

# **The Chhattisgarh Sthaniya Nidhi Sampariksha Adhiniyam, 1973**

CHHATTISGARH

India

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### **Act 43 of 1973**

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The Chhattisgarh Sthaniya Nidhi Sampariksha Adhiniyam, 1973 (Act No. 43 of 1973) Last Updated 4th November, 2019 [Received the assent of the Governor in the 25th September 1973 assent first published in the "Chhattisgarh Gazette" (Extraordinary) dated the 1st October 1973]. An act to make provision for, and to regulate audit of Local funds under the management or control of local authorities, in the State of Chhattisgarh and funds of certain other corporate and non-corporate bodies. Be it enacted by the Chhattisgarh Legislature in the Twenty fourth year of the republic of India as follows: -

### **1. Short title extent and commencement.**

- (i) This Act may be called the Chhattisgarh Sthaniya Nidhi Sampariksha Adhiniyam, 1973. (ii) It extends to the whole of the state of Chhattisgarh. (iii) It shall come into force on such date as the State Government may, by notification appoint.

### **2. Definitions.**

- In the Act, unless the context otherwise requires: - (a) "Audit" includes detailed audit, Special audit, Resident audit and such other audit as the State Government may from time to time specify; (b) "Auditor" means the Director and includes all other officers appointed under section 3 to assist him; (c) "Detailed Audit" means an audit of accounts for the whole year; (d) "Director" means the Director, Local Fund Audit appointed under section 3 and includes an officer on whom powers of Director are conferred under sub-section (4) of the said section; (e) "Local Authority" means a Municipal Corporation, Municipal Council, Nagar Panchayat, Town Improvement Trust, Gram Panchayat, Janapad Panchayat, Zila Panchayat any Agricultural Produce Market Committee or any other authority legally entitled to, or entrusted by the State Government with, the control or management of a Municipal or Local Fund; (f) "Local fund" means any fund to control and

management of which a local authority is legally entitled and includes the proceeds of any case, rate, duty or tax which such authority is legally entitled to impose and any property vested in such authority.(g)"Principal Officer" means -(i)In the case of a Municipal Corporation -the Municipal Commissioner.(ii)In the case of a Municipal Council the President.(iii)In the case of a Town Improvement Trust the Chairman.(iii-a) In the case of Nagar Panchayat-the President(iv)In the case of Gram Panchayat - the Sarpanch.(v)In the case of Janapad Panchayat - the President(vi)In the case of Zila Panchayat - the President(vii)In the case of an Agricultural Produce Market Committee - the chairman(viii)In the case of any other local authority such officer bearer or Officer thereof as the State Government may, by notification specify in this behalf.(h)"Special Audit" means an audit of account pertaining to specified item or series of items requiring through examination.(i)"Resident Audit" means concurrent or pre-audit of expenditure and review of receipts.(j)[ "Annual Report" means consolidated report of the contents of the audit reports, prepared by the Director Local Fund Audit as referred to in the Section 9 of the said Adhiniyam.] [Added by C.G. Act No. 9 of 2011, dated 26.4.2011.]

### **3. Appointment of audit authorities and other officers.**

(1)There may be appointed a person to be Director, Local Fund Audit, Additional Director, Local Fund Audit, and the following category of officers to assist him, namely: -(a)Joint Director, Local Fund Audit.(b)Deputy Director, Local Fund Audit.(c)Assistant Director, Local Fund Audit.(d)Senior Auditor, Local Fund Audit.(e)Assistant Auditor, Local Fund Audit.(f)Chartered Accountants, as appointed under sub-section (5) of section 3.(2)The Director, Additional Director, Joint Director, Deputy Director and the Assistant Director, Local Fund Audit shall be appointed by the State Government and the other officers referred to in the subsection (1) shall be appointed by the State Government or such authority as it may direct.(3)The officers appointed under sub-section (2) shall, within such areas as the appointing authority may specify, exercise such powers and perform such duties as may be conferred upon or assigned to him by or under this Act.(4)The State Government may, by notification confer upon any officer not below the rank of an Assistant Director of the Local Fund Audit all or any of the powers of the Director under section 8,9,10 and 11 subject to such restrictions and conditions as may be specified in the notification.(5)The Director shall appoint Chartered Accountants referred to in clause (f) of sub section (1) of section 3, from the panel, approved by the State Government every year.(6)The Director shall pay remuneration to the Chartered Accountants for the audit conducted by them as per the rates prescribed by the State Government.(7)The Chartered Accountants shall exercise such powers as may be conferred upon and perform such duties as may be assigned them, by the State government under the provisions of the Principal Act.

