

००२९१



सत्यमेव जयते

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



**FOR THE YEARS  
2011-12 TO 2013-14**

**NORTH CACHAR HILLS AUTONOMOUS COUNCIL,  
HAFLONG, ASSAM**

© COMPTROLLER AND  
AUDITOR GENERAL OF INDIA  
2016  
[www.saiindia.gov.in](http://www.saiindia.gov.in)

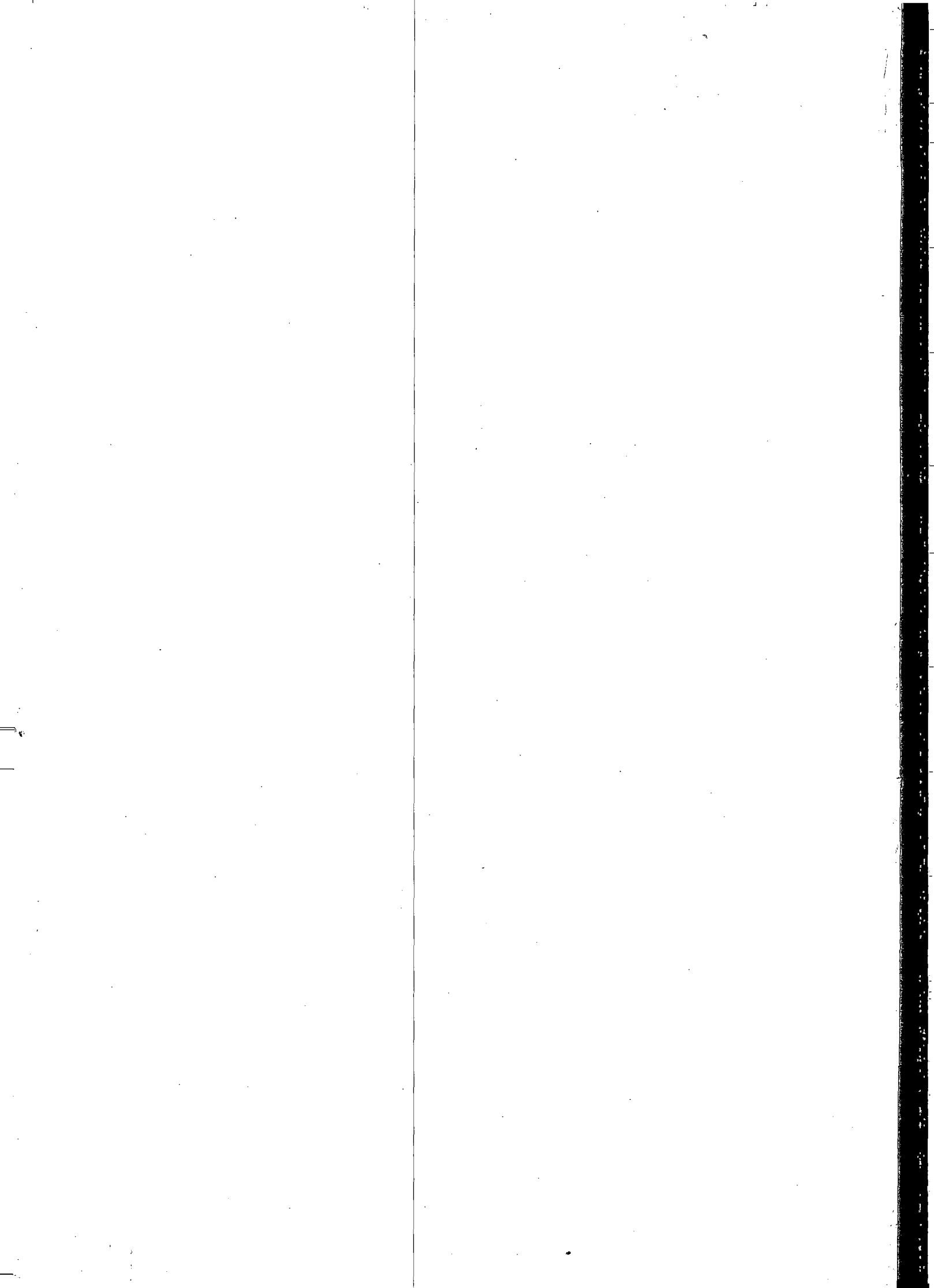
<http://agasm.cag.gov.in>

NORTH CACHAR BELLS AND DISTRICTS BOARD, HAILUJING, ASSAM

REPORT OF THE  
COMPTROLLER AND AUDITOR GENERAL  
OF INDIA

FOR THE YEARS  
2011-12 TO 2013-14

NORTH CACHAR HILLS AUTONOMOUS COUNCIL,  
HAFLONG, ASSAM



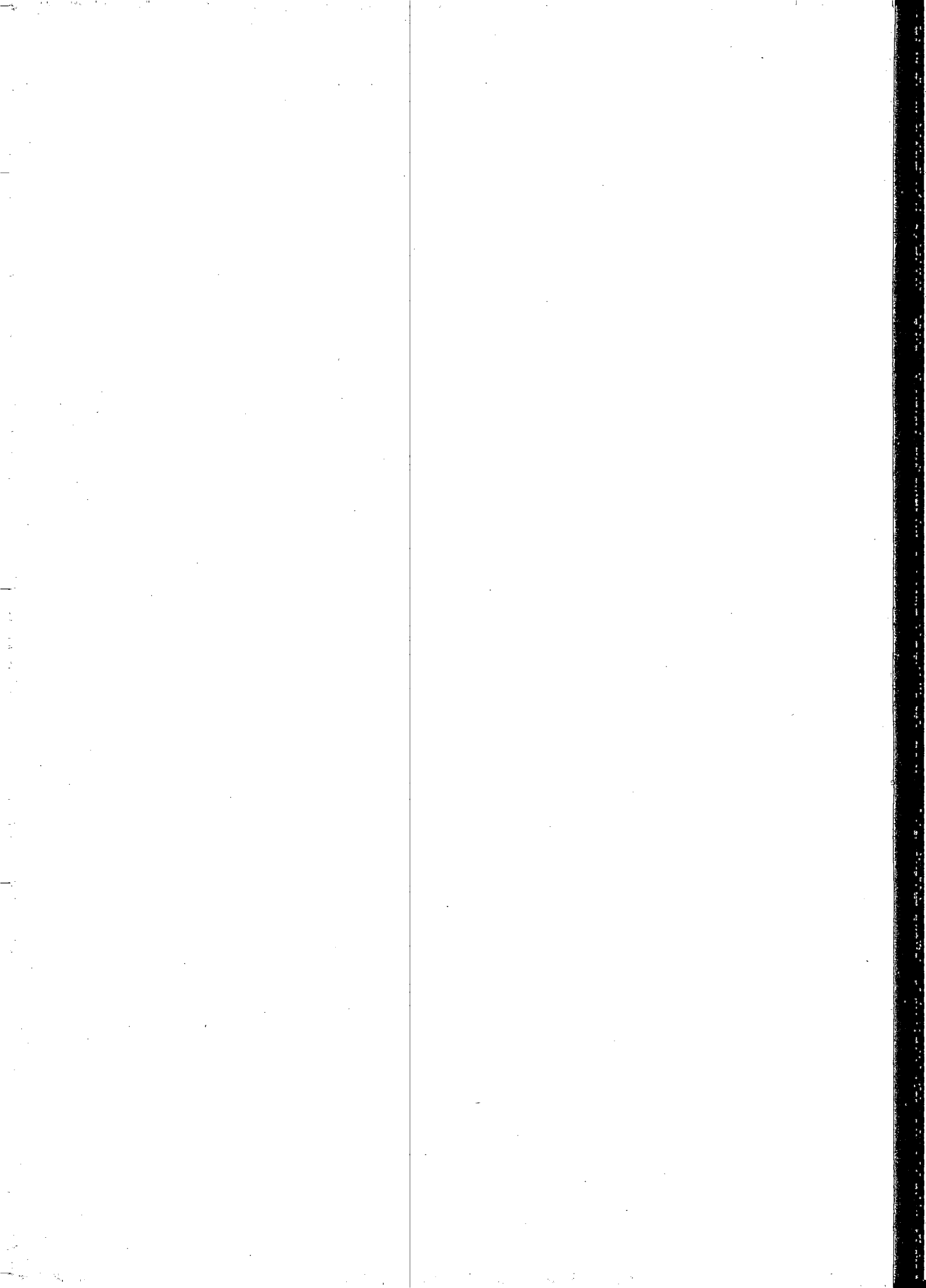
## TABLE OF CONTENTS

	Paragraph(s)	Pages
Preface		v
Overview		viii
<b>SECTION-I</b>		
Introduction	1.1	1
Rules for the management of District Fund	1.2	2
Maintenance of Accounts	1.3	2
<b>SECTION-II</b>		
Receipts and Disbursements	2.1	3
Receipts and Expenditure	2.1.1	3
Surplus/Deficit	2.1.2	5
Variation in revenue receipts compared to actuals of corresponding previous years	2.1.3	6
Variation in revenue expenditures (District Fund) compared to actuals of previous year	2.1.4	8
Receipts compared with budget provisions	2.1.5	9
Expenditure compared with budget provisions	2.1.6	10
Comments on Accounts		
Part-I District Fund	2.2	11
Annual Accounts 2011-12	2.2.1	11
Understatement/Overstatement of receipts	2.2.1.1	11
Understatement of receipts due to incorrect accounting	2.2.1.2	11
Overstatement of revenue expenditures	2.2.1.3	12
Understatement of revenue expenditure under the head Contributions to CPF	2.2.1.4	12
Understatement of capital expenditure under Road Transport Services	2.2.1.5	12
Understatement of receipts as well as disbursements	2.2.1.6	13
Annual Accounts 2012-13	2.2.2	13
Understatement/Overstatement of receipts	2.2.2.1	13
Understatement of receipts due to incorrect accounting	2.2.2.2	14
Overstatement of revenue expenditures	2.2.2.3	14
Understatement of revenue expenditure under the head Contributions to CPF	2.2.2.4	14
Understatement of capital expenditure under Road Transport Services	2.2.2.5	14
Annual Accounts 2013-14	2.2.3	15
Understatement/ Overstatement of receipts	2.2.3.1	15
Understatement of receipts due to incorrect accounting	2.2.3.2	15
Overstatement of revenue receipts with corresponding understatement of Debt	2.2.3.3	15
Overstatement of revenue expenditures	2.2.3.4	16
Understatement of revenue expenditures	2.2.3.5	16
Understatement of revenue expenditure under the head Contributions to CPF	2.2.3.6	16
Overstatement of capital expenditure	2.2.3.7	17
Misclassification	2.2.3.8	17

Part-II Deposit Fund	2.3	17
Annual Accounts 2011-12	2.3.1	17
Understatement of receipts	2.3.1.1	17
Overstatement of disbursement	2.3.1.2	18
Understatement of receipts and disbursements on account of 12 <sup>th</sup> /13 <sup>th</sup> FC Grant	2.3.1.3	18
Understatement of receipts & disbursement under Part-II Deposit Fund on account of BRGF	2.3.1.4	19
Annual Accounts 2012-13	2.3.2	19
Understatement of receipts	2.3.2.1	19
Understatement of disbursement	2.3.2.2	20
Understatement of receipts and disbursement on account of 13 <sup>th</sup> FC Grant	2.3.2.3	20
Understatement of receipts & disbursement under Part-II Deposit Fund on account of BRGF	2.3.2.4	21
Annual Accounts 2013-14	2.3.3	21
Understatement of receipts	2.3.3.1	21
Understatement of disbursement	2.3.3.2	22
Understatement of receipts and disbursement on account of 13 <sup>th</sup> FC Grant	2.3.3.3	22
Understatement of receipts & disbursement under Part-II Deposit Fund on account of BRGF	2.3.3.4	23
Personal Ledger Account	2.4	23
Overstatement of balance	2.4.1	24
Understatement of balance	2.4.2	25
Weakness in maintaining Annual Accounts	2.5	25
<b>SECTION-III</b>		
Irregularities in transactions relating to discharge of normal functions	3	27
Revenue receipts	3.1	27
Failure to generate potential revenue due to default in supply of bamboo, outstanding revenue, and non invocation of penalty	3.1.1	27
Potential revenue lost due to allotted bamboos not being extracted and penalty not being imposed	3.1.2	28
Non generation of revenue of ₹1.21 crore on mines and minerals	3.1.3	29
Non-generation of revenue in disposal of sand mahals	3.1.4	30
Loss of revenue	3.1.4.1	30
Loss of revenue due to royalty not being collected against excess extraction of sand and outstanding 'kist' money	3.1.4.2	31
Non-generation of revenue	3.1.4.3	31
Non-generation of revenue due to non-release of Council's share of MV Tax by the District Transport Authority	3.1.5	33

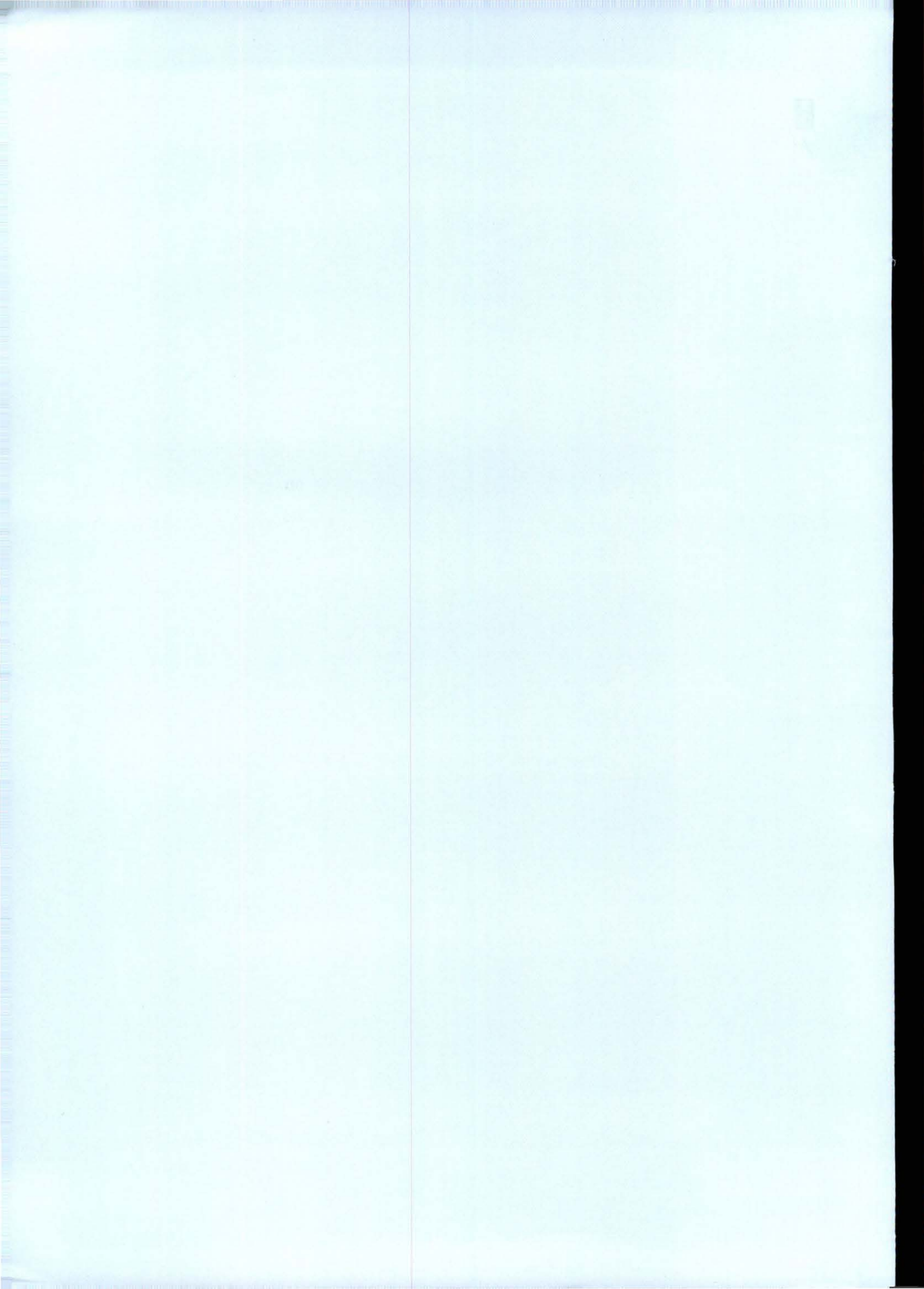
Revenue expenditure	3.2	33
Excess payment of leave encashment over the permissible limit	3.2.1	33
Diversion of Capital Fund towards revenue expenditure- ₹101.20 lakh	3.2.2	34
Unproductive expenditure due to computerised system lying idle	3.2.3	35
Irregular expenditure on salary due to promotion of staff against non sanctioned posts in Forest department of the Council	3.2.4	36
Irregular utilization of revenue receipts towards departmental expenditure	3.3	37
Irregularities in transactions relating to discharge of entrusted functions	4	38
Misappropriation of Government Money	4.1	38
Loss to Government	4.2	39
Diversion of funds	4.3	40
Unauthorised utilization of Non plan fund of entrusted department	4.4	40
Unproductive expenditure on incomplete works	4.5	41
Blockade of NSAP fund without implementation	4.6	43
Unfruitful Expenditure	4.7	43
Internal Control Mechanism	5	44

Appendix	Paragraph Reference	Page
Appendix - I	3.1.4.3	47
Appendix - II	3.2.1	48
Appendix - III	3.2.2	52
Appendix - IV	4.2	53





