

CHAPTER - IV

GENERAL SECTOR

4.1 Introduction

This chapter of the Audit Report for the years ended 31 March 2021 and 31 March 2022 deals with the audit observations relating to the State Government Departments under General Sector.

The departments and the total budget allocation *vis-à-vis* expenditure of the State Government under General Sector during 2020-22 are shown in **Table 4.1.1**.

Table 4.1.1: Details of Department-wise Budget Allocation and Expenditure

(₹ in crore)

| Sl. No. | Name of the Departments | 2020-21 | | 2021-22 | |
|---------|---------------------------------------|-------------------------|-----------------|-------------------------|-----------------|
| | | Total Budget Allocation | Expenditure | Total Budget Allocation | Expenditure |
| 1. | Administrative Training Institute | 7.85 | 5.49 | 5.72 | 5.72 |
| 2. | Civil Administrative Works Department | 27.79 | 26.54 | 26.52 | 25.63 |
| 3. | Civil Secretariat | 612.38 | 319.61 | 491.42 | 251.53 |
| 4. | Council of Ministers | 10.85 | 10.78 | 16.45 | 16.31 |
| 5. | District Administration | 174.98 | 159.92 | 179.48 | 172.10 |
| 6. | Election | 19.84 | 19.35 | 17.96 | 17.85 |
| 7. | Fire & Emergency Services | 44.84 | 44.04 | 43.25 | 42.51 |
| 8. | Head of State | 9.49 | 9.19 | 10.31 | 10.30 |
| 9. | Home Guards | 39.39 | 36.96 | 39.30 | 37.92 |
| 10. | Law & Justice | 53.33 | 51.94 | 60.18 | 59.98 |
| 11. | Legal Metrology & Consumer Protection | 15.29 | 12.20 | 13.51 | 11.34 |
| 12. | Lokayukta | 10.18 | 8.84 | 9.58 | 8.85 |
| 13. | Mechanical Engineering | 53.91 | 48.12 | 56.37 | 55.32 |
| 14. | Parliamentary Affairs | 2.04 | 1.82 | 1.54 | 1.54 |
| 15. | Police | 1,458.90 | 1,454.24 | 1,581.81 | 1,575.43 |
| 16. | Police Engineering Project | 248.93 | 238.91 | 93.84 | 93.68 |
| 17. | Printing & Stationery | 29.72 | 28.06 | 29.04 | 28.55 |
| 18. | Prison | 62.64 | 56.74 | 57.61 | 57.52 |
| 19. | Public Service Commission | 12.06 | 10.54 | 7.91 | 7.73 |
| 20. | Public Works (Housing) | 204.72 | 203.16 | 183.78 | 170.06 |
| 21. | Rajya Sainik Board | 3.88 | 3.43 | 3.89 | 3.65 |
| 22. | Relief & Rehabilitation | 1.78 | 1.78 | 6.34 | 6.34 |
| 23. | State Guest Houses | 17.26 | 15.95 | 18.81 | 18.77 |
| 24. | State Information Commission | 2.67 | 2.28 | 2.61 | 2.59 |
| 25. | State Legislature | 41.24 | 39.87 | 44.35 | 44.29 |
| 26. | Statistics | 43.04 | 40.76 | 45.84 | 45.20 |
| 27. | Treasuries & Accounts | 63.67 | 40.06 | 65.95 | 40.02 |
| 28. | Village Guards | 58.49 | 58.08 | 59.90 | 59.14 |
| | Total | 3,331.16 | 2,948.66 | 3,173.27 | 2,869.87 |

Source: Appropriation Accounts, 2020-22

It would be seen from the table above that:

- 89 *per cent* of the budgetary allocation in 2020-21 and 90 *per cent* of budgetary allocation in 2021-22 under the General Sector were utilised.
- The Departments incurred expenditure lesser than their respective budgetary allocation during the years 2020-22.

During the year, expenditure involving ₹3,972.16 crore¹⁰³ (including expenditure pertaining to previous years audited during the year) of the State Government under General Sector was test-checked. This chapter contains the audit observations in respect of one subject specific compliance audit *viz.* ‘Funds released under Special Assistance (Creation of Capital Assets)’ and three compliance audit paragraphs.

Subject Specific Compliance Audit

FINANCE DEPARTMENT

4.2 Funds released under Special Assistance– Creation of Capital Assets

4.2.1 Introduction

Special Assistance (SA) was sanctioned and released by Government of India (GoI) to Government of Nagaland (GoN) for completion of 14 pending projects with physical progress of more than 50 *per cent*. These projects were earlier sanctioned and funded by different agencies from GoI, Housing and Urban Development Corporation Limited (HUDCO) Loan, Thirteenth Finance Commission (13th FC), North Eastern Council (NEC) and State’s own resources since 2006 but remained incomplete. The proposal for completion of these projects were submitted by the State Government to NITI Aayog and accordingly, SA funds during 2018-19 and 2020-21 were released by GoI with the following conditions:

- i. The funds released will be utilised by the State Government only for the purpose for which it is approved, and it stands earmarked for the same.
- ii. The amount will be passed on to the Departments/Institutions in the current financial year.
- iii. The State Government should ensure that there would be no duplication of these projects seeking assistance from any other scheme(s) of GoI.
- iv. The State Government would provide additional amount for completion of the projects/schemes, if required, from its own resources.
- v. The State Government shall furnish Utilisation Certificate(s) to NITI Aayog in the prescribed format supported with project/work-wise details. The UCs should also disclose whether the specified quantitative, and qualitative targets that should have been reached against the amount utilised, were in fact reached and if not, the reason thereof.

¹⁰³ During 2020-21: ₹1,940.11 crore and during 2021-22: ₹2,032.05 crore

- vi. Necessary sanctions/approval/compliance as required under the statutory or other regulatory regime as applicable would be obtained by the State Government and the authority(ies) concerned with project(s).
- vii. NITI Aayog shall carry out monitoring and follow-up for an effective implementation of the projects.
- viii. The State Government and the implementing agency shall put in place a monitoring system to ensure that the projects(s) achieves its scheduled milestones and outcomes.

Details of funds sanctioned under SA during 2018-19 and 2020-21 are shown in **Table 4.2.1**.

Table 4.2.1: Detail of funds released under Special Assistance during 2018-19 and 2020-21

(₹ in crore)

| Sl. No. | Name of Department | Amount released by GoI | | Amount released to the Department by GoN | |
|--------------|--|------------------------|---------------|--|---------------|
| | | Year | Amount | Date of release | Amount |
| 1. | Power | 2018-19 | 10.41 | 08/03/2019 | 10.41 |
| 2. | New and Renewable Energy (NRE) | 2018-19 | 2.71 | 07/03/2019 | 2.71 |
| 3. | Sericulture | 2018-19 | 1.12 | 15/03/2019 | 1.12 |
| 4. | School Education | 2018-19 | 3.57 | Nil | 0.00 |
| 5. | Youth Resources and Sports(YRS) | 2018-19 | 2.68 | 05/03/2018* | 0.00 |
| | | 2020-21 | 4.37 | Nil | 0.00 |
| 6. | Police Department (Police Engineering Project) | 2018-19 | 206.32 | 25/02/2019 | 206.32 |
| | | 2020-21 | 141.36 | 07/12/2020 | 141.36 |
| 7. | Fisheries and Aquatic Resources (F&AR) | 2020-21 | 1.62 | 30/03/2021 | 1.62 |
| 8. | Animal Husbandry & Veterinary Services (AH&VS)** | 2020-21 | 20.30 | 23/03/2021 | 7.89 |
| | | | | 09/03/2022 | 2.81 |
| 9. | Nagaland State Mineral Development Corporation (NSMDC) | 2020-21 | 3.00 | 24/03/2021 | 3.00 |
| 10. | PWD (Roads & Bridges) | 2020-21 | 2.70 | 17/11/2021 | 2.70 |
| 11. | Motor Vehicle(Vehicular Pollution Control) | 2020-21 | 5.47 | 26/03/2021 | 1.68 |
| 12. | Information Technology | 2020-21 | 4.51 | Nil | 0.00 |
| 13. | PWD (Housing)*** | 2020-21 | 33.06 | 22/03/2021 | 0.86 |
| | | | | 22/03/2021 | 3.19 |
| 14. | Urban Development | 2020-21 | 2.76 | Nil | 0.00 |
| Total | | | 445.96 | -- | 385.67 |

Source: Departmental records.

* Funds of ₹2.68 crore received by YRS was returned to the GoN vide Deposit Challan No.01 dated 28/03/2019.

** Out of ₹8.10 crore received from GoN on 23/03/2021, AH&VS Department returned ₹21.00 lakh vide Challan No.1 dated 31/03/2021.

*** The entire amount of ₹3.19 crore plus State share of ₹0.23 crore released (March 2021) to PWD (H) was kept in Civil Deposit (CD), out of which only ₹73.15 lakh was withdrawn from CD on 17/09/2021.

Audit examined 6 projects in 6 Departments out of 14 projects in 14 Departments. It was seen that prior to release of SA fund by GoI in 2018-19 and 2020-21, the six selected Departments received an amount of ₹524.33 crore (since 2006) against the earmarked projects through funding from State Plan fund, negotiated loans from HUDCO, 13th FC, etc., and spent ₹518.88 crore for completion of these projects as shown in **Table 4.2.2**.

Table 4.2.2: Details of funds received against the earmarked projects and expenditure incurred
(₹ in crore)

| Name of Department | Project name | Date of commencement of works as per first release of fund | Fund released by GoN and expenditure prior to release of SA fund of 2018-19 and 2020-21 | |
|--------------------|---|--|---|---------------|
| | | | Fund released | Expenditure |
| Police | Construction of Battalion Hqrs. of 10, 11, 12 13 and 14 IRBs | 28/02/2006 (10 IR) 23/04/2009 (11 to 14 IR) | 465.88 | 461.94 |
| AH&VS | Construction of Directorate Building | 11/07/2013 | 23.01 | 22.87 |
| F&AR | Construction of Table fish raising and multiplication farm at Dimapur | 29/03/2014 | 2.80 | 2.80 |
| PWD (R&B) | Construction of Bypass Road Seithogei to IG Stadium at Kohima | 07/01/2013 | 7.87 | 7.87 |
| PWD (H) | Construction of Speaker and Dy. Speaker quarters Construction of additional floor (roof-top) of Secretariat building | 23/10/2013 28/03/2012 | 12.94 | 11.57 |
| YRS | Installation of Floodlight at IG stadium Installation of Artificial grass (Astro Turf) at IG stadium | 24/03/2014 | 11.83 | 11.83 |
| Total | | | 524.33 | 518.88 |

Source: Compiled from records of the Departments

As seen from **Table 4.2.2**, the six Departments spent ₹518.88 crore prior to release of SA fund for 2018-19 and 2020-21 for construction of the six earmarked projects. In addition, GoN released ₹70.00 crore (₹35.00 crore each), to clear past liabilities of two battalions¹⁰⁴. Thus, the total consolidated amount released by GoN against these earmarked projects in the six selected Departments was ₹960.65 crore¹⁰⁵ since inception of the projects.

