

# The Rajasthan Local Fund Audit Rules, 1955

RAJASTHAN

India

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### Rule THE-RAJASTHAN-LOCAL-FUND-AUDIT-RULES-1955 of 1955

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The Rajasthan Local Fund Audit Rules, 1955 Published vide Notification No. D. 2 6210/F. 8 (7) (A.A.) 54-55 dated 26.5.1956, Published in Rajasthan Gazette Part 4-C, dated 11.10.1956 In exercise of the powers conferred by section 16 of the Rajasthan Local Fund Audit Act, 1954 (Rajasthan 28 of 1954) the Government of Rajasthan hereby makes the following rules for the audit of accounts of local authorities whose accounts have been declared to be subject to audit under the said Act, namely:-

#### 1. Short title.

- These rules may called Rajasthan Local Fund Audit Rules, 1955.

#### 2. Definitions.

- In these rules, unless the context requires otherwise. -(a)"Act" means the Rajasthan Local Fund Audit Act, 1954 (Rajasthan Act 28 of 1954);(b)"Form" means a Form appended to these rules;(c)"Section" means a section of the Act; and(d)words and expressions not defined in these rules have the meanings assigned to them in the Act.

#### 3. Empowering of Auditors.

- The accounts of the local authorities whose accounts are declared to be subject to audit under section 4 shall be audited by the auditors (Superintendents of Audit, Senior Auditors or Junior Auditors or other officers by whatsoever name or names they are called) of the Local Fund Audit Department, Rajasthan, who are hereby empowered to perform the functions of an auditor under clause (a) of section 3, under the direction and control of the Examiner:Provided that nothing in this rule shall prevent the Examiner from carrying out an inspection or audit of accounts of any local authority himself at his discretion.Requisitions

#### **4. Manner of making requisition under section 6.**

(1)The requisitions referred to in clauses (a) and (b) of Sub-section (1) of section 6 shall be made by the auditor in Form No. 1 and shall be sent to the Chief Officer or Administrative Officer, as the case may be, or, in his absence, to the Secretary or other head of the ministerial establishment of the local authority by registered post or messenger. If the requisition is sent by a messenger, an acknowledgement from the officer concerned with the date of receipt shall be obtained in the transit book. A record of all requisitions shall be kept in Form No. 2.(2)Invitation to be sent in the form of letter. - The invitation, which an auditor may issue in pursuance of clause (c) Sub-section (1) of section 6 to the Chairman or other honorary officers or member of a local authority, shall be in the form of a letter addressed to such officer or member. A copy of every such letter shall be retained in the case file. The invitation shall be sent either by registered post or by messenger and in the latter case, an acknowledgement duly signed by him and dated shall be obtained in a transit book.(3)Every requisition or invitation under section 6 shall be signed and dated by the auditor and shall specify a reasonable period, not being less than 3 days, within which it shall be complied with.

#### **5. 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), both of Sub-section (1) of section 5, is not complied with within the period specified in the requisition, the auditor shall report the failure to the Chairman of the local authority and if the requisition is not then complied with within the next 3 days thereafter, he shall send the papers to the Controlling Authority, with a brief statement of facts, for further action. A report of non-compliance with a requisition under clause (b) of Sub-section (1) of section 6 issued to a contractor or a requisition under clause (c) shall likewise be made to the Controlling Authority. A copy of such communications shall be forwarded simultaneously to the Examiner.

#### **6. Notice of commencement of Audit.**

- Notice of the date of commencement of the audit under Sub-section (3) of section 6 shall be given by the Examiner to the Chairman of the local authority, and shall be issued in Form No.

3.Proceedings for Audit

#### **7. Conduct of audit ,to be during office hours.**

- Except in cases where the Examiner in consultation with the head of the office of the local authority, decides otherwise, the auditor shall, for the purpose of conduction audit attend at the head office of the local authority during office hours.

#### **8. Facilities for conducting audit.**

- The local authority shall make suitable arrangements to enable the auditor to hold his office for conducting audit.

