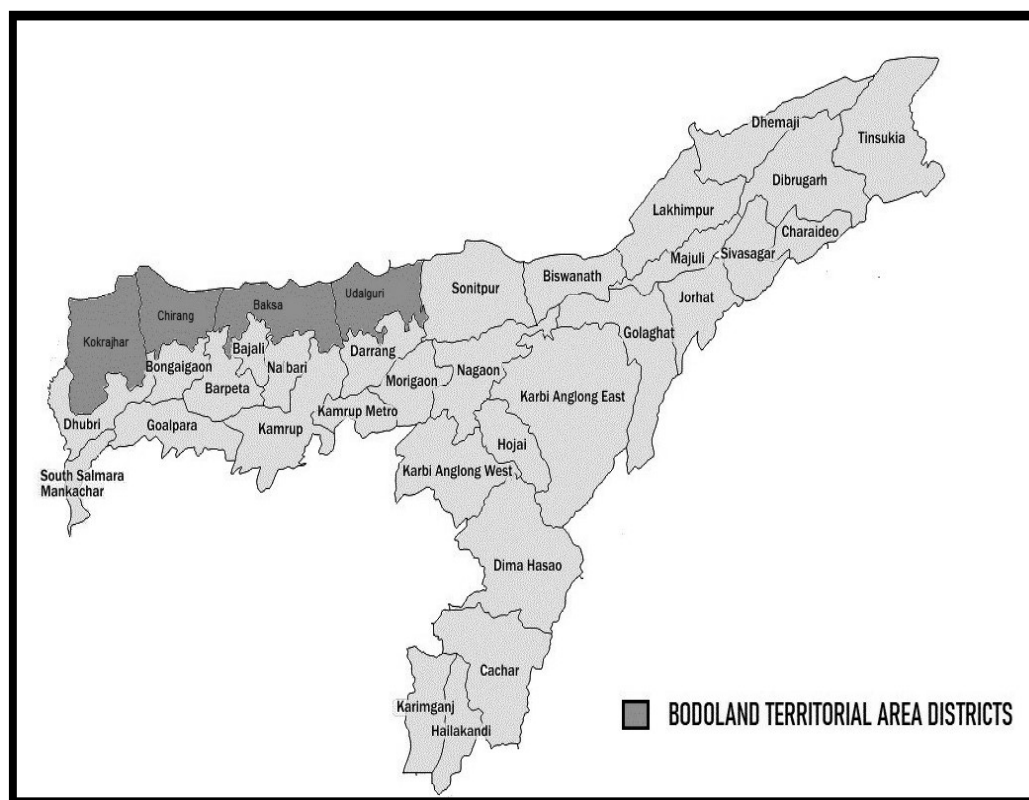


Chapter-I

Constitution, Rules and Maintenance of Accounts

1.1 Profile of Bodoland Territorial Council

Bodoland Territorial Council (BTC) is an Autonomous Council in Assam, which was established in pursuance of a Memorandum of Settlement (MOS) on 10 February 2003 amongst Government of India, Government of Assam and Bodo Liberation Tigers. BTC was set up on 05 December 2003 in terms of an amendment¹ to the Sixth Schedule of the Constitution of India. BTC encompasses 8,821.68 sq.km of area comprising four contiguous districts of the State (about 11.25 per cent of total area of Assam).



As per 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 are open to all communities and six members are nominated by the Governor of Assam. The 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 2015-16.

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

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

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, BTC was vested with additional powers to make laws on 40 subjects (detailed in **Appendix-I**) as specified under serial (i) to (xl) in the Schedule *ibid*.

In terms of paragraph 6(1) of the Sixth Schedule, the Councils have powers to establish, construct or manage primary schools, dispensaries, markets, cattle pounds, ferries, fisheries, roads, road transport and waterways in the respective autonomous districts. 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 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 BTC under which Plan funds would be made available by Government of Assam (GoA) to BTC as advance, primarily against Grant 78 of the State budget, for BTC to incur expenditure on 39 subjects without difficulty. As a part of this administrative arrangement, BTC is required to render monthly detailed accounts to the Pr. Accountant General (Accounts and Entitlements) for adjustment of such advance of funds provided through the 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 BTC. However, no such procedure/ modalities was framed as of the date of submission (July 2017) of accounts for the year 2015-16.

