

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

FOR THE YEAR 2017-18

**NORTH CACHAR HILLS AUTONOMOUS COUNCIL,
HAFLONG, ASSAM**

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COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

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PREFACE

PREFACE

This Report has been prepared for submission to the Governor of Assam under Paragraph 7(4) of the Sixth Schedule to the Constitution of India. It relates mainly to the issues arising from the audit of the Annual Accounts as also of the transactions of for the year 2017-18.

2. This Report contains four Chapters, the first of which deals with the Constitution of the Council, the rules for the management of the District Fund and maintenance of accounts by the District Council. Chapter-II depicts Autonomous District Council Fund position. Chapter-III deals with the Comments on Accounts and Chapter-IV deals with compliance issues noticed during test-audit of the transactions of the Council for the year 2017-18 including those which came to notice in earlier years but not dealt with in previous Reports. The compliance audit observations on the DDOs of entrusted departments under the Council are also reported separately through the C&AG's Report from time to time, along with the issue of Inspection Reports.



OVERVIEW

OVERVIEW

This Report contains four Chapters. Chapter-I provides a background on the formation of the Autonomous District Council, rules for the management of the District Fund and relevant constitutional provisions on maintenance of Accounts. Chapter-II gives an overview on the financial position of the Council and budgetary process during the year. Chapter-III deals with audit comments on annual accounts of the Council for the year 2017-18. Chapter-IV of the Report deals with the audit findings pertaining to transaction audit of the Council and contains three paragraphs.

Internal Control

An evaluation of internal control system in the Council revealed that internal control mechanism was weak which is evident from persistent irregularities like large variations between the budget and the actual expenditure, inaccuracy of figures of Annual Accounts, *ad-hoc* management of revenue earning resources and environmentally sensitive issues in absence of proper policy, absence of effective mechanism for timely deposit of revenue earned by the different organs of the Council, absence of Internal Audit wing *etc.* 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. Above failure in internal controls under Financial Management is fraught with risks of fraud, misappropriation and financial irregularities, which might remain undetected.

A synopsis of the important findings contained in the Report is presented below:

2. Autonomous District Council Funds

- Funds received from the State Government for subjects/departments entrusted to the Council during 2017-18 were accounted for in Part-II Deposit in contradiction to the form of accounts prescribed by C&AG.

(Paragraph 2.1)

- Bulk of the activities (Approximately 87 *per cent*) undertaken by NCHAC during 2017-18 was from the funds provided by the State Government, which is currently being shown under Deposit Fund.

(Paragraph 2.2.1)

- Unspent balance increased by 93 *per cent* during the last five years from ₹ 127 crore at the end of 2013-14 to ₹ 244.91 crore as on March 2018 indicating that the expenditure was not commensurate with the fund receipts from State Government.

(Paragraph 2.2.2)

- Variation between budgeted (Entrusted) and actual numbers with respect to both receipts and expenditure, if any remained unascertained as NCHAC did not disclose the details of receipts and expenditure in respect of funds received from the State Government in its Annual Accounts.

(Paragraph 2.3)

- Wide variations between budget estimates (Normal) and actual receipts as well as expenditures indicated preparation of unrealistic budget during the year 2017-18.

(Paragraphs 2.3.1 and 2.3.2)

Recommendations

The Council may disclose head-wise breakup of consolidated opening and closing balances in the Annual Accounts so as to provide assurance that the expenditures incurred was for the purpose it was sanctioned could be drawn.

The Council may undertake budgetary reviews to identify the Head of Accounts for better estimate of revenue receipts & expenditure and to improve financial management of the Council.

3. Comments on Accounts

- Revenue Receipts in respect of 'Road and Transport Services' were understated by ₹ 0.07 crore during 2017-18 in the Annual Accounts of the Council.

(Paragraphs 3.2.1.1)

- Under the head of account "Road Transport Services" revenue expenditure was understated by ₹ 0.93 crore and Capital expenditure overstated by ₹ 1.20 crore during 2017-18 in the Annual Accounts of the Council.

(Paragraph 3.2.1.2)

- During 2017-18, in contrary to the provision of the NCHAC Fund Rules, 1953, a total fund of ₹ 27.62 crore received from the State Government for various development projects/ schemes, were directly credited in bank accounts with different banks instead of depositing into the Council's PDA.

(Paragraphs 3.2.2.1)

- Discrepancy of figures (opening and closing balances) between its own records and Treasury was noticed despite these having been pointed out in previous Audit Reports.

(Paragraph 3.3)

Recommendations

The Council may prepare its Annual Accounts consistent with the Form of Accounts prescribed by C&AG incorporating all transactions appropriately under District Fund and Deposit Fund.

Annual Accounts may show the details of funds received from State Government within the District Fund as against the current practice of showing the same within Deposit Fund. The Funds received from State Government should also be disclosed minor head wise in Statement-5 and Statement-6 so as to assist greater accountability and transparency.

The Council needs to maintain ledger account, which should be the basis of compiling the Annual Accounts.

The Council should maintain opening and closing balance not only fund wise but also head of account wise to ensure control over budgetary allocation and expenditure, and to avoid diversion of funds.

The Council may devise a system of periodical reconciliation with Treasury officer to identify mistakes within the accounting period for completeness of Accounts and proper accounting of transactions.

4. Compliance Audit Observations

- Due to settlement of the markets and areas without following tendering process and fixing the rates below the official rate, Council sustained a loss of revenue to the extent of ₹ 19.17 lakh.

The Council should take measures to revamp the revenue earning departments, so as to explore all the possibilities to increase its revenue earning and to eliminate the instances of loss of revenue.

(Paragraph 4.1)

- Revenue Department of the Council failed to realise Land Revenue amounting to ₹ 11.29 lakh.

The Council should issue strict instruction for maintenance of vital records of revenue collection to prevent any possible mis-utilisation, misappropriation of revenue, etc.

(Paragraph 4.2)

- Revenue receipts of ₹ 26.42 lakh were irregularly utilised by the Transport Department and General Administration Department of the NCHAC towards departmental expenditure in violation of the provisions of its Fund Rules.

The Council should evolve a system of checks so that revenues collected by various departments are deposited to PDA expeditiously as per the Fund Rules.

(Paragraph 4.3)

Chapter-I

Constitution, Rules and Maintenance of Accounts

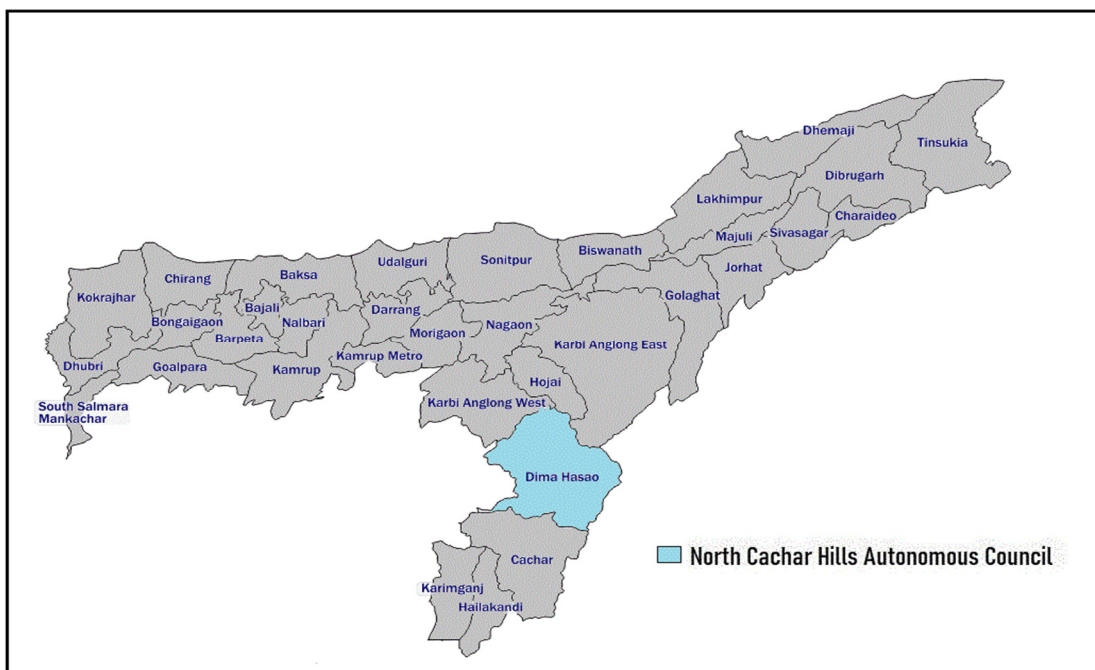
Chapter-I

Constitution, Rules and Maintenance of Accounts

1.1 Profile of North Cachar Hills Autonomous Council

The North Cachar Hills District Council in Assam was set up in April 1952, renamed as North Cachar Hills Autonomous Council (NCHAC) on 13 September 1995 under Article 244 (2) read with the Sixth Schedule to the Constitution of India, covering 4,890 Sq. Km. of area, which is about 6.23 *per cent* of total area of (78,438 Sq Km) of the State of Assam. The Council renamed North Cachar Hills district as “Dima Hasao” on 30 March 2010 and the Council is using the nomenclature “Dima Hasao Autonomous Council” in its official records. However, amendment to the Sixth Schedule to the Constitution, in this regard, has not been carried out till date. The district is surrounded in the North by Nagaon and Karbi Anglong Districts, in the South by Cachar District, in the East by Nagaland, Manipur and in the West by Meghalaya.

