

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

For the year ended 31 March 2002

**Khasi Hills Autonomous District Council
Shillong, Meghalaya**



TABLE OF CONTENTS

	Paragraph(s)	Page(s)
<i>Preface</i>		(iii)
<i>Overview</i>		(v)
SECTION I		
Introduction	1.1	1-2
Rules for the management of the District Fund	1.2	2
Maintenance of Accounts	1.3	3
SECTION II		
Receipts and expenditure	2.1	4-5
Variations between budget provisions and actuals	2.2	5-6
Variations in receipts and expenditure between current and previous year	2.3	6
Personal Ledger Account	2.4	6-7
SECTION III		
Non-realisation of revenue	3.1	8-9
Entertainment of large staff without norms	3.2	9-10
Outstanding Inspection Reports	3.3	10-11
APPENDICES		
Appendix I Significant cases of variations under different revenue heads of accounts during 2001-02		13
Appendix II Variations in receipts and expenditure between current and previous year (20 per cent or more)		14-15



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 Khasi 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

The significant audit findings are summarised in the following paragraphs:

- Rupees 15.65 lakh, being the lease money of forest revenue station and check gates (Rs.6.86 lakh) for the year 2001-02 and renewal fee of trading licences of Rs.8.79 lakh for the years 1992-93 to 2001-02, remained unrealised.

(Paragraph 3.1)

- The total expenditure on salaries, contingencies *etc.*, constituted around 75 *per cent* of the total revenue expenditure leaving only 25 *per cent* for development activities.

(Paragraph 3.2)

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 Council and the Jowai District Council were renamed as Khasi Hills District Council and Jaintia Hills District Council respectively.

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 forests other than reserved forests, 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 to assess, levy and collect within the Autonomous District, 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 moneys 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 United Khasi and Jaintia Hills District Council 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 Khasi Hills Autonomous District Council in June 1977.

The Annual Accounts for the year 2001-02, due for submission by June 2002, were submitted in November 2004 after a delay of two years. No reasons were indicated by the Council for this delay.

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

SECTION – II

2.1 Receipts and expenditure

According to the Annual Accounts of the Council, the receipts and expenditure of the Council for the year 2001-02 with resultant revenue surplus were as follows:

Table 2.1

(Rupees in lakh)

Receipts		Disbursements	
PART I – DISTRICT FUND			
1. Revenue Receipts		1. Revenue Expenditure	
(i) Taxes on Professions, Trades, Callings and Employment	216.80	(i) District Council	38.26
(ii) Land Revenue	5.05	(ii) Executive Members	24.61
(iii) Taxes on Vehicles	95.87	(iii) Administration of Justice	51.69
(iv) Other Administrative Services	3.44	(iv) Land Revenue	19.08
(v) Other General Economic Services	59.07	(v) Secretariat General Services	314.15
(vi) Forest	29.65	(vi) Public Works	49.79
(vii) Mines and Minerals	295.40	(vii) Pension and other retirement benefits	65.95
(viii) Grants-in-aid from State Government	244.03	(viii) Education	7.31
(ix) Other heads of accounts	0.96	(ix) Social Security and Welfare	12.73
		(x) Other General Economic Services	9.40
		(xi) Forest	123.17
		(xii) Roads and Bridges	81.54
Total Revenue receipts	950.27	Total Revenue expenditure	797.68
Revenue Deficit	...	Revenue Surplus	152.59
2. Capital	...	2. Capital	...

Receipts		Disbursements	
3. Debt		3. Debt	
(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	...
4. Loans and Advances		4. Loans and Advances	
Recoveries of Loans and Advances	6.78	Disbursement of Loans and Advances	5.43
Total Part – I District Fund	957.05	Total Part – I District Fund	803.11
PART II – DEPOSIT FUND			
Deposit Receipts	2.05	Deposit Payments	3.51
Total of Part II Deposit Fund	2.05	Total of Part II Deposit Fund	3.51
Total Receipts (I + II)	959.10	Total Disbursement (I + II)	806.62
Opening Balance	32.67	Closing Balance	185.15 ^(a)
GRAND TOTAL	991.77	GRAND TOTAL	991.77

Source: Annual Accounts of the Council.

