Chapter III

Compliance Audit

Food Supplies and Consumer Welfare Department

3.1 Management and distribution of Custom Milled Rice

3.1.1 Introduction

Government of Odisha (GoO) adopted Decentralised Procurement (DCP) scheme from Kharif Marketing Season (KMS) 2003-04. The Odisha State Civil Supplies Corporation Limited (OSCSC), on behalf of GoO, procured paddy from farmers and milled through millers. OSCSC met the needs of the State's Public Distribution System (PDS) from the custom milled rice (CMR). The Food Corporation of India (FCI) took delivery of the surplus CMR.

GoO introduced[1] Departmental Storage System (DSS) combined with door delivery of foodstuff with effect from 1 April 2012 in the State. Under the system, the Departmental Storage Centres (DSC) of OSCSC received, stored and issued PDS items to Fair Price Shops (FPS) for distribution among consumers.

The Principal Secretary, Food Supplies and Consumer Welfare (FS&CW) Department[2] was the overall head of the system. The Managing Director, OSCSC was the Chief Executive of the OSCSC. Civil Supplies Officer-*cum*-District Managers (CSO-*cum*-DM) at the district level assisted the Managing Director. OSCSC had 210 depots or Rice Receiving Centre-*cum*-Departmental Storage Centre (RRC/ RRC-*cum*-DSC) in the State as on 31 March 2017. GoO had tagged FPSs to the RRC-*cum*-DSCs for streamlining distribution.

Audit on Management and Distribution of CMR was conducted during April 2017 to July 2017. Audit covered the period from 2014-15 to 2016-17. Audit test-checked records of FS&CW Department, OSCSC and seven[3] sampled CSO-*cum*-DM offices to ascertain whether:

- OSCSC achieved targets in procurement and milling efficiently, economically and effectively.
- A robust mechanism was in place for management of CMR.
- The delivery and distribution of CMR was transparent and in conformity with the prescribed norms.
- Internal control mechanism, monitoring and supervision were in place; adequate and effective.

Joint physical inspection of RRCs and FPSs and interviews with PDS beneficiaries were conducted wherever necessary.

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1 As per the recommendation of Justice Wadhwa Committee to replace Private Storage Agency with Departmental Storage System

2 Also the Chairman of the OSCSC

3 Balasore, Jagatsinghpur, Kalahandi, Kandhamal, Keonjhar, Koraput and Puri

Audit findings

3.1.2 Management of CMR

OSCSC received 78.42 lakh MT CMR against 134.67 lakh MT Paddy procured during the KMS 2014-17. Out of the total CMR received, OSCSC distributed 41.96 lakh MT rice through PDS. It also delivered 36.46 lakh MT CMR to FCI. During 2014-16[4] OSCSC made a budget provision of ₹ 20,865.05 crore and procured CMR worth ₹ 14,280.99 crore. The expenditure on procurement of CMR in 2015-16 had increased by ₹ 604.49 crore (8.84 *per cent*) over the previous year and the budgetary provision against actual procurement had shown wide variation during 2014-16. The Department stated (August 2017) in the exit conference that they would prepare realistic budget/ estimate in future.

3.1.2.1 Avoidable expenditure due to imprudent State Level Lifting Plan

OSCSC prepared the State Level Lifting Plan (SLLP) keeping in view, availability and requirement of rice in each district. The objective of SLLP was to meet the PDS needs in the consuming districts and to liquidate stocks in surplus districts.

Audit observed that there was inflow of 2.19 lakh MT CMR to 16 districts in 2015-16[5] involving transportation cost of ₹ 33.84 crore. Out of these, 15[6] districts had transferred 1.43 lakh MT of CMR to FCI godowns. Details of analysis are given in ***Table 3.1.1***:

Table 3.1.1 Expenditure incurred on transportation of CMR

No. of districts	Quantity of CMR received from other districts (in Quintal)	Quantity of CMR transferred to FCI godowns (in Quintal)	Imprudent transfer from other districts/ transfer to FCI godowns (in Quintal)	Transportation cost (₹ in crore)
4	1,45,081.57	7,16,818.56	1,45,081.57	2.93
11	19,19,551.37	7,14,127.75	7,14,127.75	10.08[7]
Total	**20,64,632.94**	**14,30,946.31**	**8,59,209.32**	**13.01**

(Source: Records of OSCSC)

It is clear from the table that

- Four districts[8] transferred 0.72 lakh MT to FCI and at the same time received 0.15 lakh MT from other districts. The cost of transportation of rice received was ₹ 2.93 crore. Hence, transfer of CMR to FCI disregarding own requirement was not prudent.

4 Annual Accounts of 2016-17 had not been compiled
5 Information for 2014-15 could not be made available to Audit
6 Out of 16 districts, one district, Kandhamal did not transfer rice to FCI though imported 1,29,077 Quintals of rice from other districts
7 As cost of transportation in transfer of CMR to FCI was not available, the same was calculated taking average transportation cost of the district
8 Balasore, Dhenkanal, Khurda and Koraput

- Eleven districts[9] received 1.92 lakh MT of CMR and at the same time transferred 0.71 lakh MT of CMR to FCI. The quantity of CMR transferred to FCI could have been utilised by the districts instead of receiving from other districts. As such transportation cost of ₹ 10.08 crore[10] involved in transferring rice to FCI could have been avoided.

As SLLP for 2015-16 was not prudent, OSCSC could not save transportation cost of ₹ 13.01 crore[11].

OSCSC stated (December 2017) that the Government had fixed the district wise target for delivery of CMR to FCI where they had no role. The reply was not acceptable as the transfer of CMR to FCI by the districts which in turn, had to receive CMR from other districts was unjustified.

3.1.3 Delivery and distribution of CMR

3.1.3.1 Inadequate storage space in Rice Receiving Centres

As per the 2016-17 KMS guidelines, millers were to deliver CMR at the RRC as per the Delivery Certificates (DC).

Audit noticed that 22 millers participated in the paddy procurement process in 2016-17 KMS in Balasore district. The DM had issued 301 DCs to the millers for delivery of 7,03,959 quintals of CMR as on 9 July 2017. Against this, the millers had delivered only 6,05,649.96 quintals leaving a balance of 98,309.04 quintals of CMR undelivered as of July 2017.

Further, it was noticed that nine RRCs had only 31,626.20[12] quintal storage space. Thus, RRCs were unable to take delivery of CMR from millers. As such, millers were forced to store CMR in their own godowns. During joint physical inspection of two millers, Audit noticed 7,988.85[13] quintals CMR stored in their godowns for one to two months. The millers also stated that storage of CMR for longer duration would adversely affect the quality of the CMR.

The OSCSC had neither assessed the required storage space in the district nor made any arrangement for transfer of CMR to other deficit districts.

While admitting the fact, the Department stated (December 2017) that steps were being taken to augment the storage capacity in the district.

3.1.3.2 Delay in appointment of H&T Contractor

FS & CW Department engaged contractors for transportation of food grains. In two[14] test-checked districts, Audit noticed that the tenure of the Level-I Handling & Transport (H&T) contractor was up to 31 March 2015. The Department extended the contracts up to September 2015 (Koraput) and

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9 Angul, Cuttack, Deogarh, Gajapati, Jagatsinghpur, Jajpur, Kendrapara, Keonjhar, Mayurbhanj, Rayagada , Sundargarh

10 As the cost of transportation to FCI is not available at OSCSC, the average cost of transportation at district level has been taken

11 ₹ 2.93 crore + ₹10.08 crore

12 2,03,500 quintal (Total storage space) less 1,71,873.80 quintal (Utilised storage space)

13 M/s Sankar Agri products Private Limited: 4,284.24 quintal and M/s Baba Agri Tech Private Limited: 3,704.61 quintal

14 Kandhamal and Koraput

October 2015 (Kandhamal) due to delay in finalisation of tender. Audit further noticed that the rates quoted for the year 2015-17 were less than the rates agreed for the period 2013-15. Thus, the previous contractor was paid at higher rates. Thereby, OSCSC incurred excess expenditure of ₹ 16.68 lakh.

The Department admitted (December 2017) the delay in initiation and finalisation of tender.

3.1.4 Outstanding amount not released by FCI

As per the Procurement Guidelines, surplus CMR of district was to be delivered to FCI. After delivery of CMR, the district office was required to prefer claims against the concerned branch offices of FCI for payment at the economic cost of CMR. Further, all CSO-*cum*-DMs were to prefer supplementary bills against FCI towards other charges[15].

Audit noticed that the Regional Office of FCI at Bhubaneswar had withheld ₹ 183.55 crore up to June 2017 for want of supplementary bills[16]. This included ₹ 45.33 crore related to six[17] test-checked districts which had not submitted supplementary bills**.**

Thus, due to non-submission of supplementary bills in time, FCI withheld ₹ 183.55 crore.

The Department stated (December 2017) that instructions from OSCSC Head Office had been issued from time to time for submission of supplementary bills.

3.1.4.1 Inaction against ineligible beneficiaries under NFSA

GoO approved exclusion criteria for identification of beneficiaries in accordance with sub-section-1 of Section-10 of National Food Security Act (NFSA), 2013.

Audit noticed that GoO implemented NFSA in the State with effect from December 2015. After implementation, the Department received complaints against issue of ration cards to ineligible beneficiaries, who managed to get the ration cards on false declarations. The Department took punitive action under Clause 29 of OPDS (Control) Order, 2016 and recovered ₹ 42.14 crore[18] from 1,19,802 ineligible beneficiaries towards PDS items supplied to them.

Subsequently, GoO amended Clause 29 of the said Order and notified (August 2016) that no action would be taken against the ineligible beneficiaries who surrendered their ration cards on or before 30 September 2016. Besides, the Cabinet also took a decision for refund of recovered cost to them as a general amnesty. The provision of the Clause 29 of the said Order was to be invoked with effect from 01 October 2016 against such card holders who were found ineligible and did not surrender their cards voluntarily by the amnesty date.

[15] Commission to the societies, joint custody & maintenance, market fees and transport cost
[16] For the period from KMS 2014-15 to KMS 2015-16
[17] Balasore, Jagatsinghpur, Kandhamal, Keonjhar, Koraput and Puri
[18] @ ₹ 30.94 per kg for rice, ₹ 22 per kg for wheat and ₹ 49.96 per litre for S.K Oil

Audit noticed that in Kandhamal[19] and Puri[20] districts, 464 (450 + 14) ineligible ration cardholders continued to avail PDS commodities even after 30 September 2016. By the time of cancellation/ surrender of their cards, these beneficiaries had already availed PDS commodities valuing ₹ 16.33 lakh (₹ 15.86 lakh + ₹ 0.47 lakh). However, the concerned CSOs had cancelled only their ration cards without taking any penal action for recovery of cost, violating clause 29 of the aforesaid order.

Reply in this regard from Government was awaited (February 2018).

3.1.5 Irregularities in the functioning of Rice Receiving Centres

3.1.5.1 Discrepancy in closing stock of rice at OSWC godowns

During Joint Physical Inspection (JPI) of RRC in Kandhamal district, Audit observed that 117.47 MT rice valuing ₹ 32.05 lakh was physically available in godowns. The same was, however, not mentioned in the stock register. During JPI of Balasore RRC, Audit noticed that there was less stock of 15.67 MT of CMR (valuing ₹ 4.27 lakh) than the closing stock as per stock register.

Thus, there was discrepancy of 133.14 MT[21] rice valuing ₹ 36.32 lakh in the above two godowns.

3.1.5.2 FIFO method not observed

As per the DSS Guidelines, PDS Stock, stored in RRC/ RRC-*cum*-DSC shall be issued on FIFO (First in First Out) principle.

On scrutiny of records of three godowns in Kalahandi District, Audit observed that FIFO method was not followed while issuing stock. As such, 222 MT of 10 to 12 months old stock of rice worth ₹ 57.21 lakh (@ ₹ 2,577.08 per quintal) was eventually rejected[22] by the indenting districts due to inferior quality. Similarly, 99.84 MT CMR valuing ₹ 26.56 lakh (@ ₹ 2,660.22 per quintal) issued (February 2016) to Nuapada district was proposed (February 2016) for replacement as the same was Beyond Rejection Limit.

The Department stated (December 2017) that after receipt of compliance from the districts, the consolidated reply would be submitted.

3.1.5.3 Irregularities in functioning of Fair Price Shops (FPSs)

Audit selected 62 FPSs under 14 RRCs of seven test-checked districts and observed the following:

- During JPI, Audit noticed that there was less availability of 76.23 quintals of rice in FPSs valuing ₹ 2.36 lakh[23] against the closing balances[24] shown in the Stock Register.
- As per Clause 14 of OPDS (Control) Order 2016, the FPS dealers should maintain stock register, issue/ sale registers. However, 15 out of

[19] 9 out of 14 Blocks/ Municipalities/ NACs
[20] 2 out of 15 Blocks/ Municipalities/ NACs
[21] 117.47 MT + 15.67 MT = 133.14 MT
[22] On seven occasions during September 2015 to April 2016
[23] 76.23 quintals x ₹ 3,094 = ₹ 2,35,856
[24] Balasore: 1, Kandhamal: 1, Keonjhar: 2 and Koraput: 4

54 test-checked FPSs in six districts[25] could not produce stock and issue register for the years 2015-16 and 2016-17.

