

Section-II

2.1 Receipts and Disbursements

2.1.1 Revenue Receipts and Expenditures

The receipts and expenditure of the Council for the year 2010-11 as per Annual Accounts and the resultant deficit in revenue, capital and Deposit fund are shown in Table 1:

Table-1

(₹ in lakh)

Receipts		Part-I District Fund	Expenditure	
A.		Revenue Receipt and Expenditure	2010-11	2009-10
2009-10	2010-11			
(1)	(2)	(3)	(4)	(5)
133.00	152.49	Taxes on Income and Expenditure	--	--
32.00	25.88	Land Revenue	645.73	470.56
7.75	5.91	Stamps and Registration	0.20	--
37.34	62.50	Other Administrative Services	--	--
--	15.88	Interest receipt	--	--
--	3.34	Public Health Sanitation and Water supply	--	--
--	--	Education	856.11	817.32
0.84	0.50	Fisheries	--	--
557.11	717.88	Forests	818.76	865.32
75.99	83.05	Mines and Minerals	--	--
1.10	2.10	Roads and Bridges	--	--
--	--	District Council Secretariat	76.07	73.29
--	--	Executive Members	62.74	53.83
--	--	Administration of Justice	4.20	5.73
--	--	Secretariat Central Services	520.86	364.91
--	--	Pension and other Retirement Benefits	140.72	92.15
--	--	Art and Culture	24.17	10.30
--	--	Urban Development	20.00	10.00
--	--	Information and Publicity	0.54	0.60
8.37	22.94	Roads and Transport Services	350.08	100.98
0.06	--	Stationery and Printing	342.02	234.18
11.37	6.00	Public Works	667.03	500.00
152.86	258.86	Other General Economic Services	65.46	40.04
842.50	792.50	Grants in Aid from State Government	--	--
--	--	Advance	34.69	--
--	--	Contributory Provident Fund	73.73	--
1860.29	2149.83	Total-A : Revenue Receipt and Expenditure	4703.11	3639.21
1778.92	2553.28	Revenue Deficit	--	--

(1)	(2)	(3)	(4)	(5)
B.		Capital Receipts and Disbursements		
		Capital account	222.00	222.00
		Debt		
		Loans and Advances		
1.91	3.83	Recoveries of Loans and Advances		
		Disbursement of Loans and Advances		
1.91	3.83	Total-B : Capital Receipts and Disbursements	222.00	222.00
220.09	218.17	Deficit under Capital and Loans and Advances		
1862.20	2153.66	Total Receipts and Payments under Part-I District Fund	4925.11	3861.21
3861.21	4925.11	Total Part-I District Fund	4925.11	3861.21
		PART-II Deposit Fund		
C		Receipts and Disbursements under entrusted functions of the State Government		
63197.60	56793.24	Funds Received from the State Government		
--	--	Expenditure incurred out of Deposit Fund	60551.99	57119.86
--	3758.75	Deficit/savings on Deposit Fund	--	6077.74
63197.60	60551.99	Total of Part-II Deposit Fund	60551.99	63197.60
65059.80	58946.90	Total Receipts and Disbursements under Part-I & II	65477.10	60981.07
D Opening balance			Closing Balance	
61.24	85.86	Cash	89.49	85.86
8062.35	12116.46	Treasury PLA & Bank Account	5582.63	12116.46
73183.39	71149.22	Grand Total	71149.22	73183.39

Source: Annual Accounts

2.1.2 Revenue deficit

Revenue receipts (including Grants-in-Aid from the State Government) of the KAAC for 2010-11 pertaining to the functions as specified in the Sixth Schedule to the Constitution were ₹21.50 crore. Against this, KAAC spent ₹47.03 crore resulting in revenue deficit of ₹25.53 crore which was attributable to less generation of revenue by KAAC. The excess expenditure was met during the year by irregular diversion of funds provided by the State Government for discharging entrusted functions despite this being pointed out in earlier Audit Reports. This irregular

diversion is bound to adversely affect the outcome of the allotments made by Government as earmarked in the state budget for different specific programmes/functions and thus, needs to be avoided.

