

Report of the Comptroller and Auditor General of India

For the year ended 31 March 2013



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Garo Hills Autonomous District Council,
Tura, Meghalaya**

**Report of the
Comptroller and Auditor General of India**

For the year ended 31 March 2013

**Garo Hills Autonomous District Council,
Tura, Meghalaya**

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PREFACE

This Report has been prepared for submission to the Governor of Meghalaya 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 the Garo Hills Autonomous District Council, Tura, Meghalaya for the year 2012-13.

2. This Report contains four Chapters, the first of which deals with the Constitution of the Garo Hills Autonomous District 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 during test-audit of the transactions of the Council for the year 2012-13.

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 2012-13. Chapter–IV of the Report deals with the audit findings pertaining to compliance audit of the Council and contains four paragraphs.

Maintenance of Accounts and Audit arrangements

The Council's Accounts for 2012-13 were submitted for audit to the Accountant General after an inordinate delay of more than five years. This delay was despite availability of experienced Accounts staff with the Council.

Recommendation

Council may fix responsibility for delay in preparation of Annual Accounts and take appropriate steps to prepare up-to date Financial Statements in future. In addition the available manpower can be upskilled by using the available state training facilities in co-ordination with the District Council Affairs department.

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 discrepancy in cash balances as per annual accounts, retention of heavy cash balances, delay in depositing the Council's revenue, incurring of unfruitful expenditure, non-maintenance of records, 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.

Recommendations

The GHADC needs to strengthen its internal control mechanism, make internal Audit wing functional including imparting training to its staff and take action on deficiencies in record keeping.

GHADC may seek the help of State Government and utilise its training facilities for training and capacity building at all levels in the administrative hierarchy of the Council for ensuring proper book keeping, record maintenance, supervision, control and monitoring.

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

2. Autonomous District Council Fund

The receipts of the Council showed decreasing trend and were ₹ 46.22 crore in 2012-13 with a decline of 22 *per cent* in comparison to the previous year.

(Paragraph 2.1)

During 2012-13, GHADC generated ₹ 9.95 crore (24 *per cent*) from its own sources and taxes received ₹ 14.90 crore as share of taxes from the State Government (36 *per cent*), ₹ 16.13 crore (39 *per cent*) as grants-in-aid from Government of Meghalaya (through the District Council Affairs Department) and ₹ 0.28 crore (0.68 *per cent*) as recovery of loans and advances. As such, GHADC share of royalty and grants-in-aid constituted (75 *per cent*) of its receipts.

(Paragraph 2.1)

The total revenue expenditure decreased by 16 *per cent* over the previous year. The fall was primarily due to the fall in expenditure under Land Revenue (30 *per cent*), Public works (32 *per cent*), General economic services (33 *per cent*) and Forest (21 *per cent*).

(Paragraph 2.2)

The Council's expenditure was ₹ 48.25 crore and fell short of the BE during the year 2012-13 by 34 *per cent*.

(Paragraph 2.3)

Recommendations

Council may take steps to increase its own revenue receipts so that they are able to improve their spending on programmes and schemes of the Council.

Council should map its administrative expenditure with respect to its income from own sources and spend wisely on revenue generation activities for financial sustainability; and

The Council may undertake detailed budgetary analysis and reviews to identify untapped eligible revenue sources and for estimating revenue receipts more accurately.

3. Comments on Accounts

Closing balance of cash in PLA Accounts at Treasury did not match with Annual Accounts of the Council and there were huge differences.

(Paragraph 3.1)

Council had neither prepared a Capital budget nor booked any Capital expenditure in Statement No.2 of Annual Accounts. There were instances of Capital expenditure incurred out of Finance Commission grants, which was booked as Revenue Expenditure resulting in overstated by ₹ 2.87 crore.

(Paragraph 3.2)

There were discrepancies in Loans and advances to District Council Staff as a result of which outstanding loans could not be confirmed.

(Paragraph 3.3)

Recommendations

Council is advised to device a system of periodical review of accounting records to identify coexisting mistakes within the accounting period so that corrective action is taken.

Council may reconcile the Closing balances of PLAs at Treasury with Cash Books, before compiling Annual Accounts.

The Council may ensure that the financial Statements are drawn in detail upto object head and give clear distinction between Capital and Revenue, Plan and Non-plan Receipts and Expenditure.

Council may prepare budget in prescribed format in detail so that transactions are recorded under appropriate Revenue and Capital head. It will help Council to have better control over expenditure and exhibit the same correctly in the Annual Accounts.

The Council needs to reconcile discrepancies in the outstanding Loans and advances to District Council Staff with the recovery and disbursement of loans and advances vouchers / schedules and arrive at the correct outstanding Loans and Advances figure.

4. Compliance Audit Observations

The Council's officers had retained revenues for a period ranging between 35 and 1211 days outside the PLA of the Council in contravention of Rule 17 of GHADC Fund Rules. Further, 47 receipt books were not deposited with the Cashier till August 2018 by the dealing hands in violation of Cash Book procedure and Rules. All these irregularities tantamount to temporary misappropriation of cash

(Paragraph 4.1)

The Council Drawing Disbursing Officers paid full amount to Contractors without deducting VAT amounting to ₹ 26 lakh, resulting in revenue loss to the Government.

(Paragraph 4.2)

The Council did not deduct Labour Cess amounting to ₹ 2.87 lakh, on contractual payments resulting in violation of Labour Cess Act provisions.

(Paragraph 4.3)

Recommendations

Council may put in place systems to ensure timely remittances of receipts to the treasury to prevent risk of temporary misappropriation of Council funds due to delayed remittances /non-deposit of the collected revenue.

Systems for strengthening internal controls and checks in the Council Departments and Subordinate offices may be put in place on priority.

Cases of non-deduction of VAT on payments to contractors be reviewed and VAT recovered.

The Council may get clarification from the State Administration Department on deduction of Labour Cess and its remission to the Labour Board and accordingly take action to adhere to Rules and Regulations implemented by the State.

Council may impress upon Audit Committee to discuss Audit Reports and ensure action on audit observations.

CHAPTER-I

CONSTITUTION, RULES AND MAINTENANCE OF ACCOUNTS

Chapter-I

Constitution, Rules and Maintenance of Accounts

1.1 Profile of Garo Hills Autonomous District Council

The Garo Hills Autonomous District Council (GHADC) was set up in June 1952 under Article 244 (2) read with the Sixth Schedule to the Constitution of India.

The Sixth Schedule to the Constitution of India provides for administration of specified tribal areas. For that purpose, it provides for the constitution of 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, use *etc.* of land, management of forests other than reserved forests, use of any canal or water courses for agriculture, regulation of the practice of “Jhum¹” 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 and inheritance of property.

Under Paragraph 6(1) of the Schedule, the Councils have powers to establish, construct or manage primary schools, dispensaries, markets, cattle pounds, ferries, roads, road transport and waterways in the respective Autonomous Districts. The Councils also have powers within the Autonomous Districts to assess, levy and collect 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.

1.2 Rules for the Management of the District Fund

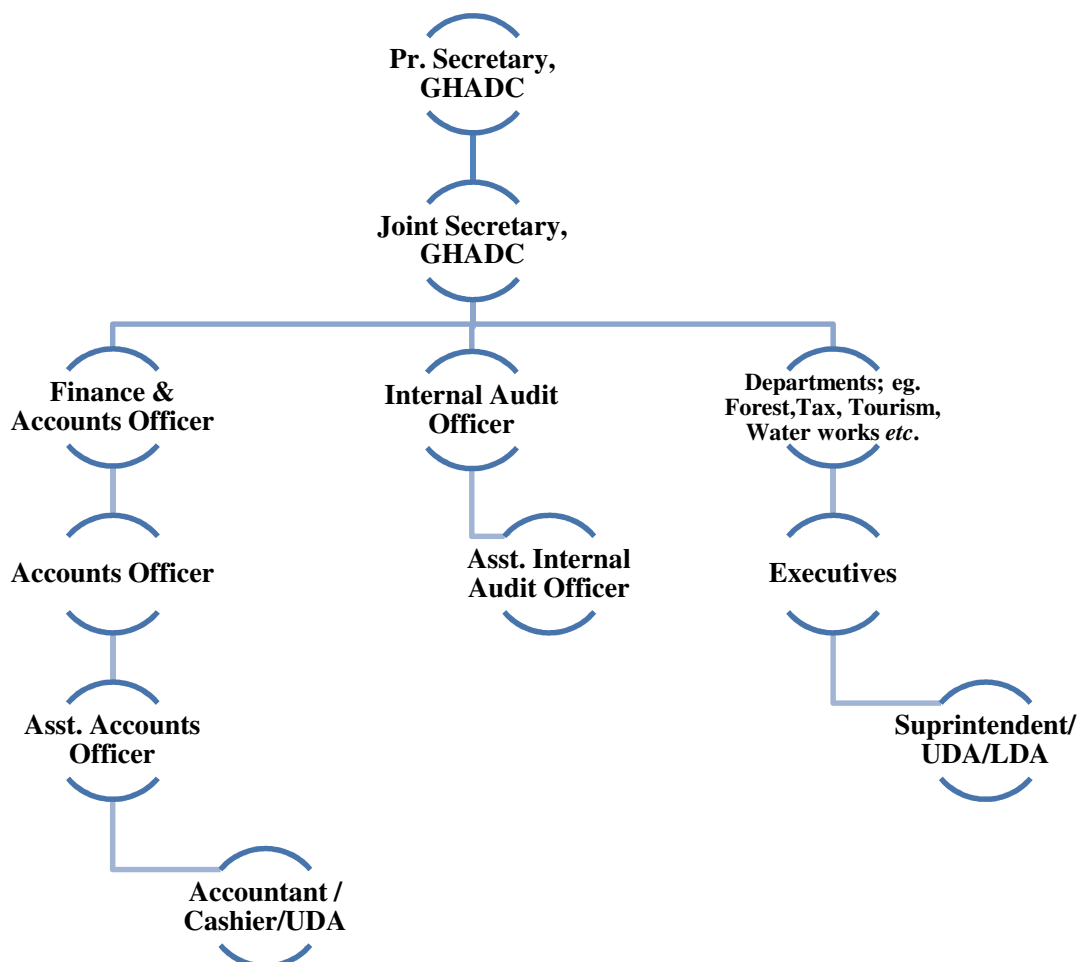
The Sixth Schedule provides for constitution of a District Fund for each Autonomous District to which all moneys received by the Council in the course of administration of the districts to be credited in accordance with the provisions of the Constitution. In terms of the amended provisions of Paragraph 7(2) of the Schedule (made with effect from 2 April 1970), the Governor may make rules for the management of the District Fund and for the procedure to be followed in respect of the payment of money into the said Fund, the withdrawal of moneys therefrom, the custody of moneys therein and any other matter connected with or ancillary to these matters. The affairs of the District Fund are being regulated in accordance with the Garo Hills District Fund Rules, 1952.

