

## Section-II

### 2.1 Receipts and Disbursements

#### 2.1.1 Revenue Receipts and Expenditures

The receipts and expenditure of the Council during the years 2011-12 to 2015-16 as per Annual Accounts and the resultant deficit/surplus in revenue, capital and deposit funds are shown in table- 1.

**Table- 1**

#### Receipts

(₹ in lakh)					
Part - I District fund	2011-12	2012-13	2013-14	2014-15	2015-16
<b>A. Revenue receipt</b>					
Taxes on Income & Expenditure	420.04	392.48	335.83	635.32	304.92
Land Revenue	71.33	72.60	49.07	73.47	58.74
Stamps and Registration	2.68	5.50	9.22	6.47	13.11
Other Administrative Services	43.33	45.54	33.60	44.99	43.89
Interest receipt	11.81	45.80	69.01	23.64	18.54
Public Health Sanitation & Water Supply	2.38	2.87	2.86	5.10	5.18
Fisheries	1.39	1.35	1.22	0.11	0.36
Forests	707.61	381.25	414.12	375.20	1179.60
Mines & Minerals	68.17	54.33	30.90	12.25	0.00
Roads and Bridges	4.01	1.48	0.81	0.33	2.91
Roads and Transport Services	36.99	33.08	52.22	33.40	105.01
Stationery and Printing	0.00	0.24	0.02	0.03	0.04
Public Works	8.84	15.58	15.37	3.93	13.94
Other General Economic Services	302.37	328.14	750.85	473.31	868.80
Miscellaneous Receipts	0.88	0.00	0.00	0.00	0.00
Grants-in-Aid from State Government	927.50	3445.82	1107.50	3493.23	12984.05
<b>Total: A. Revenue Receipts</b>	<b>2609.33</b>	<b>4826.06</b>	<b>2872.60</b>	<b>5180.78</b>	<b>15599.09</b>
Revenue Deficit	3040.19	1147.24	3376.56	2457.48	4466.81
<b>B. Capital Receipts</b>					
Capital account	0.00	0.00	0.00	0.00	0.00
Debt	0.00	0.00	0.00	0.00	0.00
Loan & Advances	0.00	0.00	0.00	0.00	0.00
Recoveries of Loan & Advances	4.33	8.40	13.07	24.47	50.77
<b>Total: B. Capital Receipts</b>	<b>4.33</b>	<b>8.40</b>	<b>13.07</b>	<b>24.47</b>	<b>50.77</b>
Deficit under Capital	225.67	306.99	359.54	348.53	309.23
<b>Total Receipts under Part - I : District Fund</b>	<b>2613.66</b>	<b>4834.46</b>	<b>2885.67</b>	<b>5205.25</b>	<b>15649.86</b>
<b>Total Part - I District Fund</b>	<b>5879.52</b>	<b>6288.69</b>	<b>6621.77</b>	<b>8011.26</b>	<b>20425.90</b>
<b>Part - II Deposit Fund</b>					
<b>C. Receipts under entrusted functions from the State Government</b>					
Funds Received from the State Government	72123.40	87704.68	107792.52	158036.02	126345.58
Deficit on Deposit Fund	0.00	0.00	0.00	0.00	0.00
<b>Total Part - II Deposit Fund</b>	<b>72123.40</b>	<b>87704.68</b>	<b>107792.52</b>	<b>158036.02</b>	<b>126345.58</b>
<b>Total Receipts under Part - I &amp; II</b>	<b>74737.06</b>	<b>92539.14</b>	<b>110678.19</b>	<b>163241.27</b>	<b>141995.44</b>
<b>D. Opening balance</b>					
Cash	89.49	117.18	120.18	153.84	136.70
Tresury PLA & Bank Account	5582.63	5755.77	7286.84 <sup>1</sup>	5434.10	35385.02
<b>Grand Total (A+B+C+D)</b>	<b>80409.18</b>	<b>98412.09</b>	<b>118085.21</b>	<b>168829.21</b>	<b>177517.16</b>

Source: Revenue Receipts: Statement 5 of Annual Accounts.

Capital Receipts: Statement 1 of Annual Accounts.

Deposit Fund: Statement 1 of Annual Accounts.

<sup>1</sup> During carrying over of Closing Balance (Treasury PLA and Bank Account) of ₹6979.85 lakh for the year 2012-13, KAAC accounted for ₹7286.84 lakh as Opening Balance for the year 2013-14 in the Annual Accounts.