4.2.2 Scope and Methodology

The audit covered 6 projects out of 14 projects in 6 out of 14 Departments which were allocated under SA of 2018-19 and 2020-21. The selection of Departments¹⁰⁶ for detailed analysis was based on the quantum of funds sanctioned under SA (₹412.41 crore).

¹⁰⁴ 12th IR Battalion Chingtok and 14th IR Battalion, Okhezung

¹⁰⁵ ₹524.33 crore + ₹366.32 crore + ₹70 crore (State Development fund released to two Battalions for clearing liabilities)

¹⁰⁶ Police, AH&VS, YRS, F&AR, PWD (R&B) and PWD (H)

The audit methodology included issue of requisitions/questionnaires/queries and issue of audit observations. Joint Physical Verification (JPV) of selected works was carried out to obtain physical evidence, including photographic evidence.

The report was forwarded to the Government on 31 August 2022. The replies of the Government/ Department have been incorporated at appropriate places.

Audit Findings

4.2.3 Fund availability

The position of SA funds released to GoN and its utilisation is shown in **Table 4.2.3**.

Table 4.2.3: Details of funds released and its utilisation

| Year | Amount released by GoI | Actual release by GoN to the implementing Departments: | | | Expenditure |
|--------------|------------------------|--|---------------------------|---------------|---------------|
| | | Central share (90 per cent) | State share (10 per cent) | Total release | |
| | | 2018-19 | 226.81 | 220.56 | |
| 2020-21 | 219.15 | 165.11 | 0.23 | 165.34 | 153.76 |
| Total | 445.96 | 385.67 | 0.45 | 386.12 | 374.54 |

(₹ in crore)

Source: GoI release orders and Finance Department data

As seen from **Table 4.2.3**, out of ₹445.96 crore released by GoI, only ₹385.67 crore was released by GoN to the implementing Departments. Further, out of the State matching share of ₹44.60 crore, an amount of ₹0.45 crore only was released to the implementing Departments (May 2022) resulting in short release of State share by ₹44.15 crore. Short release of funds in seven out of 14 Departments and non-utilisation of fund by four Departments are discussed in **Paragraph 4.2.3.2**.

Reply of the Government/Department on short release of fund is awaited (October 2022). However, as per UCs submitted by the State Government to Niti Aayog, GoI {a copy of which was forwarded (July 2022) to the Principal Accountant General (Audit), Nagaland} claimed cent *per cent* utilisation of funds.

4.2.3.1 Short release of fund

Details of the administrative approvals and drawal authorities issued by the Finance Department was obtained from the Finance Department and the 14 implementing Departments. Cross verification of records showed that funds under SA released by GoI was not fully released to the implementing Departments as shown in **Table 4.2.4**.

Table 4.2.4: Details of funds not fully released by GoN to the implementing Departments

| Sl. No. | Name of the Department | Year of sanction by GoI | Amount released by GoI | Amount released by GoN | Funds not released |
|---------|------------------------|-------------------------|------------------------|------------------------|--------------------|
| 1. | School Education | 2018-19 | 3.57 | 0.00 | 3.57 |
| 2. | YRS | 2018-19 | 2.68 | 2.68 | 0.00 |
| | | 2020-21 | 4.37 | 0.00 | 4.37 |
| 3. | AH&VS | 2020-21 | 20.30 | 10.70 | 9.60 |
| 4. | Information Technology | 2020-21 | 4.51 | 0.00 | 4.51 |

| Sl. No. | Name of the Department | Year of sanction by GoI | Amount released by GoI | Amount released by GoN | Funds not released |
|--------------|------------------------|-------------------------|------------------------|------------------------|--------------------|
| 5. | Urban Development | 2020-21 | 2.76 | 0.00 | 2.76 |
| 6. | Motor Vehicle | 2020-21 | 5.47 | 1.68 | 3.79 |
| 7. | PWD (H) | 2020-21 | 33.06 | 4.28 | 28.78 |
| Total | | | 76.72 | 19.34 | 57.38 |

Source: As per information provided by Finance Department and implementing Departments.

As seen from **Table 4.2.4**, out of ₹76.72 crore released by GoI for seven Departments, GoN did not release ₹57.38 crore to the implementing Departments (May 2022) in contravention of the terms and condition of sanction.

It was observed that projects in three out of seven departments¹⁰⁷ were completed before release of SA fund. However, GoN did not return the unutilised funds provided under SA. This indicated that GoN submitted misleading information (completed projects were shown as incomplete) in the project proposals to obtain funds from GoI.

On this being pointed out, the State Government stated (September 2022) that since the projects were completed utilising funds from State resources, the fund received from GoI was adjusted against the fund utilised by GoN.

The reasons provided by the State Government were factually incorrect as these schemes were being implemented out of the funds provided by the GoI and other funding agencies. Further, the reply is indicative of the fact that GoI was misled to obtain funds for the projects which were already completed on the date the proposal was submitted.

Recommendation: SA fund released by GoI to complete the earmarked works should be released in accordance with the terms and conditions of GoI sanction and funds received for completed projects should be returned to GoI.

4.2.3.2 Non-utilisation of SA fund

Examination of records on funds utilised by six Departments revealed that four Departments did not utilise (May 2022) the entire funds released for completion of the projects as shown in **Table 4.2.5**.

Table 4.2.5: Departments which did not utilise the entire funds released for completion of the projects

| FY of SA fund | Name of Department | Name of project | Date of release | Amount | Amount utilised | Amount unutilised | Remarks |
|---------------|--------------------|--|-----------------|--------|-----------------|-------------------|--|
| 2018-19 | YRS | Installation of Astro turf at IG stadium, Kohima | 05/03/2019 | 268.00 | 0 | 268.00 | Amount drawn on 06/03/2019 was deposited back to Government account on 18/03/2019. The project was completed and inaugurated in the year |

¹⁰⁷ Youth Resources and Sports (YRS), AH&AS, Motor Vehicle

| FY of SA fund | Name of Department | Name of project | Date of release | Amount | Amount utilised | Amount unutilised | Remarks |
|---------------|--------------------|---|-----------------|----------------|-----------------|-------------------|--|
| | | | | | | | 2019 prior to release of SA fund of 2018-19. |
| 2020-21 | PWD (H) | Construction of Roof Top extension | 22/03/2021 | 85.70 | 0 | 85.70 | Fund was drawn on 22/03/2021 and remained unutilised (May 2022). The work was reported 100 per cent complete. |
| | | Construction of Speaker and Deputy Speaker quarters | 22/03/2021 | 341.50 | 51.51 | 289.99 | The fund (₹341.50 lakh) was kept in CD on 30/03/2021. Out of this, an amount of ₹73.15 lakh was drawn on 23/09/2021. The physical progress of the Deputy Speaker's quarter was 100 per cent and Speaker's quarter was 32 per cent. |
| 2020-21 | AH&VS | Construction of Directorate Building | 23/03/2021 | 810.00 | 542.26 | 548.74 | ₹21 lakh was returned to Government account on 31/03/2021. The physical progress achieved was 99 per cent. |
| | | | 09/03/2022 | 281.00 | | | |
| 2020-21 | PWD (R&B) | Construction of Bypass Road Seithogei to IG Stadium at Kohima | 17/11/2021 | 270.00 | 210.52 | 59.48 | Fund was drawn on 23/11/2021. However, the amount was utilised for maintenance works of the project and physical progress of maintenance work was indicated as 89 per cent. |
| Total | | | | 2056.20 | 804.29 | 1251.91 | -- |

Source:-Departmental records.

As seen from **Table 4.2.5**, four Departments utilised only ₹8.04 crore out of ₹20.56 crore released to complete the projects. It was also observed that the Department of YRS deposited back ₹2.68 crore to Government account as the project was already completed prior to release of SA of 2018-19. PWD (H) parked ₹3.42 crore in Civil Deposits (CD) (March 2021) and released only ₹73.15 lakh from CD (September 2021) for utilisation. Further, ₹85.70 lakh released to the same Department for completion of the work “Construction of Roof Top extension” was drawn (March 2021) and parked in a bank account (May 2022).

Thus, the SA funds which were released by GoI to complete the projects reported by GoN as 50 per cent complete were either not utilised or kept in bank account/ CD or surrendered as the projects were already completed. The funds were obtained by submitting incorrect project proposals as it is evident that they were diverted for maintenance works and utilised for other purposes instead of creation of Capital assets for which the fund was released.

Reply of the Government/Department is awaited (October 2022).

Recommendation: *Funds provided by GoI for the intended purpose should be released as earmarked and all incomplete projects should be expeditiously completed.*

4.2.3.3 Delay in release of fund

As per clause 2 (ii) of the Terms and Conditions of GoI sanction order (October 2020), fund released to GoN shall be passed to the Departments/Institutions in the 'current financial' year.

Examination of records showed that two Departments *viz.* PWD (R&B) and AH&VS received the allocated amount only in the subsequent financial year (2021-22), as shown in **Table 4.2.6**.

Table 4.2.6: Details of funds received in subsequent financial year

| Name of Department | Date of release by GoI | Date of release by GoN | Funds released (₹ in crore) | Delay after the financial year |
|--------------------|------------------------|------------------------|-----------------------------|--------------------------------|
| AH&VS | 13/10/2020 | 09/03/2022 | 2.81 | 11 months and 9 days |
| PWD (R&B) | 13/10/2020 | 17/11/2021 | 2.70 | 7 months and 17 days |
| Total | | | 5.51 | |

Source: Sanction orders

As seen from **Table 4.2.6**, GoN released funds of ₹5.51 crore to the two implementing Departments in the succeeding financial year in contravention of the terms and conditions of GoI sanction.

As stated in **Table 4.2.5**, funds released to these two Departments were either diverted or returned to GoN as the earmarked projects were completed through funding from other sources. This indicates submission of incorrect information by GoN for obtaining funds from GoI, on the pretext of incomplete works.

Reply of the Government/Department is awaited (October 2022).

4.2.3.4 Submission of Utilisation Certificates

According to clause 2 (v) of the Terms and Conditions of GoI sanction order, State Government shall furnish the Utilisation Certificates (UCs) to NITI Aayog in the prescribed format supported with project/work-wise details. The UCs should also disclose whether the specified, quantified, and qualitative target that should have been reached against the amount utilised, were in fact reached and if not, the reasons thereof.

