



**BODOLAND TERRITORIAL COUNCIL  
KOKRAJHAR, ASSAM**

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

**FOR THE YEAR ENDED  
31 MARCH 2008**

**BODOLAND TERRITORIAL COUNCIL  
KOKRAJHAR, ASSAM**





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## Preface

*This Report has been prepared for submission to the Governor under paragraph 7(4) of the Sixth Schedule to the Constitution of India. The report contains audit observations arising from the audit of financial transactions as well as annual accounts of the Bodoland Territorial Council (BTC), Kokrajhar, Assam for 2007-08.*

*2. Annual accounts were furnished in April 2008 in a format which was neither approved by the President of India nor in the format approved for other Councils in the State under Sixth Schedule to the Constitution of India. BTC was requested to resubmit annual accounts in the format applicable to other Councils. Pending resubmission of accounts in the format applicable to other Councils, audit of transactions (de-linked from audit of annual accounts) was taken up during December 2009 to March 2010. Annual accounts for 2007-08 was resubmitted in December 2010 with the statements prescribed in the format applicable to other Councils of the State as Annexure of the annual accounts, which was taken up for audit during May 2012 to July 2012.*

*3. This Report contains three sections, of which the first section deals with constitution of BTC, the rules for the management of the District Fund and maintenance of accounts. The remaining two sections include audit comments on the BTC's financial position and various irregularities in transactions which came to notice during test audit of the accounts for the year 2007-08 as well as those which had come to notice in earlier years but could not be dealt with in previous reports in respect of both inherent and entrusted functions.*





## 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 2007-08 and contains 15 paragraphs while Section-III of the Report details the audit findings pertaining to transaction audit relating to discharge of functions of the Council and contains 11 paragraphs. The significant observations are detailed below:

### Comments on accounts

The annual accounts were not prepared as per format as required under paragraph 7(3) of Sixth Schedule to the Constitution of India.

*(Paragraph 1.3)*

Income was overstated by ₹117.93 crore due to incorrect booking of receipt of capital fund as income.

*(Paragraph 2.3.2)*

- Lack of efficient fund management led to unspent balance of ₹186.92 crore and ₹192.20 crore during 2006-07 and 2007-08 respectively.

*(Paragraph 2.4.1)*

### **Audit findings on transaction audit**

BTC did not enact the required rule which would have empowered it to retain its own revenue and deposit the same into PLA<sup>1</sup> as provided in Sixth Schedule to the Constitution of India. This would have enabled it to treat ₹7.81 crore as its own revenue.

*(Paragraph 3.1.1 & 3.1.2)*

Failure of BTC in exercising prudent economy measure in procurement of PVC pipes led to incur an extra expenditure of ₹1.67 crore which was avoidable.

*(Paragraph 3.2.2)*

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<sup>1</sup> Personal Ledger Account

## **Section-I**

### **1.1 Introduction**

**1.1.1** The Sixth Schedule to the Constitution of India provides for administration of specified tribal areas through the constitution of a District/Regional Council for each autonomous district/region with powers to make laws on matters listed in paragraph 3(1) of the Sixth Schedule, mainly in respect of allotment, occupation, use of land, management of forest (other than reserve forest), 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, public health and sanitation and inheritance of property.

**1.1.2** Bodoland Territorial Council (BTC) was set up on amendment<sup>2</sup> of Sixth Schedule to the Constitution of India with the inclusion of Bodoland Territorial Area District<sup>3</sup> (BTAD) comprising four districts in the state of Assam and started functioning from 5 December 2003, BTC inherited the assets and liabilities of erstwhile Bodoland Autonomous Council which had been audited under section 19 (3) of the Comptroller and Auditor General's (DPC) Act, 1971 from 1993-94 to till 2002-03 (upto 5 December 2003).

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<sup>2</sup> Sixth Schedule to the Constitution (Amendment) Act, 2003 (No 44 of 2003)

<sup>3</sup> Under Part I of Table below paragraph 20 of Sixth Schedule.



**1.1.3** Under Paragraph 3B<sup>4</sup> of the Sixth schedule, BTC was vested with additional powers to make laws on 40 subjects as specified under serial (i) to (XL) in the Schedule *ibid*.

**1.1.4** Under paragraph 6(1) of the Sixth Schedule, the Councils have the powers to establish, construct or manage primary schools, dispensaries, markets, cattle pounds, ferries, fisheries, roads, road transport and waterways in the respective autonomous districts. BTC also has the powers to assess, levy and collect within BTAD, 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 maintenance of schools, dispensaries or roads as listed in paragraph 8 of the Sixth Schedule.

**1.1.5** In order to enable BTC to exercise above powers, the State Government resolved to extend the former's executive powers (31 October 2003) and delegated/entrusted functions in respect of 39 out of 40 subjects (except Relief and Rehabilitation) listed in paragraph 3B of Sixth Schedule. Accordingly administrative procedure /modalities were framed (Office Memorandum dated 16 October 2004) in consultation with BTC under which Plan funds would be made available by the Government of Assam to BTC as advance for it to incur expenditure on 39 subjects, without difficulty. BTC is required to render monthly detailed accounts to the Principal Accountant General (A&E) Assam

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<sup>4</sup> Included vide Sixth Schedule to the Constitution (Amendment) Act, 2003 (No 44 of 2003).

for making necessary adjustments. Budget provision for these functions is to be made in the State budget and BTC will be responsible to the State Legislature in respect of all matters relating to such funds provided for discharging the functions transferred to it. It was also provided in the Memorandum that the State Government was to decide modalities for transfer of non-plan funds to BTC. However, no such modalities were framed.

**1.1.6** In deviation of the above administrative procedure/modalities (16 October 2004), the directorate and offices of the State Government withdrew funds of ₹251.08 crore (*Appendix-1*) during 2007-08 directly from the State exchequer instead of authorising BTC to withdraw the same as advance. The withdrawn funds were subsequently remitted by Directorate and Offices in the form of bank draft or deposited into the Personal Ledger Account (PLA) of BTC.

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

Sub-paragraph (2) of the paragraph 7 of the Sixth Schedule to the Constitution of India prescribed that the Governor may make rules for the management of the District Fund/ the Regional Fund and for the procedure to be followed in respect of payment of money into the said Fund, the withdrawal of moneys there from, the custody of moneys therein. The administrative procedure /modalities framed by the Government of Assam in consultation with the Council provides that the Council shall ensure that existing rules, instructions, norms, guidelines *etc.*, of the Government of India and the State Government, governing the

implementation of schemes and other matters are followed strictly till the Council frames rules for the purpose. The Bodoland Territorial Council Fund Rules, 2012 were framed and notified in September 2012.

### **1.3 Maintenance of Accounts**

In terms 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, is to be prescribed by the Comptroller and Auditor General of India (CAG). BTC submitted annual accounts (Balance Sheet etc) for 2003-04 to 2007-08 on 2 April 2008, prepared by a firm of chartered accountants. The format adopted in the said account was neither approved by BTC nor prepared as per format already prescribed by CAG for other Autonomous Councils constituted in terms of Sixth Schedule to the Constitution. On request (August 2008), BTC was provided with a copy of the above format as prescribed for other Councils and asked to adopt it and re-submit the annual accounts accordingly (September 2008). However, BTC appended the financial statements in line with the prescribed format as annexure to annual accounts and submitted the same in December 2010. As a onetime measure and in order to avoid further delay, it was decided to conduct audit of annual accounts as re-submitted. BTC was separately requested to submit annual accounts from 2008-09 onwards only in the approved format of accounts.

Results of test-check of annual accounts submitted by BTC and transaction audit for 2007-08 are given in the succeeding paragraphs.



## **Section-II**

### **2. Comments on Account**

#### **2.1 Annual Accounts**

**2.1.1** Annual accounts comprising Balance Sheet, Income and Expenditure and Receipt & Expenditure account of BTC were submitted by Principal Secretary, BTC as prepared by chartered accountants, without bearing authentication from any authority of BTC.

On this being pointed out, BTC stated (February 2013) that the annual accounts were approved by the Executive Council of BTC and assured future submission of annual accounts with authentication.

#### **2.2 Balance Sheet**

**2.2.1** Assets exhibited in the Balance Sheet were not supported by 'Asset Register' in Form GFR 40 and were not physically verified.

BTC in reply (February 2013) assured maintenance of Asset Register of its own and stated that all the Drawing and Disbursing Officers under BTC were advised (November 2012) to maintain Asset Register in the Form GFR 40.

#### **2.3 Income and Expenditure account**

**2.3.1** Though depreciation was provided in the annual accounts, Rule 27(C) of "Form of Accounts of the Union and States (basic) Rules" issued by Ministry of Finance Department of Expenditure, Controller General of Accounts, regarding creation of Depreciation or Renewals Reserve Fund was not followed leading to lack of earmarked fund for repair, renewal and replacement of assets originally created

out of capital grants.

BTC in reply (February 2013) stated that the observation was noted for future guidance.

**2.3.2** In the Income and Expenditure (I&E) account, transactions only of revenue nature are to be included while those of capital nature should not be recorded.

