

Placed in the Council
On 17-08-2009
— — —

**Report of the
Comptroller and Auditor General
of India**

For the year 2004-2005

**TRIPURA TRIBAL AREAS AUTONOMOUS
DISTRICT COUNCIL
KHUMULWNG
TRIPURA**

TABLE OF CONTENTS

	<i>Paragraph(s)</i>	<i>Page(s)</i>
Preface		v
Overview		vii
Section – I		
Introduction	1.1	1
Rules for the management of District Fund	1.2	1-2
Maintenance of Accounts	1.3	2
Section – II		
Receipts and disbursements	2.1	3-4
Discrepancies in ways and means position	2.2	4
Non-maintenance of basic records of accounts	2.3	4-5
Understatement of revenue receipts	2.4	5
Understatement of security deposit	2.5	5
Understatement of closing balance	2.6	5-6
Lack of details of GPF balances	2.7	6
Section – III		
Construction of school building – non submission of adjustment vouchers	3.1	7
Non-production of adjustment vouchers	3.2	7
Doubtful expenditure	3.3	7-8
Award of works without tendering	3.4	8
Internal Control Mechanism	3.5	8-9

PREFACE

This report has been prepared for submission to the Governor under Paragraph 7(4) of the Sixth Schedule to the Constitution of India. It relates mainly to the points arising from the audit of the Annual Accounts of the Tripura Tribal Areas Autonomous District Council for the year 2004-05.

2. This report contains three sections, the first of which deals with the constitution of the District Council, the rules for the management of the District Fund and maintenance of accounts by the District Council. The remaining two sections contain comments on the Council's financial position and the irregularities noticed in the course of test audit of the accounts of the Council for the year 2004-05.

OVERVIEW

- Revenue receipts were understated by Rs. 59 lakh.
(Paragraph 2.4)
- Closing balance was understated by Rs. 65.93 lakh.
(Paragraph 2.6)
- The Council could not produce the details of Rs.1.09 crore booked on account of GPF balances of the staff.
(Paragraph 2.7)
- Adjustment for Rs. 10.10 lakh was wanting from the Zonal Development Officer (South), advanced for implementation of Rural Water Supply Scheme.
(Paragraph 3.2)
- Expenditure of Rs. 4.57 lakh by the Zonal Development Officer (West) was doubtful as supporting documents could not be produced.
(Paragraph 3.3)
- Works valuing Rs. 38.89 lakh were awarded without inviting tenders, thereby forgoing the benefit of competitive bidding and compromising the transparency.
(Paragraph 3.4)

Section - I

I.1 Introduction

The Tripura Tribal Areas Autonomous District Council (TTAADC/ Council) was set up in January 1982 in pursuance of the Tripura Tribal Areas Autonomous District Council Act, 1979 under the provision of Article 246(3) read with the Seventh Schedule to the Constitution of India. It was subsequently (April 1985) brought under the provision of Article 244(2) read with the Sixth Schedule to the Constitution.

The Sixth Schedule (Schedule) to the Constitution provides for administration of specified tribal areas by a Council with power to make laws on matters listed in paragraph 3(1) of the Schedule, mainly in respect of allotment, occupation, use of land, management of forests other than reserved forests, use of any canal or water courses for irrigation purposes, regulation of the practice of "Jhum" or other forms of shifting cultivation, establishment of village or town committees or council and demarcation of their powers, village or town administration including police, public health and sanitation and inheritance of property. Paragraph 6(1) of the Schedule empowers the Council to establish, construct or manage primary schools, dispensaries, markets, ferries, fisheries, roads, road transport and waterways in the respective autonomous districts. Paragraph 8 of the Schedule further empowers the Council to assess, levy and collect 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 taxes for the maintenance of schools, dispensaries or roads.

I.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 money received by the Council in the course of administration of the district in accordance with the provisions of the Constitution. In terms of paragraph 7(2) of the Schedule, rules are to be framed by the Governor for the management of the District Fund and for the procedure to be followed in respect of payment of

money into the said Fund, the withdrawal of money therefrom, the custody of money therein and any other matter connected with or ancillary to these matters. The rules in this regard were notified only in December 2006.

