



TAMIL NADU LEGISLATIVE ASSEMBLY

COMMITTEE ON PUBLIC ACCOUNTS

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INTRODUCTION

The Legislature is one of the three wings of the State the other two being the Executive and the Judiciary. It is the duty of every democratic Legislature to keep a close watch through Committees on the administration of Public expenditure in addition to the control naturally exercised by the Finance Department in the course of its duties.

THE FINANCIAL COMMITTEES OF THE LEGISLATURE

The Estimates Committee, the Public Accounts Committee and the Public Undertakings Committee exercise such control over Government expenditure. The Estimates Committee examines current estimates while the Public Accounts Committee scrutinises the Appropriation Accounts of the State placed on the Table of the Legislature and the Report of Comptroller and Auditor-General of India thereon. The Public Undertakings Committee scrutinizes the working of Public Corporations and Companies. The Estimates Committee seeks to find out what economies can be achieved within the estimates approved by the Legislature. The Public Accounts Committee endeavors to see that money has been spent as Legislature intended. The Public Undertakings Committee will ensure a proper balance between the requirement of autonomy which is necessary for the successful working of the Undertakings and the need to maintain effective legislature control. The Estimates Committee and the Public Accounts Committee are to be treated as complementary in their scope and functions.

The main functions of the Public Accounts Committee are first to ensure that money are spent by the Executive as the Legislature intended second to ensure the exercise of due economy in Government expenditure and third to maintain high standards of public morality in financial matters.

In the United Kingdom the Public Accounts Committee was first established by Gladstone when he was the Chancellor of the Exchequer 1861 and it has ever since been annually reappointed. The function of this Committee is "the examination of the account showing the appropriation of the sums granted by Parliament to meet public expenditure and of such other accounts laid before Parliament as the Committee may think fit. This Committee consists of 15 Members nominated by the House. By custom the Chairman was always a member of the Opposition and usually though not always one who had been a Junior Finance Minister. The Finance Secretary to the Treasury was always Member but he rarely attended. The Committee sat at West-minister and unlike the Estimates Committee could sit no where else. Its duties were to examine all the Appropriation Accounts which consisted of about 208 separate grants of these only some would be examined in detail (Usually those which had been subjected to

comment by the Comptroller and Auditor-General) the rest underwent only formal examination.

The Accounting Officer of each department was examined; he was always the permanent head of the department who must take the responsibility for its financial operations and for any irregularities. The Treasury Officer of Accounts was another witness; and also the Comptroller and Auditor-General who could answer detailed questions about his report and who unofficially briefed the Chairman of the Committee just before each meeting.

The Committee reported on any excess accounts and generally recommended their sanctioning through if they saw fit, in extreme cases they might recommend a surcharge on the Account Officer.

In India, the first Public Accounts Committee of the Central Legislative Assembly was constituted in 1923. At that time two thirds of the Members of the Public Accounts Committee were elected by the non-official Members of the Legislature and one third was nominated by the Government. Up to 1929 the Public Accounts Committee could examine only the Secretary in the Finance Department the other executive officials remaining in the back ground. In 1929 this was changed and the system of examination of the various departmental Secretaries was introduced. On the coming into force of the Constitution in 1950 it underwent a radical change. It is now a Parliamentary Committee functioning under the control of the Hon. Speaker. It is also a fully elected body.

In Tamil Nadu, the Committee on Public Accounts has been in existence from 1923. The Committee examines the accounts showing the appropriation of sums granted by the House for expenditure of the State Government, the annual finance accounts of the State Government and such other accounts laid before the House as the Committee may think fit.

