be destroyed in audit. After physical verification all such bills or warrants which may not be required for use must be cancelled and the signature portion clipped off and the fact recorded in the first unused bill under the initial of the auditor and under no circumstances the unused bill books be burnt in audit.

(Director of Local Fund Audit Circular No;4-2006, endorsement No; MA4/56723/2002/dated;05.1.2006.)

30. REGISTER OF WARRANTS.

It should be seen (i) that warrants have been prepared and issued and the register of warrants maintained are in accordance with the instruction in this behalf;

Note: Warrants should be executed promptly. Warrants remaining unexecuted for more than thirty days should be noticed in audit,

(G.O.Ms.No. 437, L & M, dated 10th February 1925.)

- i) that all warrants issued have been duly entered in the register and the last entry therein under each tax has been attested by the Executive Authority;
- ii) that the number of each warrant has been noted against the corresponding number in the demand register; (Note: About 5 per cent of the warrants may be traced for the purpose.)
- iii) that an abstract of the number and the value of all warrants has been prepared in the register at the end of the half year and the year and the total demand certified to over the signature of the Executive Authority;

Note:- The total collection according to the abstract should be verified with that in the register of receipts.

- i) that fees on warrants once issued have been collected or written off with the sanction of the Council.

Note:- It is not permissible to write off the warrant fee when the tax for which the warrant was issued has been collected.

31. REGISTER OF DISTRAINED PROPERTY. –

It should be examined to see-

- (i) that the register is properly maintained and that cart and carriages seized under section 196 of the Act are also entered in this register;
- (ii) that the distraint fees have been correctly calculated in accordance with the scale fixed by the Council under Rule 33 (i) of Schedule IV to the Act and that the total collections of distraint fees agree with those in the Accounts and Trial Balance.

Note 1-The warrant fee should be included in the amount of tax for the purpose of calculating the distraint fees.

2. If peons are kept in charge of distrained property, a recovery of nineteen paise per day per peon should be made in addition to the distraint fees.

Note 3-If the vehicle or animal is released within ten days from the date of seizure or at any time before the sale, a penalty has to be fixed by the Executive Authority. Government have held in G.O.Ms.No. 1358, Local Administration, dated 19th May 1941 that the Executive Authority has the power to waive altogether the levy of the penalty.

- (iii) that a list of property distrained is made out in each case and the foil of inventory furnished to the party;
- (iv) that the signature of the party is taken in the register when the property is returned to the owner;
- (v) that there is no undue delay in the disposal of distrained property; and
- (vi) that the surplus sale-proceeds, if any, are credited to deposit and if they are not claimed within six months from date of the sale, they are credited to the Municipal funds.

32. LICENSES ISSUED FOR THE CONSTRUCTION OR RECONSTRUCTION OF BUILDINGS.-

BUILDING LICENSE

Every person who constructs, reconstruct or alters or adds to a building other than hut shall submit an application to the EA of the Municipality for the approval of the site and for permission to execute a construction. Application should be accompanied by a site plan of the land of the buildings.

The Municipality will issue building license as per the rules and regulations with reference to the rate fixed by the council. The rules regulating the grant of permission to construct/ reconstruct/ alter the building are given in Para 8 of the municipal manual

It should be seen in audit:

1. Whether the conditions prescribed in the rules have been satisfied by the EA.
2. Whether the applications received from the parties have been entered in the register of application in chronological order.
3. Whether the license fee fixed by the council has been levied
4. Whether fresh plans have been received in cases of deviations from the original approved plan.
5. Whether the plan has been prepared by approved license holder.
6. Whether the license has been issued at the first instance for the period of three years and then subsequently renewed properly.
7. Whether the approved buildings have been brought to Property Tax assessment immediately on completion of the building.
8. Whether the fees due to CMDA/LPA received through Demand Drafts have been remitted to the concerned authorities without any delay.
9. Whether the Demand Draft for Labour Welfare Fund had been remitted to the Labour Board.

Note (1) – According to order of Government in the G.O.Ms.No. 1321, Rural Development and Local Administration, dated 31st July 1968 two sets of registers in the form, prescribed in the Government Order, are to be maintained in the Town planning Section and other in the Revenue Section. The columns provided in the register enable for a cross-check of the entries relating to the assessment of the building constructed or reconstructed.

Note. (2) – The check Register should be scrutinized by the Executive Authority once in a month and report of unauthorized construction should be sent to the revenue section and the reports recorded in a special register maintained in the revenue section and scrutinized by Executive Authority. The observance of the above instructions should be seen and lapses commented upon. Specific mention should be made in the Audit Report, wherever the assessment number Particulars from Revenue section are not entered in the check Register prescribed in G.O.Ms.No. 1321, RD & LA, dated 31st July 1968.

- (ii) that extracts from the register are furnished to the outdoor officers for reporting the date of completion or occupation;
- (iii) that the extracts bear evidence of periodical inspection of the buildings;
- (iv) that the dates of completion or occupation are noted in them and that they are reported to the Municipal office in the monthly list for necessary action.
- (v) that there is evidence of the register having been checked by the Executive Authority.
- (vi) that if the buildings have not been constructed or reconstructed within the time fixed in the licenses, licenses have been renewed; and

- In the article 342 –A, of Municipal Manual it is stated to bring into assessment all the new buildings or improvement and additions carried out in the existing buildings, without omission,
- As and when the copy of the building license is issued the fact should be reported to Revenue section by Town planning section. The building license number and date should be noted in the Check Register maintained in the Revenue section. On the expiry of the period of license, the Revenue section should take suitable action to bring it into assessment. After assessment has been made the serial number of the Assessment should be reported to the town planning section for making necessary entries in the Register maintained in that section . The Town planning section should make arrangements to send copies of reports of detection to the Revenue section and such reports should be entered in a special Register maintained in the Revenue section.
- The co-ordination of the staff in the Town planning and Revenue Section and scrutiny of these register by the Commissioners once in a month will ensure the assessment of property tax to all buildings in the urban local bodies without omissions.
- It is noticed that large number of properties in the Urban Local Bodies are not brought under the assessment of property tax due to lack of co-ordination between the Town Planning and Revenue Section. The list of assessments of Revenue section register needs to be updated annually after thorough physical verification by reconciling the details of newly constructed buildings from the Town planning section. The attention of Executive Authorities are drawn to the Article-343-A in Municipal Manual Volume-1

(Commissioner of Municipal administration Lr.Roc NO56198/05/R1/dt:02.03.2006.)

Note (1) – The power of the Municipal Council to levy fees for licenses and permission for construction of buildings under section 32 (2) of the District Municipalities Act is discretionary and it is open to the Council to waive the collection of the fee in any particular case.

Note. (2) – On the question whether refund of license fees is admissible in cases where the persons, who have obtained permission under Section 197 of the Tamil Nadu District Municipalities Act, 1920, are unable to obtain permission from the Council for the installation of machinery under section 250 of the Act and who apply for refund of prepaid fees for permission under section 197 on the ground that they cannot utilise the permission granted under that section for the construction of the building, Government have held that no refund is admissible, as permissions under the two sections are independent on each other.

(G.O.No. 2409, Health dated 28th September 1950)

Note-3-The Municipalities and Municipal Corporations should ensure that no buildings are constructed in violation of the rules and precautions should be taken to curb this phenomenon. All the Commissioners of the Municipalities and Corporations Should undertake periodical and intensive inspections in their areas to keep a check on unauthorized constructions. If any violations are noticed these should be got immediately rectified by the owner/builder at the initial stage itself. The field staff should also be geared up in this regard.

Building Rules may be displayed prominently on the notice board of the respective local bodies.

(Roc.No.7827/2005/TP2Commissioner of Municipal AdministrationDated.09.02.2005.)

(33) REVISION PETITIONS:-

Rule 11 of Schedule IV of the TNM Act 1920 was omitted in 1999 and hence half yearly revision petitions should not be entertained under rule 11 of Schedule of the TNM Act, 1920 which allows any assessee, at any time, not being less than thirty days before the end of every half-year, move by a revision petition to reduce the tax, since the assessment was made or revised. This rule was deleted by the Government in G.O. (Ms) No.127, MA & WS Department dated.27.5.99.

When assessment books have been prepared for the first time and whenever a general revision of the books has been completed, in every case, if there is an enhancement in the assessment, the Executive Authority should give a special notice to the owner or occupier stating that revision petitions would be considered within sixty days from the date of service in the case of Government buildings and days in other cases, as per rule 9 of Schedule-IV of the TNM Act, 1920.

While disposing petitions by the Executive Authority under rule 9 or 10 of Schedule-IV of the TNDM Act, 1920 as the case may be, if any defect in respect of the plinth area, nature and usage etc., buildings, then only the levy of tax should be modified in accordance with the rules in Act and guidelines issued by this office.

34. TAXATION APPEALS COMMITTEE:

Constitution of the Taxation Appeals Committee:

For every Municipality, there is a Taxation appeals committee. It is a statutory Committee, as per Section 23-A of the TNDM Act, 1920 (Tamil Nadu Act. No 5 of 1920) constituted under the Tamil Nadu Act No.25 of 1989.

Provision For Appeal to the Taxation Appeals Committee.

a. Property Tax

After the receipt of the orders from Executive Authority on revision petition under rule 13 of Schedule-IV of the TNDM Act 1920, appeal can be made to the Taxation Appeals Committee, as per rule 23 of Schedule-IV of the TNDM Act, 1920 only after the Payment of amount fixed on the revision petition within the prescribed time limit of 15 days from the service of the notice. The above appeal petition should be heard by the Taxation Appeals Committee, as per rule 26 of Schedule-IV of TNDM Act 1920.

b. Profession Tax

If any person or employer is aggrieved by any order or decision of the Commissioner relating the payment of tax including penalty, within thirty days from the receipt of such orders or decision of Commissioner, the person may appeal in writing to the Taxation Appeals Committee, as per rule to the Municipalities, Municipal Corporations and Town Panchayats, (Collection of tax on Profession Traders, Callings and Employment) Rules, 1999 framed by the Government in G.O.(Ms) No. MA &WS Dept. dated.12.1.1999.

Status of the Taxation Appeals Committee for the disposal of the appeal petition

a. Property Tax

The Committee may allow, modify or remit the appeal to the Executive Authority for reconsideration as per rule 10-A substituted in the Tamil Nadu Municipal Appeals Committee (Transaction Business) Rules, 1988 by the Government in G.O.(Ms) No.155, MA & WS Department dated.18.6.99

b. Profession Tax

As per rule 15 of the Town Panchayats, Municipalities, Municipal Corporation (Collection of tax Professions, Traders, Callings and Employment) rules, 1999 framed by the Government in G.O.(Ms) No.11, MA & WS Department dated.12.1.1999, appeal petitions should be disposed of by the Tax Appeals Committee before the end of the succeeding half-year.

Disposal by Taxation Appeal Committee:-

While disposing of an appeal petition in respect of property tax by the Taxation Appeals Committee, under rule 10-A of the Tamil Nadu Municipal Taxation Appeals Committee, (Transaction of Business) Rules, 1988, the Committee should examine the legality. Instances have come to notice that large-scale reduction of tax is being effected on Appeals without proper reasons. Since the method of taxation has been changed from discretion based to specific parameter like plinth area, usage, type of constructions appeals petitions on such new methods of taxation should be carefully examined. Indiscriminate reduction without basis is against the provision of law and the loss is liable to be surcharged besides cancellation of resolutions concerned as per the provisions of law (section-6 of Tamil Nadu District Municipalities Act, 1920). Unless there is any violation of rules, the Committee should not modify the orders already passed by the Executive Authority and reduce the tax in any adhoc manner, which may attract action under Surcharge rules.

This Circular is issued to bring to light the provisions of Taxation Appeals Committee and to avoid any arbitrary entertaining and reduction of tax by the Committee, affecting the Finances of the Municipalities.

Roc.No.7699/2005/R1 Commissionerate of Municipal Administration Dt.15.4.2005.

Note 1. In general, appeal petitions with regard to the assessment made by Executive Authority are entertained by the Taxation Appeals Committee in the following cases:-

- a) In case of property tax, appeal after the disposal of revision petition by the Executive Authority received under section-9 and 10 of the Schedule-IV of Part-I Taxation Rules of the Tamil Nadu District Municipalities Act-1920.
 - b) in respect of profession tax on the proceedings of the Executive Authority under Rule-19 of the Schedule-IV, part-I Taxation Rules of the Tamil Nadu District Municipalities Act, 1920
- 1) On receipt of appeals, the Taxation Appeals Committee should weigh whether any violations have been committed by the Executive Authority in fixation of tax, as specific parameters are prescribed in the Guidelines Prescribed by Commissioner of Municipal Administration for arriving at the Annual Rental Value for fixing the tax. Only in cases of deviations and Violations the Taxation Appeals Committee can take decision for reduction of tax.
1. Many instances have come to the notice that the Taxation Appeal Committees of Municipalities are reducing tax abnormally without any rhyme or reason. Disposal of appeals by the Taxation Appeal Committee should not be detrimental to the interests of the Municipality which is otherwise not in public interest. In this connection, the attention of the Executive Authorities is drawn to Rule-11 of the Tamil Nadu Municipal Taxation Appeal Committee (Transaction of Business Rules) 1988 as amended.
 2. The method of fixation of Annual Rental Value for assessment of Property Tax has been prescribed in detail in the Guidelines issued by Commissioner of Municipal Administration in Circular Roc.No.4314/92/R1 dated.14.5.1993 as per the powers under Rule 6A of Schedule-IV of the Tamil Nadu District Municipalities Act. This has eliminated the discretion-based determination of Annual Rental Value and introduced specific parameters like plinth area, zonal value, usage, type of construction. These guidelines have also been upheld by the High Court Madras. A tax assessment adopting the above guidelines cannot be revised in an ad hoc manner that too with a drastic reduction without any basis unless there are evidences to show violations/deviations in adhering to the guidelines and/or in the basic provisions of law under the Tamil Nadu District Municipalities Act,1955 and under Schedule-IV of the Tamil Nadu District Municipalities Act. Such adhoc reduction is against the financial interest of the Municipality and action is liable to be initiated both for cancellation of such resolutions and for initiating surcharge proceedings against the loss caused to Municipal Fund.

(Commissioner of Municipal Administration Roc.No.7699/2005/R1 dated 16.4.05)

35. CHECK OF COLLECTION – General Instructions._

In the case of warrant fees and rent of market stalls, etc., for which bills are prepared in foil and counterfoil the comparison should be made with the counterfoils and collection total in the Ledger. The following are the main points to be looked into:

- (i) that the demand entered in the counterfoils agrees with the amount in the demand;
- (ii) that the amounts realised have been brought to account without delay.

Note: If any excess collections are noticed, it should be seen that they have been either transferred to “Deposits” if there is a reasonable chance of their being claimed afterwards, or credited as miscellaneous receipts if there is no such chance or if the details are not known. If such transfers have not been made already the auditor should himself make them.

- (iii) that the postings of credits in the demand registers have been correctly made and the dates shown correspond with those of the credits in the Chalan Register and Ledger.

Note: It should be sufficient if 20 items of credit in each month in the demand register are checked with the entries applied,

36. VERIFICATION OF DEMAND, COLLECTION AND BALANCE STATEMENT.

it should be seen-

- (i) whether in the case of property tax the alterations in the demand according to the Adjustment slip have been carried out

- (ii) whether in the year in which the general revision of property tax is conducted the total demand agrees with the demand arrived at in the assessment lists and is certified to by the Executive Authority;
- (iii) whether the reductions granted on appeals have been noted in the demand register in the case of profession tax and tax on servants;
- (iv) whether the total demand has been certified to by the Executive Authority;
- (v) whether the totals of the abstract in Demand tallies with the corresponding figures in the demand, Collection and balance statements received in the District Audit office;
- (vi) whether the total collection agrees with the collection figure in the DCB and with the Trial Balance and Accounts.
- (vii) whether the balance has been correctly carried forward to the arrear demand .
- (viii) In respect of items of demand covered by suits necessary reference to the corresponding entry in the register of suit should have been given against the item concerned in the demand and arrear demand register;
- (ix) Whether the total amount of writer off and remissions agrees with the total in the register of writes off and remissions:
- (x) Whether the balance as arrived at by deducting the total collection and writes off and remission agrees with the total of the balance in the abstract in the demand and arrear demand register

37. REVENUE LEASED OUT

Under Sec.321 (3) of the TNDM Act 1920 and under Rule 52-6 Chapter IV of the Municipal Manual Vol.I, the Municipal Council can propose to lease out the right to collect fees in respect of Market, cart, cycle stand, slaughter house, fishery rights, bus stand, Taxi, Auto stand, Lorry stand, Dhobikana, pay and use toilets etc. annually for a period of not exceeding one year. (G.O.No.194 RDLA Dept., dt.16.2.82)

Note: Separate auctions must be conducted in respect of weekly markets and daily shandies of Municipalities with a view to augmenting revenue and not be combined in a single auction. (G.O.Ms.No.413 MA& WS Dept. dt.30.4.1990)

It should be seen in audit:

- (i) that a preliminary notice setting forth the conditions and terms subject to which the lease would be granted, approved by the authority competent to enter into a contract under section 68 of the Act (such authority should for this purpose have been determined with reference to the amount of bid accepted for previous years' lease) is published in one or more newspapers having a wide circulation in the locality and affixed in some conspicuous places within the limits of the municipality or in any other manner determined by the authority competent to accept the bid;
- (ii) that the preliminary notice contains all the particulars referred to in sub-rule (3) of Rule 6 of Paragraph 52 of Municipal Manual and the condition in clause (vii) below and that the date on which auction shall be conducted has been specified;
- (iii) that the sale is conducted by the executive authority or a person authorized by him and that the security deposit fixed in the preliminary notice is taken from all intending bidders;

Note - The earnest money deposit of unsuccessful bidders should have been refunded only after acceptance of the bid by the competent authority.

- (iv) that the solvency of the successful bidder was ascertained before the lease was confirmed.
- (v) That the Executive Authority has placed the details of the auction before the council for its approval and that the auction is approved by the council/ authority competent to enter into a contract and that where a bid other than the highest is accepted, the reasons for such acceptance are recorded in writing.

Note 1 – A re-auction can be held only if the Committee or the Council, as the case may be, refuses to accept any of the bids at the original auction sale and directs that a resale should be held. (Government Memo. No. 28485/3E1/PH, dated 4th November 1939).

- (iv) that the contract is entered into by the authority competent to enter into a contract and that necessary lease deed, setting forth the conditions subject to which the lease is granted is executed within fifteen days of the date of confirmation of the lease;

The following aspects are also to be verified;

- (a) the duration of the lease;
- (b) the amount of each installment of rent;
- (c) the compensation or penal interest payable in the case of payment of any installment after the due date.
- (d) The liability of the lessee to make good any loss caused to the council on resale or through departmental management as well as resale owing to default of the lessee to fulfill the terms of his contract;
- (e) The rate of fees to be levied by the lessee; and
- (f) that where sales in public auction have proved unsuccessful due to occasions owing to want of bidders or due to strong combination among the bidders, the Executive Authority have called for sealed tenders.
- (g) that the lease deed is duly stamped according to the Indian Stamp Act and signed by the Commissioner and lessee in the presence of witness and registered in cases where the period of leases exceeds one year.

Note:-

- i) The Commissioner should process the procedures of tender cum auction that is calling both auction and tender simultaneously.
- ii) The auction should be conducted immediately after the time fixed for the recall of sealed tender but before opening of sealed tenders.
- iii) After auction is over, tenders shall be opened and decided in favour of the highest bidder among both the tender bids and auction bids.
- iv) Separate E.M.D should be collected to participate in auction.
(Govt.Letter No.872/MA.IV/94 MA & WS/Date 28.01.1994)
- v) There must be a condition of lease/license that the lessee/licensee should not sub let the stalls/name transfer of the lessee either to the legal heir or some other persons. In that case the lessee .licensee shall hand over the property to the municipal councils and fresh auction conducted to lease out.
(G.O.Ms.No.67/MA & WS Dept, dated.02.03.1999)

Certain percentage of old shops if any of them falls vacant and new stalls built may be reserved for disabled persons. If more than one offer is received for a particular reserved stall from among the handicapped, the allotment will be decided by lots. The rent may be fixed with reference to the rent fetched in auction in the vicinity. If no such auction was held, the rent may be fixed with reference to market rate. Stalls or kiosks maintained by the handicapped should not be sub-let. If it is sub-let the Executive Authority can reserve the possession of the stall and no compensation is liable to be paid.

(G.O.Ms.No.1347, Rural Development and Local Administration, dated 22nd August 1978.)

Fishing Rights on the Municipal tanks and also the tanks belonging to Panchayat and Panchayat Union may be leased out annually under public auction. The fishery Cooperative Society and Seaman Fishery Co-Operative Society may participate in the public auction.

(G.O.Ms.No.117/MA & WS dated.09.05.1997.)

- (i) In respect of milk booths uniform rent of Rupee one per day per milk booth may be collected irrespective of the places in Municipalities.
- (ii) In respect of milk parlours, the General Manager, Aavin may consult the respective Commissioner or Director of Municipal Administration to arrive at an economic rent.
- (iii) In respect of automatic milk vending booths a rent at the rate of Rs.600/- per booth per annum may be collected.

The said decisions be implemented by the D.M.A. after observing necessary formalities and after obtaining the resolution of the Municipal Councils.

(G.O.Ms.No. 253, MAWS, dated 25-4-89)

- (c) As per supreme court judgment the increased rates of rent payable from 1.4.88, increasing the rate by 15% in a block of three years, should be worked out and the demands revised and demanded from the lessees.

Wherever any fresh lease is given in future to a new party (either for new shops or old shops) an increase in the initial deposit should be made so that it is at least equal to the actual cost of construction.

Even in the case of existing lessees which are continued at 15% increase rent as per supreme court judgement the deposits should be increased to one year rent or the actual cost of construction whichever is higher.

Upto the period of 31.3.88 the executive authority of the Municipality shall follow the rules which existed till then.

Shops for which daily rent is collected action should be taken to increase the deposits and collect them in installments. (C.M.A Circular No.18985/89/R3 Dated.03.05.1994)

The shopping complex constructed by THADCO for the welfare of the Adi Dravidar Community may be sold to municipalities and from Panchayat on loan basis. The council sanction may be obtained to repay the loan amount to THADCO.

The allotment of shops may be made by the committee headed by chairman. The beneficiaries must be scheduled tribes/castes. Even after completing the loan amount the beneficiary must be scheduled castes/tribes. The shops may be allotted after transparency tender to schedules castes/ tribes.

The rent fixed should not be less than the rent already fixed by the council and the loan amount together with 4% interest shall be refunded in 5 years.

(G.O.Ms.No.32/Adi Dravidar & Welfare Dept/dated.15.04.1998.)

The cycle stand and pay and use toilets may be leased out by public auction. If the auction amount is less than the previous year income (derived from Departmental Collection) departmental collection may be resorted to

(G.O.Ms.No.293/MA & WS/ Dept. Dated.20.07.1996)

Note – Audit should bring to notice cases in which agreement only have been taken with a view to avoid by payment of higher stamp duty by the lessees, which he would have had to pay had a lease deed been executed or a bond taken. As failure to execute a lease deed or bond is indicative of the solicitude of the Municipal Council for the interests of the lessee and disregard to the interests of Government, the point should be mentioned in the audit report, that every lease deed contains an express condition that the lessee shall be liable to pay such ground rent as the council may fix from time to time;

The following points should be examined in auditing the receipts from leases and accounts maintained in connection therewith;-

- (i) that the lease amount or security deposit taken, the date of the agreement, the amount of instalment due, the date of payment and the rate of penal interest leviable are noted in the miscellaneous demand register,
- (ii) that penal interest is calculated and recovered or written off with the sanction of the competent authority;
- (iii) that the amount of security deposit noted in the miscellaneous demand register agrees with that shown in the deposit register against the lessee concerned;

- (iv) that the security deposit has been adjusted towards the last three installments or towards any installment of the lease amount overdue from the lessee and towards the loss if any sustained by the resale or departmental management;
- (v) that a lease is terminated and a resale is conducted on account of the default of the lessee, necessary legal steps are taken for the recovery of the loss from the original lessee;
- (vi) that when any installment due under the lease is not paid within one month of the date on which it becomes payable, the Executive Authority has to forthwith report the matter to the Municipal Council which should terminate the lease and order its management departmentally at the risk of the lessee till it is resold if a resale is ordered;
- (vii) that balances outstanding at the close of the year are carried forward to the subsequent year's register;
- (viii) that the demand, collection and balance both under current and arrears agree with the statement received in the Audit Office;
- (ix) that in respect of the lease amounts remaining uncollected for three years suits are instituted for the recovery before they become barred by limitation of time, and
- (x) that the amounts of decree towards rent, costs, etc., are noted in the miscellaneous demand register and the recovery watched; and
- (xi) that sweeping charges within the market premises are recovered from the contractor and necessary condition to the effect is incorporated in the lease deed..
- (xii) (a) as per lease conditions, the electricity consumption charges may be paid directly by the lessees of the bunk stalls and shops, etc. based on the current consumption bill. The interest allowed by the Electricity Board on the Security Deposit made by the Municipal Councils on the Service connection is deducted from current consumption charges. Thus the interest on Security Deposit due to the Municipality is availed by the lessee and he is benefited to that extent. This constitutes loss to Municipal Funds. To prevent such loss, it has been suggested that a sum equal to the security deposit amount may be received from the lessee concerned before handing over the possession of the stall or shops as the case may be and refunded to the lessee on the expiry of the lease period and that this may also be included as one of the clauses in the lease condition.

(Circular Roc.No. 96053/79/D1, dated 22nd March 1980 of the Director of Municipal Administration)

- (b) In all other cases like Officers and staff quarters, etc. i.e. not covered by any lease condition, it should be seen that the interest on security deposit has been recovered from the occupiers and credited to the Municipal Fund.

(Examiner's Circular No 9601/77/IC, dated 31st January 1977)

Revised norms for leasing:

Lease of shops, Bus-whelters, Markets, Cycle stand , Pay and use toilets, Rest Houses vested with Municipalities & Town Panchayats are to be let out on lease for a period of 3 years from the financial year 2009-10.

The lease will be held by public auction for a period of 3 years in the first instance. The lease amount for second year shall be increased by 5% at the end of the first year. The lease amount for the third year shall be further increased by 5% of the lease amount of the second year.

Eg.: Lease amount of the first year	Rs.100/-
Lease amount of the second year	Rs.105/-
Lease amount of the third year	Rs.110.25

If the lessee died within the term of lease of three years, the lease shall be transferred to his legal heirs. If the legal heirs are not willing then reauction may be held. All other existing conditions will continue.

(G.O.No.181 MAWS Dept., dt. 19.9.2008.)

38. LEASING OF MUNICIPAL PROPERTIES

The immovable properties belonging to the Municipalities such as Shops, lands etc. are leased out in Public auction to augment revenue to the Municipality. Various guidelines have been issued by Government regarding the lease of Municipal.

Immovable properties belonging to the Municipalities should only be leased out on public auction at the first instance.

The period of lease may be up to 3 years at a time. The lease will be renewed automatically after the completion of the 3 years block. The renewal may be allowed up to 9 years. (i.e.3 terms of 3 years each) The lease amount should be increased by 15% for every three years. It will apply to existing lessees also.

After 9 years the lease amount /Rent should be re-valued with reference to the prevailing market rate. The existing lessees may be given preference to continuous the lease up to another 9 years on acceptance of the enhanced rate. In case of non acceptance it should be leased on public auction.

The renewal fee shall be collected at the following rates once in three years.

Area	Lease amount.
1.Upto 100 sqft	Rs.500
2.Above 100 upto 500 sqft	Rs.1000
3.Above 500 upto 1000 sqft	Rs.1500
4. Above 1000 sqft	Rs.2000

In cases where there are unauthorized lessees the lease right may be transferred in their name on one time basis, and the unauthorized lessee should remit an amount equivalent to 12 months lease amount, in advance. He should also remit an amount as fee for name transfer equivalent to the 12 months rental amount subject to the following minimum amount fixed.

1.Upto 100 sqft	Rs.2,500
2.Above 100 upto 500 sqft	Rs.5,000
3.Above 500 upto 1000 sqft	Rs.7,500
4. Above 1000 sqft	Rs.10,000

The legal heir of the deceased lessee (first lessee) may be allowed name transfer subject to the condition that they remit the entire arrears of lease amount due and adhere the lease condition and accept to remit the lease amount fixed by the urban Local Bodies from time to time. A sum of Rs. 500 shall be remitted as application fee for transfer of name (G.O.RT No.92 M.A.W.S Dept.Dt.03.07.2007)

It should be seen that

1. The lease/license conditions in respect of the property to be leased out should be got approved by the council, vide publicity shall be given while calling for bids during public auction-cum tender Invariably information shall be published in one of the leading local dailies.
2. The authority competent to accept the offer for lease/license the date, time, venue of auction/tender, the amount of security deposits/E.M.D to be paid, the details of solvency to be produced and other specific conditions, which have necessarily to be made known to the intending bidders, shall be given in the notification itself. The details of leases/licenses offered for bid shall also be indicated in specific items.
3. Specific instructions have been issued in Government Letter No.872/MA IV/94-2 Dated.28.1.94 that Municipal properties/ license for right to collect shall be leased out by adopting auction-cum-tender procedure.
4. Separate E.M.D/Security deposit shall be insisted for bidders, who intend to participate in both public auction and tenders.

5. Once the public auction-cum tender process is completed the subject should be placed before the council immediately for approval by the council
6. When sufficient time is given and auction-cum-tender conducted the re-auction-cum-tender can be fixed allowing shorter duration depending on the time available for the expiry of the current lease/license. As a minimum time of 10 days is required for the office to get the formalities completed, it is always better to complete the auction-cum-tender process, approval of council confirming the highest bid before 20th March every year. Immediately after the time prescribed for soliciting reauction-cum-tender is over the subject shall be prepared with the comparative statements, etc. for placing before the council.
7. When an ordinary meeting could not be convened for any reason, urgent meetings shall be convened and the issue decided well in advance. As soon as the decision is taken by the council, the highest bidder should be informed of the decision and he should be required to remit the security deposit amount in full and additional security if any required and for fulfillment of other conditions, that may be necessary.

If the highest bidder does not comply with the notice and fails to fulfill the conditions or fails to execute the agreement in time, immediate action shall be taken to cancel the provisional confirmation and forfeit the deposit paid by the highest bidder and to conduct reauction-cum-tender duly informing him of his liability for any loss, that may occur due to reauction.

8. In no case, the lessee/licensee should be handed over possession without getting agreement duly executed and checking solvency and deposit.
9. While conducting auction, the persons who have any outstanding dues to the municipalities should not be allowed to participate.
10. While placing the subject before the council, the Municipal Commissioner should ensure that there is no loss to the Municipality. Wherever the bids are either higher than the last year's amount or higher than average of last 3 years income on the particular lease item, there is no objection to confirm the highest bid. Otherwise, invariably reauction-cum-tender shall be suggested and reasons for lower offer shall be placed before the council. If there is any unhealthy combination in offering bids, suitable steps shall be taken to prevent such combination in the interest of Municipal finance.
11. The lessee/ licensee shall be handed over possession of the new lease/license in time.
12. The side open spaces including open spaces under stair cases in commercial complexes shall be kept as such for free public use and they shall not be let.

Note-The penal interest for belated payments shall be enhanced from 12% to 18%

(Go.Ms.No.26 (MA & WS) DEPT, DATED.08.01.1994)

Responsibility of various level officers

The R.O., R.I. and clerk concerned will be held responsible to get the solvency certificate and deposit amount from the lessee as per the tender or lease conditions.

The council will be held responsible for the confirmation of reauction.

After the lease is confirmed the responsibility in respect of issue of confirmation orders, getting of three months lease amount as advance payment and execution of agreement will lie with on the clerk concerned.

Soon after the lease items are entrusted to the lessee, the R.I. should submit his report regarding the entrustment and acceptance of the lessee. The RO shall also watch the report.

The R.I & RO should watch the collection and remittance of the lease amount regularly. The R.I should bring to the notice of the R.O the defaulters in the payment of lease amount. The R.O. should bring it to the notice of the E.A. for information and necessary action. The clerk who is maintaining the M.D.R. should also put up note to the E.A. through the R.O. for its cancellation or reauction. With all these the E.A. should be vigilant at all stages in the matter of collection of lease amount and supervision over the staff.

The EA should also obtain an Indemnity Bond from the lessee listing immovable properties of the lessee which should be attached in the event of default and where the lessee has no properties an indemnity undertaking from a third party owing properties shall be obtained.

(G.O.Ms.No.1773 RD& LA Dated.18.11.1982)

Allotment to Self-Help -Groups

Government have permitted the allotment of shops to Self Help Groups in Municipal areas. Such allotments shall be done only with the prior clearance of the Commissioner of Municipal Administration and the number of such allotment in any municipality shall not exceed 2 or 3. The Commissioner of Municipal Administration shall draw up guidelines for determining the rent/lease amount to be paid by such groups and shall fix the amount in each case.

G.O.(2D)No.7/MA & WS/Dept, Dated.28.02.2005

1. The Commissioner and the municipal council may inspect the places/shops allotted for self help groups.
2. One or more self help groups may be permitted to conduct their shop jointly.
3. Minimum rent fixed shall be 50% calculated on 7% of the total cost of the construction.
4. Prior approval of the Commissioner of Municipal Administration shall be obtained before allotment.
5. Initially the allotment will be given for a period three years only.
6. The Security Deposit and agreement are to be obtained.
7. While fixing the rent, the guidelines value of the land may be obtained from the Registration Department and value of the building from the Public Works Department.

(Lr.No.14627/2005 S.E.P.2/Dated.18.05.2005 of Commissioner of Municipal Administration)

39. LEVY OF DEVELOPMENT CHARGES:-

Development charges shall be assessed and levied separately on the institution of use and change of use of land or building or development of land or buildings. The development charges for lands will be levied as follows.

- i. All unused vacant lands shall be deemed to be lands used for agriculture or gardening or forestry for purposes of assessments and levy of development charges.
- ii. When any land appurtenant to an existing use whether commercial, industrial, residential, agricultural or, miscellaneous is to be sub-divided and /or developed for any use, it shall be deemed to be institution of use for purposes of assessment and levy of development charges.
- iii. Development charges shall be payable for the institution of use, first change of use and also for subsequent changes of use of land.
- iv. The rates of development charges for the institution of use for residential purposes or first changes of use from agricultural or present use to residential use shall be as determined by the Authority not being less than Rs. 2000/- per hectare and not more than Rs.10,000/-per hectare. The rate so determined shall be termed "Residential Rate (land)".
- v. Provided that the authority shall take into account the land value generally prevailing in the local area before arriving at the residential rate (Land) for such areas.

- vi. The rates of development charges for other uses shall be regulated as follows :-

Category of use	Rate of development charge
Institution of use or change of use from Agriculture or present use to	
1. Industrial	1 ½ times residential rate (Land)
2. Commercial	2 times residential rate (Land)
3. Miscellaneous	2/3 of residential rate (Land)

- vii. The rates of development charges for the second and subsequent changes in use of land shall be regulated in the following manner.

Category of use	Rate of development charge
a. change from residential to Industrial	½ residential rate (Land)
b. change from residential to Commercial	½ Residential rate (Land)
c. change from Miscellaneous	Residential ½ residential rate (Land)
d. change from Miscellaneous to commercial	1 1/3 of residential rate (Land)
h. All other change of use	1/10 residential rate (Land)

- Vii. Any person who intends to carry out any development, or institutes or changes any use of any land or buildings for which permission is required under the Town and Country Planning Act shall apply for the assessment of development charges payable in respect thereof before 30 days of commencement of the proposed development or change of use of any land or building.
- viii. **Determination of development charges**, - The Authority shall on such application being made or if no such application is made after serving a notice on the person liable to such payment and after calling for a report in this behalf from concerned Town Planning Officer determine whether or not, and if so, what development charges payable by such person and issue a notice in writing of such assessment.
- ix. **Payment of Development charges**, - Such person on receipt of the final assessment order shall be liable to pay the Authority, the development charges assessed within thirty days from the date of communication of the assessment order. The Government may, for sufficient reasons, exempt any class of land or building from the operation of these rules viz, the planning Authority (levy of Development Charges) Rules 1975.

(G.O.Ms.No.2039, Rural Development and Local Administration, dated 20th December 1977)

40. LAYOUTS

The layouts of agricultural lands and poramboke site which were brought to scheme areas under Tamil Nadu Town and Country Planning Act should be got approved by the Municipal Council and the Director of Town and Country Planning. In respect of approved layouts the connected files should be verified with reference to the layout registers and register of roads handed over from out of approved layout. The following audit checks should be exercised.

- Whether all the layouts approved are brought under assessment of vacant site tax from the date of approval if they are not utilized for Agricultural purpose and dry crops are not raised in the layouts (Government Letter 125925/M7/6-17, Rural Development and Local Administration, dated 12th August 1980)
- Whether the betterment levy due was fully realized in case where the formation of roads to the plots was undertaken by Municipality with reference to the final value of work done.
- Whether the roads transferred in respect of approved layout are duly metalled otherwise the cost of metalling the road and lighting arrangements has to be recovered from the owner, either in one lump sum or in installments.
- Whether the transfer of such roads is duly agreed upon in registered agreement.
- Whether the roads transferred are entered in the Register of Roads.

(Examiner's office Lr.Rc.No. 0646/82, dated 2nd January 1982.)

Regularisation of unauthorised layout:

Conditions have been prescribed by the Govt.for regularization and provision of basic infrastructures in unauthorised layouts in private lands outside Chennai Metropolitan Area.

Sub-divisions of land upto 8 plots for family partitions or for other purposes will not be considered as a layout.

The unauthorised layouts in private lands established prior to 1.1.1980 will be considered equivalent to approved layouts and the OSR charges will not be collected. However, if infrastructure and amenities have not been provided, development charges will be collected by the local body for provision of the deficient infrastructures along with other deposits and connection charges for water supply sewerage etc., as may be applicable in the concerned local bodies.

1. Individual plots in unauthorised layout in private lands made after 1.1.1980 but before the date of issue of this order will be considered for Regularisation subject to the following conditions.
 - a) The unauthorised layout in private lands should be about a public road or a road in a regularised layout.
 - b) The plot in the unauthorised layout in private lands for which approval is applied there should be a road of at least 16 feet (4.8m) width.
 - c) The plots should conform to coastal Regularisation Zone (CRZ) Civil Aviation, Ministry of Defence and other regulations and should not lie within the area prohibited for residential development such as hazardous zones, areas around crushers and quarries, etc.
 - d) The local body will collect development charges on the prevalent schedules of rates for providing basic infrastructure. The development charges shall be calculated by the local body for the layout as a whole and the proportionate costs shall be recovered from individual plot owners in one lump sum.
 - e) The regularisation fee 20/- per sq. metre for corporation areas Rs.10/- per sq. metres for Municipal areas and Rs.3/- per sq.metre in Town Panchayats shall be retained.
 - f) 10% of the layouts area should be reserved as Open Space Reserve. This shall be proportionately divided among the total number of individual plots, based on the extent of the plots. The plot owner shall hand over the proportionate OSR land to the ULB. In case of deficit in OSR areas, the plot owner shall pay 50% of the cost of the deficient extent. The rate for calculating the OSR deficit shall be based on the guideline value in the year of registration of the house site in the case of house sites purchased and registered prior to 22.9.2000. In the case of house sites purchased but not registered between 22.9.2000 and the date of issue of these orders the land values shall be calculated on the basis of the guideline value on the date of purchase of the house site.
2. ULBs may provide common basic infrastructure in unauthorised layouts in private lands after collecting the requisite development charges from land owners. ULBs can provide such amenities in a phased manner after collecting at least 50% of the total development charges for provision of such amenities in the layout as a whole. The commissioner of Municipal Administration shall prescribe detailed guidelines in this regard.
3. The ULBs may provide amenities for individual plots like water supply and sewerage connection after collecting the entire proportionate cost towards OSR deficit and development charges as applicable in addition to such other deposit and connection charges may be applicable in the concerned local body.
4. Individual building plan approvals hitherto unapproved plots may be accorded after collection of the entire proportionate cost towards OSR deficit and development charges as applicable.

(G.O.Ms.No.11 (MA & WS) (MA-1) Dept, dated.19.01.2006).

Abolition of Revolving Fund

Revolving Fund created in Municipalities for the formation of Road in Private Layouts is abolished. The Fund collected from the municipalities may be credited into the Government head of account.

(G.O.(D.Dis) No.342 MA & ES DEPT, DT.11.07.2001)

41) REVENUE MANAGED DEPARTMENTALLY –

In case where the collection of any revenue, such as market fees, cart stand fees, etc. is managed departmentally the following checks should be exercised.

- (i) Receipts having a fixed value printed on them have been issued for departmental collections. The total number of each kind of receipt issued should be ascertained and the amount realized arrived at by multiplying the number of receipts by the rate there of an abstract should then be made of the several totals and agreed with the amounts shown in the accounts.
- (ii) (a) It should be seen that the ticket books are printed in different colours for the different rates of fees. As printing of counter foils receipt have been abolished the correctness of the collection made should be verified with reference to the number of ticket books and accounts maintained by the persons entrusted with the collection and used for the period of audit.
- (ii) (b) that the register required to be maintained in this is maintained in all Municipalities
- (iii) The auditor should also see-
 - (a) whether a proper account in Part 1 and II as prescribed is kept of the receipts, issues and balances of the printed receipt books.

(Circular of the Examiner Rc/ No.10182/C2/72, dated 3rd March 1972)

Note- The bills or invoice forwarded by the printers should be obtained and examined for the purpose of checking the correctness of the entries relating to the receipt of bills in the stock account. The issues should be checked with the number of books noted as receipts in the register as regards the balance, the number of books both in hand and in use should be verified. If any of them is not forthcoming, the matter should be at once brought to the notice of the Executive Authority and in the absence of satisfactory explanation, the matter should be brought into the Audit Notes and the Audit report.

- b. whether the books have been machine numbered and stamped with the council's common seal and the total number of pages each book contains certified to by the Executive Authority or any other responsible officer;
- c. whether proper collection registers are maintained by the officers entrusted with the collections;
- d. whether the remittances shown as made by them have all been brought to account in the Municipal office;
- e. whether the Municipal Office exercises proper check over the realization;
- f. whether the balances of books in the office have been verified half yearly by the Executive Authority or by any responsible officer and those with the collecting officers as well as the account books with them have been likewise verified at irregular intervals, and the fact in both cases certified to in the registers concerned.
- g. Whether adequate security has been taken from the persons entrusted with the collection work.

42. BUS STAND FEES:

In the Tamil Nadu Motor Vehicles Rules 1988 the Government have mentioned the maximum rate of fee leviable by the local authority in respect of each category of the public service vehicles which use the Bus Stand as shown below.

Category of Bus Stand	Existing rate of fees Rs.	Revised Rate of Fees Rs.
Class A	4.00	15.00
Class B	3.00	12.00
Class C	2.00	8.00
Class D	1.50	5.00

The revised rates will come into force from 11.3.2002. (Motor Vehicles-Revision or Bus Stand Fee in State-Amendment of Rule 245 of Tamil Nadu Motor Vehicles Rule 1989.

(G.O (MS) No.175 Home (Transport-VII) Department Dated.4.3.2002).

The fees may be collected on monthly basis spare buses which ply in the places of route buses will be exempted from payment of fees. (Extract of Rule 245 (a) from the Tamil Nadu Motor Vehicles Rules, 1988.)

(G.O. Ms. No.772, R.D .dated 24th September 1990.)

The collection of bus-stand fees are either made departmentally or let on lease. Audit should verify the correctness and genuineness of the collections made departmentally with reference to the receipts issued.

In case of lease, audit should ensure whether the amount of lease is fixed in the manner that there was no loss to the Municipality with reference to the number of buses plying.

43. FLUCTUATING ITEMS OF REVENUE:-

Fluctuating items of revenue are those not falling under the heads referred to above and are generally the following

- a. Rent of lands, building, choultries, market stalls, encroachments, etc.,
- b. Revenue receipts.
- c. Travellers bungalow fees.
- d. Sale proceeds of lands, buildings produce of lands and gardens, old materials, night soils, etc.
- e. Educational and medical receipts
- f. License fees
- g. Distraint fees and vaccination fees.
- h. Miscellaneous receipt such as fines, interest on investments, contribution, deposits ,recoveries for service rendered and recoveries of advance, search fees, fees for numbering carts, fees for duplicate licenses, etc..

The following are the points which should be kept in view in the course of the check:-

- (i) that the amounts due as ascertained by sale or otherwise have been realized;
- (ii) that there are no undue delays in realizing the amounts due or in crediting them;
- (iii) that computerized receipts have been invariably granted for all miscellaneous receipts
- (iv) that the amounts credited are correct with reference to the accounts.

44) TRADE LICENSE FEES:-

Trade license fees is levied by the Municipal council for issue of license for using any place for carrying on any one or more trades specified in Schedule V of the TNDM Act 1920 within the Municipal limits.

The following are the records and registers to be checked :-

- 1) Notification of the council fixing the rates of fees for the various trades.
- 2) yearly lists submitted by the outdoor staff.
- 3) Monthly lists submitted by the out door staff.
- 4) Register of Miscellaneous licenses.
- 5) Arrear demand Registers.
- 6) Register of installations.

It should be ensured that the register of miscellaneous licenses and the yearly list are maintained in the forms prescribed in G.O.Ms. No.512 and 513, Rural development and Local Administration dated 21st July 1973.

- (i) License fees should be collected before a license is granted or renewed. where a license applied for by a person or its renewal is refused, the fee paid by him along with his application should be refunded.
- (ii) that miscellaneous license book issued for stock have been accounted for by way of used or unused books;
- (iii) that the balances out standing in the annual lists are transferred to the arrear demand register and that a demand collection and balance statement is worked out;
- (iv) that the collections made by the Bench Magistrates are noted in the annual list and miscellaneous license register or arrear demand register as the case may be. For this purpose. the statement received from the Bench Magistrates should be called for and checked both with the prosecution register and the registers referred to above; and
- (v) The collections in the yearly list should have been totalled and tallied with General ledger.

The total collections as shown in the abstract should be tallied with the gross collections as per Chitta after allowing for (1) advance collections of subsequent year, arrear collections. The total balances in the current Demand list and the Arrear Demand Register should be traced in the Arrear Demand Register of the next year. the brought forwarded items should be totalled and the figure agreed with the total balance of arrears as per Demand, Collection and Balance (arrear and current)

In the Accrual based accounting system the amount of license Fees collected in a year is construed as due for the year in which it is collected, though the grant of licenses is for the next year. The issue of licenses by the Municipality in advance of the commencement of the year is a pre - requisite to the conduct of certain traders. As such the collection made in a year earlier to the year to which the licenses pertain, need not be considered as advance collection, and it could be taken as income for the year in which it is collected. The procedure of collection of amount in advance of the commencement of the financial year, for the grant of licenses for the next year, should he maintained by the Public Health Section.

It should be seen that

- i) the 25 percent fees for belated application are shown separately both for, demand collection and balance and the collections on this account have not been shown against original demands of different items.
- ii) That when proportionate fees are recovered there is provision for the same in the notification and that the period is specially mentioned in the application for licenses;
- iii) that licenses are not issued for any period beyond the end of the year
- iv) that permission of the Council obtained for constructing or establishing any factory, workshop or work place in which it is proposed to employ steam power, water power or other mechanical power or electrical power or to install in any premises any machinery or manufacturing plant driven by steam, water or other power and that the fees fixed by the Council for the purpose are collected.
- v) All the chalans received with the application for license should be checked with the counterfoil of licenses in form No.48 and the entries in the register of miscellaneous licenses. In the course of this check it should be seen
 - (a) that lists of places where industries or trades requiring licenses are obtained from out door officers immediately after the commencement of the year
 - (b) that the monthly reports of persons who have not taken out the requisite licenses are regularly received that all the items in the latter are included in the annual lists and that the number of licenses issued are duly noted in them.
 - (c) that the application for licenses duly affixed with the court fee stamps to the required value and are filed in consecutive order.
 - (d) that the rate at which fees are collected is in accordance with the rate in the notification published by the council and the description of the trade or industry corresponds with the notified classification. if it has not been correctly classified it should be pointed out in the Audit notes and recovery of deficit, if any, suggested

- (e) that all persons assessed to profession tax on income derived from carrying on any trade or industry for which licenses is required have taken out license for such trade or industry.
- (f) that all persons who have taken out license under the Madras prevention of Food Adulteration Rules, 1961 have also taken out license under section 249 of the T.N. District Municipality Act;
- (g) that the fee collected on each license has been recorded of miscellaneous licenses in chronological order.
- (h) that the number of the license is noted in the annual list and the license is issued in all cases.
- (i) that in case where any trade or industry is carried on without license the party is prosecuted within the year or within the year or within three months from the end of the year as provided in Section 347 of the Madras District Municipalities Act.

Note 1) A check of the entries in the register of food samples may also be made to see these cases find place in the yearly list. The yearly list for one ward should be checked for this purpose. The license number should be required to be noted in the profession tax half yearly lists to facilitate this check.

- 2) The Municipal Council may, if it so desires, levy a higher rate of fees for belated application for licenses; but it should not levy penalty for the purpose.
- 3) If the first March happens to be holiday, license fee may be collected on 2nd March of the Financial year without any belated fee(memorandum No. 79578/Mi/63-2, Rural development and Local Administration, dated 20th June 1963)
- 4) The Government has held that a license under section 249 of the Act cannot be transferred from one individual to another and that fresh license has to be issued to a person applying for it the same trade in the same premises. It is, however, open to the council to decide the levy of fees for the issue of licenses in such cases

Refund of license fee

Refund of license fee is not ordinarily admissible except when a license is refused. where the license granted by the Executive authority could be used for want of license from the District Magistrate or other authorities it may be considered as having been refused for purpose of refund.

The council has power to refund the license fee collected in case where it considers that a refund can be made.

The claim for the refund of license fees will be barred by limitation after the expiry of 3 years from the date of refusal to grant license fees. (G.O.Ms.No.780, Rural Development and Local Administration, dated 11th April 1967)

Exemptions

In respect of the following kinds of machineries. no permission under Section 250 of the T.N. District Municipalities Act, 1920 is necessary:-

- 1. Electrical machinery or appliances intended to be used for purely domestic or personal purposes or comfort
- 2. Non – electrical machinery appliances not exceeding two horse-powers intended to be used for purely domestic or personal purposes or comfort
- 3. Machinery not exceeding two horse-powers which are installed in connection with agricultural purposes.
- 4. Normally unattended static transformer stations, unattended condenser stations, unattended rectifier stations, switching stations.
- 5. Portable drilling machines, portable engines used in the constructional work such as concrete mixers, motor mills pumps.
- 6. Compressors, refrigerators used in chemists and druggists shop and

7. 'X' ray plant used for diagnostics and therapeutically purposes in the dispensaries and consulting rooms of medical practitioners:-

(G.O Ms. No. 1938, Health dated 29th May 1950, 811, Health , dated 12th March 1951.)

(G.O. Ms. No. 42, Local Administration, dated 17th January1957.)

(G.O. Ms. No.1121, Local Administration, dated 23rd January1957.)

(G.O. Ms. No.712, Local Administration, dated 3rd May1957.)

Note 2- A government industrial unit exempted from license fee and later transferred to the control of the Panchayat union council has to take out a license (Government Memo. No. 188594/F10, Rural Development and Local Administration, dated 8th July 1965.)

The licenses under the "Madras Agricultural products Marketing Act, dated 23rd January 1959 should also take out licenses under the T.N. District Municipalities Act (other than those covered by the General exemption granted under section 244 of the T.N. District Municipalities Act. 1920.)

- (1) that the places of the kind referred to above are reported by the outdoor officer in their monthly lists.
- (2) that before permission is granted by the Municipal council the approval of the Inspector of factories regarding the matters referred to in section 250 (4) of the Act and of the Municipal Health officer or District Health Officer, as the case may be, is obtained as regards the suitability of the site for the purpose specified in the application.
- (3) If no order has been passed on the application for permission and hence within 60 days from the date of receipt of application they should be deemed to have been allowed. (Memo. No.25900/1/73, RDLA, dated 15th November 1975).
- (4) that before granting licenses under the concerned local body Acts, the executive authorities should also require the entrepreneurs to produce the consent letter issued by the Tamil Nadu Prevention and Control of Water Pollution Board, in so far as it relates to the disposal of effluents along with the application for license as a prerequisite condition.

(G.O. Ms. No.148, Rural Development and Local Administration, dated 3rd February 1983.)

Note-It is enough if the consent of the Tamil Nadu pollution control board is obtained in respect of certain factories as detailed in the annexure to G.O. Ms. 553, MA & WS, dated 12th June 1990.

Note : - There is no need to obtain a license from the Municipality under TNDM Act 1920 for storing Cinematograph Films.

(G.O. Ms. No. 2145, Rural Development and Local Administration, dated 29th December 1981)

Note : - For installing any machinery for which permission under section 250 of the Act is necessary, separate permission should be insisted on each time, machinery is installed, and separate fee should be levied for each such permission. But for the purpose of levying license fees under section 249 of the Act is the total horse-power that should be taken into account and fees should be levied only on the basis of the total horse-power, of all machinery installed in the same premises.

Note : - Storage and manufacture for industrial purpose acids such as Sulphuric acid Choric acid and Nitric acid which are neither explosives nor combustible are not licensable.

(G.O. No. 647, Health, dated 23rd February 1953)

Note: - A lodging house if desired to be one with boarding facilities, if lodging and boarding facility exclusively intended for the lodges are offered in the same building and under one management.

(G.O. Ms. No. 1918, Rural Development and Local Administration, dated 18th August 1961)

Note : - A place where meals, refreshments or drinks are (1) only prepared but not sold or (2) served cannot be treated as restaurant licensable under Tamil Nadu District Municipalities Act.

(G.O. Ms. No. 3058, Home, dated 3rd September 1961)

Note : - If a scheduled business requiring a license is carried out in the same place consisting of several continuous buildings, but for which different door numbers have been given, it cannot be said that more than one business is carried on in more than one place attaching separate license fee for each of the door numbers. In such case it is enough if a single license is taken for running the trade. On the other hand if in the same place consisting of several continuous buildings, separate and different in trades are carried on, then separate license will have to be obtained in respect of each trade or business (Memo. No. 79734/MI/64-4, Local Administration, dated 4th January 1965).

Note : The license fee cannot be regarded as item of tax and hence the rate of fees should always be justified on the principle of quid-pro-quo and a license fee should not be disproportionately high (G.O. Ms. No. 2066, Rural Development and Local Administration, dated 21st September 1973).

Note : Municipal Council can waive the collection of license fee, or renewal fee in any particular case and can sanction consequential refund (G.O. Ms. No. 3409, Health, dated 28th September 1950 and Memo. No. 38734/55-2, Rural Development and Local Administration, dated 21st September 1973)

Note : License fee is leviable for a trade conducted in a building even if the building is exempted from tax.

(Memo. No. 107681/M-1/59, Rural Development and Local Administration, dated 20th July 1961)

Note : License is not leviable for sale of articles in a moving car.

(G.O. Ms. No. 836, Local Administration, dated 22nd February 1965)

Note : The trade of melting of Gold and Silver will not come under the purview of D and O trades mentioned under item (t) of schedule V of the Tamil Nadu District Municipalities Act 1920 but the trade "Gold refining" is licensable under the above mentioned provision.

(G.O. Ms. No. 840, Rural Development and Local Administration, dated 10th June 1938)

Note : For melting of Gold and Silver for manufacturing of ornaments of jewellery. licenses under, trade licenses in Municipalities should be obtained as it attracts the provision of the above rules as it comes under one of the cottage industries. Item 11 of Schedule "A" to G.O. Ms. No. 565, R.D & L.A, dated 13th March 1962.

(G.O. Ms. No. 154, RD & LA, dated 2nd February 1984)

Note: The Executive Authorities of all Municipalities Corporations have been directed by Government to grant license to ordinary laundries free of cost and to confirm the levy of license fees to the Dry Cleaners only.

(G.O. Ms. No. 541, M.A & W.S Department, dated 21st December 1984)

(ix) The demand fixed for the year should be compared to the average of the demand for the previous five years to see that it is not static or below the average.

45) LICENSE UNDER MADRAS PREVENTION OF FOOD ADULTERATION RULES,1961

In exercise of the powers conferred by section 24 of the Prevention of Food Adulteration Act, 1954 (Central Act) the Madras government have made rules called the "Madras Prevention of Food Adulteration Rules, 1961" and the rules came into force on and from 1st July 1961 (G.O.Ms.No.1752, Health, dated 18th July 1961) As per rule 2(b)(ii) read with rule 13 of the rules the commissioner of the municipality who is the executive authority shall be the licencing authority.

The enforcement of the licencing provisions of the act in a municipality is therefore obligatory. No separate notification by the local body is necessary.

Conditions for License:- Rule 50 of the Prevention of Food Adulteration Rules 1955 issued by the Central Government relates to the condition for licenses.

- (1) No person shall manufacture, sell, stock, distribute or exhibit for sale any of the following articles of food except under a license
 - (a) Milk or skimmed milk or separated for tinned milk or constituted milk

- (b) Milk products, including khoa, cream rabri, dahi, etc.
- (c) Ghee
- (d) Butter
- (e) Charbi
- (f) Edible Oils
- (g) Sweetmeats and savoury
- (h) Aerated water
- (i) Articles made out of flour including biscuits and other bakery products
- (j) any other articles of food (except fruit produces covered under the fruit products order, 1955, and vegetable oil products or vanaspathi manufactured, stocked, sold or distributed by factories licensed under for the purpose) which the state Government by Notification specify

It should be seen in audit that the manufacturers and retailers in the above items are licensed under the prevention of food Adulteration- Rules.

Note;-(i) A licensing authority may with the approval of the State Government or the local authority by an order in writing delegate the power to sign licenses and such other powers as may be specified in the order to any other person under his control.

- (i) An itinerant vendor granted a license under these rules shall carry a metallic badge showing clearly the license number and the nature of the articles for the sale of which the license has been granted.
- (ii) All livestock farms (including Government undertakings) which are selling milk products through their agents should take license under prevention of food Adulteration Act and also under District Municipalities Act. The expenditure on the payment of license fees may be shown in profit and loss account.

(Director's Lr.K.Dis. No.60178/80-1, dated 11th August 1980)

- (iii) Tamil Nadu Warehousing Corporation, Madras need not get license from the local bodies under the prevention of food Adulteration Act for the Articles stored by it.

(G.O.Ms.No.556, Rural development, dated 13th August 1983)

SI.NO.	Table	Fresh Licence (Rs.)	Renewal (Rs.)
1.	Wholesale dealer and Manufacturer	25	15
2.	Retail dealer with annual turnover of Rs. 5,000 and below	5	3
3.	Retail dealer with annual turnover above Rs 5000 and below Rs.25000	10	5
4.	Retail dealer with annual turnover of Rs.25000 and above	15	10
5.	Hawkers	3	1

The tenure of the license is one year i.e., for a financial year and shall be renewed from financial year to financial year. Application for renewal of license shall be made before the date of expiry together with the license fee. However, before 30th April of the year application for renewal of a license may be made provided that a fee of Rs.50 percent in excess of the prescribed fee is paid.

It should be seen in audit that whether application for renewal of license is not made before the close of the financial year but made before 30th April of the succeeding financial year, the enhanced rate is collected invariably. Application received after 30th April shall be treated as for fresh license and the rate applicable for fresh license shall be collected and such cases should be noticed in audit and objections raised suitably.

A fee Rs.5 is collectable in case duplicate licenses are issued where the license already issued was lost or accidentally destroyed, or defaced.

The other checks to be exercised are similar to those prescribed for check of Trade Licenses wherever they are not contrary to the prevention of Food Adulteration Rules

Note: The fees payable for sample of food articles analysed for the purpose of sec 13 of Act shall be Rs.50/- for consumer Organisation and Rs.100/- per sample received from the customers (G.O.Ms.No.246 Health and Family Welfare Department Dated.17.09.2001)

46. MISCELLANEOUS DEMAND REGISTER:-

This is an important Register maintained in the Municipal Office to watch the realization of income from the properties belonging to the Municipalities'.

The miscellaneous demand register as well as in the several subsidiary accounts maintained for particular classes of revenues such as Register of deposits and advances, Register of sales, Personal Ledger Register of Investment etc chalan for payments into the municipal office or forwarding memorandums should be checked in 25% cases of credits.

The following checks should be exercised on this register : As per instruction in paragraph 152 of Chapter III of Local Fund Audit Department Manual, the Inspector himself is to audit the accounts of revenue leased out. It should be seen that all items of revenue are entered in the register. For the purpose, the entries made in the register of the previous year should be compared with the entries made in the year of audit and omissions, if any, got satisfactorily explained. Further a check with the Register of revenue yielding properties should also be made to guard against any omission in leasing out the building, etc.

- (i) the realization of various grants and contributions due to the Municipality and their adjustment is watched through this register.
- (ii) Every demand entry should be verified with reference to the lease both at the time of Ist Half-Year audit and annual audit and demand entries individually attested, during each half years audit. Any alteration in the demands should be investigated to see if this is done either before or after the audit as such alterations were made in certain cases and lease amounts defalcated;
- (iii) At the end of the financial year a statement showing demand, collection and balance outstanding against each lease of property should be prepared and incorporated in the Annual DCB appended to the annual accounts.
- (iv) That the lease deposits are adjusted only against the dues for the last three months warranted by cancellation or determination of lease during the course of the year ,that the names of the lessees agree with the names noted in the Register of Deposit, that the relevant Transfer entry vouchers have been passed by the Executive Authority and that the Demand, collection and balance noted are correct. Whenever the deposits relating to one person are adjusted towards the due of another person it should be seen that the consent letters of the former have been obtained and that they have been accepted by the Executive Authority ;
- v) That the Demand Collection and Balance have been certified to by the Executive Authority both in words and figures both in current Miscellaneous Demand Register and the next year's Miscellaneous Demand Register and the Total Collection under the several heads agreed with the Chitta.
- vi) That action has been taken to realise the arrears with reference to terms of agreements and that Penalties provided in the lease or contract are strictly enforced. The Penalties should not be remitted unless the Payments of monthly installments have been regular and the whole amount is paid before the end of the period.
- vii) That the balance at the close of the year has been transferred to the register of next year, individual items should be traced.

- viii) Whenever remissions are granted, it should be seen that they are in accordance with rule of 2 of paragraph 53 of the Municipal Manual. Remission is allowable only if the lessee is prevented from enjoying the lease by extraordinary causes like the outbreak of an epidemic, fire and the like. The quantum of remission in such cases should be proportionate to the "Period of non-enjoyment only and not on the quantum of alleged loss". When the amount remitted exceeds Rs.500 the previous sanction of Inspector of Municipalities should have been obtained.
- ix) Whenever suit numbers are noted in the Miscellaneous Demand Register against arrears of lease amounts, the suit should be called for and examined to see whether suit filed covers the entire arrears and necessary timely follow up action is being taken. Suitable comments should be made in the Audit Report whenever necessary, especially when heavy arrears are outstanding.

(Director's circular Rc.No.47387/80/C2,dated 20th September 1980)

- x) That in respect of Municipal leases to Labour Contract Co-operative Societies 50 percent of the lease amount payable in advance under the rules is collected in the first instance and that the balance amount should be collected within a period of 6 months or half the period of lease whichever is earlier.

(G.O.No.442, Rural Development and Local Administration, dated 26th March 1983)

47. TRIPLICATE CHALAN SYSTEM:-

In order to facilitate prompt issue of receipts to the parties making payments of miscellaneous dues into the Municipal Treasuries triplicate chalan system has been introduced in all Municipalities. Other Municipalities, where the miscellaneous receipts are heavy, have also been permitted to introduce this system with the previous sanction of Government (vide Art, 3.8 of Municipal Manual Volume II). This system involves creation of a separate Treasury staff with adequate arrangement for record of money received with chalan in separate set of Registers maintained independently by the cash and Account branches of the Municipal Office.

The procedure for remittance through triplicate chalan is briefly explained below and this should be followed in respect of collection made in the Municipal Office and in other collection Centres.

The remitter will fill in the triplicate chalan and present to the seat clerk who will ensure the correctness of the particulars furnished therein and then attest in the original. Then the remitter will present it along with the money to the shroff who will number the chalan, enter in chitta and send it to the clerk concerned who maintains the Register of Receipts. The clerk concerned will enter the particulars in the registers concerned attest the chalan and then send to the Cashier for his signature. The Cashier will sign the chalan after satisfying himself that the amount has been received by the shroff and that the entries therefore have been made independently by another clerk in the Registers concerned. It should be seen whether the above procedure is followed.

The independent check of the chalan by the Cashier has been prescribed only to ensure that there is no collusion between the shroff and the Cashier and between the shroff and seat clerk, which could make the falsification of chalan and the consequent misuse of Municipal Revenue possible. It should be seen in audit whether the Cashier is seated separately from the shroff outside the cabin of the Shroff and the instruction contained in Article 3.8 of the Municipal Manual Volume II are followed.

(Lr.No.24346/Ci/81, dt 18th March 1981 of the Examiner of L.F. Accounts, Madras-2 Circular Roc.No.24831/G1, dt 30th April 1981 of the Director of Municipal Administration, Madras-10)

48. REGISTER OF REVENUE YIELDING PROPERTIES:-

"The income realized through lease of properties during the year under audit has to be compared with the income derived under each item during the previous years. The register should contain the particulars of the previous year"

This register should be examined with a view to see that the income from all revenue-yielding properties belonging to the municipality or from other sources have been duly and correctly realized. If any property from which income is regularly derived is found omitted from the register, the auditor should himself enter it in the register with regard to rents of buildings and lands. It should be seen-

- (i) that all buildings and lands owned by Municipal Councils and from which income is derived or can be derived are entered in the register, with reference to Register of Immovable properties.

- (ii) that when any land or building entered in this register is removed, the orders of competent authority are noted against the entry of such removal;
- (iii) that standard rents fixed for buildings are altered with the sanction of competent authority;
- (iv) that with reference to payment vouchers or other records, changes in the entries and additional entries are made as and when additions or improvements to existing properties are made;
- (v) The demand raised for a particular year should be compared with the average demand of three years and any steep fall in demand should be examined and suitable comments made in the audit report. Any fall in collections as could be seen from the register, should be commented on in the Audit Report.
- (vi) That the buildings and shops completed during the year as verified from the Register of works and final payment vouchers for works are entered in this register.

49. MUNICIPAL SOLID WASTE MANAGEMENT

- a) The Government of India, Ministry of Environment and Forest notified the Municipal Solid Waste (Management & Handling) Rules 2000 on 25.09.2000. As per Rules 4 of the said Rules, the Municipal Authorities within the area of Municipal shall be responsible for the implementation of the provisions of Rules or for any infrastructure development, for collections, storage, segregation, transportation, processing and disposal of Municipal solid wastes. Rules 4(2) of the said Rules stipulates that the Municipal Authorities shall comply with these rules as per the implementation schedule given below.

The Commissioner of Corporation/Municipalities and Executive Officers of Town Panchayats are requested to take effective steps for compliance of the above implementation schedule with the Municipal Solid Waste (Management and Handling) Rules 2000.

The Commissioner of Corporations / Municipalities and Executive Officers of Town panchayats must take full responsibility and monitor the following on a daily basis for better solid waste management in Urban Local Bodies.

- 1) Checking of Muster Roll: Total number of workers, No of present on the day, Reasons for absence, Action taken for continued absence.
- 2) Quantum of garbage actually collected from the streets (If a weigh bridge is not there, then , atleast an approximate quantum collected must be recorded)
- 3) No. of vehicles which have not marched out and reasons thereof along with action taken to repair them.
- 4) No. of trips done by each vehicle . A counter check at dumping ground must be made.
- 5) Every vehicle must launch a predetermined route chart and except for extraordinary reasons, this must not be deviated from. This route chart must be pasted on the vehicle wind screen. The route chart must be so drawn so that, idle mileage is minimum.
- 6) Every local body must launch a campaign for households to follow the system by which household garbage is kept in a container / bag outside the house for the vehicle to clear instead of throwing it into street bins. This system must be introduced in phases, over the whole of the local body.
- 7) The Sanitary Officer / Health Officer must visit the dumping ground atleast twice a week and Commissioner / Executive Office atleast once in 10 days. The dumping ground must be maintained properly and where composting is done, the quantum of compost solid must be monitored.
- 8) Local bodies which do not have a regular dumping ground must immediately identify a suitable place -Government or private land to take action for acquiring it.
- 9) Conduct House to House campaign and teach them the method of segregation of Wastes.

- 10) Ensure active participation of Sanitary Workers, Sanitary Supervisors and Sanitary Inspectors, under the supervision of Sanitary Office / Municipal Health Officers in handling different kinds of wastes collection and their disposal and imparting training to them.
- 11) Regulate Rag pickers at Ward level and authorize them to operate in particular ward / zones with specific jurisdiction.
- 12) Earmark the existing garbage bin for dumping bio – degradable and for Recyclable Wastes separately.
- 13) Improve the existing compost yard to convert Bio- degradable Wastes for effective compost making.
- 14) Door-to-door collection of garbage to be covered in all households (100% of coverage) of all wards/zones in the Municipal Corporations/Municipality/Town Panchayats .
- 15) Collect Bio-degradable and Recyclable wastes separately and dispose off the same separately.
- 16) Conduct awareness campaign to implement the above practice. Involve NGO's Self Help Group, Private Service Organisations, Civic Exnora, Residents Association, Youth Association, Ladies Association (Magalir Manrams), etc. and enthruse user ward wise participation. The NHC and Community Organisers of SJSRY must be fully involved in this programme.
- 17) Segregation of waste and use of degradable waste for making compost.
- 18) Recycling of non bio- degradable items like plastic, glass, etc.
- 19) Creation of exchange in each ULB for use of building materials and other debris for land filling in private premises and for road construction.
- 20) Banning the dumping of garbage in low lying areas and other water bearing including Waterways, nullahs, tanks, ponds, road margins, drains and temple tanks.
- 21) Setting up of bio-compost plants with the assistance of Govt. of India for production and sale of quality compost following B.O.T. model.

(Municipal Administration & water supply (ma 2) dept., G.O.(Ms)No.159 dt.21.12.2001)

22. From the daily generated garbage, solid waste is being collected and segregated. Compost is being produced from the segregated garbage. The sample compost made should be sent to Assistant Agricultural officer, Coimbatore-64103 and to report CMA's office. The details of compost production, stock, grade of compost should be informed to the Asst, Director, Agricultural Development Officer With their assistance, the Municipal Commissioners should take steps to sell the compost produced.

The Municipalities who make compost not less than 0.105%, 0.50%, 0.50% Nitrogen, phosphorous and potassium respectively and not less than 30% of compost production fixed would be eligible for cash prize awards. All the Municipalities should make compost as instructed in Municipal solid waste (Management and Handling) Rules 2000.

50. STOCK ACCOUNT OF COMPOST.-

Rubbish and night soil, etc., are collected and transported to Compost yard. In the compost yard, the raw materials of night soil and rubbish are filled in the compost pits or in heaps in the proportion of 1:3. The raw compost ripens after six months. 1/3 shrinkage of the raw compost is permitted to arrive at the ripe compost. The ripe compost is sold to the public in units of M.Tonnes at the rate approved by the council. The production of compost in local bodies is to be regarded as a remunerative enterprise.

Registers.- The following registers are maintained for proper accounting of compost.-

- (1) Deposit register
- (2) Stock register
- (3) Sales register

- (4) Results of analysis
- (5) Measurements of Trenches
- (6) Instruction Registers and
- (7) Stock Register of permit Books

Depot Register.-This register is intended to record the quantities of raw materials collected daily for compost manufacture. This will also provide information as to how the total daily collection of raw compost is utilized.

The audit checks to be exercised are-

- (i) Whether collection of raw materials is recorded in terms of cubic meters and not as lorry loads or cart loads.
- (iii) Whether the quantity filled in each trench or built up heap corresponds to the actual size of trench or heaps; and
- (iii) Whether shrinkage is deducted correctly and the quantity arrived at after allowing for shrinkage is taken to stock register.

Stock Register.- This register is intended to know the quantity of compost manufactured, quantity of ripe compost ready for sale and the quantity of compost actually sold.

In audit it should be seen

- (a) That the quantity of compost arrived at after deduction for shrinkage at the end of the month in the depot register is shown correctly in the stock register;
- (ii) that no deduction is made in any of the entries in the register towards shrinkage (as deduction for shrinkage is shown in depot register at the end of each month)
- (iii) that entry in column (8) quantity of compost transferred from raw group during the month agrees to entry in column (5) (Quantity of compost that become ripe during the month)
- (iv) that entry in column (6) (Balance of raw compost at the end of the month) corresponds to the entry in column (2) (Opening balance at the beginning of the month) for the succeeding month.

Sale Register.- This register is intended to record particulars of sale of compost as and when transaction takes place. The sale price with authority and date should be furnished for each year from 1st April and whenever a change in sale price is effected. In audit it should be seen that the amount collected for the quantity sold is correct and the amount is properly accounted for.

Result of Analysis:- This register is intended to keep a record of analysis of compost samples analysed periodically. This will serve as a source of information to assess the quality of compost prepared by the local body.

Measurements of Trenches.- This register is intended to keep a correct record of measurements of individual trench. The trenches are subject to widening due to trimming of the sides at the time of removal of compost and hence it is better to take actual measurements of each trench before filling in takes place.

Instruction Register.- This register is maintained to make it available to all inspecting officers who visit the yard to record the instructions given.

In G.O.Ms.No.205,Rural Development and Local Administration, dated 6th February 1976 permit system to lift the stock of compost was introduced. According to this system, the stock position of ripe compost should be reported to the commissioner by the Sanitary Inspector in charge of manufacture of compost every month through the Municipal Health Officer or the Officer in charge of compost .On receipt of stock report, the revenue section should prepare permit as recommended by the sanitary Inspector or the Municipal Health Officer as the case may be on realization of the cost of compost. The compost permit should be in triplicate, one being issued to the party and the second being issued to the Sanitary Inspector incharge of compost manufacture and the third retained in office as an office copy. The permit should contain particulars such as name of purchaser. chalan number, etc. The Sanitary Inspector incharge of compost should issue compost with reference to 1st and 2nd copy of permits after making necessary entries in his stock account.

The forms should be accounted for in the stock account of money value forms.

Useful data to be remembered in Metric system for compost work:-

- (1) 1 foot 0.305 metre
- (2) 1 Cubic foot 0.028 cubic meter
- (3) 50 cubic feet 1.419 cubic meter
- (4) 1.419cubic metre 1.016 tonne of ripe compost
- (5) 1 cubic meter 0.716 tonne of ripe compost

Assessment of ripe compost in population in metric system:

- 1. Quantity of waste per head per day 1/5 kilogram
- 2. Quantity of waste per head per year 73 kilogram
- 3. Quantity of waste per 1 cubic meter 320 kilogram
- 4. Quantity of waste per 1,000 persons per year 73,000 kilogram
- 5. Volume of raw compost for 1,000 persons per year 228 cubic meter
- 6. Deduct 1/3 of shrinkage 76cubic meter
- 7. Quantity of ripe compost per year for 1,000 persons 152 cubic meter
- 8. weight of ripe compost for 1,000 persons per year $0.716 \times 152 = 109$ tonnes

How to calculate volume of raw and ripe compost for a known population per annum

- Population of Town 'A' is -14,400
- Quantity of waste at 1/5 Kg.per head/day 2880kg
- Volume of compost(raw) per day at 320 kg.per cubic meter 9 cubic meter
- Deduct 1/3 for shrinkage 3 cubic meter
- Volume of ripe compost/day 6 cubic meter
- Weight of ripe compost/day at 0.716 tonne per cubic meter 4.296 or 4.3 tonnes
- Weight of ripe compost accepted per year for this town 1526 tones

Materials	Weight of one ft.	Weight of one cubic meter
1. Rubbish	9kgs	320kgs
2. Night soil	27kgs	961kgs
3. Compost	20kgs	717kgs

Selling price:-For fixation of price the form of proforma Account as communicated in the Article 444 of the Municipal Manual volume I may be adopted. Local Body should offer compost for sale to the public in the first instance at the actual cost of production plus profit. The local bodies should reduce the sale price only if the demand for compost is poor and the disposal of compost is found difficult.

Accumulation of compost and sale by public auction thereon:-Since the government have dispensed with the system of sanctioning subsidy to the Municipalities in respect of compost produced and sold at subsidized rate, need for obtaining sanction of the Director of agriculture or the District Agricultural officer for sale of compost in public auction may also be dispensed with.

The Municipal Councils obtain the approval of the Director of Municipal Administration for disposing of the compost accumulated with them for more than one year in public auction dispensing with the need for obtaining the sanction of the Director of Agriculture or the District Agricultural Officers for sale of old stocks of compost in public auction.

(Vide Govt. memo.No.129829/ADVI/75-19,Agricultural department, dated 23rd October 1976)

(12) The reports regarding the fire accidents on compost yard should be critically examined in audit.

(13) There is every scope for leakage of revenue by depositing the collected rubbish on the streets of town other than Municipal compost yard and directly selling out to the ryots. Suitable comments should be made in such cases.

51. SEWAGE FARMS MAINTAINED BY MUNICIPALITIES DEPARTMENTALLY; - Registers to be maintained. In respect of municipalities where sewage farm is run departmentally government in G.O.Ms.No. 2689 Rural Development and Local Administration dated, 24th December 1974 have ordered the maintenance of the following registers with effect from 1st April 1979.

1. Cash Book
2. Stock book
3. Land register
4. Cultivation sheet.
5. Daily sales register
6. Daily distribution register
7. Daily record sheet of sewage farms.
8. Ledger
9. Tools and plant register
10. Receipt book

The maintenance of the registers is to see that the proceeds of grass cultivated in the lands is properly brought to account and disposed of by sales and proceeds realized and credited to municipal funds. The following checks should be exercised;

- a. that the land register shows a record of the details of land held for the farm cultivation in the prescribed form.
- b. that a cultivation register in the prescribed form is maintained with separate pages for each plot and details of grass cultivated are shown therein.
- c. that a stock account is maintained in which the proceeds of grass obtained from the cultivation as shown in the cultivation account are shown in separate pages for different kinds of grass.
- d. that the rate for the sale of grass has been fixed by the municipal council.
- e. that the daily sales are entered in a register called daily sales register along with the sale amount and the receipt number and that the total of daily collections are accounted for and remitted into the municipal office.
- f. that the receipt books printed and used are properly accounted for and unused books are made available for verification at the time of audit.

- g. that implements, etc. purchased for the use of the farm are properly accounted for in the tools and plant registers and, these] bear verification by the executive authority.
- h. that a proforma of the income and expenditure for a year is drawn up to verify the working of the farm. Material irregularities noticed in the accounting of the procedure or in the remittance of the sale amounts should be detailed in the audit report.

Note : Sewage farms may be leased out to the Tamil Nadu Dairy Development Corporation or the Animal Husbandry Department on a priority basis on a lease amount to be fixed with reference to the market rate for a period of 3 years at a time. If there is no offer from the Tamil Nadu Dairy Development Corporation, the normal procedure of auctioning should be adopted. This concession is extended to the milk supply co-operative societies also for priority consideration.

(Govt.Memo. No. 126541/M776-8, Rural Development and Local Administration dated, 23rd May 1977) and Govt.memo 72868/M77-2 RO&LA dt.4.8.1977)

52. EXCESS WATER CHARGES:-

As per Section 129 of Madras District Municipalities Act, 1920 and G.O.M.S.No.1/MAWS/27.04.2000 the Municipal Council shall, so far as the funds, at its disposal may admit, promise a sufficient supply of water for the domestic use of the inhabitants and under sections 131, 132 of the act, the Executive Authority may supply water to buildings on payment of cost. In regard to such supply of water, by-laws have to be framed by the council and got approved by the superintending Engineer, C.M.A's Office. The charges are levied at a fixed monthly rate for each tap connected or based on the quantity of water consumed as per the meter readings after allowing for free allowances fixed with reference to the annual value of the building in respect of supply for domestic purposes. The following are the registers that are to be maintained in this regard.

- (i) Register of House Service Connections
- (ii) Demand Register for excess water-supply (metered system) (G.O.Ms.No.1935, R.D & L.A., dated 17th April 1974)
- (iii) Meter ledger (G.O.Ms.No.1064,dated 20th April 1973)
- (iv) Water meter reading card G.O.Ms.No.1066, R.D & L.A, dt 20th April 1973-
- (v) Demand Register in respect of water supplied through tap rate.
- (vi) Arrear Demand Register.
- (vii) Personal Ledger.

The instruction in paragraph 84 of the Municipal Manual regarding the maintenance of the register should be carefully studied.

- (i) Separate Demand Registers are maintained for Tap rate and meter rate. The demand entries made in the Demand registers for the current year should first be checked with the register of the previous year to see that there are no commissions to bring forward items. If there are any omission either in the demand or in the number of taps then the correctness as for such changes should be verified calling for the necessary papers.
- (ii) A reference should be made to the Register of House Service connections to see that all new connections sanctioned during the year are taken to demand register.
- (iii) (a) It should be seen that the Council has framed by-laws and the same has been got approved by the Superintending Engineer, Tamil Nadu Water Supply and Drainage Board. The rates fixed in the bye-laws should be examined to see that they are in accordance with the general instructions if any issued by Government and are properly adopted in fixing the demand for individual cases.

(b) Water Supply Schemes are executed with loans from Government and Life Insurance Corporation of India. The income from the realization of water charges should be adequate to meet the expenditure in regard to payment of annuity on the loans and the establishment and the maintenance charges. So a comparison of the receipts and expenditure should be made and suggestions made in the audit report if the receipt is less than expenditure.

The following points should be noticed in audit:-

- (i) that the charges for excess water consumption or for the number of taps have been correctly calculated in accordance with the conditions and rates fixed in the by law;
- (ii) that the meters have been read at approximately one month's interval and entries made in the water meter cards;

Note (1) The excess water consumption as recorded and read in any month should not be adjusted towards the short consumption in any other month.

(2) When the door of premises is found locked and the meter could not be read, the free allowance for the period beginning from the date when the meter was last read to the date on which it could not be read, should not ordinarily be granted. But, in cases where the Executive Authority is satisfied that the door was locked for proper reasons, the free allowance may be allowed for the intervening period between the two readings in any case not exceeding two months.

- (iii) that prompt steps have been taken to collect the dues availing of where-ever necessary the coercive process laid down in Schedule IV to the Act and made applicable to the collection of these dues by Section 132-A and that in all cases of default, the supply has been cut off promptly under Section 134;
- (iv) that when annual value of properties is reduced on revision petition or appeal, the free allowance is suitably reduced.
- (v) that when the by-laws prescribed a special fee for water supplied for building constructions and other special purposes, such fee is correctly calculated and collected.
- (vi) that the house service register, demand register for charges on account supply of water, Meter ledger and meter cards are maintained in the form prescribed in G.O.Ms.No.1190, Public Health dated 24th March 1941 as amended in G.O.Ms.No.1035, RD and LA, dated 17th April 1974, G.O.Ms.No.1064, RD and LA, dated 20th April 1974, G.O.Ms.No.166, RD and LA, dated 20th July 1974 and kept up-to-date with reference to payment and statement vouchers for opening new connections/reconnections or additional taps for closing or cutting of supply;

Note 1- In regard to the collection of water charges under Tap Rate System, the demand register written up will be in use for 5 years with four leaves printed for recording the demands, etc., for each year.

Note 2- In regard to meter system the demands for each month will be posted from the Meter Ledger. The collections will be posted from the chalan register under the month in which they were made not for the month to which the demand related, so that the total collections made in each month will agree with those in the Chitta and Ledger.

- (vii) that the demands for excess water charges, meter rents and meter maintenance charges as the case may be, for all the house service connections without exception are found in the meter ledger and demand register for charges on account of excess water supply and the bills are issued every month and that the arrears at the end of the year have been brought forward to an arrear demand register.

Note (a) water supplied for electric installation in a private premises is deemed a non-domestic supply.

(G.O.Ms.No.624, Public Health, dated 2nd April 1927)

- (b) Water supplied to a railway station platform and Railway refreshment room and cinema should be treated as for domestic purposes (G.O.Ms.No.79, Public health dated 15th January 1930 and No.1351 Public Health dated 23rd June 1932)

- (c) Water supplied through a set of taps to the port station yard is declared as for non-domestic purpose.

(G.O.Ms.No.114, Public Health, dated 9th January 1936.)

- (d) supply of water to educational institution for laboratory purposes to be treated as for non-domestic supply and for educational institution only as for domestic supply.

(G.O.Ms.No.1323, Public Health, dated 24th May 1961.)

- (e) water supplies from the water mains of local bodies for filling static tanks used for fire-fighting should be free of charges. Supply of water to photo studios by Nagercoil Municipality at domestic rate was held as not in order,

As the council is competent to frame bylaws, under section 306 (6) (d) of the Act, necessary provision may be included in the bylaws for collection of consumption charges as deposit from Consumers.

(Govt Memo No 38948/w/B./75-13 ,Rural Development and local administration, dated 5th January 1977)

The provision existing in the water bylaws for cutting of water supply in the case of non-payment of water charges may be borne in mind. Hence the arrears should be examined to see that the procedure prescribed in the bylaws has been followed. The responsibility for the losses due to non-realisation of water charges should be fixed bearing the above procedure in view.

(H.O.Circular 51/2006 endorsed in No.48447/TPI-3/2005/ dated 23.10.2006.)

- (viii) When the water meter is out of order an average of three months' consumption charges prior to disruption may be collected till such time when a fresh meter is installed.

- (ix) If property tax is exempted for any premises, the water charges should be given such a revision that it will compensate for the water tax component in the property tax. No free allowance should be given to religious institutions.

(G.O.Ms.No.1571,Rural Development and Local Administration, dated 13th October 1980)

REGISTER OF HOUSE SERVICE CONNECTION

The following checks are to be exercised in respect of new water supply connection.

1. whether the orders issued for are service connection new entered in this register and necessary demands raised in the demand register without any omission.
2. the cost for providing new service connection, road cut charges, maintenance charges, and supervising charges were collected in advance and remitted to head of accounts concerned
3. whether the penal charges and additional fines are collected for unauthorized water supply connections as per GO.Ms (RT) No. 81 /MA/&WS Department dated: 21.6.02.
4. the application received for new water supply connection chronologically numbered as per the instructions issued in Municipal Manual Vol –II para:84 and entered in the register of house service connections and connection were made only for the houses assessed under property tax new house service connections were made only on seniority basis.
5. The Connected files for water supply connections may also be scrutinised during audit the Receipt No, recorded by Seat Assistant in the file and chitta shall also be compared.(Head Office Standing order No. 8/2005 (Endorsement No. MA.3/14882/2004 Dt.5.7.2005)

World Bank assistance for water supply and Drainage Scheme-Instructions- A separate account for water supply Schemes should be maintained and transaction under Revenue Capital and Deposit Heads shown separately. The following are certain accounting procedures

- (i) Separate Payment and Receipt Book and bank account may be opened exclusively for water Supply and Drainage Account and all money transactions relating to water Supply and Drainage may be passed through Payment and Receipt Books.
- (ii) Separate Registers may be maintained for deposits and advance for the transaction relating to the water supply and drainage
- (iii) The water supply and drainage tax realized during every month may be transferred from the Revenue Fund to the Water Supply and Drainage Account before the 15th of the subsequent month by means of a cheque. Similarly the contribution due to Water Supply and Drainage Account may be transferred in two half yearly installments during October and March each year. The proportionate expenditure for collection of Water Supply and Drainage Tax may

be charged to Water Supply and Drainage Account and a cheque for the amount issued to the credit of concerned account.

- (iv) Loans and grants received from Government and other sources for Water Supply and Drainage Schemes may be credited to the Water Supply and Drainage Account directly. Excess water charges collected should be credited directly to the account.
- (v) At the end of the year a Receipts and Charges Trial Balance, Balance Sheet statement relating to Water Supply and Drainage Account may be prepared both for ordinary and capital and appended to Annual Account.

(G.O.Ms.No.1104, RD and LA dated 22nd July 1980)

53. INCOME FROM ENDOWMENTS: -

It should be seen

- (i) that a record of the history of each endowment is kept in the Municipal Office;
- (ii) that the revenue due in respect of each endowment is properly watched and promptly realized;
- (iii) that the income and expenditure in respect of each endowments are noted in the appropriation register.
- (iv) that the surplus balances of endowments are promptly invested in any of the authorized forms of securities;
- (v) that the expenditure incurred is on the authorized objects; and
- (vi) that audit fees at 1.25% (percent) of gross receipts of endowments are paid by Municipal Councils with reference to G.O.Ms.No.313, Finance, dated 31st May 1932

Note The term 'gross receipts' occurring in instruction (vi) includes even commuted value or grain. Expenditure etc., which should also be taken into account while calculating audit fees.

54. REGISTER OF PROSECUTION:-

It should be seen that the register is written up completely, that the calendar or suit number as well as the orders of the Court is noted in all cases, that the amount of tax or fees collected is noted from the statements received from the Magistrates and the credit appearing in the pass book, that in case of any abnormal delay in the disposal of any prosecution, the cause of tendency is ascertained and that the register bears evidence of check at the hands of the Executive Authority.

55. REGISTER OF ENCROACHMENTS:-

Sections 181 and 183 of the Madras District Municipalities Act, 1920 deal with the powers of Executive Authority regarding detection and licensing of encroachments. Further detailed instructions have been given in instructions 217 to 219 of the Municipal manual. These provisions should be carefully studied and borne in mind in the audit. The following are the records and registers to be seen in regard to the audit of the transactions relating to encroachments:-

- (i) Register of encroachments.
- (ii) Register of encroachments fees.
- (iii) Chitta
- (iv) Counterfoils of licenses.

The register of encroachments will show the cases of encroachments detected by the Officers entrusted with the work, with reference to the report submitted by them. These cases will be classified as objectionable and unobjectionable after inspection. Steps will be taken to remove objectionable cases. Action will be taken to license them and to collect the license fee fixed as per resolution of the municipal council. These again are classified as temporary and permanent. The following checks should be exercised:-

- (i) that all encroachments noticed and reported are entered in the register;
- (ii) that prompt steps have been taken to evict all objectionable encroachments;

- (iii) that in the case of unobjectionable encroachments fees on the scale laid down by the Council are recovered;
- (iv) that no encroachment for more than 12 months is allowed without the sanction of the Collector; and
- (v) that the fee due and collected in respect of unobjectionable encroachments is noted in the register of encroachment fees prescribed in G.O.No.106, LA, dated 20th January 1953.

Note: - Long Pendency in the disposal of encroachments should be brought to notice in Audit..

- (vi) In regard to the arrears it should be seen that the parties are prosecuted for non taking- out license on payment of the required license fee.

(G.O.M.S.No.95/MAWS/18.07.2000)

56. TRACK RENT

Government have issued instructions in G.O.Ms.No.7 Information and Technology Dept., 12.02.2001 for the grant of permission to use the public right of way along National Highways, State Highways other roads under Highways Departments, roads within areas of Municipal Corporations, Municipalities and Town Panchayats for laying optic fiber cables by Telecommunication companies including BSNL.

For this the applicants have to pay Annual Track Rent to the respective local bodies at the rates fixed by the Government in G.O.Ms.No.172/Revenue Department dt.28.03.2000 as follows.

- | | |
|--|----------------------------|
| 1. Town Panchayat and Municipalities | Rs. 5500/- Per km per year |
| 2. Corporation of Madurai, Salem, Coimbatore, Trichy and Tirunelveli | Rs. 6300/- Per km per year |
| 3. Corporation of Chennai | Rs. 9400/- Per km per year |

The above rates are subject to revision once in three years .

(G.O.Ms.No.29 Information Technology Dept. Dt. 10.12.2000)

(G.O.Ms.No.7 Information Technology Dept. Dt. 12.2.2001)

It should be seen in audit that Track Rent is realized from all the Telecommunication agencies at the prescribed rate by the Municipality without any omission and the amount accounted for properly.

57. TRAVELLERS BUNGALOW BOOK:-

It Should Be Seen –

- (i) Whether by-laws have been framed by Municipal Councils to provide for the regulation and use of travelers' bungalows and rest houses of the model by-laws appended to G.O. No. 1770, LA, dated 28th June 1941 have been adopted;
- (ii) Whether the amounts paid by the travelers are correct with reference to the duration of their halts and the fees fixed by the Council;
- (iii) Whether there any unusual delays in the remittance of collections into the Municipal office by the bungalow watcher; and
- (iv) Whether the remittances noted in the book have been credited in the Municipal Accounts.

Note:- The amounts due should be worked out and the remittance into the Municipal office checked with reference to the credits appearing in Chitta.

58. GOVERNMENT GRANTS:-

Though the municipalities have ample powers to raise necessary resources through taxation measures under provision of Tamil Nadu District Municipalities Act, 1920, financial assistance is given by government to the municipalities subject to certain conditions. The assistance is in the nature of outright grants, percentage grants in regard to certain items of expenditure subsidies to meet deficits, ways and means advances to tide over temporary financial strain and loans repayable with interest in specified instalments. The grant loans sanctioned are to be

scrutinized initially to see whether they have been obtained by proper presentation of the financial position, utilized for the purposes intended and comments made in the audit report pointing out the irregularities in the utilization of the grant.

The various grants that are ordinarily sanctioned and the checks that are to be exercised in this regard are detailed below

i) Devolution Fund:

Finance Devolution from the State Government to the Urban Local Bodies-

ii) OTHER GRANTS

1. National Slum Development Programme for the development of notified slum areas, the grant was sanctioned specifically.
2. Member of Legislative Assembly Development Programme for the development of local area of the MLA concerned, the work was sanctioned by him. The grant must be utilised for the work sanctioned.
3. Member of Parliament Local Area Development Programme. Both Lok Sabha and Rajya Sabha MPs select the work and sanction the amount. The Lok Sabha MP selects the work for his area and the Rajya Sabha MP selects the work any where in the State. The grant must be utilised for the work sanctioned.
4. Drought Relief: For water supply, works grant released under the head 'Drought Relief' Only water supply works should be undertaken.
5. Basic Amenities: To provide basic amenities like, street light etc., the grant is sanctioned.
6. XI Finance & XII Finance Commission: For the maintenance works, the grant is sanctioned, 50% contribution should be made by the local bodies.

III) The following schemes shall be implemented by the Municipalities

1. Nehru Rojgar Yojana

- (i) Scheme of urban micro enterprises.
- (ii) Training to urban poor in micro enterprises training
- (iii) Scheme of urban wage employment
- (iv) Scheme of Housing and Shelter up gradations.
- (v) Training to urban poor in housing and construction skill.

2. Urban Basic services for the poor.
3. Prime Ministers integrated urban poverty eradication programme.
4. Integrated, low cost sanitation and scavengers rehabilitation scheme.
5. Integrated Development of small and medium towns.
6. Night Shelter for pavement dwellers
7. Swarna Jayanthi, Sahari, Rojgar Yojana.

(G.O.Ms.No.308/MA & W.S Dated.19.12.1997)

IV) Special non-recurring grants- Municipal councils have been permitted to draw these grants on post execution system provided that the full grant drawn is disbursed within one month from the date of drawal. This should be checked with reference to a special register maintained for the purpose.

Note 1-In the case of municipal works which are financed partly or wholly by grants from state funds and for which plans and estimates are prepared or scrutinized by the Public Works Department, the centage payable by municipal council to the Public Works Department for the preparation and scrutiny of plans and estimates, may be debited to the estimates of the works and grants claimed in respect of such charges.

Note 2-In the case of capital works which are executed by local bodies with the aid of government grant, government have permitted local bodies to draw grants on the value of unused steel, iron, cement and tar or bitumen purchased by them for particular works subject to condition that such materials are actually used on the works concerned.

Note 3-Government have laid down certain norms for computing expenditure admissible for purposes of grant G.O. Ms.No. 904, Rural Development and Local Administration dated, 23rd April 1963.

v) **Grant for maintaining maternity and child welfare centres:-** Local bodies maintaining the centers are eligible for Government grant equal to $\frac{1}{4}$ of the total expenditures incurred by them for running these centres, ignoring all contributions (including contributions by another local authority) received by them provided that the Government have approved maintenance of such centres and committed to the payment of grant.(A.4.39 of M.M. Vol I of Part II). Expenditure incurred by local authority for maintaining a centre will not be treated as an item of expenditure which will be eligible for Government grant, but if the contribution is made to an institution (other than another local authority) which does not claim any grant from the Government, the local body making such a contribution will be eligible for a Government grant on the basis of the expenditure incurred by it towards contribution.

As per the existing orders of the Government the admissible items of expenditure for the purpose of grant is as below. All other items of expenditure may be disallowed unless, otherwise approved under any orders of government.

Note 1:- The pension contribution paid by the Municipalities may be included as an item of expenditure for purpose of claiming the Maternity and Child Welfare, Anti-Malaria grants and that only the amount payable towards gratuity and family Benefit Fund Scheme need not be so included.

(Government Memo No.50336/Funds/76-2, Finance (Funds), dated 28th May 1976}

Note 2:- The expenditure on Note-books may be included with expenditure on Stationeries and taken into account for grant purpose.

Head Office Letter Roc.No.106830/78/E1,dated 9th October 1978)

Note3:-The Municipalities and Township Committees are permitted to include in the expenditure statement the Dearness Allowance paid at the rates enhanced from time to time in respect of staff working in the M and CW centres for claiming $\frac{1}{4}$ the from the Director of P.H. and Preventive Medicine, Madras sans subject to the corrections that if any grant is to be given in future to the Municipalities to meet the expenditure on account of implementation of revised scale of pay and enhanced D.A the expenditure on M and CW Centres should be excluded in computing the amount of grant payable to the Municipalities.

Govt. Lr. No. 38154/MIXX/81-4, dated 18th January 1982 of the Deputy Secretary to Government, Rural Development and Local Administration Department, Addressed to the Examiner of Local Fund Accounts, Madras).

As per order in G.O.Ms.No.690 Housing Department dated 25.3.1965 washing allowance paid to maternity and Child Welfare Centre Staff may be taken into account for calculating Maternity and Child Welfare Centre maintenance Grant.

(Head Office Circular No. K. Dis.. C.C.I. 1003365/88, dated 16th December 1988).

Expenditure admissible for M&CW Grant.

Authority

Particulars

(i) G.O.Ms.No. 690, Housing

(1) Pay and Allowance including dhoby and

Dated 25th March 1965. uniform allowance of staff and their PF contribution (uniform allowance to be substituted by cost of uniform ot dress supplied to the staff in M & C.W Centers – G.O.Ms.No. 1510, H & FB., dated 26th September 1968)

- (1) Building rent
- (2) Cost of medicine drugs, cottons, etc.,
- (3) Contingent Expenditure-
 - (i) Cost of stationery article.
 - (ii) Postage.
 - (iii) Coolly charges for transport of milk powder.
 - (iv) Cost of soap, towels, buckets, match boxes, kerosene, including supply of fuel and sugar for reconstitution of skim milk.
- (4) Electric charges, diet and sweeping charges.
- (2) G.O.Ms.No. 90002/H6 70-2, (6) Family planning propaganda expenditure
 H & FP, dated 12th November 1970 Blanks bed sheets, rubber sheets, dust cloth and pillow case for use in the Maternity and child welfare centre run by them.
- (3) G.O.Ms.No. 1032 , H & FP.,expenditure on mats be included as an item of
 Dated 24th April 1973 expenditure eligible for maintenance of grant under M & CH scheme of Municipal Council.
- (4) Lr.Dis No. 94275/M3/74, Maternity forms for the use of M&C W
 Dated 28th May 1974 of D.H.S.n & F.P.Centres Homes may be included along with the "Stationery articles" Contemplated in G.O.Ms.No. 690 –H dated 25th March 1965.
- (5) G.O.Ms.No. 1791, H&F.P Milk and Bread in the M & C.W Centres.
 Dated 2nd August 1974. Homes to anti-natal and post-natal mothers . list of items of expenditure not approved are also included in this G.O.
- (5) Medical Allowance and Exgratia payment (pongal gift) are admissible for purpose of Maternity and Child Welfare grant.
- (6) Government letter No.82651 /AC/74-21, dated 2nd August 1976 of Health and Family Planning Department addressed to the Director of HS & FP the expenditure on the supply of chapels and sandals should be excluded for purpose of claiming ¼ grant.
 The expenditure incurred towards the cost of milk and bread supplied to ante-natal and post-natal mother only is eligible for ¼ grant.
- (7) Expenditure towards the cost of meals supplied has to be excluded .
 (Rc.No. E1/28358/78 dated 28th March 1979 of Examiner of Local Fund Accounts, Madras and letter Dos 9168/M3/79-1 dated 15th March 1979 of the Director of Public Health and Preventive Medicine, Madras.-16)
- (8) The Expenditure on the following items may be included for purpose of claiming ¼ grant.
 Expenditure on the purchase or phenyle, dettol, syringe and needle, spirit, broom- stick and hand gloves.
 Expenditure on the Medical reimbursement of women Medical Officer of the Maternity and child welfare centre.
 Expenditure on the payment of excess water charges.
 (G.Letter No. 2122/M2/82-6, dated 26th June 1982 of Health and Family Welfare Department.)

(10) Expenditure on the following items should be excluded for purpose of claiming ¼ th grant.

(1) Repairs to M.C.W centre buildings

(2) Cost of Blood-Pressure equipment, stethoscope, spirit lamps and pillow.

(3) Advertisement charges for calling tenders for the supply of furniture to M & C.W centres.

11. Government Letter No.9858/AC2/76-21 dated 9th May 1978 of the Deputy Secretary, Health Department addressed to the D.M.A Madras, Expenditure on the payment of uniform allowance may be included for purpose of claiming grant (Vide, Head Office K.Dis. EE/100365/88, dated 16th December 1988.)

(vi) Grant under anti- filarial or anti-mosquito schemes, - According to the orders of Government in G.O.Ms.No 3152, Health, dated 25th August 1953 as and amended hereafter, the Municipal Councils for which Government have agreed for one third or one-fourth grant for expenditure incurred in connection with anti-filarial or anti-malarial or anti-mosquito measure, have to send an application to the Director of public Health and Preventive Medicine in the following form:-

1) The Government order in which a grant has been agreed for the scheme during the particular year.

2) The total expenditure incurred on the scheme during the year.

3) The period in the year during which the scheme is eligible for a grant, if the scheme is not eligible during the whole year.

4) The percentage of grant and the maximum limit of grant admissible according to the order referred to in a above; a

5) The actual grant admissible for the scheme with reference to (b), (c) and (d). the application should be in quadruplicate.

The Director of Public Health and Preventive Medicine will send two copies of the application to this department. The claims should be verified in audit and one copy of the application should be sent to the Director of Public Health and preventive Medicine with a certificate of verification. The application for the grant should be sent before 31st July of each year failure to adhere to the dates may result in lapsing of grant for which the local body is responsible (G.O.Ms.No. 305, dated 2nd February 1971).

As per the existing orders of Government the admissible items of expenditure for the purpose of grant is as below. All other items of expenditure may be disallowed unless otherwise approved under any orders of Government.

Anti-filaria, Anti- mosquito, etc., scheme list of admissible items of Expenditure.

G.O.Ms.No 3615, Education and Public dt.18.12.1959

(a) Pay of staff including special pay whenever sanctioned condition to provident Fund, B.F and Employees Fund, Leave salary and provision for substitutes.

(b) Allowance for staff, including D.A. Dress Allowance, (LF) (PU) 10910, dated 26th September 1974 cycle Allowance OCA (HRA) wherever admissible and T.A for attending malaria training refresher course, etc., in the above scheme.

(c) Cost of insecticide, larvicide solvents and emulsifiers (soap. Etc.,)

(d) Cost of equipment – sprayers spare parts and replacements drums for storing oil (larvicide) C.M 2326/H4/73-3, H and F.P dated 23rd April 1973) field equipment, laboratory equipments (recurring and non recurring) tools and plants buckets, stove, crow bars, pickaxes and other equipments for drain cleaners and such other minor equipments for drain cleaners and such other minor equipment in so far as they to anti-mosquito measures.

(e) Contingencies-supply of foot wear (Chappals, Sandals, uniforms and cleaning materials like oil and soap to mazdoors, repairs to sprayers and other field equipment freight and other incidental charges for equipment (larvicides) etc., and preparation of Health Education hand outs and other materials in so far as they relate to the scheme.

- (2) L.Dis 196844/Fil/72-S2,dated Expenditure on the purchase of torch light and
4th December 1972 of DHS purchase of battery cells admissible under item (d) of the appendix on cost equipment under field equipment and laboratory equipment vide (GO.Ms.No 3615 E & P.H dated 18th December 1959.)
- (3) G.M 116823/H4/72-2, Expenditure incurred towards the construction
H & F.P dated 24th January 1973of Gambusi hatcheries for antilarval operations be treated as and authorized item of expenditure for the purpose of claiming 1/3 grant-salem municipality.
- (4) Govt. Memo No. 23261/ H/O Cost of drums for storing of oil (larvicides)
73-3 ,H &F.P dated 23th April 1973
- (5) G.O.Ms.No. 1756/H & F.P ., dated Special allowance of Rs. 20p.m sanctioned to
18th July 1975 inspectores incharge by local bodies may be reckoned as an authorized item of expenditure for the purpose of grant .
- (6) R.No.147741-7/Fil/73 S-2,
Dated 8th January 1974, of the D.H.S & F.P
Lr.R.No. 133549/PHI, 72,dated 24th Gunny bags for the use of covering he May 1974of the D.H. 1974
of the ventilating shaft is an admissible item of D.H.S &F.P grant

Note;- In the matter of selection of larvicides the local bodies should observe the following procedure.

1. Whether the Larvicide proposed to be purchased from out of the approved list is technically suited for the nature, extent area, type of mosquito in the area of operation.
2. Effectiveness of the larvicides should not be sacrificed for the sake of cost. Purchase of cheaper Larvicides should not be resorted to without reference to the effectiveness of that larvicide of the conditions prevailing in that local body.
3. If any of the local bodies have used any one particular larvicide without fruitful results for continuously longer periods and if the mosquitoes have developed immunity against that larvicides or if there is possibility of developing immunity the local bodies should resort to purchase of some other larvicides which will be technically advantageous and which will produce maximum mortality of both the larva pupa within a minimum time of exposure with less or low toxicity.
4. Any one of the larvicides approved by Government and found suited to the locality may be purchased either from the manufactures or from their authorized agents. But there should not be large variation of the rates of the manufacturers and their authorized dealers.

(G.O.Ms.No. 2289, Health and family welfare, dated 31st December 1979.)

59. ENTERTAINMENT TAX

The following proportion has been fixed for apportionment of the fixed collections under section 5-A and section 5-B of the Tamil Nadu Entertainment Tax Act 1939 from theatres in first grade and selection grade Municipalities and Townships w. e. f. 15-11-82.

In the case of theatres in first Grade Municipalities and Townships.

Government	35%
Municipalities	65%

In audit it should be seen that the amount due for each quarter to the municipality is adjusted without omission and it is watched through the M.D.R. In the case of II and III grade municipalities 60 per cent of the fixed tax collections under

section 5-A and section 5-B introduced by Tamil Nadu Act 5 of 1978 realized from touring, permanent and semi-permanent theatres will be credited to the municipal funds and the balance 40 per cent to the state funds.

(G.O.Ms.No. 1012 Commercial Taxes and Religious, Endowments, dates 2nd August 1978)

60. MAGISTERIAL FINES – Fines realized by the courts under the provisions of various acts are apportioned and credited to the municipal council concerned. It should be seen in audit whether the amount apportioned by the magistrates is credited to the municipalities and the adjustment is watched through the M.D.R.

b) Contribution from government under section 10 of the Tamil Nadu Motor Vehicles Taxation Act, 1931, municipal council receives a share of the proceeds of the tax collected under the Tamil Nadu Motor Vehicles Taxation act 1931, representing..

(1) A sum equivalent to the average annual income derived by a municipal council during the three years ending on the 31st day of march immediately preceding the commencement of the Tamil Nadu Traffic Control Act, 1938, from fees on licenses granted to motor vehicles under section 174-A of the District Municipalities Act, 1920; and

(2) A sum equivalent to the average income derived by a municipal council during the last three years ending on the 31st day of march 1931 from tolls or vehicle tax on motor vehicles.

A. The amount due to each municipal council under each of the above heads has been fixed by government. It should be seen in audit that the amount due has been noted in the miscellaneous demand register to watch recovery.

61. SURCHARGE ON STAMP DUTY ON TRANSFER OF IMMOVABLE PROPERTY;-

It should be seen that the amount due to the municipal council for each quarter intimated by the Inspector- General of Registration has been realized and that the demand and collection have been noted in the miscellaneous demand register.

Under the Madras Cinema Regulation Rules a moiety of the license fees collected is payable to the municipality. The correctness of the amounts adjusted to the credit of the municipal funds should be verified with reference to the adjustments received from the revenue department.

62. OVERDRAWAL OF FUNDS BY LOCAL BODIES;- As per orders in G.O.Ms.No. 585 R.D Department of 12-10-1988 and as per the clarification issued in government letter No. 78208/C3/88-3 dated 30th January 1989 of the Deputy Secretary to government R.D. Department for over drawal of grants by local bodies pointed out in audit and included as overdrawal of grants interest should be recovered from the executive authorities of local bodies at 12% p.a (Twelve percent).

20% of additional surcharges on sales tax collected by government will be shared with municipalities in the following formula. (Based on 1991 census)

- | | |
|---|-----|
| (i) Directly on population basis | 50% |
| (ii) On per capita/own revenue realized basis | 25% |
| (iii) As gap grant to bridge real deficit of weaker municipalities on a gap grant basis | 25% |

(G.O.Ms.No. 153, M.A. & W.S Department dated 7th May 1991)

63. SPECIAL FEE FUND ACCOUNT OF SCHOOLS :-

The following are the various kinds of special fees that can levied in secondary schools;

Games fees

Library fees

Literary association fees

Scouting and excursions fees

Science or laboratory fees

Stationery fees

Hobby and crafts fees

Audio visual education fees

Amenity fees at Rs.5 Per annum per pupil in standards 6-10 Rs annum per pupil in I II year of higher secondary schools.

(G.O.Ms.No 378, Education dated 11th March 1970 and G.O.Ms.NO. 2439.. Education dated 14th November 1977.)

In addition medical inspection fees are also leviable at the rates prescribed by the government. It should be seen in audit that the total amount of special fees, and medical inspection fees etc., do not exceed the maximum prescribed by government and the total amount of the special fees etc., and the amenity fee do not exceed the existing amount of special fees. The amenity fee shall be collected from all pupils. Instructions regarding the administration of the special fee funds in respect of first seven item have been issued in G.O.Ms.No 678. Education dated 14th May 1954, memo No. 88613/54-5, education dated 8th June 1955 and memo. No. 70930/E355-1, dated 29th July 1955. vide also instruction of audio-visual education fund have been prescribed in G.O.Ms.No. 659, education dated 20th March 1951 and proceedings Dis. No. 1641/53, date 25th February 1953 of D.PI. the instructions regarding the maintenance of account and the items of expenditure that are to be incurred from the amenity fees have been issued in G.O.Ms.No. 378, education dated 11th March 1970 and 1263, education, dated 8th December 1972. the following important checks should be exercised in respect of the special fee funds.

That the fees are levied and collected from all all pupils at such rates as may be fixed by the municipal council subject to the maximum rated prescribed in G.O.Ms.No. 378 Education dated, 11th March. 1970.

Note;- The students belonging to schedule castes and schedule tribes are exempted from the payment of special fees for three items Library, literary and Medical inspection fees for standards IX and X secondary schools under the control of local bodies with effect from academic year 1958-59 (G.O.Ms.No . 735, Education dated 16th April 1958).the income foregone shall have to be met from the general funds and transferred to special fees account in the concerned year and after receipt of the compensation form state funds the same has to be credited to general funds.

(G.O.Ms.No. 1285, Education, dated 16th June 1959.)

- (ii) that the transactions relating to the funds have been accounted for in separate cash books.
- (iii) That the separate accounts for the funds have been opened in the post office savings bank in the name of the headmaster and all collections have been remitted intact therein.
- (iv) That debits in the cash book are supported by vouchers and that all items of expenditure have been sanctioned by the respective committees;
- (v) Separate stock accounts for the articles purchased from the each of the funds are maintained and they are verified annually and certified to by the head master
- (vi) That the fees collected are fully utilized during the year and there is no accumulation of fund excepting any small amount on valid reasons;
- (vii) That all vouchers in respect of each fund are made available for audit
- (viii) That no exemption is granted to any student from the payment of amenity fees;
- (ix) That the amenity fee fund is utilized as per guidelines issued in G.O.Ms.No. 2717, Education, dated 20th December 1980;
- (x) That the expenditure on the items that can be met from the amenity fee collections are not included in the claim for maintenance grant. Detailed instructions are given under para 4.124 of municipal manual volume II regarding the purposes for which the funds are to be utilized and these instruction should be referred to.

Television;- The director of school education has been directed to permit the Headmasters of all

schools in the telecast area to levy a special fees of Rs. 2 per pupil per annum for the purchase, installation and maintenance of television sets in their schools and also to accept the gifts of television sets or donation from the public (G.O.Ms.No. 1224, Education, dated 22nd July 1975).

Science articles library and tools and plant, stationary, etc., purchased during the year according to the vouchers should be traced into the concerned stock accounts. it should be examined whether the stock has been verified as often as possible by the Headmaster and at least once at the end of the year and a certificate of verification recorded by him in the register, and

Note 1)(i)Expenditure regarding the annual Telephone call charges except trunk call charges wherever telephone has been in existence prior to 1st April 1965 is permitted to be incurred from the Amenity fees fund

(ii)The ceiling for school day celebration shall be follows:-

For Schools with a strength below 1000	Rs.100.00
For Schools with a strength of between 1000 and 2000	" 150.00
For Schools with a strength of over 2000	" 200.00

(G.O.Ms.No.1263,Education,dated 9th August 1972)

The expenditure on scouting activities may be incurred from the amenity fees collection if the scouting and excursion fees collections fall short of the amount required for expenditure.

(Memo.No.88378/D2/72,Education,dated10 th April 1973)

Note 2)"payment of uniform allowance of Rs.50 to the physical Education Teachers in secondary school is allowed from Games fee fund".

(G.O.Ms.No.642,Education,dated 29th August 1978)

Note 3(a) The following are the revised rate of special fees top be collected in higher secondary schools with effect from 1979-80.

	Rs.
Admission Fee	0.50
Literary Association	2.50
Library	4.00
Games and community service	4.00
Medical Inspection	1.00
Audio Visual Education	2.00
Examination and stationery	6.00
Total ..	<u>20.00</u>

(b) with effect from 1980-81,Laborary fee shall be collected from students of Higher Secondary Standards at Rs.10 per Science subject. to a maximum of Rs.30 per student whether the student belongs to general stream or vocational stream .for this purpose "Biology" will be treated as one science subject.

(G.O.Ms.No.1878,Education,dated 29th August 1979)

Audit objections in respect of the secondary Education fund should be included in the Audit Notes and Audit reports on the General Fund accounts of municipal council.

EXPENDITURE AUDIT

64. PRELIMINARY:-

The audit of expenditure requires a fair knowledge of rules and regulations and executive orders of Government on various matters issued from time-to-time. Hence it is necessary that the auditors equip themselves with the relevant rules before taking up the audit of expenditure. Before audit is commenced, required records and registers should be obtained and kept ready. Some of them are given below.

1. Vouchers to be audited
2. Payment book and petty cash book
3. Cheque Books and Pass Book.
4. Register of bills passed
5. Establishment Audit Register
6. Contingent Register
7. Register of Advances
8. Register of Deposits
9. Contractor's Ledger
10. Register of contractors
11. Tender register
12. Personal ledger
13. Schedule of rates
14. Register of estimates and allotments
15. Register of Roads
16. 15A. Road metal statement
17. 15B. Measurement Book
18. Register of appeals
19. Register of vacancy remissions
20. Register of loans
21. Register of Investments
22. Appropriation register of loans and grants
23. Inventory of immovable property
24. Register of suits
25. Register of tools and plant etc.
26. Stock account of forms
27. Stock register of stationery
28. Stock register of lighting articles
29. Oil accounts
30. Stock account of Water-works materials and stores
31. Stock register of live-stock
32. Stock account of fodder

33. Register of sinking fund
 34. Security register of municipal employees, lessees and others
 35. Register of service books of employees
 36. Service Registers
 37. Postage and Revenue Stamp Account
 38. Minutes book for the year under audit
 39. Budget
 40. Order Book
 41. Provident Fund Accounts:-
 - Provident Fund cash book
 - Abstract register
 - Register of temporary withdrawals
 - Register of policies
 - Register of Life Assurance Premium
 - Register of subscribers
 - Fund Ledger
 - Account of Provident Fund subscribers
- b) The vouchers should be sorted category-wise viz. establishment, Public work, Contingencies, Refunds, etc. Each category of vouchers pertaining to each department should be grouped before taking the audit. The following types of omissions/ irregularities are generally found.
- (a) Want of vouchers, sub-vouchers and payees receipt or acknowledgements stamped where necessary.
 - (b) Payment made without proper authority, to persons other than the rightful Payees.
 - (c) Excess Payments Objectionable charges
 - (d) Illegal payments and want of component sanction of charges
 - (e) Losses
 - (f) Amounts collected and not brought to account
 - (g) Wasteful expenditure
 - (h) Advances wrongly and unnecessarily made
 - (i) Advances wrongly charged off to service head direct
 - (j) Want of or defects in
 - (i) Check Measurement certificate
 - (ii) Disbursement / certificate
 - (iii) Other certificates
 - (iv) Countersignatures

(v) Pass Orders

(vi) Paid endorsements.

C) The auditors should in all cases see that the audit checks are applied according to the spirit of rules. The following are the some of the points to be noted in audit.

(i) That the expenditure is permissible under the Act or rules framed there under, is not contrary to any orders of Government, special or general, has been provided in the budget.

(ii) That all the sanctions lapse at the end of the year unless specifically renewed.

(iii) That the order of Executive Authority has been obtained to the payment of a claim other than one relating to any office or servant of the Municipal Council referred to in the note where the bill in respect thereof was presented more than six months but not more than one year, from the date on which the claim became due and that the order of the Municipal Council has been obtained to the payment of such a bill presented more than one year from the date on which the claim became due:

(iv) That the Municipal Council has not exceeded its power in sanctioning allotments and transfers under Rule 13 of the rules relating to budget allotment and transfer of funds.

(v) That the vouchers have been correctly prepared in accordance with the rules and with all the certificates duly signed and duly passed for payment by the Executive Authority or other person duly authorised in that behalf, and that they have been placed before the Council either before or after payment.

(vi) That the totals of vouchers are noted in words as well as in figures.

(vii) (1) For adjustments between local and State funds in respect of medical institutions, receipts need not be stamped.

(G.O.Ms.No.2330, Public Health dated 24th September 1929)

(2) Receipts given for mere voluntary contributions without consideration require no stamp.

(viii) That there are no erasures, and that any alterations are attested by the officer or party concerned, as the case may be;

(ix) That the sanctions accorded by various authorities are within the powers delegated to them.

(x) That no Councilor has any interest in any subsisting contract made with, or work being done, for the council except as a shareholder (other than a director) in a company; and

(xi) That all the liabilities are cleared promptly specially those relating to Government (i.e.) Royalty due to Government for water taken from Government sources, annuities on loans etc.

65. NATURE OF EXPENDITURE

Municipalities can incur expenditure from Revenue Fund and Capital Fund, Water Supply and Drainage Fund and Education fund. The major items are as follows:

Revenue Fund :-

1. Establishment charges - Salaries, contingencies etc.

2. Maintenance expenses

3. Payment of interest on loan

3 Deposit and Advances

Capital Fund:-

1. Expenditure on works
2. Expenditure on purchase of materials, goods etc.
3. Expenditure relating to grants
4. Repayment of loans
5. Engineering stock.

Rules 38 to 53 under Part II of Schedule IV of Tamilnadu District Municipalities Act 1920 deal with authorized objects of expenditure, obligatory expenditure, discretionary expenditure and extra ordinary expenditure. Auditors should read these rules carefully before commencing the audit

66. AUTHORISED EXPENDITURE.

1. All expenditure connected with civic service to public in accordance with the provisions of the Act and Rules there under
2. Maintenance and Improvements to school buildings, Municipal Reading Rooms owned by the Municipality.
3. Construction and maintenance of Municipal offices, Municipal rest houses.
4. Maintenance of Municipal Property
5. Salaries, Allowances to the officers and employees of the Municipalities.
6. Municipal Election expenses
7. Contribution payable to the Tamilnadu Institute of Urban Studies and expenditure towards training of Municipal Employees.
8. Refreshment charges for Commissioner, Chairman and for the meeting of the council.
9. Expenditure on medicines required for municipal dispensaries, hospitals and Maternity and – Child Welfare centers.
10. Civil reception subject to the ceiling fixed by the Government.
11. Holding of the exhibitions and fairs.

(A) EXPENDITURE THAT REQUIRE PRIOR SANCTION OF THE COUNCIL

1. All charges incurred in excess of the Budget allotment.
2. All charges for which sanction of Government / CMA or any other authorities necessary but incurred in case of emergency in anticipation of council sanction.
3. Payment of works in excess of the approved rates estimates and for works carried out in case of emergency without estimate.
4. Contingent charges such as purchases of furniture , tools and plants conservancy items for which there is no budget provision.
5. Law charges of special nature and payment of advances including permanent advance.
6. Write off of all irrecoverable arrears of taxes and fees which could not be collected for a period of six years.
7. Refund of deposits including **lapsed deposits.**

(B) EXPENDITURE THAT CAN BE INCURRED BY THE COMMISSIONER WITHOUT PRIOR SANCTION OF THE COUNCIL.

1. Expenditure for which budget provision has been made which are being spent without any deviation with the provisions of act rules regulations and procedure prescribed by Government.
2. All charges for works for which estimates or allotments has been previously sanctioned and approved by the Council/CMA/Government.
3. Contingent charges within the ceiling fixed by Government.
4. Salaries and allowances Traveling Allowances for staff and Chairman and Councilors, audit fees in accordance with the rules.
5. Execution of any work which is found necessary for immediate execution for the safety of the public and cannot wait for the next ordinary or special meeting of the council.

(C) The Expenditure audit is conducted based on the following Records and Registers:

1. Bank Payment Vouchers (BPV) (MCF 5).
2. Payments Book (MCF 6) and Petty Cash Book.
3. Cheque Books and Pass Book
4. Journal Vouchers
 - (i) General Journal Voucher (GJV) (MCF 17)
 - (ii) Expenses Journal Voucher (EJV) (MCF 18)
 - (iii) Purchase Journal Voucher (PJV) (MCF 19)
 - (iv) Contractors Journal Voucher (CJV) (MCF 20)
 - (v) Fixed Assets Journal Voucher (FAJV) (MCF 23)
5. Register for Journal Vouchers
6. General Ledger (MCF 34)

67. PROVINCIALISATION OF MUNICIPAL EMPLOYEES

- 1) Municipal service rules were framed w.e.f. 14.1.1970 by the Govt. in G.O.Ms.No.20 to 23 RD dt.5.1.72.The Municipal service Rules have been classified into the following parts

Part - I Municipal General Service Rules

Part - II Municipal Engineering & Water works service rules

Part - III Municipal Town planning service rules.

Part - IV Municipal Medical Service Rules

Part - V Municipal Educational service rules

Part - VI Municipal Public Health service Regulations 1970

Municipal Public Health service Regulations 1976

Part-II Municipal Last grade service Rules 1975

All the Municipal employees were declared as Govt servants w.e.f. 15.9.89 in G.O.No.600 MA&WS Dept., dt.14.9.89. municipal employees have also been classified into four grades viz. Grade A,B,C & D as per the norms applicable to the Government employees.

68. ESTABLISHMENT BILLS:-

- 1) All the employees working in Municipalities and Township Committees including sanitary workers have been declared as provincialised staff and are paid from the funds of the municipality.

(G.O.Ms.No.600 M.A. & W.S.Dept., dated 14th September 1989.)

- i) Under sub-section (3) of section 70 of the District Municipalities Act as amended, the government have taken the power to fix or alter the number, designations and grades of and the salaries, fees and allowances payable to the officers and servants of the municipal councils. This power has been delegated to the Commissioner of Municipal Administration, . It should be seen in audit that any changes in the strength and scale as fixed by the component authority is made only with the sanction of that authority.
- ii) The sanctioned strength for the different establishments will be recorded in the Establishment Audit Register. This should be examined with reference to the entries of the previous year and any subsequent alteration during the currency of the year carried out in the register. The Registers should be initialed by the Auditor for corrections if necessary being made.
- 1) The establishment bill should be audited keeping in view the provisions of Municipal Service Rules, Fundamental rules and subsidiary rules there under relating to appointments and punishments.

(a)(i) Note (i) – Establishment bills relating to one selected month each half year may be audited with reference to Establishment Audit Register, Service registers and other connected records. The month is to be got selected by the Assistant Director of Local Fund Accounts just before the audit is taken up.

- (2) Out of the total of Service Registers, Service Registers of 20% staff and the persons retiring within the next one year need be checked every year, so that all the registers would be checked in a cycle of 5 years.

(G.O.Ms.No.553, Finance (Local Fund), Dept, 25.7.91)

The service registers of the employees who are due to retire in the succeeding 12 to 24 months time and those who were appointed during the year of audit should be verified thoroughly.

The correctness of the following should be verified

1. Fixation of pay on various occasions from the date of joining
2. Periodical increments,
3. Award of Selection / special grade
4. Leave sanction and 5. Service verification certificates entry.

[Director of Local Fund Audit Circular Re.59512/2005 (M.A.II)/ Local Fund Audit, Department, dt.13.1.2006]

- (3) As the payment of salary to the staff for the month of March will be paid only in April, the month of March need not be selected for establishment bill audit.

(Examiner's Office Circular Re.No.22745/D1/81,30th July 1981.)

The quantum of audit of establishment bills in the concurrent audit section.(All Municipal Corporation and Municipal Concurrent Audit) is revised as follows:

1. Audit of Establishment Bills. One Month in a year
2. N.M.R .Bills All Service Registers should be Subjected to scrutiny of audit on 50% bills.

3. Supplemental Bills 100% Bills.
4. Sanitary workers Establishment Audit Two Months in a year

(H.O. Circular R. Dis .No.CCI/29343/89, dated 11.4.1989)

Note The Stenographer working in Municipal Corporations/ Municipalities may not be segregated from Typist. The instructions issued in G.O.Ms.No.284 P & AR Dated.19.8.1992 may not be applied to Corporations/ Municipalities (Director of Local Fund Audit Letter Roc.No.38735/2001/MA2 Dated.13.11.2001).

- (a) Acknowledgement for R.D and L.IC. remittance through cheques should also be verified . In addition, a few R.D.. pass books may also be cross examined to see whether the money are actually credited to the concerned accounts. The postings in the Establishment Audit Register should be checked with reference to the vouchers audited and initialled by the auditors.
- (i) That in the case of Government servants lent to the Municipalities, pensionary and leave salary contribution are duly made and credited into the Treasury.
- (ii)(a) that in the case of Municipal Commissioners, Municipal Engineers, etc., whose pay and allowances are drawn from the State Funds in the first instance, contributions towards the pay and allowance, leave salary, pension and Provident Fund are drawn from the Municipal Funds and credited to State Funds regularly.
- (iii) that when the amounts drawn on bills are paid in installments as is sometimes done in the case of certain sections of the municipal establishment, the disbursements made from time to time are properly recorded on the bills, with the date on which they were made.

Note :- the several amounts so noted should be traced into the petty cash book and the auditor should satisfy himself that the bill has been either paid in full or that the balance, if any ,has been refunded.

- (iv) That in the case of supplemental bills the amounts are really due and have not been claimed and disbursed before. This should be verified with reference to the original bills in which the amounts were withheld or refunded and it should be seen whether the numbers and dates of subsequent bills have been quoted in the original bills.