¹ “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.

1.3 Administrative set-up of the Council

Administration of GHADC and its subordinate offices are managed from its headquarters at Tura, West Garo Hills District. A flow chart of administrative set-up is given in **Chart 1.1**.

Chart 1.1: Administrative set up of the Council



Source: GHADC records.

1.4 Maintenance of Accounts and Audit Arrangements

In pursuance 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, was prescribed by the Comptroller and Auditor General of India, with the approval of the President in April 1977.

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 thinks 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 112(A) of the Garo Hills Autonomous District Council Fund Rules, 2005 the Annual Financial Accounts and Appropriation Accounts shall be prepared by the Member in charge of financial affairs in such form as may be prescribed by the District Council in consultation with the Accountant General and forwarded to the Accountant General by 30th June each year.

However, the accounts of the Council for the year 2012-13 were submitted to Accountant General in November 2018 with a delay of more than five years.

Council in its reply, stated the reasons for this inordinate delay was due to non-availability of sufficient skilled and experienced staff in dealing with accounts and financial matters.

Audit noticed that the Council had in position 14 accounts staff and five staff deployed for internal audit functions. Despite staff being available, Audit has been reporting persistent shortcomings in maintenance of accounts such as non-maintenance of relevant records, misclassification of receipts and expenditure and deficiencies in cash management by the ADC.

Financial statements are a structured representation of the financial position and financial performance of an entity. The objectives of financial statements are to provide information about the financial position, financial performance and cash flows of an entity that is useful to stakeholders in making and evaluating decisions about the allocation of resources. In absence of Financial Statements, the appropriateness of utilisation of resources could not be assessed.

Council may fix responsibility for delay in preparation of Annual Accounts and take appropriate steps to prepare up-to date Financial Statements in future. In addition, the available manpower can be upskilled by using the available state training facilities in co-ordination with the District Council Affairs department.

Results of audit are discussed in the succeeding Chapters.

1.5 Internal Control

(a) Internal Control

Internal Control Mechanism in an organisation ensures that proper checks and procedures are in place for efficient and effective discharge of its mandate, reliability of its financial reporting and compliance with applicable laws and regulations. Internal Audit Wing (IAW) is an important component of Internal Control Mechanism. Garo Hills Fund Rules 1952, provided a system for checks and balances by Internal Audit. Council's day-to-day transactions were to be verified by the Internal Audit. However, despite having its own IAW, the Council had not taken any steps to analyse or evaluate the efficiency of its internal control systems, which was evident from persistent irregularities like delay in depositing the Council's revenue, failure to deduct VAT, doubtful expenditure, etc.

Besides it was also seen that there was:

- absence of office procedure, Accounting, Budget and Internal Audit Manuals;
- deficiencies in Cash management- Irregular and unauthorised retention of heavy cash balance and delayed deposit of revenue realised;
- non-maintenance of Asset Register and absence of physical verification of assets;
- non-maintenance of ledger accounts with respect to works.

In reply, the Secretary, Executive Committee stated (March 2020) that the internal audit section and its staff are untrained in accounts and auditing and the post of Audit Officer and Auditor are lying vacant. As such there is no experienced staff to man the IAW.

The Council should take steps to train its existing manpower and fill up vacancies in Accounting staff so that the IAW becomes fully functional.

(b) Non-maintenance of records

Under the Award of the Thirteen Finance Commission, the Civil Works Department of the Council has been receiving grants for construction of capital assets like waiting sheds, cement concrete (CC) footpath, slaughter shed *etc.*

The amount of grants received and amount incurred on capital expenditure during the year for the last two years are given in the table below:

Table: Fund released and expenditure incurred for asset creation during 2011-12 and 2012-13

(₹ in crore)

Year	Amount awarded by XIII FC during the year	Amount incurred on capital expenditure during the year
2011-12	14.14	6.23
2012-13	8.65	2.87

Examination of records revealed that though the Council spent ₹ 6.23 crore during 2011-12 and ₹ 2.87 crore during 2012-13 on capital works, the Council did not maintain any asset register for the assets created during the above two years. Further, no record/register was available with the Council to indicate details of work under execution such as name of the work, estimated cost, administrative approval and expenditure sanctioned, executing agency/contractor, date of commencement, *etc.* In the absence of asset register, audit could not verify the nature of assets created during the year out of the XIII FC awards. Non-maintenance of records was thus fraught with the risk of the Council losing information about all its assets besides carrying the risk of creation of same assets through execution of fictitious work. Moreover, there was no way of keeping track of cumulative balances from the XIII FC grants and their utilisation. Audit has already commented on the non-maintenance of capital expenditure accounts in **paragraph 3.2** of this report.

In reply, the Secretary, Executive Committee assured (March 2020) that the observation will be complied with in future. A similar observation was made in paragraph 3.6 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2012 and the Secretary, Executive Committee had then assured (June 2017) that the advice of audit will be complied with. However, audit observed that despite the assurance to address the issue of maintenance of asset register, no action has been taken to put a system in place.

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.

Effective internal control reduces the risk of asset loss, and helps to ensure that information is complete and accurate, financial statements are reliable, and day-to-day operations are conducted in accordance with the provisions of applicable laws and regulations. Council may establish a strong internal control system for good governance.

1.6 Recommendations

- *The GHADC needs to strengthen its internal control mechanism, make internal Audit wing functional including imparting training to its staff and take action on deficiencies in record keeping.*
- *GHADC may seek the help of State Government and utilise its training facilities for training and capacity building at all levels in the administrative hierarchy of the Council for ensuring proper book keeping, record maintenance, supervision, control and monitoring.*

CHAPTER-II

AUTONOMOUS DISTRICT COUNCIL FUND

Chapter-II

Autonomous District Council Fund

2 Introduction to District Fund

Sixth Schedule 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 the administration of such district or region respectively in accordance with the provisions of the Constitution. The District Fund of the Autonomous District Council constituted under the provisions of Sub- Paragraph (I) of Paragraph 7 of the Sixth Schedule to the Constitution of India to which shall be credited all moneys received by the District Council in the course of the administration of the Autonomous District Council in accordance with the provisions of the Constitution.

