



The Haryana Local Audit Act, 2026

Act No. 33 of 2026

DISCLAIMER: This document is being furnished to you for your information by PRS Legislative Research (PRS). The contents of this document have been obtained from sources PRS believes to be reliable. These contents have not been independently verified, and PRS makes no representation or warranty as to the accuracy, completeness or correctness. In some cases the Principal Act and/or Amendment Act may not be available. Principal Acts may or may not include subsequent amendments. For authoritative text, please contact the relevant state department concerned or refer to the latest government publication or the gazette notification. Any person using this material should take their own professional and legal advice before acting on any information contained in this document. PRS or any persons connected with it do not accept any liability arising from the use of this document. PRS or any persons connected with it shall not be in any way responsible for any loss, damage, or distress to any person on account of any action taken or not taken on the basis of this document.

PART-I**HARYANA GOVERNMENT****LAW AND LEGISLATIVE DEPARTMENT****Notification**

The 30th September, 2026

No. Leg.39/2026.— The following Act of the Legislature of the State of Haryana received the assent of the Governor of Haryana on the 17th September, 2026 and is hereby published for general information:-

HARYANA ACT NO. 33 OF 2026**THE HARYANA LOCAL AUDIT ACT, 2026****AN****ACT**

to provide an effective and efficient audit system for all local authorities and other authorities, bodies or institutions and local fund and for matters connected therewith and incidental thereto;

WHEREAS, the Thirteenth Finance Commission (2010-2015), in sub-para (ii) of para 10.161 of its report- Volume-I recommended that the State Government must put in place an audit system for all local bodies (all categories of urban local bodies and all tiers of panchayati raj institutions) and the Comptroller and Auditor General of India must give technical guidance and supervision over the audit of all local bodies in a State at every tier/category;

WHEREAS, it has become imperative to ensure effective spending of the grants of the Government of India and the State Government by the local authorities and other authorities and to promote public confidence on the utilization/expended of the public money by the local authorities and other authorities established by the State Government;

Be it enacted by the Legislature of the State of Haryana in the Seventy-seventh Year of the Republic of India as follows: -

- | | |
|---|--------------------------------------|
| <p>1. (1) This Act may be called the Haryana Local Audit Act, 2026.</p> <p>(2) It shall come into force from the date of its publication in the Official Gazette.</p> | <p>Short title and commencement.</p> |
| <p>2. In this Act, unless the context otherwise requires,-</p> <p>(a) “administrative secretary” means the Additional Chief Secretary or Principal Secretary to Government, Haryana, Finance Department, as the case may be;</p> <p>(b) “audit” means cent percent audit, pre audit, concurrent audit, post audit, test audit, special audit and such other examination of accounts and transactions as the Government may, from time to time, specify;</p> <p>(c) “auditor” means an officer/official of the Local Audit Department entrusted by the Director to conduct audit;</p> <p>(d) “cent percent audit” means a post audit of all the transactions of a particular account for the whole financial year or for such period, as may be specified by the Director;</p> <p>(e) “concurrent audit” means a continuous audit of accounts of day-to-day transactions;</p> <p>(f) “Director” means the Director, Local Audit Department, Haryana;</p> <p>(g) “executive authority” means Commissioner/Executive Officer/Secretary in case of urban local bodies and Chief Executive Officer, Block Development and Panchayat Officer-cum-Executive Officer, Sarpanch in case of panchayati raj institutions or competent authority of such other local authority, as the case may be;</p> <p>(h) “Government” means the Government of the State of Haryana in the administrative department;</p> <p>(i) “local authority” means and include such authorities as specified in the Schedule appended to this Act;</p> | <p>Definitions.</p> |

