

# **Session 2**

## **Session Title**

### **Audit of GP Fund**



- **Instructor's Guide**
- **PowerPoint Slides**
- **Participants' Note**


<b>Session Title: Audit of Gram Panchayat(GP) Fund</b>		<b>Session Guide</b>
<b>Instructor's Guide</b>	Reference	<b>Participant's Response</b>
<b>Session Overview</b>		
<b>Welcome</b> participants to the session and remind them that their active participation is critical for the success of each session.		
<b>Learning Objective</b>		
<b>Inform:</b> By the end of this session, we will acquire knowledge on different credits to the GP Fund, contribution and loans from Central / State Government / ZP, earnings of GP through different sources and provisions for withdrawal from GP Fund which will enable us to draw audit conclusion in a practical job scenario.		
<b>Basic Concepts</b>		
<b>Discuss</b> what the GP Fund stands for, the items to be credited to it, who is the custodian and how the payments are made out of it.	Slide : Session 2 GP Fund	
<b>Audit of GP Fund</b>		
<b>Urge</b> the participants to think of the probable audit points to be looked into during the audit of GP Fund. <b>Advise</b> them to jot down their points individually. <b>Suggest</b> audit points to be looked into in respect of constitution of GP Fund. <b>Distribute</b> Participants' Note	Slide: Session 2 GP Fund Session 2 Participants' Note	
<b>Summarise:</b>		
<b>Point out</b> During the session, we discussed the modalities of the constitution of GP Fund, the various sources of credit to the Fund, conditions for payment from the Fund, reconciliation of the postings with different ledgers and registers and the audit points thereon. <b>Thank</b> the participants and bring the session to a close.		

## Gram Panchayat Fund

### Slide 2

**Gram Panchayat Fund**

- **For every Gram Panchayat (GP) there shall be a Gram Panchayat Fund and there shall be placed to the credit thereof** ☞




### Slide 5

**Gram Panchayat Fund contd.**

- Fines and penalties imposed and realised under WB Panchayat Act ;
- All other sums received by or on behalf of the GP. ☞


(This slide to be adapted to state specific scenario)



### Slide 3

**Gram Panchayat Fund contd.**


- Contributions and grants made by Central/State Government ;
- Contributions and grants made by Zilla Parishad, Panchayat Samiti or other Local Body;
- Loans granted by the Central Government;
- All receipts on accounts of taxes, rates and fees levied by it ; ☞



### Slide 6

**Gram Panchayat shall not receive**


- Any loan from any individual, severally or jointly or any member or office bearer of the GP;
- Any gift or contribution from any individual, severally or jointly or any member or office bearer of the GP save and except in pursuance of a resolution in a meeting of the GP accepting such gift or contribution and stating the purpose.

(This slide to be adapted to state specific scenario) 

### Slide 4

**Gram Panchayat Fund contd.**


- All receipts in respect of schools, hospitals, buildings constructed by or under control of GP ;
- All sums received as gift or contribution and income from any trust or endowment made in favour of the GP;



### Slide 7

**Power to spend**

- Every GP shall set apart and apply annually such sum as may be required to meet-
  - Cost of administration of Naya Panchayat
  - Cost of maintenance of Tax collecting Sarkar and GP Karmees
  - Cost of its own administration including the payment of salary, gratuity to the officers, staff and to the Secretary.

(This slide to be adapted to state specific scenario) 

## Slide 8

**Power to spend**

- Every GP has the power to spend such sums as it thinks fit for carrying out the purposes.
- Fund shall be vested in the GP and the balance to the credit of the Fund shall be kept in such custody as per direction of State Government .

(This slide to be adapted to state specific scenario)



## Slide 3

**Audit Points in respect of Receipts Gram Panchayat Fund**

- Was there any delay in remission of cash / Cheque to the bank?
- Were the fines and penalties imposed and realised in accordance with the provisions of WB Panchayat Act?
- What other sums were received by or on behalf of the GP?

(This slide to be adapted to state specific scenario)

**Audit points in respect of GP Fund**

## Slide 1

**Audit Points in respect of Gram Panchayat Fund**

## Slide 4

**Audit Points In respect of Withdrawal From Gram Panchayat Fund**

- Was the withdrawal of money from the Fund in accordance with the provisions of GP Fund?
- Did the withdrawals have proper authorization?
- Were there any cases of withdrawals in excess of budgetary provision? If so, what were the reasons?