CONSTITUTION

The Committee consists of 16 members in addition to the Finance Minister, Chairman of the Committee on Estimates and Chairman of the Committee on Public Undertakings (from 14th November 1979) who are Members ex-Officio elected by the Assembly from among its members according to the principle of proportional representation by means of single transferable vote and in accordance with the regulations framed in this behalf by the Speaker. The term of Office of the Members is one year and a fresh election is held before the end of the year for constituting a Committee and in case it could not be held the existing members of the Committee continue to hold office until new members are elected. Casual vacancies are filled as soon as possible. A member of the Committee, who is nominated by the Speaker as Chairman presides at the meeting of the Committee. Following the procedure in the House of Commons a distinguished member of the opposition is chosen as the Chairman of the Committee. If there is more than one party in the opposition, the Speaker may alternate the office of the Chairman of the Committee yearly from among the Leaders of such opposition parties or if they so desire any other members belonging to such parties.

If the accounts to be examined by the Committee relate to a period during which the Chairman to be so nominated belonged to the party which was in the Government then the speaker may nominate the Chairman from another party. The person nominated as Chairman presides at the meeting of the Committee. In his absence one of the members of the Committee elected by the Committee presides.

The quorum for a meeting of the Committee is five including the Chairman or the member presiding. All questions at any sitting are determined by a majority of votes of the members eligible to vote present and voting. In the case of an equality of votes on any matter, the Chairman has a second or casting vote. In actual practice, however the questions are not formally put to vote and as far as possible unanimous decision are taken. Minutes of dissent are recorded in the Proceedings of the Committee but not appended to the Reports of the Committee. The sittings of the Committee are usually held within the precincts of the House.

The Accountant-General attends the meetings of the Committee, brief and assists the same in its enquiries.

FUNCTIONS

The task of audit and examination of Government Accounts is entrusted to an independent statutory authority, namely, the Comptroller and Auditor-General. The annual accounts are examined by him and he satisfies himself that the grants have been applied to the purposes for which they were intended and that they have been spent according to financial and treasury regulation. The accounts are certified by him as correct subject, of course, to whatever reservation he chooses to make and he makes his report. His comments, include important occurrences which are topical, matters of accounting are financial principal which are in dispute transactions where heavy losses have occurred or might occur, expenditure on new services and departure from settled precedents and procedure. The primary function of this Committee is to scrutinize the Reports of Comptroller and Auditor-General relating to the expenditure and receipts of the Government including the Annual Appropriation Accounts of the State, which are submitted to the Governor under Article 151 (2) of the Constitution of India who in turn causes them to be laid before the Legislature of the State. It is also open to the Finance Department to refer other matters to the Committee when necessary.

The Committee has powers to require the attendance of persons or the production of records and documents. The guidelines in regard to the tendering of evidence before the Committee and the production of records for the Committee are indicated in Appendix-III.

The rule relating to the Committee on Public Accounts in the Tamil Nadu Legislative Assembly Rules are reproduced in Appendix-I.

The Committee is entitled to offer criticisms and make recommendation upon any matter discussed in the Appropriation Accounts or in the Audit Report thereon. But as the Committee is not an executive body, it cannot even after the most minute examination and on the clearest evidence disallow any item or

issue any order. It can only call attention to any irregularity or the failure to deal with it adequately and express its opinion thereon and records its findings and recommendations.

Any discussion of the general result of Government Policies is outside its functions, except of matters specifically arising from the Accounts and the Audit Reports which are placed before them or matters referred to the Committee by the Finance Department. It is however open to the Committee by the Finance Department. It is however open to the Committee to consider any matters which have become public or have been brought to the notice of the Legislature or the Committee in any other way.

PROCEDURE

Up to the 15th December 1954, the work relating to this Committee was dealt with by the Finance Department and the Secretary of that department was also the Secretary to this Committee. But the revised Assembly Rules provide that the Secretary to the Assembly should be the Secretary of all Committees and hence from March, 1955, the Legislative Assembly Secretariat attends to all items of work relating to this Committee. Rules of procedure regulating the internal working of this Committee are given in Appendix-II.

As soon as the Appropriation Accounts and the Audit Report thereon for each year are placed before the Legislature they are taken up for examination by the Committee on Public Accounts. Hon. Speaker has issued permanent directions that, wherever necessity arises, even before the Reports are placed before the Legislature, they may be taken up for examination by the Committee. This is, however, subject to the condition that the Accounts and Audit Reports are treated as confidential until they are placed before the Legislature and that the Reports of the Committee should be presented to the Assembly only after the Audit Reports are placed on the Table of the House.

