



FINANCE DEPARTMENT

POLICY NOTE 2024-2025

DEMAND No.16

THANGAM THENARASU
Minister for Finance and Human
Resources Management

©
Government of Tamil Nadu
2024

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DEMAND NO.16

FINANCE DEPARTMENT

POLICY NOTE FOR THE YEAR

2024-2025

Introduction:

“இயற்றலும் ஈட்டலும் காத்தலும் காத்த
வகுத்தலும் வல்ல தரசு.”

(குறள் 385)

He is a king who is able to acquire (wealth),
to lay it up, to guard, and to distribute it.

2. The Finance Department, vested
with the greater responsibility of managing
effectively and efficiently the public finances
of the Government of Tamil Nadu, is carrying
out its activities towards achieving those
objectives.

The main functions of the Finance Department are:

- i. Preparation of the Annual Budget, 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 for overall financial management of the State.
- iv. Balancing receipts and payments of the Government.
- v. Critical scrutiny and evaluation of expenditure proposals of various departments.
- vi. Identifying alternate sources of financing infrastructure development.

VISION:

3. The vision of the Finance Department is to function to preserve fiscal health of the State through prudent fiscal management, with a prioritization of Public Welfare Schemes and major infrastructure projects. The department 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 broad 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, such as:

- Strengthening the Treasury System
- Upgrading the Integrated Financial and Human Resources Management System and ensuring its full utilization
- Tracking the fund flow to other departments and agencies
- Strengthening the audit system
- Adoption of modern budgetary practices
- Increase accountability and productivity
- Enhance transparency and efficiency of procurement processes

SPECIAL INITIATIVES

5. The following special initiatives has been taken up by this department for better Financial Management in the State.

(i) ECONOMIC ADVISORY COUNCIL

In June 2021, an Economic Advisory Committee to the Chief Minister comprising of five world-renowned economists was constituted.

So far this Economic Advisory Committee meeting has been held Four times from 2021-2024 under the Chairmanship of Hon'ble Chief Minister.

In addition, the committee members visit the State and discuss with various departments and provide necessary advice.

The committee and its members have given advice on various welfare programs like Makkalai Thedi Maruthuvam, Chief Minister's breakfast scheme, Pudhumai Penn Thittam, Magalir Urimai Thogai, Illam Thedi Kalvi, ways to achieve 1 trillion dollar economy and reforms in power sector among others. Further a sub-committee under the Chairmanship of Dr.Arvind Subramanian has been constituted to make recommendations to improve the sustainability and functioning of the power sector.

(ii) NEW ASSET MANAGEMENT SYSTEM

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

"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.”

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

8. This Software will enable departments to generate an online inventory of assets under their control. This will also ensure proper accounting, timely maintenance and adequate budgeting for these assets.

(iii) E-PROCUREMENT

9. Based on the announcement made by the Hon’ble Minister for Finance and

Human Resources Management Department in the Budget Speech 2022-2023 e-procurement has been made mandatory for all the procuring entities in Tamil Nadu with effect from 01.04.2023 through the revamped portal <https://tntenders.gov.in>.

10. After its implementation, 1.75 lakh tenders worth Rs.1.69 lakh crore have been floated in the portal during the financial Year 2023-2024.

11. In order to Strengthen the e-procurement activities, in the Budget Speech for 2024-2025, it was announced that

"the Government will introduce the electronic bank guarantee system in the e-procurement portal"

12. Based on the above announcement, orders have been issued vide G.O. Ms. No.84, Finance (Procurement Cell) department dated 26.02.2024, wherein

(a) Permitting acceptance of electronic Bank Guarantee (e-Bank Guarantee) as valid bank guarantee.

(b) Submission of electronic Bank Guarantee (e-Bank Guarantee) integrating in e-procurement portal (<https://tntenders.gov.in>).

(c) Engaging National E-Governance Services Limited (NeSL) for authenticating electronic Bank Guarantee (e-Bank Guarantee) under Section 16 (b) of the Tamil Nadu Transparency in Tenders Act, 1998.

13. The platform is integrated with the NeSL e-Bank Guarantee which enables bidders to submit Bank Guarantee through online mode, this method has been implemented in the state for the first time in the country.

14. Further, in the Budget Speech for 2024-2025, it was announced that

"In furtherance of these initiatives, electronic registration of contractors of all departments through e-Sevai centres will commence from 01.07.2024"

15. Based on the above announcement, orders have been issued vide G.O.Ms.No.83, Finance (Procurement Cell) department, dated 26.02.2024, wherein,

(a) Online registration and renewal of registration of contractors have been

made mandatory with effect from 01.07.2024, through e-Sevai Portal.

(b) Integrating e-contractor registration with the e-procurement portal (<https://tntenders.gov.in>)

(c) All departments having a registration of contractor system are directed to co-ordinate with Tamil Nadu e-Governance Agency (TNeGA) to customized process for their department.

(iv) LITIGATION RISK MANAGEMENT SYSTEM

16. The Litigation Advisory and Oversight Committee, constituted by the Government to offer strategic guidance regarding High Risk Litigation has so far conducted 17 meetings and 15 Departments have benefitted on the advice of the

Committee in 37 number of High Risk Litigations.

17. In order to ensure proper monitoring of cases involving huge financial risk to the Government, a separate window has been created for High Risk Litigation within the Integrated Court Case Monitoring System (ICCMS).

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

18. As part of strengthening the Finance (Bureau of Public Enterprises) Department, a Project Management Unit (PMU) was established by engaging M/s E&Y Consultants, as per G.O.Ms. No.141, Finance (BPE) Department, dated 24.5.2022. The Project Management Unit has submitted past and current performance reports for Public Sector Undertakings and Statutory Boards

functioning in the State. Based on these deliberations, actionable points have been identified to upgrade, consolidate, and expand into newer business horizons.

(vi) NABARD PROJECT MONITORING UNIT

19. A “NABARD Project Monitoring Unit” (NPMU) was set-up in Finance Department to actively follow-up proposals pending with NABARD and other funding agencies and to monitor the implementation of sanctioned projects with a view to expedite the disbursement of funds.

(vii) TOP-DOWN BUDGETING

20. With the intention of introducing modern practices in budget formulation, the Top-Down Budgeting concept has been implemented for the following five

Demands for Grants in the Budget since 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

21. 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.

22. The 'Top-Down' budgeting for the above 5 Demands for Grants has been continued for the financial year 2024-2025. Upon stabilisation of this pilot process, this method will be considered for expansion to

other Demands for Grants also, in a phased manner in the future.

(viii) CITIZEN'S GUIDE TO BUDGET

23. As a new initiative in the domain of budgetary publications, the Finance Department had published the 'Citizen's Guide to Budget' for the first time during financial year 2022-2023, with the aim of improving transparency. The document presents the crux of the Budget in a simple and pictorial 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. This document has also been published for the financial year 2024-2025.

(ix) IMF TECHNICAL ASSISTANCE

24. The Finance Department has been 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 Resource/Debt Management Unit for implementing the Public Financial Management reform activities.

In the first phase, the Citizen's Guide to the Budget has been started from the financial year 2022-2023 and the Top-Down budgeting method has also been continued for 5 demands for grants in 2024-2025 as well. Further, during 2022-2023 the

Finance department has been actively engaged in personal meetings / training sessions with the IMF-SARTTAC officials to instill interest among the staff in sector-wise fiscal risk analysis. Similarly, the process for preparation of a Medium Term Fiscal Framework embedded with macro-fiscal parameters has also been taken by the department during 2022-2023.

(x) SPECIAL TASK FORCE

25. The Special Task Force (STF) has identified the dormant pockets and mopped-up considerable quantum of funds accumulated upto 31.03.2023. This mopping up exercise will further continue by continuing the mopping up of dormant accruals upto the period ending 31.03.2024. Through consistent efforts, the Special Task Force will strive to optimize the requirement

of the number of bank accounts for Government entities.

(xi) Restructuring of the Treasuries and Accounts Department, Directorate of Pension, Directorate of Small Savings and Government Data Centre

26. With an intent to conduct a comprehensive study on the restructuring of the Treasuries and Accounts Department, the Directorate of Pension, the Directorate of Small Savings, and the Government Data Centre, consultancy services has been emerged.

The report for merger of Treasuries and Accounts Department, Government Data Centre, Directorate of Small Savings and Directorate of Pension has been submitted by the consultant firm. Based on the report a detailed proposal for the merger is under the consideration of the Government.

(xii) Rewrite/Revision of the Tamil Nadu codal Procedure

27. The Government has accorded permission to revise and update the Tamil Nadu Treasury Code Volume I and II, Accounts Code Volume I and II and Pay and Accounts Manual. This task was entrusted to the Accounting Research Foundation of the Institute of Chartered Accountants of India (ICAI ARF). The Institute has submitted draft report for the following Treasury processes.

1. Receipts
2. Retirement benefits
3. General
4. Loans and Advances
5. Deposits
6. Strong Room operations
7. Capital expenditure

8. Disbursement
9. Accountant General
10. Budget

28. A specialized Team has been convened to scrutinize the modules and provide recommendations for modifications, deletions, and retentions, aimed at updating the codal provisions with precision and accuracy.

29. The Team has tendered its recommendations, upon which the Accounting Research Foundation of the Institute of Chartered Accountants of India (ICAI ARF) has crafted a preliminary report. Following this, the Team will undertake a comprehensive review of the report and furnish the feedback to ICAI ARF. Upon receiving the Final Report from the Accounting Research Foundation of the

Institute of Chartered Accountants of India (ICAI ARF).

(xiii) Cash and Debt Management

30. Optimal cash and debt management are the hallmark of good public financial management. The Department has leveraged technology to ensure a just-in-time release of funds to the implementing agencies such that cash does not lie idle in bank accounts. The Public Fund Tracking System, whereby the Government will be able to track the flow of funds till the end beneficiary, has been introduced for 36 major schemes in 13 departments. Further, the direct treasury fund release mechanism has been implemented for 59 schemes in 17 departments, such that the payment is made directly from the Treasury to the vendors. These efforts will ensure that

the funds are released as per the pace of implementation of projects and the Government does not borrow more than what is required, thus saving substantially on the interest burden.

