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

**FOR THE YEAR
2001-02**

**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 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 2001-02.

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 relating to the period 2001-02.

Overview

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

➤ The Council met its net revenue deficit of Rs.24.92 crore (56 *per cent*) under normal functions by irregular 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 16 to 100 *per cent* under two heads of accounts, while the expenditure under six heads of account showed increases ranging from 31 *per cent* to 123 *per cent*.

(Paragraph 2.1.3)

➤ Compared to the budget estimates, the actuals of revenue collection excluding Grants-in-aid showed a shortfall by Rs.17.65 crore (75 *per cent*).

(Paragraph 2.1.4)

➤ Revenue expenditure under normal functions of the Council was overstated by Rs.3.77 crore.

(Para graph 2.2.2)

(vii)

- Under entrusted function of the Council, there were understatement of receipt and expenditure by Rs.0.32 crore and Rs.9.04 crore respectively.

(Paragraph 2.3.1)

- The Council diverted irregularly Rs.12.68 crore relating to entrusted function without obtaining approval from the Government.

(Paragraph 2.3.2)

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

(Paragraph 2.4)

- The Council sustained loss of revenue of Rs.1.31 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 3.1.1 & 3.1.2)

- Audit could not verify the veracity of the expenditure of Rs.83.78 lakh due to non-production of relevant records by the Council.

(Paragraph 3.2.6)

SECTION-I

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 discharge of 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 the 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 money 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 monies therein and any other matter connected with or ancillary to these matters, the State Government of Assam 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 and communicated to the

Government of Assam in June 1977. The State Government forwarded this form of accounts to the Council in March 1978 and the Council prepared its Annual Accounts for the year 2001-02 in the prescribed format. The accounts which were due for submission by June 2002 were submitted to Audit in September 2004.

Results of 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

2.1.1 Revenue and other receipts and expenditure

According to the Annual Accounts furnished by the Council, the revenue and other (debt/loan, deposit etc.) receipts and expenditure of the Council for the year 2001-02 and the resultant revenue and capital deficits were as shown in Table-1 below:

Table-1*(Rupees in lakh)*

A	Part I District Fund		
	Revenue Receipts and Disbursements		
	Revenue receipt		Revenue expenditure
i	213.13	Taxes on Income and expenditure	
ii	9.91	Land revenue	273.96
iii	0.92	Stamps and Registration fees	...
iv	11.96	Interest Receipts	...
v	1.51	Stationery and Printing	97.53
vi	1.68	Public Works	231.82
vii	50.39	Other Administrative Services	...
viii	2.61	Education	3035.15
ix	62.31	Other General Economic Services	29.11

	Revenue receipt		Revenue expenditure
x	1.00	Fisheries	...
xi	170.79	Forest	361.73
xii	21.88	Mines and Minerals	...
xiii	34.91	Roads and Bridges	2.00
xiv	1375.56	Grants-in-aid
xv	...	District Council Secretariat	36.61
xvi	...	Executive Member	4.85
xvii	...	Administration of Justice	1.59
xviii	...	Secretariat Central Services	209.93
xix	...	Pension and Other Retirement Benefits	69.13
xx	...	Art and Culture	3.32
xxi	...	Urban Development	6.28
xxii	...	Information and Publicity	40.09
xxiii	...	Social Security & Welfare	3.00
xxiv	...	Roads and Transport Services	44.92
	1958.56	Total-A: Revenue receipts and expenditure	4451.02
B.	Capital receipts and disbursements		
xxv	...	Capital Account	31.88
vi	...	Debt	...
		Loans and Advances	
xxvii	10.09	Recoveries of Loans and Advances	

	Revenue receipt		Revenue expenditure
xxviii	...	Disbursement of Loans and advance	3.71
	10.09	Total-B: Capital receipts and disbursements	35.59
	1968.65	Total Receipts and Payments under Part I District Fund	4486.61
		Surplus (+) (excess receipts over expenditure)/ Deficit (-)(excess expenditure over receipts)	
	2492.46	←Revenue deficit Revenue surplus→	...
	25.50	Deficit under Capital and Loans and advances	
	4486.61	Total Part-1 District Fund	4486.61
(Rupees in lakh)			
C		Part II Deposit Fund	
	Receipts	Receipts and Disbursements for transferred functions of the State Government.	Expenditure
xxix	16,791.97	Funds received from the State Government	
xxx		Expenditure incurred out of deposit fund	16,752.31
		Surplus/ Savings on deposit fund	39.66
	16791.97	Total of C Part II Deposit Fund	16,791.97
	18,760.62	Total Receipts and Disbursement under Part I & II	21,238.92
D.	←Opening balance		Closing balance →
	4.68	Cash	31.33
	(-)4078.03	Treasury (PLA)	(-) 6582.98
	14,687.27	Grand Total (A+B+C+D)	14,687.27

