

PREFACE

This Report has been prepared for submission to the Government of Orissa in accordance with the terms and conditions of the Technical Guidance and Supervision (TGS) over the maintenance of accounts and audit of Panchayati Raj Institutions (PRIs) by the Comptroller & Auditor General (C&AG) of India.

Based on the recommendations of the Eleventh Finance Commission, the State Government entrusted 20 *percent* of Gram Panchayats (September 2003) and Panchayat Samitis (May 2004) for audit to the C&AG of India under section 20(1) of the C&AG's (DPC) Act 1971. The State Government also entrusted the C & AG the technical Guidance and Supervision of the audit conducted by the Examiner, Local Fund Audit (LFA).

This Report is based on the audit of Gram Panchayats (GPs) conducted under Section 20(1) and Panchayat Samitis (PSs) & Zilla Parishads (ZPs) under Section 14 of the C&AG's (DPC) Act 1971.

This is the second Report of the office of the Senior Deputy Accountant General, Local Bodies Audit and Accounts under the administrative control of the Principal Accountant General (Civil Audit), Orissa, Bhubaneswar which started functioning from October 2006.

This Report contains three chapters. Chapter I contain an overview of the PRIs in Orissa and comments on accounts. Chapter II deals with the observations on transactions noticed in audit of PRIs. Chapter III deals with the performance audit on devolution of funds, functions and functionaries.

The cases mentioned in the Report are those, which came to notice during the course of audit of accounts conducted during the year 2007-08 in respect of transactions pertaining to 2006-07.