Examination of records of the six selected Departments showed that the prescribed UCs were not submitted by any of the Departments. The UCs indicating 100 *per cent* utilisation of SA fund during 2020-21 submitted to NITI Aayog did not include certification of qualitative and quantitative targets achieved by the Departments. Audit verification of records and JPV of six selected Departments showed that only 5 out of 14 projects, achieved *cent per cent* completion. The percentage of completion in three projects were less than 50 and the remaining six projects ranged from 51 to 99 *per cent*.

This indicates that the State Government furnished incorrect UCs to NITI Aayog certifying completion of the projects for which funds were released by GoI.

The Government in reply (September 2022) stated that the entire SA fund (₹445.06 crore) released by GoI were released by GoN and utilised by the Departments on the earmarked projects, either in advance or after receipt from GoI.

The reply of the State Government is factually incorrect as GoN claimed non-completion of the projects through SA received during 2011-17, based on which GoI released ₹445.96 crore in 2018-19 and 2020-21 to complete the remaining works. The reply of the Government is not acceptable as the instant audit findings are derived from the records of SA funds provided during 2018-19 and 2020-21. Further, the claim of the Department that advance payment were made against these projects were incorrect, as these works were not a committed liability of GoI under SA, as the projects' funds were initially sourced from different agencies, including HUDCO, 13th FC, NEC and the State's own resources.

Recommendation: Submission of UCs as envisaged in the terms and conditions of the sanction order should be mandatorily followed to give a reasonable assurance that the target of creating Capital Assets is met.

4.2.4 Project implementation

Rule 202 of NPWD code stipulates that concurrence of the Department concerned before technical sanction should be obtained for every work. Formal acceptance by the Department concerned termed as “Administrative Approval” is taken as authority to execute the works.

Rule 204 of NPWD code stipulates that when the cost of the work is anticipated to exceed the amount approved by more than 10 *per cent*, revised administrative approval must be obtained.

Rule 205 of NPWD code stipulates that detailed estimates must be prepared by the competent authority and the sanction is accorded only by PWD as per the powers delegated.

As per Office Memorandum issued (June 2018) by GoN, all Technical Estimates of projects costing ₹five crore and above were required to be submitted to the High-Level Technical Committee (HLTC) headed by the Engineer-in-Chief for approval. The projects are then submitted for approval by State Level Programme Implementing Committee (SLPIC), headed by the Chief Minister.

The SLPIC, in its 12th Meeting (November 2009) decided that no tender should be floated without prior approval of SLPIC. The Planning and Coordination Department (PCD) was directed not to accord clearance of projects costing ₹five crore and above without prior approval by the SLPIC. The decision was reiterated in the terms of reference of the notification (June 2018) by PCD.

The Engineer-in-Chief issued (January 2011) instruction that all projects costing ₹five crore and above should be routed through the office of the Engineer-in-Chief for technical approval, finalisation of tender papers, *etc.*

Scrutiny of records revealed that there were incomplete projects under five departments after incurring an expenditure of ₹357.34 crore as of May 2022 out of the earmarked project cost of ₹875.31 crore. The details of total project cost, financial progress *vis-à-vis* physical progress are shown in **Appendix 4.2.1**.

Further, examination of records of the six selected Departments revealed payments (i) without actual completion of works (ii) higher rate than the approved Detailed Project Report (DPR), (iii) non preparation of DPR and (iv) execution of works based on unapproved DPR, *etc.*, as discussed in the following paragraphs.

4.2.4.1 Position of works completed in Police Engineering Project

(A) Residential, Non-Residential and Other Developmental Works

Examination of records of the Police Engineering Project (PEP) revealed that an amount of ₹347.68 crore out of ₹445.96 crore sanctioned by GoI was released to the Department for completion of five projects¹⁰⁸. Work orders for all the components of works for the five projects were issued during 2006 to 2010 and no revised work orders were issued for completion of the pending works approved/sanctioned by NITI Aayog. As per the approved DPRs, 2,585 items of work for Residential, Non-Residential and Other Developmental Works were to be executed. It was observed that only 1,174 items of works were completed (45.42 *per cent*) leaving 1,263 items of works (48.85 *per cent*) unexecuted. As per terms and condition of GoI sanction order, the SA fund of 2018-19 and 2020-21 was released to GoN for completion of the pending projects. However, despite receiving a consolidated amount of ₹883.56 crore¹⁰⁹ (including ₹465.88 crore released prior to release of SA 2018-19 and 2020-21) for construction works of these five battalions, only 45 *per cent* of the items of works was completed¹¹⁰ as shown in **Table 4.2.7**.

Table 4.2.7: Details of project-wise items of work yet to be executed

| Project name | Components of work | Items of works to be executed as per DPR | Items of work executed | Items of work yet to be executed | Percentage to be completed |
|--|---------------------------|---|-------------------------------|---|-----------------------------------|
| Police Department | | | | | |
| 10 th IR Battalion, Zhadima | Residential buildings | 481 | 303 | 178 | |
| | Non-Residential | 25 | 18 | 7 | |
| | Other Developmental works | 5 | 3 | 2 | |
| | Total | 511 | 324 | 187 | 36.59 |
| 11 th IR Battalion, Aboi | Residential buildings | 481* | 74 | 259 | |
| | Non-Residential | 26 | 21 | 5 | |
| | Other Developmental works | 14 | 10 | 4 | |
| | Total | 521 | 105 | 268 | 51.44 |
| | Residential buildings | 471 | 237 | 234 | |

¹⁰⁸ 10th, 11th, 12th, 13th, 14th IRBs

¹⁰⁹ ₹347.68 crore + ₹465.88 crore + (₹70.00 crore State Development fund 2020-21)

¹¹⁰ As on 26/04/2022 (10th IR), 21/03/2022 (11th IR) and 24/03/2022 (12th IR)

| Project name | Components of work | Items of works to be executed as per DPR | Items of work executed | Items of work yet to be executed | Percentage to be completed |
|---|---------------------------|--|------------------------|----------------------------------|----------------------------|
| 12 th IR Battalion, Chingtok | Non-Residential | 26 | 15 | 11 | |
| | Other Developmental works | 14 | 5 | 9 | |
| | Total | 511 | 257 | 254 | 49.71 |
| 13 th IR Battalion, Yajang | Residential buildings | 481 | 275 | 206 | |
| | Non-Residential | 26 | 15 | 11 | |
| | Other Developmental works | 14 | 10 | 4 | |
| | Total | 521 | 300 | 219 | 42.03 |
| 14 th IR Battalion, Okhezung | Residential buildings | 481 | 168 | 313 | |
| | Non-Residential | 26 | 12 | 14 | |
| | Other Developmental works | 14 | 8 | 6 | |
| | Total | 521 | 188 | 333 | 63.92 |
| Grand Total | | 2,585 | 1,174 | 1,263** | 48.78 |

Source: Records of the Department and result of Joint Physical Verification (JPV)

* including 148 ongoing items of work in Aboi

** items of work not constructed is 259, therefore $1263 + 148 = 1,411 + 1,174 = 2,585$

As seen from **Table 4.2.7**, only 1,174 (51.28 per cent) items of works were completed, and 148 works (5.74 per cent) were ongoing out of the target of 2,585 items of works. Status of ongoing works at 11th IRB, Aboi is shown in **Photograph 4.2.1**:



Detailed analysis of records revealed that against the actual completion of 1,174 items of works in five projects, an expenditure of ₹809.89 crore (since inception of the projects from 2006) was incurred by the PEP as detailed in **Table 4.2.8**.

Table 4.2.8: Details of expenditure incurred by PEP

(₹ in crore)

| Name of projects | Components of work | Total cost as per DPR | Total cost for completed and ongoing works | Payments made |
|--|-------------------------|-----------------------|--|---|
| 10 th IR Battalion, Zhadima | Residential | 28.38 | 18.85 | Combined bills of payment of all the three components |
| | Non-Residential | 6.15 | 4.97 | |
| | Non-Developmental works | 11.00 | 7.03 | Same as above |

| Name of projects | Components of work | Total cost as per DPR | Total cost for completed and ongoing works | Payments made |
|---|-------------------------|-----------------------|--|---------------|
| | Total | 45.53 | 30.85 | 58.82 |
| 11 th IR Battalion, Aboi | Residential | 53.34 | 24.86 | 63.54 |
| | Non-Residential | 11.50 | 9.48 | 34.14 |
| | Non-Developmental works | 15.46 | 10.17 | 21.28 |
| | Total | 80.30 | 44.51 | 118.96 |
| 12 th IR Battalion, Chingtok | Residential | 55.42 | 33.54 | 131.10 |
| | Non-Residential | 12.04 | 8.25 | 29.45 |
| | Non-Developmental works | 16.40 | 4.30 | 16.56 |
| | Total | 83.86 | 46.09 | 177.11 |
| 13 th IR Battalion, Yajang | Residential | 53.59 | 35.92 | 170.30 |
| | Non-Residential | 11.54 | 8.02 | 4.04 |
| | Non-Developmental works | 16.39 | 9.92 | 40.60 |
| | Total | 81.52 | 53.86 | 214.94 |
| 14 th IR Battalion, Okhezung | Residential | 66.34 | 26.55 | 141.15 |
| | Non-Residential | 15.02 | 9.05 | 54.47 |
| | Non-Developmental works | 19.89 | 8.79 | 44.44 |
| | Total | 101.25 | 44.39 | 240.06 |
| Grand Total | | 392.46 | 219.70 | 809.89 |

Source: Departmental records

As seen from **Table 4.2.8**, ₹809.89 crore was spent despite the fact that only 45 per cent of the actual approved DPR was completed in five projects (May 2022). This was over and above the approved cost projected in the DPR by ₹417.43 crore¹¹¹ (106 per cent). It was further observed that out of ₹347.68 crore released to PEP in 2018-19 and 2020-21 under SA, only 148 items of works for ₹14.94 crore were taken up which also remained incomplete. No new items of works were taken up out of the fund of ₹347.68 crore released by GoI under SA. The remaining fund of ₹332.74 crore¹¹² was utilised for clearing past liabilities of the Departments instead of completing the earmarked works for which funds under SA was released by GoI in contravention of the terms and condition of the sanction. The State Government also did not obtain prior approval of GoI for clearing other past liabilities of the Department.

Reply of the Government/Department is awaited (October 2022).

(B) Construction of Parade Square and Firing Range

Construction of Parade Square and Firing Range were two components of work included in Other Developmental Works (ODWs) of the DPR of all the five Battalions. Work orders for construction of ODWs were issued during 2006 to 2010.

¹¹¹ ₹809.89 crore - ₹392.46 crore = ₹417.43 crore

¹¹² ₹347.68 crore – ₹14.94 crore = ₹332.74 crore (including ₹38.58 crore diverted for CSS 2017-18)

Examination of records and JPV revealed that in four out of five IR battalions, essential component of works, viz., Construction of Parade Square and Field Firing Range, were not constructed as shown in **Table 4.2.9**.

