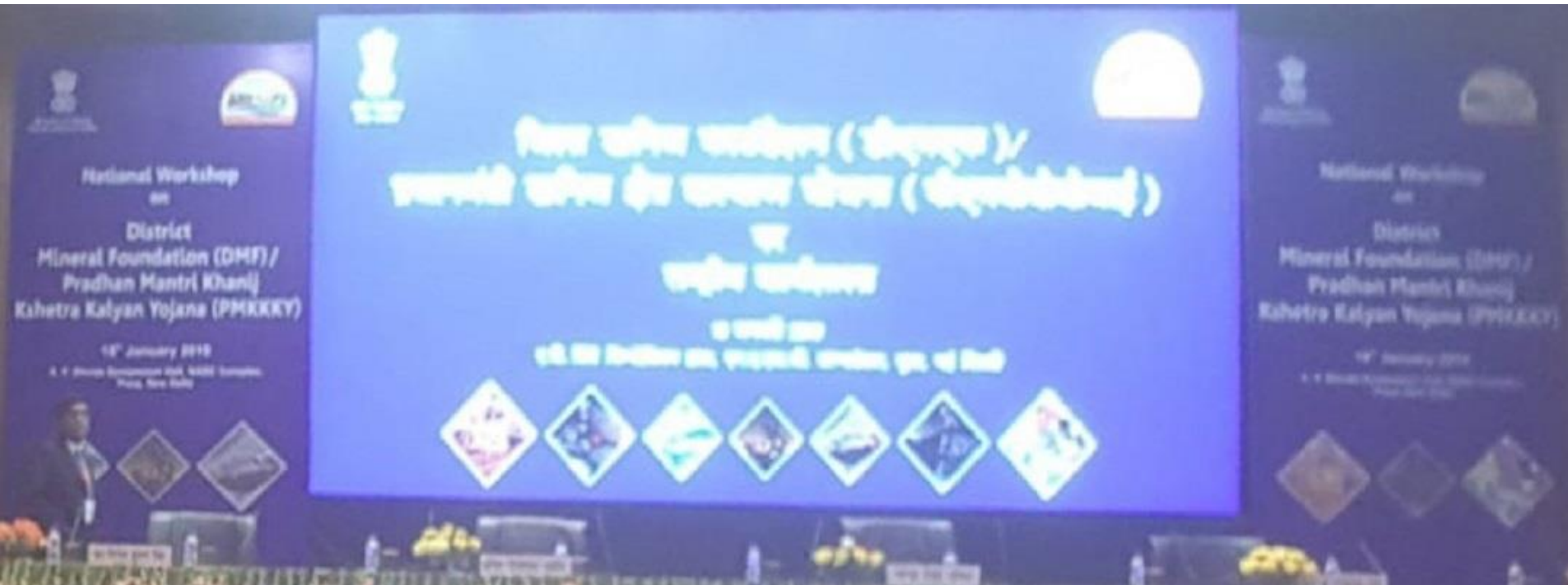
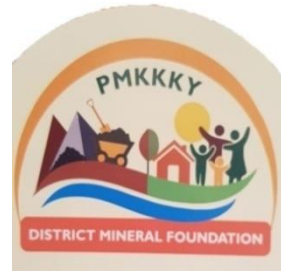




सत्यमेव जयते



THEAM-2

DMF – FUND MANAGEMENT, RECONCILIATION AND AUDIT

Accounting procedure in Tamil Nadu

- Tamil Nadu District Mineral Foundation Rules formed and notified in gazette on 19/5/2017.
- Crucial date followed for collection of DMF funds are
 - Coal/lignite - 19/5/2017
 - Other major mineral – 17/9/2015
 - minor mineral – 17/9/2015
- DMF Tarriff
 - The lease awarded before 12.01.2015 – 30%
 - The lease awarded on or after 12.01.2015 – 10%
- As per Hon'ble Supreme Court Direction – as interest rate of 15% charged as any delayed payment beyond 31/12/2017.
- TNDMF Rule has a provision to impose 24% interest rate for delayed provision.
- 4 Regional Joint Director office formed mainly to monitor implementation of DMF Projects with staff strength including BDOs & PA accounts on deputation basis.
- Departmental await team formed in all 4 Regions and given training:

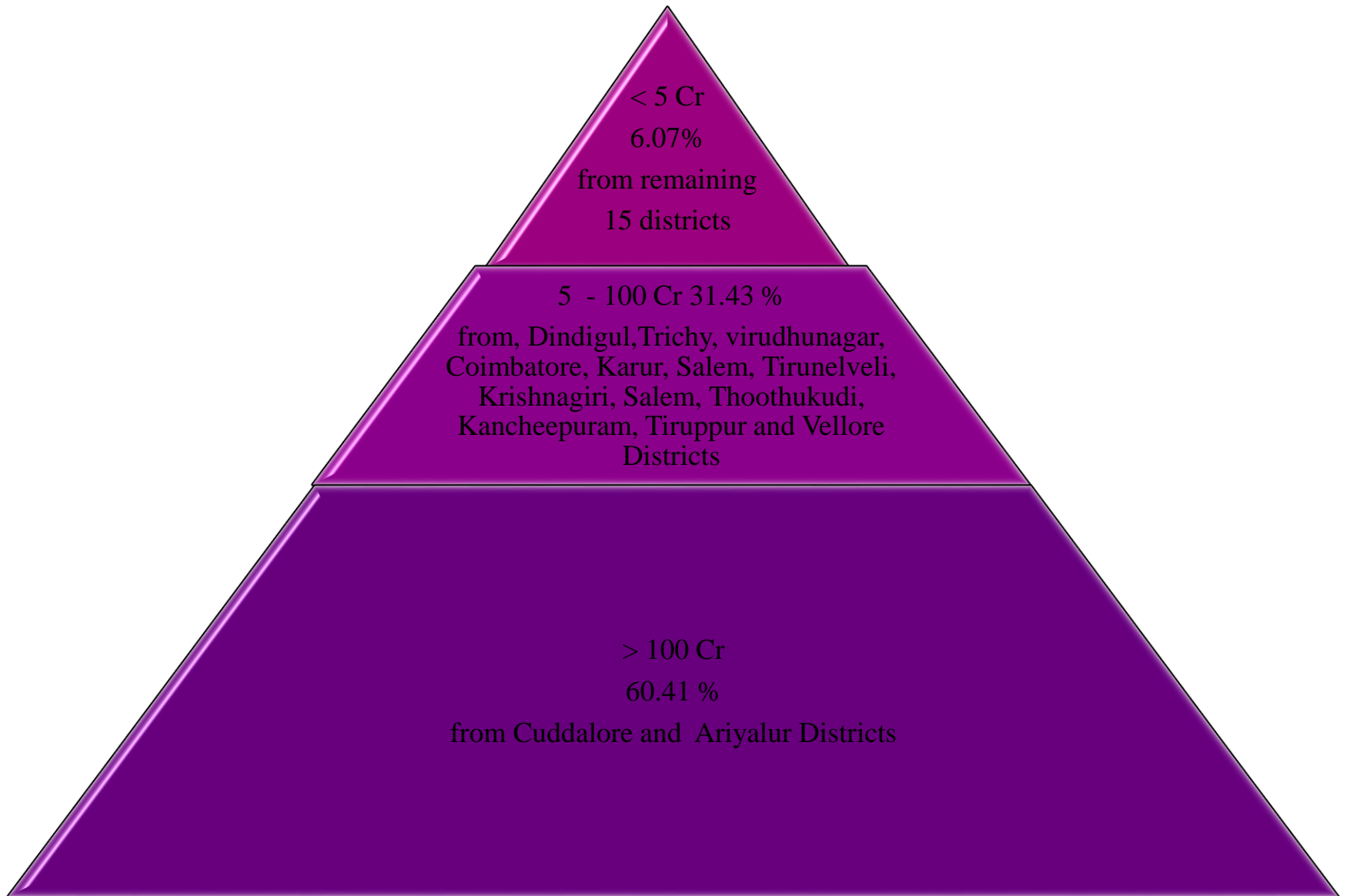
SI.No	Regional Center	Cluster Districts
1	Viluppuram	7 Districts
2	Salem	7 Districts
3	Trichy	7 Districts
4	Madurai	7 Districts