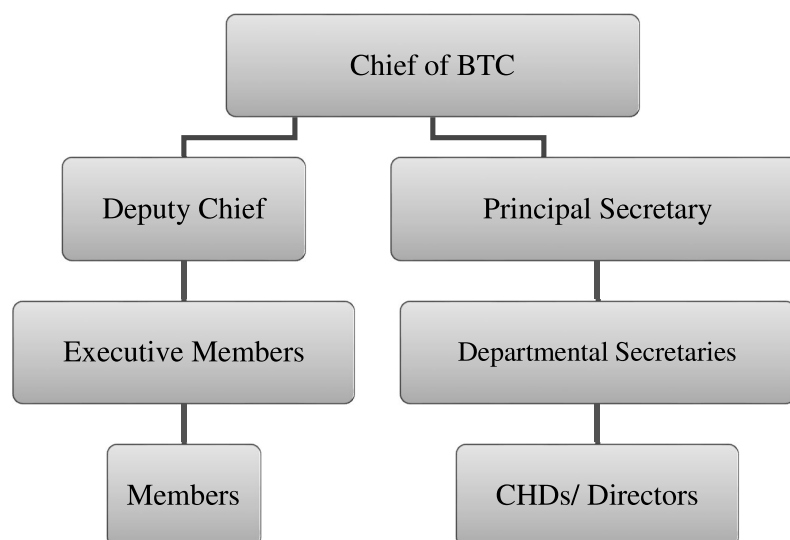
1.2 Organisational structure of BTC Secretariat

The BTC Secretariat was headed by the Principal Secretary, BTC, Kokrajhar during 2015-16, 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 37 CHDs along with respective subordinate DDOs at the field level to carry out the functions of BTC.

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

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

³ Office Memorandum dated 16 October 2004.



The Accounts Branch of the BTC Secretariat is responsible for compilation of the Annual Accounts and maintenance of all records pertaining to BTC Accounts. This Branch is headed by the Finance Secretary and supported by Senior Finance Advisor, Finance Advisor, Joint Secretary, Under Secretary and nine other Accounts subordinate staff and five Grade IV staff. BTC Secretariat did not provide sanctioned strength (SS) *vis-à-vis* persons-in-position (PIP) pertaining to the entrusted departments, despite being specifically sought for (April 2022).

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 was 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 Sixth Schedule to the Constitution, is maintained in the Kokrajhar Treasury, as Personal Deposit Account (PDA) of BTC.

The accounts and records of the Principal Secretary, BTC, Kokrajhar are test-checked by C&AG of India under Paragraph 7(4) of Sixth Schedule to the Constitution of India. BTC submitted its Annual Accounts for the year 2015-16 in July 2017 with a delay of 13 months. Audit of Annual Accounts along with transactions of the Council for the year 2015-16 was conducted from 28 August 2017 to 25 November 2017.

Result of audit of the Annual Accounts for the year 2015-16 and test-check of the transactions of the Council during the year have been presented in Chapter-III and Chapter-IV respectively of this Report.

1.5 Internal Control

Internal control system in an organisation ensures that proper checks and procedures are in place for efficient and effective discharge of its mandate, reliability of its financial reporting and compliance with applicable laws and regulations.

An evaluation of the internal control system in the Council revealed that the internal control mechanism was weak which is evident from persistent irregularities like non-availability of records pertaining to sanctioned strength *vis-à-vis* persons on roll of the staff of entrusted departments, discrepancy in cash balances as per annual accounts with that of Treasury records, non-deposit of revenue in the Treasury, non-disclosure of Head of Account wise receipts and expenditure, non-disclosure of fund-wise opening and closing balances, incurring of excess/unfruitful expenditure, lack of proper documentation pertaining to selection of beneficiaries, non-maintenance of actual payee's receipts (APRs) for distribution of different articles/materials procured, *etc.*, as incorporated in the Inspection Reports (IRs) issued separately. A few instances are discussed in the succeeding Chapters.

Due to weak internal controls, the attempt on the part of Audit to examine the Annual Accounts and transactions of the Council was constrained to that extent. The above failures in internal controls under financial management was fraught with the risk of fraud, misappropriation and financial irregularities, which might remain undetected.

Effective internal control reduces the risk of asset loss and helps to ensure that information is complete and accurate, financial statements are reliable, and day-to-day operations are conducted in accordance with the provisions of applicable laws and regulations. The Council may establish a strong internal control system for good governance.

1.6 Recommendation

BTC needs to strengthen its internal control mechanism and take prompt action on deficiencies in financial management.