

**CHAPTER – V**  
**GENERAL SECTOR**

## CHAPTER - V

### GENERAL SECTOR

#### 5.1 Introduction

This Chapter of the Audit report for the year ended 31 March 2015 deals with the findings on audit of the State Government units under General Sector.

The departments and the total budget allocation vis-a-vis expenditure of the State Government under General Sector during 2014-15 are given below:

**Table-5.1.1**

*₹ in crore*

Name of the Departments	Total Budget allocation	Expenditure
State Legislature	25.47	20.84
Head of State	4.79	4.78
Council of Ministers	12.89	12.68
Law & Justice	54.77	51.50
Election	14.29	9.80
Public Service Commission	4.90	4.87
District Administration	200.00	115.39
Treasuries and Accounts	33.46	32.75
Village Guards	31.89	31.52
Jails	33.10	32.84
Vigilance Commission	5.60	5.59
State Guest Houses	13.19	12.75
Rajya Sainik Board	3.00	3.00
Relief & Rehabilitation	1.26	1.26
Civil Secretariat	143.61	134.99
Police	1028.66	1029.07
Stationery & Printing	19.54	17.95
Administrative Training Institute	4.15	3.80
Statistics	28.80	26.83
Legal Metrology and Consumer Protection	10.50	9.41
Home Guards	20.02	18.75
Fire and Emergency Services	19.86	19.83
Parliamentary Affairs	0.54	0.54
State Information Commission	1.53	1.23
<b>Total number of Departments=24</b>	<b>1715.82</b>	<b>1601.97</b>

Source: Appropriation Accounts

#### 5.2 Planning and Conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders.

After completion of audit of each unit on a test check basis, Inspection Reports containing audit findings are issued to the heads of the departments. The departments are to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled based on reply/action taken or further action is required by the auditee for compliance. Some of the important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit reports, which are submitted to the Governor of State under Article 151 of the Constitution of India for being laid on the table of the Legislature.

During the year, test-check of audits involving expenditure of ₹ 2072.74 crore (including funds pertaining to previous years audited during the year) of the State Government under General sector were conducted. This chapter contains two compliance audit paragraphs.

### **Compliance Audit Paragraphs**

#### **FINANCE DEPARTMENT (Directorate of Treasuries and Accounts)**

##### **5.3 Fraudulent/Excess Drawal**

**Failure of Drawing and Disbursing Officers and Treasury Officers to exercise checks as prescribed under various rules resulted in fraudulent drawal of ₹ 2.81 crore by 41 DDOs. Out of the fraudulent/excess amount drawn by the DDOs, a sum of ₹ 91.34 lakh was recovered by 27 DDOs at the instance of audit.**

Sub-clause 3 of Rule 66 of the Receipt and Payment Rules 1983 stipulates that entries in all money columns of the pay bills are to be totaled separately under each section and part, to arrive at the total entitlements as well as net payable after statutory deductions in red ink. Section wise totaling of the pay bills must be checked by the Drawing Officer himself or by some responsible official other than the person preparing the bill. Treasury Rules further prescribe various checks to be exercised by the Treasury Officer before accepting the claim and to record the omission or correction and to limit the payment admissible in respect of each bill presented by the Drawing and Disbursing Officer of the establishment.

Audit of vouchers received from the Treasury Officers are carried out to cross examine whether the vouchers are as per the prescribed form, individual amounts detailed in the vouchers add up to the totals and the withdrawal of Government money are in accordance with the prescribed rules. 20 *per cent* of vouchers received from the Treasury Officers were selected on the basis of simple random sampling for test check in Audit.

During audit of vouchers of 41 Drawing and Disbursing Officers (DDOs) 51 cases of irregularities such as inflated total, fraudulent and excess drawals were detected as detailed below:

(A) It was observed that 22 DDOs of different establishments had drawn an amount of ₹ 8.27 crore<sup>1</sup> (*Appendix 5.3.1 and Appendix 5.3.2*) in 27 pay and allowances bills by inflating the net total amount whereas the actual admissible amount was ₹ 7.91 crore<sup>2</sup>. This resulted in excess drawal of ₹ 35.90 lakh<sup>3</sup>. On being pointed out 17 DDOs in their reply stated that an amount of ₹ 11.64 lakh (*Appendix 5.3.2*) had been recovered till November 2015.

The Chief Medical Officer, Peren while furnishing replies (August 2015) stated that an amount of ₹ 3.39 lakh was drawn in order to meet the salary expenditure of *Dhais* and staff nurses of the establishment and furnished new set of documents in support of the claim. However, the reply was not acceptable as no such staffs were in the pay roll of the establishment.

