

CHAPTER - I

SOCIAL SECTOR

1.1 Introduction

This chapter of the Report deals with the findings on audit of the State Government departments under Social Sector.

The departments under Social Sector and their total budget vis-à-vis expenditure during 2016-17 are given below:

Table No. 1.1.1

(₹ in crore)

Sl. No	Name of the departments	Total Budget	Expenditure
1	School Education	1453.19	1104.95
2	Technical Education	29.11	15.42
3	Higher Education	201.37	138.35
4	SCERT	44.15	43.70
5	Youth Resources and Sports	46.17	41.79
6	Art and Culture	19.37	18.97
7	Health and Family Welfare	646.39	496.56
8	Water Supply and Sanitation	309.14	243.52
9	Urban Development	101.49	82.67
10	Municipal Affairs	136.20	113.90
11	Information and Public Relations	29.54	29.31
12	Labour	9.34	9.34
13	Employment and Training	71.83	23.85
14	Social Welfare	237.85	222.36
15	Women Welfare	16.08	15.16
Total		3351.22	2599.85

(Source: Appropriation Accounts)

1.2 Planning and Conduct of Audit

Audit process starts with the assessment of risks of the departments based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders.

On completion of audit of each Department on a test check basis, Inspection Reports (IRs) containing audit findings are issued to the heads of the departments. The departments are required to furnish replies within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled based on reply/action taken or further action for compliance is advised. Some of the important audit observations in the IRs are processed for inclusion in the Audit Report of the C&AG of India which is submitted to the Governor of the State under Article 151 of the Constitution of India for being laid on the table of the Legislature.

During the year, an expenditure of ₹ 3,765.39 crore (including funds pertaining to previous years audited during the year) of the State Government under Social Sector

was test checked. This chapter contains findings on the Performance Audit (PA) of 'National Rural Drinking Water Programme' and three compliance audit paragraphs.

Performance Audit

DEPARTMENT OF PUBLIC HEALTH ENGINEERING

1.3 Performance Audit on National Rural Drinking Water Programme

National Rural Drinking Water Programme (NRDWP) was launched in April 2009 by the Government of India (GoI) to ensure delivery of safe and adequate drinking water to the rural population of the country. The Ministry of Drinking Water and Sanitation (MDWS) implements the programme through the State Government.

Highlights

- *Village/District water security plans based on demography, physical features, water sources, available drinking water infrastructure and gaps to augment existing infrastructure and water sources were not prepared.*

(Paragraph 1.3.9.1)

- *The Department was not able to achieve coverage as targeted in the Strategic Plan of MDWS. As per IMIS data, only 4.91 per cent had piped water supply connections within the household premises in the State.*

(Paragraph 1.3.11.1)

- *The district laboratories of Dimapur, Kohima and Tuensang had significantly failed in carrying out the prescribed number of bacteriological and chemical contamination tests to ensure the supply of safe drinking water. The extent of bacteriological and chemical contamination of water sources in the three districts of Kohima, Dimapur and Tuensang was high.*

(Paragraph 1.3.11.5)

- *Field testing kits purchased at the cost of ₹ 1.32 crore were not distributed to all the targeted villages/habitations and therefore the quality of water supplied to these villages/habitations remained untested.*

(Paragraph 1.3.11.6)

- *During 2012-17, galvanised mild steel pipes of different specifications valued at ₹241.81 crore was procured through local suppliers and firms from outside the State without inviting tenders.*

(Paragraph 1.3.11.7)

- *The Department paid ₹ 2.67 crore for three unexecuted works and ₹ 0.61 crore for three short executed works.*

(Paragraphs 1.3.11.9 (i) and 1.3.11.9 (ii))

- There were no records of monitoring carried out by officials from National, State, District and Block levels.

(Paragraph 1.3.12.2)

1.3.1 Introduction

The NRDWP aims to provide adequate safe water for drinking, cooking and other domestic needs on a sustainable basis to every rural person. Funds are provided for rural water supply schemes with focus on water-stressed and quality affected areas. The NRDWP is implemented in the State under six components viz. Coverage, Water Quality, Operation and Maintenance, Sustainability, Support and Water Quality Monitoring and Surveillance.

1.3.2 Organisational set up

The Secretary to the Government of Nagaland (GoN), Public Health Engineering Department (PHED) is the administrative head of the Department. The Chief Engineer, PHED is the Head of the Department and is assisted by an Additional Chief Engineer, one Superintendent Engineer, 14 Executive Engineers (EEs) and 42 Sub-Divisional Officers.

1.3.3 Scope of audit

This PA covered all the components of NRDWP for the period 2012-17. The office of the Chief Engineer, PHED, three out of 11 districts (Dimapur, Kohima and Tuensang), six out of 22 blocks and 52 schemes under NRDWP implemented at a cost of ₹ 22.40 crore in 24 out of 504 villages in the selected districts were covered (*Appendix 1.3.1*). The data from the Integrated Management Information System (IMIS) of the MDWS was also used to evaluate the performance of NRDWP.

1.3.4 Audit Objectives

The objectives of the PA were to ascertain whether:

- institutional mechanisms and planning processes were adequate;
- the fund management was economical and effective;
- the implementation of the NRDWP was effective and efficient; and,
- adequate and effective mechanism existed for monitoring and evaluation of the programme.

1.3.5 Audit Criteria

Audit criteria were drawn from:

- Guidelines of NRDWP issued in 2009 and 2013; strategic plans, notifications, orders and circulars issued by the Ministry of Drinking Water and Sanitation;
- Guidelines and Reports of National and State Level Monitors;
- State Government orders relating to implementation of the NRDWP;
- Management Information System (MIS) available on website of the NRDWP (indiawater.gov.in); and,
- NRDWP guidelines providing convergence with all other related programmes of GoI viz. MGNREGS (Department of Rural Development), National

Afforestation Programme (Ministry of Environment and Forests), National Project for Repair, Restoration, Renovation of Water Bodies (Ministry of Water Resources) etc.

1.3.6 Audit methodology

The PA comprised of an entry conference (April 2017), requisition and examination of records, issue of audit observations, examination of response to audit observations, joint inspection (team comprising of Departmental officials and audit team), issue of draft report to the Government to solicit its replies and exit conference (24 October 2017). The replies received and views expressed by the Government during the exit meeting were considered and incorporated in the report wherever relevant.

1.3.7 Acknowledgement

We acknowledge the cooperation and assistance extended to us by the Department during the conduct of this PA.

Audit Findings

The findings of the PA on the implementation of NRDWP are discussed in the succeeding paragraphs.

1.3.8 Institutional mechanism for implementation of the programme

To strengthen and restructure the existing institutional mechanism and make it responsive to the needs of the community, NRDWP guidelines (2009) issued by MDWS, GoI, prescribed the following institutions at the State, District, Block and Village level to be constituted:

1.3.8.1 State Water and Sanitation Mission (SWSM)

As per Para 12.4 of the NRDWP guidelines (2009), each State was required to constitute SWSM. The responsibilities of SWSM includes providing policy guidance, co-ordination with other Government departments and other partners, monitoring and evaluation of physical and financial performance of schemes, maintaining the accounts for programmes and support funds etc. The SWSM was required to have one meeting in every quarter and not less than four times in a year.

Examination of records revealed that SWSM¹ was constituted in the State as a society headed by the Chief Secretary. However, there was no record of any meeting of SWSM held during the period 2012-17.

1.3.8.2 State Level Scheme Sanctioning Committee (SLSSC)

As per Para 12.4 of the NRDWP guidelines (2009), each State was required to constitute SLSSC. The SLSSC was responsible for approval of Annual Action Plan (AAP), sanction for new schemes and review progress of on-going schemes. The Committee was to meet at least twice in a year.

¹ SWSM is headed by the Chief Secretary with Secretaries in-charge of PHED, Rural Development, Panchayati Raj, Finance, Health, Education, Women and Child Development, Water Resources, Agriculture, Information and Public Relations as members.

Examination of records revealed that the Department had constituted (June 2009) SLSSC under the Chairmanship of the Secretary, PHED. It was however observed that, SLSSC was involved only for approval of the AAPs and sanctioning of projects. No periodic review of the on-going schemes was carried out. It was also observed that against the requirement of two meetings in a year, the SLSSC had conducted only one meeting during 2012-16. No meeting was held during 2016-17.

The Department while accepting the facts stated (November 2017) that committee meets only when new schemes were required to be sanctioned.

1.3.8.3 Source Finding Committee (SFC)

As per Annexure 7 of the NRDWP guidelines (2009), the schemes submitted for approval to the SLSSC should be cleared by the SFC. The Committee was responsible to review the functioning/performance of existing water supply schemes for availability of potable drinking water in adequate quantity in the rural habitations.

The SFC was not constituted in the State.

1.3.8.4 State Technical Agency (STA)

As per Para 12.4 of the NRDWP guidelines (2009), the SWSM was required to identify reputed technical institutions to be designated as STA to provide technical support for preparation of AAPs and scientific/cost effective rural water supply schemes.

