

The M.P. Sthaniya Nidhi Sampariksha Niyam, 1974

MADHYA PRADESH

India

The M.P. Sthaniya Nidhi Sampariksha Niyam, 1974

Rule THE-M-P-STHANIYA-NIDHI-SAMPARIKSHA-NIYAM-1974 of 1974

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The M.P. Sthaniya Nidhi Sampariksha Niyam, 1974 Published vide Notification No. 1604-1792-4-R-3-75, dated 7-7-1975, Madhya Pradesh Rajpatra, Part 4 (Ga), dated 18-7-1975 at pp. 464-472 In exercise of the powers conferred by sub-sections (1) and (2) of Section 22 of the Madhya Pradesh Sthaniya Nidhi Sampariksha Adhiniyam, 1973 (No. 43 of 1973), the State Government after taking into consideration the draft of the Rules, published in Part IV (Ga), Madhya Pradesh Rajpatra, dated the 28th February, 1975 on Pages 75-87, hereby publishes the Madhya Pradesh Sthaniya Nidhi Sampariksha Niyam, 1974, in the final form, for general information.

1. Short title.

- These rules may be called the Madhya Pradesh Sthaniya Nidhi Sampariksha Niyam, 1974.

2. Definitions.

- In these rules, unless the context otherwise requires, -(a) "Act" means the Madhya Pradesh Sthaniya Nidhi Sampariksha Adhiniyam, 1973 (No. 43 of 1973); (b) "Form" means a Form appended to these rules; (c) "Section" means a section of the Act.

3. Appointment of Auditors.

- The accounts of local authorities whose accounts are declared under sub-section (1) of Section 4 to be subject to audit under the Act shall be audited by Auditors of the Local Fund Audit Department, Madhya Pradesh, who are hereby empowered to perform the functions of an Auditor under Section 6 under the direction and control of the Director.

4. Manner of making requisitions under Section 6.

(1) A requisition under clause (a) of sub-section (1) of Section 6 for the production of a document shall be addressed to the Chief Municipal Officer or the Chief Executive Officer or the Secretary or the Principal Executive Officer or the local authority. A requisition under clause (b) of the said sub-section for personal appearance addressed to a salaried servant of the local authority, if the addressee is not the Chief Municipal Officer or the Chief Executive Officer or the Secretary or the Principal Executive Officer of the local authority concerned shall be sent through the Chief Municipal Officer or type Chief Executive Officer or the Secretary or the Principal Executive Officer of the local authority, as the case may be. A requisition Under clause (c) of the said sub-section calling for an explanation shall be made in the form of a letter of which a copy shall be retained by the Auditor. (2) Every requisition under Section 6 shall be signed and dated by the auditor who shall specify a reasonable period not being less than three days, within which it shall be complied with.

5. Record and service of requisition.

- A record of all requisitions made under Section 6 shall be kept by the Auditor in Form I. A requisition may be sent to the addressee by registered post or delivered through a messenger and in the latter case an acknowledgment shall be obtained in the said Form.

6. Report of non-compliance with requisition.

- If a requisition under clause (a), or a requisition to a salaried servant of a local authority under clause (b) of sub-section (1) of Section 6 is not complied with within the period specified in the requisition, the Auditor shall report the failure to the Principal Officer and if the requisition is not than complied with within the next three days thereafter, he shall send the papers to the Collector with a brief statement of facts for further action. A report of non-compliance with a requisition under clause (c) of sub-section (1) of Section 6 shall likewise be made to the Collector. A copy of such communication shall be forwarded simultaneously to the Director.

7. Notice of commencement of Audit.

- Notice of the date of the commencement of the Audit under sub-section (3) of Section 6 shall be given by the Auditor to the Principal Officer and shall be issued in Form II.

8. Conduct of Audit during office hours.

- Except in cases where the Director in consultation with the Principal Officer of local authority concerned decides otherwise, the Auditor shall, for the purposes of conducting audit, attend at the head office of the local authority during office hours.

9. Facilities for conducting Audit.

- The local authority shall make suitable arrangements to enable the Auditor to conduct audit and discharge his duties as specified in the Departmental Manual.

