~~(June 2002) addressed to the Registrar of the University that the payment of medical allowance at enhanced rate was contrary to the Government's resolution.~~

~~Scrutiny of the records of the Registrar, Sambalpur University, Burla (December 2004 February 2005) and information collected (May 2006) revealed that the University paid medical allowance to each employee at enhanced rates[14] ranging from Rs 2325 to Rs 3000 during 1999 2006 amounting to Rs 83 lakh contrary to the Government's resolution which stipulated Rs 1000 per annum per employee. Besides, medical claims of Rs 13 lakh was also reimbursed to the employees during the period which was not permissible as medical allowance was being paid. This resulted in excess payment of Rs 96 lakh to the employees during the period. The irregular payments are continuing.~~

~~The Deputy Registrar, Sambalpur University stated (March 2005) that the enhancement of the allowance was considered necessary to mitigate the hardship of the employees of the University in view of the steep increase of the cost of medicines and the same was paid under the approval of the Syndicate from time to time. The reply was not tenable, since enhancement in the rate of medical allowance was contrary to the Government's instructions (June 1994). Further, according to Government's instructions, the reimbursement of medical claims of the employees was not permissible as they were paid fixed medical allowance.~~

~~The Commissioner-cum-Secretary, during discussion, admitted (September 2006) that the payment of medical allowance to the employees of the University at the rate of Rs 3000 per annum was not admissible. He added that the payment of both medical allowance and the benefit of reimbursement of medicine bills was also not admissible.~~

## *PANCHAYATI RAJ DEPARTMENT*

### *4.6.4 Information Technology Systems of the District Rural Development Agency, Cuttack*

> **The objective of developing online monitoring systems to monitor financial and physical achievements made by the department remained unachieved due to lack of co-ordinated approach towards development of IT systems and non-integration of the systems.**

Government of Orissa initiated the process of e-governance in DRDA with the objective of developing a robust online monitoring system to monitor funds flow and physical progress made by the Panchayati Raj Department in implementation of the programmes/schemes and ensuring transparency and accountability in the financial management. For this, the State Government introduced the following Information Technology systems up to the Gram Panchayat level using GRAMSAT network.

* Project Accounting and Monitoring Information System *'PAMIS'*, a financial accounting system developed by Xavier Institute of Management, Bhubaneswar (XIMB).

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[14] 1999-2000: at the rate of Rs 2325 per annum, 2000-02: Rs 2400 per annum, 2002-03: Rs 2675 per annum, 2003-04: 2975 per annum, 2004-06: Rs 3000 per annum.

∗ **'BETAN'**, a Web enabled system to prepare salary bills of staff of DRDA (developed by Orissa Computer Application Center, Bhubaneswar).

∗ Web based application systems viz., 'RuralSoft' containing the physical and financial progress, 'PRIA Soft' containing the monthly inflow and outflow of funds in respect of different schemes and 'DRDA portal' containing information about schemes managed in each DRDA. These systems developed by NIC were meant for ensuring transparency and for providing information for public awareness.

Review of the IT systems that were operational in DRDA, Cuttack revealed non integration among the systems in place, slow progress, non uniformity in exhibiting data etc. as detailed below:

∗ The progress of implementation of 'PAMIS' was slow even though computerisation process was initiated in 2004-05 and qualified and trained personnel were appointed in each block to implement the block level computerisation.

∗ There were delays ranging from one to 185 days in entering daily transactions in 'PAMIS' and manual cash book continued to be maintained as against the Government instructions (July 2005) to enter the transactions on the same day of payment indicating lack of proper input controls in place.

∗ 'PAMIS', being a financial accounting system required journal entries (JEs) to be entered. Rules permitted modification in the JEs only by effecting reverse entries (REs). However, it was observed that in 600 cases (out of 1900 JEs), modifications were made without effecting REs. There was nothing on record as to who authorised these changes and reasons for such changes. Thus, important audit trails were also missing in the system.

∗ Lack of integration and coordination while developing 'PAMIS' and 'PRIA Soft' resulted in non uniform treatment of data in these modules in different blocks of DRDA, Cuttack, as shown in *Appendix-4.2*. Thus the information being made available for public awareness through 'PRIA Soft' by various blocks of DRDA, Cuttack was not consistent.

∗ The IT systems were developed by three different agencies indicating the lack of coordinated approach on part of the Government in the development of IT Systems. The integration as visualised in the Memorandum of Understanding signed (March 2004) between the Panchayati Raj Department and XIMB for developing 'PAMIS' did not materialise. Data available in 'PAMIS' was to update 'PRIA Soft' electronically. However, due to lack of integration between the two software, the same data was fed again in 'PRIA Soft' manually. Data relating to physical progress of the projects was also fed manually in 'RuralSoft'. Similarly, details of pay of establishments available in 'BETAN' were needed to be fed again in 'PAMIS'. Thus, input of data more than once in different software coupled with lack of input controls and input validations in the system not only made the data in various systems irreconcilable, it also made the data unreliable.

Thus, the databases so maintained had become unreliable, inconsistent and incomplete and the objective of bringing out sound financial administration, management and transparency through public awareness by DRDA, cuttack

through IT systems could not be achieved due to lack of coordinated approach towards development of IT systems and non integration of the systems.

The Commissioner-cum-Secretary during discussion, assured (October 2006) to examine the issues with reference to the records and take appropriate follow-up action.

## GENERAL

### *FINANCE DEPARTMENT*

#### *4.7.1 Lack of response to audit*

Principal Accountant General (Civil Audit) and Accountant General (Commercial, Works and Receipt Audit), Orissa arrange to conduct periodical inspection of Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed by Inspection Reports (IRs) sent to the heads of offices and the next higher authorities. The defects and omissions are expected to be attended promptly and compliance reported to the Principal Accountant General. A half-yearly Report of pending IRs is sent to the Secretary of each department to facilitate monitoring of the audit observations and their compliance by the departments.

A review of the IRs issued up to March 2006 pertaining to 4386 offices of 34 departments showed that 53300 paragraphs relating to 15970 IRs were outstanding at the end of June 2006. Of these, 4932 IRs containing 12683 paragraphs had not been settled for more than 10 years (*Appendix-4.3*). Year-wise position of the outstanding IRs and paragraphs are detailed in *Appendix-4.4*. Even the initial replies which were required to be received from the Heads of Offices within six weeks were not received in respect of 1407 IRs (*Appendix-4.3*) issued between 1964-65 and 2005-06 (March 2006). As a result, many serious irregularities commented upon in these IRs had not been settled as of June 2006 (*Appendix-4.5*). Failure to comply with the issues raised by Audit facilitated the continuance of serious financial irregularities and loss to the Government.

It is recommended that Government should look into this matter and ensure that procedure exists for (a) action against the officials who fail to send replies to IRs/Paras as per the prescribed time schedule, (b) revamping the system of proper response to the audit observations in the Departments and (c) action to recover loss/outstanding advances/overpayments pointed out in audit in a time bound manner.

The matter was referred (September 2006) demi-officially to Government; no reply had been received (September 2006).

#### *4.7.2 Follow up action on earlier Audit Reports*

Serious irregularities noticed in audit are included in the Reports of the Comptroller and Auditor General (Audit Reports) that are presented to the State