

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

**FOR THE YEAR ENDED  
31 MARCH 2005**

**LAI AUTONOMOUS DISTRICT COUNCIL  
LAWNGTLAI  
MIZORAM**

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***Prefatory Remarks***

*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 financial transactions of the Lai Autonomous District Council, Lawngtlai, Mizoram.*

*The cases mentioned in this Report are those which came to notice in course of test check of the accounts of the Council for the year 2004-05.*

*The Report contains three sections, one of which deals with the constitution of the Council, the rules for management of the District Fund and maintenance of accounts by the District Council. The remaining two sections include comments on the Council's financial position and irregularities noticed during audit of the financial transactions relating to the year 2004-05.*



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*OVERVIEW*

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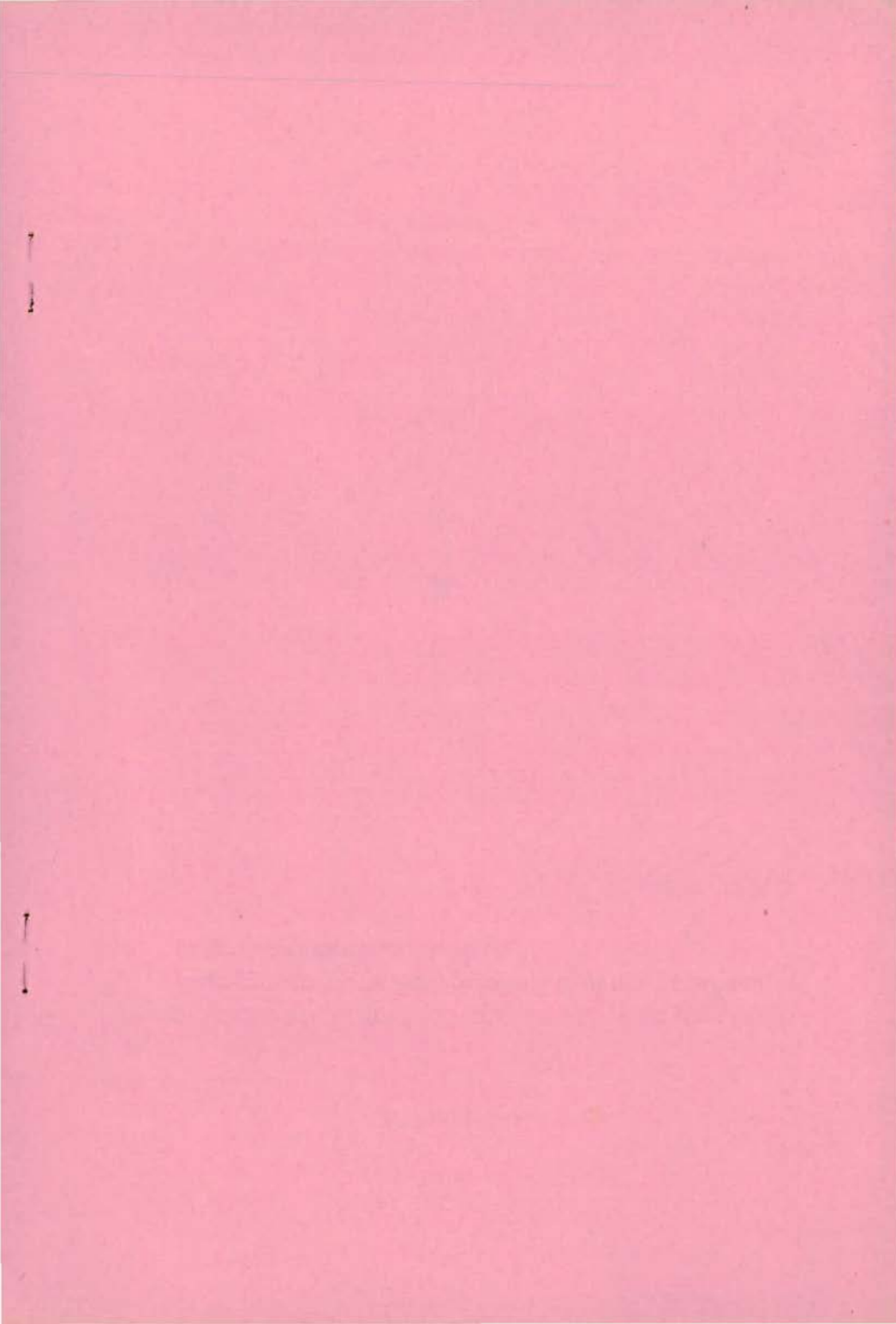
(v)

## OVERVIEW

The significant audit finding is given in the following paragraphs:

- Engagement of teachers in excess of norms resulted in an extra expenditure of Rs. 61 lakh.

