

Fifteenth Finance Commission Grant

10.03.2023

Rural Development and Panchayat Raj Department
and Local Fund Audit Department
Tamil Nadu



PRI_s IN TAMIL NADU

District Panchayats - 36

Block Panchayats - 388

Village Panchayats - 12525

TAMIL NADU AT A GLANCE

Total population (Census 2011)	7.21 Crore	%
Urban population	3.17 Crore	44%
Rural population	4.04 Crore	56%
No. of Districts	37	
No of District Panchayats	36	
No of Panchayat Unions (Blocks)	388	
No of Village Panchayats	12,525	
No of Habitations	79,395	

Allocation/ Receipt / Utilisation of grants under the Fifteenth Finance Commission

Year	Untied Grants (Rs. In Crore)			Tied Grants (Rs. In Crore)		
	Allocation	Receipt	Utilisation	Allocation	Receipt	Utilisation
2020-21	1803.50	1803.50	1451.50	1803.50	1803.50	1803.50
2021-22	1066.40	1066.40	988.06	1599.60	1599.60	1124.43
2022-23	1104.40	552.20	345.88	1656.60	828.30	401.96

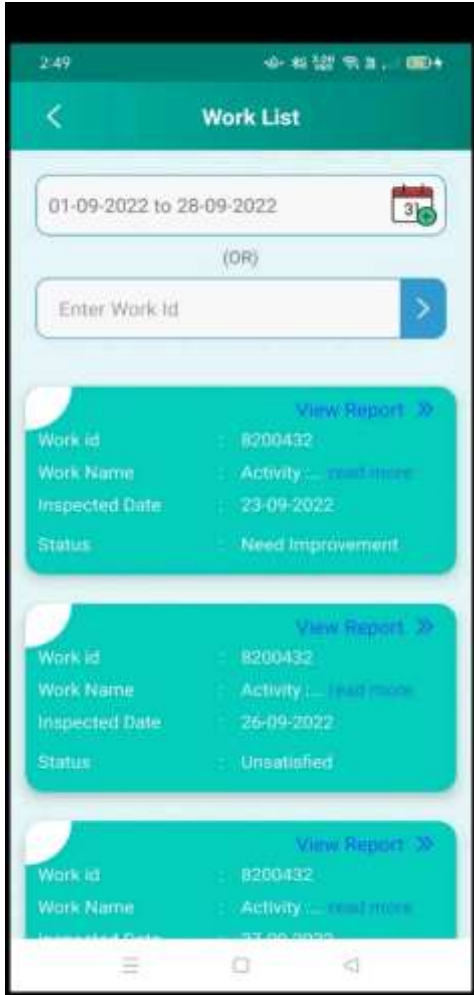
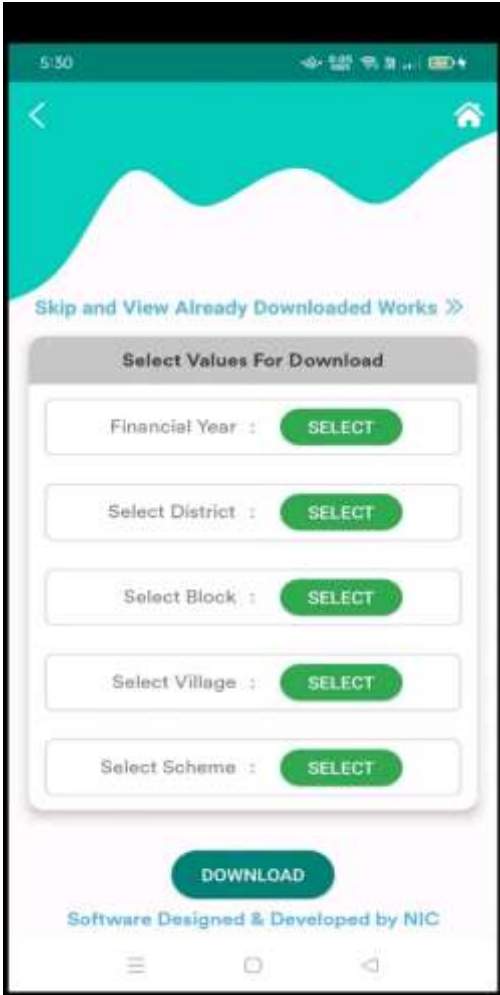
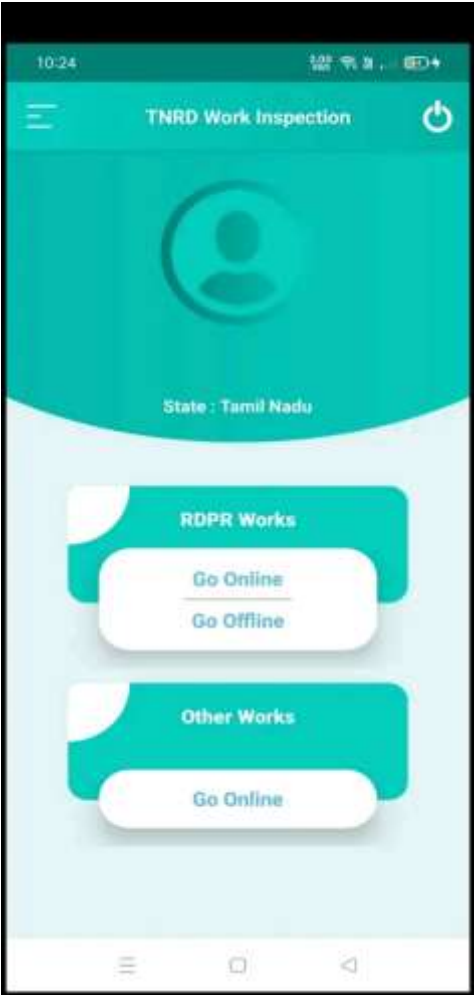
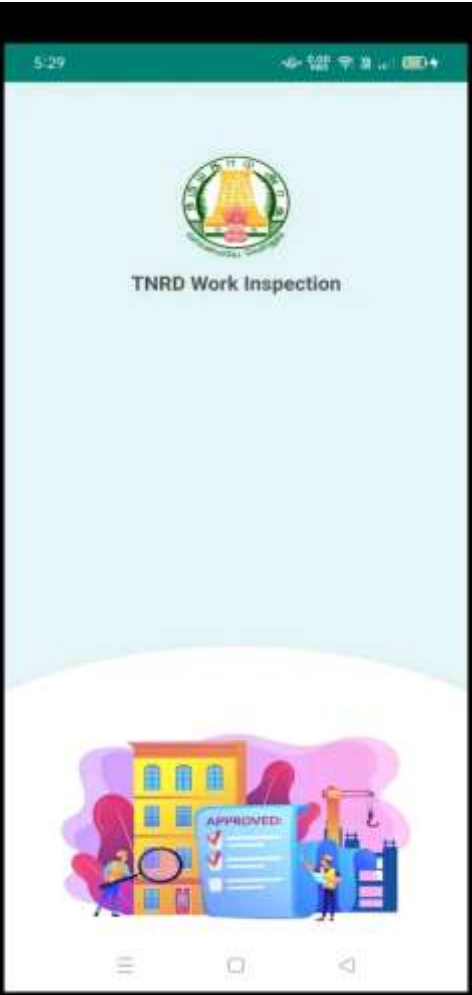
Assets Generated out of XV FC Grants during 2020-2023

Types of Assets created out of Untied Grants			Types of Assets created out of Tied Grants			Whether Geo- Tagged in e Gram Swaraj
Category	No/Units	Value (Rs. In Crore)	Category	No/ Units	Value (Rs. In Crore)	
Roads and Connectivity	39970	1146.20	Water Supply	103176	3066.78	Yes
Building	1320	146.08	Soak pit and other Gray water Mgt	49560	1522.02	Yes
Irrigation Works and CD works	11626	278.87	Sanitation, SWM	16294	451.96	Yes
Electrification	2361	72.08	Water Harvesting	1357	47.33	Yes

The reporting system existing in the State to monitor the utilisation of FC funds

- The State is monitoring the utilization of CFC Grant through e gram Swaraj portal and TNRD portal.
- Further, a Review mechanism has been strengthened in the Village, Block, District and State level.
- The works taken up under the CFC Grant have been monitored through Inspection app developed by the State.
- The Zonal Deputy BDOs, BDOs and Assistant Directors, Additional Collectors, District Collectors are undertaking the inspections utilising the inspection App.