The Department was yet to notify a STA.

1.3.8.5 Water and Sanitation Support Organisation (WSSO)

As per Para 12.4 of the NRDWP guidelines (2009), WSSO was required to set up by each State. The WSSO was responsible for Water Quality Monitoring and Surveillance (WQM&S), Information, Education and Communication (IEC), HRD, R&D, activities *etc.* The WSSO was also required to assist the Village Water and Sanitation Committee to prepare Water Security Plan (WSP) and implement and maintain Rural Water Supply (RWS) projects.

Examination of records revealed that WSSO established in 2009 carried out WQM&S, information, education and communication (IEC). It was however observed that R&D activities, evaluation studies and impact assessment studies of the programme in the State were also not carried out.

The Department accepted the facts (November 2017).

1.3.8.6 Vigilance and Monitoring Committee

As per Para 20 of NRDWP guidelines (2009), vigilance committee at state, district, blocks and village level should be constituted to address the issues relating to the programmes.

In Nagaland, the committees were not set up at any level.

1.3.8.7 District Water and Sanitation Mission (DWSM)

As per Para 12.2 (Annexure 8) of NRDWP guidelines (2009), the DWSM was required to be constituted. The DWSM headed by the Deputy Commissioner was responsible for formulation, management and monitoring of projects.

Examination of records revealed that DWSM was constituted in all the districts. It was however observed that the Department did not have any records of the formation and the activities carried out by DWSM.

The Department accepted the facts (November 2017).

1.3.8.8 Block Resource Centre (BRC)

As per Para 12.6 of the NRDWP guidelines (2013), BRC was required to be set up at block levels to provide continuous support in creating awareness, motivation, training and handholding to village communities.

It was observed that BRCs were not set up in the State.

The Department in reply stated (November 2017) that the BRCs were not constituted as Nagaland being a small State, the activities conducted at the district and village levels by the departmental officials were found to be adequate.

1.3.8.9 Village Water and Sanitation Committee (VWSC)

As per Para 12.7 of the NRDWP guidelines (2013), VWSC was required to be set up in each village for planning, designing and management of Rural Water Supply (RWS) schemes with participation of the villagers. The VWSC was to consist of six to 12 persons with at least 50 *per cent* women members.

Examination of records and joint inspection of 24 villages revealed that VWSC were not constituted in eight out of 24 villages. In 16 villages where VWSC was constituted, nine villages did not have any women member.

1.3.9 Planning

1.3.9.1 Village and District Water Security Plan

As per Para 13 of the NRDWP guidelines (2009), Village Water Security Plan (VWSP) was required to be prepared which should include demography, physical features, water sources, available drinking water infrastructure and gaps to augment existing infrastructure and water sources. Based on the VWSP, the District Water Security Plan (DWSP) was to be prepared by dovetailing funds from different sources including NRDWP funds.

Examination of records revealed that the VWSP and DWSP were not prepared in the State.

The Department stated (November 2017) that the information was collected from the villages/communities for selection, planning and execution of schemes according to their needs. The fact however remains that the VWSP and DWSP were not prepared.

1.3.9.2 Comprehensive Water Security Action Plan and State Specific Policy Framework

As per Para 14 of the NRDWP guidelines (2009) a rolling five-year Comprehensive Water Security Action Plan (CWSAP) with broad directions, thrust areas and tangible targets was required to be prepared. As per Para 15 of the guidelines *ibid*, the Government was also required to prepare a State Specific Sector Policy Framework in line with the National Policy Framework.

Examination of records revealed that the CWSAP and State Specific Policy Framework were not prepared.

The Department accepted (November 2017) the facts pointed out by Audit.

1.3.9.3 Annual Action Plan (AAP)

As per Para 14 of the NRDWP guidelines (2013), each State was required to prepare an AAP taking into consideration the on-going schemes, new schemes and schemes which required augmentation and link the habitations proposed to be covered. During planning, priority was to be given to habitations with zero or less than 50 *per cent* of the population having access to adequate and safe drinking water. The target for consumption of water from 40 Litres Per Capita Daily (LPCD) was increased (August 2013) to 55 LPCD by GoI.

Examination of records revealed that the Department prepared AAPs for 2014-15, 2015-16 and 2016-17 with the norm of 40 LPCD instead of 55 LPCD as revised by GoI.

The Department in reply stated (November 2017) that all new water supply schemes are designed for 55 LPCD and upgradation of old schemes from 40 LPCD to 55 LPCD was taken up depending on fund availability.

1.3.9.4 Preparation and implementation of Sustainability Plan

As per Paras 6 (Annexure II) of the NRDWP guidelines (2013), sustainability plans should be prepared and implemented prioritising over-exploited, critical and semi-critical blocks using ground water prospect hydro-geo-morphological maps, GIS mapping and appropriate geophysical investigation.

Examination of records revealed that during the period 2012-17, the Department did not conduct comprehensive studies to prepare a sustainability plan. The GIS mapping of water sources, water bodies and inter-village pipelines were also not carried out.

The Department in reply stated (November 2017) that it was in the process of GIS mapping of water sources and comprehensive sustainability plan would be prepared once all required GIS data was compiled. The fact remains that the Department had utilized ₹ 23.98 crore under sustainability component without preparation of a sustainability plan.

1.3.10 Fund management

The NRDWP is funded by GoI and State Governments on cost sharing basis as detailed below:

Table No. 1.3.1

Nature of fund	Component	2012-13 to 2014-15			2015-16 to 2016-17		
		Percentage	Central Share (per cent)	State Share (per cent)	Percentage	Central Share (per cent)	State Share (per cent)
Programme	Coverage	67	90	10	67	90	10
	Water Quality						
	Operation and Maintenance	15	90	10	15	90	10
	Sustainability	10	100	0	10	90	10
Support	Support	5	100	0	5	90	10
	WQM&S ²	3	100	0	3	90	10

In Nagaland, till 2013-14 funds allocated by GoI were routed through bank accounts operated by the SWSM separately for ‘programme’ accounts and ‘support’ activities accounts. The funding pattern was changed from April 2014 and the funds allocated by GoI are routed through State Finance Department which further allocates the programme funds to the concerned Department.

The findings of audit on funds management are discussed below.

1.3.10.1 Release and utilisation of funds

During 2012-17, an amount of ₹ 431.77 crore was available and ₹ 379.43 crore was utilised for implementation of NRDWP. The year wise details of funds released by GoI, State share and expenditure under NRDWP during the period from 2012-17 is given below.

Table No. 1.3.2

Year	Opening balance	Central release	State release	Interest receipt	Total fund available	Expenditure	Closing balance	Percentage of unspent balance
								(₹ in lakh)
2012-13	178.57	11019.86	0.00	33.37	11231.80	10760.80	471.00	4.19
2013-14	471.00	6101.32	943.26	38.55	7554.13	6175.61	1378.52	18.25
2014-15	1378.52	10143.93	0.00	31.86	11554.31	8644.64	2909.67	25.18
2015-16	2909.67	3852.58	518.47	7.24	7287.96	6860.52	427.44	5.86
2016-17	427.44	3684.08	1437.00	0.00	5548.52	5431.76	116.68	2.10
Total					43176.72	37943.21		

(Source: Departmental figures)

As seen from above, the State was unable to utilize the entire funds available for the NRDWP during the period.

1.3.10.2 Component-wise allocation of funds

The component-wise allocation of funds as per the limits (in percentage) prescribed under the scheme and the actual allocation during 2012-17 is shown in the table below.

² Water Quality Monitoring and Surveillance

Table No. 1.3.3

Components of NRDWP	Stipulated as per guidelines (per cent)	Actual utilisation (per cent)
Coverage & water quality	67	71 to 81
Sustainability	10	1 to 5
O & M	15	15
Support	5	1.29 to 4.32
WQM&S	3	0.85 to 2.55

As seen from above, the actual allocation of funds for the components was not as per the prescribed limits. The allocation under “coverage and water quality” was more than the prescribed limits whereas, allocation of funds under ‘Sustainability’, ‘Support’ and ‘WQM&S’ components were less than prescribed (*Appendix-1.3.2*).

1.3.10.3 Delay/Short release of funds received from GoI and release of matching share by State Government

As per Para 17 of the NRDWP guidelines (2013), the State should transfer the entire amount of central allocation received along with its matching share to the implementing agency(s) not later than 15 days of receipt of funds from GoI.

Examination of records revealed delay in release of funds received from GoI by the State Government ranging between one and 12 months during 2014-17 (*Appendix-1.3.3*). It was also observed that there were delays in release of State’s matching share ranging between five months and 21 months during 2012-17. Further, the State had not released its matching share of ₹ 283.50 lakh during 2016-17 (*Appendix- 1.3.4*).

The Department (November 2017) stated that release of the funds is controlled by the State Finance Department.

