



FINANCE DEPARTMENT

**POLICY NOTE
2022 - 2023**

DEMAND No. 16

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©

**Government of Tamil Nadu
2022**

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POLICY NOTE

DEMAND NO.16

FINANCE DEPARTMENT

POLICY NOTE FOR THE YEAR

2022-2023

Introduction:

“பிணியின்மை செல்வம் விளைவின்பம் ஏமம்
அணியென்ப நாட்டிற்கிவ்வைந்து”

(குறள் 738)

Absence of disease, bountiful harvest, wealth, general happiness and security, these five are the jewels of a country.

2. The Finance Department is vested with the responsibility of managing the public finances of the Government of Tamil Nadu prudently.

The main functions of the Finance Department are:

- i. Preparing the Annual Budget, i.e., the statement of the estimated Revenue and Expenditure of the State to be laid before the Legislature under Article 202 of the Constitution of India.
- ii. Managing the public finances of the Government of Tamil Nadu as the custodian of the state exchequer.
- iii. Formulation of policies of the State Government in respect of overall financial management of the State and review of the policies as and when the need arises.
- iv. Critical scrutiny and evaluation of expenditure proposals of various departments of the Government with reference to need, cost effectiveness, budget allocation and financial procedure, keeping in mind the fiscal objectives of the Government.

- v. Overall responsibility of balancing receipts and payments and ensuring that debt obligations are met.
- vi. Manage the overall borrowing requirement of the State and ensure that the borrowed funds are effectively utilized.

VISION:

3. The vision of the Finance Department is to ensure sustainability of fiscal health of the State through prudent fiscal management, with a broad prioritization of sectors and initiatives. The department also adopts modern practices with technological interventions, to tackle the evolving challenges. The Department manages the macro elements of the annual budget in terms of aggregate level of receipts and expenditure.

4. Within this framework, the department aims to delegate more autonomy to other departments on expenditure decisions while

ensuring that accountability is substantially enhanced. Further, the department ensures effective utilization of public money and plans to make the audit system more robust and effective. These objectives are proposed to be achieved through various initiatives and interventions, such as:

- Strengthening the IFHRMS and Treasury System
- Tracking the fund flow to other departments and agencies
- Strengthening of the Audit System
- Adoption of modern budgetary practices
- Increase accountability and productivity
- Enhance efficiency of procurement processes

NEW INITIATIVES

5. This department has taken the following initiatives for better Financial Management in the State.

(i) ECONOMIC ADVISORY COUNCIL

6. The Government has constituted an 'Economic Advisory Council to the Chief Minister of Tamil Nadu' with renowned global economic experts viz. Prof. Esther Duflo, Prof. Raghuram Rajan, Dr. Arvind Subramanian, Prof. Jean Dreze and Dr. S. Narayan, I.A.S (Retd). With the expert advice of the Council, the Government aims to deliver on faster economic growth, social justice and equity through new programmes, projects and enhanced service delivery.

The terms of reference of the Council are as follows:

- (i) Provide general guidance on economic and social policy, social justice and

human development related issues, in particular, matters related to ensuring equal opportunities for women and the well-being of under privileged groups.

- (ii) Make suggestions for boosting growth, employment and productivity in the State.
- (iii) Provide guidance on improving the overall fiscal health of the State.
- (iv) Advise on improving State capacity to deliver better services to the people.
- (v) Act as a sounding board for new ideas or on possible solutions to intransigent road blocks.
- (vi) Analyse and provide advice on any issue of economic and social policy referred to the Council or its members by the Chief Minister or the Minister of Finance and Human Resources Management.

7. The Finance Department has organized series of meetings with the members of the Council on the challenges faced by the various sectors during the Covid pandemic and the measures that need to be taken post the pandemic. Some of the suggestions made by the members have been translated into schemes and policy initiatives of the Government.

(ii) FEDERAL FISCAL MODEL

8. In the Budget Speech 2021-2022, it was announced that the Government will establish an advisory council to develop a Federal Fiscal Model with renowned experts on legislation involving revenue and taxation (including GST). Based on the announcement, the Government has constituted an advisory council to develop a Federal Fiscal Model under the Chairmanship of Thiru. Arvind P. Datar, Senior Advocate, Supreme Court along with the following Members vide

G.O.(Ms.)No.101, Finance (FC-I) Department,
Dated 02.04.2022:-

1. Thiru. K.Vaitheeswaran, Advocate,
Madras High Court.
2. Thiru. G.Natarajan, Advocate,
Madras High Court.
3. Thiru. Suresh Raman, Vice President
and Region Head, TCS-Service Sector.
4. Thiru. Srivats Ram, Managing
Director, Wheels India Limited.
5. Thiru. K.Velmurugan, President, Hosur
Small and Tiny Industries Association.

The terms of reference of the Advisory Council are
as follows:

- 1) To study the fiscal powers of the
State and the Union with special
reference to GST.
- 2) To study the levy of Cesses and
Surcharges by the Union and its impact
on the State's finances.

- 3) To analyse the fiscal scenario of the State.
- 4) To identify the problems with the institutional mechanisms that supports GST which include the independence of decision makers and constitution of GST Tribunal.
- 5) To identify the compliance issues faced by the large Industries, MSMEs, Service Sector and Consumers in order to bring them to the notice of the GST Council.
- 6) To identify difficulties with respect to GST rates applied to various commodities.
- 7) To suggest strategies to improve GST collections and other taxes of the State.
- 8) To study the best practices adopted in other states with respect to GST including use of technology and artificial intelligence to identify tax evasion.
- 9) Any other issues which, in the opinion of the Chairman, is relevant to the Union-State fiscal relations.

9. The first meeting of the Council was held on 11th April, 2022 at the Secretariat in Chennai.

(iii) NEW ASSET MANAGEMENT SYSTEM

10. In the Budget Speech 2022-2023, it was also announced,

“with a view to account for all movable and immovable assets of the Government and to monitor their utilization, a new asset management system will be introduced and integrated with the Integrated Financial and Human Resources Management System (IFHRMS) from the coming year.”

11. Based on the above announcement, a Cloud Based Asset Management Software has been developed by TNeGA to optimize the resource utilization by tracking the life cycle of all assets in Government departments.

12. This Software is being upgraded based on the requirements. This would allow departments to know accurately all the assets owned by them. This would, in turn, enable proper accounting, budgeting for maintenance ensuring longer life for the assets. The data so collected would be fetched in the IFHRMS for purpose of accounting and better budgeting.

13. The departments of Public Department (in Secretariat), Revenue and Disaster Management, O/o.DGP and Commercial Tax Departments have uploaded their asset details using Cloud Based Asset Management System Software on pilot basis. The Finance Department is also updating the asset details in the above software and also necessary instructions have been issued to the Heads of Departments under the control of Finance Department to update the details through the DDOs concerned.

(iv) E-PROCUREMENT PORTAL

14. In the Budget Speech 2021-2022, it was announced that

"E-procurement will be mandatorily adopted across all procuring entities. A separate e-procurement portal will be created for the Government of Tamil Nadu to enhance transparency in Government procurement."

15. Based on the announcement a multi-department Core committee and a Technical Committee was formed for finalizing specific requirements and considering National Informatics Centre (NIC) as a single source for entrusting the Creation of a separate e-procurement portal for the Government of Tamil Nadu.

16. Based on the Technical Committee recommendations, work order has been placed with National Informatics Centre Services

Incorporated (NICSI) for implementation of the e-procurement through National Informatics Centre (NIC). The total project cost including customization requirement and State wide rollout is Rs.501.51 lakhs for 3 years (April 2022-March 2025). A sum of Rs.167.17 lakhs has been released as advance payment for the year 2022-2023. The new e-procurement portal would be compliant with the provisions under TNTIT Act, 1998 and Rules, 2000. All procurement by public procuring entities of the Government of Tamil Nadu would be done through the online portal from April 1st, 2023. The Government intends to bring necessary amendments in the existing rules and procedures to facilitate this transition.

17. On similar lines, the Government has also constituted a Task Force to make suggestions and indicate requirements/customization in the existing PRICE Software of GePNIC for fulfilling

pre and post tendering activities through electronic mode. This would be a major step towards bringing in more transparency and efficiency in procurements by the Government and Public Sector entities.

(v) LITIGATION RISK MANAGEMENT SYSTEM

18. Based on the announcement made during the Revised Budget Speech 2021-2022, that a Litigation Risk Management System would be established, the Government have constituted a High-Powered Litigation Advisory and Oversight Committee (LAOC) vide G.O.(D)No.18, Finance (OP-M) Department, Dated 19.03.2022 to offer strategic guidance regarding High Risk Litigation with the following members: -

Sl. No.	Committee members
1.	Justice.K.Kannan, Retired Judge of Punjab and Haryana High Court and Former Chairman, Railways Claims Tribunal

Sl. No.	Committee members
2.	Advocate Joseph Prabhakar, Expert in Indirect Taxation
3.	Advocate K. Ravi, Expert in Direct Taxation
4.	Advocate V.Lakshmi Narayanan, Expert in Civil Litigation
5.	Additional Chief Secretary to Government, Finance Department
6.	Secretary to Government, Legal Affairs

19. The function of the said committee, among others is to suggest strategies to reduce financial risk to the exchequer due to litigation, to consider and advise multiple approaches and line of arguments to be adopted before judicial forums, to assess the possibility of success in a particular case and advise the government on the possibilities of compromise, modification of position, to suggest measures to Government to

reduce the financial risk from high risk cases and to monitor compliance in order to avoid excess cost like penal interest for delay.

In order to closely monitor cases involving huge financial risk to the Government, a separate facility will be opened for High-Risk Litigation within the Integrated Court Case Monitoring system.

