

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

**For the year ended 31 March 2002**

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



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## PREFACE

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

2. The cases mentioned in this Report are those which came to notice in the course of test-check of the accounts of the Council for the year 2001-02.

3. This Report contains three sections of which one section deals with the constitution of the Council, the rules for the management of the District Fund and maintenance of accounts by the District Council. The remaining two sections deal with the Council's financial position and irregularities noticed in audit relating to the year 2001-02.



# OVERVIEW





## OVERVIEW

A synopsis of the important findings contained in this Report is presented in this overview.

- Contrary to the Garo Hills District Fund Rules, 1952, revenue of Rs.0.92 lakh collected by a Revenue Collector was not deposited with the Cashier of the Council.

**(Paragraph 3.1)**

- Rupees 7.30 lakh being the lease money of *Hats* for the year 2001-02 remained unrealised.

**(Paragraph 3.2)**



## SECTION – I

### 1.1 Introduction

The Garo Hills Autonomous District Council was set up in June 1952 under the provisions of Article 244(2) read with the Sixth Schedule to the Constitution of India.

The Sixth Schedule to the Constitution of India provides for administration of specified tribal areas. For that purpose, it provides for the constitution of a District Council for each autonomous district with powers to make laws on matters listed in paragraph 3(1) of the Schedule mainly in respect of allotment, occupation, use, *etc.* of land, management of forest other than reserved forest, use of any canal or water courses for agriculture, regulation of the practice of “Jhum” or other forms of shifting cultivation, establishment of village or town committees or councils and their powers, village or town administration including police, public health and sanitation and inheritance of property. Under paragraph 6(1) of the Schedule, the Councils have powers to establish, construct or manage primary schools, dispensaries, markets, cattle pounds, ferries, roads, road transport and waterways in the respective autonomous districts. The Councils also have the powers within the autonomous district to assess, levy and collect revenue in respect of lands and buildings, taxes on profession, trades, callings and employments, animals, vehicles and boats, tolls on passengers and goods carried in ferries and the maintenance of schools, dispensaries or roads as listed in paragraph 8 of the Schedule.

## **1.2 Rules for the management of the District Fund**

The Sixth Schedule provides for the constitution of a district fund for each autonomous district to which shall be credited all moneys received by the Council in the course of administration of the districts in accordance with the provisions of the Constitution. In terms of the provisions of paragraph 7(2) of the Schedule, rules are to be framed by the Governor for the management of the district fund and for the procedure to be followed in respect of the payment of the money into the said fund, the withdrawal of money therefrom, the custody of moneys therein and any other matter connected with or ancillary to these matters. These rules have not been finalised so far (October 2005). Meanwhile, the affairs of the District Council are being regulated in accordance with the Garo Hills District Fund Rules, 1952.

## **1.3 Maintenance of accounts**

In pursuance of paragraph 7(3) of the Sixth Schedule to the Constitution, the form in which the accounts of the district council are to be maintained was prescribed by the Comptroller and Auditor General of India, with the approval of the President in April 1977 and communicated to the Garo Hills Autonomous District Council in June 1977.

The Annual Accounts for the year <sup>2002-03</sup>~~2001-02~~, due for submission by 30 June 2002, were submitted in ~~August 2004~~ after a delay of two years. No reasons were ascribed by the Council for this delay.

*June 2005*

Results of the test check of the Annual Accounts of the Council for the year 2001-02 are given in the succeeding paragraphs.

