

The M.P. Panchayat Audit Rules, 1997

MADHYA PRADESH

India

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Rule THE-M-P-PANCHAYAT-AUDIT-RULES-1997 of 1997

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The M.P. Panchayat Audit Rules, 1997Published vide Notification No. F. 1-50 (4)-95-22-P-2 dated 12-1-1998, M.P. Rajpatra (Asadharan), dated 13-1-1998 at p. 20 (118)In exercise of the powers conferred by sub-section (1) of Section 95 read with sub-section (1) of Section 129 of the Madhya Pradesh Panchayat Raj Adhiniyam, 1993 (No. 1 of 1994), the State Government hereby makes following rules, the same having been previously published as required by sub-section (3) of the Section 95 of the said Act, namely :-

1. Short title.

- These rules will be called the Madhya Pradesh Panchayat Audit Rules, 1997.

2. Definitions.

- It these rules, unless the context otherwise requires,-(a)"Act" means the Madhya Pradesh Panchayat Raj Adhiniyam, 1993 (No. 1 of 1994);(b)"Auditor" means the Auditors appointed by the State Government;(c)"District Panchayat Officer" means the Panchayat Officer incharge of the revenue district;(d)"Special Audit" means an audit of accounts pertaining to a specified period of items or series of items requiring through examination;(e)"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 a Panchayat shall be audited annually and as far as possible, before the close of the succeeding financial year Account 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. Special Audit.

(1)The competent authority may, in such circumstances as it may deem fit, order a special audit of the accounts of Panchayat for such period and to such extent as may be considered necessary.(2)In the case of a Zila or Janpad Panchayat, the authority competent to order special audit shall be the Director and the Commissioner of the Division or such other officer as may be authorised by them and in the case of Gram Panchayat the Collector or any other person as may be authorised by him in this behalf.(3)For certifying the utilization of Funds received from the Central Government or State Government or their agencies, a Panchayat shall get its accounts audited in such manner, as may be prescribed for this purpose including audit of accounts by Chartered Accountants, and any such audit shall be in addition to that under the Rule 3.

5. Submission of Accounts for Audit.

- The Sarpanch and the Secretary of a Gram Panchayat and the Chief Executive Officer of the Zila or Janpad Panchayat shall submit or cause to be submitted for audit all accounts of the Gram Panchayat, Janpad Panchayat or the Zila Panchayat, as the case may be.

6. 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 Panchayat or elsewhere, and shall be entitled to require from any of the office-bearers or any employee of the Panchayat such information and explanations as the auditor may think necessary for the performance of his duties as auditor.(ii)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 District Panchayat Officer in case of a Gram Panchayat and to the Commissioner of the Division and Director, Panchayat in the case of a Zila or Janpad Panchayat for further appropriate action in the matter.

7. Auditor not to remove any documents without permission.

- The auditor shall not remove from the office of the Panchayat 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 purpose of audit.

8. Notice of commencement of audit.

- The auditor shall give to the Sarpanch/President/Chief Executive Officer 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 Director of Panchayat or the Commissioner of the Division or the Collector.

9. Cancellation of accounts and Statements.

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

10. Auditor's Report.

- (i) As soon as practicable after completion of the audit, the auditor shall prepare and sent a report in the form appended to these rules to the concerned Panchayat and to the District Panchayat Officer in the case of audit of a Gram Panchayat to the Commissioner in the case of a Janpad Panchayat and to the Director Panchayat in the case of a Zila Panchayat.(ii)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).(iii)The auditor's report shall state, whether in his opinion land 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 a true and fair view :- (a)in the case of the balance sheet of the state of the Panchayat's affairs 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 Panchayat during the period to which it relates;(c)in case of the Income and Expenditure Account, of the surplus or deficit of income for the period.(iv)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 Panchayat;(c)whether the Panchayat 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.(v)The auditors report shall be made in the Form AR-I & Annexure A-l.