Scrutiny of annual accounts revealed that BTC received capital grants of ₹117.93 crore<sup>5</sup> and included in the Income and Expenditure account thereby resulting in overstatement of income by the same amount.

BTC replied (February 2013) that Income & Expenditure account was not required as per approved format. However, the observation was noted for future guidance.

**2.3.3** Figures of two financial statements forming part of annual accounts are given below:

₹ in crore)

Summary of transactions (Statement-I) of Annual Account		Income & Expenditure Account & Schedule of assets to Balance Sheet	
Revenue Expenditure	692.46	Revenue Expenditure (excluding depreciation and excess of income over expenditure)	470.08
Capital Expenditure	119.20	Capital Expenditure (additions to assets made during the year accounted for in the Balance Sheet)	341.58
<b>Total</b>	<b>811.66</b>	<b>Total</b>	<b>811.66</b>

Though the total expenditure (both capital and revenue) as per above two sets of the records (Statement-I as per prescribed format of annual accounts and annual accounts as prepared by BTC comprising Income & Expenditure account

<sup>5</sup> Statement-I

and Balance Sheet) agreed, but capital and revenue expenditure figures under both the heads of account were at variance. Reasons for the difference both for the capital and revenue expenditure figures remained unexplained in the annual accounts.

On this being pointed out, BTC in reply (February 2013) stated that the observation was noted for future guidance.

## **2.4 Comments on the Statements of Annual Accounts**

### **2.4.1 Receipts and expenditure**

Receipts and expenditure of BTC for 2007-08 and resultant revenue surplus and capital deficit along with opening and closing balances of fund of the Council are shown in Table-1:

**Table-1**

(₹in lakh)

<b>Part I District Fund</b>				
<b>Receipts</b>		<b>A- Revenue Receipts and Disbursements</b>	<b>Expenditure</b>	
<b>2006-07</b>	<b>2007-08</b>		<b>2007-08</b>	<b>2006-07</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
595.77	407.93	Land Revenue	652.89	669.74
108.66	15.88	Other General Economic Services	46.30	131.24
3.19	4.47	Fishery	234.74	88.18
0.00	0.00	Stationary & Printing	155.36	108.81
534.02	978.15	Forest	1124.33	674.92
0.00	0.00	Public Works	2848.62	1504.17
0.00	0.00	Road & Transport Services	123.94	35.64
0.00	0.00	Public Health, Sanitation & Water Supply	5058.64	2549.27
1.82	2.78	Irrigation	0.00	0.00
0.00	0.00	Minor Irrigation	796.51	336.16
0.00	0.00	Flood Control	1333.22	363.25
0.00	0.00	WPT & BC	5077.87	337.87
0.00	0.00	CDF	895.98	479.29
0.00	0.00	Agriculture	1304.18	710.68
0.00	0.00	Education	3556.38	2289.01
0.00	0.00	Art & Culture	219.91	49.75
0.00	0.00	Urban Development	290.58	78.65
0.00	0.00	Information & Publicity	66.70	28.44
0.00	0.00	Social Security & Welfare	905.68	395.60
0.00	0.00	Relief and Rehabilitation	555.15	62.73



(1)	(2)	(3)	(4)	(5)
0.00	0.00	Soil Conservation	289.00	122.26
0.00	0.00	Tourism	907.99	318.80
0.00	0.00	Animal Husbandry & Veterinary	386.15	126.06
0.00	0.00	Excise	33.75	0.00
0.00	0.00	Co-operation	401.04	120.99
0.00	0.00	Planning & Development	5.29	13.29
0.00	0.00	Health & Family Welfare	1504.47	452.30
0.00	0.00	Handloom & Textile	349.40	124.40
0.00	0.00	Industry	414.39	171.99
0.00	0.00	Labour & Employment	168.97	9.49
0.00	0.00	Library	126.10	26.19
0.00	0.00	Dairy Development	26.50	0.00
0.00	0.00	Museum & Archaeology	85.56	23.17
0.00	0.00	Legal Meteorology	7.98	10.33
0.00	0.00	Municipality	119.41	0.00
0.00	0.00	Panchayat & Rural Development	1915.74	806.95
0.00	0.00	Sericulture	267.50	122.31
0.00	0.00	Sports & Youth Welfare	531.04	109.65
0.00	0.00	Food & Civil Supply	7.36	5.36
0.00	0.00	Economics & Statistics	8.46	5.83
0.00	0.00	BTC Establishment	834.86	714.98
0.00	0.00	Grants to Central Institute of Technology (CIT)	45.00	0.00
0.00	0.00	MCLALAD	208.15	0.00
0.00	0.00	GIA to Assam University	8.00	0.00
0.00	0.00	GIA to ICAR	2.00	0.00
10478.00	12500.00	Grants-in-Aid from State (Plan Funds)	0.00	0.00
2502.13	9210.21	Grants- in-Aid under 11 <sup>th</sup> /12 <sup>th</sup> F.C	0.00	0.00
0.00	1384.92	Grants from GOI, Ministry of Environment and Forest	0.00	0.00
0.00	941.75	Grants from GOI under SCA & TSP	0.00	0.00
0.00	334.17	Grants from GOI under Article 275	0.00	0.00
21393.92	41644.16	Grants for payment of salary and allowances of Entrusted departments.	35344.55	17220.31
0.00	534.77	Grants for payment of salary and allowances of Non Entrusted departments	0.00	0.00
0.00	56.00	Grants in Aid from State Government (Agriculture)	0.00	0.00
0.00	1884.81	Grants in Aid under NPAG, NSAP & Jeevan Jyoti Bima Scheme	0.00	0.00
4859.67	0.00	Grants from GOI/State under different schemes	0.00	0.00
<b>40477.18</b>	<b>69900.00</b>	<b>Total-A: Revenue Receipts and Expenditure</b>	<b>69245.64</b>	<b>31398.06</b>
0.00	0.00	Revenue Surplus	654.36	9079.12
0.00	0.00	<b>B - Capital Receipts and Disbursements</b>	0.00	0.00
8439.91	11793.31	Capital account	11920.26	7283.41

(1)	(2)	(3)	(4)	(5)
0.00	0.00	Debt	0.00	0.00
0.00	0.00	Loans & Advances	0.00	0.00
0.00	0.00	Recoveries of Loans & Advances	0.00	0.00
0.00	0.00	Disbursement of Loans & Advance	0.00	0.00
<b>8439.91</b>	<b>11793.31</b>	<b>Total-B: Capital Receipts &amp; Disbursements</b>	<b>11920.26</b>	<b>7283.41</b>
0.00	126.95	Surplus/Deficit under Capital & Loans and Advances	0.00	1156.50
<b>48917.09</b>	<b>81693.31</b>	<b>Total Receipts and Payments under Part-1: District Fund</b>	<b>81165.90</b>	<b>38681.47</b>
<b>48917.09</b>	<b>81820.26</b>	<b>Total Part-1 District Fund</b>	<b>81820.26</b>	<b>48917.09</b>
0.00	0.00	<b>C - Part II Deposit Fund</b>	0.00	0.00
0.00	0.00	Funds received from the State Government	0.00	0.00
0.00	0.00	Expenditure incurred out of the deposit fund	0.00	0.00
0.00	0.00	Deficit/Surplus on deposit fund	0.00	0.00
<b>48917.09</b>	<b>81693.31<sup>6</sup></b>	<b>Total Receipts and Disbursement under Part-I&amp;II</b>	<b>81165.90<sup>7</sup></b>	<b>38681.47</b>
<b>Opening balance</b>		<b>D-Opening balance /Closing balance</b>	<b>Closing balance</b>	
8456.82	18692.44	Cash /Treasury (PLA)	19219.85	18692.44
<b>57373.91</b>	<b>100385.75</b>	<b>Grand Total</b>	<b>100385.75</b>	<b>57373.91</b>

Source: Annual accounts of BTC

Huge unspent balances of ₹186.92 crore and ₹192.20 crore at the close of previous year (2006-07) and current year (2007-08) respectively are indicative of lack of monitoring and efficient fund management by the Government, Council and the Drawing and Disbursing officers of departments under the Council.

Necessary mechanism should be put in place to avoid having unspent balances in the interest of development.

## 2.4.2 Incorrect heads of account

Item under serial 1 and 24 of Statement 6 of annual accounts exhibited expenditure of ₹8.35 crore and ₹8.96 crore under

<sup>6</sup> Discrepancy of ₹0.09 lakh with figures of statement-I was due to error in totalling

<sup>7</sup> Discrepancy of ₹0.09 lakh with figures of statement-I was due to error in totalling



the heads of account of 'BTC establishment' and 'Chiefs Discretionary fund' (CDF), respectively. These heads were not consistent with the principles laid down in Rule 22(b) of Form of Accounts of the Union and States (basic) Rules in respect of nomenclature of major heads and list of major heads attached while forwarding (September 2008) format of accounts.

