

**POLICY NOTE**  
**DEMAND NO.16**  
**FINANCE DEPARTMENT**  
**POLICY NOTE FOR THE YEAR**  
**2011-2012**

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 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 above 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 was formed on 1.4.1962. It has 9 Pay and Accounts offices, 32 District Treasuries, 205 Sub-Treasuries, 3 Regional Joint Directorates of Treasuries and Accounts, one Pension Pay Office at Chennai and one Office of the Assistant Superintendent of Stamps. The Department is headed by the Commissioner of Treasuries and Accounts with headquarters at Chennai. The main functions of the Department are disbursement of salaries to Government servants, payment of pension and disbursement of all moneys sanctioned by competent authorities for various schemes of the Government. It is also responsible for the receipt of money due to Government and rendering detailed accounts therefore to the Accountant General. The Treasuries and Accounts Department also looks after proper distribution of Judicial and non-Judicial stamp papers and stamps to authorised persons. Valuables and articles deposited by Government

Departments are kept under safe custody in the Treasuries.

5. The New Health Insurance Scheme is administered by the Treasuries and Accounts Department. Under this scheme, 12.48 Lakhs Government employees have so far been enrolled and 1,47,743 Government employees and their family have been benefited by way of hospital charges amounting to Rs.368.58 Crores met under insurance coverage.

6. Treasuries and Accounts Department is working towards creation of an Integrated Treasury Management System which shall capture all activities of the Department of Treasuries online and ensure real time updation of the Government accounts. The proposed system will capture the required data, reduces work load at various levels besides reducing consumption of paper significantly, provide free and transparent environment for transactions with and within

Treasuries and ensure sound financial management. Action is being taken to create employee database in respect of all employees of State Government besides creation of database of pensioners. Action is also being taken to develop the pension software with facility for e-mustering of pensioners in order to alleviate the plight of the pensioners enabling them to get their pensions monthly without any problem and also minimising the interface with Treasury. With the concurrence of Reserve Bank of India, Treasuries and Accounts Department has initiated the steps to collect the Government receipts by way of taxes, etc. by multiple banks through e-collection.

## **LOCAL FUND AUDIT DEPARTMENT**

7. The Local Fund Audit Department is responsible for the statutory audit of Urban and Rural Local Bodies, Universities, Agricultural Market Committees, Local Library Authorities and some other institutions in the State under the

provisions of the respective Acts governing these institutions. 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
3	Town Panchayats	561
4	District Panchayats	29
5	Panchayat Unions	385
6	Universities	23
7	Local Library Authorities	30
8	Agricultural Market Committees	21
9	Tamil Nadu Agricultural Marketing Board	1
10	Agricultural Engineering Wings	2

Sl. No	Name of the Institutions	Total No.
11	Koyambedu Market Committee	1
12	National Social Welfare Schemes	29
13	Local Planning Authorities	26
14	Village Panchayats ( Test Audit Only )	2,523
15	Miscellaneous Institutions	9

## **8. Scope of Local Fund Audit Department**

### **(i) Audit of Local Body Institutions**

The audit of Local Body Institutions relates to checking of accounts and conduct of proprietary audit on the income and expenditure of the audited 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 and further ensures that the assistance given by the Government and funding agencies is utilized for the purpose for which it is assigned 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, 2,523 Village Panchayats are audited by this department. In addition, test audit of 2% of Village Panchayats based on the receipts, value of works and specific complaints forwarded by Commissioner of Rural Development and Panchayat Raj is taken up by this department.

#### (iii) Audit of World Bank Funded Institutions

The World Bank Funded Institutions are also audited by this Department. The audit of World Bank Funded projects of Tamil Nadu Agriculture

University, Coimbatore has been entrusted to this Department and the audit was completed up to 2009-2010.

(iv) 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 also introduced in all the 385 Panchayat Unions from the year 2000-2001.

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

a) Immediate Post Audit is conducted in 10 Municipal Corporations and 15 Municipalities where Concurrent Audit sections are functioning. Under this system the 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.

b) The audit objections noticed during the concurrent audit of these institutions are communicated 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.

(vi) Annual Audit of Non Concurrent Audit Institutions

The audit of remaining 133 Municipalities and 9 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 above institutions.

