

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

**FOR THE YEAR
2004-05**

**KARBI ANGLONG AUTONOMOUS COUNCIL
DIPHU, ASSAM**

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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 financial transactions of the Karbi Anglong Autonomous Council, Diphu.

2. *The cases mentioned in the Report are those which came to notice in the course of test-check of the accounts for the year 2004-05.*

3. *This Report contains three sections, of which, one section deals with constitution of the Karbi Anglong Autonomous Council, the rules for the management of the District Fund and maintenance of accounts by the Autonomous Council. The remaining two sections include comments on the Council's financial position and various irregularities in the transactions relating to the year 2004-05.*

OVERVIEW

A synopsis of the significant audit findings contained in the Report is given below:

- The Council met its revenue deficit of Rs.9.23 crore under normal functions by diversion of funds advanced by the State Government for discharging entrusted functions.

(Paragraph 2.1.2)

- Compared to the receipts and expenditure of the previous year, the Council's receipts declined by 23 to 100 *per cent* under eight heads of account, while the expenditure under nine heads of account showed an increase ranging from 12 to 743 *per cent*.

(Paragraph 2.1.3)

- Compared to the budget estimates, the revenue collection excluding grants-in-aid showed a huge shortfall of Rs.22.49 crore (76 *per cent*).

(Paragraph 2.1.4)

- Under normal functions, capital expenditure was overstated by Rs.25.64 lakh with consequential understatement of revenue expenditure to that extent due to incorrect booking of revenue expenditure as capital expenditure.

(Paragraph 2.2.1)

- Under entrusted functions of the Council, there was understatement of receipts and expenditure by Rs.0.13 crore and Rs.0.30 crore respectively.

(Paragraph 2.3.1)

- The Council diverted Rs.5.04 crore relating to entrusted functions to its own functions without obtaining approval from the Government.

(Paragraph 2.3.2)

- Under entrusted functions, the Council diverted Rs.1.14 crore from one major head of account to another through unauthorised re-appropriation.

(Paragraph 2.3.3)

- The Council did not reconcile the discrepancies of closing balances appearing in three different sets of records. viz., Treasury, cashbook and annual accounts, persisting over the years, despite these having been pointed out in successive Audit Reports.

(Paragraph 2.4)

- The Council sustained loss of revenue of Rs.1.97 crore due to non-extraction of allotted bamboos by the contractor and short realisation of royalty on actual quantum of bamboos extracted and transported by the contractor.

(Paragraph 3.1)

- The Council incurred extra avoidable expenditure of Rs. 1.56 crore due to irregular engagement of temporary teachers against leave vacancies.

(Paragraph 3.2.1)

- Audit could not establish veracity of the expenditure of Rs.30 lakh due to non-production of relevant records by the Divisional Forest Officer, West Division under the Council.

(Paragraph 3.3.4)

Section-I

1.1 Introduction

The Karbi Anglong District Council in Assam was set up on 23 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 Sixth Schedule, mainly in respect of allotment, occupation, use of land, management of forests (other than reserve forests), use of any canal or watercourse 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 powers to establish, construct or manage primary schools, dispensaries, markets, cattle pounds, ferries, fisheries, roads, road transport and waterways in the respective autonomous districts. The Councils also have the powers 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 the maintenance of schools, dispensaries or roads as listed in paragraph 8 of the Sixth Schedule.

In addition, under paragraph 6(2) of the Sixth Schedule, *ibid*, the State Government has entrusted to the District Council additional functions in relation to agriculture, animal husbandry, cottage industries, soil conservation, social welfare, fisheries, forests (including reserve forests), etc. since June 1970 (as revised in November 1979 and November 1992). According to the terms of entrustment, the District Council is to receive grants from the State Government for the management of the entrusted functions, and is to render monthly accounts in the prescribed form to the Accountant General with supporting vouchers. Budget provision for these functions (excepting for management of reserve forests) is made in the State budget, and the Council remains responsible to the State Legislature in respect of all matters relating to such funds provided for discharging the functions transferred to it. The State Government is to pay administrative charges to the Council for implementing these functions. In respect of reserve forests, no provision (expenditure or revenue) is made in the State budget, as the Council collects revenue and incurs normal expenditure relating to the management of forests.

