



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

**For the year ended 31 March 1998**

**Garo Hills Autonomous District Council  
Tura, Meghalaya**

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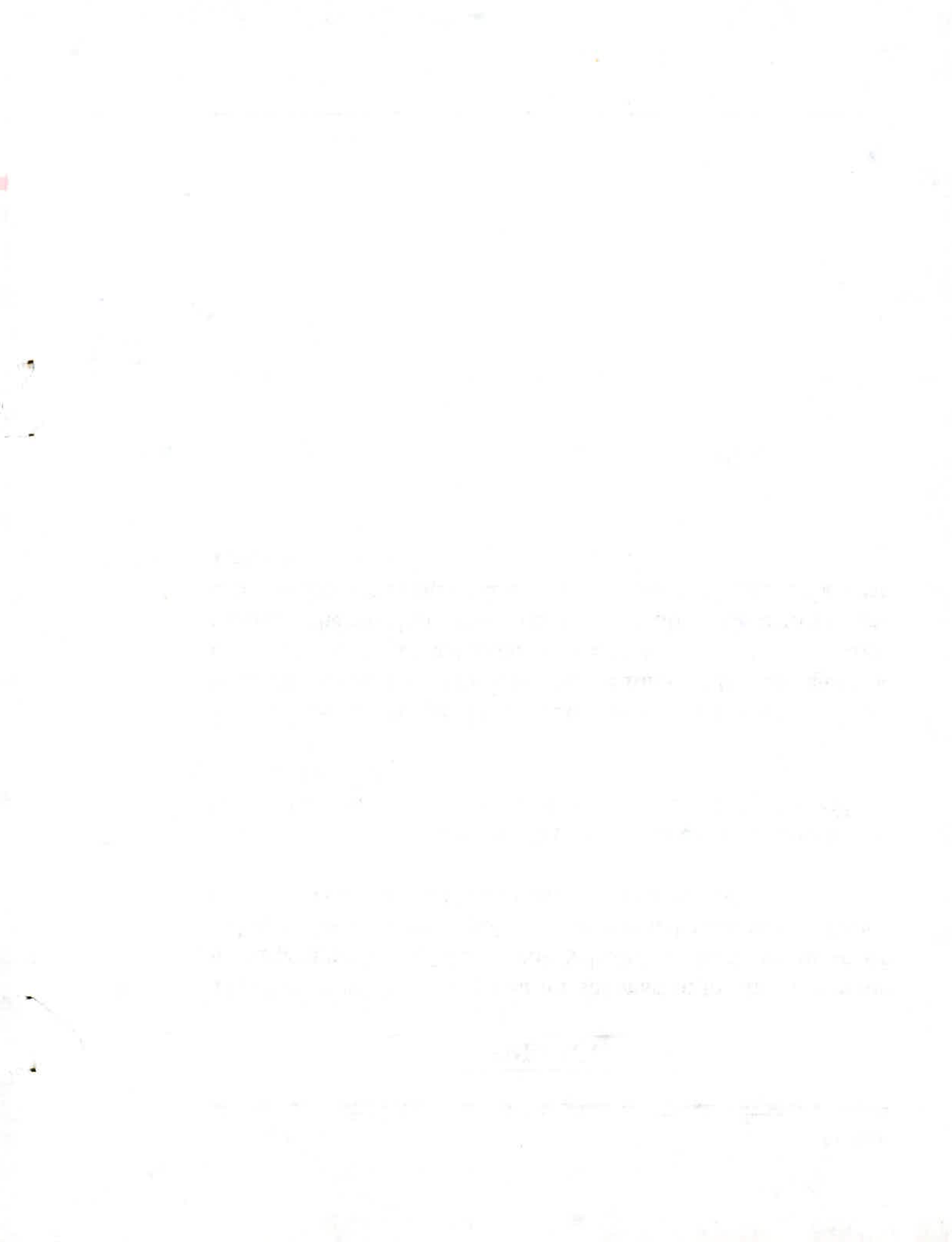
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**PREFACE**

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

2. The cases mentioned in this Report are those which came to notice in the course of test-check of the accounts of the Council for the year 1997-98.