11. 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 Sarpanch/President concerned as the case may be and also to the Collector. 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 District Panchayat Officer and in the case of a Janpad or Zila Panchayat the report shall also be required to be submitted to the Director, Panchayat and the Commissioner of the Division :Provided that where the Sarpanch or the Up-sarpanch or the President/ Vice-President is suspected of being

involved in any fraud or embezzlement, no preliminary report shall be sent to such Sarpanch/Up-sarpanch, President/ Vice-President.

12. Settlement of objections.

- The Auditor shall discuss all items of objection raised by him either with the Sarpanch and Secretary/President and/or Chief Executive Officer, as the case may be, and settle objections on the spot, excepting such item which require further investigation. He shall certify in writing in the audit report the fact of his having discussed the objections/suggestions with the Sarpanch and/or the Up-Sarpanch or the Chief Executive Officer and the President/Vice-President, as the case may be :Provided that nothing in this rule shall apply in cases where the Sarpanch/President and/or Vice-President is involved or is suspected of being involved in any fraud or embezzlement.

13. Compliance Report.

(1)On receipt of the audit report, the Sarpanch/President/Chief Executive Officer as the case may be, 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 General Administration Committee for a detailed discussion. The Sarpanch or the Chief Executive Officer, as the case may be, shall thereafter call a general meeting at the Panchayat 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 Panchayat. The Sarpanch/President or the Chief Executive Officer, as the case may be shall after the Panchayat has considered the report, take further necessary action to rectify the defects or irregularities and 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)He shall also send a copy of said report, in case of Gram Panchayat & Janpad Panchayat to the District Panchayat Officer and in case of Zila Panchayat to the concerned Joint Director of Panchayat. The above said Officers shall scrutinise the report and shall cause to register a case before Prescribed Officer, if necessary. The concerned Panchayat will plead his case before the Prescribed Officer. If the Prescribed Officer is not satisfied with the disposal of audit objection, he shall proceed to fix the responsibility.(3)On receipt of the compliance report the audit authority may :- (a)accept the intimation or explanation given by the Panchayat and withdraw the objection; or (b)direct 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 been removed or remedied.(4)If the audit organisation 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 Panchayat or in the event of the Panchayat failing to give such intimation or explanation within the stipulated time send a report to the District Panchayat stating the details of the defects or irregularities. He shall also send a copy of said report, in case of Gram Panchayat & Janpad Panchayat to the District Panchayat and Social Welfare Officer and in case of Zila Panchayat to the concerned Joint Director of Panchayat. The above said officers shall scrutinise the report and shall cause to register a case before Prescribed Officer, if necessary. The concerned Panchayat will plead his case before the Prescribed Officer. If the Prescribed Officer is not satisfied with the disposal of audit objection, he shall proceed to 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 person in the service of Panchayat.(6)Nothing in this rule preclude the audit organisation at any lime from bringing to the notice of the Director. Panchayat any information which appears to the audit organisation to support a presumption of criminal misappropriation or fraud, which in his opinion, deserves special attention or immediate investigation.

14. Audit Fees.

- The Panchayat shall be liable to pay such audit fees as the State Government may from time to time, specify in that behalf.

15. Repeal and Savings.

- All rules corresponding to these rules in force immediately before the commencement of these rules are hereby repealed :Provided that any order made or 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 10) Auditor's Report of the Accounts of.....Panchayat.....District.....for the year ended on have audited the attached Balance Sheets of..... Panchayat.....as at 31st March.....the Income and expenditure Account and payment. Account for period on that date, annexed thereto :

1. Report us 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 account and other records required by the Act and rules have been kept by the Panchayat so far as appears from my examination of such books and records.

3. The Balance Sheet, Income and Expenditure Account and the Receipt and Payment Account referred to in this report are in agreement with the Books of Accounts and relevant records.

4. All the payments made by the Panchayat are in accordance with the law and within the authority of the Panchayat 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 sums ought to have been received by the Panchayat 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 the Panchayat have been utilised and applied in accordance with the terms of sanction and attached conditions except (report misutilisation/unauthorised diversions etc.)