- During JPI, Audit noticed that in five[26] test checked FPSs, there was 4.03 quintal of excess rice valuing ₹ 0.12 lakh against the closing balance, indicating irregularity in distribution of PDS stock.

3.1.5.4 Delay in deposit of cost of PDS items by the FPS retailers

As per Para 2.6.2 of the Departmental Storage System (DSS) Guidelines 2014, FPS Retailers were to deposit cost of PDS items in RRC, as per the distribution order of CSO-*cum*-District Manager by 17th of the preceding month for the allotment month. As per Para 2.6.3 of the said guidelines, lifting from DSC and delivery at the FPS should be made between 20th of the preceding month and 4th of the allotment month.

Audit noticed that in four[27] out of seven test-checked districts there was delay in depositing demand drafts by FPS dealers ranging from one to 78 days. In four[28] districts, 19,365.95 quintals of PDS rice was lifted with delay ranging from 25 to 65 days in 180 cases. Due to such delay, distribution of rice was made in subsequent months.

The reason for delay was attributed to poor monitoring of concerned authorities.

3.1.6 Inadequate monitoring and supervision

As per Clause 30 of the OPDS (Control) Order, 2016, Advisory Committees, formed at different levels, would monitor operation of PDS. As per guidelines issued by the FS&CW Department, Block Level Advisory Committee/ Town Level Advisory Committee/ Gram Panchayat Level Advisory Committee/ Ward Level Advisory Committee would hold meeting once in each quarter.

Audit found that the Advisory Committees had not conducted any meetings to monitor operation of PDS. Due to inadequate monitoring, discrepancies of stock of CMR at FPS level as well as at RRC level were noticed.

3.1.7 Conclusion

Extra expenditure was incurred due to imprudent management in transport of CMR from deficit districts to the Food Corporation of India and excess receipt from surplus districts. An amount of ₹ 183.55 crore was lying outstanding with the Food Corporation of India for want of supplementary bills.

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25 Balasore: 1, Jagatsinghpur: 1, Keonjhar: 3, Kandhamal: 1, Koraput: 7 and Puri: 2
26 Keonjhar: 3 and Koraput: 2
27 Balasore, Kandhamal, Keonjhar and Puri
28 Balasore, Kandhamal, Keonjhar and Puri

Home Department

3.2 Administration of jails in the State

3.2.1 Introduction

The Home Department administered jails under the provisions of Orissa Jail Manual 1942 (OJM). The Department is headed by Principal Secretary, Home Department. The Additional Director General of Police-*cum*-Inspector General, Prisons (ADG (P)) assisted the Principal Secretary in administration of prison affairs. As of March 2017, there were 91 jails housing 15,432 prisoners. These included five Circle Jails[29], two Special Jails[30], nine District jails[31], 73 Sub-Jails[32], one Open Jail[33] and one Female Prison[34]. Besides, there was one Jail Training School in Odisha.

Audit was conducted during March to May 2017 covering the period 2014-17. The objectives of Audit were to assess efficiency, economy and effectiveness of (i) planning, (ii) fund management, (iii) creation of infrastructure, (iv) procurement of equipment, (v) rehabilitation of prisoners and (vi) creation of amenities for the prisoners. An amount of ₹ 100 crore had been sanctioned during the period. Audit test-checked records of Home Department, ADG (P), 16 jails[35] and Odisha Jail Training School, Berhampur. Joint physical inspection of assets created was conducted and interview of 295 prisoners was done in the presence of jail officials.

Audit findings

3.2.2 Deficient institutional arrangements

GoI framed a Model Prison Manual (MPM) in January 2016 with the objective of converting jails into correctional homes. The MPM envisaged establishment of institutional mechanism for (i) effective custodial management, (ii) education of prisoners, (iii) vocational training, (iv) grievance redressal, *etc*. GoI also requested State Governments to incorporate MPM in their jail manuals. The ADG (P) prepared a draft manual *viz*., Model Jail Manual incorporating some provisions of MPM. The same was submitted to the Home Department only in January 2017 and was pending for approval as of March

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[29] Circle Jail - Capacity of prisoners is more than 500

[30] Special Jail - Special jails are high security facilities that have specialised arrangements for keeping offenders and prisoners who are convicted of terrorism, insurgency and violent crimes

[31] District Jail – Capacity of prisoners is more than 300 but less than 500

[32] Sub Jails - Sub jails are smaller institutions situated at a sub-divisional level

[33] Open Jails - Prisoners with good behaviour satisfying certain norms prescribed in the prison rules are admitted in open prisons

[34] Jails built to exclusively house women prisoners

[35] The sample units were selected on the basis of past audit and analysis of VLC data. The samples are: Circle jails: Choudwar, Berhampur, Koraput, Sambalpur; Special jails: Bhubaneswar, Rourkela; District jails: Balasore, Dhenkanal, Keonjhar, Puri, Sundargarh, Balangir; Sub-jails: Jaleswar, Nimapara and Other jails: Nari Bandi Niketan at Sambalpur, Biju Pattnaik Open Air Ashram at Jamujhari

2017. Audit observed that the delay in adoption of MPM resulted in the following deficiencies:

- MPM provided for setting up of advisory boards at the State, district and sub-divisional levels. The boards were to advise on correctional, rehabilitation and redressal of grievances of prisoners. The Board of visitors was to examine and give guidance on diet, health services, cleanliness and security. No such Board was constituted at the State level. Out of 16 test-checked jails, an advisory board had been set up only in Balasore district jail. As a result, the jail administration did not have the benefit of guidance and advice on diet, health services, hygiene, *etc*.
- MPM envisaged constitution of a Prison Development Board for taking speedy decisions on improvement and modernisation of infrastructural facilities in prisons. No such board was formed which impaired timely completion of infrastructural works.
- MPM required that each State should evolve a mechanism for providing necessary feedbacks on the efficacy of prisons and correctional services through monitoring, analysis and research. No such monitoring/ analytic mechanism was set up. Thus, evaluation of efficacy of prisons and correctional services was not possible.
- MPM provided that personnel in the reserve guard would carry required modern weapons[36]. Audit noticed deficiencies in availability and serviceability of weapons in the jails.

ADG (P) stated (August 2017) that after introduction of the new Jail Manual, institutional arrangement would be made within the purview of the manual.

3.2.3 Funds management and financial irregularities

The State Government allocated ₹ 972.18[37] crore to jail administration during 2011-17. The ADG (P) utilised ₹ 909.64[38] crore leaving an unspent balance of ₹ 62.54 crore. Pay & allowances accounted for 51 *per cent* of the expenditure, diet - 22 *per cent*, infrastructure - 26 *per cent* and equipment - one *per cent*. In this context, Audit observed the following ***(Table 3.2.1):***

Table 3.2.1: Irregularities in financial management

Issue	Criteria	Irregularities with Reply of the department
Loss of Central assistance of ₹ 25 crore	Out of ₹ 100 crore recommended by the Thirteenth Finance Commission (ThFC), GoI released ₹ 75 crore during	There was delay in completion of civil construction works. Hence, entire funds could not be utilised by the stipulated date and the Department could not submit UC.

[36] Like pistols, carbines, self-loading rifles, *etc*.

[37] 2011-12-₹121.44 crore, 2012-13-₹ 147.11 crore, 2013-14-₹ 156.49 crore, 2014-15-₹ 177.04 crore, 2015-16-₹ 179.74 crore and 2016-17-₹ 190.36 crore

[38] 2011-12-₹ 113.37 crore, 2012-13-₹ 135.75 crore, 2013-14-₹ 151.65 crore, 2014-15-₹ 169.14 crore, 2015-16-₹ 169.05 crore and 2016-17-₹ 170.68 crore

Issue	Criteria	Irregularities with Reply of the department
	2011-14. The funds were to be utilised by March 2015. The balance amount was to be released on submission of Utilisation Certificate (UC).	As a result, GoI did not release balance amount of ₹ 25 crore. ADG (P) stated that (August 2017) the time-consuming process of site finalisation and handing over of the same were the reasons for non-utilisation of funds.
Improper maintenance of Accounting Records	SR-37 (V) of Orissa Treasury Code (OTC) Volume-I provided that monthly reconciliation of balances in bank pass book and the cash book should be done.	In 14 out of 16 test-checked units, the balances appearing in the bank statements were more than those in the cash books by ₹ 54.88 lakh, as shown in the ***Appendix 3.2.1***. The reasons for such discrepancy were non-recording of all transactions in the cash books and non-reconciliation of bank accounts with cash book.
Purchases without tender	Finance Department instructed (February 2012) that where estimated value of the goods was less than ₹ 5 lakh, limited tender enquiry was to be made or else open tender enquiry was to be made.	In 8[39] out of 16 test-checked jails, the jail authorities did not resort to limited/ open tender while purchasing medicines valuing ₹ 59.84 lakh during 2016-17. Instead, these were purchased directly from shops in piece-meals, violating the stated provision.

(Source: Information furnished by the Superintendent of jails)

3.2.4 Custodial management

Paragraph 1071 of OJM laid down a norm of 36 sft. space per prisoner with proper ventilation in prison wards. Further, Paragraph 563 of OJM stipulated that convicts should be kept away from under trial inmates and civil prisoners should be separated from criminal prisoners.

There were 15,432 prisoners in 85[40] jails as of March 2017 against capacity of 16,955. In 34 jails, there were 10,169 prisoners against capacity of 7,382, *i.e.*, an excess of 2,787 prisoners. In this context, Audit observed the following deficiencies in custodial management in the test-checked jails:

[39] Circle jail: Choudwar (₹ 26.96 lakh), Koraput (₹ 2.58 lakh), Special jail: Bhubaneswar (₹ 9.54 lakh), district jail: Puri (₹ 3.26 lakh), Dhenkanal (₹ 7.40 lakh), Balasore (₹ 5.46 lakh), Sundargarh (₹ 2.28 lakh) and Sub-jail: Nimapara (₹ 2.36 lakh)

[40] Out of 91 jails, four jails were not functioning and there were no prisoners in two jails

- ***Overcrowding in jails***: In five[41] out of 16 test-checked jails, actual occupancy was 2,902 against capacity of 2,672 prisoners, as of March 2017. The details are given in ***Table 3.2.2***:

Table 3.2.2: Required space vis-à-vis available space in five jails

Name of the jail	Capacity of the jail	2017			
		No. of Prisoners	Required space per prisoner (in sqft.)	Existing space (in sqft)	Short-fall of space (in sqft.)
Circle Jail, Choudwar	728	1,061	36,720	33,286	3,434
Circle Jail, Koraput	519	554	20,196	19,111	1,085
Special Jail, Rourkela	802	502	18,072	12,092	5,980
District Jail, Dhenkanal	231	241	8,676	4,390	4,286
District Jail, Keonjhar	392	544	19,836	13,856	5,980
Total	**2,672**	**2,902**	**1,03,500**	**82,735**	**20,765**

(Source: Information furnished by the Superintendent of jails)

Since adequate space was not available, overcrowding of the prisons was a recurrent feature, which would have negative impact on health and hygiene of prisoners.

Overcrowding of prisoners of District jail, Dhenkanal

- ***Prisoners not segregated***: In nine[42] test-checked jails, jail authorities had kept 472 convicts and 1,988 Under Trial Prisoners (UTPs) in the same ward without any separate enclosures. Such co-habitation has the risk of UTPs being coming under the bad influence of the convicts. Besides, the same was against the provisions of the OJM.

ADG (P) accepted the facts and stated (August 2017) that two additional prisons for convicts were being set up. This would help in ensuring segregation and de-congestion.