## **9. Removal of documents by auditor.**

- The auditor shall not remove any book, voucher or other document 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 reasons he considers it necessary to keep any book voucher or other document in his possession, he may, remove it after giving a receipt therefor and shall forthwith report the matter to the Examiner.

## **10. Correspondence of auditor with office bearers.**

- The auditor shall not correspond direct the President, or Vice-President or Chairman or Vice-Chairman of the local authority 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 5, 16 and 18.

## **11. Time for audit.**

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

## **12. Period to be covered by audit.**

- Unless the Examiner directs that a test audit for three months accounts, selected at random should be carried out, accounts for the complete financial year, or years, preceding the date of audit shall ordinarily be taken up for audit. The Examiner, may, however, have the accounts audited up-to-date if, in his opinion, such audit is necessary in any particular case; Provided that in case of test audit of three months, accounts, the accounts for the month of March shall necessarily be included in three months accounts to be selected for the test audit, and this test audit shall include a general review of the accounts of the remaining nine months: Provided further that in the case of the public works accounts of a local authority a few works shall be selected for detailed audit with connected papers irrespective of the months in which the bills for those works may have been paid.

## **13. Detailed Audit.**

- A detailed audit of the accounts of a local authority for the whole year may be taken up at the discretion of the Examiner if such a course appears to him to be necessary in any case. The Controlling Authority or the State Government may, in special circumstances, request the Examiner to arrange for a detailed audit of the accounts of a local authority for any period.

## **14. Special Audit.**

- A Special Audit of the accounts of a local authority may be taken up at the discretion of the Examiner if such a course appears to him to be necessary in any case. The Controlling Authority or the State Government may, in special circumstances, request the Examiner to arrange for special audit of the accounts of a local authority.

## **15. Verification of cash balances, etc. in audit.**

- At the commencement of or during 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 payment received. Objection Statements

## **16. Preparation of objection statements.**

(1) All enquiries which it is necessary for the auditor to make and all objections or remarks made by him during audit shall be made for communicated through an objection statement in form No. 4. (2) The auditor shall issue such objection statement over his dated signature day by day as the audit proceeds and shall obtain an acknowledgement from the head of the office of local authority with the date of receipt entered in the transit book; Provided that this procedure may be relaxed in the case of local authorities other than Municipal Boards and District Boards.

## **17. Return of objection statements.**

- The objection statements shall be returned, with the least possible delay, over the dated initials of the head of the office of the local authority together with an explanation with reference to the objection or a statement of the action taken or proposed to be taken to meet the objections raised, and where necessary, shall also contain replies to the enquiries made by the auditor. All objection statements shall be returned to the auditor with least possible delay, in any case within one or 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. [If the head of office of the local authority fails to return the objection memo within the prescribed time, it will be presumed that the objection is accepted and the audit will be at liberty to take such action as warranted under the rules] [Added vide Notification dated 9-3-1967].

## **18. Re-issue of objection statements.**

- On receipt of the replies to the points raised by the auditor, he shall, where necessary, re-issue for further action any items on which final or sufficient action has not been taken or on which the enquiries made have not been satisfactorily answered. Such re-issues shall be marked as "Further Remarks" in a transit book.

## **19. Special reports on frauds or embezzlement's of serious irregularities.**

(1)When a fraud or an embezzlement is detected or may reasonably be inferred from any suspicious circumstances, or there is very strong evidence to raise suspicion thereof, or where any serious irregularity is noticed in the accounts, the auditor shall forthwith report confidentially the circumstances in writing to the Chairman in the case of Municipalities and District Boards or Head of the Office in the case of other local authorities concerned and also to the Examiner.(2)When a fraud or embezzlement has been fully investigated by the auditor, he shall submit a complete report on the case to the Examiner, who shall send copies thereof either to the Controlling Authority or the State Government, as the case may be; Provided however, that where the Chairman or the head of the office of a local authority is involved or there are grounds for suspecting his complicity in the fraud or embezzlement or the serious irregularities, neither the preliminary nor the complete report shall be sent to any of these officers last mentioned.

