
MAHARASHTRA VILLAGE PANCHAYATS (AUDIT OF ACCOUNTS) RULES, 1961

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MAHARASHTRA VILLAGE PANCHAYATS (AUDIT OF ACCOUNTS) RULES, 1961

In exercise of the powers conferred by clause (xii) of sub-section (2) of Section 176 of the Bombay Village Panchayat Act, 1958 (Bom. III of 1959) and of all other powers enabling it in this behalf and in supersession of all previous rules and orders in this behalf made under any of the enactments repealed by Section 185 of the said Act and in force in any part of the State, the Government of Maharashtra hereby makes the following rules, the same having been previously published as required by sub-section (4) of that section, namely :-

1. Short title :-

These rules may be called the MAHARASHTRA VILLAGE PANCHAYATS (AUDIT OF ACCOUNTS) RULES, 1961 .

2. Definitions :-

In these rules, unless the context otherwise requires,-

(a)"Act" means the Bombay Village Panchayats Act, 1958 ;

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(aa)"Auditor" includes any sub-auditor or any other person working under the direction and control of the Chief Auditor, Local Fund Accounts;

(b) "Special audit" means an audit of accounts pertaining to a specified item or series of items requiring thorough examination;

(c) "Block Development Officer" means the Officer appointed as such under S.97 of the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961;

(d) "Chief Auditor" means the Chief Auditor, Local Fund Accounts and includes the Deputy Chief Auditor, Local Fund Accounts;

(e) "Year" means a financial year commencing on the 1st day of April.

1. Ins. By G.N. of 19/10/1964.

3. Audit of accounts of Village Panchayats by Auditors :-

The accounts of a panchayat shall be audited by auditors under the direction and control of the ¹ [Chief Auditor] in accordance with the provisions of these rules.

1. Subs, by G.N.of 19/10/1964.

4. Classification of panchayats for the purposes of audit :-

(1) For the purposes of audit, all panchayats shall be classified into two categories, namely major panchayats and minor panchayats.

(2) Panchayats having an annual income (including Government Grant-in-aid) of Rs. 5,000 or more, shall be classified as major panchayats and all other panchayats as minor panchayats :

Provided that, the ¹ [Standing Committee in consultation with the Chief Auditor] may classify any minor panchayat as a major panchayat in view of its importance and of the complicated nature

of its accounts.

1. Subs, by G.N. of 19/10/1964.

5. Division of districts into Audit Circles :-

Each district ¹[may], for the purpose of these rules, be divided by the ¹ [Chief Auditor] into as many audit circles as there are sub-auditors allotted to it.

1. Ins. By G.N. of 19/10/1964.

6. Audit by sub-auditors :-

A sub-auditor shall -

(i) devote 20 days in a month (inclusive of the days spent on journeys) for audit work;

(ii) audit the account of 100 panchayat in a year out of which 20% shall be major panchayats

(iii) complete the audit of all the panchayat within his circle during the course of the succeeding financial year.

7. Audit by Auditors :-

The auditor -

(1) shall audit 60 panchayats in a year and in addition make a test audit of 20% of the audits done by sub-auditors;

(ii) shall complete the audit of all the panchayats in the district within a period of 5 years.

1 - For the purpose of determining the number of panchayats audited by a sub-auditor or an auditor under clause (i) of rule 6 and of rule 7, respectively, the audit of a panchayat carried out for one year, shall be treated as audit of one panchayat.

1. Subs, by G.N. of 19/10/1964.

8. Special Audit :-

1 The Chief Auditor may on his own accord or on written request made to that effect by a Collector or Panchayat Samiti or Standing Committee concerned, direct any auditor to carry out special audit in respect of any pancyat.

1. Subs, by G.N. of 19/10/1964.

9. Presentation of accounts for audit :-

The Sarpanch shall present or cause to be presented for audit all accounts of the village ¹ [fund] to the auditor at such period or

periods as may be required by audit.