**(Paragraph 3.1)**



## SECTION - I

### 1.1 Introduction

The Pawi-Lakher Regional Council set up in 1953 under Article 244(2) read with the Sixth Schedule to the Constitution of India was divided into three Regional Councils viz., Pawi, Lakher and Chakma by a notification issued by the Government on 2 April, 1972. In terms of paragraph 20 B of the Sixth Schedule, Pawi Regional Council along with Lakher Regional Council and Chakma Regional Council was elevated to the status of a District Council with effect from 29 April, 1972 under the Mizoram District Council's (Miscellaneous Provisions) order, 1972. The Pawi District Council was renamed as the Lai Autonomous District Council from 1 May, 1989 as per the notification issued by the Governor of Mizoram in May 1989.

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 District Councils for each Autonomous District with powers to make laws on matters listed in paragraph 3(1) of the Schedule, mainly in respect of allotment, occupation, use, etc. of land; management of forests other than reserve forests, use of any canal or water-course for agriculture, regulation of the practice of 'Jhum' or other forms of shifting cultivation; establishment of village or town committees or Councils and their powers, village or town administration including police, public health and sanitation and inheritance of property. 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

water-ways in the respective autonomous districts. Paragraph 8 of the Schedule further empowers the Councils to assess, levy and collect within the respective autonomous districts, revenue in respect of land and buildings, taxes, on professions, trades, callings and employment, animals, vehicles and boats; tolls on passengers and goods carried in ferries and for the maintenance of schools, dispensaries or roads.

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

The Sixth Schedule provides for the constitution of a District Fund for each autonomous district to which shall be credited all moneys received by the Councils in the course of administration of the district in accordance with the provisions of the Constitution. In exercise of the power conferred under paragraph 7(2) of the Sixth Schedule which provides that rules are to be framed by the Governor for the management of District Fund, and for the procedure to be followed in respect of payment of money into the said fund, the withdrawal of money therefrom, the custody of moneys therein and any other matter connected with or ancillary to these matters, the Government of Mizoram prepared the Mizoram Autonomous District Council Fund Rules, 1996 which came into effect from 26 November, 1996.

### **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 Councils are to be maintained were prescribed by the Comptroller and Auditor General of India, with the approval of the President of India in April, 1977.

The Annual Accounts for the year 2004-2005 were prepared in the approved format.

The result of test check (November – December 2005) of the Annual Accounts of the Council for the years 2004-05 are given in the succeeding paragraphs.



**SECTION - II**

**2.1 Receipts and expenditure**

According to the Annual Accounts furnished by the Council, the receipt and expenditure of the Council and the resultant revenue surplus for the year 2004-2005 were as under:

(Rupees in lakh)

Receipt		2004-05	Disbursements		2004-05
Part - I District Fund					
A Revenue Receipt			A Revenue Expenditure		
(i)	Taxes on income and expenditure	19.17	(i)	District Council	121.38
(ii)	Land Revenue	6.21	(ii)	Executive Members	53.73
(iii)	Public Works	1.84	(iii)	Administration of Justice	14.67
(iv)	Education	1.14	(iv)	Land Revenue	122.87
(v)	Other General Economic Services	1.72	(v)	Stamp and Registration	0.20
(vi)	Forests	9.35	(vi)	Secretariat General Services	163.40
(vii)	Other Administrative Services	0.02	(vii)	Public Works	150.20
(viii)	Grants-in-aid from the State Government	2474.05	(viii)	Pension	121.00
			(ix)	Education	1214.30
			(x)	Art and Culture	29.50
			(xi)	Public Health, Sanitation and Water Supply	20.85
			(xii)	Urban Development	74.25
			(xiii)	Information and Publicity	22.60
			(xiv)	Social Security and Welfare	27.05
			(xv)	Sericulture	-
			(xvi)	Co-operation	8.60
			(xvii)	Inland Water Ways	3.60
			(xviii)	Sports and Youth Services	19.10
			(xix)	Agriculture and Horticulture	40.85
			(xx)	Soil Conservation	17.30
			(xxi)	Fisheries	15.65
			(xxii)	Forests	119.00
			(xxiii)	Road Transport	23.75
			(xxiv)	Rural Development	31.80
			(xxv)	Industry	28.60
			(xxvi)	Animal Husbandry and Veterinary	14.10
			(xxvii)	Other General Economic Services	6.15
	<b>Total Revenue Receipts</b>	<b>2513.50</b>		<b>Total Revenue expenditure</b>	<b>2464.50</b>
	Revenue Deficit			Revenue Surplus	49.00