On this being pointed out BTC stated (February 2013) that BTC establishment and Chiefs' Discretionary fund are sub heads under the major head 2225-WPT&BC. The reply is not acceptable as these heads were exhibited separately as major heads. It is recommended that Rule 19 (7) of BTC Fund Rules, 2012, be followed in future for operating heads of accounts.

#### **2.4.3 Incorrect Compilation**

Capital expenditure was exhibited as ₹119.20 crore in Statement-1 as well as in Statement-7 of annual accounts and tallies with entries as per cash book. However, Statement-2 of the annual accounts depicted expenditure of ₹341.58 crore on account of capital outlays (*Appendix-II*). This discrepancy needs reconciliation.

BTC stated (February 2013) that in Statement-2 some other expenditure for creating assets of other departments (*Appendix-II*) were included in addition to capital funds and shown as capital expenditure.

The reply is not acceptable as the amount of capital expenditures in two separate supporting statements of the same annual accounts should match. It is recommended that henceforth all the Statements of annual accounts as per the



approved format be prepared on the basis of uniform accounting principle.

#### **2.4.4 Anomaly in Major heads of account**

(i) 51 Major heads were exhibited in the schedule showing revenue expenditure for 2007-08 but Statement-6 exhibited 46<sup>8</sup> heads of account. Further, total expenditures of ₹692.46 crore and ₹762.10 crore were shown in schedule detailing revenue expenditure (major/minor head wise) and Statement-6 (Annexure-II of annual accounts) respectively, which resulted in a discrepancy of ₹69.64 crore. The discrepancy of ₹69.64 crore occurred due to inclusion of the expenditure in respect of P&RD (₹19.16 crore) and PHE (₹50.58 crore) twice (Sl.No-12 & 41 for P&RD and Sl. No-7 & 16 for PHE) in Statement-6. Besides, the expenditure against two heads of account, Grants-in-Aid to Assam University-₹0.08 crore and Grants-in-Aid to ICAR-₹0.02 crore incorporated in the schedule of Revenue expenditure (Sl. No-50 & 51) were not included in Statement-6. The above anomalies need reconciliation.

(ii) Statement-6 included ₹353.45 crore separately as expenditure for salaries of entrusted departments without classifying the same under respective major head, reason for which was not explained in the annual accounts by way of notes to accounts. This led to anomaly in the respective

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<sup>8</sup> Heads of accounts (a) District Council (b) Executive Member (c) Secretariat General Services and (d) Pension and other Retirement benefits in schedule showing revenue expenditure during the year ended on 31/03/08 were merged under a single head of account BTC establishment, P&RD & PHE incorporated twice, Assam University & ICAR not incorporated and a head of account 'Salaries of Entrusted Departments' was incorporated in Statement 6

expenditure under different heads of account. The accounting procedure needs to be rectified so that salaries of respective departments may be accounted major/minor head-wise in Statement-6 instead of clubbing the same. It is recommended that the provisions of Rule 19 (7) of BTC Fund Rules 2012 be followed for operating heads of account.

On this being pointed out, BTC stated to have noted (February 2013) the above points for future guidance.

## **2.5 Part-I District Fund**

### **2.5.1 Receipt from State Government not accounted completely in the Annual Accounts**

Fund received by BTC from the State Government as per Cash book under revenue and capital head amounted to ₹699.91 crore and ₹118.54 crore respectively as detailed in *Appendix-III*, whereas ₹684.91<sup>9</sup> crore and ₹117.93 crore respectively only was accounted for in the annual accounts. Thus, overall receipt from the Government under revenue and capital head was understated by ₹15crore and ₹0.61 crore respectively.

BTC in reply (February 2013) stated that a total of ₹435.95 crore was released to BTC and entered in the PLA cash book. Out of which ₹14.16 crore being Finance Commission award released by mistake was refunded to Govt. by challan. It was further stated that the grants

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<sup>9</sup> ₹699 crore as per Statement-I was reduced by ₹14.09 crore (revenue generated as per Statement-5)

(₹60.00 lakh), subsidies (₹7.45 lakh) and deposit of unspent balance (₹65.98 lakh) were included in the Cash book.

Thus, reason for overall difference of ₹15.61 crore was explained to the extent of ₹15.49 crore and therefore difference of ₹0.12 crore needs reconciliation.

### **2.5.2 Misclassification of receipt and expenditure under District fund**

The receipt of ₹684.91 crore from the Government included ₹566.71 crore (Plan: ₹129.45 crore and Non-Plan: ₹437.26 crore) advanced by Government of Assam to BTC in terms of OM dated 16 October 2004 as shown in Table-2, was accounted under Part-I District fund instead of Part-II Deposit funds in Statement No-1 of the annual account.

**Table-2**

<b>Name of the department from whom received</b>	<b>Date of deposit into PLA</b>	<b>Amount (₹ in lakh)</b>
Director of Welfare of Plains Tribe & Backward Classes	04.08.2007	6250.00
Director of Welfare of Plains Tribe & Backward Classes	22.02.2008	6250.00
Health & Family Welfare Department	28.03.2008	445.25
<b>A Total (Plan)</b>		<b>12945.25</b>
Director of Welfare of Plains Tribe & Backward Classes	21.05.2007	22292.58
Director of Welfare of Plains Tribe & Backward Classes	05.06.2007	29.25
Director of Welfare of Plains Tribe & Backward Classes	09.08.2007	183.12
Health & Family Welfare Department	20.03.2008	10.38
Health & Family Welfare Department	28.03.2008	120.00
Director of Welfare of Plains Tribe & Backward Classes	16.10.2007	21090.47
<b>B Total (Salary/Non plan)</b>		<b>43725.80</b>
<b>Total fund advanced (A+B)</b>		<b>56671.05</b>

Source: Cash book of BTC

This resulted in overstatement of receipt as well as expenditure made there against under Part-I District fund with corresponding understatement of receipt and expenditure under Part-II Deposit fund to that extent.



On this being pointed out, BTC in reply (February 2013) stated that the observation was noted for future guidance.

### 2.5.3 Misclassification of revenue receipts

Revenue receipts as per Cash Book under five heads of account was ₹13.55 crore, whereas ₹14.09 crore was accounted for against these heads in Statement No-5 of annual accounts. This resulted in overstatement of receipt by ₹0.54 crore as shown in Table-3:

**Table-3**

				(₹in lakh)
Sl. No	Heads of Account	Revenue as per Cash Book	As per Annual Accounts	(+)Excess/ (-)Less in Annual Accounts
1.	Land Revenue	306.32	407.93	(+) 101.61
2.	Fishery	4.51	4.47	(-) 0.04
3.	Forest	921.64	978.15	(+) 56.51
4.	Irrigation	3.44	2.78	(-) 0.66
5	Other Economic Services	116.11	15.88	(-) 100.23
6.	NA <sup>10</sup>	3.57	0	(-) 3.57
	<b>Total</b>	<b>1355.59</b>	<b>1409.21</b>	<b>(+)53.62</b>

BTC while admitting the possibility of error in classification in the ledgers, stated (February 2013) that total receipts as exhibited in the annual account agrees with Personal Ledger account.

It is recommended that accuracy in maintenance of the initial books of accounts may be ensured.

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<sup>10</sup> Amount was reflected in PLA without mentioning the Head of account, but not accounted for in the Cash Book.

## 2.5.4 Understatement of revenue expenditure in certain heads in Annual Accounts

Revenue expenditures aggregating ₹328.60 crore under 38 heads of account was accounted for in the annual accounts against the actual expenditures of ₹624.88 crore (as per ledger) as detailed in Table-4 resulting in understatement of revenue expenditures by ₹296.28 crore.

**Table-4**

(₹in lakh)

Sl. No.	Heads of Account	As per Annual Accounts	As per ledger (verified by BTC) and information furnished	(-)Understatement/ (+)Overstatement of expenditure
1	2	3	4	5
1	A.H. & Veterinary	386.15	857.14	(-) 470.99
2	Agriculture	1304.18	2025.19	(-)721.01
3	Education	3556.38	28016.95	(-) 24460.57
4	Urban Development	290.58	381.95	(-) 91.37
5	Information and Publicity	66.70	112.31	(-) 45.61
6	Minor Irrigation	796.51	3377.96	(-) 2581.45
7	MCLALAD	208.15	597.91	(-) 389.76
8	Handloom & Textiles	349.40	590.82	(-) 241.42
9	Dairy Development	26.50	27.00	(-) 0.50
10	Legal Metrology	7.98	12.65	(-) 4.67
11	Panchayat & Rural Development	1915.74	2664.07	(-)748.33
12	Food & Civil Supplies	7.36	71.80	(-) 64.44
13	Library	126.10	156.23	(-) 30.13
14	CDF	895.98	896.62	(-) 0.64
15	BTC establishment	834.86	616.45	(+) 218.41
16	Land Revenue	652.89	509.33	(+)143.56
17	Stationery & Printing	155.36	147.68	(+)7.68
18	Public Works	2848.62	3013.30	(-) 164.68
19	Art & Culture	219.91	224.38	(-) 4.47
20	P H, Sanitation & Water supply	5058.64	6047.51	(-) 988.87
21	Social Security & Welfare	905.68	812.94	(+) 92.74
22	Relief and rehabilitation	555.15	497.35	(+) 57.80
23	Other General Economic Service	46.30	42.50	(+) 3.80
24	Forest	1124.33	536.95	(+)587.38
25	Road Transport Service	123.94	170.09	(-) 46.15