2.1.3 Deficit in Deposit Fund

Fund received by the Council from State Government for the entrusted functions during 2010-11 were ₹567.93 crore. Against this, KAAC released ₹605.52 crore to the Drawing and Disbursing Officers of different departments executing entrusted function resulting in excess expenditure against the allotment under Deposit Fund. This excess expenditure was also met through diversion of funds from unspent balance of fund received in earlier year(s) for different specific programmes/functions without any provision in the current year's budget for the activities where against the expenditure was incurred unauthorisedly and thus, needs to be avoided.

2.1.4 Receipts and expenditures compared with previous year

Instances of decrease in receipts ranging from 19 to 100 *per cent* under five heads of account during the current year as compared to receipts under the heads in the previous year (2009-10) were noticed in audit. Details are shown in Table-2 A below:

Table -2A
Receipts

SL No.	Heads of Account	Receipts in 2009-10	Receipts in 2010-11	Decrease in receipts	Percentage of decrease
		₹ in lakh			
1	Land Revenue	32.00	25.88	6.12	19
2	Stamps and Registration	7.75	5.91	1.84	24
3	Fisheries	0.84	0.50	0.34	40
4	Stationery and Printing	0.06	0.00	0.06	100
5	Public Works	11.37	6.00	5.37	47
Total		52.02	38.29	13.73	26

Source: Annual Accounts

Similarly, significant increase in expenditure ranging from 100 to 247 *per cent* were noticed in audit under three heads of account in the current year as compared to previous year (2009-10) as shown in Table-2 B below :

Table - 2B
Expenditure

Sl. No.	Heads of Account	Expenditure in 2009-10	Expenditure in 2010-11	Increase in expenditure	Percentage of Increase
		₹ in lakh			
1.	Art and Culture	10.30	24.17	13.87	135
2.	Urban Development	10.00	20.00	10.00	100
3.	Roads and Transport Services	100.98	350.08	249.10	247
Total		121.28	394.25	272.97	225

Source: Annual Accounts

On being pointed out, KAAC in reply stated (April 2013) that the decrease in revenue receipts in the heads above was due to law and order problem while increase in expenditure under certain heads was due to creation of necessary infrastructure.

The reply was not acceptable as the records of the reasons affecting the collection of revenue and creation of infrastructure with the increase in expenditure were neither available on record nor produced during audit. However, audit scrutiny revealed that the reason for increase in revenue expenditure under Road Transport Service was mainly due to incorrect inclusion of expenditure of capital nature as revenue expenditure in the Annual Accounts.

As such KAAC needs to streamline and revitalize its system of collection of revenue and steps taken to minimize unforeseen necessities through a time bound action plan by strengthening the monitoring mechanism.

2.1.5 Receipts and expenditures compared to budget provision

Revenue Receipts (excluding Grants-in-Aid of ₹7.92 crore) during 2010-11 were ₹13.57 crore against the estimated amount of ₹39.63 crore (overall shortfall of ₹26.06 lakh being 66 *per cent*). Significant shortfall ranging from 14 to 100 *per cent* was noticed under 13 heads of account whereas there was significant increase ranging from 110 to 213 *per cent* under two heads of account as shown in Table-3A below:

Table -3A

Table -3A					
SL No.	Heads of Accounts	Revenue Collection		Shortfall (-) Excess (+)	Percentage of Shortfall (-) Excess (+)
		Estimated amount as per Budget 2010-11	Receipts as per Annual Accounts 2010-11		
		(₹ in lakh)			
1	Taxes on Income & Expenditure	800	152.49	(-) 647.51	(-) 81
2	Land Revenue	450	25.88	(-) 424.12	(-) 94
3	Stamps and Registration	100	5.91	(-) 94.09	(-) 94
4	Taxes on Vehicles	500	0	(-) 500	(-) 100
5	Interest receipts	25	15.88	(-) 9.12	(-) 36
6	Stationery and Printing	65	0	(-) 65	(-) 100
7	Public Works	100	6	(-) 94	(-) 94
8	Public Health Sanitation and Water Supply	20	3.34	(-) 16.66	(-) 83
9	Other General Economic Services	300	258.86	(-) 41.14	(-) 14
10	Fisheries	2	0.5	(-) 1.5	(-) 75
11	Forest	980	717.88	(-) 262.12	(-) 27
12	Mines & Minerals	225	83.05	(-) 141.95	(-) 63
13	Roads & Transport Services	375	22.94	(-) 352.06	(-) 94
14	Other Administrative Service	20	62.5	(+) 42.5	(+) 213
15	Roads & Bridges	1	2.1	(+) 1.1	(+) 110
	Total	3963	1357.33	(-) 2605.67	(-) 66