Arrear Claims of salary:

It should be seen that the claim of an officer or servant of a Municipal Council for arrears of pay, allowances or increments which has been allowed to remain in abeyance has been paid by the Executive Authority.-(1)with the sanction of the Municipal Council in the case of claims exceeding six months and not exceeding two years (2) with the sanction of the Municipal Council or the Director of Municipal Administration in the case of claims exceeding 2 years. When dealing with the cases of arrear claims received for remarks it is not necessary to verify them with the original claim and to certify the correctness. It is sufficient if it is seen that the circumstances under which the preferring of the claims has been delayed, justify the grant of larger concession proposed. If the arrear claim is recommended the endorsement should say "No objection to the arrear claims being sanctioned for payment subject to audit in the Usual Courses." The consultations of the Director of Local Fund Audit shall not be necessary in respect of arrear claims up to Rs.100 which are over one year old but not more than 3 years old.

That the order of the Executive Authority has been obtained to the payment of a claim other than one relating to any office or servant of the Municipal Council referred to in the note where the bill in respect thereof was presented more than six months but not more than one year, from the date on which the claim became due and that the order of the municipal council has been obtained to the payment of such a bill presented more than one year from the date on which the claim became due:

- (i) that sanction for further continuance of temporary establishments are available.

69. APPOINTMENTS:

With the constitution of State Service(Municipal) in respect of officers and servants of Municipal Councils in G.O.Ms.No.12,R.D.L.A. dated 5th January 1970 and extending pension benefits, the mode of appointment to the various services has been changed. It should be seen that the provisions with rules relating to the appointment are observed.

The maximum age limit for direct recruitment to all posts under the Municipal Service has been enhanced to 28 years (twenty eight years) where such limit is below 28 years. Where the age limit for the post is higher than 28 years the higher limit shall be continued and in respect of Backward Classes, Scheduled Castes and Scheduled Tribes the existing concession of additional higher age limit of 5years wherever it exists shall also be continued.

(G.O.Ms.No. 1584, Rural Development and Local Administration Department, dated 16th October 1980)

The maximum age limit has been fixed as 31 years for the candidates belonging to Scheduled Caste and Scheduled Tribe for direct recruitment in respect of the posts coming under the Tamil Nadu Municipal Basic Servants service Rules, 1975.

(G.O. Ms. No.1243, Rural Development and Local Administration Department, dated 10th August 1979)

Executive Authorities will be held personally responsible for the appointment of unqualified persons to any posts under the Municipal Councils. Any such irregular appointments recommended by the Appointment committee should be brought to the notice of Government (Memo No, 47025/Mi/73-3, Rural Development and Administration dated 21st April 1973.)

Persons appointed to Government Service through Employment Exchange should not have crossed the maximum age limit laid down for recruitment on the date of sponsoring their names by the Employment Exchange. Though they cross the age limit on the date of appointment as per orders in G.O.Ms.No. 475, P & A.R. dept., dated 2-5-1985.the above orders have been made applicable to the appointments made through Employment Exchange in Municipalities also.

(G.O.Ms.No. 234,Municipal Administration and Water Supply Department , dated 17th April 1989.)

Sanitary workers should produce at the time of their appointment a school certificate or birth extract as the case may be in proof of their age and this should be recorded in the record sheet.

(G.O.Ms.No.124, Rural Development and Local Administration Department, dated 28th January 1984)

When persons are appointed by direct recruitment to Basic Service, the bonafide of their certificate of qualification or record sheet / Transfer certificate produced by them should be got verified and certified by sending to the District Educational Officer concerned..

(G.O.Ms.No 610 Municipal Administration and Water Supply Department, dated 2nd July 1987)

1) Revenue Assistant (Bill Collector)

The posts of Junior Assistant and Bill Collector in Municipalities and Municipal Township Committees were ordered as interchangeable posts in G.O.Ms No 773, Finance department, dated 22nd August 1986 as the scale of pay of both the posts are identical. In Vth pay Commission report as two different scales of pay have been recommended i.e 975-1660i.e.Junior Assistant Rs. 950-1600 to Bill Collectors the orders issued in G.O. Ms.No.773, Finance, dated 22nd August 1986 is cancelled with effect from 1st June 1988. All Bill Collectors and Junior Assistants may be posted back to the same posts in which they were working prior to 15-6-1989..

(G .O. Ms.No.484,Municipal Administration and Water Supply Dept. dt. 31-7-1989.)

Bill Collectors with S.S.L.C. failed qualification and who have put in 20 years of service are eligible to move to special grade scale of pay of Rs. 905-1545 as per G.O.Ms No. 287 M.A. & W.S. Department dated 12th May 1989.

The following clarifications are issued in the scales of pay mentioned for the bill collectors working in Municipalities and Municipal Township committees.

- (1) Bill Collectors who have entered service prior to 1-10-1984 with educational qualification S.S.L.C. Passed or not, whether directly appointed to that post or promoted, their pay may be fixed in the scale of pay Rs.975-1660.
- (2) In the case of Bill collectors with S.S.L.C. passed educational qualification appointed or promoted as Bill Collectors on or after 1-10-1984, pay may fixed in the scale of Rs. 975_1660.
- (3) Scale of Pay of Revenue Assistant appointed prior to 1.10.84 10th standard passed/failed Grade-I

Pay Commission	Ordinary Pay	Selection Grade	Special Grade
IV Pay Commission	610-1075	705-1230	905-1545
V Pay Commission 1.6.88-17.9.91 18.9.91-6.8.92 7.8.92-31.12.95	975-1660 975-1660 975-1660	975-1660* 1200-2040 1200-2040	1200-2040 1320-2040 1320-2040
VI Pay Commission 1.1.96 onwards Revenue Assistant appointed.	3200-4900	4000-6000	4300-6000

* Restricted to the scale of pay of promotional post viz. Junior Assistant vide G.O.304 Fin. dt.27.6.89.

(G.O.Ms.No.1013 Finance Department dated.17.9.90.

Grade – II

	Ordinary Pay	Selection Grade	Special Grade
III Pay Commission	-	No Change	-
IV Pay Commission 01.10.84-31.05.88	505-845	555-845	-
V Pay Commission 1.6.88-17.9.91 18.9.91-6.8.92 7.8.92-31.12.95	800-1150 800-1150 800-1150	950-1500 950-1500 950-1500	975-1660 975-1660 975-1660
VI Pay Commission 1.1.96 onwards Revenue Assistant appointed.	2650-400	3050-4590	3200-4900

Govt. Lr.No. 44433 / Estt.6 / 90-1 MAWS dt. 19.9.90.

(Director of Local Fund Audit circular Rc.No.3/2001 communicated in Roc.No.32105/MA (2)/2000 Dated.12.01.2001.)

2) School Conductress.

The School Conductress may be considered to be the full time permanent employees from their date of appointment. They may be allowed to get the scale of pay of Rs.450-10-570-15-720.

(G.O.Ms.No. 431 MA&WS dept.dt. 2-4-86.)

3) Creation of Posts for Street Light Maintenance

Norms fixed for street light maintenance staff in Corporations (Except Chennai) and Municipalities.

Post	Norms	Educational Qualification
1. Wireman 2. Helper	600 Street Lights	I.T.I Trade Certificate VIII th Passed.

Consolidated Pay

1. Wireman 2. Helper	Rs.2000/-	5% Increase for every year Rs.1700/-
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The following conditions should be adhered to:

- 1) Council sanction should be obtained to meet out the expenditure of the above employees from the fund of the Municipalities and Corporation.
- 2) Post sanction should be given by the Commissioner of Municipal Administration after the sanction of the respective council.
- 3) The personnel should be appointed as per rules from the list obtained from the Employment Exchange.
- 4) Rs.2000 and Rs. 1700 P.M. consolidated pay may be fixed to the newly appointed lineman and helper respectively, 5% increase may be allowed for every year.
- 5) Initially the appointment may be made for one year only. It will be renewed for three years and after the assessment of their necessity the Govt. in order to appoint them in the regular category for their continuance.

(G.O.Ms.No.70 MA&WS dept. dated.5.5.1998.)

4) **Water Supply Department.**

Norms fixed for creation of posts in water supply establishment

Municipalities & Town Panchayats

S.No.	Name of the post	No.	Norms	Qualifications
1	Tap Inspector	1	2000 Connections (inclusive of Public fountains & Domestic)	X Std & ITI
2	Helper	1	For each Head quarters	VIII Std.,
3	Filter Bed Operator	1	For three filter beds and Part thereof (8 hours per day)	X Std & ITI
4	Head works fitter	1	Upto 15 Kms of main Distributory pipes	X Std & ITI

(G.O.Ms.No.198/MAWS/ME-3/ Department.26.10.1998).

The staff for the maintenance of Hand Pumps in Municipalities may be appointed like OHT operators.

- i. Employees on daily wages, who are not having registration in the Employment Exchange instructed to get registered their names in the Exchange and they may be appointed in regular category as per their seniority in the Employment Exchange.
- ii. The person who possesses the required educational and technical qualification may be considered for the appointment as per the above norms.
- iii. The temporary drivers on daily wages appointed after 1.10.96, to be treated as unqualified persons and they should be relieved immediately.
- iv. The period of daily wages may be taken into account while calculating the maximum age limit during the time of appointment as above. If the upper age limit is exceeded, even then the required ratification proposals may be sent by the Commissioner of Municipalities and Corporation after their appointment.

(G.O.Ms.No.21, MA&WS dept. dt.2.3.2000).

5. **Appointment of Driver in newly created post**

Daily wages Drivers may be appointed in newly created driver posts. When they are not available priority may be given to Office Assistants and persons working in similar posts in public Health may be appointed and promoted as drivers.

G.O. (Rt) No.21 (MA2) MA & WS Dated.2.3.1998

The re-employment of Municipal Employees in the same post, or higher post or in the lower post will have to be made only with the sanction of the Government or other authorities. The pay during such re-employment should be regulated with reference to sub Rule 4 of Rule 44 of T.M. Pension Rules 1978. When the re-employment is in the same post the pay will be the amount which together with the pensions is equal to pay last drawn. If the re-employment is in the lower post, then the pay allowed plus the pension should not exceed the maximum of the scale of the post. The dearness allowance during the period of re-employment will be based on the total employments drawn. In such cases the dearness allowance allowable to the pension cannot be drawn.

Amendment to T.N.Dist. Municipal Rules 1975- Amendment- The maximum age limit to join the post of Office Assistant is enhanced from 28 to 30. The date of probation will be commenced only from the date of acquiring the fully qualified status to that post.

6) Public Health Establishment

a) The Tamil Nadu Municipal Public Health Service regulations, 1970, have been issued in G.O.Ms.No. 21, Rural Development and Local Administration Department, dated 5th January 1972. These should be referred to in regard to appointment of Public Health Personnel.

“The peons belonging to the Municipal General Service should not be transferred to Public Health Branch as Public health Maistry /Public Health Peon after 21.3.1979. Separate identity of General Branch and Public Health Branch should be strictly maintained.

(G.O.Ms.No.472, Rural development and Local Administration Department dated 21st March 1979.)

The Government direct that notwithstanding the difference in the pay scales of the sanitary workers and the basic servants, the sanitary workers taken into regular establishment of local bodies shall be eligible for all the benefits given to the basic servants employed in local bodies.

(G.O.Ms.No.597, Rural Development and Local Administration department dated 26th April 1983).

All the posts of sanitary Masteries or public Health Masteries in local bodies are designated as “Sanitary supervisors.”

(G.O.Ms. No. 1356, Health and Family Welfare Department, dated 2nd August 1979.)

The age of superannuation of the sanitary workers and sanitary supervisors is 60 years with effect from 26th April 1979.

(G. O. MS.NO. 1877, Health and Family Welfare Department, dated 24th October 1979.)

The category of Sanitary Supervisor shall be treated as “ Inferior Service “ and that there is no need to treat the said category (Sanitary Supervisor) as “Superior Service” for the purpose of retirement.

(Letter No. 1291 Health dated 31st July 1984 from the Commissioner and Secretary to Government H.&F.W. Department addressed to the Examiner of Local Fund Account) **Govt.Lr.No.(D) No.9, M.A & W.S Dept. Dated.29.2.96**

(G.O.Ms. No2434, R.D AND L.A. Department, Dt. 10th December 1969.)

In G.O.Ms.No. 1002 , Health Department, dated 8th June 1979, orders have been issued to bring the posts of sanitary workers as members of Regular public Health Establishment. (G.O.Ms.No. 92, Rural Development and Local Administration Department, dated, 18th 1980.)

b) Creation of Sweeper posts- revised norms

The Sanitary Workers in municipality may be appointed after observing the following conditions.

1. The persons appointed on daily wages through Employment Exchange may be given first priority.
2. The persons working on daily wage basis and not recruited through employment exchange can also be given priority basis on their registration of names in employment exchanges.
3. The persons working on daily wages basis, but not employed through employment exchange and those who are not registered their names in employment exchange may be requested to register the names in employment exchange and recruited based on the registration.

(G.O.Ms.No.101 MA&WS dept. dt. 30.4.1997.) (G.O.Ms.No.71 MA&WS dept. dt. 5.5.1998.)

G.O.Ms.No.187/MA & WS Department ,dated.24.07.1997)

The sanitary workers who were retired on completion of their earlier superannuation age and subsequently got reemployed shall be given increments from the last pay drawn by them on the date of their earlier increment.

(G.O. NO. 635, RD and LA Department ,dated 6th may 1983)

Retirement of contingent employees brought under time scale as per G.O.1644 RDLA Department, dt.12.10.79 is "58" years. But Directly recruited L.G.S retirement Age is 60, years.

(Govt.Lr.No.19484/MA2/MA & WS /2004-4 dated.17.01.2005)

In the Tamil Nadu Last Grade Service Rules issued in G.O.Ms.No. 1859, R.D.and LA Department, dated 5th November 1975, the post of public works maistry has not been included in the inferior service under the Municipal Councils.

(G.o. Ms. NO. 1675, Rural development and local Administration, dated 28th October 78.)

7) Indian Population project v (IPPV)

The services of IPP V Medical Officers and Para-medical Staff shall be regularized under the rules mentioned below from the date of sanction of posts.

S. No.	Post	Rule
1.	Women Medical Officer	Class I category (1) If the Tamil Nadu Municipal Public Health Service regulations 1970.
2.	Public Health Nurse	Category V (A) of the Tamil Nadu Municipal Service Rules 1970.
3.	Maternity Assistants	Category I of the Tamil Nadu Municipal regular Public Health Establishment 1976.

The action of sanction of increment and leave benefits to the holders of Health post under IPP V scheme are hereby ratified.

(G.O.Ms.No.156/Municipal Administration and Water Supply Department (Mo5) dated. 11.11.2005).

70. DELEGATION OF POWERS TO MUNICIPAL COMMISSIONERS

The following items of work attended to by the CMA are delegated to the Municipal Commissioners.

- (1) Sanction of increments, declaration of probation, pay fixation and all other connected administrative matters of all Municipal staff.
- (2) Sanction of all advances including marriage advance, Educational advance etc., paid from Municipal funds to all staff.
- (3) Sanction of O.T. Allowance of water supply and other staff.
- (4) Sanction of Selection grade scales of pay to eligible persons as per rules in vogue.

(Director of Municipal Administration Madras, Proceedings No.24372/89/Opl,dated 30th march 1989)

A) ADMINISTRATIVE POWERS ENTRUSTED TO THE EXECUTIVE OFFICERS OF THIRD GRADE MUNICIPALITIES:-

Sanction of increment, pay fixation, P.F Loan, other advance (Except vehicle and House Building Advances) to the provincialised staff of Sanitary inspector, Health Clerk, Junior Assistant, Bill Collector and Typist only. Sanction of Leave up to one month to these employees and exceeding to that should be sent to the Commissioner of Municipal Administration for Sanction.

(Letter.Rc.No.68296-2/04 S-4 dated.19.12.2004 Commissioner of Municipal Administration)

The power to suspend the Municipal Employees pending enquiry is retained with the Municipal Commissioners only and in the cases relating to misappropriation and criminal offence and to all other cases to suspend the Municipal employees is delegated to the Regional Director of Municipal Administration in respect of III, II and I Grade Municipalities and Joint Director of Municipal Administration in this case of Selection and Special Grade Municipalities.

G.O. Ms.No.2077, Rural Development and Local Administration department. Dated 28th December 1979)

B) GUIDELINES ON OUTSOURCING MEDICAL PROFESSIONALS/PARA MEDICAL STAFF IN URBAN LOCAL BODIES.

Urban Local Bodies have the mandate to provide medical and maternity and child health services to the citizens of the urban local bodies. For this purpose the local bodies were sanctioned with required number of Medical Officers and para medical staff.

In order to maintain the medical and maternity health services to the satisfaction of the poor in a continuous manner, it is necessary that the above vacancies are immediately outsourced on contract basis for which the following detailed guidelines are issued.

Objective

The main objective of outsourcing medical professional and para medical staff is to ensure continuity in Medical, Health and Maternity and Child Health services to the citizens.

Applicability

These guidelines are applicable to all urban local bodies including corporation (Except Chennai) in Tamil Nadu.

Type of professionals to be outsourced

1. Medical Officer/Women/Medical Officer, General Medicine, Maternity & Child Health.
2. **Para Medical Staff**
 - a. Staff Nurse
 - b. Pharmacist
 - c. Multipurpose Health Worker
 - d. Maternity Ayah
 - e. Nursing Ayah

Qualification and Experience

Sl. No	Designation	Qualification & Experience
1.	Medical Officer /Women Medical Officer	As per Tamil Nadu Medical and Tamil Public Health Service Rules in respect of Municipalities and in respect of Corporations the relevant Service rules shall apply.
2.	Para medical Staff a. Staff Nurse b. Pharmacist c. Multipurpose Health worker d. Ayah e. Nursing Assistant	

Role and Responsibility

The role and responsibility of the Medical Professionals/Para Medical Staff are as indicated in the Annexure I & II

Remuneration

1. For Medical Officer Women Medical Officer consolidated monthly remuneration of Rs.10,000/- In exceptional cases, the committee can decide additional pay of 10-20% citing adequate reasons.

2. Para Medical Staff

a. Staff Nurse	-	Rs.4000/-
b. Pharmacist	-	Rs.3000/-
c. Multipurpose Health Worker	-	Rs.3000/-
d. Ayah	-	Rs.2000/-
e. Nursing Assistant	-	Rs.2500/-

Age: Maximum 65 years for Doctors and 50 years for para Medical staff.

Tenure of Contract:

The tenure shall be for one year initially and if both parties agree, it is extendable for another two years.

Mode of Recruitment

From Market straight through a Selection Committee.

Selection Committee

A Selection Committee comprising Commissioner, Corporation/Municipal Health Officer(Where there is one or more) city Municipal Engineer, Mayor/Chairman, one functioning Government Doctor deputed by Joint Director (Health Services)/Dean Medical College Hospital and Regional Director of Municipal Administration of respective Region will be formed and the list will be screened.

- The Regional Director of Municipal Administration will chair the meeting of which Commissioner will be the Convener in respect of Municipalities.
- In respect of Municipal Corporation the Committee will be convened by Corporation Commissioner with City Engineer, City Health Officer, a representative from Joint Director (Health Services), the Dean of Local Medical College Hospital as members. The Mayor will Chair the Committee.

An interview will be called for to select suitable candidate from the list of qualified persons. The objective of interview is to see the aptitude, experience and willingness to work in the positions.

(Commissioner of Municipal Administration Lr.Rc.No.5810/2005/H3, dated.03.02.2005)

71. PAY AND ALLOWANCES.

1) SPECIAL PAY

Compounders employed in Medical Institution in which no clerks are employed may be paid a special pay of Rs.30/- men sum for doing ministerial work provided the Executive Authorities are satisfied that the compounders have to work overtime, to perform additional work. On the same condition they may be granted the special pay whenever they do ministerial work in the absence of a clerk or clerks for a period exceeding fourteen working days in medical institution. Where one or more clerks are employed, the orders will also apply to compounders employed in medical institutions of indigenous medicines.

(G.O.Ms.No. 809 Health Department ,dated 19th March 1946)(G.O.Ms.No.2732 Health Department ,dated 9th September 1957)

The Special pay of Rs.5/- sanctioned to the Duffadars has been increased to Rs.10 per month with effect from 12th February 1980)

The Special pay of Rs.150/- per month may be allowed to Medical Officers in Allopathy medicine.

(G.O.Ms.No.147/ Finance (PC) Depart. Dt. 10'3'88)

(Govt. letter no, 25984/M.C.3/98-9, MA&WS (MAE) dept. dt. 25.6.99.)

2) DEARNESS PAY :-

Dearness Allowances equal to 50% of basic pay be merged with Basic pay and distinctly shown as Dearness pay and this Dearness pay would be deducted from the existing rate of Dearness Allowances with effect from 01.01.2006.

(G.O.Ms.No.105 / Finance (Pay Cell) Department dated 07.02.2006 and read with G.O.Ms.No.106 /Finance (Allowances) Department, dated.07.02.2006.)

3) ADDITIONAL CHARGE ALLOWANCE:

2) The payment of charge allowance is not admissible in the following cases:-

(a) Revenue Officers placed in additional charge of the post of manager.

(G.O.Ms. No.1803,L.A. Department, dated 30th December 1954.)

(Government Memo. No.29069/49-A. A., dated 16th July 1949.)

(b) Upper division clerk for holding additional charge of the post of manager.

(Government Memo. No.3616-2 G/53, dated 16th April 1953.)

In as much as non-technical officer who is placed in additional charge of a technical post is expected to attend the current duties only (as he is not competent to hold full additional charges of a technical post) he is not eligible for any charge allowance.

(Government Memo. No.12512/MI/77-5,Rural Development and Local Administration Department, dated 12th May 1977.)

Whenever orders transferring Municipal Commissioners or Special Officers are issued, Managers of Municipalities will not be appointed to hold full additional charge of the post of Commissioners or Special Officers. The Director of Municipal Administration is accordingly instructed not to appoint Manager of Municipalities to hold full additional charge of the post of Special Officer or Commissioner of a Municipality whenever leave is sanctioned to the latter. On emergency occasions when managers are appointed to hold the Municipal Commissioners they may be allowed to discharge only current duties like passing of routine establishment bills. T.A. Bills, etc., instead of permitting them to fully hold the post Municipal Commissioners.

(G.O.Ms. No. 1484, Rural Development and Local Administration Department, dated 21st September 1978.)

Municipal Commissioners will look after the routine work of the Engineering branch when the Engineer goes on leave without any substitute and no additional charge allowance will be allowable.

(G. O. Ms. No. 173, Rural Development and Local Administration Department, Dated 6th February 1970.)

4) DEARNESS ALLOWANCE:-

Special pay granted to typists under Municipal Councils. Special pay granted to persons who have furnished security should be classified as compensatory allowance. Therefore dearness allowance cannot be allowed taking the special pay into account.

(G.O.Ms.No.801, Finance Department, Dated 22nd July 1965.)

The special pay granted to shroffs of Municipal Councils cannot be taken into account for purpose of dearness allowance as it is intended to cover the cost of conveyance charges to go to banks or treasuries for making remittances or withdrawals. (G.O.Rt.No. 678.Local Administration Department, dated 26th April 1950.)

5. WINTER ALLOWANCE

The sanitary workers and other low paid municipal employees are eligible for Winter allowance provided they are eligible to draw hill allowance even if they are in receipt of warm clothings from the Municipal funds.

(Govt.Lr.no.7648,/M2/80-15, dated 25th January 1982 of the Deputy Secretary to Government, Rural Development and Local Administration department.)

For the places of (1000 meters to 1499 meters above sea level) 5% of Basic pay not exceeding Rs 100/-

For the places – 1500 meters above sea level - 10% of basis pay not Exceeding Rs 150/-

(G.o. No. 499 Finance /15.09.98.) With effect from 01.09.98.

6) SANITARY ALLOWANCE-

The Government direct that supply of coconut oil to the sanitary workers be discontinued. The sanitary workers in the local bodies should be given sanitary allowance. Whether employed in the compost yard or handling night soil or drain clearing or any other sanitary work at the following rates from 1st may 1983;-

1. Corporation sanitary workers - Rs.10p.m
2. Municipal or Township workers - Rs.7p.m
3. Panchayat worker - Rs.5p.m

(G.O.Ms.No. 594, Rural Development and Local Administration dated, 26th April 1983.)

The Government sanction the enhancement of special compensatory allowance from Rs. 50 to 75 for serving in rural area and other compensatory allowance at Rs. 75. for restricted private practice the medical officers working in panchayat union and municipal dispensaries irrespective of their qualification viz., LIM,GCM ,MBBS, etc., with effect from 28th August 1982 subject to the condition that the expenditure on this account should be borne by the local bodies concerned without any claim from the Government (G.O.Ms.No.1763,Health and Family Welfare Department, dated 28th August 1982).

7) OVER TIME ALLOWANCE

That over time allowance to water-works staff who are paid monthly wages are granted with prior sanction of the Municipal Engineer.

(G.O.No.1155,Public Health dated 28 March 1942)

8) SECURITY COMPENSATORY ALLOWANCE

The Security compensatory Allowance to the Municipal employees holding posts for which security has been prescribed has been sanctioned from 1st October 1972.

		Allowance Rs.	
1.	Security furnished is less than Rs.500/-	5	w.e.f.1.4.1978[G.O.Ms.No.1056, Fin (VC), dated 5-10-78/G.O.Ms.No 1267/RDLA,dated 16-8-1979.]
ii	Security Furnished above Rs.500/-	10	G.O.Ms.No1351/RDLA,dated 9 th July 1973
iii	Rs.1000/- above but below Rs.5000/-	15	
iv	Above Rs.5000/-	20	

9) RONEO ALLOWANCE

The Roneo duplicator in Municipal Office at present without a separate Record Clerk to maintain it, may be placed in charge of one of the Record Clerks if available and if not, under the charge of a senior most Basic Servant who is willing and capable of attending the roneo work and a special pay of Rs.15/- per month may be paid to Record Clerk/Basic Servant who attends to the roneo work. (G.O. Ms. No.866, Rural Development and Local Administration, dated 27th May 1980.)

Roneo Allowance will not be paid i) during leave period. ii) when the machine is under repair (Director letter No. 12895/ d1/88/dt.21.3.88.

10) WASHING ALLOWANCE

Sanitary workers and Health workers are not eligible for washing allowance.(Govt.Lr.No.33922/E7/93-1/R.D/ dt.12.7.93.

ii) Health Inspectors are eligible to draw Rs.15/- per month as washing allowance. (Government letter N0.2089/HFW Dept.dt.3.11.86.

iii) Enhancement of washing allowance:-

Nurses from Rs.15 to 75 For others from Rs.15 to 30.

(G.O.499/ Allowance. dt: 15.9.98.)

The plastic badges engraving the names of Office Assistant in Tamil may be supplied to them . The expenditure may be met from the Municipal funds.

(G.O.Ms.,1278/R.D. department dt. 2.9.19

11) HOUSE RENT ALLOWANCE

That in respect of buildings belonging to the Municipality and occupied by the employees, rent is collected at the percentage as fixed in G.O. Ms. No.666, Finance (PC), dated 27th June 1989.

If both husband and wife are Municipal Servants and they are in occupation of quarters constructed from the Municipal funds, the rent should be recovered from the allotted and House Rent Allowance foregone by the allotted only. The rent need not be recovered from the spouse. The spouse also need not forego the House Rent Allowance.

(G.O. Ms. No.1353, Rural Development and Local Administration, dated 6th September 1980.)

Municipal employees who have been required compulsorily to reside in the premises of Water Supply Pumping Station may be provided rent free quarters by the Municipalities. If no rent free quarters are provided by the Municipality rent should be paid as per G.O. Ms. No.557, Finance (PC), dated 10-6-89.

Municipal quarters ownership is not permitted. The Municipal Corporation/Municipal Quarters may be allotted to the employees on monthly rent basis only.

(G.O.(Rt) No.183, MA & WS Dept. Dated.21.07.1997).

12) MEDICAL ALLOWANCE

All Medical concessions applicable to Government servants are made applicable to all employees of Municipal Councils, Panchayat Institutions and Corporation of Madras including teachers irrespective of their income. Necessary provision should be made in the Budget of the local body to meet such expenditure.

(G.O. Ms. No. 1473, Rural Development and Local Administration Department, dated 21st September 1979.)

(G.O. Ms. No.2060, Rural Development and Local Administration Department, dated 24th December 1977.)

(G.O. Ms. No.753, Rural Development and Local Administration Department, dated 7th May 1979.)

Government have extended the payment of Medical Allowance Rs.15 p.m. sanctioned in G.O. Ms. No.515, Finance (Pay Commission) Department, dated 26-7-1988 to the employees under local bodies also. Government have extended the payment of Medical Allowance.Rs.50/- sanctioned in G.O.Ms. No.464 Fin (Pension) dept. 31.7.96. to the employees/pensioners under local bodies also.

Those who are under suspension are not entitled for medical allowance

(Govt. Letter No.34419/Allow/1/89-2 Fin. Dt.5.5.89).

In respect of employees who get reimbursement of Medical Allowance the claims for reimbursement of medical expenses presented by them for the period of treatment up to 31-8-88 shall be admitted. In the case of continuous treatment beyond 31-8-88, claims for treatment shall not be drawn and shall be paid Medical Allowance only @ Rs.15 p.m. with effect from 1-9-88.)

(G.O. Ms.No.641, Finance (Allowances) Department, dated 8-9-88.)

The Medical expenditure incurred by TWAD Engineers working in Municipalities be reimbursed to them from the Municipal Funds.

(G.O. Ms. No. 157,, MA & WS., Dept., dated 3-3-1988)

13) CONVEYANCE ALLOWANCE

The sanction and payment of conveyance allowance are regulated under Rule 10 (1) read with Rule 11 of Part-I of Tamil Nadu Special Pay and Allowance Rules. It is granted to an officer for the maintenance of a specified conveyance in good condition and for using it for his official purpose in the month. As per Rule 11 ibid, the officer should certify in his pay bill that the conveyance for which the allowance is drawn was actually kept in good condition and used by him for official purpose during the month.

An Officer who has been deputed for training even for a short period is deemed to have vacated the post to which the conveyance allowance is attached on his relief for the training even though the period of training is treated as duty for the purpose of continuity of service. As the officer was not performing the duties attached to the post he is eligible to draw conveyance allowance for the period of his deputation.

(Govt. Lr.No.142785/M6/79-4, RD&LA Department, dt 23.2.81)

Note:-

Conveyance Allowances are granted to some of the officers and employees of Municipal Councils by Government. When the payment of such claims come up for audit it should be seen that they are covered by orders of Government and the conditions for the drawl of such allowances are satisfied. Certificates for actual maintenance of conveyance for the use of official duties should be verified. In Government Memo.No.27007/MI/75-2 Rural Development and Local Administration, dated 10th April 1975 Government have clarified that when conveyances are purchased for the use of officers for official work the drawal of conveyance allowances by such offices will not be in order. This aspect should be looked into during audit.

Note:

The Conveyance Allowance of the Executive Staff in the General Establishment and Revenue Branch of the Municipal Councils and Township Committees who are already in receipt of the Conveyance allowance of Rs.35 for maintenance of Motor cycle or Scooter be raised by 60 per cent with effect from 16th November 1977.)

(G.O.Ms. No. 1861, Rural Development and Local Administration, dated 16th November 1977.)

1. Government have held that the Conveyance Allowance paid to Commissioners is for all journeys within the municipal limits, and they may draw either the conveyance allowance for the day in lieu of Travelling allowance under the ordinary rules for journeys performed outside the municipal limits and that no travelling allowance will be admissible for journeys within a radius of eight kilometers even when the place visited is outside the municipal limits.

2. When a conveyance for which a conveyance allowance is drawn is temporarily out of use, the conveyance allowance may continue to be drawn up to maximum period of ten days. In such a case, the officer or servant claiming the conveyance allowance shall furnish, in the certificate information as to the actual number of days on which the conveyance was not in use during the month.
3. Memorandum No.1087-2-A, L.A., dated 21st February 1944 should be furnished.
4. (a) In G.O.Ms.No.1069, Finance (All.II) Department, dated 31st July 1974, the Conveyance Allowance has been withdrawn if the Government officials are provided with department vehicles for their official work. The Executive Authorities of Municipal Councils, Executive Officers of Township Committees, the Commissioners of Corporation of Madurai and Madras were requested to implement the above Government order strictly without any violation. If the Conveyance allowance is drawn by the Executive Authorities where the Municipal conveyance is provided for official use it should be objected to in audit.
(G.O. Ms. No. 1883, Rural Development and Local Administration Department, dated 20th August 1974.)
(b) The above Government Order was made applicable to the Municipal Chairman also.
(G.O.Ms. No.1396, Rural Development and Local Administration Department ,dated 16th August 1975.)
5. In all cases where employees of Municipal Councils and Township Committees drawing Conveyance Allowance, are away from their Head quarters on tour, temporary duty, etc., for a period of 15 days or more, the allowance will not be admissible for such period of absence.
(Government Lr. Ms.No.1555, dated 13th October 1983 of the Commissioner and Secretary to Government, Rural Development and Local Administration Department)
6. As per orders in G.O. Ms.No.2800 Health Department, dated 12.12.81 and para 252 of Municipal Administration Manual Volume I Selection Grade Sanitary Inspectors are eligible for conveyance allowance admissible for Motor Cycles. But the Selection Grade sanitary Inspectors will mean only the post on a higher time scale mentioned in Sl.No.423 at page 408 of the Recommendations of IVth Tamil Nadu Pay Commission (Scale 905-1545) and to the Selection Grade awarded on completion of ten years. (Decision on 3-1 of Quarterly Meet of Officers of LFAD held on 9 & 10.3.89)

14) CONVEYANCE ALLOWANCE TO HANDICAPPED PERSONS:-

1. Handicapped and Blind persons employed in local body are entitled for getting conveyance allowance subject to a maximum of Rs.150/- per month from 1.9.98. (G.O. 445/ Fin. Department dated.31.8.98).
2. This allowance will not be paid during the leave period, joining time and suspension.
3. Staff receiving Consolidated pay are also entitled for this benefit (Govt. letter No..93612/P.C./93-1/Fin./dt.13.6.94).
4. For those living in office campus, this allowance will not be paid. (Govt.Lr.59719/P.C.1 /Fin. Dt.6.8.80).
5. (Blind staff, availing free passes in Govt. transports are also entitled to get this benefit. Govt. Lr. 93612/P>C/93-1 Fin. Dt. 13.6.94).

The physically handicapped Municipal employees are eligible to avail the enhanced conveyance allowance.

(Govt. Letter No.14198/MA & WS/97-2 Dated.09.05.1997).

72. LEAVE AND LEAVE SALARY:

As instructed in G.O.Ms.No.2427, L & M Department, dated 7th July 1931, Local Bodies are adopting the Fundamental Rules formally as service regulations in respect of their employees. The T.N. Leave Rules apply to all employees who were appointed on or after 4th September 1933.

(G.O.Ms.No. 533,L.A Department, Dated. 1ST March 1941.)

The debit to state funds of the proportionate leave salary of a Government Servant permanently transferred to Municipal Service is not permissible.

(G.O. No.146, L.M Department ,dated 11th January 1936.)

The government sanction the grant of special Casual Leave not exceeding 8 days to men employees of local bodies including the Corporations of Madras and Madurai who undergo sterilization operation and 20 days to married women employees of local bodies including the Corporations of Madurai and Madras who undergo non-puerperal sterilization operation.

(G.O.Ms.No.596,Health and Family Welfare Department, Dated 3rd April 1978.)

Sanitary workers in Municipalities and Municipal Townships are eligible to unearned leave on Medical Certificate only to the extent admissible to the Office Assistants in Government Service and the sanitary workers may be granted unearned leave on Medical Certificate with reference to the clarifications issued in Govt., Lr. No . 85891/79-33, P & AR, dated 17th July 1981

All sanitary workers working in Municipalities and Municipal Township committees are granted one day leave for each week and this order takes effect from 1st June 1990.

(G.O.R.No.520, Municipal Administrations and Water Supply Department, dated 31st May 1990.)

Women menial servant of municipal councils are eligible for the grant of maternity leave only if they have rendered a continuous service of one year.

(G.O.Ms.No. 811, Rural Development and Local Administration Department, dated 27th April 1971)

Encashment of leave and other benefits granted to Government servant in G.O.Ms.No. 226.Finance dated 8th February 1971 are extended to municipal employees also with effect from 8th February 1971.

Employees who are not eligible for pension are not eligible for the encashment of earned leave at credit on the date of superannuation (Memo.No.136646/M1/71-3, Rural Development and Local Administration Department ,dated, 6th January 1972.)

The concession of surrender of earned leave without going actually on leave and payment of leave salary has been extended to Municipalities and Township Committees with effect from 1st April 1974 (G.O.Ms.No. 1017, Rural Development and Local Administration Department ,dated, 15th April 1974.)

Executive Authorities of municipal councils and township committees are competent to sanction encashment of earned leave at the credit of municipal servants on the date of superannuation.

(G.O.Ms.No. 1586, Rural Development and Local Administration Department, dated, 8th September 1981.)

Note:- 1. Medical allowance is not admissible for the encashment of E.L./UEL on private affairs. (Govt. letter No.74923/pension/96-4, dt.17.2.98.

Period of service leave on medical certificate to which the sanitary worker be entitled

(i) upto 5 years	3 months
(ii) Above 5 years and upto 15 years	6 months
(iii) Above 15 years and upto 20 years	12 months
(iv) More than 20 years	18 months

If the medical leave on half pay availed of as on 18th January 1980 after conversion into unearned leave on medical certificate with full pay had already exceeded the above limit, the excess should be carried forward and adjusted the leave which may accrue to the individual credit in future and the individual concerned will not be eligible for grant of further leave on medical certificate, with full pay until it accrues at a further date on completion of prescribed of service.

(G.O.Ms.No. 1434, Rural Development and Local Administration Department ,dated, 20th September 1980.)

73. BONUS TO BILL COLLECTORS.

The bill collectors of Municipalities are eligible for payment of bonus for collection work. The sanction of the Director is necessary in the case of Bill Collectors of Selection Grade, Special Grade Municipalities and Township Committees where the Collectors are Chairmen and that of the Regional Director is necessary in the case of Bill Collectors of other grade Municipalities.

(G.O. Ms. No.1710, Rural Development and Local Administration Department, dated 22nd July 1974.)

- i. the time barred arrears of tax amounts covered by suit, taxes on Government properties are to be excluded from the gross demand while working out the percentage of collection.
- ii. Payment made by cheques or cash directly into the office should be taken into account.
- iii. Charges, if any, collected towards electric consumption charges, market fees, etc., should be excluded from collection.
- iv. The amount of bonus should be regulated as below:-
 - i. Collection of entire amount 1 month's Pay
 - j. 97 per cent to 100 per cent $\frac{3}{4}$ month's Pay
 - k. 95 per cent to 97 per cent $\frac{1}{2}$ month's Pay

(Head Office R. Dis. No.34213/G/73, dated 2nd October 1973)

- v. Bill collectors working in Municipalities collecting cent per cent of tax and non tax items without any arrears in the same year continuously for five years are eligible to draw two months pay as incentive bonus.

(G.O. Rt. 752, MA & WS, Dept. dated 8th August 1990)

74 . AWARDING OF SELECTION GRADE / SPECIAL GRADE

The guidelines prescribed in the matter of appointment to selection grade/special grade posts in respect of Government servants in G.O.Ms.No.214, P and A.R. (Per .M) Department, dated 1st March 1979 as amended in G.O. Ms.No.458 and A.R. (Per.M), dated 15th April 1980 are applicable to the employees of Municipalities and Municipal Township Committees.

(G.O. Ms. No.891, Rural Development and Local Administration Department, dated 6th June 1979.)

Persons who have relinquished their rights for promotion need not be considered for Selection/Special Grade posts.

(Government letter 16348/80-3 P & A.R. (Per.M) Department, dated 5th June 1980.)

The award of Selection Grade/Special Grade to the Typists employed in Municipalities, as per the recommendation of the IVth Pay Commission is in order.

(Head officer Circular No.CCI/24583/89 dated 25th April 1989.)

The Selection Grade/ Special Grade may be awarded to Office Assistants, even though they are not qualified for Record Clerk promotion.

(Govt. Lr.132081/PC/92-1/20.4.93.)

The post of Head Mazdoor is not a promotional post to Mazdoor-Hence Mazdoor can be given selection grade scale of pay Rs.800-1150-(C.M.A Lr.No.L.dis-737/95/F1 dated.29.12.95).

The Sanitary Workers are eligible for selection grade scale of pay 800-15-1010. The conditions stipulated in G.O.Ms.No.215 and 216 Finance (pay cell) dated.22.3.93 will not be applicable

(C.M.A Letter No.14972/K2 (1)/92 dated.7.12.93).

75. NMR/CONTINGENT STAFF, DAILY WAGE EMPLOYEES BROUGHT INTO REGULAR ESTABLISHMENT.

- A) Since the ban order on recruitment was lifted in G.O,Ms,No,14, personnel and Administration Reforms Dept dated 7.2.2006, Government have issued orders in G.O.Ms.NO.21 MA&WS Dated 23.2.06 to regularise the services of the 6058 employees on consolidated pay and NMRS on daily wages working in various Municipalities and Municipal Corporations except chennai and 674 employees on consolidated pay and NMRS on daily wages in Grade III Municipalities by bringing them into regular time scale of pay with immediate effect.

Name of post	Municipalities and other corporations	Grade III Municipalities
Street light maintenance staff (Wiremen & Helper)	119	35 and as on 31.12.1996 in respect of Grade III Municipalities
Sanitary workers	2710	
Water supply staff	358	61
Entry level posts(General)	2871	58
Total	6058	674

The following clarifications are issued to all Urban Local Bodies.

1. The Service of persons on consolidated pay or daily wages can be brought into time scale of pay according to the seniority of the Personnel engaged as NMR.
2. The appointments are to be brought invariably to the notice of Appointment Committee in the case of appointments under Public Health
3. The vacancies available at the time of enforcement of ban order and vacancies subsequently alone shall be filled up by NMRs.
4. Relaxation of age does not arise in respect of NMRs already engaged.
5. No relaxation of educational qualification can be given for appointment
6. Model code of conduct of Assembly Election is applicable only in respect of new appointments not in the case of regularisation of the services of the employees working.

(CMA's letter Roc No.35845/2002/MCA 2 Dated: 15.3.2006)

List should be prepared of those employees who had worked as on 1.10.96 in respect of municipalities and corporations (except Chennai corporation) and as on 31.12.1996 in respect of Grade III Municipalities. These categories of employees alone should be included in the list. The employees included in the list alone, may be brought into regular establishment in the vacant posts. If no persons are available in that list, employees of neighboring institutions may be called for and may be considered for appointments.

- a. They should possess educational and other technical qualification required for the post.
- b. The post must be within the sanctioned strength.
- c. The entire staff salary including these posts shall not exceed 49% of the income.

(G.O.Ms.No.21 MA & WS Dept Dated.23.2.2006).

The staff working in consolidated pay may be brought into regular scale of pay by the following authorities.

1.	Municipal Corporations (except Chennai)	Commissioner of Municipal Administration.
2.	Municipalities	Commissioner of Municipal Administration
3.	Town Panchayats	Director of Town Panchayats

(G.O. (Rt) No.195, MA & WS (M.3) Department Dated.17.08.99.)

B. Revised norms for creation of Sanitary Worker Post:-

The newly created sanitary worker post based on the revised norms of the Government and the vacancies may be filled up on consolidated pay of Rs.1000/- for three years with 10% increase per year.

- 2) On completion of third year the Government sanction may be obtained to bring them into the regular scale of pay.
- 3) The additional vacancies and regular vacancies may be filled up from through employment exchange.

(G.O.Ms.No. 101 MA&WS dept. dt. 30.4.1997.)

- i. Those employed in the Municipalities and the Municipal Township Committees under contingencies and under work-charged establishment on N.M.R. and who have completed ten years of service and more without break as on 1st October 1979 may be brought under regular establishment of the Municipality or the Municipal Township Committee concerned on a time scale of pay of Rs.200-5-300 with other usual allowances with effect from 1st October 1979 based on the seniority in the respective categories. They shall be eligible for all the benefits like leave, medical facilities, annual increments, pension, etc., as applicable to basic servants under Municipal Councils.
- ii. The strength of categories of contingent/work charges establishment excluding those referred to in item (i) above should not be increased until cadre strength is fixed consequent on the regularization of the above staff. No new posts in the above categories after 1st October 1979 should be created and the vacancies after 1st October 1979 should not be filled up.
- iii. Those in the category of contingent/work charged establishment who have put in less than 10 years of continuous service as on 1st October 1979 and who have not been regularized now should be paid the fixed pay and allowance or the pay eligible under the Minimum Wages Act whichever is advantageous to them.
- iv. The Director of Municipal Administration is empowered to fix the total strength of the employees under contingent and work charged establishment in each Municipality and Municipal Township Committee based on the work load, the need thereof taking into account the financial position of each Municipality.
- v. As and when the employees borne on the contingent/work charged establishment complete ten years of service the Commissioner or Executive Officer should send necessary proposals to bring them to time scale of pay through the Director of Municipal Administration for approval of the Government, after the total strength in each category is fixed by the Director of Municipal Administration for each Municipality/Municipal Township Committee.

(G.O. Ms. No.1644, Rural Development and Local Administration, dated 12th October 1979.)

The contingent staff of the Municipalities and Township Committees when brought into regular establishment have to be treated as direct recruit and allowed only the minimum of pay in the time scale of pay (viz, pay and D.A. and other allowances) if the pay fixed happens to be less than the total emoluments paid prior to entry into regular establishment, then the difference has to be treated as ad hoc allowance and paid to them till the difference in their total emoluments is set right. The procedure laid down in G.O. Rt.No.1109, R.D. & L.A. dated 22.5.1981 should be followed in the case of the contingent establishment of Municipalities.

(G.O. Ms. No. 333, Municipal Administration and Water Supply Department, dated 27th May 1985.)

Contingent employees who have been brought under regular services in Engineering and Water supply branch of Municipalities and Municipal Township Committees as per G.O.Ms.No.1644, R.D. and L.A. Dated 12th October 1979 are also last grade servants and they should be treated on a par with the Office Assistants in Municipalities and Municipal Township Committees for promotion and other purposes.

(G.O. Ms. No.620 Municipal Administration and Water Supply Department, dated 23rd August 1990.)

- (1) Scale of pay of Rs.450-10-570-15-720 introduced for full time school conductresses in G.O.Rt.No.290, M.A. & W.S. dept. dated 27th February 1990.

The Government accept the recommendation of the Fifth Tamil Nadu Pay Commission and direct that the Veterinary Assistant Surgeons utilised for meat inspection work in all Municipalities be paid an honorarium of Rs.80 per month (Rupees Eighty only.)

(G.O.Ms.No.849, Municipal Administration and Water Supply Department dated 17th November 1989.)

76) COMPASSIONATE APPOINTMENTS.

The sons and daughters or near relatives of a municipal employee who dies in harness leaving his family in deleterious circumstances may be given appointment in the Municipality relaxing the general procedure through the Employment Exchange provided the candidate possesses the prescribed qualification for the posts concerned. This concession is not admissible to those who died prior to 6th December 1972.

(G.O. Ms. No.2535, Rural Development and Local Administration, dated 6th December 1972 and Government Memo. No.88876A/MX/74, R.D. and L.A. dated 4th July 1975.)

The legal heir of the deceased employee may be appointed directly as Junior Assistant/ Typist if they possess the requisite qualifications. (G.O.Ms.No. 216/ MA&WS dept. dt. 24.8.92.)

The Commissioner may appoint on compassionate grounds to the following posts.

1. Office Assistant.
2. Technical Assistant.

(G.O.Ms.No. 270/MA&WS Dept. dt. 17.10.96)

The appointing authority himself can make initial appointment on compassionate ground to the dependent of the deceased, if he/she does not exceed the maximum age limit of 30 years on the date of death of his/her father/mother even though she/he crossed the maximum age limit, prescribed in the service rules.

Govt Lr.No.(D) 9 MA& WS Dept dt.29.2.96

77) GROUP INSURANCE SCHEME

Group Insurance Scheme was introduced for the employees of all local bodies with effect from 1st January 1978. The local bodies have to deal directly with the Life Insurance Corporation and to claim the lump sum amount from the Life Insurance Corporation.

This scheme is not applicable to part time and daily rated employees, retired and re-employed persons and to those working on contract basis or continued on extension of service after retirement. The Director of Treasuries and Accounts shall be the administrator of the scheme. The Executive Authority who draws and disburses the pay should deduct the subscription from the monthly salary of every employee and remit it into Sub-Treasury/District Treasury within 15 days from the date of deduction. When an employee is on extraordinary leave the amount towards this scheme should be deducted in one lump sum when he joins duty and draws his next salary. In all other cases of non deduction the arrears shall be deducted in the next month at the earliest. The subscription should be collected during the period of suspension also from the subsistence allowance.

The entire transactions should be reviewed and audited by the Director of Local Fund Audit. The correctness of the payment to the correct legal heir should be ensured in audit. It should also be seen whether nominations are obtained from all the employees and pasted in the Service Registers.

(G.O.Ms.No.10,Finance (Pension) Department, dated 2nd January 1978.)

(G.O.Ms.No.225,Finance (Pension) Department, dated 17th March 1978.)

(Director's Lr.Roc.No.21091/D/79, dated 28th February 1979.)

- b) Necessary entries in the service Register in respect of all, lump sum payments under the Family Benefit Fund Scheme should be made. In respect of those who have no service records the entries shall be in service rolls or in any other suitable records.

(G.O.Ms .No.648, Finance (Pension) Department dated 4th October 1982.)

- d) According to the instructions issued in G.O.Ms.No.690, Finance (Pension), dated 24th October 1989(GIS) lump sum amount should be paid to the husband. of the deceased female employee even in the absence of nomination on behalf of the husband. (Lr.No.74,Health dated 24th April 1985 from the Joint Secretary to Government Health and Family welfare Department addressed to the Director of Municipal Administration.)

- c) According to section 15(1) of the Hindu succession Act,1956(Central act 30 of 1956) the property of an unmarried female Hindu dying interstate shall devolve upon the mother and father according to the rule set out in section 16.Hence the mother of the deceased unmarried female employee will take the whole Group Insurance Scheme amount.
- d) The payment of lumpsum amount under the scheme shall be made to family of Government servants who dies after the close of office hours but before midnight of the day of retirement.

(G.O.Ms.No.113476/Pension/89/7,dated 10th April 1990 of the office on special duty finance (Pension) Department.)

The lump sum amount of Rs.one lakh is enhanced to Rs.1.50 lakh.

The monthly subscription of Rs.20 is enhanced to Rs.30 from 1.2.2006 onwards.

(G.O.Ms.No.132, Finance (Pension) Dept. dt.21.2.2006)

78) SPECIAL PROVIDENT FUND CUM GRATUITY SCHEME

Tamil Nadu Municipal and Municipal Township Employees Special Provident Fund –cum-Gratuity Scheme.

- 1) The Special Provident Fund-cum-Gratuity Scheme formulated in G.O.Ms.No.136,Finance (Pension) , dated 29th February 1984 was extended to the regular employees of the Municipalities and Township Committees, with effect from 1-4-84 in the G.O.Ms.No.333 Municipal Administration & Water Supply Department, dated. 11th March 1986. The Tamil Nadu Municipal and Municipal Township employees Special provident fund gratuity Rules 1984 was framed in G.O.Ms.No. 693 MA&WS Department dated 24-7-90 and G.O.Ms.No.30 MA&WS Department dated 20.10.93.The scheme is compulsory for those who have entered into municipal service after 1.4.84.

No financial assistance will be given by the the lump sum contribution on retirement to the employees will be paid by the respective Municipalities, Township Committees from their own general funds.

(G.O.Ms.No. 333 MA&WS. Department dt: 11.3.1986.)

(G.O.Ms.No. 693 MA&WS Department dt. 24.7.1990.)

The Special Provident Fund-cum-Gratuity would be paid to the employees retiring on superannuation only after the recovery of arrears;

- 2) The suggestion of the Director of Local Fund Accounts that the Executive Authorities of the Municipal councils and Township committees may be permitted to refund the subscription recovered from the retired employees with interest as per the table along with the Municipal contribution is accepted. The interest portion has to be borne by the Municipalities themselves from their general funds.

(G.O.Ms .No757, Municipal Administration and Water Supply Department dated 29th July 1987)

- 3) In the case of suspension subsequently treated as duty, the subscription for that month may be recovered as arrear, and the interest for that amount may also be allowed.

(Govt. letter No.128219/ Pension/90-1/Finance Dept. dt. 6.12.90.)

- 1). The subscription shall carry 8% compound interest till the amount reaches Rs.5000/-. Afterwards it shall be treated on par with General Provident Fund contribution and the General Provident Fund rate of interest will apply.
- 2). The subscription will start from the next month following the date of regularization.

The subscription recovered from the employees, shall be credited within 15 days from the date of recovery. Penal interest of 15% shall be remitted if the recoveries are not remitted in time.

(G.O.Ms.No.259/MA&WS/ TP-2/ Department dt.21.10.97.)

- 3) A retiring employee on his retirement will get a contribution of Rs.5,000/- only. The contribution shall be enhanced from Rs.5000/- to Rs.10000/- in the case of retirement on Superannuations, Voluntary retirement and Medical invalidation of employees from 13.08.07.

(G.O.Ms.No.11/MA& WA (ME3(2) Department, dated.13.08.07)

- 4) In respect of deceased employees, the Special Provident Fund amount is payable to the nominees or the legal heirs.
- (5) Necessary entries about the number of recoveries effected towards the scheme and details of the amount paid, to whom paid with voucher number and date have to be made in the Service Register of the individual.
- (6) The rules issued in the G.O.Ms. No.136, Finance (Pension) Department, dated 29th February 1984 and Government orders issued from time to time may be generally followed for the settlement of claims under the scheme.
- (7) Copies of sanction proceedings may be sent to the Assistant Director's concerned for verification in audit.

79) HEALTH FUND SCHEME

- 1) "Tamil Nadu Municipal and Municipal Corporation Employees Health Fund" was constituted with effect from 96-97 i.e., First recovery on 9/96 and then in June ever year.

(G.O.Ms.No.499, Finance (Salaries) Dept., dated.14.8.96)

The enhanced health fund subscription of Rs.25 Per annum shall be recovered from the employees from the year 1997-98 onwards. The difference in subscription shall be recovered from the month of January 1998

(G.O.Ms.No.636, Finance (Salaries) Dept., dated.24.12.97)

- 2) Government have issued the following amendments to the G.O.Ms.No.499, Finance Department dated.14.8.96.

The family members of the employees of Municipalities and Municipal Corporation are eligible to avail of the benefit under the Tamil Nadu Municipal and Municipal Corporation Employees Health Fund Scheme.

The employees of Municipalities and Municipal Corporation who have to undergo specialised advanced treatment/surgery, may avail it in private accredited hospitals irrespective of whether such facility is available in Government hospitals or not under the scheme.

(G.O.Ms.No.235 Dated.07.12.1998.)

As per G.O.Ms.No.711, Finance Department, dated.10.12.1998 from December 1998 onwards, the monthly subscription Rs.10/- shall be recovered from the salaries of Municipal, Municipal corporation employees .H.O.Letter No. 59857/pp4/2005 dt:29.3.2006) and avail the benefit of rs.1,00,000/- or 75% of the actual cost whichever is less.

80) TRAVELING ALLOWANCE

The rules in the Tamil Nadu Traveling Allowance rules are to be generally followed in regulating the claims of Traveling Allowance of Municipal employees. The sanction of the authorities noted below is to be obtained for the payment of Traveling Allowance.

- i. Director of Municipal Administration---Chairman, Vice-chairman, Municipal Commissioner- Special and Selection Grade.
- ii. Regional Director of Municipal Administration—Municipal Commissioner- First, Second &Third grade.

Note 1-The Traveling allowance of women medical officers for undergoing post-graduate course is not payable from Municipal Funds. (Government Memo No. 5656-I.E.I., Public Health Department, dated 24th February 1939.)

Note 2-The Traveling Allowance for Commissioners, Municipal Engineers for journeys on tour or transfer should be met from Municipal Fund.

Note 3-The Traveling allowance of Municipal Health Officers for journeys on transfer from one local body to another will be met from State Funds.

(G.O.No.50, Public Health Department, dated 12th January 1925)

Note 4- i) Traveling allowance to Municipal Health Officers, vaccinators, sanitary inspectors, peons and other public health staff for attending courts as witnesses in connection with cases under the Madras prevention of Adulteration Act,1918,is payable from State Funds. The Travelling allowance of Public Health staff attending courts to conduct and argue cases under the Madras Prevention of adulteration Act should however, be paid by the local body.

ii) The halting and Travelling allowance of women medical officers (maternity and child Health) deputed for refresher courses should be met from the funds of the local bodies concerned.

(G.O.Ms.No.3753, Health Department dated 23rd October 1953)

iii) Travelling allowance may be paid to Health officers to attend departmental conferences of Health officers organized by the Director of Public Health subject to the condition that the conference was arranged with the previous permission of Government in each case and the Local Body has permitted the attendance.

(G.O.Ms.Nos.2185, Public Health Department, dated 18th September 1934 and No.1365, Public Health, dated 7th June 1937.)

iv) Traveling allowance of commissioners to join their appointments in Municipalities is an authorized object of expenditure from Municipal Funds,

Government have allowed subject to certain conditions Commissioners of Municipalities, Municipal Health Officers and Engineers, Municipal Supervisors or Overseers who receive conveyance allowance, to draw travelling allowances as per the Tamil Nadu Travelling Allowances Rules for journeys made by them to visit water and drainage head works situated outside municipality limits.

The travelling allowance of the members of the exhibition committees appointed by Municipal Councils whether they are members of Municipal Councils or In special cases where the members of the Committee undertake journey for which allowances are admissible under the said rules is considered justifiable, payment should be made on the basis of a detailed statement of actual expenses supported by vouchers and with the previous sanction of the Director of Municipal Administration.(G.O.No.1546, Local Administration, dated 5th November 1954.)

The payment of travelling allowance to the counsel engaged by Executive Authority under Section 351 (b) of Tamil Nadu District Municipalities Act, 1920 may be treated in the same manner as payment of fees to the Counsel engaged under the said section as regards cases filed against the Executive Authority in such cases. (Government MemorandumNo.93390/53-3,L.I.L.A.,dated 12th February 1955.)

The Director of Municipal Administration has been declared as the controlling authority for commissioners.

(G.O.Ms.No.911, LA Department dated 10th June 1956.)

Note: 5

The powers to countersign the Travelling allowance bills of the Municipal Commissioners and Municipal Employees have been delegated to the authorities noted below:-

Sl. No.	Travelling Allowance Bills Pertaining to	Countersigning Authority,	Authority.
1.	Municipal Commissioners Grade I,II and III	Regional Director of Municipal Administration	G.O.Ms.No.1710/Rural Development and Local Administration Department, Dated.22.07.1974.
2.	Municipal employees of the Municipal Councils of Grade I,II	Executive Authorities of the Municipalities concerned Provided that the Journey shall be under taken with the prior permissions of the concerned. Regional Director of Municipal Administration.	G.O.Ms No.984, RD L A ,dated 21st May 1976
3.	Municipal Commissioners, Selection Grade and Special Grade	Joint Director of Municipal Administration. In the case of Journey to Chennai, prior permission of Director Municipal Administration should be obtained.	G.O.Ms.No.1604, Rural Development and Local Administration dated 10 th 1979 as amended in G.O. Ms.No.613 Rural Development and Local Administration dated. 2 nd April 1981.
4.	Municipal employees of Municipal Council of selection grade and Special Grades	Executive Authorities of the Municipalities concerned. In the case of the journeys to Chennai prior permission of the regional Director of Municipal administration should be obtained	G.O.Ms.No.1604 Rural Development and Local Administration dated.10.10.1979 as amended in G.O.Ms.No.613 Rural Development and Local Administration dated.2 nd April 1981.

Note: 6

Half daily allowance for incidental expenses is not admissible to the employees who proceed to Treasury mainly for presentation of encashment of bills as they do not incur any expenditure or reservation charges, etc.(GO.Ms.LNo.175,Finance Department, dated 15th February 1974.)

Note: 7

A Municipal servant on retirement shall be paid Travelling allowance as on transfer to any place within India where he/she proposes to settle down as per the entry in the pension application. This concession is applicable to the voluntarily retired Municipal servants also.

(G.O.Ms. No.1685, Rural Development and Local Administration Department dated 30th October 1980.)

Note: 8

Office bearers of various recognized service associations of Municipal employees when called-for periodical meetings with Director of Municipal Administration or with Government may be paid travelling allowance and dearness allowance from the Municipal funds as per travelling allowance rules applicable to Municipal Employees.

(G.O.Ms.No.498 Municipal Administration and Water Supply Department, dated 5th August 1989.)

Note: 9

Government permit the conduct of training camps to Chairmen /Vice Chairmen of Municipal Councils on the specified subject, subject to the conditions that the expenditure involved should be borne by the concerned Municipalities on a contributory basis.

(G.O.Ms.No.507, Municipal Administration and Water Supply Department dated 9th August 1989)

It should be seen in audit

- i) that the sanction of the Regional Director of municipal Administration to whom the power to sanction expenditure under Rule 53(6) of schedule IV of the District Municipalities Act has been delegated has been obtained for the payment of travelling Allowance.
- ii) that the allowances paid are admissible against Municipal Fund under the rules in force.
- iii) that the allowances are regulated by the provisions of the Tamil Nadu Travelling Allowance rules or any special rules / orders issued by Government.

81) LEAVE TRAVEL CONCESSION

The LTC is extended to Municipal Employees from the year 97-98 onwards on par with Govt. Servants subject to the condition that the expenditure should be borne by the Municipal Council.

(G.O.Ms.No.273/MA & WS Department Dated.07.11.1997)

On prior permission of Council and Government the Mayor and Deputy Mayor may perform journey outside the state for official purpose along with their personal assistants.

(GO(T) No.49, MS&WS Dept dt:21.10.1999)

82) TRANSPORT OF BODY OF DECEASED EMPLOYEE

- (i) The body of the Municipal employee who dies while in service should be transported at the Municipal cost to his place of residence or place of cremation or to the native place as desired by the members of the family of the deceased. Department vehicle may be used for this purpose wherever possible and in case Departmental vehicle is not available a vehicle may be hired for the purpose.
- (ii) The head of office or one who is authorized to draw the pay and allowances of the staff of that office may sanction the expenditure towards hire charge of the vehicle to transport the body of the deceased employee upto a limit of Rs.300 and if the amount exceeds that limit the concerned head of office should obtain the prior approval of the Director of the Municipal Administration upto Rs.1,000 and if it exceeds Rs.1,000 sanction of Government should be obtained with utmost expedition. The expenditure incurred towards hiring a vehicle should be debited to the head of accounts "other charges" of the concerned office.
- (iii) No advance need be drawn for the expenditure to be incurred in connection with the hiring of vehicle for the transportation of the body of the deceased employee.
- (iv) No ceiling limit is fixed. The above orders are extended to menials paid from contingencies work charged establishment and temporary candidates through Employment Exchanges also (i.e) all Municipal servants who contribute to the Family Benefit Fund.

(G.O.Ms.No.2630, Home Department, dated 13th October 1972)

(G.O.Ms.No.1237, Home (Transport) Department, dated 17th May 1979)

(G.O.Ms.No.2014,R.D and L.A. Department dated 11th December 1975)

(G.O.Ms.No. 1665, R.D and L.A Department ,dated 17th October 1979)

83) MISCELLANEOUS EXPENDITURE.

1) Renewal of Driving License

The expenditure for renewal of Driving License to the drivers working in Municipalities or Township Committees will be met from the funds of respective local body.

(G.O. Ms. No. 1585, R.D and L.A. Department, dated 10th September 1981.)

2) Spectacles

The Municipal employees who require spectacles will be eligible for the reimbursement of the actual cost of spectacles (including the frame) up to a maximum limit of Rs. 40 from the Municipal fund subject to passing of suitable resolution by the local body concerned after taking note of its financial position.

The certificate prescribing the glasses should be obtained from an ophthalmic surgeon not below the rank of a Civil Assistant Surgeon attached to a Government Medical Institution. The spectacles will be supplied only once during the service.

The full time members who are paid at monthly rates from contingency fund are not eligible for this concession.

(G.O. Ms. No.1475, R.D. and L.A. Dept., dated 21st September 1979.)

(G.O. Ms. No.759, Finance (All. I), Dept. dated 29th July 1978.)

(Government Memo. No. 123269-All; A-1. 78-2, Finance (All.I), dated 12th December 1978.)

3) Supply of text books

Text books may be supplied free of costs to the children of the municipal employee drawing a basic pay of Rs.350 per mensem and below studying in schools including Anglo Indian Schools and Matriculation Schools (Standard I to X).As a special case, the entire category of basic servants irrespective of their basic pay due to revised scales of pay is covered by this scheme. The procedure followed in respect of reimbursement of cost of books adopted under the pre-metric scholarship scheme by the Harijan Welfare Department may be followed.

The above concession may be made subject to passing of suitable resolution by the concerned local body after taking note of its financial position. The expenditure shall be met from Municipal Fund.

(G.O.Ms.No.1475,Rural Development and Local Administration Department, dated 21st September 1979.)

(G.O.Ms.No.761,Education Department, dated 29th July 1978.)

(G.O.Ms.No.447,finance (All. I) Department, dated 27th March 1979.]

4) Maintenance of Recurring Deposit accounts

Cash recoveries of Recurring Deposit installments should be curtailed. Only pay-bill recoveries should be effected. Cheque for the total amount of recoveries made every month should be issued in favour of the post office then and there along with the schedule of recoveries. Any delay in this regard should be avoided to prevent loss of interest to the depositors.

- (1) The work of collection and remittance of Recurring Deposits amount should be entrusted to the staff not lower than the cadre of cashier or Junior Assistant, but in any case it should not be entrusted to record-clerks. The work should not be entrusted to one particular clerk for more than one year.
- (2) Systematic verification of all Recurring Deposit pass Books of the depositors should be conducted every month by the Manager and the Accountant on alternate months.
- (3) The Recurring Deposit Pass Book should be shown to the depositors annually and their signature obtained in token of their acceptance of the balances at their credit.

(Circular Roc.No. 5756/81/F2, dated 28th May 1981 of the Director of Municipal Administration Madras 1.)

84. CONTINGENCIES AND SPECIAL CHARGES

The expenditure incurred on items other than establishment, travelling and capital charges work generally come under this category. The payments under this head are broadly classified as follows:

- (a) Recurring payments like rent and taxes, Electricity charges, telephone bills.
- (b) Supply of uniforms to staff

- (c) Law Charges
- (d) Purchase of forms and stationery
- (e) Purchase of stores
- (f) Repairs to equipments, tools and plant
- (g) Repayment of loan annuities
- (h) Payment of advances
- (i) Refund of deposits - revenue.

The authorized items of expenditure that can be incurred by the council are detailed in schedule iv paragraph 11 of the Tamil Nadu District Municipalities Act, 1920 . In regard to certain item of expenditure, Government have issued instructions regarding the incurring of such expenditure, the monetary limits, , the mode of incurring payments etc. These vouchers should generally be scrutinized to see

- (i) that there is -provision of funds for the expenditure and that the budget allotment has not been exceeded.
- (ii) that the payments have been properly vouched
- (iii) that in cases of articles purchased for stores they have been accounted for, in stock accounts
- (iv) that in other cases there is evidence of utilization of the expenditure for the beneficial use of the municipality
- (v) that in respect of unusual item of expenditure the sanction of the competent authority have been obtained.
- (vi) Purchases have been made by following the tender rules or quotation as the case may be with reference to the value of purchase involved.
- vii) that special or unusual charges are supported by competent sanction
- viii) that the several sub - vouchers and receipts are all forthcoming where necessary, and
- ix) that sub-vouchers have been duly cancelled so as to prevent their fraudulent use again.

Note: - Government have held that where under an Act or the Statutory Rules a Municipal council has to obtain the previous sanction of the Government or any officer of Government for any expenditure, and the local body has incurred the expenditure, without such sanction, the local authority should apply to the competent authority for ratification of the expenditure explaining why previous sanction was not applied for. The Competent authority may according to the merits of the case either ratify the expenditure or refuse to do so. Though there may be no statutory power for such ratification the auditors will accept such ratification, as previous sanction.

(G.O.No. 1390 LA Department dated 13th August 1946)

- b) The following special points should also be noted in connection with charges falling under the several heads mentioned below:-
 - (a) Tools and plant: - The purchases should be traced into the register of tools and plant.
 - (b) Lorries and other, motor vehicles:- It should be seen that the Log book in the form appended to G.O.No.740, LA, dated 12th April 1952 as amended has been maintained in respect of each vehicle

The log books and registration certificates of the vehicles should be verified to ensure that during the period of repairs when the vehicles may not be put into use quarterly tax has either been paid not been paid or a refund of portion of the same has been obtained.

In such cases the licenses should have been surrendered in time and claims made for refund of proportionate tax is admissible as below:-

- (a) Where the vehicle is not at all used in the quarter, entire tax by surrendering the license on the 1st day of the quarter.
- (b) Where the vehicle is used only during the 1st month or part thereof. 3\5 the - tax by surrendering the license on or before the 1st day of 2nd month.
- (c) Where the vehicle is used on the 2nd month or part thereof. Excess over 2\5 of the quarterly tax subject to surrender of the license on or before the first day of beginning of 3rd month.
- (d) Where vehicle is used in the 1st and 2nd 1\5 th of tax subject to surrender of license on or before the 1st day of 3rd month.
- (e) Where vehicle is used in only in the 2nd and 3rd month, tax in excess of 4\5 quarterly tax of license was granted after the last day of the 1st month.
- (f) Where the vehicle is used only during the first month or part thereof. Tax in excess of 2\5 of the tax. The license should have been granted from the 2nd month.

(Government Memo.No.73227/M4-62-1, Rural Development and Local Administration, dated 27th June 1962.)

Note-1-Municipal Ambulance Vans are exempted from Motor vehicle Tax

(G.O.No.1014, Home Department dated 4th June 1975)

x) Condemnation of Municipal/Township vehicles unfit for further service the sanction of Government is not necessary. The vehicles may be condemned after obtaining the certificate of motor vehicle Inspector and with prior sanction of Director of Municipal Administration new vehicles may be purchased. Municipalities with surplus funds may purchase new vehicles with prior approval of Director of Municipal Administration Municipalities & Municipal Township which are not having surplus funds shall obtain the prior sanction of Government.

(G.O.Ms.No.469, M.A & W.S dept, dated.27.07.89)

Note: The orders issued in G.O. Rt.No.994, Rural Development and Local Administration Department dated 21st June 1980 permitting to insure the motors installed in the wells maintained, against loss on thefts, machinery break down due to electricity failure and fire due to external means of risk with nominal premium of not exceeding 2 percent of the value of the motor per annum, have been extended to the Municipalities and Municipal Township Committees as well.

(G.O.Ms.No.506, Municipal Administration and Water Supply Department, dated 8th September 1988)

85) EXPENDITURE ON MAINTENANCE OF VEHICLES

- i) The Municipalities and Townships are permitted to entrust the repair work of their vehicles to the approved workshops after obtaining three quotations. The excess expenditure beyond the Government limit, should be ratified by the government after the execution of the repair work duly approved by the Municipal Council.

(G.O.Ms.No.503/MA&WS. Department dated 18.4.87.)

The Director of Local Fund Audit shall conduct his usual post audit in respect of cases of repair works carried out for which ratification of Government has to be obtained with reference to G.O.Ms.No.503, M.A & W.S Dept., dated 18th April 1986 and make a special report to Government at the end of one year specifically covering this aspect. (Lr.No.24260/74/85-8, dated 26.6.1986 from the Deputy Secretary to Government, M.A & W.S Dept. to the Director of Local Fund Accounts).

- ii) The vehicles belonging to local bodies of Municipalities, Townships etc., may be repaired in private approved workshops after getting three quotations. Necessary approval of the concerned authority should be obtained for that. The maximum expenditure limit and the utilization period of the spare parts to be charged should be adhered during the repair.

(G.O.428, Home (Transport. E) Dept. dated. 27.02.19 90.)

- iii). Ceiling Limits on the Expenditure on Repairs and Replacement Ceiling limit on expenditure (RS.)

Year	Light Vehicles petrol	Light Vehicles Diesel	Heavy Vehicles Diesel	Remarks.
I	3500	6750	9150	
II	6675	13650	18375	
III	10200	30475	27600	
IV	20475	28950	44100	
Total	40850	69825	99225	
V	6675	8550	11025	The overall ceiling limit towards repairs and replacements will be for 3 spells on first 4 years, second three and third three years
VI	10200	18750	18375	
VII	23475	28980	44100	
Total	40350	56280	73500	
VIII	9000	9000	15000	
IX	9000	10500	18000	
X	9000	12000	15000	
Total	27000	31500	48000	
Grand Total	108200	157605	220725	
After X Years	9000	12000	18000	

(Rule 15 (2) of T.N.D.V.C. Rules 1976 as amended in G.O.Ms.No.1311 Home(Transport IV) Dept. dt.13.7.89& G.O Ms.No.983/Home/Transport Dept/dt – 03.08.2004.)

- iv). The Government also direct that the ceiling limit on expenditure for petty and minor repairs of the vehicle by vehicle owning officer without referring to the Automobile Workshops at the time of emergencies shall be as indicated below:

LIGHT VEHICLE – PETROL/DIESEL: Rs. 750/-

HEAVY VEHICLE – DIESEL Rs. 1200/-

- v) The Government also directs that in respect of petty and minor repairs, the orders issued by Transport Department in G.O. Ms. No. 6, Transport, dated 4.1.2000 shall continue to prevail.

(G.O Ms.No.983/Home/Transport Dept / dt – 03.08.2004)

Year wise ceiling limits on the Expenditure;

Details of Repairs and replacements	Light vehicle	Heavy vehicle
	Rs.	Rs.
I .Minor Repairs 1.Servicing 2. Battery Charging 3. Tube vulcanizing, replacement of electrical items such as Headlight, park light tail light and attending repairs to Dynamo, self motor, cutout etc.	160	300
4. Replacement of oil-filter element, fan belt, radiator hoses and attending radiator leakage brake defects, tinkering, painting etc.	510	1000
II. Tyre re –treading charges.	830	2200
Total	1500	3500

(Director T.N.M.V.M.O.NO.B4/33873/89dt. 27.9.89)

Norms for vehicles such as Jeeps, Lorries, Ambassador cars etc.,

vi) Replacement of spares ;

- 1) Battery ; 18000 Km, or 24 months whichever is earlier.
- 2) spark plug : 15, 000 Km.
- 3) self starter : 25,000Km.
- 4) Radiator : 1.25,000Km. or five years whichever is earlier.
- 5) Water pump : 10,000 Km.
- 6) shock absorber : 20,000Km.

(Technical Bulletin No.1.Maintenance of vehicles /80 and C.E;s (GI)No.AC3/ 59876/80-CR dated. 20.3.80)

vii) Replacement and Re –treading of Tyres –Norms ;

Tyres fitted to the vehicles of V.I.Ps.

The tyres fitted to the vehicles of V.I.Ps should be replaced only after the tyres perform

12, 000 Km.and the replaced tyres should be used by other departmental vehicles, till they cover the required Kilometre to become fit for re –treading.

(G.O.Ms .No. 409 Home (Transport IV) Dept dt. 15.2.80).

viii) The life of the extra fitting provided to the Government Vehicles

SI No.	Name of extra fitting	Recommended life time
1	Fan 12V	2 Years.
2	Reverse Lamp	2 Years.
3	Engine light assembly (Excluding bulb)	4 Years.
4	Dickey light assembly (Excluding bulb).	4 Years.
5	Screen cloth Handloom cotton cloth	1 Year.

	Handloom polyester	2 Years.
6	Coir mat	2 Years.
7	Rubber mat	2 Years.
8	Cool cushion	5 Years.
9	Rear door cooling glasses	5 Years.
10	Sunshade	2 Years.
11	Mudguard Chain	5 Years.
12	Electric pump	No replacement in necessary
13	Bonnet stand	2 Years.
14	Dickey mat	2 Years.
15	12V Horn	No life time can be to fixed
16	Plastic number plate (this is only for Ministers car)	3 Years.
17	Foam seat cover	2 Years.
18	Head Light	2 Years.
19	Foot mat	1 Year.
20	Reverse Horn	2 Years.
21	Fenner Light	2 Years.
22	Cane cushion for driver	1 Year.
23	Dash Board lock.	

(G.O.Ms .No. 1014 Public (Motor Vehicles II) Dept dt. 28.6.83).

ix) Fuel consumption

(i) Petrol vehicle.

S.No.	Type of Vehicles	Km. per litre
1.	Ambassador Car	8 to 9
2.	Ambassador Station wagon	7 to 8
3.	Jeep	5.3 to 6.4
4.	Jeep (Station Wagon)	4.5 to 5
5.	Motor Cycle	25 to 28
6.	Suvega	45

(ii) Diesel vehicles		
1.	Jeep	9 to 10
2.	Standard 20	11
3.	Tata/Leyland Lorries	4 to 5

For the vehicles operated in hilly terrain and that roads the kilometer per liter will be calculated at 80% of the above standard

(G.O.Ms.No.242 Home (Transport-E) Dept.dt. 2.2.90)

x) Duties and Responsibilities of vehicle using Officers and drivers.

The following responsibilities shall be fixed on the vehicle using officers and drivers for proper maintenance of vehicles and vehicle records.

- a) The daily maintenance schedules as in Para 13.2 are carried out by the Driver.

- b) The weekly maintenance schedules as in Para 13.3 are carried out by the Driver.
- c) The vehicle is sent to the Govt. automobile workshop (on the date fixed) for preventive maintenance / periodical check up.
- d) Servicing is done only at the prescribed kilometer of operation (viz) at every 1500 Km. or once in 2 months whichever is earlier.

(G.O.Ms.No.168 Tr. Department Dt.12.2.1980)

- e) When the driver in charge of the vehicle is not available, the custodian officer, to whom the vehicle is attached, is also permitted to drive the vehicle, provided the officer possesses a current valid driving license to drive that category of motor vehicle.
- f) In an emergency, when a driver in charge of the vehicle is not available, a person, who holds a current license to drive a heavy motor vehicle may be permitted to drive the vehicle, if the custodian officer is satisfied that the vehicle is in safe hands.

(T.N.D.V Control Rules 1976, as amended in G.O.Ms.No..09 Home (Transport IV) Dept.dt.19.1.89)

- xi) 1) Condemnation: of Light Vehicle

Sl.No	Category	Kilometer
1.	Jeep	1,60,000 Kms.
2.	Station Wagons	
3.	Cars	
4.	Ambulance Cars	

(Chapter Iv Para 340 & Appendix VII-A of TNPWD Code)

- 2) Motor Cycles:

- a) Plains: 80000 kms. Or 6 1/2 years of service whichever occurs later.
- b) Hilly regions: 65000 kms. Or 5 years of service whichever occurs later.

(G.O.Ms.No.2561 Home (Transport-iv) Dept dt.17.11.86)

- xii). Authority competent for Condemnation.

1. Vehicles satisfying the norms premature condemnation Director of Motor vehicle maintenance & operation

2. Vehicles not satisfying the norms (i.e.) premature Government Condemnation
(Vehicles not completed prescribed life and kilometer)

(G.O.Ms.No.2882 Home Transport Dept.dt.17.11.82)

- xiii). Private use of department vehicles:

The following rates of fixed charges be collected from the officers for using the Govt. Vehicles who are entitled to avail such concession.

SI.No.	Distance between the place of residence and office in Km	Monthly Charges Rs.	Monthly fuel ceiling for each vehicles allowed (both for private and official purposes) in litre
	In the city of Chennai:		
1	Up to 8	125	100
2	Over 8 kms. Up to 12	150	125
3	Over 12 kms. Up to 16.	175	150
	In the Mofusil Station		
1	Up to 4.	60	50
2	Over 4kms. up to 8.	125	100
3	Over 8 kms. and 12	150	125
4	Above 12 kms. and up to 16.	175	150

The Govt. also directs that the revised rate or Rs.3 per km be collected over and above the normal quota. Alternatively the official can go for a flat rate of Rs 400 for extra 200 kms and in excess of 200 kms, a rate of Rs.3 per km, may be collected for using the vehicles for private purpose. This facility will be available only to the officers entitled to the use of the vehicles from home to office and back. The Govt. also directs that the rate or Rs.3 per km shall be collected from the Govt. servant who uses the Govt. vehicles for private purpose. The other orders already in force for use of Govt., vehicle and rule 4 of the Tamilnadu Department Vehicles Act for private purposes shall be followed.

(G.O.Ms.No.1067 Home (Transport-Iv) Dept.dt.13.7.93. (CE-(I)'s No.A5/50173/93-2/dt.21.9.93))

- 1) G.O.Ms.No.166 Public (Motor Vehicles II) department dt.1.2.93
- 2) G.O.Ms.No. 1686 Home Department dt.11.11.91.
- 3) G.O.Ms.No.553/Home Department /dt.15.4.93.
- xiv) Monthly ceiling of fuel to the vehicles allotted to Municipal Chairman

SL.NO	Grade of Municipalities	Monthly ceiling
1	I & II Grade	150 Litres
2	Selection and Special Grade	200 Litres

The vehicle should be used only for official purposes within the Municipal area.

The vehicles may also be used to attend Official meetings at District Head quarters.

The monthly Ceiling shall not however be exceeded in that cases also

(G.O.Rt No. 105, MA&WS(MF-5) Dept dt:26.4.1999)

- xv) **Committee to ratify excess expenditure on repairs to Municipal Vehicles:**

The Government delegate powers to the committee consists of the following members to ratify the expenditure incurred towards repair charges of the municipal vehicles on and above the ceiling fixed.

1. Director of Municipal Administration-Chairman
2. Director of Motor Vehicles and Maintenance Dept-Member
3. Director of Local Fund Audit-Member

Powers of the Committee

The Committee may ratify the excess expenditure.

1. The excess expenditure amount disallowed if any by the committee may either be recovered from the person responsible or to initiate disciplinary action against the person. The Director of Municipal Administration may forward the recommendation of the committee to the government for further action.

G.O.(Rt) No.256 MA & WS (MA3) Dept, dt.15.12.1999

Consolidated instructions in respect of ceiling on expenditure on repairs and replacement of spare parts for non-passenger vehicle belonging to the Government departments shall be applied to the non-passenger vehicles belonging to the urban local bodies

(G.O (2D) No.16/ Municipal Administration and Water Supply (MA-3) Department/ Dated.20.04.2005.)

86) PURCHASE OF VEHICLES / ROAD ROLLER/ JCB VEHICLE AT DGSD RATE

The Municipal Council/Corporation, may decide the nature of vehicles to be purchased based on the requirements.

The vehicles may be purchased either at the DGSD rate or lesser rate either from the manufacturer or from the approved dealer.

The Director of Municipal Administration may obtain a detailed technical report for building of bodies for water supply/ sewerage vehicles. Based on the detailed technical report, open tenders may be invited for building of bodies to the vehicles .

According to the orders in G.O.Ms.No.218, Finance, dated 13th March, 1980, purchase of new vehicles by the Municipalities shall be screened by a committee consisting of Secretary, R.D and L.A. Department, Joint Secretary Finance Department and Director of Municipal Administration and orders issued on the basis of decision of the Committee.

Any proposal of the Municipal council for the purchase of tractors, trailers, etc., should be examined on merits and orders issued on the merits of each case after getting the concurrence of the Committee. The Director of Municipal Administration may send consolidated proposals for circulation to the members of the Committee for obtaining their approvals in a meeting to be convened for the above purpose. While sending the proposals, a proforma may be enclosed giving the details of the financial condition of the Municipality concerned. Information like number and type of vehicles maintained by the Municipality and about their present use may also be furnished.

(Government letter No.50262/M4/80-4, R.D and L.A Department dated 22nd December 1980.)

The Road roller and JCB vehicle etc may be purchased through open tender in the absence of DGSD rate.

(G.O.No.127, MA & WS Dept, dt.17.7.98.)

87) HOSPITAL & DISPENSARIES

a) When purchases are made departmentally, the stock register maintained in the hospital should also be generally examined to see that it bears evidence of periodical check by the Medical Officer in-charge. It will be enough if the purchases of diet articles for any two months in a year are traced into this register. The bills for diet charges of two selected months should be examined with the original records such as bed head tickets, diet rolls, ingredient sheets and stock account maintained in the hospital with reference to the number, quantity and rate of diet supplied as laid down in the chapter relating to audit of hospital accounts. It should be ensured :

- i) that payments made have not exceeded the contract rates if any;
- ii) that the bills furnish details of the number, quantity and rate of diets supplied;
- iii) that in the case of paying patients, their names with details of the amounts due from them have been noted in the register of sales of medicines; and

- (iv) that the diet as well as the charges for treatment in respect of patients coming from outside municipal limits and admitted to the infectious disease hospital are recovered from the Panchayat union or the panchayat concerned.
- (v) that bandage and gauze cloth required for medical institutions are purchased locally only when the stock is exhausted and there would be delay in getting supplies or regular indents from the Madras Medical Stores Depot, Madras or Jail Department .

(G.O.5799, Public Health Department, dated 9th December 1940.)

Note:(1) Government have permitted local bodies to provide surgeons coats (overcoats) to all Medical Officers under their control on the scale prescribed.

(G.O. No.30, Public Health Department, dated 31st January 1945.)

Note:(2)-The supply of compounder's aprons to compounders in the employ of local-bodies on the scale prescribed has been sanctioned.

(G.O.Ms.No.901, Public Health Department, dated 4th April 1945.)

Municipal Councils have been permitted to purchase their requirements of indigenous medicines from Madras State Indian Medical Practitioners Co-operative Pharmacy and Stores Limited, Adayar, without inviting tenders. The Purchase of medicines and drugs can be effected from Hindustan Anti Biotic Limited and Indian Drugs and Pharmaceuticals Limited without inviting tenders.

(Govt. Memo. No. 26615/H/74-8, Health Department, dated 21st August 1975)

(G.O.Ms.No.663, Health Department ,dated 25th Feb. 1958)

Note 3:_ Drugs and Medicines should be purchased only from the Public sector/Joint sector undertaking and that in respect of drugs and medicines which are not manufactured by the Public Sector/Joint Sector undertakings, Purchase may be made from the private firms following the usual tender procedure.

(G.O.Ms.No.1766, dated 19th Sep. 1981.

G.O.Ms.No.343, Health and Family Welfare Dept., dated 19th Feb.1982)

Regular Municipal dispensaries may be supplied with medicines to the value of not exceeding R.10000/- annum.

(G.O.Ms.No. 106/ Health and Family Welfare department/ dt: 18.1.1978.)

Medicines may be purchased from public enterprises.

(G.O.Ms.No. 343/ Health and Family Welfare department dated 19.2.82.)

Note 4: The Govt, permits the Executive Authorities of the Municipal Councils and the Township Committees to purchase Ice Lining Refrigerators (ILRS) at a cost not exceeding Rs.10,000 from the Municipal Funds instead of refrigerators permitted by the Government in G.O.Ms.No.1181 RD & LA dated 26th June 1981 for preservation of vaccines in Municipal Dispensaries.

(G.O.Ms.No.11 M.A. & W.S. Dept. dt.4-1-89.)

Requirements of linen for Municipal dispensaries, Maternity Homes may be purchased from the Cooperative Emporium or Khadi Kraft without inviting tenders or quotations. Purchase of medicines from the local Co-operative Super Market up to a limit of Rs.3,000 without inviting tender or quotations subject to the conditions laid down in G.O.Ms.No.1365, Education and Public Health, dated 11th June 1964 is permitted.

(G.O.Ms.No.3032, Health and Family Planning Department, dated 27th November 1976.)

Maternity and child welfare centers

It should be seen that midwifery outfits, drugs, medicines or other equipments required for maternity assistants working in dispensaries or child welfare centres have been obtained from the Madras Medical Stores Depot and in cases where the Depot is unable to supply the indents placed with them or when these articles are urgently required they have been purchased locally without calling for tenders subject to the monetary limits

88) EXHIBITIONS AND FAIRS

1. Exhibitions and fairs are run by municipal councils under rule 40 (c) of Schedule IV to the Tamil Nadu District Municipalities Act, 1920.

The exhibitions can be either

- a) be run solely by the municipality
- b) be entrusted to a separate committee consisting entirely or partly of municipal councilors for purposes that the municipality have considerable interest by advancing money
- c) for those purposes in which municipal councils are interested but to which they make only a contribution.

These accounts should be audited in the same way as other municipal transactions and the irregularities noticed should be communicated to the Municipal Council concerned for rectification. In the case of exhibitions or fairs conducted purely by outside agencies and to which Municipal Councils propose to make contributions, the contribution should be paid subject to the conditions that the accounts of such fairs and exhibitions are made available for audit by the Director of Local Fund Account.

(G.O.363, L.A Department dated 11th February 1942 and G.O.232 L.A dated 18th February 1954)

Note (1) – The committees constituted by Municipal Councils with councilors and outsiders co-opted as members should be deemed as Committees constituted by the Municipal Councils under section 23 of the Madras District Municipalities Act 1920.

(G.O.Ms.No.232, Local Administration Department, dated 18.02.1954)

2. The public places owned by Government, Panchayats, Municipalities, Corporations, Townships and other local bodies should not be leased out for the individuals and private organization for conducting exhibitions.
 - (i) Further in public places (i) exhibition should be conducted directly by the government.
 - (ii) Recognised industrial and commercial and such other organizations may organize exhibitions to educate the public and to promote economic industrial and technical development with the prior permission of the Government.
 - (iii) The Panchayats, Municipalities, Corporations, Townships and other local bodies and the State Government Undertakings may organize exhibition directly with the prior permission of the Government.

(G.O.Ms.No.313, Public (Industrial and Public Relations) Publicity II Department dt: 17th February 1978.)

- (iv) the expenditure is restricted to charges in printing the addressees and framing them, printing invitation cards, postage and such other ordinary charges connected therewith.
- (v) the amount should not be utilised for entertainment or for the purchase of caskets for the presentation of addresses.
- (vi) The expenditures towards giving of presentation of gift articles to very important persons should not exceed Rs. 50 on each occasion. The expenditure should not be met from General Fund.

(G.O.Ms.No.281, Rural Development and Local Administration Department, dated 25th February 1978.)

89) FAIRS AND FESTIVALS

If in respect of any fair or festival any tax or toll is levied, it should be seen in audit that the proceeds of tax or toll are spent in the manner indicated below as required by the orders in G.O.No.12 Public Health, dated 3rd January 1940 and G.O.No.1785, Public Health Department, dated 30th April 1941.

- a) for the purposes specified in section 120 of the Madras Public Health Act, 1939 and the rules framed there under;

- b) on the provision of such permanent arrangement as are calculated to lead to better sanitation at or to promote the comforts and convenience of the persons resorting to the fair or festival;
- c) the balance, if any, after providing for the purpose mentioned above, on improvements to and repairs of the roads leading to the fair or festival centre; and lastly
- d) the residue if any for the benefit of the local area in such manner as may be determined by the local authority.

90) EXPENDITURE ON THE VISIT OF VIPS

Municipal Councils are permitted to incur expenditure towards reception and presentation of welcome addresses of VVI Ps as detailed below.

1. President of India
2. Governor of Tamil Nadu
3. Central Government Minister
4. Minister of Tamil Nadu

91) PAUPER CHARGES

The charges for burial of paupers are admissible against Municipal Funds if the death takes place within the Municipal limits.

The expenditure to be incurred on the above should not exceed Rs.200 per destitute.

(G.O.Ms.No.113 MA&WS Dept Dt 20-05-1998)

In cases wherein a person admitted in the hospital subsequently passes away, the relatives of the deceased person may request the hospital authorities to dispose the body due to poverty and inability to arrange for conveyance to take back the body to their residence located at a long distance.

In certain cases, the address given at the time of admission to hospitals may be incomplete and there will be no one to come forward from such address to take charge of the body. In such circumstances the cases should be dealt within the same manner as unclaimed dead bodies of destitute persons died in Government hospitals. The head of the hospital should however satisfy himself that the relatives are not in a position to take charge of the dead body for burial or cremation on account of dire poverty.

(G.O. Ms. No.1205, Health and Family Welfare Department, dated 4th July 1981.)

(G.O. Ms. No.556, Health and Family Planning Department, dated 4th March 1976.)

(G.O. Ms. No.2140, Health and Family Planning Department, dated 15th September 1973).

92) EXPENDITURE ON STREET LIGHTING

Municipal Councils should not incur expenditure on the provision of electric lighting to private buildings (including temples, mosques, etc.) and private street which do not vest in them. They may however incur such expenditure with the sanction of the C.M.A in special cases where the lights though on private lands or buildings are of use to the public by illuminating neighboring streets and public places and where they bring about a net saving in expenditure to the Municipal Councils by dispensing with the necessity for additional lights which would otherwise have to be provided in such streets or places.

(G.O. No. 1864, L.S.G. Department, dated 7th May 1936)

Privatization of Street Lights:-

The following audit checks shall be exercised while auditing the privatization of Street Light contract:

a) General :-

- 1) Jurisdiction of the contract
- 2) The tenderer shall not be eligible if they had been declared ineligible for corrupt and fraudulent practices by the Government of Tamil Nadu / Any other State / Government of India.
- 3) The proposed method of operation and maintenance of street light as per action plan.
- 4) The General Insurance Company's Accident Insurance policy for the workers employed shall be verified.
- 5) The financial standing of the tenderers for the past 3 years may be ensured.
- 6) The tender shall remain valid for a period of not less than 90 days after the date of opening.
- 7) The Contractor shall not sub-let the contract either partially or fully.
- 8) The contract period shall be for a period of 3 years from the start date or until the termination of contract whichever is earlier.
- 9) The first three months of the contract period be reckoned as probation period. The contractor shall be required to satisfy the complete and satisfactory supplement of the total requirement and all specifications.
- 10) The Contract may be renewed or extended for a further period, not exceeding three months, on terms and conditions to be mutually agreed between.
- 11) The rectifications shall be carried out within 48 hours of the registration of Complaints.
- 12) The payment of replacement of Bulbs/ any rectification shall be as per agreement.
- 13) The total number of poles maintained by the contractor in his jurisdiction shall not exceed the total number of poles as per the register of street lights maintained by installations relating to its jurisdiction.

b) Earnest money Deposit :-

- 1) Tender not accompanied by the tender EMD, shall be rejected.
- 2) In the case of successful tenderer, if he fails within the specified time limit to sign the agreement or furnish the required performance guarantee the E.M.D shall be forfeited.

c) Securities:-

- 1) The contractor shall furnish a performance Guarantee for an amount equal to 5% of the contract value.

d) Payment :-

- 1) The private service provider may raise a bill every first week of the succeeding month.
- 2) The cost of salvage material shall be worked at every month and deducted from the monthly payment due to the private service provider.
- 3) The cases which are not suitably settled by the Municipality within 30 days, can be referred by the contractor to the expert or to arbitration.
- 4) Late payments made by the Municipality more than 30 days after the receipt of the invoice bill shall bear an interest of 6% p.a.
- 5) Income tax will be deducted at source as per provision of Income Tax act 1961.

e) Hire charges:-

- 1) The vehicle mounted lift ladder shall not be more than 10 years old from the date of registration.
- 2) In the case of the Vehicles being provided by the Municipality. The Hire charges shall be recovered from the private service provider as follows:-

- | | | |
|---------------------------------|---|---------------|
| 1. L.M.V mounted with Ladder | - | Rs.400 / day. |
| 2. Jeep mounted with sky lifter | - | Rs.200 / day |
| 3. Manual operated Ladder | - | Rs. 50 / day |

f. Penalty :-

- 1) The penalty shall be levied as per special conditions of contract.
- 2) Early Switch-on and late Switch-off beyond approved time will also lead to penal action of levy of Rs.100/- per day for every switch.
- 3) Five for attending complaints and penalties / defaults:

If the Complaints are not rectified with 48 hours a penalty will be levied as follows:-

- | | | |
|-------------------------------------|---|---------------------|
| a) Tube Lights / incandescent pulp | - | Rs.5 / Pole / day. |
| b) SVI / MV Lights and other Lights | - | Rs.10 / Pole / day. |

g. Arbitration:-

- 1) The decision of the majority of the arbitration shall be final and binding upon the parties.
- 2) The performance under the contract shall continue during the arbitration proceedings and payments due to the contractor by the owners shall not be withheld unless they are the subject matter of the arbitration proceedings. (Tamil Nadu Urban Development Project II – Quality Assurance and Control Manual Volume I – Chapter 5 Section 5.15.2)

93. ELECTRICAL CHARGES:-

- a) Government have ordered that local bodies may be exempted from the payment of security deposit for supply of electricity made by Electricity Board for any purpose subject to the condition that the payment of electricity consumption bills are regular.

(G.O.Ms.No.4518, Public Works Department, dated 30th October 1956.)

(G.O.Ms.No.1022, L.A. Department, dated 9th May 1944.)

- b) Electricity Tax

As per the Tamil Nadu Tax on consumption or sale of Electricity Act, 2003(Tamil Nadu Act No.12 of 2003) and the Tamil Nadu Tax on Consumption or sale of Electricity Rules,2003, Electricity sold for consumption to Government, local authority or Railway company is not liable to tax from 16.6.2003 onwards.

As per section 2(11) and section-4 2(11) of the above act, local authority means

- i) Any municipal corporation established under any law for the time being in force.
- ii) Any municipal council constituted under the Tamil Nadu District Municipalities Act, 1920 (Tamil Nadu Act 21 of 1994)

Note: Electricity tax paid, if any to the Electricity Board by the local authority excluding the premises used for residential purposes shall be objected in audit. Audit shall also insist to get the refund of Electricity Tax already paid, from the Electricity Board and adjust that amount in the concerned Municipal fund.

(H.O. Circular No. 27/2006. endorsed in Director Letter No: ROC 3060/MA-6/2006 dt:22.3.2006).

94) PURCHASE OF ELECTRICAL MATERIALS.

For Purchase of Tubes, Bulbs, Chocks, and Starters, etc. the instructions contained in G.O.Ms.No.484, R.D. and L.A Department, dated 29th March 1978 may be referred to.

Period of substitution of Electrical materials regarding Municipalities, Corporations and Town Panchayats are as follows:

SI.No.	Name of electrical goods.	Requirement For one year.
1.	TUBE LIGHT.	Two NUMBERS.
2.	Choke	One Number.
3.	STARTER AND BULB.	THREE NUMBER.
4.	Sodium vapour lamp and mercury lamp.	Two for three years.
5.	Street light fittings.	Once in five years.
6.	Florescent tube light	Two numbers
7.	Sodium vapor lamps 150 watts	may be installed.

G.O.Ms.No.223 ED (B3) Dept. Dated.19.12.94.

In the case of installation of Sodium Vapour Lamp above 150 Watts/ High mast Lamp, prior or permission of the Commissioner of Municipal Administration shall be obtained. Automatic Control Switches may be installed so as to reduce the electricity consumption charges.

The High mast lamp may be installed only at the following places 1. Bus Stand, 2. Park, 3.Play Grounds and 4. Temple area.

(Commissioner of Municipal Administration No.36242/2001/E1, dated.01.08.2001).

(G.O.Ms.No.223 RD (B3) DEPT. DT. 19.12.94.)

The ban order issued in G.O. (D) No.118, M.A & W.S. Dept dated.24.6.94 with regard to provision of Sodium Vapour Lamps for Municipalities was lifted, The Commissioner of Municipal Administration was requested permit the Municipalities whose financial position is sound enough for provision of Sodium Vapour Lamps at places of importance.

(G.O.Ms.No.67/MA & W.S Department/dated.15.3.96.)

The electrical materials may be purchased following the instructions in Tamilnadu Transparency in Tender Act 2001 and in GO Rt No:149 dt:16.7.1998.The prior approval of the council may be obtained. In the case of emergency, electrical materials may be purchased and the expenditure shall be placed before the council for approval at its next meeting. The tenderer must enclose test report certificate 10 or 15% of materials may be tested in the lab at the cost of tenderer to ascertain the standard.

The standard of tube light must be IS.2418(Part I) 1977.Brass chokes may be purchased for street lights .Aluminum chokes may be purchased for office car, shed and toilets.

ISI mark should be verified – 40 watts chokes and 40 watts starter.

On receipt of materials the Engineer shall verify and certify the standard and stock entries shall also be made with necessary certificate.

The expenditure incurred towards lab testing shall be borne by the tenderer and condition to that effect shall also be stipulated in the tender.

The stocks should also be entered in the M Book.

The sub standard materials should be returned to the tenderer and certificate to that effect also be furnished by the Engineer in the M. Book.

The indent shall be prepared by the Engineer based on the actual requirement.

The materials issued shall not be returned to the stock.

The balance if any utilised in subsequent days on priority basis.

The stock holding officer shall obtain the Engineers signature in the stock register.

The indents and utilisation of stocks as per the Register shall be verified by Assistant Engineer/ Junior Engineer daily and certificate to that effect also be furnished.

The devaluated materials shall be entered in the old materials stock register and the date of devolution and name of the staff who returned the stock should be entered.

The stock register shall be verified by the Assistant Engineer/Junior Engineer once in 2 days and Municipal Engineer once in a week and by the commissioner every fort night.

The RDMA while on inspection shall also verify the stock register and sign in the stock register.

The devaluated materials shall be auctioned once in 6 months with the approval of the council.

(G.O.Rt.No.146 Rural Development Dept, dt:16.7.1998

Director of Municipal Administration Circular No. 72346/99/E1 – dt:19.8.2002)

95) PURCHASE OF FORMS AND REGISTERS

The supply of stock forms and other standardized forms either on payment of cost or free shall be regulated in accordance with the instructions contained in para 62 (v) of Printing Manual. The Executive Authority of Municipalities may get the printing and binding works executed locally by inviting competitive tenders.

If the registers and forms are purchased from the approved Co-operative Printing Presses, the same need not be objected to in audit.

If tenders are called for, for the printing work (non-money value forms) the lowest tender should ordinarily be accepted. Price preference of 15 percent over the lowest tender may be allowed to co-operative printing presses with reference to G.O.617, Transport, dated 29th November 1977 by the local bodies also. If the rates of Co-operative presses exceed 15 percent no preference need to be given to them.

The arithmetical accuracy of the payment made with reference to agreed rates should be checked in audit.

When papers are supplied departmentally for printing works, it should be checked in audit whether the issues are made on the basis of actual requirement and there is no excess deduction of stock.

It should be seen whether the registers printed and supplied, satisfy the specifications, detailed in the supply order in regard to number of copies, size, number of pages, etc., and that the Officer concerned has acknowledged the receipt of the Register and that they are properly accounted for in the stock book.

It should be ensured that for the papers supplied to printers, separate register is maintained to watch the supply of forms and registers.

Further issue of papers to the same printer when he has not supplied the forms, etc., for which papers were already issued or when he has not rendered proper account should be commented upon in audit.

The rates for printing and binding in Appendix J to the Printing Manual Part I revised, in G.O.Ms.No.752, Transport Department, dated 5th July 1979 may be referred to.

96) LAW CHARGES

The checks to be exercised are-

- i) that higher sanction, if any, needed under the rules has been obtained in respect of any audit or legal proceedings.
- (ii) that the sanction of competent authority has been obtained for payment of fees to pleaders or for incurring expenditure in connection with legal proceedings;

Note.(1) – The payment of fees in criminal cases for days for which the cases were merely adjourned is not admissible.

(G.O.Ms.No.4642, P.H. Department, dated 18th December 1939.)

- 2) If the case is filed against more than one Municipality the court charges and advocate fees may be shared by the municipalities equally.
- 3) If the case is filed against the Government and Municipality and the Municipality included one of the parties, the legal expenses may be met from the Government.
- 4) If the case is filed against the policy of the Government the expenditure shall be borne by the Government,
- 5) If the case is filed against the Municipality, the entire expenditure shall be borne by the Municipality.
- 6) The expenditure includes:
 - (i) Filing of cases
 - (ii) Appeal
 - (iii) Filing of special cases.
 - (iv) Filing of Counter Affidavit
 - (v) Incidental expenses.

(G.O.Ms.No. 47/MA&WS DEPARTMENT DATED 16.2.96).

- 7) that the sanction of the Director of Municipal Administration has been obtained to the engagement of a Counsel other than the Standing Counsel in civil or criminal cases;
- 8) that in a civil case in which the correctness of the survey of lands vested in the Municipal Council is in question the Council has engaged on its behalf only the pleader appointed by the Collector on behalf of the Government and only two-thirds of the fees payable to the pleader has been borne by the Municipal Council;
- 9) that in other civil cases where Government and the Municipal Council are both parties and their pleadings are similar the Municipal Council has engaged on its behalf only the pleader appointed by the Collector on behalf of the Government and one half of the fees payable to the pleader has been borne by the Municipal Councils;
- 10) that lump sum advance to meet expenditure on suits are not made to pleaders and that such advances are restricted only to the probable amount needed for each suit;
- 11) that the amount of expenditure on each suit as noted in the recoupment bill or permanent advance of standing counsel has been noted in the suits register Eg. the suit concerned; and
- 12) that accounts are obtained at regular intervals from the pleader in respect of advance obtained in connection with suits and necessary adjustment effected.

Note.- (1) The details of amount of expenditure relating to different suits should be entered against the relevant suits in the suit register.

Note.-(2) Advances to pleaders pending for over three years require special scrutiny and should be pointed out in the audit report.

13) Regulation fee

The Government have decided to revise the rates of fees to the Law Officers, (Civil side)High Court and issue orders as follows:

i) Retainer fee	Rs.		
Government Pleader.	9000/-		
Special Government Pleader.	9000/-		
Additional Government Pleader.	7500/-		
Government Advocate.	6000/-		
ii) Appearance fee writ petitions	Main petitions	Each	Ceiling
	Rs.	Rs.	Rs.
1. Admission stage			
a. With argument	200	100	10000
b. Without argument	200	100	5000
2. Fully contested	500	100	5000
3. Disposed of following judgment / in fructuous / withdrawn	150	150	5000
4. Writ Appeals			
1. Admission stage			
a. With argument	300	150	5000
b. With argument	300	150	5000
2. Fully contested	1000	150	10000
3. Disposed of following judgment/ in fructuous/withdrawn.	200	100	10000
i. CMP/WPMP/WVMP	200	50	500
ii. Contempt Petition	500		
iii. Fee for Drafting	300	150	5000
iv. Affidavit/ Counter WP /WA /CMP / WPMP / Grounds for WA	300	150	5000

The Government have also decided to sanction conveyance allowance at the rate of Rs.1500/-p.m.to all the Law Officers on civil side except those who have been provided with car (i.e. Advocate General, Additional Advocate General, Public Prosecutor & Govt.Pleader)

G.O.Ms.No.36 Public (Law officer) dept. dt:10-1-2007

Government have decided to enhance the rates of fees to the Law Officers, (Criminal side)High Court and issue orders as follows:	Rs.
i. Public Prosecutor	
Additional Public Prosecutor	9000/-
Government Advocate	9000/-
	7500/-
ii. Appearance fee	
Before Single Judge	200/-
Before Division Bench	400/-

iii. Fee for Drafting Drafting affidavit and Counter per case Rs.100/-for connected case WP	225/- subject to a ceiling of 3750/-
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The Government have also decided to sanction conveyance allowance at the rate of Rs. 1500/- p.m. to all the Law Officers Criminal side except those who have been provided with car. (i.e. Advocate General ,Additional Advocate Generals, Public Prosecutor and Government Pleader)

(G.O.Ms.No.37 Public (Law officers)dept.dt:10-1-2007)

97) SUPPLY OF UNIFORMS

Uniforms are supplied to public health staff ,office assistants and drivers of the municipalities. It should be seen :-

- (i) that the sanction of the Municipal Council has been obtained for the expenditure on the supply of uniforms .
- (ii) that the orders of Government in the matter of supply of uniforms or the grant of allowance in lieu thereof issued from time to time have been adhered to

Government have permitted local bodies to supply annually uniforms on the following scales to each of the Sanitary Inspectors, Health Assistants, Birth and Death Registrars, Health Visitors, Resident Matrons, Maternity Assistant and Ayahs employed under local bodies. Except in the case of ayahs an allowance of Rs.50 per annum in lieu of uniforms may be paid.

Designation of the Post (1)	Scale of supply of uniforms (2)
Sanitary Inspectors, Health Assistant and Birth and Death Registrars – Men, Women.	Two sets consisting of shirts Shirt or bush coat in Khaki or Green with public health badge. Two sets similar to that of a member of the Auxiliary Nursing Service Khaki saree, etc., with public health Badge.
Health Visitors and Resident Matrons	Two white sarees with green borders of two inches, two white blouses and two white blouses and two pairs of Cheppal.
Maternity Assistant, Matrons	Two white sarees, two white blouses and two pairs of chappals.
Ayahs	Two white sarees and two blouses.

The payment of allowance in lieu of the supply of uniform should be made only when the local bodies are unable to supply uniforms of the required standard and where it is necessary to pay the allowance, it should be paid annually.

- 1) Uniforms or allowance in lieu thereof may be given to those who are likely to be in service for a period of not less than six months.
- 2) In cases where the Sanitary Inspectors, Health Assistants, etc., are on long leave, they should be supplied with the uniform or paid the allowance in lieu thereof if the period of leave is less than six months.

(G.O.Ms.No.2768, Health Department, dated 3rd August 1950; Government Memo. No.12178 P2-51-34, dated 21st May 1951);

(G.O.Ms.No.2886, Health Department dated 9th September 1952.

(Government Memo No.51740-E/52-2, Health Department, dated 24th November 1952 and G.O.Ms.No.1863, Health Department, dated 7th June 1958.)

- 3) D.D.T. Spraying Mazdoors may be supplied with two pairs of shorts and two armed shirts each. The expenditure incurred on the account should be included in the cost of the Scheme

(G.O.Ms.No.406, Public Health Department, dated 7th February 1950.)

(G.O.No.1758, Public Health Department, dated 2nd February 1950.)

- (4) Uniforms may be supplied to temporary last grade and menial servants also if they are likely to be continued in service for a period of not less than six months.

(G.O.No.1041, L.A Department, dated 28th May, 1952.)

- (5) Local Bodies can supply uniforms only to their inferior servants and menials without any outside sanction provided they are borne on regular establishment and have put in a continuous service of one year. Not more than 2 sets of uniforms should be supplied in a year. The supply should be made only if sufficient funds are available for the purpose with the local body.

(G.O.Ms.No.2632, R.D and L.A Department, dated 3rd December 1962.)

(G.O.Ms.No.2111, R.D. and L.A Department dated 3rd October 1963.)

- (6) Local bodies have been permitted to supply two sets of uniforms a year or grant an allowance of Rs.25 per annum in lieu thereof to each of the Field Assistants (Malaria) employed under them.

(G.O.No.1199, Health Department, dated 1st April 1955.)

- (7) Hill Station Municipal Councils are permitted to supply rain coats and Boots to last grade and menial servant, bill Collectors, Tap Inspectors and meter readers once in 3 years without outside sanction.

(G.O.No.3257, R.D. and L.A Department, dated 11th April, 1961.)

(G.O.No.1857, R.D. and L.A Department dated 30th July 1966.)

- (8) The following categories of municipal servants are also eligible for the supply of not more than 2 sets of uniform provided if they are borne or regular establishment and have put in a continuous service of one year:-

(1) Office Assistants.

(2) Gang Mazdoors.

(3) Avenue Coolies.

(4) Watchman, etc.

(G.O.No.2737, R.D. and L.A Department, dated 29th December 1970.)

- (9) Supply of one plastic rain coat once in three years to each of the Sanitary Workers if there is incessant rain is permissible.

(G.O.No.2784, Health Department, dated 12th November ,1971.)

- (10) A pair of gum boots and rubber gloves to the conservancy staff (men and women) employed in cleaning latrines, sewage-cum-compost work per year

(G.O.Ms.No.736,R.D & L.A Department, dated 28th April 1975.)

- (11) Hill station Municipal Councils are permitted to supply one woollen blanket to each gang mazdoor once in two years only without outside sanction.

(G.O.Ms.No.140227/M1/68-3,R.D & L.A Department, dated 25th January 1969.)

- (12) The T.B. health visitors may also be supplied with the uniform as in the case of the Health Visitor and Maternity Assistant working in the Maternity and child welfare centers.

(G.O.Ms.No.7059/H4/72-10, health and Family Planning Department, dated 13th October 1972.)

- (13) Two shirts and two full pants may be supplied to each driver every year subject to availability of funds.
(G.O.Ms.No.2115,R.D & L.A Department, dated 15th October 1976.)
- (14) The Municipalities and Township Committees are permitted to supply subject to availability of funds one pair of chappals every year to the drivers in addition to the supply of pants and shirts.
(G.O.Ms.No.1989, R.D. and L.A Department, dated 24th December 1980.)
- (15) Government permit the Municipalities to incur from their funds, an expenditure not exceeding Rs.100 for each feeding centre towards provision of name boards.
(G.O.Ms.No.1293, R.D. and L.A. Department dated 23rd August 1982.)
- (16) Office Assistants working in Municipalities may be supplied one set of uniform in Handloom Polyester white cloth instead of present supply of uniforms in handloom cloth. Municipalities and Municipal Townships should bear the cost of uniforms.
(G.O.Ms.No.1500 R.D. & L.A., dated 5-10-1983.)
- (17) In partial modification of the orders in G.O.MS.No.1500 RD&L.A Department dt:5-10-1983 the Sanitary Supervisors may be supplied one set of uniform in Khaki colour Khadi Polyester cloth instead of white cloth. Office Assistants attached with the Commissioner and Special Officer may be supplied uniform in white cloth while others in Khadi cloth of polyester.
(G.O.Ms.No.245, M.A&W .S Dept., dated 25-2-86)
- (18) Sanitary Supervisors in Municipalities may be supplied two towels instead of two metres of turban cloth now supplied subject to the conditions that the cost of two towels should not exceed the cost of two metres of turban cloth now supplied.
(Lr No. 85454/E3/87, dated 2-6-87 from the Director of Public Health and Preventive Medicines)
- (19) The Government direct the Municipal and the Township Committees to supply a pair of chapels to the cleaners every year as in the case of drivers.
(Copy of Lr.No.70, dated 22-4-1989 from Deputy Secretary to Government, M.A & W.S. Dept., addressed to Director of Municipal Administration, Madras read with G.O. Ms. No. 1989, R.D.&L.A Department, dated 24-12-80)
- 20) 50% of the cost of rain coats supplied to the Sanitary Workers in Municipalities should be met by the Local Bodies concerned and the balance of 50% from Chief Minister's Public Relief Fund.
(G.O. Ms.No.231,M.A.&W.S. Dept. dated 29th July 1991)
- a) Uniforms may be supplied to the Municipal Employees/ Corporation/ Town Panchayats annually either on Tamil New Year Day / Deepavali / Pongal.
 - b) Two months prior to the date of supply of uniforms the indents may be placed at Co-optex Regional Officer.
 - c) The Co-optex Regional Officer may also send model forms to the respective municipalities.
 - d) 50% of the cost of materials may be paid as advance through Account payee Demand Draft to the respective co-operative institution.
 - e) The Regional Co-Operative Officers may issue acknowledgement for the receipt of the Demand Draft.
 - f) The material may be supplied within 30 days from the date of receipt of Demand Draft.
 - g) Local body institution may also examine the quality of the materials before its receipt.
 - h) The co- optex may not allow rebate for the purchases.
 - i) In the case of value exceeding Rs.1 Lakh, the Co-optex institution may deliver the materials directly to the concerned local body.

- j) In the case of value less than Rs.1 Lakh delivery may be taken by the respective municipalities directly either from the co-optex sales depot or godown.

(G.O.(4D) No.2 MA & WS Dept. Dt.17.07.1997.)

Note -Government have permitted Municipalities to supply two sets of polyester uniforms once in two years to the employees who are entitled for the free supply of uniforms.

(G.O.(2D) No.26 MA & WS DEPT. DATED.19.1.98.)

- 21) Government direct that the sanitary workers working in Municipal councils be supplied with the following sets of uniform irrespective of the financial position. 2 Sets of Polyester uniforms annually at the following scales

Male

2 Half Pants 0.80 X 2 = 1.60 M

2 Half Shirts 1.75 X 2 = 3.50 M

Female

2 Polyester Sarees – each 5.50 meter length

2 Blouse Bits – each 0.90 M

- One Turban Cloth 2 meters length irrespective of sex.
- One pair of chapels at the rate of Rs.140 for both male and female.
- Stitching Charges @ Rs.100/- per set of uniform and Rs.200/-for two sets.
- Stitching charges for blouse @ Rs.20/- per blouse and Rs.40/- for two blouses.
- Uniforms and chapels may be supplied annually and not later than 15 days before Deepavali.

(G.O.(Rt) No.37 MA & WS Dept. Dt.14.5.1999.)

98. APPOINTMENT OF PURCHASE COMMITTEE.

Purchase committee consisting of the following personals has been formed for the purchase of materials for General purposes and water supply purposes in Municipalities / Town Panchayats for every year.

- | | | |
|---|---|----------------------|
| 1. District Collector. | - | President. |
| 2. RDMA (Regarding municipalities) | - | Member (Secretaries) |
| 3. Regional Asst. Director of Town Panchayats (Regarding Town Panchayats) | | |
| 4. Municipal Engineers concerned. | - | Technical |
| 5. Asst. Executive Engineer of the Town Panchayat concerned. | - | Member. |
| 6. Commissioner/Executive officer of local body | - | Member. |
| 7. Two Commissioners and Two Executive Officers of the District | - | Member |

This purchase committee will decide the quantity, price and supply institution before two months of the commencement of the financial year. (G.O.Ms.No.220 MA&W S dept, dt.1.9.97.)

As per G.o.Ms.No.1776, Industries (Special) Department, dated 14th December 1976, the Tamil Nadu Small Industries Corporation is exempted from payment of earnest money deposit and security deposit for tenders called for by Local Bodies.

Similarly all the State-owned Corporation/Boards are exempted from payment of earnest money deposit, security deposit and tender fees.

All the State Corporations and Statutory Boards should, however execute proper agreements incorporating among other things the following clauses.

- (1) Though the Public Sector undertaking is exempted from payment of Earnest money deposit, Security Deposit and tender fees, the undertaking should pay as penalty an amount equivalent to the amount fixed as Security deposit in the event of non-fulfillment or non-observance of any of the conditions stipulated in the contract.
- (2) In the event of any dispute arising out of the contract, the dispute should be sorted out at a meeting of the concerned Secretaries to Government. If they do not agree, the matter should be referred to the second secretary or the Chief Secretary for a final decision. (G.O.Ms.No.1344, Finance (CRCFC) Department, dated 27th September 1979.)

In G.O.Ms.No.923, Industries Department, dated 29th August 1978 orders have been issued that the requirements of stores of all the local bodies should be purchased from the Tamil Nadu Khadi and Village Industries Board or from the Institutions assisted by the Board without calling for tenders. The Government also directed that for the articles which are not covered by the list furnished below and for cases where the Khadi and Village Industries Board or its assisted units are unable to supply, the local bodies shall place their orders with the following institutions in the priority mentioned below:-

- (a) All Co-operative institutions.
- (b) Jail, borstal schools and other institutions under the control of the Jail Department.
- (c) Modern Training-cum-Production Workshop, Muttukadu.
- (d) Production Units owned or controlled by the Government including TANSI.

As per G.O.Ms.No.110, Industries, dated 31st January, 1977 15% price preference may be given to the products of small scale industries registered in Tamil Nadu and 10% price preference to the products of Public Sector Enterprises, etc.

List of Articles to be purchased from units/or Assisted by the Tamil Nadu Khadi and Village Industries Board.

1. Oils (Gingerly oil, Groundnut oil and coconut oil.)
2. Handmade papers (man folding paper, Impression paper, D.O.letter papers, Kraft note sheets, writing papers, stamp papers, bond papers, flat files, card boards, file covers, despatch covers, letter covers including E.S.I. covers, wrappers, envelopes, blotting papers, File Boards and writing pads.)
- 2, Egg filter flats- Filter rounds, Blue match paper.
3. Soap-Laundry, Toilet, Carbolic, liquid and soft soap.
4. Leather- Shoes, chappals and other footwear's, Conductor-bags, Leather straps for purses, Tapal bags, Brief cases, File bags wallets, Industrial gloves, etc.,
5. Carpentry and Blacksmith- All furniture items slates agricultural implements, earthwork and road works implements.
6. Palmgur - Waste Paper baskets, plain fibre brushes, driver seats, aerated water.
7. Cane and bamboo Shield for Police, all furniture.
8. Fibre - Door mats, ropes, kora grass mats.
9. Honey
- 10 Lime, Slaked lime., Industrial grade lime
(G.O.Ms.No.77, Industries Department, dated 22nd January 1980.)
(G.O.Ms.No.142, Industries Department, dated 1st February 1980.)

PURCHASE OF STATIONARY, FURNITURE, PETROL, OIL, ETC.

The checks are to be exercised are:-

- (i) that the requirements of articles for a year such as stationary, furniture, oil, fodder are estimated before the commencement of the year and the Contract for the supply of articles is settled by the council or the contracts Committee as the case may be on the basis of the competitive tenders, when the cost of the estimated quantity exceeds the limit fixed by the Council with reference to the rules issued in G.O.No.2492, Local Administration, dated 11th September, 1941 and the following guide lines are followed in the matter of purchase of stationary articles by the Municipal Councils.
 - (1) There should be budget provision for purchase of articles of stationary.
 - (2) Yardstick for the quantity of various articles of stationary to be purchased every year should be prescribed by the Regional Director of Municipal Administration with due regard to the volume of work in Municipality and the articles already in stock. It should not however, be based on past consumption.
 - (3) Tenders should be restricted to reputed dealer including Co-operative Super- Markets as per a list settled by the Regional Director of Municipal Administration. Sales Tax and Income Tax clearance certificate should be insisted upon to ensure that spurious firms are not included in the list.
 - (4)
 - (a) Regional Director of Municipal Administration concerned may advertise in widely read newspapers requiring all the stationary companies in the State to register their names with the Regional Director of Municipal Administration concerned.
 - (b) While registering the names, each firm should send a Sales Tax declarations to the Regional Director of Municipal Administration after getting it attested by the Sales Tax Department with the office seal of the Sales Tax Department.
 - (c) On receipt of the letters from the firms, the Regional Director of Municipal Administration will prepare a list of approved dealers after verifying the Sales Tax declarations form and ensuring that the firms are not bogus ones and approve a list of companies and communicate it to all the Municipalities under his administrative control. The Regional Director of Municipal Administration may include Co-operative Super Market and other principal stationary manufacturers like Gestetner, Kores Company, etc.,
 - (d) Regional Director of Municipal Administration should send a copy of the above list of firms approved by them for purchasing stationary articles by the Municipalities to the concerned Assistant Director of Local Fund Audit in their regions also for reference in audit.
 - (5)
 - (a) The Municipal Commissioners should call for tenders from the firms Mentioned in the approved list only. Specifying the quantity required (i.e., quantity fixed by the Regional Director of Municipal Administration for the year) under each category of article and the tender notice should contain detailed specification of the articles, viz, weight, brand, size, make, etc.
 - (b) The Commissioner should inform the tenderers that the rates quoted by them should be typed both in figures and words also.
 - (c) Tenderers should be required to furnish Earnest Money Deposit and Security Deposit.
 - (d) Out station tenderers should be allowed to remit the Earnest Money Deposit by money order or Demand Draft and enclose the money order coupon or Demand Draft with the tender documents. Local tenderers may, however, remit in cash the Earnest Money Deposit to the Municipal office and enclose the Municipal chalan with the tender.
 - (e) The Commissioner should sign at the time of opening the tender not only in the covering letter of tendering firms with the date and the time of opening, but also sign in each page of the tender paper containing rate to prevent manipulations of the rates by the subordinate staff. The Commissioner should record in the first page of the tender, number of pages of each tender papers and number of corrections made in each page of the tender documents. The corrections if any should be attested by the tenderer and also by the Commissioners.

- (f) The tenderers should be required to specify in the tender whether the rates quoted in the tender inclusive or exclusive of sales tax, packing and transport charges. The rate of Sales Tax and Transport charges if any, to be charged should clearly be indicated in the tender.
- (g) The offer of the Co-operative Super Market, Principal manufacturers like Gestetner company, etc., may also be considered along with other tenders participated in the tender call.
- (h) Samples must be obtained from each tenderer in respect of very important and costly stationary articles.
- (i) The Commissioner should ascertain local market rates also to ensure that there is no wide variations in the rates.
- (j) Tabular statements should be prepared.
- (k) Decision may be taken after examining the samples and local market rates. It should be ensured that the lowest tender rate accepted compare favorably with the market rates. Reason for the rejection of the lowest rate must be recorded in the file wherever such a course is adopted.
- (l) The rate of supply of tender should remain stagnant for a specific period. It is open to the Commissioner to call for tenders either annually or half yearly or quarterly at a time depending upon the volume of stationary consumed.

(6) The payment should be made through crossed cheque only.

(G.O.Ms.No.237, R.D. and L.A Department, dated 23rd February 1982.)

(Govt.Lr.No.34177/MIV/83-6 of Deputy Secretary to Government, RDLA dated 10th December 1983.)

7. Tender should be called for from the private institutions and from Co.Operative institutions for the purchase of Forms and Registers in respect of Corporation, Municipalities and Townships.

(G.O.Ms.No. 1265 MA&WS Department ,dt. 18.11.86.)

The instructions issued in G.O.Ms.No.1265 MA&WS Department, dt. 18.11.86 may be followed scrupulously regarding the printing of forms and register either from Private or from Co.Op.Concerns .

(Deputy Secretary to Government Rc.No.43646/3.5/92.10 MA&WS dept. dt.1.9.92.)

Under the heading stationary stores the following articles shall be added.

Electronic Calculators, Electronic Type Writers, Computers and Fax Machines.

(Govt. Finance No.64409/Sal.11/93-15/dated.9.1.05)

The life period of the calculators

- | | | |
|-----------------------------|---|---------|
| 1. Pocket Model of any make | - | 5 Years |
| 2. Desk Model of any make | - | 7 Years |

(Govt. M.S. No.1421 &T (S and P) Dept, dt.19.03.90)

Government permit the Municipalities and Township Committees to buy their requirements of Chalks, from Orbit a voluntary institution for physically handicapped at Trichy dispensing with invitation of tenders and quotations.

(Government Memo. No.136430/MV 76.3, R.Dand L.A. dated dated 17th December 1976.)

Government have permitted Municipal Councils to dispense with tenders in the following cases:-

- 8) Purchase of petrol, Mobil oil, grease, diesel oil, tyres and flaps, etc., required for Municipal vehicles and kerosene oil.

G.O.No.160, L.A Department, dated 5th February 1952; G.O.No.1409, L.A Department, dated 30th June 1953;

G.O.No.1028, L.A Department, dated 19th July 1954;

G.O.No.688, L.A Department, dated 17th May 1955 and

G.O.No.1806, L.A Department, dated 22nd December 1955.)

- 9) Purchase of craft articles.

(G.O.Ms.No.399, Education Department, dated 14th October 1952.)

Note: It should be seen that the articles received have been entered in the appropriate stock register and the issues are in accordance with the scale of supply, if any prescribed for the purpose.

Purchase of Bleaching powder and Phenyl

A committee was constituted consisting the following persons for the purchase of Bleaching Powder and Phenyl etc., to the Corporation, Municipalities and Town Panchayats from the reputed concerns by inviting open Tender, they will fix the purchase rates:-

- | | |
|---|------------|
| 1) Director of Town Panchayat. | President. |
| 2) Commr. of Municipal Admn. | Member. |
| 3) Director or his Representative of Public Health: | Member. |
| 4) Commissioner, Chennai Corporation: | Member. |
| 5) Joint Secretary (Finance) Department of
Municipal Administration: | Member. |

Functional Methods:

The Committee have the powers to include any Official or persons, to the Committee, if necessary. The Committee should fix the concern and rate on inviting tenders within two months. They should intimate that rate to the Head of the local bodies of Corporation, Municipalities and Town Panchayats. The products should be purchased from those concerns only adopting the quoted or mentioned rates. (G.O.No. 503 MA&WS Dept. dt.3.10.97.)

