

## SECTION – B - AUDIT PARAGRAPHS

### HEALTH AND FAMILY WELFARE DEPARTMENT

#### 3.5 Inadmissible payment

**Due to non-adherence of Government instructions, department made inadmissible payment of Rs.33.75 lakh towards messing allowances to nursing staff not provided with hostel facilities**

**3.5.1** Sub rule A (i) of Rule 10 (v) of Annexure – XVII under Nagaland Service (Revision of Pay) Rules, 1993 effective from 1 June 1990 envisaged that all categories of Nursing staff including student nurses who are inmates of hostel shall be paid messing allowance at the rate of Rs.300 per month.

**3.5.2** Test check (May-June 1999 and July 2001) of records of the Medical Superintendent, Naga Hospital, Kohima (MS, NHK) for the period from January 1996 to March 2001 disclosed that only trainee nurses were provided with hostel facilities and other nursing staff were either provided rent free accommodation or paid house rent allowance.

**3.5.3** Scrutiny revealed that MS, NHK, had irregularly drawn and paid messing allowance of Rs.33.75 lakh to various categories of nursing staff not provided with hostel accommodation during April 1993 to March 2001.

**3.5.4** The matter was reported to the Government in August 1999 and February 2002; replies had not been received (February 2003).

### TOURISM DEPARTMENT

#### 3.6 Non-conducting of proper survey caused unfruitful expenditure and retention of excess cash

**Due to injudicious decision to take-up project work without proper survey and examining legal implication, there was retention of Government money of Rs.22.92 lakh and unfruitful expenditure of Rs.4.08 lakh**

**3.6.1** In its order (June 1986) Government of Nagaland had declared the Kachari Rajbari Ruins at Dimapur as protected and prohibited any construction activity or encroachment upon the protected fenced area by any Government Department or private parties. Without taking the order into account Director of Tourism, Government of Nagaland submitted a project report for the refurbishment of monuments-Kachari Rajbari Ruins and on this

basis Government of India released Rs.27 lakh (December 1996 and January 1998) for the Project work.

**3.6.2** Test check (March 2001) of the accounts (September 1997 to July 2001) of the Director, Tourism, Nagaland, Kohima revealed that the Director drew Rs.27 lakh (August 1998) for the project work and spent Rs.4.08 lakh for construction work inside the prohibited area. Due to public resentment arising out of community sentiment and the Government's earlier prohibitory order, the Director had to stop the work before completion but did not surrender the unutilised amount of Rs.22.92 lakh as of July 2002.

**3.6.3** Thus, due to injudicious decision to take up the project work without conducting proper survey and examining legal implications arising out of the prohibitory order apart from gauging the public reaction to this work, there was retention of Government money amounting to Rs.22.92 lakh and unfruitful expenditure to the tune of Rs.4.08 lakh.

**3.6.4** The matter was reported to the Government in May 2002. Admitting the facts (July 2002) the Government stated that the Ministry of Tourism, Government of India has been approached for transfer of unutilised fund to other project.

## **WASTELAND DEVELOPMENT/FINANCE DEPARTMENT**

### **3.7 Irregular and unauthorised diversion of loan**

#### **Rupees 15.92 lakh was unauthorisedly diverted towards payment of salaries by Finance Department**

**3.7.1** During 2000-01, Government of Nagaland obtained loan of Rs.1.82 crore from National Bank for Agriculture and Rural Development (NABARD) for two schemes viz. Development of Rubber Plantation and Agro Forestry-Fallow Management Project under Rural Infrastructure Development Fund (RIDF).

**3.7.2** Test check (October 2001) of the records of the Director of Wasteland Development, Nagaland, Kohima, for the period from September 1997 to August 2001 revealed that loan of Rs.1.82 crore was released by the NABARD to the Finance Department through a demand draft on 28 March 2001 with a request to place the fund with the Director, Wasteland Development, Kohima against three<sup>1</sup> projects.

---

<sup>1</sup> Development of Rubber Plantation (RIDF-V)- Rs.0.11 crore  
Development of Rubber Plantation (RIDF-VI)-Rs.0.36 crore  
Agro Forestry Fallow Management (RIDF-VI)-~~Rs.1.35 crore~~  
Rs. 1.82 crore

**3.7.3** On further scrutiny of drawal authority, it was noticed that against Rs.1.82 crore, the Finance Department released the fund of Rs.1.66<sup>2</sup> crore on 29 March 2001.