This facilitate conduct of regional level audit of cluster districts.

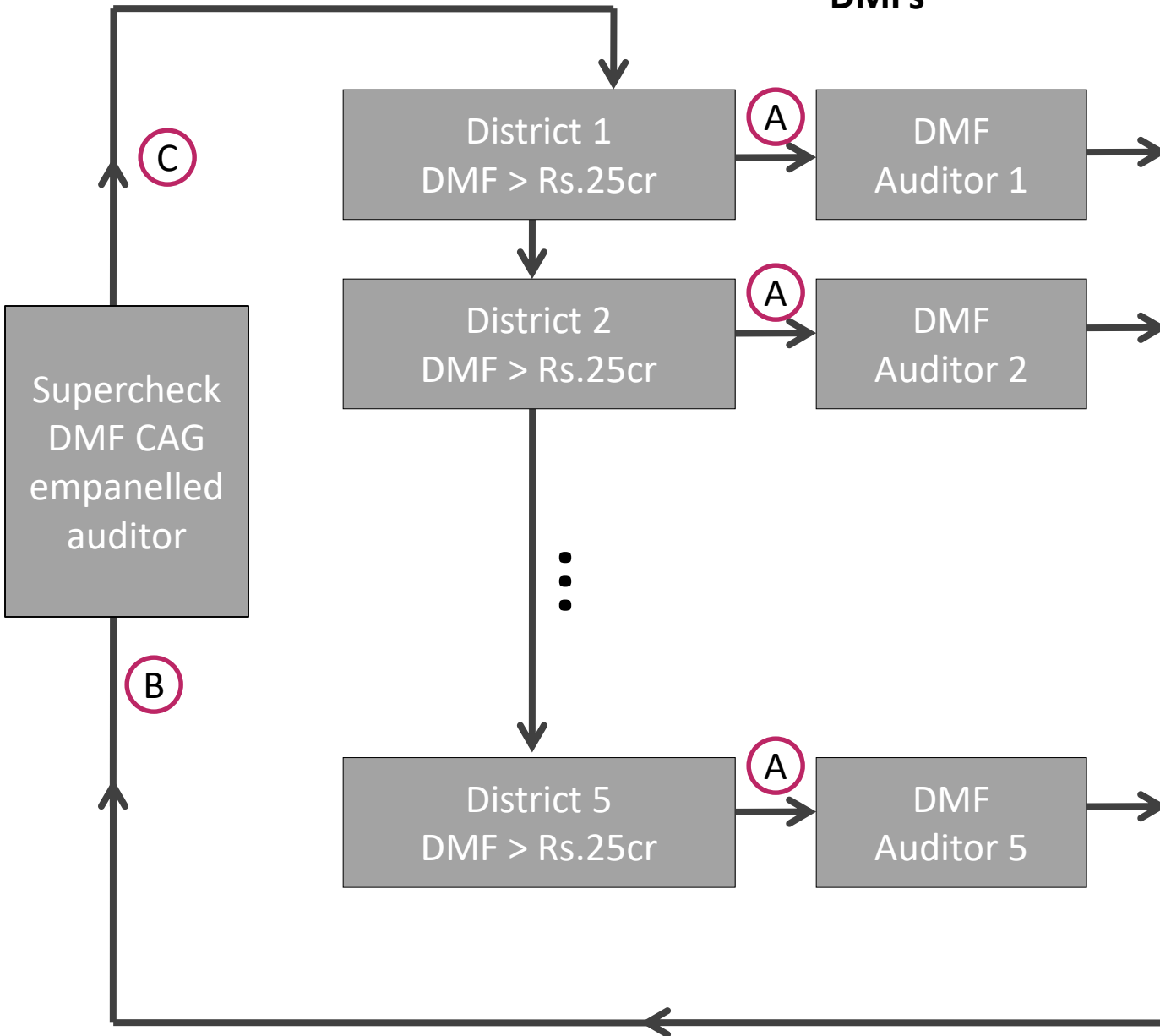
Accounting procedure in Tamil Nadu

- CAG empanelled auditor appointed in all 30 mining Districts.
- “Checklist/ Questionnaire” has been prepared for use by auditors covering all the provisions of PMKKKY
- FAQ’s are also prepared for auditors and internal audit team.
- District Mineral Foundation fund collection audit during the year 2017-2018 is completed in all districts.
- From 2018-2019 onwards implementation of District Mineral Foundation works stated, Total Collection =373 Crs.
 - GC approved Projects= 1112 Nos; 179.88 Crs
 - Completed Projects= 238 Nos; 8.09 Crs
 - Under Implementation projects = 229 Nos; 12.98 Crs
 - Yet to start projects = 645 Nos; 158.80 Crs.
- Next to fund collection Audit , Auditor are to be given a state level one day training programme to highlight points to be covered for audit in phase,
 - I) Sanction
 - II) Implementation phase
 - III) Project Completion phase
- Audit to be reviewed once in six month in April and October as per Tamil Nadu District Mineral Foundation rule 2017.
- ABC categorization of District for Audit
 - A Category > 25 Cr – 2 Districts
 - B Category 10-25 Cr – 17 Districts
 - C Category < 10 Cr – 11 Districts

