

POLICY NOTE
DEMAND NO. 16
FINANCE DEPARTMENT
POLICY NOTE FOR THE YEAR 2009-2010

The Finance Department is vested with the responsibility of managing the public finances of the Government of Tamil Nadu. It has an important role in the preparation of the State Budget and presenting it to the Legislature every year. The Finance Department being the custodian of the State Exchequer has the overall responsibility of balancing receipts and payments and has to ensure that debt obligations are also met. The Finance Department makes a critical scrutiny of the proposals of the Departments and evaluates the proposals with reference to needs, cost effectiveness, budget provisions, financial procedure etc., keeping in mind the importance of balancing receipts and expenditure and achieving the fiscal objectives of the Government.

2. The following seven Departments are under the administrative control of Finance Department.

- (i) Treasuries and Accounts Department.
- (ii) Local Fund Audit Department.
- (iii) Small Savings Department.
- (iv) Government Data Centre.
- (v) Co-Operative Audit Department.
- (vi) Internal Audit and Statutory Boards Audit Department.
- (vii) Directorate of Pension.

3. The functions of the Departments listed at Serial No. (i) to (vi) are detailed in the subsequent paragraphs. The functions of the Directorate of Pension are included in the Policy Note on Demand No.50 - Pension and other retirement benefits.

TREASURIES AND ACCOUNTS DEPARTMENT

4. The Treasuries and Accounts Department is incharge of accounting the Government revenues and expenditure including payment of salaries to Government employees and pension to Government pensioners. Distribution of non judicial stamp is also entrusted to this department. The function of the department is spread over 204 Sub Treasuries, 30 District Treasuries and 9 Pay and Accounts Offices.

5. The New Health Insurance Scheme was inaugurated by the Honourable Chief Minister of Tamil Nadu on 11.06.2008. Under the Scheme, nearly 12 lakh employees of Government Departments, Local Bodies, Public Sector Undertakings and Statutory Boards, State Government Universities and employees of certain institutions registered under Tamil Nadu

Registration of Societies Act 1975 and the eligible family members of the employees have been covered. As many as 43,534 (up to 17.07.2009) employees have availed the benefit of cashless treatment under the scheme since its launch.

6. Considering the important role played by this department in general administration and to ensure smooth flow of work the Government decided to fill up the vacancies at the level of Accountant also as a special case and the Tamil Nadu Public Service Commission has notified filling up 777 posts of Accountant in this department.

7. The National Informatics Centre, Chennai has developed necessary software for the purpose of implementing Automated Treasury bill passing system. The software has been tested and the system is being implemented on a pilot basis in Pay and Accounts Office, Secretariat, Chennai, as well as in Theni and Karur districts including

Sub-Treasuries under their respective jurisdictions. This system is being extended to cover five more districts, including the Sub-Treasuries under their respective jurisdictions viz., Coimbatore, Madurai, Trichy, Perambalur, Ramanathapuram besides the Pay and Accounts Office, Madurai and the Pay and Accounts Office, Chennai East. Site preparation has been completed in all these locations and supply and installation of hardware and software has been completed in all these locations except in Pay and Accounts Office, Chennai East.

8. Government have issued orders for modernization of Pension Pay Office to extend the service rendered to the senior citizens receiving pension through Pension Pay Office. The modernization work of the Pension Pay office has been taken up and is nearing completion.

9. Government orders have been issued for opening of a New Sub-Treasury at Pappireddipatti in Dharmapuri district. Reserve Bank of India has

identified Indian Bank, Kolimakanur for the newly formed Sub-Treasury's transactions. The Sub Treasury has started temporarily from 3.2.2009.

10. Government have issued orders for opening of District Treasury at Ariyalur.

11. For the first time in the history of the Treasuries and Accounts Department joint sitting meetings of Officers of Directorate, Accountant General office and respective Regional Joint Directorates / Treasury Officers / Sub treasury officers / Pay and Accounts Officers / Pension Pay Officer, have been successfully conducted during 2008-09 at six different locations, namely, Madurai, Tirunelveli, Dharmapuri, Cuddalore, Chennai and Kancheepuram, in which the long pending audit objections of Accountant General Inspection Notes have been reviewed and settled.