Expenditure					
	2011-12	2012-13	2013-14	2014-15	(₹ in lakh) 2015-16
<b>Part - I District fund</b>					
<b>A. Revenue Expenditure</b>	0.00	0.00	0.00	0.00	
Taxes on Income & Expenditure	698.88	756.02	811.01	841.13	0.00
Land Revenue	0.00	0.00	0.20	0.00	998.28
Stamps and Registration	0.00	4.53	0.00	10.00	0.20
Minor Irrigation	0.00	0.00	0.15	0.90	0.00
Relief on Natural Calamities	0.00	0.00	0.00	0.00	3.95
Other Administrative Services	0.00	0.00	0.00	0.00	0.00
Interest payment	0.00	21.72	0.23	22.06	0.00
Public Health & Water Supply	1000.37	1016.82	1233.80	1248.18	1.00
Education	0.00	0.00	0.00	0.00	13212.02
Fisheries	1038.28	1186.55	1309.12	1702.20	0.00
Forests	0.00	0.00	0.00	0.00	1608.98
Mines & Minerals	0.00	50.00	6.43	50.00	0.00
Roads and Bridges	86.44	102.48	115.63	107.99	39.00
District Council Secretariat	221.65	141.13	48.88	70.46	174.03
Executive Members	1.62	8.48	32.46	18.12	110.23
Administration of Justice	558.29	590.48	663.44	748.65	28.91
Secretariat Central Services	187.83	240.58	168.38	234.51	882.59
Pension & other Retirement Benefits	33.09	22.02	25.69	43.34	181.09
Art & Culture	0.00	154.00	0.00	0.00	53.08
Urban Development	0.39	0.00	0.00	0.00	190.00
Information and Publicity	0.00	0.00	0.00	20.00	0.00
Social Security & Welfare	249.41	496.60	548.20	563.55	0.00
Roads and Transport Services	392.68	384.18	346.66	526.78	675.77
Stationery and Printing	1015.25	643.33	722.50	1197.24	413.33
Public Works	65.24	70.30	68.38	79.41	1282.40
Other General Economic Services	50.00	60.00	64.61	65.00	102.51
Advances	50.10	24.08	83.39	88.74	0.00
Contributory Provident Fund	5649.52	5973.30	6249.16	7638.26	108.53
<b>Total: A. Revenue Expenditure</b>	<b>5649.52</b>	<b>5973.30</b>	<b>6249.16</b>	<b>7638.26</b>	<b>20065.90</b>
Revenue Surplus	0.00	0.00	0.00	0.00	0.00
<b>B. Capital Disbursements</b>					
Capital account	230.00	255.39	308.00	308.00	360.00
Debt	0.00	0.00	0.00	0.00	0.00
Loan & Advances	0.00	0.00	0.00	0.00	0.00
Disbursement of Loan & Advances	0.00	60.00	64.61	65.00	0.00
<b>Total: B. Capital Disbursements</b>	<b>230.00</b>	<b>315.39</b>	<b>372.61</b>	<b>373.00</b>	<b>360.00</b>
Surplus under Capital	0.00	0.00	0.00	0.00	0.00
<b>Total payments under Part - I District Fund</b>	<b>5879.52</b>	<b>6288.69</b>	<b>6621.77</b>	<b>8011.26</b>	<b>20425.90</b>
<b>Total Part - I District Fund</b>	<b>5879.52</b>	<b>6288.69</b>	<b>6621.77</b>	<b>8011.26</b>	<b>20425.90</b>
<b>Part - II Deposit Fund</b>					
<b>C. Disbursements under entrusted functions of the State Government</b>					
Expenditure incurred out of Deposit Fund	68656.71	85023.37	105875.50	125296.23	120931.82
Surplus/savings on Deposit Fund	3466.69	2681.31	1917.02	32739.79	5413.76
<b>Total of Part - II Deposit Fund</b>	<b>72123.40</b>	<b>87704.68</b>	<b>107792.52</b>	<b>158036.02</b>	<b>126345.58</b>
<b>Total Disbursement Part - I &amp; II</b>	<b>74536.23</b>	<b>91312.06</b>	<b>112497.27</b>	<b>133307.49</b>	<b>141357.72</b>
<b>D. Closing balance</b>					
Cash	117.18	120.18	153.84	136.70	178.04
Treasury PLA & Bank Account	5755.77	6979.85 <sup>2</sup>	5434.10	35385.02	35981.40
<b>Grand Total (A+B+C+D)</b>	<b>80409.18</b>	<b>98412.09</b>	<b>118085.21</b>	<b>168829.21</b>	<b>177517.16</b>

Sources: Revenue Expenditure (2011-12 to 2015-16): Statement 6 of Annual Accounts.

Deposit Fund Expenditure: (2011-12 to 2015-16): Annexure-I to Annual Account.

Capital Expenditure: Statement 1 of Annual Accounts.

<sup>2</sup> During carrying over of Closing Balance (Treasury PLA and Bank Account) of ₹6979.85 lakh for the year 2012-13, KAAC accounted ₹7286.84 lakh as Opening Balance for the year 2013-14 in the Annual Accounts.

### 2.1.2 Revenue deficit

The revenue receipts (including Grants-in-Aid from the State Government) of the Karbi Anglong Autonomous Council (KAAC) under District fund during the years from 2011-12 to 2015-16 pertaining to the inherent functions amounted to ₹310.88 crore<sup>3</sup> against which the KAAC spent ₹455.75 crore<sup>4</sup> resulting in revenue deficit of ₹144.87 crore<sup>5</sup>. Revenue receipts of KAAC constituted 64 per cent, 29 per cent, 61 per cent, 33 per cent and 17 per cent of the total Revenue Receipts during 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 respectively which imply that KAAC's own revenue receipt during 2012-13, 2014-15 and 2015-16 were much less, as compared to the grants-in-aid received in the relevant year. As such, lack of proper control over expenditure on inherent function and inadequate revenue generation resulted in revenue deficits ranging from ₹11.47 crore to ₹44.67 crore during 2011-12 to 2015-16. The excess expenditures were met by irregular diversion of funds to the extent of revenue deficits from the funds received from the State Government and from unutilized balances of funds received in earlier years for discharging entrusted functions, despite this being pointed out in earlier Audit Reports.

This diversion of funds from the allocation made by the State Government under the entrusted function for specific programmes/schemes was irregular and must have adversely affected such programmes planned for execution during the corresponding period.

### 2.1.3 Surplus in Deposit Fund

Of the funds received (₹5520.03 crore)<sup>6</sup> by the Council from the State Government for the entrusted functions, KAAC could utilise/ release ₹5057.84 crore<sup>7</sup> during 2011-12 to 2015-16 resulting in under utilisation of Deposit fund amounting to ₹462.19 crore<sup>8</sup> during 2011-12 to 2015-16. Thus, available funds for entrusted functions were underutilised by the KAAC which adversely affected the implementation of programmes/ functions for which funds were provided by the State Government and thus, needs to be avoided.

<sup>3</sup> ₹26.09 crore+ ₹48.26 crore+ ₹28.73 crore+ ₹51.81 crore + ₹155.99 crore

<sup>4</sup> ₹56.49 crore+ ₹59.73 crore+ ₹62.49 crore+ ₹76.38 crore + ₹200.66 crore

<sup>5</sup> ₹30.40 crore+ ₹11.47 crore+ ₹33.76 crore+ ₹24.57 crore + ₹44.67 crore

<sup>6</sup> ₹721.23 crore+ ₹877.05 crore+ ₹1077.93 crore+ ₹1580.36 crore + ₹1263.46 crore

<sup>7</sup> ₹686.57 crore+ ₹850.23 crore+ ₹1058.76 crore+ ₹1252.96 crore + ₹1209.32 crore

<sup>8</sup> ₹34.67 crore+ ₹26.81 crore+ ₹19.17 crore+ ₹327.40 crore + ₹54.14 crore

## 2.2 Receipt and Expenditure compared with those of previous years (District fund)

### 2.2.1 Receipt compared with those of previous years

The own revenue receipts of the KAAC during the five years period 2011-12 to 2015-16 was ₹91.30 crore. Audit observed that the total own receipts of the Council as compared to relevant previous year's receipt varied widely. While increase in own receipt of the Council as compared to the relevant previous year was ₹3.25 crore, ₹3.85 crore and ₹ 9.27 crore respectively during the years 2011-12, 2013-14 and 2015-16, the decrease in own receipt was noticed during the year 2012-13 and 2014-15 as detailed in **Appendix -I**.

