Chapter 3

Compliance Audit

Para Number	Topics	Page
3.1	Higher Education in the State	33-73
3.2	Transparency in inviting tender, award of work and contract management	74-86
3.3	Implementation of Rashtriya Swasthya Bima Yojana in Odisha	86-103
3.4	Working of District Rural Development Agencies in the State	104-115
3.5	Implementation of MAMATA scheme in Odisha	116-120
3.6	IT audit of e-Sishu maintained by Odisha Primary Education Programme Authority (OPEPA)	121-141

CHAPTER 3

Compliance Audit

HIGHER EDUCATION DEPARTMENT

3.1 Higher Education in the State

Executive Summary

The primary function of the Higher Education Department was to establish, maintain and regulate educational institutions imparting higher secondary, degree and post-graduate education in the State and to ensure academic excellence at all these levels. To improve access to higher education throughout the State, it supports non-Government educational institutions through payment of grants-in-aid towards full/ part salary cost of eligible staff employed therein.

Audit of 'Higher Education in the State' revealed that the Department did not prepare perspective plan for regulating growth of educational institutions (EIs), improving access of students to higher education in backward areas of the State and enforcing quality standards in EIs. Despite requirement of National Policy on Education (NPE) 1968 and Government resolution (July 1989), higher secondary education was not separated from higher education.

Compliance to Laws, Rules and Regulations by the Drawing and Disbursing Officers was poor. Budgetary control was deficient as ₹ 36.89 crore out of total savings of ₹ 413.67 crore during 2008-14 was not even surrendered. The State was deprived of central assistance of ₹ 21.36 crore for setting up of eight degree colleges in low Gross Enrolment Ratio districts, mainly due to delay in decision making.

Permission and recognition to EIs by Government and affiliation by Universities/ Council of Higher Secondary Education (CHSE) were granted without assessing the educational need, existing facilities and availability of prescribed infrastructure. There was undue delay by 2 to 39 years in grant of permanent affiliation by Universities to 24 test checked degree colleges even after completion of temporary affiliation of two years. Most of the test checked EIs were running without infrastructure like land with title, buildings with adequate number of classrooms, examination hall, library, laboratory and other infrastructure.

About 42.58 per cent of teaching posts in Government EIs, 35.41 per cent in Universities and 15.10 per cent in aided EIs remained vacant as of March 2014. Vacancies were not rationalised. In 13 test checked Government EIs while no teacher was available in 17 subjects, 12 surplus teachers in these subjects were found to be continuing in five other EIs. Transfer and postings were not made in a

rational manner. Lack of transparency and fairness in recruitment and promotion of teaching staff were also noticed.

Academic Regulations, standards and reforms prescribed by UGC were not adopted and enforced. Academic Performance Indicators (APIs) prescribed (2010) by UGC for teachers of degree and post-graduate courses were not introduced. There was delay in declaration of results and issue of certificates. Only 108 (22 per cent) out of 495 affiliated aided degree colleges of four test checked Universities received accreditation from National Assessment and Accreditation Council as of June 2014.

Sanction of grants-in-aid (GIA) was not made in a fair and equitable manner and inadmissible payment of GIA of ₹ 201.50 crore during 2008-14 to ineligible teaching staff (461), teaching staff appointed in departure of procedure (242) as well as to those based on misrepresentation of continuity of posts (15) was noticed. Management of court cases relating to GIA was poor. Internal control mechanism was weak and internal audit was inadequate.

3.1.1 Introduction

The mandate of the Higher Education Department as per The Orissa Education Act 1969 (OE Act) was to establish, maintain and regulate educational institutions (EIs) imparting higher secondary (HS), degree and post graduate (PG) education in the State through grant of permission as well as recognition for their opening, continuance and to extend financial support as per its economic capacity.

As of March 2014, seven Universities[1] were functioning under the Department of which six regulated affiliation, academic and examination matters of 659 degree (+3) colleges under their control. Similarly, Council of Higher Secondary Education (CHSE) regulated the above aspects of 1493 junior colleges[2]. Besides, 168 Sanskrit colleges were also functioning in the State under Sri Jagannath Sanskrit Vishvavidyalaya. Out of 2320 EIs, 99 were in Government sector while remaining 2221 were in non-Government sector, out of which in 1400 EIs, grants-in-aid towards full/ part salary cost was paid to eligible teaching/ non-teaching staff by the Department (March 2014).

3.1.2 Organisational structure

The Principal Secretary is the Chief Controlling Officer (CCO) of the Department and exercises administrative control over all educational institutions functioning under the Department. The Principal Secretary is assisted by Director of Higher Education (DHE), Director of Vocational Education (DVE) and three Regional

[1] Utkal University at Bhubaneswar; Sambalpur University at Burla; Berhampur University at Berhampur; Fakir Mohan University at Balasore; North Odisha University at Baripada; Ravenshaw University at Cuttack (unitary University) and Sri Jagannath Sanskrit Vishvavidyalaya at Puri

[2] EIs imparting higher secondary education

Directors of Education (RDsE) stationed at Bhubaneswar, Berhampur and Sambalpur. Responsibility of conducting and monitoring academic activities of degree and higher courses are entrusted to Universities which are headed by Vice Chancellor (VC) as the executive head and in respect of higher secondary courses by the Chairman of CHSE.

3.1.3 Audit objectives

Audit was conducted with the objectives to assess whether:

- Required planning and institutional arrangements were in place to fulfil the objective of promoting, maintaining and regulating Higher Educational Institutions;
- Laws, rules and regulations (LRR) relating to management of cash/ funds as well as other matters were duly complied with by the Department, Drawing and Disbursing Officers and Educational Institutions;
- Prescribed physical infrastructure including human resources were available and recruitment of teaching staff was fair, transparent and their services were utilised effectively;
- Academic activities at both Government and non-Government colleges were carried out in an efficient and effective manner;
- Grants-in-aid to non-Government EIs were provided timely and adequately in a fair, equitable and transparent manner; and
- Internal control mechanism including internal audit was in place and was adequate.

3.1.4 Audit criteria

The criteria for audit were drawn from the following documents:

- The Orissa Education (OE) Act 1969 as amended from time to time and rules made thereunder;
- National Policy on Education 1968 and 1986;
- The Orissa Universities Act 1989 (OUA 1989);
- The Orissa Universities (First Statute) 1990 (OUFS 1990);
- Orissa (Non-Government Colleges, Junior Colleges and Higher Secondary Schools) Grants-in-aid Orders of 1994, 2004, 2008 and 2009 (with amendments) ;

- Orissa Treasury Code, Orissa General Financial Rules, Orissa Public Works Department Code, etc. and other Department specific Acts and Rules;
- Regulations issued by University Grants Commission (UGC) from time to time;
- Instructions/ guidelines/ orders issued by the Government/ UGC from time to time.

3.1.5 Scope of Audit

Audit was conducted during January to August 2013 and February to March 2014 covering the period 2008-14[3] with test check of records of Higher Education Department, DHE, DVE, three RDsE, CHSE, State Education Tribunal (SET), State Selection Board (SSB), four[4] (4) out of seven Universities, four (4) out of 23 National Cadet Corps (NCC) offices, 90[5] out of 2320 EIs selected through statistical sampling method as detailed in ***Appendix 3.1.1***. Technical education not being dealt by the Department, was excluded from the scope of this Audit.

3.1.6 Audit Methodology

The Audit objectives, criteria, scope and methodology were discussed with the Principal Secretary of the Department on 02 August 2012 in an Entry Conference. Apart from test check of records of sampled units, joint physical inspection of assets created and facilities available in EIs, interviews of students and teachers were also conducted to ascertain availability of required infrastructure and quality of education, based on suggestions of a group of eminent academicians consulted (February 2013) in Audit for the purpose. Audit findings were discussed with the Department in an exit conference held on 3 June 2014 and with the Vice Chancellors of test checked Universities on 13 November 2014. Replies of the Principal Secretary, wherever received, were suitably incorporated in this report at appropriate places.

AUDIT FINDINGS

3.1.7. Planning and institutional arrangements

3.1.7.1 Absence of long term perspective planning

Eleventh Five Year Plan (2007-12) emphasised reducing regional, social and gender gaps in education sector, increasing access to higher education as well as Gross Enrolment Ratio (GER) in educationally backward areas. Besides, as per

3 Academic activities for academic years 2008-09 to 2012-13

4 Berhampur University, Berhampur; Fakir Mohan University, Balasore; Ravenshaw University, Cuttack and Utkal University, Bhubaneswar

5 23 Government EIs, 51 non-Government aided EIs and 16 unaided EIs

codal[6] provisions, the Director was to prepare Master Plan for establishment of junior colleges and Universities for degree colleges.

Audit noticed that despite instructions (June 2009) of the Chief Secretary to Departments to prepare five year perspective plan indicating key action areas and stipulation in the codal provisions, the Department did not do so. There was one degree college available for population ranging from 1,01,082 (Nuapada) to 6,09,381 (Nabarangpur) in nine[7] backward districts against the State average of 64,384. Similarly, one junior college was available for population ranging from 60,122 (Rayagada) to 1,74,109 (Nabarangpur) in five backward districts[8] against State average of 32,317.

Despite inadequate number of colleges, the Government of India (GoI) grant of ₹ 21.36 crore for setting up of eight degree colleges in low GER districts, could not be availed due to non-identifying locations within stipulated time frame as discussed at ***Paragraph 3.1.8.1.***

Principal Secretary stated (October 2014) that the Department had decided not to grant permission for opening of new colleges but on expanding the existing ones. The fact remained that regional imbalance still persisted and long term planning that could have rationalised the spread of institutions was not done.

3.1.7.2 Non-separation of junior colleges from degree colleges

On the backdrop of National Policy on Education 1968, Government set up (1982) CHSE to affiliate and regulate academic and examination activities in junior (+2) colleges and introduced 10+2+3 structure from the academic session 1983-84 with an aim to separate junior colleges from degree colleges. To achieve the same, the Government resolved (July 1989) that Director would prepare a list of +2 colleges for their tagging with high schools within six months (December 1989) and separation of physical infrastructure and human resources of colleges within next three years (from 1989-90).

Audit noticed that process of such tagging was not started even after 25 years (August 2014) of Government's resolution. A decision taken (October 2011) for transfer of Government junior colleges to the control of School and Mass Education Department from the academic year 2012-13, had also not been acted upon (August 2014) due to which junior and degree colleges were functioning with common staff and infrastructure. This did not allow the lecturers of degree

6 Rule 3 of 'The Orissa Education (Establishment, Recognition and Management of Private Junior Colleges/ Higher Secondary Schools) Rules 1991' and Statute 253 (3)(d) of OUFS, 1990

7 Boudh (1,09,979), Gajapati (1,43,970), Ganjam (1,03,534). Kandhamal (1,04,565), Koraput (1,52,993), Malkangiri (1,22,545), Nabarangapur (6,09,381), Nuapada (1,01,082) and Rayagada (2,40,490)

8 Kandhamal (66,541), Koraput (65,568), Malkangiri (1,02,121), Nabarangpur (1,74,109), Rayagada (60,122)

colleges to specialise in their respective subjects, which run counter to achieving excellence in their respective specialised fields.

While admitting the fact, Principal Secretary stated (October 2014) that Government agreed for such separation in principle and some more time would be required to achieve full separation. Such separation has not been achieved yet and is indicative of lack of commitment to such reform.

3.1.7.3 Defunct College Development Council

Statute 252 of the OUFS 1990 envisaged constitution of College Development Council (CDC) in each University which, *inter-alia,* is responsible for facilitating affiliated colleges in getting recognition of UGC, efficiency in receipt and utilisation of grant from UGC, etc.

Audit noticed that the post of Director of CDC was abolished (February 2000) by the Department after which none of the four test checked Universities constituted any such Committee as of June 2014. In absence of CDC, the activities of colleges were not properly monitored due to which, 283 degree colleges (57 *per cent*) out of 495 affiliated degree colleges[9] under three test checked Universities could not obtain recognition from UGC making them ineligible for UGC grant for their development.

Besides, 148 affiliated colleges of five Universities could not utilise ₹ 27.59 crore up to 31 August 2012 out of ₹ 67.71 crore received from UGC under 11th Five Year Plan.

Principal Secretary stated (October 2014) that Universities had already been instructed in December 2013 to make CDC vibrant and Utkal University (UU) has already constituted CDC which would monitor academic activities and other matters in affiliated colleges.

3.1.7.4 Constitution and frequent dissolution of Governing Bodies (GBs)

As per Section 7 (2) and 7 (A) of OE Act, Government was responsible for constitution of GBs of all aided colleges for ensuring proper conduct of academic activities, making availability of infrastructure facilities, etc. for quality education.

Audit scrutiny revealed that the EIs in the non-Government sector are set up by individuals/ trusts/ societies who are responsible under Section 6 and 6 (A) of OE Act for ensuring availability of resources for smooth function of EI. Further, as per Section 7 (1) of the Act, every EI would have a Governing Body (GB) which would be responsible for proper management of the EI. Audit noticed the following:

[9] Excluding technical and professional colleges as those colleges did not come under administrative purview of Higher Education Department

- There were no evidence of membership register, meetings, etc. pertaining to promoters of sample EIs. However, there was no enabling provision in the OE Act or Rules framed thereunder for ensuring their continued involvement to make available required resources for creating infrastructure, etc.

- Department frequently dissolved (June 2004 and August 2009) and reconstituted (September/ December 2005 and June 2010) GBs of aided colleges thereby affecting quality education as academic activities in these colleges remained unmonitored. On dissolution of GBs, Department designated concerned Additional District Magistrate/ Sub-Divisional Magistrate as President and the Principal of the college as Secretary of concerned GB. However, other members were not inducted in the GBs. As per codal provision, GB should meet at least four times in a year to monitor the activities of the college. As against this, in seven[10] out of 51 sample aided colleges, the GB did not meet at all during 2008-14 while in 18 colleges the GB met 1 to 16 times against the requirement of 24 meetings.

Thus, due to absence of promoter as well as GB, non-Government EIs suffered from infrastructural deficiencies as discussed at ***Paragraph 3.1.10.***

Principal Secretary stated (October 2014) that due to lack of seriousness by GBs for better management of colleges, at times Department was forced to dissolve the GBs as a deterrent measure.

3.1.7.5 Absence of academic head in non-Government aided colleges

Principals of colleges are required to supervise the work of other teaching and non-teaching staff and were also responsible for administration of the college. Audit noticed that the post of Principal was not created in any of the aided EIs. Department was routinely declaring the senior most teaching faculty of the EI concerned as the Principal-in-charge on the basis of seniority. As a result, effective administration and academic management were lacking for ensuring quality education as discussed at ***Paragraph 3.1.14.***

Principal Secretary stated (October 2014) that Government was aware of such situation and creation of a separate cadre for Principals of 488 aided colleges was under active consideration of the Government and a decision in this regard would be taken soon.

[10] Jamankira Degree College; NAC College, Burla; Srinivas Junior College, Mangalpur; Panchayat Junior College, Palsagora; Deogarh College; Attabira College; Athamalik College

3.1.8 Compliance with Laws, Rules and Regulations

Principal Secretary has to oversee the activities of the field functionaries as well as DDOs to ensure that the provisions of budget manual, financial rules, treasury code and other Department specific laws, rules and regulations, executive instructions were duly complied with so as to fulfil the mandate of the Department. Funds for the Department were allocated under Grant 38 in State budget.

During 2008-14, the Department received ₹ 7088.92 crore through budgetary allocation, of which ₹ 6675.25 crore were utilised during the same period as indicated in table below:

Table 3.1: Budgetary provision and drawal of funds during 2008-14

(₹in crore)

Year	Original provision	Supplement-ary provision	Total provision	Expenditure	Savings	Surrender
2008-09	569.20	97.18	666.38	602.84	63.54	58.87
2009-10	973.00	14.98	987.98	925.92	62.06	51.42
2010-11	1018.03	350.51	1368.54	1325.03	43.51	43.69
2011-12	1126.05	90.80	1216.85	1181.11	35.74	36.89
2012-13	1292.78	30.26	1323.04	1181.04	142.00	121.26
2013-14	1453.00	73.13	1526.13	1459.31	66.82	64.65
Total	**6432.06**	**656.86**	**7088.92**	**6675.25**	**413.67**	**376.78**

(Source: Appropriation Accounts for the years 2008-09 to 2013-14)

Audit noticed that out of total saving of ₹ 413.67 crore, department did not surrender ₹ 36.89 crore and no reasons were found on record. Further there were instances of non-compliance with financial rules as well as department specific Acts and Rules, as discussed under:

3.1.8.1 Surrender of provision of ₹16.20 crore due to non-establishment of degree colleges in backward districts

Average Gross Enrolment Ratio[11] (GER) of the State was 9.1 against the national average of 13.1 as of September 2007 as per the survey conducted (September 2007) by GoI and 18 districts of the State were found to be low GER districts. In order to increase GER of these districts, UGC requested the State Government

[11] The ratio of actual college going students to actual number of population in the age group of 18-23 years

(December 2008 and March 2011) to submit project proposals for setting up of degree colleges at a projected cost of ₹ 8 crore per college with cost sharing of 1:2 between the GoI (₹ 2.67 crore) and the State Government (₹ 5.33 crore) respectively. In February 2011 and March 2011, State Government took up the matter with GoI for 100 *per cent* central assistance. Ultimately, Department submitted proposal for eight colleges only on 27 March 2012 *i.e.,* just prior to completion of 11th plan period and the same was not considered by GoI. Prior to submission of proposal, the provision of ₹ 16.20 crore made in the budget towards State share was also surrendered (15 March 2012). Thus, non-submission of proposals not only deprived the State from availing central assistance of ₹ 21.36 crore[12], but also students of these eight districts failed to get benefit of better access to higher education.

Principal Secretary stated (October 2014) that Government, in view of fund constraints, emphasised and pursued with Central Government for release of 100 *per cent* central assistance, which could not materialise. He also assured to set up more degree colleges under Rastriya Uchhatar Shiksha Abhiyan (RUSA) in these low GER districts through Government funding/ Public Private Partnership (PPP) mode.

3.1.8.2 Belated surrender of savings by DDOs

As per Rule 144 (2) of Orissa Budget Manual (OBM) 1963, the DDOs should surrender anticipated savings out of budgetary allocation on or before 10th March of the concerned financial year. In 46 out of 74 test checked DDOs[13], savings of ₹ 37.94 crore were surrendered after the prescribed date *i.e.*, 11 March to 31 March during 2007-08 to 2012-13 and ₹ 14.73 crore was surrendered by 17 DDOs after expiry of the financial year *i.e.,* after 31st March of respective years.

Principal Secretary assured (October 2014) that all the DDOs would be instructed to strictly comply with the provisions of OBM.

3.1.8.3 Non-compliance with Treasury Code/ Financial rules

Each head of the Department is responsible for enforcing financial discipline and strict economy at every step. He is also responsible for observance of all relevant financial rules and regulations in his Department.