Director of Town Panchayats Ir. No.4540 K9/C1 dated. 25-4-2000.)

Public Health-Anti Malaria & Filariasis - Mosquito Control program – Purchase from Bio-Larvicides for use in Vector-Control Programme in Tamil Nadu Use of SPIC BIOBTI-Approved.

G.O. (D) No.330 Health And Family Welfare Department Dat4ed.26.3.1999

Purchase of Colour Television sets.

The Municipality may purchase Colour Televisions from the Government approved companies and maintain it from their own funds at the following scale.

Sl.No.	Grade.	Nos.
1	Special Grade Municipality	5
2	Selection Grade Municipality.	4
3	First Grade Municipality.	3
4	Second Grade Municipality.	2
5	Third Grade Municipality.	2
(G.O.Ms.No,927/MA&WS department dated 21.12.89.)		

DGS & D Rate Contract (Website address and Logo of Calumniations)

The information on "Director of Stores on DGS & D Rate Contract" Annual publication received from Government of India has been published on Tamil Nadu web site under Act/Rules-Tender Rules. [http://www.in.gov.in/ orders/](http://www.in.gov.in/orders/) for use in the Government department.

(Finance (Salaries) Department. Letter No.21246/Sal/2005-2 Dated.28.03.2005)

PURCHASE FROM TANSI:

In the G.O.Ms.No.17 Small Industries Department dated.16.3.95. orders have been issued that the Departments/ Public Sector Undertaking mentioned in Col.(1) below should place orders on TANSI directly in respect of items mentioned in Col.(2) below so as to enable TANSI to make its units viable one.

The Department/Public Sector Undertaking concerned.	Items for which orders are to be placed in TANSI
a) The Health Department	Lysol, Surgical Spirit, Furniture and Printing materials.
b) The Rural Development Department.	Hand pumps and spares, steel doors and windows.
c) Tamil Nadu Water Supply and Drainage Board.	Pipes and specials, hand pumps and spares.
d) The Chennai Corporation	School Furniture Fabrication Works, Tree Guards, Push Carts, Electric Poles, Fuse Boxes etc.
e) Tamil Nadu Integrated Nutrition Project	Steel furniture and printed materials.
f) Metro water.	Pumps and pump spares, Electrical windings.
g) Public Works Department	Shutters and Structural items.

In the above circumstances the Government reiterate that all procuring entities shall follow the orders issued in the Government Orders (i)G.O.Ms.No.17 Small Industries Department dated.16.3.95 ii) G.O.Ms.No.283, Finance (EPE) dated.7.6.98iii) G.O.Ms.No.601, Finance (EPE) dated.16.10.98 while procuring their requirements of the items mentioned therein from TANSI in as much as it is covered by section 16(c) of the Tamil Nadu Transparency in Tenders Act, 1998 .

(G.O.Ms.No.15, Small Industries Department ,dated.18.10.03

G.O.Ms.No.8 Small Industries (STE) Department Dated.4.2.2005.)

Note. (1) Municipal Councils have been advised not to insist on earnest money deposits from Government institution such as jails, borstal and certified schools and Government Industrial Schools when they tender for the supply of articles to the Municipality.

It should be seen in audit whether the Executive Authority has ensured before acceptance of tenders that the lowest tender rates compare favourably with the existing market rates. (G.O.Ms.No.104, R.D. and L.A Department, dated 21st January 1977.)

Annual maintenance of computers

1. The original equipment manufacturer (OEM) vendor who supplied the Computer Systems must be the AMC Provider in the first instance, due to the Computer Procurement Guidelines in force at present –viz- awarding of marks based on the Life cycle cost of a computer which includes AMC Costs after the warranty period. As a second option, the AMC Service Provider- (here-in-after referred to as Vendor) should have done a minimum of Rs. 2 crores (Two Crores) AMC business in Tamil Nadu in the preceding three years time, prior to submitting quote for AMC and must be registered IT/IT services/IT Manufacturing/ITES company by the same name as the quoting company.

2. Vendor should have qualified service engineers within the city limits or within 5 K.M. distance to location of Government office seeking to enter into AMC agreement.
3. AMC payment (Total not exceeding the 10% of Hardware and System Software initial procurement costs) by Department can be made in two equal installments for each year of AMC duration, clearly mentioning the period of AMCC, when there is no downtime. Down time will be recorded for faults or complaints pending beyond two days after the registration of complaints by the user Department with the AMC Holder. The AMC holder shall give unique complaint registration number and such relevant details as to the registration process leading timely clearance of faults within 2 working days. For complaints pending beyond 2 days, a downtime record will be created by the user Department and pro-rata deduction of penalty amount will be effected for payments due to the AMC Holder at the end of the half-year period of the contract for the number of days the computer systems are not available for use from the call registration date. The user Department shall ensure prompt payment to the AMC holder to enable them maintain the committed Servicer Level Agreement Quality. At the end of each half year, all necessary downtime certificates (where there is Down time) or NIL downtime- meaning all fault/complaints were cleared within 22 working days etc., will be issued by the user department within a week after the expiry of six months period(first/second half year) to the AMC holder to enable them submit their half -yearly AMC bills along with Down Time Certificates etc., When there is NIL Down Time, the user shall certify whether the computer equipment is in use and has satisfactory working condition or not.
4. At the end of the AMC- contract period, both the user and AMC holder shall certify separately that the computer systems- Electronic Devices are in satisfactory working condition and that no complaints are pending.
5. The AMC Holder shall submit a bank guarantee to the value of 40% of the total annual contract value, which shall be forfeited by the AMC Holder if they are not able to provide fault clearance in time or if overall downtime of the Computer systems exceeds 30 days in an annual contract. 50% of the bank guarantee amount (or 20%AMC value) will be forfeited if the downtime of a computer peripheral like printer/scanner/tape drive exceeds 30 days in an annual contract. For all mission critical systems, the penalty may be fixed higher based on the loss of device in serving the Govt. Business Process.

Table for levy of penalty

Type of computer/equipment	Shut Down time	Penalty
1. Server computer/equipment	day/ part thereof.	Rs.1000/- per day
2. All client computers (General use)		Rs.100/- per day.
3. All client computers (Public Counters use)		Rs.300/- per day.
4. High Speed Line Matrix Printer		Rs.500/- per day.
5.Heavy duty Laser Printers		Rs.300/- per day.
6. All other printers.		Rs. 100/- per day.
7. Parts of computer failures will be treated as Computer		Same as Computer failure.
8. If equivalent standby is given within 2 days	NIL	NIL
9. Downtime 30 days for mission critical servers/computers/peripherals.:		50% of bank guarantee

6. AMC agreement with computer/printer/UPS/electronic equipment vendor must include all components as a Comprehensive AMC agreement. For the warranty Print- Head replacements the AMC Contractor must procure the DMP-Print- head from the vendor of that Dot Matrix Printer and OUM/OEM/DMP- Print Head cost at list price/lesser, may be reimbursed by the user department, subject to qualify of the product being established by the AMC- Contractor. Similarly for the SMF- or MF battery of the UPS etc., beyond the warranty period, battery costs will be paid by the user as per list price/lower.

(G.O.Ms.No.1, Information & Technology Dept. dt. 3.3.2005.)

99) SCRUTINY OF TENDER FILES.

In regard to purchases made through tenders, connected tender files should be examined with a view to see whether the tender rules relating to the invitation and acceptance of tenders have been followed. A comparative statement of the tenders received would have been prepared by the institutions. As the acceptance of the tender is decided with reference to the rates, copied in the statement from the tenders, care should be taken to see that the rates entered in the statement and the value arrived at are correct. If agreements are executed, then the rates of the accepted tenderer in the agreement should also be checked to avoid any wrong rates being noted. While auditing payment vouchers it should be seen that the rates adopted agree with the accepted rates.

Note - 1. The Government exempt the units under the control of Tamil Nadu Ceramics Limited from the payment of Earnest Money Deposit and Security Deposit in respect of tenders and contracts of the Government and Quasi-Government bodies including local bodies and that they shall execute agreement in respect of contract with these bodies (G.O.Ms.No.135,Industries, dated 4th February 1977.)

Note : 2 In respect of purchases made from Tamil Nadu State Government institutions and Government undertakings 90 percent advance payment may be made against proforma invoices at the time of placing the firm, orders and the remaining 10 percent settled after the receipt of stock. (G.O.Ms.No.1044, R.D. and L.A. dated 13th July 1982.)

Note : 3 The computing of rates for deciding the lowest tender in respect of the purchase made by Corporation and Municipalities shall be made as follows: Excise duty and Central sales Tax including surcharge shall be included with the basic price and the totals only should be compared for deciding the lowest tender. The sales Tax (local) shall be excluded for comparison purpose.(G.O.Ms.No.855, M.A.+ W.S. Department, dated 5th October 1988.)

The following criteria could be broadly applied for the audit of stores and stock.

- i) The need for the stores should be well defined and related to the approved programme objectives.
- ii) The requirements (type and specification) for material should be defined in such a way that the material acquired will enable the user to meet the need for a given purpose in an economical and efficient manner.
- iii) The right quality of the material in the right quantity should be acquired with due regard to economy and it should be available for use when it is needed. Stock management covering inventory control, storage and distribution should be economical and efficient.
- iv) Procedure should be in place to ensure adequate security and custody of material is not misused. Disposal should yield maximum net benefit.
- v) Due regard should be given to economy and efficiency of the entire materials management process.
- vi) Sanction obtained in excess of requirement and purchases made partly at the fag end of the year with a view to utilizing the saving in the budget provision.
- vii) Fixation of reserve stock limits after the close of a year instead of that the beginning thus defeating the very purpose for which these are fixed.
- viii) Lesser purchases by a centralized agency against the annual requirement of users resulting in piece meal local purchases at higher rates by call of limited quotations.
- ix) Purchase of stores without sanction of estimates of the work for which the stores were meant.
- x) Accumulation of material in one office without transfer to another where it was needed and purchase by that office entailing avoidable expenditure.
- xi) Equipment remaining idle due to lack of proper planning and coordination. Large amounts blocked in machinery remaining unutilised.

- xii) Advance payments made years ago with no information as to whether the store had been supplied, non reconciliation of quantity balances in the accounts of stores section with those of priced non-maintenance of quantity and value accounts.

The following defects shall be commented in audit:-

Purchases and Agreements

Unnecessary purchase of material long before the actual need leading to loss and accumulation of idle stock

Failure to give the wide publicity for purchase.

Purchase of materials without inviting tenders contrary to regulations.

Failure to accept tenders within their period of validity resulting in extra expenditure.

Rejection of a valid materials and non ascertaining the suitability for the purchase for which it is intended resulting in accumulation of stock.

Purchase in small quantities rather than in bulk resulting in extra expenditure.

Payment of agency commission in excess of what has been allowed by Government.

Injudicious purchase of material of higher specification entailing extra cost.

Erroneous indication of higher price in the purchase order placed on the basis of a rate contract.

Erroneous grant of price preference leading to loss.

Restricting the orders placed to a supplier to quantity lower than the tendered quantity and subsequent purchase at a higher rate.

Excess payment owing to allowing higher tolerance in weight than that specified in the purchase order Non-replacement of defective supplies contrary to the terms of the contract leading to loss. Replacement of defective components entailing avoidable expenditure due to procurement of equipment not conforming to specifications. Shortages disclosed by independent stores verification remaining unregularised for long. Non-disposal of a large part of the surplus stores for want of sanction of Government. Bulk purchase of spares without assessing requirement/make-wise assessment leading to needless accumulation and disposal at a loss. Loss on sale without assessing the value fully. Besides the receipt and issue documents, the other documents are bin card, Kardex stores transfer voucher, list of slow moving/non-moving/obsolete items, scrap disposal, rejected note, acceptances note delivery travelling requisitions, suppliers invoice, indents, bill of material, material requirement planning, codification file, indicating bin number for the item, emergency indents, etc. In the view of the computer revolution, many of the above documents can be computerized, in order to enable the store keeper serve the user in a more efficient manner.

(Director of Local Fund Audit Lr. No.MA/54270/05 dt.29.11.05 Circular No.35/05)

100) CONTRIBUTIONS.

Payment of contributions towards the expenditure of any public exhibition, ceremony or entertainment in the Municipality and contribution to any charitable fund or to the defense of Municipality, lands, etc., or to the funds of any institutions for the relief of the poor, or the treatment of disease or infirmity or the reception of diseased or infirm persons or the investigation of the causes of disease is an extraordinary item of expenditure and requires the sanction of Government or the authority to whom the power has been delegated.

The payment of contribution is subject to the following conditions:-

- (i) that the institutions are rendering service which are functions of the Municipal Councils under the Madras District Municipalities Act, 1920
- (ii) that the institutions are situated within the jurisdiction of the Municipal Council; that the institutions are serving the people in jurisdiction of the Municipal Council;
- (iii) that the object of the contribution is of proven meritorious ness; and

- (iv) that Municipal council has no deficits in its general and elementary education funds and can meet the expenditure on the contribution without any grant from Government..

(G.O.No.1959, L.A Department, dated 3rd October 1952.)

The orders of Government in the matter of contribution to the purpose mentioned below should be kept in view while auditing vouchers relating to the payment of contribution;

- (v) Government have accorded general permission to Municipal Councils to make annual contribution to the –

- a) Madras Association for the blind. (G.O Ms.No.14728, L. & M. Department, dated 14th November, 1933.)
(b) District Medical Libraries.

(G.O.No.1635, Public Health Department, dated 27th July 1933 and Government Memo.No.6715/C-3, L.A. dated 5th March, 1933.)

- (VI) Municipal Councils can incur expenditure in the following cases subject to the condition that they have no deficit in the General and Elementary Education Fund Account.

- 1(a) Annual contribution to Indian Red Cross society, Madras State branch up to Rs.300, Rs.200 and Rs.100 in the case of Municipal Councils in I,II and III Grades.

(G.O.No.677, L.A Department, dated 13th May 1955.)

- (b) Non recurring contribution to the funds in aid of orphanages including Avvai Home Orphanage, Adyar up to Rs.300, Rs.200 and Rs.150 in the case of I, II and III Grades.

(G.O.No.496, L.A Department, dated 7th March 1953.)

- (c) Contribution to Discharged Prisoners Aid society up to Rs.300, Rs.200 and Rs.150 in the case of I, II and III Grade Municipal Councils.

(G.O.Ms.No.74, L.A Department, dated 22nd January 1954.)

- (2) Contribution to Universities require the sanction of Government (Memorandum No.37608-1 Education (c) Department, dated 24th September 1940.)

- (3) Contribution for collegiate education requires the previous sanction of Government.

(G.O.No.231, L.A Department, dated 11th February 1956)

- (4) Contribution for the opening and maintenance of hostels situated outside Municipal Limits requires the sanction of Government with reference to Rule 37 of Schedule IV to the Madras District municipalities Act, 1920.

(Memorandum No. 45565 B. 52-2, L.A Department., dated 12th December 1952.)

- (5). Where Government do not assume responsibility for the relief of distress caused by fires, floods, storms and cyclones, application for permission to subscribe to a property organized fund for the relief of widespread calamity may be made by Municipal Councils in the district in which the area affected lies.

- VII) Executive Authority of Municipal Councils will be permitted to open a fund for purpose of affording relief to sufferers from widespread calamity outside their area and collect subscription for such purpose subject to the following conditions:-

- (a) that the local body makes no contribution of its own;
(b) that the transactions are included in the accounts of local body. but kept distinct from other transactions;
(c) that the accounts are duly audited by the auditor of accounts of the local body.

(G.O.No.2919, L.A Department, dated 25th October 1941.)

Government have informed the Director of Municipal Administration and Local Bodies that sanction may be accorded by him for payment of contribution by Municipal Council towards the construction and maintenance of tuberculosis clinics in a district if a fund has been opened for the purpose.

(G.O.Ms.No.1060, Public Health Department, dated 15th March, 1940.)

(VIII) Contribution to Tamil Nadu Institute of Urban Studies, Coimbatore :

Annual contribution to Tamil Nadu Institute of Urban Studies, Coimbatore : revised from 1995-96. The contribution to be remitted to the institute from the General Fund to the Municipalities and Municipal Corporation.

Grade of the Municipality and the Municipal Corporation	Contribution amount of each Local Body per annum.
Special Grade Municipality	Rs.50,000/-
Selection Grade	Rs.35,000/-
First Grade	Rs.16,000/-
Second Grade	Rs.4,000/-
Third Grade	Rs.2,000/-
Madras Corporation	Rs.2,00,000/-
Madurai, Coimbatore, Salem, Trichy & Tirunelveli Municipal Corporation	Rs.1,00,000/-

(G.O.Ms.No.126, M.A & W.S Dept, Dated.13.05.1996)

IX) The Municipal Councils are permitted to pay an annual contribution to the chamber of Municipal Chairman from Municipal funds towards the expenditure of the chamber from the year 1998-99 onwards at the following rates.

1. Special and Selection Grade Municipalities - Rs.2000/-
2. First Grade Municipalities - Rs.1000/-
3. Second Grade Municipalities - Rs.1000/-

(G.O.Ms.No.704 MA & WS (MA) Dept, dt.31.12.98.)

Note: Government have prohibited expenditure on certain objects from Municipal Funds. It should be seen in audit that such charges are not incurred and if incurred they have been incurred with the specific sanction of Government.

The following are a few such cases:-

Supply of clothes and food to menials on festival days such as Pongal and Deepavali.

(G.O.No.4228, L.A Department, dated 12th December 1940.

101) UNUSUAL AND EXTRAORDINARY CHARGES

- A) Rewards for the destruction of dogs, venomous snakes, etc._ These charges should be supported by a certificate of actual destruction from reliable authority. It should be seen that the rewards paid do not exceed the rates prescribed by the municipal council.
- B) Payment of Land Revenue: A certificate to the effect the lands for which land revenue is paid belong to or vest in the Municipal Council, that the lands are not eligible for exemption from land revenue and that if eligible necessary action has been taken to secure alienation of land revenue. The payment should be recorded in the Register of Immovable Property and checked to prevent double payment.

(G.O.No.1096, L.A Department. dated 22nd April, 1941.)

Note.-(1) Purchase of books, furniture, insurance of Municipal buildings are examples of unusual charges.

Note.-(2) Expenditure on the purchase of facsimile stamps of the Commissioner, Health Officer and Municipal engineer can be incurred with the sanction of Municipal Council.

(G.O.No.503, L.A Department., dated 17th March, 1948, G.O.Ms.No.833., Health, dated 18th March, 1957 and Memo.No.86411/L4/56-6,L.A., dated 4th February, 1957.)

Note.-(3) Government have permitted Municipal councils to become institutional members of the Hindu Red Cross society by paying on annual subscription of Rs.12.

(G.O.No.677, L.A Department, dated 13th May, 1955.)

Note.-(4) Expenditure on the provision and maintenance of recreation centers, payment of compensation due to accident caused to a private individual by a municipal lorry, payment of compensation to butchers of half the cost of carcasses of animals infected with meals disease and declared unfit for consumption, are a few examples of charges held as extraordinary.

Note.-(5) The permission of Government is necessary for the printing of souvenir.

(G.O.No.723, R.D. and L.A. Department, dated 31st July, 1974.)

Note.-(6) The Municipalities and Municipal township committees which have sufficient surplus balance in their General Account Ordinary may contribute 0.5 per cent (half per cent) from the surplus fund to the Chief Minister's Rehabilitation Fund.

(G.O.Ms.No.1373,R.D and L.A Department, dated 30th May 1974.)

Note:- (7) Payment of contributions from Municipal Funds to the National Defence Fund should be made only when specifically permitted by Government.

(G.O.Ms.No.2475, R.D. and L.A Department, dated 13th November 1962.)

Note.-(8) Contribution payable to Highways and Rural Works Department from Municipal Funds in respect of roads transferred to Highway and Rural Works Department in 25 percent of cost improvement works plus 71/2 percentage charges.

(G.O.Ms.No.1961, R.D. and L.A Department, dated 21st September 1976.)

Note.-(9) The Municipal councils within the Madras Metropolitan area shall contribute a sum not less than one percent of Gross Receipts of General Fund Account Ordinary to the fund account of Madras Metropolitan Development Authority with effect from 1st April, 1977.

(G.O.Ms.No.1305, R.D.and L.A Department, dated 1st August 1977.)

Note:- (10) One Notice Board indicating the procedure for assessment and collection of taxes levied in the local body may be provided in the Municipalities; Township Committee Offices, for the information of the public, where there is no such a board, at present, at a cost not exceeding Rs.500 (Rupees Five hundred only) from the funds of the Municipalities, Township Committees treating it as an extraordinary item of expenditure.

(G.O.Ms.No.1803, R.D.and L.A Department, dated 14th November 1979.)

The checks to be exercised are-

that unusual and recurring contingent charges have been sanctioned by the Council and extraordinary charges by the Government or the authority to whom the power in this behalf has been delegated.

102) PORTRAITS OF LEADERS

Municipalities are permitted to Purchase or install the portraits of following eminent leaders only in their premises.

1. Present President of India
2. Present Prime Minister
3. Mahatma Gandhi
4. Pandit Jawaharlal Nehru
5. Thiruvalluvar.
6. Peraringar Anna
7. Perunthalaivar Kamarajar
8. Moodharingar Rajaji
9. Thanthai Periyar
10. Dr. P.R Ambedkar
11. Pasumpon Muthuramalinga Thevar
12. V.O. Chidambaranar
13. Quaide Millath
14. Thirumathi Indra Gandhi
15. Former Chief Minister
16. Present Chief Minister
17. Tamilannai

(G.O.(Rt) No.457, Public (Public-1) Dept, dated.4.6.2006.)

- (1) Birthday celebration of any person.

(G.O.No.297, L.A Department, dated 5th February 1941.)

- (2) Contribution by Local Bodies towards the celebration of Education Weeks.

(G.O.No.5264, L. & M Department., dated 19th December 1935.)

- (3) Rewards to Maternity assistants for attending to labour cases over and above the prescribed minimum.

(G.O.No.1979, Public Health Department, dated 17th October 1936.)

- (4) Subscription to Municipal Review or Magazine. (G.O.Ms.No.786, dated 21st march 1941.)

Note. Councils to incur expenditure on the celebration of universal children's day up to Rs.30, on the 14th November of each year. This is not permissible for elementary schools.

(G.O.No.3140, dated 30th November 1956 and No.1686, L.A Department. dated 21st May, 1956.)

103) GOVERNMENT SHARE IN THE SALE OF WATER BY MUNICIPALITIES.-

In partial modification of the orders issued in paragraph 3(1) of G.O.Ms.No.2308, Public Works Department, dated 8th September 1964 as amended in Government Memo.No.48012/N3/65-6, Public Works, dated 11th April 1966, the Government direct that the local bodies be charged Rs.2 per 1000 Cu. Metres of water drawn for domestic purposes and that in respect of water drawn for domestic purpose and that in respect of water supplied by the local bodies to industrial purposes they shall pay to the Government the difference between the share of the collection made from their industrial consumers and the amount calculated at Rs.2 per 1000 Cu-metres".

(Government Memo. No.70159/X1/76-8, Public Works Department, dated 21st April 1977)

The checks to be exercised are-

- (i) that the payment of the proportionate share due to Government is promptly made by the Municipality concerned; and Note-No charge will be made when the source from which the municipality takes the water neither belongs to Government nor is situated on Government land even though it may be supplied from Government source by percolation.
- (ii) that if the payment is not made within the year, the amount payable is shown as a liability in the statement of asset and liabilities and the share due to Government watched every year.

WATER SUPPLIED FREE OF CHARGE:

A list of Municipal Councils which obtain water free of charge from Government sources is given below:

- | | |
|-----------------|--------------------|
| 1. Ootacamund | 8. Tiruchirappalli |
| 2. Tuticorin | 9. Coimbatore |
| 3. Vellore | 10. Erode |
| 4. Gudiyattm | 11. Periyakulam |
| 5. Coonoor | 12. Kodaikanal |
| 6. Tanjore | 13. Chingleput |
| 7. Nagapattinam | 14. Kancheepuram |

104) OTHER MISCELLANEOUS CHARGES

- (i) **Phone Call charges** – (i) In G.O.Ms.No.2359, R.D and L.A Department. dated 26th November 1969 Government have permitted installation of residential phones for Chairman, Vice-chairman, and Commissioners and other Officers of Municipalities. The phone calls pertaining to the office should be verified to see that in regard to Trunk Calls, that they are made only for official purpose and that there are references to files in the regard in the Trunk Call register. In regard to personal calls the recovery of charges from the persons concerned should be verified.
- (ii) In regard to residential phones of Commissioners of Municipalities it should be seen that in regard to calls in excess of the calls allowed, the charges are borne by the Municipal Councils and the Commissioners in ratio of 1:2 of the actual rate applicable from time to time.

(G.O.No.800, R.D. and L.A Department, dated 8th November 1975.)

GOVERNMENT DIRECT THAT THE TOTAL NUMBER OF FREE CALLS INCLUDING THE FREE CALLS ALLOWED BY THE TELEPHONE DEPARTMENT IN RESPECT OF RESIDENTIAL TELEPHONES OF MUNICIPAL COMMISSIONER BE REFIXED ON BI-MONTHLY BASIS AS NOTED BELOW:

1	Special Grade Municipality	600 free calls
2	Selection Grade Municipality	400 free calls
3	First Grade Municipality	335 free calls
4	Second Grade Municipality	265 free calls
5	Third Grade Municipality	200 free calls

The charge for the calls made in excess of the above mentioned calls be recovered from the Municipal Commissioner concerned.

- 2) S.T.D facilities now available in the residence of Municipal Commissioner be withdrawn.

(G.O.Ms.No.102, M.A & W.S Dept. dated.12.04.1996.)

- 3) As regards to Chairman and Vice chairman restriction on expenditures have been fixed as detailed below. The STD connections may also be given.

- (a) Chairman office Telephone Rs.4250/-/Bimonthly
- (b) Chairman / Vice chairman's residential phones-Rs.2150/Bimonthly (It excludes Telephone rent but includes trunk call charges / phonogram charges and service charges)

(G.O. (D. No. 508 MA & Ws Dept. Dt 17.08.1998)

- c) The telephone charges for the residence and office of Municipal chairman shall not exceed the overall ceiling of Rs.6,400- bimonthly

(G.O.Ms. No. 216 MA & Ws (MA-3) Dept Dt 17.04.2000)

- 4) The residential telephones should not be installed in commissioners quarters of Pollachi municipality and Trichy municipal corporation. Govt.Lr.No.27257, Funds/3/92-9 MA & WS Dept, dt. 10.11.95 Endorsement letter no.13/95/6/569/C5 dated.1.12.95 of Director of Local Fund Audit, Chennai
- 5) The action of the Municipal Councils in having provided residential telephones to the residences of P.A.to the Commissioner with out permission of the Government is not in order and hence the irregularity has to be got ratified by the Government by sending proposals individually to the Government.

(Lr.No.242228/M5/91-3, dated 2-8-91 from the Deputy Secretary to Government M.A.& W.S.Department)

2. **Sitting Fees**

The Mayor and members of the Municipal Corporations and the Chairman and members of Municipal Councils, Town Panchayat councils members and chairman shall be paid sitting fees as detailed below irrespective of meetings attended by them.

- | | | |
|-----------------------------|---|--------------------|
| 1. Municipal Corporation | - | Rs.800/- per month |
| 2. Municipality | - | Rs.600/- per month |
| 3. Third Grade Municipality | - | Rs.500/- per month |
| 4. Town Panchayat | - | Rs.300/- per month |

(G.O.No.104,MA&WS Dept, dated 26-6-2007)

However the Chairman and Vice Chairman who are utilizing the Municipal Vehicle are not entitled for Sitting fees. The expenditure on sitting fees shall be met by the concerned local bodies.

G.O.Ms.No.213/MA & WS Department dated.21.5.1999.

3. **Private buildings rented for Municipal purposes**

Certificate regarding the reasonableness of rent by the Executive Engineer may be dispensed with in the following cases:-

- (a) Rent Rs.75 and below in case of Municipalities not situated in the District Head Quarters.
- (ii) Rent Rs.100 and below in the case of Municipalities situated in the District Head Quarters,.
(G.O.Ms.No.404,R.D.and L.A Department, dated 9-5-1977)

4. **Notified Festivals**

The following procedure should be followed for fixing the quantum of contribution to be collected by the Municipalities from the religious institutions (temples, etc.) for making special Sanitary arrangements in respect of Public Health safety and conveniences during notified festivals.

- (1) Before commencement of the festivals, the executive authority of the local body concerned and the Executive Officer of the temple or the religions institution should meet, discuss and arrive at a decision regarding the arrangements to be made for the notified festival and the details of the expenditure likely to be incurred before sending a report to the Director of Public Health and Preventive Medicine.

- (2) The temple authorities should pay 50 percent of the differences between the receipts and expenditure incurred by the Municipality for providing sanitary arrangements during each notified festival.
- (3) If any religious institution considers that the above arrangement is not beneficial to it, it may have these festivals denotified subject to the condition that it should make its own arrangements for providing necessary sanitary facilities during these festivals.

(G.O.Ms.No. 1912, R.D. and L.A Department, dated 5th December 1979.)

5. Republic Day/ Independence Day Expenditure

Government permits the Local Bodies to incur expenditure from their funds not exceeding the monetary limits mentioned below in connection with the celebration of Republic Day and Independence Day every year:-

1.	Municipal Corporations	-	Rs.2,500/- each
2.	Municipal Councils and Town Panchayats	-	Rs.500/- each

G.O.No.125, M.A & W.S Department dated.13.05.1996.

6. Purchase of Stamp

It should be seen in audit-

- (i) that cash purchases are not resorted to and that only Account Payees cheques are issued in the name of the Post Master for purchase of stamps. The franking machine seal supplied by the Postal Department should be made use of.
- (ii) that the stamps purchased are physically verified by the Manager/Accountant and perforated in his presence.
- (iii) that the stamp account is verified daily with the Despatch Register and the genuineness of the entries in the Despatch Register is test verified scrupulously by the Manager /Accountant.
- (iv) that the balance on hand is physically verified by surprise check by the supervisory staff periodically; and
- (v) that no abnormal purchases are made when compared with the previous year's budget provision, and the reasons for the excess consumption are justifiable.

(Examiner's circular Rc.No. F3/22630/81,dated 13th March, 1981.)

105) SOLID WASTE MANAGEMENT

The Municipal Solid Wastes (Management and handling) Rules 2000.

1. Application

These rules shall apply to each Municipal authority responsible for Collection, segregation, storage, transportation, processing and disposal of Municipal Solid Wastes.

1. Collection of Municipal Solid Wastes
2. Organizing house to house collection of Municipal solid waste by Community bin collection.
3. Devising collection of wastes from Slums and spotter areas.
4. Waste from Slaughter houses, and other markets.
5. Bio-medical waste and industrial waste
6. Collected waste from residential areas
7. Horticultural and constructions or demolition or debris waste and
8. Waste garbage by dry leaves – it shall be burnt immediately.

9. Segregation of Municipal Solid Waste
10. Awareness programmes for segregation of wastes and promote recycling or reuse.
11. Storage of solid Waste
 - Green Bin - Storage of Bio-degradable waste
 - White Bin - Recyclable waste
 - Black Bin - Storage of other waste
12. Sanitary Officer/ Health officer must visit the dumping ground at least twice a week and Commissioner once in 10 days.
13. 100% coverage in that door collection of Garbage
14. Bio-degradable and recyclable waste shall be disposed off separately.
15. The use of building materials and other debris for land filling in private premises and for road construction.
- 16) Bio- compost plant with the insistence of Government of India for reduction of Scale of quality compost – Following B.O.T model also to be ensured.
- 17) The Municipality shall make compost not less than 0.10%, 0.50%, 0.50% Nitrogen, Phosphorous and Potassium respectively and not less than 30% Compost production shall be eligible for cash Awards.

(G.O.Ms.159/Municipal Administration and Water Supply Department dated.21.12.2001. and Commissioner of Municipal Administration letter Roc.No.10126/2003/E4 dated.24.04.2003)

Route chart must be drawn so that idle mileages is minimum

Financial audit

Cost of Push carts, Bins and other storage materials shall be compared with local Market rates and also with purchase rates in other nearby municipalities besides D.G.S.D. rates.

The Utilization of materials may also be typically examined.

The exorbitant purchases over and above the actual requirement may also be brought to light.

106. EXPENDITURE ON WORKS

The works that are generally executed in Municipalities may be broadly classified into the following categories:-

- (i) Road works including construction of culverts.
- (ii) Building Works.
- (iii) Well Works, Water-supply and Drainage works.
- (iv) Storm water drains
- (v). Electrical works

Education Fund

1. Other works1. Maintenance of Buildings Roads etc.
2. Maintenance of School buildings from Education Fund.

The above works are again classified as:

- (i) Original or Capital works
- (ii) Repairs and Maintenance works.

Buildings: Building work includes new construction or addition and alterations to existing works. Repairs to newly purchased or previously abandoned building required to bring them into use are also classified as original building works.

Roads: Original works in Road includes

- a. widening of road, cutting back a hill side to improve vision at curves.
- b. improvement for alignment or change of grade in roads or approaches of bridges and causeways.
- c. Construction or remodelling of bridges, culverts, causeways, embankment, ferry approaches

Repair works:

The term 'repairs' indicates primary operations undertaken to maintain or to replace the wear and tear of Repair works are classified into two types.

- a. Ordinary repair works – white washing of building periodical repair of roads.
- b. Special Repair works
- c. 1) Repairing roads damaged due to natural calamities.
- d. 2) Change of roof of a building.

The basic pre-requisite required to be fulfilled before the execution of works are as follows:

- 1) Administrative approval
- 2) Budget allotment/Fund Allotment
- 3) Technical Sanction
- 4) Preparation of estimate, tender documents, call of tender and award of work.

The procedures to be followed for carrying out engineering works financed from Public funds or deposit works in ULBs have been laid down in the Engineering Manual for ULBs in Tamil Nadu published in the year 2000. The manual has been prepared keeping in mind that the works are executed to proper quality and within the time with a need for accountability by all concerned.

Audit of work vouchers

i) Check slip for the closure of work files presented in Examiner's D.O.Lr.Rc.H1/16470/78-2, dated.31.03.78.

1. Name of works
2. Estimate No. and year
 - (a) Original Estimate No. .
Sanctioned in Municipal Council Res.No. & dt.
 - (b) Revised Estimate No.
 - (c) Deviation statement sanctioned in Municipal
Council Res.No. & dt.
3. (a) Who is to accord technical sanction
(b) Has it been obtained
4. Whether sufficient amount has been provided in the Budget or in the revised estimate
5. Whether tenders are invited allowing time as per rules

6. If so, number of tenders received
7. Whether tenders are advertised in the newspapers
8. Whether the tenders received are at below estimate rates or above estimate rates.
9. Amount of tender Deposit
10. Name of the lowest tenderer
11. Whether the work was entrusted to a particular Contractor without inviting tenders.
12. If so, quote resolution No. and date approving the same
13. Does the entrustment require sanction of Government.
14. If obtained quote the No. and date of the order
15. Is it a work executed departmentally?
16. Quote the Municipal Council Resolution No. and date Sanctioning departmental execution.
17. Nature of execution of work
18. Whether the approval of the council or contract or Public Works Committee obtained for the execution of Works

quote	No. and date.	MCR.No.	dt.
		MCR.No.	dt.
		MCR.No.	dt.
19. If it is grant work, please quote the G.O.No. and date approving the same.
20. Whether outside sanction is obtained for the premium tender. Or for any condonation for the irregularities committed in the disposal of tenders. If so, Municipal Council Res.No. and date.
21. Whether the agreement has been executed by the contractor, When?
22. Date of commencement of the work ..
23. Date of completion of the work
24. Explanation of the contractor for the delay ..
25. Amount of agreement ..
26. Value of work done ..
27. Explanation for short work or excess work if there is difference
28. Date of measurement by Public Works Supervisor ..
29. Date of check-measurement by the Municipal Engineer / Senior Supervisor.
30. Is a completed certificate sent along with the final bill if not why?
31. Are there any deviations? If so are they covered by proper sanction?
32. Are the items of the bill in the order as given in the estimate and agreement without any change whatever.
33. Has the check measurement certificate been recorded in the cases of final bill both in the measurement book and in the contract certificate?

34. Have any road materials been supplied and they have been brought to statement of receipts, issue and balance of road metal and to the measurement book
35. Have departmental tools and plant lent on hire for the work. Give details of tools and plant lent.
 - (i) Period for which lent
 - (ii) Rent charged ..
 - (iii) Whether the fact of lending tools and plant is noted ..
36. Have department materials such as cement, bitumen, pipe materials, etc., been issued for the execution of the work From Engineer's stock,

Page no.	Quantity	Issued Rate
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37. Whether the issue of departmental materials is supported by indents
38. Whether the issues and recovery of the cost there for made in the Municipal Engineers stock Register.
39. Have deduction been made on account of previous payment fines and other dis-allowances, if any give details of recoveries.
40. Has the cost of departmental materials issued and rent of tools and plant been recovered from bill amount give details of recoveries made.
41. Page No. of the measurement book wherein the measurements are recorded.
42. Has the contractor signed the Certificate in The M. Book as to the acceptance of the measurement.
43. Whether the work is entered in the Register of Estimates and allotment Volume No. Page
44. Whether the work is entered in the Register of Works Vol. No. Page No.
45. Whether the amount of payment noted in the personal ledger
46. Are there any old materials obtained by blasting / dismantling of old structures, etc.,
47. Have they been properly accounted for as entered in the measurement book and bills.
48. Whether the work has been test checked by the Municipal Engineer or Superintending Engineer (H & R.W) P.W.D.
49. If so, name and the designation of the officer who will check the works and the date on which it was test checked
50. Has any amount to be claimed as grant contribution from Government or other party .
51. Whether completion Report attached

The audit on works Expenditure consists of

- i(a) Check of estimates & Examination of tender files.
- (b) Verification of sanctions to estimate and of selection of contractors.
- (c) Check of bills with the measurement books, agreements, metal statements and contractor's ledger.
- (ii) The following are the registers and records that are to be scrutinized in this regard:-
 - a) Tender Register
 - (b) Register of contractors
 - (c) Estimate Files, Tender Files, agreements, etc
 - (d) Register of estimates and allotments
 - (e) Materials at Site statements and Annual materials at site statement
 - (f) Register of Roads, Wells
 - (g) Schedule of rates, R.M.R. and standard data book

- (h) Contractors Ledger
- (i) Measurement Books
- (j) Work files and Completion Reports
- (k) Stock account of materials like cement, etc.
- (iii) The preliminary examination consists of the verification of sanction to the estimates, administrative and technical and examination of tenders. The orders regarding technical sanction, execution, inspection and test check in respect of works and the authorities who are competent to accept tenders, measurement and check measurement of works should be referred to, care being taken to see that the latest orders modifying any of these rules are not lost sight of.

The following general points should be borne in mind in the audit of work vouchers:-

- (a) that no advances are made to contractors;
- (b) that in the case of sanitary works executed for private individuals such as pipe laying the estimate charges are collected in advance and the transactions are duly recorded in the personal ledger into which they should be traced;
- (c) that lands required for municipal purpose have been acquired generally under the Land Acquisition Act payments therefore are supported by award statements furnished by the land acquiring officer and the Treasury Officer's receipts. The award statements should be verified to see the value payable and also that all buildings, trees, etc., as can be seen from them are properly accounted for.
- (d) That in the case of sanitary works such as water supply and drainage projects executed by Tamil Nadu Water Supply and Drainage Board the funds placed at their disposal have been debited to the head "Advance Recoverable" and adjusted on intimation of actual expenditure. The monthly statements of expenditure should be scrutinized in audit in general terms.

Note: Municipal Councils have been permitted to incur expenditure from their funds on the construction and maintenance of drains and other works, required in the interest Public Health, safety and convenience on the roads within their limits which have been withdrawn from their control and transferred to Harijan Welfare Department for maintenance provided that such works are undertaken with the concurrence of Highways Department.

- (e) Sanction to estimate for any Public Work other than annual maintenance is, unless such work has been commenced ceases to be operative after a period of three years from the date upon which it was accorded unless fresh sanction has been accorded.
- (f) The sanction to an ordinary maintenance estimate will lapse on the last day of the financial year to which it relates.
(G.O.Ms.No.3011, L.A Department, dated 4th November 1941)
- (g) All sanctioned estimates should be entered in the register of estimates and allotments and serially numbered.

Note 1. In regard to road works, the length of road should be compared with the Register of Roads.

- 2. Frequent metalling of same roads within range of one to six months should be commented
- 3. When measurements of materials collected for spreading are not recorded, it should be pointed out.
- 4. Materials should not be collected in excess over, if the provisions in the estimate.
- 5. Unused materials should be properly accounted for through the Metal statement.

- 6. Collections and spreading of material cannot be made simultaneously on a well defined stretch. Only after spreading of the quantity collected, further collections can be the same stretch. Check measurement could be done duly after collection of the same stretch has been spread.

107. PREPARATION OF ESTIMATES AND SANCTION

For execution of all kinds of work estimates have to be prepared in the first instance showing the details of work to be executed and the cost of work. The estimate will be accompanied by details of measurements of work, abstract of quantities and the value arrived at for each item of work.

LUMPSUM PROVISION

Lumpsum provisions should be standardised and provided uniformly in all estimates as follows:

1) Engineering establishment	13%
2) T & P	1%
3) Petty supervisions and contingencies	2.5%
4) Escalation rates on works	10%
5) Unforeseen items	5%

C.E.'s Lr. No. F3/6561/86-1 dt. 26.9.86)

Earnest money deposits, security deposits and withheld amount –quantum

The percentage towards earnest money despisers/Security Deposit/with held amount.

Earnest money deposit for all works one percent of the estimated value of works

Security Deposit Two percent

Withheld amount Five percent from each running bills.

E.M.D. becomes security deposit:

Once the contract is concluded then the E.M.D paid by the contractor is adjusted towards security deposit and balance amount collected from him before giving work order.

Forfeiture of E.M.D:E.M.D is liable to be forfeited if the contractor backs out after issue of communication of acceptance of his tender.

Bank guarantee:

Bank guarantee in lieu of earnest money deposit/ security deposits /withheld amount may be accepted if it is irrevocable and if it is unconditional and payable on demand and without demand.

[Engineering manual for urban local bodies in Tamil Nadu chapter VI]

Earnest money to accompany the tender shall be 1% of the estimated cost either by payment to the municipal Treasury, Kission Vikas patra, N.S.S certificate pledged in the name of the Municipal Commissioner. A tender unaccompanied by earnest money is allowed in certain cases described in para Chapter VI T.N. of Engineering Manual for Local bodies . The earnest money paid by unsuccessful tenders shall be refunded to them as soon as the work is awarded to the selected contractor. Safe custody of E.M.D furnished by contractors in various forms indicated above shall rest with the Accountant. Security deposit at the rate of 2% of the contract value shall be collected from the successful contractor before entering into contract agreement after adjusting earnest money already paid by him withheld amount from part bills of contractors or final bill shall be 5%. This is in addition to security Deposit. The security deposit shall be refundable only after the maintenance period of 6 months from the date of completion of the work for building works and 12 months in the case of road works.

All the state-owned corporation will be exempted from payment of earnest money deposit, Security Deposit and tender fees in respect of tenders called for by the state Government Departments, Quasi-Govt. Institutions including local bodies and other state- owned corporations/boards. All the state owned corporations and statutory boards will, however execute proper agreements incorporating among other things, the following clause.

Penalty:- Though the public sector undertaking is exempted from payment of earnest money deposit/security deposit, the undertaking shall be as penalty an amount equivalent to the amount fixed as security deposit in the event of non-fulfillment or non-observance of any of the conditions stipulated in the contract.

The small scale industries units will however be required to execute proper agreements including a clause, among others to effect that in the event of non-fulfillment or non-observance of any of the conditions stipulated in the contract, the small scale industrial units shall pay as penalty an amount equivalent to security deposit or an amount equal to the actual loss incurred by Govt. Departments, State owned corporations/statutory board, local body, co-operative as the case may be, consequent on such breach of contract, whichever is greater.

The Small Scale Industrial Units registered with the TamilNadu Small scale industries Development Corporation or the National Small Industries Corporation are exempted from payment of earnest money deposit/security deposit in respect of tenders called for by the state Govt. Department, State owned corporations, Statutory Boards, local bodies and co-operatives, as per G.O.Ms.No.387, Finance (BPE) department dated:3.8.98.

The small scale industries units which are not registered with Tamil Nadu Small Industries Development Corporation or the National Small Industries Corporation are also exempted from payment of earnest money deposit/security deposit provided they produce an existence certificate and a capacity certificate for the particular item of tender, to be issued by the Director of industries and Commerce or Regional Deputy Director of industries and commerce or the General Managers of the District Industries centers

The concession of exemption from payment of EMD/Security Deposit ordered by the Govt are applicable to the small scale units within the state of Tamil nadu and not applicable to the small scale industries units located outside the state of Tamil nadu.

Block level agro engineering. and service co.op. centers

The block level Agro Engg. and Service Co.op. Centres and district level co-op. Agro Service Societies may be exempted from payment of earnest money deposit and security deposit As per G.O. Ms.No. 286, (Agri.) AE/II, dt. 23.2.1978. Unemployed engineers upto 5 years of obtaining degree may be exempted from payment of EMD. If work is awarded to them security deposit at 2% should be paid by them.

Audit checks exercised on Estimates

Thus audit of work vouchers depends on a close study of the estimates' the rates provided in the estimates their correctness, etc., is checked with the schedule of rates.

- (i) The work vouchers should be grouped and vouchers for more than one payment for a work sorted out. The sanction for the estimate, administrative and technical should be verified. Government have prescribed rules specifying the various authorities and the monetary limits up to which the authorities could sanction. It should be seen that these have been observed.
- (ii) The estimates would have to be approved administratively and also technically, the former denoting the decision to do the work and also provision of funds and the latter denoting the scrutiny of the estimate, with reference to mode of execution, provision of quantities, rates adopted, etc.
- (iii) Supplemental estimate is prepared, when a development of a project work, which `estimate has to be prepared when the provisions in the sanctioned estimates are likely to exceed 5 percent or when a material, deviation in the execution has been necessitated.

When the rates are not directly available in the schedule of rates, the rates will have to be worked out with reference to the cost of materials, labour, etc., based on the standard data and other papers.

Standard data book contains the quantity of materials, viz., Gravel, metal, etc., in case of road work, cement, bricks, etc., in case of building works and labour, etc., required to execute an unit of work. This is fixed by Public Works Department. This book is essential to work out the quantity of materials required for each item of work.

108. Administrative and Technical Sanction

Sanction of Estimate	Paragraph 77 of Municipal manual Volume I, Part I, and Paragraph 83 of Municipal Manual Volume I,
Acceptance of tenders	Paragraph 78 of Municipal Manual
Measurement and check-measurement of works	Paragraph 80 of Municipal Manual
Acceptance of tenders above 5 percent estimate	Article 6.57 of Municipal Manual Volume II, Part I

Administrative sanction :-

Administrative approval denotes the acceptance of the necessity of the work by the competent authorities.

The powers to accord administrative sanction for various works executed by ULBs by the Municipal Councils and other administrative heads are follows:

Name of the ULB	Authority as per G.O.Ms.No.119 MAWS Dept., dt.8.7.98		Authority as per G.O.Ms.No.37 MAWS Dept., dt.30.1.08. (w. e.f. 30.1.08)	
	Authority	Monetary limit	Authority	Monetary limit
Spl Grade Mpty	Mpl. Council	upto Rs.10 lakhs	Mpl. Council	upto Rs.40 lakhs
S.G. Mpties	"	"	"	35 lakhs
I Grade Mpties	"	7	"	30 lakhs
II Grade Mpties	"	5	"	25 lakhs
III Grade Mpties	"	2	"	15 lakhs
	RDMA	Nil	"	50 lakhs
	CMA	100	"	500 lakhs
	Govt.	Above 100	"	above 500 lakhs

(G.O.No.37 MAWS Dept., dt.30.1.08)

Technical Sanction:-

Technical sanction means the sanction from the competent Engineering Authority regarding the technical soundness, correctness of the plan and estimate to execute works.

The authority to accord technical sanction for various items of works executed by the Municipalities is as follows:

S.No.	Authority to accord technical sanction	Monetary limit for technical sanction	
		As per G.O.309 MAWS dt.2.8.2000 (2.8.2000 to 29.1.08)	As per G.O.38 MAWS dt.30.1.08 (From 30.1.08 onwards)
1	Superintending Engineer. O/o CMA	on par with CE, PWD	on par with CE, PWD
2	Regional Exe.Engr.	upto 30 lakhs	upto 50 lakhs
3	EE/Mpl Engr. Grade-I	upto 30 lakhs	upto 40 lakhs
4	Asst. Engr./ Mpl.Engr.Grade-II	upto 15 lakhs	upto 25 lakhs
5	AE/ME Grade-III	upto 5 lakhs	upto 10 lakhs
	(G.O.Ms.No.38 MAWS Dept., dt.30.1.08)		
6	For Corporations: Corporation Engrs. (Other than Chennai Corpn.)	upto 50 lakhs	upto 75 lakhs

C.Schemes :

Grade of Municipality	Municipal Council	Commissioner of Municipal Administration	Government
	(Rupees in Lakhs)		
Special Grade & Selection Grade	10	100	Exceeding 100
First Grade	7	100	Exceeding 100
Second Grade	5	100	Exceeding 100

Note 1) : The administrative sanction powers given to Regional Director of Municipal Administration upto Rs.10/- Lakhs is hereby cancelled.

(G.O.(Rt) No.119/MS & WS Department/Dated.8.7.98)

Note 2) :The Municipal Council may accord administrative approval for “Swarna Jayanthi Sahari” Employment Programs Schemes Works.

(G.O.Ms.No.512/MA & WS Department / Dated.22.09.1998.)

The integrated small and middle urban development scheme is being approved by the committee. Hence separate administrative approval need not be obtained.

(G.O.Ms.No. 58/MA & WS Department Dated.22.2.99)

109. TENDERS

After examination of estimates, the next stage of check is the manner of execution of work, i.e., whether it is departmental or through contract. The decision of the civic body in this regard should be seen.

If it is through contract, then the tender papers in this regard should be seen. Tenders are to be invited in sealed covers and to be sent to reach the Municipal Office on or before a date fixed in the tender. The time allowed from the date of publication of the tender and the date for submission for tender should be sufficient and as fixed in the tender rules. It should be seen that the tenders are invited only from registered contractors and that the tenders are received in time and followed by the deposit amount if any fixed as specified in the tender notice. It should be seen that tenders received are entered in the tender Register and opened on the date and time fixed for opening the tender and that the date seal of the office has been affixed in the tender papers and also initiated with dates by the tender opening authority and the number of such correction in each page noted. The comparative statements prepared to should then be verified with the tenders to see that they have been properly tabulated and that only the lowest tenders are accepted. In case the lowest has not been accepted, the reasons should have been recorded. The sanction of the authorities competent to accept tender should be verified.

After verification of the tender papers as above, it should be seen that an agreement in stamped paper is entered into with the contractor and that the conditions in the tender notice and the accepted rate are incorporated in the agreement. It should be verified that they agree with the tendered rates. Tenders may be either percentage or scheduled. In the former case, the tenderer will quote the rate as a percentage less or above the estimate rates. In such cases the rates for several items of work included in the estimate have to be incorporated in the agreement and the percentage added at the end. As payment to the contractor will have to be made on the basis of these rates, a critical examination of the rates provided in the estimate is very necessary .

In the cases of scheduled tender, the contractors will be asked to quote rates for each item of work without any reference to estimate rates. In such cases the rates quoted in the accepted tender for the individual items of work will be entered in the agreement and this should be carefully verified as and when verifying payments on part bills, this will be the basis.

Note 1) : Where the capacity and integrity of a tenderer are not known, his tender need not necessarily be rejected, extra security of 5 per cent or 10 per cent should be taken.

Note 2) Where the lowest tender is rejected, the next lowest should be accepted, unless there are adequate grounds for rejection of that tender also.

Note 3) In no case should a tender be accepted at rates other than these specified in the tender.

Note 4): In the case of grant work, the non acceptance of lowest tender should be reported to Government for orders.

Note 5) : Article 6-58 of the Municipal manual Vol. II deals with tenders for the works executed with financial assistance from Government. whenever the tenders for these works exceed the estimated cost, the prior approval of Government should be obtained so that the Government would be fully informed of the increase in cost vide para 2 of Government Letter No.29237/M.IV/77-33, R.D and L.A. dated 26th December 1977.

(G.O.Ms.No.1441, R.D. and L.A. Department, dated 12th August 1981.)

Note 6 Government accept the proposal of the DMA and enhance the monetary limits from Rs.1500 to 5000/-only for execution of all minor urgent repair works dispensing with inviting tender proceedings in all the Municipalities/Township Committees, G.O.Ms.no.1078,MA & WS, dated 21-12-90.

Note-7 The valid tenders are to be disposed off by the contract committee or council as the case may be .

The rates of sale price of tender schedules are as follows:

Sl.No.	For Works Costing Value	Cost of Tender Documens
1	Rs. 2,00,000 to Rs.5, 00,000	Rs. 500 + ST +SC
2.	Rs. 5,00,000 to Rs.10, 00,000	Rs. 1000 + ST +SC
3.	Rs. 10,00,000 to Rs.25, 00,000	Rs. 2000 + ST +SC
4.	Rs. 25,00,000 to Rs.50, 00,000	Rs. 3000 + ST +SC
5	Above Rs. 50,00,000	Rs.5000 + ST+ SC

Bid documents and tender schedules for world bank financed projects and prepared the consultants shall be charged not on the above basis but the cost of documents which will be indicated in each case.

[Engineering Manual for Urban Local Bodies in Tamil Nadu]

Note 1: If all tenders received are to be rejected and fresh tenders are to be called Government orders are to be obtained, before inviting fresh tenders.

Note 2: The following principles should be satisfied before the acceptance of single tenders by the Municipal Councils:-

- (i) Wide publicity should be given to the Press or through the Notice Board in the respective offices, as the case may be.
- (ii) For the works costing more than 10 lakhs and purchase of materials costing more than 5 lakhs the procedure to be followed in giving wide publicity in daily Newspapers shall be adopted as follows:

S.No.	Value of work	Value of materials to be purchased	Advertisement to be made
1.	Above Rs.10.00 lakhs and upto 25 lakhs	Above Rs.5 lakhs and upto Rs.10 lakhs	Two Tamil daily in District level
2.	Above Rs.25 lakhs and upto 100 lakhs	Above Rs.10 lakhs and upto Rs.25 lakhs	One English daily and one Tamil daily in State level
3.	Above Rs.100 lakhs and upto 500 lakhs	Above Rs.25 lakhs and upto Rs.100 lakhs	One English daily in South Zone and One Tamil Daily in State level
4.	Above Rs.500 lakhs	Above Rs.100 lakhs	One English in National level and in One Tamil in State level.

G.O.Ms.No.108 information, Tourism and Publicity Dept. dated.25.05.99 Chapter II para 2.5 of Engg. Manual for ULBs.

- iii) Municipal Council may approve tenders invitation of tenders over and above 10 lakhs may be published in Web site.
- iv) Sufficient time should be given to the contractors for submitting the tenders. A minimum of one month time from the date of publication of tender notice for submission of tenders is a must in the case of works costing Rs.2 lakhs and more. Provided time limit may be reduced for good and sufficient reasons to be recorded in writing.
- v) The rates quoted in a single tender should compare fairly well with the prevailing market rates or with the rates quoted by other tenderers for similar works (or items of works) received/accepted in the recent past; and
- vi) In case, a tenderer has quoted in the opinion of tender inviting authority high pitched rates, then, whether the tenderer has agreed, after negotiation to reduce the rates to reasonable level for such items of works.

(G.O.Ms.No.1845, R.D. and L.A. Department dated 1st December 1982)

Note3: If tenders are invited for road materials, they should be limited to one year.

Note 4.- When premium tenders exceeding tender rates are accepted they should be done with the approval of the authorities specified below:-

	Road Works	Other works
1. For all works	Upto 5 percent	Council
2. Estimates not Exceeding Rs.3 lakhs	(i) Superintending Engineer (ii) (upto 25 percent for road works) (ii) Chief Engineer (H) 25 to 40 Percent (iii) Government above 40 percent	Superintending Engineer (PWD) upto 25 percent other works 25 percent to 40 percent for other works Government above 40 percent.11
3. Exceeding Rs.3 lakhs	Chief Engineer (H) upto 40 percent for road works	Chief engineer upto 40 percent
4. Not exceeding Rs.5 lakhs	Government above 40 percent	Government above 40 percent

Note-5 Tenders exceeding 10%

- Considering the importance and urgency of the work, for tenders above 10% the tender may be accepted by the Council with the approval of a Committee, with the following composition.

1.	Commissioner of Municipal Administration	Chairperson
2.	Superintending Engineer; Office of the Commissioner of Municipal Administration	Member Secretary
3.	Engineering Director, Chennai Metropolitan Water Supply and Sewerage Board	Member (for Water Supply and sewerage projects)
4.	Engineering Director, Tamil Nadu Water Supply and Drainage Board.	
5.	Chief Engineer, Highways Department	Member (for roads and bridge project)
6.	Chief Engineer, PWD	Member (for building/bus stand/ Commercial complexes projects)
7.	An Officer of Finance Department i/c of the post of F.A & C.A.O in the Office of CMA	Member
8.	Municipal Commissioner and Municipal Engineer of concerned ULB	Member

Note 6 : If the contractor offers for any item of work a rate 25% less or 25% more than the detailed estimate rate, the same will be considered as on absurdly low rate or assuredly high rate respectively. Such tenders shall be carefully examined with reference to prevailing market rates, and an appropriate decision shall be taken by the municipal Engineer either to accept or reject. If such tender is accepted, it shall be ensured during execution that in respect of absurdly high rate items agreement quantities are not exceeded and in regard to absurdly low items, the agreement quantity is erected full.

(Para 2.7.2. Chapter II – Engineering manual for ULBs)

- In such cases however, a certificate that the excess tender percentage proposed to be accepted is reasonable should be kept on record.

(G.O.Ms.No.34 Municipal Administration & Water Supply (M.A.II) Department, Dated.22.03.2006.)

It should be seen that written agreements have been entered into with the contractor for all contracts estimated to cost more than Rs.100 and signed by the authority to accept the contract. The rates entered in the agreements should be carefully compared with the accepted tender rates to avoid any irregular excess payments.

Note-7 Execution of works-check of contract Certificate:-

- (i) In case of tender which provide for impossible and absurd rates, the tender accepting authority may reject such tenders but he should record a few cases and show that they are unworkable based on current rates of labour and material and show that they are unworkable.

(CE H & Roads) No.1237/AC/35/CRD, dated 196.35 and AC 36/2 Dt;29.7.1936)

- (ii) The lowest tenderer who has not signed the specification can be allowed to sign the specification and the work entrusted to him, in case the tender is otherwise acceptable.

(vide CE (Gen) No. 1237/AC3/dt. 19.6.1935 and 1409/43 36-2 dated 29.7.1936)

(iii) **ALTERATION OF THE SCHEDULE AFTER THE RECEIPT OF TENDERS NOT PERMITTED.**

(CE (R) No Wks 11 (2) 109988/91,dated 8.12.81)

- iv). The lowest tenderer not having complied with the payment of Earnest Money deposit is invalid and is therefore liable to be rejected straight away, by the accepting authority. There is no question of legally and literally closing the papers with regard to the invalid tenders before the valid tenders are considered for acceptance.

(Govt. Memo; 3000/60-5Dt 11.10.80)

- v) Withdrawal of tenders after the communication of orders intimating the acceptances involve the penalty of which forfeiture of E.M.D as stipulated in general condition of contract. Tender may be withdrawn at any time until it has been accepted even when it has been accepted it may be withdrawn, if the orders of acceptance are not received before the period stipulated for the award of contract.
- vi) Scheduled tenders (ie) item rates tenders should be adopted for execution of works. For maintenance works alone the percentage tender system has been approved in G.O.Ms.No 2807/PWD/Dated 26-7-49.
- vii) Tender forms purchased by on behalf of one contractor shall not be used by another and such forms are liable for rejection.

Note-8 Calling for tender in case of change in design, after calling for tenders:- In case of change in design after calling for tenders (eg). Brick works in cement mortar changed into Random rubble masonry in cement mortar, Random rubble masonry in cement mortar changes as random rubble masonry in lime mortar (these item have to be construed as change in design) government have issued instructions in their letter No.65868/GS/75-19, P.W.D. dated 30.3.76 to the effect that where there is a material change in the scope in the design of the building etc., with consequential preparation of revised estimate, retenders should be called for, for the revised design in the interest of all tenderers to quote for rates for several items of works as per revised design. However where there is only increase in the quantities of several items of works without material change in design in such cases the works maybe entrusted to the lowest tenderer subject to the following conditions.

- i) The value of increase in the quantities of the items of work should be exceeded 10% of the total value of work put to tender.
- ii) There should be substantial difference between the lowest tenderer and the next higher tenderer more than 5% of the value of work put to tender.
- iii) That the tender of the same person remains as the lowest in both the events.

The works done are recorded in the measurement books. The total quantities of work for each kind of work are then abstracted in the measurement book and the value of the work done arrived at with reference to the accepted tendered rates as recorded in the agreement. The arithmetical correctness of the quantities should be test checked and the abstract verified. These quantities and amount will be carried over to the contract certificate. The correctness of the quantities and amount noted in the certificates should be verified. The arithmetical accuracies of the figures and total should be checked and it should be seen that the items of works and quantities are in agreement with the approved estimate or the deviations are got approved by the concerned authorities.

Note-9 In the case of works for which supplemental agreement is to be entered into during the period when the schedule of rates has not changed from the date of the original agreement, than the rates for supplemental agreements may be the prevailing schedule of rates plus or minimum tender premium in case the rates cannot be derived from the items in the original agreement. In other case where the schedule of rates has changed in the intervening period, the rates prevailing as per the schedule of rates at the time of execution of supplemental items will be adopted with no tender premium over this rate.

(G.O.Ms.No.1241, public works Department ,dated 13.10.1978.)

(G.O.Ms.No.23 R.D & L.A Department, dated 16th January 1982.)

Note 10 The requirement of materials should be worked out with reference to the quantities of materials provided in the data for unit.

- (a) The local bodies (Municipalities, Panchayat Unions, Panchayat, etc.) should procure the bitumen and stock them well in advance and issue the same to the contractors when necessary.
- (b) They should purchase bitumen either directly from the companies or obtain the same from the stocks available with the Highways Departments.
- (c) The local bodies must specify the rate of bitumen in the tender notice and incorporate it in the tender agreement.
- (d) They should also incorporate in the tender notice and in the tender agreement a penal clause to the effect that if there is a breach of contract or default in the execution, a revised estimate for the unfinished items of work will be prepared and tender formalities will be observed in which case the difference in cost if any between the old contract and the subsequent contract will be recovered from the defaulted contractor besides forfeiting the Earnest Money Deposit.

(G.O.Ns. No.727, R.D.and L.A Department, dated 19th April 1976.)

Note 11: Local Bodies can make purchase of cement and steel from the open markets by floating tenders when T.N.C.C and T.N. Steels Ltd. are not able to make timely supply. At the beginning of every financial year, the indenting organization should communicate in writing to these institutions the quantity required and schedule of delivery that it expects. T.N.C.C & T.N. Steels Ltd should confirm in writing within 15 days to the indenting organization its acceptance or otherwise of the quantity of supply and the delivery schedule as specified by the indenting organization.

1. If they fail to respond in writing the specified time to the indenting organization, the later will be free to procure the required quantity of cement/steel by calling for open tenders.
2. If they inform in writing that it will be able to supply only a part of the quantity required by the indenting organization as per the delivery schedule of the letter, then the indenting organization can purchase the balance quantity by calling open tenders.

3. If they confirm in writing that they will be able to supply the whole or a part of the quantity required by the indenting organization but fails to adhere to the commitment made, then the indenting organization can call for open tenders for the quantity yet to be supplied after giving the grace time of 7 days beyond due date.
4. No advance need be paid as per G.O.Ms.No.75 Finance dated 14.02.1997.

(G.O.Ms.No.216 Industries dated.18.8.1997)

Note 12 Recovery towards cost of materials :- (i) Cement and other materials are sometimes supplied departmentally to the contractors. If the contract for a work is only for the labour portion then the cost of materials supplied is to be adjusted by debit to the work crediting stores. In such cases the proper utilization of the material given to the contractor is to be ensured.

In case where the rate of the materials supplied departmentally is specified with reference to the provision made in the tender notice then the recovery is to be made only on that rate irrespective of the market rate or stores issue rate.

- i. In cases where no rate is specified, but supply of materials only is contemplated, then the recovery will be at market rate or stores issue rate whichever is higher.
- ii. In cases where there is no provision for supply of materials has been made in the tender then the recovery for departmental supply should be made either at market rates, stores issue rate or the rate noted in the data whichever is higher.(Government Memorandum No.3497/M1/67-7,Rural Development and Local Administration, dated 18th March 1968
- iii. In the case of percentage tenders, the percentages should be applied after deducting the cost of material as below;-
Value of work done
Less. value of the material supplied
Net value
Add/Deduct tender percentage
(G.O.Ms.No.1348,Local Administration, dated 12-10-1955.)
- iv) The recovery of cost of materials issued to the contractor in excess of theoretical requirements plus the permissible variation which is 5 per cent of the theoretical requirements shall be effected at double the issue rate if the excess is not returned in good condition. A condition to this effect shall be stipulated in the agreement as per G.O.Ms.No.1159P.W.D. dated 25th May 1976. Letter No.47585/J2/76-CR, dated 15th June 1976 of the Chief Engineer, H.& R.W. and Lr.No.L.Dis.30934/77, dated 7th December 1977 of Inspector of Municipalities communicated in Examiners' K.Dis.No.70515/76/C4, dated 7th April 1978.
- v) In case of premium tender, tender excess shall not be allowed for material supplied by the department. (Vide para 114 of T.N P.W.D. Code)

Note-13. Open Market Purchase by the Contractors.

- i) Municipalities may procure tools and plants and also water supply materials at the rates approved annually by the purchase committee.

The purchase committee, may finalise the quantity, purchase rate and the name of the supplier two months before the end of the financial year. Two Municipal Chairmen and two Town Panchayat presidents may be appointed by the District Collector as members.

(G.O.Ms.No.220/MA & W.S Department, dated.01.09.1997.)

- ii) Purchase of bitumen

The contractors are permitted to purchase the bitumen required for the road works directly in open market and utilize them.

(G.O. (Rt) No.34, MA & WS (MA3) Dept.9.3.2000)

iii) Concessional Rate of Taxes on Bitumen Purchase

Government Departments are alone eligible for concessional rate of 4% notified under section 17. The Corporation, Taluk, Town Panchayat and Municipality will not come under the purview of Government Departments. As such these are not eligible for concessional rate of tax on their purchases of Bitumen.

(Government Letter No.L.Dis Acts Cell-V/25923/2002 dated.4.10.2002.)

iv) Purchase of pipes .

The Government permit the contractor to purchase pipes and other water supply materials in the open market. The ISI standard materials should alone be purchased.

50% of the purchase should be test checked by the engineers.

50% of the cost of materials shall be paid initially. The balance cost shall be paid based on the utilisation after test checking air pressure and certificate receipt of test obtained. Materials should be purchased based on requirements only.

(G.O. (Rt) No.263 MA & WS Dept, dated.27.12.1999)

Purchase of PVC pipes.

It was ordered by the Govt. regarding the purchase of PVC pipes, Asbestos, Cement, Cast iron and Galvanized Iron pipe materials etc., by the Contractors of the Municipalities and Corporations in the open market, adopting the following conditions.

- A) The pipe materials purchased by contractors should possess the I.S.I.mark. The accessory joining materials should also possess the same.
- B) Minimum 50% of materials, purchased in the open market by the contractor themselves should be thoroughly verified in the spot by the engineers concerned.
- C) 50% cost of the pipes may be paid to the contractors initially. The above 50% payment may be made to the contractor proportionately in respect of pipe line works. Balance 50% cost may be paid only after the verification of the "Pressure Test" by the site engineers. The necessary pipes and accessories should be purchased as per tract specification, suitable for that work.

(G.O.Ms.No. 263 MA&WS (Municipal Administration 3) dept. dt.27.12.99.)

Note-14 Sales tax recovery:- Section 7-C Payment of tax at compounded rates by (Works Contractor)

Notwithstanding anything contained in section 3-B, every dealer referred to in item (vi) of clause (g) of section 2, may, at his option, instead of paying tax in accordance with section 3-B, pay, on the total value of the works contract executed by him in a year, tax calculated at the following rate, namely.

i)	Civil Works Contract	Two percent of the total contract value of the civil works executed.
ii)	All other works contracts	Four percent of the total contract value of the works executed.

(Director of Local Fund Audit Circular Rc.No.939/m2/03 Dated.26.3.03.)

Note-15 Deduction of labour welfare fund and income tax

Labour welfare fund-At the rate of 0.3% may be deducted out of the 5% provisions reserved for unforeseen expenditure and contingencies in the estimate and paid to the Labour Welfare Board.

Labour Welfare Fund may be deducted on the estimated amount. Income tax, Sales tax and surcharge on income and sales tax may be calculated based on the value of work done.

(Director of Local Fund audit Lr.No.44280/MA 3/03 Dated.31.10.2003.)(G.O.Ms.No. 95/L&E Department, / dt.02.07.97)

- (a) As per section 194-C of Income Tax at the rate of 2 per cent of any sum payable after 31st May 1972 for carrying out any work or for supplies labour should be deducted at source if the amount of contract exceeds Rs.5,000 and remitted to Central Government. The term 'for carrying out any work' will apply in relation to "works contracts" and "Labour Contracts" and will not cover contracts for sale of goods, metal for maintenance work or supply of stores or any materials. Where the local body or other specified person has undertaken to supply all or any of the materials necessary for the work to the contractors at stipulated prices, the deduction of Income-Tax should be made on gross payment without excluding any adjustments on account of cost of materials. The amount of tax to be deducted at source should be rounded off the nearest rupee by ignoring amount less than fifty paise, and increasing amount of fifty paise or more to one rupee. The tax deducted should be paid to the credit of Central Government within one week from the last day of month in which the deduction is made.
- 1) Government of India, Ministry of Finance Department of Revenue and Insurance Letter No.275/72 IJ dated 29th May 1972 communicated in Government Memo.No.94443/BG/72-2, Finance (BG), dated 28th June 1972
- 2) Lr.No.Ac(1)/168125/77-CR, dated 7th January 1978 of chief Engineer Buildings

110. APPOINTMENT OF TECHNICAL ASSISTANTS

The tenderers who themselves are not professionally qualified shall undertake to employ qualified technical Assistants at their cost to look after the work. The tenderers shall therefore state in clear terms whether they are professionally qualified or whether they undertake to employ technical staff, with qualifications required by the Department for the work. In case, the successful tenderer is professionally qualified or who has undertaken to employ technical staff, under him he shall see that one of the technically qualified staffs is always present at the site of work during working hours personally checking all items of work and paying extra attention to such work which may demand special attention (e.g) R.C.C. work etc. the scale of qualifications for the employment of technical staff and the rate of penalty for the failure on the part or other of the contractor to employ the technical staff for the work are as follows:

Sl. No.	Value of Contract	Scale and minimum Qualification of technical staff	Rate of penalty Rs.
1.	Above Rs.1.00 lakh and upto Rs.5.00 lakhs	One LCE / DCE / LSE holder or a retired JE/LSE (Civil) any of the Engineering Department	1000/- per month
2.	Above Rs.5.00 lakhs and upto Rs.10.00 lakhs	One B.E. (Civil) or equivalent Engineering Degree with atleast one year experience or retired Asst. Exe. Engr., of any of the Engg. Department.	2000/- per month
3.	Above Rs.10.00 lakhs and upto Rs.25.00 lakhs	One B.E. (Civil) or equivalent Engineering Degree with atleast 3 years experience or retired AEE of any of the Engg. Department in addition to one LCD/DCE / LSE holder	3000/- per month
4.	Above Rs.25.00 lakhs	One B.E. (Civil) or equivalent degree holder in civil Engineering with 3 years experience or retired AEE of any of the Engg. Dept. plus LCE/DCE/LSE holders.	4000/- per month

1) Retired Engineers with Mechanical Qualification:

Engineers with mechanical engineering qualification and retired from civil engineering department are also suitable to supervise the civil engineering works because of their experience in civil engineering field.

(G.O .Ms.No. 1645 PWD dt. 6.10.81)

(2) During the period of abeyance of work:

It will not be incumbent on the part of the contractor to employ technical assistant/assistants when the work is kept in abeyance, due to valid reasons and if during such period in the opinion of the executive engineers, the employment of technical assistant/assistants is not required for the due fulfillment of the contract.

(G.O.Ms.No. 242 PWD dt. 19.2.76)

(3) For more than one work:

One technical assistant be employed by the contractor for more than one work situated within one kilometer, provided that monetary limit prescribed for the nature of technical assistant to be employed is adhered to by one and the same contractor.

(G.O.Ms.No.1479 PWDdt. 27.9.76)

(4) Particulars to be furnished along with the agreement :

The following particulars in respect of the technical personnel, employed by the contractors are to be furnished along with, are the agreements entered with the contractors.

1. Consent letter from the technical personnel.
2. the residential/official address of the technical personnel.
3. the qualification and the year in which the technical personnel passed the requisite examination.
4. experience certificate of the technical personnel.

(C.E. (G1) PWD No. CTO (A)/207964/92 dt. 10.11.92)

i) Movement Register:

Movement register shall be opened and maintained for technical assistant employed by the contractor, if the contractor has agreed to such employment or for the technically qualified contractor. The technical assistant or the technically qualified contractor may be directed to note their arrival and departure timings everyday along with their initials. Such register should be produced during inspection.

(C.E. 's (B) No. Wks. II (2) //103201/77 dt.12.7.77)

5. For the estimate of works from Rs.25 lakhs to Rs. 50 lakhs
1. One B.E. (Civil with 3 year experience plus two diploma holders in civil engg.
2. one B.E. (Civil) with 3 years experience plus two retired junior engineers.
3. Equivalent degree holder with 3 years experience plus two diploma holders in civil engg. / two retired junior engineers.
4. One retired AEE or ADE plus two diploma holders in civil engg.
5. One retired AEE or ADE plus two retired junior engineers.
6. Above Rs. 50 lakhs

(To be examined in individual cases depending upon the nature of work and the technical skill involved and defined in the tender notice regarding the No. of qualified technical personnel to be employed by the contractor.)

6. Penalty:

The rate of penalty for failure on the part of the contractors to employ the technical assistant is as follows:.

- | | |
|-----------------------|----------------------|
| i) For diploma Holder | Rs. 2000/- per month |
| ii) For Degree Holder | Rs. 5000/- per month |

(G.O.Ms.No. 1645 PWD dt.6.1081 & C.E. (B) 's No. CTO (A) 172653/80 dt. 8.8.84 G.O. Ms. No. 181 PW (G1) Dept.dt.16.5.2003)

7. Employing qualified candidates:

The contractors should employ only qualified candidates. Difference of pay should not be recovered. For failure to comply with the Government orders, full penalty should be levied.

8. Certificate:

A certificate in the abstract bill form in the M.Book that “the technical assistant with requisite qualification was employed and he was present during the execution of work covered by this bill” should be furnished by the contractor.

9. Technical Assistant – Nomination Works:

The employment of Technical Assistant will be applicable for works given on tender under piece work. contract and not for works given on nomination under piece work contract system.

Sl. No.	Value of Contract	Scale and minimum Qualification prescribed for the employment of technical Assistant	Penalty Rate
1.	Above Rs. 1.00 Lakhs and upto Rs. 5.00 lakhs	One LCE of the Engineering LCE DCE LSE holder or a retired JE LSE Civil any of the Engineering Department	Rs. 1000 per month
2.	Above Rs. 5.00 lakhs and upto Rs. 10.00 lakhs	One B.E (Civil) or equivalent Engineering Degree with atleast one Year experience or retired Asst.Exe. Engr., of any of the Engg. Department.	Rs. 2000 per month
3.	Above Rs.10.00 lakhs and upto Rs. 25.00 lakhs	One B.E. Civil (Or) equivalent Engineering Degree with atleast 3 years experience or retired AEE of any of the Engg. Dept. in addition to one LCD/DCE/ LSE holders	Rs. 3000 per month
4.	Above Rs.25.00 lakhs	One B.E. Civil (Or) equivalent Engineering Degree with atleast 3 years experience or retired AEE of any of the Engg. Dept. plus LCD/DCE/ LSE holders	Rs. 4000 per month

111. REGISTRATION OF CONTRACTOR:

A contractor who has applied for registration to any one of the registration authorities shall be classified as follows according to his normal financial capacity.

Class I	Rs.75.00 lakhs and above
Class II	Upto Rs.75.00 lakhs
Class III	Upto Rs.30.00 lakhs
Class IV	Upto Rs.15.00 lakhs
Class V	Upto Rs.6.00 lakhs

Verification of Financial Capacity before awarding Works Costing more than Rs.75,00 lakhs. Before awarding contacts costing over Rs.75,00 lakhs to a class I contractors, his financial capacity shall be specially enquired into.

Application Fee:

1	Class V	Rs.200/-	Plus S.T.
2	Class IV and III	Rs.250/-	Plus S.T.
3	Class II and I	Rs.500/-	Plus S.T.

Fee for Registration:

Class V	Rs.1000/-
Class IV and III	Rs.2000/-
Class II and I	Rs.4000/-

Note: The registration fee will not be refunded under any circumstances.

Processing of the Application: The Engineer shall scrutinise the application and call for any further particulars from the applicant if required and verify the genuineness of the particulars given and then recommend for registration in the appropriate class. The applicant should carefully read the Tamil Nadu Building practice code available in the office and attest his signature in token of having read the code. The Registration Certificate shall be issued by the Executive Authority within 30 days from the date of receipt of the application with the following conditions.

Renewal of Registration: Registration of the contractor shall be renewed every year on payment of fees as prescribed as follows:

Class V	Rs.100/-
Class IV and III	Rs.200/-
Class II and I	Rs.400/-

Note: The registration fee will not be refunded under any circumstances.

Note: To the contractors who have not renewed their registration tender schedules shall not be issued or they shall not be permitted to participate in the tender.

Procedure to be followed at the time of Registration: The new entrants / contractors without experience in any Government Department Municipality shall be registered in class V. Only after two years, based on their experience in executing Municipal works, he or the firm may be promoted to next higher class.

The contractors shall remain for one year in if for getting promotion to the next higher classes. The promotion to the next class shall be mainly based on solvency certificate, experience and past performance and the turnover certificate given by the banks shall not be the sole criterion.

The percentage of solvency shall be 30% of the value of the class of the registration sought for

For the contractors already registered in a particular class current solvency over and above the solvency applicable to the particular lower class in which already registered and that required for the promotional class shall be obtained while promoting to higher class.

This should be made within 3 months from the commencement of the financial year. However if a contractor fails to renew his name within the time frame, his name shall be deemed to have been removed from the list of contractors. Belated application for renewal shall be considered only on production of the required document as mentioned for the new registration along with the payment or a penalty of Rs.500 and the renewal fees.

Note : To the contractors who have not renewed their registration tender schedules shall not be issued or they shall not be permitted to participate in the tender.

112) TASK OUT TURN PER LABOUR / SKILLED LABOUR:

01. Brick work in lime or cement mortar in foundation and plinth	1.25 cu.m/per mason
02. Brick work in lime or cement mortar in foundation and plinth in super structure	1.00 cu.m./per mason
03. Brick work in mud mortar in foundation & plinth	1.50 cu.m/per mason
04. Brick work in mud mortar in foundation & plinth	1.25 cu.m/per mason
05. Half stick wall in partition	5.00 sq.m/per mason
06. Coursed rough stone masonry in lime or cement Mortar including dressing	0.80 cu.m/per mason
07. Random rubble stone masonry in lime or cement Mortar	1.00 cu.m/per mason
08. Ashlar masonry	0.40 cu.m/per mason
09. Stone Arch work	0.40 cu.m/per mason
10. Lime concrete or foundation or floor	8.50 cu.m/per mason
11. Lime contract in roof terracing	6.00 cu.m/per mason
12. Cement concrete 1:2:4	5.00 cu.m/ per mason
13. RCC work	3.00 cu.m/per mason
14. 12 m.m plastering cm/lm	10.00 sq.m
15. Painting with cm/lm	15.00sq.m
16. White colour washing 3 coats	70.00 sq.m/per white washer
17. White colour washing 1 coat wash	200.00 sq.m/per painter
18. Painting and varnishing doors & windows 1 coat	25.00 sq.m/per painter
19. Painting large surface 1 coat	35.00 sq.m./per painter
20. Distempering 1 coat	35.00sq.m /per painter
21. 2.5 cm cc floor	7.50 sq.m /per mason
22. Timber framing teakwood	0.07 cu.m./carpenter
23. Timber framing country wood	0.15 cu.m/ carpenter
24. Door/Window shutters pane or glazed	0.70 sq.m./carpenter
25. Door/Window shutters pane or battened	0.80sq.m./carpenter
26. Single Allahabad tiling or Mangalore tiling	6.00sq.m./tile layer
27. Double Allahabad tiling	4.00sq.m/labour
28. Breaking Brick ballast 40 m.m	0.75cu.m/labour
29. Breaking Brick ballast 25 m.m	0.55cu.m/labour
30. Breaking stone ballast 40 m.m	0.40cu.m/labour

31. Breaking stone ballast 25m.m	0.25cu.m/labour
32. Earth work excavation in ordinary soil	3.00cu.m/mazdoor
33. Earth work excavation in hard soil	2.00cu.m/mazdoor
34. Earth work excavation in rock	1.00cu.m/mazdoor
35. Number of bricks laid by a mason in brick work upto A height of 3.00m	600 bricks/mason
36. Amount of work done by a mazdoor per day	
a. Mix (mortar)	3.00cu.m/mazdoor
b. Deliver bricks	4000 no. to a distance of 15 m per mazdoor
c. Deliver mortar	5.5 cum / per mazdoor

113) THE TAMIL NADU TRANSPARENCY IN TENDER ACT 1998 (Act 43 / of 1998)

Tender Rules.

1. No procurement shall be made by the procuring entity except by tender.(Section 3.1)
2. The provisions of sections 9 and 10 shall not apply to any procurement made by a procuring entity in the normal course if it is for carrying on business of selling and buying goods. .(Section 3.2)

Provided that in case of procurement by the procuring entities on behalf of and for sale to Government or Government organizations for any Government programme such procurement, shall be only by tender.
- 3) No tender shall be invited or accepted by any authority after the commencement of this Act except in accordance with the procedure specified in this Act and the rules made there under. .(Section 3.4)
- 4) Details of Notice of maintenance of Tender and acceptance shall be published in Tender Bulletin (Section
- 5) The Tender Accepting Authority or any other officer authorised by it, shall open the tenders in the presence of tenderers present and who have submitted tenders in such time and in such place as may be specified in the tender document. (Section 7)
- 6) The Tender Inviting Authority shall also publish the notice inviting tenders in Indian Trade journal and in daily newspapers having wide circulation depending upon the value of the procurement prescribed. (Section 9-3)
- 7) The Tender Inviting Authority shall supply the schedule of rates and tender documents in such manner and such places as may be prescribed to every intending tenderer who has applied for such document. (Section 904)
- 8) The Tender Accepting Authority shall cause an objective evaluation of the tenders taking into consideration the schedule of rates as mentioned in the tender document and the prevailing market rate for procurement and comparison of the tenders in accordance with the procedure and criteria specified in the tender document. (Sec.10.1)
- 9) After evaluation and comparison of tenders as specified in sub-section (1), the Tender Accepting Authority shall accept the lowest tender ascertained on the basis of objective and quantifiable factors specified in the tender document and giving relative weights among them. (Section 10.2)
- 10) Notwithstanding anything contained in sub-section (2) if the Tender Accepting Authority that the price of the lowest tender is higher with reference to the prevailing market rate or the schedule of rates, he may negotiate for a reduction of price with that tenderer. (Section 10.3)
- 11) In case where one or more tenderers quoted the same price, the Tender Accepting Authority shall split the procurement among such tenderers taking into consideration the experience and credentials of such tenderers. Where such splitting is not possible or could not be done equally, he shall record reasons for the same. (Section 10.5)

- 12) If the Tender Accepting Authority proposes to accept the tender as per the provisions of the section, he shall pass orders accepting the tender together with reasons for such acceptance. (Section 10.6)
- 13) The Tender Accepting Authority shall intimate the information regarding the name and address of the tenderer whose tender has been accepted along with the reasons for rejection of other tenders to the appropriate Tender Bulletin Officers.
- 14) Any tenderer aggrieved by the order passed by the Tender Accepting Authority under section 10 may appeal to the Government within ten days from the date of receipt of order and the Government shall dispose the appeal within fifteen days from the date of receipt.
- 15) The provisions of sections 9 and 10 shall not apply to procurement
 - a) during natural Calamities and emergencies
 - b) available from single source
 - c) from certain departments of Governments, PSU, Statutory Boards and such taken institutions only in respect of goods manufactured or services provided by them. (Section 16)

(G.O.Ms.No.447 Finance (Salaries)Dept. dt.26.12.2000)

114) THE TAMIL NADU TRANSPARENCY IN TENDER RULE 2000.

- 1) procurement is categorized as follows, namely:-
 - i) Construction; and
 - ii) Supply of goods and services.
- 2) While the provisions of these rules shall apply in general to each of the categories of procurement in sub-rule 1) where a specific provision has been made in the rules regarding any specific category, that specific provision shall prevail as against any general provision in so far as that category of procurement is concerned.
- 3) procurement of different categories shall be effected by the following methods of tendering, namely:-
 - i) piece-work contract;
 - ii) Lump-Sum contract;
 - iii) Turn-key contract;
 - iv) Multi-Stage contracting including pre-qualification and two cover system; and
 - v) Fixed rate contract
- 4) The tender inviting authority shall decide the method of tendering to be followed in each case having regard to the category, size and complexity of the procurement.
- 5) The Tender Bulletin Officer shall make the tender bulletin available at any office of a Government department, local authority, statutory board, public sector undertaking, local body, university or cooperative institution.
- 6) The Tender Bulletin Officer shall make available adequate copies of the tender bulletin at the office of the Tender Inviting Authority whose notice inviting tenders and intimation of tender acceptance finds place in the bulletin.
- 6) A notice inviting tender will not be invalidated merely on the grounds that the notice although published in newspapers has not been published in one or the other of the District Tender Bulletins or State Tender Bulletins or when published in the state Tender Bulletin could not be published in a District Tender Bulletin or vice versa.

- 8) The notice inviting tenders and decisions on tenders shall be published in the State Tender Bulletin in cases where:-
- a) The value of procurement exceeds Rs.25.00 Lakhs (Rupees twenty five lakhs);
 - b) The Tender Inviting Authority is a Secretary to Government, or a head of a Government department or Local Authority or the Chief Executive of a Public Sector Undertaking, Statutory Board, Apex Cooperative Institution, University or State Level Society formed by the Government.
 - c) In any other case, where the Tender Inviting Authority deems it fit.
- 9) i. The Tender Inviting Authority shall have the notice inviting tenders published in the Indian Trade Journal in all cases where the value of procurement exceeds Rs.10.00 Crores (Rupees Ten crores)
- ii. The number, editions and language of the newspapers in which the notices inviting tenders shall be published, will be based on the value of procurement.
- iii. In case where publication of Tender Notices is to be done only in Newspapers with circulation within the District, the Information and Public Relations Officer attached to the District Collectorate shall be the competent authority to release the advertisement and in all other cases the competent authority to release the advertisement shall be Director of Information and Public Relations, Chennai.
- iv. The notice inviting tender shall be given due publicity in Newspapers and also on notice boards in the District Offices. For tenders above Rs.50 lakhs (Rupees fifty lakhs), Director of Information and Public Relations will publish the Notice Inviting Tenders as per instructions of the tendering department. For other tenders, Director of Information and Public Relations will publish keeping in mind the request of the department. There should not be any additional insertion and no publication of Notice Inviting Tenders in newspapers not requested by the tendering departments for tenders above Rs. 50 lakhs (Rupees fifty lakhs).
- 10) The Tender Inviting Authority may if he considers necessary, send the Notice Inviting Tenders to all possible tenderers including registered contractor, past supplier, and any other well known company or firm directly.
- 11) Technical specifications:-
- a) use of brand names and catalogue numbers shall be avoided and where it becomes unavoidable, along with the brand name the expression "or equivalent " shall be added.
 - b) where ever possible the appropriate Indian Standards with the number shall be incorporated;
 - c) In the case of construction tenders, detailed estimates shall be prepared by the competent technical authorities based on the schedule of rates and standard data as revised from time to time provided that for large and prestigious projects, the Government shall permit any procuring entity to engage a qualified private architect or consultant to prepare the design and estimates; and
 - d) In case alternative designs or materials are permitted, the conditions for their acceptability and method of their evaluation stated.
- 12) (i) The tender documents shall require all tenderers without exception to pay an earnest money deposit ordinarily not exceeding 1% (one percent) of the value of the procurement by means of a demand draft, bankers cheque, specified small saving instruments or where the procuring entity deems fit, irrevocable bank guarantee in a prescribed form. The tender documents shall clearly state that any tender submitted without of earnest money deposit in the approved form, be summarily rejected provided that any category of tenderers specifically exempted by the Government from the payment of earnest money deposit will not be required to make such a deposit.
- ii) The tender documents shall specify the period for which the tenderer should hold the prices offered in the tender valid: Provided that the initial period of validity shall not be less than ninety days.
- iii) The tender documents shall require that as a guarantee of the tenderers performance of the contract, a security deposit be taken from the successful tenderer subject to the conditions that.

- a) The amount of the deposit not exceeding 5% (five per cent) of the value of the orders placed: and
 - b) The deposit being in the form of demand draft or bankers' cheque or specified small savings instruments of where the procuring entity deems fit, irrevocable bank guarantee in a prescribed form.
 - iv) Percentage of payment to be withheld for the effective performance of the contract, provided that withheld amounts do not exceed 10% ten percent of the total value of contract;
 - v) The tender documents and the contract shall include a clause for payment of liquidated damages and penalty payable by the tenderer in the event of non-fulfillment of any or whole of the contract.
 - vi) The tender documents shall clearly indicate the terms on which the tenderers will be required to quote their price which should be inclusive of all costs of delivery at the final destination such as transportation, payment of duties and taxes leviable, insurance and any incidental services and giving the break up thereof.
 - vii) The tender documents shall include a price adjustment clause to reflect any changes either upward or downward in major cost components such as labour, equipment, material and fuel, based on a prescribed formula in the case of large contracts where the period of execution is likely to exceed 18 (eighteen) months.
 - viii) The tender documents shall indicate the quantity proposed to be procured in the tender, and the Tender Accepting Authority shall be ordinarily permitted to vary the quantity finally ordered only to the extent of 25% (twenty five percent) either way for the requirement indicated in the tender documents.
- 13) The Tender Inviting Authority shall ensure that the tender documents are made available to any person who is willing to remit the cost of the documents provided that in the cases where the procuring entity has a system of registration of contractors, the tender documents will be supplied only to the registered contractors in the appropriate class.

The tender documents shall be made available at the following offices, namely -

- (a) the office of the Tender Inviting Authority
- (b) any other Office or place indicated by the procuring entity.

© The Tender Inviting Authority shall send by registered post or courier the tender documents to any prospective tenderer who makes a request for the documents on payment of cost along with postal charges at the risk and responsibility of the prospective tenderer.

14) Clarification to Tender documents:-

- a. At any time after the issue of the tender documents and before the opening of the tender, the Tender inviting Authority may make any changes, modifications or amendments to the tender documents and shall send intimation of such change to all those who have purchased the original tender documents.
- b. In case of any one tenderer asks for a clarification to the tender documents before 48 hours of the opening of the tender, the Tender Inviting Authority shall ensure that a reply is sent and copies of the reply to the clarification sought will be communicated to all those who have purchased the tender documents without identifying the source of the query.

15) The Tender Inviting Authority may extend the last date and time for receiving tenders after giving adequate notice to all intending tenders in cases where:-

- a. The publication of the tender notice has been delayed; the communication of changes, in the tender documents to the prospective tenders under sub rule (1) of the 17 took time;
- b. any of the tenderers requested clarifications, communication of which time to all the tenderers; and
- c. any other reasonable grounds exist, for such extension which shall be recorded in writing by the Tender Inviting Authority.

16) Minimum time for submission of tenders

- a. For tenders upto Rs.2.00 crores (Rupees Two crores) in value, 15 (fifteen) days; and
- b. for tenders in excess of 2.00 crores (Rupees two crores) in value 30 (thirty)days.

Note: Any reduction in the time stipulated as per sub rule (1) has to specifically authorised by an authority superior to the Tender Inviting Authority for reasons to be recorded in writing.

17) Opening of Tenders:-

- a. All the tenders received by the Tender Inviting Authority shall be opened at the time specified in the Notice Inviting Tenders and in cases where an extension of time for the submission of tenders has been given subsequent to the original Notice Inviting Tenders in accordance with sub-rule (5) of Rule 18 at the time so specified subsequently.
- b. The tenders will be opened in the presence of the tenderers or one representative of the tenderer who chooses to be present.

18) Changes and alterations not to be permitted after tender opening:-

Changes, amendments which materially alter the tendered prices shall not be permitted after the opening of the tender, except as per the procedure prescribed in sub-section 10 of the Act.

- 19) The Tender Accepting Authority shall cause the evaluation of tenders to be carried out strictly in accordance with the evaluation criteria indicated in the tender documents.

20) Time taken for evaluation and extension of tender validity:-

- a. The evaluation of tenders and award of contract shall be completed, as far as may be practicable, within the period for which the tenders are held valid.
- b. The Tender Accepting Authority shall seek extension of the validity of tenders for the completion of evaluation.
- c. In case the evaluation of tenders and award of contract is not completed within extended validity period, all the tenders shall be deemed to have become invalid and fresh tenders may be called for.

21) Initial examination to determine substantial responsiveness:-

- a. The Tender Inviting Authority shall cause an initial examination of the tenders submitted to be carried out in order to determine their substantial responsiveness.
- b. The initial examination shall consider the following factors, namely:
- c. Whether the tenderer meets the eligibility criteria laid down in the tender documents
- d. Whether the crucial documents have been duly signed;
- e. Whether the requisite earnest money deposit has been furnished;
- f. Whether the tender is substantially responsive to the technical specifications, commercial conditions set out in the bidding documents including the testing of samples where required.
- g. Tenders, which on initial examination are found not to be substantially responsive under any of the clauses under sub-rule (2) may be rejected by the Tender Accepting Authority.

22) Determination of the lowest evaluated price:-

Out of the tenders found to be substantially responsive after the I initial examination the tenderer who has bid the lowest evaluated price in accordance with the evaluation criteria or the tenderer scoring the highest on the evaluation criteria specified as the case may be shall be determined.

23) In determining the lowest evaluated price, the following factors shall be considered, namely:-

- a) the quoted price shall be corrected for arithmetical errors;
- b) in cases of discrepancy between the prices quoted in words and in figures, lower of the two shall be considered;
1. adjustments to the price quoted shall be made for deviations in the commercial conditions such as the delivery schedules and minor variations in the payment terms which are quantifiable but deemed to be non-material in the context of the particular tender;
2. the evaluation shall include all central duties such as customs duty and central excise duty as a part of the price, but shall exclude sales tax if the bidders are from other States and Tamil Nadu.
3. in the case of purchase of equipment, the operation and maintenance and spare part costs for appropriate periods as may be specified in bid documents may be quantified, where practicable and considered.
4. In order to secure the best possible procurement price, negotiations with tenderer determined as per clauses (1) and (2) above are permissible subject to provisions in section 10 of the Act.

24) Preparation of evaluation report and award of tenders:

- a. The Tender Scrutiny Committee or the officer evaluating the tender shall prepare detailed evaluation report which shall be considered by the Tender Accepting Authority before taking a final decision on the tender.
- b. The evaluation report shall be prepared in the standardized format as may be prescribed.
- c. As soon as the tenderer qualified to perform the contract is identified, in accordance with section 10(6) of the Act, the Tender Accepting Authority shall pass orders accepting the tender and communicate the order of acceptance to the successful tenderer. The Tender Accepting Authority will also send to the Tender Bulletin Officer a statement of evaluation of the tenders with a comparative statement of tenders received and decision thereon for publication in the Tender bulletin.
- d. Within such reasonable time as may be indicated in the tender documents, the tenderer whose tender has been accepted will be required to execute the contract agreement in the prescribed format.
- e. In case the successful tenderer fails to execute necessary agreements as prescribed within the period specified, then his Earnest Money Deposit shall be forfeited and his tender held as non-responsive.

25) Procurement in Special cases:-

In the case of purchase of goods where the quantity offered at the lowest price is less than the total quantity required, the Tender Accepting Authority may, after placing orders with the lowest evaluated tenderer for the entire quantity offered by such tenderer subject to his ability to supply, adopt either or both of the following procedures to procure the balance quantity:-

- a. Negotiate with the next lowest tenderers in strict ascending order of evaluated price and require them to match the price offered by the lowest evaluated tenderer and place orders until the entire quantity required is ordered; or
- b. Require all the other eligible tenderers who participated in the tender and offered a price higher than that offered by the lowest evaluated tenderer, to submit sealed offers of the quantity they would be willing to supply at the price quoted by the lowest evaluated tenderer, and there after place orders for the remaining required quantity with all those who match the lowest evaluated price such that those who bid lower prices in the original tender get a higher priority for supply.
- c. In case the bidders other than the lowest evaluated bidder fail to agree to accept the lowest price or the total quantity offered by them at the price quoted by the tenderer with lowest evaluated price is less than the required quantity the Tender Accepting Authority may place orders for remaining required quantity at different rates with different suppliers in the ascending order of evaluated price until the entire quantity required is covered.

- d. Provided that, where different quantities have to be procured at more than one price from one or more tenderers, the Tender Accepting Authority may decide not to procure beyond a price considered economical although the entire quantity originally stated to be required in the tender documents is not ordered.
- e. In cases where, the Tender Accepting Authority such as Tamil Nadu Electricity Board, Tamil Nadu Civil Supplies Corporation, Project Director, Integrated Child Development Scheme (I.C.D.S) is of the view that the commodity to be purchased is so vital in nature and the failure in supply would affect the public interest and that it is necessary to have more than one supplier, the Authority may place orders on the tenderer quoting the lowest evaluated price for not less than 60% of the quantity covered in the tender at the price quoted by him and place orders for the remaining quantity on the tenderers quoting the next lowest evaluated prices at the lowest evaluated price and shall specify this in the tender documents.

26) Pre-qualification Procedure:-

The Tender Inviting Authority shall for reasons to be recorded in writing provide for pre-qualification of tenderers on the basis if:-

- a) experience and past performance in the execution of similar contracts;
- b) capabilities of the tenderer with respect to personnel, equipment and construction or manufacturing facilities;
- c) financial status and capacity

Only the bids of pre-qualified bidders shall be considered for evaluation.

27) Low value procurement:-

For the Purposes of clause (d) of section 16 of the Act, "low value procurement" means any procurement which is less than rupees five lakhs in value.

115) EXECUTION OF WORKS:-

PREMEASUREMENT AND POST MEASUREMENT OF WORKS

S.L	Nature of work	Nature of Measurement.	Stage at which check measurement to be done.
1.	Metal/Gravel collection	Post measurement	Before spreading.
2.	Removal of silt.	Pre - and - post measurements	Premeasurement before actual clearance - and - post measurement after clearance.
3.	Jungle clearance.	Pre measurement	Before actual removal of jungle and certificate of removal to be countersigned after removal.
4.	Earthwork in foundation	Post measurement.	Before sand filling.
5.	R.C.C. Work	Post measurement for steel and RCC work.	1. for steel works check measurement is to be done before RCC work commenced. 2. check measurement is to be done before or plastering.
6.	Deepening of wells.	Pre and post measurements	Pre measurement is to be done before the work is commenced.
7.	Carted earth.	Post measurement	Before spreading
8.	Brick work	Post measurement	Before plastering is done
9.	White washing / colour washing painting in double coat.	Pre measurement	Check measurement is to be done before second coat is done and certificate for first coat is to be countersigned after second coat is over.

A) ROAD WORKS

- (i) The road works mainly consist of formation of new roads and gravelling or metalling of existing of roads, black-topping, etc. The following points should be looked into:

The length and breadth of the road provided in the estimate should be checked in the Register of Roads. For formation of roads, earth work is involved. The quantities of each work as recorded in the Measurement Book should be checked. It should be seen that the quantity recorded have been measured and check measured by the authorities competent to do it.

The payments for earth work provided in the estimate should be seen to verify if the correct rate in the schedule of rates has been adopted. Leads and lifts are allowed for earth work when carting of earth beyond to initial distance is involved, viz., from 10 metres distance. Lead is the horizontal distance between the vertical central lines of the pit cross section and the bank which is formed with the excavated earth. Lift will be the vertical distance by adding up (a) half the depth of pit actually excavated and half the maximum is reckoned. The extra leads, lifts should be provided in the estimate itself as the availability of earth etc., should be verified even at the time of preparation of estimate and provision made. The tendency to pay for leads and lifts at the time of execution of works should be critically examined.

Note 1.- In the case of new formation of roads, charges for clearing of site leveling and gravelling are to be considered as incidental to earth work and no separate payment is necessary, if the earth is defined as including clearing, gravelling Specification 17 item 1(5) of M.D.S.S.

Note 2.- When a new road has been formed and metalled, etc., the contractor shall keep the new road in proper repairs for three months after completion of the work without extra payment for this purpose, a sufficient sum should be withheld from the final bill of the contractor.

Clause 7(d)(v) of specification 96 of M.D.S.S

In regard to gravelling or metalling of roads, materials like gravel or metal will have to be collected. The collection will be recorded in the measurement book, measured and check measured before payment. The correctness of the quantities should be verified and the entry of the same checked in the materials at site statements to watch spreading. The quantities will be stacked in road sides and they will be arrived by multiplying length breadth and depth. When the quantities are spread, it will be done as per specification in the estimate. It will be to a correct length and breath. The area spread will be length multiplied by breadth. The quantity used in spreading will be thickness spread.

Example:

Length of road-100 feet

Breadth-10 feet

Gravel spread 3inches thick

Area Spread- $100 \times 10 \times \frac{3}{12}$:250 cubic feet

Thus if the gravel collected and paid is more than 250 cubic feet then the difference has to be got explained and certified to by the check – measuring officer. If the difference is large, this has to be commented in audit .Similarly if metal is spread after gravelling than the quantities supplied, spreading should be strictly verified.(iv) Regarding payments the rates already provided in the estimates, should be adopted . The following points should be noted in verifying rates in the estimates and bills.

If the gravel is collected and the payment is made for consolidated thickness, deductions for voids is not necessary.

If the gravel is collected and used for blindage (i.e., for W.B.M.work) the deductions for voids need not be made, (Head office circular No. C4/10746/86).

Note: 3) Lead will be the horizontal distance between the vertical central lines of the pit cross section and the bank which is formed with the excavated earth, 'Earth lead' by head local will be lead as above defined less an initial lead of 50 meters.

- ii) Left will be vertical distance obtained by adding up
 - a. Half the depth of the pit actually excavated
 - b. Half the maximum height of the bank formed with the excavated earth over existing ground or bank and
 - c. The difference between the top level of pit actually excavated and to lead above which (b) is reckoned.

Extra left by head load will be the sum of height (a) (b) and (c) above defined less an initial left of one and half metres. TNBP Vol.I Section III- specification 20.A Para 8.1.

S.S 20(B) – This is applicable to cases of excavation where breaking clods ramming and sectioning to soil bank are not required or will apply to pits in channel, drain section. The earth work excavation for foundation for buildings will double the rate in S.S. 20 (B)

- (v) The measurements for earth work should be based on height of Thandoos and these should be removed only after check measurement and a certificate to that effect should be recorded. A liberal deduction is to be made in the first instance of these Thandoos. In the case of gravel and metal, the schedule of rates will give only the rates for gravel/metal charges for conveyance etc., the rates for the cost of supply at the work spot should be arrived at taking into account the rates, lead and stacking charges as given in the schedule of rates.

In calculating lead care should be taken to see that only the correct lead is taken into account (i.e) the shortest route is only to be adopted. The lead (distance) had to be checked with reference to the quarry chart attached to the estimate.

2) Earth work

Pit measurements – The rules and regulations now in force and MDSS 20A stipulated that pit measurements are to be taken up for earth works.

In case of conveyance of earth through lorries the following instructions are issued;

- 1) Measurements of borrow pits should be recorded.
- 2) In case where borrow pit measurement cannot be recorded in view of the earth to be conveyed is in the form of mound or it is already excavated and dumped earth, the pre- measurements of earth conveyed actually by each lorry delivered at the work site should be recorded and check measured before use on the work and the total quantity received should be arrived at.
- 3) In case of earth, it is to be deposited to fill up a pond or low lying, area, spot levels of the site proposed for filling should be taken before starting the filling work and final levels should be taken, and quantity of earth deposited arrived at before payment. In case earth conveyed in for forming an embankment or strengthening of the embankments, comparison of quantity be made.
 - i) quantity as per borrow pit measurements
 - ii) quantity of earth work as or levels after consolidating with 15% allowance for consolidation. The lesser of earth work should be taken as final quantity of earth work.

3. Embankment;-

The work shall consist of the construction of embankments by depositing placing and compacting material of acceptable quality taken from roadway and drainage excavation, borrow excavation and excavation for structures above the natural ground or other surfaces, in accordance with the requirements of these specification and in conformity with the lines grades and cross section shown on the plans. In evaluating the quantity of earth work for purpose of payment due reduction must be made for shrinkage .

- 4. **Consolidation** – The theory of consolidation is based on the following assumption (a) any soil mass when loaded will change in volume. The individual soil particles will not change volume but will be re-arranged to reduce void spaces.

(G.OMs.No 2377 PWD dated 3.9.64)

5. Earth work in hard rock require blasting:

The blasted rock shall be compactly stacked, the net quantity of blasted rock shall be arrived at by allowing a deduction of 40% for voids and compared with the premeasured quantity and only the lesser of the two paid.

In regard to spreading of metal on old metalled roads the data for work may include charge for picking the old metal. This is applicable only to the spreading of the 1st layer of metal. This charge for picking will not be allowable either for new metalling or for the 2nd layer of metalling. This aspect should be seen in verifying the rates.

6. Road Works – Calculation for the Requirement of Metal

$$\begin{array}{r} 50 \text{ mm metal (in 75mm thick)} \\ \text{Area x} \end{array} \frac{0.75}{10\text{m}^2}$$

$$\begin{array}{r} \text{(ii) 40mm metal (in 75 mm thick)} \\ \text{Area x} \end{array} \frac{0.75}{10\text{m}^2}$$

7. Coated Macadam

Coated Macadam and Renewal of Black Topping surface:

$$\begin{array}{r} 40\text{mm metal – for coated macadam in 75mm thick} \\ \text{Area x} \end{array} \frac{0.82}{10\text{m}^2}$$

$$\begin{array}{r} 20\text{mm – metal for coated macadam in 75mm thick.} \\ \text{Area x} \end{array} \frac{0.27}{10\text{m}^2}$$

$$\begin{array}{r} 40\text{mm – metal for coated macadam in 100mm thick.} \\ \text{Area x} \end{array} \frac{1.1}{10\text{m}^2}$$

$$\begin{array}{r} 20\text{mm – metal for coated macadam in 100mm thick.} \\ \text{Area x} \end{array} \frac{0.37}{10\text{m}^2}$$

Laying coated macadam 75mm thick (3" thick) using 27 cft of 40 mm IRC metal and 9 cft of 20mm for 100 sft using 31/2 lbs of bitumen per cft of metal including cost of bitumen, heating, laying and consolidation with power roller including hire charge for power roller, tools and plants but excluding cost of metal- 10m2.

$$\text{Scale 1 cft : } 0.0281\text{m}^3$$

$$\text{Scale 1 sft : } 0.0929 \text{ m}^2$$

8. 40 mm metal requirement:

In 100 sft the quantity of 40mm metal is 27 cft. Therefore by conversion

$$\begin{array}{ll} 9.29 \text{ M}^2 & 0.76\text{M}^3 \\ (100\text{sft}) & (27\text{cft}) \\ 10\text{M}^2 & 0.82\text{M}^3 \end{array}$$

9. 20mm metal requirement:

In 100 sft the quantity of 20mm metal is 9 cft. therefore by conversion

9.29 M ²	0.25M ³
(100sft)	(9cft)
10M ²	0.27M ³

Therefore metal requirement:

$$\text{Area x } \frac{0.27}{10\text{m}^2}$$

10. Bitumen requirement:

As per the specification the quantity of bitumen required for one cft is 3 ½ pounds (lbs)therefore for 36 cft (27+9) the bitumen required is

$$\frac{36 \text{ cft} \times 3.5 \text{ pounds} \times 10 \text{ m}^2}{9.29 \text{ m}^2 (100\text{sft})}$$

= 135.629 pounds

One pound = 0.454 Kgs.

Therefore 135.629 pounds = 135.629 x 0.454

= 61.57Kgs. (apprx)

$$\frac{\quad}{10\text{M}^2}$$

11. Laying coated macadam 100 mm thick (4") using 36 cft of 40 mm metal 12cft of 20mm. metal for 100 sft using 3 1/2 lbs of bitumen per cft of metal including cost of bitumen, heating, mixing by using mixer plant , laying and consolidation with power roller including hire charges for power roller, Tools and plants but excluding cost of metal 10m2

40mm metal requirement :

In 100 sft the quantity of 40mm metal is 36cft. Therefore by conversion.

9.29 M ²	1.013M ³
(100sft)	(36cft)
10M ²	1.090 or 1.10M ³

Therefore metal requirement:

$$\text{Area x } \frac{1.10}{10\text{M}^2}$$

20mm metal requirement:

In 100 sft the quantity of 20mm metal is 12 cft. Therefore by conversion

9.29 M ²	1.013M ³
(100sft)	(12cft)
10M ²	0.37M ³

Therefore metal requirement:

$$\text{Area} \times \frac{0.27}{10\text{M}^2}$$

As per the specification the quantity of bitumen requirement for one cft of metal is 3 ½ pounds. Therefore for 48 cft (36+12) the bitumen requirement

$$\frac{48\text{cft} \times 3.5 \text{ pounds} \times 10 \text{ M}^2}{9.29 \text{ M}^2} = 180.84 \text{ pounds.}$$

One pound = 0.454Kgs

Therefore 180.84 pounds = 180.84 x 0.45 Kg

$$= \frac{82.10\text{Kg (Apprx)}}{10\text{m}^2}$$

12) Advance Patch Work:

12mm chips requirement for advance patchwork

Area x 0.05

Note: advance patch work should be carried out before laying renewal of black topping surface.

Advance patch work to an average thickness of 50mm with pre coated chips 5.00 Kg of bitumen as tack coat and 44kg of bitumen premixed with 1 M³ of chips including cost of bitumen, heating, mixing, laying and doing patch work to make up the undulations in the riding surface and hire charges for Tools and plants etc., complete excluding cost of chips-1M³

1M³ of 12mm chips for 20 m²

Tack coat 5 kg of Bitumen /10 M² for m²

Bitumen requirement:

Tack coat at 5.00 kg/10 M²

Therefore for 20 m² tack coat at 5.00 kg/10m² 10kgs

For mixing bitumen required as per specification 44 kgs

54kgs

Bitumen requirement = 54.00

1M²

Advance patch work to an average thickness of 50mm with precoated chips using 2.44kgs. of bitumen as tack coat and 44.06kgs of bitumen premixed with 1 cum of chips including cost of bitumen hearing, mixing laying and doing patch work to make up the undulation and barricading surface and hire charges for tools and plants etc., complex -1M³

10 M² tack coat at 2.44 kg of bitumen

Therefore for 20 M² tack coat at 2.44kg of bitumen 4.88kg

For mixing bitumen required 44.06kg

48.94kg/cum

Therefore Bitumen required 48.94kg/1 cum

IV) Renewal of surface Dressing :

12mm chips for renewal of Black Topping face.

$$\text{Area x } \frac{0.25}{10\text{M}^2}$$

Renewal of surface dressing with precoated chips using 2.50kg of bitumen as tack coat and using 0.25M³ of 12mm IRC HBG chips for 10M² premixed with 44.00 kg of bitumen per 1M³ of chips including cost of bitumen, heating, mixing laying and consolidation with power roller including sand flushing of 0.15M³ per 10M² hire charges for power roller tools and plants diversion of traffic and barricading arrangements etc., but excluding cost of chips-10M²

Bitumen Requirement (For item No.3)

For 10M² bitumen requirement for tackcoat 2.50kg

For 0.25 M³ of 12mm chips mixing bitumen required

1cum

For 0.25 M³ = 44.06x0.25=11.00kg 11.00kg

13.50 kg for 10M²

V) Surface Dressing :- Surface dressing with pre-coated chips 10kg of bitumen as tack coat and 0.27 m³ of 12mm IRC Ganges size HBG chips 10M² premixed with 44 kg of bitumen per 1M³ of chips including cost of bitumen, heating, mixing laying and consolidation with power roller including sandflushing of 0.15M³ per 10M² hire charges for Tools and plants power roller diversion of Traffic and barricading arrangements etc., complete but excluding cost of chips.

Bitumen Requirement (for item No. 2)

For 10M² tack cost bitumen required 10kg

For 0.27 M³ of 12mm chips bitumen requirement for mixing

1cum 44kg

For 0.27M³ = 44x 0.27 11.88kg

22.88kg

For 10M²

12mm metal requirement

0.27

Total Areas x _____

10M²

VI. Seal Coat:

6mm chips for seal cost

$$\frac{0.80}{\text{Area}} \times 10\text{M}^2$$

Seal coat over the existing B.T Surface with 9.10kg of bitumen an 0.08 M³ of 6mm IRC chips 10M² including cost of bitumen, heating and consolidation with power roller including hire charges for power roller tools and plants etc., but excluding cost of chips (hot mix) 10M²

$$\text{Bitumen requirement} = \text{Total Area} \times \frac{9.10\text{kg}}{10\text{M}^2}$$

The total material required for the area spread would have to be calculated on the above data and the issues in stock accounts verified.

Note; - As per Clause 9-6-10 of the Madras Highways Manual Volume II part, Salvage metal (i.e. picked up metal obtained from the old surface should not be mixed up with the new metal but spread in the branches in equal and uniform width and the new metal should be spread in the rest of the width. There is no need to deduct any quantity of metal towards salvaged metal and the salvage picked up metal will be used only for removing undulations and to make the road surface of the road so as to have a proper link or binding with existing metal surface and to have even surface of the road and not to remove the existing metal surface.

In audit it should be objected if any metal was collected to fill up undulations to bring the road surface even.

(Lr.No 23546/E2/78-10,date 21st October 1978 of the Chief Engineer, H.W and R.W Madras)

Note (i) : Voids may not be deducted in the case of Materials collected and payment made only for compact thickness. Audit may satisfy based on the collection recorded in the M.Book.

(Director of Local Fund Audit Circular Roc.No.MA4/57104/05 Dated.05.01.2006)

Water Bound Macadam

13) Water Bound Macadam:

The surface layer of a road in which the stone fragments are held by a mixture of water and earthly materials or rock particles W.M.4 (502.01. of SSRB.) & MOST section 400.

Approximate quantities of Coarse aggregates and screening required for 100/75 mm compacted thickness of WBM for 10 M² area (Most Table 400-9)

Classification	Size Range	Compacted thickness	Loose Qty	Scrutings			
				Stone Scrutiny		Crushable type such as Moorum or gravel	
				Grading classification and size	For WBM sub base basic (Loose Qty)	Crading Classification size	Quantity
Crading 1	90mm to 45mm	100mm	1.21 to 1.43 M ³	Type A 13.2 mm	0.27 to 0.30 M ³	not uniform	0.30 to 0.32 M ³
Crading 2	63mm to 45mm	75mm	0.91 to 1.07 M ³	Type A 13.2 mm	0.12 to 0.15 M ³	-do-	0.22 to 0.24 M ³
Crading 2	90mm to 45mm	75mm	0.91 to 1.07 M ³	Type B 11.2 mm	0.20 to 0.22 M ³	-do-	0.22 to 0.24 M ³
Crading 3	53mm to 22.4mm	75mm	0.91 to 1.07 M ³	Type A 11.2 mm	0.18 to 0.21 M ³	-do-	0.22 to 0.24 M ³

14) WMB Renewal :-

As far as possible road metal for renewal shall be identical in every respect with the metal used in to existing and metal inferior to it shall no be used in any case. (601-03 or S.S.R.B)

15) Gravel Surfacing-

When loose thickness is 4 inches or less, the material may be spread and compacted in one course. When it is more than 4 inches, 2 course work on each course shall be placed upon a course until had been thoroughly compacted and sufficiently dried.(503- 1 of S.S,R.B)

16) Compaction :- Whenever given compacted thickness is aimed at due allowances in the quantity of road metal should be made for the reduction in thickness which will be from 25 to 30% of nominal thickness due to compaction. Due allowance shall invariably be made for salvage metal revised as herein provided (601-93 of S.S.R.B.)

17) Patching WBM:- This work shall consist of replacing pot holes in a WBM surface by picking and cleaning the area to be repaired, spreading metal and gravel to required depth, watering and compacting to produce a hard surface conforming with the adjacent area in accordance with these specification (602-01-of S.S.R.B)

18) Pot hole: Marked local depression in a wearing, course, arising from the wearing away of materials by traffic or by some other agent (601-03 of S.S.R.B)

19) Blinding :- Blinding shall consist of applying a thin layer of fine gravel over a WBM surface in order to fill surface interstices, prevent fretting and to minimize roughness.

Providing and laying WBM 75mm compacted thickness with Grade 2 metal using 1.00 cum of 63-45 mm HBC metal with 0.24 cum of gravel/sand gravel mix for blindage per 10 sqm including cost and conveyance of all materials and stacking them at the site to departmental gauge for pre-measurement, labour charges for spreading metal and gravel/sand gravel mix, hand packing to camber, watering with all leads for water and compaction by 80-100KN power

roller including hire charges and fuel charges for power roller, water sprinkler and all other tools and plant employed, barricading, etc., complete as per clause 404 of MOST specification.

Rate per cum of 75mm thick grade 2:

1.00 cum cost of 63-65 mm aggregates	Rs./cum	-Rs.
0.24 cum Cost of Gravel/Sand gravel mix	Rs./cum	-Rs.
10 sqm Hire charges for machinery	Rs./10sqm.	-Rs.
10sqm. Labour charges	Rs./10sqm.	-Rs.
Add contractor's profit : 10% on		
Material cost (except supplied by		
The Department) + 10% on labour		
charges + 5% on hire charges of machinery		-Rs.

Total rate of 75mm thick WBM Gr.2		-Rs.v
For 10 sqm.		-----
Rate of WBM Grade 2 per cum	Rs./0.75	-Rs.
Sundries		-Rs.

Rate of WBM Gr. 2 per cum		-Rs.X

Note: For using sand gravel mix instead of gravel in WBM blindage, the procedure already explained in WBM Grade 1 may be followed.

Working out metal rate per cum for 63-45mm metal:

0.41 cum 63mm metal	Rs./cm	-Rs.a
0.39 cum 53mm metal	Rs./cum	-Rs.b
0.20cum 45mm metal	Rs./cum	-Rs.c

Rate per cum		-Rs.(a+b+c)

In this model date book, contractor's profit has been adopted in all date of works as per Article 110.4 of P.S. to Part 1 of H.M.Vol. 1. However, is schedule of Rates of PWD contains contractor's profit on cost of materials and labour, the contractor's profit for such items need not be included in the date or works.

Water Bound Macadam Grade 3

Providing and laying WBM 75mm compacted thickness with Grade 3 metal using 1.00cum of 53-22.40 IRC size HBG metal with 0.24 cum of gravel/sand gravel mix for blindage per 10 sqm. Including cost and conveyance of all materials and stacking them at the site to departmental gauge for premeasurement, labour charges for spreading metal and gravel/sand gravel mix, hand packing to camber, watering with all leads for water and compaction by 80-100KN power roller including hire charges and fuel charges for power roller, water sprinkler and all other tools and plant employed, barricading, etc., complete as per Clause 404 of MOST specification.

Rate per cum of 75mm thick WBM grade 3

1.00 cum cost of 53-22.4 mm aggregates	Rs./cum	-Rs.
0.24 cum Cost of Gravel/Sand gravel mix	Rs./cum	-Rs.
10 sqm Hire charges for machinery	Rs./10sqm.	-Rs.
10sqm. Labour charges	Rs./10sqm.	-Rs.
Add contractor's profit : 10% on		
Material cost (except supplied by		
The Department) + 10% on labour		
charges + 5% on hire charges of machinery		-Rs.

Total rate of 75mm thick WBM Gr.2		-Rs.V
For 10 sqm.		-----
Rate of WBM Grade 2 per cum		Rs./0.75 .
Sundries		-Rs.

Rate of WBM Gr. 2 per cum		-Rs.X

Note: For using sand gravel mix instead of gravel in WBM blindage, the procedure already explained in WBM Grade 1 may be followed.

Working out metal rate per cum for 63-45mm metal:

0.36 cum 5.3 mm metal	Rs./cm	-Rs.a
0.35 cum 45 mm metal	Rs./cum	-Rs.b
0.29cum 26.5 mm metal	Rs./cum	-Rs.c

Rate per cum		-Rs.(a+b+c)

The metal rate worked out in this data is for estimate purpose only. However, the actual grading of aggregates should be done as per relevant specifications during execution.

Prime Coat Over WBM Surface

20) Prime coat:- Prime coat shall consist of an application of low viscosity liquid bituminous materials made directly in the surface of a base course or foundation upon which some type bituminous material is to be placed subsequently. The object of priming is that the existing surface be penetrated with bituminous material to plug the capillary voids and to coat and to bind the loose mineral particles and thus toughen the surface. (Clause 502.1)

Quantity of Bituminous Primer – Table 500-1(MOST)

Type of surface	quantity per	10 Sq.m.
Low Porosity		10.8sq.m.
Medium porosity		6 to 9
High Porosity		12 to 15

(i) Application of prime coat using bitumen sprayer

Providing and laying single coat of low viscosity liquid bituminous material to the absorbent WBM surface using 9.0 KG of bituminous primer for 10 sqm area including cost of bituminous primer, including labour charges for preparing the surface to lay the bituminous primer and applying the required quantity of bituminous primer as prime coat by bitumen sprayer, etc., complete as per clause 502 of MOST specification.

Labour charges for 500 swm.:

i) For preparing the surface		
10 Nos. Mazdoor Ist class	Rs./each-Rs.	
16Nos. Mazdoor IInd class	Rs./eacj -Rs.	
ii) For applying primer:		
9 Nos. Mazdoor line class	Rs./each-Rs.	

Total labour charges for 500 sqm	-Rs.F	

Labour charges for 10 sqm $-(F \times 10) / 500 - G$

Rate of prime coat per sqm:

9.0 Kg	Cost of bituminous primer	Rs./M.T	-Rs.
10sqm.	Labour charges	Rs.G/10sqm	-Rs.
L.S	Hire charges for bitumen Sprayer with self heating and Pumping arrangement	Rs.10/10sqm	-Rs.
Add contractor's profit : 10% on Material cost (except supplied by The Department) + 10% on labour charges + 5% on hire charges of machinery			
L.S Sundries			-Rs.
			-Rs.

Rate for prime coat/10sqm.			-Rs.H

Rate for prime coat per sqm – Rs. H/10			-Rs.1

Note: The work of prime coat over WBM shall consist of application of single coat of bituminous primer to an absorbent granular surface preparatory to any super imposed bituminous construction. The material for bituminous primer shall be medium curing cutback (MC). The desirable range of temperature at the time of application of primer shall be:

The bituminous primer shall be sprayed uniformly over the dry surface using self propelled sprayer equipped with self heating arrangement, suitable pump, adequate capacity compressor and spraying bar with nozzles having constant volume or pressure system capable of supplying primer at specified rates and temperatures so as to provide a uniformly unbroken spread of primer, For this purpose, a lump sum amount of Rs.10/10 sqm. Towards hire charges for bitumen sprayer is provided in this data.

The Department) + 10% on labour

charges + 5% on hire charges

of machinery -Rs.

L.S Sundries -Rs.

Rate for prime coat/10sqm. -Rs.H

Rate for prime coat per sqm – Rs. H/10 -Rs.1

Note: The binder used for tack coat shall be a bituminous emulsion or cut back. The spraying temperature for bituminous emulsion shall be 20 to 60 def. And for cutback 50 to 80 deg. If Rc-70/MC-70 Grade is used. The binder shall be applied uniformly with the aid of either self-propelled or towed bitumen pressure sprayer with self heating and spraying bar with nozzles having constant volume or pressure system capable of spraying at specified rates and temperature to provide uniform spread of binder.

Application of tack coat manually:

Providing and laying tack coat 3 kgs/10sqm over the WBM surface treated with primer using 3 kgs. Of bituminous binder for 10sqm area including cost of bituminous binder, including labour for applying the required quantity of bituminous binder as tack coat by bitumen sprayer, etc., complete

Rate of tack coat per sqm:

3 0 Kg	Cost of bituminous primer	Rs./M.T	-Rs.
10sqm.	Labour charges	Rs. /10sqm	-Rs. G
10 Sqm.	Hire charges for bitumen		
	Sprayer with self heating and		
	Pumping arrangement	Rs. /10sqm	-Rs.O

Add contractor's profit : 10% on

Material cost (except supplied by

The Department) + 10% on labour

charges + 5% on hire charges

of machinery -Rs.

L.S Sundries -Rs.

Rate for prime coat/10sqm. -Rs.H

Rate for prime coat per sqm – Rs./10 -Rs.1

Tack Coat Over unprimed WBM surface

Providing and laying tack coat over un-primed WBM surface using 4 kgs. Of bituminous binder for 10 sqm. Are including cost of bituminous binder at the site, including labour charges for preparing the surface and applying the required quantity of bituminous binder as tack coat by bitumen sprayer, etc., Complete as per Clause 503 of MOST specification.

Rate of tack coat per sqm:

4 Kg	Cost of bituminous primer	Rs./M.T	-Rs.
10sqm.	Labour charges	Rs. /10sqm	-Rs. L
10 Sqm.	Hire charges for bitumen		
	Sprayer with self heating and		
	Pumping arrangement	Rs.10 /10sqm	-Rs.10

Add contractor's profit : 10% on

Material cost (except supplied by

The Department) + 10% on labour

charges + 5% on hire charges

of machinery

-Rs.

L.S Sundries

-Rs.

Rate for prime coat/10sqm.

-Rs.S

Rate for prime coat per sqm – Rs.S/10

-Rs.X

Tack coat over un-primed WBM surface

The work of tack coat over the existing bituminous surface shall consist of application of single coat of bituminous binder preparatory to any super imposed bituminous construction. The material for bituminous binder shall be bituminous emulsion or cutback. The desirable range of temperature at the time of application of bituminous emulsion shall be 20 to 60 degree and that of cutback shall be 50 to 80 degree. The bituminous binder shall be sprayed uniformly over the dry surface using self propelled sprayer equipped with self heating arrangement, suitable pump, adequate capacity compressor and spraying bar with nozzles having constant volume or pressure system capable of supplying binder at specified rates and temperatures so as to provide a uniformly unbroken spread of binder. For this purpose, a lumpsum amount of Rs.10/10 sqm. Towards hire charges for bitumen sprayer is provided in this data.

