

Chapter 1

Introduction

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1.1 About this Report

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

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

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

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

This Chapter 1 provides a synopsis of the significant audit observations. Chapter 2 of this Report deals with the findings of one Performance Audit and Chapter 3 deals with Compliance Audit of various departments.

The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2013-14 as well as those which had come to light in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 2013-14 have also been included, wherever necessary.

1.2 Significant observations of Performance Audit

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

1.2.1 Resettlement and Rehabilitation of people affected by Industrial Projects in Odisha

Performance Audit on Resettlement and Rehabilitation (R&R) of people affected by industrial Projects in Odisha revealed instances of benefits not reaching the affected people for a host of reasons ranging from absence of proper planning to inadequate survey and ineffective monitoring of R&R activities at district and department level. As a result, 798 project displaced families in respect of 13 industrial projects displaced during 1992-2013 were not properly rehabilitated and full benefits due to them were not extended. Complete database in respect of number of people affected/ displaced, employment provided, etc., were not available either at Department or at district level.

Socio-economic surveys intended as guides and basis for preparation of R&R plans were not conducted in respect of 14 industrial projects on subsequent acquisition of land. Creation of awareness among the affected families through well defined comprehensive communication plans, was lacking. Rehabilitation and Periphery Development Advisory Committees (RPDAC) constituted for respective projects to approve R&R planning and its implementation for affected people left gaps in their functioning. RPDAC did not review decisions leaving large number of issues unaddressed.

Employment or one-time cash compensation in lieu thereof was not provided to 588 project displaced families by industries. There were cases of non-payment of rehabilitation assistance like compensation for double displacement, missing land, self relocation allowance, house building assistance, etc. Record of Rights to 1304 families were not given depriving them of ownership of their land despite its occupation.

There were cases of inadequate health facility, absence of piped water supply, absence of street light, road facility, non-provision of pond, etc. Periphery development fund was lying unutilised with Collectors of three districts. Project authorities did not conduct environmental impact assessment including adequate arrangements for management of factory effluents.

Required numbers of RPDAC meetings were not held in sampled districts. Review meetings conducted by the Revenue Divisional Commissioner and Collectors were inadequate and no follow up actions were taken. Grievance redressal mechanism was inadequate as several petitions were lying unattended. Department conducted review meetings without adequate attention to R&R issues.

(Paragraph 2.1)

1.3 Significant audit observations of Compliance Audits

1.3.1 Higher Education in the State

Long term planning was lacking. Perspective plan for regulating growth of non-Government educational institutions (EIs), improving access of students to higher education in backward areas of the State and enforcing quality standards therein was not prepared. Higher education was not separated from higher secondary education even after 25 years of Government decision.

Institutional arrangement remained weak as regular post of Principal was not created in any of the aided colleges and College Development Council of Universities remained defunct for over a decade. Compliance to Laws, Rules and Regulations by the Drawing and Disbursing Officers was poor. Permission and recognition of EIs by Government and affiliation by Universities/ Council of Higher Secondary Education were granted without fully assessing the educational need in the area and availability of prescribed infrastructure. Most of the test checked EIs were found to run without prescribed infrastructure like land with title, buildings with adequate number of classrooms, examination hall, library, laboratory, etc. Large scale vacancies in teaching posts continued and were not rationalised through effective deployment. Departures from procedures in recruitment as well as promotion of teaching staff of both test checked Universities and aided EIs were also noticed. Skill development opportunities for teaching staff of junior colleges were lacking. Academic Regulations, standards and reforms prescribed by UGC were not adopted and enforced. Instructions (June 1999 and November 2011) of the Department for maintenance of academic calendar, lesson plan, lesson diary, etc. remained un-complied with by many test checked EIs. Though accreditation of National Assessment and Accreditation Council is a parameter of quality education, few degree colleges obtained such accreditation. Sanction of grants-in-aid (GIA) was not made in a fair and equitable manner and was marred with payment of GIA to ineligible teaching staff and teaching staff appointed without adherence to stipulations. Internal control mechanism was weak and internal audit was inadequate.