10. Removal of documents by Auditor.

- The Auditor shall not remove any book, voucher or other documents from the office of the local authority whose accounts are being audited by him :Provided that if in case of fraud or for other good reason he considers it necessary, to keep any book voucher or other documents in his possession, he may, after obtaining permission in writing of the Principal Officer of the local authority or any person authorised by him in his behalf, and after passing a receipt therefor, remove it and shall forthwith report the matter to the Director.

11. Correspondence of Auditor with office bearers.

- The Auditor shall not correspond directly with the head of the local authority other than the Principal Officer whose accounts are being audited by him except for the purpose of reporting an embezzlement or for the purposes mentioned in sub-section (1) of Section 6 or for the purposes of Rules 7 and 8.

12. Time of Audit.

- Unless otherwise prescribed by the State Government in any case, the accounts of local authority for a financial year shall be audited annually in arrears and as far as possible answer shall be given before the close of the succeeding financial year.

13. [Period covered by Audit. [Substituted by Notification No. F-I(A)-6-78-IV-R-3, dated 3-11-1979.]

- Account for the completed financial year or years preceding the date of audit shall ordinarily be taken up for audit, save in such cases where the resident audit is conducted. The Director, may, however, require audit in any particular case to be conducted for an incomplete year, if in his opinion such audit is necessary.]

14. Verification of cash balance, etc. in Audit.

- At the commencement of the audit, the Auditor shall verify the cash balances including the unspent balances of permanent and other advances, and the securities held by the local authority and the stock of postage and Court fee stamps and printed forms kept for issue of receipts for payments received.

15. Audit.

- The accounts shall be subjected to detailed audit or test audit as may be directed by the State Government from time to time, in accordance with the provisions of the Account Rules framed by the State Government and incorporated in the respective manuals.

15A. [[Inserted by Notification No. F-I(A)-6-78-IV-R-3, dated 3-11-1979.]

The accounts of any local body, corporate body or noncorporate body shall be subjected to resident audit as may be directed by the State Government from time to time in accordance with the provisions of the Local Fund Audit Manual.]

16. Special Audit.

- The State Government, Director or such other Officer as the State Government may specify in this behalf may in special circumstances order a special audit of the accounts of the local authority for any specified period.

17. Payment of Audit Fees.

- The audit fees payable by the local authority under sub-section (3) of Section 4 shall be paid to the Director, Local Fund Accounts.

18. Preparation of objection statements.

- All objections raised in the course of audit shall be brought daily to the notice of the Principal Officer or the other responsible officer of the local authority concerned by means of objections statements in Form III. These objections statements shall issue over the dated signature of the Auditor and an acknowledgement from the Principal Officer or other responsible officer of the local authority to whom they are sent shall be obtained in a dak book.

19. Return of objection statements.

- The objections, statements shall be returned to the Auditor with the replies to the objections duly recorded therein with the least possible delay. In any case they shall be returned to the Auditor within one to three days before the close of the audit, according as he may direct, irrespective of the fact whether all the objections have been fully answered or not.

20. Special Reports on Frauds or Embezzlements.

- Whenever a fraud or an embezzlement is detected or there is very strong evidence to raise suspicion thereof, the Auditor shall forthwith report the circumstances to the Principal Officer of the local authority confidentially provided that there is no ground for suspicion of his complicity in it. In

the event of there being ground for suspecting the complicity of the Principal Officer in fraud or embezzlement, such report shall be submitted to the Collector through the Director. After the case has been fully investigated, the Auditor shall submit a report to the Director, who shall send copies thereof to the Collector and to other authorities as he may deem proper and necessary.

21. Objections settled to be included in Report in certain circumstances.

- Objections which have been settled on the spot shall be included in the report if the irregularities are of a serious nature or point to any defect in procedure or error in principle.

22. Director's Report.

- The report prepared under Section 8 shall be in two parts, Part I contained important irregularities and Part II containing minor defects and technical irregularities.

