THE MAHARASHTRA LOCAL FUND AUDIT ACT

[*Text as on 4th June 2024*]

CONTENTS

PREAMBLE.

SECTIONS.

1. Short title.
2. Extent.
3. Definitions.
4. Liability of local authorities to submit their accounts for audit.
5. Accounts to be submitted for audit at such period or periods as may be required.
6. Power of auditor to require production of documents and attendance of persons concerned, etc.
7. Penalty for disobeying requisition under section 6.
8. Audit report to be sent to certain officers and bodies as state Government may direct.
9. Audit report what to contain.
10. Local authority to remedy defects; Procedure to be followed after report of the Director under section 8.
11. Commissioner to surcharge or charge illegal payment or loss caused by gross negligence or misconduct.
12. Recovery of surcharges and charges how made.
13. Application against order of surcharge or charge.
14. Expenses in respect of requisition of auditors to be payable out of local fund.
15. Rules.
16. Amendments in Bom. III of 1901, Bom. VI of 1923 and Bom. XVIII of 1925. (Not printed.)
17. Repeal of C. P. and Berar IX of 1933 and saving.
18. Provisions of this Act to apply in addition to any other law relating to audit of accounts of local authorities.

LIST OF AMENDEMENT ACTS

1. Adapted and modified by the Adaptation on Indian Laws Order in Council.
2. Amended by Bom. 12 of 1949
3. Amended by Bom. 8 of 1950
4. Adapted and modified by the Adaptation of Laws Order, 1950.
5. Amended by Bom. 9 of 1955
6. Adapted and modified by the Bombay Adaptation of Laws (State and Concurrent Subjects) Order, 1956.
7. Adapted and modified by the Maharashtra Adaptation of Laws (State and Concurrent Subjects) Order, 1960.
8. Amended by Mah. 3 of 1961

9. Amended by Mah. 5 of 1962

10. Amended by Mah. 35 of 1963

11. Amended by Mah. 25 of 1968

12. Amended by Mah. 40 of 1971

13. Amended by Mah. 39 of 1977

14. Amended by Mah. 8 of 2011 [1](10-03-2011)

1 Mah. Ordinance No. V of 2011 was repealed by Mah. 8 of 2011, s. 12.

ACT No. XXV of 1930[1]

[THE MAHARASHTRA LOCAL FUND AUDIT ACT.][2]

[*17th September, 1930*]

An Act to provide for and regulate the audit of the local funds under the management or control of certain local authorities in the [3][State of Maharashtra[4]*.]**

WHEREAS it is expedient to provide for and regulate the audit of the local funds under the management or control of certain local authorities in the [5][State of Maharashtra [6]* * *] in Manner hereinafter appearing;

[7]* * * * * * * * * *

It is hereby enacted as follows :—

1. Short title.— This Act may be called the [8][Maharashtra Local Fund Audit Act.]

[9][2. Extent.—This Act extends to the whole of the State Maharashtra [10]* *]

3. Definitions.—[11][(*1*)] In this Act, unless there is anything repugnant in the subject or context—

(*a*) "Auditor" means the [12][Director] or any other person empowered by [13][the [14][State] Government] to perform the functions of an auditor under this Act;

[15][(*aa*) "Chairman" means [16][in the case of [17][a Municipal Corporation, the Municipal Commissioner of the concerned Corporation, and in case of the Municipal Councils, *Nagar Panchayats* and Industrial Townships constituted under the Maharashtra Municipal Councils, *Nagar Panchayats* and Industrial Townships Act, 1965 (Mah. XL of 1965), the Chief Officer of the respective Municipal Council or *Nagar Panchayat*, as the case may be, and in respect of the Industrial Townships, the Chief Executive Officer of the respective Industrial Township ;] [18][in the case of *Zilla Parishad* or *Panchayat Samiti* constituted under the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961 (Mah. V of 1962), the Chief Executive Officer as defined in that Act,] and in the case of any other local authority, the president or chairman thereof;] and includes in the case of a dissolved or superseded local authority, the persons lawfully appointed, to exercise the powers and perform the duties of such local authority];

Committee, *see ibid*, 1930 Pt. V. pp. 116-121; and for Proceedings in Council see Bombay Legislative Council Debates, 1930, Vols. XXVIII and XXIX.