3. This Report contains three sections of which one section deals with the constitution of the Council, the rules for the management of the District Fund and maintenance of accounts by the District Council. The remaining two sections deal with the Council's financial position and irregularities noticed in audit relating to the year 1997-98.



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# OVERVIEW

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**OVERVIEW**

A synopsis of the important findings contained in this Report is presented in this overview.

Revenue of Rs. 10.23 lakh collected during 1997-98 by leasing out the Hats/Bazars was not accounted for in the Annual Accounts of the year, resulting in understatement of receipts to that extent.

**(Paragraph 2.2.1)**

Non-reconciliation of figures under Personal Ledger Account with Treasury led to difference of Rs. 8.90 lakh between the closing balance shown in the Annual Accounts and the records of the Treasury.

**(Paragraph 2.3)**

Kist money of Rs. 5.20 lakh collected from the lessees during May 1997 to April 2000 and not credited to the Council's account by the concerned collector had not been recovered.

**(Paragraph 3.1)**

The Council sustained loss of Rs. 1.06 lakh due to non-recovery of balance amount of advance paid irregularly to a contractor who failed to execute the work.

**(Paragraph 3.2)**

Revenue of Rs. 34.61 lakh being the lease money of Hats/Bazars (Rs. 8.93 lakh) and land revenue (Rs. 25.68 lakh) pertaining to the year 1997-98 remained unrealised from the bidders till the date of audit (September 2000).

**(Paragraph 3.3)**

1918

Received of the Treasurer of the State of New York the sum of \$100.00 for the year 1918.

1919

Received of the Treasurer of the State of New York the sum of \$100.00 for the year 1919.

1920

Received of the Treasurer of the State of New York the sum of \$100.00 for the year 1920.

1921

Received of the Treasurer of the State of New York the sum of \$100.00 for the year 1921.

1922

Received of the Treasurer of the State of New York the sum of \$100.00 for the year 1922.

1923

Received of the Treasurer of the State of New York the sum of \$100.00 for the year 1923.

STATE OF NEW YORK

Received of the Treasurer of the State of New York the sum of \$100.00 for the year 1924.

## **SECTION I**

### **1.1 Introduction**

The Garo Hills Autonomous District Council was set up in 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 Schedule mainly in respect of allotment, occupation, use of land, management of forest other than reserved forest, use of any canal or water courses for agriculture, regulation of the practice of "Jhum" or other forms of shifting cultivation, establishment of village or town committee or council and their power, village or town administration including police, public health and sanitation and inheritance of property. Under paragraph 6(1) of the Schedule, the Councils have powers to establish, construct or manage primary schools, dispensaries, markets, cattle pounds, ferries, roads, road transport and waterways in the respective Autonomous Districts. The Councils also have the powers to assess, levy and collect within the Autonomous District, revenue in respect of land and buildings, taxes on profession, trades, callings and employments, animals, vehicles and boats, tolls on passengers and goods carried in ferries and the maintenance of schools, dispensaries or roads as listed in paragraph 8 of the Schedule.

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

The Sixth Schedule provides for the constitution of District Fund for each Autonomous District to which shall be credited all moneys received by the Council in the course of administration of the districts in accordance with the provisions of the Constitution. In terms of the provisions 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 the payment of the moneys 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. These rules have not been finalised so far ( June 2001 ). Meanwhile, the affairs of the District Council are being regulated in accordance with the Garo Hills District Fund Rules, 1952.

### **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 Garo Hills Autonomous District Council in June 1977.

Results of the test check of the Annual Accounts of the Council for the year 1997-98 are given in succeeding paragraphs.

## SECTION II

### 2.1 Receipts and expenditure

2.1.1 According to the revised Annual Accounts furnished by the Council, in June 2001, the receipts and expenditure of the Council for the year 1997-98 with resultant revenue deficit were as follows :-