Accrual of DMFT Fund Percentage wise



ABC Categorisation of DMFs



Category	DMF/1yr
A	>25cr
B	10-25cr
C	<10cr

Internal Department Audit Team

- On monthly basis, verify Transport permit involved with regard to Approved Annual Mining Plan and verify collection of Seigniorage/ royalty and ensure Data entry made by all DEOs.
- At the end of month, the DMF bank account is verified with reference to Seigniorage/ royalty collected to check any DMF collection is left out.
- The DMF dues which are not cleared by lessees before 31/12/2017 as per Hon'ble Supreme Court direction are added with rate @15% of due amount through Arrear DCB register

Four verticals of Audit

DMF Fund Collection Stage	Project Sanction Stage	Project Implementation Stage	Project Completion Stage
DMF Collection Register	High priority project Register (should not be below 60%)	Tender transparency Norms	Project Register
Regular DCB Register	Other Priority project register (should not be above 40%)	GEM Procurement	Assets Register
Arrear DCB Register	Upto 50 lakhs – DC 50-100 lakhs - DGM More than 100 lakhs- Govt.	Expenditure Register	GC Minutes, Sanctioned proceedings, Work order, Service copy
DMF bank statement	Mine affected area	Field Measurement Book	Project Completion Certificate & Fund Utilisation Certificate
Data Entry Operator Register	Fund only to supplement and compliment, not to replace other department projects	MC inspection	Cheque Copy
			Beneficiary details and photos

DMF AUDIT

- **Internal Audit by PA (Accounts)- Collectorate**

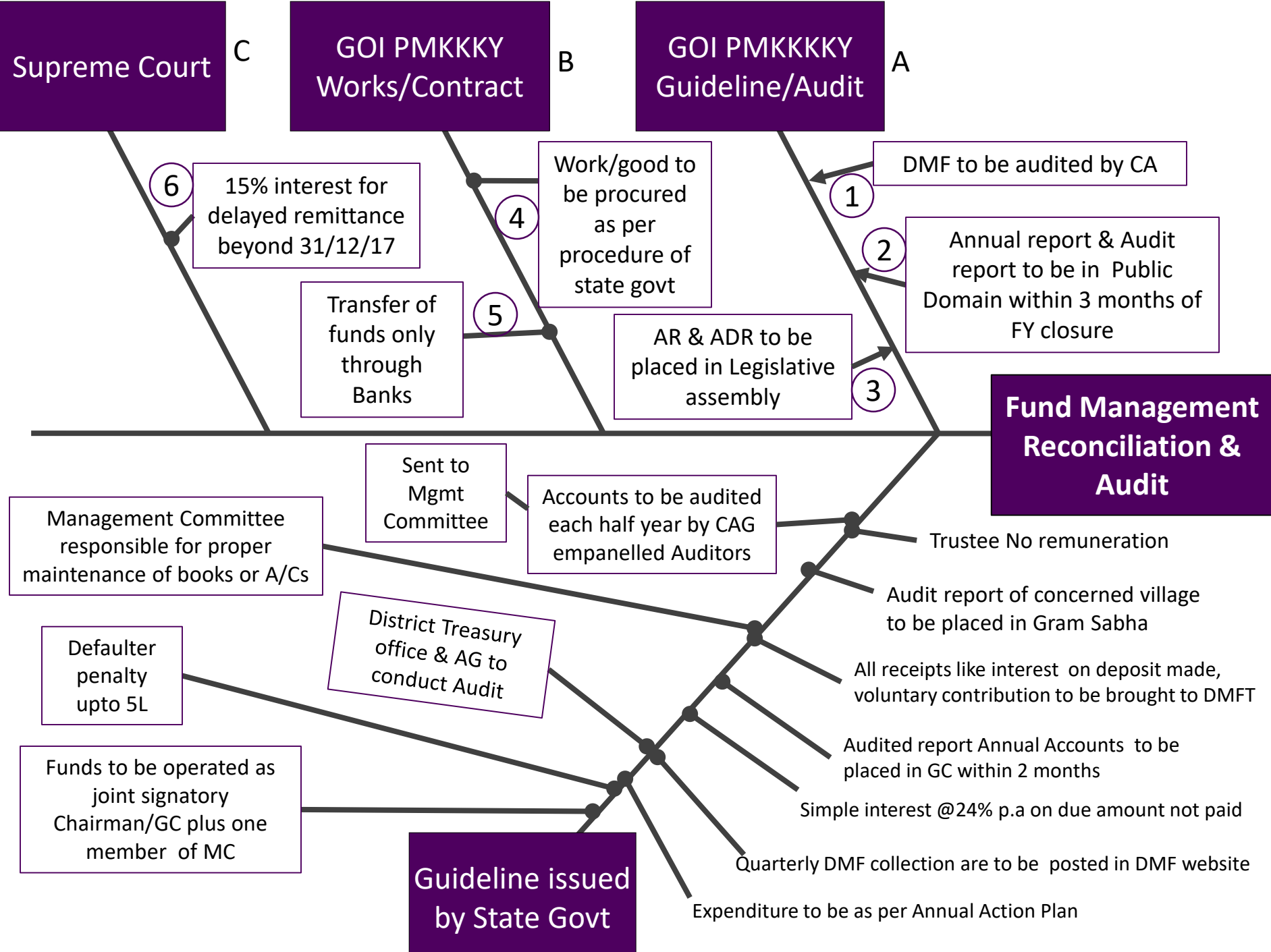
Every month the Collection Register, Arrear and Regular DCBs along with Challans are submitted to PA(Accounts) for Audit and Verification of Reconciled Data.

- **Internal Audit by State DMF Monitoring Cell**

Every month the districts are called in Phases to State DMF Monitoring Cell with the Collection Register, Regular and Arrear DCBs, Permit Register and Reconciliation Register for verification and Audit of Accounts.

- **External Audit by CAG Empanelled Auditor**

DMF Fund Registers are audited by CAG Empanelled Auditor on Half Yearly basis.