### **9. Implementation of Accrual Based Accounting System in Urban Local Bodies**

i) The Cash Basis System of Accounting in Urban Local Bodies was replaced with 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 Balance Sheet to know the true financial status of Urban Local Bodies at 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.

iv) Tamil Nadu has earned the distinction of being the first State in India to have successfully implemented accounting reforms in all Municipal Corporations and Municipalities in two phases from 1999-2000 & 2000-2001 and in all Town Panchayats from 2002-2003.

## **10. Certification of Annual Accounts of Local Bodies and Universities**

i) 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 issued in G.O.Ms.No.93 / Finance (Finance Commission–IV) Department dated 28.3.2003, consequent on the implementation of the Accrual Based Accounting System in the Urban Local Bodies.

ii) In respect of Tamil Nadu Irrigated Agriculture Modernization and Water Bodies Restoration and Management (IAMWARM) project implemented by Tamil Nadu Agricultural University, Coimbatore funded by World Bank, audit certificate is issued by this Department.

#### **11. Standardisation 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 corrections up to 2008 and issued to the Staff.

## **12. 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 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 verified 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.

iii) The entry discussion and exit discussion system has also been followed in respect of audit of auditee institutions and this facilitates rectification of defects pointed out in audit then and there. Government have issued detailed guidelines to be followed for entry and exit discussions for Urban Local Bodies in G.O.Ms.No.83, Municipal Administration and Water Supply department, dated 01.06.2009.

### **13. Formation of District High Level Committees and State High Level Committee**

i) In respect of Panchayat Unions, District High Level Committees have been formed which is headed by the respective District Collectors and the State High Level Committee is functioning under the Chairmanship of the Commissioner of Rural Development and

Panchayat Raj. During the year 2010, 85 District High Level Committee meetings were held and decisions taken in respect of 2,541 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, dt.04.01.2007. With the constitution of the High Level Committees, the number of pending objections was reduced considerably. During the year 2010, 36 District High Level Committee meetings were held and decisions taken in respect of 1,260 audit objections.

iii) In respect of Municipalities and Municipal Corporations other than Chennai Corporation, District level High Level Committees headed by Financial Advisor 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 Municipal Administration and Water Supply Department dated 22.05.2007. During the year 2010, 30 District High Level Committee meetings were held and decisions taken in respect of 3470 audit objections.

iv) The constitution of District High Level Committees and State High Level Committee for settlement of audit objections of Urban Local Bodies and Panchayat Raj Institutions is the first of its kind in the country and Tamil Nadu earned the distinction as the first State establishing such committees for settlement of pending audit objections raised by this Department in Urban Local Bodies and Panchayat Raj Institutions.

#### **14. 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 cutting edge level. Similarly in respect of exit discussion and approval of Audit Report, not only the executive authorities of auditee institutions but also the higher officers of administration are participating in this process and thereby the defects pointed out in audit are corrected then and there.

#### **15. Issue of Utilisation Certificates for Grants**

Audit certificates are issued by this department for the utilisation of various grants released by the State / Central 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.

## 16. 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.
- ❖ Authorisation of pension to Municipal Corporation pensioners and University pensioners.
- ❖ 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 Urban and Rural Local Bodies.

- ❖ Functioning as Treasurer of Charitable Endowments.

## **17. 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 Director of Local Fund Audit. As on 31.03.2011, 32,353 pensioners are receiving monthly pension through four nationalised banks.

ii) Payment of arrears to Local Body Pensioners

The Government in G.O.Ms. No.235 Finance (Pay Cell) Department, dated:01.06.2009 have issued orders to pay revised pension and also to pay the arrears in three instalments due to revision of Pension / Family Pension on the recommendations of the Pay Commission to all Local Body pensioners and family pensioners with effect from 01.01.2006 and with monetary benefit

from 01.01.2007. Accordingly, the pension was revised and two third of the arrears has already been paid to Local Body pensioners and the balance one third due in the current financial year is being paid to the pensioners concerned.

iii) Administration of Municipal, Panchayat Union and Town Panchayat Employees' Pension Fund

The funds are being released by the Commissioner of Municipal Administration, Commissioner of Rural Development and Panchayat Raj and Director of Town Panchayats to their respective pension funds maintained by this Directorate towards the payment of monthly Pension and Family Pension.

iv) Redressal of Local Body 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 required information regarding their pension proposals and related matters without any delay.

