

Chapter I Introduction

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) on Government of Odisha relates to matters arising from Performance Audits of selected programmes and activities and Compliance Audits of Government Departments.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The audit findings are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations, thus contributing to better governance.

Compliance Audit refers to examination of the transactions relating to expenditure, receipts, assets and liabilities of the audited entities to ascertain whether the provisions of the Constitution of India, applicable Rules, Laws, Regulations and various orders and instructions issued by the competent authorities are being complied with.

Performance Audit examines the extent to which the objectives of an organisation, programme or scheme have been achieved economically, efficiently and effectively.

Chapter I of this Report provides a synopsis of the significant audit observations, while Chapter II deals with the findings of two Performance Audits and Chapter III deals with Compliance Audits of various departments.

The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts for the year 2014-15 as well as those which had come to light for earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2014-15 have also been included, wherever necessary.

1.2 Significant audit observations of Performance Audit

This Report contains two Performance Audits. The focus has been on auditing the specific programmes/ schemes and offering suitable recommendations, with the intention to assist the executive in taking corrective action and improving service delivery to the citizens. Significant audit observations are discussed below:

1.2.1 Implementation of Rashtriya Madhyamik Shiksha Abhiyan in the State

The objective of Rashtriya Madhyamik Shiksha Abhiyan (RMSA) was to provide access, quality and equity in secondary and higher secondary education to the eligible population in the country. Though the RMSA framework provides for one secondary school within a reasonable distance of

five km from the residence, 3,167 eligible habitations did not have any secondary school. There was absence of preparatory work like formation of core group for micro planning at district level by conducting survey for assessing the requirement of infrastructure and prioritising them to implement the scheme. No planning was done to implement Vocationalisation of Secondary Education. The State established only 773 out of 1,535 new schools proposed in the Perspective Plan. There was shortfall in construction of new schools and strengthening of infrastructure in existing schools, resulting in classroom-student ratio exceeding the norm of 1:40. In addition, students were deprived of facilities like libraries, laboratories, etc. The quality of education suffered due to non-recruitment of 4,790 teachers and inadequate training to them. Implementation of ICT@Schools scheme suffered due to deficient e-content, inferior quality furniture, non-supply of tablets with pre-installed e-content and ineffective ICT training to teachers. Monitoring of implementation of the scheme was deficient both at district and State level. Consequently, the physical milestones approved by the Government of India could not be achieved even after six years of implementation.

(Paragraph 2.1)

1.2.2 Information Technology Audit on Implementation of Odisha Secretariat Workflow Automation System

Government of Odisha implemented Odisha Secretariat Workflow Automation System (OSWAS), a workflow automation system at the State Secretariat, to bring in efficiency and effectiveness in its functioning. Even after six years of implementation, all envisaged core, common and department specific applications could not be developed.

OSWAS had weak management controls. Business process re-engineering was not conducted which created inefficiencies and inconsistencies in file management. Business Continuity and Disaster Recovery Plans were not framed. Odisha Computer Application Centre (OCAC) did not exercise adequate control over database administration activities.

The digital signature was partially implemented which failed to protect the integrity of notes created through OSWAS. OSWAS had design deficiencies like incomplete administrator interface, non-provision for transfer/ posting, ineffective session management, inconsistencies in reports and time-stamping, etc.

Access controls were found inadequate in OSWAS as the files were accessible to any user irrespective of department, post and confidentiality. User management was given to the vendor without any control of OCAC. OSWAS used outdated platforms making Government business vulnerable. Several features in user interface were non-functional.

Usage of OSWAS was low as 81 *per cent* of departments had created more than 50 *per cent* of files in physical form outside OSWAS. Training to users on core and common applications was inadequate.

