

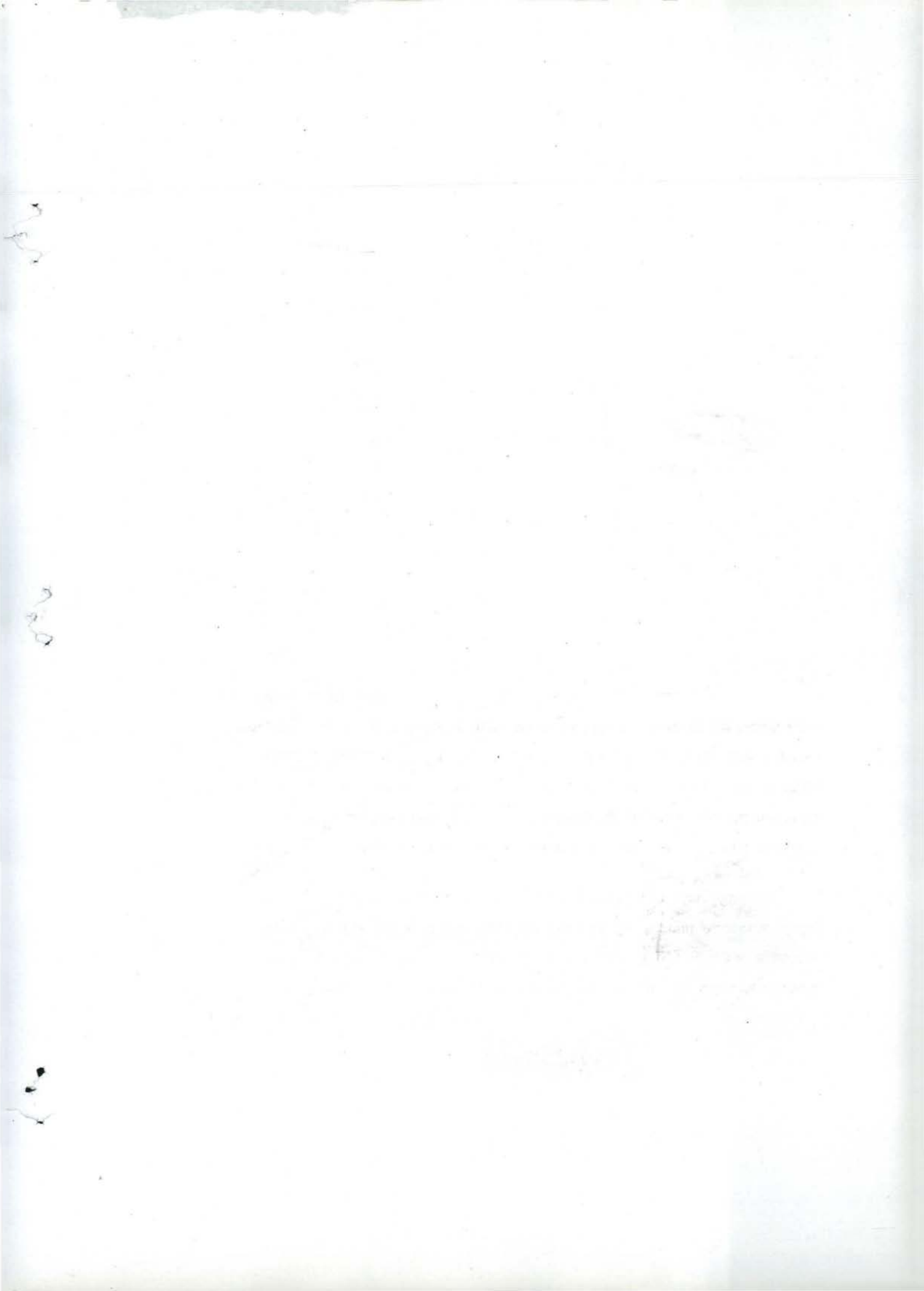
**Report of the
Comptroller and Auditor General
of India**

For the year 1994-95

**TRIPURA TRIBAL AREAS AUTONOMOUS
DISTRICT COUNCIL
KHUMULWNG
TRIPURA**

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PREFACE

This Report has been prepared for submission to the Governor under Paragraph 7(4) of the Sixth Schedule to the Constitution of India. It relates mainly to the points arising from the audit of the Annual Accounts of the Tripura Tribal Areas Autonomous District Council for the year 1994-95.