(vi) STRENGTHENING OF FINANCE (BUREAU OF PUBLIC ENTERPRISES) DEPARTMENT

20. As a part of strengthening Finance (Bureau of Public Enterprises) Department, a Request for Proposal has been floated on 20.04.2022 for selection of Consultant for Financial and Operational Analysis of past and current performance through annual / quarterly reports, current Board notes, Medium Term Vision statement and performance trends of Public Sector Undertakings and Statutory Boards under Bureau of Public

Enterprises in Tamil Nadu and to act as a Project Management Unit in Finance (Bureau of Public Enterprises) Department.

(vii) NABARD PROJECT MONITORING UNIT

21. A "NABARD Project Monitoring Unit" will be created to actively follow up proposals pending with NABARD, monitor the implementation of sanctioned projects on the field and expedite the disbursement of funds, with the objective of effective implementation of NABARD projects. This Unit will also be tasked with exploring other options of institutional finance, which can be leveraged by the State to fund projects of the Government.

(viii) BUDGET INITIATIVES

TOP-DOWN BUDGETING

22. With the intention of introducing modern practices in budget formulation, the Top-Down Budgeting concept has been

introduced for the following five Demands for Grants in the Budget for 2022-2023.

- (i) Fisheries and Fishermen Welfare
- (ii) Dairy Development
- (iii) Environment and Climate Change
- (iv) Micro, Small and Medium Enterprises
- (v) Welfare of Differently Abled Persons

The Top-Down Budgeting method seeks to provide greater delegation to departments to speed-up decision making, improve implementation, reduce costs and avoid time overruns while ensuring greater accountability.

23. In the existing system, budget proposals are called for and meetings are held with the concerned departments, where the requirements for each object of expenditure are examined and then fixed by the Finance Department. These finalized amounts are added to arrive at the total allocation.

24. In the 'Top-Down Budgeting' system, the department specific overall annual Revenue, Capital and Loan outlays will be determined and then communicated to the Department, which can further distribute the outlay among different items of expenditure under the sub-heads, detailed heads and sub-detailed heads. Further, the Head of Department will be able to re-appropriate the funds allotted, if necessary, during the course of the financial year, subject to certain conditions.

CITIZEN'S GUIDE TO BUDGET

25. As a new initiative in the domain of budgetary publications, the Finance Department has published the 'Citizen's Guide to Budget' for the financial year 2022-2023, with the aim of improving transparency. The document presents the crux of the Budget in a simple and graphical format that people can easily understand. This document will serve as a tool to increase citizen

awareness of the Budget and encourage informed debates on Government's finances.

IMF TECHNICAL ASSISTANCE

26. The Finance Department is collaborating with the International Monetary Fund to bring about reforms in Public Financial Management in the State, notably in budget formulation and fiscal risk management.

Three special units have been formed in Finance Department viz. Macro Fiscal Unit, Fiscal Risk Management Unit and Debt and Resources Management Unit for implementing the Public Financial Management reform activities.

In the first phase, the Citizen's Guide to the Budget has been published for the Financial Year 2022-2023 and the Top-Down budgeting method has been introduced for 5 demands for grants. Further, the Finance Department will prepare

a Fiscal Risk Statement and a Medium-Term Fiscal Framework.

(ix) SPECIAL TASK FORCE

27. In tune with the announcement made in the Budget speech 2021-2022, a Special Task Force (STF) has been constituted with the following broad objectives:

- To fully reconcile the Bank accounts and identify funds which have lapsed and which are unutilised.
- To ensure that all funds of the Government are kept within view of the Treasury System.”

28. Bank Account details have been collected from the Banks, from the Departments and also from the District Collectors. The details have been mapped and cross-verified. Data inconsistency and mismatch have been noticed in the data collected from different sources. In order

to address these issues bi-lateral reconciliation process with Banks through SLBC and Districts through PA (Accounts) has been initiated.

By this process, the STF has identified dormant funds which can be ploughed back to State Exchequer. The STF is continuing its work with auditing the reported data and is pursuing its task. The STF will have a tenure till 31.03.2023 to complete its task.

(x) INTERNSHIP PROGRAMME

29. An Internship programme has been introduced in Finance Department for Post graduates / bonafide students pursuing research programmes in reputed institutions. The training programme is to harness the talent of students and researchers in the field of Economics, Finance, Law, Commerce, Management and Information Technology and Statistics, by giving them exposure to the functioning of the

department through diligent and scholarly research work.

30. Bharathidasan Institute of Management (BIM), Tiruchirappalli is the Academic Partner for the implementation of this Internship programme. This Institute will carry out the selection and evaluation for the programme.

❖ **The primary objectives of the programme:**

- i) Short term exposure for selected candidates in the Department of Finance, Government of Tamil Nadu
- ii) Opportunity for selected candidates to enhance their academic knowledge
- iii) Opportunity for selected candidates to know about Government functioning and developmental policy issues
- iv) Selected candidates to contribute to policy formulation by engaging in research, analysis, etc.

❖ **Key areas for research through Interns:**

- i) Tamil Nadu Infrastructure Development Board
- ii) Annual Budget
- iii) Central and State Finance Commissions
- iv) Externally Aided Projects
- v) Tamil Nadu Transparency in Tenders Act and Rules
- vi) Resources
- vii) Loans
- viii) Audit
- ix) Treasury Functions

❖ Initially 20 students will be inducted to the programme for a duration of 6 months to one year. A monthly stipend of Rs.20,000/- will be given to the interns.

- ❖ Interns will be selected through an internet-based test carried out by the Bharathidasan Institute of Management, Tiruchirappalli.
- ❖ Interns will undergo an orientation programme organized by Bharathidasan Institute of Management (BIM), Tiruchirappalli and the Finance Department at Anna Administrative Staff College, Chennai.
- ❖ On completion, internship certificates will be issued based on scientific and evidence-based project report submitted by the Interns and a comprehensive oral examination by the panel of experts.

STRUCTURE OF FINANCE DEPARTMENT

31. The following departments/agencies are under the administrative control of Finance Department: -

Audit Departments	
i.	Local Fund Audit Department
ii.	Co-operative Audit Department
iii.	State Government Audit Department
iv.	Department of Audit for Milk Co-operatives
v.	Hindu Religious Institutions Audit Department
Administrative Departments	
i.	Treasuries and Accounts Department
ii.	Government Data Centre
iii.	Small Savings Department
iv.	Directorate of Pension
Other agencies	
i.	Tamil Nadu Infrastructure Development Board
ii.	Tamil Nadu Infrastructure Fund Management Corporation Limited

The functions of the above departments/agencies, except the Directorate of Pension and Government Data Centre which are included in the Policy Note on Demand No.50. "Pension and Other Retirement Benefits", are detailed in this note.

AUDIT DEPARTMENTS

32. The following Audit departments are functioning under the control of Finance Department

Sl.No.	Name of the Audit Department
1.	Local Fund Audit Department
2.	Co-operative Audit Department
3.	State Government Audit Department
4.	Department of Audit for Milk Co-operatives
5.	Hindu Religious Institutions Audit Department

DIRECTOR GENERAL OF AUDIT

33. In the Governor's Address made on 21st June, 2021 on the floor of the Tamil Nadu Legislative Assembly, it was pointed out that the audit and oversight functions need a thorough overhaul. In the Policy Note of Finance Department for the year 2021-2022, it has been stated that "A position of Director General of State Audit will be created to oversee all the existing audit agencies of the State Government. Ideally, the Director General will be drawn from the Indian Audit and Accounts Service on deputation. The Director General of Audit will function as the sole Administrative / Supervisory Head of Department for Audit functions in respect of all Audit departments. Based on the above, in the G.O.(Ms.)No.102, Finance (Local Fund) Department, Dated 07.04.2022 a post of Director General of Audit has been created to oversee all

the Audit Departments functioning under the administrative control of Finance Department.

34. In order to study the functioning of all the Audit departments and to give recommendations to streamline the processes and functioning of the Audit department, an Audit Reforms Committee has been constituted. The composition of the Audit Reforms Committee is as follows:

Chairman: Thiru.Sundaram Prabhu, IAAS (Retired), Formerly Principal Accountant General, Tamil Nadu and Karnataka.

Members: 1) Thiru.Selwyn Joseph, Formerly Additional Director of Co-operative Audit.

2) Tmt.K.Pramila, Director of Audit for Milk Co-operatives.

The key Terms of Reference of the Committee are:

- To study the audit process of the audit departments.
- To suggest international best practices in internal audit.
- Possibility of establishing a comprehensive IT/IS system.
- To study the human resource challenges including training needs.
- To suggest a robust and well proven methodology like Risk based Audit to increase the audit coverage.

35. The Committee will submit its report by July 2022. On receipt of the recommendations of this Committee, steps will be taken to create an integrated audit set up to eliminate redundancy and ensure effective functioning.

The main functions of the audit departments are as follows:

LOCAL FUND AUDIT DEPARTMENT

36. The Local Fund Audit Department was originally entrusted with the task of statutory audit of the accounts of Urban and Rural Local Bodies, Universities, Agricultural Market Committees, Local Library Authorities and other institutions in the State under the provisions of the respective Acts governing the institutions. As per the recommendations of the 2nd State Finance Commission, the **Tamil Nadu Local Fund Audit Act, 2014 (TN Act No.24 of 2014)** was enacted with effect from **15.12.2014**. **Tamil Nadu Local Fund Audit Rules** have come into effect from **24.08.2016**.

37. Apart from the audit of the institutions mentioned in the schedule of the Act, the Director of Local Fund Audit undertakes statutory audit of the other institutions with the prior sanction of the Government under Section 5 of the Act.

