

TABLE OF CONTENTS

| Particulars | Reference to | |
|--|---------------|----------|
| | Paragraph (s) | Page (s) |
| Preface | | vii |
| Executive Summary | | ix |
| CHAPTER I – SOCIAL SECTOR | | |
| Introduction | 1.1 | 1 |
| Planning and Conduct of Audit | 1.2 | 1 |
| Performance Audit | | |
| SCHOOL EDUCATION DEPARTMENT | | |
| Implementation of Rashtriya Madhyamik Shiksha Abhiyan | 1.3 | 1 |
| Compliance Audit | | |
| YOUTH RESOURCES AND SPORTS DEPARTMENT | | |
| Payment without execution of work | 1.4 | 30 |
| CHAPTER II – ECONOMIC SECTOR | | |
| Introduction | 2.1 | 35 |
| Planning and Conduct of Audit | 2.2 | 35 |
| Performance Audits | | |
| PLANNING AND COORDINATION DEPARTMENT | | |
| Implementation of North Eastern Council funded projects | 2.3 | 35 |
| PUBLIC WORKS DEPARTMENT (ROADS & BRIDGES), AGRICULTURE AND HORTICULTURE DEPARTMENTS | | |
| Implementation of rural connectivity projects funded through NABARD Loan | 2.4 | 71 |
| Compliance Audits | | |
| SOIL & WATER CONSERVATION DEPARTMENT | | |
| Misappropriation of Government money | 2.5 | 100 |
| RURAL DEVELOPMENT DEPARTMENT | | |
| Fraudulent payment | 2.6.1 | 102 |
| Payment without execution of works | 2.6.2 | 104 |
| POWER DEPARTMENT (Transmission and Generation) | | |
| Procurement at higher rate | 2.7.1 | 110 |
| Procurement at higher rate by the Executive Engineer | 2.7.2 | 112 |
| PUBLIC WORKS (R&B) DEPARTMENT | | |
| Payment for unexecuted work | 2.8 | 115 |
| DEPARTMENT OF FOREST, ECOLOGY, ENVIRONMENT AND WILD LIFE | | |
| Payment without execution of works | 2.9 | 119 |
| CHAPTER III – ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS) | | |
| Introduction | 3.1 | 123 |
| Accountability framework | 3.1.2 | 123 |
| Statutory Audit | 3.1.3 | 123 |
| Role of Government and Legislature | 3.1.4 | 124 |
| Investment in PSUs | 3.1.6 | 124 |
| Summary of Investments | 3.1.7 | 125 |
| Arrears in finalisation of accounts | 3.1.10 | 127 |
| Investment by State Government in PSUs whose accounts are in arrears | 3.1.11 | 127 |
| Performance of PSUs | 3.1.13 | 128 |

| | | |
|--|--------|---------|
| Overall Profit/ Loss of PSUs | 3.1.14 | 128 |
| Key Indicators | 3.1.15 | 129 |
| Dividend policy | 3.1.16 | 129 |
| Winding up of non-working PSUs | 3.1.17 | 129 |
| Accounts Comments | 3.1.18 | 130 |
| Outstanding replies to Audit Reports | 3.1.19 | 130 |
| Discussion of Audit Reports by Committee on Public Undertakings | 3.1.20 | 131 |
| Disinvestment, Restructuring and Privatisation of State Public Sector Undertakings and reforms in power sector | 3.1.21 | 131 |
| CHAPTER IV – REVENUE SECTOR | | |
| Trend of revenue receipts | 4.1.1 | 133 |
| Analysis of arrears of revenue | 4.1.4 | 135 |
| Arrears in assessments | 4.1.5 | 136 |
| Evasion of tax detected by the Department | 4.1.6 | 137 |
| Response of the Government / Departments towards Audit | 4.1.7 | 137 |
| Analysis of the mechanism for dealing with the issues raised by Audit | 4.1.8 | 139 |
| Audit Planning | 4.1.9 | 142 |
| Results of audit | 4.1.10 | 142 |
| Coverage of this chapter | 4.1.11 | 142 |
| Compliance Audits | | |
| Finance (Taxation) Department | | |
| Failure of Superintendent of Taxes to detect the evasion of tax | 4.2.1 | 143 |
| Inadmissible input tax credit | 4.2.2 | 146 |
| Inadmissible stock transfer leading to evasion of Tax | 4.2.3 | 147 |
| CHAPTER V – GENERAL SECTOR | | |
| Introduction | 5.1 | 151 |
| Planning and Conduct of Audit | 5.2 | 151 |
| Compliance Audits | | |
| FINANCE (TREASURIES AND ACCOUNTS DEPARTMENT) | | |
| Implementation of New Pension Scheme in Nagaland | 5.3 | 151 |
| Fraudulent drawal of money | 5.4 | 165 |
| Recovery at the instance of Audit | 5.5 | 174 |
| CHAPTER VI – FOLLOW UP OF AUDIT OBSERVATIONS | | |
| Response of the Departments to the recommendations of the Public Accounts Committee | 6.1 | 179 |
| Monitoring | 6.2 | 179 |
| Outstanding Inspection Reports | 6.3 | 179 |
| Departmental Audit Committee Meetings | 6.4 | 181 |
| APPENDICES | | 183-280 |
| GLOSSARY | | 281 |

