

**CHAPTER – IV  
WORKS EXPENDITURE**

**SECTION – A – REVIEWS**

**IRRIGATION AND FLOOD CONTROL DEPARTMENT**

**4.1 Irrigation and Flood Control Department including  
manpower management**

*Highlights*

The Department is implementing minor irrigation projects in the State besides executing anti-erosion and flood control works. Large amounts of borrowed funds were drawn without any immediate requirement and parked in civil deposits. Schemes/projects in progress were shown as completed without any completion certificate on record. Scheme funds were utilised for purposes for which these were not to be expended. There was no monitoring or evaluation of schemes.

Payment of pay and allowances to workcharged/casual employees engaged for work/projects but not actually deployed on any work/projects resulted in infructuous expenditure of Rs.5.29 crore. Further, there was unfruitful expenditure of Rs.3.67 crore on payment of pay and allowances to idle staff of defunct Land Reclamation and Agri Unit Workshop, Dimapur.

(Paragraphs 4.1.9 & 4.1.10)

Diversion of scheme funds of Rs.1.41 crore for purchase of vehicles, computer and accessories rendered schemes partly incomplete.

(Paragraph 4.1.12)

Partly completed schemes deprived people of intended benefits resulting in unfruitful expenditure of Rs.41.43 lakh on construction of four minor irrigation projects.

(Paragraphs 4.1.14)

Key records like project reports, estimates, measurement books, work orders and agreements relating to Accelerated Irrigation Benefit Programme and Command Area Development Programme from 1999-2003 for Rs.9.69 crore were not produced to audit.

(Paragraph 4.1.18)

#### **4.1.1 Introduction**

The Irrigation and Flood Control Department (I&FCD) is responsible for implementation of irrigation projects in the State. The department was created with effect from 1 April 1988 by bifurcating the Agriculture Department with the main objective of harnessing water resources of the State for accelerating agricultural production through irrigation and also to mitigate the devastating effects of floods and erosion on the banks of major rivers in the State.

#### **4.1.2 Organisational set up**

The Irrigation and Flood Control Department is headed by a Secretary to Government of Nagaland. In technical matters he is assisted by an Additional Chief Engineer designated as Officer-on-Special Duty (OSD). Directorate, I&FC is headed by an Additional Chief Engineer (Addl. CE) who is responsible for planning, programming, implementation and monitoring of schemes and projects. He is assisted by a Superintending Engineer (SE) and 11 Executive Engineers (EEs).

#### **4.1.3 Audit coverage**

Records relating to receipt and release of funds, expenditure, implementation of different minor irrigation projects, human resource and material management in the office of the Addl. CE and in three<sup>1</sup> Divisions out of nine were test checked between April and June 2003. An expenditure of Rs.48.52 crore, constituting 78 per cent of total expenditure of Rs.61.98 crore for the period from 1998-99 to 2002-03, was test checked in audit.

#### **4.1.4 Funding pattern**

Total receipt and expenditure under various schemes during 1998-2003 are shown below in Table 4.1.

**Table 4.1**

**(Rupees in crore)**

Year	Release of fund			Expenditure incurred	Unspent balance
	Government of India and other financial institution	Government of Nagaland	Total		
1998-99	---	0.10	0.10	0.10	---
1999-00	4.78	1.35	6.13	6.13	---
2000-01	6.11	1.43	7.54	7.54	---
2001-02	11.76	1.01	12.77	12.77	---
2002-03	9.06	0.85	9.91	4.41	5.50
<b>Total</b>	<b>31.71</b>	<b>4.74</b>	<b>36.45</b>	<b>30.95</b>	<b>*5.50</b>

Source: Departmental figures

<sup>1</sup>  
(i) Executive Engineer (I&FC), Kohima Division  
(ii) Executive Engineer (I&FC), Works Division, Dimapur  
(iii) Executive Engineer (I&FC), Investigation Cell, Dimapur

- (i) Government of India paid Rs.2.50 crore for Accelerated Irrigation Benefit Programme during 2002-03 which was not released to the department by the State Government as of 31 March 2003.
- (ii) Funds of Rs.3.00 crore paid by the Government of India as additional central assistance for Flood Control and Anti-erosion work during 2002-03 was kept in Civil Deposit by the Department.

Funding pattern of various schemes<sup>\*\*</sup> undertaken by the department during 1998-2003 was as under:

(i) Minor Irrigation Scheme:

(a) Accelerated Irrigation Benefit Programme (AIBP) –

Centre : State :: 75 : 25

Under the programme the department received Rs.18.98 crore of which Rs.15.23 crore was from Government of India as loan and Rs.3.75 crore from State Government being its share.

(b) Rural Infrastructure Development Funds (RIDF) –

The pattern of its financing by National Bank for Agriculture and Rural Development (NABARD) (as loan) and the State Government differs from fund to fund.

State Government raised loan of Rs.5.49 crore from NABARD but no contribution was made by it.

(c) Non-Lapsable Central Pool of Resources (NLCPR) –

It is fully financed by the Government of India.

Government of India paid Rs.1.06 crore of which Rs.11 lakh was loan and Rs.95 lakh was grant.

(ii) Command Area Development Programme (CADP) –

Centre : State :: 50 : 50

Under the scheme the department received Rs.2.09 crore of which Government of India paid Rs.1.55 crore as grant against which State Government paid Rs.54 lakh.

(iii) Flood Control and Anti-erosion Work:

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(1) Minor irrigation scheme:-	- Rs. 25.53 crore
(a) Accelerated Irrigation Benefit Programme (AIBP)	- Rs. 18.98 crore
(b) Rural Infrastructure Development Fund (RIDF)	- Rs. 5.49 crore
(c) Non-Lapsable Central Pool of Resources (NLCPR)	- Rs. 1.06 crore
(2) Command Area Development Programme (CADP)	- Rs. 2.09 crore
(3) Flood Control and Anti-erosion work	- Rs. 8.55 crore
(4) Rationalisation of Minor Irrigation Statistics (RMIS)	- Rs. 28 lakh

Under the scheme, the department received Rs.8.55 crore of which Rs.8.10 crore was from Government of India (Rs.81 lakh as loan being ten *per cent* and Rs.7.29 crore as grant being 90 *per cent*) and Rs.45 lakh from the State Government.

