

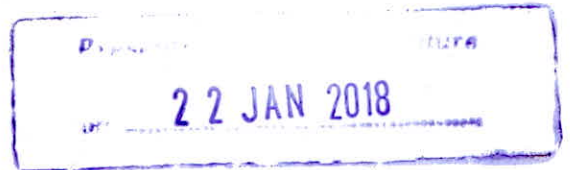


Report of the Comptroller and Auditor General of India

For the years 2005-06 to 2007-08



**Jaintia Hills Autonomous District Council
Jowai, Meghalaya**



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TABLE OF CONTENTS

	Paragraph	Page
<i>Preface</i>		iii
<i>Overview</i>		v
SECTION I		
Introduction	1.1	1
Rules for the management of District Fund	1.2	1
Maintenance of Accounts	1.3	2
SECTION II		
Receipts and Expenditure	2.1	3
Comments on Annual Accounts	2.2	4
Distinction of expenditure under Plan and Non-plan heads	2.3	8
SECTION III		
Retention of heavy cash balances and delays in remittance of revenue	3.1	10
Irregularities in award of lease/contract	3.2	10
Tax and penalty not levied	3.3	13
Incomplete works	3.4	14
Unfruitful expenditure of ₹ 18.59 lakh	3.5	15
Internal control mechanism	3.6	15
Delay in submitting annual accounts	3.7	16
Outstanding Inspection Reports	3.8	17
Follow-up action on Audit Reports	3.9	17
APPENDICES		
Statement showing delay in depositing the revenue into the Treasury during the years 2005-08	Appendix – 3.1	19
Statement showing the details of defaulters and the Professional Tax and penalty leviable	Appendix – 3.2	22
Statement showing the details of constitution of various Committees and expenditure incurred on them during 2005-08	Appendix – 3.3	23
Statement showing procurement of Corrugated Galvanised Iron (CGI) sheets by the Village Local Committees at differential rates under the MDC scheme	Appendix – 3.4	25
Statement showing variation between the actual receipts/expenditure as shown in the budget estimate with that shown in the Annual Accounts	Appendix – 3.5	26

PREFACE

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. It relates mainly to points arising from the audit of the financial transactions of the Jaintia Hills Autonomous District Council, Jowai, Meghalaya.

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 years 2005-06 to 2007-08.*

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, audit observations on the annual accounts and irregularities noticed in the audit of transactions relating to the years 2005-06 to 2007-08.*



Overview

OVERVIEW

The Report contains three sections. Section I 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 sections (II & III) deal with the Council's financial position, audit observations on the annual accounts and irregularities noticed in the audit of transactions relating to the years 2005-06, 2006-07 and 2007-08.

The significant audit findings are summarised in the following paragraphs:

- The opening balance of cash in hand as on 01 April 2005 was understated to the tune of ₹ 5.49 crore and this had remained unreconciled till 31 March 2008.

(Paragraph 2.2.2)

- The bank balance shown in the annual accounts of the Jaintia Hills Autonomous District Council as on 31 March 2006, 31 March 2007 and 31 March 2008 did not include the balances in the bank accounts maintained by the Civil Works and Forest Departments and were thus understated by ₹ 4.24 crore, ₹ 3.66 crore and ₹ 5.70 crore respectively.

(Paragraph 2.2.3)

- The Council continued to retain heavy cash balances which stood at ₹ 43.73 lakh, ₹ 86.30 lakh and ₹ 61.02 lakh at the end of 31 March 2006, 31 March 2007 and 31 March 2008 respectively. Further revenue of ₹ 5.18 crore collected by the Council during 2005-06 (₹ 1.61 crore), 2006-07 (₹ 1.79 crore) and 2007-08 (₹ 1.78 crore) were deposited into the Treasury after delays ranging from 26 days to 110 days.

(Paragraph 3.1)

- During the period from November 2005 to March 2008, the Council incurred a revenue loss of ₹ 1.89 crore for settling the lease for collecting entry tax from Mookyndur and Ratacherra toll gates with bidders who had quoted lower rates and also by injudiciously granting them remission of the bid amount.

(Paragraphs 3.2.1 and 3.2.2)

- The Council sustained an extra avoidable expenditure of ₹ 7.92 lakh by awarding (November 2006) the work of constructing the 2nd and 3rd floor of the Member District Council hostel (2nd Phase) to the second lowest bidder.

(Paragraph 3.2.3)

- Tax amounting to ₹ 13.08 lakh and penalty not exceeding ₹ 19.62 lakh upto the assessment year 2007-08 to be collected from the persons in the employment of any Government, local authority, company, firm or other association under the United Khasi-Jaintia Hills (Taxation on Professions, Trades, Callings and Employments) Regulation, 1960 was not collected by the Principal Officer.

(Paragraph 3.3)

- Thirty three works valuing ₹ 15.18 lakh awarded under the 12th Finance Commission were lying incomplete even after 9-10 years of receiving the grants. Further, the Council also failed to deduct Meghalaya Value Added Tax amounting to ₹ 17.48 lakh from payment of ₹ 2.10 crore made to contractors for 504 minor works.

(Paragraph 3.4)

SECTION I

1.1 Introduction

The United Khasi and Jaintia 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 Council was bifurcated in 1967 and the Jowai District Council was carved out of it. In 1973, the United Khasi and Jaintia Hills District Councils was renamed as Khasi Hills Autonomous District Council and Jaintia Hills Autonomous District Council respectively.

The Sixth Schedule to the Constitution of India provides for administration of specified tribal areas. For that purpose, it provides for 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 of land, management of forest other than reserve 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 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 Council has the powers to establish, construct or manage primary schools, dispensaries, markets, ferries, fisheries, roads, road transport and waterways in the Autonomous District. Paragraph 8 of the Schedule further empowers the Council to assess, levy and collect within the Autonomous district, revenue in respect of land and building, taxes on professions, trades, calling and employment, animals, vehicles and boats, tolls on passengers and goods carried in ferries and 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 moneys received by the Council in the course of administration of the districts 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 management of the District Fund and the procedure to be followed in respect of payment for 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. These rules had not been finalised (July 2017). Meanwhile, the affairs of the Jaintia Hills Autonomous District Council were being regulated in accordance with the Jowai Autonomous District Fund Rules, 1967.

1.3 Maintenance of Accounts

In pursuance of paragraph 7(3) of the Sixth Schedule to the Constitution of India, the forms of Accounts of the Council was prescribed by the Comptroller and Auditor General of India with the approval of the President, in April 1977.

The annual accounts of the Council for the years 2005-06 to 2007-08 were prepared in the prescribed format. Results of the test check of accounts are given in the succeeding sections.