2.1.2 Revenue Deficit

Revenue Receipts (including Grants-in-aid received from the State Government) of the Council for the year 2001-02 pertaining to inherent functions as specified in the Sixth Schedule to the Constitution were Rs.19.59 crore. Against this, the Council spent Rs.44.51 crore resulting in revenue deficit of Rs.24.92 crore (56 *per cent*). Compared to the revenue deficit of Rs.14.29 crore in 2000-01, the revenue deficit during 2001-02 showed a significant increase of Rs.10.63 crore (74 *per cent*). The excess expenditure was met by irregular 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 between the current and previous year under different heads of account were noticed. A few instances of such cases are given Table-2 below:

Table-2**A-Receipts***(Rupees in lakh)*

Sl. No.	Head of Accounts	Actual receipt during 2000-01	Actual receipt during 2001-02	Variation Decrease (-) during the year	Percentage (Decrease)
1	Taxes on vehicle	43.08	Nil	(-) 43.08	100
2	Forest	203.94	170.79	(-) 33.15	16

B- Expenditure

Sl. No.	Head of accounts	Expenditure during 2000-01	Expenditure during 2001-02	Variation Increase (+)	Percentage (Increase)
1	Other General Economic Services	13.05	29.11	(+) 16.06	123
2	Information and Publicity	Nil	40.09	(+) 40.09	100
3	Land Revenue	185.17	273.96	(+) 88.79	48
4	Secretariat General Services	154.20	209.93	(+) 55.73	36
5	Education	2305.68	3035.15	(+) 729.47	32
6	Forest	275.09	361.73	(+) 86.64	31

Reason for decrease in revenue receipts and increase in expenditure compared to those of the previous year had not been stated by the Council (April 2006).

2.1.4 Receipts and expenditure compared to budget provisions

Receipts

According to the annual accounts of the Council revenue receipts (excluding grants-in-aid of Rs.13.76 crore) during 2001-02 was Rs.5.83 crore against Rs.23.48 crore estimated for collection during the year. Thus, there was an overall shortfall in collection of revenue by Rs.17.65 crore (75 per cent).

Significant shortfalls ranging from 16 to 100 per cent in collection of revenue were noticed under 12 heads of account as shown in Table-3 below:

Table-3

(Rupees in lakh)

Sl. No.	Head of Accounts	Estimated amount as per budget	Revenue receipt as per annual a/c.	Shortfall	Percentage of shortfall
1	Land Revenue	105.35	9.91	95.44	91
2	Stamps and Registration fees	50.00	0.92	49.08	98
3	Taxes on Vehicle	120.10	Nil	120.10	100
4	Stationary and Printing	55.00	1.51	53.49	97
5	Public Works	27.50	1.68	25.82	94
6	Education	3.10	2.61	0.49	16

Sl. No.	Head of Accounts	Estimated amount as per budget	Revenue receipt as per annual a/c.	Shortfall	Percentage of shortfall
7	Public Health Sanitation and Water Supply	70.00	Nil	70.00	100
8	Other General Economic Services	587.02	62.31	524.71	89
9	Fisheries	1.60	1.00	0.60	38
10	Forest	785.00	170.79	614.21	78
11	Mines and Minerals	267.00	21.88	245.12	92
12	Roads and Transport Services	80.00	Nil	80.00	100
		2151.67	272.61	1879.06	87

The above shortfall in collection of revenue over the estimated provision indicated ineffectiveness of the control mechanism of the Council in resource mobilisation from its own resources.

Reasons for shortfalls had not been intimated by the Council (April 2006).