1	2	3	4	5
26	WPT & BC	5077.87	3758.89	(+)1318.98
27	Grants to Central Institute of Technology	45.00	0.00	(+)45.00
28	Soil Conservation	289.00	277.00	(+)12.00
29	Tourism	907.99	822.93	(+) 85.06
30	Co-operation	401.04	489.04	(-) 88.00
31	Flood Control	1333.22	1039.65	(+)293.57
32	Health & Family Welfare	1504.47	2744.16	(-) 1239.69
33	Labour & Employment	168.97	224.27	(-) 55.30
34	Municipality	119.41	112.22	(+)7.19
35	Sports & Youth Welfare	531.04	550.00	(-) 18.96
36	Economic & Statistics	8.46	62.63	(-) 54.17
37	Grants to Assam University	8.00	0.00	(+)8.00
38	Grants to I C A R	2.00	0.00	(+)2.00
<b>Total</b>		<b>32859.86</b>	<b>62487.87</b>	<b>(-) 29628.01</b>

Source: Annual accounts and information furnished by BTC

In reply (February 2013) BTC admitted that the difference as observed in audit may be due to maintaining of more than one ledger pertaining to the years in which the funds were received. The admittance indicate that figures of expenditures of annual accounts were not conforming to ledgers (one of the initial books of accounts) and thus possibility of non depicting true and fair view of the status of expenditure could not be ruled out.

As such, it is recommended that all transaction of the year be recorded in the cash book and ledgers of the year in which it took place and discontinue the maintenance of ledgers on the basis of year for which funds was received.

### **2.5.5 Irregular accountal of funds received for entrusted function under District fund in the Annual Accounts**

The receipts of fund from the State Government for entrusted functions should be treated as advance in terms of Office Memorandum (16 October 2004) and accordingly was to be



expenditure under District Fund in the annual accounts etc; were noticed, indicating lack of adequate administrative and financial controls in the Council. As such, the attempt on the part of audit to examine the annual accounts of the Council was constrained to that extent and therefore, audit is unable to provide any assurance that the accounts would be free from material irregularities.

accounted for under Part-II Deposit Fund (dealing with debt, deposit and advances) in the Summary of Transactions (Statement I) of the annual accounts. The advances are to be adjusted through corresponding expenditures under the respective heads of account as depicted in the monthly accounts submitted to the Principal Accountant General (A&E).

Contrary to the provisions, the Summary of Transactions (Statement I) of the annual account irregularly exhibited entire receipt of fund of ₹802.84 crore<sup>11</sup> (including funds received from the government for entrusted functions) with corresponding expenditure of ₹811.66 crore (including expenditures against entrusted functions) under District Fund. Thus, status of receipt of fund and expenditure thereof for entrusted functions remained undisclosed in the annual accounts.

## **2.6 Weak Internal Control**

The annual accounts were not prepared as per the format approved for other Councils in the State as provided for under paragraph 7(3) of Sixth Schedule to the Constitution of India. Grants for payment of salary and allowances of entrusted departments received by the BTC was irregularly shown under Part-I District Fund instead of showing under Part-II Deposit Fund in the annual accounts. Besides, instances of incorrect compilation of expenditure, understatement of receipt, misclassification of receipt and

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<sup>11</sup> (excluding revenue generated ₹14.09 crore).

### **Section-III**

#### **3.1 Loss of revenue**

##### **3.1.1 Non generation of revenue**

Under paragraph 3B of Sixth Schedule to the Constitution of India, BTC was empowered to make laws with respect to the management of forest (other than reserve forest). Sub paragraph (1), (2) and (3) of paragraph 8 of Sixth Schedule to the Constitution of India further provides that Council shall have power to assess and collect revenue on land, collect taxes on land and building, tolls on persons, residents, levy and have power to levy and collect all or any of the following taxes within such district:-

- a) Taxes on professions, trades, callings and employments.
- b) Taxes on animals, vehicles and boats.
- c) Taxes on the entry of goods into a market for sale thereof and
- d) Tolls on passengers and goods carried in ferries; and taxes for the maintenance of schools, dispensaries or roads.

However, no law/rule has yet been enacted/notified (February 2012). As a result, professional tax of ₹5.47 crore collected from its own staff during 2007-08 were deposited into Consolidated Fund of the State of Assam instead of depositing these in the Personal Ledger Account (PLA) of BTC. Thus, due to non enactment of required rules under the law, BTC was unable to treat the amount of ₹5.47 crore as its



own revenue. However, it was noticed that revenue of ₹14.09 crore<sup>12</sup> (Statement 5 of Annual Accounts) was realised by BTC and credited to PLA which was not authorised through enactment of law, framing of rules and regulations with appropriate notification though entitled under Sixth Schedule provision.

BTC replied (February 2013) that regulation for collection and deposit of taxes on professions etc has been framed and assented by the Governor but yet to be notified. The framing of other rules were under process. Appropriate early action in this respect is recommended.

**3.1.2** Government of Assam and BTC agreed (meeting dated 3 July 2007) to share Motor Vehicle tax collected in BTAD in the ratio of 10:90 in the same manner as was being shared by other two Autonomous Councils in the Sixth Schedule Area of the State.

Information furnished to audit revealed that ₹2.34 crore being 90 percent of the Motor Vehicle tax collected during 2007-08 in BTAD by the Transport Department of the Government of Assam was not remitted by them to BTC till the date of audit (July 2012), though BTC requested the Transport Department. Thus, BTC was unable to utilise its own revenue to the tune of ₹2.34 crore.

BTC in reply (February 2013) stated that the matter has been taken up with the Government. It is recommended that the

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<sup>12</sup> On account of land revenue, fishing right, forest revenue, settlement of markets and fairs, machinery hire charge etc.

matter should be pursued vigorously with the Government by the BTC.

### 3.2 Revenue and Capital expenditure

#### 3.2.1 Expenditure without budget provision and diversion of fund

Scrutiny revealed that BTC incurred expenditure aggregating to ₹50.94 crore against five departments/ heads of account related to the entrusted functions without having any provision in the state budget.

In reply (February 2013), BTC admitted that there was no provision in the State budget under those departments/heads of account. However, BTC furnished head wise provisions made under normal budget of BTC and stated that excess expenditures were met by way of re-appropriation of funds. The position is shown in Table-5:

**Table-5**

Sl. No	Heads of Account	State Budget provision	BTC Budget provision	Expenditure as per annual account 2007-08	Excess(+) Savings(-)
		(₹in lakh)			
1.	Museum & Archaeology	0	80	85.56	(+) 5.56
2.	Relief and Rehabilitation	0	140	555.15	(+) 415.15
3.	Tourism	0	599	907.99	(+) 308.99
4.	Planning & Development	0	10	5.29	(-) 4.71
5.	Welfare of Plains Tribes and Backward Classes (Construction of Bodoland House at Guwahati/Delhi)	0	500	3539.86	(+)3039.86
Total				5093.85	

Source; Budget of Government of Assam for BTC (entrusted subject) and annual account of BTC for 2007-08 and reply.

As the state budget for entrusted functions of BTC was to be prepared on the basis of budget proposals prepared by the BTC, there was no scope for inclusion of provisions for the entrusted function under the normal budget of BTC. As actual withdrawals as well as expenditures (for entrusted functions of BTC) from Consolidated Fund of Assam took place during 2007-08 and booked in the State Accounts for the year 2007-08 the expenditure of ₹5093.85 lakh was incurred unauthorisedly by diverting the funds from other heads of account by the BTC.

It is recommended that a mechanism for inclusion of necessary provisions in the State budget estimates out of unspent balance available with the council may be evolved and observance of general principles of Budget Manual of the Government of Assam to avoid irregular diversion of funds should be ensured.

### **3.2.2 Avoidable expenditure**

Every authority delegated with financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy and transparency in matters relating to public procurement.

Scrutiny of the records of BTC (PHE department), Kokrajhar revealed that during 2007-08, BTC procured 532778 RM (running meters) of Poly Vinyl Chloride (PVC) pipes (6 KG Pressure ISI Mark) of different sizes/specification worth ₹7.13 crore for the implementation of Accelerated Rural Water Supply Programme in BTAD areas. The procurement was made by the PHE Divisions from Assam Government



Marketing Corporation Limited (AGMC), a Government of Assam Undertaking, without inviting any tender to ascertain prevailing market rate(s) on the plea of supporting public sector undertaking of the Government. However, during audit it was noticed that another Government undertaking viz., Assam Small Industries Development Corporation Ltd., (ASIDC) was also supplying the same PVC pipes of same size/specification(6 KG Pressure ISI Mark), at price lower than that of AGMC. Had the pipes been procured from ASIDC, BTC could have saved ₹1.67 Crore as detailed in Table 6:

**Table-6** (in ₹)

Size (in dia)	AGMC Rate per RM	Quantity of PVC pipes of different size procured (in RM)	Expenditure incurred on procurement from AGMC	ASIDC Rate per RM	Amount of expenditure, if procured from ASIDC	Extra expenditure (difference in the cost of procurement)
110	212	64020	13572240	199.98	12802719.60	769520.40
90	184	116775	21486600	137.58	16065904.50	5420695.50
75	132	130107	17174124	96.07	12499379.50	4674744.50
63	92	145011	13341012	68.92	9994158.12	3346853.88
50	75	76865	5764875	43.13	3315187.45	2449687.55
<b>Total</b>			<b>71338851</b>		<b>54677349.17</b>	<b>16661501.83</b>

On this being pointed out, BTC stated (February 2013) that the policy of compulsory procurement by the BTC from AGMC was in terms of Government of Assam's letter dated August 2004.