12. TDS workshop for training the Drawing Disbursing Officers, in filing the quarterly eTDS

returns and awareness of TDS have been conducted by the Income Tax Department with the co-ordination of the Treasuries and Accounts Department throughout the State during June, August and September 2008.

LOCAL FUND AUDIT DEPARTMENT

13. The Local Fund Audit Department is entrusted with the task of statutory audit of urban and rural local bodies, Universities, Market Committees, Local Library Authorities and other institutions in the State under the provisions of the respective Acts governing the institutions.

14. The following are the institutions under the audit control of Local Fund Audit Department as on date.

Sl. No.	Name of the Institutions	Total No.
1	Municipal Corporations	10
2	Municipalities	148

Sl. No.	Name of the Institutions	Total No.
3	Town Panchayats	561
4	District Panchayats	30
5	Panchayat Unions	385
6	Universities	19
7	Local Library Authorities	29
8	District Market Committees	25
9	National Social Welfare Schemes	29
10	Local Planning Authorities	20
11	Village Panchayats (Test Audit Only)	2523
12	Miscellaneous Institutions	9

15. (i) Scope of Local Fund Audit Department

The audit of Local Body Institutions done by this Department relates to checking of accounts and conduct of proprietary audit on the income and expenditure of the auditee institutions to ensure that

the transactions are as per Acts and Rules and Government orders and the accounts represent a true and fair view of the state of affairs of the Local Bodies. The audit safeguards the interests of the tax payers' money to Local Bodies, assistance given by Government and funding agencies to Local Bodies and further ensures that the assistance given by the Government and funding agencies is utilized for the purpose for which it is given and for the benefit of the community as a whole.

ii) Test Audit of Village Panchayats

The test audit of 20% of the total Village Panchayats is being done by this department. Accordingly, 2523 Village Panchayats are audited by this department. In addition, test audit of 2% of Village Panchayats based on the receipts, value of works and audit based on specific complaints forwarded by Director of Rural Development are taken up by this department.

16. i) Concurrent Audit of Urban Local Bodies, Panchayat Raj Institutions and Universities

The "Concurrent Audit System" is in vogue in 10 Municipal Corporations, 15 Municipalities and 14 Universities. Audit units are functioning in these institutions. The concurrent audit system was introduced in all the 385 Panchayat Unions from the year 2000-01. Audit Parties consisting of one Inspector and One Deputy Inspector / One Assistant Inspector for every three or four Panchayat Unions with headquarters at selected 119 Panchayat Union Offices have been formed for this purpose.

ii) Implementation of Immediate Post Audit System in all Municipal Corporations and selected Municipalities

Immediate Post Audit is conducted in 10 Municipal Corporations and 15 Municipalities where Concurrent Audit sections are functioning.

Under this system payment vouchers are sent to Audit immediately after payment is made and such vouchers are audited immediately and the defects noticed are communicated to administration. This system facilitates the rectification of defects by the administration then and there.

iii) The audit objections noticed during the Concurrent Audit of these institutions are communicated to the institutions concerned then and there in the form of "Audit Slips" by the audit parties, and after verifying the replies received, the objections are admitted and the Audit Reports comprising unsettled audit slips are issued. After issue of Audit Reports the replies furnished to the audit objections duly rectifying the defects are verified by the audit parties with reference to the connected records and registers and the objections settled.

17. Annual Audit of Non Concurrent Audit Institutions

The audit of remaining 133 Municipalities and five Universities and other local bodies like Town Panchayats, District Panchayats, Market Committees, Local Library Authorities, Local Planning Authorities and Miscellaneous Institutions are taken up annually on receipt of annual accounts from the auditee institutions.