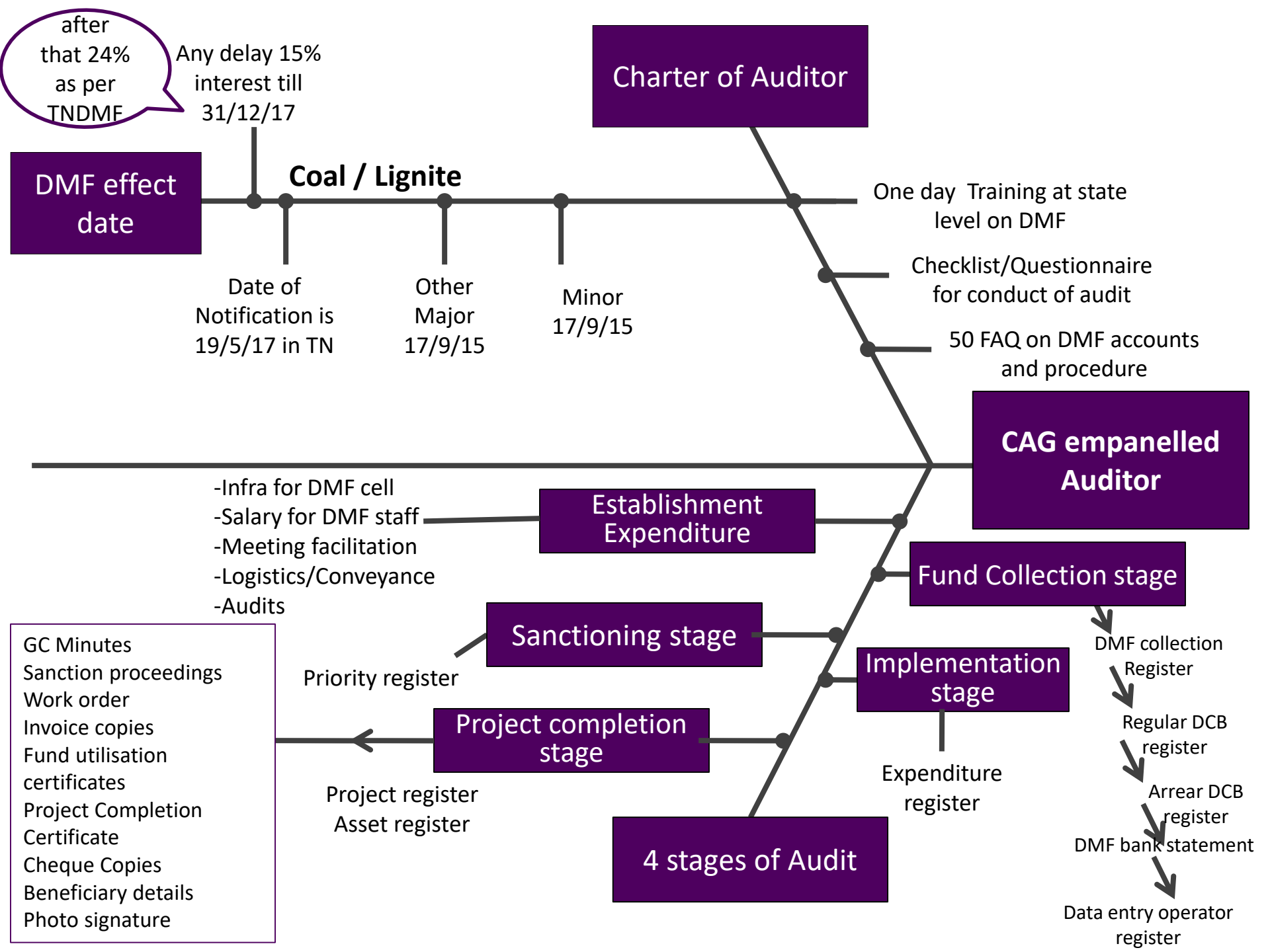
Accounting procedure

PMKKKY

- DMF to be audited by CA
- Annual Report & Audit report to be in public domain within 3 months of closure of FY
- Annual reports and audit report to be placed in legislative assembly
- Works/Goods to be procured as per procedure of respective state government.
- Transfer of funds only through bank.

TNDMF Rules, 2017

- Accounts to be audited every six months by CAG empanelled auditor April – October
- Auditor report / Annual account to be placed in GC within 2 months from closure of financial year.
- All receipts interest on deposits voluntary contribution are to be brought to DMF account
- Defaulters penalty up to Rs. 5 lakhs.
- Quarterly DMF collection to be posted in DMF website.
- Expenditure should be as per annual action plan
- Village audit report to be placed in Grama Sabha
- District Treasury officer to conduct monthly Audit
- Management committee to monitor proper maintenance of banking accounts by DMFT.



CHECKSLIP FOR AUDITORS

- Whether Collection of DMF due in respect of Coal / Lignite leases started from date of notification by respective State Government. (As per date of Government of India Notification 20.10.2015)
- Whether Collection of DMF due in respect of other Major Mineral started from 17.09.2015 (date of Notification by Government of India)
- Whether Collection of DMF due in respect of Minor Mineral started from 19.05.2017 (date of Notification of respective State Government)
- Whether all dues prior to 31.12.2017 is paid by leases if not 15% interest charges as per Supreme Court order.
- Whether DMF tariff is adopted @ 30% for lease granted prior to 12.01.2015 (Date of amending MMDR Act 1957)
- Whether DMF tariff is charged @ 10% for the lease granted after 12.01.2015 (Date of amending MMDR Act 1957)(As per G.O.57 of TNDMFT rule)

CHECKSLIP FOR AUDITORS

- Whether any payment payable from 01.01.2018 if delayed charging of interest rate @ 24% (as fixed by State Government) is followed.
- Whether quarterly details of all contribution received from leases to the area hosed in each DMF website.
- Whether Annual plan and Annual report are hosted in each DMF website.
- Whether list of area and people affected by mining are posted in website.
- Whether all meeting Agenda, Minutes of ATR of DMF posted in each DMF website.
- Whether online status of ongoing works posted in each DMF website.
- Whether list of beneficiaries under welfare projects posted in each DMF website.

CHECKSLIP FOR AUDITORS

- Whether work executed location is certified as mine affected area either directly (or) indirectly are approved by Governing council)
- Whether State Government approval is obtained if DMF funds of one District is transferred to other District to extend benefit of affected people and area stretching beyond the geographical boundary.
- Whether the project like constructing of Roads / Bridges in excess 40% limits specified in the notification issued by Government of India / State Government.
- Whether Transfer of fund to all agencies and beneficiary are made through Bank Account.
- Whether Goods procurement / works area Tamil Nadu Tender Transport Act 2000 (as through ELCOT / TANSI etc.,)
- Whether procurement of goods made under GEM.