The district comprises of 695 villages under five Community Development Blocks¹, with a population of 2,14,102 (2011 Census, which is 0.69 *per cent* of the total population of the State (3,12,05,576). The total tribal population of the district as per 2011 Census was 1,51,843, which is 3.91 *per cent* of total tribal population of the State (38,84,371).



NCHAC is governed by a Council comprising 30 members, of whom 28 are elected through adult suffrage, while two members are nominated by the Governor of Assam.

The Sixth Schedule to the Constitution provides for administration of specified tribal areas by constituting a District/Regional Council for each autonomous district/region

¹ Source: Statistical Hand Book of Assam, 2016.

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 3A of the Sixth Schedule, NCHAC was vested with additional powers to make laws on the subjects, as specified under serial (a) to (o) 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. NCHAC also has the powers to assess, levy and collect within the autonomous district, 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 maintenance of schools, dispensaries or roads as listed in paragraph 8 of the Sixth Schedule. Under paragraph 9 of the Schedule, the Council is also entitled to the share of revenue generated from licenses/leases for extraction of minerals within the Council area as agreed upon between Government of Assam and the Council. The above functions are called normal or inherent functions of the Council.

In addition, the State Government entrusted additional functions, under Paragraph 6(2) of the Schedule *ibid*, (called entrusted functions) to NCHAC in relation to 30 subjects², 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 required to make funds available to NCHAC in advance, primarily against Grant No. 77 of the State budget, so that the latter can finance the expenditure relating to entrusted functions without difficulty. NCHAC is required to render monthly detailed accounts against their expenditure to the Principal Accountant General (Accounts and Entitlements), Assam for adjustment of such advance of funds provided through State Budget. Budget provision for these functions is to be made in the State budget and in terms of Office Memorandum (31 December 1996) of Government of Assam (GoA), the Council is irresponsible to the State Legislature in respect of all matters relating to such funds provided for discharging the functions entrusted to NCHAC.

Thus, while executive functions were delegated in stages to the Council by GoA under Paragraph 6(2) since June 1970, with the Constitution (Amendment) Act, 1995 (42 of

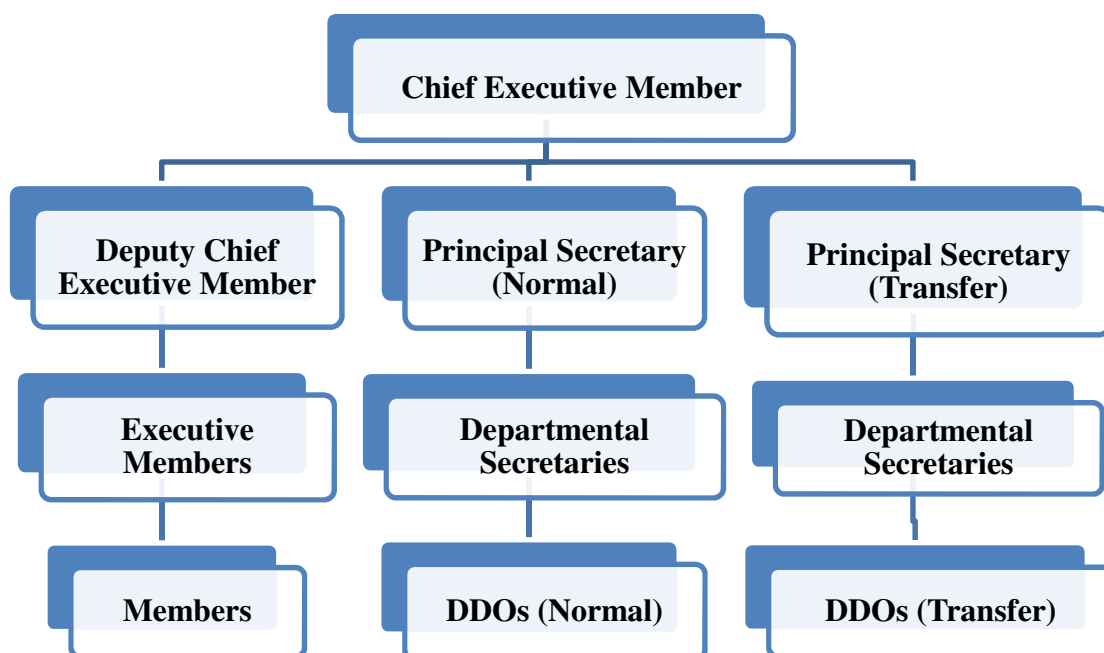
² (i) Industry (ii) Animal Husbandry & Veterinary (iii) Forest (iv) Agriculture (v) Education (vi) PWD (vii) Sericulture (viii) Cultural Affairs (xi) Soil Conservation (x) Co-operation (xi) Fisheries (xii) Panchayat & Rural Development including DRDA (xiii) Handloom & Textile (xiv) Health & Family Welfare (xv) Public Health Engineering (vxi) Irrigation (xvii) Social Welfare (xviii) Flood Control Department (xix) Sports & Youth Welfare (xx) Weight & Measures (xi) Food & Civil Supplies (xxii) Town & Country Planning (xxiii) College Education (General), including Library Services, District Museum & Archaeology (xxiv) Land Reforms (xxv) Publicity/Public Relation (xxvi) Printing & Stationery (xxvii) Tourism (xxviii) Transport (xxix) Excise and (xxx) Finance including sales Tax on purchase of goods other than Newspaper, Excise, Professional Tax.

1995) and the consequent insertion of paragraph 3A in the Sixth Schedule, the Council has inherent legislative powers on these subjects.

1.2 Organisational structure of NCHAC Secretariat

NCHAC Secretariat was headed by two Principal Secretaries during 2017-18. The Principal Secretary (Transfer), appointed by the State Government, operates PDA for the entrusted departments of the Council, and the inherent functions of the Council are looked into by the Principal Secretary (Normal), who is appointed by the Council. The Principal Secretaries are assisted by Secretaries, Additional and Joint Secretaries and other affiliated officers appointed by the Council and other state service officers deputed by GoA. The structure of NCHAC administration is described in the **organogram-1.1**:

Organogram-1.1: Showing structure of NCHAC administration



Rule 126 of NCHAC Fund Rules, 1953 provides that the Council shall prepare a detailed statement of the permanent establishment existing on 1st April each year in a prescribed form. The Council did not comply with the aforesaid provision and failed to provide records pertaining to the Sanctioned Strength (SS) of the Council Sector. Information furnished to audit however, showed that Persons-in-position (PIP) during 2017-18 under Council Sector was 1,772 and there are 146 DDOs³ under the control of NCHAC. SS and PIP in respect of Entrusted functions (State Sector) during 2017-18 was not available with the Council. The Council authority stated (May 2022) that the required information will be furnished after collection of the same from the concerned Departments.

³ 16 under Council Sector and 130 under State Sector.

1.3 Rules for the management of District Fund

In terms of provisions of Paragraph 7(2) of the Sixth Schedule, rules for management of the District Fund *viz.*, North Cachar Hills District Fund Rules, 1953 were framed by the Council and notified in April 1953.

1.4 Maintenance of Accounts and Audit Arrangements

In terms of paragraph 7(3) of the Sixth Schedule, 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). 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 Haflong Treasury, as the Personal Deposit Account (PDA) of NCHAC.

The accounts and records of the Principal Secretaries, NCHAC, Haflong are audited by CAG under Paragraph 7(4) of the Sixth Schedule. NCHAC submitted its Annual Accounts for the year 2017-18 in September 2021 with a delay of 37 months from the due date of submission (30 June 2018). Audit of Annual Accounts along with transactions of the Council for the year 2017-18 was conducted and result of audit of Annual Accounts for the year 2017-18 and test-check of the transactions of the Council during the year have been presented in Chapter-II to Chapter-IV of this Report.

1.5 Internal Control

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.

An evaluation of internal control system in the Council revealed the following shortcomings:

- i. As discussed in paragraphs 2.3 of this Report, preparation of budget estimates of receipts and expenditure was not based on realistic assessment, leading to large variations between the budget and the actual receipts and expenditure.
- ii. NCHAC did not maintain ledger or consolidated abstract showing receipts generated from its own resources, fund received from the Government, disbursements made to Drawing and Disbursing Officers (DDOs) of different departments under administrative control of NCHAC (for entrusted function) and for the expenditure incurred by DDOs of NCHAC (for inherent function). Thus, control system did not assure accuracy of figures of Annual Accounts by itself.
- iii. There was an absence of any laid down policy in the major revenue earning departments like Forests, Transport, Taxes, Mines and Minerals, resulting in *ad-hoc* management of revenue earning resources and environmentally sensitive issues.

