Chapter 1

Overview

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1.1 Introduction

This Report covers matters arising out of the Performance Audit of Panchayati Raj and Drinking Water Department and compliance audit of some selected departments of the Government of Odisha. The primary purpose of this Report is to bring to the notice of the Legislature the important results of Audit. The findings of Audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will improve financial management of the organisations, contributing to better governance.

1.2 Structure of the Report

The Report has been organised in following chapters:

Chapter 1 contains the profile of the Auditee Departments with a brief profile of the receipt/ expenditure for the last five years, the authority for audit, planning and conduct of audit, response of the Government to various Audit products, namely Inspection Reports, Compliance Audit Paragraphs, follow up action on Audit Reports *etc*.

Chapter 2 contains the observations relating to Performance Audit on "Implementation of Jal Jeevan Mission in Odisha."

Chapter 3 contains observations relating to Subject Specific Compliance Audits of 'Monitoring of End-utilisation of land for intended purposes' and 'Implementation of Pradhan Mantri Gram Sadak Yojana in the State' and other compliance audit paragraphs.

1.3 Audit Universe and Profile of the Auditee Departments

As per the Budget documents of the State, the Government of Odisha releases 44 grants, related to various departments. The Audit Universe under the Office of the Principal Accountant General (PAG) (Audit-I), Odisha, comprises 11,990 units, related to 24 Grants of 21 Departments. The audit purview of the Office also includes 118 bodies/ authorities, which are either substantially financed from the Consolidated Fund of the State or audit of which has been entrusted by the Government under various sections of the Comptroller and Auditor General's (CAG's) DPC (Duties, Powers and Conditions of Service)Act, 1971. List of Departments and Autonomous Bodies/ Authorities/ Corporations under the audit jurisdiction of the Office of the PAG (Audit-I), Odisha, is shown in ***Appendix 1.1***.

The trend of expenditure in major Departments under the audit jurisdiction of the Office of the PAG (Audit-I), Odisha during financial years (FYs) 2019-20 to 2023-24, is shown in **Table 1.1**.

Table 1.1: Trend of expenditure in major Departments during 2019-20 to 2023-24

(₹ in crore)

Sl. No.	Name of the Department	2019-20	2020-21	2021-22	2022-23	2023-24
1	Finance	16,438.34	16,260.98	18,994.58	36,270.08	32,215.53
2	School and Mass Education	15,292.46	15,123.72	16,460.99	20,495.46	21,737.61
3	Panchayati Raj and Drinking Water	16,856.22	15,595.04	16,238.48	13,890.11	22,127.95
4	Health and Family Welfare	6,378.67	7,923.25	10,420.45	12,539.94	16,021.29
5	Water Resources	6,127.89	5,384.69	7,094.89	10,156.20	12,229.62
6	Housing and Urban Development	5,258.03	4,815.53	5,616.05	7,035.59	7,801.69
7	Rural Development	3,325.78	3,880.11	3,822.55	6,148.65	7,198.55
8	ST and SC Development, Minorities & Backward Classes Welfare	2,764.93	2,779.80	3,078.64	3,555.44	4,851.88
9	Higher Education	2,069.42	2,181.59	2,209.15	2,603.62	3,544.47
10	Co-operation	1,572.39	1,690.49	1,850.98	1,885.35	2,470.55
11	Planning and Convergence	707.84	991.76	1,127.37	1,401.26	4,073.06
12	Revenue and Disaster Management	1,013.64	973.95	990.25	1,237.64	1,457.73
13	Skill Development and Technical Education	704.47	681.50	597.22	829.32	1,176.29

(Source: Appropriation Accounts of Government of Odisha for FYs 2019-20 to 2023-24)

1.4 Mandate for Audit

Authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the CAG's DPC Act, 1971. CAG conducts audit of expenditure of State Government Departments under Section 13 of the CAG's DPC Act. CAG also conducts audit of other Bodies, which are substantially financed by the Government under Section 14 of the DPC Act. Section 16 of the CAG's DPC Act authorises the CAG to audit all receipts (both revenue and capital) of the Government of India and of the Government of each State and of each Union Territory having a legislative Assembly. Besides this, CAG also conducts audit of bodies/ PSUs, audit of which is entrusted under Section 19(2), 19(3) and 20(1) of the DPC Act. Principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts, 2020 and Auditing Standards, issued by the Indian Audit and Accounts Department.