Table 4.2.9: Details of non-construction of essential component of works

| (₹ in lakh) | | | | |
|----------------------|---|------------------------------|---------------|--|
| Sl. No. | Components required to be constructed as per DPR | Battalion Name | Cost of work | As per verification of records and JPV |
| Firing Range | | | | |
| 1. | (i) Firing range distance 300 metres. | 12 th IR Chingtok | 44.13 | Not constructed |
| 2. | (ii) Reinforced concrete wall with soil | 13 th IR Yajang | 41.56 | |
| 3. | filling at target area | 14 th IR Okhezung | 57.88 | |
| 4. | (iii) Shooting platform Trenches for physical activity | 10 th IR Zhadima | 25.00 | |
| Sub-Total | | | 168.57 | -- |
| Parade Square | | | | |
| 1. | Construction of Parade Square with open gallery (4000 sqm ground area) with concrete flooring and hard Crete hardener topping, RCC drainage, etc. | 12 th IR Chingtok | 151.27 | Not constructed |
| 2. | | 13 th IR Yajang | 137.58 | |
| 3. | | 14 th IR Okhezung | 175.02 | |
| 4. | | 10 th IR Zhadima | 270.95 | |
| Sub-Total | | | 734.82 | -- |
| Grand Total | | | 903.39 | -- |

Source: Records of Police Engineering Projects (Police Department)

Further, in 11th IRB Headquarters, the specifications of the Firing Range were compromised, as a 64-meter Range was constructed in place of the approved 300 meters, rendering it inadequate for training the personnel. Thus, the fund meant for construction of Parade Ground and Firing Range was utilised for clearing liabilities based on escalated cost of works already done. This resulted in non-execution and short execution of the works on construction of Parade Ground and Firing Range to the tune of ₹9.03 crore.

Reply of the Government/Department is awaited (October 2022).

(C) Construction of Quarter Guard

In Battalions, a quarter guard is a building where arms/ ammunition and other valuable inventory of unit are stored. Police personnel awarded detention/ confinement as punishment for minor offences are also kept inside cells in the building and guarded by armed personnel.

Examination of records and JPV of the five battalion headquarters revealed that Quarter Guard was constructed in all the five battalion headquarters. However, it was observed that the Quarter Guard constructed at 10th IRB Zhadima (₹56.38 lakh) in 2008 was depleted and a new Quarter Guard was approved (2017) to be constructed at a cost of ₹1.67 crore. Work orders were issued¹¹³ (December 2017) for construction of Quarter Guard including site development, water supply and sanitation, provision of protection

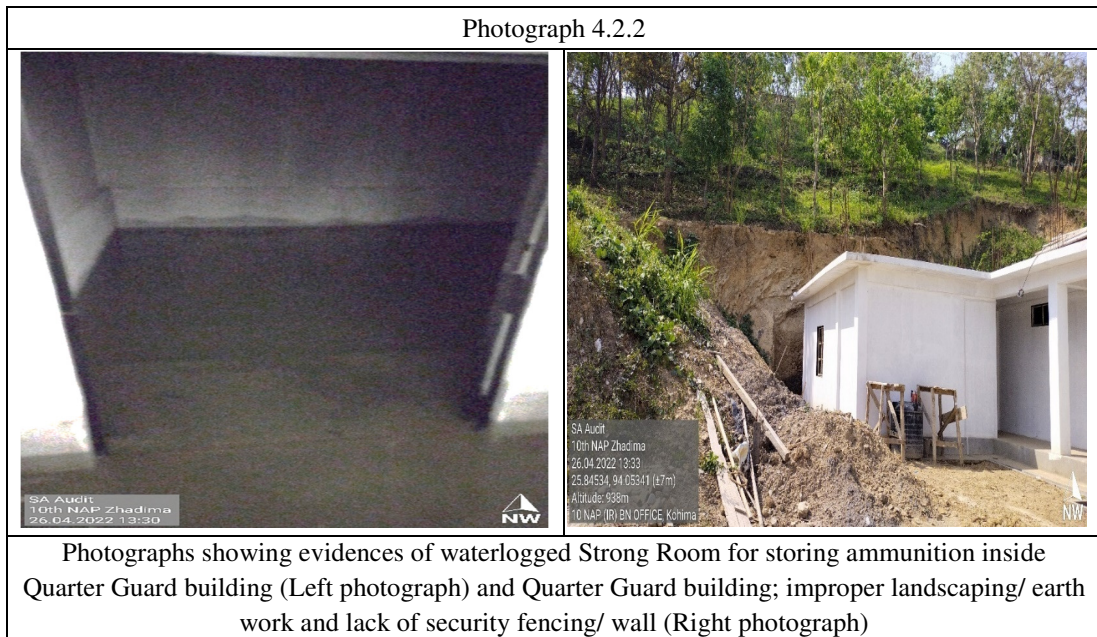
¹¹³ To M/s T. Kezieo

wall and compound pavement for ₹1.24 crore¹¹⁴, to be completed within 24 months from the date of issue of the work order.

Scrutiny of Running Account (RA) bills, MBs¹¹⁵ etc., revealed that an amount of ₹1.04 crore¹¹⁶ (84 per cent) was drawn in five bills for payment to the contractor. JPV (April 2022) of the work at 10thIRB Zhadima revealed the following deficiencies:

- i. Against the approved estimate of 5,154 sq. ft., the total area of the building constructed was 5,084 sq. ft.
- ii. The Strong Room which was constructed to store ammunitions and explosives was inundated up to the level of six to seven feet above the floor due to underground seepage and walls rendering the strong room unusable for storing ammunition and explosives.
- iii. Inadequate site development works such as construction of protection/retaining wall on the hillside led to landslide and damages to the ongoing building.
- iv. Security fencing and watch tower for security personnel was not constructed.
- v. Pavement work inside the compound was not constructed.

Photographic evidences of waterlogged Strong Room for storing ammunition inside Quarter Guard building (Left photograph) and improper landscaping/ earth work and lack of security fencing/ wall (Right photograph) are depicted in **Photograph 4.2.2**:



As seen from the photographs above, the New Quarter building was rendered unusable, due to water logged Strong Room and lack of security fencing/walls.

The reply of the Government/Department is awaited (October 2022)

¹¹⁴ ₹1.15 crore plus ₹0.09 crore

¹¹⁵ MB PEK/231 and PEK/113

¹¹⁶ Vide voucher No.17 dated 09/04/2019, No.51 dated 24/04/2019, No.03 dated 11/07/2019, No.07 dated 29/11/2019, No.4 dated 22/10/2021

Recommendation: *The essential infrastructure of Battalion Headquarters as per the approved DPR in consultation with the user Department (Battalion Headquarters) needs to be constructed.*

4.2.4.2 Payment at higher rates not approved by GoN-Police Engineering Project (PEP)

Examination of records of five projects implemented by Police Engineering Project (PEP) revealed that the Department engaged a consultant¹¹⁷ to prepare DPR in respect of four projects, *i.e.*, construction of permanent Headquarters of 11th, 12th, 13th and 14th IR Battalions. The DPR was approved (09 October 2009) by the Chief Engineer, PEP Kohima and HLTC. Scrutiny of the DPR revealed that only the Abstract of Cost was incorporated and Detailed Technical Estimates of works on which basis the actual works were to be executed were not incorporated in the DPRs.

As per the DPR, the Abstract of Cost of the four projects are as shown in **Table 4.2.10**.

Table 4.2.10: Details of Abstract Cost of the four projects

| (₹ in crore) | | | | |
|----------------------|-------------------------------------|-------------------------|---------------|--------------------|
| Battalion | Work Component | Cost of work as per DPR | Total cost | Cost of work order |
| 11 th IRB | Residential | 53.34 | 81.61 | 47.61 |
| | Non-Residential | 11.50 | 17.60 | 10.71 |
| | Other Developmental work | 15.46 | 23.65 | 14.17 |
| | Total of 11th IRB | 80.30 | 122.86 | 72.49 |
| 12 th IRB | Residential | 55.42 | 84.80 | 49.56 |
| | Non-Residential | 12.04 | 18.43 | 11.21 |
| | Other Developmental work | 16.40 | 25.09 | 15.13 |
| | Total of 12th IRB | 83.86 | 128.32 | 75.90 |
| 13 th IRB | Residential | 53.59 | 82.00 | 47.83 |
| | Non-Residential | 11.54 | 17.65 | 10.74 |
| | Other Developmental work | 16.39 | 25.07 | 15.05 |
| | Total of 13th IRB | 81.52 | 124.72 | 73.62 |
| 14 th IRB | Residential | 66.34 | 101.50 | 60.55 |
| | Non-Residential | 15.02 | 22.97 | 13.98 |
| | Other Developmental work | 19.89 | 30.44 | 18.51 |
| | Total of 14th IRB | 101.25 | 154.91 | 93.04 |
| Grand Total | | 346.93 | 530.81 | 315.05 |

Source: DPR and work orders of Police Department

As seen from **Table 4.2.10**, the total cost approved by HLTC for construction works of four battalions was ₹530.81 crore. Work orders were issued based on the estimated cost of the DPR to four contractors¹¹⁸ during October 2009.

Detail analysis of records of the above four projects revealed that contrary to the approved rate (SOR 2010) as exhibited in the original work orders, payment to contractors were made at higher item rate basis without obtaining State Government approval. The total expenditure made to the contractor on higher rates for completed works prior to release of SA fund in 2018-19 and 2020-21 are shown in **Table 4.2.11**.

¹¹⁷ M/s Fastrack

¹¹⁸ M/s Singh Construction Co. for 14th and 13th IRBns., M/s National Construction for 12thIRBn., M/s Hexad Syndicate for 11thIRBn.

