

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

For the year 1995-96

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

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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 the points arising from the audit of the Annual Accounts of the Tripura Tribal Areas Autonomous District Council for the year 1995-96.

2. This Report contains three sections, of which one deals with the constitution of the Council, the rules for the management of the District Fund and the maintenance of accounts by the Council. The remaining two sections include comments on the Council's financial position and various irregularities noticed in the course of test audit of the accounts of the Council for the year 1995-96.

OVERVIEW

- The balances in the treasury was overstated by Rs. 1.30 crore.
(Paragraph 2.1.1(i))
- There were large unreconciled differences in the opening and closing balances of the cash as per the Cash Books and the Accounts. Opening balance was overstated by Rs. 1.60 crore while the closing balance was overstated by rupees one crore.
(Paragraph 2.1.1(iii))
- Excess expenditure of Rs. 11.15 crore was incurred on 'Direction and Administration' by diversion of developmental funds.
(Paragraph 2.2.1)
- Rupees 1.39 crore advanced to the Implementing Officers had not been acknowledged and was shown as outstanding suspense balance.
(Paragraph 2.3.1)
- Liabilities were understated as they did not include the interest accrued on GPF contributions of the employees.
(Paragraph 2.3.3)
- Rupees 68.73 lakh meant for Mid-day-meal programme was diverted for construction of Social Education Centres.
(Paragraph 3.1)

Section – I

1.1 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 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 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.

1.2 Rules for the management of District Fund

The Sixth Schedule 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 forms of accounts for the Council were prescribed by the State Government in June 1989 (hereafter referred to as 'Old Format') vide Section 41(3) of the TTAADC Act for Councils formed under the Seventh Schedule. In pursuance of paragraph 7(3) of the Sixth Schedule to the Constitution of India, the form of accounts of the Council (hereafter referred to as 'New Format') was prescribed by the Comptroller and Auditor General of India in May 1992. As the Council was not equipped to prepare the accounts in the new format, the Government of India agreed (September 1992) to the request of the Council to prepare its accounts in the new format prospectively from 1992-93 onwards. The Council, however, continued to prepare its accounts in the old format.

The accounts of the Council for 1995-96 were received in the old format in April 1998. Since the approval of the Government of India for preparation of accounts in the old format was only up to 1991-92, the Council was asked (June 2000) to resubmit the accounts in the new format. Subsequently, the Government of India permitted (December 2005) the Council to submit the annual accounts up to 1995-96 in the old format.

Results of the test check of the Annual Accounts of the Council for 1995-96 are discussed in the succeeding paragraphs.

Section – II

2.1 Annual Accounts

The Annual Accounts of the Council comprise Receipts and Payment Account, Income and Expenditure Account and Balance Sheet.

2.1.1 Receipts and Payment Account

The following table presents a summary of the Receipts and Payment Account of the Council for the year 1995-96.

(Rupees in lakh)

Particulars	Amount
1. Opening Balance	2929.64
- Cash in hand	Nil
- Cash at bank	582.01
- Cash at Treasury (PLA Cash Book)	2347.63
2. Receipts	4522.60
- Grants-in-aid	3789.62
- Share of Taxes	502.00
- Miscellaneous Receipts	1.48
- Refund	77.53
- GPF contribution	81.47
- Cancellation of cheques	70.50
3. Total(1+2)	7452.24
4. Payments	4637.78
5. Closing Balance (3-4)	2814.46
- Cash in hand	Nil
- Cash at Bank	250.63
- Cash at Treasury (PLA Cash Book)	2563.83

(i) Deposit in the PL Account as reconciled with the Treasury was Rs. 41.62 crore while the amount exhibited in the Receipts and Payment Account was Rs. 42.92 crore. This resulted in overstatement of balances with treasury by Rs. 1.30 crore.

(ii) Rupees 69.03 lakh received as refunds from implementing officers/agencies were exhibited in the Receipts and Payment Account as

Rs.77.53 lakh. This overstatement of receipts by Rs.8.50 lakh had not been reconciled (September 2007).