Audit noticed that provisions of Orissa Treasury Code (OTC) and Orissa General Financial Rules (OGFR) were not complied with by many DDOs which indicated that monitoring by the CCO was ineffective as detailed in table below:

[12] At the rate of ₹ 2.67 crore for eight colleges
[13] 109 sampled units were under 74 DDOs

Table 3.2: Non-compliance with provisions of financial Rules, Treasury Code

Rule position	Nature of non-compliance in brief	Number of DDOs involved
Supplementary Rule (SR) 509 of OTC	***Mismanagement of advance***: Advance of ₹ 36.05 lakh advanced to employees, executing agencies for different purposes like examination, purchase of stationery, execution of repair works etc. remained unadjusted/ unrealised for period ranging from more than one month to 29 years[14] while advance of ₹ 70.09 lakh remained unadjusted as of March 2014 for which age-wise and party-wise analysis was not done.	14
	An amount of ₹ 39.70 crore[15] paid to different staff/ suppliers/ executants for purposes like examination, excursion, academic activities etc. during August 1971 to March 2014 by four test checked Universities remained unadjusted/ unrecovered as on 31 March 2014 which included ₹ 11.22 crore paid by Utkal University (UU) to 207 teaching and non-teaching staff of the University during March 1973 to March 2013. Besides, ₹ 6.63 lakh advanced by Berhampur University (BU) to 81 teaching and non-teaching staff during August 1971 to November 2006 who were no longer there due to superannuation (64)/ death (17) remained unadjusted/ un-recovered (June 2014).	4
Rule 20 (i) of Chapter-III of Orissa Universities Accounts Manual 1987	***Non-reconciliation of bank account despite huge discrepancy****:* Difference *of* ₹ 3.81 crore (Fakir Mohan University (FMU): ₹ 1.32 crore and BU: ₹ 2.49 crore) between bank balance as per cash book and bank statement in two test checked Universities as on 31 March 2014 was not reconciled (June 2014) for which the possibility of misappropriation cannot be ruled out.	2
Sub-Rule-6 (1) of Orissa Treasury Code Volume-I	***Non-deposit/ delay in depositing fees and fines into Government account****:* Against the codal provision of depositing revenue receipts collected on behalf of the Government into Government account within three working days where the bank is situated in the same station or seven days from the date of receipt where no bank is situated in the same location, tuition fees of ₹ 11.96 lakh collected during 2008-13 was not deposited into Government Account as of March 2014 by one test checked non-Government aided college and two Universities[16]. In 10 non-Government aided colleges[17], tuition fees of ₹ 8.20 lakh collected from students was remitted to the treasury after delay of 13 days to 19 months.	14

[14] One month to less than six months: ₹15.60 lakh; above 6 months to less than one year: ₹ 3.41 lakh; 1 year and above to less than three years: ₹ 8.18 lakh; 3 years to less than 5 years: ₹ 5.19 lakh; 5 year and above to less than 10 years: ₹ 2.61 lakh and 10 years and above: ₹ 1.06 lakh

[15] UU: ₹ 31.37 crore; BU: ₹ 1.18 crore, FMU: ₹ 4.07 crore and RU: ₹ 3.08 crore

[16] Agarpada College, BU and RU

[17] Panchayat Samiti College, Belpada; Deogarh College; Attabira College; Sahaspur College; Pipili College; Charampa Mahavidyalaya, Charampa; Nimapara College; Anchalika Panchayat College, Sujanpur; Anandpur College; Baruneswar Mahavidyalaya, Arei, Jajpur

Principal Secretary stated (October 2014) that all the DDOs would be instructed to strictly comply to the provisions of OTC and OGFR.

3.1.8.4 Non-collection and deposit of EPF contribution

As per Section 1 (3) of Employees' Provident Fund (EPF) and Miscellaneous Provision Act 1952, the scheme is applicable to industrial establishments and other establishments employing twenty or more employees. The scheme was optional for employees drawing total emoluments of ₹ 6500 and above. However, in cases where benefit of EPF scheme was extended earlier, the same cannot be withdrawn at a later stage. Audit noticed that:

- In three EIs[18], with 46 eligible employees who were covered under the scheme, EPF contribution of ₹ 21.96 lakh was not recovered after extension of GIA in shape of block grant (BG) from February 2009 up to March 2014.
- In 13 EIs, no deduction towards EPF was made in respect of 396 eligible employees under the scheme.

Thus, the provision of EPF Act was not complied with by the EIs and the Department did not monitor its implementation. As a result, concerned employees were deprived of the intended benefit of this welfare scheme.

Principal Secretary assured (October 2014) that necessary instructions to Principals of all the aided colleges to recover EPF dues from the concerned employees and deposit the same with EPF authorities every month would be issued which would also be examined by District Level Consultants (DLCs) and RDEs during their inspection to these EIs.

3.1.8.5 Irregular payment of medical allowance and reimbursement of medical claims by UU

Mention was made in C&AG's Audit Report[19] (Civil) for the year ended 31 March 2003 regarding extra expenditure of ₹ 1.82 crore incurred by UU during 1995-2003 on payment of medical allowance at a higher rate than that prescribed by the Department in June 1994 and June 2002. In response, the Department instructed (October 2009 and February 2010) the University authorities to discontinue the same forthwith with the warning that in case of non-compliance to said instruction the functionaries concerned would be held responsible.

Audit noticed (January 2012 and December 2013) that despite this, the University continued to pay medical allowance at enhanced rate[20] up to 2012-13 incurring further excess payment of ₹ 2.24 crore during 2003-04 to 2012-13. The

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[18] Jamankira Degree College, Sohela Degree College, Sohela and Somnath Junior Mahavidyalaya, Mundamari

[19] Para 3.1.4: Irregular payments to staff

[20] At ₹ 3000 per annum against ₹ 1000 per annum prescribed by the Department

University, however, stopped payment at enhanced rate during 2013-14.

Principal Secretary stated (October 2014) that UU had not complied with its directives. Recovery of excess payment is awaited (October 2014).

Compliance to Department specific Laws, Rules and Regulations

3.1.9 Regulation of non-Government EIs through grant of permission and recognition

OE Act 1969 empowers the Department to grant permission (Section 4 and 5) and recognition (Section 6 and 6-A) to EIs and prescribed the detailed procedure thereof. Principal Secretary as the head of High Power Committee[21] (HPC) is vested with powers to grant permission and recognition. After grant of recognition and before admitting students, each EI has to apply and obtain affiliation of CHSE in case of higher secondary schools and junior colleges and of University concerned in case of degree colleges for which detailed procedures were prescribed in concerned Act and Rules[22].

Audit noticed following:

3.1.9.1 Grant of permission

Section 4 and 5 of OE Act 1969, *inter-alia,* prescribed that any promoter intending to establish new EI, new stream or open additional subjects or increase in students' strength, etc. has to apply to Prescribed Authority[23] for permission. The applicant has to furnish undertaking and affidavit to the effect that required resources and infrastructural arrangement would be made and continued in the event of permission being granted. HPC headed by the Principal Secretary has to grant permission based on inspection and recommendation of concerned RDsE.

Audit noticed that the Department did not follow uniform criteria for grant of permission as discussed below:

- There was no uniform view on creating new EIs, improving the standard of existing EIs and bringing qualitative improvement in higher education sector.

- In HPC meetings (22 February 2007 and 14 March 2007), 17 applications for junior science colleges for permission for Bhubaneswar Municipality area were considered of which four were approved and the remaining 13

[21] Headed by the Secretary of Department and comprised of Director, representatives of Law and Finance Department, etc.

[22] Section 11 (1) of the Orissa Higher Secondary Education Act 1982 read with Regulation 89 of the Orissa Higher Secondary Education Regulations 1982 for higher secondary schools/ junior colleges and Universities under Section 12 (e) of the Orissa Universities Act 1989 read with Statute 172 of the Universities First Statutes 1990

[23] Regional Director of Education concerned

applications were ordered for joint inspection of the Department and CHSE although there was no such provision in the OE Act. Subsequently, permission was granted to two[24] colleges while applications of five colleges were rejected (28 March 2007) by HPC on the grounds that there was no educational need in the locality whereas two new colleges were permitted (Koustuv Institute of Science and MITS School of Bio-Technology) to be opened in the same area at Bhubaneswar on ground that the proposed colleges would function in the existing engineering college campus to feed the engineering colleges.

Principal Secretary stated (October 2014) that to increase GER and access to higher education, Government was liberal in granting permission and recognition to promoters to open new colleges.

3.1.9.2 Grant of recognition

Section 6 of the OE Act 1969, *inter-alia*, prescribed that on receipt of permission, the promoter of EI has to apply to the prescribed authority for grant of recognition on or before 30 November of the academic year in which the institution starts functioning. The application along with the recommendation of the prescribed authority is to be then scrutinised by the HPC, who after inspection or causing inspection of EI to ensure availability of required infrastructure and human resources, as prescribed at section 6-A, shall make order either granting recognition or temporary recognition[25] with or without conditions or reject application with recorded reasons.

Section 6 (9) of the Act provided that in the event the EI has not fulfilled the conditions of recognition with regard to land, building and furniture and the HPC is satisfied that it has made reasonably adequate provision for accommodation, it may grant temporary recognition for period not exceeding one year at a time and not exceeding seven years. Extension of temporary recognition was to be made adopting the same procedure.

Audit scrutiny revealed the following:

- During 2007-12, HPC granted recognition to EIs in 3018 cases and in all such cases recognitions were granted after commencement/ lapse of educational session.

- In 118 cases[26], there was delay in disposal of application for grant/ rejection of recognition ranging from one to five years for which the concerned EIs could not obtain affiliation. In all such cases, Department granted 'Special Permission' to the EIs for enabling students to appear in the examination

[24] Hi-Tech Science College and Vivekananda Residential College
[25] On year to year basis subject to maximum seven years
[26] One to three years: 117, five years: one

though there was no statutory provision for grant of 'Special Permission' in lieu of recognition and affiliation.

- Though 11 private residential junior colleges failed to furnish title over the land as well as site plan and sketch plan, as required under Rule 5 (c) and Rule 11 (3) (c) of Orissa Education (Establishment, Recognition and Management of Private Junior Colleges/ Higher Secondary Schools) Rules, 1991, HPC granted temporary recognition to these EIs.

- Similarly, though nine private residential junior colleges received temporary recognition in first year of their establishment, they continued to function without recognition thereafter for period ranging from two to six years as of March 2014.

- Though temporary recognition was not to be granted beyond seven years of first temporary recognition, in case of 39 streams[27], (Arts, science and commerce) of 26 test checked junior colleges, HPC granted permanent recognition after eight to 37 years while two test checked Junior colleges continued without permanent recognition for more than 10 years due to non-fulfilment of conditions of temporary recognition as of March 2014.

- In case of 27 streams[28] (Arts, science and commerce) of 22 degree colleges, the time gap between the year of establishment and grant of permanent recognition ranged from eight to 41 years.

Thus, failure of the Department to grant recognition as per the statutory provision is indicative of ineffective internal control system in the Department.

Principal Secretary stated (October 2014) that in the interest of students who were enrolled, temporary recognition was continued beyond seven years and permanent recognition was granted only after fulfilment of conditions prescribed during temporary recognition. The fact, however, remained that most of the EIs were deficient in requisite infrastructure even after grant of permanent recognition as discussed at ***Paragraph 3.1.10.***

3.1.9.3 Non-linking permanent recognition with release of grants

The Government amended (July 1994) OE Act 1969 and inserted a provision vide Section 7 (c) creating a statutory regime for payment of GIA. The statement of reasons for such amendment was for formulation of consolidated rules/ orders laying down conditions of eligibility and criteria for payment of GIA in accordance with the policies of Government so as to make expenditure from public funds more purposeful.

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27 8 to less than 10 years: 7; 10 to less than 20 years: 27; 20 to less than 30 years: 4 and 37 years: one

28 8 to less than 10 years: 5; 10 to less than 20 years: 19; 30 to less than 40 years: 2 and 41 years: one

Audit noticed that:

- The Department did not link payment of GIA to Permanent Recognition (PR). As a result, an EI before being assured of its permanent existence could receive GIA. Test check of records revealed that Department had granted GIA[29] to 14 test checked colleges although these colleges were granted PR much later.

- In absence of such enabling provision, the EIs did not fulfil their infrastructural deficiencies as evident from the fact that one test checked EI, *i.e.,* Balasore Mahila College which received GIA with effect from 1 June 1994 received PR in October 2003 before having its own land and building. As a result, the EI was still functioning in building of a charitable organisation (September 2014).

Principal Secretary admitted (October 2014) that permanent recognition was not treated as a pre-condition for grant of GIA/ BG to EIs with a view to expand higher education in the State. But, payment of GIA to EIs having no permanent recognition violated statutory provisions.

3.1.9.4 Non-initiation of action despite failure in fulfilling conditions of recognition

During scrutiny of recognition files of 30 EIs under RDE, Berhampur, Audit noticed that 21 EIs failed to fulfil basic requirements of land, building, laboratory, library and qualified faculty within the stipulated period but were running thereafter without recognition. On this being pointed out in Audit, admission restriction was imposed by the HPC (October 2013) on 18 of them from the academic year 2014-15. RDE, Berhampur also intimated (December 2013) Department regarding deletion of the name of these colleges from the central admission process. However, despite such restriction, the Department again allowed (May 2014) these colleges to enrol students during 2014-15 without rectifying the deficiencies.

Principal Secretary stated (October 2014) that Government had rolled out a road map for colleges not fulfilling the conditions of recognition and affiliation and would take steps for their closure, if they failed to fulfil the infrastructure and other requirements by that time limit.

3.1.9.5 Grant of affiliation

Universities under Section 12 (e) of the OUA 1989 read with Rule 172 of the OUFS 1990 grant affiliation to PG and degree colleges. CHSE under Section 11 (1) of the Orissa Higher Secondary Education Act 1982 read with Regulation 89

[29] Grants-in-aid being the full/ part salary cost was paid to teaching and non-teaching staff of non-Government EIs which were declared as aided based on criteria prescribed by Government from time to time

of the Orissa Higher Secondary Education Regulations 1982, grant affiliation to junior colleges. These affiliations are given after the EIs received recognition from the Department. Objective of grant of such affiliation was to assure that the EIs adopt the prescribed syllabus, employ adequate and qualified manpower and related resources for smooth conduct of academic activities.

For grant of affiliation, a Local Enquiry Committee (LEC)[30] was to conduct an enquiry to ascertain availability of accommodation for classrooms, equipment, students' strength, qualification of the teachers, library facilities as well as financial conditions of the college, etc. No college should be allowed to admit students without affiliation with CHSE or Universities, as the case may be. The following deficiencies in grant of affiliation were noticed in audit:

- Four out of 65 junior colleges and four out of 64 degree colleges[31] test checked, continued to function without any affiliation for 9 to 27 years after lapse of temporary affiliation and were conducting examination in absence of affiliation.

- Though Section 18 of OUA 1989 did not permit temporary affiliation of any college by University concerned for a period exceeding two years, yet the Universities granted affiliation to 24 test checked degree colleges after 2 to 39 years of completion of temporary affiliation of two years.

- In 52 out of 67 non-Government EIs test checked, affiliation was granted by CHSE/ Universities despite non-fulfilment of infrastructure criteria by the EIs as discussed at ***Paragraph 3.1.10***.

Principal Secretary assured (October 2014) issue of necessary instructions to the Universities/ CHSE to strictly follow codal provision for affiliation of EIs.

3.1.9.6 Non-maintenance of service book and leave account

As per Rule 17 (2) of the Orissa Education (Recruitment and Conditions of Service of Teachers and members of the staff of Aided Educational Institutions) Rules 1974 and Rule 22 (1) of the Orissa Education (Leave of Teachers and other Members of staff of Aided Educational Institutions) Rules 1977, the service books and leave accounts of staff of non-Government aided EIs are required to be maintained.

Audit noticed that despite such codal provision and instruction (November 2011) of Director to all aided EIs, service books in respect of 367 teaching and non-

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[30] A multi-member committee of University vested with the power for inspection, enquiry and pointing out the deficiencies

[31] Junior Colleges: Belabhumi Junior Mahavidyalaya, Avana; Balasore Mahila Junior College; Konark Bhagabati Junior Mahavidyalaya, Konark; Maidalpur Junior College. Degree Colleges: Korua Women's Degree College; Bahugram Degree College; BN Sanskrit College, Tukuna and Konark Bhagabati Degree Mahavidyalaya, Konark

teaching staff receiving GIA in shape of BG were not maintained by Principals of 30 out of 51 test checked aided EIs. Further leave accounts in respect of 520 staff of 36 test checked aided EIs had also not been maintained.

Principal Secretary assured (October 2014) issue of necessary instruction to RDsE and District Level Consultants (DLCs) to examine compliance to such requirement during their inspection/ visit to aided colleges and report any cases of deviation to Director for initiating action against concerned Principal.

3.1.10 Availability of physical infrastructure

Section 6A of the OE Act 1969 required an EI to fulfil the infrastructure requirements, as would be prescribed. Requirement of building and other infrastructure for junior and degree colleges were prescribed at Appendix I of Regulation 90 of The Orissa Higher Secondary Education (Amendment) Regulation 1982 as well as The Orissa Education (Establishment, Recognition and Management of Private Colleges) Rules 1991.

3.1.10.1 EIs running without prescribed infrastructure

Audit examined infrastructure availability in 180 EIs[32] and four test checked Universities and noticed that EIs were running without land and building of their own, inadequate classrooms, libraries, reading room, laboratories with equipment, etc. as indicated in table below:

Table 3.3 : Non-availability of prescribed infrastructure in test checked EIs

Item	Norm for junior colleges	Norm for degree colleges	Number of test checked EIs having deficient infrastructure
Land with clear title	Rural areas: 5 acre, Urban area: 3 acre	Land with clear title (Rural areas: 3 acre, Urban area: 2 acre)	37 (Less land) 22 (No land) 44 (No title over land)
Classrooms	Five Gallery (for science stream)	(i) 12 for student strength of 128 in Arts only (ii) 14 where there is three honours subjects (iii) 16 for Science stream of 128 strength in addition to (ii) above	52 (Shortfall by one to 20)
Examination hall	One	At least one	47
Common rooms	Separate Girl's and Boy's common room	Separate teachers, Girl's and boy's common rooms	10 (No teacher's common room) 18 (No girl's common room) 27 (No boy's common room)

[32] 90 test checked EIs (Government: 23, aided: 51 and unaided: 16) and 90 other EIs for land availability (30 colleges per RDE)

Toilets	Separate for boys and girls	Separate for boys and girls	7 (No toilet for girls) 8 (No toilet for boys)
Library room and attached reading room	One each	One each and one additional reading room for teachers	9 (No library) 37 (No reading room)
Laboratories	Three for science stream	One each for each science subject	16 (shortfall one to 7)
Practical room	One for each practical bearing subject	One for each practical bearing subject	
Play ground with Physical Education Teacher (PET)	Adequate provision for physical education	Adequate provision for physical education	15 (No playground and no PET) 14 (No PET but playground available) 11 (No playground but PET available)
Hostel	Adequate number	Adequate number	59 (No girl's hostel) 56 (No boy's hostel)

(Source: Joint physical inspection by the Principal in presence of Audit and information furnished by the Principals)

Besides, Audit also noticed that:

- 27 EIs encroached 247.64 acre of Government land. Of this, 14 EIs[33]had built infrastructure entirely on encroached Government land. In response to questionnaire issued by Audit, the views expressed by teaching staff and students were following:
    - 278 (54 *per cent)* out of 515 teaching staff and 232 (31 *per cent*) out of 741 students interviewed expressed their dissatisfaction over deficient infrastructure like inadequate classrooms, poor condition of building and inadequate equipment.
    - 239 students (32 *per cent*) stated that sanitary conditions of their colleges were poor and unhygienic.
    - 126 students (17 *per cent)* stated that adequate laboratory facilities including equipment were not available in their colleges.

Though these colleges did not fulfil the required norms regarding availability of prescribed infrastructure, they received approval/ recognition from the Department and continued affiliation from respective Universities/ CHSE and even GIA/ BG was released to these EIs.

