

Introduction

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from the Performance Audits and test audit of transactions of various Departments of the Government of Nagaland pertaining to Social (including Local Governments Audit), Economic, General and Revenue Sectors. The primary purpose of this Report is to bring to the notice of the State Legislature the significant results of audit.

During 2022-23, the Principal Accountant General (Audit), Nagaland planned for audit of 392 units out of a total of 1,204 units, after carrying out risk assessment and keeping in view the available manpower, against which 402 units were audited.

This Report contains three Performance Audits titled “**Welfare of Building and Other Construction workers in Nagaland**”, “**Modernisation of Police Force**” and “**Solid Waste Management in Nagaland**” and 13 Compliance Audit Paragraphs which includes three Subject Specific Compliance Audits on “**Public Health Infrastructure and Management of Primary Health Services**”, “**Goods and Services Tax-Departments’ Oversight on GST Payments and Returns Filing in Nagaland**” and “**Implementation of 74th Constitutional Amendment Act**”.

The Report has 75 appendices, containing data collected from the departments as well as several sources in support of the audit observations.

A synopsis of the important findings contained in this Report is presented below:

Social Sector

Part-I: Performance and Compliance Audits on Departments under Social Sector

Performance Audit

Welfare of Building and Other Construction Workers in Nagaland

LABOUR DEPARTMENT

The Building and Other Construction Workers are one of the most vulnerable segments of the unorganised labour in the country. Their work is of temporary nature and working hours uncertain. While risk to life and limb is inherent, basic amenities and welfare facilities are mostly non-existent or inadequate where provided.

A Performance Audit on ‘Welfare of Building and Other Construction Workers in Nagaland’ was carried out covering the period from 2017-18 to 2022-23 with special emphasis on receipt of cess fund and utilisation of it on various welfare schemes for registered construction workers. The significant findings of audit are highlighted below:

- The local construction workers do not work under any defined employer but are driven by daily availability of work in their own locality or village. The dynamic nature of their employment makes it difficult for their identification

by the Welfare Board. Town and village authorities were therefore authorised for identification and certification of beneficiaries to facilitate their registration. However, as this arrangement did not stand the test of reliability, it was aborted and an online registration system was incorporated in the existing portal. Audit observed that there were 9,751 and 5,133 registered workers under Kohima and Dimapur districts respectively. However, a sample survey of 69 construction workers, of which 66 (96 per cent) are migrant workers, conducted at their worksite in Kohima and Dimapur revealed that none of them were registered as beneficiary. The Department stated that absence of appropriate manpower in the Department was the major reason for not being able to establish an effective mechanism to ensure registration of workers.

- No Establishment has yet been registered and consequently no fees collected on registration. There was no integrated established mechanism to ensure that buildings or construction works get registered as an establishment.
- Independent assessment of Cess by Inspectors through inspection of work sites/establishments was not undertaken by the Department. As a result, the Department was not able to independently identify employers of construction workers who are liable to pay Cess or to assess the Cess payable.
- There were instances where the safety and health measures of construction workers were compromised as the precautions and facilities guaranteed under the Act were not provided.
- Inspections of building or other construction works were not carried out. This resulted in shortcomings in registration of beneficiaries and establishments and in assessment and collection of Cess. This also affected the assessment of whether basic facilities were provided to the BOC workers.
- During the period 2017-18 to 2022-23, the Board had not prepared its budget for forwarding to the State Government.
- No meeting of the State Advisory Committee was held during February 2018 to February 2021. Consequently, the State Government and the Welfare Board were deprived of the benefit of advice and guidance on matters arising out of the administration of the Act.
- Though construction workers were predominantly migrant workers, no special benefits or facilities such as facilitation centres, transit accommodation, labour shed and mobile toilets were provided. This resulted in the needs of migrant workers not being addressed.
- No monitoring mechanism was in place to ensure that the benefit of paid maternity leave was provided to eligible BOC workers by the employers.
- Skill Development Training was imparted by Training Partners (TPs) engaged and funded by the Board. While the selection of trainees was done

by the TPs, there were some instances of trainees not being from among the registered construction workers.

- Nagaland Building and Other Construction Workers Welfare Board (NBOCWFB) had expended an amount of ₹1.50 crore on purchase of nine vehicles which was in contravention of extant orders.

