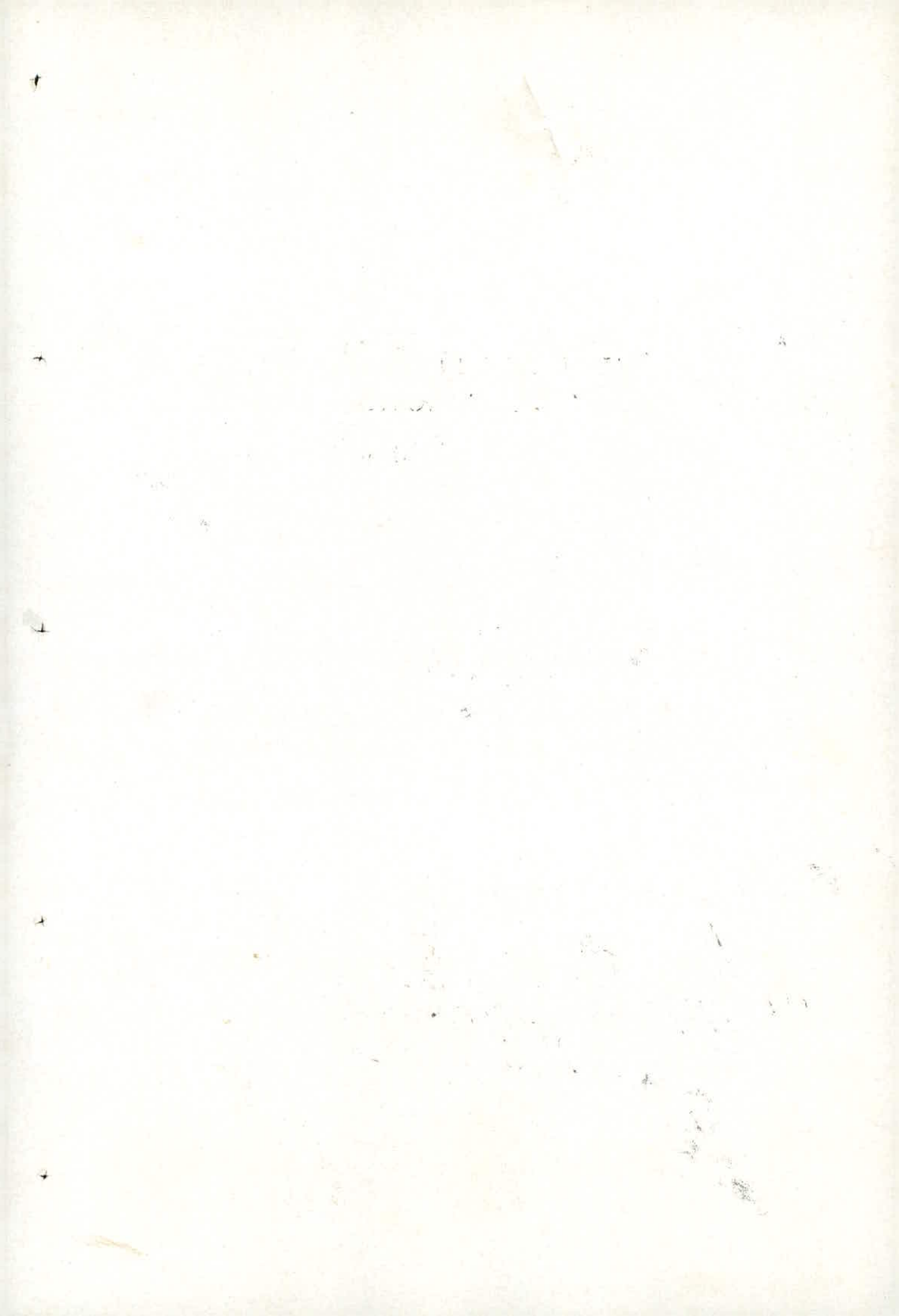




# **REPORT OF THE Comptroller and Auditor General of India**

**FOR THE YEAR  
1994 - 95**

**GARO HILLS AUTONOMOUS DISTRICT COUNCIL  
TURA ( MEGHALAYA )**



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## **PREFATORY REMARKS**

This Report has been prepared for submission to the Governor under paragraph 7 (4) of the Sixth Schedule to the Constitution of India. It relates mainly to points arising from the audit of the financial transactions of the Garo Hills District Council.