- iv. There is no Internal Audit wing to strengthen the internal control system and enforce effective management.

1.6 Recommendations

- *The Council may ensure timely submission of Annual Accounts to the Accountant General to adhere with prescribed timelines; and*
- *The Council needs to strengthen its internal control mechanism, take action on deficiencies in financial management and maintenance of records.*

Chapter-II

Autonomous District Council Funds

Chapter-II

Autonomous District Council Funds

2.1 Introduction to District Fund

The Sixth Schedule to the Constitution provides for a District Fund for each autonomous region and a Regional Fund to which shall be credited all moneys received by the District Council for that district and the Regional Council for that region in the course of administration of such district or region respectively in accordance with the provisions of the Constitution. The District Fund of NCHAC has been constituted under the provisions of Sub-Paragraph (1) of Paragraph 7 of the Sixth Schedule. This fund is maintained as Deposit Account (8443 – Civil Deposit) in the Haflong Treasury and the Principal Secretary (Transfer), NCHAC is the authorised officer who operates the fund.

The ADC fund comprises receipts from its own resources, shared revenue and grants/ Loans and Advances from State/Central governments. Broad classification as per CAG's prescribed form of Accounts is as discussed below:

A. District Fund

District Fund further had two divisions namely: (i) Revenue Section for Revenue Receipts and Expenditure and (ii) Capital Section for Capital Receipts and Expenditure, Public Debt, Loans and Advances. The first division shall deal with the proceeds of taxation and other receipts classed as revenue and expenditure met therefrom. It shall also include the grants and contributions received from the Government and also grants and contributions by the Council. The second division deal with expenditure of Capital nature met from borrowed funds. It also comprised of loans received and their repayments by the Council and loans and advances and their recoveries by the Council.

B. Deposit Fund

Deposit Fund covers transactions relating to Deposits, General Provident Fund (GPF), other funds and advances such as Cess, Income Tax, GPF, Sales Tax and Security Deposits, *etc.*, where the Council incurs a liability to repay the moneys received or has a claim to recover the amount paid.

Contrary to this, funds received from the State Government for subjects/departments entrusted to the Council during 2017-18 were accounted for in Part-II Deposit Fund. This has been discussed in Chapter-III of this Report.

2.2 Sources and Application of Funds

2.2.1 Receipts and Disbursements

Details of receipts and disbursements of the current as well as previous year as per Annual Accounts of NCHAC is provided in *Appendix-I*, while **Table-2.1** shows the summary of financial transactions of NCHAC during 2017-18.

Table-2.1: Summary of financial transactions of NCHAC during 2017-18

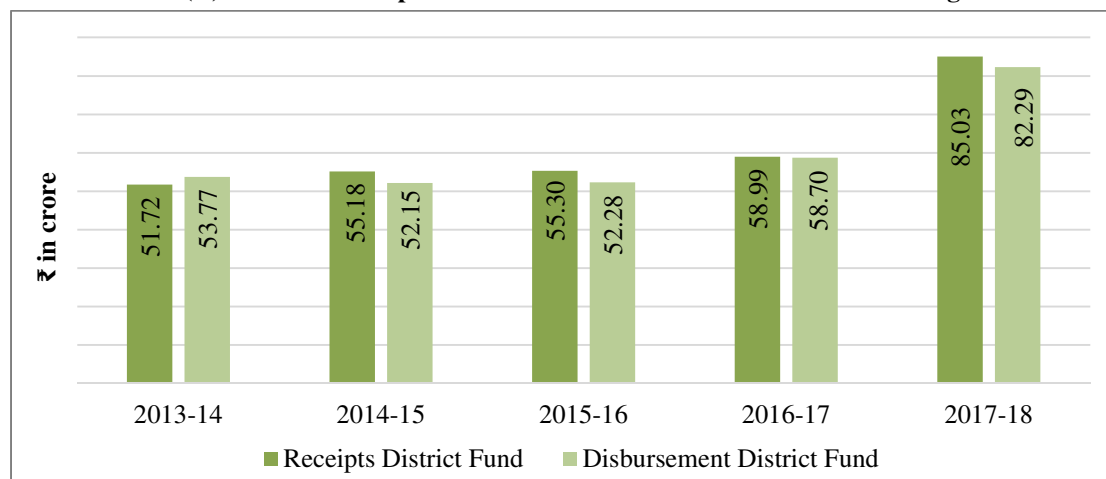
(₹ in crore)		
Receipts		Disbursement
85.03	District Fund	82.29
599.86	Deposit Fund	549.41
684.89	Total receipts and disbursement	631.70
191.72	Opening /Closing Balance	244.91
876.61	Grand Total	876.61

Source: Annual Accounts

It can be seen from **Table-2.1** that bulk of the expenditure for activities (Approximately 87 per cent) undertaken by NCHAC was met from the funds provided by the State Government.

Charts-2.1(A) and 2.1(B) present the trends of receipts and disbursements under District Fund (fund generated from its own sources) and Deposit Fund over a period of five years (2013-18).

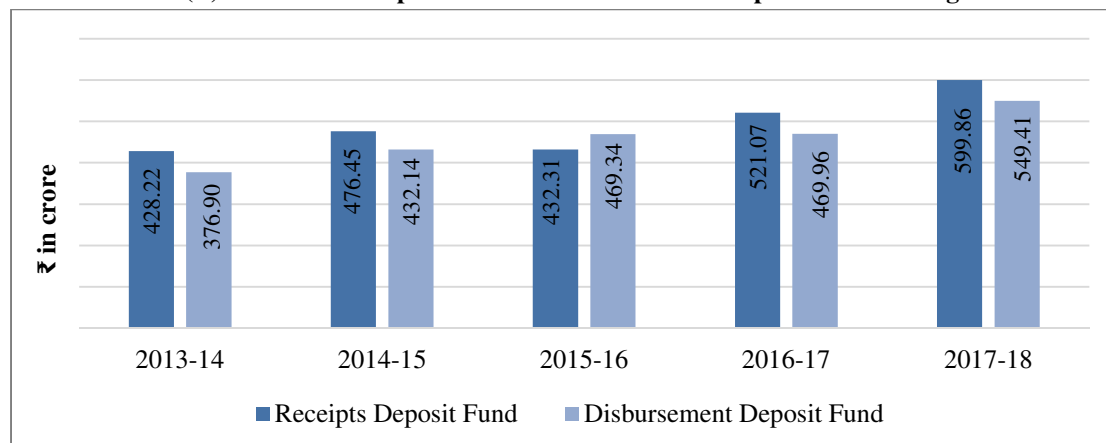
Chart-2.1(A): Trend of receipts and disbursement under District Fund during 2013-18



Source: Annual Accounts

It is evident from the above chart that expenditure from District Fund was minimal and within the own receipts during the last five years except during 2013-14. During 2017-18, the expenditure was lesser than the receipts by ₹ 2.74 crore.

Chart-2.1(B): Trend of receipts and disbursement under Deposit Fund during 2013-18



Source: Annual Accounts

It is apparent from above that the Council failed to fully utilise the funds received from the State Government as disbursements was less than its receipts during the last five years except during 2015-16. During 2017-18, disbursement was less than its receipts by ₹ 50.45 crore. This less disbursement has resulted in increasing unspent balance as detailed in paragraph below. NCHAC should, therefore, initiate steps so as to ensure that the funds released by the State Government is utilised for the purpose it was transferred during the relevant years under District funds as per prescribed Form of Accounts.

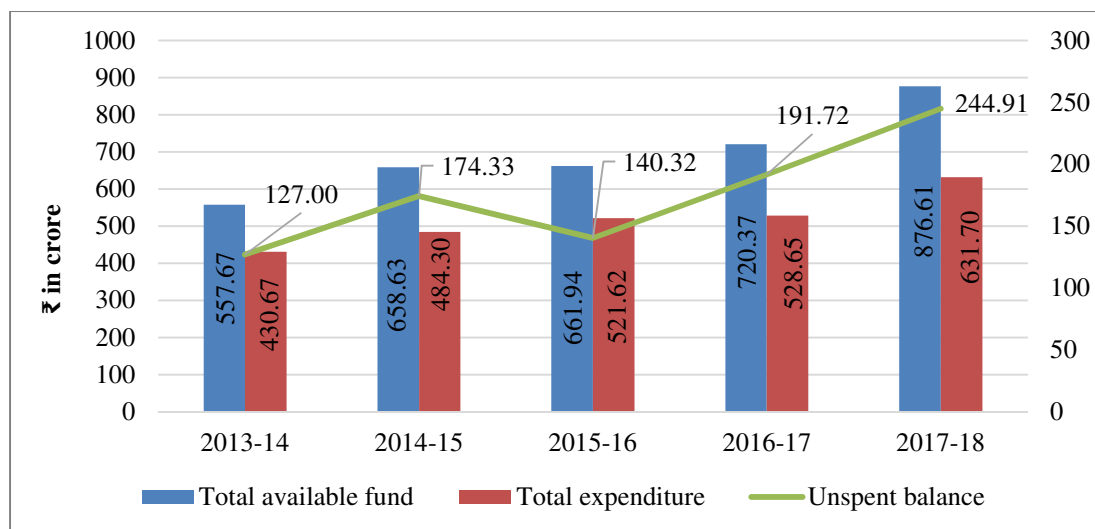
2.2.2 Unspent balance

Unspent balances at the end of the financial year against funds received from GoA neither lapse automatically nor are surrendered by the Council. The balances accumulated in PDA of the Council are utilised in subsequent years.