## **20. 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. Audit Reports

## **21. Auditor's Report.**

- The result of each audit shall be recorded in a report of the auditor which shall be as concise as possible but shall contain all the relevant facts and as far as possible, shall be confined to the points mentioned in clauses (a) to (d) of section 9.

## **22. Reports to be in two parts.**

(a)The report shall be in two parts: Part (I) containing important irregularities and Part (II) containing minor defects and technical irregularities.(b)the details of the vouchers or other documents which have a bearing on the remarks in the audit report shall be given in an appendix or appendices to the report together with reference to the paragraph or paragraphs of the audit report.

## **23. Nature of details to be reported.**

- The auditor shall-(a)state in the first paragraph of the report the date on which the audit was taken up, the date when it was completed the period covered by the audit and in case of test audit months of accounts selected for detailed audit;(b)give in the opening paragraph of Part II of the report on the accounts of a Municipal Board or District Board a statement of assets and liabilities indicating the financial position of the Board with a brief resume of its financial condition. Fixed assets, such as land, buildings, plant and machinery, shall be excluded from the statement, and only liquid assets, such as cash balance in hand or in the Treasury or Bank, investments, advances and outstanding rents, rates and such liabilities as unspent balance of earmarked grants or revenues, contributions payable, deposits and unpaid bills shall be included therein;(c)state whether money

borrowed on the security of allocated revenues or received as a grant from Government or other sources for any specific purpose has been expended on such purpose;(d)state where a sinking fund has been prescribed, whether it is being properly kept up;(e)state whether all advances and investments by the local authority are fully secured;(f)state in detail all loans contracted by the local authority and also state whether the prescribed provision has been made for the repayment of the principal and interest out of the revenues of the local authority;(g)certify where separate accounts for any undertaking have to be maintained, whether they have been so maintained and whether the accounts present a true and correct view of the results of the undertaking for the period under audit;(h)certify as to the correctness of the annual accounts;(i)give at the end of the report a brief resume of the matters dealt with in the report and conclude with an opinion on the state of the accounts as a whole;(j)append to the report:-(1)a statement showing the arrears of taxes at the end of the year and the two preceding years in the case of local authorities which, impose taxes;(2)a statement of accounts for the year showing,-(a)under the head "receipts"-(i)the revenue from direct taxes,(ii)the revenue from indirect taxes,(iii)income from properties,(iv)income from miscellaneous sources,(v)Government grants,(vi)extraordinary items of revenue, and(vii)debts deposits and advances and(b)under the head "expenditure"-(i)ordinary expenditure,(ii)capital expenditure,(iii)extraordinary expenditure, and(iv)debts, deposits and advances.(3)in the case of local authorities receiving grants from the Government, statements, in such forms as may be laid down by the State Government from time to time,-(i)showing the gross expenditure, amount disallowed and the net amount admitted for grant under several heads,(ii)setting forth items disallowed for Government grant with reasons therefor,(iii)giving figures of receipts under several heads.(iv)containing miscellaneous objections which do not affect Government grant.(4)a comparative statement showing figures of receipts and expenditure as estimated in the Budget (including revised sanction, if any) and as actually spent during the financial year, and(5)a review of the previous audit reports both parts I and II with special notice of the important objections which have not been disposed of (objections of a minor nature shall be detailed in an appendix and enclosed with the report).

## **24. Examiner's report.**

- The report prepared under section 8 of the Act, shall be in two parts, Part I containing important irregularities and Part II containing minor defects and technical irregularities.

## **25. Part I of the Examiner's Report.**

(1)Part I of the Examiner's report shall comprise paragraphs dealing with the following subjects:-(i)an introduction mentioning the date of the last audit, the date of current audit, time taken in current audit, the period covered by current audit, the names of the Chairman and Officers of the local authority, and the name of the auditor;(ii)a review of the previous audit reports both Parts I & II with special notice of the important objections which have not been disposed of (objections of a minor nature shall be detailed in an appendix and enclosed with the report);(iii)serious breaches of accounts rules;(iv)payments contrary to law, including double payments and over payments;(v)deficiency or loss of money or other property due to negligence or misconduct;(vi)failure to bring money into Account;(vii)any other cases of material impropriety or