1. Subs, by G.N. of 19/10/1964.

10. Power of auditors to require production of documents and attendance of persons :-

(1) For the purpose of any audit, an auditor may -

(a) require in writing the production, at the office of a panchayat, of such vouchers, statements, returns, correspondence, notes or other documents in relation to the accounts as he may think necessary;

(b) require in writing ¹[the Secretary or any salaried servant] of a panchayat accountable, for or having the custody or control of such vouchers, statements, returns, correspondence, notes or other documents to appear in person before him at the office of the panchayat and answer any question;

(c) in the event of an explanation being required from the Sarpanch or Upa-Sarpanch or other member of the panchayat invite such persons in writing to meet him at the office of the panchayat and shall in writing specify the point on which the explanation is required;

(d) fix a reasonable period, not being less than three days, within which the requisition under clauses (a) and (b) or invitation under clause (c) shall be complied with.

(2) The requisitions referred to in clauses (a) and (b) of sub-rule (1) shall be made by the auditor and shall be sent to the Secretary.

(3) The invitations which an auditor may issue to the members ² [including the Sarpanch, Upa- Sarpanch] of a panchayat under clause (c) of sub-rule (1) shall be in the form of a letter addressed to such member.

(4) A copy of every requisition under clauses (a) and (b) and every letter of invitation under clause (c) of sub-rule (1) shall be kept in the case file together with their acknowledgments.

1. Subs, by G.N. of 19/10/1964.

2. Added by G.N. of 19/10/1964.

11. Failure to comply with the requisition etc :-

(1) If the requisition under clauses (a) and (b) of sub-rule (1) of

rule 10 is not complied with, within the period specified in clause (d) of that sub- rule the auditor shall report the failure to the Sarpanch and if the requisition is not complied with within the next three days thereafter, he shall send the papers to the ¹ [Block Development Officer concerned] with a brief statement of facts, for further action.

(2) If the invitation issued under clause (c) of sub-rule (1) of rule 10 is not complied with by the Sarpanch or Upa-Sarpanch or other member of the panchayat as the case may be, within the period specified in clause (d) of that sub-rule the auditor shall report the failure to the ZillaParishad.

(3) Where any auditor takes action under this rule, he shall forward -

(a) a copy of the statement of facts forwarded under sub-rule (1) to the District Village Panchayat Officer and the Chief Auditor; and

(b) a copy of the report made under sub-rule (2) to the Block Development Officer concerned, and to the Chief Auditor.

1. Subs, by G.N. of 19/10/1964.

12. Notice of commencement of audit :-

The auditor shall give to the Sarpanch not less than one week's notice in writing of the date on which he proposes to commence the audit in the Form appended to these rules :

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 the audit without any notice, on the authority of the Chief Auditor.

13. Auditor to conduct audit during office hours :-

The auditor shall, for the purpose of conducting audit, attend at the office of the panchayat during office hours, He may, with the previous written permission of the Sarpanch, conduct the audit at other hours also.

14. Auditor not to remove any document without permission of Sarpanch :-

The auditor shall not, without the previous permission in writing of the Sarpanch, remove from the panchayat office any books, vouchers or documents of any kind whatsoever :

Provided that in case of fraud or for other good reasons if the auditor thinks it absolutely necessary to keep the documents in his possession he may do so after passing a receipt therefore and shall at once report the matter to the Chief Auditor.

15. Accounts to be audited annually :-

(1) The accounts of a panchayat shall be audited annually in arrears and as far as possible before the close of the succeeding year.

(2) Accounts for the complete financial year or years, preceding the date of audit, shall ordinarily be taken up for audit. The ¹ [Chief Auditor] may, however, have the accounts audited up-to-date if, in his opinion, such audit is necessary in any particular case.

1. Subs, by G.N. of 19/10/1964.

16. Auditor to verify cash balances etc :-

The auditor shall during the audit verify the cash balances and securities held by a panchayat and also the postage stamps and the stock of printed forms kept for issue of receipts for payments received.

17. Results of audit to be recorded :-

The result of each audit shall be recorded in a report. The report shall be concise but shall contain all relevant facts and shall include the following points, that is to say,-

(a) every payment which is contrary to law;

(b) the amount of any deficiency or loss which appears to have been caused by the gross negligence or misconduct of any person; and

(c) the amount of any sum received which ought to have been but is not brought into account by any person; and

(d) any material impropriety or irregularity which may have been observed in the accounts other than those mentioned in clauses (a), (b) and (c);

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(e) any other important point which the auditor considers necessary to be included in the report.