### **18. 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.120, Municipal Administration and Water Supply 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. The details of claims admitted and amount sanctioned during 2010-2011 are as follows:-

<b>Health Fund Scheme</b>		<b>Family Security Fund Scheme</b>	
No. of Claims	Amount (Rupees in Lakhs)	No. of Claims	Amount (Rupees in Lakhs)
170	43.32	212	49.98

### **19. 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 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 ₹ 13 Crores was sanctioned by the Government during the year 2010-2011 and the amount was sanctioned fully based on interest claims received from the Local Bodies.

## **20. 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 publishes the scheme of administration of the endowment.

ii) The interest amount realised from the Endowments is released to the institutions concerned based on the requisition received from them. At present there are 4 Central Government Endowments worth of ₹ 9.84 lakhs and 868 State Government Endowments worth of ₹ 14.91 Crores respectively under the custody and control of the Treasurer of Charitable Endowments. During the year 2010–2011, out of the proceeds of endowments, a sum of ₹ 3.54 lakhs has been distributed to 182 beneficiaries towards award of scholarships, prizes, medals, etc..

## **21. 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 for its officers and staff. In 2010–2011, 500 officers and staff were trained under various Training Programmes at a cost of ₹ 7.41 lakhs.

## **22. 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 2010-2011, this Department has collected a sum of ₹ 1.97 Crores as audit fees.

## **DEPARTMENT OF SMALL SAVINGS**

23. Small Savings while inculcating and promoting the savings habit and raising the financial savings of households, is also an important source for financing the state plan

schemes and infrastructure development. Since 01.04.2002, the Government of India has increased the proportion of small savings collections passed on to the state as loans and is sanctioning the equivalent of the monthly net Small Savings Collections as long term soft loan to the State Government with repayment in 25 years.

#### 24. Small Saving Schemes

Various 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 (KVP)
II	Schemes offering Tax Concession	National Savings Certificate(NSC)-VIII Issue/ 15 Year Public Provident Fund (PPF) 5 Year Post Office Time Deposit (POTD) Senior Citizen's Savings Scheme (SCSS)
III	Schemes offering regular income	Post Office Monthly Income Scheme (POMIS) Senior Citizens Savings Scheme (SCSS)

IV	Scheme for regular savings	Post Office Recurring Deposit Scheme (PORD)
V	Fixed Deposit Scheme	1 Year Post Office Time Deposit (POTD) 2 Year Post Office Time Deposit (POTD) 3 Year Post Office Time Deposit (POTD) 5 Year Post Office Time Deposit (POTD)
VI	Other Schemes	Post Office Savings Account (POSB)

25. The rate of interest of the schemes are subject to revision by Government of India. The rate of interest of the small savings schemes w.e.f. 01.03.2003 is as follows:

SI No	Scheme	Rate of interest w.e.f. 01.03.03
1	Post Office Monthly Income Scheme (POMIS)	8.00 % + 5 % 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 %

Sl No	Scheme	Rate of interest w.e.f. 01.03.03
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

26. The District Collectors of the District concerned and Commissioner, Chennai Corporation in respect of Chennai City are playing a key role in promoting the Small Savings Schemes.

### **27. Agency System for Small Savings**

The State Government appoints Small Savings Agents to mobilize savings throughout the State. They are playing a vital role in Small

Savings promotion and collection mobilisation.  
Three kinds of agencies are available under different savings schemes as shown below:

Sl. No.	Type of Agency	Schemes for which appointed	Total No. of agents as on 31.03.2011
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 (POTD) Senior Citizen's Savings Scheme (SCSS)	8,790
2	Mahila Pradhan Kshetriya Bachat Yojana (MPKBY)	Post Office Recurring Deposit Scheme (PORD)	21,699
3	Authorized Agents Public Provident Fund Scheme (PPF)	Public Provident Fund (PPF)	626
	Total		31,115

## 28. Agents' Incentive

Agents are offered following incentives for their savings mobilization effort:

Sl. No.	Type of Agents	Savings Products	Govt. of India Commission	Add. 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%
3.	Authorised Agents Public Provident Fund Scheme (PPF)	Public Provident Fund (PPF)	1%	Nil	1%

Sl. No.	Type of Agents	Savings Products	Govt. of India Commission	Addl. State Govt. Incentive	Total
4.	Senior Citizens' Savings Schemes (SCSS)	Senior Citizens' Savings Schemes (SCSS)	0.5%	Nil	0.5%

In the Revised Budget Estimate 2011-2012, Government has allocated ₹ 30 Crores towards the payment of incentive to the Agents.