1.3.10.4 Diversion of funds

Examination of records revealed that the Department had utilised an amount of ₹ 15 lakh during 2012-13 out of O & M component of NRDWP funds for procurement of two vehicles which was not permissible as per the programme guidelines.

It was also observed that during 2013-14, the Department had incurred ₹ 32 lakh for conducting baseline survey on rural sanitation and booked this expenditure under ‘Support’ component of the NRDWP fund. The expenditure on baseline survey on rural sanitation was not provided in any of the components of the NRDWP.

The Department stated (November 2017) that GoI had directed the Department to recover the expenditure on procurement of vehicles. As of November 2017, the Department was yet to comply with the directions of GoI. The Department accepted the fact regarding inadmissible expenditure for conducting the baseline survey.

1.3.11 Implementation of NRDWP

1.3.11.1 Coverage of habitations with piped water supply

As per the Strategic Plan of MDWS, GoI, for 2011-22, 35 per cent of the rural households should have piped water supply within the household premises by 2017.

As per IMIS data, out of a total of 3,13,509 households (March 2017) in the State, only 15,559 (4.91 *per cent*) had piped water supply connections within the household premises. Thus, the Department was not able to achieve coverage as targeted in the Strategic Plan of MDWS.

The Department accepted the facts (November 2017).

1.3.11.2 Coverage of schools and *anganwadis*

As per Para 9.8 of NRDWP guidelines (2013), all government schools and *anganwadis* should have access to drinking water and toilets in adequate quantity in convergence with other schemes/programmes by 2017.

As per IMIS report, there were 2,362 government schools and 1,501 *anganwadis* in the State as on 31 March 2017. It was observed that out of the 2,362 schools, 69 *per cent* (1,620 schools) were reported as provided with safe and clean drinking water. The IMIS data further indicated that none of the 1,501 *anganwadis* were targeted for coverage under NRDWP during 2012-17.

During joint inspection of 36 schools in the 24 villages covered under this PA, two schools (Government Middle School Sluzong and Government Primary School Pukhaho) could not be located. Cross verification of IMIS with the data of Department of School Education (DSE) revealed that these two schools were not listed in the records of DSE. Further, as per IMIS reports, 28 out of these 36 schools were provided with drinking water facility whereas joint inspection revealed that only 20 schools were actually provided with drinking water facility.

The Department stated (November 2017) that it could not take up schemes for providing water supply facility to *anganwadis* due to shortage of fund. The Department did not furnish any reply on two non-existent schools and non-availability of drinking water facility in eight schools.

1.3.11.3 Operation and Maintenance (O&M)

As per Para 9.7 of NRDWP guidelines (2013), the Department was required to prepare an O&M plan of every scheme specifying the procedures for checks and inspections at set intervals. For this purpose, the States/UTs were authorised to utilise 15 *per cent* of NRDWP funds for O&M.

Examination of records revealed that the O&M Plans prepared by the Department during 2012-17 did not indicate project wise allocation of O&M funds. The plans only listed the names of the villages in every district of the State and the allocation of funds against each village for the purpose of O&M. The details of the projects, nature of O&M works to be undertaken, cost estimate, etc. were not indicated. It was also observed that routine checks and inspections were not conducted.

The Department in reply stated (November 2017) that it prepared the O&M Plan sector-wise and officials from GoI and National Level Monitors also visited and inspected the schemes in addition to Departmental checks and inspections. However, the Department did not produce any documents to substantiate its claims.

1.3.11.4 Deficiencies under support activities

As per Annexure 8 of NRDWP guidelines (2009), the WSSO was required to provide technical expertise to different stakeholders involved in water supply and sanitation sector by undertaking activities such as satellite data/imagery; GIS mapping; MIS and computerization; IEC³, human resource development (HRD); training; conferences; seminars; R&D activities; etc. For this purpose, 5 per cent of NRDWP funds were allotted.

Examination of records revealed that the Department had utilised ₹ 9.98 crore (3 per cent) of the NRDWP fund for various support activities during the period from 2012-17. The following deficiencies were however observed under support activity during 2012-17:

- Training needs assessment was not carried out. The capacity building plan reported as prepared was also not available on record.
- No R&D activities were carried out.
- Out of 1203 training programmes planned during 2012-15, only 132 were conducted. No training programme was planned or conducted during 2015-17.

1.3.11.5 Water Quality Monitoring and Surveillance (WQM&S)

Para 5 of the NRDWP guidelines (2013) read with Para 5.2 of Uniform Drinking Water Quality Monitoring Protocol (UDWQMP), 2013 provides that all drinking water sources should be tested⁴ at least twice a year (pre and post monsoon) for bacteriological contamination and once a year for chemical contamination and entered in IMIS for regular monitoring. Para 5.3 of the UDWQMP also provides that laboratories at all levels especially at state level shall obtain NABL accreditation at an early date. UDWQMP also envisaged that a system should be in place for continuously checking the quality of data produced by the laboratories including checking of records and follow-up on samples testing positive for contamination. Further, Para 4.1 of UDWQMP stipulated that there should be a state level drinking water quality testing laboratory in each state which will have capability of analysing a full range of physical, chemical and microbiological parameters⁵ specific to drinking water quality. The state laboratory will also monitor the performance of district and sub-district laboratories and ensure quality assurance and quality control in these laboratories.

Examination of records revealed the following:

- (i) In Nagaland, water testing laboratories set-up in 11 districts were not accredited to NABL accredited as required under the NRDWP guidelines and UDWQMP.
- (ii) The State laboratory Dimapur was set-up in 2016-17 to carry out review of normal drinking water quality parameters only. Against 78 parameters

³ Information, Education and Communication.

⁴ As per Uniform Drinking Water Quality Monitoring Protocol.

⁵ 12 parameters of pH, arsenic, fluoride, *E.Coli*, TDS, nitrate, iron, calcium, magnesium, sulphate, alkalinity and turbidity.

required for conducting water quality tests, under the NRDWP, the State laboratory had a facility for conducting tests for 12 parameters only.

- (iii) As per NRDWP guidelines, record of quality control tests is to be updated regularly on IMIS. It was observed that the IMIS data did not contain data on results of water quality control tests. In the selected three district laboratories covered under this PA, audit observed that neither IMIS contained any information regarding results of samples tested in the laboratories nor records relating to water quality test results conducted by these laboratories were furnished to audit. There was no way to gauge the extent of contamination and remedial action taken, if any.

As mentioned earlier, NRDWP guidelines and UDWQMP prescribes that all drinking water sources should be tested at least twice a year (pre and post monsoon) for bacteriological contamination and once a year for chemical contamination. The year-wise status of water quality testing for bacteriological and chemical contamination during the period 2012-13 to 2016-17 in the three district laboratories of Dimapur, Kohima and Tuensang as per IMIS data is tabulated below:

Table No. 1.3.4

Laboratory	Year	No. of water sources	Bacteriological Tests			Chemical Tests		
			No. of bacteriological tests required to be done	No. of tests actually done (as a % of column 4)	No. of samples found contaminated (as a % of column 5)	No. of chemical contamination tests prescribed	No. of tests actually done (as a % of column 7)	No. of samples found contaminated (as a % of column 8)
1	2	3	4	5	6	7	8	9
Dimapur District Laboratory	2012-13	2195	4390	0	0	2195	15	15
	2013-14	2195	4390	0	0	2195	1	1
	2014-15	2195	4390	0	0	2195	14	14
	2015-16	2195	4390	0	0	2195	50	50
	2016-17	2195	4390	0	0	2195	178	126
Total			21,950	-	-	10,975	258 (2.35)	206 (79.84)
Kohima District Laboratory	2012-13	2816	5632	6	6	2816	300	90
	2013-14	2816	5632	2	2	2816	463	139
	2014-15	2816	5632	0	0	2816	464	153
	2015-16	2816	5632	0	0	2816	1	1
	2016-17	2816	5632	201	0	2816	201	77
Total			28160	209 (0.74)	8 (3.83)	14080	1429 (10.14)	460 (32.19)
Tuensang District Laboratory	2012-13	2408	4816	0	0	2408	0	0
	2013-14	2408	4816	42	41	2408	420	57
	2014-15	2408	4816	3	3	2408	14	1
	2015-16	2408	4816	0	0	2408	0	0
	2016-17	2408	4816	143	143	2408	174	11
Total			24080	188 (0.78)	187 (99.47)	12040	608 (5.05)	69 (11.35)

As seen from above table:

- A total of 21,950 water samples were required to be tested by Dimapur district laboratory during 2012-17 from 2,195 water sources for bacteriological contamination as per the NRDWP/ UDWQMP guidelines against which the laboratory had not conducted a single such test during 2012-17. Against the prescribed 10,975 tests for ascertaining chemical contamination in 2,195 water sources, the laboratory had conducted only 258 tests (2.35 per cent).