9. I have discussed the irregularities, discrepancies and other objections with the President/Vice-Presidents, Sarpanch/Up-Sarpanch of the Panchayat 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 or officer of the Panchayat 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 Panchayat for the period ended on that date.Place:Dated:(Signature of Auditor)Name :Designation :Place of Positing :SealAnnexure A-IDetailed Report on Statutory Audit(Period under Audit; 1st April to 31st March)IntroductoryName of AuditorDesignation andPlace of PostingDate (s) of AuditFrom..... to.....

Part I – (For Gram Panchayat) (a) Name of Panchayat :

(b)Block.....(c) Tehsil.....(d) District.....I. Details of Gram PanchayatPart-I {||-| S. No.| Name of constituent Villages| No. of Wards| Population| Gender Classification|-| Gen.| SC| ST| OBC| Total| Men| Women| Total|-| (1)| (2)| (3)| (4)| (5)| (6)| (7)| (8)| (9)| (10)| (11)|}II. Details of Panch/sarpanch(a)Names and address of Sarpanch, Up-Sarpanch and Secretary holding office during the period under audit.(b)Details of present Sarpanch/Up-Sarpanch & Panch:

S. No.	Designation	Name	Details of Appointment	Category
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			Mode (Elected/ Co-opted)	Date	Term (SC/ST/OBC/ Gen/Women)
(1)	(2)	(3)	(4)	(5)	(6) (7)

(c) Date on which elections to the Panchayat were last held. (d) Contravention/non-compliance, if any, noticed with regard to the co-option and disqualification of Panch etc. (III) Details of Employees :

(i) { | | | S. No. | Name of Employee | Designation | Date of Appointment | Pay-Scale | Present Pay | Remarks | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | | | | }

(ii) State any irregularity noticed in appointment and pay fixation etc

(iii) State whether the number of employees of the Panchayat are adequate? If the employees are considered to be inadequate or surplus or in excess, give details with reasons.

(iv) State whether the service records of the employees are complete. Indicate the instances where they are incomplete.

(v) Report the cases where appropriate action has not been taken against employees for misconduct/losses damages, defalcation, embezzlement.

Part I – (For Janpad Panchayats) { |

| - | (a) Name of Janpad Panchayat: | | - | (b) Tchsil | | - | (c) District | | - | (d) Number of Villages | | - | (e) Number of Panchayats | | - | (f) Total population - | Gender-Classification | | - | (Gen., SC, ST, OBC) | Men Women Total | } I. Details of Janpad Panchayat : II. Details of President/vice President (a) Names and address of President, Vice-President and the Chief Executive Officer holding office during the period under audit. (b) Details of present President, Vice-President, Panch and CEO.

S. No.	Designation	Name	Details of appointment	Panchayat Represented	Category (SC/ST/OBC/ Gen/Women)
			Mode (Elected/Co-opted)	Date	Term

(c) Date of which election to the Janpad Panchayat were last held. (d) Contravention/non-compliance, if any, noticed with regard to the co-option and disqualification of Panch etc. III. Details of Employees :

S. No.	Name of Employee	Designation	Date of Appointment	Pay-Scale	Strength Sanctioned/Filled	Remarks
1	2	3	4	5	6	7

(i) State any irregularity noticed in appointment and pay fixation etc. (ii) State whether the number of employees of the Panchayat are adequate? If the employees are considered to be inadequate or surplus or in excess, give details with reasons. (iii) Whether the service records of the employees are complete. Indicate the instances where they are incomplete. (iv) Report the cases where appropriate action has not been taken against employees for misconduct/losses, damages, defalcation, embezzlement etc. Part-I (For Zila Panchayats) (a) Name of Zila Panchayat : Details of Zila Panchayat :

(B) Name of constituent Population Gender classification

Janpad Panchayats Gen./SC/ST/OBG/Total Men/Women/Total

II. Details Of President/Vice-President/Chief Executive Officer(a)Name and address of President/Vice-President, and CEO holding office during the period under audit.(b)Details of present President/Vice -President, Panch and CEO.