(iv) Rationalisation of Minor Irrigation Statistics (RMIS) –

It was fully funded by the Government of India.

Government of India paid Rs.28 lakh as grant.

#### **4.1.5 Budget provision and expenditure**

Funds allotted to the department and expenditure incurred during 1998-99 to 2002-03 are given in Table 4.2 below:

**Table 4.2**

Year	Budget provision			Expenditure			Excess (+)/Savings (-)		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
1998-99	836.99	---	836.99	585.22	---	585.22	(-) 251.77	---	(-) 251.77
1999-00	970.02	---	970.02	1090.41	---	1090.41	(+) 120.39	---	(+) 120.39
2000-01	1279.40	---	1279.40	1283.17	---	1283.17	(+) 3.77	---	(+) 3.77
2001-02	1549.88	---	1549.88	1346.62	---	1346.62	(-) 203.26	---	(-) 203.26
2002-03	1634.42	520.00	2154.42	1345.88	519.98	1865.86	(-) 288.54	(-) 0.02	(-) 288.56

Source: Detailed Appropriation Accounts Figures

It was stated by the department that excess expenditure during the years 1999-00 and 2000-01 was due to release of dearness allowance installment and payment of arrears of pay. The reply was not tenable as all these items of expenditure were foreseeable and provision therefor should have been made in the budget of the concerned years.

#### **4.1.6 Remittance to field offices by the Directorate was found short in the books of accounts of field offices**

Funds were drawn centrally by the Directorate and released to the field offices for disbursement to the payees.

Test check of records revealed that money remitted by the Directorate during the period from 1998-99 to 2002-03 was found short received to the extent of Rs.36.76 lakh as shown in Table 4.3 below, in the books of accounts of three divisional offices. Possibility of such short receipt of money by other divisional offices could not be ruled out. It was seen that discrepancies between the figures of Directorate and divisional offices were not reconciled during the period under review:

Table 4.3

(Rupees in lakh)

Year	Amount remitted by the Directorate			Amount actually received by the division			Short receipt by the division		
	EE (I & FC), Kohima Division	EE (I & FC), Works Division, Dimapur	EE (I & FC), Investigation Cell, Dimapur	EE (I & FC), Kohima Division	EE (I & FC), Works Division, Dimapur	EE (I & FC), Investigation Cell, Dimapur	EE (I & FC), Kohima Division	EE (I & FC), Works Division, Dimapur	EE (I & FC), Investigation Cell, Dimapur
1999-00	1.80	6.33	3.50	-	3.19	-	1.80	3.14	3.50
2000-01	41.07	34.94	0.20	57.21	33.14	-	18.57	1.80	0.20
2001-02	34.71	56.31	131.41		48.98	131.37		7.33	0.04
2002-03	0.25	0.13	232.51	-	-	232.51	0.25	0.13	-
<b>Total</b>	<b>77.83</b>	<b>97.71</b>	<b>367.62</b>	<b>57.21</b>	<b>85.31</b>	<b>363.88</b>	<b>20.62</b>	<b>12.40</b>	<b>3.74</b>

Source:- Departmental records

#### 4.1.7 Parking of funds

Test check of records of the Directorate revealed that funds amounting to Rs.10.23 crore were drawn for implementation of various schemes in March during the year 1999-00 to 2002-03 but deposited in civil deposit during the same period as detailed in Table 4.4 below:

Table 4.4

(Rupees in crore)

Year	Date of drawal	Amount	Name of the scheme
1999-00	28.3.2000	2.73	AIBP
	31.3.2000	1.14	RIDF(NABARD)
2000-01	31.3.2001	0.86	RIDF(NABARD)
	31.3.2001	2.50	AIBP
2002-03	31.3.2003	3.00	Flood control
<b>Total :-</b>		<b>10.23</b>	

Source:- Departmental figures

It was noticed that the above deposits were made according to orders of Finance Department reportedly due to financial constraints. While the funds were obtained from the Government of India and other financial institutions as negotiated loan, keeping the funds in civil deposits on the ground of financial constraints was not justified. This not only affected programme implementation but also increased the interest payment liability on the unutilised borrowed funds. The amount kept in civil deposits was reported as expenditure and thus, inflated expenditure was reported.

#### 4.1.8 Non-furnishing of Utilisation Certificates

Test-check of records of the Directorate revealed that utilisation certificates for a total amount of Rs.12.11 lakh in respect of Rationalisation of Minor Irrigation Statistics (RMIS) pertaining to the years 1998-99 (Rs.0.39 lakh) and 1999-2000 (Rs.11.72 lakh) were not furnished to Government of India on the plea of non-receipt of audited figures of expenditure from the State Accountant General.

Department's reply is not acceptable as it was clearly mentioned in the Government of India sanction order that department should send utilisation certificate initially and audited figures of expenditure thereafter.

#### **4.1.9 Human Resource Management**

##### ***Infructuous expenditure of Rs.5.29 crore on payment of pay and allowances to workcharged/casual employees***

According to para 43 (a) of Nagaland Public Works Department Code, work-charged establishment includes such establishment as is employed upon the actual execution as distinct from the general supervision, of a specific work or of sub-works of a specific project or upon the subordinate supervision of departmental labour, stores and machinery in connection with such work or sub-works.

Test check of record revealed that the department engaged 236 to 162 workcharged/casual employees during 1998-99 to 2002-03 but they were not deployed on any scheme/project/work which violated the codal provision and resulted in infructuous expenditure of Rs.5.29 crore<sup>2</sup> towards payment of pay and allowances to these employees.

##### ***4.1.10 Unfruitful expenditure of Rs.3.67 crore on payment of pay and allowances to idle staff of the defunct workshop unit***

Test check of records of the Executive Engineer (I&FC), Works Division, Dimapur revealed that a workshop namely Land Reclamation and Agri Unit Workshop established by the Agriculture Department (date and cost of establishment were not available with division) for repair and maintenance of departmental vehicles, machineries and equipment stopped functioning since 1995-96 (records showing rendering the staff idle and the date of non-functioning could not be made available). It was stated by the Executive Engineer that though there was enough manpower in the workshop and requisite machineries and equipment, the manpower and the machineries could not be utilised due to dearth of repairing jobs and supply of spare parts as there was no allotment of fund from the Government since 1995-96.