1.3 Maintenance of Accounts

The Council had been preparing its accounts in the format prescribed by the State Government in June 1989 vide Section 41(3) of the TTAADC Act, 1979. In pursuance of paragraph 7(3) of the Sixth Schedule to the Constitution of India, the forms of accounts of the Council was prescribed by the Comptroller and Auditor General of India (May 1992), and the Council was advised to adopt the new format prospectively from April 1992 onwards. As the Council was not adequately equipped to switch over to the new format, on its request, the Government of India permitted (December 2005) the Council to prepare the accounts up to March 1996 in the old format. Though the annual accounts for 2004-05 were submitted by the Council for audit in July 2005, audit could not be taken up as the earlier accounts (1992-93 to 1995-96) were not cleared. These were returned for correction in July 2006.

The results of the test check of the annual accounts for 2004-05 are discussed in the succeeding paragraphs.

Section -II

2.1 Receipts and Disbursements

The receipts and disbursements of the Council during 2004-05 as reflected in the annual accounts and the resultant revenue surplus were as under:

(Rupees in lakh)

Part -I DISTRICT FUND			
Revenue Section			
Receipts		Disbursement	
Grants-in-aid from State Government	8686.03	Other Administrative Service	1069.97
Other Grants		Pension and Other Retirement Benefits	44.78
Crop Husbandry	1.00	Public Works	263.42
Co-operation	3.50	Medical and Public Health	22.71
Forest and Wild life	21.77	Crop Husbandry	35.97
Education	23.80	Science and Technology	0.54
Interest receipts	16.06	Forest and Wildlife	9.66
Other Administrative Service	74.55	Fisheries	12.03
Other General Economic Services		Village and Small Industries	24.23
Crop Husbandry	5.81	Councils Rural	123.35
Animal Resource Development	0.04	Employment Programme	1.10
Village & Small Industries	3.95	2205 Art and Culture	1.21
		Rural development	16.00
		Co-operation	61.51
		District Council Legislature	27.23
		Executive Members of ADC	162.82
		Welfare of Scheduled Tribes	5893.03
		General Education	0.02
		Information & Publicity	58.35
		Minor Irrigation	4.28
		Animal Resources	0.29
		Administration and Justice	21.44
		Water Supply and Sanitation	
Revenue receipts	8836.51	Revenue expenditure	7853.94
		Revenue surplus	982.57

(Rupees in lakh)

Capital Section			
Capital receipts	Nil	Capital expenditure	172.92
Debt Section			
i) Loans received from State Government	Nil	i) Repayment of loans received from Government	Nil
ii) Loans received from other sources	Nil	ii) Repayment of loans received from other sources	Nil
iii) Recovery of loans and advances	61.67	iii) Disbursement of loans and advances	61.67
Total of Debt Section	61.67	TOTAL	61.67
Part -I District Fund	8898.18	Part-I District Fund	8088.53
PART - II DEPOSIT FUND			
Deposit Section			
Deposit receipts	187.32	Disbursement of deposit	406.29
Total of Part-II Deposit Fund	187.32	Part-II Deposit Fund	406.29
OVERALL POSITION			
Total Receipts (I +II)	9085.50	Total disbursement (I+II)	8494.82
Opening balance	2160.63	Closing balance	2751.31
Grand Total	11,246.13	Grand Total	11,246.13

2.2 Discrepancies in ways and means position

Statement No. 3 of the accounts depicts the ways and means position i.e. month wise receipts and disbursement during the year. It was observed that the total receipts (Rs. 86.31 crore) and disbursements (Rs. 80.43 crore) during the year shown in Statement No. 3 were less by Rs. 4.54 crore and Rs. 4.52 crore respectively compared to the figures exhibited in detailed accounts of receipts (Rs. 90.85 crore) in Statement No. 5 and disbursements (Rs. 84.95 crore) Statement No. 6 of the accounts. The Council did not furnish any reason for such discrepancy.

2.3 Non-maintenance of basic records of accounts

According to the General Principles and method of accounting as communicated by the Ministry of Finance, Department of Economic Affairs in respect of District/Regional Councils, the recoveries relating to overpayment of the current year should be taken as reduction of expenditure by posting these as minus expenditure under the head previously over charged and the recoveries/refunds relating to previous year should be credited to the departmental receipt head.

