

Kerala State Audit Department is the Statutory Audit Organisation in Kerala State under the administrative control of the Finance Department, Government of Kerala. This Department is entrusted with the audit of accounts of Local Self Government Institutions (LSGIs) and Local Funds included in the schedule of the Act. In addition to these, Devaswom Boards, Deposit accounts of the courts subordinate to the Honourable High Court of Kerala, Amalgamated Funds, Welfare Fund Boards, Tourism week celebrations and District Tourism Promotion Council and Malabar Devaswom Board (Temples in Erstwhile Malabar area) come under the audit control of this Department. The Director of Local Fund Audit also functions as the Treasurer of Charitable Endowments of Kerala State. The power to issue charge and surcharge certificates for the recovery of losses sustained by the Local Authority/Local Fund institutions as disclosed in audit is vested with the Director of Local Fund Audit (Kerala State Audit Department) vide section 16 of the Kerala Local Fund Audit Act 1994 and Rule 20 of the Local Fund Audit Rule 1996.

The department originally envisaged to be independent of the Accountant General and under the administrative control of the Finance Department, Government of Kerala. The Office of the Minister for Finance is held by Sri.K.M.Mani .

There are 14 District level functional Audit Offices conducting the audit of Panchayats, Municipalities, courts and other miscellaneous institutions and 39 concurrent audit offices which conduct audit of the Universities, Devaswom Boards, Corporations etc. The total number of employees in this Department is 1101; but only 793 (197 Audit Officers and 596 Auditors) employees are directly engaged in the audit process. They are entrusted to audit accounts of 6236 institutions.

There are 6236 various institutions coming under the audit control of this Department. With the 73rd and 74th Amendment of the Constitution, three tier Panchayat Raj Institutions became a reality. The enactment of the Kerala Panchayat Raj Act and Kerala Municipality Act witnessed decentralisation of powers and functions. With the introduction of decentralisation of powers, funds from various Government Agencies have been devolved to LSGIs. Thus the quantum of

work of this Department, being the Statutory Audit Agency of LSGIs, has been increased many fold.

Consolidated Audit Report generated by the Head Office based on the reports generated by the sub offices shall be submitted to the State Government every year by 30th September.

As per Section 243J and 243Z, "The Legislature of a State may, by law, make provisions with respect to the maintenance of accounts by the Panchayats and the auditing of such accounts". Complying to this as per Section 215 of Kerala Panchayat Raj Act 1994 and Section 295 of Kerala Municipality Act 1994 and Local Fund Audit Act 1994, Director of Local Fund Audit was entrusted the Audit of Accounts of LSGIs in Kerala.

The Local Fund Audit Department came into being vide Order No.F1/3721/Fin dated: 08.05.1942 mainly for the Audit of accounts of Local Bodies and Universities on the lines suggested by the Accountant General. The Kerala Local Fund Audit Department evolved from Audit Department of Former Travancore Cochin and Malabar States following the formation of Kerala State. With the passing of the Kerala Local Fund Audit Act 1994 (Act 14 of 1994), the Department has got a resurgent status and objectives. The rules in the form of Kerala Local Fund Audit Rules, 1996 were also framed in this regard. As per section 4(1) & 4 (2) of the Kerala Local Fund Audit Act 1994 (Act 14 of 1994), the Director of Local Fund Audit is entrusted with the audit of accounts of the Local Self Government Institutions. As per the recommendations of 11th Finance Commission C&AG is giving Technical Guidance and Support to Local Fund Audit Department.

The Department was renamed as Kerala State Audit Department as per the [G.O.\(Ms\)No 24/15/Fin dated 14-01-2015 and G.O. \(Ms\) No.103/15/Fin Dated 28-02-15.](#)

THE PRESENT SCENARIO

- 1) Structure of the Department.

The Kerala State Audit Department is under the Direct Control of Finance Department and the Department constitutes of the following Staff Structure.

