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## AG (AUDIT) EXPOSES FUND MISUSE IN VARIOUS NAGALAND GOVT DEPARTMENTS

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**Principal Correspondent  
Kohima, March 18**

Nagaland Accountant General (Audit) A P Chophy today exposed misuse of public funds through the Comptroller and Auditor General of India (CAG) report for year ended March 31, 2014, in various government departments of the State.

Briefing media-persons at his office chamber in AG office here today on CAG Report for the year ended March 31, 2014, Chophy said the Reports so placed in the Legislature is referred to the Public Accounts Committee (PAC) in

respect of Civil & Revenue activities and Committee on Public Undertakings (COPU) in respect of Commercial activities. The Government Departments have to submit suo moto Action Taken Notes (ATN) on all audit paragraphs and performance audits to the Committee duly vetted by Audit to serve as a mechanism for ensuring financial accountability of the Government, he said.

The AG (Audit) also revealed that during the conduct of physical verification on the implementation of the schemes and projects, the department officials have extended all support and the Audit Committee has never faced any problems.

The exposures of the anomalies in various departments and government undertakings in the State are as under:

State Government units under Social Sector:

### NATIONAL RURAL HEALTH MISSION

He said that the Mission aimed at providing accessible, affordable, accountable, effective and reliable health care services in the rural areas by converging various standalone disease control programmes.

The components of NRHM includes bridging gap in healthcare facilities, facilitating decentralised planning in health centers and advocating convergence with the related social sector Departments. The important audit findings are: Quality of health services to address the gap filling was not identified through facility survey during 2009 to 2013. The facility survey conducted during 2013-14 could not yield substantial result due to non-incorporation of the highlighted inputs in the State Programme Implementation Plan, he said.

Government of Nagaland (GoN) committed financial assurances for Rs. 61.65 crore during 2009-14 against which only Rs 53.20 crore was released to meet the commitments to enhance the facilities in health sector in the State, he said.

The AG also exposed that the Health and Family Welfare Department provided an undue benefit of Rs 10.25 crore to a local contractor for setting up of Magnetic Resource Imagine (MRI) at Naga Hospital Authority, Kohima.

State Health Society (SHS) diverted Rs 8.76 crore for salary components of Reproductive Child Health (RCH) or vertical programmes and Rs 2.30 crore for furniture and fixing, deep bore well etc. against the upgradation of two District Hospitals at Phek and Kiphire without any supporting vouchers, he said. Due to non-procurement of generic drugs and equipment from the firms approved by GoI, the Department spent Rs 1.03 crore which was avoidable, he said, adding that short receipt of medicines and equipment worth Rs 1.53 crore was noticed in four District Hospitals, 8 CHCs and 12 PHCs out of the medicines and equipment issued by the SHS. Short receipt of equipment worth Rs 1.66 crore was noticed with Central Store, NRHM during 2009-14, he added.

Public health engineering department

He said that the Total Sanitation Campaign (TSC) launched by the GOI in 1999 aimed at providing

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sanitation to all rural communities by 2012 (extended to 2017) and renamed as Nirmal Bharat Abhiyan (NBA) in 2012.

The objectives of TSC/NBA are to accelerate sanitation coverage in rural areas, generate demand for sanitation facilities through intensive awareness and health education, promotion of sanitation in schools and anganwadis and to reduce or eliminate water borne diseases that spread through sewage contamination.

The important audit findings are: There was short fall in release of matching share amounting to Rs. 9.12 crore during 2009-14 from the State Government, he said, adding that joint physical verification revealed that there was short receipt of Individual Household Latrine (IHHL) construction materials valued at Rs. 58 lakh by 27 villages.

Joint physical verification of three Community Sanitary Complexes (CSCs) revealed that one CSC constructed under Kohima district was physically not available and two CSCs constructed at Dimapur District deviated from approved drawing, he said.