38. Necessary training has been given by the Principal Accountant General for preparation of Audit report to be placed in the Legislative Assembly. Tamil Nadu Local Fund Audit Rules 2016 provides for revision of the audit report format as and when required. Section 20 of the Tamil Nadu Local Fund Audit Act, 2014, Tamil Nadu Local Fund Audit Rules 2016, Rule 19 requires DLFA to submit annually a consolidated report of the accounts of local bodies audited to the Government, to be laid before the Legislative Assembly. The following consolidated reports have been placed in Assembly:

Sl. No.	Year	Status
1	2015-2016	Placed in Assembly on 09.07.2018
2	2016-2017	Placed in Assembly on 05.02.2021

Sl. No.	Year	Status
3	2017-2018	Placed in Assembly on 13.09.2021
4	2018-2019	
5	2019-2020	Placed in Assembly on 24.03.2022
6	2020-2021	Preparation of Audit report is in progress

39. The list of Institutions under the purview of Local Fund Audit Department is at Annexure-I(a).

Scope of Local Fund Audit Department

40. The audit of Local Body Institutions done by this Department conforms to the general requirements expected of a post-audit function. It relates to checking of accounts and a propriety audit on the income and expenditure of the institutions to ensure that the transactions are as per the relevant Acts and Rules and Government

orders and that the accounts represent a true and fair view of the state of affairs of the Local Bodies. Audit is intended to safeguard taxpayer's money received by Local Bodies and to ensure that assistance given by Government and funding agencies to Local Bodies is utilized for the purposes for which they have been granted and for the benefit of the intended beneficiaries.

Test Audit of Village Panchayats

41. The Local Fund Audit Department is required to conduct test audit of 22 percent of all Village Panchayats every year. Accordingly, the audit of 2831 Village Panchayats out of 12,524 village Panchayats is taken up every year.

Concurrent Audit of Urban Local Bodies, Panchayat Raj Institutions and Universities

42. The "Concurrent Audit System" is in vogue in 19 Corporations 10 Municipalities and 13 Universities. The Government has introduced

quarterly audit system in all the Panchayat Unions from the year 2000-2001. Audit Parties consisting of one Inspector and one Deputy Inspector or one Assistant Inspector for every three or four Panchayat Unions have been constituted and located at select 116 Panchayat Union Offices.

Implementation of Immediate Post Audit System in all Corporations and select Municipalities

43.(a). Immediate Post Audit is conducted in 19 Corporations and 10 Municipalities where Concurrent Audit sections are functioning. Under this system the payment vouchers are sent to audit upon making payments and such vouchers are audited immediately and the defects noticed communicated to the administration. This system facilitates the prompt rectification of defects by the administration. The list of Corporations and Municipalities taken up for Concurrent Audit can be seen at Annexure-I(b).

(b). The audit objections noticed during the Concurrent audit are communicated by the audit parties, to the institutions concerned immediately in the form of "Audit Slips" and after verifying the replies received, the objections are admitted or modified. After consolidating the unsettled audit slips and other paragraphs relating to receipts and expenditure, the audit report is finalized and issued.

Annual Audit of Non-Concurrent Audit Institutions

44. The audit of remaining 2 Corporations, 105 Municipalities, 10 Universities and other local bodies like Town Panchayats, District Panchayats, Market Committees, Local Library Authorities, Local Planning Authorities and miscellaneous institutions are undertaken every year on receipt of annual accounts from the auditee institutions.

Implementation of Accrual Based Accounting System in Urban Local Bodies

45. (i) Cash Based system of Accounting in Urban Local Bodies was replaced by Accrual Based system of Accounting in Municipal Corporations and Municipalities in two phases from the accounting year 1999-2000 and 2000-2001. This system has been implemented in all Town Panchayats with effect from 2002-2003. The 7-digit web-based accounting system based on the National Municipal Accounting Manual has been adopted since 2016-2017.

ii) The objective and scope of this accounting system is to follow the Generally Accepted Accounting Principles and maintain Income and Expenditure Accounts to correctly reflect the financial operations during a year and also maintain a Balance Sheet to give the true picture of the assets and liabilities of Urban Local Bodies at the end of a financial year.

iii) This system enables the Urban Local Bodies to identify and value their assets following standard valuation methods and incorporating them in books of accounts through the Asset Register. Due to transparency in the new accounting system, various financial institutions have come forward to extend financial assistance to Urban Local Bodies for capital projects and welfare schemes.

Certification of Annual Accounts of Local Bodies and Universities

46.(i) Certification of accounts of Local Bodies is an internationally, accepted requirement for obtaining financing from funding agencies. Accordingly, the annual accounts of Urban Local Bodies are certified by the officers of the Local Fund Audit Department as per G.O.(Ms.) No.93, Finance (FC-IV) Department, Dated 28.03.2003, subsequent to the implementation of the Accrual

Based Accounting System in the Urban Local Bodies.

(ii) Audit certificates are issued by this department for the utilisation of various grants released by the State / Central Government, the University Grants Commission and other Funding Agencies in respect of Universities which come under its purview.

Procedure for Settlement of Audit Objections

47.(i) Taking follow up action on the Audit Reports is one of the vital functions of this department. Irregularities of serious nature noticed during the course of audit are immediately brought to the notice of the Executive Authorities of the local bodies concerned. Serious irregularities and losses pointed out in the Audit Reports are reported to the Government and the Heads of Administrative Departments concerned through monthly

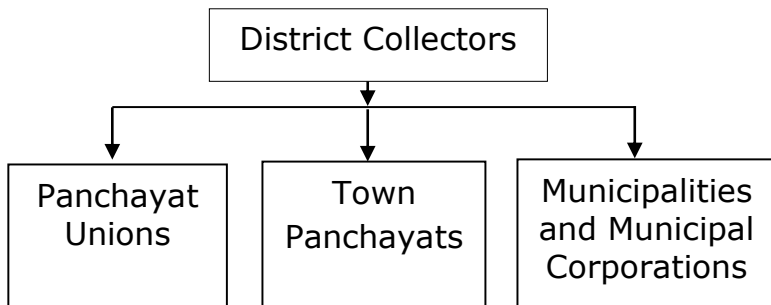
periodicals and special reports for necessary follow up action.

(ii) In the normal course, the replies to the audit objections are verified and the objections are dropped if satisfactory explanation is rendered. Further, the settlement of audit objections is also taken up by the regional and district level officers of this department through joint sittings arranged by the administrative departments concerned. On the spot settlement is made upon satisfactory explanation.

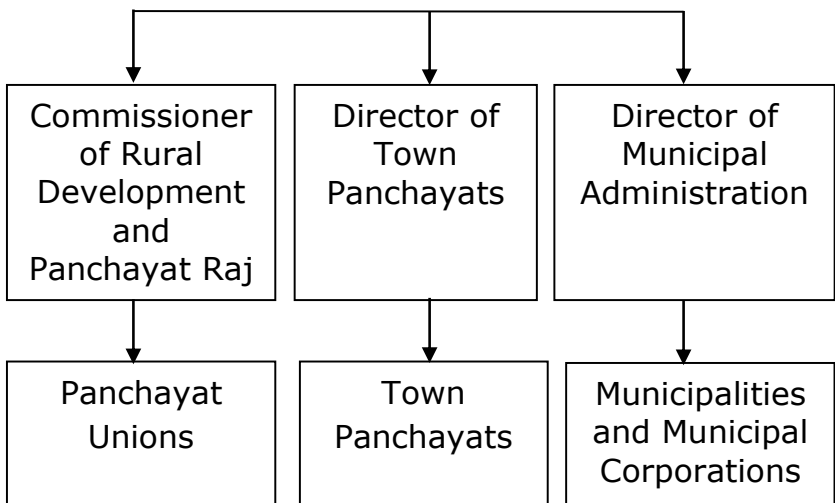
(iii) As per current best practices, entry level and exit level discussions with the executive authorities are also conducted to facilitate rectification of defects pointed out in audit.

48. Formation of District High Level Committees and State High Level Committees

District High Level Committees



State High Level Committees



- ❖ During the period from 01.04.2021 to 31.03.2022, four District High Level Committee meetings in respect of Municipal Corporation were conducted and 153 audit objections of value **Rs.2106.09 lakh** were settled.

- ❖ During the period from 01.04.2021 to 31.03.2022, three District High Level Committee meetings in respect of Municipalities were conducted and 86 special audit objections of value Rs.703.17 lakh were settled.

- ❖ During the period from 01.04.2021 to 31.03.2022, 47 District High Level Committee meetings in respect of Panchayat Unions were conducted and 704 audit objections of value Rs.3002.07 lakh were settled.

Special Functions

49. Apart from the regular audit functions, this department is also entrusted with the following special functions.

a) Authorisation and disbursement of Pensionary benefits to Local Body Employees

The certification, sanction and payment of retirement/death benefits to the employees of local bodies viz: Municipalities, Town Panchayats and Panchayat Unions is done by the Director of Local Fund Audit. As on 31.03.2022, **30,490 pensioners** are receiving monthly pension through four nationalized banks. The funds for the payment of pension / family pension are released by the Heads of Departments concerned from the State Finance Commission Devolution fund.

b) Redressal of Local Body Pensioners' grievances

An information desk has been opened at the Directorate of Local Fund Audit for redressal

of local body pensioner/family pensioners grievances and the pensioner/family pensioners are able to get information required by them regarding their pension proposals and related matters without any delay.

c) Administration of Municipal Pensioner's Health and Family Security Fund Schemes

The Health Fund Scheme and Family Security Fund scheme have been extended to municipal pensioners in G.O.(Ms.)No.120, Municipal Administration and Water Supply Department, Dated 25.05.1999 with effect from 01.08.1999. These two welfare schemes are administered by the Director of Local Fund Audit. For the period 01.04.2021 to 31.03.2022, 105 claims were settled and Rs.46.31 lakh was sanctioned under the Pensioners' Health Fund Scheme and 239 claims were settled and Rs.106 lakh was sanctioned under Family Security Fund Scheme.

d) Administration of Panchayat Union Pensioner's Health and Family Security Fund Schemes

The Health Fund Scheme and Family Security Fund scheme extended to Panchayat Union pensioners in G.O.(Ms.) No.23, Rural Development and Panchayat Raj (E7) Department, Dated 15.03.2013 with effect from 01.04.2013 are administered by the Director of Local Fund Audit. During the period 01.04.2021 to 31.03.2022, 167 claims were settled and Rs.76.33 lakh was sanctioned under pensioners' Health Fund Scheme and 392 claims were settled and Rs.173.54 lakh was sanctioned, under Family Security Fund Scheme.

e) Sanction of Interest on Provident Fund Balances and Deposits of Local Body Employees

The Provident Fund Deposits of Local Body Employees and the investments therefrom were taken over by Government in 1967. The Director

of Local Fund Audit is authorised to sanction interest on the balance of Provident Fund Deposits of Local Bodies. A sum of Rs.18 crore was sanctioned by the Government during the period from 01.04.2021 to 31.03.2022 and the entire allotment has been utilized for sanction of interest claims to the Local Bodies.

f) Treasurer of Charitable Endowments

The Director of Local Fund Audit also functions as the Treasurer of Charitable Endowments with effect from 01.04.1952. Government authorizes acceptance of the endowments and publishes the scheme of administration of the endowment.

