

# The M.P. Gram Sabha (Audit) Rules, 2001

MADHYA PRADESH

India

## The M.P. Gram Sabha (Audit) Rules, 2001

### Rule THE-M-P-GRAM-SABHA-AUDIT-RULES-2001 of 2001

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The M.P. Gram Sabha (Audit) Rules, 2001 Published vide Notification No. F-16/41/99/22/P-2(9), M.P Rajpatra (Asadharan), dated 7-3-2001 at page 258 (3-8) In exercise of the powers conferred by the sub section (I) Section 95 read with Section 7-K of the Madhya Pradesh Panchayat Raj Avam Gram Swaraj Adhiniyam, 1993 (No. 1 of 195)4), the State Government hereby makes the following rules, the same having been previously published as required by sub-section (3) of Section 95 of the said Act, namely

#### 1. Short title and commencement.

(1) These rules may be called the Madhya Pradesh Gram Sabha (Audit) Rules, 2001. (2) They shall come into force with effect from the date of publication of this notification in the Madhya Pradesh Gazette.

#### 2. Definitions.

- In these rules, unless the context otherwise requires, -(a) "Act" means the Madhya Pradesh Panchayat Raj Avam Gram Swaraj Adhiniyam, 1993 (No. 1 of 1994); (b) "Auditor" means the Auditors appointed by the Gram Sabha; (c) "Audit Authority" means the Deputy Director Panchayat and Social Welfare of the district; (d) "Prescribed Authority" means Sub-Divisional Officer (Revenue) of the area; (e) "Special Audit" means an audit of accounts pertaining to a specified period of items or series of items requiring thorough examination; (f) "Financial year" means the year commencing on the first day of April and ending on thirty-first March of the succeeding year.

#### 3. Accounts to be audited annually.

- The accounts of Gram Sabha shall be audited annually and as far as possible, before the close of the succeeding financial year. Accounts for the complete financial year or years, preceding the date of audit, shall ordinarily be taken up for audit. The requirement of the annual audit, provided as above

shall be independent and shall not be affected by the supplementary' or any other audit ordered, if any, by the Accountant General of the State of Madhya Pradesh.

#### **4. Submission of Audit Report to Gram Sabha.**

(1)The annual accounts of the Gram Sabha shall be audited by the Auditor.(2)The Gram Vikas Samiti shall submit full details of all receipts and expenditure pertaining to the previous financial year to the Gram Sabha.(3)The Gram Vikas Samiti shall submit all reports of Audits, and Special Audits, if any pertaining to the previous financial year to the Gram Sabha. Reports of embezzlement, defalcation, or misuse of funds shall forthwith be reported to the Gram Sabha.(4)After receiving the Audit Report from Gram Vikas Samiti, the Gram Sabha shall place the Audit Report before the next meeting of the Gram Sabha.(5)The satisfaction of the Gram Sabha regarding proper utilization of funds shall be recorded, and observations of the Gram Sabha, if any, shall also be recorded.

#### **5. Special audit.**

(1)The Collector or any other person, as may be authorized by him in his behalf, shall be the authority to order special audit of Grain Sabha.(2)For certifying the utilization of Funds received from the Central Government or State Government or their agencies, a Grain Sabha shall get its accounts audited in such manner, as may be directed by the State Government, including audit of accounts by Chartered Accountants, and any such audit shall be in addition to that under the Rule 3.

#### **6. Submission of Accounts for Audit.**

- The President of a Gram Vikas Samiti shall submit or cause to be submitted for audit all accounts of the Gram Sabha to the auditor.

#### **7. Powers of auditor.**

(1)Every auditor shall have the right of access at all times to books and accounts, vouchers, statements, returns, correspondence, notes or other documents and records whether kept at the office of the Gram Sabha or elsewhere, and shall be entitled to require from any of the office bearers or any employee, of the Gram Sabha such information and explanations as the auditor may think necessary for the performance of his duties as auditor.(2)If the required information and records are not provided to the auditor within a reasonable time not exceeding three days, the fact shall be brought to the notice of the Audit Authority for further appropriate action in the matter. Audit Authority shall pass an order as he may deem fit.