The reply of BTC is not acceptable as the said order was applicable in respect of stationery articles only. Thus, due to non assessment of prevailing market rate and exercising due

economy measure in procurement of PVC pipes, BTC had to incur an extra expenditure to the tune of ₹1.67 crore which was avoidable.

### **3.2.3 Unproductive expenditure on Eco-Tourism project**

Government of India, accorded sanction (June 2005) for an expenditure of ₹4.60 crore and for release of ₹3.68 crore. (first installment of grant in aid) for the proposed Eco-Tourism Development Project at Kokrajhar, with the condition that Bodoland Territorial Council (BTC) would contribute land for the project free of cost and will also provide external water supply, electricity, approach road, cost of furnishing, site development and compound wall fencing. It also envisaged that the project should be commissioned within a period of 18 months from the date of issue of sanction order and the balance amount would be released after furnishing of utilization certificate and completion certificate.

The estimate of the project comprised cost on works of ₹4.24 crore<sup>13</sup> with centage charges on account of

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1. Eco lodge at Kokrajhar (Guest House, Ancillary infrastructure, Guard room, Security fencing, Gate, Internal road, Tube well etc).	₹117.31 lakh
2. Chakrasila Golden Sanctuary (cafeteria, waiting shed, public utilities, foot track, watch tower, internal road, security fencing, parking etc)	₹111.87 lakh
3. Diplay Beel Water Sports (cafeteria, public utilities, security fencing, suspension bridge, pavement, beat house, water equipment and landscaping etc.)	₹ <u>195.16 lakh</u>
<b>Total</b>	<b>₹424.34 lakh</b>

contingency 4 *per cent*, consultancy charges 4 *per cent* and service tax 10.2 *per cent* on consultancy. The work of consultancy was awarded (August 2005) along with the task of inspection and monitoring of the progress of the works of the project to a Kolkata based firm<sup>14</sup> with the schedule of payment at 10, 20, 40 and 30 *per cent* on (i) Submission of detailed estimate (ii) Submission of detailed working drawing (iii) Completion of 50% of civil works; and (iv) Completion of Eco-Tourism Project respectively. Scrutiny revealed that the firm submitted two bills amounting to ₹9.35 lakh for submission of (i) detailed estimate, (ii) detailed working drawings and (iii) detailed structural drawings showing consultancy charge of ₹8.49 lakh and service tax/cess ₹0.86 lakh. However, neither any report of inspection and monitoring by the firm nor final bill claiming entire amount due for consultancy showing completion of the project was found on record.

The project work was entrusted to the lowest bidder<sup>15</sup> at his offered price of ₹426.81 lakh (October 2005) on turnkey basis (Lump sum contract). The work was stated (during audit in July 2012) to be commenced in October 2005 and completed within 18 months of the award of the contract. The contractor was paid a total amount of ₹322.28 lakh (last payment made in January 2009) till the date of audit (July 2012). Utilization and Completion Certificate (U.C,

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<sup>14</sup> M/S Maheswari & Associates, Kolkata

<sup>15</sup> M/S Luit Valley Engineering Pvt Ltd. Guwahati



C.C) furnished by the BTC to the Ministry of Tourism (GOI) (August 2011) showed that the project was completed and commissioned in March 2007. Expenditure on the project amounted to ₹460 lakh and BTC sought final installment of ₹92<sup>16</sup> lakh from GOI. However, the Ministry (GOI) in turn pointed out that Assam Tourism Development Corporation Ltd in their letter 30 March 2011 reported that the work was under progress and U.C, C.C would be submitted after July 2011 and asked BTC to clarify the position. However, no record of furnishing the clarification to the Ministry was available with BTC. The final installment of ₹92 lakh remained to be released till the date (July, 2012) of audit. There was nothing on record showing the projects has been put to use for tourism purpose and whether the execution of works relating to providing of approach road, electricity, furnishing, compound wall fencing was done by BTC.

Thus, non existence of final bill of the contractor, final consultancy bill for the civil works and records showing completion of the project supplemented by contradictory reporting of completion/commissioning, non availability of records showing the project put to use for the tourists raises doubt about the actual status of completion of the project rendering the expenditure of ₹331.63 lakh doubtful.

BTC in reply (February 2013) stated that physical completion of the project was achieved and the Eco-Tourism

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<sup>16</sup> ₹4.60 crore minus ₹3.68 crore

projects at Deplay beel and near Gourang river are being used by the Tourism Department of BTC for tourism purpose and assured submission of final consultancy bill during the next audit.

The reply was not tenable as the above project was sanctioned to be located at Kokrajhar and there was no provision for execution of works under the project near Gourang river. Moreover, works worth ₹1.95 crore only was sanctioned for one of the components of the project (Deplay beel water sports), which was stated to be used by the Tourism Department of BTC for tourism purpose, but nothing was stated about the status of completion of the other components (Eco lodge at Kokrajhar and Chakrashila Golden Sanctuary). Further, the annual accounts did not support the status of utilisation of the project for tourism purpose as there was no revenue generated under the head of account "Tourism" Thus, possibility of the entire expenditure of ₹331.63 lakh becoming unproductive, could not be ruled out.

#### **3.2.4 Wasteful expenditure**

BTC decided to provide Jatropa plants to the beneficiaries under Special Central Assistance to Tribal Sub Plan for implementation of Family Oriented Income Generation Scheme, so that the beneficiaries could generate income for themselves by using these plants as raw material for production of bio-diesel. Accordingly, BTC issued supply order (November 2007) for supply of five lakh Jatropa plants at the rate of ₹10 per plant to a Chirang based supplier for

the direct delivery of the ordered plants to three Sub Divisional Welfare Officers (SDWOs) at Gossaigaon, Kokrajhar and Udalguri respectively for distribution to the beneficiaries .

Accordingly, plants were supplied to SDWOs in March 2008<sup>17</sup>, and BTC made payment of ₹50.00 lakh during the same month on the basis of certificate of SDWO on the body of the challans to the effect that these plants were received in good condition. There was nothing on record to show that any study to ascertain the viability of the plantation in Bodoland Tribal Area District as regards suitability of climatic condition, rainfall, soil condition, season of plantation etc., was conducted before placing orders for the supply of plants.

Scrutiny (July 2012) of the records as well as information furnished by three SDWOs revealed that:

- (i) In Udalguri and Kokrajhar Sub Divisions, plantation work could not be done due to non preparation of soil and also due to rainy season. Thus 406000 plants got damaged.
- (ii) In Gossaigaon Sub Division, though 94000 plants were distributed to beneficiaries for plantation, but none of the plants survived. However, reason for the same was neither on record nor stated.

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<sup>17</sup> (Gossaigaon: 94000 plants; Kokrajhar: 218000 plants; and Udalguri: 188000 plants).



Further, there was no record found showing monitoring during plantation and steps taken to ensure survival of these plants either by the SDWOs or BTC.

Thus, the entire quantity of Jatropa plants procured @₹10 each could not be utilised gainfully for the purpose for which those were procured, frustrating the very objective of Family Oriented Income Generation, besides leading to wasteful expenditure of ₹50.00 lakh.

On this being pointed out, BTC, in reply (February 2013) stated that the Sub-Divisional Officers, Kokrajhar, Gossaigaon and Udalguri have been requested to submit Monitoring Report to the BTC to ensure proper implementation of scheme and attainment of objective so that safeguard against occurrence of wasteful expenditure could be put in place.

### **3.2.5 Unfruitful expenditure**

Relief & Rehabilitation function has not been entrusted to BTC by the State Government. However, BTC maintained a department and carried out Relief and Rehabilitation activities. Authority under which the department was being maintained primarily with the fund of other departments, managed by way of diversion, was not available on record.

Scrutiny of records of the department revealed that on receipt (September 2007) of proposals from two suppliers expressing their interest for supplying of relief materials, the then Executive Member (EM) of Relief and Rehabilitation Department, ordered to issue supply orders for supply of 400

Hand Tube Well (HTW) at the approved rate of ₹12,000 per HTW of the Assam Government Marketing Corporation Limited. Accordingly, BTC issued (September 2007) six orders to two suppliers for supply of 400 HTW @ ₹12,000/- to the Block Development Officers (BDO) of Kokrajhar (100 HTW), BDO Gossaingaon (125 HTW), BDO Mazbat (25 HTW), BDO Sidli (100 HTW), Member of Council Legislative Assembly (MCLA) of Bijni (25 HTW) and MCLA of Porbotjhora (25 HTW).

