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

FOR THE YEAR 1995-96

**KARBI ANGLONG DISTRICT COUNCIL
DIPHU, ASSAM**



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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 points arising from the audit of the financial transactions of the Karbi-Anglong District Council.

2. The cases mentioned in this Report are those which came to notice in the course of test check of the accounts for the years 1995-96.

3. This Report contains three sections, of which one Section deals with the Constitution of the Karbi-Anglong District Council, the rules for the 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 various irregularities relating to the period 1995-96.

OVERVIEW

The more important audit findings are summarised in the succeeding paragraphs:-

Opening cash balance was shown as Rs. 0.46 lakh instead of Rs. 0.41 lakh which was closing cash balance as per Annual accounts for the year 1994-95. Besides the omission in Cash book amounting to Rs. 0.46 lakh was added to the closing balance without recording in the Cash Book before the end of the year 1995-96.

(Paragraphs 1.3 & 2.1.2)

Against the actual Revenue deficit of Rs. 361.06 lakh the annual accounts showed deficit of Rs. 232.68 lakh. The excess expenditure was met by diverting unspent balance of funds advanced by the State Government for entrusted functions.

(Paragraph 2.1.4)

Actual revenue during the year was Rs. 423.38 lakh instead of Rs. 417.70 lakh shown in the accounts.

There was overstatement of expenditure by Rs. 458.92 lakh due to unnecessary drawal and retention of grants-in-aid, in advance of requirement from PLA in the form of call deposit and charging the amounts as expenditure in account which is in violation of council's fund rules.

(Paragraph 2.1.5 & 2.1.6)

An amount of Rs.21.15 lakh was shown as expenditure under contribution to CPF as against the actual amount of Rs.9.65 lakh resulting in overstatement of expenditure of Rs.11.50 lakh.

(Paragraph 2.1.7)

Capital expenditure of Rs. 12.42 lakh incurred by the Council during the year 1995-96 had not been exhibited* in the Annual Accounts.

(Paragraph 2.2)

Rupees 4.48 lakh was deducted by the Council as Administrative charges from the advances received from the State Government for all transferred functions without the approval of the State Government.

(Paragraph 2.5.3)

Non-reconciliation of figures with Treasury led to huge differences between the figures recorded in PLA Cash book and the treasury records.

(Paragraph 2.6)

Revenue of Rs. 3.12 lakh earned under transferred function was deposited in the PLA of the Council instead of revenue of the State Government which was irregular.

(Paragraph 2.6)

There was loss of forest revenue Rs. 6.68 lakh due to granting irregular concession on royalty in respect of three* forest areas leased out by the Council.

(Paragraph 3.1.1)

There was loss of revenue to the extent of Rs.2.79 lakh due to unauthorised granting of extension of lease period besides there was loss of Rs.3.31 lakh due to delay in settlement of another Mahal.

(Paragraph 3.1.2.)

There was wasteful expenditure Rs. 3.26 lakh due to failure of plantation in Forest west division besides the Council incurred unauthorised expenditure Rs. 4.37 lakh on cattle watchmen.

(Paragraph 3.1.5.)

Excess procurement of school uniforms and woolen sweaters by the Primary Education Board led to locking up of funds of Rs. 26.86 lakh.

(Paragraph 3.2 1

SECTION - I

Introduction

The Karbi-Anglong District Council in Assam (earlier known as the Mikir Hills District Council) was set up on 13 June 1952 under the provisions of Article 244 (2) read with the Sixth Schedule to the Constitution of India.

The Sixth Schedule to the Constitution of India provides for administration of specified tribal areas. For that purpose it provides for the Constitution of a District Council for each autonomous district with powers to make laws on matters listed in Paragraph 3 (1) of the Sixth Schedule mainly in respect of allotment, occupation, use etc. of land, management of forests (other than reserve forests); use of any canal or watercourse for agriculture; regulation of the practice of 'jhum' or other forms of shifting cultivation; establishment of village or town committees or councils and their powers; village or town administration including police, public health and sanitation; and inheritance of property. Under Paragraph 6(1) of the Sixth Schedule, the councils have the powers to establish, construct or manage primary schools, dispensaries, markets, cattle pounds, ferries, fisheries, roads, road transport and waterways in the respective autonomous districts. The Councils also have the powers to assess/levy and collect within the autonomous districts revenue in respect of land and buildings, taxes on professions, trades, callings and employment, animals, vehicles and boats, tolls on passengers and goods carried in ferries, and the maintenance of schools, dispensaries or roads as listed in Paragraph 8 of the Sixth Schedule.