S. No. Designation Name Details of appointment Category (SC/ST/OBC/ Gen/Women)

Mode (Elected/ Co-opted Date

Term

(c)Date on which elections to the Zila Panchayat were last held.(d)Contravention/non-compliance, if any, noticed with regard to the co-option and disqualification of Panch etc.(e)Details of Employees :

Class & Designation Pay Scale| StrengthSanctioned/Filled up

(ii)State any irregularity noticed in appointment and pay fixation etc.(iii)State whether the number of employees of the Panchayat are adequate? If the employees are considered to be inadequate or surplus or in excess, give details with reasons.(iv)State whether the service records of the employees are complete. Indicate the instances where they are incomplete.(v)Report the cases where appropriate action has not been taken against employees for misconduct/losses, damages, defalcation, embezzlement.Part-II Meetings of The PanchayatAuditors Observation(a)Whether or not the meetings of the Panchayat and Standing Committees were held in time and as per the rules. Report irregularities.(b)Whether or not the minutes of the meetings were properly recorded and duly confirmed and signed by the Chairman of the meeting.Part-III Previous Audit Report(a)Period upto which last audit was completed and report received. Report the reasons for the delay, if any.(b)Has the Panchayat submitted the compliance report on the audit observations on lime? If not state reasons.(c)Irregularities reported earlier and still out-standing as on the date of current audit.-(i)Serious irregularities(ii)Other objections/suggestions not complied with.(d)In case where action has been taken by the Panchayat on the reported observations/ irregularities/suggestion, is satisfactory? If not give details.(e)Further suggestion for expeditious disposal of the pending objections.Part-IV Cash Banks and AccountsCash(a)Is the cash maintained in the effective custody as per the rules?(b)Does the Panchayat carrying cash balance as per the requirements and subject to the maximum cash retention limit prescribed in the rules?(c)Have the cash balances been checked and physically verified at periodic intervals by the authorised official?(d)Discrepancies, if any, noticed on physical verification of cash by the Auditor.(e)Instances where cash payments were made in excess of the limits prescribed in the rules and reasons therefor.II-Kank Operations(a)Are the bank accounts kept in approved banks and arc they being operated by the authorised persons as per the rules?(b)Are the cheque books and pass books tire kept in the custody of the Authorised Officer?(c)Instances of unusual delay in depositing in Bank the cheque/DD or other instruments received by the Panchayat anti reasons therefor.Auditor's Observation(d)Were balance confirmation certificates obtained in respect of outstanding balances in each bank account as on 31st March each year.(e)Were monthly Bank reconciliation statement for every bank account prepared? If not, the nature and extent of difference in the balance as per books and bank certificate as on 31st March.(f)Observations on the conciliation statement.(i)Details of cash transactions remaining unresponded.(ii)Details of bank charges and other expenses charged by bank requiring adjustments.(iii)Details of cheques issued but not presented for payment for over a period of each six months.(iv)Details of Chequcs/DD deposited hut not credited by the bank beyond one month.(g)Any other item in this regard deserving special attention.Books & Records(a)Has the

Panchayat maintained the books of accounts and other relevant records as per the Accounting Rules?(b)Does the scrutiny of the books of accounts and stock records indicate that they have been properly maintained, with balances duly linked out any authenticated by the authorised signatories?(c)Has the Panchayat carried out the reconciliation of the following records :-(i)Balance in Bank column of cash book with the aggregate balances of the bank register.(ii)Balances in General ledger with subsidiary records of the following accounts :-(1)Specific purpose grant Account with Register of specific purpose Grants.(2)Rent, Rates & Taxes received Account with Recovery column in Register of monthly and annual rent, rates & taxes register.(3)Security and deposits from employees & others Account with Register of Security and deposits.(4)Loans and Advances to Staff Account with :-(1)Interest bearing Loans & Advances Register.(2)Non interest bearing Loans & Advances Register.(5)Investments Account with investment Register.(6)Fixed Assets Account with Register of Immovable properties.In case of discrepancies notice indicate the General Ledger Balances and subsidiary records balance as on 31st March and period upto which the accounts, were reconciled.

