

# Chapter-I: Constitution, Rules and Maintenance of Accounts

## 1.1 Profile of Tripura Tribal Areas Autonomous District Council

The Sixth Schedule to the Constitution provides for administration of specified tribal areas by constituting a District Council for each autonomous district with powers to make laws on matters listed in Paragraph 3 (1) of the Schedule mainly in respect of allotment, occupation and use of land, use of any canal or water courses for irrigation purposes, regulation of the practice of “Jhum”<sup>1</sup> or other forms of shifting cultivation, establishment of village or town committees or councils and their powers, village or town administration including police, public health and sanitation, inheritance of property, marriage and divorce and social customs.

The Tripura Tribal Areas Autonomous District Council (TTAADC) was set up in January 1982 in pursuance of the Tripura Tribal Areas Autonomous District Council Act, 1979 under the provisions of Article 246 (3) read with Seventh Schedule to the Constitution of India. It was subsequently brought (April 1985) under the provision of Article 244 (2) read with Sixth Schedule to the Constitution. The principal objective behind setting up of the Autonomous District Council (ADC) was to empower the indigenous people to govern themselves, to ensure all round development and to protect and preserve their culture, customs and traditions.

The total area of the TTAADC is 7,132.56 sq.km, which covers about 68 *per cent* of the total area (10,491 sq. km) of the State. Its headquarter is situated at Khumulwng in West Tripura District.

A 30 member Council governs TTAADC, out of which, 28 are elected through adult suffrage while the Governor appoints the remaining two members. Out of 28 elected seats, 25 seats are reserved for Scheduled Tribes. During 2017-18 there were 28 elected members and two nominated members in the Council.

Under Paragraph 6 (1) of the Sixth Schedule, the Council has powers to establish, construct or manage primary schools, dispensaries, markets, ferries, fisheries, roads, road transport and waterways in the respective autonomous districts.

The Council also has the power to assess, levy and collect revenue in respect of land and buildings, taxes on professions, trades, callings and employment, animals, vehicles and boats, tolls on passengers and goods carried in ferries and for the maintenance of schools, dispensaries and roads within the autonomous district, as listed in Paragraph 8 of the Sixth Schedule.

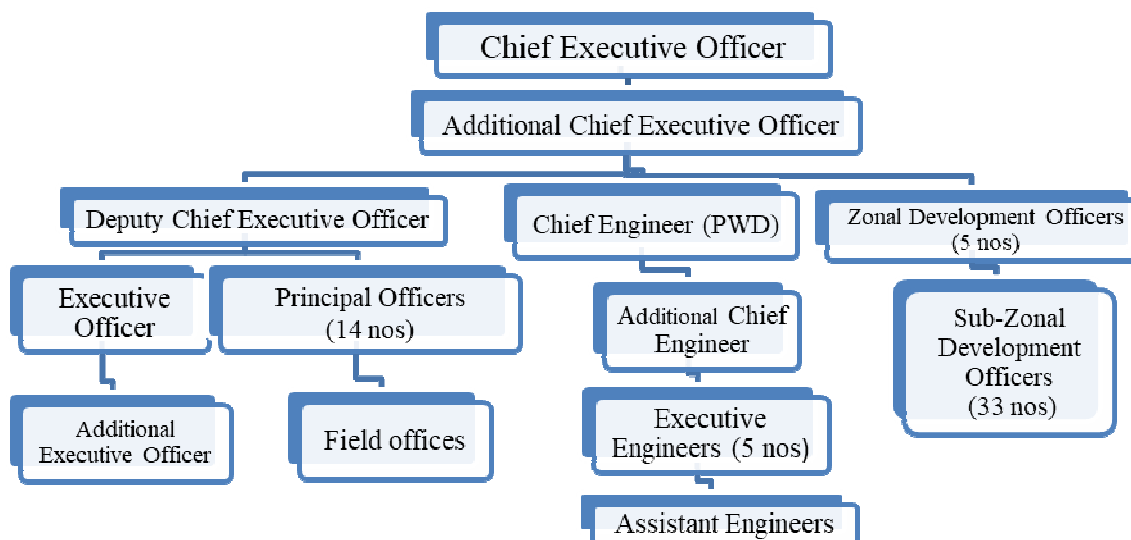
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<sup>1</sup> “Jhum” cultivation is a local name for slash and burn agriculture practiced by the tribal groups in the North-Eastern States of India. Crops are grown in this cultivation by clearing the trees and other vegetation and then burning the fields. Land burning allows the addition of potash to the soil, which in effect increases soil fertility and nutrient content.

## 1.2 Administrative set-up of the Council

Administration of TTAADC and its subordinate offices are managed from its headquarters at Khumulwng, West Tripura District. A flow chart of administrative set-up is given in Chart 1.1.

**Chart 1.1: Administrative set up of the Council**



During 2017-18, TTAADC had 81 Drawing and Disbursing Officers (DDOs) under its control.