The Council received Rs. 58.18 lakh during 2004-05 on account of recoveries, refunds and unspent money. It however, did not maintain any Ledger Account clearly indicating the year to which the receipts pertained. As such, the adjustment of recoveries and unspent money was not done as per the approved procedure.

2.4 Understatement of Revenue Receipts

Scrutiny of the Cash Book of the Executive Officer (Administration) revealed that revenue amounting to Rs. 1.51 crore, realised during the year was shown as Rs. 1.00 crore in the annual accounts which resulted in the understatement of receipts by Rs. 0.51 crore. Further, the Council received from the State Government Rs. 58 lakh for different development works (Other Grants) and other sources but the amount was shown as Rs. 50 lakh only in the final accounts, which resulted in understatement of receipts by Rs. 8 lakh. Thus, there was a total discrepancy of Rs. 59 lakh which remained unreconciled.

2.5 Understatement of security deposit

Statement No. 3 showed closing balance of Rs. 23.51 lakh, but the corresponding amount as per the records of the Executive Engineer (West), Agartala, and the Executive Engineer (South) was Rs. 31.18 lakh¹. As such the deposit balance was understated by Rs. 7.67 lakh leaving the balance held by the Executive Engineers (North and Dhalai). The Council could not furnish the deposit balances held by the Executive Engineer (Dhalai) and Executive Engineer (North).

2.6 Understatement of closing balance

Substantial differences were noticed between the closing cash balance shown in the annual accounts and the actual balances with DDOs, as detailed below.

¹ Executive Engineer (West) : Rs. 23.84 lakh and Executive Engineer (South) : Rs. 7.34 lakh.

(Amount in rupees)

DDO	Actual closing balance as per cash book	Closing balance shown in the accounts	Difference
E.O (Admn.)	2,07,66,225.00	1,76,92,913.00	30,73,312.00
Secretary, District Council	2,68,187.81	2,05,781.00	62,406.81
EE (South)	1,38,33,280.00	1,07,00,399.00	31,32,881.00
EE, Dhalai	1,26,92,341.00	1,23,68,249.00	3,24,092.00
Total	4,75,60,033.81	4,09,67,342.00	65,92,691.81

The difference of Rs. 65.93 lakh in the closing balance remained unreconciled.

2.7 Lack of details of GPF balances

The Council could not produce the details of GPF balances of the employees in support of the closing balance of Rs. 1.09 crore in Statement No. 3 of the accounts. In the absence of these details, the correctness of the closing balance could not be vouched.

Section - III

3.1 Construction of school building - non submission of adjustment vouchers

For construction of 7 pucca school buildings at different places, the Executive Engineer (South) received Rs. 35 lakh in March 2004. Out of this, Rs. 29.74 lakh was advanced to 2 implementing officers for construction of 6 schools.

Though the work was to be completed in three and half months, the implementing officers had not submitted adjustment bills till the date of audit (November 2006), nor was there any evidence to support that the works were actually executed (February 2008).

3.2 Non-production of adjustment vouchers

The Zonal Development Officer (South), (ZDO) Birchandramanu, received Rs.10.10 lakh in April 2003 from the Executive Officer (Administration) for construction of Mark II/III tube wells under Rural Water Supply Scheme during 2003-04. 20 work orders were issued for construction of Mark II/III tube wells in different places under the Council areas of Birchandramanu Zonal Division. All the works were executed departmentally and the amount was disbursed to the Implementing Officers.

Though the amount was entered in the Cash Book, the ZDO (South) did not maintain any advance register for this purpose. No adjustment vouchers or any other records in support of the execution of the works could be produced to audit. The matter was referred to the ZDO (November 2006) but his reply had not been received (February 2008).

3.3 Doubtful expenditure

The Council had been placing funds with the Zonal Development Officers² for execution of different development works within the Council area.