### **4. Submission of Accounts for audit and payment of audit fees.**

(1)The State Government may, by notification declare that the accounts of such local authority, as may be specified in the notification shall be subject to audit under this Act.(2)On the issue of a notification under sub-section (1) the accounts of the local authority specified therein shall, notwithstanding anything contained in any enactment by which and such local authority is constituted or in any rules made there under, subject to audit in all respect in the manner provided

by or under this Act.(3)The local authority shall be liable to pay such audit fees as the State Government may, from time to time, specify in that behalf.

## **5. Period of submission of accounts for audit.**

- The Principal Officer of the local authority, whose accounts are declared under section 4 to be subject to audit under this Act, shall submit or cause to be submitted for audit all accounts of its local fund in such form and manner as may be prescribed to the auditor yearly or at such period as may be required by the State Government.

## **6. Power of auditor to require production of documents and attendance of persons concerned.**

(1)For the purpose of any audit under this Act, an auditor may (a)Require in writing the production, at the head office of the local authority, of such vouchers, statements, returns, correspondence notes or any other documents in relation to the accounts as he may think fit;(b)Require in writing: -(i)Any salaried servant of the local authority, accountable for, or having the custody or control of, such vouchers, statements, correspondence, notes, or other documents to appear in person; or(ii)Any person having directly or indirectly by himself or his partner, any share or interest in any contract with or under the local authority to appear in person or by an authorized agent before him, at the head office of the local authority and answer any question.(c)Require the Principal Officer of the local authority, to meet him at the head office of such local authority, and specify in writing the point on which his explanation is required.(2)The auditor may, in any requisition or invitation made under sub-section (1) fix a reasonable period, not being less than three days, within which the said requisition or invitation shall be complied with.(3)The auditor shall give to the local authority not less than two weeks notice in writing of the date on which he proposes to commence the audit:Provided that the auditor may, in his own motion, and shall in a direction of the State Govt. for reasons, which shall be recorded in writing, commence the audit by giving a short notice or without giving any notice.

## **7. Penalty for disobeying requisition under section 6.**

(1)Any person who willfully neglects or refuses to comply with any requisition lawfully made upon him under clause (a) or clause (b) of sub-section (1) of section 6 shall be liable, on conviction before a Magistrate, to a fine, which may extend to five hundred rupees.(2)No proceedings under this section shall be instituted except on the written sanction of the Director.(3)Before giving such sanction under sub-section (2) the Director shall call upon the person against whom the proceeding are to be instituted to show cause why the sanction should not be given.(4)No court inferior to that of a Magistrate of the first class shall try any offence against this Act.

## **8. Audit report to be sent to concerning local authority and certain officers and bodies.**

- As soon as practicable after completion of the audit, but not later than three months thereafter, the Director shall prepare a report on the accounts audited and examined and shall send such report to the local authority concerned, and copies thereof to such officers and bodies as the State Government may direct in this behalf.

### **8A. [ [Added by C.G. Act No. 9 of 2011, dated 26.4.2011.]**

(1)The Annual Report of the Director, Local Fund Audit, in relation to the Audit of the following Local Bodies, referred to in Schedule of Section 4 (1) of the said Adhiniyam-(1)All Municipal Corporations,(2)All Municipal Councils,(3)All Nagar Panchayats,(4)All Zila Panchayats,(5)All Janpad Panchayats,(6)All Gram Panchayats,shall be submitted to the State Government (Finance Department).(2)The State Government (Finance Department) shall cause, the Annual Report as soon as after it is received by it under sub-section (1) to be laid, before the State Legislature.]

## **9. Contents of audit reports.**

- The Director shall include in his report a statement of: -(a)Every payment, which appears to him to be contrary to Law.(b)The amount of any deficiency of loss which appears to have been caused by the gross negligence or misconduct of any person;(c)The amount of any sum which ought to have been but is not brought in to account by any person; and(d)Any other material impropriety or irregularity, fraud or misappropriation which he may observe in the accounts other than those mentioned in clauses (a), (b) and (c) above.