## Slide 2

**Audit Points in respect of Receipts of Gram Panchayat Fund**

- Arithmetical accuracy should be checked from Cash Book, Loans & Advance Regr., Cheques, Counterfoils of Money Receipts etc;
- In r/o Gifts / Contributions whether the same were in accordance with the resolutions of the GP Meetings;



## Slide 5

**Audit Points In respect of Withdrawal From Gram Panchayat Fund**

- Were the withdrawals properly reflected in the Cash Book?
- Were there proper vouchers/acquittance for the withdrawals?
- Was the balance to the credit of the GP Fund kept in the custody as per the directions of the State Govt.?
- Were any withdrawals not in accordance with the relevant minutes of the GP meetings?

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## Session Title

### Audit of Gram Panchayat (GP) Fund

#### Session Overview

We are now on topics, wherein audit of Gram Panchayat Fund could be carried out.

In the last session, the evolution of PRIs and constitution of GP were discussed.

In this session we will discuss audit of GP Fund, Credits to the Funds showing, inter-alia, different contributions of and loans from Central / State Government / Zilla Parishad, earnings of GP through different sources, provisions for withdrawal from GP Fund and Audit points/exercise thereon.



#### Basic concept (Act 45 of the W.B. Panchayat Act, 1973)\*

For every GP there shall be constituted a GP Fund bearing the name of the GP and the following main items are to be credited to the GP Fund:

1. Contributions and grants, if any, made by the Central or the State Government;
2. Contributions and grants, if any, made by the Zilla Parishad, Panchayat Samiti, or any other local authority;

\*This portion to be adapted to state specific scenario.

3. Loans granted by the Central Government or the State Government;
4. All receipts on account of taxes, rates and fees levied by it;
5. All receipts in respect of any schools, hospitals, dispensaries, buildings, institutions or works vested in, constructed by or placed under the control and management of, the Gram Panchayat;
6. All sums received as gift or contribution and all income from any trust or endowment made in favour of GP;
7. Such fines and penalties imposed and realised under the provisions of this Act as may be prescribed; and
8. All other sums received by or on behalf of the GP.

A GP shall not receive to the credit of its Fund:

1. Any loan from any individual, severally or jointly, or any member or office bearer of the GP, or
2. Any loan from any individual, severally or jointly, or any member or office bearer of the GP, save and except in pursuance of a resolution in a meeting of the GP accepting such gift or contribution and stating the purpose for which such gift or contribution is offered and accepted.

Every GP shall set part and apply annually such sum as may be required to meet:

1. The cost of maintenance of GP Karmees;
2. The cost of its own administration including the payment of salary, allowances, provident fund and gratuity to the officers and employees and to the Secretary.

Every GP shall have the power to spend such sums as it thinks fit for carrying out the purposes of this Act.

The GP Fund shall be vested in the GP and the balance to the credit of the Fund shall be kept in such custody as the State Government may, from time to time, direct. All orders for payment from the GP Fund shall be signed by the Pradhan or in his absence by Upa-Pradhan and in pursuance of such orders of payments, cheque / cheques shall be signed by the Pradhan or in his absence by the Upa-Pradhan and by the Executive Assistant of GP; provided that Executive Assistant shall be responsible for writing the cheques for signature.

### **Audit points in respect of GP fund**

1. Were the particulars of cheques received entered forthwith simultaneously in the relevant register (Cheque Register) in Form No. 2 and Cash Book?

2. Did the particulars of Form No. 2 under Column 1 (Date of receipt of Cheque) tally with those of Column 8 (Date of entry in the Cash Book)?

3. Was there any delay in transmission of money into the Bank? What were the reasons?

4. Were all the entries in Form No. 2 authenticated by Secretary and Custodian, i.e. Pradhan?

5. The particulars of cheques received as shown in the Cash Book should also be cross checked with the entries in the Cheque Register (Form 2). Was there any discrepancy?

6. The entries of the Cheque Register (Form 2) should also be test checked with the entries in the GP Bank/Post Office Pass Book. Was there any amount not credited in the Pass Book? What were the reasons?

7. Were the particulars of cheques issued recorded forthwith simultaneously in the relevant registers in Form No. 3 (Cheque Issue Register) and Cash Book?

8. Were there cases of cancellation of cheques? What action was taken on them?

9. How many cheques were re-issued and were such re-issues in accordance with the rules?

10. Were all the entries in the Cheque Issue Register authenticated by Secretary/Pradhan?

### **Summary**

The session talks about modalities of the constitution of the GP Fund, the various sources of credit to the Fund, conditions for payment from the Fund and reconciliation of the postings with different ledgers and registers. The session concludes with an audit exercise.