APPENDICES

| Particulars | Appendix No. | Page |
|---|--------------|------|
| Budget <i>vis-à-vis</i> expenditure of departments under Social Sector during 2017-18 | 1.1.1 | 183 |
| List of Government Higher Secondary Schools/ Government Secondary Schools inspected by Audit team | 1.3.1 | 183 |
| Statement showing Children with Special Need students in selected schools | 1.3.2 | 186 |
| Statement showing physical and financial status of 11(eleven) number of Girls Hostel | 1.3.3 | 189 |
| Statement showing status of 168 schools approved for upgradation | 1.3.4 (a) | 190 |
| Statement showing list of existing secondary schools taken up for strengthening works | 1.3.4 (b) | 194 |
| Statement showing short execution of works | 1.3.5 | 196 |
| Statement showing the status of un-utilised new school buildings | 1.3.6 | 200 |
| Statement showing poor condition of school buildings, classrooms and other facilities. | 1.3.7 | 201 |
| Statement detailing RMSA teachers undergoing professional courses | 1.3.8 | 204 |
| Student Enrolment in Class VIII to Class X and Results of Class X | 1.3.9 | 211 |
| Budget <i>vis-à-vis</i> expenditure of departments under Economic Sector during 2017-18 | 2.1.1 | 217 |
| Statement showing status of 34 projects test-checked as of March 2018 | 2.3.1 | 218 |
| Prioritisation of Projects | 2.3.2 | 221 |
| Statement showing delay in release of Central funds by the State Government in respect of test-checked projects | 2.3.3 | 222 |
| Statement showing project-wise details of NEC and States' share release of funds up to March 2018 | 2.3.4 | 225 |
| Statement showing details of diversion of funds/ inadmissible expenditure in test-checked projects | 2.3.5 | 226 |
| Statement showing submission of incorrect Utilisation Certificates in respect of test-checked projects | 2.3.6 | 229 |
| Statement showing items of work unexecuted on the project "Upgradation and Infrastructure Development of Nursing School at Naga Hospital, Kohima, Nagaland" | 2.3.7 | 234 |
| Statement showing items of work unexecuted on the project "Upgradation of 66kV to 132kV S/C Kiphire-Tuensang-Mokokchung Transmission Line, Phase-I" | 2.3.8 | 234 |
| Statement showing short execution of work on the project "Construction of 33kV transmission lines, 33/11kV sub-station, 11 kV lines, 11/0.4 kV distribution sub-station and LT lines in Kohima" | 2.3.9 | 235 |

| | | |
|---|--------|-----|
| Statement showing excess payment to contractor on the project “Construction of 220/132/33 kV Substation at Chiephobozou (Part-II), Nagaland” | 2.3.10 | 235 |
| Statement showing excess payment to contractor on the project “Upgradation of 66kV to 132kV S/C Kiphire-Tuensang-Mokokchung Transmission Line, Phase-I” | 2.3.11 | 237 |
| Statement showing excess payment to contractor on the project “Upgradation of 66 kV S/C to 132 kV S/C Kiphire-Tuensang-Mokokchung Transmission Line, Nagaland Phase-II” | 2.3.12 | 239 |
| Statement showing excess payment to contractor on the project “Conversion of 33 KV structure to lattice tower Kohima Ring Main Feeder to G.I Lattice Towers” | 2.3.13 | 239 |
| Statement showing excess payment to contractor/supplier on the project “Construction of 33kV transmission lines, 33/11kV sub-station, 11 kV lines, 11/0.4 kV distribution sub-station and LT lines in Kohima, Nagaland” | 2.3.14 | 240 |
| Statement showing details of NEC projects in private sector hospitals | 2.3.15 | 240 |
| Statement showing audit findings on display of project information at site in test-checked projects | 2.3.16 | 241 |
| List of projects sanctioned under RIDF during 2013-14 to 2017-18 | 2.4.1 | 243 |
| Statement showing status of projects as on March 2018 | 2.4.2 | 247 |
| Unexecuted items of works | 2.4.3 | 250 |
| Short execution of items of works | 2.4.4 | 253 |
| Details of toilet constructed under three VDBs under BDO Ongpangkong (North) | 2.6.1 | 256 |
| Statement showing actual assistance paid to the beneficiaries in the three villages under BDO Ongpangkong (North) | 2.6.2 | 258 |
| Statement showing short utilisation of MGNREGS fund by VDB Longjang under BDO Kubulong | 2.6.3 | 258 |
| Gist of reply furnished by the Department of Rural Development and its analysis. | 2.6.4 | 259 |
| Statement showing payments made for supply of transformer | 2.7.1 | 262 |
| Statement showing works to be executed in respect of construction of road from Jendang Saddle to Noklak – Pangsha Phase-II – 31 KM | 2.8.1 | 263 |

| | | |
|---|-------|-----|
| Statement showing details of measurements and payments as per MB and Running Account bills | 2.8.2 | 264 |
| Statement showing excess drawal in construction of hume pipes and GSB/WBM works | 2.8.3 | 267 |
| Statement showing details of works executed and excess payment without execution of works | 2.8.4 | 271 |
| Statement showing details of works taken up in first and second phase | 2.9.1 | 273 |
| Statement showing Investments by State Government in State Public Sectors Undertakings whose accounts are in arrears | 3.1.1 | 274 |
| Statement showing summarised financial results of Government Companies for the latest year for which accounts are finalised | 3.1.2 | 275 |
| Statement showing details of declaration of four dealers during the period from 2014-15 by utilizing “C” forms | 4.2.1 | 277 |
| Total budget allocation <i>vis-a-vis</i> expenditure of the State Government under General Sector during 2017-18 | 5.1.1 | 279 |
| Statement showing inflating basic pay of 549 employees | 5.4.1 | 280 |
| Statement showing fraudulent/ excess payments | 5.4.2 | 280 |