The Block Development Officer, Tseminyu in reply assured (July 2015) that the amount of ₹ 6.17 lakh would be recovered and intimated to audit.

The Director, Information & Public Relations, Nagaland in reply stated that an amount of ₹ 0.11 lakh had been recovered (August 2015). However, the actual excess drawal was ₹ 2.79 lakh and therefore the remaining amount of ₹ 2.68 lakh still need to be recovered.

No replies were received (January 2016) from the remaining two DDOs.

(B) Out of the 41 DDOs, seven DDOs fraudulently drew an amount of ₹ 29.48 lakh<sup>4</sup> (*Appendix 5.3.3 and Appendix 5.3.5 (a)*) by presenting five false bills, two double drawal of DA arrears and one excess drawal of DA arrears.

The District Statistical Officer, Tuensang in reply stated that an amount of ₹ 40,000 had been recovered (August 2015). However, an amount of ₹ 1.30 lakh still need to be recovered.

The District Education Officer, Kohima stated (August 2015) that the excess drawal of pay and allowances amounting to ₹ 22,441 were pertaining to three newly appointed RMSA teachers. However, the reply is not acceptable as the same employees were already paid for that particular month. The Department also furnished copies of pay bills regarding drawal of ₹ 14,912 by inserting some additional names of employees to suit the inflated amount. However, there no such employees. Hence, still an amount of ₹ 37,353 remained outstanding for recovery against the DEO, Kohima.

(C) It was also observed that nine DDOs fraudulently drew an amount of ₹ 1.38 crore<sup>5</sup> (*Appendix 5.3.4 and Appendix 5.3.5 (b)*) as pay and allowances by presenting seven fraudulent pay bills and five cases of double drawal of pay and allowances

---

<sup>1</sup> ₹ 13454332 + ₹ 69224946 = ₹ 82679278 (*Appendix 5.3.1 & 5.3.2*)

<sup>2</sup> ₹ 11422694 + ₹ 67666756 = ₹ 79089450 (*Appendix 5.3.1 & 5.3.2*)

<sup>3</sup> ₹ 2031638 + ₹ 1558190 = ₹ 3589828 (*Appendix 5.3.1 & 5.3.2*)

<sup>4</sup> ₹ 2329536 + ₹ 618376 = ₹ 2947912 (*Appendix 5.3.3 & 5.3.5 (a)*)

<sup>5</sup> ₹ 6017125 + ₹ 7813391 = ₹ 13830516 (*Appendices 5.3.4 & 5.3.5 (b)*)

against the same employees. In reply, six DDOs stated that an amount of ₹ 74.82 lakh in respect of seven cases had been recovered (November 2015) (**Appendix 5.3.5 (b)**).

The General Manager, District Industries Centre, Zunheboto in reply stated (September 2015) that the amount of ₹ 5.34 lakh was recoverable and not ₹ 8.65 lakh and added that the same has been recovered (July 2015). However, documentary evidence in support of the claim that only ₹ 5.34 lakh was recoverable and also proof for recovery of ₹ 5.34 lakh have not been furnished. Thus, an amount of ₹ 8.65 lakh still needs to be recovered.

**(D)** An amount of ₹ 77.01 lakh (**Appendix 5.3.6**) was drawn by three DDOs by presenting three fictitious bills of travelling allowances and one excess drawal of travelling allowances. While accepting the audit observation (August 2015), the Director, Social Welfare, Nagaland stated that due to time constraint and also of clerical errors, the bills were drawn in inflated/double amount

Thus, failure on the part of the DDOs and Treasury Officers to exercise internal controls/non-adherence to prescribed rules and procedures resulted in fraudulent drawals of ₹ 2.81 crore<sup>6</sup>. Similar instances of fraudulent/excess drawals in the vouchers not selected for test check could not be ruled out.

In reply, 27 DDOs reported recovery of ₹ 91.34 lakh<sup>7</sup> out of the amount of ₹ 2.81 crore fraudulently drawn. However, in some cases the proof of recovery of the amount has not been produced.

Principal Secretary, Finance Department, GoN while accepting (October 2015) the facts about existence of excess and fraudulent payments stated that it is a matter of concern to the State Government. However, the Department and the Government were silent on initiating administrative action against the offenders.