Inspection App of the State



Auditing in Tamil Nadu

- Rural Local Bodies are audited by the three wings of Audit in Tamil Nadu.
- **Auditing in Village Panchayats:**
 - Internal Audit by the Department- 100%
 - Local Fund Audit Department- 22% per Annum
 - AG Audit- Test Audit in all the tiers
- **Auditing in Block and District Panchayats:**
 - Local Fund Audit Department- 100%
 - AG Audit- Test Audit in all the tiers

Strategy in getting 100% audit for the year 2023-24

Section 10 of Tamil Nadu Local Fund Audit Act 2014, Rules 2016: Audit on the accounts shall be completed by the officer delegated by the Director within a period of 6 months.

Section 2(a): The draft audit report shall be submitted within thirty days on completion of audit.

Section 11: Audit reports shall be issued not later than three months after the completion of audit.

Status of Audit

Name of the Institution	FY	Total no of institutions	FY of Annual Accounts Audited	No. of RLBs audited online		No. of RLBs audited offline	
				By Local fund Auditors	By empanelled CAs	By Local fund Auditors*	By empanelled CAs
District Panchayats	2019-20	31	31			31	
	2020-21	32	32			32	
	2021-22	36	36			36	
Panchayat Unions	2019-20	386	386			386	
	2020-21	388	388			388	
	2021-22	388	388			388	
Village Panchayats 20% Selected by LFAD 2 % by RD (test audit)	2019-20	12524	2831			2831	
	2020-21	12525	2831			2831	
	2021-22	12525	2839			2839	

Audit for the year

* Audited offline and uploaded in the audit online portal of MoPR

Existing Capacity of Local Fund Audit Department in the Panchayat Union Audit (Concurrent)

Sl.No	Local Fund Auditor /Designation	Sanctioned Strength	In position	Efforts made to Strengthen the auditing units
1	Assistant Director	54	29	Vacancies could not be filled up due to pending litigation at Hon'ble Supreme Court of India,
2	Inspector	111	111	
3	Deputy Inspector	66	12	Court Case got settled. Panel under preparation
4	Assistant Inspector	84	79	Estimated Vacancy has been prepared and sent to TNPSC. Awaiting selection and allocation from TNPSC.