(xiv) Tamil Nadu Financial Data Analytics Unit (TNFDAU)

31. Objective: To design, develop and maintain a system that will generate near real-time MIS reports (using data available from IFHRMS and data outside IFHRMS from other core department applications like Commercial Taxes, GSTN, Registration Department, Prohibition and Excise Department, Food and Civil Supplies Department, Transport Department etc.) and data visualization as per the requirements of the user.

This analytical Web / Mobile devices is expected to publish this near real-time data (responsive design to all form factors and resolution) and is expected to have near real-time synchronization with all data sources / departments.

Also data from the different sectors are collected for analysis under the guidance of the Madras School of Economics.

STRUCTURE OF FINANCE DEPARTMENT

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

| Administrative Departments | |
|-----------------------------------|--|
| i. | Treasuries and Accounts Department |
| ii. | Government Data Centre |
| iii. | Small Savings Department |
| iv. | Directorate of Pension |
| 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 |
| Other agencies | |
| i. | Tamil Nadu Infrastructure Development Board |
| ii. | Tamil Nadu Infrastructure Fund Management Corporation Limited (TNIFMC) |

The functions of the above departments/agencies are detailed in this note, 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".

TREASURIES AND ACCOUNTS DEPARTMENT

INTRODUCTION

33. 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.

34. The Treasuries and Accounts Department headed by the Commissioner of

Treasuries and Account 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, 38 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.

MAIN FUNCTIONS:

- Handling of all receipts and payments of the Government
- Disbursement of salaries to more than 9.3 lakh employees
- Disbursement of pension to 7.05 lakh Pensioners

- Disbursement of payments for all schemes, capital works etc.
- Rendering of compiled monthly accounts to the Accountant General
- Sale of various Judicial and Non-Judicial stamps to Vendors
- Implementation of New Health Insurance Schemes for the benefit of employees and pensioners.
- 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 advance, Computer advance etc.,

KALANJIYAM [INTEGRATED FINANCIAL AND HUMAN RESOURCES MANAGEMENT SYSTEM (IFHRMS 2.0)]

- The Government have implemented Integrated Financial and Human Resource Management System (IFHRMS) for the effective and efficient functioning

by integrating management of both Financial and Human Resources. For this Consulting Agency namely M/s. Accenture Solutions Pvt Ltd, Chennai was appointed to offer consulting services and to identify the System Integrator.

- M/s Wipro Ltd has been selected as the System Integrator for this project.
- Necessary infrastructure has been created in all Treasury offices for implementation.
- 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 and Non Salary are being processed through IFHRMS only and e-payment made to the beneficiaries through e-Kuber portal of RBI.
- e-Challan module was implemented to enable the General public / Government Departments, Boards & Corporations and

Local Bodies, to remit the receipts of the Government as e-receipts in IFHRMS, wherein facilities have been made 24 X 7 through online (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 are remitted into Government Account in Reserve Bank of India.

- Integration of the major revenue earning departments viz Commercial Taxes and Prohibition and Excise department, with IFHRMS has been completed and it is fully operational now.
- Digital Signature Certificate (DSC) has been implemented throughout the state.
- Strong Room Operation and Stamp management has been enabled.

Major Initiatives undertaken:

• Major Schemes-Fund Disbursal:

- Old age pension for 32.8 Lakh beneficiaries is being paid every month through IFHRMS.
 - Assistance to 6.50 Lakh beneficiaries under Dr Muthulakshmi Reddy Maternity Assistance scheme.
 - Under Moovalur Ramamirtham Pudumai Penn Assistance Scheme, scholarships are being paid to every month to the students who are pursuing higher studies.
- Integration with “Jeevan Praman” is used for annual mustering of the pensioners to generate Digital Life certificate since July 2022.

Integration with Accountant General:

35. Non Treasury transactions with Accountant General(A&E) are also being done in IFHRMS.

- **OPPAS**- Online Pension and Provident Fund Authorisation system has been developed for sending online pension & GPF final settlement proposal to AG and to create DCRG, GPF final withdrawal and pension bills in the system on the strength of the e-authorisation data provided by AG to IFHRMS. This ensures speedy, transparent and accurate settlement to retired Government employees / family pensioners.
- **DAAS** - Digital Audit and Accounting System for Accountant General to carry out their Auditing and Accounting using the e-voucher data. This will enable to dispense with the submission of physical voucher to Accountant General.

Kalanjiyam Mobile Application:

36. Kalanjiyam, a Mobile Application was launched by the Hon'ble Minister for Finance and Human Resource Management, on 27.02.2024 to facilitate Self Service requirements of Employees and Pensioners, irrespective of time and location. Employees can access a range of services through the Kalanjiyam Mobile App like applying & sanctioning of Leave, request for short term loans and advances and Pension proposal initiation, exercise the Income Tax regime option (old/new). Similarly the Pensioners can also avail the services such as Digital Mustering, Festival Advance and Treasury transfer request, Income Tax (old/new) regime option.

37. The following features have been enabled under Kalanjiyam (IFHRMS 2.0)

- **RBI's NEFT/RTGS Facility:**

The RBI's NEFT/RTGS facility has been enabled in the IFHRMS from 24.04.2023 which facilitates immediate receipt of money into the Government Account without any delay.

- **Duplicate Beneficiary validation:**

A validation has been created in the Kalanjiyam portal to identify the duplicate beneficiaries and multiple payment to the single beneficiaries in the Government schemes like Chief Minister's Uzhavar Pathukappu Thittam, Old Age Pension & Widower Assistance, SSN-IG OAP, SSN-IG (SCP), etc. This will avoid double payment and fraudulently manipulated bills.

- **Automatic Computation of Income Tax:**

According to the Income Tax Act 1961, the IFHRMS 2.0 software provides a

facility to deduct income tax in equal instalments every month by uploading the saving and investment related details of government employees and pensioners on IFHRMS 2.0 website.

- **Contributory Pension Scheme:**

A provision has been made to end to end processing of CPS final settlement for the employees retiring in superannuation/Voluntary retirement in IFHRMS.

- **National Pension Scheme:** Provision has been made for generation of NPS/NSDL interface bill generation process for the payment of employee and employer contribution to NSDL.

- **Digital Mustering:** Mustering through Jeevan Pramaan has been introduced to help the pensioners to submit the annual life certificate. Now, in Kalanjyam mobile application, pensioners can submit the annual life certificate through the Aadhar

validation (Pensioner Mustering Face app).

Activities in Progress:

- Integration of the major revenue earning departments such as Registration and Transport department with IFHRMS has been completed.
- Integration of TANGEDCO and BSNL with IFHRMS.
- Enrichment of Employees Service Register (e-SR) in all the Departments.
- Pension Fixation Audit module: Provision has been enabled to upload the details of bulk number of pensioners to verify the pension fixation.

CYBER TREASURY

- A cyber treasury is a digital platform that enables Government and organizations to manage their treasury operations electronically. This system

encompasses the collection, management and disbursement of funds through a secure, web-based interface. Cyber treasury platforms integrate various financial processes, such as budgeting, accounting, revenue collection and expenditure management, streamlining financial operations and enhancing transparency.

- Cyber treasury is centralized accounting unit for accounting all e-payment transactions made across all treasuries in the State and rendering accounts to Accountant General. The Cyber Treasury is a mechanism of implementing the **SNA SPARSH** by co-ordinating with Stakeholders, Public Financial Management System, Reserve Bank of India, Accountant General, Departments and Integrated Financial and Human Resources Management System. SNA SPARSH is a major cash management initiative for centrally

sponsored schemes introduced as an alternative fund flow mechanism for CSS funds through an integrated framework of PFMS, IFHRMS, and e-Kuber platform of RBI. The Cyber Treasury is to be strengthened with adequate staff for effectively monitoring the system.

Advantages of Cyber Treasury

Efficiency and Speed:

- **Automation:** Reduces manual processes and paperwork, speeding up financial transactions and processing time.
- **Real-Time Data:** Provides real-time access to financial data, enabling quick decision-making.

Transparency and Accountability:

- **Audit Trails:** Creates detailed records of transactions, improving accountability and ease of auditing.

- **Public Access:** Often includes features that allow citizens to track Government spending and revenue, enhancing transparency.

Cost Savings:

- **Reduced Administrative Costs:** Lowers the need for physical resources and labour associated with manual treasury operations.
- **Error Reduction:** Minimizes human errors, reducing the cost associated with correcting mistakes.

Security:

- **Enhanced Security Measures:** Employs advanced encryption and security protocols to protect sensitive financial data.
- **Fraud Prevention:** Integrates mechanism to detect and prevent fraudulent activities.

Improved Financial Management:

- **Cash Flow Management:** Optimizes cash flow by providing accurate and timely information on fund availability.
- **Better Planning:** Facilitates better budgeting and financial planning through comprehensive data analytics.

User Convenience:

- **Accessibility:** Allows stakeholders to access financial information and conduct transactions from anywhere with internet access.
- **Ease of Use:** User-friendly interfaces make it easier for employees and citizens to interact with the system.

Interoperability

- **Integration with other systems:** Can be integrated with other Government or organizational systems, such as tax administration, payroll, and

procurement systems, creating a cohesive financial management ecosystem.

Environmental Benefits

- Paperless Operations: Reduces the use of paper, contributing to environmental sustainability efforts. Overall, cyber treasuries modernize and streamline treasury operations, providing numerous benefits that enhance the efficiency, security and transparency of financial management for Government and organizations.

e-Office Implementation in Head Office and Subordinate Offices

- The Government have taken policy decision to implement e-Office in Head Office and Subordinate Offices. A two days e-Office Hands-on Training has been imparted to all Assistant Programmers working in the Treasuries by TNeGA in the month of July 2023. Further the staff of

CTA were also given Hands-on Training by TNeGA at CTA Premises itself.