In addition, under Paragraph 6(2) of the Sixth Schedule, *ibid*, the State Government has entrusted to the District Council additional functions in relation to agriculture, animal husbandry, cottage industries, soil conservation, fisheries, social welfare, forests (including reserve forests) etc. Since June 1970 (as

revised in November 1979 and November 1992). According to the terms of entrustment, the District Council is to receive advances from the State Government for the management of the entrusted functions, and is to render monthly accounts in the prescribed form to the Accountant General (A&E) with supporting vouchers. Budget provision for these functions (excepting for management of reserve forests) is made in the State Budget, and the Council remains responsible to the State Legislature in respect of all matters relating to such funds provided for discharge of functions transferred to it. The State Government is to pay administrative charges to the council for implementing these functions. In respect of reserve forests no provision (expenditure or revenue) is made in the State Budget as the Council collects revenue and incurs normal expenditure relating to the management of forests.

1.2

Rules for the management of 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 Paragraph 7(2) of the Sixth Schedule to the Constitution (as it stood originally) the affairs of the District Council are being regulated under the respective District Council Fund Rules. In respect of this District Council, these are regulated under the Karbi-Anglong District Fund Rules, 1952 as approved by the Governor. In view of the amendment of Paragraph 7(2) of the Schedule (made with effect from 2 April 1970) which provides that rules are to be framed by the Governor for the management of the District Fund and for the procedure to be followed in respect of payment of money into the said Fund, the withdrawal of moneys therefrom, the custody of moneys therein and any other matters connected therewith or ancillary to these matters the State Government of Assam prepared in 1972 Draft District Fund Rules common to both the District Councils in Assam State. These Draft

Rules were subsequently revised as the District Fund Rules, 1978, the Autonomous District Fund Rules, 1989, 1992 and 1995. The revised Rules, 1995 are yet to be finalised by the State Government.

1.3

Maintenance of accounts

In pursuance of Paragraph 7(3) of the Sixth Schedule to the Constitution, the form in which the accounts of the District Council are to be maintained was prescribed by the Comptroller and Auditor General of India with the approval of the President in April 1977 and communicated to the State Government of Assam in June 1977. The State Government forwarded this form of accounts to the Council in March 1978. The Annual accounts for the year 1995-96 has been prepared in the prescribed form, due for submission by 30 June 1996 was submitted in September 1996.

Annual accounts for the year 1995-96 disclosed that the council had engaged Chartered Accountants for preparation of the Annual accounts for the year 1995-96. The Annual accounts prepared by the Chartered Accountants was submitted to audit with the countersignature of Senior Finance and Accounts Officer of the Council. There were differences between the figures shown in the Annual accounts and the figures recorded in the initial records of concerned branches of the council and these were not explained to audit. Thus, the discrepancies/omission noticed during the audit in the Annual accounts for the year 1995-96 remained unsettled despite repeated requests in course of audit. Besides it was noticed that the maintenance of records by the council was far from satisfactory which resulted in discrepancies of figures reflected in different documents maintained by the council. However, the council in reply (August 1997) stated that the revised annual accounts for the year 1995-96 would be submitted to audit after meeting up the audit observations in consultation with the Chartered accountants who were entrusted for preparation of the Annual accounts. But till March 1998 the revised annual accounts were not submitted by the Council. The result of test check of the Annual accounts submitted to the Council initially for the year 1995-96 are given in the succeeding paragraphs.

SECTION -- II

2.1 Receipts and Expenditure

2.1.1 According to the Annual Accounts furnished by the Council, the revenue receipts and expenditure of the Council for the years from 1995-96 and the resultant revenue deficit were as follows:-

Receipts	Rupees in lakh	Disbursement	Rupees in lakh
1. <u>Revenue receipts</u>		1. <u>Revenue Expenditure</u>	
(i) Taxes on Income and Expenditure	40.57	(i) District Council Secretariat, Election	115.83
(ii) Land revenue	10.74	(ii) Executive Member	17.81
(iii) Stamps and Registration fees	6.05	(iii) Administration of Justice	11.02
(iv) Public Works-Rent	0.80	(iv) Land Revenue	100.72
(v) Other Administrative Service A- Administration of Justice	59.47	(v) Art and Culture	16.52
(vi) Other General Economic Service	12.81	(vi) Secretariat General Services	39.94
(vii) Fisheries	0.51	(vii) Public Works	72.92
(viii) Forest Sale of Timber and other produce	270.08	(viii) Education	1454.97
(ix) Mines and Minerals	14.24	(ix) Public Health Sanitation and Water Supply	1.19
(x) Public Health Sanitation and Water Supply	0.03	(x) Urban Development	66.08

