

**KERALA PANCHAYAT RAJ MANNER OF
INSPECTION AND AUDIT SYSTEM
RULES, 1997**



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Local Self Government (N) Department

NOTIFICATION

No. 47034/N1/2002/LSGD. *Dated, Thiruvananthapuram, 26th December, 2002.*

5th Pausha, 1024.

In pursuance of clause (3) of Article 348 of the Constitution of India, the Governor is pleased to authorise the publication in the Gazette of the following translation in the English language of the Kerala Panchayat Raj (Manner of Inspection and Audit System) Rules, 1997.

By order of the Governor

P. KAMALKUTTY
Secretary to Government.

THE KERALA PANCHAYAT RAJ (MANNER OF INSPECTION AND
AUDIT SYSTEM) RULES, 1997

[Translation in English, of the Kerala Panchayat Raj (Manner of
Inspection and Audit System) Rules, 1997, published under the authority of
the Governor.]

S.R. O. No. 841/97,—In exercise of the powers conferred by sections
188 and 215 of the Kerala Panchayat Raj Act, 1994 (13 of 1994) read with
sub-sections (1) and clause (xxxvi) of sub-section (2) of section 254 thereof,
the Government of Kerala hereby make the following rules, namely:—

RULES

1. *Short title and commencement.*— (1) These rules may be called the Kerala
Panchayat Raj (Manner of Inspection and Audit System) Rules, 1997.

(2) They shall be deemed to have come into force with effect from
the 1st day of April, 1997.

2. *Definitions.*—(1) In these rules, unless the context otherwise
requires,—

(i) "Act" means the Kerala Panchayat Raj Act, 1994 (13 of 1994);

(ii) "Auditor" means the Auditor referred to in sub-section (3)
of section 215 of the Kerala Panchayat Raj Act, 1994 and 'Audit' means the
audit conducted by the Auditor under sub-section (4) of the said section;

(iii) "Local Fund Audit Director" means the Local Fund Audit
Director appointed by the Government under section 3 of the Kerala Local
Fund Audit Act, 1994 (14 of 1994) ;

(iv) "Detailed annual audit" means the audit of all money trans-
actions, accounts and all matters connected therewith of a Panchayat for a
financial year or the period of more than a financial year;

(v) "Inspection" means the inspection conducted by the Officer
authorised by the Government under section 188 and it includes the perfor-
mance audit conducted by the Officer authorised by the Government in this
behalf or by the system under such Officer;

(vi) "Performance Audit" means the Inspection on the
administration intended to evaluate whether the developmental and social
welfare functions vested in a Panchayat and the financial and controlling
powers entrusted to that Panchayat are being executed and utilised
effectively and

efficiently in accordance with the Acts, rules and directions and giving of timely, directions to rectify the defects, if any, and includes the scrutiny of the accounts, records, proceedings, and the assessment, demand and collection of tax and public works of the Panchayat or of an institution under the administrative control of the Panchayat and the pointing out of defects, if any, the giving of directions to .comply with the procedures in accordance with law;

(vii) "Special Audit"¹ means the 'detailed audit arranged on special direction or with special intention regarding the money transactions for a specific period for a special purpose or purposes and includes the 're-audit' of the accounts for a period previously audited;

(viii) "Section " means a section of the Act.

(2) Words and expressions used but not defined in these rules, but defined in the Act, shall have the meanings respectively assigned to them in. the Act.

PERFORMANCE AUDIT

3., *Performance Audit System.*—(1) There shall be a Performance Audit Authority at the State level for conducting the Performance audit and that shall be the Secretary to Government in the Local Administration Department.

(2) The Government shall appoint an Officer as State Performance Audit Officer to assist the Performance Audit Authority in the State level and the Performance Audit Authority may delegate any or all of its powers to the State Performance Audit Officer.

(3) The Government may appoint Performance Audit Officers on regional basis for conducting performance audit and shall conduct performance audit once in three months in various Panchayats through the performance audit teams constituted under these Officers.

(4) The Regional Performance Audit Officer concerned shall prepare, in advance, the programmes for conducting tri-monthly performance audit of each year in each Panchayat.

(5) Copy of the programmes thus prepared shall be given to the Panchayat concerned in advance and the Panchayat shall exhibit the same in the notice board of the office.

(6) Special performance audit may, in addition to the tri-monthly performance, audit, be arranged on the requisition of any Panchayat or on the direction of the Government or on satisfaction of the performance audit authority and the special report on the special audit shall be given to the Panchayat, Performance Audit Authority and the Government.