- Consequently, e-Office has been launched successfully and implemented in CTA from 01.08.2023 onwards and in subordinate offices from 01.01.2024 onwards. Now, files are processed through e-Office in Head Office and Subordinate Offices effectively.

New Health Insurance Scheme - 2021

38. The New Health Insurance Scheme for Government Employees has been extended beyond 30.06.2021 for a further period of four years.

39. The New Health Insurance Scheme, 2021 is being implemented from 01-07-2021 through United India Insurance Company Limited, Chennai, a Public Sector Undertaking for a period of four years. This 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 with provision to avail cashless medical assistance upto Rs.5,00,000/- (Rupees Five lakh only) for the year 2021-2025. A monthly subscription 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) is being recovered from the employee salary as subscription from the month of July 2021.

40. The dependent children of the Government employees covered without age limit under the New Health Insurance Scheme for Employees 2021 to avail the

eligible cashless medical assistance with effect from 30.12.2021.

41. Under the new scheme, the medical assistance has been enhanced to the maximum limit of Rs.10,00,000/- (Rupees Ten lakh) for some specified diseases / treatments. Further an additional amount Rs.10,00,000/- will be reimbursed from the corpus fund.

42. The coverage of medical assistance under this scheme has been extended to accident cases, where the patient got approved treatment/undergone surgery in a non-network hospital.

43. Under this Scheme, if the employee is consciously choosing to avail treatment in Non-Network hospital even the quality of treatment and facilities provided in a Non-network Hospital is not known then

the quantum of reimbursement in such cases shall be restricted to 75% of the package rate of similar procedure in the lowest grade Network hospital.

44. COVID-19 treatment has been included under specified illness list to avail cashless medical assistance up to Rs.10.00 lakh with effect from 14.02.2022.

45. Further, Hon'ble Minister for Finance and Human Resources Management launched Mobile App and Information Technology Solution Software for New Health Insurance Scheme on 27.02.2024 to monitor the effective implementation of the scheme.

46. New Health Insurance Scheme 2021 ID cards are issued to the 6,85,178 Government employees to avail the cashless medical assistance through the medical network hospitals under the scheme.

| Month | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Approved amount (in Lakh) | 3041.79 | 2856.42 | 2775.00 | 2924.04 | 2661.95 | 3115.09 | 1449.77 | 3234.95 | 3156.73 |
| Approved Cases (No. of cases) | 6222 | 5689 | 5500 | 6086 | 5093 | 6056 | 3604 | 6053 | 6040 |

47. 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 1296 networked hospitals and 16 Government radiation therapy centers for cancer treatment located in Tamil Nadu, Puducherry, Bengaluru, Thiruvananthapuram and New Delhi.

48. In the New Health Insurance Scheme 2021, during the period (i.e from 01.07.2021 to 31.03.2024) 1,93,086

beneficiaries have availed medical assistance to tune of Rs.936.14 Crore.

Further, the Government has reimbursed an amount totaling to Rs.80.59 lakh to the employees during the period 2021-24 whose medical reimbursement application has been recommended under Scenario – III or Scenario – IV of the guidelines issued by the Government.

Apart from these, for the treatment of COVID-19 under the New Health Insurance Scheme for Employees a corpus fund has been created with a sum of 5 Crore. A sum of Rs.85 Crore has been sanctioned so far.

Additionally, for the treatment of non-critical COVID-19 treatment in non-empaneled hospitals under the New

Health Insurance Scheme for Employees for which corpus fund has been created. A sum of Rs.11.15 Crore has been sanctioned so far.

Capacity Building - Knowledge Transfer, Skill Development training to officers of the Treasuries and Accounts Department

49. Approximately 700 officers, ranging from Additional Directors, Joint Directors, Chief Accounts Officers, to Accounts Officers and Assistant Accounts Officers, are being deputed to various departments, Government Corporations, and Boards in roles such as Financial Controller, Financial Advisor, and Chief Accounts Officers

The officers' duties encompass a wide array of responsibilities, including financial

services management, finalization of accounts, internal auditing, budgeting, filing of tax returns, and fulfilling statutory obligations. To ensure that these officers remain abreast of current developments in their respective fields and taking cognisance of the imperative need to enhance their skill sets, the Government accorded sanction to undertake capacity building activities through imparting comprehensive and continuous training programs.

Accordingly, the department has entered into a Memorandum of Understanding (MoU) with the institute of Chartered Accountants of India (ICAI) for the purpose of delivering training programs aimed at enhancing the skills of officers across different hierarchical levels. These programs are designed to ensure proficiency

and compliance with updated rules and regulations.

Approximately 416 officers, spanning various cadres, underwent comprehensive training across four distinct batches, each lasting five days. These sessions covered a diverse range of topics, effectively bridging existing knowledge lacunae. Expert faculties, sourced both from the ICAI, the partnering company and the department itself, conducted these classes, ensuring a rich and impactful learning experience to the trainees.

Training sessions focused on data analytics were delivered by the Indian Institute of Technology (IIT) to 56 officers. The objective was to augment their proficiency in cutting-edge technology, thus advancing their skill set in this domain.

In addition to the aforementioned initiatives, induction training and on boarding sessions were organized for recently recruited Junior Assistants. These sessions aimed to familiarize them with the organization's operations and structure. Furthermore, the training encompassed an introduction to the Integrated Financial and Human Resources Management System (IFHRMS) and guidance on navigating e-office work flows.

With the objective of providing internal training within the department, subject matter experts are identified and subsequently equipped with the necessary skills to serve as trainers for their peers. This process, referred to as "training of trainers," (ToT) ensures the dissemination of knowledge and expertise among employees within the department.

SMALL SAVINGS DEPARTMENT

50. The main objective of Small Savings Scheme is to encourage the thrift and savings habit among the citizens. The small savings schemes provides for the major individual household savings in India. Small savings, in addition to attracting small investors and give them full security for their investment, it also enable to earn reasonable rate of interest for their investment. By creating awareness on the thrift and savings benefit among the people of Tamilnadu, the commissionerate of small savings encourages the Small Savings Schemes operated through post office.

Small Savings Schemes

51. A number of Small Savings Schemes are in existence to suit the

requirements of different sections of the society. The Government of India announces the rate of interest for Small Savings Schemes periodically in the 1st of January, April, July and October every year.

This information is also provided in the Department's website www.tnsmallsavings.org and periodically updated.

Selvamagal Scheme:

52. The Government of India has launched Selvamagal Semippu Thittam, as saving scheme for girl children with effect from 03.12.2014. This scheme is exclusively meant for girl children below 10 years of age and their parents or guardians can deposit up to a maximum of Rs.1.5 lakh per annum. The current rate of interest for this scheme is 8.2 per cent from 01.04.2024.

Ponmagan Podhu vaippu Nidhi:

53. Considering the enthusiastic response from Public for the scheme of "Selvamagal Semippu Thittam", the Indian Postal Department has relaunched the Public Provident Fund Scheme as 'Ponmagan Podhuvaippu Nidhi' from 04.09.2015 for which is aimed at benefitting male children, with effect from 04.09.2015. This account may be opened by the parents or guardian in the name of a child below 10 years of age and for the children above 10 years of age the account may be opened by themselves. In a year, deposits up to a maximum of Rs.1.5 lakh can be made and interest rate of 7.1% is offered with effect from 01.04.2024.

Senior Citizen Savings Scheme:

54. The rate of interest given to the 5 Years Senior Citizen Savings Scheme is

7.4% w.e.f. 01.04.2024. Interest payable quarterly and account may be extended for another three years. Premature closure also allowed after one year at a discount of 1.5% and after two years at 1% discount of the deposit amount.

Small Savings Collection:

55. The Tamil Nadu Small Savings Collections during the financial years 2013-14 to 2023-24 are furnished below:

(Rs. in Crore)

| Sl.No. | Year | Target | Gross | Withdrawal | Net |
|--------|---------|--------|----------|------------|----------|
| (i) | 2015-16 | -- | 17259.82 | 15314.41 | 1945.41 |
| (ii) | 2016-17 | -- | 20737.29 | 17227.19 | 3510.10 |
| (iii) | 2017-18 | -- | 25257.16 | 17301.21 | 7955.95 |
| (iv) | 2018-19 | -- | 31923.58 | 19511.08 | 12412.50 |
| (v) | 2019-20 | -- | 41195.23 | 23572.59 | 17622.64 |
| (vi) | 2020-21 | -- | 41478.48 | 27421.02 | 14057.46 |
| (vii) | 2021-22 | -- | 41970.55 | 25600.37 | 16370.18 |
| (viii) | 2022-23 | -- | 45781.21 | 31285.18 | 14496.03 |
| (ix) | 2023-24 | -- | 61736.24 | 46671.53 | 15064.71 |

Agency System and Awards

Agency System:

56. Agents are appointed throughout the State for mobilization of Savings. They play a vital role in Small Savings promotions and collections. Under Mahila Pradhan Kshetriya Bachat Yojana (MPKBY) women alone are being appointed as Small Savings Agents. At present, 27,604 agents have been registered and functioning in Tamil Nadu as on 31.12.2023 as shown below:-

| Sl. No. | Type of Agents | Total Number of Small Savings Agents |
|----------------|--|---|
| 1. | Standardised Agency System (SAS) | 7165 |
| 2 | Mahila Pradhan Kshetriya Bachat Yojana (MPKBY) | 20439 |
| Total | | 27604 |

Awards

57. The Government of Tamil Nadu, in order to motivate Small Savings Agents and

to inculcate thrift in the minds of the public, the best performing Women Agents under Mahila Pradhan Ksetriya Bachat Yojana (MPKBY) are being presented the awards and shield at Block, District and State Levels and at District and State levels for Standardised Agency System (SAS) agents every year.