The ADC fund comprises receipts from its own resources and shared revenue and grants/ loans & advances from State / Central governments. Broad classification is as discussed below:

A. District Fund

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

2.1 Receipts and Disbursement

The receipts and expenditure of GHADC for the year 2012-13 were as given in **Table 2.1**

Table 2.1

(₹ in crore)

PART –I DISTRICT FUND					
REVENUE SECTION					
Receipts			Disbursement		
2011-12	1. Revenue Receipts	2012-13	2011-12	Disbursement	2012-13
4.60	(i) Land revenue	4.26	6.17	(i) Land Revenue	4.30
0.24	(ii) Interest receipts	0.38	0.06	(ii) Interest payment	0.00
0.01	(iii) Public works	0.00	17.09	(iii) Public works	11.55
1.01	(iv) Forest	0.72	7.18	(iv) Forest	5.69
1.06	(v) Taxes on vehicles	0.00	0.41	(v) Executive member	0.42
0.00	(vi) Stationery and printing	0.00	0.78	(vi) Stationery and Printing	0.60
3.08	(vii) Taxes on income and expenditure	3.42	1.41	(vii) District Council	1.19
0.07	(viii) Other Administration Service	0.08	0.33	(viii) Other Administration Service	0.34
0.15	(ix) Public Health Sanitation	0.25	10.12	(ix) Secretariat General Services	10.71
0.59	(x) Other General Economic Services	0.50	1.53	(x) Pension & Retirement benefit	0.91
0.00	(xi) Fisheries	0.00	0.01	(xi) Art & Culture	0.00
25.50	(xii) Mines & Minerals	14.90	0.00	(xii) Road Transport Services- Direction and Administration & Working Expenses	0.00
0.00	(xiii) Roads and Transport (Council Transport)	0.06	0.00	(xiii) Agriculture	0.11
0.00	(xiv) Rent received	0.00	0.31	(xiv) Relief on account of natural calamities	0.18
0.00	(xv) General Branch	0.27	1.83	(xv) General Economic services	1.22
19.01	(xvi) Grants-in-aid received from State and Special Grants	16.13	2.04	(xvi) Rural Development	0.00
3.00	(xvii) Transfer from 2 nd to 1 st PLA	5.25	7.18	(xvii) Transfer from 1 st PLA to 2 nd PLA and 2 nd to 1 st PLA	10.48
0.76	(xviii) Government Grant reimbursed from 2 nd PLA to 1 st PLA	0.00	0.76	(xviii) Government grants reimbursed	0.55
59.08	Total Revenue Receipts	46.22	57.19	Total Revenue Expenditure	48.25
-	Revenue Deficit	2.02	1.89	Revenue Surplus	Nil
0.00	2. Capital Receipts	0.00		2. Capital Outlay	
			0.92	(i) Public Works	0.00
			0.92	Total Capital Outlay	0.00

	3. Loans and Advances			3. Loans and Advances	
0.34	(i) Recovery of loans and advances	0.28	0.00	Repayment of loan received from Cotton growers	0.00
0.00	(ii) Other sources	0.00	0.83	Disbursement of loans and advances	1.26
59.42	Total of Part-I District Fund	46.50	58.94	Total of Part –I District Fund	49.51
PART-II –DEPOSIT FUND					
0.00	Deposit not bearing interest (a) Security Deposit	0.00	0.01	Deposit not bearing interest (a) Security Deposit	0.00
0.00	Total of Part –II Deposit Fund	0.00	0.01	Total of Part –II Deposit Fund	0.00
59.42	Total Receipt	46.50	58.95	Total Disbursement	49.51
15.63	Opening Balance	16.10	16.10	Closing Balance ²	13.09
75.05	GRAND TOTAL	62.60	75.05	GRAND TOTAL	62.60

Source: Annual Accounts of the GHADC.

As per Rule 16 (i) & (ii) of the Garo Hills Fund Rules, 1952, the Cashier should keep Cash Book in the prescribed form and shall enter all sum received on behalf of the Council. All monetary transactions shall be entered in the Cash Book as soon as they occurred. Further, as per the extant practice, own receipts of the Council are deposited into PLA-1 and the grants received from State and the GoI are deposited into PLA-2.

Scrutiny of Statement Nos. 5 & 6 revealed that during the year, the Council had accounted inter-PLA transfers amounting to ₹ 11.03 crore and ₹ 10.48 crore as fresh receipts and disbursements for the Council respectively. This resulted in overstatement of receipts and disbursement of the Council to that extent as the amount available in the respective PLAs had already been accounted for as receipts of the Council.

It is pertinent to mention here that inter-PLA transfers can only be recorded as fresh receipts, had the amount received from various sources, in case of own receipts and grants received from the State/GoI been deposited into the respective PLAs without entering the transactions in Cash Book.

Resources

GHADC collected its revenue through:

- Trade licenses, market auction, bank interest, fisheries and Public Works Department (PWD) levy, etc.;
- Share of taxes placed by the State Government on agricultural income, land revenue, taxes on vehicles, forest and taxes on profession.
- Resources made available by the State Government through the State Plan.

² Cash: Nil + 1st PLA: ₹ 2.72 crore + 2nd PLA: ₹ 10.37 crore = ₹ 13.09 crore.

During 2012-13, GHADC generated ₹ 9.95 crore (24 *per cent*) from its own sources and taxes³, received ₹ 14.90 crore as share of taxes from the State Government⁴ (36 *per cent*), ₹ 16.13 crore (39 *per cent*) as grants-in-aid from GoM (through the District Council Affairs Department) and ₹ 0.28 crore (0.68 *per cent*) as recovery of loans and advances.

As such, GHADC share of royalty and grants-in-aid constitutes (75 *per cent*) of its receipts. The over reliance on these receipts indicated the financial vulnerability of the GHADC as any disruption in revenue flow from these sources would affect the functioning of the Council.

2.2 Availability of funds and expenditure

The revenue receipts and revenue expenditure of GHADC during 2012-13 are analysed below.

Revenue receipts

Table 2.2 and **Chart 2.1** summarises the revenue receipts of the GHADC during 2012-13.

Table 2.2: Summarised position of revenue receipts for the year 2012-13

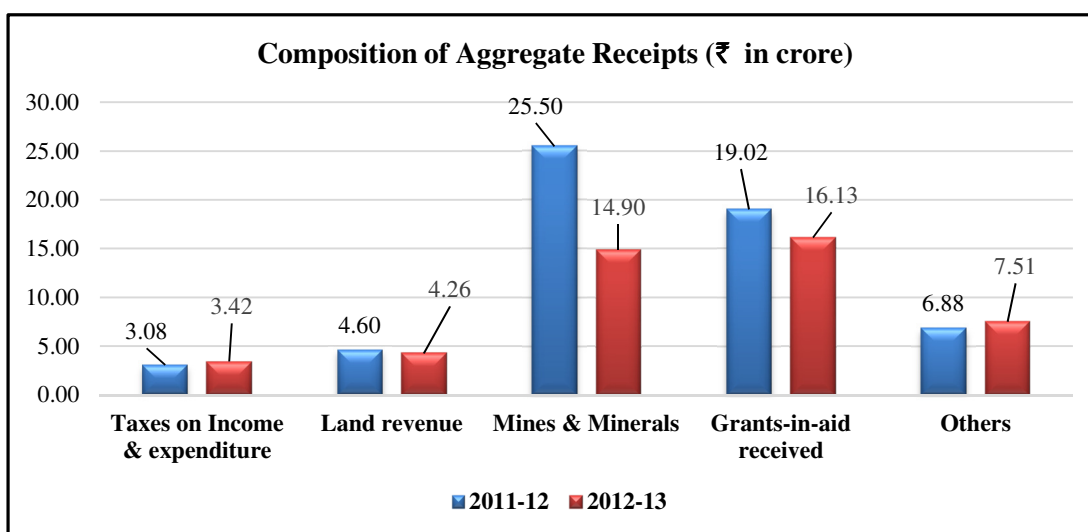
Head	2011-12	(₹ in crore)
		2012-13 (percentage to total revenue receipts)
Taxes on Income & expenditure	3.08	3.42 (07)
Land revenue	4.60	4.26 (09)
Mines & Minerals	25.50	14.90 (32)
Grants-in-aid received	19.02	16.13 (35)
Others	6.88	7.51 (17)
Total	59.08	46.22 (100)

Source: Annual Accounts of GHADC.

³ **Revenue from own source and taxes:** ₹ 994.60 lakh {(i) Taxes on income and expenditure ₹ 342.29 lakh; (ii) Land revenue ₹ 426.15 lakh; (iii) Forest ₹ 72.41 lakh; (iv) Other General Economic Services ₹ 50.38 lakh; (v) Interest receipts ₹ 37.47 lakh; (vi) General Branch ₹ 27.05 lakh; (vii) Public Health Sanitation ₹ 25.23 lakh; (viii) Administration of Justice ₹ 7.68 lakh; (ix) Roads and Transport (Council Transport) ₹ 5.50 lakh; (x) Rent received ₹ 0.31 lakh; and (xi) Public works ₹ 0.13 lakh}.

⁴ **Share of taxes:** (i) Mines & Minerals: ₹ 1489.63 lakh.

Chart 2.1



Source: Annual Accounts of GHADC.

➤ The total revenue receipts of the GHADC fell sharply by 22 *per cent* from ₹ 59.08 crore in 2011-12 to ₹ 46.22 crore during 2012-13. Analysis revealed that the fall in revenue receipts during 2012-13 was primarily due to less receipt of share of royalty on Mines & Minerals (42 *per cent*) and Grants-in-aid (15 *per cent*) as compared to the previous year, indicating disproportionate dependence of the GHADC on revenue from share of royalty and grants-in-aid from the Government.