1.2 Rules for the management of District Fund

The Sixth Schedule to the Constitution of India 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 exercise of the powers conferred under Sub-Para (2) of Para 7 of the Schedule (as it stood originally), the affairs of the District Councils are being regulated under the respective District Council Fund Rules. In respect of this District Council, these are regulated under the Karbi Anglong District Fund Rules, 1952 as approved by the Governor. In view of the amendment of paragraph 7(2) of the Schedule (made with effect from 2 April 1970) which provides that 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 moneys therein and any other matter connected with or ancillary to these matters, the State Government prepared in 1972 draft District Fund Rules, common to both the District Councils in Assam State. These draft rules were subsequently revised as the District Fund Rules, 1978, the Autonomous District Fund Rules, 1989, 1992 and 1995. The revised Rules, 1995 are yet to be finalised due to non-amendment of the Sixth Schedule to the Constitution of India.

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 State Government forwarded

this form of accounts to the Council in March 1978. The annual accounts for the year 2004-05 have been prepared in the prescribed format. The accounts which were due for submission by June 2005 were submitted to Audit in December 2006.

Results of test-check of the Annual Accounts submitted by the Council for the year 2004-05 are given in the succeeding paragraphs.

Section-II

2.1 Receipts and expenditure

2.1.1 Revenue receipts and expenditure

According to the Annual Accounts furnished by the Council, the revenue receipts and expenditure of the Council for the year 2004-05 and the resultant revenue and capital deficit were as shown in Table-1:

Table-1

(Rupees in lakh)

Part I District Fund				
Revenue Receipts and Disbursements				
Revenue Receipts			Revenue Expenditure	
2003-04	2004-05		2004-05	2003-04
233.08	253.85	Taxes on Income and Expenditure		
12.35	9.51	Land Revenue	309.27	250.80
3.07	1.90	Stamps and Registration fees	0.02	0.15
--		Public Health, Sanitation and Water Supply		0.16
0.13	0.01	Stationery and Printing	136.21	101.01
1.24	0.56	Public Works	310.45	345.43
0.05	0.01	Other Administrative Services		--
16.25		Education	3868.52	3800.11
66.80	69.72	Other General Economic Services	23.43	16.25
1.38	1.82	Fisheries	2.46	--
201.04	343.77	Forests	359.08	355.79
6.10	28.64	Mines and Minerals		--
5.99	3.95	Roads and Bridges		--
0.64	0.41	Miscellaneous receipts		--
		District Council Secretariat	25.47	42.30
		Executive Member	61.58	72.02
		Administration of Justice	6.83	0.81
		Secretariat General Services	219.19	173.19
		Pension and Other Retirement Benefits	95.51	84.90
		Art and Culture	27.44	10.02
	...	Urban Development	6.00	50.00
	...	Information and Publicity	0.51	--
	...	Social Security and Welfare	-	--
		Relief on account of Natural Calamities	-	6.81