1.4.1 Planning and conduct of Audit

Performance and Compliance Audits are conducted as per the Annual Audit Plan. Audit units are selected on the basis of risk assessment of the Apex units, Audit units and Implementing agencies. This risk assessment is carried out on the basis of financial criteria, matters of social relevance, internal control issues, past instances of defalcation, misappropriation, embezzlement *etc*., as well as audit findings reported in previous Audit Reports.

Audit of Government Departments is conducted to check for compliance with rules and regulations in transactions and to verify the regularity in maintenance of important accounting and other records, as per the prescribed rules and procedures. After these audits, Inspection Reports (IRs) are issued to the Heads of the Offices inspected with copies to the next higher authorities. Based on the replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed further for inclusion in the Audit Reports.

Audit Reports are laid before the State Legislature under Article 151 of the Constitution of India.

1.4.2 Response of the Government to Audit

Response of the Government to Inspection Reports

On intimation of any serious irregularity by Audit, the Government would undertake *prima facie* verification of facts and send a preliminary report to Audit, confirming or denying the facts, within three weeks of receipt of intimation. Where the fact of major irregularity is not denied by the Government in the preliminary report, the Government shall further send a detailed report to Audit, within two months of the preliminary report, indicating remedial action taken to prevent recurrence and action taken against those responsible for the lapse.

Besides the above, instructions from time to time have also been issued by the Finance Department of Government of Odisha for prompt response by the executive to IRs issued by the Accountant General, and to take timely corrective action as also to ensure accountability for deficiencies, lapses, *etc*., observed during audit.

A six monthly report showing the pendency of IRs, is sent to the Principal Secretary/ Secretary of the concerned department, to facilitate monitoring and settlement of outstanding audit observations in the pending IRs.

The status of IRs issued up to March 2024, relating to 21 departments, showed that 44,013 paragraphs of 10,085 IRs, remained outstanding, as of June 2024. Department-wise and year-wise break-upof the outstanding IRs and Paragraphs is detailed in ***Appendix 1.2***.

The unsettled IRs contained 1,210 paragraphs involving serious irregularities, such as theft, defalcation, misappropriation *etc*., of Government money, loss of revenue and shortages, losses not recovered/ written off, amounting to ₹ 2,194 crore. The Department-wise and nature-wise analysis of outstanding paragraphs of serious nature, is shown in ***Appendix 1.3***.

During April 2023 to March 2024, Audit Committees, comprising representatives of the respective Administrative Departments, Finance Department and Audit, held 152 meetings relating to 18 Departments[1], out of the 21 departments under the Office of the PAG (Audit-I), for expeditious settlement of outstanding IRs/ Paragraphs. Audit Committee meetings were not held for the remaining three Departments[2]. In the 18 Departments, where Audit Committee meetings were held during April 2023 to March 2024, 2,420 Paragraphs and 335 IRs were settled.

It is recommended that a procedure may be put in place by the Government for (i) action against officials, failing to send replies to IRs/ Paragraphs as per the prescribed time schedule (ii) recovery of losses/ outstanding advances/ overpayments *etc*., in a time-bound manner and (iii) holding at least one meeting of each Audit Committee, every quarter.

1.4.3 Response of the Departments to Compliance Audit Paragraphs

Regulations on Audit and Accounts, 2020, stipulate that responses to Draft Audit Paragraphs proposed for inclusion in the Report of the CAG should be submitted within the specified period.

Finance Department, Government of Odisha, in its order of August 2021, directed all the Departments to submit their responses to proposed Draft Audit Paragraphs, within four weeks.

