



समर्थेन जयते

**Report of the
Comptroller and Auditor General
of India**

For the year 1992-93

**TRIPURA TRIBAL AREAS AUTONOMOUS
DISTRICT COUNCIL
KHUMULWING
TRIPURA**

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PREFACE

This Report has been prepared for submission to the Governor under Paragraph 7(4) of the Sixth Schedule to the Constitution of India. It relates mainly to the points arising from the audit of the Annual Accounts of the Tripura Tribal Areas Autonomous District Council for the year 1992-93.

2. 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 the maintenance of accounts by the Council. The remaining two sections include comments on the Council's financial position and various irregularities noticed in the course of test audit of the accounts of the Council for the year 1992-93.

OVERVIEW

- There was inadequate monitoring of the funds advanced to the implementing officers, as the latter did not submit detailed accounts at regular intervals. The actual expenditure reported was only 12 *per cent* of the funds advanced.

(Paragraph 2.1.1 (i))

- Closing balance in the Personal Ledger Account with Treasury was overstated by Rs. 1.26 crore; overall closing balance was also overstated by Rs. 0.84 crore.

(Paragraph 2.1.1(ii) & (iii))

- Fixed Assets were overstated by Rs. 2.14 crore due to capitalization of Works-in-Progress.

(Paragraph 2.2.1)

- Rupees 1.92 crore advanced to the implementing officers from 1982-83 onwards had not been acknowledged and was shown as outstanding Suspense Balance.

(Paragraph 2.2.2)

- There was a presumptive fraud of Rs. 9.42 lakh in the offices of Sub-Zonal Development Officers, Bishramganj and Kanchanpur.

(Paragraph 3.1)

Section – I

1.1 Introduction

The Tripura Tribal Areas Autonomous District Council (TTAADC/ Council) was set up in January 1982 in pursuance of the Tripura Tribal Areas Autonomous District Council Act, 1979 under the provision of Article 246(3) read with the Seventh Schedule to the Constitution of India. It was subsequently (April 1985) brought under the provision of Article 244(2) read with the Sixth Schedule to the Constitution.

The Sixth Schedule (Schedule) to the Constitution provides for the administration of specified tribal areas by a Council with powers to make laws on matters listed in paragraph 3(1) of the Schedule, mainly in respect of allotment, occupation, use of land, management of forests other than reserved forests, use of any canal or water courses for irrigation purposes, regulation of the practice of "Jhum" or other forms of shifting cultivation, establishment of village or town committees or council and demarcation of their powers, village or town administration including police, public health and sanitation and inheritance of property. Paragraph 6(1) of the Schedule empowers the Council to establish, construct or manage primary schools, dispensaries, markets, ferries, fisheries, roads, road transport and waterways in the respective autonomous districts. Paragraph 8 of the Schedule further empowers the Council to assess, levy and collect 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 taxes for the maintenance of schools, dispensaries or roads.

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 money received by the Council in the course of administration of the district in accordance with the provisions of the Constitution. In terms 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, the withdrawal of money therefrom, the custody of money therein and any other matter connected with or ancillary to these matters. The rules in this regard were notified only in December 2006.

1.3 Maintenance of Accounts

The form of accounts of the Council was prescribed by the State Government in June 1989 (hereafter referred to as 'Old Format') vide Section 41(3) of the TTAADC Act for Councils formed under the Seventh Schedule. In pursuance of paragraph 7(3) of the Sixth Schedule to the Constitution of India, the form of accounts of the Council (hereafter referred to as 'New Format') was prescribed by the Comptroller and Auditor General of India in May 1992. As the Council was not equipped to prepare the accounts in the new format, the Government of India agreed (September 1992) to the request of the Council to prepare its accounts in the new format prospectively from 1992-93 onwards. The Council, however, continued to prepare its accounts in the old format.

The accounts of the Council for 1992-93 were received in the old format in November 1997. Since the approval of the Government of India for preparation of accounts in the old format was only up to 1991-92, the Council was asked (June 2000) to resubmit the accounts in the new format. Subsequently, the Government of India permitted (December 2005) the Council to submit the annual accounts up to 1995-96 in the old format.