Head-wise details of revenue receipt shown in **Appendix -I** disclosed that there was wide variation in yearly revenue generation of the Council under different heads of accounts.

On being pointed out (February 2017) for the need to analyse the reasons in case of shortfall/ lesser generation of revenue on a case to case basis by the Council to ensure optimal revenue generation, KAAC did not respond till date (August 2017).

### 2.2.2 Expenditure compared with those of previous years

The total expenditures under District Fund of KAAC showed the increasing trend over the years which increased steadily ranging from ₹3.33 crore to ₹124.15 crore as compared to the expenditures of the relevant previous years during 2011-12 to 2015-16 {**Appendix-I (A)**}. The head-wise expenditure as compared to the expenditure of the relevant previous year under different heads of account varied widely as detailed in **Appendix II**. Significant variations under different heads of accounts noticed during 2011-12 to 2015-16 are shown in table- 2.

Table- 2

Year	Sl. No.	Head of Accounts	Expenditure during previous corresponding year	Expenditure during the year	Variations with reference to previous corresponding year (Increase + Decrease -)	Percentage of variation
1	2	3	4	5	6	7
2011-12	1	Public Works	667.03	1015.25	(+)348.22	52
	2	Executive Members	62.74	221.65	(+)158.91	253
	3	Administration of Justice	4.20	1.62	(-) 2.58	61
	4	Urban Development	20.00	0.00	(-)20.00	100
	5	Stamps and Registration	0.20	0.00	(-)0.20	100
2012-13	1	Roads and Transport Services	249.41	496.60	(+)247.19	99
	2	Minor Irrigation	0.00	4.53	(+)4.53	100
	3	Public Health & Water Supply	0.00	21.72	(+)21.72	100
	4	Roads and Bridges	0.00	50.00	(+)50.00	100
	5	Administration of Justice	1.62	8.48	(+)6.86	423



Year	Sl. No.	Head of Accounts	Expenditure during previous corresponding year	Expenditure during the year	Variations with reference to previous corresponding year (Increase + Decrease -)	Percentage of variation
1	2	3	4	5	6	7
	6	Information and Publicity	0.39	0.00	(-)0.39	100
2013-14	1	Contributory Provident Fund	24.08	83.39	(+)59.31	246
	2	Administration of Justice	8.48	32.46	(+)23.98	283
	3	Executive Members	141.13	48.88	(-)92.25	65
	4	Roads and Bridges	50.00	6.43	(-)43.57	87
	5	Public Health Sanitation & Water Supply	21.72	0.23	(-)21.49	99
	6	Urban Development	154.00	0.00	(-)154.00	100
	7	Minor Irrigation	4.53	0.00	(-)4.53	100
2014-15	1	Stationery and Printing	346.66	526.78	(+)180.12	52
	2	Public Works	722.50	1197.24	(+)474.74	66
	3	Art & Culture	25.69	43.34	(+)17.65	69
	4	Social Security & Welfare	0.00	20.00	(+)20.00	100
	5	Minor Irrigation	0.00	10.00	(+)10.00	100
	6	Relief on account of Natural Calamities	0.15	0.90	(+)0.75	500
	7	Roads and Bridges	6.43	50.00	(+)43.57	678
	8	Public Health Sanitation & Water Supply	0.23	22.06	(+)21.83	9491
	9	Stamps and Registration	0.20	0.00	(-)0.20	100
2015-16	1	Executive Members	70.46	110.23	(+)39.77	56
	2	Administration of Justice	18.12	28.91	(+)10.79	60
	3	District Council Secretariat	107.99	174.03	(+)66.04	61
	4	Urban Development	0.00	190.00	(+)190.00	100
	5	Stamps and Registration	0.00	0.20	(+)0.20	100
	6	Relief on account of Natural Calamities	0.90	3.95	(+)3.05	339
	7	Education	1248.18	13212.02	(+)11963.84	959
	8	Public Health Sanitation & Water Supply	22.06	1.00	(-)21.06	95
	9	Minor Irrigation	10.00	0.00	(-)10.00	100
	10	Social Security & Welfare	20.00	0.00	(-)20.00	100

Source: Annual Accounts

It would be evident that there was significantly higher expenditure under various heads of accounts during 2011-12 to 2015-16 while instances of decrease in expenditure under few heads of accounts were noticed as compared to relevant previous year's expenditure.

In sum, there was no symmetry in yearly revenue generation by the Council from its own resources. While the expenditure of the Council increased from ₹58.80 crore (2011-12) to ₹204.26 crore (increased by ₹145.46 crore) in 2015-16, the own revenue receipt of the Council could increase from ₹16.82 crore (2011-12) to ₹26.15 crore in 2015-16 (increased by ₹9.33 crore). Thus, increase in expenditure of the Council was not commensurate with increase in its own receipt during the corresponding period.

Thus, to minimise the dependency of the Council on grants-in-aid from the State to meet its expenditure, Council needs to explore the possibilities to increase the revenue from its own resources.

## 2.3 Receipt and expenditure compared with budget provisions

### 2.3.1 Revenue receipts compared with budget provision

The status of revenue (excluding Grants-in-Aid) realized by the KAAC during 2011-12 to 2015-16 vis-à-vis estimated provisions are shown in table- 3.

Table- 3

Year	Budget estimation for Receipt	Actual receipts as per Annual Accounts	Variation (Shortfall)	(₹ in lakh) Percentage of Shortfall
2011-12	2713.00	1681.83	1031.17	
2012-13	2683.00	1380.24	1302.76	38
2013-14	2733.00	1765.10	967.90	49
2014-15	3763.90	1687.55	2076.35	35
2015-16	4832.60	2615.04	2217.56	55
<b>Total</b>	<b>16725.50</b>	<b>9129.76</b>	<b>7595.74</b>	<b>45</b>

Source: Detailed Estimates of revenue receipts and Annual Accounts

The total revenue receipts (excluding *Grants-in-Aid*) of KAAC for the period from 2011-12 to 2015-16 were ₹91.30 crore against the estimated amount of ₹167.26 crore which indicated 45 per cent overall shortfall amounting to ₹75.96 crore against the projections made. The year wise shortfall ranged from 35 per cent to 55 per cent.

