

CHAPTER - VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 General

6.1.1 Autonomous bodies and authorities are set up to discharge generally non-commercial functions of public utility services. These bodies/authorities by and large receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc., to implement certain programmes of the State Government. The grants are intended essentially for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, rural development, improvement of roads and other communication facilities under municipalities and local bodies.

6.1.2 During 2001-2002, financial assistance of Rs.10.46 crore was paid to various autonomous bodies and others broadly grouped as under :

Table 6.1

(Rupees in crore)

Sl. No.	Name of Institutions	Amount of assistance paid
1.	Universities and Educational Institution	8.01
2.	Art and Culture	0.27
3.	Rural Activities	0.15
4.	Social Welfare	0.90
5.	Co-operation	0.36
6.	Other Institutions	0.77
	Total	10.46

6.1.3 Financial assistance paid to these bodies during the year 2001-2002 constituted 1.02 *per cent* of the total revenue expenditure (Rs.1029.55 crore) of the Government for the year.

6.2 Utilisation certificates

6.2.1 The financial rules of Government require that where grants are given for specific purposes, certificates of utilisation should be obtained by the departmental officers from grantees and after verification, these should be forwarded to Accountant General within one year from the date of sanction, unless specified otherwise.

6.2.2 Although the Finance Department, Government of Arunachal Pradesh was requested (July 2002) to furnish department wise position of utilisation certificates due and submitted during the last 3 years, the required information was not furnished (December 2002).

6.3 Audit of financial assistance to local bodies and others

Audit under Sections 14 and 15

6.3.1 According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (as amended from time to time), receipts and expenditure of bodies and authorities substantially financed by grants/loans from the Consolidated Fund of the State are audited by the Comptroller and Auditor General of India (CAG). A body or authority is deemed to have been substantially financed in a year if the aggregate of grants and loans received by it during the year (including unutilised balance of grants and loans of previous years) is not less than (a) Rs. 25 lakh representing 75 per cent of the total expenditure of that body or authority and (b) Rs.1.00 crore.

6.3.2 Section 15 of the Act *ibid* requires that where any grants/loans are given to any body or authority for specific purposes from the consolidated fund, the CAG should scrutinise the procedure by which the sanctioning authority has satisfied itself as to the fulfillment of the conditions subject to which such grants and loans are given.

6.3.3 In order to identify the institutions which attract audit under section 14/15 of the Act, *ibid*, Governments/heads of departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions.

6.3.4 The Finance Department could not furnish complete information about financial assistance given to various bodies/authorities during 1999-2002 by different administrative departments, despite repeated requests (July 2002). As a result, neither a complete list of bodies/authorities to be audited under Section 14 of the Act *ibid*, could be drawn up nor could the amount of assistance given to various bodies during these years be ascertained (December 2002).

6.3.5 However, as per information collected by audit in earlier years, out of 13 bodies/authorities, whose accounts for 2001-2002 were received, these bodies/authorities attracted audit under Section 14 of the Act, *ibid*. The status of submission of accounts by these bodies and completion of their audit as of September 2002 are given in **Appendix - XLV**.

6.3.6 According to provisions in the manual, District Rural Development Agencies (DRDAs) are required to submit their certified accounts to audit by 30 September each year. Two DRDAs did not submit accounts for 8 and 7 years respectively (from 1994-95 to 2001-2002 and 1995-1996 to 2001-2002). Similarly, 2 other DRDAs did not submit their accounts for 4 years and 3 years respectively (from 1998-1999 to 2001-2002 and from 1999-2000 to 2001-2002). Further 6 other DRDAs did not submit accounts for 2 years and 1 year respectively (3 DRDAs from 2000-2001 to 2001-2002 and 3 other DRDAs from 2001-2002). Only two DRDAs had submitted accounts for 2001-2002. One DRDA being new its accounts are awaited. As such, the amount of financial assistance received by 10 DRDAs out of 13 DRDAs (1 DRDA being new) from the State/Central Government during the period from 1994-1995 to 2001-2002 and utilisation thereof could not be ascertained (December 2002).

6.4 Audit under Section 20(i)

6.4.1 The status of submission of accounts by autonomous bodies covered under Section 20 (i) of the CAG's (DPC) Act, 1971 (as amended from time to time) and submission of Audit Reports to the Parliament as of September 2002 is given below :

Table 6.2

Name of Body	Year upto which accounts due	Year upto which accounts submitted	Year upto which Audit report issued	Year upto which Audit report placed before parliament
North Eastern Regional Institute of Science and Technology* (NERIST), Nirjuli	2001-2002	2001-2002	2000-2001	Upto 1999-2000 (Information regarding placement of Report for the year 2000-2001 is awaited from the Ministry)

* Audit of Institution has been entrusted to Comptroller and Auditor General of India from 1997-98 to 2001-2002.

6.5 Audit arrangement by Government

6.5.1 In order to ensure correct accounting and proper utilisation of financial assistance, the State Government was to arrange primary audit of the accounts of local bodies and authorities.

6.5.2 Although the Finance Department was requested (July 2002), the required information about arrangements made for primary audit of these local bodies and authorities was not furnished (December 2002).

6.5.3 The above matters were reported to Government (October 2002), their reply had not been received (December 2002).