irregularity, such as abnormal delay in making payment or in realising taxes etc.;(viii)defects in procedure which are calculated to lead to fraud;(ix)observations upon the financial position of the local authority;(x)a certificate regarding the proper utilization of Government grants;(xi)a certificate as to the correctness of the annual accounts;(xii)concluding remarks giving a resume of the important matters dealt with in the report and the auditor's opinion on the state of the accounts as a whole.(2)The following documents shall be appended to Part I:-(a)statement of floating assets and liabilities;(b)separate certificate regarding Government grants for special purposes;(c)certificate regarding the check of financial statements of Government grants for education;(d)memo on the check of annual establishment return of employees who have been allowed to contribute for pension under article 145, Rajasthan Service Rules or are under the pension scheme;(e)a detailed statement of pension contribution credited into the treasury with a certificate to the effect that the contribution was correctly paid;(f)unspecified objections of previous audit;(g)lists of registers examined; and(h)surcharge statement.

## **26. Drafting of audit report.**

- The audit report of the Examiner shall be drawn up on foolscap paper, sufficient margin being left for the replies to be recorded by the local authorities. In drafting audit reports great care shall be taken to see that the objections are stated as clearly and concisely as possible and that nothing finds place in the report which cannot be supported by indisputable facts and figures.

## **27. [ Submission of audit Report. [Substituted vide Notification dated 26-4-62.]**

- The Examiner shall send his Audit Report to the Chairman or other Executive Head of the Local Authority concerned and a copy thereof to such authority s as the Government may direct].

## **28. [ Reply of Audit Report by Local Authority.] [Substituted vide Notification dated 26-4-62.]**

(1)The Chairman or other executive head of a local authority shall send a reply to the Audit Report of the Examiner as required by section 10 of the Act. A copy of the reply shall also be sent by him to the Controlling Authority.(2)The Chairman shall also cause to be presented to a meeting of the local authority the report of the Examiner and the replies to the objections sent to the Examiner. An intimation that the Audit Report and the replies have been considered and approved by a resolution passed by the local authority shall be sent by the Chairman or other executive head concerned to the controlling authority and the Examiner.The Controlling Authority shall also forward his remarks if any, in respect of the replies to furnished by the local authority to the Examiner within a fortnight of the receipt by him of the reply of the local authority.

## 29. Powers and duties of Examiner.

(1)The Examiner shall exercise general supervision and control over the discharge by the auditors of their duties under the Act.[Substituted by Notification dated 14-8-1981 [14-1-1982]] [2- ijh{kd bu fu;eksa ds mikca/k ^d\*\* ds vuqlkj] vyx&vyx ekeyksa esa] vk{ksi dk vf/kR;tu djus ;k vfu;fer O;; dh olwyh dks NksM+us ds fy, 'kfDr;ksa dk iz;ksx dj ldsxk] c'krsZa fd fuEufyf[kr nks lkekU; 'krsZ iwjh gksrs gksa vFkkZr%&

### 1.

- mldh jk; esa mDr lank; djus ;k mls izkf/kd`r djus okys O;fDr dh vksj ls dksbZ lQyrk ;k vopkj ugha gqvk gks%

### 2.

- mDr lank; ln~Hkkfod gks vkSj mlh LFkkuh; fuf/k esa ls mlh izdkj ds lank; dks igys miekftZr fd;k tk pqdk gks( ;k laijh{kk esa ml ij dksbZ vk{ksi ugha fd;k x;k gksAijUrq ;g vkSj fd LFkkuh; fuf/k laijh{kk foHkx ds vf/kdkfj;ksa }kjk vk{ksi ds vf/kR;tu dh lwpuk] Hkfo"; esa ,sls vkgj.kksa ls cpus ds fy, LFkkuh; laLFkkvksa ds vkgj.k rFkk laforj.k vf/kdkfj;ksa dks nh tk,xhA vf/kR;tu izkf/kdkjh }kjk ,d jftLV~j Hkh j[kk tk;sxk] ftlesa lHkh vf/kiR;Dr ;k vifyf[kr enksa dh izfof"V dh tk;sxhAfoHkkxk/;{k le; le; ij bl jftLV~j dk iqufoZyksdu djsxk vkSj ;g ns[ksxk fd izR;sd ekeys esa] vfr lank; dSls gqvk] fdu fu;eksa dk mYya?ku gqvk] lkFk gh ;g gS fd vkgj.k rFkk laforj.k vf/kdkfj;ksa ls lEc) nkf;Ro dh ek=k D;k gS vkSj Hkfo"; esa mDr vfr lank;ksa dks jksdk tk lds] bls fy, fd, x, mipkjkRed mik;] ;fn dksbZ gksaA]Miscellaneous

