

Chapter 3

Compliance Audit

Para Number	Topics	Page
3.1	Administration of Self Financing Courses in the State	41-60
3.2	Compliance to the provisions of Pre-conception & Pre-natal Diagnostic Techniques (Prohibition of Sex Selection) Act 1994	61-73
3.3	e-Governance projects in three Universities of the State	74-80
3.4	Income Generation of Scheduled Tribes in Scheduled Areas	81-86
3.5	Lack of response to Audit	87-93

CHAPTER 3
Compliance Audit

HIGHER EDUCATION DEPARTMENT

3.1 Administration of Self Financing Courses in the State

3.1.1 Introduction

The concept of Self Financing Courses (SFCs) was strengthened during Ninth Five Year Plan (1997-2002) which emphasised reorientation of teaching in higher educational institutions towards applied fields so as to establish relevance, need-based specialisation and market-driven skill generation.

Twelfth Five Year Plan laid emphasis on quality teaching and marketability of courses in higher education. Students opted more for job oriented courses like management, information technology, bio-technology, bio-informatics, financial control, social work, etc.

Three Universities *i.e.*, Utkal University (UU), Berhampur University (BU) and Sambalpur University (SU) by virtue of the powers vested under the Act and Statute²¹ had introduced SFCs since 1994. Subsequently, on the advice of the Finance Department to raise internal resources by the Universities, Higher Education Department intimated (June 2005) Vice-Chancellors of six Universities of the State to introduce full payment Self Financing Courses (SFCs). As of March 2013, six Universities introduced 105 SFCs in their Post Graduate (PG) departments including three Universities who had introduced 49 SFCs. Similarly, six Universities granted affiliation to 159 professional/technical colleges of which 137 professional/ technical colleges pertained to three test checked Universities who run 232 SFC courses on payment of prescribed affiliation fees. Besides, 11 Government autonomous colleges of the State also administered 31 SFCs under them.

SFCs were run in two modes, one directly by the Universities through contractual staff/ guest faculty and the other through Public Private Partnership (PPP) mode on revenue sharing basis, where infrastructure is provided by the Universities/ autonomous colleges leaving academic activity to be conducted by the private partners. Out of 49 SFC courses run in three test checked Universities, two²² SFCs were in PPP mode.

3.1.1.1 Audit Objectives

Audit was conducted with the objective to assess whether:

²¹ Section 3 (5) (a), 12 (2) (d) of the Orissa Universities Act 1989 and Statute 252 (4) (g) of the Orissa Universities First Statutes 1990.

²² MBA (Agri-Business) and M Tech in Information Technology

- Self Financing Courses (SFCs) were adequately assessed before introduction by the Universities/ Autonomous colleges with due regard to their financial and operational impact;
- quality education was imparted with adequate infrastructure and qualified staff with opportunities for placement of passed out students; and
- private partners for SFCs under Public Private Partnership (PPP) mode were selected in a fair and transparent manner and the revenue sharing model with them was balanced, fair and equitable.

3.1.1.2 Audit scope and methodology

Audit was conducted between July 2012 and December 2013 covering the period 2007-13. Out of six State run Universities imparting general courses, three major Universities (UU, BU and SU) were selected as they operated SFCs in their campus and also in affiliated colleges to run professional/technical SFCs.

Audit test checked records at three Universities in respect of 11²³ out of 49²⁴ SFCs run by them based on high course fees which included two SFCs run under PPP mode by Utkal University. Records of the Higher Education (HE) Department relating to SFCs run by 11 autonomous colleges were also examined. Besides, records relating to affiliation of 48 out of 137 affiliated professional/technical colleges (35 per cent) offering SFCs were checked in Audit. Audit also interacted with students and teachers through structured questionnaire to assess quality aspects in the SFCs. The draft report was discussed on 9 May 2014 in an Exit Conference with Additional Secretary of HE Department and Vice Chancellors/ Registrars of the Universities concerned and replies of the audited entities/ Department, wherever received, were duly considered and appropriately incorporated in this report.

Audit findings

3.1.2 Need assessment for running SFC

3.1.2.1 Absence of uniform guideline for administration of SFCs

A Committee of Vice Chancellors²⁵ (VCs) constituted (September 2005) by the Chancellor²⁶, prepared (June 2006) model SFC guidelines for Universities and

²³ **Utkal University(UU):** Integrated Master in Computer Application (IMCA), Integrated Master in Business Administration (IMBA), Master in Pharmacy (M Pharma), Master of Business Administration (Agri-Business) and Master of Technology in Information Technology; **Berhampur University (BU):** Master of Technology in Computer Science (M Tech CS), Master in Pharmacy (M Pharma) and Master of Technology in Electronics Information Science (M Tech EIS); **Sambalpur University (SU):** Master of Technology (Computer Science), Master in Computer Application (MCA) and Master of Science in Biotechnology (M Sc BT)

²⁴ UU-19, BU-10, SU-20

²⁵ Headed by Vice-Chancellor of Sambalpur University

²⁶ Governor of the State

Autonomous Colleges and sent (July 2006) them to the Higher Education (HE) Department for their examination and views to which there was no response as of December 2013. VC of a technical University prepared (November 2006) other guidelines for administration of SFC which the Industries Department approved in May 2008 with stipulations for its application in case of constituent and affiliated colleges under that University. HE Department also prepared (November 2008) draft SFC Guideline for Autonomous and Government Colleges, which was yet to be approved by the Government (December 2013).

Audit scrutiny revealed that, Chancellor in the VCs' Conference (October 2006) instructed the Universities to adopt the model Guideline prepared by the committee of VCs or by the technical University as per the suitability of the concerned Universities. But it was seen in test checked Universities that while UU and SU adopted guidelines of their own, BU had not framed any guidelines and introduced SFCs with general rules specifying admission procedures only.

Further, it was revealed that guidelines of UU and SU did not contain important aspects like manner of selection of the courses, sharing of infrastructure, selection of faculty, reservation of seats, structuring of course fee, rationale of revenue sharing and employability of students etc. Provision for reservation of seats for ST/ SC and economic weaker sections as required under the policy of the Government and concession in course fee for a percentage of students on poor/ meritorious criteria were not included in any of the guidelines of sample Universities.

Government assured (May 2014) that a broad based guideline would be issued for introducing and maintaining SFCs in Universities and affiliated colleges as was done by the Industries Department for the technical University and its affiliated colleges.

3.1.2.2 Non-assessment of demand prior to introduction of SFCs

VCs' Conference (April 2006) emphasised that SFC courses should be selected on basis of commercial viability/ utility and geographical and regional factors. Besides, as per SFC guidelines (November 2006) as approved by Government in Industries Department (May 2008), no recurring/ non-recurring liability should be created for the State Government in any manner and the course should be self-sustained and managed out of the course fees to be collected from students.

Audit scrutiny revealed that neither the Higher Education Department nor the test checked Universities prescribed any criteria for identification of SFC on the basis of market need and employability of the students passing out from such courses. Eleven test checked SFCs were introduced based on recommendation of Teachers Council of concerned PG Teaching Department/ Academic Councils without any demand survey and requirement analysis that were required to determine viability of the SFCs as well as demand in job market. In 11 Autonomous and Government

Colleges²⁷, Audit noticed that 31 SFCs were introduced based on proposal and request of the concerned private partner without any demand survey and requirement analysis, but were approved for commencement by the HE Department. Audit further noticed that:

- In three SFCs²⁸ launched by BU, applications for not even 10 students were received though as per prospectus this was minimum requirement.
- Master in Pharmacy course introduced by UU as SFC lost its appeal as student enrolment reduced from 87 *per cent* (2007-08) to 23.33 *per cent* (2012-13) of total seats.
- Despite bringing (2010-11) all eight Information and Technology (IT) related SFCs in one place²⁹ under SU to pursue quality IT education, enrolment of students in IT courses was on an average below 51 *per cent* of the intake capacity of the courses during 2010-13 in the SU.
- In 10³⁰ out of 48 test checked affiliated colleges, where 93 SFCs were run on proposals of the respective Managing Committees with recognition and affiliation by the Government and Universities, enrolment of students was less than 50 *per cent* of the intake capacity continuously for three years (2009-10 to 2011-12) in 14 courses (**Appendix 3.1.1**). Such enrolment was consecutively 'Nil' for three years (two courses), two years (two courses) and low (below 30 *per cent*) in six courses.

In the Exit Conference, Additional Secretary stated (May 2014) that SFCs being demand driven and employability factor being important demand for a particular course mainly remains for seven to eight years and then decreases resulting in low enrolment and discontinuance of some of these courses.

Thus, demand survey was not properly and consistently done and SFCs were introduced without assessment of their requirement.

Vice-Chancellor, SU stated (May 2014) that SFCs were introduced considering the employability prospect, infrastructure as well as faculty availability in the University including availability of guest faculty. However, in the Exit Conference, representatives of all the Universities emphasised the need for more

²⁷ Government Autonomous College, Bhawanipatna; MPC Autonomous College, Baripada; Government Autonomous College, Angul; NC Autonomous College, Jajpur; Vikram Dev College, Jeypore; DD Autonomous College, Keonjhar; Dhenkanal Autonomous College, Dhenkanal; Khallikote Autonomous College, Berhampur; SB Rath Government Autonomous College, Berhampur; GM Autonomous College, Sambalpur; Buxi Jagabandhu Bidyadhar Autonomous College, Bhubaneswar

²⁸ Master of Science (Biotechnology): 20 seats; Master of Science in Geo-Physics: 16 seats; PG Diploma in Banking and Insurance Management: 40 seats

²⁹ Sambalpur University Institute of Information Technology (SUIIT)

³⁰ UU:6 and BU:4

control over SFCs of affiliated colleges as they do not have requisite infrastructure and human resources. The Government assured (May 2014) to look into the matter.

3.1.3 Financial issues

3.1.3.1 Lack of uniformity in course fee

As per SFC Guidelines for Universities prepared by VCs committee, fee structure of SFCs was to be decided by the Universities and Autonomous Colleges depending upon the nature of the course. SFC Guidelines of Industries Department for technical University and Section 6(1) of the Orissa Professional Educational Institutions (Regulation of Admission and Fixation of fee) Act 2007 provided that course fee should be fixed by the Government in consultation with the Fee Structure Committee (FSC) to be set up.

Audit noticed that though fee structure for private professional/ technical colleges was recommended by committee, test checked Universities neither applied/ consulted the committee nor formed a uniform fee structure for different courses administered by them. This led to charging of fee at different rates for the same type of courses by different Universities or fee different to that fixed by the Government for affiliated private professional colleges as indicated in table 3.1.1.

Table 3.1.1: Collection of fees at different rates by Universities for similar courses

(Amount in ₹)

Sl No	Name of the course	Course fee fixed by University	Course fee fixed by the Government	Course fee fixed for similar SFC in other Universities
1	BCA (UU) Three years	90,000	45,000	NA
2	BBA (UU)	90,000	45,000	NA
3	MBA Agri-Business (UU)	2,53,000	NA	1,39,000 (OUAT ³¹)
4	M Tech(IT) (UU)	1,50,000	NA	70,000 (M Tech CS-UU)
5	M Pharma(UU)	2,00,000	NA	70,000 (M Pharma-BU)
6	M Tech (CS) (BU)	1,00,000	NA	70,000 (M Tech CS-UU)

(Source: Information as provided by respective University) NA: Not available

The Government assured (May 2014) to look into the matter.

3.1.3.2 Unscientific adoption of course fees

As per the SFC Guidelines of Industries Department for technical University, introduction of SFC should be self sustaining. The Guidelines of the Fee Structure Committee also required fixing of course fee based upon the administrative cost, depreciation on fixed assets and interest on borrowed capital.

Scrutiny of records revealed that Universities adopted course fee as proposed by Teachers Councils of the Department concerned without cost analysis. Periodic

³¹ Orissa University of Agriculture & Technology

enhancement was also without any basis as seen in some of the cases described below:

- course fee of M Tech CS of BU fixed at ₹ 64,000 up to 2009-10 was raised to ₹ one lakh from 2010-11 without any basis on record.
- course fee of M Tech EIS fixed at ₹ 70,000 up to 2010-11 was also increased to ₹ 1.20 lakh from 2011-12 by BU without any recorded basis.
- In SU, the course fee for M Sc BT which was proposed at ₹ 1.20 lakh was reduced to ₹ 1 lakh when the Vice Chancellor (VC), SU opined that the course fee was very high in comparison to course fee of ₹ 40,000 charged by another University.

Thus, fixation of such course fees by the Universities was unscientific and resulted in surplus as could be seen from table 3.1.2.

Table 3.1.2: Surplus SFC fund lying with the Universities

(₹ in lakh)

Sl. No.	Course	Course fee collected	Expenditure incurred by concerned PG department	University share	SFC Funds lying surplus ³² (Percentage to collection)
1	2	3	4	5	6
Utkal University					
1	IMCA	538.86	176.16	179.62	183.08 (34)
2	IMBA	369.03	152.12	123.01	93.90(25)
3	M Pharma	407.66	113.41	135.88	158.37(39)
Berhampur University					
4	M Tech CS	95.07	8.63	28.52	57.92(61)
5	M Tech EIS	64.10	19.97	19.23	24.90(39)
6	M Pharma	356.16	69.13	106.85	180.18(51)
Sambalpur University					
7	M Tech CS	11.96	10.43	1.00	0.53(4)
8	MCA	193.57	108.29	25.24	60.04(31)
9	IT courses in SUIT	644.68	429.87	Nil	214.81(33)
	Total	2681.09	1088.01	619.35	973.73(36)

(Source: Information as produced by course heads)

Audit scrutiny further revealed that fees were largely utilised on wages to temporary/guest teaching and non-teaching staff, maintenance of laboratory, day to day running expenses, etc. at department level. There was no expenditure on infrastructure as the courses were run in existing set up of respective departments. Besides, the departments did not incur any expenditure on deployment of fulltime teaching staff to meet quality of education despite vacancies of teaching staff

³² Course fees collected less expenditure by PG department and University share

ranging between four and 100 *per cent* in SFCs as discussed in **Paragraph 3.1.5.1.**

Registrar SU stated (September 2013) that the University was empowered to decide the course fee depending upon the nature of the course and its demand. But the fact remains that Universities maintained large savings out of collection from SFCs. The Additional Secretary, however, assured (May 2014) to look into the matter.