Tack coat over existing bituminous surface

For preparing the surface

5 Nos. Mazdoor Ist class	Rs./each	-Rs.
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For applying tack coat

5 Nos. Mazdoor IInd class	Rs./each-Rs.	
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Total labour charges for 500 sqm.

-Rs.F

Labour charges for 10 sqm. -Rs.Fx10/500 sqm.

-Rs.L

Rate of tack coat per sqm:

3 Kg	Cost of bituminous primer	Rs./M.T	-Rs.
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10sqm.	Labour charges	Rs. /10sqm	-Rs. L
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L.S .	Hire charges for bitumen		
	Sprayer with self heating and		
	Pumping arrangement	Rs.10 /10sqm	-Rs.10

Add contractor's profit : 10% on

Material cost (except supplied by

The Department) + 10% on labour

charges + 5% on hire charges

of machinery -Rs.

L.S Sundries -Rs.

Rate for prime coat/10sqm. -Rs.H

Rate for prime coat per sqm – Rs./10 -Rs.1

Note:

In this model date book, contractor's profit has been adopted in all data of works as per Article 110.4 of P.S to Part 1 of H.M. Vol. I. However, if Schedule of Rates of PWD contains contractor's profit on cost of materials and labour, the contractor's profit for such items need not be included in the date of works.

22) Seal coat :- This work shall consist of application of seal coat for sealing the bituminous surface laid to the specified levels, grade and camber.

Seal coat shall be either of two type as specified below.

Type A:- liquid seal coat comprising of an application of a layer of bituminous blinder followed by a cover of stone chippings.

Type B;- premixed seal coat comprising of this application of fine aggregate premixed with bituminous binder. The quantity of bitumen shall be 9.8 kg and 6.8 kg per 10 sq.m. area for type A and B respectively.

23) Bituminous Macadam Base:- This work shall consist of construction in a single course of 50mm/75mm thickness of compacted crushed aggregate premixed with a bituminous binder laid immediately after mixing on a base prepared previously in accordance with the requirement of specification (503-1)Maximum compact thickness of a layer shall be 100mm.

24) Bitumen requirement: This is inclusive of 2% wastage. Hence the wastage of 2% should not be allowed in the data. By the Chief Engineer in circular 80730/52HP dated 27.1.53

Requirement of Bitumen for Black topping;-

(i)	Spray first B.T.	1kg per sqm
(ii)	Renewal	½ kg per sqm.
	First B.T spray + 2kg per sqm	Mix for 1 sq.m
	Renewal of spray + 1.6 kg per sqm	Mix for 1 sq.m
	Patch work	44 kgs per sq.m
	Gross weight of bitumen	165 KG
	Net weight	156KG

For quantity of bitumen issued to the contractor in excess of the requirement plus 2% but not returned by the contractor recovery cost will be double the rate of which the supply of bitumen is agreed.

25) Surface dressing :- Single coat surface dressing consisting of a layer of bituminous binder applied to existing bases or surface of any type (WBM or surface courses)

Surface dressing should not be more than WBM surface base (Clause 508)

Quantity of materials required for 10 M² of Road surface for surface dressing.

Sl.No.	Type of Construction	Normal Size of stne Chippings	Binder	Stone Chippings
1.	Sing Coat S.D or the first cost two coat surface dressing	13.2mm	18.0 kg0.15 cu.m.	
2.	Second coat / renewal Coat	11.2 mm	10.0 kg 0.10 cu.m.	

Providing and laying single coat/first coat of surface dressing over the WBM surface using 0.15 cum of 13.2 RC size HBG metal and 18 kgs of bitumen per 10 sq.m including cost and conveyance of all materials to stacking them on road side to departmental metric gauge for pre measurements, labour charges for preparing the surface, applying bitumen, spreading the aggregates, rolling by 80-100KN power roller etc., hire and fuel charges for bitumen boiler, power roller and all other tools and plant employed etc., as per clause 508 of MOST specifications.

Rate for surface Dressing Single Coat/First Coat per sqm.

0.15 cum cost of 13.2mm IRC size metal	Rs./cum	-Rs.
0.15 Kg Cost of bituminous primer	Rs./M.T	-Rs.
8.0 Kgs Cost of bitumen	Rs. 10sqm.	-Rs.
10sqm. Labour charges	Rs. /10sqm	-Rs.
L.S . Hire charges for bitumen Sprayer with self heating and Pumping arrangement	Rs.10 /10sqm	-Rs.

Add contractor's profit : 10% on

Material cost (except supplied by

The Department) + 10% on labour

charges + 5% on hire charges of machinery -Rs.

L.S Sundries -Rs.

Total for 10 sqm. -Rs.P

Rate for Sqm. Rs./10 -Rs.Q

Surface dressing – second coat

Providing and laying second coat of surface dressing over the first coat using 0.10 cum of 11.2 IRC size HBG metal and 10 Kgs of bitumen per 10 sqm including cost and conveyance of all materials to site, stacking them on road side to departmental metric gauge for pre measurements, labour charges for applying bitumen spreading the aggregates, rolling by 80-100 KN power roller etc., hire charges and fuel charges for bitumen boiler, power roller and all other tools and plant employed etc., as per clause 508 of MOST specifications.

Rate for surface Dressing Second Coat per sqm.

0.10 cum cost of 11.2mm IRC size metal Rs./cum -Rs.

10 Kgs Cost of bitumen Rs. 10sqm. -Rs.

10sqm. Labour charges Rs. /10sqm -Rs.

10sqm. Hire charges for bitumen

Sprayer with self heating and Pumping arrangement Rs.10 /10sqm -Rs.

Add contractor's profit : 10% on

Material cost (except supplied by

The Department) + 10% on labour

charges + 5% on hire charges of machinery -Rs.

L.S Sundries -Rs.

Total for 10 sqm. -Rs.

Rate for Sqm. Rs./10 -Rs.

10sqm Hire charges of machinery Rs./10sqm -Rs

10sqm Labour charges Rs./10sqm. -Rs.

Add: Contractor's profit 10% on material

Cost (except supplied by the dept)+ 10% on labour

Charges + L.S. Sundries -Rs.

Total for 10 sqm. -Rs.

Rate per Sqm. Rs.p/10 -Rs.

Premix carpet with seal coat type A

Providing and laying premix carpet with seal coat Type A for 20mm thickness using 0.18 cum of 13.2mm IRC HBG metal and 0.09 cum of 11.2mm IRC HBG metal with 14.60kg of bitumen for premixing 10sq.m of premix carpet and 0.09 cum of 6.7 mm IRC HBC metal with 9.80 kg of bitumen for seal coat type A per remix carpet and 0.09 cum of 6.7 mm IRC HBG metal with 9.80 kg of bitumen for seal coat type A per 10 sqm. Including cost and conveyance of materials to the work site and stacking them to the departmental 10 sqm including cost and conveyance of materials to the work site and stacking them to the departmental metric gauge for pre measurement, heating the bitumen in bitumen boiler, heating the aggregates and mixing them with bitumen in mini hot mix plant for pre mix carpet only roling by 80-100 KN power roller for premix carpet and seal coat separately including labour charges for spreading the mi for premix carpewt, application of bitumen for seal coat over premix carpet, including labour charges for spreading seal coat separately over premix carpet etc. including hire charges and fuel charges for Mini hot mix plant, bitumen boiler, power roller and all other tools and plant employed etx, complete as per clause 509 of MOST specifications.

Rate of pre-mix carpet with seal coat per sqm

0.18 cum cost of 13.2mm metal	Rs./cum	-Rs.
0.09 cum Cost of 11.2 mm metal	Rs. /cum.	-Rs.
0.09 cum Cost of 6.7 mm metal	Rs. /cum.	-Rs.
14.6kgs. Cost of bitumen for PC	Rs./M.T. -RS	
9.8.6kgs. Cost of bitumen for SC	Rs./M.T. -RS	
10sq.m. Hire charges of m/c for PC	Rs./10sqm.	-Rs.J1
10sq.m. Hire charges of m/c for SC	Rs./10sqm.	-Rs.J2
10sq.m. Labour charges of m/c for PC	Rs./10sqm.	-Rs.L1
10sq.m. Labour charges of m/c for SC	Rs./10sqm.	-Rs.L2

Add contractor's profit : 10% on

Material cost (except supplied by

the department) + 10% on labour

charges + 5% on hire charges of machinery -Rs.

L.S Sundries -Rs.

Rate for PC with seal coat A using Mini Hot Mix plant/10sqm. -Rs.

Rate for PC with seal coat A using mini hot mix plant/sqm. RsS./10 -Rs.

Premix carpet with seal coat type B

Providing and laying premix carpet with seal coat Type B for 20mm thickness using 0.18 cum of 13.2mm IRC HBG metal and 0.09 cum of 11.2mm IRC HBG metal with 14.60kg of bitumen for premixing 10sq.m of premix carpet and 0.09 cum of 6.7 mm IRC HBG metal with 9.80 kg of bitumen for seal coat type A per remix carpet and 0.09 cum of 6.7 mm IRC HBG metal with 9.80 kg of bitumen for seal coat type B per 10 sqm. Including cost and conveyance of materials to the work site and stacking them to the departmental 10 sqm including cost and conveyance of materials to the work site and stacking them to the departmental metric gauge for pre measurement, heating the bitumen in bitumen boiler, heating the aggregates and mixing them with bitumen in mini hot mix plant for pre mix carpet only roling by 80-100 KN power roller for premix carpet and seal coat separately including labour charges for spreading the mi for premix carpewt, application of bitumen for seal coat over premix carpet, including labour charges for spreading seal coat separately over premix carpet etc. including hire charges and fuel charges for Mini hot mix plant, bitumen boiler, power roller and all other tools and plant employed etx, complete as per clause 509 of MOST specifications.

(vi) It should be seen in audit whether the Ledger of Road is maintained in the form prescribed in G.O Ms No. 248 RDLA Dated February 1978, by allotting a separate folio for each ward, and whether the periodicity of metalling and renewal of roads is in accordance with the departments instruction. Black topping renewal once in 6 years and water bound macadam once in 3years.

(Chief Engineer Lr. No.1685/L2/76 L&rW dt. 20-10 1976,H.OLr.no.Roc 120815/76/D1,dated 27-12-1976)

26. Patch work: -

In regard to patch work and surface dressing of roads, the following points should be borne in mind;

- i) that the quantity of patch work provided for in the estimate is not abnormal considering the area length of the roads that there are sufficient details.
- ii) that the measurements of the area, which require patch work are recorded and the quantity arrived at indicating the actual locations in the road.
- iii) that the quantity of patch work is arrived at cubic contents. There is no provision in the schedule of rates for payment for patch work on area basis.
- iv) that the quantity of patch works are recorded and check measured before laying the B.T. for surface dressing. If the Patch work is not measured and check-measured separately before surface dressing, the bonafide of the execution of patch work should be questioned in audit and the entire expenditure on patch work held under objection.
- v) that the work turned out by the road roller is recorded in the measurement book if the road roller has been used for consolidation. The schedule of hours of working and the area consolidated on each day by the road roller should have been recorded in the measurement book. If more than one road roller have been used, it should be verified whether the consolidated area of each road roller is recorded separately.
- vi) the departmental workers are not engaged simultaneously for patch work where contracts are settled for the particular work. If departmental workers are also engaged for the same work, the quantity of work done by the departmental workers and the contractor should be recorded separately and got check measured. The quantity of work done by the contractor should be arrived at and payment restricted to.

(Lr.No.33366/C1/75-17 dated 29-3-78 of Chief Engineer (Highways and Rural Works) addressed to the Examiner of Local Fund Accounts.)

(Lr.No.73064/77/C1, dated 23-6-78 of the Examiner of Local Fund Accounts addressed to Government R.D.L.A. Department.)

Regarding repairs and renewals of roads cycle system followed by H.W. & R.W. – department (i.e Black topping renewal once in 6 years and Water Bound Macadam once in three years) may also be adopted for road works in panchayat unions and municipalities.

(Letter No. 16851/L2/76, dated 20th October 1976 of the Chief Engineer, H.W. and R.W. madras in Examiner's Letter No.120815/76 dated 27th December 1976)

11. Pavements:

The following general guidelines shall be borne in mind in the audit of Cement concrete pavement works:-

- 1) Where the subbases untreated with binders and having low traffic level, dry lean cement concrete sub base may be provided. The thickness of CC 1:4:8 dry lean LL subbase should be a minimum 275mm and a maximum of 100mm. (75mm of laid over WBM and 100 mm over S.G. more layer)
- 2) Over the lean concrete sub base concrete slab shall be laid in LL 1:2:4 or 1:1 ½ : 3 mix acceding to expected traffic. Thickness of the slab shall be of 7.5 C.m.
- 3) Deductions in the volume of CC for expansion joint area shall be made (MOST specification 600.601 & 602)

Note i: In lanes the II pavement shall be laid over existing WBM / BT base. initially over WBM/BT subbase, C.C. 1:4:8 more using 40mm metal should be laid to a thickness of 10cm. over this another layer of cc 1:2:4 using 20mm metal shall be laid to a thickness of 10 cm.

Note ii: in small lanes CC 1:2:4 may be laid to a thickness of 10 over a SG/sand base.

Note (iii) Instructions issued in Head Office circular CC2/94321/89 dated 5-12-89 to deduct for voids from the total quantity of collection of earth, well morambu, or gravel to arrive at the quantity for payment stands cancelled. All objections raised in this regard have to be dropped besides deleting the items in O.D. Statement. (Head office letter No.E3/8301/90, dated 29-1.90)

28. Measurement :- Rough stone stacks should not be more than 1.5 Meter in width and less than 0.9M in height, Clauses 3(b) of M.D.S. S.Deduction of 40 per cent is to be made from the quantity for voids. The measurement for dressed stone should be for each stone.

When soil, ordinary rock and hard rock are mixed, measurement will be made in pits and the hard rock shall be stacked and measured. The measurement after allowing for voids should be allowed as per hard rock and the balance for soil and soft rock.

Well works Excavation: the instruction regarding earth work foundation will apply to this kind of work.

If it is necessary to sink well deeper than the specified depth in order to correct any till or error of position, such sinking shall be at contractor's cost.

Rectification of damage to partly sunk wells for any cause shall be made good by the contractors 5-26-5(d)

If the stoning splits during the sinking or within six months after completion or due to unsound work, it is to be reconstructed at contractor's cost.

Bailing charges for open wells - payment of bailing charges may be made as per actual if done departmentally or actual plus 10 per cent if done through other agencies subject to a maximum of 20 per cent of the excavation charges in all soils below water level including medium rock (not involving blasting) ; in the case of hard rock (involving blasting) below water level, payment should be restricted to a maximum of 10 per cent of excavation cost.

(Memo No. 41523/65-6 H.P.L dated 10th September 1962 of Chief Engineer H & R.W Madras)

Incase of blasting in hard rock the blasted stone should be stacked and measured and after deducting 40 per cent of voids the payment to be restricted to measurement of well or stacks whichever is less.

29. Renewal of roads: - 1. Road charts are being maintained for all the roads in the subdivision and a record for the same is also maintained by these divisional in charge office. The periodicity of the maintenance is bring watched through these charts. Whenever an estimate is received from the sub- division office it should accompany with the road chart. But such road charts are not maintained in the institution audited by this department namely panchayat unions and municipalities. Therefore, the maintenance of the road charts may be insisted for the municipalities and panchayat union. besides register of roads.

Conditions for hiring of 8/10 ton capacity road roller

8/10 ton capacity road roller lent on hire for consolidation will be charged per day of a hours or part there of which includes pay and allowances of the crew provided the plant is not used to give on turn of consolidated surface of more than that specified below for the respective types of consolidation.

Type of consolidation	Area to be covered
1. What bound macadam above 5 cm to 7.5 cm thickness with hard metal	550 sqm
2. Water bound macadam 4 cm to 5 cm thickness with hard metal	740 sqm
3. WBM upto 7.5 cm thick with soft metal	1100 sqm
4. Blacktop chipping carpet with hard metal	1100 sqm
5. Bitumen seal coat	2970 sqm
6. 5 cm thickness asphaltic concrete with mechanical finishers	440 sqm
7. Laying two coats surface dressing.	550 sqm
8. Providing weathering coat with 10kg of bitumen and 0.09 cum of granite chips 6mm IRC size	1950 sqm

9. PC 20mm thick	500 sqm
10. Sand Gravel mix 100 mm thick	950 sqm
11. Soling with hard granite cubes 160 m thick	600 sqm
12. Gravel soiling 100 mm thick	425 sqm
13. Bituminous macadam 50mm	300 sqm
14. Bituminous macadam 75mm	225 sqm
15. Dense Bituminous macadam 50mm	300 sqm
16. Dense Bituminous macadam 75mm	225 sqm
17. Semi Dense Carpet 24 mm	400 sqm
18. Asphalt Concrete 40mm	300 sqm
19. Earthwork compaction	425 sqm
20. Water bound macadam (MOL)	450 sqm
21. Built up spray grout	230 sqm
22. Seal coat	1000 sqm

The conditions for the road roller in Highways Department as envisaged in G.O.Ms.No. 976/ Transport Department, dated 20.8.81 may be recommended to the local bodies where in the road roller is owned by it. The salient features of the conditions stipulated in the G.o and followed by the Highways Department are.

- ❖ If the out-turn of the roller exceeds the above limit proportionate additional hire charges will be charged for each 10 sqm/proportion there of in excess of the out-turn mentioned.
- ❖ In case of consolidation of the types other than that specified along hire charges shall be recovered of the rate not lower than that provided in the departmental rate for those of works.
- ❖ In cases where a roller works for more than 8 hours in a day with no proportion to increase in out turn hire charges shall be levied for the extra hours or hourly basis in addition to normal hire charges of Rs.720/per 8 hours. The hire shall meet all the working expenses like cost of fuel etc.,
- ❖ Lubricant of plants will be done departmentally.
- ❖ Hire charge will be collected from the hirer from the day on which the plant is handed over at the section stores till it is returned to section stores. In case the plant is sent after work another hirer the date on which the plant moves from previous workspot.
- ❖ No hire charges shall be recovered from the hirer for authorized holidays. Recognized local holidays (approved in advance by the Collector Trichy district) concerned, when the crew of the plant do not work. Also no hire charges shall be recovered for days on which crew of the plant do not work on account of breakdown, rain, storm, etc., the executive engineer (FD) shall be the sole judge as to the responsibility of the hirer in respect of breakdown and other causes and his decision shall be final and binding on the hirer.
- ❖ If the plants are kept idle for reasons other than those enumerated in clause (3) idle charges of Rs. 880/- (Rupees eight hundred and eight only) shall be recovered.
- ❖ When the 8/10Ton capacity road rollers are used on department work hire charges at the above rate should be levied and when it is used for less than 5 hours in a day and the departmental works hire charges at one fifth of a day hire for each hour or part there of shall be levied.
- ❖ If the plant works more than 8 hours a day hire charges shall be recovered from the hirer for the periods worked in excess of 8 hours and the amount so worked shall be one eighth of a day's hire or part of an hour worked in excess.
- ❖ (G.O.Ms.No. 39 Highways (HR2O) Dept. Dt. 5-3-2002)

B) BUILDING WORKS

The scrutiny of estimates, invitation of tenders for execution of work are the same as for road works. A detailed scrutiny of the plan of the construction etc., is necessary to verify the progress of work and payments for the work. The various items of works involve are (i) earth work for foundation, refilling, brick work foundation, brick work superstructure, concrete work, flooring, wood work like provision of doors and windows, painting and the like.

A close examination of the rates for the various items of work with reference to schedule of rates or data and their application to the works and utilization of the material with reference to data are essential. Some of the salient features are given below.

- (i) the following items are included in the contractors rates;
- (1) Sheds for workmen and storing materials, scaffolding charges, carriages or conveyance for materials, temporary structure etc., these should be at contractors cost as they are included in the rates.
- (2) Holes for water service, gas, electrical, sanitary fitting should be made by the contractor and after fitting the finishing should be done at contractor's cost. No deduction need be made in quantity for brick work for the openings (Clause 49 of M.D.S.S)
- (3) No Extra payments are allowable for wooden bricks and plugs, wooden brick and plugs are to be supplied free of cost (Clause 22 of specification 31 of M.D.S.S)
- (4) In the total quantity of brick work for walls, deduction on account of doors, windows, ventilators and similar items provided as may be verified from measurement of work should be made.
- (5) No deduction need be made for small opening left in the masonry for ventilation or drainage purpose (Clause 23 of specification 31 of M.D.S.S)

I. Concrete Works

- (1) Pre-measurement for grills should be measured and check –measured beforehand. It should be verified whether the grills provided are in accordance with the plans and the rates are as per estimate or tender.
- (2) Finishing the concrete, surface should be done when the concrete is green, using one part of cement and 2 parts sand and a real cement wash is to be given. No extra payment is allowed for finishing plastering on concrete works (Clause 15 of specification 30 M.D.S.S)

It should be verified whether the grills provided are in accordance with plans and the rates are as per estimates or tender.

- (3) in regard to additional items of work, the payment is to be made at rates agreed upon prior to the commencement of the work and a supplemental agreement. In case the contractor is not agreeable, the payment shall be made on actual cost of labour and materials plus 10 per cent thereon provided the vouchers there of are given within 7 days of completion of additional items. (Clause 60 f M.D.S.S)
- (4) **CURING-THE CONCRETE SHALL BE COVERED WITH A LAYER OF SACKING, CANVAS, ORIGINAL TO BE REFERRED SIMILAR ABSORBENT MATERIALS AND KEPT CONSTANTLY WET FOR SEVEN DAYS FROM THE DATE OF PLACING OF THE CONCRETE. ALTERNATIVELY, THE CONCRETE BEING THOROUGHLY WETTED MAY BE COVERED BY A LAYER OF APPROVED WATERPROOF MATERIALS WHICH SHOULD BE KEPT IN CONTACT WITH IT FOR SEVEN DAYS**

2) Earth work excavation

- (i) the quantity is measurable based on measurement for excavated pits and not by stacks.
- (ii) Refilling with sand:- This should be done only by pit sand work and not less by river sand as the former is cheaper.

3) Brick works

- (i) the quantity will be difference for earth work excavation less refilling.
- (ii) the standard sizes for wall bricks to be adopted is 9" x 4 3/8 x 2". The width of the brick work walls should be measured by bricks and not by actual measurement.

The quantity of cement required for 1 cum of bricks work in cement mortar 1;5 using country bricks of size 8 3/4 "4 1/4"x2" is 86.50kg (Letter No.79462/83/14 coragam-4 dated 11.1.84 from the Chief Engineer H and RW. Madras addressed to the Examiner of Local Fund accounts Madras 2) (Vide H.O.Rc.No.53483/E.5/83 dated.6.2.84)

4) Plastering

No extra payment is payable for plastering of ceiling unless separate quantities are expressly defined in the approximate schedule of quantities (Clause 6 of specification 5 of M.D.S.S.)

5) Pointing

Pointing brick work and stone masonry in cement mortar is not necessary and no payment need to make unless it is specifically provided (clause 3 of specification 65 of MDSS)

6) White washing

- 1. the area for white -washing will be the area of plastering.
- 2. each cost of white wash shall be inspected before applying the next coat.

7) Painting

- 1. The unit rate is for the area i.e. per 100 square feet. The co-efficient used for measurement will be as specified in clause 5 of specification 72 of M.D.S.S.
- 2. For removal of old paint it should be separately provided or included in the rate for painting also (Clause 5 of specification 72 MDSS)
- 3. The contract rate is inclusive of (besides cost of paint)cost of brushes cleaning materials, for labour, including steel folding etc., (Clause 6 of specification 72 of M.D.S.S)
- 4. For the area of painting doors etc., this should be cross checked with the deduction made in brick work.

Note- Standard measurement book in respect of buildings are to be maintained in the manner prescribed in Madras Highways Manual The cycle be adopted for maintenance is as follows:

White washing Every year

Colour Washing : Every year

Distemping : Once in 3 years

Painting : once in 3years

8) Wood works

Care should be taken to see that extra payments are not made for carriage of wood or fixing of nails or screws (Clause 8 of specification 80 of M.D.S.S)

- g) Doors and Windows specification 82.

The contract rate may be for each per square foot but will include the cost of complete fittings and hold fasts.

9) Covering slabs

For works like culvert covering slabs need be dressed for three faces two line dressed only. Only for constructions over basement for superstructure all faces fully dressed stones will be necessary and payment for such stones made.

Note- The Government issued the following instructions as regards to the entrustment of construction works belonging to local bodies to public works department or other agencies.

(i) that all building activities of such of the local bodies as do not have their own construction agencies should be entrusted as follows;

1. All buildings works other than housing to the Public Works Department
2. All Housing works to the Tamil Nadu Housing Board.
3. All roads and bridge works to the Highways and Rural works Department and
4. All water supply and Drainage works to the Tamil Nadu Water Supply and Drainage Board.

(G.O.Ms.No. 1557 RD & L.A Department, dated 9th October 1978)

(ii) No separate orders of Government are necessary for purpose of entrustment of works to the public works department or other agencies as deposit works. The resolution passed by the municipal councils concerned would enough.

(G.O.Ms.No.946, Rural Development and Local Administration Department, dated 13th June 1980)

10) Building work difference Stages

(1) General Percentage of cost involved in the different stages of buildings

(Excluding Water supply, sanitation and Electrical charges)

S.No.	Stages	Residence ground only	Residence with First Floor
1.	Upto basement	25.5%	15.5%
2.	Doors windows, ventilators and cub-board	21%	1%
3.	Brick work in super structure including lintals	23%	30%
4.	Roofing including steel work	20%	4%
5.	Flooring	2.5%	2.5%
6.	Plastering	5.5%	4.5%
7.	Finishing like painting, whitewashing, Colour washing etc	2.5%	2.5%
	On Completion	100%	100%
	Water Supply	6%	
	Sanitation	7.5%	
	Electrical Works	7.5%	

(2) Group Housing – in RLEGP requires lean mix plain concrete and plastering

Plain concrete CM 1.5 12

Plastering CM 1.5

The area for the ceiling plastering is the area for the flooring.

(3) Damp proof course – plinth beam and concrete are necessary in loose soil, block cotton soil and clay soil which can be verified in trail pit noted in the plan and not necessary in the gravel and hard gravel soil.

Maintenance of the buildings:-

(1) the painting work has to be done once in 6 years for the entire buildings

(2) over head tank – white washing shall be done once in 3 months for interior portions.

(Government letter (PWD) No. 54031/C2/82-3, dated 13.9.82)

Cement Requirement

Schedule Item No.	Description of works	Cement requirement for 1 cum of work - KG
		10sqm of finished surface K.G.
108	1:2 cement mortar	720
109	1:3	480
110	1:4	360
111	1:5	288
112	1:6	240
113	1:8	180
127	1:2:4 cement concrete	0.45x720 324
129	1:3:6	0.45x480 216 "
	1:4:8	0.45x360 162
	1:4:10	0.38x360 137
	1:5:10	0.45x288 130
	1:5:12	0.38x288 110
143	Special plastering for RC slabs and beams with cement mortar 1:3:10mm thick 0.10x480	48
145	Repair grouting 23 cm depth to aprons and revetments with 0.30x0.45=88 concrete broken stone in cm 1:5 and pointing with cm 1:4 0.08x 360	39
149	Providing through vertical joint with 15 mm space filled with bitumen us compound with cm 1:3,15mm thick 1089m 0.16x480	29
163	Brick work in cement mortar 1:3 using 1 class bricks of 19x9x9cm 0.22x480	106
166	Brick work in cement mortar 1;4 using 1 class bricks of 19 x 9 x 9cm 0.22 x 360	79
167	Brick work in cm 1:4 II class or III class bricks of 19 x 9 x 5.7cm 0.27 x 360	97
168	Bricks work in cm 1:5 II class or III class bricks of 19x9x5.7 cm 0.27 x 288	78

	Bricks work in cement mortar 1:5 country bricks 83/4 x 4"x2" 0.30 x 288	86
196	Cut stone in cement mortar 1:2 0.16 x 720	115
198	Cut stone in cement mortar 1:4 0 16 x 360	58
202	Coursed Rubble masonry in cm1;2 1 st sort 0.28 x 720	202
203	Coursed Rubble masonry in cm 1:5 1 sort 0.28 / 288	81
206	Coursed Rubble masonry in cm 1:2 II sort 0.32 x 720	230
207	Coursed rubble masonry in cm 1:5 II sort 0.32 x 288	92
210	Random rubble masonry in cm 1:3 0.34 x 480	163
211	Random rubble masonry in cm 1:6:0.34x240	82
216	Damp proof course in cm 1;320mm thicks 0.21 x480	101
218	Manufacturing sand cement blocks of size 60x30x20cm in cm1:8 and packing them in cm 1:6 in aprons and revetment 1 cum manufacturing 171 packing	144
229	Manufacturing san cement blocks of size 60x45x15cm in cm 1:6 and Packing them in cm 1:6 aprons and revetment 1 cm manufacturing 176.7 packing	144
247	Finishing the floor with 20mm cement concrete (Ellis pattern 1 sort—No sand to be used)10sq.m	117
260	Paving Hydraulic pressed cement mosaic tiles of sixe 20 cmx 20cmx20cm with 1:3 20mm thick and pointed with oiled cement 10sq.m	101
279	Terrace flooring with one course of pressed tiles of size 20cmx20cmx20xcm using Cm 1:3 10sqm 0.16x480	77
304	Plastering with cm 1:3 12mm thick 0.14480 10seqm	67
306	Plastering with cm 1:5 12mm thick 10sqm0.14x288	40
309	Plastering with cm 1:3 20mm thick 10sqm 0.22x480	106
314	Stucco plastering 12mm thick using blue granite chips of size 10mm and below Over a basic plastering in cm 1;5 12mm thick 10sqm stucco plastering	35
324	Pointing with cm 1:3 flush pointing brick work 10sqmm. 0.06x480 29 327 Pointing with cm 1:3 add flush pointing random Rubble	29
327	masonry 10sqm0.09x480 43 329 Pointing with cm 1:3 full depth of tile (marble slabs pressed tiles ornamental tiles)	43
329	Brick Partition wall 11.4 cm thick using country bricks of size Brick work 1.14x0.19x480 Pointing with cm 1:3 full depth of tile (marble slabs pressed tiles ornamental tiles) 10 sqm 0.04 x 480	103.97 19
	8 3/4x 4 1/2x 2" cm 1:3 and plastered both sides with cm 1:5 12mm thick 10sqm plastering 20x0.14x288	80.64

Excess issue of cement

The recovery from the contractors towards excess issue of cement at double the issue rate may be effected and specific condition in the agreement should be incorporated in this regard.

(CE (B) No.AC1/103469/79 dated 23-4-74 & CE (H) 's No.G3/32598/74 dated 19-12-74)

Steel Requirement :-

- (i) A steel schedule showing the requirement of steel for RCC works should be enclosed to the estimate of the building work concerned. The total weight of the steel utilized should not exceed the quantity furnished in the steel schedule accompanying the estimate.
- (ii) Table of conversion of length of steel into weight according to size is given below

6mm	-	0.22kg	per meter.
8mm	-	0.39	"
10mm	-	0.62	"
12mm	-	0.88	"
14mm	-	1.21	"
16mm	-	1.58	"
18mm	-	2.00	"
20mm	-	2.47	"
22mm	-	2.98	"
25mm	-	3.85	"
28mm	-	4.88	"
32mm	-	6.31	"

Steel wastage

5% for wastage may be allowed if provided in the agreement. There is no need to take over the bits from the contractor. Penal recovery will have to be made in cases of excess over 5%.

(Vide CE (G1)s" No. 455/AE1/170600/81-1 dated 29th October 1981.)

Audit of Building Works

- 1) that necessary administrative and technical sanction has been obtained for the estimate.
- 2) that the estimates have been prepared in accordance with the approval plan.
- 3) that the measurements & check measurement have been made at the appropriate intervals.
- 4) that the materials utilized viz Cement, Bricks, Steal etc are in accordance with the specified requirements and that necessary entries have been made in the M Book.
- 5) that the cost of materials supplied by the department have been recovered in full.
- 6) that the quality certificate have been produced by the contractor in cases of materials purchased by them.
- 7) that the land where the buildings is constructed veots with the Mpty.

- 8) that necessary deductions have been made in respect of Doors, Windows, Lintels, Beams & bed blocks while recording measurements.

C) DEEPENING OF WELLS;

- (i) Thickness of the steening well

S.No.	Depth of the well	For brick work	For stone masonry
1.	Wells 10' and below	0.35 meter	0.31meter
2.	Wells 10 to 33'	0.45 meter	0.37 meter
2.	Beyond 33' for every additional 7' depth add thickness by 0.80 metal.		

- (ii) If by the contractors mistake, the excavation is made by deeper or wider than shown in the plans, the extra width or depth shall be made up with concrete and not with earth or other material, at the cost of the contractor (SS.23(2))

4) Construction of Pipe Culverts

NP-3 pipes are placed on a granular materials jointed by collars. At ends they are fixed in head walls or bodif walls minimum diameter of pipe is 1m. and are available in standard length of 2.50m. The pipers shall be laid as per IS. 783-1985.

D) BRIDGES AND CULVERTS

Culvert is a bridges having a gross length of 6m and less between the faces of abutments and without a pier. Based on type of construction, culverts are classified into pipe culverts Slab culverts, Causeway etc.,

Pipe Culverts

NP-3 pipes are placed on a granular materials joined by collars. At ends they are fixed in head walls or body walls minimum dia meter of pipe is 1M. and are available in standard length of 2.50m. The pipes shall be laid as per IS. 783-1985.

There are two types of bedding for laying pipes

Type A - Concrete cradle bedding for pipes of 1000 mm dia add above and hose fills higher than 4 mm.

Type B - This type of bedding is adopted for height of fill between 0.6mm and 4mm. If consists of continuous layer of compacted sand or moorum, with minimum thickness of 750 mm below pipe. The minimum of fill above pipe shall be 1000 mm. (MOST specification 2903)

- (i) Pipeline works 50% of the cost of the pipes may be paid into the first instance and the balance amount may be paid proportionately after the completion of the Pressure test conducted by the Technical Authorities concerned. The pipeline and fixtures should be purchased according to the current specification.

(G.O.Ms.No.263, MA&WS dept.dt.27.12.1999)

E) Works executed by TWAD Board

The Executive Engineer, TWAD Board shall prepare completion report for the works executed on behalf of Corporations, and Municipalities out of loans and schemes and send to the Assistant Director of Local Fund Audit in each district to conduct audit under intimation to Director of Municipal Administration, Managing Director of TWAD and Director of Local Fund Audit. The Executive Engineer of TWAD may handover the property to the concerned Local Bodies only on completion of audit.

(G.O.RF.78/MA & WS (M.F.3) Dept, dated.12.06.2000.) (Head Office Circular No. k/65991/85,dated 17-2-88)

F) SCHEME WORKS

Nehru Rozgar Yozana Scheme implementing in Municipalities. Audit must be done along with capital Fund Accounts and comments on implementation of the scheme included in the audit report for Revenue and capital of the Municipality.

Head Office Circular No. 38457/CC1/91,dated 10-7-1991)

(G.O Ms.No.1 Municipal Administration and Water Supply Department dated 2nd January 1990)

Orders were issued in G.O. Ms.No 1465, P.W.D. dated 22nd July 1982 for retaining the 2½% of the total value of work for a period of two years reckoned from the date of completion of the work in order to enable the department officers to watch the effect of all seasons on work. It was also ordered that an indemnity bond should be obtained from the contractors for a further period of three years. These orders have been extended to the Municipalities/ Townships also in respect of original works such as building works, culverts and bridges executed by them through contractors.

(G.O. Ms.No.783, Municipal Administration and Water supply Department ,dated 21st August 1990)

Note-1

The Municipal land not extending five cents may be handed over for the construction of office building for M.L.A of that constituency before obtaining cost of land from Government.

(G.O. (Rt) No.43 MA & WS Dept, dt.03.02.2001)

G) Value Added Tax – Deduction at Source in Works Contract from 01.01.2007.

Notwithstanding anything contained in this Act, every person responsible for paying any sum to any dealer for execution of works contract shall at the time of payment of such sum, deduct an amount calculated at the following rate namely:

- i) Civil work contract - Two percent of the total amount payable to such dealer
- ii) Civil maintenance works - Two percent of the total amount payable to such dealer
- i) All other works contract - Four percent of the total amount payable to such dealer

Tamilnadu Value Added Tax Act 2006 – section 13(1)

Concessional Rate of VAT:

Government Departments are alone eligible for concessional rate of 4th notified under Section.17. The Corporation, Taluk, Town Panchayat and Municipality will not come under the purview of Government departments. As such these are not eligible for concessional rate of tax on their purchases.

Govt Lr.No.L.Dis Acts all-V/25923/2002 dated: 4.10.2002.

116) REGISTER OF ESTIMATES AND ALLOTMENTS

This register is intended to record the estimates sanctioned, the details of expenditure on various occasion with voucher number Separate pages will be set apart for the works falling under different budget heads. This is intended to see that double payment are not made on the same estimate. The incomplete work at the end of the year should be carried over to the next year's registers. This will enable to watch the completion of the works, and also to see that works are not left in the middle.

117) CONTRACTOR'S LEDGER

This is a personal ledger showing the value of work done by the contractor, amount paid to him against the work done with voucher numbers. The value of materials, hire charges for machinery and equipment loaned to him, fees and fines ordered for recovery will be debited to him and recovery made thereof credited to his account. This will cover all transactions to which the contractor is a party. The contractor has to sign the ledger periodically in token of verification and acceptance of the correctness of the ledger amount. The payment made and amounts adjusted as per work voucher should be traced in this register.

118) REGISTER OF ROADS

This register will contain the name of all Municipal Roads with particulars of location length, and the classification such as metalled or unmetalled. Repairs or special repairs carried out during each year will be entered against the entries relating to the roads with particulars. This is intended to watch the frequency of repairs and also the length of the roads as per the register and executed as per estimate.

119) NOMINAL MUSTER ROLL

When work is done by daily labour, the basis of the account is the nominal muster roll. All persons employed except regular employees whose salaries are charged to the 'establishment' and members of the work-charged establishment are considered as daily labourers and their pay drawn on nominal muster rolls charged to the works on which they are employed. The Subordinate who is in immediate charge of the work is expected to write up the muster roll daily.

(G.O. No. 1093 Local Administration dated 26th June 1947)

The nominal muster roll is prepared in three parts. In part I of the muster roll, are exhibited the names of persons employed with the details of their attendance, rate at which they are paid and the amount paid and in part II are exhibited the details of arrears of previous muster rolls and of wages outstanding after payment of the wages and in Part III the value of the work done in abstract as compared with the cost of the labour employed will be exhibited.. If however the work is of petty nature and in consequence not susceptible of measurement this part need not be filled up but in lieu thereof a certificate (alternative certificate) should be furnished that the work turned out is worth the amount paid for it.

- (a) Muster Rolls will never be prepared in duplicate, the nominal Muster Rolls are to be written up daily by the subordinates entrusted with the work and substitutes entered under each group of labourers. Acknowledgements stamped wherever necessary should be obtained for all disbursements even if made to illiterate persons.
- (b) In part II of the Nominal Muster Roll the value of the work as compared with the cost of labour employed will be shown. This should be examined and commented upon if need be.

Maintenance Of Muster Roll

The nominal muster roll in form No. 85 which as a rule will be kept separately for each gang of labourers for a week, fortnight or a month as may be found convenient.

When works are executed departmentally the rates at which such works are valued and paid for shall not exceed those allowed to contractors for similar classes of works.

The nominal muster roll must be written up daily by the Engineering subordinate deputed for the purpose, before the labourers begin to work. It is intended to be used in the case of all classes of labour including labour on maintenance of roads, drains, road side trees etc.,

In opening the nominal muster roll, the workers shall be mustered in order and their names taken down according to their classes and rates of wages, the names of the higher paid men being entered first and so on down to the lowest class, a little space shall be left after each group of names to provide for the entry of the names of additional labourers who may be engaged before the close of the period for which the muster roll is kept.

The daily presence or absence of each labourer will be denoted by the insertion, of the letters "P" or "A" as the case may be, against his name, the sum of the figures brought out in the column "Total" will represent the total number of days for which the labourer was present.

The muster roll shall be closed immediately after the close of the week or other period for which it is kept and the labourers paid as soon as possible.

The paying officer will make the disbursements and he will note the date of payment and enter his initials, against the name of each labourer paid. The disbursement certificate of the nominal muster roll will then be signed by the officer witnessing the disbursement.

Wages not claimed within three months of their falling due shall only be paid under the written orders of the commissioner.

In paying daily labourers the amount due as well that actually disbursed must be shown. All persons except those regularly employed whose, salaries are charged to "Establishment" will be considered as daily labourers and their pay will be charged to the works on which they are employed.

In the case of permanent road coolies, however, no distribution to be made to the several roads concerned. Their wages may be debited to "Repairs Communication"

Details of measurements, will be recorded in the measurement books which shall be forwarded to the municipal office with the nominal roll, in the same manner as in the case of work paid on contract certificates.

The columns father's name' shall be invariably used in cases when the identity would otherwise not be sufficiently established, as and when two or more men bear the same name.

All labourers employed on departmental works shall be booked on nominal muster roll. The Municipal Engineer shall check them as often as possible, leaving note of such check on the nominal muster roll itself. The nominal muster roll shall be passed for payment by the municipal engineer before payment is made. Acknowledgement shall be obtained from the labourer engaged in the form of signature or in the form of thumb impression which shall be attested by the disbursing officer.

Note :Daily Wages engaged for estimated works may be paid wages as per the PWD schedule of rates. Daily wages engaged for other works may be paid at the rate annually fixed by the District Collector.

(DLFA.No.32/96E/4.27991.95 dated.24.09.96.)

The following points should be noted while checking the Nominal Muster Rolls:-

- (i) That there is no deliberate wrong totaling of nominal muster rolls;
- (ii) that there are no errors in carrying forward the figures from one page to another.
- (iii) that enrolment of labourers have not been made subsequently wherein the marks of attendance have been done in a different manner arousing suspicion:
- (iv) that there is no fabrication of Muster Rolls exceeding the budget provision fantastically;
- (v) that there is no reappropriation of funds without authority;
- (vi) that there is no failure to link up the materials issued for the work with labour employed as per Nominal Muster Roll;
- (vii) that there is any failure to note the particulars of father's name of the labourer in the nominal muster rolls and false enrolment;
- (viii) that there are no cases of retaining the sub-vouchers in the departments without being sent to audit or delaying the production of vouchers to auditors;
- (ix) when substitute workers are appointed for shorter period of vacancy, the genuineness should be examined and suitable comments made in audit report wherever necessary;

(G.O.Ms.No. 1343, R.D. and L.A. dated 28th July 1981.)

- (x) the muster rolls should not have been prepared in duplicate and all entries in them have been made in ink or indelible pencil;

- (xi) the amount paid to each labourer as recorded in Part I is correct with reference to number of days marked as 'present' and 'absent' and the rates as in the schedule of rates;
- (xii) The deductions made on account of funds, etc., and the amount noted as 'balance due' in each case are correct;
- xiii} initials of the Paying Officer are noted in the last column;
- (xiv) The certificate of payment is duly signed by the Paying Officer and the signatures of the witnesses for the payments have been obtained;
- (xv) the station and date of payments have been noted; and
- (xvi) value of work turned out as shown in part III compares favourably with the cost of labour employed for general purposes and that every marked discrepancies have been explained.

Note :

In general the Nominal Muster Roll is not prima facie doubtful due to over writings of names, purpose, dates, total etc., and irregular numbering of attendance and writing up of names etc:

The permanent or temporary addresses in full of coolies and labourers employed in the works should be recorded in the Nominal Muster Rolls;

Standard Nominal Muster Rolls forms be made available with the necessary additional column therein for recording the addresses in full of coolies or labourers employed.

The Nominal Muster Rolls blank sheets must be under the custody of the cashier of the Local bodies. Machine numbers should be assigned to each N.M.R. sheet and office seal should be affixed in each N.M.R. Those sheets must be issued to outdoor staff by the cashier after obtaining the signature of the outdoor staff so that the use of bogus N.M.R. sheets is avoided.

For the Ist, IInd and IIIrd Grade Municipalities the Executive Authority concerned should test check the N.M.Rs. For the Selection and Special Grade Municipalities the test check should be done by the Municipal Engineers concerned; and

The Executive Authorities and Municipal Engineers concerned should also supervise the work and ensure that the quantum of work has actually been done for which the N.M.Rs. have been prepared and recorded in the Measurement Book that he has verified the work on the spot. Then only the payment for Nominal Master Rolls should be made.

The Executive Authorities are to test check the N.M.Rs. frequently and to ensure strict compliance of above instructions.

120) IMPREST:

An imprest is a sum of money given to an individual to enable him to make certain classes of payments. The arrangement for the safe custody of the money rests entirely with the imprest-holder, but he must at all times be ready to produce the total amount of imprest in vouchers or in cash.

All articles or material purchased for department works will ordinarily be supported by supplier bills. If however, it is not possible or convenient to obtain from the supplier a receipt in the printed form, the receipt given by the supplier may be accepted, but the purpose for which the articles were purchased and certified as to the correctness of the claim, the quality of the supplies and the reasonableness of the rate as provided in shall be recorded on the receipt. A numerical account of materials shall be maintained by AE/JE giving a continuous record of the receipts, issues and balances. This account shall be maintained separately for each work and shall be entered as receipt and the issues for the work as expenditure, the balance being arrived at in the columns provided for the purpose on the completion of the work or at the end of each month, whichever is earlier. When materials are transferred from one work to another, they shall be shown as minus entries in the account of the former work and as receipts in the account of the later necessary indication being given to the other work in each of the two amounts. Where materials are used from general stock, the receipt for the individual works shall be entered in prescribed form the necessary debit being given to the general stock account.

[Engineering Manual for Urban Local Bodies in TamilNadu –Chapter V-5.2)

121. ADVANCES

The purpose for which advances can be granted to Municipal Employees from the Municipal Funds are detailed in paragraph 85 (i) (2) of part-I Volume 1 and Article 7 (i) of part II, volume 1 municipal manual .

(1) Marriage Advance

The scheme of grant of advance for the celebration of marriage to Government servant was extended to the Municipalities in G.O.Ms.No.2255,RD and LA Department, dated 14th November 1969. The advance is to be sanctioned by the Director of Municipal Administration in respect of employees of Selection Grade, Special Grade Municipalities and Municipal Township Committee and by the Regional Director of Administration in respect of employees of 1,II and III grade municipalities .

(G.O.Ms.No. 1710, RD & LA Department, dated 22nd July 1974)

Permanent and Non-permanent servants including Last Grade Government servant employed in a regular capacity with not less than 5 years of service are alone eligible for advance. Sanitary workers who are paid monthly wage at fixed rate as menials and other employees, like Road gang mazdoors , Avenue coolis,etc., paid from contingencies are not eligible for advance (Memo.No.119501/M1/70-2,RD and LA, dated 8th December 1970.)Seventy-five percent of the advance only will be disbursed initially and the remaining 25 percent will be disbursed on the receipt of utilization certificate.

(G.O.Ms.No.33, Finance Department ,dated 10th January 1975.)

The existing rules governing the marriage advances shall apply for sanction of the marriage advance .

(G.O.No.666/Finance (PC) Department, dated.27.06.1989)

1. An employee is eligible for the advance for two times during the entire service (Gist Memo No. 729444/S/72-3 Finance, dt.27.02.1973.)
2. Employees under Suspension and against whom grave charges resulting in termination are pending are not eligible for the advance
3. The recovery shall commence in the next month itself
4. The interest shall commence immediately after completion of recovery of Principal amount. The interest may be recovered at the same rate of monthly recovery fixed for the principle.

In the case of marriage advances, it should be seen that the f instructions issued by Government from time to time are followed.

Advances to Government servants whose services are lent to a local body under foreign service terms are to be paid from the state funds and not from the funds of the local body.

(2) Cycle Advance

Cycle advances can be sanctioned to teachers and lady members of the staff also subject to the condition they have put in 5 years of service.

(Memo. No.159543/MIO/74-2, Rural Development and Local Administration Department dated 18 the March 1975)

(3) Motor Cycle Advance

A municipal council may at its discretion grant an advance to any of its permanent servants for the purchase of conveyance other than motor car, motor cycle subject to the following conditions.

- (7) The advance shall be granted only when the municipal council considers that in the interest of the municipal service, the officer should use such conveyance for the official discharge of his duties.

- (ii) If the actual price paid for the conveyance is less than the advance the balance shall forthwith be refunded to the Municipal Council.
- (iii) No advance should be sanctioned before the completion of 5 years of service. No second advance shall be granted within an interval of 6 years(six years) unless satisfactory evidence is produced by the employee in question to the effect that the conveyance purchased with the help of the previous advance has been lost or has become unserviceable.
- (iv) The last grade Municipal Servants such as Office Assistants and Record clerks shall become eligible for the conveyance provided they have put in a minimum service of five years.
- (v) The carry home salary should be such as to permit the deductions without causing undue hardship to the loans.

(G.O.Ms.No.1322.Rural Development and Local Administration Department dated 2nd September 1980)

(G.O.Ms.No.74.Rural Development and Local Administration Department dated 21st January 1982)

(4) House Building Advance / Benefit HBA Special Family Fund

In the G.O.Ms.No.1313, RDLA, dated.8.9.93, Government sanctioned the scheme for grant of House Building Advance to Municipal Employees. In G.O.Ms.No.243, M.A & W.S dated.21.9.94. the government extended the Tamilnadu Government Employees House Building Advance Special Family Benefit Fund Scheme to the Municipal Employees with effect from 21.9.97. The Government have approved the rules for the Tamilnadu Municipal Employees House Building Advance Special Family Benefit Fund Scheme.

The Director of Local Fund Audit shall be the Auditor of the Tamilnadu Municipal Employees House Building Advance Special Family Benefit Fund Scheme.

(G.O.Ms.No.187 M.A. & W.S Department Dated.21.9.1998.)

A monthly Subscription of 1% of the monthly installment of the HBA both Principle and interest shall be paid by the employee till the date of his superannuation till the repayment of advance together with interest whichever is earlier. The deduction shall be made in the monthly Pay bills

(5) Tour Advance

Advance of travelling allowance should be drawn by Commissioner from the funds of the Municipal Councils from which they are transferred and the amount should be paid back in full to the Municipal Council concerned after the traveling allowance bill is passed for payment. The sanction of the Municipal Council concerned should however be obtained subsequently. Advance of pay should be drawn only from State Funds.

(G.O.Ms.No.1603.Local Administration dated 31st October 1956)

(Govt. Memo No.11274/1.2./57-4 Local Administration dated 6th June 1957)

The drawal of travelling allowance and the adjustment thereof should be regulated strictly in adherence to Article 54 Note I and Article 239(c) of Tamil Nadu Financial Code Volume-I. The final adjustment of traveling Allowance Bill should be presented within a month from the date of completion of the journey. In cases when the claim against the advance Travelling Allowance is not settled within 3 months, the advance shall be recovered in one lump sum from the monthly pay bill of the Municipal Commissioner concerned. No second Traveling Allowance Advance should be drawn when the first tour advance drawn is not accounted for with Traveling Allowance Bills.

(G.O.Ms.No.127,Rural Development and Local Administration dated 23rd January 1980)

Advance of travelling allowance to Chairman and Members of Municipal Councils should be paid only with the previous sanction of the Commissioner of municipal Administration except in cases where the journeys are permitted by Government or Collector or Heads of Departments concerned.

(G.O.Ms.No.113 Local Administration dated 20th January 1953)

(G.O.Ms.No.1274,Rural Development and Local Administration dated 30th June 1976)

The sanction of Municipal council should be obtained for the payment of advance of travelling Allowance for tour or on transfer as required under Article.7.11.ooof Municipal Manual Volume II Part .I

(Circular K.Dis.No.5917/81/F2,dated April 1981 of the Director of Municipal Administration)

(6) Immediate Relief Advance

Rs.5000/- may be sanctioned as immediate relief advance for the deceased employees of Municipalities and Corporations.

(G.O.Lr. (Rt) No. 33 MA & WS Dept, dt.20.02.2001)

(7) Warm cloth advance

Municipal Employees – Warm cloth advance – Enhanced to Rs.1000/- for hill station employees.

G.O.Ms.No.181 MA & WS Department, dated.17.07.1997.

(8) Advance for treatment of Tuberculosis

The concessions for allowing advances to employees suffering from Tuberculosis,, Leprosy or Cancer granted to the Government servants in G.O.Ms.No.1345, Finance Department dated 1st December 1966 and G.O.Ms.No.671, Finance Department, dated 17th May 1970 as clarified in Government, Memorandum No.163578/FR/71, Finance, dated 17th May 1972 were extended to all Municipal Employees including Public Health Menials (Sanitary Workers) on a pay not exceeding Rs.300/- per mensem in the revised scale of pay.

The checks to be exercised are;

- i) that advances are made only for purposes recognized in rules and are not prima-facie excessive.
- ii) that in the case of advances made for purchase of conveyances such as a motor car or motor cycle agreements and mortgage bonds have been obtained and in the case of advances granted for conveyance other than a motor a car or motor cycle adequate security has been taken.

Recovery of advances on transfer

In case of Officers and Servants of Municipal Councils who have been transferred to the service of another local body, the latter local body shall immediately on his joining duty remit to the Municipal Council from which the individual has been transferred, the entire balance amount of personal advances recoverable from him as noted in the Last Pay Certificate, or in its absence as instructed by the Municipal Council and treat the same as an advance granted by the latter local body, subject to the terms and conditions to which they are originally granted. The recoveries shall be watched, through the register of advance recoverable maintained by the latter Municipal Council. The Money Order Commission or any Bank Commission paid for the remittance shall be borne by the local body to which the employee is transferred.

(G.O.Ms.No.327.Rural Development and Local Administration Department , dated 7th march 1978)

Register of Advance Recoverable

This Register is maintained separately for each kind of advance granted. The entries in the debit and credit sides of the register should be checked during the course of audit.

- i) The Opening Balance have to be authenticated by the initials of the previous auditors. If not, they should be checked with the closing balance details furnished in the preceding year's register.
- ii) The Register of advances is to be totalled page-war and abstracted at the end of the Register immediately after the month is over and tallied with the account figures. (Examiner's letter No.7369/IC/77, dated 24th January 1977)

Note (1) – (i) Individual credits for recoveries of advance should be traced in the register of advances recoverable for one month in each half year according to the pay bills for the months selected by the Assistant Director before audit.

- iii) All other vouchers for adjustment of advances should be traced in full all the months in the Advances Recoverable Register without any omission.
- iv) Cash recoveries if any, should also be test checked at random.
(Head Office Circular Roc.No.29168M, dated 3rd April 1970)
- iv) Whether the closing balances have been correctly brought forward in the column set apart for this Purpose as well as in the succeeding years register as opening balance entries;
- v) Whether the several totals are correct;
- vi) Whether any advance are left unadjusted at the end of the year without sufficient cause;
- vii) any items of expenditure classified under advances by the Auditor himself in the course of audit should be inserted in the register in the proper places and the totals revised;

The following instructions should be observed in examining the pendency of advances on the date of audit;

- i) Schedule 14to18 attached to the Balance Sheet showing the details of advances pending under 3051, 3052 and from 3028 to 3046 should be checked.
- ii) The advances are generally of two kinds, Personal advances which are not ultimately debitable to the expenditure and other advances which are ultimately debitable to the expenditure. Personal advances include tour advances, pay advances, festival advances Tour advance and pay advance are recoverable in the subsequent months. Festival advance, Khadi Advance, marriage advance, Handloom advance, Flood advance, House Building advance etc., are recoverable within a stipulated period and hence they cannot be normally kept pending beyond that period. Even in cases of transfers, the arrears will be indicated in the last pay certificate and in case of resignation they will not be accepted without recovering the balance if any. Any arrears can only be due to the negligence of the disbursing officers in effecting the recoveries. The pendency in this regard should be critically examined and commented in the Audit Report besides making special reports to the administrative authorities.

In respect of interest bearing advances Warm cloth advance, House Building Advance, Marriage advance etc., Interest should be calculated and recovered after the recovery of advance amount is over.

In respect of advances paid to the suppliers, contractors and others, the adjustment will be of two kinds as explained below:

- i) When the bill amount is more than the advance paid, the advance will be adjusted and the balance of the bill be paid.
- ii) When the bill amount is less than the advance paid the advance will be adjusted and the balance of advance will be recovered in cash or by cheque.

As regards the advances towards the purchase of materials etc., they should have been utilized for the purpose immediately or refunded. Advances of this kind pending for more than six months should be critically examined with reference to files to see whether the amounts are kept unnecessarily and suitable comment made.. In view of the above position there cannot be any necessity to write off the any pending item. Irregular writes off, if any, should be commented in audit.

Note: The Municipal commissioners are to ensure that the posting in the Register of advances are made by the Accountant while passing each voucher for payment and duly attested by the commissioner.

(Director's letter No. 7369/77, dated 24th January 1997)

9. Recoupment of permanent advance

The checks to be exercised are. that all payments from the permanent advance have been made on sub vouchers duly passed for payment by the Executive Authority.

that they are properly recorded in the contingent register.

that recoupments are made at least once a month and

If the recoupments are made at long intervals, the presumption is that the advance is unnecessarily large.

that all sub-vouchers have been properly cancelled.

Note. The Executive Authority is allowed a permanent advance to pay for contingent charge and all petty items below Rs.50/-which have to be paid in cash. The amount of advance should be sanctioned by the Municipal Council and it should be sufficient to meet the average expenditure for a week or a fortnight..

(Article.3.29 of Municipal Manual Volume 11.G.O.Ms.No.1514,Rural Development and Local Administration dated 25th August1981).

122. DEPOSITS

Register of Deposits

Each part of the register will be opened with the details of the previous years outstanding balances. The deposits received during the year should be entered in the proper part as each transaction occurs. Repayment in cash or by transfer should be noted against the original credit entry in the column for the month in which the refund is made . The entries relating to receipt as well as refunds of deposits should be attested by the commissioner in the column provided for the purpose.

The checks to be exercised are

- (i) that no item of receipt which can be clearly brought to account under any revenue head, pay, pension, leave salary or other allowances and fines, is credited to deposits.
- (ii) that the written orders of the Executive Authority have been obtained in respect of every item credited to deposits.
- (iii) that separate registers or separate pages of the register have been set apart for recording cash transactions relating to different classes of deposits, such as election deposits. contractors deposits, lease deposits security deposits in case of municipal employees, etc;
- (iv) that deposits taken from contractors/ tenderers/ municipal employees are in the form prescribed in the rules.
- (v) that the deposits received in cash have been promptly remitted into the treasury, and those received otherwise than in cash have been kept by the Executive Authority in safe custody.
- (vi) that any deposit or balance thereof which has remained unclaimed for a period of three years from the date on which it became repayable has been taken to lapsed deposit Account.
- (vii) **THAT A DEPOSIT CREDITED TO A REVENUE HEAD OF ACCOUNT HAS BEEN REPAID ONLY WITH THE SANCTION OF THE COUNCIL.**
- (viii) that the refunds have been drawn on proper vouchers;
- (ix) that a certificate to the effect that the entries in the register of deposits are up to date has been recorded in the register by the Executive Authority at the end of each quarter.
- (x) that the register of deposits is totalled page-war and abstracted at the end of the register immediately after the month is over and tallied with the Account figures.

(Examiner Lr.No.Roc.7369/IC/77,dated 24th January 1977)

- (xi) the Municipal Commissioner should verify whether the postings in the Register of deposits are made by the Accountant while passing each voucher for payment and duly attested by him.

(Director Lr.No.Roc.7369/IC/77 dated 24th January 1977)

The entries in the Deposit Register are to be traced from the Register of receipts in regard to the current period. In regard to old items. the balances as per previous register should be checked. The Care should be taken to see that the names of depositors are correctly noted.

- xii) At the end of every month, three abstracts the first abstract, for receipts, the second for refunds and the third being the consolidated abstract, should be struck in the last page of the deposit Register .

123. INVESTMENTS

The checks to be exercised are

- i. that earmarked funds, i.e., Provident Fund, Water and drainage fund and endowment fund are invested in one of the permissible forms and that investments in other forms are not made except with the specific sanction of Government.
- ii. that investments of sums in excess of Rs.5,000 in fixed deposits in the Madras State Co-Operative Bank and Central Co-operative banks approved by the Registrar of Co-operative Societies for the purpose have received the previous approval of the Director of Municipal Administration.
- iii. that particulars of investments made have been entered in the register of investment.
- iv. that certificate, bonds bank receipt of other evidence in support of investments are available .
- v. that interests due have been realised on the due dates and credited to the accounts.
- vi. that investments made out of earmarked funds have been reinvested in time if the amount is not required for expenditure.
- vii. that investments have not been disposed of except for the specific purpose for which they have been made

Register of investments

The checks to be exercised are

- a. orders of government permitting the municipal council to invest the moneys for the various funds should be referred in respect of each investment. The total of the investments as shown in the register should be verified with the ledger Trial Balance and Balance sheet.
- b. that the certificate of verification has been recorded every month by the commissioner as required in G. o. Ms . No, 2624, Rural Development and local Administration Department , dated 17th November 1965;
- c. that the demand collection balance of interest on investments have been struck under the signature of Executive Authority;
- d. that the balances of investments and interest have been carried over to the register of next year as opening balance.

The investments should be physically verified during audit and the words' Bonds verified' written under the dated initials of the auditor. It should be seen that during such verification that action has been taken to realize the interest amounts and the principal at the proper time and there were no delays in reinvestments in any securities.

1. Loan funds are not to be invested but deposited in the Treasury.
(G.O.Ms.No.383, Rural Development and local Administration, dated.30th March 19784)
2. It should be seen that no funds except earmarked funds are invested without the special sanction of Government. Article 7-12, of Volume II, Part 1 of Municipal Manual.
3. After 1st July 1967 Provident Fund amounts are to be deposited only in Treasury
Deposit accounts. Investments made subsequently upto 2nd January 1973 were also ratified by the Government. Hence excepting the few investments no investments from Provident Fund should be made.
4. In regard to bonds not produced the fact should be recorded in the register quoting. The items and the initials of the auditor put up underneath the above words.
5. The closing balance as shown in the Investment register should agree with the amount shown in the schedule.

124) AUDIT OF REGISTERS

1. Chitta and Remittance Chalans

The checks to be exercised are-

- (i) that the entries in the chitta are made in accordance with the rules and instruction on the subject;
- (ii) that the amount shown as realized are remitted into the treasury without delay and that no portion is withheld.

The remittance up to the date of audit should be traced from chitta into the pass book through the remittance chalans and the Receipt book;

- (iii) that the total cash balance at the end of each day including balance, if any, left unremitted from the previous day's collection is verified by the manager or other head ministerial officer at the close of each day and by the Commissioner at least once a week, and the balance so verified is recorded in words over the initials of the verifying officer.
- (iv) the remittance chalans (counterfoils) should be checked in the chitta, Ledger and in the pass book. It should be seen that the amount noted as remitted in the chitta and the Ledger has been acknowledged by the Treasury officer and credited in the pass book.
- (vi) that the remittance chalan are signed by the executive Authority or the Manager. The Executive Authority checks the remittances and verifies the actual remittance with reference to receipted chalans at least once a week and initial them in token of verification;
- (vii) that the remittance chalans are receipted by the Treasury Officer or by the Agent of the Bank.

2. Cheques- The checks to be exercised are-

- i) that the cheque books used are those supplied by the Treasury or Bank;
- (ii) that the total number of pages in each book is certified to on the cover;
- (iii) that the cheques are issued only for payment of Rs.50 or more;
- (iv) that cheques have been drawn only by the authority specified in Rule 54 of Schedule IV of the District Municipalities Act, 1920;
- v) that cheque have not been signed unless required for immediate delivery to the person concerned.
- vi) that cheques were drawn in favour of the Executive Authority for payment of salaries, etc., to the establishment, for recouping permanent advance and payment to persons residing outside the town, Festival advances, Travelling Allowances and other advances and to deposit Provident Fund recoveries in T-Deposits.
- vii) that all cheques issued have been duly recorded in the payments book.

For this purpose, the counterfoils of all cheques issued during the period under audit should be traced into the payment book, care being taken to see that the amount, number and date of the cheques have been correctly entered.

- viii) that the cheques are in the personal custody of the drawing officer who signs the cheque.
- ix) that the amounts entered in the Payment book agree with those in the counterfoil of cheques.

For this purpose all the counterfoils of cheques for the period of audit should be traced in the payment book and also into the Pass Book of the Treasury or Bank.

Note: 1) The amount drawn on self cheque should be traced both in the payments book and the petty cash book till the date of audit.

- 2) If the cheques included the amount due for the payment on more than one voucher, the totals should be tested to see that the amounts drawn are correct.
- 3) Only crossed cheques be issued in the case of payments to private parties irrespective of the amount involved (G.O.2690, R.D and L.A., dated 24th December 1974;)
- x) that the cancelled cheques are forthcoming.

The cancelled cheques should be destroyed in audit. It should be seen that a note has been recorded in red ink under the initial of the drawer of cheque on the counterfoil recording the fact of cancellation.

If the cheque is cancelled before the cash transactions of the month in which it was issued have been totaled, the entry in the payment book shall be struck out in red ink under the initials of the Executive Authority with a note the cheque has been cancelled. If however the payment book has been totaled and the correction is required to be made in a year subsequent to that in which the cheque was issued the amount of cheque shall be credited in the payment book in the Treasury column under the head refunds of expenditure of previous year". If however the correction is made in the year in which the cheque was issued it should be posted on the payment side of the payment book in the Treasury column as a minus under the head of expenditure to which it was originally charged.

Cheques are current only for six months as no payments will be made in the Treasury after the above period the lapsed cheque should be redated after alteration are attested by the Executive Authority and the fact entered in the cash book against the original transaction and on the counterfoils of cheque.

That the uncashed cheques shown in the reconciliation statement in the cash book especially over three months old should be critically examined in audit to see that any grant is drawn based on the time barred cheques issued for the purpose of materials, etc., but without actually incurring the expenditure and that in respect of cheques drawn for repayment of overdraw of grants of the objections are not settled to the amounts actually remitted by chalangans in to the Treasury (H.O>Rc.4074/75, dated 30th September 1975).

- (xi) that the amount drawn on self cheque are in addition to the entries in the payment book brought on to the Petty Cash Book with particulars of Bank payment Voucher No.and the purpose of payment.

Government have issued orders to the effect that the cheques issued should have the signature of two authorized officers where the face value of the cheque exceeds Rs.1000/-

- 1) The Municipal Health Officer will be the authorized second line officer for signing the cheques where the face value exceeds Rs.1000 in respect of payments relating to public health including salaries to the staff working in Public Health section.
- 2) The Municipal Engineer will be the authorized second line officer for signing the cheques where the face value exceeds Rs.1000/- in respect of payments relating to Engineering Section including salaries to the staff working under the control of Municipal Engineer as well as for execution of works and purchase of materials and goods relating to Engineering section.
- 3) In all other cases, the personal Assistant to Commissioner or the Manager where there is no P.A.to Commissioner will be the authorized second line officer for signing the cheque where the face value exceeds Rs.1000.
- 4) In Municipalities where there are no Municipal Health Engineer the P.A. to Commissioner or the Manager where there is no personal Assistant to Commissioner will sign the cheques where the face value exceeds Rs.1000.

(G.O.Ms.No.2075, R.D. and L.A., dated 28th December 1979)

3. Receipt and payment book

The following instructions were issued to the Municipal Commissioners regarding the maintenance of Receipt and Payment Book. The Assistant Director and Regional Deputy Director should ensure during their inspections that these instructions are adhered to. Any failure on the part of the Commissioners should be immediately brought forth to the notice of Regional Director of Municipal Administration and the Commissioner of Municipal Administration.

The Municipal Commissioner should ensure:

- (i) that the Payment Book is totaled progressively page-wise as and when each page is completed.
- (ii) that the adjustments etc., are recorded in the Register of Journal Voucher Book as and when they come to notice in the course of the month and also at the end of the month and the payment book is closed most expeditiously within 3 days after the end of the month and reconciled with the balance in Treasury and Bank.
- (iii) that the Pass Book is sent to the Treasury bank periodically and got written up and attested by the Treasury Officer every week.
- (iv) The certificate of agreement of closing balance of the Chitta with that of the Pass Book must be in the following form:-

“Certified that the reconciliation has been correctly prepared and that the closing balance as per the Cash Book, (in words and figures) agrees with the balance in the Treasury and bank Pass Book as reconciled above”

(Director’s Lr.Roc.No.7369/IC/77, dated 24th January 1977).

(Director’s Lr. Roc. No.Cw/7369/79, dated 29th June 1978)

4. Pass Book

The pass book should have undergone check when the remittance chalan and the counterfoils of cheques were traced.

The following points should be observed:

- (1) that the collections remitted, in the Treasury or the Bank have been duly credited and that only the amounts of cheques issued by the Executive Authority upon the Treasury or the Bank have been debited in the pass book.
- (2) that all receipts from local Bodies or other Institutions paid into the treasury direct to the credit of the Municipal Funds and the amount of grants adjusted to the credit of the Municipality at the Treasury and credited in the pass book have been duly taken credit for in the receipts book.
- (3) that the book is written up at the Treasury or the Bank and that each entry is duly authenticated
- (4) that the book is balanced monthly under the signature of the Treasury officer or bank Agent.
- (5) that the balance shown in the pass book at the close of the year agrees with that entered in the Bank or Treasury column of Chitta for the month of March after making necessary allowances for the uncashed cheques, etc.
- (6) that a reconciliation of the balance between the payment books and pass books should be effected as follows:-

Amount	X
Closing balance as shown in the Treasury column of the payment Book	Y
ADD: total of the amount of the uncashed cheque	
Revenue credited in the pass book but not taken credit to the Municipal accounts	Z
Total	X+Y+Z

DEDUCT : amount remitted into Treasury by the Municipality during the month but not taken credit in the Pass book in the following months.

A

Balance (X+Y+Z) - A = B

The balance arrived at as above should agree with the closing balance as shown in the balance in the Treasury and the Bank Pass Book.

Note: -The uncashed cheque should be verified with reference to the subsequent encashment in the pass book and items pending for long time examined and commented.

5) Petty Cash Book

A petty cash book is maintained in Form No.III. In the receipt side all sums withdrawn by the Commissioner on self cheques except those recouping of Permanent Advance should be entered. The payments made from sums drawn on self cheques from time to time should be entered on the disbursement side in a chronological order and a number allotted to each case consecutively. The serial number of such payment shall be noted simultaneously against the receipt entry for the voucher concerned in column 6 and the balance remaining to be paid shall be noted in column 13. If payment made is other than the first payment on a voucher the Serial No of the voucher payment made on account the voucher concerned will be entered against the balance shown in column 13, against the latest in addition to the entry against the original receipt. The columns 5 and 13 against which no numbers are noted in column 6 and 14 will represent the undisbursed items and amount involved should be worked-out in the remarks column at the end of the day. This should agree with the daily balance to be struck in column 15 after balancing both sides of petty cash book. The balance should be verified by the Manager every day.

Note: The following points should be seen in the course of verification of the register.

1. that the instructions detailed above regarding the maintenance of the register have been observed;
2. that the cash balance noted in column 15 at the close of everyday is verified by the manager in the case of I Grade Municipalities and by the Commissioner in the case of II and III Grade Municipalities and by the Personal Assistant in the case of Special and Selection Grade Municipalities.
3. the balance in the Petty cash book on the day of audit should be verified with the actual cash in hand. Before verifying the cash balance, the counterfoils of cheques since last verification upto the date of audit should be examined to see that all amounts drawn in favour of the executive authority have been duly shown in the Petty Cash book. The entries on the disbursement side need not be verified with payment vouchers but it need only be seen that the accounts and the undisturbed balances refunded into the Treasury.
4. While verifying the amounts drawn on self-cheques it should be seen that entries of dates are correct with reference to dates of encashment as per Pass Book.

6) Interfund Transfer Register

The checks to be exercised are

- i) that it contains a complete record of all adjustments made by transfer from one account to another or from one Head of account to another; and
- ii) that all adjustment made are entered in the serial order and posted in the register of expenditure and register receipts.

7) Register of cheques received

The checks to be exercised are

- i) that all cheques received in payment of money due to the Municipal council are entered in this register and the same is reviewed daily by the Executive Authority.
- ii) that particulars regarding date of encashment bank commission, if any charged, the net amount realized and date of credit have been noted in this register;
- iii) that there are no delay in the encashment of cheques;
- iv) that only provisional receipt were issued in cases of payments by cheque;
- v) the dishonored cheques should be returned to the parties concerned and action taken to realize the amount covered by the cheques.

8) Register of money order received

The checks to be exercised are

- i) that amounts received by Money Order are entered in this register; and the Money order coupons bear the dated initials of the officer authorised to receive money orders and are stamped with Municipal Office seal;
- ii) that the amounts received are credited in the Chitta without delay; and
- iii) that the register undergoes scrutiny at the hands of the Executive Authority daily.

Note – All items entered in this register should be traced into the Chitta and Ledger.

9) REGISTER OF LOANS

Loans sanctioned by Government for specific purpose are entered in this register. The realization of the loans and their repayment as per orders of Government are recorded in the register.

It should be ensured that

- i. that loan have been obtained by Municipal Councils only in accordance with the provisions of the Local Authorities Loan Act and the rules framed there under.
- ii. that the loan has been taken for an authorised purpose
- iii. that the orders of Government sanctioning the loan, the annuity and rate of interest have been noted in the register.
- iv. that payment of principal and interest have been regularly made in accordance with the conditions of the loans.
- v. that the loan not taken long before the money was required
- vi. that the amount raised by loan has been spent only for the purpose for which the loan was obtained.
- vii. the orders of Government are obtained for the retention of the loan beyond the period if any specified in the order.

Note: Government have ordered that if a loan has remained unutilised even after a period of nine months from the date of drawl it should be refunded to Government forthwith. If it is decided to retain the loan amount longer, the specific sanction of Government should be obtained.

- viii. that there is no delay in the payment of loan annuities
- ix. in case penal interest had to be paid in any case, then the responsibility has to be verified and fixed and
- x. differential loss of interest, if any, due to non-utitlisation of the loans should be objected to based on the circumstances of each case.

(G.O.MS.No.104/MA & WS/Dept. dated.10.03.1999.)

(G.O.MS.No.12/MA & WS/Dept. dated.20.5.1997.)

(G.O.MS.No.290/MA & WS/Dept. dated.12.6.1997.)

(G.O.MS.No.78/MA & WS/Dept. dated.10.03.2000.)

The Executive Engineer of TWAD Board shall prepare a Completion report on completion of water supply schemes carried out from the loan amount received on or after 1.4.1998 by the Municipalities and deposited with the TWAD Board. The report shall be prepared within one month from the date of completion. The Report shall contain the details of loan amount received and expenditure incurred on various items. The Executive Engineer of TWAD Board shall send the Completion Report to the Assistant Director of Local fund Audit under intimation to Commissioner of Municipal Administration, Managing Director of TWAD Board and Director of Local Fund Audit.

Only on Completion of audit by Assistant Director of Local Fund Audit, the scheme may be handed over by the Executive Engineer to the concerned local bodies. (G.O.No.78.MA&WS(MA-3) Dept.dt.12.6.2000)

10) Appropriation register of Loans, Endowments and other Funds

This register is intended to watch that the funds by a loan or special contributions or endowments are appropriated for the purposes for which they are raised. The receipts and payments would be posted from the posting register as soon as it has been posted for the month. The checks to be exercised are-

- i) that without the sanction of Government previously obtained no portion of the funds has been appropriated even temporarily to any object other than that for which they have been raised.
- ii) that a separate page or set of pages have been set apart for each endowment or fund
- iii) that an abstract has been prepared at the beginning of this register showing the monthly closing balance of each fund and
- iv) that the transactions relating to funds earmarked under section 127(1) of the Public Health Act 1939, are recorded in the register.

11) Establishment Audit Register

It should be seen that all recurring charges have been entered in the register and authorities sanctioning them quoted in support. The checks to be exercised are-

- i) any excesses over the sanctioned scale appear in any month of the whole period under audit and all excess over the sanctioned monthly scale have been satisfactorily explained.
- ii) the order sanctioning the establishments have been noted in all cases and authenticated by the initials of the Manager or Executive Authority.
- iii) the alterations in the column have been initialed by the Manager or the Executive Authority and the dates from which they take effect have been invariably noted.
- iv) refunds by short draws, fines and amounts withheld for future payment have been correctly noted;
- v) the fly leaves have been correctly prepared.
- vi) the temporary establishments have been entered separately in the audit register, the period for which sanction holds good has been noted.
- vii) the register has been maintained correctly and posted monthly when pay bills are passed for payment

12) Service Registers

The checks to be exercised are-

- i) Whether a service register has been maintained for every employee borne on the establishment of a municipality.
- ii) Whether the record of service of each officer is complete;

Note : When examining establishment bills it should be seen that all leave, increments, etc., have been recorded in the Service Register.

- iii) Whether its bears evidence of having undergone annual verification at the hands of the Executive Authority or Municipal Engineer or Municipal Health Officer;
- iv) Whether leave accounts have been maintained for each employee

Note: Whenever an employee's leave salary comes up for audit, the leave account should be referred to and the eligibility for leave verified. The auditor should check the leave account to see that the entries of leave earned, leave taken and the balance at credit are correct.'

- v) Whether in the case of an employee who had served under another local body, the liability of the other local body for leave earned by service under it and the amount of leave allowance as determined and communicated by that body have been entered in the Service Book;
- vi) Whether the leave allowance recoverable from another local body under the preceeding instructions has been recovered; and

(H.O.Rc.70407/D1/75, dated 4th September 1975)

- vii) Whether the entries regarding sanction of annual increments, surrender leave have been entered.
- viii) Whether entries relating to pay fixation, grant of Selection/Special grades are correct.

The loss/ missing of Service book of a municipal employee shall be reported to the police department and obtained " Not traceable certificate "and then a duplicate service book may be prepared (CMS's Letter No: 56709/2004/ 2/dt.13.1.2005)

The service of Register of the employees due to retire during the subsequent 2 years of the year of audit should be verified thoroughly.

13) Road Metal and annual verification statements

The checks to be exercised are-

- i) that road metal statements have been submitted regularly every month by the Engineer, Supervisor or Overseer;
- ii) that the receipts, issues and balances of materials have been correctly shown and reference given to the payment voucher number.

Note: For this purpose all the purchases and issues according to vouchers for works should be traced into the statements.

- iii) that the actual balances of materials on road sides at the close of the year have been, verified by the executive authority and found to agree with those in the Road Metal Statements and any differences brought to the notice of the council for necessary orders; and
- iv) that the balances as finally settled have been carried over to the statements of the next year.

14) Measurement book

The checks to be exercised are-

- i) that all measurement of work done whether by means of daily labour or by contract, and of materials received or issued, have been recorded in the measurement book which should be in L.F Form No.83
- ii) that the arithmetical calculations and totals in the measurement books are correct;

Note: About 10 percent of calculations need alone be checked for this purpose.

- iii) that there are no undue delays in measurements and check measurements of work done.

Note: Road materials shall be measured only after the whole collection on the well-defined stretch of a road is completed and further collection of the same material has been made only after the materials collected already are spread. If additional collection is required before spreading measurement shall be taken.

(Chief Engineer (H & R.W) Memo.No.19823/D2/75-1 dated 10th April 1975)

- iv) that all entries which have been transcribed into the bills have been neatly crossed out in ink;
- v) that there are no erasures or unattested alteration
- vi) that pencil entries have not been inked over except in the contents column, which should invariably be in ink;

- vii) that reference is given in all cases to the vouchers on which payments were made;
- viii) that the book evidence check at the hands of the check measuring officer, as well as by the Municipal office
- ix) that the used –up books have been returned to the Municipal office and that they are carefully filed.
- x) that the measuring officer has authenticated each set of measurements by his signature or initials and;
- xi) that rules issued by government regarding measurement and check measurements of Municipal works (other than those connected with water supply and drainage) have been observed;
- xii) all the measurements taken up for the technical sanction irrespective of the value of works should be check measured by any officer in the rank of Assistant Executive Engineer, Assistant Municipal Engineer, Municipal Engineer Grade II or Municipal Engineer Grade III as the case may be and the check measurement should cover as per the norms fixed in the Public Works Department.

15) Asset Register

The checks to be exercised are-

- (i) that all lands, buildings and sites newly acquired or constructed by the Municipal council during the year under audit have been duly entered in the register, with particulars of T.s. No, extent, value, cost of construction or acquisition as also the cost of any additions to the existing lands, buildings, etc.

Note - The register should show a list of roads, bridges, culverts and other properties vested in or belonging to the councils.

(G.O Ms NO 1512, L.A Department, dated 5th August 1948)

2. Government have ordered that control of all avenues on government roads including National Highways in Municipal areas be vested in the Municipal councils concerned. The councils should maintain and redevelop the avenues subject to the general control of the Highways Authority and may appropriate the entire income from this sources.
 - a. that if any property is rented out the rent has been fixed by competent authority and realized regularly and credited in the accounts: and
 - b. that no immovable property has been transferred by sale, mortgage, exchange or otherwise without competent sanction.

Note;- the total value of the property according to this register should be shown in the statement of assets and liabilities appearing in the annual accounts.

(G.O Ms.No. 730, Rural development and local administration Department, dated 14th April 1976.)

(Director's circular Roc. No. 82804/76/lc dated 2nd September 1976.)

16) Register of Tools and plant

The checks to be exercised are-

- i. That the register contains a complete record of all tools, furniture, etc., as mentioned in the note under the heading of the register.
- ii. That all tools and plant, etc., purchased during the year according to payment vouchers, have been shown in the register;
- iii. That the purchases of tools and plant livestock etc., and sales., if any there of as being unserviceable have been made with competent sanction.
- iv. That credits are traceable in the accounts for all sale proceeds of unserviceable tools etc.,

- v. That the certificate has been furnished by the Executive Authority or other responsible officer as to the actual verification of the balance on hand.

Note:-When the commissioner delegates to responsible officers the function of verification of tools and plant and of stock and stores including stamps, stationery forms, books, medicine, public works stores, water works stores, etc., he should satisfy himself that the accounts are properly maintained and that their verification has properly been carried out in all cases by the delegates, as he will be ultimately responsible for their correctness. He should occasionally check some of the articles, particularly those which are valuable or otherwise important relating to different categories or institutions and place his initial with the date against the relating entry in stock registers showing the balance.

17) Stock Account of Stationery

The purchases made shall be checked with reference to vouchers taken up for audit. The following point should be seen.

- i) that the issues are acknowledged by the officer supplied with the quantity;
- ii) that the issues are not excessive and are in accordance with the scales, if any prescribed;
- iii) a test check of balances may also be made to see that there are no arithmetical errors in this regard.
- iv) that the balances are struck at the end of each half-year and the same verified by the Executive authority and necessary certificate of verification furnished and that in regard to shortages necessary action has been taken. Shortage noticed in physical verification should be noted in the audit report.

18) Stock Account of Miscellaneous Articles

The general checks regarding verification of receipts, issues and balance in the previous paragraph will apply.

Tracing of stock entries while auditing contingent vouchers relating to purchase of miscellaneous articles, stationeries, etc., may be dispensed with up to the following limit.

- | | | |
|---|---|---------|
| 1. Special Selection and I Grade Municipalities | - | Rs.50/- |
| 2. II and III Grade Municipalities | - | Rs.20/- |

A certificate by the administrative authorities to the effect that the articles purchased have been taken to stock and accounted for should be called for in audit. If the certificate is not furnished, the objection should be for want of certificate of stock entry and not for want of stock entries.

19) Stock Account of forms

This is a very important record, as it furnishes a means of check of the possible misuse of bill and other similar forms. The receipts and issues should be checked in detail, not for the period under audit, but up to the date on which the actual balance is verified. The points to be looked into in examining it are

- i) that the entries of receipts are in agreement with the invoices received from the supplier. The total amount of the bills should be compared with the charge under stationery and printing in the Ledger to see that all bills are forthcoming;
- ii) that issues are not made in excess of requirement and that the books issued are all forthcoming either as used or unused.
- iii) that the printed machine numbers of books issued have been noted in the stock register and the acknowledgement of the clerks concerned are taken for issues;
- iv) that in respect of all forms and books shown as sold for cash such as service books and ticket books, the issues are supported by the necessary credits representing the cost;
- v) that the stock of forms has been verified and the fact certified to in the register at the end of every quarter by the commissioner; and

vi) that the actual stock in hand at the time of audit, agrees with the book balance.

Note:- This should be ascertained by actual counting, after striking the balances in the register and this fact of agreement should be certified to. If any differences are discovered, they should be drawn prominent attention to in the Audit Notes and the actual balances entered in ink in the register by the auditor himself. It should also be seen whether these forms are kept securely under lock and key in charge of any of the responsible officers.

20) Suit Register

The checks to be exercised are-

- i) that all the suits to which the Municipality is a party are entered in the register.
- ii) that separate pages are allotted for each suit and that appeals are entered separately giving a cross reference to the original suit;
- iii) that the expenditure incurred on a suit is entered with full details in the appropriate columns of the register;
- (iv) that advances made to lawyers and their adjustments on receipt of detailed bills are noted in it against the suit concerned
- (v) that particulars regarding the results of the suit sum decreed towards suit cost, etc., are noted in the appropriate columns of the register and that recoveries made are also noted in it;
- (vi) that decrees are not allowed to become time-barred and that execution petitions have been taken in time;
- (vii) that the progress of suits, execution of decrees and recoveries of amounts decreed are watched through the register by the Municipal Office;
- (viii) that half-yearly returns showing the number of suits pending relating to previous year, number filed during the half-year, the number disposed of and the number pending at the end of the half-year have been obtained from the pleaders and checked with reference to the entries in this register;
- (ix) that amounts decreed have been noted in the miscellaneous demand register with a view to watch their recovery;
- (x) Whether the sanction of the council for filing suits has been obtained;
- (xi) Whether the regulation fee paid was in accordance with the rules and outside sanction was obtained wherever necessary;
- (xii) Whether the advance paid to legal adviser is commensurate with the probable expenditure for filing the suit and is adjusted early.
- (xiii) Whether the realization of the decreed amount was watched properly;
- (xiv) Whether any suits have been settled out of Court and that the sanction of the Council was obtained in advance without any omission;
- (xv) Whether the amount of the Court cost, stamp fees, etc., incurred were correct and that the amount decreed in this regard does not vary abnormally;
- (xvi) Whether the grounds on which the suits dismissed are due to the negligence on the part of the Executive Authority;
- (xvii) Whether the cause of the suit was due to misuse of powers vested with the staff of the local body;

The original file in respect of decreed and dismissed suits shall be called for and verified in audit;

The correctness of the entries in the Suit Register especially the suit numbers shall be test checked with reference to the original files.

(Head Office Circular Roc.No.42290/77/C6 Dated.24th March 1977)

21) Stores Accounting

The receipt of materials through purchase or otherwise should be verified with reference to payment vouchers and the entries duly initialed by the auditor noting the voucher numbers, etc., in token of such verification;

- i) In regard to issues of materials for works connected with water-supply, Public Health or Electrical under takings it should be seen that issues are made with reference to indents duly approved by the authorities empowered in that behalf and that the indents are serially numbered having foil and counterfoils;
- ii) Authorising issues in loose slips of papers should be reported to higher administrative authorities;
- iii) It should always be seen that the verification of stocks periodically by the authorities empowered in this behalf are made and certificate to that effect are recorded in stock registers;
- iv) It is also a part of the duty of the auditors to check the arithmetical accuracies of the balances in stock arrived at with reference to the receipts and issues to check manipulations of entries in the stock accounts and the balance struck should bear the token of audit verification;
- v) Audit also should comment on the large scale purchases in excess of requirements, accumulation and stagnation of stores and unserviceable stores, etc., kept in stock.
- vi) Shortages if any noticed, may be regularized with reference to the manual instructions on Accrual Based – Accounting System.

The following records are to be maintained in the stores.

1. Priced Stores Ledger.
2. Purchase Orders.
3. Inventory Materials Receipt Note (IMRN)
4. Inventory Materials Indent and Issue Note.
5. Stores Return Note (SRN)
6. Stores Adjustment Slip (SAS)

The closing stocks as shown in the priced ledger should agree with schedule No.13.

In regard to large purchase of bitumen, which are taken to stock and issued to works, it should be seen that the value of stock is debited under advance Engineers stock especially in the case of First, Selection and Special Grade Municipalities and the balance of stock at the end of each year are prepared in the form of a statement, their values arrived at and agreement of the value with the balance as Engineers ' Stock in the account effected to ensure that the stocks are properly accounted for.

125) PROVIDENT FUND ACCOUNTS

According to orders of Government in G.O.Ms.No.533, Finance, dated 17th June 1967 Provident Fund recoveries of employees of all local bodies including the existing balances in the Treasury and Post office Savings Bank as on 30th June 1967 were required to be deposited with government in T.Deposits. The existing provident fund investments with the local bodies were also required to be endorsed in favour of Government and corresponding credits will be adjusted by Government to T.Deposits in respect of such investment. Investment, of Provident Fund Account other than T.Deposits subsequent to 1st July 1967 has been prohibited. This was reiterated in Government.Memo No.144648 (Funds) 71-6, dated 16th February 1974 and in Government Memo. 195 (Funds), dated 19th February 1974 investment made after 1st July 1967 upto 2nd January 1973 have been ratified. Any investment made thereafter was irregular and loss of interest arising there from should have to be made by the person responsible. Government will sanction interest on the balance in T. Deposit of the respective local bodies at the rate applicable to Government servant which will have to be got adjusted to the credit of the account of local bodies from the Treasuries.

The Accounts should be examined on the lines indicated below;

a) Register of subscribers- (i) that it is a complete record containing the names of all employees subscribing to the fund and that they are eligible to subscribe to the Fund.

ii) that particulars as regards the date of birth, age on the date of admission to the Fund, name of appointment held in respect of every subscriber have been noted in the appropriate columns of the register;

Note-1 Under rule 4 of the Provident Fund Rules no Officer or servant is qualified to subscribe to the fund before he attains the age of 20. It should be seen that the subscribers admitted to Provident Fund have attained the age of 20.

Note-2 A Local body servant who is continuously employed for not less than six months will be required to subscribe to the Provident Fund irrespective of the fact whether he is temporary or permanent.

(G.O.Ms.No.1554, Rural Development and Local Administration, dated 31st July 1976)

iii) that the certificate of heir ship has been obtained from all subscribers and filed;

iv) that the names of nominees, their age, relationship, occupation and address have been noted in the appropriate column of the register; and

v) that the nomination of a subscriber which purports to leave any amount otherwise than to a member or members of his family has been accepted only after it has been ascertained in writing that the subscriber has no family.

b) Abstract of the Provident Fund Institutions- (i) That the names of subscribers, their designation pay on which subscription is levied are correctly noted in the register;

Note 1- the pay on which subscription is recovered is ordinarily the pay drawn on the 31st March of the preceding year in the case of old subscribers and it would be checked with the pay bills for March of the preceding years.

Note 2- In the case of an officer on leave or suspension or temporary duty, and under training on the 31st March the subscription is based on the pay drawn on the first day on his return to duty, on the pay drawn on the day preceding the day of his entering temporary duty or the pay drawn immediately preceding the admission to the training institutions respectively.

ii) that the opening balances are correctly noted;

iii) The entries should be checked with the closing balance entered in the previous year's register.

iv) that subscriptions and refund of withdrawals if any have been correctly calculated and recovered monthly from the pay of every subscribers;

Note 1-The Provident Fund recoveries from the pay bills need not be traced in full in the Abstract Register. It is enough if it is seen that the monthly totals of receipts, as per Provident Fund cash book and Abstract Register agree. If there is disagreement then the recoveries should be verified in full. (H.O. Standing Order 6/72, dated 12th January 1972).

Note 2 - The minimum rate of subscription payable by each subscriber shall be based on emoluments on slab system fixed as follows:

Sl. No.	Emolument	Minimum monthly rate of subscription
1.	3000-3200	360
2.	3201-3500	385
3.	3501-3800	420
4.	3801-4100	455
5.	4101-4400	490
6.	4401-4700	530
7.	4701-5000	565
8.	5001-5500	600
9.	5501-6000	660
10.	6001-6500	720
11.	6501-7000	780

12.	7001-7500	840
13.	7501-8000	900
14.	8001-8500	960
15.	8501-9000	1020
16.	9001-10000	1080
17.	10001-11000	1200
18.	11001-12000	1320
19.	12001-14000	1440
20.	14001-16000	1680
21.	16001-18000	1920
22.	18001-20000	2160
23.	20001-22000	2400
24.	22001-24000	2640
25.	24001-26000	2880
26.	26001-28000	3120

(G.O.Ms.No.579/Finance/dated.7.10.1998. (w.e.f) 1.10.98.

Note.3-Voluntary increase over and above the rate of subscription is permissible and it shall be made by a subscriber at any time in a year. Such members are also allowed to reduce the rate of subscription once in a year namely in the pay for March drawn in April subject to the condition that the minimum subscription will be as indicated above.

Note 4-The recoveries should be posted against the month in which they were effected e.g., the recovery in the pay bill for April would be made in May and should therefore be posted in the column for May.

- iv) that interest on subscription as worked out in the ledger has been credited in the register;
- v) **THAT TEMPORARY WITHDRAWALS OR REPAYMENTS OF AMOUNTS STANDING TO THE CREDIT OF SUBSCRIPTION AND REFUND HAVE BEEN CORRECTLY POSTED IN COLUMN 25 AND 26 AND**

Note-1- The correctness of the amount should be verified with the reference to the vouchers relating to the temporary withdrawals and those for repayment from Provident Fund.

Note-2- When subscriber's account is closed either on the dismissal of a subscriber on any ground or on his resignation within five years of the commencement of his employment the Municipal Councils has the discretion to withhold all or any part of the amount standing to his credit in the contribution account. It should be seen in audit that in cases of this nature the Executive Authority has obtained the opinion of the Council.

Note-3- The Provident Fund subscription cannot be assigned or charged and are not liable to attachment under any decree or orders of any civil, revenue or criminal court in respect of any debtor liability incurred by the subscriber. The recoveries if any, to be effected by the Municipal Council from a subscriber whose account has been closed can be effected from the amount standing to the credit of the subscriber in his contribution account.

Note-4- As the service of the Municipal servants were made pensionable from 14th January 1970 the contribution upto 13th January 1970 are to be transferred to the Pension Fund only, this cannot therefore be adjusted for losses, etc., No bonus contribution is also adjustable after 14th January 1970 or 2nd October 1970 or 1st October 1973 as the case may be, in regard to employees whose minimum in the pre revised scale was above Rs.90 or less than Rs.90 or Sanitary workers.

Note - 5 The recoveries to be effected, if any should be ascertained immediately after the account is closed and an intimation should be sent to the subscriber to receive the amount. Interest is payable till the issue of the intimation, but such intimation would need to be made within six months from the date of closure of the account. If the amount is not claimed within six months after the closure of the account and within six months from the date of issue of registered notice to the person or persons specified in the nomination the amount should be transferred to deposits.

Note-6- The repayment of amount standing to the credit of a deceased subscriber can be paid only to the nominees. The provisions of the Provident Fund Act should be complied with in making the final payment.

vi) that the closing balance has been correctly worked out in the register.

c) Provident Fund Ledger-(i) That the accounts of each subscriber showing the opening balance, deposits refund or withdrawals, and monthly balance have been correctly posted;

Note- The figure under the several heads should be traced from the Abstract Register in full.

ii) that the interest has been calculated at the rate of interest allowable to General Provident Fund subscribers under State Government intimated from time to time. No special sanction is necessary for this.

(H.O.Ms.No.533, Finance Department, dated 1st July 1967)

Note-1- The interest to the individual subscribers is calculated on the monthly balance at the rate at which interest is payable to the Government servants. The amount so adjusted will have to be debited to "Advance in the General Funds which has to be wiped off on receipt of interest on T. Deposits".

(H.O. Standing Order, 6/72, dated 12th January

Note-2- A test check of calculation of interest is only to be done. This is to be rationalized by subjecting every fourth accounts to a detailed check. To avoid the same account being checked every year the 4th account to be calculated from the last digit of the year of audit for previous year, i.e., If it is 4,8,12,16 for 1974-75 it will be 5,9,13,17 for 1975-76.

(H.O.S.O.6/72, dated 12th January 1972)

Note-3- that the opening balance, credit, withdrawals and the closing balance at the credit of each subscriber have been copied into deposit account in Provident Fund Form No.8 and forwarded to the subscriber for acceptance of the balance;

iii) that the deposit account, signed by the subscriber has been filed in the office;

v) All cases of final closure of account should be subject to cent present check (Head office Standing Order 6/72, dated 12th January 1972)

d. Register of Temporary advance and their recovery

(i) that all temporary withdrawals sanctioned have been entered in this register;

ii) that the advances allowed are for objects recognized as legitimate in the Provident Fund Rules, and that they do not exceed the limits prescribed in the Rules;

iii) that the sanction of competent authority has been obtained for the grant of advances;

iv) that the number of installments fixed for recovery of the advance does not exceed the maximum fixed in the rules;

v) that the amount of each instalment has been fixed in whole rupees and that the amount of advance has been so fixed as to admit of a fixation of such instalments;

vi) that the repayment commences on the first occasion after the advance is made on which a subscriber draws pay for full month;

vii) No interest is chargeable on the temporary advances granted;

viii) that the recoveries made towards repayment of advances have been entered in the Register;

ix) As per G.O.Ms.No.1478, Rural Development and Local Administration, dated 17th June 1974 all temporary advances up to 30th June 1974 should be consolidated as one advance and recovery fixed from July 1974 as one advance and there will be an interval of six months from the date of previous advance for withdrawals.

Note- A detailed check of this register is not necessary. Only a general review of the maintenance of the register may be done.

(H.O.Standing Order No.6/72, dated 12th January 1972)

(e) Interest on T.Deposits: The Director of L.F.Audit is the sanctioning authority for interest on the T.Deposit balances of each local body annually. The local bodies should send the interest claim proposals every year through the Assistant Director of Local Fund Audit concerned to the Director of Local Fund Audit. Hence it should be ensured in audit that the interest claim statements are sent to the Local Fund Audit Department without any delay. Necessary comment should be made in the annual audit report regarding non-submission of interest claim proposals.

Note: The concession of financing Insurance Policies from the Provident Fund of Local body employees has been withdrawn by the Government from 1964. Hence it should be ascertained that no insurance premium is paid from the P.F. accounts of the employees.

- g) **Provident Fund Cash Book-** (i) Consequent to the deposits of Provident Fund amount recovered in the bills directly in T.Deposits in the Treasury and introduction of pension scheme to the employees of Municipal Council the Provident Fund Cash Book is to be maintained in the form of ordinary cash book as ordered in G.O.No 2179, RD & LA, Dated 3rd October 1973.
- (ii) It should be seen that the deposits of Provident Fund recoveries in T. Deposits, realization of interest on T. Deposits balances are entered in the appropriate column in the receipt side of the cashbook. Similarly the transactions relating to withdrawal, for grant of advances, etc., and adjustment of interest to the subscribers should be entered in the charges side.
- (iii) An abstract should be struck monthly in the cashbook and the realization reconciled with the balance in T.Deposit, Investment and cashbook closing balance.
- (iv) At the end of the year, a reconciliation between the closing balances as per Provident Fund Abstract Register and Cash Book should be made in the Abstract Register.

The following are the executive instructions regarding the remittances of Provident Fund recoveries and adjustment of interest.

1. **THE DELAY IN THE REMITTANCE OF PROVIDENT FUND RECOVERIES WILL RESULT IN LOWER REALIZATION OF INTEREST THAN THAT CREDITED TO THE ACCOUNT OF SUBSCRIBERS. SUCH SHORT FALL IN INTEREST EARNED WILL HAVE TO BE MADE GOOD, BY THE PERSONS RESPONSIBLE.**

(Head Office Circular No. 46674/D/73, dated 3rd September 1971.)

2. A revised procedure for claiming interest by the local bodies has been prescribed to the Government Memo. 88325/Funds/73 dated 9th November 1973 according to which adjustment will have to be preferred to the concerned treasury officers based on the sanction proceedings of DLFA. The adjustment of interest should be verified with reference to the copies marked to the Assistant Director.
3. The following items of deposit are not reckoned for calculating interest.
- (i) Interest on investment at superior rate realized for the periods subsequent to 1st July 1967.
- (ii) Wrong credit and debits in T. Deposits.
- (iii) Interest for any year adjusted at General Provident Fund rates and taken to T. Deposits.
- (iv) Interest adjusted from General Fund to Provident Fund Accounts.
- (v) Bonus contribution credited to "T. Deposits" from the date for admission to scheme in respect of those governed by pension schemes.

(Memo.No.76141/MI/70-3, RD and LA, dated 10th August 1973.)

- (vi) Instructions given for sending the proposal of interest claim of the institutions to the Director of Local Fund Audit shall be followed as per the H.O. Circular No.54/2006 Rc.No. Securities II/ 53928/ 2006 dated.09.11.2006.

- 4 The diversion of amounts from T.Deposits to other funds is not permissible. If the same is made with the approval of Government due to payment of funds, the interest for that amount will have to be met from General Funds.
- 5 The pay and allowances of the clerk attending to provident Fund work is debitable entirely to General Funds only, (Memo.102630/M/RD and LA, dated 7th September 1971.)
- 6 The provident Fund amount deducted every month in the pay bills are to be remitted to T. Deposits directly by drawing a separate cheque simultaneously. If the deduction towards Provident Fund are invariably held up due to paucity of funds and diverted by the local bodies (which also should be done only with the prior approval of Government) for meeting their commitment the interest has to be borne by the local body from its own funds.

In other cases of non-remittances or part remittances, the omission will result in loss of interest and the interest so foregone may have to be pursued for recovery from the persons responsible. The loss will have to be worked out on the following basis:-

- (i) if the deduction made are retained in the funds of the local body, it will earn interest in the public account at 4.5 percent per annum. Hence the loss of interest in the T. Deposit account will be the difference between the Provident Fund rate and 4 ½ percent. The local body can bear the 4-½ percent rates, which would earn on the Personal Deposit Account. If the Funds are not available for remittance then the loss should be borne by the local body's regular funds.
- (ii) The loss of interest should be worked out based on cumulative monthly balances as shown in the following example:-

Month	Monthly cumulative Openig Balance	Amount Deducted in pay bill	Amoiunt remited in T. Deposit	Cumulative monthly Balance
April	1,000	10,000	5,000	6,000
May	6,000	10,000	5,000	11,000
June	11,000	10,000	10,000	11,000
			Total	28,000

Loss = 38,000 X Rate of P.F. interest for that year

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(Head Office Rc.No.C6/43627/75, dated 17th June 1975.)

- (7) During examination of the Provident Fund cashbooks and T. Deposits accounts, it should be seen whether there are any heavy withdrawals in any months and whether any amounts were withdrawn and invested in small savings etc., and suitable comments made in the Audit report.

To avoid delay in the closing of the Provident Fund Account, he Municipal Commissioners are requested to make arrangements for transmission of all establishment vouchers to the Provident Fund section (to be returned within 3 to 7 days) to facilitate that section to post the Provident Fund Ledger and Provident Fund Abstract. The alternative Provident Fund schedules (as in vogue in Government Offices) may be required to be enclosed in the pay bills which can be checked by the Accountant and passed on to the Provident Fund clerk for postings.

(Director's letter No. Roc. 7369/IC/77, dated 24th January 1977.)

- (8) In calculating the interest payable to the P.F.subscribers the following defects are noticed.

During a financial year 12 months salary is paid in 11 months. But in the PF abstract and ledger it should be posted in 12 months as if they pertain to the respective months, ie., March paid in April should be posted in April in the P.F abstract register and so on.

In PF ledger cumulative monthly balance is arrived for 13 months instead of for 12 months by mistake in certain Municipalities. As a result of this interest is allowed more than what is due. Hence the postings in PF ledger for recoveries of PF and refund of withdrawals should be posted for 12 months and cumulative monthly balances including opening balance should be arrived at for 12 months only and interest calculated for the sum total of cumulative monthly average balance arrived at for 12 months only.

While monthly cumulative balance is arrived at including opening balance for March paid in April to February in certain cases opening balance noted at the beginning is also erroneously added to the progressive total of monthly cumulative balances for calculating interest due. This should be noted in audit.

Recoveries towards PF subscription and withdrawals need not be made from the retiring employees for the last four months. But recoveries are made till the month of retirement.

In the case of an employee retiring during the course of a financial year While closing the PF account of this subscriber interest up to the date of stoppage of subscription has to be calculated and paid But interest is allowed for one year in certain cases. These should be commented upon in audit.

Illustrations-incorrect and correct method of working for all the above points is given below for guidance:

Procedure Adopted in Ledger

Month	Subscri- ption. Rs.	Refund of loan Rs.	Total Rs.	Payment of loan Rs.	Monthly Balance Rs.	
OB			5,542			
4/88	120	300	420		5962	42214x12 -----
5/88	60	300	360	3000	3322	12x100 Interest = 622/-
6/88	60	600	360		3682	Opening Balance : Rs.5542 Receipt : Rs.4080 -----
7/88	60	600	360		4042	Total : Rs.9622 Interest : Rs. 622 -----
8/88	60	600	360		4402	Grant Total :Rs.10244 -----
9/88	70	300	370		4772	Payment :Rs.3000 CB
10/88	70	300	370		5142	:Rs.7244(6622+Int.622) -----
11/88	70	300	370		5512	Grant Total :Rs.10244 -----
12/88	70	300	370		5882	
1/1989	70	300	370		6252	
2/89	70	300	370		6622	
3/89	-	-	-		6622	
Total	780	3300	9622	3000	62214	Rate of interest @ 12/-

CORRECT PROCEDURE

Month	Subscri-ption. Rs.	Refund of loan Rs.	Total Rs.	Payment of loan Rs.	Monthly Balance Rs.	
OB			5,542			58194 x 12
4/88	120		420		5602	----- 12 x 100
5/88	60	300	360	3000	2962	Interest = 582/- Opening Balance : Rs.5542
6/88	60	300	360		3322	Receipt : Rs.4080 -----
7/88	60	300	360		3682	Total : Rs. 9622 Interest : Rs. 582
8/88	60	300	360		4042	----- Grant Total :Rs.10204
9/88	70	300	370		4402	----- Payment :Rs.3000
10/88	70	300	370		4772	CB :Rs.7204(6622+Int.582)
11/88	70	300	370		5142	----- Grant Total :Rs.10204
12/88	70	300	370		5512	-----
1/1989	70	300	370		5882	
2/89	70	300	370		6252	
3/89	70	300	370		6622	
Total	780	3300	9622	3000	58194	

PROCEDURE ADOPTED IN LEDGER (INCORRECT).

Month	Subscri-ption. Rs.	Refund of loan Rs.	Total Rs.	Payment of loan Rs.	Monthly Balance Rs.	
OB			5,542		5542	
4/88	120		420		5962	67756 x 12 -----
5/88	60	300	360	3000	3322	12 x 100 Interest = 678/-
6/88	60	300	360		3682	Opening Balance : Rs. 5542 Receipt : Rs. 4080 -----
7/88	60	300	360		4042	Total : Rs. 9622 Interest : Rs. 678 -----
8/88	60	300	360		4402	Grant Total :Rs.10300 -----
9/88	70	300	370		4772	Payment :Rs.3000 CB :Rs.7300(6622+Int.678)
10/88	70	300	370		5142	----- Grant Total :Rs.10300 -----
11/88	70	300	370		5512	
12/88	70	300	370		5882	
1/1989	70	300	370		6252	
2/89	70	300	370		6622	
3/89	-	-	-		6622	
Total	780	3300	9622	3000	67756	

PROCEDURE ADOPTED IN LEDGER (CORRECT)

OB				7244
4/89	140	600	740	7,984
5/89	70	300	370	8,354
6/89	70	300	370	8,724
7/89	70	300	370	9,094
8/89	70		70	9,164
9/89	70		70	9,234
<hr/>				
Total	490	1500	9234	52,554

$$\text{Interest worked out} = \frac{52554 \times 12}{6 \times 100} = 1051$$

Correct Procedure

$$\begin{aligned} \text{To be adopted for payment of Interest} &= \frac{52554 \times 12 \times 6}{6 \times 100 \times 12} \text{ for month} \\ &= \text{Rs. 526/-} \end{aligned}$$

126. LODGMENT OF FUNDS

According to the orders of Government in G.O.Ms.No. 1407, Local Administration, dated 5th April 1929, the Municipalities should keep their funds only in the Government Treasury or in the absence in the State Bank of India or its subsidiaries. In addition, the Municipalities may have an account in the District Co-operative Bank up to a limit of Rs. 10,000. The Municipalities have also been permitted to open two accounts in the Nationalised or Scheduled banks in G.O. No. 2314, Rural Development and Local Administration, dated 2nd November 1973 one for General and the other for Elementary Education.

Note 1:- This account is in addition to the existing accounts in the Government treasury and the accounts relating to provident fund, deposits and loan amounts.

Note 2:- No loans or overdrafts could be obtained from the Nationalized banks without the prior sanction of Government.

Note3:- Any amount found surplus in the Nationalized Bank accounts should be invested in short term deposit.

(G.O.Ms.No.2374, Rural Development and Local Administration dated 7th November 1973)

G.O.Ms.No.2681, Rural Development and Local Administration dated 30th November 1973.)

a) Receipts Book:

The Bank Receipt Voucher (BRV), numbered serially are prepared for daily collections and remittances. So, the compilation section in the Accounts cell should first ensure that the copies of BRVs are all available, in a chronological order.

Whenever, the credit entries are to be reversed on account of dishonored cheques the Bank Payment Voucher (BPV), as mentioned in para 5 of para (5) "Accounting of Dishonored Cheques" under chapter "02.(a). Property Tax Accounting" Tax Accounting" should be available.

These two documents should be used for preparing the Receipts Book.

b) Payments Book

The copies of all Bank Payment Vouchers (BPV) serially numbered through which cheques were drawn, are to be received chronologically, daily, from the zonal offices, if any. In the Accounts Cell, the BPVs that should be available in a serially arranged manner should also be transferred to the compilation section of the Accounts Cell. From the in-puts viz. BPVs the Payments Book is brought out as out-put.

All claims are made in the form of Bills (Pay Bills, Contract Bills, Other Claims etc.,) with supporting documents. They are scrutinised and passed for payment before cheques are issued. In this system, in addition to the above bills, a document called "Bank Payment Voucher" should be prepared. These Payment Vouchers should be entered in this book. The totals in this book indicate the total payments, made through Cheques-monthly. This book will be prepared for the Revenue Fund, Capital Fund, Water Supply & Drainage Fund and Education Fund separately.

The transaction in the WS & D and Elementary Education Fund are considerably less. Therefore, it is sufficient to have a combined book viz. Receipts & Payments Book to record all receipts and payments including payment on Capital Works.

c) Preparation of Bank Reconciliation Statement

The Bank Scroll, which is the Bank's record of the transactions between the Bank and the Municipality should be checked at regular intervals, preferably on weekly basis, with the items in the Receipts Book and Payments Book with a view to see that the balances as shown in the Bank Scroll for receipts and payments at any particular date, agree with the bank balances as shown in the Receipts Book and Payments Book.

Note: The Commissioner should appraise the Manager, of the need to furnish the bank scrolls, on weekly basis in the present context of computerization of Bank Accounts and arrange for checking of the remittances and withdrawals systematically to guard against possible defalcations of the money meant for remittance and manipulation in writing cheques.

This is an important function to ensure that the balances in the Receipts Book and the Payments Book agree with those in the Bank Scrolls at the end of each month.

The differences are bound to occur for various reasons.

Reconciliation Statement should be prepared "monthly" to indicate the items of disagreement on any given date after ticking off all the items in the scroll with the entries in the Receipt/Payments Books. The unticked items in the latter books will represent cheques deposited, but not credited or cheques issued but not presented by the parties for payment. By preparing "plus & minus memo", which is otherwise known as Bank Reconciliation Statement, agreement could be effected subject to the subsequent settlement by close watch over those items.

d) Bank Payment Voucher

For every payment made by cheque, a document is created and this is called "Bank Payment Voucher". Adequate columns have been provided in this voucher to identify the department which incurs expenditure and the "account head" to the concerned department/section from which the payment is sought for. The Sl.No. is assigned in the Account Cell on annual basis, while passing the claims for payment. The BPV indicates the abstract of expenditure with account description. No cheque shall be drawn without a BPV and an entry therefor in the Payments Book.

e) General Ledger

Every transaction covered either by BRV or BPV or Journal Vouchers (GJV, EJV, PJV, CJV & FAJV) after first being recorded in the Books of Original entry viz. Receipts Book, Payments Book and Bank Transfer Book finds its subsequent destination in General Ledger in which, the transactions reflect in a more properly arranged, classified and condensed form. Thus, the summary of the transactions recorded in the Receipts Book, Payments Book, Bank Transfer Book and in different kinds of Journal Vouchers would be posted in the General Ledger on a daily basis. In the General Ledger, a folio for each account head with code no. With analytical columns for each department will be set apart to record the progressive monthly debits and credits. At the end of every month, the balances have to be struck under each account code and a Trial Balance prepared by listing out the net balances of all account heads. The balances as per the General Ledger are reconciled with the totals of the balances as per the respective subsidiary records. The NET debit balance of any account head may represent either an asset or an expense. Similarly, the NET Credit balance of any account head represents either a liability or a gain. The General Ledger for Water Supply & Drainage Fund and Elementary Education Fund should be maintained separately, on the above lines.

f) Preparation of Trial Balance

The principle of double entry is that for every debit, there must be a corresponding credit. It follows that the sum total of the debit balances in various account heads in the General Ledger should be equal to the sum total of the credit balances in the other "account heads". This could be the proof of arithmetical accuracy of the transactions recorded in the General Ledger. To test this accuracy or otherwise, a list of balances under debit and credit, standing in the account heads of the General Ledger at any given date generally at the end of the month-is prepared. So the Trial Balance may be defined as a statement of debit and credit balances extracted from the Ledger with a view to test the arithmetical accuracy of the books forming a link between the Ledger accounts and the Income and Expenditure Account and the Balance Sheet. It must be noted that the cash on hand at Treasury and balance with Bank Collection Account/the Payment Account as indicated in the Receipts Book and Payments Book, after taking into account transfers out and transfers in through Bank Transfer Book, should be included in the Trial Balance.

Steps to be taken

1. Re-check the totals of the Trial Balance
2. See that the inclusion of cash and Bank balance is not omitted.
3. Based on the side i.e., debit side or credit side, if the difference exists, it may be an amount exactly equaling the difference that has been left out, un-posted.
4. Scan the journals to see that the total debits and credits of each entry tally.
5. Check the totals of the subsidiary ledgers.

Thus, the Trial Balance having been agreed, the Income and Expenditure Account Should be prepared.

f) Projects Expenditure Statement.

- a. This should be prepared monthly from the Project wise cost to date, in the Projects Ledger and the totals of the ledger should be reconciled with "Projects Ledger and the totals of the ledger should be reconciled with "Projects-in-Progress account" in the General Ledger. This would act as an additional check on the accurate maintenance of the Project records.
- b. Interest paid on loans should also be added on to the cost of the project during the construction period only. Supervision charges and cost or departmental labour (specifically wages on Technical Assistant) must be apportioned among the various projects in execution annually and finally, on completion.
- c. The capital grants are in the nature of contribution to the equality of the local body. They should be transferred to the Contribution Account on completion of the project, to the extent of the cost of the asset created out of such grants.

- d. Thus, this statement would provide “cost data” indication budgeted sanction, balance available, expected over-run and expected date of completion of each project.

g) Income and Expenditure Account

It includes all income earned during a year whether actually received or not and all expenditure incurred whether actually paid or not. It does not commence with any balance. It includes revenue items only. The same procedure is applicable for the Income and Expenditure Accounts of Water Supply and Drainage Fund Account and Elementary Education Fund Account with the prefix provided therefor. It will cover only income and expense belonging to the year for which it is prepared. The difference between the two sides would mean either net surplus or net deficiency for the year and it must always be accompanied by the relative Balance Sheet.

1. Exclude the opening and closing cash and Bank balances.
2. Eliminate all the items of capital receipts and payments.
3. Exclude income of the previous period or any income received in advance.
4. Provide for accrued income i.e., the income earned during the period but not received.
5. Exclude expenditure either of the preceding period or the succeeding period.
6. Provide for expenditure due but not paid (outstanding bills that are payable).
7. Provide for Reserve for doubtful collection of Revenue items, depreciation etc as would affect the net income.

Thus, the Income and Expenditure Account is prepared, summarizing, all revenue income and expenditure to determine the net revenue surplus/deficit in the financial year and taken to the Balance Sheet as excess income over expenditure or excess expenditure over income.

h) Balance Sheet

A Balance Sheet is a statement prepared with a view to measure the exact financial status of the municipality at the end of the financial year (accounting year). It is prepared from the balance representing Assets (Fixed and Current) and Liabilities (long term and current liabilities) in the Trial Balance to determine the net worth as at the end of that period.

A Balance Sheet covering all the funds should be prepared for the municipality as a whole. If necessary, the fund wise Balance Sheet segregated from this Balance Sheet.

The Balance Sheet shall generally include the following schedules (statements) as annexure there to.

1. The Schedule of Assets showing the details of descriptions, opening balances with value, Additions and Deletions, Depreciation and their Closing Balances.
2. Schedule showing the various Liabilities like Deposits repayable etc.
3. Schedule showing the different kinds of advances pending recovery or adjustment.
4. Schedule showing the various grants received and kept unutilised at the end of the year.
5. Loan Schedule showing the various loans received and the amounts standing unutilised at the end of the year and.
6. Loan Account indicating the loans outstanding at the end of the year.
7. Schedule showing the details of Investments.

(The Software Package is so designed as to take out all such schedules (statements) required to be enclosed to the Balance Sheet.

- b. The Statements of the receipts and the payments for all other accounts mentioned in para 3(c) under chapter “01 Introduction” and a statement of receipts and payments in respect of the Devolution Fund should be prepared and annexed to the consolidated Balance Sheet and placed before the Council.

Due date for finalizations of accounts.

The accounts mentioned above shall be finalised in all respects duly signed by the Commissioner and placed before the Council and sent to audit on or before 15th May of the next financial year.

The preparation of all such statements would establish built-in discipline in the Accounts cell and major accounting errors, such as wrong treatment of a revenue/capital item. Omission to provide for any liability etc., would get highlighted and corrective action could be taken, besides exhibiting the true Financial Position in a Financial Year (accounting year) to assess the institution's Financial Liquidity Value. An abstract of monthly account together with a demand collection and balance statement and a certificate of verification as prescribed in Government Memo. No.100289 M.VII/72-2, Rural Development and Local Administration, dated 25th August 1972 should be sent to audit not later than the end of the month following with reference to rule 2 of paragraph 90 of volume 1 – part of Municipal Manual The receipt of the monthly and annual account should be watched promptly and reminders and special reports wherever necessary issued to the authority concerned.

Note. – The following are certain instructions to avoid delay in producing records for audit and settling audit objections. The Director of Municipal Administration, the Joint Director of Municipal Administration and the Regional Director of Municipal Administration during their inspection or casual visit to the municipalities/township committees should verify whether the Account registers are closed and maintained properly.

The Commissioner/ executive officer should send a copy of the Trial Balance to the Regional Director of Municipal Administration concerned with a certificate to the effect that the connected records have been closed for the month for which the accounts are sent.

(G.O.Ms.No. 1577, Rural Development and Local Administration date 14th October 1979.)

i) Demand, collection and balance statement

This should be compiled from the several current and arrear demand registers, miscellaneous demand register yearly list of Trades licenses. The amounts under the columns Writes off" should be taken from the Register of writes off. The figures under collection in respect of taxes and fees should agree with the figures shown in the body of the account as excess collection. The percentage of collections to demand should be worked out, compared with that for the preceding four years and suitable comments, if necessary made in the audit report. It should be seen that balances of taxes and fees have not been allowed to become time barred without adequate action having been taken for their realization.

To avoid delay in compiling the Demand and Balance statement, the following instructions are required to be adopted by the tax branch of municipalities.

- (2) the tax clerk should post the collections as per the office chalan register in the concerned demand and arrear demand register the next day itself. The concerned section Head, the Manager the Revenue Officer and the Commissioner should ensure that this is done systematically by the tax clerk, If this is done there can be no delay on the Receipt side. At the end of the month the chalan register should be abstracted in the consolidated chalan register and the total collection for each month and half year should be agreed with the demand register and register of receipts immediately after each month and each half year. In the Case of compute rised collection it should be esaned that last year closing balance in automatically brought to the current year as O.B and current year demand is raised and supplement demand are raised then and there. The collection in per computer is totaled and tallied with ledger in appropriate head
- (3) Another important defect noticed that contributed to the delay in finalizing the demand collection and balance statement is due to delay in taking action on the monthly lists furnished by the out-door staff. The need to have an effective action on the same need not be over emphasized as delay in taking action invariably results in loss to municipal fund as the retrospective levy of taxation under rule (4)(i) of schedule IV has been held as in admissible now. So to avoid such defects the due dates by which the monthly lists are to be furnished in respect of all taxes are to be fixed by the commissioner and their receipt on due dates watched. Each monthly list is to be given a current number and it should be ensured that all items reposed therein are assessed within 30 days from the date of receipt of the monthly list and included in the respective demand registers etc.,

(Director's Lr. No.Rc.7369/C1/77, dated 24th January 1977)

j) Investment Accounts

This should be prepared with reference to the register of investments. The investment should be classified as-

- (i) Those relating to Revenue Fund, Water supply & Drainage Fund and Education Fund.
- (ii) Those relating to Provident Fund. The investments relating to Provident Fund would have been transferred to Government and no investment made after 2nd January 1973.

k) Loan Account and Statement

The statement must be in the form prescribed in Examiners Circular Roc.No.7896/78/C5, dated 1st December 1978.

After completion of annual audit the District Library Officers should be informed through a covering letter regarding the collection, remittance and balance of Library cess in each local body. (Circular Rc.No. F1 37303/81 dated 21st May 1981 of the Examiner of Local Fund Accounts, Madras.)

130. BUDGET

After the check of the annual accounts, the final figures should be compared with the sanctioned Budget. It should be seen that the orders of Government on the budget have been carried out and that the expenditure incurred are within the allocations made in the budget and that excess over budget provision have been got duly sanctioned by the Council by appropriation of funds as per article 2-19-of volume II of Municipal Manual. In respect of cases where the expenditure incurred was in excess or without budget provision the cases should be listed out and mentioned in the audit report or audit notes.

Note 1.- The General Budget Estimates of the Municipal Council and Township Committees should be submitted to the Director of Municipal Administration not later than the 30th November each year. The Director of Municipal Administration shall review the Budget Estimates of Municipal Councils and Township Committees and return them to the Executive Authorities of Municipal Councils and Township Committees after reviewing not later than 31st March of every year. A copy of the review in respect of each Municipality Township Committee shall be sent to Government separately for information. The Director of Municipal Administration shall also send a special report to Government whether the statutory allocations for particular categories of works and for repayment of loans and advances to Government and other institutions have been made in the revised estimates and budget estimates of the respective Municipalities/ Township committees. The Budget Estimate relating to Education Fund should be prepared and submitted to Government on or before 30th November each year through the Director of School Education”

(G.O.Ms.No. 66, Rural Development and Local Administration Department, dated 13th January 1983)

Note- 2 The Commissioner of Municipal Administration is authorized to exercise the following powers on review of Budget of Municipal Council and Municipal Township Committees;-

- (i) to examine and ensure that sufficient allocation of funds have been made for repayment of loans besides providing the obligatory functions of the Municipal Council and in addition to the keeping of minimum working balance;
- (ii) to give directive to the Municipal Council for providing necessary funds if in his opinion the budget does not contain provision for the proper discharge of the obligatory if any and
- (iii) to sanction for excess over 20 percent up to a normal level and also authorizes the Municipal Council and Regional Inspector of Municipalities to exercise the following powers vested with the Government under section 121 of the Act.

Municipal Council:- To sanction the re-appropriation of funds from one major head to another upto 10 percent. Regional Director of Municipal Administration to sanction for such expropriation exceeding 10 percent upto 20 percent.

(G.O.Ms.No. 1422, Rural Development and Local Administration Department, dated 9th September 1978)

Note-3 In view of the delegation of powers to the Director of Municipal Administration in G.O.Ms.No. 1422, Rural Development and Administration dated 9th September 1978, the General Budget Estimate of Municipal Council and Municipal Township Committees need not be submitted to the Government for approval. The Director of Municipal

Administration should review the General Budget estimates of Municipal Councils and Municipal Townships Committees with reference to the instruction contained in the above G.O. and return to the Executive Authority of Municipal Council and Municipal Township Committees with review not later than 31st March of every year. A copy of the review in respect of each Municipal Township Committee should be sent to Government separately for information. The Director of Municipal Administration should also send a special report to Government whether the statutory allocations for particular categories of works and for repayment of loans and advances to Government and other institutions have been made in the Revised Estimates and Budget Estimate of the respective Municipalities, Municipal Committees.

(G.O.Ms.No. 1978,Rural Development and Administration Department, dated 22nd October 1980)

131. DELEGATION OF POWERS

A list of powers passed by Government which have been delegated to the various heads of department are given in Appendix IV of the Municipal Manual Volume II, paragraph II, This should be studied and quoted in the objections, Government have prohibited the delegation of the powers noted below by Municipal Commissioner during their temporary absence from headquarters. It has been held by Government that an officer or servant of a Municipal Council to whom the powers of Municipal Council are delegated cannot in his turn delegate to another the powers delegated to him as the Madras District Municipalities Act, 1920 does not expressly permit such further delegation.

- a. Making appointment and inflicting punishments on servants of the council and transferring subordinates.
- b. Conducting public auction of annual sales of leases of markets, etc, and of any other sale which is expected to bring in a revenue of over Rs.200
- c. Signing contract under the proviso to section 69 (1) of the Act
- (iv) Right to attend the meetings of the statutory committees (Section 18 (B) (1) (a)
- (v) Emergency powers under section 15 of the Act
- (vi) Function in respect of statutory committees.
- (vii) Powers to dispose of under Rule 12 and 13 of Schedule IV to the said Act, the petitions for revisions of property tax received under rules 9,10 and 11 of the schedules.

(G.O.Ms.No.94 Local Administration, dated 19th January 1948 G.O.Ms.No. 1412, Local Administration dated 11th July 1948 and Government Memo No. 37106/4F- 7A.LA dated 9th September 1948.)

Powers of Municipal Council/Director of Municipal Administration/ Regional Director of Municipal Administration:-

- i) In G.O.Ms.No. 563, RDL&A dt. 24.3.1977 the Director of Municipal Administration has been designated as Budget controlling and scrutinizing authority. In modification of that orders the Director of Municipal Administration is now designated as Budget scrutinising authority and the Commissioner of Municipal Administration is designated as Budget controlling authority. The following powers of re-appropriation are also designated.

Municipal Council –Re appropriation funds from one head to another upto 20%Regional Director of Municipal Administration –To accord sanction for re appropriation of 20% and above.

- ii) The Regional Director of Municipal Administration will exercise the following powers in respect of all Municipal Commissioners and Executive Officers of Municipal Township Committees:-
 1. Fixation of pay,
 2. Sanction of increment and maintenance of service registers.
 3. Sanctioning of Festival advance, Provident Fund advance, Leave Travel Concessions and Medical Reimbursement bills
- iii) The Regional Director of Municipal Administration will exercise the following powers in respect of all staff working in the Regional Directorate.:-

- 1) Sanction of all kinds of leave.
- 2) Declaration of probation, sanction of increments, sanction of marriage advance, Provident Fund Advance and part final with drawal, Travelling and Daily allowances.

Note.1. Any one or more of all the powers delegated in para 1 above, to any one or more or all of the Regional Directors of Municipal Administration are subject to revocation, revision or cancellation or restoration by the Commissioner of Municipal Administration for special reasons under intimation to the Government or by the Government.