		Minor Irrigation	-	20.00
	...	Roads and Transport Services	63.83	80.41
3638.54	3879.06	Grants-in-aid		
4186.66	4593.21	Total-A: Revenue Receipts and Expenditure	5515.80	5410.16
1223.50	922.59	Revenue deficit		
B	Capital Receipts and Disbursements			
		Capital account	25.64	64.50
		Debt		
		Loans & Advances		
1.09	0.63	Recoveries of Loans & Advances		
		Disbursement of Loans & advance	4.52	3.35
1.09	0.63	Total-B: Capital receipts & disbursements	30.16	67.85
66.76	29.53	Deficit under Capital & Loans and advances		
4,187.75	4,593.84	Total Receipts and Payments under Part I – District Fund	5,545.96	5,478.01
5,478.01	5,545.96	Total Part-I District Fund	5,545.96	5,478.01
		Part II Deposit Fund		
C		Receipts and Disbursements under entrusted functions of the State Government		
20,692.86	23,595.34	Funds received from the State Government		
		Expenditure incurred out of deposit fund	23,420.57	19,268.48
		Surplus / Savings on deposit fund	174.77	1,424.38
20,692.86	23,595.34	Total of Part II Deposit Fund	23,595.34	20,692.86
24,880.61	28,189.18	Total Receipts and Disbursement under Part I & II	28,966.53	24,746.49
D		← Opening balance	Closing balance →	
42.66	56.50	Cash	66.93	56.50
(-)5,351.60	(-) 5,231.32	Treasury (PLA)	(-) 6,019.10	(-)5,231.32
19,571.67	23,014.36	Grand Total (A+B+C+D)	23,014.36	19,571.67

2.1.2 Revenue Deficit

Revenue receipts (including grants-in-aid from the State Government) of the Council for the year 2004-05 pertaining to the functions as specified in the Sixth Schedule to the Constitution were Rs.45.93 crore. Against this, the Council spent Rs.55.16 crore resulting in revenue deficit of Rs.9.23 crore. This deficit was met by diversion of funds advanced by the State Government for discharging entrusted functions.

2.1.3 Receipts and expenditure compared with the actuals of previous year

Large variation in receipts and expenditure under different heads of account between current and previous years were noticed. A few instances of such cases are given in Table-2 below:

Table-2
A-Receipts

Sl. No.	Heads of Account	Actual receipts in 2003-04	Actual receipts in 2004-05	Variation Decrease (-)	Percentage of variation
	(Receipts)				
	Rupees in lakh				
1	Land Revenue	12.35	9.51	(-) 2.84	23
2	Stamps and Registration	3.07	1.90	(-) 1.17	38
3	Stationery and Printing	0.13	0.01	(-) 0.12	92
4	Public Works	1.24	0.56	(-) 0.68	55
5	Other Administrative services	0.05	0.01	(-) 0.04	80
6	Education	16.25	--	(-) 16.25	100
7	Roads and Bridges	5.99	3.95	(-) 2.04	34
8	Misc. receipts	0.64	0.41	(-) 0.23	36

B-Expenditure

Sl. No.	Heads of Account (Expenditure)	Expenditure in 2003-04	Expenditure in 2004-05	Variation Increase (+)	Percentage of variation
		Rupees in lakh			
1.	Administration of Justice	0.81	6.83	(+) 6.02	743
2.	Land Revenue	250.80	309.27	(+) 58.47	23
3	Secretariat General Services	173.19	219.19	(+) 46.00	27
4.	Stationery and Printing	101.01	136.21	(+) 35.20	35
5.	Pension and Other Retirement Benefit	84.90	95.51	(+) 10.61	12
6.	Art and Culture	10.02	27.44	(+) 17.42	174
7.	Information and Publicity	--	0.51	(+) 0.51	100
8.	Other General Economic Services	16.25	23.43	(+) 7.18	44
9.	Fisheries	--	2.46	(+) 2.46	100

Reasons for decrease in revenue receipts ranging from 23 to 100 *per cent* and increase in expenditure ranging from 12 to 743 *per cent* with reference to the previous year had not been intimated by the Council (March 2007).