Items	Rupees in lakh	Disbursement	Rupees in lakh
(xi) Education	0.87	(xi) Social Security & Welfare	6.08
(xii) Grants-in-aid from State Government	1809.34	(xii) Relief on account of Natural calamities	32.95
		(xiii) Other General Economic Services	36.11
(xiii) Entry Tax	0.42	(xiv) Minor Irrigation	70.00
(xiv) Misc. Receipt	1.04	(xv) Forest	226.27
(xv) Interest Receipts	0.07	(xvi) Road and Bridges	120.00
		(xvii) Roads and Transport Services	36.48
		(xviii) Pension and other retirement benefits	34.34
		(xix) L.I.C.	0.49
Total Revenue receipt	2227.04	Total Revenue Expenditure	2459.72
* Revenue Deficit	232.68	Revenue surplus	---
2. Capital	NIL	2. Capital	NIL
3. Debt		3. Debt	
(i) Loans received from the State Government	Nil	(i) Payment of loan received from Government	Nil
(ii) Loans received from other sources	Nil	(ii) Repayment of loan received from other sources	Nil
Total of 3	Nil	Total of 3	Nil
4. Loans and Advances		4. Loans and advances	
Recoveries of loans and advances	<u>3.77</u>	Disbursement of loans and advances	<u>Nil</u>

Receipts	Rupees in lakh	Disbursement	Rupees in lakh
Total of Part I District Fund	2230.81	Total of Part I District fund	2459.72
PART II DEPOSIT FUND			
(I) Deposit receipt	Nil	(I) Expenditure on deposit account	3.00
(ii) Fund received from State Government for transferred functions	<u>7471.42</u>	(ii) Expenditure on transferred functions	<u>7001.44</u>
Total of Part II	7471.42	Total of Part II	7004.44
Total Receipts (Part I+II)	9702.23	Total Disbursement (Part I+II)	9464.16
<u>Opening Balance</u>		<u>Closing balance</u>	
Cash	0.46	Cash	2.83
Treasury	343.69	Treasury	579.39
Grand total	10046.38	Grand total	10046.38

2.1.2 Against closing cash balance of Rs.41,392 shown in the Annual Accounts for the year 1994-95, the opening cash balance for the year 1995-96 was shown as Rs.45,931 in Statements 1,3 and 7 of Annual Accounts for the year 1995-96 resulting in overstatement of opening balance by Rs.0.05 lakh. Moreover, there was less account of Rs.0.46 lakh due to mistakes/omission noticed in recording entries in the cash book (Revenue section) during 1995-96 (shown in Annexure 'A' to the Annual Accounts for the year 1995-96) which were added in the closing cash balance as on 31st March 1996 and the corrections were carried out in the cash book in January 1997, resulting in overstatement of closing cash balance to that extent in the Annual Accounts for the year 1995-96. The net overstatement of closing balance was Rs. 0.51 lakh which remained unsettled till date (August 1997).

2.1.3 There was discrepancy of Rs.0.30 lakh, as indicated in Appendix I under deposit in the Annual Accounts of the Council for the year 1995-96.

The discrepancy had not been rectified (August 1997) despite these being pointed out by audit. These were attributed to compilation of accounts by Chartered Accountant and the matter would be brought to the notice of the concerned Chartered Accountant.

(i) The total receipts under deposits from the State Government in the Annual Accounts (Statement 7) was shown as Rs. 7471.72 lakh against Rs. 7471.42 lakh. Necessary correction/revision of Accounts was not done till March 1998.

(ii) Festival Advance and T.A. Advance had been wrongly included under loans & advances (Statement-4) instead of booking these under Service Head. Head-wise bifurcation was also not given. The Council assured to revise the Accounts but till March 1998 the accounts were not revised.

(iii) In Statement 5 (Revenue Receipts) of the Annual Accounts, Head of Account V other administrative service-A-Administration of Justice (Rs. 59.47 lakh) and VI other General Economic services (Rs. 12.81 lakh) indicated were not in conformity with those indicated in the list of Major and Minor Heads of the accounts of the council as well as the heads of accounts provided in the Budget document. Minor heads (a) Cement, (b) Entry Tax (Rs. 0.42 lakh), (c) Misc. Receipts (Rs. 1.04 lakh) exhibited in the Annual Accounts for 1995-96 were not provided in the List of Major and Minor heads of accounts of the Council. Further, the revenue receipts were classified under sixteen minor heads in the annual accounts for 1995-96 as against seventeen minor heads provided in the budget. Reason for such unauthorised exhibition of minor heads had not been stated (August 1997). These require accounting under proper heads of account.