2.2 Variations between budget provisions and actuals

Compared to Budget estimates, the actual revenue receipts (excluding grants-in-aid from the State Government) of the Council during 2001-02 fell short by 13 per cent, as detailed below:

Table 2.2

(Rupees in crore)

	Budget provision	Actual	Shortfall (Percentage)
Receipts	8.16	7.06	1.10 (13)

Source: Budget and Statement 5 of Annual Accounts – 2001-02.

^(a) Cash: Rs.1.82 lakh; Personal Ledger Account: Rs.183.33 lakh.

Significant cases of shortfall under different heads of accounts with reasons are given in Appendix I. The large variations were under land revenue and forest.

2.3 Variations in receipts and expenditure between the current and the previous year

Significant cases of variations in receipts and expenditure between the current year and the previous year with reasons are indicated in Appendix II. The variations ranged between 22 and 253 *per cent* in respect of receipts and 23 and 55 *per cent* in respect of expenditure.

2.4 Personal Ledger Account

Test-check (January-February 2005) of records in connection with the Personal Ledger Account (PLA) of the Council revealed the following:

- (i) As on 31 March 2002, the balance in respect of the Council held in the PLA as per Plus and Minus Memorandum of the Shillong Treasury for the month of March 2002 was Rs.184.95 lakh. However, the closing balance (Rs.185.15 lakh) exhibited in the Annual Accounts of the Council for the year 2001-02 included closing PLA balance of Rs.183.33 lakh. The discrepancy was not reconciled by the Council.

The Secretary, Executive Committee of the Council stated (February 2006) that the discrepancy was due to non-encashment of cheques issued by the Council at the end of the year. The fact, however, remains that there was a discrepancy which remained unreconciled.

(ii) Rule 19 of the United Khasi-Jaintia Hills District Fund Rules, 1952 provides that all money paid into the Treasury to the credit of the District Fund shall be accompanied by the Pass Book. No such Pass Book was available with the Council.

The Secretary, Executive Committee of the Council stated (February 2006) that the Pass Book had not been forwarded by the Treasury despite repeated reminders.

SECTION – III

3.1 Non-realisation of revenue

Test-check (January-February 2005) of records revealed that against the total lease amount of Rs.12.73 lakh on leasing out of forest revenue station (minor forest produce) and check gates for the year 2001-02, Rs.5.87 lakh only were realised leaving a balance of Rs.6.86 lakh. Details are as under:

Table 3.1

(Rupees in lakh)

Sl. No	Revenue station/Check gate	Lease amount	Amount realised	Non-realisation of revenue
1.	GS Road, Byrnihat	6.30	3.15	3.15
2.	Riangdo Nong-Shram	0.60	0.30	0.30
3.	Border Range	0.22	0.11	0.11
4.	Umtraw	3.10	1.00	2.10
5.	Mahal Khanapara, Barapathar, Kelling Maikhuli & Umtynaga	0.20	0.10	0.10
6.	Umlyrnga Maikhuli, Barapathar and Pathar Kuchi	0.91	0.46	0.45
7.	Riangdo	0.24	0.12	0.12
8.	Byrnihat Khanapara	0.96	0.48	0.48
9.	Umtrew river	0.20	0.15	0.05
	Total	12.73	5.87	6.86

Source: Revenue registers in respect of lease of revenue station and check gate.

Similarly, Rs.8.79 lakh being the renewal fee of 174 trading licences for the period from April 1992 to March 2002 remained outstanding till the date of audit.

The Secretary, Executive Committee of the Council stated (February 2006) that efforts had been made for realisation of balance lease amount and the outstanding balance of renewal fee had been reduced to a great extent. The amount by which the outstanding fee was reduced had not been sated.

3.2 Entertainment of large staff without norms

Scrutiny (February 2005) of records revealed that the Council had been entertaining large number of officers and staff (613 in 2001-02) without any norms. During 2001-02, Rs.4.83 crore was spent by the Council on payment of salaries of officers and staff. In addition, expenditure of Rs.1.18 crore was incurred by the Council during the year on contingency (Rs.23.67 lakh), travelling expenses (Rs.28.44 lakh) and pension (Rs.65.96 lakh). The total expenditure on salaries, contingencies, *etc.* constituted around 75 per cent of the total revenue expenditure during the year leaving only 25 per cent for developmental activities.