2.3.1.1 Significant cases of shortfall in revenue realisation over the estimated budget provisions during 2011-12 to 2015-16, ranged from 82 to 100 per cent in KAAC, are summarised in table- 4 and their head wise position is detailed in *Appendix III*.

Table- 4

Year	Number of Heads of account involved	Estimated receipt as per Budget	Receipts as per annual accounts	Shortfall in receipts	(₹ in lakh) Percentage of shortfall
2011-12	6	750.00	50.89	699.11	82 to 100
2012-13	5	645.00	41.69	603.31	83 to 100
2013-14	5	660.00	43.00	617.00	84 to 100
2014-15	7	2112.00	56.19	2055.81	83 to 100
2015-16	6	2660.00	72.25	2587.75	82 to 100

Source: Budget and Annual Accounts

2.3.1.2 Significant cases of increase in revenue receipts against the estimated budgetary provision for receipts during 2011-12 to 2015-16, (ranged from 43 to 1400 per cent) are summarized in table- 5 and their head-wise provision vis-a-vis actual receipts are detailed in *Appendix IV*.

Table- 5

(₹ in Lakh)

Year	Number of Heads of account involved	Estimated amount as per Budget	Receipts as per Annual accounts	Variations (Increase)	Percentage of variation
2011-12	3	76.00	118.67	42.67	43 to 301
2012-13	3	46.00	92.82	46.82	48 to 129
2013-14	2	305.00	819.86	514.86	163 to 245
2014-15	3	263.46	541.94	278.48	85 to 1400
2015-16	3	434.80	915.60	480.80	46 to 299

Source: Budgets and Annual Accounts

The status of revenue receipts against estimated provisions indicated that the estimated receipts were unrealistic and therefore, there is a need to evolve mechanism to make more realistic estimation of revenue generation by the KAAC.

### 2.3.2 Revenue expenditure compared with budget estimates

The status of revenue expenditures incurred by the KAAC *vis-à-vis* estimated budgetary provisions during 2011-12 to 2015-16 are exhibited in table- 6.

Table- 6

(₹ in lakh)

Year	Expenditure Budget provision	Amount spent against the budgetary provision as per Annual Accounts	Variation (Less expenditure)	Percentage of variation
2011-12	14726.15	5549.42	9176.73	62
2012-13	16001.70	5889.22	10112.48	63
2013-14	17150.65	6101.16	11049.49	64
2014-15	18550.05	7484.52	11065.53	60
2015-16	20491.10	19957.37	533.73	3
<b>Total</b>	<b>86919.65</b>	<b>44981.69</b>	<b>41937.96</b>	<b>48</b>

Source: Budgets and Annual Accounts

The revenue expenditure of KAAC during the period from 2011-12 to 2015-16 was ₹449.82 crore against the estimated provision of ₹869.18 crore leading to less expenditure of ₹419.38 crore (48 *per cent*) incurred during the period. Year wise shortfall in revenue expenditure against the estimated amount ranged from 3 *per cent* (₹5.34 crore) in 2015-16 to 64 *per cent* (₹110.49 crore) in 2013-14.

**2.3.2.1** Significant decrease ranging from 51 to 100 *per cent* in revenue expenditure in KAAC over estimated budgetary provisions during 2011-12 to 2015-16 were noticed in audit which are summarized in table- 7 and their head-wise status is detailed in *Appendix V*.

Table- 7

Year	Number of Head of accounts involved	Estimated amount as per Budget	Expenditure as per Annual accounts	Shortfall/ decrease	Percentage of expenditure decrease
		9151.95	1121.91	8030.04	55 to 100
2011-12	11	9948.30	1051.85	8896.45	55 to 100
2012-13	7	11210.30	1552.14	9658.16	60 to 100
2013-14	12	12337.08	1597.39	10739.69	51 to 100
2014-15	7	975.00	296.47	678.53	53 to 100
2015-16	7				

Source: Budgets and Annual Accounts

**2.3.2.2** Instances of increase in expenditure over estimated budgetary provisions were noticed under the head of account 'Road Transport' by ₹2.22 crore (81 per cent) in 2012-13 and by ₹2.18 crore (66 per cent) in 2013-14 as detailed in table- 8.

Table- 8

Year	Budget estimate	Expenditure as per Annual Accounts	Variation (increase)	Percentage of increase
2012-13	274.50	496.60	222.10	81
2013-14	330.30	548.20	217.90	66

Source: Budgets and Annual Accounts

The above was indicative that the estimated provisions were unrealistic due to improper assessment of requirement of funds under the respective heads of account and therefore, streamlining of the mechanism was needed for realistic estimation of requirement of the funds to avoid recurrence of such instances of excess expenditure in future.

### Comments on Accounts

#### 2.4 Part-I District Fund

##### 2.4.1 Overstatement of revenue receipts

The Annual Accounts (Statement 5) exhibited ₹1681.83 lakh, ₹1380.24 lakh, ₹1765.10 lakh as total revenue receipts (excluding grants-in-aid) during 2011-12, 2012-13 and 2013-14 respectively against the actual revenue receipts (excluding grants-in-aid) of ₹1596.27 lakh, ₹1365.22 lakh and ₹1734.22 lakh remitted into the Personal Ledger Account (PLA) of KAAC. This resulted in overstatement of revenue receipts under Part-I District Fund by ₹85.56 lakh, ₹15.02 lakh and ₹30.88 lakh during 2011-12, 2012-13 and 2013-14 respectively by the Council.

##### 2.4.2 Understatement of revenue receipts

The Annual Accounts (Statement 5) exhibited ₹1687.55 lakh and ₹2615.04 lakh as total revenue receipts (excluding Grants-in-Aid) during 2014-15 and 2015-16 respectively against actual revenue receipts (excluding grants-in-aid) of ₹1708.00 lakh and ₹2627.28



lakh remitted into the Personal Ledger Account (PLA) of KAAC. This resulted in understatement of revenue receipts under Part-I District Fund by ₹20.45 lakh and ₹12.24 lakh during 2014-15 and 2015-16 respectively by the Council.