Director of Kerala State Audit Department is the State level head of the department who also functions as the Treasurer of Charitable Endowments of the State of Kerala.

Sl.

No.

Name of Post

No.of posts

1

Director

1

2

Joint Director

20

3

Senior Deputy Director

23

4

Deputy Director

36

5

Audit Officer (H.G)

200

6

Audit Officer

7

Assistant Audit Officer

211

8

Auditor (Senior Grade)

211

9

Auditor

213

10

Office Superintendent

6

11

Computer Assistant (Selection Grade)

97

12

Computer Assistant(Senior Grade)

13

Computer Assistant (First Grade)

14

Computer Assistant (Second Grade)

15

Confidential Assistant (Grade I)

3

16

Confidential Assistant (Grade II)

17

Driver

1

18

Binder

1

19

Attender

34

20

Office Attendent

96

21

Roneo Operator

1

TOTAL 1154

Auditee Institutions as per the Local Fund Audit Act 1994 :

1. All Municipal Corporations
2. All municipalities
3. All Panchayats
4. All Universities
5. Kerala State Housing Board
6. Kerala State Rural Development Board (Defunct)
7. TRIDA and GCDA
8. Temples under the management of HR&CE administration department (Now under Malabar Devaswom Board)
9. State Institute of encyclopaedic publications.
10. State Institute of Languages
11. Malabar Market Committee
12. Orphanages and Poor homes
13. The Kerala Sports Councils and District Units and affiliated institutions
14. Kerala State Jawahar Bala Bhavan and District Bala Bhavans
15. Harijan Hostels

Apart from this Department conducts audit in Welfare Fund Boards, Acadamies and other institutions entrusted by the Hon High Court of Kerala and Government of Kerala. The Kerala

State Audit Department Conducts Audit in more than 8000 institutions.

Functions of the Department

The basic function of the department is the audit of accounts of the institutions under its audit control by virtue of the Kerala Local Fund Audit Act 1994. Proper management of the corpus of the various Charitable Endowments is also done by this department. Matter relating to Financial administration of Local bodies and other auditee institutions referred to this department by Government are also being attended to and remarks offered thereof. The Department also approves pay fixation and pension claims of Panchayat/Municipal Employees/ Employees of Cultural Institutions/Universities/Devaswom Board/Housing Board etc.

Consolidated Audit Report

A consolidated report on accounts audited by the Director of Kerala State Audit Department in an year consisting of observations and serious irregularities detected is submitted to the Government to get its attention vide section 23 of the Kerala Local Fund Audit Act 1994 and Rules 25 of the Kerala Local Fund Audit Rules 1996.

5. The power to issue Charge and Surcharge Certificate for the recovery of losses sustained by Local Fund Institutions as disclosed in audit is vested with the Director of Kerala State Audit Department vide section 16 of the Kerala Local Fund Audit Act 1994 and Rule 20 of the Kerala Local Fund Audit Rules 1996. Consolidated Audit Report for 2012-13 has been submitted to Government on 24-09-2013.

Charge and Surcharge action :

The power to issue charge and surcharge certificate for the recovery of losses sustained by Local Fund Institutions as disclosed in audit is vested with the Director of Kerala State Audit Department vide Section 16 of the Kerala Local Fund Audit Act 1994 and Rule 20 of the Local Fund Audit Rule 1996.

Local Fund Account Committee

The committee on Local Fund Accounts was constituted by amending the rules of procedure and conduct of business in the Kerala Legislative Assembly vide notification No.27/Legn/21/2002/Leg dated: 18.02.2003. The main responsibility of the Committee is to examine the consolidated Reports of the accounts audited by the Director of Kerala State Audit Department which is laid annually before the legislative assembly by the Government. This Committee constituted exclusively for examining the reports issued by Kerala State Audit Department functions very admirably and is the backbone for ensuring transparency at grass root level administration.

Since August 2003, committee does start function, vide Rule 261(G) and 261(H) of Rules of procedure and conduct business of Kerala Legislative Assembly.