Expenditure

There was excess expenditure over the budget estimates under one head of account as given in Table-4 below:

Table-4*(Rupees in lakh)*

Head of A/c	Estimated amount per budget	Actual expenditure as per annual account	Excess	Percentage as of excess.
15. Information and Publicity	8.50	40.09	31.59	372

Reasons for excess expenditure over the budget provisions had not been intimated by the Council (April 2006).

The above position also indicated that the budget estimates were not prepared on a realistic basis.

2.2 Comments on Accounts

2.2.1 Overstatement of capital expenditure

'According to the annual accounts (Statements 2 & 6) Rs.31.88 lakh¹ was booked as capital expenditure under head of accounts 'Capital Outlay on Road Transport Services—acquisition of fleet'. Scrutiny of records of the Roads Transport department revealed that only Rs.10.64 lakh was spent on acquisition of fleet and the balance expenditure of

¹ Out of sanctioned amount of Rs. 35 lakh.

Rs.21.24 lakh was incurred on purchase of spare-parts/tyres and repairs of vehicles, which were required to be charged to revenue expenditure.

Thus, the capital expenditure stood overstated by Rs.21.24 lakh.

2.2.2 Overstatement of revenue expenditure

The Council issued ten cheques amounting to Rs.23.71 lakh to the Public Works Department of the Council in August 2001 and charged the amount as expenditure under the head "Public Works".

Scrutiny of records of the Public Works Department revealed that the cheques were not encashed within the validity period of one month and also no fresh cheques were issued in lieu of the time barred cheques. This resulted in overstatement of revenue expenditure under "Public Works" to that extent during year 2001-02.

Further, the Council issued (March 2002) three cheques for an amount aggregating Rs.3.53 crore to its Education

Department for discharging normal functions of the Department and charged these as expenditure under the head "Education".

Scrutiny of records revealed that these cheques were not encashed during 2001-02 and actual expenditure was incurred only during 2002-03. This resulted in overstatement of revenue expenditure by Rs.3.53 crore under the head "Education" during 2001-02.

Thus, in the above two cases, revenue expenditure under normal functions of the Council was overstated by Rs.3.77 crore.

2.2.3 Misclassification of expenditure

The Council incurred expenditure of Rs.16.32 lakh on pay and allowances of primary teachers during 2001-02 but wrongly booked the expenditure under the minor head "Promotion of Modern Languages and Literature" in the annual accounts for the year 2001-02 (Statement No. 6).

The Council paid (December 2001) Rs.40 lakh to the Deputy Commissioner, Diphu to meet the preliminary expenses of the Council election 2001.

Scrutiny of records revealed that the Council, without obtaining utilisation certificates in support of the expenditure from the Deputy Commissioner, Diphu booked the entire expenditure under the head "Information & Publicity". Thus, the expenditure could not be vouchsafed in audit.

2.2.4 Advance payment booked as final expenditure

Advance payment of Rs.15 lakh made (August 2001) to an agency for construction of Karbi House at Khanapara, Guwahati was booked as final revenue expenditure under 'Public Works'. This resulted in overstatement of revenue expenditure as well as revenue deficit under Part-I District Fund in annual accounts for the year 2001-02 by Rs.15 lakh.

2.3 Entrusted Functions

2.3.1 Understatement of receipt and expenditure

In the annual accounts for the year 2001-02, the Council accounted for receipts and expenditure of Rs.167.92 crore and

Rs. 167.52 crore respectively against discharging entrusted functions out of grants received from the State Government.

Scrutiny of the grant sanctioning orders of the State Government and ledgers, vouchers and sanction orders of the Council revealed that the Council actually received Rs.168.24 crore², of which it had spent Rs.176.56 crore³ for discharging entrusted functions.

Thus, the Council had understated the receipts and expenditure by Rs.0.32 crore⁴ and Rs.9.04 crore⁵ respectively.

2.3.2 Unauthorised diversion of funds

According to the Memorandum of Understanding (MoU) dated 31 December 1996 signed between the Government of Assam and the Autonomous Council, the Council is not empowered to re-appropriate funds relating to entrusted functions from one Major Head of Account to another, and is required to restrict expenditure within the budget provision/fund released by the State Government.