Financial Powers of RDMA: The financial powers of Regional Director of Municipal Administration and Commissioner of Municipal Administration to accord sanction to contribution by a municipality for specific purposes under section 123(1) and under rules 53(1),53(3),53(5) and 53(6) of schedule IV of the Tamil Nadu District Municipalities Act 1920, are also revised as indicated below.

S. N	POWER	Schedule of Tamil Nadu District Municipalities Act.1920	Amount now approved
1	2	3	4
1	Power to accord sanction to contribution by a Municipality towards expenditure beneficial to the inhabitants of the Municipality incurred by the State Government or by any other Municipality or by any other local authority in the state for any purpose authorised by or under Part-11 of Scheduled V to the act..	Section 123(1)	Regional Director of Municipal Administration: Not Exceeding Rs.5,000/- Director of Municipal Administration AboveRs.5,000/- irrespective of grades
2	Power to accord sanction to contribution by a Municipality towards expenses of any public exhibition, ceremony or entertainment not pertaining to education in the Municipality.	Rule 53(1)Schedule IV	Same as under (1) above
3	Power to accord sanction to contribution by a Municipality to any charitable purpose or for the Defense of India or to the funds of any institutions for the relief of the poor the treatment of diseased or infirm person for the investigation of the causes of disease-	Rule 53(3) of Schedule Iv	Same as under (1) above
4.	Power to sanction payment by a Municipality of expenses of Chairman Members of the council and Municipal officers and Servants travelling on Municipal Business	Rule 53(5) of Schedule IV	R.D.M.A. Without monetary limit in respect of Municipal Commissioner, Chairman and Councillors, Government Officers and Servants to all Municipalities and Township Committees.

G.O..Ms.No,1 Municipal Administration And Water Supply Department Dated 4-1-1993.

- (iv) The Regional Director of municipal Administration are in power also to permit retirement on Superannuation of the municipal employees for whom the Commissioner of Municipal Administration is the appointing authority.
- (v) The Regional Director of Municipal Administration will also exercise the power of sanctioning retainer fees to Municipal standing counsels and also legal fees as per rules.

G.O. Ms.No.11.Law dt 17.1.83.

- (vi) The government further direct that the following powers now exercised by the Commissioner of Municipal Administration be delegated to Municipal Commissioner and Executive Officers of Municipal Townships:
 1. Sanction of all kinds of leave (Earned Leave, Medical Leave, and Unearned Leave), sanction of increment, declaration of probation, sanction of marriage advance, reimbursement of medical expenses, sanction of travelling allowance and Dearness allowance etc. in respect of all employees of different categories working in municipalities and municipal townships.
 2. Sanction of Rs.1,50, 000/- under Group Insurance Scheme (admissible to those dying in harness) in respect of all employees borne on the municipal establishment The Personal Assistant to Commissioner/manager will be the scrutinizing officer.
 3. The Commissioner of Municipal Administration is requested to communicate these orders to all Regional Directors of Municipal Administration, municipal commissioner and executive officers of the township committees.

(vii) The third grade municipal Commissioners, Executive Authorities may exercise the following powers.

1. Sanction of annual increment pay fixation, sanction of loans and advances from provident Fund account, sanction of advances excluding conveyance advance and house building advance to the provincialised sanitary inspectors, head clerks, Junior Assistants, bill collectors, head typists. Leave may be sanctioned upto one month, leave exceeding one month may be sent to Commissioner of Municipal Administration.

(Commissioner of Municipal Administrations Letter no 68296/-2/04/S4 dt.9.12.2004)

The third grade Executive Authorities of Municipalities may permit to retire the following Provincialised staff

Record clerk, Office assistant, Sanitary Supervisor, Sanitary worker, watchman, water works staff, street light, maintenance staff and drivers.

The following provincialised staff may be permitted to retire by the Commissioner of Municipal Administration

Executive Officers, head clerks, junior asstants, typists, bill collector, revenue inspector, sanitary officer and sanitary inspectors.

(Commissioner of Municipal Administration Circular No. 31181/S3 dt:24.6.2005)

132. CONCURRENT AUDIT

In the case of municipalities where concurrent audits have been introduced, the following general checks should be exercised.

1. **Watch over the receipt of abstract of monthly Trial balance** – under the rules, the commissioners should forward to the auditor the abstract of Trial balance not later than the end of the month following. If the monthly Trial balance for each month is not received on the scheduled date a reminder should be issued to the commissioner and if there is not adequate response within a reasonable time the matter should be reported to the Assistant Director who will take action to issue a Demi-Official letter to the Commissioner for the immediate dispatch of the Trial balance and replies watched. The actual position in the receipt of the abstract should be reported in the monthly statement of work. Action taken to get the Trial balance should also be stated.

2) **Procedure to be followed for the audit of paid vouchers.-** The primary responsibility for producing the paid vouchers along with connected record rests with the executive authorities. Mere production of vouchers without the connected records and registers will not serve the purpose. The paid vouchers are generally held in safe custody in the Accounts section of the Municipalities. The assistant or clerk attached to the Accounts section who is in –charge of paid

vouchers in the Municipality should be asked to produce the paid vouchers relating to the period under audit (i.e monthly or quarterly or daily, along with the connected records.

3. Important points to be noted by the concurrent Auditors:-

- a. The vouchers produced should be traced in the first instance into the Payment Book and Journal Register to ensure that all the vouchers are available before the commencement of audit. Omission if any should be listed out and immediately brought to the notice of the Commissioner, or the Personal Assistant to the commissioner as the case may be by a Demi-Official letter.
- b. After tracing out the vouchers they should be returned to the assistant in-charge of the vouchers and he should be requested to sort out the vouchers section wise and seat wise and produce them to audit with connected record and reregisters. A copy of the distribution list should be obtained from the voucher Assistant by the inspector to watch their production to audit with the connected records. Any slackness in the production of records with vouchers should be taken up with the respective section heads in the Municipality in the first instance and continued slackness brought to the notice of the Executive Authority.
- c. The Auditors should scrutinise the list of vouchers and audit them according to the work allocation provided to them as per the approved programme. After the audit is over, the concerned vouchers should be placed before the inspector for review. No voucher after audit should be returned before review by the Assistant Director /inspector and tracing it in the Payment Book. The Asst. Director/inspector at the time of review should see that only such of the vouchers which have been audited completely have been traced in the Payment Book. Then the voucher should be returned to the concerned seat assistant to enable them to account for the vouchers. This process should be undergone methodically, so that the audit of subsequent months vouchers can be taken-up systematically without any break.
- d. The vouchers not produced with relevant record and registers should immediately be reported to the section Head and the vouchers obtained and audited. If the vouchers are not produced even after persistence subsequent request the matter should be taken to the notice of the Commissioner or Personal Assistant to the Commissioner as the case may be for further action.
- e. As far as possible it should be seen that no vouchers are held by the seat Assistants for long periods for some reasons or the other and the same are produced at the last minute either with or without connected records creating a piquant situation for the audit. Every endeavor should be made to see that there is no objection on "Vouchers wanting" or "Records not produced"
- f. To ensure that necessary audit checks are applied to all vouchers received, all the Auditors should subscribe a certificate in the form given below to the office copy of each monthly account. "Certified that vouchers, chalans for... were produced for audit except those noted in the Audit notes that they were all placed before the Inspectors and Assistant Director for review, that all objection approved by him were included in the Audit Notes that all the vouchers were traced in the Payment Book and General Ledger, etc., as the case may be adjustments on vouchers on the receipt side were traced in the Ledger and that the entries which are to be verified in the departmental registers as well as deposits and advances registers were all verified".

4. Immediate Post Audit

To make the audit really concurrent and effective, a new system of audit (viz.,) Immediate Post Audit has been introduced w.e.f.1.10.1980. Immediate Post Audit of all the expenditure vouchers are done immediately after expenditure is incurred and before the records received in the Accounts section for passing, the vouchers are returned to the concerned section. Under this system the expenditures relating to works, contingencies and purchase of materials refund of deposits (EJV/CJV/PJV/FAJV) are subjected to audit on the next day of incurring the expenditure. The audit of the vouchers relating to payment of staff salaries and permanent advance recoupment need not be subjected to I.P. Audit.

For the purpose, the paid vouchers relating to works and supply of materials along with the connected records leading to the payments such as work files stock accounts, M.Books etc., should be produced to the Auditors. The Auditor should complete the audit preferably in 3 to 5 days and return the vouchers and the records to the Accountant. The verification of stock entries may be arranged either in the stores or in the Municipal Office itself in consultation with the Municipal Commissioner and Engineer. The defects noticed in audit should be communicated to the Commissioner then and there in the form of Audit Slips. (Director's Letter Rc.No.77783\C1\80. dated 19-9-1980)

5. Issue of Audit Slip:

Audit slips relating to I.P. Audit should be written up immediately on completion of the voucher audit. The slip should contain the details of Voucher No, Amount, nature of expenditure and Estimate /M.Book details in respect of vouchers.

The audit slips written up should be scrutinised by the Asst. Director /Inspector and all the audit slip written during fortnight should be consolidated and issued to the Commissioner along with a covering letter asking him to rectify the defects noticed in audit and to furnish reply to the audit slip within 15 days.

Whenever reply is received from the Commissioner the correctness of the reply and the rectification of defects should be verified and the paras settled thereafter.

At the close of audit of the financial year, the audit slips pending settlement and for which no reply has been received should be consolidated and incorporated in the audit report for the concerned year.

In case of cancelled receipts, the genuineness should be verified with reference to the cancellation statement prepared daily and the correctness of the Sl. Nos. of the cancelled receipts and the continuity thereon should be ensured.

6. Tracing of daily collections in Concurrent Audit:

In the Municipalities wherein Concurrent audit units are functioning, it is the primary duty of the auditor to verify the correctness of the daily collections of various revenue and its remittance to the bank accounts of the concerned municipality.

As the collection process has been computerised, the auditor should verify the daily collection amount with reference to the computerised receipts issued and the entries in the chalan register /chitta.

The pagewar totals for each head of account should be verified daily in the abstract prepared by the staff/cashier and tallied with total collection figure of each day.

Auditors should utilise the on-line facility provided in the audit section by the municipality for ensuring the correctness of the daily collection.

The correctness of the remittance of the amount to the bank account should also be verified with the pass book of the bank /Treasury.

The counterfoils of the bank remittance challans should be scrutinised with care to ensure the correctness and genuineness of the remittance, short remittance/alteration in figure may lead to defalcation / misappropriation. Hence a thorough scrutiny of the receipt is essential. Defalcation / misappropriation if any noticed during verification should be informed immediately to the Director through the Asst. Director / Regional Deputy Director for making a report to the higher administrative authorities and Government. The same may also be communicated to the Commissioner requesting him to rectify the defects or to make good the loss incurred besides initiating action against the erring officials.

7. Communication of important and serious objections to the Commissioner and to The Director of Municipalities: - All important objections and serious irregularities noticed in the I.P. Audit should be communicated to the Commissioner and the administrative authorities in hot pursuit. These should also be reported to the Head Office along with D.O. Progress Report by a special report to through Regional Deputy Director (Head Office circular Rc. No. 97730/75-D1, dated 23rd August 1975)

It has also been insisted that not less than 2 paras of serious nature should be communicated to Head office every month through RDDs.

132.A) Audit of out-door institutions – This is left to the discretion of the Inspector / Assistant Director and he should so arrange his programme so as to visit to the out-door institutions, while he may visit other institution also at convenient intervals. All store transactions, such as stores purchases, etc., should be verified in the register kept in the out-door, Institution at convenient interval by the auditors. This does not in any way prevent the auditors from calling the outdoor records to audit section whenever necessary. This should be provided for in the programme and should be enumerated in the duty list.

133) DUTIES OF COMMISSIONERS

The Commissioners should ensure

1. that the collections as per the complete statement have been posted in concerned Demand and Arrear Demand Registers in next day itself by the tax clerk or in the case of computerized DCB the collection of upto the date of collection details have been incorporated in the relevant head of account.
2. that the monthly lists of all taxes are received on due dates and that all items reported therein are assessed within 30 days from the date for receipt of the monthly lists and included in the respective demand registers etc., or included in computerized DCB
3. that the Revenue Inspector and Revenue officer have systematically supervised the work of all Bill collectors and the tax clerks and that the 5 per cent check has been properly exercised by the Revenue Officer;
4. that the buildings factories , lodging houses, etc., are assessed according to the formula prescribed by Government.
5. that the sites covered by the approved layouts have been assessed to vacant site tax;
6. that omission in assessment , inadequate assessments etc., pointed out in audit are brought to assessment forthwith after local verification;
7. that the Check Register has been scrutinized by the Executive Authority once in a month and report of unauthorized construction sent of by the Revenue section and the reports in a Special Register maintained in the Revenue Section are scrutinized by the Executive Authority.
8. that the rule 4 directions issued by T & A Committee have been carried out
9. that the format 14 (A) & (B) were obtained from all Government offices and companies for the half year and the persons or companies mentioned therein have all been properly brought to assessment under Profession Tax.
10. that the alterations and corrections of the entries in the various demand registers, last entry under each tax in respect of Register of Warrants, entries for the receipts and refund of deposits have been attested as instructed in the letter of the Inspector of Municipalities.
11. that the instructions issued in Circular No.40391/70, dated 21st July 1970, by the Director of Municipalities regarding the duties and responsibilities of the various officers in the matter of assessment, collection of taxes, etc., are strictly followed;
12. that arrears of taxes have been reviewed and registered notices issued to parties and coercive steps taken for the realization of the arrears as per instructions issued in G.O.Rt. No.419 Rural Development and Local Administration dated 23rd February 1974.
13. that the list of lodging houses and installation of machineries have been obtained from the Public Health staff and licensed;
14. that in respect of lease of markets the sweeping charges within the market premises are recovered from the contractor and necessary condition to this effect is incorporated of the lease deed. Separate charges should not be paid out of Municipal funds;
15. that in respect of leases, the Security Deposit has to be adjusted towards the last three installments of list of towards any installment of the lease amount overdue from the lessee and towards the loss in any sustained by resale or departmental management;
16. that when sales are conducted or when a lease is terminated on account of the default of the lessee, necessary legal steps are taken for the recovery of the loss from the original lessee;
17. (a) that the lease deeds have been obtained and registered whenever necessary;
(b) that the solvency of the successful bidder has been obtained;
18. that sales tax and sales tax clearance certificate have been obtained;
19. that Earnest Money Deposit of unsuccessful bidders are refunded immediately after the auctions are closed ;

20. that refund of deposits in cash or by transfer should be noted against the original credit in the column for the month in which the refund is made and it should be attested by the commissioner.
21. that the deductions made towards Cumulative Time Deposit, Life Insurance Corporation and Provident Fund and other dues from the pay bills have all been remitted promptly to the respective authorities and their acknowledgements watched and whether the cumulative time deposit pass books are shown to the subscribers and there acknowledgements obtained once in a year.
22. that the sanctioned strength for the different establishments are rerecorded in the Establishment Audit Register and whether the entries are up –to date.
23. that if a Government loan has remained unutilized even after a specified period of nine months from the date of drawl it should be refunded to Government forthwith or sanction for retention applied;
24. that claims for grants/subsidies mentioned below have been sent to authorities noted against on the due dates;
25. (i) that clear cases of grant subsidy overdrawn are refunded then and there .
(ii) For other cases of irregularities pointed out in the drawl and utilization of grants/subsidies, effective steps are taken to settle the objections by obtaining sanction of competent authority by producing document required by audit, etc., as the case may be as these things will attract adverse criticism from the Public Accounts Committee;
26. that the Register of Deposit and Advances are totaled page war and abstracted at the end of each register immediately after the end of each month and tallied with the account figure;
27. that separate running note file for deposits, advances and Provident Fund is maintained and is periodically reviewed with heads of Departments Manager , Accountant etc.,
28. that before sanctioning Festival advance to a probationer a surety bond from permanent employees should be obtained;
29. that in the case of pending advances the show cause notice is issued giving time to the office who drew the advances to account for the amount and that after 1 month if they do not account for the advance, recovery orders are issued. The Accountant should be required to effect recovery without any postponement; even in case of transfers, the arrears should be indicated in the Last Pay Certificate and in the case of resignation they should not be accepted before recovering the balances.
30. In respect of advances which could not be recovered the correct course should be to debit them to direct head of expenditure under the regular head of account with the permission of the Government after ensuing that all possible steps have been taken to realize or adjust the advances.
31. that the adjustment etc, are recorded in the Receipt book/Payment book as and when they come to notice in the course of the month and also at the end of the month and the cash book Receipt book/Payment is closed at the end of the month and reconciled with the balance in Treasury and Bank.
32. that the pass books are sent to the Treasury /Bank periodically and got written up and attested by the Treasury /Bank officer and monthly reconciliation of the Receipt book/Payment book balance with those of Pass Book had been effected and the certificate given in the following form;
33. Certified that the reconciliation has been correctly prepared and that the closing balance as per the Receipt Book/Payment Book viz., (in words and figures) agrees with the balance in the Treasury and Bank Pass Book as reconciled above”.
34. that the ledger is written up promptly on the first of the month with reference to the Receipt Book and Payment Book totaled, tallied before 3rd of the following month.
35. that the Provident Fund cash book for the month has been closed and reconciled with time Deposit pass book and Provident Fund abstract.

36. the cash book balance should agree with those shown in the abstract of accounts of provident fund transaction for the year.
37. that interest to individual subscribers has been calculated at the end of the year and adjusted to subscriber's account and the account slip issued.
38. when a subscriber's account is closed either on dismissal in any ground or on his resignation the Commissioner should verify whether there is any audit objection relating to the individual and recoveries if any to be effected by the Municipal councils.
39. that separate running note file to review the progress in settlement of objections has been maintained and action taken wherever necessary for the settlement of objections.
40. the nominal muster rolls are to be written up daily by the subordinates entrusted with the work and substitutes entered under each group of Laborers. In part II of the Nominal Muster Roll the value of the work as compared with the cost of labor employed will be shown and verified by the Executive Authority.
41. In respect of petty cash books, the cash balance noted in column 15 at the close of every day is to be verified by the manager in case of I grade municipality and by the commissioner in case of II and III grade municipalities and by the Personal Assistant to the Commissioner in the case of special and selection grade municipalities. and;
42. that in respect of each work file, the work slip prescribed in this office Lr.16470/78-2/H, dated 3rd March 1978 is enclosed.

Important "DO NOTS"

1. That the deductions made towards Cumulative Time Deposit Life Insurance Corporation, Provident Fund and other dues from the pay bills should not be taken to deposits;
2. No fresh investments from provident fund should be made
3. Loan amount or special contribution should not be appropriated even temporarily to any object other than that for which they have been raised.
4. Loan funds should not be invested but deposited in the Treasury under the head mentioned in G.O.Ms.No. 382,RD & LA. Department, dated 30th March 1978.
5. Interest realized on investment or any grant received from Government should not be appropriated to the funds but credited to state funds.
6. Advances to Government servants whose services are lent to a Local body under foreign service terms should not be paid from the funds of the local body.
7. Items of receipt which can be clearly brought to account under any revenue head should not be credited to deposits.
8. Cash Deposits of lessees or contractors should not be invested.
9. The commissioners should see that the figures from the Ledger are not adopted in the concerned subsidiary register viz., Register of Deposits, Register of advances recoverable, chalan registers.
10. Monthly and annual accounts should not be despatched without closing the subsidiary registers.

(Lr.Roc.No. 85127/78/C2 dated 30th November 1978 of the Director of Municipal Administration D.O. Lr. No.127510-78C1 dated 27th August 1979, of the Examiner of Local Accounts addressed to the Director of Municipal Administration, Madras.)

(Lr.Rc.No.92697/79/c1, dated 29th September 1979 of the Examiner of Local Fund Account addressed to all Assistant Examiners)

CHAPTER-III

AUDIT ON THE ACCOUNTS OF TOWN PANCHAYATS

Panchayats in Tamil Nadu have been classified as Town Panchayats and Village Panchayats according to their annual income and population. Panchayats with an estimated annual income of not less than Rs. 10,000 and an estimated population of not less than 5,000 have been classified as Panchayat town under Section 3(1)(a) of the Tamil Nadu Act. 1958 came into force on 1st January 1960 throughout the State except the areas transferred Panchayats Act. 1958 and every other local area comprising a revenue village or villages with a population estimated at not less than five hundred as a Panchayat Village under section 3 (1)(b) of the Act. The provision of Tamil Nadu Panchayats from the former Travancore-Cochin State and the area transferred from Andhra Pradesh.

(G.O.Ms.No. 2182, L.A, dated. 20th December 1959 and G.O.Ms.No. 1720, L.A. dated.15th October 1960)

1. EXTENSION OF PROVISIONS IN THE DISTRICT MUNICIPALITIES ACT, 1920 AND THE TAMIL NADU PANCHAYAT ACT 1994 TO TOWN PANCHAYAT.

The provisions of the Tamil Nadu District Municipalities Act, 1920 and Tamil Nadu Panchayat Act 1994 are extended to all the Town Panchayats in the State except the following provisions.

Tamil Nadu District Municipalities Act 1920

- a. All Sections except sections 5, 7, 12c, 13b, 43, 68, 77AA and 77B of the Tamil Nadu District Municipalities Act 1920 (Tamil Nadu Act V of 1920)

Section 5	-	Abolition of Municipalities
Section 7	-	Constitution of council
Section 12 C	-	Commissioners
Section 13B	-	Rights of chairman where a commissioner has been appointed.
Section 43	-	Election of Municipal councilors
Section 68	-	Delegation of authority to contract and contractual powers of persons appointed by the Government.
Section 77 A	-	Teachers and other persons employed in connection with the municipal schools to be Government servants.
Section 77 B	-	Management of certain Municipal Colleges and appointment of Staff etc. there to

- b. All Rules, Regulations and Bye-laws framed under the said Act except the Rules, Regulations and bye-laws made under sections 5,7, 12C, 13 B, 43, 68, 77 AA and 77B of the said Act.

Sections 119, 120, 133, 134, 135, 159, 160, 161, 167, 168, 169, 172, 180, 182 and 183 of the Tamil Nadu Panchayat Act, 1994 (Tamil Nadu Act 21 of 1994)

Section 119 - Transfer of immovable property, management of institutions, execution/ maintenance of works etc., to a village panchayat.

Section 120	-	Transfer to village panchayats of unreserved forests.
Section 132	-	Vesting of communal property or income in village panchayat.
Section 133	-	Maintenance of irrigation works, execution of Kudi maramat, etc.
Section 134	-	Village panchayat to regulate the use of certain porambokes in ryotwari tract.

- Section 135** - Village Panchayat to regulate the use of certain communal lands in estates governed by the Tamil Nadu Estates Land Act 1908.
- Section 159** - Purposes for which places may not be used without a licence
- Section 160** - Permission for construction of factories and the installation of machinery.
- Section 161** - Power of Government to make rules in respect of the grant and renewal of licenses and permissions.
- Section 167** - Local cess
- Section 168** - Local cess surcharge
- Section 169** - Rules regarding collection of Local cess.
- Section 172** - House tax
- Section 180** - Local cess surcharge matching grant.
- Section 182** - Local Roads Grant.
- Section 183** - Village House tax matching Grant.

(G.O. Ms. No.75 MA & WS Dt. 31-3-1995)

Note: Apart from the checks prescribed in this chapter for Town Panchayat Accounts Audit, the Audit checks prescribed for Municipal Accounts Audit in the previous chapter may also be followed Mutatis Mutandis.

2. GROUPING OF TOWN PANCHAYATS .

The Town Panchayats have been grouped under Four grades viz . Special, Selection, I and II Grades for the purpose of appointment of Executive Officers. This is not a Statutory gradation but intended only for Administrative purposes. The gradation is done on the following basis:-

Grade	Monetary Limit
Grade II	Annual Income upto Rs.5 Lakhs
Grade I	Annual Income exceeding Rs.5 Lakhs but not exceeding 10 Lakhs
Selection Grade	Annual Income exceeding 10 Lakhs but not exceeding 16 Lakhs
Special Grade	Annual Income exceeding 16 Lakhs but not exceeding 20 Lakhs

(G.O. Ms. No.85 MA & WS t. 22-5-1998)

The classification of Town Panchayats is notified by the Director of Town Panchayats from time to time.

- 3. APPOINTMENT OF AUDITOR :** The Government have appointed the Director of Local Fund Audit and his Assistants as the Auditors of the Town Panchayats under Section 122 of Tamil Nadu District Municipalities Act 1920.

Note: The Audit of Panchayats upgraded as Town Panchayats should be taken up from the date of reclassification.

(Government Memo. No.96234/C1170 Rural Development & Local Administration Dt. 4-6-1971)

All the rules issued under the Tamil Nadu Village Panchayat Act, 1958, will continue to be in force even after the commencement of the 1994 Act so far as they apply to Panchayat till those rules are re-issued.

4. **AUDIT OF MONTHLY VOUCHERS:**

The vouchers are being sent to the audit office every month. They are being subjected to check in the Assistant Director of Local Fund Audit offices on the lines indicated in the chapter-I relating to audit in Assistant Director of Local Fund Audit offices and final audit is conducted annually at the Town Panchayat office. During the local audit the original registers and accounts such as acquittance register, priced stores ledger, measurement books, service registers, register of deposits, register of advances recoverable, register of estimate and allotment, tender papers, tender register, auction register, Provident Fund Registers, etc., are verified and the accounts finally checked.

The following records should be taken by the auditor for local audit:

- a. Final accounts for the year, Monthly Trial Balance from April to March and the demand, collection and balance statement of the year of audit and also the audited account of the previous year for any possible reference.
- b. Bank Payment vouchers
- c. Pending Audit Reports, and Audit Notes
- d. Special file of the Town Panchayat.
- e. With regard to the receipt portion, all the items of receipts shown in the annual account under different heads should be checked with the concerned Demand Register and Ledger.

5. **SOURCES OF REVENUE**

The Town Panchayat Revenue may be divided into the following four main classes

1. Taxes fees etc the demand for which are fixed such as Property tax, Profession tax, Advertisement Tax.
2. Revenue leased out.
3. Revenue collected departmentally.
4. Fluctuating items of revenue.

The Town Panchayats have to be self supportive in financial matters. They are not given any grant or subsidy except for certain development works for which Government allots funds now and then.

RECEIPTS :

The receipts of the Town Panchayats are mainly from taxes levied by them, and other fees collected and adjusted by other departments, fees collected for grant of permission/licence to conduct trade, etc. and income from other remunerative enterprises. Income from Endowments also forms part of revenue in some Town Panchayats.

Taxes levied by the Town Panchayats

1. Property Tax
2. Vacant site Tax (Section 82 - TNDM. Act 1920)
3. Advertisement Tax
4. Profession Tax (Section 93)

Revenue from other Departments

1. Local cess
2. Surcharge on Stamp duty
3. Entertainment Tax
4. Quarry rentals
5. Magisterial fines

Income from fees for issue of licences and permissions:-

1. Public Markets Shops (Section 259)
2. Private Markets and Shops (Section 262)
3. Road Margin Shops (Section 270)
4. Private Cart Stands (Section 270E)
5. Trade Licence and Prevention of food Adulteration
6. Licence and Permission under Town Planning Rules [Section 180 (1)]

Income from Remunerative Enterprises:

1. Public Car Stands (Section 270 B)
2. Bus bay fees
3. Income from shopping complex
4. Income from Buildings
5. Rent on lands
6. Slaughter House and Mutton Stalls (Section 255)
7. Weekly and Daily Markets [Section 262 & 264]
8. Fishery rentals
9. Ferries
10. Utilisation of poramboke lands vested with the Town Panchayats
11. Road Margin Trees
12. 2.C.Tree pattas
13. Sale of Rubbish and Manufacture of Compost
14. Fees for excess water charges from individual tap connections

Government Grant and Contribution

1. State Finance Commission grant
2. Grant for funeral rites of SC/ST and M.B.C. People
3. Special Grants for road improvement etc.
4. Grant for Urban Development Schemes - such as XII Finance commission, Basic Amenities.
5. SJSRY

Loan Assistance

1. Sanitation
2. Protected water supply schemes. - LIC
3. Ways and means - TUFIDCO
4. Implementation of Remunerative Enterprises.

6. PROPERTY TAX

The levy of Property tax in a Town Panchayat is mandatory under Section 82 of the Tamil Nadu District Municipality Act 1920

Before passing a resolution, imposing a tax for the first time or increasing the rate of existing tax, the Town Panchayat shall publish a notification in atleast one Tamil News paper, on the notice Board of the Town Panchayat Office and in such other places within Town Panchayat limits as may be specified by the Town Panchayat and by beat of drum of its intention to levy the tax fixing a reasonable time of not less than One month for receipt of objections and consider them before giving effect to the resolution.

The following registers and records are maintained:

1. Demand and Arrear Demand Registers.
2. Quinquennial Revision list.
3. Monthly list.
4. Counterfoil of Special notices.
5. Register of Appeals.
6. Register of Receipt Books issued.
7. Chalan Registers maintained in the office, and by the Bill collectors.
8. Register of vacancy Remission
9. Register of writes off and remission.

Note: 1) Panchayat Union buildings in Town Panchayat area which fall within the definition of House, in section 2(13) of the Tamil Nadu Panchayats Act, 1958, should be assessed to Property Tax in accordance with the instructions issued in G.O. Ms. No. 843, Rural Development and Local Administration, Dated 28th April 1962.

Note: The position regarding the exemption of Railway properties from local taxes will be as shown below:

- a. Railway property acquired by the Central Government after 25th January 1950 are exempt from local taxes.
- b. Railway property vested in the Central Government which was not liable to local taxes on 25th January 1950 is exempted from local taxes.
- c. Railway buildings constructed after 25th January 1950 are exempt from local taxes.
- d. In the case of complete or substantially complete demolition of buildings, new Railway buildings constructed in their stead after 25th January 1950 are exempt from taxes.
- e. Extension made to Railway buildings after 25th January 1950 are exempt from local taxes.
- f. Railway buildings partially demolished after 25th January 1950 where such demolition is necessary to effect adequate repairs will continue to be liable to tax although, the effect of the demolition may be enhanced to the amount of tax on account of the taxable value of the building increasing there by.
- g. With regard to improvements and partial demolition which come in the category of improvements, made after the 25th January 1950 the liability to tax would depend in each case on whether the property in its final state is not substantially the same property as originally vested.
- h. The Government of India have agreed to pay enhanced rates of tax with effect from 1st April 1948 in respect of buildings which were liable to tax on 25th January 1950.

Note : As regards payments of service charges in respect of railway properties of the Central Government, the following principles should be observed.

Water and drainage tax:

- a. Where Railway Administration derives no direct benefit-one third of the tax.
- b. Where Railway Administration derives only partial benefit-half of the tax.
- c. Where a Railway Administration derives full benefit - Full tax.

Scavenging tax

- a. Where a Railway Administration has made efficient arrangements of its own for the daily removal and disposal of rubbish, filth, etc., from its premises-No Tax.
- b. Where the Railway Administration has made arrangements for removing of filth, etc., but where the local authority is responsible for its final disposal-Half of the tax.

Lighting tax:

- a. Where the Railway Administration does not take power from the local authority for lighting its premises and where the roads leading to the Railway station are also not lit by the local authority-No tax.
- b. Where the Railway Administration does not take power from the local authority for lighting its premises but the roads leading to the Railway Station are lit by the local authority-Half of the tax.
- c. Where the Railway Administration take power from the local authority, for lighting its premises - full tax in addition to the charges for energy consumed.

(G.O. Ms. No. 1280 Local Administration dt. 26th June 1951)

(G.O.Ms.No.1380 Local Administration dt. 8th October 1954)

(G.O.Ms.No. 1628 Local Administration dt. 22nd November 1954)

Assessment of Central Government Properties other than Railway properties. The Government of India have accepted liability only of such taxes as were being paid before 1st April 1937 in respect of only such buildings which existed as Government building before that date. They have stated that they are not liable to pay taxes in respect of improvements and addition to the buildings which existed on 1st April 1937 and on which taxes were being levied. The Government of India have now agreed to pay enhanced taxes with effect from 1st April 1937 where such increase is due to either to a general increase in the valuation of such properties or a general increase in the rate of levy of the tax applicable to all properties within the jurisdiction of the Town Panchayat concerned.

(G.O.No. 2200 Local Administration dated 25th October 1949)

(G.O.No.1380 Local Administration dated 8th October 1954)

- a. it should be seen that the capital value of all the Government buildings as are borne on the books of the Public Works Department is worked out by the Executive Engineer.

(G.O. Ms.No.1178 Rural Development and Local Administration dt: 2nd July 1969).

Audit Checks:.

It should be seen in audit-

- i. that the assessment lists are prepared from the current demand register;
- ii. that a certificate that all the properties as per the current demand register have been included in the assessment lists before the commencement of the General revision and the existing value are noted correctly against each has been furnished by the Revision Officer.
- iii. that the revised annual value as noted in the list are correctly worked out with reference to particulars of rent noted and the total estimated value of the land and present cost of erecting the house after deducting for depreciation as prescribed in the rules.

Note: It is enough if a test check is made in this regard.

- iv. that the value of the Government and Railway buildings is fixed in accordance with the rules issued from time to time;
- v. that the taxes fixed on the basis of extent are correctly calculated.

Note: The calculation may be checked in few cases here and there. If mistakes are noticed, more cases or all cases may be checked with the help of the table prepared in this respect.

Note: Erasures or alteration of values and extent in the revision list without proper attestation should be commented.

- a. The capital value shall be estimated value of the land and the estimated present cost of erecting the building after deducting for depreciation, a reasonable amount which shall in no case be less than ten percent of such cost. Machinery and furniture shall be excluded from valuations (Rule 2 of paragraph 49 I of Manual on Panchayat Administration).
- b. In the case of Industrial estates, where amenities are provided by them the annual value will be 4 percent of the capital value.

The collection of Property Tax at the rate of 1 % of capital value in Industrial areas where amenities were not provided by Industries Department or any other authority is in order. Where the amenities were provided by Industries Department or any other authority the rate of Property tax is 5% on 4% of the capital value.

(Government Letter 10839 C2/83-1 0 dt. 14-2-85)

(G.O. Ms. No. 1619 Rural Development and Local Administration dt. 06-07-1974)

Note: A cattle shed cannot be regarded as a building fit for human occupation whether as residence or otherwise and cannot be classified as house.

Note: The buildings belonging to any Town Panchayat are exempted from Property Tax.

(G.O.Ms. NO.1974, Rural Development and Local Administration, dated 22nd November 1980).

- vi. that a list of buildings and lands which are exempted from Property tax is maintained in the Town Panchayat office and that the Executive Authority has reviewed it in April every year and affixed a certificate in it whether all the buildings and lands mentioned in it continue to be entitled to exemption from Property tax.
- vii. that the Demand Registers are written up correctly from the general revision in the year in which general revision was made and that the total demand as per assessment list and Demand Register has been agreed to.

Note: A test comparison of the individual assessment shall be made between the assessment list and the Demand Register.

Demand Register: The register should be examined to see.

- i. that the total demand has been worked out at the beginning of the half year as the case may be and agreed with the demand of the previous half year/year after allowing for the alterations made during the Half year as noted in the increase or decrease list. If general revision has been given effect to during the half year, the total demand should be verified with the totals of the assessment list and the alteration as shown in the increase and decrease list prepared with reference to revision petitions, appeals, etc.;
- ii. that the demand registers are written up and the demand notices issued promptly;
- iii. that monthly lists are submitted by the Bill Collectors showing new cases of assessment and improvement to existing houses and that action has been taken to revise the assessment wherever necessary;
- iv. that the alterations in demand ordered during the year with reference to monthly lists, revision petitions, appeals, etc., have been carried out in the demand registers, and duly attested by the Executive Authority;
- v. that the Revision Petition or Appeal Register numbers have been noted against such alterations.

Note: A comparison with the Revision petition or appeal registers shall be made to demand registers.

- vi. that all the collections made and entered in the Chalan Register have been properly posted in demand and arrear demand register;

Note: Twenty items of credit in each month in the demand register may be checked with the Chalan register;

- vii. that the total collections for each month as per demand register, arrear demand register are agreed to with the total in the Chalan register and monthly accounts;

Note 1): All the office copies of receipts issued for collection of taxes up to the date of audit should be traced in the Chalan register;

2) The daily total of the Chalan registers should be checked in full;

- viii. that atleast five percent of the original receipts granted to tax payers in each week are compared with the relevant entries in the demand register by the Executive Officers and that a record of the receipts so compared is maintained by them;

Note: For this purpose they should take necessary particulars from the Chalan Register and see that the original of the receipts contained on the back of the carbon impression made by the double carbon. The evidence of scrutiny should be recorded in the demand list in the respective columns.

(G.O. Ms. No. 2189 Rural Development and Local Administration dt. 10th October 1974.)

- ix. that the balances arrived at are correct and they are carried over to the arrear demand register for subsequent year.

1. When the tax is reduced on appeal by the Panchayat, the reasons for the reduction shall be recorded.

(G.O. MS, No. 1933 Rural Development and Local Administration dated 30th October 1975).

2. Details as regards the amount of tax, the date of service of notice, the date of receipt of the appeal, and number and date of the voucher on which the refund is made should be noted in the appeal register.
3. In cases where refunds are not made within the year, the amounts refundable should be transferred to deposits.

Note : The entries in the deposit register should be traced in this connection.

4. the revised tax should be noted in the demand register; and
5. there should be no undue delay in the disposals of appeals.

Write off and remissions

Remission on account of vacancy of houses:

Vacancy remission is allowable as per provisions of the TNDM Act 1920.. The important points to be examined are-

- i. that the owner of the house or his agent has previously given notice to the executive authority of the house being vacant during the half year in which the house was vacant.

Note : Such notice shall expire with the half year during which it is so delivered and shall have no effect thereafter.

- ii. the remission is calculated only from the date of receipt of the notice of vacancy or the date of commencement of actual vacancy whichever is later.
- iii. that the fact of the vacancy of the house has been verified and the fact of verification recorded by an outdoor officer of panchayat.
- iv. that the remission is granted only if the house was vacant for Thirty or more consecutive days in any half year the remission granted is proportionate to the number of days during which the house was vacant and does not exceed one third of the amount of tax due for the half year.

- v. that the refund is made only if it is demanded during the half year.or in the following half year or year.
- vi. that all notices of vacancy have been noted in the register of vacancy remission as well as the amount of refund, the number and date of voucher on which the refund was made.

Vacancy remission is permissible even if a portion of the house is vacant.

Inclusion:Section - 90

- 1. Last two months in a half year - No tax
- 2. First four months in a half year - Not exceeding half of the tax

Exclusion:

- 1. Within first two months - No tax
- 2. Within last four months in a half year - Not exceeding half of the tax. If an application for remission is made within three months, it can be entertained. If it is received after three months from the date of exclusion, no remission can be granted.

Remission on account of constructions: Section 87 Reconstructions or demolition of houses and areas included and excluded in the middle of a half year: (a) If any house is constructed or re-constructed, the owner shall give notice thereof to the executive authority within fifteen days from the date of completion or occupation of the house whichever is earlier.

Note:In calculating fifteen days time, the date of completion or occupation shall be excluded.

(Government Memo No.158000 / 62 / 70-5, R.D. and L.A., dt: 15th June 1961).

write off :

The council is competent to write off the irrecoverable taxes and fees .

The checks to be exercised are:-

- i. that all remissions excluding vacancy remission granted otherwise than on appeal and all written off items are recorded in this register and necessary particulars are recorded in the minutes book;
- ii. that remission or writes-off have been sanctioned by the competent authority. Remission-Executive
- iii. that there have been no irregular remissions or writes-off:

Verification of Demand, Collection and Balance statement

- iv. that in the cases of tax written off on account of recoverability, the records show that adequate action has been taken to collect the amounts before the items become time-barred; and
- v. That the procedure laid down in Section 118 of Tamil Nadu District Municipalities Act 1920 has been followed before write-off the tax. .

It should be seen in the case of Property Tax.

- i. Whether the alterations in the demand ordered during the year with reference to monthly list, appeals, etc., have been carried out in the demand register.
- ii. Whether a memorandum showing the demand for a half year as arrived at from the demand for the previous half year allowing for the alterations as per list separately prepared from the orders referred to in item (1) above, is worked out in the Property tax demand register and agreed with the total of the abstract of page-war totals in the demand registers;

- iii. Whether the page-war totals of the several money columns in the demand and arrear demand registers have been made in ink and carried forward correctly in the abstract prepared at the end of the registers;

Note: Totals in about five pages of each registers should be checked to verify their correctness. If numerous mistakes are noticed, such further check should be exercised as the auditor may consider necessary.

- iv. Whether the totals of the abstract agree with the corresponding figures in the demand collection and balance statement received in the o/o. Assistant Director of Local Fund Audit.
- v. Whether the total collection agrees with the progressive total of the chalan register, Day Book and General Ledger.
- vi. Whether the balances have been correctly carried forward to the arrear demand registers of the succeeding year.

Note: All the items need not be traced into arrears demand register. It would suffice if five items on each page of the demand entries newly brought on to the arrears demand register are checked and the totals of abstracts prepared at the end of the demand register are agreed with, those in the arrear demand registers.

- vii. In respect of items of demand covered by suits 'necessary reference to the corresponding entry in the suit register should have been given against the concerned item in the demand and arrear demand registers;
- viii. Whether the total amount written off and remissions agrees with the total in the register of writes off and remission,
- ix. Whether the balances as arrived at by deducting the total collection and Write-off and remissions from the demand agrees with the total of the balance in the abstract in the demand and arrear demand registers;
- x. Whether the balance have not been allowed to become barred by limitation of time without any action having been taken for their realisation.

Note. 1. Arrears should be analysed year-wise. The period of limitation for the filing of a suit is six years from 30th April or 30th October in the case of Property-tax. The service of a demand notice is not also a condition precedent to the taking of proceedings in court. The period of limitation for the recovery of a tax by prosecution is ordinarily six years from the date on which a distraint or a sufficient distraint was found impracticable. Arrears which have become time-barred and which are not covered by prosecution or suit should be listed out and made mention of in the audit report.

2. Auditors should see that in regard to items of taxes and other items of revenue which would normally have become time-barred in the course of the period of audit, whether any legal steps were actually taken for their recovery and scrutinise the files with the suit registers to ensure that no item is omitted to be pointed out in the audit report for the year.

3. The Executive Authorities should not resort, to coercive steps against Government Department for realisation of taxes or charges or fees due to them. The non-payment should be brought to the notice of Heads of Departments, Collector and Director of Town Panchayats for taking steps for payment.

(G.O.Ms.No.2324 R.D. and L.A., dated 12th November 1970)

Library Cess: Under section 12 of the Tamil Nadu Public Libraries Act, 1948, the levy of the library cess by Town Panchayat is statutory and the library cess has to be collected by the Town panchayats in the form of a surcharge on the entire Property-tax in Town panchayat area at the rate of ten paise for every whole rupee in the Property tax. A notification regarding levy of library cess is not necessary. The monthly library cess collections less refund should be remitted to the the Local Library Authority by a crossed Account payee cheque.

- i. Library cess will be automatically reduced when Property-tax is reduced on revision petition or appeal and the Executive Authority may refund the excess collected without the sanction of the Local Library Authority and may make necessary adjustments when next remittance of cess collection is made to the Local Library Authority. No portion of the cess collected should under any circumstances be appropriated by the local bodies towards the cost of collection charges, etc.

Note: Government buildings are not exempted from the levy of library cess. But the properties of the Union . Government including the properties belonging to the Railway will not be liable for the library cess under the Tamil Nadu Public Libraries Act. The question of levy of this cess on the latter can be considered only after legislation has been passed by the parliament permitting the levy of new taxes on their property by the authorities in the State.

(G.O. Ms. No.2592, Education dt. 11th Nov. 1952) (G.O. Ms. No.2918, Education dt 7th Nov. 1951)

- ii. The assessment, demand and collection should be exhibited in the main register prescribed for the assessment, demand and collection of property tax of Twon Panchayats.
- iii. The transaction relating to collection and remittance to the Local Library Authority should be exhibited separately under deposit transactions in the account.

Note: 80 per cent of the Library cess collected in a quarter should be remitted to the Local Library Authority before the 15th of succeeding month. Balance of 20 per cent may be remitted at the end of the year after making necessary adjustments due to reduction of tax on Revision petition or Appeal.

(G.O. Rt. No.804 Education Department dated 22nd June 1984)

Audit checks : It should be seen that

1. Whether the basic tax is related to carpet area of the building and classified into 4 categories.
 - i. Residential
 - ii. Office and other institutional
 - iii. Commercial
 - iv. Industrial
2. That the council has passed a resolution to classify these zones and fixed the zonal value.
3. That the following ceiling was fixed for the enhancement of taxes, consequent on the **Quinquennial revision of property tax.**

i. Owner occupied residential building	Enhancement should not exceed	25% of the pre- revision tax
ii. Rented residential buildings	Enhancement should not exceed	50% of the pre-revision tax.
iii. Industrial		100%
iv. Commercial		150%
4. That for the maintenance for the building remission is allowed not exceeding 10% on annual value.
5. That the discount is allowed at the following rates.

i. upto 5 years	Nil
ii. 5 - 15 years	10%
iii. 15-25 years	15%
iv. 25 years	20%

Discount for Type of Building :

i. Tiled, AC, G1	25%
ii. Thatched	50%
Owner occupied Residential building	30%
6. that the land value is calculated at the rate of 1/3 or 1/6 on annual rental value
7. that the basic tax is arrived as additions in the case of industrial and commercial building respectively at the following rates.

i. Industrial buildings	2 times of Zonal Basic value
ii. Commercial buildings	3 times of Zonal Basic Value
8. that the quinquennial revision is compulsory once in 5 years as per Rule 9 (2) of Schedule IV TNDM ACT, 1920.

9. that the commissioner of Municipal Administration is empowered to issue guide lines for assessment as per Rule VI (a) of Schedule IV, TNDM Act 1920.
10. that in the case of special class of building assessment shall be made on the basic of capital value, the usual procedure as prescribed under the Act shall be continued.
11. that in the case of newly constructed building, the owner or occupier of any building or land shall furnish to the Executive Authority within such time as may be prescribed, a return in such form containing such details as may be prescribed for the assessment of property to such building or land.

or

If any owner or occupier of any building fails to furnish a return or furnished an incomplete or incorrect return, the Executive Authority or any person authorised by him shall cause an inspection and also to make such local enquiries and prepare a return and a copy of the return shall be furnished to the owner or the occupier.

12. that on receipt of return, the Executive Authority shall determine the tax and sent an intimation that effect to the person concerned.
13. that the property tax on building and land shall be a first change upon the said building or land.

General Exemption:

1. Places set apart for public worship
2. Choultries for which no rent is charged. or the rent charged is used exclusively for charitable purposes.
3. Buildings used for educational purposes including hostels attached thereto.
4. Places used for the charitable purpose of sheltering, the destitute or animals and orphanages, homes and schools for the deaf and dumb, asylum for the aged and fallen women and such other institution run purely on philanthropic lines as are approved by the councils.
5. Ancient monuments
6. Charitable hospitals and dispensaries
7. Burial and burning grounds
8. the bed of any river or canal belonging to Govt. which do not provide any income to Govt. and or any other Govt. land set apart recreation purpose.

General revision of Property Tax w.e.f. 1.4.2008:

Government have issued orders for taking up general revision of Property Tax in all Municipal Corporations, Municipalities, III Grade Municipalities and Town Panchayats w.e.f. 1.4.2008 in G.O.Ms.No.150 MAWS (Election) Dept., dt. 12.11.2007 .

Guidelines for revision have been issued in Lr.No.38279/ELec.2006-2 MAWS Dept., dt.1.2.2008 by the Government. The following ceiling is fixed for enhancement fo taxes consequent on the quinquennial revision of property tax w.e.f. 1.4.2008.

Residential buildings (whether owner occupied or rented)	25%
For Industrial buildings	100%
For commercial buildings	150%

Ceiling for buildings assessed in the post revision period

For buildings assessed after 1.10.2007 - No revision

For the buildings assessed between:-

1.4.2006 to 30.9.2006 - 5%

1.4.2005 to 31.3.2006 - 10%

1.4.2994 to 31.3.2005 - 15%

1.4.2003 to 31.3.2004 - 20%

Note: Lr.No.63012/2007/R1 dt.11.2.2008 of the CMA may also be referred

Vacant site tax: Any vacant land without any building situated within the Town Panchayat limit, the Executive Authority shall determine the property tax for such vacant and at the rate fixed by the Town Panchayat Council.

Taxation and Appeal Committee: There shall be a taxation appeal Committee for hearing and disposing of an appeal preferred by any person who is not satisfied with the assessment order.

Every Town Panchayat consisting of the president of the Town Panchayat Council who shall be the Chairman of the Taxation appeal committee and such other and such number of members as notified by the State Government from among the members of the Town Panchayat.

An appeal against the decision of the taxation Appeal Committee may be filed within 30 days from the date of the order to the District Judge, after depositing the entire amount of the tax as decided by the taxation appeal Committee.

Levy of fine: Where a person fails to pay the property tax within the time specified the Executive Authority shall impose by way of fine, a sum as fixed by the Town Panchayat Council.

(Commissioner of Municipal Administration Circular ROC No.69517 / 97 / R1 dt. 1-7-98)

(G.O.Ms. No.169 MA & WS Dept. dt:2-9-98)

7. PROFESSION TAX:

Section 93 of Tamil Nadu District Municipalities Act 1920 under which the Profession Tax was levied has been repealed consequent on introduction of Tamil Nadu Tax on Profession, Trades, Callings and Employments Act, 1992 (Tamil Nadu Act 24 of 1992).

Note :Rules under Section 29 of the said act have also been framed and published in G.O.Ms.No.229, M.A. &W.S.Dept., dated 11-9-1992.

A. The following registers and returns, etc., are to be maintained:

1. Application for Registration in Form No.1.
2. List of Government Offices.
3. Register of Registration.
4. Register of Enrolment.
5. Demand Register with reference to Register of Registration Enrolment.
6. Chalan Register.
7. Arrear Demand Register.
8. Register of Writes off.

9. Register of Appeals.
10. Register of Prosecution.
11. Half Yearly return-cum-chalan
12. Order of Assessment of an employer
13. Return in respect of Central/State Government employees regarding recovery of tax for the Half year ending September / March
14. Chalan
15. Notice of hearing to a person who has failed to get himself enrolled

The following audit checks are to be exercised:

1. Whether the sanction of the Town Panchayat Board has been obtained for the levy and the adoption of the rate of Profession Tax with effect from 1-4-1992 and whether all formalities have been observed such as published in Dailies, District Gazette, etc.,
 2. Whether all the persons entitled for Registration have been registered and any cancellation of such registration done by the Executive authority after satisfying that the employer to whom such registration was granted has ceased to be an employer.
 3. Whether the Executive Authority has given a public notice every year in the months of April/October by Publication in the local news papers having wide circulation directing all persons liable to pay tax under the Act to get themselves registered or enrolled, as the case may be, and to furnish returns and pay the tax according to the provisions of the Act and the Rules.
 4. Whether proper demand has been arrived at towards profession tax as per each certificate of registration Enrolment and whether the Employer has furnished monthly returns on or before the last day of every month showing the salaries and wages paid and the profession tax deducted thereon;
 5. Whether action has been taken against. the defaulters according to the provisions of the Act and penalty imposed for such defaults.
 6. Whether the drawing and disbursing officers of Central State Government have rendered statement of accounts showing the details of deductions made from each employee and the remittances made there off;
 7. Whether the refund of tax, penalty, interest and fees (if any) due to a person is supported by proper sanction of the Executive Authority;
 8. Whether the arrears of tax, if any, has been entered in the Register of Arrear Demand Register; and
 9. Whether an appeal under sec.16 of the Act has been made and whether it has been presented to the appropriate appellate authority within 15 days of the receipt of the order of decision of the Executive authority as the case may.
 10. Rates of Tax on professions, Trades, callings and Employments.
1. Salary and wage earners, whose monthly salaries or wages are.

<u>Serial number</u>	<u>Class of persons.</u>	<u>Rate of tax per half year</u>
i.	Upto Rs. 21,000	Nil
ii.	Rs.21,001 - 30,000	Rs. 60
iii.	Rs.30,001 - 45,000	Rs. 150
iv.	Rs.45,001 - 60,000	Rs.300
v.	Rs. 60,001 - 75,000	Rs.450
vi.	Rs. 75,001 - above	Rs.600

Note: The revision of slab can be made only by Government

The amount of profession Tax can be fixed by the council

The profession Tax can be revised once in five years.

The enhancement shall be not less than 25%.

(G.O. Ms. No.249 MA& WS dated 22nd December 1998)

2. a. Legal practitioners including Solicitors and Notaries :

	Minimum	Maximum
i. Less than two years	50	100
ii. Two years or more but less than five years	200	500
iii. Five years or more	750	1250
b. Medical practitioners including medical consultants (other than practitioners of Ayurvedic, Homoeopathic, Siddha and Unani systems of medicine) dentists, radiologists,- pathologists and persons engaged in other similar professions of callings of a para medical nature where the standing in the profession is-		
	Minimum	Maximum
i Less than two years	100	750
ii Two years or more but less than five years	500	1250
iii Five years or more	750	1250
c. Practitioners of Ayurvedic, Homoeopathic, Siddha and Unani systems of medicine where the standing in the profession is:-		
	Minimum	Maximum
i. Less than two years.	50	100
ii Two years and more but less than five years.	100	150
iii Five years or more.	200	300
d Technical and professional consultants including architects, Engineers, reinforced cement concrete consultants, plumbers, tax consultants, Chartered Accountants, actuaries and management consultants.	750	1250
e Chief agents, principal agents, Special agents, insurance agents and Surveyors or loss assessors registered or licensed under the Insurance Act, 1938 (Central Act IV of 1938)	750	1250
f. Commission agents, dalaks .and brokers (other. than estate brokers covered by any other entry elsewhere in this Schedule)	500	1250
g All types of contractors (other than buildings contractors covered by any other entry elsewhere in this Schedule).	250	1250
h Diamond dressers and diamond polishers	1000	1250
1. Members of stock exchange recognised under the Forward Contracts (Regulation) Act, 1952 (Central Act LXXIV of 1952)	1000	1250
2. Members of stock exchange recognised under the securities Contracts (Regulation) Act, 1956 (Central Act 42 of 1956)	1000	1250
3. Remissiers recognised by a stock exchange	500	1250

4.	Estate agents or brokers or building contractors.	1000	1250
5.	Directors (other than those nominated by Government) of companies registered under the Companies Act, 1956 (Central Act, of 1956)	1000	1250
6.	a. Book makers and trainers licensed by any competent race club, owners of race horses	1000	1250
	b. Jockeys licensed by the said club	500	1250
7.	Self employed persons in the motion picture industry as follows:		
	a. Writers, Cameraman, Still Photographers.	500	1250
	b. Lyricists, directors, actors and actresses (excluding Junior artists) Play-back singers, recordists and editors.	1000	1250
	c. Junior artists, production managers, assistant directors, assistant cameraman, assistant recordists, assistant editors, musicians and dancers.	1000	1250
8.	Dealers registered under the Tamil Nadu General Sales Tax Act, 1959 (Tamil Nadu Act, of 1959) such dealers whose annual gross turnover of all sales or all purchases is:-		
i	Less than Rs.50,000	200	750
ii	Rs.50,000 or more, but less than Rs.1.00 lakh	300	750
iii	Rs.1.00 lakh or more, but less than Rs.2.00 lakhs.	500	1000
iv	More than Rs.2.00 lakhs	1000	1250
9.	Occupiers of factories as defined in the Factories Act, 1948 (Central Act LXIII of 1948) who are not dealers covered by entry 8.	500	1250
10.	Employer of establishment as defined in the Tamil Nadu Shops and Establishments Act, 1947 (Tamil Nadu XXXVI of 1947), who are not dealers covered by entry 8, such employers of establishments:-		
i.	Where there are no employees	50	200
ii.	Where not exceeding five are employed	100	750
iii.	Where more than five but not more than ten employees are employed.	250	1250
iv.	Where more than ten employees are employed.	1000	1250
11.	i. Conductors of video parlours	500	1250
	ii Conductors of video cassette libraries.	100	500

12. Owners (or) lessees of oil pumps and Service stations.	1000	1250
13. Licensed foreign liquor vendors and employers of residential hotels and theatres as defined in the Tamil Nadu Shops and Establishments Act, 1947 (Tamil Nadu Act XXXVI of 1947)	1000	1250
14. Holders of permits for transport vehicles granted under the Motor Vehicles Act, 1988 (Central Act 59 of 1988) which are used or adopted to be used for hire or reward where any such person holds permit or permits for any Van, Matador or cab—		
Upto 2 vehicles	250	750
More than 2 vehicles	500	1250
Car or Taxi		
Upto 2 vehicles	100	500
More than two	200	750
3 wheeler (passenger or goods vehicles) Upto 3 vehicles	50	300
More than 3 vehicles	100	500
Lorry, truck or bus	1000	1250
15. Money-lenders licensed under the Tamil Nadu Money lenders Act, 1957 (Tamil Nadu Act XXVI of 1957)	1000	1250
16. Individuals or institutions conducting chit funds Under Section 13 of the Tamil Nadu Chit Funds Act, 1961 (Tamil Nadu Act 24 of 196 t)	1000	1250
17. Co-operative societies registered or deemed to be registered under the Tamil Nadu Co-operative Societies Act, 1983 (Tamil Nadu Act 30 of 1983) and engaged in any profession, trade or calling		
i. State level societies and their branches	1000	1250
ii. Co-operative sugar factories and spinning mills	1000	1250
iii. District level societies and their branches	1000	1250
iv. Urban banks	1000	1250
v. Other co-operative societies but not of state or district level.	250	750
18. Banking companies as defined in the Banking Regulation Act, 1949 (Central Act X of 1949)		
i. Scheduled banks and their branches	1000	1250
ii. Other banks and their branches.	1000	1250
19. Companies registered under the Companies Act, 1956 (Central Act 1 of 1956) and engaged in any profession trade or calling.	1000	1250

- | | | |
|--|------|------|
| 20. Each partner of a firm registered under the Indian Partnership Act, 1931 (Central Act IX of 1932) and engaged in any profession, trade. or calling. | 1000 | 1250 |
| 21. Persons, other than those mentioned in any of the proceeding entries, who are engaged in any profession, trade, calling or employment and in respect of whom a notification is issued under the proviso to section 3(3). | 250 | 1250 |

Notwithstanding anything contained in this Schedule where a person is covered by more than one entry in this Schedule the highest rate of tax specified under anyone of those entries shall be applicable in his case.

The Government have held that the following classes of persons or income are liable to the tax:

1. Life Insurance Corporation, Branch Office liable for Profession tax.
(G.O.Ms.No.933 Local Administration dated 28th May 1960)
2. Port Trust should be classified as company for levy of Profession-Tax
(Govt. Memo No.74206/M2/61 R D and L A dated 2nd June 1961)
3. Branches of E.S.I. liable for profession tax.
(Govt. Memo No.51269/F1/64 R D & L A dated 7th December 1974)
4. Bonus liable for profession tax.
(G.O.Ms.No.1404 Rural Development and Local Administration dated 19th July, 1968)
5. T.N.E.B. Unit office functioning within the area of local body is liable for profession-tax.
(G.O.Ms.No.226 Rural Development and Local Administration dated 18th October 1962)
6. The Bank should be assessed to Profession tax on the basis of net profit after setting aside for bad debts, reserve fund if any appropriated from gross profit.
(G,O.Ms.No.1751 Rural Development and Local Administration dated 13th May 1970).
7. The oil company is liable to pay Profession tax to the local body concerned where it transacts business. In case where the oil company supplies petrol to an agent who owns the petrol bank, it cannot be said that the company transacts the business. If on the other hand, the petrol bunk and fittings are owned by the Company and the agent sells the petrol as the representative of the company on commission basis than the company should be deemed to transact business and is liable to pay profession tax. Where dealers transact business on their own and not as agents of the company although such business is transacted in places where the tanks and pumps are owned by the company, it cannot be said that the company is transacting business in that place. In such cases the company cannot be made liable for payment of Profession tax but only the dealers who transact the business on their own account will be liable to tax.

(Govt. Memo No. 86228/M7/67-6 Rural Development and Local Administration dated 26th March 1969)
(Govt. Memo No.38132/M7170-3 Rural Development and Local Administration dated 22nd August 1970)
8. The request to exempt Mill workers from the payment of Profession tax in not complied with.
(Govt. Memo No.21514/M7/69-3 R D & LA dt. 19th September 1973)
9. The dryers installed by the Food Corporation of India are liable to pay Profession tax.
(Govt. Memo No.30029/C2/73-11 R D & L A dated 8th July 1974)
10. State Bank of India is liable for levy of Profession tax.
(Memo No.30029/C2/73-11 Rural Development and Local Administration dated 8th July 1974)

11. The provisions in section 93(4) of the TNDM Act, 1920 which are applicable to individuals are also applicable to company, that is, it is liable to pay Profession tax to only one of the local bodies and that it need not pay profession tax to every local body where it transacts business as it cannot be made liable for tax twice.

(G.O.No.1575 Rural Development and Local Administration dated 19th October 1982)

12. Orders issued in G.O.Ms.No.1575 Rural Development and Local Administration, dated 19th October 1982 is modified restricting its application only to a partnership firm and not to a Company.

(G.O.Ms.No.102 Rural Development dated 9th March 1988).

Demand Register: It should be seen

- i. that the demand register has been written up with reference to the half yearly list and the lists obtained from public or assessment list and the demand agreed with the totals arrived at in the list.

Note: About five entries on each page of the half yearly list should be checked with the demand register. Ten per cent of the assessments made on the basis of the list of employees received from the heads of offices and the information received from the assesses should be traced into the half yearly list and demand register to see that there are no omissions.

- ii. that the items reported in the monthly list have been properly assessed and brought on to the demand register;
- iii. that the total demand and arrear demand as shown in the abstract at the end of the registers are written both in words and figures after reconciliation with the half-yearly list or the demand and arrear demand registers .of the previous year.
- iv. that all the collections made through the receipt books separately for the collection of Profession-tax by the Bill Collectors have been entered in the Chalan register and demand and arrear demand registers.
- v. that the total collection in the demand registers agrees with the progressive figure in the Day book, Ledger and the monthly account; and
- vi. that the balances are arrived at without omission of any assessment and without error and such of those balances are carried over to the arrear demand registers for subsequent year.

Note:The checks prescribed for these items in respect of property tax shall also be exercised.

8. DUTY ON TRANSFER OF PROPERTY: The duty on transfer of property is leviable under section 116A of the Tamil Nadu District Municipalities Act, 1920 on an instrument of sale, exchange, gift, mortgage with possession or lease in perpetuity of immovable property. Intimation regarding the amounts payable quarterly to the Town Panchayats and the amounts of deductions on account of collection of the transfer duty to be credited to Government in respect of instruments referred to above shall be sent by the Inspector-General of Registration to the Treasury Officers of the District concerned within two months after the close of each quarter. Such amounts shall be credited to the Town Panchayats fund concerned direct.

It should be seen in audit-

- i. that necessary demand has been raised in Miscellaneous Demand Register with reference to the statement of accounts sent by the Registration Department.
- ii. that the amount as per the statement of accounts has been got adjusted to the Town Panchayat funds without delay;
- iii. that the intimation regarding the amount payable quarterly to the Town Panchayats are received from the Registration Department within two months after the close of each quarter.
- iv. that the amounts due for any quarter and not adjusted to the credit of the Town Panchayat fund have been carried over to arrear demand in the succeeding year.
- v. that all the amounts got adjusted have been posted in the Miscellaneous Demand Register.

- vi. that the total collection as struck in the Miscellaneous Demand Register agrees with the amount shown in the Ledger and annual account.
- vii. that the demand collection and balance as struck in the Miscellaneous Demand Register agree with the corresponding figures in the Demand Collection and Balance statement appended in the Annual Account.

9. ADVERTISEMENT TAX: The following audit checks may be exercised while verifying Licensing of hoarding and levy and collection of Advertisement tax.

Urban local body share of advertisement tax on hoarding: The District Collector shall arrange to remit the twenty five percent of the advertisement tax collected on the advertisement made on the hoarding permitted in a municipal area to the Personal Deposit account of the urban local body concerned in the District Treasury or Sub-Treasury as the case may be, once in a year between April and June of the succeeding year.

Whether advertisement exhibited on any hoarding or any screen or board or wall or building either private or public or any hoarding erected excluding advertisement made in News paper, Radio or Tele cost as per the prescribed norms

- 1. that renewal of licence is collected after completion of three years
- 2. that the annual rent for erection of hoardings is collected as fixed by the council.
- 3. that objectional encroachment as per the orders of the District Collector is removed within seven days at the cost of owners.
- 4. Whether the District Collector has ordered to remit 25 percent of Advertisement Tax collected to the concern Town Panchayat from P.D. Account maintained by the District Collector.

10. WARRANT AND DISTRAINT FEES: If the amount of any tax demanded is not paid within fifteen days from the date from which it becomes due or the giving of the direction referred to in rule 12 of the rules issued under paragraph 48 of the Manual on Panchayat Administration, Part I or if the person from whom any tax is due has not shown cause to the satisfaction of the executive authority why it should not be paid, the executive authority may, recover by distraint under his warrant and sale of the movable property of the defaulter the amount due on account of such tax together with the warrant fee and the distraint fee and with such further sum as will satisfy the probable charges that will be incurred in connection with the detention and sale of the property so distrained. The warrants fee leviable shall be thirteen paise and the distraint fees shall be payable at such rates not exceeding the amount mentioned.

(G.O. Ms. No.1566 R.D. & L.A. Department dt.12-10-1978).

The following register and records are maintained:

- 1. Register of warrants.
- 2. Register of distrained property.
- 3. Warrants.
- 4. Inventory of distrained properties.
- 5. Sale list of distrained properties

a. Warrants:

The checks to be exercised:

- i. that warrants are consecutively numbered and issued to parties.
- ii. that the warrant fee has been collected for each warrant issued.
- iii. that there are no undue delay in the execution of warrants.
- iv. that the collection of warrant fees is duly brought to account.

- v. that warrant numbers are noted against the corresponding assessment numbers in the demand register.
- vi. that the blank forms of warrants are not signed by the executive authority and left with the bill collector to be filled up and executed on his own initiative;
- vii. that fees on warrants once issued have been collected or written off with the sanction of the Town Panchayat council.

Note: It is permissible to write off the warrant fee when tax for which the warrant was issued has been collected.

- viii. that the postings of collection of warrant fees in the current and Arrear Demand Register are made as in the case of Property Tax;

b. Inventory and register of Distrainted property.

The checks to be exercised-

- i. that in every case of distraint for non-payment of tax, a warrant has been issued;
- ii. that the several columns in the register of distrainted property are properly filled up;
- iii. that a list of property distrainted is made out in each case and the foil of inventory furnished to the party;
- iv. that the distraint fees, etc., due under Rule are collected in accordance with the rules fixed by the Town Panchayat subject to the maximum laid down in 'C' of the said rule;

Note: The warrant fee should be included in the amount of tax for the purpose of calculating the distraint fees.

- v. that the signature of the party is taken in the register when the property is returned to the owner.
- vi. that the surplus sale proceeds have either been refunded to the party or credited to deposits and that in the former case the refund has been duly acknowledged by the party;
- vii. that the amounts credited to deposits are adjusted to Town Panchayat funds as lapsed when no claim is made within six months.
- viii. that sale lists are forthcoming in all cases of sales;
- ix. that there are no undue delays in the disposal of distrainted property;
- x. that there is evidence of examination of the distrainted property by the executive authority from time to time.
- xi. that the demand, collection and balance struck in the warrant and distraint Registers agrees with the corresponding figures in the Demand Collection balance statement furnished with the Annual Account.
- xii. that the total collections of the warrant and distraint fees as per the Registers agrees with the corresponding figures in the General Ledger and Trial Balance.

11. EXCESS WATER CHARGES: As per section 129 of Tamil Nadu District Municipalities Act 1920, the Municipal council, so far as the funds, at its disposal may admit, promise a sufficient supply of water for the domestic use of the inhabitants and under section 131, 132 of the Act the Executive Authority may supply water to buildings on payment of cost. In regard to such supply of water, by-laws have to be framed by the council and got approved by the superintending Engineer, TWAD Board. The charges are levied at a fixed monthly rate for each tap connected or based on the quantity of water consumed as per the meter readings after allowing for free allowances fixed by the council in respect of supply of domestic purposes. The following are the registers that are maintained in this regard.

- i. Register of House service connections.
- ii. Demand Register for excess water supply (metered system) (G.O.Ms.No.1935 RD &LA, dated 17-4-1974)

- iii. Meter Register (G.O.Ms. No.1064 dated 20-4-1973)
- iv. Water meter reading card (GO.Ms. No.1066 RD & LA. Dated.20-4-1973)
- v. Demand Register in respect of water supplied through tap rate
- vi. Arrear Demand Register
- vii. Personal Ledger
- viii. New service connection Register.
- ix. Register of Initial deposit for new water supply connections.

Checks to be exercised:

- i) Whether an application from the owner or occupier accompanied by an estimate with the registration fee of Rs.100 has been received by the Executive Authority.
- ii) that a centage of 10% of the actual cost of work against supervision charges has been collected subject to a minimum of Rs.500/-
- iii) that in the case of Government building the supervision charges has been collected within a week of completion of the work.
- iv) That initial connection charges for water service connection shall be collected in the manner stated below:
 - 1. Domestic 3,000
 - 2. Industrial 5,000
 - 3. Commercial 5,000

Note:1) Initial connection charges and other charges are non-refundable and no interest shall be payable.

- 2) In the case of disconnection Rs.250/- shall be charged and a sum of Rs.250 shall be recovered for reconnection.
- 3) The disconnection may be made for the non payment of monthly charges within the stipulated time.
- 4) a fine of Rs.250/- in the case of breach and Rs.25/- for every day in the case of breach continues as provided in the water supply by law.
- 5) reconciliation shall be struck to reconcile the total amount collected towards initial deposit with the total demand raised during the year. The difference if any shall be critically reviewed to eliminate any mal practice.

(Director of Town Panchayats letter ROC No.2752 / 2008 / B3 dt:4-3-2008)

12. TRADE LICENCE FEES:- The Town Panchayat may with the previous approval of the Inspector of Town panchayats notify that no place within the limits of Town Panchayat shall be used for any of the purpose which, in their opinion, are likely to be offensive or dangerous to human life or health or property, without a licence, and except in accordance with the conditions specified in such licence. Such notification shall take effect after sixty days from the date of its publication. The Executive Officer of the Town Panchayat shall be competent authority to grant the licence or refuse to grant it. Similarly no person shall without the permission of the Town Panchayat, construct or establish any factory, Workshop or workplace in which it is proposed to employ steam power, water power or other mechanical power or manufacturing plant driven by any power as aforesaid, not being machinery or manufacturing plant exempted by the rules.

Note: 1. The rules relating to prohibition or regulating the grant of licences and permissions (under section 249 of Tamil Nadu District Municipality Act 1920) are issued in G.O. Ms. No.664, RDLA, dated 26-4-84 which should be studied.

Note:2. The licence fees under Registration fee for the lodging houses have been increased. Amendment issued in G.O. Ms. No.1432, Health and Family Welfare, dated 7-8-1990.

The following registers and records are maintained:-

1. Annual list of persons exercising trades for which licences are required.
2. Register of Miscellaneous licences and permissions.
3. Licence Books
4. Stock account of licence.
5. Monthly list of persons who have not taken out the requisite licences
6. Applications for Licences.
7. Schedule of rates approved by the Town Panchayat.

The council may publish a notification in the District gazette and by beat of drum that no place within Town Panchayat limits or at a distance within three miles of such limits shall be used for any one or more of the purposes specified in Schedule V without the licence of the Executive Authority and except in accordance with the conditions specified there in.

Note 1. Section 249 of the act does not require that the rates of licences fees should be included in the notification. A Town panchayat can alter the rates of fees without any statutory notification. There is no objection to the alteration being given effect to with retrospective effect.

Note 2. A Town panchayat may if it so desires levy a higher rate of fees for belated applications for licences, but it should not levy a penalty for the purpose.

Note 3. The maximum rates of licence fees that may be charged for a permission granted under section 249 of the Tamil Nadu Municipal Act, 1920 for the installation in any premises of any machinery or manufacturing plant driven by electricity or by other power are given in paragraph 61 of the Manual of Panchayat Administration-Part 1.

Note 4. No permission of the Town Panchayat is required for installation of electric motors for drawing water from wells in lodging houses, hostels, restaurants etc., as it is treated as falling 'under the term "Personal comfort"'. It does not matter whether the hotels, etc., are situated in non-residential or notified residential areas.

Note 5. Rules prohibiting and regulating the grant of licences and permission under Section 249 of the Tamil Nadu District of the Municipal Act 1920 have been issued.

Note 6. Tin-making, copper and Blacksmiths bronze metal shops carpentry work done by manual labour may be treated as cottage industries and the places used for the purposes need not be licensed.

Note 7. The installation of mechanical Dryers by the Food Corporation of India do not require licence or permission under sections 249 of Tamil Nadu District Municipal Act 1920 as the activities of the Corporation are controlled by the Government of India.

(Memo No.6S690/C2172-6 Rural Development and Local Administration dated 21st September 1972)

Note 8. All Live stock farms (including Government undertakings) which are selling milk and milk products through their agents should take licence under prevention of Food Adulteration Act and also under Panchayat Act.

(Examiner's Lr. K. Dis. No. 681 78/8U-IIG 1 dated 11th August 1980)

The checks to be exercised are:-

- i. that the applications for any licence or permission or renewal thereof with requisite fee received not less than thirty and not more than ninety days before the date with effect from which or the commencement of the period from which the licence or permission is required;
- ii. that licence are not issued for any period beyond the end of the year.

- iii. that permission of the Town panchayat is obtained for constructing or establishing any factory, workshop or workplace in which it is proposed to employ steam power, water power or other mechanical power or electrical power or to install in any premises any machinery or manufacturing plant driven by steam water or other power and that the fees fixed by the panchayat for the purpose are collected.
- iv.(a) that before permission is granted by the Panchayat, the approval of the Inspector of Factories regarding the matters referred to in Rules and of the Director of Town Planning and of the District Health Officer of the District concerned is obtained as regards the matters referred to in Rule 8 of the Rules *ibid*.
- (b) After completing the above preliminary checks all the chalans received with the application for licence should be checked with the counterfoil of licences and the entries in the register of Miscellaneous licences.

The annual list of persons exercising trades for which licences are required are prepared by out-door officers and checked by the executive authority immediately after the commencement of the year; that monthly report of persons who have not taken out the requisite licences are also submitted by the out-door subordinates.

- i. It should be seen i) that the items reported in the monthly list are included in the annual list.
- ii. that applications for licences are forthcoming and are separately filed in consecutive order;

Note: Application received for about seven days in a month should be checked with corresponding licences to find out whether the fees recovered are in accordance with the schedule of rates.

Note 1. The executive authority of the Town panchayats can dispose of application for licences under the above Act only in respect of any place or building to be used exclusively for the purposes other than the holding of cinematographic exhibition. The application for holding of cinematograph exhibition should be disposed of by the Taluk Magistrate or Deputy Tahsildar / Magistrate having jurisdiction over the local area. in such cases the fees should be credited to state funds.

- 2. For purposes of calculating the licence fee in respect of touring cinemas in thatched shed; only the shed portion to which the people are admitted to witness the film and other structures within the fence which are under the direct occupation of the licence should be taken into account. All other portions within the fence should be excluded.

- v. that the rate at which fees are collected is in accordance with the rate in the notification published by the panchayat;
- vi. that all persons assessed to profession tax on income derived from carrying on any trade or industry for which licence is required have taken out licence for such trade or industry;

Note: The yearly list of one ward should be checked for this purpose. The licence number should be required to be noted in the profession tax half-yearly list to facilitate this check.

- vii. that the fees collected on each licence has been recorded in the register of Miscellaneous licence in chronological order;

Note 1. The following procedure in accounting the advance collection of licence fees shall be adopted. Licence fees received before the commencement of the year to which they relate may be entered straightaway in the licence register of the year relating to which the fees are actually received. As those collections represents advance collections they may be treated in the account as "Deposits" and the total of those amounts received in each month may at the end of the month be shown as one entry in the Deposit Register and the total compared with the total in the account and the entries cleared subsequently at the commencement of the new year by transferring the amount of licence fees of the year to which they pertain.

- 2. Refund of licence fee is not ordinarily admissible except when a licence is refused.

- viii. that the number of licence is noted in the annual list and .that the licence is issued in all cases;
- ix. that in case where any trade or industry is carried on without licence the party is prosecuted within the time.

Note 1. When no licence has been applied for, the party should be prosecuted within the year or within three months from the end of the year as provided in Section 166 of the Tamil Nadu Panchayats Act, 1958.

2. Licence fees should be collected before a licence is granted or renewed where a party presents an application for a licence or for its renewal without payment of the necessary fee. It is open to the local body to ask for the immediate payment of the fees.
- x. that miscellaneous licence books issued from stock have been accounted for by way of used or unused books;
- xi. that the balances outstanding in the annual list are transferred to the arrear demand register and that a Demand, Collection and Balance statement is worked out in the annual list;
- xii. that the Demand Collection Balance figures arrived at in the annual list agree with the corresponding figures in the Demand Collection Balance statement furnished to audit office and that the collection figures as per the Demand Collection Balance statement agrees with the account figure as per Ledger and Annual Account.

Register of prosecutions: This register should be examined to see-

- i. that the particulars of prosecution instituted for various offenses are entered in this register.
- ii. that suit number as well as the orders of court are noted in all cases;
- iii. that the amount of tax or fees collected is noted from the statement received from the Magistrate and the credit appearing in the pass book;
- iv. that in the case of abnormal delay in the disposal of any prosecutions, the cause of Pendency is ascertained; and
- v. that the register bears evidence of check in the hands of the executive authority.

13. TOWN PANCHAYAT BUILDING RULES:

The Tamil Nadu Country and Town Planning Act, 1970 has come into force from 27th October 1970, hence the Town Panchayats may enforce the Building rules and collect Building Licence fees from 27th October 1970. The Panchayat Executive Officers are authorised to issue licence on behalf of Town Panchayats.

(G.O. Ms.No.2131, Rural Development and Local Administration, dated 27th October 1970.)

(G.O.Ms.No.23, Rural Development and Local Administration, dated 4th January 1978.)

The rules relating to powers of the Planning Authorities under the Tamil Nadu Town and Country Planning Act, 1971 were issued in G.O.Ms.No.454, Rural Development and Local Administration dated 25th March 1978.

14. REVENUE LEASED OUT

Fees from Ferries, Markets, Cart-stands, Slaughter-houses, Fisheries, Tolls leviable under the Tamil Nadu Pilgrims Tolls Rules and licences where they are formed out with reference to Sections of the Act:

- a. Where the right to collect fees in respect of the use of the above places is proposed to be leased out by the Panchayat it shall be leased out annually through public auction to be conducted sufficiently early before the commencement of the year in respect of which the lease relates. These should be examined in the following manner:
 - i. that the preliminary notice setting for the condition and terms subject to which the lease would be granted and approved by the Town panchayat is published in the District Gazette and that a copy of the notice affixed in the notice board of the Town panchayat office as well as in some conspicuous place within the limits of the panchayat or in any other manner determined;
 - ii. that the sale is conducted by the executive authority or a person authorised by him and that the security deposit fixed in the preliminary notice is taken from all intending bidders and that any persons who is in arrears to the Town panchayat in respect of any previous years lease are not permitted to bid at the auction.

Note: The earnest money deposits of unsuccessful bidders should be refunded only after acceptance of the bid by the competent authority.

Note: Separate auctions have to be conducted for each one of different markets /shandies.

(G.O. MS. No. 766, Rural Development, dated 19-9-90).

- iii. that the solvency of the successful bidders was ascertained, before the lease was confirmed;
- iv. that the executive authority after the auction is completed, placed before the Town panchayat council a list of the bids at the auction and that the Town panchayat accepted the highest bid and when a bid other than the highest is accepted, the reasons for such acceptance are recorded in writing.
- v. that the lessee deposited a sum which together with the security referred to in clause (ii) would make-up one fourth of the total lease amount within one week of the date of confirmation of the lease in his favour;
- vi. that necessary lease deed setting forth the conditions subject to which the lease is granted is executed within fifteen days of the date of confirmation of lease;
- vii. that no person is allowed to enjoy the lease until he has executed the lease deed.

The income from lease, etc., are verified through Miscellaneous Demand Register. The following points should be examined in auditing the receipts from the leases and accounts maintained in connection therewith.

- i. that the name of the lessee, details of the leased property / right, lease amount, amount of security taken, the date of agreement, the amount of installment of kist due, the due date of payment and the rate of penal interest, leviable on belated payment of installments are noted in the Miscellaneous Demand Register.
- ii. that the Collections are posted from the entries in the Day book and Ledger.

Note: The postings of collection made in the Miscellaneous Demand Register should be checked with the Day book.

- iii. that the penal interest in respect of belated payments is calculated and recovered or written off with the sanction of the competent authority;
- iv. that the amount of security deposit noted in the Miscellaneous Demand Register agrees with that shown in the deposit register against the lessee concerned.
- v. that the security deposit has been adjusted towards the last three installments of kist or towards any installment of the lease amount over due from the lessee and towards the loss if any sustained by the resale or departmental management.
- vi. that when a resale is conducted or when a lease is terminated on account of the default of the lessee, necessary legal steps are taken for the recovery of the loss from the original lessee;
- vii. that when any installment due under the lease is not paid within one month of the date on which it becomes payable, the executive authority has reported the matter to Town panchayat which shall thereupon terminate the lease or order its management departmentally at the risk of the lessee till it is resold if a resale is ordered;
- viii. that no remission is granted to the lessee except in accordance with the provisions.
- ix. that the amount of remission granted does not exceed the proportionate amount payable under the lease for the period for which the lessee was prevented from carrying out his part of the lease;
- x. that the penalties provided in the lease are strictly enforced in accordance with the terms of the lease;
- xi. that penalties for late payment of the lease amounts are not remitted by the Lessee except as provided.
- xii. that the lease of immovable properties belonging to or vesting in the Town panchayats is in accordance with the rules.
- xiii. that the balances at the close of the year are carried forward to the subsequent year's Register.

- xiv that demand, collection and balance both under current and arrears agree with the statement received in the audit office, and that the collection figures agree with the amount shown under corresponding heads of receipts in the Day book and in the annual account.
- xv. that in respect of the lease amounts remaining uncollected for six years suits are instituted for the recovery before they become barred by limitation of time and that the amount decreed against the dues are noted in the Miscellaneous Demand Register and the recovery watched;

15. REVENUE COLLECTED DEPARTMENTALLY:

Where any market, cart stand, landing or halting place, slaughter house, fishing or ferry is managed departmentally, all fees levied in respect of the use thereof shall be collected by means of tickets printed and supplied by the executive authority.

Revised norms for leasing:

Lease of shops, Bus-whelters, Markets, Cycle stand , Pay and use toilets, Rest Houses vested with Municipalities & Town Panchayats are to be let out on lease for a period of 3 years from the financial year 2009-10.

The lease will be held by public auction for a period of 3 years in the first instance. The lease amount for second year shall be increased by 5% at the end of the first year. The lease amount for the third year shall be further increased by 5% of the lease amount of the second year.

Eg.: Lease amount of the first year	Rs.100/-
Lease amount of the second year	Rs.105/-
Lease amount of the third year	Rs.110.25

If the lessee died within the term of lease of three years, the lease shall be transferred to his legal heirs. If the legal heirs are not willing then re-auction may be held. All other existing conditions will continue.

(G.O.No.181 MAWS Dept., dt. 19.9.2008.)

Collection of Bus stand fee:

(Revision of Bus stand fee in the state as per Rule 245 of Tamil Nadu Motor Vehicles Rule 1989)

Sl.No.	Category of Bus stand	Existing rate of fees	Revised rate of fees
		Rs.	Rs.
1.	Class A	4.00	15.00
2.	Class B	3.00	12.00
3.	Class C	2.00	8.00
4.	Class D	1.50	5.00

The revised rates will come into force from 11-03-2002

(G.O. Ms.No.175 Home (Transport-7) Dept. dt: 04-03-2002)

- i. The Departmental collection ticket books shall be printed in foil only in different colours for different rate of fees, the rates being printed in each case and issued for departmental collections.

(G.O. Ms. No. 101,Rural Development and Local Administration, dated 21st January 1978)

- ii. A proper account will be kept to account for the receipts issues and balances of the printed ticket books. The first part will be a Stock Register of Ticket Books, the second a Bills issued Register account for each person entrusted with the collection.

Note: The bills or invoices forwarded by the printers in cases where payments for supply have been made should be obtained and examined for the purpose of testing the correctness of the entries relating to the receipt of ticket books in the account. In other cases the receipts would have been checked when payment is made. The issues should be checked with the number of ticket books noted as receipts in Part II of the Register referred to above, while as regards the balances, the number of books both in hand and in use should be verified. If any of them are not forthcoming, the matter should at once be brought to the notice of the executive authority and in the absence of satisfactory explanation the defect should be Commented in the audit report.

- iii. The books should have been machine numbered and stamped with the Town panchayats common seal and the total number of tickets each book contains, certified to by the executive authority.
- iv. Proper collection registers are maintained by the Officers entrusted with the collections
- v. the remittances shown as made by them have all been brought to account in the Town Panchayat Office in the Chalan Register.
- vi. The balances of ticket books in the office have been verified half yearly by the executive authority and those with the collecting officers as well as the account books with them have been likewise verified at regular intervals and the fact in both the cases certified to in the registers concerned; and
- vii. Whether adequate security has been taken from the persons entrusted with collection work.

Note: The amount realised by the Collecting Officers are credited in the Personal accounts against each kind of ticket. The total number of each kind of ticket used by Collecting Officer in the period under audit, credits shall be checked by multiplying the number of tickets by the rate thereof. The amount under each category should be abstracted and the total amount so arrived at agreed to with the amount shown in the Chalan Register maintained by the officers entrusted with the collection and in Day Book. Any differences noticed should be examined and short remittances if any should be detailed in the Audit Report.

16. FLUCTUATING ITEMS OF REVENUE:

Fluctuating items of revenue are those not falling under the heads referred to above and are generally of the following kinds:-

- a. Any payments made to the Town Panchayat by Market Committee in pursuance of Section 11, sub section (3) of the Tamil Nadu Commercial crops Markets Act, 1933.
- b. The taxes and tolls levied in the Town Panchayat under Sections 117 and 118 of the Tamil Nadu Public Health Act, 1939.
- c. Fees for temporary occupation Town Panchayat sites, roads and other similar public places or parts thereof in the Town Panchayat.
- d. Fees levied by the Town panchayat in pursuance of any provision in the any rule or order made there under.
- e. Income from endowments and trusts under the management of the Town Panchayat.
- f. Income derived from ferries under the management of the Town Panchayat.
- g. Unclaimed deposits and forfeitures.
- h. A sum equivalent to the seigniorage fees collected by Government every year from the persons permitted to quarry for road materials in the Town Panchayat.
- i. All income derived from Porambokes the use of which is vested in the Town Panchayat.

- j. A sum equivalent to nine-tenths of the gross income derived by the Government every year from fines imposed by Magistrates in respect of offences committed in the town under any rule or by-law made thereunder on any other provision of law which is prescribed in this behalf.
- k. Grants received from the State Government.
- l. All sums other than those enumerated above, which arise out of or are received in aid of, or for expenditure on any institutions or services maintained, or financed from the Town Panchayat fund or managed by the Town Panchayat.

Copies of proceedings for payments of surcharge on stamp duty, entertainment tax and grants in lieu of magisterial fines from State Funds to the Town Panchayat Funds would be received from the concerned Departmental officers in the O/o. Assistant Director of Local Fund Audit They should be filed in a special file of the concerned Town panchayats and taken for local audits and credits of the amounts verified in the accounts of the Town Panchayats. If it is found that credit in respect of any advice or sanction order is wanting the reasons should be ascertained for not getting the amount adjusted. If satisfactory reasons are not adduced a report should be made to the Assistant Director of Town Panchayats by a special letter besides incorporating it in the relative audit report. It is the duty of the auditor to make intelligent enquiries in writing in respect of such obvious and recurring items of revenue during local audit and also obtain replies in writing. In respect of such of the omissions as are not satisfactorily explained, suitable comments should be made in the Audit Report. This check will include among others a complete check of all items of such revenue appearing in the various demand registers of the previous year with the register or of the year under audit. The audit checks to be exercised in respect of various items of receipts are detailed in the following paragraphs.

17. INCOME FROM ENDOWMENTS AND TRUSTS :

A record should be kept of the endowments managed by a Town panchayat showing the history of the endowments, the purpose for which the endowments were created and the various sources of income and the object on which expenditure should be incurred.

The Register of Endowments should be examined to see

- i. that the balances have been correctly carried forward;
- ii. that a record is kept of the several sources of revenue relating to endowments;
- iii. that the demands of the several revenue have been duly fixed and a watch is kept over their realisation;
- iv. that the receipts of each endowments are utilised for the purpose for which the endowments were originally made or subsequently assigned under competent authority and that no portion of it is appropriated even temporarily to any other object.

18. CONTRIBUTIONS FROM GOVERNMENT/ PRIVATE PERSONS:

For the audit of contributions received from Government / Private persons in aid of any institutions services maintained or financed from funds managed by the town panchayats , it should be seen

- (i) that contribution fixed or promised have been entered in the Miscellaneous Demand register and recovered from the concerned persons or bodies, the fulfillment of the conditions, if any, subject to which such contribution have been received should be verified in audit.
- ii. When expenditure on sanitary arrangements in connection with fairs and festivals is incurred by the Town Panchayats, it should be seen that contribution from the temple authorities has been got fixed by the Government the amount so fixed recovered and credited to the Town Panchayat funds.

Note: The Town Panchayats should move the Collector to pass an order and the Collector is to fix the contribution payable.

(G.O. No. 1335 Health dated 6th June, 1966.)

Notel: (i) For festivals with an estimated expenditure of less than Rs. 5000/- the District Health Officer in respect of Town Panchayats and the Municipal Health Officer in respect of Municipalities will scrutinise the Form-I report and approve the same for the implementation by the local body concerned. The Form-II and III reports will also be approved by the District Health Officer/Municipal Health Officer concerned.

- (ii) For festivals with an estimated expenditure of Rs. 5000/- and above the Director of Public Health and Preventive Medicine or anyone Assistant Directors of Public Health and Preventive Medicine to whom the powers are delegated in this regard will scrutinise the Form-I report and approve the same for implementation by the local bodies concerned. The Form-II and III reports will also be approved by Director of Public Health and Preventive Medicine or anyone of the Assistant Directors of Public Health and Preventive Medicine to whom the powers are delegated in this regard.

(G.O. Ms. No. 1887 Health and Family Welfare Department dated 27th October, 1978.)

19. SALE PROCEEDS OF SWEEPINGS:

When taking up the audit of Tools and plant, old stores, materials, windfallen trees, avenue produce in the village appurtenant to roads other than panchayat Union Roads, it should be seen:

- i. that the sales of all these articles have been conducted by public auction;
 - ii. that the sale lists are forthcoming in all cases and the sales have been entered in the Miscellaneous Sales Register;
 - iii. that for the sale of stores and materials the sanction of Town Panchayat has been obtained;
 - iv. that prepayment has been generally insisted upon in all cases and that articles sold have not been removed before payment.
 - v. that miscellaneous receipts have been granted for all sale proceeds collected; and
 - vi. that the sales have been included in demand, collection and balance statement.
- b. in respect of sales of avenue produce, the register of fruit bearing trees should be examined to see:
- i. that the register shows the total number of fruit bearing trees of each kind in each road or on each street separately within the Town panchayat limits and that the executive authority has signed the register in token of its completeness;
 - ii. that the register has been corrected from time to time as new trees are grown and dead trees are removed;
 - iii. that sale lists are forthcoming and are consecutively filed in the office.
 - iv. that sales are conducted by the executive authority in time and have been confirmed by the Town panchayat and that the amounts have been promptly realised, and duly brought to account.

Note: For the lease of coconut, tamarind and mango trees, sealed tenders to be invited by giving advertisement in the local Tamil Dailies so that collusion among the bidders can be avoided if the bid amount is likely to exceed Rs.500/- and lease given to the highest bidder.

(G.O. Ms. No. 1859 Rural Development and Local Administration dated 24th November 1979.)

Note: Palmyra Trees vested with the Town panchayats to be leased out to the Jaggery Manufacturing societies in approved Rates.

20. INCOME FROM IMMOVABLE PROPERTIES:

if any building belonging to a Town panchayat is rented out or if any building, land or other immovable property belonging to the Town panchayat is leased out it should be seen in audit:-

- i. that the lease of the buildings and lands belonging to the Town panchayat was effected by public auction;
- ii. that the auction was conducted by the executive authority or by a person duly authorised by him;
- iii. that due publicity was given in such a manner as the executive authority considered suitable;
- iv. that the bid at the auction was placed before the Town panchayat and its acceptance obtained;

Note: In case of lands and buildings when it is advantageous to renew the lease in favour of the person to whom it was originally granted, the Town panchayat may with the previous sanction of the Collector dispense with public auction.

- v. that the sanction of the Collector has been obtained if the period of the lease exceeds three years or where the lessee is permitted to put up any building or structure whether of masonry bricks, wood, mud or any other materials;
- vi. that the prompt recovery of the rent and the lease amount is watched through the Miscellaneous Demand Register;
- vii. that the collections are posted correctly in the Miscellaneous Demand Register as per the Miscellaneous Receipts;
- viii. that the balances struck correctly and carried over to the subsequent year Miscellaneous Demand Register.
- ix. that the Demand Collection Balance arrived at in the Miscellaneous Demand Register agree with the corresponding figures in the Demand Collection Balance statement furnished to audit office.

21. INCOME FROM VILLAGE FISHERIES AND FERRIES: The checks to be exercised are:- .

- a. **Fisheries:** i. that the right of fishing in tanks which are provided by Town panchayats and which belong to them has been auctioned by the Town Panchayat and the sale proceeds realised in the usual manner

Note: Fishery rights should be leased out every year in Public auction in which Fisherman Co-operative Societies may also Participate.

(G.O. Ms. NO.952 Rural Development and Local Administration dated 9th April 1974.)

(G.O. Ms. NO.367 Rural Development dated 3-5-1990).

- b. **Ferries:** It should be seen that in respect of lease of ferries managed by the Town Panchayat under section 10(4) of the Canals and Public Ferries Act. The original rates and increase, if any, in existing rates are approved by the State Government.

22. INTEREST ON LOANS AND SECURITIES: The checks to be exercised are:-

- i. that the investments made have been noted in the register to watch the realisation of interest;
- ii. that the investments are covered by proper sanction.

Note: Town Panchayats may invest any sum not required for immediate use in fixed deposits for periods up to three years in the Tamil Nadu State Co-operative Bank and District Central Co-operative Banks approved by the Registrar of Co-operative Societies for the purpose. They may also invest any surplus in the earmarked funds in the Tamil Nadu Government Securities, securities issued by the Government of India including Savings Certificate or in debentures of the Tamil Nadu Co-operative Central Land Mortgage Bank Limited.

- iii. that the previous sanction of the District Collector has been obtained for lodging or investing its funds in any other bank to be specified by him;
- iv. that the investments have not been disposed of except for the specific purpose for which they have been made;
- v. that in the case of investments withdrawn, the proceeds have been duly credited in the accounts or if sale was by transfer of investments it is supported by corresponding entries under investments of the fund so credited and by proper vouchers;
- vi. that the interest due have been realised on due dates and credited to the accounts;
- vii. that interest accruing from investments made for meeting a specific expenditure at a future date has been reinvested or added to such reserve without being credited to the Town Panchayat;
- viii. that deposit receipts are forthcoming.

23 UNCLAIMED DEPOSITS:

It should be seen in audit that at the end of each year any deposit or balance thereof has been credited to the appropriate revenue head of account if it has remained unclaimed for a period of three years from the date of its receipts or in case the deposit has been received in cash and the deposit or the balance thereof does not exceed one rupee, if it has remained for a period of one year from the date of receipt of the deposit.

24. TIME BARRED ITEMS.

The taxes and fees due to the townpanchayat becomes time barred after the expiry of 12 years.

The council under sec 118 of the Tamilnadu District Municipalities Act 1920 is competent to writeoff time barred arrears of taxes and fees. Coersive steps should have been taken by the town panchayat to collect the taxes and fees left unpaid for a long time, without allowing them to become time barred .

The responsibility of various level of officers is fixed as detailed below for the losses caused due to time barred taxes and fees.

<u>Sl.No.</u>	<u>Designation</u>	<u>Responsibility</u>
1.	Bill Collector	30%
2.	Junior Assistant	30%
3.	Head clerk	20 %
4.	Executive Officer	20 %
5.	In the absence of Head Clerk post, the Executive Officer is responsible	40%

(Director of Town Panchayats Chennai Circular ROC No.10896 / 2007 / TP2 dt:2-1-2008)

25. SPECIAL NON-RECURRING GRANTS: It should be seen with reference to copies of sanction order, advices of payment, etc., filed in the special file that the grant sanctioned to the Town Panchayat by the Government have been received by the Town Panchayat and utilised for the purpose for which they were sanctioned and that the conditions of the payment of grants have been fulfilled.

26. SEIGNIORAGE FEES : The seigniorage fees collected by Government every year from the persons permitted to appropriate heads;

iv. that the amounts shown in the several money columns are totaled at the close of every day and the total entered in column "Total and Daily Total".

v. that the Total amounts realised are remitted into the treasury on the next working day itself and the same noted in the respective column and that no portion is withheld.

Note: The duplicate of remittance chalan for the period of audit and also up to the date of audit should be traced with the entries in the Day Book and also in the pass Book and the Cash Book.

vi. that the totals are correct;

vii. that revenue brought to credit by transfer of adjustment as well as amounts of grants, etc., adjusted in the Treasury direct are entered in the Day Book in red ink;

viii. that the cheques received in payment of panchayat dues are not credited before realisation.

ix. that page-war and monthly totals of receipts under the several heads-war struck in the register and the monthly totals are taken to the posting register against concerned heads;

- x. that an abstract of monthly totals is made at the end of the year and the total receipts for the year for each head struck and tallied with the General Ledger.
- xi. It should be seen that the remittance chalangans are:
 - a. signed by the Executive Officer.
 - b. that there are no alteration or erasures unattested.
 - c. that the amount noted as remitted in the chalangans agree with that shown in the Day Book as remitted and acknowledged by the Treasury Officer in words and figures.
 - d. that the receipted chalangans have been pasted with the counterfoils.

If the computer collection system is resorted, the checks prescribed in Head Office Circular may be followed.

27. CHALAN REGISTER: The register would have been checked when Collections were traced in the demand and arrear demand registers into this register. The following additional checks should be exercised:-

- i. that the Collections of revenues made by bill Collectors or other out-door subordinates are entered by them in the Chalan register and then remitted into the Town panchayat office through Day Book.
- ii. that the remittance of the bill collector is signed by the clerk receiving the amount and;
- iii. that an abstract of the monthly total of each tax is made at the end of the month and tallied with the total collections arrived at in the demand and arrear demand registers and Day Book and also the General Ledger.
- iv. that in regard to Property Tax and profession tax, collections are made through receipts using carbon and the signature of the party obtained on counterfoil by the side of the signature of Executive Authority.

28. REGISTER OF CHEQUES RECEIVED.-

The checks to be exercised are-

- i. that all cheques received in payment of money due to the Town panchayat are entered in this register.
- ii. that the particulars regarding the date of encashment, bank Commission, if any charged, the net amount realised and date of credit have been noted in this register.

Note: The entries of credit should be verified with the cash book, pass book.

- iii. that there are no delays in the encashment of cheques.

29. REGISTER OF MONEY ORDERS RECEIVED: The checks to be exercised are-

- i. that the amounts received by Money Orders are entered in this Register; and the Money order coupons bear the dated initials of the executive officers or a person authorised by him to receive the Money Order and stamped with Town panchayat Office seal;
- ii. that the amounts received are credited to the Day Book without delay.

Note: All items entered in this register should be traced into the Chitta up to date of audit.

30. MISCELLANEOUS DEMAND. REGISTER: This register would have been checked in connection With the audit of leases. In addition to the checks prescribed therein the following check should be exercised. The arrears carried over from the previous years register should be checked if not already done.

- i. that all items of revenue formed out and payable in fixed instalments are recorded

Note: For this purpose the previous years Demand Register and the Register of Revenue yielding property should be cross checked.

- ii. that the collections agree with those in the posting register.
- iii. that all contribution and grants due from Government, local bodies or private bodies are recorded in this register to watch timely recovery.
- iv. that balances in the register of both installments and penal interest after the close of the year have been transferred to the register of the next year.
- v. that adequate action has been taken for the recovery of lease and other amounts within the period of limitation and
- vi. that a demand collection and balance statement has been prepared in the register over the signature of the executive authority.

Note: The counterfoil of all Miscellaneous receipts issued during the period should be traced with the Miscellaneous Demand Register and Day Book with a view to see that amounts collected have been fully credited to the appropriate head and against the demand relating to proper lessees.

31. REGISTER OF MISCELLANEOUS SALES: This register would have been checked in auditing receipts on account of Miscellaneous Sales. It should be seen:

- i. that the register has been properly maintained.

Note: It was held by Government that no additional amount towards sales tax be collected in respect of sales of condemned and unserviceable articles conducted by Panchayats.

- ii. that the articles should have been allowed to be removed only after remittance of sale amount.
- iii. That the balances, if any at the end of the year is carried over to the next year Register.

32. REGISTER OF REVENUE YIELDING PROPERTIES: This register will show all revenue yielding properties belonging to the Town panchayat or from other sources. It should be seen that the income from these properties have been duly and correctly realised and watched through Miscellaneous Demand Register. If any property from which income is regularly derived is found omitted from the register the auditor should himself enter it in the register. It should be seen in audit-

- i. that all buildings and lands owned by Town panchayat and income from which derived are entered in the register;
- ii. that when any land or building entered in this register is removed, the orders of competent authority are noted against the entry of such removal;
- iii. that with reference to payment vouchers or other records changes in the entries and additional entries are made as and when additions or improvements to existing properties are made;
- iv. that the demand and collection for each item of property is noted for a period of five years to facilitate comparative study of increase or decrease of income from such properties.

33. EXPENDITURE AUDIT

Town Panchayats can incur expenditure from their funds. The major items are as follows :

1. Expenditure on salaries and retirement benefits.
2. Operating expenses - water supply, Sanitary/ conservative expenses , running of public libraries etc.
3. Repairs and maintainance expenses.
4. Programme expenses –solid waste management.
5. Administrative expenses –Contingencies etc .

The expenditure audit is conducted based on the following records and registers.

1. Bank payment vouchers
2. Day book.
3. Cheque and passbook.
4. Journal vouchers
5. General ledger.

Before the audit of the paid vouchers is commenced the vouchers taken from Assistant Director of Local Fund Audit should be required to be sorted out for the period of audit into establishment, Travelling allowance, contingencies, works, refund, etc. The vouchers of a particular nature and relating to a particular establishment are put together. Each class of Vouchers should then be taken up for audit and examined before taking up of another class of vouchers. After the establishment and contingent vouchers have been audited, the work vouchers may be taken up. They should be arranged in the order of works, vouchers relating to each work with the estimates, contract agreements, measurements books, etc.

34 APPOINTMENTS :

A. Executive officers service rules.

The following special rules for the Tamilnadu Town Panchayat Subordinate service which will be included as Section No 52 in volume III of the Tamilnadu Services Manual 1970.

The rules hereby made shall be deemed to have come into force on the 7th May 1981, except the posts of Executive officer Grade I and Executive Officer (Accounts) and Executive Officer Grade II which will come into force on the 5th February 1985.

Qualification: No person shall be eligible for appointment to the posts specified in column (1) of the table below by the methods specified in the corresponding entries in column (2) thereof, unless he possess the qualifications specified in the corresponding entries in column (3) thereof.

Sl.No	Posts	Methods of Appointment	Qualification
1.	Executive Officer (Special Grade) and Executive Officer (Administration)	Promotion	Must have served for a period of not less than one year as Executive Officer in category 2 (Special Grade)
2.	Executive Officer (Selection Grade Town Panchayat and Executive Officer (Selection Grade) Administration	Promotion	Must have served for a period of not less than two years as Executive Officer, Grade I or Accountant in the Directorate of Town Panchayats and / or district Town Panchayat Offices.
3.	Executive Officer Grade-I and Executive Officer (Accounts) in the Directorate of Town Panchayats and in the District Town Panchayat.	Promotion Recruitment by transfer	Must have served as Executive Officer, Grade-II less than two years. 1. Must possess the minimum General Educational qualification. 2. Must have served as Head Clerk or Assistant in the Directorate of Town Panchayat for a period of not less than two years.
4.	Executive Officer Grade-II	Direct Recruitment Recruitment by transfer	1. A Degree 2. Must not have completed or will not complete the age of thirty years on the First day of July of the year in which selection / appointment to the post is made. 1. Must have served as Junior Asst. or Revenue Inspector Typist and Steno-Typist the Directorate of Town or district. Town Panchayat Offices for a period of less than two years. 2. Must have passed the department tests for Officers of the Panchayat Development Accounts test and District Office Manual test.

B. Ministerial Service Rules: Tamil Nadu Ministerial Service Rules - 30 (b) Annexure IV

1. Junior Assistant	Tamil Nadu Public Service Commission and by promotion	S.S.L.C. Passed No test is prescribed
2. Assistant	By promotion from Junior Assistant / Typist	1. Panchayat Development Account test 2. District Office Manual

(G.O.Ms.No 270 Rural Development Department Dated: 4.4.1990)

Sanitary Inspectors: Short Title: (a) These rules may be called the Tamilnadu Town Panchayat Sanitary Inspectors Service Rules, 1982.

b. They shall be deemed to have come into force on 16.9.1982.

Appointment: Appointment to the posts shall be made by the Collector by recruitment by transfer by selection from such qualified and eligible candidates already in service in Panchayats in the district or by direct recruitment, if no suitable candidate is available in the district.

Qualifications: Age: No person shall be eligible for appointment to the post by direct recruitment if he has completed or will complete 30 years of age on the first day of July of the year in which the appointment is made.

Provided that the total period of services shall be entitled to deduct from the age of the candidates who have rendered epidemic or festival duty or served under the National Smallpox Eradication Programme, Malaria Eradication Maintenance Phase, National Filaria Control Programme, Guinea worm Eradication Programme, Yaws Eradication Programme.

Other Qualifications: No person shall be appointed to the post unless he possesses a Sanitary Inspector's Certificate granted by the Director of Public Health, Madras, or a Sanitary Inspector's Certificate issued on behalf of the National Council for Rural Higher Education, New Delhi.

Superannuation and Retirement: No member of the service shall be retained in service after he has completed 58 years of age.

(G.O.Ms.No 1420 Rural Development and Local Administration Department, Dated: 16.9.1982)

C Establishment Rules, 1988 (Other Than Provincialised, Part Time, Basic Servants And Menials Paid From Contingencies):

Class-I

Cat.I	Bill Collector	Direct Recruitment By transfer from Record Clerk.	Completed S.S.L.C. Probation completed in R.C. Post.
Cat.II	Record Clerk	Direct Recruitment Promotion from Office Assistant.	Completed S.S.L.C.

Class-II

Cat.2	Sanitary Supervisor	Direct Recruitment	Below 35 years Must be able to read and write Tamil
Cat. 2,3,4	Fitter Grades-I, II		Certificate granted by Government.

4. Constitution:

Class-I	Cat.I	Office Asst.
Class-II	Cat.I	P.H. Maistry or Sanitary Maistry

	Cat.II	P.H. Workers - Sanitary Workers.
Class-III	Gardener, Watchman, etc.	
Class I Office Assistant	By Direct Recruitment By transfer from menials paid from contingencies.	1. A pass in VIII Std. 2. Must be able to ride a bicycle.
Class-II - Cat.I		
P.H. Maistry	1. By promotion from Cat.2 of Class-II	1. A pass in III Form or VIII Std.
	2. By Direct recruitment	2. Must be able to ride a bicycle.
Cat.2 -		
P.H. Worker Class -III	By Direct recruitment	Must be able to read and write Tamil
Gardener, Watchman, etc.	1 - Do - 2. By recruitment from any qualified menials paid from contingencies who have put in not less than 2 years of service.	

Age: should not be completed 28 years of on the first day of July of the year of selection. 33 years for SCs, STs.

D. List of various posts under category - Menials paid from contingencies.

- | | |
|---------------------------|----------------------------|
| 1. Avenue Cooly, | 11. Masalchis, |
| 2 Gardner | 12. Watchman, |
| 3. Waterman-cum:-Cleaner, | 13.Cooly, |
| 4. Siren Operator, | 14. Reading Room Attender, |
| 5. Sweeper cum Scavenger, | 15. Mazdoor, |
| 6. Radio Operator, | 16. Tank Watchman, |
| 7. Pump Operator, | 17. Market Watchman, |
| 8. Sweeper, | 18. Filarial Mazdoor, |
| 9.Cess pool Cleaner, | 19. Malaria Warden, |
| 10. fighter. | 20. Cholera Mazdoor. |

E. Sanctioned Scale in respect of Water Supply Establishment.

Sl.

No	Name of Post / Scale of Pay	No.of Post	Scale / Norms	Educational Qualification
1.	Tap Inspector (Rs.2000/- consolidation p.m)	One	For every two thousand W/S connections including public and domestic	X std with ITI Qualification
2.	Helper (Rs.1700/- consolidation P.m)	One	For every head quarters	VIII std
3.	Water Fitter Tank Operator (Rs.2000/- consolidation P.m)	One	For every three water fitter tank and part thereof operation (Functioning 8Hrs per day)	X std with ITI
4.	Overhead Tank	One	Upto 15 KM length of	X std with ITI

1. Fitter			Main delivery pipe	
2. Fitter (Rs.2000/- consolidation p.m)	One		For every two water tank operation	X std with ITI
5. 1.Water Pipeline Fitter	One		Upto the 30 KM length of Main delivery pipe	X std with ITI
2. Water Pipeline Fitter (Rs.2000/- consolidation P.m)	One		For every additional 30 KM length of Main delivery pipe.	X std with ITI
6. 1. Electrician Grade-I (C Certificate) (Rs.2500/- consolidation P.m)	One		Booster station with 40 to 150 KVH motor fitted (Functioning for 8 hrs)	X std and diploma in Electrical / Mechanical or ITI Certificate in Electricity or Trade certificate issued by National Institute of Technology
2. Electrician Grade – II (B Certificate)	One		Booster station with a capacity of 40 KVH and below (Functioning 8 Hrs per day)	X std with diploma in Electrical or ITI Certificate in Electricity or Trade certificate issued by National Institute of Technology
7. Watchman (Rs.1700/- consolidation Pm)	One		-	VIII std
8. Meter Reader (Rs.2000/- consolidation Pm)	One		-	X std with ITI qualification

Water Supply Maintenance

1. Overhead Tank/ Ground level water tank operators/watchman (Consolidated pay of Rs.600/- pm may be paid as salary and @ Rs.100/-pm for every additional OHT/GLT operation with an annual increment of Rs.50/pm)	One		For each OHT / GLT	VIII std
2. Motor Operator (Salary as per S.No.1 noted above)	One		OHT / GLT situated in one place and the motor room in a distance place	VIII std
3. Water Supply Distributor (Consolidated pay of Rs. 1000/- pm with annual increase of Rs.75/- pm)	One		Water Supply from OHT/GLT to Public taps and domestic connections exceeding 500nos	VIII std
4. Hand Pump Maintenance Operator (Consolidated pay of Rs. 1500/-pm with annual increase of Rs.100/- pm) (GO.Ms.No 198 MAWS dated: 26.10.98)	One		50 to 100 hand pumps	VIII std

F. Sanctioned scale in respect of Public Health Establishment.

SI.No	Designation	Scale	No.of Posts
1.	Sanitary Inspector	upto 20000 of population and above and Annual income of Town Panchayat Rs.15 lakhs	One
2.	Sanitary Supervisor	To supervise 15 numbers of sanitary workers	One
3.	Sanitary worker	In habitation area for every one kilo meter of road and other area for every 1.5 kilo meter of road.	One
4.	Cesspool Cleaner	For every 50 numbers of cesspool cleaning	One
5.	Compost Mazdoor	For every 1000 Metric tone of compost in a year	One
6.	Drainage Cleaner	For every 500 meters length of non-constructional drainage or 1000 meter length constructional drainage cleaning	One

The Town Panchayat may pass a resolution to create a new post based on the above scale and meet the expenditure from their own funds.

The Director of Town Panchayats based on the resolution of the Town Panchayat and after considering the financial position shall sanction for the creation of additional posts.

The existing vacancy and vacancies arise due to creation of additional posts shall be filled up from the NMR's working on or before 31.12.96 based on the seniority. If any excess sanitary workers working in any Town Panchayat based on the above scale may be transferred and posted in the vacancies available in nearby Town Panchayats.

If any vacancies available in excess of above method of recruitment may be got filled up from the list obtained from employment exchange by adhearing the rules prescribed.

The newly recruited employees may be paid a consolidated pay of Rs. 900 per month. An annual increase of 10% may also be given upto the period of 3 years.

They may be recruited annually and their continuance may be extended for every year based on their performance. On completion of three years, the Government may consider for regular employment based on their performances.

(G.O.Ms.No 199 Municipal Administration and Water Supply (TP2) Department dated: 12.8.97)

G. Norms for creation of posts for Street Light maintenance

The Director of Town Panchayats may create posts in Town Panchayat as per the scale prescribed below:

SI.No	Name of post	Scale	No.of post	Consolidated Pay	Educational Qualification/ Age Limit
1.	Lineman or Wireman street lights in 2 Town Panchayats	Less than 300	One	Rs. 2,000 per month. Annual increase 5%	ITI Certificate
2.	Lineman or Wireman above but less than 600 street lights in 2 Town panchayats	300 street lights and above	One	Rs. 2,000 per month. Annual increase 5%	ITI Certificate

	Helper	One	Rs.1,700 per month Annual increase 5%	VIII Standard Pass
3.	Lineman or wireman Above 600 street lights in a Town panchayats	One		Age limit on par with Government Service
	Helper	One		
4.	Lineman or Wireman Above 1200 street lights in a Town Panchayat	One		
	Helper	Two		

(GO (RT) No 72 Municipal Administration and Water Supply department dated: 5.5.98)

35. SCALE OF PAY FOR VARIOUS CATEGORIES:

Sl.No.	Designation	V Pay Commission Scale of Pay	VI Pay Commission Scale of Pay
Executive Officers			
1.	Special Grade Executive Officer	1640-2900	5500-175-9000
2.	Selection Grade Executive Officer	1600-2660	5300-150-8300
3.	Executive Officer - Grade -I	1400-2600	5000-150-8000
4.	Executive Officer - Grade -II	1200-2040	4000-100-6000
Common Categories			
1.	Head Clerk	1200-2040	4000-100-6000
2.	Junior Assistant	975-1660	3200-85-4900
3.	Typist	975-1660	3200-85-4900
4.	Record Clerk	775-1030	2610-60-3150-65-3540
5.	Office Assistant	750-945	2550-55-2660-60-3200
6.	Watchman	750-945	2550-55-2660-60-3200
7.	Sweeper and Scavenger	750-945	2550-55-2660-60-3200
Collection Establishment			
1.	Bill Collector	975-1660	3200-85-4900
2.	Revenue Inspector	975-1660	3200-85-4900
Public Health Establishment			
1.	Sanitary Officer	1600-2660	5300-150-8300
2.	Sanitary Inspector	1350-2200	4200-125-7000
3.	Sanitary Supervisor	775-1150	2610-60-3150-65-3540

4.	Birth and Death Registrar	825-1200	2750-70-3800-75-4400
5.	Sanitary Worker	750-945	2550-55-2660-60-3200
6.	Compost Mazdoor	750-945	2550-55-2660-60-3200
7.	Oil Mazdoor	750-945	2550-55-2660-60-3200
8.	Cesspool Cleaner	750-945	2550-55-2660-60-3200
9.	Bull Attender	750-945	2550-55-2660-60-3200
10.	Anti-Filaria Mazdoor	750-945	2550-55-2660-60-3200
11.	Cartmen	750-945	2550-55-2660-60-3200
12.	Field Assistant	800-1150	2650-65-3300-70-4000
13.	Health Assistant	825-1200	2750-70-2800-75-4400

Water Supply Establishment

1.	Water Supply Fitter	800-1150	2650-65-3300-70-4000
2.	Turn Cock	775-1030	2610-60-3150-65-3540
3.	OHT Operator cum Watchman	750-945	2550-55-2660-60-3200
4.	Pipeline Fitter	750-945	2550-55-2660-60-3200
5.	Pipeline Attender	750-945	2550-55-2660-60-3200
6.	Pipeline Cleaner	750-945	2550-55-2660-60-3200
7.	Tank Cleaner	750-945	2550-55-2660-60-3200
8.	Tank Watchman	750-945	2550-55-2660-60-3200
9.	Fitter Grade I	975-1660	4000-100-6000
10.	Fitter Grade II	825-1200	3050-75-3950-80-4590
11.	Water supply supervisor	975-1660	3200-85-4900
12.	Fitter Bed Operator	975-1660	3200-85-4900
13.	Water Supply Helper	750-945	2550-55-2660-60-3200
14.	Tractor Driver	975-1660	3200-85-4900
15.	Tractor Cleaner	750-945	2550-55-2660-60-3200
16.	Lorry Driver	975-1660	3200-85-4900
17.	Lorry Cleaner	750-945	2550-55-2660-60-3200
18.	Lighter	800-1150	2650-65-3300-70-4000
19.	Fuse man	750-945	2550-55-2660-60-3200
20.	Market Watchman	750-945	2550-55-2660-60-3200
21.	Bus Stand Collection cum peon cum Gardener	750-945	2550-55-2660-60-3200
22.	Pump Mechanic	750-945	2550-55-2660-60-3200

23. Pump Operator	750-945	2550-55-2660-60-3200
24. Pump Cleaner	750-945	2550-55-2660-60-3200
25. Pump Attender	750-945	2550-55-2660-60-3200

Town Planning

1. Town Planning Supervisor	1200-2040	4000-100-6000
2. Building Inspector	975-1660	3200-85-4900
3. Chain Man	750-945	2550-55-2660-60-3200

Street Lighting

1. Electrician Grade I	975-1660	4000-100-6000
2. Electrician Grade II	825-1200	3050-75-3950-80-4590
3. Lighter	800-1150	2650-65-3300-70-4000
4. Line Man Grade II	800-1150	2650-65-3300-70-4000

Engineering Wing

1. Works Supervisor	1400-2600	5000-150-8000
2. Works Oversear	975-1660	3200-85-4900

Park

1. Park Watch Man	750-945	2550-55-2660-60-3200
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- G.O. Ms. No.205 R.D. Department dt:23-3-1989 2. H.O. Cr. No.32/05 Rc.8272 Tn.pt./05 31-10-2005
- The upper age limit for entering into Govt services relaxed by 5 years, to enable the unemployed youth affected by the ban order on Recruitment G.O.Ms. No.98 P&AR dt:17-7-2006

b) Employees working on consolidated pay brought into regular establishment:

The services of the following personel as detailed below, who are working on consolidated pay are brought into regular time scale of pay as per the Government orders noted against each.

SI.No.	Designation	Scale of pay	Authority
1.	Sanitary Worker	2550-55-2660-60-3200	G.O.Ms.No 199, MAWS, dated: 12.8.1997 G.O.Ms.No 84, MAWS Department,dated: 2.5.19982.
2.	Electricians (For Street LightMaintenance) Helpers	2650-65-3300-70- 4000 2550-55-2660-60- 3200	G.O.Ms.No 72, MAWS dated: 5.5.1998
3.	Tap Inspector	2750-70-3000-75- 4400	G.O.Ms.No 198, MAWS (TP2) Dept, dated: 26.10.1998
4.	Assistant	2550-55-2660-60- 3200	G.O.Ms.No 198, MAWS (TP2)

Dept, dated: 26.10.1998

5.	Filter Point Operator	3050-75-3950-80- 4590	"
6.	Overhead Tank Fitter Grade - I	4000-100-6000	"
	Grade - II	3050-75-3950-80- 4590	"
7.	Pipeline Fitter Grade - I	4000-100-6000	"
	Grade-II	3050-75-3950-80- 4590	"
8.	Electrician Grade -I	4000-100-6000	"
	Grade-II	3050-75-3950-80- 4590	"
9.	Watchman	2550-55-2660-60- 3200	"
10.	Meter Reader	2650-65-3300-70- 4000	"
11.	OHT/GLT Operator/ Watchman	2550-55-2660-60- 3200	"
12.	Motor Operator	2550-55-2660-60- 3200	"
13.	Water Supply Maintenance Operator	2550-55-2660-60- 3200	"
14.	Hand Pump Maintenance Operator	2550-55-2660-60- 3200	"

(G.O.Ms.No 60 Rural Development and Panchayats(SVP) Department dated: 23.6.2006)

36. PROVINCIALISATION:

Sl.No.	Designation	Meeting of expenditure	Authority for Transfer
1.	Head Clerk	Expenditure to be met	Appointment / Discharge for want of
2.	Revenue Inspector	out by the Town-	vacancy, confirmation, seniority,
3.	Junior Assistant	Panchayat	Posting and Transfer within the
4.	Typist including Steno-Typist		Revenue District - District Collector One District to another - Director of Town Panchayat.

(G.O.Ms.NO.64 Rural Development dt:5-2-1985)

5.	Sanitary Inspector	29-07-1987 onwards
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(G.O.Ms. 615 R.D. dated:29-07-1987)

Provincialisation of the service of Jeep drivers in Town Panchayats: The posts of Junior Assistants, Bill Collectors, Typists etc., in Town Panchayats which carry equal pay to that of the post of Driver and that the post of Jeep Driver in Panchayat Unions have already been provincialised, direct that the services of the Jeep Drivers working in these Town Panchayats, be provincialised with effect from the date of issue of this order.

The Town Panchayats concerned will continue to meet the expenditure on pay, allowances and leave salary of the jeep drivers even after they become Government servants from their funds as done hitherto. The pensionary contribution shall be paid by the respective town panchayats.

The appointments, discharge for want of vacancy confirmation seniority, postings and transfers of this staff shall be done by the District Collector concerned within the Revenue District as an unit and transfers of this staff from one District to another district within the state shall be done by the Director of Town Panchayats.

37. SERVICE MATTERS

1. Bill Collectors: The minimum general educational qualification in respect of Bill Collectors of Town Panchayat is "completed S.S.L.C".

Qualification for Promotion: The Bill collector and Record clerk working in Town Panchayats who have completed 11th standard (Old S.S.L.C) and attained the age of 40 may be promoted as Junior Assistant.

(G.O. Ms. No..1592 R.D & L.A. dated: 17-10-1980)

2. Sanitary workers should produce School Leaving certificate or Birth Extract as their proof of age at the time of Appointment. (G.O. Ms. No.124 RD. Department 28-1-1984)

3. 10% reservation of vacancies for ex-servicemen: Government direct that the orders issued in G.O.Ms.No 616, P & A.R (per-R) Department, dated: 06/07/1987 making permanent 10% reservation of vacancies for Ex-serviceman in the Tamilnadu Basic service be extended to the Town Panchayats also.

(G.O.Ms.No.5 M.A & W.S.Dept dated: 07.01.1997)

4. Appointment on compassionate grounds: The legal heir of the deceased N.M.R. who died while in service may not be appointed on compassionate grounds as per G.O. Ms.No.560 Labor Welfare Department dt:03-08-1977.

(H.O. D.O. Roc.No.21539 T.Pt.2 / 2001 dt:11-05-2001)

5. Age of Retirement:

1. Superior service	-	58 years
2. Inferior service	-	60 years
3. Sanitary supervisors / Maisteries working in Town Panchayat belong to inferior service. Hence their age of superannuation has been raised to	-	60 years

(G.O. Ms. No.1256 RD & LA date: 25-8-1980)

6. Age of Retirement of NMR:The NMR worker who brought into regular time scale of pay, after completion of 10 years service, as per G.O.(Ms)No 1644 RD & LA., Department, dated: 12.10.1979. The age of retirement is 58.

(Commissioner of Municipal Administration R.C. No 6056/2005/F1 Dated: 15.11.2007)

7. Ban on recruitment of N.M.Rs: 01.01.1997 onwards the engagement of N.M.R on daily wages basis is prohibited.

(Director of Town Panchayat circular Roc. No.5549 / 97/A3 Dt:26-11-1998)

8. Increment: Service not regularised and service under emergency provisions shall count for increment without any restrictions except where passing of an examination has been prescribed as condition for the drawal of increments and where an increment is denied as a measure of punishment.

The increments of all employees shall be advanced so as to fall due on the commencement of the quarters with effect from 1st January 1974.

(G.O.Ms.No.1642 Rural Development and Local Administration dated 9th July 1974)

9. Bonus Increment: The employees stagnating in a post beyond 30 years i.e. employees stagnating in the Special Grade beyond 10 years be granted with one bonus increment as an incentive.

These orders shall take effect from 01.09.1998.

(G.O.No 562, Finance (Pay cell) department, Dated: 28.09.1998)

10. Security Deposits / Security compensatory allowances: Government have revised the rates at security deposit payable by the Town panchayat staff as follows:

	Rs.
1. Junior Assistant	750
2. Bill Collectors	750
3. Tractor Drivers	750

The security compensatory allowance as prescribed in G.O.Ms.No.1958, Rural Development and, Local Administration, dated 27th December 1978 shall be paid accordingly only after the individual pay in cash in full the revised rates of security deposit.

(G.O.Ms.No.502 Rural Development and Local Administration dated 4th April 1983.)

Note:1 The Security Deposit in respect of Junior Assistant increased from Rs.500/- to Rs.750/- in G.O.Ms.No.77, R.D., dated 22nd February 1991.

Note:2 The security Compensatory Allowance shall be paid only to those who tender their security deposit in cash, Bank guarantees and bonds need not be accepted.

11. Reneo operating Allowances: Special pay of Rs.60/- p.m. may be paid to Record Clerks and or Last Grade Servants in Town Panchayats who attend to roneo work.
12. Washing allowance: Washing allowance at the rate of Rs. 30 per mensem may be paid to all servants who are given free supply of uniform.
13. Conveyance allowance: Conveyance allowance of Rs.25 may be paid to employees of Panchayats, Town Panchayats who are required to maintain a cycle for discharge of their official duties with effect from 12-11-1980.

(G.O.Ms.No.1742 Rural Development and Local Administration dated 12th November 1980)

14. Free of supply of text books: The scheme of supply of text books free of cost to the Children of Last Grade Servants irrespective of their basic pay was extended to the employees of Panchayat Unions, Town panchayats and panchayat Township Committee subject to the terms and conditions applicable to the Government Servants and subject to passing of suitable resolutions by the concerned local body after taking note of its financial position.

(G.O.Ms.No.901 Rural Development and Local Administration dated 18th June 1982.)

15. Leave: Permanent or non permanent panchayat staff in superior or last grade service while on unearned leave on Medical certificate shall be paid salary equal to their pay to the entire period of the leave admissible to them.

(G.O.Ms.No.2283 Rural Development and Local Administration dated 22nd October 1974.)

16. Leave to Sanitary workers: Since the Sanitary workers in Town Panchayats and Panchayat Townships were brought under regular establishment and granted time scale of pay vide G.O. Ms. No. 2469, Health, dated 1st October 1973, they are eligible for most of the benefits including leave facilities applicable to Government servants. The grant of unearned leave on medical certificate to the sanitary workers of the Town Panchayats and Panchayat

Townships shall be regulated as per G.O.Ms.No.1119, P & A.R., dated 28th September 1979 and G.O.Ms.No.1236, R.D.' & L.A., dt.7-7-1981.