Annexure – III

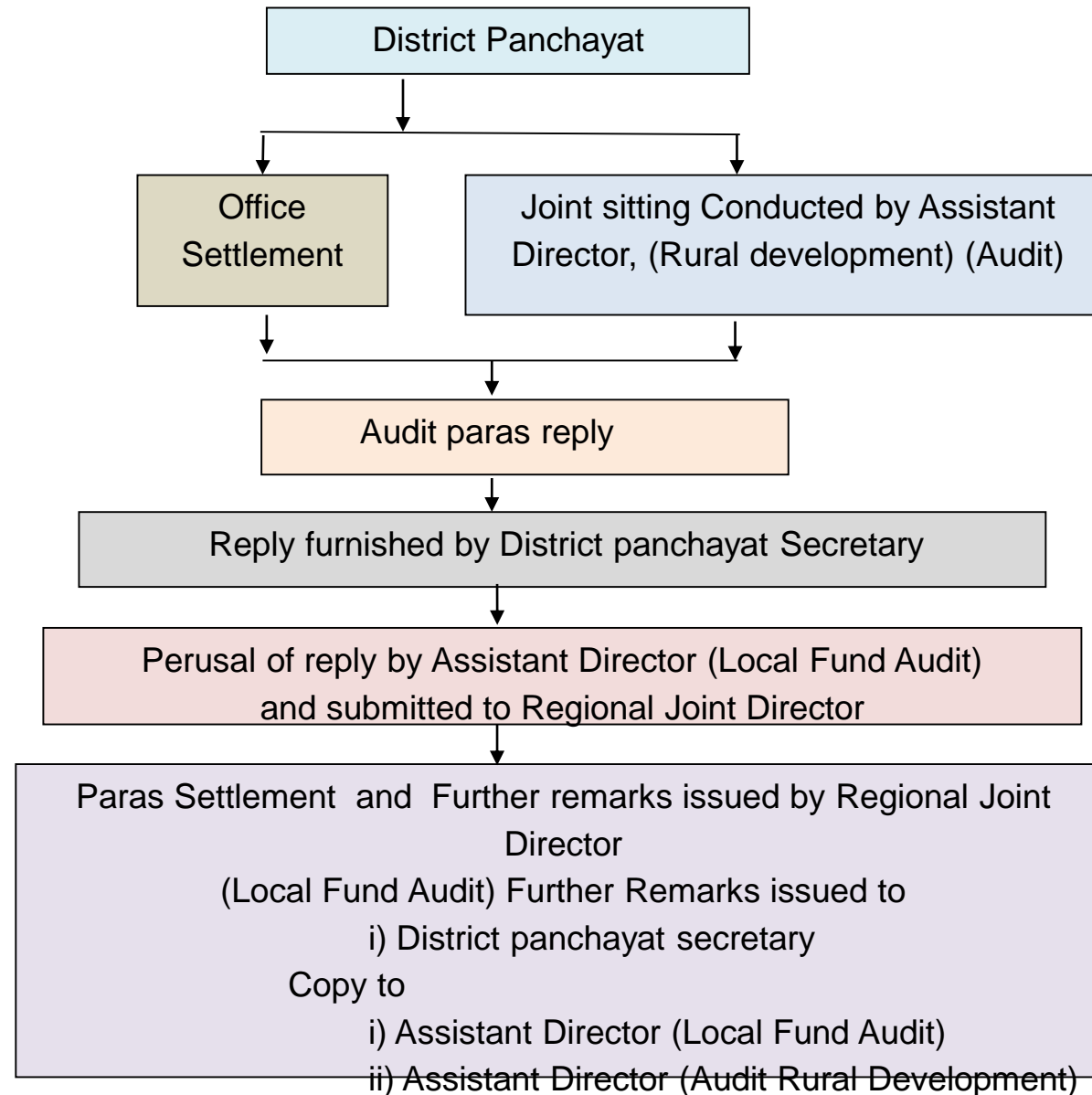
Appropriate forums / levels where action taken report (ATR) on the audit observation is to be placed in terms of the audit rule of the State of Tamil Nadu and time schedule for follow up actions on audit observations.

- As per Section (13)(1) of Tamil Nadu Local Fund Audit Act 2014, Rules 2016, on receipt of the audit report, the Executive authority concerned shall take action to rectify the defects or irregularities pointed out in the audit report within a period of **two months** from the date of receipt of report, and place the audit report with a statement of action taken or action proposed to be taken **before the council or governing authority**. The Executive authority shall within a month from the date of meeting of the council or governing authority, send a report of rectification and explanation thereon along with the resolution of the council or governing authority or other authority to the auditor.
- As per Section (13)(2), Auditor shall send further remarks to the Executive authority with in a period of two months from the date of receipt of rectification report
- As per Section (13)(6) of TN LF Act 2014 rules 2016 special letter issued to non-officials responsible for the loss within one month from date of issue of audit report. The Executive authority concerned shall furnish compliance report within a period of two months from date of receipt of special letters. Further remarks issued by auditors within 15 days of receipt of reply. In the event of non compliance of the defects reported in the special letter, the auditor issues a Special Report to the controlling authority or local authority with in a period of 3 months to take necessary action for rectification of defects or make good the loss from the officers concerned.
- As per section (25), the audit notes and audit reports shall be treated as closed only after the settlement of all the objections in the audit notes and audit reports.
- As per section (19), consolidated report of the accounts audited by DLFA to be placed before the legislative assembly not later than 30th September of every year