The AG also exposed that joint physical verification of 29 schools revealed that only 8 schools had functional toilets, five toilets were dismantled for land development, six toilets were not in use and 10 schools did not have water facility. None of the school toilets had provision for children with special needs.

Joint physical verification of 34 Anganwadi toilets revealed that only 11 Anganwadis had functional toilets. 10 were dismantled due to land development, four were defunct toilets and nine did not have toilet facilities, he said adding that all the toilets provided are "normal toilets" and not "baby friendly toilets".

#### TECHNICAL EDUCATION DEPARTMENT:

Technical Education Department, he revealed that the Department incurred an unfruitful expenditure of Rs 99.87 lakh on setting up of Pilot Training Academy in Nagaland due to non-incorporation of specific clause in the agreement for obtaining bank guarantee against advance payments and clauses on penal action for failure in execution of the works. Besides, the objective of setting up Pilot Training Academy in Nagaland could not be achieved, he said.

#### Urban development department

Advisor in-charge of Revenue, Dimapur Municipal Council failed to remit toll amounting to ` 78.83 lakh collected from consignees against goods transported through Railway wagons during 2011-12.

#### State Government units under Economic Sector

#### Power department

The Department of Power, Government of Nagaland, a deemed licensee under section 14 of the Electricity Act, 2003, is carrying on the activities of generation, transmission, distribution and retail supply of electricity in the State.

The important audit findings are: the Department could complete only 5 projects out of 15 major projects proposed for execution under the 11th Five Year Plan (2007-12) as of September 2014.

The Department allowed exorbitantly high margin of upto 763% to the suppliers in respect of eight works executed during 2009-14 which led to unjustified escalation of project costs by Rs. 21.02 crore.

The Department failed to maintain effective discipline in drawal of energy as per the approved schedule causing avoidable financial burden of Rs. 101.46 crore in five years on account of Unscheduled Interchange (UI) charges, he said.

The Department had sustained energy loss of 1257.30 MUs (valuing Rs 502.12 crore) during five years due to its failure in restricting the Aggregate Technical & Commercial (AT&C) Losses within the CEA norms, he said.

During 2009-14, the AG said that there was significant generation shortfall (103.28 MUs) under Likhimro Hydro Electric Project (LHEP) compared with the minimum generation assured by the Lessee necessitating the State to import additional energy at higher costs involving financial implications of Rs. 16.63 crore in five years' period.

During 2009-14, he said the billing and collection efficiency of the Department was dismal as bills were not raised against 42% of the energy injected into the system (1149.19 MUs valuing Rs. 393.16 crore) and 33% of the energy bills raised (520.05 MUs valuing Rs. 165.67 crore) remained unrealised.

#### Irrigation & Flood Control department

Chophy revealed that performance audit on the implementation of Accelerated Irrigation Benefit Programme was introduced by GoI in Nagaland during 1999-2000 with 468 projects to irrigate 13772 hectares of potential land.

He revealed that from the inception of the programme till 2008-09, 1133 minor irrigation projects had been implemented with the target of creating 40680 hectares of Culturable Command areas (CCA) at a cost of Rs. 235.74 crore.

During 2009-14, he said a total of 548 projects to irrigate 29847 Ha potential land were taken up at a cost of Rs. 361.75 crore out of which, 393 were completed till the end of March 2014 and 155 are ongoing.

The important audit findings are: Projects were selected without conducting surveys and as a result, 14 projects for Rs 1.70 crore were constructed in areas without water sources and 8 projects for Rs 3.64 crore beyond the vicinity of Cultivable Command Areas.

An amount of Rs. 73 lakh was paid based on fictitious measurements though the projects were either incomplete or abandoned while three projects were abandoned due to non-maintenance/poor workmanship which resulted in unfruitful expenditure of Rs 4.62 crore, he said.

Ineffective participatory irrigation management system led to non-maintenance of 87 projects valued at Rs 35.30 crore, he said, besides, a completed project valued at Rs. 2.30 crore remained un-utilised due to non-provision of cement concrete (CC) channel, he said.