A list of important points relating to the various Departments is extracted from the Accounts and Audit Reports for consideration of the Committee in consultation with the Accountant-General. These points are forwarded to the Departments concerned and the explanatory notes in roneoed form received from them are circulated to the Members of the Committee. The directions issued by the Committee in regard to furnishing of explanatory notes to the Committee by the Departments and tendering of evidence before the Committee are given in Appendix-IV.

Prior to the actual commencement of the examination of the accounts and reports with the departmental heads being present to answer questions, a preliminary meeting is held at which an informal discussion between the Accountant-General and the members of the Committee takes place. The proceedings of this meeting are also reported verbatim and copies thereof communicates to the members of the Committee the very same day so as to enable them to have the proceedings for the guidance at the regular meeting of the Committee to be held subsequently.

The Committee then proceeds to examine the reports by way of interrogation of witnesses. It has power to call for any person whom it considers necessary to aid its deliberations and has a right to call for papers as well as to determine the circumstances in which it would allow information to be withheld from it. The Chairman is the Chief interrogator. Any member of the Committee can raise any question on his own initiative. A verbatim record of the proceedings as approved by the Chairman is kept. The Verbatim proceedings are sent to the witnesses for confirmation and return by a specified date. If corrected copies of the proceedings are not received back by the specified date the reporters copy is treated as authentic. The verbatim proceedings are for the use of the Committee only and are treated as Confidential.

The Departmental witnesses are examined and cross-examined by the Committee in respect of the irregularities pointed out by the Accountant-General in his report and they are called upon to explain those irregularities for which they were directly or indirectly responsible. After such examination of witnesses the Committee formulates its recommendations. The Legislative Assembly Secretariat then prepares a draft report and places it before the Committee for its approval. The report is treated as confidential till it is presented to the House.

REPORT

The report of the Committee is presented to the House either by the Chairman or on his behalf by any member of the Committee. As a convention the report is not discussed by the House.

The work of the Committee however does not end with the presentation of a report to the Legislature on the accounts for any particular financial year. It has to keep a watch on the administration and see how for its recommendations are implemented by the Government and if they are not implemented the reasons for which the Government differs from them. In the light of the Government's views the Committee has to reconsider the matter and come to further conclusions. The implementation of the recommendations of the Committee is watched by the Legislative Assembly Secretariat and a statement of action taken thereon is prepared and placed before the House from time to time.

APPENDIX I
EXTRACTS FROM
THE TAMIL NADU LEGISLATIVE ASSEMBLY RULES
COMMITTEE ON PUBLIC ACCOUNTS

Constitution of the Committee

203. (1) There shall be a Committee on Public Accounts for the examination of accounts showing the appropriation of sums granted by the House for the expenditure of the State Government, the annual finance accounts of the State Government and such other accounts laid before the House as the Committee may think fit.

(2) The Committee on Public Accounts shall consist of sixteen members elected by the Assembly from among its members according to the principle of proportional representation by means of single transferable vote in addition to the Finance Minister, the Chairman of the Committee on Estimates and the Chairman of the Committee on Public Undertakings who shall be members ex-officio.

(3) The term of office of members shall not exceed one year. There shall be fresh election before the end of the year for constituting Committee for the ensuing year and if under any circumstances such an election is not held the existing members of the Committee will continue to hold office until new members are elected.

Chairman of the Committee

204. (1) The Chairman of the Committee shall be nominated by the Speaker from amongst the members of the Committee preferably from those belonging to the opposition:

Provided that if there is more than one party in the opposition then the Speaker may alternate the Office of the Chairman of the Committee yearly from among the leaders of such opposition parties or if they so desire any other member belonging to those parties:

Provided further that if the accounts to be examined by the Committee relate to a period during which the Chairman to be so nominated belonged to the party which was in the Government then the Speaker may nominate the Chairman from any other party.