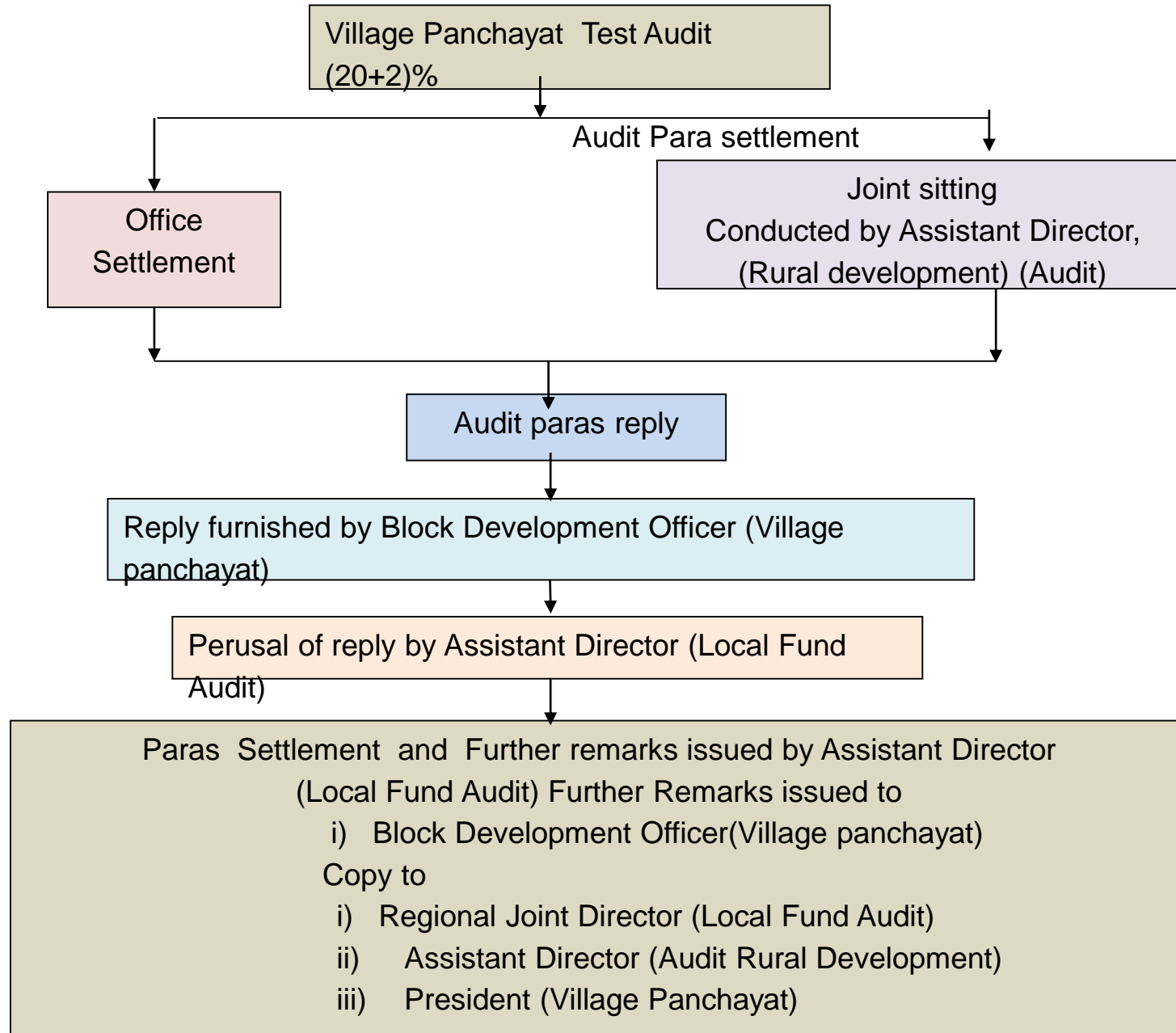
As per Section (15)(7)(b), objections settlement done by following methods.