The supplier in October 2007, supplied 400 HTW sets to the aforesaid consignees and a payment of ₹48.00 lakh was made to the suppliers, but no records of payment of installation cost of HTWs to the beneficiaries was made available.

Scrutiny of records revealed that in Kokrajhar block, HTWs were given to Member of Council's Legislative Assembly (MCLA), as per information furnished by the BDO Kokrajhar but neither any approved beneficiary list nor Actual Payee's Receipts (APRs) relating to distribution of HTWs could be made available to audit. In Sidli block, although records relating to distribution of HTWs were produced to audit, however, approved beneficiary list and stock book could not be produced to audit. Gossaingaon and Mazbat block could not furnish any records relating to distribution of HTWs, though called for.

BTC could not justify the reasons/objectives/purposes for procurement of HTWs and distribution of the same to four blocks and MCLA & E.M of BTC. Moreover, there was no

monitoring done by the BTC in respect of distribution of HTWs to the approved beneficiaries and installation of HTWs by beneficiaries.

On this being pointed out in audit, BTC in reply (February 2013) stated that it has the autonomy of allocation of fund and therefore allocation of fund for Relief and Rehabilitation was made. It was further stated that the stock register has been reconstructed by collection of list of beneficiaries and APRs of distribution of HTWs in respect of BDOs of Kokrajhar, Sidli-Chirang, Gossaigaon, Mazbat and MCLA Porbotjhora and kept in the department of the BTC Secretariat except the records of MCLA, Bijni.

The reply of BTC was not acceptable for the reason that the autonomy of BTC in respect of entrusted function is to be exercised in formulation of budget. Further, authority for appropriation of fund beyond the scope of the provisions of the Budget Manual of Assam was not found on record. Thus, in the absence of records of monitoring of actual execution, records relating to the payment of installation cost and without justification for procurement and distribution, the possibility of entire expenditure of ₹48.00 lakh becoming unfruitful, could not be ruled out.

### **3.2.6 Overpayment to supplier**

Panchayat and Rural Department of BTC placed order for supply of 1150 sets of Shallow Tube Well (STW) to a Kokrajhar based supplier at his offered rate of ₹12000 per STW without inviting any tenders for providing drinking water facilities to the flood affected families of the seven



blocks under BTC. The supplier was asked to deliver STWs directly to the blocks as specified in order. BTC made payments of ₹138 lakh for supply of 1150 STWs to the supplier during November and December 2007 without verifying the actual delivery of STWs from the concerned blocks. Scrutiny (July 2012) of records and information furnished to audit revealed that 150 STWs of Kachugaon block and 225 STWs of Jalah blocks were actually not received by the block concerned. Thus, release of payment to the supplier without actual receipt of STWs in the blocks resulted in unauthorised payment of ₹45 lakh to the supplier.

BTC replied (February 2013) that on receipt of demand for release of fund along with receipted delivery challans for 1150 STWs from respective block offices, entire amount of ₹138 lakh was paid to the supplier and hence, the issue of non-receipt of STWs by the blocks does not arise. BTC also furnished copies of delivery challans for 375 STWs with signature of block officials acknowledging the receipt. As the block officials denied the receipt of 375 STWs during audit, the actual status in this regard needs to be ascertained by the BTC.

### **3.2.7 Inadmissible utilisation of MCLAAD funds**

Guidelines of Member of Council's Legislative Assembly Area Development (MCLAAD) Scheme as approved for the implementation of the schemes in BTAD area, stipulated (under Paragraph-2.4(h)) that no purchase of inventory, or store and stock of any type should be made with the funds of MCLAAD.

Scrutiny of records relating to utilisation of funds under MCLAAD revealed that BTC made an expenditure of ₹6.75 lakh irregularly towards procurement of inadmissible stores and stock of electronic items (₹4.34 lakh) and office furniture (₹2.41 lakh) during the year for office use in contravention of the guidelines of MCLAAD. Moreover, stock account of the purchased items could also not be made available to audit (July 2012).

In reply (February 2013) BTC stated that ₹6.75 lakh was expended as per provision of clause 3.6 of the guideline which provides “out of total allocation under the scheme one *per cent* of fund will be expended under the scheme as being contingency expenditure at BTC and District level”.

The reply was not tenable as the provision under clause 3.6 obviously refers to expenditure on items other than the inadmissible items provided under clause 2.4 of guideline.

### **3.2.8 Instances where expenditure could not be verified in Audit**

(i) Scrutiny of records and information furnished to audit by the Bodoland Territorial Council (BTC), revealed that an amount of ₹151.93 lakh was released by BTC during 2007-08 to two implementing authorities (PD, DRDA, Kokrajhar: ₹81.81 lakh and PD, DRDA, Udalguri: ₹70.12 lakh) for disbursement of the same to selected beneficiaries under the Scheme “National Old Age Pension” (NOAP).

Funds were released to above Implementing Agencies for disbursement to selected beneficiaries through concerned

blocks subject to the conditions that Actual Payee's Receipt (APRs)/Utilisation Certificate(UC) were to be furnished to Council timely. But no UCs/APRs in support of actual disbursement of funds to beneficiaries were available with the BTC. Even list of selected beneficiaries also could not be made available to audit in spite of several persuasions. In absence of the records, genuineness of the expenditure actually incurred could not be ascertained in audit.

BTC in reply (February 2013) stated that APRs and Utilisation Certificates have been submitted to BTC Secretariat which are kept ready for verification during next audit. It is recommended that proper disbursement of fund under NOAP to eligible beneficiaries should be ensured.

(ii) BTC spent ₹5 crore on procurement and distribution of relief materials to the flood affected people under Bodoland Territorial Area District (*Appendix-IV*). Bills for procurement and distribution of these materials were submitted by a non government organisation (political) called Bodo People's Progressive Front (BPPF). But in the absence of any information about location of relief camp, list of camp inmates, scale of distribution, day to day record of utilisation and monitoring report of a responsible officer, the veracity of expenditure which is fraught with the risk of misappropriation/ misutilisation remained unexplored.

BTC in reply (February 2013) stated that detailed report as regards APRs and stock register could not be collected from the distributing agency. There was a heavy flash flood in the year 2007 in the month of July and August in BTC area. It



was also stated that as the flood water did not remain for long there might have been no relief camp set up but relief materials were distributed in the affected villages. However, it was stated that efforts have been made for collection of APRs as well as name of the affected villages. Thus, the veracity of expenditure, in the absence of relevant documents, could not be ascertained in audit.

### **3.3 Deficiency in internal control mechanism**

Internal control is a process designed to provide reasonable assurance regarding the achievement of the objective of an organization with regard to efficiency and effectiveness of operations, compliance of applicable rules and regulations, fulfilling accountability, executing functions in orderly, ethical, efficient and effective manner, safeguarding against loss and sound financial reporting. An effective internal audit (IA) wing is necessary to strengthen the internal control system and enforce effective management.

Scrutiny of records indicated that BTC had no IA wing. Consequently, the internal control in the Council was ineffective as would be seen from the following in addition to the observations made in the report :

- (i) Voucher number and date was not recorded in the Cash Book as well as on the body of the vouchers.
- (ii) Neither Bill number nor Cash Book folio was found mentioned in the Cash Book and the Bill itself and vice versa.

(iii) In case of payment in the form of draft, reference of draft number and date was not mentioned in the Cash Book. Even in the draft register, cheque references through which drafts were purchased were not recorded.

(iv) Analysis of the closing balance showing year wise breakup of 'Plan', 'Non Plan', Grant- in-aid' etc. were not recorded in the Cash Book. Further, verification of closing balance at the end of the month and a certificate to that effect, were not recorded in the Cash Book, during the period covered in audit.

(v) Closing balance of stock of stationery and miscellaneous articles was not worked out at the end of the month in the stationery stock register.

(vi) Men-in-position was in excess of the sanctioned posts of Secretary and Joint Secretary level, as shown in Table - 7.

**Table-7**

Sl. No.	Name of post	Sanctioned	In position	Excess
1	Secretary	1	4	3
2	Joint Secretary	1	5	4

(vii) There was no system for verification and monitoring of collection of revenue, expenditure incurred on execution of works, implementation of different schemes etc., so as to ensure effective delivery mechanism, efficiency in implementation of the schemes/projects and safeguarding against the occurrence of cases of frauds and misappropriation.

BTC in reply (February 2013) appreciated the requirement of internal audit for the effective control of inflow and outflow of BTC funds and stated to have noted the observations for future guidance.