Results of test check of the Annual Accounts of the Council for 1992-93 are discussed in the succeeding paragraphs.

Section – II

2.1 Annual Accounts

The Annual Accounts of the Council comprise Receipts and Payment Account, Income and Expenditure Account and Balance Sheet.

2.1.1 Receipts and Payment Account

The following table presents a summary of the Receipts and Payment Account of the Council for the year 1992-93.

		(Rupees in crore)
Particulars	Amount	
1. Opening balance	29.13	
- Cash in hand	-	
- Cash at Bank	1.94	
- Cash at Treasury	27.19	
2. Receipts	40.10	
- Grants-in-aid (including share of taxes)	39.81	
- Miscellaneous Receipts (including refunds, cancelled Cheques, recovery of advances and contribution towards GPF)	0.29	
3. Total Receipts (1 + 2)	69.23	
4. Payments	36.98	
5. Closing balance (3-4)	32.25	
- Cash in hand	-	
- Cash at Bank	1.54	
- Cash at Treasury	30.71	

(i) Against a total budget provision of Rs. 53.20 crore, the actual expenditure of the Council during 1992-93 was only Rs. 36.56 crore (69 per cent) (**Annex – I**). Despite being pointed out in the Audit Reports on the accounts of the Council for the years 1987-88 to 1991-92, the Council did not maintain budget-headwise or programme-wise expenditure accounts. Instead, it maintained a consolidated register showing implementing officer-wise expenditure. As a result, it was not possible to verify the expenditure programme-wise.

Due to lack of adequate administrative set up of its own, the Council advanced funds to officers under the administrative control of the State Government to

implement schemes and works on its behalf. Most of these officers/agencies¹ did not submit expenditure statements at regular intervals to the Council, leading to incorrect depiction of expenditure in the annual accounts of the Council.

Scrutiny revealed that the implementing agencies had reported expenditure (Rs. 4.17 crore) for only 12 *per cent* of the amount advanced (Rs. 34.71 crore) (including the opening balance) to them during 1992-93. Infact, an amount of Rs. 2.25 crore has remained outstanding with these agencies from 1989-92.

The shortfall in reported expenditure and the Council's inability to get the detailed accounts of the funds advanced to these agencies showed that the monitoring of the expenditure on development works was weak and there was no mechanism for enforcing accountability.

(ii) Deposit in the Personal Ledger Account as reconciled with the Treasury was Rs. 38.71 crore, while the amount exhibited in the Accounts was Rs. 39.97 crore resulting in overstatement of cash balances with the Treasury by Rs. 1.26 crore. The Council did not furnish any reason for the discrepancy.

(iii) The closing balance in the Cash Books (General Cash Book & PLA Cash Book) was Rs. 31.41 crore² but was shown as Rs. 32.25 crore in the Accounts, resulting in overstatement of closing balance by Rs. 0.84 crore. The discrepancy was neither reconciled nor were the reasons for such discrepancy stated by the Council (September 2007).

(iv) The closing balance of the Council included Rs. 4.13 crore being the amount outstanding with the Executive Engineer, West Division. However, the actual balance reflected in the expenditure statement of the Executive Engineer, West Division was only Rs. 10 lakh. The discrepancy of Rs. 4.03 crore has not been reconciled. The Council stated (September 2007) that the closing cash balance (Rs. 4.13 crore) included the unadjusted amounts given by the Executive Engineer to other Divisions.

¹ Viz., Block Development Officers, Sub-Divisional Officers, Superintendents of Agriculture, Inspectors of Schools, State PWD, Animal Husbandry Department etc.

² Main cash book: Rs. 1.73 crore; PLA cash book: Rs. 29.68 lakh.

2.2 Balance Sheet -Assets

2.2.1 Buildings

Assets included an advance of Rs. 2.14 crore to the contractor³ for construction of the Council's headquarters complex. This resulted in understatement of capital Works-in-Progress and overstatement of Fixed Assets by Rs. 2.14 crore. The depreciation charged on this amount resulted in overstatement of expenditure by Rs. 10.70 lakh.