During 2017-18, NCHAC received ₹ 599.86 crore for entrusted functions from the State Government. The Council disbursed ₹ 549.41 crore to the DDOs for performing entrusted functions leaving an unspent balance of ₹ 50.45 crore as of March 2018. Similarly, an unspent balance of ₹ 2.74 crore was also noticed under District Fund. The unspent balances resulted in the Council closing balance increasing from ₹ 191.72 crore in 2016-17 to ₹ 244.91 crore in 2017-18.

Chart-2.2 presents the position of unspent balances of NCHAC during the last five years as per Annual Accounts.

Chart-2.2: Unspent balance as per Annual Accounts



Source: Annual Accounts

It can be seen from the chart above that unspent balance of the Council increased by 93 per cent during the last five years from ₹ 127.00 crore at the end of 2013-14 to ₹ 244.91 crore as on March 2018. This indicated that expenditure was not commensurate with the fund receipts from the State Government.

Audit observed that the Annual Accounts of NCHAC did not disclose grant-wise/head-wise details of balances, under which the unspent balances were kept.

Maintenance of consolidated opening and closing balances without head/grant wise details in the PDA as well as in the Annual Accounts made the Accounts opaque. This will weaken control over the public expenditure for various schemes/programmes and mis-utilisation of funds will go undetected. No assurance that the expenditure was incurred for the purpose for which it was sanctioned can be given.

2.3 Comments on budgetary process

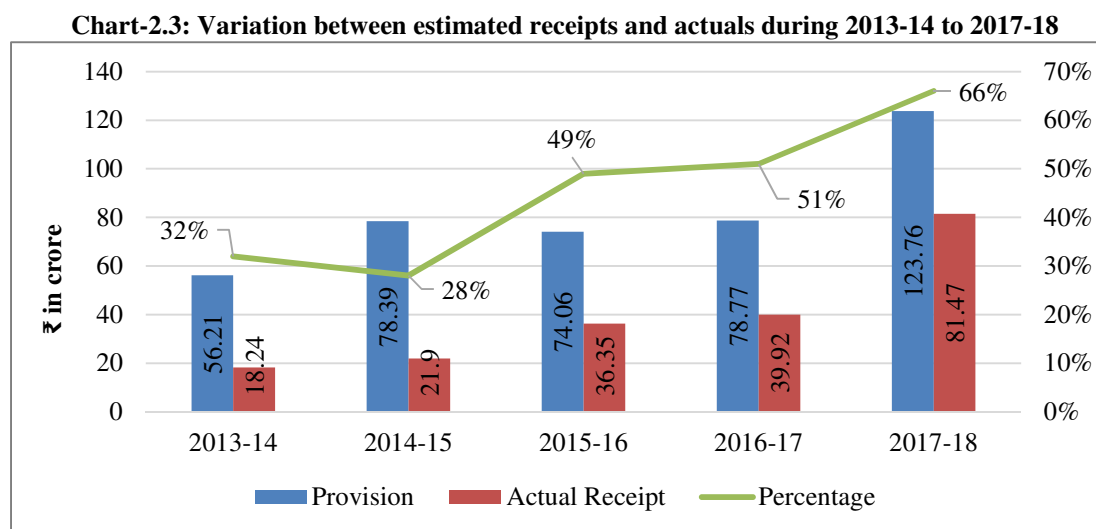
NCHAC prepares two sets of budgets as detailed below:

- i) **Entrusted Budget:** NCHAC prepares its entrusted budget in respect of Grant No. 77, for subjects entrusted to it by the State Government as per Paragraph 6(2) of the Sixth Schedule. This budget is submitted to the State Government for appropriation by the State Legislature and release of funds. In this budget, the Chart of Accounts (CoA) followed by NCHAC is that of List of Major and Minor Head (LMMH) of the Union and States. Funds from this Grant are released to NCHAC in two instalments as advance.
- ii) **Council Budget:** NCHAC also prepares another budget in respect of estimated own receipts and estimated expenditure incurred therefrom. This budget is termed as Normal budget in common parlance. In this budget, NCHAC follows the CoA prescribed by CAG.

As NCHAC did not disclose the details of receipts and expenditure in respect of funds received from the State Government in its Annual Accounts, variation between budgeted (Entrusted) and actual figures with respect to both receipts and expenditure could not be ascertained. There was also no assurance that the expenditure was actually incurred for the purpose for which it was sanctioned. Instances of variation between Revenue receipts/ Revenue expenditure and Council Budget are discussed in the succeeding paragraphs.

2.3.1 Revenue receipts compared with budget estimates

Position of variation between budgetary provision and actual revenue receipts during the last five years is depicted in **Chart-2.3:**



Source: Normal Budget and Annual Accounts.

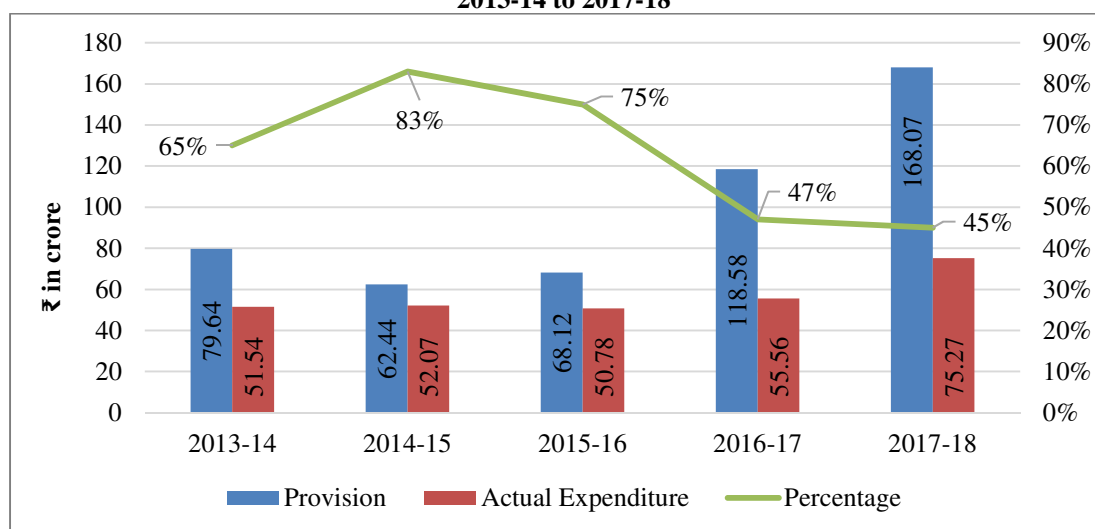
During the last five years the actual revenue receipts of NCHAC ranged from only 28 *per cent* to 66 *per cent* of estimated receipts. Head-wise position of variation between estimates of receipts and actual receipts during 2017-18 showed that shortfall ranging from 22 to 100 *per cent* occurred in six Heads of Account, while excess receipts over budget estimates, occurred in five Heads of Account. These are detailed in **Appendix-II**.

The wide variation between estimated and actual receipts including the shortfall against the budget estimates was indicative of deficiencies in the budgeting exercise. It also indicated that the Council had not been able to make its revenue collection mechanism effective. There is a need for improvement in budget preparation and strengthening of revenue collection mechanism of the Council.

2.3.2 Revenue expenditure compared with budget estimates

Position of revenue expenditure of NCHAC *vis-à-vis* the budgetary provision during the last five years (2013-18) is depicted in **Chart-2.4**:

Chart –2.4 Variation between estimated provision and actual revenue expenditure during 2013-14 to 2017-18



Source: Normal Budget and Annual Accounts

As can be seen from above, the actual revenue expenditure of NCHAC during the last five years ranged from 45 to 83 *per cent* of budgetary provision.

During 2017-18, against the estimated revenue expenditure of ₹ 168.07 crore under all the 16 Heads of Account, the actual expenditure was ₹ 75.27 crore resulting in overall shortfall of ₹ 92.80 crore *i.e.*, 55 *per cent* of the total expenditure projections. The details are given in **Appendix-III**.

Further, against the estimated receipts of ₹ 123.76 crore during 2017-18, NCHAC had made an expenditure provision of ₹ 168.07 crore which is ₹ 44.31 crore more than its receipts estimation. NCHAC, however, did not explained the source from which the deficit would be met in its own budget for the year 2017-18.

The above savings against estimated provision indicated the need for improvement in budgetary process for each year. To improve generation and collection of revenue, and expenditure position, the Council should initiate steps to strengthen the existing administrative machinery.