At present, there are 4 Central Endowments worth **Rs.23.25 lakh** and 891 State Endowments worth **Rs.37.04 Crore** under the custody and control of the Treasurer of Charitable Endowments. During the period from

01.04.2021 to 31.03.2022, out of the interest proceeds of endowments, a sum of **Rs.65.79 lakh** has been distributed to **656** Endowment institutions towards the award of scholarships, prizes and medals.

Contributory Pension Scheme / Audit by the Department of Local Fund Audit

50. As per G.O.(Ms.) No.260, Finance (Pension Grievances Cell) Department, Dated 15.10.2015, the Director of Local Fund Audit audits the accounts relating to the Contributory Pension Scheme (CPS) maintained by the Local Bodies so as to ensure the correctness of the subscription of the employees and contribution of the Local Body. Contributory Pension Scheme accounts for 381 Panchayat Unions have been audited for the year 2019-2020 and 342 Panchayat Unions have been audited for the year 2020-2021 as on 31.03.2022. In respect of other Local Bodies such as 21 Corporations,

115 Municipalities and 528 Town Panchayats, Local Fund Audit Department have been verifying the correctness of the Contributory Pension Scheme accounts as and when data are uploaded by these Local Bodies.

Status of Audit Progress

51. Audit for the year 2020–2021 in respect of all Panchayat Unions, District Panchayats, Corporations, Municipalities, Town Panchayats, Universities and other institutions have been completed.

Audit for the year 2020-2021 in respect of 22% of Village Panchayats have also been completed.

Audit Fees

52. This department has been charging audit cost as audit fee out of total expenditure as below:

University	100%
Municipal Corporations and Municipalities	50%
Agricultural (Marketing) Committees	2%

- ❖ As against the demand of Rs.2007.78 lakh, a sum of Rs.1094.39 lakh was remitted as audit fees by the above-mentioned institutions during financial year 2021-2022.

Recovery of excess payment pointed out in audit

53. The amount recovered on account of settlement of audit objections relating to Town Panchayats, Municipalities, Corporations, Universities and other miscellaneous institutions from April 2021 to March 2022 can be seen at Annexure-I(c).

New Initiatives:

54.(i) A Training Centre exclusively for the Local Fund Audit Department headed by a Deputy Director has been established. Foundation training is imparted to the directly recruited Assistant Inspectors as well as Assistant Inspectors promoted through recruitment by transfer in order to enhance quality of audit. Refresher Training has been given to all the auditors.

(ii) Audit Information Management System in the Local Fund Audit Department has been implemented. Four milestones (Design and Development of application Software, User Acceptance Testing, Sign off and Roll Out) have been completed and continuous training has been imparted to the auditors. Feedback and Suggestions collected from the Auditors during the training is used by the developers to improve the Application.

CO-OPERATIVE AUDIT DEPARTMENT

55. The Department of Co-operative Audit is functioning as a separate department with effect from 17.6.1981 as per the recommendations of the Santhanam Committee and the Administrative Reforms Commission. As per Section 80 of Tamil Nadu Co-operative Societies Act, 1983, the main function of the Co-operative Audit Department is to conduct statutory audit of all Co-operative Societies functioning under the administrative control of 14 Functional Registrars, except Multi State Co-operatives and Milk Co-operatives.

56. The list of Co-operative Societies under the control of the Functional Registrars coming under the audit purview of the Co-operative Audit Department is at Annexure-II(a).

Scope of Audit

57. The main objective of the Co-operative Audit is to audit the accounts of the societies and to ensure that the financial statements have been drawn properly and that they reflect a true and fair picture of the financial position of the societies. In addition, this department assures the members that the societies are functioning in accordance with Tamil Nadu Cooperative Societies Act 1983, Tamil Nadu Cooperative Societies Rules 1988 and bylaws and other directions of the Government. It also ensures that the grants, subsidies and the assistance given by the Government are utilized properly and the benefit is derived by the members and the community as a whole.

Concurrent Audit of Urban Banks and District Central Co-operative Banks

58. The statutory audit of all Central Co-operative Banks and Urban

Co-operative Banks are entrusted to Chartered Accountants. The auditors of the Co-operative Audit Department are entrusted with the task of concurrent audit of these Banks.

Statutory Audit and Audit Fees

59. The statutory audit of primary co-operative societies has to be completed within a period of 45 days. Audit fee is collected for the period of audit from the respective societies and remitted into the Government Account.

Under Fundamental Rule 127, the statutory audit of societies having voluminous transactions is conducted by deploying full time auditors for which more than 45 man-days are allowed, and as per G.O.(Ms.) No.27, Finance (Co-operative Audit) Department, Dated 12.02.2020. 35 percent of the salary cost is recovered from the respective societies as Fundamental Rule cost of audit.

Status of Audit Progress

60. Since the accounts of the societies are pertaining to the period from 1st April to 31st March (Financial year) audit is being taken after the completion of financial year. Audit of accounts for the year 2020-2021, have been completed for 8,653 out of 13,564 societies during 2021-2022. The audit of the remaining societies will be completed shortly. Ongoing enquiry under Section 81 of TNCS Act, 1983, investigation by the Commercial Crime Investigation Wing, court cases, non-production of books and accounts are some of the reasons for non-completion of audit of certain societies upto the year 2019-2020. Efforts are being taken to complete the audit work of such societies with the coordination of concerned administrative authorities.

Special Reports

61. When serious defects like misappropriation, fraud, violations of TNCS act, rules, stock deficit, are found out during the course of audit, they are brought to the notice of the Functional Registrars concerned through Special Reports for initiating necessary follow-up actions. As per G.O. No.267, Finance (CA) Department, Dated 06.08.2018 the annual report of action taken by the Functional Registrars has been submitted to the Government for the year 2017-2018. Action taken report details for the year 2018-2019 onwards are yet to be received from the Functional Registrars.

The special report details for the past 5 years are given below:-

Audit year	No. of Special Reports	Amount (Rs. in Crores)
2017-2018	569	59.58
2018-2019	609	65.08
2019-2020	544	47.95
2020-2021	506	94.63
2021-2022	350	45.02

Training and Development

62. To improve the quality of audit skills among the auditors, the department is conducting various types of short-term training programmes and also conducting 2 day refresher classes every year.

Audit Information Management System (AIMS)

63. Audit Information Management System (AIMS) is an Internet based application by which audit related information like audit plan approval, diary submission, audit progress, issue of audit

certificates are monitored. Uploading of financial statements, Audit fees and Fundamental Rule cost collection details and special report details for serious irregularities are uploaded in the AIMS software.

64. New Initiatives

- Creation of database relating to the financial position of cooperative institutions.
- Framing of guidelines to reduce the backlog in audit especially in respect of Books Not Available/Books Not Written/ Books with Court, Police, and Enquiry Officer.
- Defect Compliance mechanism and introduction of Joint sitting with administrative departments at District, Regional and State level to monitor the settlement of audit objections.

- Fixing of norms to the audit personnel for different types of cooperative Institutions and issue of audit certificates on the basis of turnover.
- Visit to other states to study the best practices in cooperative audit and implementation of such practices.
- Revision of Audit Manual.

STATE GOVERNMENT AUDIT DEPARTMENT

65. Originally a State Trading Schemes Audit Department was constituted in the year 1969. This Department was reorganized as per G.O.(Ms.) No.598, Finance (Local Fund) Department, Dated 03.08.1992, realigning the functions of the existing Local Fund Audit department and State Trading Schemes Audit department, providing greater scope for internal audit in Government departments as the Chief Internal Auditor and Chief Auditor of Statutory Boards. Subsequently, the duties and responsibilities of the department were extended to more statutory and non-statutory boards/Institutions, Government departments and Government aided Institutions. The "Internal Audit and Statutory Boards Audit Department" has been renamed as "State Government Audit Department" vide G.O.(Ms.) No.264, Finance (Local Fund) Department, Dated 16.08.2019.

66. Scope of Audit

- Systemic examination of all receipts and expenditure of the auditable institutions.
- Ensure the financial transactions adhere to standards of propriety and the relevant rules and regulations of the Government are scrupulously followed by institutions.
- Examining the Pensionary benefits, General Provident Fund and Special Provident Fund of the employees of the Boards.
- Responsible for follow up of the most serious audit observations relating to the Boards/Institutions and their final resolution in the Public Undertaking Committee.

Auditable Institutions

67. The list of Boards and Institutions under the purview of the State Government Audit Department can be seen at Annexure-III(a).