**(C. H. KHARSHIING)**  
**Accountant General**

**Guwahati**  
**The**

**Countersigned**



**(SHASHI KANT SHARMA)**  
**Comptroller and Auditor General of India**

**New Delhi**  
**The**





**Appendix - 1**  
**(Refer para-1.1.6)**

**Statement showing funds withdrawn by Directorates, etc & subsequently deposited into PLA of BTC during 2007-08**

<b>Name of the department from whom received</b>	<b>Date of deposit into PLA</b>	<b>Amount (₹in lakh)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
E.E, PHE, Kokrajhar No-1	03.04.2007	232.58
Director of Higher Education, Assam	12.04.2007	656.00
Director of Secondary Education, Assam	12.04.2007	400.00
Director of Education, Assam	12.04.2007	200.91
Director of Education, Assam	12.04.2007	209.77
Director of Non Formal & Adult Education, Assam	27.04.2007	45.00
Director of Health Services, Assam	03.05.2007	121.10
E.E. Agriculture, Kokrajhar	17.05.2007	1.92
E.E. Agriculture, Kokrajhar	17.05.2007	1.92
E.E. Agriculture, Kokrajhar	17.05.2007	0.96
Assistant Director, Library, Kokrajhar	25.05.2007	50.00
Director of Social Welfare, Assam	25.05.2007	138.32
Director of Higher Education, Assam	29.06.2007	255.00
Director of Elementary Education, Assam	29.06.2007	560.00
Director of Elementary Education, Assam	29.06.2007	67.50
Director of Social Welfare, Assam	22.07.2007	12.01
Director of Agril, Assam	06.08.2007	55.00
E.E.PHE Division No-1, Kokrajhar	10.09.2007	385.19
E.E.PHE Division No-1, Kokrajhar	08.10.2007	3.89
E.E.PHE Division No-1, Kokrajhar	08.10.2007	770.37
Director of WPT&BC, GOA, GHY	10.10.2007	150.00
Director of P&RD, ASSAM	22.10.2007	641.20
E.E.PHE Division No-1, Kokrajhar	30.10.2007	136.53
E.E.PHE Division No-1, Kokrajhar	30.10.2007	487.00
CIT, Kokrajhar	30.10.2007	60.00
E.E. Agriculture, Kokrajhar	07.12.2007	0.16
E.E. Agriculture, Kokrajhar	07.12.2007	0.08

(1)	(2)	(3)
E.E. Agriculture, Kokrajhar	07.12.2007	0.08
E.E. PHE Division-1, Kokrajhar	12.02.2008	250.00
Director of Elementary Education, Assam	24.03.2008	440.00
District Social Welfare Officer, Kokrajhar	27.02.2008	13.49
E.E. PHE Division-1, Kokrajhar	04.03.2008	114.59
Director of Higher Education, Assam	07.03.2008	145.00
Director of SCERT Assam	07.03.2008	100.00
E.E. Agriculture, Kokrajhar	29.01.2008	2.42
Director of P&RD, Assam	18.02.2008	10.60
Director of WPT&BC, GOA, GHY	27.03.2008	1346.92
Director of WPT&BC, GOA, GHY	03.04.2007	90.00
Director of WPT&BC, GOA, GHY	03.04.2007	37.00
National Mission Bamboo Application, New Delhi	07.09.2008	1.00
Director of WPT&BC, GOA, GHY	03.04.2007	609.30
Director of WPT&BC, GOA, GHY	29.06.2007	232.95
Director of WPT&BC, GOA, GHY	30.04.2007	1130.00
Director of WPT&BC, GOA, GHY	20.03.2008	1733.00
Director of WPT&BC, GOA, GHY	24.01.2008	391.75
Director of WPT&BC, GOA, GHY	03.04.2007	290.70
Director of WPT&BC, GOA, GHY	25.05.2008	400.00
Director of WPT&BC, GOA, GHY	07.05.2007	334.17
Director of WPT&BC, GOA, GHY	07.05.2007	5118.85
Director of WPT&BC, GOA, GHY	07.05.2007	1041.19
Director of WPT&BC, GOA, GHY	19.11.2007	4011.27
Director of WPT&BC, GOA, GHY	07.05.2007	1000.00
Director of WPT&BC, GOA, GHY	16.02.2008	622.00
<b>Total</b>		<b>25108.09</b>



## Appendix-II

### Reference Paragraph no. 2.4.3

**Statement showing the discrepancy in exhibition of Capital expenditure between Statement – 1 & 7 and Statement - 2 of annual accounts**

( ₹ in lakh)

Sl. No.	Major Head of Account	Expenditure during 2007-08 as per		Discrepancy
		Statement 2	Statement 1&7	
1	2	3	4	5
1	MHA & NLCPR Deptt./PM package Deptt.	11865.27	11920.26	(-) 54.99
2	Chief discretionary Deptt.	242.43	0.00	242.43
3	Health & Family Welfare Deptt.	731.47	0.00	731.47
4	PWD	2672.32	0.00	2672.32
5	Agriculture Deptt.	816.10	0.00	816.10
6	Relief & Rehabilitation Deptt.	0	0.00	0
7	PHE Deptt.	4780.63	0.00	4780.63
8	Sports & Youth Welfare Deptt.	318.06	0.00	318.06
9	forest & Wild Life Deptt	609.22	0.00	609.22
10	Legal Meteorology (Weight & Measures Deptt).	6.88	0.00	6.88
11	Cottage Industry Deptt.	82.38	0.00	82.38
12	Tourism Deptt	837.92	0.00	837.92
13	Soil Conservation Deptt.	179.74	0.00	179.74
14	Transport Department	104.37	0.00	104.37
15	Economic & Statistics Deptt.	8.46	0.00	8.46
16	Food, Civil Supplies & Consumer Affairs	1.46	0.00	1.46
17	Water Resources Department	933.33	0.00	933.33
18	Irrigation Department	427.42	0.00	427.42
19	Market fair Deptt.	34.69	0.00	34.69
20	Sericulture Deptt.	97.96	0.00	97.96
21	Handloom & Textile Deptt.	166.45	0.00	166.45
22	Cultural Affairs	32.75	0.00	32.75
23	Animal Husbandry & Vet. Deptt.	289.96	0.00	289.96
24	Land & Land Revenue Deptt.	270.30	0.00	270.30
25	Education Deptt.	3104.13	0.00	3104.13
26	Museum & Archeology Deptt.	85.56	0.00	85.56
27	Labour & Employment Deptt.	107.76	0.00	107.76
28	Social Welfare Deptt.	10.54	0.00	10.54
29	Urban Development Deptt.	228.20	0.00	228.20
30	Information & Public Relation Deptt.	4.28	0.00	4.28
31	Panchayat & Rural Dev. Deptt.	1373.25	0.00	1373.25
32	Co-operation Deptt.	168.98	0.00	168.98

1	2	3	4	5
33	Printing & Stationery Deptt.	11.85	0.00	11.85
34	Planning & Dev. Deptt.	2.89	0.00	2.89
35	BTC Secretariat	0.00	0.00	0.00
36	Dairy Dev. Deptt.	19.69	0.00	19.69
37	Excise Deptt.	31.25	0.00	31.25
38	MCLALAD	5.28	0.00	5.28
39	Fishery	32.70	0.00	32.70
40	Library Service Deptt.	86.82	0.00	86.82
41	Central Institute of Technology	45.00	0.00	45.00
42	WPT & BC	3330.56	0.00	3330.56
<b>Total</b>		<b>34158.31</b>	<b>11920.26</b>	<b>22238.05</b>

### Appendix-III

(Para reference: 2.5.1)

Statement showing receipt of funds under revenue and capital heads during the year 2007-08

Name of the department from whom received	Date of deposit into PLA	Amount (₹ in lakh)	Cash Book No & Page reference
1	2	3	4
E.E, PHE, Kokrajhar No-1	03.04.2007	232.58	CB- 7 , P-123
Director of Higher Education, Assam	12.04.2007	656.00	CB- 7 , P-137
Director of Secondary Education, Assam	12.04.2007	400.00	CB- 7 , P-137
Director of Education, Assam	12.04.2007	200.91	CB- 7 , P-137
Director of Education, Assam	12.04.2007	209.77	CB- 7 , P-137
Director of Non Formal & Adult Education, Assam	27.04.2007	45.00	CB- 7 , P-192
Director of Health Services, Assam	03.05.2007	121.10	CB- 8 , P-13
E.E. Agriculture, Kokrajhar	17.05.2007	1.92	CB- 8 , P-47
E.E. Agriculture, Kokrajhar	17.05.2007	1.92	CB- 8 , P-47
E.E. Agriculture, Kokrajhar	17.05.2007	0.96	CB- 8 , P-50
Assistant Director, Library, Kokrajhar	25.05.2007	50.00	CB- 8 , P-80
Director of Social Welfare, Assam	25.05.2007	138.32	CB- 8 , P-80
Director of Higher Education, Assam	29.06.2007	255.00	CB- 9 , P-42
Director of Elementary Education, Assam	29.06.2007	560.00	CB- 9 , P-42
Director of Elementary Education, Assam	29.06.2007	67.50	CB- 9 , P-43
Director of Social Welfare, Assam	22.07.2007	12.01	CB- 9 , P-150
Director of WPT&BC, GOA, GHY	04.08.2007	6250.00	CB- 9 , P-185
Director of Agril, Assam	06.08.2007	55.00	CB- 9 , P-193
E.E.PHE Division No-1, Kokrajhar	10.09.2007	385.19	CB- 10, P-126
E.E.PHE Division No-1, Kokrajhar	08.10.2007	3.89	CB- 11 , P-83
E.E.PHE Division No-1, Kokrajhar	08.10.2007	770.37	CB- 11 , P-83
Director of WPT&BC, GOA, GHY	10.10.2007	150.00	CB- 11 , P-99
Director of P&RD, ASSAM	22.10.2007	641.20	CB- 11 , P-142
E.E.PHE Division No-1, Kokrajhar	30.10.2007	136.53	CB- 11 , P-154
E.E.PHE Division No-1, Kokrajhar	30.10.2007	487.00	CB- 11 , P154
CIT, Kokrajhar	30.10.2007	60.00	CB- 11 , P154