Therefore, payment of pay and allowances of Rs.3.67 crore to the staff (the staff strength of the workshop was 98 as on 31 March 2003) during 1998-99 to 2002-03 without utilising their services was unfruitful.

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<sup>2</sup> 1998-99 – Rs.1.06 crore  
1999-00 – Rs.1.08 crore  
2000-01 – Rs.1.05 crore  
2001-02 – Rs.1.09 crore  
2002-03 – Rs.1.01 crore

#### 4.1.11 Programme Implementation

Four <sup>3</sup> types of schemes were in operation in the State under Irrigation and Flood Control Department during 1998-99 to 2002-03. The department stated that it had undertaken a total of 574 minor irrigation projects (*Appendix-XXIII*) under these schemes as of 31 March 2003. The defects/irregularities in the implementation of these schemes noticed during test check of records are given below:

#### 4.1.12 Diversion of funds

In addition to grants, loans were obtained from the Government of India and National Bank for Agriculture and Rural Development (NABARD) for implementation of minor irrigation schemes. In contravention of the scheme guidelines and terms of sanction of the department, a sum of Rs.1.41 crore was spent on purchase of vehicles (15) computer and accessories, furniture, stationery, muster roll, which were not covered in the approved estimates, as shown in *Appendix-XXIV*. This diversion of funds adversely affected the implementation of programmes/components for which these were provided.

(i)	Vehicles	Rs.71.16 lakh
(ii)	Computer and Accessories	Rs.14.68 lakh
(iii)	Furniture	Rs.12.74 lakh
(iv)	Stationery	Rs.16.59 lakh
(v)	Muster Roll	Rs.20.16 lakh
(vi)	Zerox & Fax Machine	<u>Rs.6.14 lakh</u>
	<b>Total</b>	<b><u>Rs.141.47 lakh</u></b>

#### 4.1.13 NABARD funded Projects

##### *Completion of Project*

No monthly report and annual progress reports on completion and commissioning of minor irrigation schemes/projects from the field offices were found on record. But the department claimed to have completed 18 minor irrigation projects under NABARD creating additional irrigation potential of 3132 Hectare (Ha). The following deficiencies were also noticed:

#### 4.1.14 Unfruitful expenditure of Rs.41.43 lakh on construction of three minor irrigation projects

The project Lihayi in Wokha district was taken up during the year 1999-00 (February 2000) at an estimated cost of Rs.10.50 lakh to create irrigation potential of 60 Ha (Kharif - 60 Ha). The construction was to be completed within 18 months from the date of commencement of work. The project consisted (July 2003) of seven items of work. Two items of work (i) providing and laying of GI pipe 100 mm dia, and, (ii) labour charge of fitting, fixing 100 mm dia at a cost of Rs.0.76 lakh remained unexecuted rendering the project

<sup>3</sup> (i) Minor Irrigation Scheme (ii) CAD programme (iii) Flood Control & Anti-erosion work (iv) Rationalisation of Minor Irrigation Statistics (RMIS)

non-functional and thereby deprived the farmers of intended benefits of irrigation potential of 60 Ha. Thus, the expenditure of Rs.6.80 lakh incurred on other five items of work<sup>4</sup>, proved unfruitful.

The project Wozhu in Wokha district was taken up during 2000-01 (February 2001) to create irrigation potential of 65 Ha. (Kharif - 65 Ha) for completion within 15 months without indicating the starting time of the work. The project comprised seven items of work at an estimated cost of Rs.7.24 lakh. From the measurement book it was noticed that except earth work excavation and cement concrete work, executed at an expenditure of Rs.7.02 lakh (July 2003), the remaining five items of work<sup>5</sup> were not executed even after a lapse of more than two years reckoned from the actual date of commencement of work. The department, however, stated that the work was completed. Thus the expenditure of Rs.7.02 lakh incurred (July 2003) was unfruitful as the desired benefits could not be derived.

The project Mongleu comprising six items of work was taken up during 1999-00 (February 2000) for creating irrigation potential of 93 Ha (Kharif 93-Ha) at an estimated cost of Rs.23.07 lakh to be completed within 18 months. According to approved project report, the Command Area would be fed by way of tapping water from the Mongleu river by constructing a 3600 metre long channel.

Test check of records revealed that channel lining for 550 metres was executed against the channel cutting of 1740 metres at an expenditure of Rs.19.54 lakh incurred (upto fourth running account bill). Further, construction of channel beyond 1740 metres was not executed for reasons not stated to audit. Thus, the incurring of expenditure of Rs.19.54 lakh on different\* items of work was unfruitful.

The project Shangi comprising four items of work was taken up at an estimated cost of Rs.21.37 lakh during 2000-01 (January 2001) for creating irrigation potential of 80 Ha (Kharif 80-Ha) to be completed within 18

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<sup>4</sup> (i) Earth work in excavation, (ii) Providing and laying CC in proportion 1:3:6 bed for channel lining, (iii) Construction of dry stone masonry wall, (iv) Construction of CRSM wall "C". (v) Construction of Boulder sausage wall

<sup>5</sup> (i) Providing and supplying of GI pipe of 100 mm dia  
(ii) Fixing and fitting charge of 100 mm dia  
(iii) Construction of boulder sausage wall  
(iv) Construction of diversion weir No. 1  
(v) Construction of diversion weir No.2

\* (i) Jungle clearing (ii) Construction of Retaining Wall and check Dams (iii) Construction of RCC slab aqueduct (3 Nos.), (iv) Construction of channel head regulator, (v) Construction of brick masonry channel lining, (v) Construction of Boulder Sausage Diversion weir and protection walls.

months. Three items of work were completed but the fourth item of work<sup>6</sup>, viz cement concrete channel (c c channel), was not executed completely<sup>7</sup>.

Thus, non-execution of c.c. channel led to non-functioning of the project and the expenditure of Rs.8.07 lakh incurred for the project proved unfruitful.