2002-03



## SECTION – II

### 2.1 Receipts and expenditure

According to the revised Annual Accounts furnished (November 2004) by the Council, the receipts and expenditure of the Council for the year 2001-02 and resultant revenue surplus were as follows:

**Table 2.1**

(Rupees in lakh)

Receipts		Disbursements	
PART I – DISTRICT FUND			
Receipts		Disbursements	
(i) Taxes on Income and Expenditure	107.57	(i) District Council	40.74
(ii) Land Revenue	87.71	(ii) Executive Members	14.54
(iii) Taxes on Vehicles	31.55	(iii) Administration of Justice	3.91
(iv) Interest Receipts	13.70	(iv) Land Revenue	150.02
(v) Public Works	34.72	(v) Secretariat General Services	186.52
(vi) Public Health and Sanitation	3.48	(vi) Stationery and Printing	20.81
(vii) Other General Economic Services	27.70	(vii) Public Works	113.23
		(viii) Pension and other retirement benefits	52.25
(viii) Forest	34.46	(ix) Public Health, Sanitation, etc.	49.17
(ix) Mines and Minerals	457.50	(x) Other General Economic Services	52.33
(x) Roads & Transport Services	0.75	(xi) Forest	139.53
(xi) Grants-in-aid from State Government	212.64	(xii) Roads and Bridges	119.67
		(xiii) Roads and Transport Services	34.72
(xii) Other heads of accounts	0.62	(xiv) Other heads of accounts	2.01
Total Revenue receipts	1012.40	Total Revenue expenditure	979.45
Revenue Deficit	...	Revenue Surplus	32.96

Receipts		Disbursements	
<b>2. Capital</b>	...	<b>2. Capital</b>	...
<b>3. Debt</b>		<b>3. Debt</b>	
(i) Loans received from Government	...	(i) Repayment of loans received from Government	...
(ii) Loans received from other sources	...	(ii) Repayment of loans received from other sources	...
<b>4. Loans and Advances</b>		<b>4. Loans and Advances</b>	
Recovery of Loans and Advances	2.93	Disbursement of Loans and Advances	2.80
<b>Total Part – I District Fund</b>	<b>1015.33</b>	<b>Total Part – I District Fund</b>	<b>982.25</b>
<b>PART II DEPOSIT FUND</b>			
Deposit Receipts	1.67	Deposit Payments	...
<b>Total of Part II Deposit Fund</b>	<b>1.67</b>	<b>Total of Part II Deposit Fund</b>	<b>...</b>
<b>Total Receipts (I + II)</b>	<b>1017.00</b>	<b>Total Disbursement (I + II)</b>	<b>982.25</b>
Opening Balance	61.74	Closing Balance <sup>(a)</sup>	96.49
<b>GRAND TOTAL</b>	<b>1078.74</b>	<b>GRAND TOTAL</b>	<b>1078.74</b>

Source: Annual Accounts of the Council.

## 2.2 Variations between budget provisions and actuals

Budget provisions and actuals of revenue receipts (excluding grants-in-aid from the State Government) and expenditure during 2001-02 were as under:

(a) Cash: Rs.0.30 lakh; Personal Ledger Account: Rs.96.19 lakh.

Table 2.2

	Budget provision	Actual	Excess (+)/ Shortfall (-) (Percentage)
	(Rupees in crore)		
Receipts	6.18 7.98	8.00 9.76	1.82 (29)
Expenditure	14.50 19.71	9.79 10.31	(-) 4.71 (32)

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

The details above show a difference of 32 *per cent* in actual expenditure *vis-a-vis* the budget estimates during 2001-02. Significant cases of shortfall in receipts and expenditure under different heads of accounts are given in Appendix I. The shortfall ranged between 37 and 74 *per cent* in respect of receipts and 36 and 100 *per cent* in respect of expenditure. This indicated that the budget provisions were not realistic.

The Secretary, Executive Committee of the Council stated (April 2005) that in future probable expenditure would be provided in the budget.

### 2.3 Variations in receipts and expenditure between current and previous years

Significant cases of variation in receipts and expenditure between current and previous years are indicated in Appendix II. The variations ranged between 37 and 86 *per cent* in respect of receipts and 27 and 4,722 *per cent* in respect of expenditure, reasons for which had not been furnished (October 2005).