#### **8. Auditor not to remove any document without permission.**

- The auditor shall not remove from the office of the Gram Sabha any books, vouchers or documents of any kind whatsoever. The auditor may, however, obtain photocopies or certified copies of such documents and records as may be considered necessary by him for the process of Audit Report.

## **9. Notice of commencement of audit.**

- The auditor shall give to the Sarpanch not less than one week's notice in writing of the date on which he proposes to commence the audit: Provided that the auditor may, for special reasons to be recorded in writing give notice of less than seven days for the audit or commence audit without any notice on the authority of the Audit Authority.

## **10. Certification of accounts and statements.**

- The auditors shall verify and certify the correctness of the Balance sheet, Receipt and Payment Account, Income and Expenditure Account and all other Statements and Returns required to be submitted or attached with the final accounts as per relevant accounting rules and other rules.

## **11. Auditor's Report.**

(1) As soon as practicable after completion of the audit, the auditor shall prepare and send a report in Form AR-1 to the Gram Sabha and to the Audit Authority. (2) The report shall be concise but shall contain all relevant facts and shall include inter alia the following points, - (a) every sum paid or payable which is contrary to the Act, rules or orders and directives given by the State Government from time to time; (b) the amount of any deficiency or loss which appears to have been caused by the negligence or misconduct of any person; (c) the amount of any sum received which ought to have been but is not brought into account by any person; (d) the discrepancies noticed, if any, on physical verification of cash, securities, stocks and other assets; and (e) any other material impropriety or irregularity which may have been observed in the accounts other than those mentioned in sub-clauses (a), (b), (c) and (d). (3) The Auditor's Report shall state, whether in his opinion and to the best of his information and according to the explanations given to him, the accounts and the information required by the Act and various rules made thereunder, in the manner required and give true and fair views :- (a) in the case of balance sheet of the state of affairs of the Gram Sabha as at the end of its financial year; (b) in the case of receipt and payment account, of all the funds received and expended by the Gram Sabha during the period to which it relates; (c) in case of the Income and Expenditure Account the surplus or deficit of income for the period. (4) The Auditor's Report shall also state, - (a) whether he has obtained all the information and explanations which to the best of his knowledge and belief, were necessary for the purposes of his audit; (b) whether, in his opinion, proper books of accounts as required by the Act and rules made thereunder, have been kept by the Gram Sabha; (c) whether the Gram Sabha balance sheet, income and expenditure account and the receipt and payment account dealt with by the report are in agreement with the books of accounts and other relevant records. (5) The Auditor's Report shall be made in the Form AR-I and in such other forms as may be determined by the State Government from time to time.

## **12. Auditor to report theft, fraud or embezzlement confidentially.**

- Where fraud, theft or an embezzlement is detected or may reasonably be inferred from any suspicious circumstances or where any irregularity is noticed in the accounts, the auditor shall

forthwith report confidentially the circumstances in writing to the President or Vice-President of Gram Vikas Samiti as the case may be and also to the Prescribed Authority where, a fraud or an embezzlement has been fully investigated by the auditor, he shall submit a complete report on the case to the Collector and the Audit Authority :Provided that where the President or the Vice-President is suspected of being involved in any fraud or embezzlement, no preliminary report shall be sent to such President or the Vice-President.

### **13. Settlement of objections.**

- The auditor shall discuss all items of objection raised by him with the President and the Secretary and settle objections on the spot, except such items which require further investigation. He shall certify in writing in the audit report the fact of his having discussed the objections/suggestions with the President or the Secretary :Provided that nothing in this rule shall apply in cases where the President is involved or is suspected of being involved in any fraud or embezzlement.