Table 4.2.11: Details of payments made to the contractor on higher rates

(₹ in crore)

| Name of IR Battalion | Components of work | Cost of works as per DPR | Actual cost of works executed | Payments made | Excess payment |
|----------------------|-------------------------------------|--------------------------|-------------------------------|---------------|----------------|
| 1 | 2 | 3 | 4 | 5 | 6 (Col. 5 – 4) |
| 11 th IRB | Residential | 53.34 | 24.86 | 63.54 | 38.68 |
| | Non-Residential | 11.50 | 9.48 | 34.14 | 24.66 |
| | Other Developmental work | 15.46 | 10.17 | 21.28 | 11.11 |
| | Total of 11th IRB | 80.30 | 44.51 | 118.96 | 74.45 |
| 12 th IRB | Residential | 55.42 | 33.54 | 131.10 | 97.56 |
| | Non-Residential | 12.04 | 8.25 | 29.45 | 21.20 |
| | Other Developmental work | 16.40 | 4.30 | 16.56 | 12.26 |
| | Total of 12th IRB | 83.86 | 46.09 | 177.11 | 131.02 |
| 13 th IRB | Residential | 53.59 | 35.92 | 170.30 | 134.38 |
| | Non-Residential | 11.54 | 8.02 | 4.04 | -3.98 |
| | Other Developmental work | 16.39 | 9.92 | 40.60 | 30.68 |
| | Total of 13th IRB | 81.52 | 53.86 | 214.94 | 161.08 |
| 14 th IRB | Residential | 66.34 | 26.55 | 141.15 | 114.60 |
| | Non-Residential | 15.02 | 9.05 | 54.47 | 45.42 |
| | Other Developmental work | 19.89 | 8.79 | 44.44 | 35.65 |
| | Total of 14th IRB | 101.25 | 44.39 | 240.06 | 195.67 |
| Grand Total | | 346.93 | 188.85 | 751.07 | 562.22 |

Source: Compiled records of Police Department

As seen from **Table 4.2.11**, against the actual approved cost of ₹346.93 crore for construction works of the four battalions, works for ₹188.85 crore only were completed (May 2022). The Department paid ₹751.07 crore resulting in excess payment of ₹562.22 crore over the approved cost.

The PEP arbitrarily allowed higher rates over the work order amount without obtaining approval of the State Government. This resulted in excess expenditure over the approved cost of the DPR without completion (48.78 per cent) of the approved items of work.

Recommendation: Payments made at higher rates not approved by the SLPIC and without actual completion of the items of work as per DPRs needs to be recovered.

4.2.4.3 Non preparation of DPR for executing works-PWD (R&B)

“Construction of Road from Bypass Seithogei to IG Stadium” under SA was taken up by the PWD (R&B) in 2013.

Details of funds received for the work and work orders issued for the construction is shown in **Table 4.2.12**.

Table 4.2.12: Details of funds received for the work and work orders issued for the construction

(₹ in lakh)

| Year | Amount released to Department | Date of issue of work order | Name of contractor | Work order Amount | Status of work as reported by the Department |
|---------|-------------------------------|-----------------------------|--------------------|-------------------|--|
| 2012-13 | 221.24 | 07/01/2013 | Pele Khezhe | 442.48 | Completed |
| | 221.24 | | | | |
| 22.13 | | | | | |
| 66.38 | | | | | |

| Year | Amount released to Department | Date of issue of work order | Name of contractor | Work order Amount | Status of work as reported by the Department |
|--------------|-------------------------------|-----------------------------|-----------------------|-------------------|--|
| 2014-15 | 227.00 | 10/10/2014 | Ngulie Solo & Sons | 35.50 | Completed |
| | | | Eastern Associates | 53.45 | Completed |
| | | 31/03/2015 | T. Albert Solo & Sons | 131.31 | Completed |
| | | | Ngulie Solo & Sons | 95.59 | Completed |
| 2015-16 | 28.92 | | Pele Khezhe | 28.58 | Liability of 2013 cleared |
| Total | 786.91 | -- | -- | 786.91 | -- |

Source: Records of the PWD (R&B)

As seen from **Table 4.2.12**, the Department issued five work orders against the work from 2012-15. It was observed that the work orders and construction of the work was not based on any DPR prepared and approved by the Government. Work orders were issued from time to time as and when funds for the work were released by the Government. The Department, in violation of Government orders, executed the work without any DPR approved by competent authority. Since the Department did not have any approved DPR of the project, it is not clear how the Department determined the actual cost of the entire project.

Further, during 2020-21, the Department received ₹270.00 lakh as SA fund for completion of the project. However, it was seen that the fund was utilised for maintenance of the project as discussed in **Paragraph 4.2.4.5**.

Thus, the proposal for allocation of funds submitted to GoI for creation of Capital Asset without ascertaining the actual fund requirement was in violation of financial rules. The action of the Department on incurring the fund for maintenance works was in contravention of the terms and conditions of GoI sanction order.

Reply of the Government/Department is awaited (October 2022).

Recommendation: *The Government should ensure that the funds would be utilised for the purpose of creating of capital assets rather than diverting it for maintenance work.*

4.2.4.4 Execution of works based on unapproved DPR–F&AR Department

Department of F&AR received ₹1.62 crore¹¹⁹ under SA 2020-21 for creation of Capital Assets. The fund was released (March 2021) for completion of the project “Construction of Table fish raising and multiplication farm at Dimapur”.

The project was funded under SA approved in 2013-14 for ₹480.00 lakh (Central Share of ₹432.00 lakh and State Share of ₹48.00 lakh). Funds received during the period 2013-21 is shown in **Table 4.2.13**.

¹¹⁹ Released *vide* fund placement order dated 10 March 2021

Table 4.2.13: Details of fund received during the period 2013-21

(₹ in lakh)

| Year | Instalment | Central Share | State Share | Total fund received | Remarks |
|--------------|----------------------------|---------------|--------------|---------------------|------------------------------|
| 2013-14 | 1 st Instalment | 90.00 | 10.00 | 100.00 | -- |
| 2014-15 | 2 nd Instalment | 180.00 | 0.00 | 180.00 | State share was not released |
| 2020-21 | 3 rd Instalment | 162.00 | 0.00 | 162.00 | |
| Total | | 432.00 | 10.00 | 442.00 | -- |

Source: Departmental records

As seen from **Table 4.2.13**, ₹4.32 crore was received by the Department for construction of the project. Scrutiny of records on the implementation of the project revealed that the project was executed without approved DPR or any concept note prepared and approved by the Government. It was observed that works were carried out departmentally on *ad hoc* basis, as and when, funds were made available to the Department, without observing codal formalities.

Scrutiny of records followed by JPV (May 2022) of the work revealed that ₹1.62 crore was utilised for maintenance and improvement of an existing farm, without any additions. The scope of work and actual work done for ₹1.62 crore is shown in **Table 4.2.14**.

Table 4.2.14: Details of scope of work and actual work done utilising the SA fund

(₹ in lakh)

| Sl. No. | Scope of work as per working estimate | Amount | Actual work done | Payment |
|--------------|---|---------------|--|---------------|
| 1. | Permanent embankment for nursery ponds | 32.31 | Existing four out of seven nursery ponds with Course Rubble Stone Masonry (CRSM) embankment was converted to brick and cement embankment | 29.08 |
| 2. | Security wall/fencing | 111.36 | Repair of existing security wall were carried out | 100.58 |
| 3. | CRSM retaining wall below Eco-hatcher Complex | 19.89 | Maintenance and repair work near boundary wall where land slips occurred were repaired with CRSM retaining wall | 19.89 |
| 4. | Approach road to Fish farm | 6.44 | The fish farm is beside a public road, hence there was no separate approach road. However, the fund was utilised for black topping (bitumen coat) the compound of the farm | 6.00 |
| 5. | Procurement of fish seeds and feeds | 10.00 | Recurring expenditure for fish seeds and feeds of the farm | 9.00 |
| Total | | 180.00 | -- | 164.55 |

Source: Departmental records

As seen from **Table 4.2.14**, SA fund released for completion of the project was utilised for maintenance work of an existing farm, rather than utilising it for completing the incomplete projects as explicitly provided in the sanction order of GoI.

4.2.4.5 Diversion of fund from capital expenditure to revenue expenditure

As per Rule 30 (3) of Government Accounting Rules, 1990, expenditure of a capital nature shall not be classed as capital expenditure in the Government accounts unless the classification has been expressly authorised by general or special orders of Government.

As per Rule 31 (1), the allocation between capital and revenue expenditure on a Capital Scheme for which separate capital and revenue accounts are to be kept shall be determined in accordance with such general or special orders as may be prescribed by the President on the advice of the Comptroller and Auditor General. Further, as per clause 1 of the Terms and Conditions of GoI sanction order, funds released will be utilised by GoN only for the purpose for which it is approved, and it stands earmarked for the same.

Scrutiny of records revealed that ₹385.67 crore was released by GoN to 14 Departments, out of ₹455.96 crore released for creation of Capital Assets under SA. Out of this, GoN released ₹70.01 crore to six Departments and ₹5.29 crore was spent on items of revenue nature of expenditure as shown in **Table 4.2.15**.

Table 4.2.15: Details of diversion of fund from capital expenditure to revenue expenditure

| (₹ in crore) | | | | |
|---|---|-----------------|-----------------|---|
| Name of Department | Name of work | Amount released | Amount diverted | Purpose for which diverted |
| Police Engineering Project, Chumukedima | Construction of 11 th IR Bn, Aboi, Mon | 54.99 | 1.29 | Maintenance of six roads at Chumukedima, Dimapur. |
| PWD (R&B) | Construction of Bypass Road Seithogei to IG Stadium at Kohima | 2.70 | 2.11 | Maintenance of road from Assam Rifles Camp Jn (NH 29) to IG Stadium (NH 2) via Seithogei. |
| F&AR | Construction of Table fish raising and multiplication farm at Dimapur | 1.62 | 1.62 | Maintenance of existing infrastructure of Table fish raising and multiplication farm at Dimapur. |
| AH&VS | Construction of Directorate Building | 10.70 | 0.27 | Payment of salary bills (₹27.21 lakh) of work charged employees engaged in other Departmental works during 2014-18. |
| Total | | 70.01 | 5.29 | -- |

Source: Departmental records

As seen from **Table 4.2.15**, ₹5.29 crore earmarked for creation of Capital Assets for approved works was diverted and utilised for meeting expenditure of revenue nature which was in contravention to GoI sanction as well as financial propriety and accounting principles.

The reply of the Government/Department is awaited (October 2022).

Recommendation: *The State Government should ensure that the departments do not utilise funds meant for Capital Expenditure for expenditure of Revenue nature.*

4.2.4.6 Diversion of fund for clearing liabilities on unapproved works

GoI released an amount of ₹445.96 crore towards SA to GoN during 2018-19 and 2020-21 for completion of projects which had reported a progress of above 50 per cent. GoN released ₹386.12 crore (Central share ₹385.67 crore and State share ₹0.45 crore) to 14 Departments for completion of SA projects as per projected requirements of the Government to complete the earmarked works.

Examination of records of the PEP relating to construction of five IR Battalions (10th, 11th, 12th, 13th and 14th IR) and Electrical Division of PEP revealed that ₹38.58 crore was utilised for clearing liabilities of other schemes/works as shown in **Table 4.2.16**.