#### **4.1.15 Fictitious expenditure of Rs.10.20 lakh in construction of Thizuru M.I. Project**

Without identifying the principal source of water, the Thizuru minor irrigation project of Kikruma village at Phek district was taken up for execution departmentally in 1999-00 (December 1999) at an estimated cost of Rs.25.71 lakh after framing detailed estimate. The project scheduled to be completed in August 2001 was not completed as of June 2003. Even after a lapse of more than three years, the principal item of work of laying of GI pipes of different dimensions<sup>8</sup> although not carried out was shown to have been executed in the measurement book without receipt of materials from the supplier as ordered in February 2000 for the project. The expenditure of Rs.10.20 lakh incurred so far for execution of the project thus was fictitious.

#### **4.1.16 Expenditure of Rs.11.54 lakh incurred towards non-sanctioned project**

Government of Nagaland, Department of Irrigation and Flood Control accorded administrative approval and expenditure sanction (March 2002) of Rs. 69.00 lakh for construction of six minor irrigation projects under the Rural Infrastructure Development Fund (RIDF) Programme.

Test check of records of the Directorate revealed that out of the sanctioned funds, the department incurred an expenditure of Rs.11.54 lakh on six other minor irrigation projects not sanctioned by Government of Nagaland which resulted in unauthorised expenditure as detailed in Table 4.5 below:

**Table 4.5**

**(Rupees in lakh)**

Sl. No.	Sanctioned project	Amount sanctioned	Non-sanctioned project	Expenditure incurred
1	Yiangmen	12.34	Thizuru	1.50
2	Wozhu	5.29	Lihaye	1.00
3	Chalou	10.61	Mongleu	2.25
4	Shangi	13.25	Aphuye	2.85
5	Yuhtongyim	8.24	Longpen and Chetchet	1.84
6	Setong	6.36	Longpen and Chetchet	2.10

<sup>6</sup> CC channel comprising (i) providing and laying of cement concrete 1:3:6 for side and bottom wall, (ii) centering and shuttering for cement concrete work and (iii) providing 12 mm thick cement plastering 1:3

<sup>7</sup> Cement concrete work was executed for 330 metre against the channel cutting of 420 metres.

<sup>8</sup> 50 mm 6120 metres      40 mm 2620 metres      25 mm 4500 metres

	<b>Total</b>	<b>56.09</b>		<b>11.54</b>
	Add :- 23 <i>per cent</i> on Net Estimate *	12.91		
	<b>Gross Total</b>	<b>69.00</b>		

Source:- Departmental figures

The reason for such deviation was neither on record nor stated.

#### ***4.1.17 Diversion of AIBP fund***

According to the guidelines of AIBP, fund under this scheme should not be diverted for purposes other than the purpose for which it was sanctioned.

Test check of records of the Directorate revealed that an amount of Rs.8.10 lakh was incurred from AIBP fund during the year 2001-02 towards clearance of past liabilities of the erstwhile office of the Mechanical Engineer, Land Reclamation Centre (LRC), Dimapur (now renamed as Executive Engineer, Works Division, Irrigation and Flood Control, Dimapur) relating to the periods from 1986-87 to 1988-89. The diversion as such, was irregular and had also adversely affected the implementation of the programme.

#### ***4.1.18 Non-production of records***

The relevant records like project reports, estimates, measurement books, agreements and work orders under AIBP and Command Area Development Programme (CADP) from 1999-03 for Rs.9.69 crore were not produced to audit despite repeated pursuance.

#### ***4.1.19 Flood Control and Anti-erosion work***

Test check of records revealed that the department took up the erosion protection work at Dhansiri river (Phase-I comprising four parts) in Dimapur (July 2002) at an estimated cost of Rs.5.10 crore and completed the same (March 2003) at an expenditure of Rs.5.09 crore. The project was funded by the Government of India from Non-Lapsable Central Pool of Resources (NLCPR). No technical sanction could be produced to audit. The work was awarded (July 2002) to four contractors. The audit findings are given below:

#### ***4.1.20 Non-deduction of Security Deposit***

According to the terms and conditions of work order, 10 *per cent* security deposit was to be deducted from the contractors' bills. But no security deposit amounting to Rs.40.87 lakh was deducted from the contractors' bills.

#### ***4.1.21 Excess procurement of material***

The department procured (August 2002) 26,913 nets of GI wire<sup>9</sup> valuing Rs.69.44 lakh from four suppliers. Out of above, 21,131 nets were utilised in

\* 10 per cent T&P, 5 per cent workcharged, 5 per cent price escalation and 3 per cent contingencies.

<sup>9</sup> At the rate of Rs.258/- per net

work leaving a balance of 5,782 nets still lying idle in stock, which resulted in unnecessary blocking up of Government money to the tune of Rs.14.92 lakh. The department stated (June 2003) that excess materials would be utilised for anti-erosion work at Dhansiri river, Dimapur during Phase-II operation. The reply is not tenable as Government money remains blocked till the material is utilised.

#### **4.1.22 Material management**

##### ***Doubtful expenditure on purchase of GI pipes, fittings and sausage wire worth Rs.25.28 lakh for construction of 25 minor irrigation projects in Phek Division***

Test check of records revealed that GI pipes, fittings and sausage wire worth Rs.25.28 lakh<sup>10</sup> were procured (September 1999) by the Directorate for 25 minor irrigation projects in Phek district. A certificate of receipt of materials was recorded on the body of the supplier's bill by the Executive Engineer, I&FC, Phek stating that the materials were received in full and good condition and accounted for in the stock register of the division. On verification of stock register, it was noticed that the materials were issued to beneficiaries between October - November 1999 while acquittance in token of receipt of materials was neither found recorded in the stock register nor could any documentary evidence be produced to audit. The purchases were thus, not susceptible to audit.

#### **4.1.23 Fictitious procurement of GI pipes and fittings**

Based on provision made in the approved estimates, the Superintending Engineer – I issued supply order (22 February 2000) in favour of a local supplier to supply G.I. pipes and fittings of different dimensions (50 mm, 40 mm and 25 mm). The supplier was paid (March 2000) Rs.17.30 lakh in advance on the basis of his proforma bill on plain paper in violation of para 350 of Nagaland Public Works Department Code. Subsequently, the supplier was instructed through modified supply order (28 February 2000) to supply GI pipes and fittings of 50 mm dimension only valuing Rs.21.23 lakh not at par with the actual requirement of approved estimates. He was paid (March 2001) Rs.3.93 lakh after adjustment of earlier payment of Rs.17.30 lakh without recording certificate of receipt of materials.

