

**Ministry of Panchayati Raj
Fiscal Devolution Division**

No. R-16012/1/2020-FD

Dated: 4th August 2021

**Record of Proceedings of VC meeting held on 03rd August 2021 with States
on AuditOnline**

A VC meeting was held under the Chairmanship of Shri K. S. Sethi, Joint Secretary, MoPR with the States on 3rd August 2021 to discuss the progress/achievement made with regard to audit of accounts of the Rural Local Bodies through AuditOnline.

At the outset of the meeting, the chair informed the participants from the States that the Operational Guidelines of Fifteenth Finance Commission recommendations on Rural Local Bodies (RLBs) Grants for the period 2021-22 to 2025-26 has been issued by the Ministry of Finance to all the States and the total award amount for the period is Rs. 2,36,805 crores to all tiers of Rural Local Bodies including Traditional Local Bodies in Non-Part IX Areas situated in North Eastern Region (NER). The XV FC has recommended Rs. 1,42,083 crore as Tied Grants being 60% of the total RLBs Grants for Water and Sanitation activities which includes drinking water, rainwater harvesting, water recycling, sanitation and maintenance of ODF status which should include management and treatment of household waste, human excreta and faecal sludge management. Likewise, Rs. 94,721 crores being 40% of the total RLBs Grants as Untied (Basic) Grants has been recommended by it for improving basic services in rural areas.

He further appreciated the efforts made by the States in implementing AuditOnline in true spirit as 21 States have achieved the audit of at least 20% for the audit period 2019-20 which is also the commencement year for audit of accounts of the Rural Local Bodies through AuditOnline. The chair specially mentioned and appreciated the efforts made by the State of Uttar Pradesh for having completed audit of 54% GPs for the period 2019-20 till date and moreover, 100% audit to be completed by them within 31st August 2021.

The Chair deliberated upon that with the Operational Guidelines now in force and for the States to be eligible to grants in the year 2021-22; at least 25 percent of the RLBs need to have audited account for the year 2019-20 available on AuditOnline for being eligible for XV FC Grants and thus all the States were thus informed to carry out audit of at least 25% of the GPs for the audit period 2019-20. In so far as the States which have achieved this target, it was highlighted by the chair in the meeting that only eight States - Gujarat, Kerala, Maharashtra, Rajasthan,

Tamil Nadu, Telangana, Uttarakhand, and Uttar Pradesh -have already achieved audit of 25% of their GPs.

States were informed that in the next phase of AuditOnline; for the audit period 2020-21; it is imperative that the audit be carried out for both Fourteenth Finance Commission (FFC) and Fifteenth Finance Commission (XV FC) accounts. **Since, XV Finance Commission grants were provided to all the three tiers of Panchayats; auditing their accounts also becomes essential.**

Accordingly, States were informed to initiate the audit for 100% PRIs (i.e. ZPs, BPs, GPs) for the audit period 2020-21. This is essential for the States to be eligible for getting the RLBs' Grants for the further period of XV FC.

The Current Status for Audit of GPs for the Audit Period 2019-20 across States is mentioned below for information of all concerned:

No. of GPs with Audit Plans	1,16,365
No. of GPs with Audit Reports	79,370
No. of Audit Observations recorded	8,73,362

In the meeting, the performances of States for the Audit Period 2020-21 were also reviewed and it was submitted by the chair that a few States have already commenced the audit activity – creation of Audit Plans and generation of Audit Reports which are given as under:

No. of GPs with Audit Plans <i>(AP, HP, Karnataka, MP, Odisha, Punjab, Rajasthan, TN, Telangana & UP)</i>	32,001
No. of GPs with Audit Reports <i>(HP, Karnataka, MP, TN, Telangana & UP)</i>	1,428
No. of Audit Observations recorded	29,292

It was informed by the chair that only two States of Bihar and Sikkim have submitted pre-requisite formats for onboarding District/Zila Panchayats and Block/Intermediate Panchayats and hence emphasized upon the States to submit the pre-requisite Formats for District/Zila Panchayats/ TLB at District level and Block/Intermediate Panchayats/appropriate level of TLBs at intermediate level where present, to configure the audit process in AuditOnline at the earliest. The pre-requisite Formats have already been shared by the Ministry with all the States vide its communication dated 14th July 2021.

On the issue of availing the services of Chartered Accountants (CAs) for the purpose of carrying out audit of Rural Local Bodies through AuditOnline raised by the States owing to the fact that the States have the paucity of requisite number of Auditors etc. for auditing the accounts of RLBs, it was intimated to the States that they may send their formal letters in this regard to the Ministry and the same will be considered in consultation with O/o. C&AG.

The meeting ended with a vote of thanks to the chair.

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