## 29. Small Savings Promotion Schemes

i) The Government encourages Small Savings in Tamil Nadu through sustained publicity campaign, payment of incentive to agents and distribution of prizes and awards to Pay Roll Savings Scheme Group Leaders and Small Savings Agents.

ii) On the eve of the World Thrift Day, Essay, Dance, Drama, Oratorical competitions on small savings are conducted among school students and

prizes and awards distributed to the students in the World Thrift Day functions held at State Head Quarters and District Head Quarters on the 30<sup>th</sup> October. Awards and prizes to the best MPKBY agents at the State / District / Union level and to the Pay Roll Savings Scheme (PRSS) Group Leaders at the State / District level are also distributed in the world Thrift Day function.

iii) Small Savings Department participates in the Government exhibitions held at Chennai and in the District Headquarters by erecting pavilion and screen short films in the exhibitions and distribute handbills to the public to create awareness on Small Savings.

iv) Full High Definition 40/46" LCD TV were supplied to all districts. 36 numbers of entertainment short films in Tamil along with small savings publicity TV spots were produced, for Small Savings Publicity purpose. These films were to be supplied to all districts for the display in High

Definition LCD TV for the publicity in large public gatherings.

## **GOVERNMENT DATA CENTRE**

30. The Government has established the Government Data Centre in 1972 to utilize the electronic data processing facilities for compilation of data pertaining to different applications of various departments of the Government. This Centre now deals with the following functions:

- (i) Processing of results for the examinations conducted by Directorate of Government Examinations.
- (ii) Teachers' Provident Fund
- (iii) Contributory Pension Scheme
- (iv) Tamil Nadu Nutritious Meal and Integrated Child Development Employees General Provident Fund

### **31. Examination**

The Government in G.O.(1D) No.324, School Education Department, dated 15.10.2010 have entrusted all the processing work of examinations conducted by Director of Government Examinations to Government Data Centre.

i) Government Data Centre has been processing the results of various examinations conducted by Director of Government Examinations including:-

1. Higher Secondary
2. Matriculation
3. Anglo-Indian
4. ESLC
5. OSLC
6. Rural Talent Search Examination
7. Diploma in Teacher Training
8. National Talent Search Examination
9. Technical Examination

ii) The massive processing of examination work was done with utmost care and maintaining confidentiality for nearly 25 lakhs candidates.

EXAMINATION	NUMBER OF CANDIDATES			
	MARCH 2011	SPECIAL SUPPLEMENTARY 2010	OCTOBER 2010	TOTAL
HSC	7,75,191	1,09,754	38,877	9,23,822
SSLC	9,54,882	1,25,919	78,395	11,59,196
MATRICULATION	1,48,489	8,019	3,841	1,60,349
ANGLO INDIAN	4,981	223	119	5,323
OSLC	1,456	127	53	1,636
Total	18,84,999	2,44,042	1,21,285	22,50,326

OTHER EXAMINATIONS CONDUCTED BY THE DIRECTORATE OF GOVERNMENT EXAMINATIONS DURING MARCH 2011	
EXAMINATION	NUMBER OF CANDIDATES
ESLC	12,198
RURAL TALENT SEARCH EXAMINATION	38,977
DIPLOMA IN TEACHER TRAINING	1,00,522
NATIONAL TALENT SEARCH EXAMINATION	17,948
NATIONAL MEANS CUM MERIT SCHOLARSHIP	32,947
TECHINICAL EXAMINATION	11,179
TOTAL	2,13,771

### 32. Teachers Provident Fund

i) The Government in G.O.Ms.No.38, Finance (Allowances) Department, dated 23.1.1992 have entrusted to the Government Data Centre the computerisation of the Teachers Provident Fund

accounts of Panchayat Union Schools/Municipal Schools / Aided Schools / Aided Technical Institutions. Initially, the Teachers Provident Fund account of Panchayat Union Schools were processed and the accounts slips were generated and handed over to Directorate of Elementary Education. The accounts slips up to the year of 2006-07 were authenticated by AEEO's concerned.

ii) In G.O.Ms.No.509, Finance (CA) Department, dated 15.10.2009, the Government have permitted the Commissioner, Government Data Centre to issue authenticated account slips for Teachers Provident Fund in respect of Panchayat Union school teachers from the year 2007-2008 onwards. Accordingly, the authenticated provident fund account slips for the year 2007-2008 were handed over to Elementary Education department. The ledger corrections for the year 2008-2009 is in progress. The ledger for the year 2009-2010 was generated and handed over to Elementary Education department for verification.