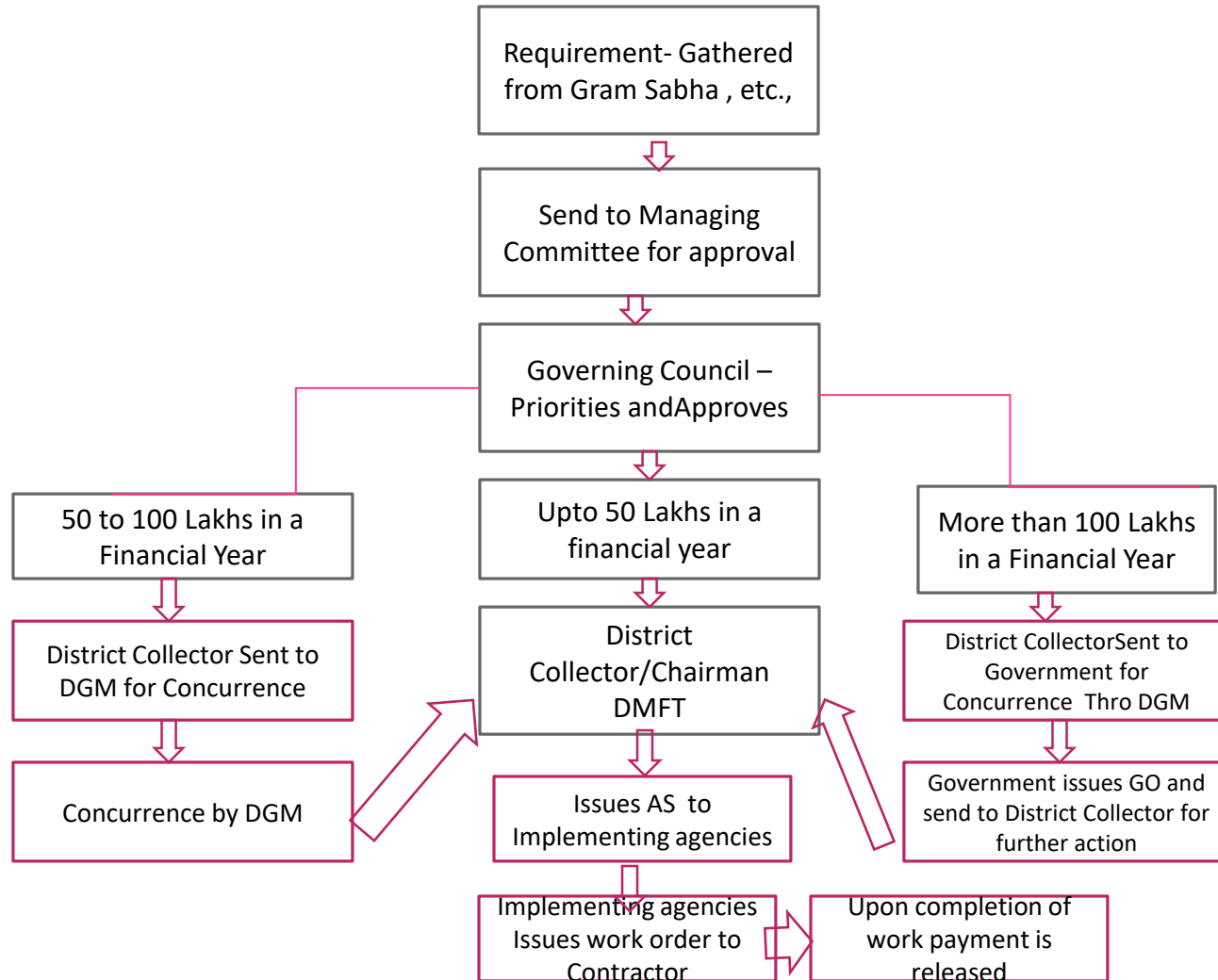
CHECKSLIP FOR AUDITORS

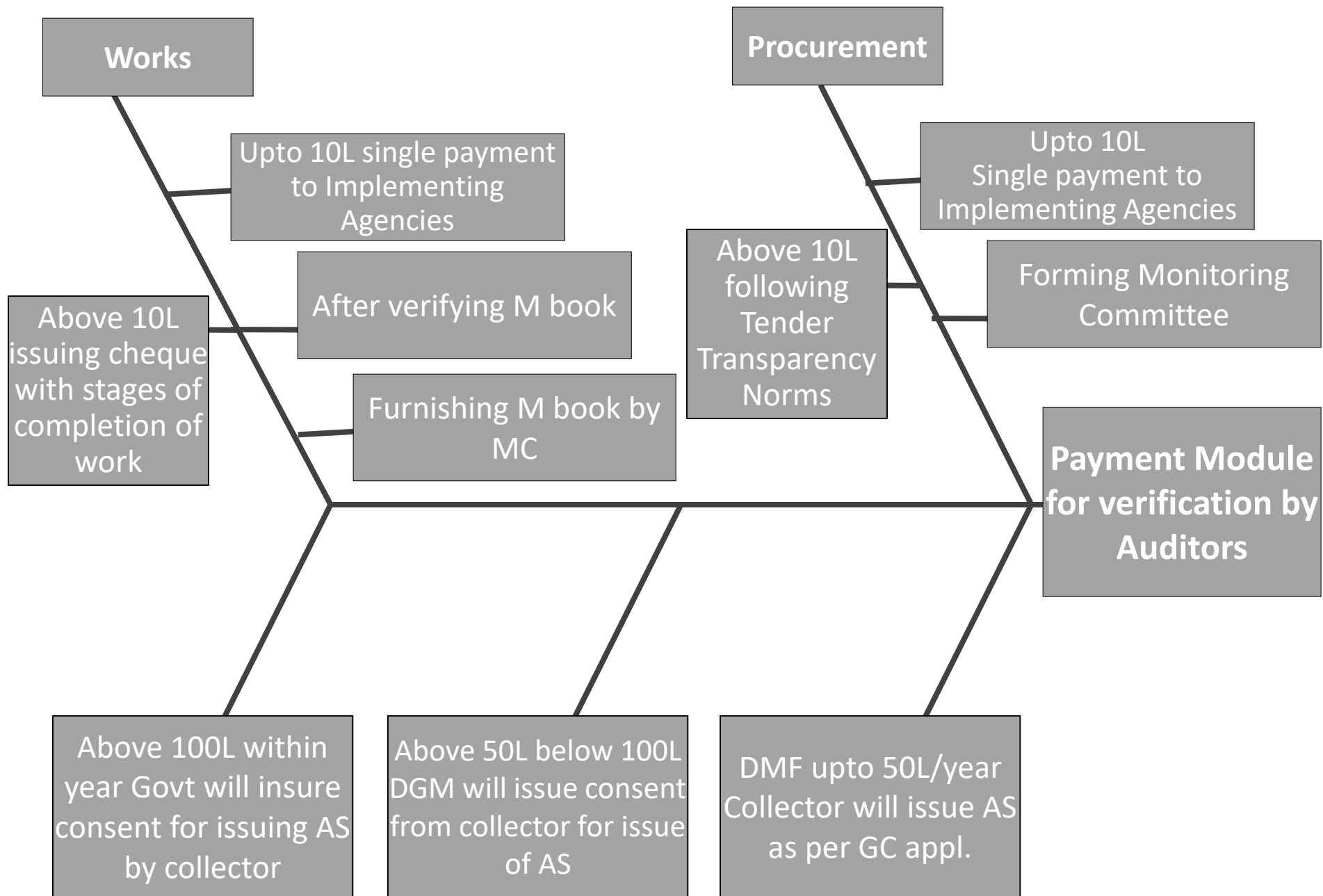
- Whether every year within 3 Months from date of closure of financial years, the DMF shall prepare an Annual report and its activities for the respective financial year and place it before GC along with Annual Audit.
- Whether the Annual Audit / Annual report is posted in website and submitted to Government within One month.
- Whether the Annual report of each financial year is placed before State Legislative Assembly.
- Whether the Audit report of works of Village concerned are maintain in the GS of respective Village.
- Whether the funds for high priority is atleast 60% of PMKKKY funds collected.
- Whether the funds for other priority does not cross 40% of DMF Collected.