² Plan: Rs.109.74 crore and Non-Plan: Rs.58.50 crore= Rs.168.24 crore

³ Plan: Rs.116.25 crore and Non-Plan: Rs.60.31 crore= Rs.176.56 crore

⁴ Rs.168.24 crore-Rs.167.92 crore= Rs.0.32 crore

⁵ Rs.176.56 crore-Rs.167.52 crore=Rs.9.04 crore

Scrutiny of records revealed that during 2001-02, the Council incurred expenditure of Rs.12.68 crore in excess of funds released by the State Government by irregular diversion from aggregate fund account of the Council without obtaining approval of the State Government, as shown in Table-5 below:

Table-5*(Rupees in crore)*

Sl.	Heads of Account	Plan/ non-Plan	Fund released	Expenditure incurred	Excess
1.	2202 – Education	non-Plan	14.09	15.37	1.28
2.	2205 – Public Library	Plan	0.13	0.14	0.01
3.	2211 – Family welfare	Plan	0.40	3.36	2.96
4.	2235 – Social Welfare	Plan	4.26	4.28	0.02
		non-Plan	0.19	0.20	0.01
5.	4711– Capital outlay(CO) on flood Control	Plan	1.53	1.54	0.01
6.	4701 – C.O. on major and Medium Irrigation	Plan	1.04	1.71	0.67
7.	2701 – Major and Medium Irrigation	non-Plan	0.71	1.29	0.58
8.	2702 – Minor Irrigation	non-Plan	1.49	2.97	1.48
9.	4702 – CO on Major Irrigation	Plan	5.52	9.30	3.78

Sl.	Heads of Account	Plan/ non-Plan	Fund released	Expenditure incurred	Excess
10.	4202 – Technical Education (Polytech)	Plan	0.18	0.35	0.17
11.	4216 – 106 C.O on Central Pool	Plan	0.27	0.30	0.03
12.	2403 – Animal Husbandry and Veterinary	Plan	2.87	3.01	0.14
13.	2404 – Dairy Development	Plan	0.70	0.83	0.13
14.	2515 – Panchayat and Rural Development	Plan	5.43	5.44	0.01
15.	2215 – Public Health Engineering	Plan	9.70	10.08	0.38
16.	2406 – Forest	non-Plan	1.35	1.58	0.23
17.	5452 – C. O. on Tourism	Plan	0.42	0.50	0.08
18.	1401 – Agriculture	Plan	4.35	5.01	0.66
19.	2851 – Sericulture	Plan	1.80	1.82	0.02
		non-Plan	1.13	1.15	0.02
20.	3475 – Legal Metrology	Plan	0.08	0.09	0.01
		Total	57.64	70.32	12.68

Despite similar audit observations made in earlier Audit Reports, the Council did not take any step to stop the irregularities.

Reasons for the excess expenditure and irregular diversion of funds had not been stated by the Council (April 2006).

2.4 Personal Ledger Account

The Council maintains a Personal Ledger Account (PLA) with the Diphu Treasury, into which all receipts on account of regular and entrusted functions are credited and from which all expenditure on both the functions are met.

According to the annual accounts of 2001-02, the PL Account of the Council depicted an adverse closing balance of (-) Rs.65.83 crore against that of Rs.2.07 crore reflected in the accounts of the Treasury. Besides, there were discrepancies between the closing balance as per the cashbook and that shown in the annual accounts as given in Table-6 below:

Table-6

(Rupees in crore)

Opening balance (OB) & closing balance (CB)	As per treasury records	As per cash book	As per annual A/c 2001-02
OB as on 1-4-01	1.65	(-) 36.21	(-) 40.78
CB as on 31.3.02	2.07	(-) 50.72	(-) 65.83

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

Reasons for non-reconciliation of discrepancies with the Treasury and other two sets of records were not stated (April 2006).

SECTION – III

3.1 Loss of revenue

3.1.1 Loss of forest revenue due to non-extraction of allotted bamboo

According to Silviculture⁶ norms, the average life span of a bamboo is eight years, and therefore, bamboos are to be extracted in the fifth year of raising. If extraction of bamboo is not done in the fifth year from any forest coup, all the un-extracted 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 according to the terms and conditions of which, maximum two lakh MTAD (metric tonne air dried) bamboo was to be allotted to the firm for extraction in a year. On failure of HPC to extract the allotted quantity, the Council had the liberty to dispose of such un-extracted bamboos.

⁶ Silviculture means the growing and cultivation of trees.