1. Subs, by G.N. of 19/10/1964.

18. Auditors Report :-

(1) The auditor's report shall be in two parts, namely, Part I- Previous Audit and Part II - Current Audit. Part I shall contain a brief summary of the remarks still requiring action. Part II shall contain remarks relating to the current audit.

(2) The auditor shall -

(a) state in the first paragraph of the report the date on which the audit was taken up, the date when it was completed and the year to which the audit relates;

(b) given in the opening paragraph of Part II of the report a statement of assets and liabilities, indicating the financial position of the panchayat with a brief resume of its financial condition. [Such statement shall not include fixed assets, such as, lands, buildings, plant and machinery but show only liquid assets, such as, cash Balances in hand or in treasury or bank, investments, advances and outstanding rents and rates; and the liabilities as unspent balance of earmarked grants or revenues or contributions payable, deposits and unpaid bills;

(c) state whether money borrowed on security of allocated revenues or received as grants from Government or other sources for any specific purpose has been expended on such purpose;

(d) state whether all advances and investments by the panchayat are fully secured;

(e) state in detail all loans contracted by the panchayat and also state whether the provision has been made for the repayment of the principal and interest out of the revenues of the panchayat.

(f) Certify where separate accounts for any undertaking have to be maintained, whether they have been so maintained and whether the accounts present true and correct view of the results of the undertaking for the period under audit;

(g) Certify as to correctness of the annual accounts;

(h) Give at the end of the report a brief resume of the matter dealt with in the report and conclude with an opinion on state of accounts as a whole;

(i) Append to this report -

- (1) a statement showing the arrears of taxes at the end of the year;
- (2) a statement of accounts for the year showing -
 - (a) under the head "receipts"-
 - (i) the revenue from direct taxes,
 - (ii) the revenue from indirect taxes,
 - (iii) income from properties.
 - (iv) income from miscellaneous sources,
 - (v) Government grants,
 - (vi) extraordinary items of revenue, and
 - (b) under the head "expenditure" -
 - (i) ordinary expenditure.
 - (ii) capital expenditure,
 - (iii) extraordinary expenditure, and Added by G.N. of 19/10/1964.
- (j) state at the end of the report, the latest position in respect of the outstanding objections pertaining to. each of the previous years.

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(3) The Auditor shall send a copy of his audit report duly signed by him to the Chief Auditor, the Collector, the Zilla Parishad and the Panchayat Samiti for information.

1. Subs, by G.N. of 19/10/1964.

19. Auditor to report fraud or embezzlement confidentially :-

Where a fraud 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 concerned and [also to the Chief Auditor]. Where a fraud or an embezzlement has been fully investigated by the auditor, he shall submit a complete report on the case to the [Chief Auditor, who shall send copies thereof to the Collector, the Zilla Parishad and the Panchayat and the Panchayat Samiti concerned]:

Provided that, where the Sarpanch or the Upa-Sarpanch is involved or suspected of being involved in any fraud or embezzlement, no preliminary report shall be sent to such Sarpanch or Upa-Sarpanch.

20. Defalcation or loss of money or stores to be reported by Sarpanch :-

1 - Where any defalcation or loss of money or stores of a panchayat is discovered, the Sarpanch shall promptly report the fact to the Chief Auditor giving in detail the circumstances which led to such defalcation or loss. A copy of such report shall be sent to the Panchayat Samiti, the Standing Committee and the Collector for such action as they think fit under the provisions of the Act.

(1) On receipt of the report under sub-rule (1), the Chief Auditor shall consider whether such loss was due to any fault in the system of maintaining accounts, and if so, shall issue necessary instructions to remedy the fault. In every other case, he may direct a special audit to be made.

1. Subs, by G.N. of 19/10/1964.

21. Settlement of objections on spot :-

The auditor shall discuss all items of objection raised by him either with the Sarpanch or the Upa-Sarpanch or with both and settle them on the spot, excepting such items which require further investigation. He shall certify in writing in the audit report the fact of his having discussed the items with the Sarpanch or the Upa-Sarpanch or with both, as the case may be:

Provided that, nothing in this rule shall apply to cases wherein the Sarpanch or the Upa- Sarpanch is involved or is suspected of being involved in any fraud or embezzlement.