Principal Secretary stated (October 2014) that considering the findings of Audit, the HPC resolved in October 2013 to issue show cause notice to colleges having inadequate infrastructure including land and instructed these colleges to acquire

[33] Simulia College; Malkangiri College; DCC College, Tangi; Science College, Hinjilikatu; NAC College, Burla; Anandpur College; Dharmasala Mahila Mahavidyalaya; Kapilas Mahavidyalaya, Gandia; Anchalik Junior Mahavidyalaya, Birasal; Polasara Science College; Kotapad College; Pendrani Mahavidyalaya, Umerkote; Sabitri Women's College; Mahamayee Mahila Mahavidyalaya, Berhampur

basic minimum infrastructure at the earliest. He assured appropriate action for stopping GIA/BG and putting admission restriction after giving reasonable time to these EIs.

3.1.10.2 Unfruitful expenditure on idle assets

Though many test checked EIs were running with deficient infrastructure as discussed in preceding paragraph, yet in following cases infrastructure created at a cost of ₹ 2.40 crore remained unused/ idle thereby rendering the entire expenditure unfruitful as discussed under:

- Without assessing the ground water level and making any survey regarding the depth at which water is likely to be available, one underground sump (UGS) was constructed (August 2008) by BU through Central Public Works Department at a cost of ₹ 48.57 lakh out of Twelfth Finance Commission grant with the objective to supply potable water to staff quarters and hostels. As three production wells, which were to supply water to the sump, when dug later, were found to be dry, the UGS was abandoned after completion in September 2012, rendering the entire expenditure of ₹ 48.57 lakh incurred unfruitful. This was also confirmed during joint inspection (December 2013) of the UGS by the concerned engineer in the presence of Audit.

Abandoned UGS of Berhampur University

- The Department without making plan for opening of +2 Science stream at Government Women's College, Balangir, sanctioned (January 2010) ₹ 1.21 crore and allotted ₹ 70.31 lakh for construction of one lecture theatre and four laboratory buildings through Roads and Building (R&B) Division, Balangir. The work was completed (February 2012) at a cost of ₹ 70.31 lakh and was left idle. Further examination revealed that to utilise the buildings, the Principal requested (February 2012 and February 2013) the Department to open +2 science stream in the college, which was not accorded. Thus, construction of buildings far ahead of requirement, left the assets idle and rendered entire expenditure of ₹ 70.31 lakh incurred thereon unfruitful (March 2014).

- Department accorded (October 2008 and January 2010) administrative approval for construction of buildings for 30 seated ladies hostel (₹ 50 lakh) and 10 staff quarters (₹ 71.48 lakh) for Sanjay Memorial Government Women's College, Phulbani for execution through R&B Division, Phulbani and allotted funds for the purpose. Though buildings were completed in December 2011 at a cost of ₹ 1.21 crore, they remained unused (March 2014) due to non-execution of external electrification as well as external water supply works for which no provision was made in the estimate. As a result, completed buildings remained idle since December 2011 rendering entire expenditure of ₹ 1.21 crore unfruitful apart from not fulfilling the objective of providing better accommodation to staff and students of the college.

Principal Secretary assured (October 2014) that University and college authorities concerned were instructed to complete the works and put the assets to use immediately and to fix responsibility for the unfruitful/ wasteful expenditure incurred.

3.1.10.3 Belated execution

State Government as well as UGC extend financial assistance to EIs for construction of ladies hostels.

Audit noticed that:

- UGC sanctioned ₹ 12.09 crore to 21 out of 90 test checked EIs during 10th and 11th Five Year Plans for construction of women's hostel and released (August 2006 to December 2012) ₹ 6.19 crore. As of March 2014, two colleges (Ekamra College and Attabira College) completed ladies hostel at a total cost of ₹ 73.63 lakh while two colleges[34] refunded (March and May 2012) ₹ 17.50 lakh to UGC due to non-availability of land for construction of hostels. Two other colleges[35], retained ₹ 20 lakh in savings bank accounts without utilisation while hostel buildings in remaining colleges were at various stages of construction/ left incomplete for over two to eight years as of March 2014 even after utilising ₹ 4.71 crore thereon.

- In three colleges (Ekamra College, Panchayat Samiti College, Belpada and Deogarh College) ladies/ ST/ SC hostels were used as office, teacher's common room, classroom, Principal's room, etc. In one college (Kankadahad Junior College), ST/ SC hostel was rented to an Non-Government Organisation since 2008-09.

Principal Secretary assured (October 2014) that he would enquire about delay in completion of hostel buildings and take action for their early completion.

3.1.11 Human Resource Management

Eleventh Five Year Plan emphasised recruitment of adequate number of qualified teaching staff for expansion as well as increase of the standard of higher education.

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34 Balasore Mahila Degree College and Athamalik College
35 Belabhoomi Mahavidyalaya, Avana and People's College, Buguda

3.1.11.1 Large scale vacancies leading to high student teacher ratio

Audit reviewed the sanctioned strength *vis-à-vis* person-in-position in the Department including field offices, Government as well as non-Government aided EIs and Universities of the State as of March 2014 and noticed large scale vacancies ranging from 7.97 to 61.78 *per cent* as indicated in the following table:

Table 3.4: Vacancy position in the Department and EIs as of March 2014

Unit	Sanctioned strength	Person-in-Position	Vacancy	Percentage of vacancy
Department, Directorate and other field offices	565	343	222	39.29
Government EIs				
Teaching	2842	1632	1210	42.58
Non-teaching	934	357	577	61.78
Non-Government aided EIs				
Teaching	15817	13428	2389	15.10
Non-teaching	13819	12718	1101	7.97
Universities				
Teaching	836	540	296	35.41
Non-teaching	2032	1284	748	36.81

(Source: Information furnished by the Department and Universities)

As may be seen from the table above, vacancies of teaching staff in Government colleges (42.58 *per cent*) and Universities (35.41 *per cent*) had become high. It was only in October 2013 that the Department initiated the process to recruit 624 lecturers[36]on *ad hoc* basis for Government EIs. Though overall shortage of teaching staff in non-Government aided EIs were on lower side (15.10 *per cent*) the same was 23 *per cent* in 30 such sample aided EIs. In 23 test checked Government (23) EIs, the vacancies were 45.44 *per cent* against the State average of 42.58 *per cent.*

Further examination in Audit revealed that:

- Though Rule 7 of the UGC (Fitness of Certain Universities for Grants) Rules 1974, *inter-alia,* required each PG teaching department in the University to have at least one Professor and one Reader, State Government had not created post of Professor in 11 PG teaching departments[37] and Readers in five such departments[38] of three out of four test checked Universities.

- As against total sanctioned strength of 610 teaching staff in four test checked Universities, the actual persons-in-position as on 31 March 2014

[36] Junior lecturers for junior colleges: 272 and lecturers for degree colleges: 352

[37] Law in UU; Botany, Home Science, Linguistic and Women Studies and Resource Centre (WSRC) in BU; and Statistics, Philosophy, Sanskrit, Computer Science, Urdu and Persian and Bengali in RU

[38] Ancient Indian History, Culture and Archaeology (AIHCA) in UU, Women Studies and Resource Centre (WSRC) in BU and Computer Science, Urdu and Persian and Bengali in RU

was 372 (61 *per cent*) with 238[39] teaching posts (39 *per cent*) remaining vacant with vacancy of 49.21 *per cent* in UU followed by 31.37 *per cent* in RU, 32.90 *per cent* in BU and 29.16 *per cent* in FMU. Besides, in RU, no teaching staff were available in three PG teaching departments of Computer Science, Urdu and Persian Studies and Bengali. While teaching in Computer Science was imparted to 181 students enrolled during 2008-13 entirely through guest faculty, there was none in remaining three subjects due to non-availability of teachers.

- Despite shortage of teaching staff, UU had not completed (August 2014) the recruitment process initiated in February 2011 for 13 posts of Professors and 20 posts of Readers.

- Against the UGC norm of student teacher ratio of 10:1 (Science) and 15:1 (Humanities and Commerce) at PG level, same was found to be much in excess of the said norm in PG teaching departments of three test checked Universities *i.e.,* 52:1 in RU, 34:1 in UU and 20:1 in FMU (2013-14).

- In 13 out of 23 test checked Government colleges, no teacher was available in 17 subjects, against the requirement of 51. Moreover, 12 surplus teachers in the same subjects in five Government colleges were also continuing (August 2014).

- In two subjects (English and Philosophy), 63 teaching staff found surplus were not posted to colleges with shortage of teaching staff though there was shortage of 95 teaching posts in these two subjects in the State. Similarly, in four[40] out of 30 test checked aided colleges, no teacher was available in five subjects against requirement of seven (7) teachers. However, 9533 students were enrolled for these subjects in these colleges during academic years 2007-13.

- Against the UGC norm of student teacher ratio of 25:1 (Science) and 30:1 (Humanities and Commerce) at degree level, same was found in Audit to be in excess of the said norm in affiliated degree colleges of two test checked Universities *i.e.,* 59:1 in 78 degree colleges under FMU and 33:1 in 325 degree colleges under UU (2013-14).

Audit observed that although there was shortage of teaching staff, the Department had not effectively deployed the existing staff based on the requirement thereby affecting teaching in EIs.

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39 Professor-50, Reader-64 and Lecturers-124

40 Christ College, Cuttack (Psychology); Agarpada College, Agarpada (Logic, IT); Deogarh College, Deogarh (Mathematics); Anandpur College, Anadpur (Electronics, IT)

3.1.11.2 Need for rationalisation of deployment

The General Administration Department framed (July 1991) transfer guidelines which, *inter-alia*, required that no Class II and above officers should be allowed to remain in the same station for more than six years. Similarly, guidelines (July 1991) for transfer of teaching staff of non-Government aided EI, also provided for transfer after five years and permission to remain for additional two years on the grounds of administrative or academic exigencies.

Audit noticed the following:

- Transfers were effected by the Director/ Principal Secretary mainly on the basis of representations of teachers without linking to workload resulting in vacancies in some colleges and surplus in others. Largest concentration of surplus staff was noticed in the aided colleges in and around Bhubaneswar in six[41] colleges involving 32 surplus teaching staff in 26 subjects.

- 50 Lecturers and 39 Readers were continuing in 10 sampled colleges located at Cuttack, Bhubaneswar, Khordha and Puri for five to more than 20 years.[42]

- Besides, scrutiny of records relating to 1773 lecturers at Directorate level revealed that no transfer was effected during 2007-14 in 1014 cases.

Principal Secretary while assuring introduction of transfer in all aided EIs soon, stated (October 2014) that the Department had already issued guidelines for transfer and was collecting information for rationalisation of vacancies on which appropriate action would be taken.

3.1.12 Recruitment and promotion

3.1.12.1 Lack of oversight in process of recruitment of faculty

As per extant provisions, recruitment and promotion of teaching staff of State sponsored Universities were made by Selection Committee which were to include representative of the Department to ensure a fair process.

The eligibility criteria for appointment of Lecturers, Readers and Professors in Universities were prescribed by UGC from time to time (1998 and 2010), the latest being in UGC Regulation 2010. While qualifying in the National Eligibility Test (NET) or acquiring Ph. D degree as per UGC Regulation 2009 was a mandatory condition for recruitment to the post of Lecturer, eight years of

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41 Sri Sri Satyasai College for Women, Bhubaneswar (6); Kunja Bihari College, Barang (2); Ekamra College, Bhubaneswar (6); Pratap Sasan Junior College, Balakati (5); Prana Nath College, Khordha (5); Kamala Nehru Women's College, Bhubaneswar (2)

42 More than 5 years to less than 10 years: Government: 23, aided: 20; more than 10 years to less 15 years: Government: 5, aided: 7; more than 15 years to less than 20 years: Government: 1, aided:4; more than 20 years: Government: 2, aided: 27

teaching experience[43] or equivalent to that of Assistant Professor excluding the period spent for Ph. D, minimum five publications as books or research policy papers and minimum Academic Performance Indicator score of 300 were pre-requisite for recruitment as Reader. Similarly, Ph. D in relevant discipline, minimum 10 publications, 10 years of teaching/ research experience were mandatory requirements for appointment of Professors.

Audit noticed that during 2008-14, four test checked Universities recruited 221 teaching staff comprising of Lecturers (123[44]), Readers (70[45]) and Professors (28[46]). In this regard, following emerged:

- Out of 123 Lecturers recruited by four test checked Universities during 2008-14, in one case in FMU a candidate neither having NET qualification nor Ph. D degree under UGC Regulation 2009 was appointed in deviation from the regulation of UGC as well as terms of advertisement made for the post.

- Two Professors and four Readers were directly recruited in BU, though their research publications were not published in any referred journal having ISBN[47]/ ISSN[48] number but were published in local magazines and University journal. In case of one Reader, two articles certified as accepted by the publisher were also accepted by the selection committee without actually having been published.

- Utkal University appointed (January 2010) one candidate as Reader in Applied and Analytical Economics though said candidate did not possess required teaching experience and instead had only two years and three months teaching experience (excluding three years from 2004 to 2007 spent on research for Ph. D degree).

- In another case in FMU, a candidate was selected for the post of Reader in Economics on the basis of his testimonial that he served as Assistant Professor from July 2003 to November 2012 in four institutions. Audit, however, noticed that the candidate was serving as Lecturer in one of the sampled EI during this period and was even granted (February 2010) block grant by the Department and continued there up to November 2012. Thus, the testimonials submitted by the candidate were inaccurate.

Audit further noticed that in the above cases, the Departmental representatives were not present in the meeting of the Selection Committee. Thus, the oversight mechanism available to the Government was not availed to curb *adhocism*.

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43 Five years under UGC Regulation 1998
44 UU: 17, BU: 30, FMU: 17 and RU: 59
45 UU: 20, BU: 7, FMU: 5 and RU: 38
46 UU: 15, BU: 3, FMU: 2 and RU: 8
47 International Standard Book Number
48 International Standard Serial Number

Principal Secretary assured (October 2014) to direct the VCs of concerned Universities to strictly follow the UGC Regulation on recruitment and fix responsibility in case of any deficiency.

3.1.12.2 Departures in procedure of promotion of University teachers under CAS

UGC vide its Regulation 1998 on Career Advancement Scheme (CAS) for promotion of Lecturers of affiliated colleges and Universities to Senior Lecturers, Readers and Professors, prescribed parameters and pre-conditions thereof. The regulation, *inter-alia,* required completion of minimum period of five years, eight years and 10 years (eight years in case of promotion) in the grade of Lecturer, Senior Lecturer and Reader respectively. This was also revised in 2006 on making Academic Performance Indicators mandatory. Audit, however, noticed the following departures in promotion of teaching staff of test checked Universities under CAS:

- In UU, one Lecturer (Senior Scale) was promoted (July 2007) to Reader retrospectively with effect from 31 December 2004 before completion of required five years (*i.e.,* 31 May 2005) while one Reader in Commerce was promoted (September 2011) to Professor retrospectively with effect from 23 February 2008 *i.e.,* the date of award of Ph. D degree though concerned teaching staff had not acquired required eight years of experience as Reader on the date of promotion.

- In FMU, one Reader of Business Management was promoted (March 2011) to Professor with effect from 12 November 2004 though teacher concerned published his research work only in 2009. Further, another Reader of Political Science in FMU was promoted (December 2012) retrospectively from July 2009, though the State Government had not implemented CAS from 1 January 2009 in the State.

Principal Secretary assured (October 2014) of directing the VCs of concerned Universities to strictly follow the UGC Regulation on promotion under CAS and fix responsibility in case of any deficiency.

3.1.12.3 Irregular recruitment of teachers in non-Government EIs

Kothari Commission recommended (1972) that every post in affiliated colleges should be filled up after adequate advertisement and interviews through a selection committee duly constituted by the managing committee and having one or more experts, depending upon the importance of the post. It also recommended that unless a teacher was appointed through this procedure, no GIA should be paid for his salary, and there should be no hesitation in withholding such approval. It further recommended that those EIs which would fail to maintain standards or leave room for malpractice should be controlled more rigorously.

Audit examined the appointment of teaching staff in 21 sampled non-Government EIs who were granted block grant with effect from January/ February 2009 and noticed deficiencies in appointment in respect of 183 teaching staff as discussed below:

- ***Non-compliance with statutory provisions***: Institutions making recruitment have to comply with the provisions of Employment Exchange (Compulsory Notification of Vacancies) (CNV) Act 1959 as well as 'The Orissa Reservation of Vacancies (ORV) in posts and services (for Scheduled Caste and Scheduled Tribe) Act 1975. It was, however, noticed that such provision was not complied with by any of the non-Government EIs, where posts were filled up by the GBs.

- ***Non-transparent appointment without giving wide publicity to the vacancies*****:** In eight test checked EIs, 82 teaching staff were recruited and appointed by the Governing Body without advertising the vacancies in newspapers.

- ***Absence of Selection Committee*****:** In 17 cases in seven test checked EIs, the teachers were appointed by the GBs without even constituting Selection Committees.

- ***No subject Expert in the Selection Committee*****:** In case of appointment of six lecturers in three EIs, there were no subject experts in the Selection Committee.

- ***Appointments were made prior to conducting interviews:*** In two cases, the candidates were appointed prior to the date of interview.

- ***Appointment of teaching staff not ranked first in the list recommended by the Selection Committee:*** In 10 test checked EIs, 16 candidates were appointed by the concerned college despite the candidate having failed to rank first in the list recommended by the Selection Committee. However, the reasons for not appointing the candidate ranked first were not on record.

- ***Selection of teaching staff by the Selection Committee before publication of result in Post Graduate:*** Though the percentage of marks scored in PG examination (54/ 55 *per cent*) was one of the important criteria prescribed by the Department for judging the eligibility of the candidates, in case of five lecturers in two colleges, Audit noticed that the candidates were selected and even appointed prior to publication of PG level results.

Out of these 183 teaching staff, 50 were provided with BG amounting to ₹ 2.34 crore under GIA order 2008 and remaining 133 teaching staff were provided with BG amounting to ₹ 10.67 crore under GIA order 2009 during 20 January 2009/ 1 February 2009 to 30 September 2014.

Principal Secretary stated (October 2014) that to make appointment of teaching and non-teaching staff by GBs during unaided period more fair and transparent the Department is considering issue of a guideline detailing the procedure to be adopted in line with that recommended by Kothari Commission. He also assured that the Department would not provide any GIA to any staff appointed irregularly henceforth and would ask GBs of recognised colleges to send their GB resolution to Director.

3.1.13 Other human resources management issues

3.1.13.1 Skill development opportunities for teaching staff

Though National Policy on Education (NPE) 1986 emphasised the need for improving quality of teaching through enhancing motivation skills and knowledge of teachers through conduct of orientation courses (OC) and refresher courses (RC) for teaching staff of degree colleges and Universities, the same for teaching staff of junior colleges remained almost absent. Examination of service books and personal files of 1032 teaching staff of 40 test checked EIs revealed that 406 teaching staff (40 *per cent*) had not undergone any such training during their entire career of 20 to 25 years. However, DHE nominated 27 teachers for RC/ OC more than once during a year.

Principal Secretary assured (October 2014) introducing of a system of making in-service training compulsory for each lecturer of junior colleges.

3.1.13.2 Lack of uniformity in salary of lecturers of aided EIs

The State Government in line with recommendations of Kothari Commission prescribed through Rule 9 of Orissa Education (Recruitment and Conditions of Services of Teachers and members of Staff of Aided Educational Institutions) Rule 1974 for payment of salary to the teachers of non-Government EIs at par with their counter parts in Government EIs. Audit noticed that in sampled aided EIs, there was wide variation in salary structure for teachers doing same work *i.e.,* drawing UGC scale (above ₹ 1 lakh per month), in receipt of GIA in State scale of pay (₹ 45,000 to ₹ 50,000 per month), receiving BG of ₹ 16114 and ₹ 500 to ₹ 5000 per month for those engaged against management post. This led to non-compliance of above rule.