(Rupees in lakh)

Receipts	2004-05	Disbursements	2004-05
<b>B. Capital Receipts</b>		<b>B. Capital Expenditure</b>	
Grants-in-aid from State Government	81.65	Capital expenditure	81.65
<b>C. Debt</b>	<b>Nil</b>	<b>C. Debt</b>	<b>Nil</b>
(i) Loan received from State Government	Nil	(i) Repayment of loans received from Government	Nil
(ii) Loan received from other sources	Nil	(ii) Repayment of loans received from other sources	Nil
<b>D. Loans and Advances</b>		<b>D. Loans and Advances</b>	
Recoveries of loans and advances	Nil	Disbursement of loans and advances	Nil
<b>Total Part – I District Fund</b>	<b>2595.15</b>	<b>Total Part – I District Fund</b>	<b>2546.15</b>
<b>Part – II Deposit Fund</b>			
Deposit Receipt	Nil	Deposit Payments	Nil
Total of Part – II Deposit Fund	Nil	Total of Part – II Deposit Fund	Nil
Total Receipt (I+II)	2595.15	Total Disbursement (I+II)	2546.15
Opening balance	Nil	Closing balance	49.00
<b>Grand Total</b>	<b>2595.15</b>	<b>Grand Total</b>	<b>2595.15</b>

## 2.2 Discrepancy in accounts

While Statement I of the Annual Accounts 2004-05 showed revenue expenditure as Rs. 25.13 lakh as per Statement 6 it is Rs.24.64 lakh, resulting in a discrepancy of Rs.49 lakh. The discrepancy has not been reconciled by the Council.

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

Significant cases of variation in receipt and expenditure between current and previous years are indicated in Appendix I. The variation in two heads in respect of receipts are 23 and 56 per cent and in respect of expenditure, the variation ranged between 20 and 128 per cent, reasons for which had not been furnished (May 2007).

## SECTION - III

### 3.1 Extra expenditure due to engagement of excess teachers

Scrutiny (November – December 2005) of records of the Council revealed that in 42 primary schools with 26 to 275 pupils on roll, 223 teachers were engaged during the year 2004-05 against the requirement of 152 teachers as per the prescribed norms (Details in Appendix – II) Engagement of 71 teachers in excess of the prescribed norms resulted in an extra expenditure of Rs. 61 lakh<sup>1</sup> on payment of pay and allowances to the excess teachers during 2004-05.

The Executive Officer of the Council stated (February 2007) that the excess number of teachers was due to transfer of students from Council's primary schools to newly opened private schools, taking over of some Mizo medium schools with a small number of students, etc.. The fact however remains that the number of teachers in the schools was in excess of the prescribed norms. The matter was referred to the Council in March 2006; reply had not been received (May 2007)

### 3.2 Internal Control Mechanism

Internal control mechanism is an integral process by which an organization governs its activities to effectively achieve its objectives. A built-in internal control system and strict adherence to Statutes, Codes and Manuals minimize the risk of errors and irregularities and helps to protect resources against loss due to waste, abuse and mismanagement. Internal audit, as an independent entity, examines and evaluates the level of compliance to the rules and procedure and provides an independent assurance to management on the adequacy or otherwise of the existing internal controls.