Recommendations:

The State Government/Department may-

- ✓ *ensure that userfriendly procedures relating to registration and renewal of registration of construction workers are adhered to.*
- ✓ *establish a mechanism to ensure that the Welfare Board strictly observes applicable Acts and Rules relating to the registration of establishments.*
- ✓ *ensure that registration as an establishment with the Board be made a prerequisite for contractors and agencies for initiation of work and award of work orders.*
- ✓ *ensure that inspection of work sites/establishments is conducted by notified officials to assess Cess payable and to ensure that Cess collected is remitted within the prescribed timeframe.*
- ✓ *ensure that offices of the Chief Inspector and Inspectors are sufficient and utilised to the optimum so as to ensure that the system of inspections provided under the BOCW Act are carried out effectively and efficiently.*
- ✓ *ensure that budget, annual reports and accounts are prepared and that a viable Human Resource Management policy is adopted.*
- ✓ *constitute a functional State Advisory Committee at the earliest as envisaged in the Act.*
- ✓ *ensure effective implementation of the provisions and instructions stipulated in the Modified Model Welfare Scheme.*
- ✓ *fix responsibility on the officials concerned for using the Cess fund to procure vehicles in violation of the Government order mandating its exclusive use for the welfare of BOC workers and their families.*

Subject Specific Compliance Audit

Public Health Infrastructure and Management of Primary Health Services

HEALTH AND FAMILY WELFARE DEPARTMENT

National Health Policy 2017 aims to improve overall population health through a focus on health promotion and disease prevention. It emphasises restructuring and strengthening the public healthcare institutions with the goal of attaining the highest possible level of health and well-being for all at all ages. There is renewed commitment in India to accelerate the pace of achievement of Sustainable Development Goals (SDGs) including Goal 3 (Good Health and Well-being) relating to ensuring healthy lives and promoting well-being for all at all ages.

The Health and Family Welfare Department is responsible for providing a comprehensive healthcare system in the State. The services offered by the healthcare system Department are preventive and promotive healthcare services, routine curative and rehabilitation services. The vast network of Health Sub-Centres (HSCs), Primary Health Centres (PHCs) and Urban Primary Health Centres (UPHCs) form the primary tier of public healthcare delivery system for rural and urban population respectively. Community Health Centres (CHCs) and District Hospitals (DHs) serve as the secondary tier for rural and urban population while Tertiary healthcare involves providing advanced and super-speciality services to be provided by medical institutions in urban areas.

The Subject Specific Compliance Audit (SSCA) covers the primary health care services which provide health facilities at village and block levels. The SSCA also provides a holistic view of improvement of necessary infrastructure, created for meeting emergencies related issues and service delivery by the sampled health institutions for the period 2017-18 to 2022-23. The significant findings of audit are highlighted below:

- Significant shortages of CHCs were noticed in Longleng, Tuensang and Dimapur. Further, shortage of PHCs was noticed in Dimapur district and shortage of HSCs was noticed in all districts except Kiphire and Zunheboto.
- In case of District Hospitals, major shortages existed in the cadre of specialist doctors, General Duty Medical Officers, Staff Nurses and paramedical staff.
- Though services of specialist doctors were to be made available in the CHCs as per the IPHS, no specialist services were available in the CHCs in the State except in CHC Noklak, Pungro, Jalukie, Meluri and Tobu where Obstetrics & Gynaecology service was available.
- The shortfall in manpower in PHCs was in GDMO, ANM, lab technician and Pharmacist. Similarly, 52 *per cent* of HSCs in the State had shortage of manpower.
- Tests like Endoscopy, Bronchoscopy, Stress Test, Arthroscopy and Hysteroscopy and Pulmonary function tests under Respiratory investigation were not available in any of the DHs.
- Diagnostic services like Pathology and Ophthalmology, which were required to be available in the CHCs as per the IPHS were missing. Quality assurance in the Laboratory Services as mandated under the IPHS was not ensured.
- Five out of eleven District Hospitals in the State had Blood Banks as per the norms.
- Emergency and Trauma Care service was virtually absent in the sampled health facilities. Due to non-availability of emergency services and other specialist services, emergency patients and patients with cardiovascular

diseases, were referred to the DHs and other Hospitals for better treatment putting the patients at distress involving higher out of pocket expenses.

