

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

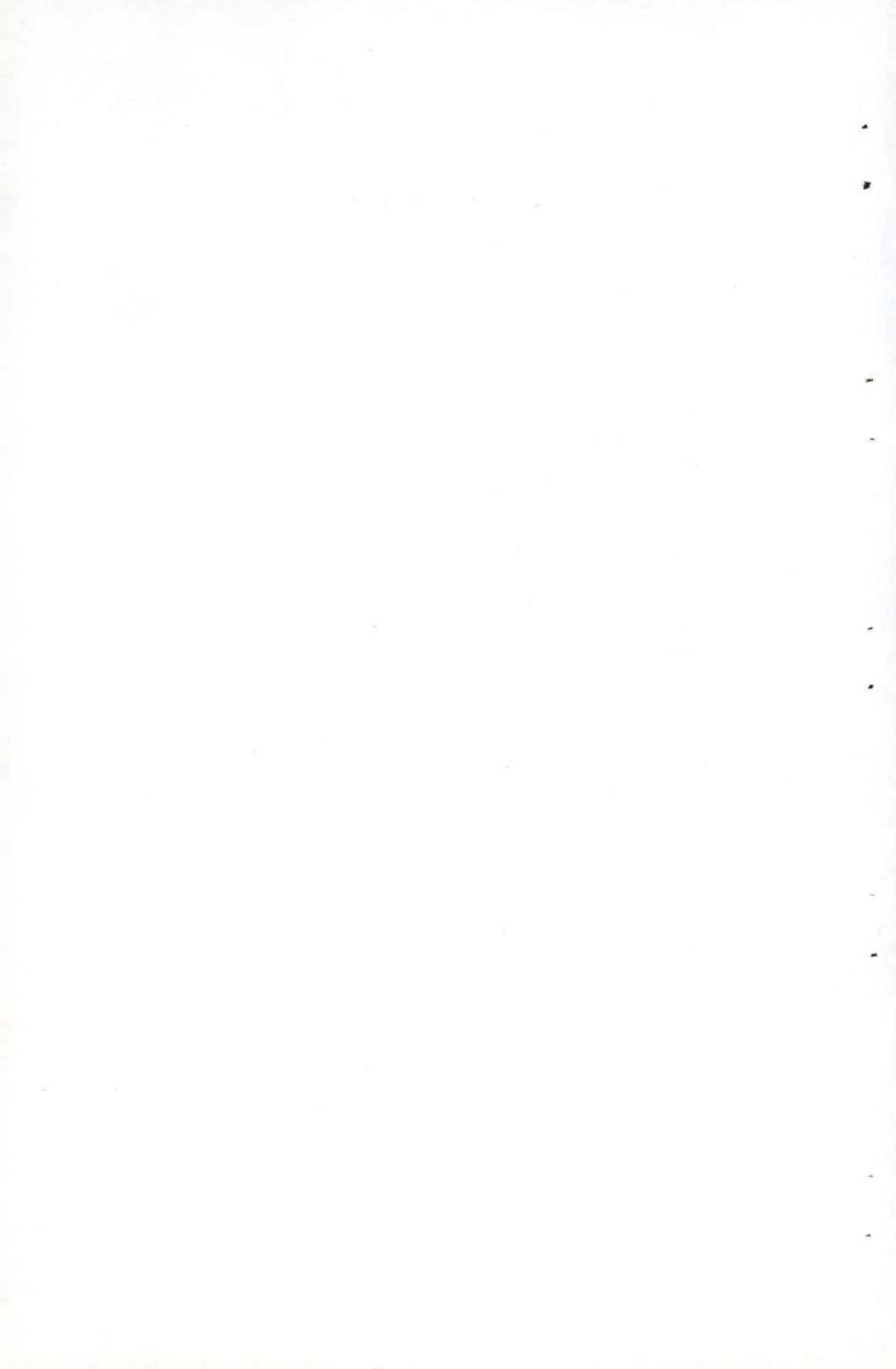
For the year ended 31 March 2004

**Garo Hills Autonomous District Council
Tura, Meghalaya**



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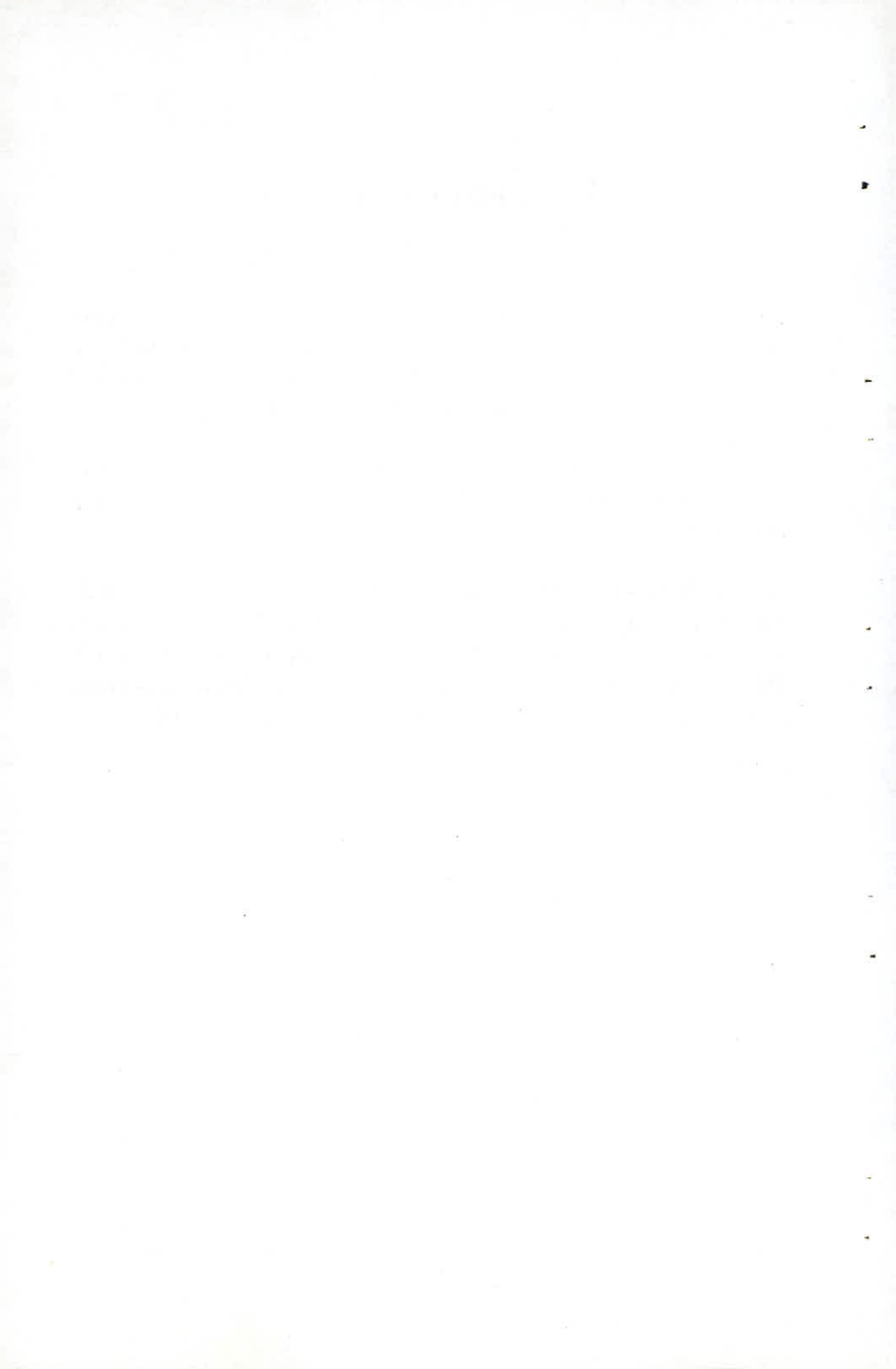


PREFACE

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 points arising from the audit of the financial transactions of the Garo Hills Autonomous District Council.

2. The cases mentioned in this Report are those which came to notice in the course of test-check of the accounts of the Council for the year 2003-04.

3. This Report contains three sections, of which one section 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 deal with the Council's financial position and irregularities noticed in audit of accounts for the year 2003-04.