(Paragraph 2.2)

1.3 Significant audit observations of Compliance Audits

1.3.1 Implementation of Biju Kandhamal O Gajapati Yojana

Government of Odisha launched a Special Area Development initiative called 'Biju Kandhamal O Gajapati Yojana' (BKGY) in 2009-10 for Kandhamal and Gajapati districts. Audit of implementation of the scheme revealed that the Comprehensive district plan was not formulated based on the gap analysis and three crucial sectors - electricity, livelihood and social safety net under the scheme were not given requisite priority. The objectives of the scheme to provide *bijli*, *pani* and *sadak* to the deficient villages were not fully achieved. Annual Action Plans were formulated with delays and without considering inputs from line departments. People's participation in formulation, implementation and monitoring of program was not ensured. Utilisation of funds under the scheme during 2011-15 was only 50 *per cent* of the available funds because of delay in sanctioning of projects by district authorities, delay in release of funds, lack of monitoring by district authorities, *etc.* There were several deficiencies in project implementation which led to wasteful expenditure as projects were not put to use. Inspection and monitoring was found inadequate at all levels.

(Paragraph 3.1)

1.3.2 Improper management of shopping halls

The provisions of the rules for management of shopping halls were largely violated. Despite subletting as well as unauthorised construction for increasing the floor area of the shopping halls by the allottees, no penal action was taken as per the provisions of the rule. Inadequate inspection coupled with inaction on detection of subletting and unauthorised constructions facilitated the violators to continue occupying the shopping halls unauthorisedly. Lease agreements of shopping halls were renewed without following a transparent system. There was no system for periodical revision of rent.

(Paragraph 3.2)

1.3.3 Avoidable extra expenditure of ₹ 1.28 crore on procurement of computers

Inordinate delay in taking decision by Centre for Modernising Government Initiatives and lack of monitoring for timely purchase of computers by District Collectors resulted in extra expenditure of ₹ 1.28 crore on purchase of 1,511 computers.

(Paragraph 3.3)

1.3.4 Construction and maintenance of rural roads

Test check of records of eight Divisions of the Rural Development Department revealed that due to award of six works without ensuring availability of land and forest clearance, the agreements with the contractors were foreclosed and the Department incurred avoidable expenditure of ₹ 5.48 crore on re-award of works. In 18 works, penalty of ₹ 5.77 crore was not imposed on the contractors

despite non-completion of works within the stipulated period. Further, there was short recovery of penalty of ₹ 5.25 crore in nine cases where contracts were rescinded.

(Paragraph 3.4)

1.3.5 Curtailment of Central assistance due to delay in setting up of Police Training Schools

Delay in identification of land for setting up of Police Training Schools as well as completion of construction works on the available land by the Home Department led to curtailment of Central assistance of ₹ 17.50 crore and diversion of training equipment, etc. valuing ₹ 2.06 crore.

(Paragraph 3.5)

1.3.6 Non-recovery and remittance of Employees' Provident Fund contribution

Non-contribution of ₹ 18.22 crore to the Employees' Provident Fund violating the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 by the District Education Officers resulted in penalty of ₹ 3.10 crore.

(Paragraph 3.6)

1.3.7 Erroneous computation of additional compensation

Failure of the Land Acquisition Officer of the Puri Collectorate to compute compensation till the date of award as prescribed in Land Acquisition Act, 1894 led to non-payment of compensation amounting to ₹ 6.41 crore to 2,410 land losers.

(Paragraph 3.7)

1.3.8 Loss due to irregular parking of State Disaster Relief Fund in current account

Drawal of Government money from treasury by the Collectors of Puri and Ganjam, without immediate requirement and parking the same in current account, resulted in avoidable interest burden of ₹ 2.33 crore.

(Paragraph 3.8)

1.3.9 Lack of response to Audit

A review of IRs issued upto March 2015 pertaining to 24 departments revealed that 40,919 paragraphs relating to 10,092 IRs were outstanding at the end of June 2015. As of September 2015, 13 out of 24 departments did not submit explanatory notes in respect of 38 paragraphs featured in the C&AG's Audit Reports from the years 2003-04 to 2013-14. Out of 624 recommendations made by the Public Accounts Committee from the 3rd Report of tenth Assembly (1990-95) to 10th Report of fourteenth Assembly (2009-14), final action taken notes on 21 recommendations were not furnished by five departments.

(Paragraph 3.9)

1.4 Recommendations

This Report contains specific recommendations on a number of issues involving non-observance of the prescribed internal procedure and systems, compliance with which would help in promoting good governance and better oversight on implementation of departmental programmes and objectives at large.