Revenue expenditure

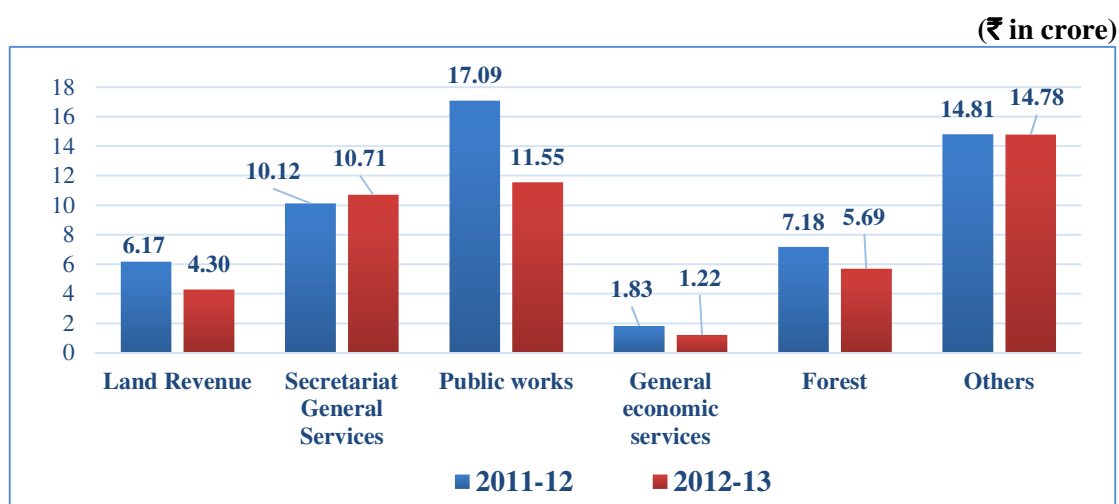
Table 2.3 and Chart 2.2 summarises the revenue expenditure of the GHADC during 2012-13.

Table 2.3: Summarised position of revenue expenditure for the year 2012-13

(₹ in crore)		
Head	2011-12	2012-13 (percentage to total expenditure)
Land Revenue	6.17	4.30 (09)
Secretariat General Services	10.12	10.71 (22)
Public works	17.09	11.55 (24)
General economic services	1.83	1.22 (3)
Forest	7.18	5.69 (12)
Others	14.81	14.78 (30)
Total	57.20	48.25 (100)

Source: Annual Accounts of GHADC.

Chart 2.2: Composition of revenue expenditure



Source: Annual Accounts of GHADC.

➤ The total revenue expenditure of the GHADC decreased by 16 per cent from ₹ 57.20 crore in 2011-12 to ₹ 48.25 crore in 2012-13. The fall in revenue expenditure during 2012-13 was primarily due to the fall in expenditure under Land Revenue (30 per cent), Public works (32 per cent), General economic services (33 per cent) and Forest (21 per cent).

➤ During 2012-13, Land Revenue (9 per cent), Secretariat General Services (22 per cent), Public Works (24 per cent), General Economic Services (3 per cent) and Forest (12 per cent) together accounted for 70 per cent of the revenue expenditure leaving lesser funds for other heads of expenditure including important heads such as Agriculture, Rural Development and Art & Culture.

2.3 Substantial variation between revised budget estimates and actuals

Scrutiny of revised budget estimates for the year 2012-13 *vis-à-vis* actual receipt and expenditure revealed significant variations between budget estimates and actual figures of receipts and expenditure as detailed in **Table 2.4**:

Table 2.4: Budget estimates and actual for the year 2012-13

(₹ in crore)

Particulars	Revised Budget Estimate	Actual	Excess (+) / Shortfall (-)	Percentage of Excess (+) / Shortfall (-) w.r.t. RE
Receipt	41.89	46.22	(+) 4.33	(+) 10
Expenditure	73.50	48.25	(-) 25.25	(-) 34

Source: Budget estimates of Receipts and Expenditure and Statement 5 & 6 of Annual Accounts.

During 2012-13, the actual receipts of the GHADC exceeded the BE by 10 per cent and expenditure was less than the BE by 34 per cent.

The details of some of the Heads under which significant variations were noticed between the actual and revised budget estimate figures of receipts and expenditure during 2012-13 are as given in **Table 2.5**:

Table 2.5: Heads of receipt/expenditure under which significant variations occurred between the Actuals and the Revised Budget Estimates

(₹ in crore)

Sl. No.	Major Heads	2012-13		
		Revised Budget Estimate	Actual	Shortfall (-) /Excess (+) as compared to RE (<i>per cent to RE</i>)
Receipts				
1.	Grants-in-aid	13.11	16.13	3.02 (23)
2.	Taxation	2.95	3.42	0.47 (16)
3.	Land Revenue	4.77	4.26	- 0.51 (11)
4.	Forest	20.43	0.72	- 19.71 (96)
Expenditure				
1.	Land Revenue	9.98	4.30	-5.68 (57)
2.	Forest	14.34	5.69	-8.65 (60)
3.	Public Works	14.97	11.55	-3.42 (23)
4.	Stationery & Printing	1.44	0.60	-0.84 (58)
5.	Other Administration Service	1.25	0.34	-0.91 (73)

Source: Annual Accounts of GHADC.

Budget estimate should be a genuine estimation of the requirements in the light of updated knowledge. Huge variations between the Budget estimates and actual receipts and expenditure during 2012-13 indicated that the GHADC had prepared the Budgeted estimates without taking into account the actual position.

The Council stated (June 2019) that the budget estimates are finalised after comparing them with the previous year actual receipt and expenditure. Analysis however revealed that the multiple instances of variations in actual receipts indicated that the GHADC while fixing the BE for 2012-13, had not taken into account the actuals of the previous years. Some instances of these are shown in the **Table 2.6**:

Table 2.6: Heads of receipt/expenditure where the Revised Budget Estimates were fixed without considering the actuals of the previous years

(₹ in lakh)

Sl. No.	Major Heads		2010-11	2011-12	2012-13
Receipts					
1	Forest	Revised BE	1552.50	1632.00	2043.00
		Actuals	43.23	101.29	72.41
2	Taxation	Revised BE	243.72	272.62	295.21
		Actuals	205.19	307.85	342.29
3	Mines & Minerals	Revised BE	1450.00	1500.00	2000.00
		Actuals	1292.95	2550.41	1489.63
Expenditure					
1	Land Revenue	Revised BE	652.72	798.43	998.10
		Actuals	376.30	616.83	388.31
2	Forest	Revised BE	747.87	1400.84	1434.13
		Actuals	483.32	717.67	568.57
3	Stationery and Printing (Council Press)	Revised BE	104.86	153.52	148.81
		Actuals	46.14	77.52	60.26
4	District Council	Revised BE	170.38	206.93	221.90
		Actuals	96.15	140.77	119.02
5	General Economic Services	Revised BE	195.01	219.11	229.19
		Actuals	106.20	182.89	122.32
6	Rural Administration	Revised BE	226.50	455.53	450.42
		Actuals	134.31	196.16	235.56
7	Relief Works	Revised BE	53.02	97.55	93.62
		Actuals	20.58	33.65	24.53

Sl. No.	Major Heads		2010-11	2011-12	2012-13
8	Administration of Justice	Revised BE	35.40	59.26	124.99
		Actuals	15.40	32.89	33.62

Source: Budget document and Annual Accounts of the Council.

The Secretary, Executive Committee, GHADC while accepting (March 2020) the audit observation, stated that the Council will prepare the revised estimates considering the actual position of previous financial year.

The Council needs to identify and implement internal cost-saving measures, while not compromising on its core functions and the State Government also needs to increase predictable and adequate lines of funding to the institution in a timely manner.

Further, efforts could be initiated to comprehensively map untapped, but eligible, revenue sources and put in place a plan for strict enforcement of tax and fee collections. The Council may need to undertake detailed budgetary analyses and reviews to identify and resolve challenges regarding financial sustainability.

2.4 Conclusion

Variations between the BEs and actual receipts and expenditure during 2012-13 indicate that the GHADC had prepared BEs without taking into account actual position of previous year receipts.

- The receipts of the Council showed decreasing trend and were ₹ 46.22 crore in 2012-13 with a decline of 22 *per cent* in comparison to the previous year.
- During 2012-13, GHADC generated ₹ 9.95 crore (24 *per cent*) from its own sources and taxes, received ₹ 14.90 crore as share of taxes from the State Government (36 *per cent*), ₹ 16.13 crore (39 *per cent*) as grants-in-aid from Government of Meghalaya (through the District Council Affairs Department) and ₹ 0.28 crore (0.68 *per cent*) as recovery of loans and advances. As such, GHADC share of royalty and grants-in-aid constituted (75 *per cent*) of its receipts.
- The Council's expenditure was ₹48.25 crore and fell short of the BE during the year 2012-13 by 34 *per cent*.
- The total revenue expenditure decreased by 16 *per cent* over the previous year. The fall was primarily due to the fall in expenditure under Land Revenue (30 *per cent*), Public works (32 *per cent*), General economic services (33 *per cent*) and Forest (21 *per cent*).

Budgetary assumptions of the Council were not realistic during 2012-13 to bring about efficiency and transparency in budget formulation and execution, budgetary estimates were off the mark by a considerable margin, and control over the execution and monitoring of budget was inadequate.