Similarly in Statement 6 (Revenue expenditure) minor head LIC (Rs. 0.49 lakh) was shown in the annual account for the year

1995-96 although no such minor head was approved in the list of Major and Minor Head of the Council. Further, revenue expenditure was shown under twenty one minor heads in the annual accounts as against the revenue expenditure classified under Grants No. 1 to 7 and Grants-in-aid in the budget.

(iv) Receipts and expenditure (including grants-in-aid) depicted in various records of the council differs from each other as indicated below:-

Particulars	As per Annual Accounts 1995-96	As per - Computer Branch	As per Branch accounts	As per Cash Branch	Figures worked cash book and other record
(Rupees in lakh)					
Revenue Receipts					
(a) Revenue collected	417.70	422.39	416.84	426.84	423.38
(b) Grants-in-aid (GIA) received	1809.34	1750.64	1809.34	1628.64	1755.09
Revenue Expenditure					
(a) Revenue Expenditure	2459.72(A)	671.37	743.29	NA	NA
(b) Grants-in-aid (GIA) expenditure	-----	1796.29	1796.50	NA	1796.27

(A) No bifurcation between revenue expenditure and Grants-in-aid expenditure were indicated.

These discrepancies had not been reconciled.

2.1.4 Revenue receipts (including grants-in-aid receipts) of the council for the year 1995-96 pertaining to inherent functions as specified in the sixth schedule of the Constitution were Rs. 2178.47 lakh. Against this Rs. 2539.53 lakh were spent by the council resulting in net revenue deficit of Rs. 361.06 lakh. In the annual accounts (Statement - I) for the year 1995-96, revenue receipts was shown as Rs. 2227.04 lakh, revenue expenditure as Rs. 2459.72 lakh and the revenue deficit as Rs. 232.68 lakh resulting in understatement of net revenue

deficit by Rs. 128.38 lakh. The deficit was made good by diverting the accumulated unspent balance of funds advanced by the State Government for discharging entrusted functions which was irregular apart from fact that the annual accounts for the year 1995-96 did not exhibit a true and fair picture of the accounts of the council.

1.5 Against the actual revenue receipts (excluding grants-in-aid receipts) of Rs. 423.38 lakh during the year 1995-96, Rs. 417.70 lakh was shown in the annual accounts for the year 1995-96 resulting in understatement of revenue by Rs. 5.68 lakh. Test-check of revenue collection register of the concerned branches of the council disclosed that there was short account of Revenue by Rs. 48.06 lakh as shown below:-

Major Head of Account	Collection as per Revenue Collection Register	Accountal of Revenue in the Annual Accounts	Short accountal of Revenue (-) Shortfall (+) Excess
	(Rupees	in	lakh)
Taxes on profession	63.45	40.57	(-) 22.88
Fisheries	1.30	0.51	(-) 0.79
V. Entry tax	17.96	0.42	(-) 17.54
RTS Revenue	1.22	Nil	(-) 1.22
I. Forest Revenue	275.92	270.08	(-) 5.84
Education	<u>0.66</u>	<u>0.87</u>	<u>(+) 0.21</u>
Total :	<u>360.51</u>	<u>312.45</u>	<u>(-) 48.06</u>

1.6 Grants-in-aid of Rs. 458.92 lakh drawn in March 1996 under 2202-Primary Education was kept in the form of call deposit in pursuance of council's orders in February 1996 in violation of fund rules. Out of this, Rs. 455.24 lakh were spent during 1996-97 leaving a balance of Rs. 3.68 lakh unspent till date (March 1997). However, the entire amount of Rs. 458.92 lakh was shown as expenditure in the annual accounts for 1995-96 resulting in overstatement of expenditure to that extent.

2.1.7 According to Karbi-Anglong District Councils Employees Contributory Provident Fund (Third Amendment) Rules, 1981, the District Council's contribution shall be charged to the Head "Allowances and Honorarium", sub-head "Contribution to service funds, Provident fund contribution". Test check of records of C.P.F. Branch of the council disclosed that the entire amount of Rs. 19.30 lakh inclusive of 50 per cent share deducted from the subscribers salary was debited to "Provident Fund contribution" instead of charging to salary head. Besides Rs. 21.15 lakh was shown under "Contribution to C.P.F." in the Annual Accounts (Statement 6) for the year 1995-96 as against the actual amount of Rs. 9.65 lakh resulting in overstatement of expenditure to the extent of Rs. 11.50 lakh under this head of account.