2. The cases mentioned in this Report are those which came to notice in the course of test check of the accounts of the Council for the year 1994 - 95.

3. This Report contains three sections of which one section deals with the constitution of the Garo Hills District Council, the rules for the management of District Funds and maintenance of account by the District Council. The remaining two sections include comments on the Council's financial position and various irregularities relating to the year 1994 - 95.



## OVERVIEW

During 1994-95, 12 hats were leased out to different lessees at a total amount of Rs. 5.71 lakhs out of which only Rs. 3.16 lakhs was deposited by them, resulting in a loss of revenue of Rs. 2.55 lakhs.

(Paragraph 3.1)

- There were arrears in collection of Council's revenues to the extent of Rs. 70.42 lakhs as on 31 March 1995 in respect of land revenue, house tax and water tax.

(Paragraph 3.2)

- Grants-in-aid amounting to Rs. 16.50 lakhs received from the Government during the period from 1983 - 84 to 1993 - 94 for different purposes remained unutilised as of March 1996 and were not refunded to the Government.

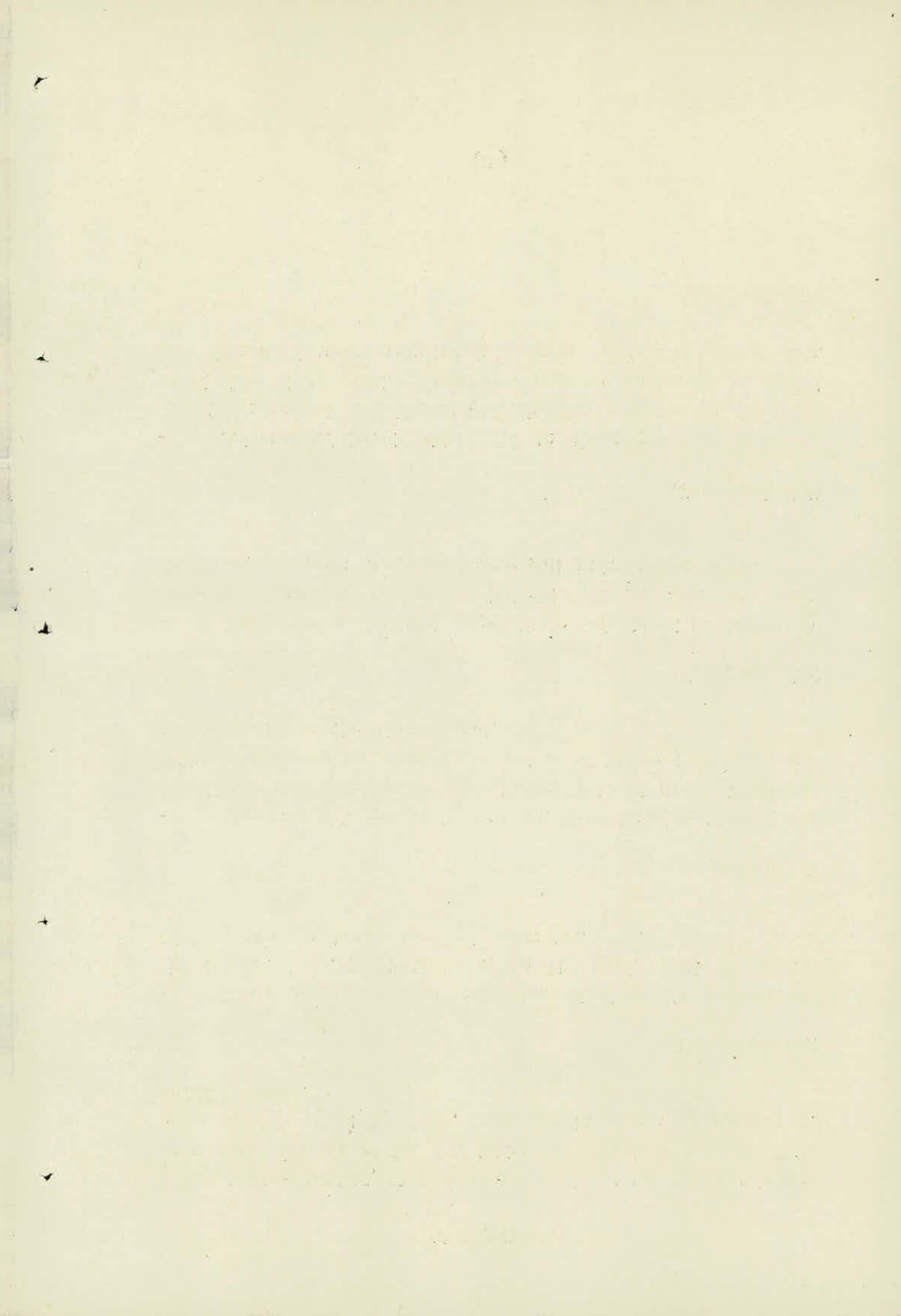
(Paragraph 3.4)