(2) The person so nominated shall preside at the meetings of the Committee and in his absence one of the members of the Committee elected by the Committee shall preside.

Quorum.

205. In order to constitute a meeting of the Committee the quorum shall be five including the Chairman or the member presiding.

Sub-Committees

206. The Committee may appoint one or more Sub-Committees to examine any matter that may be referred to them, and the reports of such Sub-Committee or Sub-Committees shall be deemed to be the reports of the whole Committee, if they are approved at a meeting of the whole Committee.

Functions of the Committee

207. (1) In scrutinizing the appropriation accounts of the State and the Report of Comptroller and Auditor-General thereon, it shall be the duty of the Public Accounts Committee to satisfy itself:-

(a) that the moneys shown in the accounts as having been disbursed were legally available for and applicable to the service or purpose to which they have been applied or charged.

(b) that the expenditure conforms to the authority which govern it; and

(c) that every re-appropriation has been made in accordance with such rules as may be prescribed by the Governor or by the Finance Department, as the case may be.

The Committee shall bring to the notice of the Assembly—

(i) Every case in which it is not so satisfied; and

(ii) All expenditure which the Finance Department has requested should be brought to the notice of the Assembly.

(2) It shall also be a duty of the Public Accounts Committee--

(a) to examine such trading, manufacturing and profit and loss accounts and balance sheets, as the Governor may have required to be prepared and the Comptroller and Auditor-General's report thereon; and

(b) to consider the report of the Comptroller and Auditor-General in cases where the Governor may have required him to conduct an audit of any receipts or to examine the accounts of stores and stock.

(3) If any money has been spent on any service during a financial year in excess of the amount granted by the House for that purpose the Committee shall examine with reference to the facts of each case the circumstances leading to such an excess and make such recommendations as it may deem fit:

Provided that the Committee shall not exercise its functions in relation to such Public Undertakings as allotted to the Committee on Public Undertakings by these Rules or by the Speaker.

Reports to Government before presentation

208. The Committee may, if it thinks fit, make available to Government any completed part of its report before presentation to the Assembly. Such reports shall be treated as confidential until presented to the Assembly.

Minute of dissent

209. There shall be no minute of dissent to the reports of the Committee.

Procedure to be followed

210. Except as aforesaid, the rules applicable to a Select Committee of the Assembly shall apply.

APPENDIX II.**RULES OF PROCEDURE (INTERNAL WORKING) OF THE COMMITTEE
ON PUBLIC ACCOUNTS**

The following rules are supplemental to the provisions contained in Rules 203-210 of the Tamil Nadu Legislative Assembly Rules which relate the composition, scope of function and conduct of business by the Public Accounts Committee--

1. The Committee shall decide which of the accounts or items in those accounts which are laid before the House in pursuance of Article 151 (2) of the Constitution or any other provision are to be scrutinized.
2. The Accountant-General will kindly assist the Committee by pointing out the important items in the accounts which should be scrutinized by the Committee. Nothing will prevent the Committee from scrutinizing other points also.
3. The Secretary shall get from the Departments the necessary notes for the points decided to be scrutinized by the Committee under supplemental rule I above and circulate them to the members.
4. The members may similarly send their suggestions if any, for the consideration of the Committee two days in advance of the date of the meeting.
5. The Departments shall send 50 roneoed copies of the final report of action taken on recommendations of the Committee and 50 roneoed copies of the notes on important points in the Appropriation Accounts and the Audit Reports on which information is called for by the Committee.
6. The replies in respect of action taken on the recommendation of the Committee shall be compiled and edited. Copies of action taken reports and copies of notes on important points are circulated to the Committee Members and Accountant - General.
7. Unless any paper, memorandum, document or note is marked "secret" and the Department has made a specific request that its content should not be made public all papers, memoranda, documents, notes, etc., laid before the Committee shall if so decided by the Committee be embodied in their Report in the form of Appendices.
8. The Secretary shall note the points on which further information is required by the Committee as a result of examination of the departmental Secretaries, etc. and under the direction of the Chairman take such action as may be necessary.
9. A record of the proceedings of each meeting of the Committee will be kept by the Secretary. A verbatim record of the evidence will be kept.
10. Relevant portions of speeches will be forwarded to the administrative heads of Departments of Secretariat who tender evidence before the Committee for correction and return. Portion of proceedings sent to officials most invariably be obtained back from them. The proceedings of the meetings are also sent the Accountant - General Chennai, for correction and return.