Draft Performance Audit Reports, Draft Compliance Audit Paragraphs and Draft Paragraphs are forwarded to the Principal Secretaries/ Secretaries of the concerned Departments as well as to the Finance Department, drawing attention to the audit findings and requesting them to send response within the prescribed time frame. It is also brought to their personal attention that, in view of the likely inclusion of such paragraphs in the Audit Reports of the CAG, which are to be placed before the Legislature, it would be desirable to include their comments on these audit findings.

Between November 2024 and August 2025, one Performance Audit Report, two Subject Specific Compliance Audit Paragraphs and 12 Paragraphs, proposed for inclusion in this Report, were forwarded to the Principal Secretaries/ Secretaries of the concerned Departments and to the Finance Department, through Official/ Demi-official letters, addressed to them by name. The concerned Departments did not send replies to eight Draft Paragraphs, featuring in this Audit Report.

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[1] Departments of Excise; Panchayati Raj and Drinking Water; Rural Development; Housing and Urban Development; School & Mass Education; Revenue and Disaster Management; Women and Child Development; Finance; Higher Education; Labour & Employees' State Insurance; Health and Family Welfare; Electronics & Information Technology; ST&SC Development; Social Security and Empowerment of Persons with Disabilities; Skill Development and Technical Education; Sports & Youth Services; Information & Public Relations; and Planning & Convergence

[2] General Administration and Public Grievance; Parliamentary Affairs; and Mission Shakti

Responses of the Departments, as well as the replies to initial audit memos, wherever received, have been suitably incorporated in the Report.

1.4.4 Follow up on Audit Reports

After tabling of the Reports of the CAG in the State Legislature, Departments of the State Government are required to submit *suo motu* replies to the audit observations within three months. Review of outstanding replies on Paragraphs included in the CAG's Audit Reports on the Government of Odisha up to FY 2021-22[3], showed that replies relating to 12 Paragraphs and three PAs, involving four Departments, remained outstanding, as of September 2024 ***(Appendix 1.4)***. Out of 609 Paragraphs pertaining to FYs 2007-08 to 2021-22, 214 Paragraphs were selected for discussion by the Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU).

As stipulated in the Rules of Procedure of the PAC and COPU, Administrative Departments were required to take suitable action on the recommendations made by these Committees in the Reports presented by them to the State Legislature. Comments on the action taken or proposed to be taken on those recommendations were to be submitted within a period of four months.

Action Taken Notes on 15 Paragraphs, contained in one Report[4] of the PAC, presented to the Legislature during FY 2018-19, had not been submitted by two Departments[5] to the Legislative Assembly, as of September 2024. These Reports of the PAC had recommended action related to recovery, disciplinary action, *etc*. A few significant cases are elaborated in ***Appendix 1.5***.

1.4.5 Recovery at the instance of Audit

During FY 2023-24, Audit pointed out recovery of ₹ 3,535.77 crore, out of which, ₹405.82 crore was accepted by the audited entities. Of the accepted amount, only ₹ 0.39 crore was recovered, as of March 2024. Besides, ₹ 72.66 crore was also recovered during the year, which pertained to previous years' outstanding amount.

1.5 Significant Audit Observations

The present Report contains one Performance Audit Paragraph, two Subject Specific Compliance Audit Paragraphs and 12 individual Compliance Audit Paragraphs. The significant observations therein, are presented in brief in the following paragraphs:

1.5.1 Performance Audit on Implementation of Jal Jeevan Mission in the State

Government of India launched (August 2019) the flagship scheme, 'Jal Jeevan Mission (JJM)' to provide piped water supply to each of the rural households of

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[3] These include Audit Reports on General & Social Sector up to 2019-20, Compliance Audit Reports for 2020-21 and Audit Reports on Local bodies up to 2020-21

[4] 17th PAC Report 2018-19

[5] Department of Panchayati Raj & Drinking Water; and Department of Rural Development

the country through Functional Household Tap Connections (FHTCs) by 2024. The goal of the Mission was to assist, empower and facilitate the States in planning participatory rural water supply strategy for ensuring potable drinking water security on long-term basis to every rural household and public institutions.