CHECKSLIP FOR AUDITORS

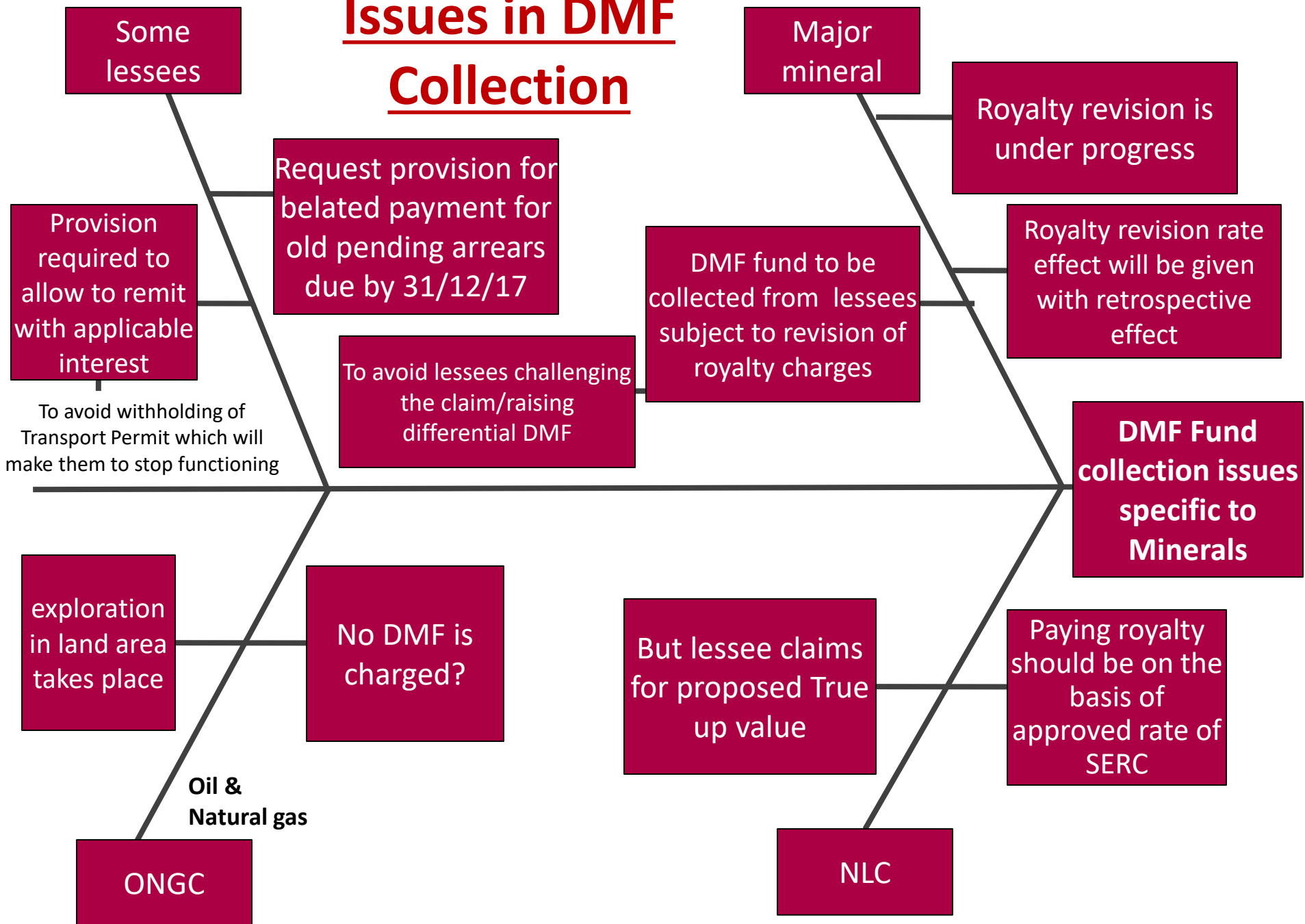
- Whether the Administrations and superiorly and over head cost of foundation is kept within 5% of Annual receipt of the fund accrued, subject to upper limit if any fixed by State Government.
- Whether Managing Committee and GC are conducted as per minimum prescribed periodically time period.
- Whether nominated Trust member shall not exceed total period of 2 years is ensured.