1. By verification of replies furnished along with the relevant records in their office by the subordinate officers of local fund audit department,
2. Spot verification of the replies at the institution at the time of local review
3. Through joint sitting conducted periodically along with the administrative authorities.
4. Incase of Panchayat Union, District High Level Committees and State High Level Committees are formed for the purpose of objection settlement (G.O.Ms.No.324/Rural Development Department dated.13.11.1997)

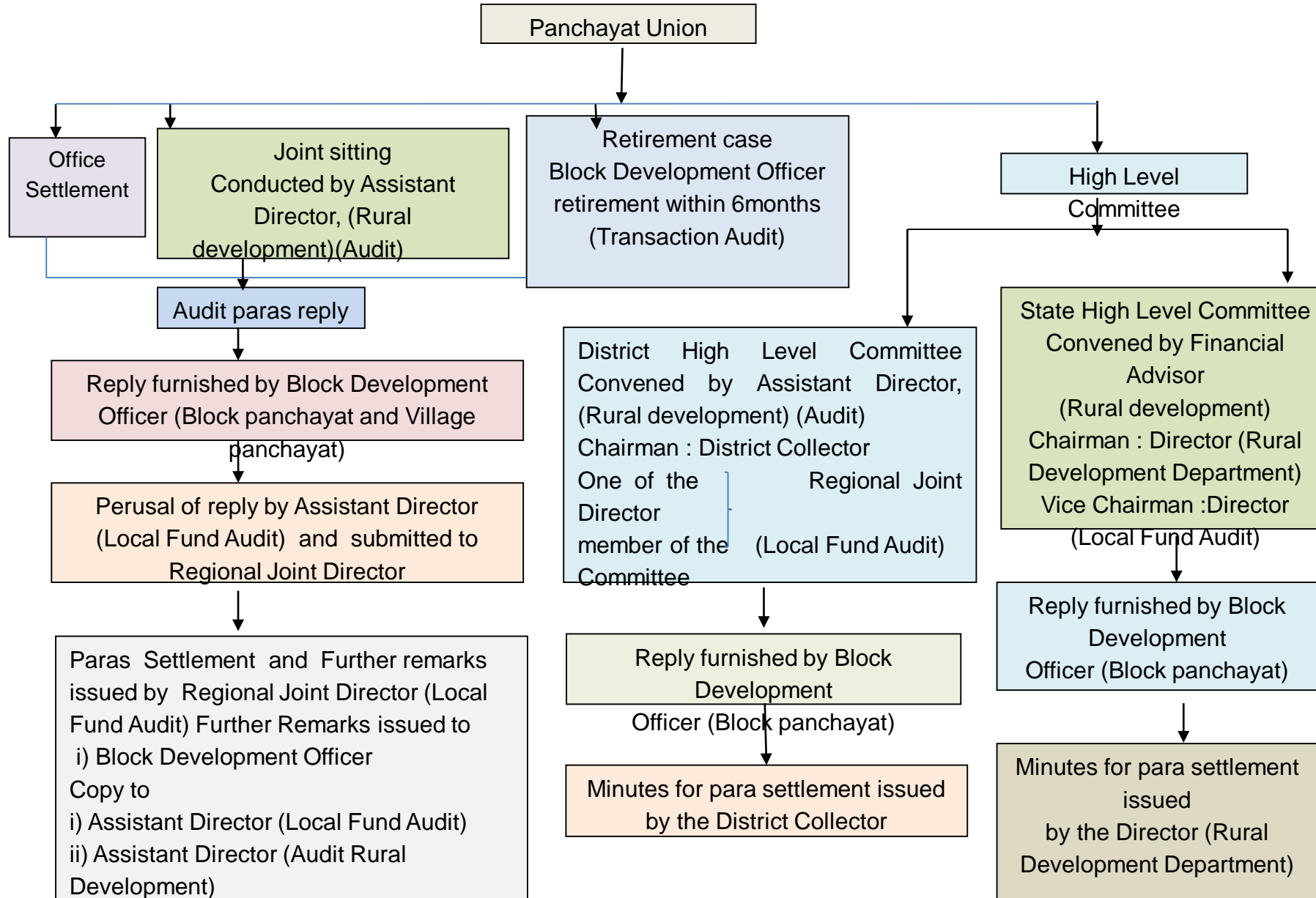
Settlement of Audit Objection in Panchayat Raj Institutions - District Panchayat