## 2.4 Comments on accounts

(i) Opening and closing balances of Rs. 61.74 lakh and Rs. 96.50 lakh shown under the head "G-Cash Remittances – Remittances into Treasury (Personal Ledger (PL) Accounts)" in Statement 7 of the Annual Accounts-2001-02 included cash balance of Rs. 1.26 lakh and Rs. 0.30 lakh respectively. Since this head related to PL Accounts, inclusion of cash balance under the same was not justified.

(ii) According to the statement of revenue collection of the Taxation Branch of the Council, collection of taxes on profession, trade, *etc.* during 2001-02 was Rs.0.78 crore. Against this, Rs.1.08 crore was accounted for in Statement 5 of the Annual Accounts for the year 2001-02, resulting in overstatement of receipts by Rs.0.30 crore.

The Secretary, Executive Committee of the Council stated (April 2005) that overstatement of receipts under taxes on vehicles was accounted for under 'taxes on profession, trade, *etc.*' by mistake and that the same would be adjusted in the Annual Accounts for the year 2002-03. Thus the Annual Accounts for the year 2001-02 did not exhibit the correct picture in respect of taxes on profession, trade, *etc.*

(iii) According to the utilisation certificate furnished (August 2001) by the Council to the State Government, expenditure of Rs.1.60 crore was incurred by the Rural Development (RD) Branch of the Council for rural communication (Rs.0.79 crore), other development (Rs.0.31 crore) and rural water supply (Rs.0.50 crore). Against this, Rs.1.69 crore was accounted for in Statement 6 of the Annual Accounts for the year 2001-02 as expenditure by the RD Branch under the heads Public Health, Sanitation, *etc.* (Rs.0.49 crore) and Roads and Bridges (Rs.1.20 crore) resulting in overstatement of expenditure by Rs.0.09 crore.

The Secretary, Executive Committee of the Council stated (April 2005) that the amount was depicted in the Annual Accounts on the basis of sanction order and the same would be adjusted in the Annual Accounts for the year 2002-03. Thus the Annual Accounts for the year 2001-02 did not exhibit the correct picture in this regard.

(iv) Statement 6 of the Annual Accounts for the year 2001-02 showed expenditure of Rs.34.72 lakh under the head "Roads and Transport Services-Grants-in-aid transferred (Rs.5 lakh) and Direction and Administration-Reimbursed from 2<sup>nd</sup> to 1<sup>st</sup> PLA (Rs.29.72 lakh)". The same amount was shown as receipt in Statement 5 of the Annual Accounts under the head "Public Works -- Rents-Government grants reimbursed (Rs.29.72 lakh) and Other receipts- Government grants transferred from 2<sup>nd</sup> to 1<sup>st</sup> PLA (Rs.5 lakh)". Since both the PLAs were maintained by the Council, exhibition of the transactions between the 1<sup>st</sup> and 2<sup>nd</sup> PLAs as expenditure in Statement 6 and receipts in Statement 5 of the Annual Accounts inflated the revenue receipts and expenditure by Rs.34.72 lakh.

## **2.5 Personal Ledger Account**

The District Council Authorities maintained two Personal Ledger Accounts (PLA) with the Tura Treasury, one for its own revenue (1<sup>st</sup> PLA) and the other for grants-in-aid received from the State Government (2<sup>nd</sup> PLA). But Treasury Pass Books of these PLAs could not be made available to Audit. In absence of Pass Books, the closing balance shown in the Annual Accounts for the year 2001-02 could not be verified with reference to the Treasury records.

## **SECTION - III**

### **3.1 Short deposit of revenue**

Rules 17 and 18 of the Garo Hills District Fund Rules, 1952 provides that all receipts due to the Council collected by any employee of the Council authorised to collect such receipts shall pass through the Cashier, who shall enter them in the cash book and remit the same into the Treasury promptly.

Test-check (December 2004) of registers of remittances and issue of receipt books revealed that against Rs.1.52 lakh collected by a Revenue Collector during 2001-02, Rs.0.60 lakh only was deposited with the Cashier of the Council and the balance of Rs.0.92 lakh was retained by the Collector.