- Kohima district laboratory was required to test a total of 28,160 water samples from 2,816 water sources during 2012-17 for bacteriological contamination. The laboratory had conducted only 209 (0.74 *per cent*) such tests during 2012-17. During 2012-17, the laboratory was required to test 14,080 water samples for chemical contamination against which it conducted only 1429 such tests (10.14 *per cent*).
- Tuensang district laboratory was required to test a total 24,080 water samples during 2012-17 from 2,408 water sources for bacteriological contamination against which only 188 tests (0.78 *per cent*) were done during 2012-17. It was required to carry out 12,040 tests for chemical contamination during 2012-17 as against which only 608 such tests (5.05 *per cent*) were done during this period.

From the above it is clear that the laboratories had significantly failed in carrying out the prescribed number of bacteriological and chemical contamination tests in the three districts to ensure the supply of safe drinking water to the populace in their districts.

With respect to the tests for bacteriological and chemical contamination carried out in the three district laboratories:

- 187 out of 188 samples tested during 2012-17 were found bacteriologically contaminated in Tuensang district; for Kohima district the corresponding figure was 8 (3.83 *per cent*) out of 209 samples; no bacteriological tests was carried out by Dimapur district laboratory during 2012-17.
- 79.84 *per cent* (206 out of 258 samples) tested positive for chemical contamination in Dimapur district; the corresponding figure for Kohima and Tuensang districts were 32.19 *per cent* and 11.35 *per cent* respectively.

The above figures indicate that the extent of bacteriological and chemical contamination of water sources in the three districts was high.

1.3.11.6 Field Testing Kits (FTKs)

As per Para 10.4 of the NRDWP guidelines (2013), FTK should be used for primary detection of chemical and bacteriological contamination of all drinking water sources in the villages. At least five persons in each village are required to be trained and their services utilised for surveillance.

Examination of records revealed that, 4,854 chemical⁶ and 2,43,383 bacteriological kits costing ₹ 1.32 crore were procured during 2012-17. The Department stated that FTKs were distributed to villages after providing training to VWSC members to handle the kits. However, the details of the distribution and the training programmes conducted were not furnished by the Department.

⁶ FTKs (2104) & Refills (2750).

During beneficiary survey, representatives of VWSCs in 13 out of the 24 villages, covered under this PA, stated that FTKs were not provided and water tests in the villages were not carried out during 2012-17. This indicated that the distribution of FTKs to all villages was doubtful as also the training on their use.

1.3.11.7 Procurement process

According to Rule 137 of GFR, every authority delegated with the financial power of procuring goods in public interest shall have the responsibility to ensure efficiency, economy and transparency in such procurement.

It was observed that during 2012-17, Galvanised Mild Steel pipes of different specifications for ₹ 241.81 crore were procured through local suppliers and firms from outside the State without inviting tenders contravening the GFR provisions.

The Department stated (November 2017) that the rates of pipes were fixed in 2008 on the basis of NIT and subsequently revised taking into account the increase in cost excise duties, taxes, etc. The reply is not acceptable as it is a fundamental requirement that all public procurement should be done through wide publicity so that the most competitive rates are obtained. The Department also did not furnish any supporting documents for the rates fixed in 2008 and the subsequent revision.

1.3.11.8 Non-receipt/ delay in receipt of GMS pipes

a) Examination of the stock issue register in Store Division, Dimapur and material receipt register of Tuensang Division revealed that GMS pipes for ₹ 58.63 lakh⁷ issued by Store Division, Dimapur to Tuensang Division during April to October 2014 were not received in Tuensang Division as detailed below:

Table No. 1.3.5

Sl No.	Carriage challan No.	Date	Specification	Issue rate (in ₹)	Quantity (in metres)	Total value (in ₹)
1	TSG/S/108	23.10.2014	GS pipe 25 MM	469	2500	58,62,500
2	TSG /S/109	30.10.2014	GS pipe 25 MM		2500	
3	TSG /S/110	23.10.2014	GS pipe 25 MM		2500	
4	TSG /S/111	30.10.2014	GS pipe 25 MM		2500	
5	TSG /S/05	30.04.2014	GS pipe 25 MM		2500	
Total					12500	

b) It was also observed Store Division, Dimapur had not received materials worth ₹ 1.80 crore pertaining to supply orders issued by the Division between February 2016 to February 2017 although full payment for the same had been made to the suppliers by the Department.

The Department stated (November 2017) that the materials were not received in time and lifting from Store Division, Dimapur for issue to various divisions was further delayed due to landslides, blockage of roads etc. The reply is not acceptable as the materials dispatched by Store Division, Dimapur more than three years back had still

⁷ ₹ 469 (issue rate) x 12,500 m = ₹ 58,62,500

not been received by Tuensang Division till July 2017. The Department was silent on the non-receipt of material worth ₹ 1.80 crore at Store Division, Dimapur even though full payment had been made to the suppliers.

It is recommended that the Department conduct an enquiry into the above matters and lodge FIRs in respect of the material not received by the Tuensang Division and for the material worth ₹ 1.80 crore not received from suppliers.

1.3.11.9 Irregularities in work execution

Out of 1048 schemes implemented in the three districts covered by this PA, 52 schemes⁸ executed for an amount of ₹ 22.04 crore were jointly inspected by departmental and audit officials to verify the actual ground-level status of these schemes. The inspection revealed the following:

(i) Unexecuted works

It was observed that three schemes taken up at a cost of ₹ 2.67 crore during 2014-16 were reported as completed (March 2017) as per the monthly accounts and IMIS report. Joint Inspection (July 2017) revealed that no work in these projects was executed (*Appendix 1.3.5*).

(ii) Short execution of works

Three schemes taken up at a cost of ₹ 1.68 crore during 2014-16 were reported as completed. Joint inspection (July 2017) however revealed that works for an amount of ₹ 0.61 crore were not executed even though full payment was made (*Appendix 1.3.6*).

(iii) Incomplete works

Two schemes ('Providing water supply to Mitelephe village' and 'Augmentation of water supply to Kigwema') taken up at a cost of ₹ 2.14 crore during 2014-16 were reported as completed in March 2016. Joint Inspection (July 2017) revealed that these projects were incomplete and were still ongoing (*Appendix 1.3.7*).

(iv) Non- maintenance of assets created

During 2012-13, a project 'Providing water supply to Longkhim town and four surrounding villages (Holongba, Old Sangsamong, New Sangsamong and Yangli Mission Compound)' under Tuensang district was taken up and completed (March 2015) at a cost of ₹ 4.51 crore.

Joint inspection (July 2017) of two villages (Holongba and Yangli Mission Compound) revealed that two Galvanised Passivated Steel tanks (one unit of 7800 litre capacity and one 50,000 litre capacity service reservoir) were constructed in the villages. It was however, observed that the service reservoir installed in both the villages was found rusted and was not functional. It was also observed that the main supply line to Yangli Mission was damaged affecting supply of drinking water. This indicated that the assets created under NRDWP were not maintained.

⁸ Dimapur-10, Kohima-30 and Tuensang-12

The Department assured (November 2017) that rusting of reservoirs shall be taken care of and damaged pipeline would be repaired and water supply restored.

(v) Non –functional projects

Joint inspection (July-September 2017) revealed that 23 projects executed at a cost of ₹ 2.37 crore, were non-functional due to various (defective machineries, incomplete iron removal plant units, wrong selection of water source, etc.) as detailed in **Appendix-1.3.8** thereby depriving the population of these villages/habitations access to safe drinking water.

The Department stated (November 2017) that once the projects were commissioned they were handed over to VWSCs for O&M. The Department assured that it would rectify the defects and take steps to educate and train the VWSCs in this regard.

1.3.12 Monitoring and evaluation of the programme

1.3.12.1 Inconsistencies in IMIS data

Monitoring and evaluation are two important aspects for ensuring the success of any project. MDWS, GoI had adopted the Integrated Management Information System (IMIS) software for monitoring implementation of the NRDWP. Under IMIS, the data and information as prescribed by the Ministry from time to time, was to be uploaded by the concerned State agency in the relevant module.

The State Government was also required to identify one officer of sufficient seniority and having adequate knowledge of IT to function as State IT Nodal Officer to oversee the accuracy of the IMIS data being furnished by the districts. It was observed that no State IT Nodal officer was appointed to oversee the regularity and accuracy of the data being furnished by the districts. The Department however stated that all data collected/entered at the district level was checked at the State level.

Examination of IMIS data revealed the following inconsistencies:

- The Department had established (during 2016) a State level water quality testing laboratory at Dimapur. The IMIS however, had not been updated to include the laboratory in its database and as a consequence the tests and other reports of the State level laboratory were not available on the IMIS.
- As per format B-15 (IMIS data) there were 475 completed projects under NRDWP in the State mentioning the date of commencement as 01-01-1900.
- As per format 5, the total number of iron contaminated habitations were 53 and bacteriological contaminated were three. However, only 43 water quality affected habitations were uploaded in IMIS.
- As per format C-36, the opening and closing balances in respect of household connections with piped water supply pertaining to the years 2014-17 did not tally as shown below.