Principal Secretary accepted (October 2014) the fact.

3.1.13.3 Non-deployment of staff for gainful utilisation of services

Audit noticed following:

- Though State Selection Board (SSB) remained defunct since 1997 due to imposition (20 April 1998) of ban on recruitment in aided EIs, the Department had not deployed eight out of 31 staff of SSB elsewhere for gainful utilisation of their services resulting in idle expenditure of ₹ 1.85 crore incurred on their pay and allowances during 2008-14.

- Similarly, though Department abolished Secretarial Practice and Shorthand Typing (SPST) and Tailoring from the syllabus of +2 from the academic year 1990-91, yet three instructors of three aided EIs receiving GIA were not redeployed elsewhere for gainful utilisation of their services for which GIA of ₹ 58.04 lakh paid to these idle staff during 2007-14 was rendered unfruitful.

Principal Secretary assured (October 2014) re-deployment of the idle staff elsewhere.

3.1.14 Academic activities

CHSE, set up under the Orissa Higher Secondary Education Act 1982, regulated academic activities of higher secondary schools/ junior colleges of the State under the provisions of the Orissa Higher Secondary Regulation 1982 (OHSR) while Universities regulated the academic activities for PG and degree courses under the provisions of the OUA 1989 as well as the OUFS 1990.

Deficiencies noticed in conduct of academic activities are discussed in succeeding paragraphs.

3.1.14.1 Non-adoption of Regulations of UGC

The academic activities of the higher educational institutions (degree and above) are subject to regulations of Union Government as per Article 246 read with Entry 66 of List-I (Union List) of Seventh Schedule. Thus, all Universities are bound to adhere to the regulations[49] issued by UGC from time to time.

Audit noticed that these regulations, *inter-alia,* envisaged that every University should ensure that the numbers of actual teaching days are not less than 180 in an academic year; evolve standards for manner of implementation of syllabus, namely, through lectures, tutorials, laboratory sessions, seminars, field work, projects and such other activities, etc. UGC impressed (January 2008) upon all the

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[49] UGC (Minimum Standards of Instruction for the Grant of First Degree through Formal Education) Regulations, 2003; UGC (Minimum Standards of Instruction for the Grant of Masters Degree through Formal Education) Regulations, 2003; UGC (Maintenance of Standards in Colleges and Universities) Regulations 1986, 1998 and 2010

Universities are to initiate academic reforms in post graduate, degree and diploma courses run in the Universities and affiliated colleges like (i) introduction of semester system in place of academic session, (ii) choice based credit system, (iii) curricular development, (iv) admission on merit basis and (v) examination reforms which included conducting interim evaluation of students.

Department had also issued (June 1999 and November 2011) instructions to all colleges for preparation of academic calendar with provision of minimum 180 teaching days in a year, indicating list of holidays, commencement of academic session, etc. and maintenance of lesson diary, lesson plan and ensuring punctuality in conducting classes. The Principals concerned were required to submit the consolidated report half yearly to the next higher authority and the annual report to the Director stating performance of each teacher. Audit noticed that:

- None of the four test checked Universities adopted these Regulations and did not chalk out any plan of action for implementing the same. The academic calendar prepared by the Universities/ affiliated colleges did not assure availability of minimum 180 teaching days during 2008-09 to 2012-13, as it contained only the list of holidays. Further CHSE/ Universities/ Department had not ensured conduct of teaching activity for at least 180 days in a year. Test check of sample EIs revealed that the teaching activity was largely conducted during July to December only which fell short of 180 days after excluding holidays, examinations, elections, seminars, etc.
- Principals of 77 out of 90 test checked colleges did not prepare their reports up to 2012-13 in adherence to the instructions of June 1999/ November 2011. The Department had also not insisted upon this. As a result, the standard of teaching remained un-assessed and unmonitored by the Department.
- Though the Department issued instructions (June 1999 and November 2011) for adherence to academic calendar, lesson plan, lesson diary by Government/ Aided EIs, similar instructions were not issued to unaided EIs though they received recognition and affiliation.
- None of the four test checked Universities had implemented these academic reforms (July 2014). Further, grading system (July 2014) though required to be introduced since 2008-09 through abolition of mark system, was also not introduced by the Universities in affiliated EIs. System for periodic internal evaluation was also not implemented, thereby depriving the students from periodic evaluation of their performance.
- None of the sampled EIs had been inspected during 2008-14 by Universities and CHSE.

Principal Secretary stated (October 2014) that Department is serious about introduction of academic reforms and standards in all degree colleges and Universities and assured to introduce these reforms/ standards in phases.

3.1.14.2 Maintenance of standards of EIs and evaluation of teaching

In order to assess standards of a higher educational institution, GoI set up (1994) the National Assessment and Accreditation Council (NAAC[50]) for evaluation and accreditation of educational institutions. It evaluates educational institutions and award ratings which remained valid for a period of five years. The Department through notification (July 2002) required affiliated degree colleges/ Universities to mandatorily obtain NAAC accreditation by December 2003.

Audit noticed the following:

- ***Accreditation of few colleges with NAAC :*** None of the four test checked Universities had NAAC accreditation as of September 2014. Similarly, out of 495 affiliated degree colleges under the test checked Universities, only 108[51] (22 *per cent*) had NAAC accreditation as of September 2014.
- ***Non-introduction of Performance Based Appraisal System:*** UGC, in its Regulation 2010 introduced revised scale of pay as well as Academic Performance Indicator (API) matrix for assessing the competence of the teachers and evaluating competence and performance of each teaching staff on the basis of which benefit of CAS would be awarded. The API included teaching, learning and evaluation related activities, co-curricular, extension and professional development activities, research and academic contributions. Though the Department adopted (14 December 2009) the revised pay scale as devised by UGC and CAS thereunder, but it neither introduced API nor ensured its implementation in Universities and EIs. As a result, teaching, learning, professional development, research as well as academic contributions of teachers remained un-assessed (August 2014).

Principal Secretary assured (October 2014) that CDCs would monitor accreditation issue vigorously and Academic Performance Indicator as prescribed by UGC would be introduced soon.

3.1.14.3 Conduct of research and academic activities

The 11th Five Year Plan (2007-12) emphasised the need for augmenting research activities at University level. Further, Section 3 (5) (3) and proviso 4 (9) of Orissa University Act and Orissa Universities First Statute required Universities to promote original research and maintain individual data on research publications of each teaching staff. Audit noticed the following deficiencies:

- ***Negligible research projects undertaken***: None of the sampled Universities had prepared any plan to involve its teaching personnel in research activities nor set any department wise individual target. The Universities also did not maintain any database on research publications of individual teaching staff though 540 teachers were deployed in Universities as of March 2014. Four

[50] An autonomous body established by the University Grants Commission (UGC) to assess and accredit institutions of higher education in the country
[51] UU: 85, BU:2 and FMU: 21

test checked Universities received 91[52] sponsored research projects from Central/ State Government of which only 25[53] (27 *per cent*) were completed as of March 2014. Of 66 incomplete projects, two projects of 2009-10 and all 17 projects of 2010-12 relating to UU remained incomplete (March 2014). Though UGC Scale of pay was given to promote research activities, no plan of action was formulated by the Universities to complete the projects in time. Principal Secretary stated (October 2014) that Universities would be persuaded to increase their research activities and set targets for each and every faculty for being involved in research activities/ projects.

- ***Registration and award of Ph. D degree:*** In FMU, records on registration, submission of thesis, evaluation and award of Ph. D during the period covered under Audit was not maintained. However, from examination of Ph. D degree notifications and proceedings of Subject Research Committee of the University, Audit noticed that 104 theses submitted by the scholars during September 2009 to May 2014 were pending for evaluation as of May 2014. Though the Subject Research Committees (SRC) approved 38 synopses during January 2009 to December 2010, registration numbers had not been issued till March 2014. Further, 229 applications received between February 2012 and February 2013 had not been examined by SRC for approval till June 2014. In UU, 951 Ph. D degrees were awarded during 2008-14 with time lag of 66 to 2308 days in evaluation and award of degrees after submission of theses, beyond the prescribed period of six months.

Principal Secretary assured (October 2014) that all Universities would be impressed upon to comply with the UGC (Minimum Standard and Procedure for award of M.Phil/ Ph. D degree) Regulation 2009.

3.1.14.4 Enrolment

Audit cross checked Higher Secondary results *vis-a-vis* seat availability at +2 level in the State during the academic years 2007-08 to 2012-13 and noticed that at the beginning of academic session 2013-14 (June 2013), the State had 3.53 lakh seats at +2 level and 1.56 lakh seats at +3 level. However, about 88 *per cent* (2008-09) to 90 *per cent* (2012-13) of the enrolment at +2 level was done by non-Government EIs during the academic years 2008-09 to 2012-13 as indicated in the following table:

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[52] UU: 42, BU: 11, FMU: 6 and RU: 32

[53] UU: 10, BU:5, FMU:2 and RU:8

Table 3.5: Enrolment of students in junior colleges

Type of colleges	Enrolment at +2 in 2008-09	Percentage to total enrolment	Enrolment at +2 in 2012-13	Percentage to total enrolment	Overall percentage of increase/ decrease
Government Colleges	25804	12	24149	10	(-) 6.41
Aided colleges (488 category and 662 category)	111798	51	114192	50	2.14
Total Government and Aided	**137602**	**63**	**138341**	**60**	**0.53**
Unaided colleges	78955	37	91161	40	15.45
Total	**216557**	**100**	**229502**	**100**	**5.98**

Source: Records/ Database of CHSE and HED

Audit noticed that:

- Availability of seats (3.53 lakh) at +2 level was adequate during 2008-09 to 2011-12 academic years, considering the High School Certificate (HSC) pass out rate[54], but the same was inadequate in academic year 2012-13 and 2013-14 when the HSC passed students increased to 3.87 lakh during 2012-13 for which the Department allowed the colleges to enrol 10 to 20 *per cent* more than their sanctioned seats.

- Department did not monitor the trend of increasing number of students passed in HSC for taking capacity expansion measures accordingly, resulting in enrolment of students more than sanctioned strength.

- In respect of degree courses, in 15 aided degree colleges (11 in non-Tribal Sub Plan (TSP) and four in TSP area) out of 64 test checked degree EIs, the percentage of enrolment ranged between 9.37 and 40 during 2008-13 of which low enrolment below 20 *per cent* was registered in six colleges (four in non-TSP and two in TSP area) during 2007-10.

Principal Secretary stated (October 2014) that as major enrolment load was taken by 488 category aided colleges and 662 category BG colleges, the Department would try to strengthen these aided colleges.

3.1.14.5 Delay in declaration of result and issue of certificates

As per the instructions (June 1999) of Department, examination results were required to be declared within 60 days of the completion of examination. After declaration of results, certificates are required to be issued as early as possible to

[54] 2008-09: 2.12 lakh, 2009-10: 2.57 lakh, 2010-11:2.74 lakh, 2011-12:3.11 lakh

enable the students to proceed to higher studies and apply for employment. Audit noticed the following:

3.1.14.6 Delay in declaration of examination results

RU took 146 days to declare the PG result during 2010. In respect of results of second year degree examination, while UU declared the same after 121 to 199 days, BU and FMU declared the results after 71 to 127 days and 136 to 157 days respectively of completion of examinations during 2008-13.

3.1.14.7 Delay in issue of certificates

Though certificates are to be issued as early as possible, FMU had not printed certificates of 19,580 degree/ PG students belonging to its teaching departments and affiliated colleges passed during 2011, 2012 and 2013 as of May 2014. Similarly, UU had also not printed certificates for 1,50,455 PG/ degree students (May 2014), belonging to its own departments and affiliated colleges passed during 2008 to 2013. Though RU prepared certificates up to 2012, however, did not prepare certificates of 1792 PG/ degree students passed in 2013 (May 2014).

Principal Secretary assured (October 2014) to address this issue on priority and ensure early issue of certificates.

3.1.14.8 Dropout of students

As per GER Survey of GoI (2008), 18 districts (60 *per cent*) of the State registered low GER. The GoI had also fixed a target of attaining at least 15 *per cent* GER by the end of 11th Plan period. Dropout rate at junior level contributed to low GER.

Audit noticed that in 63 out of 65 test checked junior EIs, the percentage of dropouts at +2 level ranged from 9.02 to 15.63[55] during 2007-13. The Department, however, had not taken remedial measures.

Principal Secretary assured (October 2014) to take steps to reduce dropout of students.

3.1.15 Student welfare activities

3.1.15.1 National Social Service

The National Social Service (NSS) programme is implemented in the State with joint funding by GoI and State Government with basic objective of creating sense of social responsibility among students and solution of community problems. During six years ended 31 March 2014, the GoI released ₹ 10.42 crore and the State Government contributed ₹ 6.80 crore for NSS activities.

[55] Dropout percentage: 2007-08: 14.13; 2008-09: 12.43; 2009-10: 9.02; 2010-11: 10.01; 2011-12: 12.48; 2012-13: 15.63

Audit noticed that:

- After receipt of sanction of GoI, there was delay in sanction of funds by the Department up to 455 days. Similarly, the Director also delayed sanction and release of funds to the EIs and Universities by 218 days and 196 days respectively.

- Two test checked Universities (UU and FMU) had not spent fund amounting to ₹ 77.78 lakh as on 31 March 2014 due to delay in release of fund by the Department.

Principal Secretary stated (October 2014) that delay in sanction and utilisation of fund under NSS had been reduced.

3.1.16 Payment of Grants-in-aid to non-Government EIs

To ensure availability of quality education in a continuous manner, the Government supports educational institutions (EIs) in non-Government sector and released grants-in-aid (GIA) to EIs on the basis of prescribed parameters to meet full/ part salary cost of both teaching and non-teaching staff of 1400 EIs[56] notified as 'aided' EIs. As of March 2014, Department extended GIA to 1400 non-Government aided EIs[57] covering 13103 teaching staff[58] and 12617 non-teaching staff[59]. Out of these EIs, 610 received GIA in shape of full salary cost while 790 EIs received GIA in shape of block grant[60]. During 2008-14, GIA amounting to ₹ 3687.59 crore was released by the Government to these teaching and non-teaching staff.

Audit noticed the following deficiencies in administration of GIA to non-Government EIs.

3.1.16.1 Sanction of GIA on issue of executive instructions without a procedure

Government introduced GIA system for non-Government EIs in the year 1974 and continued to release GIA to staff on completion of five years. However, there was neither any enabling provision in OE Act nor Rules made thereunder for continuance of GIA. The Government amended (July 1994) the OE Act and vide Section 7-C envisaged that the Government would set aside a fixed sum every year based on its economic capacity for release of GIA to non-Government EIs.

56 Junior and Degree EIs: 1332, Sanskrit EIs: 68
57 GIA: 610 EIs (General : 584, Sanskrit: 26), block grant : 790 (General: 748 and Sanskrit: 42)
58 UGC: 1438, State scale: 5317 and block grant: 6348
59 State scale: 5238 and block grant: 7379
60 A fixed sum being the emolument due as on 1 January 2004/ 40 *per cent* thereof without any increase up to 31 January 2013, initial pay in pay band plus grade pay in revised scales of pay without any dearness allowance from 1 February 2013 to December 2013, initial pay in pay band plus grade pay in revised scales of pay increased by one/ five increments without any dearness allowance from 1 January 2014

Audit noticed the following:

- After amendment of OE Act, the Department issued (November 1994) a GIA order which envisaged GIA in shape of full salary cost to EIs/ staff who had completed five years of functioning/ employment as on 1 June 1994.

- The Department again issued (January 2009) another GIA order envisaging payment of GIA in shape of BG amounting to 40 *per cent* of salary cost to new EIs/ staff completing five years as on 1 June 2003.

- Further, it issued (June 2009) another GIA order stipulating payment of GIA in shape of BG amounting to 100 *per cent* of salary cost to the staff of aided EIs completing five years as on 1 June 2003.

Audit observed that there was no uniformity in timing and eligibility criteria in aforesaid GIA orders. Under GIA Order 1994, an EI established in 1989 received GIA in 1994 after five years of functioning, whereas EIs established/ staff appointed in 1990 had to wait up to 2009 *i.e.,* 19 years for GIA.

Principal Secretary stated (October 2014) that GIA was paid to the staff of some non-Government EIs directly to increase access to higher education in the State and Section 7-C of the Education Act became effective from July 1994 empowering the State to support these EIs through GIA within the economic capability of the State. But, issue required to be looked into by Government.

3.1.16.2 Irregularity in promotion of teaching staff receiving GIA

In line with UGC Regulation (June 1987), State Government notified (March 1990) CAS for teaching staff of non-Government EIs already in receipt of GIA at UGC scale as on 1 April 1989. The terms of promotion, *inter-alia*, stipulated that for promotion to the Lecturer (Senior Scale) and thereafter to Reader, the teaching staff should have completed two Refresher Course (RC) at each level. Further, for promotion to Reader, Ph. D degree was mandatory. Besides research publications would be evaluated by Referees for assessing quality of research.

Audit test checked promotion of 2037 lecturers of non-Government aided colleges to Senior Lecturer (664) and Reader (1373) made during 2008-14 and noticed the following:

- In case of 98 teaching staff, promotion was made during April 2008 to March 2012 before they completed the second RC. In five cases concerned teaching staff had undergone only one RC and one did not undergo any RC.

- Mandatory provision of Ph. D degree for promotion to Reader as prescribed by UGC was relaxed and 355 Senior lecturers of 44 test checked EIs were promoted to Readers without any such degree.

- For promotion to Reader, in none of the cases were research publications called for from the concerned teaching staff. Departmental Scrutiny Committee of the Department did not have any subject expert representative as required under UGC guidelines.

- Similarly, 461 lecturers were primarily appointed in EIs having no aided degree wing and were as such ineligible for UGC scale of pay. However, they were also promoted (2008-14) as Lecturer (Senior Scale)/ Reader contrary to Government Resolution of October 1989 and November 1990. Payment of ₹ 184.66 crore during 2008-14 was incurred.

- In case of 28 lecturers, the effective date of promotion was made from an advance date ranging from one year six months to 13 years 10 months from their actual eligible date of promotion.

Principal Secretary stated (October 2014) that Department would consider the UGC Regulation for promotion and eligibility of the teaching staff for UGC scale of pay would be re-verified.

3.1.16.3 Non-withdrawal of UGC scale of pay

State Government while adopting (October 1989 and November 1990) the UGC Regulation (June 1987) regarding revision of pay scale, stipulated that teaching staff having less than 54 *per cent* of marks at PG level would not be granted UGC scale of pay. Later, State Government decided (February 1996) that teaching staff having less than 54 *per cent* of marks would be granted UGC scale of pay from the date of acquiring higher qualification *viz*. M.Phil/ Ph. D.

Audit noticed that:

- Although the Department revised (December 2013 and January 2014) UGC scale of pay of two teaching staff having less than 54 *per cent* mark at PG level to State Scale after the same was pointed out (July 2013) in audit, it did not review other eight cases who had not acquired any higher qualification but granted UGC scale of pay since April 1986.