18. Implementation of Accrual Based Accounting System in Urban Local Bodies

i) The Cash Basis system of Accounting in Urban Local Bodies was replaced by implementing the Accrual Based system of Accounting in Municipal Corporations and Municipalities in two phases from the accounting year 1999-2000 and 2000-2001. This system was introduced in Town Panchayats with effect from 2002-2003.

ii) The object and scope of this accounting system is to maintain the accounts on Generally Accepted Accounting Principles with the preparation of Income & Expenditure Account to know the financial operation during a year and a Balance Sheet to know the true financial status of Urban Local Bodies during a given period of time.

iii) This system enables the Urban Local Bodies to identify their assets available with appropriate valuation methods and incorporated in accounts through Asset Register. Because of the improved method of accounting in Urban Local Bodies, financial institutions and various funding agencies have come forward to provide financial assistance to Urban Local Bodies for the capital projects and welfare schemes thereby strengthening the financial sources available to Urban Local Bodies.

19. Certification of Annual Accounts of Local Bodies and Universities

Certification of accounts of local bodies is a very important issue and internationally it is accepted that accounts have no meaning without proper certification. Accordingly the annual accounts of urban local bodies are now certified by the Officers of the Local Fund Audit Department as per Government Orders in G.O.Ms.No.93, Finance (FC IV) Department, dt.28.3.2003, consequent on the implementation of the Accrual Based Accounting System in the Urban Local Bodies.

20. Standardization of Audit Formats and Revision of Audit Manual

To improve the quality of audit and to ensure uniformity in communicating the audit objections the audit formats in respect of Urban Local Bodies and Panchayat Raj Institutions have been standardised and communicated to auditors during 2007. The Departmental Audit Manual has been revised with

the corrections up to 2008 and the revised Manual will be published shortly.

21. Objections Settlement Procedure

i) Taking follow up action on the Audit Reports is one of the vital functions of this department. The irregularities which are serious in nature, noticed during the course of audit are immediately taken to the notice of the Executive Authorities of the local bodies concerned. The serious irregularities and losses pointed out in the Audit Reports are reported to Government and the Heads of Administrative Departments concerned through monthly periodicals and special reports for necessary follow up action.

ii) In the normal course the replies to the audit objections are scrutinised and the objections dropped. Further, the settlement of audit objections is taken up by the regional and district level officers of this department through joint sittings arranged by the concerned administrative departments after

getting replies to the audit objections and settlement made on the spot.

22. Formation of District High Level Committees and State High Level Committees

i) In respect of Panchayat Unions, District High Level Committees have been formed headed by the respective District Collectors and the State High Level Committee is functioning under the Chairmanship of the Director of Rural Development and Panchayat Raj. During 2008, 83 District High Level Committee meetings were held and decision taken in respect of 3067 audit objections by the District High Level Committees.

ii) As regards Town Panchayats, High Level Committees have been constituted at District level with the Collector as Chairman and at State level with the Director of Town Panchayats as Chairman in G.O.Ms.No.1, Municipal Administration and Water Supply (TP2) Department dated: 4.1.2007. With the constitution of the High Level

Committees, the number of pending objections has been reduced considerably. During the year 2008, 12 District High Level Committee Meetings were held and decisions taken in respect of 531 objections.

iii) In respect of Municipalities and Municipal Corporations other than Chennai Corporation, District Level High Level Committees headed by Financial Adviser of the Commissionerate of Municipal Administration and State High Level Committee headed by Commissioner of Municipal Administration have been constituted in G.O.Ms.No.65, MAWS Department dated 22.5.2007. During the year 2008, 7 District High Level Committee meetings were held and decisions taken in respect of 1142 objections.

23. Convening of Joint Review Meetings of Administration and Audit

The joint Review Meetings of Administration and Audit officials at Districts /

Regions and at State Level are conducted in respect of Urban Local Bodies and Panchayat Raj Institutions to sort out problems relating to Accounts and Audit at an early stage itself. This procedure came in for appreciation by Deputy Comptroller and Auditor General of India during May 2007 in a Conference held at Tiruvanandapuram.