#### 2.4.3 Understatement of progressive capital outlay

Progressive Capital Outlay at the end of 2010-11 was ₹1325.84 lakh<sup>9</sup> as per Annual Accounts for 2009-10 and 2010-11 respectively. However, scrutiny of Statement 2 of the Annual Accounts for the years 2011-12 to 2015-16 revealed that there were continuous understatement of Progressive Capital Outlay shown in the Annual Accounts. Year wise understatement is detailed in table- 9.

Table- 9

Year	Progressive Capital Outlay at the end of previous financial year	Capital outlay during the year	Progressive Capital Outlay at the end of the year	Progressive Capital Outlay shown in the Annual Accounts	Understatement of Progressive Capital Outlay
2011-12	1325.84	230.00	1555.84	452.00	1103.84
2012-13	1555.84	255.39	1811.23	485.39	1325.84
2013-14	1811.23	308.00	2119.23	563.39	1555.84
2014-15	2119.23	308.00	2427.23	616.00	1811.23
2015-16	2427.23	360.00	2787.23	668.00	2119.23

Source: Annual Accounts

The reasons for the variation were not given to audit. Thus, the Progressive Capital Outlay shown in the Statement 2 of the Annual Accounts needs to be reconciled and correct figures exhibited in the Annual Accounts of the Council.

#### 2.4.4 Understatement of expenditure

Statement 6 of Annual Accounts for 2011-12 to 2014-15 exhibited expenditures under Disbursement of Contributory Provident Fund (CPF) totalling as ₹246.31 lakh<sup>10</sup> against the actual disbursement (as per Department of CPF Branch, KAAC) of ₹385.03 lakh<sup>11</sup> as per information furnished by the Secretary BTC. This resulted in understatement of expenditure by ₹138.72 lakh<sup>12</sup> during 2011-12 to 2014-15 in the accounts of the Council and thus, needed to be reconciled.

#### 2.4.5 Overstatement of expenditure and understatement of closing balance

Scrutiny of records of Transport Department and Annual Accounts of KAAC revealed that during 2011-12, there was an unutilised balance of ₹119.98 lakh with the Transport Department of KAAC as on 31 March 2011. The Government of Assam (GoA) sanctioned

<sup>9</sup> As per Statement-2 of Annual Account 2009-10 ₹881.84 lakh (upto 2008-09) and ₹222.00 lakh (during 2009-10). Further ₹222.00 lakh (during 2010-11) as per Annual Account 2010-11 = Progressive ₹1325.84 lakh.

<sup>10</sup> ₹50.10 lakh+₹24.08 lakh+ ₹83.39 lakh + ₹88.74 lakh.

<sup>11</sup> ₹92.93 lakh+₹84.63 lakh+ ₹102.04 lakh, + ₹105.43 lakh.

<sup>12</sup> ₹42.83 lakh+₹60.55 lakh+ ₹18.65 lakh + ₹16.69 lakh.

and released ₹230.00 lakh to the department during the year. As a result, total available funds at the disposal of the Transport Department amounted to ₹349.98 lakh. Of this, the department spent ₹228.34 lakh (Revenue Expenditure: ₹116.94 lakh and Capital expenditure: ₹111.40 lakh) leaving unutilised balance of ₹121.64 lakh. But the Annual Accounts exhibited Revenue expenditure of ₹249.41 lakh and Capital expenditure of ₹230.00 lakh in Statement 6 and Statement 2 respectively. Thus, Revenue and Capital expenditure was overstated by ₹132.47 lakh and ₹118.60 lakh in Statement 6 and Statement 2 of the Annual Accounts respectively. Further, keeping of the unspent balance of ₹121.64 lakh with Transport department in a bank account outside District Fund (PLA of KAAC) led to understatement of closing balance in the Annual Accounts to that extent. Similarly, Revenue and Capital expenditures were overstated with consequent understatement of Closing balances to that extent in the respective Annual Accounts during 2012-13 to 2015-16 as shown in table- 10.

**Table- 10**

Year	Previous Balance	Grants-in-Aid received	Total fund available	Total Revenue Exp.	Total Capital Exp.	Total Exp. (5+6)	Unutilised fund (4-7)	Revenue Exp. as per Statement - 6	Capital Exp. as per Statement - 2	Revenue Exp. Overstated (9-5)	Capital Exp. Overstated (10-6)
1	2	3	4	5	6	7	8	9	10	11	12
2011-12	119.98	230.00	349.98	116.94	111.40	228.34	121.64	249.41	230.00	132.47	118.60
2012-13	121.64	255.39	377.03	184.21	167.29	351.50	25.53	496.60	255.39	312.39	88.10
2013-14	25.53	308.00	333.53	182.79	104.96	287.75	45.78	548.20	308.00	365.41	203.04
2014-15	45.78	308.00	353.78	180.33	95.73	276.06	77.72	563.55	308.00	383.22	212.27
2015-16	77.72	360.00	437.72	205.66	175.68	381.34	56.38	675.77	360.00	470.11	184.32

Source: Annual Accounts and Departmental records.

#### 2.4.6 Discrepancy in Bank Account component of the Closing Balance

Footnote below statement I of Annual Accounts for the year 2011-12 to 2015-16 disclosed that 'Treasury and Bank balance' included funds retained in the Bank Account<sup>13</sup> to the extent as shown in table- 11.

**Table-11**

Year	Treasury and Bank balance	
	'Treasury and Bank balance' as per Statement 1 of Annual Account	Component of Bank balance (as per current Bank account-SBI) included in 'Treasury and Bank balance' as per footnote of the Annual Accounts
2011-12	57.56	21.84
2012-13	69.80	1.70
2013-14	54.34	14.14
2014-15	353.85	287.83
2015-16	359.81	111.48

Source: Annual Accounts

<sup>13</sup> A/c No. 11007469430

However, during audit it was noticed that KAAC maintained three Savings Bank and six Current Accounts, accumulated balance of which at the close of the year 2015-16, amounted to ₹55.93 crore (including ₹1.50 crore under SBI Account No. XXXXXXXX430 (detailed in *Appendix - VI*) leading to a discrepancy of ₹55.55 crore<sup>14</sup> as per Annual Accounts. As such, possibility of over statement of closing balance in the Annual Accounts under the caption 'Treasury and Bank Balance' could not be ruled out and needed reconciliation by the Council.