- Out of two cases where the Department revised UGC scale of pay, in one case, Department ordered (January 2014) revision of UGC scale of pay and recovery of excess payment, in the other, this was not done. In this case relating to Ekamra College, Bhubaneswar, despite the fact that the matter was under adjudication in the Apex Court, the Department promoted (May 2008) the concerned teaching staff to Lecturer Senior Scale and to Reader (February 2009) with effect from 21 November 1992 and 2 November 2000 respectively. Besides, after delivery of judgement on 9 February 2011, the Department also released (March 2012) arrears from 21 November 1992 to 30 September 2011 amounting to ₹ 30.43 lakh.

Principal Secretary stated (October 2014) that the matter was under examination and assured to take appropriate action.

3.1.16.4 Irregular payment of block grant under GIAO 2009 to teaching staff of aided EIs irregularly appointed by GB

As per Rule 10 to 13 of Orissa Education (Selection Board for the State) Rules as well as 'The Orissa Education (Recruitment and Conditions of Service of teachers and members of staff of Aided Educational Institutions) Rules 1974', aided EIs should appoint lecturers from the list prepared by State Selection Board (SSB).

Audit noticed that the Department granted GIA in shape of block grant from 1 February 2009 under GIAO 2009 to the left over teaching and non-teaching staff of aided EIs. Test check revealed that GBs of 48 aided EIs appointed (January 1993 to April 1998) 192 lecturers of their own without recruiting through SSB, as required under Rule *ibid*. Thus, the appointments made by GBs being not covered under rules, concerned lecturers were not eligible to receive GIA. However, GIA in shape of block grant was paid to these lecturers from 1 February 2009 under GIAO 2009, which led to extension of undue payment of ₹ 11.69 crore to these lecturers up to 31 March 2014.

Principal Secretary stated (October 2014) that as block grants were not full salary cost but very small in comparison to emoluments as per State scale of pay, validation of their irregular appointment was not insisted upon. But, statutory provisions do not permit sanction of GIA of any form to teaching staff appointed in violation of orders.

3.1.16.5 Inadmissible expenditure on GIA on misrepresentation of continuity of post

As per Paragraph 9 (2) B (iii) e (iv) of GIA Order 1994, a lecturer appointed against a post admissible as per workload prescribed in GIA Order 1994 and filled up at all the times by a person duly qualified to hold such a post during the qualifying period of five years (three years in educationally backward districts) as on 1 June 1994, was eligible to receive GIA.

Audit, on test check, noticed that the Department sanctioned GIA to 15 lecturers of nine EIs[61] and such sanction was accorded on the ground that their respective posts remained filled up during the qualifying period by duly qualified lecturers. Audit scrutiny revealed that the predecessors shown to have worked in these posts

[61] Mandari College (English, Economics and Political Science); Anchalik Baladev Jew Women's College, Alakund (Botany, English, Physics, Zoology); Akhandalamani College, Palasahi (English); Jaleswar Women's College (Home Science); Indira Gandhi Junior Mahila Mahavidyalaya, Nimapara (Odia); Anchalika Mahavidyalaya, Nathasahi (English); Rural Institute of Higher Studies, Bhograi (Sanskrit); Surendranath Institute of Higher Technical Studies, Kamarda (English); and Meghasan College, Nudadiha (Economics and English)

were working in other 15 EIs during same/ overlapping period. This led to inadmissible expenditure of ₹ 2.81 crore during period 2008-14.

Principal Secretary stated (October 2014) that the Department being committed to take stringent action in such cases, had already instructed the Director, Higher Education on 28 May 2014 to investigate into the matter, stop GIA till the investigation was completed.

3.1.16.6 Other irregularities relating to grant of GIA

Audit noticed deficiencies in implementation of GIA/ BG order 1994 and 2009, which were persisting as of March 2014, as discussed below:

- Eight lecturers of eight EIs who secured less than 54 *per cent* mark in PG level were provided BG from February 2009 whereas 10 lecturers who also secured less than 54 *per cent* mark had been allowed GIA in shape of full salary cost.

- Non-teaching staff of aided EIs appointed up to 31 December 1992 were provided BG from 1 February 2009 whereas lecturers appointed during the same period in same EIs were granted GIA in shape of full salary cost.

- Under GIA Order 2009, 11 Demonstrators of seven aided EIs, appointed during May 1989 to March 1995, were granted BG from February 2009 whereas in six non-Government aided EIs, 12 Demonstrators appointed during the same period were granted full GIA.

Principal Secretary assured (October 2014) to ensure review of all these cases and take appropriate action as deemed necessary.

3.1.16.7 Deficient management of court cases by the legal cell of the Department relating to GIA leading to extra expenditure

Under the provisions of OE Act 1969 and 'The Orissa Education (Tribunal) Rules 1977', the Government set up State Education Tribunal for redressal of grievances of employees of non-Government aided colleges relating to GIA and other service matters.

There was no comprehensive up-to-date database regarding pending court cases relating to Department. One such exercise started during July 2012 was also left mid-way (August 2012). As per information made (July 2014) available to the Odisha Legislative Assembly by the Department, there were 10,712 cases relating to GIA pending in different courts. Audit examined 243 court cases and observed as under:

- Counter affidavits were not filed at all in 239 out of 243 test checked cases, where *ex parte* judgements were delivered against the Department.

- In 51 cases, para-wise compliance/ required information though called for by the Department were not received from the Director, while in five cases, submission of counter affidavits were pending at the Department level despite receipt of required information from the Director.

Principal Secretary stated (October 2014) that due to huge number of court cases and limited staff, proper monitoring of each and every court case could not be made possible and assured that the Department had taken all out step to review all the pending cases and streamline the system/ GIA process so that such court cases would be reduced.

3.1.17 Internal Control System

3.1.17.1 Weak Internal Control mechanism

Internal control is an integral component of organisation's management process which is designed to provide a reasonable assurance to the management that the operations are carried out in an effective and efficient manner so as to achieve the organisational goals and objectives.

Audit examined the internal control system in the Department and noticed that the same remained weak as discussed below:

- ***Operational controls***: The Department created Infrastructure-cum-Quality Monitoring Cell (IQMC) at the State level (January 2011) and District levels (March 2011) for inspection of the colleges to assess and monitor the sufficiency of the infrastructure availability as well as performance monitoring[62] in the EIs and engaged (March 2011) 17 District Level Consultants (DLCs) during March 2011 to June 2013, which was discontinued from July 2013 and then restored from February 2014 through engagement of 30 DLCs. Audit noticed that DLCs neither reported their findings to the Department nor to concerned EIs. Such reports were also found to be deficient on academic activities. Besides, a Performance Tracking Cell (PTC) created in July 2012 at State Level for monitoring and implementing "Common Minimum Standards[63]" (CMS), grievances redressal, report generation and organising capacity building programme for all academic administrators and non-teaching staff also remained non-functional and has been entrusted with preparation of

[62] Infrastructure including land, building laboratory, library, etc., affiliation strength and enrolment, opening of subjects and admission, smart classroom and NME-ICT activities, 12 (b) status- The date of recognition of the Institution by UGC and shortfalls/ deficiencies for seeking the same, receipt and utilisation of UGC/ Government grants by colleges, faculty and staff position, academic status and overall performance, etc.

[63] Common Academic Calendar, Time Table, duration of classes, etc., lesson plan and progress registers, student attendance, college examination and question bank, seminars, library and laboratory facilities, time schedule for work of ministerial staff, financial management and extracurricular activities

gradation list, which also remained incomplete**.** No academic inspection/ audit was also carried out by Universities/ CHSE during 2008-14 in sampled EIs, though required. Thus, internal controls in the Department remained weak.

The Principal Secretary assured (October 2014) that they would be further strengthened.

3.1.17.2 Internal Audit

An Internal Audit wing was functioning in the Department under the control of Financial Advisor (FA) with sanctioned strength of 19 Internal Audit staff comprising of one Audit Officer, four Assistant Audit Officers and 14 Auditors. Besides, Audit of the non-Government aided EIs and Universities was entrusted to the Local Fund Audit (LFA) of the State Government.

Audit noticed the following:

- The post of Audit Officer and six (6) out of 14 posts of Auditors (43 *per cent*) remained vacant as on 31 March 2014, of which four posts of Auditors remained vacant since 2011; two posts since March 2012. The post of Audit Officer remained vacant since March 2013, as vacancies were not filled up by Finance Department.

- Internal Audit Manual was not prepared and prescribed for guidance of Internal Auditors. Out of 108 units planned for coverage during 2008-09 to 2013-14, only 70 units were covered during the period. Internal Audit Reports relating to 30 EIs (37 *per cent*) were issued to the EIs after six months to four years[64] from the date of receipt of the report in the Department. In two[65] out of 23 test checked Government EIs, internal audit was not conducted even once during 2008-14.

- No LFA Audit was conducted in UU during 2007-08 to 2010-11. In respect of four test checked Universities, 292 paragraphs[66] relating to the period up to 2011-12 remained unsettled and compliance to 222 paragraphs[67] were not even furnished (June 2014).

- In 23 out of 51 sampled non-Government aided colleges, LFA audit had not conducted audit even once during 2008-14 and the Department had not raised this issue with the Finance Department/ LFA.

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[64] Six months to one year: 20; more than one year to less than two years: 8; more than two years to less than three years: 1; more than three years: 1

[65] Sashi Bhushan Rath Government Women's College, Berhampur and Government Junior College, Phulbani

[66] UU: 20, BU: 13, FMU: 166, RU: 93

[67] UU:20, BU:13, FMU: 110 and RU: 79

Principal Secretary assured (October 2014) to fill up the vacancies in internal audit cell and to strengthen the internal audit.

3.1.18 Conclusion

Long term planning was lacking. Perspective plan for regulating growth of non-Government EIs, improving access of students to higher education in backward areas of the State and enforcing quality standards therein was not prepared. Higher education was not separated from higher secondary education even after 25 years of Government decision. Institutional arrangement remained weak as regular post of Principal was not created in any of the aided colleges and College Development Council of Universities remained defunct for over a decade. Compliance to Laws, Rules and Regulations by the DDOs was poor. Permission and recognition of EIs by Government and affiliation by Universities/ CHSE were granted without fully assessing the educational need in the area and availability of prescribed infrastructure. Most of the test checked EIs were found to run without prescribed infrastructure like land with title, buildings with adequate number of classrooms, examination hall, library, laboratory, etc. Large scale vacancies in teaching posts continued and were not rationalised through effective deployment. Departures from procedures in recruitment as well as promotion of teaching staff of both test checked Universities and aided EIs were also noticed. Skill development opportunities for teaching staff of junior colleges were lacking. Academic Regulations, standards and reforms prescribed by UGC were not adopted and enforced. Instructions (June 1999 and November 2011) of the Department for maintenance of academic calendar, lesson plan, lesson diary, etc. remained un-complied with by many test checked EIs. Though NAAC accreditation is a parameter of quality education, few degree colleges obtained such accreditation. Sanction of grants-in-aid (GIA) was not made in a fair and equitable manner and was marred with payment of GIA to ineligible teaching staff and teaching staff appointed without adherence to stipulations. Internal control mechanism was weak and internal audit was inadequate.

RURAL DEVELOPMENT DEPARTMENT

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

3.2.1 Introduction

Rural Works (RW) organisation under Rural Development (RD) Department of the State implements rural connectivity programme by receiving funds under various programmes/ schemes such as the Pradhan Mantri Gram Sadak Yojana (PMGSY), Rural Infrastructure Development Fund (RIDF), Special Central Assistance (SCA) under Revised Long Term Action Plan (RLTAP) for KBK districts[68] and Constituency-Wise Allotment (CWA). The RW organisation also looks after construction and maintenance of public buildings in rural areas.

Engineer in Chief (EIC) and Chief Engineers (CEs) of RW organisation are responsible for co-ordinating all activities relating to implementation of schemes and programmes under RD Department headed by the Principal Secretary. The CE is assisted by Superintending Engineers (SEs) at circle level and Executive Engineers (EEs) at Division level. Audit was conducted between April-November 2013 and April-August 2014 covering the period 2010-14 by test check of records of EIC, Rural Works and 12[69] out of 50 RW Divisions to assess transparency and fairness in inviting tender and award of works, contract management, effectiveness of quality control mechanism and monitoring.

Audit examined records relating to tender process, award of work and efficacy of contract management and noticed following irregularities:

3.2.2 Transparency in invitation of tender and award of work

3.2.2.1 Delay in approval of tender and execution of agreements

As per Appendix IX of the OPWD Code Volume II, time for processing and approval of tender shall be 15 days at EE level, 10 days at SE level, 10 days at CE level and 15 days at Contract Committee level. In case where prolonged negotiations are necessary, an additional period of 15 days is allowed at the level at which negotiations are to be carried out. As per instruction (July 2010) of RD Department, the Executive Engineer is required to execute agreement within 15 days of finalisation of tender.

Scrutiny of records of test checked Divisions revealed that there was delay ranging between 16 and 220 days in approval of tender in 84 works at Government, CE, SE and EE level as detailed in ***Appendix 3.2.1.***

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68 Undivided Koraput, Balangir and Kalahandi districts

69 Balangir, Baripada, Cuttack-I, Deogarh, Ganjam-I, Ganjam-II, Jajpur-I, Jajpur II (Jaraka), Keonjhar-I, Koraput, Nabarangpur and Sambalpur

Further, after acceptance of tender, EEs also delayed execution of agreements in 81 cases for a period ranging from 11 to 273 days beyond the scheduled period of 15 days. In three[70] cases, as the tenders were approved after the validity period, the tenders were cancelled due to refusal of the contractors to sign the agreement. This led to retender and there was extra liability of ₹ 5.06 crore as detailed in ***Appendix 3.2.2***.

The EEs stated that delay in approval of tender was due to delay in negotiation with the contractor and delay in signing of agreement was due to delayed response of the lowest bidder.

3.2.2.2 Splitting up of estimates

As per Appendix-IX of the OPWD Code Volume II, tender should be invited in most open and public manner either by advertisement in news papers or by notice in English/ Odia posted in public places. Appendix-VII provides that in case of urgency, works can be awarded on short tender notice displaying in the office notice board and allowing at least 48 hours for receipt of tender. As provided in para 6.3.2 of OPWD Code Volume I, the Divisional Officer is empowered to accord technical sanction to detailed estimate for works up to ₹ 50 lakh.

Audit noticed that EEs of the test checked Divisions split 101 works valued ₹ 14.64 crore with estimated cost ranging between ₹ 7.15 lakh and ₹ 36.25 lakh into 16 to 74 reaches by which estimate of each reach fell below ₹ 50,000 and invited quotations/ tenders at Assistant Engineer level without wide publicity. Similarly, EEs of four RW Divisions[71] split seven works of ₹ 7.24 crore with estimated cost ranging from ₹ 0.50 crore to ₹ 1.85 crore into three to six reaches with estimated cost less than ₹ 50 lakh each resulting in them being within the sanctioning power of EEs.

EEs stated that as fund was received from different sources under different heads in phased manner, they invited tenders of the works separately. However, Audit noticed that in one case, EE, RW Division, Jajpur-I split one work with estimated cost of ₹ 1.85 crore into four estimates and invited tender for these four works on the same date.

3.2.2.3 Irregular invitation of tenders on percentage basis

The Chief Engineer, Rural Works-I instructed (December 2009) all the SEs under RW circles to invite tender on item rate basis for major bridge works as percentage rate tenders are not suitable for bridge works due to subsequent variation as per requirement of sites.

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[70] (1) Construction of High Level (HL) bridge over Rusikulya: EE, Ganjam-I, (2) Improvement of road from Sikri MDR 64 to P Ramachandrapur road: EE, Ganjam-II and (3) Construction of HL bridge over River Baitarani: EE, Keonjhar-I

[71] Balangir, Deogarh, Ganjam-I and Jajpur-I

Check of records of RW Division-I, Ganjam revealed that the department invited tenders for nine bridge works with an estimated cost of ₹ 11.34 crore during 2010-13 on percentage rate basis and executed agreements for ₹ 10.89 crore for their construction. Invitation of tender on percentage rate basis in violation of orders of CE was thus irregular.

The EE stated (July 2013) that tenders for major bridge works were invited by the higher authorities and stated that this would be avoided in future.

3.2.2.4 Award of work to inexperienced contractors

As per para 2.1 of the standard Detailed Tender Call Notice (DTCN) for inviting tender for bridge work, the intending bidder should have executed similar nature of work during any three financial years taken together of the last five years.

It was, however, noticed that SE, Rural Works Circle, Balangir awarded (July 2009) the construction work of a HL bridge over Jabdajor *nullah* to a contractor with contract value of ₹ 1.47 crore to complete the work by 30 January 2011. The contractor had submitted an experience certificate from EE, R&B Division, Kantabanji for having executed four works (total value: ₹ 1.50 crore) which were in the nature of repair and improvement of roads with construction of box cell culverts.

During the course of construction, as the design of the bridge was changed from open foundation to well foundation, the contractor did not turn up to draw supplementary agreement and requested (June 2012) for closure of the contract due to lack of technical knowhow and insufficient machineries in construction of bridge with well foundation. The contract was rescinded (July 2012) and the work was awarded (January 2013) to another contractor at an agreed value of ₹ 1.70 crore and was completed in March 2014.

Thus, failure on the part of the tender approving authority to disqualify the agency with inadequate work experience and technical knowhow led to abandonment of the work and ultimately the work was delayed by 38 months.

Similarly, SE RW Circle, Balangir awarded (April 2012) construction work of a bridge[72] with contract value of ₹ 1.37 crore who had submitted work experience certificate relating to construction of road and cross drainage work. The SE accepted the tender although the nature of work executed by the contractor was not similar to that of construction of bridge. The work was completed by the contractor in time.

SE stated (August 2014) that experience submitted by the contractors was considered to be sufficient for execution of bridges and the second bridge was completed in time. However, the work was awarded in violations of provisions of bid document.

[72] Bridge over Ambaghat *nullah* on Ramachandrapur-Ghatuldinguri road

3.2.2.5 Irregular award of works to L_2/ L_3 bidders

The Memorandum issued (November 2005) by Works Department provides that if the 1st lowest (L_1) bidder does not accept the offer, the work may be awarded to 2nd lowest (L_2) bidder after approval of next higher authority only if the bidder agrees to execute the work at the rate offered by the lowest bidder. In case of extreme urgency and other valid reasons, the deviation from the lowest rate may be considered. In such cases, prior detailed investigation of the circumstance and the reasons thereof should be recorded in writing for accepting such tender at higher rates than that of the first lowest bidder.

Audit, however, noticed that in two RW Divisions (Jajpur-I and Jajpur-II), tenders for three works[73] with an estimated cost of ₹ 2.36 crore were invited and the lowest (L_1) bidders quoted ₹ 2.30 crore for these works. As the L_1 bidders did not turn up to execute the agreements, the tenders of the L_2 and L_3 bidders were approved at their quoted price of ₹ 2.46 crore since they did not agree to execute the work at the rates offered by L_1 bidders. All these cases were approved by the higher authorities at higher rates without recording the reasons. Thus, approval of tender at higher rate was irregular which resulted in extra financial liability of ₹ 15.43 lakh.

EEs stated that all three tenders were approved by the higher authority.

3.2.2.6 Award of PMGSY works to ineligible contractors

As per clause 32.2.1 of Standard Bid Document (SBD), the contractor shall do routine maintenance of PMGSY roads during the maintenance period of five years. The Chief Engineer, RW instructed (April 2012) that the agencies who failed to maintain PMGSY roads would be debarred from future tendering for a minimum period of three years under clause 4.7 (ii) of Section 2 of the SBD.

Scrutiny of records of the test checked Divisions revealed that 16 agencies[74] in seven RW Divisions did not maintain 36 PMGSY works previously executed by them during the five year maintenance period despite issue of instructions by the EEs. However, they were allowed to participate in the tender and 34 new works[75] valued ₹ 74.94 crore were awarded to them.

