

CHAPTER VII
FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1 General

7.1.1 Autonomous bodies and authorities are set up to discharge generally non-commercial functions in the nature of public utility services. These bodies/authorities by and large receive substantial financial assistance from the 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, improvement of roads and other communication facilities under municipalities and local bodies.

7.1.2 During 2001-02 financial assistance of Rs.37.34 crore was paid to various autonomous bodies and others grouped as under:

Table No. 7.1

Sl. No.	Name of institution	(Rupees in crore)	
		Amount of assistance paid	
		Grants	Loans
1.	Universities and Educational Institutions	30.45	3.20
2.	Municipal Corporations and Municipalities	2.45	—
3.	Co-operative Societies and Other Co-operative Institutions	0.94	0.06
4.	Other Institutions	0.24	—
	Total	34.08	3.26

(Source: Finance and Appropriation Accounts)

7.1.3 The above assistance constituted 2.79 *per cent* of Governments total expenditure on revenue account (Rs.1337.96 crore). In 2000-01 such assistance aggregated to Rs.22.63 crore.

7.2 Delay in furnishing utilisation certificate

The financial rules of Government require that where grants are given for specific purposes, certificates of utilisation are to be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the

Accountant General within one year from the date of sanction unless specified otherwise. Information in this regard were not furnished by the State Government departments though requested for in April 2002.

7.3 Delay in submission of accounts

7.3.1 In order to identify the institutions which attract audit under Section 14 and 15 of the Comptroller and Auditor General's (Duties, Power and Conditions of Service) Act, 1971, Government/ 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. Information for the year 2001-02 called for in April and in November 2002 had not been furnished by departments/Government (November 2002).

7.3.2 The accounts of the 5 institutions/bodies which had been receiving grants of more than Rs.25 lakh continuously from the State Government and others, and the accounts due for audit under Section 14 of the Act, *ibid*, in earlier years, were in arrears. The details are given in *Appendix- XX*.

7.4 Entrustment of audit

The audit of accounts of the 26 bodies as detailed in *Appendix- XXI* has been entrusted to the Comptroller and Auditor General of India under Section 19 (3) and 20 (1) of the Comptroller and Auditor General's (DPC) Act, 1971 were in arrears due to non-receipt of accounts from these bodies.

7.5 Audit arrangement

7.5.1 The primary audit of local bodies (Zila Parishads, Town Area Committees), Educational Institutions, Panchayati Raj Institutions and others is conducted by the Director of Local Fund Audit. Audit of Co-operative Societies is conducted by the Registrar of Co-operative Societies.

7.5.2 The 12 bodies/authorities, whose accounts for 2000-01 or previous years were received during the year, were all audited during the year 2001-02.

**SECTION “A”
(AUDIT REVIEW)
NIL
SECTION “B”
(AUDIT PARAGRAPHS)**

**RURAL DEVELOPMENT DEPARTMENT
DISTRICT RURAL DEVELOPMENT AGENCY**

7.6 Undue financial aid to contractor

Injudicious payment of advance to supplier resulted in undue financial aid amounting to Rs.16 lakh.

7.6.1 According to provisions of CPWD Manual, Volume II, no advance payment is to be made for any supplies to be obtained directly from any private party. Test check (December 2001) of records of the District Rural Development Agency (DRDA), Ukhru revealed that the Chairman/DRDA sanctioned (March 1999) Rs.16 lakh out of Member of Parliament Local Area Development Scheme for construction of mini stadium at Tankhul Naga Long Ground. To start the initial ground work, the Construction Committee decided (March 1999) to purchase materials through two contractors for construction of public gallery (North wing) and VIP gallery. The DRDA, however, advanced (July 1999) Rs.16 lakh to one contractor for supply of 84.64 tonnes of M.S. rods through Block Development Officer (BDO) Ukhru without any agreement/security. In view of non-supply of material, the contractor was served show cause notices on two occasions (November 1999 and November 2000) and was allowed (September 2001) a further one month by the Construction Committee for supply of material. In October 2001, the BDO, Ukhru also asked the contractor to supply the material but the contractor did not make any supplies (November 2001).

7.6.2 The Deputy Commissioner, Ukhru stated (November 2002) that as per resolution dated 16 December 2001 of the committee for construction of stadium, the contractor would utilise the amount for construction of pucca drainage of the mini stadium. Estimates for construction of drainage works at Khuman Lampak stadium from the Chief Engineer (PWD) were called for in September 2002 by the Deputy Commissioner, but the probable dates of commencement of work/completion, agreement made, if any and total cost involved were not stated.

7.6.3 Injudicious payment of advance to the contractor resulted in undue financial aid amounting to Rs.16 lakh.

7.6.4 The matter was referred to Government in February 2002; reply had not been received (December 2002).