- HSCs, responsible for providing Ante-Natal Care (ANC) service to pregnant woman including the outreach services to the people under them, did not provide the desired service as a result, more than 26 *per cent* of the registered pregnant women did not receive four ANC check-ups during 2022-23.
- Hospital support services, *viz.*, diet, laundry and linen service and infection control were operational in the sampled health facilities but without any standard operating guidelines.
- Hospital Infection Control Committee (HICC) was found to have been formed in five out of the eleven sampled health facilities but could not deliver any specific plan to control hospital infection.
- Out of 11 sampled health facilities, only two health facilities *viz.*, Kemipfupfe PHC and Seikhazou UPHC had a disaster management plan and a SOP on disaster management. Further, fire prevention plan was not found formulated in any of the sampled health facilities except in Seikhazou UPHC.
- Assessment was not done to identify gaps in hospital infrastructure for utilisation of available additional infrastructure and equipment like ICU beds, ICU machines, Oxygen Concentrators. As a result, Oxygen Concentrators, Ventilators and ICU beds were found lying idle in the Directorate/hospital stores.
- Pressure Swing Adoption (PSA) plants were installed in all 11 DHs, eight CHCs and in CIHSR, Dimapur. There was no reduction in the expenditure on oxygen cylinders despite the installation of PSA plants, as these plants largely remained un-utilised.
- The State is lagging in achieving the SDG-3 indicators in seven out of the ten targeted areas in comparison to the national achievements.
- Spending on the health sector, which ranged between 3.22 and 5.19 *per cent* of the State budget during 2017-18 to 2022-23, was lower than the norms (eight *per cent* of their budget by 2020) envisaged in the National Health Policy, 2017.
- There was an inordinate delay in acquisition of land for the Nagaland Medical College at Kohima, which delayed commencement of civil works resulting in delay in completion of civil works.

Recommendations:

The State Government may-

- ✓ *ensure posting of specialist doctors and provide necessary emergency services as well as other specialist services in the deficient health facilities as per IPHS norms.*
- ✓ *provide necessary diagnostic services in the CHCs to reduce the pressure at the District and State Level Hospitals and mitigate the problems of travelling longer distances and incurring out of pocket expenses by patients.*
- ✓ *ensure formation of HICC in each health facility and strengthen the effectiveness of HICC by providing specific training and resources to develop comprehensive infection control plans tailored to each facility's needs.*
- ✓ *prioritise obtaining safety clearance from the concerned Department for all healthcare facilities to mitigate the risk of fire hazards and ensure patient safety.*
- ✓ *ensure to improve the quality of services and patient care at PHCs with low bed occupancy and high referral rates by conducting assessments, identifying root causes of service deficiencies, and implementing targeted interventions to address gaps in service delivery.*
- ✓ *assess the utilisation of the assets and equipment created and procured during pandemic and consider redistribution based on the requirement of the health facilities.*
- ✓ *ensure adequate spending on health sector, prioritise the filling up of vacant medical and paramedical posts and implement effective monitoring mechanisms to achieve SDG targets.*

Compliance Audit Paragraphs

URBAN DEVELOPMENT DEPARTMENT

A pipeline project of ₹27.97 crore for providing water supply to Kohima town proved unfruitful due to inability of the State Government to augment bulk water supply.

Recommendations:

The State Government may-

- ✓ *ensure that all requisite clearances are obtained before preparation of DPR.*
- ✓ *take up augmentation of bulk water supply for Kohima city on priority and ensure that the new water distribution network is commissioned so that the project objective is fulfilled without further delay.*

SCHOOL EDUCATION DEPARTMENT

Printing of lesser number of pages of school text books resulted in excess payment of ₹0.94 crore.

Recommendations:

The State Government may-

- ✓ ensure that procurement is made strictly in accordance with principles of GFR and CVC guidelines and payment is based on actual pages printed.
- ✓ initiate steps for recovery of the excess payment made to the firm.