Particulars of Accounts	Balance as per General Ledger	Balance as per Subsidiary records	Remarks
(1)	(2)	(3)	(4)

(e)Any other irregularities noticed, in maintenance of books of accounts and other records.(f)Comment upon the difficulties, if any, faced by the Panchayat in accounting of the transactions?(g)Suggestions for improving/simplifying the accounting system records.Monthly and Annual Accounts(A)Has the Panchayat regularly prepared a trial balance and statement of receipt and disbursements at the end of each month and placed before the meeting of the Panchayat?(B)Have the Annual Receipt and Disbursement Account, Income & Expenditure Account and the balance sheets been properly drawn up and prepared on time? Indicate the delay, if any, in preparation, placement and approval of accounts by the Panchayat and its submission to the Government.Part-V Verification of Income and Expenditure Income(a)Has the Panchayat issued proper receipts in the prescribed form acknowledging the receipts of all funds whether by cash/cheque or through other instruments?II Taxes, Fees And Cess Etc.(a)Are the Taxes/fees/cess levied by the Panchayat as per the rules? Report contraventions and also indicate the obligatory taxes not levied by Panchayat together with the reasons therefor.(b)Give separately the details of each tax/fees/cess etc. the realisation of which fell short by 50% or more of the demand for the year?Are there any divergent trends in major items of taxes/cess/lees? If so, report the divergent trends with explanations of the Panchayat for the decline in the income.

S. No.	Tax/bees/ Cess	Demand for the year	Receipt	Short-fall	Panchayat reasons	Auditors remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)

(c)Comment upon the quality of the receivables and give the over-due position of all the receivable income, as on 31st March.

Particulars of Tax/Cess/ Fees	Amount outstanding as on 31st March	Period of outstanding amount	Above 3 year
Upto 1 year	Upto 1-2 year	Upto 2-3 year	

(1)Total outstanding for less than 1 year(2)Total outstanding for more than 1 year but less than 2 years.(3)Total outstanding for more than 2 years but less than 3 years.(4)Total outstanding for 3

years or more.(d)Details of the outstanding income which is considered bad or doubtful of recovery and steps taken for remission/writing off of such receivables.(e)Has the Panchayat made satisfactory efforts for realisation of all its income?Other Income(i)Have the rent rates & taxes on the properties belonging to or vested in Panchayat been properly realised?(ii)Do the scrutiny of the accounts and other records reveal any loss of revenue because of failure or incorrect impositions of fees/rent/rates/taxes/surcharge fines etc.? Quantify the amount of leakages or loss under each head and name the official responsible for such losses/leakages.(iii)Has the accrued income shown in the Balance Sheet been correctly worked out to reflect the exact amount of income due and outstanding as on 31st MarchExpenditure-IV(a)Details of expenditure incurred by the Panchayat not sanctioned by the competent authority.(b)Details of expenditure sanctioned in excess of the delegated authority.(c)Details of expenditure incurred without budgetary provisions or in excess of the budgeted limits.(d)Details of expenditure not supported by proper bills/cash memo receipts other documentary evidence.(e)Details of expenditure wrongly classified and booked under incorrect accounting head (only those expenditure be reported which could not be correctly classified during audit).(f)Details of expenditure incurred by the Panchayat not related to the approved activities of the Panchayat.(g)Details of expenditure which is considered by the Auditor to be un-justified or excessive.Part-VI Assets and LiabilitiesGrants(i)Was the sanctioned grant received fully and in time? Report the cases where the sanctioned grant could not be received or receipt was delayed because of omissions/ commission on the part of the Panchayat.(ii)Were the grants received utilised for the purposes for which they were sanctioned? Report the non compliance/contravention of the terms of sanction in respect of each such grant.(iii)Were all the grants fully utilised? Give details of non-utilisation/under utilisation of each grant together with the reasons.