Receipts (Rupees in lakh)		Disbursements (Rupees in lakh)	
<b>PART I - DISTRICT FUND</b>			
<b>1. Revenue Receipts</b>		<b>1. Revenue Expenditure</b>	
(i) Taxes on Income and Expenditure	47.39	(i) District Council	32.53
(ii) Land Revenue	46.19	(ii) Executive Members	8.35
(iii) Taxes on Vehicle	24.01	(iii) Land Revenue	88.58
(iv) Public Health, Sanitation and Water Supply	5.20	(iv) Secretariat General Services	114.05
(v) Other General Economic Services	21.40	(v) Stationery and Printing	12.18
(vi) Forest	24.04	(vi) Public Works	170.07
(vii) Mines and Minerals	260.00	(vii) Pension and other retirement benefits	28.46
(viii) Grants-in-aid from State Government	143.72	(viii) Public Health, Sanitation and Water Supply	23.13
(ix) Other heads of accounts	3.92	(ix) Other General Economic Services	26.87
		(x) Forest	88.77
		(xi) Other heads of account	3.90
<b>Total Revenue receipts</b>	<b>575.87</b>	<b>Total Revenue Expenditure</b>	<b>596.89</b>
<b>Revenue Deficit</b>	<b>21.02</b>		

*Audit Report for the year ended 31 March 1998*

<b>Receipts (Rupees in lakh)</b>		<b>Disbursements (Rupees in lakh)</b>	
<b>2. Capital</b>	Nil	<b>2. Capital</b>	Nil
<b>3. Debt</b>		<b>3. Debt</b>	
(i) Loans received from 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	1.00
<b>4. Loans and Advances</b>		<b>4. Loans and Advances</b>	
Recoveries of Loans and Advances	7.06	Disbursement of Loans and Advances	1.46
<b>5. Deficit under Capital and Debt account</b>	Nil	<b>5. Surplus under Capital and Debt account</b>	4.60
<b>Total Part - I District Fund</b>	<b>603.95</b>	<b>Total Part - I District Fund</b>	<b>603.95</b>
<b>PART II DEPOSIT FUND</b>			
Deposit Receipts	12.94	Deposit Payments	0.44
<b>Total of Part II Deposit Fund</b>	<b>12.94</b>	<b>Total of Part II Deposit Fund</b>	<b>0.44</b>
<b>Total Receipts (I+II)</b>	<b>595.87</b>	<b>Total Disbursements (I+II)</b>	<b>599.79</b>
Opening Balance	4.63	Closing Balance	0.71
<b>GRAND TOTAL</b>	<b>600.50</b>	<b>GRAND TOTAL</b>	<b>600.50</b>

**2.1.2 Variations between Budget provisions and actuals**

The Budget of the Council for the year 1997-98 had projected revenue receipts ( excluding grants-in-aid ) and expenditure of Rs.804.40 lakh and Rs.973.05 lakh respectively . The actual revenue and expenditure as reflected in Statements 5 and 6 of the Annual Accounts for the year 1997-98 were Rs.432.15 lakh and Rs.596.89 lakh respectively. The percentage of shortfall were 46 and 39 in revenue collection and expenditure respectively. Details of head of accounts involving substantial variations are given in Appendix I. The variations are over **50 per cent** under the heads of account Taxes on income and expenditure, Land Revenue, Public Health Sanitation and Water Supply and Forest under Receipt side. In respect of expenditure side it was 62 per cent under Forest.

Reasons for shortfall in revenue receipts as well as in expenditure had not been stated (June 2001).

***2.1.3 Variations in receipts and expenditure between current and previous year***

Details of variations in receipts and expenditure between current year (1997-98) and previous year (1996-97) are indicated in Appendix II. There were huge variations on the receipt side under Public Health, Sanitation and Water Supply (313 **per cent**) and Mines and Minerals (180 **per cent**) and on the expenditure side under Pension and retirement benefits (215 **per cent**), Roads and Bridges (100 **per cent**) and Public Works (197 **per cent**) for which reasons have not been stated (June 2001).



## **2.2. Comments on accounts**

2.2.1 As per revenue collection and maintenance register maintained by the Land Revenue Branch of the Council, Rs. 51.55 lakh was collected by the Council during 1997-98 by leasing out the Hats/Bazars. Against this, Rs. 41.32 lakh was accounted for in the Annual Accounts during 1997-98 resulting in understatement of receipts by Rs. 10.23 lakh. Reasons for short account of receipts had not been furnished (June 2001).

The Council stated (June 2001) that the matter was under investigation. Further development was awaited (July 2001).

