

# **Session 3**

## **Session Title**

### **Audit of GP Budget**



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

<b>Session Title: Audit of Gram Panchayat (GP) Budget</b>		Session Guide
<b>Instructor's Guide</b>	Reference	Participants' Response
<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 GP Budget which includes procedure of framing budget, role of Gram Sabha, format, submission, provision for revised budget, time schedule etc. which will enable us to draw audit conclusions during the audit of GP Budget in a practical job scenario.		
<b>Basic Concepts</b>		
<b>Explain:</b> the procedure for <ul style="list-style-type: none"> <li>• preparation of budget of estimated receipts and disbursements of GP,</li> <li>• consideration of budget by GP,</li> <li>• reconsideration of budget by the GP,</li> <li>• consideration of budget by Gram Sansad and Gram Sabha,</li> <li>• approval and forwarding of budget by GP,</li> <li>• preparation of Supplementary and Revised Estimate providing for modification of budget of GP and approval thereof,</li> <li>• reappropriation of fund in budget estimate,</li> <li>• power to vary dates of the prescribed time schedule.</li> </ul> <b>Distribute</b> copy of <b>Annual Budget Estimate Format</b> to make participants familiar with the format. <b>Discuss</b> the budget format	Slide : Session 3 GP Budget	
<b>Audit of Gram Panchayat Budget</b>		
<b>Urge</b> the participants to explore the probable audit points to be looked into during the audit of GP Budget. <b>Advise</b> them to jot down their points individually. <b>Discuss</b> the suggested audit points to be looked into in respect of GP Budget. <b>Distribute</b> Participants' Note.	Slide: Session 3 Audit Points Participants ' Note	
<b>Summarise:</b>		
<b>Enumerate:</b> During the session, we discussed the procedure of preparation and passing of the Budget and Revised Estimates, familiarisation with the prescribed formats and audit points / exercise regarding the GP budget. <b>Thank</b> the participants and bring the session to a close.		

**List of Forms required in Session:** Annual Budget Estimate

## Audit of GP budget

## Slide 1

## Audit of Gram Panchayat Budget



## Slide 4

Contd.

- The Budget with objections, suggestions and views shall be placed in the meeting of the Gram Sabha for discussion and proposing modifications; ☞



## Slide 2

- Every GP shall prepare in each year a budget of its estimated receipts and disbursements for the following year;



## Slide 5

Contd.

- After considering objections, suggestions and views, the GP shall finalise the Budget;
- Annual budget of the GP shall be prepared in Form A by the 10<sup>th</sup> October of each year;

(This slide to be adapted to state specific scenario)



## Slide 3

Contd.

- The budget shall be written in vernacular of the locality concerned;
- Copies should be displayed in prominent places ;☞



## Slide 6

Contd.

- GP may prepare in each year a supplementary estimate in Form A1 providing for any modification of its Budget;
- Copy of the supplementary estimate should be forwarded to Panchayat Samiti for approval.

(This slide to be adapted to state specific scenario)



## Slide 7

o Maintenance of accounts in respect of Budget has been covered in 'Accounts maintained in GP.


**Audit Points**

[Home](#)

## Slide 3

Audit Points in respect of  
GP Budget *contd.*

5. Were page-wise total and grand total of all the pages worked out at the end of each month?
6. Were the provisions of budget estimates and supplementary grants recorded in the ledger in the prescribed column within a week from the date of receipt of approval of Panchayat Samiti?




**AUDIT POINTS OF GP BUDGET-PPS**

## Slide 1

Audit Points in respect of  
GP Budget

1. Was a separate account in respect of every budget head maintained in a ledger in Form No. 22 ?
2. Were all the daily transactions posted simultaneously in the CB and the ledger and necessary reference to the CB made under the column "Page No. of CB"?

(This slide to be adapted to state specific scenario)




## Slide 4

Audit Points in respect of  
GP Budget *contd.*

7. Was the annual budget prepared in Form No.34 and 35 by the 10th October of each year?
8. Could the figure of actual receipts and payments for the first six months of the current year (as shown in the budget) be traced from the Cash Book?


(This slide to be adapted to state specific scenario)



## Slide 2

Audit Points in respect of  
GP Budget *contd.*


3. Were the receipts and payments under each head recorded in a separate page of the ledger?
4. In case of existence of more than one component under the same budget head, was each component allotted a separate page?