Part-II: Local Governments Audit

Subject Specific Compliance Audit

Implementation of 74th Constitutional Amendment Act

MUNICIPAL AFFAIRS DEPARTMENT

The Government of Nagaland (GoN) enacted the Nagaland Municipal Act 2001, to implement the 74th Constitutional Amendment Act (CAA) with the objective of empowering the Urban Local Bodies (ULBs) and of ensuring decentralisation of power for better governance in urban areas. This important constitutional objective, however, could not be fully achieved. Out of 18 functions listed in the 12th Schedule, only seven functions were devolved to ULBs and out of these seven devolved functions, ULBs had sole responsibility of only sanitation and solid waste management. The remaining 11 functions are discharged by various Government Departments. ULB elections were held in June 2024, in all three Municipal Councils and 21 out of 36 Town Councils. GoN omitted the power of ULBs to levy taxes on land and buildings *vide* third amendment to the NM Act in 2016. In the absence of specific recommendations by SFC on devolving funds to ULBs, there was no vertical devolution of share of taxes by the State Government to ULBs during 2018-19 to 2022-23. There was delay in constituting the First and Third State Finance Commissions and non-acceptance of the Second SFC report. As own financial resources of the ULBs in the State were not sufficient to meet their expenditure, the ULBs were dependent on grants from the Government to pay the employees' salaries and on grants from Central Finance Commission to fund capital expenditure such as procurement of vehicles for solid waste management and execution of various civil works. There were instances of CFC funds having been obtained by the GoN from GoI, but GoN was unable to fulfil the conditions of CFC grants. The GoN delayed the release of first instalment of XV FC grant by 317 and 463 days. GoI released an amount of ₹15 crore as XV FC untied grant for 2020-21, however grants were distributed unequally among the ULBs with eighteen ULBs having received grants in excess of their entitlement and the remaining 21 ULBs being deprived of the XV FC grants (2nd instalment untied grant) in contravention to the operational guidelines. The GoN did not frame the Municipal Account Code as stipulated in the Nagaland Municipal Act and ULBs followed the cash based accounting system. None of the ULBs prepared financial statements, which was due to insufficient institutional capacity within the State Government and lack of necessary financial and human resources in ULBs. The ULBs were also incapacitated by human resource constraints

due to the inability of the GoN to create sanctioned posts and frame recruitment rules for appointment of employees.

Recommendations:

The State Government may-

- ✓ consider effectively empowering the ULBs as envisaged in the 74th CAA and fully devolving functions listed in the 12th Schedule.
- ✓ take steps to hold elections to the ULBs on regular basis as per the provisions of the 74th CAA.
- ✓ take steps to ensure regular constitution of the SFC as per the prescribed timeline and implement recommendations of the SFC in a timely manner.
- ✓ take steps to empower ULBs to augment their revenue sources for carrying out their core responsibilities without fully depending on the State Government.
- ✓ take steps to allocate funds to all ULBs proportionately as recommended in the Operational Guidelines of CFC.
- ✓ ensure preparation of a Municipal Account Code and take steps to ensure that ULBs prepare required financial statements.
- ✓ frame Recruitment Rules at the earliest and delegate adequate powers over manpower resources to ULBs in matters such as assessment and recruitment of required staff to ensure availability of qualified manpower for discharging functions.

Performance Audit

Solid Waste Management in Nagaland

MUNICIPAL AFFAIRS DEPARTMENT AND URBAN DEVELOPMENT DEPARTMENT

Solid Waste Management (SWM) is one of the major environmental areas that need to be addressed effectively. The management of municipal solid waste is one of the main functions of the ULBs. ULBs are required to plan, implement and monitor urban service delivery especially relating to municipal solid waste. A Performance Audit on ‘Solid Waste Management in Urban Local Bodies’ was carried out covering the period from April 2017 to March 2023. The significant findings of audit are highlighted below:

- Survey was not conducted by the ULBs to assess the quantum of waste generated during the period from 2017-18 to 2022-23.
- In the absence of weighbridge facilities at dumping sites, none of the sampled ULBs adhered to the prescribed methodology for estimating waste generation. As a result, the authenticity of waste quantification could not be verified. The improper assessment of solid waste generation would have a significant bearing on the quality of planning and strategy on solid waste management.