24. Issue of Utilisation Certificates for Grants

Audit certificates are issued by this department for the utilisation of various grants released by the Central / State Government, the University Grants Commission and other funding agencies in respect of Universities and other Local Body Institutions which come under the audit purview of this department. The Utilisation Certificates are issued immediately on completion of schemes and projects.

25. Special Functions

Apart from the regular audit functions, this department is also entrusted with the following special functions:

- Authorisation of payment of pensionary benefits and disbursement of monthly pension to the retired Municipal, Panchayat Union and Town Panchayat Employees.
- Sanction and disbursement of assistance under Municipal Pensioners Health Fund Scheme.
- Sanction and disbursement of assistance under Municipal Pensioners Family Security Fund Scheme.
- Sanction of Provident Fund interest on Treasury Deposit balances of local bodies.
- Functioning as Treasurer of Charitable Endowments.

26. Authorisation and disbursement of Pensionary benefits to Local Body Employees

i) The certification, sanction and payment of retirement/death benefits to the employees of local bodies is done by the Directorate of Local Fund Audit. As on 31.12.2008, 32,644 pensioners are receiving monthly pension through four nationalised banks.

ii) Redressal of Local Bodies Pensioners' grievances

An Information Counter has been opened at the Directorate of Local Fund Audit for redressal of local body pensioners' grievances and the pensioners are able to get information required by them regarding their pension proposals and related matters without any delay.

27. Administration of Municipal Pensioners Health and Family Security Fund Scheme

The Health Fund Scheme and Family Security Fund scheme applicable to Government pensioners were extended to municipal pensioners in G.O.Ms. No.1200, MAWS Department, Dated 25.05.1999 with all the concessions applicable to Government pensioners with effect from 01.08.1999. These two schemes are administered by the Director of Local Fund Audit.

28. Sanction of Interest on Provident Fund Balances and Deposits of Local Body Employees

The Provident Fund Deposits of Local Body Employees and investments thereon were taken over by Government from the year 1967. The Director of Local Fund Audit is authorised to sanction interest on the balance of Provident Fund Deposits of local bodies. A sum of Rs.9 crores was

sanctioned by the Government during the year 2008-09 and necessary authorizations for payment were made on receipt of interest claims from the Local Bodies.

29. Treasurer of Charitable Endowments

i) The Director of Local Fund Audit also functions as the Treasurer of Charitable Endowments with effect from 01.04.1952. Government authorizes acceptance of the endowments and publish the scheme of administration of the endowment.

ii) The interest amount realised from the Endowments is released to the institutions concerned based on the requisitions received from them. At present there are four Central Government Endowments worth Rs.7.20 lakhs and 789 State Government Endowments worth Rs.11.94 Crores under the custody and control of the Treasurer of Charitable Endowments. During the year 2008-09 (up to 31.12.2008) out of the

proceeds of endowments a sum of Rs.3.96 lakhs has been distributed to 122 beneficiaries towards award of scholarships, prizes, medals etc.,

30. Computerisation of Department Activities

The Government have sanctioned funds under Part-II Schemes during the year 2008-2009 to the extent of Rs.14.40 lakhs for computerising the activities of this Department in a phased manner. The second phase of computerisation of the activities of the Department is in progress.

31. Capacity Building of staff

To improve the quality of audit by enhancing the skill among the Auditors, this Department is now conducting various training programmes to the staff of this Department as detailed below:-

i) Conducting in-service training to Auditors by the Senior Officers of this Department.

ii) Training by Accountant General under “Technical Guidance programme”. In addition to this second phase of training is given by Accountant General to the staff of this Department in the New Accounting System of Urban Local Bodies.

iii) Training by the Anna Institute of Management exclusively for the officers of this department, in various concepts of audit in 2008-2009. Government provided Rs.12.00 Lakhs for this training.

iv) Audit Manuals have been updated for use of field staff.

v) Important serious irregularities unearthed by the field staff are compiled and circulated to all field staff for audit awareness.

vi) Quality circles have been formed in the District Audit Offices.

vii) Government have sanctioned a sum of Rs.1.00 Lakh towards creation of Library in the Directorate.