The Sanitary workers are eligible for unearned leave on Medical certificate on par with the Office Assistants since their services are considered equal to the services of Office Assistants in Govt. Services.

(G.O.Ms.No.238 Rural Development dated 24.9.1984)

The provincialised staff of the Town Panchayats be permitted to draw leave salary from Town panchayats in which they work or from which they proceeded on leave.

(G.O.Ms.No.823 R.D. dated 8-11-1985)

17. Leave Travel Concession Scheme extended to Executive Officers of Town Panchayat. The expenditure in this regard should be met from the Town panchayats in which Executive Officer is working.

(G.O. Ms. No.149 R.D. dated 20.2.1987)

18. Encashment of Leave: Employees of Town Panchayats and Panchayat Townships are allowed to encash the earned leave at their credit to maximum of 240 days on the date of super annuation with effect from 24th March 1982 and the quantum of leave salary for the earned leave encashed need not be subjected to any deduction towards pension and death cum retirement gratuity. Past cases should not be reopened. -

(G.O.Ms.No.418 Rural Development and Local Administration, dated 24th March 1982)

19. Sanitary workers Quarters Rent: Rs.10 shall be collected from the Sanitary workers employed in Town Panchayats during the period when they occupy the quarters constructed for them. They are eligible for House Rent Allowance.

(G.O. Ms.No. 1079 Social Welfare dated 29th December 1981)

20. Sweepers Quarters Rent / Current consumption charges: The rent for quarters and the current consumption charges should be paid by the sweepers occupying the quarters belonging to Municipality / Town Panchayat.

If the current consumption charges are paid from the Municipal / Town Panchayat fund it should be objected in Audit.

(G.O. Ms. No.1079 Social welfare Dept. dt:29-12-1981)

21. Bonus to Bill Collectors:

<u>Sl.No.</u>	<u>Percentage of collection in Demand including Arrear Demand</u>	<u>Eligibility for Bonus</u>
1	100% of Collection of Current and Arrear Demand excluding Licence Fee	1 1/2 Months Pay
2.	100% Collection in Current Demand	1 Month Pay
3.	97% but less than 100 % in Current Demand	3/4 Month Pay
4.	95% Collection but not more than 97% in Current Demand	1/2 Month Pay
5.	Entire Collection of arrears	1% Arrear Collection or 1/2 Month Pay
6.	100% of Collection for the past 10 years	2 Months Pay

Note: For the purpose of arriving at the percentage collection for payment of Bonus to Bill Collectors, time barred arrears should not be included in the demand.

(G.O.Ms.No.109 RD & LA, dated 25th January 1975)

(Govt.Memo.6981 S/C2171-6/RD & LA dated 21.9.1971)

(G.O.Ms.No.124S RD & LA dt 26.8.83 and G.O.Ms.No.504 R.D.D. dated 24-6-1987)

22. Supply of uniform, Gum Boots and Rubber Gloves to sanitary workers:

Uniforms:

Sl. No.	Male / Female	Dress	Sets	Cloth length	Stiching charges
1.	Male	Half pant	2	2 x 0.80= 1.60 meters	Rs.200/- (Not more than Rs.100 per set)
		Half Shirt	2	2 x 1.75 = 3.50 meters	
2.	Female	Sarees	2	Each sarees 5.50 meters length	-
		Blouse	2	2 x 0.90 = 1.80 meters	Rs.40 (Rs.20/- per Blouse)
3.	Male & Female	Turban cloth	2	2x2.00 = 4 meters	
5.	Male & Female	Cheppals	1	-	Not more than Rs.140/-

The uniform and cheppals may be supplied 15 days prior to Deepavali Festival.

(G.O. (2D) No.37 M.A & W.S. (MA-3) Department dt:14-05-1999)

A pair of Gum Boots and rubber Gloves to the conservancy staff (both men and women) engaged in cleaning of latrines, sewage and compost work be supplied per year and the expenditure shall be met from the funds of the respective local bodies.

(G.O.Ms.No.736 Rural Development and Local Administration dated 28th April 1975.)

Audit Check: that acquittances for the distribution of the uniforms are obtained.

23. Supply of uniform to staff or payment of uniform allowance: The checks to be exercised are: i. that the sanction of Panchayat has been obtained for the expenditure on the supply of uniforms to peons, sanitary workers, etc., and that the scale is within the maximum limit fixed by Government;

Audit check: It should be seen:

- i) that the uniforms purchased have been entered in the stock register
- ii) that acquittance for the distribution of Uniforms are obtained from the Sanitary worker.
- iii) that payments made is in accordance with the bills/Invoices of the institution.
- iv) that the purchase of uniforms /books/gloves have been made in the authorised dealer as per Government orders.

38. ESTABLISHMENT BILLS:

a) 1) The establishment bills would have been audited in the O/o. Assistant Director of Local Fund Audit itself on the lines indicated in the chapter of Audit in District Audit Office. The checks to be exercised in local audit are:

- i. that the particulars regarding the sanction of post, etc., required to be seen in local audit are verified with the connected records and objection wherever necessary raised;
- ii. that the new appointments of individuals made in any post are in consultation with the employment exchange and that they possess the requisite qualification prescribed in rules issued and that the certificate of physical fitness is obtained from the individual.

Note:1)The connected file shall be called for, for the appointments and examined in this regard.

2. The power to fix, alter the number, designation and grades and the salaries and allowance payable to the officers and servants of every Town panchayats (including Public Health Staff) other than executive Officers will be continued to be exercised by Government. The power sanction renewal of post will be exercised by Government.

3. that the leave sanctioned for which leave salary is paid is at credit in the leave account in the service register of the individual concerned on the date of sanction.

Note: The auditor should check the leave account to see that the entries of leave/ earned leave taken and the balance at credit are correct.

4. that the increment sanctioned and paid is admissible as per the entries recorded in the service register of the individual.
5. that proper acquaintances have been obtained in support of the disbursement of the salary from the individuals concerned.

Note: The acquittances should be verified in audit.

6. that the un disbursed salary, if any, is remitted back to the Town panchayat fund after a period of 30 days. One month's pay bill in a year may be selected and audited at random.

(G.O. Ms.No.552, Finance dated 25.7.1991)

- b) Deductions in Pay bills: The deductions made in the pay bills towards Special Provident Fund, Benefit Fund, Group Insurance Scheme, General Provident Fund and other amounts should be brought into the concerned individual account within fifteen days from the date of deduction.

(G.O. Rt. No.259 Municipal Administration and Water Supply Department (Tn.Pt.II) dt:21-10-1997)

- c) Acquittance register: The checks to be exercised are:
- i. that separate acknowledgements (stamped wherever necessary) of the payees are obtained in respect of payment of salary or Travelling Allowance drawn by the executive authority on self-cheques;
 - ii. that if the 'payee does not present himself to receive payment, he has authorised somebody to receive payment on his behalf and that the person who receives the money has signed in the back of the authorisation in token of having received the money.
 - iii. that the certificate of disbursement is recorded by the executive authority after payment specifying the items, if any, not paid. After the un disbursed items are also paid, that executive authority should sign a certificate that all items have been disbursed.

39. GROUP INSURANCE SCHEME:

<u>Sl.No.</u>	<u>Date</u>	<u>Lumpsum Amount</u>	<u>Employees contribution</u>	<u>Management contribution</u>
1.	1-7-91	60,000	10	240

(G.O. Ms. No.676, Finance (Pension) Department dated: 25-6-92)

2.	1-7-96	1,00,000	10	55
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(G.O. Ms. No.747, Finance (Pension) Department dated 31-12-1998)

3.	1-2-06	1,50,000	30	55
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(G.O. Ms. No. 132, Finance (Pension) Department dt:21-2-2006)

40. SPECIAL PROVIDENT FUND CUM GRATUITY RULES 1989:

This rule shall be deemed to have come into force from 28-2-1989

The scheme is compulsory

These rules shall apply to all regular employees.

Subscription: A monthly subscription is Rs. 20/-

Arrear subscription along with compound interest at the rate of 3% shall be recovered.

The subscription shall carry 8% compound interest.

No temporary advance or withdrawal shall be permitted.

Total installment is 148

A lumpsum payment of Rs.5000/- shall be made at the time of retirement. The contribution amount of Rs.5,000/- is enhanced to Rs.10,000/- from 13-8-2007 onwards.

The contribution shall be met from the General fund of the Town panchayat. The sanctioning authority is Executive Authority.

(G.O.Ms. No.111 MA & WS [NE3(2)] Dept. dated. 13-8-2007)

Note: The Government employees Special Provident Fund cum Gratuity Scheme has been extended to Town Panchayat. employees with effect from 28.2.1989.

(G.O. Ms. No. 648 Rural Development dated 10.8.89)

41. NEW HEALTH INSURANCE SCHEME: Eligibility: The employees drawing pay in regular scales of pay and non-standard scales of pay of Local bodies viz., Municipal corporations, Municipalities, Grade-III Municipalities, Town Panchayat and Panchayat Union.

Family members: 1. Self 2. Wife / Husband 3. Children

In case, the spouse is employed the details of organisation shall be furnished.

Salient features: As against the present limitation of assistance of Rs. 1 lakh through out the service period, employees can avail financial assistance upto Rs. 2 lakhs in a block period of four years. After this period, he / she will again be eligible for the same in the next 4 year block and so on till retirement from service. Identity cards with the details of the employees and their family members will be issued.

The expanded list of ailments eligible for treatment is indicated in the Annexure.

Treatments can be availed in hospitals spread throughout the state, approved by the selected Insurance provider. This list will be published later, after selection of Insurance provider. The employees need not pay directly for the treatments availed by them. The Insurance company will make the payment to the institution.

For the welfare of the Government employees residing in districts bordering neighbouring states, some important Hospitals situated at Thiruvananthapuram, Bangalore, and Puducherry and for the welfare of the employees of Tamil Nadu and those on central deputation, hospitals at New Delhi, will also be specially covered under the scheme.

Monthly subscription: A monthly subscription of Rs.25/- shall be recovered from the pay bills.

The employee may furnish a joint photograph of the family in lieu of Stamp size photograph of each member of the family.

(G.O. Ms. No.430 Finance (Salaries) Dept, Dt:10-9-2007)

(G.O. Rt. No.65 Finance (Salaries) Dept, Dt:9-1-2007)

42. CONTRIBUTORY PENSION SCHEME :The Government of Tamil Nadu had announced in the Budget Speech 2003-04 to introduce a new Pension Scheme based on defined contributions for the employees of this State, who are newly recruited after 01-04-2003. Under the new Contributory Pension Scheme, each employee has to contribute a certain amount and Government may contribute a certain amount. Accordingly the following orders are issued:

1. A New Contributory Pension Scheme based on defined contributions will be introduced to the newly recruited employees. This will apply to all employees who are recruited on or after 01-04-2003.

2. The employee's contribution and the Government contribution, if any, towards the scheme shall be spelt out separately.
3. After issue of detailed orders from Government of India, introducing new scheme of their employees, the State Government employees recruited on or after 01-04-2003.

(G.O. Ms. No. 259 Finance (Pension) Dept. dt.06-08-2003)

In the Government order cited, the government have introduced a contributory Pension Scheme, based on the defined contribution for all employees who are recruited on or after 01-04-2003.

Pending issue of Rules and Regulations in respect of the Contributory Pension Scheme, it is necessary to collect the details of all Employees recruited on or after 1-4-2003 in Government. Aided Educational Institutions, Panchayats, Town Panchayat, Municipalities including Municipal Corporations.

I am therefore, directed to request you to furnish the above details as schedules in the Pay Bills for December, 2003 and January, 2004 as indicated below:

SCHEDULE I – Abstract of newly recruited Employees on or after 1-4-2003

SCHEDULE II – Particulars of newly recruited Employees on or after 1-4-2003.

The formats of the above two schedules are enclosed to this letter.

All the Pay Drawing and Disbursing Officers should ensure that the above details of the Employees of Government. Aided Educational Institutions, Panchayats, Town Panchayats, Municipalities including Municipal Corporations, are enclosed in the prescribed Schedules along with the Pay Bill / Grants Bill for December 2003 and January 2004. All the Treasury Offices / Sub Treasury Officers. The pay and Accounts Officers and the Bill Passing Officers of the Local Bodies concerned should ensure that the above Schedules are furnished by the Drawing and Disbursing officers, before passing the Pay Bills / Grants Bill for December, 2003 and January 2004.

All the Pay and Accounts Officers and the Treasury Officers (after collecting all the Schedules from the Su Treasury Officers under their control) are requested to send the Schedules in a consolidated manner to the Director of Pension, Chennai 6. Under intimation to the Commissioner of Treasuries and Accounts, Chennai. 15 along with a Certificate regarding furnishing of Schedules by all the Drawing and Disbursing Officers, who will in turn inform the Government about the receipt of the schedules.

All the Bill Passing Officers of the Panchayats, Town Panchayats, Municipalities including Municipal Corporations, are requested to send the Schedules to the Director of Rural Development, Director of Town Panchayats and Commissioner of Municipal Administration respectively. The above Heads of Departments will consolidate them and send the same to the Director of Pension, Chennai.6 along with a Certificate regarding furnishing of Schedules by all the Drawing and Disbursing Officers.

All the Head of Department are, therefore requested to issue necessary instructions to their Drawing and Disbursing Officers to enclose the above Schedules in the Pay Bills / Grants Bill for December, 2003 and January, 2004 without fail.

(Government Letter No.59946 Finance (Pension) / 2003 dt.22-11-2003)

43. AUDIT OF SERVICE REGISTERS OF EXECUTIVE OFFICERS:

- a) The service registers of Executive officers maintained in the Regional Asst. Director of Town Panchayat office may be audited by the Asst. Director of Local Fund Audit, of that District concerned.

(H.O. Circular No.38665 / T.Pt.-1 / 2002 dated. 24-07-2002)

- b) During local audit of the establishment vouchers' the service register of -all the officers and servants of the Town panchayat shall be generally examined in addition to the checks exercised with reference to establishment.

- i. Whether the record of service of each individual is complete;

Note: When examining establishment bills it should be seen that all leave, increments, etc., have been recorded in the Service Register.

ii. Whether the annual verification certificates has been recorded over the signature of the executive authority.

Note: The auditor should see that all omissions or inaccuracies noticed by him in the register are rectified, if possible before completion of the. audit.

iii. Whether the leave account have been maintained for each officer. The pension, Family pension, Death-cum-Retirement gratuity in respect of the Executive Officers of Town panchayats who are Government servants shall be paid from the state funds.

iv. Leave salary for any leave taken shall be met entirely by the Town panchayat wherefrom the Executive Officer proceeded on leave.

v. Leave salary for any leave taken while in transit or while waiting for posting shall be met entirely by the Town Panchayat where the Executive Officer last served.

vi. Leave salary for period of suspension subsequently regularised as leave to which he is eligible shall be paid by the Town Panchayat where the Executive Officer last served.

vii. The subsistence allowance during the period of Suspension shall be paid by the Town Panchayat where the Executive Officer last served before suspension.

viii. Leave salary for the period of leave taken on return to the post where he is having lien shall be borne by the latter institution irrespective of the fact that the leave has been earned in some other panchayats.

(G.O.Ms.No.1645, Rural Development and Local Administration, dated 21st September 1981).

ix. For counting of service of Executive officers and other provincialised staff of Town panchayats and panchayat Townships for calculation of pension and gratuity, the management share of contribution to the Local body provident fund has to be paid by Town Panchayat for the period from the date of appointment to the date admission into provident fund.

(G.O.Ms.No.716, R.D. dated 23-12-1989.)

x. The dependents of defence services personnel who are killed/disabled in action or who died in harness be appointed to the posts outside the purview of T.N.P.S.C. in relaxation of the General Procedure of recruitment through Employment Exchange, subject to the following conditions provided they satisfy the age and educational qualifications prescribed for the posts:-

a. that the vacancy proposed to the filled should be notified to the appropriate employment exchange.

b. that the power of waiving normal procedure of recruitment through employment exchange is exercised only by the appropriate appointing authorities.

c. that such power should be vested with the head of the department concerned in the case of the near relative who would take care of the family of the concerned defence personnel.

d. that the copies of appointment orders is sent to the appropriate Employment Exchange and the Director of Employment and Training, Madras.

e. That the concession is applicable to only one dependent of the defence personnel.

(G.O. Ms. No.183, Rural Development Department, dated 3rd May 1991.)

44. TRAVELLING ALLOWANCE: Travelling allowance shall be paid from the funds of the Town Panchayat to the executive authority and the staff of the Town Panchayat as well as by the president lmd members of the Town Panchayat in connection with the journeys performed by them for duties relating to the Town panchayat.

- a. For Executive Officer and staff of Town Panchayat it should be seen-
 - i. that the allowance paid are admissible against the Town Panchayat funds under the rules in force;
 - ii. that the sanction of the Town Panchayat was obtained for the payment.
 - iii. that the allowances are regulated by the provisions of the Tamil Nadu Travelling Allowance Rules or any special rules or orders issued by Government.
 - iv. that the distance for which mileage is claimed are correct as far as can be ascertained and that railway fare, etc. is properly calculated;
 - v. that the bills of the Executive Officers have been duly countersigned by the Assistant Director Town Panchayat Officer; and
 - vi. that acquaintances in support of the disbursement of the Travelling Allowance is obtained from the individuals concerned.

Rules relating to payment of Travelling Allowance to president, vice-president and members of panchayats are issued.

Part-I.-It should be seen whether the payment of the allowance are regulated according to those rules. Note I:

Post	Grade	T.A. admissible
1. President Vice-President	Grade-III Government Servant	2nd Class D.A. Rs. 10/- No mileage.
2. Members	Grade-IV Government Servant	2nd Class D.A. Rs. 8/- No mileage.

(G.O.Ms.No.238 R.D. dated 17th April 1989)

Note:The Travelling Allowance bills of presidents of panchayats should be countersigned by the District Town Panchayat Officer.

(G.O.Ms.No.534 Rural Development dated 3rd July 1987)

- 45. SITTING FEES:** Town Panchayat council members and president shall be paid sitting fees as detailed below, irrespective of meetings attended by them Rs.300/- p.m.

(G.O. Ms. No.104 MAWS dated. 26-6-07)

46. CONTINGENT EXPENDITURE:

The expenditure on contingent items are those other than Establishment, Travelling Allowance and works. They are broadly classified as below:-

1. Recurring payments like Rents and Taxes.
2. Electric current charges and Telephone bills.
3. Purchase of forms and Stationery.
4. Purchase of stores.
5. Supply of uniforms to Staff.

6. Repairs to equipments Tools and Plant.

7. Other miscellaneous items

Note: i) Sanitary wares and stoneware pipes should be purchased only from Tamil Nadu Ceramics Ltd.,

(Govt. Lr. No. 1 285 Industries dated 30th October 1984)

ii) Supply of copies of Act which are relevant to Panchayat Administration.

(G.O.Ms.No.2722 Local Administration dated 20th. July 1937 and

No.4353 Local Administration dated 2nd November 1938)

iii) Expenditure on survey of streets.

(G.O.Ms.No.1488 Local Administration dated 3rd July 1944)

iv) Purchase of Bicycles for office use.

The vouchers would have been preliminarily checked in the audit office every month and defects noticed pointed out in the monthly audit notes and the points to be seen in local audit such as verification of Tender files, stock account etc., would have been marked on the vouchers. These should be examined in addition to the further checks that may be necessary. The main checks that should be exercised are the following:

- i. that the expenditure is a proper charge on the panchayat funds and covered by necessary budget provision.
- ii. that necessary sanction to the expenditure required by rules has been obtained.
- iii. that it has been incurred by the Officer competent to incur it.
- iv. that competitive tenders or quotations have been invited as required by the rules and the lowest tender or quotation only has been accepted.
- v. that an agreement has been obtained from the accepted tenderer and payments are made only at the accepted rates;
- vi. that the actual receipt of the articles purchased has been certified' to by the executive authority.

The sanction of the District Town Panchayat Officer has been obtained for dispensing with the tenders. The non-observance of any of the provisions of tender rules should be got condoned by District Town Panchayat Officer.

That the lowest tender has been accepted or the reasons for non-acceptance of the lowest tender specifically recorded.

The practice of specifying the "particular make" in the tender notice should be avoided.

While calling for tenders the tenderers should be required to enclose a Sales Tax declaration form with reference to G.O.Ms.No.2416, Revenue, dated 10th June 1974.

The tender rates should be examined to ascertain whether they do not vary abnormally with the present market rates. The rates for items like pipes the rates in the neighboring panchayat may also be compared by the auditor.

The Rubbish carts should be purchased after inviting tenders only after ascertaining the non-availability of such carts in Government sponsored industrial units, Tansi and Units run by Panchayat Union Councils.

All purchases should be made only from the nearest Government or Co-operative institutions like State Seed Farms, Supermarkets, Khadi and Village Industries Sales Depots or Panchayat Union depots or the whole-sale dealers like Mettur chemicals limited.

(D.R.D. circular RC.No.150097179/Accts VIII-A, dated 28th December 1979)

The tender files and connected documents relating to common purchases should be called for from the Assistant Director of Town Panchayat and verified in audit.

(Lr.No.15078/84, dated 9th October 1984 of Director of Town Panchayats)

47. PURCHASE OF MATERIALS: a) The purchase of materials from the units of Khadi and Village Industries, Board at a higher rate if they are manufactured by them may be accepted. The purchase of materials not manufactured by them at higher rates may be commented in audit.

Purchase of minimum requirements from co-operative institutions may be accepted.

The yearly requirements of water supply and electrical goods to be determined and tenders to be called for from authorised dealers / Agents for quality goods and favorable rates may be accepted.

Purchase of the above goods at higher rates from Co-operative Super Markets to be pointed out in audit.

The details of manufacturer, seller, etc., to be recorded in Stock Register, paid vouchers for the costly goods like rubbish carts, night soil, drums, tables, chairs etc.

(G.O. Ms. No. 1459 Industries dated 14th December 1984 and

G:O. Ms. No. 1 22 Industries dated 16th February 1985)

(Examiner's Circular Roc.No.43682/EEt/91 dated 13th August 1991)

b) Purchase of Street Light materials:

Sl. No.	value of material	Mode of Tender
1	up to Rs.1,00,000/-	Limited Tender
2	Above Rs.1,00,000/-	Open Tender

The Electrical materials can be purchased from the Small Scale Industries situated in Tamil Nadu.

The ISI / ISO – 9000 marks materials shall alone be purchased.

The material can also be purchased locally.

(G.O. Rt. No.149 Rural Development (S3) dt:16-07-1998)

Note:1 Expenditure towards the provision of street lights in the Estate areas is not admissible. The expenditure incurred by the Manimuthar Township Committee for providing street lights in Manjolai Estate was ordered to be recovered from the Estate authorities.

(Government Memo.No.92892'PII/74-4, Rural Development and Local Administration, dated 25th May 1975.)

2. In regard to cost of shifting works required by the Corporation, Municipalities, and Town panchayats those expenditures should be borne by them provided the Tamil Nadu Electricity Board while preparing estimates for works should cover over heads charges only at 7.5% covering all items such as centage, storage etc., The concession of fixing, this charges of 7.5% is applicable only for the above mentioned local bodies.

(G.O. Ms. No.7 Energy (01) Department dt:23-2-2005)

c) Purchase of Water supply materials, street light materials and Public health articles: That for purchasing of water supply materials, electrical goods and public health materials for maintenance works annual requirements shall be assessed and purchase shall also be made as per the norms laid down by the Government and Director of Town Panchayats. Audit checks: Whether that the instructions issued then and there by District Collectors and Director of Town Panchayats regarding the purchase of materials have been scrupulously followed by the Town Panchayats concerned.

That the rates fixed by the District purchase committee headed by District Collector for every year have been adopted while purchasing public health and water supply materials. If the purchase rates are higher than that of rates approved by the Collector, the excess payment made shall be arrived in audit and objection to be raised.

That the purchases were not made from the approved firms listed out by the District Purchase Committee, the same should be pointed out in the audit objection mentioning the names of the approved firms.

That the materials purchased have been duly entered in the stock register and issues have been made with reference to indents and acknowledgements for the goods issued to the indenting authority shall also be verified. Further if any material purchased was directly utilised to work without making entry in the stock register, that should be verified with reference to the work attended or completed. If any stocks have been deducted from the stock register without proper acknowledgements or proper utilisation, the cost of the same should be worked out and held under objection.

Any purchases resorted in excess of annual requirements and in excess of norms prescribed by competent authority, the reasons for the excess purchases and their correct utilisation shall be examined. If the purchases found in excess, that the cost should be worked out and objected.

A comparison of previous year expenditure and purchases of similar items with that of current year, shall be made in addition to budget estimate of current year and excess expenditure made if any shall be commented upon.

That in the case of repairing works of PVC pipes, complaints from publics should have been obtained, and registered in the complaint book. The place of repair and nature of repair should be recorded and the certificate of competent person shall also be obtained after repair work for the genuinus of repair work under taken. There should be no frequent repairing in a particular area.

For execution of water supply pipe line works estimate, regarding earth work execution, replacing of wornout pipes duly prepared and approved by the competent authority and this should be seen in audit. The quantity of earth work and laying of length and volume of pipes prescribed in the estimate shall not be exceeded. The rates furnished in the estimate shall be the rates quoted in the schedule of rate of TWAD Board. If any deviation found in this regard, that should be examined thoroughly and excess if any shall be pointed out.

Normally, water supply scheme work is being executed by TWAD Board and then handed over to the concerned local bodies. But the local bodies incur expenditure by way of repair to this scheme works. The length of pipe procured for repairing works in most cases exceeds the length of pipe laid by the TWAD. Similarly the Gate valves etc are also purchased in abundant than actually required which results in heavy expenditure. The size in volume and nature of materials purchased for repairing works are not similar nature of already existing structures which are either small or big in nature, which normally cannot be used. Further the purchases not being made from approved firms and approved rate of purchase committee. To avoid higher sanction, piece-meal purchases are resorted. This shall be examined in detail and pointed out in audit.

(Director of Local Fund Audit Letter No. 54530 / 05 / T.Pt. Audit-1 Department dated.21-10-2005)

48. STOCK ACCOUNT OF FORMS, STATIONERY, PUBLIC HEALTH ARTICLES, WATER SUPPLY ARTICLES:

It should be seen:

- i. that the entries for the articles purchased as detailed in the previous paragraphs have been made in the relevant stock registers. The entries should be verified and attested by the auditor noting the voucher numbers to guard against double payments.
- ii. that the issues have been made or regulated with reference to scales fixed in this regard.
2. With regard to fixing of Borewells, Tubewells and repairs done, the entries in the Register of Borewells, Register of Tubewells should be verified in audit.
3. Regarding replacement of electric bulbs etc., the Register of street lights should be seen.
4. The forms required for the Town Panchayat are to be got printed through Co-operative printing press.

(G.O.Ms.No.394 RD & LA dated 5th March 1969)

In respect of supply of materials goods or services other than those for the execution of works the Panchayat/ Town Panchayat may determine upto what limit of cost not exceeding Rs. 20001- tenders shall be dispensed with subject to the condition that there should be an annual ceiling in respect of the materials supply of the same kind so that there is no spilling in this regard.

(G.O.Ms.No.198 R.D. (P.N.) Department dated 21st September 1992)

49. PURCHASE OF STORES: a) i) Carts, cesspool carts, RCC dust bin, and other articles required for Town Panchayats: The procedures and the Government and Quasi Government institutions from which the above articles have to be purchased are prescribed in G.O.Ms.No.1459, Industries, dated 14th December 1984 and Government Lr.No.122/SIC-I/85, Industries, dated 16th February 1985.

(Head Office Circular No.37/91. RC.Nt'.43682/DDI/91 dated 13th August 1991)

- ii) Time limit prescribed for replacement of Tube lights, starters, chokes and bulbs:

- | | |
|----------------|---------------|
| 1. Tube lights | 2 per year |
| 2. Choke | 1 per year |
| 3. Starter | 3 per year |
| 4. S.V. Lamps | 2 / in 3 year |
| 5. Bulbs | 3 / in year |

(G.O. Ms. No.554 R.D. Department dt:10-7-1987)

(G.O. Ms. No.223 R.D. (P3) Department dt:19-12-94)

- iii) As regards Tools and Plant it should be seen:

that the articles are purchased only from Jail Department Carpentry Units, Industrial Co-operatives, Panchayat Unions in the order of priority mentioned in Government Order Issued in this behalf.

- iv) While making the entries in the stock registers it should be seen; that full description of the articles purchased have been noted;

The balance in the stock account should be verified by the Executive authority as prescribed by rules in this behalf. Audit should verify that this has been done. The carrying over of the balances to the registers of the next year should also be checked in audit.

India Mark-II handpumps and its spare parts to be purchased only from Tansi or Richardson Gurudas Ltd.

(G.O.Ms.No.949 M.A.W.S. dated 26th December 1989)

- b) Purchase of Petrol, Diesel: If lorries and other vehicles are maintained by the Panchayat the following checks should be exercised towards the purchase of fuel and its maintenance;

that the quantity of petrol or diesel purchased are entered in the Log Book of the Vehicle concerned.

that the consumption of the petrol is reasonable; and

that the refund of proportionate tax has been obtained whenever the vehicle is not put on the road with reference to Motor Vehicle Taxation Rules:

- c) Fees for analysis of food samples: Certain Town Panchayats are permitted by Government to send food samples to King Institute, Guindy, for analysis under Tamil Nadu Prevention of Adulteration Act, 1918. In such cases it should be seen

that the minimum number of samples fixed per month have been sent to the King Institute;

that the samples sent are entered in the Food sample register chronologically with description of the samples, parties, etc. and

that the result of analysis and the fine; if any, levied by the Magistrate are noted in the register.

- 50. EXPENDITURE ON WELCOME ADDRESS TO V.I.PS:** The Government have permitted the Panchayats to incur expenditure not exceeding the amount noted against each of the following cases on presentation of addresses to the V.I.Ps. No expenditure should however be incurred on entertainments or on the purchase of caskets.

	Scheme Expenditure	Meeting Expenses Rs.
1. President, Vice President and Prime Minister of India	upto 3 lakhs	5,000/-
2. Governor and Chief Minister of Tamil Nadu	3 lakhs to 10 lakhs	7,500/-
3. Ministers of Tamil Nadu and Central Government		
Chairman (Council), Speaker	Above 10 lakhs	10,000/-

(G.O.Ms.No.218 MD & WS Department dt. 22-10-89)

It should be seen: i. that the expenditure is restricted to charges in printing the addresses and framing them, printing invitation cards and incurring postage and such other ordinary charges connected therewith;

- ii. that the charges are not incurred on entertaining them or on the purchase of caskets for the-presentation of addresses.

- 51. LAW CHARGES:** The checks to be exercised are: i. that the payments of Law charges are regulated according to the Rules.

- ii. that higher sanction if any needed under the rules has been obtained in respect of any suit or legal proceedings.

The Retainer fee and fees for appearance and drafting payable to law officers has been prescribed in G.O. Ms. No.36 Public (Law Officers) Dept. dt. 10.1.2007.

52 CONTRIBUTIONS :

A) LOCAL PLANNING AUTHORITY:

The Municipality / Municipal Corporation and Town Panchayat shall contribute 0.25 percent of net ordinary receipt exhibited in 1000 code.

(G.O. Ms. No.70 MA & WS dt.03-09-1999)

(H.O. Cir. No.23/2005 Communicated in Roc.No.19841 / 2005 / Mpl.A.2 / 23-09-2005)

Working sheet:

- | | |
|--|-------------|
| 1. Revenue receipts [C Total Amount shown in the balance sheet in 1000 code] | A |
| 2. Total collections in Arrear Demand excluding Education Tax, Water Supply and Drainage Tax, Library cess, water and Drainage charges | B |
| 3. Total | C = (A + B) |

Deduct

- | | |
|---|---|
| 4. Amount shown in the following codes 1051, 1052, 1053, 1069, 1070, 1088, 3002, 3005, 3007, 3009, 3011, 3017 & 3160 | D |
| 5. Write off and remission during the Audit period excluding water supply and Drainage Tax, Drainage charges and Library cess | E |

6. Total amount to be deducted (D+E) = F

7. Net ordinary Receipt (C-F) = G

B) Miscellaneous

- i) Town Panchayats are permitted to contribute to the National Defence Fund to the extent prescribed by the District Collectors.

(G.O.Ms.No.142 Rural Development & Local Administration dated 28th January 1972.)

- ii) Contribution to the Madras Association for the blind.

(G.O.Ms.No.4728 L & M. dated 14th November 1953.)

- iii) Non recurring contribution to the funds in aid of Orphanage including Avvai Home Orphanage, Adayar upto Rs.100/-

(G.O.Ms.No.496 Local Administration dated 7th March 1953.)

- iv) Contribution to Discharged Pensioner's Aid Society upto Rs. 100/-

(G.O.Ms.No.74 Local Administration dated 22nd January 1954.)

- v) Annual contribution to Tamil Nadu Harijan Sevak sangh upto Rs.50/-

(G.O.Ms.No.1979 Local Administration dated 23rd October 1951.)

- vi) Annual contribution to Indian Red Cross Society, Madras State Branch upto Rs. 250/-. (G.O.Ms.No.I, Rural Development, dated 2nd January 1990.)

- C) The following conditions and restrictions are to be followed by local bodies in sanctioning contribution to charitable and other welfare institutions including orphanages:

- i) The total contribution to an institution that can be made by a local body in a financial year should not exceed 2 per cent of its previous years receipts.

- ii) The institutions must have already been receiving contributions from local bodies under the orders of Government. No new institution should be entertained for making contributions without specific approval of Government.

- iii) The concerned local body should pass a resolution agreeing to make the contribution.

- iv) The sanction of Director of Town Panchayats should be obtained before making such contribution.

- v) The local bodies should have surplus funds in their budgets and the contribution should not affect their financial resources.

- vi) The contribution may be for a year and no restriction is necessary regarding the number of years for which the contribution is to be sanctioned.

- vii) The institution should be a registered one and its account is to be audited either by Government Agency or by Chartered Accountant and a copy of audited accounts should be submitted to the Director of Rural Development or Collector, as the case may be.

- viii) The local body should contribute only to the institutions which are located in the Revenue District in which the local body is functioning or whose activities are spread all over the area or the state including the union area.

- ix) The Director of Town Panchayat or his representative and the Collector or his authorised person should be allowed to inspect the institution and its activities.

- x) The above conditions and restrictions are in addition to the conditions specified in G.O.Ms.No.496, Local Administration, dated 7th March 1953, G.O.Ms.No.1376, Rural Development and Local Administration, dated 30th May 1974 and G.O.Ms.No.115, Rural Development and Local Administration, dated 27th January 1975.

(G.O.Ms.No.1621 Rural Development and Local Administration dated 22nd September 1975)

Town Panchayats should subscribe for Vanoli.

(G.O. Ms.No.353 Rural Development dated 16th July 1985)

- xi) Expenditure on the following objects by the Panchayats is specially prohibited: i. Supply of printed copies of agenda or proceedings to members

(G.O.Ms.No.1746 L&M dated 8th May 1945)

- xii) Purchase of Fort St. George Gazette except part I-A

(G.O. Ms. No.316, L&M, dated 29th January 1931, No.606 Local Administration, dated 5th May 1955)

- xii) Panchayat should not make contribution from their funds towards colleges which are not under their direct managements.

(G.O.Ms.No.1836, Local Administration, dated 12th September 1952.)

(G.O.Ms.No.619, Rural Development and Local Administration, dated 2nd April 1969) and

(Memo.No.8225/C2171-4, Rural Development and Local Administration, dated 29th April 1971)

- xiii) The work of maintenance of televisions and radio sets to be entrusted to the Tamil Nadu Local Administration Radio and Television Maintenance Organisation.

(Govt.Lr.No.51009/P.R.186-7 dated 5th February 1987.)

53. WRITE-OFF OF LOSSES DUE TO FIRE, THEFT, ETC:

The following authorities can sanction write off losses due to theft, fire or other accidents upto the limit noted against each.

1. District Town Panchayat Officer	Upto	Rs. 500/-
2. District Collector	Upto	RS.1000/-
3. Director of Town Panchayat	Upto	RS.2000/-
4. Government	exceeding	RS.2000/-

(G.O.Ms.No.42, Rural Development, dated 6th July 1984.)

54. INSURANCE OF MOTORS:

Insurance may be taken for the motors installed in the wells maintained by the Town Panchayats and Panchayat Unions with a nominal premium not exceeding 2 per cent on the value of the Motor per annum. The expenditure should be treated as maintenance charges and met by the concerned local bodies themselves under relevant heads.

(G.O.Rt.No.994, Rural development and Local Administration, dated 21st June 1986)

(G.O. Ms. No. 1151, Rural Development and Local Administration, dated 28th July 1982)

The, expenditure incurred towards belated payment surcharge for delayed payment shall be treated as a loss caused to the local body and the amount recovered from the Executive Authorities concerned.

(G.O.R.No.7, Rural Development and Local Administration, dated 4th January 1982.)

55. REPAIRS TO VEHICLES

Tractors and Trailors:

The following orders are issued for carrying out repairs the tractors and trailors maintained by the Town Panchayats and Panchayat Townships:-

The Tractors and Trailors of Town Panchayats and Panchayat Township shall be entrusted to the following agencies for repairs:-

District and Block Level Agro Service Co-operative Societies under the control of Tamil Nadu Agro Engineering and Service Co-operative Federation Limited (ENCOFED); and

Units under the control of the Tamil Nadu Agro Industries Corporation Limited.

The Town Panchayat and Panchayat Townships are permitted to entrust the tractors and trailors for repairs to the approved private workshops locally subject to the following conditions:

The work shall be entrusted to the approved private workshops locally, only in places where the repairing facilities are by the Agro Service Societies under ENCOFED and units under the control of Tamil Nadu Agro Industries Corporation Limited are not available.

The tractors and trailors requiring repairs the estimated cost of which does not exceed Rs. 1000/- (Rupees One thousand only) shall be entrusted to approved private workshops.

The Assistant Director of Town Panchayat is authorised to sanction the expenditure upto Rs. 1000/- (Rupees one thousand only) on each occasion and upto Rs. 3000/- (Rupees three thousand only) in a year. The District Collector is authorised to sanction the expenditure beyond the above limit.

(G.O. Ms. No.1606, Rural Development and Local Administration, dated 22nd October 1982)

56. AUDIT OF WORKS:

The works that are generally executed in town panchayats are:

1. Roadworks
2. Building works
3. Water supply and drainage works

The priority of items of work to be taken up under surplus fund scheme as follows:

1. Water Supply Schemes-Preference to be given to unserved areas and Adi-Dravida Colonies.
2. Rural works-Improvements to Roads such as gravelling, metalling, pathway to burial ground, drainage, culverts and revetments:
4. Panchayat Office Buildings.

Administrative sanction :

The authority to accord administrative sanction for works in Town Panchayats as follows:

S.No.	Authority to accord Admn. sanction	Monitary limit (in lakhs)	
		Spl. Grade / Selection Grade	Grade I & II
1	Council	8.00	4.00
2	Asst. Director, Town Panchayats	20.00	20.00
3	District Collector	30.00	30.00
4	Director of Town Panchayats	300.00	300.00
5	Government	above 300.00	above 300.00

Technical sanction

The authority to accord technical sanction for works in Town Panchayats as follows:

S.No.	Technical sanction	Monitary limit (in lakhs)
1	Executive Engineer	40.00
2	Asst. Executive Engineer	20.00
3	Asst. Engineer /Junior Engineer	5.00

(Vide G.O.Ms.NO.166 MAWS (TP1) Dept., dt.12.4.2008)

The Monitary limit for according Technical Sanction by the Executive Engineer, O/o The Director of Town Panchayats is enhanced from Rs.30.00 lakhs to Rs.1.00 Crore as to the level of Superintending Engineer as a temporary measure for 2007-08 and 2008-09. (vide G.O.(D)15, MA&WS (TP.II)Dept., dt.9.1.2008.

No work shall be commenced until an estimate therefor has been prepared and sanctioned by the competent authority and an allotment is made by the Panchayat for the purpose. The amount of allotment sanctioned by the Panchayat shall not be exceeded without proper sanction. This will not apply to the execution of works in cases of emergency.

Audit of works expenditure

The audit chckes prescribed in the Chapter-II Municipalities of this Volume should be scrupulously followed for audit of Town Panchayat works

Fixing of responsibility:

In respect of works audit objections the following persons should be shown as jointly and severally responsible for the loss pointed out.

Sl. No.	Designation	Percentage to be recovered
1.	Executive Officer	20%
2.	Assistant Executive Engineer	20%
3.	Assistant Engineer	40%
4.	Head Cleark	15%
5.	Clerk	5%
		(In the absence of the Head clerk, the clerk is responsible for 20%)

The responsibility shall be fixed and incorporated in the audit report.
(Govt. Lr. No.45468/Tn.pt.II / 2000 – 6 /MA&WS dt:16-7-2001) and
(Director of Local Fund Audit letter Roc. No.40961 / 2001 / dt:18-09-2001)

The procedures followed in Town Panchayats for execution of works are given below:

1. Advertisement:

For an individual work costing upto Rs.10 lakhs and purchase of materials upto Rs.5 lakhs, copy of the notice inviting tender shall be pasted in the notice board of the Office and also shall be sent by post to the Executive / Superintending Engineer, PWD/Highways/TWAD, near about Municipal Offices and also to the Project Officer concerned in the collector's office with a request to paste them in their notice board. Individual notices to the registered contractors shall be sent under certificate of posting. For the works costing more than Rs.10 lakhs and purchase of materials costing more than Rs.5 lakhs the procedure to be followed in giving wide publicity in daily news papers shall be adopted as follows as fixed by the Government in G.O. Ms. No. 108 Information, Tourism and Publicity Department dt: 25-5-1999.

Sl.No.	Value of work	Value of Materials to be purchased	Advertisement to be made
1	Above Rs.10.00 lakhs and upto Rs.25.00 lakhs	Above Rs.5.00 lakhs and upto Rs.10.00 lakhs	Two Tamil Dailies in District level
2	Above Rs.25.00 lakhs and upto Rs.100.00 lakhs	Above Rs.10.00 lakhs and upto Rs.25.00 lakhs	One English Daily and in One Tamil Daily in State level.
3	Above Rs.100.00 lakhs and upto Rs.500.00 lakhs	Above Rs.25.00 lakhs and upto Rs.100.00 lakhs	One English Daily in South Zone & one Tamil Daily in State level.
4	Above Rs.500.00 lakhs	Above Rs.100.00 lakhs	One English Daily in Nation level & one Tamil in State level.

2. a) Earnest money and security deposit: Earnest money to accompany the tender shall be 1% of the estimated cost either by payment to the Minicipala Treasury, Kissan Vikas Patra, N.S.S. certificate pledged in the name of the Municipal Commissioner. Tenders unaccompanied by earnest money in the prescribed form shall be summarily rejected. Exemption from payment of earnest money is allowed in certain cases described in para 6.1.6. The earnest money paid by unsuccessful tenderers shall be refunded to them as soon as the work is awarded to the selected contractor. Safe custody of E.M.D. furnished by contractors in various forms indicated above shall rest with the Accountant. Security deposit at the rate of 2% of the Contract value shall be collected from the successful contractor before entering into contract agreement after adjusting earnest money already paid by him withheld amount from running bills of contractors or final bill shall be 5%. This is in addition to Security Deposit. The Security Deposit shall be refundable only after the maintenance period of 6 months from the date of completion of the work for building works and 12 months in the case of road works.

b) i) Earnest money deposits, security deposits and withheld amount – quantum: The percentage towards Earnest Money Deposits / Security Deposit / withheld amount.

Earnest money Deposit for all works	One percent of the estimated value of works
Security Deposit	Two percent
Withheld amount	Five percent from each running Bills

(ii) E.M.D. becomes security deposit: Once the contract is concluded then the E.M.D. paid by the contractor is adjusted towards Security Deposit and balance amount collected from him before giving work order.

(iii) Forfeiture of E.M.D: E.M.D. is liable to be forfeited if the contractor backs out after issue of communication of acceptance of his tender.

iv) **Bank Guarantee:** Bank guarantee in lieu of earnest money deposit / security deposits / withheld amount may be accepted if it is irrevocable and if it is unconditional and payable on demand and without demur.

v) **Penalty:** Though the public sector undertaking is exempted from payment of earnest money deposit / security deposit, the undertaking shall pay as penalty an amount equivalent to the amount fixed as security deposit in the event of non-fulfillment or non-observance of any of the conditions stipulated in the contract.

As the works carried out in Municipalities are similar to works in PWD, Highways etc. tender schedules may be issued to contractors registered in appropriate class in PWD, TWAD, Highways / Central PWD / Railways. In addition to contractors registered with the Municipalities in the appropriate class. However, the successful contractor who has his name registered in other departments shall register himself as a contractor in the concerned Municipality in the appropriate class before issue of work order.

3) Income Tax / Sales Tax clearance certificate: Each tenderer while submitting the tender must send a copy of valid certificate of Income Tax clearance from the appropriate Income Tax authority in the form prescribed there for.

Each tenderer while submitting their tender must also send a copy of certificate of Sales Tax Clearance from the Commercial Tax Department in the form prescribed.

The tenders received without the certificates as aforementioned are liable to be rejected.

The tenderer shall be solely responsible for the payment of all Central or State Government Taxes and levies etc. Rates of works shall remain unaltered by any change that may be made from time to time in the rate at which taxes and levies are payable.

The rates shall be written both in figures and words legibly.

When there is difference in rate quoted by the tenderer in figure and in words then the rate quoted in words only will be considered. If there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit prices shall prevail and the total price shall be corrected. The gross total amount of the tender will be finalised accordingly. If the contractor does not accept the correction of the errors, his bid will be rejected.

The tenders shall be valid for acceptance for a period of 60 days from the date of opening of tenders.

It is open to the Town Panchayat council to insist on a higher security deposit upto a maximum of 10% of the contract value, wherever the Department feels necessary.

The successful tenderer shall enter into an Agreement in the prescribed form in a non-judicial stamp paper having a face value of not less than Rs.10.50 purchased in his favour at his cost within 15 days after notification of the acceptance of his/ their tender. If the successful tenderer fails to execute the agreement within the stipulated time, the work order will be cancelled and EMD forfeited.

4. Payments and Retention: Retention money or withheld amount from each running bill will be at 5% of contract value. Under the certificate to be issued by the Engineer on the completion of entire work, the contractor will receive the final payment of all the moneys due or payable to him under or by virtue of contract except security deposit and the retention amount equal to 5% of the total value of work done provided there is no recovery from or forfeiture by the contractor to be made. The amount withheld from the final bill will be retained under Deposits and paid to the contractor together with security deposit after six months reckoned from the date of completion of work or as soon after the expiration of such period of six months as all defects shall have been made good according to true intent and meaning hereof whichever shall last happen. In the event the final bill remains unpaid even after the period of six months aforesaid the Engineer shall refund the security deposit and also the withheld amount on a separate bill if requested for by the Contractor in writing. No Certificate of Engineer shall be considered conclusive evidence as to the sufficiency of any work or materials nor shall it relieve the contractor from his liability to make good defects as provided by the contract. The contractor when applying for a certificate shall prepare a sufficient detailed bill based on the original figures of quantities and rates in the contract schedule to the satisfaction of the Engineer to enable the Engineer to Check the claims mentioned in the application as are allowed by the Engineer shall be issued within (14) fourteen days of the application. In the case of road works, the security deposit and retention money will be released 12 months after completion of work.

Income Tax shall be deducted at two (2) percent of the gross amount of each bill or at the ruling rates fixed by the Government of India from time to time.

In the event of the death or insanity or insolvency or imprisonment of the contractor or where the contractor being a partnership firm becomes dissolved or being corporation goes into liquidation voluntary or otherwise, the contract may be terminated by notice in writing posted at the site of the works and all accepted works shall forthwith be measured up and paid for at the rates provided in the contract schedule where such apply or otherwise, the most recent schedule of rate approved by the competent authority to the person or person entitled to receive and give a discharge for the payment.

(Engineering Manual for Urban Local Bodies in Tamil Nadu)

The instructions for audit of works in municipality mentioned in the previous chapter should be followed for the audit of expenditure on works in the Town panchayat.

The work vouchers should be checked with the following records in the Town Panchayat Office:

1. Register of estimates and allotments.
 - i. Measurement Books.
 - ii. Materials at site statement.
 - iii. File of detailed estimate with administrative and technical sanction by competent authority.
 - iv. File of Tender for the work and the agreement executed by the contractors.
 - v. Tender Register.
 - vi. Stock Account of building materials.
 - vii. Schedule of rates.
 - viii. Completion reports.

5. Estimate: An estimate for a work should ordinarily consist of a specification showing briefly the details of the work, the manner in which it should be executed and the materials to be used with a detailed statement of measurement and quantities of the several description of work and an abstract showing the total cost of each description of work

The following audit checks should be exercised on estimates.-

- i. the estimates provide for rates at which works are commonly executed in Panchayats; (ii) that rates do not exceed those in the schedule of rates or the road metal rate book; (iii) the requisite administrative and technical sanction has been obtained.
- ii) the sites for wells have been approved by the Health Department and that the previous sanction of the Divisional Engineer has been obtained to the payment for works carried out departmentally at rates higher than the schedule of rates; and

(G.O. No. 44, Local Administration, dated 10th January 1944)

- iii) in the case of revised estimates they are accompanied by a comparative statement.

Note: The estimates for road works should be checked with reference to Register of Roads also.

6. Tenders: Tenders shall be called for in respect of every work which is to be executed on contract and the estimated cost of the work put on tender of which exceeds Rs.2,000/- in respect of Town Panchayats subject to the condition that there should be no splitting of works

(G.O. MS. No. 198, R.D. (P.N.) Department, dated 21-9-92)

A Town Panchayat may dispense with tenders in the case of any work entrusted to the Highways Department for execution. The rules relating to the invitation and acceptance of tenders should be studied by the auditor. The following audit checks should be exercised:-

- i. that tenders in sealed covers have been invited by the executive authority in the most open and public manner.
- ii. Tender notice or advertisement is precise and exhaustive and contains all the particulars referred to in Rule 2 of the rules relating to invitation and acceptance of tenders;
- iii. the earnest money deposits required along with tenderers have been received;
- iv. only the lowest tender has been accepted and where it has not been accepted the reasons for rejecting it have been recorded clearly by the authority who accepted the tender and
- v. in no case a tender has been accepted at rates other than those specified in that tender.

7. Agreements: I. It should be verified in audit whether contract agreement has been obtained from the contractor with Security Deposit.

- ii. It should be checked whether the rates at which payment are made on works are in accordance with those in the agreements.

8. Measurement book: This is a record of measurement of works executed by Town Panchayat.

The rules regarding measurement and check measurement of works contained in paragraph 81 of the Manual on Town Panchayat Administration should be studied. The following audit checks should be exercised:-

- i. that a stock register of measurement book is maintained by the Town Panchayat.
- ii. the measurements relating to each work are recorded in separate sets of pages in the Measurement Books or separate books wherever necessary;
- iii. that requisite details as regards to locality, lead, size and description of materials, etc., are given;
- iv. in cases where measurements have been recorded up to date the previous measurements are invariably deducted;
- v. no erasures are noticeable in the measurement books and alterations therein are duly attested either by the subordinate or by the check measuring officer;
- vi. the totals for each description work have been correctly made in the abstracts prepared to the end of the measurements recorded in the measurement book;
- vii. the bill is a copy of the abstracts prepared in the measurement book (viii) no duplicate bills have been obtained;
- viii. in the case of final bills, check measurements are ordinarily done as early as possible after the completion of the works and check-measuring officer has attested any corrections made by him in the bill and has filled in and signed the check-measurement certificate properly;
- ix. the calculations and totals in the measurement books are correct; (Fifteen per cent of the calculations should be tested for the purpose of this check)
- x. the measurements of departmental works also appear in the book;
- xi. the rates at which departmental work is valued are not more than the rates in the current schedule of rates; and .
- xii. all entries of measurements of work done for which bills have been prepared are duly scored in red ink and reference to the bill so prepared is given.

The work vouchers should then be traced in the material at-site statements and their use or disposal checked.

9. Contract Certificate: The contract certificate is prepared by the contractor himself or at his request by the Executive Subordinate and should be signed by the contractor. It is presented by the contractor when claim in respect of works is preferred. The following audit checks are exercised:

- i. the contract certificate bears the certificate of the measuring and check measuring officer;
- ii. any excess over the contract rates is duly explained in the 'remarks column' and is supported by sufficient sanction; and the quantities are not in excess of those provided for in the estimate or of the deviations permitted;

- iii. payments for lump sum items provided for in the estimate for which the contractor has tendered at a percentage above or below the estimate rate are made with reference to the rates mentioned in the Schedule attached to the agreement. If no rates are mentioned in the Schedule payment should be made at the rates in the Schedule of rates current at the time;

(Lr. No.17316/91/B2/ dated 6-8-1981 Director of Town Panchayats.)

Note: 21/2% of the total cost of the work be retained for two years from the date of completion of work and an indemnity bond be obtained for a period of 3 years so as to enable the Departmental Officers to watch the effect of all seasons on the work of Panchayats.

(G.O. MS.No.455 R.D. dated 27-2-1986)

- iv. the value of work done as entered in column "Since Last Certificate" is shown correctly with reference to the entries in that certificate and also that the deduction on account of value of work as per last certificate is correctly shown;
- v. the 'other deductions' are duly detailed as provided for at the foot of the certificate; and
- (vi) the amounts shown in the "memorandum of payments made" are correct.

10. Completion Report: A completion report is prepared after the work has been completed and it should show all the deviations from the estimate as originally sanctioned. Sanction of the Town Panchayat should be obtained for all deviation.

The following points should be seen in audit:

- i. the completion report is submitted with the accounts of the month in which the work is reported to have been completed;
- ii. the entries in the report are in accordance with those in the register of works;
- iii. all deviations not already sanctioned are duly sanctioned;
- iv. The name of the Engineer or subordinate who supervised the work is duly filled in;
- v. Explanations of differences and proposals for disposal of materials at site are duly given also reasons are given for outstanding liabilities.

The other checks prescribed for work expenditure in regard to municipalities should as far as possible exercised in regard to the Town Panchayats works also.

57. PURCHASE OF CEMENTS / STEEL IN OPEN MARKET: The procedure for the purchase of cement / steel for the construction works by the Town Panchayat from the Government undertakings is here by cancelled.

The contractors may be allowed to purchase cement and steel from the open market subject to the following conditions.

The materials may be tested in Government Approved Laboratories by the contractor at their own cost and tested certificates may be produced to the Town Panchayat Engineers.

The Town Panchayat may test the materials at various levels in Government Approved Laboratories to ascertain the genuiness.

(G.O. Rt. No.13 M.A. & WS (pt.I) Department dated. 03-02-2000)

58. LIST OF SCHEMES / PROGRAMMES IMPLEMENTED IN TOWN PANCHAYATS:

1. Anaithu Grama Anna Marumalarchi Thittam (AGAMT)
2. Part II Scheme
3. JNNURM / UIDSSMT

4. IHSDP
5. BSUP NABARD – RIDF for rural Town Panchayats.
6. TEAP / ETRP
7. SJSRY
8. LAP / CBED for CMDA limits
9. Park Development using funds of Department of Town and Country Planning.
10. Heritage Development projects
11. Tourism Development projects
12. General Fund
13. O&M Grant for Water Supply and Street Lights.
14. MNP for water supply
15. KFW loans
16. TUFIDCO loans
17. Integrated low cost sanitation programme. Etc.,

Checks to be exercised:

1. That necessary administrative and technical sanction have been obtained.
2. That the works proposed to be executed are approved in the schemes.
3. That the land is belonging to the town Panchayat / prompoko and approved by Revenue Department.
4. That the works are entrusted only after invitation of tenders and lowest rates offered are accepted.
5. That the EMD and security deposit are collected as prescribed by the Government.
 - i. Earnest Money Deposit - 1% of total Estimate
 - ii. Security deposit - 2% including EMD
 - iii. Retention money - 21/2% in final bill
6. That the agreement has been executed before entrusting the work.
7. That the labour welfare fund income tax surcharge on income tax and, sales tax and are recovered as prescribed.
8. That measurements and check measurements have been made at appropriate intervals.
9. That the materials utilized viz., cements, bricks, steels and Bitumen are in accordance with the specified requirements and that necessary entries have been made in the M-book.
10. That the cost of materials supplied by the department have been recovered in full
11. That the necessary deductions have been made for Doors and windows.
12. That the completion report is prepared and deviation if any is supported by works slips.
13. That the assets created are entered in the Register of Assets.

59. ADVANCES: a. Generally advances are paid for the following purposes from out of Town Panchayat Funds:

- i. Festival Advance to staff
- ii. Advance for purchase of Khadi and Handloom cloth to staff.
- iii. Marriage advance to staff
- iv. Advance to Co-operative press for supply of Forms.
- v. Tour advance to staff.

The Vouchers for the payment of advances should be traced into the Advances Recoverable Register. It should be seen whether the advances are paid for authorised purposes only and their recovery is watched through advance register.

Note: The powers to sanction marriage advance to the employees of Panchayats, Town Panchayats Unions and Panchayat Township vest with the District Collector concerned.

(G.O. Ms. No. 453, R.D. & L.A., dated 16th July 1976)

The scheme of marriage advance has been extended to the employees of Town Panchayats and Panchayats Townships in G.O. Ms. No. 421, Rural Development and Local Administration, dated 12th March 1970. Certain conditions are laid down for sanctioning of marriage advance in the G.O. MS No. 421, Rural Development and Local Administration, dated 12th March 1970 amended in G.O. Ms. No. 1639, Rural Development and Local Administration, dated 21st September 1981. Accordingly the Town Panchayat and Panchayat Townships whose closing balances under ordinary account exceed Rs.25,000/- may sanction marriage advance to the Executive Officers and their employees.

(G.O. Ms. No.1639, Rural Development and Local Administration, dated 21st September 1981)

The enhancement of marriage advance as mentioned in G.O. Ms. No. 666, Finance, dated 27-6-89 is applicable to panchayat Union and Town Panchayat employees also.

(G.O. Ms. No. 201, R.D., dated 21-5-1991)

Register of Advance Recoverable: The advances paid are traced with the vouchers on the debit side of this register and recoveries entered on the credit side are checked with adjustment vouchers and with the entries in the advance column of the Chitta. This register should further examined to see-

- i. whether the opening balance have been authenticated by the initials of the previous auditors. If not, they should be checked with the previous year's Registers;
- ii. whether monthly totals of debits and credits agree with the figures in the Registers of Bills passed for payment and Chitta;

Note: individual credits for recoveries of advances from pay bill are to be traced for two months in a year to be selected by the Assistant Director. All vouchers for adjustment of advances should be traced in full for all the months.

(Head Office Standing Order No.6172, dated 13th January 1972)

- iii. Whether closing balances have been correctly brought forward in the column set apart for this purpose as well as in the succeeding year's register as opening entries.

Note: The entries in the next years Register should be traced and initialed in token of verification.

- iv. Whether the totals struck are correct.
- v. Whether any advances are left unadjusted at the end of the year without sufficient cause;
- vi. Any item of expenditure classified under advance by the auditor himself during the course of audit should be inserted in the Register in proper places and totals revised.

vii. The pendency of advances should be examined as detailed below;

All advances will become time-barred after six years from the date of payment. Though the advances become time-barred after six years It does not mean that the advances can be kept pending up to six years without action. Advances are generally of two kinds (viz.) Personal Advances ultimately not debatable to the expenditure and other advances which are ultimately debitible to expenditure. Personal advances include tour advances, pay advances, festival advances, etc. Tour advance and pay advance are recoverable within 3 months from the date of payment. Festival, Khadi, etc., advances are recoverable within a stipulated period and cannot be kept pending beyond that period. In cases of transfer such advances are noted in the Last Pay Certificate and in case of resignation they will not be accepted without recovering the amounts. When an employee from whom personal advance are due to be recovered is transferred to another Panchayat/Panchayat Townships, the Panchayat institution in which the employee last worked should record in the Last Pay Certificate of the transferred employee or intimate the Panchayat institution to which he was transferred, the amount of personal advances due to it. The latter panchayat institution to which he was transferred, should immediately on the employee joining duty draw the entire amount noted in the Last Pay Certificate as intimated by the Panchayat Institution and remit it to the funds of the Panchayat institution from which the incumbent was transferred and treat the same as an advance granted to the transferred employee from its own funds and watch the recovery of the advances by making necessary entries' in the Advances Recoverable Register. The money order or bank commission, if any paid for the remittance of the advance shall be borne by the panchayat institution to which the employee is transferred.

(G.O.MS. No. 1560, Rural Development and Local Administration, dated 29th September 1979)

60. DEPOSITS: Deposits are generally of the following kind (viz) :

- i. Contractors Deposits.
- ii Revenue Deposits
- iii. Suppliers Deposits
- iv. Other Deposits

The credits in Register of Deposits should be traced from the Deposit columns of Day Book. The debits are traced with reference to refund vouchers. While checking refund vouchers, it should be ensured that they are supported by original credits and entries of refund are initialled by the Executive Officer in the Deposit Register.

It should also be seen:

- i. that deposits unclaimed for more than 3 years and deposits of less than a rupee unclaimed for over a year are lapsed to General Account;

Note:The items lapsed should be traced into the Register of Lapsed Deposit. Refund of lapsed Deposit should be made only after obtaining the approval of the Town Panchayat Council..

- ii. that there are no minus balances representing excess refunds; and
- iii. that items outstanding at the close of the year are carried over to the Deposit Register of succeeding year.

Note:The closing items should be traced into the next year's Register and should be initialled by the auditor.

Refund Vouchers: (a) Refunds may be: i. due to remission of tax on account of vacancy of houses;

- i. on account of reduction of tax on appeals;
 - ii. of deposits;
 - iii. of amounts recovered or received in excess of the amount due and other miscellaneous amounts.
- b. The principal points to be noticed in audit of refund vouchers are (i) that refunds allowed are correct; and that amounts repaid are covered by original credits;

- ii. that the repayments have been noted in the registers concerned as also against the original credits in the demand registers;
- iii. that proper sanction has been obtained in support of all refunds; and
- iv. that the date or dates of payments are fully noted on the voucher in cases where a number of refunds are made on the same bill and that the voucher is otherwise correct.

61. CHECK OF REGISTERS:

1. Day Book.- The checks to be exercised are:

- i. that the entries on the receipt side have been correctly made from the Chalan Registers and not from the Chitta;
Note: It will suffice if the entries are tested here and there.
- ii. that the 'Cash' and 'Bank' columns are correctly used;
- iii. that there are no erasures and that all corrections have been attested by the Executive Authority;
- iv. that the collections have been remitted into the Treasury on the same day or the next working day;
- v. that the book is written up daily;
- vi. that the book is closed every month and that a reconciliation of the closing balances of the Pass books and Day Book is effected and recorded over the signature of Executive Authority;
- vii. that all receipts paid by parties or other local bodies or by Government in the Treasury direct to the credit of the Town panchayat are entered in red ink in the Treasury or Bank column of the Day book;
- viii. that the cash remittances into the Treasury are noted in cash column in the charges side and also in the Bank column of the receipt side of the Day Book;
- ix. that the amounts entered in the Treasury or Bank column on the charge side of the Cash Book agree with those in the counterfoils of cheques, and that details of vouchers and amounts passed are noted in column 'Particulars' working up to the total amount withdrawn by cheque on treasury;

Note: All the counterfoils of cheques for the period of audit should be traced into the Day Book;

Note: If the cheques include the amounts due for payments on more than one voucher the totals should be tested to see that the amount drawn on a cheque is correct and covered by vouchers passed for payment;

Note: The Executive Officer and the Head Clerk both should sign the cheques, where the face value exceeds Rs.1000/-. If there is no post of Head Clerk in the Town Panchayats. the Executive Officer and senior most Clerk should sign the cheques, where the face value exceeds Rs.1000/-;

(G.O. Ms. No. 2079, Rural Development and Local Administration dated 28th December 1979.)

- x. that the cancelled cheques are forthcoming the cancelled cheque should be destroyed in audit.
- xi. that the amounts drawn on self-cheque on the treasury are shown in the Cash column on the receipt side and the disbursement there from in the Cash column of the expenditure side against the date of payment;

Note: The amounts drawn on self-cheques should be traced into the Day book till date of audit to see that the amounts drawn are properly accounted for.

- xii. The balance of Cash on the day of audit (last day of audit) is verified. While verifying the cash balance as per Day Book, it should be seen that the amount drawn as per self-cheques upto the date have been taken credit on the receipt side. The balance in the permanent Advance register should also be verified.

Note: Cheques issued to third parties should invariably be crossed

(G.O. Ms. No. 2194, Rural Development and Local Administration, dated 19th October 1972.)

- xiii) If a self-cheque is to be drawn for more than RS.1000/- other than that for payment of establishment and . electric charges; the previous written approval of the Asst Director of Town Panchayat Officer is to be obtained.

(G.O. Ms. No. 892, Rural Development and Local Administration, dated 12th April 1971 as modified in

Memo No,48487/C3/ 71-5, Rural Development and Local Administration, dated 9th September 1971.)

2. Pass Book.-The checks to be exercised are-(i) that the collections remitted into the treasury have been duly credited and that only the amounts of cheques issued by the Executive Authority upon the Treasury have been debited in the Pass book.

Note: For this purpose the remittances of collections as per Day Book should be traced into the pass books through the remittance chalans upto the date of audit as per instructions under check of Day book and the payments as per Day Book through the counterfoils of cheques issued;

- ii. that all receipts paid, into the treasury direct to the credit of the panchayat and credited in the pass book have been duly taken credit in the Day Book and the General Ledger.
- iii. that the book is written up at the Treasury or Bank and that each receipt entry is duly authenticated.
- iv. that the pass book is balanced monthly over the signature of the Treasury officer; and
- v. that the balance shown in the pass book at the close of the year agrees with that entered in the 'Bank' or 'Treasury' column of the Day Book for the month of March after allowing for uncashed cheques, etc.

3. Stock Account of Money Value Forms: The checks to be exercised are:

- i. that a separate account for all money value forms is maintained;
- ii. that the issues are acknowledged;
- iii. that when new supplies are received the issues made up to date are totalled and the balance struck and then the new supply added to the balance so as to show the total quantities available for issue under each head;
- iv. that the receipt of the forms entered is correct 'with reference to the invoices received from the press;

Note:The receipts would have been verified when the vouchers for payments for supply were audited. In regard to receipts noted subsequent to audit or for which payments were not made within the period covered by audit. The invoices referred to should be called for and the correctness of the entries checked;

- v. that the books issued are forthcoming either as used or unused and that in respect of forms and books sold for cash, such as service Books etc. the issues are supported by the necessary credits representing their costs;

Note: The actual number of forms and books should be counted on the date of audit and checked with the book balance.

- vi. that the stock of forms has been verified and the fact certified to in the register at the end of every half year by the Executive Authority;
- vii. that whenever transfers of forms are made from or to another Town panchayat the prior sanction of the Assistant Director of Local Fund Audit has been obtained; and
- viii. that no transfer are made between Town Panchayats and Village Panchayats.

4. Stock Account of Stamps: The checks to be exercised are:-

- i. that an account of stamps showing purchases, issues and balances has been maintained; and

Note:The purchases according to the voucher should be traced into the stock account.

- ii. that there is evidence to show that the issue and balances of stock have undergone verification by the Executive Authority when contingent bills are drawn up for the purchase of stamps.

Note: The stock of stamps should actually be verified on the date of annual audit and seen whether it agrees with the book balance.

5. Register of Loans: 1. The checks to be exercised are:

- i. that the loan is taken for an authorised purpose;
- ii. that the orders of Government sanctioning the loan have been noted in the register;
- iii. that the payment of principal and interest have been regularly made in accordance with the condition of the loan;
- iv. that the loan was not taken long before the money was required; and
- v. that the amount of loan has been spent only for the purpose for which the loan was obtained.

Note: Unspent loan funds which are not likely to be utilised for a period of at least six months may be invested in short-term deposits.

If the loan amount is to be retained for more than nine months, the previous sanction of Government shall be obtained.

6. Contingent Register: This register is intended to record the expenditure incurred from the Permanent Advance held by the Executive Authority. It should be seen-

- i. that all items of contingencies paid by the Executive Authority from Permanent Advance are entered in the register in the appropriate columns with the budget provisions for the head in the column provided there for being noted;
- ii. that progressive totals are made when the recoupment of expenditure is sanctioned; and
- iii. that the Executive Authority has initialed every entry;

Note: The amount of Permanent Advance permitted to the Town Panchayat towards the expenditure, in connection with the food sampling has been enhanced from Rs.25 to Rs.50.

(G.O. Ms. No. 1885, Rural Development and Local Administration, dated 16th November 1981.)

7. Suit Register.- The checks to be exercised are:

- i. that all the suits to which the panchayat is a party, are entered in this register;
- ii. that separate pages are allotted for each suit and that appeals are entered separately giving cross reference to the original suit;
- iii. that the expenditure incurred on a suit is entered with full details in the appropriate columns in the register;
- iv. that the advances, made to Vakils and their adjustment on receipt of detailed bills are noted in it against the suit concerned;
- v. that the particulars regarding results of the suit, the sum decreed towards suit costs, etc., are noted in the appropriate column of the register;
- vi. that recoveries made are also noted in it;
- vii. that decrees are not allowed to become time-barred and the execution petitions have been filed in time; and
- viii. that the progress of suits, execution of decrees and recoveries of amounts decreed are watched through this register by the panchayat office.

8. Inventory of Immovable Property: The register should show a list of roads, bridges, culverts and other properties vested in or belonging to panchayats.

The checks to be exercised are:

- i. that all lands, buildings and building sites newly acquired or constructed by the Town Panchayat during the year under audit have been duly entered in this register with particulars of T.S. No., extent, value, cost of construction or acquisition as also the cost of any addition to the existing lands, buildings, etc.;
- ii. that if any property is rented out, the rent has been fixed by competent authority and the same realised and the transactions are noted in the Miscellaneous Demand Register;
- iii. that no immovable property has been transferred by sale, mortgage, exchange or otherwise without competent sanction; and
- iv. that the total value of the property according to this register is shown in the statement of Assets and Liabilities appearing in the annual account.
- v. that different sets of pages are set apart for the several heads in order of the account heads and the budget allotment is noted at the top of the page;
- vi. that the bills are entered in the concerned page and the register is submitted to the executive authority along with the passed bills; and
- vii. that the total under each head are made at the end of the month and tallied with the expenditure under the respective head in the monthly account.

Note: The following Registers should be maintained in the form prescribed in G.O. Ms. No. 1688, Rural Development and Local Administration, dated 11 the August 1972:-

- (1) Register of Wells
- (2) Register of repairs to panchayat equipments.
- (3) Register of Street lights
- (4) Register of Telephones.
- (5) Register of drains.
- (6) Register of Buildings exempted from levy of House tax.
- (7) Register of Casual leave.

62. PROVIDENT FUND ACCOUNTS: According to the amendment to the Local Authorities Provident Fund Rules, 1970 made in G.O. Ms. No. 969, Rural Development and Local Administration, dated 7th June 1975, the Town Panchayat shall maintain the provident fund accounts of superior staff.

The Registers maintained are:-

- (1) Register of Subscribers and their Nominees
- (2) Cash Book
- (3) Provident Fund Ledger
- (4) Abstract of Provident Fund
- (5) Register of temporary advances and their recoveries

63. COMPILATION OF MONTHLY AND ANNUAL TRIAL BALANCE:

General Ledger: As in the case of Municipalities a General Ledger is maintained in the Town Panchayat to record the monthly transactions relating to receipts and charges of the panchayat to facilitate the preparation of monthly and annual accounts. The following checks should be exercised:-

- i. the postings of the receipt and payments have been made from the Day Book;
- ii. that the opening balance adopted at the beginning of the year agrees with the closing balance of previous year;
- iii. that the closing balance arrived at the end of each month has been agreed to with the balance as per Day Book and certified to by the Executive Authority; and
- iv. that the monthly and annual accounts have been prepared from this 'register.

The totals of receipts under the various heads in the Day Book should be checked with the figures taken in the General Ledger. Similarly the totals of payments under the various heads arrived at in the Day book should be verified with the figures of the General Ledger. When it is necessary to make any adjustments between different heads of accounts to rectify misclassifications or adjustment of advances necessary Journal entry vouchers would have been prepared for effecting. These vouchers should be traced in the relevant heads of account under Receipts and Payments and the net figures arrived at. The monthly Trial Balance should be extracted from the General Ledger after taking into account the opening balance.

The Trial Balance should be checked with reference to the progressive figure arrived at in the General Ledger The abstract of the accounts and Deposits and Advances account shown in pages (1) and (2) of the account form should also be checked with reference to the previous year account for opening entries and the body of the account for transaction relating to the current year.

General:

- a. The minutes of proceedings of the Town Panchayat should be cursorily gone through by the auditor to obtain a general knowledge of the various items on which expenditure has been authorised and whether the sanction accorded are within their powers of sanction.
- b. The accounts for March and the demand, collection and balance statement should be examined on the spot at the time of local audit with the original records and the General Ledger. The year wise particulars of balance shown in the demand, collection and balance statement should be arrived at and it should be seen whether there are any items of revenue which have been allowed to become time barred without any coercive action having been taken for their realization. The period of limitation for recovery of taxes, lease, amounts, etc., have been specified. Suits Registers and the Register of Prosecutions should also be referred to verify cases reported to be in Court. Cases in which taxes and fees were allowed to become time barred without coercive action, should be listed out for inclusion in the audit report. The balance under deposits and advances shown in the March account should be verified with reference to the balances shown in the Registers of advances recoverable and deposits. It should be seen that the balances of earmarked funds have not been utilised for expenditure on purposes other than those for which the funds are created or intended without the sanction of Assistant Director of Town Panchayat.

Note : No Town Panchayat shall without the previous sanction of Inspector of Panchayat divert even temporarily any of the following earmarked funds for purposes other than those for which they are collected: Proceeds of the Special Tax levied under section 119 (3) of the Panchayat Act for specific purposes.

64. SALIENT POINTS TO BE BORNE IN MIND BY THE EXECUTIVE AUTHORITIES TO AVOID MALPRACTICES:

The general revision of property tax with effect from 1-10-98 based on different zones as resolved by the council.

The property tax shall be assessed based on the plinth area either from the date of completion of construction (or) occupation which ever is earlier.

The property tax shall be assessed based on the area shown in the blue print or actual area during measurement recorded during local verification.

The vacant site tax shall be assessed either from the date of approval of the lay out or purchase of land at the rate as resolved by the council retrospectively not exceeding twelve back half years.

Under section 50 of Tamil Nadu Town and country planning Act 1971 the building licence shall be issued for three years.

The deposit collected for water supply new connections shall be treated as initial connection charges and need not be refunded.

The expenditure incurred towards water supply maintenance shall be curtailed with in the receipt towards excess water charges.

The unauthorised water supply connections shall be curtailed.

Any omission in this regard shall be viewed seriously. Action will be initiated against the Executive Officer / Water supply staff.

The Executive Authority shall verify the correctness of property tax and Excess Water charges collection bills locally not less than 5%.

The money value forms register shall be maintained correctly. The bill books shall be issued to the bill collectors after getting their signatures in the register and also after returning the used bill books in the office.

The Executive Authority shall also exercise the following checks.

That the cash collected daily through triplicate chellans are taken credit in the Day Book without any delay.

That the tax receipt books are printed only at District Cooperative printing press based on the actual requirement.

That the Bank Reconciliation statement is struck in the Day Book before 15th of succeeding month and certified by the Executive officer.

That the Bank payment vouchers were sent to the Office of the Assistant Director of Local Fund Audit before 25th of succeeding month without any delay.

That the Day Book and General ledger are written up simultaneously and Trial Balance prepared at the end of each month and certified by the Executive Officer and sent to the Audit Office along with Bank payment vouchers and Journal Vouchers.

That the Balance sheet of each financial year is prepared before the end of April month of the succeeding year and sent to the Audit Office.

That the action is being taken to settle the pending Audit objections as directed by the Regional Asst. Director of Town Panchayat in consultation with Assistant Director of Local Fund Audit and report to this effect shall be sent to the Director of Town Panchayats every month.

That the Provident Fund Ledger of non provincialised staff is maintained correctly, abstract struck for every month and reconciled with provident Fund cash Book and T. Deposit Account.

That the provident Fund interest claim statement is being prepared every year and sent to Director of Local Fund Audit for sanction of interest.

That the Provident Fund interest received is apportioned to respective subscribe accounts.

That the Electrical goods purchased annually be inviting tenders on rates offered are not exceeding the maximum retail price.

That the Public Health materials such as Bleaching powder, Phenoyl, Lime and insecticide are purchased after satisfying the quality and only from the manufactures.

That the properties such as commercial buildings / buildings / Bus stand are leased out, only through public auctions annually for highest rates.

That the successful lessee shall remit the amount in one instalment or as resolved by the council after obtaining Bank Guarantee in the designation of Executive Authority.

Where the lease period exceeds one year the lease amount may be permitted to be paid in not more than two installments for every year of lease, the last installment is being payable one year before the period of expiry of the lease period or in the beginning of the lease period whichever is earlier.

That the Bank Guarantee should be kept alive till the realisation of entire dues from the lessees.

That the lease cum deed is executed incorporating all conditions.

(Director of Town Panchayats Circular Roc. 14956/06 dt:27-09-2006)

- 65. BUDGET:** The scrutiny of the expenditure for the year under several heads should be compared with the provision in the budget. Sanction of the Town Panchayat and of the District Collector for reappropriation of amounts exceeding Rs.100 in each case and that of the panchayat in other cases should be called for and verified. If such a transfer of allotment is required after the close of the year to which the transaction relates the sanction of the District Collector should be called for irrespective of the amount involved. Expenditure in excess of the budget provision without reappropriation of funds under competent sanction should also be listed out for inclusion in the report in case where the excess exceeds Rs.25/-.

Note: Each case of excess expenditure which does not exceed 5 per cent of the provision in the Budget estimate, should be got ratified by the District Collector concerned after obtaining the sanction of the concerned Town Panchayat and each case of excess expenditure which exceeds 5 per cent of the provision in the Budget Estimate should be got approved by the District Collector.

(G.O. Ms. No. 1487, Rural Development and Local Administration, dated 21st September 1979)

Audit Report

On the conclusion of audit the annual audit report with important irregularities should be prepared and forwarded to the Executive Authority along with a copy of the audited annual account of receipts and charges duly signed by the Head of the audit party or by the persons who reviewed the audit. Minor irregularities should be included in the annual audit notes and forwarded to the Executive Authority for return within 2 months with replies. While noting the name of the Executive Officer in the Audit report the names of the following persons and their period of service may also be incorporated:

1. Name of Asst Engineer
2. Name of Asst Executive Engineer
3. Name of Head Clerk
4. Name of Junior Assistant

(H.O. Circular Roc. No. T.Pt.1/40961 / 2001 / dt:18-09-2001)

Note : Model Audit report communicated by the director of Local Fund Audit S should be followed.

On receipt of a copy of the replies and resolution of the Panchayat duly reviewed by the Assistant Director of Town Panchayat, further remarks should be issued in the usual manner.

Ten percent of the Town Panchayat Audit Report may be marked to Accountant General Chennai on cyclic basis...

Address:

The Senior Deputy Accountant General, Local Body Institutions Audit and Accounts, Leka Parisha Bhavan, 361, Anna Salai – Chennai 600 008., (H.O. Cir.No.Roc.29/2006 / communicated in letter Roc. No.25322 / T.Pt.3 / 2006 / 14-06-2006)

66. AUDIT BY ACCOUNTANT GENERAL:

The Government have examined the request of the Principal Accountant General (Audit) Tamil Nadu and permit to conduct audit in respect of Town Panchayats under Section 14(2) of the comptroller and Auditor General's (DPC) Act 1971, wherever the Town Panchayats receives grants from the consolidated Fund of the State exceeds Rs.1 Crore in a particular financial year.

(G.O. Ms. No.208 MAWS (TPI) Dept dt: 09-12-2003)

CHAPTER IV

AUDIT ON THE ACCOUNTS OF PANCHAYAT UNION COUNCILS

GENERAL FUNDS

1. **Authority for audit:** - The audit on the accounts of the Panchayat Union Councils was entrusted to this Department, in G.O.Ms.No.1722, Local Administration, dated 15th October 1960 and in G.O. Ms. No.265 / RD/ 21-12-1999.

(As per Act No.21 of The Tamil Nadu Panchayats Act, 1994)

2. **Constitution of Panchayat Unions:-** Panchayat Unions have been constituted under the Tamil Nadu Panchayats Act, 1958 and 1994 for the purpose of carrying out the measures relating to Public Utility calculated to promote the safety, comfort or convenience of the rural folk and for carrying out schemes relating to National Extension Service scheme of Community Developments in the capacity of Government. They have taken the place of former District Boards.

Audit of General Fund Accounts : The constitution of Panchayat Union is governed by the Tamil Nadu Panchayats Act, 1994. The Act envisages that the governing body of the Panchayat Union is the Panchayat Union Council. The aims and objections of the Panchayat Union have been enumerated in the preamble to the Tamil Nadu Panchayats Act. 1994. The day to day administration is carried out by the Commissioner who is responsible for the statutory functions specified in section 85 of the Act and for the production of Accounts Registers and records for audit.

3. **Functions of Panchayat Unions:-** The functions allotted to the Panchayat Unions can be classified as mandatory, discretionary or agency.
 - i. **Mandatory functions are those which are carried out as per the provisions of the Act:** It is the duty of the Panchayat Union to make reasonable provision and constitute a first charge on the resources placed at the disposal of the Panchayat Union viz., Local Health, Welfare, Service, Local Communication.
 - ii. **Discretionary functions** are those in which the State Government have authorised the Panchayat Union administration to perform.
 - iii. **Agency functions relate** to matters in respect of which the Panchayat Union performs functions entrusted by the Government.

As per Section 257 of Tamil Nadu Panchayat Act 1994. Schedule – IV. The Power, authority and responsibilities of Panchayat union are:

1. Poverty alleviation programmes
2. Drinking water
3. Roads, Culverts, Bridges, Waterways and other means of communication.
4. Khadhi, Village and Cottage Industries
5. Technical Training and Vocational Education
6. Libraries
7. Rural electrification including distribution of Electricity
8. Non conventional energy sources.

(G.O. Ms. No.75 Rural Development (C1) Department Date 14-3-97)

4. **The resources for carrying out the various functions of the Panchayat union** are obtained by way of Local Taxation, Government grants, loans, contributions and income derived from markets, etc. The funds of the Panchayat Unions are as follows:-

- | | |
|---|-----|
| 1. General Fund Account No. | I |
| 2. Education Fund Account No. | III |
| 3. P.T.M.G.R. Noon Meal Account No. | V |
| 4. State Government scheme grants Account No. | IX |
| 5. NABARD scheme Account No. | X |

A personal deposit account called Local Fund Deposit Account No.1 has been opened in the Treasury for accommodating transactions relating to General Fund.

The transactions relating to Education Fund are made in a separate bank account called Local Fund Deposit Account No. III.

The General Fund deals with general revenues, administration, communication, health and welfare, medical relief, sanitation, births and deaths, remunerative enterprises. Education Fund deals with maintenance of school buildings; payment of salary to Conductress and Menials paid from contingencies.

The transactions between the Panchayat Union Account (L.F.11) and the Village panchayat Account have been stopped with effect from 1.4.97 and this is to say, there should be no adjustment of accounts between the panchayat accounts and the Panchayat Union Account. The balance at the credit in the existing village panchayat fund accounts as on 1-4-97 should be transferred and credited to the new village panchayat fund account opened in the co-operative bank / P.O.S.B / nationalized Bank as ordered in G.O. Ms. No.92 RDLA dt.26-3-97.

5. Audit procedure: General: The audit is conducted concurrently for each quarter in the office of the Panchayat Union. The annual audit should be conducted for the financial year.

The following accounts, returns and abstracts are due to the Audit Office:

Name of the Accounts, return and abstract.	Due date
1. Daily cash balance report for Pt. Union cash chest (Daily) in form P.U.83	Next working day to the concerned Pt. Union, Inspectors office.
2. Abstract of Transactions monthly April to February	End of the month following "
3. Annual account (Yearly) and abstract of transaction for March	15th May of every year to AD (Audit) and to Audit Office on 31st May.

Before taking up the audit on the accounts of Panchayat Union, the auditor should acquaint himself with the provisions of the Tamil Nadu Panchayat Act, 1994, the statutory Rules and Instructions issued from time to time. He should also peruse a copy of the last Administration Report, the Budget and the orders of the prescribed authorities such as Director of Rural Development and Panchayat Raj, District Collector etc., relating thereto and gain a general knowledge of the State of finance of the Panchayat Union and go through the orders sanctioning the grants, loans and contributions. The Minutes of proceedings of the Panchayat Union Council should also be cursorily gone through by the auditor to obtain a general knowledge of various items of expenditure and to see they have been authorised and within the power of sanction of the Council.

6. Budget and Allotment of Funds in respect of Panchayat Union Councils: A working balance of not less than 5 per cent of the estimated receipts (excluding those from endowments, Government grants and debt heads) of the year for which the budget has been prepared, shall be provided for in the budget.

The Panchayat Union Council shall approve the budget with or without modifications, Three copies of the budget so approved by the Council shall be submitted by the Commissioner to the Collector on or before the 30th November preceeding the budget year. The Collector shall return the budget to the Commissioner with modification, if any, as may be necessary, secure adequate provision for the performance of any necessary service. The Commissioner shall again place the budget with the modifications, if any, before the council as suggested 'by the Collector. The council shall sanction the budget with the modifications suggested by the Collector before the council and in case it disagrees with the modifications, refer therein to Government for orders. One copy of the sanctioned budget of the council shall be furnished to the auditor.

No Panchayat Union Council shall authorise any item of expenditure not included in the budget or which is in excess of the budget allotment without indicating the source from which the money required for the proposed expenditure is to be found.

The sanctioning of the budget shall not by itself be deemed to authorise the panchayat union council to incur all the expenditure provided for therein; and where the sanction of the Government or of any higher authority is required for incurring any expenditure the provision for which has been included in the budget and sanction has not been specifically accorded, it shall be the duty of the panchayat union council to obtain such sanction before the expenditure is incurred.

Note: The transactions between Government Departments / undertakings and local bodies shall be brought into account by rounding off to the nearest rupee (fractions of 50 paise and above to be rounded off to the next higher rupee and fractions of less than 50 paise to be ignored.

(G.O.Ms.No.228 RD & LA (CII) Dated 2-5-88)

All allotments made in the budget shall lapse at the end of the year. Parts of allotments remaining unspent at the end of the year shall not be reserved for disbursement after the end of the year, nor shall they be appropriated by transfer to deposits or any other head or drawn in advance, in order to avoid lapse.

(G.O. Ms. No.261, R,D.&L.A dt. 1st February 1962)

(G.O. Ms. No.1528, R.D. & L.A. dated 25th June 1974)

Sources of Revenue

Own Sources	Assigned Revenue	Grants
1. Fees Licences Public markets Choultries	1. Local cess surcharge section 168	1. State Government grants: State Finance commission grant District decentralised scheme M.L.A.L.A.D scheme Namakku Namae scheme Anna Marumalarchi Thittam Jeep maintenance / fuel grant P.U. dispensary grant M & C.W. grant Women & Child Welfare grant Flood relief grant Drought relief grant Makkal Nala paniyalargal grant Education grant Others
2. Receipts From Temporary occupation of roads and road margins	2. Entertainment tax - 30% of the amount of collection	2. Central Govt. grants Central Finance Commission grant Employment Assurance Scheme Central Sanitation grant Biogas grant / MPLAD Scheme Adi-dravida welfare grant Aids propaganda grant
3. Interest on Loans and securities Arrears of revenue	Magisterial fines	3. Grant from the District Panchayat for the execution of works
4. Fines and Penalties		

7. Application of Resources

Obligatory - (Section 112)	Discretionary (Section 115)	Additional Functions (G.O. Ms. No.226 R.D.(cl) dt: 15-10-96)
1. Constructions, Repairs and Maintenance of P.U. Roads Poor Houses Orphanages Shops Stalls Public Markets	Measure of public utility calculated to promote the safety Health, comfort or convenience of the people in the P.U. area within the limits of its funds.	1. Works related to J.V.V.T Central Government sponsored schemes -implementation of P.U. portion.
2. Establishment and Maintenance of Dispensaries M&C.W. Centres Elementary School Buildings Choultries		2. Maintenance and improvement of Tanks and Gardens.
3. Maintenance of statistics relating to birth and Death		3. Granting Technical assistance to village Panchayats.
4. Control and prevention of malaria / epidemic diseases.		4. Supervising the schemes described in G.O. Ms.No. 886 R.D. dept. dt:29-10-90
5. Regulating the Fares and Festivals		
6. Regulation of Buildings Rules		
7. Veterinary Relief		
8. Improvement of Agriculture/ Agricultural Stock		
9. Promotion and encouragement of Cottage Industries		
10. Controlling D&O Trade / levying Licence fees		
11. Any other duties prescribed by Govt. from time to time.		

8. The items falling under the class Minor Local Revenues are the following:

- (i) Lapsed Deposits, fees and forfeitures, fishery rentals.
- (ii) Ferry rent.
- (iii) Fees for use of choultries.
- (iv) Rent and sale proceeds of land and building, tools and plants.
- (v) Income from Panchayat Union Markets
- (vi) Contribution from Panchayats in respect of Panchayat Union Markets.
- (vii) Licence Fees for private markets.
- (viii) Avenue receipts.
- (ix) Income by sale of minor forest produce of unreserved forests.
- (x) Licence Fees for temporary occupation of Roads and Road margins.
- (xi) Power Roller hire charges
- (xii) Revenue from Mines & Minerals.

9. Sale proceeds of land and buildings: The instructions relating to the sale of movable properties like tools and plants, avenue produce etc., would generally apply to sales of immovable properties also. In the case of sale of lands, it should be seen whether the Commissioner has ascertained the market value of the land from the Registration Department, and the valuation statement kept in the file. As regards buildings, in addition to ascertaining the market value of the land on which building are located the value of superstructure should be ascertained separately by the Panchayat Union Commissioner. The auditor should satisfy himself as to whether the previous sanction of the authorities specified in the statutory rules governing the transfer of immovable properties has been obtained and whether due publicity has been given in the manner prescribed in the rules or orders of Government, and whether the sale proceeds of property have been realised without delay. The auditor should also ensure that assessments, ground rents etc., are not paid to Government by the Panchayat Union after the immovable properties have been sold.

10. Magisterial Fines: The Magistrates will furnish to the Panchayat Union a statement showing the fines awarded and the amount of fees collected and remitted into the treasury. The correctness of amount credited in this regard in the treasury should be verified with reference to the statements received from the Magistrates. The responsibility for reconciling the figure relating to the fines, fees etc., collected by the courts and payable to the Panchayat Unions rests with the Commissioners. For this purpose they should depute one of the clerks of their office to the office of the Sub-Magistrates in the first week of every month. The Auditor should see that the Panchayat Unions, adhere to these instructions and should raise suitable objections wherever necessary and bring lapses or failure, if any on the part of the Commissioners to the notice of the appropriate authorities.

11. Contribution due from Panchayat Markets.- The power to fix the scale of contribution payable by Panchayats to the Panchayat Unions in respect of Panchayat Markets under section 152 of the T.N.Pt. Act, 1994 is vested with the District Collector.

(G.O.Ms.No.1844, R.D. & L.A., Dated 3-11-1975 and

(Govt. Memo. No. 165082/C.III/75-2/R.D. & L.A., dated 6th April 1976)

The realisation of the above receipts and grants are watched through Misc. Demand Register setting apart pages for each item of revenue.

12. Miscellaneous Demand Register: It should be seen that all items of revenue are entered in this register.

For this purpose, the entries made in the Register of previous year should be compared with the entries made in the year of audit and omission if any got satisfactorily explained. Further, a check with the Register of Revenue yielding properties should also be made to guard against any omission in leasing out buildings, etc. that the realisation of the various grants and contributions due to the Panchayat Union, and their adjustments are watched through this Register.

AUDIT CHECKS:

Every demand entry should be verified with reference to files leading to their lease and demand entries individually attested. Any alteration in the demands should be investigated to see if this is done either before or after audit, as such alterations were made in certain cases and lease amount defalcated.

The Correctness of the entries relating to deposit amounts should be verified with the deposit register to ensure that the deposit amount related to the person noted in the Misc. Demand Register.

The postings of credits should be verified with chitta and cash book.

The correctness of the Demand, Collection and Balance been prepared and certified by the Commissioner and the agreement of the total collection with the account figure should be verified.

The action taken to realise the arrears has to be ascertained.

To ensure that the balance at the close of the year is carried over to the Register of next year

To confirm if the items such as Duty on Transfer of property which are initially credited to Panchayat Union funds and subsequently transferred to Village Panchayats are also noted in the Misc. Demand Register to watch their realisation.

To verify that the recovery proceedings issued by the Commissioners are entered in Miscellaneous Demand Register and recovery effected within six month (as per D.R.D's Circular K. Dis.211152/Accts-VII/75/AI, dated 30th March 1976).

Note : In cases where recovery has been effected from the grant towards over payment during previous ,years, the correctness of the amount deducted should be ensured with reference to the audit objections in the Audit Reports relating to previous years and other records in Panchayat Union Office.

13. Register of Revenue Yielding Properties:- This Register should be examined to see that the income from all revenue yielding properties belonging to the Panchayat Union Council or from other sources have been duly and correctly realised. If any property from which income is regularly derived is found omitted from the register, the auditor should himself enter the details in the Register. With regard to rent of buildings and lands it should be seen:

that all buildings and lands owned by the Panchayat Union Council and from which income is derived or can be derived are entered in the register.

that when any land or building entered in this Register is removed, the orders of Competent Authority are noted against the entry of such removal.

That the standard rent fixed for buildings are altered only with the sanction of Competent Authority;

The demand raised in a particular year should be compared with average of three years and any steep fall in demand should be examined and suitable comment made in the audit report. The particulars noted in all columns of this Register for a particular year should be checked with reference to the entries in the Miscellaneous Demand Register.

14. Register of writes off and Register of Remission: It should be seen;

that all items shown in these registers have found place in the appropriate registers against the demand written off or remitted.

that the write off or remissions have been sanctioned by the Competent Authority with recorded reasons and that necessary particulars have been recorded in the minutes book.

that there are no irregular writes off or remissions.

that in the case of write off on account of irrecoverability the records show that adequate action has been taken to collect the amounts before the items become time barred.

that remission is granted only when a lessee is prevented from carrying on the part of lease or contract by -the occasions of some extraordinary cause which could not have been reasonably anticipated.

Note: The sanction of the Collector is necessary for the write off of single item of tax or fees exceeding Rs.50

Note : The sanction of Collector is necessary for the remission of revenue due from lessees and contractors if the amount exceeds Rs. 50

(G.O. Ms. No. I 077, L.A., dated 8th October 1960)

The Government delegate powers to the following officers to write-off losses caused to Panchayat Union funds due to theft, fire or other accidents:-

		Monetary limit Rs.
(i)	Assistant Director (Panchayats)	Upto 1,000/-
(ii)	Collector	Upto 5,000/-
(iii)	Director of Rural Development	upto 10,000/-
(iv)	Sanction of Government	in all the cases exceeding 10,000

(G.O.Ms.No.136 R.D. Dated 15-05-2001)

15. Fees for the use of Choultries: A choultry book is always kept in the choultry in the charge of watchman.

The checks to be exercised are:

that by-laws have been framed by the panchayat Union to provide for the regulation and use of choultries under section 244 of the Tamil Nadu Panchayat Act, 1994.

that the hours and dates of arrival and departure, the rent due and paid are noted in the choultry book:

That the amounts due from the travellers are collected correctly with reference to the duration of their halts and the fees fixed by Panchayat Union councils;

that there are no unusual delay in the remittance of collections into the Panchayat Union Office.

That the remittance noted in the choultry book have been credited to the Panchayat Union Accounts.

Note : The amount due should be worked out and the remittance into the Panchayat Union Office checked with reference to the duplicate of receipted chalans and the credit entered in the Panchayat Union Chitta ;

If any of the choultries are endowed institutions the credits posted in the Appropriation subsidiary register also should be verified

16. Lease of Quarries : The quarries are leased out by the Collector and the proceeds are apportioned equally between the Panchayat and Panchayat Union. It should be seen in audit,

(i) whether the quarries have been leased out and the lease amounts realised as per G.O.Ms.No.48! 7, Labour and Co-operative, dated 5.10.1963, and Tamil Nadu Mineral Concession Rules 1959 and G.O.Ms.No.873 R.D. Department Dated 7.11.87.

(ii) whether a register showing the list of permanent Quarries with the details of location, Survey number by whom auctioned and details of revenue earned and apportioned to Panchayats is maintained and brought upto date every year.

(iii) whether the report of excess quarrying by lessees is received by panchayat Union Commissioner and action taken to realise the amount due to the Panchayat Union.

(D.R.D.'s Lr.Rc.207215/Acts., iv176 Dated 7.4.1977 addressed to Collectors)

(iv) It should also be seen that local cess and local cess surcharge in respect of lease of quarries have been collected.

17. Interest on loans, Securities etc., The checks to be exercised are

that the interest due on the investments has been realised on the due dates and credited in the accounts and that the total amount realised for the year agrees with that in the Annual account.

that a register of investment is maintained fund wise to watch the realisation of interest

that interest accruing from investments made for meeting specific expenditure at future date has been reinvested and added to such reserve without being credited to the General Fund of the Panchayat Union.

that income tax exemption Certificates were obtained and refund of income tax deducted at source were claimed and got adjusted to the Panchayat Union funds.

Note : The amount of interest accruing from investment of funds relating to endowments should be realised and added on to the corpus of the fund or reinvested.

18. i. Licencing of private markets: The Panchayat Union Council is the authority competent to issue licence for running private markets in village Panchayats, under section 148 of Tamil Nadu Panchayat Act, 1994.

As per Section 148 (4) of the Act, a fee not exceeding 15 per cent of the gross income from the Market, in the preceeding year shall be levied by the Panchayat Union.

ii. Public Markets: The sanction of the Director of Rural Development is necessary for the opening of any new public market. (G.O. Ms. NO.574 RD & LA Dated 12-5-1969)

19. Lease of properties - Markets, fisheries etc.

The following conditions laid down under Rule 12 of rules as amended in G.O.Ms.No.1396 R.D. & L.A. Dated 23rd July 1970 should be followed in regard to leases:

All leases including lease of shops, rooms, garages, markets, canteens, hotels, lodging houses and other permanent buildings belonging to the Panchayats Union shall be effected by public auction.

Note : A certain percentage of old shops, and of new stalls built and kiosks in Panchayat Unions and Panchayats may be reserved for disabled persons (like the blind, the deaf and those who are orthopaedically handicapped to a severe degree) subject to the following conditions:

If more than one offer is received for a particular reserved stall from among the handicapped, the allotment will be decided by lots.

the rent may be fixed with reference to the rent fetched in auction in the vicinity. If no such auction was held, the rent may be fixed with reference to the market rate.

The stalls or kiosks should be maintained by the handicapped persons and should not be sub-let to any person unauthorisaly. If it is sub-let, the Executive Authority reserves the right to cancel the lease and is not liable for payment of any compensation.

(G.O.Ms.No.1177 R.D. Dated 31-7-79)

The bid should be placed before the Panchayat Union Council for acceptance When highest bid is not accepted the reasons should be recorded therefor.

The initial period of lease shall be for three years.

The panchayat Union Council may revise the rent three months prior to the date of expiry of the lease, due to increase in value of building and other factors which will take effect after the expiry of lease period.

If the lessee expresses his willingness for the increased rent, the lease shall be renewed in his favour for a further period of three years.

Appeal against the revision of rent may be made to the Collector.

It should be seen in audit:

that the rules and executive instructions issued by Government for the publication of preliminary notice obtaining Earnest money Deposit etc., are followed.

that the leases have been made in public auction and bid list and other records are forthcoming;

that the security prescribed has been collected.

that an agreement registered wherever necessary has been taken setting forth the conditions of lease;

(H.O.Lr.Rc.I00250/DI/83 Dated 5-12-83)

that the recovery is watched through Misc. Demand Register;

that penal interest if any, due for belated payment has been collected.

that the solvency of the lessee has been established and obtained.

that in the case of persistent default, action has been taken to terminate lease and for reauction and recovery of loss in this regard;

that remission, if any, granted are in accordance with the conditions prescribed by Government.

that the collections have been brought to Panchayat Union Chitta and Cash book.

While leasing out the properties the conditions contained in the Tamil Nadu Panchayat lease Rules 2001 may be followed:

(G.O.Ms.No.277 R.D(C4) Dept. dt. 22.11.2001)

Note: The credit should be traced in the Miscellaneous Demand Register. Chitta and cash book cent percent through duplicate copies of Panchayat Union Challans.

20. Procedure for conducting Public Auction of Leases and Sales in Panchayats Union councils.

i. Properties and rights to be auctioned: The Panchayat shall lease out or sell, in public auction in an open and transparent manner, the right of enjoyment of properties of a panchayat or right to the collection of fees for the use of public places in the panchayat for commercial and other purposes, specified in sub-rule (2). The panchayat shall also sell in public auction any unusable or unserviceable article as specified in clause (xi) in sub-rule (2) whose estimated value is more than Rs.100 (Rupees one hundred only).

The list of items that may be leased out are:

- 1) own lands and other immovable properties of the panchayat. vested or regulated poromboke land under the control of the panchayat.
- 2) Buildings consisting of shops, rooms, rest sheds, carriages, market stall, canteens, hotels, lodging houses and other permanent buildings for which rent is payable monthly or for a longer period;
- 3) Cutting of grass (vizhal for laying roof for huts) grown in irrigation tanks and other places under the control of panchayat;
- 4) Usufructs of trees on the panchayat roads, topes and on roads belonging to the Highways and Rural works Department. Trees on Public works Department lands over which the panchayats has been given control and other panchayat properties.
- 5) Right to collect the fees in the public market, cart stand, public landing or halting places, bus stand, slaughter houses, fish markets, or ferry places under the control of the panchayat.
- 6) collection of minor forest produce as defined in Section 130-A of the Tamil Nadu Forest Code collected in the unreserved forest of the panchayat and other panchayat properties;
- 7) use of road margins under the control of the panchayat and street margins for sale of articles;
- 8) use of public places for erecting advertisement boards etc; any other items for which right of enjoyment or collection of fees can be leased out'

ii) The sale of unusable or unserviceable articles are;-

wind fallen and withered trees;

sweepings in the panchayat properties;

unserviceable and worn out machinery tools, plants and electrical fittings;

Old stores materials and furniture

Old news papers, journals and obsolete records after tearing out them; and

Any other unserviceable or unusable article which can be sold.

iii) In the case of stalls or bunks or other structures or buildings constructed by the Government from their funds for rehabilitation of the repatriates from other countries, if any, handed over to the Village Panchayat or the Panchayat Union council, as the case may be, for maintenance they shall be leased out only to such persons according to the instructions of the Government in force at the time of auction.

Authority to conduct auction on sale:- The executive authority or the Commissioner or the Secretary, as the case may be shall conduct auction of lease or sale of articles belonging to Panchayat.

- iv) Time to conduct auction:** The auction of lease shall be conducted sufficiently in advance of the period or date from which the lease period is due to commence, taking into consideration, the extra period that may become necessary for conducting re-auction on account of any compelling circumstances, action may be taken to complete well in advance the preliminary steps like preparing auction notices, publication in proper manner, conducting of auction, getting approval, of the Panchayat and execution of lease deed.

So far as the sale of article in an outright manner is concerned, such article may be got condemned by the Panchayat well in advance wherever necessary and then sold out in public auction without undue delay thereby avoiding theft, pilferage, natural loss damage or worming out, rendering their sale difficult or infructuous. In case where technical opinion or advice is considered essential or have been prescribed by the Inspector for condemning any article by the Panchayat such as radio, television, set, electric motor pump set, electrical fittings, vehicles, etc., such technical advice or opinion in respect of that material shall also be obtained.

v) Period of Lease:

Own lands Three years initially and renewal for a further period of three years.

Own buildings used as shops Hotels, lodging houses ,rest sheds :- Three years initially and renewal for the rooms, carriages, canteen, further period of three years.

Government poramboke land vested with or regulated by the village panchayat or the panchayat union: - One year as the case may be excluding road and street margins.

Right to cut grasses in minor and major irrigation tanks and other water sources:- one year.

Fruit bearing or avenue trees in the village panchayat or the panchayat union council roads, trees, in Public Works Department -One Year lands and Highways and Rural Works Department roads and trees In topes:- One year

Minor forest produces as defined in section 130-A of the Tamil Nadu Forest code:- One year

Right to collect fees for the use of public places like markets / fairs, during festivals, landing and halting places, bus stand, cart stand, slaughter house, fish market :- One year

Sale on road margins and street margins and public places in the villages :-One year

Right to enjoy fishery rights in water sources under the control of the village panchayat or the panchayat union council, as the case may be :- Five years.

Note: The Tamil Nadu Panchayats (Lease and Licensing of Fishery Rights in Water sources vested and regulated by the Village Panchayats and the Panchayat Union Council) Rules, 1999, will Apply for the auction procedures

- vi) Fixing of number and amount of installments:** The Panchayat shall fix the number of installments for the payment of lease amount by the lessee as follows:

Where the lease period does not exceed one year the lease amount may be permitted to be paid in not exceeding two installments, to be decided by the panchayat in respect of every lease.

Provided that the last installment shall be paid before six months of expiry of the period of lease;

Provided further that in case the lease amount does not exceed Rs.5,000/- (Rupees five thousand only), if shall be paid in one lump sum within five days of execution of lease deed.

Provided also that in the case of lease of Fruit bearing avenue trees, the lease amount shall be paid in one lump sum before the execution of lease deed;

Where the lease period exceeds one year, the lease amount may be permitted to-be paid in not more than two instalments for every year of lease, the last instalment being payable at least one year before the period of expiry of the lease period or lease or in the beginning of the lease period, whichever is earlier;

The panchayat shall take action to terminate the lease in case a lessee fails to remit the installment within seven days after the expiry of due date besides initiating action to realize the balance as per the lease deed from the lessee.

The panchayat shall fix the amount of the security deposit for each item of lease, so that he may not retreat from the lease after the final bid. This amount shall be retained till the expiry of the lease period as a security against the violation of lease condition. In case where the estimated lease amount exceeds Rs.10,000 (Rupees ten thousand only) , the bidder shall be required to produce suitable solvency certificate for an amount to be specified in the auction notice.

Every successful bidder in an auction shall be required to remit, soon after the bidding is over for an item and before starting the bid for the next item an initial amount, excluding the recently deposited amount, calculated at not less than ten per cent of the bid amount which, together with every paid amount would constitute the first instalment of the amount in the case of lease not exceeding one year and fifteen per cent of the bid amount in cases where the lease period exceeds more than a year, equal to two instalments of amount.

vii. Place of auction: Ordinarily, every auction or sale shall be conducted in the office of the panchayat. In special case the executive authority or the commissioner or the secretary, as the case may be, shall decide the place of auction of the lease or sale depending upon the nature of lease or sale and the place where the properties or articles lie. However, the auction of fruit bearing trees, wind fallen and withered trees be conducted at the site itself. In case of avenue trees, the entire road length may be divided into convenient reaches, i.e., say two hundred or four hundred meters and may be auctioned individually.

viii. Issue of auction Notice: The notice of auction of lease or sale may be issued not less than ten days and not more than twenty one days prior to the date of auction or sale. The panchayat shall approve the terms and conditions for each kind or type of lease, before they are included in the auction notice. If new conditions or terms are to be included or existing conditions or terms to be amended, the prior approval of the panchayat shall be necessary. The notice may contain interalia, terms and conditions on the following matters, subject to which the lease shall be granted:-

place of auction or sale, date and time of auction

period of lease

details of property to be sold or rights to be auctioned. In the case of avenue trees, the details of reach of the road and other cases the location of the property may be specified clearly;

security deposit payable for each item;

number of instalments of lease amount permitted for each item;

initial amount payable at the time of auction or sale by the successful bidder;

details of solvency certificate to be produced where it is considered necessary

prohibition of defaulters in the payment of past leases from participating in the auction or sale;

confirmation of auction or sale being subject to the approval of the panchayat;

rate of interest chargeable for belated payment of instalment;

need for and mode of execution of lease or sale deed;

details of payment of assessment, ground rent or rent fixed by the Inspector from time to time which will be in addition to the lease amount

Schedule of payment of the lease or sale amount.

In case where the rent of own lands, poramboke lands and own building of the panchayats are proposed to be leased out , the rent / lease amount may be reckoned in terms of monthly rent for the entire lease period. This information may be specified in the auction notice also for the information of the intending bidders;

The administration has the power to reserve any right either to postpone the sale or auction of any lease and also to cancel any lease in public interest with or without showing any reasons therefor, in the middle of the lease period for which the lessee has no right to claim any compensation.

ix. Publication of auction notice : The auction notice for the lease of property or right to collect fees or sale of articles shall be published in the manner specified below. Due publicity shall be given by publishing a notice containing full particulars of the property to be transferred or leased or sold, and the fees to be collected.

in the notice board of the concerned panchayat.

in the notice board of the panchayat union or the district panchayat in which the village panchayat or panchayat union council is situated;

in the notice board of the adjacent panchayat lying within five kilo meters radius of the village panchayat or the panchayat union council in which the property lies;

in important places in the panchayat village area or the panchayat union council, like chavadi, post office, fair price shops, temples etc.,

by beat of tom in the panchayat village or the panchayat union council, where the property or place lies, on the day of auction, three hour before the time fixed for auction.

A record of publication of auction notice shall be prepared and kept in the relevant file.

By sending copy of notice to the prospective traders, dealers or agents in the district who are dealing with the property of the nature mentioned in the auction;

the property to be leased out or place where the fees are to be collected;

any other method the panchayat may consider necessary.

The auction notice shall be caused to be published;

- a) in the District Gazette at least seven days in advance of the date of auction, in case the lease, amount is expected not to exceed Rs.10,000 (Rupees ten thousand only)
- b) by inserting brief advertisement, in a Tamil daily news paper having wide daily circulation in the panchayat area at least three days ahead of the date of auction, in case the lease is expected to exceed Rs. 10,000/-

The Executive Authority or the Commissioner or the Secretary, shall estimate and decide whether a lease or sale of article would fetch an amount below or above Rs. 2,000/- (Rupees two thousand only), and record his decision in the relevant file quoting reasons there for.

The Panchayat may dispense with the publication of auction notice in the District Gazette or in the news papers in the case of re-auction during the middle of the lease period arising out of termination of the lease for non-fulfillment of lease conditions.

x. Auction Procedure: In the case of auction conducted by the Panchayat, a Committee comprising of three members for supervising the conduct of auction of lease or sale may be constituted by the concerned panchayat for ensuring great transparency. In case of a village panchayat such Committee may include besides the Executive Authority, the Vice President and the members from the ward where the property to be leased or sold lies. The Executive Authority or the Commissioner or the Secretary, as the case may be, shall inform the Committee members in writing at least three days in advance for making themselves present at the place of auction or sale.

The Executive Authority or the Commissioner or the Secretary or the person authorized to conduct the auction shall be present sixty minutes ahead of the time fixed for auction at the appointed place. If more number of items are to be auctioned, auction shall be conducted one after another. The highest bid amount shall be either recovered along with necessary security deposit or the first installment of total bid are collected before commencing the next item of auction. The deposit of all unsuccessful bidders may be returned to them on the spot or after all the auction under question are over with due acknowledgement.

No person shall be eligible to participate in the auction if he was irregular in paying instalment amounts in respect of any previous auction held in that panchayat or if he has failed to comply with any of the terms or conditions of a previous auction.

A suitable upset price may be fixed at the commencement of auction which may be based on the last auction, the prevailing market prices and the prospect at the present auction. If the situation warrants, reasons for which shall be recorded in writing. The amount may be lowered to a further reasonable level from which the bid be increased by the bidders.

As soon as the auction is over, the security deposit amount and the lease amount realised in full or in parts shall be remitted into the concerned panchayat fund account and printed receipts issued to the payees by the executive authority or the commissioner or the secretary, as the case may be.

xi. Procedure for lease cancellation in the middle of lease period: If it is found that a lessee has violated any of the lease conditions, which is considered by the panchayat as a serious irregularity like failure to remit the instalment of the dues on or before the due date or cause serious damages to the leased property and failed to restore the damages to the original position, the executive authority or the commissioner or the secretary, as the case may be, shall issue a show cause notice to the lessee as to why the lease should not be terminated on account of the violation of lease conditions which shall be specified in the show cause notice and require him to submit his reply within seven days. The notice shall be served on him as per the provisions of the Tamil Nadu Panchayats (Manner of Publication and Notification or Notice and Manner of service of Documents to the Public Rules, 2000.

After the expiry of the period specified in the show cause notice, the executive authority the commissioner or the secretary as the case may be, shall decide on the merit of the case after taking into consideration the explanation of the lessee, if any, received and after obtaining the resolution of the panchayat for termination of lease, issue suitable orders to the lessee, If the lease is terminated such order shall also be served on the lessee as per the provisions of the Tamil Nadu Panchayats (Manner of Notification or Notice and Manner of service of Documents to the Public) Rules, 2000. The orders of termination shall include the consequences of termination in accordance with the conditions of lease deed, the important among them being that the lessee shall be liable to pay any loss to the panchayat arising out of the termination of lease and re-auctioning or by department management of the lease property or right.

xii. Circumstances and procedure to conduct re-auction: Re-auction of lease may be conducted in the following circumstances:

When the lease was cancelled due to violation of lease condition by the lessee;

When another person comes forward to bid for higher amount by remitting an amount higher, by one and a half times more than the bid amount.

When the Inspector or any other authority empowered by him cancel the auction on account of proven irregularities committed in the auction held already; and

When the panchayat itself resolves to conduct re-auction on the ground that the bid amount is too low to be considered as a reasonable bid compared to the last auction or taking into consideration of the prevailing circumstances.

In the, event of re-auction, the procedure laid down for conducting auction in these rules shall be observed all over again, starting from the issue or re-auction notice onwards. Before commencing re-auction proceedings, a written order canceling the previous auction, shall be issued by the executive authority or the commissioner or the secretary, as the case may be, based on the resolution of the panchayat or the orders of the Inspector.

The executive authority or the commissioner or the secretary, as the case may be, shall be competent to cancel an auction in the event of a situation specified in clause (b) in sub-rule (1) and issue orders before seeking permission of the panchayat for conducting re-auction.

When re-auction is ordered, the publication of a notice in the District Gazette and the news-papers may be dispensed with if the executive authority or the commissioner or the secretary, as the case may be, considers that the bid amount at the re-auction may not be at a level warranting such publication and accordingly notice for shorter duration may be given.

xiii. Confirmation of auction: The executive authority or the commissioner or the secretary, as the case may be, shall as soon as possible or within a week of conduct of auction, during which period a request for auction for a higher amount is likely to be expected, place before the panchayat, the records of auction of lease or sale with his remarks in writing on the acceptability or otherwise of one or all the bids. The panchayat shall decide as to which of the bids shall be accepted and record its reasons where the bid accepted is not the highest or for rejecting a bid or bids higher than the one accepted. In case the panchayat decides to reject all the bids and resolve to conduct re-auction, it shall record the reasons for ordering such re-auction. If the executive authority or the commissioner or the secretary, as the case may be, is not satisfied with the decision of the panchayat, he may bring it to the notice of the Inspector. The decision of the Inspector thereon shall be final.

xiv. Execution of lease deed: Soon after the approval of the auction of a lease by the panchayat, the executive authority or the commissioner or the secretary, as the case may be, shall confirm the auction in writing to the successful bidder. If the lease amount exceeds Rs.10,000 (Rupees ten thousand only) the bidder shall be directed to execute a lease deed within five days of the confirmation of the auction in a stamped paper of suitable value and register it. If the bidder fails to execute the lease deed, the auction shall be cancelled -forfeiting the security deposit and the initial amount paid on the day of auction and also the re-auction of lease shall be ordered. The successful bidder shall not enter into the lease property before executing lease deed and obtaining permission for such entry from the executive authority or the commissioner or the secretary, as the case may be;

xv. Renewal of lease: The Panchayat shall have power to renew the lease of right of enjoyment of shops, rooms, garages, public markets, canteen, hotels or lodging houses belonging to it and for which rent is payable on a monthly basis or for a longer period in favour of the existing lessee if the lessee agrees to the renewal of the lease for higher amount to be decided by the panchayat, supported by not less than one half of the members holding office which shall not be less than fifteen percent for every year on the previous year lease or of rent fixed;

Provided that such extension or renewal of lease shall be done only up to a maximum of three years.

The existing lessee, if he desires to continue the lease for a further period he may apply to the executive authority or the Commissioner or the Secretary, as the case may be, requesting the renewal of the lease in his favour at least three months before the expiry of the lease period. On receipt of such a request, the executive authority or the Commissioner or the Secretary, as the case may be, shall place the matter before the respective panchayats to fix provisionally a sum at which the lease can be renewed, taking into consideration the following factors.

- the increase in the market value of the building subsequent to the letting out of the present lease;
- the appreciation in the increase of rental value of the building and other similar buildings in the locality;
- consideration of growth and business of the locality in which the building is situated;
- other factors such as the location of the property in close proximity to railway station, bus stand, business area and other factors which may have effect in the promotion of business.

The executive authority or the Commissioner or the Secretary, as the case may be, may fix the lease amount at fifteen percent, over the existing lease amount for the fourth year of lease and this rate of increase may be fixed at more than fifteen per cent for the fifth year and sixth year of the lease period as may be decided by the panchayat.

The executive authority or the Commissioner or the Secretary, as the case may be shall place before the panchayat within two weeks of the receipt of the request from the lessee, the request for renewal together with his recommendation regarding the probable amount of lease or rent to be fixed for ensuring lease period.

The panchayat shall be at liberty to accept the offer of the lessee and fix up the rent for each of the next three years at a progressive rate of increase so as to derive not less than forty five per cent of the total amount for the next term of three years, over the previous term of lease. If the panchayat decides not to accept the request of the lessee, the executive authority or the Commissioner or the Secretary, as the case may be shall take further action to conduct auction of the lease for the particular item of lease in the usual manner, by observing the procedures prescribed under these rules.

In case the panchayat decides to accept the offer at a meeting where not less than fifty per cent of members then on the panchayat is present, it shall fix lease rent for each year for the next three years period, shall intimate the lessee the decision of the panchayat before six weeks to the expiry of the lease period with the condition to indicate his

willingness to accept the offer within a week of the date of receipt of intimation. On receipt of the intimation from the executive authority the lessee may express his willingness to accept the offer consisting of graded increase of lease amount the lessee expresses his willingness in writing to the executive authority to accept the offer of the panchayat, the executive authority or the lease deed shall contain all the conditions normally stipulated for such a lease with a specific reference for the acceptance of increase of lease amount during each year of the three years period in a graded manner. If the lessee fails to execute the lease deed within the period mentioned the offer of the panchayat shall stand withdrawn and the executive authority shall report the matter to the panchayat immediately, obtain its permission to let the property on auction.

The panchayat is competent to renew the lease of the property only for a period of three years to an existing lessee and shall not renew for the second time, even if the lessee is willing to pay higher rent. The executive authority or the Commissioner or the Secretary, as the case maybe, shall put such lease or property on auction after the sixth year when the existing lessee will be free to compete in auction and knock out the lease at any amount as he may desire.

Where the lessee fails to pay the rent specified in the lease deed or where he fails to pay the revised rent, he shall be evicted in accordance with the conditions of the deed and a fresh lease of the property shall be effected in public auction in the manner specified in these rules.

21. Direct management by the panchayat: The panchayat shall have power to manage itself the affairs of letting on lease, the enjoyment or right of a property or collection of fees, for the use of public places, like public market, bus stands, vehicle stand etc., in one or more of the following circumstances. However the panchayat can resort to the management by itself only for short period till the lease of such property is let out. It is to be seen that:-

when the lease is terminated for the violation of conditions of lease deed by the lessee and the lease property or right has to be necessarily managed by the panchayat at the risk of the lessee till the lease for the remaining period is auctioned and a fresh lease deed is executed for its management:

when the process of leasing could not be finalized due to extraordinary unforeseen circumstances or administrative reasons, before the period of commencement of lease.

In case of collection of fees during an annual festival of a temple, lasting for very short period when there is no bid at the first auction of a lease or when the lease amount is comparatively low due to collusion or other unhealthy means and the panchayat does not see reason to accept such a low lease amount.

When a panchayat decides to take up the management by itself of a lease of enjoyment or right of a property, the executive authority shall utilize the service of its employees for the collection work. In exceptional cases, where it is essential to engage temporary staff for collection, it shall also decide regarding the appointment of temporary staff, their daily wages not exceeding the rates fixed by the Inspector for such period of panchayat management, mode of selection of person for appointment, the amount of security deposit to be collected from the temporary staff, expenditure on the printing of tickets or receipt books and other contingent expenditure. The panchayat shall be competent to incur expenditure for the departmental management not exceeding thirty percent of the anticipated receipt without outside sanction and for any expenditure exceeding this limit, the previous permission of the Inspector shall be obtained.

The executive authority or the commissioner or the secretary, as the case may be, shall decide the colour of ticket for different denominations, for different rates of fees, the actual letter of series (such as "A,B,C") of ticket books for different rates of fees, the number of ticket leaves to be printed in each series in each denomination etc., the details of ticket leaf may be similar to those approved by the panchayat already when the lease for a particular purpose was auctioned last. Each ticket book shall contain one hundred leaves having printed serial number on the leaves. Depending upon the number of series of ticket book to be printed and number of books to be prefixed in each series the first letter of each series maybe printed to serial number of leaf. By this way leaves of same denomination can be identified on the basis of letter of series prefixed to such serial numbers. The ticket book in each denomination in each series shall be serially numbered. The receipt for the printing of ticket books shall show details, names of series of ticket books printed in each denomination, the total number of leaves in each book and the total number of ticket leaves printed in each series in each denomination.

A stock register of ticket books shall be maintained in two parts. In the part one of the register the details of ticket books printed and brought to stock shall be entered and the details of issues of ticket book to the collecting staff, who are appointed. The leaves in the tickets shall bear the facsimile of the signature of the executive authority or the commissioner or the secretary, as the case may be, and signature of the collecting staff in ink. Part two of this register shall be treated as a personal ledger for each collecting staff showing the details of ticket books issued to each collecting

person under each denomination together with total number of leaves and the total value of ticket books supplied. Whenever ticket books are issued the dated signature of the collection staff should be obtained. The collected and remitted into the panchayat shall be noted in this part of the register, denomination wise and date wise under the dated signature of the The collecting person. In this way the balance amount to be remitted by each collecting person can be ascertained on any date and the responsibility and accountability of the collecting person can be ensured and fixed.

The executive authority or the commissioner or the secretary, as the case maybe, shall issue a set of directions to the collecting staff on all matters enumerated below related to the collection work:

area or zone allotted for each collecting person;

rate of fees to be collected for different articles/purposes or person, etc. as fixed by the council.

remittance of daily collection at the panchayat office in the evening of the everyday with details of the collection work for that day and surrender of the counterfoil books is done

there are authorized persons for receiving the collection and counterfoil books from the collecting staff and give acknowledgement in the register or note book maintained by him for this record; any other pertinent matter which may arise in a particular case;

the person receiving the cash daily at the panchayat must verify the number of counterfoils and assess the amount which should have been collected, and tally it with the cash actually received. If any discrepancy is notified during verification, then he should take up the matter to the notice of the executive authority or the commissioner or the secretary, as the case may be, for suitable further action.

The executive authority or the commissioner or the secretary, as the case maybe, shall keep strict watch over the collection work of the staff. He shall take immediate and effective action in case he notices any irregularity or misappropriation during his check;

He shall undertake the following measures in this regard.

verify with vendors or other persons who have paid fees. Whether they receive tickets for the amount they pay to the collecting person, whether they were demanded to pay or give more amount than that specified in the ticket or mentioned in the notice board installed on the site of collection.

verify whether the collecting person are collecting fees from the persons/ vendors or they omit to collect fees from some person/vendors or whether they collect money but omit to give receipts;

whether the tickets available with the vendors are genuine or spurious;

any other kind of check, as he may consider necessary or essential;

if he thinks desirable or necessary he can authorize the vice president to undertake checks on days on which he could not undertake them, due to his preoccupation with any other official business; and

surprise verification of stock of tickets and cash on hand with the' collecting person at frequent intervals.

Each and every collecting person shall maintain a separate account in two parts for his record in respect of tickets entrusted to him and collections made and remitted into the panchayat. Details of collection made and remitted into panchayat shall be entered daily in the register.

The executive authority or the commissioner or the secretary, as the case may be, shall verify the number of ticket books, used, cash on hand with every collecting person and append a certificate of verification in the stock register of the collecting persons with a view to keeping strict vigil to prevent misappropriation and defalcation. Any irregularity noticed during such verification should be given due serious consideration and follow up action taken. The executive authority or the commissioner or the secretary, as the case may be, shall arrange to issue a receipt for the cash remitted into the panchayat office daily to the collecting person when they remit money and receive used ticket book, The miscellaneous register shall also indicate the serial number of tickets from which fees were collected and the serial number of used ticket books received by the office.

After the period of management by the panchayat is over, the executive authority or the commissioner or the secretary, as the case may be, shall review the overall position with reference to the number of ticket books printed, number issued, amount collected, and remitted and the net savings accrued and report the matter to the concerned panchayat at its next meeting.

22. Collection of lease and sale amount: After completing the execution of lease deed, necessary entries shall be made in the register of miscellaneous demand under the attestation of the executive authority or the commissioner or the secretary, as the case may be.

The executive authority or the commissioner or the secretary, as the case may be, shall make necessary posting regarding the total amount, initial payment when the deed is executed, watch the amount to be recovered in installments at the beginning of each month, scrutinize this register, note down the due date of instalments of lease amount, and issue advance reminder to the lessee for remitting the dues. If they fail to remit the instalment due even after a reasonable period, the executive authority or the commissioner or the secretary, as the case may be, shall take action to terminate the lease besides taking appropriate action to realize the dues with interest.

(G.O.Ms.No.148, Rural Development (C-4) 31st May 2001)

23. Other Remunerative Enterprises: Under this head tractor hire charges, hire charges of power roller are credited.

- i. **Hire Charges for Power Roller:** It should be seen that the rate of hire charges as fixed by Government in Highways Department then and there has been adopted.

The checks to be exercised are those applicable to Tractor.

- ii. **Rent for women Teacher Quarters:** The rent should be recovered from the Panchayat Union teachers including women teachers for the quarters. They are occupying at the rate on par with Government Servants at the rate fixed in G.O.Ms.No.949, Rural Development and Local Administration, dated 31st December 1985 and G.O.Ms.No.73, Rural Development, dated 20th February 1991 and G.O. Ms. No.162 / Fin/PUC / Dt.13-4-98

Since the services of the teachers have been provincialised with effect from 1st June 1981, the rent for the quarters has to be recovered from the pay of the Occupant by the A.E.Os. and remitted to the Panchayat Union funds every month. The realisation of rent should be watched through the Misc. Demand Register. The checks to be exercised are:

that rent due is recovered and remitted by the A.E.Os regularly and the cheque or Demand Draft received from the A.E.O. has been got adjusted promptly;

that necessary demand has been raised in the M.D.R.;

that rent realised has been duly posted in the M.D.R. against the individual concerned;

that in respect of quarters for which no rent has been realised, the reasons therefor have been recorded, and

that in respect of quarters recorded as unfit for occupation by a technical authority action has been taken by the Commissioner to carry out repairs to the quarters so as to make them fit for occupation.