# **Preface**

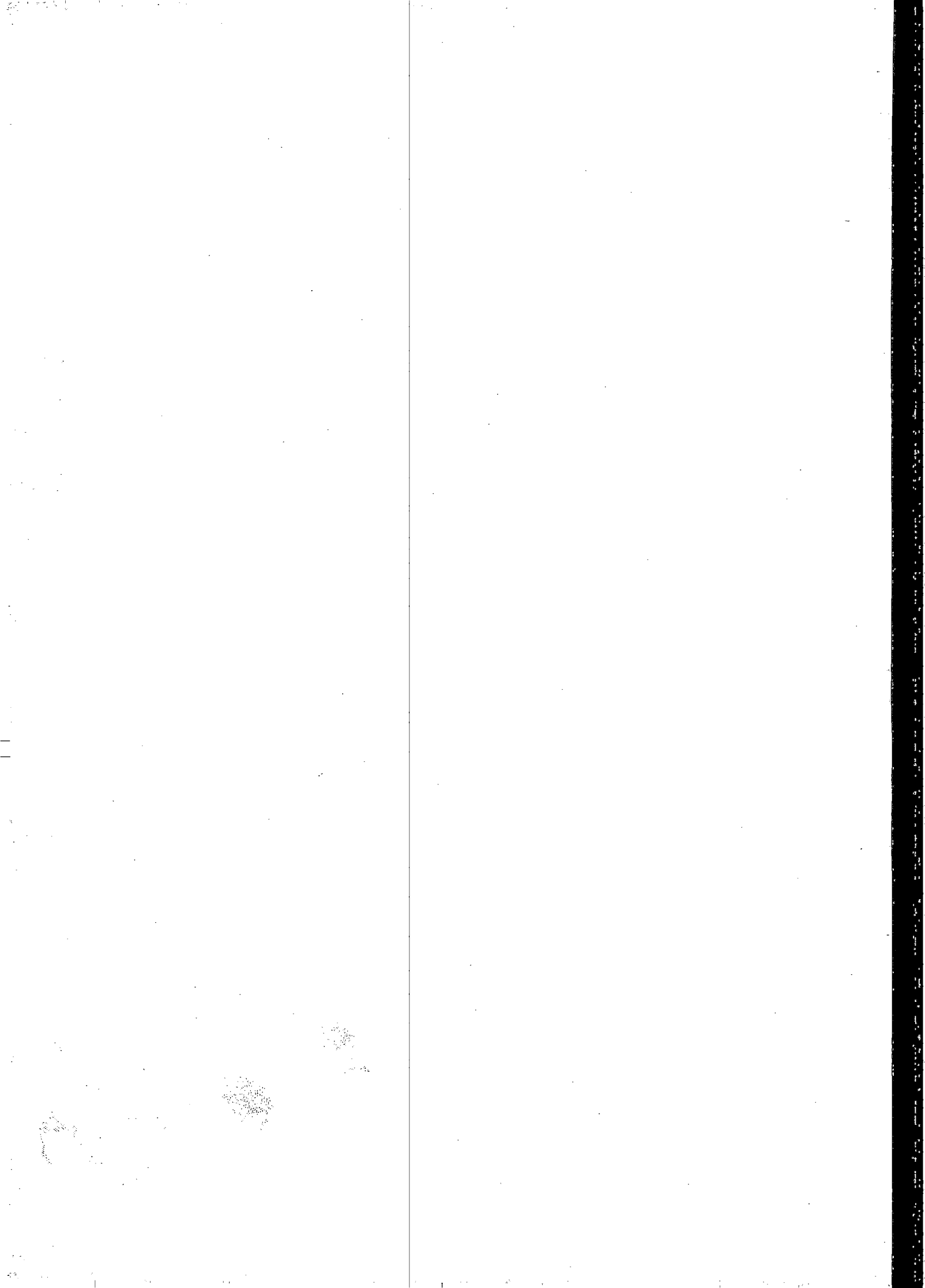


## Preface

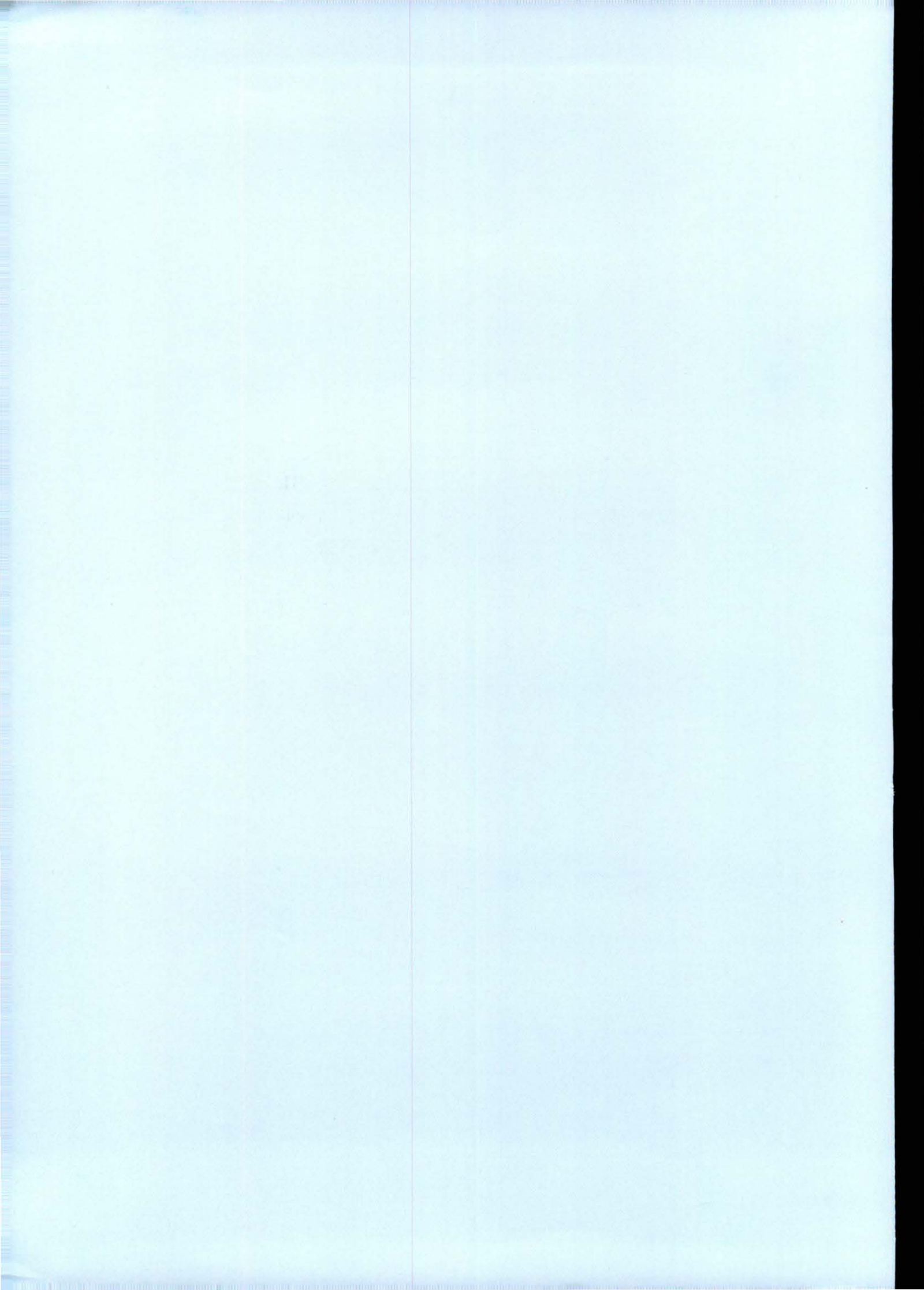
This Report has been prepared for submission to the Governor under paragraph 7(4) of the Sixth Schedule to the Constitution of India. It relates mainly to the points arising from the audit of the financial transactions of the North Cachar Hills Autonomous Council, (NCHAC) Haflong, Assam.

The observations included in the Report are those which came to notice in the course of test check of annual accounts for the years 2011-12 to 2012-13 and 2013-14 and audit of transactions pertaining to these years, conducted during April-June 2014 and February- April, 2015 respectively.

The Report contains three sections, of which 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 audit comments on the Council's financial position and various irregularities in transactions relating to the years 2011-12 to 2013-14 in respect of inherent as well as entrusted functions.



# Overview



## OVERVIEW

This Report contains three sections. Section-I deals with the constitution of the Council, rules for the management of District Fund and relevant constitutional provisions on maintenance of accounts. Section-II deals with comments arising out of audit of annual accounts of the Council for the years 2011-12 to 2012-13 and 2013-14 and contains forty-one paragraphs while Section-III of the Report details the audit findings pertaining to transaction audit relating to discharge of inherent and entrusted functions of the Council and contains twenty paragraphs. A synopsis of significant audit findings contained in the Report is given below:

### Comments on Accounts

- Reasons for revenue surplus under District Fund (₹931.80 lakh in 2011-12, ₹117.76 lakh in 2012-13 and ₹17.25 lakh in 2013-14) and surplus under Deposit Fund (₹711.31 lakh in 2011-12, ₹1147.30 lakh in 2012-13 and ₹5131.48 lakh in 2013-14) were attributable to lesser utilization of fund by the Council and delayed release of fund by the Government. Deficits under Capital account under District Fund (₹3.75 lakh in 2011-12, ₹1018.74 lakh in 2012-13 and ₹222.48 lakh in 2013-14) occurred due to incorrect accounting of receipts from the State Government under Deposit Fund.

*(Paragraphs 2.1.2.1, 2.1.2.2 & 2.1.2.3)*

- In the annual accounts for 2011-12, 2012-13 and 2013-14, revenue receipts were either found understated or overstated.

*(Paragraphs 2.2.1.1, 2.2.2.1 & 2.2.3.1)*

- In the annual accounts for 2011-12, 2012-13 and 2013-14 revenue expenditure was either understated or overstated (2011-12: understated by ₹47.23 lakh in 1 head of accounts and overstated by ₹94.34 lakh in 2 head of accounts; 2012-13: understated by ₹182.59 lakh in 1 head of accounts and overstated by ₹84.42 lakh in 2 head of accounts ; 2013-14: understated by ₹124.20<sup>1</sup> lakh in 2 head of accounts and overstated by ₹228.94 lakh in 1 head of account).

*(Paragraphs 2.2.1.3, 2.2.1.4, 2.2.2.3, 2.2.2.4, 2.2.3.4, 2.2.3.5 & 2.2.3.6)*

<sup>1</sup> ₹12.30 lakh: Para 2.2.3.5 + ₹111.90 lakh: Para 2.2.3.6

- During the years 2011-12, 2012-13 & 2013-14 receipts from State Government in respect of entrusted functions under Part-II Deposit Fund were understated in the annual accounts by ₹17.01 crore, ₹19.18 crore and ₹3.56 crore respectively.

*(Paragraphs 2.3.1.1, 2.3.2.1 & 2.3.3.1)*

#### **Audit of transactions relating to discharge of normal functions**

- NCHAC failed to generate potential revenue of ₹4.73 crore due to non-supply of stipulated 75000 Metric Tonne Air Dried (MTAD) of bamboos annually to HPC during 2011-12 to 2013-14. Outstanding royalty of ₹501.77 lakh for supply of 135763.917 MTAD bamboos to HPC remained unrealized.

*(Paragraph 3.1.1)*

- Non release of outstanding balance of ₹16.19 lakh (out of Council's 90 *per cent* share of M.V. Tax of ₹23.08 lakh due for the year 2013-14) by the District Transport Authorities of the Councils share of MV Tax resulted in short collection of revenue to the extent.

*(Paragraph 3.1.5)*

- Payments of leave encashment to 53 teachers during 2011-12 for 150 days instead of admissible 80/90 days and to 71 teachers during 2012-13 for 150 days to 160 days instead of admissible 80 days to 100 days under District Primary Education Officer, NCHAC, Haflong resulted in excess expenditure of ₹17.86 lakh and ₹27.93 lakh during 2011-12 and 2012-13 respectively.

*(Paragraph 3.2.1)*

- Improper planning by NCHAC led to unproductive expenditure to the tune of ₹1.57 crore, frustrating the objectives of the project of computerisation of Dima Hasao Autonomous Council offices with e-office and e-attendance facilities including setting up of a website for the Council and installation of Internet Server.

*(Paragraph 3.2.3)*



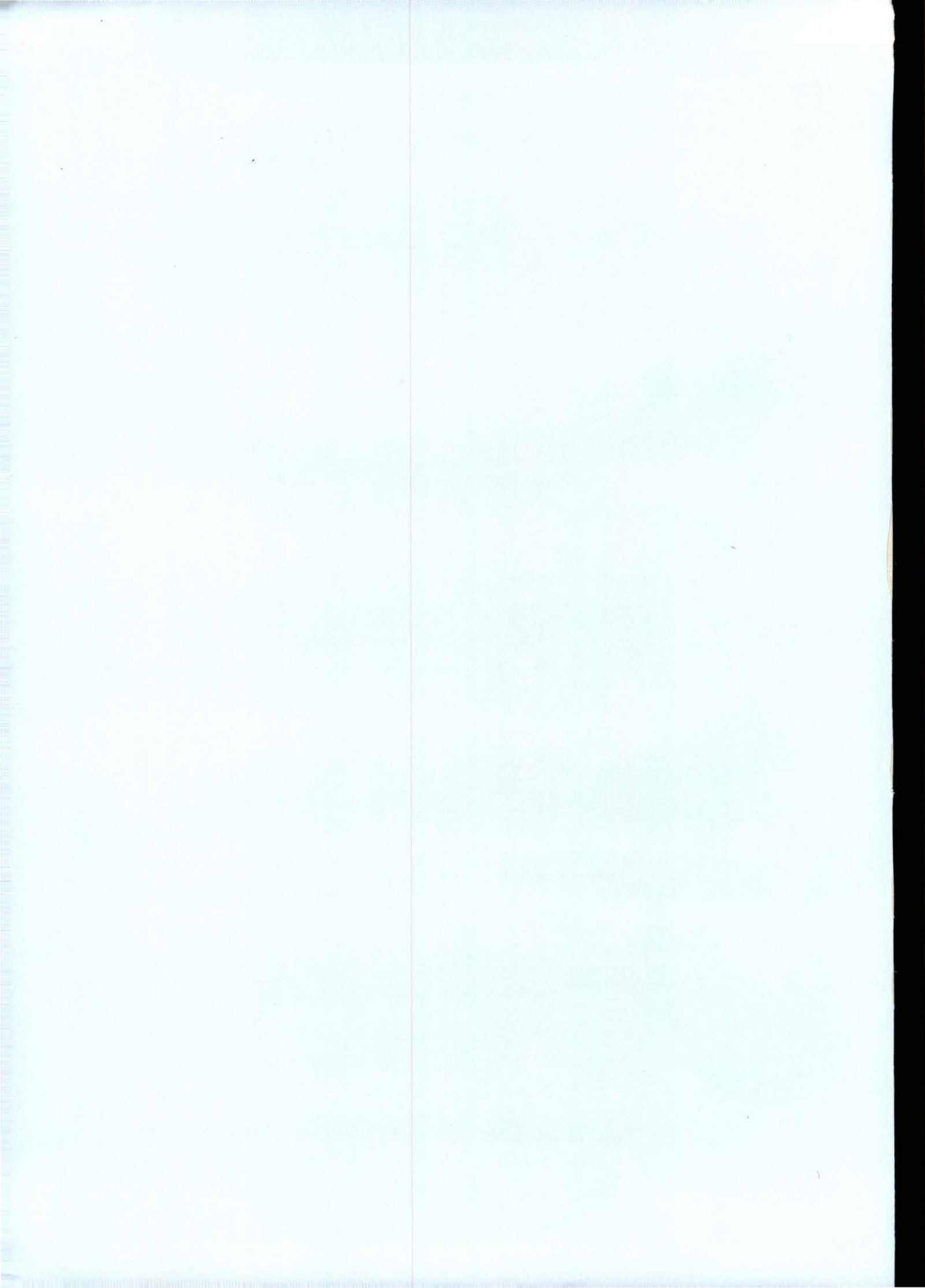
### **Audit of transactions relating to discharge of entrusted functions**

- Inspector of Schools, Haflong unauthorisedly diverted and spent ₹29.98 lakh on construction works, awareness campaign etc., against sanction of the Council for training, monitoring, evaluation and information technology under Secondary Education, resulting in non performance of the stipulated activities to that extent.

*(Paragraph 4.3)*

- In violation of the provisions of the Assam Financial Rule and Budget Manual, unspent balance (₹30 crore) of Non plan fund of entrusted functions was unauthorisedly utilised towards payment of arrear of salaries of Council's own employees without approval of the Finance Department.

*(Paragraph 4.4)*



## Section-I

### 1.1 Introduction

The North Cachar Hills District Council in Assam was set up in April 1952 under Article 244(2) read with the Sixth Schedule to the Constitution of India. It was renamed as North Cachar Hills Autonomous Council (NCHAC) on 13 September 1995. The North Cachar Hills district of Assam was renamed as "Dima Hasao" on 30 March 2010 and the Council is using the nomenclature "Dima Hasao Autonomous Council" in their official records. However, amendment of Sixth Schedule to the Constitution of India has not yet been carried out.

The Sixth Schedule (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 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, Public Health and Sanitation and inheritance of property. Paragraph 6(1) of the Schedule empowers the Councils 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 Schedule. Under paragraph 9 of the Schedule, the Council is also entitled to the share of revenue generated from licenses/leases for extraction of minerals within Council area as agreed upon between the Government of Assam and the Council. The above functions are called normal or inherent functions of the council in the common parlance.

In addition, under paragraph 6(2) of the Schedule, *ibid*, the State Government entrusted additional functions (called entrusted functions) to NCHAC in relation to agriculture, animal husbandry, cottage industries, soil conservation, social welfare, fisheries, forests *etc.*, since June 1970 (as revised in November 1979, November 1992 and December 1996). According to the terms of latest entrustment, the State Government is to make funds available to NCHAC in advance so that the latter can finance the expenditure relating to entrusted functions. NCHAC is to render monthly detailed accounts to the Principal Accountant

General (A&E), Assam for making necessary adjustments. Budget provision for these functions is to be made in the State budget, and the Council is responsible to the State Legislature in respect of all matters relating to such funds provided for discharging the functions entrusted to it in terms of Office Memorandum (31 December 1996) of the Government of Assam.

### 1.2 Rules for the management of 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 moneys 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 North Cachar Hills District Fund Rules, 1953 (called Fund Rules) as approved by the Governor of Assam.

### 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. The State Government forwarded this format of accounts to the NCHAC in March 1978. The annual accounts for the years 2011-12 to 2012-13 and 2013-14 have been prepared in the prescribed format and submitted to audit in April, 2014 and December, 2014 respectively. Audit was taken up during April-June, 2014 and February- April, 2015 respectively.

Results of test check of annual accounts and audit of transactions of NCHAC including the Drawing and Disbursing Officers under administrative control of the Council for the years 2011-12 to 2012-13 and 2013-14 are included in the succeeding paragraphs.

## Section-II

### 2.1 Receipts and Disbursements

#### 2.1.1 Receipts and Expenditure

The revenue receipts and expenditure of NCHAC for the years 2011-12, 2012-13 and 2013-14 as per annual accounts and the resultant surplus/deficit under revenue, capital and Deposit Fund are shown in Table-1:

**Table- 1**

Receipts	Year				
	2011-12	2012-13		2013-14	
Part-I: District Fund	₹ in lakh	₹ in lakh	Percentage with reference to column 2 increase (+)/decrease (-)	₹ in lakh	Percentage with reference to column 3 increase (+)/decrease (-)
A- Revenue Receipt	1	2	3	4	5
					6
Taxes on Income and Expenditure	346.50	391.06	(+) 13	399.53	(+) 2
Land Revenue	21.61	57.33	(+) 165	90.60	(+) 58
Stamps and Registration	0.52	6.36	(+) 1123	-	(-) 100
Taxes on vehicles	22.27	150.41	(+) 575	24.42	(-) 84
Education	-	-	-	-	-
Forests	531.26	412.15	(-) 22	389.07	(-) 6
Mines and Minerals	411.57	222.96	(-) 46	521.58	(+) 134
District Council	-	-	-	-	-
Executive Members	-	-	-	-	-
Administration of Justice	-	-	-	-	-
Secretariat General Services	-	-	-	-	-
Pension and other Retirement Benefits	-	-	-	-	-
Art and Culture	-	-	-	-	-
Urban Development	-	-	-	-	-
Social Security and Welfare	-	-	-	-	-
Roads and Transport Services	15.26	13.13	(-) 14	9.92	(-) 24
Stationery and Printing	0.02	-	(-) 100	-	-
Public Works	4.93	188.75	(+) 3729	12.64	(-) 93
Other Administrative Service	-	26.71	-	-	(-) 100
Other General Economic Services	222.38	146.31	(-) 34	376.28	(+) 157
Administrative charges	-	-	-	3000.00	-
Grants in Aid	2700.00	1912.57	(-) 29	347.50	(-) 82
<b>Total -A: Revenue Receipts</b>	<b>4276.32</b>	<b>3527.74</b>		<b>5171.54</b>	
Revenue Deficit	-	-	-	-	-
<b>B- Capital Receipts</b>					
Capital account	-	-	-	-	-
Debt	-	-	-	-	-
Loans and Advances	-	-	-	-	-
Recoveries of Loans and Advances	-	-	-	-	-
<b>Total-B: Capital Receipts</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>	
Deficit under Capital and Loans and Advances	3.75	1018.74	-	222.48	-
<b>Total -Receipts (Part-I District Fund)</b>	<b>4276.32</b>	<b>3527.74</b>		<b>5171.54</b>	
<b>Total Part -I: District Fund</b>	<b>4280.07</b>	<b>4546.48</b>		<b>5394.02</b>	
<b>PART-II: Deposit Fund</b>					
<b>C- Receipts under entrusted functions of the State Government</b>					
Funds Received from the State Government	35616.82	36017.20	(+) 1	42821.66	(+) 19
Deficit under Deposit Fund	-	-	-	-	-
<b>Total-C: Part- II Deposit Fund</b>	<b>35616.82</b>	<b>36017.20</b>		<b>42821.66</b>	
<b>Total Receipts under Part I &amp; II</b>	<b>39893.14</b>	<b>39544.94</b>		<b>47993.20</b>	
<b>D- Opening balance</b>					
Cash/Treasury (PLA)	5887.97	7527.33	-	7773.65	-
<b>Grand Total (A+B+C+D)</b>	<b>45781.11</b>	<b>47072.27</b>		<b>55766.85</b>	

Expenditure	Year				
	2011-12	2012-13		2013-14	
Part-I: District Fund	₹ in lakh	₹ in lakh	Percentage with reference to column 2 increase (+)/decrease(-)	₹ in lakh	Percentage with reference to column 3 increase (+)/decrease (-)
A- Revenue Expenditure	1	2	3	4	5
Taxes on Income and Expenditure	-	-	-	-	-
Land Revenue	158.66	176.32	(+) 11	268.58	(+) 52
Stamps and Registration	-	-	-	-	-
Taxes on vehicles	-	-	-	-	-
Education	1274.71	1238.22	(-) 3	1892.05	(+) 53
Forests	835.04	860.02	(+) 3	1405.98	(+) 63
Mines and Minerals	-	-	-	-	-
District Council	39.36	29.50	(-) 25	135.86	(+) 361
Executive Members	39.80	27.38	(-) 31	20.09	(-) 27
Administration of Justice	23.41	24.01	(+) 3	37.35	(+) 56
Secretariat General Services	404.36	421.51	(+) 4	582.85	(+) 38
Pension and other Retirement Benefits	-	2.07	-	-	(-) 100
Art and Culture	30.04	33.64	(+) 12	49.43	(+) 47
Urban Development	4.20	4.07	(-) 3	6.86	(+) 69
Social Security and Welfare	-	17.00	-	17.21	(+) 1
Roads and Transport Services	50.61	52.57	(+) 4	66.49	(+) 26
Stationery and Printing	12.96	11.67	(-) 10	1.58	(-) 86
Public Works	347.38	392.06	(+) 13	507.62	(+) 29
Other Administrative Service	-	-	-	-	-
Other General Economic Services	123.99	119.94	(-) 3	162.34	(+) 35
Administrative charges	-	-	-	-	-
Grants in Aid	-	-	-	-	-
<b>Total -A: Revenue Expenditure</b>	<b>3344.52</b>	<b>3409.98</b>		<b>5154.29</b>	
Revenue Surplus	931.80	117.76		17.25	
<b>B- Capital Expenditure</b>					
Capital account	3.75*	1018.74*	(+) 27066	222.48*	(-) 78
Debt	-	-	-	-	-
Loans and Advances	-	-	-	-	-
Disbursement of Loans and Advances	-	-	-	-	-
<b>Total-B: Capital Expenditure</b>	<b>3.75</b>	<b>1018.74</b>	<b>(+) 27066</b>	<b>222.48</b>	<b>(-) 78</b>
Surplus under Capital and Loans and Advances	-	-	-	-	-
<b>Total - Expenditure (Part-I District Fund)</b>	<b>3348.27</b>	<b>4428.72</b>		<b>5376.77</b>	
<b>Total Part -I District Fund</b>	<b>4280.07</b>	<b>4546.48</b>		<b>5394.02</b>	
<b>PART- II: Deposit Fund</b>					
<b>C- Disbursements under entrusted functions of the State Government</b>					
Expenditure incurred out of Deposit Fund	34905.51	34869.90	0	37690.18	(+) 8
Surplus under Deposit Fund	711.31	1147.30		5131.48	
<b>Total-C: Part II Deposit Fund</b>	<b>35616.82</b>	<b>36017.20</b>		<b>42821.66</b>	
<b>Total Disbursement under Part I &amp; II</b>	<b>38253.78</b>	<b>39298.62</b>		<b>43066.94</b>	
<b>D- Closing balance</b>					
Cash/Treasury (PLA)	7527.33	7773.65		12699.91	
<b>Grand Total (A+B+C+D)</b>	<b>45781.11</b>	<b>47072.27</b>		<b>55766.85</b>	

\* Capital Outlay on Public Works/Road Transport Services.