(7) The Performance Audit Authority and the State Performance Audit Officer shall have the power to observe the working of the performance audit teams and the Regional Performance Audit Officers, to give necessary directions and to get reports and examine them.

4. *Duties and functions of the Performance Audit Authority*—(1) The following shall, in addition to the rectification of defects and pointing out of mistakes after inspecting the accounts, money transactions, office functioning and public works of the Panchayat, be the duty of the Performance Audit Authority,—

(i) to ensure that the Village Panchayats and Block Panchayats are furnishing, in due time, the copies of their budget to the District Panchayat and that the District Panchayat is furnishing in due time the consolidated budget, including its budget, to the Government;

(ii) to make arrangements for the furnishing, in due time, of the annual administration reports, by Village Panchayats and Block Panchayats to the District Panchayat and for the furnishing of the said administration reports including its administration, report, within the time limit to the Government, by the District Panchayats;

(iii) to give necessary instructions to the Panchayats to take follow-up actions on the performance audit report and the audit report; and

(v) to ensure that the performance audit teams are conducting tri-monthly performance audit in all Panchayats.

(2) The Performance Audit Authority shall submit annual reports to the Government by including the following matters, namely:—

(i) Common defects in the assessment of tax and the fluctuations in the collection of tax of Panchayats ;

(ii) Details regarding mobilisation of more resources;

(iii) Approximate figure on the liabilities of Panchayats and the progress regarding the refund thereof;

(iv) Problems connected with the Panchayat administration on which the attention of the Government is to be bestowed and the remedies thereof;

(v) Imitable models for Panchayats-

(3) Performance Audit Teams shall have the duty to give to each Panchayat, in due time, necessary guidelines to perform administrative matters in accordance with the procedure, to give directions to the Panchayats to rectify the defects by inspecting records, accounts, financial transactions and to propose the remedial actions by pointing out mistakes.

(4) The Performance Audit Team may, as part of the Performance audit, inspect the records relating to public works of the Panchayats, worksite, general quality of the work executed and the materials used in the work.

(5) The Performance Audit Authority shall, in "the matter of conducting performance audit and inspection, function in accordance with the directions issued by the Government from time to time.

5. *Procedure in the Performance Audit.*—(1.) The procedure mentioned below shall be followed in the performance audit:—

(i) The Performance audit team engaged for performance audit shall call for the registers, records and accounts required for inspection, in the form of a questionnaire, from the Secretary or any other officer under the control of the Panchayat and the Secretary or the officer, as the case may be, shall be bound to furnish the same;

(ii) The money transactions or the procedures connected with any record which has not been made available shall be presumed to have not been done in accordance with law and that shall be recorded in that manner in the performance audit;

(iii) The Performance audit team shall, after inspecting the panchayat decisions, registers, records, accounts and vouchers, etc. record the primary observation and the details and explanations required for further enquiries thereon and give opportunity to the Secretary or other officers to furnish the reply

(iv) The performance audit team shall, after examining the additional details received, give its remarks, findings and directions to the Secretary in writing and the Secretary shall give the reply to the same to the Performance Audit Team within five working days;

(v) Such remarks shall be prepared with copies and the receipt of remarks shall be recorded in the copy with signature

(vi) Stress shall be given in the performance audit, in issuing instructions for correcting the mistakes and for not repeating the same. The performance audit team shall, in the order of completion of inspection, prepare

performance audit report on the basis of the remarks, the reply furnished by the Secretary within the specified time and the inferences and give the same to the Panchayat President, Secretary and the officer authorised by the Performance Audit Authority within one week and the secretary shall inform ! the Officer authorised by the Performance Audit Authority regarding the receipt of the report.

(2) The follow up action taken by the Panchayat on the previous reports of performance audit shall be the first item in each tri-monthly performance audit. Special reference in this regard shall be included in the report.

(3) The Performance Audit Team shall, along with the inspection, give guidelines regarding the procedures to the employees handling registers, records and accounts.

(4) The Performance Audit Team shall, after inspection, discuss with the Panchayat President, Secretary and other Officers on making the Panchayat administration more effective and revising of the job chart on the basis of workload and shall propose necessary measures.

6. *Certain masters to be subjected for inspection.*—All masters relating to Panchayat administration shall be subjected to inspection in the performance audit and along with it, the matters specified below shall be given special attention:-

(i) Whether tax assessment has been made in due time and whether there is any omission of or under-assessment of tax;

(ii) Whether steps have already been taken to collect the tax so assessed

(iii) Whether the steps for collection of tax has been completed;

(iv) The amount of arrears of tax; the percentage of tax collected in the previous year;

(v) Whether the receipts have been properly accounted;

(vi) Whether the expenditure is as per the authorisation;.