### **33. Contributory Pension Scheme**

The Government in G.O.Ms.No.201, Finance (Pension) Department, dated 21.5.2009 have entrusted the work of assigning CPS Index Numbers and maintaining the Contributory Pension Fund accounts under Contributory Pension Scheme to Government Data Centre for the following employees.

- (i) Teachers of Panchayat Union Schools
- (ii) Teachers of Aided Schools/Institutions
- (iii) Non-Teaching Staff of Panchayat Union Schools
- (iv) Municipal Corporation and Municipal Employees
- (v) Non-Provincialised Employees of Town Panchayats
- (vi) Non-Provincialised Employees of Panchayat Unions

In the first phase, the allotment of Contributory Pension Scheme Index number have been taken up and so far 75,054 Index number have been allotted to the employees.

### **34. General Provident Fund for Tamil Nadu Nutritious Meal and Integrated Child Development Employees**

i) The Government in G.O.Ms.No.108, Social Welfare and Nutritious Meal Programme Department, dated 19.4.2010 have entrusted the work of maintaining the General Provident Fund of NMP and ICDS employees to Government Data Centre. At present, the number of subscribers of General Provident Fund of NMP and ICDS are approximately 2,06,776.

ii) It is proposed to get the details of the employees through online with the help of NIC for assignment of General Provident Fund Number. The website has been developed and hosted. As an initial phase, pilot project for assignment of GPF number for two districts namely Theni and Tirunelveli has been taken up and completed. As per NIC guidelines, instructions were given to the Drawing and Disbursing Officers of other districts to complete the data entry work. So far 60,529 records have been entered. The work is in progress.

## CO-OPERATIVE AUDIT DEPARTMENT

35. The Department of Co-operative Audit was created from the Co-operative Department and functioning separately with effect from 17.6.1981. As per section 80 of Tamil Nadu Co-operative Societies Act 1983, the main function of the Co-operative Audit Department is to conduct Audit of all Co-operative Societies functioning under the administrative control of 14 Functional Registrars except the Multi State Co-operatives and Milk Co-operatives.

36. The following Co-operative Societies comes under the purview of the Co-operative Audit Department.

Sl. No.	Name of the functional Registrar	Total Number of Societies
(i)	Registrar of Co-operative Societies	10,523
(ii)	Commissioner of Handlooms and Textiles	1,410
(iii)	Commissioner of Industries and Commerce	339

Sl. No.	Name of the functional Registrar	Total Number of Societies
(iv)	Chief Executive Officer, Tamil Nadu Khadi and Village Industries Board	1,610
(v)	Registrar of Co-operative Societies (Housing)	1,024
(vi)	Director of Fisheries	1,278
(vii)	Commissioner of Animal Husbandry and Veterinary Services	304
(viii)	Commissioner of Sugar	17
(ix)	Director of Agriculture (Oil Seeds)	235
(x)	Director of Agro Engineering and Service Co-operative Societies	174
(xi)	Director of Sericulture	27
(xii)	Director of Social Welfare	132
(Xiii)	Commissioner of Rural Development and Panchayat Raj	44
(xiv)	Commissioner of Agriculture	44
	<b>TOTAL</b>	<b>17,161</b>

### 37. Scope of Co-operative Audit Department

The basic objective of the Co-operative Audit relates to checking of the accounts of the

societies and to ensure that they represent a true and fair picture of the state of affairs of the societies. It is an important tool in the hands of the members of the societies to ensure that the operations are carried on as per Acts, Rules and procedures. It is also ensured 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.