Source: Annual Accounts of NCHAC

Decrease in Grant in aid under District Fund by 29 per cent and 82 per cent during 2012-13 and 2013-14 respectively as compared to relevant previous years and significant decrease of 19 per cent in Fund receipt from the State Government during 2013-14 were due to lesser provision in the State Budget.

Besides, variations in revenue receipts and expenditure incurred by the Council as compared to relevant previous years have been discussed in succeeding paragraphs 2.1.3 and 2.1.4 respectively while the reasons for the surplus/deficit under District and Deposit Funds have been discussed in the following paragraph.

## 2.1.2 Surplus/Deficit

2.1.2.1 During 2011-12 there was a surplus under Revenue receipts of District Fund of ₹ 931.80 lakh. This arose due to available funds provided for the purpose of 3451- Secretariat Economic Services not being utilized as well as surplus under Deposit Fund (₹ 711.31 lakh) which arose due to delayed release of fund at the fag end of the year by the State Government. The Ways and Means position depicted in the annual accounts showed that NCHAC received ₹ 11234.16 lakh during March 2012 against average monthly receipt of ₹ 2605.36 lakh<sup>1</sup> (monthly receipt in the months other than March 2012 varied from ₹ 20.93 lakh to ₹ 7084.18 lakh). Further, Capital deficit of ₹ 3.75 lakh under District Fund was due to incorrect accounting of receipt of ₹ 3.75 lakh as fund received from the State Government under deposit fund instead of considering the same as grant received for expenditure under Capital outlay on Public Works under district fund in the annual accounts.

2.1.2.2 During 2012-13 Revenue Surplus under District Fund (₹ 117.76 lakh) and Surplus under Deposit Fund (₹ 1147.30 lakh) was mainly due to lesser monthly utilisation of fund during the year except in March 2013 than the balance available for disbursement (varying from ₹ 54.07 crore to ₹ 152.74 crore during April 2012 to February 2013<sup>2</sup> respectively).

Capital deficit of ₹ 10.19 crore under District Fund was due to incorrect accounting of receipt of the same from State budget under the Deposit Fund instead of considering the receipt of ₹ 10.04 crore and ₹ 0.15 crore as receipt of grant for expenditure under Capital outlay on Public Works and Capital outlay on Road Transport Service respectively under District Fund in the annual accounts.

2.1.2.3 During 2013-14 Revenue Surplus under District Fund (₹ 17.25 lakh) was due to non-utilisation of fund and Surplus under Deposit Fund (₹ 5131.48 lakh) was due to receipt of funds from the State Government at the fag end of the financial year.

<sup>1</sup> ₹(3989314251-1123415771)/11

<sup>2</sup> As per 'Statement of Monthly Ways and Means position' of Annual Accounts.

Capital deficit (₹ 222.48 lakh) under District Fund was mainly due to incorrect accounting of receipt for Public Works (₹ 79.61 lakh) and Road Transport Service (₹ 142.87 lakh) as grant received from the State Government under Deposit Fund instead of treating the same as receipt for Capital outlay on Public Works and Capital outlay on Road Transport Service respectively under District Fund in the annual accounts.

However, release of ₹ 142.87 lakh by the State Government in excess of revised budget provision of ₹ 52.00 lakh leading to expenditure under Capital outlay on Road Transport Service also contributed towards increase in capital deficit to the extent of ₹ 90.87 lakh.

Thus, mechanism of utilisation of Fund should be geared up to avoid surpluses leading to retention of heavy unutilised balance in the Personal Ledger Account of the Council. Instances of incorrect classification of funds should be avoided.

### 2.1.3 Variation in revenue receipts compared to actuals of corresponding previous years

2.1.3.1 There was shortfall in revenue receipts in 5 (five) heads of accounts during 2011-12 as compared to the previous year 2010-11. The shortfalls ranged between 9 per cent and 95 per cent as shown in Table-2:

Table-2

Head of Account for Revenue Receipt	Revenue collections		Shortfall	Percentage of shortfall
	Previous year (2010-11)	During 2011-12		
i. Taxes on Income and Expenditure	379.90	346.50	33.40	9
ii. Land Revenue	407.24	21.61	385.63	95
iii. Public Works	7.97	4.93	3.04	38
iv. Other General Economic Services	284.23	222.38	61.85	22
v. Mines and Minerals	1104.59	411.57	693.02	63

Source: Annual Accounts

2.1.3.2 While revenue receipts under 6 (six) heads of accounts were substantially increased (Taxes on income: 13 per cent; Land Revenue: 165 per cent; Stamp and Registration: 1123 per cent; Taxes on Vehicle: 575 per cent; Public Works: 3729 per cent and Other Administrative Services: 100 per cent) during the year 2012-13 as compared to the previous year, there were shortfall in revenue receipts in 4 (four) heads of accounts (except Grants-in-Aid) during 2012-13 compared to the previous year 2011-12. The shortfalls ranged between 14 per cent and 46 per cent as shown in Table-3:



Table-3

(₹ in lakh)

Head of Account for Revenue Receipt	Revenue collections		Shortfall	Percentage of shortfall
	Previous year (2011-12)	During 2012-13		
i. Other General Economic Services	222.38	146.31	76.07	34
ii. Forests	531.26	412.15	119.11	22
iii. Mines and Minerals	411.57	222.96	188.61	46
iv. Roads and Transport Services	15.26	13.13	2.13	14

Source: Annual Accounts

2.1.3.3 While revenue receipts under 3 (three) heads of accounts (except Administrative Charges) were substantially increased (Land Revenue: 58 per cent; Mines & Minerals: 134 per cent; Other General Economic Services: 157 per cent) during the year 2013-14 as compared to previous year (2012-13), there were shortfall in revenue receipts in 6 (six) heads of accounts during 2013-14 compared to the previous year 2012-13. The shortfalls ranged between 6 per cent and 100 per cent as shown in Table-4 below:

Table-4

(₹ in lakh)

Head of Account for Revenue Receipt	Revenue collections		Shortfall	Percentage of shortfall
	Previous year (2012-13)	During 2013-14		
i. Stamps & Registration fees / Court fee	6.36	0	6.36	100
ii. Taxes on Vehicles	150.41	24.42	125.99	84
iii. Public Works	188.75	12.64	176.11	93
iv. Other Administrative Services	26.71	0	26.71	100
v. Forests	412.15	389.07	23.08	6
vi. Roads and Transport Services	13.13	9.92	3.21	24

Source: Annual Accounts

Reasons for shortfalls in revenue collections as compared to previous years were stated to be due to law and order problems and other unavoidable circumstances. The reply was not acceptable since there was no record in support showing specific situation affecting the collection of revenue due to deterioration in law and order in the district during 2011-12 to 2013-14 and unavoidable circumstances were also not specified.

Thus, specific reasons for shortfalls should be analysed and remedial steps taken to enhance revenue collection in the interest of the Council.

## 2.1.4 Variation in revenue expenditure (District Fund) compared to actuals of previous year

2.1.4.1 Wide variations in revenue expenditure were noticed in 3(three) heads of accounts during 2011-12 compared to the actual of previous year 2010-11. The percentage of variations ranged between 16 and 253 *per cent* as shown in Table 5:

Table-5

(₹ in lakh)

Head of Account for Revenue Receipt	Revenue expenditure		Variation	Percentage of variation
	Previous year (2010-11)	During 2011-12		
i. District Council	33.93	39.36	5.43	16
ii. Executive Members	11.28	39.80	28.52	253
iii. Stationery and Printing	0	12.96	12.96	100

Source: Annual Accounts

2.1.4.2 Wide variations in revenue expenditure were noticed in 4 (four) heads of accounts during 2012-13 compared to the actual of previous year 2011-12. The percentage of variations ranged between 11 and 100 as shown in Table 6:

Table-6

(₹ in lakh)

Head of Account for Revenue Receipt	Revenue expenditure		Variation (Increase)	Percentage of variation
	Previous year (2011-12)	During 2012-13		
i. Land Revenue	158.66	176.32	17.66	11
ii. Pension and other Retirement Benefits	0	2.07	2.07	100
iii. Art and Culture	30.04	33.64	3.60	12
iv. Social Security and Welfare	0	17.00	17.00	100

Source: Annual Accounts

2.1.4.3 Wide variations (increase) in revenue expenditure were noticed in 11 (eleven) heads of accounts during 2013-14 compared to the actuals of previous year 2012-13. The percentage of variations ranged between 26 and 361 as shown in Table-7 below:

Table-7

(₹ in lakh)

Head of Account for Revenue Expenditure	Revenue expenditure		Variation (Increase)	Percentage of variation
	Previous year (2012-13)	During 2013-14		
i. Land Revenue	176.32	268.58	92.26	52
ii. Education	1238.22	1892.05	653.83	53
iii. Forests	860.02	1405.98	545.96	63
iv. District Council	29.50	135.86	106.36	361
v. Administration of Justice	24.01	37.35	13.34	56
vi. Secretariat General Services	421.51	582.85	161.34	38
vii. Art and Culture	33.64	49.43	15.79	47
viii. Urban Development	4.07	6.86	2.79	69
ix. Roads and Transport Services	52.57	66.49	13.92	26
x. Public Works	392.06	507.62	115.56	29
xi. Other General Economic Services	119.94	162.34	42.40	35

Source: Annual Accounts

Reasons for wide variations in revenue expenditure (District Fund) as compared to previous years could not be properly analysed due to non maintenance of minor/sub/detailed head wise Ledger/ Consolidated/Classified Abstracts providing reference of vouchers etc. However, in reply, the reason for such variations was stated to be due to unavoidable circumstances. The reply given was vague which disclosed that no efforts were made by the Council to analyse these fluctuations for taking corrective measures. Thus, case wise probes into the causes of such increase in revenue expenditure are needed to be done in the interest of the Council.

### 2.1.5 Receipts compared with budget provisions

2.1.5.1 Revenue receipts under 3 (three) heads of account during 2012-13 were ₹ 571.59 lakh against the estimated receipt of ₹ 4667.40 lakh leading to shortfall in receipts ranging from 43 to 96 percent as shown in Table 8:

Table-8

(₹ in lakh)

Sl. No.	Head of accounts	Budget Provisions (Revised)	Actual receipts during 2012-13	Shortfall	Percentage of shortfall
1	Other General Economic Services	3897.05	146.31	3750.74	96
2	Forests	727.35	412.15	315.20	43
3	Roads & Transport Services	43.00	13.13	29.87	69
	<b>Total</b>	<b>4667.40</b>	<b>571.59</b>	<b>4095.81</b>	

Source: Annual Accounts and Budget document of NCHAC.

2.1.5.2 Revenue receipts under 8 (eight) heads of accounts during 2013-14 were ₹ 902.93 lakh against the estimated receipt of ₹ 5044.44 lakh leading to shortfall in receipts (₹ 4141.51 lakh) ranging from 2 to 100 percent as shown in Table-9 below:

Table-9

(₹ in lakh)

Sl. No.	Head of accounts	Budget Provisions (Revised)	Actual receipts during 2013-14	Shortfall	Percentage of shortfall
1	Land Revenue	2340.00	90.60	2249.40	96
2	Stamp & Registration	1.00	0	1.00	100
3	Taxes on Vehicles	25.00	24.42	0.58	2
4	Stationery & Printing	0.02	0	0.02	100
5	Public Works	15.53	12.64	2.89	19
6	Other General Economic Services	1836.67	376.28	1460.39	80
7	Forests	776.22	389.07	387.15	50
8	Roads & Transport Services	50.00	9.92	40.08	80
	<b>Total</b>	<b>5044.44</b>	<b>902.93</b>	<b>4141.51</b>	

Source: Annual Accounts and Budget document of NCHAC

Reasons for shortfall in revenue collections were stated to be due to prevailing law and order problems. The reasons put forward, were not convincing as the law and order problem was

prevailing all along and should have been taken note of while preparing the budget estimates. Thus, the shortfall in collection of revenue against estimated provision underlined the need for evolving an effective and result oriented mechanism in NCHAC in mobilization of funds from its own sources.

## 2.1.6 Expenditure compared with budget provisions

2.1.6.1 NCHAC incurred an expenditure of ₹ 835.04 lakh during 2011-12 against the revised budget provision of ₹ 794.10 lakh under the Head of account '22 Forest'. This resulted in excess expenditure of ₹ 40.94 lakh (5 per cent) over the revised estimates.

2.1.6.2 NCHAC incurred an expenditure of ₹ 136.94 lakh during 2012-13 against the revised budget provision of ₹ 73.54 lakh under two Heads of accounts resulting in excess expenditure of ₹ 63.40 lakh (86 per cent) over the revised estimates shown in Table-10:

Table-10

(₹ in lakh)					
Sl. No.	Head of accounts	Budget Provisions (Revised)	Expenditure incurred	Excess expenditure	Percentage of Excess expenditure
1	Social Security & Welfare	5.60	17.00	11.40	204
2	Other General Economic Services (I & II)	67.94	119.94	52.00	76
Total		73.54	136.94	63.40	86

Source: Annual Accounts and Budget document of NCHAC.

2.1.6.3 NCHAC incurred an expenditure of ₹ 428.66 lakh during 2013-14 against the revised budget provision of ₹ 251.30 lakh under three Heads of accounts resulting in excess expenditure of ₹ 177.36 lakh (71 per cent) over the revised estimates as shown in Table-11 below:

Table-11

(₹ in lakh)					
Sl. No.	Head of accounts	Budget Provisions (Revised)	Expenditure incurred	Excess expenditure	Percentage of Excess expenditure
1	4. Land Revenue (I, II & III)	193.70	268.58	74.88	39
2	16. Social Security & Welfare	5.60	17.21	11.61	207
3	42. Capital Account on Road Transport Services	52.00	142.87	90.87	175
Total		251.30	428.66	177.36	71

Source: Annual Accounts and Budget document of NCHAC.

NCHAC in its reply (March, 2015) stated that due to oversight budget provisions were not revised taking into consideration the Grant in aid receivable from the Government. This

underlined the need for improvement and review of the process of preparation of budget estimates to arrest such a situation in future by the Council.

## Comments on Accounts

### 2.2 Part-I: District Fund

#### 2.2.1 Annual Accounts 2011-12

##### 2.2.1.1 Understatement/Overstatement of receipts

Scrutiny of records and information furnished by the Council during audit revealed that receipts under three heads of accounts were understated while receipts under one head of account was overstated in the District Fund of the Annual Accounts for 2011-12 due to incorrect exhibition of the respective receipts as shown in Table-12:

**Table-12**

(₹ in lakh)

Sl. No	Head of accounts of revenue receipts	Receipts as per Annual Accounts	Actual receipts	Overstated(+) Understated(-)	Reasons
1	Road Transport Service	15.26	17.27	(-)2.01	Actual deposit into PLA was short accounted in the Annual Account
2	Forest	531.26	635.64	(-)104.38	Actual deposit into PLA was short accounted in the Annual Account
3	Grants under 2029 Land Revenue	-	59.00	(-)59.00	Grant released was not accounted for either in District or Deposit Fund
<b>Subtotal- Understatement</b>				<b>(-) 165.39</b>	
4	Mines & Minerals	411.57	98.24	(+)313.33	Actual receipt was less than the amount exhibited in the Annual Account
<b>Subtotal- Overstatement</b>				<b>(+) 313.33</b>	

Source: Annual Accounts, Council's records & information furnished.

##### 2.2.1.2 Understatement of receipts due to incorrect accounting

The NCHAC received total grant of ₹ 15.50 lakh being 1<sup>st</sup> & 2<sup>nd</sup> half release of State Plan Fund during 2011-12 as Grant in aid from the Government of Assam under the head of account 'Social Security & Welfare' (SSW). The fund was to be book transferred to Part-I District Fund as Grant in aid under Social Security and Welfare during 2011-12 but actually accounted for under Part-II Deposit Fund and accordingly exhibited in the annual accounts 2011-12. This resulted in understatement of receipts of Part-I District Fund (Statement - 5) and overstatement of receipts under Part-II Deposit Fund to the extent of ₹ 15.50 lakh.

### 2.2.1.3 Overstatement of revenue expenditure

Revenue expenditure aggregating ₹ 858.44 lakh (Statement - 6) was accounted for under two heads of accounts during 2011-12 under District Fund (inherent functions) against actual expenditure of ₹ 764.10 lakh as detailed in Table-13 leading to overstatement of revenue expenditure by ₹ 94.34 lakh.

Table-13

(₹ in lakh)

Sl. No.	Head of accounts	Expenditure as per annual accounts (Statement - 6)	Expenditure as per records and available information	Excess expenditure exhibited in the accounts
1	3- Administration of Justice	23.41	19.64	3.77
2	22- Forest	835.04	744.46	90.58
	Total	858.45	764.10	94.35

Source: Annual Accounts.

### 2.2.1.4 Understatement of revenue expenditure under the head Contributions to CPF

In the annual accounts for the year 2011-12 'Contributions to Contributory Provident Fund (CPF)' under the head '9 Pension and other Retirement Benefits' was shown as 'Nil' (Statement - 6) but scrutiny of records and information made available by the Council revealed that a total expenditure of ₹ 47.23 lakh was incurred on account of 'Contributions to Contributory Provident Fund (CPF)' during 2011-12 by the Council. Non exhibition of above expenditure in the annual accounts resulted in understatement of expenditure under the above head of account by ₹ 47.23 lakh.

On these being pointed out in audit, the NCHAC in its reply (June 2014) accepted the mistakes with an assurance to avoid the same in future.

### 2.2.1.5 Understatement of capital expenditure under Road Transport Services

In the annual accounts for the year 2011-12, capital expenditure under the head of accounts 'Road Transport Services' was shown as 'Nil' (Statement - 2), but scrutiny of records and information made available by the Transport Department of the Council revealed that the Transport Department had incurred a total capital expenditure of ₹ 63.77 lakh during 2011-12 in connection with acquisition of fleets etc. This omission resulted in understatement of capital expenditure in the annual accounts under Road and Transport Services by ₹ 63.77 lakh.

The NCHAC in its reply (June 2014) accepted the observation with an assurance to avoid the same in future.

#### 2.2.1.6 Understatement of receipts as well as disbursements

The NCHAC received total grant of ₹ 117.00 lakh being 1<sup>st</sup> & 2<sup>nd</sup> half release of State Plan Fund during 2011-12 from the Government of Assam under the head of account 5055 Capital Outlay on Road Transport Services and also received ₹ 30.00 lakh sanctioned during 2011-12 (March 2012) being grant in aid under the head of Account 3451-Secretariat Economic Services which were to be book transferred and exhibited under Part-I District Fund. But the Council exhibited both receipts and related disbursements under Part-II Deposit Fund in the Annual accounts instead of accounting under Part-I District Fund. This resulted in understatement of both receipts and disbursements under Part-I-District Fund and overstatement of both receipts and disbursements under Part-II Deposit Fund by ₹ 147.00 lakh.

