

PREFACE

This report has been prepared for submission to Governor under Article 151(2) of the constitution.

Eleventh Finance Commission has recommended that Technical Guidance and Supervision over the accounts and audit of local bodies be entrusted to the Comptroller and Auditor General of India (CAG) and the reports of the CAG on such audit be placed before a committee of the State Legislature constituted on the same lines as the Public Accounts Committee.

In October 2002 Government of Kerala entrusted the audit of Local Bodies in the State to the CAG under Section 20 (1) of the CAG's (DPC) Act 1971 for providing technical supervision to the Director of Local Fund Audit. The State Legislature in June 2003 constituted the Committee on Local Fund Accounts.

The comments of the CAG on the audit of the accounts of the Local Self Government Institutions were included in the Report of the Comptroller and Auditor General of India (Civil) up to the year ended 31 March 2003. This is the first report of the Comptroller and Auditor General of India exclusively on the Local Self Government Institutions.