OVERVIEW

OVERVIEW

The significant audit findings are summarized in the following paragraphs:

Rupees 19.30 lakh being the lease money of *hats* for the year 2003-04 remained unrealised.

(Paragraph 3.1)

Expenditure on establishment and contingencies during 2003-04 constituted 60 *per cent* (Rs.10.55 crore) of the total revenue expenditure of the year indicating that the developmental activities were not accorded adequate priority by the Council.

(Paragraph 3.2)

SECTION - I

1.1 Introduction

The Garo Hills Autonomous 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 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 forest other than reserved forest, use of any canal or water courses 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 Schedule, the Councils have powers to establish, construct or manage primary schools, dispensaries, markets, cattle pounds, ferries, roads, road transport and waterways in the respective Autonomous Districts. The Councils also have powers within the Autonomous District to assess, levy and collect, revenue in respect of lands and buildings, taxes on profession, trades, callings and employments, animals, vehicles and boats, tolls on passengers and goods carried in ferries and the maintenance of schools, dispensaries or roads as listed in paragraph 8 of the Schedule.

1.2 Rules for management of the 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 districts 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 the payment of money into the said Fund, the withdrawal of money therefrom, the custody of moneys therein and any other matter connected with or ancillary to these matters. These rules have not been finalised so far (January 2007). Meanwhile, the affairs of the District Council are being regulated in accordance with the Garo Hills District Fund Rules, 1952.

1.3 Maintenance of Accounts

In pursuance of paragraph 7(3) of the Sixth Schedule to the Constitution, 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.

The Annual Accounts for the year 2003-04, due for submission by 30 June 2004, were submitted in November 2005 after a delay of over one year. No reasons were ascribed by the Council for this delay.

Results of the test check of the Annual Accounts of the Council for the year 2003-04 are given in the succeeding paragraphs.

SECTION - II

2.1 Receipts and Expenditure

As per the Annual Accounts, the receipts and expenditure of the Council for the year 2003-04 and the resultant revenue deficit were as follows:

Table 2.1

(Rupees in lakh)

Receipts		Disbursements	
PART - I DISTRICT FUND			
1) Revenue Receipts		1) Revenue Expenditure	
i) Taxes on Income & Expenditure	80.74	i) District Council	58.70
ii) Land revenue	96.85	ii) Executive Members	20.90
iii) Taxes on Vehicle	19.15	iii) Administration of Justice	3.52
iv) Interest Receipts	9.11	iv) Land Revenue	162.54
v) Public Work	439.52	v) Secretariat General Services	203.80
vi) Public Health & Sanitation	3.72	vi) Stationery & Printing	18.51
vii) Other General Economic Service	11.02	vii) Public Works	194.66
viii) Forest	25.70	viii) Pension & other retirement benefits	26.25
ix) Minies & Minerals	343.87	ix) Relief on account of Natural Calamities	1.00
x) Roads & Transport Services	2.86	x) Other General Economic Services	44.87
xi) Grants-in-aid from State Government	712.65	xi) Forest	144.97
xii) Other heads of accounts	2.03	xii) Roads & Bridges	314.69
		xiii) Roads and Transport Services	572.10
		xiv) Other heads of accounts	1.26
Total Revenue receipts	1747.22	Total Revenue expenditure	1767.77
Revenue Deficit	20.55	Revenue Surplus	---
2. Capital	---	2. Capital	---
3. Debt		3. Debt	
i) Loans received from Government	---	i) Repayment of loans received from Government	---
ii) Loans received from other sources	---	ii) Repayment of loans received from other source	---
4. Loans & Advances		4. Loans & Advances	
Recovery of Loans and Advances	3.92	Disbursement of Loans & Advances	11.20
Total Part - I District Fund	1751.14	Total Part - I District Fund	1778.97

(Rupees in lakh)

Receipts		Disbursements	
PART - II DEPOSIT FUND			
Deposit Receipts	0.05	Deposit Payments	---
Total of Part II Deposit Fund	0.05	Total of Part II Deposit Fund	---
Total Receipts – (I + II)	1751.19	Total Disbursement (I + II)	1778.97
Opening Balance	38.88	Closing Balance ^(a)	11.10
GRAND TOTAL	1790.07	GRAND TOTAL	1790.07

Source : Annual Accounts of the Council.

