



FINANCE DEPARTMENT

POLICY NOTE 2023 – 2024

DEMAND No. 16

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Management**

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**Government of Tamil Nadu
2023**

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POLICY NOTE

DEMAND NO.16

FINANCE DEPARTMENT

POLICY NOTE FOR THE YEAR

2023-2024

Introduction:

“பொருள்கருவி காலம் வினை இடனொடு ஐந்தும்
இருள்தீர எண்ணிச் செயல்.”

(குறள் 675)

Resources, means, time, place and deed
Examine these five before you proceed

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

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

4. Within this 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 and interventions, such as:

- Strengthening the Treasury System
- Upgrading the IFHRMS system and ensuring its full utilization
- Tracking the fund flow to other departments and agencies
- Improving the efficiency of 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

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

So far this Economic Advisory Committee meeting has been held thrice from 2021-2023 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, 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) FEDERAL FISCAL MODEL

7. The Advisory Council has been constituted to develop a Federal Fiscal Model with renowned experts on legislation involving revenue and taxation (including GST) under the Chairmanship of Thiru.Arvind P. Datar, Senior Advocate, Supreme Court on issues pertaining to GST.

8. The First Report has been submitted to the Government. With regard to establishment of GST Tribunal, the views of State Government have been communicated by the Hon'ble Minister (Finance and Human Resources Management) to the Group of Ministers. The other recommendations of the Advisory Council are under active consideration of the Government.

(iii) NEW ASSET MANAGEMENT SYSTEM

9. 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.”

10. 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.

11. 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.

(iv) E-PROCUREMENT

12. The Tamil Nadu Transparency in Tenders Rules, 2000 has been framed under The Tamil Nadu Transparency in

Tenders Act, 1998 with the objective of bringing transparency in public procurement and to regulate the procedure of inviting and accepting tenders.

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

“e-procurement system will be made mandatory for all procurements by Governments and public sector entities from 01.04.2023 onwards. The Government will bring necessary amendments to the Tamil Nadu Transparency in Tenders Rules for this purpose.”

14. Based on the above announcement, the Government through NIC has developed a new e-procurement portal “<https://tntenders.gov.in>” which is

compliant with the Tamil Nadu Transparency in Tenders Act, 1998 and Rules, 2000. The total project cost including customization requirement and State-wide Rollout is Rs.501.51 lakh for 3 years (April 2022 – March 2025).

15. Trainings have been imparted to the employees of Secretariat Departments, Heads of Departments and all Boards and Corporations on the e-procurement portal and processes. Online training was also imparted from 6th March, 2023 and this will be available in the portal itself for the next 3-6 months. Necessary amendments have been made in the Tamil Nadu Transparency in Tenders Act, 1998 and Rules, 2000, to enable e-procurement.

16. The revamped portal “<https://tntenders.gov.in>” is operational with effect from 1-4-2023.

(v) LITIGATION RISK MANAGEMENT SYSTEM

17. As per the announcement made by the Hon’ble Minister for Finance and Human Resources Management Department in Budget Speech 2021-2022, an Oversight Committee has been constituted to offer strategic guidance regarding High Risk Litigation vide G.O.(D) No.18, Finance (OP-M) Department, dated 19.03.2022. The Committee has so far conducted 14 meetings and 14 Departments have benefitted by the advice of the Committee in 26 High Risk Litigations.

18. In order to ensure proper monitoring of cases involving huge financial risk to the Government, a separate portal has been created for High Risk Litigation within the Integrated Court Case Monitoring System (ICCMS) with effect from 14.09.2022.

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

19. As part of strengthening Finance (Bureau of Public Enterprises) Department, orders have been issued in G.O.(Ms.)No.141, Finance (BPE) Department, dated 24.05.2022, for the appointment of consultants for financial and operational analysis of past and current performance through annual / quarterly reports, board notes, medium term vision

statement and performance trends of Public Sector Undertakings and Statutory Boards under Bureau of Public Enterprises. Accordingly M/s.Ernst & Young LLP has been selected and awarded the Letter of Award on 15.02.2023.

(vii) NABARD PROJECT MONITORING UNIT

20. A "NABARD Project Monitoring Unit" 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 in the field with a view to expedite the disbursal of funds, G.O.(Ms.) No.213, Finance (Resources-II) Department, dated 14.07.2022. The unit has become functional w.e.f. 08.08.2022.

(viii) BUDGET INITIATIVES

TOP-DOWN BUDGETING

21. With the intention of introducing modern practices in budget formulation, the Top-Down Budgeting concept has been introduced for the following five Demands for Grants in the Budget for 2022-2023.

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

The Top-Down Budgeting method seeks to provide greater delegation to departments to speed-up decision making, improve implementation, reduce costs and

avoid time overruns while ensuring greater accountability.

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

23. In the 'Top-Down Budgeting' system, the department specific overall annual Revenue, Capital and Loan outlays will be determined and then communicated to the Department, which can further distribute the outlay among different items of expenditure under the sub-heads, detailed heads and sub-detailed heads. Further, the Head of Department will be able to

re-appropriate the funds allotted, if necessary, during the course of the financial year, subject to certain conditions. The 'Top-Down' budgeting for the above 5 Demands for Grants has been continued for the financial year 2023-2024 and upon stabilization of this pilot process, this method will be considered for expansion to other Demands for Grants also, in a phased manner in the future.

CITIZEN'S GUIDE TO BUDGET

24. 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 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 recent budget.

IMF TECHNICAL ASSISTANCE

25. 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 introduced for 5 demands for grants and continued in 2023-2024 as well. Further, the Finance department has been actively engaged in meetings / training sessions with the IMF-SARTTAC officials and has started analysing the sector-wise fiscal risk analysis during 2022-2023 for internal sensitization. Similarly, the process of preparation of a Medium Term Fiscal Framework embedded with macro-fiscal parameters has also been taken by the department during 2022-2023.

(ix) SPECIAL TASK FORCE

26. The Special Task Force (STF) is functioning "to fully reconcile the Bank accounts and identify funds which have

lapsed and which are unutilised and to ensure that all funds of the Government are kept within view of the Treasury System.”

27. Bank Account details have been collected from Banks, Departments and District Collectors. Through consistent efforts, the STF has identified dormant funds which can be ploughed back to the state exchequer.

STRUCTURE OF FINANCE DEPARTMENT

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

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

The functions of the above departments/agencies 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".

AUDIT DEPARTMENTS

29. The Director General of Audit is functioning as the Supervising Head of Department of 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

30. Governor's Address made on 21 June 2021 on the floor of the Tamil Nadu Legislative Assembly mentioned that the audit and oversight functions need a thorough overhaul. In the Policy Note of Finance Department for the year 2021 - 2022, it has been stated that

“A position of the Director General of State Audit will be created to oversee all the existing audit agencies of the State Government. Ideally, the Director General will be drawn from the Indian Audit and Accounts Service on deputation”

In pursuance of the above commitment to the Assembly, the Government initiated measures and accordingly issued G.O.(Ms.)No.102, Finance (LF) Department, dated 07.04.2022 sanctioning the post of the

Director General of Audit to act 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 to be added 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.