The Zonal Development Officer (West) incurred an expenditure of Rs. 4.57 lakh (Annex-A) but could not produce any work order/work sanction memo in

² 4 Nos. of Zonal Development Officer viz. ZDO (West) at Khumulwng, ZDO (South) at Birchandramanu, ZDO (Dhalai) at Ambassa and ZDO (North) at Machmara.

respect of 10 out of 14 works. Adjustment vouchers were wanting in respect of 2 works (Sl No.1 and 2). Completion Certificates for construction of Mark II Tube Well and construction of urinal were not available and the supporting records of excavation of ponds were also not available. As such, the expenditure of Rs. 4.57 lakh could not be verified in audit.

3.4 Award of works without tendering

Rule 45 of the TTAADC (Budget and Accounts) Rules, 1982 provides for application of State PWD codes, rules, and regulations in the works undertaken by the Council. The State PWD has fixed a limit of Rs. 30 lakh on annual expenditure per division for execution of works without tenders.

Test check revealed that during 2004-05, 76 work orders pertaining to 37 works for Rs. 38.89 lakh were issued by the Executive Engineer, West Division, without inviting tenders. Out of these, single work orders were issued in respect of 20 works and 56 work orders were issued by splitting 17 works. Awarding of works without following the process of tendering not only deprived the Council of the benefits of competitive bidding but also lacked transparency and cast doubt on the quality of the works as most of the single works were distributed among several contractors, whose technical capability to execute the works (roads, buildings etc.) was not on record.

The Executive Engineer stated (August 2007) that the selection of contractors was being done by the Sub-Zonal Development Committee and the value of the works was being distributed among the contractors proposed. The reply is not tenable as the existing practice was violative of the manualised provisions and had serious implications for the cost and quality of the works as well as on the transparency of the process.

3.5 Internal Control Mechanism

Non-reconciliation of cash balances with different implementing officers, instances of variation in the balances shown in the Cash Book of the Council with that of other DDOs, non-maintenance of basic records in support of figures booked in the final accounts, differences in the figures shown in different statements of the annual accounts and the figures furnished by the

implementing offices, non-recovery of advances, instances of expenditure without effective administrative and financial control reflect inadequate internal control mechanism in the Council and raise serious questions about the correctness, completeness and reliability of the accounts.