- Flowchart for implementation of Projects

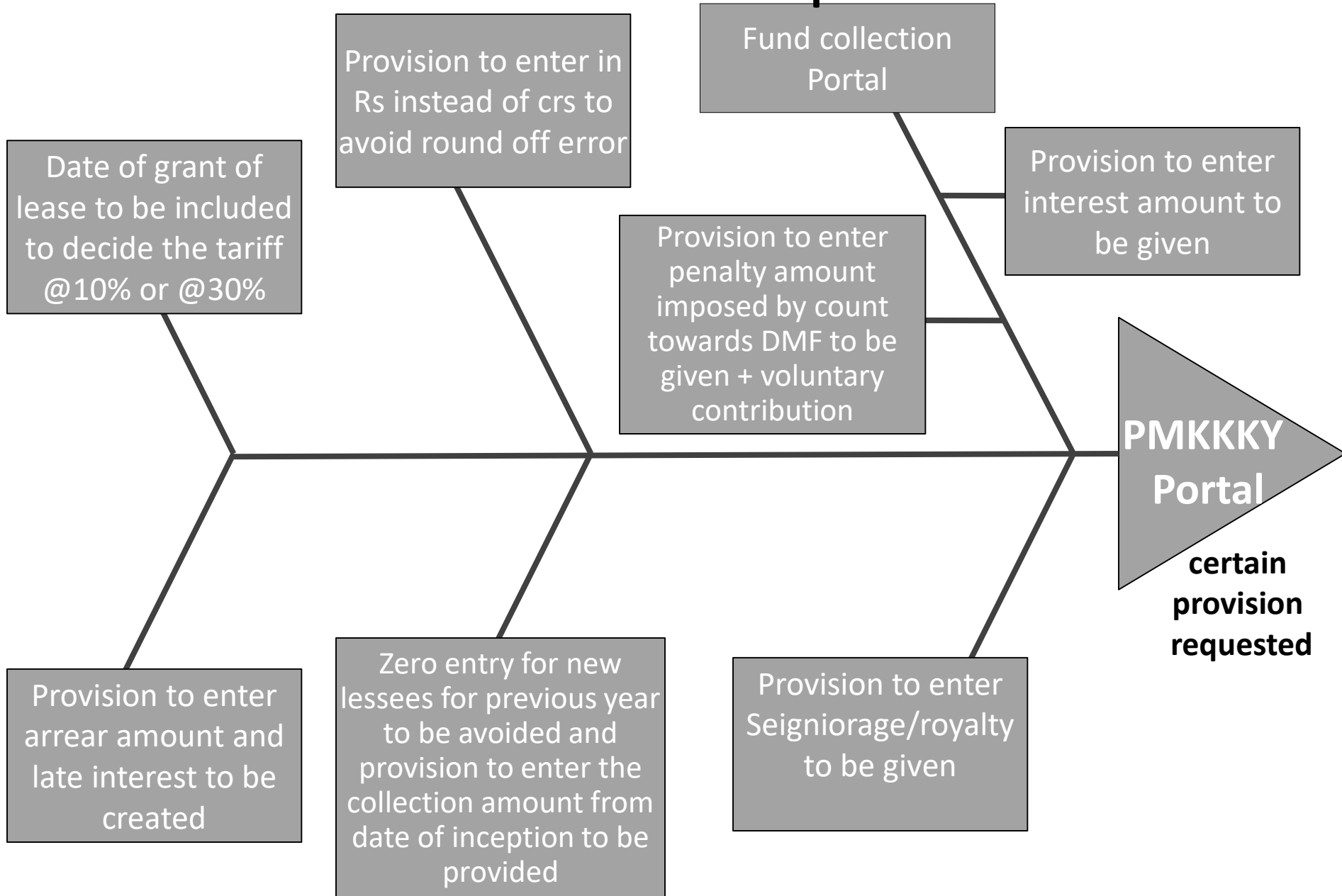




Issues in DMF Collection



PMKKKY Portal Updation



Challenges in PMKKKY Portal Entry

- Module to enter other DMF Collections from Penalty levied by Court, Voluntary contributions, Bank interest etc.,
- Provision to enter the arrear amount and late interest, yet to be collected lease wise .
- Date of grant of lease to be included while capturing lease wise collections to categorize 10% and 30% payment for leases.
- The fund collection data displayed in portal is incorrect as the interest amount and other collections are not captured in portal.
- Provision to enter the collection amount in rupees instead of crores to avoid round off error.
- Zero entry for new lessees for the previous years to be avoided and amount from the date of inception to be provided.

Digitized – Arrear DCB Register

- Lease wise Arrear Data pertaining to the Arrear Demand, Collection and Balance amount is captured in the auto calculation sheet developed using MS-Excel
- Signed copy of Lessee wise Arrear abstract is sent to State Monitoring cell for review and verification by 10th of every month.
- Late Interest is calculated at the rate of 15% P.A for the number of days of default , Lease wise for the Permit issued from 27.09.15 to the Date of DMF cell establishment (Late Interest is exempted for the Arrear amount remitted before 31.12.17).

Digitized- Regular DCB Register

- State DMF Monitoring Cell has developed a Digitized Register using MS-Excel with Auto Calculation and Validation.
- Lease wise Demand, Collection and Balance details are captured in this tool pertaining to the Regular DMF Collection
- Collection other than Royalty is also captured in this sheet.
- Signed copy of Regular DCB abstract and Certified copy of Collection, Expenditure, Arrear Amount with Late Interest to be Collected is sent to State Monitoring Cell every Month for Verification and Review.

DMF FUND MAINTENANCE

- All DMFs are maintaining exclusive Account for DMFT Fund Collection in Nationalized Banks
- This account is jointly operated by District Collector and DD/AD Mines
- DMF Funds accrued are directly deposited by the Lessees in DMF Trust Bank Accounts
- Copies of Bank Deposit Challans are submitted to DMFT Cells
- Details of Remittance are captured by the DMFT Data Entry Operator in the **DMF Collection register.**

Reconciliation

- Monthly Reconciliation is done by comparing the DMF demand, Collection and balance with the Data in the Permit Register and Reconciliation Register.
- Monthly Reconciled data is compared with Bank Statement and Expenditure Register to verify the Accuracy.
- Arrear DCB is reconciled by comparing the Arrear Data (Premium amount) with the Balance amount to be collected from the Regular DCB.