#### 2.4.7 Discrepancy in ways and means position

Statement 3 of Annual Accounts exhibit the position of Ways and Means (availability of funds) of KAAC meant for discharging its inherent functions. This *inter-alia* shows the status of month-wise details of the opening balance, receipts and disbursement during the month and closing balances of Cash at the end of each month during the year. Scrutiny of Annual Accounts and relevant Cash Book revealed discrepancies between these two sets of accounts in respect of opening and closing balances of cash. Year wise position of Opening balance and Closing balance as per Cash Book and Annual Accounts is detailed in table- 12.

Table- 12

(₹ in lakh)

Year	As per Cash Book		As per Annual Accounts	
	Opening balance	Closing balance	Opening balance	Closing balance
2011-12	88.78	123.36	89.49	117.18
2012-13	123.36	126.35	117.18	120.18
2013-14	126.35	160.03	120.18	153.84
2014-15	160.03	137.83	153.84	136.70
2015-16	137.83	179.16	136.70	178.04

Source: PLA and Annual Accounts.

The above discrepancies were not reconciled and the reasons for such discrepancies were not disclosed by way of explanatory notes in the Annual Accounts. Further, monthly receipts and disbursements as shown in the Statement could not be verified due to non-compilation of monthly accounts in respect of its inherent functions by the Council.

#### 2.4.8 Non reconciliation of figures of Grants-in-Aid

Scrutiny of Statement 5 of the Annual Accounts and information furnished by the District Primary Education Officer (DPEO) in respect of receipt and utilisation of grants-in -aid under the head 'Education' revealed that the figures as exhibited in Annual Accounts do

<sup>14</sup> ₹111.48 corore minus ₹55.93 crore

not tally with such details furnished by the DPEO during the years 2011-12, 2013-14 and 2015-16 respectively as detailed in table- 13.

**Table- 13**

(₹ in crore)

Year	Receipts of Grants-in-Aid			Expenditure under Grants-in-Aid		
	As per information furnished by DPEO	As per Annual Accounts (Statement 5)	Discrepancy	As per information furnished by DPEO	As per Annual Accounts (Statement 6)	Discrepancy
2011-12	6.48	6.98	0.50	6.48	6.98	0.50
2013-14	6.76	8.00	1.24	6.76	7.99	1.23
2015-16	8.66	126.24	117.58	8.66	12.53	3.87

Source: Departmental records and Annual Accounts.

Thus, KAAC did not initiate any action to reconcile the above departmental figures prior to preparation of Annual Account, which led to the above discrepancies.

#### 2.4.9 Understatement of receipts

Scrutiny of records revealed that KAAC operated three savings bank accounts and earned interest of ₹43.31 lakh as detailed in table- 14 during 2013-14 to 2015-16 which was neither accounted for in the PLA Cash Book nor reflected in the Annual Accounts. This resulted in understatement of receipts in the Annual Accounts to the extent of ₹4.27 lakh, ₹6.24 lakh and ₹32.80 lakh during the corresponding year 2013-14, 2014-15 and 2015-16 respectively.

**Table- 14**

Sl. No.	Name of the bank	A/c. No.	Type of accounts	Date of opening of accounts	Interest earned		Purpose of operation
					Year	₹ in lakh	
1	IDBI <sup>15</sup>	XXXXXXXXXXXXX456	Saving account	29 Mar. 2015	2015-16	11.44	Deal with the transactions of entrusted departments
2	HDFC bank	XXXXXXXXXXXXX349	Saving account	06 Mar. 2015	2015-16	14.61	
3	Axis Bank	XXXXXXXXXXXXX565	Saving account	06 Nov. 2013	2013-14	4.27	Deal with the transactions of Rastriya Madhyamik Shiksha Avijan
					2014-15	6.24	
					2015-16	6.75	

Source: Departmental records.

#### 2.5 Part-II Deposit Fund

Part- II Deposit fund exhibited receipt of funds from the State Government for entrusted functions and its disbursement during the year. However, heads of account wise break up of fund receipt and disbursement was not disclosed by way of explanatory notes or any Schedules to the Annual 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 were prepared directly from the entries of PLA Cash Book and Bank Register.

<sup>15</sup> Industrial Development Bank of India



Thus, maintenance of Consolidated Abstract or Ledger by the Council as required under the provisions of Government Accounting Rule 1990 is needed to be ensured for bringing in transparency and accuracy in the accounting.

### 2.5.1 Understatement/overstatement of receipt

Scrutiny of PLA Cash Book, sanction letters, Challans and cheques/ bank drafts pertaining to receipts from the Government of Assam and other sources, revealed discrepancies between the actual receipt and figures of receipt as exhibited under deposit funds in the Annual Accounts during 2011-12 to 2015-16. This led to overstatement/ understatement of yearly Fund Receipt under Deposit Fund in the Annual Accounts as detailed in table- 15.

Table- 15

(₹ in crore)

Year	Total funds received under Deposit fund as per PLA Cash Book	Funds received by cheques/bank drafts & directly credited current bank account (addition)	Amount transferred to District fund (deduction)	Total receipt under deposit funds	Receipt under deposit fund as per Annual Account	Overstatement(+) Understatement(-) in Annual Account
1	2	3	4	5	6	7
2011-12	721.23	17.16	9.28	729.11	721.23	(-) 7.88
2012-13	853.25	24.90	34.46	843.69	877.05	(+) 33.36
2013-14	987.97	38.99	11.08	1015.88	1077.93	(+) 62.05
2014-15	1295.14	53.35	34.93	1313.56	1580.36	(+) 266.80
2015-16	1167.38	16.78	12.98	1171.18	1263.46	(+) 92.28

Source: Departmental records, PLA and Annual Accounts.

Thus, accurate disclosure of receipts of funds under Deposit Fund, are needed to be ensured for true and fair picture of Annual Accounts by the Council.

### 2.5.2 Understatement/overstatement of disbursement

Scrutiny of PLA Cash Book and bank accounts along with Statement 1 of the Annual Accounts revealed discrepancies in actual disbursement of funds under Part-II Deposit Fund leading to understatement/ overstatement of yearly disbursements under Deposit Fund, position of which is summarised in table- 16.