Maintaining that monitoring cell did not carry out proper monitoring during implementation of Minor Irrigation projects, he said that impact of the AIBP could not be assessed due to non-maintenance of records on actual creation of Culturable Command Areas, the total area irrigated, cropping intensity and patterns etc.

#### Public Works (roads & bridges) department

The Executive Engineer, Public Works Department (R&B) Atoizu Division drew pay and allowances of Rs.

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78.51 lakh in 15 bills against non-existent employees.

Land Records and Survey department

Director, Land Records and Survey Department drew Rs 1.24 crore meant for implementation of National Land Records Modernisation Programme on the basis of forged Actual Payee Receipts in the name of three District Land Records and Survey Officers.

Rural Development department

The Block Development Officer-cum-Programme Officer MGNREGA, Phomching Block mis-utilised Rs. 5.49 crore meant for procurement of stone boulder and chips by producing fabricated records showing non-existent stone industries.

POWER DEPARTMENT

Prolonged delay in execution and commissioning of Lang Hydro Electric Project with 1 MW capacity not only led to increase in cost of production but also resulted in escalation of project cost besides depriving the State the intended benefit of 7.44 MU of power per year for ten years forcing the State to resort to purchase of power from other sources to fill the gap.

NAGALAND STATE MINERAL DEVELOPMENT CORPORATION LIMITED

The Corporation incurred an expenditure of Rs 22.75 crore on execution of works not included in the approved DPR. Besides, the Corporation also paid Rs 6.14 crore against unexecuted items of work.

State Government Departments under Revenue Sector

FINANCE (TAXATION) DEPARTMENT

Two Motor vehicle dealers of Dimapur district, M/s Urban Station and M/s Kaho Motors concealed taxable turnover amounting to Rs 35.24 crore and evaded tax of Rs. 4.58 crore during 2010-13. Interest amounting to Rs 2.65 crore was also leviable on the amount of tax evaded by them, he said.

He also exposed that the Assessing Authority did not consider the records of the Check Posts/Mobile Squad while scrutinising the returns and passing the assessment order which led to an evasion of tax amounting to Rs 63.53 lakh by Ms Nagaland Trading Co, Dimapur. In addition, interest amount of Rs 59.26 lakh was also leviable.

State Government units under General Sector:

HOME (POLICE) DEPARTMENT

The Police Engineering Project is the executive wing for all construction/maintenance works (Office buildings and functional units for the 11 District Executive Forces (DEF), 8 units of Nagaland Armed Police (NAP), 7 units of India Reserve Battalion (IRB) and housing for the Police force) in the Police Department. The major activity (74 per cent of capital expenditure) of the Department during 2009-14 was execution of works for creation of permanent infrastructure for seven NAP (IR) battalions sanctioned by the Ministry of Home Affairs (MHA), Government of India (GOI).

The major findings are: Work orders valued at Rs. 315.04 crore were issued in October 2009 for the works without prioritising and ensuring uninterrupted flow of funds for its completion resulting in creation of huge committed liabilities for the Department.

Consultants were appointed without inviting tenders and avoidable consultancy charges of Rs. 18.80 crore were paid. In respect of four projects valued at Rs. 315.04 crore, works were awarded at exorbitant item rates without inviting tenders and the terms and conditions in the work orders/agreements with contractors were ambiguous and defective.

Public Works (housing) department

The Department incurred an avoidable expenditure of Rs 9.51 crore due to delay in handing over the project site. The Department also made excess payment of Rs 3.88 crore to the contractor towards enhancement of rate for newly incorporated items of works not approved by the Government.

Transport and Civil Administration Works department

Transport Commissioner, Nagaland and Executive Engineer CAWD failed to deduct Cess amounting to Rs 73.26 lakh against the provision of the Building and other Construction workers Welfare Cess Act. In addition, Rs. 10.44 lakh deducted as cess was also not remitted to the Board, the AG (Audit) revealed.

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