24. Devolution of Funds:- The recommendations of the S.F.C appointed by Government have been examined and Government have taken decisions for the devolution of 8% of all taxes other than entertainment tax to the local bodies, consequent on this devolution some of the earlier grants being made to Panchayats / Panchayat Unions will no longer be available. They are (w.e.f. 1-4-97)

1. Local cess surcharge meeting grant
2. Local Roads grant

(G.O. Ms. No.93 RD (C111) Dept. dt:26-3-97)

The devolution of fund for State owned tax revenue enhanced from 8% to 9% during the year 2007 – 08.

(G.O. Ms. No.199 Finance FC IV Department dt:25-5-2007)

25. Maternity & Child Welfare Grant: The Government have ordered that two-thirds of the total expenditure on all maternity centres incurred by the Panchayat Union (upto the limit specified) will be met by an annual grant to each Panchayat Union. The grant will be released by the District Collector.

The maintenance of Maternity & child welfare centre by the Panchayat union ceased with effect from 30th September 1982. The public Health staff of the Panchayat Union viz. Maternity. Assistants / Auxiliary Nurse/Mid-wives have been absorbed in Public Health Department to implement the multi-purpose health workers scheme. However they are placed under the control of Panchayat Union Council and continued to be paid from Government funds. The Maternity ayahs have been treated as Panchayat Union employees. The expenditure on rent current consumption charges and on employment of Ayahs are met by the Panchayat Union.

It should be seen in audit:

that expenditure is incurred on authorised items only;

Note: orders issued by Government from time to time shall be referred to in this connection.

that the grant released by the District Collector is watched through the Miscellaneous Demand Register (Panchayat Union Form No.3)

that the credits have been posted in the Misc. Demand Register as soon as the amounts are adjusted to the credit of Local Fund Deposit Account No.1 of the Panchayat Union in the Sub-Treasury.

The expenditure admissible for 2/3 grant are given below

(G.O.Ms.No.1479. Rural Development and Labour Administration. dated 29th June 1965)

Maternity and Child welfare Grant :

Admissible Recurring Expenditures

Pay and allowance

Travelling allowance

Dhobi and uniform allowance

Pension contribution.

G.O. Ms.No.467 R.D. & L.A dept. dt:28-3-1978

Interim Relief

Pongal Bonus and Exgratia

Medical Allowance

Rent for M&CW Buildings

Medicines and equipments

(Capital expenditure shall be avoided)

Purchase of stationery

Postal expenses

Transport charges for transporting milk powder.

Purchase of Soap, Towel, Bucket, Match Box, kerosene and Sugar.

Current Consumption charges

Diet expenses

Scavenging expenses

Propaganda expenditure towards Family planning.

Money order expenses for sending salaries.

Advertisement expenses for inviting tenders for the purchase of capital items,

Inviting applications to fill up the vacant post of Maternity Assistants.

Purchase of mattress, cots and other tools and plants.

Purchase of equipments and tools and plants for Health Assistants.

Purchase of Family planning kits.

Inadmissible expenditure:

1. Capital Expenditure
2. Expenditure towards Health and Baby-week celebrations.
3. Pay and allowances of Maternity Assistants attached to Government Hospitals and Dispensaries.
4. Payment of advance for purchase of medicine.
5. Payment of DCRG and Family Welfare Fund
6. Travelling allowances for other purposes.
7. Expenditure towards refund of over drawl of grant.
8. Payment of contribution towards Special Provident Fund scheme.
9. Contribution towards Group Insurance scheme.

(H.O Circular Roc. No.28165/98 D3 / dt:30-10-1998)

Rent for housing the Maternity and Child Welfare Centres.

(G.O.Ms.No.467. Rural Development and Labour Administration. dated 28th March 1978)

26. Dispensary Grant: Under Section 65(b) of Tamil Nadu panchayat Act, 1958 the establishment and Maintenance of dispensaries is the responsibility of the Panchayat Union Councils. In G.OMs.No.II72, Rural Development and Local Administration, dated 25th May 1964, the Government have ordered that the Panchayat Union Councils be eligible for financial assistance from Government, by way of grant-in-aid to cover 50 percent of the expenditure on the maintenance of one regular dispensary subject to a ceiling of Rs.5000/- or Rs.5400/- per annum) as the case may be. In case a panchayat union maintains more than one dispensary the grant will be paid in respect of one dispensary. Assistant Director (Panchayat) will release the grant in two half-yearly instalments.

Note : The list of selected dispensaries shall be referred to for ascertaining the eligibility of a dispensary for the receipt of grant.

The method of calculating the grant has been given as annexure to the Government Order referred to and the same may be gone through.

In G.O.Ms.No.329, Health, dated 23rd February 1967 annual maintenance grant has been raised from Rs.5000/- to Rs.5400.or 50 percent of expenditure whichever is less if L.I.M. qualified Medical Officer is employed.

It should be seen in audit:

that the grant is claimed in respect of expenditure on maintenance of selected dispensary only;

that the grant sanctioned by the AD (pts) is got adjusted to the credit of Panchayat Union Funds Promptly; and

that the credits have been posted in the Miscellaneous Demand Register as soon as the amounts are adjusted to the credit of L.F. Deposit Account No.1 of the Panchayat Union in the Sub-Treasury.

Note : The proforma for claiming grant is as follows:

50 percent of expenditure (one regular Dispensary to be selected by the Panchayat Union Council) Deduct:

Receipts: (Expenditure eligible for grant restricted to the ceiling amount)

Note: The following items of expenditure are to be excluded for purpose of grant:

Expenditure on compensatory allowance to Medical Officer with L.I.M.,G.C.I.M. qualification sanctioned by Government from time to time.

Expenditure on Child Welfare Centres attached to dispensaries for which separate grant is drawn.

Leave Salary and allowances and transit pay of Medical Officers.

Expenditure on compensatory allowance to Medical Officers with B.I M. qualification as sanctioned by Government from time to time.

Note : Expenditure on Provident Fund, Leave Salary and Pension Contribution may be included.

Minimum provisions as indicated below may be made in the budget of the Panchayat Union Council and Municipal councils for supply of medicine to each of the Rural Regular Dispensaries run by them.

Rural Dispensary run by Panchayat Union: Rs.5000/- per annum per Panchayat Union Council. (Indian as well as modern dispensaries).

Regular Dispensary run by Municipal Council Rs.10000/- (Indian as well as modern medicine per annum.

(G.O.Ms.No.106, Health and Family Welfare, dated 8-1-1978)

27. Special Schemes: Choolah & Biogas: It should be ensured in audit whether the expenditure initially incurred from General Fund has been fully reimbursed from state funds.

28. Grants: (State Government)

i. State Finance Commission: Allocation of Funds: The SFC had divided the taxes into two categories pool A and B. Surcharge on stamp duty. Local cess and Local cess surcharge and Entertainment tax which are assigned to local bodies based on place of origin of the tax will be in pool A.

In pool B, the State finance Commission has grouped all the state taxes except E.T. and has recommended that 8% of this pool should be shared with the local bodies for the year 97-98. 15% of pool B grant will be set apart towards equalization and incentive funds which will be allocated amongst rural and urban local bodies in the ratio of 60:40.

The balance of pool B amount (85%) will be allocated to the rural and urban local bodies in the ratio of 55:45 percent. This 55% will be devalued in the ratio of 10:45:45 among the district level, Panchayat Unions and village panchayats.

The SFC has recommended that the criteria for interest distribution amongst the panchayat unions should be as follows:

1. Weightage on total population (Last census)	50%
2. Weightage on SC / ST population (Last census)	15%
3. Percapita house tax collection	15%

4. Core civil services infrastructure deficiencies	20%
Total	100%

(G.O. Ms.140 RD (CII) dept. dt.5-5-97)

ii. Authorised Expenditure

Salaries and wages of the approved Panchayat Union staff.

Pension fund, Provident Fund, TA / DA and other related expenses.

Office maintenance and expenses including stationery, electricity and Telephone Charges etc.

Maintenance of all Panchayat Union Buildings and buildings vested with Panchayat Unions.

Maintenance of Panchayat Union roads.

Maintenance of minor irrigation tanks vested with the Panchayat Unions.

Following instructions are issued for strict compliance by all local bodies.

Staff salary, pension contribution and P.F. contribution office expenses will be first charges on these grants.

iii. Twelfth Finance Commission – grant to local bodies:

Guidelines have been issued to utilise the grants for the following purposes

To pay electricity charges to run power pumps and mini power pumps for water supply

For the improvement of water supply and sanitation services.

to take over the assets relating to water supply and sanitation and utilise the grants for repairs and renovation as also the Operational and Maintenance costs.

The grants should not be utilised for payment of salaries and wages.

(Director of Rural Development & Panchayat Raj D.O. Letter No.47292/2006 / PRI2.3 dt:22-12-2006)

iv. Maintenance of bad bus plying roads in Panchayat and Panchayat union under Twelfth Finance Commission grant for the year 2007 – 2008.

In this regard, it has been decided that the amount will be utilized for the maintenance of roads connecting and passing through the Village Panchayats in which the AGAMT scheme will be implemented during 2007-08.

Preparation of proposal: Only roads, which are already BT, should be proposed under Twelfth Finance Commission grants maintenance works. Potholes filling up and relaying of the BT layer is the type of work that is typically contemplated under this component. Where the road requires one or more layers of WBM + BT, it should be proposed under RIDF, NABARD assistance for which proposals have already been sent to NABARD.

First preference should be given to the BT roads already existing and in worn out condition connecting / passing through AGAMT villages of 2007-08.

Next preference should be given to BT roads in the vicinity of AGAMT villages.

If an AGAMT village is already having good BT roads, the funds may be utilized for taking up roads in other needy AGAMT Villages.

The Collectors should avoid taking up piecemeal road works. Wherever a BT road is damaged, the entire stretch should be proposed and peace meal works avoided.

Detailed estimates should be prepared after a proper site inspection by an officer not below the rank of Union Engineer. No rough cost estimate proposals will be accepted.

Due care must be bestowed in the selection of road works so that the money is well spent for the good maintenance of roads.

To ensure that the works have not been included / undertaken in any other schemes before sending proposals. Deleted Proposals will not be entertained.

Administrative sanction: The District Collectors will be the administrative sanctioning authority for the detailed estimates and technical sanction will be accorded by the competent authority.

Tender: The general procedure as stipulated in the Tamil Nadu Transparency in Tender Act 1998 (Act No.43 of 1998) and rules framed should be adhered strictly for calling and accepting tenders.

(Director of Rural Development and Panchayat Raj D.O. Lr. No.8604 /2007/TU1 dated:02-02-2007)

29. Namakku Namae Thittam:

Funds: One third (1/3) public contribution shall be received in the shape of Bank Demand Draft. Two third (2/3) Government grant.

Execution: The work may be executed either by public or an agent nominated by the public. Otherwise by inviting transparency tender.

Works to be taken up: The scheme envisages participation of peoples in sustainable development of villages and improvement of quality of life through good governance and convergence of schemes and programmes. It will specifically focus on:

Resource mapping and community mobilization for village development.

Micro planning and prioritization of needs among village communities.

Convergence of funds and functionaries of all schemes at the village level.

Community led improvement in the overall quality of life.

Priority of works:

Construction of Govt. / Local Bodies School buildings (including compound and fencing) Laboratories, providing toilet facilities for Schools, Hospitals, Primary health centers, Sub-centers, Veterinary dispensaries, Cattle forms, Libraries, Hostels, Noon-meal centers, and ration shops.

Water conservation and water harvesting works, and maintenance of community Assets. (White washing, and colour washing etc.)

Construction of bridges, culverts, upgradation of roads, formation of roads, including gravelling, metalling and cement concretes.

Formation of parks, play grounds, traffic island, fountain, street lighting and maintenance.

Purchase of furnitures, computers and accessories for the use of Govt. / Local Bodies schools and libraries.

Purchase of old computers, accessories and furnitures are prohibited.

Books may be purchased for Libraries.

Prior permission shall be obtained before the Commencement of construction.

Contributing persons entity may not be allowed to ownership rights of the property.

The works which are prohibited under MLA ADP scheme may not be taken under this scheme.

(Govt. Ms. No.172 Rural Development and Panchayat Raj Dept. dt:5-10-2007)

30. Member of Legislative Assembly Area Development Programme:

Aim: Converging of funds for physical Infrastructure Development of Villages and Urban areas.

Provision of funds:

A total sum of one crore and twenty lakhs are provided for each constituency.

25 lakhs are provided for formation of cement concrete roads,

15 lakhs are provided for purchase of sodium Vapour lamps,

20 lakhs are provided for conversion of metal roads as BT roads

and the balance of 60 lakhs are provided for unclassified works, as recommended by MLA.

Administrative approval: District Collector.

Works not to be taken up:

Construction of office buildings for central / State Govt. Public sector undertakings and agencies.

Construction of residential quarters and buildings for the above institutions.

Construction of buildings for commercial, endowments, organisation, both for private and co-operative sectors.

Maintenance, up-gradation and repairs of existing and old assets.

Payment of loans and grants.

Buildings for Religious purposes like Temple, Mosque, Gurudwarahs, Church etc.

Construction of monuments, memorials, statues, idols arch gates and welcome gate.

Creation of assets for the utilisation of certain sectors.

Construction of bus shelter.

Construction of concrete drainages.

(G.O. Ms. 84 / R..D. & P.R. dept. dt:25-7-06)

Works to be taken up:

Formation of Cement / Concrete roads.

Installation of Sodium Vapour Lamps.

Conversion of metal roads as B.T. roads

Such other works sanctioned by the District Collector.

31. Anaithu Grama Anna Marumalarchi Thittam

Aim: The scheme envisages, sustainable development of villages in next 5 years.

Provision of funds: A total sum of twenty lakhs will be provided for each district. Out of twenty lakhs, 5 lakhs are provided for unclassified works and the balance of amount of 15 lakhs provided for execution of the following works.

Works to be taken up:

Formation of cement concrete roads.
Purchase of street lights and sodium Vapour lights.
Formation of tank for each village.
Fishery development
Upgradation of burial / cremation grounds.
Water supply schemes.
Formation of play ground and recreation centers
Construction of reading rooms.
Construction of village shops and shandies.

(G.O. Ms. No.115/R.D & P.R. Dept. Dt.11-9-2006)

32. (Central Government) - Member of Parliament Local Area Development Scheme

Aim: The fund is provided to undertake development works in their Local Areas.

Provision of Funds: A total sum of 2 crores, is provided annually.

Works to be taken up: The following capital works may be taken up.

Small irrigation, such as bore wells, OHT, water supply schemes.

Formation of roads, such as approach roads, connecting roads, and selective roads.

Infrastructure development, construction of culverts, bridges, open wells, old age homes, homes for handicapped.

Construction of School buildings such as Govt. / Aided / Local Body and Govt. approved schools.

Construction of buildings for Noon-meal centres in such as Govt. / Aided / Local Body and Govt. approved schools .

Provision of public health amenities such as Public latrine, toilets and under ground drainage.

Construction of burial and cremation grounds.

Construction of library buildings and study centres.

Construction of canals.

Provision of electricity, water supply, public toilets and pavements for Adi Dravida and Tribal areas.

Afforestation of Forest land, horticulture firms.

Construction of bus – shelters.

Construction of buildings for computer studies and such other works.

The M.P. shall send a list of works to be taken up and District Collector to carryout through D.R.D.A.

Administrative Approval : District Collector.

Works not to be taken up:

Maintenance work

Recurring expenditure such as payment of salaries to the employee.

Advances to the contractors and purchase of construction material.

(G.O. Ms. No.184/RD dept 10-6-1997 and Instructions contained in 1999 MP LAD Schemes)

33. Schemes : With a view to developing human resources, infrastructure and civil amenities and achieving economic self-sufficiency and securing social justice, different schemes have been taken up by Central or State Government jointly or separately for implementation in the rural areas by the Panchayats. These schemes may be broadly classified into two categories. These are:

Wage Employment Schemes e.g. Sampoorna Grameein Rozgar Yojana (SGRY)

Self Employment Schemes e.g. Swarnajayanti Gram Swarazgar Yojana (SGSY)

Some major schemes viz. Sampoorna Grameen Rozgar Yojana, Indira Awas Yojana and National Social Assistance Programme are discussed below along with relevant audit points thereon. The audit of other Central / State schemes can be carried out on a similar pattern.

i. Audit of Sampoorna Grameen Rozgar Yojana (SGRY)

Nature of the Scheme : This programme is a centrally sponsored Scheme on cost sharing basis between the Centre and the states in the ratio 75:25. In the case of Union Territories the Centre would provide the entire 100% funds under the scheme.

Food grains are to be provided free of cost to the states /Union Territories. The cost of transit of food grains from the Food Corporation of India (FCI) godown to the work-site and its distribution is the responsibility of the State / UT Governments.

Funds : State Government 25% Central Government 75%

Wages: 3 kgs of food grains, Balance amount in cash.

Food grain	3 kg x 5.65	Rs. 16.95
Cash portion		63.05
		80.00

Objectives: The primary objective of the scheme is to provide additional wage employment in all rural areas and thereby provide food security and improve nutritional levels.

The secondary objective is the creation of durable community, social and economic assets and infrastructural development in rural areas.

Target group: The SGRY is available for all the rural poor (BPL and APL) who are in need of wage employment and are willing to take up manual labour on unskilled work in and around his or her village and habitation.

However, the preference is given to the poorest among the poor. SC/ST and parents of child labour, withdrawn from hazardous occupation.

Food grains under SGRY: Food grain should be given as part of wages under the SGRY

Distribution of food grain as part of wages under the SGRY (1st & 2nd Streams) is based on the principle of protecting the real wages of the workers besides improving the nutritional standards of the families of the rural poor;

Food grains should be given as part of wages under the SGRY to the rural poor at the rate of 5 kg / man-day (Subject to the minimum of 25% of the wages to be paid in cash).

The State Government is free to calculate the cost of the food grains paid as part of wages at a uniform rate which may be either Below Poverty Level (BPL) rate or Above poverty Level (APL) rate or anywhere between the two rates. The workers are paid the balance of wages in cash.

Distribution of food grains to the workers under the programme is by Village Panchayat or any other Agency appointed by the State Government.

Distribution of food grains will be made to the workers most preferably, at the work site.

Criteria, allocation and utilisation of resources: The second stream of the SGRY is implemented at the Village Panchayat level for generation of supplementary wage employment and creation of demand driven community village infrastructure, which includes also durable assets to enable the rural poor to increase opportunities for sustained employment.

Out of the total resources earmarked under the SGRY 50% of the funds are earmarked for the second stream of the SGRY.

The entire resources released under the second stream are distributed among Village Panchayats directly by the DRDA / Zilla Parishad.

Since 2002 – 03 the allocation of funds is made in a manner that each Panchayat receives at least a certain minimum of resources as to be decided from year to year.

Earmarking of resources: Minimum 50% of the allocation to the Village Panchayat (inclusive of food grains) shall be earmarked for the creation of need based village Infrastructure in SC/ST habitations.

Provision for maintenance of assets: Village Panchayats are permitted to spend upto a maximum of 15 % of the funds on maintenance of the public assets created under the wage employment programme sponsored by the Ministry of Rural Development from time to time within its geographical boundary.

Provision for administrative / Contingent expenditure at the GP level: Under the second stream of SGRV village Panchayat may spend upto a maximum of 7.5% of the annual allocation of funds or Rs.7500/- whichever is less during a year on the Administration / Contingencies and for technical consultancy.

Priorities of work: While taking up the work priority shall be given to the following works:

- Soil and moisture conservation.
- Minor irrigation.
- Rejuvenation of Drinking water sources and
- Augmentation of ground water and
- Such other schemes of individual nature which are necessary for watershed development.
- **Works not to be taken up:**
- Building for religious purposes such as temple, mosque, gurudwara, church etc.
- Monuments, memorials, statue, idols, Arch gate / Welcome gate
- Bridges
- Building for Higher Secondary Schools.
- Building for colleges and
- Black Topping of roads

(G.O. (2D) No.24 L&E dt:8-7-05)

(G.O. (2D) No.48 L&E Dept 28-4-99)

G.O. (2D) No.5 Rural Development (CGSI) Dept. dt:9-1-06.

ii. Audit points Regarding SGRY

Was there any case of rejection / condemnation of food-grains after lifting them from the FCI godowns due to poor quality or any other reason?

Where food-grains lifted from the nearest FCI depot to effect economy in transportation charges?

Was any payment made to the FCI for lifting the food grains? If so, under whose orders?

Was the entire part of the second stream implemented at the Village Panchayat level? If not, why?

Was the entire Fund of the second stream distributed among the Village Panchayat through DRDAs / ZP? If not, why?

Did the State Government grant more than the allotted 5 kg. of food grains per man day? If so, was it done through the existing state allocation?

Were the workers assured of the notified minimum wages?

Was the value of the wages paid in cash less than 25% of the total wages? If so, what were the reasons, and did it have the approval of the Central Government funding the scheme?

Were proper vouchers kept for payment of balance of wages to the workers?

Were only such works taken up which could be completed ordinarily within a year and in exceptional circumstances in a maximum period of two years?

Were works included in the AAP taken up within the year?

Were incomplete works given priority over new works?

Were all the works taken up under the scheme are of durable nature and they meet the desired technical standards and specifications?

Were efforts made to utilise local materials and cost effective technologies?

Were proper registers maintained for

- a. Accounts of expenditure incurred head-wise;
- b. Measurement of physical work done
- c. Payments of wages to labourers
- d. Periodical statement of attendance.

iii. TNREGS 2005 – Steps to operationalise the Act in Tamil Nadu

Funding Pattern: Cost of wages, three fourth of material cost, administrative cost, and establishment charges of Block Programme Officer with supporting staff will be borne by the Government of India.

The State Government shall meet the cost of unemployment allowance payable under the scheme, one fourth of the material component of the scheme including payment of wages to skilled and semi skilled workers subject to provision of schedule of rural rates (if adopted) and the administrative expenses of the State Council from the Employment Guarantee Fund.

Focus of the scheme: The Focus of the scheme shall be on the following works in their order of priority:

Water conservation and water harvesting.

Drought proofing (including afforestation and tree plantation).

Irrigation canals including micro and minor irrigation works.

Provision of irrigation facility to land owned by households belonging to the Scheduled Castes and Scheduled Tribes or to land of beneficiaries of land reforms or that of the beneficiaries under the Indira Awas Yojana of the Government of India.

Renovation of traditional water bodies including desilting of tanks.

Land development

Flood control and protection works including drainage in water logged areas;

Rural connectivity to provide all weather access, and

Any other work which may be notified by the Government of India.

ii. State Employment Guarantee Fund: A State Employment Guarantee Fund shall be established for the purpose of the implementation of the Employment Scheme called. "The Tamil Nadu Employment Guarantee Fund". The State Fund shall be administered on behalf of the State Government by the Director of Rural Development.

Payment of Wages: The wages under Tamil Nadu Rural Employment Guarantee Scheme shall be paid at the rate of Agricultural minimum wages as notified by the Government from time to time.

Equal wages shall be paid under the programme to both men and women workers. There shall be no discrimination solely on the ground of gender and the provisions of the Equal Remuneration Act, 1976 (25 of 1976), shall be complied with.

In case the number of children below the age of six years accompanying the women working at any site is five or more, provisions shall be made to depute one of such women workers to look after such children. The person deputed for the above work shall be paid the Agricultural Minimum wage rate.

In case the employment is provided outside radius of 5 K.M. from the residence of the applicant, the labourers shall be paid additional 10% of the wage rate to meet out transportation and living expenses. The wages shall be subject to the out-turn of works as determined by the schedule of rural rates. A portion of daily wages shall be paid daily as specified by the Government. The wages shall be disbursed at Work site / Panchayat Office on weekly basis.

Payment of unemployment allowance: If an applicant for employment under the scheme is not provided with employment within 15 days of the receipt of the application or from the date on which the employment has been sought in the case of an advance application, whichever is later, he / she shall be entitled for unemployment allowance. The unemployment allowance payable shall be paid to the applicants of a household subject to the entitlement of the household at one-fourth of the wage rate for the first thirty days during the financial year and not less than one-half of the wage rate for the remaining period of the financial year.

The liability of the Panchayat to pay unemployment allowance to a household during any financial year shall cease as soon as

The applicant is directed by the village panchayat or the Block Programme Officer to report for work either by himself or depute at least one adult member of his household; or

The period for which employment is sought comes to an end and no member of the household of the applicant had turned up for employment; or

The adult members of the household of the applicant have received in total at least one hundred days within the financial year; or

The household of the applicant has earned as much from the wages and unemployment allowance together which is equal to the wages for one hundred days of work during the financial year.

The unemployment allowance payable to, the household of an applicant shall be sanctioned and by the Panchayat and paid in cash / credit order issued to the bank / post office. Every payment of unemployment allowance shall be made or offered not later than fifteen days from the date on which it becomes due for payment.

Compensation: In case the payment of wages is not made within the period specified under the Scheme, the labour is entitled to receive payment of compensation as per the provisions of the Payment of wages act (4 of 1948)

If any personal injury is caused to any person employed under the Scheme by accident arising out in the course of his employment, he shall be entitled to, free of charge, such medical treatment admissible under the Scheme.

Where hospitalization of the injured worker is necessary, the State Government shall arrange for hospitalization including accommodation, treatment, medicines and payment of daily allowance not less than half of the wage rate required to be paid, had the injured been engaged in the work.

If a person employed under a Scheme dies or becomes permanently disabled by accident arising of in the course of employment, he shall be paid by the State Government an exgratia payment of Rupees Twenty-five thousand, and the amount shall be paid to the legal heirs of the deceased / disabled, as the case may be.

Funds for startup activities : The resources available under the ongoing schemes such as Sampoorna Grameen Rozgar Yojana and National Food for work programme shall be initially utilized for the implementation of the scheme until funds are received from Government of India. 1% of the allocation may be used to meet out the expenses towards preliminary activities such training programme and IEC activities before notification of the Act.

(G.O. Ms. No.19 Rural Development (CGS-1) Department Dt: 1-02-2006)

Procedure for the implementation of the Scheme will be as follows:

Eligibility: Tamil Nadu Rural Employment Guarantee Scheme shall be open to all rural households in the areas notified by the Government of India. The entitlement of 100 days of guaranteed employment in the financial year is in terms of households. The 100 days entitlement of a household can be shared among the members of that household. Within the entitlement all adult members of the household can register and apply for work, provided they are local residents. They must be residing with the Village Panchayat / Town Panchayat area and willing to do unskilled work. They may apply as an individual or a household to the local village panchayat.

Household means a nuclear family comprising mother, father, and their children, and also single parent / single member households.

Application for Registration: The application for registration may be given in a plain paper / in a printed format to the President of village panchayat / Executive Officer of Town Panchayat / Block Programme Officer in the application format.

Any person may appear in person and make an oral request for registration. The President of village panchayat / Executive Officer of Town Panchayat / Block Programme Officer shall arrange for converting the oral request into a written application. The Block Programme Officer shall arrange to send the application received to the Panchayat President / Executive Officer of Town Village Panchayats immediately.

Time of Registration: Application for registration shall be accepted on all working days at the village panchayat office / Town Panchayat office / office of the Block Programme Officer.

The application from migrants shall be registered on the basis of the certificate from the Village Administrative Officer / Village Panchayat President of their native place or on the basis of job card received from their native panchayats.

Verification: Applications shall be verified by the staff of the Village Panchayat / Town Village Panchayat / any other official concerned for this work. In case of rejection, the reasons shall be recorded specifically and intimated to the applicant on his or her request.

The process of verification shall be completed not later than a fortnight after the receipt of application in the village panchayat /Town Panchayats.

The final list of applicants seeking Job cards shall be placed before the Grama Sabha / Ward Sabhah for approval.

Allotment of work: The applications shall be properly numbered and registered. They shall be classified on the basis of their priority and period for which work is required. The Village Panchayat shall be responsible for providing work to the applicant from the date of work has been sought for if an advance application is given or within 15 days from the date of such application, whichever is later.

The allotment of the work must be for at least 14 days continuously. There is no limit on the number of employment for which a person may apply but allotment of work will be restricted to 100 days of eligible household.

The responsibility of allocating employment opportunities lies with the President, Village Panchayat / Executive officer Town Panchayats. The President, Village Panchayat / E.O. Town Panchayats shall allocate employment to the labourers for the works executed by other implementing agencies.

Muster roll: The Block Programme Officer shall supply each village Panchayat with the muster rolls for the works sanctioned to be executed by it; and a list of employment opportunities available elsewhere to the residents of the Panchayat. Muster rolls shall be maintained for every work separately, showing the details of wages paid to workers. The muster rolls for all works should have entries showing the number and details of Scheduled caste / Scheduled Tribes / Women and others who have been provided employment. Those responsible for the preparation of muster rolls should be responsible for these entries also.

To prevent non-payment or under payment of wages or any manipulation, muster rolls should be maintained in stitched forms and all its pages must be numbered.

The village Panchayat / Town Panchayats shall allocate employment opportunities among the applicants and ask them to report for work through public notice and notice to individuals.

iii. **The National Rural Employment Guarantee Act 2005** was enacted to provide for the enhancement of livelihood security of the households in rural areas by providing atleast 100 days of guaranteed employment in every financial year to every household whose adult members volunteer to do unskilled manual work.

Schedule 1 paras 7 and 8 of the National Rural Employment Guarantee Act. 2005 stipulates that

When wages are directly linked with the quantity of work, the wages shall be paid according to the schedule of Rates fixed by the State Government for different type of works every year in consultation with the State Council.

The schedule of rates of wages for unskilled labourers shall be so fixed that a person working for seven hours would normally earn a wage equal to the wage rate.”

The National Rural Employment Guarantee Scheme (NREGS) is being implemented in the State from 2-2-2006. In the light of certain difficulties in complying with the above provision of the Act, the Director of Rural Development and Panchayat Raj has requested that the Schedule of Rates issued by the Public Works Department, Highways and other Departments may be modified suitably for the effective implementation of the National Rural Employment Guarantee Scheme.

After careful examination of the recommendations of the Director of Rural Development and Panchayat Raj, the Government direct that the following rates for the estimation and valuation of works under Tamil Nadu Rural Employment Guarantee Scheme be adopted.

Sl. No.	Item of Work	Existing rate as per PWD Schedule of Rates (Rs)	Rates to be adopted only for works under TNREGS (Rs)
I	Earth work excavation in ordinary soil Category I		
1.	For Contour bunding, roads, rock fill dams and desilting of tanks	Rs.18.10/Cu.m.	Rs.28.96/Cu.m.

	Category II		
2.	For farm ponds and plantation pits	Rs.18.10/Cu.m.	Rs.28.96/Cu.m.
	Category III		
3.	For all other works	Rs.18.10/Cu.m.	Rs.28.96/Cu.m.
II.	Earth work excavation in hard soil		
	Category – I		
1.	For Contour bunding, roads rock fill dams and desilting of tanks	Rs.26.55/Cu.m.	Rs.42.48/Cu.m.
	Category-II		
2.	For farm ponds and plantation pits	Rs.26.55/Cu.m.	Rs.42.48/Cu.m.
	Category – III		
3.	For all other works	Rs.26.55/Cu.m.	Rs.42.48/Cu.m.
III	Stone pitching (unskilled)		
1.	Farm ponds	Rs.147.70/Cu.m.	Rs.236.32/Cu.m.
2.	Mini percolation tank	Rs.147.70/Cu.m.	Rs.236.32/Cu.m.
IV.	Rough stone dry packing (unskilled)		
1.	Rock fill dams, stone checks	147.70/Cu.m.	Rs.236.32/Cu.m.
2.	Contour Bunding	147.70/Cu.m.	Rs.236.32/Cu.m.
V.	Jungle clearance		
1.	Scrub jungle and light jungle	Rs. 1.30/1.45/Sq.mtr	Rs.2.08/2.32/Sq.mtr.
2.	Medium and dense Jungle	Rs. 1.45/1.90/Sq.mtr	Rs.2.32/3.04/Sq.mtr.
3.	Jullifora jungle including uprooting and removal of stumps.	Rs. 2.10/Sq.mtr	Rs.3.36/Sq.mtr

Except for the items of work listed above, the existing schedule of rates of the Public Works Department and Forest Department should be followed for all other items.

The 60% increase over and above the Public Works Department Schedule of rates should not be cited as a bench mark for other employment generation schemes such as Sampoorna Gramin Rozgar Yojana or for any other programme. The wage of outturn / day which is more than the prescribed outturn will also be capped at the minimum wage. Since the National Rural Employment Guarantee Scheme is aimed at the enhancement of livelihood security of rural areas through wage employment generation, the Collectors should personally ensure that no contractors are engaged in any manner in the implementation of the programme.

(G.O. Ms. No.77 Rural Development & Panchayat Raj (CGS I) Dept. dt: 14-7-2006)

The recommendation of the Director of Rural Development and Panchayat Raj, the Government sanction an additional 50 litres of fuel each for the two jeeps available at the block level in the 90 blocks in the six districts viz. Cuddalore, Vilupuram, Tiruvannamalai, Nagapattinam, Dindigul, and Sivaganga.

The approximate expenditure of additional fuel allotment amounting to Rs.54 lakhs per annum which would work out to only 0.14% of the Central allocation would be met from the 2% administrative expenditure allowed under the National Rural Employment Guarantee Scheme.

(G.O. (D) No.524 Rural Development and Panchayat Raj (CGS) Dept. dt:4-9-2006)

Maintenance of Employment Register: Each village Panchayat shall maintain an Employment register for the works being implemented within its jurisdiction under its own component which would contain the details of number of persons employed including the number of SCs / STs, gender of the workers and number of man days generated for each work under the Tamil Nadu Rural Employment Guarantee Scheme. This information should be based on the Muster Rolls to be maintained work-wise. The required Muster Roll forms shall be made available to the Village Panchayat / Town Panchayats by the Block Programme Officer. The Muster Roll would be open to public for scrutiny.

Execution: Works taken up under the Programme should be of a durable nature and should meet technical standard specifications, if any, for the concerned works / area.

Efforts should be made to utilize local materials and cost effective and disaster resistant technology development various institutions and as applicable to the area.

In order to facilitate the technical scrutiny of the works, authorities at the Joint Programme Co-ordinator Rural Development Agency may prepare and approve standard designs and cost estimates of those works, which are common in nature.

At least 50% of the works in terms of its cost shall be allocated to village panchayats. The Villages Panchayat may execute the works or may handover the works for execution to the line department s/ Self Help groups necessary.

Social Audit: Gram Sabha / Ward Sabha shall monitor the execution of works within the village. Social audit of Panchayat work by Grama Sabha / Ward Sabha shall be conducted regularly on all the projects under the Scheme taken up within the Village Panchayat.

The Village Panchayat / Town Panchayats other executing agencies shall make available all relevant documents including the muster rolls, bills, vouchers, measurement books, copies of sanction orders, photos before, during and after the execution of the work and other connected books of account and papers to the Gram Sabha / External Agencies for the purpose of conducting the social audit.

Points to be seen in Audit: Whether scheme wise Cash book and Ledger are maintained.

Whether all the receipts collected are remitted without any delay.

Whether the receipt books (money value forms) are accounted for properly.

Whether the grant received from the Collectorate / DRDA / District Panchayats are credited in the Bank accounts of Village Panchayats without delay and whether the unspent balance is remitted to bank account immediately.

Whether the out turn of the work turned out by the labourers commensurate with the norms prescribed.

Whether the applications from the labourers have been received.

Whether request of physically handicapped persons have been considered.

Whether the job cards have been distributed and the entries are made in the job card and whether such entries match with the entries in the Muster roll.

Whether any corrections are made in the NMR and job cards.

Whether social Audit is undertaken by the Village Panchayats by volunteers or Self help Groups as pointed out by Collector and the report of Social audit team may also be seen.

Whether the Measurement Books are maintained and measurements are recorded

Is there any diversion of funds.

Whether all the expenditure are incurred with prior sanction of Panchayat.

In cases of emergency ratification of Panchayat should be obtained immediately or in the next meeting. In case of Scheme funds whether the cheque is drawn as per the proceedings of BDO.

Whether the permissible works have been selected and done as per the guidelines of the Scheme?

Whether Payments made for labour component only and not for utilizing machineries?

Whether any payment made towards unemployment allowance due to non providing employment.

(Director of Local Fund Audit D.O. Rc. No.9028 / PUA-1/05 Dt:3-8-2007)

After careful examination of the recommendations of the Director of Rural Development and Panchayat Raj, the Government sanction the following posts in the six districts viz., Cuddalore, Villupuram, Tiruvannamali, Nagapattinam, Dindigul and Sivaganga, where the Tamil Nadu Rural Employment Guarantee Scheme is under implementation till the scheme is in existence or the necessity of the post ceases whichever is earlier.

180 posts of Computer Assistants and 180 posts of Technical Assistants (two posts of Computer Assistant and two posts of Technical Assistant for each of the 90 blocks in six districts).

383 posts of Technical Assistants at the rate of one for every ten Village Panchayats in six districts.

For Computer Assistants (two per block), the Collectors shall recruit the eligible persons by calling for a list from the Employment Exchange or through outsourcing them on contract basis by prescribing a qualification of Degree in Computer Applications or Computer Science. They shall be paid Rs.4000/- per month on consolidated pay.

The selection of two Technical Assistants per block and one for every ten Village Panchayats shall be made by calling for the list from the Employment Exchange and conducting a simple test for them or by outsourcing them locally on contract basis and place them on consolidated pay of Rs.4,000/- per month. The qualification for the post of Technical Assistant shall be Diploma / Degree in Civil Engineering.

(G.O.(Ms) No.153 Rural Development and Panchayat Raj (CGS I) Dept. Dt: 20-10-2006)

The Government have carefully examined the proposals of the Director of Rural Development and is of the view that since the Government is already implementing a free housing scheme (IAY) in the villages, another scheme for construction of houses need not be taken up. The Government have however decided to implement the scheme for up gradation of the Kutcha houses only. Accordingly, the Government direct that 20000 kutcha houses (existing thatched roof and Kutcha or mud walls) be upgraded during the current year (2004-05) and 100000 houses during the current year (2004 – 05) at a total unit cost of Rs.10000/- (Rupees ten thousand only) for such house on the following lines:

The Government will sanction a sum of Rs.2500/-(Rupees two thousand and five hundred only) or 25% of the cost of the upgradation whichever is less as subsidy being the State Government grant for upgrading each kutcha house.

Banks and Financial institutions shall extend a loan of Rs.7000/- (Rupees seven thousand only) for each house through self help groups at the interest rate as per the priority sector lending rates with the repayment period as 70 monthly instalments.

The beneficiary's contribution shall be Rs.500/- (Rupees five Hundred only) either in the form of cash or labour.

The scheme shall be implemented with Bankers Participation through the woman's Self Help Groups.

(G.O.Ms.No.29 Rural Development (CSS-1) Dept. dt:9-3-2005)

The Block Development Officers (Village Panchayats) may be made independent drawing officers as in the case of the Block Development Officers (Block Panchayat) and 50% of the Budget provision may be placed at their disposal itself since they have control over almost 50% of the Block staff and the schemes implemented in Block Panchayats.

In pursuance to the Govt. orders cited and as requested in the Govt. letter 2nd cited, the BDOs (Village Panchayats) are hereby authorised to act as drawing officers to operate the following head of account and also to incur expenditure towards salary etc, from the B.E.2007-08 already communicated.

1.	2225-01-789-AB	(Extension Officers (ADW) to implement the programme intended for the Welfare of the SC / ST under Special Component Plan – Village Panchayats)
2.	2501-06-003-JC	(Swarna Jayanthi Gram Swarozgar Yojana Village panchayats)
3.	2505-01-702-JP	(Sampoorna Grameen Rozgar yojana – Village Panchayats).
4.	2515-00-001-AT	(Block Head Quarter – Village Panchayats)
5.	2515-00-800-KV	(Strengthening of Block Administration implementation of Anti-poverty programme – Village Panchayat)

(Director of Rural Development and Panchayat Raj Rc. No.21187/07/Budget-1 dt:17-8-2007)

The Director of Rural Development and panchayat Raj will be the estimating reconciling and controlling authority for the New Heads of Accounts indicated in Para 3 above.

G.O. Ms. No.141 RD & PR (SGS-1) Department dt:9-8-2007

34. Expenditure: The audit of expenditure require a fair knowledge of rules and regulations and executive orders of Government on various matters issued from time to time. Hence it is necessary that the auditors equip themselves with the relevant rules before taking up the audit on the expenditure side.

The following are the various main items of expenditure:

Establishment;

Travelling Allowance;

Postage, Stationary and Printing and other contingencies;

Works;

Refund of Deposits;

Advances.

The audit of vouchers relating to the above items are dealt with below:

35. Establishment Vouchers: The audit instructions given in the Municipal chapter should be generally followed in respect of panchayat union Establishment also. The following registers should be checked during audit and instructions issued for the check of Register given in Municipal chapter should be followed.

Establishment Audit Register;

Service Registers;

Register of Increment Certificates;

Register of probationers;

Register of service registers;

Acquittance Register.

Note : 20% of the Service Register need be checked. Cent percent check of entries in the Service Registers regarding the fixation of pay increment and leave etc., should be exercised while selecting the Service Registers, priority should be given to those who retire from service in one or two years.

(G.O.Ms.No.55 Finance (4.F), dated 25th July 1991.)

Note : All the supplemental bills should be verified and audited with reference to Service Registers. Establishment Audit Register and other connected records.

36. Staffing Pattern of Panchayat Union Council

Block Development Officer (B.Pt) - Block Development Officer (V.Pt)

Block Development Officer (B.Pt)

OFFICERS

Extension Officer (Administration)
Extension Officer (Small saving & Pub. Relations)
Extension Officer (Adi Diravida welfare)
Extension Officer (Co-operation)
Extension Officer (Social welfare)
RWO (Women) & Assistants to above posts.

Staff

Assistant Jr. Assistant +Typist	Accountant Cashier Jeep Driver Record clerk Office Asst. -2	Pt. Union Dispensaries and Carpentary and Black smithy units	Fitter Electrician Tailoring Instructors and others paid from G1. Fund	Union Engineer Oversear Road Inspectors
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Block Development Officer

OFFICERS

1. Extension Officer (Pts) (2) Extension Officer (Scheme) (3) Union Engineer - 1 (4) Deputy B.D.O.

Staff

- Assistant -1 Accountant -1 Oversear - 1 Assistant

Jr. Assistant

Typist

Office Assistant

Category	Qualification
1. Clerks and Cashiers	Must have passed the matriculation Examination of the University of Madras or must have passed the Secondary School Leave Certificate Examination issued under the authority of the Government of Tamil Nadu and must have been declared eligible for the College Course or any equivalent examination held by any other University or Institutions recognized by the University Grants Commission for the purpose of its grant or must possess the minimum general educational qualification prescribed in the Tamil Nadu State and Subordinate Service Rules.
2. Head Clerk	(Same as for Item (1) above) and must have passed the Panchayat Development Account Test, the Department Test for Officers of the panchayat Development Department and must have put in not less than three years of service as Clerk in a Panchayat Union.
3. Typist	Must possess the minimum general educational qualification prescribed in the Tamil Nadu State and Subordinate Service Rules. Provided that if no person possessing the said qualification is available, a person not possessing the said qualification may be appointed: and Must have passed the Government Technical Examination in Typewriting by the Higher Grade (Tamil or English) Provided that if candidates who have passed the Government Technical Examination by the Higher Grade (Tamil or English) are not available for appointment as typists, candidates who have passed the Government Technical Examination in Typewriting by the Lower Grade at an examination held after the 1st January 1933 may, if otherwise qualified by appointed thereto.
4. Record Clerk	Completed Secondary School - Leaving Certificate.

	Provided that a person who has rendered war service shall be eligible for appointment to posts for which the minimum general educational qualification referred to above has been prescribed, if he has appeared for the Secondary School Leaving Certificate Examination of the State.
5. Pharmacist	Should not have completed 26 years on the first day of July of the year in which the selection is made. Pharmacist must have undergone a successful course in such training as may from time to time be prescribed by the Government.
6. Maternity Assistant	Must have attained the age of 18 years, if the candidate is a married woman and 20 years in the candidate is an un married woman but must not have completed or will not complete, as the case may be, 35 years on the first day of July of the year in which the selection is made.
7. Assistant Surgeon / Medical Officer	Should not have completed 35 years on the first day of July of the year in which the selection is made. Must be a registered practitioner within the meaning of the Tamil Nadu Medical registration Act, 1911 (Tamil Nadu Act IV of 1914) Must have obtained the degree of M.B.B.S. of any university or institution recognized by the University grant commission for the purpose of its grants; and Must have served for a period of not less than one year in one of the following capacities, namely (i) House surgeon, House Physicist, Clinical Assistant or Honorary assistant Surgeon in the Government Hospitals in the State or in any of the hospitals or dispensaries maintained by the Local Bodies or (ii) Medical Officer-in-charge of a subsidised or non-subsidised rural dispensary in the State. Medical Officer Rs. 1340-2435 2200-4000 8000-275-13500 .

37. Appointment

Appointment to the several categories shall be made as follows:

1. By Direct recruitment or
2. By promotion from any post under the panchayat union council.

Appointing authority: The appointing authority for the different categories of posts shall be the Commissioner. Provided that no appointment shall be made without the prior approval of the Appointment committee.

Provided further that, in respect of appointment to the posts of Assistant Surgeon, Junior Assistant Surgeon, Class I and Junior Assistant surgeon class II, the Director of Health services and family Welfare and in respect of appointment to the post of Assistant Mdedical Officer (Indian Medicine), the Director Indian Medicine shall be consulted and that in respect of appointment to the other posts, the District Medical Officer shall be consulted.

It should be particularly seen,

that the salaries and allowances of staff other than those not borne on Panchayat Union Establishment are not charged to panchayat union funds.

Note : 1. The following posts have been classified, as those borne under Government and their pay and allowances are met from state funds.

Commissioner;

Manager;

Accountant;

Assistant;

Jeep Driver; (Govt. side)

Note : One post of Junior Assistant which was originally borne under Education Establishment, should be transferred to the office of the Assistant Educational Officer at. once (Vide G.O.Ms.No.1927, Education, dated 4th December 1987)

Note: The pay and allowance of other staff (viz.) cashier, Junior Assistants, Record Clerks, Typists and Office Assistants shall be debited to panchayat union General Fund.

(G.O.Ms.No.1225, LA, dated 20th July 1960)

38. Important Government Orders Relating to Establishment:- Government have issued from time to time orders which should be borne in mind while auditing the establishment bills.

Note 1: InG.O.Ms.No.130, Rural Development and Labour Administration, dated 22nd May 1974 Government have provincialised the following panchayat union staff w.e.f 01-04-1974. But their pay and allowances, etc., are continued to be met from General Funds

Junior Assistants	4
Typist	1
Cashier	1

Note: Government have fixed norms for various posts in panchayat unions. However Government will continue to exercise the power of sanction and renewal of posts in Local bodies.

(G.O.Ms.No.450, Rural Development and Labour Administration, dated: 2nd June 1987)

Note 2: The services of all panchayat union staff have been made pensionable with effect from 01-04-74.

In the case of supplemental bills the correctness of non-drawal certificate shall be verified.

Note: This should be verified by reference to original bill in which the amounts were withheld or refunded and it should be seen whether the numbers and date of subsequent bills have been noted in the original bills.

That the payment of arrears is supported by proper sanction

that the amounts have been disbursed to the individual~ concerned and their acquittance obtained in the acquittance register.

A person shall be deemed to possess a completed S.S.L.C., if he has appeared for the S.S.L.C. Public Examination.

(Explanation (I) under G.O.Ms.No.2385, Public Service Department, dt: 20-10- 70 (Vide also memo NO.82650E5/65/ LA / dt: 01-07-65.)

A pass in the matriculation examination through correspondence course of a University can be considered as equivalent to pass in the S.S.L.C. Examination of this state. If a candidate has failed in the Matriculation examination of a University as private candidate, then his/her certificate (failed) cannot be treated as equivalent to any standard in recognised school of Tamil Nadu. A mere appearance for matriculation through correspondence course of a University cannot be equated to that of appearance for the S.S .L.C. Examination of Tamil Nadu.

(Govt. Lr.No.13 7549/EIII179-7, RD&LA, Dt08-03-81)

Minimum General Educational Qualification is S.S.L.C. eligible for college course, Marks are not necessary.

(G.O.No.3458, Public Service, dated:31-1 0-74)

The extension of time granted for two years from 12-4-87 for acquiring the test qualification by R.W.O.s and others as per G.O.Ms.No.485, RD, dt: 19-06-87 has already expired on 11-4-89. The Government have decided not to grant any further extension of time.

(Govt.Lr.No.24638/E4/90-1/11-05-90 RD Department)

The pay of typist posted as clerk is to be paid at pay last drawn as typist excluding special pay. Regarding drawal of increment the provision to note under F.R.31(A) will be followed. The pay of cashier of panchayat union appointed as Junior Assistant may be fixed at last pay drawn whether the appointment was made at their own request or not.

(Memo.No.136072/EIII/67-2/RD&LA, dated:29-12-1967)

(Memo. No. 136863/EB/67-13/RD&LA, dated:24-12-1968)

The Appointment committee may fill up the vacancies arise in the post of Record clerk and Office Assistant by following the procedures prescribed in the Government order.

(G.O. Ms. No.114 R.D. (E5) Dept. Dt:06-05-2000)

Ward boys working in rural dispensaries are treated as full time employees.

(Government Letter No.(Ms.) 496, H & FW department, dated 9-3-82)

39. Persons working in consolidated pay brought into regular establishment: The persons who have completed 10 years of service in a Panchayat Union who are working in a consolidated pay and recruited before 1-4-1981 may be brought into regular establishment by the District Collector subject to the fulfillment of the following conditions:

The condition prescribed in G.O. Ms. No.878 RD & LA dt: 15-5-1981 shall be scrupulously followed.

The persons who are appointed on or after 1-4-1981 in a consolidated pay should not be brought into regular establishment by the District Collector.

The persons working in Govt. Offices in a consolidated pay should not be brought into regular establishment.

The ratification of Government shall be obtained within 3 months.

(G.O. Ms. No.217 / R.D.D dt:3-7-1997)

Clerks of Village or Town Panchayat with a minimum of 5 years of service may be appointed as Record Clerk or Junior Assistant subject to the condition that they possess the prescribed qualification.

The rules regarding age and educational qualification prescribed to Last Grade Service of Panchayat Union Council in G.O. Ms.No.88, RD & LA, dated 8-1-1971 as amended from time to time come into effect from 1-4-1974. The unqualified candidates appointed after 1-4-1974 may be treated as menial and contingent establishment

(G.O.Ms.No.642, Rural Development and Local Administration, dated 29th April 1978).

40. Gang Mazdoors: The appointment of Gang Mazdoors from 01-04-79 has been banned by Government.

(G.O.Ms.No.1661, R.D. and L.A., dated 17th October 1979.)

The services of the Gang-Mazdoors working in panchayat unions who have put in 10 years of service as on 01-04-1979 may be brought in to the time scale of pay subject to the conditions that the ban on fresh recruitment of Gang-Mazdoors may be continued and that the total number of Gang-Mazdoors is brought to level justified by the work-load norms. They are also eligible to draw D.A., H.R.A., etc., at the rate admissible under the orders in force from time to time and additional benefits such as joining time, H.R.A., Earned leave at the rate of 1/22 of duty and accumulation of leave

upto 60 days, unearned leave on M.C.for six months and maternity leave. Separate orders of Government should be obtained sanctioning specific number of Gang Mazdoors on the time scale of pay under various Panchayat unions.

(G.O.Ms.No.1661, RD&LA, dated:17-10-79)

The services of the Gang Coolies who have put in more than five years of service excluding period of break as on 01-04-79 can be regularised w.e.f. 24-05-85. The concessions granted in G.O.Ms.No.1661, RD, 17-10-79 are applicable to these gang coolies.

(G.O.Ms.No.664, RD, dt:2]-08-86)

The age of retirement of Gang Mazdoors who were brought into regular time scale of pay shall be fifty eight years.

(G.O.Ms.No.1829, RD&LA, dt:9.12.83)

The N.M.R.s who are appointed for the maintenance of the roads may be brought into regular establishment after completion of 10 years of service

(G.O. Ms. No.136/R.D.D. dt:28-4-1997)

41. Full time Contingent staff: The full time contingent staff in panchayat unions, Town Panchayats and panchayat Townships who have put in ten years of service and more without break as on 1-4-1981 are brought into regular establishment with a time scale of pay subject to the following conditions:-

The contingent staff will be brought into regular establishment based on the seniority in the respective category of the concerned panchayat institutions and the pay on the time scale of pay shall be fixed based on the total emoluments or wages last drawn by them.

They shall be eligible for benefits like leave and medical facilities applicable to the employees in local bodies having identical scale of pay.

No new posts in the category of contingent establishment after 1-4-1981 should be created and vacancies after 1-4-1981 should not be filled up.

The Director of Rural Development is empowered to fix the total strength of the employees under contingent establishment in each panchayat union based on the work load and actual need therefore as on 1-4-1981, taking into account the financial position of the Panchayat Unions concerned.

In future as and when employees borne on the contingent establishment complete 10 years of service, the executive authority of the panchayat institutions should send necessary proposals to bring them to time scale of pay through the Collector of the District concerned and Director of Rural Development, Madras for approval of Government after the total strength in each category is fixed by or Director of Rural Development .

The panchayat union should bear the additional cost from their own funds without affecting their other programme.

(G.O. Ms. NO.878, RD & LA, dated 15-05-1981)

The legal heirs of gang mazdoors (Road works) who had completed 10/5 years of Services and brought into regular time scale of pay and who die in service of panchayat union may be appointed in panchayat union service subject to fulfilment of educational and other qualification on compassionate grounds. They however can not be appointed in the place of gang-mazdoor (Road works) with reference to ban orders issued in G.O. Ms.No.1661, RD&LA,dated 17-10-1979.

(G.O.Ms.No. 64, RD, dated 26-3-1992)

The services may be regularised with effect from 26-6-2000

The service registers of the persons who are going to retire within two years shall be scrutinised in audit without any omission.

The defects if any noticed shall be brought to the notice of the Commissioner besides sending a report to the District Collector.

The excess payment if any shall be worked out in audit.

The correctness of date of birth, regularisation, declaration of probation, pay fixation, awarding of Selection / Special Grade, rectification of anomalies based on the Government orders and circular instructions and service verifications shall be ensured in audit.

The retrospective regularisation before the issue of Government order shall be objected in audit.

(G.O. No.878 R.D. and L.A. Dept. dt:15-5-81)

(G.O. No.271 R.D. Dept. dt: 3-7-97)

(Director of Rural Development Department Letter No.16500/84/E1 dt:16-1-99 and 27-9-99)

(G.O. Ms. No.267 R.D. Dept. dt:22-12-99)

(Director of Rural Development Dept. Letter No.13055/2000/E1 dt:23-4-2000)

(Govt. Lr. No.47729/E7 / 2000-6 / R.D. Dept. dt:9-3-2002)

(Head Office Letter No. P.U. Audit-1 / 6476 / 05 dt:20-9-05 (Circular No.22/2005)

and (55428 / 06 / 2005 dt:29-11-2005 (Circular No.33/2005))

Contingent employees brought under Regular establishment have to be treated as direct recruitment and allowed only minimum of time scale. If the total emoluments in the scale of pay (viz. pay, D.A. and other allowances) happen to be lesser than the total emoluments drawn prior to the entry into regular establishment then the difference has to be treated as adhoc allowance and paid to them till the difference in their total emoluments is set right.

(G.O.Ms.No.780, RD&LA, dt 01-10-86)

42. Rural Welfare Officer: Counting of the period of training undergone by Rural Welfare Officers:

The orders issued in G.O. Ms. No.85, Rural Development Department dated.10-7-2002 shall be given effect to retrospectively from 30-7-92 and that all the Rural Welfare officers retired on or after 30-7-92 shall be eligible to count the period of training undergone for pensionary benefits.

(Secretary Letter No.34947/E7/2002-6/Rural Development Department, dt:9-1-2003)

43. Deputy Block Development Officers: The Special Rules for Tamil Nadu panchayat Development sub-ordinate Service covering the posts of Block Development Officers, Deputy Block Development Officers and Extension Officers have been issued.

In rule 3 of Special Rules for the Tamil Nadu Panchayat Development Subordinate Service, among others, the following service qualification have been prescribed for promotion to the post of Deputy Block Development Officer.

Must have served as Extension Officer (Panchayats) for a period of not less than one year.

G.O. Ms. No.154 Rural Development and Panchayat Raj (E4) Dept. Dt:20-10-2006

44. Electrician, Helper and Fitter: As per G.O. Ms. No. 180, Rural Development, dated 09.06.1997, Water supply maintenance staff have been put under the control of the Panchayat Union Commissioner and hence Panchayat Union Commissioners are instructed to continue to pay salary to the Water Supply Maintenance Staff (Electricians, Helpers and Fitters) from the Panchayat Union Funds until further orders.

(Govt Lr. No. 258591E5/97-1, Rural Development (E5) Development, Dt : 18.06.97)

Govt. direct that the scale of pay of the post of Mechanic cum- Fitter / Fitters employed in Rural water supply maintenance wing at Block and Divisional level be revised as follows:

Name of the Post	Existing scale of pay	Revised scale of pay
Mechanic cum Fitter	Rs. 555-970 form 1.10.84	Rs.610-1075 notional effect from 1-10-84 and monetary effect from 1-4-86
Fitter	Rs.610-1075 Selection grade	Rs.705 – 1230 Selection Grade Rs.950 – 1500 with effect from 1-6-88.

The revised scale of pay ordered above shall take notional effect from 1-10-84 and monetary benefit from 1-4-86. The fixation and arrears in the revised scale shall be made as per Tamil Nadu Revised Scales of Pay Rules 1985 and 1989.

Selection Grade Pay shall be regulated, based on the ordinary grade scale of pay as per G.O. Ms. No.304, Fin. Dt.28-3-90 as amended in G.O. Ms. No.215, Fin. Dt.22-3-93 subject to proviso 4 therein.

Granting of personal pay to the Fitters / Mechanic cum Fitters in the Rural Water Supply Maintenance Wing will be governed by the rules issued in G.O. Ms. No.664, Fin., dt.24-8-92.

(G.O. Ms. No.41 Rural Development dt:1-3-1999)

Government direct that the Fitters who have drawn pay in the scale of pay of Rs.950-1500 from 1-6-88 but redeployed at Block level Helpers to Electricians with scale of pay of Rs.750-945 shall be given protection of the scale of pay of Rs.950-1500 as personal to them.

The status of the 57 Fitters as Panchayat Union Employees and that of the Electricians and 57 Helpers as Govt. employees accorded with the G.O. Ms. No.321, M.A. & W.S. dt: 24-3-98 and G.O. Ms. No.270, RD dt:24-12-92 prior to the re-deployment will continue irrespective of the fact that they are paid from devolution grant of Panchayats.

(G.O. Ms. No. 42 Rural Development dt:13-1999)

The Employees in the post of Fitter Grade – II who were promoted as Fitter Grade- I without any sanctioned post in the Panchayat union shall be treated as holders of selection grade. Fitter Grade II and they shall be allowed the scale of Rs.1200-2040 with effect from 1-6-88 irrespective of the service rendered by them in Fitter Grade- II post from the date on which they were allowed Fitter Grade-I.

As there is no sanctioned post of Fitter Grade-I on Rs.1100-1660, the fitter Grade – II shall be allowed selection Grade scale of Rs.1200-2040 with effect from 1-6-88 as per annexure I of G.O. Ms. No.304 Fin(PC) dt:28-3-1990.

(G.O. Ms. No.187 Finance (Pay cell) dt:21-5-2002)

45. Road Inspectors on Deputation: In G.O.Ms.No.51 Finance, dated 14-01-1977 orders were issued bringing the work charged establishment under the regular establishment w.e.f. 1-1-1977, hence Road Inspectors are Government Servants on Foreign Service to panchayat union. Hence F .R. 110-116 are applicable from 01-01-77. The Leave salary contribution and pension contribution should be paid by the panchayat union at the rate prescribed under F.R. 116. Leave Salary will be paid from H & RW Department and duty pay will be paid directly by the panchayat union.

The Road inspectors in Highways Department will also be given an opportunity for permanent absorption against the post of Road Inspectors in the Panchayat Unions. These posts will be the feeder categories for appointment of oversears. The Chief Engineers may be requested to obtain options from the all those personnel and place them at the disposal of Rural Development Department.

(G.O. Ms. No. 1433, RD & LA, dated 27-8-77).

For the Road Inspectors who have given option to go back to their Highways Department but not relieved from Rural Development Department, the Leave Salary contribution and pension contribution shall be remitted from 1998 to the date of relief from the Rural Development Department.

(Director of Rural Development, Chennai Rc.No.24121/PA4/2000 dt:23-9-2005)

46. Leave Salary Contribution: In respect of provincialised employees in panchayat union councils who retired or will retire after 1st April 1974 no leave salary contribution need be remitted and pension contribution @ 10% of the maximum of the time scale of pay with management contribution upto 31 st March 1974 may be collected.

(G.O.76, Rural Development and Labour Administration, dated 12th October 1984)

47. Compassionate Grounds Appointment: The legal heirs of deceased panchayat union employees who were in service prior to 29-09-86 can be appointed in Government Service as Junior Assistants and Typists with the concurrence of the T.N.P.S.C. and their service regularised from the date of issue of order.

(Vide G.O.Ms.No.54, Rural Development, dated 12th February 1988)

For posts outside the purview of T.N. Public Service Commission recruitment of sons/unmarried daughters / widows of defence personnel killed /disabled in action or died in harness in panchayat union can be made subject to the condition that they satisfy the age and Educational qualification prescribed for the posts.

Vacancy proposed to be filled up should be notified to the Employment exchange. (b) The power of waiving normal procedure vested with appointing authorities.

In respect of appointment of near relative, powers, vested with Head of the Government department concerned.

Concession will be applicable to only one dependent.

(G.O.Ms.No.183 RD, dt 03-05-91)

48. Appointment by transfer : Persons in services in the district in Rural Development Department other than the Tamil Nadu Ministerial Service who are in categories such as Record clerk, office Assistant, Watchman, Woman Welfare Organisers and Tailoring Instructors who are having no promotional opportunities or even after more than one promotion in the respective service would still be in a category carrying scale of pay lower than that of Junior Assistant / Typist, shall alone be considered for appointment by transfer as Junior Assistant / Typist / Rural welfare officer Grade II and cashier subject to the possession of the required qualification as prescribed for direct recruitment.

The sphere of appointment by recruitment by transfer shall be limited to the persons in the lower categories in other services within the preview or control of the unit officer concerned.

While making such appointment it should be ensured that the recruitment by transfer from the lower categories should not exceed 10% of the vacancies in each of the categories, Junior Assistant Typist, Rural Welfare officer Grade-II and Typist.

A person to be eligible for appointment should have rendered not less than seven years of service in the lower category.

Before such appointment training in clerical work for a period of one year, that is they shall discharge their duties and training for atleast two hours a day without detriment to the normal work.

Such training in clerical duties is not necessary for appointment to the post of Typist as the work of Typist is only mechanical.

However, persons holding posts of identical scales in other services like Tamil Nadu - General Subordinate Service, Tamil Nadu Educational subordinate service etc, need not be considered for appointment by transfer.

(G.O. Ms. No.189/R.D.(E) dated 10-06-1997)

(G.O. Ms. No.240/R.D.(E5) dated: 07-09-2000)

49. Watchman post further continuance: The further continuance of the post of 171 night watchman for three years from 26-6-2003 onwards.

The expenditure shall be borne by the respective panchayat unions from their General Funds.

(G.O. Ms. No.114 Rural Development (Establishment) Dept. dt:15-7-2004)

50. Upper age limit for Direct Appointments:

- | | |
|---------------------------------|----------|
| 1. Open | 30 years |
| 2. ST / SC (5 years concession) | 35 years |
| 3. M.B.C / DNC / B.C | 32 years |

(G.O. Ms. No.16 / Backward & Most Backward classes dept. dt.3-5-2002)

(G.O. Ms. No.118/P&A.R. Dt.30-9-2002)

The upper age limit for entering in to Govt. service shall be released by 5 years to enable the unemployed youth affected by the ban order on recruitment to apply for Govt. jobs.

(G.O. Ms. No.98 / P&AR (S) dept. dt:17-7-06)

Candidates whose age is below the maximum age limit as on the date of recommendation of their candidature by the Employment Exchange can be considered for appointment though they have crossed the maximum age limit as on the date of appointment.

(G.O.Ms.No.656,RD, dt: 14-08-87)

The orders issued in G.O.Ms.No. 1135, P & AR (Personal-M), dated 6-10-1979 enhancing the maximum age limit for direct recruitment to all posts from 26 years to 28 years are made applicable to the employees of panchayat union where the age of 26 years has been prescribed.

(G.O. Ms. No. 1704, RD & LA, dated 3-11-1980.)

51. Office Assistant may be promoted as Record Clerk: Posts of Record clerk are to be filled up from among office Assistants in Panchayat Union with prescribed educational qualification provided they are initially recruited through Employment Exchange.

(G.O.Ms.No.144/RD (E7)dt04-04-91)

52. Up gradation of Record Clerks as Record Assistants: G.O. Rt. No2 P&AR Dept., Date 02-01-1996 is extended to Panchayat Union Record clerks without any modification.

The allocation shall be on 5:1 ratio and the actual no of posts to be upgraded will depend upon the cadre strength of each unit.

The Director of Rural Development shall sanction the actual upgradation of the posts of Record clerks as Record Assistants in any unit of appointments in which a person becomes eligible for promotion as Record Assistant. The particular post held by the individual alone shall be upgraded. The vacancies that could arise consequent on the retirement on superannuation / voluntary retirement / resignation of existing incumbents and deaths shall be filled up by the next senior most eligible person.

Additional expenditure due to upgradation of the post shall be borne from the concerned Panchayat Union Fund.

(G.O. Rt. No.188 / R.D. (E5) Dept. 10-6-1997)

53. 5% Personal Pay ineligible : The Record Assistant post is created in all Panchayat Unions on or after 27-6-1989. Hence they are not entitled to 5% personal pay sanctioned on 1-8-92 and 1-9-98 respectively.

(Govt. Letter No.38877 / Finance (RD) / 2000-1 dt:30-8-2000)

(Head Office Letter No.6228 / PU Audit – 1 / 04 dt:6-5-2004)

In G.O.Ms.No.1300, RD & LA, dated 22-05-1974 the service of R.C.(edn.) Junior Assistant, Typists & Cashier have been provincialised w.e.f. 1-4-1974. In G.O.Ms.No. 27IRD/27-4-1986 awarding of S.G. to the aforesaid category of staff on completion of 10 years of regular service has been ordered.

The concession granted to Government servants in G.O.Ms. No. 1460, Finance (F.R.I.), dated 29-11-1973, regarding counting of temporary service for increment and advancing the date of increment to fall due on the commencement of each quarter has been extended to panchayat union council and town panchayat employees.

(G.O.Ms.No. 1642, Rural Development and Local Administration, dated 9-7-1974)

54. Direct Recruitment: The Government accord permission to District Collectors to fill up 50% of the vacant posts of Overseers, Junior Draughting officers and Road Inspectors grade II in their district by direct recruitment through Employment Exchange.

The District Collector is the appointing authority for categories of Overseer, Junior Draughting Officer and Road Inspector Grade II as per Rule 5(a) of the Tamil Nadu Panchayat Development Engineering Subordinate Service Rules. The Collector shall call for a panel of candidates from the Employment Exchange. He shall also constitute a selection committee with the Project Officer (District Rural Development Agency) and Executive Engineer (Rural Development) as members and himself as Chairman.

(G.O. (D) No.609 Rural Development and Panchayat Raj (E3) Dept. Dt: 19-10-2006)

55. Medical Officer Direct Recruitment: The appointment Committee may appoint medical practitioners of Allopathy, Siddha and ayurvedhic and the opinion of District Medical Officers of Allopathy / Sidha / Ayurvedhic according to, regarding their academic qualifications.

(G.O. No.99 R.D. Dept. dt: 24-2-1999)

If "A" Class Medical practitioners are not available "B" and "C" Class Medical Practitioners can be appointed in regular dispensaries of Indigenous Medicine of Local Bodies as temporary measures.

(G.O. Ms. NO.2028, H & FW, dated 2-8-1971)

Government direct that the powers delegated in G.O.Ms.No. 2905 H dated 2-11-71 to District Medical Officers relating to appointment of R.M.P. as Medical Officers of Panchayat Union Dispensaries be transferred to the District Sidha Medical Officers.

(G.O. MS.No. II O/M.H., dated 21-08-86)

Age limit for appointment of Medical Officer is 35 (G.O. Ms. No. 844, RD & LA, dated 15th May 1975).

According to G.O.Ms.No.1763 Health dated 28-08-1982 Medical officers with B.LM., G.C.I.M., D.H.I. Qualifications are not eligible for allowance of SCA & OCA as Medical Officers with B.LM. Qualifications working under the Government are not paid other compensatory allowance or Special compensatory allowance. They are eligible for the allowance if they work in modern medicine dispensaries in P.U.Cs. (Lr.NoA1390/E3/85, dated 13-06-1985, of the Director of Medical Service and Family Welfare addressed to the Director of Rural Development).

Sanction of Government is necessary for the drawal of special pay by the Medical practitioners possessing qualification other than M.B.B.S. and drawing pay in the scale below Rs.2200-3500 (Vide G.O.Ms.No. 147, Fin.PC), dated 10th March 1988.

Leave rules framed in G.O.Ms.No. 1089, P & AR, dated 1-11-1980 are applicable to R.M.Ps Working in Rural Dispensaries run by Panchayat Unions.

(G.O.Ms.No.1623, H & FW, dated 5-10-1982).

56. Rural Medical Practitioner: The scales of pay of the Rural Medical Practitioners are detailed below:

Sl. No.	Scale of Pay	Monetary effect date
1.	750 – 35 – 1025 – 40 – 1385	1-10-1984
2.	1820 – 60 – 2300 – 75 – 3200	1-06-1988
3.	5900 – 200 – 9900	1-01-1996

The selection grade and Special grade may be awarded on par with Govt. servants.

The legal heirs of the deceased Rural Medical practitioners died while in service are eligible for compassionate ground appointments.

The Provident fund and Group Insurance recoveries may be made

The encashment of Earned leave, and Un Earned Leave on private affairs at the time of retirement are also extended.

The Medical officers who are studying post graduation Degree are eligible for stipends and salaries on par with Government Doctors

The Rural allowance and personal pay may be granted

The pay and allowances recovered from them as per G.O. Ms. No.250 / Rural Development / dt:14-9-2000 may be refunded.

The instructions issued in GO. Ms. No.250 / R.D. dt:14-9-2000 in para (A), (B) and (C) may be scrupulously followed:

(G.O. Ms. No.164 / Rural Development and Panchayat Raj (c5) dt:24-9-2007) and read with:

(G.O. Ms. No.16 / Rural Development / Dt: 29-1-1998)

(G.O. Ms. No.250 / Rural Development / Dt: 14-9-2000)

57. Special Allowance / Pay: The special allowance of Rs.10 raised to Rs.20/- permanent w.e.f. 9-8-1983 may be paid to compounders in Panchayat Union Dispensaries provided they have allowed to do ministerial work.

(G.O. MS.No. 2605, H & F.P., dated 2nd November 1972) & G.G. MS.No. 132!,
H & FW, dated 9-8-1983.

58. Security Compensatory Allowance: Cashiers of Panchayat Union Council who are required to deposit Rs.500/- are eligible for Security Compensatory Allowance.

Record Clerks and Office Assistants in panchayat Union who attend Roneo work are eligible for a special pay of Rs.20/-p.m. from 0 I-I 0-1984.

(G.Lr.No.25340/E7/97-4 Rural Development dt:25-1-1999)

59. Driving Allowance: The Last Grade Servants in panchayat unions who are qualified in driving vehicles may be nominated as peon-cum-Driver with a driving allowance of Rs. 15/- p.m. (Special Allowance) at the rate of one for every vehicles or part there of subject to a minimum of one for each office to which vehicle have been allotted.

The Panchayat Union Drivers who are holding Heavy Vehicle Licences but not driving Heavy vehicles, the special pay of Rs.20 per month is not entitled.

(Director of Local Fund Audit, Chennai Letter Roc. No.24434 / PUA1/2001 Dt: 07-08-2001.

60. Washing Allowance: Washing Allowance at the rate of Rs. 15/- p.m. to all office assistants, drivers working in panchayat unions, and Maternity Ayahs who are given free supply of uniform, may be paid.

In respect of Panchayat Union, employees who are eligible for free supply of Uniforms, washing allowance has been raised from Rs.10/- to Rs. 15/- p.m. w.e.f. 1-6-1988. The expenditure should be met from the funds of the respective Panchayat Union.

61. Free Supply: The following concession granted to Government Servant in Government orders noted against each were extended to the employees of Municipal Council, Municipal Townships Panchayat Union Councils, Town panchayats and panchayat Townships in G.O.Ms.No. 1475, Rural Development and Local Administration, dated 21-09-1979. The expenditure is to be met from the funds of the local bodies concerned.

Free supply of spectacle - G.O.Ms. NO.759, Fin.CAII-I), dated 29-07-1978.

Free supply of Hearing aids - G.O.Ms. NO.760, Finance (All-I), dated 29-07-1978.

Reimbursement of cost of text books to the children (studying in schools) of all office assistants and other employees who are drawing a basic pay of RS.975/- p.m. and below.

62. Free Supply of Uniforms: The free supply of uniforms may be made to the following panchayat union employees at the scale noted against each: The expenditure shall be met from general funds of the panchayat union.

Sl. No.	Category		Scale
1.	Office Assistant	Two sets per Annum	G.O. Ms.No.2111/RD/LA/dt:3-10-1963
2.	Maternity Assistant	Three sets per Annum	G.O. Ms. No.636/R.D. and LA / dt:16-3-1965
3.	Additional Jeep Driver	Two sets per Annum	G.O. Ms. No.365/R.D. and LA/ dt:20-2-1981

63. Check of deduction made from pay bills: In respect of deductions towards RD & LIC that the acknowledgement of Post Master, Branch Manager, LIC etc. are forthcoming. In respect of provident fund remittances the remittance chalan and the T. Deposits pass book should be verified. Regarding book adjustments such as Festival Advances, Khadi Advances, Handloom advance etc. It should be seen whether contra entries of adjustments have been made in the cash book on both sides.

R.D Accounts maintenance and pass book, etc.:- The following instructions were issued in. order to prevent the occurrence of defalcation of C.T.D./RD amounts in Panchayat Unions. In audit it should be ensured that these instructions are followed:-

The work of collection and remittance of C.T.D./R.D amounts in Panchayat Unions should be entrusted to staff not lower than the cadre of cashier or Junior Assistant in cycle system every year.

Systematic and periodical verification of all the C.T.D./R.D. Pass books of the Depositors every month should be conducted by the manager and Accountant on alternative months and they should furnish a certificate in a running note file stating that they have verified all the pass book Entries with reference to the schedules attested by post office and with reference to pay bills and Acquittance Register and found to be correct.

Quarterly verification of all the Pass Books should invariably be conducted by the Panchayat Union Commissioners.

The C.T.D./R.D Pass Book should be shown to the Depositors annually and their signature obtained in token of their acceptance of the balance at the credit of their C.T.D./R.D. account.

The Panchayat Union Commissioners are personally responsible for proper maintenance of the C.T.D./R.D Accounts and Register. (Examiner's Lr. RC.No.D/I07407/80, dated 22nd November 1980) DRD's Lr. No. 172371 (Accts. VI/SO, dated 30th December 1980.).

64. Encashment of Earned leave at the time of Retirement: Panchayat Union Employees are allowed to encash the earned leave at their credit to maximum of 240 days on the date of superannuation and the quantum of leave salary for the earned leave encashed need not be subjected to any deduction towards pension and death-cum-retirement gratuity. Past cases should not be reopened. **(G.O.Ms.No. 418, RD & LA, dated 24-2-1982)**

Encashment of leave on private affairs and payment of full salary for the period of earned leave exceeding 180 days – Applicable of Govt. order to local body employees – The orders issued in G.O. Ms. No.488, Fin. (Pension Dept. dt.12-8-96 will also be applicable to the local body employees.

Employees of P.U.C. are eligible for surrender leave without actually going on leave w.e.f. 1-4-74. (G.O. Ms. NO.585, RD& LA, dated 1-4-1977)

(G.O. MS. No. 166, RD & LA, dated 20-1-1979).

65. Group Insurance Scheme: The Group Insurance Scheme was introduced for the benefit of Panchayat Union employees in the state with effect from 1-1-1978. A lump sum amount shall be given to the nominee of the employee who dies while in service. The lump sum amount shall be paid by the Life Insurance Corporation. The employees subscription and institutional contribution are as detailed below:

Sl. No.	Monthly subscription	Annual Management contribution	Date of effect	Total Amount Rs.	Government orders and date
1.	1.00	48.00	1-1-1978	10,000	G.O.Ms. No.932/Fin (Pen) / dt:1-10-1986 Director of Rural Development Lr.No.131543/86 (Accounts) dt:17-11-1986.
2.	3.00	96.00	1-4-1985	20,000	G.O.Ms. No.932/Fin (Pen) / dt:1-10-1986 Director of Rural Development Lr.No.131543/86 (Accounts) dt:17-11-1986.
3.	5.00	180.00	1-7-1989	40,000	G.O.Ms. No.704/Fin (Pen) / dt:10-7-1989 G.O.Ms. No.66/RD. dept / dt:19-1-1990
4.	10.00	240.00	1-7-1991	60,000	G.O.Ms. No.676/Fin / dt:25-8-1992
5.	10.00	530.00	1-1-1976	1,00,000	G.O. Ms. No.502/Fin / dt:14-08-1996 G.O. Ms. No.747 / Finance dt:31-12-1998.
6.	10.00	780.00	1-1-1997	1,00,000	G.O. Ms. No.747/Fin / dt:31-12-1998.
7.	20.00	660.00	1-9-1997	1,00,000	G.O. Ms. No.483/Fin / dt:12-9-1997
8.	20.00	660.00	1-1-1999	1,00,000	G.O. Ms. No.747/Fin / dt:31-12-1998
9.	30.00	660.00	1-2-2006	1,50,000	G.O. Ms. No.132/Fin (Pen)/dt:21-2-2006

An employee should execute a nomination in the form as shown in Form II in favour of his family members w.r.t. instructions contained in paragraph below, so that the lump sum amount under Family Security Fund can be paid to his / her nominee in the event of his / her death.

No employee shall be paid his / her first month's pay after joining the service unless he / she files his / her nomination.

In case a Government servant fails to nominate any one or the nomination made is not valid, then the lumpsum payments under Family Security Fund / Group Insurance scheme shall be payable to the legal heirs irrespective of the fact whether the legal heirs fall within the definition of family or not and shall not lapse to the Government.

The above orders shall come into force w.e.f. 24th October 1981 (G.O. Ms. No. 806 / Finance (Pension) dt:21st September 1983 read with G.O. Ms. No.389 / Finance (Pension) dt:13th May 1986)

All part time employees on consolidated pay / honorarium shall also be eligible.

The employees who are appointed by the District Collector on consolidated pay as part-time employee is also eligible.

The employee who are paid from contingency are eligible.

(G.O. Ms. No.1151 / Finance (Pension) / 90-1 / 17-6-1991)

(Govt. Ir. No.133231 / Finance (Pension) / 90 – 1 / 17-6-1991)

The employees who are appointed through employment exchange are eligible.

(Govt. Lr. No.120213/Finance (Pension) – 1 / 2-12-1994)

For the employees who are appointed prior to 2-12-94 without consulting the employment exchange, who died while in service the lumpsum payment shall be paid to the legal heir only on ratification obtained from concerned administrative department .

(Govt. Lr.106957 / Fin (Pension) 95-1 / dt:18-1-96)

The Scheme is extended to Noon-meal organisers / Assistants.

(Govt.Lr.155089/Finance (Pension) / 90 – 1 / dt:25-2-91)

The institutional contribution for the Noon-meal employees shall be paid from the General Funds of Panchayat Union at the rate of Rs.60/- per annum per employee.

(Govt. Lr.133981/Finance (Pension) / 93-1 / 30-6-92.

66. Health Fund: The Tamil Nadu Govt. Employees Health Fund scheme is extended to the Panchayat Union employees with effect from 1-7-1996.

- i. **Scope:** The scope of these rules shall be to constitute a separate fund for the purpose of granting financial assistance to panchayat union employees who have undergone certain specialized advanced surgery / Treatment for which facilities are not ordinarily available, at the Govt. medical institutions.
- ii. **Family:** It includes wife and children of the panchayat Union employee In the case of wife Husband and Children and in the case of unmarried employee the dependant parents.
- iii. **Contribution:** A sum of Rs.5 shall be recovered every year in June months salary.

(G.O. Ms. No.18 / Finance (Allowance)-1 dept. dt:9-1-92)

A sum of Rs.25/- shall be recovered annually in June months salary from 1-7-97 onwards.

(G.O. Ms. No.384 / Finance (Salaries) dept. dt:17-7-87)

A sum of Rs.10/- shall be recovered in monthly salary from December 1998 onwards.

(G.O. Ms. No.711 / Finance / dt:10-12-98.)

iv. Other conditions: are as applicable to Govt. Servants.

In respect of employees of Panchayat Union working under the control of the Collectors in Districts the District Collectors shall be delegated with powers to sanction financial assistance from Tamil Nadu Panchayat Union Employees Health Fund by adhering to the rules framed for this purpose scrupulously.

The above delegation shall apply to claims of Panchayat Union employees reaching the Collectorate whether the treatment was carried out before or after the date of issue of these orders.

The District Collectors who are empowered to sanction financial assistance from Tamil Nadu Panchayat Union Employees Health Fund to employees under their control are informed that they should not come up with any proposal for additional staff to attend to this item of work.

(G.O. Ms. No.51 Rural Development (E7) Dept. Dt: 13-4-2005)

In the Government letter first cited, instructions were issued to submit claim application in the prescribed format to the sanctioning authorities within 60 days from the date of discharge from the hospital. In the Government letter second cited instructions were issued to admit claim applications for treatment of Cancer at any number of times with in the overall ceiling of Rs.1 lakh with the recommendations of DME / DMRHS.

Since continued outpatient treatments are necessary for cancer patients for full recovery, the Government clarify that the claim application under Tamil Nadu Government Employees Health Fund Scheme in respect of Chemotherapy and Radiotherapy treatment shall be admitted upto 60 days from the last date of such treatment taken as outpatient in

the accredited hospital. The last date of treatment should be verified by the sanctioning authorities by obtaining cash bill or any other recorded proof of treatment from the hospital to that effect.

(Government Letter No.64938 / 2004/1 finance (Salaries) dt:9-11-2004)

The Angioplasty and PTCA Stent is a Specialised advanced treatment given for the Coronary artery disease to remove blocks in the Coronary artery system and it is an alternative to the CABG Surgery. After getting the opinion of Director of Medical Education, the Government have decided to include the Angioplasty and PTCA Stent in the list of surgery under the Tamil Nadu Government Employees Health Fund Scheme. Accordingly, the Government direct that the Angioplasty and PTCA stent shall be included in the list under the group – Cardiology and Cardio Thoracic Surgery for the purpose of availing assistance under Tamil Nadu Government Employees Health Fund Scheme.

Amendment is issued to G.O. M.S. No.400 Finance (Salaries) Department, dated 29-8-2000

(G.O. No.556 /2004 Finance (Salaries) Department dt:8-11-2004)

67. Special Provident Fund cum Gratuity: Rules 1989 - The Scheme was introduced in G.O.Ms.No.648 RD (E7) Dept. 10.08.90 for adoption in P.U., T.Pt., and Pt.T.S.C.Rules issued.

i. Important rulings: Rules come into force on 28th February 1989 the recovery of subscription commenced from the salary for Feb'89 paid in Feb.89.

This scheme is optional for those who were in service as on 28-02-89, and compulsory for those who entered service after 28-02-89.

These rules shall apply to all regular employees of Panchayat Union and Town Panchayat and Panchayat Township committee and persons who are on foreign service or on deputation. These rules are not applicable to employees under emergency provision, contingent employees, contract officers, casual employees and officers and servants of work - charged, establishment and those on fixed pay and are paid from contingencies.

Subscription to be paid by the employee at Rs. 20/- p.m. from February 89. If an employee is on E.O.L. the subscription due for the E.O.L. period shall be recovered in subsequent months. In respect of future entrants contribution will commence from the calendar month following the date of regularisation of service. In respect of retrospective regularisation the arrear subscription along with compound interest at 8% shall be recovered.

The EA shall be personally responsible for the regular and prompt recovery of the subscription.

ii. Interest on subscription. The subscription shall carry 8% compound interest till the amount reaches Rs.6000/- Afterwards it shall carry interest at the rate applicable as under Annexure 11. No Temporary advance or withdrawals from the fund shall be permitted.

iii. Accounts: Schedules for subscription be prepared in Form NO.1 office copy to be maintained in office in book forms. The No. of installment of subscription to be noted in the pay bills.

The entries regarding the recoveries effected shall be made every month in the prescribed cards and attached to the S.R. Entries shall also to be made in the S.R. regarding the option, the date, of commencement of first recovery and also the total amount recovered every year.

Particulars of Number of installments effected so far shall be noted in the L.P.C. also.

While sanctioning the increment every year a certificate to the effect that the recoveries have been made regularly should be furnished by the sanctioning authority and added to the pay bills.

A Register of recoveries in Form No. II and a Register of payment in Form NO.III shall be maintained and attested by the E.A.

iv. Payment: In the case of an employee retiring on superannuation the amount of subscription received from the employees together with the interest accrued thereon as per Table shall be paid. The E.A. shall draw the amount by means of Treasury bills. The lump sum payment of Rs.10000/- shall be made to the employee at the time of retirement

by the Panchayat/Panchayat Union Township committee. In all other cases, including death while in service, only the actual subscription together with interest accrued thereon shall be paid from the state Deposit account. In the event of death while in service the amount will be paid to his nominee or legal heirs.

68. Travelling Allowance:

i. **Travelling Allowance Bills:** It should be seen: that the claims in respect of the Travelling Allowance of Chairman, Vice-Chairman and Member of panchayat union councils and other committee are correct with reference to rules relating to payment of travelling allowances by panchayat Union Council to their Chairman, Vice-Chairman, members, and member of the Committees.

The Tamil Nadu Panchayat Travelling Allowance and other Allowances payable to the Presidents, Chairman and Members of Panchayats and their Committee Rules, 1999.

Fixed monthly travelling allowance for the journey performed within the jurisdiction.

Every President of the village panchayat, chairman and member of the panchayat union and district panchayat shall be paid fixed monthly travelling allowance from the funds of the panchayat concerned at the rate fixed by the Government from time to time.

Fixed Travelling Allowance for undertaking tours within the panchayat area for attending to the work of the panchayat.

	Rs.
Village Panchayat President	500/-
Chairman Panchayat Union Council	750/-
Panchayat Union Ward Members	400/-
District Panchayat Chairman	1,500/-
Members of District Panchayat	500/-

Travelling and Daily allowance for tours made on Official work outside the area of the panchayat and outside District.

(G.O. Ms. No.128, Rural Development (C-4) Department, dt:23rd April 2001)

(G.O. Ms. No.569 Rural Development & Panchayat Raj dt: 28-9-07)

They shall not claim any other travelling allowance other than the fixed traveling allowance for any journey made within their jurisdiction.

ii. **Admissibility of daily allowance:** Daily or travelling allowance for journey performed out side the jurisdictions. The rates of daily allowance and travelling allowance admissible to a functionary of a panchayat for attending to official work outside his jurisdiction shall be as determined by the Government, from time to time.

Provided that travelling allowance shall not be admissible for a journey undertaken within eight kilo metres from his headquarter.

Provided further that when a journey is performed to, and from, Chennai, the rate of daily allowance shall be increased by one hundred per cent on the rate specified above.

The daily allowance shall be admissible to a functionary for a block of twenty-four hours absence from his headquarters for the journey exceeding eight-kilo metres for attending to official work. The following percentage of daily allowance is admissible for a journey undertaken by him for more than eight-kilo metres from his headquarters:

(a)	Daily allowance for not more than six hours	30 percent
(b)	Daily allowance for more than six hours but less than twelve hours	70 percent
(c)	Daily allowance for more than twelve hours	100 percent

iii. Place of Headquarters: Where a functionary resides within the jurisdiction of the village panchayat or panchayat union council or District panchayat concerned, but at a place different from where the office of village panchayat or panchayat union or district panchayat concerned is, situated, such place of residence shall be treated as head quarters for the purpose of calculating travelling allowance

iv. Requirement of Panchayat resolution: Where a functionary has to perform journey outside his jurisdiction for attending to official work and claim travelling allowance for such journey, it shall be sanctioned by a resolution of the panchayat concerned.

Provided that the prior sanction of the Collector shall be obtained for a journey to be undertaken by a functionary outside the district.

1.	Chairman and Members of District Panchayat	I Class	Rs.50	Actual Bus fare
2.	Chairman Panchayat Union	II Class	Rs.30/-	Actual Bus fare
3.	Panchayat Council members	II Class	Rs.30	Actual Bus fare
4.	Village Panchayat President	I Class	Rs.20/-	Actual Bus fare
5.	Village Panchayat Members	II Class		Actual Bus fare

To claim daily and travelling allowance by the members of panchayat for journeys undertaken outside the jurisdiction of the Panchayat, resolution of the concerned panchayat shall be obtained.

If journey is to be undertaken outside the District, prior sanction of the Inspector (District Collector) shall be obtained.

69. Sitting fees for attending meetings of Panchayat

Sl.No.	Name of the Post	Sitting Fees
1.	District Panchayat Chairman and Members	Rs.100/- (Allowed only for two meetings in a month)
2.	(a) Chairman, Panchayat Union Council	Rs.75/- (Allowed only for two meetings in a month)
	(b) Members of Panchayats Union Council	Rs. 50/- (Allowed only for two meetings in a month)
	(c) Village Panchayat Presidents	Rs.50/- (Allowed only for two meetings in a month)
	(d) Village Panchayat Member	Rs.25/- (Allowed only for two meetings in a month)

The expenditure to be sanctioned for the above purposes shall be incurred from the funds of District Panchayats / Panchayat Unions / Village Panchayat.

(G.O. Ms. No.362 Rural Development (C1) Department dt:20-12-1997

Every functionary who attends the meeting of the panchayat concerned shall be paid sitting fees at the rates as determined by the Government from time to time.

The expenditure for travelling allowance and sitting fees shall be met from the funds of the panchayat concerned.

70. Power of the Government to restrict the traveling allowance: Not with standing anything contained in these rules, the Government shall have power to restrict the amount of travelling allowance payable for a month or a year to any of the functionaries.

(G.O.Ms.No.258. Rural Development Department (C4). 11th December 1999)

Maximum limit of T.A. to Panchayat Union Chairman has been enhanced from Rs.500/- to Rs.750/- per annum. in respect of others the ceiling has been raised to Rs.100/- from RS.300/-. Special sanction of Collector is necessary in case the expenditure exceeds the monetary limit prescribed.

(G.O. Ms. No. 238, RD, dated 11-4-1989)

The attendance register of members should be examined to see whether the members have been present on the dates for which travelling allowance have been claimed and the voucher numbers of payment noted therein.

No claim of Chairman, Chairman delegate and member of Panchayat Union and standing committees shall be entertained if it is made after one year except with the sanction of Panchayat Union Council.

(G.O. Ms. No.2231, RD & LA, dated 21-10-1963)

Regarding the claims of M.L.As. it should be ascertained from the Legislative Assembly/Department that in respect of same Journey no Travelling Allowance was paid from state funds.

The Head Quarters of personal clerk and the peon of the chairman shall be the place where the Chairman has his residence. It has to be seen that the compensatory allowance applicable to the employees at panchayat union Headquarters are not drawn by the persons if the residence of the Chairman is other than the panchayat union headquarters.

(G.O. Ms. No. 1166, RD& LA, dated 25-5-1963) (G.O. Ms. No.2315, RD & LA, dated 11-12-1961).

Mileage allowance will be allowed if they perform the journeys by their own motor cars.

The conveyance allowance of RS.10/- p.m. to maintain a cycle has been enhanced to Rs.20/- p.m. w.e.f. 01-06-1985 to the employees of panchayat union council, Town Panchayats who are already in receipt of the conveyance allowance.

(G.O. Ms. No. 559, Fin (Pay cell), dated 10-6-1985).

Transport of body of local body employees who die while in service to the place of residence or place of cremation or to his native place as desired by the members of the family of the deceased at the cost of local bodies may be made.

(G.O. Ms. No. 509, RD & LA, dated 30-3-1978)

That the claim in respect of officers and servants of panchayat union council are correct with reference to rules and orders applicable to Governments contained in the manual of special pay and allowances.

It should be ensured in audit whether the guide lines issued in G.O. Ms. No. 1209, RD & LA, dated 2-7-1981 are strictly followed and the expenditure on T.A. allowed to the P.U. Staff is kept down to the absolute minimum required.

(G.O. Ms No.1209, RD & LA. dated 2-7-1981.)

According to Rule 1(2) of the rules relating to payment of arrear claims issued in Notification 22 appended to G.O.Ms.No. 1677, RD & LA, dated 8-10-1960, no claim for TA shall be entertained if it is made after three months from the date of completion of the journey.

Last Grade servant who carry tapals from and to the residence of Chairman may be paid actual expenses incurred in connection with the journey beyond 8 Kms.

(Government memo No.55249/EIII/66-7, RD & L1A, dated 19-11-1960)

T.A. payable to Cashiers, Accountants of P.U.C. who go to treasury for presentation of bills or of encashment of bills should be regulated as follows w.e.f. 11-11-1983.

(1)	Distance between the Office and the Treasury-Sub-Treasury, Bank is less than 8 k.m.	Actual Bus/Train fare.
(2)	-do- more than 8 k.m. but less then 50 k.m.	Actual Bus / Train fare and admissible D.A. (No incidental or Terminal charges admissible)
(3)	-do- more than 50 km.	Actual Bus/Train fare with admissible D.A. & terminal charges.

(G.O. Ms. No. 1672, RD & LA, dated 11-11-1983)

Panchayat and panchayat union employees on retirement shall be paid T.A. as on transfer to place within India where he/she proposed to settle down as per the entry in pension application.

(G.O. MS.No. 199. RD & LA, dated 19-04-88)

71. Leave Travel Concession: Leave Travel Concession has been extended to the provincialised staff of the Panchayat Union from the date of issue of G.O. ie. 22-01-1991.

(G.O.Ms.No. 387, RD, dated 22-01-1991)

72. Contingent Expenditure and Other Expenditures: The following are the important items of expenditure under this category:-

Recurring payments like rent, taxes, electric current charges, telephone bills, etc.,

Supply of uniform to staff,

Law charges,

Purchase of Forms and Stationery,

Postage,

Purchase of stores,

Repair to Tools and plants,

Repayment of loan annuities,

Payment of advances,

Refund of Deposits.

Fuel expenses

Maintenance Expenditure on Vehicles

Contribution

The authorised items of expenditure that panchayat Union can incur include all objects expressly declared obligatory or discretionary by the Act or any rules framed there under. In regard to certain items of expenditure government have issued instruction regarding incurring of expenditure, monetary limits, etc., and are included in the Manual of panchayat Administration Part II. Hence a fair knowledge of rules and Government orders is necessary for the audit of these vouchers. it should be generally seen in audit:-

that there is provision of funds in the approved budget for the expenditure.

that the payment has been properly vouched.

that in cases of articles purchased for stores they have been accounted for in stock accounts.,

Tracing of stock entries in respect of individual vouchers upto Rs.100/- may be dispensed with. T

(Head Office Circular NO.Rc. 47730/75/MI/3/06-03-1976)

that in other cases there is evidence of utilisation of the expenditure for the beneficial use of P.U.C. (v) that the expenditure is covered by the proper budget provision and that in respect of extra-ordinary items of expenditure the sanction of Director of Rural Development has been obtained.

that the purchases have been made following tender rules or quotation as the case may be, with reference to the value of purchases involved.

73.Purchase of Stationary Articles:

Purchases of stationary articles by Panchayat Unions should be based on the annual requirements. The following guidelines have been issued in G.O.Ms. No. 2072, RD& LA, dated 27-12-1977.

- 1) There should be Budget provision for the purchase of Stationary articles.
- 2) Scale of stationary should be got prescribed by the Collector classifying yard sticks for consumable and non-consumable articles of stationary with due regard to the requirement in each panchayat union and the articles already held in stock. It should not however be based on past consumption.
- 3) Tenders should be restricted to reputed dealers including Co-operative Super Markets as per a list of dealers to be finalised by the Collector. According to the new procedure the Collector will communicate an approved list of companies from whom only the panchayat union Commissioners can call for tenders.

(Letters Roc. No.13527/80!J3, dated 28-02-1980 of the D.R.D. addressed to District Collectors and Lr.Rc. 01/90733/79, dated 05-04-1980 of the Examiner of LF.Accounts)

- 4) The payment should be made through crossed cheques.
- 5) Furnishing of Security Deposit by the Tendered should not be dispensed with.
- 6) It shall be ensured that the lowest tender rates accepted compared favourably with the existing market rates.

(G.O.Ms. No.2072, RD & LA, dated 27-12-1977).

- 7) There is no provision to purchase stationery and other articles by Panchayat Unions from Agro Engineering Co-op. Federation without inviting Tenders.

(Government Lr. No. 45688/E3/8-33, RD & LA, dated 3-10-83).

- 8) Panchayat Unions are permitted to publish tender notices in any of the local dailies for supply of their annual requirements of materials and stores etc. as follows:

SI.No.	Value of Tender	No. of insertion in Newspaper
1.	Upto Rs.1000/-	One insertion in Local daily Advertisement charges should not exceed 5% of the value of articles to be purchased
2.	Exceeding Rs.1000/- but below Rs.5000/-	Two insertions in a local daily or one insertion in 2 local dailies-Total charges should not exceed 10% of the Value of the articles to be purchased.
3.	Exceeding Rs.5000/-	Two insertions in 2 local dailies or one insertion in 4 local dailies and in addition to be published in District Gazettee. Total advertisement charges should not exceed 10% of the value of articles to be purchased.

(G.O. Ms. No. 234 RD & LA dated 17-02-1981)

Note:

- 1) In the cases of procurement / works, which exceeds Rs.5 Lakhs value, the procedures prescribed in the Tamil Nadu Transparency in Tender's Act 1998 may be scrupulously followed.
- 2) Panchayat Union should purchase their requirements only from the registered dealers i.e. dealers registered under Tamil Nadu Sales Tax Act 1959 and with effect from 1-1-07 under VAT system and that purchase should be supported by serially numbered bills/vouchers irrespective of amounts involved in such purchases.

(D.R.D. Circular K. Dis.5209/82/dated 31-03-1982).

While auditing the expenditure on purchase of stationery or printing of registers locally it should be seen that no abnormal purchases have been made and there is budget provision for the purchase.

The rates quoted by the firms in the tender should be examined to ascertain that they do not largely vary from the current market rates.

The tenderers should furnish a sales tax declaration form along with the tender as per G.O. Ms. No. 2 Revenue Department dated 10-06-74 and the tenders without such declaration form should not be entertained.

Tender rules will not apply to purchase of :-

- a) stores purchased through Indian Stores Department.
- b) Articles from the metal and timber works factory of Government for resettlement of Ex-Servicemen:
- c) Controlled articles supplied at controlled rates through principal firms or their agents.
- d) Petrol from standard firm or from authorised agents at the rates in force for the time being.
- e) Products manufactured by the units of Industries Department of Government.
- f) Sales tax shall be excluded for the purpose of comparison of rate quoted.

Earnest money deposit need not be insisted when government Institutions tender for supply of articles required by Panchayat Union Councils.

Block level Agro Engineering and Service Co-operative Centre and District level Co-operative Agriculture Service Societies are exempted from payment of E.M.D. and Security Deposit while responding to tender call (G.O. Ms. No. 286, Agriculture (A.E.II) Department, dated 23-02-1978).

Payments to suppliers shall not be made until the materials, etc. are taken delivery of and the quantity checked and found satisfactory.

Government have issued orders from time to time and they should be borne in mind while auditing contingent vouchers.

74. Purchase of Water supply Materials and Maintenance of Power pumps:

A Committee consists of the following persons may be formed for the maintenance of power pumps.

District Collector	-	Chairman
Project Officer DRDA	-	Vice Chairman
P.A. to Dist. Collector Pt. Development	-	Member Secretary
Divisional Engineer Highways - Rural works	-	Member
Executive Engineer TWAD Board	-	Member
Executive Engineer - TNEB	-	Member
Two members nominated by District Development Council from the Panchayat Presidents	-	Member
Asst. Executive Engineer for the maintenance of power pump in collectorate	-	Special Nominee.

Conditions: The committee will finalise the annual requirements (indents) of the Panchayat and panchayat Union for the financial year. It should be finalised two months before the end of the financial year.

As per G.O. Ms. No. 75/Fin.I 1 9.02. 1997. Tenders and quotations shall be called for.

The rates offered by the company may be compared with the local market rates by the committee. The samples may also be received. so as to ensure the quality. The rates of the pipes may also be compared with the rates and quality approved by the TWAD board.

The rates and quality approved may be communicated to Panchayat and Panchayat Union by the Purchase Committee.

The Panchayat and Panchayat Union may purchase the materials at the approved rates and also from the approved companies.

In respect of repairs of the power pumps and Hand pumps it may be got repaired at the approved rates of District Purchase Committee.

Capital purchases need not be resorted to. (G.O. Ms. No.159 R.D.D. dt:15-5-1997)

75. Telephone: Panchayat Union Chairman Residence's Telephone:

All the elected Panchayat Union Chairman may be categorized as other Officers and the free calls for these category is limited to 600 free calls (Bi-Monthly) Charges called over and above the ceiling limits will have to be borne by the individual user.

(Govt. Lr. No.102286/99/RCP-3 Rural Development Dept. dt:08-06-2000)

Telephone Extension to the Block Development Officer (Programme) from the Telephone of B.D.O.(Regular) in Panchayat Union is permitted. Expenditure is to be met from Panchayat Union General Fund.

(G.O.Ms.No.888, RD(E7), Department dated 31-10-90).

Government do not consider it necessary to sanction telephone to the resident of Panchayat Union Commissioner.

(G.O. Ms. NO.1547, RD & LA, dated 1-8-1973).

76. Furniture: Furniture should be purchased in Government units or Carpentry units of Panchayat Union Councils only. (G.O .Ms. NO.288, RD & LA, dated,3-2-1971.)

77. Condemnation of type writers and Roneo machines of Panchayat Union Councils: The District Collectors are authorised to condemn the typewriter and Roneo machine of panchayat union council purchased from its General Funds following the procedure prescribed. In the case of typewriters and Roneo machines supplied by the Director of Stationary and Printing at Government cost, the proposal for condemnation will continue to be sent to the Director by the District Collectors and the approval obtained.

The Typewriters and Roneo machines purchased from Government Funds and condemned will be sent to the Director of Stationery and Printing for disposal and those purchased out of Panchayat Union funds and condemned will be pooled at District level by the District Collectors and disposal in public auction by following the procedure now being adopted by the Director of Rural Development and Director of Stationery and Printing.

(G.O.Ms.No.852, Rural Development and Labour Administrative. Date: 17th May 1975)

75 per cent of the English Typewriters has to be sold in auction by the Collectors and the sale proceeds credited in General funds of Panchayat Union. (Govt. Lr.No.14357/83/85-5, Rural Development, 26th March 1986)

78. Fuel Expenses:

Sl. No.	Office	Monthly ceiling in litres	Expenditure to be met from
1.	Panchayat Union Chairman	100	General Fund
2.	Block Development Officer (B.P)	100	General Fund
3.	Block Development Officer (V.P)	150	State Finance commission Grant Separate Account shall be maintained.

(G.O. Ms. No.127 Rural Development and Panchayat Raj Dept. dt:12-07-2007)

79. Repairs to vehicles:

Sl.No.	Year	Ceiling limit on Expenditure		
		Light Vehicles (Petrol)	Light Vehicle (Diesel)	Heavy Vehicle (Diesel)
1.	I	3500	6750	9150
2.	II	6675	13650	18375
3.	III	10200	20475	27600
4.	IV	20475	28950	44100
	Total	40850	69825	99225
5.	V	6675	8550	11025
6.	VI	10200	18750	18375
7.	VII	23475	28980	44100
	Total	40350	56280	73500
8.	VIII	9000	9000	15000
9.	IX	9000	10500	18000
10.	X	9000	12000	15000
	Total	27000	31500	48000
	Total Net	108200	157605	220725
	After Ten years	9000	12000	18000

G.O. Ms. No.983 Home (Transport-IV) Department dt:3-8-2004

80. Contributions: Panchayat Union Councils may, subject to prior permission of Director of Rural Development and availability of funds contribute to the Kasthuriba Kanya Gurukul, Vedaranyam, Nagapattinam-District.a sum not exceeding Rs.100.

Payment of contribution to Colleges which are not under the direct management of local bodies is not permitted.

(G.O. Ms. NO.988, RD & LA. dated 21-04-1965)

(G.O. Ms. No. 619, RD & LA, dated 2-04-1969).

(Government Memo NO.8225/C2171-4, RD & LA, dated 29-04- I 97 I)

Panchayat Union Councils can pay contributions for constructions of High Schools at 50% of cost of construction or Rs.20,000 whichever is less with the approval of Director of Rural Development.

(G.O.Ms.No.1651. RD& LA, dated 17-08-1973).

Panchayat Union Councils and Panchayats, should not pay contribution for construction of stadium without the permission of Director of Rural Development.

(Government Memo No. 261 38/Accts. VI/23rd May 1974 of D.R.D.).

Panchayat Union Councils, if their finance permit, may make contribution from General Fund to Bharat Scouts and Guides Association after getting the sanction of Director of Rural Development.

(Government Memo No. 77830/E8/Ed2, dated 14-12-1962)

with the sanction of Director of Rural Development, the panchayat union may contribute 1/2% of gross receipt to Chief Ministers Rehabilitation Fund. (G.O.Ms.No.1373, RD & LA, dated 30-5-1974).

The Panchayat Union Councils, may contribute at the rate of RS.100 per annum to the Society of prevention of cruelty to Animals (SPCA) from their General Fund with prior approval of Director of Rural Development, if their financial position is sound subject to the conditions laid down in G.O.Ms. No. 1621, RD & LA, dated 22-09-1975.

(G.O. Ms. No. 1550, RD & LA, dated 6-10-1978).

The Panchayat Union Councils in South Arcot District are permitted to contribute a sum of RS.300 annually to the Hind Kust Nivaran Sangh, Cuddalore from their General Fund with prior approval of Director of Rural Development if their financial position is sound.

(G.O. MS. No. 531 RD & LA dated 11-03-1977)

Certain conditions and restrictions to be followed in sanctioning contributions by the local bodies to Charitable and other Welfare institutions including Orphanages are detailed below.

(G.O. Ms. No. 1621, RD & LA, dated 23-09-1975)

1. The total contributions to an institution that can be made by a local body in a financial year should not exceed 2% of its previous year receipts.
2. The institutions must have already been receiving contributions from local bodies under the orders of Government. No new institutions should be entertained for making contribution, without the specific approval of Government.
3. The maximum contribution that can be made by the Panchayat Unions to an institution in a financial year will be the amount that has already been prescribed by Government for each institution.
4. The concerned local body should pass a resolution agreeing to make the contribution.
5. The sanction of D.R.D. should be obtained before making such contribution.
6. The local bodies should have surplus funds in their budgets and the contribution should not affect their financial resources.
7. The contribution may be for a year and no restriction is necessary regarding the number of years for which the contribution is to be sanctioned.
8. The institution should be a registered one and their accounts will be audited either by Government agency or by chartered Accountant and copy of the audited accounts should be submitted to Director of Rural Development.
9. The local body should contribute only to the institution which is located in the Revenue District in which the local body is functioning or where activities are spread all over the area or the State including the union area.
10. The Director of Rural Development or his representative should be allowed to inspect the institution and its activities.

All Panchayat Unions are permitted to contribute a sum of RS.200 (Rupees two hundred only) from their General Funds towards the conduct of cattle shows and connected exhibition arranged by the Animal Husbandry Department as a special case once in a year under section 191(4) of the Tamil Nadu Panchayat Act 1994, subject to passing of resolution by the respective Panchayat Union agreeing to meet the expenditure from their general funds.

(G.O.Ms. No. 1925, RD & LA, dated 10-12-1979).

In G.O.Ms.No. 622, RD & LA, dated 2-4-1969, the Government have permitted the payment of a contribution of Rs.100 per annum by the Panchayat Union Councils. to the T.B. Sanatorium. In G.O. Ms. No. 1608, RD & LA, dated 15-09-1981, the Government permit the Panchayat Union councils having surplus funds of Rs. 10 lakhs and above to pay contributions of RS.2,000 per annum.

Panchayat Union Councils if they so desire may become institutional members of Indian Red Cross Society, Madras by paying annual subscription of RS.250 (w.e.f. 1-1-90) subject to their having surplus in their general funds.

(G.O. Ms. No.1, R.D. Department dated 2-1-90).

81. Rent: In respect of buildings taken on rent by panchayat Union Councils for Elementary Schools or Maternity and Child Welfare Centres, the certificate of reasonableness of 'rent may be issued by Assistant Engineer (H & RW)

(Government Memo NO.24359/E3/62-3/RD & LA, dated 5-2-1963)

(Government Memo No. 74972/E3/63-4/RD & LA. dated 22-6-1963).

82. Souvenir : Souvenir may be published once a year and panchayat union may incur expenditure not exceeding Rs.300 (Additional Development Commissioner's Circular No. 59289/F 1162-3, dated 3-07- 962).

P.Uns are permitted to purchase a copy of the journal "News Letter" so as to provide information about the legal aid scheme to the poor. The rate of subscription for the journal viz. Rs.3/- (Rupees three only) per annum may be met from the General funds.

(G.O.Ms.No.187, LA. dated 10-2-83)

83. Insurance: The insurance may be taken from United India Insurance Company Limited for the Motors installed in the wells maintained by the panchayat unions against the loss of theft, machinery break down, due to electrical failure and fire due to external means of risk with a nominal premium not exceeding 2 per cent on the value of motor per annum.

(G.O.Ms.No.994, Rural Development and Local Administration, dated 21st June 1980.)

84. Toilet: The Government permit the incurring from the general funds of the Panchayat Union concerned of an expenditure not exceeding Rs. 100 for each feeding centre for providing toilet facilities provided the centre is located in a public building and no toilet facility is available at present.

(G.O.Ms.No.1213, Rural Development and Labour Administrative, dated 9th August 1982.)

85. Calculator purchase: The Panchayat Unions are permitted to purchase Electronic calculator at a cost not exceeding Rs. 200 out of their own funds for the use of panchayat union Accountants in totaling the figures in the pay bills and Account Books and checking the arithmetical calculations in the measurement books etc. It should be purchased after strictly following the tender rules.

(G.O.Ms.No.1210, Rural Development and Labour Administrative, dated 2nd July 1981)

86. Legal Expenses:

i. **Appointment of counsel and payment of fees in certain cases:** These rules may be called the Tamil Nadu Panchayats (Appointment of Counsel and Incurring of Law Charges) Rules, 1999.

Applicability of the rules: The rules shall apply to village panchayats, panchayat unions and district panchayats

Fee payable to the counsel: When both the Government and a panchayat are parties in a civil case in which the correctness of the survey of lands vested in the panchayats is in question and the interest of both are identical, the panchayat shall engage on its behalf only the counsel appointed by Government or the District Collector on behalf of the Government. In such cases the fee payable to the counsel shall be borne by the Government and the Panchayat in the proportion of two-thirds and one-third, respectively.

ii. **In civil cases other than those mentioned in rule:** Where both the Government and Panchayat are parties and their pleading are similar, the panchayats shall engage on in its behalf only counsel appointed on behalf of the Government. In such cases the fee payable to the counsel and other incidental charged and any expenses incurred after the proceedings on behalf of the Government and the panchayats become joint and in furtherance of such joint proceedings, shall be borne by the Government and the panchayat in equal shares

These rules shall not apply to appeals filed by panchayat against the decision of civil courts. In case of appeals by panchayat against the decision of any court, the Panchayat concerned shall discuss the legal opinion obtained on issue from a competent counsel and take a decision. The fee and all allowances to be paid to the counsel shall also be decided by the Panchayat

In cases where Inspector considers of importance nature to safeguard the interest of panchayat to be defended or argued by Advocate- General of Tamil Nadu, the Senior Counsel at a significant cost, the same' shall be brought to the notice of the Government. The decision of the Government shall be final. In all such cases, fees shall be fully paid by the panchayat concerned.

(G.O.Ms.No.166, Rural Development, (C4) 9th August 1999)

87. Building Repair: Repairs to panchayat union office buildings can be taken up by the panchayat union from out of the General Funds of panchayat union upto a limit of Rs. 25000. There will be no reimbursement of the expenditure from Government funds.

(G.O.Ms.No.990, Rural Development. dated 14th December 1990.)

Panchayat Union Building Repair: The Panchayat Union buildings, Officers Quarters, School buildings and all the buildings belonging to panchayat Union shall be maintained by the Panchayat Union funds.

(G.O. Ms. No.22 RD Dept. dt:22-01-1997)

Compound wall to panchayat union office in brick and mortar should not be constructed. Only barbed wire fencing should be made with the sanction of D.R.D (G.O.Ms.No.1445, RD & LA, dated 21st July 1973.)

88. Sports: Ceiling of expenditure for conduct of sports:

The Government fixed the following ceiling of expenditure for conduct of Sports by various local bodies.

Village Panchayat	-	Rs. 1,000/- per year
Panchayat Unions	-	Rs. 10,000/- per year
District Panchayat	-	Rs.25,000/- per year

The expenditure shall be met from the general funds of the concerned Panchayat.

Before incurring expenditure, the sanction of the Village Panchayat / Panchayat Union Council / District Panchayat shall be obtained.

(G. O. Ms. No. 1, Rural Development (C-2) Department, dated 1st January 1999).

89. Installation and maintenance of statues in Panchayat areas: The Government pass the following orders on the installation of statues and their maintenance by panchayats

Statue, Pillar, Memorial, Memorial Mandapam, Memorial Arches shall be installed only after getting the prior permission of the Government.

The Statues already installed have to be safeguarded and maintained properly. In respect of those Statues, the individuals or institutions or Sangams, which installed the Statues, shall take up responsibility for maintaining and safeguarding the Statues. To ensure safety to the Statues already installed, they can be taken to safe places and are installed if necessary after getting specific sanction orders of the Government by individuals or organisations.

The above sanctions will also be applied for Memorial Pillar, Memorial Mandapam or for Memorial Arches.

(G.O.Ms.No.248, Rural Development (C-II) Department, dated 23rd November 1998)

Instead of 20% of the capital cost of statue the cost equivalent to installation of statue (ie.100% of the capital cost) should be collected from the organisers of towards the maintenance of statue by the local body concerned

(G.O.Ms.No.1711, RD&LA, dated 26-10-78)

90. Naming of Panchayat roads, buildings, bus stand: In the G.O. Ms. No. 113, Municipal Administration and Water Supply Department, dated 13.6.1998 instructions were issued for postponement of naming of roads, buildings, bus-stand etc., situated in Municipality and the Corporation area. The Local Bodies were instructed not to pass any resolutions for naming of roads, buildings, bus-stand etc and to send to Government for necessary approval.

The above instruction is also applicable to Village Panchayat, Panchayat Union and District Panchayat. The President of Village Panchayat, the Chairman of Panchayat Union Council and District Panchayat shall follow the above said instructions. The District Collectors are advised to intimate these instructions to the Village Panchayats, Panchayat Unions and District panchayats in their District.

(G.O. Ms. No. 137, Rural Development, dated 6th July 1998)

91. Inaugural functions and foundations stone laying functions to: Laying of foundation stone, opening ceremony for Government Scheme works shall not be encouraged. If Panchayat consider that the function of laying of foundation is essential for new works for commencement of new schemes before inviting the VIP, the permission of the District Collector should be obtained.

After completion of Scheme works, they should not be kept pending for use for more than 30 days stating reason that it has not been inaugurated.

The expenditure on repairs charged upto Rs. 1500 per annum shall be booked under "Advances Recoverable" and adjusted after reimbursement. The expenditure on repairs charges and above Rs. 1500 per annum may be directly booked under the above head in General Fund.

(G.O.Ms.No.560 P.W.D. dated 11-04-77)

The Government permit the Panchayat Union Councils to incur expenditure upto the maximum limit specified below for the functions organised by the local bodies concerned in which the various dignitaries participate.

	PUC
Chief-Minister of Tamil Nadu	Rs. 5,000
Ministers of this State and Central Government and Speaker of Legislative Assembly	Rs. 2,000

The expenditure can be met from the General funds of the local bodies concerned. No expenditure should be incurred in respect of other leaders.

There may be occasions when the President, Vice-President, Prime Minister, Governor or Chief Minister of Tamil Nadu visit any of the panchayat areas, the panchayat by themselves may not be in a position to meet the expenditure in connection with such occasion, the panchayat unions are therefore advised to meet such expenditure also from their General Funds.

The expenditure sanctioned above should be restricted to the extent of printing and presenting the address, printing invitation cards and distributing them, incurring postage and other ordinary charges connected there with up to the maximum limit mentioned above. No expenditure should however be incurred on entertainment or on the purchase of caskets for presentation of address. The function should be as simple as possible and all unnecessary expenditure and show should be avoided.

(G.O. Ms. No. 652, RD & LA, dated 14-4-1980)

(G.O. Ms. No.110 R.D. & Dt:28-6-1999)

92. Remuneration may be paid to lineman in Panchayats/Panchayat Unions / Town Panchayats as detailed below with effect from 1-4-1992.

		Rate per unit.
(i)	For changing incandescent bulb	Rs. 0.50
(ii)	For changing Tubelight, Sodium vapour lamp, Chokes, starters, condensers, etc.,	Rs.2.00

(G.O. D.No.81, R.D.P. II. dated 3-4-92).

93. Portraits: The portraits of eminent Chairmen and members may be installed if the cost is met from private funds.

(G.O.Ms. No. 1792, RD & LA, dated 13-08-1963).

94. Epidemics: It shall be duty of P.U.C. to make reasonable provision for prevention and remedial measures connected with epidemics. The P.U.C. may incur expenditure on the purchase of medicines, drugs and disinfection suggested by the Assistant Director of Public Health to meet any emergency. In respect of fairs and festivals classified as panchayat union fairs and festivals it is the responsibility of the Panchayat Union Council, to make necessary sanitary arrangements.

Expenditure may also be incurred in connection with the sanitary arrangements in consultation with the District Health Officers concerned.

(G.O. MsNo.1279, RD& LA, dated 23-05-1963)

A reserve fund of Rs.5000/- per annum shall be provided to each of the panchayat unions which are prone to cyclone and floods for the provision of sufficient drugs and disinfectants, cholera kits etc. to the disaster Relief and Rehabilitation Team. The technical team should also indicate the medicines that have to be purchased to the Panchayat Union who may in turn purchase and supply to them without waiting for sanction up to Rs.5000/- subject to the condition that the Panchayat Union Commissioner should send necessary proposals to the D.R.D. for sanction after the cyclone or flood relief work is over.

(G.O. Ms. NO.964, RD & LA, dated 18-06-90)

Under section 112 (f) of Tamil Nadu Panchayat Act, 1994, the Panchayat Union Commissioner can incur expenditure on Anti-Malaria Scheme only. In respect of Anti-Malaria scheme the Panchayat should obtain separate Government order permitting them to execute the scheme as an agent of Panchayat Union Commissioner and in such cases, the Panchayat Union Commissioner may contribute 2/3 expenditure to the panchayat. In other cases, the P.U.C.S. should obtain the sanction of D.R.D for making such contribution under section 194 of the ACT.

The consolidated payment of Rs. 50/- is raised to Rs.100/- p.m. to the part time, basic sanitary worker for cleaning of the latrines constructed under massive scheme of construction of public latrines in revenue villages. The expenditure should be met by the panchayat union or panchayat concerned.

(G.O.Ms.No.936, RD&LA, dt: 24-06-82 and G.O.Ms.No.228, RD, dated 26-03-1986)

95. Deposits

i. Deposits of Panchayat Union councils are generally, of the following kinds:

Contractors Deposits

Other deposits including EMDs

Renter's deposits for the prompt payment of kists.

Grants and other amounts payable to village panchayats village House Tax Matching Grant.

The deposits in respect of items 1 to 3 are common in all local bodies. The audit checks to be exercised on those are similar to those mentioned in the Municipal Chapter. Credits in the Register of Deposits should be traced with reference to cash book and Panchayat Union Chalan:

The claim for the refund of lapsed Revenue deposit preferred after six years from the date of lapse shall not be entertained.

(G.O.Ms.No.621 RD & LA dt: 08.04.80)

ii. **Unclaimed Deposits:** It should be seen that at the end of each year any deposit or balance thereof has been credited to the revenue head of account if it has been remained unclaimed for a period of three years from the date of receipt of the deposit or in case the deposit has been received in the cash and the deposit or balance thereof does not exceed one rupee, if it remained unclaimed for a period of one year from the date of receipt of deposit.

In regard to refund of deposits it should be ensured that they are supported by original credits and they have been made on proper vouchers and the entries are initialed by the Panchayat Union Commissioner. It should also be seen:-

that deposits remaining unclaimed for more than three years are lapsed to General Account.

that deposit or balance there of not exceeding one Rupee remained unclaimed over one year is lapsed to General Account.

that the items lapsed are entered in the Register of lapsed Deposit.

Refund of Deposits lapsed to General Fund should be made only after obtaining the sanction of Panchayat Union Council.

that there are no minus entries representing excess payments while making payments.

that items of deposits like Income-tax which should be remitted to state funds are not kept pending without remittance and

that items outstanding at the close of the year are carried over to the Deposits Register of subsequent year.

96. Advances: The following are the various advances paid by the Panchayat Union:-

Advances are generally of two kinds (viz) personal advances which are recoverable but not debit to the expenditure and other advances which are ultimately debit to the expenditure. Personal advances include tour advances. Pay advance, festival advance, etc. Tour advance and pay advance are recoverable in the subsequent months or within three months from the date of payment. Festival, Khadi Advances, etc. are recoverable within a short span of ten months and hence they cannot be normally kept pending beyond that period. Even in cases of transfers the arrears will be indicated in the last pay certificate and in case of resignations they will not be accepted without remittance of the balance of advances, if any. Any arrears under this class can only be due to the negligence of disbursing officers in effecting the recoveries. The pendency in this regard should be critically examined and commented in the Audit Reports besides making special reports to the administrative authorities.

i. Advance to staff: such as Festival Advance. Khadi, Handloom and Marriage Advances.

Conveyance advances

Tour advances

Advances for purchase of cement and other materials,

Register of Advances Recoverable.-This Register is maintained to record the advances granted to the employees and to watch their recovery. The entries in the debit and credit sides of the register should be checked with reference to vouchers, Miscellaneous receipt Register and adjustment vouchers, respectively. The register should be further examined to see.

Whether opening balances have been authenticated by the initials of the previous auditors, if not they should be checked with the previous years Registers.

Whether the monthly totals of receipts and payments agree with the corresponding figures shown in the Register of Miscellaneous Receipts Register Bills passed for payment and posting Register.

Individual credits for recoveries of advances should be traced in the Register of Advance Recoverable for one month in a year according to the pay bills for the month selected by the Assistant Director for audit.

All other vouchers for adjustment of advances after detailed audit should be traced in full for all the months in the Advances Recoverable Register without any omission.

Cash recoveries if any should also be test checked at random.

(H.O. Circular Roc.No.29168/M, dated 3rd April 1976.)

Whether the closing balances have been correctly brought forward in the column set apart for this purpose as well as in the succeeding years Register as opening balance entries. The entries should be initialed in token of verification.

Whether the several totals are correct.

Whether in the case of advances outstanding on account of stock of forms, etc., such as contract agreement, the value of stock on hand Agrees with the Advance outstanding in the Register.

Whether any advances are left unadjusted at the end of the year without sufficient cause.

The above items should be details in the Audit Report or Audit Notes unless the Explanation furnished are satisfactory.

Any item of expenditure classified under advances by the Auditor himself during the course of audit should be inserted in the Register in the proper places and the totals revised.

Advances on behalf of village panchayat should be adjusted with the least possible delay. Inordinate delay in the adjustment should be commented upon in audit.

It should be seen that an abstract is prepared in the advance Register detailing the advances pending year wise and category wise.

Advances given for cement steel, etc., should be adjusted with reference to the company invoices initially and the total cost including freight, etc., should be taken to Engineering stock and accounted for as detailed in the Municipal chapter.

When an employee from whom personal advances are due to be recovered is transferred to another panchayat union, the panchayat Union in which the employees last worked should record in the last pay Certificate of the transferred employees or intimate the panchayat Union to which he was transferred should immediately on the employee joining duty draw the entire amount noted in the last pay certificate or intimate the Panchayat Union from which the incumbent was transferred and treat the same as an advance granted to the transferred employee from its own funds and watch the recovery of the advance by making necessary entries in the Advances Recoverable Register. The M.O. or Bank Commission, if any incurred shall be borne by the Panchayat Union to which the employee is transferred.

As regards other advances made towards the purchase of materials, cement, etc., they should have been utilised for the purpose immediately or refunded. Cases of advances of this kind pending for more than six months should be critically examined with reference to files to see whether the advances are kept unnecessarily and if so suitable comments should be made on such cases.

The following Government orders should be borne in mind while auditing the transactions under advances:

Advances should not be given to village Panchayats plantation, Flood damage work for small saving works, family planning Panchayat and kudimaramath works except Government portion (ORO circular No. 102283) Accounts! VI/73, dated 2nd July 1973.)

Loans and advances to village panchayats cannot be given by the Panchayat Union council as there is no provision in the Act. It was observed by Government that Panchayat Union councils should not act as money lender to the panchayats. (Memo No. I I 6506IPVI72/RD & LA, dt: 24th January 1973.)

There is no provision in TN Pt. Act, 1994 for transfer of funds or loan from one Panchayat Union to another Panchayat Union.

ii. **Marriage advance** can be granted from the funds of Pt. Union twice during the whole of the service of the Pt. Union servant.

(Memo.No.72944/A/S/72-3 Finance dt: 27th Feb.73)

The ceiling limit of marriage advance originally fixed in G.O.Ms.No.666/Fin./27-06-89 has been enhanced in G.O. Ms. No.201 RD dt: 21-05-91.

It should be ensured in audit that the interest due has been- worked out at the time of sanction of advance itself and credited to other receipts.

The Interest due on marriage Advance is to be calculated as follows:

$$\text{Int} = \frac{\text{Amount of Adv. x No. of Installment}}{500}$$

It should be seen whether allotments under budget have been made for grant of Marriage advance and there are no abnormal excess over the budget allotment in granting the advance.

iii. **Warm clothing Advance:** The special advance for the purchase of warm clothing was enhanced to Rs. 1,000 or four months pay whichever is less subject to other provisions in Article 235 (A) of TNFC Vol. I to all the employees of Panchayat Union, Town Panchayats and Panchayat Town Ships in the hill stations subject to availability .of funds. The advance should be recovered in twenty monthly instalments and the advance bears the rate of interest chargeable on conveyance advance by Government from time to time.

(G.O. Ms. No. 2043, RD and LA, dated 24th December 1979.)

(G.O. Ms. No.734, Fin (Sal.), dated 21st July 1978.)

(G.O. Ms.No.292 / Finance dt:04-04-1994)

iv. **Cycle Advance:** As per Government orders in force the employees of Panchayat Union councils. Town Panchayats and Panchayat Townships are eligible for the payment of a cycle advance of Rs. 1500 for the purchase of new bicycles subject to the following conditions.

(G.O.Ms. No.485 / Finance (salaries) dt:08-08-1996)

The advance should be utilised only for the purchase of new bicycle.

The amount of advance sanctioned should be recovered in 40 monthly instalments subject to all the provisions contained in Article 232 of the T.N.F.C. Vol. I.

