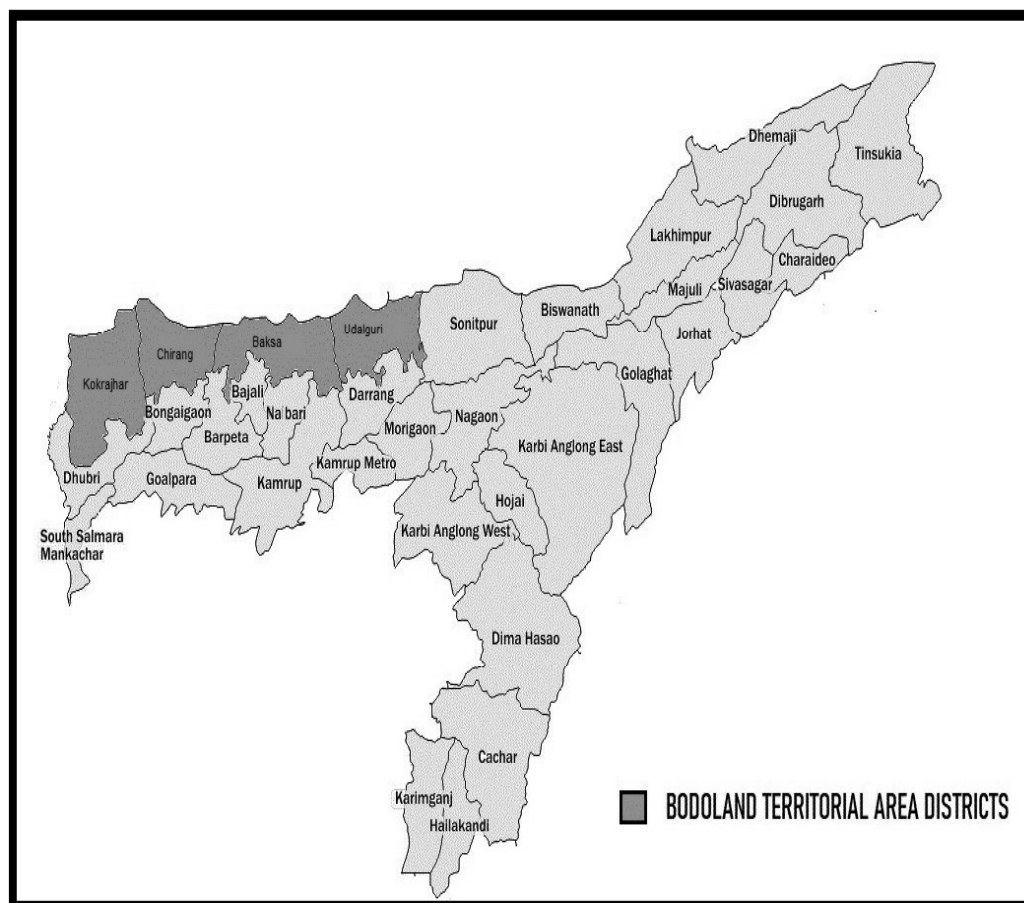


Chapter-I

Constitution, Rules and Maintenance of Accounts

1.1 Profile of Bodoland Territorial Council

Bodoland Territorial Council (BTC) is an Autonomous Council in Assam, was established on 05 December 2003 in terms of an amendment¹ to the Sixth Schedule of Constitution of India. The BTC encompasses 8,821.68 sq.km of area comprising four contiguous districts out of total 33 districts of the State viz. Kokrajhar, Chirang, Baksa and Udalguri (approximately 11.25 *per cent* of total area of 78,438 Sq Km of Assam).



As per the amendment to the Sixth Schedule leading to the constitution of BTC, the Council would have a maximum of 46 members. Thirty of these seats are to be reserved for Scheduled Tribes, five for non-tribal communities, five open for all communities and six nominated by the Governor of Assam. Six nominated members are to be selected from the unrepresented communities from the BTC area, of which, at least two should be women. There were 40 elected members in BTC and no member was nominated during 2014-15.