41 Circle jail: Choudwar and Koraput; District jails: Dhenkanal, Keonjhar and Special jail: Rourkela

42 Circle jail: Choudwar, Berhampur and Koraput; District jails: Puri, Balasore, Dhenkanal, Sundargarh and Keonjhar and Naribandi Niketan, Sambalpur

3.2.5 Security

Security of prison and safe custody of prisoners were important functions of jail administration. Proper lighting, installation of closed circuit television cameras, metal detectors and livewire fencing over the walls, *etc*., were to be installed in jails. Scrutiny of records of the 16 test-checked jails revealed the following ***(Table 3.2.3)***:

Table 3.2.3: Security Issues

Issue/ Irregularity	Reply of the Department
Purchase of outdated cell phone jammers: The Department decided in 2008-09 to install cell phone jammers in five jails. The 2G cell phone jammer was installed in September 2011 and January 2012 at a cost of ₹ 2.89 crore. In addition, ₹ 1.02 crore was spent towards their annual maintenance for the period November 2013 to September 2016. During the process of procurement, 3G cell phone jammers were available in the market. In view of the continuous technical upgradation of mobile phone technology, the ADG (P) should have chosen the latest technology. The Department, however, had not taken up the matter with GoI to obtain permission to procure 3G cell phone jammers. On Joint Physical Inspection in May 2017 in Balasore and Sambalpur Jails, it was experienced that the jammer failed to jam 3G and 4G signals. Thus, the 2G cell phone jammers installed in five[43] jails failed to block 3G signals rendering the expenditure of ₹ 3.91 crore unfruitful.	ADG (P) stated (August 2017) that they had procured 2G jammers as per the technical specification finalised by the Cabinet Secretariat. The reply was not acceptable as the Department did not take initiative for getting clearance for 3G cell phone jammers from GoI.
Procurement of poor quality Walkie-talkies: The Department planned to purchase 600 walkie-talkies at ₹ 59.75 lakh out of ThFC grant. The department purchased 873 walkie-talkies of 'Rexon' make at a cost of ₹ 59.74 lakh during 2012-13. Out of these, ADG (P) supplied only 616 walkie-talkies to 57 jails as the remaining 257 walkie-talkies were not in functional condition from the date of receipt. The Superintendents of jails had also complained against the poor quality of walkie-talkies, compared with the 'Motorola' sets used earlier. Thus, due to imprudent decision of the ADG (P), an amount of ₹ 17.59 lakh incurred on purchase of 257 walkie-talkies became wasteful.	ADG (P) stated (August 2017) that instruction was issued to all jails to take immediate steps for repair of walkie-talkies.
Defunct Metal Detector: Prison authorities had installed Door Frame Metal Detectors at the entry gates of five[44] test-checked jails at a cost of ₹ 2.52	The ADG (P) stated (August 2017) that steps were being

[43] Berhampur, Balasore, Sambalpur, Baripada and Rourkela Jails
[44] Circle Jail: Sambalpur, Berhampur, Choudwar, Special Jail: Rourkela and Bhubaneswar

lakh in February 2012. None of the detectors was working since February 2014. Thus, prevention of carrying restricted metallic items into the prison could not be prevented, which would affect safety and security both within and outside the jails.	taken for annual maintenance contract of door frame metal detectors and servicing of the hand-held metal detectors.
Unserviceable arms and weapons: Paragraph 338 (2) of OJM stipulated that all the arms and their accoutrements should always be kept clean and in a serviceable condition. As per paragraph 344, annual target practice would be conducted in each jail in the month of January each year. In 11 out of 16 test-checked jails, 96 out of 234 rifles were in unserviceable condition. No arms and ammunitions were supplied to the remaining five jails. None of the jails conducted Annual Target Practices. During 2014-17, 21 prisoners had managed to escape due to insufficient security in the jails. Thus, the jail authorities had not complied with the provisions of OJM relating to security of the jails	The ADG (P) stated (August 2017) that the district police was providing security covers to the jails. Besides, due to non-provision of funds, replacement of arms had not been made.

(Source: Information furnished by the Superintendent of jails)

3.2.6 Prisoner's amenities

As per the provisions of the OJM, the jail authorities were to provide adequate diets, toiletries, medical facilities, *etc*., to the prisoners. The deficiencies noticed in prisoner's amenities are discussed in the following paragraphs.

- ***Excess payment in procurement of sanitary items***: Paragraph 294 of OJM stipulated that the gate-keeper should keep two gate registers. In one register, names of all jail officers, prisoners and other persons who pass in to or out of the jail should be recorded. In the other, record of all goods, tools or stores passed into the jail or out of it should be made. Rule 100 of Orissa General Financial Rules (OGFR) required to examine, count or weigh all stores received and record a certificate in the invoice. In District Jail Bolangir, the quantity of sanitary items recorded in the stock register was more than that recorded in the Gate article register in 75 instances, during 2016-17. This indicated that the supplier had received payments for excess quantity of the sanitary items. Audit worked out the excess amount as ₹ 2.31 lakh.
- ***Non-availability of crèche facility***: Paragraph 881 of OJM required that children up to six years of age could be admitted to prison with their prisoner mothers. Children born in prison might also be kept with their mothers up to six years of age. In 11 out of 16 test-checked jails, 34 children up to six years of age were staying with their mothers since last three years. Due to non-adoption of MPM, creche facility could not be created/ established.

ADG (P) stated (August 2017) that superintendents of all the jails had been instructed to establish crèche facilities.

3.2.6.1 Inadequate medical facility

Paragraph 76 of OJM envisaged that, the Medical Officer of a prison was to give careful attention not only to sick prisoners but also to every matter connected with the health of prisoners. As per para 1158 of OJM, prisoners with infectious diseases such as mumps, measles, chickenpox, *etc*., should be segregated for the full period. No mentally ill prisoner was to be confined in prison after enactment of Mental Health Act, 1987. Under Section 30 of the Prisoners Act, 1900, such person might be lawfully transferred for detention at psychiatric hospital or nursing home.

The sanctioned strength of doctors, pharmacists and nursing orderly was 94, 90 and 5 respectively in 91 jails. Audit observed that the posts of 49 doctors, 23 pharmacists and 3 nursing orderly were vacant in the jails as of March 2017. In seven[45] test-checked jails, no regular doctor was posted. As a result, 3,075 prisoners were deprived of basic medical facilities.

Audit further observed the following:

- In the hospitals of eleven[46] test-checked jails, there were 620 mentally ill prisoners as of March 2017. However, there was no psychiatric doctor and the pharmacists were treating the patients.
- There were only 16 beds in Choudwar jail hospital, in which 103 patients were admitted for treatment of various diseases. Due to insufficient beds, patients were sleeping on the floor. An additional 30-bedded hospital was constructed inside the jail at an expenditure of ₹ 1.04 crore and handed over to the jail authority in December 2016. However, the hospital could not be made functional due to shortage of security and supervisory staff.

The ADG (P) stated (August 2017) that the Government had been moved to fill up the vacancies.

3.2.6.2 Inadequate educational and rehabilitation training

Audit observed that the existing facilities in the State were not adequate *vis-à-vis* norms given in OJM and MPM, as indicated in ***Table 3.2.4***:

Table 3.2.4: Educational and rehabilitation facilities available in the State

Name of the facilities	Requirement as per rule	Existing facilities
Basic training	Paragraphs 264 and 267 of OJM provided that all newly appointed warders should at first be posted to the circle jail for the purpose of training. They should be imparted training on refresher course and correctional service.	Prison authorities had imparted training on refresher course to only 29 out of 621 warders due to inadequate numbers of instructors. No specialised trainings for correctional services were conducted.

45 Circle jail: Koraput (554), Sambalpur (746), District Jail: Balasore (389), Dhenkanal (241), Keonjhar (544), Sundargarh (484) and Sub-jail: Nimapara (117)

46 Circle jail: Choudwar (89), Koraput (30), Berhampur (336), district jail: Puri (20), Dhenkanal (25), Balasore (19), Keonjhar (39), Bolangir (13), Sundargarh (19), Special jail: Rourkela (28), Nari Bandi Niketan (NBN), Sambalpur (2)

		Ninety *per cent* of the newly recruited warders were posted in the district jails, sub-jails instead of circle jails before completion of their basic trainings.
Educational facilities	As per Rule 4.07.6 of MPM, Education not only implies providing literacy but also inculcating values among prisoners as considered conducive to their social mainstreaming. The sanctioned strength of teachers was 23 in jails of the State.	In 8[47] out of 16 test-checked jails, Department had not posted teachers for education of the prisoners. As such, the prisoners were deprived of education.
Vocational facilities	As per Rule 14.01 of MPM, Vocational training and work programmes should be treated as essential features of the correctional programmes. Every State should have a clear policy for work programmes and vocational training of prisoners. Qualified technical personnel should be appointed in adequate numbers for every programme of vocational training.	The authorities had not imparted vocational training in any of the jails of Odisha except in Berhampur circle jail. Only 32 out of 162 convicts were trained in masonry and plumbing during 2015-17.
After-care facilities	As per Rule 20.01 of MPM, the process of after-care and rehabilitation of offenders is an integral part of institutional care and treatment. The objectives of the after-care services are extending help, guidance, counselling, support and protection to all released prisoners.	One after-care organisation was established at Cuttack for rehabilitation and reformation of the released prisoners. However, none of the 1,297 prisoners released during 2014-17 from the 16 test-checked jails were provided with any rehabilitation facilities.

(Source: Records furnished by Superintendents of jails)

The ADG (P) accepted the audit observations and stated (August 2017) that steps had already been taken to fill up the vacancies.

[47] Circle jail: Koraput, district jail: Keonjhar, Dhenkanal, Puri, Sundargarh, Bolangir and Sub-jail: Nimapara, Jaleswar

3.2.7 Idling of Fly Ash Brick Machine

The ADG (P) had planned to install Fly Ash Brick units at Choudwar, Angul and Rourkela jails (November 2011) to utilise the prison labour. The tender was finalised in February 2012 to provide the Hand Operated Machine at a cost of ₹ 12.69 lakh.

Audit observed that fly ash brick machine was received in the Choudwar jail in March 2012. The machine could not be installed due to non-availability of the accessories like racks, asbestos plates, motor starter and also raw materials like fly-ash, sand, cement, *etc*. In addition, OSPHWC had not completed the civil works as of March 2017. As a result, the machine was lying idle in the jail since 2012. Thus, an amount of ₹ 12.69 lakh incurred on procuring fly ash brick machine became unfruitful.

ADG (P) stated (August 2017) that steps were being taken for making the fly ash brick machine functional.

3.2.8 Small Scale Industry not established

As per Para 747 of OJM, the main objective of prison labour should be reformation of the criminals and attention should be given on one or two main industries in each jail to meet the needs of the consuming Departments of Government, after meeting the requirements of the jails.

Audit observed that:

- ADG (P) had sanctioned (March 2013) ₹ 16.48 lakh to General Manager, District Industries Centre (DIC), Bhubaneswar for establishment of small scale industries (SSI)[48] at Bhubaneswar special jail. The General Manager, DIC returned the fund (₹ 16.48 lakh) in September 2013 after six months of the receipt. The DIC stated that it was not the appropriate body for execution of such works.
- Prison authorities had sanctioned ₹ 11.65 lakh for establishment of tailoring unit in Bhubaneswar Special Jail. The entire amount released (2013-14) to the Superintendent of the jail was lying in the account of the Drawing and Disbursing Officer (DDO) without utilisation till March 2017.
- The carpentry unit of the District Jail, Keonjhar was not functioning due to want of raw material. However, there was a full-time carpentry teacher available for the purpose since 2000.

ADG (P) stated (August 2017) that the Superintendents of the respective jails had been instructed to take necessary steps to make the units functional**.**

3.2.9 Video conferencing system not established

Audit noticed that the Video Conference facilities were not available in the prisons, as discussed in ***Table 3.2.5.***

48 Like sandal stick, tailoring, candle, *papad, chhatua*, biscuit and bread

Table 3.2.5 Non-availability of video conferencing facilities

Name of the facility	Criteria	Audit Observation
Video Conference facilities	As per Rule 5.02 of MPM, in order to avoid security risk while transporting the hardcore dangerous prisoners from jails to court, it was necessary for production of UTPs in concerned courts through video conferencing systems.	The Department purchased 15 units at a cost of ₹ 59.09 lakh in July 2014 and paid ₹ 29.54 lakh, *i.e.*, 50 *per cent* of total bill amount to the agency. The VC system was supplied in September 2014, but was not fully functional due to non-availability of electricity connection, ISDN lines, table with shelves, *etc*. The balance amount of ₹ 29.55 lakh was paid in March 2015 to the agency, *i.e.*, before full completion of work. This resulted in unfruitful expenditure of ₹ 59.09 lakh. During JPI (April 2017), audit found that the VC systems installed in circle jail, Koraput, district jail, Puri, Balasore, and Dhenkanal were not functioning.
Video conferencing system under e-governance project	Central Project Coordinator, Orissa High Court, Cuttack directed the ADG (P) (February 2015) to receive the VC equipment for 42 Jails provided through NIC under e-Governance project for establishment of video conferencing (VC) system between courts and corresponding jails for production of under trials at a cost of ₹ 1.19 crore.	VC equipment were installed (December 2015) in all the 42 jails. The prison authorities had not made provision for user-name and pass-word in 13 jails and broad band connectivity in 11 jails. As a result, production of UTP had not yet started through VC system, as of July 2017.

(Source: Records furnished by Jail superintendents)

The ADG (P) stated (August 2017) that Hon'ble Chief justice of the Orissa High Court had conducted trial video conferencing with 20 jails in July 2017. The reply is not tenable as the VC system was not functioning as reported by ADG (P) in his latest status report (July 2017) to Government.