Test-check of records revealed that during 2001-02, the Council allotted 1.50 lakh MT⁷ bamboos to be extracted by the firm on payment of royalty at the rate of Rs.131 per 100 nos. (5.30 cum). Against the allotted quantity, the firm extracted only 1,04,040.25 MT resulting in short operation/harvesting of 45,959.75 MT. The un-extracted bamboos remained in the forest coup unsold.

Due to non-extraction of balance quantity of bamboos as per terms of allotment the Council sustained loss of forest revenue to the extent of Rs.60.21 lakh⁸.

Reasons for non-extraction of balance quantity of bamboos by the firm and non-disposing of un-extracted bamboo by the Council were not on record nor stated (April 2006).

3.1.2 Loss of forest revenue due to short realisation of actual quantum of extracted and transported bamboos

During the year 2001-02, allotment of bamboos for extraction by M/s Hindustan Paper Corporation (HPC) Ltd were made in metric tonnes (MT) and the firm was allowed to transport

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

⁸ 45959.75 MT = 4595075 bamboos @ Rs.131.00 per 100 Bamboo = Rs.60.21 lakh.

harvested bamboos in MT by using the weigh bridge, but the royalty of bamboos transported was to be realised on the basis of total volume of extracted bamboos. This was arrived at by applying the conversion method (i.e. 1 MT = 100 full length bamboo of 15 metre long = 1 MTAD=5.30 cum) evolved (February 1991) by the Council after a series of analyses for standardisation of stack volume with number of bamboos for royalty assessment as per royalty schedule of the agreement entered in November 1990.

During 2001-02, the HPC transported 1,04,040.25 MT bamboo for which royalty of Rs.136.29 lakh⁹ was payable, against which the firm paid Rs.65.24 lakh between July 2001 and July 2002 for 263955.35 cum (49802.90 MT) through stack measure. Moreover, the Council had not raised any claim from the firm.

This resulted in short realisation of royalty of Rs.71.05 lakh. These irregularities continued to exist in the Council despite having been pointed out in the Audit Report 2000-01.

The Council did not furnish any reply (April 2006).

⁹(1,04,040.25) MTX5.3 cum=551413.325 cum X Rs.131 per 5.3 cum)=Rs.136.29 lakh.

3.2 Other points

3.2.1 Unauthorised deposit of State revenue into Council fund

Revenue earned from entrusted departments is to be deposited into State Government account. Contrary to this, revenue of Rs.31.61 lakh earned from entrusted departments (being sale proceeds, other revenue receipts etc.) during 2001-02 was unauthorisedly deposited into the Council's accounts under Part-II : Deposit Fund treating the same as deposit of the State Government. The irregularity persisted in the Council despite being pointed out in the earlier Audit Report.

Reasons for treating State revenue as Council's fund was not on record nor was stated (April 2006).

3.2.2 Irregular utilisation of departmental receipt towards departmental expenditure

According to Rule 18 of the Karbi Anglong District Fund Rules 1952, all money received by the Council shall be remitted into the treasury promptly and shall on no account be appropriated towards expenditure.

Test-check of records of the Transport Department of the Council revealed that out of revenue of Rs.14.52 lakh being the sale proceeds of passenger tickets, Rs.7.39 lakh was spent towards departmental expenditure on fuel and lubricants during the year 2001-02, without obtaining approval from the competent authority.

3.2.3 Unauthorised expenditure

The Government of Assam, Transport Department accorded (September 2001) sanction for Rs.35 lakh for acquisition of vehicles under the Council's Capital head of Account on Road Transport Services for the year 2001-02.

Test-check of records of the Transport Department of the Council revealed that out of Rs.35 lakh the Council incurred revenue expenditure of Rs.21.24 lakh unauthorisedly towards purchase of spare parts/tyres, repair of vehicles and other miscellaneous expenditure.

3.2.4 Irregular expenditure

Test-check of records of the Primary Education Department of the Council revealed that the Primary Education Officer paid (April 2001) an amount of Rs.8 lakh irregularly in cash to a

Section Officer of the Public Works Department of the Council on the basis of a proforma bill (March 1999) against the estimate for construction of one hostel building of a private school. The amount was booked as final expenditure in the Council's account for the year 2001-02.