2.1.4 Receipts and expenditure compared to budget provision

Receipts

Revenue receipts (excluding grants-in-aid of Rs.38.79 crore) during 2004-05 were Rs.7.14 crore against the estimated amount of Rs.29.63 crore (shortfall by 76 *per cent*). Significant shortfalls ranging from 37 to

100 per cent was noticed under 14 heads of account as shown in Table-3

below:

Table-3

Sl. No.	Heads of Account	Revenue collection		Shortfall	Percentage of shortfall
		Estimated amount as per budget	Actual receipts as per annual accounts		
		Rupees in lakh			
1	2	3			4
1.	Taxes on Income and Expenditure	400.00	253.85	146.15	37
2.	Land Revenue	262.00	9.51	252.49	96
3.	Stamps and Registration	60.00	1.90	58.10	97
4.	Taxes on Vehicle	150.00	-	150.00	100
5.	Interest Receipts	20.00	-	20.00	100
6.	Stationery and Printing	56.00	0.01	55.99	100*
7.	Public Works	85.00	0.56	84.44	99
8.	Other Administrative Services	16.00	0.01	15.99	100*
9.	Education	0.10	-	0.10	100
10.	Public Health Sanitation and Water Supply	20.00	-	20.00	100
11.	Other General Economic Services	280.00	69.72	210.28	75
12.	Forests	920.00	343.77	576.23	63
13.	Mines and Minerals	507.00	28.64	478.36	94
14.	Roads and Transport Services	185.00	-	185.00	100
	Total			2,053.31	

* Rounded figures

The above shortfall in collection of revenue against estimated provision indicated ineffectiveness of the Council in resource mobilisation from its

own sources. Reasons for shortfall had not been intimated by the Council (March 2007).

Expenditure

There was excess expenditure of Rs.1.14 crore over the budget provision under two heads of account during 2004-05 as shown in Table-4 below:

Table-4

Head of Accounts	Budget provisions	Actual expenditure as per annual accounts	Excess	Percentage of excess
<i>Rupees in lakh</i>				
1. Education	3,779.94	3,868.52	88.58	2
2 40-Capital Outlay on Public works	--	25.64	25.64	100
Total	3,779.94	3,894.16	114.22	

Reasons for shortfall in revenue receipts and excess expenditure over the budget provisions had not been intimated by the Council (March 2007). This also indicated that the budget estimates were not prepared on a realistic basis.

2.2 Comments on Accounts

2.2.1 Understatement of revenue expenditure

According to annual accounts (Statement No.2), Capital expenditure under the head "Capital outlay on PWD" was shown as Rs.25.64 lakh. Scrutiny of records revealed that the expenditure actually related to revenue items like repair/maintenance.

The Council admitted (February 2007) the mistake.

Thus, the incorrect booking of revenue expenditure under capital head of accounts resulted in overstatement of capital expenditure under "Capital outlay on PWD" by Rs.25.64 lakh with corresponding understatement of revenue expenditure (Statement-6) under "Public works" to that extent.

2.3 Entrusted functions

2.3.1 Understatement of receipts and expenditure

In the Annual Accounts for 2004-05, the Council accounted for receipts (from the State Government) of Rs.235.95 crore and expenditure of Rs.234.21 crore against the entrusted functions.

Scrutiny of grant sanctioning orders, ledgers and vouchers of the Council revealed that during 2004-05, the Council actually received Rs.236.08 crore¹ for discharging entrusted functions, against which the Council spent Rs.234.51 crore².

Thus, there was understatement of receipts and expenditure by Rs.0.13 crore³ and Rs.0.30 crore⁴ respectively.

2.3.2 Irregular retention and diversion of Plan funds

According to the terms of the Memorandum of Understanding (MoU) dated 31 December 1996 between the Government of Assam and the Council, any Plan fund left unutilised at the close of the financial year is to

¹ Plan: Rs.122.09 crore and non-Plan: Rs.113.99 crore.= Rs.236.08 crore.

² Plan: Rs.117.05 crore and non-Plan: Rs.117.46 crore =Rs.234.51 crore.

³ Rs.236.08 crore – Rs. 235.95 crore = Rs.0.13 crore.