2.2 Variation between Budget Provisions and Actuals

Budget provisions and actuals of revenue receipts (excluding grants-in-aid from the State Government) and expenditure during 2003-04 were as under:

Table 2.2

	Budget provision	Actuals	Excess (+)/ Shortfall (-) (Percentage)
(Rupees in crore)			
Receipts	7.94	10.33	(+) 2.39 (30)
Expenditure	19.35	17.68	(-) 1.67 (9)

Source: Detailed Estimate of Revenue and Expenditure and Statements 5 and 6 of Annual Accounts.

The details above show a difference of 9 per cent in actual expenditure vis-a-vis the budget estimates during 2003-04. Significant cases of shortfall in receipts and expenditure under different heads of accounts are given in Appendix I. The shortfall ranged between 24 and 100 per cent in respect of receipts and 29 and 100 per cent in respect of expenditure. This indicated that the budget provisions were not realistic.

^(a) Cash: Rs. 0.82 lakh; Personal Ledger Account (PLA): Rs. 9.38 lakh; Previous mistake in 2nd PLA: Rs. 0.90 lakh.

2.3 Comparative position of Receipts and Expenditure between current and previous year

Significant cases of increase/decrease in receipts and expenditure between current and previous year are indicated in *Appendix II*. The variations ranged between 26 and 191 *per cent* in respect of receipts. As regards expenditure, the amount expended under Roads and Bridges increased from Rs.30.00 lakh in 2002-03 to Rs.314.69 lakh in 2003-04. Similarly, the expenditure under Roads and Transport Services increased from Rs.146.50 lakh to Rs.572.10 lakh during those years. The reasons for such huge increase in the expenditure during the current year were not furnished to Audit (January 2007).

2.4 Comments on Accounts

2.4.1 Opening and closing balances of Rs.38.88 lakh and Rs.11.10 lakh shown under the head “G-Cash Remittances – Remittances into Treasury (Personal Ledger (PL) Accounts)” in Statement 7 of the Annual Accounts – 2003-04 included cash balance of Rs.8.25 lakh and Rs.0.82 lakh respectively. Since this head related to PL Accounts, inclusion of cash balance under the same was not justified.

2.4.2 According to the drawal register of the Council, disbursement during 2003-04 was Rs.16.08 crore. Against this, Rs.17.79 crore was accounted for as expenditure in Statements 1 & 6 of the Annual Accounts for the year 2003-04, resulting in overstatement of expenditure by Rs.1.71 crore.

2.5 Personal Ledger Account

The District Council Authorities maintained two Personal Ledger Accounts (PLA) with the Tura Treasury, one for its own revenue (1st PLA) and the other for grants-in-aid received from the State Government (2nd PLA).

Scrutiny of Treasury Pass Books and the Annual Accounts for the year 2003-04 revealed discrepancies in receipts and expenditure, which resulted in overstatement of receipts and expenditure in the Annual Accounts. The details are as under:

Table 2.3

(Rupees in crore)

Particulars	As per Treasury Pass Books	As per Annual Accounts- 2003-04	Overstatement
Receipts	17.43	17.47	0.04
Disbursements	17.63	17.68	0.05

Source: Treasury Pass Books and Annual Accounts-2003-04.

Reasons for the discrepancies had not been furnished (July 2007).

SECTION - III

3.1 Non-realisation of Revenue

Test check (January-February 2006) of Demand and Collection Register maintained by the Revenue Branch of the Council revealed that lease money of Rs.19.30 lakh in respect of 68 *hats*^(a) for the year 2003-04 required to be realised under Regulation 3 of the Garo Hills Autonomous District Council Regulation No. 1 of 1971 had not been realised till the date of audit. The reasons for non-realisation of the Council's revenue as well as action taken for realisation of the same were not on record.

The matter was reported to the Council in June 2006 and February 2007; reply had not been received (July 2007).