#### 2.2.2 Annual Accounts 2012-13

##### 2.2.2.1 Understatement/Overstatement of receipts

Scrutiny of records and information furnished by the Council during audit revealed that receipts under two heads of accounts were understated while receipts under other two heads of accounts were overstated in the District Fund of the Annual Accounts for 2012-13 due to incorrect exhibition of the respective receipts as shown in table-14:

Table-14

(₹ in lakh)

Sl. No	Head of accounts of revenue receipts	Receipts as per Annual Accounts	Actual receipts	Overstated(+) Understated(-)	Reasons
1	Road Transport Service	13.13	15.52	(-)2.39	Actual deposit into PLA was short accounted in the Annual Account
2	Mines & Minerals	222.96	227.32	(-)4.36	Actual deposit into PLA was short accounted in the Annual Account
Subtotal- Understatement				(-) 6.75	
3	Forest	412.15	354.59	(+)57.56	Actual receipt was less than the amount exhibited in the Annual Account
4	Taxes on Vehicle	150.41	62.70	(+)87.71	Actual receipt was less than the amount exhibited in the Annual Account
Subtotal- Overstatement				(+) 145.27	

Source: Annual Accounts, Council's records & information furnished

### 2.2.2.2 Understatement of receipts due to incorrect accounting

Govt. of Assam sanctioned and released fund of ₹ 30.00 lakh to NCHAC, Haflong in February, 2013 being the fund for other charges for NCHAC under the head of Account 3451-Secretariat Economic Services which was duly deposited into PLA of NCHAC. Since the receipt was related to Council's own function, the same was to be book transferred to Part-I District Fund but actually accounted for under Part-II Deposit Fund. This resulted in understatement of receipts under Part-I District Fund and overstatement of receipts under Part-II Deposit Fund by ₹ 30.00 lakh.

### 2.2.2.3 Overstatement of revenue expenditure

Revenue expenditure aggregating ₹ 884.03 lakh (Statement - 6) was accounted for under two heads of account during 2012-13 under inherent functions against the actual expenditure of ₹ 799.61 lakh as detailed in Table-6 leading to overstatement of revenue expenditure by ₹ 84.42 lakh.

Table-15

(₹ in lakh)

Sl. No.	Head of accounts	As per annual accounts (Statement - 6)	As per records and available information	Excess exhibition in the accounts
1	Administration of Justice	24.01	20.98	3.03
2	Forest	860.02	778.63	81.39
	Total	884.03	799.61	84.42

Source: Information furnished by the Council

### 2.2.2.4 Understatement of revenue expenditure under the head Contributions to CPF

In the annual accounts for the year 2012-13 Contributions to Contributory Provident Fund (CPF) under the head Pension and other Retirement Benefits was shown as Nil (Statement- 6) but scrutiny of records and information made available by the Council revealed that a total expenditure of ₹ 182.59 lakh was incurred on account of Contributions to Contributory Provident Fund (CPF) during 2012-13 by the Council. Non exhibition of the expenditure in the annual accounts resulted in understatement of expenditure under the above head of account by ₹ 182.59 lakh.

### 2.2.2.5 Understatement of capital expenditure under Road Transport Services

In the annual accounts for the year 2012-13, capital expenditure under the head of accounts Road Transport Services was shown as ₹ 15.14 lakh (Statement - 2). But scrutiny of records and information made available by the Transport Department of the Council revealed that the



Transport Department incurred a total capital expenditure of ₹ 99.87 lakh<sup>3</sup> during 2012-13 in connection with acquisition of fleets etc. This inaccurate exhibition resulted in understatement of capital expenditure under Road and Transport Services by ₹ 84.73 lakh in the Annual Accounts of the Council.

### 2.2.3 Annual Accounts 2013-14

#### 2.2.3.1 Understatement/Overstatement of receipts

Scrutiny of records and information furnished by the Council during audit revealed that receipts under two heads of accounts were understated while receipts under one head of account was overstated in the District Fund of the Annual Accounts for 2013-14 due to incorrect exhibition of the respective receipts as shown in Table-16:

Table-16

(₹ in lakh)

Sl. No	Head of accounts of revenue receipts	Receipts as per Annual Accounts	Actual receipts	Overstated(+) Understated(-)	Reasons
1	Road Transport Service	9.92	13.05	(-)3.13	Actual deposit into PLA was short accounted in the Annual Account
2	Mines & Minerals	521.58	540.01	(-)18.43	Actual deposit into PLA was short accounted in the Annual Account
<b>Subtotal- Understatement</b>				<b>(-)21.56</b>	
3	Forest	389.07	300.10	(+)88.97	Actual receipt was less than the amount exhibited in the Annual Account
<b>Subtotal- Overstatement</b>				<b>(+)88.97</b>	

Source: Annual Accounts, Council's records & information furnished

#### 2.2.3.2 Understatement of receipts due to incorrect accounting

Govt. of Assam sanctioned and released fund of ₹ 30.00 lakh to NCHAC, Haflong in March, 2014 being the fund for other charges for NCHAC under the head of Account 3451-Secretariat Economic Services which was duly deposited into PLA of NCHAC (March, 2014). Since the receipt was related to Council's own function the same was to be book transferred to Part-I District Fund but actually accounted for under Part-II Deposit Fund. This resulted in understatement of receipts under Part-I District Fund and overstatement of receipts under Part-II Deposit Fund by ₹ 30.00 lakh.

#### 2.2.3.3 Overstatement of revenue receipts with corresponding understatement of Debt

Receipt of ₹ 30.00 crore towards 'Administrative charges (7.5 per cent)' was incorrectly included in Statement - 5 of the annual accounts for the year 2013-14 which was actually

<sup>3</sup> ₹85.12 lakh against fund received under GIA and ₹14.75 lakh against fund received from Council's Normal Sector.

refundable loan (as per Resolution of Council's Executive Committee meeting held on 16 July 2013 and sanction order of the Council dated 24 July 2013) borrowed from the accumulated unspent funds (drawn from the State budget meant for entrusted functions under Deposit Fund) for the disbursements of pending salaries (November, 2012 to June, 2013) of Council's own Employees.

Since ₹ 30.00 crore was a refundable loan, the same was to be accounted for under 'Loans received from other sources' below the Head '3. Debt' (Statement - 1) in the annual accounts. The incorrect accounting resulted in overstatement of revenue receipts with corresponding understatement of 'Debt' by ₹ 30.00 crore.

#### **2.2.3.4 Overstatement of revenue expenditure**

Revenue expenditure of ₹ 1405.98 lakh (Statement - 6) was accounted for under the head of account 'Forest' during 2013-14 against actual expenditure of ₹ 1177.04 lakh as detailed in Table-17 below leading to overstatement of revenue expenditure by ₹ 228.94 lakh.

**Table-17**

(₹ in lakh)

Sl. No.	Head of accounts	As per annual accounts (Statement - 6)	As per records and available information	Excess exhibition in the accounts
1	Forest (West Division)	1405.98	864.14	228.94
2	Forest (East Division)		312.90	
	<b>Total</b>		<b>1177.04</b>	<b>228.94</b>

Source: Information furnished by the Council

#### **2.2.3.5 Understatement of revenue expenditure**

Revenue expenditure of ₹ 37.35 lakh (Statement - 6) was accounted for under the head of account Administration of Justice during 2013-14 against the actual expenditure of ₹ 49.65 lakh led to understatement of revenue expenditure by ₹ 12.30 lakh.

#### **2.2.3.6 Understatement of revenue expenditure under the head Contributions to CPF**

In the annual accounts for the year 2013-14 Contributions to Contributory Provident Fund (CPF) under the head Pension and other Retirement Benefits was shown as Nil (Statement- 6) but scrutiny of records and information made available by the Council revealed that a total expenditure of ₹ 111.90 lakh was incurred on account of Contributions to Contributory Provident Fund (CPF) during 2013-14 by the Council. Non exhibition of the expenditure in the annual accounts resulted in understatement of expenditure under the above head of account by ₹ 111.90 lakh.

### 2.2.3.7 Overstatement of capital expenditure

In the annual accounts for the year 2013-14, capital expenditure under the head of accounts Road Transport Services was shown as ₹ 142.87 lakh and 'Capital Outlay on Public Works' was shown as ₹ 79.61 lakh (Statement - 2). But scrutiny of records and information made available by the respective Department of the Council revealed that the Transport Department incurred a total capital expenditure of ₹ 99.52 lakh in connection with acquisition of fleets etc., whereas Public Works Department actually incurred capital expenditure of ₹ 19.40 lakh towards construction of boundary wall and construction of toilet etc during 2013-14. This incorrect accounting resulted in overstatement of capital expenditure under Road and Transport Services by ₹ 43.35 lakh and capital expenditure on account of 'Capital Outlay on Public Works' by ₹ 60.21<sup>4</sup> lakh.

### 2.2.3.8 Misclassification

State Government released ₹ 207.81 lakh under the head of account '5055-Capital Outlay on Road Transport Services (Council)' which was misclassified and accounted for as Grant in aid receipt under 'Other Grants' in the annual accounts (Statement - 5) for the year 2013-14 by the Council.

On these being pointed out in audit, the NCHAC in its reply (March, 2015) accepted the mistakes with an assurance to avoid the same in future.

## 2.3 Part-II: Deposit Fund

### 2.3.1 Annual Accounts 2011-12

#### 2.3.1.1 Understatement of receipts

Annual accounts for 2011-12 exhibited ₹ 356.17 crore as receipts from State Government during the year in respect of entrusted functions and accounted for under Part-II Deposit Fund. But the statement of major head-wise fund receipt, as made available to audit (June 2014) showed receipts of ₹ 373.18 crore<sup>5</sup>. Thus receipts were understated by ₹ 17.01 crore in the annual accounts.

NCHAC while accepting the anomaly stated (June 2014) that necessary reconciliation would be done and the outcome would be intimated in due course. However, further information in this regard was awaited (January 2016).

<sup>4</sup> ₹79.61 lakh - ₹19.40 lakh

<sup>5</sup> Plan: ₹167.07 crore + Non Plan: ₹206.11 crore = ₹373.18 crore

### 2.3.1.2 Overstatement of disbursement

Annual accounts for 2011-12 exhibited ₹ 349.06 crore as amount disbursed towards discharging of entrusted functions by NCHAC under Part-II Deposit Fund. But the statement of major head wise fund disbursed as made available to audit (June 2014) showed disbursements of ₹ 336.63 crore<sup>6</sup>. Thus disbursements were overstated by ₹ 12.43 crore in the annual accounts.

NCHAC while accepting the fact stated (June 2014) that necessary reconciliation would be done and the outcome would be intimated in due course. However, further information in this regard was awaited (January 2016).

### 2.3.1.3 Understatement of receipts and disbursements on account of 12<sup>th</sup>/13<sup>th</sup> FC Grant

The NCHAC received a total amount of ₹ 203.88 lakh from the State Government during 2011-2012 against 13<sup>th</sup> Finance Commission Award and kept the same in the bank account<sup>7</sup> instead of depositing into the Council's Personal Ledger Account (PLA) as required under Rule 14 of the North Cachar Hills District Fund Rules. The bank credited interest of ₹ 16.80 lakh to the account during 2011-12. Out of total available fund of ₹ 783.57 lakh (including opening balance of 12<sup>th</sup> FC/ 13<sup>th</sup> FC etc., of ₹ 562.89 lakh), the Council released ₹ 545.11 lakh during 2011-12 to different implementing authorities leaving unutilized fund of ₹ 238.46 lakh at the end of the financial year. But receipts, utilization and opening and closing balances of the above funds were not accounted for in the annual accounts. Thus, receipt, disbursement and opening/closing balances under Part-II Deposit fund of annual accounts were understated to the extent as shown in Table-18:

Table-18

(₹ in lakh)

Particular of fund	Understatement of Part-II Deposit Fund				
	Opening balance	Receipt (13 <sup>th</sup> FC)	Total Fund available	Disbursement	Closing balance
12 <sup>th</sup> /13 <sup>th</sup> FC etc	562.89	203.88	783.57	545.11	238.46
Interest earned		16.80			
Total	562.89	220.68	783.57	545.11	238.46

The NCHAC in its reply (June 2014) accepted the mistake with an assurance to avoid the same in future.

<sup>6</sup> Plan: ₹143.22 crore + Non Plan: ₹193.41 crore = ₹336.63 crore

<sup>7</sup> Account No. 17982 with the United Bank Of India

### 2.3.1.4 Understatement of receipts & disbursement under Part-II-Deposit Fund on account of BRGF

The NCHAC received a total amount of ₹ 882.00 lakh from the State Government during 2011-2012 in the form of bank drafts/Fixation Of Ceiling (FOC) against Backward Region Grant Fund (BRGF) and kept the same in the bank account<sup>8</sup> without depositing into the Council's PLA as required under Rule 14 of the North Cachar Hills District Fund Rules. The bank credited interest of ₹ 2.34 lakh to the account during 2011-12. Out of the total available fund of ₹ 975.16 lakh (including opening balance of ₹ 90.82 lakh), the Council released ₹ 901.37 lakh during 2011-12 to different implementing authorities leaving an unutilized balance of ₹ 73.79 lakh at the end of the financial year. But receipt, utilization and opening/closing balances of the above funds were not accounted for in the annual accounts by the Council. Thus, the sanctity of the District Fund Rules framed by competent authority was not only undermined but receipts, disbursements, opening and closing balance under Part-II Deposit fund of the annual accounts were also understated to the extent as shown in Table-19:

Table-19

(₹ in lakh)

Particular of fund	Understatement of Part-II Deposit Fund				
	Opening balance	Receipt	Total available	Disbursement	Closing balance
BRGF	90.82	882.00	975.16	901.37	73.79
Interest earned		2.34			
Total	90.82	884.34	975.16	901.37	73.79

The NCHAC in its reply (June 2014) accepted the mistake with an assurance to avoid the same in future.

### 2.3.2 Annual Accounts 2012-13

#### 2.3.2.1 Understatement of receipts

Annual accounts for 2012-13 exhibited ₹ 360.17 crore as receipts from State Government during the year in respect of entrusted functions and accounted for under Part-II Deposit Fund. But the statement of major head wise fund receipt, as made available to audit (June 2014), showed receipts of ₹ 379.35 crore<sup>9</sup>. Thus receipts were understated by ₹ 19.18 crore in the annual accounts.

<sup>8</sup> No.0763010163149 with the United Bank of India

<sup>9</sup> Plan: ₹137.57 crore + Non Plan: ₹241.78 crore = ₹379.35 crore

NCHAC while accepting the anomaly stated (June 2014) that necessary reconciliation would be done and the outcome would be intimated in due course. However, no information has so far been received (January 2016).

### 2.3.2.2 Understatement of disbursement

Annual accounts for 2012-13 exhibited ₹ 348.70 crore as the amount disbursed towards discharging of entrusted functions by NCHAC under Part-II Deposit Fund. But the statement of major head wise fund disbursed as made available to audit (June 2014), showed disbursements of ₹ 348.72 crore<sup>10</sup>. Thus, disbursements were understated by ₹ 0.02 crore in the annual accounts.

NCHAC while accepting the anomaly stated (June 2014) that necessary reconciliation would be done and the outcome would be intimated in due course. However, no information has so far been received (January 2016).

### 2.3.2.3 Understatement of receipts and disbursement on account of 13<sup>th</sup> FC Grant

The NCHAC received ₹ 462.54 lakh from the State Government during 2012-2013 against 13<sup>th</sup> Finance Commission Award and kept in the bank<sup>11</sup> instead of depositing into the Council's Personal Ledger Account (PLA) as required under Rule 14 of District Fund Rules 1953. The bank credited interest of ₹ 8.39 lakh during 2012-13. Out of the total available fund of ₹ 709.39 lakh (including opening balance of 12<sup>th</sup> FC/ 13<sup>th</sup> FC etc. of ₹ 238.46 lakh) the Council released ₹ 363.70 lakh during 2012-13 to different implementing authorities leaving unutilized fund of ₹ 345.69 lakh at the end of the financial year. But both receipts, utilization and opening/closing balances of the above funds were not accounted for in the annual accounts. Thus, receipts, disbursements, opening and closing balance under Part-II Deposit fund of annual accounts were understated to the extent as shown in Table-20:

Table-20

(₹ in lakh)

Particular of fund	Understatement of Part-II Deposit Fund				
	Opening balance	Receipt (13 FC)	Total available	Disbursement	Closing balance
13 <sup>th</sup> FC etc	238.46	462.54	709.39	363.70	345.69
Interest earned		8.39			
<b>Total</b>	<b>238.46</b>	<b>470.93</b>	<b>709.39</b>	<b>363.70</b>	<b>345.69</b>

Source: Available records and information furnished

The NCHAC in its reply (June 2014) accepted the mistake with an assurance to avoid the same in future.

<sup>10</sup> Plan: ₹1320339238 + Non Plan: ₹2166836072 = ₹348.72 crore

<sup>11</sup> Account No.17982 with the United Bank of India

### 2.3.2.4 Understatement of receipts & disbursement under Part-II Deposit Fund on account of BRGF

The NCHAC received a total amount of ₹ 5.00 lakh from the State Government during 2012-13 against Backward Region Grant Fund (BRGF) and kept the same in the bank<sup>12</sup> without depositing into the Council's Personal Ledger Account (PLA) as required under Rule 14 of North Cachar Hills District Fund Rules 1953. A total interest of ₹ 4.36 lakh was credited into the above bank account during 2012-13. Out of total available fund of ₹ 83.16 lakh (including opening balance of ₹ 73.80 lakh), the Council released ₹ 28.68 lakh during 2012-13 to different implementing authorities leaving unutilized fund of ₹ 54.48 lakh at the end of the financial year. But receipts, utilization and opening/closing balances of the above funds were not accounted for in the annual accounts. Thus, the sanctity of the District Fund Rules framed by competent authority was not only undermined but receipts, disbursements, opening and closing balance on account of BRGF under Part-II Deposit fund of annual accounts were also understated to the extent as shown in Table-21:

Table-21

(₹ in lakh)

Particular of fund	Understatement of Part-II Deposit Fund				
	Opening balance	Receipt	Total available	Disbursement	Closing balance
BRGF	73.80	5.00	83.16	28.68	54.48
Interest earned		4.36			
<b>Total</b>	<b>73.80</b>	<b>9.36</b>	<b>83.16</b>	<b>28.68</b>	<b>54.48</b>

The NCHAC in its reply (June 2014) accepted the mistake with an assurance to avoid the same in future.

### 2.3.3 Annual Accounts 2013-14

#### 2.3.3.1 Understatement of receipts

Annual accounts for 2013-14 exhibited ₹ 428.22 crore as receipts from State Government during the year in respect of entrusted functions, under Part-II Deposit Fund. But the statement of major head wise fund received, as made available to audit (March, 2015), showed receipts of ₹ 431.78<sup>13</sup> crore. Thus receipts were understated by ₹ 3.56 crore in the annual accounts.

The NCHAC while accepting (March, 2015) the anomaly stated that the discrepancy would be reconciled and results thereof would be intimated in due course. However, no information has so far been received (January 2016).

<sup>12</sup> Account No.0763010163149 with the United Bank of India

<sup>13</sup> Plan: ₹183.79 crore + Non Plan: ₹247.99 crore = ₹431.78 crore

### 2.3.3.2 Understatement of disbursement

Annual accounts for 2013-14 exhibited ₹ 376.90 crore as the amount disbursed towards discharging of entrusted functions by NCHAC under Part-II Deposit Fund. But the statement of major head wise fund disbursed as made available to audit (March, 2015), showed disbursements of ₹ 313.99<sup>14</sup> crore. Thus, disbursements were overstated by ₹ 62.91 crore in the annual accounts.

The NCHAC while accepting (March, 2015) the anomaly stated that the discrepancy would be reconciled and results thereof would be intimated in due course. However, no information has so far been received (January 2016).

### 2.3.3.3 Understatement of receipts and disbursement on account of 13<sup>th</sup> FC Grant

The NCHAC received ₹ 605.00 lakh from the State Government during 2013-14 against 13<sup>th</sup> Finance Commission Award and kept in the bank<sup>15</sup> instead of depositing into the Council's Personal Ledger Account (PLA) as required under Rule 14 of District Fund Rules 1953. The bank credited interest of ₹ 7.94 lakh during 2013-14. Out of the total available fund of ₹ 958.63 lakh (including opening balance of 12<sup>th</sup> FC/ 13<sup>th</sup> FC etc. of ₹ 345.69 lakh) the Council released ₹ 743.02 lakh during 2013-14 to different implementing authorities leaving unutilized fund of ₹ 215.61 lakh at the end of the financial year. But receipts, utilization and opening/closing balances of the above funds were not accounted for in the annual accounts. Thus, receipts, disbursements, opening and closing balance under Part-II Deposit fund of annual accounts were understated to the extent as shown in Table-22 below:

Table-22

(₹ in lakh)

Particular of fund	Understatement of Part-II Deposit Fund				
	Opening balance (12 <sup>th</sup> /13 <sup>th</sup> FC)	Receipt (13 FC)	Total available	Disbursement	Closing balance
13 <sup>th</sup> FC etc.	345.69	605.00	958.63	743.02	215.61
Interest earned		7.94			
Total	345.69	612.94	958.63	743.02	215.61

Source: Available records and information furnished

<sup>14</sup> Plan: ₹105.34 crore + Non Plan: ₹208.65 crore = ₹313.99 crore

<sup>15</sup> Account No.17982 with the United Bank of India



### 2.3.3.4 Understatement of receipts & disbursement under Part-II Deposit Fund on account of BRGF

The NCHAC did not receive any grant from the State Government during 2013-14 against Backward Region Grant Fund (BRGF) except a credit of Bank interest of ₹ 1.81 lakh which was earned on previous year's unutilised fund. Out of total available fund of ₹ 56.28 lakh (including opening balance of ₹ 54.47 lakh which was kept in the bank<sup>16</sup> without depositing into the Council's Personal Ledger Account (PLA) as required under Rule 14 of North Cachar Hills District Fund Rules 1953, the Council released ₹ 36.41 lakh during 2013-14 to different implementing authorities leaving unutilized fund of ₹ 19.87 lakh at the end of the financial year. But utilization and opening/closing balances of the above funds were not accounted for in the annual accounts despite being pointed out in earlier Audit Reports. Thus, the sanctity of the District Fund Rules framed by competent authority was not only undermined but receipts, disbursements, opening and closing balance on account of BRGF under Part-II Deposit fund of annual accounts were also understated to the extent as shown in Table 23 below:

Table 23

(₹ in lakh)

Particular of fund	Understatement of Part-II Deposit Fund				
	Opening balance	Receipt	Total available	Disbursement	Closing balance
BRGF	54.47	-	56.28	36.41	19.87
Interest earned		1.81			
<b>Total</b>	<b>54.47</b>	<b>1.81</b>	<b>56.28</b>	<b>36.41</b>	<b>19.87</b>

The NCHAC in its reply (March, 2015) accepted the mistake with an assurance to avoid the same in future.

