



**REPORT OF THE  
COMPTROLLER AND AUDITOR GENERAL  
OF INDIA**

**FOR THE YEAR 1997-98**

**KHASI HILLS AUTONOMOUS DISTRICT COUNCIL  
SHILLONG, MEGHALAYA**



# TABLE OF CONTENTS

	<i>Paragraph(s)</i>	<i>Page(s)</i>
<i>Prefatory remarks</i>		(ii)
<i>Overview</i>		(iii)

## **SECTION - I**

<i>Introduction</i>	1.1	1
<i>Rules for the management of District Fund</i>	1.2	2
<i>Maintenance of accounts</i>	1.3	2

## **SECTION - II**

<i>Receipts and expenditure</i>	2.1	3-5
<i>Personal Ledger Account</i>	2.2	5-6

## **SECTION - III**

<i>Outstanding Inspection Reports</i>	3.1	7
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## PREFATORY REMARKS

*This Report has been prepared for submission to the Governor of Meghalaya under paragraph 7(4) of the Sixth Schedule to the Constitution of India. The Report relates mainly to points arising from the audit of the financial transactions of the Khasi Hills Autonomous District Council.*

*2. The cases mentioned in this Report are those which came to notice in course of test-check of the accounts of the Council for the year 1997-98.*

*3. This Report contains three sections, of which one deals with the constitution of the Council, the rules for the management of the District Fund and maintenance of accounts by the District Council. The remaining two sections contain comments on the Council's financial position and irregularities relating to the year 1997-98.*



## OVERVIEW

The important Audit finding is summarised as follows :-

- *There was a difference of Rs. 24.97 lakh as of 31 March 1998 between the Annual Accounts of the Council and PLA maintained in the Treasury which has not been reconciled by the Council.*

*(Paragraph 2.2)*





## SECTION - I

### 1.1 Introduction

The United Khasi and Jaintia Hills District Council was set up in June 1952 under the provisions of Article 244(2) read with the Sixth Schedule to the Constitution of India. The Council was bifurcated in 1967 and the Jowai District Council was carved out of it. In 1973, the United Khasi and Jaintia Hills District Council and the Jowai District Council were renamed as Khasi Hills District Council and Jaintia Hills District Council respectively.

The Sixth Schedule to the Constitution of India provides for administration of specified tribal areas. For that purpose, it provides for the constitution of a District Council for each autonomous district with powers to make laws on matters listed in paragraph 3(1) of the Schedule mainly in respect of allotment, occupation, use, etc. of land; management of forests other than reserve forests; use of any canal or watercourses for agriculture; regulation of the practice of 'Jhum' or other forms of shifting cultivation; establishment of village or town committees or councils and their powers; village or town administration including police, public health and sanitation and inheritance of property. Under paragraph 6(1) of the Sixth Schedule, the Councils have the power to establish, construct or manage primary schools, dispensaries, markets, cattle pounds, ferries, fisheries, roads, road transport and water-ways in respective autonomous districts. The Councils also have the power to assess, levy and collect within the autonomous districts, revenue in respect of land and buildings, taxes on professions, trades, callings and employments, animals, vehicles and boats, tolls on passengers and goods carried in ferries and for the maintenance of schools, dispensaries or roads as listed in paragraph 8 of the Sixth Schedule.

## **1.2 Rules for the management of District Fund**

The Sixth Schedule provides for the constitution of a District Fund for each autonomous district to which shall be credited all moneys received by the Council in the course of administration of the District in accordance with the provisions of the Constitution. In terms of the Provisions of paragraph 7(2) of the Schedule, rules are to be framed by the Governor for the management of the District Fund and for the procedure to be followed in respect of payment of money into the said Fund, withdrawal of moneys therefrom, custody of moneys therein and any other matter connected with or ancillary to these matters. These rules had not been finalised so far. Meanwhile, the United Khasi and Jaintia Hills District Council Fund Rules, 1952 (which had been framed by the erstwhile United Khasi and Jaintia Hills District Council for management of the District Fund) are being followed by the Council.

## **1.3 Maintenance of accounts**

In pursuance of paragraph 7(3) of the Sixth Schedule to the Constitution of India, the form in which the accounts of the District Council are to be maintained was prescribed by the Comptroller and Auditor General of India with the approval of the President in April 1977 and communicated to the Khasi Hills District Council in June 1977. The annual accounts (in the prescribed form) for the year 1997-98, were submitted to audit by the Council in April 1999.

Results of the test-check of Annual Accounts of the Council for the year 1997-98 are given in the succeeding paragraphs.