2 This Act was extended to the rest of the State of Maharashtra but excluding Greater Bombay (*vide* Mah. 3 of 1961, s. 2) and also to Brihan Mumbai, *vide* Mah. 8 of 2011, ss. 3 and 5.

3 These words were substituted for the words "Bombay Presidency except Greater Bombay" by Mah. 3 of 1961, ss. 3 and 4.

4 The words "except Greater Bombay" were deleted by Mah. 8 of 2011, ss. 2, 3 and 5.

5 These words were substituted for the words "Bombay Presidency except Greater Bombay" by Mah. 3 of 1961, ss. 3 and 4.

6 The words "except Greater Bombay" were deleted by Mah. 8 of 2011, ss. 2, 3 and 5.

7 The portion beginning with "And whereas" and ending with "passing of this Act" was deleted, by Mah. 3 of 1961,

s. 4(*2*).

8 These words were substituted for the words "Bombay Local Fund Audit Act, 1930" by Mah. 8 of 2011, s. 4.

9 Section 2 was substituted for the original by Mah. 3 of 1961, s. 5.

10 The words "except Greater Bombay" were deleted by Mah. 8 of 2011, ss. 2, 3 and 5.

11 Section 3 was renumbered as sub-section (*1*) of that section and sub-section (*2*) was added, by Mah. 3 of 1961, s. 6.

12 These words were substituted for the words "Chief Auditor" by Mah. 8 of 2011, s. 6(*a*) (*i*).

13 The words "the Provincial Government" were substituted for the word "Government" by the Adaptation of Indian Laws Order in Council.

14 This word was substituted for the word "Provincial" by the Adaptation of Laws Order, 1950.

15 Clauses (*aa*) and (*ab*) were inserted by Bom. 12 of 1949, s. 2(*1*).

16 This portion was substituted for the words "the President or Chairman of the local authority" by Mah. 3 of 1961, s. 6(*1*)(*b*).

17 This portion was substituted for the words "the Municipal Corporation of the City of Nagpur, the Municipal Corporation for that City" by Mah. 8 of 2011, s. 6(*a*)(*ii*).

18 This portion was deemed always to have been inserted by Mah. 35 of 1963, s. 80, Sch.

1[(*aaa*) "Director" means the Director, Local Fund Accounts Audit and includes the Joint Director, Local Fund Accounts Audit, the Deputy Director, Local Fund Accounts Audit and the Assistant Director, Local Fund Accounts Audit;]

2[(*ab*) "Detailed audit" means an audit of accounts for the whole year ;]

3* * * * * *

(*c*) "Local authority" means a local authority as defined in clause (*26*) of section 3 of the Bombay General Clauses Act, 1904 (Bom. I of 1904), and includes a school board constituted under the 4[Bombay Primary Education Act, 1947 (Bom. LXI of 1947)] 5[and a *Panchayat Samiti* constituted under the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961 (Mah. V of 1962)];

(*d*) "Local Fund" means any fund to the control or management of which a local authority is legally entitled and includes the proceeds of any cess, rate, duty or tax which such authority is legally entitled to impose, and any property, vested in such authority;

6[(*e*) "Special Audit" means an audit of accounts pertaining to a specified item or series of items requiring thorough examination.]

7[(*2*) On the commencement of the Bombay Local Fund Audit (Extension and Amendment Act, 1960 (Mah. III of 1961), any reference to the examiner of Local Fund Accounts or the Assistant Examiner of Local Fund Accounts in any rule, requisition or order made under this Act, or in any other law for the time being in force, or in any instrument or document, shall be construed as a reference to the 8[Director, Local Fund Accounts Audit, the Joint Director, Local Fund Accounts Audit or, as the case may be, the Assistant Director, Local Fund Accounts Audit.]]

4.Liability of local authorities to submit their accounts for audit.— The accounts of any local authority whose accounts are declared by 9[the 10[State] Government], by a notification in the any enactment by which such local authority is constituted or in any rules made thereunder, be subject to audit in all respects in the manner provided by or under this Act.

5.Accounts to be submitted for audit at such period or periods as may be required.— 12[The Chairman] of every local authority, whose accounts are declared under section 4 to be subject to audit under this Act, shall present or cause to be presented for audit all accounts of its local fund in the manner and form prescribed by rules under section 15 to the auditor yearly or at such period or periods as may be required by the Commissioner.