2.4 Conclusion

- i. The Council did not disclose the details of balances grant-wise/head-wise under which the unspent balances were kept. No assurance that the expenditure incurred out of unspent balance of previous years was actually incurred for the purpose for which it was sanctioned could be ensured.
- ii. Fiscal management was weak which led to substantial deficit/surplus under District and Deposit Fund.
- iii. Budgetary exercise of the Council needs improvement to reduce the gaps between the estimated provisions and actual for better financial discipline.

2.5 Recommendations

- *The Council may disclose head-wise breakup of consolidated opening and closing balances in the Annual Accounts so that assurance that the expenditure incurred was for the purpose it was sanctioned could be drawn.*
- *The Council may undertake budgetary reviews to identify the Head of Accounts for better estimate of revenue receipts & expenditure and to improve financial management of the Council.*

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Chapter-III

Comments on Accounts

Chapter-III

Comments on Accounts

3.1 Introduction to Accounts and Comments on Council Accounts

In terms of paragraph 7(3) of the Sixth Schedule of the Constitution, the form in which the accounts of the District Council are to be maintained, is to be prescribed by the CAG, which was done in 1977. The Form of Accounts prescribed by CAG comprised of seven statements. A brief description of these seven statements are given in **Table-3.1:**

Table-3.1: Statements in the C&AG prescribed Form of Accounts of District Councils

Sl. No.	Statement No. as per prescribed format	Particulars of Statements as per prescribed format
1.	Statement No.1	Summary of transactions showing summarised position of Receipts and Disbursement of District Fund and Deposit Fund, with breakup at the level of Revenue, Capital, and Debt.
2.	Statement No.2	Progressive Capital Outlay to the end of the year showing Major Head-wise Capital expenditure for the current year, and cumulative expenditure till the end of the year.
3.	Statement No.3	Summarised position of the Debt taken by the Council, the receipts and repayments in the year, and balance outstanding. In addition, the Statement has a separate associated statement showing the monthly ways and means position of the Council.
4.	Statement No.4	Loans and Advances by the Council showing category wise summary of loans and advances given by the Council, the payments and receipts, and the balance outstanding at the end of the year.
5.	Statement No.5	Detailed account of revenue of the Council with Minor Head-wise breakup.
6.	Statement No.6	Detailed account of expenditure of the Council with Minor Head-wise break up.
7.	Statement No.7	Receipts, disbursements and balances under heads relating to District Fund and Deposit Fund showing summarised position of Opening Balance, Receipts, Disbursements and Closing Balance.

3.2 Comments on Annual Accounts

NCHAC prepared its Annual Accounts in the aforementioned seven statements. Audit found some deviations with respect to the format prescribed by CAG as discussed below:

- a. Statement-1 of the Annual Accounts of NCHAC exhibited revenue receipts of ₹ 85.03 crore from its own sources (including assistance of ₹ 3.56 crore received from the State Government) and of ₹ 599.86 crore from the State Government for functions entrusted to it under Paragraph 3A of the Sixth Schedule. The receipts of

₹ 599.86 crore from the State Government was, however, incorrectly accounted under Part-II Deposit Fund.

- b. Statement-1 also shows the summary of expenditure made, both from its own revenue (₹ 82.29 crore) and from funds received from the State Government for entrusted functions (₹ 549.41 crore). The amount of ₹ 549.41 crore was, however, incorrectly shown under the Deposit Fund.
- c. Statement-5 did not show details of revenue by Minor Heads for ₹ 599.86 crore received from the State Government for entrusted functions which forms nearly 88 *per cent* of its total receipts. There is no Minor Head-wise breakup in Statement-5. Consequently, Audit could not ascertain whether the expenditure made under different heads out of this fund was within the allotted budget.
- d. Statement-6 showed details of expenditure for District Fund (₹ 82.29 crore). The details of expenditure of ₹ 549.41 crore (87 *per cent* of total expenditure) received from State Government were, however, not included in Statement-6 of the Annual Accounts.
- e. The form of Accounts prescribed by the CAG requires the Council accounts to be kept in two parts - the District Fund and Deposit Fund, analogous to the Consolidated Fund and Public Account in State and Union Government Accounts. However, the funds transferred by Government of Assam to NCHAC for subjects/ departments entrusted to the Council has been accounted for incorrectly under Part-II Deposit Fund but as a single line item with no breakup of either receipts or expenditure being shown in the accounts. Thus, treatment of the same as Deposit Fund in Statement-1 is in contradiction to the form of accounts prescribed by CAG. Further, since both Statement-5 and Statement-6 provide insufficient information *vis-à-vis* the prescribed form of accounts, the accounts lacked completeness and comparability.
- f. NCHAC is required to submit Monthly Accounts to Principal Accountant General (A&E) for funds transferred to it against Grant No. 77, based on which, the Appropriation Accounts is prepared. Appropriation Accounts of the said Grant indicated that during 2017-18, NCHAC had made a total expenditure of ₹ 70.91 crore towards Capital Outlay. However, as per Statement-2, NCHAC spent ₹ 7.02 crore only towards Capital Outlay. Thus, Annual Accounts of NCHAC did not provide the true and fair picture of the current and cumulative expenditure towards creation of capital assets as of March 2018.

Thus, it is evident that the Accounts lack transparency as the details regarding the receipts and expenditure from the funds⁴ provided by the State Government were not disclosed properly. This has also put a constraint for Audit to conduct detailed analysis of receipts and expenditure of NCHAC. NCHAC is required to rectify the mistake by

⁴ Approximately 88 *per cent* of total receipts and expenditure of the Council.

correctly accounting its financial transactions from the funds received from State Government in the Annual Accounts as per the format prescribed by the CAG.

3.2.1 District Fund

3.2.1.1 Understatement of receipts

Against the actual receipts of ₹ 17.07 lakh (details in *Appendix-IV*) under the head “Road and Transport Services”, NCHAC accounted for ₹ 10.29 lakh in the Annual Accounts, which led to understatement of receipts by ₹ 6.78 lakh.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that reasons for such understatement would be looked into and efforts would be made to avoid such lapses in future.

3.2.1.2 Understatement/Overstatement of Revenue/Capital expenditure

During 2017-18, NCHAC released ₹ 2.73 crore to the Transport Department of the Council, which was spent towards Revenue items (₹ 1.99 crore) and Capital items (₹ 0.74 crore).

The Annual Accounts of 2017-18, however, exhibited Revenue expenditure of ₹ 1.06 crore and Capital expenditure of ₹ 1.94 crore in Statement-6 (24-Roads Transport Services) and Statement 2 (42-Capital Outlay on Road Transport Services) respectively. Thus, Revenue expenditure was understated by ₹ 0.93 crore and Capital expenditure was overstated by ₹ 1.20 crore in Statement-6 and Statement-2 respectively in the Annual Accounts of 2017-18 as shown in **Table-3.2**:

Table-3.2: Understatement/Overstatement of Revenue/Capital expenditure
(₹ in crore)

Funds received from NCHAC	Expenditure incurred by Transport Dept.		Expenditure shown in Annual Accounts		(-) Understatement/ (+) Overstatement	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2.73	1.99	0.74	1.06	1.94	(-) 0.93	(+) 1.20

The Principal Secretary, NCHAC during exit meeting accepted the audit observation and stated (March 2022) that steps would be taken to avoid such errors in future.

3.2.1.3 Incorrect exhibition of Progressive Capital Expenditure in Statement-2 of the Annual Accounts

Statement-2 (Progressive Capital Outlay) of the Annual Accounts should exhibit (i) total progressive expenditure to the end of previous year, (ii) expenditure during the current year and (iii) total progressive expenditure at the end of the current year.

It was noticed that as per Statement-2 of the Annual Accounts for the year 2014-15, total progressive Capital expenditure at the end of the year 2014-15 was ₹ 21.96 crore. However, Statement-2 of Annual Accounts for 2015-16 exhibited progressive expenditure of ₹ 0.08 crore at the beginning of 2015-16. This incorrect exhibition of opening balance resulted in understatement of Progressive Capital Outlay to the extent

of ₹ 21.88 crore in Statement-2 of the Annual Accounts for 2015-16, which continued till 2016-17 as shown in **Table-3.3**:

Table-3.3: Understatement of Progressive Capital Outlay**(In ₹)**

	40- CO on public works	41- CO on roads & bridge	42- CO on Road Transport Services	Total	Shown in Annual Accounts	Understatement
Expenditure to end of 2014-15	14,75,44,505	45,33,000	6,75,14,531	21,95,92,036	21,95,92,036	0
Expenditure during 2015-16	50,89,100	--	99,25,236	1,50,14,336		
Expenditure to end of 2015-16	15,26,33,605	45,33,000	7,74,39,767	23,46,06,372	1,58,05,013	21,88,01,359
Expenditure during 2016-17	1,29,70,439	--	1,84,19,015	3,13,89,454		
Expenditure to end of 2016-17	16,56,04,044	45,33,000	9,58,58,782	26,59,95,826	4,64,03,790	21,95,92,036

In the Annual Accounts of 2017-18, the error was rectified by showing the Progressive Capital Outlay of ₹ 26,59,95,826 being the expenditure to the end of 2016-17.