From the financial year 2017-2018 to 2023-2024, a sum of Rs.9,68,000/- was sanctioned by the Government each year and 933 Agents are benefitted every years.

World Thrift Day

58. The World Thrift Day is being celebrated on 30th October every year. 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, the District Collectors in the Districts and the Commissioner of Chennai Corporation plays important role in the deliverance of Small Savings Schemes to the public. Accordingly, Essay, Oratorical, Dance and Drama competitions are being conducted among the students and the students are being awarded through to Tamil Nadu Small Savings Department.

From the financial year 2017-2018 to 2023-2024, the Government sanctioned a sum Rs.3,30,000/- each year and 933 students are benefitted every year.

Publicity

59. In order to create awareness among the public, Small Savings Department participates in Government Exhibition by

erecting Small Savings pavilion and distributing pamphlets in Trade Fair at Chennai and in Districts and through the conduct of dramas at the Block level in the districts.

Similarly during the previous financial years, a sum of Rs.10,00,000/- was sanctioned by the Government to conduct 250 Dramas in various villages during each of the above Financial years.

AUDIT DEPARTMENTS

60. The Director General of Audit is functioning as the Supervising Head of Department for the following Audit departments 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

61. With a vision to undertake fundamental reforms of the audit system and to integrate all the audit departments seamlessly to ensure the internal and statutory audit functions are effectively carried out across all Government Departments and Agencies, Government has established the Office of the Director General of Audit. The Director General of Audit is designated as the Administrative

/ Supervisory Head of Department for audit functions in respect of the Departments of Local Fund Audit, Co-operative Audit, Audit for Milk Co-operatives, State Government Audit, Hindu Religious Institutions Audit and any other Audit Departments which are to be brought under the administrative control of Finance Department in future. The Director General of Audit is also notified as the Director of Local Fund Audit under section 3 of the Tamil Nadu Local Fund Audit Act, 2014.

Mandate

62. The objective of audit is to provide policy makers with reliable and accurate information about the performance of Government Departments and Government Schemes. Audit insights can help them to allocate resources efficiently

and effectively, improve public service delivery and maximize the value for taxpayers.

63. The mandate of the Director General of Audit is to ensure the Internal and Statutory audit functions of the Government Audit Departments are carried out effectively and for early identification of wrong doings and to initiate necessary corrective actions without delay and also, to enhance the capacity of the Audit Departments and to infuse professionalism. Based on the mandate the DGA office is majorly divided into 3 functional wings.

- **Capacity Building & Training**
- **Audit Quality Assurance**
- **Audit Reforms & Information Technology**

Special initiatives:

64. As part of the endeavour to make the audit process more transparent and professional, several initiatives have been taken. Some of them are,

Capacity Building

65. As the quality of audit depends hugely on the capacity of the auditors, multiple training programmes including refresher training and training on performance audit has been given more focus.

Audit Quality Management frame work

66. Best practices and audit standards on formation of audit team, audit plan, reporting etc. has been devised and their implementation is being monitored.

Computer Assisted Audit Techniques

67. Comprehensive Audit Information Management System (C-AIMs) is being developed for effective supervision of the end-to-end audit process. Further, data analytics software has been procured.

Audit Reforms

68. With a view to enhance the accountability and to enhance the objective evaluation of the scheme implementation, Performance Audit has been introduced. Considering the need to improve the efficiency and effectiveness of the public service delivery, Performance Audit will be given utmost importance and a dedicated cell is being established in the DGA office. To simplify the audit process and to ease the burden of audit compliances of smaller institutions, a checklist based Template Audit will be piloted.

LOCAL FUND AUDIT DEPARTMENT

69. The Local Fund Audit Department marked its genesis under the Madras Local Fund Act, 1871 with a mandate to audit the accounts of Local Boards and the post of Examiner of Local Fund Accounts was created in 1885 to inspect the Local Bodies which eventuated in formation of an independent department, called Local Fund Accounts in 1921. The nomenclature of Local Fund Accounts was renamed as Department of Local Fund Audit and the Examiner of Local Fund Accounts was re-designated as Director of Local Fund Audit in 1995. Based on the recommendations of Second State Finance Commission to create a legal framework for the audit of Local Bodies the Government has enacted the Local Fund Audit Act, 2014 and the Local Fund Audit Rules, 2016. The Director

General of Audit is notified as the ex-officio Director of the Local Fund Audit.

Audit Mandate

70. Government has entrusted the Local Fund Audit Department with the Statutory Audit of the accounts of Urban and Rural Local Bodies, Universities, Agricultural Market Committees, Local Library Authorities and other grant receiving institutions under the provisions of the respective Acts governing those institutions. Also, as per the Section 4 & 5 of the Tamil Nadu Local Fund Audit Act, 2014, the Director of Local Fund Audit is designated as the Statutory Auditor to audit the accounts of local authorities and local funds.

Audit Scope

71. As per Section 4 and Section 6(1) of Local Fund Audit Act, Local Fund

Audit Department shall conduct the audit annually or at such intervals as deem fit and also to conduct concurrent audit of such of those local authority or local fund as are found necessary under the provisions of any law governing them or as may be decided by the Director in consultation with the Government. Statutory Audit conducted by the Local Fund Audit Department is a comprehensive review of an auditee institution's adherence to regulatory guidelines issued by the Government then and there and deviations if any are reported.

Auditee Institutions

72. State Government through various Government Orders as well as through notifications under the Local Fund Audit Act and Rules has mandated the Local

Fund Audit Department to audit diversified nature of institutions.

| Sl. No | INSTITUTIONS | | Numbers |
|--------|--------------------|--|---------|
| 1 | URBAN LOCAL BODIES | Municipal Corporations | 21 |
| | | Municipalities | 138 |
| | | Town Panchayats | 490 |
| 2 | RURAL LOCAL BODIES | District Panchayats | 36 |
| | | Panchayat Unions | 388 |
| | | Village Panchayats (every year on rotation basis 20%+2% out of 12525 village panchayats) | 2819 |
| 3 | UNIVERSITIES | Universities | 23 |
| 4 | OTHER INSTITUTIONS | Library Authorities | 32 |
| | | District Agricultural Market Committees | 32 |
| | | Local Planning Authorities | 28 |
| | | The Tamil Nadu State Council for Higher Education | 1 |
| | | Others (Arasar Chatram & Raja Vedapadasalai) | 2 |
| Total | | | 4010 |

AUDIT PERFORMANCE

73. Conducting timely and quality audit of Local Bodies as provided in the Tamil Nadu Local Fund Audit Act, 2014 and Local Fund Audit Rules, 2016, through systematic and independent examination of accounts, finance & administrative operations and present reports containing audit findings supported by appropriate evidences, is the vital function of Local Fund Audit Department.

AUDIT REPORTS

74. The audit report is a key deliverable which shows the end results of the entire audit process to express an unbiased opinion on the financial statements. The Audit Report also contains the objections relating to the irregularities which are contrary to the provisions of the Acts and Rules governing the institutions.

The irregularities noticed in audit are reported to the Heads of the Institutions concerned. Audit Report shall certify the annual accounts such as Unqualified Certificate, Qualified Certificate, Disclaimer Certificate or Adverse Certificate depending upon the outcome of Audit as per the Rule 10(7) of Local Fund Audit Rules, 2016.

AUDIT PROGRESS

75. Audit for the year 2021-2022 in respect of all Panchayat Unions, District Panchayats, Corporations, Municipalities, Town panchayats, Universities and other institutions have been completed. Audit for the year 2022-2023 in respect of Panchayat Unions, District Panchayats and 20%+2% of Village Panchayats have been completed. The status of audit performance as on 31.05.2024 is detailed below.

| CATEGORY OF INSTITUTIONS | NUMBER OF INSTITUTIONS | AUDIT COMPLETED | AUDIT REPORT ISSUED | AUDIT REPORT TO BE ISSUED |
|---------------------------------|-------------------------------|------------------------|----------------------------|----------------------------------|
| Municipal Corporations | 21 | 21 | 14 | 7 |
| Municipalities | 138 | 138 | 122 | 16 |
| Town Panchayats | 490 | 488* | 488 | - |
| District Panchayats | 36 | 36 | 36 | - |
| Panchayat Unions | 388 | 388 | 388 | - |
| Village Panchayats | 2819 | 2819 | 2819 | - |
| Universities | 23 | 23 | 12 | 11 |
| Others | 95 | 95 | 89 | 6 |

* Palacode Town Panchayat audit is in progress and Alampalayam Town Panchayat records are with Directorate of Vigilance and Anticorruption (DVAC) and audit not taken up.

Resolution of Audit Objections

(i) Taking follow up action on the Audit Reports is a very crucial function of this department. Irregularities noticed during the course of audit are immediately brought to the notice of the Executive Authorities of the local bodies / institutions 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 settled 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) Recently as a best practice, entry level and exit level discussions with the executive authorities are also conducted to facilitate rectification of defects pointed out in audit.

Formation of District High Level and State High Level Committees

76. District High Level Committees and State High Level Committees have been formed to settle audit objections in respect of Rural Local Bodies and Urban Local Bodies. The details of District High Level Committee meetings conducted during the period from 01.04.2023 to 30.04.2024 are shown in the table.

| Sl. No | Name of Institution | No. of Meetings held | No. of Objections Settled | Total Value (Rs.in Lakh) |
|---------------|----------------------------|-----------------------------|----------------------------------|---------------------------------|
| 1 | Municipal Corporations | 4 | 321 | 9201.90 |
| 2 | Town Panchayats | 2 | 44 | 116.94 |
| 3 | Panchayat Unions | 49 | 1243 | 4887.78 |

Non-Audit Mandate

77. Apart from the statutory audit functions, Local Fund Audit department has also been entrusted by the Government with certain distinct functions as detailed below.