- (j) “local fund” means and include the funds as specified in the Schedule and any other fund which the Government may, by notification in the Official Gazette, declare to be a local fund;
- (k) “post audit” means the detailed audit conducted after the completion of transactions;
- (l) “pre audit” means audit of day to day transactions before withdrawal or adjustment of payment out of a local fund;
- (m) “prescribed” means prescribed by rules made under this Act;
- (n) “Schedule” means the Schedule appended to this Act;
- (o) “special audit” means an audit of accounts and transactions pertaining to a specified item or series of items requiring thorough examination, and includes re-audit of the accounts for a period already covered by audit;
- (p) “State Government” means the Government of the State of Haryana;
- (q) “surcharge” means an amount for which the Director makes a person liable for loss, waste, mis-application or mis-appropriation of any money or property;
- (r) “test audit” means a selective sample based examination of accounts and transactions.
- 3.** (1) An auditor shall conduct the audit annually/bi-annually or at such intervals, as he may deem fit.
- (2) An auditor shall audit the accounts of a local authority or local fund in such manner, as may be specified and while conducting audit, an auditor shall exercise the powers and perform the functions of the Director under this Act.
- (3) An auditor may also conduct pre audit, concurrent audit or post audit of any local authority or local fund as found necessary under the provisions of any law governing them or as may be directed by the Director in consultation with the Government.
- 4.** The Director may, with the previous sanction of the Government and without prejudice to the provisions of section 3, audit the accounts of any authority, body, institution or fund not included in the Schedule subject to such terms and conditions, as may be agreed upon between the Director and the person responsible for the administration of such authority, body, institution or fund.
- 5.** (1) The accounts of a local authority relating to every financial year shall be prepared or caused to be prepared by executive authority for audit within three months from the end of the financial year, in such form and manner, as may be prescribed.
- (2) The Director may recommend the Government to withhold the release of funds to a local authority which fails to furnish accounts for audit on expiry of three months from the end of the financial year.
- 6.** (1) For the purposes of audit under this Act, an auditor may, -
- (a) require in writing, the production at the place of audit, such vouchers, statements, returns, correspondences, notes or any other documents including documents in electronic form, the perusal or examination of which are necessary for the elucidation of the accounts and transactions;
- (b) require in writing, any employee of a local authority or an authority administering the local fund mentioned in the Schedule accountable for or having the custody or control of such vouchers, statements, returns, correspondences, notes or other documents including documents in electronic form or any person having directly or indirectly, any share or interest in any contract with the local authority or the authority which administers the local fund to appear in person before him and answer any question and require any person so appearing to make and sign a declaration with respect to such document or to prepare and furnish any statement relating thereto; and
- (c) in the event of an explanation being required from any officer or member of a local authority or an authority administering the local fund, invite such person and shall in writing, specify the point on which his explanation is required.
- (2) An auditor may, in any requisition made under sub-section (1) specify a period of not less than three days within which the said requisition shall be complied with.

Audit of
accounts.

Power to audit
any authority,
body, institution
or fund not
included in
Schedule.

Liability of
executive
authority to
prepare and
present
accounts for
audit.

Power to
require
production of
accounts and
attendance of
persons for
audit.