¹ The Sixth Schedule to the Constitution (Amendment) Act, 2003.

The Sixth Schedule to the Constitution of India provides for administration of specified tribal areas by constituting a District/ Regional Council for each autonomous district/ region with powers to make laws on matters listed in Paragraph 3(1) of the Sixth Schedule, mainly in respect of allotment, occupation, use of land, management of forests (other than reserved 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, public health and sanitation and inheritance of property. Further, in terms of Paragraph 3B² of the Sixth Schedule, the BTC was vested with additional powers to make laws on 40 subjects as specified under serial (i) to (xl) in the Schedule *ibid.*

In terms of Paragraph 6(1) of the Sixth Schedule, the Councils have the powers to establish, construct or manage primary schools, dispensaries, markets, cattle ponds, ferries, fisheries, roads, road transport and waterways in the respective autonomous districts. The BTC also has the powers to assess, levy and collect within Bodoland Territorial Area District (BTAD), taxes on land and buildings, taxes on professions, trades, callings and employments, taxes on animals, vehicles and boats, taxes on the entry of goods into a market for sale therein, and tolls on passengers and goods carried in ferries, and taxes for maintenance of schools, dispensaries or roads as listed in Paragraph 8 of the Sixth Schedule.

In order to enable the BTC to exercise the above powers, the State Government resolved (31 October 2003) to extend the former's executive powers and delegated/ entrusted functions in respect of 39 out of 40 subjects (except relief and rehabilitation). Accordingly, administrative procedure/ modalities were framed (16 October 2004) in consultation with the BTC under which Plan funds would be made available by the Government of Assam (GoA) to the BTC as advance, primarily against Grant No. 78 of the State Budget, for BTC to incur expenditure on the delegated 39 subjects. As a part of this administrative arrangement, BTC is required to render monthly detailed accounts to the Accountant General (Accounts and Entitlements) of the expenditure incurred out of the grant funds and for adjustment of such advance of funds provided through State Budget. It was also provided in the administrative procedure³ that the State Government was to decide the modalities for transfer of other Plan (Schemes/ Programmes) and Non-Plan funds to the BTC. However, no such procedure/ modalities was framed as of the date of submission (July 2016) of accounts for the year 2014-15.

1.2 Organisational structure of BTC Secretariat

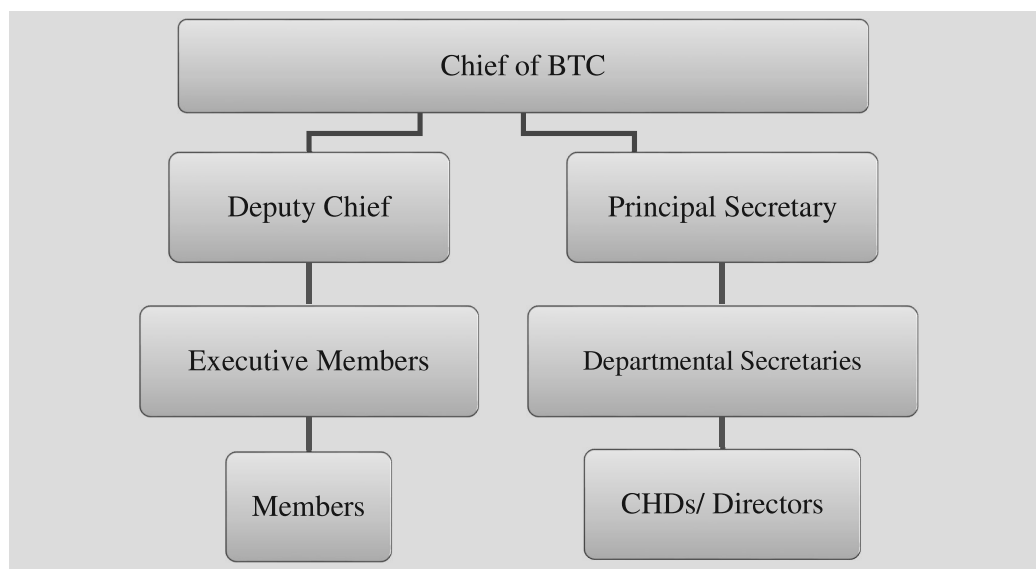
During the period, there were 40 elected members in position and there were no nominated members. Council was administered by Chief of the Bodoland Executive Council and Deputy Chief of the Bodoland Executive Council, elected by the members of the General Council.