3.2 Huge Non-Plan Recurring Expenditure

Scrutiny (January-February 2006) of records revealed that out of the total revenue expenditure of Rs.17.68 crore during 2003-04, the Council incurred non-plan revenue expenditure of Rs.10.55 crore on establishment (Rs.6.01 crore) and contingencies (Rs.4.54 crore). The total expenditure on establishment and contingencies constituted about 60 *per cent* of the total revenue expenditure during the year leaving only 40 *per cent* for developmental activities, indicating that the developmental activities did not get adequate priority. Reasons for such huge non-plan recurring expenditure ignoring the developmental activities were not on record.

The matter was reported to the Council in June 2006 and February 2007; reply had not been received (July 2007).

^(a) Small village markets.

3.3 Extra Expenditure on excess staff

Test-check (January-February 2006) of records revealed that against four posts of staff taken into consideration in the detailed estimate of Revenue and Expenditure for the year 2003-04, the Council entertained eight men-in- position leading to extra expenditure of at least Rs.2.12 lakh per annum, as detailed below:

Table 3.1

(Rupees in lakh)

Branch	Category of staff	Number of posts as per Detailed Estimates	Men-in-position	Excess staff	Excess expenditure (at minimum of the pay scale)
Judicial	Upper Division Assistant	...	1	1	0.62
	Lower Division Assistant	...	1	1	0.42
Civil Works	Cleaner	1	2	1	0.42
Printing Press	Compositor Grade – I	3	4	1	0.66
Total		4	8	4	2.12

Source: Detailed Estimate of Revenue and Expenditure for the year 2003-04 and staff position as furnished by the concerned branch.

The matter was reported to the Council in June 2006 and February 2007; reply had not been received (July 2007).

3.4 Non-Production of records

The receipt books for the year 2003-04 in respect of the Forest Department of the Council and *challans* through which the revenues are deposited by the collectors were not produced to Audit. Consequently, actual revenue collected and deposited into the Council's fund could not be verified in audit.

The matter was reported to the Council in June 2006 and February 2007; reply had not been received (July 2007).

3.5 Outstanding Inspection Reports

Audit observations on financial irregularities and defects in the maintenance of accounts noticed during local audit and not settled on the spot are communicated to the heads of the offices and to the next higher authorities through the Inspection Reports (IRs). Nine IRs relating to the Council issued between May 1994 and March 2004 containing 127 paragraphs are yet to be settled.



(Rajib Sharma)