## **10. Local authority to remedy defects procedure to be followed after report to the Director under section 8.**

(1)Within forty-five days of the receipt of report under section 8, the Principal Officer of the local authority shall-(a)Sort out or cause to be sorted out the defects of irregularities which may have been pointed out in the report -(i)Which he or the Executive officer is competent to remedy without reference to local authority; and(ii)Which the local authority alone is competent to remedy;(b)Notwithstanding anything contained in the law relating to local authority, call a special meeting of the local authority for Consideration of the report, which meeting shall, for the purposes of the law relating to local authority, be deemed to be a special meeting convened under the said law; and(c)Place before the special meeting of the local authority called under clause (b) the report together with a note giving therein the position about the facts mentioned therein and the action, which he would propose thereon.Explanation: - for the purposes of clauses (b) and (c) in the case of a "Municipal Corporation" the Mayor thereof shall be deemed to be the Principal Officer of the local authority in place of the Municipal Commissioner.(1-a) If the principal officer of the local authority fails to call a special meeting as required by clause (b) of sub section (1), the Executive officer of the local authority shall call a special meeting within thirty days from the date of the expiration of the

period mentioned in sub-section (1) and the provisions of clause (b) and (c) of sub-section (1) shall apply thereto as they apply to a special meeting convened under clause (b) of the said sub-section. Explanation. - For the purpose of this sub-section "Executive officer of the local authority" means. - (i) In the case of a Municipal Corporation- the Municipal Commissioner. (ii) In the case of a Municipal Council or Nagar Panchayat the Chief Municipal Officer. (iii) In the case of a Town & Country Development Authority the Chief Executive Officer. (iv) In the case of - (a) Gram Panchayat - Secretary (b) Janapad Panchayat - Chief Executive Officer (c) Zila Panchayat - Chief Executive Officer (v) In the case of Agricultural Produce Market Committee Secretary. (vi) In the case of any other local authority such office bearer or officer thereon as the State Government may, by notification, specify in this behalf. (1-B) The Principal Officer of the local authority shall, after the local authority has considered the matter in the special meeting called under sub-section (1), take necessary action to rectify the defects or irregularities and within four months of the receipt of the report. (a) Send to the Director, intimation of having remedied the defects or irregularities pointed out in the report; or (b) Supply to the Director explanation in regard to such defects or irregularities as the local authority may wish to give. (1-C) The Principal Officer of the local authority finds any difficulty or has any doubt in understanding the report; he may seek clarification thereof from the Director in such manner and within such period as may be prescribed. The Director may for the purpose of furnishing the clarification sought by the Principal Officer of the local authority summon the Principal Officer of the local authority requiring him to present himself at such time and place and with such records as he may direct or he may, if he thinks it fit to do so, inspect the record at the place at which it is kept. (2) On receipt of such intimation or explanation the Director may in respect of all or any of the matter discussed in his report (a) Accept the intimation of the explanation given by the Principal Officer of the local authority and withdraw the objection; or (b) Direct that the matter 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. (3) If the Director holds that any defects or irregularities pointed out in the report have not been removed or remedied, he shall, as soon as may be on receipt by him of the intimation or explanation of the Principal Officer of the local authority concerned under sub-section (1-B) or on the expiration of the period prescribed under sub-section 1-C or in the event of the Principal Officer of the local authority failing to give such intimation or explanation, on the expiry of the period of four months mentioned in sub-section (1-B) but not later than one year of the receipt of the report, frame charges against the alleged delinquent persons stating the amounts to which the defects or irregularities relate and forwarded a copy of the said charges to the State Government as well as to the Principal Officer of the local authority; and (3-A) (a) If the Principal Officer of the local authority or the Executive officer of the local authority as the case may be, fails to take action under sub-section (1) of sub-section (1-A) or sub-section (1-B) or sub-section (1-C) he shall render himself liable for framing of charges and the Director may, on the expiry of a period of four months mentioned in or sub-section (1-B) frame charges against the Principal Officer of the local authority or the Executive officer of the local authority, as the case may be, in addition to framing of charges against the alleged delinquent person or persons under sub-section (3)". (4) Nothing in this section shall preclude the Director at any time from bringing to the notice of the State Government, for such action as the State Government may consider necessary, any information which appears to the Director to support a presumption of criminal mis-appropriation or fraud of which in his opinion deserve special attention or immediate investigation.