(Paragraph 3.1)

1.3.2 Transparency in inviting tender, award of work and contract management

There was delay in approval of tender ranging between 16 to 220 days and delay in execution of agreements for a period ranging from 11 to 273 days leading to cost and time overrun in completion of works. Tenders were split on 101 works valuing ₹ 14.64 crore obviating sanction of higher authorities and wide publicity. Works were awarded to contractors with inadequate work experience and technical know-how which led to abandonment of work and delay in completion of work. The works valuing ₹ 16.55 crore were not completed within the stipulated period due to non provision of dispute free land before commencement of work. Tender was invited and work awarded for ₹ 1.38 crore without existence of work site. There was case of unfruitful expenditure of ₹ 2.17 crore on road works due to non setting up of level crossing on the railway line and avoidable expenditure of ₹ 4.38 crore due to execution of works on State highway. Extension of time was granted to the contractors much after occurrence of hindrance. There was short recovery of ₹ 2.07 crore to the contractors after rescission of contract due to fault of contractors. No action was taken against the contractors despite departure to maintain Pradhanmantri Gram Sadak Yojana roads. There were instances of no insurance coverage during the extension period of the contract to safeguard the interest of Government. Non-recovery of mobilisation advances from contractors was also noticed in some cases. Monitoring of work was not effective as works were not completed in time.

(Paragraph 3.2)

1.3.3 Implementation of 'Rashtriya Swasthya Bima Yojana' in Odisha

Database maintained for Rashtriya Swasthya Bima Yojana (RSBY) was not foolproof. Some eligible BPL households were left out while some ineligible beneficiaries were covered under the scheme and 18.36 lakh eligible beneficiaries under the scheme could not be covered. Before issue of work orders, no tender was floated and also no agreements were executed between Government and the firm for smooth operation and timely execution of the allotted work with specified norms. RSBY database prepared by the Insurer based on 2002 BPL survey could not be utilised and expenditure of ₹ 64.23 lakh was rendered unfruitful. Inadequacy of empanelled hospitals defeated objective of the scheme to provide treatment to beneficiaries in nearby hospitals. Though smart cards were required to be returned to beneficiaries after treatment, they were retained by hospitals. The quality of health services was not up to the mark due to various deficiencies such as shortage of doctors and staff, non-availability of adequate number of equipment in Operation Theatres, etc.

(Paragraph 3.3)

1.3.4 Working of District Rural Development Agencies in the State

Due to ineffective and inefficient fund management, GoI curtailed Central Assistance of ₹ 208.66 crore under different schemes. There were also instances of avoidable expenditure, diversion of scheme funds and outstanding advances lying unadjusted for over 15 years. Deficient planning and implementation led to unfruitful expenditure of ₹ 13.81 crore towards incomplete hostel buildings for ST/ SC students. Due to ineffective functioning of DVMCs, 84 *per cent* of grievances/ allegations could not be addressed. Monitoring and Evaluation Wings were not set up. Shortfall in field visits of DRDA Authorities led to ineffective monitoring of schemes. Vacancies of technical posts also affected implementation of different programmes.

(Paragraph 3.4)

1.3.5 Implementation of 'MAMATA' scheme in Odisha

Due to delayed payment, objective of the scheme to improve health and nutritional status of mother and infant by providing financial assistance at particular stages of pregnancy/ child rearing was defeated. Absence of exclusive staff under MAMATA scheme and failure of CDPOs to ensure correctness of data led to excess payment. Cases of non-payment and delay in payment of benefits were also noticed. There was no dedicated grievance helpline for registering grievance/ suggestions relating to implementation of the scheme.

(Paragraph 3.5)

1.3.6 IT audit of e-Sishu maintained by Odisha Primary Education Programme Authority (OPEPA)

The recommendations made in the Paragraph 3.4 of CAG's Report (Civil) for the year ended March 2007 was accepted by the Odisha Primary Education Programme Authority (OPEPA). We found, on a follow-up, measures suggested in recommendations were not carried out. Three sub-systems Education Personnel Information System, Geographical Information System and Child Tracking System under the e-Sishu project were reviewed. The scope of implementation of EPIS got severely curtailed and its primary objectives like vacancy tracking of teachers remain unfulfilled. The GIS software contained errors like wrong depiction of location, missing photographs, etc. which inhibited habitation based analysis and rendered the GIS unfit for use by the top management of OPEPA. In case of the CTS, the unique child was not addressed and not even adopted in the application upgrade that was not done in 2009. Thus, objective of CTS to track each child for educational and economic status could not be achieved. Further, we found a gross deviation from laid down process of annual data updation for which funds were allotted and spent. Significant proportion of 62 *per cent* of child records were updated running backend script thereby vitiating the process and rendering the total information unreliable and without use. There were also deficiencies noted in the security and backup procedure. Thus, the key objectives of e-Sishu system to track each child, minimise duplicate/ fake enrolments and formulation of plans to provide quality education remained largely unfulfilled.

(Paragraph 3.6)

1.4 Recommendations

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