- (i) Certification of Annual Accounts of Local Bodies and Universities as required by statutory authorities for the release of Grants and Loans.
- (ii) Certificates are issued for the Utilisation of Grants received from Union Government / State Government / Funding Agencies.
- (iii) Authorisation and disbursement of Pensionary benefits to Local Body Employees.
- (iv) Redressal of Local Body Pensioner's grievances.
- (v) Administration of Municipal Pensioners' and Panchayat Union

Pensioners' Health Fund Scheme and Family Security Fund Scheme.

(vi) Sanction of Interest on Provident Fund Balances and Deposits of Local Body Employees.

(vii) As Treasurer of Charitable Endowments, administrating the endowments and corpus funds.

(viii) Verification and Certification of Contributory Pension Scheme Balances of Local Body Employees.

Consolidated Audit Report to Legislative Assembly

78. Section 20 of the Tamil Nadu Local Fund Audit Act, 2014, requires Director of Local Fund Audit to submit annually, a consolidated report of the accounts of local bodies audited by him to the Government, to be laid before the Legislative Assembly.

| Sl.No | Report Year | Placed in Assembly on |
|--------------|--------------------|------------------------------|
| 1) | 2015-2016 | 09.07.2018 |
| 2) | 2016-2017 | 05.02.2021 |
| 3) | 2017-2018 | 13.09.2021 |
| 4) | 2018-2019 | |
| 5) | 2019-2020 | 24.03.2022 |
| 6) | 2020-2021 | 19.04.2023 |
| 7) | 2021-2022 | 22.02.2024 |

CAPACITY BUILDING

79. Refresher courses are conducted for the Local Fund Auditors every year by the Department to update their audit knowledge and improve the quality of audit.

80. Various short term training programmes are conducted through the Anna Administrative Staff College financial audit, compliance audit, performance audit and Information Technology audit. During 2023-2024, 107 auditors have undergone the above trainings in the Anna Administrative Staff College.

Special Initiatives

(i) e-Office

To speed up the processing of files in a transparent manner e-Office has been implemented.

(ii) Online facilities for Local Body Pensioners

As a new step forward, initiative has been taken by this department to enable the Pensioners and Family Pensioners of Local Bodies such as Municipalities, Panchayat Union and Town Panchayats to upload their Life Certificate Digitally through Jeevan Praman Website (Indian Post Payments Bank (IPPB) and also to apply and download for Family Pension, upload Life Certificate, etc., through e-Sevai Centres.

Audit Fees

81. Audit Fees is payable by the auditee institutions at the rates prescribed under Section 17 of the Local Fund Act. A sum of Rs.1364.90 lakh has been remitted as audit fees by the Local Bodies / institutions for the period 01.04.2023 to 30.04.2024.

CO-OPERATIVE AUDIT DEPARTMENT

82. The Department of Co-operative Audit was formed to conduct statutory audit of all the Co-operative Institutions registered under the Tamil Nadu Co-operative Societies Act 1983 functioning under the administrative control of the 15 Functional Registrars.

AUDIT MANDATE

83. To exercise the powers of Registrar under Section 80 (Audit) of the Tamil Nadu Co-operative Societies Act and Rules 102 & 103 of Tamil Nadu Co-operative Societies Rules 1988, the Government has delegated the powers under Section 72 and 80 of Tamil Nadu Co-operative Societies Act, 1983 to the Director of Co-operative Audit. As per the above said provisions of the Act, it is the statutory obligation of the Director of

Co-operative Audit to conduct the audit of all the Co-operative Institutions registered under this Act in Tamil Nadu (except Milk Co-operative Societies).

84. As per the revised rules of the G.O. Ms. No: 10 CF&CP (C) Department, Dated:31.01.2013, the accounts of the following societies are audited by an audit firms:-

- The Tamil Nadu State Apex Co-operative Bank;
- District Central Co-operative Bank; and
- Such other categories of Societies as may be notified by the Government from time to time.

Concurrent Audit of above Co-operative Banks and Urban Co-operative Banks undertaken by Auditors of

Co-operative Audit Department and
Statutory Audit Chartered Accountants.

AUDITEE INSTITUTIONS

| Sl. No. | List of Functional Registrars | Total No. of Societies for the year 2023 - 2024 |
|----------------|--|--|
| 1. | Registrar of Cooperative Societies | 8460 |
| 2. | Director of Fisheries | 1403 |
| 3. | Director of Handlooms | 1355 |
| 4. | Chief Executive Officer, Palm Products Development Board | 734 |
| 5. | Registrar of Cooperative Societies (Housing) | 708 |
| 6. | Commissioner of Industries and Commerce | 298 |
| 7. | Chief Executive Officer, Tamil Nadu Khadi and Village Industries Board | 173 |
| 8. | Director of Social Welfare & Nutritious Meal Programme | 125 |
| 9. | Commissioner of Animal Husbandry and Veterinary Services | 110 |
| 10. | Director of Agro Engineering and Service Cooperative Societies | 67 |
| 11. | Director of Rural Development and Panchayat Raj | 49 |
| 12. | Director of Sericulture | 25 |
| 13. | Commissioner of Sugar | 17 |
| 14. | Director of Textiles | 7 |
| 15. | Director of Agriculture (Oil Seeds) | 1 |
| | TOTAL | 13532 |

AUDIT PERFORMANCE

85. Audit is taken up after the completion of financial year and finalization of accounts. Audit of accounts for the year 2022-2023 have been completed for 5443 out of 13,532 Co-operative Societies during the year 2023-2024. The Societies for which enquiries conducted under Section 81 of TNCS Act, 1983, investigation by the Commercial Crime Investigation Wing, non-production of books due to Court Cases and accounts not being written up for such reasons the audit of some societies are pending. Efforts are being taken to complete the audit work of such Societies with the coordination of concerned administrative authorities.

SPECIAL REPORTS

86. When serious defects like misappropriation, fraud, violations of Tamil Nadu Co-operative Societies 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.

The special reports details for the past 5 years is given below :-

| Audit year | No. of Special Reports | Amount (Rs. in Crore) |
|-------------------|-------------------------------|------------------------------|
| 2019-2020 | 544 | 47.95 |
| 2020-2021 | 484 | 87.61 |
| 2021-2022 | 380 | 52.40 |
| 2022-2023 | 326 | 45.52 |
| 2023-2024 | 570 | 47.47 |

Resolution of Audit Objections

87. As per Section 80(7) of the T.N. Cooperative Act 1983, "if the result of the audit discloses any defect, the registered Society shall, within three months from the date of communication of the result of the audit, take steps to remedy the defects disclosed as a result of the audit, and report to the Registrar of the action taken thereon".

88. At present non-monetary values to the tune of 700817 have been identified and settlement for 68840 paras have been processed in consultation with the Joint Registrars / Deputy Registrars concerned along with the institutions.

89. Audit fee is calculated based on the man days and category of the audit staff engaged for the audit. Similarly FR Cost is calculated based on the Monthly Average

Cost plus Pension Contribution of the category of audit staff engaged for the audit.

DETAILS OF AUDIT FEE AND FUNDAMENTAL RIGHTS COST COLLECTED

(Rs. in Crore)

| Year | Audit Fees | F.R. Cost |
|-------------|-------------------|------------------|
| 2019-2020 | 2.87 | 13.82 |
| 2020-2021 | 4.83 | 15.56 |
| 2021-2022 | 3.85 | 15.95 |
| 2022-2023 | 4.40 | 17.73 |
| 2023-2024 | 5.61 | 14.45 |

CAPACITY BUILDING

90. Refresher courses are conducted for the Cooperative Auditors every year by the Department to update their audit knowledge and improve quality of audit.

91. Various short term training programmes conducted in the Anna Administrative Staff College on financial audit, compliance audit, performance audit

and IT audit. During 2023-2024 202 auditors have undergone the above trainings.

SPECIAL INITIATIVE

- Topics have been identified for Performance Audit and will be given utmost importance in future.
- Creative efforts are being taken to categories the auditee units in terms of risk factors sensitivity. For the low risk organizations with low volume of transactions, simplification of the process of audit in the form of a check list based template audit will be introduced.

STATE GOVERNMENT AUDIT DEPARTMENT

92. In 1945, the Government appointed the Examiner of Local Fund

Accounts as Chief Auditor, State Trading Schemes, for internal departmental audit of the accounts relating to the State Trading Schemes. A new department for audit of the accounts relating to State Trading Schemes under the control of Chief Auditor, State Trading Schemes was created vide G.O.(Ms.)No.449, Finance Department, dated 03.05.1969.

93. In G.O(Ms)No.598, Finance (Local Fund) Department, dated 03.08.1992, the functions of both departments viz. Departments of Local Fund Audit and Chief Auditor, State Trading Schemes, were restructured and the Chief Auditor, State Trading Schemes was re-designated as Chief Internal Auditor and Chief Auditor of Statutory Boards. In G.O(Ms)No.264, Finance (Local Fund) Department, dated 16.08.2019, Internal Audit and Statutory

Boards Audit Department was renamed as State Government Audit Department.

Audit mandate

94. The Government has entrusted State Government Audit Department with the Statutory Audit of the accounts of the Statutory Boards such as the Tamil Nadu Housing Board, Tamil Nadu Khadi and Village Industries Board, Chennai Metropolitan Development Authority, Tamil Nadu Wakf Board, Tamil Nadu Labour Welfare Board etc., under the provisions of the respective Acts governing those institutions or by Government Orders. As per G.O(Ms)No.15 and 16, Higher Education (D2) Department, Dated: 05.02.2024, audit of all Government aided Arts and Science Colleges has been entrusted to the State Government Audit Department.

95. In G.O(Ms)No.598, Finance (Local Fund) Department, dated 03.08.1992 and G.O(Ms)No.736, Finance (Local Fund) Department, dated 19.9.1995 have authorized the State Government Audit Department to review the Internal Audit functions in Government Departments and oversee Audit through the concerned departments.