Shillong

The 30 NOV 2007

Principal Accountant General (Audit)
Meghalaya and Arunachal Pradesh

Countersigned

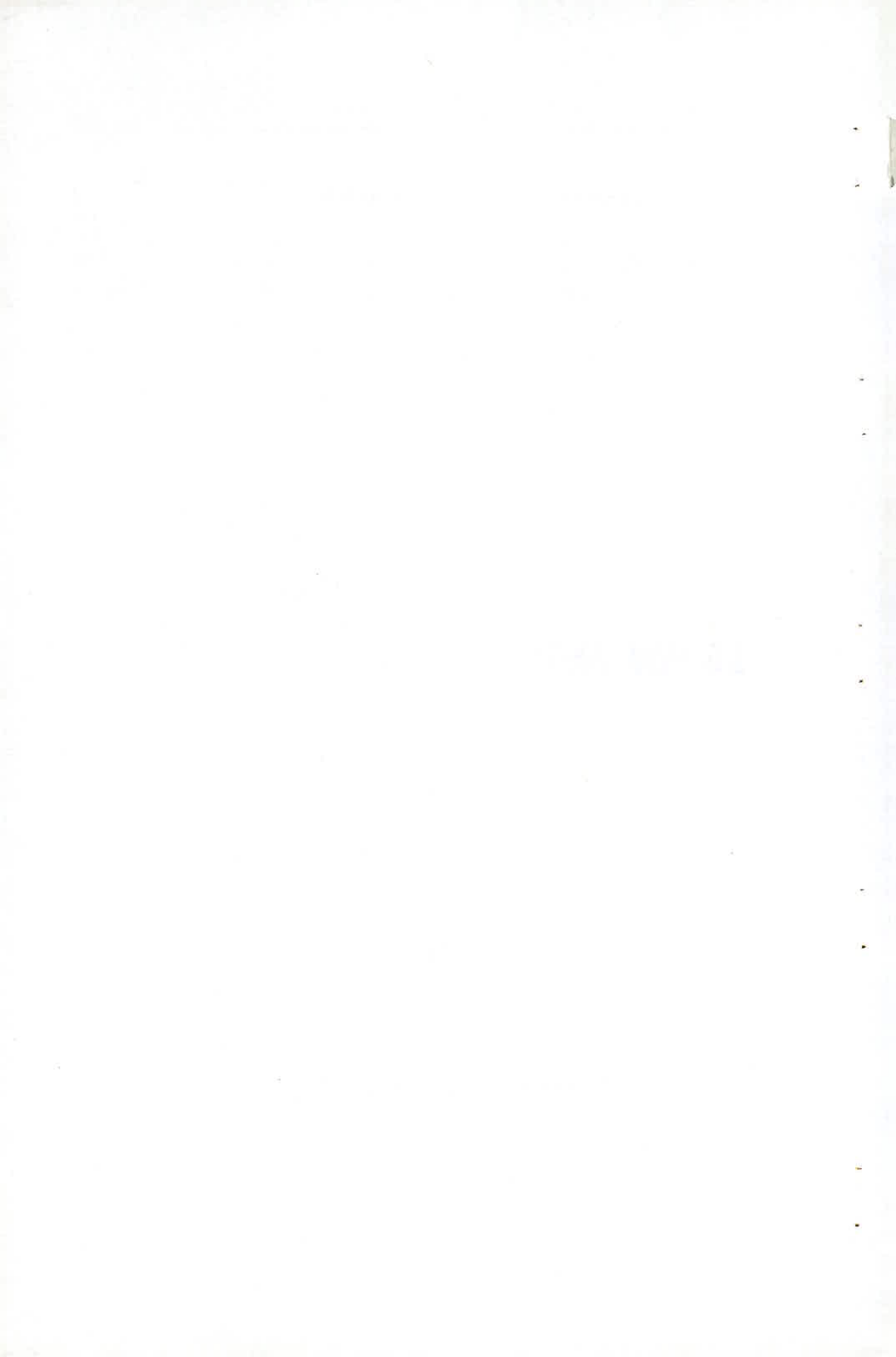


New Delhi

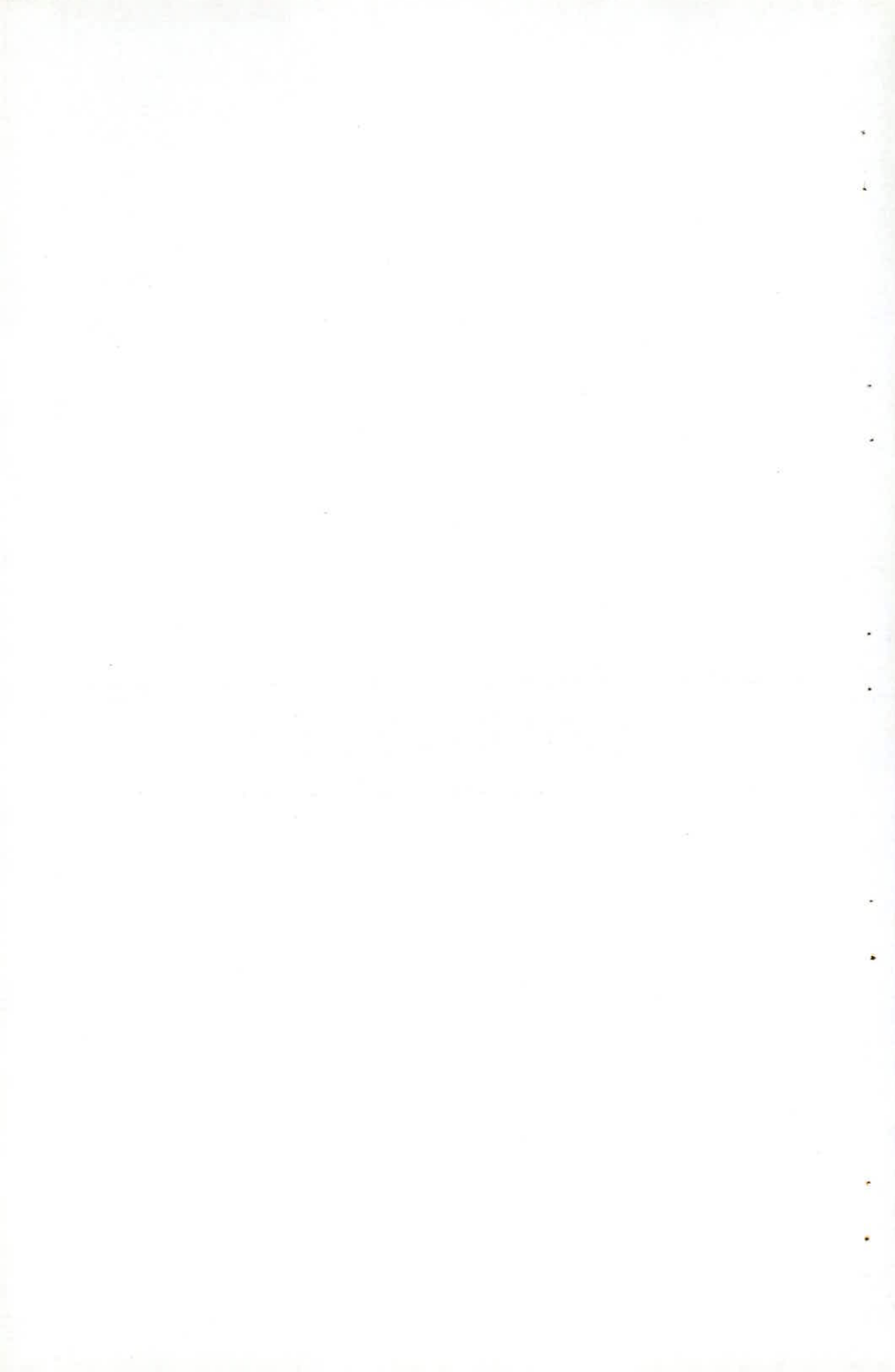
The 11 DEC 2007

(Vijayendra N. Kaul)

Comptroller and Auditor General of India



APPENDICES



APPENDIX – I
Variations between budget and actuals
(Reference: Paragraph 2.2; Page 4)

Sl. No.	Major Head of Account	Budget Provision	Actuals as per Annual Accounts	Variation Shortfall (Percentage)
		(Rupees in lakh)		
RECEIPTS				
1.	Land Revenue	144.29	96.85	47.44 (33)
2.	Stamps & Registration	0.70	...	0.70 (100)
3.	Mines and Minerals	470.00	343.87	126.13 (27)
4.	Forest	34.00	25.70	8.30 (24)
5.	Taxes on Vehicles	45.00	19.15	25.85 (57)
6.	Public Health and Sanitation (Water works)	6.50	3.72	2.78 (43)
EXPENDITURE				
1.	Land Revenue	227.94	162.54	65.40 (29)
2.	Forest	292.41	144.97	147.44 (50)
3.	Administration of Justice	6.66	3.52	3.14 (47)