Source: Annual Accounts and Budget documents

Similarly, increase in expenditure compared with budgetary projection ranging from 13 to 79 *per cent* was noticed under three heads of account whereas there was shortfall in expenditure ranging from four to 100 *per cent* under eighteen heads of account as shown in Table -3B:

Table -3B

Table -3B					
Sl. No.	Heads of Accounts	Expenditure		Increase (+) Shortfall (-)	Percentage of Increase (+) Shortfall (-)
		Estimated amount as per Budget 2010-11	Expenditure as per Annual Accounts 2010-11		
		(₹ in lakh)		(3)	(4)
(1)	(2)	(3)	(4)	(5)	(6)
			645.73	(+) 75.73	(+) 13
1	Land Revenue	570.00	667.03	(+) 91.13	(+) 16
2	Public Works	575.90			
			350.08	(+) 154.98	(+) 79
3	Road Transport Services	195.10			
			34.69	(-) 10.91	(-) 24
4	Loans & Advances to KAAC employees	45.60	76.07	(-) 120.78	(-) 61
5	District Council	196.85	62.74	(-) 172.96	(-) 73
6	Executive Member	235.70			
			4.20	(-) 9.90	(-) 70
7	Administration of Justice	14.10			
			0.20	(-) 0.80	(-) 80
8	Stamps and Registration	1.00			
			520.86	(-) 29.69	(-) 5
9	Secretariat Central Services	550.55			
			342.02	(-) 14.98	(-) 4
10	Printing and Stationery	357.00			
			140.72	(-) 119.28	(-) 46
11	Pension and retirement benefits	260.00	24.17	(-) 24.23	(-) 50
12	Art and Culture	48.40			
			0.00	(-) 20.00	(-) 100
13	Public Health Sanitation	20.00	20	(-) 81.00	(-) 80
14	Urban Development	101.00			
			0.54	(-) 6.96	(-) 93
15	Information and Publicity	7.50			
			0.00	(-) 50.00	(-) 100
16	Relief on account of natural calamities	50.00			
			65.46	(-) 6.44	(-) 9
17	Other General Economic Services	71.90	0.00	(-) 10.00	(-) 100
18	Minor Irrigation	10.00	818.76	(-) 49.84	(-) 6
19	Forests	868.60	0.00	(-) 50.00	(-) 100
20	Roads and Bridges	50.00			
			73.73	(-) 196.27	(-) 73
21	Contributory Provident Fund	270.00			
Total		4499.20	3847.00	(-) 652.20	(-) 14

Source: Annual Accounts and Budget documents

As for the reasons for shortfall/excess in receipt and expenditure as compared to budget estimates, it was stated (April 2013) that revenue was estimated on the basis of average figures of estimates of the past three years without referring to actuals and midterm review.

However, it was assured that efforts would be made for preparation of realistic budget.

While appreciating the reply, it may however be stated that there is a need for instituting a proper mechanism and rational estimation process to avoid such a situation in future.

Comments on Accounts

2.2 Part-I District Fund

2.2.1 Understatement of revenue receipt

2.2.1.1 The Annual Accounts (Statement No.-5) exhibited ₹1357.33 lakh as total revenue receipts (excluding grants in aid) against the actual revenue receipts (excluding grants in aid) of ₹1355.81 lakh remitted into the Personal Ledger Account (PLA) of KAAC as per PLA Cash book maintained by KAAC. This resulted in overstatement of revenue receipts under Part-I District Fund to the extent of ₹1.52 lakh. On this being pointed out, KAAC accepted (April 2013) the audit observation.

2.2.1.2 Forest Revenue of ₹2.59 lakh realized by Forest Range Officer, NW Range, Parkup pahar, during 2010-11 was deposited into the treasury in PLA of KAAC only in March 2013 at the instance of audit. As a result, the amount was not accounted for in the Annual Accounts during the year (2010-11) due to delay in deposit, leading to understatement of receipt to the extent in the Annual Accounts of KAAC for the year.