However, as observed in CAG's Report for the year 2016-17 vide Para-3.1.1.5, the Progressive Capital Outlay was further understated by ₹ 28,20,418 due to incorrect accounting of ₹ 1,29,70,439 in Statement-2 against actual expenditure of ₹ 1,57,90,857 during 2016-17 under Capital Outlay on Public Works. This observation was not taken into consideration while preparing the Annual Accounts for the year 2017-18. Thus, the Progressive Capital Outlay remained understated by ₹ 28.20 lakh in the Annual Accounts of 2017-18.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that the matter would be examined in detail and corrected figures would be exhibited in the next Annual Accounts.

3.2.2 Deposit Fund

Although, funds received from the State Government for subjects/departments entrusted to the Council, was to be accounted for under District Fund as per the format provided by the CAG, the Council accounted these funds under Deposit Fund. Audit comments on the Deposit Fund are discussed in the succeeding paragraphs.

3.2.2.1 Understatement of receipts and disbursement under Part-II Deposit Fund and overall closing balance of the Annual Accounts

Rule 14 (i) of the North Cachar Hills District Fund Rules, 1953 provides that all moneys pertaining to the Council shall be held in treasury and Rule 16 (ii) provides that all monetary transactions shall be entered in Cash Book as soon as they occur.

In contravention of the above, during 2017-18, a total fund of ₹ 27.62 crore received by NCHAC from various departments of the State Government for various development projects/ schemes, were directly credited in bank accounts with different banks instead

of depositing into the Council's PDA. Details of date-wise credit of the amounts are given in **Table-3.4**:

Table-3.4: Funds credited directly in Bank Account⁵ without routing through PDA

Date of credit	Amount (In ₹)	Received from	Purpose
08-01-2018	76,00,000.00	GoA (Director, WPT&BC)	Financial Assistance for implementation of Skill Development
07-02-2018	2,29,00,000.00	NA	NA
15-02-2018	1,00,000.00	GoA (SAD)	Discretionary grant by the CM, Assam
23-03-2018	2,29,00,000.00	NA	NA
23-03-2018	8,90,62,500.00	GoA (Finance Department)	Specific Grant in Aid under Fifth ASFC (1st Instalment)
23-03-2018	10,56,25,000.00		Specific Financial Assistance to excluded areas during 2017-18 (ULBs)
31-03-2018	72,31,000.00		-do- (PRIs)
31-03-2018	2,07,41,000.00		
Total	27,61,59,500.00		

The receipts, utilisation and closing balance of the above funds were however, not accounted for in the Annual Accounts of the Council. Thus, receipts and disbursement under Part-II Deposit Fund and overall closing balance of Annual Accounts for the year 2017-18 were understated to that extent.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that some funds were received through RTGS/NEFT/Direct Bank Transfer, which were kept in the bank accounts. Thus, these were not accounted for in PDA. The funds being central/state fund were kept in the bank for proper implementation of time bound schemes and UCs were submitted to the concerned departments.

The reply is not tenable as the funds were kept outside the PDA in violation of Fund Rules *ibid*.

3.2.2.2 Diversion of entrusted funds

In order to enable NCHAC to finance expenditure of the entrusted functions of the thirty subjects/departments, the State Government releases State Owned Priority Development (SOPD) and Establishment Expenditure (EE) funds, appropriated heads of account wise, against Grant No. 77 as advance in two instalments in accordance with the terms of Office Memorandum dated 31 December 1996 entrusting the executive power in respect of 30 subjects/departments to the Council. The expenditure of funds so released are to be made by the Council towards entrusted functions for which it was appropriated. During 2017-18, GoA released ₹ 599.86 crore to NCHAC for entrusted functions including administrative charge of ₹ 50.00 lakh.

Test-check of annual accounts of NCHAC for the year 2017-18 and other relevant records revealed that the Council released ₹ 7.97 crore to different DDOs of entrusted departments as 7.5 per cent Administrative Charge, (₹ 4.55 crore) and five per cent

⁵ Account No. XXXX7982, Punjab National Bank, Haflong.

Contingency Charge, (₹ 3.42 crore) with a direction to withdraw and to deposit back to the Personal Deposit Account of the Council. This amount was treated as revenue receipts under the head of account “*Other General Economic Services*” in the Annual Accounts of the Council. These funds were utilised for discharge of inherent functions of the Council, which is in violation of the Fund Rules.

Further, no Government approval or authorisation for deduction of funds amounting to ₹ 7.97 crore out of allocation for entrusted departments was available for Audit verification. On being pointed out, the Principal Secretary, NCHAC stated that the deduction was made in terms of Executive Committee resolution mainly for payment of salary of the Council employees under inherent functions.

Thus, deduction of ₹ 7.97 crore for expenditure towards Administrative/Contingency charge out of fund released for entrusted functions, without approval of the Government, was unauthorised. The works for which the funds were released by the State Government could not have been taken up by the Council.

3.2.2.1 Diversion of capital funds towards revenue expenditure

Para-3.1.2.3 of Audit Report of NCHAC for 2016-17 pointed out an unspent balance of ₹ 1.04 crore at the end of 2016-17 with the Council under the Capital head of account ‘5055-Capital Outlay on Road Transport Services’.

During 2017-18, Government of Assam (GoA) sanctioned and released ₹ 1.90 crore⁶ to NCHAC for capital expenditure under the head of account ‘5055-Capital Outlay on Road Transport Services’ from the State budget. Out of the available funds of ₹ 2.94 crore, NCHAC however, released only ₹ 2.23 crore to the Transport Department of the Council during the year 2017-18 leaving ₹ 0.71 crore as unspent balance.

Audit observed that the Transport Department incurred expenditure of ₹ 0.74 crore towards Capital expenditure and the balance of ₹ 1.49 crore was incurred towards revenue expenditure, such as procurement of spare parts *etc.*, for the existing vehicles.

Thus, diversion of capital fund of ₹ 1.49 crore towards revenue expenditure was irregular and frustrated the purpose of providing fund under capital head of account.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that due to paucity of funds under revenue head, Transport department had to utilise capital funds towards revenue expenditure. The State Government was being moved to release a portion of the capital grant as revenue grant to avoid such type of diversion in future.

The reply is not acceptable, as diversion of Capital funds towards revenue expenditure was not permissible and thus was unauthorised.

6

GoA Sanction	Amount (₹)
HAD.376/2012/143 dated 04-07-2017	95,00,000
HAD.376/2012/157 dated 15-02-2018	95,00,000
Total	1,90,00,000

3.3 Personal Deposit Account

NCHAC maintains a Personal Deposit Account (PDA) with the Haflong Treasury, into which all receipts of NCHAC are credited and from which withdrawals for all expenditure are made. The balance held in PDA as per Cash Book as on 31 March of each financial year was required to be reconciled with the balances shown in the records of the Treasury and discrepancy, if any, between the two sets of records is required to be settled for identifying the accounting errors.

Chart-3.1(A) and Chart-3.1(B) show the differences that existed between the Opening and Closing balances in PDA as per NCHAC Accounts and that of the Treasury.

Chart-3.1(A): Opening Balances as per Treasury records and Annual Accounts as on 01 April
(₹ in crore)

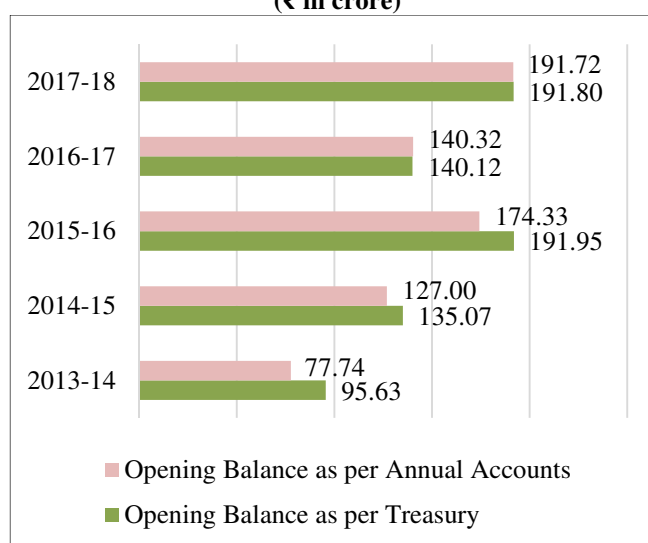
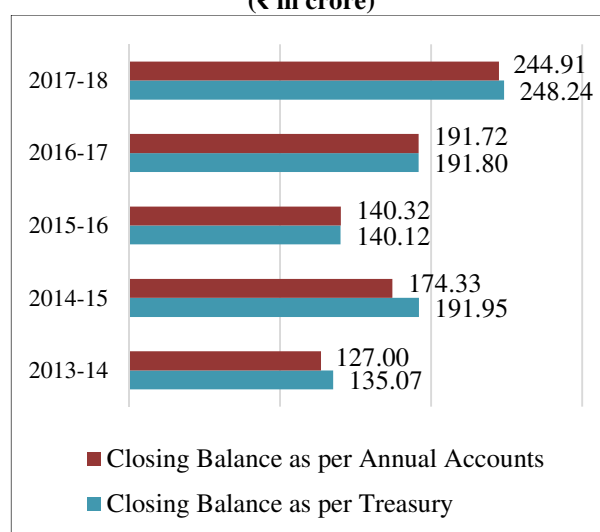


Chart-3.1(B): Closing Balances as per Treasury records and Annual Accounts as on 31 March
(₹ in crore)



The difference was not explained in the Annual Accounts as reconciliations of the figures between the two sets of records have not been made. The above deficiency persisted despite being pointed out in previous Audit Reports and NCHAC needs to take appropriate steps to carry out the required reconciliation.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that necessary reconciliation would be done and intimated to Audit at the earliest. However, no such intimation was received from the Council (May 2023).