2. This Report contains three sections. The first section deals with the constitution of the Council, the rules for the management of the District Fund and maintenance of accounts by the Council. The remaining two sections include comments on the Council's financial position and various irregularities noticed during the test audit of the accounts of the Council for the year 1994-95.

OVERVIEW

- Personal Ledger (PL) account was understated by Rs. 1.17 crore; opening and closing cash balances were overstated by Rs. 0.84 crore and Rs. 1.60 crore respectively and advances to implementing agencies were understated by Rs. 0.43 crore.

(Paragraph 2.1.1 (i,ii and iii))

- Excess expenditure of Rs.13.39 crore was incurred on 'Direction and Administration', over and above the budget provision, by diverting funds meant for development expenditure.

(Paragraph 2.2.1)

- There was inadequate monitoring of the funds advanced to the implementing officers as the latter did not submit detailed accounts at regular intervals. The actual expenditure reported was only 9 per cent of the funds advanced.

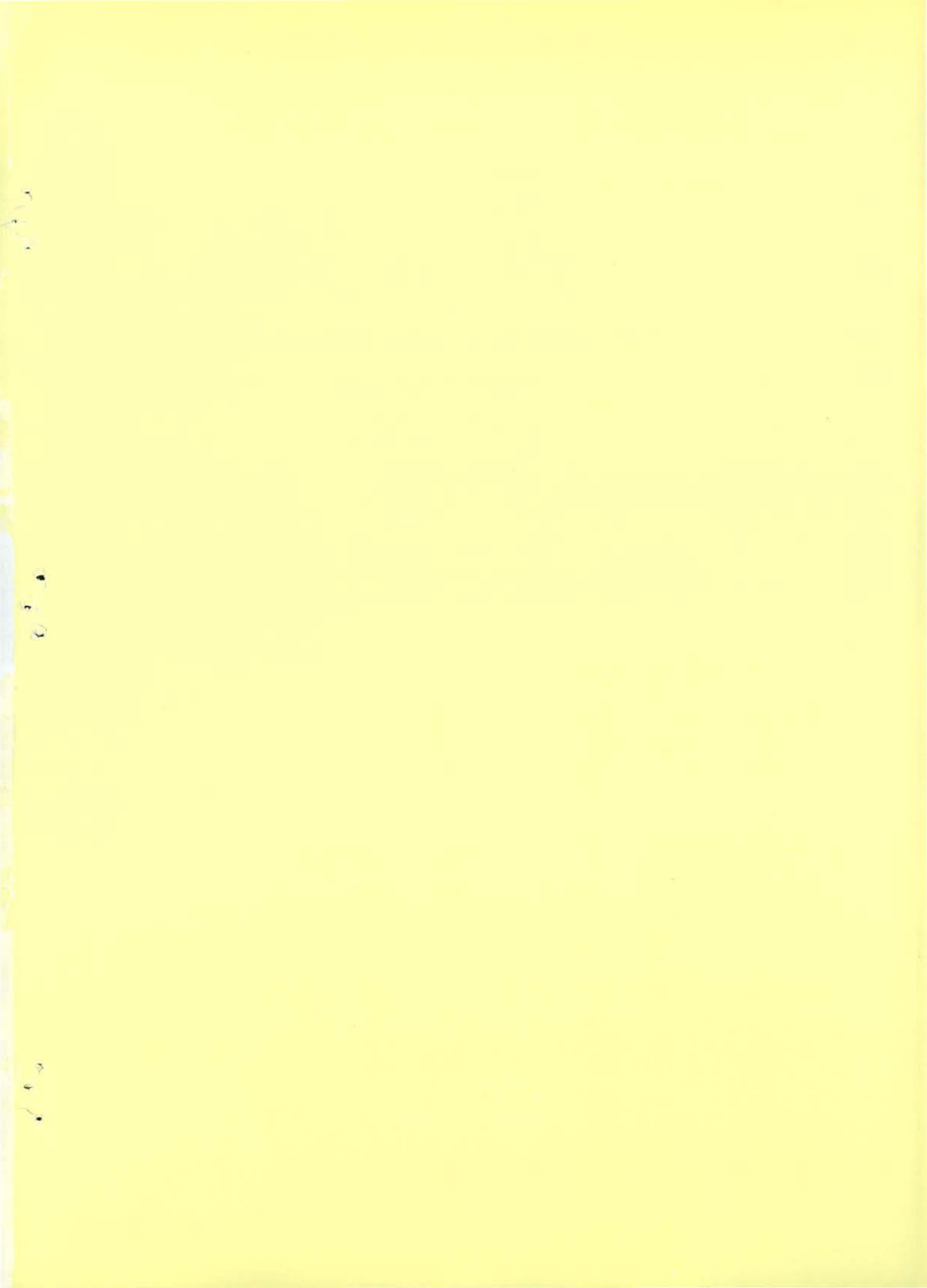
(Paragraph 2.2.2)