SECTION II

2.1 Receipts and Expenditure

As per the Annual Accounts, the summarised position of the receipts and expenditure of the Jaintia Hills Autonomous District Council (Council) for the years 2005-06 to 2007-08 and the resultant revenue surplus/deficit were as follows:

Table 2.1: Summarised position of Accounts for the years 2004-05 to 2007-08

(₹ in lakh)

PART –I DISTRICT FUND ¹									
Receipts					Disbursement				
2004-05	1. Revenue Receipt	2005-06	2006-07	2007-08	2004-05	Revenue Expenditure	2005-06	2006-07	2007-08
75.38	(i) Taxes on Income and expenditure	95.12	93.23	120.84	51.73	(i) District Council	59.87	62.58	60.49
14.66	(ii) Land Revenue	17.52	17.19	15.42	35.75	(ii) Executive Members	52.29	35.96	100.65
1.70	(iii) Stamps and Registration	6.42	5.01	6.50	25.13	(iii) Administration of Justice	26.47	31.53	33.29
72.39	(iv) Taxes on Vehicles	102.62	127.47	52.40	167.89	(iv) Land Revenue	174.02	202.46	226.44
8.62	(v) Interest Receipts	10.03	26.54	13.67	318.37	(v) Secretariat general Services	461.48	477.08	503.70
3.08	(vi) Other Administrative Services	18.11	17.26	22.22	23.79	(vi) Stationery and Printing	20.63	19.71	24.50
32.60	(vii) Other General Economic Services	34.15	48.45	29.57	398.60	(vii) Public Works	368.22	377.50	781.10
2.76	(viii) Fisheries	2.98	3.15	1.72	46.77	(viii) Pensions and other retirement benefits	56.08	69.35	73.24
69.90	(ix) Forest	10.88	18.39	20.69	162.52	(ix) Education	170.81	203.57	242.66
1138.72	(x) Mines & Minerals	2565.80	2732.85	1840.81	23.53	(x) Urban Development	32.80	34.82	57.22
78.86	(xi) Grants-in-aid from State Government	67.40	39.37	109.62	10.21	(xi) Information and Publicity	10.58	12.93	15.36
184.85	(xii) 11th Finance Commission	-	-	-	-	(xii) Relief on account of natural calamities	58.64		160.00
	(xiii) 12th Finance Commission	-	150.00	75.00	88.40	(xiii) Agriculture	67.12	64.75	74.24
	(xiv) Stationery and Printing	-	0.84	-	-	(xiv) Minor Irrigation	15.00		24.75
					-	(xv) Fisheries			40.54
					295.42	(xvi) Forest	341.47	472.58	573.52
1683.52	Total Revenue Receipt	2931.03	3279.75	2308.46	1648.11	Total Revenue Expenditure	1915.48	2064.82	2991.70
-	Revenue Deficit	-	-	683.24	35.41	Revenue surplus	1015.55	1214.93	-
-	2. Capital	-	-	-	-	2. Capital	-	-	-
-	3. Debt	-	-	-	-	3. Debt	-	-	-
-	4. Loans and Advances	-	-	-	-	4. Loans and Advances	-	-	-
1683.52	Total Part-I District Fund	2931.03	3279.75	2308.46	1648.11	Total Part –I District Fund	1915.48	2064.82	2991.70
PART II- DEPOSIT FUND ²									
-	Deposit receipts	-	-	-	-	Deposits Payments	-	-	-
-	Total of part II Deposit fund	-	-	-		Total of Part II Deposit fund	-	-	-
1683.52	Total receipts (I + II)	2931.03	3279.75	2308.46	1648.11	Total Disbursements (I + II)	1915.48	2064.82	2991.70
845.93	Opening balance	881.34	1896.9	3111.83	881.34	Closing balance	1896.90	3111.83	2428.59
2529.45	Grand total	3812.37	5176.65	5420.29	2529.45	Grand total	3812.38	5176.65	5420.29

Source: Annual Accounts of the Council

¹ 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.

² Where security deposits, departmental advances and term deposits are usually kept.

2.2 Comments on Annual Accounts

2.2.1 Substantial variation between budget estimates and actuals

Scrutiny of budget estimates for the years 2005-06, 2006-07 and 2007-08 *vis-à-vis* actual receipt and expenditure revealed that there were variations between budget estimates (BE) as compared to receipts and expenditure as detailed below:

Table 2.2 : Budget estimates and actual for the years 2005-08

(₹ in lakh)				
Particulars	Budget estimate	Actual	Excess (+) / Shortfall (-)	Percentage of Excess (+) / Shortfall (-)
2005-06				
Receipt	2731.51	2931.03	(+) 199.52	(+) 07
Expenditure	2826.34	1915.48	(-) 910.86	(-) 32
2006-07				
Receipt	2914.62	3279.75	(+) 365.13	(+) 13
Expenditure	2972.37	2064.82	(-) 907.55	(-) 31
2007-08				
Receipt	4708.62	2308.46	(-) 2400.16	(-) 51
Expenditure	4800.21	2991.70	(-) 1808.51	(-) 38

Source: Budget estimates of Receipts and Expenditure and Statement 5 & 6 of Annual Accounts

As compared to the BE, during 2005-06 and 2006-07 the receipts of the Council showed an increasing trend and exceeded the BE by 7 *per cent* and 13 *per cent* respectively, thereafter falling sharply by 51 *per cent* during 2007-08. The excess during 2005-06 and 2006-07 was mainly on account of higher revenue receipts under 'Mines & Minerals' (2005-06 and 2006-07) and increased grants under the 12th Finance Commission Award (2006-07). There were however, some Major heads where revenue declined even during the years 2005-08 as detailed in Table 2.3 below.

The expenditure of the Council fell short of the BE during the years 2005-08 by 32 *per cent* (2005-06), 31 *per cent* (2006-07) and 38 *per cent* (2007-08) respectively.

Scrutiny of some of the Major heads under which the actual receipts and expenditure were significantly less than the estimated budget provisions during 2005-06, 2006-07 and 2007-08 are as under:

Table No. 2.3: Heads under which receipts were significantly less than the BE

(₹ in lakh)

Sl. No.	Major Heads	2005-06			2006-07			2007-08		
		Budget Estimate	Actual	Shortfall/ Percentage of shortfall	Budget Estimate	Actual	Shortfall/ Percentage of shortfall	Budget Estimate	Actual	Shortfall/ Percentage of shortfall
1	Land Revenue	22.85	17.52	5.33 (23)	34.63	17.19	17.44 (50)	40.60	15.42	25.18 (62)
2	Taxes on vehicles	145.00	102.62	42.38 (29)	150.00	127.47	22.53 (15)	150.00	52.4	97.60 (65)
3	Fisheries	5.00	2.98	2.02 (40)	-	-	-	3.00	1.72	1.28 (43)
4	Weigh Bridge	90.00	5.69	84.31 (94)	90.0	16.20	73.80 (82)	-	-	-
5	Enforcement-TNT	28.04	13.01	15.03 (54)	24.38	14.31	10.07 (41)	-	-	-
6	Forest	-	-	-	-	-	-	48.00	20.69	27.31 (57)
7	Interest on investments	-	-	-	-	-	-	70.36	13.67	56.69 (81)

The shortfall between the budget provision and actual collection of revenue under Land Revenue, Taxes on Vehicles, Fisheries, Weigh Bridge, Enforcement-TNT, Forest and Interest on investments (2005-06: 23 to 94 per cent; 2006-07: 15 to 82 per cent; and 2007-08: 43 to 81 per cent) indicated that the Council had not been able to make its revenue collection mechanism effective to the extent it had planned for. The reasons for shortfall in revenue receipts during 2005-06, 2006-07 and 2007-08 were not furnished though called for (April 2017).

Table No. 2.4: Heads under which expenditure were significantly less than the BE

(₹ in lakh)

Sl. No.	Major Heads	2005-06			2006-07			2007-08		
		Budget Estimate	Actual	Shortfall/ Percentage of shortfall	Budget Estimate	Actual	Shortfall/ Percentage of shortfall	Budget Estimate	Actual	Savings (+)/ Shortfall (-)
1	Public Works	692.23	368.22	-324.01 (47)	708.89	377.50	-331.39 (47)	2124.43	781.10	-1343.33 (63)
2	Pension	74.31	56.08	-18.23 (25)	81.48	69.35	-12.13 (15)	86.85	73.24	-13.61 (16)
3	Education	216.23	170.81	-45.42 (21)	250.03	203.57	-46.46 (19)	307.98	242.66	-65.32 (21)
4	Forest	476.22	341.47	-134.75 (28)	-	-	-	598.59	573.52	-25.07 (4)
5	Minor Irrigation	20.00	15.00	-5.00 (25)	20.00	0.00	-20.00 (100)	-	-	-
6	Information & Publicity	13.37	10.58	-2.79 (21)	14.32	12.93	-1.39 (10)	18.51	15.36	-3.15 (17)

The shortfall between the budget provision and actual expenditure under Public Works, Pension, Education, Forest, Minor Irrigation and Information & Publicity (2005-06: 21 to 47 per cent; 2006-07: 10 to 100 per cent; and 2007-08: 4 to 63 per cent) indicated poor implementation of schemes by the Council. The reasons for shortfall in expenditure during 2005-06, 2006-07 and 2007-08 were not furnished though called for (July 2017).