Initiatives undertaken

- ❖ Steps are being initiated to develop and implement a web-based Comprehensive Audit Information Management System (C-AIMS) for end-to-end automation of all audit functions and processes for effective

management of the complete audit cycle.

- ❖ Key audit reform measures have been initiated to infuse professionalism, and inculcate best practices in the conduct of audit of all the domains under the jurisdiction of audit departments. Introduction of acclaimed auditing standards like general Standards, Field Standards and Reporting Standards including domain specific audit manuals and installing overall Audit Quality Management Framework (AQMF) are underway.
- ❖ To bring about a significant change in the audit process, the concept of Perspective Audit Plans and Annual Audit Plans, Risk based audit

strategies, statistical sampling methods, data analytics like IDEA Tableau etc., have been introduced in all the five Audit Departments. Accordingly, the process of selection of themes and topics, composition of audit teams, special squads are underway for undertaking various high priority performance audits, compliance audits and IT audits from April 2023 onwards.

- ❖ Capacity building and training of audit personnel of all five Audit Departments are underway to upgrade their knowledge and capacity in alignment with accepted public auditing standards. Establishing of in-house training cells in each Audit Department is underway.

- ❖ An Annual Consolidated Audit Report of the Local Fund Audit Department for the year 2020-2021 has been prepared, and will be placed on the floor of the Assembly.
- ❖ Initiatives will be taken to absorb the Co-operative Department personnel presently on deputation to Milk Co-operative Societies Audit Department on permanent basis as part of streamlining the cadre.
- ❖ Initiatives will be taken to fully automate the process of authorisation of Pension for personnel retired from the various local bodies by the Local Fund Audit Department. Similarly, provision of facilities to file Digital Life Certificates (DLC) or Life certificates on-line by these pensioners through

Jeevan Praman portal by availing services of any of the following agencies viz., Indian Post Payment Bank (IPPB) with Doorstep Service, e-Seva centres/ Common Service centres and Pensioners associations having Biometric device connected with Jeevan Praman portal is underway.

❖ **Audit of Jewel Loans** – Hon'ble Chief Minister of Tamil Nadu announced Jewel Loans waiver Scheme. Consequently during March 2022 a special audit of Jewel Loan waiver for the Loaners who pledged upto 40 grams of Gold in Co-operative Banks and societies was conducted by Co-operative auditors and 1,19,125 ineligible beneficiaries (approximately

9% of total beneficiaries) were identified. This has resulted in a significant saving of Rs.519.64 crore to the Government of Tamil Nadu.

❖ Further during October 2022, women self help group loan waiver audit was also conducted by this department to ensure that Self Help Group Loan waiver amount reaches the deserving beneficiaries. This has also resulted saving of Rs.468 crore to the Government of Tamil Nadu.

❖ **An Audit Reforms Committee (ARC)** was constituted in February 2022 vide G.O.(Ms.) No.54, Finance (LF) Department, dated 26.02.2022, to study and make recommendations to streamline the processes and functioning of all the Audit

Departments and to improve the overall audit impact. The Audit Reforms Committee had successfully completed the study and submitted its report on 10th October, 2022.

- ❖ A Refresher Training Programme for the Assistant Inspectors was organized at Anna University, Chennai on 30.01.2023. The training programme was inaugurated by the Hon'ble Minister for Finance and Human Resources Management.
- ❖ Since moral, ethics and appropriate behaviour are the corner stones of Public Auditors, a Code of Ethics will be formulated and issued soon.

LOCAL FUND AUDIT DEPARTMENT

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

32. In addition to the audit of institutions mentioned in the Schedule of the Act, the Director of Local Fund Audit

undertakes statutory audit of other institutions with the prior sanction of the Government under Section 5 of the Act. The audit of Local Body Institutions done by this Department conforms to the general requirements expected of a post-audit function. It relates to checking of accounts and a propriety audit on the income and expenditure of the institutions to ensure that the transactions are as per the relevant Acts and Rules and Government orders and that the accounts represent a true and fair view of the state of affairs of the Local Bodies.

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

following consolidated reports have been placed in the Assembly:

Sl. No.	Year	Status
1	2015-2016	Placed in Assembly on 09.07.2018
2	2016-2017	Placed in Assembly on 05.02.2021
3	2017-2018	Placed in Assembly on 13.09.2021
4	2018-2019	
5	2019-2020	Placed in Assembly on 24.03.2022
6	2020-2021	To be placed in the current Legislative Assembly session

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

Scope of Local Fund Audit Department

35. Audit is intended to safeguard taxpayer's money received by Local Bodies and to ensure that assistance given by Government and funding agencies to Local Bodies is utilized for the purposes for which they have been granted and for the benefit of the intended beneficiaries.

Test Audit of Village Panchayats

36. The Local Fund Audit Department is required to conduct test audit of 22 percent of all Village Panchayats annually. Accordingly, the audit of 2839 Village Panchayats out of 12,525 village Panchayats is taken up every year.

Concurrent Audit System

37. The "Concurrent Audit System" is present in 19 Corporations,

9 Municipalities and 13 Universities. The Government has introduced quarterly audit system in all the 388 Panchayat Unions from the year 2000-2001. Audit Parties consisting of one Inspector and one Deputy Inspector or one Assistant Inspector for every three or four Panchayat Unions have been constituted and located at selected 116 Panchayat Union Offices. The list of Corporations and Municipalities taken up for Concurrent Audit is at Annexure-I(b).

Immediate Post Audit System

38. Immediate Post Audit is conducted in 19 Corporations and 09 Municipalities where Concurrent Audit sections are functioning. Under this system, the payment vouchers are sent to audit upon making payments and such vouchers are

audited immediately and the defects noticed communicated to the administration. This system facilitates the prompt rectification of defects by the administration.

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

Annual Audit of Non-Concurrent Audit Institutions

39. The audit of remaining 2 Corporations, 129 Municipalities, 10 Universities and other local bodies like Town

Panchayats, District Panchayats, Market Committees, Local Library Authorities, Local Planning Authorities and miscellaneous institutions are undertaken every year on receipt of annual accounts from the auditee institutions.

Implementation of Accrual Based Accounting System in Urban Local Bodies

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

Municipal Accounting Manual has been adopted since 2016-2017.

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

42. This system enables the Urban Local Bodies to identify and value their assets following standard valuation methods and incorporating them in books of accounts through the Asset Register. Due to transparency in the new accounting system, various financial institutions have come

forward to extend financial assistance to Urban Local Bodies for capital projects and welfare schemes.

Certification of Annual Accounts of Local Bodies and Universities

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

44. Audit certificates are issued by this department for the utilisation of various grants released by the State / Central

Government, the University Grants Commission and other Funding Agencies in respect of Universities which come under its purview.