68. The list of important institutions and schemes audited by this department is at Annexure-III(b).

The audit of the above boards is conducted annually on concurrent basis. The audit reports of these institutions are issued within the stipulated time frame and serious irregularities are brought to the notice of the Government and Public Undertakings Committee of the Tamil Nadu Legislative Assembly.

The Status of Audit of the Auditable Institutions as on 31.03.2022 is at Annexure-III(c).

Audit Certificate

69. This department certifies the entitlement to grants of the aided institutions concerned, besides certifying Pension and Provident Fund closure proposals of employees of all the auditee Boards.

Other Functions

70. At present, in 19 Government departments, the Internal Audit functions are being supervised by this department and Audit reports issued.

1. Medical Education Department
2. Medical and Rural Health Services Department
3. Public Health and Preventive Medicine Department
4. Agriculture Department
5. Agricultural Engineering Department
6. Geology and Mining Department
7. Revenue Administration Department
8. Transport Department
9. Collegiate Education Department
10. Technical Education Department
11. Prisons and Correctional Services Department
12. Police Department

13. Social Welfare and Women Empowerment Department
14. Rehabilitation Department
15. Adi-Dravidar and Tribal Welfare Department
16. Forest Department
17. Stationery and Printing Department
18. Backward Classes and Minorities Welfare Department
19. Fire and Rescue Services Department

Follow up action taken on Audit Reports

71. The gist of audit paragraphs, which are serious in nature, are being brought to the notice of Heads of departments and the Secretaries to Government concerned for corrective action.

Audit Fees

72. The demand for audit fees is raised on the basis of the actual cost of audit or average cost. A sum of Rs.74.65 lakhs has been collected so far as audit fees during 2021-2022 financial year.

Recovery of Excess payment pointed out in Audit

73. Revenue loss to the tune of Rs.857.37 lakh pointed out in audit reports of various auditable institutions was recovered and remitted to government account, by settling 6354 paras in joint sittings.

Capacity Building:

74. To improve the quality of the skills of audit among the auditors, this department is conducting 3 day regular training periodically to the auditors about various types of auditable institutions.

75. e-Governance Initiatives

1. An exclusive web portal for this department is under development.
2. To take up the digitalization of the department's functioning a "Cell for Data Management and Analytics" will be established.

DEPARTMENT OF AUDIT FOR MILK CO-OPERATIVES

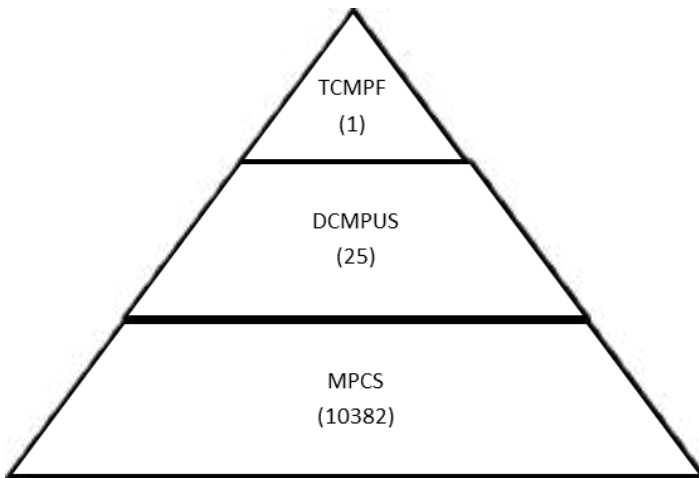
76. The Directorate of Audit for Milk Co-operatives was created as a separate department in 1987 to conduct statutory audit exclusively for Milk Co-operatives in the State.

77. Earlier this department was functioning under the administrative control of Animal Husbandry, Dairying and Fisheries Department. This department has been brought under the overall control of the Finance Department as a separate department vide G.O.No.370, Finance (Co-operative Audit) Department, Dated 22.11.2019, with sanctioned cadre strength of 333 posts.

Structure of Milk Co-operatives

78. Milk Co-operatives comprise of a 3-tier structure with the Tamil Nadu Co-operative Milk Producers' Federation Limited (TCMPF) at apex level, 25 District Co-operative Milk Producers'

Unions (DCMPUS) at District level, 10335 Milk Producers Co-operative Societies (MPCS) and 47 Milk Consumer Co-operative Societies at the Primary level.



Scope of Audit

79. The main objective of this department is to audit the accounts of the milk societies and to ensure that the Balance Sheet and Profit and Loss Account have been drawn properly so that they represent a true and fair picture of the state of affairs of the societies.

In addition, the audit department enables accountability to the members of the societies by auditing whether the societies are functioning in accordance with the relevant Act, Rules and procedures and also whether the assistance received from Government is utilized for the purpose for which it was sanctioned.

Status of Audit Progress

Tamil Nadu Cooperative Milk Producers Federation

80. Final Audit of Tamil Nadu Cooperative Milk Producers Federation for **2020-2021** was completed in all the 10 units of federation & Audit Certificates issued.

District Cooperative Milk Producers Unions

81. Audit for 2018-2019, has been completed in the newly created unions of Tiruppur & Namakkal and Audit certificates issued.

Audit for 2019-2020, has been completed in the 5 newly created unions of Tiruppur, Namakkal, Theni, Dharmapuri and Tiruvannamalai and Audit certificates issued in Theni and Dharmapuri Unions. Finalization of Audit report is in progress in the remaining 3 Unions.

Audit for 2020-2021 has been completed in 21 District Cooperative Milk Producers Unions and Audit Certificates issued in 20 Unions. Finalization of Audit report is in progress for Theni Union. Audit has not commenced in the remaining 4 Unions i.e., Tiruppur, Namakkal, Dharmapuri and Tiruvannamalai as books of accounts have not been furnished in complete shape.

Primary Milk Producers Cooperative Societies

82. For the audit year 2020-2021, out of 10,382 Milk Producers Cooperative Societies, audit has been completed for 8881 societies and Audit Certificates issued for 4255 societies. Issue

of Audit Certificates is in progress for the remaining societies.

The Audit progress for the past 3 years is at Annexure-IV(a).

Audit Fees and Fundamental Rule Costs

83. During 2021-2022 a sum of Rs.107.08 lakhs towards Concurrent audit fees and Rs.178.35 lakhs towards Fundamental Rule cost totalling Rs.285.43 lakhs was collected from the milk cooperative societies and remitted into Government account.

Special Reports

84. As and when serious defects are noticed during audit, they are forwarded to the Commissioner for Milk Production and Dairy Development and the Deputy Registrars (Dairying) by means of special reports which contain the narrative details of the serious defects and the financial involvement for appropriate

action at their end. The progress of special reports for the past 3 years:

Tamil Nadu Cooperative Milk Producers Federation

For the year 2020-2021, 9 special reports to the tune of Rs.8,828.25 Lakhs is under preparation.

District Cooperative Milk Producers Unions

Audit year	No. of Special Reports	Amount (Rupees in Lakhs)
2017-2018	10	618.20
2018-2019	20	8300.68
2019-2020	20	10028.12
Total	50	18947.00

For the year 2020-2021, 20 special reports to the tune of Rs.7,740.55 Lakhs are under preparation.

Primary Milk Producers Cooperative Societies (As on 31.3.2022)

Audit Year	No. of Special Reports	Amount (Rupees in Lakhs)
2017-2018	280	898.60
2018-2019	361	674.10
2019-2020	698	292.82
2020-2021	73	3.17
Total	1412	1868.69

Training and Development

85. Every year refresher courses are conducted for the Auditors of the department with financial assistance sanctioned by the Government to improve their audit skills and proficiency.

New Initiatives

86. In order to revamp the functioning of this department, initiatives to restructure the existing cadre strength, framing of special rules for the restructured cadre, revision of audit fees and preparation of an Audit Manual have been taken up by this department.

HINDU RELIGIOUS INSTITUTIONS AUDIT DEPARTMENT

87. As per G.O.(Ms.) No. 181, Tourism, Culture and Religious Endowments Department, Dated 25.11.2021, the audit wing functioning under the control of Hindu Religious and Charitable Endowments Department was separated and brought under the administrative control of the Finance department as the HINDU RELIGIOUS INSTITUTIONS AUDIT DEPARTMENT.

The following accounts of Hindu Religious Institutions are being audited by this department

1. General Accounts of the Religious Institutions whose annual income exceeds more than Rs.1,000 and above
2. Annadhanam
3. Oru Kala Poojai
4. Educational Institutions
5. Thiruppani
6. Gramappura Thiruppani
7. Other miscellaneous accounts

88. EXTENT AND SCOPE OF AUDIT

- The audit checks whether there is any contravention of the provisions of the Hindu Religious and Charitable Endowments Act of 1959 and the Rules prescribed under Section 87(2) and 116 (2) (xiv) - the Manner of Audit of Account Rules.
- The following checks are undertaken in the audit
 - (i) Physical verification of investments, bonds and tickets printed.
 - (ii) Timely realisation of income
 - (iii) Steps are taken to recover overdue amounts
 - (iv) Whether all collections are duly accounted
 - (v) Whether the expenditure is duly supported by proper vouchers
 - (vi) Prima facie extravagant expenditure

89. The Status of audit as on 31.03.2022 is at Annexure-V(a).

AUDIT FEES

90. As per Sub Section 2 of Section 92 of Hindu Religious and Charitable Endowments Act, 1959 and the rules framed thereunder, Audit Fees are being calculated and collected on the basis of the following percentage on the Annual Assessable Income of the Religious Institutions in each fasli year to compensate the cost of audit.

Sl. No.	Assessable Income of the Religious Institution	Percentage of audit fee
1	Up to Rs.5000	Nil
2	Rs.5001-5,00,000	1.5 percent
3	Over Rs.5,00,001	4 percent

The amount collected towards Audit Fees as mentioned above, are being collected by the administrative wing of the H.R.& C.E Department and remitted into Government Account.