6.Power of auditor to require production of documents and attendance of persons concerned, etc.— (*1*) For the purpose of any audit under this Act, an auditor may—

1 Clause (*aaa*) was substituted by Mah. 8 of 2011, s. 6(*a*) (*iii*).

2 Clauses (*aa*) and (*ab*) were inserted by Bom. 12 of 1949, s. 2(*1*).
3 Clause (*b*) was deleted, by Mah. 3 of 1961, s. 6(*1*)(*d*).
4 These words and figures were substituted for the words and figures "Bombay Primary Education Act, 1923," by Mah. 3 of 1961, s. 6(*1*) (*e*).
5 This portion was deemed always to have been inserted by Mah. 35 of 1963, s. 80, Sch.
6 This clause was added by Bom. 12 of 1949, s. 2(*2*).
7 Sub-section (*2*) was added by Mah. 3 of 1961, s. 6(*2*).
8 These words were substituted for the words "Chief Auditor, Local Fund Accounts or, as the case may be, the Deputy Chief Auditor, Local Fund Accounts" by Mah. 8 of 2011, s. 6 (*b*).
9 The words "the Provincial Government" were substituted for the words "the Government" by the Adaptation of Indian Laws Order in Council.
10 This word was substituted for the words "Provincial" by the Adaptation of Laws Order, 1950.
Laws in Council.
12 These words were substituted for the original by Bom. 12 of 1949, s. 3.

1[(*a*) require in writing the production at the head office of the local authority of such vouchers, statements, returns, correspondence, notes or other documents in relation to the accounts as he may think fit;]

(*b*) require in writing any salaried servant of the local authority accountable for, or having the custody or control of 2[such vouchers, statements, returns, correspondence, notes or other documents] or any person having directly or, indirectly, by himself or his partner, any share or interest in any contract with or under the local authority to appear in person before him at the head office of the local authority, answer any question ;

(*c*) in the event of an explanation being required from the 3* * * Chairman or other honorary officer or member of a local authority, in writing invite such person to meet him at the head office of the local authority and shall in writing specify the point on which his explanation is required.

(*2*) The auditor may, in any requisition or invitation made under sub-section (*1*), fix a reasonable period 4* * * * * within which the said requisition or invitation shall be complied with.

(*3*) The auditor shall give to the local authority not less than two weeks notice in writing of the date on which he proposes to commence the audit :

5[Provided that, notwithstanding anything contained in this sub-section, the auditor may, for special reasons which shall be recorded in writing, give shorter notice than two weeks or commence special or detailed audit on the authority of 6[the State Government, Commissioner or 7[Director] without giving notice.]

7.Penalty for disobeying requisition under section 6.— (*1*) Any person who wilfully neglects or refuses to comply with any requisition lawfully made upon him under clause (*a*) or clause (*b*) of sub-section (*1*) of section 6 shall be liable on conviction before a Magistrate, to a fine which may extend to 8[twenty five thousand rupees] :

Provided that no proceedings under this section shall be instituted except on the written sanction of the Commissioner :

Provided further that before giving such sanction the Commissioner shall call upon the person against whom the proceedings are to be instituted to show cause why the sanction should not be given.

(*2*) No Court inferior to that of a Magistrate of the first class shall try any offence against this Act.

8. Audit report to be sent to certain officers and bodies as 9[State] Government may direct.— 10[As soon as practicable after the completion of the audit, but not later than three months thereafter,] the 11[Director] shall prepare a report on the accounts audited and examined and shall send such report to the local authority concerned and copies thereof to such officers and bodies as 12[the 13[State] Government] may direct.

1 This clause was substituted for the original by Bom. 12 of 1949, s. 4.

2 These words were substituted for the words "such document" by Bom. 12 of 1949.
3 The word "President" was deleted by Bom. 12 of 1949, s. 3.
4 The portion beginning with "not being less" and ending with "Municipal Boroughs Act, 1925" was deleted by Mah. 3 of 1961, s. 7(*1*).
5 This proviso was added by Bom. 12 of 1949, s. 4.
6 These words were substituted for the words, "the Commissioner or the Examiner" by Mah. 3 of 1961, s. 7(*2*).
7 This word was substituted for the words "Chief Auditor" by Mah. 8 of 2011, s. 7.
8 These words were substituted for the words "one hundred rupees", by Mah. 8 of 2011, s. 8.
9 This word was substituted for the word "Provincial" by the Adaptation of Laws Order, 1950.
10 These words were substituted by Bom. 12 of 1949, s. 4.
11 This words was substituted for the words "Chief Auditor" by Mah. 8 of 2011, s. 7.
12 The words "the Provincial Government" were substituted for the word "the Government" by the Adaptation of Indian Laws Order in Council.
13 This word was substituted for the word "Provincial" by the Adaptation of Laws Order, 1950.