Procedure for Settlement of Audit Objections

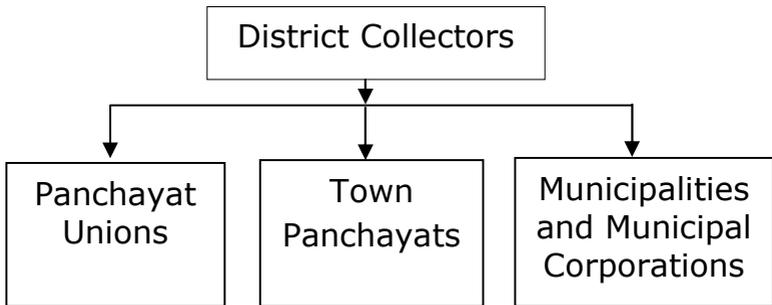
45. Taking follow up action on the Audit Reports is one of the vital functions of this department. Irregularities of serious nature noticed during the course of audit are immediately brought to the notice of the Executive Authorities of the local bodies concerned. Serious irregularities and losses pointed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

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

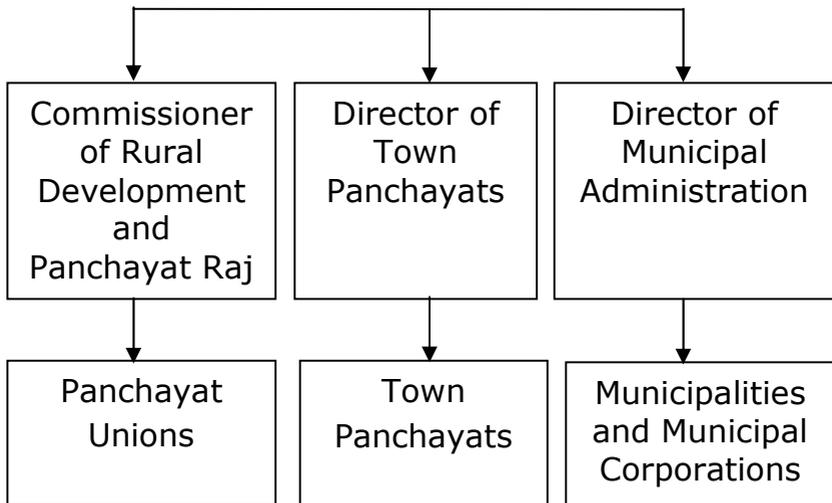
47. As per current best practices, entry level and exit level discussions with the executive authorities are also conducted to facilitate rectification of defects pointed out in audit.

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

District High Level Committees



State High Level Committees



- ❖ In respect of Panchayat Unions, District High Level Committees headed by the respective District Collectors and the State High Level Committee under the chairmanship of the Commissioner of Rural Development and Panchayat Raj have been formed.
- ❖ As regards the Town Panchayats, High Level Committees have been constituted at District level with the Collector as Chairman and at State level with the Director of Town Panchayats as Chairman in G.O.(Ms.) No.1, Municipal Administration and Water Supply (TP2) Department, dated 04.01.2007.
- ❖ In respect of Municipalities and Municipal Corporations other than Chennai Corporation, District High Level Committees headed by the

respective District Collector and State High Level Committee headed by Director of Municipal Administration have been constituted in G.O.(Ms.) No.65, Municipal Administration and Water Supply Department, dated 22.05.2007.

- ❖ During the financial year, 11 District High Level Committee meetings in respect of Municipal Corporation were conducted and 244 special audit objections of value Rs.9760 lakh were settled.
- ❖ During the financial year, 41 District High Level Committee meetings in respect of Municipalities were conducted and 1331 special audit objections of value Rs.9477 lakh were settled.

Special Functions

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

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

The certification, sanction and payment of retirement/death benefits to the employees of local bodies viz., Municipalities, Town Panchayats and Panchayat Unions is done by the Director of Local Fund Audit. During the financial year, 27197 pensioners are receiving monthly pension through four nationalized banks. The funds for the payment of pension / family pension are released by the Heads of Departments concerned from the State Finance Commission Devolution fund.

ii) Redressal of Local Body Pensioners' grievances

An information desk has been opened at the Directorate of Local Fund Audit for redressal of local body pensioner/family pensioners grievances and the pensioner/family pensioners are able to get information required by them regarding their pension proposals and related matters without any delay.

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

The Health Fund Scheme and Family Security Fund scheme have been extended to municipal pensioners in G.O.(Ms.)No.120, Municipal Administration and Water Supply Department, dated 25.05.1999 with effect from 01.08.1999. These two welfare schemes are administered by the Director of Local Fund Audit. During the financial year,

18 claims were settled and Rs.6.24 lakh was sanctioned under the Pensioners' Health Fund Scheme and 152 claims were settled and Rs.63.71 lakh was sanctioned under Family Security Fund Scheme.

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

The Health Fund Scheme and Family Security Fund scheme extended to Panchayat Union pensioners in G.O.(Ms.) No.23, Rural Development and Panchayat Raj (E7) Department, dated 15.03.2013 with effect from 01.04.2013 are administered by the Director of Local Fund Audit. During the financial year, 179 claims were settled and Rs.75.18 lakh was sanctioned under Pensioners' Health Fund Scheme and 405 claims were settled and

Rs.4.71 lakh was sanctioned under Family Security Fund Scheme.

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

The Provident Fund Deposits of Local Body Employees and the investments therefrom were taken over by Government in 1967. The Director of Local Fund Audit is authorised to sanction interest on the balance of Provident Fund Deposits of Local Bodies. A sum of Rs.16.84 crore was sanctioned by the Government during the financial year and the entire allotment has been utilized for sanction of interest claims to the Local Bodies.

vi) Treasurer of Charitable Endowments

The Director of Local Fund Audit also functions as the Treasurer of Charitable Endowments with effect from 01.04.1952.

Government authorizes acceptance of the endowments and publishes the scheme of administration of the endowment.

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

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

50. As per G.O.(Ms.) No.260, Finance (Pension Grievances Cell) Department, dated 15.10.2015, the Director of Local Fund Audit audits the accounts relating to the Contributory Pension Scheme (CPS) maintained by the Local Bodies so as to ensure the correctness of the subscription of the employees and contribution of the Local Body. Contributory Pension

Scheme accounts for 288 Panchayat Unions, 11 Corporations, 79 Municipalities and 418 Town Panchayats have been audited for the year 2021-2022, during this financial year. Local Fund Audit Department have been verifying the correctness of the Contributory Pension Scheme accounts as and when data are uploaded by these Local Bodies.

Status of Audit Progress

51. Audit for the year 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 2021-2022 in respect of 22% of Village Panchayats have been completed.

Audit Fees

52. This department has been charging full audit cost as audit fee from the universities and 50% of audit cost as audit fee from the Municipal Corporations and Municipalities and 2% of total expenditure as audit fees from Agricultural Market Committees. As against the demand of Rs.6265.03 lakh, a sum of Rs.3248.04 lakh was remitted as audit fees by the above-mentioned institutions from 01.04.2022 to 31.03.2023.