- There was a doubtful expenditure of Rs. 1.15 lakhs on account of annual repairs of judicial officers Quarters since the buildings shown as repaired were still under construction.

(Paragraph 3.5)

- Advance of Rs. 4 lakhs paid to three contractors during 1991-92 remained unadjusted (March 1996) even though the scheduled date of completion was over and no extension of period was demanded which resulted in locking up of Council's funds.

(Paragraph 3.6)



in April 1977 and communicated to the Garo Hills District Council in June 1977.

The Annual accounts for the year 1994 - 95 were submitted only in December 1995 though these were required to be submitted by 30 June 1995.

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

## SECTION II

## 2.1 Receipts and expenditure

According to the Annual Financial statements furnished by the Council, the receipt and expenditure of the Council for the period 1994 - 95 with resultant surplus/deficit were as under:-

Receipts (Rupees in lakhs)

## Part - I District Fund

## (a) Revenue receipts

	1993-94	1994-95
	(a)	
(i) Taxes on Income and expenditure	33.97	40.04
(ii) Land revenue	37.98	42.12
(iii) Stamp and Registration fees	—	0.62
(iv) Taxes on vehicles	13.20	16.51
(v) Stationery and printing	0.08	0.29
(vi) Public Works	—	5.46
(vii) Other Administrative Services	—	0.02
(viii) Public Health and Sanitation	1.37	1.33
(ix) Forest	122.46	113.29
(x) Other General Economic Services	—	20.35
(xi) Grants - in - aid from the State Government	172.66	97.17
(xii) Mines and Minerals	5.38	—
(xiii) Others	0.75	—
Total revenue receipts (a)	<u>387.85</u>	<u>337.20</u>
Revenue deficit	42.60	58.36
(b) Capital	—	—
(c) (i) Loans received from Government	—	40.00
(ii) Loans received from other sources	63.50	2.00
Total (c)	63.50	42.00
(d) Loans and Advances		
Recoveries of Loans and Advances	65.04	4.15
Total Part - I District Fund	<u>516.39</u>	<u>383.35</u>

(a) The variation in figures under various heads of accounts was mainly due to misclassification in the accounts in the year 1993-94.