2.2 Capital outlay

Capital expenditure of Rs. 12.42 lakh was incurred during the year 1995-96 against the Budget Provision of Rs. 100.00 lakh under Grant No. 6 works expenditure (I). No expenditure was shown in the Annual accounts (Statement - 1 and 2) for the year 1995-96 resulting in understatement of capital expenditure to that extent. Reasons for non-exhibition of capital expenditure in the annual accounts for the year 1995-96 had not been stated (August 1997).

2.3 Receipts and expenditure compared to Budget Provision

2.3.1 Receipts

Revenue receipts (excluding grants-in-aid) were shown as Rs. 417.70 lakh in the annual accounts for the year 1995-96 against the estimated amount of Rs. 1362.36 lakh which resulted in shortfall of Rs. 944.66 lakh (69.34 per cent) compared to budget estimates.

This covers the shortfall of revenue in respect of two minor heads which was above 98.80 per cent compared to budget estimates as shown below:-

(Rupees in lakhs)

Head of account	Estimated amount as per budget	Revenue receipts as per annual accounts	Short-fall	Percentage of short-fall
Taxes on entry of goods into market	35.00	0.42	34.58	98.80
VII Extra ordinary receipts	694.00	1.03	692.97	99.85

Reasons for huge shortfall under the heads have not been stated by the council (August 1997).

2 Expenditure

Revenue expenditure (including grants-in-aid) exhibited in the annual accounts for the year 1995-96 was Rs. 2459.72 lakh against the estimated amount of Rs. 5449.76 lakh resulted in saving of Rs. 2990.04 lakh which was 54.87 per cent compared to budget estimates. The reasons for large variations had not been intimated.

Receipts and expenditure compared with the actual of the earlier year (1994-95)

Revenue receipts and revenue expenditure for the year 1994-95 and 1995-96 as per annual accounts of the respective years are given below:-

(Rupees in lakh)

	1994-95	1995-96	Variations Increase(+) Decrease(-)
(a) Revenue receipts			
(i) Revenue receipts (excluding grants- in-aid)	497.75	417.69	(-) 80.06
(ii) Grants-in-aid received	60.40	1809.34	(+)1748.94
(b) Revenue Expenditure			
(i) Revenue expenditure (including grants-in-aid)	1863.69	2459.72	596.03

Details of variation under certain heads of accounts are shown in the Appendix I

Reasons for the variation had not been stated by the Council (March 1997).

2.5 Entrusted functions

2.5.1 According to the records of the council for the year 1995-96, the council received advances of Rs. 7397.78 lakh (Non-plan: Rs. 1537.72 lakh; Plan : Rs. 5860.06 lakh) during the year from the State Government for discharging entrusted functions. Against this, Rs. 6937.69 lakh (Non-plan : Rs. 1563.38 lakh; Plan : Rs. 5374.31 lakh) was spent by the council during the year and the balance of Rs. 460.09 lakh under plan remained unutilised. Rupees 25.66 lakh was diverted from plan fund to Non-plan during the year. However, the total receipt and expenditure for entrusted functions have been shown in Statement 7

of the Annual Accounts at Rs. 7471.42 lakh and Rs. 7001.44 lakh respectively. Thus, the annual accounts for the year 1995-96 did not exhibit true and fair picture of the council's receipt and expenditure on account of fund received from the State Government for discharging entrusted functions during the year. The discrepancy had not been reconciled.

2.5.2 According to the terms of entrustment, any plan funds left unutilised at the close of the financial year to be refunded into Treasury by 15th March every year under intimation to the State Finance Department and should not be carried over to the next financial year. The Council retained the unspent balance of plan fund of Rs. 460.09 lakh and utilised the same for meeting non-plan expenditure as well as the expenditure pertaining to its inherent functions, which was irregular.

2.5.3 Administrative charges of Rs. 4.48 lakh @ 7^{1/2} per cent on the advance received from the State Government for discharging entrusted functions was deducted from all the departments in respect of transferred functions from 1995-96 as decided by the council in July 1995 and deposited into Personal Ledger Account (PLA) at the end of financial year 1995-96. This was done by the council due to non-receipt of administrative charges from the State Government for years together. But approval of the State Government for this was not obtained. The Council stated that unspent amount was proposed to be utilised during 1996-97 towards clearance of pending liabilities and development activities of the council. Authority for deduction of the amount from the allotted fund of transferred departments could not be shown to audit.