### **14. Compliance Report.**

(1)On receipt of the Audit Report, the President shall sort out or cause to be sorted out the defects or irregularities which have been pointed out in the report and put up the report together with the facts before the Gram Vikas Samiti for a detailed discussion. The President shall thereafter call a meeting of the Gram Sabha and place the report together with a note on the facts, position and the compliance for the consideration and further action in the matter by the Gram Sabha. The President shall after the Gram Sabha has considered the report, take further necessary action to rectify the defects or irregularities within the stipulated time, but not later than three months from the date of receipt of Audit Report send to the Audit Authority a detailed report on the compliance of the audit observations.(2)On receipt of the audit office report, the Audit Authority shall scrutinize the report and shall cause to register a case before Prescribed Authority, if necessary.(3)On receipt of the compliance report, the Audit Authority may ;-(a)accept the intimation or explanation given by the Gram Sabha and withdraw the objection; or(b)direct the matter to be re-investigated at the next audit or at any earlier date; or(c)hold that the defects or irregularities pointed out in the report or any of them have not been removed or remedied.(4)If the audit authority holds that any defects or irregularities pointed out in the report have not been removed or remedied, he shall on receipt of the intimation or explanation of the Gram Sabha or in the event of the Gram Sabha failing to give such intimation or explanation within the stipulated time send a report to the Director, Panchayat stating the details of the defects or irregularities. He shall also send a copy of said report, to the prescribed authority who shall scrutinize the report and shall register a case, if necessary. The concerned Gram Sabha will plead his case before the Prescribed Authority. If the Prescribed Authority is not satisfied with the disposal of audit objection, he shall fix the responsibility.(5)The Prescribed Authority shall have the right to recommend the recovery of any sums or removal of or disciplinary action against, any of the persons in the service of Gram Sabha.(6)Nothing in this rule preclude the audit authority at any time from bringing to the notice of the Director. Panchayat any information which appears to the audit authority to support a presumption of criminal misappropriation or fraud, which in his opinion, deserve special attention or immediate investigation.

## **15. Audit fees.**

- The Gram Sabha shall be liable to pay such audit fees as the State Government may, from time to time, specify.

## **16. Repeal and Savings.**

- All rules corresponding to these rules and in force immediately before the commencement of these rules are hereby repealed in respect of the matters covered by these rules :Provided that any order made or any action taken under the rules so repealed shall be deemed to have been made or taken under the corresponding provisions of these rules. Form No. AR-I[See Rule 11] Auditor's report of the Accounts of Gram Sabha..... district.....for the year ended on.....I have audited the attached Balance Sheets of..... Gram Sabha as at 31st March the Income and Expenditure Account and Payment. Account for period on that date, annexed thereto :Report as follows :

- 1. I have obtained all the information and explanation which to the best of my knowledge and belief, were necessary for the purpose of audit.**
- 2. In my opinion, proper books of accounts and other records required by the Act and rules have been kept by the Gram Sabha so far as appears from my examination of such books and records.**
- 3. The Balance Sheet, Income and Expenditure Account and the Receipt and Gram Sabha Account referred to in this report are in agreement with the Books of Accounts and relevant records.**
- 4. All the payments made by the Gram Sabha are in accordance with the law and within the authority of the Gram Sabha except (report contrary payments, if any).**
- 5. No deficiency or loss appears to have been caused by the negligence or misconduct of any person except (report if deficiency/fraud, loss etc. detected)**
- 6. All the sum ought to have been received by Gram Sabha have been brought into account; except (report unaccounted receipts, if any).**
- 7. No material impropriety or irregularity was observed except, those reported as above.**

**8. All the grants received by Gram Sabha have been utilized and applied in accordance with the terms of sanction and attached conditions except ..... (report misutilisation/unauthorized diversions etc.).**

**9. I have discussed the irregularities, discrepancies and other objections with the President and Vice-President of the Gram Sabha and settled all possible objections except (report in brief main unsettled objections).**

**10. In my opinion and to the best of my information and according to the explanations given and subject to the detailed report, annexed hereto the said accounts give a true and fair view:-**

(i) In the case of Balance Sheet of the state of affair of the Gram Sabha as at 31st March.....(ii) In the case of Income and Expenditure Account of the Surplus/Deficit of Income over Expenditure for the period ended on that date; and(iii) In the case of Receipt and Payment Account of all the receipts and payment of the Gram Sabha for the period ended on that date.

Signature of Auditor

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Name

.....

Designation

Place :

.....

Place of posting

Dated :

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Seal