## 2.4 Personal Ledger Account

NCHAC maintains a Personal Ledger Account (PLA) with the Haflong Treasury, into which all receipts on account of its own regular functions as well as entrusted functions are credited and from which all expenditures on both the functions are met. The balances held in the PLA as per the Council's Cash Book as of 31 March each of the financial year are required to be reconciled with the balances shown in the records of the Haflong Treasury and difference, if any, between the two sets of records are needed to be explained.

<sup>16</sup> Account No.0763010163149 with the United Bank of India

Scrutiny of records of the treasury with the PLA cash book maintained by the NCHAC revealed that, as of March 2012, 2013 and 2014 there were differences of ₹ 147.69 lakh, ₹ 1789.63 lakh and ₹ 1353.87 lakh respectively in the closing balances between the two sets of records as shown in Table-24:

Table-24

Particulars	As per Treasury record	As per Annual Accounts and PLA cash book	(₹ in lakh)
			Discrepancy Excess (+)/Less (-) in the PLA Cash Book
Closing balance as on 31March 2012	7675.02	7527.33	(-) 147.69
Closing balance as on 31March 2013	9563.28	7773.65	(-) 1789.63
Closing balance as on 31March 2014	14053.78	12699.91	(-) 1353.87

The above discrepancies in closing balances as of March 2012, 2013 and 2014 were not reconciled despite having been pointed out in earlier Audit Reports. However, during audit of the respective years it was noticed that closing balances as per Annual Accounts as well as PLA cash book were overstated or understated due to reasons discussed in the succeeding paragraphs:

#### 2.4.1 Overstatement of balance

2.4.1.1 Scrutiny of PLA Cash Book with counter foil of cheques issued for the year 2011-12 revealed that an amount of ₹ 91602.00 was paid to Principal, Government College, Haflong in December 2011 by cheque (No.1824/0182379 dated 12.12.2011) being pay and allowances and the amount was withdrawn from Treasury on 23 December 2011. But the payment was not accounted for in the PLA Cash Book. Omission resulted in understatement of expenditure with consequential overstatement of closing balance to that extent.

2.4.1.2 Scrutiny of P.L.A Cash Book with counterfoil of Cheque for the year 2013-14 revealed that one Cheque for ₹ 77.71 lakh (No. 2410/0240939 dated 04.07.2013) was issued in favour of Executive Engineer, Maibang Division towards Pay and allowances in July, 2013 but payment was not recorded in the payment side of PLA Cash book. Subsequently, the said Cheque was cancelled on 8 July 2013 due to wrong calculation of Pay and allowances and the amount of cancelled cheque was written back in the receipt side of the PLA Cash book. Since the amount of Cheque issued was not entered in the payment side of the cash book initially, the subsequent written back of the same in the receipt side of the cash book resulted in overstatement of receipts as well as closing balance by ₹ 77.71 lakh.

## 2.4.2 Understatement of balance

2.4.2.1 According to PLA Cash Book during the year 2011-12 two cheques for ₹ 16,32,371.00 (Cheque No. 1813/181274) and for ₹ 1,54,625.00 (Cheque No. 1813/181275) issued to the Asstt. Executive Engineer, Agriculture, Haflong being the salary of the staff for the months of June and July 2011 were entered twice in the Cash Book on 16<sup>th</sup> and 17<sup>th</sup> September 2011. This erroneous entry in the Cash Book was not rectified till March 2012 resulting in overstatement of expenditure by ₹ 17.87 (₹ 16.32 + ₹ 1.55) lakh with consequential understatement of closing balance to that extent.

2.4.2.2 Scrutiny revealed that during 2012-13 two cheques for ₹ 1.08 lakh<sup>17</sup> issued in March 2013 to two DDOs of entrusted functions were subsequently cancelled in March 2013 but the cancelled cheques were not written back in the cash book and remained accounted for as expenditure. This resulted in overstatement of expenditure with consequential understatement of closing balance to the extent of ₹ 1.08 lakh.

In view of the above discrepancies pointed out in audit complete reconciliations are needed to be carried out to ensure accuracy of the balances exhibited in the Annual Accounts by the Council.

## 2.5 Weakness in maintaining Annual Accounts

The foregoing accounting irregularities were persistent in consecutive years and remained unattended by the Council despite assurances of remedial actions provided from time to time. This is indicative of lack of proper accounting mechanism in the Council. Further, the figures of the Annual Accounts were not supported by ledgers/consolidated abstracts compiled from initial books of accounts (Cash Book/Revenue Collection Register etc.). The receipts of fund from the State Government (State budget) with corresponding disbursements shown under Part- II Deposit Fund were not disclosed detailed head wise in the Annual Accounts. Head-wise details of unspent balance of funds received for entrusted functions were not worked out both at the beginning and closing of the year. Revenue receipts as exhibited in Annual Accounts were not conforming to deposits made in the Personal Ledger Account of NCHAC. Cash balances at the close of the year lying, if any, with the departments under NCHAC were not reflected in the Annual Accounts.

<sup>17</sup> Cheque No. 2403/0240265 dt: 25/03/2013: ₹0.95 lakh issued to EE, PWD (R&B), Haflong  
Cheque No. 2403/0240266 dt: 25/03/2013: ₹0.13 lakh issued to EE, PWD (R&B), Haflong  
₹1.08 lakh

In view of the above and non reconciliation of wide variations between Cash Book and Personal Ledger Account maintained by the Treasury, the balances and surplus/deficit as exhibited in the Annual Accounts were not verifiable and therefore a true and fair view of the affairs of the Council was not reflected in the accounts. As such, the attempt on the part of audit to examine the Annual Accounts of the Council was affected to the extent and therefore, Audit was unable to provide any assurance that the accounts would be free from material irregularities.

### Section-III

#### 3 Irregularities in transactions relating to discharge of normal functions

##### 3.1 Revenue receipts

##### 3.1.1 Failure to generate potential revenue due to default in supply of bamboo, outstanding revenue and non invocation of penalty

NCHAC originally entered into a contract agreement with Hindustan Paper Corporation (HPC) on 23 December 1980 to supply bamboo of various species to HPC. Subsequently NCHAC executed Supplementary Agreements on 7 November 1985, 11 October 2006, 6 November 2008 and 2 March 2011 respectively in terms of clause 29 of the Original Agreement and a fresh agreement on 4 October 2012. As per provision of supplementary agreement dated 2 March 2011 and the fresh agreement dated 4 October 2012, NCHAC was to demarcate, fell, extract, transport and tentatively make delivery of 75000 MTAD<sup>18</sup> of bamboo annually to the HPC Mill sites from NC Hills forest areas in accordance with bamboo working plan for which royalty of ₹ 530 per MTAD was payable to NCHAC in addition to the separate transportation costs etc., payable to contractor engaged by NCHAC at the separate rates for Cachar Paper Mill<sup>19</sup> and Nagaon Paper Mill<sup>20</sup>. The agreement also contemplated that in case of short supply of above stipulated quantity, penalty of ₹ 10 per MTAD was leviable on NCHAC on deficit quantity and in case of failure to make payment within 15 days from the date of supply, HPC would be liable to pay panel interest at State Bank of India's Prime Lending Rate (PLR).

Scrutiny revealed that, NCHAC failed to supply the stipulated 75000 MTAD of bamboos during 2011-12 to 2013-14 as agreed in the contract agreement for which potential revenue to the tune of ₹ 4.73 crore could not be generated, reason for which was neither on record nor stated (January 2016) as shown in Table- 25:

Table-25

Year	Stipulated Quantity (MTAD)	Supplied Quantity (MTAD)	Shortfall (MTAD)	Rate per MTAD (₹)	Non-generated Revenue (₹in crore)
2011-12	75000	23165.581	51834.419	530	2.75
2012-13	75000	47884.804	27115.196	530	1.44
2013-14	75000	64713.532	10286.468	530	0.54
Total	225000	135763.917	89236.083	530	4.73

Source: Information furnished by DFO, NCHAC

<sup>18</sup> Metric Tonnes Air Dried

<sup>19</sup> ₹ 4745 plus railway freight up-to 22 December 2012 and ₹ 5460 plus railway freight from 23 December 2012 onwards

<sup>20</sup> ₹ 5070 plus railway freight up-to 22 December 2012 and ₹ 5460 plus railway freight from 23 December 2012 onwards.

Scrutiny further revealed that a total payment of ₹ 217.78 lakh was made by HPC against the payable amount of ₹ 719.55 lakh for supply of 135763.917 MTAD bamboos during 2011-12 to 2013-14 and thus, outstanding royalty of ₹ 501.77 lakh remained unrealised till the date of audit (February 2015). Up-to-date status in this respect along with reasons for such non-realisation were called for but the same were awaited (January 2016). However, the penalty as per contract agreement either for non-payment of royalty by HPC within 15 days at the Prime Lending Rate (PLR) or penalty of ₹ 10 per MTAD on bimonthly basis for short supply of bamboos by NCHAC was not worked out to assess the final adjustment on account of penalty as contemplated in the agreement.

On this being pointed out, the council stated (January 2016) that penalty would be imposed as per clause of the agreement which will be further watched in audit.

**3.1.2 Potential revenue lost due to allotted bamboos not being extracted and penalty not being imposed**

To meet the obligation to supply bamboos to HPC, NCHAC entered into a separate agreement for a period of 21 years with a lone contractor (15 February 2011) for the supply of bamboo to Cachar and Nagaon Paper Mills, as the contractor was having expertise in extracting/felling handling and transporting the bamboos. There was nothing on record to show whether due care was taken in choosing the contractor. However, the contractor was given the liberty to supply the extracted bamboos to other party(s) on payment of royalty at the rate of ₹ 325 per Metric Tonnes Green (MTG) to NCHAC. The agreement *inter-alia* provided that in the event of failure to extract the allotted quantity during the working season, the contractor shall be liable to pay penalty of ₹ 25.00 lakh for the said working season.

Scrutiny revealed that NCHAC allotted 236345 MTG bamboos to the contractor during 2011-12 to 2013-14 and the contractor extracted only 197674.827 MTG bamboos, leaving a balance of 38670.173 MTG un-extracted, as a result revenue to the tune of ₹ 125.68 lakh could not be generated as shown in Table 26:

Table-26

(In ₹)

Year	Allotted Quantity (MTG)	Extracted Quantity (MTG)	Unextracted Quantity (MTG)	Rate per MTG	Non generated revenue
2011-12	47940	38609.301	9330.699	325	3032477
2012-13	88405	79808.006	8596.994	325	2794023
2013-14	100000	79257.520	20742.480	325	6741306
<b>Total</b>	<b>236345</b>	<b>197674.827</b>	<b>38670.173</b>	<b>325</b>	<b>12567806</b>

Source: Records of the Divisional Forest Officer, Dima Hasao Forest Division (West)

Scrutiny further revealed that NCHAC did not impose any penalty on the contractor for non extraction of the entire allotted quantities during 2011-12 to 2013-14.

Reasons for failure to generate potential revenue and non imposition of penalty were neither ascertainable from the records produced to audit nor explained on being taken up (January 2016). Thus, adequate steps in selection of contractor considering his performance and reliability needs to be taken by the Council in this respect.

### 3.1.3 Non generation of revenue of ₹ 1.21 crore on mines and minerals

Geology and Mining Department of the Government of Assam leases mines and realises revenue from minor minerals including lime stone and coal in the State. NCHAC is entitled to 60 per cent share of royalty on mines and minerals operated and transported from the District. The royalties are being deposited by the lessee to NCHAC. Divisional Forest Officer (DFO) East Division is made responsible for realisation of the royalty on mines and minerals exploited within the jurisdiction of NCHAC however, no monitoring mechanism has been evolved by NCHAC so far, to verify the correctness of the extraction and realisation of the due share of royalty despite being pointed out in earlier Audit Reports in this regard.

Information furnished and records made available during audit of accounts revealed the following position of outstanding/non generated revenue on mines and minerals as shown in Table-27:

Table-27

(₹ in lakh)

Name of the lessee	Name of mines & minerals	Period of transportation	60% Royalty due	Royalty realised	Outstanding/ non generated revenue
1. M/s NECEM Cements Ltd.	Lime stone	2002-03 & 2003-04	29.93	9.59	20.34
2. M/s VINAY Cements Ltd.	Lime stone	02/2001 to 03/2005	265.06	184.62	80.44
		2010-11	27.75	13.10	14.65
3. M/s AMDC Ltd	Coal	2013-14 (Out of 65643MT extracted coal 61763MT dispatched for which revenue on balance 3880 MT @258 per MT was not generated )	6.01	-	6.01
<b>Total</b>					<b>121.44</b>

There was nothing on record to show that any coordinated effort was ever made by NCHAC with Geology and Mining Department, Government of Assam to take any punitive action on the lessee for including imposition of simple interest at the rate of 24 per cent per annum after a grace period of 60 days from the due date, i.e., 10<sup>th</sup> of the following month of extraction as per Rule 64A of Mineral Concession Rules, 1960 framed under Section 13 of

the Mines and Minerals (Development and Regulation) Act, 1957. Thus, huge amount of revenue of NCHAC amounting to ₹ 1.21 crore could not be realised. This needs immediate action in the interest of NCHAC.

### **3.1.4 Non-generation of revenue in disposal of sand mahals**

#### **3.1.4.1 Loss of revenue**

Test check of records revealed that NCHAC allotted Sand Mahal along Kopili River from Panimur Ferry ghat to Lanku Nalla in October 2007 to a Mahalder<sup>21</sup> for extraction of 1000 cm sand annually. An agreement was executed between Divisional Forest Officer and the Mahalder at the annual settled price of ₹ 1.06 lakh (including 12.5% VAT) for a period of two years from 28 November 2007 to 27 November 2009. According to the agreement, “kist” money of ₹ 26578.00 (including VAT of ₹ 2953.00) per quarter for extraction of 250 cm sand in each quarter was to be paid by the Mahalder. It was noticed that “kist” money amounting to ₹ 1.59 lakh from 3<sup>rd</sup> “kist” to 8<sup>th</sup> “kist” remained outstanding from the Mahalder till the date of audit (June 2014). But the Mahal was neither put to sale on auction/lease at the risk and cost of the original Mahalder nor any action as per clause of the agreement was initiated against the Mahalder for the recovery of the outstanding dues.

It was further noticed that the Mahal period expired on 27 November 2009 as per agreement but Mahal was cancelled only on 7 January 2010 and was settled afresh with another Mahalder in June 2011 for a period of 4 years from 15<sup>th</sup> June 2011 to 14<sup>th</sup> June 2015 for extraction of 600 cm sand annually on payment of royalty of ₹ 82742.00 per year (including VAT). But the reasons for settlement of Mahal by reducing the extractable quantity by 400 cm annually were not available on records. Thus, the Mahal remained un-operated for the period from 28 November 2009 to 14 June 2011 (563 days) causing loss of revenue to the tune of ₹ 1.64 lakh<sup>22</sup> and non-generation of revenue of ₹ 2.21 lakh<sup>23</sup> due to settlement of Mahal with allotment of lesser quantity of sand without any recorded reason. On this being asked, the Council did not furnish the reason for the above irregularity (January 2016) which led to loss of revenue.

<sup>21</sup> Sri Thaisringdao Kempriai of Dismao-II village

<sup>22</sup> Settled value ₹106313.00 per annum ÷ 365 x 563 days = ₹1.64 lakh

<sup>23</sup> Settled value ₹82742.00 per annum ÷ 600cm x 400 cm x4 yrs = ₹2.21 lakh



### 3.1.4.2 Loss of revenue due to royalty not being collected against excess extraction of sand and outstanding 'kist' money

The Divisional Forest Officer (DFO), NCHAC, Haflong settled and allotted the 'Sand Mahal along Kopili river from NEEPCO Power Home to Lanku Ferry Ghat, USF area' to a Mahaldar<sup>24</sup> in November 2011 for a period of 5 (five) years with effect from 13 December, 2011 to 12 December 2016 for collection of 1000 cum sand annually at the outright price of ₹ 137902.00 per annum which was to be paid in 4 equal "kists" annually at the rate of ₹ 34476.00 per "kist" (against extraction of 250 cum of sand). As per clause 9 of the agreement executed with the Mahaldar (13 December 2011), if extraction of the stipulated quantity of the mahal materials is completed before the expiry of the scheduled mahal term (quarterly schedule of extraction), the lease of the mahal will expire automatically and the mahal will be reverted back to the council for its sale for the next term.

Scrutiny of records revealed that the Mahaldar extracted 12000 cum of sand upto 7<sup>th</sup> "Kist" (upto 12 June 2013) against the agreed limit of 1750 cum<sup>25</sup> as per contract agreement but paid ₹ 2.41 lakh only as royalty against the payable royalty of ₹ 16.55 lakh<sup>26</sup> for extraction of 12000 cum sand. This resulted in nonpayment of royalty of ₹ 14.14 lakh against excess extraction of 10250.00 cum (12000.00 – 1750.00) sand by the Mahaldar. However, NCHAC terminated the contract agreement with the Mahaldar on 25 November 2013 without taking any further step for realisation of the forest royalty for excess sand extraction of ₹ 14.48 lakh<sup>27</sup>.

Thus, due to lack of proper monitoring by the department about the quantities of sand lifted by the Mahaldar on expiry of each quarter and inaction on the part of the Council to take any action to enforce the agreement the Council sustained a loss of revenue of ₹ 14.48 lakh due to non payment of the same. Besides, there was loss on account of non imposition of penalty, if any, towards excess quantity of extraction of sand beyond the permissible quantity.

### 3.1.4.3 Non-generation of revenue

I. Test check of records of DFO (East) Division of the NCHAC revealed that settlement of two sand mahals were terminated by the Council vide order dated 25 November 2013 on the ground that (i) earlier agreement/lease was entered into without any tender process, (ii) there was no prior environmental clearance before entering into the earlier agreement and (iii) there had been default in payment of royalty and outstanding payment for excess collection of

<sup>24</sup> Shri Rakesh Bodo

<sup>25</sup> Per kist 250 cum. x 7 kist = 1750 cum

<sup>26</sup> 12000 x ₹34476/250=₹1654848

<sup>27</sup> ₹14.14 lakh + ₹0.34 lakh = ₹14.48 lakh

sand. However circumstances under which prior environmental clearance was not obtained and mahals were settled without tender process was neither on record nor stated. Records of step taken for environmental clearance with outcome even after termination of the contract agreement for settlement of mahals could not be made available to audit. The present status of the same was not furnished, though called for (January 2016).

Thus, the decision of the Council for settlement of mahals initially through negotiation without observing due process and without obtaining environmental clearance and subsequent termination of the Mahals on the same ground and keeping the mahals inoperative till the date of audit (March, 2015) resulted in revenue to the tune of ₹ 1.46 lakh being lost till the year 2013-14 as detailed in *Appendix-I*.

**II.** Test check of records of the DFO (West) Division further revealed that Range Forest Officer, Diyungbra Range assessed (21 November 2008) availability of 400 cum sand for annual extraction from “Sand Mahal along Diyung river from Jaramdisabra to Langtingbra USF area”. The mahal was settled with Smti Ranu Hojai on the basis of her application dated 5 July 2007 by the Council in February, 2009 for a period of 1 (one) year up to 31 March 2010 for collection of 400 cum sand annually with payment of royalty etc. in force with a direction to the Division to initiate action in this regard but no Agreement was executed with her. The Mahal remained unsettled and un-operated during 2009-10 to 2013-14 resulting in non-generation of revenue to the tune of ₹ 2.43 lakh<sup>28</sup>. Reasons for non execution of the Agreement and retention of Mahal un-operated during 2009-10 to 2013-14 were not available on records.

On this being pointed out, NCHAC in reply, stated (January 2016) that the reason for keeping the mahal inoperative was due to delay in completion of the procedure of finalisation/settlement of mahal. However, the date of finalisation making the mahal operational was not furnished.