Receipts		( Rupees in lakhs )	
		1993-94	1994-95
<b>Part - II Deposit Fund</b>			
Deposit Receipts		6.24	6.70
<b>Total Part - II</b>		<u>6.24</u>	<u>6.70</u>
<b>Total receipts ( Part I + II )</b>		522.63	390.05
<b>Opening balance</b>		27.99	4 0.66
<b>Grand Total</b>		<u>550.62</u>	<u>430.71</u>
<b>Disbursements</b>			
<b>Part I District Fund</b>			
(a) Revenue expenditure	(b)		
(i) District Council	16.86	17.59	
(ii) Executive Members	2.19	3.50	
(iii) Administration of Justice	—	2.10	
(iv) Land revenue	83.44	64.92	
(v) Secretariat General Services	93.77	71.17	
(vi) Stationery and Printing	1.23	7.48	
(vii) Public works	72.10	49.75	
(viii) Pension and other retirement benefits	—	48.67	
(ix) Public Health, Sanitation and Water Supply	0.96	14.72	
(x) Other General Economic Services	10.09	18.38	
(xi) Forest	68.66	24.49	
(xii) Roads and Bridges	71.84	68.94	
(xiii) Road Transport Services ( by Transfer to 1st PL Account from 2nd PL Account )	—	3.85	
(xiv) Others	9.31	—	
<b>Total Revenue expenditure (a)</b>	<u>430.45</u>	<u>395.56</u>	
(b) Capital expenditure	—	—	
(c) (i) Repayment of Loans received from Government	—	—	
(ii) Repayment of Loans received from other sources	5.00	6.00	
<b>Total (c)</b>	<u>5.00</u>	<u>6.00</u>	
(d) Payments of Loans and advances	74.49	5.02	
<b>Total Part I District Fund ( a+b+c+d )</b>	<u>509.94</u>	<u>406.58</u>	
<b>Part II Deposit Fund</b>			
Deposit Fund			
Deposit payment	0.01	—	
<b>Total Part II</b>	<u>0.01</u>	—	
<b>Total disbursements (Part I+II)</b>	509.95	406.58	
<b>Closing balance</b>	40.67	24.13	
<b>Grand Total</b>	<u>550.62</u>	<u>431.71</u>	

(b) The variation in figures under various heads of accounts between the two years was mainly due to misclassification in the accounts in the year 1993-94.

## 2.2 Revenue receipts compared to budget provision

The estimated provision of the Council's own revenue and its actual realisation during the year 1994-95 were as under:-

<u>Budget provision</u>	<u>Actual</u>	<u>Shortfall</u>	<u>Percentage of shortfall</u>
(Rupees in lakhs)			
416.55	240.03	176.52	42

The shortfall was mainly under taxes on profession, trades, calling etc. Land Revenue, Stamps and Registration, Forest, Stationery and Printing. The shortfall would increase if the amount of Rs. 5.46 lakhs received from agents for purpose not mentioned by the Council and accounted for under Public Works and Rs. 20.35 lakhs received as Grants-in-aid from non-Government agency under the head of account 'Other General Economic Services' are excluded as these were not included in the budget provision.

The reason for the shortfall in realisation of revenue had neither been analysed nor stated.

## 2.3 (a) Understatement/overstatement of receipts/expenditure

In statement No. 5 of annual accounts, Rs. 42.12 lakhs was shown as receipts from land revenue. But actually Rs. 42.90 lakhs was collected by the Land Revenue branch and remitted to the Personal Ledger Account during the year.

Thus Rs. 0.78 lakh was understated as revenue receipt.

(b) In statement No. 5 of the accounts a total amount of Rs. 113.29 lakhs was shown as Forest Revenue which included Rs. 39.73 lakhs received from State Government as Council's share on Minor Minerals as ascertained by Audit. But actually Rs. 56.17 lakhs was sanctioned and released by the State Government towards Council's share on Minor Minerals during 1994-95. Out of that, Rs. 16.44 lakhs was adjusted against the Council's election expenses by the Deputy Commissioner, Tura in accordance with Government's instruction. As the amount was not received in cash by the Council but was drawn and adjusted by the Deputy Commissioner, Tura, this amount was neither shown as receipt nor accounted for as expenditure of the Council. This had resulted in an understatement of receipt and expenditure of Rs. 16.44 lakhs.

(c) **Overstatement of receipt on taxes on vehicles**

The taxes on Motor Vehicles allowed to ply within the territorial jurisdiction of the Council are initially collected by the Government and thereafter the net collections (Gross collection minus collection charges) are paid to the Council.

