

EXECUTIVE SUMMARY

This Report contains 11 audit paragraphs, two Performance Audits – Implementation of ‘Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in Nagaland and ‘Implementation of Watershed Development Programmes in Nagaland’ and Integrated Audit of Veterinary and Animal Husbandry Department. According to the existing arrangements, copies of the draft audit paragraphs and draft performance audits were sent to the Secretary of the Department concerned by the Accountant General (Audit) with a request to furnish replies within six weeks. Replies were not received from the Departments concerned in respect of three audit paragraphs.

Chapter-I Social Sector

Performance Audit

Performance Audit on Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in Nagaland

Mahatma Gandhi National Rural Employment Guarantee Scheme aimed to enhance livelihood security of rural households by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. However, performance of the MGNREGA in the State for the last five years could not achieve guaranteed wage employment due to improper planning made in the perspective plan. The Department also randomly issued job cards and as a result job cards were misused. Several instances of un-executed projects, execution of non-permissible projects and diversion of projects outside the Perspective plan had defeated the purpose for which the scheme was designed. Implementation of convergence programmes in the State was not encouraging as the public was not aware of the schemes and were not executed according to the approved action plan. Absence of monitoring mechanism in the State also adversely affected the implementation of scheme. Mandatory inspections by State level, district level and block level were not carried out. Auxiliary objectives were not achieved due to the execution of low prioritised works.

(Paragraph 1.3)

Transaction Audit Paragraphs

Failure of the Drawing & Disbursing Officer and Treasury Officer to exercise statutory checks envisaged in Receipts and Payments Rules resulted in fraudulent drawal of ₹ 30.65 lakh.

(Paragraph 1.4)

The Executive Engineer, Medical Engineering Division, Kohima incurred an excess expenditure of ₹ 1.32 crore due to non-acceptance of the lowest bid. The delay in handing over the site to the contractor is fraught with the risk of further cost escalation.

(Paragraph 1.5)

Principal Director of Health & Family Welfare fraudulently drew ₹ 86.24 lakh for procurement of Computer Hardware items, Hospital linen, etc on the basis of fictitious bills.

(Paragraph 1.6)

Principal Director, Health & Family Welfare Department incurred an avoidable expenditure of ₹ 101.56 lakh on procurement of Machinery & Equipments, Hospital linen, etc by allowing inconsistent rates to different suppliers.

(Paragraph 1.7)

Failure to exercise statutory checks envisaged in Receipts and Payments Rules on the part of the Treasury Officer and Drawing and Disbursing Officer resulted in fraudulent drawal of ₹ 25.99 lakh.

(Paragraph 1.8)

Chapter-II Economic Sector

Performance Audits

Integrated Audit of Veterinary and Animal Husbandry Department

Planning was unrealistic and formulated without proper study or analysis as was evident from the major variations in the activities envisaged in the 11th Plan with the Annual Plans and the activities actually taken up. Targets set for production of meat, milk and eggs in the 11th Plan with projected expenditure of ₹ 64 crore could not be achieved despite plan expenditure of ₹ 149.99 crore during the period. Monthly balances in the bank account operated by the Directorate and Executive Engineer, V&AH Division were lower than the monthly closing balance recorded in their Cash Books pointing to misappropriation/misuse of Government money. Targets set for the Schemes/Projects could not be achieved due to deficiencies in actual implementation and payments were made against fictitious works. The process of awarding works was not transparent and works were awarded to a few select contractors. Further, works were not executed as per estimates/entries in the MBs resulting in excess payments and undue favour to contractors. The investment of ₹ 22.25 crore for setting up the Veterinary College at Jalukie and the Nagaland Composite Pig Project proved to be idle as these projects had not taken off even after four years after it was initiated. The institutions under the Department were in very poor condition and several of them were non-functional.

(Paragraph 2.3)

Implementation of Watershed Development Programmes in Nagaland

Watershed management programmes implemented by all the four agencies were implemented in an isolated manner. Selection of project villages was not done in consultation with other departments executing watershed management programmes. Funds were not released in time and were not sufficient. Even though there was no land left out in the State for undertaking Watershed Development, the Departments continued approving projects on land which had already been taken up earlier instead

of concentrating on continued operation and maintenance of assets created. This not only resulted in created assets becoming defunct over the years due to lack of maintenance but also resulted in release of payments for works which were not executed. Monitoring mechanism under the programmes was also inadequate. There was no system to carry out any impact analysis of the Programmes.

(Paragraph 2.4)

Transaction Audit Paragraph

Improper inventory control and non-observance of the provisions of NPWD code resulted in stores valuing ₹ 198.07 lakh remaining out of Government Account. The possibility of misappropriation of the materials cannot be ruled out. This matter therefore, needs further investigation.

(Paragraph 2.5)

Chapter-III Economic Sector (Public Sector Undertakings)

Investment in State PSUs

As on 31 March 2012, the investment of State and Central Government (Capital and long term loans) in six PSUs was ₹ 82.67 crore. The investment has grown by 17.84 per cent from ₹ 70.15 crore in 2007-08 to ₹ 82.67 crore in 2011-12. The Government contributed ₹ 26.61 crore towards Equity, Loans and Grants/Subsidies during 2011-12.

(Paragraph 3.3.& 3.4)

Performance of State PSUs

The working PSUs incurred an overall loss of ₹ 2.50 crore in 2011-12 and had an accumulated losses amounting to ₹ 33.83 crore. Besides, the only one non-working PSU had the accumulated loss of ₹ 14.70 crore as per its latest finalised accounts which pertains to the year 1977-78.

(Paragraph 3.6.2)

Arrears in finalisation of Accounts

All the working PSUs had arrears of 46 accounts as of September 2012. The Government needs to monitor and ensure timely finalisation of Accounts with special focus on liquidation of arrears. Accounts of one non-working company were in arrears for 34 years. As no purpose was served by keeping this non-working Company in existence, Government needs to expeditiously review its functioning and viability.

(Paragraph 3.7)

Transaction Audit Paragraph

Failure on the part of Nagaland Industrial Raw Materials & Supply Corporation Limited, Dimapur to pursue the decree of court verdict resulted in non-recovery of ₹ 30.72 lakh.

(Paragraph 3.9)

Chapter-IV Revenue Sector

Assessing Authority did not take into account records of utilisation of Form 'C' while passing Assessment Order which resulted in probable evasion of tax to the tune of ₹ 10.90 lakh and non-levy of interest on tax amounting to ₹ 9.32 lakh

(Paragraph 4.2)

Chapter-V General Sector

Transaction Audit Paragraphs

Executive Engineer, Civil Administration Works Division made excess payment of ₹ 128.24 lakh by allowing enhanced rate on the items of work already executed and paid for earlier in respect of two works.

(Paragraph 5.3)

An amount of ₹1 crore sanctioned by GOI for construction of Fire Station at State Capital Complex under Special Plan Assistance was diverted by the Directorate of Fire and Emergency Services for execution of seven other works not covered by the sanction.

(Paragraph 5.4)

The Deputy Commandant Village Guard, Kiphire fraudulently drew ₹ 39.96 lakh being ration allowance twice for the same period in respect of 2049 Village Guards.

(Paragraph 5.5)