7. Any person who willfully 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 to a penalty which shall not less than one thousand rupees but may extend to five thousand rupees:
- Provided that no such penalty shall be imposed against any person unless he has been given a notice to show cause why the penalty should not be imposed within a period of fifteen days of such notice.
8. The audit of the accounts prepared and presented for audit under section 5 shall be completed by an auditor within a period not exceeding six months or such period, as may be prescribed.
9. As soon as practicable after the completion of the audit but not later than three months thereafter, the Director shall send a report to the executive authority concerned on the accounts audited and copies of the report to such officers and bodies or institutions, as the case may be.
10. The audit report issued by the Director shall include,-
- any payment which appears to have been made contrary to any law or order of the Government;
 - the amount of any deficiency or loss which appears to have been caused by the negligence or misconduct of any person in the performance of his duties;
 - any case of misappropriation or improper utilization of the fund;
 - the amount, if any, received which ought to have been brought into account but not taken;
 - any other material impropriety or irregularity observed in the audit; and
 - remedial action and suggestion to improve the accounting system.
11. (1) On receipt of the audit report sent under section 9, the executive authority shall, within a period of two months, either remedy the defects or irregularities, if any, pointed out therein and place the audit report together with a statement of action taken or proposed to be taken thereon before the meeting of the governing body of the authority concerned. The executive authority shall also, within a month from the date of the said meeting, send to the Director, a report of having remedied the said defects/irregularities or submit an explanation in regard to such defects/irregularities.
- (2) On receipt of such report or explanation, the Director may-
- accept the report of having remedied the defects/irregularities or the explanation in regard thereto and drop the objection; or
 - hold that any or all of the defects/irregularities pointed out in the audit report have not been remedied.
- (3) The Director shall, within two months from the date of receipt of the report or explanation, or if no such report or explanation is received, on expiry of the total period of three months referred to in sub-section (1), pass an order thereon. If the Director holds that any defect or irregularity pointed out in the audit report has not been remedied, he shall state in the order, -
- whether the defect or irregularity can be regularized and if so, by what method; or
 - if the defect or irregularity cannot be regularized, whether they can be condoned and, if so, by what authority; and
 - whether the amount to which the defect or irregularity relates to, in his opinion, be charged and, if so, against whom.
- (4) The local authority or any other authority, body or institution administering the local fund shall publish in its next administrative report, extract of the defect or irregularity, if any, pointed out in the audit report, the explanation, if any, given by the executive authority under sub-section (1) and the order passed thereon by the Director under sub-section (3) above.
- (5) Nothing in this section or section 10 shall preclude the Director, at any time, from bringing to the notice of the Government such actions as may be necessary, any information which appears to the Director to support a presumption of criminal misappropriation or fraud or, which, in his opinion, deserves special attention or immediate investigation.

Penalty for
disobeying
requisition.

Completion of
audit of accounts.

Audit report to
be sent to
executive
authority and
certain officers
and bodies.

Contents of
audit report.

Procedure to
be followed by
executive
authority on
receipt of audit
report.

Director to surcharge illegal payments and loss caused by negligence or misconduct.

12. (1) The Director may disallow any payment which appears to him to be contrary to law and surcharge the same against the person making or person or body of persons authorizing the making of the illegal payment and may charge against any person responsible therefor, the amount of any deficiency or loss caused by the negligence or misconduct of that person or any sum received which ought to have been, but has not been brought into account by that person and shall, in every such case, certify the amount due from such person.

(2) Any person aggrieved by the surcharge may, within one month from the date of receipt of the decision of the Director may apply to the administrative secretary, to set aside the surcharge and he, after taking such evidence as is necessary, may confirm, modify or remit the same.

(3) Every sum certified to be due from any person by the Director under this Act shall be paid by such person to the executive authority within one month from the date of intimation of the decision of the Director to him unless, such person has filed an application against the decision under sub-section (2) above within such time and such amount, if not so paid, or such amount as due, may be recovered as an arrear of land revenue.

Powers and functions of Director.

13. The Director shall exercise the following powers and performs the following functions, namely: -

- (i) to settle the audit objections included in the audit report;
- (ii) may approach the Principal Accountant General to provide necessary technical guidance and support on the audit and maintenance of accounts and transactions of a local authority or local fund;
- (iii) may condone any payment made from a local fund of a sum not exceeding ten thousand rupees or such amount of sum, as may be prescribed, which appears to him to be contrary to law, if in his opinion, there was no negligence or misconduct on the part of the person making or authorizing such payment; and
- (iv) any other power and function, as may be prescribed.

Delegation of powers and functions.

14. The Director may, by general or special-order delegate to an auditor all or any of the powers to be exercised or functions to be performed by him under this Act or the rules made thereunder except the power under clause (iii) of section 13, subject to such conditions if any, as specified in that order.

Payment of cost of audit.

15. (1) The cost of audit of accounts and transactions as specified by the Government shall be paid by the authority concerned.

(2) The Government may, by general or special order, exempt, either wholly or in part, any authority from the liability to pay the cost of audit under sub-section (1).

(3) If the cost of audit due under sub-section (1) is not paid within one year from the date of it becoming due, the Government may on the recommendation of the Director adjust the same against the grant or other sums, if any, payable to such authority:

Provided that if no grant or other sums is payable to such authority, the cost of audit shall be recovered by the Director in such manner, as may be prescribed.