## 30. Defalcation or loss in money or stores to be reported by the chairman of Local Authority.

- Whenever any defalcation or loss in money or stores is discovered, the fact shall be promptly reported by the Chairman of the local authority to the Examiner and to the Controlling Authority or the State Government, as the case may be, giving in detail the circumstances which led to such defalcation or loss. The Examiner shall then consider whether such loss was due to any fault in the system and, if so, shall issue the necessary instructions. In very other case he shall direct that a special audit be made.Note: - Nothing in this rule shall prevent the institution of criminal proceedings against any person suspected of or involved in any defalcation or loss of money or stores, should such a course be considered advisable.Form No. 1[See Rule 4 (I)]Local Fund Audit Department RajasthanRequisitions Under Rule 4 of RajasthanLocal Fund Audit Rules, 1955

Date of requisition	Clause of Section 6 (1) under which requisitionmade	Name & Designation of the addressee	Description of requisition, & if forproduction of documents, brief description of documents.
1	2	3	4



Latest date for compliance with requisition	Signature with date of the auditor	Date of posting in requisition is sent by post	If requisition is sent through messenger name of messenger	Remarks.
5	6	7	8	9

Form No. 2[See Rule 4 (2)]Local Fund Audit Department RajasthanRecord of Requisition (Form I)  
Under Rule 4 (i) of the Rajasthan Local Fund Audit Rules, 1955.

Date of requisition	Clause of section 6 (1) under which requisition made	Name and Designation of the addressee.
1	2	3

Description of requisition, and if for production of documents, brief description of documents	Latest date for compliance with requisition	Signature with date of the Auditor
4	5	6

Date of Posting if requisition is sent by post	If requisition is sent through messenger	Remarks
Name of messenger	Signature with date of addressee	
7	8	9
		10

Form No. 3[See Rule 6]Intimation of Audit(Rule 6 of the Rajasthan Local Fund Audit Rules, 1955)Local Fund Audit Department, Rajasthan

No. Jaipur, dated the ..... 19 .....

From, The Examiner, Local Fund Audit Department, Rajasthan, Jaipur. To, The Chairman ..... Shri ..... of this Department, will take up the audit of the accounts of the on or about ..... the ..... It is requested that he may be afforded the usual facilities in carrying out his work.

**2. If will greatly facilitate work and reduce subsequent correspondence if you will kindly arrange that the objections noted by the above mentioned officer are taken up promptly for settlement. It is further requested that such directions as may be considered necessary, should be given to your staff so as to ensure that all the documents which will be required during the audit are kept in readiness and presented to him promptly.**

### 3. Please acknowledge receipt of this intimation.

Examiner,  
Local Fund Audit Department,  
Rajasthan.

Form No. 4[See Rule 16]Local Fund Audit Department Rajasthan(Rule 16 of the Rajasthan Local Fund Audit Rules, 1955)Audit Objection Statement on the account of ..... for the year

.....

Date of transaction and No. of Voucher	Particulars of transaction	Objection or suggestion (with signature & date of the Auditor).
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Last date fixed by the Auditor for return of the Audit Objection Statement

Reply of the Local Authority (with signature, date and designation)

Note of admission fresh remarks by the Auditor.

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Further remarks of the Local Authority

Remarks by the Auditor on fresh remarks by the Local Authority

Final Remarks by the Examiner

Remarks.

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