(iii) The opening balance of cash as per the Cash Books (General and PLA Cash Book) was Rs.27.70 crore but was shown in the Receipts and Payment Account as Rs.29.30 crore, leading to overstatement by Rs.1.60 crore. Similarly, the closing balance of cash as per the Cash Books was Rs.27.14 crore but was shown in the Receipts and Payment Account as Rs. 28.14 crore, resulting in overstatement by rupees one crore. The discrepancies had not been reconciled (September 2007) despite the assurance from the Council (July 2006).

(iv) Advances amounting to Rs.51.27 crore¹ paid during 1995-96 to the implementing officers/agencies were exhibited in the Receipts and Payment Account as Rs. 43.20 crore, resulting in understatement by Rs.8.07 crore. The discrepancy had not been reconciled as of September 2007.

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AS PER REGISTERS MAINTAINED BY THE COUNCIL		AS PER RECEIPTS AND PAYMENT ACCOUNT	
ZDOs	107678708.50	P.O. FOREST	264998169.00
EXECUTIVE ENGINEER, TTAADC	29845546.00	ZDOs	107878486.00
Pos (11 NOS)	19862066.00	EXECUTIVE ENGINEER, TTAADC	130879208.00
OTHERS	2271000.00	EE, State PWD	275000.00
CSEO TTAADC	63000.00	BDOs	100000.00
Secretary District Council	485000.00	OTHERS	3215062.08
CSEO TTAADC	63000.00	Placement to POS from PL Account	271841052.00
Secretary District Council	5330349.00		
	512739274.00		432046372.50

(v) The Receipts and Payment Account and the Income and Expenditure Account revealed wide variations between the figures relating to salaries, allowances and TA as detailed below:

(Rupees in lakh)

Item of expenditure	Figures as per Receipts and Payment Account	Figures as per Income and Expenditure Account	Difference
Salary	89.37	2590.51	2501.14
TA to staff	2.45	4.61	2.16
Allowance to members	3.88	7.50	3.62
TA to members	0.81	2.09	1.28
Total			2,508.20

The Council stated (June 2007) that the Income and Expenditure Account depicted the consolidated figures of expenditure of all DDOs whereas the Receipts and Payment Account depicted only the figures relating to the Executive Officer (Admn.). The reply is not acceptable as such segmented accounting is neither tenable nor was disclosed.

2.2 Budget Estimates and Actuals

2.2.1 Expenditure

The actual expenditure *vis-à-vis* the budget provision in 1995-96 is shown in the table below:

(Rupees in crore)

Sl. No.	Particulars of Expenditure	Budget Provisions	Actuals	Excess(+)/ Less(-)	Percentage of Excess(+)/ Less(-)
1.	Direction and Administration	9.86	21.01	(+) 11.15	(+) 113
2.	Development and Transferred schemes ²	38.10 ³	25.37	(-) 12.73	(-) 33
Total		47.96	46.38	(-) 1.58	

While the expenditure on "Direction and Administration" exceeded the budget provision by Rs.11.15 crore, the expenditure on Development and Transferred

² Transferred schemes refers to state/ centrally sponsored schemes implemented by the Council in its areas.

³ Development Scheme: Rs. 2072.92 lakh, Transferred schemes: Rs. 1737.26 lakh.

schemes was less than the budget provision by Rs.12.73 crore, indicating diversion of developmental funds for expenditure on Direction and Administration.

2.2.2 Lack of financial control

Due to lack of adequate administrative set up of its own, the Council advanced funds to the officers under the administrative control of the State Government to implement schemes and works on its behalf. Most of these officers/agencies⁴ did not submit the expenditure statements regularly to the Council.

Scrutiny of records disclosed that the implementing agencies had reported expenditure (Rs. 619.38 lakh) for only 25 per cent of the amount advanced (Rs. 2504.51 lakh) (including the opening balance) to them during 1995-96.

The shortfall in reported expenditure and the Council's inability to get detailed accounts of the funds advanced to these officers showed that the advances were being given in a liberal manner and there was little or no monitoring of the expenditure on development works implemented through State Government agencies.

2.3 Balance Sheet - Assets

2.3.1 Suspense Account

The Council did not devise any procedure for obtaining acknowledgement of receipt of the funds transferred to the Implementing Officers for various projects. The unacknowledged funds were booked under the suspense head. During 1995-96, the suspense account closed with an outstanding balance of Rs. 1.39 crore.