Auditee Institutions

96. State Government vide various Government Orders as well as through notifications under relevant Acts have mandated the State Government Audit to carry out audit of various Institutions Department to audit diversified nature of institutions. The list of Boards, schemes and Institutions under the purview of the State Government Audit Department can be seen

in the Annexure-1. Internal Audit of the following Departments are carried out by this Department.

- Medical Education & Research Department
- Medical & Rural Health Services Department
- Public Health & Preventive Medicine Department
- Revenue Administration and Disaster Management Department
- Technical Education Department
- Social Welfare & Women Empowerment Department
- Forest Department
- Police Department
- Agricultural Engineering Department

Audit Scope

97. State Government Audit Department is confided with the responsibilities for the systemic examination

of all receipts and expenditure of the auditable institutions, ensuring that the financial transactions adhere to the canons of financial propriety, ensuring 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 and for follow up of the most serious audit observations relating to the Boards / Institutions and their final resolution in the Public Undertaking Committee. This department also certifies the entitlement to grants of the aided institutions concerned.

AUDIT PERFORMANCE

98. The status of Audit of the Auditable Institutions as on 31.03.2024 is at Annexure -II

Resolution of Audit Objections

99. The replies received from the auditee institutions other than Boards are verified and the objections are settled by the concerned district level officers of this department through joint sitting, if found satisfactory. With regard to the Statutory Boards, serious audit objections are referred to the Public Undertakings Committee and the paras are settled by the committee itself. Other than these paras, remaining paras are settled by the Department.

Audit Fee

100. Revenue loss to the tune of 1342.52 lakh covered in 12,997 paras as pointed out in the audit reports of various auditable institutions were recovered and remitted to the Board / Government account.

101. The demand for audit fee has been raised on the basis of the actual cost of audit or average cost. A sum of Rs.677.10 lakh has been collected as audit fee during the financial year 2023-24.

Capacity Building

102. Refresher courses are conducted for the State Government Audit Department Auditors every year by the Department to update their audit knowledge and improve the quality of audit.

During 2023-2024, 65 auditors have undergone the trainings on the topics like performance audit, IT audit etc.,

Special Initiatives

103. As the conventional audit focus more on the procedural compliances with a view to verify whether the intended

objectives of a Scheme/ Project was achieved by the Government Department / Boards concerned, performance audit has been introduced.

DEPARTMENT OF AUDIT FOR MILK CO-OPERATIVES

104. 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. The Directorate was brought under the administrative control of the Finance Department vide G.O(Ms)No.370 Finance (Co-operative Audit) Department, dated 22-11-2019.

Audit Mandate:

105. Section 80(1)(a) of the Tamil Nadu Co-operative Societies Act, 1983, mandates the audit of the accounts of the

co-operatives, at least, once in a financial year, by the auditors appointed by the Government in the manner prescribed in Rules 101 and 102 of the Tamil Nadu Co-operative Societies Rules, 1988.

106. The Director of Audit for Milk Co-operatives is the Registrar (Audit) for the purpose of Rule 101, Rule 102 and 103 being the Officer of the Government on whom the powers of the Registrar under Section 80 have been conferred. Delegation of powers to the Director, Joint Director, Zonal Deputy Directors working under him/her under section 80 of the said Act and Rules 101,102 and 103 of the said Rules, 1988, have been ordered by the Government in G.O.Ms.No.467 Animal Husbandry & Fisheries Department, dated 05.09.1990.

Audit process:

107. Audit process comprises of the determination of audit objectives and as per the scope of audit prescribed in the Tamil Nadu Co-operative Societies Act and Rules: Audit planning, Drawing up the audit programme, placement of auditors for the audit entities proposed to be audited, audit engagement and execution and concluding with the issuance of Audit Certificate & Report.

Organisational structure

108. Milk Co-operatives comprises of a 3 tier structure with the Tamil Nadu Co-operative Milk Producers Federation Ltd., (TCMPF) -1 at apex level, 27 District Co-operative Milk Producers Unions (DCMPUS) at District level, 10633 Milk Producers Co-operative Societies (MPCS) and

47 Milk Consumer Co-operative Societies (MCCS) at the Primary level. Accordingly, the Milk Co-operative Audit Department is structured with Senior Co-operative Auditors and Assistant Directors.

Scope of Audit:

109. Co-operative Auditors conduct the statutory audit and compliance audit as per provisions contained in Section 80 of the Tamil Nadu Co-operative Societies Act 1983 and Rules 1988 (Rules 101,102 and 103). The Co-operative Auditor has wider responsibility of examination of the functions of Co-operative Societies with respect to the economic welfare of its members as well as the principles of Co-operation.

110. After examination of the profit and loss accounts and balance sheet and on the basis of documents data and information

provided by the co-operative society, the auditor has to give an opinion as to whether.

- the Balance sheet gives a true and fair picture of the society's affairs as at the end of the financial year and
- the Profit and Loss account, shows the true picture of the profit or loss for the financial year.
- Audit also covers the following:
 - i) Examination of overdue debts
 - ii) Verification of cash balance and securities
 - iii) Valuation of assets and liabilities of the society
- Auditor is also entitled to examine the following areas and furnish his findings in the audit memorandum as per Rule 102 of Tamil Nadu Co-operative Societies Rules, 1988.

- i) all transactions which appear to be contrary to the provisions of the Act and Rules or the by-laws of the society;
- ii) all sums which ought to have been, but have not been brought into account by the society;
- iii) any material impropriety or irregularity in the expenditure or in the realisation of amount due to the society;
- iv) any amount or property belonging to the society which appears to auditing firm as bad or doubtful debts and
- v) any other information as may be required by the Registrar (Audit) in this regard.

Audit Performance :

Tamil Nadu Co-operative Milk Producers Federation

111. Final Audit has been completed in all 12 Units of Tamil Nadu Co-operative Milk Producers Federation till the financial year 2022-2023 and Audit Certificates have been issued.

District Cooperative Milk Producers Unions (as on 15-5-2024)

112. Audit for the Milk Cooperative Unions for the Financial year 2022-2023 has been completed in 19 unions.

| Sl. No. | Audit Year | Total No. of Unions | Audit Completed | Audit Pending | | | Audit Certificate Issued | Audit Certificate Pending |
|---------|------------|---------------------|-----------------|----------------|-------------------|-------|--------------------------|---------------------------|
| | | | | Audit Progress | Books not written | Total | | |
| 1 | 2020-2021 | 25 | 24 | - | 1 | 1 | 24 | 1 |
| 2 | 2021-2022 | 25 | 24 | - | 1 | 1 | 22 | 2 |
| 3 | 2022-2023 | 27 | 19 | 1 | 7 | 8 | 18 | 1 |

Milk Producers Cooperative Societies (as on 15-5-2024)

| Sl. No. | Audit year | Total No. of societies | Audit Completed | Audit Certificate issued | Audit Certificates pending | Audit Pending |
|---------|------------|------------------------|-----------------|--------------------------|----------------------------|---|
| 1 | 2018-2019 | 9857 | 9856 | 9855 | 1 | 1 (1 Society Book not written) |
| 2 | 2019-2020 | 10081 | 9994 | 9991 | 3 | 87 (63 Societies Books not written) |
| 3 | 2020-2021 | 10382 | 9897 | 9866 | 31 | 485 (411 Societies Books not written) |
| 4 | 2021-2022 | 10565 | 8533 | 8335 | 198 | 2032 (1736 Societies Books not written) |
| 5 | 2022-2023 | 10654 | 6014 | 4906 | 1108 | 4640 (3523 Societies Books not written) |

Audit Progress

| Audit year | Total No. of Auditable institutions | Audit completed | Audit pending |
|------------|-------------------------------------|-----------------|---------------|
| 2018-2019 | 9886 | 9885 | 1 |
| 2019-2020 | 10116 | 10029 | 87 |
| 2020-2021 | 10417 | 9931 | 486 |
| 2021-2022 | 10600 | 8567 | 2033 |
| 2022-2023 | 10693 | 6045 | 4648 |

Audit paras :

113. Instances of infringement of Act / Rules, Byelaws, Government orders, financial improprieties, cash / stock deficits, non realization of money due to societies, misappropriation of funds, financial mismanagement noticed during audit scrutiny, are highlighted as audit paras in the schedule of defects of final audit report. As on 30.04.2024, 14413 audit paras with a financial value of Rs.948.38 crore is pending.

Resolution of Audit objections

114. The Audit Review Committees have been constituted for each tier of the three structured milk co-operatives, vide G.O(Ms)No.11, Animal Husbandry & Fisheries (MP-I) Department, dated 13.10.1991, to examine the actions taken to rectify the audit objections and to decide on the settlement of audit objections.

(Rs. in Lakh)

| Sl. No. | Name of the Unit | Audit paras raised | | Audit paras settled in ARC | | Audit paras Pending | |
|---------|--|--------------------|-----------------|----------------------------|-----------------|----------------------|-----------------|
| | | Nos. | Amount Involved | Nos. | Amount Involved | Total Number of Para | Amount Involved |
| 1 | Milk Producers Cooperative Societies | 18635 | 15889.47 | 8049 | 7450.18 | 10586 | 8439.29 |
| 2 | District Cooperative Milk Producers Union | 3645 | 67262.4 | 35 | 100.57 | 3610 | 67161.83 |
| 3 | Tamil Nadu Cooperative Milk Producers Federation | 247 | 20191.76 | 30 | 954.34 | 217 | 19237.42 |
| | Total | 22527 | 103343.63 | 8114 | 8505.09 | 14413 | 94838.54 |

Audit Fee & Fundamental Rule Cost:

115. During 2023-2024, a sum of Rs.196.80 lakh towards Concurrent audit fees and Rs.137.10 lakh towards Fundamental Rule cost totalling Rs.333.90 lakh was collected from the milk cooperative societies and remitted into Government account.

Special Report:

116. As and when serious irregularities 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 contains the narrative details of the serious defects and the financial value involved for taking appropriate action at their end.