9. Audit report what to contain.—1[The Director shall include in his report a statement of—

Part I—Serious Irregularities—]

(*a*) every payment which appears to him to be contrary to law,

(*b*) the amount of any deficiency or loss which appears to have been caused by the gross negligence or misconduct of any person 2[, irregularity in awarding contracts, decisions, causing revenue loss and financial losses caused by policy decisions],

(*c*) the amount of any sum received which ought to have been but is not brought into account by any person, and

3[Part II—Other Irregularities—]

(*d*) any material impropriety or irregularity which he may observe in the accounts other than those mentioned in clauses (*a*), (*b*) and (*c*) above.

10.Local authority to remedy defects; Procedure to be followed after report of the 4[Director] under section 8.—5[(*1*) On receipt of a report under section 8, the Chairman shall remedy any defects or irregularities which may have been pointed out in the report, and shall place the report, together with a statement of the action taken or proposed to be taken thereon and an explanation in regard thereto before a meeting of the local authority. He shall also within 6[four months] of the receipt of the report, send to the 7[Director] intimation of his having remedied the defects or irregularities, if any, pointed out in the report or shall within the said period, supply the 8[Director] any further explanation in regard to such defects or irregularities as the local authority may wish to give.]

(*2*) On receipt of such intimation or explanation the 9[Director] may, in respect of all or any of the matters discussed in his report,

(*a*) accept the intimation or explanation given by the 10* * Chairman and withdraw the objection, or

(*b*) direct that the matter be re-investigated at the next audit or at any earlier date, or

(*c*) hold that the defects or irregularities pointed out in the report or any of them have not been removed or remedied.

(*3*) The 11[Director] shall send a report of his decision to the Commissioner within one month of the date of the receipt by him of the intimation or explanation of the 12* * Chairman referred to in sub-section (*1*) or in the event of the 13* * Chairman failing to give such intimation or explanation, on the expiry of the period of 14[four months] mentioned in the said sub-section and 15[shall forward to the chairman a copy of such report specifying therein in particular the portions thereof to be published under subsection (*4*)]. If the 16[Director] holds that any defects or irregularities have not been removed or remedied he shall state in the report whether, in his opinion, the defects or irregularities can be regularised and if so, by what method; and if they do not admit of being regularised, whether they can

1 These words were substituted for the words, "The Chief Auditor shall include in his report a statement of" by Mah. 8 of 2011, s. 9(*a*).
2 These words were inserted, by Mah. 8 of 2011, s. 9(*b*).
3 These words and letters were inserted, by Mah. 8 of 2011, s. 9(*c*).
4 This word was substituted for the word "Chief Auditor" by Mah. 8 of 2011, s.7.
5 This sub-section was substituted for the original by Bom. 12 of 1949, s. 6.
6 These words were substituted for the words "three months" by Mah. 3 of 1961, ss. 10(*2*) and 10(*3*)(*a*).
7 This word was substituted for the words "Chief Auditor" by Mah. 8 of 2011, s. 7.
8 This word was substituted for the words "Chief Auditor" by Mah. 8 of 2011, s. 7.
9 This word was substituted for the words "Ch. Auditor" by Mah. 8 of 2011, s. 7.
10 The words "President or" were deleted by Bom. 12 of 1949, s. 6.
11 This word was substituted for the words "Ch. Auditor" by Mah. 8 of 2011, s. 7.
12 The words "President or" were deleted by Bom. 12 of 1949, s. 6.
13 The words "President or" were deleted by Bom. 12 of 1949, s. 6.
14 These words were substituted for the words "three months" by Mah. 3 of 1961, ss. 10(*2*) and 10(*3*)(*a*).
15 These words, brackets and figure were substituted for the words "shall forward a copy of such report to the chairman" by Bom. 9 of 1955, s. 2(*1*).
16 This word was substituted for the words "Ch. Auditor" by Mah. 8 of 2011, s. 7.

be condoned and if so, by what authority. He shall also state whether the amounts to which, the defects or irregularities relate should, in his opinion, be surcharged or charged :