Significant Audit findings are:

- The State could not provide FHTCs to all households by 2024 and 31 *per cent* households in the State remained uncovered. Out of the five test-checked districts, coverage of households was maximum in Kandhamal district (69.65 *per cent*) and minimum in Malkangiri district (11.20 *per cent*).
- Government of Odisha had taken up 207 Mega water supply projects across the State during 2019-24, out of which 133 projects were being executed under JJM. Only two of these Mega water supply projects were completed in all respects, as of June 2024.
- Audit observed delays in preparation of Village Action Plans (VAPs). In 24 out of 39 villages, where VAPs were prepared, Gram Sabha was not held for their approval, which was a requirement under the guidelines.
- District Action Plans (DAPs) were not prepared in any of the districts except Kandhamal. As such, the State Action Plan which was to be derived from DAP was also not prepared, thereby compromising the bottom-up planning approach.
- One of the main functions of State Water and Sanitation Mission (SWSM) Apex committee was to develop an Operation and Maintenance (O&M) strategy and to lead Information Education and Communication (IEC) plans to spread awareness about water conservation among communities. Audit noticed that there was absence of a robust O&M plan and the State had not conducted sufficient IEC activities for spreading awareness and sensitising communities regarding water conservation, community ownership, *etc*., for long term sustainability of the water supply projects.
- Village Water Supply Committees (VWSCs) were to act as legal entities responsible for ensuring FHTCs to all households. 45,044 VWSCs had been constituted in the State against the target of 46,422, impacting the success of the scheme.
- The expenditure on Support activities and Water Quality Management and Surveillance (WQM&S) was insignificant with 2.20 *per cent* and 0.38 *per cent* of the allotted funds, against the permissible limit of five and two *per cent,* respectively. Such minimal expenditure on Support activities and WQM&S indicated that the performance of the scheme had remained sub-optimal, in regard to execution of activities planned under these components.
- Out of 77 laboratories in the State, only 26 were NABL accredited and 17 laboratories were NABL recognised. The remaining 34 laboratories had neither got NABL accreditation nor recognition. In the Districts and

sub-divisions, the laboratories failed to test the required number of parameters for water quality. Besides, shortage of manpower, lack of trainings and defunct equipment compromised the quality of water testing in the laboratories.

- Monitoring mechanism in the State suffered due to non-use of prescribed technology in planning and non-installation of sensors/ water meters in FHTCs to ensure supply of adequate quantity of water and control wastage of water.

It is recommended that:

1. ***The Government may take steps to constitute VWSCs in all villages and to strengthen their functioning through monitoring, capacity building, IEC activities etc., so that they effectively discharge their role for ensuring sustainable water supply.***
2. ***The Government may formulate a Strategic Plan to cover the left over habitations on priority basis for supplying adequate and safe potable water to the rural people. SWSM may also formulate plans for capacity building, training, O&M and IEC activities among the rural people, which should be closely monitored by RWSS divisions in their jurisdiction to achieve the objectives of the Mission.***
3. ***The Government may enhance its spending on Support activities and Water Quality Monitoring and Surveillance up to the limit permissible under the guidelines to ensure long term sustainability of water supply systems and supply of quality water***.
4. ***The Government may take effective action for expediting completion of piped water supply projects including Mega projects, so that all rural households are provided with FHTCs within the Mission period.***
5. ***The Government should focus on measures to enhance source sustainability while planning and undertake steps to ensure sustainability of projects for their full design period.***

(Paragraph 2.1)

1.5.2 Monitoring of End-utilisation of land for intended purposes

The Revenue and Disaster Management Department is responsible for governing the conversion of land, both public and private, for public purposes and industrial and infrastructure projects.

A Subject Specific Compliance Audit on 'Monitoring of end utilisation of land for intended purposes' was conducted in eight Collectorates and 24 Tahasils to examine (i) whether the land allotted for industrial purposes was in compliance with sanction order and used for the intended purpose, and (ii) whether the conversion of agricultural land was in accordance with the law and was utilised for the purpose for which it was converted.

Significant Audit findings are:

- 12,393.651 acres of land allotted during 1981-2021, for establishment of industries/ allied activities had not been utilised for the intended purposes. Further, 252.692 acres of allotted land were utilised for purposes other than those for which the same were sanctioned.