- During 2017-18 to 2022-23, Short-term and long-term plans on Solid Waste Management were not prepared, which deprived ULBs the opportunity of adopting a systematic approach to SWM.
- The requirement of a contingency plan was not addressed by any of the sampled ULBs. As a result, ULBs were not prepared to tackle any unforeseen situation and crisis such as when DMC employees protested (September/October 2022) regarding non-payment of salaries.
- Though the NIWM Policy, 2019 proposed utilising the services of NGOs to provide support to the informal sector, no guidelines were issued in this regard. The sampled ULBs did not financially support organisations/ individuals of informal waste collectors and did not integrate them in SWM.
- District Level Review & Monitoring Committee and City Level Task Forces were not constituted leading to poor support to the effective implementation of SWM.
- Analysis of SLB declarations (2022-23) by six sampled ULBs in respect of eight performance indicators (except efficiency in redressal of customer complaints) showed that in certain cases, targets were set at extremely low levels.
- The State ULBs did not have any sanctioned post and appointment was arbitrary in nature. In the sampled ULBs, the required SWM cell to exclusively take care of SWM activities was not set up, whereby the existing staff had to manage both SWM and sanitation activities.
- ULBs in Nagaland are financially dependent on Central and State Governments to carry out solid waste management activities as their own revenue is not sufficient to meet these expenses.
- The Department of Municipal Affairs purchased waste bins and sanitation vehicles amounting to ₹4.75 crore for six sampled ULBs without calling open tender/e-procurement/GeM and restricted procurement to limited quotations.
- Out of six sampled ULBs, only three ULBs had notified and publicised the list of domestic hazardous waste. None of the sampled ULBs created awareness on provisions regarding levy of penalty (Section 14.9 of NIWM Policy, 2019) for littering and non-segregation of different waste. The IEC activities did not emphasise ‘not to bury’ and ‘not to burn’ solid waste.
- Out of six sampled ULBs, only DMC had installed Material Recovery Facility (MRF) which was functional.
- There was shortage of SWM vehicles which was a factor contributing to non-achievement of 100 *per cent* door to door collection. 58 out of 135 waste

management vehicles were operating without registration in the sampled ULBs.

- Out of six sampled ULBs, only KMC had 29 vehicles with partitions for collection of wet and dry waste but waste collectors were depositing both wet and dry waste in both sections thereby defeating the purpose of segregation of waste. In six sampled ULBs, none of the sanitation vehicles were affixed with GPS devices depriving ULBs of an effective tracking mechanism.
- Out of 39 ULBs in the State, four ULBs did not have landfills for disposal of municipal solid waste and were using landfills of neighbouring ULBs. Except the landfill in Kohima, all other landfill/dumping sites are unsanitary.
- Out of the six sampled ULBs, only KMC had bio-medical waste collecting vehicles which are deployed as and when called for, by the HCE on payment of user fees.
- The absence of proper segregation of waste led to mixing of Municipal Solid Waste with plastic waste, bio-medical waste, e-waste and slaughterhouse waste.

Good Practices:

- *To promote waste segregation and to address littering, PTC installed plastic bank and waste segregation bins at various locations under IEC activities.*
- *DMC practised treatment of legacy waste through bioremediation and bio mining process in its dumpsite.*
- *PTC transferred legacy waste in bio-capped landfill site and carried out awareness on harmful effects of plastic waste and seizure of banned plastic.*
- *With financial support from CBCB, NPCB in collaboration with DMC constructed a one Km Polymer Bitumen road using waste plastics as a model road for other Departments to emulate.*

Recommendations:

The State Government may-

- ✓ *ensure that ULBs adopt a scientific approach towards assessment of generated waste and that assessment is done on a regular basis.*
- ✓ *instruct the ULBs to prepare a time-bound plan for ULBs to achieve the highest/preferred level of Service Level Benchmarks (SLBs).*
- ✓ *need to explore the possibility of installing of Material Recovery Facility (MRF) in each district.*
- ✓ *devise an effective means of communicating the impact and efficacy of IEC activities.*
- ✓ *put in place a system of incentivising waste collectors for segregation of waste at source.*

- ✓ *ensure installation of waste sorting plant/MRF in all ULBs in the State to address the segregation of waste before the wastes are dumped in landfills.*
- ✓ *enforce strict adherence to Plastic Waste Management Rules, Bio-medical Waste Management Rules, E-Waste Management Rules and Construction and Demolition Waste Rules.*

Economic Sector

Compliance Audit Paragraphs

PUBLIC WORKS DEPARTMENT (ROADS & BRIDGES)

The Executive Engineer, Public Works Department (Roads & Bridges), Phek Division made an irregular payment of ₹5.86 crore on short-executed works to the contractor based on fictitious entries in the Measurement Books and Running Account Bills.