The reply was not acceptable since as seen during audit (March 2015) that the said mahal remained inoperative during 2014-15 also, resulting in further non generation of revenue to the extent of ₹ 0.49 lakh.

---

<sup>28</sup> Sand 400 cum annually x royalty @ ₹90 per cum = ₹ 36000 + ₹12600 being 35% Monopoly fee on ₹36000  
= ₹48600 x 5 years = ₹243000

### 3.1.5 Non-generation of revenue due to non-release of Council's share of MV Tax by the District Transport Authority

The Government of Assam, Hill Areas Department instructed (25 July 1989) Deputy Commissioner, N C Hills District (erstwhile) to pay 90% of the gross collection of Motor Vehicle (MV) Tax directly to the District Council in every quarter. The Government of Assam, Transport Department also authorized the Deputy Commissioner (1 June 1991) to make payment of the same to the Council.

Scrutiny of records relating to MV Tax maintained by the Transport Department of the Council and information furnished to audit revealed that out of Council's 90 per cent share of M.V. Tax of ₹ 23.08 lakh due for the year 2013-14, the Deputy Commissioner (in-charge District Transport Authority) could release only ₹ 6.89 lakh to the Council (deposited into the PLA of the Council through treasury challan on 3 December 2013, leaving an outstanding balance of ₹ 16.19 lakh till the date of audit (February/March,2015). Reasons for balance due share of M.V Tax not being released by the Deputy Commissioner was not available in the records.

In reply, NCHAC stated (January 2016) that the matter was taken up with the Deputy Commissioner and the release of the same was under process. However, the outcome in this regard will be further watched in audit.

## 3.2 Revenue expenditure

### 3.2.1 Excess payment of leave encashment over the permissible limit

As per Finance department, Government of Assam (GoA)'s Office Memorandum (OM) dated 21<sup>st</sup> February 2000, government servants in vacation departments were entitled to encashment of Earned Leave (EL) for a maximum period of 80 days subject to availability of EL on the date of retirement. The benefit was applicable to the government servants of vacation departments retiring on superannuation on or after 29 February 2000. The OM *ibid* was modified vide subsequent OM issued on 9 July 2010 wherein the limit of accumulation and encashment of EL was enhanced from 80 to 150 days with effect from 1 January 2010 which was further enhanced from 150 to 300 days with effect from 1 January 2011 (clarified vide OM dated 26 September 2011). The provision of annual credit of EL of 10 days for the employees of vacation department, however remained unchanged. Thus, the employees of vacation departments were entitled to the accumulation and encashment of EL for maximum of 80 days upto 31 December 2009 and thereafter subsequent accumulation of 10 days for

each completed year of service from 1 January 2010. As such, possibility of accumulation of EL in respect of employees retired/expired during the period (a) upto 31 December 2010, (b) from 1 January 2011 to 31 December 2011 and (c) from 1 January 2012 to 31 December 2012 would be 80, 90 and 100 days respectively.

Scrutiny of records and information made available by the District Primary Education Officer, NCHAC, Haflong (Inherent Subject) revealed that contrary to the specific instructions of the Finance Department, 53 employees of vacation department were allowed encashment of EL for 150 days against their maximum possible accumulated EL for 80/90 days during 2011-12 and 71 employees of vacation department were allowed encashment of EL for 150 to 160 days against their maximum possible accumulation of EL for 80 to 100 days during 2012-13. The excess allowance of leave salary for 150 instead of 80/90 days during 2011-12 and excess allowance of leave salary for 150 to 160 days instead of 80 to 100 days during 2012-13 resulted in excess expenditure of ₹ 17.86 lakh and ₹ 27.93 lakh during 2011-12 and 2012-13 respectively on account of encashment of leave salary as detailed in *Appendix-II*. This resulted in irregular sanction and payment of ₹ 45.79 lakh towards encashment of leave.

The matter was taken up with the Council, their reply was awaited (January 2016).

### **3.2.2 Diversion of Capital Fund towards revenue expenditure- ₹ 101.20 lakh**

Mention was made under paragraph 3.2.3 of Audit Report of the Council for the year ended 31 March 2011 that out of ₹ 50.00 lakh released by the Government of Assam (GoA) during 2009-10 for capital expenditure under the head of account 5055 Capital outlay on Road Transport Services (Plan), ₹ 30 lakh was released by the Council to its transport department during 2009-10 and ₹ 20 lakh was retained in the PLA of the Council till the end of 2009-10. Scrutiny of records further revealed that the GoA sanctioned and released ₹ 440.74 lakh for capital outlay on Road Transport Services (Plan) to NCHAC during 2011-12 to 2013-14 from the State budget provisions which was released by the NCHAC to its executing department (inherent function) during April 2011 to March 2014. However, the balance of ₹ 20 lakh retained in PLA at the end of 2009-10 was not released to the executing department till the end of 2013-14.

Out of the available fund for capital expenditure, the Transport department (executing department of the council) diverted and expended ₹ 101.20 lakh for revenue expenditure towards repairing of vehicles, purchase of office stationery, purchase of tyre/tube, payment of

road tax, payment of reimbursement bills, maintenance cost of existing vehicles etc., though such diversion/ reappropriation of funds from capital to revenue heads of expenditure was not permissible under Budget Manual of the State. The Council also incurred a capital expenditure of ₹ 248.41 lakh and showed entire expenditure of ₹ 349.61 lakh booked under Capital expenditure during April 2011 to March 2014 leaving an unspent balance of ₹ 91.13 lakh lying with the transport department. The detailed position in this regard is shown in *Appendix-III*.

On being pointed out, the Transport department of the Council stated (March 2015) that the department was compelled to utilize the capital fund towards revenue expenditure as there was no budgetary provision of the Transport department to meet the running expenses required for plying of vehicles on road.

The reply was not tenable as there was no approval from the sanctioning authority for diversion of funds under above heads of expenditure and thus, purpose of providing fund under capital head of account was frustrated.

### **3.2.3 Unproductive expenditure due to computerised system lying idle**

Government of Assam accorded (March 2012) administrative approval and financial sanction and released ₹ 10.00 crore for upgradation of standard of Administration of 16 schemes to the Executive Engineer (EE) and Estate Officer (EO), PWD of North Cachar Hills Autonomous Council, Haflong which included ₹ 1.60 crore for computerisation of Dima Hasao Autonomous Council offices with e-office and e-attendance facilities including setting up of a website for Dima Hasao Autonomous Council and installation of Internet Server for upgradation of standard of administration by improving human resource management and streamlining the financial management system in order to give complete online solution to the Council including linking up with the State Treasury.

The estimate of the above work was prepared by the Assistant Executive Engineer (AEE) and EE, PWD, NCHAC, Haflong. Technical sanction to the work was accorded (29 March 2012) by the Addl. Chief Engineer, PWD, (R&B) Hills, Assam, Haflong.

The work was allotted (12 April.2012), after execution of tender agreement between the contractor and the Addl. Chief Engineer, PWD, (R&B) Hills, Assam, Haflong in FORM-F2 of PWD, Assam, to 'Open Origin IT Solution Pvt. Ltd., Hyderabad' being the lowest tenderer at a tender value of ₹ 1.60 crore with the stipulation to complete the work within 3 months

from the date of issue of work order. The work commenced on April 2012 and was completed in January 2013 i.e., after a delay of more than 6 months from the target date of completion (11 July 2012). The contractor was paid the entire amount of ₹ 1.57 crore<sup>29</sup> as per the final bill.

On enquiry about the present status of the project, the EE and EO, PWD, NCHAC, Haflong stated that the project could not be made operational (May 2014) though the project was completed in the month of January 2013, due to non-appointment of technical staff and System Administrator having sound knowledge to run and maintain the programming system of the project. Further, internet connection to the system has also been disconnected due to expiry of admissible period which could not be renewed due to non-availability of System Administrator and the paucity of fund.

It was observed that the availability of fund and deployment of technical persons should have been ensured before the commencement of the project so that the project could have been made operational as soon as the project was completed. Thus, improper planning of the Council led to unproductive expenditure to the tune of ₹ 1.57 crore which frustrated the very objectives of the project for which the sanction was accorded by the Government.

#### 3.2.4 Irregular expenditure on salary due to promotion of staff against non sanctioned posts in Forest department of the Council

Section 7 of the Assam Fiscal Responsibility and Budget Management Act 2005 provided that the State Government or the appointing authorities under it, shall give appointments only against a sanctioned post which is vacant and in accordance with the laid down rules, procedures and orders and no new post shall be created in any department of the State Government or in Autonomous Bodies under the State Government without the prior concurrence of the Finance Department. Further, as a part of its measure to improve expenditure management and restrict growth in non plan non developmental expenditure Government of Assam also imposed ban on the creation of new posts vide Finance (Budget) Department Office Memorandum No. BW.15/2002/39 dated 03 August 2002.

Scrutiny of records and information made available to audit by the DFO, West division, Haflong of the council revealed that 105 officials were promoted from their respective lower posts by the Council during October to December 2012. Of this, 2 officials were given further promotion to their next higher post during January to April 2013 in excess of vacant

<sup>29</sup> ₹1,44,25,321.00= 2012-13 and ₹12,54,376.00 =2013-14

sanctioned posts and incurred a total expenditure of ₹ 9.05 lakh and ₹ 150.57 lakh towards salary during 2012-13 and 2013-14 respectively which was irregular as shown in Table-28:

Table-28

(In ₹)

Name of post	Sanctioned strength	Men in position		Excess		Date of promotion	Expenditure incurred under Salary on promotion <sup>30</sup>	
		12-13	13-14	12-13	13-14		12-13	13-14
Forest Ranger (FR)	15	25	25	10	10	18.10.12	193700	2603160
Dy. Ranger	11	38	40	27	29	21.12.12(27) 3-4-13& 22-1-13(2)	321975	6304020
Forester-II	9	42	40	33	31	21.12.12	389070	6149904
<b>Total</b>	<b>35</b>	<b>105</b>	<b>105</b>	<b>70</b>	<b>70</b>		<b>904745</b>	<b>15057084</b>
<b>GRAND TOTAL</b>							<b>₹ 15961829</b>	

Source: Departmental Records and information furnished

The Division further stated that the above expenditure on salaries of the promoted staff had not yet been regularised by the Council by creation of posts with concurrence of Finance Department, Government of Assam. Reason for promoting the above staff without sanctioned posts was not found available on records. Thus, irregular expenditure of ₹ 159.62 lakh incurred on account of promotion of executing staff in excess of the sanctioned posts required regularization and recovery from ineligible officials.

### 3.3 Irregular utilization of revenue receipts towards departmental expenditure

According to Rule 18 of NC Hills District Fund Rules 1953, all moneys received by the Council shall be remitted into the treasury promptly and no money shall be appropriated towards expenditure.

Test check of records and information furnished to audit revealed that the Transport department and General Administration (GAD) of the Council collected revenue amounting to ₹ 143.02 lakh during 2011-12 to 2013-14 being passenger fare, hire charge of buses of the Transport department (₹ 136.00 lakh) and sale proceeds of Court fee stamp of GAD (₹ 7.02 lakh). Of this, ₹ 94.19 lakh was utilized towards departmental expenditure without depositing into the Council fund. This was utilised towards purchase of fuel lubricants for plying the buses by Transport department (₹ 90.17 lakh) and meeting expenses on purchase of stationeries, cartridges, repairing of Xerox machines and CPU by GAD (₹ 4.02 lakh). The detailed position are given in Table-29:

<sup>30</sup> Verified and confirmed by NCHAC on 12 August 2015

Table-29

(₹ in lakh)

Year	Revenue collected			Revenue utilized without depositing into the PLA of the Council		
	Transport Department	GAD	Total	Transport Department	GAD	Total
2011-12	45.16	2.41	47.57	27.89	1.45	29.34
2012-13	50.56	2.77	53.33	35.05	1.15	36.20
2013-14	40.28	1.84	42.12	27.23	1.42	28.65
<b>Total</b>	<b>136.00</b>	<b>7.02</b>	<b>143.02</b>	<b>90.17</b>	<b>4.02</b>	<b>94.19</b>

Reasons for utilization of revenue receipts towards revenue expenditure by the GAD were not available on records. The transport department of the Council attributed the reasons to purchase of fuel and lubricants for regular plying of Council's buses on its prescribed routes without any interruption to meet the demand of general public and for emergency repairing of buses from time to time. The reply was not acceptable since action of the department concerned was in contravention to the Fund Rules and thus, the expenditure of ₹ 94.19 lakh incurred during 2011-12 to 2013-14 was irregular.

#### **4 Irregularities in transactions relating to discharge of entrusted functions**

##### **4.1 Misappropriation of Government Money**

Rule 95 of Assam Financial Rules (AFR) provides that Drawing and Disbursing Officer (DDO) is personally responsible for accounting of all money received and disbursed and for the safe custody of cash. DDO is required to verify day-to-day transaction, attest each entry appearing in the cash book and authenticate the analysis of daily/monthly closing balance.

Scrutiny (June 2014) of records of the Executive Engineer (EE), Agriculture, Dima Hasao, Haflong revealed that between July 2012 and September 2013, the EE withdrew cash amounting to ₹ 50.18 lakh through 15 self cheques from the DDO's bank account maintained with State Bank of India, Haflong branch. The entire amount was disbursed (July 2012 to September 2013) for implementation of land reclamation scheme (₹ 48.99 lakh), payment of wages (₹ 0.09 lakh), expenditure on POL (₹ 0.04 lakh) and expenditure on training programme (₹ 1.06 lakh). Cross examination of the cash book and cheque drawal register with the bank statement of the relevant period disclosed that though drawal of ₹ 50.18 lakh was accounted for in the cheque drawal register, the bank statement however, reflected withdrawal of total ₹ 57.48 lakh from the bank against the above 15 self cheques. Thus, withdrawal of ₹ 7.30 lakh (₹ 57.48 lakh - ₹ 50.18 lakh) was fraudulently concealed in the cash book which led to suspected misappropriation of ₹ 7.30 lakh. This remained undetected due to non-reconciliation of bank balance with the cash book balance at regular intervals by the DDO.



In reply, the Executive Engineer Agriculture, Dima Hasao, Haflong stated (July 2015) that the amount was recovered at the instance of audit and kept in the bank account of the Assistant Executive Engineer, Agriculture (AEE), Haflong maintained in the Bank of India, Haflong Branch and also stated that in pursuance of Government directive, an enquiry by a departmental committee against the erring officials was under progress. The outcome of the enquiry would be awaited in audit.

#### **4.2 Loss to Government**

As per provision of Office Memorandum (February 2000) of Finance Department, Government of Assam (GoA), Government servants in vacation Departments are entitled to encash Earned Leave (EL) for a maximum 80 days at credit on the date of retirement. The benefit was applicable to Government servants of vacation Departments retiring on superannuation on or after 29 February 2000. The Office Memorandum (OM) was superseded by OM of July 2010, wherein the limit of both accumulation and encashment of EL was enhanced from 80 to 150 days effective from 1 January 2010. The limit was further enhanced in February 2011 from 150 to 300 days with effect from 1 January 2011. The provision of annual credit of EL of 10 days for the employees of vacation Departments, however, remained unchanged. Thus, employees of vacation Departments were entitled for accumulation and encashment of EL for maximum 80 days up to 31 December 2009 and thereafter subsequent accumulation of 10 days for each completed year of service from 1 January 2010. As such, possibility of accumulation of EL in respect of employees retired between 1 January 2010 and 30 November 2014 (date of audit) would be 80 to 120 days at the maximum.

Audit (May 2014) of records of Deputy Inspectors of Schools, Dima Hasao, Haflong revealed that contrary to the specific instructions of the Finance Department, GoA, 22 employees of vacation Department were allowed encashment of EL exceeding their entitlement of the encashment of EL (as on January 2014). This resulted in irregular sanction and payment of ₹ 28.85 lakh towards encashment of leave (*Appendix- IV*).

Thus, failure of the Deputy Inspectors of Schools in settlement of leave encashment in accordance with the limits fixed by Finance Department, GoA resulted in a loss to Government ₹ 28.85 lakh. This matter needs investigation for fixing of responsibility and for recovery of the irregularly paid amount.

This irregularity had been pointed out vide Report of the Comptroller and Auditor General of India on Social, General and Economic (Non-PSUs) Sectors for the year ended 31 March

2014 (Report No. 1) Government of Assam (Paragraph 1.4.5 of the Report refers) laid before Assam State Legislature on 31 March 2015.

#### **4.3 Diversion of funds**

The Secretary, North Cachar Hills Autonomous Council (NCHAC), Haflong accorded (January 2013) administrative approval and financial sanction to the Inspector of Schools, Haflong for an amount of ₹ 29.98 lakh for the training, monitoring, evaluation and information technology under Secondary Education.

Records disclosed that on receipt of the above sanction and approval, the Inspector of Schools, Haflong expended the entire amount till September 2013 towards construction works, awareness campaign on malaria, AIDS, dengue, study tour etc., with the approval of the Chief Executive Member of the Council which was not covered by the sanction of the Council. Thus, ₹ 29.98 lakh was unauthorisedly diverted and spent otherwise resulting in non implementation of training, monitoring, evaluation and information technology activities as envisaged.

In reply (August 2015) the Inspector of Schools, Haflong stated that the fund was utilized with the approval of the Chief Executive Member of the Council. The reply was not acceptable as the act of such diversion without re-appropriation by the competent authority, i.e., the Finance department of the Government of Assam, was irregular and needed regularization by the competent authority.

#### **4.4 Unauthorised utilization of Non plan fund of entrusted department**

Rule 174 of Assam Financial Rule (AFR) prescribed that any undisbursed pay may be retained by the DDO for a period not exceeding three months and pay must not under any circumstances be placed in deposit. Further Para 11.17 of the Budget Manual of Government of Assam provides that anticipated savings under a particular detailed head should be surrendered and in no circumstances be used for re-appropriation to meet new item of expenditure without approval of the Finance Department.

With a view to grant greater autonomy, Government of Assam (GoA) Hill Areas Department extended jurisdiction of the state executive powers in respect of 30 subjects/departments to NCHAC vide Office Memorandum (OM) dated 31 December 1996 and arranged to release funds earmarked in the State budget for the Council on a six monthly basis as advance which was to be adjusted on submission of monthly accounts by debit to the appropriate head of account of the State budget. The funds, thus released, are deposited to PLA of the Council

wherefrom time to time expenditures of DDOs of the subject/departments (brought under administrative control of the Council called entrusted department) are met. The OM *inter-alia* provided that rules of State Government in respect of Non plan and other matters relating to entrusted subjects/departments are to be strictly followed by the Council.

Scrutiny of records and information furnished revealed that there was an unspent Non Plan fund of ₹ 37.68 crore lying in PLA of the Council while a total amount of ₹ 247.99 crore of Non Plan fund was received during 2013-14 by NCHAC in respect of 37 Heads of accounts of entrusted subjects/departments. Of this, the Executive Committee (EC) of the Council resolved on 16 July 2013 to divert ₹ 30 crore treating it as refundable loan borrowed from the available unspent balance of Non plan fund of entrusted departments under the detailed head 'salaries'. However reason for such huge unspent balance under 'salaries' of the entrusted department was not explained to audit. In terms of the above resolution of the EC, the Council sanctioned (24 July 2013) ₹ 30 crore and released the amount in 22 cheques (12 August 2013) from the above borrowed fund to facilitate disbursement of salaries of its own employees (Normal/inherent departments) which was pending for 8 months since November 2012 to June 2013. The borrowed fund remained un-recouped till the date of audit (April 2015).

Thus, non compliance of provisions of AFR and Budget manual facilitated NCHAC to divert and expend the Non plan fund of the State Budget of the entrusted departments (placed under the administrative control of NCHAC) for disbursement of salaries of its own employee unauthorisedly without approval of the Finance Department.

#### **4.5 Unproductive expenditure on incomplete works**

The work 'Metalling and Black Topping of Gunjung Maibang Road from 17<sup>th</sup> Km to 28.78<sup>th</sup> Km (including construction of RCC Bridge, Hume Pipe Culvert and Drainage with approaches under Non-Lapsable Central Pool of Resources) in NC Hills District' was sanctioned by the Government of India in August 2009 and the Government of Assam conveyed sanction (March 2010) for issue of administrative approval to the estimated cost of ₹ 635.83 lakh. This was technically sanctioned by the Chief Engineer, PWD (Roads), Assam (CE) in June 2010. Against the estimated cost of ₹ 635.83 lakh, the division received ₹ 198.71 lakh only through the Council during 2010-2014<sup>31</sup>. Reason for non release of the balance fund was called for but the Council did not offer any comment in this respect (January 2016).