Nature of grant	Amount received	Amount utilised	Unspent balance	Reason for short/non-utilisation	Auditors Remarks
(1)	(2)	(3)	(4)	(5)	(6)

(Give details of the receipt utilisation and balance of all the grants received during the year in the Annexure 'A')(iv)Were the contributions payable, if any, by the people towards the various scheme received as anticipated/agreed/prescribed? Report the short falls and change in the form of contributions, if any.(v)Were the assets created/acquired out of grants been properly accounted for in the prescribed manner?(vi)Report the delay and irregularity observed if any, in respect of distribution/transfer of grants received by the Panchayat (In case of Zila Panchayat to Janpad Panchayat and in case of Janpad Panchayat to Gram Panchayat).II. Loans Received(a)Were the loans obtained justified and properly approved and authorised by the appropriate authority?(b)Were the terms and conditions of loan reasonable. If detrimental to the interests of the Panchayat specify.(c)Have the repayments of loan instalments has been made regularly and on time.(d)Has the interest paid/payable has been correctly calculated and paid?(c)Give the details of the loans obtained and outstandings in the prescribed Annexure 'B'.III. Fixed Assets(a)Have the fixed assets has been purchased/ acquired according to the requirements and as per the prescribed rules?(b)Have all the fixed assets owned or vested in the Panchayat, been properly and safely kept and maintained?(c)Give details of the fixed and other assets lying un-used or irreparable or damaged or obsolete and the steps taken for their disposal/write off as per the rules.(d)Have the sale/transfer/write-off of assets been made as per rules and according to the prescribed procedure? If not details.IV. Stores & Other Dead Stocks(a)Were all the purchase of stores and items of dead stock made in accordance with the rules? If not details.(b)Was adequate internal control exercised over

issue and custody of stores, stationery and other items? If not details.V. Investments(a)Have the investments been made in the prescribed securities and as per the prescribed procedure?(b)Have the investments have been judiciously made to ensure maximum possible returns on the investments?(c)Has the income from investment been realised on time? If not details.(d)Are the investments held in the name of the Panchayat and are they kept in proper custody, as per rules?(e)Have the investments been renewed/ realised on maturity on time?VI. Security Deposits & Earnest Money(a)Have security and other deposits (including earnest money) from employees and out-siders been obtained as per rules?Details of instances where inadequate improper or no securities were obtained.Have the securities obtained been kept in safe custody and verified by the authorised official as per rules?Were the deposits and earnest money refunded under proper authority and as per the rules/terms of agreement?Were the security deposits made, by the Panchayat recovered on time?VII. Loans & Advances Made(a)Were the loans and advances made properly sanctioned and proper agreement/other documents executed?(b)Have the loan/advances recovered as per the terms of sanction and stipulated repayment schedule? Give details of over-due amount of interest and principal in respect of each such loan and reasons for their outstanding.(C)Has the Panchayat taken satisfactory steps for recovery of all over due loans and advances? Report in detail the loans and/or advances considered doubtful of recovery' or bad and recommended to be written off.(d)In the case of advances made to Sarpanch, Panch and employees against travelling or expenses give details of instances where:(i)Advances made were excessive or disproportionate to the anticipated expenditure?(ii)New advances were made without adjustment/recovery of old outstanding advances.(iii)In-ordinate delay noticed in submitting the bills and non-recovery of advances from salary and other payables.(iv)Advances made to ex-Panch/ Sarpanch/ex-employees, which were left unrecovered/unadjusted on their vacating the office/ retirement/ removal/transfer etc. comment on efforts made for their recovery.

Part VII – I. Physical Verifications Auditor Observation

(a)Has the Panchayat carried out physical verification of the following items at reasonable intervals and as per rules?(i)Cash;(ii)Receipt-books;(iii)Postage Stamps;(iv)Other securities;(v)Investments;(Vi)Immovable properties;(vii)Movable properties (e.g., Vehicles, Machines, Equipments furniture & fixtures etc.).(viii)Dead stock (Stationery etc.)(b)Have the discrepancies/irregularities noticed on physical verification properly attended to and proper steps taken for recovery of shortages etc.(c)Report the discrepancies/irregularities noticed on physical verification by auditor.(d)List the irreparable/useless obsolete assets and comment upon the steps taken by the Panchayat for their disposal/write-off.II. Insurance(a)Has the Panchayat insured the cash and fixed assets and other stocks on time? Report the instances where the assets were left un-insured.

