QUESTIONNAIRE FOR LOCAL FUND AUDIT DEPARTMENT
Part I

1	Your department is conducting Audit in respect of all Urban Local Bodies besides Panchayat Unions and District panchayats. Is it cent per cent Audit ?	
2	Period upto which, audit should have been completed by now as per G.O.Ms.No.145 M.A.&W.S.Department dated 22.10.2002.	
3	Period upto which, audit has been completed (Mention separately the No. of institutions completed viz. Municipal Corporations, Municipalities, Town Panchayats(now Special Village Panchayats) District Panchayats and Panchayat Unions.	
4	Reasons for the delay.	
5	The SSFC has recommended for statutory status to DLFA and the Government accepted the recommendation in principle. Has any follow up action been taken on the basis of the enactments in Kerala & Andhra Pradesh ?	
6	If statutory status is conferred, will you favour internal audit by external agency as like statutory auditors of public undertakings?	
7	Has cent per cent audit been conducted for the devolution of funds from Government to local bodies?	
8	What are the serious irregularities pointed out by you?	
9	Do you favour the suggestion of fixing responsibility on the Engineering wings for the works done by local bodies. If so, the criteria to be applied, may be stated.	
10	Has MAT(Management Audit Team) conducted any audit in the last 2 years as conceived by the State Planning Commission?	

11	The SSFC has recommended Test Audit for Village Panchayats by DLFA and the Government have fixed 22% of Village Panchayat accounts for Test audit. Has it been done? What are your observations?	
12	The SSFC has recommended that the Accountant General may go through the Audit reports of DLFA and to suggest improvements by way of technical inputs and standard and the Government have issued orders in G.O.Ms.No.93 Finance(F.C.IV) Department dt. 28.3.03. What action was taken ? Has the Accountant General gone through the audit report? What are the observations? Has he conducted any training ? Has he undertaken the manual updating etc. Please furnish details. Has the standard form of audit certificate been issued as contemplated in the guidelines for certification and Audit of accounts of Panchayat Raj Institutions issued by Comptroller and Auditor General. Have 10% of Audit reports relating to Town Panchayats(now Special Village Panchayats) been forwarded to Accountant General for offering technical guidance on the contents and quality of such reports.	
13	The SSFC has recommended that the report incorporating major irregularities noticed in the local bodies may be compiled and presented before the Committee for local bodies for which the DLFA can function as Secretary or Convenor as Accountant General to Public Accounts Committee. The Government have also accepted the recommendation. What is the stage of the issue? Please give your views	
14	**Audit objection**: The SSFC has recommended for constitution of High Power Committee at District level for Municipal Corporations, Municipalities and Town Panchayats to clear the long pending audit objections and the Government have issued orders in	

	G.O.Ms.No.371, Finance(FC IV) Department dated 11.11.02. Has it been constituted and whether the long pending audit objections were cleared? Please furnish details.	
15	**Organisation Set up:** The SSFC has recommended 25% direct recruitment for the posts of Assistant Directors as is being followed by Treasuries and Accounts Department for the post of Assistant Director to induct professional auditors to improve the quality of audit and the Government have also issued orders. What action was taken ? Moreover for subordinate service, S.A.S. test may be prescribed so as to give adequate support to auditing officers? What action was taken ? Please furnish details.	
16	In tune with the spirit of E.Governance, your Department can format the questionnaire for audit in floppies and get the details during audit so that the entire manual work of writing the report and getting it typed would be avoided. Also the audit report for each local body can be sent within a week's time. Similarly, Urban Local bodies and Panchayat Unions may be asked to send their replies in both hard and soft copies for prompt analysis and disposal. What are your views?	
17	**Pension** The SSFC has recommended that Municipal Pensioners ' below 90 'categories may also be transferred to DLFA so as to centralise the functions. Have all 'below 90 pensioners cases been transferred to you? Please furnish details.	
18	What is the system you adopt for payment of pension to local body pensioners?	
19	The Treasuries and Accounts Department has already introduced E.C.S. Scheme for payment of pension to State pensioners in Chennai through Reserve Bank of India. Similar scheme is likely to be introduced in Districts too. It will reduce the work load considerably. Have you studied the Scheme. Can you not try such a scheme on pilot-basis	