<sup>31</sup> ₹125.00 lakh on 10.12.2010 vide Cheque No. 0147226 and ₹73.71 lakh on 27.11.2013 vide Cheque No. 0250673

The estimate of the above work was framed by the Executive Engineer, PWD (Roads), Maibang division, Maibang with the following components of work:

Table-30

Sl. No.	Components of the estimate	Estimated cost including contingency
1.	M&BT including HP culvert, drainage and protection work	₹ 5,07,79,524.00
2.	RCC Minor Bridge at Bridge No.17/1	₹ 66,82,852.00
3.	RCC Minor Bridge at Bridge No.18/1	₹ 66,18,022.00
	<b>Total :</b>	<b>₹ 6,40,80,398.00</b> <b>Say ₹ 640.80 lakh</b>

Scrutiny of records revealed that the above work was allotted to a contractor in March 2010 at the tendered value of ₹ 631.18 lakh with a stipulation to complete the work within 18 months from the date of allotment of work order (March 2010). As the selection of the contractor was done by CE through E-tendering system and the records like NIT, tender documents, comparative statement, etc., were retained at his disposal, the veracity of the selection process could not be verified in audit. However, an agreement was executed with the contractor during 2009-10 with one of the conditions that payment towards work done by the contractor was subject to availability of fund and delayed payment would bear no interest. The work was commenced in March 2010, but, till the date of audit (March 2014), overall 40 per cent (Bridge proper: 10 per cent and Approach road and RP work: 48 per cent) physical progress was achieved though two and half years had already elapsed from the stipulated date of completion of the work (18 September 2011). Works valued ₹ 125.00 lakh measured on 25 August 2010 and 28 September 2010, and works valued ₹ 42.02 lakh was subsequently measured on 22 November 2013 after a gap of more than 3 years. On being asked about the reasons for non completion of work in time by the contractor, the division stated that the contractor did not execute the works with due diligence, promptness and on continuous basis. However, the division paid a total amount of ₹ 167.02 lakh till March 2014 against this work.

It was noticed that although the contractor failed to complete the work within the time frame (18 September 2011), but the division neither took any action for release of the balance fund nor re-allotted the balance work to other contractor by terminating the contract and imposing liquidated damage clause as per provision of the tender agreement.

Thus, laxity on the part of division either to arrange release of fund and to get the work completed as per contract agreement or to take any action to re-allot the work to other contractor to complete the work within the time frame, led to unproductive expenditure of ₹ 167.02 lakh frustrating the objectives of the project.

#### 4.6 Blockade of NSAP fund without implementation

Test check of records of Planning Cell of the Council revealed that the Council received a fund of ₹ 33.52 lakh from the Government of Assam in March 2010 for implementation of the Scheme NSAP (National Social Assistance Programme). The amount so received was kept in the Bank Account (No. 17982 with UBI, Haflong Branch) and remained unutilized till date (August 2015).

Similarly NCHAC received ₹ 43.23 lakh through two demand drafts<sup>32</sup> from the Commissioner, Panchayat & Rural Development, Assam in April 2012 for implementation of Indira Gandhi National Old Age Pension Scheme (IGNOAPS) under NSAP for the year 2011-12. The amount so received was kept in the Council's Personal Ledger Account (PLA) in June 2012 and remained unutilized till the date (August 2015). Reasons for non utilisation of fund were not available on records.

On being asked, the Council replied (June 2014) that the fund could not be utilized due to non receipt of any instruction from the Government and relevant sanction order. Scrutiny revealed that neither any step was initiated by the Council to obtain instruction from the Government for utilisation of the funds nor any action taken to implement the NSAP as per GOI guidelines which led to blockade of ₹ 76.75 lakh defeating the intended objectives.

#### 4.7 Unfruitful Expenditure

Scrutiny of records (November 2012) of the Executive Engineer (E.E.), South N.C. Hills Division, Irrigation, Haflong revealed that the Washillinghadi Electrical Lift Irrigation Scheme (ELIS) was taken up (1980) at an estimated cost of ₹ 1.83 crore by the E.E., South N.C. Hills Division, Irrigation, Haflong for the supply of water to paddy fields.

The estimate was revised to ₹ 7.75 crore and administrative approval was accorded by the Council on 12 September 1997. The works of Intake well, Regulator, Aqueduct and structures were completed by the year 2000 leaving the mechanical part, electrical part and a portion of civil work. The estimate was further revised to ₹ 8.33 crore and accordingly administrative approval was accorded by the Council in February 2004. The work was completed (June 2005) and after energisation, the scheme was commissioned in the year 2006. As of September 2012, ₹ 8.96 crore was spent on the scheme against the estimated amount of ₹ 8.33 crore exceeding expenditure of ₹ 0.63 crore over the estimate.

<sup>32</sup> ₹3026100.00 (DD No. 299300 dated 30.3.12) and ₹1296900.00 (DD No. 300420 dated 30.03.12)

Meanwhile ASEB disconnected the power supply in February 2007 for the reason of non-payment of energy bill amounting to ₹ 3 lakh in respect of Washillinghadi ELIS. The matter had been taken up (July 2007) by the E. E. with the Council for the sanction of funds for payment of electricity charges but no response was received by the E.E. and the scheme remained defunct till the date of audit (November 2012). Further development to make the scheme operational was not intimated, though called for (January 2016).

Thus, due to failure to pay the electricity charges of ₹ 3.00 lakh, the entire expenditure of ₹ 8.96 crore incurred on ELIS became unfruitful, besides beneficiaries of 192 families residing in 9 villages<sup>33</sup> were deprived of the intended benefits to be derived out of supply of water in the paddy field.

## **5. Internal Control Mechanism**

Internal Control is an integral process which is designed to provide reasonable assurance about achieving the organizational objectives viz., fulfilling accountability obligations, complying with applicable laws and regulations, executing programmes/schemes in an orderly, economical, efficient and effective manner and safeguarding resources against loss. An effective internal audit (IA) wing is necessary to strengthen the internal control system and to enforce effective management.

The internal control mechanism in the N.C. Hills Autonomous Council was deficient/ineffective as would be seen from the following in addition to observations made in the report.

- Figures in PLA cash book were not reconciled with those of treasury leading to discrepancies between those two sets of records.
- Preparation of budget estimates of receipts and expenditure was not based on realistic analysis, leading to large variations between the budget and the actual expenditure.
- NCHAC did not maintain proper ledger or consolidated abstract showing receipts generated from its own resources, fund received from the Government, disbursements made to Drawing and Disbursing Officers (DDOs) of different departments under administrative control of NCHAC (for entrusted function) and for the expenditure incurred by DDOs of NCHAC (for inherent function). Thus, control system does not assure accuracy of figures of annual accounts by itself.


<sup>33</sup> i) Mech Kachari, ii) Bodo Langpher, iii) Tharveitheo, iv) Washubil, v) Tillabasti, vi) Chotowashilling-I, vii) Chotowashilling-II, viii) Phonglangshu and ix) Dismo Village.

- Absence of proper policy in the major revenue earning departments like Forests, Transport, Taxes, Mines and Minerals, resulting in adhoc management of revenue earning resources and environmentally sensitive issues.
- Major irregularities were noticed in delivery of pay and allowances.
- Absence of Internal Audit Wing to strengthen the internal control mechanism.

**Recommendations:**

- Council should strengthen its budgetary processes and financial control to minimise the under spending resulting in surplus balances and improve its accounting mechanism, to ensure accuracy in accounting.
- Council should take urgent steps so that deficiencies in internal control system as pointed out in foregoing paragraphs may be addressed.
- Council should adopt proper revenue generating policies and programme to boost its revenue earnings.
- Council should consider upgradation of its digital infrastructure to enable administrative transparency in implementation of various schemes.

Guwahati  
The 13 MAY 2016



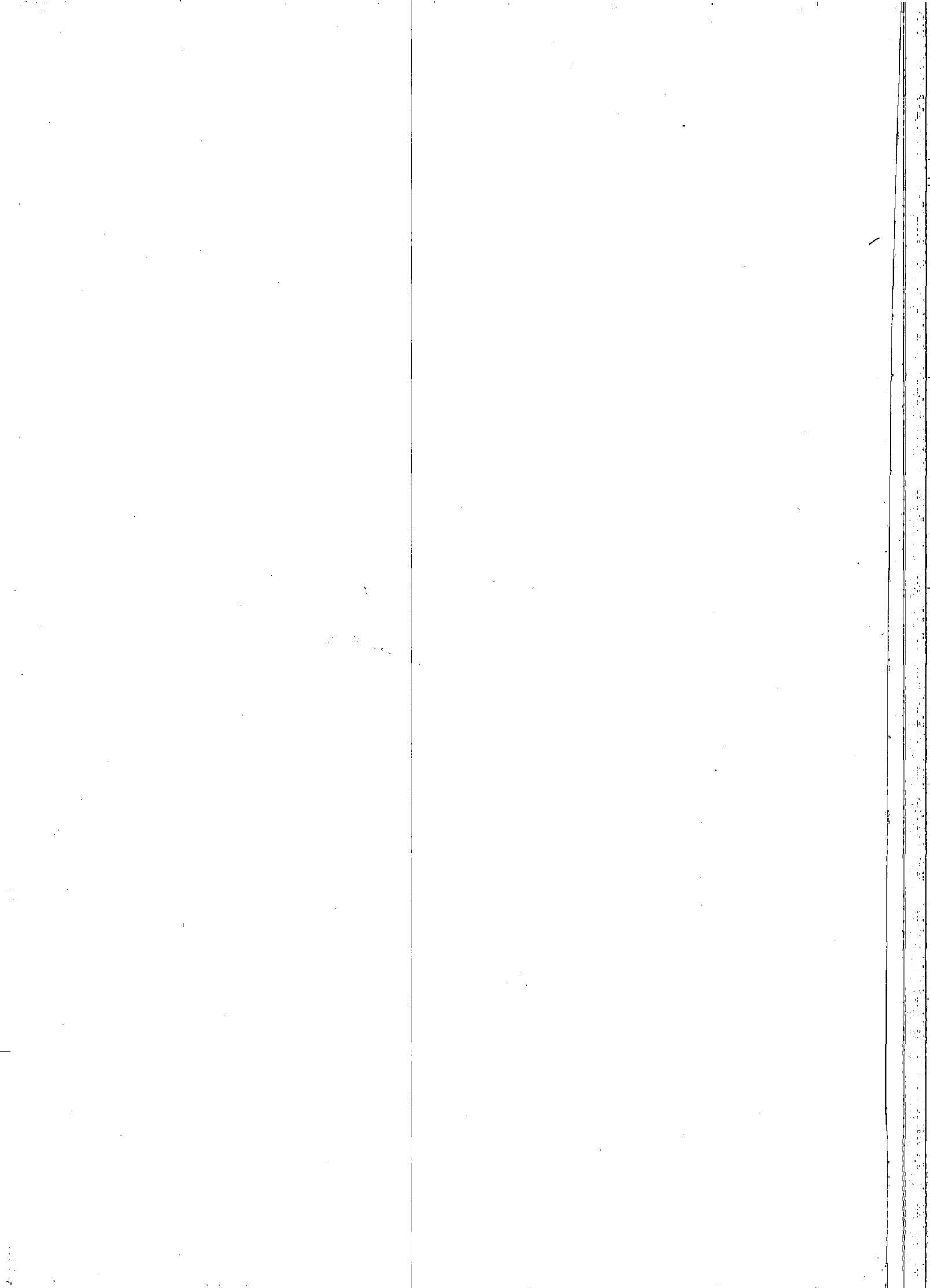
(C. H. KHARSHING)  
Accountant General

Countersigned

New Delhi  
The 24 MAY 2016

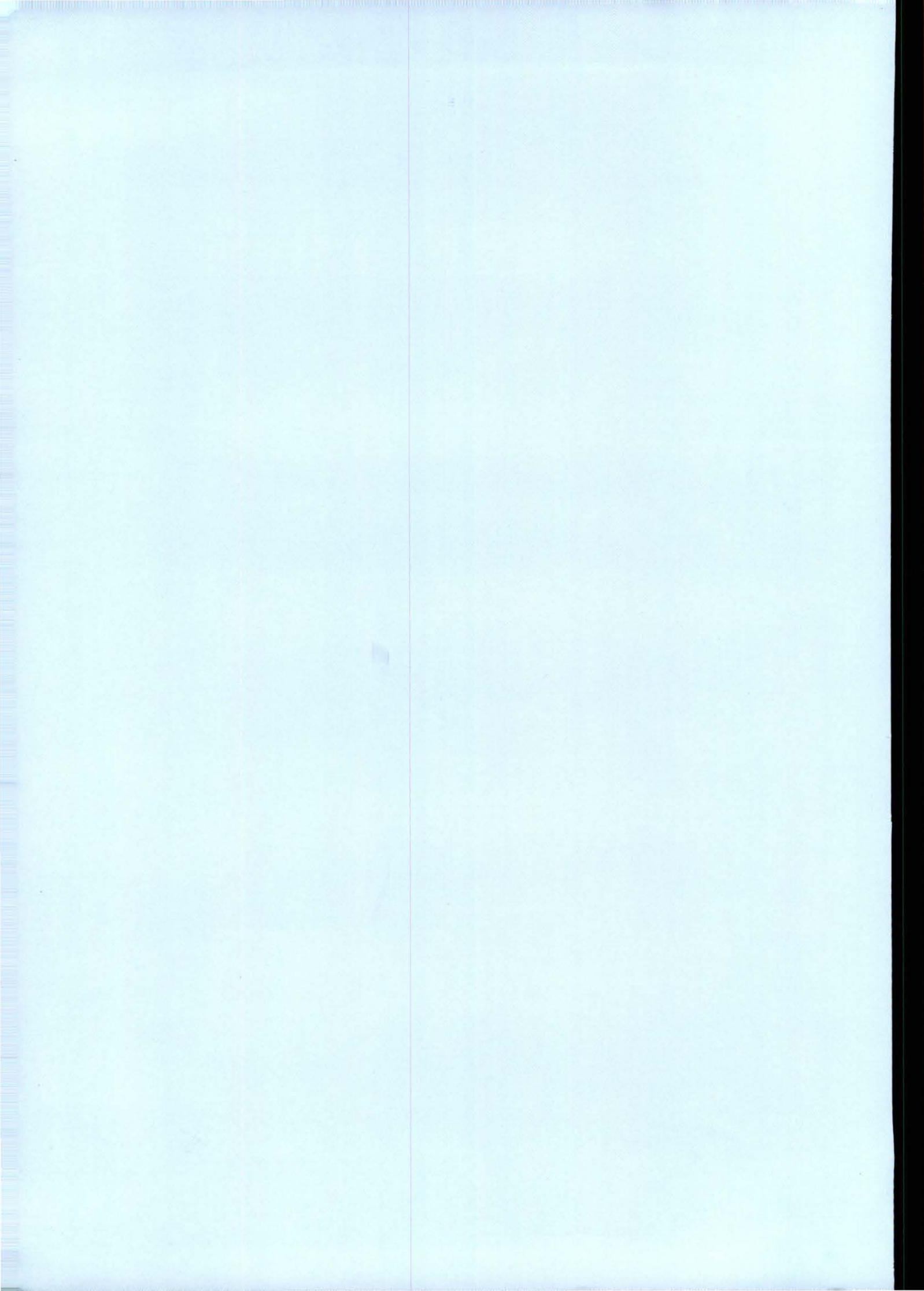


(SHASHI KANT SHARMA)  
Comptroller and Auditor General of India





# Appendix



**Appendix-I**  
**(Reference: Para-3.1.4.3)**

**Statement showing loss of royalty to the Council due to non allotment of the cancelled Sand Mahals**

Sl.No	Name of Mahal	Name of Mahaldar	DFO's final allotment	Date of agreement	Period of settlement as per agreement	Quantity of Sand to be extracted annually	Annual Settled value (₹)	Amount of Quarterly Kist (including VAT) (₹)			Date of cancellation	Non-generation of Royalty due to non settlement of Mahal upto 2013-14
								Total	Royalty	AVAT		
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Sand Mahal along Langting River from Longrengbra village to Warijiding Village under Langting Range U.S.F area'	Shri Dhriti Thousen of Dimadi Hawar	No.FRS/G/101(a)/D T/2011/9 dated 27.04.12	22.06.2012	22-06-2012 to 21-06-2015	2000 cum	₹2,75,805×3 years (4 kists in each year)	68951/- In 12 kists	@ 60750/- per kist	8201/-	25.11.2013 (After payment of 6 <sup>th</sup> kist)	₹1,21,500/- (being royalty of 2 kists @ ₹60750/- per kist upto 2013-14)
2	Sand Mahal along Diyung river from Dehangi Ferry Ghat to Mahurbra under Haflong Range	Jaobang Hojai	FRS/101 (a)/JH/200 9/8 dt. 29.07.09& FRS/Sectt /Sand/9/P-1/2010-12/76 dt14-03-2012	11.07.2011	11.07.2011 to 10.07.2016 (5 years)	300 cum  800 cum (Enhanced)	41,371/-  1,10,324/-	10,343/- (3 kists)  27,581/- (17 kists)	9113/- per kist  24,300/- per kist	1230/-  3281/-	25.11.2013 (After payment of 10 <sup>th</sup> kist)	₹24,300/- (being royalty of 1 kists @ ₹24,300 per kist upto 2013-14)
<b>Total</b>											<b>₹1,45,800</b>	

**Appendix-II**  
(Reference: Para. 3.2.1)

*Excess encashment of earned leave over the permissible limit of 80-100 days during the year 2011-12 & 2012-13*

**2011-12**

Sl	Name of Teacher Retired/Expired	Name of School	Date of Retirement/Death	Basic pay on the date of Retirement/Death	DA(%) admissible on date of Retirement	No. of unutilized Earned Leave as per sanction	No. of Earned Leave encashed In Days	Amount Sanctioned encashed for unutilized Earned Leave (₹)	Maximum No. of EL admissible for encashment	Actual encashment admissible	Excess encashment (9-11)
1	2	3	4	5	6	7	8	9	10	11	12
1	Smti. Jyotsna Dibragede Kemprai	D.M. L.P. School	31.03.09	7100	97	150 days	150	69935	80	37299	32636
2	Shri. Jnanendro Kr. Thaosen	Lower Haflong L.P. School	30.04.09	7100	97	150 days	150	69935	80	37299	32636
3	Lt. Sunirmal Kanti Dey.	Dittockcherra L.P. School	25.02.10	15590	27	150 days	150	98995	80	52798	46197
4	Shri. Premchand Barman	Digrangikro L.P. School	31.09.09	6850	97	150 days	150	67475	80	35985	31490
5	Shri. Gailung Jeme	Nimkai L.P. School	31.08.10	16180	35	150 days	150	113470	80	58248	55222
6	Lt. Namlungbe Jeme	Kubing L.P. School	20.01.10	6850	27	150 days	150	43500	80	23199	20301
7	Shri. L.K. Hupa Nampui.	Thangkhovan L.P. School	31.12.08	7350	97	150 days	150	73400	80	38612	34788
8	Lt. N. Khup Hrangchal	Thangkhovan L.P. School	31.03.10	15580	27	150 days	150	98935	80	52764	46171
9	Lt. Lalzairemi Nampui	Fiangpui L.P. School	31.10.07	4600	91	150 days	150	43930	80	23429	20501
10	Smti. Kasang Terangpi	Garampani L.P. School	29.08.08	4210	97	150 days	150	41465	80	22117	19348
11	Smti. Lalthangzsoii	J.C.M. L.P. School	31.12.08	7100	97	150 days	150	69935	80	37299	32636
12	Lt. Bahgayabati Sinha	Natun Basti L.P. School	26.05.08	6600	97	150 days	150	65010	80	34672	30338
13	Lt. Lalkunga Joute	Langchirui L.P. School 97	11.12.08	4210	97	150 days	150	41465	80	22117	19348
14	Lt. Elinda Rupsi	Jatinga khasi L.P. School 97	08.03.09	6600	97	150 days	150	65010	80	34672	30338
15	Shri. Bimalendu Dey.	Amtangbra L.P. School	31.03.09	7125	97	150 days	150	70180	80	37430	32750
16	Smti. L. Baiding.	Girls L.P. School	31.12.08	17660	51	150 days	150	133335	80	71111	62224
17	Shri. Sailendro Bathari	Delinwatiling L.P. School	30.06.10	17900	35	150 days	150	120825	80	64440	56385
18	Smti. Shanti Devi Thaosen	Sarkari Bagan L.P. School	31.12.10	16320	45	150 days	150	118320	80	63104	55216
19	Shri. Debendro Kr. Sinha	Mahur Pura L.P. School	31.12.09	6850	97	150 days	150	67475	80	35985	31490
20	Shri. Lalphirthang Hrangkhoh	Lungkhok L.P. School	30.11.08	7350	97	150 days	150	72400	80	38612	33788
21	Smti. Moumita Dutta	D.M. L.P. School	31.12.08	6600	97	150 days	150	65010	80	34672	30338