**3.7.4** The balance amount of Rs.15.92 lakh (Rs.182 lakh –Rs.166.08 lakh) was diverted towards payment of salaries by Finance Department which was irregular and unauthorised. This diversion also affected the progress of Agro Forestry-Fallow Management Project by reducing its fund to this extent.

**3.7.5** The matter was reported to the Government and department in March 2002. In reply, Government stated (September 2002) that the amount utilised for payment of salary would be adjusted in future release. The reply is not tenable as funds should be utilised for the object for which it was sanctioned.

## RURAL DEVELOPMENT DEPARTMENT

### 3.8 Failure to respond to Audit objections and non-compliance

#### Nine offices did not furnish even first reply to the 16 IRs issued between February 1990 and May 2002

**3.8.1** The Accountant General (Audit) conducts periodical inspections of Government departments, to test check the veracity of transactions, and verify the maintenance of important accounting and other records, as per prescribed rules and procedures. These inspections are followed by Inspection Reports (IRs). When important irregularities etc., detected during inspection are not settled on the spot, these IRs are issued to the Heads of Offices inspected with a copy to the next higher authorities. Though the State Government had accepted the recommendations of Shakdhar Committee regarding establishment of appropriate mechanism in Government to monitor Government's response to Audit, no separate monitoring cell has been established by the State Government as of July 2002. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs, and rectify the defects and omissions promptly and report compliance to the Accountant General. Serious irregularities are also brought to the notice of the Heads of the Department by the office of the AG (Audit). A half yearly report of pending inspection reports is sent to the Secretary of the department in respect of pending IRs to facilitate monitoring of settlement of the audit observations.

**3.8.2** Review of Inspection Reports (issued upto June 2002) pertaining to Rural Development Department disclosed that 228 paragraphs relating to 41 IRs remained outstanding at the end of June 2002. Of these, 14 IRs containing

<sup>2</sup>

Rubber Plantation (RIDF-V)- Rs.0.11 lakh  
Rubber Plantation (RIDF-VI)-Rs.0.36 lakh  
Agro Forestry (RIDF-VI)- Rs.1.19 lakh  
Rs.1.66 lakh

37 paragraphs had not been replied to/settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs are detailed in *Appendix - XXIV*. Nine offices did not furnish even the initial replies to the 16 IRs issued between February 1990 and May 2002, although the Heads of Offices are required to furnish reply within a period four weeks of their receipt. As a result, the following serious irregularities commented upon in these IRs had not been settled, as of July 2002.

**Table No.3.29**

<b>Sl. No.</b>	<b>Nature of irregularities</b>	<b>No. of Inspection Reports</b>	<b>No. of paragraphs</b>	<b>Amount (Rupees in lakh)</b>
1.	Avoidable expenditure/excess payment	3	20	28.15
2.	Misappropriation/shortage/loss of Government money/store	5	4	3.16
3.	Irregular/unauthorised purchase/blocking of Government money/stock and unaccounted stores	7	41	847.58
4.	Loss due to non-realisation of Government money	4	8	147.13
5.	Money kept outside Government accounts	3	4	922.11
6.	Advance drawal	2	7	23.44
7.	Diversion of fund/mis-use of funds	3	3	1.45
8.	Fictitious/doubtful drawal	5	23	189.02
9.	Miscellaneous/Others	9	118	927.62
	<b>Total:-</b>		<b>228</b>	<b>3089.66</b>

**3.8.3** A review of the IRs awaiting replies revealed that Heads of Offices and the concerned Head of the Department (Director, Rural Development Blocks) had not discharged their responsibilities as they did not send any reply to a large number of IRs/paragraphs indicating thereby their failure to initiate action in regard to the defects, omissions and irregularities pointed out by Audit. Secretary of the concerned department, who was apprised of the position through half-yearly reports, also failed to ensure that the concerned officers of the department take prompt and timely action.

**3.8.4** The above also indicated inaction against the defaulting officers and thereby facilitated the continuation of serious financial irregularities and loss to the Government.

**3.8.5** It is recommended that Government re-examine this matter and ensure that procedure exists for (a) action against the officials who fail to send replies to IRs/Paras as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayments in a time bound manner, and, also to (c) establish an appropriate mechanism in government to monitor Government's response to audit.

**3.8.6** The matter was reported to the Government in June 2002; their replies had not been received (February 2003).