WATER RESOURCES DEPARTMENT

A The Executive Engineer, Water Resources Department, Kohima Division made an irregular payment of ₹0.58 crore on short-executed works to the contractor based on fictitious entries in the Measurement Books and Running Account Bills.

Recommendation:

The State Government should fix responsibility on the erring officers for false entries and releasing of money without actual execution of works

B Water Resources Department, Government of Nagaland utilised an amount of ₹2.48 crore towards procurement of vehicles in violation of Pradhan Mantri Krishi Sinchai Yojana Operational Guidelines.

Recommendations:

The State Government may-

- ✓ *ensure that the Scheme fund is expended as per the Operational Guidelines.*
- ✓ *fix responsibility on the officials concerned for procurement of vehicles in violation of the Scheme guidelines.*

TOURISM DEPARTMENT

A The Sub-Divisional Officer, Directorate of Tourism, Nagaland, Kohima recorded fictitious execution of works in the measurement books resulting in suspected fraudulent payment of ₹1.36 crore to the contractors.

Recommendation:

The State Government may refer the case to State Lokayukta for further investigation and suitable action against criminal misconduct by a public servant.

B Inability of the Department to enforce provisions of MoU with local authorities/private entrepreneurs resulted in non-recovery of rent on Government assets amounting to ₹27.53 lakh.

Recommendation:

The Department may consider taking action to recover the outstanding rent from the defaulting lessees.

RURAL DEVELOPMENT DEPARTMENT

The Rural Development Department, Government of Nagaland sanctioned inadmissible expenditure of ₹One crore to Rural Development Block, Chare, Tuensang, of which ₹0.84 crore was mis-utilised.

Recommendation:

The State Government may ensure that the Tied Grants be utilised for the purposes stipulated in the Operational Guidelines

General Sector

Performance Audit

Modernisation of Police Forces

HOME (POLICE) DEPARTMENT

The Government of India (GoI) approved (September 2017) the continuation of the scheme for Modernisation of Police Forces with the new name ‘Assistance to States for Modernisation of Police’ under the umbrella scheme of Modernisation of Police Forces (MPF) for a period of three years from 2017-18 to 2019-20. This scheme was further extended (August 2022) to 2025-26. The objective of the scheme was to gradually reduce the dependence of the State Governments on the Army and the Central Armed Police Forces to control internal security and law & order situations by equipping the State Police Forces adequately through development of infrastructure. The focus of the scheme is to strengthen Police infrastructure at cutting edge level by equipping the Police Stations with the required mobility, modern weaponry, communication equipment and forensic set-up in all the States and construction of Police infrastructure including housing in specific areas. With a view to examining the effectiveness and efficiency of the Police Force after implementation of the Modernisation scheme, a Performance Audit was taken up for the period covering 2017-18 to 2022-23. The significant findings of audit are highlighted below:

- The Annual State Action Plans were prepared without baseline assessment of the ground situation or a review of the State Strategic Plan.
- During 2017-18 to 2022-23, GoI released ₹65.58 crore (69 per cent) against the allocation of ₹94.36 crore, while GoN released ₹2.38 crore (26 per cent) against its due share of ₹9.20 crore resulting in combined short release of ₹35.60 crore (GoI Share: ₹28.78 crore and GoN share: ₹6.82 crore). The

State Government released funds received from GoI, to the Department with delays ranging from 01 to 08 months.

- The State Government submitted UCs for the period from 2017-18 to 2019-20 to the Ministry of Home Affairs showing amounts which were more than the actual utilisation.
- During 2017-23, the Department drew 20 Abstract Contingent (AC) bills amounting to ₹71.12 crore under MPF Scheme, of which, seven AC bills amounting to ₹25.50 crore remained unadjusted.
- The Department procured training and equipment worth ₹9.65 crore that were not originally projected in the SAP as required by various field units. Out of these, eight items of training equipment and three security equipment amounting to ₹0.37 crore and ₹1.31 crore respectively were procured in excess of the actual requirement.
- There was a shortfall of 2,707 rifles along with shortage of 777 Digital Static Sets and 3,090 Digital Handheld Sets, indicating a significant gap in meeting the objectives of the Scheme, which aimed to decrease reliance on the Army gradually while ensuring State Police personnel receive sufficient equipment.
- Distribution of procured training equipment to various Training units was not always based on the requirement submitted by the units, as training equipment procured against the proposal of Home Guards (HG), Police Training School (PTS) and NAP Training Centre (NAPTC) were diverted and issued to other Training Units.
- The Resource Management System and Beat Patrolling system installed in all sampled districts with an expenditure of ₹7.12 crore remained unutilised rendering the expenditure unfruitful.