Provided that in the case of reports on the accounts of school boards and of such local authorities as are specially notified by 1[the 2[State] Government] in this behalf the report referred to in this sub-section shall be 3[sent by the Chief Auditor to the head of a department or such other officer as the State Government may direct, specifying in the report in particular the portions thereof to be published under sub-section (*4*). Such officers shall take such action as may be necessary regarding any defects or irregularities falling under clause (*c*) of sub-section (*2*) which may have been brought to notice in the report. If he is of the opinion that the amounts to which any such defects or irregularities relate should be surcharged or charged he shall forward the report to the Commissioner together with his recommendation in that behalf :

4[Provided further that, where the amount involved in any defect or irregularity to which objection has not been withdrawn under clause (*a*) of sub-section (*2*),—

5[(*i*) does not exceed five hundred rupees, the Joint Director, Local Fund Accounts Audit or the Assistant Director, Local Fund Accounts Audit ;

(*ii*) does not exceed one thousand rupees, the Director, Local Fund Accounts Audit,

may, if he considers that it ought to be condoned, condone such defect or irregularity. On such condonation, however, the officer concerned shall make a note to that effect in his report.]

(*4*) The local authority concerned shall publish in its next administration report, such portions of the report under section 8 as deal with defects and irregularities falling under clause (*c*) of sub-section (*2*), together with the explanation thereof, if any, given under sub-section (*1*) and the final report of the 6[Director] thereon under sub-section (*3*). Such report of defects and irregularities, explanation and final report shall be open to the inspection of the public at the office of the local authority for a period of one month from the date of their receipt and shall also be 7[published in *Marathi* in such newspaper circulating within the jurisdiction of the local authority as may be selected by the local authority,] within one month of the receipt by it of the copy of the report sent to the Commissioner under sub-section (*3*) :

8[Provided that—

(*i*) 9[a local authority (not being a *Zilla Parishad, Panchayat Samiti* or a Municipal Council for "C" Class Municipal area within the meaning of the 10Maharashtra Municipal Act, 1965) (Mah. XL of 1965).] whose annual income is less than Rs. 1,00,000 but exceeds Rs. 50,000 may, instead of so publishing the whole of such report of defects and irregularities, explanation and final report in such newspaper, publish in such newspaper a summary thereof 11[in *Marathi*], and

(*ii*) a local authority whose annual income is Rs. 50,000 or less, [12][a *Zilla Parishad, Panchayat Samiti*, or a Municipal Council for such "C" Class Municipal area] may, instead of so publishing such report of defects and irregularities, explanation and final report in the newspaper,

1 The words "the Provincial Government" were substituted for the word "Government" by the Adaptation of Indian Laws Order in Council.

2 This word was substituted for the word "Provincial" by the Adaptation of Laws Order, 1950.

3 This portion was substituted for the portion beginning with the word "submitted" and ending with the words "State Government may direct," by Mah. 3 of 1961, s. 10(*3*)(*b*).

4 This proviso was substituted by Mah. 39 of 1977, s. 3.

5 Clauses (*i*) and (*ii*) were substituted by Mah. 8 of 2011, s. 10.

6 This word was substituted for the words "Chief Auditor", by Mah. 8 of 2011, s. 7.

7 These words were substituted for the words "published in the regional language of the district in any newspaper circulating in the district selected by the local authority" by Mah. 40 of 1971, s. 2(*1*)(*a*).

8 This proviso was added by Bom. 9 of 1955, s. 2(*2*).

9 This portion was substituted for the words "a local authority" by Mah. 40 of 1971, s. 2(*1*)(*b*)(*i*)(*A*).

10 *See* now the Maharashtra Municipal Councils, *Nagar Panchayats* and Industrial Townships Act, 1965 (Mah. XL of 1965).

11 These words were substituted for the words "in the regional language of the district," by Mah. 40 of 1971, s. 2(*1*)(*b*)(*i*)(*B*).

12 This portion was inserted by Mah. 40 of 1971, s. 2(*1*)(*b*)(*ii*)(*A*).

publish the same by affixing a copy thereof at its office and at such other conspicuous places within its limits as it may think fit, [1][and by inserting a notice [2][in *Marathi*] in such newspaper that the copy has been affixed for inspection of the public accordingly.]