32. New Recruitment of Staff

187 Assistant Inspectors were selected through Tamil Nadu Public Service Commission and 162 Assistant Inspectors have joined on completion of 3 months training in this Department on 29th November 2008.

33. Audit Fees

This department is collecting 100% of audit cost as audit fee from the Universities and 50% of audit cost as audit fee from the Municipal Corporations and Municipalities. During the year 2008-2009 a sum of Rs.3.25 Crores was collected as audit fees by this Department.

DIRECTORATE OF SMALL SAVINGS

34. Small Savings is an important and major source for financing the State Plan and infrastructure development. Since 1.4.2002 Government of India is sanctioning the equivalent of the monthly net Small Savings collections as loan to the State Government. The rate of interest for this loan is 9.5%.

35. Small Saving Schemes

Variety of Small Savings Schemes are in vogue to suit the requirement of different sections of the society which are detailed below.

I	Scheme having multiple returns	Kisan Vikas Patra
II	Scheme offering Tax Concession	National Savings Certificate-VIII Issue 15 Year Public Provident Fund

III	Scheme offering regular income	Post Office Monthly Income Scheme Senior Citizens Savings Scheme
IV	Scheme for regular savings	Post Office Recurring Deposit Scheme
V	Fixed Deposit Scheme	1 Year Post Office Time Deposit 2 Year Post Office Time Deposit 3 Year Post Office Time Deposit 5 Year Post Office Time Deposit
VI	Other Schemes:	Post Office Savings Account

36. The rate of interests on various schemes are subject to revision by Government of India. The rate of interest for the small savings scheme w.e.f. 1.3.2003 is as follows:

Sl. No	Scheme	Rate of interest w.e.f. 1.3.2003
1	Post Office Monthly Income Scheme (POMIS)	8.00% + 5.00% Bonus(w.e.f.8.12.07)
2	Post Office Time Deposit (POTD) 1 YEAR	6.25%
	Post Office Time Deposit (POTD) 2 YEAR	6.50%
	Post Office Time Deposit (POTD) 3 YEAR	7.25%
	Post Office Time Deposit (POTD) 5 YEAR	7.50%
3	National Savings Certificate – VIII Issue (NSC –VIII Issue)	8.00%
4	Public Provident Fund (PPF)	8.00%
5	Senior Citizen Savings Schemes (SCSS)	9.00%
6	Post Office Savings Bank (POSB)	3.5%
7	Post Office Recurring Deposit Scheme (PORD)	Rs.10/- per month for five years becomes Rs.728.90 (after 5 years)
8	Kisan Vikas Patra (KVP)	Doubles in Eight years & seven months

Income Tax rebate is available for Five years Post Office Time Deposit, National Savings Certificate, Public Provident Fund and Senior Citizen Savings Scheme above.

37. The District Collectors of respective Districts and Commissioner, Chennai Corporation for Chennai City play a key role in promoting the Small Savings Scheme.

38. Agency System for Small Savings

The Small Savings are mobilized by Small Savings Agents appointed throughout the State. They play a vital role in Small Savings promotion and collections. Three kinds of Agencies operating under different savings schemes are shown below.

Sl. No.	Type of Agency	Schemes for which appointed	Total No. of agents as on 31.12.2008
1.	Standardized Agency System (SAS)	Kisan Vikas Patra (KVP), Post Office Monthly Income Scheme(POMIS) National Savings Certificate (NSC) -VIII ISSUE, Post Office Time Deposit (POTD) Senior Citizen's Savings Scheme (SCSS)	12705
2.	Mahila Pradhan Kshetriya Bachat Yojana (MPKBY)	Post Office Recurring Deposit Scheme (PORD)	26360
3.	Authorized Agents (Public Provident Fund) Scheme(PPF)	Public Provident Fund (PPF)	1359
	Total		40424

39. Agents' Incentive

Agents are offered the following incentives for their savings mobilization effort.