Table No. 1.3.6

Year	Opening Balance	Closing Balance
2014-15	17561	17561
2015-16	7987	8095
2016-17	16144	16144

- As per format C-38, 189 habitations were shown as covered during 2015-16 whereas the actual coverage was 168.

1.3.12.2 Monitoring by National, State and District level officers

As per Para 8 of NRDWP guidelines (2009), monitoring through regular field inspections by officials at the National, State and District levels is essential for the effective implementation of the programme. The DWSM was to constitute a team of experts in the district to review (at least once in a quarter) the implementation of the programme in the blocks.

The Department had no records of any field inspections carried out by officers from National, State and District levels.

The Department stated (November 2017) that efforts would be made to maintain the records henceforth.

1.3.12.3 Community monitoring and Social Audit

As per Para 21 of NRDWP guidelines (2009) the community and community-based organisations should monitor the demand/need of the people in the villages and coverage of the programme and social audit should be conducted to measure, understand, report and improve the organizations' social responsibility and ethical performance.

During the period 2012-17, no social audit was conducted in any of the 24 villages covered under this PA.

1.3.12.4 Impact of the Programme

To assess the impact of the NRDWP, 10 beneficiaries each from 22 villages⁹ covered under this PA were interviewed. The findings of the beneficiary survey were as under:

- (i) 75 out of 220 (34 *per cent*) beneficiaries stated that the sources of water supply in their respective villages were non-functional;
- (ii) 84 beneficiaries (38 *per cent*) stated that they were getting sufficient water supply for drinking, cooking and other domestic needs; the remaining 136 beneficiaries (62 *per cent*) stated that they did not get sufficient water supply;
- (iii) 62 beneficiaries (28 *per cent*) stated that drinking water was supplied throughout the year: 158 beneficiaries (72 *per cent*) stated that water was supplied occasionally;

⁹ Two villages/ habitations could not be accessed due to landslide.

- (iv) 87 beneficiaries (40 *per cent*) stated that they had piped water connections in their households; 133 beneficiaries (60 *per cent*) stated that they get water through common community connections;
- (v) 98 beneficiaries (45 *per cent*) stated that the distance of their home from the water supply point was more than 100 metres.

1.3.13 Conclusion

The Department had not prepared water security plans at different levels as envisaged in the guidelines. A five-year comprehensive water security action plan and State specific policy framework were not prepared. Component wise expenditure was not ensured as per the norms prescribed in the guidelines. There was delay in the release of the grants by the Department. Only 4.9 *per cent* of the households in the State were covered with individual piped water supply connections. None of the *anganwadis* in the State were targeted for coverage under the NRDWP during 2012-17. The State and District level laboratories did not carry out water quality tests as mandated. The bacteriological and chemical contamination was high in Dimapur, Kohima and Tuensang. Public procurement was not carried out as per GFR provisions. There were instances of payments made for unexecuted works, short execution of works and non-functional works. There were no records of inspections carried out to monitor the implementation of the projects and no social audit was conducted.

1.3.14 Recommendations

- The Department should make efforts to prepare rolling State five-year comprehensive water security action plans under the aegis of a State specific policy framework.
- Efforts should be made to fully utilize the available funds and avoid delays in release of GoI funds and the State's matching share.
- The implementation of the schemes should be closely monitored to avoid payments for unexecuted and short executed works.
- The quality of safe drinking water should be ensured by conducting requisite number of tests for contamination in water and prompt action should be taken for the contaminations.
- Regular monitoring through regular field inspections of the projects should be carried out and social audit as envisaged in the NRDWP guidelines should be conducted.

Compliance Audit paragraphs

DEPARTMENT OF SOCIAL WELFARE

1.4 Implementation of Indira Gandhi National Old Age Pension Scheme in Nagaland

The Department of Social Welfare, Government of Nagaland (GoN) implements the welfare programmes for upliftment of vulnerable sections of the society. Indira Gandhi National Old Age Pension Scheme (IGNOAPS) is one such welfare programme which provides monthly pension to the senior citizens in the State. Audit of the IGNOAPS covering the period from 2012-17 was conducted during May 2017 to August 2017.

Highlights:

- *Two hundred and twenty two persons who were below 60 years were given old age pension under '60-79 years category' and 51 beneficiaries who aged below 80 years were given scheme benefits under '80 years and above category' resulting in payment of ₹ 23.07 lakh to these ineligible beneficiaries. The Department also paid scheme benefits of '60-79 years category' to senior citizens who aged '80 years and above' thereby paying less pension to '80 years and above category' senior citizens by ₹3.15 crore.*

(Paragraph 1.4.8.2)

- *Government of Nagaland released only ₹9.57 crore against its matching share of ₹ 31.39 crore. Further, the Department did not utilise the State share of ₹3.61 crore during 2014-17.*

(Paragraph 1.4.9.1)

- *Delay in release of funds by Government of Nagaland and the Department resulted in delay in disbursement of pension to the beneficiaries by 8 to 25 months.*

(Paragraph 1.4.9.3)

1.4.1 Introduction

Indira Gandhi National Old Age Pension Scheme (IGNOAPS) is one of the five components of National Social Assistance Programme (NSAP)¹⁰ launched in 1995 by Government of India (GoI) to provide social assistance benefits through monthly pension to Below Poverty Line (BPL) persons of 60 years and above. In June 2011, GoI divided pensioners into two age-groups - '60-79 years' and '80 years or above'. The amount of pension was ₹ 200/- per month for beneficiaries falling in the age group of '60 - 79 years' and ₹ 500/- per month for the age group of '80 years

¹⁰ NSAP comprises of Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS), Indira Gandhi National Disability Pension Scheme (IGNDPS), National Family Benefit Scheme (NFS) and Annapurna.

or above'. GoN also notified (August 2009) to contribute State share of ₹100/- per month w.e.f. 2009-10, thereby, enhancing the monthly pension amount to ₹300/- per month for the age group of '60 - 79 years' and ₹ 600/- per month for the age group of '80 years or above'.

1.4.2 Organizational set-up

Department of Social Welfare, GoN, is the implementing Department of IGNOAPS in the State. The Secretary to the GoN, Department of Social Welfare is the Administrative Head of the Department and the Director is the Head of Department at Directorate level. District Welfare Officers (DWOs) implements the welfare scheme at District level.

1.4.3 Audit Objectives

The audit was conducted with the objectives to assess whether:

- the system adopted for identifying the beneficiaries was adequate and effective;
- adequate funds were available and released timely in accordance with the provisions of the scheme guidelines; and,
- the internal control mechanism was adequate and effective and the grievance redressal system was prompt.

1.4.4 Scope of audit

The office of the Director, Social Welfare Department and the Department offices in the three districts (Kohima, Mokokchung and Tuensang) of the State for the period from 2012-17 were covered. 25 villages/wards (***Appendix-1.4.1***) under each selected Districts were selected using Simple Random Sampling Without Replacement method (SRSWOR) for detailed verification and beneficiary survey.

1.4.5 Audit criteria

The audit criteria were drawn from the following:

- National Social Assistance Programme (NSAP) guidelines 1998 of GoI (Revised in 2014).
- Nagaland Social Security Rules 1998.
- Guidelines, Circulars, Notifications and various orders issued by the GoI/GoN from time to time.
- General Financial Rules and Receipt and Payment Rules.

1.4.6 Audit Methodology

The audit methodology comprised of an entry conference (April 2017), requisition and examination of records, issue of audit observation, examination of responses to audit observation, joint inspection, beneficiary survey, issue of draft report to the Government to solicit its replies and an exit conference. The replies received and the views expressed by the Government during the exit meeting were incorporated in the report wherever considered relevant.

1.4.7 Acknowledgement

We acknowledge the cooperation and assistance extended by the Department of Social Welfare at all levels during the conduct of audit.

Audit Findings

The audit findings are discussed in the following paragraphs:

1.4.8 Identification and selection of beneficiaries

As per Para 13(iii) of NSAP Guidelines (1998), the beneficiaries for IGNOAPS are to be identified by the States/UTs, with the objective of providing a basic level of financial support. Para 18(ii) of the Guidelines *ibid.* states that it is the responsibility of the implementing authorities to prioritise the applicants whose socio-economic and health condition is vulnerable. The coverage of the scheme during the last 5 years in the State was as under:

Table No. 1.4.1

Year	Eligible Beneficiaries		Total	Beneficiaries benefitted		Total	Scheme coverage percentage
	60-79	80+		60-79	80+		
2012-13	146081	16103	162184	44527	2664	47191	29.10
2013-14	106081	13103	119184	44527	2664	47191	39.60
2014-15	138291	12103	150394	51750	3161	54911	36.51
2015-16	138291	12103	150394	51750	5650	57400	38.17
2016-17	138291	12103	150394	51750	5650	57400	38.17

(Source: Departmental figures)

From the table above, it can be seen that the coverage of the scheme had shown an increasing trend. However, 62 per cent of the eligible beneficiaries were still not covered in the scheme as of March 2017.