2.5 Recommendations

- *Council may take steps to increase its own revenue receipts so that they are able to improve their spending on programmes and schemes of the Council.*
- *Council should map its administrative expenditure with respect to its income from own sources and spend wisely on revenue generation activities for financial sustainability; and*
- *The Council may undertake detailed budgetary analysis and reviews to identify untapped eligible revenue sources and for estimating revenue receipts more accurately.*

CHAPTER–III

COMMENTS ON ACCOUNTS

Chapter-III

Comments on Accounts

3 Introduction to Accounts and Comments on Council Accounts

The annual accounts of the District Council shall record all transactions, which take place during a financial year commencing from 01 April to 31 March. The annual accounts of the District Council shall be maintained in such forms as prescribed by the Comptroller and Auditor General of India.

The GHADC prepares its annual accounts in the prescribed format containing the following seven statements, which detail the receipts and disbursements of the GHADC for the year with bifurcation of the expenditure under revenue, capital, plan and non-plan:

The GHADC annual accounts for the year 2012-13 contain the following seven statements as given in **Table 3.1**:

Table 3.1

Sl. No.	Statement No.	Particulars of Statements
1	Statement No. 1	Summary of Transactions
2	Statement No. 2	Capital Outlay- progressive Capital Outlay
3	Statement No. 3	Debt Position
4	Statement No. 4	Loans and Advances by the GHADC
5	Statement No. 5	Detailed Revenue by Minor Heads
6	Statement No. 6	Detailed account of revenue expenditure by Minor Heads
7	Statement No. 7	Statement of receipts, disbursements and balances under Heads relating to District Fund and Deposit Fund

3.1 Personal Ledger Account

GHADC had been maintaining two Personal Ledger Accounts (PLAs) with the Tura Treasury – one for the GHADC's own revenue (1st PLA) and the other for grants-in-aid received from the State Government (2nd PLA).

Scrutiny of records revealed discrepancies in the closing balances under 1st and 2nd PLAs for the years 2012-13 as per 'Plus and Minus Memorandum'⁵ of the Tura Treasury *vis-à-vis* the Annual Accounts of the GHADC as shown in the **Table 3.2**.

⁵ In every Treasury where revenue advances have been made one or more plus and minus memoranda should be kept, in which the advances should be debited and all recoveries credited. One of these plus and minus memoranda shall be the ordinary account of revenue advances and other special account shall be opened from time to time for any special officers authorised to make advances, who may, under the orders of the revenue authorities, keep and submit accounts separate from the general account of the district officer.

Table 3.2: Discrepancies in closing balances of PLAs as per ‘Plus and Minus Memorandum of the Tura Treasury’ vis-à-vis the Annual Accounts

(₹ in lakh)

Year	Closing balance as per Plus and Minus Memorandum of the Tura Treasury		Closing balance as per the Annual Accounts of the GHADC		Difference Excess (+) Shortfall (-)	
	PLA 1 st	PLA 2 nd	PLA 1 st	PLA 2 nd	PLA 1 st	PLA 2 nd
2012-13	10.77	1199.92	271.87	1037.42	261.10	162.50

Source: Plus and Minus Memorandum of the Tura Treasury and Annual Accounts of the GHADC.

It can be seen from the table above that there were variations of ₹ 261.10 lakh and ₹ 162.50 lakh during 2012-13 in closing balances computed in two sets of documents. GHADC had not reconciled the differences before finalising the Accounts.

In further reply (March 2020), the Secretary, Executive Committee, GHADC stated that the observation is noted for future compliance.

3.2 Absence of detailed budget and non-booking of Capital Expenditure

As per Rule 110 and 111 of Garo Hills Fund Rules, 1952 Member-in charge of Financial Affairs was required to prepare Statement of estimated revenue and expenditure as well as any supplementary estimates or demands for grants (Annual budget). However, Financial Statement of Receipts and Expenditure for the year 2012-13, it was seen that object head wise details, distinction between Capital and Revenue, Plan and Non-plan expenditure were not found. Audit could not ascertain the actual allocation against activities taken up during the year and any deviation from the planned activities or short falls.

Scrutiny of Annual Accounts and other relevant records, revealed that during the year Council incurred an expenditure of ₹ 2.87 crore on Capital outlay, as detailed in the **Table 3.3**.

Table 3.3: Capital Expenditure incurred out of 13th Finance Commission Award to GHADC during 2012-13

(₹ in crore)

Sl. No.	Description of Capital Works undertaken	No. of Contractors	No. of works	Expenditure incurred and payments made
1	RCC Ringwell, Spring Tapped Chamber, Slaughter Shed, Waiting Shed, CC Footpath, Revenue Collection Shed, RCC Footbridge, Washing Platform, Tubewell, Slab culverts, etc.	261	867	2.87
Total		261	867	2.87

Source: Council records.

Statement 2 of the Annual Accounts of the Council is supposed to depict the progressive Capital outlay at the end of the financial year. However, details of Capital outlay in Statement 2 of Annual Accounts were shown as Nil, on the other hand expenditure as mentioned in **Table 3.3** which appeared to be of Capital nature were wrongly included

under revenue expenditure instead of Capital outlay. This resulted in understatement of Capital Expenditure and overstatement of Revenue Expenditure to the same extent.

Further, since detailed budget did not contain item-wise estimated Capital and Revenue Receipts and Expenditure, Audit could not ascertain what activities were planned and executed by each department and any deviations from planned activities.

Thus, absence of detailed budgeting against each against Revenue and Capital Heads led to misclassification of expenditure.

Council in its reply (June 2021) accepted Audit observation and assured compliance in next Accounting cycle.

Council may prepare budget in prescribed format in detail so that transactions are recorded under appropriate Revenue and Capital head. It will help Council to have better control over expenditure and also to exhibit the same correctly in the Annual Accounts.

3.3 Discrepancies in Loans to District Council Employees

Seven Statements prescribed by the CAG has its significance in presenting various financial aspects of the Council. Statement -4 of the Annual Accounts contains details about Loans and Advances by the Council to District Council employees at the end of the year while Statement-7 present details of Head wise receipts, disbursements and balances at District Fund and Deposit Fund.

Analysis of Annual Account of the Council revealed that the balances/ figures in prescribed statements are not in conformity with each other. Statement-4 is a feeder statement for Statement -7 and are interlinked however, figures from these statements do not confirm one- another as detailed in **Table.3.4**.

Table 3.4: Discrepancies in outstanding balances against loans and advances to staff

(Amount in ₹)

Category of Loans and Advances	Statement-4 (Outstanding loans and advances)	Statement-7 (Outstanding loans and advances)	Difference
B. Loan to District Council Employees- House Building Advance, Children Education Loan, Conveyance Advances etc.	1,64,00,198	(-)56,46,917	2,20,47,115

Source: Annual Accounts of GHADC.

Reason for differences have not been explained in any of the statement. Thus, actual amount outstanding against loans and advances to District Council Employees could not be confirmed.

Council should have reconciled these differences while compiling Annual Accounts.

Council in its reply (June 2021) accepted the audit observation and assured for necessary steps will be taken under intimation to Audit.

3.4 Conclusion

In this Chapter, audit emphasis was on the classification and accounting treatment of transactions in Annual Accounts, internal control and record keeping, etc. As such the following discrepancies were noticed :

- i. Closing balance of cash in PLA Accounts at Treasury did not match with Annual Accounts of the Council and there were huge differences.
- ii. Council had neither prepared a Capital budget nor booked any Capital expenditure in Statement No.2 of Annual Accounts. There were instances of Capital expenditure incurred out of Finance Commission grants, which was booked as Revenue Expenditure resulting in overstatement by ₹ 2.87 crore.
- iii. There were discrepancies in Loans and advances to District Council Staff as a result of which outstanding loans could not be confirmed.

3.5 Recommendations

- *Council is advised to device a system of periodical review of accounting records to identify coexisting mistakes within the accounting period so that corrective action is taken.*
- *Council may reconcile the Closing balances of PLAs at Treasury with Cash Books, before compiling Annual Accounts.*
- *The Council may ensure that the financial Statements are drawn in detail upto object head and give clear distinction between Capital and Revenue, Plan and Non-plan Receipts and Expenditure.*
- *Council may prepare budget in prescribed format in detail so that transactions are recorded under appropriate Revenue and Capital head. It will help Council to have better control over expenditure and exhibit the same correctly in the Annual Accounts.*
- *The Council needs to reconcile discrepancies in the outstanding Loans and advances to District Council Staff with the recovery and disbursement of loans and advances vouchers / schedules and arrive at the correct outstanding Loans and Advances figure.*

CHAPTER-IV

COMPLIANCE AUDIT OBSERVATIONS

Chapter-IV

Compliance Audit Observations

4.1 Delay in remittances of Council's revenue and temporary misappropriation of cash

Rule 17 of the Garo Hills District Fund Rules, 1952 stipulates that all receipts due to the Council and collected by any employee of the Council authorised to collect such receipts shall pass through the cashier, who shall enter them in the Cash Book. The cashier should furnish a receipt to the employee in a challan prepared by him.