Sl. No.	Type of Agents	Savings Products	Govt. of India Commission	Addl. State Govt. Incentive	Total
1.	Standardised Agency System (SAS)	Kisan Vikas Patra (KVP), Post Office Monthly Income Scheme (POMIS) National Savings Certificate (NSC) -VIII ISSUE, Post Office Time Deposit 1,2,3,5 Year (POTD)	1%	0.5 %	1.5 %
2.	Mahila Pradhan Kshetriya Bachat Yojana (MPKBY)	Post Office Recurring Deposit Scheme (PORD)	4%	2%	6%

Sl. No.	Type of Agents	Savings Products	Govt. of India Commission	Addl. State Govt. Incentive	Total
3.	Authorised Agents Public Provident Fund Scheme (PPF)	Public Provident Fund (PPF)	1%	Nil	1%
4.	Senior Citizens' Savings Schemes (SCSS)	Senior Citizens' Savings Schemes (SCSS)	0.5%	Nil	0.5%

Government has allotted Rs.25 Crores for the payment of incentive to the agents in Budget Estimates 2008-09. In the Budget Estimate 2009-10 also Government has allocated Rs.25 Crores towards the payment of incentive to the Agents.

40. Small Savings Promotion Schemes

The Government encourages Small Savings in Tamil Nadu through sustained publicity campaign, payment of incentive for agents, Local Bodies and prizes and awards to officials. To encourage Local Bodies to actively participate in Small Savings Collections, incentive in the form of grant is sanctioned by Government every year based on the net collection achieved. In the year 2007-08, a sum of Rs.5.40 Crores was sanctioned by the Government as incentive to the districts that performed well in 2005-06. These funds are utilized for improving infrastructure facilities, like improvement of school building , noon meal centre etc.,

GOVERNMENT DATA CENTRE

41. Government Data Centre presently handles the following items of work:-

(i) Compilation of results of the Examinations conducted by the Directorate of Government Examinations as detailed in the Table given under para 42 below.

(ii) Teachers' Provident Fund of all teachers in all the Panchayat Union Schools in the State.

(iii) Preparation of Panchayat Union School wise analysis for Elementary Education Department for the distribution of free Books and Uniforms.

42. RESULT COMPILATION FOR STUDENTS IN EDUCATION DEPARTMENT

After getting the marks lists from Directorate of Government Examinations for the following examinations, the result is prepared by Government Data Centre and the same is handed over to Directorate of Government Examinations.

1. X Standard Examination, Matriculation, Anglo- Indian/ Higher Secondary Examinations.
2. Special Supplementary Examination.
3. Diploma in Teacher Education.
4. Technical Education.

Certificate of marks is also prepared and printed in the Government Data Centre and the same is handed over to Directorate of Government Examinations.

The work undertaken last year can be seen as below:

TABLE

Examinations	March 2008	Special Supple- mentary	October 2008	Total
HSE	641230	92113	31753	765096
SSLC	886091	130207	79748	1096046
Matriculation	109634	8398	3552	121584
Anglo Indian	4686	158	73	4917
OSLC	1420	127	64	1611
Other Examinations conducted by DGE in between the calendar year				
ESLC	8611			8611
Rural Talent Search Examination	20752			20752
Diploma in Teacher Education	103504			103504
National Talent Search Examination	20177			20177
National Means-cum- Merit Scholarship	104712			104712
Technical Examination	11192			11192
Grand Total	1912009	231003	115190	2258202

43. WORK HANDLED UNDER TEACHERS PROVIDENT FUND

Computerisation of Teachers Provident Fund accounts and generating account slips in respect of Panchayat Union School Teachers is being done by this centre. New Teachers Provident Fund account numbers are being assigned to Panchayat Union Schools/Municipal Schools/Government Aided Schools as per Government instructions. The Accounts slips of the teachers working in Panchayat Unions for the years 2004-05, 2005-06 and 2006-07 have been handed over to the Directorate of Elementary Education. The work relating to the issue of account slips for the year 2007-08 is now under progress.