- Liabilities were understated due to non-inclusion of interest on GPF subscription of the employees.

(Paragraph 2.3.3)

- Text books printed at a cost of Rs.11.35 lakh remained unutilized rendering the expenditure wasteful.

(Paragraph 3.1)



Section - I

1.1 Introduction

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

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

1.2 Rules for the management of District Fund

The Sixth Schedule provides for the constitution of a District fund for each autonomous district, to which shall be credited all money received by the Council in the course of administration of the district in accordance with the provisions of the Constitution. In terms of paragraph 7(2) of the Schedule, rules are to be framed by the Governor for the management of the District Fund and for the procedure to be followed in respect of payment of money

into the said Fund, the withdrawal of money therefrom, the custody of money therein and any other matter connected with or ancillary to these matters. The rules in this regard were notified only in December 2006.

1.3 Maintenance of Accounts

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

The accounts of the Council for 1994-95 were received in the old format in April 1998. Since the approval of the Government of India for preparation of accounts in the old format was only up to 1991-92, the Council was asked (June 2000) to resubmit the accounts in the new format. Subsequently, the Government of India permitted (December 2005) the Council to submit the annual accounts up to 1995-96 in the old format.

Results of test check of the Annual Accounts of the Council for 1994-95 are discussed in the succeeding paragraphs.

Section – II

2.1 Annual Accounts

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

2.1.1 Receipts and Payment Account

The following table presents a summary of the Receipts and Payment Account of the Council for the year 1994-95.

<i>(Rupees in lakh)</i>	
Particulars	Amount
1. Opening Balance	3541.38
- Cash in hand	Nil
- Cash at bank	553.50
- Cash at Treasury (PLA Cash Book)	2987.88
2. Receipts	3867.59
- Grants-in-aid	3272.86
- Share of Taxes	502.00
- Miscellaneous Receipts	3.30
- Refunds(including loans and advances)	23.53
- GPF contribution, credit suspense and cancelled cheques	65.90
3. Total Receipts (1+2)	7408.97
4. Payments	4479.33
5. Closing Balance (3-4)	2929.64
- Cash in hand	Nil
- Cash at bank	582.01
- Cash at Treasury (PLA Cash Book)	2347.63

(i) Deposit in the Personal Ledger (PL) Account as reconciled with the Treasury was Rs. 38.92 crore while the amount exhibited in the Receipts and Payment account was Rs. 37.75 crore. This resulted in understatement of receipts by Rs. 1.17 crore.