2.2.2 Discrepancy in the opening cash balance

Mention was made in Paragraph 3.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2005 that the closing balance of cash in hand as on 30 September 2004 was ₹ 5.49 crore. In the following month (01 October 2004) a new Cash Book with a 'Nil' opening balance was opened without any attestation or authorisation order and thus fund amounting to ₹ 5.49 crore was unauthorisedly removed from the Cash Book. It was also mentioned in Paragraph 3.1 that an amount of ₹ 1.03 crore had been realised but the balance amount of ₹ 4.46 crore had not been recovered.

Further Audit scrutiny revealed that the amount of ₹ 5.49 crore unauthorisedly removed from the Cash Book, was not brought back into the subsequent Cash Books for the years 2005-08. Thus, the opening balance of cash in hand as on 01 April 2005 was understated to the tune of ₹ 5.49 crore and this had remained un-reconciled even till 31 March 2008.

Furthermore, the amount of ₹ 5.49 crore irregularly removed from the Cash Book was not reduced from the 'cash balance' shown in the Annual Accounts³. As a result Audit noticed that since 2004-05 the closing cash balance exhibited in the annual accounts as 'Cash in hand' does not match with the cash balance of the Council as per Cash Book. This discrepancy of closing balance of 'Cash in hand' between the Cash Book and the annual accounts was not reconciled even during the years 2005-08 as detailed in the table below:

Table No. 2.5: Discrepancy in cash balance as per Annual Accounts and Cash Book

(₹ in lakh)			
Year	Closing balance as per Annual Accounts	Closing balance as per Cash Book	Overstatement (+) /Understatement (-)
2005-06	440.62	43.73	(+) 396.89
2006-07	463.14	86.30	(+) 376.84
2007-08	403.19	61.02	(+) 342.17

The Council in its reply (August 2017) stated that due to the unfortunate incidence of misappropriation/unauthorised advance payment made by the then Nazir (Cashier) when the Cash Book was not maintained for the period from April 2001 to September 2004, the Council appointed an Examiner of Accounts (EoA) to enquire into the matter. Pending submission of enquiry report by the EoA, a new Cash Book was opened from 01 October 2004 with a 'Nil' balance. The Council further stated that the closing balance as on 30 September 2004 was ascertained only after submission of the enquiry report (August 2010) by the EoA. It also stated that the recovery of the amount were in process during the period from 2005-08 and beyond and the task of recasting the Cash Book taking into account the closing balance of 30 September 2004 vis-a-vis recovered amount had already been taken up. On completion of the

³ Statement of Month by Month ways and means position of the Council shown in the Annual Accounts for the year 2004-05.

task the difference in the closing balance, if any, would be reconciled under intimation to audit.

2.2.3 Excess exhibition of disbursements, understatement of bank balance/interest

Government grants received against schemes and drawn from treasury were deposited into bank account operated by implementing departments of the Council and separate ledger accounts were maintained for the purpose. Such drawals made from treasury were being incorrectly booked as final expenditure in the Annual accounts without taking into consideration the actual expenditure incurred.

As a consequence it was observed that:

- There was unspent closing balance as on 31 March 2006, 31 March 2007 and 31 March 2008 in the three ledgers of the Civil Works Department of the Council as shown below:

Table No. 2.6: Unspent closing balance as per ledger of Civil Works Department
(₹ in lakh)

Year	Member of District Council Scheme	Council Own Fund Scheme	12 th Finance Commission	Total
2005-06	26.00	68.30	Nil	94.30
2006-07	17.70	58.40	69.12	145.22
2007-08	36.60	95.46	218.36	350.42

The total disbursement for the years 2005-06, 2006-07 and 2007-08 were hence overstated by ₹ 0.94 crore, ₹ 1.45 crore and ₹ 3.50 crore respectively.

- The bank balance shown in the Annual Accounts of the Council did not include the balances in the bank accounts maintained by the Civil Works Department and Forest Department as detailed below:

Table No. 2.7: Bank balances not included in Annual Accounts

(₹ in lakh)

Year	Bank balance as per Annual Accounts	Bank balances not included in Annual Accounts			
		Civil Works Department		Forest Department (UBI Jowai)	Total
		SBI ⁴ Jowai	UBI ⁵ Jowai		
2005-06	238.80	200.72	222.05	1.17	423.94
2006-07	850.34	121.24	239.26	5.12	365.62
2007-08	864.01	143.52	425.95	0.97	570.44

Thus, the bank balance of the Council as on 31 March 2006, 31 March 2007 and 31 March 2008 were understated by ₹ 4.24 crore, ₹ 3.66 crore and ₹ 5.70 crore respectively.

- Interest earned on bank accounts of the Civil Works Department and Forest Department of the Council were not included under 'Interest investment/savings bank account' of the Annual Accounts as detailed below:

⁴ State Bank of India

⁵ United Bank of India

Table No. 2.8: Interest earned not included in Annual Accounts

(₹ in lakh)

Year	Interest receipts as per Annual Accounts	Interest earned not included in Annual Accounts			
		Civil Works Department		Forest Department (UBI Jowai)	Total
		SBI Jowai	UBI Jowai		
2005-06	10.03	5.22	5.36	0.03	10.61
2006-07	26.54	5.89	5.99	0.03	11.91
2007-08	13.67	4.50	10.10	0.05	14.65

Thus, 'Interest on investment/savings bank account' of the Council as on 31 March 2006, 31 March 2007 and 31 March 2008 were understated by ₹ 10.61 lakh, ₹ 11.91 lakh and ₹ 14.65 lakh respectively.

Reply of the Council regarding non-accountal of the bank balances of the Civil Works and Forest Departments and interest earned on the bank accounts in the annual accounts was awaited (July 2017).

2.3 Distinction of expenditure under Plan and Non-plan heads

The Council had not framed any accounting manual nor formulated any guiding accounting principle for classification of expenses under Plan and Non-plan heads.

Scrutiny (April 2017) of budgeted and actual expenditure booked in the Annual Accounts for the years 2005-06, 2006-07 and 2007-08 revealed the following:

- The Council approved budgeted expenditure of ₹ 28.26 crore, ₹ 29.72 crore and ₹ 48.00 crore for 2005-06, 2006-07 and 2007-08 respectively under Plan head for various departments as shown below:

Table No. 2.9 : Expenditure under Plan head for various departments

(₹ in lakh)

Year	Departments	Budgeted expenditure under Plan Head	Total approved budgeted expenditure
2005-06	Revenue, Taxation, Forest, Civil Works, Agriculture, Soil, Fisheries and Market Departments	460.72	2826.34
2006-07		385.05	2972.37
2007-08		1,424.22	4,800.21

The apportioning were however, done without explaining the nature of expenses and mode of classification.

- Statement 6 of Annual Accounts for the years 2005-06, 2006-07 and 2007-08 exhibited detailed account of expenditure by minor heads with break-up under Plan and Non-plan heads. The expenditure under Plan and Non-plan head was shown only with respect to Public Works and Forest Departments as shown below:

Table No. 2.10 : Expenditure of Public Works and Forest Departments
(₹ in lakh)

Year	Plan		Non-plan	
	Public Works	Forest	Public Works	Forest
2005-06	255.34	44.48	112.88	296.99
2006-07	71.77	72.1	305.73	400.47
2007-08	155.88	89.83	625.22	483.69

Verification of the individual expenses however, revealed that original entries were not classified and booked separately under Plan and Non-plan heads. No such classification was also done during consolidation of department-wise expenses. While compiling Annual Accounts, the expenses were classified arbitrarily under Plan and Non-plan heads without any basis. Therefore, the break-up of expenses between Plan and Non-plan heads as exhibited in Statement 6 of the Annual Accounts could not be confirmed.