Local Fund Audit System for Local Self Government Institutions

Kerala State Audit Department, being the Statutory Audit Agency in Government of Kerala have the following structure for auditing LSGIs.

No

Institution

Audit Done by

Head of Office

No of Audit Officers

No of Auditors

No of Supporting Staff

Total Staff

1

GramaPanchayaths- 978

Block Panchayaths- 152

Municipalities- 48

District Panchayaths- 14

District Offices -14

Senior Deputy Director

106

306

95

507

2

Municipalities- 12

Concurrent Audit Wing - 12

Deputy Director

12

41

24

77

3

Corporations 5

Concurrent Audit Wing - 5

Senior Deputy Director

15

56

13

84

5

Total

133

403

132

668

TRAINING PROGRAMME FOR OFFICERS IN KERALA STATE – AUDIT DEPARTMENT

Kerala State Audit Department has to carry out wide range of mandatory functions to promote the excellence in Accounting and Auditing Service for improving the quality of governance in Local Self Governments. The Mission of Kerala State Audit Department is to enhance accountability of the executive to the Panchayaths and State Legislature by carrying out audit in Local Self Governments and providing accounting services in the Local Self Governments with the provisions of Kerala Local Fund Audit Act 1994.

Since duties of Kerala State Audit Department is extended to the Audit of Devaswom Boards, Various Autonomous Bodies like Universities, Semi-Autonomous Bodies and Boards assigned by Government in accordance with provisions training is given to the officer of all hierarchical level to face the challenges of auditing various type of accounts in various type of institutions.

The objectives of Kerala State Audit Department are undergoing tremendous changes in accordance with the changes of the structure, functions powers and methods of functioning of the Local Self Governments and other major institutions. The drastic changes in the flow of funds to the Local Self Governments and the IT enabled accounting system made the task of Kerala State Audit Department is a challenging one. Intensive training is being imparted to all the staff for updating the Knowledge, Skill and Attitude of the functionaries in the Kerala State Audit Department.

Modernisation of the Department

In Course of modernization, increasing efficiency of the Department and ensuring timeliness and correctness of Audit Reports the Department has developed and implemented a software application – Audit Information Management System-AIMS. After full fledged implementation routine reports would be generated automatically from the software based on various parameters. The software application has been hosted on a web server.

Kerala State Audit Department at present has developed into a competent, well equipped, well trained, modernized Department. The department has adequate technical training & proficiency to perform audit in various types of institutions including LSGIs. The Department is maintaining

independence, in fact and appearance, in mental attitude in all matters related to the audit. The Department has the range of skills and experience necessary for effective discharge of the audit mandate. The Department is equipped with the full range of up-to-date audit methodologies. The Department at present also exercises due professional care during the performance of the audit and the preparation of the report.

Performance of Kerala State Audit Department

- Kerala State Audit Department is functioning under the TGS of CAG.
- Kerala State Audit Department has accepted the Auditing Standards of LSGIs prescribed by CAG.
- Audit of Accounts of LSGIs are up to date.
- Timely submission of consolidated Audit Report of Director of Kerala State Audit Department on the accounts of Local Government and other institutions.
- Local Fund Accounts Committee have been constituted by the State Legislature to look in to Consolidated Audit Report of Director of Kerala State Audit Department.
- Audit Report of LSGIs and Consolidated Audit Report of Director of Kerala State Audit Department have enhanced the accountability of LSGIs.
- Recommendations of the Local Fund Accounts Committee and follow up action taken by the Government, Director of Urban affairs, Development Commission, Director of Panchayat and ourselves have enhanced the accountability of LSGIs
- Recommendations of the Local Fund Accounts Committee for improving the functioning of our Department have accepted and implemented.
- Audit Certificates of the Department after verifying the accounts of Local Government have accepted by the officials of World Bank for the project KLGSDP, which helped timely release of performance grant to Local Governments.