Table- 16

(₹ in crore)

Year	Total funds disbursed under Deposit fund as per PLA Cash Book	Funds disbursed directly from bank accounts without routing through PLA	Total disbursement under deposit funds	Disbursement under deposit fund as per Annual Accounts	Overstatement(+) Understatement(-) in the Annual Accounts
1	2	3	4	5	6
2011-12	687.15	44.38	731.53	686.57	(-) 44.96
2012-13	810.09	43.94	854.03	850.23	(-) 3.80
2013-14	996.72	62.88	1059.60	1058.75	(-) 0.85
2014-15	1243.76	11.27	1255.03	1252.96	(-) 2.07
2015-16	940.26	193.61	1133.87	1209.32	(+) 75.45

Source: Departmental records, PLA and Annual Accounts.

Thus, accurate disclosure of disbursements under Deposit Fund, are needed to be ensured in the Annual Accounts by the Council.

## 2.6 Erroneous and incomplete data/figures in Statement 7

The prescribed format of Statement 7 of the Annual Account requires head of account wise depiction of receipts and disbursements along with opening and closing balances relating to District and the Deposit Funds.

However, it was noticed during audit that Statement 7 of the Annual accounts for 2011-12 to 2015-16 did not depict head of account wise position of Opening balance (OB), receipt/recovery, disbursement and Closing balances (CB). Instead OB, receipt/recovery, disbursement and CB of certain category of transactions<sup>16</sup> were reflected which being *prima facie* inaccurate, partial and giving incomplete information, the position of which are detailed in **Appendix VII**.

Examination in audit further disclosed that-

- No transaction was exhibited under "Loans and advances to District Council Employee" which were contradictory to disclosures made in Statement 4 to Annual Accounts (2011-12 to 2015-16).
- Transactions related to Loans and Advances to Council Employees were incorrectly reflected under "Loans and Advances" as it partially conforms to the figures given in Statement 4 of the Accounts.
- Figures of 'OB' and 'CB' under the category "Deposit from State Government for transferred items" were not exhibited.
- The Category of 'Cash and Treasury balance' was included beyond the scope of Statement 7 as the total of the heads of account wise closing balances of Statement needs to be in agreement with 'Cash and Treasury balance'.

Thus, the Statement-7 of the Annual Accounts for the years 2011-12 to 2015-16 prepared by the Council remained incomplete to that extent and needed to be prepared *inter-alia* giving complete information and disclosures.

<sup>16</sup> A. Loan and advances, B. Loan to District Council Employees, C. Deposit not bearing interest Security Deposit, D. Deposit from State Govt for transferred items, E. Cash & Treasury Balance.

## 2.7 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 of every year is required to be reconciled with the balance shown in the records of the treasury and difference, if any, is required to be explained.

### 2.7.1 Non-reconciliation of figures of three sets of records

Scrutiny of PLA Pass Book maintained by the Treasury and PLA Cash Book maintained by the KAAC revealed that even though, discrepancies in the closing balances existed between the two sets of records remained un-reconciled, the KAAC without carrying out any reconciliation, adopted the opening balances as per Treasury Pass Book of all the years covered under audit (2011-12 to 2015-16) by changing the balance figures in the PLA Cash Book for keeping agreement with the opening balances as per the Treasury Pass Book for these years.

The figures of opening and closing balances for all the years exhibited in the Annual Accounts (Statement 1) were neither conforming to the figures as per Treasury records nor the figures as per PLA Cash Book, maintained by the KAAC. The position of opening and closing balances showing variation as per the above three sets of records is detailed in table- 17.

Table- 17

(₹ in crore)

Year	As per treasury records		As per PLA Cash Book		As per Annual Accounts	
	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance
2011-12	35.44	40.23	35.44	36.37	56.72	58.73
2012-13	40.23	43.30	40.23	71.86	58.73	71.00
2013-14	43.30	62.60	43.30	(-) 1.63	74.07	55.88
2014-15	62.60	54.01	62.59	60.07	55.88	355.22
2015-16	54.01	193.63	54.04	141.51	355.22	361.59

Source: Departmental records, PLA and Annual Accounts.

Thus, the Annual Accounts prepared by the KAAC do not depict the true and fair view of the state of affairs of the KAAC. Audit also observed that the discrepancies had been persisting since 1985-86, but KAAC had not reconciled the discrepancies despite these having been pointed out in previous year's Audit Reports.

## 2.7.2 Non - accountal in PLA and non reconciliation of bank balance

2.7.2.1 Rule 14(i) of the Karbi Anglong District Fund Rules, 1952 provides that all moneys pertaining to the Council shall be held in the treasury and Rule 16 (ii) provides that all monetary transactions shall be entered in the Cash Book as soon as they occur. Further, OM dated 31 December 1996 stipulates that Administrative Departments of the State Government are to release the funds from the State budget, as advance subject to adjustment by debiting the appropriate head of accounts through monthly submission of accounts to the Accountant General (A&E) by the KAAC. Accordingly, money released to KAAC was required to be kept at the Treasury and disbursement could be made there from for implementation of schemes/programmes/policies etc., reflecting the same in the Cash Book maintained by the KAAC and submit monthly accounts showing the adjustment of advances.

In contravention of the above, during 2011-12 to 2015-16, a total fund of ₹151.18<sup>17</sup> crore received by the KAAC in the form of bank draft/Banker cheques from the Managing Director, National Rural Health Mission (NRHM), Panchayat & Rural Development (P&RD), Social Welfare, Education etc Departments, of the State Government for implementation of various development project/schemes were not deposited into the Treasury but retained in current/savings bank account with different banks viz., State Bank of India (SBI), Housing Development Finance Corporation (HDFC), Axis Bank, Industrial Credit and Investment Corporation of India (ICICI), Langpi Dehangi Rural Bank (LDRB), Industrial Development Bank of India (IDBI). Further, both receipts and head of account-wise disbursements out of these Bank accounts were also not accounted for, in the Annual Accounts as well as in the PLA Cash Book by the KAAC. Thus, deposit of fund in bank accounts against the Fund Rules and non accountal of the funds received and disbursed from Bank accounts in the Annual Accounts was irregular.