Power to dispense with detailed audit.

16. The Director may, when circumstances so warrant, dispense with detailed audit of any account or class of transactions and apply such limited check in relation to such accounts or transactions, as he may deem fit.

Defalcation or loss in money or stores to be reported by the executive authority.

17. (1) Whenever any defalcation or loss in money or stores of any local authority or authority, body or institution administering the local fund caused due to misappropriation, theft or natural calamities is detected, the fact shall be promptly reported by the authority to the Director giving in detail the circumstances which led to such defalcation or loss.

(2) On receipt of a report under sub-section (1), the Director shall immediately conduct or cause to conduct a special audit of the accounts and transactions of that authority:

Provided that nothing in this section shall prevent the executive authority from initiating criminal proceedings against any person suspected of, or involved in, any defalcation or loss of money or stores.

- 18.** The Director shall submit a consolidated report of the accounts and transactions of executive authorities audited by him containing such particulars which he intends to bring to the notice of the Government and the Government shall cause the consolidated report to be laid, as soon as may be, after it is received, before the State Legislature. Laying of audit report.
- 19.** No civil court shall have jurisdiction to entertain any suit or proceedings in respect of any action taken or to be taken by the Government or the Director or any officer in pursuance of any power conferred by or under this Act. Bar of jurisdiction.
- 20.** All audit of accounts and transactions pending at the commencement of this Act in respect of any local authority or other authority shall, notwithstanding anything contained in this Act, be continued and completed by the Director, within such time, as may be prescribed, as if this Act has not been enacted. Special provision for pending audit.
- 21.** The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law made by the Legislative of the State for the time being in force. Act to override other enactments.
- 22.** No suit, prosecution or other legal proceedings shall lie against the Director or any officer under this Act or any official acting under the directions of such officer, for anything which is done or intended to be done in good faith under this Act or any rule or order made there under. Protection of action taken in good faith.
- 23.** The Director or other officers while acting or purporting to act in pursuance of the provisions of this Act or any rule made there under shall be deemed to be public servants within the meaning of clause (28) section 2 of the Bhartiya Nyaya Sanhita, 2023 (Central Act 45 of 2023). Public servants.
- 24.** (1) The Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act. Power to make rules.
(2) Every rule made under this Act shall, as soon as may be, after it is made, be laid before the State Legislature.
- 25.** (1) If any difficulty arises in giving effect to the provisions of this Act, the Government may, by order published in the Official Gazette, make such provision, not inconsistent with the provision of this Act, as appears to it to be necessary or expedient, for removing the difficulty: Power to remove difficulties.
Provided that no such order shall be made after the expiry of a period of two years from the date of commencement of this Act.
(2) Every order made under this section shall, as soon as may be, after it is made, be laid before the State Legislature.
- 26.** The Government may, by notification, in the Official Gazette, add any entry to the Schedule: Power to amend Schedule.
Provided that no local authority and local fund shall be omitted from the Schedule except by the authority of law made by the State Legislature.
- 27.** The provisions of this Act shall not apply to any case, suit, appeal, revision petition or any other proceeding that may be pending at the commencement of this Act before the Director, Government or civil court and the law in force immediately before the commencement of this Act shall, notwithstanding anything contained in this Act, continue to apply to such cases, suits, appeals, revision petitions or other proceedings. Savings.

THE SCHEDULE

(see section 2)

I. Local authority

1. All Municipal Corporations
2. All Municipal Councils
3. All Municipal Committees
4. All Zila Parishads
5. All Panchayat Samities
6. All Gram Panchayats
7. All State universities
8. Chaudhary Charan Singh Haryana Agricultural University, Hisar
9. Board of School Education Haryana, Bhiwani
10. Maharaja Agrasen Medical College

II. Local fund

1. The charitable endowment funds
2. All relief funds
3. All State Government/State Government aided educational institutions including engineering and medical college.

RITU GARG,
ADMINISTRATIVE SECRETARY TO GOVERNMENT, HARYANA,
LAW AND LEGISLATIVE DEPARTMENT.