### **38. The Department carries out the following types of Audit**

#### **i) Societies for which Audit Fees collected**

This refers to 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 ₹ 1.80 Crores has been collected as audit fees during the period from 1.4.2010 to 31.03.2011. When compared to previous year, the excess collection is ₹ 0.40 Crores.

ii) Societies for which Fundamental Rules cost collected under the terms in Fundamental Rules 127

Audit is carried out under Fundamental Rule 127 in respect of bigger societies having more transactions with multiple activities. Auditors perform audit against the posts created and the cost of establishment is recovered from the societies. Government collects 60% of the Fundamental Rule cost as levy for audit from the societies. A sum of ₹ 8.74 Crores has been collected as Fundamental Rule cost during the period from 1.4.2010 to 31.03.2011. When compared to previous year, the excess collection is ₹ 0.35 Crores.

### **39. Concurrent Audit of Urban Banks and Central Co-operative Banks**

(i) Hitherto, the statutory audit of Central Co-operative Banks and all Urban Co-operative Banks were conducted by the Auditors of the department.

(ii) As per the recommendation of the Prof. Vaidhyathan Committee, the statutory audit of all

Central Co-operative Banks and as per recommendation of Reserve Bank of India, the statutory Audit of Urban Co-operative Bank with deposits above ₹ 25 Crores is entrusted to Chartered Accountants from the year 2009 and 2010 respectively.

(iii) The Departmental Auditors are entrusted with the task of Concurrent Audit in these Banks.

#### **40. 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. During the year 2010-2011, 330 special reports were received up to 31.03.2011 involving an amount of ₹ 30.80 Crores.

#### **41. Skill development training 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 and also conducting refresher classes every year, containing

all the basic principles, instructions and guidelines to guide the auditors while conducting the audit in various types of Co-operative societies. During the year 2010-2011, nine training programmes were conducted in which 221 officers were trained.

### **INTERNAL AUDIT AND STATUTORY BOARDS AUDIT DEPARTMENT**

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

#### **43. Statutory Institutions**

The accounts of major Statutory Boards such as the Tamil Nadu Khadi and Village Industries Board, Tamil Nadu Housing Board, Tamil Nadu Slum Clearance Board, Chennai Metropolitan Development Authority, Tamil Nadu Wakf Board,

Tamil Nadu Labour Welfare Board, etc. are audited by this Department. The audit reports of these institutions are issued within the stipulated time frame and the serious irregularities are brought to the notice of the Government and Public Undertakings Committee.

#### **44. Non – Statutory Institutions**

Non–Statutory institutions such as Noon Meal Centres functioning under the Puratchi Thalaivar MGR Noon Meal Scheme, Agriculture Extension Centres, Weights and Measures Institutions, Institutions receiving recurring grant of ₹ 0.20 lakhs and above per annum, and non-recurring grant of ₹ 1.20 lakhs and above are also audited by this Department.

#### **45. Government Departmental Audit**

At present, the Internal Audit of eleven Government Departments are overseen by this department in the cadre of Assistant Director / Inspectors.

#### **46. Audit Certificate**

This Department is certifying the entitlement of grants to grants-in-aid institutions, besides certifying pension and P.F. closure proposals of employees of some of the auditable institutions.

#### **47. Special Audit**

This Department also conducted various special audits in the past entrusted then and there, like Gujarat Earth Quake Relief Fund, Kargil Relief Fund, Bill sections of Secretariat Departments like Personnel and Administrative Reforms Department, Commercial Taxes Department, Agricultural Seedling Centres in certain Districts and Personal Deposit Accounts of Directorate of Medical Education.

#### **48. Welfare Board Audit**

The audit on the accounts of the Tamil Nadu Agricultural Labourers Welfare Board and Folk Artists Welfare Board were entrusted to this Department in the year 2009. The audit on the accounts of all departments of Secretariat and

Tamil Nadu Manual Labourers Welfare Board including 14 other Welfare Boards were also entrusted to this Department in the year 2011. In addition to this, the audit of Private Aided Colleges is also entrusted during the year 2011.

#### **49. Miscellaneous Audit**

The Audit of other schemes like National Service Scheme accounts of Deemed Universities, Tamil Nadu Government Health Fund Schemes and Family Security Fund Schemes and Hon'ble Chief Minister's Public Relief Fund are also done by this Department.

**O. PANNEERSELVAM**  
**Minister for Finance**