Rule 144 of the Mizoram Autonomous District Council Fund Rules, 1996 requires the Lai Autonomous District Council to

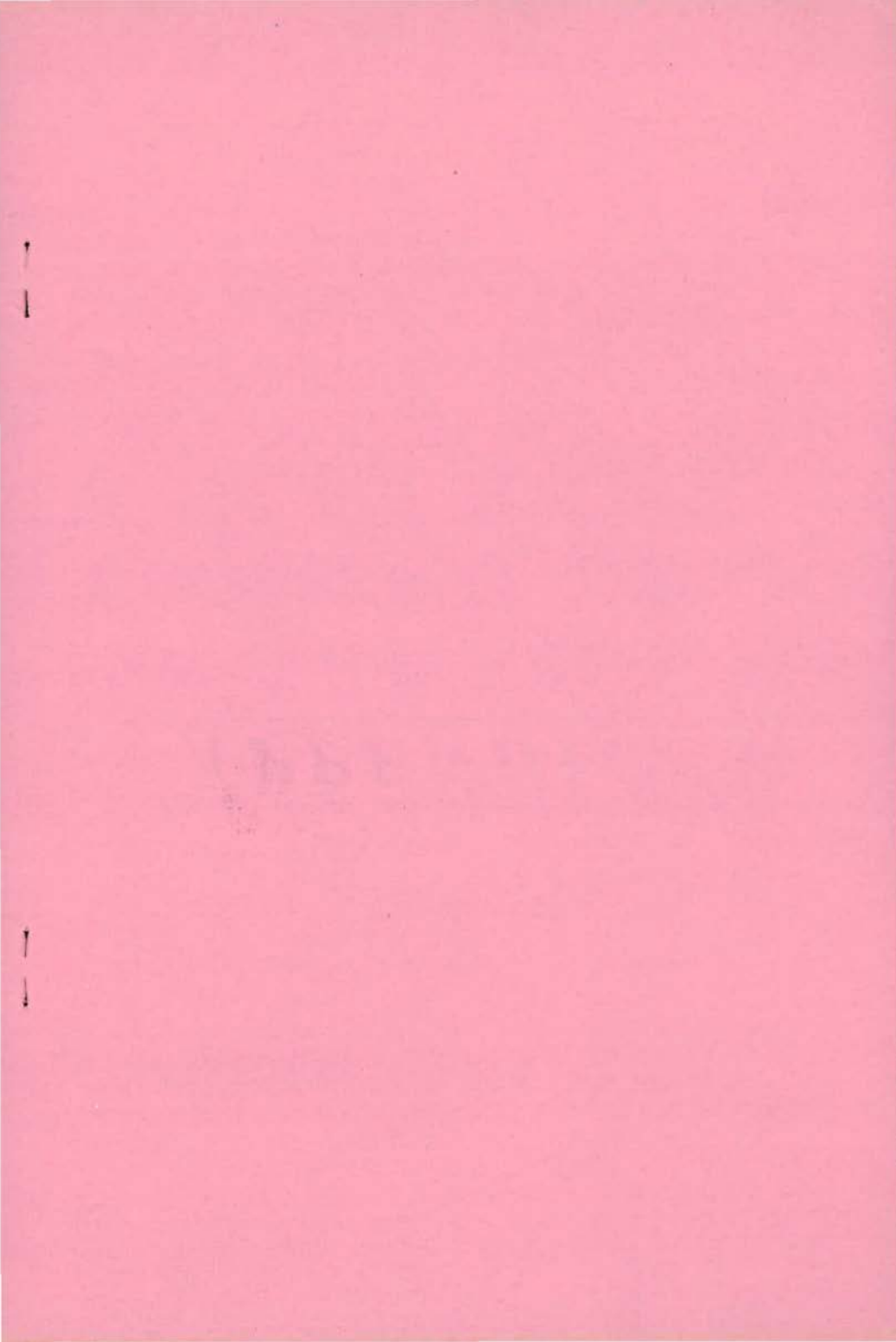
<sup>1</sup> Taking into account the pay and allowances as Rs. 7,160 per month.



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*APPENDICES*

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introduce a suitable system for internal audit within the Council with the approval of the Governor and in consultation with the State Accountant General (Audit). However, such a system has not yet been introduced (May 2007) by the Council authorities.

### **3.3 Outstanding Inspection Reports**

Audit observations relating to financial irregularities and defects in maintenance of annual accounts noticed during local audit and not settled on the spot are communicated to the Head of office and the next higher authorities through the Inspection Reports (IRs). Five IRs containing 31 paragraphs relating to the Council for the period from 1990-91 to 2002-03 were awaiting settlement (April 2008).