Thus, overstatement of ₹1.52 lakh (Paragraph 2.2.1.1) was counterbalanced by understatement of ₹2.59 lakh (paragraph 2.2.1.2) and resulted in net understatement of revenue receipts by ₹1.07 lakh in the Annual Accounts of the Council.

2.2.2 Understatement of progressive capital outlay

Progressive Capital outlay of ₹444.00 lakh at the end of 2010-11 (progressive till end of 2009-10 : ₹222.00 lakh and during 2010-11 : ₹222.00 lakh) was exhibited in Statement-2 of Annual Accounts but capital outlay during 2009-10 and 2010-11 were actually ₹14.54 lakh and ₹67.09 lakh respectively and progressive balance till end of 2008-09 was ₹881.84 lakh. Thus the progressive capital outlay for 2010-11 was understated by ₹519.47¹ lakh and needs reconciliation by the Council.

On this being pointed out, KAAC accepted (March 2014) the audit observation.

2.2.3 Non-disclosure and understatement of 'Loans and Advances'

The approved format of Annual Accounts of the Councils prescribed the accounting of disbursement and recovery of 'Loans and Advances' under 'Part I-District Fund' separately under 'Debt' head of account but the same was accounted for as 'Revenue Expenditure' under District Fund in the Annual Accounts for 2010-11 of KAAC. The reason for the same was not clarified by way of explanatory notes.

Further, statement 6 of the above Annual Accounts exhibited revenue expenditure of ₹34.69 lakh specifically as Loans and Advances against actual disbursement of ₹44.69 lakh. The balance Loans and Advances of ₹10.00 lakh was accounted as revenue expenditure under the head of account "Education". This resulted in understatement of Loans and Advances

¹ ₹881.84 + ₹14.54 + ₹67.09 – ₹444.00 = ₹519.47 lakh.

by ₹10.00 lakh with corresponding overstatement of revenue expenditure under 'Education'.

On this being pointed out, KAAC in its reply (April 2013) noted the audit observation for future compliance.

2.2.4 Overstatement of capital expenditure and understatement of closing balance

Mention was made under Paragraph 2.2.1 of Audit Report of KAAC for 2009-10 that there was unutilized balance of ₹153.42 lakh lying with the Transport Department of KAAC. As the Government sanctioned and released ₹222.00 lakh more to the department during 2010-11, the total available fund at the disposal of the Transport Department of KAAC amounted to ₹375.42 lakh. Of this, the Department incurred revenue expenditure of ₹188.35 lakh and capital expenditure of ₹67.09 lakh, leaving unspent balance of ₹119.98 lakh with the department. Besides, ₹128.08 lakh was also expended under revenue head of account. Against the above status of expenditure, annual account exhibited revenue expenditure of ₹350.08 lakh (Statement-6) and capital expenditure of ₹222 lakh (Statement-2). Thus, capital and revenue expenditure were overstated by ₹154.91² lakh and ₹33.65³ lakh respectively. Further unspent balance of ₹119.98 lakh kept with Transport Department outside the District fund (PLA of KAAC) led to understatement of closing balance in the Annual Accounts of the Council.

² ₹222.00 – ₹67.09 ₹154.91 lakh

³ ₹350.08 – (₹188.35 + ₹128.08) = ₹33.65 lakh

2.2.5 Discrepancies in ways and means position

Statement-3 of Annual Accounts exhibits the position of ways and means of KAAC for discharging inherent function during the year *inter alia* showing month wise receipts, disbursements, opening and closing balances of cash. However, scrutiny revealed that opening and closing balance as per relevant Cash Book did not tally as shown in Table-4 below. Further, monthly receipts and disbursements as shown in the Statement could not also be verified as KAAC did not compile monthly accounts in respect of inherent functions.

Table - 4

As per Cash Book		As per Annual Accounts	
OB (April 2010)	CB (March 2011)	OB (April 2010)	CB (March 2011)
₹85.52 lakh	₹88.79 lakh	₹85.85 lakh	₹89.49 lakh

The above discrepancy was also not reconciled and disclosed by way of Explanatory Notes.