3.2.10. Misappropriation of Government money of ₹ 2.59 lakh

During audit, cases of misappropriation were noticed. Details are given in ***Table 3.2.6.***

Table 3.2.6: Misappropriation of Government money

Name of the Jail	Amount misapp-ropriated (₹ in lakhs)	Brief subject that led to misappropriation	Reply of the Superintendent
District jail, Bolangir	2.39	The Jailor drew ₹ 19.05 lakh on 14 March 2017 against dietary bill from the district treasury. Of this, the Jailor transferred ₹ 14.53 lakh to bank accounts of four suppliers and ₹ 2.13 lakh to the current account of the jail. The Jailor[49] transferred the balance amount of ₹ 2.39 lakh to his personal bank account. This is embezzlement and an FIR needs to be lodged against the then Jailor, Bolangir.	The Superintendent stated that thorough verification of the facts would be made and intimated to audit.
Special Jail, Bhubaneswar,	0.20	The Jailor had neither taken the collected[50] amount of ₹ 19,536 into cash book nor deposited the same in the bank account. Responsibility should be fixed on the concerned Jailor for recovery of the amount.	The Superintendent stated that the then Jailor was responsible for the same and directed him to explain the reasons for non-accountal of the amount.

(Source: Scrutiny of records of Special jail, Bhubaneswar and District jail, Bolangir)

[49] Sri Alok Priyadarshi Kar, Jailor, personal bank account No. 11341921159 in the State Bank of India

[50] Collected towards income tax from the diet supplier's bills and prisoners' telephone charges during 2009-10

3.2.11 Internal control and monitoring

Paragraph 28 of the OJM prescribed that the ADG (P) should inspect every jail and sub-jail at least once in a year. He/ she should give every prisoner opportunity of making any application or complaint before him and shall enquire into them and he has to satisfy himself that all accounts, registers and records were maintained according to the Rules.

Audit observed that ADG (P) conducted 13 inspections only (in 13 out of 91 jails) against the required 260[51] during 2014-17. On test check of nine inspection reports, Audit observed that against 42 cases, corrective measures were taken only in four cases. Deficiencies like (i) construction of boundary wall deviating specification, (ii) non-provision of dining space, (iii) man power shortage, (iv) non-installation of review board, (v) pending RTI cases, non-provision of land phone for lady prisoners, *etc*., remained unattended.

Thus, internal control and monitoring was inadequate. ADG (P) attributed (August 2017) inadequate inspection to increase in number of jails.

3.2.12 Conclusion

The primary function of the prison was to reform, rehabilitate and reintegrate the prisoners with the society as good and reformed citizens. The institutional mechanism suggested in the MPM had not yet been adopted. The investments made in strengthening the security systems also became unfruitful due to various lapses.

Panchayati Raj and Drinking Water Department

3.3 Implementation of National Rural Drinking Water Programme

3.3.1 Introduction

Government of India (GoI) launched National Rural Drinking Water Programme[52] (NRDWP) on 1 April 2009. The vision of the programme was "Safe drinking water for all, at all times in rural areas". The main objectives of NRDWP were to provide all households, schools and Anganwadis access to safe and adequate drinking water within a reasonable distance.

The Ministry of Drinking Water and Sanitation (MDWS), GoI framed guidelines for implementation of NRDWP. Odisha State Water & Sanitation Mission (OSWSM)[53], under Rural Development (RD) Department[54], was the apex organisation. The Department was headed by a Commissioner-*cum*-Secretary. Engineer-in-Chief (EIC), Rural Water Supply & Sanitation (RWS&S), Odisha was the technical head. The field formation consisted of

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[51] Number of inspections- 2014-15: 86, 2015-16: 87 and 2016-17: 87

[52] This is the fourth generation programme of the Accelerated Rural Water Supply Programme launched in 1972-73

[53] Formed in 2002 as a Registered Society under Society Registration Act

[54] The Rural Water Supply activity was transferred to the Panchayati Raj and Drinking Water Department with effect from April 2017

Superintending Engineers[55] (SE) at Circle level and Executive Engineers[56] (EE) at Divisional level[57].

Audit test checked records of the RD Department, EIC and 13 RWS&S divisions in 8[58] out of 30 districts of the State, covering the period 2012-2017.

Audit findings

3.3.2 Planning

Audit observed the following deficiencies/ inadequacies in planning.

- ***Non-inclusion of ongoing works in AAP***: The guidelines for NRDWP required that each State had to prepare an Annual Action Plan (AAP). The Department prepared AAPs for all the years during 2012-17. However, the AAPs did not include all ongoing works. As a result, schedule for completion of the ongoing works was not prepared. This resulted in delay in completion of works, as discussed in ***Paragraph 3.3.4.4***.
- ***Comprehensive Water Security Action Plan (CWSAP):*** Guidelines provided for preparing Village Water Security Plan (VWSP)[59] and District Water Security Plan[60] (DWSP). A five-year Comprehensive Water Security Action plan was also to be prepared in the State. In the test checked districts, neither VWSP nor DWSP had been prepared. The Department had not also prepared five-year Comprehensive Water Security Action Plan to ensure all time availability of water for all.

  Government stated (September 2017) that steps would be taken for preparing water security action plans.
- ***Non-compliance to priority criteria in planning***: As per the guidelines, habitations where 0-50 *per cent* population was in receipt of less than 40 lpcd[61] water, were to be prioritised. Further, quality affected habitations were also to be prioritised. As of April 2017, 0-50 *per cent* population in 5,465 habitations of the State received less than 40 lpcd water. Government, however, had not prioritised implementation of schemes in these habitations.

  Government stated (October 2017) that they had adopted the strategy of covering all Gram Panchayats (GPs) and highest populous villages. Therefore, they could not prioritise those habitations. The reply confirmed the fact that the Government had deviated from the guidelines framed by the GoI.

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55 Seven Civil and One Mechanical

56 36 Civil and Two Mechanical

57 EEs were assisted by Assistant Executive Engineers, Assistant Engineers and Junior Engineers at field level

58 The districts were selected on the basis of probability proportional to the size of the expenditure without replacement

59 VWSP - Village Water Security Plan was prepared, which *inter alia*, included the demographic, physical features, water sources and other details of the village

60 Based on all the VWSPs of the districts, the District Water Security Plan would be prepared

61 lpcd: litres per capita per day

3.3.3 Funds management

GoI released its share to the State in two[62] instalments per year, as given in ***Table 3.3.1***:

Table 3.3.1: Details of allocation, release and expenditure

(₹ in crore)

Year	OB	Receipt		Interest	Total	Expenditure	CB
		GoI	GoO				
2012-13	165.11	219.33	196.54	16.81	597.79	456.73	141.05
2013-14	141.05	317.07	281.95	13.13	753.20	554.89	198.31
2014-15	198.31	230.66	193.47	11.05	633.49	547.18	86.31
2015-16	86.31	103.19	212.92	7.48	409.90	405.43	4.47
2016-17	4.47	133.29	115.08	0.95	253.79	182.11	71.68
Total		**1,003.54**	**999.96**	**49.42**	**2,648.17**	**2,146.34**	

(Source: Information furnished by EIC, RWS&S, Odisha)

Non-utilisation of ₹ 71.68 crore was due to slow progress of work and release of funds to implementing agencies at the fag end of the year. Audit observed the following deficiencies in funds management:

- ***Delay in release of funds by the State Government:*** As per the sanction orders of the GoI, the State had to transfer Central share along with State share to implementing agencies within 15 days of receipt of Central share. Delay in transfer would attract penal interest @ 12 *per cent* per annum[63]. Audit observed that there was delay in transfer of funds by GoO to implementing agencies ranging from 3 to 35 days during 2012-17. Despite delay, GoO had not transferred penal interest amounting to ₹ 1.32[64] crore to the implementing agencies.

  Government stated (October 2017) that they would ensure timely release of funds in future.

- ***Diversion of funds*****:** The guidelines provided that, 'water deficit'[65] States could not divert funds from "sustainability component". Odisha was one of the water deficit states with average annual rainfall of 1,452 mm[66]. Contrary to this, EIC, RWS&S diverted ₹ 9.99 crore during 2015-16 from sustainability to coverage and water quality components. Further, EE, RWS&S Divisions of Nabarangapur and Jajpur had also diverted ₹ 4.20 crore from sustainability to other components during 2012-17. Thus, there was irregular diversion of ₹ 14.19 crore during 2012-17.

  EIC stated (October 2017) that they had recouped ₹ 9.99 crore during 2016-17. Reply was not acceptable as the Department did not furnish any supporting document for the same.

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62 50 *per cent* of the allocation under Programme Fund is released in 1st installment, 2nd instalment of the annual allocation is released on fulfilment of the specific conditions

63 As per the GoI order issued in November 2014

64 Interest for the delay of 6 to 35 days during November 2014 to March 2017

65 Annual average rainfall less than 1500 mm

66 Annual Report of Water Resources Department for the year 2015-16

Programme Implementation

3.3.4 Target and achievement

3.3.4.1 Shortfall in coverage of habitations

GoI had prepared a Strategic Plan for the rural drinking water sector for the period 2011 to 2022. The targets set in the Strategic Plan to be achieved by 2017 *vis-à-vis* achievements are summarised in ***Table 3.3.2:***

Table 3.3.2: Details of target and achievement

<table>
<tr><th>Components</th><th>Goal/ Target</th><th>Achievement</th><th>Reply of the Government</th></tr>
<tr><td>Piped water supply to households.</td><td>At least 50 per cent of households were to be covered under piped water supply (PWS) by 2017.</td><td>Only 0.40 lakh out of 1.58 lakh habitations (25.31 per cent) were covered under PWS.</td><td rowspan="3">Government stated (October 2017) that they would achieve the target within a period of two to three years.</td></tr>
<tr><td>Household connections.</td><td>At least 35 per cent households were to be given water connections by 2017.</td><td>3.01 lakh out of 81.49 lakh households were given connections (3.70 per cent).</td></tr>
<tr><td>Water supplies to schools and Anganwadis.</td><td>All schools and Anganwadis were to be supplied with adequate quantity of water by 2017.</td><td>Drinking water facility existed in 52,432 out of 67,767 schools and Anganwadis (77.37 per cent).</td></tr>
<tr><td>Management of drinking water sources.</td><td>Panchayati Raj Institutions and local communities to manage at least 60 per cent of rural drinking water sources and systems.</td><td>Operation and Maintenance of drinking water sources in the State was being managed by PRIs since October 2006.

Government, however, did not transfer funds for maintenance to PRIs.</td><td>Government stated (September 2017) that funds were not transferred to PRIs due to lack of manpower and expertise at Panchayat level.

The reply established the fact of absence of institutional arrangement.</td></tr>
</table>

Coverage of Open Defecation Free (ODF) villages under PWS.	Priority was to be given to ODF villages.	As of June 2017, 924 villages with 2,129 habitations achieved ODF status. PWS existed only in 633 habitations. There were no schemes for remaining habitations.	Government stated that all uncovered ODF and Sansad Adarsh Gram Yojana (SAGY) habitations would be covered with PWS in 2017-18.
Coverage of SAGY villages under PWS.	Priority was to be given to SAGY villages.	As of May 2017, there were 680 habitations in 27 SAGY GPs in the State. PWS existed only in 178 habitations, ongoing schemes in nine habitations and no schemes for remaining 493 habitations.	
Surface water[67] based PWS schemes.	Priority was to be given to surface water based PWS schemes.	As of April 2017, out of 15,357 PWS schemes, only 1,471 (9.58 *per cent*) were surface water based.	Government stated that they could not prioritise surface water based PWS scheme due to high initial cost. Reply is not acceptable as over dependence on ground water had resulted in lowering of ground water table.

(Source: Strategic Plan 2011-22)

3.3.4.2 Shortfall in supplying adequate quantity of water

Prior to framing of the Strategic Plan (2011-22) by GoI, the norm of supply of potable drinking water was 40 lpcd (litre per capita per day). As per the Strategic Plan, all rural households were to be supplied at least 55 lpcd water. GoI, however, considered the earlier norm for assessing extent of coverage of habitations[68]. Accordingly, it considered habitations supplied with 0-10 lpcd water 'not covered' (NC), 10-40 lpcd 'partially covered' (PC) and more than

[67] River, Pond, *etc*.
[68] A group of families living in proximity to each other within a village

40[69] lpcd 'fully covered' (FC). The IMIS database showed 1.39 lakh and 0.17 lakh habitations of Odisha as FC and PC respectively as of April 2017.

The following table depicts the number of FC and PC habitations as per the IMIS and considering norm of water supply, as per the Strategic Plan (2012-17).

Table 3.3.3: FC habitations with 40 lpcd and 55 lpcd water

Total no. of habitations	Status of habitations (40 lpcd)		Status of habitations (55 lpcd)		Habitations getting Quality affected water
	FC	PC	FC	PC	
1,57,773	1,38,420	16,273	62,237	92,456	3,080

(Source: IMIS Database)

Thus, 92,456 habitations were getting inadequate water and 3,080 habitations were getting quality affected water. GoO considered habitations supplied with 40 lpcd of water as fully covered. 76,183[70] habitations though shown as FC were getting less than 55 lpcd of water.

Government stated (October 2017) that they were adopting the norm of 55 lpcd for construction of new PWS works.