Thus, entertainment of large staff without any norm and expenditure on contingency, *etc.* adversely affected the developmental activities of the Council.

The Secretary, Executive Committee of the Council stated (February 2006) that the large field staff was required by the Council for protection of forest land and plantations, checking of trading licences, collection of professional tax, *etc.* Though no norms had yet been framed, expenditure was incurred strictly as per requirement. The fact remains that major share of expenditure of the Council was on non-plan recurring expenditure, which adversely affected the developmental activities of the Council.

3.3 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 the Inspection Reports.

Four Inspection Reports (IR) relating to the Council containing 53 paragraphs issued between December 1999 and September 2004 still contained seven unsettled paragraphs.



(Rajib Sharma)

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

Shillong
The

21 JUN 2000

Countersigned



New Delhi
The

30 JUN 2006

(Vijayendra N. Kaul)

Comptroller and Auditor General of India

APPENDICES

APPENDIX – I

Significant cases of variations under different revenue heads of accounts during 2001-02

(Reference: Paragraph 2.2; Page 6)

(Rupees in lakh)

SL No.	Major Head of Account	Budget estimate	Actual as per Annual Accounts	Shortfall (Percentage)	Reasons for variations as stated by the Secretary, Executive Committee of the Council in January 2006
1.	Land Revenue	10.60	5.05	5.55 (52)	Less number of mortgage and registration of land during 2001-02 and less collection of industrial fees.
2.	Forest	59.60	29.65	29.95 (50)	Non-release of due share of the Council by the State Government.
3.	Taxes on Profession, etc.	331.20	216.80	114.40 (35)	

Source: Budget and Statement 5 of Annual Accounts – 2001-02.

APPENDIX - II

Variations in receipts and expenditure between current and previous year (20 per cent or more)

(Reference: Paragraph 2.3; Page 6)

(Rupees in lakh)

Sl. No	Head of Accounts	Actuals		Variations Increase (+)/ Decrease (-) and percentage of variations in brackets	Reasons for variations as stated (February 2006) by the Secretary, Executive Committee of the Council
		2000-01	2001-02		
RECEIPTS					
1.	Taxes on Professions, Trades, Callings and Employment	278.65	216.80	(-) 61.85 (22)	Non-release of arrear share of the Council by the State Government.
2.	Taxes on Vehicles	27.13	95.87	(+) 68.74 (253)	Release of arrear share of the Council by the State Government.
3.	Forest	20.54	29.65	(+) 9.11 (44)	
4.	Mines and Minerals	159.60	295.40	(+) 135.80 (85)	
5.	Other Administrative Services	1.33	3.44	(+) 2.11 (159)	Collection of more revenue during 2001-02.
6.	Other General Economic Services	38.05	59.07	(+) 21.02 (55)	
EXPENDITURE					
1.	Public Works	64.59	49.79	(-) 14.80 (23)	Less construction works due to non-acceptance of most of the proposals for own plan schemes by the State Government.
2.	Pension and other retirement benefits	50.69	65.95	(+) 15.26 (30)	Partial implementation of the Third Pay Commission Report of the State Government.
3.	Education	5.62	7.31	(+) 1.69 (30)	

Sl. No	Head of Accounts	Actuals		Variations Increase (+)/ Decrease (-) and percentage of variations in brackets	Reasons for variations as stated (February 2006) by the Secretary, Executive Committee of the Council
		2000-01	2001-02		
4.	Social Security and Welfare	28.08	12.73	(-) 15.35 (55)	Non-acceptance of most of the proposed welfare schemes for rural people by the State Government and less release of funds.
5.	Roads and Bridges	124.76	81.54	(-) 43.22 (35)	Non-acceptance of most of the proposed schemes by the State Government and less release of funds.

Source : Statements 5 and 6 of concerned Annual Accounts.

