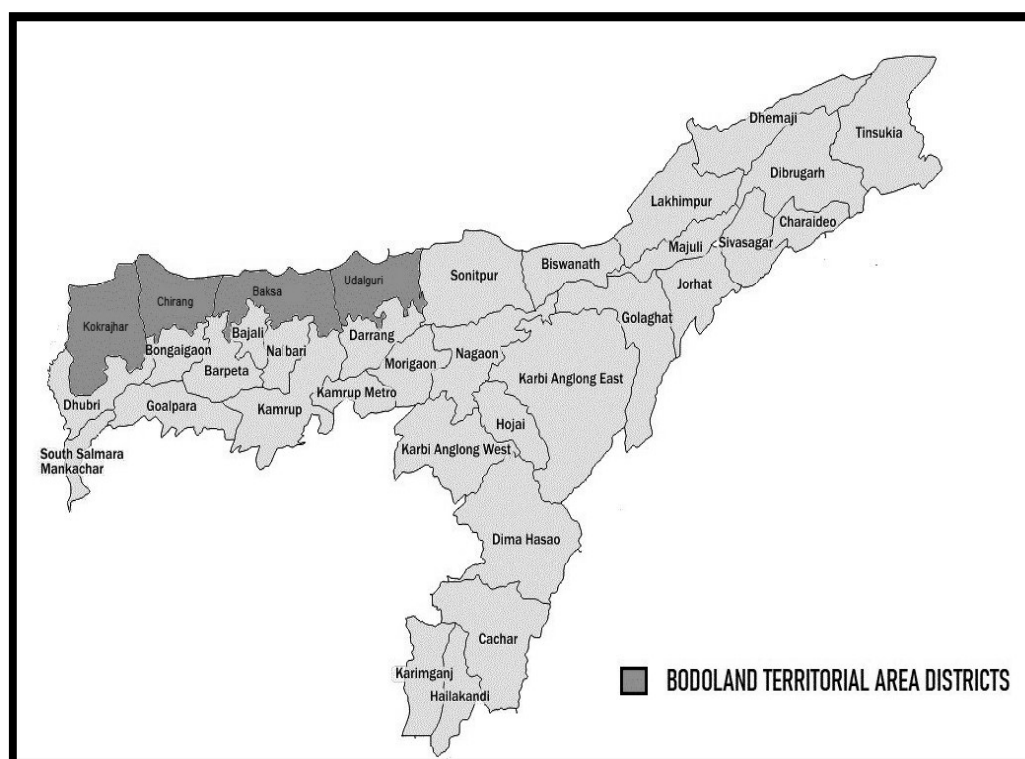


Chapter-I

Constitution, Rules and Maintenance of Accounts

1.1 Profile of Bodoland Territorial Council

Bodoland Territorial Council (BTC) is an Autonomous Council in Assam established in pursuance of a Memorandum of Settlement (MoS)¹ amongst Government of India, Government of Assam and Bodo Liberation Tigers. The BTC was set up on 05 December 2003 in terms of an amendment² to the Sixth Schedule of the Constitution of India. The BTC encompasses 8,821.68 sq.km of area comprising four districts of the State (about 11.25 *per cent* of total area of Assam).



As per the amendment to the Sixth Schedule, the Council would have a maximum of 46 members, of whom, 40 are elected through adult suffrage, while six members are nominated by the Governor of Assam. Out of the 40 elected seats, thirty are reserved for Scheduled Tribes, five for non-tribal communities, five open for all communities. The nominated members are to be selected from amongst the unrepresented communities from the BTC area, of which at least two should be women.

The Sixth Schedule to the Constitution 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 MOS of 10 February 2003 reached amongst Government of India, Government of Assam and Bodo Liberation Tigers

² 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 3B³ of the Sixth schedule, the BTC was vested with additional powers to make laws on 40 subjects (**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 the powers to establish, construct or manage primary schools, dispensaries, markets, cattle pounds, 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, professions, trades, employments, taxes on animals, vehicles and boats, the entry of goods into a market for sale therein, and tolls on passengers and goods carried by ferries, and taxes for maintenance of schools, dispensaries or roads, *etc.*, 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) by Government of Assam in consultation with the BTC under which Plan funds would be made available as advance, primarily against Grant No. 78 of the State budget, for BTC to incur expenditure on 39 subjects. As a part of this administrative arrangement, BTC is required to render monthly detailed accounts to the Accountant General (Accounts and Entitlements) for adjustment of such advance of funds provided for through State Budget. It was also provided for in the administrative procedure⁴ that the State Government would decide the modalities for transfer of other Plan (Schemes/ Programmes) and Non-Plan funds to the BTC.

However, such procedure/ modalities are yet to be framed as on the date of submission (June 2020) of accounts for the year 2017-18 by the BTC to Accountant General.