² Included *vide* Sixth Schedule to the Constitution (Amendment) Act, 2003.

³ Office Memorandum dated 16 October 2004.

The BTC Secretariat was headed by the Principal Secretary, BTC, Kokrajhar, who also functioned as the Drawing and Disbursing Officer (DDO) of the Council. Departmental Secretaries and Council Heads of Departments (CHD) cum Directors of different departments, assisted the Principal Secretary in carrying out the departmental activities. There were thirty-seven CHDs along with respective subordinate DDOs at field level to carry out the functions of BTC.

The structure of BTC administration is detailed in the following organogram:



Source: Council records

1.3 Rules for the Management of District Fund

As per Paragraph 7(2) of the Sixth Schedule, the Governor may make rules for the management of the District Fund detailing the procedure for payment of money into the said fund, withdrawal of moneys therefrom and the custody of moneys therein. In keeping with this, the Bodoland Territorial Council Fund Rules, 2012 were framed and notified in September 2012.

1.4 Maintenance of accounts

In terms 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 is to be prescribed by the Comptroller and Auditor General of India (C&AG). The approved format *inter-alia* provides for two divisions of the accounts, '**Part-I District Fund**' and '**Part-II Deposit Fund**'. The Fund, as prescribed under paragraph 7(1) of the Sixth Schedule is maintained in the Kokrajhar Treasury, as a PDA of BTC.

The accounts and records of the Principal Secretary, BTC, Kokrajhar are audited by C&AG of India on test check basis, under Paragraph 7(4) of the Sixth Schedule. **The BTC submitted its Annual Accounts for the year 2014-15 in July 2016 with a delay of thirteen months.** Audit of Annual Accounts along with transactions of the Council for the year 2014-15 was conducted from 23 August 2016 to 09 November 2016.

Result of audit of Annual Accounts for the year 2014-15 and test-check of the transactions of the Council during the year has been presented in **Chapter-III** and **Chapter-IV** of this Report.

1.5 Internal Controls

Internal control is a process designed to provide reasonable assurance regarding the achievement of the objectives of an organisation, with regard to efficiency and effectiveness of operations, compliance with applicable rules and regulations, fulfilling accountability, executive functions in an orderly, ethical, efficient and effective manner, safeguarding against loss and sound financial reporting. Some of the shortcomings in maintenance of records and procedure noticed in audit are as follows:

- i. Voucher numbers, bill numbers and dates were not recorded in the Cash Book and on the bill itself and *vice versa*.
- ii. Analysis of closing balances showing year wise breakup of '**Plan**', '**Non Plan**', '**Grants-in-aid**' etc., was not recorded in the Cash Book. Further, verification of closing balance at the end of the month, and a certificate to that effect, were not recorded in the Cash Book during the period covered in audit.
- iii. Closing balance of stock of stationery and miscellaneous articles was not worked out at the end of each month in the stationery stock register. Physical Stock verification was also not carried out.
- iv. There was no effective monitoring mechanism to ensure efficiency in implementation of the schemes/ projects and to safeguard against the occurrence of cases of fraud and misappropriation.
- v. The Council did not maintain actual payee's receipts (APRs) for distribution of different articles/ materials procured. As a result, duplication of benefits among different beneficiaries, under various schemes and application of proper identification method of beneficiaries, remained to be ensured.
- vi. There is no Internal Audit wing to strengthen the internal control system and enforce effective management.
- vii. There was no system for verification and monitoring of collection of revenue, expenditure incurred towards implementation of different schemes, etc., so as to ensure effective delivery mechanism, efficiency in implementation of the scheme/ projects and safeguard against the occurrence of cases of fraud and misappropriation.

In reply, BTC stated (October 2017) that audit observations were noted and steps towards corrective measures would be taken in future.