Table No. 4.2.16: Details of diversion of funds for clearing liabilities on unapproved works

(₹ in crore)

| Department/ Division | Fund provided | Purpose of fund provided | Name of the work against which fund was diverted | Fund utilised for clearing liabilities |
|---|------------------|--|--|---|
| Police Engineering Project, Kohima | 46.47 | Construction of 10 th IR Bn., Zhadima | Transferred to PEP, Chumukedima for payment of liabilities of works pertaining to CSS 2017-18. | 18.98 |
| | | | Transferred to PEP, Alichen for payment of liabilities of works pertaining to CSS 2017-18. | 8.19 |
| | | | Transferred to PEP (Elect) Kohima for payment of liabilities of works pertaining to CSS 2017-18. | 3.88 |
| | | | Transferred to PEP, Chumukedima (16/04/2019) for payment of liabilities of works pertaining to PS Diphupar (DEF, Dimapur). | 0.40 |
| | | | Payment of liabilities and expenditure towards works under CSS 2017-18 by PEP, Kohima. | 7.13 |
| Total | 46.47 | -- | -- | 38.58 |

Source: Departmental records

As seen from **Table 4.2.16**, out of ₹46.47 crore released to PEP Kohima and PEP (Electrical Division) Kohima for completion of work under 10th IRB, Zhadima, and Electrical works of all the five IRBs, ₹38.58 crore was diverted to meet liabilities and expenditure on works of CSS 2017-18. When this was pointed out, the Chief Engineer, PEP confirmed (May 2022) that the work programme of CSS 2017-18 was not approved by GoI and no fund was released by GoI under CSS 2017-18. Thus, the fund of ₹38.58 crore was irregularly diverted without obtaining GoI approval.

Further scrutiny of records followed by JPV (April 2022) to ascertain the status of the project at 10th IRB, Zhadima revealed that out of 506 items¹²⁰ of works projected in the DPR (₹34.53 crore)¹²¹, only 324 items were completed as discussed in **Paragraph 4.2.4.1**. Thus, funds released by GoI for completion of 187 items of pending works in Battalion headquarters of 10th IRB, Zhadima was irregularly diverted.

Reply of the Government/Department is awaited (October 2022).

Recommendation: *Funds released by GoI for the earmarked approved works should be utilised to complete those works and diversion of fund for clearing liabilities of the Department needs to be investigated and responsibility fixed.*

4.2.4.7 Payments made based on fake bills

GoN released (November 2021) ₹2.70 crore¹²² to PWD (R&B) from the SA fund 2020-21 for completion of the work “Construction of Bypass road Seithogei to IG Stadium”.

Scrutiny of records revealed that out of the fund provided for construction of “Bypass road Seithogei to IG Stadium”, ₹2.08 crore was utilised for “Maintenance of road from Assam Rifle Camp Junction (NH-29) to Indira Gandhi Stadium (NH-02) via Seithogei (11 Km)” as per working estimates approved by Chief Engineer, PWD (R&B). The work was carried out departmentally without observing the codal formalities. It was seen that funds were released by EE (South Division), Kohima to the SDO (South Division-IV) by Hand Receipt based on bills and supporting vouchers of materials and labour cost.

It was observed from the bills submitted by the SDO that some cash memos attached with these bills did not display the GSTIN¹²³ registration number and invoices attached bore fake GSTIN of non-existent firms. The fake GSTIN registration number (Urban Home Solution, High School Secretariat Road, bearing GSTIN 13CPGK0194AIZG) was also confirmed by the Deputy Commissioner of State Taxes, Kohima stating that such a dealer does not exist in their jurisdiction. Thus, ₹87.50 lakh out of ₹184.74 lakh was drawn in 27 vouchers/bills by enclosing fake invoices {**Appendix-4.2.2 (A)**}. It was further observed that 12 out of 27 vouchers for ₹52.38 lakh were duplicate vouchers {**Appendix 4.2.2 (B)**} of cash receipts of Machinery hire charges and Material bills which were already drawn and paid in other vouchers.

Thus, an amount of ₹1.40 crore out of ₹2.70 crore SA fund for works executed departmentally were paid on fictitious bills and misappropriated.

Reply of the Government/Department is awaited (October 2022).

Recommendation: *Payment made on fictitious bills and duplicate vouchers needs to be recovered and responsibility on the officials involved needs to be fixed.*

¹²⁰ Residential 481 + Non-Residential 25

¹²¹ Residential ₹28.39 crore + Non-residential ₹6.15 crore

¹²² Vide Drawal Authority No. BUD/8-58/2021-22/NU/695 dated 17/11/2021

¹²³ Goods and Services Tax Identification Number

4.2.4.8 Loss of revenue due to non-deduction of Works Contract Tax (WCT)

GoI introduced Goods and Services Tax (GST) effective from 1 July 2017. Accordingly, Finance Department, GoN, issued a Circular¹²⁴ which envisaged that “Contractors who had entered into contracts for supply or execution of works contract prior to 1 July 2017 and also completed the supply of goods or contract works prior to July 2017 but payments received after 01 July 2017, Value Added Tax (VAT) shall be applicable until all payments are released”.

Scrutiny of records revealed that the Chief Engineer, PEP issued work orders in October 2009 and July 2010 for construction of Battalion Headquarters at 12th IRB Chingtok, Longleng, 13th IRB Yajang, Mokochung and 14th IRB Okhezung, Kiphire. Accordingly, the contractors commenced the works in 2010 and as per RA bills and MBs, the works were certified as completed in 2014, 2015 and 2016. Details of payment after July 2017 against the above three works are detailed in **Table 4.2.17**.

Table 4.2.17: Details of loss of revenue due to non-deduction of Works Contract Tax
(₹ in crore)

| Sl. No. | Name of work | Name of the contractor | Value of work order | Payment made after 1 July 2017 |
|--------------|------------------------------|---------------------------|---------------------|--------------------------------|
| 1. | 12 th IR Chingtok | M/s National Construction | 75.90 | 113.87 |
| 2. | 13 th IR Yajang | M/s Singh Construction | 73.62 | 90.43 |
| 3. | 14 th IR Okhezung | M/s Singh Construction | 93.03 | 24.63 |
| Total | | | 242.55 | 228.93 |

Source: Departmental records

As seen from the above table, the three contractors were paid ₹228.93 crore after July 2017 for works which were certified as completed prior to enforcement of GST. It was observed that against the actual deductible amount of ₹11.45 crore as WCT, the Department deducted only ₹4.89 crore as TDS in contravention to the Government order.

Due to non-deduction of WCT in contravention to Government order, Government incurred a revenue loss of ₹6.56 crore.

Reply of the Government/Department is awaited (October 2022).

Recommendation: *The applicable WCT may be recovered from the concerned contractors and deposited into Government Accounts.*

4.2.4.9 Deduction of cess on payments towards Construction works

As per Rule 4 (1), of the Building and Other Construction Workers’ Welfare Cess Rules, 1998, the cess levied under sub-section (1) of section 3 of the Act shall be paid by an employer, within thirty days of completion of the construction project or within thirty days of the date on which assessment of cess payable is finalised, whichever is earlier, to the cess collector.(2) Notwithstanding the provisions of sub-rule (1), where the duration of the project or construction work exceeds one year, cess shall be paid within thirty days of completion of one year from the date of commencement of work

¹²⁴ Vide No. F.No. FIN/REV-3/GST/1/08(Pt-1) dated 11/07/2017

and every year thereafter at the notified rates on the cost of construction incurred during the relevant period.

Scrutiny of payment vouchers for construction of IR Battalion Headquarters under PEP Alichen revealed that the applicable deduction of cess was not made while making payments (up to February 2019) as shown in **Table 4.2.18**

Table 4.2.18: Details of short deduction of cess

| (₹ in lakh) | | | | | |
|------------------------------|--------------------|------------------|-------------------------|--------------------------------------|---------------|
| Name of Battalion | Total No. of bills | Gross amount | Amount of cess deducted | Amount to be deducted @ one per cent | Difference |
| 12 th IR Chingtok | 35 Nos. | 15,332.82 | 0.39 | 153.33 | 152.94 |
| 13 th IR Yajang | 52 Nos. | 21,716.63 | 17.72 | 217.17 | 199.45 |
| 14 th IR Okhezung | 29 Nos. | 23,498.34 | 102.65 | 234.98 | 132.33 |
| Total | | 60,547.79 | 120.76 | 605.48 | 484.72 |

Source: Compiled from records of PEP Alichen, Police Department

As can be seen from the above table, an amount of ₹4.85 crore was short deducted from the bills of the contractor towards cess.

Reply of the Government/Department is awaited (October 2022).

Recommendation: *The short deduction of Cess needs to be recovered from the contractors and deposited into the accounts of Nagaland Building and Other Construction Workers' Welfare Board (NBOCWBB).*

4.2.5 Monitoring

Paragraph 2 (viii) of GoI sanction orders¹²⁵ stipulated that the State Government and the implementing agency shall put in place a monitoring system to ensure that the project(s) achieve its schedule milestone and envisaged outcome.

The State Government however did not constitute a monitoring mechanism in contravention of the terms and condition of GoI sanction order to monitor the progress of the projects leading to non-achievement of the targeted outcome of creating capital assets.

Reply of the Government/Department is awaited (October 2022).

4.2.6 Outcome parameters

GoI through NITI Aayog released ₹445.96 crore as SA for completion of 23 sub-projects in 14 Departments. The derivable outcomes included completion of 23 pending sub-projects on request of the GoN for completion of the earmarked projects which had a physical progress of more than 50 per cent.

The two primary goals envisaged by GoI for release of the SA fund were to:

- i) Complete the 14 pending projects (23 sub-projects) which had 50 per cent progress within the targeted period.

¹²⁵ F.No.44 (1) PF-S/2020-736 dated 13/10/2020, and F. No. 44 (1) PF-S/2018-19-1536 dated 01/02/2016

- ii) Fund shall be released in that financial year and utilised by the State Government only for the purpose it was approved.

Analysis of records followed by JPV in the six Departments, to ascertain the outcomes derived from the implementation of the projects, revealed that:

- Nine out of 14 projects remained incomplete but were shown as complete as per the progress report, as shown in **Table 4.2.19**

Table 4.2.19: Details of physical and financial progress

| Sl. No. | Name of Department | Name of Sub-projects (under the sampled six projects) | Details of progress (in per cent) | |
|---------|--------------------|---|-----------------------------------|---------------------|
| | | | Financial vis-à-vis fund released | Physical as per JPV |
| 1. | Police | Construction 10 th IR Battalion | 100 | 37 |
| | | Construction 11 th IR Battalion | 100 | 51 |
| | | Construction 12 th IR Battalion | 100 | 50 |
| | | Construction 13 th IR Battalion | 100 | 42 |
| | | Construction 14 th IR Battalion | 100 | 64 |
| 2. | AH&VS | Construction of Directorate building at Kohima | 99 | 99 |
| 3. | F&AR | Construction of Table top fish farm at Dimapur | 90 | 90 |
| 4. | YRS | Installation of Astro Turf at IG stadium | 100 | 100 |
| | | Installation of Flood light at IG stadium | 100 | 100 |
| 5. | PWD (R&B) | Construction of Bypass Road Seithogei to IG Stadium at Kohima stadium | 100 | 89 |
| 6. | PWD (Housing) | Construction of Speaker and Dy. Speaker quarters | 100 | 66 |
| | | Construction of Roof top extension | 100 | 100 |
| | | Construction of PWD Office Complex, Dimapur | 100 | 100 |
| | | Construction of 11 Ministers' Quarters | 100 | 100 |

Source: Records of the Department and Joint Physical Verification (JPV)

- Non/short release of funds (₹57.38 crore out of ₹76.72 crore) to 7 out of 14 Departments by the State Government for which fund were allocated to complete the earmarked projects. (Refer **Paragraph 4.2.3.1**).
- Funds of ₹38.58 crore were diverted to meet liabilities of the Departments on unapproved projects other than the earmarked projects. (Refer **Paragraph 4.2.4.6**)
- An amount of ₹5.29 crore out of ₹70.01 crore was utilised to meet revenue expenditure instead of capital expenditure (Refer **Paragraph 4.2.4.5**).
- Release of funds to two implementing Departments was delayed by seven to 11 months after the financial year for which it was sanctioned (Refer **Paragraph 4.2.3.3**)

Thus, the State Government failed to achieve the outcomes of the parameters set forth in the terms and conditions of GoI sanction orders.