The following deficiencies were noticed in identification and selection of beneficiaries by the Department in respect of IGNOAPS:

1.4.8.1 Non-adherence to scheme guidelines in selection of beneficiaries

As per para 15 of NSAP Guidelines (1998), Gram Panchayats/ Municipalities should be given the responsibility of identification of new beneficiaries. The beneficiaries should be identified based on the BPL list. Para 6 & 7 of Nagaland Social Security Rules (1998) also states that the application for grant of pension duly recommended by the Village Council Chairman (VCC) should be submitted to DWOs supported by age and economic status certificate issued by the concerned VCC. The DWOs should submit the list of eligible beneficiaries along with applications for consideration of the State Level Selection Board (SLSB) after verification and recommendation by the District Level Monitoring Board.

Examination of records revealed that:

- the SLSB was not involved in the selection of new beneficiaries during 2013-16;

- 284 beneficiaries were selected as replacement for dead beneficiaries and 40 new beneficiaries were added due to shifting of beneficiaries from ‘60-79 years category’ to ‘80 years and above category’ without the approval of District and State Selection Board in Mokokchung district during 2014-15;
- there was no records as to the how 106 new beneficiaries in the ‘60-79 years category’ were added during 2015-16 in Kohima district against a similar number of beneficiaries who had in 2015-16 shifted from the ‘60-79 years category’ to ‘80 years and above category’.

Test check of 600 applications received by the Department from Kohima, Mokokchung and Tuensang districts revealed the following:

- BPL details and economic status certificates were not found in any of the 600 application forms.
- Village/Ward Councils were not involved in identification and recommendation of 162 cases¹¹.

Non-adherence to scheme guidelines may result in irregularities in identification and selection of beneficiaries.

The Department accepted (September 2017) the audit observation and assured that the scheme guidelines will be strictly adhered to during identification and selection of beneficiaries.

1.4.8.2 Inclusion of ineligible beneficiaries and exclusion of eligible beneficiaries

Analysis by Audit of the beneficiary database¹² for the period 2012-17 furnished by the Department revealed that during 2013-17, pension benefits were extended to the beneficiaries who were below their entitled age group as shown in the table below:

Table No. 1.4.2

Year	Kohima		Mokokchung		Tuensang		Total	
	60-79	80+	60-79	80+	60-79	80+	60-79	80+
2013-14	9	9	41	0	6	2	56	11
2014-15	9	9	34	1	7	2	50	12
2015-16	10	11	41	1	7	2	58	14
2016-17	10	11	41	1	7	2	58	14
Total	38	40	157	3	27	8	222	51

As can be seen above, the Department during extended the IGNOAP benefits to 222 persons who were below 60 years of age and thus were ineligible for scheme benefits under ‘60-79 years category’. The Department had also included 51 beneficiaries under ‘80 years and above category’ whereas they were below 80 years of age, resulting in payment of ₹23.07 lakh¹³ (calculated upto June 2016) to these ineligible beneficiaries.

¹¹ Kohima:160, Mokokchung: One and Tuensang: One.

¹² Department furnished database for four years only (2013-14 to 2016-17).

¹³ Calculated for the months for which pension was actually paid upto June 2016.

It also revealed that during 2013-17, beneficiaries above the age of 80 years were being extended the benefit of '60-79 years category' as shown in the table below:

Table No. 1.4.3

Year	Kohima	Mokokchung	Tuensang	Total
2013-14	656	753	980	2389
2014-15	696	2159	1041	3896
2015-16	643	1744	908	3295
2016-17	643	1744	908	3295
Total	2638	6400	3837	12875

Payment of lower rate of pension to the beneficiaries above the age of 80 years had resulted in less payment of pension of ₹ 3.15 crore¹⁴ (calculated upto June 2016) to them.

The Department in reply (September 2017) stated that IGNOAPS benefits were extended to some beneficiaries not falling within the entitlement purview as per relaxations laid down in NSAP guidelines. It was also stated that many senior citizens above the age of 80 years were deprived of their due pension due to limited funds released by the Ministry.

The reply is not acceptable since there is no such relaxation provided in NSAP guidelines for extension of benefits outside the entitlement purview.

1.4.8.3 Confirmation of existing beneficiaries

As per Para 3.1.2 of NSAP guidelines (revised in 2014), the States should constitute Special Verification Teams (SVTs) for annual verification of existing beneficiaries under an authorised officer. The teams should include representatives of Non-Government Organisations (NGOs) of repute in the locality. Details of members of the team and the process followed should be given wide publicity. After the verification, list of persons proposed to be confirmed or deleted should be published separately. Any interested person may file claims and objections within 15 days to the head of the SVT whose details would be clearly indicated.

The audit team visited and issued questionnaire to 75 Village/Ward Councils Chairmen (VCC). Examination of the responses revealed the following:

Number of months = 12 (2013-14) + 12 (2014-15) + 6 (2015-16) + 3 (2016-17) = 33 months, 60-79 years = 222 x 33 x 200 = ₹ 14,65,200 and 80 years & above = 51 x 33 x 500 = ₹ 8,41,500

¹⁴

(Amount in ₹)

Year	No of beneficiaries above 80 years	No. of months for which pension paid	Difference in monthly pension (₹ 500/- minus ₹ 200/-)	Total less payment of pension
2013-14	2389	12	300	8600400
2014-15	3896	12	300	14025600
2015-16	3295	6	300	5931000
2016-17	3295	3	300	2965500
Total	12875	33	300	31522500

- 69 Village/ Ward Councils Chairmen stated that annual verification of existing beneficiaries was conducted by the Department along with the Village/Ward Council members only. Representatives of NGOs were not involved in the annual verification of beneficiaries.
- 62 Village/ Ward Council Chairmen stated that list of beneficiaries was not displayed in the Village/Ward Council's notice board for public scrutiny.
- 48 Village/Ward Councils Chairmen stated that they did not have records of IGNOAPS beneficiaries of their village/ward.

The above survey brought out the non-involvement of NGOs in the verification exercise of IGNOAPS beneficiaries which was a requirement under NSAP guidelines. This exclusion, coupled with the fact that in a majority of the Village/ Ward Councils surveyed, the list of beneficiaries was not displayed in the Village/ Ward Council notice board and Village/ Ward Councils Chairmen did not have records of IGNOAPS beneficiaries of their village/ ward, ran the risk of exclusion of eligible beneficiaries and inclusion of ineligible or non-existent beneficiaries.

1.4.8.4 Incomplete beneficiary information in database

The Ministry of Rural Development, GoI has developed an IT-enabled fund management system software (NSAP-MIS) for monitoring transaction/work-flow. It is mandatory that the States having their own software must ensure/enable porting of data to the Ministry's NSAP-MIS as stipulated in Para 5.2 of NSAP Guidelines (revised in 2014)

In Nagaland, the Department was yet (May 2017) to operationalise the function of NSAP-MIS portal. The database maintained by the Department in excel format was incomplete and not updated (as on March 2017). Analysis of this database revealed:

- Age of the beneficiaries remained the same every year.
- The unique pension payment book number/card number was also not maintained in the database.

It was also noticed that father's/husband's name and age of beneficiaries were not recorded in the database as shown in the table below:

Table No. 1.4.4

District	No. of beneficiaries	Beneficiaries without father/husband's name in database	Beneficiaries without age record in database
Kohima	7228	963	47
Mokokchung	7443	7	1
Tuensang	6140	77	33
Total	20811	1047	81

The Department in reply (September 2017) accepted the audit findings and assured to upload complete data of all districts at the earliest possible time and correct the discrepancies pointed out by audit.

1.4.9 Fund allocation and disbursement

As per para 33 of NSAP Guidelines 1998, Central assistance to States/UT under NSAP is determined on the basis of reports of the previous year submitted by the State Governments. Ministry of Rural Development, GoI sanctions funds to the States/UTs for implementation of NSAP as Additional Central Assistance (ACA) every year in different instalments.

Examination of records relating to fund allocation and disbursement revealed the following:

1.4.9.1 Short release of State's matching share and non-utilisation of funds

As per Para 7 of NSAP Guidelines (1998), it should be ensured that Central assistance does not displace State's own expenditure for coverage of social assistance independently. GoN notified (August 2009), that the State would provide matching contribution of ₹ 100/- per month with effect from April 2009 to every beneficiary under IGNOAPS.