(vii). Whether there has been re-appropriation and whether the amount directed to be allocated for each development area has been allocated to that area and whether it has been spent accordingly;

(viii) Whether the amount allocated for special component programme (S.C.P.) and Tribal Sub-Plan (T.S.P.) has been spent for those items themselves;

- (ix) Whether the records regarding expenditure is complete;
- (x) Whether the expenditure has been made in accordance with the procedure;
- (xi) Non-Plan expenditure;
- (xii) Plan expenditure;
- (xiii) Debts of Panchayat and details of repayments;

- (xiv) Whether there is any discrepancy between annual budget and expenditure;
- (xv) Whether the financial transactions are transparent;
- (xvi) Whether die contract works and other public works are done in accordance with the rules;
- (xvii) Whether the Panchayat is performing its mandatory functions;
- (xviii) Whether the Panchayat meetings, the Standing Committee meetings and their decisions are in accordance with the-prescribed procedures;
- (xix) Whether the decisions arc duly implemented;
- (xx) Whether the Grama Sabhas in the Village Panchayat are meeting according to law;
- (xxi) Efficiency of Office administration.
- (xxii) Whether the work distribution of employees has to be

- (xxiii) Evaluation of the function ; of the various institutions of Panchayat.

7. *Other matters to be included in the Performance Audit Report.-* (1) Performance Audit Report shall in addition to the references and inferences regarding the accounts of receipts and expenditures, procedures and money transaction of Panchayat contain the details of any expenditure made by the Panchayat not in accordance with the law or contrary to law, if any, and of the loss of money or wasteful expenditure, misappropriation if any caused to' the Panchayat and shall specify the persons responsible for such loss, wasteful expenditure or misappropriation.

(2) Performance Audit Team shall give clear directions to the Panchayat for taking further action in cases in which responsibility has been fixed.

8. *Consideration of Performance Audit report.*—(1) The Panchayat President shall, after receipt of the performance audit report, place it in the next meeting of the Panchayat for consideration and the Panchayat shall discuss it and take decision for further action.

(2) The President shall furnish reply to the Officer authorised by the Performance Audit Authority, within one month, by correcting the mistakes and implementing the recommendations pointed out in the report.

(3) The Secretary shall furnish copies of the performance audit report, the decision of Panchayat thereon and the reply furnished by the President to the Officer authorised by the Performance Audit Authority to the auditor and publish the copies of the same in the notice board of the concerned Panchayat Office; but in the case of Block Panchayat it shall be published in the notice board of Panchayat Offices coming under the jurisdiction of such Block Panchayat and in the case of District Panchayat it shall be published in the Office notice board of the Block Panchayats and Village Panchayat coming under the jurisdiction of the said District Panchayat and the same shall be placed for discussion in the Grama sabhas,

(4) Copies of the performance audit report, decision of the Panchayat thereon and the reply furnished by the President, shall, after publication, be issued to the applicants on realising the fixed fees.

(5) The Secretary shall, if the performance audit report contains any observation not acceptable to the Panchayat, inform the same separately to the Officer authorised by the Performance Audit Authority and the Panchayat shall consider the suggestion of the said officer in that regard.

(6) The Regional Performance Audit Officer concerned shall, if the Panchayat does not take necessary action on the performance audit report, inform it to the Performance Audit Authority and that Authority shall, after necessary further inspection and enquiry, furnish report to the Government and the Government shall if found that the Panchayat has failed to discharge its lawful duties, take appropriate action.

9. *Other rights of Performance Audit Team.*—(1) The Performance Audit Team shall have the right to mark documents, after recording the statement of Secretary or other employees, during inspection, in the cases which are prima facie found to be irregular and shall have the responsibility to mention about them in the report.

(2) The Performance Audit Team shall have the power to give special report to the President, by recording the Statement of any citizen presenting himself personally for giving evidence on any irregularity and by inspecting the concerned documents.

ANNUAL AUDIT

10. *Audit In be conducted in detail and continuously oil annual basis.*— (1) The Auditors shall, from the date of commencement of these rules; audit the preceding year's accounts of the Panchayat in detail and continuously, prepare the reports and furnish them to proper authorities, as may be specified.

