

## EXECUTIVE SUMMARY

This Report is arranged in six chapters and contains one Performance Audit under Social Sector (Chapter I) viz., 'Implementation of Rashtriya Madhyamik Shiksha Abhiyan', two Performance Audits under Economic Sector (Chapter II) viz., 'Implementation of North Eastern Council funded projects' and 'Implementation of rural connectivity projects funded through NABARD Loan' and 14 compliance audit paragraphs.

According to the existing arrangements, copies of the draft audit paragraphs and draft Performance Audits were sent to the Secretaries of the departments concerned by the Accountant General (Audit) with a request to furnish replies within six weeks. Reply in respect of one compliance audit paragraph was not received from the Secretary of the Department concerned.

### Chapter-I Social Sector

#### Performance Audits

##### Rashtriya Madhyamik Shiksha Abhiyan

Rashtriya Madhyamik Shiksha Abhiyan (RMSA), a flagship scheme of the Government of India (GoI), was launched in March 2009 with the objective of universalisation and improvement of the quality of education at the secondary level. The primary goals of the scheme are accessibility, quality and equity in secondary education. In Nagaland, the scheme was implemented from the year 2010. A Performance Audit on implementation of the scheme in Nagaland covering the period 2013-18 was carried out. Some of the major audit findings are highlighted below:

##### Highlights

*Out of 2058 habitations, only 941 habitations (45.72 per cent) had access to Secondary School education within five Kilometres.*

**(Paragraph 1.3.10)**

*Out of 391 Special Education Teachers appointed on contract basis, only 360 were identified as genuine. Similarly, out of 3695 students under "Children with Special Needs", only 650 students were eligible for benefits under Inclusive Education for Disabled at Secondary Stage.*

**(Paragraph 1.3.14.1)**

*Out of 11 girls' hostel sanctioned by the Government of India for construction during the year 2012-13, none of the girls' hostels were made operational.*

**(Paragraph 1.3.14.3)**

*Out of 168 schools approved for upgradation and construction of new buildings, upgradation of only 113 schools was completed.*

**(Paragraph 1.3.14.4)**

*Twelve Secondary School buildings constructed under the scheme in three selected districts either remained unutilised/unoccupied or were being utilised for private and other than intended purposes.*

**(Paragraph 1.3.14.6)**

### **Compliance Audit Paragraph**

The Department of Youth Resources and Sports, Nagaland made payment of ₹ 76 lakh without actual supply of items and execution of works. The advance payment of ₹ 80 lakh was also made without formal agreement which had not been recovered.

**(Paragraph 1.4)**

## **Chapter-II Economic Sector**

### **Performance Audits**

#### **Implementation of North Eastern Council funded projects**

The Performance Audit on implementation of North Eastern Council (NEC) funded projects in the State covering the period from 2013-18 was carried out during April to September 2018. The important findings are highlighted below:

#### **Highlights**

*The State Government did not contribute the matching share of ₹ 8.96 crore for implementation of 34 projects test-checked.*

**(Paragraph 2.3.9.3)**

*An amount of ₹ 13.19 crore was irregularly incurred towards payments of departmental charges, purchase of vehicle, land compensation etc., by seven departments in contravention of NEC guidelines.*

**(Paragraph 2.3.9.4)**

*The Nodal Department submitted incorrect utilisation certificates for ₹ 49.20 crore before the funds were actually released by the State Government.*

**(Paragraph 2.3.9.5)**

*The State Government had a liability of ₹ 15.70 crore due to foreclosure of ten projects by NEC on “as is where is” basis.*

**(Paragraph 2.3.11)**

*The implementing departments paid ₹ 44.29 crore without actual execution of the works. Besides, an excess payment of ₹ 22.50 crore was made to the suppliers by inflating the rate of materials/equipment by the Department of Power.*

**(Paragraphs 2.3.12.1, 2.3.12.2, 2.3.12.3, 2.3.12.4 and 2.3.13)**

### Implementation of rural connectivity projects funded through NABARD Loan

The Performance audit on Implementation of rural connectivity projects funded through National Bank for Agriculture and Rural Development (NABARD) Loan covering the period from 2013-18 was conducted during June to August 2018 to examine the utilisation of loans, compliance of NABARD guidelines and applicable technical specifications in execution of the projects, achievement of desired objectives of the projects and the adequacy of existing mechanism for monitoring of projects. The significant findings were as under:

#### Highlights

*The State Government neither provided its share of ₹ 22.99 crore in the budget nor released its share of funds to the implementing agencies.*

*(Paragraph 2.4.10.1)*

*Departmental Charges of ₹ 9.75 crore were irregularly deducted by the Nodal Department in contravention to the general terms and conditions of NABARD which entailed avoidable interest liability of ₹ 2.13 crore.*

*(Paragraph 2.4.10.3)*

*NABARD loans were obtained without preparing priority list or assessing financial viability in contravention to the criteria laid down for obtaining loans.*

*(Paragraph 2.4.9.1)*

*Payment of ₹ 8.29 crore was made without actual execution of works and short execution of item of works in 29 projects.*

*{(Paragraph 2.4.11.9 (i) & (ii))}*

*One bridge project constructed at a cost of ₹ 4.18 crore could not be put to use as there were no accessible roads connected to the bridge from both the ends.*

*(Paragraph 2.4.11.4)*

#### Compliance Audit Paragraphs

The Department of Soil and Water Conservation misappropriated ₹ 3.59 crore out of ₹ 3.74 crore released for implementation of Flood Management Programme in Kohima and Phek districts.