[3][(*5*) If the Chairman fails to give the intimation or explanation referred to in subsection (*1*) within the period therein mentioned the [4][Director] shall bring the fact to the notice of the Commissioner. Thereupon, the Commissioner may [5][publish in *Marathi* in any newspaper circulating within the jurisdiction of the local authority] such portion of the [6][Director's] report under section 8 as may be specified by the [7][Director] or as the Commissioner may select, together with any observations which the Commissioner may make on such report. The cost of such publication shall be fortwith paid by the local authority concerned. If the cost is not so paid, the Commissioner may make an order directing any person, who for the time being has custody of any moneys on behalf of the local authority, as its officer, treasurer, banker or otherwise, to pay the amount of such cost from such moneys as he may have in his hands or may, from time to time, receive, and such person shall be bound to obey such order. Every payment made pursuant to such order shall be a sufficient discharge to such person from all liability to the local authority in respect of any amount paid by him out of the moneys of the local authority so held by him :

Provided that, the Commissioner may—

(*i*) in the case of [8][a local authority referred to in clause (*i*) of the proviso to sub-section (*4*)], publish a summary of such report of defects and irregularities, explanations and the final report [9][in *Marathi*] in any such newspaper, and

(*ii*) in the case of [10][a local authority referred to in clause (*ii*) of the proviso to sub-section (*4*) cause a copy of such report of defects and irregularities, explanations and final report to be kept at such conspicuous place within the limits of the local authority as he may think fit, and a notice to be published in such newspaper that such copy has been kept for inspection of the public accordingly.

(*5A*) If a local authority fails to comply with any of the provisions of sub-section (*4*), the Commissioner may cause the relevant reports and explanations or summaries thereof to be published in accordance with the provisions of sub-section (*5*), so far as they may be applicable, as if there had been a failure to give the intimation or explanation required by sub-section (*1*), and the provisions of sub-section (*5*) shall apply also for recovery of costs of such publication by the Commissioner.]

(*6*) Nothing in this section in section 9 shall preclude the [11][Director] at any time from bringing to

the notice of the Commissioner, for such action as the Commissioner may consider necessary, any information which appears to the [12][Director] to support a presumption of criminal misappropriation or fraud [13][or which in his opinion deserves special attention or immediate investigation.]

11.Commissioner to surcharge or charge illegal payment or loss caused by gross negligence or misconduct.— (*1*) The Commissioner, after considering the [14][recommendation of the [1][Director]

1 This portion was inserted by Mah. 3 of 1961, s. 10(*4*).

2 These words were substituted for the words "in the regional language" by Mah. 40 of 1971, s. 2(*1*)(*b*)(*ii*)(*B*).

3 Sub-sections (*5*) and (*5A*) were substituted for the original sub-section (*5*) by Mah. 3 of 1961, s. 10(*5*).

4 This word was substituted for the word "Chief Auditor" by Mah. 8 of 2011, s. 7.

5 These words were substituted for the words "publish in the regional language in any newspaper circulating in the district" by Mah. 40 of 1971, s. 2 (*2*)(*a*).

6 These words were substituted for the words "Chief Auditor" by Mah. 8 of 2011, s. 7.

7 This word was substituted for the word "Chief Auditor" by Mah. 8 of 2011, s. 7.

8 These words, brackets and figures were substituted for the words, letters and figure "a local authority whose annual income is less than Rs. 1,00,000 but more than Rs. 50,000" by Mah. 40 of 1971, s. 2(*2*)(*b*)(*i*)(*A*).

9 These words were substituted for the words "in the regional language," by Mah. 40 of 1971, s. 2(*2*)(*b*)(*i*)(*B*).

10 These words, brackets and figures were substituted for the words, letters and figure "a local authority whose annual income is Rs. 50,000 or less" by Mah. 40 of 1971, s. 2(*2*)(*b*)(*ii*).