3.3.4.3 Execution of works

During 2012-17, 2,821 PWS works and 1.23 lakh tubewells were completed in the State. In eight test checked districts, 1,898 PWS and 39,640 tubewells had been included in AAPs during 2012-17. The concerned EEs took up 1,441 PWS and 38,463 tubewells and completed 877 PWS and 37,529 tubewells. The status of works in test-checked districts is shown in ***Chart 3.3.1 (a)*** and ***(b)*** below:

Chart-3.3.1 (a&b) representing the tubewells and PWS works planned, taken up and completed during 2012-17

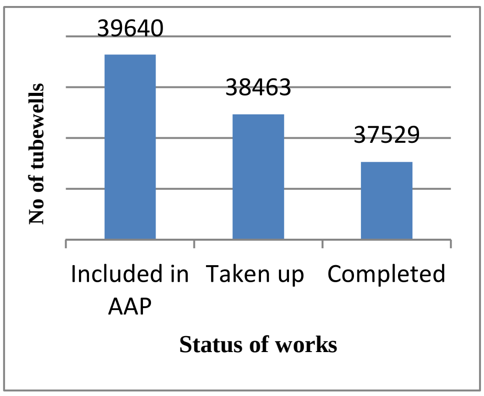

Chart 3.3.1.(a) showing Tubewells included in AAP, taken up and completed

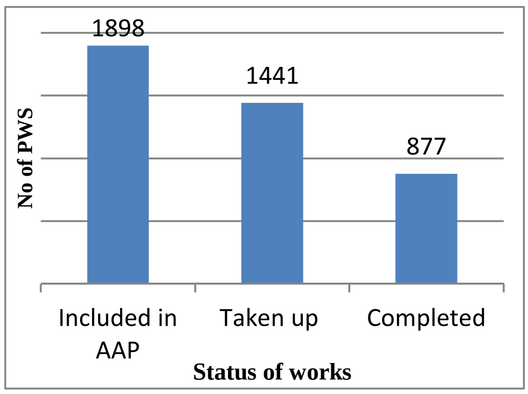

Chart 3.3.1(b) showing PWS works included in AAP, taken up and completed

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[69] GoO also considered norm of 40 lpcd as fully covered

[70] No. of FC habitations considering 40 lpcd norm (1,38,420) *less* no. of FC habitations considering 55 lpcd norm (62,237)

The deficiencies in execution of works are discussed below.

3.3.4.4 Delay in completion of PWS works

As of April 2017, there were 99 ongoing PWS works in 13 test-checked RWS&S Divisions. Audit test-checked records of 49 ongoing works and observed the following:

- Four works had not started due to site dispute and retendering of works. The remaining 45 works were under execution as of March 2017 with delay of 2 to 51 months. In absence of recorded reasons for delay, audit could not analyse the same.
- Contractual conditions stipulated that the contractors were liable to pay liquidated damages @ 10 *per cent* of the agreement cost for delay in execution of work. Against the penalty of ₹ 2.92 crore for delay in execution of works, the concerned divisional officers had imposed and recovered a token penalty of ₹ 5.66 lakh in 20 cases. In remaining 25 cases, the concerned EEs did not impose any penalty.

Thus, due to deficient management of contracts, the works could not be completed within the stipulated time.

In the exit conference (September 2017) EIC stated that penalty would be recovered in the cases where delay was attributable to the agencies.

3.3.4.5 Non-recovery of penalty for abandonment of works

Clauses 54, 54.5 and 7.25 of General Conditions of Contract provided that the employer might terminate the contract if the contractor had suspended the work without a reasonable cause. In that case, the Security Deposit of the contractor should be forfeited. The excess cost, if any, should be borne by the contractor. Further, 20 *per cent* of the value of the left over work would be realised from the contractor.

Audit observed in two[71] test-checked RWS&S Divisions that EEs had awarded (between April 2012 and March 2015) five[72] PWS works. The award value of works was ₹ 10.26 crore. The contractors after executing works valuing ₹ 4.03 crore (39 *per cent*) left the works mid-way. The concerned EEs terminated the contracts between August 2016 and March 2017 imposing penalty of ₹ 1.24 crore, being 20 *per cent* of the value of the balance work. However, the same had not been recovered (July 2017). EEs had also not taken any step to forfeit the available Earnest Money Deposit/ Security Deposit.

3.3.4.6 Non-execution of sanctioned projects and idle expenditure on creation of source

As per the guidelines, while preparing AAP, incomplete works would be given priority over new works. Audit observed that MDWS sanctioned (2009-13) seven Piped Water Supply (PWS) works at ₹ 11.96 crore for two[73] districts. The PWS works would provide safe drinking water to 17,811 people of

[71] Sambalpur and Nuapada
[72] PWS to Kesapali, Barab, Kholbilong, B Garposh, Amodi
[73] Keonjhar and Nuapada

seven[74] habitations. The concerned EEs incurred initial expenditure of ₹ 1.35 crore during 2012-15 for creation of sources and procurement of pipes. They, however, did not execute the balance works, such as distribution system, rising line, treatment unit, elevated storage reservoirs, *etc*.

Similarly, during 2012-17, EEs had created 94 new sources in two[75] districts incurring an expenditure of ₹ 3.43 crore. The Divisions had not prepared any DPRs to complete the balance works as of June 2017.

Thus, the expenditure of ₹ 4.78 crore incurred on above projects remained idle.

3.3.4.7 Avoidable expenditure on drilling of unsuccessful tubewells

The Directorate of Ground Water Survey & Investigation (GWS&I) had technical know-how for identification of feasible sites for installation of bore wells. Feasible sources would be identified by conducting Vertical Electrical Sound (VES) tests.

In the eight test-checked districts, EEs executed 37,529 tubewells during 2012-17. An expenditure of ₹ 261.84 crore was incurred. Of this, 1,310 tubewells drilled at a cost of ₹ 3.76 crore became unsuccessful, as no water could be found. Audit observed that concerned divisions had not conducted VES test for identification of feasible sources. Thus, non-conduct of feasibility study led to wasteful expenditure of ₹ 3.76 crore.

The EIC stated (October 2017) that tubewells were dug in the spots as per the demand of the local habitants. They also stated that identification of source through VES test was uneconomical. Reply was not acceptable as the Department had not conducted feasibility tests. This had led to digging of large number of non-functional tube wells.

3.3.5 Water Quality Monitoring and Surveillance (WQMS)

Under the WQMS component of NRDWP, funds were provided for setting up/ strengthening of State and district level and sub-divisional laboratories, water testing, documentation, *etc*.

Audit observed the following deficiencies in water quality monitoring and surveillance ***(Table 3.3.4):***

Table 3.3.4 showing Audit observations on Water Quality Monitoring and Surveillance

Issues	Criteria/ Requirements	Deficiencies
Inadequate number of laboratories	MDWS issued Uniform Drinking Water Quality Monitoring Protocol in February 2013. As per the	Considering the work load specified in the protocol, there was requirement for 317 labs for 9.5 lakh

[74] Handibhanga and Sankiri in Keonjhar and Badi, Solabandha, Pandrapathar Thelkodungari, Kuligaon in Nuapada district

[75] Mayurbhanj (57) and Nabarangpur (37)

	protocol, Annual Analysis Load for each district and sub-district laboratory was 3,000 water samples.	sources. Against this, only 77[76] laboratories were available in the State.
NABL[77] Accreditations	As per the protocol, laboratories at all levels[78] should strive to get NABL accreditation in a phased manner.	Only the State level laboratory could obtain NABL accreditation[79]. OSWSM had not taken steps to obtain NABL accreditation for the remaining 76 district and sub-district laboratories.
Test of mandatory parameters	As per protocol, it was mandatory to carry out analysis of at least 13 basic water quality parameters at District and Sub-divisional laboratories levels. Some of the parameters were pH, Turbidity, Chloride, Total Alkalinity, Sulphate, Iron, Arsenic, Fluoride, Nitrate, Total coliforms, *etc*.	The divisional offices were testing water samples only for iron, fluoride, chloride, pH and hardness. They did not test other mandatory parameters such as nitrate, arsenic, alkalinity, *etc.* As per the report of the Central Ground Water Board, ground water in 28 out of 30 districts was contaminated with nitrates. Presence of nitrate above 45 mg/ltr in water was not safe for drinking. However, due to lack of equipment in district/ sub-district laboratories, the divisional officers could not conduct the required tests.
Shortage of manpower in the laboratories	As per the protocol, district/ sub-district level laboratories should have eight[80] staff.	There were 26 district/ sub district level laboratories in eight test checked districts. Audit found that 13 laboratories were functioning with only one staff, 10 laboratories were functioning with two staff

76 One State level, 32 district level and 44 sub-district level
77 National Accreditation Board for Testing and Calibration Laboratories
78 State, District and Sub-district
79 In July 2016
80 Chemist/ Water Analyst (one), Microbiologist/ Bacteriologist (one), Laboratory Assistant (two), Laboratory Attendant (one), Data entry operator (one) and Sampling Assistants (two).

		and remaining three were functioning with three staff. No Microbiologist/ Bacteriologist was posted in any of the laboratories and no chemists were posted in eight laboratories.
Shortage of equipment in laboratories	Uniform Drinking Water Quality Monitoring Protocol envisaged that the District laboratories as well as Sub-divisional laboratories should be well equipped with adequate infrastructure facilities for undertaking successful testing of water quality.	Test check of records in six selected divisions and information furnished to audit revealed significant shortfall in infrastructure[81]. The shortage in equipment, glassware and chemicals ranged between 28 and 95 *per cent* in 26 districts/ sub-districts laboratories.
Field Testing Kits (FTKs)	The Department used FTK for primary detection of chemical and bacteriological contamination of all drinking water sources. During 2014-16, OSWSM procured 1.50 lakh new FTKs and 8.70 lakh refill packs[82] for testing chemical contamination at ₹ 1.90 crore. OSWSM issued 1.45 lakh new and 8.46 lakh refill packs to field offices. During 2013-16, the Department procured[83] 7.70 lakh FTKs for testing of bacteriological contamination at ₹ 0.81 crore.	The shelf-life of FTKs procured for chemical contamination testing was one year. FTKs procured for testing of bacteriological contamination were best before two years. Audit observed that only 3.47 lakh FTKs were utilised for chemical contamination testing and 1.95 lakh for bacteriological contaminations testing. Unutilised FTKs (Chemical) up to 2016-17 could not be utilised afterwards due to expiry of the reagent. This resulted in loss of ₹ 1.25[84] crore.

(Source: Records of concerned departments)

Government stated (October 2017) that they were taking steps to strengthen testing laboratories.

3.3.5.1 Supply of chemically contaminated water

As per IMIS database, 1,809 habitations having 5.22 lakh populations were receiving chemically contaminated water as of May 2017. Water,

81 Laboratories instruments, glassware, chemicals, equipment, *etc*.
82 With capacity to test 100 samples with each kit
83 August 2014 and December 2015
84 Cost of FTKs not utilised

contaminated with arsenic, was noticed in 2, iron in 1,616, salinity in 126, fluoride in 62 and nitrate in 3 habitations.

- As per the standards of BIS[85], the maximum permissible limit of fluoride contents in drinking water was 1.5 mg per litre. The EE, (RWS&S), Nabarangpur collected water samples from 40 sources of seven villages of two[86] blocks. These were tested in the State Level Laboratory during 2015-17. Fluoride above the permissible limits was found in 16 water samples. The divisional office had put red mark to indicate these as contaminated tubewells. However, they did not provide any alternate sources of safe drinking water. Besides, they had neither installed fluoride removal device nor supplied water through tankers. Thus, 3,955 people of seven villages were consuming unsafe water.
- Similarly, in Nuapada district, water sources at 905 (32.60 *per cent*) out of the 2,776 habitations were fluoride contaminated. The Department had installed 600 de-fluoridation plants as an interim measure in 542 habitations. Thus, target to provide safe drinking water in adequate quantity through PWS scheme, remained unachieved.

EIC stated (October 2017) that they had planned to invest ₹ 751 crore to construct safe water sources in Nuapada. The reply confirmed that unsafe drinking water was being supplied till date.