2.5.4 Due to totalling mistake in the requisition voucher, Rs. 59.69 lakh in excess of admissible amount was paid to Inspector of Schools, Diphu in March 1996 and shown as expenditure in the annual accounts (Statement 6) for the year 1995-96. However, the council had received back the excess amount and entered in the Cash Book in July 1996. The expenditure in the Annual Account for the year 1995-96 was overstated to that extent.

2.6 Personal Ledger Account

The District Council Authorities maintain a Personal Ledger Account (PLA) with the Diphu Treasury, into which all receipts on account of regular functions and entrusted functions are credited and all expenditure on both accounts are met. The balances held in the Personal Ledger Account, were not reconciled with the balances shown in the records of the Diphu Treasury for the period covered under audit resulting in huge discrepancies in the balances as shown below:-

	As per treasury records (Pass Books)	As per PLA (Cash Book)	As per Annual Account for year 1995-96.
(Rupees in lakh)			
i) Opening balance as on 01/04/95	959.96	8.21	343.69
(ii) Closing balance as on 31/03/96	1455.19	246.29	579.39
(iii) Deposit fund receipt	9639.05	9707.19	9702.23
(iv) Deposit fund disbursement	9143.82	9469.11	9464.16

The reason for the omission to reconcile the amounts had not been stated.

Further, as per existing orders of the State Government all the Revenue of the entrusted functions are to be deposited into Government accounts instead of depositing to council's P.L.A.

Test check of records revealed that the revenue of Rs. 3.12 lakh was earned during the year 1995-96 and was deposited into PLA instead of Government account which was in violation of existing orders. The said revenue was omitted in the annual accounts for the year 1995-96 and thus the closing balance of PLA to that extent was overstated.

Reasons for the same had not been stated by the council.

SECTION-III

3.1 Revenue

3.1.1 Loss of forest revenue

During 1993-94, East Forest Division, Diphu settled the lease of 3 Unclassified State Forest (USF) areas with different lessees for a period of 3 (three) years on payment of royalty as per rate notified in June 1992 by the Government¹ of Assam which was agreed to by the lessees under clause II read with Schedule 13 of the agreement entered with the lessees by the council.

Accordingly, the lessees operated 359 trees in their respective lease areas. The total volume was 1502.784 cu.m. amounting to Rs. 20.25 lakh during the lease period till March 1997. The lessees had, however submitted representation for granting remission for payment of forest royalty on the ground of inaccessibility into the lease area and accordingly the council granted remission of 33 per cent of

¹ Rates of Forest Royalty

Class	Girth	Rate /m ³	Class	Girth	Rate/m ³
AI	Over (1.22 m)	5040	BII	Over(1.22m)	1035
	below(-do-)	3000		below(-do-)	690
AII	over (-do-)	3280	C	over (-do)	616
	below(-do-)	2464		below(-do-)	413
AIII	Over (-do-)	2910	D	Over (-do-)	252
	below(-do-)	1820		below (-do-)	210
BI	Over (-do-)	2050	E	over (-do-)	210
	below(-do-)	1235		below (-do-)	140

royalty for Rs. 6.68 lakh which was in violation of agreement. Further according to Government order the variation in rate can be made only after consultation with the Chief Conservator of Forest, Assam but no such prior consultation was made. The granting of remission of forest royalty could not therefore be justified (August 1997).

3.1.2 **Loss due to non-settlement of Mahals at higher rate and delay in settlement**

(b) Jamuna River Sand Mahal No.9 under Forest East Division was settled with the highest bidder at his quoted rate of Rs.7.61 lakh for two years from April 1994. But the settlement had to be cancelled due to non-payment of security deposit and kist money by the bidder. Instead of retendering, the mahal was settled with an agency (who had not quoted their rate earlier) at Rs.5.59 lakh (2nd highest bid was 5.28 lakh) for two years with effect from 20 November 1994 for extraction of 6000 cum. of sand.

On request from the Mahaldar (August 1996) the working period of the sand mahal was extended for further 1 year from 20 November 1996 by the concerned DFO without the knowledge of the council authority. Thus the granting of extension of 1 year without putting on sale of the Mahal for next term of two years the council had sustained a loss of Rs.2.79 lakh (at the rate of Rs.5.59 lakh for two years) as no additional revenue was earned during the extended period.

(b) Deopani Sand Mahal No.5 under Forest East Division was settled with the highest bidder at his quoted rate of Rs.5.97 lakh for two years for extraction of 6000 cum. of sand from November 1995. The settlement was cancelled due to non-payment of security deposit and kist money by the bidder the council finally settled the mahal with an agency who had not quoted their rate earlier at Rs.3.97 lakh (second highest bid was Rs.4.75 lakh) on 27 May 1996 for the period from 24 July 1996 to 23 July 1998. The Mahal was inoperative from November 1994 to June 1996. Due to non-settlement of the Mahal for 1 year 8 months the council sustained loss of Rs.3.31 lakh. (3.97 lakh X $\frac{20}{24}$ months).