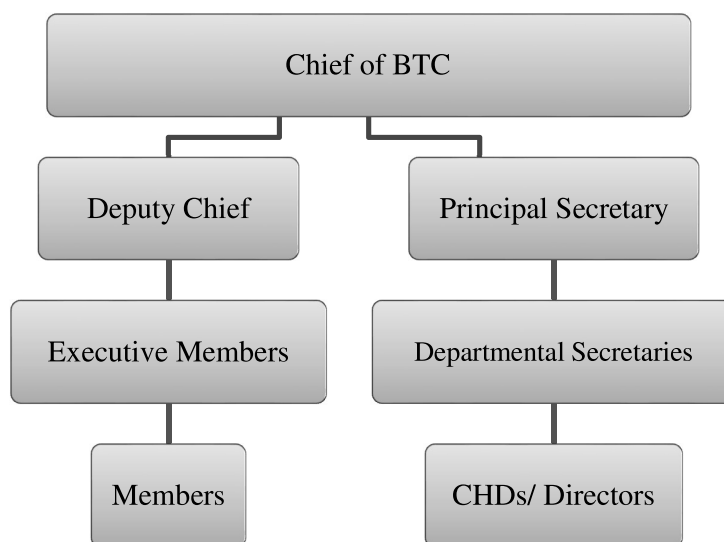
1.2 Organisational structure of BTC Secretariat

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 37 CHDs along with respective subordinate DDOs at field level to carry out the functions of BTC.

³ Included vide Sixth Schedule to the Constitution (Amendment) Act, 2003.

⁴ Office Memorandum dated 16 October 2004.

The structure of BTC administration is given in the organogram below:



1.2.1 Human Resource

As per Rule 155 of the BTC Fund Rules, 2012 in April every year, a detailed statement of the permanent establishment existing on 1 April shall be prepared in prescribed form and kept on record in the Council Office.

Audit observed that BTC did not prepare the detailed statement of its staff as mandated by the BTC Fund Rules as of March 2018.

BTC (May 2022) reported that Sanctioned Strength (SS) of BTC Secretariat was 565 (Government Sanctioned post: 246 and Council Sanctioned post: 319) against which Persons-in-position (PIP) during 2017-18 was 493, indicating a shortfall of 72. Copies of Government/Council orders pertaining to the actual SS to ascertain the authority were not provided to audit. Moreover, BTC Secretariat did not maintain PIP *vis-à-vis* SS for various categories of staff of the entrusted departments. Due to failure of the BTC to provide the information despite specifically as called for, Audit could not verify the actual staff position of BTC.

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 the Sixth Schedule to the Constitution is maintained in the Kokrajhar Treasury, as the PDA of BTC.

The accounts and records of the Principal Secretary, BTC, Kokrajhar are test audited by C&AG of India under Paragraph 7(4) of the Sixth Schedule. BTC submitted their Annual Accounts in the approved format for the year 2017-18 in June 2020 with a delay of 28 months appending Annexures disclosing Head of Account-wise receipts and disbursements pertaining to funds transferred to BTC by the State Government. Audit of Annual Accounts along with the transactions of the Council for the year 2017-18 was conducted from 22 February 2021 to 07 May 2021.

Result of audit of Annual Accounts for the year 2017-18 and test-check of the transactions of the Council during the year 2017-18 have been presented in Chapter-II to Chapter-IV of this Report.

1.5 Internal Control

For efficient management of any organization, an effective internal control mechanism should be in place to ensure that proper checks and procedures are exercised for effective discharge of its mandate, reliability of its financial reporting and compliance with applicable laws and regulations to avoid/minimise errors, detect and prevent instances of possible misappropriation, irregular payment, *etc.* As part of internal control, effective internal audit arrangement should be in place to ensure compliance with the provisions of the Financial Rules and Regulations.

Audit observed that there was no internal audit wing in BTC during 2017-18. Further, evaluation of internal control system in the Council revealed that internal control mechanism was weak as evident from the persistent irregularities such as discrepancies 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 and fund-wise opening and closing balances, incurring of excess expenditure over fund received/unfruitful expenditure, failure to collect own revenue, lack of internal coordination among different departments, irregular submission of utilisation certificate, creation of liability, excess/avoidable expenditures, *etc.*, highlighted in the Inspection Reports issued separately. A few such instances are discussed in the succeeding Chapters. Weak internal control is fraught with risks of fraud, misappropriation and financial irregularities, which might remain undetected.

Thus, the Council may establish an Internal Audit Wing to strengthen the internal control system for better management of its affairs.

1.6 Recommendations

- *The Council should maintain detailed statement of sanctioned strength and persons-in-position for all the cadres for better human resource management.*
- *Council may ensure timely submission of Annual Accounts to the Accountant General as per the prescribed timeline; and*

- *The BTC needs to strengthen its internal control mechanism, to reduce deficiencies in its financial management and to prevent possible frauds and misappropriation of funds.*