3.3.1 Understatement of overall receipts

Annual Accounts for the year 2017-18 showed total receipts of ₹ 684.89 crore during the year. Cross-check of the overall figures with the treasury receipts schedules for the period from April 2017 to March 2018 however, showed that the total receipts during the year was ₹ 685.11 crore as detailed in **Table-3.5**:

Table-3.5: Month-wise receipts as per treasury

Month	Treasury Receipts
April 2017	83,14,031.00
May 2017	4,93,79,667.00
June 2017	1,71,05,27,193.00
July 2017	13,89,37,730.00
August 2017	20,64,26,270.00
September 2017	32,15,37,162.00
October 2017	1,69,69,79,676.00
November 2017	75,67,53,832.00
December 2017	19,35,83,973.00
January 2018	24,94,86,153.00
February 2018	51,00,05,874.00
March 2018	1,00,91,58,165.00
Total of 2017-18	6,85,10,89,726.00

This indicates that the overall receipts was understated in the Annual Accounts by ₹ 0.22 crore during 2017-18.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that steps would be taken to avoid such types of errors in future.

3.4 Conclusion

The audit of accounts of NCHAC for 2017-18 disclosed that:

- Form of Accounts followed by NCHAC for preparing its Annual Accounts was not in conformity with the Form of Accounts prescribed by CAG for District Councils in 1977.
- The figures of the Annual Accounts were not supported by ledgers/ consolidated abstracts compiled from initial books of accounts (Cash Book/ Revenue Collection Register, *etc.*).
- Receipts of fund from the State Government (State budget) with corresponding disbursements were not disclosed Minor head-wise in the Annual Accounts leading to lack of transparency.
- Head-wise details of unspent balances of funds received for entrusted functions were not worked out both at the beginning and closing of the year. Thus, there was no assurance that the expenditure incurred out of unspent balance of previous years was actually incurred for the purpose for which it was sanctioned.
- Bookkeeping (accounting) was weak and required further strengthening. Many cases of discrepancies and lack of reconciliation with collateral records and under/ over statement of receipts/ expenditure were noticed in the Annual Accounts.
- Non-reconciliation of figures booked in the cash book with those of the Treasury reflect poor control system affecting the accuracy of accounts.

3.5 Recommendations

- *The Council may prepare its Annual Accounts consistent with the Form of Accounts prescribed by CAG incorporating all transactions appropriately under District Fund and Deposit Fund.*
- *Annual Accounts may show the details of funds received from State Government within the District Fund as against the current practice of showing the same within Deposit Fund. The Funds received from State Government should also be disclosed minor head wise in Statement-5 and Statement-6 for greater accountability and transparency.*
- *The Council needs to maintain ledger account, which should be the basis of compiling the Annual Accounts.*
- *The Council should maintain opening and closing balance not only fund wise but also head of account wise to ensure control over budgetary allocation and expenditure, and to avoid diversion of funds.*
- *The Council may devise a system of periodical reconciliation with Treasury Officer to identify mistakes within the accounting period for completeness of Accounts and proper accounting of transactions.*

Chapter-IV

Compliance Audit Observations

Chapter-IV

Compliance Audit Observations

4.1 Loss of revenue due to settlement of Market/Vehicle Gate/Area below the official value

In exercise of the powers conferred under paragraph 8 of the Sixth Schedule, NCHAC operated 17 Markets/Vehicle Gates/ Areas where taxes on entry of goods into markets (Scheduled goods) during 2017-18 and taxes on animal and vehicles entering into the district were collected. These market/gates are settled annually with different lessees after inviting tender by fixing official value for each market/vehicle gate/area and adding five to 10 *per cent* to the settled value of the previous year. Audit noticed that tender notice for leasing out six markets and three areas was issued in December 2016 indicating official value of each market and area. Tender was not invited for the remaining eight markets/vehicle gates/areas.

Scrutiny of records of the Taxation Department of the Council revealed that though tender notice was issued for nine markets/areas, all the 17 markets/vehicle gates/areas were found settled on negotiation with the existing lessees on lump sum basis. Audit further noticed that five out of the 17 markets/vehicle gates/areas were settled below the official value resulting in loss of revenue of ₹ 19.17 lakh as shown in **Table-4.1**:

Table-4.1: Loss of revenue

(In ₹)

Sl. No.	Name of Market/Area	Name of the lessee	Official value	Settled value	Loss of revenue
1	Mahur Bazar	Amrit Kemprai	10,25,500	7,77,700	2,47,800
2	Hatikhali Bazar	Kailash Langthasa	1,75,000	1,08,000	67,000
3	Maibang Bazar	Joyhit Jidung	10,12,000	7,00,000	3,12,000
4	Manderdisa area on BG/ NHAI related goods	Moden Daulagupu	17,50,000	7,60,000	9,90,000
5	Mahur/Harangajao area on petroleum products	Sangit Phonglo	15,00,000	12,00,000	3,00,000
Total					19,16,800

Settlement of markets/vehicle gates/areas without following tendering process and leasing out the markets/vehicle gates/areas at rates below the official value was irregular and has caused loss of revenue to the Council to the extent of ₹ 19.17 lakh.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that reply would be furnished after verification of records, which is awaited in Audit (May 2023).

The Council should take measures to revamp the revenue earning departments, so as to explore all the possibilities to increase its revenue earning and to eliminate the instances of loss of revenue.

4.2 Short realisation of Land Revenue

Land Revenue is an inherent subject provided under the Sixth Schedule of the Constitution. For NCHAC, which consists of four Revenue Circles under Revenue

Department, there are 28 mouzas headed by mouzadars entrusted for timely collection of revenue and depositing it to Revenue Department, NCHAC.

The Revenue Department of the Council could only furnish compiled reports to Audit for examination in respect of 8 out of 28 mouzas only for the year 2017-18. Records such as demand register, collection and deposit register were sought for from the mouzadars, but none of the mouzadars could furnish these basic records. The details of revenue collection in respect of these eight mouzas are shown in **Table-4.2:**

Table-4.2: Details of Revenue realisation in 2017-18

(In ₹)				
Arrear Demand till 31 March 2017*	Demand raised in 2017-18	Total Demand	Revenue realised	Outstanding as on 31 March 2018
2,87,310	16,21,287	19,08,597	7,79,628	11,28,969

*Pertains to only two Mouzas viz., Haflong and Harangjao as the remaining mouzas did not furnish figures of arrears

It can be seen from the table above that the Council failed to realise the total demand issued during 2017-18 from eight mouzas. Position of revenue collected by the remaining 20 mouzas could not be ascertained in audit due to non-furnishing of information.

Due to non-maintenance of any demand and collection registers to monitor the revenue collection by the Mouzadars of the respective mouzas, it has not been possible to verify the position of revenue collection which posed serious limitation on Audit.

The Council did not furnish any reply.

The Council should issue strict instruction for maintenance of vital records of revenue collection to prevent any possible mis-utilisation, misappropriation of revenue, etc.

4.3 Irregular utilisation of departmental receipts

Rule 17 of the District Fund Rules, 1953 of NCHAC provides that all receipts due to the Council collected by any employee of the Council authorised to collect such receipts shall pass through the Cashier, who shall enter them in his cash book. Rule 18 of the said Rules states that all moneys received by the Cashier on account of the Council shall be remitted intact into the treasury promptly and shall on no account be appropriated towards expenditure.

Scrutiny of records of the Transport Department revealed that during 2017-18 out of ₹ 43.20 lakh collected as bus fare, hiring charges of buses/dumpers and auction of old vehicles, etc., only ₹ 17.07 lakh was deposited into the PDA. The balance of ₹ 26.13 lakh was spent towards purchase of Petroleum Oil and Lubricant (PoL), repairing and maintenance of vehicle during 2017-18 in violation of Fund Rules. Similarly, General Administration Department (GAD) of the Council realised revenue of ₹ 2.63 lakh during 2017-18 on sale of stamp paper. GAD deposited only ₹ 2.34 lakh into PDA and the balance of ₹ 0.29 lakh was utilised towards contingency expenditure.