<table>
<tr><td>19A</td><td>for Chennai based pensioners? Please comment.
Please state, the month upto which pension claims have been sent.</td><td></td></tr>
<tr><td>20</td><td colspan="2">Rural Local Bodies:
Amount received from DRD from Devolution towards pension payment:

Rural Local Bodies
<table>
<tr><th>Year</th><th>No. of Pensioners</th><th>Amount received</th><th>Amount utilised</th><th>Balance</th><th>Remarks</th></tr>
<tr><td>2002-03</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>2003-04</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>2004-05</td><td></td><td></td><td></td><td></td><td></td></tr>
</table>
Urban Local Bodies (Amount received from CMA and DSVP)
<table>
<tr><th>Year</th><th>No. of Pensioners</th><th>Amount received</th><th>Amount utilised</th><th>Balance</th><th>Remarks</th></tr>
<tr><td>2002-03</td><td></td><td></td><td></td><td></td><td></td></tr>
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</table></td></tr>
<tr><td>21</td><td>It is normally the practice of DLFA to work out the Demand on pension liability for an year, well in advance and intimate the same to Heads of Departments. How is the demand worked out? How much surplus is available after the financial year? Is the cushion rational? Please give your views.</td><td></td></tr>
<tr><td>22</td><td><u>Accounting</u>

Is the accrual accounting system of accounts in Urban Local Bodies working well? What are the difficulties noticed? Please comment.</td><td></td></tr>
<tr><td>23</td><td>The Rural Local Bodies Budget formats as designed by Comptroller and Auditor General have to be scrutinised by DLFA by virtue of being the auditing authority. Have the formats. been scrutinised and approved? Please comment.</td><td></td></tr>
<tr><td>24</td><td>Have you gone through the Budget heads of ULBs as recommended by C&AG ? What are the observations offered by you ?</td><td></td></tr>
</table>

Part II

25			Panchayat Unions	District Pancha yats	Special Village Pancha yats	Munici palities	Municipal Corpora tions
1	a)	Upto which year audit report should have been issued ?					
	b)	No. of Audit reports due to be issued ?					
2	a)	Upto which year audit reports have been issued.					
	b)	No. of audit report issued.					
3		Balance to be issued . No. of audit reports. Yearwise					
4		Reasons for the delay					
5		No. of annual accounts not received with details					
6		Reason					
7		What action has been initiated					
8	a)	Number of audit objections pending as on 31.3.05 yearwise					
	b)	Number of serious irregularities					
	c)	Number of RILS issued					

26 Any other issue which you would like to highlight.

M.A.GOWRI SHANKAR, I.A.S.,
Chairman and Member Secretary (i/c)

THIRD STATE FINANCE COMMISSION,
19-A Rukmani Lakshmipathi Road,
SIPCOT Building,
Egmore, Chennai - 8.

D.O.Letter No. 169 / TSFC/E/2005 Dated 6.7. 2005

Dear Thiru

Sub: Third State Finance Commission - Questionnaire to the Director of Local Fund Audit - Sent

Ref: 1. G.O.Ms.No.573, Finance (F.C IV) Department, dated 1.12.2004
2. G.O.Ms.No.584, Finance (F.C.IV) Department. dated 14.12.2004

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In the G.O. first cited, Government have constituted the Third State Finance Commission.

2) In the reference second cited, Government have issued Terms of Reference. Based on the Terms of Reference, Questionnaires are being sent to various departments and organisations which are connected with local bodies for obtaining data and views so as to enable this Commission to make recommendations in respect of local bodies in the State.

3) The position and role of the Commission have been duly mentioned in Article 243 (I) and 243 (Y) of the Constitution of India and also in Section 198 of the Tamilnadu Panchayats Act 1994.

4) A questionnaire is enclosed herewith for Local Fund Audit Department. Based on the reply, the Commission will require your presence for interaction, the specific time and date of which will be intimated to you in advance. I request you to send your reply along with soft copy (Floppy) by 31.7.2005.

5) I request your compliance on the above.

Yours sincerely,

To

Thiru T. Suntharavathanam,
Director of Local Fund Audit,
Kuralagam,
Chennai 600 108.