

CHAPTER - V STORES AND STOCK

SECTION: B

WORKS AND HOUSING/PUBLIC HEALTH ENGINEERING/POWER DEPARTMENTS

5.1 Closing of stock registers

According to the provisions of the Nagaland Public Works Department Code, the accounts are required to be closed each year on 30 September and valuation of stores done with reasonable accuracy. The valuation should be periodically reviewed and revised, where necessary, to enable the authorities to know the profit and loss in respect of different classes of materials and re-adjust the issue prices, where required. In case the valuation is not so reviewed from time to time, the accounts of stores would not reflect the true picture of the value of stores held.

It was noticed that-

All 10 Public Health Engineering Divisions had closed their stock accounts upto September 1999. Information relating to closing of stock accounts in respect of 24 Public Works Divisions (Roads and Bridges), 19 Public Works Divisions (Housing and Civil) and 16 Electrical Divisions were not made available.

5.2 Physical verification of stores

The Nagaland Public Works Department Code prescribes that the Sub-divisional Officers should carry out *cent per cent* physical verification of the stores under their charge once in a year. The Divisional Officers are required to verify annually 10 per cent of all stores before submission of stock returns to the higher authorities and the Accountant General. Such verifications are meant to enable the authorities to detect shortage and discrepancies in the stores and are applicable to all other departments, where stores accounts are maintained. It was, however, noticed in audit that:-

Out of 69 Public Health Engineering Divisions, 10 Divisions had conducted physical verification of stores upto September 1999. Information relating to physical verification of stores in respect of the remaining 59(Public Works Division(43) and Electrical Division(16)) Divisions were awaited (February 2001)

In the absence of physical verification of stock, the extent of loss caused due to pilferage, deterioration, damage, etc., of stock items could not be verified in audit.

5.3 Reserve stock limit

- i. Reserve Stock Limit (RSL) had not been prescribed for 3 out of 10 Public Health Engineering Divisions. Of these, the sanctioned RSL was exceeded in 4 Divisions by a total amount of Rs.1,641.56 lakh. 6 Divisions exhibited minus balance of stores aggregating Rs.1,591.72 lakh as on 31 March 2000. The minus balance was attributed by the Department due to centralised procurement through indents and the value of stock materials being left unadjusted against the indenting divisions.
- ii. RSL had not been prescribed for 19 out of 43 Public Works Divisions (Roads and Bridges, Housing and Civil). Of these, 4 Divisions unauthorisedly held stores worth Rs.216.19 lakh at the end of March 2000. The sanctioned RSL was exceeded in 20 Divisions by a total amount of Rs.4,425.12 lakh. Two Divisions had exhibited minus balance of stores aggregating Rs.13.65 lakh as on 31 March 2000. No reasons have been furnished by the Divisions for the minus balance.

- iii. RSL had not been prescribed for 8 out of 16 Electrical Divisions. Of these, 3 Divisions unauthorisedly held stores worth Rs.35 lakh at the end of March 2000. The sanctioned RSL was exceeded in two Divisions by a total amount of Rs.135.25 lakh. Five Divisions had exhibited minus balance of stores aggregating Rs.309.35 lakh as on 31 March 2000. No reasons have been furnished by the Divisions for the minus balance.

5.4 Tools and Plant

According to Nagaland Public Works Department Code, the divisions should close the Tools and Plant accounts on 30 September every year and arrive at the balance of stock held. Physical verification of Tools and Plant articles should also be conducted once a year.

It was noticed that:

All 10 Public Health Engineering Divisions had closed the Tools and Plant accounts and physically verified them upto September 1999. Information relating to closing of Tools and Plant accounts and physical verification in respect of 43 Public Works Divisions (Roads and Bridges, Housing and Civil) and 16 Electrical Divisions was not made available.

Due to delay in closing of accounts and non-conducting of physical verification, shortage/surplus of Tools and Plant, if any, could not be ascertained and adjusted in accounts in time.

IRRIGATION AND FLOOD CONTROL DEPARTMENT

5.5 Fictitious payment of Rs.77.19 lakh

SE, I&FCD placed an order for Rs.83.20 lakh on a local dealer without observing purchase procedure

Superintending Engineer (SE), Irrigation and Flood Control Department (I&FCD), Kohima, placed an order (23 September 1997) for Sausage Wires and Galvanised Iron pipes valued at Rs.83.20 lakh with a supplier, who was identified simply as Shri Philip K, Dimapur. Evidently, the supplier was not an authorised dealer, and had no settled address. The materials were required for various minor irrigation projects in Mon district. The supply order was placed without preparation of estimates, assessment of materials, or calling of tenders.

SE, I&FCD paid Rs.77.19 lakh against a fictitious claim

Test-check (August-September 1999) of the records (September 1996-July 1999) of the SE, I&FCD, Kohima revealed that, instead of presenting a regular bill, the supplier claimed (29 September 1997) Rs.83.20 lakh on a piece of white paper and the SE paid (1 October 1997) Rs.77.19 lakh to the supplier on the basis of a certificate signed by the EE, I&FCD, Mon, that the materials were received in full, and in good condition, and that these had been entered into the Measurement Book (MB) and Stock Register (SR). However, since the Division was not authorised by the Government to retain stock, the purchase was irregular. Also, there was no evidence of entry in the MB or SR to corroborate receipt or issue of materials.

Thus, the entire payment of Rs.77.19 lakh was made on fictitious claims.

The matter was reported to the Government and the Department in January 2000. In reply (May 2000), Government intimated that, all the relevant records were maintained properly by the EE, Mon. However, these records, which were required to corroborate receipt and utilisation of the materials, were neither made available during audit, nor on any subsequent date. Therefore, the reply of Government cannot be accepted.