## **11. Director to charge illegal payment or loss caused by gross negligence or misconduct and incorporation of charges in administration report of local authority.**

(1) If after giving the person concerned a reasonable opportunity for showing cause to the contrary, the Director is satisfied that the loss, waste or misapplication of any money or other property of the local authority, is a direct consequence of misconduct on the part of the delinquent person, or gross neglect on his part, or that the said person being a party to making or authorizing the making of the illegal payment, the Director shall, by order in writing direct, such person to pay to the local authority concerned before a specified date the amount together with interest thereon, as may be found just and equitable to reimburse the local authority for such loss, waste or misapplication of its money or property; Provided that no order of charge shall be made under this Act-In respect of any item included, or which ought to have been included in, but was omitted from, any account for any period prior to five years of the date when the report under section 8 was sent to the Principal Officer of the local authority or of the date on which it comes to notice of the Director, whichever is earlier: Provided further that liability of a legal representative of a deceased delinquent person shall be to the extent of the property of the deceased, which has come to the hands of such legal representative. (2) All charges made under sub-section (1) shall be incorporated in the next administration report of the local authority concerned and such report shall be available for inspection by the public. (3) If the person to whom a copy of the order is furnished under sub-section (1) refused to receive it, he shall be deemed to have duly received it on the day on which the copy was refused by him that the powers under section 10 and 11 of the Adhiniyam vested in the Director, shall also be exercised by the Deputy Directors and Assistant Directors as well to the following: -

(1) (2)	(3)
1. Assistant Director, Local Fund Audit, Chhattisgarh.	Final disposal of surcharge cases involving losses up to Rs. 3,000.
2. Deputy Director, Local Fund Audit, Chhattisgarh.	Final disposal of surcharge cases involving losses exceeding Rs. 3,000. But not exceeding Rs. 5,000.
3. Director, Local Fund Audit, Chhattisgarh.	Final disposal of surcharge cases involving losses exceeding Rs. 5,000.

## **12. First Appeal.**

(1) An Appeal shall lie from order under sub-section (1) of section 11-(a) If such order is passed by any Assistant Director who is invested with the powers of the Director under that section, to the Deputy Director; (b) If such order is passed by the Deputy Director who is invested with the powers of the Director under that section, to the Director; (c) If such order is passed by any Director, to the "Board of revenue". (2) An Appeal under sub-section (1) shall be preferred within thirty days from the date of the receipt of the order by the person preferring the appeal.

### **13. Second Appeal.**

- The Assistant Director, Deputy Director or Director Local Fund Audit, as the case may be, and any person aggrieved by the order of the Deputy Director or Director, Local Fund Audit made under section 12 may, within thirty days from the date of receipt of that order by him apply-(i)To the Director, if the order in first appeal under section 12 is passed by the Deputy Director;(ii)To the "Board of revenue", if the order in first appeal under section 12 is passed by the Director;To set aside such order of the Deputy Director, Director as the case may be and he / it shall after hearing the parties and taking such evidence as he / it may consider relevant and necessary, confirm, modify or remit the charge and pass such decree and make such order as to costs as he/it may think fit and these order shall be final.

### **14. Power to direct stay of recovery.**

- The Board of revenue or the State Government may, pending the disposal of the appeal under section 12 or an application under section 13 as the case may be, and on application made by the person aggrieved to that effect, pass an order staying the recovery of the amount under section 11, subject to such conditions as may be specified in such order.

### **15. Recovery of charges as arrear of Land Revenue.**

- The sum stated in the certificate of the Director in all cases in which no appeal has been preferred under section 12 or no application has been made under section 13 and the sum stated in the order of the appellate authority under section 12 or the Board of revenue or the State Government in all cases in which an appeal or application, as the case may be, has been preferred, made shall be paid within three months of the date of the certificate or order, as the case may be, and if not so paid, may on the application of the Director or on the application of the local authority concerned, be recovered by the Collector as if it were an arrear of Land revenue and deposited in the Local Fund of the local authority.

### **16. Payment of charges etc.**

- All expenses incurred by a local authority, under this Act shall be payable out of its local funds.

### **17. Delegation of power.**

- The State Government may, by notification delegate to any officer not below the rank of a Collector all or any of the powers conferred upon it by or under this Act, except the power to make rules.

### **18. Director, Auditor etc. to be public servant.**

- The Director, every auditor or any officer or authority exercising or authorized to exercise powers under this Act or the rules made there under shall be deemed to be public servant within the

meaning of section 21 of the Indian Penal Code, 1860 (No. 45 of 1860).

## **19. Bar of suit.**

- Save as otherwise provided in this Act, no suit or other proceedings shall be brought in any Civil Court to set aside or modify any order made by any authority under this Act.

## **20. Protection for acts done in good faith.**

- No suit, prosecution or other proceedings shall lie against the Auditor, Director, State Government or any other officer, subordinate or acting under the authority of the Auditor, Director, State Government as the case may be, for anything in good faith done or purporting to have been done under this Act.