3.3.6 Inspection and monitoring

The NRDWP guidelines envisaged four-tier delivery mechanism, *i.e.*, village/ Gram Panchayat, sub-district/ block, district and State level. Audit observed the following deficiencies ***(Table 3.3.5):***

Table 3.3.5 showing Audit observations on Inspection and monitoring

Issues	Guideline Provision/ Criteria	Deficiencies
Holding of inadequate SLSSC[87] meeting	Guidelines provided that meetings of the SLSSC were to be held at least twice in a year.	Meeting of SLSSC was held only one each in 2012-13, 2015-16 and 2016-17, and two meetings each in 2013-14 and 2014-15.
Non-scrutiny of DPRs by State Technical Agency (STA)	Objective of STA was to plan and design sound and cost effective rural water supply projects.	The divisional offices did not send DPR/ estimates of PWS works to STA for scrutiny. This could have ensured scientific, sound and cost effective design of the projects. They, however, sent only design of overhead

85 Bureau of Indian Standards
86 Chandahandi and Kosagumuda
87 Chaired by the Principal Secretary, RD Department

		tanks at post tender stage. This resulted in delay in completion of four[88] works in Keonjhar division by 21 to 32 months. Government stated that they were taking steps for scrutiny of DPR by STA.
Non-conduct of Social Audit	As per the guidelines, Social audit was a way of measuring, understanding, reporting and ultimately improving an organisation's social responsibility and ethical performance. Every six months, on a fixed date, there should be a social audit by the community organisation to ensure that the works undertaken by the PHED/ related Department and PRIs were as per the specification and funds utilised were proper.	Department had not made any arrangements for conducting such audit in the State during 2012-17 to assess the quality and quantity of water, hours of supply and distance covered by people to collect water. During exit conference (September 2017), Joint Secretary, PR & DW Department assured that steps would be taken for conducting social audit.

(Source: Records of concerned departments)

3.3.7 Conclusion

Due priority had not been given to the least covered and quality affected habitations though required as per the guidelines. The online database of Ministry of Drinking Water and Sanitation *viz.*, Integrated Management Information System was unreliable. Data relating to coverage of habitations, habitation-wise quantum of water supply and existence of facilities, was distorted.

Funds management was not efficient and instances of delay in release of funds by the GoO and low utilisation due to slow pace of execution of works were noticed.

The targets fixed under Strategic Plan to be achieved by 2017 were largely not achieved. Water quality monitoring and surveillance was inadequate.

Digging of tubewells without conducting proper scientific survey had led to dry wells which deprived the habitations of drinking water and expenditure incurred on them became wasteful.

Thus, the implementation of NRDWP was not effective and the vision of providing safe drinking water for all at all times could not be achieved.

[88] PWS to Chouthia, Tukudiha, Padua, Jajaposi

Home Department

3.4 Excess expenditure in construction of staff quarters

Construction of 643 staff quarters with plinth area in excess of that prescribed in the Orissa Public Works Accounts Code led to extra expenditure of ₹ 26.76 crore.

Appendix XXV of OPWD Code Vol. II prescribed the plinth area for Government residential buildings[89]. OPWD Code permitted deviation to the above norm, only with the prior approval of the Government. The Finance Department fixed license fees for different types of staff quarters on the basis of the plinth area.

Audit test-checked (May 2016 to March 2017) construction records of 643 out of 2,707 completed staff quarters[90]. Eight[91] Divisions of Odisha State Police Housing and Welfare Corporation Limited (OSPHWC) constructed these quarters during 2009-17. Audit found that OSPHWC had constructed the test-checked quarters with higher plinth area incurring excess expenditure of ₹ 26.76 crore (***Table 3.4.1).***

Table 3.4.1: showing excess expenditure incurred on test-checked completed quarters

Type of quar-ter	Storey	Plinth area admissible as per OPWD Code (sft)	Actual plinth area constructed (sft)	Excess plinth area (sft) (Figures in bracket are %)	No. of quarters test-checked	Excess expenditure (₹ in crore)
D	Single	900	1,275	375 (42)	51	26.76
E	Single/ Double/ Triple	600 and 655	944 -986	344-331 (51 – 57)	223	
F	Single/ Double/ Triple	366 and 424	677	311 and 253 (60 -85)	369	
Total					**643**	**26.76**

(Source: Records of OSPHWC)

Audit observed that the OSPHWC had prepared drawing and designs of these quarters as well as the estimated cost at its own. The provisions of the OPWD Code were not followed. The State Police Headquarters, Directorate of Prison and Directorate of Fire Services had also accorded administrative approval to the estimates during 2009-14 without cross checking with the codal provisions. The deviations remained undetected. In respect of the 643 test-checked quarters, OSPHWC constructed quarters having aggregated plinth

[89] D type quarters (single storey): 900 sft; E type quarter (single storey): 600 sft; E type quarter (double/ triple storey): 655 sft; F type quarter (single storey): 366 sft and F type quarter (double and triple storey): 424 sft

[90] D type: 51, E type: 223 and F type: 369 completed at a cost of ₹ 74.98 crore

[91] Angul, Balasore, Berhampur, Bhawanipatna, Cuttack, Bhubaneswar, Koraput and Sambalpur

area of 5.34 lakh square feet (sft) against the codal norm of 3.44 lakh sft. This led to creation of excess plinth area by 1.90 lakh sft. costing ₹ 26.76 crore.

Thus, grant of administrative approval to the specifications of staff quarters, which were not in conformity with the OPWD Code had resulted in extra expenditure of ₹ 26.76 crore. License fee of the quarters should be recovered at the enhanced rate from the allottees for increased plinth area of quarters.

The Additional Director General (Prisons) stated (March 2017) that the plan and design received from OSPHWC could not be examined in absence of technical personnel in the Directorate and had been approved as a token of acceptance. Director General of Fire Service stated (April 2017) that the Government had been requested to regularise the deviation from the Codal provision. The responses of Director General of Police were awaited.

The matter was reported (June 2017) to the Government. Reply is awaited (February 2018).

Planning and Convergence Department, Revenue & Disaster Management Department, Housing & Urban Development Department, ST & SC Development, Minorities & Backward Classes Welfare Department, Women & Child Development and Mission Shakti Department and School & Mass Education Department

3.5 Imprudent management of funds leading to loss of interest of ₹ 15.39 crore

Retention of unspent funds in saving/ current accounts instead of flexi accounts had resulted in loss of interest of ₹ 15.39 crore.

The Finance Department (FD) had instructed[92] all implementing agencies to keep the unspent scheme funds in flexi bank accounts. Banks offered higher rate of interest on deposits in flexi accounts, in addition to the benefit of liquidity associated with savings account.

Audit observed[93] that Drawing and Disbursing Officers of different establishments had retained the funds[94] in current/ savings bank accounts. This resulted in loss of ₹ 15.39[95] crore towards interest, as summarised in ***Table 3.5.1***:

[92] October 2012 and November 2014
[93] During June 2016 to March 2017
[94] Unutilised scheme funds and undisbursed land compensation funds
[95] Interest calculated on quarterly minimum balance at applicable flexi rate less interest actually earned at Savings Bank rate

Table 3.5.1: Loss of interest due to retention of fund in SB/ current account

Name of the Department	Name of unit	No. of SB/ current a/c	Interest as per flexi rate	Interest actually earned	Loss of interest
			(₹ in crore)		
Planning and Convergence (P&C) Department	District Planning and Monitoring Unit (DPMU), Nuapada	11	6.98	4.45	2.53
	DPMU, Kalahandi	3	2.90	1.80	1.10
Housing and Urban Development (H&UD) Department	State Urban Development Agency	11	3.17	2.28	0.89
ST & SC Development, Minorities & Backward Classes Welfare Department	Odisha Model Tribal Education Society	1	0.59	0	0.59
	District Welfare Officer (DWO), Jharsuguda	2	0.12	0	0.12
	DWO, Gajapati	3	0.55	0.36	0.19
	Project Administrator (PA), Integrated Tribal Development Agency (ITDA), Baliguda	9	2.14	1.33	0.81
	PA, ITDA, Nabarangpur	9	2.40	1.53	0.87
	PA, ITDA, Jeypore	15	0.60	0.55	0.05
Women & Child Development and Mission Shakti (W&CD and MS) Department	District Social Welfare Officer (DSWO), Sambalpur	10	1.64	0.15	1.49
	DSWO, Gajapati	4	0.30	0.20	0.10
	DSWO, Angul	9	2.87	1.75	1.12
	DSWO, Bolangir,	6	2.44	1.56	0.88
	DSWO, Nabarangpur	1	0.40	0	0.40
	DSWO, Deogarh	10	2.53	0.78	1.75
	DSWO, Jharsuguda	9	0.85	0.29	0.56
	Child Development Project Officer (CDPO), Barkote	2	0.42	0.21	0.21
	CDPO, Nuapada	2	0.22	0.17	0.05

Name of the Department	Name of unit	No. of SB/ current a/c	Interest as per flexi rate	Interest actually earned	Loss of interest
			(₹ in crore)		
School & Mass Education (S&ME) Department	Odisha Primary Education Programme Authority (OPEPA)	8	2.55	1.68	0.87
	District Education Officer (DEO), Khurda	2	3.28	2.47	0.81
Total			**36.95**	**21.56**	**15.39**

(Source: Records of above mentioned units)

P&C, H&UD and W&CD and MS Department, Secretary OMTES and State Project Director, OPEPA stated (during February to July 2017) that they had already converted SB accounts/ Current accounts to flexi accounts. PA, ITDA, Nabarangpur and Baliguda, DWOs, Jharsuguda and Gajapati stated (March 2017, February 2017 and December 2016) that they were taking steps for conversion of savings accounts into flexi accounts. PA, ITDA, Jeypore stated (January 2017) that they had not received specific instruction from higher authority for keeping the scheme funds in flexi accounts.

Thus, non-adherence to the instructions of FD had led to interest loss of ₹ 15.39 crore during the period 2013-16.

Higher Education Department

3.6 Undue favour to a firm for setting up of Language Laboratories (LLs)

The decision to award the work of setting up of LLs in 108 colleges of the State to a private firm on nomination basis was not in order. Further, there was no enrolment in 42 colleges where LLs were set up at the total cost of ₹ 8.64 crore.

Government of Odisha in Department of Higher Education (HED) decided (January 2012) to set up Language Laboratory (LL) in all the universities, Government and Government aided degree colleges of the State. The aim was to improve the communication skills of the students. Detailed Project Report (DPR) for setting up of LLs involved civil works like interior furnishing with electrical fittings in the rooms provided by college, supply of computer hardware, software and other accessories. The floor area of LL prescribed in DPR was 1200 sft. with 30-seated capacity. The estimated total financial implication for all the institutions was ₹ 92.82 crore.

A committee under the chairmanship of the then Principal Secretary of the Department decided (November 2012) to award the work on nomination basis to a firm ‘Centre for Advanced Communication (CACM)’. CACM was stated as a unit of Indian Institute of Technology (IIT), Kharagpur which is a reputed technical institute of Government of India (GoI). The Department signed

(March 2013) a Memorandum of Understanding (MoU) with CACM with a validity of three years. As per the MoU, the LL was to be set up (at each centre) in two rooms to accommodate 24 students at a unit cost of ₹ 20 lakh per LL. On expiry of the MoU in February 2016, HED renewed (March 2016) the same and approved for setting up of LL in another 20 colleges by February 2017. Subsequently, 108 LLs were completed in 40 Government and 68 Aided colleges of the State between May 2013 and November 2016. An amount of ₹ 22.88 crore had been paid to CACM as of March 2017.

Audit observed the following irregularities:

- CACM was a single entrepreneur private organisation and had no administrative and financial relation with IIT, Kharagpur. Therefore, its selection in the pretext of IIT, Kharagpur was not in accordance with rules. In fact, it was arbitrary and illegal.
- As per Para 3.5.9 of OPWD Code (Vol.1), tender should invariably be invited publicly for all works with estimated cost above ₹ 5 lakh except in cases of additional items of works. The Financial Adviser-*cum*-Additional Secretary of HED had suggested for an open tender. He had also suggested to endorse the file to Finance Department for its concurrence on awarding the work to CACM. But the then Principal Secretary[96], HED on 7 January 2013 rejected his view and ordered to proceed by stating that CACM was a Central Government institution and work could be given without tender. Subsequently, the concurrence of Finance Department on the MoU was taken in February 2013.
- The Department also did not recover ₹ 22.88 lakh as Tax Deducted at Source (TDS) from CACM for the entire payment period, considering it as a GoI institute.
- Out of 102 colleges covered under audit where the LLs were set up, Audit observed that 56 colleges had no student enrolment. In 42 colleges, the LLs were installed one to three years ago at the total cost of ₹ 8.64 crore. In the remaining 14 colleges, the LLs were installed during the last (2016-17) academic year.
- Students were reported as enrolled in 46 colleges though 13 of these colleges failed to produce any evidence of enrolment. The Principals of the test-checked colleges attributed the idling of LLs to shortage of teaching staff, non-inclusion of the course in academic calendar and non-provision of power supply.

The decision to award the work to a private party on a nomination basis in the pretext of a Central Government Organisation was illegal. The PS, HED had taken an arbitrary decision contrary to rules of procurement and guidelines of Central Vigilance Commission (CVC). This was in spite of the recommendations of the FA. Thus, an undue favour to CACM was given in violation of codal provisions. Also, the objective of the Government was not achieved due to ineffective utilisation of LLs after incurring ₹ 22.88 crore on the project.

[96] Sri Gagan Kumar Dhal, IAS

The Department stated (July 2017) that since CACM was set up at Science and Technology Entrepreneur's Park (STEP) at IIT, Kharagpur and STEP works as a part of IIT, Kharagpur, it was thought that CACM had better credibility than others. It was also stated that since LL was not a part of syllabus, the attendance in some colleges had not been maintained strictly.