Records such as stock register and challans in support of receipt and utilisation of aforesaid materials could not be produced to audit. Collateral check of supply bill with the concerned measurement book also did not establish the receipt and consumption of the materials. Thus, the expenditure of Rs.21.23 lakh on procurement of materials was fictitious.

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<sup>10</sup> (sausage wire 30,607 sqm @ Rs.35/- per sqm ,Rs.10,71,245/-, 100 mm dia GI pipes 3380 mtr @ Rs.344.50/- per mtr Rs.11,64,410/- and 100 mm dia socket 554 nos. @ Rs.190/- per no. Rs.1,05,260/- + NST @ 8 per cent Rs.1,87,273/-) = Rs.25.28 lakh.

#### **4.1.24 Other points of interest**

##### ***Unadjusted Medical Advance of Rs.7.65 lakh***

Rule provides that if the final medical claim against the advance drawn is not preferred within three months of completion of medical treatment, the claim stands forfeited and the whole amount of advance is to be recovered from the concerned Government servant.

Test check of records of the Directorate revealed that a total amount of Rs.7.65 lakh paid as medical advance to 22 employees during the period from 1998-99 to 2002-03<sup>11</sup> remained unadjusted (June 2003) due to non-submission of final bills.

#### **4.1.25 Non-maintenance of records**

The following basic records were not maintained by the department:

Applications of the villagers/beneficiaries duly recommended by the Chairman, Village Council/Secretary, Village Development Board for construction of minor irrigation projects.

Records showing the commencement, completion, commissioning and handing over of projects.

Work orders and deed of agreements except in one/two cases for construction of minor irrigation projects.

Report/returns on financial and physical progress of work of various projects.

Earnest money and security deposit register.

Stock registers of materials.

Utilisation certificates.

In the absence of the aforesaid vital records, audit could not verify the efficacy of the implementation of various irrigation and flood control programmes.

#### **4.1.26 Monitoring and Evaluation**

The Addl. CE was responsible for monitoring and implementation of minor irrigation schemes but no monitoring mechanism to watch the progress of works and use of funds was found in place. No independent evaluation to assess the impact of implementation of minor irrigation schemes was carried out. Non-existence of a monitoring and evaluation system was admitted by the department.

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<sup>11</sup> 1998-99 – Rs.1.90 lakh (4 nos.), 1999-00 – Rs.0.60 lakh (2 nos.)  
2000-01 – Rs.2.40 lakh (8 nos.), 2001-02 – Rs.1.60 lakh (4 nos.)  
2002-03 – Rs.1.15 lakh (4 nos.)

***4.1.27 Conclusion and Recommendations***

Due to lack of proper planning, monitoring and evaluation the implementation of projects suffered time and cost overrun.

No internal control system was found in place in the department.

Material management including maintenance of necessary inventory records relating to receipt/issue of stores needs to be strengthened.

Looking into special nature of projects, the department needs to prepare its own Schedule of Rate (SOR) on the lines of that of PWD.

The matter was reported to the Government and the department in September 2003; their replies had not been received (January 2004).

## SECTION – B – AUDIT PARAGRAPHS

### HEALTH AND FAMILY WELFARE/WORKS AND HOUSING (HOUSING) DEPARTMENT

#### 4.2 Unauthorised expenditure on workcharged staff

**The departments incurred unauthorised expenditure of Rs.60.70 lakh towards pay and allowances of workcharged staff appointed in violation of Government orders.**

The Government of Nagaland in the Cabinet meeting dated September 1994 imposed ban on appointment of workcharged (WC) staff. In June 1996, Government completely banned appointment of workcharged staff with immediate effect.

Test check (August – September 2001) of records of the Executive Engineer, Medical Engineering Division, Kohima (March 1996 to July 2001) revealed that in violation of Government orders *ibid*, the department appointed nine workcharged staff like Jugalis, Sectional Assistant, etc. both in scale of pay and in fixed pay between August 1996 to April 1999 and paid Rs.9.33 lakh as detailed in *Appendix-XXV* towards their pay and allowances as of May 2001.

Similarly, test check (February 2002) of records of the Executive Engineer, Public Works Division (Housing), Central Division, Kohima (June 2000 to January 2002) revealed that in violation of Government orders *ibid*, the department appointed 90 workcharged staff like Jugalis, Sectional Assistant, Labourer, Sweeper, etc. both in scale of pay and in fixed pay between 1996 and 2001 and paid Rs.51.37 lakh as detailed in *Appendix-XXV* towards their pay and allowances as of January 2002.

Thus, appointment of workcharged staff in violation of the Government orders resulted in unauthorised expenditure of Rs.60.70 lakh (Rs.9.33 lakh + Rs.51.37 lakh).

The matter was reported to the Government and department in July 2003. In reply, the Government, Health and Family Welfare department stated (October 2003) that the appointment of workcharged staff was made before the ban had been imposed on workcharged appointment. Similarly, the Works and Housing department stated (July 2003) that the appointment of workcharged staff was made against the vacancies caused by either discharged/expired. Both the replies are not tenable as the Government completely banned (June 1996) the appointment of workcharged staff even in case of employees retired/discharged/expired.

Reply from Government, Works and Housing department had not been received (January 2004).

## PLANNING AND CO-ORDINATION DEPARTMENT

### 4.3 Extra expenditure due to cost escalation

#### **Prolonged delay in construction work due to non-release of fund and consequential price escalation resulted in extra expenditure to the tune of Rs.1.40 crore**

Test check (September 2001) of records (December 1994 to July 2001) of the Executive Engineer, Town Planning Works Division, Kohima revealed that the work of construction of Town Hall by dismantling the existing one at Mokokchung was awarded (March 1991) at the negotiated cost of Rs.30 lakh<sup>1</sup> with the stipulation to complete the work by March 1992. Due to non-allotment of site till 1994 and law and order problems compounded with non-release of fund till 1998, the work of construction could achieve little progress upto 1996-97 and the said work was completed on 9 November 2002. Due to heavy price escalation all through the period, an amount of Rs.1.70 crore was paid for the construction of the building.

The department in reply (May 2002) stated that the project was delayed for three years after the issue of work order due to dispute in allotment of land. Reason for taking up the work without prior allotment of land to the department was not stated as of November 2003.