(2) The Auditors shall, while so auditing, collect the approximate details of the audit arrears of annual accounts and inform the same to the Local Fund Audit Director and the Director shall after informing the same to the Government, conduct summary audit in the form, manner and Within the time limit, as may be decided by the Government, and subject to other general directions, as if the Acts and Rules made there under were not in force, but subject to the Act and rules in force at that time and submit the same to the Panchayat, Local Fund Audit Director and for further action to the Performance Audit Authority.

Explanation. -*Audit arrear* means that audit art-ear remaining after the last audit, conducted in respect of a Panchayat, arid before the financial year preceding the commencement of these -rules.

11. *Submission of Annual Financial Statement.*—(1) The financial statement published under sub-section (2) of section 215 shall be submitted for audit within four months after the completion of the financial year that is before 31st day of July to the Auditor authorised to conduct the audit of the accounts of that Panchayat.

(2) The Secretary' shall be responsible for submitting the financial statement for audit in accordance with the rules, and within the time limit as above and on default, action shall be taken against the Secretary under sub section (2) of section 9 of the Kerala Local Fund Audit Act, 1994 and the provisions of the rules made there under.

(3) The Auditor shall return the annual financial statement submitted for audit, if not prepared in accordance with law or not having sufficient details or having other detects, within one week, pointing out such defects and the annual financial statement shall, after rectifying the defects, be re-submitted to the auditor immediately. It shall be deemed, until such renewed statements is submitted, that die concerned Secretary has not produced the statement:

Provided that the Auditor shall not, after the expiry of fifteen days from the date of receipt, return the financial statement of a Panchayat and shall collect necessary details by requisition in writing.

(4) The auditor shall, two weeks in advance, inform the Secretary of the Panchayat concerned, the date fixed for the auditing of that Panchayat as per the preplanned agenda prepared by him;

Provided that such notice is not required for conducting special audit in addition to detailed audit.

(5) The programmes of audit shall be prepared and published in advance *in* such a way as to complete the audit of all Panchayats in a district once in a year and the audit shall be conducted accordingly.

12. *Submission of records, registers and accounts to auditors.*—(1) The Secretary shall submit all the records, registers and accounts required in writing by the Auditor.

(2) If the Secretary fails to submit any record or account, it shall be deemed that such record or account is not in existence and may arrive at a conclusion accordingly;

(3) The Secretary and the employees concerned shall have the responsibility for removing the references that may occur in the audit report regarding the objection or disallowance of expenditure that may be brought to notice at the time of audit, by producing records, if available, at the time of audit itself.

(4) The Officer or employee, to whom the work is distributed, shall be responsible for the loss, wasteful expenditure and misappropriation caused due to the failure in carrying out the duties entrusted to him on the basis of office orders and Panchayat decisions and his superior officer and Secretary shall have responsibility for supervisor)- lapse in these matters.

13 - *Matters regarding administration and financial control to be inspected and reported.*—(1) The auditor conducting the detailed annual audit shall inspect all the matters regarding the administration and financial control of the Panchayat concerned and shall give special attention in the following matters: -

- (i) Annual budget and receipts and expenditure;
- (ii) Records supporting expenditure;
- (iii) Whether re appropriation made;
- (iv) Assessment of Tax;
- (v) Collection of Tax;
- (vi) Grants and contributions given by Panchayats;
- (vii) Non-plan Expenditure;
- (viii) Plan expenditure;
- (ix) Inevitable functions and expenditures;
- (x) Appropriation of Special Funds;
- (xi) Whether the expenditure is in accordance with sanction;

- (xii) Whether the amount has been spent in accordance with procedure;
- (xiii) Financial discipline of the Panchayat; (xiv) Administrative efficiency; (xv) Whether there is loss, wasteful expenditure and misappropriation of money, and if so, the details of liabilities; (xvi) Defects and mistakes of public work, (xvii) Debts and detail of refund;
- (xviii) Whether amount directed to be earmarked for each development sector has been allotted to that sector and whether it has been spent accordingly; (xix) Whether the amount earmarked for Special Component Plan and Tribal sub-plan has been spent for that item; (xx) Objections, expenditure, disallowance and surcharge *item*

14. *Submission of Audit Report.*—(1) The copy of the audit shall as soon as the audit is completed, but before the expiry of three months from such completion, be submitted to the Panchayat and to the Officer authorised by the Government in this behalf as specified in sub-section (4) of section 215. Copy of the audit report shall also be given to the Regional Performance Auditor concerned.

(2) The copy of the audit report received by the Panchayat, along with the notes prepared thereon by the Secretary, shall be placed for the consideration of the Panchayat meeting specially convened for the purpose.