On being pointed out, KAAC in reply (April 2013) stated that the discrepancy would be reconciled and the outcome would be intimated. However, no such intimation received (May 2014).

It is recommended that monthly accounts in respect of inherent function may invariably be compiled by the Council to ensure correctness of the books of accounts.

2.3 Part-II Deposit Fund

Part II Deposit fund exhibited receipt of fund from the State Government for entrusted functions and its disbursement during the year. However, heads of account wise break up of fund received and disbursed was not disclosed by way of explanatory notes or Schedules to the accounts. KAAC also did not maintain Consolidated Abstract or Ledger showing receipt of funds as well as expenditure in respect of entrusted

functions. The Annual Accounts was prepared directly from the entries of PLA cash book and Bank Register.

Thus, maintenance of Consolidated Abstract or Ledger by the Council is recommended for bringing in transparency in the accounting.

2.3.1 Understatement of receipt

Scrutiny of PLA cash book, sanction letter and challan revealed that KAAC, during 2010-11 received ₹589.54 crore from the State government and deposited into PLA where from ₹7.92 crore being grants for inherent function was transferred to District fund and ₹0.01 crore being erroneous release from the State government was refunded. In addition ₹30.97⁴ crore was also received and credited to bank account but not deposited into PLA. Thus, the total receipt under Part-II Deposit Fund amounted to ₹612.58⁵ crore, but Annual Accounts exhibited receipt of ₹567.93 crore only resulting in understatement of receipt by ₹44.65 crore.

2.3.2 Non-disclosure of receipt and deposit in Revenue Deposit Account

State Government released ₹5.78 crore in March 2011 for NLCPR which was kept in Revenue Deposit Account in pursuance of model code of conduct of

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From whom received	Amount (₹in crore)
MD, NRHM, Guwahati	3.35
P&RD Deptt	2.65
Social Welfare Deptt	11.39
Food & Civil Supply	0.04
13 Finance Commission	3.18
Mid Day Meal Scheme	10.36
Total	30.97

⁵ (₹589.54 crore + ₹30.97 crore) Less ₹0.01 crore refunded and less ₹7.92 crore transferred to Part-I deposit fund.

election in view of terms of sanction and was not withdrawn within the year. However, the status of keeping Council's money in Revenue Deposit Account (outside PLA of KAAC) was neither disclosed by way of explanatory notes to accounts nor the receipt was accounted for maintaining the transparency.

2.3.3 Understatement of disbursement

Scrutiny of Cash Book revealed that during 2010-11 an amount of ₹565.75 crore was disbursed from PLA under Part-II Deposit Fund which included ₹6.10⁶ crore being inter transfer of fund between PLA and bank account and refund to government which was not to be treated as disbursement from Deposit Fund. Further, ₹83.10⁷ crore was also disbursed directly from Bank account to different Drawing and Disbursing Officers without routing through PLA. Thus the total disbursement amounted to ₹642.75⁸ crore but Annual Accounts exhibited total disbursement under Part-II deposit Fund as ₹605.52 crore resulting in understatement of disbursement by ₹37.23 crore.

2.3.4 Overstatement of receipt and disbursement

Primary education and Councils Secretariat Services being inherent function of KAAC, the funds related thereto received by the Council were required to be exhibited under Part-I District Fund (Statement No-5).

KAAC neither accounted a total receipt of ₹146.89 lakh (Primary Education: ₹66.89 lakh; Councils Secretariat Services: ₹80.00 lakh) during 2010-11 from the

⁶ ₹6.09 crore was transferred from PLA to current Bank account and ₹0.01 crore refunded to State Govt. was erroneously treated as disbursement.

⁷ Disbursement from current bank account ₹73.55 crore and disbursement from saving bank account (MDM) ₹9.55 crore.

⁸ ₹565.75 crore – ₹6.10 crore + ₹83.10 crore = ₹642.75 crore.

Government of Assam under Part-I District Fund as well as disbursement there against nor disclosed the same by way of Explanatory Notes leading to understatement of receipts and expenditure under Part-I District Fund with corresponding overstatement of funds/disbursement under Part-II Deposit Fund by ₹146.89 lakh.

On being pointed out, KAAC accepted (April 2013) the audit comment.