CO-OPERATIVE AUDIT DEPARTMENT

44. As per the recommendations of the Santhanam Committee as well as the Administrative Reforms Commission, the Government separated audit wing from the

Cooperative Department and formed a separate department called Department of Cooperative Audit w.e.f 17.6.1981 in order to have an independent and impartial cooperative audit. The main function of the Co-operative Audit Department is to conduct audit as per Section 80 of Tamil Nadu Cooperative Societies Act, 1983 of all Cooperative Societies in the State functioning under the administrative control of 14 Functional Registrars except the Multi State Cooperatives and Milk Cooperatives.

45. SPECIAL AUDIT

In the year 2008, the Government of Tamil Nadu signed a Memorandum of Understanding with NABARD for implementing the recommendations of the Task force headed by Prof. Vaidyanathan on the short term rural co-operative credit structure in Tamil Nadu. One of the recommendations of the Committee is to conduct audit for assessing the exact quantum of losses which will be wiped out

under the reform package based on the audited reports for the year 2003-2004. The auditors of Co-operative Audit Department have successfully completed the task of special audit in September 2008 within the time stipulated by the Government.

46. The list of Cooperative Societies under the purview of the Cooperative Audit Department are furnished below:

Sl. No.	Name of the Registrar	Total Number of Societies
i.	Registrar of Co-operative Societies	10671
ii.	Commissioner of Handlooms and Textiles	1463
iii.	Commissioner of Industries and Commerce	436
iv.	Chief Executive Officer, Tamil Nadu Khadi and Village Industries Board	1485
v.	Chief Executive Officer, Palmgur Development Board	
vi.	Registrar of Co-operative Societies (Housing)	1025
vii.	Director of Fisheries	1237

Sl. No.	Name of the Registrar	Total Number of Societies
viii.	Director of Animal Husbandry	466
ix.	Commissioner of Sugar	17
x.	Director of Agriculture (Oil Seeds)	301
xi.	Director of Agro Engineering and Service Cooperative Societies	210
xii.	Director of Sericulture	87
xiii.	Director of Social Welfare	138
xiv.	Director of Rural Development	52
	TOTAL	17588*

(* Excluding liquidated societies)

47. SCOPE OF COOPERATIVE AUDIT DEPARTMENT

The audit of the Cooperatives relates to checking of the accounts and to ensure that the Balance Sheet and Profit and Loss Account have been properly drawn up and that they represent a true and fair picture of the state of affairs of the societies. The audit safeguards the interests of the members of the societies and ensures that the assistance given by the Government is utilized for

the purpose for which it is given and the benefit is derived by the members and the community as a whole. There are two types of audit of co-operatives viz.

- Audit under Concurrent terms
- Audit under Fundamental Rule 127 terms

(1) Audit under Concurrent terms:

The audit under concurrent terms relates to conduct of audit of small societies whose final audit can be completed within a period of 45 days. Audit fees are levied according to the grade of the auditors conducting audit and on the basis of the actual time taken for audit of accounts of Co-operative societies concerned. A sum of Rs.1.93 crores has been collected as audit fees during the period from 1.4.2008 to 31.03.2009.

(2) Audit under Fundamental Rule 127 terms:

In respect of bigger societies having more transactions with multiple activities, auditors have

been engaged under Fundamental Rule 127 terms according to which auditors perform audit against the posts created and the cost of establishment is recovered from the societies. Taking into consideration of the present financial crisis of the Co-operative Institutions, the Government have reduced the levy of F.R cost from 100% to 60% with effect from 23.11.2004. A sum of Rs.7.22 Crores has been collected as FR cost during the period from 1.4.2008 to 31.03.2009.

48. SPECIAL REPORTS

When serious defects are noticed during the audit, they are brought to the notice of the concerned authorities by submitting a Special Report with full facts of the case.