The above reply was not acceptable as CACM was only an entrepreneur under STEP and was never a unit of IIT, Kharagpur. The then PS should be held responsible for taking such arbitrary decision for misguiding the Government. Further, 55 *per cent* of colleges having no enrolment and 13 *per cent* colleges having no records of enrolment was sufficient to question the fruitfulness of expenditure incurred on LLs.

Home Department

3.7 Illegal occupation of Government property

Failure of the prison authorities in taking possession of a Government property valuing ₹ 4.86 crore meant for children of prisoners, led to illegal occupation of the same by a Non-Government Organisation.

The Finance Department had instructed in September 2005 that assets created had to be put to use to derive maximum benefit. Further, Section 4 (1) of the Odisha Public Premises (Eviction of Unauthorised Occupants) Act, 1972 envisaged that unauthorised occupants of Government property in urban area were to be evicted.

The State Government decided in November 2010 to set up a hostel for children of prisoners at Bhubaneswar. Accordingly, the General Administration (GA) Department provided (August 2011) 0.500 acre land[97] valuing ₹ 3.50 crore[98] to the Home Department. The Director of Prisons accorded administrative approval for ₹ 1.36 crore. The Odisha State Police Housing and Welfare Corporation Limited (OSPHWC) was to execute the work. OSPHWC completed the construction in February 2013 and requested (March 2013) the Superintendent of Special Jail, Bhubaneswar to take possession of the property. The Superintendent, however, did not take possession of the property without any recorded reason. OSPHWC also did not provide watch and ward thereafter.

During the joint physical inspection[99] of the property, Audit found that a Non-Government Organisation[100] (NGO) had occupied the property unauthorisedly. The NGO was using the ground floor as hostel[101]. From the records of OSPHWC, Audit observed[102] that the NGO had used the property for shelter of the children[103] during the cyclone *Phailin*[104] who continued to occupy the

97 Revenue Plot no. 83 (Pt) at Laxmi Sagar *mouza* of Bhubaneswar Municipal Corporation
98 As per the benchmark value fixed by the General Administration Department
99 Conducted on19 November 2016 by the representative of the OSPHWC in the presence of Audit
100 Odisha Patita Udhhar Samiti was working for the orphans
101 57 children of the NGO were staying in the hostel
102 During October-November 2016
103 Children of its educational institution
104 Occurred in October 2013

property thereafter. Despite repeated requests[105] by the OSPHWC, the Directorate of Prison did not take any action to evict the unauthorised occupant from the property. Further, the Central Electricity Supply Utility[106] had extended electricity connection to the property in the name of the NGO, despite the fact that the same was owned by the Government. However, neither OSPHWC nor the prison authorities had filed a complaint with the police or GA Department under the provisions[107].

The objective of the project to provide hostel accommodation to the children of prisoners was not achieved due to failure of the prison authorities to take over the property valuing ₹ 4.86 crore. This led to illegal occupation of the property.

The Home Department stated (May 2017) that the Inspector General of Police (Prison) had requested the Collector, Khurda and District Child Protection Unit to evict the unauthorised occupants. The reply confirmed the fact that the concerned authority had failed to take over timely possession of the property, which resulted in illegal occupation by the NGO.

Health and Family Welfare Department

3.8 Unfruitful expenditure on idle equipment

Failure of the hospitals to impart training to the doctors to use sophisticated equipment and provide suitable space led to idling of equipment apart from rendering the expenditure of ₹ 4.49 crore unfruitful.

3.8.1 Veer Surendra Sai Institute of Medical Science and Research, Burla

One Cavitron Ultrasonic Surgical Aspirator (CUSA) was required for use in the Surgery Department of Veer Surendra Sai Institute of Medical Science and Research (VIMSAR), Burla. Health & Family Welfare (H&FW) Department placed a purchase order (December 2013) with M/s Medilab & Co., Kolkata. The equipment was supplied and installed (March 2014) in the Surgery Department of VIMSAR at a cost of ₹ 99.75 lakh. The supplier was paid ₹ 90.25 lakh (90 *per cent*) by the Superintendent. The balance amount was to be paid after operation of the machine.

The machine was sophisticated and introduced for the first time in a Government hospital in the State. As per the terms and conditions of the supply order, the supplier had requested (January 2014) the Head of the Department (HoD), Surgery Department to nominate two doctors for training. The HoD had also requested the same to the Director, Medical Education and Training in December 2014. However, no action had been taken to nominate doctors for training (January 2017). As a result, the machine remained idle for three years since its procurement.

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105 December 2013, October 2014 and January 2016

106 Agency in charge of retail supply of electricity

107 Provisions of Odisha Public Premises (Eviction of Unauthorised Occupants) Act (December 2016) for eviction of the encroachment

Thus, failure to nominate doctors for training for the purpose of operating the equipment not only resulted in idling of equipment worth ₹ 90.25 lakh, but also the objective of rendering quality health care remained unachieved.

The Superintendent, VIMSAR accepted (December 2017) the observations of Audit.

3.8.2 Sriram Chandra Bhanja Medical College Hospital, Cuttack

The Government of Odisha decided (May 2013) to start Liver Transplantation Unit (LTU) at Sriram Chandra Bhanja Medical College Hospital (SCB MCH), Cuttack. Government sanctioned (May 2014) ₹ 12.52 crore for LTU and ₹ 21.58 crore for procurement of equipment, some of which were also meant for LTU.

Audit observed (January 2017) that the Superintendent, SCB MCH procured (January-February 2015) LTU unit[108] for ₹ 4.16 crore and paid ₹ 3.59 crore. However, the said equipment was not installed due to non-completion of OT, Intensive Care Unit (ICU) and the ward. The other equipment needed for LTU was also not purchased. As a result, equipment valuing ₹ 4.16 crore remained idle for more than two years due to want of suitable space.

The H&FW Department stated (September 2017) that liver transplantation was a complex procedure. For its setting up, infrastructure, manpower, equipment, training, *etc*., would be required, which would take time.

Thus, prompt action was not taken by the hospital authorities to operationalise the sophisticated equipment and the intended health care could not be provided even after an expenditure of ₹ 4.49 crore.

School and Mass Education Department

3.9 Undue favour leading to avoidable expenditure

Award of work to Odisha Knowledge Corporation Limited on a nomination basis without inviting open tender resulted in undue favour to the company with an avoidable expenditure of ₹ 2.06 crore.

The Director of Teacher Education & State Council of Educational Research and Training (TE&SCERT) functions under the School and Mass Education Department (SMED) of the Government of Odisha. In order to implement the recommendation of the Justice Verma Commission, TE&SCERT decided (November 2013) to conduct entrance examinations for admission to the teachers' training courses from the academic session 2014-15 onwards.

The audit of the Directorate of TE&SCERT revealed (March 2017) that a meeting was held in December 2013 on matter of online entrance examination for admission to teachers' training courses. The then Chief Secretary of Government of Odisha presided over the meeting. He instructed the

[108] Scrubbing station 3 way, Anaesthesia Workstation, Advance Critical Care Ventilator, NIBP Monitor, Fowler bed, Syringe Infusion Pump, Volumetric Infusion pump, Overbed Table, wheel chair, Attendant Bed, Transfer Trolley, Crash cart, ABG Machine (Blood gas analyser), General liver transplant 3 set, Dialysis machine with accessories, C- Arm High Definition, Vessel sealer Courtiers, Patient shifter on full body on Gurnney, Mayo's Table. Fumigator, Patient Warm Set and Syringe infusion pump

Directorate to engage Odisha Knowledge Corporation Limited (OKCL), a Public Limited Company, to provide technical solution for the entrance. Accordingly, OKCL submitted (January 2014) a proposal to design and develop a software application at a cost of ₹ 225 per applicant exclusive of service tax and education cess. The Commissioner-*cum*-Secretary, SMED also instructed (January 2014) the Director, TE&SCERT to finalise the process with OKCL. However, the Examination Committee (EC) of the Directorate opined (February 2014) that the cost submitted by OKCL was too high. The basis of such opinion was that a similar type of job was done by the Board of Secondary Education (BSE), Cuttack at ₹ 40 per applicant. The EC suggested the Director to contact various agencies and assign the job on the basis of the lowest rate and quality of performance.

However, ignoring the suggestions of the EC, the Director, TE&SCERT requested (February 2014) OKCL for re-assessment of processing charges. He quoted instance of BSE and lower rate (₹ 36 to 40) offered by other local agencies. In response, OKCL offered a reduced rate of ₹ 100 per candidate plus tax which was approved (April 2014) by the then Chief Secretary for the session 2014-15. The Directorate also continued the services of OKCL for 2015-16 and paid ₹ 5.86[109] crore including service tax to OKCL for the processing of applications. In the process, the Directorate had also collected ₹ 6.84 crore as application fee from the applicants during the years 2014-15 and 2015-16.

During 2016-17, the Directorate invited open tender for the same job and four agencies including OKCL participated in the two-bid process. It was found that OKCL along with another agency could not qualify the technical bid and the contract was awarded to M/s Merit Trac Services (P) Limited at the agreement value of ₹ 64.90 plus service tax per applicant. Thus, it was observed that the decisions to bypass the competitive bidding process and select OKCL on nomination basis during 2014-15 and 2015-16 were not appropriate as it unduly favoured OKCL. This resulted in payment of an excess amount of ₹ 35.10 plus taxes per applicant in comparison with the agreed rate quoted by the vendor in 2016-17. The total avoidable expenditure for 5,17,317 applications was ₹ 2.06 crore[110].

The Director, TE&SCERT replied (May 2017) that nomination of OKCL was done as per the instructions of Commissioner-*cum*-Secretary, SMED and the then Chief Secretary and that the Directorate had no role in it. He further added that OKCL headed by the Chief Secretary is not an organisation for making profits but to provide technical services to the Government. So, the payment should not be seen as an act of undue favour.

The reply was not correct as the procedure for appointing vendors through open tender system was by-passed to unduly favour the OKCL in the cover of it being a Public Sector Undertaking (PSU). OKCL was selected on nomination basis ignoring the views of the Examination Committee. However,

[109] In 2014-15, for processing 2,13,821 applications- ₹ 2.40 crore and in 2015-16, for processing 3,03,496 applications- ₹ 3.46 crore

[110] ₹ 35.10 X 5,17,317 applications plus Service Tax of ₹ 24,10,005 (for 2014-15, ₹ 35.10 X 12.24 % tax X 2,13,821 applications = ₹ 9,18,627 and for 2015-16, ₹ 35.10 X 14% X 3,03,496 applications = ₹ 14,91,379)

OKCL was not a PSU. Thus, there was complete violation of the principles of financial propriety, which led to avoidable payment of ₹ 2.06 crore.

The matter was referred (April 2017) to the Commissioner-*cum*-Secretary, SME Department. Reply is awaited (February 2018).

Information and Public Relations Department

3.10 Excess expenditure on colour advertisements

The Department adopted higher rates of colour advertisements during 2015-17. This resulted in excess expenditure of ₹ 1.89 crore.

Information and Public Relations (I&PR) Department was responsible for issue of all Government advertisements as well as payments thereof. The Advertisement Policy (1998) of the State Government required that the tariff of advertisements in newspapers and periodicals would be fixed with due regard to the rate fixed by the Director of Advertising and Visual Publicity (DAVP), Government of India (GoI).

The DAVP had fixed the tariff[111] of multi-colour advertisement with effect from 1 January 2006 which was revised with effect from 7 June 2016. Audit scrutinised the records of I&PR Department during January to February 2017. Audit observed that the actual rate of payment by the Department was higher than that fixed by the DAVP, as indicated in ***Table 3.10.1***:

Table 3.10.1: Statement showing tariff fixed by DAVP vis-à-vis actual rate of payment

Type of advertisement	Tariff fixed by DAVP	Actual rate of payment
For all pages in colour	140 *per cent* of B/W	200 *per cent* of B/W
Front cover colour	210 *per cent* of B/W	250 *per cent* of B/W
Back cover colour	182 *per cent* of B/W	225 *per cent* of B/W

(Source: Records of the I&PR Department)

During 2015-17, I&PR Department had paid ₹ 8.85 crore involving 2,594 vouchers towards multi-colour advertisement charges. Audit scrutinised 1,775 vouchers involving payment of ₹ 6.14 crore. There was an excess payment of ₹ 1.89 crore as tabulated below in ***Table 3.10.2***:

Table 3.10.2: Excess payments

(₹ in crore)

Type of advertisement	Payment as per DAVP Rate	Actually paid	Excess payment
For inner pages	2.54	3.70	1.16
For Multi colour advertisements	1.60	2.28	0.68
For Back covers	0.11	0.16	0.05

(Source: Records of the I&PR Department)

Audit further observed that the rate structure followed by the Department had no basis. The Commissioner-*cum*-Secretary of the Department as well as the Development Commissioner had recommended (July 2013) to follow DAVP

[111] With effect from 1 January 2006 and revised with effect from 7 June 2016

rates. However, Information & Public Relations Minister had issued instructions (October 2013) for review of the Advertisement Policy. The Department constituted an inter-departmental committee[112] in March 2015 to recommend amendments to the Advertisement Policy. The Committee had not submitted recommendation as of April 2017.

