

CHAPTER - VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1 General

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 were 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.

During 1999-2000, financial assistance of Rs.13.84 crore was paid to various autonomous bodies and others broadly grouped as under :

<i>Name of Institutions</i>	<i>Amount of assistance paid (Rupees in crore)</i>
1. Universities and Educational Institution	9.65
2. Rural Activities	2.43
3. Panchayat Raj Institutions	1.18
4. Other institutions	0.58
Total : 13.84	

Financial assistance paid to these bodies during the year 1999-2000 constituted 1.65 **per cent** of the total revenue expenditure (Rs. 837.34 crore) of the Government for the year.

7.2 Utilisation Certificates

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.

Although the Finance Department, Government of Arunachal Pradesh was requested (September 2000) to furnish department wise position of utilisation certificates due and submitted during last 3 years, the required information is still awaited (October 2000).

7.3 Audit of financial assistance to local Bodies and others

Audit under Sections 14 and 15

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/or 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.

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 shall 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.

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.

Despite requests (September 2000), the Finance Department could not furnish complete information about financial assistance given to various bodies/authorities during 1997-2000 by different administrative departments. 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 (October 2000).

However, as per information collected by audit in earlier years, out of 13 bodies/authorities, whose accounts for 1998-99 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 2000 are as follows :

According to provision in the manual for Integrated Rural Development Programme (IRDP), the District Rural Development Agencies (DRDA) are required to submit their certified accounts to audit by 30 September each year. One DRDA did not submit the accounts for 6 years (1993-94 to 1999-2000) while another DRDA did not submit accounts for 5 years (1994-95 to 1999-2000). Similarly, 2 other DRDAs did not submit accounts for 4 years (1995-96 to 1999-2000), 1 DRDA did not submit accounts for 3 years (1997-98 to 1999-2000), 2 DRDAs did not submit accounts for 2 years (1998-99 to 1999-2000) and 4 DRDAs did not submit accounts for 1 year (1999-2000). As such, the amount of financial assistance received by 11 DRDAs from the State/Central Government during the period from 1993-94 to 1999-2000 and utilisation thereof could not be ascertained (December 2000).

7.4 Audit under Section 20(i)

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 1999 is given below :-

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
(1)	(2)	(3)	(4)	(5)
*North Eastern Regional Institute of Science and Technology (NERIST), Nirjuli	1999-2000	1999-2000	1998-99 and SAR for 1999-2000 is under finalisation	upto 1995-96 (Information regarding placement of Report for the years 1996-97 to 1998-99 is awaited from the Ministry)

7.5 Audit arrangement by Government

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.

Although the Finance Department was requested (September 2000), the required information about audit arrangement made for primary audit of these local bodies and authorities is awaited (October 2000).

The above matters were reported to Government (October 2000), their reply had not been received (December 2000).

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

APPENDIX -

Statement showing status of submission of accounts by Autonomous bodies and completion of audit as of September 2000

(Reference Paragraph ; page)

Position of DRDA's in Arunachal Pradesh

Sl. No.	Name of Body	Assistance received from State/ Central Govt.*	Year upto which accounts due	Year upto which accounts submitted	Arrears in submission of accounts	Audit conducted upto
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	DRDA, Pasighat	-	1999-2000	1997-98	2	1997-98
2.	DRDA, Along	-	1999-2000	1995-96	4	1995-96
3.	DRDA, Seppa	-	1999-2000	1994-95	5	1994-95
4.	DRDA, Bomdila	-	1999-2000	1993-94	6	1993-94
5.	DRDA, Siro	-	1999-2000	1999-2000	-	1999-2000
6.	DRDA, Daporijo	-	1999-2000	1997-98	2	1997-98
7.	DRDA, Teju	-	1999-2000	1998-99	1	1998-99
8.	DRDA, Khonsa	-	1999-2000	1995-96	4	1995-96
9.	DRDA, Changlang	-	1999-2000	1996-97	3	1996-97
10.	DRDA, Papumpare (Itanagar)	-	1999-2000	1999-2000	-	1999-2000
11.	DRDA, Yangkiang	-	1999-2000	(New)	1	-
12.	DRDA, Towang	-	1999-2000	(New)	1	-
13.	DRDA, Anini	-	1999-2000	(New)	1	-

* Due to non-receipt of information/accounts from the concerned departments/bodies, amount of assistance received during 1994-2000 by the above bodies could not be given.