TREASURIES AND ACCOUNTS DEPARTMENT

91. INTRODUCTION

Treasuries are one of the oldest operational units of the Government. Originally, they functioned as part of the Collectorates. **In 01.04.1962, they were reorganized into a separate department** and brought under the administrative control of the Finance Department.

The Treasuries and Accounts Department headed by the Commissioner of Treasuries and Accounts is functioning under the administrative control of the Finance Department. There are 6 Regional Joint Director Offices, 6 Pay and Accounts Offices, 3 Sub Pay and Accounts Offices, 37 District Treasuries, 1 Pension Pay office, 1 Assistant Superintendent of Stamps Office and 243 Sub Treasuries. The Department discharges the various Treasury functions of the State and also provides skilled manpower to various

Departments, Boards, and Corporations to carry out the Finance related functions.

92. MAIN FUNCTIONS:

- 1) Handling of all receipts and payments of the Government
- 2) Disbursement of salaries to more than 9.3 lakh employees
- 3) Disbursement of pension for 7.2 lakh Pensioners
- 4) Disbursement of payments to all schemes, capital works etc.
- 5) Rendering of compiled monthly accounts to the Accountant General
- 6) Sale of various Judicial and Non-Judicial stamps to Vendors
- 7) Implementation of New Health Insurance Schemes to employees and pensioners.
- 8) Maintenance of various Deposit Accounts for Local Funds and Personal Deposits of Drawing and Disbursing Officers, Allotment of Funds to Head of Departments for advances e.g., Vehicle, Computer etc.,

93. INTEGRATED FINANCIAL AND HUMAN RESOURCES MANAGEMENT SYSTEM (IFHRMS)

- The Government had proposed to implement Integrated Financial and Human Resource Management System (IFHRMS) **for the effective and efficient functioning of Government by integrating management of both Financial and Human Resources.** To provide total solution for IF&HRMS, M/s. Accenture Solutions Pvt Ltd, Chennai was appointed with the responsibility of offering consulting services and to identify the System Integrator.
- M/s Wipro Ltd was selected as the System Integrator for this project.
- Necessary infrastructure has been created and IFHRMS application has been established at all the locations.

- IFHRMS was initially implemented at Karur District during January-2020 and subsequently it has been extended to all districts and Pay and Accounts Offices in a phased manner. All claims of Salary, Non-Salary, Pension and Work bills are being processed through IFHRMS only and e-payment made to the beneficiaries through e-Kuber portal of RBI.
- The Pension payments have been implemented in all District Treasuries and at Pension Pay Office (PPO), Chennai and the Payments made to the beneficiaries through IFHRMS.
- e-challan module was launched to enable the General public / Government Departments, Boards & Corporations and Local Bodies, to remit the receipts of the Government as e-receipts in IFHRMS.

The remittances can be made 24x7 through online facilities (www.karuvoolam.tn.gov.in). Four Banks namely, State Bank of India, Bank of Baroda, Indian Overseas Bank and Indian Bank have been identified as Aggregator Banks. The e-challan has been made operational with all the above four banks and the amount collected and remitted into Government Account in RBI.

- Integration of major Revenue earning Departments viz., Commercial Taxes and Prohibition and Excise and e-Sarathy of the Transport Department has been completed.
- Implementation of DSC (Digital Signature Certificate) with IFHRMS has been completed.

- Integration of e-Vahan of Transport Department and Registration Department will be completed shortly.

Further, the integration of the following components and testing is in progress.

- Integration of TANGEDCO, and BSNL.
- e-SR updation by Departments
- TNHB sharing the rent recovery details for the Quarters-Under development by TNHB.
- Income Tax- Filling of periodical income tax returns by DDOs- 24Q, 24G & 26Q Development completed, latest changes to be incorporated.
- Out of Treasury transactions with Accountant General.

PUBLIC FINANCIAL MANAGEMENT SYSTEM (PFMS)

94. Public Financial Management System is an application which provides an end-to-end solution for processing payments, tracking, monitoring, accounting, reconciliation and reporting of all Government of India funding for centrally sponsored schemes and state shared schemes. The **Treasuries and Accounts Department is the Nodal Department for this scheme.**

The Treasuries and Accounts Department is taking effective steps to co-ordinate the implementation of the PFMS, based on the guidance and instructions from the Government of India and State Government of Tamil Nadu.

Under this system, more than 185 Centrally Sponsored Schemes related to 51 departments have been registered. As per the instructions of

Government of India, 124 Single Nodal Agency were created to implement PFMS.

NEW HEALTH INSURANCE SCHEME, 2021

95. The New Health Insurance Scheme aims to provide health care assistance to the employees of Government Departments, Local Bodies, Public Sector Undertakings, Statutory boards and State Government Universities, willing State Government Organizations /Institutions and their eligible family members. This Scheme provides medical assistance up to Rs.5 lakh to avail treatment and surgeries. The insurance premium of Rs.300/- (Rs.295/- for insurance subscription + Rs.5/- for Corpus fund subscription for meeting higher expenses in respect of rare illness and exceptional circumstances, extending the total benefit upto Rs.20.00 lakh) is being deducted from the Government employee's monthly salary. The Government have extended the New Health Insurance Scheme beyond

30.06.2021 for a further period of four years with some additional features. **The New Health Insurance Scheme 2021 is implemented from 01-07-2021 through United India Insurance Company Limited, a central Public Sector Undertaking.**

96. Under the new scheme, the **maximum limit has been enhanced to Rs.10,00,000/-** (Rupees Ten lakh) for the following specified diseases and treatments

- 1) Surgery, Chemotherapy, Radiotherapy and Immunotherapy for all Malignancies including inpatient procedures for diagnosis
- 2) Liver, Kidney, Heart, Lungs and Bone Marrow Transplantation
- 3) Complex Open Heart Surgeries and Implants

- 4) Accident and Trauma cases involving Multiple Fractures
- 5) Heart Valve Replacements, Aneurysms and Angioplasties
- 6) Management of Burn Injuries
- 7) Organ Harvesting Expenses of Donor for transplantation surgeries

COVID-19 treatment has been included under specified illness list to avail cashless medical assistance upto Rs.10.00 lakh.

This scheme covers the **dependent children** of the Government employee without age limit to avail the eligible cashless medical assistance.

97. The coverage of medical assistance under this scheme has been extended to accident cases, where the patient avails approved treatment/undergone surgery in a non-network hospital. Under this Scheme, **203 treatments**

are covered to avail medical assistance i.e., 116 treatment and surgeries and 87 medical care procedures on Cashless basis through **1169 networked hospitals** located in Tamil Nadu, Puducherry, Bengaluru, Thiruvananthapuram and New Delhi. From 1.7.2016 to 30.06.2021, 2,48,716 beneficiaries have availed medical assistance costing Rs.1033.46 crore. Further, under the New Health Insurance Scheme 2021, 51,767 beneficiaries have availed medical assistance costing Rs.215.14 Crore from 01.07.2021 to 31.03.2022.

In addition, for the treatment of COVID-19 under the New Health Insurance Scheme for Employees, a **corpus fund** has been created with a sum **of Rs.5 crore**. A sum of Rs.75 crore has been sanctioned so far.

98. NEW HEALTH INSURANCE SCHEME, 2018 FOR PENSIONERS

The New Health Insurance Scheme-2014 for Pensioners (including spouse) / Family Pensioners is being implemented from 1-7-2014. The Government have extended this Scheme with some additional features for the block of four years covering the period from 1-7-2018 to 30-6-2022. This Scheme is being implemented through United India Insurance Company Limited, a Public Sector Undertaking. Under the new Scheme, the ceiling on medical assistance has been **enhanced from Rs.2 lakh to Rs.4 lakh** for availing approved treatments and surgeries undertaken.

Under the new scheme, this benefit has also been extended to **son / unmarried daughter** who is suffering from any disorder or disability of mind or physical disability so as to render him/her incapable of earning a livelihood.

Under the new scheme, medical assistance has been **enhanced to the maximum limit of Rs.7.50 lakh** for the following diseases and treatments such as

- 1) Surgery, Chemotherapy, Radiotherapy and Immunotherapy for all Malignancies including inpatient procedures for diagnosis,
- 2) Liver, Kidney, Heart, Lungs and Bone Marrow Transplantation,
- 3) Complex Open Heart Surgeries and Implants,
- 4) Accident and Trauma cases involving Fractures,
- 5) Heart Valve Replacements, Aneurysms and Angioplasties and
- 6) Management of Burn Injuries.

COVID-19 treatment has been included under specified illness list to avail cashless medical assistance upto Rs.7.50 lakh

The coverage of medical assistance under this new scheme has been extended to Emergency Care and cases following an accident, where the patient avails approved treatment/ undergone surgery in a non-network hospital. Under this Scheme, 114 treatments and surgical procedures are covered on cashless basis through **1168 Network hospitals** located in Tamil Nadu, Puducherry, Thiruvananthapuram, New Delhi and Bengaluru. **The annual premium payable by the Government to the United India Insurance Company Limited is Rs.3,800/- per pensioner / family pensioner, per annum for the block period of four years from 01-7-2018 to 30-6-2022.** The annual premium initially paid by the Government is recovered from the pensioner / family pensioner at Rs.350/- per month by deduction in monthly pension/family pension from the month of July 2018.

During the four-year period i.e., from 1-7-2014 to 30-6-2018, a total of 2,01,285 beneficiaries have availed medical assistance to the tune of Rs.578.01 crore. After extending this Scheme from 1-7-2018 to 31-03-2022, a total of 2,23,004 beneficiaries have availed medical assistance to the tune of Rs.881.56 crore. Further, under the Pensioners New Health Insurance Scheme 2018, 49,582 beneficiaries have availed medical assistance costing of Rs.207.02 Crore from 01.07.2021 to 31.03.2022.