Award of works to these contractors despite their failure to maintain roads was thus irregular and resulted in extension of undue favour to them.

EEs stated that the works were awarded after acceptance of tender by the SE/ CE. But, award of work was against the instruction of Government.

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[73] Jajpur-I: Improvement to Jokadia to Nelibadi road; Jajpur-II: Construction of multipurpose cyclone centre-cum-godown at Dharmasala; and S/R to Nuahata-Khadianga road

[74] Cuttack I:2, Deogarh:3, Ganjam-I:1, Baripada:3, Keonjhar-I:1, Koraput: 4, Nabarangpur:2

[75] Baripada:8, Cuttack-I:2, Deogarh:8, Ganjam-I:1, Keonjhar-I:4, Koraput:7, Nabarangpur:4

3.2.3 Contract Management

Management of contract was found deficient in many ways. Instances of execution of works without acquisition of land, awarding contract without physical existence of worksite, improper survey and investigation resulting in time and cost overrun, delay in completion of works, unfruitful/ avoidable expenditure on executed works, non-imposition/ short recovery of penalty, delay in payment to contractors, etc. were noticed as discussed below:

3.2.3.1 Execution of work without prior acquisition of land

Para 3.7.4 of OPWD Code Volume I stipulates that no work should be commenced on land which has not been duly made over by a responsible civil officer. Further, as per Para 16 of Appendix-XI – Procedure for acquisition of land for public works, the Divisional Officer is prohibited from starting any work on the land unless physical possession has been made over by the Land Acquisition Officer at the site.

However, test check of records of four EEs (Baripada, Ganjam-II, Jajpur-I and Jajpur II, Jaraka) revealed that agreement for construction of five works[76] were executed between July 2007 and October 2011 for ₹ 16.55 crore without acquisition of land. As a result, the works could not be completed within the stipulated period. While three works were completed with an additional cost of ₹ 1.62 crore[77], other two works remained incomplete even after incurring expenditure of ₹ 1.59 crore.

EEs stated that in anticipation of acquisition of land, the works were put to tender. However, commencement of work without availability of land violates the codal provisions and this resulted in time and cost overrun.

3.2.3.2 Award of work without proper survey and investigation

As per para 3.4.17 of OPWD Code, preliminary investigations are to be carried out before estimates are prepared. Projects submitted for sanctions should be accompanied with a report detailing design, scope, plans, drawings, etc.

Test check of records of EE, RW Division, Jajpur II, Jaraka revealed that based on the preliminary survey and investigation, General Alignment Drawing (GAD) having a length of 336.93 metre with 11 spans was approved (October 2011) and technical sanction for construction of "HL bridge over Kelua on Udayanagar-Kadampal Road" was accorded (December 2011) by CE at a cost of ₹ 13.65 crore. The work was awarded (November 2012) with an agreement value of

[76] Baripada: HL bridge over river Budhabalanga and HL bridge over Sono River at Kaptipada-Mankadapada, Jajpur-I: PMGSY Package No. OR-13-44, Jajpur-II: PMGSY Package No. OR-13-117, Ganjam-II: PMGSY Package No. OR-11-150

[77] Payment of escalation charge in one case: ₹ 1.09 crore, Award of balance work in two cases: ₹ 0.53 crore

₹ 13.45 crore for completion by March 2015. However, the estimate was revised twice, once on the basis of revised hydraulic particulars (November 2012) and later for non-availability of land (March 2014) to ₹ 14.09 crore and the GAD was changed to a reduced length of 293.60 metre with 10 spans. The work was in progress with completion of 51 *per cent* work (May 2014).

EE stated that GAD was prepared tentatively and final drawing was made only after actual execution and the cost of the bridge increased due to increase in depth of the wells. But, the fact remains that codal provision was not followed to prepare the estimate after conducting proper survey and investigation.

3.2.3.3 Invitation of tender and award of work without physical existence of work site

As per provisions of OPWD Code, tender of any work should be invited after selecting the proper site for the work. Further, bridge works are to be constructed after proper survey and investigation like hydraulic particulars, soil exploration, etc.

Check of records revealed that for construction of a bridge over "Local *nullah* at 2 Km on Mangalapur-Bhimakunda road", the EE, RW Division, Keonjhar-I prepared hydraulic particulars and submitted (May 2011) to SE, Keonjhar for approval of estimate. The SE approved the estimate for ₹ 1.40 crore. Accordingly, tender was invited (December 2011) and the work was awarded (April 2012) at ₹ 1.38 crore for completion by 17 March 2013. However, the SE who had approved the estimate subsequently intimated (June 2012) to CE that no such *nullah* at 2nd Km of the Mangalpur-Bhimakunda road was physically available. Thus, no work could be started for such bridge. Physical inspection of the site by Audit in the presence of representative of EE also revealed that no *nullah* existed at the 2nd Km of the road.

Two km chainage on Mangalapur-Bhimakunda road where there is no *nullah*

EE stated (August 2014) that the *nullah* actually existed and the work would be executed. Fact remains that no work started despite execution of agreement since two years. Further, physical verification of the site by Audit along with the Assistant Engineer of the Division also revealed non-existence of any *nullah* at the site.

3.2.3.4 Unfruitful expenditure due to execution of work without coordination with Railways

Paragraph 3.4.9 of OPWD Code Volume I stipulates that when a public works officer prepares plan and estimates for a work, the execution of which is likely to affect or interfere with the works of other departments/ Railways/ Post and Telegraph, etc., the latter should be consulted well in advance with necessary plans and drawings so that their views are obtained before proceeding with the execution of work.

Test check of records of RW Division, Jajpur-II revealed that the EE awarded (May 2006) the work 'Improvement of the road Salapada to Enderpada extended to NH-5' with an agreed cost of ₹ 2.65 crore which passed through a railway line. The road on both sides of the railway line was completed in June 2009 with an expenditure of ₹ 2.17 crore. But, the road could not be made open to traffic due to non-provision of a level crossing on the railway line. Though the Department had taken up with the railway authority several times since the award of work, the same was not sorted out even after five years of completion of the road.

Thus, commencement of work without permission of railway authority resulted in unfruitful expenditure of ₹ 2.17 crore besides denial of the benefit of the road to the people.

EE of RW Division, Jajpur-II stated (June 2014) that due to unacceptable conditions from the Railway Authority, the level crossing could not be set up.

3.2.3.5 Non-retention of valid performance security from the contractors

Clause 46 of General Conditions of Contract (GCC) of PMGSY stipulates that the successful bidder shall provide a performance security of five *per cent* of the contract price which shall be valid for a period of 45 days from the date of completion of construction and maintenance work. If the performance security is in the form of bank guarantee, which has one year validity initially, the validity period is required to be extended for the required period otherwise the employer would recover the same from any dues payable to the contractor. As per para 32.2.1 of the SBD, the contractor shall do routine maintenance of roads and keep the entire road surface and structure in defect free condition during the entire maintenance period which begins at completion and ends after five years. Further, Government instructed (March 2007) that contractors furnishing false document for consideration of tenders are to be blacklisted by the Chief Engineer with the approval of concerned Administrative Department.

Test check of records in 10 RW Divisions[78] revealed that contractors did not turn up for maintenance of roads during the five year maintenance period in 118 works completed with expenditure of ₹ 240.58 crore. But, the EEs did not take any action to forfeit the performance security or get the repair works done charging the expenditure against the performance security of the contractors.

[78] Baripada, Cuttack-I, Deogarh, Ganjam-I, Jajpur-I, Jajpur-II (Jaraka), Keonhjar-I, Koraput, Nabarangpur and Sambalpur

Audit scrutiny further revealed that in eight RW Divisions[79], the validity period of bank guarantees worth ₹ 5.23 crore deposited towards performance security for 61 works expired since one to 35 months. As the works were not complete and defect liability period was not over, the validity of the bank guarantee was to be extended for keeping the currency valid. But, neither did the contractors extend the validity period nor did the EEs take any action to get the BGs revalidated to safeguard the interest of Government.

Further, in two RW Divisions[80], four works[81] were awarded to three agencies with contract value of ₹ 16.63 crore. It was noticed that one contractor under Cuttack-I Division had submitted a Fixed Deposit of ₹ 6.44 lakh in support of earnest money deposit (EMD) which was found to be fake. Similarly, three bank guarantees of ₹ 52.34[82] lakh submitted by two agencies to the EE, RW Division Ganjam-I were not genuine as reported by the concerned bank. However, instead of blacklisting these contractors, they were awarded/ allowed to continue execution of works[83], though the concerned authorities were aware about submission of fake documents by the contractors.

The EIC, Rural Works stated (December 2013) that concerned EEs were to take appropriate action for blacklisting the contractors.

3.2.3.6 Grant of extension of time to the contractors

Para 3.5.30 of OPWD Code and instructions of the Chief Engineer (December 2010) provide that application for grant of extension of time (EOT) for completion of a work shall be submitted by the contractor within 30 days of occurrence of hindrances and the Divisional Officer shall grant or recommend such EOT within 15 days of receipt of such application. Where the period of extension goes beyond the time specified in the agreement, sanction of higher authority for grant of EOT is necessary and the Divisional Officer should send his recommendation as expeditiously as possible.

Check of records in 11 Divisions[84] revealed that in 12 cases, contractors applied for EOT after one to 16 months of completion of work and in 42 cases after one to 48 months of actual occurrence of hindrances. In four cases, though application for EOT was submitted within the prescribed period, the same was forwarded for sanction after four to six months of receipt of application.

79 Baripada, Balangir, Cuttack-I, Deogarh, Jajpur-I, Keonjhar-I, Nabarangpur and Sambalpur
80 Cuttack-I and Ganjam-I
81 Cuttack-I Package No. OR-07-75; Ganjam-I: OR 11-47, OR 11-62 and OR-11-71
82 Two bank guarantees valued ₹ 44.62 lakh and one bank guarantee amounting ₹ 7.72 lakh
83 Cuttack-I: PMGSY Package No. OR-07-75 and Ganjam-I: PMGSY Package No. OR-11-47, 62 , 71
84 Baripada, Balangir, Cuttack-I, Deogarh, Ganjam-I, Ganjam-II, Jajpur-I, Jajpur-II, Keonjhar-I, Koraput and Sambalpur

Audit also analysed 371 works in 12 test checked Divisions with contract value of ₹ 1128.31 crore during 2010-13. Out of these, only 27 works (seven *per cent*) were completed in time, 164 works (44 *per cent*) were completed after due date of completion and 109 works (29 *per cent*) were incomplete even after expiry of the due date of completion. The EEs took lenient view and allowed them EOT without levying of penalty.

While attributing the delay to land/ forest clearance, heat wave, standing crops, non-availability of construction materials in hilly areas, etc., EE stated that the contractors would be asked to apply for EOT in time.

3.2.3.7 Non-withholding of amount towards differential cost of estimated cost and quoted amount

Test check of records revealed that the work of "Construction of HL bridge over river Kukarkata *nullah* on Ghatagaon-Chinamaliposi road" was put to tender by EE RW Division, Keonjhar I. While accepting the tender of the lowest bidder for ₹ 4.31 crore, the CE instructed (July 2011) EE to draw the agreement and to withhold ₹ 48.00 lakh from the running bills till satisfactory completion of one item (earth work in all kinds of soil in approved borrow areas including leads and lifts and carriage with manual means) as the rate quoted for that item by the contractor was abnormally less (94.85 *per cent*) than the estimated cost. Accordingly, EE executed (November 2011) the agreement to complete the work by February 2013. Further scrutiny revealed that the contractor did not execute that item of work. But, the EE did not take any step to withhold the amount although ₹ 3.62 crore was already paid in 13 running account bills by February 2014. As such, undue favour was extended by the EE to the contractor by not withholding the amount as instructed by the CE.

On this being pointed out in audit, the EE, RW Division, Keonjhar-I stated that after ascertaining the actual requirement of that item as per deviation statement ₹ 10.75 lakh would be withheld from the bills of the contractor.

3.2.3.8 Short recovery of penalty after rescission of agreement

As per clause 53.1 of SBD, on termination of contract due to fundamental breach of contract by the contractor, liquidated damages up to 10 *per cent* of the initial contract price and 20 *per cent* of the value of the work not completed shall be recovered from the contractor.

Test check of records of selected divisions revealed that in four[85] Divisions, contracts for four works of ₹ 11.88 crore were rescinded due to slow progress of works and non-completion of works within the stipulated period. However, against the recoverable amount of ₹ 2.57 crore, EE recovered/ withheld only

[85] Cuttack-1, Ganjam-I, Ganjam-II and Jajpur-I

₹ 0.50 crore. This led to short recovery and extension of undue benefit of ₹ 2.07 crore to the contractor as detailed in ***Appendix 3.2.3.***

While the EE, Ganjam-I stated that the contractor had been issued notice for deposit of the penalty amount, other EEs stated they would take steps for recovery of the amount from the contactors.

3.2.3.9 Non-renewal of insurance coverage for PMGSY roads

Clause 13 of General Condition of Contract (GCC) for PMGSY works stipulates that the contractor, at his cost, is required to provide insurance cover from the date of commencement to the date of completion of the works, plant, materials and other loss or damage to the property, personal injury or death and the currency of the insurance should be kept valid till actual completion of work. As per clause 52 of GCC, it is a fundamental breach of the contract if the contractor fails to provide insurance coverage.

Check of records revealed that 106 PMGSY works with contract value of ₹ 267.64 crore under execution during 2010-13 in respect of 10 RW Divisions[86] continued beyond the stipulated date of completion for a period ranging from one month to five years. The contractor neither furnished the requisite insurance cover for the extended period nor did the EEs insist on the same.

The EEs while noting the audit observation stated that contractors would be instructed to extend the insurance coverage for the extended period.

3.2.3.10 Avoidable expenditure on State Highways

Works Department declared (June 2005) three roads[87] as State Highways and took over these roads under its control. Accordingly, as per the instruction of RD Department (July 2005), EE, RW Division, Deogarh intimated (January 2011) EE, R&B Division, Sambalpur to take possession of the portion of roads.

However, test check of records revealed that EE, RW Division Deogarh awarded (between November 2011 and June 2012) construction work of three roads[88] for execution with an agreed cost of ₹ 10.46 crore though the same EE had written to the EE, R&B Division, Sambalpur to take possession of these roads as per the decision of Works Department. EE, Deogarh instructed (July 2012) stopping of the works of these three packages after an expenditure of ₹ 4.38 crore on this being pointed out to him in July 2012.

Thus, execution of these works under PMGSY despite the fact that these roads

86 Balangir, Baripada, Cuttack-I, Deogarh, Jajpur-I, Jajpur-II (Jaraka), Keonjhar-I, Koraput, Nabarangpur, Sambalpur,

87 Naktideol-Batagaon-Nuapada up to Aunli River (46 km), Aunli River- Chandipada (12.50 km) and Taktaposhi Chhak- Deogarh (57.50 km)

88 Package No. OR-08-37, 44, 60, Agreement cost :No.37: ₹ 3.31 crore, No.44: ₹ 5.81 crore, No.60: ₹ 1.34 crore

were under State Highways was not in conformity with the instruction issued by the department and this led to avoidable expenditure of ₹ 4.38 crore.

EE, RW Division, Deogarh stated (June 2013) that as the Works Department had not started the work, the road constructed by the Division was utilised by the public and hence the expenditure incurred was not wasteful. However, this is indicative of improper planning.

3.2.3.11 Delay in payment of final bills after completion of works

Clause 50.1 of the Contract Agreement of PMGSY provides that the Contractor shall submit detailed account of the total amount payable within 21 days of the issue of certificate on completion of work. The Engineer shall certify any payment due to the contractor within 42 days of receiving the detailed account. The payment of final bill for execution of works will be made within 14 days thereafter. The Department also instructed (November 2010) that in no case the bills of the executants should be kept pending beyond three months.

Check of records of 12 RW Divisions showed that in 161 cases there was inordinate delay in making final payment to the contractors. In 80 cases the delay ranged up to 200 days, in 63 cases the delay was between 200 and 500 days, in 16 cases between 501 and 1000 days and in two cases beyond 1000 days. This was indicative of poor management of contract as the dues of the contractors were paid much after the stipulated period of 90 days.

The EEs attributed the delay in payment to contractors to delay in sanction of EOT and deviation in work. The reply is not tenable since as per CEs instruction (October 2009) deviation was to be got approved before taking up the same by the contractor.

3.2.3.12 Non-recovery of mobilisation advance

Clause 45 of the GCC stipulates that employer will provide mobilisation advance to the contractor for new equipment brought to the site against submission of unconditional bank guarantee for the amount equal to the advance payment which shall remain effective till recovery of such advance. The advance payment shall be repaid by deducting proportionate amounts from payment to the contractor following the schedule of completed percentage of works.

Check of records revealed that EE, RW Division, Cuttack-I paid (January 2012) mobilisation advance of ₹ 50 lakh to a contractor for a work (Package OR-07-100) against submission of bank guarantee for ₹ 50 lakh which was valid up to 31 March 2012. The EE recovered ₹ 39 lakh from the contractor as of April 2013 and the balance amount of ₹ 11 lakh was yet to be recovered and the validity of the bank guarantee against which advance was given had expired since March 2012.

Similarly, mobilisation advance of ₹ 6.80 lakh paid (August 2012) by the EE, RW Division, Deogarh to a contractor against a work (Package No.OR-08-57) was not recovered, though he had already been paid (May 2013) an amount of ₹ 54.80 lakh.

Executive Engineers stated (April-June 2013) that balance advance would be recovered from the contractors.

3.2.3.13 Sub-standard execution of road work

Clause 52.2 of SBD of PMGSY provided that failure to complete the works as per the specifications and failure on the part of the contractor to rectify the defects within a reasonable period of time as determined by the engineer, is a fundamental breach of contract and the agreements was to be terminated with imposition of penalty of 20 *per cent* of the value of the leftover works as provided in the contract data.

Test check of records of EE, RW Division, Jajpur-I revealed that the work (PMGSY Package No.OR-13-136/VIII) was awarded (July 2009) to a contractor at ₹ 3.72 crore for completion by July 2010. As reported by the State level Quality Monitor (SQM) and Divisional Officer, the work executed by the contractor was substandard due to defects like inappropriate compaction, low cement content in cross drainage work, non-maintenance of proper slopes, etc. The Agency was issued (February 2010 to August 2013) show cause notices to rectify the defects. But, the Agency did not rectify them and left the work incomplete. The EE neither rescinded the agreement imposing penalty nor got the balance works executed through other agency as of June 2014.

In reply, EE stated that ₹ 29.59 lakh was kept withheld from the contractor for rectification of the defect. No final payment has been made to the contractor and the road is made all weather communicable.

However, the fact remains that the road was not constructed as per specification and no action was taken against the contractor for executing substandard work as per the provisions of SBD.

3.2.4 Monitoring and Supervision

Para 2.2.55 of OPWD Code, Volume I provides that EE should inspect every important work under his jurisdiction at least once a year and furnish a report on its condition to the SE with suggestions for improvement, repair or otherwise as specified in the statutory or executive instructions issued by the Department. However, test check of records of 12 Divisions revealed the following:

- No Registers of inspection were maintained at Division level as required under Appendix-II of OPWD Code Volume-II. In absence of these, the number of roads inspected by the EE and remarks/ recommendation made, if any, could not be ascertained in Audit.

- Quality Control test of PMGSY works and major bridge works were conducted at Government approved laboratory. But, quality control test was not conducted for construction of building and maintenance and repair works of roads either at divisional level or at Government approved laboratories.