The Secretary, JHADC stated (June 2017) that the Annual Budget Estimates were not prepared keeping in view the concept of Plan and Non-plan expenditure and that in the Annual Budget Estimates the demand for grants was shown as 'Normal' and 'Plan' separately. The plan was to indicate the amount to be spent out of Government Grants. She also stated that expenditure incurred out of Government Grants for implementation of schemes under Public Works and Forest had been exhibited under 'Plan' while in case of Revenue and Taxation Departments the Government Grants were for pay and allowances and not for implementation of any schemes. She further stated that in case of Agriculture, Soil, Fisheries and Market Department the Council did not receive any Government Grants.

The reply was not tenable since the Council should have followed a uniform methodology and booked even the expenditure of Revenue and Taxation Departments out of Government Grants under 'Plan' as projected in the Annual Budget Estimates instead of arbitrarily deciding to book only the expenditure of Public Works and Forests Departments under 'Plan'.

SECTION III

3.1 Retention of heavy cash balances and delays in remittance of revenue

Rule 18 of the Jowai Autonomous District Fund (JADF) Rules, 1967 provides that all money received shall be remitted to the treasury promptly. Despite repeated comments made in successive Reports of the Comptroller and Auditor General of India regarding retention of heavy cash balance at the end of each year, which was in contravention of the Rules governing the District Fund, the position had not improved.

Scrutiny of the Cash Books revealed that the Council continued to retain heavy cash balances which stood at ₹ 43.73 lakh, ₹ 86.30 lakh and ₹ 61.02 lakh at the end of 31 March 2006, 31 March 2007 and 31 March 2008 respectively.

Further scrutiny of Cash Book along with remittance register revealed that revenue of ₹ 5.18 crore collected by the Council during 2005-06 (₹ 1.61 crore), 2006-07 (₹ 1.79 crore) and 2007-08 (₹ 1.78 crore) were belatedly deposited into the Treasury after delays ranging from 26 days to 110 days (**Appendix – 3.1**). The delay in deposit of Council's revenue were not only in contravention of the Fund Rules but retention of money was also tantamount to temporary misappropriation of Council's revenue.

The Secretary, JHADC accepted (June 2017) the audit observation that there were delays in remittance of collected revenue receipts and that some revenue receipts which could not be remitted into the Treasury were included in the closing cash balance thereby showing huge closing cash balance at the end of each month. She further stated that the Council had issued an Office Memo¹ (May 2014) to enforce financial discipline and better cash management.

3.2 Irregularities in award of lease/contract

The JHADC leases out the operation of collecting entry tax on vehicles at toll gates located at Mookyndur and Ratacherra every year after following a tendering process. The deficiencies observed in the leasing and operation of the toll gates are detailed below:

3.2.1 Loss of revenue and undue favour to the bidder (November 2005 to March 2007)

The tender for leasing out the Mookyndur and Ratacherra toll gates for the period November 2005 to October 2006 was issued (September 2005) at a reserve price of ₹ 42 lakh and ₹ 30 lakh respectively. In response six tenders for Mookyndur and three tenders for Ratacherra toll gates were received. The Council awarded (October 2005) the work of collecting the entry tax to the highest bidders² at their offered price of

¹ All revenue receipts up to rupees fifty thousand to be deposited into the PLA within seven days of their receipt and any revenue receipt of rupees fifty thousand and above to be deposited into the PLA the next working day.

² Raja Passah for Mookyndur toll gate and Sirin Lyngdoh for Ratacherra toll gate.

₹ 0.82 crore and ₹ 1.20 crore respectively with a direction to deposit half of the sale proceeds along with the security deposit. The bidders however, withdrew their tenders (October 2005).

The Council decided to debar the defaulting bidders from taking part in all future works of the Council and to also forfeit their security deposit. Thereafter, instead of offering both the toll gates to the second highest bidders, the Council settled (October 2005) only the Ratacherra toll gate with the second highest bidder (Charles Lyngdoh) at his offer price of ₹ 37.20 lakh while the Mookyndur toll gate was settled (October 2005) with the fifth highest bidder (Nela Niangti) at his offered price of ₹ 59.92 lakh without any recorded reason. Computed with reference to the amount offered by the second highest bidder, the Council sustained a loss of ₹ 11.33 lakh³ on settlement of the Mookyndur toll gate.

Further scrutiny revealed that both the lessees requested (August/September 2006) for extension of the lease period by one year on account of landslide problems and non-payment of toll tax by the local vehicles and vehicles coming from Assam, Tripura and Mizoram.

While bringing the matter to the notice of the Council, the Secretary and the Chief Executive Member, JHADC suggested that remission equalling one month's sale proceeds be granted as the landslide at Sonapur had occurred only during the month of June 2006 and that the issue of non-payment of toll tax by the local vehicles and vehicles coming from Assam, Tripura and Mizoram was not brought to the notice of the Council. The Executive Committee of the Council however, extended (September 2006) the lease period of both Mookyndur and Ratacherra toll gates for a further period of five months upto 31 March 2007 on payment of ₹ 10 lakh and ₹ 5 lakh respectively.

Computed with reference to the rates at which these toll gates were allotted and the amount of remission suggested by the Secretary and the Chief Executive Member, JHADC, the Council due to its injudicious decision extended undue financial benefit of ₹ 9.97 lakh⁴ and ₹ 7.40 lakh⁵ to the lessors of Mookyndur and Ratacherra toll gates besides sustaining a revenue loss of equal amount.

3.2.2 Loss of revenue during 2007-08

Similarly, the tender for leasing out the Mookyndur and Ratacherra toll gates for the period April 2007 to March 2008 was issued (February 2007) at a reserve price of ₹ 44 lakh and ₹ 32 lakh respectively. In response seven tenders for Mookyndur and three tenders for Ratacherra toll gates were received.

³ (₹ in lakh)

Name of the toll gate	Amount at which settled	Amount offered by the second highest bidder	Loss of revenue
Mookyndur	59.92	71.25	11.33

⁴ Mookyndur: (₹ 59.92/12 x 4) lakh – ₹ 10 lakh = ₹ 9.97 lakh

⁵ Ratacherra: (₹ 37.20/12 x 4) lakh – ₹ 5 lakh = ₹ 7.40 lakh

The Council however, without any recorded reason, settled (March 2007) the Mookyndur toll gate with the sixth highest bidder (Darilang Lamare) at his offered price of ₹ 55 lakh and the Ratacherra toll gate with the second highest bidder (Opaya Lyngdoh) at his offer price of ₹ 37.20 lakh. Computed with reference to the amount offered by the highest bidder, the Council sustained a loss of ₹ 1.60 crore on settlement of the Mookyndur and Ratacherra toll gates as given below:

Table No. 3.1 : Loss sustained by the Council on settlement of the toll gates

(₹ in lakh)				
Sl. No.	Name of the toll gate	Amount at which settled	Amount offered by the highest bidder	Loss of revenue
1	Mookyndur	55.00	72.49	17.49
2	Ratacherra	37.20	180.00	142.80
	Total	92.20	252.49	160.29

In its reply to issues pointed out in paragraphs 3.2.1 and 3.2.2, the Secretary, JHADC stated (June 2017) that the Executive Committee (EC), keeping in view the reserve price fixed and practicable rates offered by the tenderers, the Mookyndur toll gate was allotted to 5th and 6th highest bidder during 2005-06 and 2007-08 respectively. Further, it was EC's decision to grant extension of lease period on the ground of losses suffered by the lessee due to landslides and frequent road blockade.