## Slide 5

Audit Points in respect of  
GP Budget *contd.*

- What was the basis for computation of the figures of probable income / expenditure for the next six months?
- Did the figures under different heads as shown in the budget tally with those of the CB / respective registers / ledger and other books of accounts.



(This slide to be adapted to state specific scenario)

## Session Title

### Audit of Gram Panchayat (GP) Budget\*

#### Session Overview

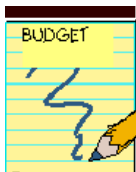
We are now in the module on topics, wherein audit of GP Budget and relevant records could be carried out as an end in itself.

In the previous sessions, the evolution of PRIs, the audit of constitution of GP and its Fund were discussed.

In this session we will discuss audit of GP Budget which includes procedure of framing of budget, role of Gram Sabha, budget format, submission, provision for revised budget, time schedule etc. to the extent that the audit conclusion indicates:

- Whether the procedure of framing/submitted Budget is as per rules, and
- Audit point is supported by evidence.

#### Preparation of budget of estimated receipts and disbursements of GP



The Secretary of the GP shall, under the direction of Pradhan, prepare by the 1<sup>st</sup> October in each year, an outline budget of the estimated receipts and disbursements, written in vernacular of the district or the locality

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

concerned, for the following financial year in Form A.

For the purpose of preparation of the outline budget, the Pradhan shall ascertain the quantum of fund likely to be raised by the GP out of its own resources and likely to be received by it in the shape of grant or contribution against any programme, project or otherwise during the following year.

#### Consideration of budget by GP

1. The outline budget so prepared shall be considered at a meeting of the GP on or before the 15<sup>th</sup> October in each year.
2. Having regard to the decision taken in the meeting, the Secretary shall revise and recast the outline budget under the direction of the Pradhan, by the 20<sup>th</sup> October in each year.

#### Reconsideration of budget by GP

1. The outline budget shall be reconsidered and adopted, after such modifications as may be decided, as draft budget, at a meeting of the GP to be specially convened for the purpose on or before the 1<sup>st</sup> November in each year.
2. Copies of the draft budget shall be pasted on the notice board of the GP and in not less than two other prominent places on

or before the 5<sup>th</sup> November each year with a notice in Form I for general information of the members of the Gram Sabha allowing the public at least ten days time for filing of objections and suggestions, if any.

3. A copy of the draft budget shall be forwarded to the Panchayat Samiti(PS) on or before 7<sup>th</sup> November in each year for the views of the PS. The PS shall send its views to the GP on or before the 30<sup>th</sup> November in each year.

### **Consideration of budget by Gram Sansad and Gram Sabha**

1. The draft budget shall be placed in the meeting of each Gram Sansad ordinarily in the month of November in each year. The objections and suggestions as resolved in the meeting of the Gram Sansad shall be recorded and collated by the Pradhan for placing them in a meeting of the Gram Sabha.

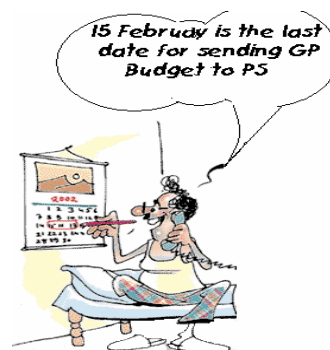
2. The draft budget shall be placed in the meeting of the Gram Sabha along with objections and suggestions of any member of the Gram Sabha, the objections and suggestions recorded in the meeting of the Gram Sansad and the views of the PS, if any, on or before the 31<sup>st</sup> December in each year for consideration. The objections

and suggestions in the meeting of the Gram Sabha shall be recorded in writing.

### **Approval Of budget by GP**

1. The GP shall, at a meeting convened on or before the 31<sup>st</sup> January in each year and in the presence of at least half of the existing members, consider the objections and suggestions in the meetings of the Gram Sansad as also of the Gram Sabha and the views of PS, if any and make such modification as may be considered appropriate and finally approve and adopt the budget for the following financial year.

2. On or before the 15<sup>th</sup> February in each year, a copy of the budget shall be forwarded to the PS having jurisdiction and to the Bank(s) where the GP Fund is lodged.



### **Preparation of supplementary and revised estimate providing for modification of budget of GP and approval thereof**

1. The Pradhan shall review the budget provision of each financial year on or before 1<sup>st</sup> February in each year and, if

necessary, direct the Secretary to prepare a draft supplementary and revised budget estimate of receipts and disbursements of the current financial year.

2. The Secretary shall prepare by the 7<sup>th</sup> February in each year the draft supplementary and revised budget estimate.