Examination of records revealed that funds sanctioned by GoN as State's matching contribution were less than the funds required as shown in the table below:

Table No. 1.4.5

(₹ in lakh)

Year	No of beneficiaries (refer Table No. 1.4.1)	State matching share required	State matching share released	Short release
1	2	3 (Col. 2 x 100 x 12)	4	5
2012-13	47191	566.30	493.22	73.08
2013-14	47191	566.30	102.37	463.93
2014-15	54911	658.78	122.67	536.11
2015-16	57400	658.78*	119.28	539.5
2016-17	57400	688.8	119.28	569.52
Total	264093	3138.96	956.82	2182.14

*Beneficiary figure of 2014-15 was taken by the Department for calculation of State matching share (₹ 658.78 lakh) in 2015-16 as the details of the additional 2489 beneficiaries (57400 - 54911) in 2015-16 was not received in time by the Department that year.

It could be seen from above that GoN released ₹ 9.57 crore only against the total requirement of ₹ 31.39 crore as State's matching share resulting in short release of ₹ 21.82 crore during the period from 2012-17. Due to short release of funds by GoN, the Department could not provide additional State share of ₹ 100/- per month during 2013-17. Funds released by GoN during 2013-14 was utilised for payment of one month's normal pension¹⁵ since amount sanctioned by GoI was insufficient for payment of 12 months pension under the scheme. State's matching share amounting to ₹ 3.61 crore sanctioned under IGNOAPS for the period 2014-17 had remained unutilised till date and was retained by the Department in its accounts.

¹⁵ ₹ 200/- for 60-79 years and ₹ 500/- for 80 years & above for one month during 2013-14.

The Department in reply (September 2017) accepted the facts and stated that the Department had been pursuing for release of State contribution and the funds released by the State Government were insufficient to provide State share of ₹ 100/- per month. The fact remains that due to non-release of State's contribution, the beneficiaries were deprived of the enhanced pension.

1.4.9.2 Delay in release of funds by GoN against GoI sanction

Examination of records revealed that GoN did not release to the Department, ₹ 89.05 lakh released by GoI in September 2012 for implementation of IGNOAPS. Instead, this amount was released to the Department during 2013-14 and the Department utilised the amount for the disbursements due under IGNOAPS in 2013-14. This resulted in short payment to IGNOAPS beneficiaries by four months in 2012-13 as the Department could only disburse pension for eight months during 2012-13 through Central share.

It was also noticed that GoN released ₹ 3.95 crore only to the Department against GoI sanction of ₹ 18.61 crore during the year 2016-17 under IGNOAPS. The remaining amount of ₹ 14.66 crore was retained by GoN. This resulted in disbursement of pension under IGNOAPS for only three months during 2016-17 instead of the twelve months.

The Department (September 2017) accepted the facts and stated that it had been pursuing for timely release of funds by State Government for proper implementation of the scheme. The Department further stated that it had no control on the retention and transfer of funds to CD and pension disbursement was done only after funds were released by Finance Department of GoN.

1.4.9.3 Delay in payment of pension to the beneficiaries

As per para 18(v) of NSAP Guidelines (1998), the benefit under IGNOAPS should be disbursed in not less than two installments in a year and para 2.1 (c) of NSAP Guidelines 2014 envisaged that pension amount should be disbursed monthly.

Examination of records revealed that there was delay in release of funds by GoN to Directorate and onward release to DWOs resulting in delay of pension payment to the beneficiaries as shown in the table below:

Table No. 1.4.6

Year	Months of pension	Paid to beneficiaries during	Period of delay
2012-13	Apr 2012 to Dec 2012	Sept 2013	8 to 16 months
2013-14	Apr 2013 to Mar 2014	Oct 2014	6 to 17 months
2014-15	Apr 2014 to Mar 2015	March 2016	11 to 22 months
2015-16	Apr 2015 to Sept 2015	June 2017	20 to 25 months
2016-17	Apr 2016 to June 2016	June 2017	11 to 13 months
	July 2016 to March 2017	No release by GoN against GoI sanction	

It could be seen from above that the Department did not disburse the pension amount monthly instead, pension payments were made on the basis of funds availability. The pension payments for 2015-16 were disbursed in June 2017 after a delay of more than a year.

The Department accepted (September 2017) the facts and stated that disbursement of pensions was done on annual basis on the request of the beneficiaries. The reply is not acceptable since the guidelines prescribed that pension should be disbursed monthly or at the very least, in two installments in a year.

1.4.9.4 Pension disbursement in cash

The modes of pension payment as per para 16 of NSAP Guidelines (1998) are bank account, post office account, money order and cash disbursement although the preferred mode of payment should be bank account or post office savings account. In case of cash disbursement, the same should be disbursed in public meetings such as Gram Sabha in rural areas and Ward Committees/Area Sabhas in urban areas. Para 4.5 of NSAP Guidelines 2014 also states that the list of beneficiaries in respect of that particular Gram Panchayat/Ward in vernacular language must be displayed at the place of disbursement for information of general public on the day of disbursement. The cash disbursement process should be verified specifically in Social Audit.

It was observed that during 2012-17, the Department throughout the State was disbursing pension payments to IGNOAPS beneficiaries in cash. With respect to the three districts covered under this PA, the pension payments in Tuensang and Mokokchung districts were disbursed in the respective DWO offices or through Village/Ward Councils. In Kohima district, pension was being disbursed either at beneficiary's doorstep or through Village/Ward Councils or at the DWO office.

The fact that pension disbursements were being made entirely in cash mode and also at times in the DWO offices or directly at the beneficiary's doorstep (in Kohima district) and the fact that no social audit of this process as prescribed under NSAP Guidelines was carried during 2012-17, made this mode of disbursement vulnerable to possible leakage of pension funds.

Audit recommends that in line with the "Direct Benefit Transfer Scheme" propagated by GoI, the Department should initiate steps to disburse all pension payments under IGNOAPS directly to the individual beneficiary's bank account/post office account.

1.4.9.5 Incorporation of wrong information in Utilisation Certificate

As per para 33(iv) of NSAP Guidelines (1998), State Governments should submit Utilisation Certificates (UC) to obtain subsequent release of funds for implementation of the scheme. Examination of UCs submitted by the Department to the MoRD revealed that there were discrepancies in the information contained in the UCs as detailed below:

- The Department furnished UC for the year 2012-13 (nine months only) in April 2013 disclosing payment of old age pension of ₹ 9.21 crore under IGNOAPS. However, payment of only ₹ 8.19 crore old age pension for 2012-13 (eight months only) was made during July 2013 only.

- As per UC of 2013-14 (April 2014), old age pension of ₹ 12.28 crore for twelve months was paid to IGNOAPS beneficiaries when actual payment was ₹ 11.26 crore for eleven months. The UC also stated that 100 *per cent* funds (₹ 12.28 crore) had been utilized with 'Nil' balance but the expenditure (₹ 11.26 crore) under IGNOAPS was incurred only in July and August 2014.
- As per UC of 2014-15 (July 2015), 100 *per cent* funds under NSAP¹⁶ had been utilized with 'Nil' balance but the actual expenditure of ₹ 18.38 crore was incurred only in February 2016.
- The second instalment during 2015-16 (for six months) was not released by GoI due to non-submission of UC in prescribed proforma. It was also stated in the UC (October 2015) for the first instalment that 100 *per cent* funds under NSAP had been utilized with 'Nil' balance though the actual expenditure of ₹ 9.86 crore was incurred only in April 2017.
- As per UC (December 2016) for first instalment of 2016-17, 100 *per cent* utilisation of ₹ 8.92 crore for six months under IGNOAPS was reported whereas actual expenditure incurred was of ₹ 3.95 crore (April 2017) for three months and the remaining amount of ₹ 4.97 crore was retained in Civil Deposit.

The Department did not report the actual status of actual implementation of the scheme in the state by submitting incorrect UCs to the MoRD.

The Department while accepting the facts (September 2017) stated that UCs in prescribed format was submitted as per time frame laid down by the MoRD for availing next installment of funds. The fact, however, remained that wrong information was reported to MoRD through UCs.

1.4.10 Control and monitoring mechanism

Para 13(iv) of the NSAP Guidelines (1998) stipulates the constitution of State level and District level committees for monitoring the implementation of the scheme. Further, para 29 of the NSAP Guidelines (1998) prescribes that the State level committee shall institute adequate and appropriate arrangements for monitoring and evaluation of NSAP. For this purpose, the State level committee could utilize the District level committees, government evaluation agencies and independent academic and other institutions. The following shortcomings were observed in control and monitoring mechanism of the Scheme.

1.4.10.1 Inadequate monitoring of the programme

The Department had constituted State Level Committee (SLC) and District Level Committees (DLC) as per the NSAP Guidelines. The SLC was required to meet at least twice a year. It was observed that against 10 meetings required to be held during 2012-17, the SLC had met only twice during this period. Further, DLCs had not submitted any report during 2012-17 to the Department or the SLC about the

¹⁶ Details of bifurcation of amount received and expenditure incurred was not mentioned in the UC.

implementation of the scheme. As a result, the SLC was not in a position to monitor and evaluate NSAP as envisaged under para 29 of the NSAP Guidelines.