3.1.3.3 Collection of excess course fee than that prescribed by affiliated colleges

As per para 2(d) of Orissa Universities First Statute (OUFS) 1990, tuition fee disproportionate to the normal tuition fee charged by similar institution of the University, or any other fee, by whatever name called, charged from a student or his guardian at the time of admission or at any other time for the purpose of securing admission to the degree or post-graduate degree or diploma course or for any other purpose, shall be treated as capitation fee. Affiliated colleges were prohibited from collecting capitation fee or donation under Statute 172(viii). In case of violation, the colleges were to be deprived of full privileges (affiliation) as per Statute 200 (iv) of OUFS.

Scrutiny of records revealed that though Government (HE Department) prescribed the fee structure (₹ 45,000 per student) for admission into BCA/ BBA course run in affiliated colleges, 14 out of 48 test checked affiliated colleges collected course fees under 23 courses (BCA:13, BBA:10) higher by ₹ 6,000 to ₹ 90,000 per course than that fixed by the Government. This was indicative of collection of capitation fees as detailed in **Appendix 3.1.2.**

Local Enquiry Committees (LECs)³³ of the Universities responsible to ensure non-collection of capitation fee or donation under Statute 181(viii) during inspection for renewal/ grant of affiliation to colleges did not also point out such excess collection of course fees.

While Registrar of SU stated (September 2013) that concerned colleges were advised to refund the excess amount and refrain from collecting any such fee in future, the Registrar of BU and UU stated (October 2013) that necessary clarifications would be sought from the institutions. With regard to LEC's role, Registrars of SU and UU intimated that the LECs would be instructed to be more careful in their observations in future. In the Exit Conference, representatives of all test checked Universities opined (May 2014) that these are clear cases of collection of capitation fees. The Additional Secretary assured (May 2014) that the matter would be examined by the Department.

However, the fact remained that the Universities did not take any action against the defaulting colleges as required under the Statute as of December 2013.

³³ LECs comprised of members nominated by the College Development Council amongst the university faculties and executives and not the same people every time.

3.1.3.4 Revenue sharing between University and concerned PG teaching department

Model SFC Guidelines for Universities provided for revenue sharing between the University and PG teaching department running the SFC. Different Universities share their SFC revenue collected as per sharing pattern approved by their respective Syndicates. Percentage of sharing was therefore different among the Universities. PG department out of its own share, utilised the fund for examination expenses, remuneration of staff and meeting infrastructural requirements like books, consumables and contingencies etc.

Scrutiny of records revealed that the Universities did not follow own approved revenue sharing pattern. This resulted in excess retention of ₹ 6.64 crore by Universities/ PG departments as discussed in the succeeding paragraphs.

- The sharing ratio in UU was 33.33: 66.67 between University and PG department. During 2007-13, UU collected ₹ 13.16 crore towards running of three SFCs (IMCA, IMBA, M Pharma) of which ₹ 5.93 crore (*45 per cent*) was released against ₹ 8.77 crore required to be released as per approved sharing ratio. This resulted in excess retention of ₹ 2.84 crore by the University for its own use without release of the same to the PG department.
- In BU, the sharing ratio was 30:70 (University: PG department). The University retained the entire SFC revenue of ₹ 5.15 crore collected from three SFCs (M Tech CS, M Tech EIS and M Pharma) during 2007-13 in its General Accounts instead of 30 *per cent* (₹ 1.55 crore) of the total collection, as stipulated.
- As per SFC guidelines of SU, the University was to get 11 *per cent* share for initial two years and 22 *per cent* in subsequent years from respective PG department within 15 days of collection of course fees from the students. Though three PG departments collected fees of ₹ 2.04 crore from the courses like MCA, M Tech CS and M Sc BT, only. ₹ 23.89 lakh (54 *per cent*) was deposited with University as against ₹ 43.87 lakh.

This indicated that neither Universities nor the PG departments implemented approved revenue sharing pattern with the result that ₹ 6.64 crore of revenue was retained by different stakeholders disproportionately during 2007-13.

In the Exit Conference, the representatives of test checked Universities stated (May 2014) that the revenue sharing between the University and post-graduate teaching department concerned should be one-third and two-thirds respectively. However, the fact remains that the funds were retained without utilisation despite large deficiencies in infrastructure affecting SFCs, though such surplus can be utilised for infrastructure development.

3.1.3.5 Engagement of University regular faculty in SFCs

As per OUFS Statute 263, an employee's duty time shall be wholly at the disposal of the University which can be utilised in any manner required without payment of any additional remuneration. Clause 16 of UU SFC guidelines (2005-06) also stated that remuneration to University teachers assigned for any SFC work shall be made, if the work is done beyond the normal office hours (10 AM to 5 PM).

Scrutiny of records revealed that the Universities (UU and SU) incurred expenditure of ₹ 15.47 lakh towards payment of remuneration to 69³⁴ regular teachers of its PG teaching departments for teaching in SFCs during their normal duty hours in violation of the Statute and SFC guidelines as detailed in table 3.1.3.

Table 3.1.3: Payments to regular teachers of University for SFC classes taken during normal duty hours

Sl. No.	Course	Number of regular teachers of University engaged	Period of payment	Amount paid (in ₹)
1.	IMCA, UU	14	17 February 2006 to 31 January 2013	4,12,600
2.	IMBA, UU	14	2007-12	3,13,250
3.	M Pharma, UU	2	2007-12	5,750
4.	M Tech IT, UU (PPP)	1	2011-12	3,000
5.	MCA, SU	2	2007-12	83,550
6.	M Sc BT, SU	29	2007-12	4,87,350
7.	IT courses in SUIIT, SU	7	2010-12	2,41,800
	Total	69		15,47,300

(Source: Compiled by Audit from records of SFCs)

VC of SU and UU stated (May 2014) that generally regular faculty were engaged in imparting teaching in SFC courses beyond the regular class hours *i.e.*, during morning and evening hours. They also stated that due to such engagement, SFC students are generally benefited from their expertise and regular courses were not affected in any way. But, in all the above cases detected in Audit, regular faculties were paid for engagement in SFCs during their normal office hours.

3.1.3.6 Arbitrary and lack of uniformity in collection of affiliation fee

As per Statutes 172 (2) (iv), 174 and 177 as amended in 2000, before granting affiliation, Universities charge and collect six types of fees (pledging money, academic, subject affiliation, processing, inspection and late fee) from institutions. Fees formed a part of revenue of the Universities except pledging money which is to be refunded upon discontinuance of the institute affiliation. Affiliation charges were the only revenue received by the Universities from such colleges.

Scrutiny of records revealed that the quantum of collection of affiliation fees by the Universities in case of 23 colleges out of 48 test checked in audit, was below

³⁴ UU: 31 and SU: 38

the rates prescribed in Statutes resulting in loss of revenue of ₹ 54.05 lakh. Besides, the Universities did not collect pledging amount of ₹ 55.75 lakh required to be received from the affiliated colleges as of March 2012 as given in the table 3.1.4.

Table 3.1.4: Statement showing short collection of affiliation fees as of March 2012

(₹ in lakh)

University	Short collection of			Total
	Pledging	Processing	Academic	
Utkal University	54.25	3.60	37.20	95.05
Berhampur University	Nil	4.00	7.00	11.00
Sambalpur University	1.50	0.25	2.00	3.75
Total	55.75	7.85	46.20	109.80

(Source: Compiled by Audit from University records)

On pointing out by Audit, the Universities intimated defaulting colleges and received ₹ 4.05 lakh (pledging amount of ₹ 2.50 lakh by two colleges of BU, academic fees of ₹ 1.50 lakh by three colleges of SU and processing fee of ₹ 0.05 lakh by one college of SU).

The Additional Secretary stated (May 2014) that Universities have been asked to take appropriate action to recover the short collection.

3.1.4 Availability of infrastructure

Statute 172 (2) provided that buildings, adequate accommodation for class rooms, well-equipped library, laboratory, separate common rooms for men and women students and common room for teaching staff are some of the necessities for running of courses in Universities/ colleges. Scrutiny of records revealed that the Universities conducted SFC courses with existing infrastructure available in the University for its regular courses, which in itself was inadequate as discussed under:

3.1.4.1 Universities

- In case of M Pharma course run in BU, the classrooms, laboratory, furniture etc. were not adequate to run the course as stated (August 2012) by the Course Coordinator (CC). There were three³⁵ specialisations taught under two years M Pharma course with intake capacity of 20 students for each specialisation. As per time table, at a time at least three class rooms were required to be provisioned for the first year students of the three specialisations against which only two class rooms were available. The Course Coordinator confirmed (December 2013) inadequacies in the class rooms, laboratory, furniture and internet facilities.
- There were 300 students reading in different semesters of five year IMCA course under UU with only one 50 capacity computer laboratory. The CC,

³⁵ Pharmaceutical Technology (PCT), Pharmaceutics (PCS) and Pharmaceutical Analysis & Quality Assurance (AQA)

finding the laboratory insufficient for conducting practical classes, intimated (December 2006) the University for installation of second computer laboratory. The same had not materialised as of December 2013. Five out of 11 students interviewed (October 2012) in Audit through questionnaires also stated that the existing laboratory was inadequate.

- Department of Business Administration of UU runs four courses namely, Regular MBA, MBA (Agri-Business), Executive MBA and IMBA. Under IMBA, only one 20 seated computer laboratory was available to accommodate 300 IMBA students (Semester one to five) along with other courses running in the Department. CC of IMBA stated (March 2013) that the existing laboratory was insufficient for the students of IMBA which was also confirmed by the students.
- The SU allotted two rooms only, *i.e.*, one for class room and the other for laboratory purpose for running two years M Sc BT course with four semesters in School of Life Science (SLS). Though, head of the SLS intimated (February 2005) VC of severe space problem, as of December 2013, the SLS however, functioned with the same one class room.

Registrars, BU and SU stated (September 2013) that the programmes had the required infrastructure. However, audit had found that the Course Coordinator and students reported deficiencies in infrastructure.

3.1.4.2 Affiliated colleges

The University Act and Statute³⁶ provided that each college to be eligible for recognition and affiliation to run courses, must possess required land with clear title (rural areas: five acre, urban area: two acre and metropolis: 0.5 acre), own building, adequate class rooms, library, play ground, hostel etc. As per Statute 199 (iii), part disaffiliation will be imposed on colleges for inadequacy in facilities like library, laboratory, class rooms, games facilities, residential arrangements for students, etc.

Audit examined infrastructure availability in 48 affiliated professional colleges running 93 SFCs and noticed that 39 such colleges did not possess basic required infrastructure facilities as indicated in the table below.

Table 3.1.5: Infrastructure availability in affiliated professional colleges

Sl.No.	Nature of deficiencies	No. of colleges where deficiencies noticed			
		UU (25)	BU(15)	SU(08)	Total (48)
1	Not having prescribed area of land	12	06	05	23
2	Not having own building	06	08	03	17
3	Inadequate class rooms	02	02	02	06
4	No library facility	02	10	04	16
5	No playground	12	07	02	21

³⁶ Section 18 (1) (d) of Act and 172 (2) of OUPS

Sl.No.	Nature of deficiencies	No. of colleges where deficiencies noticed			
		UU (25)	BU(15)	SU(08)	Total (48)
6	No hostel facility for students	00	02	03	05
7	Inadequate laboratory facilities	01	01	01	03
8	Inadequate laboratory equipment	01	02	00	03
9	Students common room	09	03	05	17
10	No toilet	01	00	02	03

(Source: Affiliation files at the Universities and Joint physical inspection in Audit)

Further scrutiny revealed as under:

- Out of 23 colleges not having required areas of land, 13 colleges (UU:05, BU: 04 and SU: 04) had no land at all. These colleges functioned in rented buildings though were required to be affiliated only after possession of land as prescribed in the Statute.
- In the case of colleges having co-education, separate reading rooms, tiffin rooms and other necessary conveniences were to be provided for the women students as stipulated in Statute 193. Twelve out of 48 test checked colleges, however, did not have any common room for women students.
- Similarly, in two colleges, no toilet was available for students
- These are indicative of running of SFCs without adequate infrastructure in BU, UU and SU and affiliated colleges thereunder. Despite such non-availability, part disaffiliation of the colleges as per Statute 199 was not made by the Universities.

Clause 3 of University Grants Commission (UGC) (Affiliation of Colleges by Universities) Regulations, 2009 also required undisputed ownership of land³⁷, sufficient buildings for administrative and academic activities, library with required number of books, laboratory with equipment and civic facilities like water, electricity, toilets, sewerage etc. as pre-requisites for grant of temporary affiliation. But, all such colleges deficient in infrastructure were allowed to run with provisional affiliation by the University extended every year.

The representatives of test checked Universities while claiming that PG teaching departments had adequate infrastructure for running SFCs, however, stated (May 2014) that these were deficient in most of the affiliated colleges and apprised the Additional Secretary of need for joint inspection by the Higher Education Department and Universities concerned before giving recognition and affiliation to any non-Government college imparting general or SFC courses. The Additional Secretary assured (May 2014) that appropriate action in the matter would be taken.

³⁷ Two acre in urban areas and five acre in rural areas

3.1.5 Adequacy and quality of teaching

3.1.5.1 Poor student-teacher ratio

To ensure quality education in technical and professional studies, the UGC/(All India Council for Technical Education (AICTE) prescribed student-teacher ratio for different courses.

Audit, however, noticed that test checked Universities and affiliated colleges there under conducting professional and technical courses through SFC, ran the courses with teachers less than required norm.

- Out of 11 test checked SFCs run by Universities, no full time/contractual teacher was deployed for six courses where only guest faculty were engaged and five courses were run with shortage of teachers ranging between 31 and 75 *per cent* as per requirement of teachers on the basis of students strength during 2007-13, as indicated in the table below.