**DEPARTMENT OF PLANNING & CO-ORDINATION, TREASURIES & ACCOUNTS AND CIVIL SECRETARIAT**

**5.4 Fraudulent/Double drawal**

**The Department of Treasuries and Accounts, Planning & Co-ordination and the Civil Secretariat fictitiously drew ₹ 9.40 lakh by presenting duplicate hotel bills and the Department of Treasuries and Accounts drew ₹ 18.05 lakh twice for computer hardware and peripherals.**

**(A) Fraudulent drawal of funds of ₹ 9.40 lakh**

Examination of records in the offices of the Special Officer (Accounts), Nagaland Civil Secretariat and Additional Development Commissioner, Planning and Co-ordination Department (July 2014) revealed that ₹ 59.48 lakh in connection with

---

<sup>6</sup> ₹ 2031638 + ₹ 1558190 + ₹ 2329536 + ₹ 6017125 + ₹ 618376 + ₹ 7813391 + ₹ 7701018 = ₹ 28069274 (Appendices 5.3.1, 5.3.2, 5.3.3, 5.3.4, 5.3.5 (a & b), 5.3.6)

<sup>7</sup> ₹ 1164254 + ₹ 488065 + ₹ 7482167 = ₹ 9134486 (Appendices 5.3.2 & 5.3.5 (a & b))

the visit of the officials of 14<sup>th</sup> Finance Commission was drawn. Examination of records of the Director of Treasuries and Accounts (February 2015) also revealed an amount of ₹ 34.75 lakh was drawn in AC bills (Bill No. 140 of 03.10.2013) for the same purpose for which two other Departments had drawn as detailed below:-

**Table 5.4.1**

Department	Bill No	Dated	Amount (in ₹)
Directorate of Treasuries & Accounts	140	03-10-2013	34,75,000
Nagaland Civil Secretariat	543	17-11-2013	39,48,000
Planning & Coordination	154	17-12-2013	20,00,000
<b>Total</b>			<b>94,23,000</b>

Out of the amount of ₹ 94.23 lakh drawn by the three Departments, we observed that an amount of ₹ 13.87 lakh<sup>8</sup> was drawn against the same hotel bills of the same person and period of stay by the three departments. As the amount of the hotel bill was drawn by the Directorate of Treasury and Accounts on 03 October 2013, the subsequent drawal by the two departments was duplication. This resulted in fraudulent drawal of funds of ₹ 9.40 lakh by the Department of Planning and Co-ordination and Civil Secretariat.

**(B) Double drawal of ₹ 18.05 lakh**

To regularise the Abstract Contingent Bill for ₹ 34.75 lakh drawn by the Director of Treasuries and Accounts (Bill No 140 of October 2013) DCC bill was submitted to the Accountant General (A&E) on 30-05-2014.

On examination of the sub-vouchers which inter-alia included invoice bills for procurement of computer hardware and peripherals from M/s Hard & Soft, Kohima it was observed that an amount of ₹ 18.05 lakh relating to procurement of computers hardware and peripherals was already drawn vide bill No. 243 dated 17-12-2013 as shown in the table below:

**Table 5.4.2**

Sl. No.	Vendor	Vendor's Bill No.	Dated	Amount (in ₹)
1.	Hard & Soft, Kohima	Hns/KMA/13-14/141	09-10-2013	2,17,939
2.	Hard & Soft, Kohima	Hns/KMA/13-14/F-101	10-10-2013	9,88,128
3.	Hard & Soft, Kohima	Hns/KMA/13-14/144	09-10-2013	5,98,951
<b>Total</b>				<b>18,05,018</b>

This resulted in double drawal of ₹ 18.05 lakh by the Director of Treasuries and Accounts.

Thus, Department of Planning & Co-ordination and the Nagaland Civil Secretariat fraudulently drew ₹ 9.40 lakh by presenting duplicate hotel bills and the Department

<sup>8</sup> Treasuries & Accounts- ₹ 4.47 lakh, Civil Secretariat - ₹ 4.70 and Planning & Co-Ordination- ₹ 4.70 lakh

of Treasuries and Accounts, drew ₹ 18.05 lakh for computers hardware and peripherals by duplicating bill vouchers already drawn.

While accepting the facts, the Government stated (August 2015) that there were some unforeseen expenditure such as cultural, musical and social programmes for which payments were made to outsourced cultural troupes and musicians along with other entertainment bills . Hence, in order to adjust these expenditures, due to time factor, the same bills were produced and drawn.

The reply of the Government is obnoxious. Instead of discouraging such blantant malpraticies, it is trying to legitamise/cover-up the matter and even gone to the extent of encouraging offence. An independent investigation has to be initiated to bring the offenders to the book.