Further, Government have accorded permission to extend this Scheme *mutatis mutandis* to pensioners / family pensioners of the Local Bodies, Statutory Boards, State Public Sector Undertaking, Universities and willing State Government Organisations / Institutions, where pension/family pension is being paid from their own funds and are capable of bearing the

employer share of the premium without financial liability befalling on the State Budget.

In addition, for the treatment of COVID-19 under the New Health Insurance Scheme for Pensioners, a corpus fund has been created with a sum of Rs.2.5 Crores. A sum of Rs.37.5 crores has been sanctioned so far.

SMALL SAVINGS DEPARTMENT

99. Small Savings Schemes are implemented mainly in the Post Offices. The net proceeds of small savings investments collected in State had been released as long-term loan to that State by the Central Government. Due to the high cost of such loans, based on a request of the State Government, Tamil Nadu has been excluded from availing small savings loans with effect from 2016-2017.

Small Savings Schemes

100. A number of Small Savings Schemes are in existence to suit the requirement of different sections of the society. The Government of India announces the rate of interest for the Small Savings Schemes periodically for each quarter.

The current rate of Interest to the schemes as on 01.01.2022 is provided in the Department's

website www.tnsmallsavings.org and is periodically updated.

Small Savings Collection

101. The small savings collection has increased considerably during the year 2021-2022 when compared with previous year.

Agency System

102. At present 13,375 agents (MPKBY-10,429 and SAS-2946) are available in Tamil Nadu to mobilize small savings collection. The agents strength is reduced when compared to previous year due to the pandemic.

Awards

103. The Government of India pays commission to agents for the deposits made through them. The Government of Tamil Nadu, in order to motivate Small Savings Agents presents every year awards and shields for Best Agents at the Block, District and State Levels for the

Mahila Pradhan Ksetriya Bachat Yojana (MPKBY) agents and at the District and State levels for Standardised Agency System (SAS) agents.

104. The Small Savings Department plays a vital role in encouraging the collection under Small Savings Schemes and to attend to the grievances of investors and agents through online (www.tnsmallsavings.org) all over Tamil Nadu. During World Thrift Day celebrations every year, Essay, Oratorical, Dance and Drama competitions are being conducted among the students awards given.

Publicity

105. In order to create awareness among the public, Small Savings Department participates in Government Exhibitions by erecting Small Savings pavilion, distributing pamphlets in Trade Fair at Chennai and in Districts and through conduct of dramas at Block level every year.

TAMIL NADU INFRASTRUCTURE DEVELOPMENT BOARD (TNIDB)

106. The Tamil Nadu Infrastructure Development Act, 2012 enacted to provide an enabling and facilitative environment for financing, design, construction, maintenance and operation of infrastructure projects through private sector participation, and an institutional framework for identification, prioritization and implementation of such projects and related matters. The Tamil Nadu Infrastructure Development Rules, 2012 lay down the procedures for determination of State support and management of funds created under the Tamil Nadu Infrastructure Development Act and the Tamil Nadu Infrastructure Development Board Regulations, 2013 lay down the manner in which the Board shall operate and provide for the form and manner of preparation and approval of project documents.

107. The Tamil Nadu Infrastructure Development Board set up under the Tamil Nadu Infrastructure Development Act, 2012 acts as the nodal agency for infrastructure development in the State. The Board largely coordinates infrastructure development activities in the State and facilitates projects undertaken by Government institutions through the public sector mode as well as through Public-Private Partnership (PPP) mode.

108. The Chairperson of the Board is the Hon'ble Chief Minister (Ex-officio) and Vice Chairperson of the Board is the Hon'ble Minister for Finance (Ex-officio). The Board also has an Executive Committee chaired by the Chief Secretary and a Sub-Committee chaired by Finance Secretary.

109. Under the TNID Act, 2012, Tamil Nadu Infrastructure Development Fund (TNIDF) is set

up for providing financial support to facilitate the design, development, functioning, administration, management of projects. The Project Preparation Fund is created to provide financial support for conducting studies, hiring the services of experts and consultants, preparing feasibility studies, detailed project studies, capacity building, research and related purposes.

110. To encourage and facilitate the participation of private sector in infrastructure development in the State, the Government has decided to further strengthen the Board by hiring experts from the open market, simplifying procedures, optimizing delegation of powers and introducing appropriate amendments in the relevant statutory provisions.

111. The Board which was hitherto functioning from the Secretariat itself has now been accommodated in a separate office space with adequate manpower and experts. Further,

the Board will also extend assistance to major departments with high potential for PPP projects by deploying experts from TNIDB to work with the departments closely. These experts would handhold the departments in identifying appropriate projects, hire consultancies, assist in documentation, and coordinate with TNIDB to expedite sanctions.

112. Further, while the Government has taken steps to strengthen the TNIDB on the one hand and mobilizing funds for infrastructure through the TNIFMC on the other, a synergy of effort would be ensured between these two organizations whereby, TNIDB would encourage and develop projects, TNIFMC would make effort to provide innovative finance to these projects while ensuring competitive returns to the investors.

113. Government of Tamil Nadu has accepted the Technical Assistance from the UK Government for conducting a Study on Benchmarking and Prioritization of Infrastructure projects on PPP mode in Tamil Nadu. Major scope of the study will be to design a framework for project selection – in line with Government of Tamil Nadu’s overall development agenda and creation of an inventory of iconic projects which can be taken up for implementation under the PPP mode. The project will be funded by the FCDO Research and Evidence Directorate, and aims to enable inclusive economic growth in Tamil Nadu. British Deputy High Commission has appointed Consultants to carry out the study and the project would be coordinated by TNIDB.

114. The Government has signed the loan agreement with the World Bank along with Asian Infrastructure Investment Bank for implementation of Chennai City Partnership

phase-1- Sustainable Urban Services Program as a unique model of development co-operation with the World Bank to ensure the continued sustainable growth of metropolitan Chennai. This Program is being developed as a multi-sector Program for Results operation (PforR). In the first phase, the expected outlay is \$430 million, comprising funding assistance of \$150 million from World Bank, \$150 million from Asian Infrastructure Investment Bank and Government of Tamil Nadu counterpart funding of about \$ 130 million. The Tamil Nadu Infrastructure Development Board serves as the Project Monitoring Unit for overall coordination and monitoring of the project.

115. Initial discussions are being held with officials of Government of Tamil Nadu and World Bank for implementation of the Second Phase of Chennai City Partnership which would focus on Urban Mobility and Spatial Development (UMSD).

TAMIL NADU INFRASTRUCTURE FUND MANAGEMENT CORPORATION LIMITED

116. Tamil Nadu Infrastructure Fund Management Corporation Ltd. (TNIFMC) is an Asset Management Company owned 49% by Tamil Nadu Infrastructure Development Board (TNIDB) and 51% by financial institutions. Currently manages three funds viz; Tamil Nadu Infrastructure Fund (TNIF), Tamil Nadu Shelter Fund (TNSF) and Tamil Nadu Emerging Sector Seed Fund (TNESSF). TNIFMC is currently evaluating projects in the affordable housing segment including investment in industrial housing and working women hostels across Tamil Nadu with an investment opportunity of Rs.375 crores.

Tamil Nadu Emerging Sector Seed Fund (TNESSF)

117. The Fund has been established to invest in startups and other companies in emerging sectors. The TNESSF has obtained the

SEBI approval for raising capital with a targeted corpus of Rs.500 crores. The Tamil Nadu Industrial Development Corporation Limited and TIDEL Park Limited have made commitments for Rs.30 crores and Rs.20 crores respectively. Further, to boost the Start-up eco-system, in the presentation of the Budget Estimates for the year 2022-2023, the Hon'ble Minister for Finance and Human Resources Management made an announcement that the Government would contribute Rs.50 crore to the TNESSF for making equity investments in Tamil Nadu based startups. These initiatives of the government will immensely benefit the skilled manpower, boost innovation and R&D thereby creating a conducive environment for the advancement of the emerging sectors.

Dr. PALANIVEL THIAGA RAJAN
Minister for Finance and
Human Resources Management

ANNEXURES

ANNEXURE-I

LOCAL FUND AUDIT DEPARTMENT

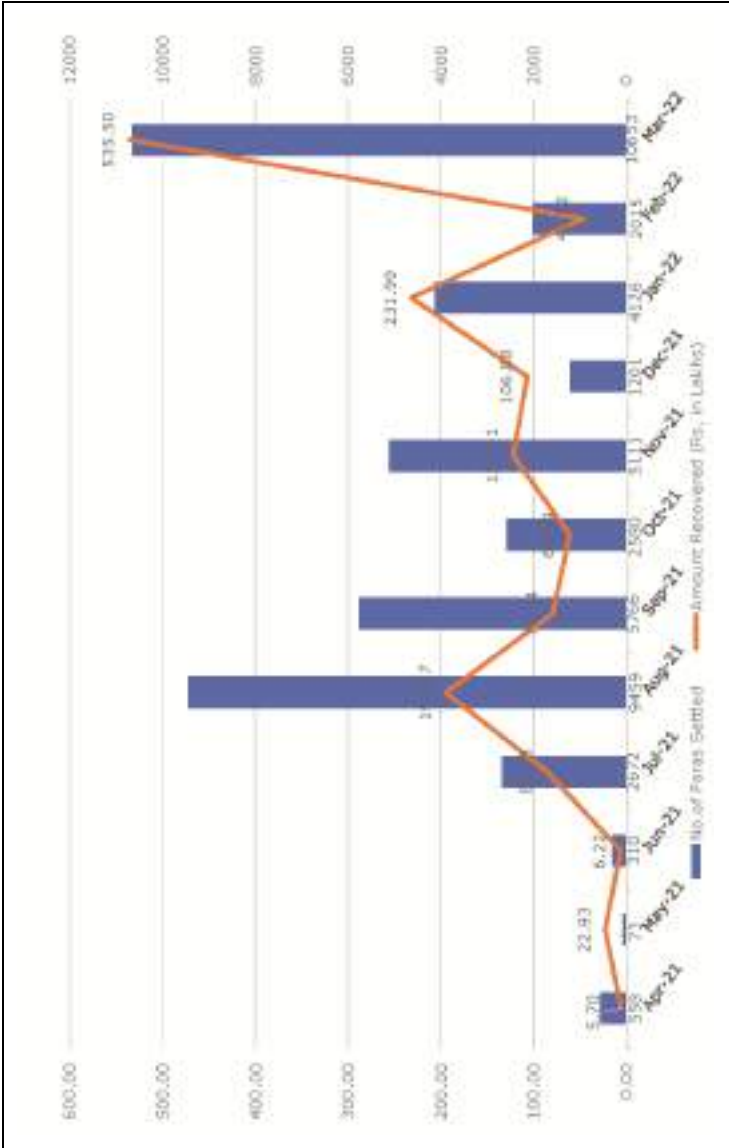
I(a) – List of Institutions under the purview of Local Fund Audit Department