Table 3.1.6: Availability of regular/ contractual teaching staff in test checked SFCs running within Universities (excluding guest faculties)

Sl. No	Course, University	Teacher student ratio	Requirement	Availability	Shortage (per cent)
1	IMCA, UU	1:15	20	6	14 (70)
2	IMBA, UU	1:15	20	5	15(75)
3	M Pharma, UU	1:12	13	9	4(31)
4	M Tech IT, UU	1:15	5	0	5(100)
5	M Tech CS, BU	1:12	4	0	4(100)
6	M Tech EIS, BU	1:12	3	0	3(100)
7	M Pharma, BU	1:12	10	4	6(60)
8	M Tech CS, SU	1:12	2	0	2(100)
9	MCA, SU	1:15	7	0	7(100)
10	M Sc BT, SU	1:15	2	0	2(100)
11	IT courses in SUIIT	1:15	25	8	17(68)

(Source: Prepared by Audit from information collected from Universities)

- In case of affiliated colleges, Statute 172(2) of OUFs stipulated that colleges should appoint qualified teachers as per norm and yardsticks prescribed. The HE Department identified norm of three teachers for 30 students undergoing BBA and BCA courses. Audit noticed in 13 out of 48 affiliated colleges, 71 teachers were available against the requirement of 119 teachers at the prescribed norm, resulting in shortage of 48 (40 *per cent*) teachers as of March 2012. Out of above 13 colleges, one affiliated college under UU had 67 *per cent* shortage of teacher as it had only four teachers against the requirement of 12 teachers.

Universities did not take action against defaulting colleges for non-compliance to the above provisions thus compromising requirements for delivery of quality education in colleges. Shortage of full time teaching staff led to short covering of courses, taking of combined classes of different courses, taking of classes on holidays, almost non-existence of study related activities like study tour, seminar

etc. required to give exposure to students as discussed in **Paragraph 3.1.5.6 and 3.1.5.7.**

In Exit Conference, representatives of test checked Universities opined that as there was no provision for appointment of regular faculty for SFC courses; teaching was imparted mainly through contractual teachers and guest faculty.

3.1.5.2 Appointment of non-NET qualified candidates as contractual teachers

Clause 23 of UU SFC Guidelines permitted engagement of adjunct Lecturers/ Readers/ Professors on contractual basis³⁸ for a period of one year consistent with qualifications laid down by the UGC/ AICTE for similar positions. These teachers were to be selected through open advertisement followed by the recommendation of a Selection Committee.

As per UGC norm, clearing National Eligibility Test (NET) was compulsory for engagement as Assistant Professor/ Lecturer. Exemption was available only for candidates having Ph D qualification. UU published³⁹ advertisements for selection of 13 contractual lecturers for IMCA course where NET/ Ph D qualification was indicated only as a preferred qualification, though it was compulsory for appointment of lecturers. In response to advertisement, 121 candidates who were not NET/Ph D qualified applied, of which 13 candidates were selected as lecturers. They served for 12 to 61 months (February 2013). As per proceedings of the meeting (15 February 2008) on IMCA, performance of some of these lecturers was not found up to the standard and instructions were issued to the teachers to improve their performance. A total amount of ₹ 52.07 lakh was incurred towards remuneration of such lecturers as of January 2013 by the department concerned from the SFC fund.

3.1.5.3 Engagement of teachers without minimum qualification

Irregularities noticed in engagement of teachers in SFCs without adequate qualification are discussed as under:

- As per AICTE norm, minimum qualification and experience for the post of Professor in Pharmacy is Master degree and Ph D or its equivalent in appropriate discipline with minimum of 10 years teaching/ research/ industrial experience of which at least five years should be at the level of Associate Professor.

Audit noticed that BU engaged (November 2008) one Professor in Pharmacy on contractual basis though the candidate had only nine years of teaching experience and had no experience as Associate Professor.

³⁸ Remuneration per month: ₹ 10,000 for Lecturer, ₹ 15,000 for Reader and ₹ 20,000 for Professor

³⁹ 6 December 2005, 14 November 2007 and 22 November 2010.

The Additional Secretary instructed (May 2014) the University concerned to take appropriate action in the matter.

- Further, as per UGC/ AICTE norm, person having good academic record with at least 55 *per cent* marks at the Master degree level are eligible for the post of Assistant Professor.

Audit, however noticed that three persons were engaged (July 2011) as Assistant Professor, one of whom had completed (August 2012) Masters degree examination after 13 months of his engagement.

Registrar, SU stated (September 2013) that acquired qualification (BE) of said candidate has satisfied AICTE requirement of minimum qualification. But, AICTE specified the qualification for the post of Assistant Professor as ME/ M Tech in addition to BE/ B Tech. The Additional Secretary, however, instructed (May 2014) University concerned to take appropriate action in the matter.

3.1.5.4 Engagement of faculty beyond the prescribed period

As per paragraph 23 of UU SFC Guidelines issued in August 2005, engagement of Lecturers/ Readers/ Professors on contractual basis can be made for a period of one year. This issue was further resolved (September 2010) by the Syndicate of the University that extension of contractual teachers shall be granted for a further period of one year and fresh selection process be resorted to before expiry of such term.

Audit noticed that UU appointed (October 2007 and May 2008) five lecturers on contractual basis for IMBA course who continued to remain for more than four years as on date (September 2013) by granting extensions every year without fresh selection process being resorted to.

Additional Secretary instructed (May 2014) the University concerned to take appropriate action in the matter.

3.1.5.5 Selection of faculties without required specialisation

The Health and Family Welfare (H&FW) Department issued (August 2009) orders for opening of M Pharma course in BU from the session 2008-09. BU started the course with two specialisations, *viz.* Pharmaceutical Technology (PCT) and Pharmaceutical Analysis & Quality Assurance (AQA) from 2008-09 and another specialisation namely, Pharmaceutics (PCS) from 2009-10.

Audit, however, noticed that faculty were not selected as per required specialisation and the courses were run with faculty of different specialisations as discussed below:

- In 2008-09, against requirement of faculty for specialisation course PCT the advertisement was made (November 2008) for PCS. Hence faculty for

PCT specialisation was engaged (November 2008) for which no advertisement had been made.

- One teacher with specialisation under Industrial Pharmacy was engaged (November 2008) for which there was neither any advertisement nor was the University offering such course.

With opening of PCS specialisation from 2009-10, advertisement was made (September 2010) for AQA and PCS against which three staff were engaged.

- Though advertisements for AQA were made, no faculty with relevant specialisation was posted for which there was no recorded reason. It was noticed that, there was decline in enrolment of students in AQA specialisation ranging from 20 in 2008-09 to only one student in 2011-12.

Course Coordinator (CC) reported (June 2009) that three staff engaged, were not competent to take classes in the specialisation available and pressed for arrangement of guest faculties for the purpose.

The Additional Secretary instructed (May 2014) the University concerned to take appropriate action in the matter.

3.1.5.6 Inadequate coverage of curriculum

As per SFC guidelines, Academic Committee of each PG department with the CC as the convener of the committee, frame the course curriculum, academic calendar etc. for the course. Different PG departments conducting SFC courses under the Universities fixed the number of classes to be undertaken for different courses. Accordingly, 40 classes were required to be taken to cover each paper under all courses except M Sc BT (SU) where 32 classes were to be taken.

Audit noticed that there was an average shortfall of 24 *per cent* in holding theory classes in 346 papers in seven⁴⁰ out of 11 test checked courses during 2007-12. In M Tech (CS) course of BU, classes taken were short (23 *per cent*) in all 15 papers in all the years during 2007-12. Similar situation prevailed in M Pharma of BU, where inadequate number of classes were taken in all 24 papers. 2344 classes were taken against requirement of 2880 classes during 2008-12. This shortage remained despite holding 981 classes on national and other holidays.

Out of above seven courses, four courses did not have full time faculty and courses were conducted with guest faculties and regular faculty from PG departments. In other three courses, there was also shortage of faculty ranging from 31 to 75 *per cent* as discussed earlier in ***paragraph 3.1.5.1***.

⁴⁰ UU: IMCA, IMBA; BU: M Pharma, M Tech CS; SU: MCA, M Tech CS and M Sc BT

Representatives of all three test checked Universities stated that in all these cases, full curriculum was covered even within fewer teaching hours through conducting classes on Sundays/ holidays and working for extra time beyond the normal period. They also stated that students have already passed and some students have got jobs which could not have been possible without coverage of full curriculum. The fact however remained that despite conducting extra classes, there were shortages in number of classes.

3.1.5.7 Holding combined classes of different courses

It was further observed that students of different courses (SFC with general, PG with UG SFCs) under SU were taught together (common classes) in one class room. Total 2662 common classes relating to 29 papers (subjects) were taken to manage the teaching during 2007-13.

- In SUIIT of SU, common classes were taken for Graduate and Post Graduate (PG) students. During 2011-13, 432 common classes of 13 papers of PG courses like MCA, M Sc CS were taken together with B Tech (Electronics & Communication Engineering and Computer Science & Engineering) students.
- Similarly, 302 common classes were taken on eight papers relating to two post graduate SFCs (M Sc, Computer Science and M Tech, Computer Science) in SUIIT during 2008-13.
- In case of M Sc BT SFC, 2087 classes of 12 papers were combined with regular M Sc Life Science, a non SFC under SU during 2007-13.

Thus, non engagement of required number of teachers, dependence on guest faculty, holding of combined classes etc. indicated gaps in quality of education imparted to students.

The representatives of all the three Universities while confirming the fact stated (May 2014) that this was done in respect of common curriculum with the objective to complete the curriculum in time.

3.1.5.8 Inadequate placement opportunities

The objective of running SFCs is to help successful students to get proper employment. In VCs' Conference held in September 2005, it was emphasised that placement of SFC pass outs was not only a moral obligation but also a market imperative.

Audit noticed that, only UU had a placement cell to assist students in getting jobs but percentage of placement was low. Out of 780 pass out students of IMCA, M Pharma and IMBA, only around 26 *per cent* (171 out of 286 in IMCA, Nil out of 265 M Pharma and 28 out of 229 in IMBA) got employment through the

placement cell during 2007-13. In other two Universities (BU and SU) there were no placement cells.

3.1.6 SFCs run through Public Private Partnership (PPP) mode

Utkal University decided (July 2005) to run SFCs through private collaborators in PPP mode. The Government, however, decided (May 2009) to introduce SFC courses in Autonomous colleges through service providers to be selected by open advertisement on the basis of their experience, faculty position and placement credentials and accordingly amended (October 2012) the Statute 21 (24) of OUFSS to permit Universities to establish new institutions in collaboration with industrial houses/ trusts/ corporate houses and other national and international institutions/ organisations in PPP mode for academic activities only. As on date (December 2013), two SFCs under UU and 31 SFCs under 11 Autonomous colleges are run in PPP mode. During August 2006 to August 2010, UU entered into MoU for two PPP.

Audit scrutiny of process of selection of private partners revealed as follows;

- UGC intimated (August 2001) UU not to enter into collaboration with any private institution for franchising the University education without prior approval of UGC. But this was not done and MoU with two private partners was signed and SFC introduced in MBA (Agri-Business) from 2006-07 with one private partner and M Tech (IT) with another since 2009-10.
- 11 autonomous colleges introduced 31 SFCs through private collaborators in PPP Mode wherein neither any 'Request for Proposal (RFP)' was called for nor any advertisement issued. Private promoters were allowed to run SFCs basing on their *suo-motu* offers.

The Additional Secretary stated (May 2014) that UU should adopt the model MoU format prescribed by the Department. He also stated that selection of private partner on competitive bidding process, as per the instructions of Secretary has been started in one college. He, however, stated that as there were limited players, *suo-motu* offers are also accepted based on the recommendation of concerned Principal/ Managing Committee. The fact remains that the selection of the most suitable partner was not ensured in absence of competitive bidding.

3.1.6.1 Revenue sharing model under PPP

The model MoU for PPP mode SFCs prescribed (November 2008) provisions for sharing of revenue (course fee) earned on SFC between the private partner and College/ University. Accordingly, the private partner would be responsible for physical conduct of the courses, develop and maintain laboratories at its own cost and resources, provide required faculty members to conduct theory and practical classes and assist for field study or in-house industrial training etc.

Audit noticed that though UU in respect of MBA (Agri-Business) signed MoU with provision of course fee sharing ratio at 60: 40 and in case of M Tech (IT) at 62:38 between University and private partners, yet they were paid 100 *per cent* other fees such as student development fees including that for personality development and communication skill, workshop/ seminar and IT services, Placement assistance, training, industrial tour, field exposure, library etc, being the parts of course fees. Due to payment of other fees at 100 *per cent*, virtually private partners received their share at 75-76 *per cent* of the total revenue collected from the students.

The Additional Secretary advised (May 2014) the Universities to use the MoU format prescribed by the Department at the time of extension of MoU or signing new MoUs in future.

3.1.6.2 Non adherence to stipulated conditions in MoUs

Audit further noticed that conditions of MoUs of the MBA (Agri-Business) and M Tech (IT) SFCs were not adhered to as detailed below;

- As per clause 2 of the MoUs of MBA (Agri-Business) and M Tech (IT), review of the agreement was to be made after every two years. But no such review of the MoUs was made after expiry of initial two years of administration of the courses as of October 2013.
- As per clause 3 of the MoUs of MBA (Agri-Business) and M Tech (IT), from the third year onwards, the private partners were to contribute 10 *per cent* of their course fee with equal contribution as matching share by the department concerned towards infrastructure development for the programme. But requirement of infrastructure was not assessed and the arrangement was not made since inception (August 2006 and August 2010) of the courses as of October 2013.
- As per MoU, the Advisory Committee headed by Chairman, PG Council of the UU was to chalk out policy and determine the broad guidelines for operation of the course. But no such policy and guidelines were determined by the UU.
- As per clause 9 of MoU of one private partner, a five member Advisory Committee (three from University and two from private partner) headed by Chairman, PG Council was to be convened by the Course Head at least once in a quarter for review of the programme. Audit noticed that the Advisory Committee of MBA (Agri-Business) met only five times (May 2008 to September 2010) against 28 times required during 2006-2013.
- Similarly, as per clause 13 of MoU of other partner, one eight member Advisory Committee (Five from University and three from other partner) was to meet once in three months for review of the programme. But the

Advisory committee of M Tech (IT) met only thrice (September 2010, May 2011 and November 2012) against 16 times required during 2009-13.