2.2.2 Suspense Account

As mentioned in the Audit Reports on the accounts of the Council for the years 1987-88 to 1991-92, the Council did not devise any procedure to obtain acknowledgement of receipt of funds transferred to the Implementing Officers for various projects/ schemes. The funds remitted to the Implementing Officers but not acknowledged by the recipients during a year were booked under suspense account. Some of the balances in this regard date back to 1982-83 and stood at Rs. 1.92 crore⁴ at the end of 1992-93.

During 1992-93, Rs. 13.24 lakh remitted by the Council to the Implementing Officers was neither acknowledged by the latter nor exhibited in their accounts.

The Council stated that though it was set up in 1981-82, it started preparing its accounts only in 1991-92 and that the time gap of about ten years resulted in dislocation of records. The Council further stated (November 2006) that the outstanding amount had been adjusted in the subsequent years' accounts on the basis of utilisation certificates furnished by the concerned implementing officers. Audit check of subsequent years' accounts revealed that the adjustment of outstanding suspense balance was only seven to 15 per cent⁵ during 1993-94 to 1995-96.

³ National Projects Construction Corporation Limited.

⁴ Opening balance on 1.4.92 : Rs. 215.35 lakh plus addition during the year : Rs. 13.24 lakh minus clearance during the year : Rs. 36.58 lakh.

⁵ 1993-94: 8 per cent; 1994-95: 15 per cent; and 1995-96: 7 per cent.

2.2.3 Liabilities - Other Liabilities

- Rupees 8.38 lakh deducted towards refundable security deposit from the contractors, was not shown as liability.
- Rupees 8.81 lakh deducted towards income tax from the contractors' bills was neither deposited in the Government Account nor was any provision made in the accounts.
- Provision was not made for Rs. 4.97 lakh for meeting the outstanding dues on account of purchase of petrol, oil and lubricants.

Non provision for the above liabilities resulted in understatement of Other Liabilities by Rs. 22.16 lakh.

2.2.4 Credit suspense

Rupees 2.40 lakh was shown in the Balance Sheet as credit suspense. The Council could not furnish the details of this amount. The balance was not cleared at the end of March 1993 and was carried over to the subsequent years' accounts up to 1995-96.

2.3 Income and Expenditure Account - Income

Miscellaneous receipts were understated by Rs. 4.28 lakh due to non-accountal of water charges and roller charges received from the contractors during 1992-93.

2.3.1 Expenditure - Industry

Rupees 60 lakh transferred to Tripura Handloom and Handicrafts Development Corporation (THHDC) for purchase of yarn during 1992-93, though utilised fully during the year itself, was accounted for in 1993-94. This resulted in understatement of expenditure by Rs. 60 lakh.

The Council stated that the expenditure could not be adjusted during 1992-93 due to non-receipt of utilisation certificate in time.

2.4 General

According to the general accounting procedure, the Annual Financial Statements should be accompanied by the following:

- a) Schedule of Grants and subsidies received and expenditure therefrom
- b) Schedule of interest earned on unutilised funds kept in Banks
- c) Schedule of other administrative expenses

In the absence of these basic records, the figures booked in the final accounts remained mostly unverified. Further, since the accounts are on accrual basis, the accrued income and expenditure could not be verified due to non maintenance of Journal as required.

Section – III

3.1 Misappropriation of money

(i) Scrutiny of records of the Sub-Zonal Development Officer (SZDO), Bishramganj, revealed that Rs. 5.82 lakh drawn through 32 self cheques between April and October 1992 was neither taken in the Cash Book nor disbursed, as verified from acquittance rolls, indicating misappropriation of the amount. Physical verification of cash, required monthly under the rules, had not also been done during the period under audit. It was further noticed that on four occasions⁶ between 6 April and 21 October 1992, the closing cash balances were not carried over to the next dates which resulted in shortage of cash by Rs. 1.62 lakh.

(ii) Records of the SZDO, Kanchanpur, showed that Rs. 1.38 lakh drawn through 4 cheques in November 1992 had neither been entered in the Cash Book nor disbursed, indicating that the amount was possibly misappropriated. Further, the closing balance as per the Cash Book on 27 August 1992 was Rs. 1.89 lakh. There was no cash transaction on 28 and 29 August 1992. On 30 August 1992, the opening Cash balance was shown as Rs. 1.29 lakh resulting in shortage and possibly misappropriation of cash of Rs. 0.60 lakh.