11 This word was substituted for the word "Chief Auditor" by Mah. 8 of 2011, s. 7.

12 This word was substituted for the word "Chief Auditor" by Mah. 8 of 2011, s. 7.

13 These words were added by Bom. 12 of 1949, s. 6.

14 This portion was substituted for the words, brackets and figures "recommendation of the Examiner or of any head of a department under the proviso to sub-section (*3*) of section 10" by Mah. 3 of 1961, s. 11(*1*)(*a*).

under sub-section (*3*) of section 10, or the head of the department, or other officer, under the first proviso to that sub-section], as the case may be, and after taking the explanation of the person concerned, or making such further inquiry, as he may consider necessary, disallow any item which appears to him to be contrary to law and surcharge the same on the person making, or authorising the making of, the illegal payment; and may charge against any person responsible therefor the amount of any deficiency or loss caused by the gross negligence or misconduct of that person, or, any sum received which ought to have been but is not brought into account by that person ; and shall, in every such case, certify that amount due from such person :

Provided that no order of surcharge or charge shall be made under this Act in respect of any item included, or, which ought to have been included in, but was omitted from, any accounts [2][for any period—

(*i*) in the case of a local authority in the Bombay area of the State, prior to the 1st April 1930 ;

(*ii*) in the case of any local authority in the Vidarbha region, prior to the 8th October 1932 ; and

(*iii*) in the case of any other local authority prior to the 1st April 1960] :

[3][Provided further that in making an order of such surcharge or charge in respect of any expenditure incurred by any *Zilla Parishad*[4][or any *Panchayat Samiti*] on any item which appears to the Commissioner to be contrary to law, the Commissioner shall not question the propriety of the expenditure incurred by the *Zilla Parishad*[5][or any *Panchayat Samiti*] or any of its officers in the exercise of the powers purported to be conferred on it or him under such law.]

(*2*) The Commissioner shall state in writing the reasons for his decision in respect of every surcharge or charge and shall send by registered post a copy thereof to the person against whom it is made.

(*3*) If a person to whom a copy of the Commissioner's decision is sent under sub-section (*2*) refuses to take delivery thereof he shall be deemed to have duly received it on the day on which it was refused by him.

[6][(*4*) If the Commissioner after considering the recommendation of the [7][Director] under sub-section (*3*) of section 10, or of the head of the department or other officer under the first proviso to sub-section (*3*) of section 10, as the case may be, and after obtaining the explanation of the person concerned, or making such further enquiry as he may consider necessary, decides not to proceed further in the matter, he may waive the objection after recording his reasons therefor, and shall communicate the same to the [8][Director]

or the head of the department or other officer, as the case may be. [9][The Commissioner shall complete the above procedure within 6 months from the date of receipt of proposal.]]

12.Recovery of surcharges and charges how made.— (*1*) Every sum certified by the Commissioner to be due from any person under sub-section (*1*) of section 11 shall be paid by such person into the treasury or bank in which the funds of the local authority concerned are lodged, within

1 This word was substituted for the words "Chief Auditor" by Mah. 8 of 2011, s. 7.

2 This portion was substituted for the words and figures "for any period prior to the 1st April 1930" by Mah. 3 of 1961, s. 11(*1*)(*b*).

3 This proviso was inserted by Mah. 5 of 1962, s. 286, Tenth Sch.

4 These words were inserted by Mah. 35 of 1963, s. 80, Sch.

5 These words were inserted by Mah. 35 of 1963, s. 80, Sch.

6 Sub-section (*4*) was added by Mah. 3 of 1961, s. 11(*2*).

7 This word was substituted for the words "Chief Auditor" by Mah. 8 of 2011, s. 7.

8 This word was substituted for the words "Chief Auditor" by Mah. 8 of 2011, s. 7.

9 These words were added by Mah. 8 of 2011, s. 11.

one month from the receipt by him of the decision of the Commissioner, unless within that time such person has applied to the Court or to [1][the [2][State] Government] as provided in section 13.

(*2*) The said sum, if not duly paid or if an application has been made to the Court or to [3][the [4][State] Government] against the decision of the Commissioner as provided in sub-section (*1*) of section 13, such sum as the Court or [5][the [6][State] Government] shall declare to be due, shall be recoverable [7][as an arrear of land revenue].

13.Application against order of surcharge or charge.— (*1*) Any person aggrieved by any order of surcharge or charge made by the Commissioner under sub-section (*1*) of section 11 may, within one month from the receipt by him of the decision of the Commissioner, either—

(*a*) apply to the District Court to set aside such order; and the Court after taking such evidence as it thinks necessary, may confirm, modify it or remit such surcharge or charge and make such orders as to costs as it thinks proper in the circumstances; or

(*b*) in lieu of such application apply to [8][the [9][State] Government] which shall pass such orders thereon as it thinks fit.

[10][(*2*) The authority hearing the application may, if it thinks fit, stay all proceedings on the certificate pending disposal of the application].