Name of Assets Amount Period of uncovered risk Reasons

(b)Is the insurance cover obtained adequate?(c)Has the appropriate policy taken for necessary fidelity insurances?(d)Have the appropriate insurance claims been duly lodged on time and received? If not, indicate each case with amount involved.III. Waiver/write-Off(a)Have all the waivers, remissions, reductions of demands are write-off been made as per rules and after obtaining proper permission of the competent authority.(b)Indicate the unauthorised and/or unjustified

waivers/write off or reduction or proposals therefor. Comment upon the reasons given by the Panchayat.

Part VIII – I. Budget

(a) Was the budget prepared on time and as per the procedure prescribed in the rules? Comment upon reasonability or otherwise on anticipated, Income & Expenditure. Indicate. (b) The dates on which the budget was approved and sanctioned by various authorities. (c) Report in details the expenditure incurred in excess of sanctioned limits and the reasons thereof?

Particulars Budgeted expenditure Actual Expenditure Remarks

(d) Was the additional/excess expenditure sanctioned by supplementary budget of appropriations? (e) Was the income earned atleast equal to the Anticipated income? Report short falls.

Source of Income Anticipated in budget Actual receipts Reason for short fall

(f) Was the expenditure incurred on developmental works made as per projections? Report major deviations.

Particulars of expenditure	Budgetary provision	Actual expenditure	Reason for excess short expenditure.
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Part-IX Frauds, Defalcations and Embezzlements (a) Furnish particulars of instances of frauds discovered and defalcations, embezzlements and other serious Financial irregularities and lapses noticed during the period under audit. (b) Has the Panchayat taken appropriate action in the matters indicated in? Are you satisfied with the steps taken by the Panchayat for recovery of the losses and for punishing the responsible person? (c) Suggestions, if any for avoiding the recurrence of frauds etc. Part-X Appraisal of Functioning of Panchayat (a) Whether the Panchayat was able to discharge its obligatory duties and functions properly? (b) Whether the resources available with the Panchayat were adequate for its proper functioning. If not, suggest ways and mean to improved the resource position of the Panchayat. (Comment upon the over all financial position of the Panchayat. (d) Review and indicate the performance of the Panchayat with reference to the achievement of physical and financial targets. Set for the various schemes and programmes. (Signature of The Auditor) Name : Place : Dated : Auditor Observation Instructions (i) The replies given by the auditor should be precise, factual and in detail. No vague comments should be made while observing non compliance of the rules, directives, orders etc. The relevant provision of the Act/rules and order, circular No. etc. must also be quoted. (ii) All the questions should be answered, and left blank. If the question is not applicable, it should be so stated. (iii) If the space provided is found insufficient, the replied may be given in separate sheets to be attached with the report. Such separate sheets should clearly indicated the numbering of the part and point to which it relate. (iv) Each page of the report should be initialled and the last page signed by the auditor. Annexure-A Annexure to.....The Auditors Report on The Accounts of.....Panchayat.....District for The year ended on 31st March.....Receipts Utilisation and Balance of Grants

S. No.	Name of the scheme/project (purpose of grants)	Sanctioning authority	Opening balance if any, as on 1st April	Amount received during the
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				year
(1)	(2)	(3)	(4)	(5)
Contribution recd. from people cash Labour Value of Total materials	Total grant available with Panchayat	Utilisations of Grant		
Out of people contribution	Out of grant	Total utilisation upto 31st March		
(6)	(7)	(8)	(9)	(10)

Balance of Unspent Grant

Out of sanctioned grant	Out of Peoples Contribution	Total unspent grant as on 31st March	
Cash	Materials		
(11)	(12)	(13)	(14)

Physical Targets

Fixed Achieved Remarks

(15) (16) (17)

Secretary/chief Executive Officer Sarpanch/President Auditor

Annexure-B.....PanchayatStatement Showing Outstanding Balances of Loans as on 31st March

S. No.	Source from where obtained	Rate of interest	Balance at the beginning of the year	Loan obtained during the year	Repayments during the year
(1)	(2)	(3)	(4)	(5)	(6)

Balance

out-standing at the end of the year Remarks

Penal Intl.	Intt.	Principal	Over due Principal	Non due Total	Total	Whether or not the repayments of interest and principal instalments have been timely made as per terms of sanction.
(7)	(8)		intt.			

Secretary/chief Executive Officer Sarpanch/President Auditor