2.2.2 Receipts under the heads Land Revenue (Rs. 46.19 lakh) and Forest (Rs. 24.04 lakh) shown in Statement 5 of the Annual Accounts for the year 1997-98 were different from the actuals for 1997-98 shown in the Detailed Estimates of Receipts and Expenditure for the year 1999-2000 (Land Revenue : Rs. 66.20 lakh; Forest : Rs. 56.85 lakh). This indicated that either the receipts were understated in the Annual Accounts - 1997-98 or inflated receipts were reported to the members of the Council through the Detailed Estimates of Receipts and Expenditure - 1999-2000.

The Council admitted the fact (March 2001), but gave no reasons for the discrepancies.

2.2.3 Expenditure of Rs. 51.08 lakh and Rs. 23.13 lakh incurred on construction of roads and ringwell respectively were accounted for in Statement 6 of Annual Accounts under the revenue heads "Public Works-Construction of Roads" and "Public Health, Sanitation and Water Supply-Other Rural Water Supply Schemes - Construction of Ringwell, etc." instead of capital heads resulting in understatement of capital expenditure and overstatement of revenue expenditure to that extent. The Budget of the Council also did not provide for any expenditure under the head "Public Works-Construction of Roads."

The Council admitted the fact (March 2001), but gave no reason for the omission.

2.2.4 Opening balance (Rs. 36.51 lakh) and closing balance (Rs. 15.49 lakh) shown in Statement 7 of the revised Accounts for the year 1997-98 under 'G-Cash Remittance' were different from those shown in Statement I (Opening Balance: Rs. 4.63 lakh; Closing Balance : Rs. 0.71 lakh). The Council stated (June 2001) that the discrepancies were under scrutiny and the actual position would be exhibited in the subsequent Annual Accounts.

### **2.3 Personal Ledger Account**

The District Council Authorities maintained two Personal Ledger Accounts (PLA) with the Tura Treasury, one for its own revenue (1st PLA) and the other for grants-in-aid received from the State Government (2nd PLA). As on 31 March 1998, the balances held in the 1st and 2nd PLAs as per records of the Treasury were Rs. 4.50 lakh and Rs. 5.11 lakh respectively, whereas the revised Annual Accounts of the Council for the year 1997-98 showed closing balance of Rs. 0.71 lakh. This resulted in understatement of closing balance by Rs. 8.90 lakh. The Council stated (June 2001) that the reconciliation of the discrepancies was in progress. Further development was awaited (July 2001).

## **SECTION III**

### **3.1. Misappropriation of money**

Rule 17 of the Garo Hills District Fund Rules, 1952 provides that all receipts of the Council collected by any employee of the Council shall pass through the Cashier, who shall enter them in his Cash Book.

Test-check (September 2000) of Receipt Books of the Land Revenue Branch of the Council revealed that kist money of Rs. 5.20 lakh collected by the employee of the Council from the lessees of hats/ markets during May 1997 to April 2000 was not deposited to the Cashier of the Council for crediting into Council's fund in contravention of Fund Rules. The Internal Auditor of the Council in his report of August 2000 had indicated that the Collector of the kist money had admitted that he had misappropriated the aforesaid amount of Rs. 5.20 lakh. Action, if any, taken by the Council for recovery of the amount had not been stated (June 2001).

The Council admitted the fact (March 2001), but gave no reasons for the omission.

### **3.2. Loss due to irregular payment of advance to the contractor**

The construction work of one Inspection Bungalow at Chima Impel, estimated to cost Rs. 3.31 lakh, was awarded (April 1995) to a contractor at estimated cost without executing any agreement and obtaining any security. In contravention of Rule 101 of the Garo Hills District Fund Rules, 1952, which prohibits any payment to contractor except for work actually done, advance payment for Rs. 1.50 lakh was made to the contractor in June 1995. Nature of advance was not available from the records produced to Audit.

Test-check (September 2000) of records revealed that the work order issued to the contractor was cancelled by the Council in October 1996 due to poor progress since value of work done by the contractor was only

Rs. 0.44 lakh. The work was, however, re-allotted (October 1996) to another contractor for the remaining unexecuted portion of Rs. 2.87 lakh (Rs. 3.31 lakh - Rs. 0.44 lakh) and got completed in February 1997. Payment for Rs. 2.87 lakh was made to the contractor in June 1997. The Council had not taken any action to get the balance amount of Rs. 1.06 lakh (Rs. 1.50 lakh - Rs. 0.44 lakh) from the first contractor till the date of audit, reasons for which were not on records made available to Audit.