Compliance Audit Paragraphs

FINANCE (TREASURIES & ACCOUNTS) DEPARTMENT

4.3 Fraudulent/ excess drawal of money

Failure of the Drawing and Disbursing Officers and Treasury Officers to exercise prescribed checks resulted in fraudulent/ double/ excess drawal of ₹2.26 crore.

Rule 66, Sub-clause 3 of the Central Government Accounts (Receipts and Payments) Rules, 1983, as adopted by the Government of Nagaland (GoN), prescribes that entries in all money columns of the pay bills are to be totalled separately under each section and parts, to arrive at the total entitlements as well as net payable after statutory deductions. Section-wise totalling of the pay bills must be checked by the Drawing and Disbursing Officer (DDO) himself or by some responsible official other than the person preparing the bill.

Rule 23 of the Central Treasury Rules (CTR), as adopted by the GoN, prescribes that the Treasury Officer (TO) shall obtain sufficient information as to the nature of every payment he is making and shall not accept a claim which does not formally present that information unless there are valid reasons which he shall record in writing for omitting to enquire it. Rule 24 further states that the TO may correct an arithmetical inaccuracy or an obvious mistake in any bill presented to him for payment.

Further, Rule 276 states that while drawing any arrear bill, the DDO shall record certificates on the arrear bill under his dated signature to the effect that (i) no part of the amount claimed has been drawn previously; and (ii) a note of the arrear claim has been made in the office copy of the bill or the pay bill register for the period to which the claim pertains.

Audit of pay bill vouchers, pertaining to the period 2017-18 and 2018-19 of various Departments submitted by the Treasury Officer to Principal Accountant General showed that 18 DDOs of 13 Departments (*Appendix-4.3.1*) had misappropriated ₹2.26 crore by fraudulently drawing pay and allowances and Office Expenses. The money was withdrawn by inflating the net total of pay bills, double drawal of pay and allowances, arrears, *etc.* in violation of the prescribed Financial Rules. When the matter was intimated to the Departments concerned, the Departments recovered (September 2018 to March 2022) ₹40.12 lakh and deposited the same into Government account. However, report on initiating disciplinary action against the defaulting officials was not furnished. Details of the *modus operandi* are shown in Table 4.3.1.

Table 4.3.1 Cases of excess/ fraudulent draws

| Nature of Objections | Audit observations | Action Taken by Departments concerned |
|--|--|--|
| Excess drawal by inflating net total of pay bills | Two DDOs of two Departments had drawn funds of ₹46.29 lakh in five pay bills by irregularly inflating the net total amount where the actual admissible amount was ₹36.61 lakh. This resulted in excess drawal of ₹9.68 lakh between July 2017 and January 2019 as detailed in <i>Appendix-4.3.2</i> . | On being pointed out, the two DDOs recovered (January 2020 to February 2022) an amount of ₹9.18 lakh and deposited it into Government account. The balance of ₹0.50 lakh was yet to be recovered (September 2022). |
| Double drawal of pay & allowances including arrears | Three DDOs of three Departments fraudulently drew funds of ₹8.07 lakh during September 2017 to February 2019 in eight bills being pay & allowances and arrear bills which were already drawn in regular bills. This resulted in fraudulent drawal of ₹8.07 lakh as detailed in <i>Appendix-4.3.3</i> . | No action was taken as yet (August 2022). |
| Fraudulent/inadmissible drawal of pay & allowances including arrears | Fourteen DDOs of 11 Departments fraudulently drew funds of ₹170.50 lakh in 95 arrear bills during March 2017 to March 2019 by preparing fictitious 'due and drawn' statements for employees who were not entitled to draw arrears, as detailed in <i>Appendix-4.3.4</i> . | On being pointed out, four DDOs partially recovered (March 2019 to May 2022) ₹31.14 lakh and deposited the amount into Government account. |
| Fictitious drawal by manipulating the bills | One DDO of one Department fictitiously drew ₹7.99 lakh in excess without any supporting bills. The figures were also manipulated in the payment records resulting in excess expenditure of ₹4.31 lakh. Details are provided in <i>Appendix-4.3.5</i> . | No action was taken as yet (August 2022) |
| Fictitious drawal of TA Bills | Two DDOs of two Departments fictitiously drew ₹25 lakh during March 2018. Details are provided in <i>Appendix-4.3.6</i> . | No action was taken as yet (August 2022) |

The above instances of excess/ double/ fraudulent draws by 17 DDOs of 12 Departments indicated failure at both the DDOs and TOs levels to exercise control and checks as prescribed by rules and procedures.

In all the above cases, the DDOs concerned prepared the pay bills/ arrear bills without ensuring correctness of the arithmetical calculations and presented the bills to the concerned Government Treasuries by appending the required certificates (Non Drawal Certificates, etc.) as a matter of routine. The TOs also did not exercise required checks before authorising the payments.

The blatant failure of the DDOs and TOs in complying with the provisions under CTR and Receipt and Payment Rules, while preparing and passing the bills, indicates possible collusion for fraudulent draws.

It is also pertinent to mention that the issue of fraudulent/ excess drawal by the DDOs by manipulating pay and allowances bills were highlighted in previous years' C&AG's Audit Reports. Details of similar cases highlighted in the Audit Reports of last five years i.e., 2015-16 to 2019-20 are provided in *Appendix-4.3.7*.

During the last five years, Audit pointed out the issue of fraudulent/ excess drawal by the DDOs, of which the Departments of School Education, Health & Family Welfare, Home (Police) and Veterinary & Animal Husbandry had the most cases of irregularities (*Appendix-4.3.8*).

The Public Accounts Committee (PAC) Reports/ recommendations are the principal medium by which the Legislature enforces financial accountability of the Executive to the Legislature and it is appropriate that they elicit timely response from the departments concerned in the form of Action Taken Notes (ATNs).

The PAC had discussed four such paragraphs pertaining to the Audit Reports of the C&AG of India for the years 2014-15 to 2016-17 and made the following recommendations:

- Department to furnish the latest report on the recovery;
- Department to take disciplinary action against the defaulting DDOs for presenting false bills as well as the TOs for passing the bills without following the prescribed checks on the bills presented by the DDOs; and
- Computerisation of all the Treasuries in the State.

As per PAC Reports, the Departments concerned were required to submit the ATNs on the recommendations of the PAC within two months from the date of laying of the Reports of the PAC to the Legislature. The concerned Departments, however, failed to submit ATNs on the recommendations made by the PAC.

The matter on the above irregularities was reported to the Government in August 2022 and replies received (August 2022 to September 2022) in 11 cases. The replies on the remaining 11 cases are awaited (November 2022).

Thus, due to failure of concerned Departments to comply with instructions of the PAC, the objective of ensuring financial accountability of the Executive to the Legislature remained unfulfilled and these financial malpractices continued to persist.

Recommendations:

The State Government may-

- (i) *investigate the matter and take appropriate action against the delinquent officers for the criminal offense of fraudulent withdrawal/ theft of public money.*
- (ii) *take steps to recover the amount misappropriated immediately from the concerned employees/ DDOs/ TOs with penal interest.*
- (iii) *investigate all such matters for all the Departments of the State.*
- (iv) *initiate steps to strengthen the internal control mechanism in all departments to prevent recurrence of fraudulent drawals and ensure that appropriate checks and balances are in place.*
- (v) *refer the cases to State Vigilance Commission for further investigation.*

PUBLIC WORKS (MECHANICAL) DEPARTMENT

4.4 Unauthorised diversion of funds from Salary head

Failure of the Treasury Officer in exercising the prescribed checks while passing Work-Charged salary cheques/ bills facilitated unauthorised diversion of funds of ₹83.50 lakh from the Salary head by the Mechanical Engineer, Public Works Department, Mechanical Division-I, Kohima.

Rule 65 (1) of the General Financial Rules, 2017 (which is being followed by the State Government) states that re-appropriation of funds from one primary unit of appropriation to another such unit within a grant or appropriation, may be sanctioned by a competent authority at any time before the close of the financial year to which such grant or appropriation relates.

Rule 23 of the Central Treasury Rules (which is being followed by the State Government) prescribes that the Treasury Officer (TO) shall obtain sufficient information as to the nature of every payment he is making and shall not accept a claim which does not formally present that information unless there are valid reasons which he shall record in writing for omitting to enquire it.

Revised norms for payment of Work-Charged (WC) salary issued (August 2003) by the Works and Housing Department, Government of Nagaland (GoN) states that since the WC salaries are drawn by Engineers through “Self Cheques”, whenever WC salary cheques are presented to the Treasuries/ Sub-Treasuries, such cheques should invariably be accompanied by the incumbency list of the WC staff of the Divisions/ Drawing and Disbursing Officers (DDOs) concerned clearly indicating the amount payable against each. Failure to comply would result in the Treasuries/ Sub-Treasuries not accepting and passing the claims.

Finance Department, GoN sanctioned (June 2018 to March 2020) an amount of ₹294.35 lakh towards payment of WC employees’ salaries under the Mechanical Engineer (ME), Public Works Department (PWD), Mechanical Division-I, Kohima during 2018-20. As per the terms and conditions of financial sanctions, the amount should be utilised for the assigned purpose and should not be diverted for any other purpose.

Examination of records (March 2021) of the ME, PWD, Mechanical Division-I, Kohima revealed that the Division presented nine WC salary cheques of ₹294.35 lakh during 2018-20 to the concerned Government Treasury (Kohima North Treasury) without the mandatory incumbency list of the WC staff indicating the amount of salary payable against each. The TO irregularly passed the salary cheques/ bills for payment on the basis of “Bill Abstract” without following the prescribed checks on the bills presented by the DDO.