The progress of special reports for the past 4 years is given below: - (Upto 30.04.2024)

i. Tamil Nadu Co-operative Milk Producers Federation

| Audit year | No. of Special Reports | Amount (Rs. in Lakh) |
|-------------------|-------------------------------|---------------------------------|
| 2018-2019 | 6 | 3674.44 |
| 2019-2020 | 9 | 12076.06 |
| 2020-2021 | 9 | 16268.75 |
| 2021-2022 | 8 | 11003.74 |
| Total | 32 | 43022.99 |

ii. District Co-operative Milk Producers Unions

| Audit year | No. of Special Reports | Amount (Rs. in Lakh) |
|-------------------|-------------------------------|---------------------------------|
| 2018-2019 | 20 | 8300.68 |
| 2019-2020 | 20 | 10028.12 |
| 2020-2021 | 20 | 3807.12 |
| Total | 60 | 22135.92 |

iii. Milk Producers Co-operative Societies

| Audit year | No. of Special Reports | Amount (Rs. in Lakh) |
|-------------------|-------------------------------|---------------------------------|
| 2018-2019 | 367 | 730.76 |
| 2019-2020 | 877 | 412.04 |
| 2020-2021 | 656 | 57.37 |
| 2021-2022 | 68 | 26.88 |
| Total | 1968 | 1227.05 |

117. Special reports of the Tamil Nadu Cooperative Milk Producers Federation, District Cooperative Milk Producers Union and Primary Milk Producers Co-operative Societies for the year 2022-2023 are under preparation.

Capacity Building:

118. Every year, refresher courses are being conducted for the Auditors of the department to update their audit skills and proficiency with financial assistance from the Government.

119. Short duration training programmes on various facets of auditing like Financial Audit, Compliance Audit, Performance Audit, Information Technology Audit, Works Audit, Contract Act Audit, Tender Act and Dairy Economics were imparted to 118 Auditors during the year 2023-2024.

Special initiatives:

- Initiatives are underway to organise capacity building programmes for the junior and middle level audit cadres as per the annual calendar of training. Standard training modules have been

prepared to impart in house training on Domain Specific Areas.

- Performance audit has been initiated on the following topics
 - a) Door step Veterinary and Emergency Health services
 - b) Performance of Automatic Milk collection units
- Information Technology Audit has been initiated on “Integrated Dairy Management System” (IDMS) which is being implemented in milk Co-operatives.

HINDU RELIGIOUS INSTITUTIONS AUDIT DEPARTMENT

120. The Audit Wing which was functioning under the direct control of the Commissioner, Hindu Religious and Charitable Endowments Department, was transferred to the administrative control of the Finance Department. Subsequently, the post of Director was created to function as Head of the Department.

Audit Mandate

121. According to the Hindu Religious and Charitable Endowments Act, 1959, Section 87(2) and Rules 116(2)(xiv) provide for the manner in which audit of accounts maintained by the Religious Institutions shall be carried out.

122. Apart from the Hindu Religious and Charitable Endowment Act and Rules, major

regulation concerning the audit of Hindu Religious Institution are as follows:

- Local Fund Audit Department's Audit Manual - Volume V
- Manual of Accounts of Hindu Religious and Charitable Endowments Department
- Government Orders, Circulars and Orders issued by the Commissioner, Hindu Religious and Charitable Endowments Department and Director, Hindu Religious Institutions Audit Department.

Scope of Audit

123. The scope of the Hindu Religious Institutions Audit includes verification of the following:

- i. physical verification of investments, bonds and tickets.

- ii. whether income realized at proper time
- iii. whether steps are being taken to recover overdue amounts
- iv. whether all the receipts are being immediately accounted for and credited into the bank accounts at the earliest.
- v. whether all the expenditure is duly supported by proper vouchers
- vi. whether any expenditure is prima facie extravagant

Auditee Institution:

124. Financial and Compliance Audit of the various category of the institutions are being carried out by the Hindu Religious Institutions Audit Department.

- General Accounts of Religious Institutions

- General Accounts of Mutts and Specific Endowments attached to Mutts.
- Scheme Accounts of Oru Kaala Poojai and Annadhanam
- Thiruppani Accounts
- Village Thirukovil Thiruppani Accounts
- Adi Dravidar Village Temples Tiruppani Accounts
- Educational Institutions Accounts
- Funds maintained by the Commissioner, Hindu Religious and Charitable Endowments Department
- Elephant Camp Accounts
- Miscellaneous accounts (such as Trade Fair, Anbu Illam & Karunai Illam Accounts)

125. Further, the audit of the Religious Institutions are undertaken by categorising them based on their annual income and Audit priority is arrived as follows:

| Sl. No. | Category of Audit Units | Annual Assessable income Range | Total Number of Institutions under audit purview |
|----------------|--|---------------------------------------|---|
| 1. | Category – 1 | Rs.1 Crore above | 163 |
| 2. | Category – 2 | Rs. 50 Lakh to Rs. 1 Crore | 97 |
| 3. | Category – 3 | Rs. 10 Lakh to Rs. 50 Lakh | 612 |
| 4. | Category – 4 | Rs. 1 Lakh to Rs. 10 Lakh | 2240 |
| 5. | Category – 5 | Rs. 10,000 to Rs. 1 Lakh | 3105 |
| 6. | Category – 6 | Rs. 1,000 to Rs.10,000 | 2611 |
| 7. | Oru Kaala Poojai Scheme | - | 11365 |
| 8. | Annadanam Scheme Accounts | - | 743 |
| 9. | Education Institutions | - | 22 |
| 10. | Miscellaneous Accounts (HR&CE Department Exhibitions stall Accounts and Commissioner HR&CE Funds Accounts Etc..) | - | 12 |
| Total | | | 20970 |

Organisational Structure

126. To carry out the audit on the accounts of the Religious Institutions and effortless coordination, Hindu Religious Institutions Audit Department is divided into 19 Regions coterminous with the Hindu Religious and Charitable Endowments Department. Out of the 19 regions, 4 regions are headed by Deputy Chief Audit Officers and 15 regions are headed by Regional Audit Officers. To assist the Deputy Chief Audit Officers and Regional Audit Officers, 28 Assistant Audit Officers and 1 Regional Audit Officer Mobile Unit is established.

Audit Performance

127. Audit Performance of the Department for the past three years, are as follows:

| Sl. No | Year | No of Audit completed | | | | No. of Audits Completed in Faslis |
|--------|---|-----------------------|------------|------------|------------|-----------------------------------|
| | | Institutions | | | | |
| | | Category 1 | Category 2 | Category 3 | Category 4 | |
| 1 | 2021-2022 | 600 | 496 | 872 | 3595 | 5563 |
| 2 | 2022-2023 | 799 | 647 | 1290 | 2106 | 4842 |
| 3 | 2023-2024 (as per revised categorisation) | 174 | 85 | 464 | 1349 | 2072 |

Resolution of Audit Objections

128. As per Section 90 of Hindu Religious and Charitable Endowments Act 1959, the rectification of defects disclosed in Audit and order of surcharge against trustees vest with the concerned appropriate authorities such as Commissioner, Joint Commissioner and Assistant Commissioner of Hindu Religious and Charitable Endowment Department.

129. Two levels of Audit Committee have been constituted, vide G.O(Ms)No. 114, Tourism, Culture and

Religious Endowments Department, dated 31.05.2023, to settle the pending audit objections of Senior Grade Religious Institutions. Details of the two-level settlement committee are given below.

- I. First Level Audit Committee – (for settlement of audit objections in respect of Senior Grade Religious Institutions which are administered by Executive Officers in the cadre of Joint Commissioner)

| | |
|---|-----------------------|
| Commissioner, Hindu Religious and Charitable Endowments Department | Chairman |
| A member nominated by Director General of Audit from concerned Department | Member / Secretary |
| Joint Secretary to Government, Finance Department | Member |

II. Second Level Audit Committee (for settlement of audit objections in respect of Senior Grade Religious Institutions which are administered by Executive Officers in the cadre of Deputy Commissioner/ Assistant Commissioners)

| | |
|---|--------------------|
| Additional Commissioner (Administration), Hindu Religious and Charitable Endowments Department | Chairman |
| A member nominated by Director General of Audit from concerned Department | Member / Secretary |
| Concerned Deputy Chief Audit Officer/ Regional Audit Officer, Hindu Religious Institutions Audit Department | Member |

During the year 2023-2024 a total of 1,03,707 audit objections involving a sum of Rs.218,15,22,000/- have been raised and 8008 audit objections involving a sum of Rs.4,97,27,000/- have been settled by the appropriate authorities.

Audit Fees

130. The audit fees for the Religious Institutions are levied under Section 92(2) of Hindu Religious and Charitable Endowments Act 1959 and collected as per the following:

| Sl. No. | Net income Assessable | Audit Fee Percentage |
|----------------|------------------------------|-----------------------------|
| 1 | Up to Rs.5000 / - | NIL |
| 2 | Rs.5001-Rs.5,00,000 | 1.5 percent |
| 3 | Over Rs.5,00,001 | 4 percent |

- The expenditure on the Audit Wing is initially met out of the Consolidated Fund of the State which is reimbursed through the audit fees collected by the Commissioner of Hindu Religious and Charitable Endowments Department.
- The particulars of audit fees collected for the year 2023-2024 are furnished below:

| Financial Year | Audit Fees Collected (in Rs) |
|-----------------------|---|
| 2023-2024 | 63,26,57,147/- |

Capacity Building

131. During the Financial year 2023-2024, the following training courses were organised to the Audit Officials of this Department to improve the efficiency and effectiveness of the audit.

| S. No. | Training Details |
|---------------|--|
| 1. | Performance Audit Training |
| 2. | Works Audit Training |
| 3. | Information Technology Audit Training |
| 4. | Audit of Contracts and Tamil Nadu Tender Transparency Act Training |
| 5. | Audit of Hindu Religious Institutions |

Special Initiatives

132. In addition to the regular audit on the accounts of Religious Institutions, the concept of undertaking Performance Audit was introduced during the year 2023-2024, for assessing the auditee units operations to determine if specific functions are working as intended to achieve stated goals.