The Council could neither produce administrative approval, technical sanction, work allotment orders nor details (running account bill/adjustment bill/measurement book etc.) of work actually executed. Thus, payment made by the Council simply on the strength of the estimate of a work, resulted in irregular expenditure of Rs.8 lakh.

The Council had not furnished any reply (April 2006).

3.2.5 Non-submission of utilisation certificate

During 2001-02, the Council received Plan and non-Plan grants-in-aid of Rs.23.45 crore from the State Government for management of Primary Education of the Council. Against this, the Council spent Rs.24.10 crore by diverting the excess amount of Rs.0.65 crore from the Council's revenue account. The Council had not furnished utilisation certificate for the entire amount to the State Government, as of December 2004.

Reasons for non-submission of Utilisation Certificates had not been intimated to Audit (April 2006).

The Principal Secretary, KAAC paid (December 2001) Rs.40 lakh to the Deputy Commissioner (DC), Diphu to meet the preliminary expenses in connection with the Council's election 2001. Though the DC, Diphu received and encashed the cheque, he had neither accounted for the amount in his cash book nor did he furnish utilisation certificate along with expenditure statement with supporting vouchers to the Council till December 2004.

3.2.6 Non-production of records

During 2001-02, the Public Works Department and Transport Department of the Council spent Rs.53.64 lakh and Rs.6.25 lakh on execution of various works and on payment of travelling expenses bills respectively. Further, the Council released Rs.23.04 lakh to the Divisional Forest Officers/ Divisional Soil Conservation Officer (DFO, Hamren: Rs.3.20 lakh, DFO, West: Rs.5.08 lakh and the DO, Soil Conservation, Hamren: Rs.14.76 lakh) for implementation of Integrated Jhum Development Project.

Despite repeated reminders, the respective departments of the Council did not produce records relating to the above expenditure. Thus, the entire expenditure of Rs. 82.93 lakh could not be vouchsafed in audit.

The Executive Engineer (EE), Works drew Rs.0.85 lakh as permanent advance on the strength of two sanction orders issued by the Council as shown in table - 7 below:

Table-7

Sl. No.	Sanction order No. & dt.	Amount sanctioned (Rs.)	Amount drawn (Rs.)	Cheque No. & dt.
1.	KAAC/Work-173/90/ 2000-01/ 3137 dated.28.08.2000	5000	85,000	80/0007978 dt. 9.4.2001
2.	KAAC/Work-255/2000-01/ 190(A) dt. 5.2.2001	80,000		-Do-

The amount was meant for maintenance and upkeep of electrical and water supply installations. The entire amount of Rs.0.85 lakh was shown as paid to a Junior Engineer (JE) in April 2001. Details of expenditure incurred out of the permanent advance, amount adjusted and recouped from time to time could not be made available to Audit till December 2004.

Reasons for non-adjustment/non-recovery of the said amount and non-production of vouchers, if any, had not been intimated by the Council (April 2006).

3.2.7 Fraud/misappropriation of Council fund

The Secretary, Finance of the Council accorded sanction for Rs.0.10 lakh as permanent advance in August 2001. Accordingly, the EE (Works) drew the said amount in September 2001.

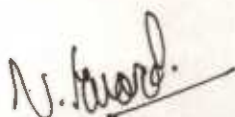
Test-check of records revealed that the EE made another fraudulent drawal of Rs.0.10 lakh in November 2001 on the strength of a photocopy of the above sanction order.

Further, the Secretary Finance of the Council accorded sanction for Rs.0.64 lakh for repairing of one vehicle. Test-check of records of the Transport Department revealed that the EE in-charge drew (November 2001) the amount through a contingent bill against which the EE could furnish bill/ vouchers only for Rs.0.23 lakh. Thus, the bonafide of utilisation of the balance amount of Rs.0.41 lakh could not be ascertained in audit.

3.2.9 Non-adjustment of TA advance

It was noticed from the cash book maintained by the Primary Education Officer of the Council that Rs.0.50 lakh was paid to a former Executive Member in April 2001 as TA advance which remained unadjusted/unrecovered till December 2004.

Reason for non-adjustment/non-recovery of the advance had not been intimated by the Council (April 2006).



(SWORD VASHUM)


Guwahati

The 16 JUN 2006

Principal Accountant General (Audit)
Assam

Countersigned

26 JUN 2006



New Delhi
The

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