- In the absence of village-wise land banks stipulated by the Odisha Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Rules, 668.893 acres of government land, valued at ₹597.87 crore, remained under unauthorised occupation.
- In 24 sampled Tahasils, 504.768 acres of agricultural land were utilised for non-agricultural purposes, such as setting up of educational institutions, industries, religious organisations *etc*.
- In two Tahasils, 10.085 acres of agricultural land were converted to homestead category, without availability of genuine approach roads to the converted plots.
- In six sampled Tahasils, 568.876 acres of forest land were utilised for non-forest activities without prior approval of the Central Government. Further, 13.65 acres of land coming within Wild Life Sanctuary area were sold by making 156 sub plots by disregarding the stipulations made in the Wild Life Protection Act. In Puri and Khordha districts, 41.65 acres of land, falling within the Eco Sensitive Zones (ESZ) were utilised for activities, not permitted in ESZ notification.
- Monitoring mechanism like submission of Monthly/ Quarterly Progress Reports in regard to utilisation of allotted land for intended purposes, resumption of unutilised lands, and detection of unauthorised use of agricultural land for non-agricultural purposes, was not in place.

It is recommended that:

- ***The RDM Department may take effective steps for utilisation of allotted land for intended purposes within the stipulated period. In cases, where the allotted land is not utilised for the intended purpose within the stipulated period, the same may be resumed.***
- ***The RDM Department may form land bank as envisaged under Odisha RFCTLARR Rules, 2016 and take effective steps to prevent encroachment of government land and eviction of encroachments.***
- ***The RDM Department may ensure that conversion of agricultural land may be done after following the due procedure. Further, a robust mechanism may be adopted to prevent unauthorised use of agricultural land for non-agricultural purpose and strict action may be initiated to limit the same.***

(Paragraph 3.1)

1.5.3 Implementation of Pradhan Mantri Gram Sadak Yojana in the State

The Government of India (GoI) launched (25 December 2000) the 'Pradhan Mantri Gram Sadak Yojana' (PMGSY) to provide all-weather road connectivity to unconnected habitations in rural areas. Later in August 2013, PMGSY-II was launched with the aim to upgrade roads built under the Scheme to facilitate growth of rural market centres and rural hubs. Thereafter, PMGSY-III was launched in 2019 and was aimed at upgrading existing routes and links, prioritizing critical facilities like rural markets, education and health facilities. A Subject Specific Compliance Audit of 15 Rural Works (RW) Divisions in seven sampled districts was conducted to assess (i) the adequacy of the planning processes, (ii) allocation and release of funds and (iii) the effectiveness of the monitoring and quality control mechanisms for achieving the programme objectives. Under PMGSY Detailed Project Reports (DPRs) are prepared in accordance with the prescribed manuals and instructions issued by the National Rural Infrastructure Development Agency (NRIDA).

Significant Audit findings are:

- Despite approvals under PMGSY-III, the Department failed to provide connectivity to 2,428 habitations covering 20.71 lakh people by the targeted deadline of March 2025.
- In 32 projects, failure to ensure land and forest clearances before awarding works resulted in wasteful expenditure of ₹48.52 crore.
- In cost estimates of 488 projects taken up by 16 RW Divisions, inflated Contractor's Profit and Overhead Charges resulted in excess payment of ₹32.39 crore to contractors.
- In 107 works across 11 divisions, unwarranted inclusion of lead charges led to an avoidable extra expenditure of ₹15.90 crore.
- Poor contract management led to mid-way closure of projects due to slow progress, rendering ₹32.27 crore unfruitful.
- Additional lapses included award of works to ineligible contractors, non-realisation of ₹40.55 crore in liquidated damages in 127 works, and ₹23.02 crore in avoidable expenditure due to non-execution of routine maintenance in 30 projects.
- Non-rectification of three defective roads resulted in infructuous expenditure of ₹15.19 crore in three roads.
- There was 67 *per cent* shortfall in inspections by State Quality Monitors (SQM) to ensure quality execution of work. Further, failure to de-empanel SQMs who failed to meet the required Performance Evaluation Criteria, resulted in undue favour to SQMs.