(ii) The opening and closing cash balances (General and PLA Cash Books) were Rs.34.57 crore and Rs. 27.70 crore respectively but were shown in the Receipts and Payment Account as Rs.35.41 crore and Rs. 29.30 crore respectively leading to overstatement of opening balance by Rs. 0.84 crore and of closing balance by Rs. 1.60 crore. The discrepancies had not been reconciled (April 2007), despite assurance from the Council (July 2006).

(iii) Advances amounting to Rs.43.06 crore¹ paid during 1994-95 to the implementing officers/agencies were exhibited in the Receipts and Payment Account as Rs.42.63 crore, resulting in understatement of Advances by Rs.0.43 crore, which had not been reconciled as of September 2007.

(iv) The Receipts and Payments account and the Income & Expenditure Accounts exhibited large differences in the figures relating to salaries, allowances and TA etc. as detailed below:

(Rupees in lakh)

Item of expenditure	Figures as per Receipts & Payment Account	Figures as per Income and Expenditure Account	Difference
Salary	67.42	2135.11	2067.69
TA to staff	2.63	5.76	3.13
Allowances to members	3.21	6.27	3.06
TA to members	1.10	2.57	1.47
		Total	2075.35

The Council stated (June 2007) that the Income and Expenditure account exhibited the consolidated expenditure of different DDOs whereas the Receipts and Payment Account exhibited only the figures relating to the Executive Officer (Admn.). The reply is not acceptable, as the Council neither maintained ledgers nor could furnish documents in support of its reply.

1

AS PER RECEIPTS AND PAYMENT ACCOUNT		AS PER REGISTERS MAINTAINED BY THE COUNCIL	
P.O. FOREST	8522053.00	ZDOS (4 NOS)	109126821.5
ZDOs	109126821.50	EXECUTIVE ENGINEER(3 NOS)	97870829
EE, TTAADC	97870829.00	Pos (11 NOS)	219496045
EE, DIV-I	66730.00	OTHERS (8 NOS)	3613400
POs	202622007.00	IS (13 NOS)	500000
OTHERS	3613400.00		
Inspector of schools	500000.00		
CSEO TTAADC	63000.00		
Secretary District Council	3880000.00		
	426264840.50		430607095.5

2.2 Budget Estimates and Actuals**2.2.1 Expenditure**

The actual expenditure *vis-à-vis* the budget provision in 1994-95 is shown in the table below:

(Rupees in crore)

Sl. No.	Particulars of Expenditure	Budget Provision	Actuals	Excess(+)/ Shortfall (-)	Percentage of Excess/ shortfall
1.	Direction and Administration	9.64 ²	23.03	(+) 13.39	(+) 139
2.	Development and Transferred Schemes	35.59	21.77	(-) 13.82	(-) 39
Total		45.23	44.80	(-) 0.43	

While the expenditure on "Direction and Administration" exceeded the budget provision by Rs.13.39 crore, the expenditure on 'Development and Transferred Schemes' was less than the budget provision by Rs.13.82 crore, indicating diversion of funds for expenditure on Direction and Administration and preparation of unrealistic budget. The Council accepted the facts and attributed (September 2007) it to new employment and release of Dearness Allowance during the year.

2.2.2 Lack of financial control

Due to lack of adequate administrative set up of its own, the Council advanced funds to the officers under the administrative control of the State Government to implement schemes and works on its behalf. Most of these officers/agencies³ did not submit the expenditure statements regularly to the Council.

Scrutiny of records disclosed that the implementing agencies had reported expenditure (Rs. 2.38 crore) for only 9 *per cent* of the amount advanced (Rs. 27.20 crore) (including the opening balance) to them during 1994-95.

² Plan Fund: Rs. 444.34 lakh, Own Fund: Rs. 519.66 lakh.