⁴ Rs.234.51 crore – Rs.234.21 crore= Rs.0.30 crore.

be refunded into treasury by 15 March every year under intimation to the State Finance Department and no part of the unutilised Plan funds should be carried over to the next financial year. During the year 2004-05, the Council received Plan funds of Rs.122.09 crore against which, it had incurred an expenditure of Rs.117.05 crore leaving unutilised balance of Rs.5.04 crore. The Council, in violation of the terms of MoU, did not refund the unutilised balance of Rs.5.04 crore to the State Government but instead utilised the same towards expenditure pertaining to its own functions.

The irregularity persisted over the years despite having been pointed out in earlier Audit Reports.

2.3.3 Diversion of funds

As per the MoU referred to in para 2.3.2 the Council is not empowered to re-appropriate funds from one Major Head of account to another in the case of entrusted functions and is required to restrict expenditure within the budget provision/fund released by the State Government.

Scrutiny of records revealed that the Council incurred an expenditure of Rs.1.14 crore in excess of the funds released by the State Government by diversion from other heads without obtaining approval of the Government under the following heads of account as shown in Table-5 below:

Table-5

(Rupees in lakh)

Sl. No.	Heads of Account	Plan/Non-Plan	Fund released	Expenditure incurred	Excess
1.	2205 Archeology	Plan	4.00	4.02	0.02
2.	2205 Cultural Centre	Plan	7.00	7.27	0.27
3.	2217 Urban Development	Plan	72.90	88.54	15.64
4.	4701 Irrigation (M&M)	Plan	45.00	45.35	0.35
5.	4702 Irrigation (M&M)	Plan	450.30	486.38	36.08
6.	2403 A.H.& Veterinary	Plan	269.70	277.94	8.24
7.	2403 Diary Development	Plan	63.20	63.25	0.05
8.	2215 Public Health and Sanitation	Plan	1047.60	1060.40	12.80
9.	2406 Forests	Plan	614.00	621.58	7.58
10.	3452 Tourism	Plan	3.30	3.49	0.19
11.	5452 Capital Outlay on Tourism	Plan	54.60	54.62	0.02
12.	2202 Secondary Education	Non-Plan	1911.00	1923.61	12.61
13.	2204 Sports and Welfare	Non-Plan	24.76	24.78	0.02
14.	2205 Library	Non-Plan	7.06	7.65	0.59
15.	2702 Irrigation (Minor)	Non-Plan	216.27	221.54	5.27
16.	2403 A.H.& Veterinary	Non-Plan	374.09	375.95	1.86
17.	2401 Agriculture	Non-Plan	706.27	717.82	11.55
18.	2435 Agriculture Marketing	Non-Plan	37.34	38.09	0.75
Total			5,908.39	6,022.28	113.89

The irregularity persisted over the years despite having been pointed out in successive Audit Reports. Reasons for the excess expenditure and diversion of funds had not been stated by the Council (March 2007).

2.4 Personal Ledger Account

The Council maintained a Personal Ledger Account (PLA) with the Diphu Treasury, into which all receipts on account of regular functions and entrusted functions are credited and from which all expenditure on both the functions are met. However, according to the annual accounts for the year 2004-05, the PLA of the Council had depicted a closing balance of *minus* Rs.60.19 crore against Rs.3.08 crore reflected in the accounts of the treasury. Besides, there were also discrepancies between the closing balance of the cash book and that shown in the annual accounts as shown in Table-6 below:

Table-6

(Rupees in crore)

Opening balance(OB) & closing balance(CB)	As per treasury records	As per PLA Cash Book	As per annual accounts 2004-05
OB as on 01/04/04	10.18	10.18 ⁵	(-)52.31
CB as on 31/03/05	3.08	2.65	(-) 60.19

The above discrepancies, persisting since 1985-86, had not been reconciled by the Council with the figures reflected in the accounts, cash book and treasury records despite this having been pointed out in successive Audit Reports.