Reply of the Council is not acceptable because the Council has a Regulation (Jaintia Hills Regulation No.1 of 1976) for settlement on lease, right to levy and collect tolls or taxes on entry of goods into the market wherein it was stipulated that the reason for not accepting the highest bid is to be recorded in writing. In absence of any Act & Rules for toll gates, the same financial principles should have been followed to safeguard the financial interest of the Council. Besides, any decision of the EC should not be in contravention of financial principles to extend undue financial benefit to some individuals at the cost of the Council.

3.2.3 Extra avoidable expenditure of ₹ 7.92 lakh

Tenders for construction of 2nd and 3rd floor of the Member District Council (MDC) hostel (2nd Phase) was invited (August 2006) by the Council at a tender value of ₹ 112.53 lakh. In response, three valid tenders⁶ were received. The Council however, without any recorded reason awarded the work (November 2006) to the second lowest bidder at his tendered rate of ₹ 125.25 lakh. Computed with reference to the lowest bid received (₹ 117.33 lakh), the Council sustained an extra expenditure of ₹ 7.92 lakh (₹ 125.25 - ₹ 117.33).

The Secretary, JHADC stated (June 2017) in her reply that the rate quoted by the lowest bidder (4 per cent above SOR 2004-05) was not workable and reasonable and awarding the work to that contractor would lead to compromising the quality, abnormal delay in completion and even having the possibility of abandonment of the

⁶ 1st lowest bidder (Shri K. Chyrmang) - ₹ 117.33 lakh; 2nd lowest bidder (Shri D. Pale) - ₹ 125.25 lakh and 3rd lowest bidder (Shri B.P. Najjar) - ₹ 144.41 lakh

work by the contractor. Further, the past performance of the lowest bidder in PWD was not satisfactory at all.

Reply of the Council was not acceptable because the Council has a Regulation (Jaintia Hills Regulation No.1 of 1976) for settlement on lease, right to levy and collect tolls or taxes on entry of goods into the market wherein it was stipulated that the reason for not accepting the highest bid is to be recorded in writing. The same financial principles should have been followed to safeguard the financial interest of the Council. Besides, the reply that quality would be compromised is also not tenable as the rate quoted by the lowest tenderer was above the tendered value of ₹ 112.53 lakh fixed by the Council.

3.2.4 Irregular award of lease

To lease out lawmusiang market, Jowai during 2006-07, tender was invited on 17 January 2006 with a reserve price of ₹ 7.40 lakh. In response, the following five tenders were received.

Table No. 3.2 : Details of tenders received for lawmusiang market, Jowai

Sl. No.	Name of bidder	Rate quoted (₹ in lakh)	Remark
1	Shri N.S. Ryngkhlem	9.475	-
2	Smti S. Sariang	8.804	-
3	Shri L. Sariang	7.876	-
4	Shri Simon Lakiang	6.40	Rate quoted was below the reserve price
5	Smti Nipaia Pde	6.00	

The 1st and 2nd highest bidders withdrew their offers and the Council accordingly forfeited their security deposit. The lease for the market was however, irregularly settled (March 2007) with the fourth highest bidder (Shri Simon Lakiang) at the price of ₹ 7.88 lakh offered by the third highest bidder. No reasons were recorded for not offering the award to the third highest bidder.

The Secretary, JHADC stated (June 2017) in her reply that negotiation with the 3rd and 4th highest bidders was done verbally. But the 3rd highest bidder did not agree, while the 4th highest bidder agreed at the rate of the 3rd highest bidder.

Reply of the Council was not acceptable because the Council has a Regulation (Jaintia Hills Regulation No.1 of 1976) for settlement on lease, right to levy and collect tolls or taxes on entry of goods into the market wherein it was stipulated that the reason for not accepting the highest bid is to be recorded in writing. Further, no records were produced to indicate that the Council had taken action to forfeit the security deposit of the 3rd highest bidder for refusing to accept his bid.

3.3 Tax and Penalty not levied

As per Regulations 12 and 15 of the United Khasi-Jaintia Hills (Taxation on Professions, Trades, Callings and Employments) Regulation, 1960, tax payable under

this Regulation by any person in the employment of any Government, local authority, company, firm or other association of persons shall be deducted by the Principal Officer (PO) from any amount payable to such person and the amount so deducted shall be credited to the District Council Fund. Failure to do so makes the PO liable for payment of the sum due in addition to penalty not exceeding one and half times of the amount of tax payable. Regulation 8(4) authorises the assessing officer to assess the tax payable as per his best judgment in case the assessee fails to file his return despite notices.

Scrutiny of the records of 245 assesseees revealed that upto the assessment year 2007-08, the POs had defaulted in both submitting returns and in depositing tax due for periods ranging between 9 and 12 years. These POs had defaulted in payment of tax for the assessment years falling between 2005-06 and 2007-08. Out of the 245 assesseees, the Council did not have any record regarding the amount of tax paid by 80 defaulting assesseees during their last assessment. Computed at the rate of tax paid by only 165 (245 minus 80) of these defaulting assesseees during their last assessment, the POs had failed to collect tax amounting to ₹ 13.08 lakh and therefore, were liable for payment of the tax of ₹ 13.08 lakh and penalty not exceeding ₹ 19.62 lakh upto the assessment year 2007-08 (**Appendix-3.2**). No action was initiated by the assessing officer for assessment of these defaulters as required under Regulation 8(4) *ibid*.

The Secretary, JHADC, accepting the audit observation stated (June 2017) that the Council had taken the matter seriously and action had already been initiated to update the records through enquiry and reconciliation of each of the cases mentioned by Audit and it shall be ensured that the due amount of Professional Tax is recovered from the defaulters without further delay.

3.4 Incomplete works

3.4.1 Works under the 12th Finance Commission award

During 2005-06 to 2007-08, the 12th Finance Commission awarded a grant of ₹ 2.25 crore to the Council for construction of 537 minor works⁷ with the condition that the grant be utilised within one year after the date of sanction. Scrutiny revealed that till April 2017, 504 minor works⁸ valuing ₹ 2.10 crore were completed while 33 works valuing ₹ 15.18 lakh were incomplete even after 9-10 years of receiving the grants. Further, while making payment, the Council also failed to deduct Meghalaya Value Added Tax (VAT) amounting to ₹ 17.48 lakh as shown below:

Table No. 3.3: VAT not deducted at source

	(₹ in lakh)
Payment made to contractors for 504 minor works	209.82
Amount against which VAT to be deducted after deducting 25 per cent	157.36
VAT to be deducted @ 12.5 % (157.36 x 12.5 /112.5):	17.48

⁷ Construction of 233 drinking wells and 304 block sanitary latrines.

⁸ Construction of 214 drinking wells and 290 block sanitary latrines.

The Secretary, JHADC while accepting the audit observation stated (June 2017) that the works remained incomplete mainly due to dispute on selection of site amongst the villagers. She also stated that action had already been taken to complete the works through Village Local Committee within short possible time.

On the issue of non-deduction of VAT, the Secretary stated that VAT was not deducted since the value of each work was ₹ 0.30 lakh to ₹ 0.50 lakh and contractors had purchased materials at cost which included VAT. The reply was untenable since under the circumstances where the contractor had paid VAT on the materials procured by him he can claim 'input tax credit' from the Taxation Department as provided under Section 11 of the Meghalaya VAT Act, 2003. Further, the Council had also neither stated nor furnished any record evidencing that it had filed annual returns with the Taxation Department as required under Rule 41 of Meghalaya VAT Rules, 2005 showing the reasons for not deducting VAT from the bills of the contractors.