3. The draft supplementary and revised budget estimate, so prepared in Form A1 shall be considered and approved with such modifications as may be decided at a meeting specially convened for the purpose on or before the 20<sup>th</sup> February in each year and in the presence of at least half of the existing members of the GP.

4. A copy of the supplementary and revised budget shall be forwarded to the PS.

5. The supplementary and revised budget shall be placed in the annual meeting of the Gram Sansad.

6. If any situation arises when a GP receives any special allotment of funds for a specified purpose, the estimates of which have not been included either in the budget or in the supplementary and revised budget, the GP shall modify the supplementary and

revised budget estimates in a meeting specially convened for the purpose.

### **Reappropriation of fund in budget estimates**

In a meeting specially convened for the purpose and attended by at least half of the existing members, the GP may, by a resolution, transfer by reappropriation any amount provided under any head of account in the budget or the supplementary and revised estimate to any other head of account. On such transfer, the supplementary and revised budget estimate shall stand modified accordingly,

provided that:

1. No appropriation shall be made in respect of the fund placed under the disposal of the GP by any department of the State Government or others for a specific purpose without the prior approval of such department or local authority, as the case may be.

2. Without adequate provision to discharge the obligatory liabilities of the GP under the Act or the rules made thereunder or under the conditions of any grant made by any department of the State Govt. or any local authority, appropriation shall not be made.

### **Power to vary dates of the prescribed time schedule**

1. When a GP, under circumstances beyond its control, fails to comply with the time schedule prescribed for one or more stages for the preparation and approval of its budget, the GP shall adopt a resolution recording the reasons for its failure and shall fix up the dates by which each of the incomplete stages of action for preparation of approval of the budget shall be completed by the GP. On adoption of such resolution, the Pradhan shall take steps to strictly adhere to the revised time schedule for final adoption of the budget, provided that the date of approval of the budget by a GP shall not be extended beyond the 31<sup>st</sup> March preceding the financial year to which the budget relates and the date of approval of the supplementary and revised budget estimate shall not be extended beyond the 31<sup>st</sup> March of the current financial year; provided further that the revised time schedule shall be intimated by the Pradhan immediately to the PS having jurisdiction and the Bank(s) where the GP is lodged.
2. If a GP fails to adopt in a resolution, the revised time schedule for preparation or approval of its budget for a

financial year or the Pradhan fails to adhere to the revised time schedule adopted, the Sthayee Samiti<sup>#</sup> shall appoint any person to prepare and submit to the said Sthayee Samiti a budget relating to the financial year concerned for the Gram Panchayat in such manner and within such stipulated period as may be deemed appropriate preferably within the 15<sup>th</sup> day of April of the financial year to which the budget relates.

3. The budget so approved with modifications, if any, shall be the budget of the GP concerned for the financial year in question and shall be deemed to be the budget approved.

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

1. Was a separate account in respect of every budget head maintained in a ledger in Form No. 22?
2. Were all the entries in the ledger attested by Secretary and Pradhan?
3. Were all the transactions of every day posted simultaneously in the Cash Book (CB) and the ledger and necessary reference to the CB made under the column "Page No. of CB"?

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<sup>#</sup> *Sthayee Samiti of concerned Panchayat Samiti*



4. Were the receipts and payments under each head recorded in a separate page of the ledger?
5. In case of existence of more than one component under the same budget head, was each component allotted a separate page?
6. Were page-wise total and grand total of all the pages worked out at the end of each month?
7. Were the provisions of budget estimates and supplementary grants recorded in the ledger in the prescribed column within a week from the date of receipt of approval of PS?
8. Was the annual budget prepared in terms of WB Panchayat (Gram Panchayat Budget) Rules, 1985 in Form Nos.34 and 35 by the 10th October of each year?
9. Could the figure of actual receipts and payments for the first six months of the current year (as shown in the budget) be traced from the CB?
10. Could the figures of sanctioned estimate be tallied from the allotment register?
11. What was the basis for computation of the figures of probable income / expenditure for the next six months?
12. Did the figures under different heads, as shown in the budget, tally with those of the CB / respective registers / ledger and other books of accounts?
13. Was the budget passed by at least 50% of the members of GP?
14. In case of non-maintenance of time-schedule or failure to maintain revised time schedule did GP follow the prescribed procedure?

### Summary

The session dealt with the procedure of preparation and passing of Budget and Revised Estimates, familiarisation with the prescribed formats and relevant audit points regarding GP Budget. The session concluded with an audit exercise.