2.7.2.2 Scrutiny of Annual Accounts revealed that yearly closing balances of SBI, as shown in Note below Statement 1, did not tally with the actual closing balances as per bank statements as detailed in table- 18.

<sup>17</sup> 2011-12: ₹ 17.16 Cr, 2012-13: ₹ 24.90 Cr, 2013-14: ₹ 38.99 Cr, 2014-15: ₹ 53.35 Cr, and 2015-16: ₹ 16.78 Cr



Table- 18

(₹ in crore)

Year	Closing balance as per Bank Statement	Closing balance as per Annual Accounts	Difference in Annual accounts Less (-)/Excess (+)
2011-12	29.66	21.84	(-) 7.82
2012-13	37.25	1.70	(-) 35.55
2013-14	34.59	14.14	(-) 20.45
2014-15	239.89	287.83	(+) 47.94
2015-16	1.50	111.48	(+) 109.98
<b>Total</b>	<b>342.89</b>	<b>436.99</b>	<b>(+) 94.10</b>

Source: Departmental records and Annual Accounts.

Thus, there was a difference of ₹94.10 crore at the close of the year 2015-16, between the two sets of records, which remained un-reconciled by the KAAC. KAAC needs to carry out the reconciliation of balances with the bank and corrected position exhibited in the Annual Accounts.

## 2.8 Discrepancy between Annual Accounts of the KAAC and Appropriation Accounts of the State

The Annual Accounts prepared by the KAAC exhibit total expenditure made out of money released to KAAC (Deposit fund) as advance from the State budget. Appropriation Accounts of the State is prepared by AG (A&E), by compiling figures of Monthly detailed Accounts of expenditure as submitted by the KAAC, exhibiting revenue and capital expenditure under the Grant No. 76 Hill Areas Department (Karbi Anglong Autonomous Council).

Position of year-wise expenditure under Grant No. 76 Hill Areas Department (KAAC) as per Appropriation Accounts and expenditure under Part - II Deposit Fund of the Annual Accounts are detailed in table-19.

Table-19

(₹ in lakh)

Year	Sector	Actual Expenditure as per Appropriation Accounts	Expenditure exhibited under Deposit Fund (without bifurcation of Revenue and Capital) as per Annual Account	Difference Excess (+)/ Less(-) (in Annual Account) (4-3)
1	2	3	4	5
2011-12	Revenue	4,86,56.70		
	Capital	89,80.15		
	<b>Total</b>	<b>57636.85</b>	<b>68656.71</b>	<b>+ 11019.86</b>
2012-13	Revenue	5,25,77.73		
	Capital	1,39,26.95		
	<b>Total</b>	<b>66504.68</b>	<b>85023.37</b>	<b>+ 18518.69</b>
2013-14	Revenue	5,65,97.67		
	Capital	2,37,56.91		
	<b>Total</b>	<b>80354.58</b>	<b>105875.50</b>	<b>+ 25520.92</b>
2014-15	Revenue	6,43,78.22		
	Capital	3,63,19.48		
	<b>Total</b>	<b>100697.70</b>	<b>125296.23</b>	<b>+24598.53</b>
2015-16	Revenue	6,59,96.97		
	Capital	4,48,70.17		
	<b>Total</b>	<b>110867.14</b>	<b>120931.82</b>	<b>+ 10064.68</b>

Source: Appropriation Accounts of Assam and Annual accounts of KAAC

Thus, there was a wide variation between the expenditure figures as per Appropriation Accounts of the State and the Annual Accounts of the Council during 2011-12 to 2015-16. Reasons for the above discrepancies between the two accounts were not explained in the Annual Accounts by way of explanatory note by the Council. KAAC also did not carry out reconciliation of yearly expenditure figures as reported through Monthly Accounts prior to finalization of Appropriation Account by the AG (A&E). The reasons for the variations of expenditure between the two sets of accounts were not given to audit by the KAAC.

The following could be the factors which contributed towards the above discrepancies in Annual Accounts maintained by the Council:

- Erroneous classification and accounting of Grant-wise and head-wise expenditure.
- Non- compilation of Grant-wise/ head-wise expenditure in the form of Consolidated abstract/ Ledger and eventual non reconciliation of Annual Account figures.
- Non reconciliation of figures of expenditure as reported through Monthly detailed Accounts to AG (A&E) and expenditure as accounted for in the Annual Accounts under Part- II Deposit Fund.
- Non- reflection of portion of expenditure incurred out of unspent balance of previous years' fund distinctly under Part- II Deposit Fund in the Annual Accounts.
- Non reflection of portion of expenditure made from funds received from Other Grant(s) of the State budget, Scheme and Other sources, if any.

Thus, there was an imperative need of conformity of figures of head-wise expenditure of the Annual Accounts of the KAAC and the Appropriation Accounts of the State of the corresponding year. It is needed that correct monthly accounts are submitted by the KAAC to the AG (A&E) and Annual Accounts are drawn up accordingly, ensuring conformity. Corrective steps in these respects are needed to be ensured by timely reconciliation of figures of expenditure with AG (A&E), in order to avoid mismatch of expenditure figures under the same heads in the two different sets of Accounts viz., Annual Accounts of the Council and the Appropriation Accounts of the State.

## **2.9 Weakness in maintaining Annual Accounts**

Significant weaknesses as noticed from foregoing paragraphs are detailed below:

- The figures of the Annual Accounts of the Council were not supported by the ledger/consolidated abstract compiled from initial books of accounts (Cash Book/Revenue Collection Register etc).
- The receipts of funds from the State Government (State budget) with corresponding disbursements disclosed under Part- II Deposit Fund were not exhibited head of account-wise.
- Head-wise details of unspent balances of funds received for entrusted functions were not worked out at the beginning on closing of the year.
- Balances as per Bank and Treasury were not reconciled with the Cash Book of the Council.
- Revenue receipts as exhibited in the Annual Accounts were not conforming to the deposits made in the Personal Ledger Account of the KAAC.
- Cash balances at the close of the year lying with the departments under KAAC were not reflected in the Annual Accounts.
- Disbursements under Part - II Deposit Fund of the Annual Accounts did not tally with the expenditure under Grant No. 76 Hill Areas Department (KAAC).

In view of the above, the attempt on the part of audit to examine the Annual Accounts of the Council was affected to that extent and therefore, audit was unable to provide any assurance that the accounts would be free from material misstatements.