23. Part I of the Director's Report.

- Part I of the Director's Report shall comprise paragraphs dealing with the following :-(i)an introduction mentioning the date of audit, the date of last audit, the period covered by audit and the name of the Auditor and the name of the Principal Officer;(ii)a review of the previous audit reports, both Parts I and II, with special remarks on the important objections of minor nature shall be detailed in an appendix enclosed with the reports;(iii)serious breaches of accounts rules;(iv)payments contrary to law including double payments and over payments of individual items not below Rs. 10;(v)deficiency or loss of money or other property due to negligence or misconduct or failure to bring into account any amount due to the local authority in accordance with rules, bye-laws etc. framed for the purpose;(vi)any other cases of material impropriety or irregularity such as abnormal delay in making payments or in realising taxes, etc;(vii)defects in procedure which are calculated to lead to fraud;(viii)percentage of collections of taxes for the year under audit as compared with the percentage of the preceding two years;(ix)observation on the financial position of the local authority alongwith a statement showing the floating assets and liabilities;(x)certificate regarding the proper utilization of grants-in-aid received by the local authority during the period covered by audit;(xi)a certificate as to the correctness of annual accounts;(xii)a certificate regarding revenue derived and grants-in-aid admissible to local authority for Government Court tee labels, property tax, entertainment tax etc.;(xiii)a certificate on the check of Annual Establishment Return of employees under pension scheme or allowed to contribute to Provident Fund benefits;(xiv)a certificate regarding utilization of loans as per the conditions attached thereto;(xv)concluding remarks giving a resume of the important issues dealt in the report and the Auditor's opinion regarding the state of the accounts as a whole.

24. Draft of Audit Report.

- The audit report shall be drawn up on foolscap paper, sufficient margin being left for the replies to be recorded by the local authorities.

25. Submission of Audit Report.

- The Director shall forward Part I of the audit report to the Principal Officer of the local authority, endorsing copies to the Commissioner and the Collector in whose jurisdiction the local authority exists. Part II of the audit report shall be sent direct by the Director to the Principal Officer of the local authority for disposal.

26. Method of service of notices to call for explanation.

- In order to call for an explanation under sub-section (1) of Section 10 the Director, may serve a notice on the person concerned. The notices shall be sent to the person on whom it is to be served by registered post or where his address cannot be ascertained it shall be sent for service to the Collector who shall cause it to be served either by tendering or delivering a copy thereof, or if service in this manner cannot be made, by affixing a copy thereof at the last known place of residence on whom it is to be served.

27. Audit Report on the transferred works executed by the Panchayats.

- The audit report relating to the accounts of the State transferred works executed by the Janpad and Zila Panchayats shall be forwarded by the Director to the Principal Officer of the local authority through the Executive Engineer of the Division concerned.

28. Repeal and saving.

- The Madhya Pradesh Local Fund Audit Rules, 1965 are hereby repealed :Provided that anything done or any action taken under the rules so repealed unless such thing or action is inconsistent with any of the provisions of these rules deemed to have been done or taken under the corresponding provisions of these rules. Form I[See Rule 5]Record of Requisition under the Madhya Pradesh Sthaniya Nidhi Sampariksha Niyam, 1974

Date of requisition	Clause of Section 6 (1) under which requisition is made	Name and designation of addressee	If, requisition is for production of documents, brief description of document	Latest date for compliance with requisition
(1)	(2)	(3)	(4)	(5)
Signature of the Auditor	Date of posting of requisition	If requisition is sent through messenger		Remarks
Is sent by post/messenger	Name or the signature with date			
(6)	(7)	(8)	(9)	(10)

Form II[See Rule 7]No.....Office of the.....Station :Dated the
19Memorandum..... will take up the audit of the accounts of theunder the
provisions of the Madhya Pradesh Sthaniya Nidhi Sampariksha Adhiniyam, 1973 (No. 43 of 1973),
on or about theIt is requested that he may be afforded the usual facilities in carrying out
his work.

**2. It will greatly facilitate work and reduce subsequent correspondence if you
will kindly arrange that the objections noted by the Auditor are taken up
promptly for settlement.**

Signature.....Designation.....Form II[See Rule 18]Audit Objection Statements on the Accounts
of.....or..... page.....

Date of transaction and number of voucher (1)	Particulars of transaction (2)	Objections or Suggestions (3)	Reply of local authority (4)
Notes of admission or further remarks by Auditor (5)	Further explanation by local authority (6)		Final remarks of Auditor (7)