

PART - A

Departments and Entities under Economic Sector



CHAPTER I

Introduction

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1.1 About this Report

This Report of the Comptroller and Auditor General of India (CAG) on Economic sector of Government of Odisha relates to observations arising from Performance Audit on Assessment of Plantation Activities undertaken by the Forest, Environment and Climate Change Department of Odisha and Compliance Audit of Government Departments.

The primary purpose of the Report was to bring to the notice of the State Legislature significant results of audit. The audit findings are expected to enable the executive to take timely corrective action. This would help in framing policies and directives that will lead to improved management of the organisations, thus contributing to better governance.

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

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

This chapter provides the audited entity's profile, the planning and extent of audit and a synopsis of the significant audit observations. Chapter II deals with the findings of Performance Audit and Chapter III deals with Compliance Audit of various departments.

1.2 Audited Entity's Profile

There are 39 departments in the State at the Secretariat level headed by Additional Chief Secretaries/ Principal Secretaries/ Commissioner-cum-Secretaries. They are assisted by Directors and Subordinate Officers. Out of 39, 12 departments are dealt with in Economic Sector. This Report includes the results of audit of three departments.

1.3 Profile of Economic Sector

The expenditure of the Departments of Government of Odisha under Economic Sector in 2019-20 was ₹25,693.84 crore and constituted 22.44 *per cent* of the total expenditure of ₹1,14,491 crore incurred during the year. The expenditure incurred during last five years by the Departments of Government of Odisha falling within Economic Sector is given below:

Table No. 1: Details of expenditure of the departments

(₹ in crore)

Sl. No	Name of the Department	2015-16	2016-17	2017-18	2018-19	2019-20	Total
1	Water Resources	6,043.53	7,726.87	8,814.73	7,448.05	6,112.26	36,145.44
2	Works	5,305.33	4,517.08	4,564.14	4,352.76	5,620.88	24,360.19
3	Agriculture & Farmers' Empowerment	3,139.48	2,977.66	3,129.27	4,228.96	6,938.17	20,413.54
4	Cooperation	854.61	1,646.25	878.36	1,433.67	1,565.84	6,378.73
5	Forest, Environment and Climate Change	579.31	585.12	615.48	779.52	822.96	3,382.39
6	Skill Development and Technical Education Department	710.30	548.98	617.32	590.91	702.94	3,170.45
7	Energy	1,544.89	2,288.10	2,306.43	2,146.36	2,431.76	10,717.54
8	Fisheries and Animal Resources Development	546.27	549.99	591.47	737.65	744.61	3,169.99
9	Industries	104.72	97.14	257.36	295.39	250.04	1,004.65
10	Tourism	212.36	209.06	273.00	191.79	205.26	1,091.47
11	Handlooms, Textiles & Handicrafts	132.18	139.72	137.10	155.82	147.70	712.52
12	MSME	85.72	102.24	149.11	157.09	151.42	645.58
	Total	19,258.70	21,388.21	22,333.77	22,517.97	25,693.84	1,11,192.49
	Total Expenditure of GoO	72,794.00	79,618.43	88,325.00	1,04,097.94	1,14,491.00	4,59,326.37
	Expenditure of Economic Sector as a percentage of total expenditure	26.46	26.86	25.29	21.63	22.44	24.21

1.4 Authority for Audit

The authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act (CAG's DPC Act), 1971. The CAG conducts audit of expenditure of the departments of Government of Odisha under section 13¹ of the CAG's DPC Act, 1971. In addition, the CAG conducts audit of Autonomous Bodies substantially funded by the State Government. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts 2020 issued by the CAG.

1.5 Planning and Conduct of Audit

Audit process starts with the risk assessment of the Department / Organisation as a whole and that of each unit. The assessment was based on expenditure incurred, criticality/complexity of activities and level of delegated financial powers and assessment of internal controls. Previous audit findings were also considered in this exercise wherever necessary. Based on this risk assessment, the frequency and extent of audit were decided. An Annual Audit Plan was formulated to conduct audit on the basis of such risk assessment.

¹ Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to Contingency Fund and Public Account and (iii) all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts.

After completion of audit of each unit, Inspection Report (IR) containing audit findings are issued to the Heads of the entities. The entities are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies were received, audit findings were either settled or further action for compliance was advised. The important audit observations made in the Inspection Reports/ Performance Audit were processed for inclusion in the Audit Reports. These are submitted to the Governor of Odisha under Article 151 of the Constitution of India.

1.6 Response to Audit

A review of IRs issued up to March 2020 pertaining to 12 departments showed that 12,530 paragraphs relating to 3,473 IRs were outstanding at the end of June 2020. Of these, 1,328 IRs containing 3,050 paragraphs are outstanding for more than 10 years. Even first replies from the Heads of Offices, which was to be furnished within one month, have not been received in respect of 1,222 IRs issued up to March 2020, though it was pursued through Apex Committee meetings and the Departmental monitoring committee meetings.