It is recommended that:

- ***The Department may ensure adequate survey and investigation of sites and conduct transect walks, based on which requirement for acquisition of land or obtaining forest clearance may be worked out for inclusion in the DPRs.***
- ***Cost Estimates should be prepared in all cases as per the prescribed IRC standards and NRIDA norms to ensure uniformity, quality, cost-effectiveness and fiscal control.***
- ***Progress of execution of road projects under PMGSY should be closely monitored so that the works are completed within the specified time frame. The Department may also ensure contractor's accountability for delays in completion and non-maintenance of assets created.***

- ***The Department may ensure effective fund management with timely transfer of funds and remittance of the interest earned on the parked funds.***
- ***A Digital Action Taken Report (ATR) Management Module may be developed within Online Management, Monitoring and Accounting System (OMMAS) to monitor SQM/NQM observations to ensure compliance with the 30-day response timeline.***
- ***The Department may mandate a three-stage inspection process (pre-construction, mid-construction and post-completion) by SQMs for every project. OMMAS may be configured to withhold final contractor payments until the third and final inspection is completed and marked as 'Satisfactory.'***

(Paragraph 3.2)

1.5.4 Implementation of 5T High School Transformation Programme in the State

The School and Mass Education (SME) Department introduced (2021) '5T High School Transformation Programme (HSTP)' for infrastructural transformation in schools and to make schools better learning places. The schools covered under the HSTP were to undergo major transformations in the shape of new smart classrooms, well-developed e-library, state-of the-art laboratory-cum-interactive science centre, new sports equipment and other advanced amenities.

Audit test-checked records of SME Department, *Mo School Abhiyan Parichalana Sangathan* (MSAPS), Odisha School Education Programme Authority (OSEPA) and records of District Education Officers, Block Education Officers and schools of six sampled districts.

Significant Audit findings are:

- HSTP guidelines stipulated that all Government or Government aided secondary schools (Classes IX and X) would be eligible for funding under HSTP. A sum of ₹ 57.95 lakh out of the HSTP fund had been spent for "Badachana Women's Higher Secondary School", which was a private educational institution imparting education for Class XI and Class XII, and not eligible for assistance under HSTP.
- MSAPS had released (April 2022) ₹ 18.93 crore as matching grants to 42 schools in Ganjam district, ranging from ₹ 30.67 lakh to ₹ 1.07 crore per school, against the admissible amount of ₹30 lakh each. Thus, the allotment of funds was irregular and lacked transparency.
- Suspected misappropriation of HSTP and *Mo School Abhiyan* funds amounting to ₹12.48 lakh was found in Ranihat High School, Cuttack.
- Suspected Fraudulent payment of ₹30 lakh was found in Nandipur High School under Dasarathpur Block as the amount had been transferred from the bank account of Nandipur High School through cheques to the bank account of a third party, instead of the account of BDO, Dasarathpur.

- Suspected fraudulent payment of ₹ 4.95 lakh was made (May 2022) by the BDO, Jaleswar, by falsely showing the repair of dual desks.
- Contrary to the provisions of the Procurement Guidelines and instruction of the Finance Department, 16 sampled executing agencies procured dual desks for ₹ 42.71 crore from different agencies, through either quotation call notices or on nomination basis, resulting in excess expenditure of ₹24.30 crore.
- Due to lack of co-ordination between OSEPA and the District Administration of Jajpur, wasteful expenditure of ₹ 7.39 crore was noticed in duplicate procurement of e-content by OSEPA as well as from M/s EDCIL for 430 schools of the District.
- During joint physical inspection of 54 schools, Audit found that (i) in six schools, smart classrooms were non-functional due to non-installation/ defective smart panels or want of electrification; (ii) 32 schools had non-functional science laboratories due to non-availability of water/ gas connections, required equipment and chemicals, (iii) Internet access was not available in 13 schools, limiting possibility to explore e-books or learn online and in 19 schools, e-libraries lacked e-book content, reducing their effectiveness as learning resources.