## **21. Power to apply Act to other corporate bodies and non-corporate bodies.**

(1)In this section: -(a)"Corporate body" means a body corporate other than a local authority Constituted by or under any enactment falling under list II or list III of the Seventh schedule to the Constitution enacted by the State Legislature and for the time being in force;(b)"Non Corporate body" means a body, which is constituted by or under any instrument or deed.(2)The State Government may, by notification direct that the provisions of this Act shall apply to any Corporate body or non-corporate body specified in the schedule and on making of such declaration this Act and the Rules made there under, shall, notwithstanding anything contained in the enactment or instrument or deed by or under which such corporate body or non-corporate body, as the case may be constituted apply accordingly as if such corporate body or non-corporate body were a local authority subject to the modification that Principal Officer in relation to such corporate body or non-corporate body shall mean such officer of the corporate body or the non-corporate body, as the case may be as the State Government may, by notification specify.(3)The State Government, may, by notification add to or omit from the schedule any corporate body or non-corporate body upon the issue of such notification the schedule shall stand amended accordingly.

## **22. Power to make rule.**

(1)The State Government, may, by notification and subject to the condition of previous publication, make rules for carrying out the purposes of this Act.(2)In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matter namely: -(a)The payment of audit fees to be made by local authority under sub-section (3) of section 4;(b)The form and the manner in which accounts shall be submitted for audit under section 5.(c)The powers and duties of auditors and the procedure to be followed by them for conducting an audit and the times and places at which such audit may be conducted.(d)The powers and duties of the Director.(e)The authorities to whom copies of audit report to be given under section 8.(ee)The manner in which and the time within which a clarification shall be sought under sub-section (1-C) of section 10.(f)Any other matter which has to be, or may be prescribed.(3)All rules made under this



Act shall be laid down on the table of Legislative Assembly.

## **23. Repeal.**

- The Chhattisgarh Local Fund Audit Act, 1933 (No. 9 of 1933) is hereby repealed.

## **Schedule**

[See Rule 4(1)](1)All Municipal Corporations.(2)All Municipal Councils.(3)All Nagar Panchayats.(4)All Zila Panchayats.(5)All Janpad Panchayats.(6)All Gram Panchayats.(7)All Market Committees constituted under the Chhattisgarh Krishi Upaj Mandi Adhiniyam, 1972 (24 of 1973).(8)All Authorities Legally entitled to, or entrusted by the State Govt. with the control or management of a Municipal Local Fund.

## **Schedule 2**

[See Section 21(3)](A)Universities established by or under any law enacted by the state Legislature and their constituent colleges: -

- 1. Pt. Ravishankar University, Raipur.**
- 2. The Indira Gandhi Krishi Vishwa Vidhyalaya, Raipur.**
- 3. Guru Ghasidas Vishwa Vidhyalaya, Bilaspur.**
- 4. The Indira Kala Sangeet Vishwa Vidhyalaya, Khairagarh.**
- 5. The Bastar Vishwa Vidhyalaya, Jagdalpur.**

(B)Chhattisgarh Boards: -

- 1. The Chhattisgarh Madhyamik Shiksha Mandal, Raipur.**
- 2. The Board of Homeopathic and Bio-Chemic System of Medicine, Chhattisgarh.**
- 3. The Rajya Vidhik Sewa Pradhikaran and all Sub-ordinate Councils.**

(C)Trust Funds: -

- 1. The Dudha Dhari Vaishnav Nyas-Nidhi Sanskrit Mahavidhyalaya, Raipur.**
- 2. The Raya Bahadur Jagannath Rao Dani Trust Fund, Raipur.**
- 3. The Rao Saheb Jagannath Tiwari Trust Fund, Raipur.**
- 4. The Rajgami Sampda Nidhi, Rajnandgaon.**
- 5. The Rani Surya Mukhi Devi Golbazar Trust Fund, Rajnandgaon.**
- 6. The Mafi Temple Trust, Jagdalpur.**
- 7. The Board of Vice Bharat Chand Bhanjdeo Trust Fund, Jagdalpur.**
- 8. Mafi Temple Trust State, Dantewada.**
- 9. Maa Singha Vahini Mandir Trust, Kanker (Bastar).**

(D)All Non Government Educational and Technical Institutions Receiving Grants - in - Aid from the State Government.(E)Other Bodies: -(1)Private Polytechnics.(2)Chhattisgarh Agriculture Marketing (Mandi) Board, Raipur.(3)Accounts of Chief Minister Relief Fund.(4)Pension Fund established in the office of the Director of Local Bodies, Raipur.(5)Technical Fund established in the office of the Director of Local Bodies, Raipur.(6)Rogi Kalyan sammittee.(7)District Urban Development Agency.(8)Capital Area Development Authority, Raipur.