49. SKILL DEVELOPMENT TO IMPROVE THE QUALITY OF AUDIT

To improve the quality of audit and skills among the auditors, the department is conducting

various types of training programmes, seminars through NABARD and RBI, and also conducting refresher classes every year in the offices of circle Assistant Director of Co-operative Audit. In addition to the above, the department has also revised the Audit Manual during the year 2006 containing all the basic principles, instructions and guidelines to guide the auditors while conducting the audit in various types of cooperative societies.

50. Training Programmes for Auditors

At present, the auditors of this department are given training periodically by Natesan Institute of Cooperative Management, Chennai and the Institute of Cooperative Management, Madurai.

51. Refresher Classes for Auditors

Refresher classes are conducted once in a year for the auditors who are working in the district level offices at their respective districts for updating the knowledge of audit and to keep themselves

abreast of the latest information regarding the maintenance of accounting and the circulars issued by the Functional Registrars, RBI, NABARD etc. from time to time.

INTERNAL AUDIT AND STATUTORY BOARDS AUDIT DEPARTMENT

52. The Department of "State Trading Schemes Audit" was originally created in the year 1969. The department was further strengthened, reorganized and re-designated as Internal Audit and Statutory Boards Audit Department in the year 1992 with the view to creating an independent Internal Audit Department on the basis of suggestions of Comptroller and Auditor General of India and the Public Accounts Committee.

53. AUDIT PURVIEW

a) The following institutions are under the audit purview of this department.

1.	Statutory Boards	10
2.	Puratchi Thalaivar M.G.R Noon Meal Centers	83,881
3.	Agricultural Extension Centers.	889
4.	Government Departments.	60
5.	Other Institutions (Government aided Hostels, Homes, Industrial Technical Institute etc.)	2,065
6.	Non Governmental Institutions receiving recurring grant of Rs.0.20 lakhs and above per annum and non-recurring grant of Rs.1.20 lakhs and above.	568
7.	Sarva Siksha Abhiyan. (Centrally sponsored scheme) Block Resources Centers and urban centers (385+16)	401
TOTAL		87,874

b) INTERNAL AUDIT OF GOVERNMENT DEPARTMENTS

As per the instructions of the Government, the internal audit of 19 Government departments have to be supervised by the officers of this Department in the cadre of Assistant Directors/Inspectors.

These Internal Audit wings in addition to their audit functions give suggestions for system improvement in regard to Finance and Accounts to the Departments and to the Government. The Internal Audit wings point out various measures to help the administration for effective financial management.

54. SPECIAL AUDIT

In addition to the regular audit, special audit of Government Departments are entrusted to this Department then and there under specific orders from the Government and the special audits were completed and reports submitted to Government.

55. SETTLEMENT OF AUDIT OBJECTIONS

Settlement of audit objections is attended to by this department through Joint Sitzings conducted periodically by district officers arranged by the Administrative Departments. After verification of replies and records, the objections are settled. This facilitates speedy settlement of audit objections and

enables the retiring officers whose pensionary benefits are certified to by this department to get their pensionary benefits without any delay. During the year 2008-2009, 60,952 objections were raised in the audit and 36,457 objections including objections raised in the previous years also were settled.

56. ISSUE OF AUDIT CERTIFICATES

i) While auditing the accounts of the institutions under the purview of this department, the retirement proposals of the employees of those institutions such as pension, closure of provident fund etc., are pre-audited and audit certificates issued then and there. In respect of retiring teachers of Panchayat Unions and Municipal Schools, who are coming under the control of Assistant Elementary Educational Officers, the Provident Fund closures are verified and certified by this department.

ii) In respect of grants released by the Government of Tamil Nadu to various institutions,

which are coming under the purview of this department's audit, the grant entitlement is being furnished in the respective audit reports. The grant claims proposals if any received, from the institutions are being certified and forwarded to Government separately.

57. COMPUTERISATION OF DEPARTMENT AND TRAINING TO STAFF

The Government have sanctioned funds under Part-II Scheme during the past years for computerizing the activities of this Department and the computerization of the activities of this Department is in progress. Fifty staff members of this department were given training in "Basics of Computer Operations" during 2008-2009.

K. ANBAZHAGAN
MINISTER FOR FINANCE