## SECTION - II

### 2.1 Receipts and expenditure

**2.1.1** According to the Annual Accounts furnished by the Council, the receipts and expenditure of the Council for the year 1997-98 with resultant deficit were as follows :-

Receipts (Rupees in lakh)	Disbursements (Rupees in lakh)																																																																																																																																								
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**2.1.2 Large variations in receipts and expenditure under different heads of account between the current and the preceding year were noticed. A few significant cases are given below :-**

Serial Number	Head of accounts	1996-97 (Rupees in lakh)	1997-98	Variation (+)increase/ (-) Decrease and percentage of variation in brackets	Reasons for variation
<b>Receipts</b>					
1.	Taxes on income and expenditure	31.93	109.68	(+) 77.25 (244)	Variation in revenue receipts was stated (May 2000) to be due to more collection of professional tax during the year 1997-98 and non-release of Council's share on professional tax for 1996-97 by the State Government.
2.	Land Revenue	2.27	1.97	(-) 0.30 (13)	The shortfall was stated (May 2000) to be due to less collection of Mortgage fees on land.
3.	Taxes on vehicles	33.26	32.01	(-) 1.25 (4)	The Council stated (May 2000) that taxes on vehicles are collected by the State Government on behalf of District Council on share basis and the reasons for less collection of taxes was not intimated by the State Government.
4.	Other General and Economic Services	8.83	24.06	(+) 15.23 (172)	The Council stated (May 2000) that 4 (four) toll gates were leased out w.e.f. June 1996 to December 1998 and the contractor deposited a sum of Rs. 20 lakh in 1997-98 and hence the variation.
5.	Forest	65.94	42.71	(-) 23.23	The shortfall in collection of revenue under (35) forest as stated by the Council (May 2000) was due to imposition of ban by Hon'ble Supreme Court on transportation of timber from one state to other and on felling of trees from the forest.
6.	Mines and Minerals	65.95	82.00	(+) 16.05 (24)	The Council stated (May 2000) that the royalties on mines and minerals are collected by the State Government on share basis with the District Council. During the year 1997-98, the State Government released more amount of Council's share than 1996-97 and hence the variation.

Serial Number	Head of accounts	1996-97 (Rupees in lakh)	1997-98	Variation (+)increase/ (-) Decrease and per- centage of variation in brackets	Reasons for variation
<b>Expenditure</b>					
1.	Roads and Bridges	93.90	33.19	(-) 60.71 (65)	Shortfall was stated (May 2000) to be due to less release of fund by the State Government.
2.	Social Security and Welfare	1.78	13.30	(+) 11.52 (647)	Increase in expenditure was stated (May 2000) to be due to release of more funds by the State Government for construction of cultural clubs and playground etc. as per schemes submitted by the Council.

## 2.2 Personal Ledger Account

**2.2.1** Cross check of the Personal Ledger Account maintained by the Shillong Treasury with the Annual Account prepared by the District Council for the year 1997-98, revealed that there was discrepancies in the Opening balance, Receipts, Expenditure and Closing balance as shown below :-

Item	As per Personal Ledger Account	As per Annual Account	Difference
Opening balance	321.09	307.03	14.06
Total receipts	340.61	326.51	14.10
Total expenditure	506.59	503.40*	3.19
Closing balance	155.11	130.14	24.97

The Council had not reconciled the Personal Ledger Account in Treasury with departmental records.

\* Net disbursement from Personal Ledger Account after adjustment under debt and deposit accounts.

**2.2.2** Test-check of challans along with Personal Ledger Account revealed that during 1997-98, 190 challans for a total amount of Rs. 1.72 lakh received by the Council from the tax payers had not been reflected in the Personal Ledger Account maintained with the Treasury although the same had been incorporated in the Annual Accounts. No reconciliation had been done with the treasury and the Council could not furnish any reason for non-reflection of the amounts in Personal Ledger Accounts. Therefore, possibility of fraud or misappropriation escaping the notice of the Council authority could not be ruled out.

**SECTION - III**

**3.1 Outstanding Inspection Reports**

Audit observations on financial irregularities and defects in maintenance of accounts noticed during local audit and not settled on the spot are communicated to the heads of the office and to the next higher authorities through the Inspection Reports.

At the end of 1997-98, 8 Inspection Reports relating to the Council issued between 1972 and 1997 contained 52 unsettled paragraphs.

*G. H. Mandal*

**(G. H. MANDAL)**

Accountant General (Audit)

Meghalaya, Arunachal Pradesh and  
Mizoram

Shillong

The

29 NOV 1998

Countersigned

*V. K. Shunglu*

**(V.K. SHUNGLU)**

Comptroller and Auditor General of India

New Delhi

The

05 DEC 2000

