

As per Section 4(1) & 4(2) of the Kerala Local Fund Audit Act 1994 (Act 14 of 1994) the Director of Kerala State Audit Department is entrusted with the audit of accounts of the Local Self Government Institutions and Local Funds included in the Schedule to the Kerala Local Fund Audit Act 1994.

The Director of Kerala State Audit Department also functions as the Treasurer of Charitable Endowments of Kerala State.

There are 1317 Endowments vested with the Treasurer of Charitable Endowments, Kerala as on 31.3.2014 within the provisions of the Act. The total amount of corpus vested with the Treasurer of Charitable Endowments as on 31.3.2014 comes to Rs. **11,38,52,662/-**. During 2013-14, a sum of Rs.

**17,54,300/-**

has been received by way of interest and a total amount of Rs.

**9,45,381/-**

released to various administrators on demand. An amount of Rs.

**8,06,00,000/-**

has been invested for amalgamated fund. Rs.

**90,03,744/-**

has been received as interest on various fixed deposits and Rs.

**50,00,000/-**

has been released for amalgamated fund meant for the welfare of Ex-service men.

### **Details of special Audit conducted during 2012-13 and 2013-14**

1Ayyampuzha Grama Panchayat Kudumbashree C.D.S. Accounts (LF/6963/SS4/2012)

2Perambra Block Panchayat Special S.G.S.Y. Scheme (Subiksha Project)- Special Audit – (LF/22046/SS4/2012)

3Special Audit in Vazhathoppu Grama Panchayat – (LF/1996/SS4/2013)

**Details of Special Audit conducted during 2014-15 :**

- 1.Special audit in the Principal Agriculture Office, Pathanamthitta. (Lr.No.111768/Estt.D1/13/Fin. Dtd: 4.3.2014)
2. Kerala State Nirmithi Kendram – Special Audit in the Aralam Farm Tribal Rehabilitation Project.
3. Special Audit in ANERT – TESM Project – regarding.

**Details of which this department has given advice to Government in the matter of financial administration of local bodies and such other institutions, which are under the purview of this Department.**

The list of Grama Panchayats for which the gap fund amount to be availed is submitted to the Government (LF/13359/SS4/2013 dated. 17.02.2014).

The list of eligible Grama Panchayats for availing gap fund submitted to Government (Letter No.LF/15028/SS4/2014 Dtd:21.11.2014)

**Proposals regarding the taking up of audit of new institutions not coming under the Kerala Local Fund Audit Act, the result thereof.**

1. To take up the audit of Thiruvananthapuram District Nirmithi Kendra by Local Fund Audit Department – regarding:- (LF/12421/SS4/2013)
2. To take up the audit of Science Park, working under the Kannur District Panchayat – regarding:- (LF/13076/SS4/2013)
3. To conduct audit in ANERT – TESM Project – regarding :- (LF/20553/SS4/2013)

### **Consolidated Audit Report (CAR)**

As per Section 23 of Kerala Local Fund Audit Act 1994, and Rule 25 of Local Fund Audit Rules 1996, the Director of Local Fund Audit should not later than 30th September every year, send to Government a Consolidated Audit Report of accounts audited by him during the previous financial year, containing such particulars which he intends to bring to the notice of the Government. The Consolidated Audit Report of 2013-14 was submitted to the Government on 25.9.2014. It was tabled on the Kerala Legislative Assembly on 11.3.2015.

As part of the Consolidated Audit Report 2014-15, Performance Audit was conducted in 67 Local Self Government Institutions. The subject of the Performance study for 2014-15 was “Animal Husbandry and Dairy Development Sector”.

### **A. Audit Report Issued/Closed**

A total of 30521 Audit Reports have to be pending closure on 1.4.2014 and 1583 Audit Reports were closed during 2014-15 financial year. 28938 numbers of Audit Reports are pending closure as on 31.3.2015.

### **B. Audit Certificates Issued**

**1836** numbers of Audit Certificates were issued involving a total amount of Rs. **13342708863.7/-** during the year 2014-15.

### **C. Misappropriation and serious Irregularities**

During the year, irregularities were noticed in Grama Panchayats, Block Panchayats, Municipalities, Corporations, Universities, Devaswoms etc. In addition to this misappropriation cases were noticed in some of the institutions.

### **D. Pension Papers disposed off**

The verification and certification of pensionary claims of Municipal employees, employees of Development authorities, Corporations, Devaswom, HR &CE Institutions, Universities, KSHB, SIEP, SIL etc are done by the Department. A total of **2656** pension files have been verified and claims certified by the Department during 2014-15.

### **E. Result of Audit**

The magnitude of the expenditure, incurred by all the Institutions which were subjected to audit during 2014-15, amounts to **Rs.1451842/- lakhs**.

As a result of audit transactions to the tune of **Rs.47645.58/- lakhs** were held under objection and **Rs.9245.224/- lakhs** disallowed.

## F. Audit Charge

The Department earns revenue to Government in the form of audit fee from the Auditee Institutions. An amount of **Rs.351527370/-** is pending collection towards audit charges at the end of 31.3.2015. An amount of **Rs.414336975/-** is demanded and **Rs.62809605/-** is collected during 2014-15.

Section 19 (4) of Kerala Local Fund Audit Act empowers this department to collect the arrears of audit charges if it were not paid within one year from the date of its becoming due and where no grant or sum is payable by the Government to the local authority by effecting the provisions of Kerala Revenue Recovery Act 1968.

## Charge and Surcharge action

The power to issue charge and surcharge certificate for the recovery of losses sustained by Local Fund Institutions as disclosed in audit is vested with the Director of Local Fund Audit vide Section (16) of the Kerala Local Fund Audit Act 1994 and Rule 20 of the Local Fund Audit Rule 1996. As per the rules the executive authority of Local bodies has to send a rectification report to the auditor within a period of 2 months of receipt of the audit report.

On receipt of the rectification report, the issuing authority has to issue further remarks within a period of 2 months and to forward charge and surcharge proposals to the Director of Local Fund Audit for pending items. In the case, where no rectification report has been furnished by the executive authority after the expiry of 2 months, the report issuing authority will issue further report to the executive authority and charge/surcharge proposals to the Director of Local Fund Audit.

Even though earliest efforts are being made to recover the losses through the issue of charge and surcharge certificates and recoup the losses mentioned in the audit reports of Local Self Government Institutions etc, the act of recoupment is time consuming and much tardy. It is prescribed in Section 16 (4) of the Kerala Local Fund Audit Act that every sum certified to be due from any person by the auditor under this Act shall be paid by such person to the Executive authority within one month after the intimation to him of the decision of the Director under within that time such person has filed an application before the District Court against the decision under sub section (3) and such amount if not so paid or such amount as the District Court shall declare to be due shall be recoverable under the provisions of the Kerala Revenue Recovery Act 1968 (Act 15 of 1968) for the time being in force as if it were an arrear of public revenue due on land. It is to be noted here that very little is being recouped through charge and surcharge action.

As such during the year 2013-14, **12** number of charge certificates and **88** number of surcharge certificates has been issued and the total amount involved came to Rs.

**3,43,248**

/- and Rs.

**41,72,233**

/- respectively in which Rs.

**1,17,645**

/- has been recouped.

In addition to above **100** numbers of charge notices and **700** numbers of surcharge notices were issued during the year. The total amount involved came to Rs.

**72,93,042**

/- and Rs.

**19,86,36,988**

/- respectively and the amount recouped in case of charge notice was Rs.

**1,21,752**

/- and in case of Surcharge Notice was Rs.

**6,98,762**

/- respectively.