3.1.7 Conclusion

Assessment of requirement was not done before SFCs were introduced. Fixation of course fee by the Universities was unscientific and large surplus of fund were retained by the Universities. Universities conducted SFCs without having adequate infrastructure. Affiliated professional colleges did not possess basic infrastructure facilities like land, building, student's common room, library, toilets etc. Quality of education was compromised due to non-engagement of full time teaching staff, inadequate student-teacher ratio and teachers engaged without requisite qualification. Quality education under SFC further suffered due to inadequate coverage of course curriculum. Objective to provide scope for employment to SFC passed out students was only partially met as placement cells were not even constituted in two Universities out of three test checked in audit. UU while introducing SFCs in PPP mode selected private partners without open advertisement and violated revenue sharing norms. Thus, implementation of the objective to provide job oriented and market linked quality education through introduction of SFCs needed several areas of improvement in these Universities and colleges.

3.1.8 Recommendations

The Government may consider:

- framing uniform guideline for running and monitoring of courses for University and Autonomous/ affiliated colleges;
- structuring course fee through input cost analysis and other rationalisation procedures in conformity with Government fee structure;
- ensuring deployment of adequate number of qualified faculty in accordance with norms prescribed by UGC/ AICTE;
- ensuring creation of conducive study environment through availability of requisite infrastructure and amenities as per University Act and Statute; and
- bringing transparency in selection of private partners under PPP mode as per prescribed procedure.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 Compliance to the provisions of Pre-conception & Pre-natal Diagnostic Techniques (Prohibition of Sex Selection) Act 1994

3.2.1 Introduction

With the objective of prohibiting pre-natal diagnostic techniques for determination of sex of the foetus which led to female foeticide and to stop abuse of such technique which is discriminatory and affects the dignity and status of women, 'The Pre-conception and Pre-natal Diagnostic Techniques (Prohibition of Sex Selection (PoSS) Act 1994' (PNDT Act) was enacted by Government of India (GoI) in September 1994.

The Act required constitution of Appropriate Authorities for the State as a whole and a part thereof, State Supervisory Board (SSB) as well as State Advisory Committee (SAC) to discharge prescribed functions. Accordingly, State Appropriate Authority (SAA) was constituted as a multi-member body with Director of Family Welfare as the Chairman.

District Magistrate is appointed as District Appropriate Authority (DAA). State Government, however, declared (August 2013) Additional District Medical Officer (Family Welfare) (ADMO FW) as the district nodal officer for registration, inspection and monitoring of compliance to provisions of PNDT Act. During 2010-14, 220 Ultrasound Clinics⁴¹ were registered in the State and the State had 752 Ultrasound (US) Clinics as of March 2014.

3.2.1.1 Audit objectives

Audit of compliance to the provisions of PNDT Act and rules framed thereunder was conducted with the objectives to assess whether:

- there existed an efficient and effective system of registration of all ultrasound/ genetic clinics;
- system of inspection was adequate, regular and effective; and
- enforcement mechanism to detect and deal with violations including penalties and legal action was adequate and effective.

Criteria were drawn from PNDT Act and Rules issued thereunder as well as instructions issued by GoI and State Governments on the matter from time to time.

3.2.1.2 Audit scope and methodology

Audit objectives, criteria, scope and methodology of this audit was discussed in Entry Conference (September 2013) with the Principal Secretary, Health and Family Welfare (H&FW) Department. Audit was conducted during September to December 2013 covering 2010-13 with test check of records of H&FW

⁴¹ 2010-11: 68; 2011-12: 28; 2012-13: 62; 2013-14: 62

Department, DAAs of four districts (Bhadrak, Cuttack, Ganjam and Nayagarh) selected on the basis of Stratified Random Sampling Without Replacement method. Joint inspections of 22 out of 23 test checked Ultrasound Clinics functioning in these four districts⁴² were also conducted and photographs were taken, wherever considered necessary. The draft report was discussed (28 April 2014) with Special Secretary, Health & Family Welfare Department and Director, Family Welfare-cum-SAA/ PNDT and the views of Government were considered and incorporated appropriately.

Audit findings

3.2.2 Child sex ratio in the State and Districts

Sex ratio refers to the number of females per 1000 males. Declining sex ratio indicates fewer women to men.

Audit noted that female population in the State increased from 1.81 crore in (2001) to 2.07 crore (2011) and the overall sex ratio in the State increased from 972 in 2001 to 979 in 2011. However, sex ratio in age group 0-6 years (child sex ratio - CSR) in the State declined from 1001 (1961) to 953 (2001) and then further declined to 941 (2011). As per Census 2011, CSR in urban areas (913) remained much below that in rural areas (946). During 2001-11, CSR declined in 21 out of 30 districts of the State by one to 49 points with highest decline in Nayagarh (904 to 855) followed by Dhenkanal (925 to 877) and Angul (937 to 889). District wise child sex ratio in 2001 and 2011 is indicated in *Appendix 3.2.1*.

Director of Family Welfare-cum-SAA attributed decline to sex selection with misuse of modern diagnostic techniques like invasive method of amniocentesis and non-invasive method like ultra-sonography at pre-conception and prenatal level. SAA further stated that due to such decline, Government is seriously concerned about proper implementation of PNDT Act. Audit findings on compliance to the provisions of the Act are as follows:

3.2.3 Registration and Renewal of Ultrasound clinics

As per Section 18 (1) of PNDT Act, no person shall open any Genetic Counselling Centre, Genetic Laboratory or Genetic Clinic after the commencement of this Act unless such Centre, Laboratory or Clinic is duly registered under the Act. As of March 2013, in the State 664 Ultrasound/ Genetic Clinics were registered with the DAAs of which 167 functioned in four selected districts. Audit examined the system of registration and renewal of such clinics and findings are discussed in the succeeding paragraphs.

3.2.3.1 Unauthorised functioning of Ultrasound Clinics

As per Rule 8 (1) of the PNDT Rules 1996, an application for renewal of certificate of registration shall be made by the Ultrasonography (USG) Clinic in duplicate in Form A, to the Appropriate Authority at least thirty days before the

⁴² Bhadrak (6), Cuttack (6), Ganjam (6), Nayagarh (4)

expiry of the certificate of registration. Besides, Rule 11(2), *inter-alia*, required seal, seizure and confiscation of any ultrasound machine whenever found to be in occupation of any unregistered clinic.

Audit noticed that in one (Cuttack) out of four selected districts, two Ultrasound Clinics *i.e.*, one in Government sector and the other private ran without registration since January/ February 2012 and both had not even applied for renewal of registration as of December 2013.

In case of private clinic, it had applied (January 2012) for its closure from December 2012, though validity of registration of the clinic expired in January 2012. Audit however noticed that instead of taking immediate action to surrender the certificate and issue instructions to not use, shift or sell the machine without permission, the instructions were issued belatedly during September 2013. Further, the inspection to ensure non-use of machine was also not carried out during the period.

DAA, Cuttack stated (March 2014) that reminder was issued to the Government hospital on 15 March 2014 regarding expiry of registration. However, audit noted that machines of such unregistered clinics remained in the possession of unregistered bodies/ clinics though their use was not permitted as per law. Director of Family Welfare-cum-SAA while confirming (April 2014) that clinics which had not applied for renewal were to be treated as unregistered, assured to take appropriate action.

3.2.3.2 Registration and renewal without inspection

Section 19(1) of the Act as well as Rule 6(1) and (2) of the PNDDT Rules 1996 required that on receipt of application for registration/ renewal, the Appropriate Authority (AA) after making such enquiry and after satisfying itself that the applicant has complied with all requirements of the Act, would place the application before the Advisory Committee for its advice and then having regard to such advice shall issue a certificate of registration in Form B. Such enquiry/ inspections were required to be conducted by the DAA or his representative. In case of expiry of the period of registration, application for renewal was to be made by the clinic to the AA, 30 days before the date of expiry of such registration. Applications were also to be acknowledged on same/ next working day as required under Rule 4(2). Every genetic clinic has to maintain the details of pre-natal diagnostic tests conducted in Form F {Rule 9 (4)}. Further, Secretary, Health & Family Welfare Department instructed (June 2010) that inspection of all the clinical establishment may be carried out in such a way that 20 *per cent* of such clinics are inspected by Chief District Medical Officer (CDMO) and remaining by ADMO/ Sub Divisional Medical Officer (SDMO) every year.

Audit, however, noticed that:

- In case of one sample ultrasound clinic, registration certificate under the Act was issued on 16 May 2006, without any enquiry/ inspection by DAA concerned. Advice of Advisory Committee was also not obtained in this

case. Further, in case of another clinic, DAA issued the registration certificate based on an unsigned affidavit submitted by the owner of the clinic. Thus, registration certificates were issued without conducting required enquiry and inspection.

- Though Rule 13 provided for each clinic to intimate every change of employee, place, address and equipment installed to DAA at least 30 days in advance from expected date of change and seek re-issuance of registration certificate incorporating the changes, yet a private hospital was permitted (April 2013) by the AA for installation of a new ultrasound machine in place of defective machine without changing the unique serial number of machine in the registration certificate. Thereafter, DAA/ CDMO/ ADMO/ SDMO neither conducted inspection of the clinic as required under Rule 11(1) nor sealed the old machine to ensure prevention of unauthorised use of such machine.

Director of Family Welfare-cum-SAA assured (April 2014) to initiate appropriate action in the matter.

3.2.3.3 Non finalisation of applications for renewal within the prescribed timeline

As per Section 18 of the Act read with Rule 6(5) of the PNDT Rules 1996, grant of certificate of registration or rejection of application for registration shall be communicated to the applicant as specified in Form B or Form C, as the case may be within a period of ninety days from the date of receipt of application for registration. Similarly, Rule 8 (6) provided that, grant of certificate of renewal or rejection of application for renewal of registration shall be communicated to the applicant as specified in the Form B or Form C, as the case may be, within a period of ninety days from the date of receipt of application for renewal failing which, the certificate of registration shall be deemed to have been renewed.

Audit, however, noticed delays in registration/ renewal of clinics as indicated in the table 3.2.1.

Table 3.2.1: Delay in Registration/ Renewal

Name of the sample districts	No. of applications received	No. of applications disposed with delay beyond 90 days	Range of delay (number of days beyond 90 days)
Registration			
Ganjam	10	7	9 to 281
Bhadrak	4	1	23
Cuttack	29	8	4 to 278
Nayagarh	3	3	31 to 177
Total	46	19	
Renewal			
Bhadrak	8	1	51
Ganjam	23	15	12 to 392
Cuttack	19	14	7 to 558
Total	50	30	

(Source: Compiled by Audit from records of AAs)

As seen from above, 19 out of 46 applications for registration were disposed off with delay ranging between 4 and 281 days beyond prescribed period of 90 days. In case of renewal of registration, 30 out 50 applications were disposed off with delays ranging between 7 and 558 days. No application was received in Nayagarh district for renewal. Thus, the clinics functioned as deemed registered during the intervening period without any scrutiny by AAs.

SAA while accepting (April 2014) the fact, attributed the delay to busy schedule of the Collector-cum-District Magistrate who is also the DAA. It was also assured that registration/ renewal certificates would be issued within the prescribed period in future.

3.2.3.4 USG conducted by unauthorised person

Rule 3 (3) (1) of the PNDT Rules 1996 requires that any person having adequate space and being or employing a Gynaecologist having experience of performing at least 20 procedures or a Sonologist, Imaging Specialist, Radiologist or registered medical practitioner having Post Graduate Degree or diploma or six month training or one year experience in sonography or image scanning or a medical geneticist may set up a genetic clinic/ ultrasound clinic/ imaging centre.

Audit, however, noticed that in one test checked district (Bhadrak), an Ophthalmologist conducted ultrasound/ imaging and signed and sent Form F though not authorised by DAA for the same. No action was initiated against the clinic/doctor for such violation even after reporting (November 2013) by Audit.

CDMO, Bhadrak after enquiry stated (November 2013) that the concerned doctor did not do USG but was going through physical findings of the report made by the authorised doctor. But as per Form F the USG had been conducted. The Special Secretary, however, assured (April 2014) to take appropriate action in the matter.

3.2.3.5 Tracking portable ultra sonography machines and its use

Rule 13 of the PNDT Rules 1996 amended in 2012, required every Genetic Clinic, Ultrasound Clinic and Imaging Centre to intimate change of employee, place, address and equipment etc. to the DAA at least 30 days in advance of such expected change and obtain re-issued registration certificate incorporating any such change. Besides, Rule 3 B(1)⁴³ also, *inter-alia*, provided that the use of portable ultrasound machines shall be permitted only when the same is used within the registered premises for providing service to indoor patients.

Audit noticed that no mechanism was in place to track portable USG machines. Besides, Department had no information regarding number of portable USG machines permitted by AAs in the State. In four test checked districts, all DAAs, however, stated that no permission was given for use of any portable ultrasound machine in these districts.

⁴³ Amended in February 2012

Audit further noticed that:

- In Cuttack, 10 Ultrasound Clinics who did not have in-patient facility used portable ultrasound machines, which were not registered with DAA Cuttack. On detection of use of such machines in five clinics, DAA, Cuttack instructed (March 2013) the Tahasildar concerned to seal and seize the same. However, status of remaining five portable machines was not ascertained by DAA (April 2014).

One such clinic which used a portable ultrasound machine with its unique serial number indicated in the registration certificate issued by the DAA in May 2011, though DAA Cuttack detected the machine as portable only in October 2011. This is indicative of issue of registration certificate without conducting any inspection of the machine/ clinic by DAA as envisaged in Section 19(1) of PNDT Act.

- Similarly, it was noticed during joint inspection (November 2013) with the Additional District Medical Officer (FW) that in Bhadrak district, one USG clinic was found using portable ultrasound machine without obtaining permission from DAA.

Audit further noticed that the clinic used the same since October 2008 as the unique serial number of this portable machine was also mentioned in the registration certificate issued (January 2009) by the DAA. The same unique serial number was also mentioned in the application for registration by the owner as well as in the Inspection Report of CDMO (October 2008) without any indication that it was portable.