During the year 1994-95, the Government released Rs. 14.53 lakhs as Council's share of Motor Vehicle taxes, relating to the

year 1991-92 (Rs. 0.02 lakh as balance share) 1992-93 (Rs. 0.51 lakh as balance share) and 1993-94 (Rs. 14 lakhs) and accordingly this was deposited in the Council's PL Account. But as per statement No. 5 of the annual account Rs. 16.51 lakhs was shown as receipt under Motor Vehicle taxes on vehicles during the year. Thus, revenue receipts were overstated by Rs. 1.98 lakhs.

**(d) Overstatement of expenditure**

During 1994-95, an amount of Rs. 3.64 lakhs was paid to the staff as advance pay and booked as expenditure of Council. But at the time of payment of balance pay to the employees, the Council booked the total pay bill value including advance pay as expenditure instead of net payment only. As such there was a double booking of expenditure of Rs. 3.64 lakhs resulting in overstatement of expenditure.

**2.4 Diversion of funds**

It could be seen from the annual account that an amount of Rs. 2 lakhs was shown as receipt under loans received from other sources and Rs. 6 lakhs as payments under the same head. In fact these amounts related to the transaction made between Personal Ledger Account No. 2 for accounting Government grants received for specific purpose and Personal Ledger Account No. 1 meant for Council's own funds. Thus it could be seen that grants



received for specific purpose from State Government were being temporarily diverted and utilised for Council's purpose. The amount of Rs. 6 lakhs repaid during the year related to amount diverted and utilised during the period from 1 April 1994 to 31 March 1995.

## 2.5 Incorrect exhibition of closing balance

In view of observations made at paragraph 2.3 above, closing balance as on 31 March 1995 worked out to Rs. 26.57 lakhs instead of Rs. 24.13 lakhs as shown in the accounts. Thus, the closing balance was understated by Rs. 2.44 lakhs as detailed below :-

Serial Number	Particulars of receipt/expenditure	Receipt		Expenditure		Difference in accounts (+) Excess (-) Less
		As per account	Actual	As per account	Actual	
( Rupees in lakhs )						
1.	Receipt on Council's share of M.V. Taxes	16.51	14.53			(+) 1.98
2.	Receipt on land Revenue	42.12	42.90			(-) 0.78
3.	Receipt on Minor minerals	39.73	56.17			(-) 16.44
					(A) Total	(-) 15.24
4.	Election expenditure			Nil	16.44	(-) 16.44
5.	Advance of pay			3.64	Nil	(+) 3.64
					(B) Total	(-) 12.80

Difference ( A - B ) = Rs. 2.44 lakhs

## 2.6 Security deposit

The statement No. 7 of the account disclosed the following position of security deposit :-

( Rupees in lakhs )

1. Opening balance :-	16.11
2. Receipt :-	6.70
3. Repayment :-	Nil
4. Closing balance :-	22.81

The Council, however, had not maintained any records of security deposit. In the absence of any records, figures shown in the accounts could not be verified in audit.

## SECTION III

**3.1 Loss of revenue due to non-realisation of kist money against hats\* during 1994-95**

Scrutiny of the settlement register of hats for the year 1994-95 revealed that 12 (twelve) hats were given on lease to the lessees for the year 1994-95 at a total bid value of Rs. 5.71 lakhs. Of this the lessees had deposited an amount of Rs. 3.16 lakhs only till the date of audit (March 1996), though they had vacated the hats after the lease period. This resulted in loss of revenue to the extent of Rs. 2.55 lakhs.

Reasons for non-realisation of kist money were not on record nor furnished to audit.

**3.2 Arrears in realisation of revenue**

Scrutiny of demand and collection register of land revenue and water tax revealed that an amount of Rs. 70.42 lakhs was outstanding till the date of audit (March 1996) as detailed below :-

Serial number	Particulars	Outstanding revenue as on 1 April 1994	Demand for 1994-95	Total	Amount collected during 1994-95	Amount outstanding on 31 March 1995	Percentage of short-fall in realisation
( Rupees in lakhs )							
1.	Land Revenue	65.66	17.88	83.54	19.60	63.94	76
2.	House tax	5.66	Not preferred	5.66	0.85	4.81	80
3.	Water tax	Nil	3.00	3.00	1.33	1.67	55
<b>Total</b>		<b>71.32</b>	<b>20.88</b>	<b>92.20</b>	<b>21.78</b>	<b>70.42</b>	

\*Hats are weekly/bi-weekly market places.