14. Expenses in respect of requisitions of auditors to be payable out of local fund.— All expenses incurred by a local authority in complying with any requisition of an auditor under sub-section (*1*) of section 6 shall be payable out of its local fund.

make rules] not inconsistent with this Act, for the purpose of carrying into effect the provisions of this Act :

[14][Provided that, the State Government may under this section, make rules generally for all local authorities, or especially for any class of local authorities, regard being had to the special or local circumstances prevailing in or in relation to the area of the local authority or authorities concerned, or for other reasons which shall be specified; and the State Government may also for the like reason exempt any class of local authorities from any of the provisions of the general rules.]

(*2*) In particular, and without prejudice to the generality of the foregoing power such rules may provide for all or any of the following matters, namely:—

(*a*) the manner and form in which the accounts of a local authority, whose accounts are subject to audit under this Act, shall be kept and presented ;

1 The word "the Provincial Government" were substituted for the words "the Government" by the Adaptation of Indian Laws Order in Council.

2 This word was substituted for the word "Provincial" by the Adaptation of Laws Order, 1950.

3 The word "the Provincial Government" were substituted for the words "the Government" by the Adaptation of Indian Laws Order in Council.
4 This word was substituted for the word "Provincial" by the Adaptation of Laws Order, 1950.
5 The word "the Provincial Government" were substituted for the words "the Government" by the Adaptation of Indian Laws Order in Council.
6 This word was substituted for the word "Provincial" by the Adaptation of Laws Order, 1950.
7 These words were substituted for the portion beginning with "on an application" and ending with "of the Collector" by Mah. 3 of 1961, s. 12.
8 The word "the Provincial Government" were substituted for the words "the Government" by the Adaptation of Indian Laws Order in Council.
9 This word was substituted for the word "Provincial" by the Adaptation of Laws Order, 1950.
10 Sub-section (*2*) was substituted, by Mah. 3 of 1961, s. 13.
11 The word "the Provincial Government" were substituted for the words "the Government" by the Adaptation of Indian Laws Order in Council.
12 This word was substituted for the word "Provincial" by the Adaptation of Laws Order, 1950.
13 These words were substituted for the words "may make rules" by Mah. 3 of 1961, s. 14(*1*)(*a*).
14 This proviso was added, by Mah. 3 of 1961, s. 14(*1*)(*b*).

(*b*) the powers and duties of auditors and the procedure to be followed by them for conducting an audit and the times at which such audit may be conducted ; and

(*c*) the manner in which all matters required to be published under this Act shall be published.

(*3*) The making of rules under this section shall be subject to the condition of previous publication. 1[All rules made under this section shall be laid for not less than thirty days before each House of the State Legislature as soon as possible after they are made, and shall be subject to such modifications as the State Legislature may make during the session in which they are so laid, or the session immediately following.]

16. [*Amendments made by section 16 have been incorporated in the principal Acts*.]

2**[17. Repeal of C. P. & Berar IX of 1933 and saving.—** On the commencement of this Act in the Vidharbha region of the State, the Central Provinces and Berar Local Fund Audit Act, 1933 (C. P. and Berar IX of 1933), in its application to that region, shall stand repealed :

Provided that, such repeal shall not affect—

(*a*) the previous operation of the Act so repealed ; or

(*b*) the right or liability acquired or incurred under the Act so repealed ; or

(*c*) any penalty, forfeiture or punishment incurred in respect of any offence committed against any of the provisions of the Act so repealed ; or

(*d*) any investigation, legal proceeding or remedy in respect of any such right, liability, penalty, forfeiture or punishment as aforesaid ;

and any such investigation, legal proceeding or remedy may be instituted, continued or enforced, and any such penalty, forfeiture or punishment may be imposed as if this Act had not commenced :

Provided further that, subject to the preceding proviso, anything done or any action taken (including any appointment or delegation or report made, notification, order, instruction or direction issued, rule framed, certificate obtained or permission granted) under the repealed Act shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under the corresponding provisions of this Act, and shall continue to be in force accordingly, unless and until superseded by anything done or action taken under this Act.

18.Provisions of this Act to apply in addition to any other law relating to audit of accounts of local authorities.— The provisions of this Act shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force providing for audit of the accounts of any local authority.]

1 This portion was substituted for the portion beginning with "Such rules" and ending with "rescind the rule" by Mah. 3 of 1961, s. 14(*2*).