Recovery of excess payment pointed out in audit

53. A sum of Rs.5734.77 lakh have been recovered during the financial year on account of settlement of 81729 audit objections relating to Town Panchayats, Municipalities, Corporations, Universities and other miscellaneous institutions.

CO-OPERATIVE AUDIT DEPARTMENT

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

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

Scope of Co-operative Audit Department

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

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

57. The statutory audit of all Central Co-operative Banks, Tamil Nadu Industrial Co-operative Banks and Urban Co-operative Banks are entrusted to Chartered Accountants. The auditors of the Co-operative Audit Department are entrusted with the task of concurrent audit in these Banks.

Statutory Audit and Audit Fees

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

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

Status of Audit

59. Since the accounts of the societies are pertaining to the period from 1st April to 31st March (Financial year) audit is being taken after the completion of financial year. Audit of accounts for the year 2020-2021, have been completed for 5900 out of 13,573 societies during 2021-2022. The audit of the remaining societies will be

completed before 31.07.2023 except the societies for which enquiries are underway under Section 81 of TNCS Act, 1983, investigation by the Commercial Crime Investigation Wing, court cases, non-production of books and accounts not being written up. Efforts are being taken to complete the audit work of such societies with the coordination of concerned administrative authorities.

Special Reports

60. When serious defects like misappropriation, fraud, violations of TNCS act, rules, stock deficit, are found out during the course of audit, they are brought to the notice of the Functional Registrars concerned through Special Reports for initiating necessary follow-up actions. As per G.O.No.267, Finance (CA) Department,

dated 06.08.2018, the annual report of action taken by the Functional Registrars has been submitted to the Government for the year 2017-2018. Action taken report details for the year 2018-2019 onwards are yet to be received from the Functional Registrars.

The special report details for the past 2 years are given below: -

Audit year	No. of Special Reports	Amount (Rs. in Crores)
2021-2022	387	49.99
2022-2023	309	45.12

Training and Development

61. To improve the quality of audit skills among the auditors, the department is conducting various types of short-term training programmes and refresher classes.

STATE GOVERNMENT AUDIT DEPARTMENT

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

been renamed as "State Government Audit Department" vide G.O. (Ms.) No. 264, Finance (LF) Department, dated 16.08.2019.

63. Scope of Audit

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

the Boards/Institutions and their final resolution in the Public Undertaking Committee.

Auditable Institutions

64. The list of important institutions and schemes audited by this department is at Annexure – III.

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

Audit Certificate

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

Other Functions

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

1. Medical Education Department
2. Medical & Rural Health Services Department
3. Public Health & Preventive Medicine Department
4. Agriculture Department
5. Agricultural Engineering Department
6. Geology and Mining Department

7. Revenue Administration Department
8. Transport Department
9. Collegiate Education Department
10. Technical Education Department
11. Prisons and Correctional Services Department
12. Police Department
13. Social Welfare & Nutritious Meal programme Department
14. Rehabilitation Department
15. Adi-Dravidar and Tribal Welfare Department
16. Forest Department
17. Stationery and Printing Department
18. Backward Classes and Minorities Welfare Department
19. Fire and Rescue Services Department

Follow up action taken on Audit Reports

67. The gist of audit paragraphs which are serious in nature are being

brought to the notice of Head of the departments and the Secretaries to Government concerned for corrective action.

Special Audit conducted in the year 2022-2023:

68. This department has conducted

- i) the field verification on genuineness of the income certificate of BC/MBC/MW/SC/ST scholarship and First Graduate certificate based on Government letter No.56431/ Finance (LF)/2021, dated 31.01.2022 and the field verification report has been submitted to the Government.
- ii) Special audit on Receipts and Expenditure of COVID-19 in selected

5 districts and the report has been submitted to Government.

Audit Fees

69. The demand for audit fees is raised on the basis of the actual cost of audit or average cost. A sum of Rs.545.93 lakh has been collected as audit fees during 2022-2023 financial year.

Recovery of excess payment pointed out in Audit

70. Revenue loss to the tune of Rs.1568.48 lakh pointed out in audit reports of various auditable institutions was recovered and remitted to government account, by settling 35593 paras in joint sitting.

Capacity Building

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

As per instructions given by the Training Advisory Committee (TAC) constituted by the Director General of Audit, annual training calendar planner for the year 2023-2024 is being prepared to provide training on;

- i. General Courses
- ii. IT related courses
- iii. Domain Based Courses

72. e-Governance Initiatives

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

DEPARTMENT OF AUDIT FOR MILK CO-OPERATIVES

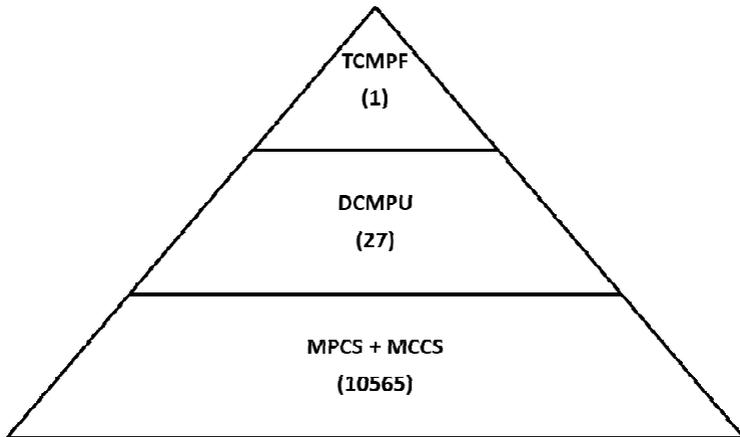
73. The Department of Audit for Milk Co-operatives was created as a separate department under the administrative control of Animal Husbandry, Dairying and Fisheries Department in 1987 to conduct statutory audit exclusively for Milk Co-operatives in the State.

74. This department has been brought under the overall control of the Finance Department vide G.O.(Ms.) No.370, Finance (Co-operative Audit) Department, dated 22-11-2019.

Structure of Milk Co-operatives

75. Milk Co-operatives comprises of a 3-tier structure with the Tamil Nadu Co-operative Milk Producers Federation

Limited, (TCMPF) at apex level, 27 District Co-operative Milk Producers Unions (DCMPU) at District level, 10518 Milk Producers Co-operative Societies (MPCS) and 47 Milk Consumer Co-operative Societies at the Primary level.



Scope of Audit

76. The main objective of this department is to audit the accounts of the

milk societies and to ensure that the Balance Sheet and Profit and Loss Account have been drawn properly so that they represent a true and fair picture of the state of affairs of the societies.

In addition, the audit department assures a reasonable level of assurance to the members of the societies and other stakeholders who make use of the financial statements and Audit Reports.