Reasons for the huge shortfall in collection of Council's revenues had not been analysed.

Further, the land revenues outstanding as on 1 April 1994 mentioned in the above table did not include the outstanding revenue in respect of 4 Mouzas (Mouza No. I; IV; V-B and VI) out of 11 Mouzas under the Council, as the same was not available with the Council. Again the demands of the 3 Mouzas (Mouza No. I, II and III) for the year 1994-95 were also not included in the above table as the same were not assessed by the Council.

### 3.3 Non - accounting of Council's revenue

A test check of the demand register, collection register and counterfoils of receipts books in respect of taxation branch disclosed that a total amount of Rs. 3.54 lakhs being the revenue collected by the enforcement staff of Council on different dates during the year 1994-95 from the non-tribal traders under the Garo Hills District (Trading by non-tribals) Regulation, 1957, were not deposited with the Council's Cashier till the end of the financial year 1994-95, resulting in the understatement of Council's revenue to that extent in the annual accounts. This, however, was deposited to the Council's Cashier during the next financial year 1995-96, after a gap of 2-12 months from the actual date of collection.

Thus, an amount of Rs. 3.54 lakhs was kept out of accounts and tantamounts to temporary misappropriation. Reasons for such delay in deposit of revenue were not on record.

### 3.4 Retention of unutilised Government grants

Scrutiny of the grants-in-aid register and utilisation certificates submitted to the Government disclosed that grant of Rs. 16.50 lakhs, received by the Council during the period from 1983-84 to 1993-94 were not utilised as of March 1996.

The utilised grants were irregularly retained by the Council, without surrendering to the Government and without obtaining a formal approval of the Government for utilisation of the same in the subsequent years.

Although the Council had not furnished the utilisation certificate of the unspent amount, the Government of Meghalaya (Department of District Council Affairs) released a further grant of Rs. 72 lakhs during the year 1994-95, for implementation of the Council's Rural Development Scheme during 1994-95, without adjusting the previous unspent balance of grants as on 31 March 1994 amounting to Rs. 10.20 lakhs under Rural Development sector as required under the terms and conditions of grants-in-aid to District Councils.

As of March 1996 the grant of Rs. 72 lakhs released for the year 1994-95 for Rural Development Schemes was shown to have been spent whereas an amount of Rs. 16.50 lakhs pertaining to earlier years remained unutilised.

### 3.5 Doubtful expenditure on annual repairs of Quarters

Scrutiny of paid vouchers and advance register maintained by the works branch of the Council disclosed that an advance payment of Rs. 0.50 lakh was made in September 1994 to contractor 'A' for annual repair of Judicial Officers Quarter No. I and final payment of Rs. 0.65 lakh was made in March 1995 to another Contractor 'B' for annual repairs of Judicial Officers Quarter No. I and II. It was, however, seen from records that Quarter No. I was constructed during October 1993 to June 1995 by Contractor 'C' and Quarter No. II during October 1993 - August 1995 by Contractor 'D'.

As the buildings were under construction during the period from October 1993 to August 1995 by contractors 'C' and 'D', the payment of Rs. 1.15 lakhs for the annual repairs in September 1994 and March 1995 to contractor 'A' and contractor 'B' was not only irregular but also doubtful. The measurement for the repair works were recorded by the Junior Engineer and the bills were passed by the Secretary of the Council.

The advance of Rs 0.50 lakh paid in September 1994 also remained unadjusted till March 1996.

Further, neither any estimates of the annual repair of the buildings were prepared nor any work orders issued to the contractors for execution of works.