Portable Ultrasound machine used at a clinic at Manjuri Road, Bhadrak

SAA, while admitting, stated (April 2014) that only mechanism available to track such portable machines was to conduct more and more inspections to catch the violators and assured to take penal action. The Special Secretary also assured (April 2014) to issue appropriate instructions to the DAAs in this regard.

3.2.3.6 Public Information under PNDT Act

Rule 17 of the PNDT Rules 1996, *inter-alia*, required every Genetic Clinic, Ultrasound Clinic and Imaging Centre to prominently display on its premises a notice in English and in the local language or languages for the information of the

public, to the effect that disclosure of the sex of the foetus is prohibited under law. Besides, at least one copy each of the Act and rules were to be available in their premises and should be made available to the client on demand for perusal.

During joint inspection of 22 sample Ultrasound Clinics in four sample districts Audit noticed that five clinics (23 *per cent*) did not exhibit in display boards that 'sex determination of the foetus is prohibited under law' while in eight clinics (36 *per cent*) one copy each of the PNDT Act and Rule was not available. No such information was available in the office of the DAA and nodal officer regarding compliance with the above provision by the clinics.

3.2.3.7 Non-maintenance of prescribed records

As per Rule 9(5) of the PNDT Rules 1996, AA has to maintain records of application for grant or renewal of certificate of registration as specified in Form-H which should be treated as permanent record. Letters of intimation of every change of employee, place, address and equipment installed are also to be preserved as permanent records.

DAA Bhadrak maintained the register but entries were not authenticated, while in two districts (Cuttack and Ganjam), the registers were not maintained. In such absence of validity of registration, change of place and personnel in registered clinics were not monitored which resulted in several irregularities like unauthorised persons operating ultrasound machines, use of mobile machines etc. remaining undetected as pointed out in ***Paragraph 3.2.3.4 and 3.2.3.5.***

Director, Family Welfare-cum-SAA assured (April 2014) that Form H would be maintained properly at district level duly authenticated by the DAA.

Inspection of Ultrasound Clinics

3.2.3.8 Absence of regular inspection of Ultrasound Clinics

For strict compliance of the provisions of the PNDT Act, inspection of Ultrasound Clinics, Imaging Centres, Nursing Homes and Hospitals where any of the machineries/equipment capable of performing any procedure, technique or pre-natal determination of sex or selection of sex before or after conception is used, has to be conducted under Rule 11(1) and the clinics should afford all reasonable facilities for inspection of the place, equipment and records to the AA or any person authorised for the same. AA or officer authorised by it may seal or seize any ultrasound machine, scanner or any other equipment capable of detecting the sex of foetus, used by any organisation, if the organisation has not got itself registered under the Act.

Besides, instructions issued (June 2010) by Secretary of the Health & Family Welfare Department required annual inspection of all clinical establishments *viz.* inspection of 20 *per cent* of such clinics by the CDMO and remaining by the ADMOs/ SDMOs every year. Further, the Secretary instructed (July 2012) the

DAA to form an inspection team for periodic inspection of the ultrasound clinics of the district.

During scrutiny of records of test checked districts, audit noticed that:

- Though during 2010-11 to 2013-14, the State Cell reported (December 2013) in the quarterly progress reports to GoI that 1336 inspections were conducted during 2010-14, neither district wise breakup nor name of units and date of inspections was furnished to Audit. Also, cases were filed in only 39 violations⁴⁴ detected during the said period.
- As per orders of CDMO, Ganjam, the District Programme Officer conducted inspection of 12 out of 42 ultrasound clinics of the district during August 2012 to January 2013. Although the District Programme Officer reported serious irregularities like possession of portable USG machines without registration (3), purchase of USG machine without intimation (1), non- submission of form F for years together (3) etc. in all these cases to DAA, neither was any action taken against the erring clinics nor was the same reported to the SAA.

CDMO, Bhadrak stated (November 2013) that inspection of 20 *per cent* of ultrasound clinics were conducted by him during 2013-14 and that annual inspections though conducted were not documented. CDMO, Ganjam while admitting (January 2014) the fact stated that verbal instruction was issued from time to time to the clinics to rectify the deficiencies. However, since inspections were not followed up through issue of advisory memos to the clinics, the entire exercise was rendered unfruitful. SAA, however, stated (April 2014) that complaint based inspections were carried out at district level as there is no provision in the PNDDT Act and Rules to conduct annual inspections. However, the executive instructions (June 2010) of the Secretary, H&FW Department on conducting annual inspection of each clinic for better enforcement of the Act were also not carried out.

3.2.3.9 Surprise Inspection and raids by State/ District Level Task Force

H&FW Department constituted (July 2007) District Level Task Force Committee (DLTFC) in each District to monitor implementation of the PNDDT Act 1994. The committee included Collector and District Magistrate as Chairman, Superintendent of Police and CDMO/ CMO as member and District Social Welfare Officer as co-opted member. The committee was to constitute squads comprising magistrates, police and medical officers. The DLTFC has to decide the *modus operandi* for inspection of Nursing Homes, Diagnostic Centres and Ultrasound Clinics and to take penal action as deemed fit for violation of above Act and Rules.

⁴⁴ National Inspection and Monitoring Committee: 5, State Team and District Team together: 20, District team alone: 14

Audit, however, noticed that:

- In Nayagarh district, DLTFC conducted (August 2012) only one inspection despite repeated instructions by the concerned DAC while DAA, Bhadrak could not produce (November 2013) any evidence to audit in support of conducting inspection of clinics by the DLTFC concerned and stated (November 2013) that such record was not maintained.
- In Ganjam district, no inspection by DLTFC was conducted during 2010-13 though existence of unfair sex detection was suspected in some clinics, as admitted (December 2013) by the concerned DAA. Thus, due to absence of regular inspections, violations remained unnoticed.

Director, Family Welfare-cum-SAA while noting the above facts for future guidance, stated (April 2014) that District Collectors had prime responsibility to implement the provisions of this Act and special squads were formed whenever required. But, as SAA also expressed need for more inspections and for restraining the offenders, more could have been done in this regard.

3.2.4 Monitoring of compliance with the provisions of the Act

3.2.4.1 Filing Form-F by Ultrasound Clinics and tracking of pregnant mothers

Rule 9(8) of the PNDT Rules 1996 makes it mandatory to file “Form F” by clinics indicating name of the pregnant woman undergoing obstetric scan, husband's name, address, contact number and various other details. Central Supervisory Board under the PNDT Act recommended (May 2011) tracking of each pregnant woman right from conception to delivery and to investigate the instances of missed pregnancy.

State Government launched (March 2013) ‘Form F’ software to capture history of a pregnant woman who underwent obstetric scan to be uploaded daily. Objective of such online filing was to help appropriate authorities to analyse data and track discrepancies and defaulters.

Scrutiny of records of test checked districts revealed that:

- Out of 194 clinics registered as of March 2014, only 101 clinics complied with the norm of online filing of Form F on website. Remaining clinics did not submit such forms online.
- Form F were not filed by clinics regularly in all the four test checked districts and in case of 43 out of 59 test checked clinics, the same were filed after a delay of one to 144 days against prescribed timeline of 5th of the succeeding month.
- Software for monitoring ‘Form F’ has not been developed due to which analysis of data as well as tracking discrepancies and defaulters were found to be almost absent (May 2014).

- Audit of Form F has not been introduced (May 2014) though a format for the same was prescribed (February 2013) by the Department.
- Tracking of pregnant women from undergoing ultrasound test for the first time confirming the pregnancy to child birth was absent though tracking of some pregnant women through health workers was introduced, Special Secretary while admitting (April 2014) the fact stated that it would take some time to make the system foolproof.

Director, Family Welfare-cum-SAA stated (April 2014) that Government had decided to conduct third party audit/ evaluation of Form F filed online. He also agreed to take appropriate action in this regard.

3.2.5 Enforcement mechanism including penalty and legal action

3.2.5.1 Decoy Customer Operation or Sting Operation

The State Advisory Committee in its meeting held in August 2012 decided to adopt decoy/sting operation at least one in each district using some pregnant women and providing them suitable incentives. The same was reiterated in the meeting of the State Advisory Committee (January 2013) which decided to invite resource persons from another State to impart training in the State. Budget provision of ₹ 40,000 (at ₹ 10,000 per quarter) was made in the year 2012-13 for the purpose, in Project Implementation Plan (PIP) of National Rural Health Mission (NRHM).

However, only one such decoy customer operation was conducted (September 2012) in Angul district. In four test checked districts no such operation was conducted as of January 2014.

The Special Secretary, H&FW Department, while emphasising the need for more decoy operations, stated (April 2014) that officials for the same has already been trained and Government has already approved purchase of spy camera etc.

3.2.5.2 Follow up of action for detected violation

Though State Inspecting Team along with the district teams during their inspection (September 2012 and August 2013) detected serious irregularities like unauthorised conducting of MTP, non-submission of Form F etc. by two clinics and reported the same to the SAA, yet no case was filed against these clinics (April 2014) despite repeated instructions of the SAA.

The Director, Family Welfare-cum-SAA assured (April 2014) that appropriate action would be initiated against the doctors. He also stated that filing of cases against two ultrasound clinics by concerned DAAs was under process.

3.2.5.3 Not conducting enquiry in case of specific complaints of violations and sex determination

Under Section 23 of the Act, sex determination as well as use of USG machine without registration with DAA is punishable. Further, as per Section 17 (4c) of the Act, AA shall have to investigate complaint for breach of provisions of the Act or Rules and take immediate action in this regard. Audit, however, noticed that no mechanism existed at the SAA and DAA level to enquire into public complaints regarding specific cases of sex selections and violators.

It was further noticed that though SAA invites online registration of complaints on misuse of PNDT Act, no record was maintained in support of its receipt and disposal. Some complaints from the public regarding specific cases of sex selections and violators were made available from the clinic files maintained at the DAA level. In absence of any complaint mechanism followed by the SAA/DAA, public complaints regarding sex selection and unauthorised use of portable USG machines by government doctors for private purpose were not investigated. Some of the cases discussed are as under:

- Public complaint (August 2012) to DAA regarding sex selection by a doctor of Basudevpur CHC was not investigated (December 2013).
- Two complaints were lodged (September and October 2012) before the Collector-cum-Chairman, PNDT Committee Bhadrak against a Government doctor of Dhamnagar Community Health Centre (CHC). No investigation was conducted by the CDMO.

CDMO assured (November 2013) to get the matter investigated through an enquiry committee soon.

Special Secretary opined (April 2014) that such complaints should have been confirmed through surprise inspections. The fact remained that such violations as alleged were not looked into by the DAA and SAA.

3.2.5.4 Non-implementation of recommendations of the State Supervisory Board

Section 16 A of the PNDT Act provided for constitution of State Supervisory Board (SSB) at State level with the responsibility to, *inter-alia*, create public awareness against the practice of pre-conception sex selection and pre-natal determination of sex of foetus leading to female foeticide in the State, review the activities of the State and District Appropriate Authorities, monitor the implementation of provisions of the Act and the Rules and make suitable recommendations required, if any, to the Central Supervisory Board (CSB).

- SSB recommended (March 2010) issue of instructions to clinics to purchase ultrasound machines having memory chips and to store scan relating to obstetric care for at least two months, providing incentives to informers for providing information on violations and tracking of mother and child

through Accredited Social Health Activist/ Auxiliary Nurse (Male)/ Anganwadi Workers. However, none of these recommendations were implemented by the Director of Family Welfare, the Chairperson of the State Appropriate Authority.

- SSB also decided (June 2011) that SAA may recommend to Central Supervisory Board for permission to involve Police for enforcement of the Act and make State specific Rule thereof. However, no such recommendation was made by SAA (February 2014).

The Director, Family Welfare-cum-SAA stated (April 2014) that the State Advisory Committee had already decided (March 2014) to involve local police intelligence for detection of such violations.

3.2.5.5 Ineffective State and District Advisory Committees

Section 17(5) of the Act required each State Government to constitute an Advisory Committee for each Appropriate Authority to aid and advise the Appropriate Authority in the discharge of its functions, and to appoint one of the members of the Advisory Committee as its Chairman. Section 17(8) and Rule 15 prescribed that the period intervening between two meetings of SAC should not exceed sixty days.

Audit noticed that State Advisory Committee met only six times⁴⁵ during 2010-13 against prescribed 18 meetings. Similarly, in four sample districts, District Advisory Committees (DAC) met 29 times *i.e.*, Bhadrak (seven), Cuttack (seven), Ganjam (five) and Nayagarh(10) against requirement of 72 meetings.

The SAC, *inter-alia*, recommended (December 2011, August 2012, January 2013) setting up of PNDT Cell at each district from 2012-13, to conduct at least one decoy operation in each district and impart training for the same and online filing of Form F from March 2013. Further examination of records at the State Cell revealed that PNDT Cell was established in only eight districts⁴⁶ including one test checked district Bhadrak and online filing of Form F was also introduced as of April 2014.

The Director, Family Welfare-cum-SAA assured (April 2014) that the State and District Advisory Committee meetings would be held as mandated under the PNDT Act. The SAA also opined establishing such cells in remaining districts as essential as both CDMO and ADMOs had multiple roles to perform.

⁴⁵ 8 February 2010, 29 July 2010, 24 May 2011, 23 December 2011, 2 August 2012 and 28 January 2013

⁴⁶ Bhadrak, Dhenkanal, Jagatsinghpur, Kendrapara, Nayagarh, Puri, Sambalpur and Sundargarh

3.2.5.6 Non submission of quarterly sales list by dealers and affidavit by the purchasers

As per Rule 3 A (2) of the PC & PNDT (PoSS) Rule 1996, the provider/seller of ultrasound machine/ equipment to any person/ body registered under the Act has to send to the concerned State Appropriate Authority, once in three months a list of those to whom such machine/equipment were sold/provided.

Audit noticed that during 2010-13, the manufacturers/suppliers/dealers who supplied USG machines in the State did not submit the quarterly sales list to the SAA. When such list was called (January 2013) by the State PNDT Cell, only five out of 11 manufacturers furnished sales list to SAA, but did not furnish affidavits received from the purchasers. The SAA also did not insist for the same. Audit further noticed that the sales list furnished by the suppliers did not contain the registration numbers in case of machines supplied to four clinics/ persons/ organisations. In absence of detailed information on the ownership of the ultrasound machines with the SAA, there was scope for misutilisation of machines by unregistered clinics and their use for determination of sex could not be ruled out.