*(Paragraph 2.5)*

The departmental officers of four District Rural Development Agencies did not observe the provisions of the Financial Rules relating to public purchase which resulted in fraudulent payment of ₹ 6.21 crore besides depriving the job card holders the benefit of work site amenities.

*(Paragraph 2.6.1)*

The technical personnel in charge of the Block Development Offices recorded fictitious entries in the measurement books and payments amounting to ₹ 14.68 crore were made without actual execution of works in contravention of the provisions of General Financial Rules and MGNREGA guidelines.

*(Paragraph 2.6.2)*

The Department of Power, Government of Nagaland paid ₹ 8.88 crore in excess over actual cost in procurement of transformer, even after admitting the transportation and margin of the supplier which was exorbitantly high.

*(Paragraph 2.7.1)*

The Department of Power, Government of Nagaland paid ₹ 8 crore over the actual cost even after admitting the transportation charges and the margin claimed by the supplier along with mandatory payment of taxes with a malafide intention to commit fraud and misappropriate Government money.

*{(Paragraph 2.7.2 (a))}*

The Department of Power, Government of Nagaland procured Galvanised Tower Parts at ₹ 1.52 crore over the actual cost after admitting the transportation charges and the margin claimed by the supplier along with mandatory payment of taxes with a malafide intention to commit fraud and misappropriate Government money.

*{(Paragraph 2.7.2 (b))}*

Two Executive Engineers of Public Works (Roads & Bridges) Division, paid ₹ 18.08 crore to the contractors without execution of works.

*(Paragraph 2.8)*

The Divisional Forest Officer, Wokha paid ₹ 54 lakh without ensuring execution of works.

*(Paragraph 2.9)*

### **Chapter-III Economic Sector (Public Sector Undertakings)**

#### **Investments in State Public Sector Undertakings**

As on 31 March 2018, the investment (capital and long term loans) in six Public Sector Undertakings (PSUs) was ₹ 112.65 crore. As on 31 March 2018, 91.94 *per cent* of the total investment in PSUs was in five working PSUs and remaining 8.06 *per cent* was in one non-working PSU.

*(Paragraph 3.1.6)*

#### **Arrears in finalization of Accounts**

The backlog of accounts of working PSUs has increased from 18 accounts (2013-14) to 21 accounts (2017-18). The accounts of one non-working PSU had arrears of accounts for 16 years (2002-18).

*(Paragraph 3.1.10)*

#### **Performance of PSUs**

As per the latest finalized accounts of five working PSUs as of November 2018, the overall losses incurred by the working PSUs had decreased during the year compared to previous year. However, the losses have been increasing over the last four years.

*(Paragraph 3.1.14)*

## Chapter-IV Revenue Sector

### Compliance Audit Paragraphs

Four dealers concealed inter-state purchase of ₹ 43.66 crore and evaded tax of ₹ 7.69 crore.

*(Paragraph 4.2.1)*

The Deputy Commissioner of Taxes, Dimapur (Assessing Authority) allowed inadmissible input tax credit claim of ₹ 1.09 crore.

*(Paragraph 4.2.2)*

The Superintendent of Taxes, Mon (Assessing Authority) allowed inadmissible claim of stock transfer without supporting documents, resulting in evasion of tax of ₹ 2.53 crore.

*(Paragraph 4.2.3)*

## Chapter-V General Sector

### Compliance Audit Paragraphs

An audit on implementation of New Pension Scheme (NPS) for the period from January 2010 to March 2018 was conducted during July and August 2018. The significant findings were as under:

#### Highlights

*10,117 regular (43 per cent) Government servants appointed after 01 January 2010 in the state were yet to be registered with National Securities and Depository Limited (NSDL) and had not been allotted Permanent Retirement Account Number (PRAN).*

*(Paragraph 5.3.8.1)*

*Delay in submission of challans by Drawing and Disbursing Officers (DDOs) to Directorate of Treasuries and Accounts delayed the remittance of the employees' contributions to NSDL. This resulted not only in liability to pay interest by the State Government on account of delay but also denied the benefit of returns from the investment to the subscribers.*

*(Paragraph 5.3.8.8)*

*As of March 2018, the State Government had not remitted ₹ 211.40 crore to NSDL. This delay in remittance to NSDL would attract a penal interest amounting to ₹ 47.48 crore (March 2018).*

*(Paragraph 5.3.9)*

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*Death Gratuity and Family Pensions were not granted to 40 Government servants in the test checked DDOs as the DDOs and the stakeholders were unaware of such benefits available under the scheme.*

***(Paragraph 5.3.9.1)***

*Failure of the Drawing and Disbursing Officers and Treasury Officers to exercise prescribed checks resulted in fraudulent/double/excess drawal of ₹7.36 crore out of which ₹5.73 crore was yet to be deposited.*

***(Paragraph 5.4)***