The Department accepted the facts (September 2017) and stated that it would initiate action for more involvement of SLC and DLCs for proper monitoring and evaluation of the scheme as per the scheme guidelines.

1.4.10.2 Non-setting up of grievance redressal mechanism

Para 6.9 of the NSAP Guidelines (2014) stipulated that States should put in place a grievance redressal system at the Gram/Intermediate Panchayat/District/Municipality levels, and designate an officer of appropriate seniority to whom the grievances can be addressed. Timelines for dealing with such grievances should be fixed. Complainant must be given a receipt, indicating the time line for redressal. The office of the designated officer must keep a record of complaints received, action taken and the outcome. The complainant must be informed in writing about action taken.

The Department did not set up any grievance redressal mechanism at any level to address the complaints or grievances of the beneficiaries.

The Department (September 2017) stated that the process was on for setting up District/Project/Village Level Grievance Redressal Mechanism.

1.4.10.3 Non-conduct of Social Audit of the scheme

Para 6.10 of the NSAP Guidelines (2014) envisage social audit to be conducted by the Gram Sabha/Ward Committee at least once in every six months. The minutes of social audit held shall be recorded by an officer authorized, signed by all the participants, and sent to the District Officer. The nodal Department of the State should monitor reports of Social Audits conducted and send reports to the Ministry of Rural Development in NSAP-MIS.

It was observed that no social audit was conducted by any village/ward council in the State. Non-conduct of social audit may result in inaccurate identification of the beneficiaries and opaqueness in the implementation of the scheme.

The Department accepted the facts (September 2017) and assured that social audit would be organized in accordance with scheme guidelines.

1.4.11 Conclusion

Audit of IGNOAPS revealed that the Department did not adhere to the scheme guidelines in identifying new beneficiaries and in confirmation/ deletion of beneficiaries resulting in irregular selection of beneficiaries in the State. The Department could cover only 38.17 *per cent* of the senior citizens under the scheme. The State Government released only ₹ 9.57 crore against its matching contribution. of ₹ 31.39 crore. Due to short release of funds, the Department could not release its share of pension contribution to the pensioners during the last four years. State share of ₹ 3.61 crore under IGNOAPS was not utilised by the Department. There was delay in release of funds by GoN to the Department and by the Department to the

beneficiaries. The Department had been submitting UCs to the MoRD containing false information. No mechanism of 'Social Audit' of the scheme was instituted.

1.4.12 Recommendations

- The Department should strictly adhere to the scheme guidelines for identifying and selection of new beneficiaries. It should involve local bodies like Village/Ward Council for addition/deletion of beneficiaries.
- The scheme funds should be utilized fully and the delays in release and disbursement of pension should be avoided.
- NSAP-MIS should be fully operationalised and updated regularly with complete and accurate details of the beneficiaries.
- Adequate internal control and monitoring mechanism like grievance redressal system and social audit may be put in place to strengthen the implementation of the scheme.

TECHNICAL EDUCATION DEPARTMENT

1.5 Diversion/ suspected misappropriation of scholarship funds

An amount of ₹ 56.12 lakh from the funds for scholarship schemes were diverted for private use. An amount of ₹ 51.87 lakh was also suspected to be misappropriated as there was no records for utilisation of this amount

The Directorate of Technical Education, Government of Nagaland (GoN), implements three scholarship schemes *viz.* State Technical Scholarship, Merit-cum-Means based Scholarship and Post Matric Scholarship.

Examination of records (March 2017) revealed that, during the years 2014-16, the Directorate received an amount of ₹ 3.30 crore¹⁷ under State Technical Scholarship scheme from the GoN. Out of this, an amount of ₹ 1.81 crore¹⁸ was disbursed to 2,175 students¹⁹ by Direct Benefit Transfer leaving a balance of ₹ 1.49 crore.

Examination (March 2017) of subsidiary cash book of the Directorate of Technical Education and bank statements²⁰ solely operated for transaction of scholarship funds revealed that the an amount of ₹ 1.32 crore out of the balance of ₹ 1.49 crore was utilised for purposes other than scholarships as detailed below:

- ₹ 35 lakh was utilised as admission fee of three candidates belonging to the backward tribes of Nagaland for MBBS course and consultancy fee.
- ₹ 40.01 lakh was utilised for farewell function of retired Director.
- ₹ 1.80 lakh was utilised for purchase of computers/ laptops.
- ₹ 3.32 lakh was diverted for salaries of fixed pay employees.

¹⁷ 2015-16: ₹ 1,64,99,600.00; 2014-15: ₹ 16496300.00

¹⁸ 2015-16: ₹ 1,20,16,400.00; 2016-17: ₹ 61,02,300.00

¹⁹ 2015-16: 1368 students and 2016-17: 807 students

²⁰ Bank Account No. 1041050017790 – United Bank of India, Kohima branch.

- Details of utilisation of remaining amount of ₹ 51.87 lakh was not ascertainable.

While accepting (July 2017) the diversion of scholarship funds, the Department stated that:

- (i) advances²¹ were granted to some staff from the scholarship fund due to urgent needs;
- (ii) ₹ 6.01 lakh had been recovered from the staff and another ₹ 18 lakh (out of ₹ 40.01 lakh) was recovered from a retired Director and the balance amount would be recovered from him on instalment basis;
- (iii) ₹ 3.32 lakh which was utilised for payment of salaries of employees had also been recovered (no documentary evidence in support of the recovery of this amount was furnished to Audit); and,
- (iv) ₹ 51.87 lakh had not been utilised and the same was lying with the Department.

The reply of the Department is not acceptable as the scholarship fund cannot be utilised for private functions, payment of admission fees and individual needs of the staff. The claim of the Department that ₹ 51.87 lakh was not utilised was also not acceptable as this amount was drawn through self-cheques and there was also no documentary evidence of this amount being remitted back to the scholarship account.

The Department of Technical Education, therefore, irregularly diverted scholarship funds amounting to ₹ 56.12 lakh²². The unspent amount of ₹ 51.87 lakh was drawn through self-cheques and not remitted back to the scholarship account.

The Department should (i) lodge FIRs against the concerned officials for diversion/ suspected misappropriation of scholarship funds amounting to ₹ 1.08 crore, and (ii) refer the matter to the State Vigilance Commission for investigation.

URBAN DEVELOPMENT DEPARTMENT

1.6 Infertuous expenditure of ₹ 1.62 crore

Construction of burial and cremation ground at Kohima was abandoned after incurring an expenditure of ₹ 1.62 crore

As per sub-clause (ii) of Clause 8 of the operational guidelines for undertaking projects under the GoI scheme 'Lumpsum Provision for North Eastern Region²³', the proposals should be accompanied by a Detailed Project Report (DPR) and should be cleared from all administrative and regulatory angles such as land free of encumbrance, environment clearance, observance of land use zoning under master plan/building plan bye-laws of the respective State. The DPR should be submitted

²¹ Did not mention the amount of advance disbursed out of scholarship fund but stated that ₹ 6.01 lakh had been recovered and deposited to the account.

²² Figures in ₹ in lakh: $(35.00 + 40.01 + 1.80 + 3.32) - (18.00 + 6.01) = 56.12$

²³ Ministries / departments are to make a lump sum provision of 10 per cent of their Central plan allocation for projects/schemes for the benefit of North Eastern Region and Sikkim.

after endorsement by the concerned Municipal Council (Urban Local Body) in the case of City/Town level.

The Director, Urban Development Department (UDD) proposed (April 2013) a project for construction of a burial and cremation ground at Kohima at a cost of ₹ 15 crore under “10 per cent Lumpsum Provision for Development of North Eastern States including Sikkim” to the Ministry of Urban Development, GoI. The Ministry approved (November 2013) the project for ₹ 10.89 crore on 90:10 Centre/State sharing basis. The GoI released ₹ 6.86 crore²⁴ in two instalments to the State Government, against which the State Government released an amount of ₹ 2.94 crore as its share to the Department.

The Executive Engineer (EE) of UDD identified eight acres of land at Kiyake, Kohima for the project and commenced (April 2014) the work of construction of burial ground. The construction works were discontinued (December 2014) after incurring an expenditure of ₹ 1.62 crore as the Village Councils objected (June 2014) to construction of crematorium on environmental and health grounds and the existence of five cemeteries in the neighborhood. Considering the complaint made by the local authorities the State Level Programme Implementation Committee (SLPIC) directed (May 2016) the UDD to relocate the project to an alternative site.

Thus, failure of the UDD to select a dispute-free land - as required under the operational guidelines of the GoI scheme – for the burial and cremation ground resulted in the project being aborted thereby rendering the expenditure of ₹ 1.62 crore infructuous.

While accepting the facts, the Department stated (August 2017) that an alternate site has already been identified and work was expected to start soon. The Department however, did not furnish any documentary evidence for the selection of the alternate site.

²⁴ 1st Instalment - ₹ 2.94 crore (June 2014) & 2nd Instalment - ₹ 3.92 crore (July 2015)