4.	Public Works (Civil Works Branch)	478.81	194.66	284.15 (59)
5.	Agriculture	14.50	...	14.50 (100)
6.	Stationery and Printing	54.71	18.51	36.20 (66)

Source: Detailed Estimate of Revenue and Expenditure and Statements 5 and 6 of Annual Accounts.

APPENDIX - II

Variations in receipts and expenditure between current and previous year

(20 per cent or more)

(Reference: Paragraph 2.3; Page 5)

Sl. No.	Head of Accounts	Actuals		Variations Increase(+) Decrease (-) and percentage of variation in brackets
		2002-03	2003-04	
		(Rupees in lakh)		
REVENUE HEADS				
1.	Taxes on Vehicles	45.23	19.15	(-) 26.08 (58)
2.	Interest Receipts	7.24	9.11	(+) 1.87 (26)
3.	Public Works	150.85	439.52	(+) 288.67 (191)
4.	Public Health and Sanitation	5.38	3.72	(-) 1.66 (31)
EXPENDITURE HEADS				
1.	Pension and other Retirement Benefits	36.46	26.25	(-) 10.21 (28)
2.	Roads and Bridges	0.30	314.69	(+) 314.39 (1,04,797)
3.	Roads and Transport Services	146.50	572.10	(+) 425.60 (291)

Source: Statements 5 and 6 of Annual Accounts.