Thus, action by the Government in issuing the work order in March 1991 for the construction of Town Hall without ensuring availability of undisputed site to the department and non-release of fund till 1998, prolonged the construction work resulting in cost escalation of Rs.1.40 crore (Rs.1.70 crore – Rs.0.30 crore).

The matter was reported to the Government and the department in August 2003; the Government reply had not been received (January 2004).

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<sup>1</sup> Copies of work orders, estimates etc. were not produced to audit reportedly due to seizure of records by Vigilance Cell of Government of Nagaland.

## POWER DEPARTMENT

### 4.4 Loss of interest due to grant of undue financial aid

#### Grant of interest-free mobilisation advance to contractor resulted in loss of interest of Rs.16.03 lakh.

Under Nagaland Public Works Department Code (NPWDC), payment of advance to contractor is prohibited except with the sanction of Government in special circumstances taking all necessary precaution for securing Government against loss. According to Central Public Works Department Manual Vol.-I, in respect of certain specialised and capital intensive works costing not less than Rs.1 crore, mobilisation advance limited to a maximum of 10 per cent of the estimated cost put to tender or Rs.1 crore, whichever is less, may be granted on the security of machinery brought to site and only on the production of non-revokable bank guarantee. Further, the rate of interest as may be approved by the Ministry from time to time shall be stipulated in the clause of agreement and interest shall be calculated in form of simple interest.

Test check (August 2002) of records (July 1999 to July 2002) of the Executive Engineer, Transmission Division, Mokokchung revealed that for construction of 66 KV Sub-centre Transmission Line from Mokokchung to Zunheboto and construction of 66 KV Sub-station at Zunheboto, Rs.1.13 crore (Rs.95 lakh and Rs.18 lakh) was paid (March 2000) to M/s 'X'\* (Renamed as M/s 'Y',\*\* Dimapur since June 1997) being 30 per cent and 25 per cent respectively as interest-free mobilisation advance as per work orders but neither any sanction of Government was taken nor any certificates of responsible officers were recorded in the bills. No records in support of the bank guarantees against payment of mobilisation advance were made available to audit. The amount of advance was recovered in the months of February 2001, March 2001 and July 2001 through six Running Account Bills without charging any interest.

Payment of interest-free advance to the contractor as per faulty clause in the work orders not in accordance with codal provisions resulted in loss of interest of Rs.16.03 lakh\*\*\* calculated at 12.5 per cent simple interest per annum for the period from 1.03.2000 to 30.07.2001.

\* M/s Nezone Power Systems, Dimapur

\*\* M/s Techno Power Enterprises (P) Ltd.

\*\*\*

On Rs.95,05,000 from 1.03.2000 to 31.01.2001	-	Rs.10,89115
On Rs.46,57,450(9505000-4847550) from 1.02.2001 to 30.07.2001	-	Rs. 2,91,091
	-	<b>Rs. 13,80,206 .(A)</b>
On Rs.17,82,000 from 1.03.2000 to 19.03.2001	-	<b>Rs. 2,22,750... (B)</b>
(A) + (B)	-	Rs.16,02,956
	-	i.e., <b>Rs.16.03 lakh</b>

The matter was reported to the Government and the department in July 2003 and December 2003; the Government reply had not been received (January 2004).

**4.5 Avoidable extra expenditure on land rent**

**Due to inaction and unnecessary delay in settlement of land rent the department incurred an avoidable extra cash outgo of Rs.26.40 lakh**

Vide sanction order dated October 2001 and drawal authority dated September 2001, the Chief Engineer, Power department, Kohima had drawn and paid to Shri Mansur Ahmed, land owner, Rs.55.64 lakh (Rs.11.64 lakh paid in April 2002 being the cost of a plot of land measuring 11,638 sq.ft. at Dimapur and Rs.44 lakh paid in February 2001 being its rent for the period from 1.1.1971 to 31.12.2000).

Test check (September 2002) of records of the Chief Engineer, Power department, Kohima for the period from November 1998 to August 2002 revealed that the plot of land under reference was being used by the Power department for storing materials since 1971 after being assured by the District Administration that the land belonged to the Government. Meanwhile, a case was filed in the Gauhati High Court by one Shri Yusuf Khan in 1972 claiming to be owner of the land and for payment of rental to him for use of his plot of land by Power department. Since then, the case regarding actual ownership of the disputed land was continuing until the Court gave its first verdict in favour of Shri Mansur Ahmed in December 1982 and final verdict again in his favour in February 1996. It was then decided to acquire the land at the cost of Rs.11.64 lakh and land rent of Rs.44 lakh for the period from 1.1.1971 to 31.12.2000. Thus, due to inaction and unnecessary delay in settlement of the matter after receipt of the Court's verdict in December 1982, the department had to pay an avoidable extra expenditure of Rs.26.40\* lakh being the land rent for the period from 1983 to 2000.

The matter was reported to the Government in July 2003; their replies had not been received (January 2004).

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\*  $\frac{\text{Rs.44 lakh} \times 18 \text{ years}}{30 \text{ years}} = \text{Rs.26.40}$

**PUBLIC HEALTH ENGINEERING DEPARTMENT**

**4.6 Avoidable expenditure in the form of interest on delayed payment**

**Failure of the department to make full payment of contractors' bill in time resulted in avoidable expenditure of Rs.10.23 lakh in the form of interest on delayed payment**

Test check (April to May 2002) of records (August 2000 to February 2002) of the Executive Engineer, Public Health Engineering Department, (EE, PHED), Store Division, Dimapur revealed that the EE, PHED issued work orders between December 1988 and April 1991 for six different works at a total estimated cost of Rs.16.27 lakh to M/s 'X', Dimapur for the work of providing water supply facilities to different places at Dimapur, with stipulation to complete the works within three months from the date of issue of work orders. Records relating to the administrative approval/technical sanction, NIT, comparative statement and the agreement executed were not shown to audit. Upon completion of the works, the firm was paid at different times (December 1989 to December 1994) Rs.8.65 lakh against the total claim of Rs.13.45 lakh, leaving Rs.4.80 lakh unpaid. Reason for non-payment of the full bill amount of the works to the firm was not on record.