Status of Audit Progress

Tamil Nadu Co-operative Milk Producers Federation

77. Final Audit of Tamil Nadu Co-operative Milk Producers Federation for 2021-2022 has been completed in all the 10 units of federation & Audit Certificates issued.

District Co-operative Milk Producers Unions

78. Audit for 2020-2021 has been completed in 23 District Cooperative Milk Producers Unions out of 25 Unions. Audit Certificates issued in 21 Unions and finalization of Audit report is in progress in Namakkal and Dharmapuri Union. Audit is in progress in Tiruppur and Tiruvannamalai Unions.

79. Audit for 2021-2022 has been completed and Audit certificates issued in 19 District Co-operative Milk Producers Unions. Audit is in progress in remaining Unions.

Milk Producers Co-operative Societies

80. For the audit year 2021-2022, out of 10,565 Milk Producers Co-operative Societies, audit has been completed in

6122 societies & Audit Certificates issued in 3615 societies. Issue of Audit Certificates is in progress in 2507 societies. Audit is in progress in the remaining societies as per the Audit Plan.

Audit Fees and Fundamental Rule Costs

81. During 2021-2022 a sum of Rs.153.47 lakh towards Concurrent audit fees and Rs.188.12 lakh towards Fundamental Rule cost totalling Rs.341.59 lakh were collected from the milk co-operative societies and remitted into Government account.

Special Reports

82. As and when serious defects are noticed during audit, they are forwarded to the Commissioner for Milk Production and Dairy Development and the Deputy

Registrars (Dairying) by means of special reports which contains the narrative details of the serious defects and the financial value involved for taking appropriate action at their end.

Training and Development

83. Every year refresher courses are conducted for the Auditors of the department to update their audit skills and proficiency.

Short duration training programmes on various facets of auditing were imparted to 150 Senior Co-operative Auditors during 2022-2023.

Initiatives are underway to formulate a training plan to upskill the auditor's knowledge & competency. Training planning committee, constituted by this department is

in the process of preparing the Annual calendar of Training for 2023-2024; standard training modules for each programme and basic diploma course for the new recruits/entrants in consultation with NICM Chennai, ICM Madurai, Regional Training Institute (AG Office) and TANUVAS.

NEW INITIATIVES

Milk Audit Manual:

84. The work of preparing the Draft Milk Audit Manual has been completed. The final Milk Audit Manual will be issued for use of Auditors shortly.

Audit Quality Improvement:

85. To tone up the quality of Milk Audit, Audit Planning Committee has been constituted to draw up the Perspective Audit Plan for 3 years

(2023-2024, 2024-2025 and 2025-2026), Annual Audit Plan for 2023-2024, selection of important topics / themes, and formulation of audit design matrix for the conduct of Performance audit and Compliance Audit.

HINDU RELIGIOUS INSTITUTIONS AUDIT DEPARTMENT

86. As per G.O. (Ms.) No. 181, Tourism, Culture and Religious Endowments Department, dated 25.11.2021, the audit wing which has been functioning under the control of H.R & C.E Department was relieved from that department and an independent department under the name of Hindu Religious Institutions Audit Department was created under the administrative control of the Finance department.

87. To carry out the audit on the accounts of the Religious Institution, at present Audit Wing is divided into 19 Regions across State of Tamil Nadu. Out of which 4 Regions are being headed by Deputy Chief

Audit Officers and 15 Regions are being headed by Regional Audit Officers. 27 Assistant Audit officers are extending assistance to the above said officers. Apart from this, one post of Regional Audit Officer (Mobile Audit Party) and one post of Assistant Audit Officer is operated from the Headquarters.

88. Audit work is being carried out on the basis of man days and pendency of audit in each fasli year in all audit regions. Temples are classified according to their revenue and audit is being carried out.

Audit is carried out on the accounts of Government Schemes like Oru Kala Pooja, Annadhanam and other accounts like Educational Institutions and Thiruppani.

89. During the year 2022-2023, with the available man days, the audit of Hindu Religious Institutions were undertaken and completed with special importance to significant institutions with higher annual income as shown below:

Sl. No.	Category of Audit Units	No. of Faslis Completed during the year 2022-2023
1	Special Category - 1	7
2	Special Category - 2	5
3	Special Category - 3	23
4	Category - 1	580
5	Category - 2	490
6	Category - 3	944
7	Category - 4	1819
8	Category - 5	2875
9	Annadhanam Scheme	1115
10	Oru Kala Pooja	30944

Sl. No.	Category of Audit Units	No. of Faslis Completed during the year 2022-2023
11	Educational Institutions	211
12	Thiruppani	68
13	Gramapura Thiruppani	31
14	Miscellaneous	14
	Total	39126

TREASURIES AND ACCOUNTS DEPARTMENT

90. Introduction

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

The Treasuries and Accounts Department headed by the Commissioner of Treasuries and Account is functioning with 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 various Treasury functions and provides skilled manpower to various Departments, Boards, and Corporations to carry out Finance related functions.

91. Main Functions

- 1) Handling of all receipts and payments of the Government
- 2) Disbursement of salaries to more than 9.3 lakh employees
- 3) Disbursement of pension to 7.07 lakh Pensioners
- 4) Disbursement of payments for all schemes, capital works etc.,
- 5) Rendering of compiled monthly accounts to the Accountant General
- 6) Sale of various Judicial and Non-Judicial stamps to Vendors

7) Implementation of New Health Insurance Schemes for the benefit of employees and pensioners.

8) Maintenance of various Deposit Accounts for Local Funds and Personal Deposits of Drawing and Disbursing Officers.

92. Integrated Financial And Human Resources Management System (IFHRMS)

- Integrated Financial and Human Resources Management System, a flagship project, facilitates effective and efficient functioning of Government by integrating management of Financial and Human Resources and the project is on go-live mode since January 2021 for various activities like HR, Bill generation etc.,

- e-Challan module was implemented on 08.02.2021 to enable the General public / Government Departments, Boards & Corporations and Local Bodies, to remit the receipts of the Government as e-receipts in IFHRMS. The remittances can be made 24 x 7 through online facilities (www.karuvoolam.tn.gov.in).
- Strong Room Operation and Stamp management with IFHRMS has been enabled.
- The Pension payments are made in all District Treasuries and at Pension Pay Office (PPO), Chennai.
- The payments to the Pensioners and their legal heirs are made through IFHRMS.

- Old age pension for 32.8 Lakh beneficiaries is disbursed every month through IFHRMS.
- Assistance to 6.50 Lakh beneficiaries under Dr.Muthulakshmi Reddy Maternity Benefit scheme is released through IFHRMS.
- Scholarship payment through IFHRMS to students under Moovalur Ramamirtham Ammaiyar Higher Education Assurance Scheme - **Pudhumai Penn** has been rolled out and it is operational now throughout the State.
- Integration with “Jeevan Praman” is used for annual mustering of pensioners to generate Digital Life Certificate since July 2022.