(3) Special meeting of the Panchayat shall be convened within one month from the date of receipt of the audit report by the Panchayat and detailed discussion shall be made on the report and suitable decision shall be taken on pertinent references contained in the report. •

15. *Panchayat decision on audit report.*—(1) Copy of the audit report and the decision taken by the Panchayat thereon shall be given to the Performance Auditor within two weeks from the date of taking such decision and he shall, after studying the said report and the decisions in detail give necessary guidelines regarding the actions to be taken by the Panchayat in the light of the decisions on the report and shall observe the further-actions.

(2) The copy of audit report and the decisions taken by the Panchayat thereon shall be placed for discussion at 'Gram Sabhas' and they shall be published in the notice board of Panchayat Office concerned but, in the case of Block Panchayat, it shall be published in the office notice board of the Village Panchayats coming under the jurisdiction of such Block Panchayat and in the case of District Panchayat, in the office notice board of Block Panchayat and Village Panchayats coming under the jurisdiction of such District Panchayat.

(3) Copies of the audit report and the decision of Panchayat thereon may, after publication be issued, to applicants by realising fixed fees.

16. *Audit in various institutions of Panchayat.*—The Auditor shall have the power to inspect the records, registers and accounts kept in any institution of a Panchayat, by visiting there and the matters revealed in such inspection shall be included in the audit report.

17. *Special Funds.*—Accounts of the receipts and expenditure of any fund kept by the Panchayat separately from the Panchayat Fund, shall be subjected to audit.

18. *Grant of remission.*—Notwithstanding anything contained in these rules, the auditor may, considering the special circumstance of the money transaction, recommend the Panchayat, to Write off any amount, not exceeding Rs, 500 (Rupees five hundred only) that is certified by the auditor to be collected from any person.

19. *Special Audits.*—The Performance. Auditor or an Officer authorised by the Government may, after conducting a preliminary enquiry on any suspected case of defalcation loss of money, wasteful expenditure,, false accounting or misappropriation of money at any time, suggest for an extra ordinary audit of the accounts of any Panchayats for a specified period for a specific purpose and in such case the Local Fund Audit Director shall, as per the directions of Government, arrange a special audit and the Auditor shall submit copy of the report of such audit to the Panchayats, Performance Auditor and the Government.

20. *Audit closed shall not be re-examined* --An Audit in which final report was submitted shall not except in the case of special audit, be put to re-examination.

21. *Rectification of irregularities and defects.*— (1)—The Panchayat shall, within two months after the receipt of the copy of the audit report and taking decision thereon by the Panchayats, rectify the irregularities and defect referred to therein and shall give a rectification report, regarding the action taken by the Panchayat on the report, to the Auditor and copy thereof to the Performance Auditor and to the Government.

(2) The Auditor shall, after the receipt of the rectification report or after the expiry of the time limit fixed for its receipt, take further action on the audit report in accordance with the provisions and procedures contained in the Kerala Local Fund Audit Rules, 1996.

(3) The audit and other matters related thereto of a Panchayat not referred to in the Act or in these Rules shall be conducted in accordance with the provisions, conditions and procedures of the Kerala Local Fund Audit Act, 1994 (14 of 1994) and the rules made there under.

LIABILITY FOR LOSS, Etc.

22. *Liability for loss, wasteful expenditure and misappropriation of money and liability for misconduct or wilful negligence.* —(1) Over and above the liability of the officers and employees including the Secretary for causing loss to the Panchayat, by failing to act in accordance with the Act or Rules or by acting in contravention of the Act or Rules, the President, Vice-President, Standing Committee Chairman, Members or Secretary shall, if by misconduct or wilful default causes loss or wasteful expenditure or misappropriation of the Panchayat fund or (the fund provided by Government for the charges of the Panchayat or causes the same to happen be liable for such loss, wasteful expenditure or misappropriation and the Government shall take action under section 253 to recover such loss.

(2) Of the liabilities under section 253,—

(i) making expenditure in matters in which, the Secretary or other concerned Officer had pointed out, before taking the decision, that the expenditure might cause loss or there is reason to believe in the ordinary course that the transaction would result in loss, shall be considered as loss;

(ii) making expenditure not following procedures in the manner authorised or when there is circumstance, in the ordinary course, to think that the expenditure would not produce the intended result shall be considered as wasteful expenditure :

(iii) making expenditures of fund under any items,—

(a) by diverting amounts for plan schemes to non-plan items;

(b) by diverting amounts other than authorised or allocated in the-budget;

(c) by diverting amounts intended from special fund;

(d) by diverting amounts allocated to special Component Plan and Tribal Sub-Plan without spending for that items;

(e) not in accordance with the Act, Rules, and directions from Government or not in accordance with the functions of the Panchayat or officers not authorised shall be considered as misuse and action shall be taken accordingly to recover the liability,

Note:—Matters mentioned in this sub-rule are only some examples and the Government may, considering the nature and circumstance of the expenditure fix upon the person concerned any other loss, wasteful expenditure and misappropriation that may be revealed in the enquiry as the liability of the concerned person. .

