

PREFACE

This is the second report of the Comptroller and Auditor General of India (CAG) exclusively on Local Self Government Institutions (LSGIs) and is prepared for submission to Governor under Article 151 (2) of the Constitution. Comments of CAG on the audit of accounts of the LSGIs were included in the Report of the CAG (Civil) up to the year ended 31 March 2003. The first Report of CAG on LSGIs, Government of Kerala, was placed before the State Legislature on 21 July 2005.

Based on the recommendation of the Eleventh Finance Commission, Government of Kerala, in October 2002, 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 Guidance and Supervision to the Director of Local Fund Audit.

This Report contains four chapters. Chapter one gives an overview of the structure and finances of the LSGIs. Chapter two brings out the comments in the supplementary audit under the scheme of Technical Guidance and Supervision. The remaining chapters contain audit observations arising out of Performance Reviews and Transaction Audit on varied aspects of LSGIs.