Recommendations:

The State Government may-

- ✓ *direct the Department to prepare the tentative and State strategic plans so as to submit the realistic State Action Plans to GoI.*
- ✓ *ensure that procurement is made as per the approved SAP and approval be obtained from MHA for deviation, if any.*
- ✓ *ensure submission of correct Utilisation Certificates (UCs) depicting the actual utilisation of funds and submit UCs without delay.*
- ✓ *instruct the Department to follow the codal formalities of relevant Financial Rules for procurements made under the scheme.*
- ✓ *direct the Department to ensure the availability of equipment to the field units and minimise idle stock retention by Police Headquarters.*

Compliance Audit Paragraphs

HOME (POLICE) DEPARTMENT

Inability of the Department to enforce provisions of Government's decision for recovery of police guards charges from Banks/institutions resulted in non-realisation of security charges of ₹54.82 crore.

Recommendation:

The State Government may comply with PAC recommendations and take immediate action to recover the outstanding dues in a time-bound manner from the defaulting banks/institutions to avoid further financial losses.

FINANCE (TREASURIES & ACCOUNTS) DEPARTMENT

Non-exercise of prescribed checks by the Drawing and Disbursing Officers and Treasury Officers, resulted in fraudulent/double/excess drawal of ₹0.68 crore out of which ₹19.74 lakh is yet to be deposited.

Recommendation:

The State Government may initiate steps to strengthen the internal control mechanism in all departments to prevent recurrence of suspected fraudulent drawals and ensure that appropriate checks and balances are in place.

Revenue Sector

Subject Specific Compliance Audit

Departments' oversight on GST payments and Return filing in Nagaland

FINANCE (TAXATION) DEPARTMENT

The SSCA was conducted with a view to assessing tax compliance and the adequateness and effectiveness of tax administration. Audit revealed shortcomings in tax administration such as deficiencies in scrutiny of returns, internal audit, lapses in cancellation of registration and lack of action where irregularities were noticed. Audit has recommended corrective actions to address the shortcomings noticed.

Recommendations:

The State Government may-

- ✓ *ensure that SOP for selection of returns for scrutiny based on risk parameters and detailed procedures for scrutiny of returns are followed in a time-bound manner.*
- ✓ *ensure that prompt steps are taken to initiate the audits under Section 65 of the Act so that timely action could be initiated against the defaulters before time-barring of cases.*
- ✓ *instruct the departmental units for ensuring timely and complete production of records to Audit.*
- ✓ *ensure that remedial action is taken for all the compliance deviations brought out in this report before they get time-barred.*

Economic Sector (State Public Sector Undertakings)

As on 31 March 2023, the State of Nagaland had seven SPSUs (five working companies and two non-working companies), wherein the investment of the State

Government (capital and long-term loans) in six SPSUs was ₹121.96 crore consisting of ₹42.26 crore (28.16 *per cent*) towards capital and ₹79.70 crore (71.84 *per cent*) towards long-term loans. The combined investment of State and Other Stakeholders as on 31 March 2023 in SPSUs under various important sectors stood at ₹121.96 crore. The combined investment was highest in the Finance Sector SPSUs (₹82.65 crore) followed by Miscellaneous Sector SPSUs (₹18.85 crore).

As per the information available as on 30 September 2023, five working SPSUs had arrears of 17 accounts ranging from one to six years. During 2022-23, three working SPSUs finalised total five accounts, while remaining two SPSUs *viz.*, Nagaland Handloom & Handicrafts Development Corporation Ltd., and Nagaland Hotels Limited, did not submit any accounts during the year 2022-23.

As per information furnished by the SPSUs, during 2022-23, the State Government has provided budgetary support of ₹29.54 crore in the form of grants/subsidy.

As per the latest finalised accounts of SPSUs as on 30 September 2023, the turnover of four working SPSUs stood at ₹5.92 crore. The accumulated loss (₹81.45 crore) of two working SPSUs had completely eroded their paid-up capital (₹25.55 crore) as per the latest finalised accounts. During 2022-23, four working SPSUs incurred overall loss of ₹7.95 crore as per latest finalised accounts.