Sl. No.	Name of the Institutions	Total No.
1	Municipal Corporations	21
2	Municipalities	115
3	Town Panchayats	528
4	District Panchayats	31
5	Panchayat Unions	388
6	Universities	23
7	Local Library Authorities	32
8	District Agricultural Market Committees	25
9	Tamil Nadu Agricultural Marketing Board	1
10	Agricultural engineering wings	3
11	Koyambedu Market committee	1
12	Sathangadu Market Committee	1
13	Local Planning Authorities	29
14	Village Panchayats (every year on rotation basis 22% out of 12524 village Panchayats)	2831
15	Miscellaneous Institutions	12
16	National Social Welfare Scheme	32
	Total	4073

I(b) – List of Corporations and Municipalities taken up for Concurrent Audit

SL.NO.	CORPORATIONS	MUNICIPALITIES
1.	CHENNAI	PUDUKOTTAI
2.	SALEM	PALANI
3.	COIMBATORE	POLLACHI
4.	TIRUCHIRAPPALLI	UDHAGAMANDALAM
5.	MADURAI	MARAIMALAI NAGAR
6.	TIRUNELVELI	PALLAVARAM
7.	THOOTHUKUDI	TIRUVANNAMALAI
8.	VELLORE	KODAIKANAL
9.	TIRUPPUR	RAJAPALAYAM
10.	ERODE	KOVILPATTI
11.	THANJAVUR	
12.	DINDIGUL	
13.	AVADI	
14.	NAGERCOIL	
15.	KANCHEEPURAM	
16.	CUDDALORE	
17.	KARUR	
18.	KUMBAKONAM	
19.	TAMBARAM	

**I(c) - Amount Recovered in Audit Objections
(From April 2021 to March 2022)**



ANNEXURE-II

CO-OPERATIVE AUDIT DEPARTMENT

II(a) - List of Co-operative Societies under the control of Functional Registrars coming under the audit purview of the Co-operative Audit Department

Sl. No.	Functional Registrars	Total No. of Societies for the year 2020 - 2021
i	Registrar of Co-operative Societies	8453
ii	Director of Handlooms and Textiles	1357
iii	Commissioner of Industries and Commerce	303
iv	Chief Executive Officer, Tamil Nadu Khadi and Village Industries Board	208
v	Chief Executive Officer, Palm Products Development Board	702
vi	Registrar of Co-operative Societies (Housing)	720
vii	Director of Fisheries	1381
viii	Commissioner of Animal Husbandry and Veterinary Services	110
ix	Commissioner of Sugar	17
x	Director of Agriculture (Oil Seeds)	1
xi	Director of Agro Engineering and Service Cooperative Societies	113
xii	Director of Sericulture	25
xiii	Director of Social Welfare & Nutritious Meal Programme	125
xiv	Director of Rural Development and Panchayat Raj	49
	TOTAL	13564

ANNEXURE-III

STATE GOVERNMENT AUDIT DEPARTMENT

III(a) – List of Boards and Institutions under the purview of the State Government Audit Department

Sl. No	Name of the Institution	No. of centre/ Institutions
1.	Statutory Boards	6
2.	Judiciary Control Institutions	6
3.	Agriculture Department (All districts Main depot audit, Sub depot audit, Seed farms etc...)	1120
4.	Government Institutions (Tamil Nadu Film Division, Tamil Nadu Textbook and Educational Services Corporation etc.,)	1141
5.	Government aided Institutions (World Tamil research institution, Periyar Science and technology institutions, etc...)	643
6.	SC/ST Post Matric Scholarship Audit	2770
7.	Weights and Measures Institutions (Stamping inspector and assistant Inspector offices in all districts etc...)	340
8.	Government aided Polytechnic and Engineering colleges	37
9.	Puratchi Thalaivar Dr. MGR Nutritious Noon Meal Scheme (School going and non-school going)	97198
Total		103261

III(b) – List of institutions / schemes audited by State Government Audit Department

1. Tamil Nadu Housing Board
2. Tamil Nadu Urban Habitat Development Board
3. Chennai Metropolitan Development Authority
4. Tamil Nadu Textbook and Educational Services Corporation
5. Tamil Nadu Khadi and Village Industries Board
6. Chief Minister's Uzhavar Pathukappu Thittam (Social Security Scheme)
7. Folk Artist Welfare Board
8. Tamil Nadu Sports Development Authority
9. Tamil Nadu Manual Labourers Welfare Board
10. 15 Non-Formal labourers' Welfare Boards
11. SC/ST Post Matric Scholarship Scheme
12. Anna Administrative Staff College
13. District Child Protection Units
14. Tamil Nadu Public Service Commission
15. Teachers Recruitment Board
16. National Service Scheme in Deemed Universities
17. Tamil Nadu Government Health Fund Schemes
18. Family Security Fund
19. Hon'ble Chief Minister's Public Relief Fund
20. Government Aided Polytechnics and Engineering Colleges
21. Audit of pay fixation of Government employees in all departments (Audit in respect of Commercial Tax Department, Registration Department, Transport Department has been completed.
22. Audit of the expenditure of Parliament and Legislative Assembly elections.

III(c) – Status of Audit (As on 31.03.2022)

Sl. No.	Name of the Auditable Institutions	Year of completion of audit	Current audit years (is in progress)	No. of Paras	Amount involved (Rs. in Lakhs)
1.	Tamil Nadu Housing Board (TNHB)	2020-2021	2021-2022	467	264932.12
2.	Tamil Nadu Urban Habitat Development Board (TNUHDB)	2020-2021*	2021-2022	578	76074.84
3.	Chennai Metropolitan Development Authority (CMDA)	2020-2021	2021-2022	546	86401.20
4.	Tamil Nadu Textbook and Educational Services Corporation	2018-2019 2019-2020	2020-2021	1020	35236.39
5.	Tamil Nadu Khadi & Village Industries Board	2017-2018 2018-2019 2019-2020** 2020-2021	-	1787	27427.36
6.	Tamil Nadu Wakf Board	2020-2021	-	1640	4107.85
7.	Administrative General (AG)	2017-2018	2018-2019 to 2020-2021	938	424.76
8.	Official Trustee (OT)	2018-2019	2019-2020 to 2020-2021	1702	6243.85
9.	Official Assignee (OA)	2018-2019	2019-2020 2020-2021	1319	3220.67

Sl. No.	Name of the Auditable Institutions	Year of completion of audit	Current audit years (is in progress)	No. of Paras	Amount involved (Rs. in Lakhs)
10.	Official Liquidator (OL)	2015-2016 (II)	2016-2017 to 2020-2021	2171	133528.89
11.	Weights and Measures Institutions	2020-2021	2021-2022	14368	29815.75
12.	Government Institutions	2020-2021	2021-2022	76564	157353.29
13.	Government aided Institutions	2020-2021	2021-2022	19089	307659.66
14.	Government aided Polytechnic and Engineering colleges	2019-2020	2020-2021	5865	12721.93
15.	Puratchi Thalaivar Dr. MGR Noonmeal Scheme Audit	2017-2018 to 2020-2021	-	193867	57090.82
16.	Agriculture Department	2019-2020	2020-2021	30634	23042.67

* 2020-2021 Annual Account not received. only transaction audit completed.

** 2019-2020, 2020-2021 Annual Account not received. Only transaction audit completed

ANNEXURE-IV
DEPARTMENT OF AUDIT FOR MILK
CO-OPERATIVES

IV(a) - Audit progress for the past 3 years

Audit year	Total no. of societies	Audit Completed	Audit Certificate issued	Audit Pending
2018-2019	9857	9825	9819	32 (29 Societies Books not written)
2019-2020	10081	9860	9757	221 (177 Societies Books not written)
2020-2021	10382	8881	4255	1501 (1348 Societies Books not written)

ANNEXURE-V
HINDU RELIGIOUS INSTITUTIONS AUDIT
DEPARTMENT

V(a) - Status of audit as on 31.03.2022

Sl. No.	Category	Grade	No. of Institutions	No of Faslis Pending as on 31.03.2022
1	Special 1	Joint Commissioner/ Executive Officer	11	5
2	Special 2	Deputy Commissioner/ Executive Officer	9	0
3	Special 3	Assistant Commissioner/ Executive Officer	27	3
4	Category 1	More than Rs.5 lakh	709	287
5	Category 2	Rs.2-5 lakh	662	351
6	Category 3	Rs.60000-200000	1030	1782
7	Category 4	Rs.10000-60000	2378	12767
8	Category 5	Non-listed temples	6282	50650
9	Orukala Poojai		12959	40210
10	Thiruppani Accounts			659
11	Gramappura Thiruppani Accounts			10
12	Educational Institution Accounts		25	13
13	Miscellaneous Accounts		13	24
14	Annadhanam		754	8

