

## Section-I

### 1.1 Introduction

**1.1.1** The Sixth Schedule to the Constitution of India provides for administration of specified tribal areas through the constitution of 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 forest (other than reserve forest), 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.

**1.1.2** The Karbi Anglong District Council in Assam was set up on 23 June 1952 under the provisions of Article 244 (2) read with the Sixth Schedule to the Constitution of India. In terms of Memorandum of understanding (April 1995) amongst State, Central Government and representatives of the district, the Council was renamed as Karbi Anglong Autonomous Council (KAAC).

**1.1.3** Under paragraph 3A of the Sixth schedule, KAAC was vested with additional powers to make laws on the subjects, as specified under serial (a) to (o) in the Schedule *ibid*.

**1.1.4** Paragraph 6 (1) of the Schedule empowers the Councils to establish, construct or manage primary schools, dispensaries, markets, cattle pounds, ferries, fisheries, roads, road transport and waterways in the respective autonomous districts. The Councils also have the powers to assess, levy and collect within the autonomous districts, revenue in respect of land and buildings, taxes on professions, trades, callings and employments, animals, vehicles and boats, tolls on passengers and goods carried in ferries, and the maintenance of schools, dispensaries or roads as listed in paragraph 8 of the Schedule. The above functions are called inherent functions of the Council.

**1.1.5** In order to enable KAAC to exercise the above powers, the State Government resolved to extend the former's executive powers and delegated/entrusted additional functions under paragraph 6 (2) of the Schedule *ibid*, (called entrusted functions) to the KAAC in relation to agriculture, animal husbandry, cottage industries, soil conservation, social welfare, fisheries, forests *etc.*, since June 1970 (further revised in November 1979, November 1992 and December 1996). According to the terms of the latest entrustment, the State Government is to make funds available to KAAC in advance so that the latter can

finance the expenditure relating to entrusted functions to be carried out by the Council on behalf of the State Government. KAAC is to render monthly detailed accounts of expenditure related to the entrusted functions to the Accountant General (A&E), Assam for making necessary adjustments and account for the relevant expenditure in the Appropriation Accounts of the State. Budget provision for these functions is to be made in the State budget, and the Council remains responsible to the State Legislature in respect of all matters relating to such funds provided for discharging the functions entrusted to it in terms of Office Memorandum (31 December 1996) of the Government of Assam (GoA).

## **1.2 Rules for the management of District Fund**

The Sixth Schedule to the Constitution of India provides for the constitution of a District Fund for each autonomous district, to which shall be credited all moneys received by the Council in the course of administration of the District in accordance with the provisions of the Constitution. In exercise of the powers conferred under sub-Para (2) of Para 7 of the Schedule (as it stood originally), the affairs of the District Councils are being regulated under the respective District Council Fund Rules. In respect of the instant District Council, these are regulated under the Karbi Anglong Autonomous District Fund Rules, 1952 (called Fund Rules) as approved by the Governor of Assam.

## **1.3 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 (CAG) with the approval of the President. The approved format was forwarded by the State Government to the KAAC in March 1978.

The approved format *inter-alia* provides for two divisions of account, as 'Part-I District Fund' and 'Part-II Deposit Fund'. Thus, the District Fund, as prescribed under paragraph 7(1) of the Sixth Schedule to the Constitution is maintained in the local treasury, as the Personal Ledger Account of the Council and transactions made there from are accounted for under two divisions, as 'Part-I District Fund' and 'Part-II Deposit Fund', in the Annual Accounts of the Council. The District Fund relates to the revenue receipts of the Council, as well as Grants-in-Aid received along with corresponding expenditure of the Council for its own establishment and inherent functions, as per paragraph 3 of the Sixth Schedule to the Constitution of India, while the Deposit Fund relates to the funds received from the

State budget as advance for entrusted functions, as per paragraph 3A of the Sixth Schedule to the Constitution, along with corresponding disbursements.

Accordingly, KAAC prepared and submitted the Annual Accounts for the years 2011-12 to 2015-16 in the prescribed format in July 2016. Audit of Annual Accounts was taken up during July 2016 to October, 2016 along with the Compliance audit.

Results of test check of Annual Accounts and transactions of KAAC for 2011-12 to 2015-16 are given in the succeeding paragraphs.