3.1.3. Undue favour to the tenderer

According to the tender notice for collection of tolls at

*Bakdia weekly market the successful tenderer shall have to deposit the entire settlement value at the time of settlement. Against the settlement value of Rs. 1.10 lakh only, Rs. 0.40 lakh was collected from the successful tenderer at the time of settlement of right of collection of tolls at Bakdia weekly market for 1995-96. Thereafter, another installment of Rs.0.10 lakh was collected leaving a balance amount of Rs. 0.60 lakh (August 1997)

Records in support of councils action for realisation of outstanding balance of Rs. 0.60 lakh was not made available to audit. Thus the tenderer was given undue favour.

3.1.4 Non operation of Mahals

The operation of the following 3 (three) Mahals under Forest East Division were settled with the Mahaldars remained unoperative for the reasons shown against them :

Sl. No.	Name of the Mahals	Date of settlement	Period of settlement	Amount (Rs. In lakh)	Period of non-operation	Reasons for non-operative
1.	Jamuna River sand-cum-stone Mahal	November 1993	2 years	2.20 lakh	2 years	Financial constraints on the part of the lessee

Sl. No.	Name of the Mahals	Date of settlement	Period of settlement	Amount (Rs. In lakh)	Period of non-operation	Reasons for non-operative
2.	Keliori River Stone-cum-sand Mahal	April 1994	-do-	2.31 lakh	2 years	Non-operation by the lessee
3.	Sand Mahal No.1	-do-	-do-	0.63 lakh	3 years	Lessee failed to deposit SD/Kist money
Total :				5.14 lakh		

Action had not been taken by the council for the loss of Rs. 5.14 lakh sustained by the council for the non-operation of the Mahals (August 1997).

3.1.5. Wasteful expenditure due to failure of plantation

Between 1991-92 and 1995-96, the Forest West Division created plantation on 540 hectares of land under various schemes at a total cost of Rs. 24.30 lakh (inclusive of Rs. 4.37 lakh for cattle watchers).

Test check of records of the DFO, West Division revealed that:

(a) During 1992, the Teak plantation created in 80 hectares of land at a cost of Rs.3.26 lakh completely dried and the entire expenditure incurred on its creation proved wasteful. The reason for non-survival of the plantation was not on record produced to Audit. The percentage of survival of plants in the remaining 460 hectares varied from 10 to 60 per cent.

(b) It was also noticed that Rs. 4.37 lakh was spent during 1995-96 as wages to cattle watchers in addition to maintenance cost. The norms for maintenance work included clearing, weeding, creation of fire lines, watering etc but did not include wages to cattle watchers. The authority for engagement of cattle watcher in addition to cost norms could not be explained to audit by the council (March 1997).

3.2 Other points of interest

3.2.1 Excess procurement of School Uniforms

During 1994-95, the Primary Education Board purchased 55,368 pairs of school uniforms costing Rs. 35.99 lakh at Rs. 65.00 per pair and 7,500 pairs of woollen sweaters costing Rs. 9.00 lakh at Rs. 120 per pair for free distribution among 35,909 primary students of class III and IV. Against these 27,700 pairs of school uniforms and 100 pairs of woollen sweaters were distributed till date (March 1997) leaving 27,668 pairs of school uniforms (valued at Rs. 17.98 lakh) and 7,400 pairs of woollen sweaters (valued at Rs. 8.88 lakh) unutilised. The council in their reply (7 March 1998) had stated that the uniforms were distributed during 1997-98 but had not furnished details of distribution.

3.2.2 Misappropriation

Executive Engineer of the council (now under suspension) misappropriated Rs. 5.14 lakh from the undisbursed amount drawn against the financial sanctions accorded between July 1994 and June 1995 meant for making payments to the contractors in respect of 15 (fifteen) works. The matter was reported to police and departmental proceeding was initiated in March 1996. Further development had not been intimated (August 1997).

The council authority again sanctioned Rs. 4.02 lakh in March 1996 for payment of outstanding contractors bill for 13 works. Against this Rs. 3.64 lakh was paid to the contractors leaving a balance amount of Rs. 0.38 lakh undisbursed. Thus redrawing of Rs.4.02 lakh caused extra burden on the council.