Aizawl  
The

(L. Tochwang)  
Accountant General (Audit)  
Mizoram

Countersigned

New Delhi  
The



(Vinod Rai)  
Comptroller and Auditor General of India

**Appendix – I**  
**Variation between budget and actual expenditure**

(Reference: Para 2.3; page 5)

Sl. No	Head of Accounts	2003-04	2004-05	Variation Increase (+) Decrease (-) and percentage of variation in brackets
(Rupees in lakh)				
<b>Receipts</b>				
1.	Education	1.47	1.13	(-) 0.34 (23)
2.	Other General Economic Services	3.83	1.72	(-) 2.11 (56)
<b>Expenditure</b>				
1.	Public Works	69.70	150.20	(+) 80.50 (116)
2.	Public Health	17.00	20.85	(+) 3.85 (23)
3.	Urban Development	58.10	74.25	(+) 16.15 (28)
4.	Information and Publicity	18.77	22.60	(+) 3.83 (20)
5.	Co-operation	7.10	8.60	(+) 1.50 (21)
6.	Sports and Youth Services	12.80	19.10	(+) 6.30 (49)
7.	Soil Conservation	14.40	17.30	(+) 2.90 (20)
8.	Fisheries	7.30	15.65	(+) 8.35 (114)
9.	Industry	11.65	28.60	(+) 14.95 (128)
10.	Animal Husbandry	10.80	14.10	(+) 3.30 (31)

**Appendix – II**  
**School-wise position of Teachers in Primary Schools**

(Reference: Para 3.1; page 6)

Sl. No	Name of Schools	Number of Students	Teachers engaged	Requirement of Teachers as per norms	Excess entertainment of Teachers
1.	L-I P/S II	54	07	04	03
2.	L-II P/S	72	07	04	03
3.	L-III P/S I	72	07	04	03
4.	L-III P/S II	39	07	04	03
5.	L-III P/S I	76	06	04	02
6.	L-IV P/S II	75	06	04	02
7.	Chanmary P/S	42	05	03	02
8.	L-V P/S	50	06	03	03
9.	L-VI P/S I	42	05	03	02
10.	L-VI P/S II	42	05	03	02
11.	ACC P/S I	66	05	04	01
12.	ACC P/S II	27	04	03	01
13.	Jhingkah P/S I	37	05	03	02
14.	Chawmhu P/S	70	05	04	01
15.	Saikah 'L' P/S	39	04	03	01
16.	Paithar P/S I	51	06	04	02
17.	Paithar P/S II	60	05	04	01
18.	R.Vanhne P/S	42	05	03	02
19.	Ruikual P/S I	84	06	05	01
20.	Ruikual P/S II	77	05	04	01
21.	Saizawh P/S	39	05	03	02
22.	Chawntlangpui P/S	54	05	04	01
23.	Bungtlang	45	05	03	02
24.	Mualbu 'L' P/S	45	04	03	01
25.	Chawngte 'P' P/S I	26	04	03	01

Sl. No	Name of Schools	Number of Students	Teachers engaged	Requirement of Teachers as per norms	Excess entertainment of Teachers
26.	Saichangkawn P/S I	29	05	03	02
27.	Saichangkawn P/S II	32	04	03	01
28.	Lungpher P/S I	75	05	04	01
29.	Rawbuk P/S	75	06	04	02
30.	Cheural	64	05	04	01
31.	Lungtian P/S I	64	07	04	03
32.	Lungtian P/S II	75	07	04	03
33.	Thaitlang P/S	34	04	03	01
34.	Pangkhoa P/S I	50	04	03	01
35.	Pangkhoa P/S II	62	05	04	01
36.	Vawmbuk P/S I	68	05	04	01
37.	Vawmbuk P/S II	60	05	04	01
38.	M.E.S	275	09	07	02
39.	Lungtian P/S III	70	05	04	01
40.	Saikhawthlir	29	04	03	01
41.	Saikhah 'U' P/S	27	05	03	02
42.	Chawngtelui	27	04	03	01
	<b>Total</b>	<b>2442</b>	<b>223</b>	<b>152</b>	<b>71</b>