23. *Liability to be reported by the Performance Audit Authority and Auditor.*—(1) The Auditor or the Performance Audit Team inspecting a Panchayat shall, if notice a financial transaction which may amount to a liability as per section 253, report the fact at once to the Local Fund Audit Director or Performance Audit Authority, as the case may be, and the Performance Audit Authority or the Local Fund Audit Director shall submit detailed report to the Government after conducting further inspection.

(2) "The report submitted to the Government shall contain the names and details of the persons in whose names the liability has been fixed.

(3) If the Government get any complaint or representation in this matter directly, the same shall V sent to the Local Fund Audit Director or the Performance Audit Authority or any other Officer authorised for report, and the Government shall take action on the report sent by them after special enquiry.

24. *Fixing of liability on the basis of report.*—(1) The Government shall, on the basis of the report under rule 23, serve a notice to the person alleged with charge, requiring him to show cause why action should not be taken to recover the liability incurred and such notice shall contain a brief description of charges, documents supporting liability and the general nature of liability.

(2) The persons alleged with charges shall submit his explanation within thirty (30) days of receipt of the notice. Government shall give an opportunity for personal hearing if so required by the person alleged with charges.

(3) The Government shall, if it is found even after the examination of the explanation that there exists the liability, issue an order fixing the amount and direct, in writing, the person liable to repay the amount fixed, to the Panchayat before the date specified,

(4) The amount shall lie remitted in the Panchayat and receipt obtained within thirty (30) days of receipt of the order, and if the amount is not remitted within that period or an application under sub-section (4) of section 253 is not filed before the District Court, the said amount shall, be recovered. from the person liable as arrears of revenue on land and credited to the Panchayat Fund.

25. *Enquiry Officer to be party.*—The Officer who has submitted the report by conducting enquiry regarding the disputed liability shall, in case an application is filed before the District Court against the order issued by the Government under sub-rule (3) of rule 24, also, be made as an opposite party -in addition to the Government and that officer shall submit the statement of facts before the court on behalf of the Government.

MISCELLANEOUS

26. *Inspection in the institutions handed over by the Government to the Panchayats.*—(1) . [n, addition to the Audit and the Performance Audit' conducted in a Panchayat through the Local Fund Audit Director and the Performance Audit Authority, the Head of the Government Department connected with the functions of an institution handed over by the Government to a Panchayat or the Officer authorised by him shall have the power to inspect that institution under section 166 or section 172 or section 173 or section. 381.

(2) The copy of the report of the departmental inspection shall be forwarded to the Panchayat for consideration and further action.

27. *Relation between audit, performance audit and departmental inspection.*—The performance audit under section 188, the audit under section 215, and the departmental inspection under rule 26 shall be independent and at the same time may be inter-related and the inference of one report may be relied for the purpose of another report and may be mentioned in the said report.

By order of the Governor,

K, MOHANDAS,
Secretary to Government.

Explanatory Note

(This does not form part of the Notification, but is intended to indicate its general purpose.)

As per section 188 of the Kerala Panchayat Raj Act, 1994 (13 of 1994), the Government or an Officer authorised by them in this behalf may inspect any office under the control of a Panchayat or the movable or immovable properties kept there or any work in progress. As per clauses (a) and (b) of sub-section (1) of section 188 any record, return, plan, estimate, statement of account of a Panchayat may be required. The Local Fund Examiner and persons nominated by him are authorised to audit the accounts of income and expenditure of a Panchayat under section 215. Clause (xxxvi) of sub-section (2) of section 254 empowers the Government to make rules regarding the accounts to be kept by Panchayat auditing of that accounts, and its publication. Government have, in exercise of the powers conferred by the said sections read with sub-section (1) of section 254, decided to make rules regarding conducting of performance audit under section 188 and the auditors under section 215 and their duties, functions, the measures to be adopted by the Panchayat towards the auditors, and the records to be given to them.

This notification is intended to achieve the said object.