Agartala

The 07-07-2008



(P.K. Tiwari)
Accountant General (Audit)
Tripura, Agartala

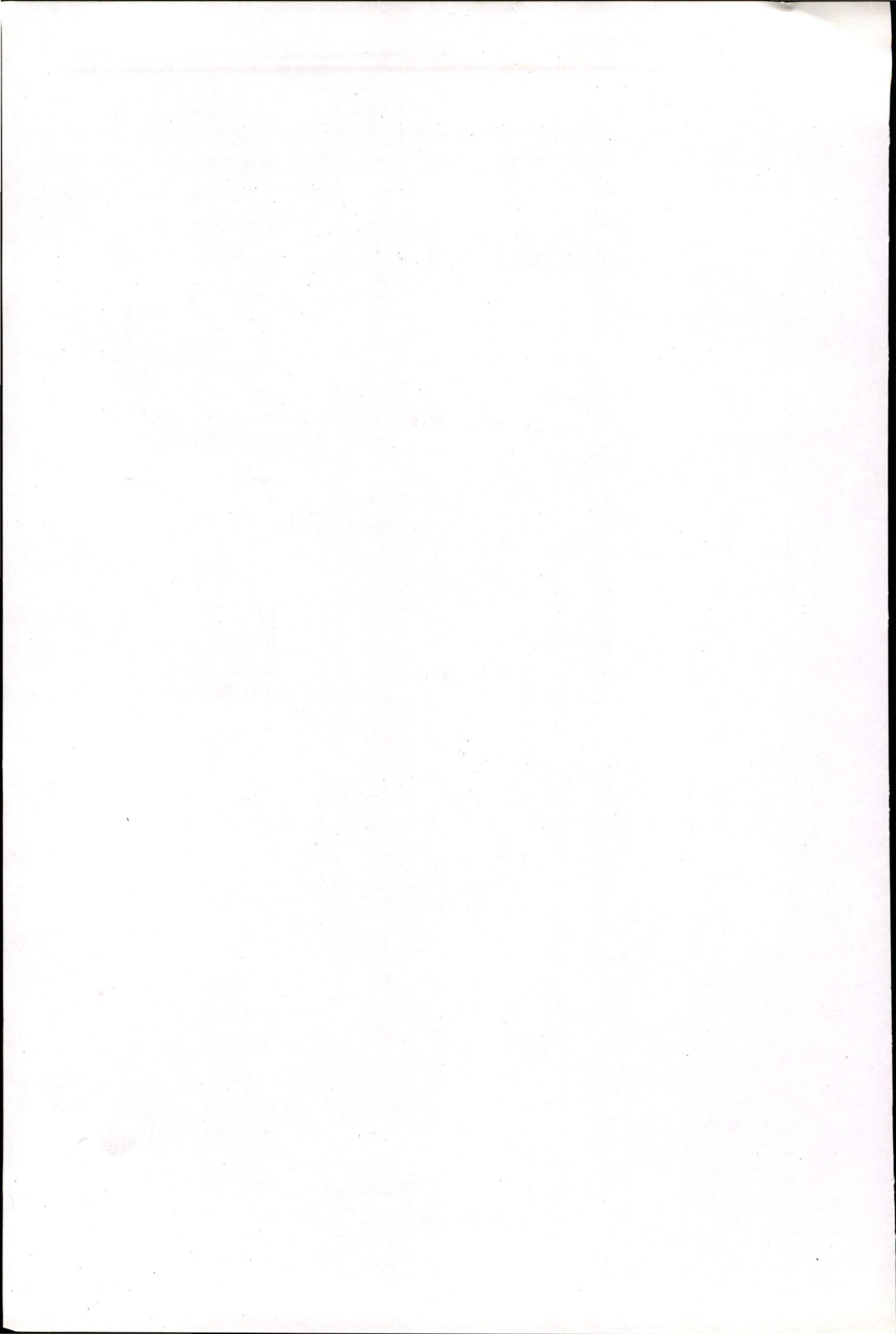
Countersigned

New Delhi

The 18-07-2008



(VINOD RAI)
Comptroller and Auditor General of India



Annex-A

Statement showing the works undertaken by the Zonal Development Officer (West) not verifiable by Audit

(Reference: Paragraph 3.3)

Sl. No.	Name of the work/scheme	Implementing officer	Date of advance payment	Amount (Rs.)	Cash book with page No.	Sanction Memo No./Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Office Expenses (Computer, CPU etc.)	Ranjit Debbarma, TWS	20-12-04	22,000	Vol-3, P-15	2666-69, dt.28-9-04
2	Maintenance of ZDO's	Sachindra Kalai, SK	03-11-04	9,000	Vol-15, P-262	3160-62, dt 1-11-04
3	Demonstration Agri Crops.	SZDO, Khumlung	18-11-04	66,000	Vol-14, P-273	3331-34, dt 18-10-04
4	-Do-	SZDO, Takarjala	18-11-04	66,000	Vol-14, P-273	3331-34, dt 18-10-04
5	Construction of Mark-II Tube well	Sanjit Debbarma, JE	18-11-04	62,951	Vol-14, P-273	-
6	Construction of Urinal point	-Do-	07-12-04	37,185	Vol-14, P-287	-
7	Cutting of Pond	Minal Debbarma, FA	27-11-04	15,000	Vol-14, P-277	-
8	-Do-	Do	07-12-04	30,000	Vol-14, P-287	-
9	Construction of Mini Barrage	Bir. Kr. Debbarma, FA	10-12-04	30,000	Vol-14, P-290	-
10	Cutting of Pond	Do	16-12-04	20,000	Vol-15, P/2	-
11	-Do-	Do	20-12-04	20,000	Vol-15, P/4	3571-78, dt 7-12-04
12	-Do-	Milan Debbarma, FA	20-12-04	20,000	Vol-15, P/4	3451-57, dt 26-11-04
13	-Do-	Do	06-01-05	34,650	Vol-15, P/21	-
14	-Do -	Bir. Kr. Debbarma, FA	06-01-05	24,650	Vol-15, P/21	-
Total				Rs. 4,57,436		