The issue of ordinate delay in depositing the revenue collected by the officials of the GHADC with the Cashier has been repeatedly made in the previous Audit Reports of the Council⁶. Despite being repeatedly pointed out, scrutiny (December 2017) of records revealed that the instances of delay in depositing the Council's revenue with the Cashier continued even during 2012-13 as mentioned below:

- Between April 2012 and March 2013, 11 officials of the Council collected ₹ 30.05 lakh as land revenue under nine mouzas⁷ through 91 receipt books. The amount so collected was deposited with the Cashier after delays ranging between 35 days and 1211 days with consequential delay in remittance of the same to the PLA of the Council (**Appendix – I**).
- Upper Division Assistant did not deposit with the Cashier Professional Tax of ₹ 11.00 lakh collected between June 2012 and March 2013 through 28 receipt books till August 2018 (**Appendix – II**).
- Trading by Non-Tribal Tax (TNT) of ₹ 17.32 lakh collected between April 2012 and March 2013 by six EIs/ESIs through 17 receipt books was not deposited with the Cashier till August 2018 (**Appendix – III**).
- Judicial Branch collected Succession fees of ₹ 23.68 lakh during 2012-13 and deposited with the Cashier after undue delay ranging between one month and one year 11 months (**Appendix – IV**) with consequential delay in remittance of the same to the PLA of the Council.
- Forty-seven receipt books issued to UDAs, EIs/ESIs between April 2012 and March 2013 were not produced to Audit. As such, the risk of temporary misappropriation of Council funds due to prolonged retention/non-deposit of the collected revenue could not be ruled out.

Retention of revenues outside the PLA was not only in contravention of Rule 17 *ibid*, but also tantamount to temporary misappropriation of funds. Under the circumstances, responsibility needs to be fixed against the delinquent official(s) for such lapses. GHADC has however, neither taken any action against the defaulting officials nor has

⁶ Report of the Comptroller and Auditor General of India for the years 2007-08 to 2011-12.

⁷ A type of administrative district, corresponding to a specific land area within which there may be one or more settlements.

it taken any steps to strengthen the internal control system to avoid recurrence of such incidences despite repeated audit observations.

The Council stated in its reply (June 2019) that the GHADC has taken action against the defaulting officers and a Financial Advisor has been appointed to monitor and streamline the system. Further, in March 2020, the Secretary, Executive Committee stated that the delay in submission of revenue is being looked into seriously and necessary orders would be issued for timely submission of collected revenue.

The Council may adhere to fund rules with respect to receipts and remittances to the Council Funds.

4.2 Failure to deduct Value Added Tax

Section 106 of Meghalaya Value Added Tax (VAT) Act envisaged that every person (excluding an individual, Hindu Undivided Family, a firm or a company not under control of the Government) responsible for making any payment or discharging any liability on account of any amount payable for the transfer of property in goods involved in a work contract for the transfer of right to use any goods for any purpose, or every person responsible for paying sale price or consideration or any amount purporting to be the full or part payment of sale price in respect of any sale or supply of goods liable to tax under this Act to the Government shall at the time of credit to the amount of or payment to the payee of such amount in cash, by cheque, by adjustment or in any other manner whatsoever, deduct tax there from in the prescribed manner at the rate specified in the schedule to the Act in respect of sale or supply of goods or transfer of the right to use.

Provided that no deduction shall be made under this sub-section where the amount paid or credited by such person in any financial year does not exceed the prescribed amount. Further, Rule 39 (2) of the Meghalaya VAT Rules 2008, provides that no deduction shall be made under sub section (2) of the Section 106 of Meghalaya VAT Act, 2005 where the amount paid or credited by such person in a financial year does not exceed five thousand rupees.

Therefore, Council should have deducted VAT at the rate 13.5 *per cent* at source from the value of work of contract bills of contractors while making payment to them either by way of cash or cheque or by adjustment or in any other manner whatsoever after allowing percentage deduction of 25 *per cent* from the work value.

Audit observed that while executing the schemes awarded by the 13th Finance Commission, the Council did not deduct VAT amounting to ₹ 0.26 crore from final payment of ₹ 2.87 crore made to 261 contractors for 867 works contract for the year 2012-13 as detailed in **Table 4.1**:

Table 4.1: Non-deduction of VAT

	(₹ in crore)
Total Final payment made to contractors for works approved by the 13 th Finance Commission:	2.87
Less: Percentage deduction of 25 % :	0.72
Amount against which VAT to be deduction	2.15
VAT to be deducted @ 13.5 % (2.15 x 13.5 /113.5):	0.26

Source: Council records.

Failure to deduct VAT amounting to ₹ 0.26 crore from the bills of contractors in violation of the codal provision resulted in extension of undue favour to the contractors.

The Council stated (March 2020) that GHADC has not adopted the Meghalaya Value Added Tax (VAT), Act 2005. The reply is however, untenable since Section 106 (2) of the Act, *ibid* makes it mandatory for all Government Departments, Company, Corporation, Board, Authority, Undertaking or any other Body by whatever name called, owned, financed or controlled wholly or substantially by the Government to deduct tax at source. Besides, the State Government have not exempted the Council from applicability of VAT Act.

Council may review payments to the contractors with respect to contracts executed and recover excess payment made to them.

4.3 Non deduction of Labour Cess

The Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 is an Act to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare measures. Further, the Building & Other Construction Workers Welfare Cess Act, 1996 (Cess Act) is an Act to provide for the levy and collection of a cess on the cost of construction incurred by employers to augment the resources of the Building & Other Construction Workers Welfare Boards constituted under the Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

Section 3 of the Cess Act provides for mandatory levy and collection of cess on the cost of construction which are covered under Section 2(d) of the Building & Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996. The Government of India vide Notification dated 26th September, 1996 has provided that the cess shall be levied at one *per cent* of the cost of construction incurred by an employer which shall exclude the cost of land.

Rule 4(3) of the Building and Other Construction Workers' Welfare Cess Rules, 1998 as adapted by Government of Meghalaya vide Notification No. LBG 125/96/Pt/ Vol-II/63 dated 9th April, 2009, stipulates that where the levy of cess pertains to building and other construction work of a Government, such Government shall deduct or cause to be deducted the cess payable at the notified rates from the bills paid for such works.

Scrutiny of records at Council revealed that the Council incurred an expenditure of ₹ 2.87 crore on 867 (work orders) construction activities during the year, however, the labour cess was not deducted from the contractor's bills in contravention of the above provisions. Thus, due to non-deduction of Cess amounting to ₹ 2.87 lakh resulted in violation of the Labour Cess provisions.

Council may ensure timely deduction and transfer of Labour Cess to the Building and other Construction Labour Welfare Board of the State so that fund can be utilised on welfare activities for building and other construction workers, who work in high-risk environment.

Council in its reply (June 2021) stated that till date GHADC, Tura has no rules and regulation regarding deduction of Labour Cess @ one per cent from the Contractor's bill, however the matter will be discussed in the Executive Committee meeting and resolutions will be intimated to Audit.

Council's reply is not tenable as the BOCW Act, 1996 was applicable in the State.

The Council may get clarification from the State Administration Department on deduction of Labour Cess and its remission to the Labour Board and accordingly take action to adhere to Rules and Regulations implemented by the State.

4.4 Follow-up action on Audit Reports

According to the Garo Hills District Fund Rules, 1952 (Rules, 1952), the Member-in-Charge of Financial Affairs shall place the Audit Report before the Council and shall send a copy of the proceedings of discussion held by the Council thereon to the Governor of the State for information. Though the Audit Reports for the years up to 2010-11 in respect of the Garo Hills Autonomous District were placed before the Council, action taken on the audit observations had not been furnished.

Moreover, in keeping with the spirit of the Sixth Schedule of the Constitution of India, the Autonomous District Council should be accountable to a Public Accounts Committee (PAC) like mechanism which is existing in the State Legislature. GHADC has not constituted any committee till date to examine the reports of the C&AG. Thus, GHADC lacks a robust oversight mechanism to ensure transparency and accountability of financial administration. GHADC should take steps to constitute a body similar to the PAC to examine the Audit Reports and review the financial governance.

4.5 Conclusion

The audit focuses on the functioning of the Council, viz. financial management, development activities, internal control and monitoring, etc. and concluded as:

- i. The Council's officers had retained revenues for a period ranging between 35 to 1211 days outside the PLA of the Council in contravention of Rule 17 of GHADC Fund Rules. Further, 47 receipt books were not deposited with the Cashier till August 2018 by these dealing hands in violation of Cash Book procedures and Rules. All these irregularities tantamount to temporary misappropriation of cash.

- ii. The Council Drawing Disbursing Officers paid full amount to Contractors without deducting VAT amounting to ₹ 26 lakh, which resulting in revenue loss to the Government.
- iii. The Council did not deduct Labour Cess amounting to ₹ 2.87 lakh, on contractual payment resulting in violation of Cess Act provisions.