3.4.2 Works under Council's Own Fund (COF) and Member of District Council's (MDC) schemes

During 2005-06 to 2007-08, the Council sanctioned ₹ 6.71 crore for 939 minor work/schemes⁹ under the 'Council's Own Fund Schemes' and development schemes proposed by Member District Council for their own constituencies. Scrutiny revealed that 10 works (2006-07: one work and 2007-08: nine works) valuing ₹ 1.70 lakh were incomplete (April 2017). Non-utilisation of funds even after 8 to 9 years of their sanction exhibits poor implementation of the scheme by the Council.

The Secretary, JHADC accepting the audit observation stated (June 2017) that the matter would be brought to the notice of the Executive Committee for taking necessary decision/action on the matter.

3.5 Unfruitful expenditure of ₹ 18.59 lakh

Between February 1987 and February 2001, the JHADC had constituted seven different Committees to examine and advise the Council, frame draft rules and regulations, *etc.*, in the matters related to issues administered by the Council (**Appendix – 3.3**). The Council also incurred an expenditure of ₹ 18.59 lakh on salary/honorarium for the members of those committees during 2005-06 to 2007-08. Scrutiny of records however, revealed that the committees neither held any meeting nor submitted any report on the issues for which it was constituted, thus rendering the expenditure of ₹ 18.59 lakh on them as unfruitful.

3.6 Internal control mechanism

Internal control system in an organisation ensures that proper checks and procedures are in place for efficient and effective discharge of its mandate, reliability of its financial reporting and compliance with applicable laws and regulations.

⁹ The schemes are basically financial assistance to Village Local Committees/individuals for work such as purchase of CGI sheets, PVC water pipes for irrigation, improvement of paddy fields, *etc.*

APPENDICES

Appendix – 3.1
(Reference: Paragraph 3.1)

**Statement showing delay in depositing the revenue into the Treasury during the years
2005-08**

Sl. No.	Month of collection	Amount collected (in ₹)	Type of revenue collected	Challan No. & date through which deposited into the Treasury	Period of delay (in days)
1	Apr-05	1,06,665	Survey & Map fees.	116(b) dt.6.7.05	60 days
2	Apr-05	2,05,250	Licences fees.	117 (b) dt.6.07.05	60 days
3	Apr-05	3,45,955	Professional Tax fees.	118 (b) dt.6.07.05.	60 days
4	May-05	1,21,640	Survey & Map fees.	63 (b) dt.3.8.05	60 days
5	May-05	1,52,759	Misc.fees.	64 (b) dt.3.8.05	60 days
6		4,24,950	Licences fees	65 (b) dt.3.8.05	60 days
7	May-05	4,91,390	Professional Tax fees	66 (B) dt.3.8.05	60 days
8	Jun-05	2,01,500	Licences fees	273 (b) dt.19.08.05	49 days
9		2,50,000	Council Market fees.	274 (b) dt.19.08.05	49 days
10	Jun-05	4,27,730	Professional tax.	275 (b) dt.19.8.05	49 days
11	Jun-05	4,88,426	Misc.	276 (b) dt.19.8.05	49 days
12	Jul-05	2,01,335	Professional tax.	303 (b) dt.20.10.05	80 days
13	Jul-05	25,38,864	Tax on Vehicles	304 (b) dt.20.10.05	80 days
14	Jul-05	99,204	Survey & Map fees.	298 (b) dt.20.10.05	80 days
15	Aug-05	95,373	Survey & Map fees.	170 (b) dt.14.11.05.	74 days
16	Aug-05	92,470	Professional tax	171 (b) dt.14.11.05	74 days
17	Aug-05	2,51,000	Licences fee	168 (b) dt.14.11.05	74 days
18	Aug-05	1,45,155	Misc.	169 (b) dt.14.11.05	74 days
19	Sep-05	1,02,323	Survey/Map fees.	415 (b) dt.22.12.05	82 days
20	Sep-05	1,03,000	Fishery on Rent fees.	416 (b) dt.22.12.05	82 days
21	Sep-05	1,41,300	License fee	418 (b) dt.22.12.05	82 days
22	Sep-05	2,24,425	Council market fees.	419 (b) dt.22.12.05	82 days
23	Sep-05	12,51,310	Professional tax	420 (b) dt.22.12.05	82 days
24	Oct-05	5,85,205	Professional tax	278 (b) dt.15.02.05	106 days.
25	Oct-05	2,38,318	Royalty on timber.	276 (b) dt.15.02.06	106 days.
26	Nov-05	18,60,000	Tax on vehicle	425 (b) dt.21.03.06	110 days.
27	Nov-05	1,44,785	Misc.	426 (b) dt.21.03.06	110 days.
28	Nov-05	1,25,530	Professional tax	427 (b) dt.21.03.06	110 days.
29	Dec-05 to Feb-06	4,84,575	Council's market fees	780 (b) dt.31.03.06	30 days.
30	Dec-05 to Feb-06	2,48,480	Receipt from W/Bridge.	781 (b) dt.31.03.06	30 days.
31	Dec-05 to Feb-06	2,37,235	Survey/Map fees	782 (b) dt.31.03.06	30 days.
32	Dec-05 to Feb-06	2,23,484	Misc.	783 (b) dt.31.03.06	30 days.
33	Dec-05 to Feb-06	1,94,490	Professional Tax-	784 (b) dt.31.03.06	30 days.
34	Dec-05 to Feb-06	1,13,530	Market stalls fees	785 (b) dt.31.03.06	30 days.
35	Mar-06	1,00,144	Survey/map fees	431 (b) dt.24.05.06	53 days.
36	Mar-06	1,10,924	Misc.	432 (b) dt.24.05.06	53 days.
37	Mar-06	1,29,090	Receipt from W/Bridge.	433 (b) dt.24.05.06	53 days.
38	Mar-06	2,63,725	Market stall fees.	434 (b) dt.24.05.06.	53 days.
39	Mar-06	5,75,380	Professional tax	435 (b) dt.24.05.06	53 days.
40	Mar-06	7,03,000	Council market fees	436 (b) dt.24.05.06	53 days.
41	Mar-06	13,37,395	Licenses fees	437 (b) dt.24.05.06.	53 days.
Total of 2005-06 (A)		1,61,37,314			