2.3.5 Understatement of closing balance

Note (2) below Statement-I of Annual Accounts disclosed that closing balance as exhibited in the accounts included bank balance of ₹7.22 crore only, kept in the account of the Council in State Bank of India. During audit it was noticed that there was an additional bank balance of ₹0.81 crore of KAAC at Langpi Dehangi Rural Bank which was not accounted for in the accounts leading to understatement of closing balance by ₹0.81 crore.

2.3.6 Erroneous and incomplete data/figures in Statement-7

Statement- 7 of the Annual Accounts erroneously exhibited Closing balance (Cash) as ₹98.49 lakh instead of actual balance of ₹89.49 lakh as worked out in Statement-1 (Summary of Transaction).

Statement-7 also exhibited Closing balance (Loans and Advance) of ₹ 88.70 lakh, which was actually unrecovered outstanding amount of loans and advances given to KAAC employees (Statement-4).

The prescribed format for Statement-7 of the Annual Accounts requires depiction of head of account wise figures of receipt and disbursements with opening and

closing balances, but figures/data compiled in the Statement did not contain major/minor head wise details. The opening and closing balance under the heading 'Deposit from State Government for transferred item' was not exhibited. Thus, the Statement for to the extent remained incomplete in the Annual Accounts prepared by the Council.

2.3.7 Non-reconciliation of receipt and disbursement

Annual accounts for 2010-11 exhibited ₹575.86 crore (₹567.93 crore + ₹7.93 crore) and ₹613.45 crore (₹605.52 crore + ₹7.93 crore) as total receipts from State Government and disbursements respectively during the year. However, statement showing major head-wise details of fund received and disbursed, furnished to audit (December 2013) showed receipts of ₹613.46 crore (Plan: ₹217.78 crore and Non-plan: ₹395.68 crore) and disbursement of ₹604.02 crore (Plan: ₹215.40 crore and Non-plan: ₹388.62 crore) as detailed in *Annexure-I*. As details of major head-wise opening balance, fund received, fund disbursed and, closing balance were not maintained, discrepancy of ₹37.60 crore and ₹9.43 crore in receipts and disbursements respectively could not be correlated and reconciled.

Further, details regarding short release of fund with reference to revised budget estimate (*Annexure-I*) could not also be ascertained due to non availability of details of headwise receipt. Headwise maintenance of Ledger/Consolidated Abstract is thus, needed to be ensured.

2.4 Personal Ledger Account

KAAC maintains a Personal Ledger Account (PLA) with the Diphu Treasury, into which receipts and expenditure relating to inherent and entrusted functions are maintained. The balance held in PLA as per cash book as of 31 March is required to be reconciled with the balance shown in the records of the treasury and difference, if any, is required to be explained.

2.4.1 Non-reconciliation among three sets of records.

Scrutiny of records of the treasury with PLA cash book maintained by KAAC revealed that, closing balance as per PLA cash book as of 31 March 2010 was ₹15.47 crore which should have been the opening balance as on 1 April 2010. However, the opening balance on that date (01.04.2010) was irregularly exhibited as ₹20.55 crore in PLA cash book (agreeing with closing balance of treasury as on 31 March 2010) without carrying out any reconciliation. It was also revealed that a discrepancy of ₹13.16⁹ crore in the closing balance as on 31 March 2011 remained unreconciled.

Further, the figures of opening and closing balance for 2010-11 as exhibited in the Annual Accounts (Statement-1) was also neither conforming to the figures as per the Treasury records nor to the figures of PLA Cash book. The position of opening and closing balances as per the above three sets of records are shown in Table-5.

⁹ ₹48.60 – ₹35.44 = ₹13.16 crore

Table 5

Opening Balance (OB) & Closing Balance (CB)	As per Treasury Records	As per PLA Cash Book	(₹ in crore) As per Annual Accounts
OB as on 01/04/2010	20.55	20.55 ¹⁰	121.16
CB as on 31/03/2011	35.44	48.60	55.83

Source: Annual Accounts, PLA cash book, Treasury Passbook

Such discrepancies had been persisting since 1985-86 and despite these having been pointed out in previous Audit Reports, had not been reconciled by KAAC. Thus accounts prepared by KAAC were materially mis-stated and do not depict true and fair picture of accounts.