The Council stated (May 2001) that the advance payment of Rs. 1.50 lakh was made to the first contractor as per order of the then executive committee. The fact remains that payment of advance to the first contractor without taking any security resulted in loss to the Council to that extent. The responsibility for such irregular payment of advance was also not fixed.

### **3.3. Non-realisation of revenue**

Test-check (September 2000) of Demand and Collection Register maintained by the Revenue Branch of the Council revealed that against total demand of Rs. 89.05 lakh being the lease money of Hats/ Bazars (Rs. 60.48 lakh) and land revenue (Rs. 28.57 lakh) pertaining to the year 1997-98, Rs. 54.44 lakh (Lease money : Rs. 51.55 lakh; Land revenue : Rs. 2.89 lakh) was collected during the year leaving Rs. 34.61 lakh unrealised from the bidders. Reasons for failure to realise the balance amount of Rs. 34.61 lakh were not on records made available to Audit.

The Council stated (May 2001) that no action had yet been taken to recover the lease money, reasons for which had not been stated.

### **3.4. 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 authorities through the Inspection Reports.

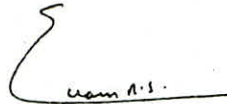
At the end of 1999-2000, 5 Inspection Reports (IR) relating to the Council issued between 1994 and 1998 still contained 115 unsettled paragraphs.

Audit Report for the year ended 31 March 1998

Even first replies to 96 paragraphs of 4 IRs issued between 1995 and 1998 had not been furnished by the Council despite repeated reminders (June 2001).

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**(E. R. SOLOMON)**  
Accountant General (Audit)  
Meghalaya, Arunachal Pradesh  
and Mizoram

Countersigned



**(V. K. SHUNGLU)**  
Comptroller and Auditor General of India

New Delhi  
The

03 JAN 2002

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## **APPENDICES**

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## APPENDIX I

**Statement showing substantial variations between budget and actuals**

(Reference : Paragraph 2.1.2; Page 4)

Sl No.	Major Head of Account	Budget estimate	Actual as per Annual Accounts	Variation Shortfall	Percentage of variation
( Rupees in lakh)					
<b>RECEIPTS</b>					
1.	Taxes on Income and Expenditure	119.60	47.39	72.21	60
2.	Land Revenue	198.92	46.19	152.73	77
3.	Public Health, Sanitation and Water Supply	12.00	5.20	6.80	57
4.	Other General Economic Services	31.00	21.40	9.60	31
5.	Forest	87.00	24.04	62.96	72
6.	Mines and Minerals	352.60	260.00	92.60	26
<b>EXPENDITURE</b>					
1.	Land Revenue	117.97	88.58	29.39	25
2.	Forest	236.60	88.77	147.83	62
3.	Printing and Stationery	19.91	12.18	7.73	39



**APPENDIX II**

**Variations in receipts and expenditure between current and previous year (20 per cent or more)**

(Reference : Paragraph 2.1.3; Page 5)

Sl. No.	Head of Accounts	Actuals		Variation Increase (+) Decrease (-)	Percentage of variation
		1996-97	1997-98		
		(Rupees in lakh)			
<b>REVENUE HEADS</b>					
1.	Taxes on Vehicles	17.28	24.01	(+) 6.73	39
2.	Public Health, Sanitation and Water Supply	1.26	5.20	(+) 3.94	313
3.	Forest	146.87	24.04	(-)122.83	84
4.	Mines and Minerals	92.83	260.00	(+) 167.17	180
<b>EXPENDITURE HEADS</b>					
1.	District Council	23.45	32.53	(+) 9.08	39
2.	Executive Members	5.54	8.35	(+) 2.81	51
3.	Public Works	57.21	170.07	(+)112.86	197
4.	Pension and other retirement benefits	9.03	28.46	(+) 19.43	215
5.	Forest	73.95	88.77	(+) 14.82	20
6.	Roads and Bridges	47.24	—	(-) 47.24	100