11. If the Chairman of the Committee is of the opinion that words phrases or expressions in the proceedings of the Committee or a sub-Committee as the case may be contain information which will not be in the public interest to publish or contain observation of purely personal character he may order such words, phrases or expressions to be expunges from the proceedings.

12. The Committee may recall any witnesses to give further evidence on any point which is under consideration of the Committee.

13. The Meetings of the Committee shall not open to the Press.

14. The verbatim proceedings shall be for the use of the Committee and the Departments concerned and only such papers as have been laid on the Table of the House will be made public.

15. The Secretary shall as soon as possible circulate the Minutes of the Committee as approved by the Chairman to each member of the Committee.

16. Where the Public Accounts Committee decides to print the whole or any part of the evidence the same shall be printed in the form of a separate volume and shall form part of the report of the Committee dealing with the relevant Accounts and Audit Reports thereon.

17. When the examination of the Accounts has been completed partially or wholly the Committee may frame its recommendations.

18. Each draft report of section thereof will be considered at a meeting of the Committee and will embody the decisions of the majority of the members present and voting.

19. The Chairman shall sign the report on behalf of the Committee and present it to the Assembly.

20. The Committee shall meet at such time and for such period as the Chairman may determine from time to time.

21. A statement showing the action taken or proposed to be taken on the recommendations of the Public Accounts Committee on the basis of the replies given by the Departments, etc., shall be prepared and placed before the Committee. This statement shall also be accompanied by copies of the Memoranda. Notes or other literature forwarded by the departments, etc., stating the action taken by them on the particular item/items with which they are concerned.

22. No document submitted to the Committee shall be withdrawn or altered without the knowledge and approval of the Committee.

23. Any additional points of procedure which are formulated from time to time shall be incorporated in these rules.

APPENDIX III**GUIDELINES TO WITNESS WHO APPEAR BEFORE THE COMMITTEE FOR TENDERING EVIDENCE AND PRODUCTION OF RECORDS TO THE COMMITTEE**

1. The Committee has power to examine representatives of the Department concerned and summon the officers more directly responsible wherever necessary.
2. Normally the department should be represented by the Secretary, if for any reason, such an officer cannot attend the Committee meeting on particular occasion, the Chairman may, on a request being made to him permit any other senior officer to represent the Department.
3. A list of officers who would be appearing before the Committee in addition to the Secretary of the department should be furnished to the Committee in advance. Once such a list is furnished, officers mentioned therein should attend the meeting without fail. In exceptional circumstances when such attendance is not possible, the position should be intimated to the Secretary, Legislative Assembly in advance by a D.O. letter giving reasons for the absence, and seeking permission of the Chairman to be absent. Normally such occasions should be rare.
4. The Committee has also power to examine any organisation or any other person and to take evidence on oath when the investigation or enquiry is of a judicial character.
5. A witness may be called either by a letter or by issuing a formal summons to give evidence before the Committee and or to produce before it any document required by the Committee. Generally a letter is addressed and formal summons is issued only when the Committee is conducting an investigation of judicial character.
6. Due respect to the Chairman and the Committee/Sub-Committees should be shown by the witness by bowing while taking his seat.
7. The witness should take the seat earmarked for him opposite to the seat of the Chairman.
8. The witness should answer specific questions put to him either by the Chairman, or by a Member of the Committee or by any other person authorized by the Chairman. The witness may be asked to place before the Committee any other points that have not been covered and which witness thinks are essential to be placed before the Committee.
9. All submissions to the Chairman and the Committee should be couched in courteous and polite language.
10. When the evidence is over and the witness is asked to withdraw, he should, while leaving, bow to the Chair. Witnesses should not withdraw from the meeting in the middle of the session as soon as their items are over without the prior permission of the Chairman. On such occasions the proper course should be either for the Secretary

of the department or the concerned officer to seek permission for the Chair to withdraw and if permission is granted then such witness can withdraw.