The Director, Family Welfare-cum-SAA while acknowledging the fact, assured (April 2014) to take care of this aspect in future.

3.2.6 Conclusion

Child sex ratio declined in 21 out of 30 districts of the State by one to 49 points with highest decline in Nayagarh followed by Dhenkanal and Angul during 2001-11. Registration and renewal of ultrasound clinics were not made timely giving scope to clinics to run under deemed registration without necessary scrutiny by the AAs. USGs were conducted by unauthorised persons and portable USG machines were used without permission. Inspection mechanism in place was largely inadequate as no actions against unauthorised centres was taken. AAs did not conduct enquiry against complaints of sex determination. Enforcement of compliance to the provisions of the PNDT Act in the State needed to be strengthened.

3.2.7 Recommendations

Government may consider:

- ensuring efficient and effective system of registration of all ultrasound/ genetic clinics so as to ensure compliance to the provisions of the Act;
- ensuring regular and effective inspection of the ultrasound/ genetic clinics for curbing the violation of Act & Rule; and
- ensuring proper enforcement mechanism and taking appropriate action for violations of the provisions of Act.

HIGHER EDUCATION DEPARTMENT

3.3 e-Governance projects in three Universities of the State

Department of Administrative Reforms & Public Grievances under Government of India (GoI) invited (January 2003) plan from the State Government to accelerate e-governance at all levels for improving efficiency, transparency and accountability at Government and citizen interface. Accordingly, the State Government in Higher Education Department instructed (November 2003) the Registrars of Universities to prepare plans with the objective of bringing transparency and accountability through information and communications technologies (ICT) in their various activities. Plans were submitted by three Universities (Berhampur, Sambalpur and Utkal) who implemented⁴⁷ (2007-08) e-Governance projects at a cost of ₹ 7.53 crore⁴⁸ through four service providers selected through open tender process. While Utkal University (UU) met the entire expenses (₹ 1.80 crore) out of the savings under Self Financing Courses, Berhampur University (BU) and Sambalpur University (SU) met the same (₹ 5.73 crore) from Twelfth Finance Commission Grants released⁴⁹ by the State Government.

As per GoI guidelines, the strategy for e-Governance should, *inter-alia*, indicate the objective, impact, timeframe for implementation, organisational responsibilities and requirement of funds. It also required commitment to implementation of strategy, assessment of pre-requisites for e-Governance, identification and fixing monitorable indicators for measuring the outcome of implementation of e-Governance as well as setting the vision and objectives, areas of action, priorities and challenges to e-Governance and transforming the same to real action.

Scrutiny of records revealed the following:

3.3.1 Utkal University

University entered into an agreement (October 2004) with a service provider for commissioning of project in eight areas (zones)⁵⁰ at a cost of ₹ 1.80 crore⁵¹. As per agreement, the project was to be completed within six months from the date of acceptance (22 December 2004) of Detailed Project Report (DPR). Besides, the firm was to provide support for a period of five years for the entire project after

⁴⁷ Utkal University: April 2007, Berhampur University: March 2008 and Sambalpur University: January 2008

⁴⁸ Utkal University: ₹ 1.80 crore, Berhampur University: ₹ 2.33 crore, Sambalpur University: ₹ 3.40 crore

⁴⁹ BU: May-June 2007, SU: April 2006, May, June and December 2007

⁵⁰ Office Administration, Students File, Examination, Development Projects & Plan, Library, Directorate of Distance & Continuing Education, College Development Council and Department Profile

⁵¹ Hardware (₹ 0.99 crore), Software (₹ 0.57 crore), Networking (₹ 0.22 crore) and Training (₹ 0.02 crore)

completion of its warranty period⁵² of software, hardware and networking components on Government approved cost basis. Service provider was to provide software prototype *i.e.*, a replica of software, for customisation purpose within one month of acceptance of the DPR and final customisation requirement would have to be intimated by the University within two months of providing the prototype. Service provider was to provide and install required hardware, networking and software components and impart training to University personnel for successful running and management of the network.

Audit, however, noticed that the project was made online for users on 21 March 2006 and completion certificate was issued during April 2007 as well as payment of ₹ 1.80 crore was made to the service provider during December 2004-September 2009. But, it was seen that during March 2006 to August 2007 the system was not optimally utilised by the users due to non-handing over prototype of software by the firm, detection of several technical flaws etc. as discussed in succeeding paragraphs due to which the project was ultimately remained non-functional since August 2007. Audit further noticed that:

- **Award of work to second lowest bidder and avoidable expenditure of ₹ 0.21 crore**

As per Rules 97 and 18 (vi) of Orissa General Financial Rules, purchase must be made in most economic manner in accordance with the definite requirements of public service. Contract should be placed only after tenders have been openly invited and in case where lowest tender is not accepted, reasons thereof should be recorded.

Comptroller of Finance, UU floated (May 2004) tender notice (TN) for development of e-Governance systems in eight different zones/ modules of the University on a turnkey basis without indicating the specifications as well as outcomes required. Six out of 17 bidders were qualified in the technical bid and their financial bids were opened on 2 August 2004. The Programme Officer, Computer Centre, UU while preparing comparative statement of the financial bids, took the bid amount of two components to be ₹ 5.09 crore instead of ₹ 25.37 lakh mentioned in the financial bid in respect of a bidder. Due to this, the rate quoted by the firm worked out to ₹ 6.22 crore as against the actual quoted rate of ₹ 1.38 crore. Thus, though as per quoted rates, the bidder was L1, their quote became highest and the bid was awarded to another party whose quoted rate was ₹ 1.59 crore. Though the firm brought the mistake to the notice, UU did not initiate any action on the same. Thus, incorrect preparation of a basic document such as comparative statement not only led to award of work to the second lowest bidder but also resulted in avoidable expenditure of ₹ 0.21 crore.

The Additional Secretary assured (May 2014) to look into the matter.

⁵² Net-working: 1 year (2 March 2005 – 2 March 2006); Hardware: 3 years (2 March 2005 – 2 March 2008); Software: 2 years (3 April 2007 – 3 April 2009)

- **Specification of requirement not provided in tender notice**

Tender notice (15 May 2004) of UU did not contain details of technical specification/ requirements and volume of work to be done. Instead, the firms were asked to contact personnel of different zones to ascertain the nature of the works to be covered under e-Governance in respective zones and quote their rate for installation of the System and accessories required for each zone. Further, instead of assessing technical specification by the technical expert from National Informatics Centre (NIC) or Odisha Computer Application Centre (OCAC) etc, bidders were allowed to submit the tenders on the basis of their understanding with zonal heads (Director, Registrar, Professor etc.), who were not technical experts. Professor in charge, Computer Centre stated (May 2012) that the firm was supposed to present a blue print/ prototype to the customer after a preliminary investigation.

- **Non-handing over prototype for customisation:** As per clause 11(t) of the agreement, a prototype of the application software was to be provided by the service provider within one month of acceptance of DPR. However, no such prototype was handed over to the University for customisation. Thereby, the involvement of users remained absent during the course of the development of software, which ultimately became non-functional.
- **Issue of completion certificate without testing the software by technically competent officers:** Vice-Chancellor instructed (January 2007) the Registrar that all functionality of software should be thoroughly checked before issuing completion certificate. Registrar, however, issued (April 2007) completion certificate to the service provider, relying on the certificates issued (January to March 2007) by the concerned zonal heads in a pre-printed format indicating satisfactory installation of hardware and running of software. When the System Manager later detected (June 2007) several technical flaws and logical errors, the firm was instructed to demonstrate the software details to the Technical Committee⁵³ constituted (August 2008) for the purpose. But the firm declined (December 2008) to do this in the fourth year of the project as it was not a part of the agreement. On being asked in Audit to produce testing report on the basis of which completion certificates were issued, zonal heads could not produce the same. Thus, satisfactory performance certificates were issued by zonal heads without proper testing and later the system was found to be defective.
- **Non activation of the system:** Without the system being tested by either the System Manager or Professor of the Computer Centre, completion certificate was issued (April 2007) by the Registrar. As a result, when the system was found to be non-functional/ defective (June 2007) and the University after withholding further release of payment asked the vendor to demonstrate the software details etc, the firm served (April 2008) a legal notice insisting on full payment and the same was released (September 2009). Before releasing

⁵³ Representatives from Odisha Computer Application Centre, Indian Institute of Information Technology, Bhubaneswar and National Informatics Centre.

the final payment, a committee, comprising other members along with representatives of the firm and chaired by the Vice-Chancellor (VC), resolved (September 2009) that University would bear the cost of hardware replacement and the firm would activate the system during Annual Maintenance Contract (AMC). However, neither was the hardware replaced by the University nor was the AMC executed with the firm to activate the system (December 2013). Audit also noticed (December 2013) that both database and application servers remained unused and idle since August 2007. Thus, the University failed to avail the facility of operationalising the system during warranty period (hardware: March 2008 and software: April 2009)

- **Non-functional equipment:** Joint inspection of 50 of 215 desktops with UPS and Printer conducted by Audit along with System Manager of the University revealed that 42 of them were lying defunct and eight computers were being used for other than intended purpose like word processing etc. With advancement of technology, these desktops became outdated after nine years of their supply. Software was not checked as both the Application and Database server remained non-functional in turn-off condition.

Registrar admitted (May 2014) that there was no ownership and there was communication gap; existing staff did not run the programme, computer literate staff were not available and three-four days training was not sufficient for existing staff. He also stated that non maintenance of the project further aggravated the matter and the project remained non-functional (May 2014).

3.3.2 Berhampur University

Berhampur University (BU) entered (January 2008) into a Memorandum of Understanding (MoU) and agreement with a service provider to provide Office Automation package comprising 29 modules, e-Library, e-Classroom, hardware, networking etc. at a cost of ₹ 2.33 crore. Service provider was to provide and install required hardware, networking and software components and impart adequate training to University personnel for successful running and management of the network. Entire payment was released in March and July 2008. Audit noticed the following:

- **Excess payment towards cost of software:** As per MoU, scope of project included supply of software for complete office automation with 29 modules⁵⁴

⁵⁴ (1) Admission management, (2) Student management; (3) Examination management system; (4) Financial accounting; (5) General administration; (6) Human resources and pay roll; (7) Academics management; (8) PG Council office management; (9) Inventory management; (10) Asset and estate management; (11) Diary and Issue; (12) Digital library system; (13) E-class room and course management; (14) Messaging system and network; (15) University web portal; (16) Hostel management; (17) College development council automation; (18) Distance education cell automation; (19) Health centre management; (20) Transport fleet management; (21) Housing management, (22) Canteen management; (23) Management with recognised unions/ bodies; (24) Interfacings with banks; (25) Interfacing with the Government departments/ agencies; (26) Student union election management, (27) Guest house management and (28) Right to information management cell and (29) Certificate printing

at a cost of ₹ 42.29 lakh. It was seen that though software for only five modules⁵⁵ were delivered by the firm, ₹ 64 lakh⁵⁶ was paid (March 2008) by the University to the firm against ₹ 7.29 lakh due on pro-rata basis as per clause 10.2 of the agreement. This resulted in excess payment of ₹ 56.71 lakh towards cost of office automation software. Though University decided (December 2008) to implement only five modules in first phase, but the reason for release of payment towards cost of all 29 modules in March 2008 was not furnished to audit.

- **Low turnout for training:** As the turnout of employees for training was poor, VC formed (2 December 2008) a core implementation group to devise the plan for effective implementation of the project. Despite this firm repeatedly complained (October 2009) about lack of interest shown by the University personnel in the e-Governance projects for on-site training.
- **Non finalisation of customisation:** Though the University constituted (November 2009) five committees to prepare requirements of first five modules in consultation with user, this was not finalised (February 2010) due to non-identification/ availability of the end users to spell out requirement and customisation needs.
- **Shortage of technical manpower:** Professors and Coordinators of e-Governance project, recommended (March 2010) engagement of 20 Technical Assistants to assist in implementation of e-Governance areas for different sections in view of non-availability of technical staff in the University, but the issue was not addressed (December 2013). As a result, the infrastructure remained unutilised.
- **Non-functional equipment:** Joint inspection of the hardware including servers revealed (December 2013) that all four servers including the database and application servers and desktops remained idle except few desktops, which were used for other purposes.

Comptroller of Finance, BU while admitting the fact stated (May 2014) that the project would be fully functional only after it is customised and the employees get acquainted with the project. The Additional Secretary of HE Department, did not agree (May 2014) with such reply as about six years have passed after the project was implemented.

3.3.3 Sambalpur University

In first phase, the University executed (March 2007) an agreement with a service provider for implementation of e-Governance project in the University at a cost of

⁵⁵

Accounts, certificate printing, document management, admission and library

⁵⁶

₹ 42 lakh for office automation and extra ₹ 8 lakh for e-library and ₹ 14 lakh for e-class room despite these being part of office automation modules

₹ 2.29 crore⁵⁷ with stipulation for completion within six months. The service provider was to provide hardware, software, networking including adequate training to staff of the University for successful running of eight areas⁵⁸ integrated under University Management System (UMS). The hardware and software were installed (January 2008) with warranty period of three years from the date of installation. In the second phase, the University awarded (March 2009) the work to another party for maintenance and extension of e-Governance project at ₹ 1.11 crore (only networking: ₹ 0.36 crore and supply of hardware: ₹ 0.75 crore). Payments of ₹ 3.40 crore were made (October 2007–February 2012) to both service providers after execution of work.

Audit, noticed the following:

- **Part implementation:** Only two areas/modules (Pay Rolls and Human Resources) functioned in the University against eight areas developed by the service provider. On this being pointed out (October 2013) in Audit, University in a meeting (November 2013) headed by Vice-Chancellor decided to implement the remaining six areas after imparting areas-wise training to admission-in-charge and dealing assistants of different departments. Action for implementation of another four modules⁵⁹ was, though, initiated (May 2014) but remained incomplete.
- **Non assessment of need based requirement:** Joint inspection revealed (December 2013, May 2014) that two servers, 140 desktops, 198 UPSs, 500 smart cards and 200 smart card readers and nine scanners procured at ₹ 56.43 lakh were found lying idle and outdated with passage of time. This indicates that procurements were made without requirements.