2.3.2 Discrepancies in the Advances to Implementing Officers

Rupees 36.83 crore of outstanding advances with implementing officers/agencies (as per the Advance Register) was shown as Rs.36.86 crore in the

⁴ Viz., Block Development Officers, Sub-Divisional Officers, Superintendents of Agriculture, Inspectors of Schools, State PWD, Animal Husbandry Department etc.

Balance Sheet, resulting in overstatement by Rs.2.98 lakh, due to erroneous computation. The mistake had not been rectified as of June 2006.

Liabilities

2.3.3 Non-provision of interest on General Provident Fund

The Council did not make any provision for payment of interest on General Provident Fund of its employees, thereby understating the liabilities. The amount could not be quantified as the Council did not furnish the details of the GPF accounts of the employees.

2.3.4 Credit suspense

Rupees 2.43 lakh was shown in the Balance Sheet as credit suspense. The Council could not furnish the details of such balances. The balance was not cleared at the end of March 1996.

2.4 Income and Expenditure Account

2.4.1 Miscellaneous Receipts

Rupees 1.48 lakh was exhibited in the Receipts and Payment Account as miscellaneous receipts whereas the same was shown as Rs. 3.21 lakh in the Income and Expenditure Account. As the Council did not maintain ledger account the discrepancy could not be analysed in audit. However, scrutiny of Compilation Register revealed miscellaneous receipts of Rs. 1.73 lakh during the year.

2.4.2 General

According to the general accounting procedure, the Annual Financial Statements should be accompanied by the following:

- a) Schedule of Grants/Subsidies received and expenditure therefrom
- b) Schedule of interest earned on unutilised funds kept in Banks
- c) Schedule of other administrative expenses

In the absence of these basic records, the figures booked in the final accounts remained mostly unverified. Further, since the accounts are on accrual basis, the accrued income and expenditure could not be verified due to non maintenance of Journal as required.

Section – III

3.1 Excess drawal and diversion of funds under Mid-day-meal programme

The Principal Officer (PO), Education, despite having an unspent balance of Rs. 63.06 lakh under mid day meal (MDM) scheme, had drawn Rs. 27.87 lakh during the year for the same purpose. Rupees 22.20 lakh was spent on MDM (August 1996) and the balance amount of Rs. 68.73 lakh was diverted for construction of Social Education Centres, following discontinuation of the MDM scheme in November 1995.

The release of funds without requirement was in contravention of the Central Treasury Rules while the diversion of the scheme funds was in violation of the terms and conditions of the scheme.

3.2 Non-refund of un-utilised funds

The Executive Engineer (West), had not refunded Rs. 2.18 lakh remaining unspent after completing the deposit works for different authorities.

The Council stated (July 2006) that immediate steps would be taken to get the refund. The latest position was not intimated to audit (December 2007).

3.3 Non-adjustment of Advance

Executive Officer (Admn), TTAADC advanced (May 1995) Rs.1.03 lakh to the Special Officer (TDP) for purchase of 1.35 acres of land at Kumarghat. The amount was refunded by the latter following non-finalisation of the deal. The Executive Officer (Admn), however, could not produce the adjustment vouchers for the amount or show the corresponding entry in the Cash Book. Thus, Rs.1.03 lakh remained unaccounted for till the date of audit (June 2006).

The Council stated (July 2006) that immediate steps would be taken to produce the adjustment vouchers and enter the amount in the Cash Book. Further progress was not intimated to audit (December 2007).

3.4 Internal Control Mechanism

Non-reconciliation of cash balances with implementing officers, variations in the balances shown in the Cash Book of the Council with that of other DDOs, misclassification of expenditure, non-maintenance of basic records in support of the figures booked in the final accounts, differences in the figures incorporated in the annual accounts and the figures in the subsidiary books, differences in the expenditure figures booked in the annual accounts and the figures furnished by the implementing offices and expenditure in excess of budget provision indicated weak internal control mechanism in the Council. This raises serious doubt about the correctness, completeness and reliability of accounts.

Agartala

The 17 JUL 2008

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

Countersigned

New Delhi

The 18 July 2008

Sd/-

(VINOD RAI)
Comptroller and Auditor General of India