- Out of Treasury transactions with Accountant General are also done in IFHRMS.
- To curb fraudulent activities and to avoid duplicate entries, monthly validation of bills has been enabled.

Activities in progress

- Procurement of Tech Refresh called as IFHRMS (2.0) Kalanjyam.
- Development of Mobile Application.
- Online Directory of Finance Department and its HODs.
- Online Pension, Provident Fund Authorization System (OPAS)
- Digital Accounting and Audit System (DASS) with AG.
- RBI's NEFT / RTGS facility for e-challan

- Integration with RBI Version 2.0 for e-challan
- Integration with Income Tax Department.

Formation of New Treasuries and construction of New Buildings

93. At present, there are 38 District Treasuries and 243 Sub Treasuries functioning in the State. The Construction of own buildings has been sanctioned for 84 Sub Treasuries functioning in old and private buildings. So far, construction has been completed for 78 Sub Treasuries and in respect of three Sub Treasury buildings, works are in progress. Land transfer work is in progress for the remaining three Sub Treasuries.

Tamil Nadu Financial Analytics System (TNFAS)

94. The Government has decided to have a Financial Analytics System to assist financial management through reliable, factual insight rather than intuition. Financial Analytics Systems is a tool to gain deep knowledge of key economic trends, to take action to improve performance and to predict and plan for the future.

System Integrator has been selected to develop the system. Sanction has been accorded in G.O.(Ms.) No.377, Finance (Small Savings) Department, dated 26.12.2022 for the design, development and maintenance of the Tamil Nadu Financial Analytics System (TNFAS).

Restructuring Treasuries and Accounts Department, Directorate of Pension, Small Savings Department and Government Data Centre

95. Due to the implementation of IFHRMS and other reforms, the workload and workflow for the Departments coming under the administrative control of the Finance Department has changed. Hence, the Treasuries and Accounts Department, Directorate of Pension, Small Savings Department and Government Data Centre have to be restructured in order to improve their performance.

The Government has accorded Administrative Sanction vide G.O.(Ms.) No.49, Finance (T&A-III) Department, dated 22.02.2023 and a consultancy firm has been selected to undertake the study.

Revision of Treasury Manuals and Codes

96. The Government has accorded sanction for the revision of the Tamil Nadu Treasury Code, The Tamil Nadu Accounts Code, and Treasury Manual and Pay and Accounts Manual of the Treasuries and Accounts Department and to engage the Institute of Chartered Accountants of India (ICAI) for revision of Existing Codal Procedures for Treasuries and Accounts Department and awarding the work to the Accounting Research Foundation of the Institute of Chartered Accountants of India (ICAI ARF) vide G.O.(Ms.)No.101, Finance(T&A-III) Department, dated 03.04.2023.

PUBLIC FINANCIAL MANAGEMENT SYSTEM (PFMS)

97. Public Financial Management System is an application which provides an end-to-end solution for processing payments, tracking, monitoring, accounting, reconciliation and reporting of all Government of India's funding for the centrally sponsored schemes and state shared schemes.

The **Treasuries and Accounts Department is the Nodal Department for this scheme.** Under this system, more than 185 Centrally Sponsored Schemes related to 51 departments have been registered. So far, 156 Single Nodal Agencies have been created in PFMS.

Tamil Nadu Public Fund Tracking System (TNPFTS)

98. Multiple data points indicate that the Government funds are often shifted to bank accounts outside the view of the Treasury system. This Government has initiated a dual-track survey to identify such funds with Government departments and agencies. The Government have established a special task group under a senior officer of the Finance Department to fully reconcile the accounts and identify unutilised funds. In addition, using IFHRMS and PFMS, it will be ensured that all funds of the Government are always kept within the view of the Treasury system.

Administrative sanction has been accorded in G.O.No.379, Finance (SS) Department, dated 28.12.2022 to create the

Tamil Nadu Public Fund Tracking System. Accordingly, M/s.TATA Consultancy Services has been selected as the System Integrator. The agency has commenced its initial study.

Capacity Building

99. Around 700 officers of the Treasuries and Accounts Department in the ranks of Additional Directors / Joint Directors / Chief Accounts Officers and Accounts Officers and Assistant Accounts Officers have been deputed to various departments, Government Corporations, Boards as Financial Advisors and Chief Accounts Officers. The responsibilities of these officers include handling financial services, finalization of Accounts, Internal Auditing, Budgeting, Filing of Tax returns and compliance of Statutory Obligations. In order to improve their efficiency and update

their knowledge refresher training will be imparted to all such officers in the coming year. For this, Technical Managerial training will be arranged through professional agencies as sanctioned vide G.O.(Ms).No.361 Finance (T&A-III) Department, dated 28.11.2022.

In this regard, a MoU was signed between the Institute of Chartered Accountants of India (ICAI) and Commissioner of Treasuries and Accounts Department. The training on GST was imparted in two batches to all the Additional Directors (15), Joint Directors (45) and Chief Accounts Officers (85) of the Treasuries and Accounts Department.

Also, the first batch of training for 35 Accounts Officers and Assistant Accounts

Officers was conducted by Institute of Chartered Accountants of India (ICAI).

NEW HEALTH INSURANCE SCHEME, 2021

100. The New Health Insurance Scheme aims to provide health care assistance to the employees of Government Departments, Local Bodies, Public Sector Undertakings, Statutory boards and State Government Universities, willing State Government Organizations /Institutions and their eligible family members. This Scheme provides medical assistance of up to Rs.5 lakh to avail treatment and surgeries. The insurance premium of Rs.300 is being deducted from the employee's monthly salary. The Government has extended the New Health Insurance Scheme beyond 30.06.2021 for a further period of four years with some additional features. The New

Health Insurance Scheme 2021 is being implemented from 01.07.2021 through United India Insurance Company Limited, a Central Public Sector Undertaking.

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

- 1) Surgery, Chemotherapy, Radiotherapy and Immunotherapy for all malignancies including inpatient procedures for diagnosis
- 2) Liver, Kidney, Heart, Lungs and Bone marrow transplantation
- 3) Complex Open-Heart Surgeries and Implants
- 4) Accident and Trauma cases involving multiple fractures

- 5) Heart Valve Replacements, Aneurysms and Angioplasties
- 6) Management of Burn Injuries
- 7) Organ harvesting expenses of donor for transplantation surgeries.

Further, for the medical expenses incurred for the treatment of specified diseases, an additional amount of upto Rs.10,00,000/- will be reimbursed from the corpus fund. COVID treatment has been included under specified illness list to avail cashless medical assistance of upto Rs.10.00 lakh with effect from 14.02.2022.