Sl. No.	Month of collection	Amount collected (in ₹)	Type of revenue collected	Challan No. & date through which deposited into the Treasury	Period of delay (in days)
42	Apr-06	9,30,000	Tax on Vehicle	270 (b) dt.20.06.06	50 days.
43	Apr-06	3,46,793	Misc.	271 (b) dt.20.06.06.	50 days.
44	Apr-06	4,03,125	Professional Tax	272 (b) dt.20.06.06	50 days.
45	Apr-06	98,620	Receipt from W/bridges	273 (b) dt.20.06.06	50 days.
46	May & Jun 06	1,02,500	Rent on fishery	62 (b) dt.07.09.06	68 days.
47	May & Jun 06	1,82,521	Survey & map	63 (b) dt.07.09.06.	68 days.
48	May & Jun 06	8,79,290	Professional Tax	64 (b) dt.07.09.06.	68 days.
49	May & Jun 06	2,00,800	Licenses fee	65 (b) 07.09.06	68 days.
50	May & Jun 06	3,94,586	Misc.	66 (b) dt.07.09.06	68 days.
51	Jul-06	1,07,650	Licenses fees	260 (b) dt.20.9.06	50 days.
52	Jul-06	1,42,000	Rent on fishery	261 (b) dt.20.9.06	50 days.
53	Jul-06	1,95,885		262 (b) dt.20.9.06	50 days.
54	Aug-06	1,00,115	Survey/ Map.	330 dt.24.10.06	53 days.
55	Aug-06	1,51,700	Licenses fees.	331 dt.24.10.06	53 days.
56	Aug-06	1,17,130	Professional Tax.	332 dt.24.10.06	53 days.
57	Sep-06	5,44,495	Misc.	343 (b) dt.19.12.06	79 days.
58	Sep-06	1,08,250	License fees	345 (b) dt.19.12.06	79 days.
59	Sep-06	13,18,110	Professional Tax.	347 (b) dt.19.12.06.	79 days.
60	Oct-06	2,40,510	Receipt from W/bridges	383 (b) dt.23.01.07	83 days.
61	Oct-06	4,79,965	Professional tax	384 (b) dt.23.01.07.	83 days.
62	Oct-06	9,30,000	Tax on vehicles.	385 (b) dt.23.01.07	83 days.
63	Nov & Dec 06	2,25,215	Professional Tax.	269 (b) dt.14.02.07	44 days.
64	Nov & Dec 06	3,29,320	Receipt from W/bridges	271 (b) dt.14.02.07	44 days.
65	Nov & Dec 06	1,88,950	License fees	272 (b) dt.14.02.07.	44 days.
66	Nov & Dec 06	1,00,341	Survey/ Map	273 (b) dt.14.02.07.	44 days.
67	Nov & Dec 06	5,00,000	Tax on vehicles	279 (b) dt.14.02.07	44 days.
68	Jan & Feb 07	1,00,500	Licenses fees	475 (b) dt.27.03.07	26 days.
69	Jan & Feb 07	1,07,202	Misc.	476 (b) dt.27.03.07	26 days.
70	Jan & Feb 07	1,12,005	Market stall fees	477 (b) dt.27.03.07	26 days.
71	Jan & Feb 07	1,44,300	Council mkt.	478 (b) dt.27.03.07.	26 days.
72	Jan & Feb 07	1,96,646	Licenses fees	479 (b) dt.27.03.07.	26 days.
73	Jan & Feb 07	2,31,615	Professional Tax	480 (b) dt.27.03.07.	26 days.
74	Jan & Feb 07	2,36,440	Receipt. From W/Brigade	481 (b) dt. 27.03.07.	26 days.
75	Mar-07	39,98,938	Tax on Vehicles	309 (b) dt.23.05.07.	52 days.
76	Mar-07	10,67,785	Licenses fees	310 (b) dt.23.05.07	52 days.
77	Mar-07	6,85,250	Council market fees	311 (b) dt.23.05.07	52 days.
78	Mar-07	6,09,860	Professional Tax	312 (b) dt.23.05.07.	52 days.
79	Mar-07	4,61,980	Receipt from W/bridge	313 (b) dt.23.05.07.	52 days.
80	Mar-07	2,44,540	Market stall fees	314 (b) dt. 23.05.07.	52 days.
81	Mar-07	1,34,507	Royalty on forest produces	315 (b) dt. 23.05.07.	52 days.
82	Mar-07	1,11,700	Sale proceed on private market	316 (b) dt.23.05.07.	52 days.
83	Mar-07	1,09,278	Misc.	317 (b) dt.23.05.07.	52 days.
Total of 2006-07 (B)		1,78,70,417			
84	Apr-07	12,27,360	Receipt from W/bridge	200 (b) dt.18.07.07.	78 days.
85	Apr-07	5,77,820	Professional Tax	202 (b) dt. 18.07.07.	78 days.
86	Apr-07	1,04,234	Survey & map fees	197 (b) dt.18.07.07.	78 days.

Sl. No.	Month of collection	Amount collected (in ₹)	Type of revenue collected	Challan No. & date through which deposited into the Treasury	Period of delay (in days)
87	Apr-07	1,53,917	Misc.	206 (b) dt.18.07.07.	78 days.
88	Apr-07	3,57,860	License fees	207 (b) dt.18.07.07.	78 days.
89	May-07	4,79,608	Misc.	406 (b) dt.31.08.07	91 days.
90	May-07	5,14,820	Professional Tax	407 (b) dt. 31.08.07	91 days.
91	May-07	5,77,350	Licenses fees	407 (b) dt. 31.08.07	91 days.
92	Jun-07	2,56,788	Misc.	520 (b) dt.9.10.07.	100 days.
93	Jun-07	8,58,735	Professional Tax	521 (b) dt.9.10.07.	100 days.
94	Jun-07	8,99,510	Licenses' fees	522 (b) dt.9.10.07.	100 days.
95	Jul & Aug 07	1,05,024	Court fees	737 (b) 26.10.07	55 days
96	Jul & Aug 07	1,29,241	Survey & Map	738 (b) 26.10.07	55 days
97	Jul & Aug 07	1,72,250	Licenses fees	739 (b) dt.26.10.07.	55 days
98	Jul & Aug 07	2,94,715	Professional Tax	740 (b) dt.26.10.07.	55 days
99	Jul & Aug 07	4,22,467	Misc.	741 (b) dt.26.10.07.	55 days
100	Jul & Aug 07	13,75,032	Tax on vehicle	742 (b) 26.10.07.	55 days
101	Sep-07	3,36,800	Licenses fees	325 (b) dt.26.11.07.	56 days
102	Sep-07	9,30,000	Tax on vehicles.	326 (b) dt.26.11.07.	56 days
103	Sep-07	11,33,550	Professional tax	327 (b) dt.26.11.07.	56 days
104	Oct-07	1,41,000	Licenses' fees	106 (b) dt.8.02.08.	99 days
105	Oct-07	1,72,901	Rent on fishery	107 (b) dt.8.02.08.	99 days
106	Oct-07	2,61,056	Misc.	108 (b) dt. 8.02.08.	99 days
107	Oct-07	8,32,960	Professional Tax.	109 (b) dt.8.02.08.	99 days
108	Nov & Dec 07	1,02,714	Royalty on forest produces	208 (b) dt.25.03.08	83 days.
109	Nov & Dec 07	1,17,799	Court fees	209 (b) dt.25.03.08	83 days.
110	Nov & Dec 07	1,20,865	Survey/Map fees	210 (b) dt.25.03.08.	83 days.
111	Nov & Dec 07	1,28,034	Misc.	211 (b) dt.25.03.08	83 days.
112	Nov & Dec 07	2,60,785	Professional Tax	212 (b) dt. 25.03.08.	83 days.
113	Jan & Feb 08	1,02,641	Misc.	229 (b) dt.28.04.08.	58 days.
114	Jan & Feb 08	1,13,800	Receipt from W/bridge	230 (b) dt.28.04.08.	58 days.
115	Jan & Feb 08	1,15,240	Market stall fees	231 (b) dt.28.04.08.	58 days.
116	Jan & Feb 08	1,39,990	Professional tax	232 (b) dt.28.04.08	58 days.
117	Jan & Feb 08	1,84,200	Royalty on forest produces	233 (b) dt. 28.04.08.	58 days.
118	Jan & Feb 08	2,17,595	Survey/ Map fees	234 (b) dt.28.04.08	58 days.
119	Jan & Feb 08	8,75,032	Tax on vehicles	235 (b) dt. 28.04.08.	58 days.
120	Mar-08	13,35,810	Licences fees.	2278 (b) dt.09.06.08.	69 days.
121	Mar-08	7,26,700	Council market fees	2276 (b) dt. 09.06.08.	69 days.
122	Mar-08	5,73,325	Professional Tax.	2275 (b) dt.09.06.08.	69 days.
123	Mar-08	2,59,045	Market stall fees	2274 (b) dt. 09.06.08.	69 days.
124	Mar-08	1,36,000	Receipt from sale proceed on private market	2270 (b) dt. 09.06.08.	69 days.
Total of 2007-08 (C)		1,78,24,573			
Grand Total (A+B+C)		5,18,32,304			