LABOUR AND EMPLOYEES' STATE INSURANCE DEPARTMENT

3.3 Implementation of 'Rashtriya Swasthya Bima Yojana' in Odisha

3.3.1 Introduction

Government of India (GoI) introduced 'Rashtriya Swasthya Bima Yojana (RSBY)' from 2008-09 for providing health insurance cover to Below Poverty Line (BPL) workers in the unorganised sector and their family members. The scheme was to be implemented by the State Government in a phased manner during 2008-13.

To provide health insurance coverage, State Government is required to select one or more health insurers on a periodical basis[89] through tender process taking into account both cost of insurance package and technical merit[90] of the proposal. The Insurer in consultation with the Government is required to empanel enough number of Government and private health providers/ hospitals so that beneficiaries need not travel very far for health care services. The empanelled hospitals after rendering service to the patient are to prefer the claim through electronic report to the Insurer/ Third Party Administrators (TPA)[91] and the Insurer will settle the claim and make payment to the hospital within 21 days from the date of such electronic claim bill. The total insured sum was ₹ 30,000 per BPL family per annum on a family floater basis[92].

In Odisha, 52.22 lakh BPL households were identified (November 2010) as beneficiaries under RSBY. To implement the scheme, Government divided all 30 districts of the State into seven clusters and selected five Insurance Companies to provide health insurance service to beneficiaries. The scheme was launched in six districts[93] of the State during 2009-10 and all other districts were covered during 2011-13.

Labour and Employees' State Insurance (L&ESI) Department is the implementing agency on behalf of Government and the Labour Commissioner (LC), Odisha is

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89 The tenure of tender/contract is for three years subject to renewal on yearly basis depending upon the performance of the insurer based on parameters fixed by the State Government/ SNA

90 Having Insurance Regulatory Development Authority (IRDA) standard relevant to Health Insurance; no outstanding legal suit; possession of doctors; having its own claim settlement cell; past service in health insurance covering 50000 families in a single year; and dedicated project office at State capital

91 A third-party administrator *(*TPA*)* is an organisation that processes insurance claims or certain aspects of employee benefit plans for a separate entity

92 The total benefit amount of ₹ 30,000 can be used by one person or jointly with other members of the family

93 Deogarh, Jharsuguda, Kalahandi, Nayagarh, Nuapada and Puri

the State Nodal Officer (SNO) for implementation of RSBY in the State. State Labour Welfare Society for RSBY was formed and registered under the Societies Registration Act 1860 for implementation of the scheme in the State. The State Nodal Officer is assisted by District Labour Officers (DLOs) designated as District Key Managers (DKMs) for registration/ renewal and issue of smart cards. At Gram Panchayat/ village level, the Gram Panchayat Extension Officers (GPEOs)/ Tax Collectors/ Anganwadi Workers/ Asha Karmis are nominated as Field Key Officers (FKOs) for visiting each enrolment station jointly with Insurance Company representatives for identification and enrolment of beneficiaries and issue of smart cards.

Audit was conducted during August–December 2013 covering the period 2009-13 through test check of records of L&ESI Department, Labour Commissioner, Odisha and five District Labour Officers (DLOs)[94], seven Government hospitals[95] and three private hospitals whose records were checked in the Department to assess whether the system to identify and enroll eligible beneficiaries was adequate, selection of insurers was transparent; monitoring and grievance redressal mechanism was effective to provide effective health benefit to beneficiaries.

Audit findings

3.3.2 Identification of beneficiaries for enrolment under RSBY

As per the scheme guidelines, the State Government was to verify eligibility of specific BPL workers and their family members who would be beneficiaries of the scheme and share such information with the Insurance Service Providers (Insurers). State Government was to prepare an authenticated BPL list/ database showing details[96] of BPL family in an electronic format, provide correct data to the Insurer and put in place a foolproof mechanism for supervision and authentication of data.

To prepare database of RSBY beneficiaries, State Government decided (August 2010) to use 1997 BPL data for enrolment of beneficiaries under the scheme. As this data did not contain all the details/ fields required for RSBY database, 2002 household survey data was used for the missing data/ fields and if any balance data remained unavailable, field staff of Panchayati Raj (PR) Department were required to collect the same. But this was not done and dummy field[97] was prepared for these missing data and placed in RSBY database. The work of

[94] DLOs of Dhenkanal, Ganjam, Nuapada, Rourkela (Sundargarh) and Subarnapur

[95] District Headquarters Hospitals (DHH): Dhenkanal, Ganjam, Nuapada, Sundargarh, Subarnapur, Sub Divisional Hospital (SDH): Kamakhyanagar and Community Health Centre (CHC): Khariar

[96] Father or husband's name, name of family members, age, gender and relationship with head of the household

[97] In absence of data, names and available particulars of the family was prepared with dummy data like member A, member B, member C, etc.

collecting unavailable data was left to the enrolment teams of Insurance Companies at the time of enrolment of beneficiaries. Enrolment teams also did not collect all the missing information for the dummy fields at the time of enrolment. Audit noticed that out of 558 eligible beneficiaries in the RSBY database of four villages[98], enrolment was done for 402 beneficiaries which included 111 cases with dummy fields. Out of these 111 cases, required information against the dummy field was collected in 90 cases and in remaining 21 cases, beneficiaries were issued smart cards having dummy field.

Department stated (October 2014) that dummy fields were placed in RSBY database to cover more family members to increase family size of the enrolled beneficiary both during and after enrolment. This indicates that database maintained was not foolproof.

3.3.3 Preparation and uploading of RSBY data

L&ESI Department decided (January 2009) to use 2002 BPL survey data for preparation of database and accordingly entrusted the work to M/s Extrapolix Systems Private Limited in three[99] phases for preparing and uploading RSBY data in the prescribed format for 19 districts at the rate of ₹ 0.57 for one line entry (both in English and vernacular language) covering all fields of the format. Audit however noticed following deficiencies:

- **Award of work without tender**: Before issue of work orders, no tender was floated as required under Orissa General Financial Rules (OGFR), though a list of 12 firms was provided by the Department for selection. No agreements were executed between Government and the firm for smooth operation and timely execution of the allotted work with specified norms. The firm after preparing data for 19 districts claimed ₹ 65.95 lakh for its work against which final payment of ₹ 64.23 lakh was made by Government in two phases (₹ 34.99 lakh + ₹ 29.24 lakh).

- **Delay in completion of work**: As per the conditions of work order issued to M/s Extrapolix System Private Limited, the complete assignments such as data processing, reducing data to the appropriate format, validating data against the given software and uploading the data in the Ministry of Labour and Employment (MoLE) site were to be completed within seven days from the date of issue of work order. But, the firm completed the work with delays ranging from 34 to 289 days.

- **Unfruitful expenditure**: The State Government decided (August 2010) to prepare RSBY database based on 1997 BPL survey and the work of preparation and uploading of RSBY data was again awarded (November 2010) to IDCOL Software Limited (ISL), a Government of Odisha

[98] (1) Digapada (Ganjam), (2) Ganiari (Nuapada), (3) Khuntagaon (Sundargarh), and (4) Meghala (Subarnapur)

[99] 6 February 2009: one district, 26 February 2009: 11 districts and 22 July 2009: seven districts

Undertaking at a cost of ₹ 99.96 lakh. ISL completed the work by 22 July 2011. As a result, RSBY database prepared basing on 2002 BPL survey could not be utilised and this rendered the expenditure of ₹ 64.23 lakh unfruitful.

- **Non verification of data**: Labour Commissioner instructed (April 2011) field functionaries of L&ESI Department under the district administration to check RSBY data prepared by ISL before uploading on the RSBY website of GoI for doing away with any error, omission, duplication or mismatch, etc. no such verification was done by DLOs. Labour Commissioner also did not obtain any verification certificates from District Collectors over the veracity of BPL data supplied by ISL, though Government had instructed (July 2012) him to do so. As a result, data uploaded on the website of the MoLE for enrolment under RSBY was not error free. It was seen that 228 BPL households of eight villages[100] in five districts were not included in the RSBY database although they appeared in the 1997 BPL list. Further, RSBY database included 170 households of eight villages[101] in five test checked districts though their names were not found in the 1997 BPL list. It was also found during beneficiary survey of 48 households of four villages[102] that 38 households were not issued smart cards although their names appeared in 1997 BPL list and 10 households were issued smart cards although their names did not appear in 1997 BPL list.

- **Absence of beneficiaries in database**: There were omission, mismatch, and repetition of data in the RSBY database as was evident from complaints of Insurers at the time of enrolment of beneficiaries. In Bhadrak district, 250 out of 1506 villages including wards of ULBs had nil data and in Bhandari pokhari block there was duplication of data. In seven blocks and two Notified Area Councils (NACs) of Cuttack district, 4177 households were omitted from the RSBY database prepared by ISL. In Narasinghpur Block, RSBY database had only 5484 families against 14402 families in 1997 BPL list. In Jagatsinghpur Block, as against 14381 BPL households, RSBY database showed only 7204 families. In Tirtol Block, against 14226 BPL household, RSBY database had only 6271 households. Twenty seven out of 28 families of Kuarmunda Block were not found in the RSBY data. There was 627 times repetition of one name. In seven blocks of Kalahandi district, 29933 families were not found in RSBY database.

[100] Dhenkanal: Podapada (27) and Odapada (14); Ganjam: Beguniapada (4), Nupada:Ganiari (8), Thagpali (44), Sundargarh: Khutagaon (38), Subarnapur: Meghala (33), Bhandar (60)

[101] Dhenkanal: Podapada (15) and Odapada (2); Ganjam: Beguniapada (3); Nuapada: Ganiar (2) and Thagpali (17); Sundargarh: Khuntagaon (43); and Subarnapur: Meghala (27) and Bhandar (61)

[102] Podapoda and Odapada of Denkanl district and Meghala and Bhandar of Subarnapur district

Due to non-confirmation of correctness of RSBY BPL data, and non-rectification of errors by the ISL, eligible beneficiaries were thus left out while ineligible beneficiaries were covered.

Department stated (October 2014) that the expenditure of ₹ 64.23 lakh was not unfruitful as the data prepared by M/s Extrapolix Systems Private Limited was used in six districts in the first phase. Due care had been taken to remove repetition of data and DLOs had been instructed to submit the information on left out families duly authenticated by district administration for inclusion in the RSBY database.

3.3.4 Coverage of beneficiaries.

Main objective of RSBY is to provide health insurance cover to BPL households and their family members (up to five members) from major health shocks that involve hospitalisation. The scheme provides for meeting expenses of hospitalisation for medical and/ or surgical procedures including maternity benefit to the enrolled BPL families up to ₹ 30,000 per family per annum on a family floater basis. As per RSBY database prepared (2010-11) by the State, there were 52.22 lakh BPL households to be covered under RSBY scheme. On check of records, Audit observed the following:

- out of 52.22 lakh eligible BPL households, only 33.86 lakh families (64.84 *per cent*) were enrolled under the scheme as of March 2013, leaving out 18.36 lakh eligible beneficiaries. Department attributed shortfall in enrolment to non-existence of family as the data was 15 years old, absence of head of family or spouse, migration of family members, etc.

- enrolment coverage in districts ranged from 39.95 *per cent* in Nuapada to 79.84 *per cent* in Angul district. Four GPs[103] of Nuapada and nine villages[104] of Subarnapur districts were not covered at all leaving 2449 beneficiaries of the locality uncovered under the scheme.

- smart cards issued to beneficiaries of four districts[105] during 2009-10 expired during January-March 2011. As required under scheme guidelines, fresh tender was to be invited during August 2010, *i.e*, six months before expiry of the policy period. But the Government invited fresh tender in October 2010 which was finalised in December 2010 and agreement was entered (25 February 2011) with ICICI Lombard (lowest bidder) which issued new smart cards during June-July 2011. Thus, due to delay in the process of renewal/ selection through fresh tenders by the State Nodal Agency (SNA), there was a gap of three to four months between the

[103] Soseng (154), Sunabeda (542), Ghatmal (637) and Nangalbod (978)

[104] Brahmanipali (41), Budhijharan (9), Melipali (2), Daltnagar (2) of Jauanbhaunra GP; Bairagipali (13) and Umadeipali (3) of Podadar GP; Dangajore (47) and Saidul (3) of Charbhata GP; Katapali (18) of Dubula GP.

[105] Deogarh, Jharsuguda, Nuapada and Puri

expiry date of earlier policy and date of commencement of new policy due to which smart card holders of these districts could not avail the benefit during February-May 2011.

Department stated (October 2014) that remaining families could not be covered due to non-willingness of beneficiaries to be covered under the scheme, enrolment software did not allow coverage of dependents in the absence of the head of family or spouse, etc. for which GoO proposed some modification in the enrolment software which was approved by GoI. Adequate steps were taken to create awareness among the people and the enrolment trend was increased in the next round. But, the fact remained that department did not take adequate steps to inform all eligible beneficiaries to be present in the enrolment centre. During joint beneficiary interview with 253 households, 63 beneficiaries stated that they had no knowledge about enrolment.

3.3.5 Empanelment of hospitals and premium management

3.3.5.1 Empanelment of hospitals

Para 8 of RSBY guidelines and MoU signed between Insurance Companies and SNA envisage that the Insurer shall empanel enough hospitals, both private and public (including ESI Hospitals) in the district so that beneficiaries need not travel very far to get health care service under the scheme. Empanelment of hospitals is to be done based on prescribed criteria[106]. Both public (including ESI) and private health providers which provide hospitalisation and/ or day care services were eligible for inclusion under the insurance scheme, subject to such requirements for empanelment as agreed between the State Government and the Insurers. LC instructed (August 2011) insurance companies to empanel at least 50 *per cent* of the available private hospitals.

Audit scrutiny revealed that:

- out of 335 private hospitals having 10 beds or more, only 92 hospitals (27.46 *per cent*) were empanelled as of October 2013. In four districts (Angul, Kandhamal, Nuapada and Rayagada), not a single private hospital was empanelled.
- out of 1688 Government hospitals including 1226 PHCs functioning in the State, only 420 hospitals (25 *per cent*) including three PHCs were empanelled. No ESI hospitals were empanelled.

This indicated that adequate number of hospitals were not empanelled as required under RSBY and thus defeated the objective of the scheme to provide treatment to the beneficiaries in nearby hospitals.

[106] Government hospitals including PHCs and ESI hospitals: possessing facility to read and manage smart cards and Private hospitals having at least 10 inpatient medical beds, other surgical and pathological facilities along with telephone/ fax and internet facilities and machine(s) to read and manage smart card transactions

Department stated (October 2014) that as many as 141 private hospitals had been empanelled and steps had been taken to empanel more number of private hospitals under the scheme. Private hospitals could not be empanelled in Nuapada, Rayagada and Boudh districts due to unwillingness and non-availability of hospitals. As regards empanelment of Government hospitals, it was stated that all the health institutions did not meet minimum criteria.

3.3.5.2 Selection of Insurer despite poor performance

Tender was invited (February 2010) for implementation of RSBY in 18 districts in which NIACL was the lowest bidder. Government decided (December 2010) not to award work to NIACL on account of its past performance in implementation of RSBY in other six districts[107].

Government subsequently divided 18 districts into four clusters and work was awarded to other insurance companies at the rate quoted by NIACL. NIACL challenged this decision in a writ petition in the Hon'ble High Court of Odisha which was subsequently dismissed. Oriental Insurance Company which was awarded the work of one cluster containing five districts[108], refused to accept the work due to delay in award of work. When the same was offered to Cholamandalam MS GIC Limited, it also expressed its inability to undertake the work as they were working with full capacity in other States. Finally, the work of the cluster was awarded to NIACL although Government had decided not to award any work to NIACL earlier. Audit observed the following:

- despite decision (October 2011) of Government, fresh tenders were not floated after refusal by the Insurer *i.e.,* Oriental Insurance Company and Cholamandalam MS GIC Limited to implement the scheme. Thus, implementation of the scheme was delayed for six months (October 2011-March 2012) for which beneficiaries could not avail the benefit.
- After re-award of work, the performance of NIACL was also not encouraging as was observed (April 2013) by the High Power Committee (HPC)[109]. Out of 18804 claims raised as of 15 May 2013, 2152 claims were settled beyond 30 days and 1234 claims were rejected, though the claims were to be settled within 21 days. Cluster of five districts contained one test checked district Dhenkanal, in which 27 claims amounting to ₹ 0.67 lakh out of total 38 claims (₹ 1.23 lakh) were rejected without assigning any reason which was a loss to the hospital.
- In Jagatsinghpur district, there was delay in distribution of smart cards to beneficiaries which deprived the benefit of health service to them. The district Kiosk was also not functioning properly and pre-enrolment IEC activities were also not adequate.

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[107] Cuttack, Ganjam, Khordha, Rayagada, Sambalpur and Sundargarh
[108] Angul, Dhenkanal, Jagatsinghpur, Keonjhar and Nabarangapur
[109] High power committee constituted under the chairmanship of Chief Secretary of the State for scrutinising technical and financial bids

Department stated (October 2014) that work was awarded to NIACL to avoid delay in retender due to absence of other companies to whom work could have been entrusted. However, the award was delayed for about six months since the date of dismissal (September 2011) of petition.

3.3.5.3 Irregular extension of policy periods

As per RSBY guidelines and MoU signed between the SNA and Insurer, the period of insurance contract would be for three years from the effective date subject to renewal on yearly basis/ extension of contract annually, based on parameters fixed by the State Government/ Nodal Agency. In case of renewal, all the smart cards in the districts in which the Insurer implemented the scheme need to be renewed/ issued by the date the earlier policy is getting expired and the process of renewal is to commence six months ahead of the expiry of current year policy period.

Audit noticed that instead of renewing the smart cards of the districts by the date by which the earlier policy expired, Department allowed extension of policy periods in favour of the Insurers repeatedly for the period ranging from three to 15 months on *pro-rata* premium basis up to January 2014 in different phases with switching over from 32 KB smart card to 64 KB smart card.

- Performance of the Insurers was not evaluated based on parameters fixed by the Government before extending their policy period.
- Extension of policy periods were allowed on *pro rata* premium basis for continuation of policy period, although orders sanctioning such extension of policy periods did not contain anything about *pro rata* provision of health benefit package of ₹ 30,000 (insured amount per family per annum) for the extended period of policy.
- The fact of extension of policy periods and extended health benefit package to be provided to the smart card holders of the concerned districts was not found to have been informed to them by conducting IEC activities. During beneficiary interview, 205 out of 253 beneficiaries in 10 villages of the test checked districts stated that they were not aware of the validity period of smart cards. Further, due to delay in intimation of extension of policy period, the help desks to read and manage smart card machine remained non-operational for 55 days in DHH, Nuapada during which the possibility of non-availing of health benefit by beneficiaries visiting the hospital cannot be ruled out.
- Instead of going for fresh tender, policy period was extended for 14 months in Jharsuguda and Deogarh districts, for 15 months in Nuapada and 12 months in Puri districts in favour of ICICI Lombard despite there being some reservations.

3.3.6 Receipt and utilisation of RSBY fund

As per the scheme guidelines, GoI is to provide 75 *per cent* of the estimated annual premium of ₹ 750 subject to a maximum of ₹ 565 per annum apart from the cost of smart cards of ₹ 60 per card. The State Government is to contribute 25 *per cent* of the annual premium and any additional premium in case the total premium exceeds ₹ 750 and also the administrative and other related costs for administering the scheme in the State. The beneficiary would pay ₹ 30 per annum towards registration/ renewal of smart card. The proposal for release of central share shall be sent to GoI only after release of State share by the State Nodal Agency to the Insurers. Transfer of the central share of the premium to the Insurers will be made within seven days of the receipt of the amount from GoI.