³ Viz., Block Development Officers, Sub-Divisional Officers, Superintendents of Agriculture, Inspectors of Schools, State PWD, Animal Husbandry Department etc.

The shortfall in reported expenditure and the Council's inability to get detailed accounts of the funds advanced to these officers showed that the advances were being given in a liberal manner and there was little or no monitoring of the expenditure on development works implemented through State Government agencies.

2.3 Balance Sheet - Assets

2.3.1 Suspense Account

The Council did not devise any procedure for obtaining acknowledgement of receipt of funds transferred to the Implementing Officers for various projects. The funds transferred but unacknowledged were booked under Suspense account. During 1994-95, the suspense account closed with a balance of Rs. 149.52 lakh. Audit check revealed that the suspense balance was not cleared in the subsequent year also.

2.3.2 Overstatement of receivables (share of taxes)

Rupees 502 lakh was received during the year as share of taxes, out of which, Rs. 428.95 lakh was booked in the Income and Expenditure Account and Rs. 73.05 lakh in the Balance Sheet as reduction of the arrears. The basis for such classification was neither stated nor available on record.

Liabilities

2.3.3 Non-provision of interest on General Provident Fund

Liabilities do not include interest on General Provident Fund balances of the employees of the Council and were, therefore, understated. The amount could not be quantified, as the Council did not furnish the details of GPF accounts of the employees.

2.3.4 Credit Suspense

Rupees 2.43 lakh was shown in the Balance Sheet as credit suspense. The Council could not furnish the details of such balances. The balance was not cleared at the end of March 1995 and was carried over to the subsequent year (1995-96).

2.4 Income and Expenditure Account

2.4.1 Wrong classification of expenditure

The expenditure of Rs.12.64 lakh (Business Shed: Rs.11.59 lakh and Community Hall: Rs.1.05 lakh) was booked as revenue expenditure instead of as Capital expenditure, overstating the revenue expenditure by Rs.12.64 lakh and understating the fixed assets to that extent.

2.4.2 Erroneous booking of expenditure

Rupees 99.21 lakh spent on Forest Development Schemes was misclassified as expenditure on Business Shed and Rs.11.59 lakh spent on Business Shed was misclassified as expenditure on Forest Development Schemes.

2.4.3 General

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

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

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

Section - III

3.1 Wasteful expenditure

In 1992, the Council decided to change the medium of instruction for classes I to V from Bengali to Kokborak and the script from Bengali to Roman. In 1994-95, 99,962 text books (literature and arithmetic) were printed in Roman script at a cost of Rs. 11.35 lakh. Subsequently, the Council withdrew the books stating that the students would face difficulty, as Bengali script was being used for Kokborak language from class VI onwards. This resulted in wasteful expenditure of Rs.11.35 lakh on unused books.

3.2 Unadjusted advances

The Inspector of Schools, Jirania, advanced Rs. 3.01 lakh to various schools for repair/ construction/reconstruction works, without recording in the Cash Book.

No register was maintained to watch the adjustment of these advances. While the final adjustment was due within three months in case of repairs/ reconstruction and five months in case of new work, the entire amount remained unadjusted as of September 2007.

3.3 Internal Control Mechanism

Non-reconciliation of cash balances with implementing officers, variation in the balances shown in the Cash Book of the Council with that of other DDOs, misclassification of expenditure, non-maintenance of basic records in support of the figures booked in the final accounts, differences in the figures incorporated in the annual accounts and the figures in the subsidiary books, differences in the expenditure figures booked in the annual accounts and the figures furnished by the implementing offices, advances lying unadjusted and expenditure in excess of budget provision reflect inadequate internal control

mechanism in the Council and raise serious questions about the correctness, completeness and reliability of accounts.

Agartala

The 7 JUL 2008

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

Countersigned

New Delhi

The 18 July 2008

(VINOD RAI)
Comptroller and Auditor General of India