(Paragraph 3.3)

1.5.5 Construction, Maintenance and Utilisation of Sports Infrastructure in the State

The Sports and Youth Services (S&YS) Department, Government of Odisha is responsible for the development and promotion of sports and administration of youth affairs in the State. During the last three years from 2021-22 to 2023-24, the Department had provided ₹ 2,760.38 crore for the development of sports infrastructure like construction of Multi-purpose Indoor Hall, Hockey stadium, mini hall *etc.,* in the State. Out of this, the Department had incurred ₹ 2,444.54 crore on sports infrastructure during the period 2021-2024.

A compliance audit was conducted during September to November 2024, covering the period from 2021-22 to 2023-24 with the objective of verifying whether sports infrastructure had been constructed/ maintained and was being utilised for the intended purposes.

Significant Audit findings are:

- The S&YS Department had sanctioned construction of 463 Mini stadiums (Rural: 314 and Urban: 149) during 2013-18 and released ₹92.60 crore to the District Collectors for their construction. Out of these, 389 stadiums had been completed with a cost of ₹77.80 crore, as of November 2024.
- Construction work for 24 Mini stadiums had not commenced as of November 2024, despite availability of funds for these works. The reasons for non-commencement of construction were non-identification of sites, land dispute and non-completion of tendering process.

- Construction of 43 Mini stadiums was in progress as of November 2024. As no timeline was fixed by the District Collectors for completion of the stadiums, these stadiums were lying incomplete, even after 6-10 years of release of funds, which also indicated lack of monitoring by the Department.
- During joint physical inspection (JPI) of 45 out of 107 completed Mini stadiums, constructed in eight test-checked districts, Audit noticed that the Mini stadiums lacked mandatory/ ancillary sports infrastructure like perimeter security walls (24 stadiums), drainage facility (41 stadiums), ground surfacing (29 stadiums) and grass turfing (34 stadiums).
- The Department had released ₹18.90 crore to the Collectors during 2017-18 to construct open gym, mini hall and toilets in 126 out of 389 completed Mini stadiums. The construction works of these infrastructure had been completed in 79 Mini stadiums, whereas works had not commenced in 29 Mini stadiums and in 18 cases, works had not been completed (as of November 2024).
- There were shortages of coaches for sports disciplines like table tennis (18 *per cent*), weight lifting (94 *per cent*) and yoga (100 *per cent*) in the 88 Multi-Purpose Indoor Halls across 89 Urban Local Bodies of the State. In the absence of coaches for different sports discipline, the objective of promoting sports, health and fitness of the youth remained unachieved and the sports facilities created in MPIHs for these disciplines remained idle.

(Paragraph 3.4)

1.5.6 Procurement and Distribution of Drugs by OSMCL

The Odisha State Medical Corporation Limited (OSMCL) procures medicines, surgical, equipment, instruments, furniture *etc*., for eventual distribution to Government-run healthcare institutions. The Company monitors distribution and stock position of drugs centrally through the *e-Niramaya* application system for ensuring uninterrupted supply of medicines at healthcare institutions.

A Compliance Audit was conducted covering the period from April 2019 to January 2025 to assess the extent of adherence to the guidelines/ instructions on procurement of drugs.

Significant Audit findings are:

- The Health & Family Welfare Department, on the recommendations of its Technical Committee (TC), procured 4,550 Cocktail vials of Casirivimab and Imdevimab-120 mg/ml in three tranches through OSMCL to combat the menace of Covid-19 pandemic. However, only 711 vials could be utilised and 84 *per cent* of the procured vials, costing ₹ 42.21 crore had not been utilised, and eventually expired.
- For treatment of Mucormycosis, a skin disease associated with COVID-19, the OSMCL had procured 10,000 vials of a drug namely Amphotericin-B-Liposomal 50 mg vials costing ₹ 5.51 crore in July 2021. However, only 550 vials from the procured 10,000 vials were utilised and 9,450 vials costing ₹5.21 crore remained unutilised, as of 31 July 2024, resulting in wasteful expenditure.