4.6 Recommendations

The Council may consider the following recommendations:


- *Council may put in place systems to ensure timely remittances of receipts to the treasury to prevent risk of temporary misappropriation of Council funds due to delayed remittances/ non-deposit of the collected revenue.*
- *Systems for strengthening internal controls and checks in the Council Departments and Subordinate offices may be put in place on priority.*
- *Cases of non-deduction of VAT on payments to contractors be reviewed and VAT recovered.*
- *The Council may get clarification from the State Administration Department on deduction of Labour Cess and its remission to the Labour Board and accordingly take action to adhere to Rules and Regulations implemented by the State.*
- *Council may constitute a Committee to discuss Audit Reports and ensure action on audit observations.*

Shillong
The 23 September 2021


(SHEFALI S. ANDALEEB)
Accountant General (Audit), Meghalaya

Countersigned

New Delhi
The 6 October 2021


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

Appendix I
(Reference: Paragraph 4.1)

Statement showing details of land revenue deposited belatedly to cashier during 2012-13

Sl. No.	Mauza	Receipt Book No & Date of Issue	Amount collected (in ₹)	Period of collection	Date of deposit to cashier	Delay in deposit (days)	Name of collector
1	II	6901 dated 13/04/12	29,823	13/04/12 to 26/04/12	05-06-12	39	Teban R. Marak
2	II	6932 dated 22/06/12	26,154	25/06/12 to 25/07/12	25-09-12	60	Teban R. Marak
3	II	6941 dated 23/07/12	30,861	26/07/12 to 27/08/12	26-11-12	90	Teban R. Marak
4	II	6951 dated 13/08/12	33,439	13/08/12 to 31/01/13	22-05-13	110	Steamson Marak
5	II	6954 dated 27/08/12	23,393	27/08/12 to 11/09/12	09-04-13	209	Teban R. Marak
6	II	6958 dated 24/09/12	32,551	26/09/12 to 26/11/12	29-04-13	153	Teban R. Marak
7	II	6971 dated 26/11/12	19,050	26/11/12 to 7/01/13	24-05-13	136	Teban R. Marak
8	II	6981 dated 7/01/13	32,754	7/01/13 to 14/02/13	27-06-13	132	Teban R. Marak
9	II	7017 dated 14/03/13	34,444	14/03/13 to 5/04/13	04-12-14	607	Steamson Marak
10	II	6994 dated 6/06/13	23,692	8/02/13 to 6/03/13	04-12-14	637	Steamson Marak
11	II	6995 dated 6/02/13	20,243	7/02/13 to 9/03/13	15-07-13	127	Teban R. Marak
12	II	7000 dated 14/02/13	32,110	15/02/13 to 13/03/13	20-01-14	312	Teban R. Marak
13	II	7025 dated 15/03/13	33,585	28/03/13 to 20/04/13	19-02-15	669	Teban R. Marak
14	II	7016 dated 12/03/13	36,218	12/03/13 to 25/03/13	19-02-14	330	Teban R. Marak
15	III	6920 dated 30/05/12	22,663	4/06/12 to 22/06/12	31-08-12	69	Wilking Marak
16	III	6930 dated 20/06/12	23,128	21/06/12 to 4/12/12	28-05-13	174	Wilking Marak
17	III	6937 dated 9/07/12	26,383	4/12/12 to 17/03/13	27-05-13	70	Wilking Marak
18	III	7006 dated 11/02/13	34,467	13/02/13 to 12/04/13	28-08-13	135	Wilking Marak
19	IV	6922 dated 4/06/12	23,474	5/06/12 to 28/06/12	10-10-12	103	George Marak
20	IV	6926 dated 8/06/12	22,174	12/06/12 to 30/07/12	12-02-13	196	Sanderson Sangma
21	IV	6933 dated 27/06/12	20,809	29/06/12 to 26/07/12	10-10-12	74	George Marak
22	IV	6979 dated 4/01/13	21,841	7/01/13 to 4/02/13	01-05-13	85	George Marak
23	IV	6980 dated 7/01/13	22,237	15/01/13 to 5/04/13	24-05-13	48	Sanderson Sangma
24	IV	6897 dated 10/04/12	25,410	11/04/12 to 15/05/12	31-07-12	76	Sanderson Sangma
25	IV	6905 dated 20/04/12	21,430	24/04/12 to 16/05/12	31-07-12	75	George Marak
26	IV	6910 dated 11/05/12	23,396	15/05/12 to 19/06/12	11-09-12	83	Sanderson Sangma
27	IV	6942 dated 16/07/12	27,363	16/07/12 to 14/08/12	22-01-13	160	George Marak
28	IV	6944 dated 30/07/12	20,314	1/08/12 to 12/10/12	05-04-13	174	Sanderson Sangma
29	IV	6950 dated 10/08/12	26,752	14/08/12 to 28/09/12	12-02-13	136	George Marak
30	IV	6956 dated 11/09/12	25,853	12/09/12 to 18/10/12	23-04-13	186	Sanderson Sangma
31	IV	6960 dated 26/09/12	25,965	3/10/12 to 16/11/12	05-04-13	139	George Marak
32	IV	6964 dated 19/10/12	31,495	19/10/12 to 13/12/12	23-04-13	130	Sanderson Sangma
33	IV	6969 dated 15/11/12	25,380	15/11/12 to 07/01/13	05-04-13	87	George Marak
34	V	6890 dated 2/04/12	74,836	16/05/12 to 30/07/12	09-04-12	252	Abdul Mazar Sheikh
35	V	6903 dated 17/04/12	18,205	22/04/12 to 5/05/12	24-01-13	263	Tonem 'D' Shira
36	V	6909 dated 9/05/12	17,664	11/05/12 to 15/06/12	05-04-13	293	Tonem 'D' Shira
37	V	6953 dated 14/08/12	15,734	31/08/12 to 23/11/12	06-02-14	74	Tonem 'D' Shira
38	V	6974 dated 21/11/12	19,886	30/11/12 to 18/01/13	27-06-13	439	Tonem 'D' Shira
39	V	6978 dated 21/12/12	38,342	30/01/13 to 22/03/13	22-07-13	123	Abdul Mazar Sheikh
40	V	7003 dated 26/02/13	22,519	1/03/13 to 5/04/13	25-07-14	475	Tonem 'D' Shira
41	V	7027 dated 25/03/13	42,874	30/03/13 to 20/04/13	05-09-13	137	Abdul Mazar Sheikh
42	VI	6921 dated 30/05/12	15,842	6/06/12 to 7/09/12	27-05-13	261	Tonem 'D' Shira
43	VI	6970 dated 26/11/12	16,797	26/11/12 to 16/01/13	05-04-13	78	Abdul Habib Mandal