Reasons for short deposit of Rs.0.92 lakh as well as action taken by the Council for recovery of the same were not on record.

The matter was reported to the Council in October 2005; reply had not been received (November 2005).

### **3.2 Non-realisation of revenue**

Test check (December 2004) of the Demand and Collection Register maintained by the Revenue Branch of the Council revealed that against total demand of Rs.31.65 lakh being the lease money of *Hats* for the year 2001-02, Rs.24.35 lakh was realised during the year leaving a balance of Rs.7.30 lakh un-realised. Action taken for realisation of the same was not on record. Moreover, *Hats* were leased out without inviting bids, reasons for which were also not on record.



The matter was reported to the Council in October 2005; reply had not been received (November 2005).

### **3.3 Non-production of records**

According to the records of the Transport Branch of the Council, Rs.5.29 lakh was spent for purchase of spare parts of vehicles. But payment vouchers and records in support of utilisation of these parts were not made available to Audit. Consequently, veracity of actual purchase and utilisation of the spare parts could not be ascertained in Audit.

The matter was reported to the Council in October 2005; reply had not been received (November 2005).

### **3.4 Outstanding Inspection Reports**

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

Nine Inspection Reports (IR) relating to the Council issued between May 1994 and December 2003 still contained 127 unsettled paragraphs. Even first replies to 123 paragraphs of eight IRs issued between

November 1995 and December 2003 had not been furnished (October 2005) by the Council despite repeated reminders.



**(Rajib Sharma)**

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

Shillong

The

17 MAY 2006

Countersigned



New Delhi

The

31 MAY 2006

**(Vijayendra N. Kaul)**

Comptroller and Auditor General of India



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## *APPENDICES*

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Prize Amount - 490.00



**APPENDIX – I**  
**Variations between budget and actuals**  
**(Reference: Paragraph 2.2; Page 6)**

Sl. No.	Major Head of Account	Budget estimate	Actual as per Annual Accounts	Variation Shortfall (Percentage)
RECEIPT				
1.	Land Revenue	126.93 [160.61]	87.71	72.90 (45)
2.	Public Health, Sanitation and Water supply (Water Works Branch)	5.50	3.48	2.02 (37)
3.	Taxes on Vehicles	58.50	31.55	26.95 (46)
4.	Roads and Transport Services	2.93	0.75	2.18 (74)
EXPENDITURE				
1.	Land Revenue	233.81	150.02	83.79 (36)
2.	Forest	223.35	139.53	83.82 (38)
3.	Agriculture	14.50	--	14.50 (100)
4.	Administration of Justice	6.30	3.91	2.39 (38)
5.	Public Works (Civil Works Branch)	347.45	113.23	234.22 (67)

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

**APPENDIX - II**  
**Variations in receipts and expenditure between current and**  
**previous years**  
**(20 per cent or more)**

(Reference: Paragraph 2.3; Page 6)

Sl. No.	Head of Accounts	Actuals		Variations Increase(+) Decrease (-) and percentage of variations in brackets
		2000-01	2001-02	
		(Rupees in lakh)		
REVENUE HEADS				
1.	Taxes on Income and expenditure	60.15	107.58	(+) 47.43 (79)
2.	Other General Economic Services	19.94	27.70	(+) 7.76 (39)
3.	Roads and Bridges	1.02	0.14	(-) 0.88 (86)
4.	Roads and Transport Services	1.20	0.75	(-) 0.45 (37)
EXPENDITURE HEADS				
1.	Executive Member	11.40	14.54	(+) 3.14 (28)
2.	Public Works	88.84	113.23	(+) 24.39 (27)
3.	Public Health, Sanitation and Water Supply	25.36	49.17	(+) 23.81 (94)
4.	Roads and Transport Services	0.72	34.72	(+) 34.00 (4722)

Source: Statements 5 and 6 of Annual Accounts.