Reasons for non-reconciliation of discrepancies with the treasury records and the other two sets of records were not intimated (March 2007).

⁵ Closing balance of (-) Rs.10.04 crore as on 31/03/04 was shown as opening balance of Rs.10.18 crore on 01/04/04 without any reconciliation with the treasury record.

Section -III

3.1

Loss of Revenue

As per Silviculture⁶ norms, the average life span of bamboos is eight years, and therefore bamboos are to be extracted in the fifth year of raising. If extraction of bamboos is not done in the fifth year, the bamboos will dry up and result in loss of forest revenue.

In November 1990, the Council had entered into an agreement with M/s Hindustan Paper Corporation Ltd. (HPC) for 20 years. As per the terms and conditions of the agreement, a maximum of two lakh MTAD (metric tonne air dried) bamboos were to be allotted to the firm for extraction in a year. If HPC failed to extract the allotted quantity, the Council had the liberty to dispose of such un-extracted bamboos.

- Scrutiny of records of the Council revealed loss of revenue in this regard, as detailed below:

During 2004-05 the Council allotted 1.60 lakh MT⁷ bamboos to be extracted by the firm on payment of royalty at the rate of Rs.137 per 100 bamboos (5.30 cum). Against the allotted quantity, the firm extracted only 33,373.01 MT. The firm was therefore liable to pay Rs.45.72 lakh as royalty to the Council for the quantity it extracted. It however, paid only Rs.22.17 lakh between September 2004 and June 2005 leaving a balance

⁶ Silviculture means the growing and cultivation of trees.

⁷ By application of conversion method : 100 full length bamboo (15 meter long) = 5.3 cum = 1

MTAD = 1 MT

of Rs.23.55 lakh unpaid. The Council had not pursued the matter with HPC thereafter for recovery of dues. The Council had also lost Rs.173.48 lakh on account of short operation/harvesting of 1,26,626.99 MT of bamboos by HPC.

Thus, due to non-extraction of balance quantity of bamboos by the firm and short realisation of royalty, the Council sustained total loss of forest revenue Rs.197.03 lakh. The Council also did not take any action to sell the un-extracted bamboos.

The Council did not furnish any reply (March 2007).

3.2 Revenue expenditure

3.2.1 Extra expenditure due to irregular engagement of temporary teachers against leave vacancies

As per the existing norms prescribed for primary schools of Karbi Anglong district, teacher-pupil ratio was required to be maintained at 1:40.

Test check of records of the Education department of the Council revealed that during the academic session of 2004-05, the Council entertained 2,060 teachers in 942 Primary Schools of urban/semi-urban areas under seven out of 11 blocks against the requirement of 1,729 teachers as per the norms. This resulted in entertainment of 331 teachers in excess of norms as shown in Table-7 below:

Table-7

Sl. No.	Name of the Block	No. of Schools	Enrolment of Students during academic session 2004-05	Teachers in position	Numbers of teachers required as per norm	Excess teachers deployed
1.	Howraghat	173	13,603	454	340	114
2.	Lumbajong	148	13,052	361	326	35
3.	Samelangso	121	8,133	277	203	74
4.	Chinthong	139	8,241	224	206	18
5.	Bokajan	164	13,002	393	325	68
6.	Rongmongve	82	4,703	125	118	7
7.	Langsomepi	115	8,442	226	211	15
Total		942	69,176	2,060	1,729	331

Also, while the Council entertained 331 excess teachers in 942 schools during 2004-05, it appointed temporary teachers ranging from 222 to 314 teachers per month against leave vacancies in schools located in the Council area during the corresponding period.

Had the Council utilised the services of 331 excess teachers in 942 schools against leave vacancies, it would have avoided extra expenditure of Rs.1.56 crore (*Appendix-1*) incurred during 2004-05 alone on pay and allowances of the temporary teachers appointed against leave vacancies.

The Council had not furnished any reply (March 2007).