- 15.43 crore units of 700 categories of drugs worth ₹ 167.91 crore and sanitary napkins worth ₹ 94.05 lakh expired during the period from April 2019 to January 2025, due to improper inventory management and procurement of drugs with shorter shelf-life. The value of drugs expired included drugs worth ₹ 68.90 crore, received as donation from different entities and balance drugs worth ₹ 99.01 crore that had been procured by the Company.

(Paragraph 3.5)

1.5.7 Irregularities in hiring and utilisation of aircraft and helicopter

Government of Odisha had framed rules governing the use of government owned aircraft/ helicopter for official use. In order to undertake air travel for official works, GoO was availing the services of a private service provider. Audit scrutinised the records (for the period from April 2019 to March 2024) relating to selection of the private operator and expenditure incurred towards air travel *via* the State hired aircraft and helicopter.

Significant Audit findings are:

- The process of selection of the agency (M/s OSS Air Management Private Limited) for providing air services to the State Government was non-transparent and the Government failed to obtain the most competitive market rates for aircraft services by going with a single bidder. Despite this, the tenure of the contract with M/s OSS was extended from time to time up to August 2024.
- The State Government hired chartered aircrafts on 22 occasions during the period from January 2019 to November 2023 for conducting long distance inter-State journeys, incurring an expenditure of ₹ 6.91 crore towards hire charges, despite having unutilised 751.34 flying hours in the already hired aircraft (with M/s OSS), during the same period.
- In addition to availing aircraft services, GoO also availed helicopter services from the same private vendor, M/s OSS, for 100.90 flying hours on 29 occasions, for conducting journeys to places within the State having airstrip length of 3,000 feet or more, between 5 September 2019 to 21 March 2023. A sum of ₹ 1.30 crore had been paid towards flying hour charges of the helicopter, although during the same period, the unutilised committed flying hours of the hired aircraft to the tune of 566.44 hours were available. These could have been utilised instead, and thereby expenditure of ₹ 1.30 crore could have been avoided.

(Paragraph 3.6)

1.5.8 Other Compliance Audit Observations

- Non-consideration of Security Deposit and erroneous calculation of Annual Average Rent resulted in short realization of Stamp Duty and Registration Fee to the tune of ₹19.02 lakh on Lease Agreement instruments.

(Paragraph 3.7)

- Non-imposition and realisation of Stamp Duty and Registration Fee on Power of Attorney instruments as per the provisions of the Indian Stamp Act, resulted in short realisation of Government revenue of ₹ 2.37 crore.

(Paragraph 3.8)

- Short levy of Stamp Duty and Registration Fee on Lease Agreements executed to let-out or sub-let the immovable property on rent for commercial use led to loss of revenue amounting to ₹ 1.93 crore.

(Paragraph 3.9)

- Registration authorities, while assessing Stamp Duty and Registration Fee on Agreement to Sell documents had erred in applying the provisions of the Indian Stamp Act. Consequently, there was short realisation of Government revenue of ₹1.03 crore.

(Paragraph 3.10)

- Despite enhancement of production level of three mines in Keonjhar and Jajpur, the differential Stamp Duty and Registration Fees had not been levied and realised on the enhanced production level, resulting in non-realisation of Government revenue of ₹ 148.46 crore.

(Paragraph 3.11)

- Negligence of the Registering Authorities in adhering to the building valuation guidelines for valuing buildings for the purpose of assessing Stamp Duty and Registration Fee, resulted in loss of Government revenue amounting to ₹ 27.42 lakh.

(Paragraph 3.12)

- Despite provisions in the Odisha Excise Rules, an amount of ₹1.02 crore towards extra hour operation charges was not demanded by District Excise Officer, Ganjam from M/s ASCIL, which operated the distillery for 3,404 extra hours.

(Paragraph 3.13)

- Failure of the District Excise Officers in taking timely steps for recovery of consideration money from the licensees of the retail shops led to non-realisation of Government revenue amounting to ₹53.27 lakh.

(Paragraph 3.14)