In the Exit Conference (9 May 2014), the Registrar stated that out of eight modules developed by the developer, the University has started using six modules and stated that shortage of trained and computer literate staff delayed the implementation of the project. He further stated that with recruitment of 26 new computer literate staff, use of e-governance modules have taken momentum.

Though the Higher Education Department reviewed the utilisation of the fund placed with the Universities, no effective monitoring on the functioning of the e-Governance projects was made at the Department level leading to suboptimal use of the projects.

⁵⁷ Hardware (₹ 0.91 crore), Software (₹ 0.47 crore), Networking (₹ 0.72 crore) and AMC (₹ 0.19 crore)

⁵⁸ Academic, Human Resource Management (HRM), Library, Fixed Assets Management, Financial Accounting System (FAS), Pay Roll, Hostel and File Tracking System integrated in University Management System

⁵⁹ Academic (importing data base of applicants from web portal and integrating in e-Governance model done in 2013-14), Hostel (hostel admission in one hostel Narmada out of five hostels done in 2013-14); Fixed Assets Management (data entry on purchase order and fixed assets data under progress); Financial Accounting System (sale of forms data entry started)

In the Exit Conference held on 9 May 2014 with Additional Secretary, Higher Education Department, representatives of Universities stated that no University was ready to take up the project as it was thrust upon them. But the fact remains that Universities themselves had submitted plan for implementation of e-Governance in University.

ST & SC DEVELOPMENT, MINORITIES & BACKWARD CLASSES WELFARE DEPARTMENT

3.4 Income Generation of Scheduled Tribes in Scheduled Areas

With the objective to narrow down the gap of socio-economic development between tribal and others, the Tribal Sub-Plan (TSP) strategy was adopted since the beginning of the Fifth Five Year Plan (1974-75) for developing activities in the scheduled areas. Government of India (GoI) issued guidelines (May 2003) of release of Special Central Assistance (SCA) to the TSP with the objective of filling up critical gaps in the family based income generation activities and covering employment-cum-income generation activities and infrastructure incidental thereto for Self Help Groups (SHGs)/community. Besides, different Income Generation (IG) schemes⁶⁰ were implemented to boost demand based income generation programmes in order to raise economic and social status of Tribals.

ST & SC Development, Minorities and Backward Classes Welfare Department (ST&SC Development Department) at the State level and Project Administrators (PAs) of Integrated Tribal Development Agencies (ITDAs) and Special Officers of Micro Projects at field level, are responsible for implementation of IG activities in the State.

Audit in order to assess whether different income generating schemes were implemented efficiently and effectively for socio-economic development of the tribal population, test checked records of the Department and seven⁶¹ implementing agencies and observations made thereon are as under:

3.4.1 Low utilisation of fund

During 2010-13, test checked implementing agencies could utilise only ₹ 139.06 crore (79 per cent) against the availability of ₹ 175.37 crore. Utilisation of funds in test checked implementing agencies varied between 39 per cent and 95 per cent during the above period. Despite availability of fund, 329 projects remained incomplete as of March 2013 even after incurring expenditure of ₹ 5.06⁶² crore thereby adversely affecting the scope for income generation in the locality.

⁶⁰ Special Central Assistance to Tribal Sub-Plan (SCA to TSP), Grants under Article 275 (1) of the Constitution of India, Conservation-cum-Development (CCD) Plan, Swarnajayanti Gram Swarozgar Yojana (SGSY), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Rastriya Swasthya Bima Yojana (RSBY), programmes under National Horticulture Mission (NHM) etc.

⁶¹ (1) ITDA, Gunupur, (2) ITDA, Kaptipada, (3) ITDA, Karanjia, (4) ITDA, Rairangpur, (5) Hill Kharia and Mankadia Development Agency, Jashipur, (6) Dangaria Kandha Development Agency, Chatikona and (7) Horticulturist, Baripada

⁶² 2009-10 (5 works; ₹ 38.71 lakh), 2010-11 (10 works; ₹ 34.26 lakh), 2011-12 (124 works; ₹ 2.73 crore), 2012-13 (190 works; ₹ 1.60 crore)

Further it was also observed that utilisation certificates for ₹ 56.27 crore against the amount issued to test checked implementing agencies during 2010-13 were not furnished to Government. Audit also observed that DDOs did not maintain details of submission of UCs as per sanction orders due to which age-wise analysis of pending UCs could not be ascertained.

The Department while admitting the fact stated (April 2014) that entire fund could not be utilised due to scarce availability of contractors and threat of Left Wing Extremists (LWEs). However, it should have suitably planned execution of works keeping in view the ground situation. For utilisation certificates, the Department stated that since most of the TSP areas are located in LWE affected pockets, the progress of majority works in these area is slow and takes more than that prescribed, due to which UCs for full amount were not submitted.

3.4.2 Misutilisation of IGS funds

Special Central Assistance (SCA) funds were primarily meant for family oriented IGS and not more than 30 *per cent* of it is permitted for development of infrastructure incidental to such IG schemes. Further, fund provided under Article 275 (1) of the Constitution of India were to be utilized for creation and upgradation of critical infrastructure to enhance the capacity of economy in tribal areas like health, education and income generation etc. State Government had clarified (December 2006) that expenditure incurred in contravention of these guidelines was to be treated as mis-utilisation of funds even if the same were approved by Project Level Committees (PLCs). Audit, however, noticed that funds provided for income generating activities under SCA to TSP and assistance under Article 275(1) was utilised for other purposes as discussed under:

Out of ₹ 112.11 crore utilised by Project Administrators (PAs) of ITDA, Kaptipada, Rairangpur and Gunupur during 2010-13, ₹ 109.84 lakh (SCA: ₹ 75.40 lakh and Article 275(1): ₹ 34.44 lakh) were utilised on various activities like construction and repair of staff quarters (₹ 57.55 lakh), electrification and water supply works (₹ 14.22 lakh), construction/ renovation of office buildings, boundary walls etc. (₹ 38.07 lakh) which were not core activities for economic development of tribals and hence are in contravention of guidelines.

Department stated (April 2014) that sufficient funds are available under the unit “Administrative cost” of Article 275(1) of the Constitution of India out of which construction, repair, renovation etc. have been spent within the permissible limitation. But, the activities for which fund was utilised were other than those specified in the guidelines.

3.4.3 Non utilisation of fund

Guidelines on SCA to TSP provided that all income generation schemes (May 2003) were to be market linked and only those activities producing goods and services were to be encouraged for which a ready/ developing market existed.

During 2011-12, Department accorded sanction for construction of eight rural *haats* (market platforms) under ITDA, Kaptipada at an estimated cost of ₹ 1.01 crore under 'Creation of Capital Assets' with stipulation to utilise the fund by March 2012. But, ITDA did not take immediate action for its utilisation and it was kept in Personal Ledger (PL) Account as of June 2013. In the absence of market platform, the local ST community lost the opportunity to sell their produce at established market centers at assured prices.

Department stated (April 2014) that construction of two *haats* was completed and three were under construction. However, the fact remained that the work was not taken up in time bound manner.

3.4.4 Irregular utilisation of fund

As per SCA to TSP guidelines, credit facilities were to be provided to eligible Self Help Groups (SHGs)/ beneficiaries through institutional mechanism like public sector banks and other financial institutions to undertake feasible and sustainable income generating activities. Guidelines further prescribed that, subsidy⁶³ provided was required to be adjusted/ utilised against repayment of last installments of loan. All loans were to be treated as medium term loans with a minimum repayment period of five years and no subsidy was allowed for repayment of loan before the lock-in period of three years.

Test check of records revealed that all selected ITDAs and Micro Projects released subsidies of ₹ 5.44 crore to the banks for providing loans to 511 SHGs during 2010-13. Audit examined records of 87 SHGs and noticed that bank loan of ₹ 2.34 crore including Government subsidy of ₹ 0.89 crore was sanctioned in favour of these SHGs for taking up different IG activities. Out of sanctioned amount, the banks credited ₹ two crore to accounts of SHGs of which ₹ 1.66 crore was utilised for other than approved activities. Some of such instances are discussed below:

- Against the total sanctioned amount of ₹ 68.40 lakh including subsidy amount of ₹ 25.85 lakh, the banks credited ₹ 29.13 lakh to the accounts of 24 SHGs for taking up different IG activities. The banks did not credit the balance loan amount to the accounts of the SHGs (June 2013). Reasons for non-release of loan amount were not on record. Responsibilities of ITDA and Block Authorities ended with sanction of subsidy amount, and they did not oversee the release of the entire sanctioned amount to the SHGs.
- Eleven SHGs withdrew ₹ 15.12 lakh out of sanctioned bank loan of ₹ 32.25 lakh which included subsidy amount of ₹ 11.90 lakh and

⁶³ 50 per cent of the unit cost subject to the ceiling of ₹ 10,000 to individual ST family and 50 per cent of the cost of scheme subject to the ceiling of ₹ 1.25 lakh for the whole group whichever is less.

distributed them among members without pursuing activities. Of the above amount, seven SHGs invested ₹ 8.60 lakh in fixed deposit with banks for periods, ranging between one to three years.

While admitting the above fact, the Department stated (April 2014) that all project authorities of ITDAs and Micro Projects would be asked to ensure adequate monitoring and supervision for proper utilisation of funds by SHGs for purposes for which the subsidy was sanctioned.

3.4.5 Unfruitful/ idle expenditure on IG programmes/ activities

Audit noticed various instances of infructuous expenditure of ₹ 42.10 lakh on IG activities which were due to non-use of market complex (₹ 4.50 lakh), non-use of refrigerated van (₹ 24 lakh), non-availability of water in pisciculture tank (₹ 3.50 lakh) and failure of mango plantation (₹ 6.28 lakh), non-use of rice hullers (₹ 2.07 lakh), non-functioning of irrigation canal (₹ 1.75 lakh). Some of such instances are discussed below:

- In order to develop marketing linkages and to avoid distress sale of fruits, vegetables and flowers etc by BPL ST farmers, PA, ITDA, Karanjia procured (January 2013) a refrigerated van with AC unit carrier (Six MT) at a cost of ₹ 24 lakh under SCA to TSP in convergence with National Horticulture Mission (NHM) scheme which was handed over to a Co-operative Society under Jashipur Block which was lying idle.

PA, ITDA, Karanjia stated (May 2014) that the van would be used regularly from 2014-15 onwards after harvesting of fruits/ vegetables under different plantations undertaken in the locality.

- Test check of records of the Horticulturist, Baripada revealed that 5520 mango grafts were provided (2009-13) to 50 ST farmers for plantation in their own land for which ₹ 6.28 lakh was utilised. Out of the grafts provided, 3985 (72 per cent) plants died within the maintenance period due to lack of water.



The field showing non-survival of mango grafts under NHM

The concerned Government representatives admitted the cases.

3.4.6 Skill up-gradation of unemployed tribal youth

Government instructed (July 2011) ITDAs to select unemployed ST youth candidates from their respective jurisdictions and sponsor their names to the

nearest Industrial Training Centre (ITC)/ Industrial Training Institute (ITI) for skill up-gradation training in different trades.

Scrutiny of records of four selected ITDAs⁶⁴ revealed that the ITDAs incurred an expenditure of ₹ 3.76 crore during 2010-13 for imparting training to 3146 unemployed tribal youths in multi-disciplinary activities like mobile repairing, data entry, house wiring, driving-cum-mechanic, tailoring etc. at recognised training institutes. But, ITDAs neither maintained any database of the trainees nor took any steps for periodical review to ascertain whether the trained youths took up any income generating activities. However, Audit noticed that out of 194 tribal youths trained during 2010-13 by the ITDA, Kaptipada on various activities, only 37 youths trained under plastic processing got employment.

The Department stated (April 2014) that as per reports of the ITDAs, database was maintained and 257 youths had been employed in different trades. But ITDAs could not furnish any such data during the course of Audit and failed to analyse the impact of the training for taking further corrective action in imparting training.

3.4.7 Excess/ inadmissible payment of subsidy

Audit noticed cases of excess/ inadmissible payment of subsidies/ loans of ₹ 4.75 lakh by PA, ITDA, Gunupur (₹ 0.65 lakh), three SHGs under DKDA, Chatikona (₹ 1.20 lakh) and one SHG which withdrew ₹ 2.90 lakh from the bank and distributed the amount among 16 members of which six did not belong to ST category.

The Department stated (April 2014) that the non-ST members had not been assisted. But assistance was distributed among all the members including non-ST members.

3.4.8 Impact evaluation on income generation of ST people

As per the guidelines (August 2001) issued by ST & SC Development Department, ITDAs were required to monitor post-disbursement of funds to the beneficiaries under IG schemes. Similarly, the Planning & Coordination Department issued (September 2006) resolution wherein the State Level Monitoring Committee may order conducting of evaluation studies on IG activities in order to provide appropriate feedback to improve the programme design and implementation strategies.

Audit noticed that ITDAs did not conduct such post-disbursement monitoring and evaluation of IG schemes. The Department stated (April 2014) that PAs, ITDAs had been instructed to do adequate and timely monitoring and also do annual evaluation of the schemes to assess impact of the projects through an independent agency.

⁶⁴ Gunupur, Kaptipada, Karanjia, Rairangpur

There was no system in vogue or performance indicators set to measure the income generated by the STs after intervention of various IG activities. However, the Department made an evaluation study through an Agency which submitted a report in January 2014 that showed there was no significant difference in the level of income of BPL families engaged in IG activities and identified various gaps in implementation of IG activities.

3.4.9 Conclusion

Despite expenditure of ₹ 139.06 crore on IG activities, cases of unfruitful and idle expenditure of ₹ 13.06 crore were noticed and fund to the tune of ₹ 36.31 crore left unutilised. Besides, various short comings in implementation such as lack of monitoring leading to non-utilisation of bank loan and subsidy for the approved activities, irregular identification of beneficiaries and ineffective capacity building activities to ensure employment to tribal youths etc. were noticed. Hence, the objective to uplift the socio-economic condition of tribals through implementation of different programmes/ schemes remained largely unfulfilled.