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

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

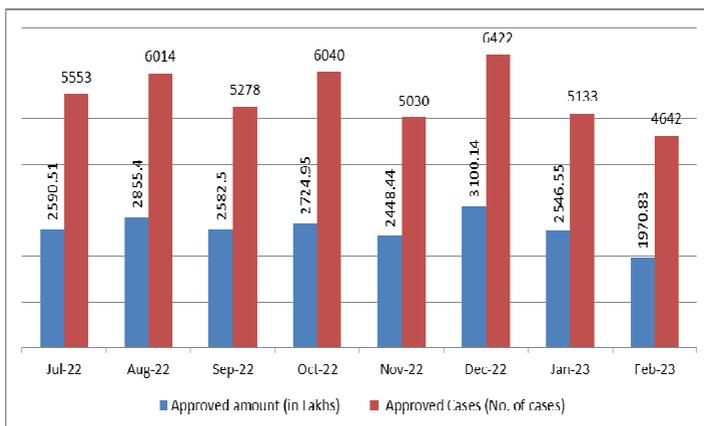
Further, necessary action is being taken to launch the Information Technology Solution Software for New Health Insurance Scheme to monitor the effective implementation of the scheme and to develop a mobile application.

New Health Insurance Scheme 2021 ID cards have been issued to the 6,60,960 Government employees to avail cashless medical assistance through the medical network hospitals.

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 **1274** networked hospitals and 16 Government radiation therapy centres for cancer treatment located in Tamil Nadu, Puducherry, Bengaluru, Thiruvananthapuram and New Delhi. Under the New Health Insurance Scheme 2021, 1,08,022 beneficiaries have availed medical assistance costing Rs.506.41 crore till 23.02.2023.

NHIS 2021 For Employees



Apart from these, for the treatment of COVID under the New Health Insurance Scheme for Employees, a **corpus fund** has been created with a sum **of Rs.5 Crore**. A sum of Rs.80 crore has been sanctioned so far. **A sum of Rs.74.79 crore has been availed by 11,321 beneficiaries.** Further, Rs.4.00 Crore has been sanctioned to reimburse the medical expenses for the COVID treatment taken in Non-Network Hospital under Non-Emergency Condition. **So far, 529 beneficiaries have availed benefit of Rs.3.88 crore.**

SUB VOUCHERS LIMIT INCREASED FROM RS.1000 TO RS.2000

101. Sub Voucher for Non-Salary bill voucher attachment of Rs.1000 has been enhanced to Rs.2000. Necessary orders have been issued to amend the Treasury Rule 16 Sub Rule 18 (e) and Treasury Rule 16, Sub

Rule 20(i) for the presentation of Sub Voucher to the Accountant General from Rs.1000/- to Rs.2000/- vide G.O.(Ms).No.54, Finance (T&A-III) Department, dated 24.02.2023.

Online Directory for Officers

102. Online Directory captures and updates various Human Resource activities of an employee starting from their joining in Tamil Nadu Government Service till their retirement from the data available in IFHRMS.

The features captured in Online Directory are as follows: -

- Name of an Employee
- Date of Birth
- Date of Retirement
- Date of Appointment
- Parent Unit

- Native District
- Educational Qualification
- Spouse Details
- Special Needs of Children
- Physically Challenged Details
- Service Details
- Disciplinary action details

Online Directory is useful

- To Understand and analyse the experience and Service history of the employees
- To take an informed decision duly considering their capacity, experience and exposure.
- To ensure transparency in Transfer and Postings.

SMALL SAVINGS DEPARTMENT

103. Individuals invest their surplus funds in Small Savings Schemes which are highly secure and also give a reasonable rate of return. Small Savings Schemes attract small investors and give full security for their investment. These schemes are formulated by the Ministry of Finance, Government of India and implemented through Post Offices.

Small Savings Schemes

104. A number of Small Savings Schemes are available to suit the requirement of different sections of the society. The Government of India announces the rate of interest for the Small Savings Schemes periodically on 1st of April, July, October and January every year.

The current rates of Interest applicable to Small Savings Schemes with effect from 01.01.2023 are given in the Department's website www.tnsmallsavings.org providing information on Small Savings is periodically updated.

Selvamagal Scheme

105. The Government of India has launched Selvamagal Semippu Thittam, a Savings Scheme, meant for girl children with effect from 03.12.2014. The interest rate for Selvamagal Semippu Thittam is 7.6 percent with effect from 01.01.2023. This scheme is exclusively for girl children below 10 years and allow parents or guardians to deposit up to a maximum of Rs.1.5 lakh per year.

Ponmagan Podhuvaippu Nidhi:

106. Considering the enthusiastic public response for "Selvamagal Semippu Thittam", a savings scheme meant for girl children, the Department of Posts has relaunched the Public Provident Fund Scheme as 'Ponmagan Podhuvaippu Nidhi' which is aimed at benefiting 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 and for the children above 10 years 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 01.01.2023.

Senior Citizen Savings Scheme

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

8.00% w.e.f. 01.01.2023. Interest payable quarterly and account may be extended for another three years. Premature closure is also allowed after one year at a discount of 1.5% and after two years at 1% discount of the deposit amount.

Awards

108. The Government of India pays commission to agents for the Deposits made through them. The Government of Tamil Nadu, in order to motivate Small Savings Agents and to increase Small Savings collection for every year, the award for Best Agents at Block level, District level and State Level are implemented for Mahila Pradhan Kshetriya Bachat Yojana (MPKBY) agents and award at District level and State level for Standardised Agency System (SAS) agents every year.

During the financial year 2022-2023, Rs.9,68,000/- was allotted by the Government and 709 number of Agents benefitted.

World Thrift Day

109. The Small Savings Department plays a vital role in encouraging the collection under Small Savings Schemes and to address the grievances of investors and agents online (www.tnsmallsavings.org) all over Tamil Nadu. The World Thrift Day is being celebrated every year. 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.

During the financial year of 2022-2023, Rs.3,30,000/- was allotted by the Government and 933 students were benefitted.

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

TAMIL NADU INFRASTRUCTURE DEVELOPMENT BOARD (TNIDB)

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

manner of preparation and approval of project documents.

112. 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.

113. 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 has an Executive Committee chaired by the Chief Secretary.

114. Under the TNID Act, 2012, Tamil Nadu Infrastructure Development Fund (TNIDF) is set up for providing financial support to facilitate the design, development, functioning, administration, management of projects. The Project Preparation Fund is created to provide financial support for conducting studies, hiring the services of experts and consultants, preparing feasibility studies, detailed project studies, capacity building, research and related purposes.

115. 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 the relevant statutory provisions. Accordingly necessary amendments have been made.

116. The Board which was hitherto functioning from the Secretariat has now been accommodated in a separate office space with adequate manpower and experts. Further, the Board will also extend assistance to major departments with high potential for PPP projects by deploying experts from TNIDB to work with the departments closely. These experts would handhold the departments in identifying appropriate projects, hire consultancies, assist in documentation, and coordinate with TNIDB to expedite sanctions. New website of TNIDB as on exclusive online platform for

procurement, knowledge resources and model documents has been launched.