The suspected misappropriation of Rs. 9.42 lakh (Rs. 5.82 lakh + Rs. 1.62 lakh + Rs. 1.38 lakh + Rs. 0.60 lakh) in the above 7 cases was made possible due to the following lapses on the part of the DDOs:

(a) Bank reconciliation was not conducted and verification of individual entries in the Cash Books with the Pass Books and counterfoil of cheques, Bill Registers etc. was not done before signing the Cash Book.

(b) Physical verification of cash in the chest was not conducted, as required under rules.


⁶ Rs. 0.28 lakh on 6 April, Rs. 0.31 lakh on 8 April; Rs. 0.94 lakh on 18 May and Rs. 0.09 lakh on 21 October.

On this being pointed out in Audit, the Council stated (September 1996) that SZDO, Bishramganj had been removed from his post and the Cashier in the office of SZDO, Kanchanpur, had been asked to clarify the position. But neither FIRs had been lodged by the Council against the concerned DDOs and the Cashiers, nor had any action been initiated to recover the amounts. The Council further stated (November 2006 and September 2007) that the matter was taken up with the concerned SZDOs but no reply had been received and that it had asked its internal audit team to review the matter during the next internal audit. This indicated the lackadaisical attitude of the Council in matters of grave financial irregularity.

3.2 Non - production of records

The General Financial Rules provide that an auditee organisation/department shall afford all reasonable facilities and furnish all information required by Audit for discharging its functions. A list of officers who had not produced the records despite specific requisitions is given in **Annex – II**. Considering that the Council's record keeping was poor and the non-reconciliation of balances being a regular feature, non-furnishing of records to audit casts a serious doubt on the veracity of accounts.

Agartala
The


(P.K. Tiwari)
Accountant General (Audit)
Tripura, Agartala

Countersigned

New Delhi
The 18 July 2008

Sd/-
(VINOD RAI)
Comptroller and Auditor General of India

Annex – I

Statement showing the total expenditure of the council for 1992-93

(Reference: Paragraph 2.1.1)

(Rupees in Lakh)

Particulars		1992-93		
		Expenditure of Headquarter	Expenditure of Implementing Officers	Total
Revenue Expenditure				
1.	Salaries and Allowances	78.20	1844.21	1922.41
2.	Contingencies	22.81	53.35	76.16
3.	Transport	42.18	4.97	47.15
4.	Expenditure Development	248.58	932.16	1180.74
	Total	391.77	2834.69	3226.46
Capital Expenditure				
5.	Vehicles .	1.78	-	1.78
6.	Office equipment	-	-	-
7.	Furniture -			
	Wooden	0.32	31.89	32.21
	Steel	1.06	-	1.06
8.	Building	344.70	-	344.70
9.	Books	-	1.75	1.75
10.	Stores	-	27.61	27.61
11.	Lands	-	20.00	20.00
	Total	347.86	81.25	429.11
Grand Total		739.63	2915.94	3655.57

Annex – II

List of officers and records not produced by them to audit

(Reference: Paragraph 3.2)

Sl. No.	Name of the office	Description of the records not produced to Audit
1.	Zonal Development Officer, West Zone, Khumulwng	Cash Book, Register of Cheques, Bank Pass Books, Register of Advances, Records for implementation of different development programmes by the Sub-Zonal Development Officers
2.	Executive Officer, (Admn.), Khumulwng	Files relating to purchases made centrally by the ADC (Headquarters); Stock Books; Cheque issue registers; Bank Pass Books except two pass books of Tripura Gramin Bank; Bank reconciliation statement; Service Books and leave accounts of Group - B and Cash staff; and GPF ledgers, Fixed Asset Register, History Sheet of vehicles etc.
3.	Zonal Development Officer, North Zone, Manughat	Records for construction of mini barrages; Records for business shed scheme; Self Employment Programme under horticulture schemes; Records of SZDOs, Damchherra, Shikaribari and Chamanu; Records for construction of houses and of Jhum cultivation.