Settlement of Audit Objection in Panchayat Raj Institutions – Village Panchayat



Settlement of Audit Objection in Panchayat Raj Institutions – Panchayat Union



Strategy to complete 100% audit of RLBs

- The Audit schedule for all the three tiers of RLBs will be issued in advance.
- The Internal Auditors of Rural Development and Panchayat Raj department and Auditors of Local Fund Audit department will be trained to complete the Audit completely in the Audit online portal itself.
- The steps will be taken to fill all the vacancies in the state to audit the accounts in the Rural Local Bodies.
- Sixth State Finance Commission has allocated an amount to build the capacity of the officials and Elected representatives to adopt Audit Online.
- Review meetings and Complete tracking of Auditing in RLBs will be ensured.

Action Taken Module proposed to be incorporated in Audit Online Application

- Action Taken Module can be enabled in the Audit online portal.
- The Information regarding audit objections and its course of action like whether it is placed before the concerned forum like Grama Sabha or Council or State Assembly needs to be incorporated.
- Particularly, in Tamil Nadu, the joint sitting are being conducted at the District, Regional and State level to decide on the fate of the Para. Those modules to be incorporated in the Audit online portal.
- enforcing compliance on audit paras by RLBs like linking to fund flow to the Panchayats etc can be enforced phase-wise.

Status of elections to the RLBs

Year	Elections conducted details			
	Total No of RLB wards	Election conducted	Total No of Village Panchayat Presidents	Election conducted
2019	106453	82351	12525	9624
2021		24102		2901
Total		106453		12525

Provisional and audited accounts of RLBs

- The Ministry of Finance, GoI has suggested for provisional and audited accounts of RLBs as essential requirement for release of grants and the dynamic nature of their fulfilment in the States and it is mandatory for release of Untied/Tied Grants from FY 2023-24 onwards.
- Tamil Nadu is developing a portal by opening a State Nodal Account for all RLBs in the State.
- It will be open to the Public in phase wise as a part of Good Governance and e Governance initiatives.

State Nodal Account

- **Single State Nodal account** is a special bank account to be opened by the department at the state level which holds money on behalf of three tier Rural Local Bodies and it can be operated by the concerned Rural Local Bodies
- There are two types of Nodal Accounts.
 - **SNA for Receipt of Own Sources of Revenue**
 - **SNA for Expenditure**
- The receipt accrued in the SNA (Receipt) will be passed on to the SNA – Expenditure on daily basis and every penny is accounted.

Advantages of Single Nodal Account

- Complete tracking of funds from the treasury to the end user.
- Real Time transactions and easy MIS availability.
- No money can be kept idle and the same will be used judiciously.
- Annual reconciliation of accounts is easy
- 100% digital transaction will be ensured.
- Due to effective vendor registration through NPCI and PFMS ghost beneficiaries will be eliminated.
- Decision-making will be easy based on the expenditure pattern analysis.
- No postdated entry is captured and accounted in real time.
- Interest calculation and savings and other utility payments will be done easily.
- The software will be available in Bilingual ie. Tamil and English Language.
- Biometric and Aadhaar based One Time Password based financial transactions will be ensured.

Status of latest SFC in the State

- Sixth SFC constituted during the year 2020.
- Sixth SFC submitted its recommendations to Government in 2022.
- The award period for the Sixth SFC is 2022-23 to 2026-27
- The government has accepted most of the recommendations during 2022-23.
- It is implemented from the midst of the year 2022-23 itself.