3.2.3. Unclaimed seized timber pending for disposal over three years

Test-check of records disclosed that unclaimed seized logs valued at Rs.24.14 lakh and Rs. 22.78 lakh were lying in the concerned range depots exposed to sun and rain since 1992 and 1994 in Forest East Division and Forest West Division respectively. The forest divisions had not taken action to dispose of the timber.

Reasons for non-disposal of the logs were not stated.

3.3 Outstanding Inspection Reports

Audit observations on financial irregularities and defects in the maintenance of accounts noticed during local audit and not settled on the spot are communicated to the heads of the offices and to the next higher authority through the Inspection Reports.

The following audit paragraphs relating to the Karbi-Anglong District Council, Diphu were pending despite pointing out in earlier Audit Reports.

Sl. No.	Periods/Years Inspection Reports	Year of issue	Number of outstanding paragraphs
1.	January 1972 to December 1992	1994	5
2.	August 1975 to April 1976	1976	32
3.	May 1976 to June 1977	1978	44
4.	July 1977 to September 1978	1979	41
5.	October 1978 to January 1980	1981	47
6.	February 1980 to March 1981	1982	23
7.	April 1981 to March 1982	1983	21
8.	April 1982 to March 1983	1983	38
9.	April 1983 to March 1984	1985	62
10.	April 1984 to March 1985	1986	58
11.	April 1985 to March 1986	1987	12
12.	April 1986 to March 1988	1989	20
13.	April 1988 to March 1990	1996	17
14.	April 1990 to March 1995	1996	33
		Total :	453

S.K. Bahri

(S.K. BAHRI)

Accountant General (Audit), Assam

Guwahati

The 14 JUL 1998

Countersigned

V. K. Shunglu

(V.K. SHUNGLU)

New Delhi

The 21 JUL 1998 Comptroller and Auditor General of India

APPENDICES

APPENDIX - 1

(Reference : Paragraph 2.1.3(i) Page 7)

1. A. Details of discrepancies in the different figures of annual accounts

Year	Particulars	Figures as indicated in the accounts	Actual figures as worked-out by audit	Difference
1995-96	Statement - 7 Total Deposit (D+E) Column 3.	74,71,72,075	74,71,42,075	30,000

APPENDIX-II
(Ref. to Para 2.4 Page 12)

**STATEMENT SHOWING THE VARIATIONS OF RECEIPTS
AND EXPENDITURE BETWEEN THE CURRENT YEAR
(1995-96) AND PREVIOUS YEAR (1994-95)**

Sl. No.	Head of Account	Receipt		Variation Increase(+) Decrease(-)
		1994-95 (Rupees in lakhs)	1995-96	
1.	Taxes on income and expenditure	55.42	40.57	(-)14.85
2.	Stamps and Registration fees	2.00	6.05	(+)4.05
3.	Taxes on vehicles	38.24	Nil	(-)38.24
4.	Other Administrative services	0.22	59.47	(+)59.25
5.	Other General Economic Services	21.99	12.81	(-)9.18
6.	Forest	355.53	270.08	(-)85.45
7.	Mines and Minerals	12.50	14.24	(+)1.74
8.	Grants-in-aid from State Government	60.40	1809.34	(+)1748.94

Reasons for variations had not been stated.

APPENDIX-II
(Ref. to Para 2.4 Page 12)

Sl. No.	Head of Account	Expenditure (Rupees in lakhs)		Variation Increase(+) Decrease(-)
		1994-95	1995-96	
1.	District Council and Executive Member	46.22	133.64	(+)87.42
2.	Administration of Justice	2.60	11.02	(+)8.42
3	Land Revenue	110.94	100.72	(-)10.22
4.	Secretariat General Services	100.73	39.94	(-)60.79
5.	Public Works	157.86	72.92	(-)84.94
6.	Education	824.68	1454.97	(+)630.29
7.	Art and Culture	21.74	16.52	(-)5.22
8.	Public Health, Sanitation and Water Supply	49.52	1.19	(-)48.33
9.	Urban Development	27.00	66.07	(+)39.07
10.	Relief on account of Natural Calamities	14.50	32.95	(+)18.45
11.	Other General Economic Services	21.85	36.11	(+)14.26
12.	Minor irrigation	93.54	70.00	(-)23.54
13.	Forest	281.67	226.27	(-)55.40
14.	Roads and Bridges	59.87	120.00	(+)60.13
15.	Road Transport Services	12.26	36.48	(+)24.22
16.	Pension and Other retirement benefits	27.64	34.34	(+)6.70

Reasons for variations had not been stated by the council.