Project Documentation

Dedicated Project Booklets are maintained for each Project with the following:

- GC Minutes
- Sanction proceedings
- Work order,
- Invoice copies,
- Fund utilization Certificates,
- Project completion certificate
- Cheque Copies
- Beneficiary details
- Photographs

FUND UTILISATION

Metrics	Utilization
Not less than 60% of Annual Accrual	High Priority Projects
Not more than 40% of Annual Accrual	Other Priority Projects
6% of Annual Accrual	District Administrative Expenses
** 1% of Fund from 6% of DMFT Annual Accrual	State level Administrative Expenses

Note: **Proposed

Proposal for DMF Collection

- Very large collection beyond absorption capacity of District and excess fund to be managed for overall welfare of mining sector.
- On PMKKKY, Provisions is available for transfer of fund to other district for taking DMF project activities.
- Provision also available for converging with state/District plan.
- Such huge fund accruing district, DMF project can be cluster of Districts.
- The excess funds can be received for taking up of regional level DMF projects for holistically addressing the improvement of mine affected area and people.
- 60%-40% norms for high priority and other priority may be relaxed for taking up more infrastructure projects in the district. (TN – 200cr. Seigniorage collected is given back to village panchayats for watersupply/road works. Hence, 60%-40% relaxation proposed.)
- Excess fund accruing district should verify longevity of lease deed and accordingly, reserve funds for future no mining period.
- DMF funds are not meant for works to be taken under polluter pay Principle. In case of excess fund accruing districts, relaxation may be given, considering intensity of damage happened to eco system by impact assessment study.

Procedure for Annual Action plan

- Conduct of convergence meeting of all department
- Identification of Infrastructure gap
- Preparation of wishlist through PRA
- Prioritization through Management committee
- Future Infra – Demand assessment.
- Preparation of Shelf of project as
 - 1) Short term basis
 - 2) long Term basis
- Perennial issue in the district
- Requirement of Hard infrastructures.
- Requirement of soft Infrastructures.
- DMF annual event calendar.

DMF CALENDAR

Sl. No.	DMFT Actions to be taken	Managing Committee	Governing Council	Collector As Chairperson Of The Trust	Remarks
1.	<p>January</p> <p>Drafting Annual plan and Annual Budget for the succeeding year and inviting suggestions on the activities from the public through District Gazette and publishing advertisement in the News papers. GC to approve the Annual Plan and Annual Budget.</p> <p>For the current year,</p> <ul style="list-style-type: none"> ➤ Prepare quarterly report by MC for the third quarter within 45 days and ➤ To get approval from the GC. ➤ Furnish approved copy to District Panchayat, DC, CGM and Government. 	<ul style="list-style-type: none"> ➤ Day to day affairs of the Trust. ➤ To prepare Annual plan with short term and long term projects for each financial year during January month in 60 days prior to starting of financial year. ➤ To publish in District Gazette/official website and advertise in 2 news papers in Tamil and English and also send to Panchayat / VAOs in the month of January. ➤ Scrutinizing projects, prioritising, short listing are to be done by MC and prepare Annual plan. ➤ Annual Budget preparation based on Annual plan and to be placed before GC for approval. ➤ Member Secretary of MC to prepare activity programme report with physical and functional parts of the approved scheme and projects within 45 days from the completion of every quarter. ➤ To maintain proper book of A/C, documents and records regarding DMFT Fund. ➤ To meet once in 2 months. 	<ul style="list-style-type: none"> ➤ Approval of Annual plan and Annual Budget. ➤ Implementation and Monitoring of projects ➤ Approval of Half yearly audit report. ➤ If 3/4 of the members approve, the projects other than the one placed by MC also be considered. ➤ To meet in twice in a year. 	<p>Trust can undertake activities not approved in Annual plan but warrants immediate action which has no specific approval of MC/GC but to be laid in GC in the immediate next meeting.</p>	<p>DMFT to appoint Auditor(s) from list of approved Auditors notified by Accountant General (Audit) of Tamil Nadu.</p>

DMF CALENDAR

Sl. No.	DMFT Actions to be taken	Managing Committee	Governing Council	Collector As Chairperson Of The Trust	Remarks
2	<p><u>March</u></p> <p>➤ Implementation of the projects to be initiated.</p>	<p>Members: -</p> <p>(1) District Collector - Chairperson (2) The District Revenue Officer - Member-Secretary, MC (3) Deputy Director or Assistant Director of Geology and Mining – Convener (4) Project Director – District Rural Development Agency – Member; (5) Deputy Director (Health) – Member; (6) Chief Educational Officer – Member; (7) District Treasury Officer – Member; (8) District Social Welfare Officer – Member; (9) Assistant Director (Panchayat) – Member; (10) One Non-governmental organization nominated by the District Collector; and (11) One Non Official Member nominated by the District Collector.</p>	<p>Members: -</p> <p>(1) District Collector – Chairperson; (2) District Revenue Officer- Vice-Chairperson (3) Deputy Director or Assistant Director of Geology and Mining – Convener; (4) Project Director, Panchayat Development; (5) Personal Assistant to Collector, Panchayat Development (PAPD); (6) Deputy Director or Assistant Director, Rural Development Department; (7) Deputy Director or Assistant Director, Adi Dravidar and Tribal Welfare Department; (8) Environment Engineer, Tamil Nadu Pollution Control Board; (9) District Forest Officer; (10) Chief Engineer, Public Works Department; (11) Assistant Director of Survey and Land Records; (12) District Treasury Officer of the District concerned; (13) District Social Welfare Officer; and (14) Deputy Director, Health Department in charge of Public Health Centres.</p>		<p>➤ To publish the following in the DMFT website.</p> <p>i) The composition Of MC/GC, list of areas and the people affected by mining.</p> <p>ii) Quarterly details of all contributions received from lessees and others.</p> <p>iii) The agenda and action taken reports</p> <p>iv) The annual plan</p> <p>v) The annual budget</p> <p>vi) The quarterly and annual reports.</p> <p>vii) The list of beneficiaries</p>
3	<p><u>April</u></p> <p>➤ Preparation of quarterly report and Annual Report on the progress of the work during the 4th quarter and the entire period of the previous financial year by MC within 45/90 days and approval by the GC respectively.</p> <p>➤ Furnish approved copy to District Panchayat, DC, CGM and Government within 60 days of approval.</p> <p>➤ Preparation of Half yearly Audit report by the Auditors appointed by the Trust and approval by GC.</p>				
4	<p><u>July</u></p> <p>➤ Preparation of Quarterly Report on the progress of the work by MC for the first quarter within 45 days and approval by the GC.</p> <p>➤ Furnish approved copy to District Panchayat, DC, CGM and Govt.</p>				
5	<p><u>October</u></p> <p>➤ Preparation of Quarterly Report on the progress of the work by MC for the second quarter within 45 days and approval by the GC.</p> <p>➤ Furnish approved copy to District Panchayat, DC, CGM and Govt.</p> <p>➤ Preparation of Half yearly Audit report by the Auditors appointed by the Trust and approval by GC.</p>				

Thank You