Thus, during 2017-18, a total amount of ₹ 26.42 lakh (₹ 26.13 lakh + ₹ 0.29 lakh) was spent out of departmental receipts in violation of Fund Rules *ibid*.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that the day to day expenditure on PoL *etc.*, were adjusted from the revenue collection in absence of separate budget provision for the purpose. The appropriate authority had been requested to make separate budget provision for the purpose from the next financial year.

The Council has not taken any corrective measures despite being pointed out in previous year's Audit Report.


The Council should evolve a system of checks so that revenues collected by various departments are deposited to PDA expeditiously as per the Fund Rules.

Guwahati
The 22 February 2024


(KUMAR ABHAY)
Accountant General (Audit), Assam

Countersigned

New Delhi
The 27 February 2024


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

The image features a solid light orange background. A large, light cream-colored diamond shape is centered on the page. Two horizontal orange lines intersect the diamond, one above and one below the word 'APPENDICES'.

APPENDICES

Appendix-I
(Reference: Paragraph 2.2.1)

Receipts and expenditure of NCHAC for the year 2017-18 as per Annual Accounts and the resultant surplus/deficit under revenue, capital and deposit fund

(₹ in lakh)

Receipts		Particulars	Expenditure	
2016-17	2017-18		2016-17	2017-18
		A- Revenue Receipts and Expenditure		
429.06	461.80	Taxes on Income and Expenditure	-	-
202.67	2,121.12	Land Revenue	238.30	330.64
2.26	2.33	Stamps and Registration	-	-
85.58	135.51	Taxes on Vehicles	-	
-	-	Education	2,048.46	2,843.19
512.70	1,100.43	Forests	1,594.02	2,170.14
950.43	1,306.09	Mines and Minerals	-	-
-	-	District Council	30.47	38.74
-	-	Executive Members	10.73	15.64
12.43	32.88	Administration of Justice	37.59	58.05
-	-	Secretariat General Services	553.47	730.62
-	-	Pension and Other Retirement Benefits	7.44	126.36
-	-	Art and Culture	57.40	68.56
-	-	Social Security and Welfare	31.50	25.00
30.40	10.29	Roads and Transport Services	93.24	105.81
0.02	-	Stationery and Printing	-	0.04
9.01	13.73	Public Works	623.96	857.71
1,757.00	2,962.61	Other General Economic Services	229.21	156.39
1,826.00	356.00	Grants in Aid from State Government	-	-
81.27 ⁷	-	Miscellaneous Receipts [#]	-	-
5,898.83	8,502.79	Total: Revenue Receipts and Expenditure (A)	5,555.79	7,526.89
-	-	Revenue Surplus	343.04	975.90
-	-	B- Capital Receipts and Expenditure	-	-
-	-	Capital Account	-	-
-	-	Capital Outlay on Public Works	129.71	507.95
-	-	Capital Outlay on Road Transport Services	184.19	194.20
-	-	Debt	-	-
-	-	Loans and Advances	-	-
-	-	Recoveries of Loans and Advances	-	-
0	0	Total: Capital Receipts and Expenditure (B)	313.90	702.15
5,898.83	8,502.79	Total Part –I District Fund (A + B)	5,869.69	8,229.04
Part-II: Deposit Fund				
		C- Receipts and Disbursements under entrusted functions	-	-
52,107.14	59,986.14	Funds received from the State Government	-	-
-	-	Disbursements	46,995.81	54,941.11
-	-	Deficit/Surplus on Deposit Fund	5,111.33	5,045.03
52,107.14	59,986.14	Total- Part-II Deposit Fund (C)	46,995.81	54,941.11
58,005.97	68,488.93	Total Receipts and Expenditure under Part I & II	52,865.50	63,170.15
		D- Opening balance /Closing balance		
14,031.93	19,172.40	Cash/Treasury (PDA)	19,172.40	24,491.18
72,037.90	87,661.33	Grand Total (A+B+C+D)	72,037.90	87,661.33

Source: Annual Accounts

Refund of unspent amount received from DDOs is treated as Miscellaneous Receipts classified as "Debt (Normal) Miscellaneous Receipts.

⁷ Recovery of excess pay and allowances from staff.

Appendix-II
(Reference: Paragraph 2.3.1)

Revenue Receipts compared with Estimated Receipts (Budget) during 2017-18

(₹ in lakh)

Heads of Account	Estimated Amount	Receipts as per Annual Accounts	Variation Excess (+) Shortfall (-)	Percentage
Land Revenue	3,484.20	2,121.12	(-) 1,363.08	39
Stamps and Registration	3.00	2.33	(-) 0.67	22
Stationery and Printing	2.00	0.00	(-) 2.00	100
Other General Economic Services	4,149.04	2,962.61	(-) 1,186.43	29
Forests	3,452.30	1,100.43	(-) 2,351.87	68
Roads and Transport Services	60.00	10.29	(-) 49.71	83
Taxes on Income	455.00	461.80	(+) 6.80	1
Taxes on Vehicles	60.00	135.51	(+) 75.51	126
Public Works	7.00	13.73	(+) 6.73	96
Other Administrative Service	3.50	32.88	(+) 29.38	839
Mines and Minerals	700.00	1,306.09	(+) 606.09	87
Total	12,376.04	8,146.79	(-) 4,229.25	34

Source: Normal Budget and Annual Accounts.

Appendix-III
(Reference: Paragraph 2.3.2)

Expenditure compared with that of Budget provisions during 2017-18

(₹ in lakh)

Heads of Account	Budget Provision	Expenditure as per Annual Accounts	Variation Saving (-)/ Excess (+)	Percentage
District Council	448.63	38.74	(-) 409.89	91
Executive Member	45.31	15.64	(-) 29.67	65
Administration of Justice	59.51	58.05	(-) 1.46	2
Land Revenue	471.71	330.64	(-) 141.07	30
Secretariat General Services	1,481.66	730.62	(-) 751.04	51
Stationary and Printing	27.00	0.05	(-) 26.95	100
Public Works	900.54	857.71	(-) 42.83	5
Pension & Other Retirement Benefits	1,000.00	126.36	(-) 873.64	87
Education	9,279.56	2,843.19	(-) 6,436.37	69
Art & Culture	142.75	68.56	(-) 74.19	52
Information & Publicity	33.00	0.00	(-) 33.00	100
Social Security & Welfare	26.60	25.00	(-) 1.60	6
Gratuitous Relief	5.00	0.00	(-) 5.00	100
Other General Economic Services	235.83	156.39	(-) 79.44	34
Forest	2,484.15	2,170.14	(-) 314.01	13
Roads & Transport Services	166.07	105.81	(-) 60.26	36
Total	16,807.32	7,526.90	(-) 9,280.42	55

Source: Normal Budget and Annual Accounts.

Appendix-IV
(Reference: Paragraph 3.2.1.1)

**Statement showing total deposit into Council PDA during 2017-18
by Transport Department under the head “Road and Transport Services”**

Month	Challan No.	Date	Amount (In ₹)	Date of entry in Cash Book
April 2017	2017/04/00670	20.04.2017	60,000.00	16.04.2017
	2017/04/00671	20.04.2017	1,80,000.00	16.04.2017
			2,40,000.00	
May 2017	2017.05.00352	05.05.2017	60,000.00	15.06.2017
	2017/05/00468	09.05.2017	2,65,000.00	15.06.2017
	2017.05.00439	09.05.2017	2,50,100.00	15.06.2017
			5,75,100.00	
July 2017	2017.07.00916	11.07.2017	20,424.00	12.09.2017
			20,424.00	
August 2017	2017.08.0032	04.08.2017	35,500.00	18.09.2017
	2017.08.00395	05.08.2017	40,000.00	18.09.2017
	2017.08.01975	30.08.2017	75,000.00	18.09.2017
	2017.08.01482	24.08.2017	1,00,901.00	18.09.2017
	2017.08.01649	28.08.2017	35,000.00	18.09.2017
			2,86,401.00	
September 2017	2017.09.01782	19.09.2017	4,200.00	25.10.2017
	2017.09.01142	14.09.2017	66,028.00	25.10.2017
			70,228.00	
November 2017	2017.11.00034	12.11.2017	22,790.00	19.12.2017
			22,790.00	
December 2017	2017.12.00782	14.12.2017	78,900.00	15.02.2018
	2017.12.01030	18.12.2017	87,900.00	15.02.2018
			1,66,800.00	
February 2018	2018.02.00283	07.02.2018	51,000.00	17.03.2018
	2018.02.00861	19.02.2018	30,000.00	17.03.2018
	2018.02.01056	22.02.2018	20,000.00	17.03.2018
			1,01,000.00	
March 2018	2018.03.01409	17.03.2018	50,000.00	20.03.2018
	2018.03.01523	19.03.2018	50,000.00	20.03.2018
	2018.03.01842	21.03.2018	90,000.00	22.03.2018
	2018.03.03592	29.03.2018	33,785.00	28.03.2018
			2,23,785.00	
		Grand Total	17,06,528.00	

Source: Information furnished by Transport Department and Cash Book of the Council.

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