133. As per the approved plan, Performance Audit on the following topics are conducted:

- i. Performance Audit on management of Temple Properties

- ii. Performance Audit on conduct of festivals
- iii. Performance Audit on Annadhana Scheme
- iv. Performance Audit on Oru Kaala Poojai etc.

TAMIL NADU INFRASTRUCTURE DEVELOPMENT BOARD (TNIDB)

- 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 Partnerships (PPP) mode.

- 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 comprising an Executive Committee chaired by the Chief Secretary.
- 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 and 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.
- To encourage and facilitate the participation of private sector in

infrastructure development in the State, the Government had strengthened the Board by hiring experts from the open market, simplifying procedures, optimizing delegation of powers and in the relevant statutory provisions. Accordingly necessary amendments have been made.

- 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 co-ordinate with TNIDB to

expedite sanctions. New website of TNIDB as on exclusive online platform for procurement, knowledge resources and model documents has been launched.

- In the Global Investors Meet held on January 2024, Hon'ble Chief Minister has unveiled the following reports
 - Public Private Partnership Policy
 - TN Vision of 1 Trillion \$ Economy
- TNIDB has accorded structure approval and bid document approval for the following projects:
 - Operation and Maintenance of Silo Facility at Erukkur under PPP Mode.
 - Public Convenience Toilet Lounges in locations under Zone 5,6 and 9 of Chennai City.

- Operation and Maintenance of New Bus Terminal at Kilambakkam under PPP Mode.
- Selection of Concessionaire for Restoration of Adyar River under Hybrid Annuity Model (HAM) through Public Private Partnership mode.
- Selection of Port Operator for Cuddalore Port.
- Setting-up of Municipal Solid Waste (MSW) based Bio-CNG Plants at 7 Municipal Corporations (Coimbatore, Salem, Trichy, Tambaram, Madurai, Nagercoil and Tiruppur) across Tamil Nadu on Design Build Finance Operate and Transfer (DBFOT) basis under Public Private Partnership (PPP) mode
- expansion of TAMIN's graphite business by setting up a new

graphite plant to produce 25,000 MTs per annum.

- Operation and Maintenance of 500 low floor Electric Buses and Development of Allied Electric and Civil Infrastructure on Gross Cost Contracting Basis
- TNIDB has organized '**Tamil Nadu Infrastructure Conclave – [Ambition and Opportunities]**' to interact with leading Funds, Financial Institutions & Investors in the Infrastructure sector to showcase Tamil Nadu's vision for infrastructure and understand the perspective of the key stakeholders on 29.05.2024. The invitees to this conclave include Infrastructure Funds, Pension Funds, Sovereign Wealth Funds, Sectoral Platforms and International & Domestic Financial Institutions.

Chennai City Partnership I: Sustainable Urban Services Programme (SUSP)

134. Chennai City Partnership I: P for R (SUSP) is being implemented by the GoTN. The Programme expenditure is estimated at USD 701 Million with contribution of USD 150 Million each from World Bank (WB) and the Asian Infrastructure Investment Bank (AIIB). The Tamil Nadu Infrastructure Development Board (TNIDB) is designated as the nodal agency serving as Programme Management Unit (PMU) for this programme with CEO, TNIDB as the Programme Director. The responsibility of implementation of activities and achievement of Disbursement Link Indicators (DLIs) is vested with the Agencies. viz., **1. GCC 2. CMWSSB 3. MTC 4. WRD and 5. CUMTA**

From the inception, the Disbursement Linked Results (DLRs) have been achieved by GCC, CMWSSB, MTC & CUMTA with cumulative disbursal amounting to **USD 68.62 Million**. The GoI has now released IBRD's Share of INR 283.9683 crore and AIIB's share of INR 284.56 crore **(i.e., Rs.568.5283 crore)** to Government of Tamil Nadu.

Further, an additional fund of **USD 4.10 million** is expected to be released from the Central Government as the share of IBRD and AIIB Banks based on the achievements.

**Tamil Nadu Infrastructure Fund
Management Corporation Limited
(TNIFMC)**

135. TNIFMC is an Alternative Investment Fund management company promoted by the Tamil Nadu Infrastructure

Development Board (TNIDB) to strengthen Tamil Nadu's leadership in business, industrial and commercial sectors by attracting investments into the state resulting in responsible economic growth and increased improving employment opportunities. TNIFMC is owned 49% by TNIDB and 51% by financial institutions. TNIFMC is regulated by SEBI and is currently managing two funds namely, Tamil Nadu Shelter Fund (TNSF) and Tamil Nadu Emerging Sector Seed Fund (TNESSF).

Tamil Nadu Shelter Fund (TNSF)

136. TNSF focusses on funding of affordable housing projects (both rental and ownership models) and has the support of the World Bank and the Asian Development Bank. The Fund has capital commitments of Rs.658 crore. The fund has approved

investments of Rs.239 crore in affordable housing projects including working women hostels and industrial housing projects. The Fund is evaluating proposals worth Rs.355 crore.

Tamil Nadu Emerging Sector Seed Fund (TNESSF)

137. TNESSF was formally launched by the Hon'ble Chief Minister of Tamil Nadu on January 27, 2023, by handing over of sanction orders to five startups amounting to Rs.13.4 crore. TNESSF provides risk capital in the form of venture capital investments with a focus on emerging sectors. The Fund has capital commitments of Rs.105 crore from Government, TIDCO, TIDEL Park & Indian Overseas Bank and intends to raise another Rs.400 crore from institutional investors. As on date, TNESSF has approved 12 investments amounting to Rs.50.6 crore.

Tamil Nadu Green Climate Fund (TNGCF)

138. To boost the investments in green infrastructure in the State, the Environment, Climate Change & Forests Department has committed Rs.100 crore for setting up the Tamil Nadu Green Climate Fund (TNGCF) with a target of Rs.1,500 crore to be managed by TNIFMC. The fund has set a target to off-set 6 million MT of carbon emissions contributing to the goal of the Government of Tamil Nadu to achieve net-zero before 2070.

Tamil Nadu Infrastructure Development Fund (TNIDF)

139. To attract private sector participation in infrastructure, the Government, through TNIDB has committed to invest Rs.1,000 crore in a new Fund named Tamil Nadu Infrastructure Development Fund (TNIDF) that has a target

of Rs.8,000 crore. This will accelerate private sector investments in the State. TNIFMC is in the process of operationalising the same.

THANGAM THENARASU
Minister for Finance and Human
Resources Management.

ANNEXURES

ANNEXURE - I

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 Text Book and Educational Services Corporation
5. Tamil Nadu Khadi and Village Industries Board
6. Tamil Nadu Water Supply and Drainage Board (TWAD Board)
7. Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB)
8. Chief Minister's Uzhavar Pathukappu Thittam (Social Security Scheme)
9. Folk Artist Welfare Board.

10. Tamil Nadu Sports Development Authority
11. Tamil Nadu Manual Labourers Welfare Board
12. 15 Non-Formal Labourers Welfare Boards
13. Agricultural Extension Centres
14. Puratchi Thalaivar Dr.MGR. Nutrition Noon Meal scheme
15. Integrated Child Development scheme
16. SC/ST Post Matric Scholarship Scheme
17. Anna Administrative Staff College
18. District Child Protection Units
19. Tamil Nadu Public Service Commission
20. Teachers Recruitment Board
21. National Service Scheme in Deemed Universities
22. Tamil Nadu Government Health Fund Schemes

- 23. Family Security Fund
- 24. Hon'ble Chief Minister's Public Relief Fund
- 25. Government Aided Polytechnics and Engineering Colleges
- 26. Audit of the expenditure of Parliament and Legislative Assembly elections.
- 27. Tamil Nadu Information commission.
- 28. Government aided Arts & Science Colleges

ANNEXURE – II

Status of Audit (As on 31.03.2024)

| S. No | Name of the Board | Year of completion of audit | Current audit years (is in progress) | No. Of Paras raised |
|--------------|---|------------------------------------|---|----------------------------|
| 1. | Tamil Nadu Housing Board (TNHB) | 2021-22 | 2022-23 | 480 |
| 2. | Tamil Nadu Urban Habitat Development Board (TNUHDB) | 2021-22 | 2022-23 | 614 |
| 3. | Chennai Metropolitan and Development Authority (CMDA) | 2021-22 | 2022-23 | 603 |
| 4. | Tamil Nadu Text Book and Educational Services Corporation | 2020-21 | 2021-22 2022-23 | 1460 |
| 5. | Tamil Nadu Khadi& Village Industries Board | 2021-22 | 2022-23 | 1838 |
| 6. | Tamil Nadu Wakf Board | 2021-22 | 2022-23 | 1675 |
| 7. | Administrative General (AG) | 2020-21 | 2021-22 2022-23 | 994 |
| 8. | Official Trustee (OT) | 2021-22 | 2022-23 | 1813 |
| 9. | Official Assignee (OA) | 2020-21 | 2021-22 2022-23 | 1355 |

| S. No | Name of the Board | Year of completion of audit | Current audit years (is in progress) | No. Of Paras raised |
|--------------|--|------------------------------------|---|----------------------------|
| 10. | Official Liquidator (OL) | 2020-21 | 2021-22 2022-23 | 2402 |
| 11. | Agriculture Extension Centre | 2021-22 | 2022-23 | 41773 |
| 12. | Weights and Measures Institutions | 2021-22 | 2022-23 | 15737 |
| 13. | Government Institutions | 2021-22 | 2022-23 | 81226 |
| 14. | Government aided Institutions | 2021-22 | 2022-23 | 20227 |
| 15. | Government aided Polytechnic colleges and Engineering colleges | 2021-22 | 2022-23 | 6788 |
| 16. | Puratchi Thalaivar Dr.MGR Noon-meal Scheme Audit | 2021-22 | 2022-23 | 206523 |