1	2	3	4	5	6	7	8	9	10	11	12
22	Shri. Tazir Uddin Ahmed	Jongsorhadi L.P. School	31.12.08	7100	97	150 days	150	69935	80	37299	32636
23	Lt. Khupjathang Lienthang	Pangmuol L.P. School	14.12.07	6600	91	150 days	150	63030	80	33616	29414
24	Lt. Rashno Krmprai	Semdikhori L.P. School	07.11.07	4210	91	150 days	150	40205	80	21443	18762
25	Smti. Zirtinkim	Buolmuol L.P. School	31.12.03	6600	59	150 days	150	27984	80	27984	0
26	Lt. Kungtlingi Ngaite	Thingdol L.P. School	26.02.10	16320	27	150 days	150	103630	80	55270	48360
27	Smti. Manada Bala Barman	Harangajao Deswali L.P. School	31.12.09	7100	97	150 days	150	69935	80	37299	32636
28	Smti. L.K. Thili Nampui	Sangbar L.P. School	31.10.06	6850	74	150 days	150	59595	80	31784	27811
29	Lt. Nabarajan Barman	Natun Disao L.P. School	17.07.08	6600	97	150 days	150	65010	80	34672	30338
30	Smti. Uma Rani Barman	Mahur J.B. L.P. School	30.09.09	7100	97	150 days	150	69935	80	37299	32636
31	Shri. Birendro Ch. Roy	Jorai L.P. School	30.11.08	7100	97	150 days	150	69935	80	37299	32636
32	Shri Sishir Kr. Das	Boro Disao L.P. School	31.12.08	7100	97	150 days	150	69935	80	37299	32636
33	Lt. Jogendro Hojai	Thanalambra L.P. School	22.08.08	6850	97	150 days	150	67475	80	35985	31490
34	Smti. Rekha Rani Deb Roy	G.C.C.M. L.P. School	31.01.10	7350	97	150 days	150	72400	80	38612	33788
35	Shri. Mohonjoy Barman	Amidao Rajiyung L.P. School	31.05.09	7100	97	150 days	150	69935	80	37299	32636
36	Lt. Mokenly Suchiang	Boro Lukha L.P. School	06.06.10	12890	35	150 days	150	87010	80	46404	40606
37	Shri. Hlisunthang Hmar	Huonveng L.P. School	30.06.09	7100	97	150 days	150	69935	80	37299	32636
38	Shri. Laltho Hmar	P. Hrachangzol L.P. School	31.03.09	7100	97	150 days	150	69935	80	37299	32636
39	Smti. Padmini Barman	Harishchandrapur L.P. School	31.12.09	7100	97	150 days	150	69935	80	37299	32636
40	Shri. Binode Bathari Nath	Thaimodoling L.P. School	31.12.09	7350	97	150 days	150	72400	80	38612	33788
41	Shri. Jangbahadur Haplia	Kanabasti L.P. School	31.07.10	17900	35	150 days	150	120825	80	64440	56385
42	Shri. L. Soikam	Saron L.P. School	31.12.06	6075	74	150 days	150	52370	80	28188	24182
43	Smti. Sakuntala Bathari	Dolaidisas L.P. School	31.05.10	17900	27	150 days	150	113665	80	60621	53044
44	Lt. Smriti Kuna Das Gupta	Dihur Phonglo L.P. School	05.01.04	6600	49	80 days	80	26244	80	26224	20
45	Lt. Hrawthokam Changsan67805	Henamram L.P. School	08.08.08	6850	97	150 days	150	67475	80	35985	31490
46	Lt. Harimohan 57420Sinha	Mailongdisa L.P. School	25.02.08	7100	91	150 days	150	67805	80	36163	31642
47	Lt. Joy113805gendro Sarongpang	Wasai kang L.P. School	15.12.06	6600	74	150 days	150	57420	80	30624	26796
48	Lt. Lalrohau Pudaite	Sarkari Bagan L.P. School	04.11.10	16860	35	150 days	150	113805	80	60696	53109
49	Smti. Sandhya Naiding	Council Colony L.P. School	31.03.11	17660	51	150 days	150	133335	90	80000	53335
50	Shri. Ngaineisied Hmar	Huonveng L.P. School	31.07.09	7350	97	150 days	150	72400	80	38612	33788
51	Smti. Minota Barman	Boys L.P. School	31.05.02	6250	43	80 days	80	23835	80	23833	2
52	Smti. Chamely Dey	Girls. L.P. School	31.03.10	6850	27	150 days	150	43500	80	23199	20301
53	Shri. Kunjalal Jojai	G.C.C.M. L.P. School	31.10.10	18900	35	150 days	150	127575	80	68040	59535
<b>Total</b>								<b>3918413</b>		<b>2132562</b>	<b>1785851</b>

2012-13

1	2	3	4	5	6	7	8	9	10	11	12
1	Shri. Tlangawnthang Hmar	H/T J. Hebron L.P. School	31.03.2011	16810	45%	150	150	121875	90	73123	48752
2	Lt. Ramoni Singha	A/T Mahur J.B. L.P. School	08.11.2010	6600	97%	150	150	65010	80	34672	30338
3	Lt. Sangthang Lunkim	H/T Lodi Kuki L.P. School	08.09.2008	6600	97%	150	150	65010	80	34672	30338
4	Smti. Chamely Dey	A/T Girls L.P. School	31.03.2010	6950	97%	150	150	68460	80	36511	31949
5	Lt. Kadan Rani Singha	A/T Girls L.P. School	31.10.2009	6850	97%	150	150	67475	80	35985	31490
6	Smti. Parul Thaosen	A/T Boys L.P. School	31.01.2012	18030	58%	160	160	151931	100	94958	56973
7	Smti. Tabitha Suchian	A/T Jatinga Khasi L.P. School	31.01.2012	16840	58%	160	160	141904	100	88691	53213
8	Lt. Jarnuna Rani Joshi	A/T Hagier Nagar L.P. School	15.02.2011	12630	51%	150	150	95355	90	57214	38141
9	Lt. Henkhlien Lhoujem	A/T Bosol L.P. School	24.05.2008	6600	91%	150	150	63030	80	33616	29414
10	Lt. Abizabe Jeme	A/T Longmang L.P. School	28.09.2009	3850	97%	150	150	20425	80	20225	200
11	Lt. Daniel Chinthong	H/T Chirilangso L.P. School	04.11.2012	17770	72%	160	160	163008	100	101881	61127
12	Shri. Dwijendra Barman	A/T Rajbari L.P. School	30.06.2011	17110	51%	150	150	129180	90	77508	51672
13	Shri. Lienhau Hmar	H/T Retzol L.P. School	31.05.2011	16360	51%	150	150	123520	90	74111	49409
14	Shri. Namkabe Jeme	H/T Boro L.P. School	31.10.2009	6775	97%	150	150	66735	80	35591	31144
15	Shri. L.C. Lura Ngamlai	A/T Fiangpui L.P. School	30.11.2011	14250	51%	150	150	107590	90	64553	43037
16	Shri. Radha Ranjan Barman	A/T Hojai Jalimbao L.P. School	31.12.2008	7100	97%	160	160	69935	80	37299	32636
17	Shri. Purnando Kemprai	H/T Disagutu L.P. School	31.01.2012	18190	58%	150	150	153280	100	95801	57479
18	Lt. Seikhohen Singson	A/T N. Leikul L.P. School	21.12.2005	5200	67%	150	150	43420	80	23157	20263
19	Smti. Zovi Hmar	H/T Lower Muolhoi L.P. School	31.08.2009	7100	97%	150	150	69935	80	37299	32636
20	Shri. Lalkhawlien Hmar	H/T Boro Leilek L.P. School	30.06.2011	16360	51%	150	150	123520	90	74111	49409
21	Smti. Lalrochwng Hmar	A/T Upper Muolhoi L.P. School	31.05.2012	17630	65%	150	150	145450	100	96965	48485
22	Lt. Deleiwangbe Jeme	Boro Nianglo L.P. School	19.08.2009	4300	97%	150	150	42355	80	22589	19766
23	Smti. Nilima Bora	A/T G.N.B. L.P. School	31.03.2011	13840	45%	150	150	100340	90	60204	40136
24	Smti. Anita Khersa	Boys L.P. School	31.07.2011	11520	51%	150	150	86975	90	52186	34789
25	Smti. Usha Rani Barman	Sarkari Baragan L.P. School	31.03.2011	17110	45%	150	150	124050	90	74428	49622
26	Shri. Lalhminthang Buongpui	H/T Upper Muolhoi L.P. School	31.01.2011	16850	45%	150	150	122165	90	73297	48868
27	Smti. Gauri Rani Sharma	A/T Saiding L.P. School	30.11.2009	6950	97%	150	150	68460	80	36511	31949
28	Shri. Lalchonsiek Hrangkhoh	H/T Chapuk L.P. School	28.01.2011	16810	45%	150	150	121875	90	73123	48752
29	Lt. Letkholal Lhouvum	A/T New Ngalsong L.P. School	01.07.2009	5900	97%	150	150	58115	80	30995	27120
30	Shri. Phaizolien Hmar	H/T Hnachangzol L.P. School	31.12.2011	16850	51%	150	150	127220	90	76330	50890
31	Smti. Lalsim Bapui	A/T Longmang L.P. School	31.12.2009	6850	97%	150	150	67475	80	35985	31490
32	Smti. Werybon Pachoun	A/T Colony L.P. School	30.06.2011	17660	51%	150	150	133335	90	80000	53335
33	Lt. Biroala Bala Barman	A/T Lower Haflong L.P. School	25.10.2011	16450	58%	150	150	129955	90	77973	51982
34	Smti. Sarojini Thaosen	A/T S. Bagan L.P. School	30.04.2011	16810	51%	150	150	126915	90	76149	50766
35	Shri. Irawangbe Jeme	A/T hazeichak L.P. School	30.06.2009	6250	97%	150	150	61565	80	32833	28732

1	2	3	4	5	6	7	8	9	10	11	12
36	Shri. Thangkhoekai Thado	H/T Robinalla L.P. School	31.01.2011	17020	51%	150	150	128500	90	77101	51399
37	Shri. Ujjal Paul	H/T Haryjanglangso L.P. School	31.10.2011	18190	58%	150	150	143700	90	86221	57479
38	Smti. Greeelyne Sutnga	A/T Gerem "E" L.P. School	30.11.2011	16860	58%	150	150	133195	90	79916	53279
39	Smti. Kholneitieng Vaiphei	A/T Songpijang L.P. School	28.02.2011	16040	51%	150	150	121100	90	72661	48439
40	Shri. Seakharlal Chakraborty	A/T Sibarapur L.P. School	31.01.2009	6600	97%	150	150	65010	80	34672	30338
41	Smti. Anjali Barman	Amindao Rajiyung L.P. School	28.02.2011	17110	51%	150	150	129180	90	77508	51672
42	Lt. Anjali Purkayastha	A/T Hatikhali L.P. School	09.02.2010	15550	35%	150	150	104965	80	55980	48985
43	Lt. Noni gopal Sinha	A/T Manayuhadi L.P. School	13.04.2009	6600	97%	150	150	65010	80	34672	30338
44	Smti. Monamala Dutta	A/T Dhonham Hojai L.P. School	31.04.2008	6600	97%	150	150	65010	80	34672	30338
45	Shri. Saytendra Kr. Mahanata	A/T harangajao Kayeng Khasi L.P. School	31.10.2011	15300	58%	150	150	120870	90	72522	48348
46	Shri. Hengul Bora	H/T Gurujiligigar L.P. School	31.12.2010	14160	51%	150	150	106915	80	57018	49897
47	Smti. Satyabati Barman	H/T Kayung Deswali L.P. School	30.09.2009	6950	97%	150	150	68460	80	36511	31949
48	Shri. Lalkhuma Ngamlai	H/T Muoldam L.P. School	31.08.2009	6850	97%	150	150	67475	80	35985	31490
49	Smti. Katakhi Sharma	A/T Dittokcherra L.P. School	30.06.2009	6950	97%	150	150	68460	80	36511	31949
50	Smti. Sefali Bala Paul	A/T Dittokcherra L.P. School	30.06.2009	6950	97%	150	150	68460	80	36511	31949
51	Shri. Kedikibe Jeme	A/T Kepeile L.P. School	31.10.2009	6850	97%	150	150	67475	80	35985	31490
52	Shri. Keisong Jeme	A/T Daobang L.P. School	31.03.2011	16360	45%	150	150	118610	90	71166	47444
53	Smti. Pahachin I. Lhuojem	H/T Songpijang L.P. School	31.03.2011	17110	45%	150	150	102875	90	74428	28447
54	Shri. Nehkhasat Thado	H/T Nuonjang II L.P. School	29.02.2012	17630	58%	160	160	148560	100	92851	55709
55	Smti. Z. Gangte	H/T Buolmuol Bagan L.P. School	27.02.2008	6850	91%	150	150	65420	80	34889	30531
56	Shri. Zawllienthuom Hmar	H/T Boro Arap L.P. School	28.02.2009	6850	97%	150	150	67475	80	35985	31490
57	Lt. Lunseh Singson	A/T Suongbung L.P. School	06.03.2009	6600	97%	150	150	55110	80	34672	20438
58	Smti. Laileinzo Hmar	A/T Huonveng L.P. School	30.06.2009	5724	97%	150	150	56390	80	30070	26320
59	Lt. Sangzolien Hmar	A/T Upper Muolhoi L.P. School	19.03.2012	16860	58%	160	160	142075	100	88796	53279
60	Lt. Lolit Bathari	H/T B. Langpher L.P. School	04.12.2011	11910	45%	150	150	86350	90	51808	34542
61	Smti. Kamala Kemprai	H/T Dibarai L.P. School	31.12.2011	17630	45%	150	150	127820	90	76690	51130
62	Smti. Nilima Johari	H/T Council Colony L.P. School	29.02.2012	18190	58%	150	150	143700	100	95801	47899
63	Shri. Dhonja Mohan Nunisa	H/T Langlai hasnu L.P. School	31.01.2009	6850	97%	150	150	67475	80	35985	31490
64	Lt. Achile Jeme	A/T Boro Haflong L.P. School	26.08.2009	6600	97%	150	150	65010	80	34672	30338
65	Shri. Ngurthanglien Hmar	H/T lower Muolhoi L.P. School	31.08.2008	6950	97%	150	150	68460	80	36511	31949
66	Shri. Amaresh Chakraborty	A/T Khasipur L.P. School	28.02.2008	6950	97%	150	150	68460	80	36511	31949
67	Shri. Kailiensang Hmar	A/T L. Muolhoi L.P. School	31.01.2011	16850	45%	150	150	122165	90	73297	48868
68	Shri. Kawthangbik Pulamte	H/T lower Muolhoi L.P. School	30.11.2009	6950	97%	150	150	68460	80	36511	31949
69	Lt. Prova Thoosen	A/T langting Bazar L.P. School	04.04.2005	4030	67%	150	150	33650	80	17947	15703
70	Shri. Lalkhum Hmar	H/T Retzol L.P. School	31.12.2011	16840	45%	150	150	122090	90	73254	48836
71	Shri. Ruolseikhup	H/T Leiri L.P. School	31.12.2011	16830	45%	150	150	112000	90	73211	38789
<b>Total</b>								<b>6792788</b>		<b>4000047</b>	<b>2792741</b>

**Appendix – III**  
(Reference: Para. 3.2.2)

*Statement showing the release of the fund for Capital outlay on Road Transport Services (Plan) by NCHAC to it's own Transport department and utilization thereof.*

*(₹ in lakh)*

Year	GoA's release under 5055-CO on Transport to Council		Council's release to own Transport Department			Actual utilization by Transport department of the Council.					
	Month of Sanction	Amount	Month of release	Amount	Amount retained in PLA	Balance of previous year	Total fund available	Capital expenditure incurred	Revenue expenditure by diversion of Capital fund	Total expenditure incurred	Unutilised fund
2011-12	Nov. 2010	51.00	Apr. 2011	51.00	--		51.00	45.52	5.48	51.00	
	Sep. 2011	58.50	Jan. 2012	58.50			58.50	18.25	6.99	25.24	91.76
	Mar. 2012	58.50	Mar. 2012	58.50			58.50				
<b>Total</b>		<b>168.00</b>		<b>168.00</b>			<b>168.00</b>	<b>63.77</b>	<b>12.47</b>	<b>76.24</b>	<b>91.76</b>
2012-13	Dec. 2012	64.93	Jan. 2013	64.93	64.94	91.76	156.69	85.12	33.82	118.94	37.75
	Mar. 2013	64.94					91.76	156.69	85.12	33.82	118.94
<b>Total</b>		<b>129.87</b>		<b>64.93</b>		<b>91.76</b>	<b>156.69</b>	<b>85.12</b>	<b>33.82</b>	<b>118.94</b>	<b>37.75</b>
2013-14	Sep. 2013 Mar. 2014	64.94 77.93	Jun. 2013	23.72	--	37.75	245.56	99.52	54.91	154.43	91.13
			Aug. 2013	41.22							
			Dec. 2013	64.94							
			Mar. 2014	77.93							
<b>Total</b>		<b>142.87</b>		<b>207.81</b>		<b>37.75</b>	<b>245.56</b>	<b>99.52</b>	<b>54.91</b>	<b>154.43</b>	<b>91.13</b>
<b>Grand Total</b>		<b>440.74</b>						<b>248.41</b>	<b>101.20</b>	<b>349.61</b>	

Source: Departmental records.



**Appendix – IV**  
**(Reference: Para. 4.2)**

***Encashment of Earned Leave in excess over the permissible limit allowed by DIS, Haflong during April 2011 to March 2014.***

Sl. No.	Name of teachers	Name of School (UP)	Date of retirement /death	Basic Pay as on the date of retirement/ death (₹)	Rate of DA admissible on the date of retirement	No. of unutilised EL as per sanction	No. of EL encashed	Amount sanctioned for encashment (₹)	Maximum no. of EL admissible for encashment	Actual encashment admissible (₹)	Excess encashment (₹) (9-11)
1	2	3	4	5	6	7	8	9	10	11	12
1.	Lt. K.Paul Exp. H/M	Degandu M.E.S	03-11-2008	16,420	16	300	300	1,90,470	80	50,793	1,39,677
2.	Lt. Dipti Bala Sinha	Langting Govt MES	20-03-2009	10,430	22	97	97	41,140	80	33,932	7,208
3.	Lt. G.B. Johari Exp. ALT	Demalu MES	11-06-2009	10,800	22	115	115	50,508	80	35,136	15,372
4.	Sri N.R. Das, Retd. H/M	Kabing M.E. S	30-11-2010	12,550	45	300	300	1,81,980	80	48,527	1,33,453
5.	Sri L. Singson, Retd. H/M/	N. Laikul M.E. School	31-01-2011	21,240	51	300	300	3,20,720	90	96,217	2,24,503
6.	Sri R. Joute, Retd. H/M/	Leiri M.E.S	28-02-2011	17,350	51	225	225	1,96,492	90	78,596	1,17,896
7.	Lt. N.P. Joishi, Retd. A/T	Upper Bageter M.E.S	19-05-2011	10,790	51	142	142	77,119	90	48,879	28,240
8.	Lt. H. Zeme, Exp. Gr-IV	Boro Cheram M.E.S	28-08-2011	9,150	58	300	300	1,44,570	90	43,371	1,01,199
9.	Sri Manada Cahran Ghose, Rtd. H/M	Kapurcherra M.E.S	30-09-2011	15,730	58	210	210	1,73,971	90	74,560	99,411
10.	Sri N.Das Retd. H/M	Hekalao MES	30-11-2011	14,360	51	269	269	1,94,433	90	65,051	1,29,382
11.	Sri S.K. Dey Exp. A/T	Harangajao M.E.S.	28-12-2011	12,800	58	128	128	1,03,142	90	60,672	42,470
12.	Smti A. Kharbteng Retd. A/T	Garampani M.E. S	29-02-2012	16,450	58	141	141	1,22,158	100	86,637	35,521
13.	Sri H.K. Remthang Retd.	Phaipui M.E.S	29-02-2012	17,860	58	264	264	2,48,327	100	94,063	1,54,264
14.	Sri Samar Dey Sarkar Retd. H/M	Wadrendisa MES	31-05-2012	23,500	65	295	295	3,81,285	100	1,29,250	2,52,035
15.	Sri Phantal Chanda Retd. Gr-IV	Jatinga Public MES	30-09-2012	10,460	72	300	300	1,79,910	100	59,971	1,19,939
16.	Sri Y.llabanta Singh Retd H/M	Simtuilung MES	30-11-2012	14,800	72	300	300	2,54,560	100	84,853	1,69,707
17.	Lt. P.L Khuma Exp. H/M	Tattephi MES	01-12-2012	14,040	72	170	170	1,36,844	100	80,496	56,347
18.	Sri K. Ibungton Singa Rtd. H/M	Phaipui MES	31-12-2012	16,170	72	195	195	1,80,778	110	1,01,979	78,800
19.	Sri B.K. Medhi Retd. H/M	Sangbar MES	31-03-2013	19,680	80	300	300	3,54,240	110	1,29,888	2,24,352
20.	Sri Abdul Hye Laskar Retd. H/M	Harangajao Govt. MES	31-07-2013	21,510	90	300	300	4,08,690	110	1,49,853	2,58,837
21.	Sri B.B. Das Retd H/M	Lasang MES	31-07-2013	20,890	90	300	300	3,96,910	110	1,45,534	2,51,376
22.	Sri Changsena Damei Retd H/M	N.Sangbar	31-01-2014	21,520	90	300	300	4,08,880	120	1,63,552	2,45,328
				<b>Total</b>							<b>28,85,317</b>

Source: Departmental records.