The employees of Panchayat institutions who have completed five years of regular service will be entitled to draw the above advance. .

The Executive Authorities of the Panchayat Institutions should satisfy themselves that new bicycles has been purchased with the advance. Provision has to be made in the budget and copy of the sanction proceedings should be marked to the concerned Assistant Director of L.F. Accounts, the District Collector and the D.R.D.

While sanctioning the advance, the following procedure should be followed.

The employees who intend to purchase a new bicycle by taking an advance should produce a proforma invoice showing the cost of the cycle, accessories etc .. The sanctioning authority after scrutinising the invoice may sanction the advance restricting to a maximum of Rs. 1500 or the cost of bicycle whichever is less. The excess cost over and above Rs. 1500 will have to be borne by the employee. The drawing officer wi1l draw the amount of advance and remit it direct to the dealer by means of demand draft, on receipt of which the dealer will deliver the cycle to the employee. The head of office should also physically verify the new cycle arid the bill for the same and furnish a certificate in the form prescribed which should be kept in the file.

It should be seen in audit that budget provision has been made under "Advances" for this item, and '(i) it should not exceed the Budget provision (ii) that the new cycle has been purchased from an authorised dealer and not from another individual (iii) that indiscriminate sanction of cycle advance, if any should be reported to the Director for necessary action.

v. **House Building Advance:** The Panchayat Union Employees may avail House Building Advance subject to the following conditions.

After providing necessary funds for Administrative Expenses, Maintenance and Basic Amenities, the General funds should be surplus.

The surplus shall be calculated after excluding necessary funds for Employees salary, pension, Group Insurance scheme contributions, advances, refund of loans and interest thereon.

The applications received during the year shall be chronologically numbered and payments shall be made subject to availability of surplus fund. The outstanding applications due to non-availability of surplus fund at the end of the financial year shall be lapsed will not carrying it to the next financial year.

The above benefits may not be extended to Temporary and Non permanent employees who are not brought into regular establishment. The employees who are likely to be transferred to other panchayat unions need not be considered for the above benefits.

The Government rules and regulations for the above benefits shall be followed.

The concessions availed by the Tamil Nadu pensioners are also extended to the panchayat union pensioners.

G.O. Ms. No.113 R.D. (E5) Dept. dt:06-05-2000

97. Expenditure on works: The expenditure on work is incurred by Panchayat union Council for execution of Village Works Programme, maintenance of roads with the aid of Local Roads Grant and other Capital works under Village Works Programme. Works are undertaken for Water Supply Schemes also.

The audit of work vouchers should be done on the general lines indicated in the Municipal Chapter. The following registers and records should be examined in audit.

Estimate.

Nominal Muster Rolls in respect of works done departmentally.

Contract Certificates.

Tender files and contract agreements.

Register of estimates and allotments.

Measurement books.

Completion reports.

Road Metal Account.

Personal ledger.

Tender Register.

Register of contractors.

Register of Roads.

Reimbursement Register.

Checkslip for the closure of work. as prescribed in Examiner's D.O. Letter No.Rc.HI/16470/78-2, dated 31 March 1978 as explained in the Municipal Chapter..

The checks to be exercised in respect of Registers and Records stated above are similar to those given in the Municipal Chapter.

The important checks to be exercised are detailed below: It should be seen that the estimates have been got approved by the competent administrative and Technical Authorities.

The Administrative authority in respect of Estimates for Panchayat Union Works is the P.U.C. concerned.

ii. Check of Nominal Muster Rolls in respect of Works: In regard to departmental works executed by the Village Panchayat Departmentally it should be seen that the instructions issued for works in G.O.Ms.No.2222, RD&LA, dated 7th October 1965 are followed specifically while executing the works. The value of work done as measured and check measured by the Union Engineer after deducting 10% towards Panchayat contribution is paid by the Union and the amount later reimbursed by union from State funds.

It should be seen in audit that the value of work done as recorded in the M.Book corresponds to the actual payment made by N.M.R. If the N.M.R. payment is more than the value of work done, then the payment to the panchayat should be restricted to the actual value of work done and "if the N.M.R. payment is less than the value of work done, it would mean that the value of work has been inflated to draw more grant. In such cases the actual payment by N.M.R. should have been paid to panchayat. These aspect should be critically examined and payments to panchayats and consequential overdrawal of Government grant should be commented in audit.

The Pt. Union Commissioner should test check the N.M.R. frequently and ensure that the permanent or temporary addresses of coolies or Labourers employed in the works should be recorded in the N.M.Rs and standard N.M.R. forms should be made available with the necessary additional column therein for recording the addresses of coolies or labourers employed.

The N.M.Rs blank sheets must be under the safe custody of the Cashier. Machine numbers should be assigned to each N.M.R. sheet and office seal affixed in each N.M.R. These sheets must 'be issued to outdoor staff by the Cashier after obtaining the signature of the outdoor staff, so that use of bogus N.M.R. sheets can be avoided.

If N.M.Rs are prepared for the execution' of works, the Commissioners, before making payment, should visit the spot and ensure as to whether the required quantum of work has actually been done for which the N.M.R.s have been prepared and should record in the M.Book that he has verified the work on the spot. Only then, the payment for the N.M.Rs should be made.

Similarly the correctness of the N.M.Rs prepared for the collection of metal, for spreading of road metal, earthwork, etc., should also be verified physically by the panchayat union Commissioners and the fact recorded in the M.Book before payment is made.

(Govt. Memo.No.28850/F 11179-4, RD&LA, (dated 28th September 1979)

iii. Purchase of pipes, cement, etc. and maintenance of stock account:

A committee consisting of the following persons may be formed for the maintenance of power pumps and Hand pumbs.

District Collector	-	Chairman
Project Officer - DRDA	-	Vice Chairman
P.A. to District Collector Pt. Development	-	Member Secretary
Divisional Engineer Highways - Rural Works	-	Member Secretary
Executive Engineer-TWAD Board	-	Member
Executive Engineer - TNEB	-	Member
Two member nominated by District		
Development council from the Panchayat Presidents	-	Member
Asst. Executive Engineer for the maintenance of power pump in collectorate	-	Special Nominee.

Conditions: 1. The committee will finalise the annual requirements (indents) of the Panchayat and Panchayat Unions for the financial year. It should be finalised two months before the end of the financial year.

2. As per G.O. Ms. No.75/- Finance dt:19-02-1997 tenders and quotations shall be called for.
3. The rate offered by the company may be compared with the local market rates by the committee. The samples may also be received so as to ensure the quality. The rates of the pipes may also be compared with the rates of the pipes and quality approved by the TWAD Board.
4. The rates and quality approved may be communicated to Panchayat and Panchayat Union by the Purchase Committee.

5. The panchayat and Panchayat Union may purchase the materials at the approved rates and also from the approved companies.
6. In respect of repairs of the power pumps and Hand pumps it may be get repaired at the approved rates of District Purchase Committee.
7. Capital purchase need not be done.

(G.O. Ms. No.159 / Rural Development Department dt:1-05-1997)

(G.O. (Rt) No.84 / Rural Development (D3) Department dt:05-05-1998) .

It should be seen that the issues made are verified with reference to entries recorded in Measurement Book and the balance struck and certified by the Union Engineer. It should be also be ascertained that the purchases have been made after assessing the requirements and that no abnormal purchases have been made.

(HO.Circular RC.No.61722174-D/dated 27th June 1975)

(Memo.No.147883/PC/68-5/RD&LA dated 7th March 1969 and

Memo NO.92803 PV 1/71-5 RD&LA dated 24th November 1971)

iv. Cement: Cement is purchased usually by the Pt. Union Council and supplied to contractors after recovering the cost. It should be seen:

that the quantity of cement purchased has been entered in the stock account, maintained for it.

that the sale-price of cement have been worked out as shown below:-

Cost of cement bag as per company's bill	
Transport charges actually incurred to bring the cement bags from the factory to the Block	.
Loading and unloading charges actually incurred
Incidental charges marginal profit at 0.15 paise per bag
Total cost

(Govt.Lr.79518/P3/79/RD&LA, dated 25th July 1979)

(Examiner's Circular Rc.No.34042479/dated 29th August 1979)

For recovering the cost of materials supplied Departmentally to the contractors the following procedure has to be adopted in case of percentage tender.

Value of workdone
Less: Value of materials supplied
Less: Add-Tender percentage
Net Due	

NOTE: THE TENDER PERCENTAGE SHALL NOT BE APPLIED TO MATERIALS SUPPLIED.

(G.O.Ms.No.1348, LA, dated 12th October 1955)

It should be seen:-

that the cement has been issued only after collecting the cost and no credit sales was made.

that the quantity issued for the work is correct. For this purpose, the cement requirement should be arithmetically worked out based on the data.

The following additional clause, viz. clause 9 should be included in the agreement for the works relating to panchayat and panchayat union.

For the quantity of cement, steel, Bitumen etc. wasted or used in excess of the prescribed quantity (2-% in the case of bitumen and steel and 5% in the case of cement) not returned in good condition by the Contractor the recovery of the cost will be double the issue rate.

(G.O.Ms.No.985, RD&LA, dated 14th May 1979)

In cases of shortages noticed during physical verification and shortages due to clothing, recovery is to be effected at single cost.

As per G.O.Ms.No.848, RD&LA, dated 9th June 1982 Cement gunny bags in respect of departmental supply should be returned by the Contractors and therefore the observance of the instructions should be verified in audit.

Regarding the rate of recovery for materials, the contract will stipulate the rates where departmental supply was contemplated at the time of invitation of tenders. Otherwise market rate or issue rate whichever is higher will be adopted. (Para]50, 540 of Highways Manual and Memo.No.67-7/34976/RD&LA, dated 18th March 1968)

Bitumen should be supplied departmentally to the Contractors for works. Utilisation of Bitumen from other source should be objected to in audit. Vide Govt.Lr.60465/A1186-3/Industries, dated 9th February 1987.

If the quantity of work done is restricted to estimate quantity at the time of payment, the recovery towards the cost of cement for the excess quantity issued over and above the theoretical requirement should be made at single cost only.

(H.O.L.F..Dis.116677/84/DI/dated 8th March 1985)

v. Important Government Orders relating Panchayat Union Works: Income Tax at 2% of works costing more than Rs.20,000/- should be recovered from the Contractor and remitted to Income Tax Department. Govt. Lr.No.47650/M4/86-IO,MA&WS/dated 23rd Jime-1987 & Head Office RC.No.46S01/DI/85/dated 23rd December 1987. (In addition surcharge on I.T. at 10% should also be recorded).

Panchayat Union and Panchayat are the authorities competent to decide the manner of disposal of the blasted well spoils.

(Memo.No.216257/P4/60-7/RD&LA, dated 1st September 1961)

Tenders may be dispensed with or without obtaining the prior approval of the Divisional Engineer (H&RW) in respect of relief works undertaken by Panchayat Union Councils in the drought affected areas when the amount of work does not exceed Rs. 3,000/- .

(G.O.Ms.No.63 RD&LA, dated 17th January 1975)

The provision of levy of fines for delayed execution of works by contractors should be incorporated in the agreement entered into by Panchayat Union Council and fines levied as per the terms of agreement.

(Govt. Memo.No.99323/PV-II73-17, dated 1st July 1975)

vi. The following instructions issued by Chief Engineer, regarding measurement and check-measurement of materials collected should be borne in mind in the audit of work vouchers. Road materials shall be measured only after the whole collection on the well defined stretch of a road is completed and immediately after measurements the stacks shall be marked by white wash or otherwise as directed by the Engineer.

Further collection of the same material shall be allowed to be made only after the materials already collected is spread, either overall measurements of the material in the stretch of the road should be taken and the quantity paid for already is deducted while doing subsequent payment, or a certificate that the material previously collected was intact while measuring the subsequent collection should be furnished by the measuring and check measuring authorities after giving references of pages and Measurement Book in which measurements for the old collection have been recorded.

(C.E.R.&R.W.) Memo.No.98231D2175-I1 dated 10th April 1975)

vii. The C.E. has issued the following instruction to the technical authorities for strict adherence in future.

The officers who prepared the estimate and those who executed the work are responsible for the excess. The officer at the time of the preparation of estimate should arrive at the correct earth work quantity according to site

conditions so as to avoid any excess later on at the time of execution. If any excess is anticipated the same should be reported to higher technical authorities by the Field Officers very promptly with proper reasons before taking up the execution of additional work. The actual execution should be taken up only after obtaining the approval of higher authority for the excess and such excess on huge variation should be subjected to detailed investigations.

For the excess of earth work already executed, the payment should have to be withheld or recovered from the contractors till the excess is justified after investigation. [C.E.'s (H&RW) memo.531581L3/75-2/dated 30th July 1975] (H.O.Roc.No.641 07/74/DI/dated 5th September 1975) spreading gravel is done for road in different layers including watering and consolidation with hand roller rolling in general to a thickness varying from 20 mm to 100 mm. There are rates for spreading gravel in the schedule of rates for different thickness.

In certain cases in Pt. Unions where hand roller rolling is not possible in interior places and where the existing surface is very much tracked or uneven filling the surface of roads with gravel is allowed. In the cases of roads with deep cart tracks ruts and gullies gravelling is being done by filling and consolidation will be done by heavy ramming. For this item of gravelling no hand roller can be used and only filling rate is allowed which will be lesser than that of spreading. When filling of gravel (ie) dry spread is done the payment will be in terms of one cubic metre or 10 cubic metre and when spreading is done with watering and hand roller rolling it will be in terms of one square metre or 10 sq.m.

[Lr.Roc.No.28135174/Dtdated 19.th January 1976 of S.B. (H.&R.W.)

(Madras circle communicated in H.O.Roc.No.54031176/DI/18th March 1975)

viii. Lumpsum provisions (ie) provisions under contingencies should be limited to 2.5% of the estimate amount Lumpsum provision should not be made in the estimate without noting the specific item of work. The provision should not be utilised for any other items of works covered in the main estimate. Entrustment of additional items should be got approved by the authority according technical sanction to the original estimate.

For employment of technical persons to supervise the work, the allotment under Lumpsum provision Should be appropriated. The total expenditure should not exceed 21/2% of the estimated cost in the case of departmental works.

In some cases estimate may be prepared for road works and culvert, but the entire provisions utilised for road alone and culvert work is abandoned such cases should be suitably commented in audit. The C.E. (H.R.W.) has issued instructions that the fund allotted for culvert should be utilised only for particular items and there should be no deviation from the original provision. If the item is not executed the reason should be explained and got approved by competent authority.

A main estimate for the entire length may be prepared for the continuous reach providing sub-estimate for speedy execution and split up in to convenient operational reaches for the purpose of inviting tenders with the approval of competent authority in order to evoke competition and for completing the work quickly. In no case separate estimate for reaches which form part of continuous stretch should be allowed to be sanctioned, thus avoiding higher sanction.

In the case of work relating to Minor irrigation and Ex-zamin sources, the leads allowed during execution of work is based on the actual distance of the pit located from the top of the bund. As per M.D.S.S. the pit should never located within twice the height of the bund. In such cases the lead may vary from one extra lead to two extra leads according to the size of the pits depending on the quantity of earth work required at the particular reach.

The lifts allowed depend on the difference between the formation of bund and bed level of the tank. The lift might vary according to the location of Pits, viz. the lift will be more in the deep bed and will be less at tanks-Notionally leads and lifts are allowed according to the site condition and the necessity for providing excess lead and lift can only be observed and realised during the execution of work subject to availability of earth at particular location, it should be seen in audit whether the work is properly measured and check measured by the competent authority. This is a serious one if it is proved that extra leads and lifts were allowed for favouring the contractor. The bonafide of the measurement recorded and check measured by the authority competent if doubtful may be got checked by the next superior technical authority.

Earth work excavation is being done as per type design for well work approved by Engineers. In light and loose soils the width of excavation will be greater than that in hard soils. Payment for excavation should be made as per M.D.S.S. Refilling charges of excavated earth cannot be allowed as per M.D.S.S.

In the case of W.B.M. surface no blindage work by departmental gangs is admissible within 6 months from the date of final check-measurement. Further maintenance work will be done after six months of observation period and if blindage is necessary in the observation period, that will be done by the contractor at his expense. After that, depending upon the condition of the road, gravel blinding will be done by department.

Without proper certificate from the officer who 'check measured the work, the security deposits should not be refunded to the contractor. The security deposit is retained as a source of security so that the contractor should maintain the surface in good condition during the observation period.

[Lr.No.11885/L1175-15/dated 22nd July 1976 of C.E.'s (HRW) Madras.]

Communicated in Examiner's D.Dis.No.203148/74/dated 16th July 1977.

In case of borrow pits, measurements the certificate of removal of deadman should be verified in audit. The borrow pits should not be deeper than 3 feet and longer than 150 feet. Ten percent of out lay of the earthwork done should be deducted from the total value of work done in cases where the deadman is not removed within a period of 15 days (from the date of check measurement as per Article 304, of Highways Manual Vol. I).

When carted earth is brought to the site for formation the payment should be made for the quantity of earth spread after deducting 16% of quantity of earth towards voids.

ix. No deduction for voids: With reference to the above, it is informed that if payment is being made for only finished items of works and not for the collection of aggregates for payment courses separately, there is no need for the deduction of voids in the stock measurement of aggregates.

However the Executive Engineer is informed that the collection of aggregates has to be made to cover the extra quantity required for compaction.

(Director Letter No. S.12-191-1 AE(IT) Highways Research Station dt:2-5-2005)

x. The loss due to incorrect preparation of data has to be regulated as follows: In the case of work entrusted to the contractor on nomination at % basis on estimate rate without calling for tenders, the loss can be recovered from the persons responsible for preparing data with incorrect particulars.

In the case of work entrusted to the contractor after calling for tenders, the estimate has to be revised with correct data which will affect the rate of particular item or item which would have been noted in a comparative statement of tenders for deciding tenders. Hence to regularise the position a fresh comparative statement has to be prepared to arrive at the revised percent of tenders and based on the revised percentage so arrived at the ratification of the competent authority who can accept that tender consequent on increase in percentage premium has to be obtained.

[Lr. No. Wks. S II (2) 6804170/dated 17th August 1970 of C.E.
(GI) irrigation and P.A. Project.]

Errors in data will not affect payments to contractors who are paid at the rate quoted by them inflated data and consequential ,excess payments need not be objected in audit.

(C.E. (H&RW) Lr.No.38552/D5170-I/dated 30th June 1971.

The expenditure on painting the survey stones in pt. Union roads in green colour and in pt. roads in orange colour may be met from Panchayat Union general funds or pt. Funds respectively. (G.O.Rt.No.2202 RD&LA, dated 6th October 1976, D.R.D.'s Lr. No. D.Dis 1 8534/H2/26th October 1976.

xi. Maintenance of Own Buildings: Women teachers Quarters; The women Teachers quarters will continue to be maintained by the Panchayat Union and the expenditure to be met from the General Fund of Pt.Union as laid down in G.O.Ms.No.56 RD&LA dated 11th January 1968. Rent collected for occupation of pt.Union Elementary school Women teacher's Quarters be credited to the General Fund accounts of the Pt.Unions. (Govt.Memo.No.1393/4/77 -1/ Education, dated 26th February 1977.

Noon Meal Centres: The expenditure towards maintenance of buildings for Noon-Meals centres can be met from the funds of the General fund, provided no separate grant for the purpose is received from Govt.

xii. Registers relating to works :

(1) Register of Estimates and Allotment: This register should be checked to see:

that separate set of pages have been set apart for works falling under different categories.

that the register is a complete record of estimates and allotments sanctioned.

that the original allotments and transfer of lands have been duly noted ..

The sanction quoted against the estimates and allotment should be test checked here and there with the copies of the resolution of the P.U.C.

that the amount of sanctioned estimates and allotments as shown in this register agree with those entered on vouchers.

that in the case of maintenance works credit is taken for materials at site.

For this purpose the monthly statement of receipts, issues and balance materials or the annual verification statements should be examined.

that the incomplete works have been carried forwards to the next year's register.

2. Tender Register: This Register should be examined to see that the register is posted work wise with reference to the original Tenders and shows the name of the tenderers, tender percentage, amount of deposit, recommendations of Engineer and Commissioner and the orders of the authority competent to accept the tender. It should also be seen that a certificate as to the correctness of the entries and of the tabulations has been submitted by the U.E. and that it bears evidence of scrutiny at the hands of commissioner.

3. Register of Roads: It should be seen that the names of Panchayat Union Roads have been entered in the register with particulars of length, classification of such as metalled or non-metalled and that renewals or special repairs carried out during each year together with the particulars of kilometre have been noted there and then.

All earthen roads formed by H & RW under Drought Relief programme shall be handed over to Panchayat Unions for further maintenance (G.O.46 RD & LA dated 6th January 1984).

It should be verified in audit that whether the length of roads handed over to the Government from time to time has been deleted and the net length of road arrived at in the ledger.

Unclassified Roads which are subsequently classified as Panchayat Union Roads are entered in the Ledger with full details.

At the end of the financial year an abstract is struck and closed over the signature of the officer.

4. Register of Contractors: A register of contractors shall be maintained in the village panchayat, panchayat union and district panchayat offices respectively in Form I a and such register shall be treated as confidential. A copy of the register shall be submitted annually to the block Engineer / Assistant Engineer (Rural Development) in case of village panchayat, and to the Executive Engineer (Rural Development) in case of panchayat union and district panchayat, by the executive authority or commissioner or secretary, as the case may be.

The register of contractors shall be kept up-to-date, and when submitted to the authority under rule 12, such authority shall scrutinise the register at least once in a year and sign it in token of his scrutiny. Any changes in the register considered necessary by such authority shall be referred by him in writing to the executive authority or commissioner or secretary, as the case may be, for orders. The executive authority or commissioner or secretary, as the case may be, shall pass orders on the changes, if any, proposed by the said authority and shall record his reasons for the changes, if any, ordered by him. A copy of the corrections made in the register shall be submitted to the Executive Engineer (Rural Development) concerned and shall be filed with the register in his office.

In the remarks column of the register, the qualifications of the contractor, the quality and magnitude of work previously executed by him and all other relevant particulars shall be entered.

This register should be examined to see that the contractors whose name appear in the register have paid the fees prescribed for registration and that changes in the register have been effected only under the orders of the Commissioner and that the names of the contractors whose names have been removed from the list do not find place in the register.

4. (a) Personal ledger of contractors: The entries in this ledger should be checked in detail with reference to the contract certificate concerned. The checks to be exercised are:

that a separate folio has been opened for each contractor,

that an index is attached to the ledger for facility of reference,

that when a contractor is engaged upon more than one work the transactions relating to each of them have been recorded separately,

that the entries of debits and credits agree with those in corresponding contract certificate,

that the balance due on account of each work agree with that shown in the contract certificate, (vi) that the ledger bears evidence of check by the Engineer,

that the balances are correctly brought forward, and

that the statement of outstanding balance is correctly prepared.

For the purpose of this check, the whole of the items not effected by the months transactions as shown in the ledger, should be traced into the statement referred to. If large outstandings are left unadjusted without sufficient - causes, the fact should be stated in the Audit Reports or Audit Notes.

that in the cases where contractors unduly delay preferring their claims, the accounts concerned are closed and the amounts due are transferred to deposits.

5. Road Metal Statement: It should be seen

that the metal statement has been received every month in all cases,

that the opening balance agrees with the closing balances of the previous return, and

that the receipts, issues and balances of materials have been correctly shown and references given to the payment vouchers.

For this purpose all the purchases and issues according to the vouchers for works should be traced in to the statement.

that the closing balance of materials at Road sides at the close of the year have been verified by Commissioner and found to agree with those in the Road Metal statement and the differences between the account balance and the actual quantity at site have been satisfactorily explained or that steps have been taken to write off or to recover the value.

that the balance as finally settled have been carried over to the statement of the next year and (vi) that the Road metal statement is maintained.

(Govt.Lr.No.28903/83/79-91RD&LA dt:20-0S-80 and D.R.D's Circular NO.RC.81734/80/ AcctsVIIIdt:07-06-80.)

6. Measurement Book: During Local audit measurement books in respect of all work bills should be called for and checked. In respect of detailed measurements it is enough if 10% of the entries are checked. The pagewar totals should however be checked cent percent and ensured that the totals have been correctly carried over to the abstract struck. In checking the measurement books the following points should be kept in view.

that a stock register of M.Book is maintained :n the prescribed form.

that the measurements relating to each work are recorded either in seperate book or on separate pages set apart for the purposes.

that the requisite details as regards locality, lead, size and description of materials etc. have been given in the M.Books.

that no ereasures are noticeable and that all alternations in the M. Books have been duly authenticated either by the measuring officer or by the check measuring officer in the case of corrections made by the latter.

that the totals for each description of work have been correctly entered in the abstract prepared at the end of the measurements recorded in the M. Books.

that bills are copies of the abstract prepared in M.Books.

that no duplicate bills have been obtained and filled in the office.

that in the case of final payments, check measurements are ordinarily made as early as possible after the completion of the works and in any case not delayed for more than two weeks, and that the check measuring officer has attested any corrections made by him in the bills and has filled in and signed the check measurement certificate properly.

that in the case of disallowance or increase made by the check measuring officer or fines levied, the necessary deductions or additions have been made in the final bills

that the collection and spreading of materials have not been measured together and

that in case of measurement and check measurement being done on the same date a certificate has been recorded to the effect that the measurement and check-measurement has been done independently.

No materials should be spread before check-measurement.

Regarding measurement and check-measurement of materials collected the instructions issued in circular memo.No.198231D2nS-1 dt: 10-04-75 of C.E. (H & RW) should be followed (vide sub-para D (viii) above)

that the calculations and totals in the measurement are correct.

that the measurements of departmental works appear in those books.

that the rates at which departmental work is valued are not more than the rates in the current schedule of rates.

that the entries of measurements for which bills have been prepared and submitted are duly scored out in red ink and reference is given to bills so prepared.

that all the measurements of work done otherwise than departmentally are check measured by Union Engineer or a higher technical Authority.

that all measurements are recorded clearly and indelibly the measuring officer himself.

that in the cases where the date of check measurement certificate is prior to that of the measurement by the subordinate, the check-measuring officer's measurements are recorded in separate book kept by him for the purpose which should also be incorporated in the regular measurement book.

that the pencil entries if any in column 'L' 'B' and 'D' are not inked over and that those in the contents column are always made in ink in the first instance itself and not inked over after words.

that the amounts provided in the estimates for "Sundries" or 'contingencies' have not been paid to the contractor as a matter of course, but the details of the work said to have been executed are available.

that all M.Books are eventually returned to the office for file and the fact recorded in the stock register of M.Books.

that generally the rules and instructions issued regarding measurement and check measurement have been observed.

that the signature of the contractor has been obtained in the M.Book in token of having accepted the measurement and

that all M.Books have been numbered serially

7. Completion reports: The checks to be exercised are

that the report is submitted along with the final bill.

that the entries in the report are in accordance with those in the Register of works.

that the expenditure incurred towards supervision charges, difference cost of cement steel, bitumen, etc, are exhibited in the completion report and the amount there of included in the total value of work done.

If the total value of work done including differential cost of materials, etc. exceeds 5% of the estimated cost, a revised estimate should be prepared and got approved by the competent authority,

that all deviations are duly sanctioned.

that the name of the Engineer or subordinate who supervised the work has been duly filled in

that the explanations for differences and proposals for disposal of materials at site are duly given.

xiii. Imprest Accounts: It should be seen that the imprest are recouped on proper vouchers duly passed by P.U. Commissioner and amount disallowed if any have been duly recovered.

xiv. Reimbursement Register: It should be seen that

the work bills for which Government grant due has been entered in the Register.

that the grant due and contributions due has been worked out correctly, and

that the sanction order and adjustment of the grant sanctioned has been noted in the Register.

xv. Asset Register: Register of Assets acquired wholly or partly out of Government Grant.

It should be seen that all assets acquired out of Government grants have been entered in this Register.

(Government memo. 93229/ Accts/spl. dt:16-04-1973)

xvi. Contractor's Agreement: It should be seen whether the agreement has been executed in P.U. Form NO.60 in respect of original works and in P.U. Form No 60A - in respect of maintenance works.

The following clauses viz. 9A has been inserted in P.U. Form NO.60A the works shall be under observation period of 2 years from the date of final check-measurement. The Contractor shall maintain the works in a satisfactory condition during the period of observation at his own cost.

The contractors deposit may be refunded on expiry of the observation period of 2 years, or 3 months as the case may be on remedying any defects that appeared during the observations period whichever happens later.

(G.O.Ms.CNo.539, RD & LA, dt: 26-03-80)

(G.O.Ms.No.455, RD, dt: 6th June 1986)

xvii. Earnest Money Deposit, Additional security Deposit: Earnest Money Deposit, Additional security deposit and withheld amount for the contractors, bills are dealt with

E.M.D. should be furnished by the contractors while tendering a work at the rate of 1% of value of contract; and

The Additional security deposit will be at the rate of 1% of the estimated value of work as per G.O. Ms. No.581, Finance dt:13-06-1980.

The withheld amount in each successive intermediate bills shall be 5% of the value of work done and in case of lumpsum contracts 2.5% shall be refunded from the with-held amount at the time of final payment.

The E.M.D. 1% and additional security deposits 1% shall be released after six months from the date of last check.

In case of structural works, the balance 2.5% of with held amount will have to be retained for a period of 2 years from the date of completion / date of last check measurement of work and shall be released on expiry of 2 years after completion of work and an indemnity Bond from the contractor for a further period of three years to establish the quality of work executed as per G.O. Ms. No.1352 Transport Dept. dt:27-11-1985 and G.O. Ms. No.1465 P.W. dt:22-07-1982.

For major works like formation of road including metalling and B.T. 2.5% of the value of the contractor may be retained with the Department for a period of one year after completion of work and an indemnity bond shall be obtained for a further period of 2 years. Works like resurfacing and B.T. 2.5% of value of contract may be retained with the department for a period of 6 months only and no indemnity bond to be obtained for any further period as per G.O. Ms. No.73 Transport dt:09-01-1987.

DRD's Circular RC. No.106883 / 98 TU -1 dt:11-6-1999

xviii. Preparation and sanction of estimates: Estimates in respect of village panchayats or panchayat unions or district panchayats works whether original or maintenance works costing upto rupees fifty thousand shall be prepared by the panchayat union overseer of the respective panchayat union and got technically sanctioned by the Block Engineer or Assistant Engineer(Rural Development) of the respective panchayat union.

All estimates costing more than rupees fifty thousand shall be prepared by the Block Engineer or Assistant Engineer (Rural Development) with the assistance of the Union Overseer and sent to the Assistant Executive Engineer (Rural Development) concerned, who shall ensure that administrative and technical sanctions are accorded to the estimates in accordance with rules 5 below.

xix. According of administrative sanction and technical sanction to estimates: In respect of estimates including revised estimates for original works, maintenance works and electrical works the authorities competent to accord administrative sanction and technical sanction shall unless the Government has stipulated that the sanction of some other authority is required for a particular scheme or particular fund or above a particular limit, be as specified in Tables I, II, III, IV and V below: as per Tamil Nadu Panchayats (Preparation of plans and estimates for works and mode and conditions of contracts) Rules 1998 and also rules 2007.

Panchayat Union

Estimate value Authority to accord Administrative sanction Authority to accord Technical Sanction for original works

1. Estimate costing upto rupees ten lakhs	Panchayat Union Council	(i) Upto rupees One Lakh Block Engineer or Assistant Engineer (Rural Development) and Panchayat Raj.
		(ii) More than rupees one lakh but not more than rupees Five lakhs:- Assistant Executive Engineer (Rural Development and Panchayat Raj)
		(iii) More than rupees Five lakhs but not more than rupees Thirty lakhs Executive Engineer (Rural Development and Panchayat Raj.)
2. Estimate costing more than rupees ten lakhs but not more than rupees Fifty lakhs.	District Collector /	
3. Estimate costing more than rupees Fifty lakhs		More than rupees thirty lakhs Superintending Engineer (Rural Development)

Technical Sanction

Sl.No.	Competent authority	Maintenance works	Electrical works
1.	Block Engineers / Asst. Engineers (Rural Development and Panchayat Raj)	Not more than rupees Twenty Five thousand	Not more than rupees Twenty Five thousand
2.	Asst. Executive Engineer (Rural Development and Panchayat Raj)	More than Rs.25 thousand and not more than rupees two Lakhs.	More than Rupees twenty Five thousand and not more than rupees Two lakhs.
3.	Executive Engineer (Rural Development and Panchayat raj)	More than Rupees two lakhs and not more than rupees ten lakhs	More than rupees two lakhs and not more than ten lakhs.
4.	Superintending Engineers (Rural Development and Panchayat raj).	More than rupees ten lakhs.	More than rupees ten lakhs.

Explanations:

1. Relaying of Water Bound Maccadam (WBM) layer and Black topping (BT) Layer as whole will be deemed as original work and not maintenance work.
2. Assistant Engineers and Assistant Executive Engineers in water supply and Pradhan Mantri Gram Sadak yojana (PMGSY) selling and any person holding Technical posts equivalent to Assistant Engineer and Assistant Executive Engineer are also competent to accord technical sanction.

Tender inviting authorities and Tender accepting authorities

Sl. No.	Category of works	Tender inviting authority	In case of no tender excess	For tender excess up to 5% incase of costing not more than rupees 5 Lakhs	(i) For Tender excess more than 5% in case of works costing not more than rupees 5 lakhs or (ii) For any tender excess in case of works costing more than rupees 5 Lakhs
1.	General Fund works of Panchayat union	B.D.O. (Block Panchayat)	Panchayat Union Council	Collector	Director of Rural Development and Panchayat Raj
2.	Scheme works entrusted to Panchayat union	B.D.O. (Block Panchayat)	Panchayat Union Council	Collector	Director of Rural Development and Panchayat Raj
3.	Scheme works entrusted of B.D.O. (Block Panchayat)	B.D.O. (Block Panchayat)	B.D.O. (Block Panchayat)	Collector	Director of Rural Development and Panchayat Raj

G.O. Ms. No.286 Rural Development and Panchayatraj Dept. dt:31-12-1998.

G.O. Ms. No.203 Rural Development and Panchayatraj Dept. dt:20-12-2007

Tender accepting authorities

Tender inviting authority	If within estimated cost or for tender excess upto 5% in case of individual works costing not more than rupees 25 lakhs or package of works costing not more than rupees 2 crores	i. For tender excess more than 5% incase of individual works costly not more than Rs.25 Lakhs or package of works costing not more than Rs.2 crores (or) ii. For any tender excess in case of individual works costing more than rupees 25 Lakhs or package of works costing more than Rs.2 crores.
Project Officer, District Rural Development Agency	District Collector	Director of Rural Development and Panchayat Raj.

G.O. Ms. No.203 Rural Development and Panchayatraj Dept. dt:20-12-2007

Measurement and check-measurement of works executed by village panchayat, Panchayat union and district panchayat.

The authorities competent to measure and check-measure all original, maintenance and Electrical works done or materials supplied whether by contract or by departmental agency for all works other than National Rural Employment Guarantee Scheme (NREGS) works shall be as specified below:-

Name of work	Measuring officer	Check-measuring officer
(1)	(2)	(3)
1. All public works (original, maintenance and electrical works) costing not more than rupees fifty thousand	Panchayat Union Overseer	Block Engineer or Assistant Engineer (Rural Development).
2. All public works (Original, maintenance and electrical works) costing more than rupees fifty thousand.	Block Engineer or Assistant Engineer (Rural Development)	Assistant Executive Engineer (Rural Development)

b) For works under NREGS:-

1)	Bill for value of not more than one lakh	Overseen	Block Engineer or Asst. Engr (RD)
2)	Bill for value of more than one lakh	Block Engineer or Asst. Engr (RD)	Asst. Exe. Engineer (RD)

Authorities Competent to Pass Excesses over Original Estimates

Estimate Value	Authority	Powers
Upto rupees fifty thousand	Assistant Executive Engineer (Rural Development) Executive Engineer (Rural Development) Superintending Engineer (Rural Development Government)	Without any excess over technical sanction estimate With five percent excess over technical sanction estimate. With ten percent excess over technical sanction estimate More than ten percent excess over technical sanction estimate.
More than rupees fifty thousand but not more than rupees three lakhs	Executive engineer (Rural Development) Superintending Engineer (Rural Development Government)	With five percent excess over technical sanction estimate With ten percent excess over technical sanction estimate More than ten percent excess over technical sanction estimate
More than rupees three lakhs but not more than rupees five lakhs	Superintending Engineer (Rural Development Government)	With ten percent excess over technical sanction estimate More than ten percent excess over technical sanction estimate
Exceeding rupees five lakhs	Government	—

G.O. Ms. No.286 Rural Development Dept. dt. 31.12.1998.

THE TABLE

Value or the amount of the work	Authority
(1)	(2)
1. Not exceeding rupees fifty thousand	(a) The Assistant Executive Engineer (Rural Development), if the tender rate exceeds the estimate rate by not more than three per cent. (b) The Executive Engineer (Rural Development), if the tender rate exceeds the estimate rate by three per cent but not more than five per cent. (c) The Superintending Engineer (Rural Development), if the tender rate exceeds the estimate rate by five per cent but not more than fifteen per cent. (d) State Government, if the tender rate exceeds the estimate rate by more than fifteen percent.
2. Exceeding rupees fifty thousand but not exceeding rupees three lakhs	(a) Executive Engineer (Rural Development), if the tender rate exceeds the estimate rate by not more than five per cent. (b) Superintending Engineer (Rural Development), if the tender rate exceeds the estimate rate by more than five per cent but not more than fifteen per cent. (c) State Government, if the tender rate exceeds the estimate ate by more than fifteen per cent.

3. Exceeding rupees three lakhs but not exceeding rupees five lakhs	(a) Superintending Engineer (Rural Development), if the 'tender rate exceeds the estimate rate by not more than fifteen per cent. (b) State Government, if the tender rate exceeds the estimate rate by more exceeding rupees than fifteen per cent.
4. Exceeding rupees five lakhs	State Government

G.O. Ms. No.286 Rural Development Dept. dt:31-12-1998

xx. Mode and conditions of contracts: Tenders shall be called for in respect of every work which is to be executed by or on behalf of village panchayat, panchayat union council, district panchayat, as the case may be on contract and the value of the amount of which is rupees five thousand and above. Any work, the estimated cost of which does not exceed rupees five thousand may be entrusted to a village panchayat within a panchayat union and district panchayat without calling for tenders at rates not exceeding estimate rates.

POWER TO DISPENSE WITH CALLING OF TENDERS:

In respect of works, the value or amount of which is rupees five thousand and above, village panchayat, panchayat union council and district panchayat, as the case may be, may dispense with the calling of tenders in the following cases and entrust the work at rates not exceeding estimate rates:-

In the case of any work entrusted for execution for the rates not exceeding annual maintenance, contract fixed by the Government specifically for this purpose;

In the case of a supplemental maintenance work relating to road which is found necessary after the annual maintenance contract for that road has been settled, if the contract' amount of the supplemental maintenance work does not exceed fifty per cent of the amount of the original maintenance amount or rupees two thousand five hundred, whichever is less;

In the case of any work to which a village panchayat contributes not less than twenty five per cent of the estimate cost either from its own resources or by collecting contribution in cash from the public, the work may be entrusted to the village panchayat in which the work lies, if the panchayat passes a resolution to that effect, subject to the condition that where it is not possible to collect a twenty five per cent cash contribution in advance, the contribution amount may be deducted from the bills at a rate not exceeding twenty five per cent of cash bill.

In the case of any work to which a sponsor contributes not less than twenty five per cent of the estimate cost in cash if he expresses a desire to execute the work and if the panchayat gives prior approval for entrusting it to such sponsor by passing a resolution, the work may be entrusted to such sponsor.

Provided that no part of the contribution which the village panchayat or panchayat union council or district panchayat, as the case may be, may make, shall be taken credit for, to make up to the twenty five per cent of the contribution of the sponsor;

Provided further that the sponsor shall not entrust the execution of the works to any contractor.

In the case of any work other than those referred to in clauses (a), (b). (c) and (d), the work may be entrusted to a Labour Contract Co-operative Society functioning in the panchayat development block at rates not exceeding estimate rates;

Nothing contained in these rules shall affect the mode of entrustment and execution of works under State Scheme or Centrally Sponsored Scheme, for which specific orders in the entrustment of works are issued.

In cases not falling under clauses (a) to (d) of rule 8, tenders may be dispensed with on the ground of urgency or for any other special reason to be recorded in writing by the executive authority or commissioner or secretary, as the case may be:-

if the value or the amount of the work docs not exceed rupees fifty thousand with the previous approval of the Executive Engineer (Rural Development) on the direction from the Collector of the district concerned

xxi. Power to entrust the works without tender: Where tenders are not called for or are dispensed with, the executive authority or commissioner or secretary, as the case may be, shall except in cases falling under clause (a) to (d) of rule 8, get the work done through a contractor selected from the register of contractors at rates which shall not ordinarily exceed the sanctioned estimate rates. Where on the ground of urgency or for other special reason it is proposed to allow rates exceeding the sanctioned estimate rates, the previous written approval of the authority competent under these rules to approve the acceptance of tenders at such rates shall be obtained.

Provided that any such work may be entrusted to a person in the locality who is not a registered contractor, but who is interested, its execution, if in the opinion of the executive authority or commissioner or secretary, as the case may be, its execution through such agency is desirable and if the value or the amount does not exceed rupees two thousand:

Provided further that the selection of contractors for works, the value or the amount of which is rupees two thousand or less shall be made by the Block Engineer or Assistant Engineer (Rural Development):

Provided also that in cases falling under clause (c) of rules, the supplemental maintenance work shall be entrusted to the contractor for the original maintenance work at the same rates as for the original maintenance work.

xxii. Dispense with further call of tender: Notwithstanding anything contained in these rules, the executive authority or commissioner or secretary, as the case may be, may upto such date as the State Government may by general or special order specify from time to time dispense with further call of tenders either when no tender is received in the first instance or only high premium tenders which are not considered reasonable are received and are rejected-

if the value or the amount of the work does not exceed rupees five lakhs with the approval of the village panchayat or panchayat union council or district panchayat. as the case may be;

if the value or the amount of the work exceeds rupees five lakhs but does not exceed rupees ten lakhs with the approval of the collector of the district concerned.

if the value or the amount of the work exceeds rupees ten lakhs but does not exceed rupees one crore with the approval of the Director of Rural Development; and

if the value or the amount of the work exceeds rupees one crore with the approval of the State Government.

In case tenders are not dispensed with under sub-rule (i), the executive authority or commissioner or secretary, as the case may be, negotiate with the tenderers in order to entrust the work to the most suitable tenderer having regard to all the local conditions and accept an offer at rate other than specified in the tender with approval of the collector or the district concerned:-

if the value or the amount of the work does not exceed rupees five lakhs with the concurrence of village panchayat or panchayat union council or district panchayat as the case may be;

if the value or the amount of the work exceeds rupees five lakhs but does not exceed rupees ten lakhs with the concurrence of the collector of the district concerned;

if the value or the amount of the work exceeds rupees ten lakhs and does not exceed rupees one crore with the approval of Director of Rural Development; and

if the value of the work exceeds rupees one crore with the concurrence of the State Government.

XXIII) REGISTRATION OF CONTRACTORS:-

Any person desirous of being registered as a contractor shall apply to the concerned village panchayat or panchayat union council or district panchayat, as the case may be, enclosing a receipt from the village panchayat or panchayat union or district panchayat office, as the case may be, for the fee fixed under sub-rule (4) and stating his qualifications and previous experience.

The village panchayat or panchayat union council or district panchayat, may fix a fee not exceeding rupees five hundred to be paid by an applicant for registration as a contractor.

On receipt of an application under sub-rule (3). the executive authority or commissioner or secretary, shall refer such application to block Engineer or Assistant Engineer (Rural Development), who shall make a full enquiry and submit

the application to the executive authority or commissioner or secretary, with the record of the enquiry made by him and his views on rejections or recommendation in regard to the particulars mentioned in columns (4) and (5) of the register. The executive authority or commissioner or secretary, shall place the details of enquiry along with the application for consideration of village panchayat or panchayat union council or district panchayat, who shall pass orders on the application after which the same shall be entered in the register.

The said register and connected records shall be made available for the perusal of the audit or supervising officer, who shall bring to the notice of the Inspector and Superintending Engineer (Rural Development) of any material irregularities. The Superintending Engineer (Rural Development) shall cause the material irregularities to be enquired into and to place the details before the Inspector, who after giving an opportunity to the concerned executive authority or commissioner or secretary, as the case may be, shall pass order which will be binding on the respective panchayat.

The names of the contractors may be removed from the register of contractors by the executive authority or commissioner or secretary, for any misconduct or for any financial incapacity or for any other reasons:

Provided that before ordering the removal of the name of any contractor from the register, a notice in writing shall be given to him to show cause against such removal and his explanation be obtained in writing for consideration, and place the details for consideration of the village panchayat or panchayat union council or district panchayat.

xxiv. Tender procedure : Subject to the provisions of rule 18, tenders in sealed covers shall be invited by the executive authority or commissioner or secretary, as the case may be in the most open public and transparent manner possible-

by displaying the tender notice in Tamil on the notice board of the village panchayat or panchayat union or district panchayat, and in such other places as the executive authority or commissioner or secretary, may direct;

by sending copies of the tender notice to the Assistant Executive Engineer (Rural . Development) and Executive Engineer (Rural Development) for displaying in the notice board of their offices concerned; and

by publication of the tender notice in the District Gazette.

Provided that tender notice in respect of a work, if the value of which exceeds rupees ten lakhs and does not exceed rupees twenty five lakhs shall be published in two tamil newspapers at the district level.

Every notice published under sub-rule (1) shall state

When and where the contract documents may be inspected;

The precise form of tendering, that is, whether it shall be at specified percentage below or above estimate rates, or whether definite rate issued be quoted for each item of work included in the schedule;

When and where tenders are to be submitted;

When and where they are to be opened;

The amount of earnest money which shall accompany the tender and the amount and nature of security required in case the tender is accepted; and

The authority competent to accept the tender, reserve the right to reject any or all received without assigning any reasons.

a) Precise form of tender: The precise form of tendering, namely, whether it shall be at specified percentage below or above the estimate rates, or whether definite rates shall be quoted for each item of work included in the schedule independently of the rates provided for in the sanctioned estimate, shall be decided by the executive authority or commissioner or secretary, as the case may be.

Contractors who are required to tender on percentage basis, may be permitted to examine the estimates for a work, but the data statement showing the actual cost of materials and the distance of the leads on which the estimate is really based shall not be shown to them nor shall it form part of the contract documents.

b) Valid Tenders: No Tender shall ordinarily be treated as valid unless it is accompanied either by the earnest money specified in the tender notice or by a receipt in token of the party having remitted the amount of the earnest money into the panchayat office concerned. A separate list of all sums deposited as earnest money shall be maintained under the signature of the officer opening the tender.

c. Tender from the registered contractors: Only tenders from the registered contractors shall be considered. This condition shall not be enforced in the case of capital works the value or amount of which exceeds rupees fifty thousand in the case of steel work or incases in which the Assistant Engineer (Rural Development) or Block Engineer certifies that the work, requires the use of special plant of materials and specially trained labourers and that tenders from unregistered contractors may be considered. In the case of capital works the value or amount of which exceeds rupees fifty thousand, tenders from engineering firms of standing and from contractors registered in or outside the village panchayat or panchayat union or district panchayat area for such capital works may be considered. A tender register shall be maintained in the village panchayat, panchayat union and district panchayat offices respectively in Form II as appended to these rules and such register shall be treated as confidential.

d. Forfeiture of EMD:- The amount of earnest money to be deposited shall be as specified in tender notice. In case of the contractors failing to furnish the required security within the appointed time after the acceptance of his tender or until the sums due to him form a sufficient guarantee, or fails to execute the work as per the agreement, the earnest money deposit shall be forfeited.

e. Opening of sealed tender cover: The executive authority or commissioner or secretary, as the case may be, or any responsible official authorised by him in this behalf shall at the time and place specified for the purpose, open the scaled covers containing the tender In the presence of two officials In that office in addition to the presence of such of the tenderer or their authorised agents as may be present. Until the sealed covers containing tenders are so opened, they shall be kept in the personal custody of the executive authority or the official authorised by him to open the tenders. All corrections in each tender which may have been made by the tenderer should be attested by him. If there are corrections in the tender unattested by the tenderer a note of such corrections shall be made on the tender itself when it is opened. The executive authority or the official authorised by him to open the tenders shall enter the total number of tenders received in the tender register. against each work.

f. Tender register: After the lenders are opened, they shall be tabulated and posted in a tender register maintained in the village panchayat or 'panchayat union or district panchayat office, in Form II appended to these rules. The executive authority or commissioner or secretary, shall scrutinise the entries in the register and certify that the tabulation is correct with reference to the original tenders which shall be preserved and made available for the purpose of audit.

A contractor who withdraws his tender after the acceptance of tender by competent authority without valid reasons to be decided by the executive authority or commissioner or secretary, shall be liable to have his name removed from the register of contractors for a period ranging from one to five years. The orders of executive authority or commissioner or secretary, removing the name of the contractor from . such register shall be communicated to the contractor concerned by the executive authority or commissioner or secretary, An appeal shall lie to the Superintending Engineer (Rural Development) against the order of the executive authority or Commissioner or secretary, Such appeal shall be preferred through the Block Engineer or Assistant Engineer (Rural Development) and the executive authority or commissioner Or secretary and the Executive Engineer (Rural Development), within seven days from the date of receipt by the contractor of the orders of the executive authority or commissioner or secretary. . The orders of the Superintending Engineer (Rural Development) on such appeal shall be final.

The Government have examined the proposal of the DRD and Panchayat Raj for appointing authorities competent to scrutinize the tender proposals before putting up to the Tender Accepting Authority and direct that the authority to scrutinize the Tender proposals of all the works shall be as specified in the Table below:

Authority to scrutinize the Tender proposal

Sl.No.	Authority	Value of work
1.	Block Engineer / Assistant Engineer (R.D. & P.Raj)	Note more than Rupees one Lakhs.
2.	Assistant Executive Engineer (Rural Development and Panchayat Raj)	More than Rupees one Lakhs and not more than Rupees 5 Lakhs.
3.	Executive Engineer (Rural Development and Panchayat Raj)	More than Rupees five Lakhs.

(G.O. Ms. No.204 Rural Development and Panchayat Raj (PR-1) Dept. dt:24-12-2007)

xxv. Acceptance of tender: The lowest tender shall be accepted. Where it is considered undesirable to accept the lowest tender the reasons shall be clearly recorded in writing by the authority competent to accept the tender and the case shall be disposed of in the manner specified in rules 23 and 24.

Where the capacity for the work and the integrity of a tenderer are not known, his tender need not necessarily be rejected. Such additional security not exceeding ten per cent of the contract amount as the authority competent to accept the tender considers necessary shall however be taken from the tenderer if the circumstances warrant such a course.

Where the lowest tender is rejected, the next lowest tender shall be considered. If it is considered undesirable to accept that tender also, the next higher tender shall be considered. In every case of rejection of a tender under this sub-rule, the reasons therefore shall be recorded in writing by the authority competent to accept tenders.

In no case shall a tender be accepted at rates other than those specified in the tenders. In cases, where the authority competent to accept the tender considers the rate for certain items are pitched too high in the lowest tender, he may negotiate with the above tenderer with the approval of the next superior authority and secure reasonable rates for those items without higher sanction.

There shall be no avoidable delay in the disposal of tenders after they are opened. In cases where the executive authority or commissioner or secretary, is competent to dispose of tenders without obtaining concurrence of others, the executive authority or commissioner or secretary, as the case may be, shall do so ordinarily within a week of the date on which they are opened and in any case within a period not exceeding one month. In other cases no tenders shall remain un disposed of for a period exceeding one month. In other cases no tenders shall remain un disposed of for a period exceeding two months from the date on which they are opened.

Passing of orders: The executive authority or commissioner or secretary, with the approval of the village panchayat or panchayat union councillor district panchayat, shall pass orders in accordance with the provisions of rule 22 in the case of works the value or the amount of which does not exceed estimate rate. If the lowest tender is not accepted and the person making such a tender is a person competent according to the register of contractors to execute the works, the matter shall be referred to the Executive Engineer (Rural Development) concerned and the decision of the Executive Engineer (Rural Development) shall be final. The reference and the order thereon shall contain clear and convincing reasons for not accepting the lowest tender.

Exceeding the estimate amount: In the case of works the value or the amount of work which exceeds the estimate amount the tender shall be settled after obtaining concurrence from the authority competent to sanction or as specified in rule 25.

Acceptance of tender for special reasons: Tenders which exceed the estimated rate or amount shall not ordinarily be accepted. Where on the ground of urgency or for other special reasons, if it is proposed to accept such tenders, the previous approval of the authority specified in column (2) of the Table below shall be obtained:-

Transparent Execution of works: All works executed by the respective panchayats shall be placed before the village panchayat, panchayat union council and district panchayat, as the case may be, and necessary follow up action taken.

A display board on each work exceeding rupees fifty thousand executed by the contractor or otherwise in village panchayat, panchayat union, or district panchayat, shall be placed at the work site by the contractor or the executor executing the works at his cost as part of the work contracted with the following details:- (a) name of the scheme; (b) name of the work (including year of sanction), (c) estimate value; (d) name of the contractor; (e) date of commencement of work and (f) date of completion of work.

xxvi. Utilisation of Surplus Funds: A minimum balance of Rs.5 lakhs should be kept as reserve under General Fund Account (ordinary) and then this has to be excluded for the purpose of arriving at surplus for utilisation. The District Collectors are authorised to sanction an expenditure up to 50% of the surplus fund after keeping minimum balance of 5 lakhs as reserve. Proposals in excess of the Financial limit of 50% of the surplus funds referred to above shall be sanctioned by the D.R.D. The priority of item of works to be taken up shall be as follows.

The administrative approval for the works carried out from the surplus funds shall be as follows:

The individual works up to 5 lakhs	-	Panchayat Union Council
Above 5 lakhs and up to 10 lakhs	-	District Collector
Above 10 lakhs - 1 Crore	-	Director of Rural Development
Above 1 Crore	-	Government
The Collector may incur expenditure up to 50% of the surplus fund.		

(G.O. Ms. No.85 / R.D. Dept. dt:06-05-1998)

The Collectors are authorised to accord sanction for the utilisation of surplus funds for the above items of work in the order of priority, subject to the following conditions:

A minimum of 10 percent of the cash balances should be kept by the panchayat union councils in their budget. This minimum cash balance should be computed by excluding the grants, debts and endowments in the budget.

A minimum amount of Rs.5 lakhs should also be kept in the General funds as reserve so as to provide for any unforeseen expenditure such as increase in D.A., for the staff, etc, during the course of the year.

All proposals for the utilisation of surplus funds should be sent to the Collector with requisite resolutions of the panchayat union councils with detailed list of works and their approximate cost.

(G.O.Ms.No.1376, R.D& L.A., dated.30th May 1974)

Upto 50% the Panchayat Union Council may accord administration sanction and incur expenditure.

(G.O. Ms. No.85 RD Dept. dt:6-5-1998)

Procedure for incurring expenditure for surplus funds of Panchayat Union Councils

- i) **Water Supply Scheme:** Distribution system to serve Harijan colonies alone should be taken up with the concurrence of D.R.D. public taps in select points only. should be provided. There should be no street by extension.
- ii) **School Buildings:-**Construction of buildings including construction of additional school building to the Pt. Union schools. Construction of first buildings in each school will get first priority.
- iii) **Road works:** improvements to roads such as gravelling, metalling vested with the Pt. Union or Panchayats. construction of rivertments, road dams on the roads vested with Panchayat Union and Panchayats.

Aforestation in Panchayat lands:-It should be remunerative to Panchayats and Pt. Unions.
- iv) Simple drainage works.
- v) Construction of Thrashing floors

(G.O.Ms.No.310, RD & LA dt: 03-03-81)

The sanction for the utilisation of surplus fund by the Collector is restricted to the following items of works:

- a) Direct Purchase centre and Godowns to be operated by the civil supplies corporations and subject to the guaranteed economic rent being given by Tamil Nadu Civil supplies corporation
- b) Drinking water supply
 - i) Provision of wells including tube-Wells and deep borewells,
 - ii) Deepening of wells in cases where the ground water cell gives clearance of the Asst. Geologist of the Technical cell attached to the collectors office.
 - iii) construction of Ground level Reservoirs
 - iv) construction of over Head Tanks without a distribution system in accordance with the procedure indicated under the village works programme and subject to obtaining the permission of the D.R.D. wherever necessary under village works programme
 - v) Improvements to existing wells such as construction of plat-forms.
- c)i) Improvements to roads such as graveling, metaling black topping vested with the Pt. Unions or Panchayats.
 - ii) constructions of culverts, bridges, causeways revetments, road, dams on the roads vested with Pt. Union and Panchayats.
- d) Constructions of building including construction of Additional school buildings to the Pt. Union Schools.
- e) The Pt. Union whose financial position is found surplus as defined in G.O.Ms.No.1531 RD & LA dt: 29-07-76 are permitted to take up the work 'of sinking community wells for irrigation purposes for the benefit of the small formers. The pt. Unions should take up each well work with the prior approval of the Collectors Concerned and that the total cost. of each well work should not exceed Rs. 40,000.

(G.O.MS.No.641, RD & LA dt: 29-04-78)

Note: T.V. Sets to Panchayats, Town Panchayats by Utilising the surplus General funds of Panchayat Union and the recoupment negated.

(Govt. Lr. NO.64272/A/Pn/O-1 dt: 20-02-91 DRD.)

The proforma for arriving at the financial position of the Pt. Union for purpose of sanction of schemes from GI. Funds has been prescribed by Government in G.O.Ms.No.64I RD& LA dt: 29-04-78. DRO's circular Roc. 167627/ Acts. VI-2176-3 dt:22-09-76 and circular Even NO.dt: 15-12-76.

98. Checks to avoid Malpractices: To avoid malpractice in remitting the Panchayat Union Funds in Treasury/ State Bank the following instructions are issued.

To follow the procedure as per Rules contained in Panchayat Union Manual

To check atleast once in a week the receipted chalan from the Treasury by comparing them with the counterfoils.

The cashiers should not be allowed to write up the pass book or scroll.

To watch the writing up of treasury pass book by the sub- Treasury officers then and there and furnish certificate of acceptance of balance as on 31st March of every year.

No Panchayat Union employee should be allowed to continue as cashier for more than 3 years. (Circular Roc.No.73688/Accts. III-I/85, dated 26-8-86 of the DRD Madras)

The entries on the receipt side of the cash book should be made from the duplicate copy of receipted chalan and not from chitta. It would suffice if the entries for ten days a month are tested.

All moneys received on account of Panchayat Union councils shall be kept in the Panchayat Union cash chest and whenever the amount exceeds Rs.300 it should be remitted into the treasury to the credit of Local Fund Deposit Account No.1.

It should be seen that the cash book is closed at the end of every month, a reconciliation of closing balance as per pass book and cash book is effected and recorded over the signature of the Commissioner. While checking the reconciliation, the following points should be borne in mind-

The entries appearing in the reconciliation viz. "amount remitted but not taken credit in pass book should be thoroughly examined if they are being shown for months together. There may be possibilities that the said amount might not have actually been remitted but defalcated.

When uncashed cheques for more than three months are written, it should be examined whether the expenditure relates to grant work and how the grant was drawn on the basis of unexpended expenditure. Similarly, if the vouchers relate to refund of the overdrawal of grant the objections relating to overdrawal of grant not admitted since the amount has not actually been refunded.

In an instant case it was noticed that a credit entry under Bank column of the cash book was made as Treasury adjustment of Government grant before it was taken credit in the Treasury pass book and thereby inflating the Treasury balance in the cash book, cheques involving huge amounts were drawn and shown under uncashed cheques in the reconciliation statement. The amount covered by uncashed cheque will be more than the amount at credit in Treasury as per treasury pass book. In another case the cash book closed with a minus balance.

Cheques were drawn without sufficient funds which had resulted in the cheques remaining uncashed at the end of the year. In both cases the cheques had been drawn by the panchayat union commissioners with the intention to reimburse the Government grant allotted for the year by boosting the expenditure. Presumably the cheques would not have been drawn after proper completion of work and issued to the contractors concerned hence the following aspects should be carefully examined in audit.

To verify that the closing balance in the Treasury as per Treasury pass book, does not show minus balance if the amounts covered by uncashed cheques are deducted from the Treasury pass book balance. In other words the amount of uncashed cheques should not be more than the balance in Treasury pass book.

Making credit in the cash book the amount of bills of adjustment of Government grant before they are actually realised or adjusted to the credit of the panchayat union accounts in treasury should be considered as fictitious entry and suitably commented upon in audit.

And verify that the cheques issued at the close of the year and shown as uncashed are not issued just to reimburse the grant without actually incurring the expenditure in this regard. For example in one instant case the cheque was drawn even before the work was measured and check measured. Hence the uncashed cheques and date of encashment of the cheque should be noted in the reconciliation statement itself. The Government grant drawn if any on the expenditure covered by uncashed cheques shown in the reconciliation statement should be commented.

(H.O. Circular Roc.No.75386/DI176. 7th .August 1976.)

The cash balance on hand on penultimate day during audit should be verified by the auditor and the fact recorded by him. While verification, the Government side cash kept in the cash chest should also be verified.

All the counterfoils of cheques for the period of audit should be traced into the cash book.

If the cheque includes amounts due for payment or more than one voucher the totals should be tested to see that the amount drawn on the cheque is correct.

The cancelled cheque should be destroyed in audit it should be seen whether note has been recorded on the counterfoil of the cheque under the initials of the commissioner.

When cheques are post dated, they should be entered in the cash book only when they became due.

If before the cheque becomes due, there is change of commissioner the cheque shall be revalidated.

(Memo No.123298/E2/66-24, Education, dated 6th March 1967).

The panchayat union commissioner cannot draw self cheques for amounts more than Rs. 500 in Local Fund Deposit Account No. 1 except in the following cases.

for making adjustment from Local Fund Deposit Account Nos. I & II.

Disbursement of salary of the staff on the first of every month.

Festival Advance to the members of the staff.

Arrears of salary to the staff.

Travelling allowance for the members of the panchayat union council and staff. (i.e.) Advances.

for effecting payment to-persons outside the block (Commissioners having transactions with non-Banking sub-treasuries only)

(Memo.No.160974/LF/60-2 Labour Administrative, dated 15th January 1960) .

(Memo No.139424 Rural Development Accounts E1/61-2, R. D. and Labour Administrative, dated 18th November 1961

Memo. No.2S1746, Rural Development Accounts E/62-4/, R. D. and Labour Administrative dated 18th June 1962.)

Cheques issued to third parties should be crossed irrespective of the amount involved

(G.O. Ms. No. 2194, Rural Development and Labour Administrative, dated 28th December 1979).

99. Check of Registers:

i. Investments: The checks to be exercised are (1) that the investments are covered by proper sanction: Earmarked funds other than unspent loan funds and provident Funds may be invested in Tamil Nadu Government Securities and Securities issued by the Government of India including savings certificates.

(G.O.Ms.No. 420 RD & LA dated 21st February 1962 as amended in G.O.Ms.No. 2785 RD & LA dated 23rd December 1971.)

No other fund shall be withdrawn from Panchayat Union account for investment without the special sanction of Government.

that the income from investments have not been disposed of except for specific purpose for which they have been made and if not required for utilisation they have been reinvested without delay.

that in the case of investments withdrawn the proceeds have been duly credited in the accounts.

that interest due has been realised on due dates and credited in the accounts and the total for the year agree with those in the account for March.

that interest accruing from investments made for a specific expenditure at a further date has been reinvested and added to such reserve.

ii. Register of Investments.- This register should be examined to see:

that separate pages have been set apart for recording investments relating to Endowment fund, etc.

that the interest due on investments is entered in this register to watch its realisation that it has been realised on the due dates and credited in the account and an abstract showing the total amount of interest due, realised and balance due for the year has been recorded in the Register.

The credit entries for the realisation of interest in the Register should be traced in the Register of Miscellaneous Receipts.

It should be seen that necessary exemption certificate have been obtained from the income Tax Officers and Income tax, if any deducted, got reimbursed.

that the balance of interest as well as of the investments are correctly carried forward to the register for the next year.

The entries carried over should be verified in audit.

that the total of investments made as shown in the year agree with the figures in the posting Register and Annual account; and

that the investments have been verified half-yearly by the Commissioner and a certificate to the effect that all the securities entered in the register and remaining uncashed on the date are available and that action has been taken to realise all amount of interest and Principal which have fallen due has been recorded in the register.

The investments on the date of audit should be verified physically by the Inspector / Head of Audit party and the fact recorded in the register.

(H.O. Circular Rc. 684011D4/87/dated 4-8-87)

As per the Postal Time Deposit Revised Act 1995 the investments in Postal Departments by local bodies Institutions are completely banned. The investments if any made by them shall be refunded without interest.

(H.O. Circular ROC. No.8962/05 MA5 Dt:27-06-2005)

That the investments not be made in the name of Commissioner instead of designation.

That any matured Investment not encashed due to the fact that the investments were made in the name of deceased commissioner / commissioner who were transferred and name transfer not made.

(H.O. Circular ROC. No.19684/PUA1/05 Dt:27-09-2005)

100. Stock account of money value forms The checks to be exercised are- (i) that a separate account for all money value forms such as NMR Forms, Tender Schedule, service books, etc. is maintained.

that the issues upto date are totalled when new supplies are received, the balance struck and the new supply added to the balance so as to show the total quantities available for issue under each kind of forms:

that the receipts of forms are correct with reference to the invoice received from the press, the machine numbers being indicated in the remarks column.

that the issues are supported by the acknowledgement of the receiving officer of sub-ordinate the machine numbers being indicated both in the acknowledgement and in the remarks column of the Register.

that the issues are not made in excess of the requirement and that books issued are forthcoming either as used or unused and that in respect of forms and books sold for cash such as service books, etc. issues are supported by the necessary credits representing their cost:

The actual number of forms etc. should be entered on the date of audit and physically checked with the book balance. Discrepancy if any noted should be commented upon in the Audit notes or in the Audit Report.

Any unused books not required for immediate use should be verified at the time of audit.

that the stock of forms has been verified and the fact certified to in the register at the end of each half-year by the commissioner.

101. Register of Tools and plant.- The checks to be exercised are

that a register of tools and plant showing opening balance, receipt issues and closing balance in the Panchayat Union office is maintained.

that a register is maintained in the office for each sub-ordinate unit/institution.

that the receipt of articles during the year is correct with reference to the suppliers bills or advises and that the voucher numbers have been indicated against each entry:

While verifying entries it should be seen that full description of articles. make, size etc. along with voucher number, invoice number, name of company are noted.

that in the case of articles shown as written-off in the register, the sanction of the competent authority for the write-off is forthcoming:

that in the case of shortage, adequate action has been taken to recover the cost from the persons concerned.

that when articles are distributed among several institutions sub-ordinate to the panchayat Union a certificate of availability of all the furniture, etc. has been obtained annually from the head of such institution and checked with the register maintained in the office and discrepancies, if any, reconciled.

that an annual verification of the tools and plants etc is made by the commissioner or other responsible officer deputed for the purpose and a certificate to that effect recorded in the register.

that the closing balance of tools and plants etc. at the end of the year has been struck and carried forward to the register of the subsequent year as opening balance. .

The opening balance in the subsequent year's register should be checked in audit.

102. Register of Immovable properties: The checks to be exercised are:

that the register contains a complete record of all immovable properties 'belonging to or vested in the panchayat union council and that separate set of pages or separate registers are used for the different kind of properties like roads, bridges, lands and buildings etc.

that all new purchase and acquisitions have been noted therein together with their value.

that if any property is rented out, the rent has been fixed by the competent authority and realised regularly and credited to the accounts:

This should be watched through Miscellaneous Demand Register.

that no immovable property has been transferred by sale, mortgage, exchange or otherwise without competent sanction.

No immovable property wholly or partly acquired out of grants received from Government, should be transferred by sale, mortgage, exchange or otherwise without the prior sanction of Government.

The total value of the properties according to this register should be shown in the statement of assets and liabilities appended to the Annual Account:

A separate register of immovable properties viz. Register of Assets wholly or partly acquired out of grant is maintained.

(G.O.Ms.No.1494 Fin. dated 30th December 1960 and Memo No. sp.193229/Accts., dated 16th April 1973.)

All panchayat Union Commissioners should maintain a Register of Assets created out of Government loan! grant. They should send an Annual report to the Director of Rural Development about the continued existence and public utility of each asset created by Government loans/grants. (G.O. Rt. No. 652 RD & LA, dated 9th April 1980.)

103. Stamp Account: It should be seen that an account of stamps showing purchases, issues and balances has been maintained and that there is evidence to show that the issues and the balance of stamps have undergone verification at the hands of the Manager.

The purchases according to the vouchers should be traced into the stamp account in full.

It should be seen whether the stamps have been perforated and a certificate to that effect is recorded in the stamp account Register by the Manager.

The stock of stamps as on the date of audit should be verified by the auditor.

The total value of stamps spent and noted in the stamp account should be checked with the Dispatch Register for 3 days in a month.

(H.O. Rc. No.47730/751M4, dated 6th March 1976).

104. Stock Accounts of stationery.- It should be seen,-

that the stationary purchased have been brought to stock and issues noted.

that the stock has been verified and the fact certified to in the register at the end of each half-year by the commissioner.

that the issues made are acknowledged in the Register.

that the issues made are in accordance with the scale, if any prescribed.

The arithmetical accuracies of the additions and deductions should be test-checked to point out any manipulation in stock.

105. Contingent Register: It should be seen,-

that all items of contingencies paid from the permanent advance by the panchayat union commissioner are entered in different columns in this register:

that the progressive totals are made for the expenditure at the time of recouplements and that the contingent bills are passed for payment.

that every entry has been initialed by the commissioner.

106. Register of permanent advance: Permanent Advances have been given only to officers who have to incur actual expenses:

that the advances paid are based on the monthly or any other periodical average expenditure.

that the sanction of the council has been obtained in each case.

It should be examined to see that it is a clear record of the several permanent advances held by the officers of the panchayat union including the additions or deletions from time to time.

All permanent advances sanctioned and drawn according to the vouchers should be traced in the register and the acknowledgements, of the concerned officers should be verified.

It should be seen that annual acknowledgements have been received from the officers concerned.

Note 3.-When the existing advance is enhanced the original advance should be refunded and the new advance drawn separately.

107. Register of security deposits: The security deposits furnished by the staff or by the contractors in the shape of bonds are entered in this register. The bonds should be kept under the personal custody of the Panchayat union commissioner. The Register should be examined to see

Whether all the security bond received are entered serially in this Register with the name of the employee or contractor with bond numbers, amount etc.

Whether the acknowledgements have been obtained in the Register at the time of refunds.

Whether the bonds have been physically verified half-yearly and a certificate to that effect is furnished by the Panchayat Union Commissioner:

Whether the abstract of pending items have been struck and totalled and that the interest realised in respect of security deposit of Panchayat Union employees has to be paid to the employee concerned.

The bonds tendered as securities should be got pledged in the name of panchayat union commissioner. When a deposit is forfeited, the commissioner cannot encash the bonds and adjust the proceeds to the credit of Panchayat Union funds, if the bonds were not pledged in the name of the commissioner.

During the course of audit, if any forfeiture is noticed, the auditor should call for the security Register and verify whether a note against the security deposit about the order of forfeiture has been recorded, to guard against the bonds being refunded.

The bonds should be physically verified during audit and a certificate should be recorded in this Register by the auditor.

The register should be a running one and the items refunded should be rounded off in the Register. There is no need to write a fresh register or carry over the pending items.

The remittances upto the date of audit should be traced from the chitta into the pass book through remittance chalans and the cash book and pass book.

108. Chitta and Remittance Challans:- The checks to be exercised are-

- i. that the entries in the chitta are made in accordance with the rules and instructions on the subject
- ii. that the amount shown as realised are remitted into the treasury without delay and that no portion is withheld.

Note: The remittance up to the date of audit should be traced from chitta into the pass book through the remittance chalans and the cash book;

- iii. that the total cash balance at the end of each day including balance, if any, left unremitted from the previous day's collection is verified by the manager or other head ministerial officer at the close of each day and by the Commissioner at least once a week, and the balance so verified is stated in words over the initials of the verifying officer.

- iv. that the totals are correct;

Note: The totals for all days in a month should be checked.

[H.O.L.F. (AI) 3715, dated 11th March 1969 and Rc. 62192/C2/72, dated 6th January 1973.]

- v. that revenue brought to credit by transfer of adjustment as well as amounts of grants, etc. adjusted in the treasury are not entered into the register;
- vi. that cheques received in payment of municipal dues are not credited before realisation;
- vii. the remittance chalans Counterfoils should be checked in the chitta, cash book and in the pass book. It should be seen that the amount noted as remitted in the chitta and the cash book has been acknowledged by the Treasury officer and credited in the pass book.
- viii. the remittance chalans (Counterfoil) should be checked in the chitta, cash counterfoils or the currencies mutilated is taken credit for in the chitta and included in the next day's remittance;
- ix. that the remittance chalans are signed by the Executive Authority or the Manager and if the chalans are signed by the manager. The Commissioner checks the remittances and verifies the actual remittance with reference to receipted chalans at least once a week and initial them in token of verification;
- x. that the remittance chalans are receipted by the Treasury Officer or by the Agent of the State Bank.

109. Cheques.- The checks to be exercised are-

that the cheque books used are those supplied by the Treasury or Bank; (ii) that the total number of pages in each book is certified to on the cover; . (iii) that the cheques are issued only for payment of Rs. 50 or more;

Note: Government have issued orders to the effect that the cheques issued should have the signature of two authorised officers where the face value of the cheque exceeds Rs. 1000/-

(G.O. Ms. No. 2075, Rural Development and Local Administration, dated 28th December 1979.)

that cheques have not been signed unless required for immediate delivery to the person concerned;

that cheques were drawn in favour of the Commissioner for payment of salaries, etc., to the establishment, for recouping permanent advance and payment to persons residing outside the town, Festival advances, Travelling Allowances and other advances and to deposit Provident Fund recoveries in T-Deposits;

that all cheques issued have been duly recorded in the cash book;

Note: For this purpose, the counterfoils of all cheques issued during the period under audit should be traced into the cash book, care being taken to see that the amount, number and date of the cheques have been correctly entered.

that the cheques are in the personal custody of the drawing officer who signs the cheque.

the amount drawn on self cheque should be traced both in the cash book and the petty cash book till the date of audit.

110. Cash book

that the Cash and Bank columns are correctly used;

that the entries in the receipts side have been correctly made from the chitta;

Note: It is sufficient that the entries for three days in a month are tested.

that there are no errors and that all the corrections have been neatly made and attested by Commissioner or the Manager;

that the book is closed every month and that a reconciliation of the closing balance of the Pass books and the Cash books is effected and recorded under the Signature of Commissioner.

that the total of receipts arrived under column 4 is agreed with the progressive total of receipts for a month as in the register of miscellaneous receipts;

that the book is written up daily and the cash balance at the time of audit is correct.

Note: The balance on any day should be verified. As the debits appearing in the cash book are checked only for the period and no checks are exercised beyond the period of audit and upto the period of audit, certificate of verification should be in the following form.

“sums of Rs which represents the balance noted above has been checked and found correct.”

that all receipts paid by the parties in the Treasury direct and the amount of grant, etc., adjusted to the personal account in the Treasury are entered in red ink in the Treasury or Bank Column of the cash book;

that the amounts entered in the Treasury or Bank column on the charge side of the cash book agree with those in the counterfoils of cheques;

Note: For this purpose all the counterfoils of cheques for the period of audit should be traced in the cash book and also into the Pass Book of the Treasury or Bank.

If the cheques included the amount due for the payment on more than one voucher, the totals should be tested to see that the amounts drawn are correct;

Only crossed cheques be issued in the case of payments to private parties irrespective of the amount involved (G.O. 2690, Rural Development and Local Administration, dated 24th December 1974:)

that the cancelled cheques are forthcoming.

Note 1: The cancelled cheques should be destroyed in audit. It should be seen that a note has been recorded in red ink under the initial of the drawer of cheque on the counterfoil regarding the fact of cancellation.

Note 2:-If the cheque is cancelled before the cash transactions of the month in which it was issued have been totalled, the entry in the cash book shall be struck out in red ink under the initials of the Commissioner with a note the cheque has been cancelled. If however the cash book has been totalled and the correction is required to be made in a year subsequent to that in which the cheque was issued the amount of cheque shall be credited in the cash book in the Treasury column under the head refunds of expenditure of previous year". If however the correction is made in the year in which the cheque was issued it should be posted on the payment side of the cash book in the Treasury column as a minus under the head of expenditur~ to which it was originally charged.

Note 3:-Cheques are current only for six months as no payments will be made in the Treasury after the above period The lapsed cheque should be redated after alteration are attested by the Commissioner and the fact entered in the cash book against the original transaction and on the counterfoils of cheque.

Note 4:- That the uncashed cheques shown in the reconciliation statement in the cash book especially for three months old should be criticaHy examined in audit to see that any grant is drawn based on the time barred cheques issued for the purchase of materials, etc., but without actually incurring the expenditure and that in respect of cheques drawn for repayment of overdrawal of grants if the objections are not settled to the amounts actually remitted by chalans in to the Treasury (H.O.Rc.40741/75, dated 30th September 1975).

That the amount drawn on self cheque are in addition to the entries in the cash book brought in to the Petty Cash Book with particulars of Voucher No. and the purpose of payment.

It should be seen that the cash book is written as below:

Vouchers relating to pay bills drawn on a single day should be arranged and written chronologically. The gross amounts should be written in the inner column on the payments side for particulars and the net amount only written up in the Bank column. The deductions from pay bills towards recoveries such as Festival Advance, Khadi Advance etc., which go to the fund of the institution and which do not involve issue of separate cheques, and other deductions such as P.F., C.T.D., L.I.C., premium which involve issue of separate cheques detailed recoveries should be given headwise and voucher wise in red ink in the inner column on the receipt side. The progressive totals of the pay bill should be struck and the amounts for which separate cheque are to be issued may be noted on the payment side and the bank column for issue of cheques. In regard to deduction not involving issue of cheques a contra entry for the total deductions should be made in red ink as both side.

(RO. Re. 106350/MII75, dated 29th November 1975).

The Assistant Director and Regional Deputy Director should ensure during their inspections that the following instructions are adhered to by the Commissioner. Any failure on the part of the Commissioners should be immediately brought forth to the notice of Assistant Director (Panchayat).

The Commissioner should ensure (i) that the Cash Book is totalled progressively page-war as and when each page is completed.

that the adjustments etc., are recorded in the Cash Book as and when they come to notice in the course of the month and also at the end of the month and the cash book is closed most expeditiously within 3 days after the end of the month and reconciled with the balance in Treasury and Bank.

that the Pass Book is sent to the Treasury periodically and got written up and attested by the Treasury Officer every week.

The certificate of agreement of closing balance of the Cash Book with that of the Pass Book must be in the following form:-

“Certified that the reconciliation has been correctly prepared and that the closing balance as per the Cash Book viz., (in words and figures) agrees with the balance in the Treasury and bank Pass Book as reconciled above”

(Examiner’s Lr. Roc. No. 7369/ICI77, dated 24th January 1977).

(Examiner’s Lr. Roc. No. C2I7369179, dated 29th June 1978).

111. Pass Book-The pass book should have undergone check when the remittance chalan and the counterfoils of cheques were traced.

The following points should be observed:-

that the collections remitted in the Treasury or the Bank have been duly credited and that only the amounts of cheques issued by the Commissioner upon the Treasury or the Bank have been debited in the pass book;

that all receipts from local Boards or other Institutions paid into treasury direct to the credit of the Panchayat Union Funds and the amount of grants adjusted to the credit of the Panchayat Union at the Treasury and credited in the pass book have been duly taken credit for in the cash book;

that the book is written up at the Treasury or the Bank and that each entry is duly authenticated.

that the book is balanced monthly under the signature of the Treasury officer or bank Agent;

that the pass book is sent to Treasury Office in a week’ or ten days for being written up;

that the balance shown in the pass book at the close of the year agrees with that entered in the Bank or Treasury column of Cash Book for the month of March after making necessary allowances for the uncashed cheques, etc.

that a reconciliation of the balance between the cash books and pass books should be effected as follows:

	Amount
Closing balance as shown in the Treasury column of the ,Cash Book	X
ADD: total amount of uncashed cheques	Y
Revenue credited in the pass book but not taken credit to the Panchayat Union accounts	Z
Total	X + Y + Z
DEDUCT: amount remitted into Treasury by the Panchayat Union during the month but not taken credit in the Pass book in the following months.	A
Balance	(X + Y + Z) - A = B

The balance arrived at as above should agree with the closing balance as shown in the balance in the Treasury and the Bank Pass Book.

Note:- The uncashed cheque should be verified with reference to the subsequent encashment in the pass book and items pending for long time examined and commented.

112. Petty Cash Book: A petty cash book is maintained in Form No. III. In, the receipt side all sums withdrawn by the Commissioner on self cheques except those relating to recoupment of Permanent Advance should be entered. The payments made from sums drawn on self cheques from time to time should be entered on the disbursement side in a chronological order and a number allotted to each case consecutively. The serial number of such payment shall be noted simultaneously against the receipt entry for the voucher concerned in column 6 and the balance remaining to be paid

shall be noted in column 13. If payment made is other than the first payment on a voucher, the Serial number of payment will be entered against the balance shown in column 13 against the latest payment made on account of the voucher concerned in addition to the entry against the original receipt. The columns 5 and 13 against which no numbers are noted in column 6 and 14 will represent the undisbursed items and amount involved should be worked-out in the remarks column at the end of the day. This should agree with the daily balance to be struck in column 15 after balancing both sides of petty cash book. The balance should be verified by the Manager every day.

The details making up the total undisbursed amounts at the end of each month and vouchers in which they were drawn should be given at the end of every month in the petty cash book itself as an abstract. Out of the undisbursed, the balance up to the previous month should be refunded to the Treasury except the pay and allowance drawn for the month of March. The undisbursed items after refunds should be carried forward as opening entries at the commencement of each month to facilitate noting subsequent disbursement numbers against them. At the end of March there should be no carry over of any item for April except the amount drawn as pay and allowances for March. The refunds should be exhibited in the Treasury or bank column of Cash book as receipt.

Note:- The following points should be seen in the course of verification of the register.

that the instructions detailed above regarding the maintenance of the register have been observed;

that the cash balance noted in column 15 at the close of everyday is verified by the manager

the balance in the Petty cash book on the day of audit should be verified with the actual cash in hand. Before verifying the cash balance, the counterfoils of cheques since last verification upto the date of audit should be examined to see that all amounts drawn in favour of the Commissioner have been duly shown in the Petty cash book. The entries on the disbursement side need not be verified with payment vouchers but it need only be seen that the accounts have been closed every month and the undisbursed balances refunded into the Treasury.

While verifying the amounts drawn on self-cheques it should be seen that entries or dates are correct with reference to dates of encashment as per Pass Book.

The checks prescribed for the scrutiny of petty cash book in the Municipal chapter should be exercised. In addition it should be seen

that payments from permanent advance or sums received in recoupment of permanent advance have not been entered in this register.

that a memorandum is drawn up showing the details of items making up the undisbursed amount.

that all the undisbursed amount relating to previous months have been refunded into the treasury on the last day of the month.

The procedure for the maintenance of the petty cash book has been detailed in H.O. Circular Rc. No.1 06350/MI/75, dated 29th November 1975 and it should be borne in mind.

113. Transfer Entry Register.-The checks to be exercised are-

All transfer adjustments effected from one head to another by means of Transfer entry vouchers are noted in the register. The transfers are necessary-

to rectify an error of classification in the original accounts.

to adjust an item of expenditure on receipt of a bill against an advance or when an advance is written off.

to credit a head of receipts by debit to deposits.

to adjust refunds of revenue or recoveries of expenditure by deduction from the heads of revenue or expenditure concerned.

It should be seen-

that the register contains a complete record of all adjustments made by transfer from one account to another or from one head to another in the same account.

that all adjustments are entered in a serial order and straightaway posted in the posting register.

that it contains a complete record of all adjustments made by transfer from one account to another or from one Head of account to another; and

that all adjustment made are entered in the Serial order and posted in the register of expenditure and register of receipts.

114. Register of Cheques received in payment of dues:- The checks to be exercised are-

that all cheques received in payment of money due to the Panchayat Union council are entered in this register and the same is reviewed daily by the Executive Authority;

that particulars regarding date of encashment bank commission, if any charged, the net amount realised and date of credit have been noted in this register

that there are no delay in the encashment of cheques;

that only provisional receipt were issued in cases of payments by cheque;

the dishonoured cheques should be returned to the parties concerned and action taken to realise the amount covered by the cheques.

115. Register of Money order received:- The Checks to be exercised are-

that amounts received by Money Order are entered in this register and the Money order coupons bear the dated initials of the officer authorised to receive money orders and are stamped with Panchayat Union Office seal;

that the amounts received are credited in the chitta without delay; and

that the register undergoes scrutiny at the hands of the Commissioner daily.

Note : All items entered in this register should be traced into the Chitta.

116. Register of Loans.-(a) Loans sanctioned by Government for specific purpose are entered in this register.

The realisation of the loans and their repayment as loan and their repayment as per orders of Government are recorded in the register.

The checks to be exercised are-

that loan have been obtained by Panchayat Union Councils only in accordance with the provisions of the Local Authorities Loan Act and the rules framed thereunder;

that the loan has been taken for an authorised purpose;

that the orders of Government sanctioning the loan have been noted in the register;

that payment of principal and interest have been regularly made in accordance with the conditions of the loans;

that the loan was not taken long before the money was required;

that the amount raised by loan has been spent only for the purpose for which the loan was obtained.

Note 1:- Unspent loan funds which are not likely to be utilised for a period of atleast six months should be deposited in the Treasury in the head of account newly opened for the purpose. Till then they are to be kept in the public account under the deposits bearing interest.

(G.O. Ms. No. 482, Rural Development and Local Administration, dated 17th March 1969 and

G.O. No. 132, Rural Development and Local Administration, dated 24th Januafj 1973.)

2. Government have ordered that if a loan has remained unutilised even after a period of nine months from the date of drawal it should be refunded to Government forthwith. If it is decided to retain the loan amount longer, the specific sanction of Government should be obtained.

the orders of Government are obtained for the retention of the loan beyond the period if any specified in the order;

that there is no delay in the payment of loan annuities;

in case penal interest had to be paid then the responsibility has to be verified and fixed; and

differential loss of interest, if any due to non-utilisation of the loans should be objected to based on the circumstances of each case.

117. Appropriation register of Loans, Endowments and other Funds. -This register is intended to watch that the funds by a loan or special contributions or endowments are appropriated for the purposes for which they are raised. The receipts and payments would be posted from the posting register as soon as it has been posted for the month. The checks to be exercised are-

that without the sanction of Government previously obtained no portion of the funds has been appropriated even temporarily to any object other than that for which they have been raised;

that a separate page or set of pages have been set apart for each endowment or fund;

that an 'abstract has been prepared at the begining of this register showing the monthly closing balance of each fund; and .

118. Establishment Audit Register.- This register will have been checked under the process of check laid down in the preceding paragraphs relating to check of establishment pay bills, etc. It should be seen that all recurring charges have been entered in the register and authorities sanctioning them quoted in support. The authorities should be verified in every case in which the charges have been newly sanctioned or there has been a change in them since last audit. The checks to be exercised are-

any excesses over the sanctioned scale appear in any month of the whole period under audit and all excess over the sanctioned monthly scale have been satisfactorily explained;

the order sanctioning the establishments have been noted in all cases the amounts entered in the sanctioned scale columns authenticated by the initials of the Manager or Commissioner;

the alterations in the scale column have also been initialled by the Manager or the Commissioner and the dates from which they take effect have been invariably noted;

Pensionary contributions, if any, as well as house rents and fixed contingencies drawn along with pay have been properly posted in the audit register;

refunds by short drawals, fines and amounts withheld for future payment have been correctly noted;

the fly leaves have been correctly prepared;

the temporary establishments have been entered separately after the permanent establishment in the audit register, the period for which sanction holds good has been noted and lines have been drawn across the pages or months previous and subsequent to such period; and the register has been maintained correctly and posted monthly when pay bills are passed for payment.

119. Service Register.- The checks to be exercised are-

whether a separate service register has been maintained for every employee borne on the establishment of a Panchayat Union;

whether the record of service of each officer is complete;

Note.- When checking establishment bills it should be seen that all leave, increments, etc. have been recorded in the Service Register.

Whether it bears evidence of having undergone annual verification at the hands of the Commissioner.

Note.-The auditor should see that all omissions or inaccuracies noticed by him in the registers are rectified, if possible before the completion of the audit.

Whether leave accounts have been maintained for each officer;

Note.- Whenever an employee's leave salary comes up for audit, the leave account should be referred to and the eligibility for leave verified. The auditor should check the leave account to see that the entries of leave credited taken and the balance at credit are correct.

whether in the case of an employee who had served under another local body, the liability of the other local body for leave earned by service under it and the amount of leave allowance as determined and communicated by that body have been entered in the Service Book;

whether the leave allowance recoverable from another local body under the preceding instructions has been recovered; and

the service registers should be called for and checked completely and comprehensively.

(H.O. Rc. 70407/D1/75, dated 4th September 1975.)

120. Register of Miscellaneous Receipt: This Register is maintained to record the various items of receipts realised by the Panchayat Union either by cash or by adjustment under various heads of account. The items of receipts for which there are no specified columns are entered in the miscellaneous column and this column is further amplified showing the amounts under various account head shown separately according to convenience at the time of closing the register. The monthly totals under each head of account is struck and the total receipts for the month is tallied with the total in the cash book. During audit the receipts as per chitta are traced into the various columns of this register. Similarly all adjustments as per adjustment chalans and cash book are traced into the respective heads. The monthly totals under various heads are then posted in the posting Register.

121. Register of bills passed for payment: This Register is a record of expenditure incurred under various head of account. Separate sets of pages are set apart for different account heads and the expenditure incurred are posted under each head with number. The budget allotment under each head of account is also noted on top of the folio, to facilitate checking of expenditure within the budget allotment. Progressive totals under each head of account are struck and the monthly total are taken to the expenditure side of the posting register in audit.-

All the audited vouchers should be traced in this register under various heads of account. This can be done either after audit of vouchers pertaining to a head or after completion of entire vouchers audit.

It should be seen that the expenditure has been correctly classified and adjustment entries noted in red ink.

the totals under each head should be checked and it should be seen whether they have been taken to the posting register under relevant heads of account.

122. Posting Register: The receipt side of the posting Register is to be written from the Register of Miscellaneous Receipts and receipt chalangans and the expenditure side from the register of bills passed for payment.

It should be seen.-

that the amount are correctly noted under proper heads of account and that there is no misclassifications;

that the opening balance has been correctly brought forward from the previous year;

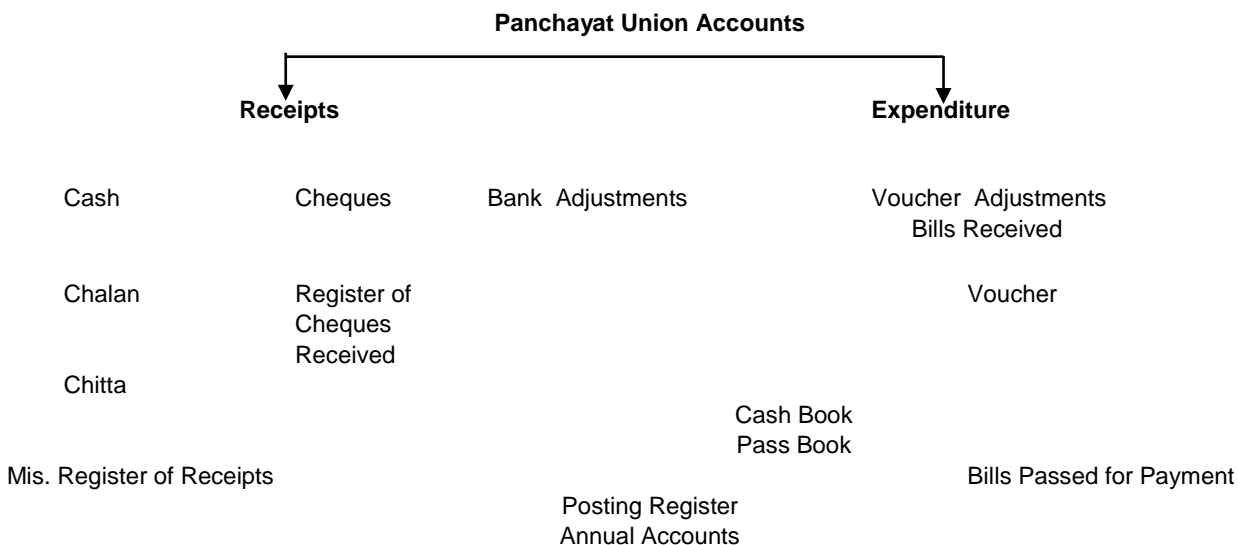
that progressive totals have been struck and the total for the year arrived at;

that the closing balance struck tallies with the closing balance as per cash book at the end of every month; and

that the signature of the commissioner has been obtained monthly after closing the monthly accounts.

123. Accounts

Chart of Accounts



The accounts should be prepared in (the form prescribed (PU Form No. 82). The yearly total under each head as per posting register are noted in the annual account form together with opening and closing balances. In the annual account the budget figure under each head of account are also noted in column 5 against the expenditure in column 4. An abstract of account at page 2 of the annual account should then be prepared with reference to previous years account as regards opening balance and the body of present years account for receipt and expenditure. The closing balance should be worked out and tallied with the closing balance as per cash book.

The following statements are appended to the Annual Accounts:

Endowment Account.

Special Government grants account for capital works and other special purposes.

Loans Account.

Loan statement.

Investment account.

Statement of Liabilities and Assets.

Abstract of Account of security and other deposits not in cash.

Abstract of Provident fund transactions.

Abstract of transactions under advances.

Abstract of permanent Advances.

The checks and preparation of various statements stated above are given below:-

i. Endowment account: The receipts and charges with opening balance and closing balance in respect of various endowment are noted in this statement. It should be seen that the balance in excess of probable expenditure during the year has been invested in permissible forms of securities.

Audit fees as 0.75 per cent of gross receipts in respect of endowments are to be realised. It should be seen whether the audit fees has been calculated and remitted to state funds under the Head "0070 Other Administrative Services - 60 other services - 110 fees for Government Audit DP Code NO.007060 - 110 - AA 0001".

Necessary audit objection may be raised for non-realisation of receipts under Endowment account besides making a special report, to the District Collector.

(H.O. Circular ROC.No.27621 / P.U.A1/2001 dt:15-06-2001)

Special Government grant account for capital works and other special purposes.-The opening balance representing the unspent balance of grant under various heads such as communication, water supply, etc. are noted from the previous years' statement. The receipts and expenditure are noted from the body of the Annual account. The entries in this statement are also made from the Appropriation Register. It should be seen that the grant is utilised only for the purpose for which it was sanctioned and that the unutilised balance after the completion of the work has been refunded to state funds.

In respect of expenditure covered by full grant the entire expenditure may be taken in full. In respect of other items of expenditure covered partly by grant and partly by contribution the expenditure covered by Government grant alone should be exhibited in the grant account.

ii. Loan Account: This account should be prepared from the register of loans.

iii. Loans statement: The statement is prepared from the Register of Loans.

vi. Investment Account-This is prepared from the Register of Investments.

v. Statement of liabilities and Assets: The figures under the heads falling under liabilities and assets should be taken from the registers and accounts mentioned against each.

Head (1)	Register or record from which figures should be taken (2)	Remarks. (3)
Liabilities: 1. Balance of Loans	Register of Loans	This should agree with total of the figures in col.9 of loan statement at page 36 of Annual Accounts.
2. Provident Fund (i) Cash (ii) Investments	Closing balance as per provident fund cash book. From the Register of Investments.	This should agree with closing balance in the treasury as shown in this statement at page 41. This should agree with figures noted in the statement at page 37.
3. Deposits	Closing balance of Deposit Registers and Register of security Deposit of Panchayat Union employees.	This should agree with figures noted in the statements at pages 39 and 40.
4. Funded capital of Endowed Institutions	Investments of Endowment funds as per Register of Investments.	
5. Cash balance of Endowed Institutions	Closing balance of Endowment account at page 2 of the Annual Account	This should agree with the closing balance shown in the statement at page 30.
6. Cash balance of special Accounts.	Closing balance of Production fund Account (Since no separate cash book for production fund is to be maintained here after.	

7. Other amounts	Contractor's dues and other liabilities from the respective Registers.	
Assets:	Closing balance as per cash book.	This should agree with the figures in the Abstract at page 2.
1. Closing balance.		
2 Provident fund Investments.	Register of Investments.	This should agree with the figures at page,37.
3. Deposits	Security and other deposits as at page 81 of the Annual Account	
4. Sinking fund Investments	Register of sinking fund and Register of Investments.	
5. Other investments	Register of investment	
6. Funded Capital of endowed institutions securities and landed property.	As under the same head appearing on the liabilities side.	
7. Arrears of Taxes and fees.	Balance as per concerned demand Register.	
8. Other Assets	Immovable proper Register and other Register	
9. Advances recoverable (i) Permanent	Closing balance as per the Register of permanent Advances.	
10. Others	Closing balance as per the Register of Advances recoverable.	

Abstract of deposits in cash: This statement is prepared with reference to the Register of Deposits.

Abstract of Account of Security and other deposits not in cash: This is prepared from the Register of security deposits and the register of other Deposits.

Abstract of Provident fund transactions: These statements are prepared from the Provident Fund cash book.

Abstract of transactions under advances: This statement is prepared from the Register of Advance Recoverable.

Abstract of permanent Advances: The figures in this statement are noted from the Register of permanent advance.

After the statement has been prepared, total should be struck and by noting the difference as closing balance the totals of both sides should be agreed.

The Annual Accounts should be prepared in five copies, one for the panchayat union, one for R.D.D.'s office. one for Head office and A.D. audit (RD Department) the remaining copy to be retained as office copy. The accounts should be signed by the Inspector of Local Fund Audit and should be submitted along with draft audit report for enclosing them with the approved Audit report copies intended for the commissioner, RDD, Head Office and A.D.Audit.

The expenditure under various heads should be examined with reference to the Budget allotment during audit and necessary comments made in the audit report calling for sanction for the excess expenditure if any incurred.

124. Local Fund Deposit Account No.III

i. **Education Fund:** The teaching and non-teaching staff are provincialised with effect from 1st June 1981 and their pay and allowances are being paid by Assistant Education Officers. The salary for the Conductresses and watchman are however met from Education Fund for which quarterly grant is received from the Director of School Education. The rent and Electricity consumption charges are also continued to be paid from Education Fund of the Panchayat Unions.

A separate cash book and bank account is maintained to accommodate the transactions of Education Fund in the Sub-Treasury of the Taluk in which the panchayat union is situated. The account in the sub-treasury is designed as LFD Account III and is operated by the Commissioner of Panchayat Union. (Block Panchayat)

ii. Receipts:

Government grant

Grant to meet the pay and allowances of conductress and menials paid from Contingencies.

Interest on Treasury balance.

Other special grants.

iii. **Interest on Treasury balance:** The interest on the minimum balance held in LFD III will be adjusted by the Treasury Officer Half Yearly .

Note:- The interest should be transferred to

L.F.D. Account I.

iv. Expenditure:

The following are the items of expenditure incurred from Education Fund-

Pay and allowance of conductress and menials paid from contingencies.

Repairs to School Buildings.

Other Expenditure out of special grants.

Refund of deposits.

v. Registers to be maintained

Cash Book

Pass Book LFD. III

Cheque Book

Chitta

Vouchers and Establishment bill

Register of Bills passed for payment

Register of Estimates and allotments

Measurement Books

Tender Register

Posting Register

Transfer Entry Register

Register of Immovable property

vi. School conductress brought to regular establishment - Eligibility for consequential benefits:

Panchayat Union School conductress brought to regular establishments with reference to G.O. Ms .. No.878 RD&LA dt.15.5.81 and G.O.Ms.No.87 RD Departmentdt.6.5.96 are eligible to draw increment and arrears of pay, if any consequent on completion of 10 years of continuous service in the contingent category. They are also eligible for other

benefits like Earned leave. Provident fund, Group Insurance, Pongal Bonus, etc as admissible to other L.G.S. like O.A .borne on regular establishment of Panchayat Unions.

The rule 2 of T.N. Panchayat Union and Town Panchayat services pension Rules 1976, which came into force with effect from 1.4.74 stipulates that the said rules shall apply to officers and servants (both in superior and last grade service) under all P. U. C.s (except P.D. Teacher, contingent employees, contract officers, casual employees and officers and servants under work charged establishment) hence, the School conductresses brought to regular establishments of the P.U.C. are eligible for pensionary benefits also, subject to satisfying the relevant rules and conditions.

Proposals for the sanction of pension shall be sent to the Director of Local Fund Audit.

(Govt.Lr.190 RD(ES) Dept.dt.10-6-97)

The Conductress who are working in Panchayat Union Schools who have put in ten years of service and more without break as on 01-04-1981 and after that are brought into regular establishment with a time scale of pay by the District Collector.

The correctness of regularisation may be ensured in audit.

The following points shall be borne in mind while verifying the correctness of regularisation.

Whether necessary entries for date of birth are made in the service register with reference to relevant records.

The date of appointment and periodical service verification done by the panchayat union commissioner and attested.

The correctness of salary claims for the past ten years

The correctness of fixation of pay and annual increment.

The age of superannuation retirement is 58 years.

Audit shall be taken at the Collectorate by this department

(G.O. Ms. 87/R.D. Dept dt: 06-05-1996)

(G.O. Ms. 127 / RD. (E5) Dept. dt:9-12-2002)

(H.O. Circular R.O.C. No.5316 / P.U. A / 2003 dt: 03-06-2003)

vii. Check of Pay Bills: The claim for the monthly pay and allowances for conductress and menials paid from contingencies received from the A.E.O's. The bills are passed by the Commissioner and a cheque for the entire amount is drawn and sent to the A.E.O. for disbursement. It should be verified in audit.

that the acknowledgements for the pay and allowances are obtained and filed in along the original vouchers.

that the entire expenditure incurred has been reimbursed from DSE and any short / excess drawal should be commented in the Audit Report.

Maintenance of school buildings.- The instructions contained in Municipal chapter in respect of works should be borne in mind during audit.

viii. Refund of Deposits: The instructions contained in a General fund will apply to this item also.

125. Village Industries:-Carpentry and blacksmith units. The following are the registers generally maintained in blacksmith and carpentry units:

Purchase Register

Stock Register of Raw Materials

Work order register

Job card

Stock register of finished goods

Register of sales

Register of wages paid

Invoice Books (Both credit and cash sales)

Register of tools and plants

The following audit checks are to be exercised:

a) Purchase Register:

That all purchases made are entered in this register with bill number and cost including transport charges.

That purchases have been made only after invitation of tenders and that no abnormal purchases are made.

That while calling for tenders a declaration form quoting sales tax number as prescribed in G.O. Ms.No. 2416, Revenue, dated 19th June 1974 has been obtained. It should also be ensured that the cheapest rate quoted is not more than the prevailing market rate.

That wastage of 20 per cent is allowed in the case of logs converted into sizes.

Purchase of timber has been banned by Govt. from 1988-89 of

b. Stock Register of Raw materials: that the materials purchased are entered in the register under various categories;

that issue have been made for various works with reference to work orders and that there is no excess issues.

Work Order Register.-Each work order is given a number and are noted in this register serially. The total cost for each item of work with reference to job card are entered and the sale price fixed is correct. It should be seen in audit whether the sale price fixed is correct.

While fixing sale price it should be seen that centage charges fixed by the council are added. It should be 20 per cent over cost of material and labour.

This work should be prepared by the Extension Officer (Industries) and approved by the Commissioner in respect of each item of work.

c) Job cord: That various materials issued for the job has been entered in the register against particular job with their cost. The issue of material should be recorded in the stock Register concerned.

That the wages paid for the particular job has been noted.

That the total cost of the job has been worked out and the same taken to work order register.

d) Stock Register of Finished Goods: that all the finished goods have been entered with their cost on various pages set apart for the purpose.

The issues have been made, noting the credit or cash sales invoices.

e) Register of Sales: It should be seen that all sales both credit and cash are entered in this register and the entries of daily sales traced in the finished goods register.

f) Register of wages: It should be seen that wages paid on vouchers are entered in this register and the wages pertaining to various jobs are taken to the job chart to arrive at the total cost.

Wages should be approved by the council, wages paid should correspond to those paid in units runs by the Khadi Board or Jail Department.

i) Invoice Books (Credit and cash).-The sales invoice are to be signed by the Block Development Officer and are to be checked with the issue in the sale register. It should be seen that cash sales are remitted into the panchayat

union treasury without delay and in respect of credit sales action taken to realise the amount or to effect adjustment if it is departmental supply.

Sale of articles produced in Industrial units of panchayat union to private individual on credit basis should not be resorted in future (G.O. Ms. No. 78, RD/21-7-84.)

Stock entries must be checked in cases of adjustment of supplies to panchayat union school or other panchayat union institution.

All invoices are to be signed by the Panchayat Union Commissioner.

Sale of furniture manufactured by carpentry units.

h) Register of tools and plant.-It should be seen (a) that all tools and plant are noted in the register that the balance in previous years register has been brought forward

that physical verification has been conducted by the Extension officer (Industries) and certificate recorded .

126. Blacksmithy and Carpentry Unit: i. Proforma Account-To ensure that the units are running profitably a proforma account as ordered in G.O. Ms. No. 806, RD&LA, dated 29th April 1976 is to be prepared and suitable comments made in the audit report if losses are incurred.

ii. Expenditure:

cost of raw materials

rent for buildings

pay and allowances

wages and contingencies

expenditure on non-recurring items

machinery

furniture

Tools

Depreciations

Miscellaneous Excess income

iii. Invoice:

Sale proceeds of finished goods

Miscellaneous excess expenditure

iv. Checks in General - it should be seen: Whether physical verification of raw materials and finished goods are conducted by the Extension Officer (Industries) and Commissioner every year. Any shortage should be commented upon in the Audit Report. If not done every year it should be commented and brought to the notice of Collector.

That while making appointment to the Blacksmithy and Carpentry units the establishment rules communicated in G.O. Ms. No. 2798, Rural Development and Labour Administrative, dated 18th December 1974 are followed for age qualification.

That the expenditure proposed to be incurred during the year is provided in the budget estimated.

If unit works in loss, it should be commented in Audit Report.

In G.O. Ms. No. 884, Rural Development and Labour Administrative, dated 15th April 1965 it was ordered by the Government that a simple statement of Income and Expenditure in respect of the Industries units run by the Panchayat Union Council is to be prepared by each Panchayat Union Councils at the end of the financial year. As the statement of

Income and Expenditure does not Serve any useful purpose and it does not exhibit the result of the working of the unit the stocks on hand etc. It has been ordered by Government in supe session of the above Government Order that the proforma consisting of Manufacturing Account, Trading and Profit and Loss Account and Balance Sheet similar to the one existing in the carpentary units run by Khadi and Village Industries Board should be prepared and produced to Audit. In audit the correctness of the proforma accounts should be ensured. A model proforma acccounts is furnished below.

(G.O. Rt. No. 806, Rural Development and Labour Administrative, dated 29th April 1976 Government Memo. No. KVI 112133/76-7, Industries Department dated 3rd May 1997). Proforma Account of the carpentary / Blacksmithy unit run Panchayat Union District for the year

Manufacturing Account:

Debtor Amount Rs.

Creditor Amount Rs.

To opening stock of Raw

Raw materials utilised

materials

Wood

Work in progress

Iron

scrap

other materials /closing stock of raw materials/ wood

purchase of raw materials iron materials

work in progress/ other materials

wood Iron Other materials Scrap

Wages directly charged to manufacture

cost of production contingencies Transferred to Trading account

of manufacture

(i) Electricity

(ii) Consumable tools and stores

Depreciation on building

Depreciation on machinery

Loss revaluation of tools

Total ..

Trading and profit and loss Account for the year:

Debit

Opening stock of finished goods

Packing materials

Cost of production transferred from manufacturing account

Pay of establishment for management

Instructor

Skilled Assistants

Watchman

Rent on buildings

Electricity

Contingencies Advertisement charges

Depreciation on furniture

Interest on capital

Improvement and maintenance to buildings

remittance of S. T.

Net profit transferred to capital / total

Balance sheet of carpentry / Blacksmithy unit run by —

Liabilities

Opening capital

Add withdrawal

Less remittance

Add supplemental credit

bills raised in the year.

Closing capital

Net profit

Tender Deposit

Permanent Advance (with spl. sanction)

Outstanding expenses:

Pay of establishment including

Watchman, rent, electricity, charges, raw materials

Labour charges (wood iron and others)

contingencies

property tax permanent advance

tools sundry creditors overdrawl or subsidy Tender deposit / Net loss/ U.D.P.

UDP (including outgoing cheques)

Total Total

In the industrial units run by the panchayat unions (carpentry unit, blacksmithy unit, cumbly unit, chalkorayan unit, bell metal unit, Tailoring unit etc.) the stock should be physically verified. The cost of the goods sold on credit and the cost of stock found missing during verification should be recovered. The audit should ensure whether the following instructions have been followed:

The instructor or skilled Assistant who is incharge of the unit should close the accounts of the unit invariably on the 31st March of each year.

Physical verifications of stocks, raw materials should be done promptly on 1st April of each year by the Deputy Block Development Officer of some other blocks.

The panchayat union commissioner must do cursory physical verification of any important item of raw materials of stores or finished goods in every half-year (30th September and 31 st March)

The Development Officer while visiting the block every month must see the credit sales items and give instructions to deputy Block Development Officer to recover the cost within a prescribed period.

The Office manager must check the cash book and credit sales register once in a week with reference to the receipts and remittance chalans.

The Deputy Block Development Officer must thoroughly check the production register, indents, issues and ensure that the quantities issued for manufacturing articles are not inflated and that only the correct quantity required for the work is issued

Prompt action should be taken by the pt. union commissioners to recover the cost as per physical verification shortages.

The Collectors are required to obtain the physical verification reports before 15th April of each year along with the amount due towards credit sales in respect of all the units and send the consolidated reports to the D.R.D. before 15th May of each year. (Memo. No. 205884n9/J5/dt. 18th december 1979 of DRD.)

The A.D. Panchayats are to inspect the industrial units atleast once in a quarter. They should send reports of such inspection to the District Collectors besides furnishing details of inspection in their fortnight monthly tour diaries submitted to the District Collectors. The A.D. Panchayats should also conduct surprise physical verification of stocks of raw materials and finished goods and send a special report to the D.R.D. and the District Collectors. If they come across any serious irregularities, special report should be sent to the D.R.D and to the Director of Local Fund Accounts besides reporting the matter to the District Collector and taking suitable action against the persons responsible as per rules in force.

(Memo. Rc. No. 165438/81/G4/dt. 30th November 1981 of D.R.D.)

127. Provident Fund: According to G.O.Ms.No.533 Finance, dated 17th. June 1967 all provident fund amounts kept by local bodies as on 30th June 1967 have been ordered to be remitted into Government account under the account called "T. Deposit Account". The recoveries made from the pay bills of Panchayat Union staff are to be remitted monthly into this T. Deposit account Similarly for drawal of temporary advances the amounts are drawn by the commissioner from T.Deposit account and disbursed to the staff. Likewise the investments made upto 30th June 1967 from Provident fund accumulations have been ordered to be endorsed in favour of State Government and the Examiner of Local Fund Accounts is the custodian of all such investments on behalf of Government. Government will pay interest on the amount kept under T. Deposit.

The interest on investments held by Director are sanctioned every year by the Director.

In G.O.Ms.No.1300, RD and LA, dated 22nd may 1974 all panchayat union employees have been allowed pension benefits from 1st April 1974 under liberalised pension Rules. The contribution adjusted upto 31st March 1974 are to be remitted to the fund constituted under the pension scheme. As such the contribution portion in the shape of investment has to be lapsed to the pension fund or to the Panchayat Union funds and till such time the proceeds of provident fund Investment will be held by the Director in the personal Deposit Account vide Memo.No.I2433/Fin, (Funds) 8/74-18, dated 13th December 1975.

The following registers are maintained in respect of provident fund transactions:-

- (1) Cash book
- (2) T.Deposit pass book and cheque book
- (3) Abstract Register
- (4) Ledger
- (5) Register of temporary withdrawals.
- (6) Register of subscribers.

The audit checks to be exercised in respect of the above registers in general are detailed below. The checks detailed in the Municipal chapter in respect of these registers should also be referred to.

i. Cash Book: The checks to be exercised are:-

that the monthly recoveries are entered on the receipt side and remittance to T. Deposit shown in the cash book,

that other amounts adjusted to the credit of T. Deposit are noted in the bank column,

that withdrawals are noted with voucher numbers chronologically,

that a monthly abstract is struck and the closing balance as per cash book is reconciled with that of T. Deposit passbook,

As ordered in G.O.Ms.No.396, RD and LA, dated 8th March 1975. The Panchayat Union Council should keep a proper account regarding the interest realisation, etc., on a proforma basis showing the opening balance, interest realised from T. Deposits, investments, amount transferred from General funds and payment made to the subscriber together with the closing balance.

A monthly abstract should be struck reconciling the realisations with the closing balances in T. Deposits, investments and cash book balance.

At the end of each year a reconciliation between the closing balance as per provident fund Abstract Register and cash book should be incorporated in the provident fund abstract by the Executive Authority.

The P.F. Subscription and loan amount recovered from the Teaching and Non-teaching staff of P.U. Schools are promptly remitted by the A.E.O's in to the T. Deposits account. Any delay in remittance of P.F. subscription and loan amount which results in loss of interest should be commented to audit.

ii. Deposit pass books: The monthly remittances should be traced with reference to the adjustment chalans and withdrawals with reference to the counterfoils of cheque books. The pass book should be got written up and closed over the signature of the sub-Treasury officer. It should also be seen that the interest due for the year on the balances under T. Deposit account has been claimed in the prescribed proforma.

iii. Abstract Register: It should be seen (I) that the monthly recoveries from pay bills are noted against the individual subscriber and the total recoveries during the year minus withdrawal is arrived at and the closing balance struck at the end of the year.

The V th Pay Commission arrears relating to the period from 01-06-88 to 31-05-89 adjusted to the T. Deposit account should be shown separately for each employee in respect of Pt. Unions.

The V th Pay Commission arrears will carry interest at the rate admissible to T. Deposits with effect from August 1989.

The amount should be refunded at the time of retirement.

The arrears portion should not be taken into account for sanction of temporary advances or part final withdrawal.

(Govt.Lr.No.3349/P.C.190. dt: 20-03-1990 Finance)

that the total monthly recoveries of all subscribers tally with the figures in the cash book.

that at the end of each year a reconciliation between the closing balances, as per this register and cash books is incorporated,

that the closing balances have been carried over to the next years register.

The recovery of P.F. Subscription and temporary advance should be posted in the subsequent month of recovery. As this procedure is being adopted in A.G.'s office the same should be followed in respect of T.Deposits also. (H.O. Circular S.O. 34/91 dt: 22nd July 1991)

The rate of subscription shall be fixed by the subscriber in multiple of rupees five, subject to the minimum rate of subscriptions as per the slab prescribed in G.O.Ms.No,374 Fin. (Allow) dt: 26-5-92 on the basis of the pay plus D.A. drawn on the first April of each financial year and subject to a maximum of his total emoluments.

Emoluments include pay, spl. pay, personal pay, Dearness pay and Dearness Allowance including Additional Dearness allowance.

The Provident fund recoveries in pay bills need not be traced in full in the Abstract Register. It is enough, if the monthly totals of receipts as per provident fund cash book and Abstract register agree. If there is disagreement then the recoveries should be verified in full. (H.O. standing order 6/72 dt: 12th January 1972)

iv. Provident fund ledgers: It should be seen that the recoveries are properly posted and interest due for the year has been worked out and adjusted to the credit of individual subscriber.

The figures under several heads should be traced from the Abstract Register in full.

The interest should be calculated at the rate of interest allowed to General Provident Fund from time to time. No special sanction is necessary (G.O.Ms.No.533, Fin. dated 1st July 1967)

The pay commission arrears adjusted to P.F. should be exhibited separately.

The interest calculated and adjusted to the credit of subscribers should be debited to advances which has to be wiped out on receipt of interest on T. Deposit accounts.

The recoveries of P.F. subscription and temporary advance should be credited only in the subsequent month in which the amount was recovered.

(H.O.S.O.34/91/dt. 22nd July 1991)

A test check of calculation of interest alone has to be done. This is to be rationalised by subjecting every fourth account to a detailed check, to avoid the same account being checked every year the 4th account to be calculated from the last digit of the year of audit viz. If it is 4,8,12,16 for 1974-75 it will be 5, 9,13,17 for 1975-76 and so on.

All cases of final closure of account should be subject to cent percent check.

(H.O. standing order 6/72 dt: 12th January 1972).

The P.F. subscription should be stopped four months prior to retirement. In respect of such cases, the interest should be calculated upto the date of retirement only on the following lines.

Cumulative amount x Rate of interest x No. of months in which a/c was current.

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(H.O.S.O.34/91 dt:22nd July 1991)

v. Register of Temporary withdrawals: It is to be seen that all temporary advances sanctioned are noted in this register and their recovery watched.

A detailed check of this register is not necessary. Only review of the maintenance of the Register may be done.

(H.O. standing order 6/72 at: 12th January 1972).

vi. Register of subscribers: It should be seen that-

It is complete record containing the name of all employees subscribing to the fund and that they are eligible to subscribe to the fund.

that. particulars of date of birth, age on the date of admission. Designation of each subscriber have been noted in the Register. .

that a certificate of heirship has been obtained from all subscribers and filed.

that the name of nominees, their ages, relationships etc. have been noted; and

that the nomination of a subscriber which purports to leave any amount otherwise than to a member: or members of his family has been accepted only after it has been ascertained that the subscriber has no family.

The following Govt. Orders should be borne in mind while auditing the Provident fund transactions.

If the Provident Fund deductions were held up and not remitted to T. Deposit due to paucity of funds and diverted by local bodies (which should have been done with the prior approval of Government) for meeting their commitments, the local body concerned should bear the interest from its own funds. If the deductions were omitted to be remitted even though there were funds available in whole or part, the payment of interest for the period during which funds were actually available due to the omission to remit the available sum to T. Deposit Account is to be considered as loss and is to be recovered from persons responsible.

The loss should be worked out as shown below:

If deductions made are available in the local bodies funds they will earn interest in the public account at 41/2 percent per annum. So the loss of interest on T. Deposit Account should be made good by the persons responsible will be the difference between the rate admissible to P.F. account and 41/2 percent. The local body can bear the 41/2 % interest which the unremitted P.F. deduction would earn on personal Deposit account deposited in the treasury.

vii. The loss of interest should be worked out as shown below:

Amount of Provident Fund deductions kept in the funds of local body.

Month	Opening Balance	Credits Amount deducted from Pay bills	Debits Amount remitted into T. Deposit account	Cumulative monthly balance.
April	1000/-	10000/-	5000/-	6000/
May	6000/-	10000/-	5000/-	11000/-
June	11000/-	10000/-	10000	11000/-
			Total	28000/-

Viii. Loss of interest: Cumulative Total X Rate of interest for provident fund - Minus 4 1/2 per cent for that year. (Memo.No.76141/MI/7o-3 RD&LA dt: 10th July 1970) and H.D. Circular NO.6/43627/7S dt: 17th June 1975.)

While calculating the interest claim of local body accounts which are opened in the middle of the year the following procedure should be followed:-

Illustration

Cumulative Total	Rs.68 10/-
Date of opening of account	August 8
No. of Months	8 months
Rate of interest	12%
Method of calculation of Interest	6810x 12 = RS.68/ -
	12 x 100

The No. of months in which the account remained need not be taken into account.

The provident Fund Subscription and interest amount of erstwhile Panchayat Union Teachers standing credit on 1-4-1992 shall be remitted to Government Account.

(Head Office Letter No.51517/PUAudit1/2001 dt:31-12-2001 &521/PUAudit-1/03, dt:25-11-2004 (cirucular No.18/04)

ix. 60% VI Pay Commission Arrears: Payment of Interest beyond 31-3-2003 is ordered.

(G.O. Ms. No.484 Finance (Paycell) Dt:08-10-2007)

128. Check of Pension Payment: The pension and other retirement benefits have been extended in G .O. ms. No. 1300, RD&LA, dated 22nd May 1974 to the employees of panchayat Union Councils, Town panchayats and Panchayat Township Committees in superior service and inferior service who retire on or after 1st April 1974., except contingent employees, contract officers, casual Employees, and Officers and servants of work charged establishments. The Tamil Nadu panchayat Unions and Town panchayats service pension Rules, 1976 were issued in G.O. Ms. No. 2131, RD and LA, dated 19th October 1976. A central fund namely Tamil Nadu Panchayat Union and Town panchayat Employees Pension fund has been constituted for this purpose. The Director of local Fund Audit has been appointed as the administrator of this fund.

(G.O. Ms. No. 2131, RD&LA, Dated 19th October 1976).

ii. Payment of Pension:- The pension and Gratuity papers received from the Executive Authorities are scrutinised and sanctioned by the Director of Local Fund Audit.

Pension or Gratuity payment orders are issued by the Director to the Pensioners concerned under intimation to the Executive Authorities.

129. Pension contribution: As per Director of Rural Development Letter R.O.C. No.41458 / 99/R.D dt:5-6-1999. the entire pension contribution due to pension fund shall be borne by Government.

Hence from the year 1999-2000 onwards the pension contribution due from panchayat union need not be worked out and sent to Directorate of Local Fund Audit

(H.O. Circular K. Dis. 8069 / 99 / S1 dt:15-6-1999)

In counting the period of service for calculation of pension and gratuity in respect of employees of Panchayat Union who retired in between 1-4-74 to 4-2-93 the pension contribution at 6 1/4% together with interest thereon shall be recovered from the employee and remitted to pension fund maintained by the Director of Local Fund Audit.

In respect of employees who retired on or after 5-2-1993 onwards the management share of bonus fund contribution for the period between the date of appointment and the date of admission to provident Fund shall be recovered from the Panchayat union concerned and credited to the pension fund.

(Govt. Letter 39255/E5/97 – 12 / R.D. Department dt:17-11-1999)

ii. Other important Government orders Counting of Service for Pension: In counting the period of service for calculation of pension and gratuity in respect of employees of Panchayat Unions, Town Panchayats and panchayat Township Committees, the services of employees from the date of their regular appointment shall be reckoned subject to the following conditions:-

The Management share of Bonus fund contribution for the period between the date of appointment and the date of admission to P.F. should be recovered from the employee / Retired employee at 6 1/4% together with the interest thereon and remitted to pension Fund maintained by Director.

(Vide G.O. Ms. No. 234, RD&LA, dated 17th February 1984 and

G.O. Ms. No. 210, RD Dept., dated 16th March 1990).

iii. Administrative sanction for pension:- Administrative sanction is not necessary for sanction of pension, family pension and other retirement benefits except in the following cases;

- i. Sanction of commutation of pension in cases where reference to Medical Board is necessary;
- ii. Sanction of family pension or Death-cum-retirement Gratuity to the family of the employees whose whereabouts are not known.

The district Collector shall be the competent authority to issue the administrative sanction in respect of the cases specified in items (i) and (ii) above.

Grant of family pension to the family members of an employee who deserted family:- (i) When an employee has deserted his family, and his where about cannot be traced after a reasonable search the family may be paid in the first instance the amount of salary due, leave encashment due and the amount of General provident Fund, having regard to the nomination made by the employee.

After the lapse of a period of one year, Death-cum-retirement Gratuity / Family pension may also be granted to the family of such employee.

The above benefit may be sanctioned by the administrative department of Secretariat after observing the following conditions;

The family must have lodged a report with the concerned police station and obtained a report that the employee has not been traced after all efforts had been made by the police.

An indemnity bond must be taken from the nominee or dependents of such employee that all payments shall be adjusted against the payments due to the employee in case he appears on the scene and makes any claim.

(Vide G.O. Ms. No. 159, R.D. Dept., dated 28th July 1992.)

iv. Adhoc pension: Ad-hoc pension was sanctioned in G.O. Ms. No. 1364, RD and LA, dt. 4-9-82 in respect of employees of the Panchayat Unions, Town Panchayats and Panchayat Township Committee who retired prior to 1-4-1974 and alive on 1-8-1982. This was made effect from 1-8-1982. Such payments should be made by the concerned panchayat institutions.

In G.O. Ms. No. 29, R.D. Dept., dated 10-1-1989 the Government have extended all benefits including DCRG, family pension, etc., now enjoyed by the regular pensioners of the Panchayat institutions to the adhoc pensioners with monetary benefit from 1-1-1989.

In G.O. Ms. No. 612, R.D. Dept., dated 27-7-90, the Government have ordered for the payment of family pension to the families of those employees who were retired prior to 1-4-1974 and not in receipt of adhoc pension. It was also decided in the above G.O. to extend the above concession to the families of those employees who died while in services prior to 1-4-1974. This concessions are made applicable with effect from 1-7-1990.

The benefits ordered in items (2) and (3) above have to be paid from the pension fund maintained by the Director.

The concession of encashment at a maximum of 240 days of E.L. at credit on the date of retirement .has been extended to employees of Panchayats and Panchayat Unions with effect from 30th October 1987.

(G.O. Ms. No. 77, RD Dept., dated 8th February 1990.)

Orders have been issued for counting of half of service paid from contingencies with regular service from 1st January 1961 for purpose of pension to the employees of Panchayat institutions subject to the following conditions:

The condition in Para 2(a), (b),(c) of G.O. Ms. No. 437, Finance (Pension), dt; 23rd June 1988 are required to be satisfied by the Executive Authority.

[G.O. Ms. No. 955, Finance (Pen.) Depts dated 23rd December 1991)

The absorption of the contingent employees in regular employment without break in Panchayat Union is to be made by the DRD, as on 1st April 1981 as required in G.O. Ms. No. 878, RD&LA, dated 15th May 1981.

[G.O. Ms. No. 261, RD(E7), Dept., dated 3rd April 1990.]

130. Issue and Disposal of Audit Report:

i. Issue of Audit Report: The Procedure for drafting of Audit Report has been detailed in the result of Audit Chapter and the Audit Report is to be prepared on the lines indicated therein.

From 1984-85 onwards a single consolidated Audit Report incorporating the various defects noticed under General, Education Fund and Provident Fund has to be prepared. The defects noticed under each fund are to be arranged chronologically under separate part. The certificate of agreement of closing balance, financial review has to dealt with separately in the opening paras for all funds. Result of Audit, receipt and charges form part of closing paras of Audit Report.

Separate Receipts and charges statement should be prepared for Education Fund and Production fund with reference to posting register and appended to the annual Account relating to General Fund.

In addition to the usual docket sheet in the Audit Report, another docket sheet to be appended to the Audit Report, containing distribution of work to the auditors with their signature against the work done by them. They should also put their full signature in the Registers audited by them.

(Vide HO. Circular C4/40715/75-1 of 19th July 1975) and Circular No.K.Dis.12148/871D4/dt:3.3.87)

The Audit Report will be forwarded along with a copy of audited Annual Account to the Commissioner with a request to send his replies in duplicate within two months from the date of receipt of Audit report to the Collector through the A.D. (Audit) Copies of the Audit report will be sent to the District Collector and D.D.O. A copy of Audit Report should also be submitted to Head Office (Director's Office) along with a copy of Audited Annual Accounts and overdrawal statement.

Similarly, a consolidated Accounts incorporating irregularities of minor nature relating to various funds are to be drafted and issued by the Assistant Director and incorporated as a separate para in the Audit Report.

(H.O.K. Dis. No, 12148/87/D4, Dated 3rd March 1987)