Thus, deliberate violation of the Advertisement Policy by non-adhering to the tariff fixed by DAVP had resulted in extra expenditure of ₹ 1.89 crore during 2015-17.

The matter was reported (May 2017) to the Director, I&PR and Government. Reply is awaited (February 2018).

Health and Family Welfare Department

3.11 Absence of financial propriety in the arrangements for Nabakalebar festival

During Nabakalebar, seven hoteliers were paid ₹ 44.19 lakh in excess of the admissible amount fraudulently by CDMO, Puri.

The State celebrated Nabakalebar[113] festival at Jagannath Temple, Puri in July 2015. The Government of Odisha, Health and Family Welfare (H&FW) Department released (January 2015) ₹ 4.55 crore to the Director of Health Services under State Plan to provide healthcare services at Puri during the festival. These funds were placed at the disposal of the Chief District Medical Officer (CDMO), Puri. In addition, ₹ 1.88 crore from the State budget was released during 2015-16 towards healthcare and incentives to the doctors engaged for the festival.

Audit of office of the CDMO, Puri was conducted during December 2016 to January 2017. It was observed that H&FW Department, *inter alia*, sanctioned (June 2015) ₹ 75.86 lakh for accommodation of doctors and paramedical staff to be deployed for Nabakalebar at Puri. Audit examined the payment vouchers of eight hotels amounting to ₹ 78.84 lakh for accommodation of 997 doctors and para-medical staff, as produced by CDMO, Puri. Audit also verified the occupancy registers of those hotels, obtained with the help of local police. Cross check of the occupancy shown in the Accommodation Register of CDMO[114] with that of hotel occupancy register produced by local police

[112] Headed by Development Commissioner and include: Additional Chief Secretary, Finance Department; Principal Secretary, Law Department; Commissioner of Commercial Taxes, Director, I&PR Department with Commissioner-*cum*-Secretary, I&PR Department as Member Convener

[113] Nabakalebar is a symbolic recreation of the wooden forms of the four deities, *i.e.*, Jagannath, Balabhadra, Subhadra and Sudarshana at Jagannath Temple, Puri. The occasion occurs every 8th, 12th or 19th year of the previous Nabakalebar. In 2015, it was celebrated during 15 to 27 July after a gap of 19 years

[114] Where hotel-wise accommodation provided to the medical and paramedical staff was recorded

revealed that only 433 persons had stayed in seven[115] hotels. Instances of payments on fictitious persons are indicated below:

- In Hotel Pampa at Baliapanda, Puri, the occupancy register of hotel showed that 42 persons had stayed in 16 rooms and the rent of each room was ₹ 500. However, the hotel was paid ₹ 500 per person for 78 persons.
- In Hotel Sureswari, only two persons had stayed in one room (Room No. 303) while the hotel was paid ₹ 500 per person for stay of 166 persons.
- Hotel Harekrishna was paid ₹ 300 per person for stay of 280 persons. However, the occupancy register of the said hotel showed no entry in it. Audit Team inspected the hotel along with the local police and found that there was no provision of lodging in the hotel.

The admissible amount for actual stay of 433 persons ***(Appendix 3.11.1)*** worked out to only ₹ 34.65 lakh while ₹ 78.84 lakh was paid. Thus, payment of ₹ 44.19 lakh in excess of the admissible amount was made fraudulently.

Government stated (January 2018) that 922 staff members were accommodated in eight hotels. The Accommodation Register as well as the Guest Register had neither been maintained by the CDMO staff nor by the hotel staff correctly. Since the claims of 922 staff were verified and entertained with reference to supporting bills and signature of hoteliers showing the actual number of staff accommodated, the question of less occupancy does not arise.

The reply was not acceptable since the bills showed that payments were made for accommodation of 997 staff, while occupancy registers of the hotels proved actual occupancy of 433 persons only. This resulted in loss of ₹ 44.19 lakh to the State exchequer.

Revenue and Disaster Management Department

3.12 Misappropriation of Government revenue

Non-adherence to the codal provisions in handling Government revenue and maintaining cash books resulted in misappropriation of ₹ 6.13 lakh and doubtful expenditure of ₹ 0.58 lakh.

Rule 6 (1) of the Orissa Treasury Code (OTC) required that all moneys received by Government servants on account of the revenues of the State were to be paid in full into the treasury or bank without undue delay. Rule 37 envisaged that each officer should maintain a cash book for recording all moneys received by him on behalf of Government and their subsequent remittance/ withdrawal/ disbursement. Subsidiary Rule 32 (2) of the OTC required that the authority must satisfy himself that the opening and closing

[115] The occupancy details of 59 persons stayed in one hotel was not made available which was not taken into account

balances certified to have been verified by actual enumeration of coin and currency and bank notes. Further, Rule 7 of Orissa General Financial Rules stipulated that the controlling officer was to ensure that dues of Government were correctly assessed, collected and paid into treasury.

On scrutiny (December 2016) of records of Tahsildar, Nuagaon, Audit observed that:

- The Tahsildar had not maintained cash book (for User fee) for the period from 2 November 2011 to 22 June 2015. During this period, the Tahsildar collected ₹ 9.03 lakh[116] but deposited only ₹ 3.24 lakh in the treasury. There was no record for the balance of ₹ 5.79 lakh.
- The closing balance in the subsidiary cash book (conversion fee) was ₹ 33,774 as on 31 October 2015. No transaction had been recorded in the subsidiary cash book up to November 2017. The Tahasildar opened a new subsidiary cash book on 28 November 2015 with a 'Nil' opening balance, ignoring the balance available.
- In another instance, the Tahsildar had withdrawn ₹ 0.58 lakh from bank account[117] on 13 December 2012. The Tahasildar did not produce vouchers in support of expenditure to audit. In absence of vouchers, genuineness of the expenditure was doubtful.

Thus, the Tahasildar failed to adhere to the provisions of OTC/ OGFR in handling Government revenue and maintaining cash books. This resulted in misappropriation of ₹ 6.13 lakh and doubtful expenditure of ₹ 0.58 lakh by the three Tahasildars[118] who need to be proceeded against as per the rule.

The Revenue Divisional Commissioner (Central Division), Cuttack agreed (June 2017) to the audit observations.

Housing and Urban Development Department

3.13 Unfruitful expenditure on water supply project

Irregular diversion of materials from the work without recoupment rendered the work incomplete and expenditure of ₹ 1.12 crore became unfruitful.

During widening of the roads of Berhampur town approaching National Highways 5 and 217, the water supply pipelines came inside the carriage width of the road. Subsequently, 50 *per cent* of the pipelines were damaged which necessitated replacement of existing pipelines to provide uninterrupted water supply. The Executive Engineer (EE), R&B Division, Berhampur who was executing the road project, entrusted (March 2010) the work of 'Replacement of water supply pipeline from Andhapasara to Silla Petrol Pump

[116] For issue of computerised copies of Record of Rights (RoR) and various miscellaneous certificates

[117] Account No. 118401000006485 of Indian Overseas Bank

[118] Shri Shyama Charana Tarei (8 November 2010 to 31 August 2012), Shri Mahendra Prasad Mohanty (31 August 2012 to 6 October 2013) and Shri Sudhakar Samantaray (7 October 2013 to 29 December 2016)

in Berhampur town in connection with the widening and strengthening of road' to the Public Health (PH) Division, Berhampur. The work involved shifting of nearly 3,225 metres of water pipelines at the cost of ₹ 1.91 crore as a deposit work. Accordingly, the EE procured (July-December 2012) cast iron pipes of 3,225 mtr[119] while fittings were procured later during December 2012 to May 2015. The cost of total procurement was ₹ 1.48 crore.

As per the norms of procurement, open tendering was not resorted to. The work of replacement of water supply pipelines was awarded (February 2013) to a contractor on single tender basis at ₹ 12.30 lakh (labour cost) stipulating completion by August 2013. During audit (January 2017) of EE, PH Division, Berhampur, it was observed that the Division had incurred a total expenditure of ₹ 1.55 crore including contractor's payment of ₹ 6.92 lakh.

As per the records, the contractor had laid 1,875.5 mtr pipes out of 3,225 mtr (58 *per cent*) supplied by the Division as of July 2013. There was no progress of work thereafter till the date of Audit (January 2017). In response to the EE's reminders (March 2014, May 2014 and February 2015), the contractor stated (March and April 2015) that the delay was due to the Division's failure to supply required material in time and unjust deduction of ₹ 69,223 from his gross bill (July 2013) towards testing of pipes, violating the terms and condition of the agreement. Audit noticed that 1,875.5 mtr pipes were issued to the work and 1,276 mtr pipes were diverted (October 2012-March 2015) to other works. This confirmed the contractor's allegation of non-supply of material. The remaining 73.5 mtr were lying at work site as noticed in joint physical inspection in January 2017. The EE rescinded (April 2015) the agreement as the contractor did not turn up to complete the work. However, the EE had not invited any fresh tender to complete the work as of January 2017 and continued to supply water through the existing damaged pipelines.

Thus, the expenditure of ₹ 1.12 crore[120] incurred towards laying of pipelines was unfruitful due to diversion of pipes to other works by the Division and failure to recoup the pipes to the contractor subsequently.

The EE, PH Division stated (January 2017) that the materials were diverted due to urgent nature of work. He assured to recoup the materials and invite fresh tenders to complete the balance work.

The reply was not acceptable as the EE had not invited fresh tender even after lapse of two years from the rescission of the earlier agreement. Further the objective of safe and uninterrupted water supply by replacing old pipelines was not achieved due to irregular diversion of the materials.

The matter was referred (May 2017) to the Commissioner-*cum*-Secretary, Housing and Urban Development Department followed by reminder in August 2017. Reply is awaited (February 2018).

[119] 350 mm dia (1500 mtr); 300 mm dia (1500 mtr); 200 mm dia (75 mtr); 150 mm dia (75 mtr); 100 mm dia (75 mtr)

[120] ₹ 1.55 crore - ₹ 0.43 crore, the cost of diverted pipes

Finance Department

3.14 Lack of response to Audit

Regulation 197 of Regulations on Audit and Accounts, 2007 required that the officer-in-charge of the audited entity should send the reply to Inspection Report (IR) paragraphs to the respective Audit Offices within four weeks of their receipt.

Review of IRs issued up to March 2017 pertaining to 24 departments showed that 45,233 paragraphs relating to 9,893 IRs were outstanding at the end of June 2017. Year-wise position of outstanding IRs and paragraphs are detailed in ***Appendix 3.14.1***. Of these, 4,414 IRs containing 13,459 paragraphs were outstanding for more than 10 years (***Appendix 3.14.2***). Of the above outstanding IRs, the Heads of offices had not submitted even the first reply in respect of 1,327 IRs. The Panchayati Raj & Drinking Water, School & Mass Education, and Women & Child Development and Mission Shakti were the major departments from which majority of replies were awaited.

3.14.1 Follow up action on earlier Audit Reports

Major irregularities noticed in Audit were included in the Audit Reports of the Comptroller and Auditor General of India that were presented to the State Legislature. The instructions (December 1993) of the Finance Department (FD) required that the Administrative Departments 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.

As of September 2017, one Department, *i.e*., Higher Education Department did not submit explanatory notes in respect of one paragraph 3.3 of the C&AG's Audit Report for the year 2012-13 (Report No. 5 of 2014).

3.14.2 Response to the recommendations of the Public Accounts Committee (PAC)

The Odisha Legislative Assembly constituted PAC every year to examine the Reports of C&AG and the reports of such examination were presented to the Assembly. Based on the recommendation of a High Powered Committee headed by Shri S.L. Shakdher, the Finance Department instructed (December 1993) all the departments to submit Action Taken on the recommendations of PAC within four[121] months after presentation of the reports to the Legislature.

The PAC made 636 recommendations **(*Appendix 3.14.3*)** from the 3rd Report of tenth Assembly (1990-95) to 15th Report of fifteenth Assembly (2014-19). The final actions taken on nine recommendations from three[122] departments were awaited (September 2017).

[121] Reduced from six to four months in April 2005 by OLA under Rule 213-B (1) of Rules of Procedure and Conduct of Business in the Odisha Legislative Assembly

[122] Higher Education (1), Panchayati Raj (1) and Rural Development (07)

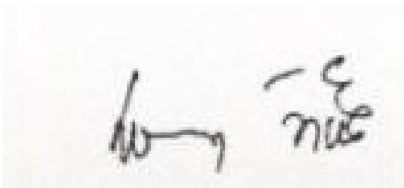
The matter was reported to Government (November 2017). Reply is awaited (February 2018).

Bhubaneswar **(BIBHUDUTTA BASANTIA)**

The **Accountant General (G&SSA)**

Odisha

Countersigned



New Delhi **(RAJIV MEHRISHI)**

The **Comptroller and Auditor General of India**