M/s 'X' filed (December 1995) three money suits in the court of the Deputy Commissioner (DC), Dimapur for payment of the full amount of the construction bill. The court directed (21 December 1995) the EE, PHED to make payment of the amount within 90 days after the date of the judgment and in default pay interest at the rate of 18 *per cent* per annum on the defaulted amount till the entire amount was paid. Government filed an appeal (14 August 1996) against the above orders in the courts of DC (Judicial), Dimapur, without seeking legal opinion in the matter. Despite demand, relevant case records were not furnished to the Advocate General for filing a revision appeal. The appeal was rejected by the court holding it time barred.

The court of DC Dimapur while rejecting the department's subsequent appeals, passed orders (13 November 1998 and 19 December 1998) for payment of Rs.15.03 lakh (principal Rs.4.80 lakh and interest Rs.10.23 lakh calculated at a rate of 18 *per cent* per annum as on 30 November 1998) and further ordered attachment of department's Bank Account. The firm was paid Rs.15.03 lakh (21 December 1998).

Failure on the part of the department to make payment of the balance amount and filing of time barred appeal in the court rendering its rejection (May 1997) resulted in avoidable expenditure of Rs.10.23 lakh being the interest on delayed payment to the firm.

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\* M/s X Lim Steel Engineering, Dimapur

The matter was reported to the Government and the department in August 2003; their replies had not been received (January 2004).

**WORKS AND HOUSING (ROADS AND BRIDGES)  
DEPARTMENT**

**4.7 Excess expenditure/payment for allowing higher rate over SOR and non-deduction of void element**

**Execution of works at injudiciously higher rate over SOR resulted in excess expenditure of Rs.1.83 crore and non-deduction of void element from the contractors' bills led to excess payment of Rs.13.36 lakh**

Test check (September-October 2002) of records of the Executive Engineer, Public Works Department (Road and Bridges) PWD (R&B), Dimapur Division (March 2001 to August 2002) revealed that the project Phase-II of the work of improvement of Kohima-Bokajan road under North Eastern Council (NEC) was awarded (October 1997) by the Chief Engineer (CE) to two contractors at the rate 45 *per cent* above SOR 1996 without inviting any tender, with a stipulation to complete the work in two years. A year later, Phase-V of the work, similar in nature, was also awarded by the CE to two other contractors/agencies (November 1998) but at the rate of SOR 1996, i.e., below 45 *per cent* of the rate awarded for Phase-II of the work, and thus, rate awarded for Phase-II work was very high when compared to that of Phase-V. Records were also not made available to establish whether the prescribed procedure was followed and the competitiveness of rates awarded was ensured. Subsequently the estimate of the project was revised from Rs.6.40 crore to Rs.11.00 crore and the time for completion was extended upto March 2002.

It was noticed that the pre-mix carpeting and black topping of road were yet to be started (August 2002), but the amount already paid (November 2001) upto eighth Running Account (RA) bill was as under:

**Table 4.6**

Name of agency	Value @ 45 <i>per cent</i> above SOR 1996	Value at SOR 1996
(i) M/s Panesar & Sons	Rs.3.26 crore (Vr. No. 3 of 11/2001)	Rs.2.25 crore
(ii) M/s Tectonics Co.	Rs.2.63 crore (Vr. No. 6 of 11/2001)	Rs.1.81 crore
Total	Rs.5.89 crore	Rs.4.06 crore

While the Phase-V of the work (same nature of work) was awarded (November 1998) at the rate as per SOR 1996, execution of works in Phase-II (October 1997) at 45 *per cent* above the SOR 1996 was highly injudicious and irregular also as codal formalities and procedures had not been followed, which resulted in extra expenditure of Rs.1.83 crore (Rs.5.89 crore - Rs.4.06 crore).

For supply and stacking of stone metals, a deduction ranging from seven *per cent* to eight *per cent* depending upon the sizes of stone metals is required to be made from the total quantity of stone metals supplied, due to void available in loose stacking. 13500.98 m<sup>3</sup> (40 mm to 63 mm) and 5851.10 m<sup>3</sup> (20 mm to 50 mm) stone metals were supplied by the agencies for Phase-II but no deduction for void at the rate of eight *per cent* for (40-63 mm stone chips) and seven *per cent* for (20-50 mm stone chips) was made. The amounts were paid in November 2001. Thus, non-deduction of void from the bills resulted in excess payment of Rs.7.76 lakh as shown below:

**Table 4.7**

		40 mm to 63 mm		20 mm to 50 mm
Stone chip supplied	@ 8 <i>per cent</i>	13,500.98 m <sup>3</sup>	@ 7 <i>per cent</i>	5,851.10 m <sup>3</sup>
Deduction to be made		1,080.08 m <sup>3</sup>		4,09.58m <sup>3</sup>
Value	@ Rs.347/m <sup>3</sup>	Rs.3,74,787 (A)	@ Rs.392/m <sup>3</sup>	Rs.1,60,555 (B)
Total value			(A+B)	Rs.5,35,342
Add. 45 <i>per cent</i> above				Rs.2,40,904
<b>Grand total</b>				<b>Rs.7,76,246</b>

Further, Rs.313.52 lakh was received by the Division (December 2001 to July 2002) from the District Rural Development Agency (DRDA) in the form of Bank Draft towards the cost of improvement of roads under PMGSY Scheme from Tenyephe to Shokhovi village, Dhansaripar to Uratovidima village, and from Pophima to Tsiphema village

The Division issued (June 2001) work orders to different agencies at the rate 25 *per cent* above the Nagaland Schedule of Rate (NSR) but no deduction of void was made from the bills.

Thus, non-deduction of voids resulted in excess payment of Rs.5.60 lakh as shown below:

**Table 4.8**

		40 mm to 90 mm		20 mm to 50 mm
Stone chip supplied	@ 8 <i>per cent</i>	11326.59 m <sup>3</sup>	7 <i>per cent</i>	6,372.66 m <sup>3</sup>
Deduction to be made		906.13 m <sup>3</sup>		4,46.09 m <sup>3</sup>
Value	@ Rs.301 per m <sup>3</sup>	Rs.272745 (A)	@ Rs.392 per m <sup>3</sup>	Rs.1,74,867 (B)
Total value			(A+B)	Rs.4,47,612
Add. 25 <i>per cent</i> above				Rs.1,11,903
<b>Grand total</b>				<b>Rs.5,59,515</b>

The matter was reported to the Government and the department in August 2003; in reply, the department stated (September 2003) that excess payment of Rs.7.76 lakh on account of non-deduction of void would be deducted from the next running bill(s). As regards excess payment of Rs.5.60 lakh, the department stated that the work being under PMGSY Scheme was supervised by Centre. The department reply is not tenable because the deduction towards void from the

running account bills was mandatory as per NSR 1996, irrespective of the scheme under which the works were taken up. As regards execution of works injudiciously at higher rate over SOR, no reply had been received from the Government and the department (January 2004).