11. The witness should not smoke or chew when he is appearing before the Committee.

12. The following acts shall constitute breaches of privilege and contempt of Committee-

- (a) Refusal to answer questions.
- (b) Prevarication or willfully giving false evidence or suppressing the truth or misleading the Committee.
- (c) Trifling with the Committee, returning insulting answers.
- (d) Destroying or damaging a material document relevant to the enquiry.

13. The Committee has powers to call for the production of any paper, files or records. Government may, however, decline to produce a document on the ground that its disclosure would not be in the public interest.

14. If at any time any question arises whether the production of a documents is relevant for the purpose of the Committee, the question is referred to the Speaker whose decision is final.

15. In accordance with an established convention, secret documents required by the Committee are confidentially made available by the Department to the Chairman in the first instance unless it is certified by the Minister concerned that such document could not be made available on the ground that its disclosure would be prejudicial to public interest. The Chairman gives due consideration to the wishes of the Department before making any such document available to the members of the Committee. Any difference of opinion between the Department and the Chairman is settled by discussion and in the last resort by reference to the Speaker.

APPENDIX IV**DIRECTIONS**

1. Explanatory notes on important points called for by the Committee should be sent within 2 months. If extension of the time required by the Department, the Department should address the Secretary, Legislative Assembly who will place the request before the Chairman of the Committee and communicate his orders. On no account such extension of time will be granted for more than 1 month. If notes are not received within the period of extension allowed they will be construed as notes not received.
2. The notes should not be sent piecemeal item by item, but in a consolidated shape covering all items pertaining to the Department in respect of each Audit Report. Even if the items relate to different sections in the same Department, one section should co-ordinate and send the consolidated notes in a single batch separately for English and Tamil versions. The Tamil version should be sent along with the English version.
3. The explanatory notes furnished by the department should contain complete details relating to the Audit points and should be supported by documentary evidence. It is always presumed that the facts mentioned in the Audit paras are indisputable as the department had an opportunity to offer their comments when the Draft Para was included in the Audit Report. If the department wants to point out any factual disagreement, it should be clear and it should also be indicated as to why it was not pointed out to Audit before inclusion of the Draft Para in the Audit Report. Replies should not be based on surmises or prepared on hypothetical basis. The facts furnished in the explanatory notes should not be controverted when tendering oral evidence before the Committee.
4. The Departmental Secretary is personally responsible to the Committee for the correctness of the facts placed before it. The reply besides being complete and comprehensive should indicate further developments explanation for the lapses pointed out corrective action/remedial measures taken and any additional information that may be relevant for consideration of the paragraph/review without reproducing the points mentioned therein. The replies should also contain the current stage of the particular item if it is a continuing activity.
5. It is open to the Committee to base its recommendation with reference to the explanatory notes furnished by the department without giving further opportunity to the department to submit the oral evidence before the Committee. The department should not dispute the factual position mentioned in the recommendation of the Committee at a later stage, viz., at the time of consideration of action taken.
6. If any of the item, in the list of important points does not relate to the Department to which it is sent, that Department should transfer the items to the Department concerned under intimation to Assembly Secretariat within fifteen days from the receipt of the list of important point.
7. The notes should be consolidated and reviewed by the concerned Department itself and sent to Legislative Assembly Secretariat in accordance with the requirements.

8. Only Secretaries to Government and Heads of Departments concerned should appear as witnesses before the Committee. If under any special circumstances the Secretary is unable to attend the meeting he should obtain leave of absence from the Chairman of the Committee in advance. In such cases he may depute any other senior officer on his behalf.

9. All the witnesses who appear before the Committee should come prepared with full facts and figures.

10. The evidence tendered by them should be complete and accurate in all respects and the Officer is responsible for the accuracy of the statements made by him before the Committee.