It was observed that out of the net drawal amount of ₹272.65 lakh¹²⁶, the Division utilised ₹83.50 lakh (31 per cent) towards payment of Travelling Allowance (TA) for 83 WC employees (*Appendix-4.4.1*), which resulted in unauthorised diversion of ₹83.50 lakh from “Salary Head” as shown in **Table 4.4.1**.

Table 4.4.1: Details of Work Charged salary diverted for payment of Travelling Allowances (in ₹)

| Year | Cheque No./ Book No. | Date | W/C salary for the month | Bill passed for payment of WC Salary | | Amount diverted for TA |
|--------------------|----------------------|------------|------------------------------|--------------------------------------|--------------------|------------------------|
| | | | | Gross amount | Net amount | |
| 2018-19 | 26362/264 | 18/06/2018 | March-May 2018 | 52,88,000 | 50,01,250 | 26,84,508 |
| | 26364/264 | 10/09/2018 | June-July 2018 | 21,92,000 | 20,02,200 | 4,50,502 |
| | 26366/264 | 22/10/2018 | August-September 2018 | 21,92,000 | 20,03,630 | 4,58,928 |
| | 26368/264 | 12/12/2018 | October-November 2018 | 21,92,000 | 20,07,310 | 4,81,406 |
| | 26370/264 | 17/03/2019 | December 2018-February 2019 | 35,37,000 | 32,60,360 | 9,39,398 |
| | Sub-total | | | | 1,54,01,000 | 1,42,74,750 |
| 2019-20 | 26372/264 | 18/07/2019 | March-May 2019 | 35,37,000 | 32,51,120 | 6,12,978 |
| | 26374/264 | 15/10/2019 | June-August 2019 | 32,49,000 | 29,91,230 | 6,22,041 |
| | 26376/264 | 10/12/2019 | September-November 2019 | 39,99,000 | 37,47,000 | 14,30,823 |
| | 26378/264 | 09/03/2020 | December 2019 -February 2020 | 32,49,000 | 30,01,100 | 6,69,519 |
| | Sub-total | | | | 1,40,34,000 | 1,29,90,450 |
| Grand Total | | | | 2,94,35,000 | 2,72,65,200 | 83,50,103 |

Source: Records furnished by Mechanical Division No. 1 Kohima and Kohima North Treasury

As seen from the above table, the Division submitted false/ inflated claims to the Treasury with the intention of diverting funds from the monthly allocation under "Salary head", which was irregular. The failure of the TO in exercising the prescribed checks while passing the WC salary cheques/ bills presented by the DDO also facilitated in unauthorised diversion of funds from “Salary head” towards payment of TA.

Further, Audit could not vouchsafe the TA payments made to individual WC employees as the Department did not furnish the supporting records (September 2022).

While accepting the facts, the Government stated (July 2022) that the allocation of TA under the Division for a financial year was usually only ₹2.00 lakh, which is too meagre to disburse TA for genuine Government duties performed by both regular and WC employees. Hence, the TA was disbursed to those deserving WC staff as per their entitlement after properly scrutinising their duty tour programs submitted by them, from the savings of monthly allocation under "Salary head".

The Department also stated (October 2022) that exact budget requirement cannot be worked out and submitted by the concerned Division for any financial year due to various reasons such as date of increment, effective date of MACP (Modified Assured Career Progression Scheme), promotion and regularisation of WC employees against vacancies that may arise in a year, sudden demise of staff, etc. The quantum of

¹²⁶ ₹21.70 lakh was deducted from Gross amount (₹294.35 lakh) towards General Provident Fund (₹18.14 lakh), GIS (₹0.38 lakh), Professional Tax (₹3.07 lakh) and H/Tax (₹0.11 lakh)

performance of duty for all the likely field detailments is generally very uncertain and hence the Division could not submit TA estimates.

The Department's reply confirms the fact that ₹83.50 lakh was diverted out of the Salaries Head in violation of the extant budgetary rules, rather than approaching the competent authority for re-appropriation for the expenditure.

Recommendations:

The State Government may-

- (i) *strengthen the internal control mechanism to ensure that such diversions do not occur in future.*
- (ii) *fix responsibility on the officials concerned for such violations of the budgetary norms.*

HOME (VILLAGE GUARDS) DEPARTMENT

4.5 Unauthorised drawal of additional Ration Allowance

Failure of the Treasury Officers in exercising the prescribed checks while passing the additional Ration Allowance bills presented by three Drawing and Disbursing Officers of the Village Guards Organisation resulted in unauthorised drawal of ₹2.40 crore.

Rule 22 of the Central Treasury Rules¹²⁷ (CTR) states that the Treasury Officer (TO) shall be responsible for acceptance of the validity of a claim against which he has permitted withdrawal and for evidence that the payee has actually received the sum withdrawn.

Rule 23 of the CTR further prescribes that the TO shall obtain sufficient information as to the nature of every payment he is making and shall not accept a claim which does not formally present that information unless there are valid reasons which he shall record in writing for omitting to enquire it.

Rule 92 of the Receipts and Payments Rules, 1983 (which is being followed by the State Government) states that the Head of Office is personally responsible for the amount drawn on a bill, signed by him or on his behalf, until he has paid it to the person(s) entitled to receive it and has obtained a legally valid acquittance.

As per the orders (March 1999) of the Commissioner, Nagaland, Village Guards (VGs) personnel are entitled to grant of Ration Allowance (RA) at the rate of ₹25 per person per day for 12 days in a month while they are on duty within the village jurisdiction. The District VG Officers/ Drawing and Disbursing Officers (DDOs) are not delegated any power to sanction additional RA.

¹²⁷ which is being followed by the State Government

- (1) Examination of records (October 2021) of the Commissioner, Nagaland and four district offices¹²⁸ under the Village Guards Organisation (VGO)¹²⁹ revealed that three DDOs namely Deputy Commandant VG-Mon, Deputy Commandant VG-Kiphire and Assistant Commandant VG-Meluri, irregularly drew RA of ₹1.95 crore through 24 bills during February 2015 to March 2021 which were in addition to the regular RA bills already drawn. (Details in **Appendix-4.5.1**).
- (2) Further examination of records revealed that the Commissioner, Nagaland submitted (April 2020) a proposal to the Nagaland State Disaster Management Authority (NSDMA) for procurement of basic medical items and RA to VG personnel on COVID-19 duty. Accordingly, NSDMA sanctioned (April 2020) ₹70.68 lakh (₹13.10 lakh for procurement of basic medical items and ₹57.58 lakh for five District VG Offices/ DDOs as additional RA to 9,596 VG personnel on COVID-19 duty). As a one-time dispensation, the additional RA for performance of COVID-19 duty was fixed at ₹50 per person per day for 12 days. NSDMA transferred¹³⁰ the total sanctioned amount to the Commissioner’s bank account¹³¹. The additional RA released by NSDMA was further transferred (April 2020) to the respective DDOs¹³² (VGs) bank accounts.

It was observed that apart from the fund sanctioned (April 2020) by the NSDMA, there was no Government notification/ order authorising deployment of VGs and payment of RA to VG personnel on COVID-19 duty. The Deputy Commandant VG, Mon, however, drew an amount of ₹44.57 lakh by presenting five RA bills on COVID-2019 duty to the Senior TO, Mon as shown in **Table 4.5.1**.

Table 4.5.1: Details of RA bills on COVID-19 duty

| (Amount in ₹) | | | | | | |
|---------------|----------|------------|--------------------------|------------|-------------|------------------|
| Sl. No. | Bill No. | Date | Period | No. of VGs | No. of days | Amount |
| 1. | 61 | 26/10/2020 | 13/05/2020 to 24/05/2020 | 2,425 | 12 | 7,27,500 |
| 2. | 62 | 26/10/2020 | 18/06/2020 to 29/06/2020 | 454 | 12 | 1,36,200 |
| 3. | 63 | 26/10/2020 | 13/07/2020 to 24/07/2020 | 454 | 12 | 1,36,200 |
| 4. | 104 | 20/03/2021 | 13/08/2020 to 24/08/2020 | 2,912 | 12 | 32,02,800 |
| | | | 13/09/2020 to 24/09/2020 | 2,912 | 12 | |
| | | | 13/10/2020 to 24/10/2020 | 2,912 | 12 | |
| | | | 13/11/2020 to 24/11/2020 | 1,940 | 12 | |
| 5. | 105 | 25/03/2021 | 13/05/2020 to 24/05/2020 | 847 | 12 | 2,54,100 |
| Total | | | | | | 44,56,800 |

Source: Departmental records

¹²⁸ Commandant VG-Tuensang, Deputy Commandant VG -Mon, Deputy Commandant VG-Kiphire and Assistant Commandant VG-Meluri

¹²⁹ Commissioner, Nagaland is the Commandant General of the VGO. Under VGs, there is a Commandant VG at Tuensang, one Deputy Commandant each at Mon & Kiphire, one Assistant Commandant each at Longleng, Meluri and Noklak

¹³⁰ Vide cheque No. 742641 dated 09/04/2020

¹³¹ Account No. XXX8056

¹³² Commandant VG Tuensang ₹18,73,800; Deputy Commandant VG Mon ₹17,49,600; Deputy Commandant VG Kiphire ₹12,33,000; Assistant Commandant VG Meluri ₹4,68,600 and Assistant Commandant VG Longleng ₹4,32,600

Audit could not vouchsafe the additional RA payments made to individual VG personnel as the respective DDOs did not furnish the supporting records such as duty list, attendance, actual payee receipts/ acquittance rolls, etc.

From the foregoing paragraphs, it is evident that the DDOs submitted irregular claims to the Treasuries with the intention of drawal of additional RA without any sanction of the State Government. The TOs also did not insist on sanction orders from the competent authority before passing the bills and authorising the payment.

Failure of the TOs in exercising due diligence while passing the additional RA bills presented by the three DDOs facilitated in unauthorised drawal of ₹2.40 crore.

In reply, Commissioner, Nagaland stated (September 2022) that the DDOs have drawn RA for additional days beyond the regular claim of RA for 12 days in a month. The VGs performed duty even beyond their normal call of duty, though the Government have not issued any specific order authorising the officers to utilise the amount available in the budget for such expenses.

The justification provided by the Commissioner is not acceptable as the additional drawal/ payment of RA was not authorised by the State Government. Further, there was no Government notification/ order authorising deployment and payment of RA to VG personnel on COVID-19 duty.

Recommendations:

The State Government may-

- (i) initiate appropriate action against the erring officers responsible for the fraudulent drawals and recover the amount from the concerned employees/ DDOs/ TOs.***
- (ii) take steps to strengthen the internal control mechanism in VG organisation to prevent recurrence of unauthorised drawals and ensure that the checks and balances are in place.***