## 1.3 Human Resource

State Government had handed over certain functions of 10 departments (*viz.*, Panchayat, Agriculture, Fisheries, Social Welfare & Social Education, School Education, Forest, Co-operation, Horticulture, Animal Resources Development and Information Cultural Affairs and Tourism) within the jurisdictions of the TTAADC areas to the Council and entrusted it with all works related to these institutions. Besides, the Council was operating two hospitals one each in West Tripura and South Tripura Districts; one dispensary in Dhalai District; one residential Higher Secondary School in Khumulwng and three Animal Resources Development Farm. In addition, TTAADC was also implementing schemes/ projects/ executing works through five Zonal Development Officers under Science & Technology, Village & Small Industries, Sports & Youth Affairs, Language Development, Adult Education, Art & Culture, Water Supply & Sanitation, Urban Development, Welfare of Scheduled Tribes, Public Works office building, Housing, Roads & Bridges, Rural Development, Land Records & Settlements, Minor Irrigation, Power, *etc.*

As per information furnished (17 July 2019) by the Council, it was operating with 51 *per cent* staff strength. Against the Sanctioned Strength of 17,817 employees, the persons-in-position were 9,013 of which, 3,591 personnel were on deputation from various departments of the State Government. Shortages were acute in Co-operative (78 *per cent*), Education (64 *per cent*), Finance (63 *per cent*), Health (64 *per cent*), Information Cultural Affairs & Tourism (ICAT) (82 *per cent*), Planning (67 *per cent*),

Public Works Department (PWD) (63 *per cent*), *etc.* To cope up with this problem, the Council had engaged few personnel, particularly under the Finance Department on contract basis for one year tenure.

#### **1.4 Maintenance of Accounts and Audit Arrangements**

In pursuance of Paragraph 7 (3) of the Sixth Schedule to the Constitution, the form of Accounts of the Council is prescribed by the Comptroller and Auditor General of India. The Annual Accounts are prepared in seven statements as detailed in **Chapter III**.

In terms of Paragraph 7 (4) of the Sixth Schedule of the Constitution, the Comptroller and Auditor General of India shall cause the accounts of the District Council to be audited in such manner as he may think fit, and the reports of the Comptroller and Auditor General relating to such accounts shall be submitted to the Governor who shall cause them to be laid before the Council.

As per Rule 78 of TTAADC Fund Rules, 2005, the Annual Accounts so compiled in the prescribed form and duly authenticated by the Chief Executive Officer (CEO) and Executive Officer (Finance) of the Council shall be submitted to the Accountant General (Audit) by the 30<sup>th</sup> June of the following year for conduct of Audit.

The Annual Accounts for the year 2017-18 were submitted to Audit in the prescribed format in February 2019 and subsequently the revised Statement No-6 was submitted in March 2019 with a delay of nine months.

Thus, there was delay in submission of complete Annual Accounts to the Principal Accountant General (Audit) by nine months.

#### **1.5 Internal Controls**

Internal control system is an integral part of functioning of an organisation to govern its activities effectively in order to achieve its objectives. It is intended to provide reasonable assurance of proper enforcement of Act, Rules and bye-laws. The Executive Management of the Council is responsible for establishing and maintaining effective internal control over financial reporting. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits. However, Audit noticed the following deficiencies:

- a. Monthly accounts were not prepared.
- b. Understatement of closing cash balance and instances of misclassification of expenditure.
- c. Funds transferred by the DDOs to the Executive Officer (EO) (Finance) at the end of the financial year were debited from the accounts of the DDOs while they were not credited by the EO (Finance) resulting in understatement of closing balance of the Council.
- d. Cheques issued to Implementing Officers (IOs) by the DDOs were treated as expenditure instead of exhibiting them as advance subject to receipt of adjustments vouchers from the IOs.

- e. No standard format was adopted as prescribed by the Council for submission of Receipts and Payment Accounts by the DDOs.
- f. According to Rule 24 of the TTAADC Fund Rules, 2005 cash should be verified at the end of each month by the Chief Executive Officer (CEO) or by any officer authorised by him on his behalf and a certificate showing the result of verification should be recorded in the Cash Book. However, it was noticed that out of 81 DDOs, only in one case Cash Book was verified by the EO(Finance) during 2017-18. Additional Chief Executive Officer (CEO) and Deputy CEO did not verify any Cash Book of any DDO during 2017-18. In absence of regular monitoring by the higher authorities, non-preparation of Bank Reconciliation Statement and non-encashment of cheques received from other sources were noticed. These indicate weak internal controls in the Council.
- g. The difference between Cash Book, Bank Pass Book and the Annual Accounts remained un-reconciled for the year 2017-18.
- h. Council did not prepare any working sheet for revenue expenditure. The figure was arrived at by subtracting capital expenditure, Debt and Deposits from the aggregate expenditure. As a result, authenticity of revenue expenditure could not be verified.
- i. TTAADC did not conduct physical verification of assets held by it during 2017-18.
- j. Internal Audit is a vital component of the internal control mechanism which enables an organisation to assure itself that the prescribed systems are functioning reasonably well. However, Internal Audit Manual had not been prepared. Internal Audit wing had conducted inspections of five *per cent* units during 2017-18.

As such, the attempt on the part of audit to examine the Annual Accounts of the Council were constrained to that extent and therefore, audit was unable to provide any assurance that the Accounts are free from material misstatements. The internal controls in place were, therefore, not satisfactory.

The same issue was also raised in the previous Audit Report as well but no corrective measures were taken by the Council while preparing Annual Accounts of the Council for the year 2017-18.

While admitting the audit observation, the Council stated (May 2019) that corrective steps would be made to avoid such lapses in future. Appreciating the audit observations, the Council further added (October 2021) that efforts would be made to ensure that the financial controls are strengthened for transparent, effective and fruitful utilisation of the funds received by the TTAADC.

## **1.6 Recommendations**

- i. The Council may ensure timely submission of Annual Accounts to the Accountant General to adhere with the prescribed timeline.*
- ii. The Council needs to strengthen its internal control mechanism, take action on deficiencies in Cash management.*

- iii. *The Council may seek help from the State Government and may utilise its training facility for training and capacity building at all levels in the administrative hierarchy of the Council to ensure proper bookkeeping, record maintenance, supervision, control and monitoring.*