FINANCE DEPARTMENT

3.5 Lack of response to Audit

Timely response to audit findings is one of the essentials of good governance as it provides assurance that the Government takes its stewardship role seriously.

Section 13 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971 mandates the Comptroller and Auditor General (C&AG) to audit all expenditure incurred by the State Government. Section 18 of the said Act mandates the C&AG to inspect various offices of the State Government responsible for keeping of initial or subsidiary accounts. Regulations on Audit and Accounts 2007, issued by the C&AG under Section 23 of the Act, serve to operationalise the provisions of the Act in so far as the scope, extent and procedure of audit is concerned. Audit conduct periodical inspection of Government departments and their field offices according to the procedure laid down in the Regulations on Audit and Accounts 2007 (Chapter 13 and 14) to test check a few transactions on sample basis. During these inspections, the quality and timeliness of maintenance of important accounting and other records as per prescribed rules and procedures is verified and opinion not only on the truthfulness and fairness of the accounts so maintained but also on the economy, efficiency and effectiveness aspects of the transactions connected with such accounts is expressed. Such comments and opinion are incorporated in Inspection Reports (IRs) which are sent to the Heads of Offices and next higher authorities.

Regulations on Audit and Accounts 2007 require each audited entity to maintain proper record relating to receipt of IRs and progress of their settlement and also initiate action for settlement of audit observations with reference to audit memos issued during audit without waiting for formal receipt of IRs from the Audit Office. Regulation 197 requires that the officer-in-charge of the audited entity send the reply to IR paragraphs to the respective Audit Office within four weeks of its receipt. Even if it is not feasible to furnish the final replies to some of the observations in the audit note or IR within the aforesaid time limit, the first reply should not be delayed on that account and an interim reply may be given indicating the likely date by which the final reply would be furnished. Thus, all defects and acts of omissions and commission are expected to be attended to promptly and compliance reported to the Accountant General (G&SSA) after taking due executive/ administrative action to set right/ remedy such defects/ acts.

A review of IRs issued upto March 2013 pertaining to 24 departments showed that 45660 paragraphs relating to 10790 IRs were outstanding at the end of June 2013. Year wise position of outstanding IRs and paragraphs are detailed in *Appendix 3.5.1*. Of these, 3275 IRs containing 10484 paragraphs were

outstanding for more than 10 years (*Appendix 3.5.2*). Of the above outstanding IRs, even the first reply from the Heads of offices was not received in respect of 1930 IRs. The departments from whom major replies were awaited were Women & Child Development, Housing & Urban Development, Health & Family Welfare and Panchayati Raj.

Serious irregularities commented in these IRs like non compliances with rules and regulations, improper expenditure and expenditure without justification, persistent/ pervasive irregularities and failure of oversight/ governance have not been settled as of June 2013. Details are in *Appendix 3.5.3*.

3.5.1 Follow up action on earlier Audit Reports

Serious irregularities noticed in audit are included in the Audit Reports of the C&AG that are presented to the State Legislature. According to the instructions (December 1993) of the Finance Department (FD), the Administrative Departments (ADs) are required to furnish the explanatory notes on the transaction paragraphs, Performance Audits (PA) etc. included in the Audit Reports within three months of their presentation to the State Legislature. Regulations on Audit and Accounts 2007 (Regulation 212) issued by the C&AG outlines the manner in which the Departments should furnish replies to the Public Accounts Committee (PAC). The explanatory notes to paragraphs/ Performance Audits featured in the C&AG's Audit Reports should carry the approval of the Secretaries and state:

- whether a written reply on the draft audit paragraph was sent to the Accountant General and if not, the reasons for not doing so;
- whether the facts and figures stated in the audit paragraph are acceptable and if not, the reasons for not pointing this out when the draft paragraph was received by the Secretary;
- the current status of recovery of any amount due to Government as pointed out in the audit paragraph;
- the action taken or proposed to be taken on the suggestions and recommendations made in the audit paragraph;
- the result of review of similar other cases, and the action taken; and
- remedial action taken or proposed to be taken to avoid occurrence of similar cases in future, to streamline the systems and to remove system deficiencies, if any.

In seventh Apex Committee meeting (11 April 2012) a work plan for submission of outstanding compliance notes to the recommendations of PAC and paragraphs featured in the C&AG's Audit Reports was prescribed. The PAC-2012-13 in its 24th meeting (20 November 2012) expressed serious concern over inadequate response from some departments. The Chief Secretary instructed (January 2013) all the departments to ensure submission of outstanding compliance notes to the

C&AG's Reports as well as Action Taken Notes (ATNs) on recommendations of PAC by March 2013. He further directed that:

- Departments should avoid furnishing compliance to the PAC on the date of PAC meeting or a day before the meeting as such last minute compliances do not give sufficient time for the AG to brief the PAC;
- Secretaries of departments have to pay adequate attention to the compliances furnished by the departments instead of routinely forwarding the replies of subordinate officers to PAC/ AG; and
- Secretaries should take proactive action in addressing issues raised by the AG at the draft para stage so that submission of compliance can be made much before the prescribed time limit.

The above measures have been reiterated by the Apex Committee in the eighth meeting (09 April 2013). The Committee decided that the FD would monitor the position on submission of compliances by the departments to AG, Odisha and Odisha Legislative Assembly (OLA) Secretariat.

However, it was noticed that 13 out of 24 departments did not submit explanatory notes as of September 2013 to 34 paragraphs (21 individual and 13 PAs/Review paragraphs) featured in the C&AG's Audit Reports in respect of Audit Reports from the year 2000-01 to 2011-12 (*Appendix 3.5.4*). The 21 individual transaction audit paragraphs to which compliance was not furnished by 13 departments can be categorised under (i) Non compliance with rules and regulations (10), (ii) Audit against propriety/ expenditure (7), (iii) Persistent/ Pervasive irregularities (1) and (iv) failure of oversight and governance (3). The departments largely responsible for non-submission of explanatory notes were Housing & Urban Development, Revenue & Disaster Management, Planning & Coordination and Higher Education Departments.

The above pendency position was intimated (November 2013) demi-officially to the Addl. Chief Secretary, Finance Department by the AG (G&SSA) Odisha. In November 2013, the Finance Department instructed all the Departmental Secretaries to submit compliance on the outstanding paragraphs of C&AG's Audit Report without further delay and report compliance to Finance Department every month. The Department Secretaries were requested to look into the matter personally and to submit the compliances at the earliest preferably before the next Apex Committee Meeting. Despite this, the above pending position persisted till December 2013.

3.5.2 Response of the departments to the recommendations of the Public Accounts Committee

The OLA constitutes a Committee on Public Accounts (PAC) every year to examine the Reports of C&AG and the Reports of such examination are presented to the Assembly. The Reports/ recommendations of PAC are the principal medium by which the Legislature enforces financial accountability of the

executive to the legislature and it is appropriate that they elicit timely response from the departments in the form of ATNs. According to the instructions (December 1993) of the Finance Department (FD), the ATNs on the recommendations of the PAC/ COPU are required to be submitted within six months after presentation of the reports by PAC/ COPU to the Legislature. The time limit for submission of ATNs had since been reduced to four months by OLA (April 2005)⁶⁵. As per the work plan of the seventh meeting of Apex Committee (April 2012), all the departments should ensure disposal of outstanding ATNs on Recommendations of PAC and C&AG's paragraphs between July 2012 and September 2012. The Chief Secretary, Odisha instructed all the departments (January 2013) to submit the ATNs on PAC recommendations by 31 March 2013 without fail.

It was noticed that out of 626 recommendations (*Appendix 3.5.5*) made by the PAC from the first Report of Tenth assembly (1990-95) to fifth Report of Fourteenth Assembly (2009-14) final action on 51⁶⁶ recommendations from seven departments were awaited (September 2013). The departments largely responsible for non-submission of ATNs were Rural Development, Health & Family Welfare, Law and Panchayati Raj.

3.5.3 Monitoring

The following Committees were formed at Government level to monitor the follow up action on C&AG's Audit Reports and PAC Reports.

3.5.3.1 Departmental Monitoring Committee

Departmental Monitoring Committees (DMCs) have been formed (between May 2000 and February 2002) in all departments of the Government headed by the Departmental Secretaries with Financial Advisor (FA) as convener to monitor the follow up action on submission of compliances/ replies to AG's Inspection Reports, Draft Audit Notes/ Draft Paragraphs, C&AG's Audit Reports and recommendations made in PAC Reports. The Apex Committee decided (April 2012) in its seventh meeting that the DMC meetings should be convened each month on a fixed date and the proceedings should be sent to AG, Odisha.

It was observed that, eight⁶⁷ out of 25 departments including OLA did not send any proceeding for the year 2012-13 as of September 2013. There was also shortfall in submitting the proceedings which ranged between five and 11 in respect of remaining departments.

⁶⁵ Rule 213-B(1) of Rules of procedure and Conduct of Business in the Odisha Legislative Assembly

⁶⁶ Higher Education (1), Health & Family Welfare (9), Revenue & Disaster Management (1), Law (6), Housing & Urban Development (1), Rural Development (29) and Panchayati Raj (4)

⁶⁷ Culture, Higher Education, IT, Parliamentary Affairs, P&C, PG&PA, Science and Technology and S&YS

3.5.3.2 *Review Committee*

A Review Committee had been formed (December 1992) comprising Principal Secretary, Finance Department, erstwhile Accountant General (Audit-I), Accountant General (Audit-II) and concerned Departmental Secretaries to review the progress as well as the adequacy of action taken on C&AG's Audit Reports and Report of PAC in order to facilitate the examination of such Reports by the State PAC.

The Chief Secretary suggested in the PAC meeting held on 20.11.2012 to conduct more Triangular Committee (TC) meetings in order to remove large number of IR/ paragraphs on which compliance notes have already been furnished. The Review Committee meeting chaired by the Additional Chief Secretary, Finance Department was convened on 24 January 2013 in which five Departments having heavy pendency of outstanding paragraphs agreed to have an advance annual calendar to hold TC meetings. It was decided in the meeting, *inter-alia*, that:

- (i) the calendar would come into action from the month of February 2013;
- (ii) the Department would choose the area for TC meeting giving priority to adequacy of compliances available;
- (iii) Departments of Government should monitor the convening of TC meetings as an agenda item in the DMC meeting every month;
- (iv) any doubt arising on quality of reply/ settlement of para may be solved with the help of Video/ Online Conference with AG, Odisha; and
- (v) submission of Action Taken Notes (ATNs) to the outstanding PAC Recommendations/ CAG paragraphs and replies to the Draft Notes/ Draft paragraphs should be discussed in the DMC meeting every month.

Only 22 TC meetings were held by six departments during 2012-13 and the review of proceedings of Meetings revealed that only 805 paragraphs and 149 Inspection Reports were settled as detailed in the *Appendix 3.5.6*. However, 18 Departments did not conduct any T.C. meeting even though 3880 IRs containing 15209 paragraphs were pending against them (*Appendix 3.5.7*)

3.5.3.3 *Apex Committee*

An Apex committee comprising eight members was formed (December 2000) at the State level under the Chairmanship of the Chief Secretary with the Secretary, Finance Department as permanent member and Secretaries of five other departments (Water Resources, Home, Panchayati Raj, Agriculture and Revenue) as members and Additional Secretary, Finance (Audit & Accounts) as member convener. The committee was to (i) review functioning of the DMC, ensure timely submission of compliance to Accountants General, Odisha and to the Public Accounts Committee, (ii) review periodically the action taken on C&AG's

Reports by the departments and (iii) sort out bottlenecks for prompt action to be taken by all the departments of the Government on audit observations. The Committee would sit half-yearly.

While reviewing the work plan for disposal of pendency position relating to ATN, C&AG paragraphs, AGIRs and paragraphs in the eighth meeting (April 2013), the Committee expressed its displeasure over poor response of the departments. Besides, the following decisions were taken in the said meeting:

- Departmental Monitoring Committee (DMC) meeting should be convened every month on a specific date and the proceedings of the meetings should be sent to A.G, Odisha with a copy to Finance Department without fail;
- First replies to the AGIRs should be attempted and sent to AG, Odisha within one month and should be monitored in DMC meetings;
- A Calendar has been prepared for convening Triangular Committee (TC) Meetings for the year 2013 in respect of five⁶⁸ Departments. Besides, other Departments should also take up the matter with AG, Odisha for holding of TCM for settlement of outstanding AGIRs and paragraphs;
- Departments should take care of submitting the compliance notes on the outstanding Audit Paragraphs of C&AG Report and ATNs on PAC recommendations without further delay and report compliance to Finance Department every month;
- The up-to-date pending position should be reconciled with AG on regular basis.
- Finance Department should monitor the position on submission of compliance notes to AG, Odisha and OLA Secretariat by the Departments.

Regulation on Audit and Accounts issued by C&AG of India (Regulation 197) provides that the auditable entity should send the reply to an audit note or IR within four weeks of its receipt. Even if it is not feasible to furnish the final replies to some of the observations in the audit note or IR within the aforesaid time limit, the first reply should not be delayed on that account and an interim reply may be given indicating the likely date by which the final reply shall be furnished.

It was observed that explanatory notes in respect of 34 paragraphs including 13 reviews/ PAs of C&AG's Audit Reports relating to 2000-01 to 2011-12 and 51

⁶⁸ Panchayati Raj, Health & Family Welfare, School and Mass Education, Water Resources and Women and Child Development Departments.

ATNs on PAC recommendations (Tenth to Fourteenth Assembly) were pending with the departments as indicated in *Appendix 3.5.4 and Appendix 3.5.5* (September 2013).

Further, despite decision of Apex Committee to take stringent action against non-production of records, 101 records and 297 compliances to preliminary observation memos were not furnished by 14 departments as on 31 December 2013 for which the Chief Secretary was intimated (January 2014) demi-officially. The position did not improve since 117 records and 488 compliances to preliminary observation memos were still to be furnished by 11 departments as on 31 March 2014.

Bhubaneswar
The

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The

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