### 3.6 Locking up of Council's fund

Scrutiny of the advance register of the Works Branch of the Council disclosed that Rs. 4 lakhs disbursed during 1991-92 to 3 (three) contractors as shown below as secured advance for execution of improvement works of roads, remained unadjusted as of March 1996, resulting in locking up of Council's funds for more than 3 (three) years.

Serial number	Name of Contractor to whom paid	Name of works	Amount paid (Advances)
i)	Shri Haradhan Mazumdar	Improvement of road from Council Colony to Tura Tetmgkol Road	Rs. 2.00 lakhs
ii)	Shri Saging Sangma	Improvement of road from Government College to Tura Mancachar Road (2nd portion)	Rs. 1.00 lakh
iii)	Shri Sangrin Sangma	- do - (1st portion)	Rs. 1.00 lakh <u>Rs. 4.00 lakhs</u>

The advances were not adjusted due to non-completion of works, though the stipulated date of completion of works was within 3 (three) months from the date of actual issue of work orders (September 1991) in respect of Serial number (i) above and one month (February 1992) in respect of (ii) and (iii) above and extension of time was not demanded. The details of materials purchased/procured by the contractors for which the second advance were granted to them, along with the measurement books and site accounts also were not shown to audit. In the absence of these records the authenticity of purchase/procurement of



the materials by the contractors could not be ascertained in audit.

### **3.7 Irregular purchase of furnishing material and its non-accounting**

According to Garo Hills District Fund Rules, 1952 bills in support of payments for purchases of stores shall be accompanied by a certificate that the articles detailed in the vouchers have been actually received and entered in the stock register, that their quantities are correct and these are of quality goods, that the rates paid are not in excess of accepted or market rates. It was also stipulated that all quantities received in or issued from stores should be entered in the stock account on the dates of the transactions.

Scrutiny of the records maintained by the Council revealed that during the year 1994-95, the Council purchased from open market furnishing materials like furniture, electrical goods, carpets and mattresses worth Rs. 6.76 lakhs for residential buildings and hostel without observing the procedure prescribed for purchase of material. Reasons for not calling for any tender/quotation to ascertain the lowest market rates of the articles were not on record nor produced to audit.

The material so purchased were also not accounted for in the stock register. In the absence of any record, the receipt and utilisation of these materials and reasonableness of price could not be ascertained in audit.

### 3.8 Outstanding Inspection Reports

Audit observations on financial irregularities and defects in maintenance of accounts noticed during local audit and not settled on the spot are communicated to the heads of Offices and to the next higher authorities through Inspection Reports.

The position of the paras outstanding relating to this Council is given below:-

Serial number	Period of accounts	Year of issue of Inspection Reports	Number of outstanding paras as on April 1996
1.	June 1969 to June 1970	1970	20
2.	July 1970 to August 1971	1972	43
3.	September 1971 to December 1972	1973	1
4.	September 1971 to March 1974 (Review)	1974	12
5.	January 1973 to February 1974	1974	6
6.	March 1974 to March 1975	1975	9
7.	April 1975 to October 1976	1977	22
8.	November 1976 to October 1977	1979	27
9.	November 1977 to March 1980	1982	42
10.	April 1977 to March 1982 (Special Audit)	1983	15
11.	April 1980 to March 1982	1984	18
12.	April 1982 to March 1984	1985	11
13.	April 1984 to March 1986	1987	27
14.	April 1986 to March 1987	1990	16

Serial number	Period of accounts	Year of issue of Inspection Reports	Number of outstanding paras as on April 1996
15.	April 1987 to March 1988	1990	20
16.	April 1988 to March 1990	1993	7
17.	April 1990 to March 1992	1994	28
18.	April 1992 to March 1994	1995	31

Even first replies to Inspection Reports at Serial number 4,5 and 7 to 9,11 and 16 to 18 had not been furnished by the Council despite reminders (March 1996).



Shillong

Date 04 AUG 1997

(SMT. A. L. GANAPATHI)

Principal Accountant General (Audit)  
Meghalaya, Arunachal Pradesh  
and Mizoram

Countersigned



New Delhi

Date 13 Aug 1997

(V. K. SHUNGLU)

Comptroller and Auditor General of India



