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AN ACT To amend the Bihar and Orissa Local Fund Audit Act, 1925. It has become imperative to make an amendment to "Bihar and Orissa Local Fund Audit Act, 1925"; construed to be effective in the State of Jharkhand under the Section 84 of the Bihar Reorganization Act, 2000; to exercise financial discipline in the Panchayati Raj Institutions (PRIs) and the Urban Local Bodies (ULBs) in the light of direction given by the Central Government and the 13th Finance Commission.

Be it enacted by the Legislative Assembly of Jharkhand in the Sixty third year of the Republic of India as follows:-

1. Short Title, extent and commencement :-

(A) This Act may be called the Jharkhand Local Fund Audit (Amendment) Act, 2012.

(B) It shall extend to the whole of the State of Jharkhand.

(C) It shall come into force at once.

2. A new Sub-Clause in Section 2 of the Act shall be added as Sub-Clause 2(d) in the following manner :-

Local Bodies shall mean Urban Local Bodies (ULBs) as well as Panchayati Raj Institutions (PRIs).

3. Section 4 of the Act is repealed and substituted as hereunder :-

(A) The accounts of Local Bodies shall be examined and audited by Director Local Fund Audit or his equivalent authority through its auditors or Chartered Accountants appointed/engaged by the State Government.

(B) The Comptroller and Auditor General of India shall provide Technical Guidance and Supervision (TGS) over proper maintenance of accounts and audit thereof of Local Bodies.

(C) The State Government may by notification constitute and appoint Director Local Fund Audit and may specify its powers and functions as deemed necessary.

4. Section 8 of the Act is repealed and substituted as hereunder :-

(A) The Comptroller and Auditor General of India shall prepare an Annual Technical Inspection Report based on the Technical Guidance and Supervision (TGS) and the test check of accounts of Local Bodies.

(B) The Annual Technical Inspection Report of C&AG along with the Annual Report of the Director of Local Fund Audit shall be submitted to the Governor, Who shall cause them to be laid before the Legislature of the State.