Sl. No.	Mauza	Receipt Book No & Date of Issue	Amount collected (in ₹)	Period of collection	Date of deposit to cashier	Delay in deposit (days)	Name of collector
44	VI	6972 dated 26/11/12	11,275	1/12/12 to 18/01/13	15-03-13	55	Abdul Habib Mandal
45	VI	6977 dated 19/12/12	22,488	19/12/12 to 13/02/13	03-04-13	48	Abdul Habib Mandal
46	VII	6895 dated 4/04/12	22,727	7/04/12 to 23/05/12	10-08-13	78	Headson Marak
47	VII	6891 dated 2/04/12	67,702	12/05/12 to 15/09/12	09-04-13	205	Safiur Rahman
48	VII	6915 dated 18/05/12	25,055	22/05/12 to 12/06/12	31-10-12	136	Headson Marak
49	VII	6919 dated 23/05/12	64,826	19/09/12 to 6/03/12	01-05-13	114	Safiur Rahman
50	VII	6924 dated 6/06/12	28,872	8/06/12 to 5/07/12	07-11-12	124	Headson Marak
51	VII	6934 dated 4/07/12	26,018	4/07/12 to 30/08/12	21-02-13	173	Headson Marak
52	VII	6949 dated 10/08/12	23,873	13/08/12 to 15/10/12	18-02-13	124	Headson Marak
53	VII	6982 dated 7/01/13	23,164	15/01/13 to 28/01/13	09-04-13	70	Headson Marak
54	VII	6989 dated 28/01/13	34,802	29/01/13 to 4/02/13	09-04-13	65	Headson Marak
55	VII	6990 dated 1/02/13	31,411	4/02/13 to 9/02/13	03-04-13	54	Headson Marak
56	VII	6996 dated 8/02/13	33,480	9/02/13 to 18/02/13	03-04-13	45	Headson Marak
57	VIII	6894 dated 3/04/12	24,447	17/04/12 to 25/04/12	30-05-12	35	Good Fraison Sangma
58	VIII	6948 dated 8/08/12	22,069	17/05/12 to 31/10/12	15-02-13	106	Good Fraison Sangma
59	VIII	6963 dated 18/10/12	24,724	1/11/12 to 15/01/13	09-04-13	83	Good Fraison Sangma
60	VIII	6976 dated 10/12/12	24,174	16/01/13 to 6/02/13	02-04-13	54	Good Fraison Sangma
61	VIII	7022 dated 19/03/13	30,521	21/03/13 to 26/03/13	24-07-13	119	Good Fraison Sangma
62	VIII	7033 dated 2/04/13	20,283	10/04/13 to 24/04/13	27-06-13	63	Good Fraison Sangma
63	IX	6923 dated 5/06/12	61,916	14/06/12 to 5/11/12	11-08-16	278	Suhashis Sarkar
64	IX	6947 dated 7/08/12	36,024	7/08/12 to 20/01/13	24-05-13	123	Golseng Marak
65	IX	6966 dated 31/10/12	45,983	2/11/12 to 17/01/13	04-06-14	502	Suhashis Sarkar
66	IX	6985 dated 16/01/13	33,904	17/01/13 to 14/02/13	03-06-14	473	Suhashis Sarkar
67	IX	6997 dated 11/02/13	44,983	14/02/13 to 16/03/13	22-01-15	676	Suhashis Sarkar
68	IX	7018 dated 15/03/13	41,466	21/03/13 to 16/04/13	11-08-16	1211	Suhashis Sarkar
69	X	6892 dated 3/04/12	43,375	4/04/12 to 16/04/12	12-07-12	86	Bronson Marak
70	X	6902 dated 16/04/12	62,562	17/04/12 to 24/04/12	12-07-12	78	Bronson Marak
71	X	6911 dated 11/05/12	89,678	14/05/12 to 23/05/12	12-07-12	49	Bronson Marak
72	X	6906 dated 23/04/12	38,005	24/04/12 to 14/05/12	12-07-12	58	Bronson Marak
73	X	6918 dated 23/05/12	52,501	24/05/12 to 7/06/12	12-09-12	96	Bronson Marak
74	X	6925 dated 6/06/12	67,042	8/06/12 to 24/06/12	29-10-12	126	Bronson Marak
75	X	6931 dated 20/06/12	33,475	21/06/12 to 3/07/12	26-09-12	84	Bronson Marak
76	X	6936 dated 5/07/12	40,690	5/07/12 to 18/07/12	24-01-13	189	Bronson Marak
77	X	6940 dated 23/07/12	41,636	20/07/12 to 6/08/12	24-01-13	170	Bronson Marak
78	X	6946 dated 6/08/12	57,828	6/08/12 to 21/08/12	29-04-13	242	Bronson Marak
79	X	6955 dated 28/08/12	37,462	29/08/12 to 24/09/12	09-04-13	196	Bronson Marak
80	X	6957 dated 24/09/12	41,022	24/09/12 to 12/10/12	09-04-13	178	Bronson Marak
81	X	6962 dated 12/10/12	50,245	12/10/12 to 12/11/12	11-04-13	149	Bronson Marak
82	X	6968 dated 12/11/12	44,101	12/11/12 to 3/12/12	11-04-13	128	Bronson Marak
83	X	6973 dated 28/11/12	26,750	29/11/12 to 17/12/12	11-04-13	114	Bronson Marak
84	X	6975 dated 7/12/12	27,426	10/12/12 to 8/01/13	11-04-13	92	Bronson Marak
85	X	6983 dated 8/01/13	39,543	8/01/13 to 24/01/13	10-04-13	75	Bronson Marak
86	X	6988 dated 25/01/13	32,903	25/01/13 to 11/02/13	16-04-13	63	Bronson Marak
87	X	6993 dated 4/02/13	38,768	5/02/13 to 28/02/13	01-05-13	61	Bronson Marak
88	X	7014 dated 11/03/13	54,239	11/03/13 to 18/03/13	01-05-13	52	Bronson Marak
89	VII	7021 dated 18/03/13	28,962	19/03/13 to 30/06/13	24-09-13	85	Headson Marak
90	VII	7028 dated 25/03/13	31,556	26/03/13 to 9/04/13	30-07-13	111	Headson Marak
91	VII	7013 dated 5/03/13	37,647	12/03/13 to 18/03/13	24-07-13	127	Headson Marak
		Total	30,05,153				

Appendix II

(Reference: Paragraph 4.1)

Statement showing Professional Tax collected but not deposited with the Cashier

Sl. No.	Receipt Book issued to	Receipt Book No.	Date of issue	Amount collected (in ₹)
1	Smti Glorish A Sangma UDA	1594	13/06/12	49,970
2		1601	21/06/12	47,420
3		1603	21/06/12	32,230
4		1602	22/06/12	41,530
5		1606	25/06/12	51,380
6		1607	26/06/12	37,199
7		1608	26/06/12	55,200
8		1616	03/07/12	36,740
9		1614	05/07/12	38,600
10		1612	06/07/12	24,380
11		1615	09/07/12	45,800
12		1619	12/07/12	47,450
13		1628	21/07/12	39,590
14		1635	21/07/12	24,300
15		1609	27/07/12	50,920
16		1621	27/07/12	47.57
17		1623	31/07/12	23,320
18		1627	03/08/12	24,400
19		1570	18/08/12	25,220
20		1613	29/09/12	42,070
21		1634	03/10/12	29,740
22		1637	30/10/12	18,920
23		1643	24/11/12	17,690
24		1647	15/12/12	56,560
25		1649	14/01/13	32,460
26		1650	18/01/13	42,380
27		1651	13/03/13	64,420
28		1652	25/03/13	52,140
	Total			10,99,599

Appendix III
(Reference Paragraph : 4.1)

Statement showing Trading by Non-Tribal Tax collected by six EIs/ESIs but not deposited with the Cashier

Sl. No.	Receipt Book issued to	Receipt Book No.	Date of issue	Amount collected (in ₹)
1	Shri R.J. Ch. Momin, ESI,	830 (77-100)	04/04/2012	32,010
		843 (1-100)	20/04/2012	86,330
		876 (1-100)	15/10/2012	1,11,220
		906 (1-100)	23/04/2012	2,07,050
2	Shri J.M.F. Sangma, ESI	831 (55-100)	04/04/2012	34,100
		855 (1- 100)	30/05/2012	77,250
3	Shri. D. Koch, ESI	836 (78-100)	11/04/2012	21300
		856 (1- 100)	30/05/2012	93,785
		872 (36-100)	12/09/2012	1,08,600
4	Shri.S. Sangma, ESI,	851 (1- 100)	28/05/2012	1,04,930
		826 (33-100)	04/04/2012	1,89,040
		921 (1 -100)	20/05/2012	2,64,020
		870 (1 -100)	08/08/2012	91,140
5	Shri S.N. Marak, ESI	867 (1-100)	20/06/2012	78,490
		877 (1-100)	20/11/2012	86,920
		873 (1-100)	24/09/2012	71,730
6	Shri. W.Marak, ESI	879 (1-100)	30/11/2012	74,520
Total				17,32,435

Appendix IV

(Reference: Paragraph 4.1)

Statement showing delay in deposit of succession fees by the Officials of Judicial Branch

Sl. No.	Receipt Book No.	Sl. No. of Receipt Book	Month/Year of collection	Amount collected (in ₹)	Date of deposit to cashier	Period of delay
1	2373	11-14, 16-19	2012	58,392	Feb-13	1 month
		20-21	2012	39,054	Feb-13	1 month
		22-28	2012	61,368	Jun-13	5 months
		29-35	2012	49,817	Jun-13	5 months
		36-37, 41-44	2012	98,767	Jun-13	5 months
		38-39	2012	80	Nov-13	10 months
		45-50	2012	64,407	Jun-13	5 months
		51-57	2012	59,816	Jun-13	5 months
		58-62	2012	64,295	Jun-13	5 months
		63-68	2012	78,699	Jun-13	5 months
		69-72, 75-76	2012	39,010	Jun-13	5 months
		73-74	2012	500	Nov-13	10 months
		77-83	2012	1,45,386	Jun-13	5 months
		84-92	2012	1,97,101	Nov-13	10 months
		93-96	2012	68,047	Feb-14	1 year 1 month
		97-100	2012	90,694	Feb-14	1 year 1 month
2	2562	3	2013	1,15,260	May-14	4 months
		2, 4,5,6,8	2013	85,726	Jul-14	6 months
		9,10,11,12,13	2013	27,626	Jul-14	6 months
		7,14,16	2013	27,882	Oct-14	9 months
		17-21	2013	70,029	Oct-14	9 months
		22-26	2013	1,12,415	Jan-15	1 year
		27-31	2013	1,21,070	Jul-15	1 year 6 months
		1,32-39	2013	78,225	Aug-15	1 year 7 months
		40-47	2013	13,238	Aug-15	1 year 7 months
		48-55	2013	45,470	Aug-15	1 year 7 months
		57-63	2013	1,19,816	Aug-15	1 year 7 months
		64-72	2013	52,150	Aug-15	1 year 7 months
		73-77	2013	38,640	Aug-15	1 year 7 months
		78-79	2013	27,084	Aug-15	1 year 7 months
		80-82	2013	1,44,586	Nov-15	1 year 10 months
		83-87	2013	32,593	Dec-15	1 year 11 months
		88-93	2013	55,834	Dec-15	1 year 11 months
		94-100	2013	85,036	Dec-15	1 year 11 months
Total				23,68,113		

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