

## CHAPTER 12

### LOCAL FUNDS

#### I - INTRODUCTORY

223. (1) The transactions of local funds are not included as such in the Public Accounts.

*Note:* The expression 'Local Fund' denotes :-

- (i) revenues administered by bodies which by law or rule having the force of law come under the control of the Government, whether in regard to the proceedings generally or to specific matters, such as, the sanctioning of their budgets, sanction to the creation or filling-up of particular appointments, the encashment of leave, pension for similar rules;
- (ii) the revenues of any body which may be especially notified by the Government as such.

(2) The main classes of local funds are:-

- (i) District Council Funds
- (ii) Municipal Corporations and Pourashava Funds
- (iii) Other miscellaneous Funds.

*Note:* The expression 'local body' as used in this Chapter means the authority legally entitled, or specially empowered by Government, to administer a local fund.

224. The financial transactions between Government and local bodies will be regulated by the following rules and by such other general and special orders as may be issued by Government in this behalf.

#### II - GRANTS TO LOCAL BODIES

225. The payment of the various classes of grants to local bodies will be governed by general instructions contained in paras 206 to 209 and by such special orders as may be issued by Government in regard to each class of grant.

#### III - LOANS TO LOCAL BODIES

226. The detailed procedure to be followed in connection with the grant of loans to local bodies will be regulated by the provisions of the Local Authorities' Loans Act and other special Acts and by rules made thereunder (see also para 236).

#### IV - CHARGES RECOVERABLE FROM LOCAL BODIES

227. Unless any of the following arrangements have been authorised by Government, a local fund should be required to pay in advance the estimated amount of charges to be incurred or cost of services to be rendered by Government on account of the Fund:-

- (i) payments as made by Government may be debited to the balances of the deposits of the local fund in Government books;
- (ii) recovery from the local fund may be postponed till the time when Government has to make payment for the charges;
- (iii) payments may be made as advances from Government funds in the first instance, pending recovery from the local fund.

**228.** Any amount due to Government by a local body, including any amount overdue for payment in respect of loan, is subject to recovery by adjustment from any non-statutory grant sanctioned for payment to it. The authority signing or countersigning a bill for such a grant should see that this rule is observed as far as practicable.

#### **V - REVENUE COLLECTED ON BEHALF OF LOCAL BODIES**

**229.** Unless it be expressly authorised by law, proceeds of taxes, fines or other revenues levied or collected by Government may not be appropriated direct to a local fund without passing them through the general revenue account of Government, whether or not such taxes, fines, etc. are earmarked from the start for the purposes of the fund.

**230.** Subject to the provisions of relevant Acts and rules made thereunder, adjustments with local bodies in respect of revenue and other moneys raised or received by Government on their behalf will be made in such manner and on such dates as may be authorised by general or special orders of Government.

#### **VI - USE OF SERVICE POSTAGE STAMPS**

**231.** Service Postage stamps may not be used by a local fund officer or any Government officer acting in a capacity connected with a local fund (such as, President or Secretary of a local fund committee), but they may be used on the correspondence of a public officer acting as such, even though the correspondence relates to the affairs of a local body.

*Note:* Telegraphic messages, the charges for which are to be borne by local funds, should be classified as 'Private' and not as 'State'.

#### **VII - AUDIT OF ACCOUNTS**

**232.** Subject to the provisions of any law or rule having the force of law, the accounts of local bodies will be audited by the office of the Comptroller & Auditor General under general agreement reached between Government and the Auditor General. The agreement extends also to the accounts of other non-Government bodies or institutions which, under any general or special order of Government have to be audited through Government agency.

**233.** Audit fees on the basis of daily rates prescribed by Government from time to time will be charged for the audit by Comptroller & Auditor General of the accounts of local and other non-Government funds.

Nothing contained in this para shall be held to override any special instructions of Government exempting any particular local body or institutions wholly or partially from the payment of audit fees.