Appendix – 3.2

(Reference: Paragraph 3.3)

**Statement showing the details of defaulters and the Professional Tax and penalty
leviable**

(₹ in lakh)

Sl. No.	Type of assessess	No. of defaulters	Total Professional Tax realisable calculated as per rates of previous assessment	Maximum amount of penalty leviable
1	Government Departments/Banks	33	6.29	9.43
2	Individuals	92	3.90	5.85
3	Schools	40	2.89	4.34
	Total	165	13.08	19.62

Appendix – 3.3

(Reference: Paragraph 3.5)

Statement showing the details of constitution of various Committees and expenditure incurred on them during 2005-08

Sl. No.	Name of Committee	Purpose	No. of members	No. of meetings held	Expenditure incurred (in lakh)			
	Notification vide which constituted			Whether any Report submitted	2005-06	2006-07	2007-08	Total
1	Development Committee	To examine and determine the basic need of the people of the district and collect data for proper planning of the various developmental programmes, monitor and inspect development projects implemented and executed by the Council and advice Executive Committee relating to developmental programme	3	Nil / No	1.26	1.16	0.81	3.23
	JHAD/CON/GENL/84/87/1 dt. 18.02.1987							
2	Customary Law Committee	To frame draft rules and regulations to codify the customs and usages that are practiced in the district and submit with its findings and recommendations to the Executive Committee	3	Nil / No	1.26	1.59	0.75	3.6
	JHADC/GENL/388/84/1 dt. 24.04.1989							
3	Environment Committee	To advice and formulate plans on the matter concerning environmental forestry and afforestation and prevention of water pollution and contamination of streams and water resources due to extraction of coal	3	Nil / No	1.68	1.53	0.82	4.03
	JHADC/FOR/ENV/34/89/1 dt. 10.05.1989							
4	Resource Mobilisation Committee	To advise the Executive Committee in tapping financial resources of the district council and recommend augmentation of the revenue receipts and other matter concerning with the financial resources of the district council	3	Nil / No	1.26	1.22	0.75	3.23
	JHADC/GENL/15/91/1 dt. 24.04.1991							
5	Public Grievances Committee	To examine the grievances faced by public and evolve and suggest to the Executive Committee the procedure and principal to be followed in redressal public grievance	3	Nil / No	1.26	1.16	0.72	3.14
	JHADC/GENL//GRV/42/93/1 dt. 09.07.1993							
6	Housing Committee	To study the existing system of granting of land documents to persons applying for housing loan and to suggest measures for	3	Nil / No			0.65	0.65

Sl. No.	Name of Committee	Purpose	No. of members	No. of meetings held	Expenditure incurred (in lakh)			
	Notification vide which constituted			Whether any Report submitted	2005-06	2006-07	2007-08	Total
	JHADC/GEN L/35/2001/2 dt. 16.02.2001	implementation the system and examine the feasibility of procuring financial assistance from Government for the purpose of house building advance to Council employees and to frame rules in this regard.						
7	Land Reforms and Land Revenue Committee	<i>The Council could not furnish the notification of setting up of the committee and as such the duties and functions of this committee could not be ascertained by Audit.</i>	3	Nil / No			0.71	0.71
	Total				6.72	6.66	5.21	18.59

Appendix – 3.4**(Reference: Paragraph 3.6)****Statement showing procurement of Corrugated Galvanised Iron (CGI) sheets by the Village Local Committees at differential rates under the MDC scheme**

Sl. No.	Supplier's bill and date	Name of the supplier	Quantity of CGI sheets	Rate (₹)	Amount paid(₹)
2005-06					
1.	2005-06/2 dtd.16/3/06	M/s. Swer & Sons, Shillong-2	40 bundles	2500	100000
2.	Memo No.618 dtd.Nil	M/s. Emmon Lakiang, Jowai	46 bundles	2650	121900
3.	Memo No.180 dtd. 13/3/06	M/s. Shadap Store, Nartiang	50 bundles	2000	100000
4.	2005-06/8 dtd.24/3/06	M/s.S.K.Dhar, Jowai	50 bundles	2000	100000
5.	2005-06/14 dtd.14/2/06	M/s.S.K.Dhar, Jowai	40 bundles	2500	100000
2006-07					
6.	Memo No.53 dtd.22/3/07	Tyngkan Multipurpose Store, Jowai	40 bundles	2500	100000
7.	MDC-Sch/18 dtd.Nil	M/s. Emmon Lakiang, Jowai	30 bundles	3500	105000
8.	B/157/06-07/MDC-Sch/23 dtd. Nil	M/s.S.K.Dhar, Jowai	40 bundles	2500	100000
Total					826900

Appendix – 3.5
(Reference: Paragraph 3.7)

Statement showing variation between the actual receipts/expenditure as shown in the budget estimate with that shown in the Annual Accounts

Receipts

(₹ in lakh)

Head of Account	2005-06			2006-07			2007-08		
	Actual for 2005-06 as shown in the Budget estimate of 2007-08	Actual as per Annual Accounts of 2005-06	OS (+) /US (-)	Actual for 2006-07 as shown in the Budget estimate of 2008-09	Actual as per Annual Accounts of 2006-07	OS (+) /US (-)	Actual for 2007-08 as shown in the Budget estimate of 2009-10	Actual as per Annual Accounts	OS (+) /US (-)
Land revenue	17.30	17.52	(+)0.22	16.54	17.18	(+)0.64	12.76	15.41	(+)2.65
Taxes on profession, Trade & calling	45.99	95.11	(+)49.12	49.81	93.23	(+)43.42	56.12	120.83	(+)64.71
Trading by Non Tribals	26.47	13.01	(-)13.46	-	-	-	-	-	-
Fisheries	3.07	2.98	(-)0.09	3.26	3.15	(-)0.11	-	-	-
Forest Department	-	-	-	21.66	18.39	(-)3.27	22.37	20.68	(-)1.69
Land Reform Schemes	-	-	-	3.30	6.60	(+)3.30	-	-	-
Forest Development Schemes	-	-	-	10.77	11.77	(+)1.00	-	-	-
Govt. grant-in-aid Civil Work Department	-	-	-	-	-	-	160.68	85.68	(-)75.00

OS = Overstatement (+); US = Understatement (-)

Expenditure

(₹ in lakh)

Head of Account	2005-06			2006-07			2007-08		
	Actual for 2005-06 as shown in the Budget estimate of 2007-08	Actual as per Annual Accounts of 2005-06	OS (+) /US (-)	Actual for 2006-07 as shown in the Budget estimate of 2008-09	Actual as per Annual Accounts of 2006-07	OS (+) /US (-)	Actual for 2007-08 as shown in the Budget estimate of 2009-10	Actual as per Annual Accounts of 2007-08	OS (+) /US (-)
Land revenue	17.3	17.52	(+)0.22	16.54	17.18	(+)0.64	12.76	15.41	(+)2.65
Taxes on profession, Trade & calling	45.99	95.11	(+)49.12	49.81	93.23	(+)43.42	56.12	120.83	(+)64.71
Trading by Non Tribals	26.47	13.01	(-)13.46	-	-	-	-	-	-
Fisheries	3.07	2.98	(-)0.09	3.26	3.15	(-)0.11	-	-	-
Forest Department	-	-	-	21.66	18.39	(-)3.27	22.37	20.68	(-)1.69
Land Reform Schemes	-	-	-	3.30	6.60	(+)3.30	-	-	-
Forest Development Schemes	-	-	-	10.77	11.77	(+)0.99	-	-	-
Govt. grant-in-aid Civil Work Department	-	-	-	-	-	-	160.68	85.68	(-)75.00

OS = Overstatement (+); US = Understatement (-)