3.2.2 Diversion of Capital fund

The Transport Department of the Government of Assam released Rs.20 lakh (January 2005) as grants-in-aid to the Council for incurring capital

expenditure. The Council spent the entire amount on revenue items viz., purchase of spare parts, tyres, tubes, etc., without obtaining approval from the Government.

Further, the Council received, non-Plan grant of Rs.3.34 crore from the State Government during 2004-05 for regularisation of Plan teachers. Against this, the Council spent Rs.2.69 crore on regularisation of teachers and diverted the balance Rs.0.65 crore (Rs.65 lakh) towards its own functions.

Thus, there was irregular and unauthorized diversion of funds of Rs.65 lakh.

3.3 Other points

3.3.1 Unauthorised deposit of State revenue into Council fund

Revenue earned from entrusted activities was to be deposited into State Government Account. Contrary to this, the Council deposited State revenue of Rs.53.06 lakh earned from entrusted activities (being sale proceeds and other revenue receipts etc.) during 2004-05 into the Council's fund and treated the same as Part-II: Deposit Fund of the Council. The irregular deposit of State revenue into the Council fund instead of depositing in the treasury persisted despite having been pointed out in earlier Audit Reports.

Reason for treating State revenue as Council's receipts was neither on record nor stated (March 2007).

3.3.2 Irregular utilisation of departmental receipts towards departmental expenditure

According to Rule 18 of the Karbi Anglong District Fund Rules, 1952 all moneys received by the Council shall be remitted into the treasury promptly and shall on no account be appropriated towards the Council's expenditure. Rule 17 of the said fund Rules further provides that all receipts due to the Council collected by any employee of the Council authorised to collect such receipts, should be deposited with the cashier, who shall enter them in the cash book of the Council

Test-check of records of the Transport Department of the Council revealed that during the year 2004-05, the Council collected revenue of Rs.10.12 lakh as sale proceeds of passenger tickets under Road Transport Services.

Out of this, the Council spent Rs.6 lakh towards departmental expenditure on repair and maintenance of vehicles during the year 2004-05, without obtaining approval from the competent authority.

The Council did not furnish any reply to the above observation (March 2007).

3.3.3 Non-submission of utilisation certificate

During 2004-05, the Council received Plan and non-Plan grants-in-aid of Rs.35.92 crore from the State Government for management of Primary Education (Rs.35.25 crore) of the Council and implementation of PMGY scheme (Rs.0.67 crore). Though the Council had shown full utilization of the entire grants-in-aid, utilisation certificate for the same had not been submitted to the State Government, as of March 2007.

3.3.4 Non-accounting of fund and non production of records

The Council released Rs.30 lakh (March 2005) to the Divisional Forest Officer, West Division, Diphu as a one time assistance for infrastructure development.

Scrutiny revealed that the above amount was not accounted for in the cash book of the Division nor were the relevant records in support of utilisation of the amount furnished by the Divisional Forest Officer, West Division to audit. Thus, the expenditure of Rs.30 lakh could not be vouchsafed in audit.



(Sword Vashum)
Principal Accountant General

GUWAHATI
THE 12 MAR 2008

Countersigned



(Vinod Rai)
Comptroller and Auditor General of India

NEW DELHI
THE 24 MAR 2008

Appendix-1

(Ref. Paragraph 3.2.1)

Pay and allowances to temporary teachers appointed on leave vacancy

Month	Numbers of temporary teachers appointed during the month	Pay and allowances allowed during the month (In Rupees)
April 2004	225	11,99,637
May 2004	222	11,83,680
June 2004	224	11,88,979
July 2004	253	13,50,685
August 2004	247	13,18,711
September 2004	240	12,81,408
October 2004	225	11,96,750
November 2004	245	12,94,945
December 2004	249	13,26,919
January 2004	314	16,71,738
February 2005	237	12,65,310
March 2005	239	12,75,968
Total	2918	1,55,54,730