117. The following are key projects approved by TNIDB for implementation under PPP mode

- Setting up of Public Convenience Toilets in Greater Chennai Corporation
- Operation and Maintenance of Police Public School, Chennai
- Glow Garden at Maragatha Poonga, Mamallapuram
- Selection of Port Operator for Cuddalore Port
- Setting up of 6 Modern Rice Mills

- Toll-Operate-Transfer project of 6-lane Chennai Outer Ring Road
- Modernization of 3 Bus Depots in Chennai
- Operation and Maintenance of Kilambakkam and Madhavaram Bus Terminals

- Modernization of 9 Bus Depots in Chennai
- Operation and Maintenance of Silos at Erukkur

118. TNIDB has appointed a Consultancy firm for Developing an Overall Strategy and Road Map for Tamil Nadu to realize the Vision of One Trillion Dollar Economy by the year 2030.

119. TNIDB has also signed a Memorandum of Understanding (MoU) with **National Investment and Infrastructure Fund Limited (“NIIFL”)** for identifying potential private sector participation opportunities in development of greenfield/brownfield infrastructure projects to be developed by Government of Tamil Nadu.

120. Further, while the Government has taken steps to strengthen the TNIDB on the one hand and mobilizing funds for infrastructure through the TNIFMC on the other, a synergy of effort would be ensured between these two organizations.

121. Government of Tamil Nadu has accepted the Technical Assistance from the UK Government for conducting a Study on Benchmarking and Prioritization of

Infrastructure projects on PPP mode in Tamil Nadu. Major scope of the study will be to design a framework for project selection – in line with Government of Tamil Nadu's overall development agenda and creation of an inventory of iconic projects which can be taken up for implementation under the PPP mode. The final report is awaited.

**Chennai City Partnership I:
Programme for Result (P for R)
Sustainable Urban Services Programme
(SUSP)**

122. Chennai City Partnership - Phase I (CCP-1): Sustainable Urban Services Program is a unique model of development co-operation with the World Bank to ensure the continued sustainable growth of metropolitan Chennai. This Program is being developed as a multi-sector Program for Results operation P for R. 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 Linked Indicators (DLIs) is vested with the following Agencies.

- i. Greater Chennai Corporation
- ii. Chennai Metropolitan Water Supply and Sewerage Board
- iii. Metropolitan Transport Corporation
- iv. Water Resources Department
- v. Chennai Unified Metropolitan Transport Authority

123. Two Disbursement Linked Results (DLRs) have been achieved by GCC and reimbursement received for Rs.54.63 crore by Government of Tamil Nadu.

**Chennai City Partnership 2:
Urban Mobility and Spatial Development
(UMSD)**

124. **Chennai City Partnership – Phase 2** (CCP-2): UMSD aims to strengthen institutions in their delivery of sustainable spatial planning and urban mobility in Chennai Metropolitan Area. The total Programme cost is estimated to be US\$ 572 million of which external assistance from IBRD would be US\$ 400 million (i.e. 70% Loan Component). The lending instrument for CCP-2: UMSD would be 'Investment Project Financing – IPF', consequently the Procurement practices of the World Bank shall be applicable under this phase.

125. Preliminary Project Proposal (PPR ID-11626) was approved by Government of India during February 2023.

TAMIL NADU INFRASTRUCTURE FUND MANAGEMENT CORPORATION LIMITED

126. 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)

127. 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.291 crore in four affordable housing projects including working women hostels and industrial housing projects. In addition, the Fund is evaluating proposals worth Rs.578 crore.

Tamil Nadu Emerging Sector Seed Fund (TNESSF)

128. 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.100 crore from Government, TIDCO and TIDEL Park and intends to raise another Rs.400 crore from institutional investors. As on date, TNESSF has approved eight investments amounting to Rs.27.4 crore.

Tamil Nadu Green Climate Fund (TNGCF)

129. 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.2,000 crore to be managed by TNIFMC. Several development financial institutions have expressed their desire to invest in this Fund.

Tamil Nadu Infrastructure Development Fund (TNIDF)

130. 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.

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

ANNEXURES

ANNEXURE-I

LOCAL FUND AUDIT DEPARTMENT

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

Sl. No.	Name of the Institutions	Total No.
1	Municipal Corporations	21
2	Municipalities	138
3	Town Panchayats	490
4	District Panchayats	36
5	Panchayat Unions	388
6	Village Panchayats (every year on rotation basis 22% out of 12525 village panchayats)	2839
7	Universities	23
8	Local Library Authorities	32
9	District Agricultural Market Committees	32
10	Local Planning Authorities	29
11	The Tamilnadu State Council for Higher Education	1
12	The Treasures of Charitable Endowments	1
13	Arasar Chatram	1
14	Raja Vedapadasalai	1
	Total	4032

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

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

ANNEXURE-II

CO-OPERATIVE AUDIT DEPARTMENT

II. No. of Co-operative Societies under the control of Functional Registrars coming under the audit purview of the Co-operative Audit Department

Sl. No.	List of Functional Registrars	No. of Societies
i	Registrar of Co-operative Societies	8459
ii	Director of Handlooms	1356
iii	Commissioner of Industries and Commerce	302
iv	Chief Executive Officer, Tamil Nadu Khadi and Village Industries Board	175
v	Chief Executive Officer, Palm Products Development Board	734
vi	Registrar of Co-operative Societies (Housing)	712
vii	Director of Fisheries	1398

Sl. No.	List of Functional Registrars	No. of Societies
viii	Commissioner of Animal Husbandry and Veterinary Services	111
ix	Commissioner of Sugar	17
x	Director of Agriculture (Oil Seeds)	1
xi	Director of Agro Engineering and Service Co-operative Societies	102
xii	Director of Sericulture	25
xiii	Director of Social Welfare & Nutritious Meal Programme	126
xiv	Director of Rural Development and Panchayat Raj	47
xv	Director of Textiles	8
	TOTAL	13573

ANNEXURE-III

STATE GOVERNMENT AUDIT DEPARTMENT

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

1. Tamil Nadu Housing Board
2. Tamil Nadu Urban Habitat Development Board
3. Chennai Metropolitan Development Authority
4. Tamil Nadu Textbook and Educational Services Corporation
5. Tamil Nadu Khadi and Village Industries Board
6. Chief Minister's Uzhavar Pathukappu Thittam (Social Security Scheme)
7. Folk Artist Welfare Board
8. Tamil Nadu Sports Development Authority
9. Tamil Nadu Manual Labourers Welfare Board
10. 15 Non-Formal labourers' Welfare Boards
11. SC/ST Post Matric Scholarship Scheme
12. Anna Administrative Staff College
13. District Child Protection Units

14. Tamil Nadu Public Service Commission
15. Teachers Recruitment Board
16. National Service Scheme in Deemed Universities
17. Tamil Nadu Government Health Fund Schemes
18. Family Security Fund
19. Hon'ble Chief Minister's Public Relief Fund
20. Government Aided Polytechnics and Engineering Colleges
21. Audit of pay fixation of Government employees in all departments
22. Audit of the expenditure of Parliament and Legislative Assembly elections.