However, during audit it was noticed that the following two factors contributed towards the occurrence of the above discrepancy:

(i) Time barred 105 cheques amounting ₹2.22 crore were neither written back in the PLA Cash book nor fresh cheques in lieu were issued during 2010-11 and thus cheques were not encashed. As a result, due to non reconciliation of balances as per PLA Cash Book and Treasury Payment Schedule, closing balance of PLA cash book showed reduced balance to the extent of ₹2.22 crore as closing balance (*Annexure-II*).

(ii) Fresh cheques amounting ₹7.35 crore were issued during 2010-11 in lieu of time barred 16 cancelled cheques pertaining to 2009-10 which were encashed during 2010-11 but not accounted for in the PLA Cash book. As a result PLA Cash book showed inflated closing balance to the extent of ₹7.35 crore (*Annexure-III*).

¹⁰ Instead of taking CB of ₹15.47 crore as on 31.3.2010, ₹20.55 crore was taken as OB as on 1.4.2010 without reconciliation.

2.4.2 Non accountal in PLA and non reconciliation of bank balance

(i) Rule 14(1) of Karbi Anglong District Fund Rules, 1952 provides that all moneys pertaining to the District Fund shall be held in treasury and Rule 16(ii) provides that all monetary transactions shall be entered in the cashbook as soon as they occur. Further, Office Memorandum (31December1996) stipulates that the Administrative Departments are to release the fund from state budget subject to adjustment by debiting appropriate head of account through monthly submission of accounts to the Accountant General (A&E) by KAAC. Accordingly, money released to KAAC are required to be kept at Treasury and time to time disbursement may be made therefrom for implementation etc, reflecting the same in the cashbook maintained by KAAC and submit monthly accounts showing the adjustment of advances.

In contravention of the above, a total fund of ₹30.97 crore received by KAAC in the form of Bank drafts/Bankers cheque from Managing Director, National Rural Health Mission (NRHM), Departments of Panchayat & Rural Development, Social Welfare, Education, Food and Civil Supplies etc., of the State Government for implementation of various Development Project/Schemes, were not deposited into treasury but retained in Current Account with State Bank of India, Diphu branch as per decision taken by Executive Committee of KAAC (19 August 2006). The above receipt included ₹10.36 crore received from Deputy Commissioner, Karbi Anglong for implementation of Mid Day Meal Scheme also which was kept in Saving Account in Langpi Dehangi Rural Bank (LDRB), Diphu but no authority/decision of

Executive committee for operating Saving bank account in LDRB was found on record or could be produced to audit. Further, both receipt and disbursement from these bank accounts were also not accounted for in the Annual Accounts as well as in the Cashbook (PLA) of KAAC. Thus, deposit of fund in Bank Account without provision in the Fund Rules and non accounting of funds received and disbursement made from bank accounts in the annual accounts was irregular.

(ii) Scrutiny of Annual accounts and Bank Statement (Current Account) for the year 2010-11 revealed that closing balance at the State Bank of India at the end of March 2011 as per Annual accounts was ₹722.54 lakh where as closing balance (as on 31 March 2011) as per bank Statement was ₹1805.22 lakh. Thus, there was a difference of ₹1082.68 lakh between Annual accounts and as per the Bank Statement. The said difference was not reconciled with the bank statement by the Council till the date of audit (March 2011). Reasons for difference could not be ascertained due to non reconciliation of the same by the Council.

2.5 Weakness in maintaining Annual Account

The figures of the Annual Account were not supported by ledger/consolidated abstract compiled from initial books of accounts (Cash Book/Revenue Collection Register etc.). The receipts of fund from the State Government (State budget) with corresponding disbursements disclosed under Part- II Deposit Fund were not mentioned detailed head wise. Headwise details of unspent balance of fund received for entrusted functions were not worked out both at the beginning and closing of the year. Balances as per Bank and Treasury were not reconciled with Cash book of the Council. Revenue receipts as exhibited in Annual

Account were not conforming to deposits made in the Personal Ledger Account of KAAC. Cash balances at the close of the year lying with the departments under KAAC were not reflected in the Annual Accounts. As such, the attempt on the part of audit to examine the Annual Accounts of the Council was constrained to the extent and therefore, Audit was unable to provide any assurance that the accounts would be free from material irregularities