

**A BRIEF ADMINISTRATIVE REPORT IN RESPECT OF THE
DIRECTORATE OF LOCAL FUND AUDIT MANIPUR,
FOR THE YEAR 2025-26**

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1. ABOUT THE DEPARTMENT:

The Directorate of Local Fund Audit was established as Internal Audit Cell under Finance Department, Government of Manipur in the year 1966. The internal audit cell was placed under the charge of the Examiner of Local Fund Accounts and subsequently designated as Director of Local Fund Audit to exercise overall control of Internal Audit of Government of Manipur in 1975 vide Secretariat Finance Department's order No. IA/65-66/1 dated 28.4.1975. In the year 1976, the Legislative Assembly of Manipur passed the Manipur Local Fund (Accounts and Audit) Act, 1976, to make the better provision for the audit and safeguarding of Local Fund Audit in Manipur. Since then, Examiner, Local Fund Audit mandated the audit of Local Authority under the Act. The auditing work of the Government Department was extended to State Government Offices vide order No.4/18/88-PIC dated 14.03.1989.

The main objective of the Directorate is to ensure proper maintenance of accounts, financial discipline & safeguarding of public funds managed by local authorities.

2. ORGANIZATIONAL STRUCTURE:

The Directorate is headed by a Director assisted by Joint Director, Deputy Director, Assistant Directors, Audit Officers, Auditors and by a few supporting staffs. Men in position as on date (28.2.2026) against the sanctioned posts for this Directorate are listed below:

Name of Post	Group	Sanctioned Strength	Men in position as on 28.2.2026	Vacant Post	% of shortage	Remarks
Director	A	1	1	Nil	0	MFS Cadre Post
Joint Director	A	1	1	Nil	0	--do--
Deputy Director	A	1	1	Nil	0	--do--
Asst. Director	A	2	2	Nil	0	--do--
Audit Officer	A	10	3	7	70%	--do--
Auditor	C	28	3	25	89%	
Junior Auditor	C	7	2	5	71%	
Steno Gr. III	C	1	Nil	1	100%	
Typist-cum Clerk	C	2	Nil	2	100%	
Driver	C	3	1	2	66.7%	
Chowkidar	D	1	1	Nil	0	
Sweeper	D	1	0	1	100%	
Peon	D	6	4	2	33%	
Daftry	D	1	Nil	1	100%	
Total:		65	21	44	67.7%	

The above table depicting the details of category wise men in position against the sanctioned post clearly shows the existing precarious position of the Directorate. Due to the obvious reason of shortage of staff, this Directorate faces difficulties in carrying out audit works and the routine functions of the Office. However, this Directorate always puts in its best efforts so as not to compromise on its work front and to come out with the best possible result.

The Directorate is planning to move proposal to the Administrative Department to accord necessary Administrative Approval for taking up the recruitment process for filling up of the vacant posts as per the extant rules so as to function this office more efficiently.

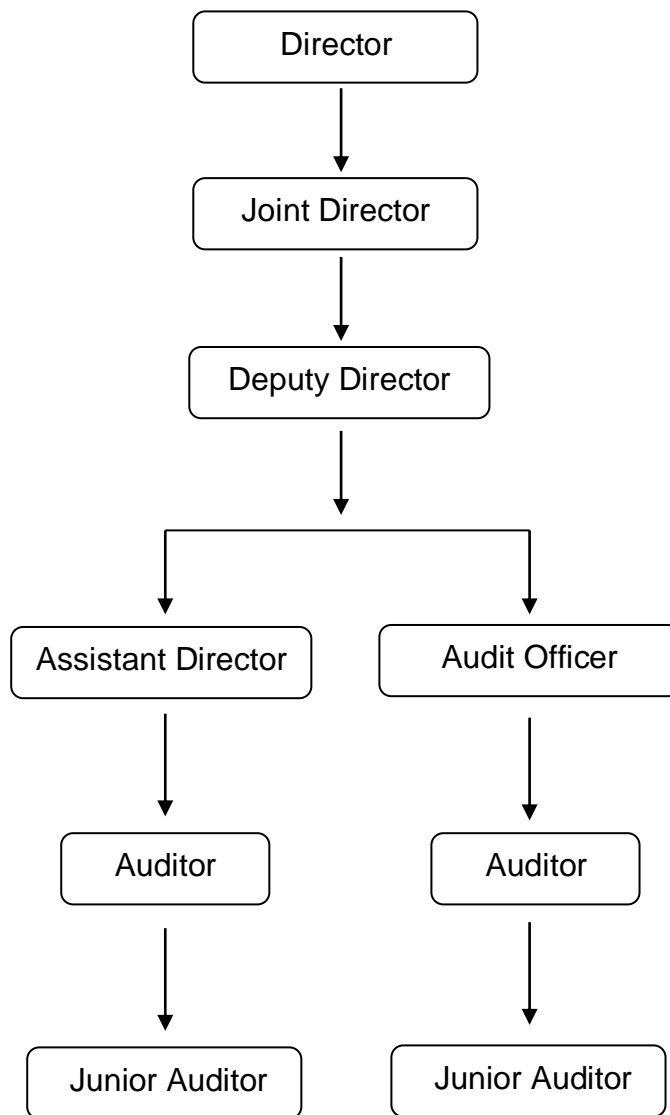
3. MANPOWER AVAILABLE AND DEPLOYMENT IN FIELD AUDIT PARTY:

The Office of the Director, Local Fund Audit, Manipur has acute shortage of manpower in group "A" and "C" posts as indicated below:

Name of Post	Cadre	Sanctioned Strength	Men in position as on 28.2.2026	Shortage of staff as per sanctioned strength	% of shortage	Remarks
i	ii	iii	iv	v	vi	vi
Deputy Director	A	1	1	Nil	0	MFS-Post
Assistant Director	A	2	2	Nil	0	MFS-Post.
Audit Officer	A	10	3	7	70	MFS-Post,
Auditor	C	28	3	25	89	
Junior Auditor	C	7	2	5	71	Jr. Auditors were also detailed at field work as & when required.
Total:		48	11	37	77	

Out of the total available staff in this Directorate, Joint Director is holding additional function in other post in another Department and Deputy Director is holding the Charge of Head of Office and Drawing and Disbursing Officer. Auditors and Junior Auditors were detailed at Accounts and Establishment Section in addition to their duty at field work so as to run the office smoothly.

4. THE ORGANOGRAPHY OF DIRECTORATE OF LOCAL FUND AUDIT IS SHOWN BELOW:



5. ROLE OF AUDIT IN FINANCIAL ADMINISTRATION:

In view of the present Socio-economic condition of the state and utilization of huge amounts of funds for various development programmes/schemes in both Rural and Urban sectors, the role of audit has become very important. In such a stage, the responsibility of audit is not only to verify the accuracy and completeness of accounts maintained but also to disclose in clear and firm language the defalcation,

misappropriation, fraud or misuse of public fund, if any by the authority concerned that come to the notice of the auditors. Such defalcation will act as a deterrent to the tendency of the unscrupulous offices to commit irregularities in the sphere of financial administration.

Besides, the recommendation/suggestions of audit will help the executive/Local authorities to be prudent while spending public money, to remain cautious, to maintain integrity and uprightness in financial transactions. Therefore, the audit functions as a guide in the matter of financial administration of Local Authorities/offices instead of being fault finding machinery.

6. JURISDICTION OF THE DIRECTORATE OF LOCAL FUND AUDIT:

Under the provision of section 5 of the Local Fund Audit (Accounts & Audit) Act, 1976, the accounts of any Local Authority, whose accounts are declared by the Provisional Government, by notification, subject to audit comes under the jurisdiction of the Directorate of Local Fund Audit. As such, Auditor of Local Fund Audit has been declared as “**Statutory Auditor**” for the following Local Body Offices under the provisions of their Acts and Rules.

i) Statutory Institution:

Sl. No.	Category/ Name of the Local Bodies	Number of Offices	References to their Statutory Provisions
1.	Zilla Parishads	6	Under Section 74(I) of the Manipur Panchayati Raj Act, 1994 and Section 5 of Local Fund (Accounts & Audit) Act, 1976.
2.	Gram Panchayats	161	Under Section 44(I) of the Manipur Panchayati Raj Act, 1994 and section 5 of Local Fund (Accounts & Audit) Act, 1976.
3.	Urban Local Bodies	27	Under section 72(I) of the Manipur Municipality Act, 1994 and section 5 of Local Fund (Accounts & Audit) Act, 1976.
4.	Other Local Bodies (viz. Aided College, PDA, MTDC, MDS, DRDAs, District Councils, Children Home etc.)	74	Section 5 of Local Fund (Accounts & Audit) Act, 1976. And other provision of the Acts and Rules of the Local Body Organization.
Total Number =		268	(Two Hundred Sixty-Eight)

ii) NON-STATUTORY OFFICES:

Apart from the above statutory audit, the Directorate of Local Fund Audit has also been entrusted with non – statutory audit of accounts of State Government Offices vide order No.4/18/88-PIC dated 14/3/1989.

iii) OTHER ASSIGNMENTS:

Besides conducting audit of the accounts of the Institutions specified above, the Local Fund Audit has also been entrusted with certain additional functions as detailed below:

- A) Special Audit in connection with Vigilance Cases as Requisitioned by the State Vigilance Commission.
- B) Special Audit as requisitioned by the Government/Department/Other offices.
- C) Verification of Service Books for granting financial up-gradation under.
 - i) Assured Career Progression.
 - ii) Modified Assured Career Progression.
 - iii) Senior/Trained/Trained Senior/Selection Grade scale of pay for School Teachers.
- D) Online audit of PRIs under the initiative of MoPR, Government of India for release of grants under 15th Finance Commission Awards.
- E) Countersignature of Utilization Certificates for grant-in-aids released to grantee institutions where Grant-in-Aids funded out of the state fund.

7. ACTIVITIES DURING THE YEAR 2025-26

(a) Audit Works:

The Directorate of Local Fund Audit had conducted audit of accounts of 62 Gram Panchayats 10 Urban Local Bodies (ULBs), 14 other Local Bodies and 26 Government offices. Apart from conducting audit of accounts of the PRIs, ULBs and other local bodies audit of accounts of some government offices by pooling available manpower.

(b) Trainings:

Under the Technical Guidance and Support System Auditors, Junior Auditors and Audit officer were imparted capacity building training on Audit Planning and Audit Methodology conducted by the Office of the Accountant General (Audit), Manipur. Further, 2 (two) Junior Auditors were imparted Accounts Training at State Academy of Training, Imphal.

8. CONCLUSION

The Directorate of Local Fund Audit, Manipur continues to play an important role in ensuring financial accountability & transparency in the management of accounts of the Local Bodies as well as government offices in Manipur. Once the vacant post of Auditors and Junior Auditors are filled up the Directorate may be able to function smoothly. The Cooperation of departments and Local authorities is essential for effective audit and financial governance.