1	2	3	4
E.E. Agriculture, Kokrajhar	07.12.2007	0.16	CB- 12 , P-92
E.E. Agriculture, Kokrajhar	07.12.2007	0.08	CB- 12 , P-92
E.E. Agriculture, Kokrajhar	07.12.2007	0.08	CB- 12 , P-92
E.E. PHE Division-1, Kokrajhar	12.02.2008	250.00	CB- 13, P-155
Director of Elementary Education, Assam	24.03.2008	440.00	CB- 14, P-105
Director of WPT&BC, GOA, GHY	22.02.2008	6250.00	CB- 13, P-190
District Social Welfare Officer, Kokrajhar	27.02.2008	13.49	CB- 13, P-190
E.E. PHE Division-1, Kokrajhar	04.03.2008	114.59	CB- 13, P-2
Director of Higher Education, Assam	07.03.2008	145.00	CB- 14 , P-24
Director of SCERT Assam	07.03.2008	100.00	CB- 14 , P-24
E.E. Agriculture, Kokrajhar	29.01.2008	2.42	CB- 13 , P-93
Director of P&RD, Assam	18.02.2008	10.00	CB- 13 ,P-185
Director of WPT&BC, GOA, GHY	27.03.2008	1346.92	CB- 14, P-164
GOA H&FW	28.03.2008	445.25	CB- 14 ,P-180
Director of WPT&BC, GOA, GHY	03.04.2007	90.00	CB- 7, P124
Director of WPT&BC, GOA, GHY	03.04.2007	37.00	CB- 7,P-124
National Mission Bamboo Application, New Delhi	07.09.2008	1.00	CB- 10,P-117
Director of WPT&BC, GOA, GHY	03.04.2007	609.30	CB- 7 ,P-123
Director of WPT&BC, GOA, GHY	29.06.2007	232.95	CB- 9 , P-42
Director of WPT&BC, GOA, GHY	30.04.2007	1130.00	CB- 8 , P-12
Director of WPT&BC, GOA, GHY	20.03.2008	1733.00	CB- 14 , P-87
Director of WPT&BC, GOA, GHY	24.01.2008	391.75	CB- 13 , P-80
Director of WPT&BC, GOA, GHY	03.04.2007	290.70	CB- 7 , P-123
Director of WPT&BC, GOA, GHY	25.05.2008	400.00	CB- 8 , P-80
Director of WPT&BC, GOA, GHY	07.05.2007	334.17	CB- 8 , P-23
<b>Total (Plan)</b>		<b>26260.03</b>	
Director of WPT&BC, GOA, GHY	21.05.2007	22292.58	CB- 8 , P-55
BTC File Bo-BTC/IBA-149/PT-102 under Non-Plan	31.05.2007	5.00	CB- 8 , P112
Jt. Secretary WPT&BC, GOA, GHT	05.06.2007	29.25	CB- 8 , P-128
Jt. Secretary WPT&BC, GOA, GHT	09.08.2007	183.12	CB- 10 , P-5
GOA H&FW	20.03.2008	10.38	CB- 14 , P-86
GOA H&FW	28.03.2008	120.00	CB- 14 , P-180

1	2	3	4
Director of WPT&BC, GOA, GHY	16.10.2007	21090.47	CB- 11 , P-122
<b>Total (Non Plan)</b>		<b>43730.80</b>	
<b>Total receipt of funds under Revenue (Plan and Non Plan) Heads</b>		<b>69990.83</b>	
Director of WPT&BC, GOA, GHY	07.05.2007	5118.85	CB- 8 , P-23
Director of WPT&BC, GOA, GHY	07.05.2007	1041.19	CB- 8 , P-23
Director of WPT&BC, GOA, GHY	19.11.2007	4011.27	CB-12, P-38
Director of WPT&BC, GOA, GHY	07.05.2007	1000.00	CB- 8 P-23
Director of WPT&BC, GOA, GHY	16.02.2008	622.00	CB- 13 , P-182
Accounting of unspent amount of funds kept under DCR for Secretariat Administrative infrastructure for BTC	31.05.2007	60.98	CB- 8 , P-112
<b>Total receipt of funds under Capital Heads</b>		<b>11854.29</b>	

Source Cash book of BTC

**Appendix-IV**  
(Para reference: 3.2.8 (ii))

**Statement showing details of payment in respect of relief materials procured during 2007-08**

(₹in lakh)

Sl. No	Name of the supplier	Items supplied	Sanction order No & date	Cheque No	Date	Payment made	Vat deducted & deposited	Total
1	2	3	4	5	6	7	8	9
1.	M/s S R Ghosh	Masur Dal-1669 qtls, M Oil-1213 Tins, Salt-605 qtls, Rice- qtls.	BTC/Relief-8/2007-08/ Pt-1/318 dt.27.03.2008	92069/921	29.03.2008	20.70	2.15	22.85
2.	M/s S R Ghosh	-DO-	--	92070/921	29.03.2008	2.15	0.00	2.15
3.	M/s S R Ghosh	-DO-	BTC/Relief-8/2007-08/ Pt-1/326 dt.18.09.2008	96544/966	18.09.2008	84.79	0.00	84.79
4.	M/s Majen Brahma	Tarpaulin-2700	BTC/Relief-8/2007-08/ Pt-1/317 dt.27.03.2008	92071/921	29.03.2008	19.94	5.06	25.00
5.	M/s Majen Brahma	-DO-	BTC/Relief-8/2007-08/ Pt-1/325 dt.18.09.2008	96545/966	18.09.2008	15.65	0.00	15.65
6.	M/s Uttam Chakraborty	Masur Dal-766 qtls, M Oil-460 Tins, Salt-400 qtls.	BTC/Relief-8/2007-08/ Pt-1/321 dt.27.03.2008	92073/921	29.03.2008	29.16	0.84	30.00
7.	M/s Uttam Chakraborty	-DO-	BTC/Relief-8/2007-08/ Pt-1/329 dt.18.09.2008	96543/966	18.09.2008	8.72	0.00	8.72



1	2	3	4	5	6	7	8	9
8.	M/s Ajoy Deb Roy	Rice-3145 qtls.	BTC/Relief-8/2007-08/ Pt-1/319 dt.27.03.2008	92075/921	29.03. 2008	39.53	0.47	40.00
9.	M/s Ajoy Dev Roy	-DO-	BTC/Relief-8/2007-08/ Pt-1/327 dt.18.09.2008	96542/966	18.09.2008	8.16	0.00	8.16
10.	Pankaj Agarwal	Rice-2885 qtls,	BTC/Relief-8/2007-08/ Pt-1/320 dt.27.03.2008	92077/921	29.03. 2008	39.57	0.47	40.00
11.	Pankaj Agarwala	-DO-	BTC/Relief-8/2007-08/ Pt-1/328 dt.18.09.2008	96541/966	18.09.2008	4.29	0.00	4.29
12.	M/s Sun Feed Mill Plant	Animals Feed	BTC/Relief-8/2007-08/ Pt-1/322 dt.27.03.2008	92079/921	29.03. 2008	85.00	0.00	85.00
13.	M/s Sun Feed Mill Plant	-DO-	BTC/Relief-8/2007-08/ Pt-1/333 dt.18.09.2008	96548/966	18.09.2008	48.03	0.00	48.03
14.	M/s Madan Medecine & Drugs	Medicine	BTC/Relief-8/2007-08/ Pt-1/323 dt.27.03.2008	92080/921	29.03. 2008	25.14	0.00	25.14
15.	M/s Madan Mohan Drugs & Distributors	-DO-	BTC/Relief-8/2007-08/ Pt-1/332 dt.18.09.2008	96547/966	18.09.2008	29.25	0.00	29.25
16.	Madan Gopal Agarwal	Rice-1710 qtls. Tarpaulin-300 Pcs	BTC/Relief-8/2007-08/ Pt-1/316 dt.27.03.2008	92229/923	29.03. 2008	29.18	0.82	30.00
17.	Madan Gopal Agarwal	-DO-	BTC/Relief-8/2007-08/ Pt-1/324 dt.18.09.2008	96540/966	18.09.2008	0.98	0.00	0.98
<b>Total</b>								<b>500.01</b>