#### 4.8 Undue financial benefit to the contractors

##### Excess payment of secured advance resulted in undue financial benefit of Rs.87.04 lakh to the contractors

According to para 352 (a) (i) of Nagaland Public Works Department (NPWD) Code, secured advances may be allowed to the contractors at the rate 90 per cent of the value of materials brought to the site by the contractors.

Test check (September – October 2002) of records of the Executive Engineer Public Works Department (Roads and Bridges) PWD (R&B), Dimapur Division (March 2001 to August 2002) revealed that works of construction of reinforced cement concrete (RCC) bridge having 120 metre span over Intanki river on Monglumukh were awarded (October 2001) to two contractors (60m span each) by the Chief Engineer (CE) at a cost of Rs.2.74 crore each. The order for preparation of drawing, design and detailed estimate of the project was, however, issued (April 2002) after allotment of work.

Against the admissible amount of secured advance of Rs.39 lakh to two contractors the department paid an amount of Rs.1.26 crore to the contractors. This resulted in undue financial aid of Rs.87 lakh to the contractors. The details of payments (vr. No. 15 and 16 of April 2002) are as below:

**Table 4.9**

Materials brought to the site	M/s Prakash & Co.			M/s Panesar & Sons		
	Quantity	Rate (Rs.)	Amount (Rs.)	Quantity	Rate (Rs.)	Amount (Rs.)
River sand	200 m <sup>3</sup>	1,200 per m <sup>3</sup>	2,40,000	216 m <sup>3</sup>	1,200 per m <sup>3</sup>	2,59,200
Stone chips	400 m <sup>3</sup>	1,560 per m <sup>3</sup>	6,24,000	400 m <sup>3</sup>	1,560 per m <sup>3</sup>	6,24,000
Tor steel	72.40 MT	18,000 per MT	13,03,200	71.06 MT	18,000 per MT	12,79,080
			<b>21,67,200</b>			<b>21,62,280</b>
Secured advance admissible @ 90 per cent			19,50,480			19,46,052
Secured advance allowed			63,00,000			63,00,000
Excess allowed			43,49,520			43,53,948

There was nothing on record that the materials were actually brought to the site except recording in measurement books (MBs). The rate of tor steel allowed to contractor was Rs.75,075 per MT, which was for finished item of work, having tor steel as its one of the components, and not of the tor steel alone and in the cost abstract it was clearly mentioned that for the work only SAIL and TISCO steel should be used. To provide financial help to the contractors in form of secured advance the rate of tor steel was allowed at Rs.75,075 per MT instead of

Rs.18,000 per MT at the rate at which TISCO tor steel was purchased around the same time for the work of Referral Hospital, Dimapur.

In the absence of basic records like tender documents, comparative statement of rates, the reasons for not floating tenders for works and basis for selection of agencies (October 2001) before the preparation of drawing, design and detailed estimates of the project (April 2002) could not be ascertained in audit.

The matter was reported to the Government and the department in August 2003; in reply, the department stated (September 2003) that the rate was approved by the Government. The reply is not tenable as the department could not justify the reason for allowing secured advance worked out at the rate of finished product (instead of the component tor steel alone) which was higher than that of Referral Hospital, Dimapur also.

## **WORKS AND HOUSING (MECHANICAL ENGINEERING) DEPARTMENT**

### **4.9 Failure to respond to Audit objections and non-compliance**

#### **131 paragraphs relating to 15 Inspection Reports involving to Rs.20.85 crore had not been settled as of June 2003**

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 issue of Inspection Reports (IRs). When important irregularities etc., detected during inspection are not settled on the spot, these are incorporated in the IRs and issued to the Heads of Offices inspected with a copy to the next higher authorities. Though the State Government had accepted the recommendations of Shakhdar 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 October 2003. The Heads of Offices and the 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 departments by the office of the Accountant General. 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.

Review of Inspection Reports, (issued upto June 2003) pertaining to Works and Housing (Mechanical Engineering) department disclosed that 131 paragraphs relating to 15 IRs involving Rs.20.85 crore remained outstanding at the end of June 2003. Of these, two IRs containing 22 paragraphs had not been replied to for

more than 10 years. Year-wise position of the outstanding IRs and paragraphs are detailed in *Appendix -XXVI*. One division/office did not furnish even the initial replies to one IR issued in November 1990, although the Heads of Offices were required to furnish reply within a period of four weeks of their receipt. Some irregularities commented upon in these IRs had not been settled, as of October 2003 as shown below:

Table No.4.10

<i>Sl. No.</i>	<i>Nature of irregularities</i>	<i>No. of paragraphs</i>	<i>Amount (Rupees in lakh)</i>
1.	Avoidable expenditure/excess payment	2	6.21
2.	Misappropriation/shortage/loss of Government/money/stores	22	181.49
3.	Irregular/unauthorised purchase/blocking of Government money/stock and unaccounted stores	50	1,695.71
4.	Loss due to non-realisation of Government money	1	3.46
5	Fictitious/doubtful drawal	4	87.66
6.	Miscellaneous/Others	52	110.37
	<b>Total:-</b>	<b>131</b>	<b>2,084.90</b>

A review of the IRs awaiting settlement revealed that Heads of Offices and the concerned Head of the department (Chief Engineer, Works and Housing (Mechanical Engineering department)) 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 for removal of 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 took prompt and timely action to settle the paragraphs.

Thus, it indicated inaction against the defaulting officers and thereby facilitated the continuation of serious financial irregularities and loss to the Government.

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/make good the 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 as per recommendation of Shakhdar Committee.

The matter was reported to the Government in September 2003; their replies had not been received (January 2004).