During 2008-13, SNA received ₹ 143.78 crore towards central and state share out of which it could utilise ₹ 105.97 crore (74 *per cent*) only leaving an unspent balance of ₹ 37.81 crore as of March 2013 as indicated in the table given below.

Table: 3.6 : Table showing receipt and expenditure of funds under RSBY ***(₹in crore)***

Year	Receipt			Expenditure			Closing balance
	State share	Central share	Total	State share	Central share	Total	
2008-09	0.50	-Nil-	0.50	-Nil-	-Nil-	-Nil-	0.50
2009-10	10.00	-Nil-	10.00	1.64	-Nil-	1.64	8.86
2010-11	10.00	20.44	30.44	3.88	20.44	24.32	14.98
2011-12	10.00	14.41	24.41	2.36	14.41	16.77	22.62
2012-13	20.00	58.43	78.43	14.22	49.02	63.24	37.81
Total	**50.50**	**93.28**	**143.78**	**22.10**	**83.87**	**105.97**	

(Source: Data furnished by the Labour Commissioner's office)

Audit scrutiny revealed the following:

3.3.6.1 Delay in release of State share

As per the scheme guidelines, premium towards State share is to be released within 30 days from date of receipt of necessary documents in the prescribed format and invoice from the insurers. However, State share was released with delay ranging between 38 to 180 days.

3.3.6.2 Delay in release of Central share

As per scheme guidelines, transfer of the central share of the premium to the Insurers will be made within seven days of the receipt of the amount from GoI. However, Central share was released and paid to the insurance companies with delays ranging from 19 to 86 days.

3.3.6.3 Non-maintenance of separate account

As per GoI instructions (October 2012), registration/ renewal fees collected from the beneficiaries under RSBY should be kept in a separate account and interest earned on this account should be part of the funds. But, no such separate account was maintained for watching the transactions relating to registration/ renewal fees by the SNA/ State Labour Welfare Society and the amount was kept along with scheme fund in Savings Bank Account. As a result, the exact amount of funds received towards registration/ renewal fees, interest earned and expenses made out of this fund could not be ascertained. Labour Commissioner stated (November 2013) that State Bank of India and Government Treasury Branch had been moved to open a new account.

Delay in payment of premium to the insurance providers would lead to delay in settlement of claims at hospitals, hampering progress in implementation of the scheme.

Department stated (October 2014) that State share is released to Insurance Companies after comparing the bills with the reports of District Key Management Authority, bio-metric certificate of the companies, etc. due to which delay occurred. As regards delay in release of central share, it was stated that there was a gap between the issue of letter by GoI and transfer of the central share through Real Time Gross Settlement (RTGS).

3.3.7 Extension of health benefit package to beneficiaries

3.3.7.1 Settlement of claims

As provided in the RSBY guidelines, the empanelled hospitals after rendering service to the patient are to prefer claim through electronic report to the Insurer/ Third Party Administrators (TPA) and the Insurer will settle the claim and make payment to the hospitals within 21 days from the date of such electronic claim bill.

Check of records and data furnished to Audit revealed that a total of 184305 claims amounting to ₹ 59.77 crore were raised by the empanelled hospitals in the State, of which 165019 claims for ₹ 52.01 crore (87.02 *per cent*) were settled by March 2013. The Insurers rejected 2959 claims for an amount of ₹ 1.60 crore. The remaining 16327 claims involving ₹ 6.16 crore were lying unsettled as of March 2013.

The details of claims raised, settled and pending in respect of test checked hospitals are given in the table below.

Table 3.7: Table showing details of claims raised and settled by the hospitals ***(₹ in lakh)***

Name of the hospital	Claims raised		Claims settled		Claims rejected		Claims pending	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
SDMO, Kamakhyanagar	369	8.13	369	8.13	0	0	0	0
DHH, Dhenkanal	1111	25.13	1043	22.83	38	1.23	30	1.07
DHH, Berhampur	215	8.11	190	6.61	0	0	25	1.50
Amit Hospital, Berhampur	1221	67.06	1215	66.64	6	0.42	0	0
DHH, Nuapada	1764	37.53	1527	31.88	173	3.25	64	2.40

Name of the hospital	Claims raised		Claims settled		Claims rejected		Claims pending	
	Number	**Amount**	**Number**	**Amount**	**Number**	**Amount**	**Number**	**Amount**
CHC, Khariar	381	6.70	340	5.73	1	0.03	40	0.94
DHH, Sundargarh	3489	96.03	3424	93.35	5	0.28	60	2.40
DHH, Subarnapur	895	23.44	865	22.14	9	0.12	21	1.18
Lepra Mahanadi Eye Hospital, Biramaharajpur	1769	65.18	1689	61.93	2	0.07	78	3.18
Total	**11214**	**337.31**	**10662**	**319.24**	**234**	**5.40**	**318**	**12.67**

(Source: MIS data provided by the hospitals and insurance providers)

As could be seen from the table, 11,214 claims involving ₹ 3.37 crore were raised by the hospitals out of which the Insurers settled 10,662 claims for an amount of ₹ 3.19 crore and rejected 234 claims involving ₹ 5.40 lakh. Three hundred eighteen cases involving ₹ 12.67 lakh remained unsettled as of 31 March 2013.

Audit further observed that:

- 4208 claims involving an amount of ₹ 1.07 crore were settled beyond the prescribed period of 21 days with a delay ranging up to 255 days.
- While settling claims, insurers reduced the claimed amount by ₹ 4.80 lakh in 348 cases without assigning any reason.
- Claims in respect of 233 cases were rejected of which reasons for rejection were not mentioned in 30 cases involving an amount ₹ 0.78 lakh. In remaining 203 cases where reasons were mentioned, Audit found that in 174 cases involving ₹ 3.75 lakh, reasons mentioned were not valid. Hospital authorities also did not take tangible steps to ascertain the grounds of rejection/ reduction of claimed amounts and pursue with Insurers to settle the cases.

Thus, management of claims was not effective and delay in settlement of claims occurred due to non-lodging of grievance by concerned hospitals for non-settlement and rejection of cases to the insurer or appellate authorities at different levels by entering the issues in the grievance portal for effective and transparent settlement of claims.

Department stated (October 2014) that SNA has taken effective steps to settle the legitimate claims of the hospitals although some claims are settled after due date on intervention of the SNA.

3.3.7.2 Non-payment of travelling allowance

Paragraph 6.1 (g) of RSBY guidelines provides that smart card holder or his family members who visit hospital for treatment shall be paid transport allowance (TA) of ₹ 100 for each visit subject to an annual ceiling of ₹ 1000 by the hospital where the beneficiary gets treatment under RSBY scheme.

Check of records of seven hospitals showed that travelling allowance was not paid to 945 beneficiaries[110] who had visited the hospitals for treatment under the scheme. The authorities of the hospitals attributed the reasons for such non-payment to non-availability of information about the discharge of patients at the RSBY help desk, lack of awareness and offline transactions. During joint beneficiary interview with 253 beneficiaries, 16 beneficiaries stated that they were not paid the travelling allowance of ₹ 100 for their visit to hospitals.

Department stated (October 2014) that beneficiaries had been made aware of the provisions for payment of TA through advertisements and 16 beneficiaries who denied payment of TA might be the cases of LAMA (Left Against Medical Advice).

3.3.7.3 Delay in installation/ activation of transaction software

As stipulated in the agreement executed between the Insurer and the SNA, the insurance coverage under the scheme shall be in force for a period of one year from the date of commencement of the policy. The policy will commence from the first day of the succeeding month in which the smart card is issued to the beneficiaries. Insurers were to install hospital kit (approved transaction software, card readers and thumb scanner) in empanelled hospitals (help desk) for identification of beneficiaries and settlement of claims.

Audit scrutiny revealed that in seven hospitals[111], hospital kit including transaction software were installed with delays ranging from 30 to 229 days from the date of issue of smart cards/ commencement of policy period. Due to such delay in installation of software, about 90,260 beneficiaries of concerned Blocks/ Urban Local Bodies could not avail intended health service[112] under the scheme. Insurance companies were also benefited to the extent of ₹ 1.16 crore as they did not provide any service during period of delay, though they were paid premium for the whole year.

Further, it was noticed that Point of Service (POS) machine[113] remained non-operational for 317 days in four of the test checked hospitals[114] during which beneficiaries could not avail benefits under RSBY.

During the above period, manual process was also not adopted to provide health services to BPL families and the insurers gained at the cost of beneficiaries.

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[110] Amit Hospital:35, DHH Berhampur: 35, DHH Dhenkanal:126, DHH Nuapada: 68, CHC Raj Khariar: 23, DHH Sundargarh: 24 and DHH Subarnapur: 634

[111] DHHs of Dhenkanal, Ganjam, Nuapada, Subarnapur and Sundargarh; SDH: Kamakhyanagar and CHC: Khariar

[112] Diagnosis, pathological test, fooding facility, medicine, nursing and travelling allowance

[113] By swiping the smart card on the POS machine, helpdesk verifies the patient's details and registers him.

[114] (1) SDH, Kamakhyanagar (16 days); (2) DHH, Dhenkanal (6 days); (3) DHH, Nuapada (55 days) and (4) CHC, Khariar (240 days)

Department stated (October 2014) that if the software of any hospital gets corrupt/ non-functional, there is a provision of manual transaction so that beneficiaries avail the benefit under the scheme.

3.3.7.4 Smart cards retained by hospitals

As per RSBY Hospital Manual, if a RSBY patient visits the hospital, the Help Desk of the hospital verifies the patient's details and registers him by swiping the smart card on the POS machine. If advised for admission, second transaction is conducted by swiping the card, verifying the beneficiary through fingerprint authentication. Once treatment concludes or the beneficiary is discharged from the hospital, the claim transaction is conducted by swiping the card again and authenticating the fingerprint of the patient. After final amount is blocked, the smart card is returned to the beneficiary.

Audit noticed that five out of 10 test checked hospitals retained 197 smart cards with them without returning them to beneficiaries. After discharge from hospitals, beneficiaries did not come to the Help Desks to collect their smart cards due to their ignorance about the discharge procedure under RSBY. The details of smart cards retained by the test checked hospitals and the claimed amount not processed are given in the table below.

Table 3.8: Table showing the details of amounts blocked due to non-return of smart cards

Sl No	Name of the hospital	Number of cards retained	Amount blocked against the smart cards (in ₹)	Period of retention of smart cards
1	DHH, Dhenkanal	21	67500	8-13 months
2	SDH, Kamakhyanagar	7	19500	6-11 months
3	DHH, Nuapada	83	210000	10-27 months
4	CHC, Rajkhariar	25	51500	2-20 months
5	DHH, Sundargarh	61	164000	2–17 months
	Total	**197**	**512500**	**2-27 months**

(Source: Records of hospitals)

As could be seen from the above table, smart cards were retained with hospitals for a period ranging from two to 27 months as on date of Audit (September-November 2013). As RSBY beneficiaries did not come to Help Desk after their treatment, claims for ₹ 5.13 lakh could not be processed by the hospitals. Moreover, there was no scope for beneficiaries to claim their health benefit, in case they require further treatment.

Hospital authorities attributed reasons for retention of these cards to non-completion of transaction due to software problem, non-production of discharge certificate by the patients after treatment, ignorance of beneficiaries to collect the smart cards after treatment, etc.

Department stated (October 2014) that the ward attendants and ward-in-charge were sensitised to hand over the smart cards to beneficiaries at the time of discharge.

3.3.7.5 Quality of Health services

The RSBY guidelines provide that empanelled hospitals should have the following facilities for delivery of health services to beneficiaries.

- Fully equipped and engaged in providing medical and surgical facilities including diagnostic facilities *i.e.,* pathology testing and X-ray, ECG etc;
- Qualified doctors and nursing staff under its employment round the clock; and
- Telephone/ Fax and Internet facilities and machines to read and manage smart card transactions.

For maintaining continuous quality management system, hospital should be reassessed under the revised empanelment-cum-grading criteria.

Audit noticed following deficiencies:

- Fax facilities have not been provided with the help desk functioning in DHHs of Ganjam and Nuapada and CHC, Khariar.
- Adequate staff was not deployed to the help desk to provide service on 24X7 basis in five hospitals[115].
- In test checked hospitals, posts of 23 specialists, 15 Assistant Surgeons and four nurses/ health workers were lying vacant which also affects health service delivery to patients including RSBY beneficiaries. Due to absence of specialists, major surgery cases were referred to other hospitals.
- The anesthetic induction room in the Operation Theatre (OT) was not equipped with monitoring equipment like ECG, $ETCO_2$, Pulse oximeter and blood pressure, ventilators etc in SDH, Kamakhyanagar; DHH, Nuapada and Subarnapur, and CHC, Khariar.
- During joint physical verification it was noticed that in DHH Subarnapur, the operating tables in the OT are very old and incapable of height adjustment. No shadow less lights exist in the OT as required under guidelines issued by MoLE, GoI.

Unused OT table in DHH, Subarnapur

- As required under criteria for empanelment of hospitals under RSBY, there should be at least one toilet for each 12 inpatients in the hospitals. But, the DHH Nuapada and DHH Subarnapur have only seven and six toilets against the requirement 12 and 10 toilets respectively.

[115] DHHs: Ganjam, Sundaragarh and Subarnapur; SDH: Kamakhyanagar and CHC: Khariar

- All the 10 test checked hospitals in five districts had not been reassessed under empanelment-cum-grading criteria[116] for continuous quality management system as prescribed by Ministry of Labour and Employment GoI.

Thus, due to absence of specialists, staff, equipment, etc. the patients were deprived of quality health services.

Department stated (October 2014) that Health and Family Welfare Department have taken steps for strengthening public hospitals to ensure 24 X 7 quality health services.

3.3.8 Monitoring

3.3.8.1 Inadequate monitoring of implementation of RSBY scheme

As per GoI guidelines, periodic review meetings with the Insurance Company should be organised by the State Nodal Agency to review implementation of the scheme in the State. Accordingly, State level co-ordination committee and district level co-ordination committees were formed (May 2010) for smooth implementation, monitoring and review of RSBY programme. The committees were to meet and review implementation and progress of the scheme in every 15 days. On check of records, Audit however, noticed that:

- though RSBY scheme was launched in the State during 2009-10, the State level co-ordination committee was formed only in May 2010. No review meeting was conducted during the year 2009-11. Only two review meetings were held during 2011-12 and eight meetings in 2012-13 against the requirement of 24 meetings each year. Issues like progress of enrolment, empanelment of hospital, activation of help desk at hospital, IEC activities, etc. were discussed in the meeting.

  The DLOs have a vital role at district level in implementation of the scheme. But, the functioning of DLOs was never discussed in review meetings except once in January 2013. Scrutiny of records and data furnished to Audit showed that monitoring at district level was inadequate. The number of monitoring and review meetings held at district level in the test checked districts[117] varied from zero to 22 *per cent* in the selected districts.

[116] Access and physical facilities, management, availability of staff, evaluation and care of inpatients, operating department, laboratory services, infection control practices, hospital waste management, support services, access to blood bank, patient rights, health and safety, medical records

[117] Dhenkanal: 3 meetings against 22; Ganjam: 5 meetings against 32; Nuapada: Nil against 44 meetings; Subarnapur: 1 meeting against 30 and Sundargarh: 7 meetings against 32 meetings

- As envisaged in RSBY guidelines, a State level server should be set up to store the enrolment and hospitalisation data from all the districts. These data are to be analysed by the State Government with the technical team of the insurers for improving implementation of the scheme. It was, however, noticed that no such State level server was set up (September 2013).

Department stated (October 2014) that fortnightly review meetings are now conducted by the LC on fixed dates in each month involving H&FW Department and insurance companies

3.3.8.2 Inadequate IEC activities

As decided (February 2012) by the State Labour Welfare Society, all the 30 Collectors were provided (July-August 2012) ₹ 50,000 each for generating awareness among the people about the benefits of RSBY by undertaking IEC (Information, Education and Communication) activities through staging street play, folk dance, health camps, microphone announcement, etc. District Collectors were also requested to furnish Utilisation Certificates (UCs) soon after the amount is utilised. Audit, however, noticed that UCs were not submitted by the districts except DLO, Nuapada who had submitted UC for ₹ 50,000 as of September 2013. In test checked districts, the district authorities of Ganjam, Dhenkanal and Subarnapur did not spend any amount on IEC activities. ADMO (Medical), Sundargarh spent only an amount of ₹ 23,100 which indicated that IEC activities conducted for creating awareness among beneficiaries after enrolment were poor. In order to assess the effectiveness of implementation of the scheme, Audit conducted interview of 253 beneficiaries in ten villages[118] through a questionnaire and the views of the beneficiaries were obtained in presence of auditee, which are discussed as under:

- Out of 253 beneficiaries interviewed, 136 beneficiaries stated that they did not know about the system/ procedure of the scheme and 175 beneficiaries stated that health camps were not conducted in their villages.

- One hundred and fifty three beneficiaries stated that no list of RSBY beneficiaries was displayed in their villages and 163 beneficiaries stated that they were not provided with the list of empanelled hospitals along with the smart card as required under the scheme.

- Two hundred five beneficiaries stated that they did not know about the validity period of the smart cards issued to them and 150 beneficiaries stated that smart cards were not issued on the date of enrolment.

[118] Digapada and Beguniapada in Ganjam district; Odapada and Podapada (Ratnaprava) in Dhenkanal district; Ganiari and Thagpali in Nuapada district; Khutgaon and Joketa in Sundargarh district and Maghala and Bhandara in Subarnapur district

- One hundred and sixteen beneficiaries stated that they were not aware of the benefit package of ₹ 30,000 and eligibility up to five members for availing the health service.

- One hundred and eighteen beneficiaries stated that they had not visited the hospitals due to lack of awareness and 92 told that they did not visit the hospital as it was not required on their part. Out of the remaining 43 beneficiaries who visited hospitals, 18 beneficiaries stated that hospital refused them for treatment and six stated that medicine cost was not reimbursed by the hospital.

- Twenty one beneficiaries stated that that they did not know about the balance amount left with smart card after their discharge from hospital.

3.3.8.3 Non-deployment of staff in the State Labour Welfare Society

As per the scheme guidelines, the State Government should set up an independent State Nodal Agency (SNA) to implement the scheme in the State. The Nodal agency should be appropriately staffed to carry out its functions effectively in implementing the scheme. It should be a separate entity under the control of the State Government.

Audit noticed that the State Labour Welfare Society (SLWS) was established (October 2010) for implementation of RSBY scheme. The Commissioner-cum-Secretary of L&ESI Department was the Chairman and the Labour Commissioner was the Chief Executive Officer of the Society. But, no staff is deployed in the Society at any level till date (September 2013) for effective implementation of the scheme. The implementation of RSBY was managed by the existing staff of the Labour Directorate. As a result, maintenance of records relating to details of payment of premium, issue of smart cards/ enrolment of beneficiaries, grievances of beneficiaries, tracking the progress of implementation and monitoring of the scheme could not be ensured. Thus, non-deployment of appropriate staff to the Society affected implementation of the scheme adversely.

Department stated (October 2014) that recruitment of manpower was under process.

3.3.8.4 Grievance redressal mechanism

For efficient and transparent settlement of different issues between different stakeholders of RSBY in the State and to monitor the disposal of complaints and grievances in an effective and time bound manner, a web window namely Central Committee/ Grievance Redressal System was designed by the GoI during 2012-13. Grievance Redressal Committees at District level (DGRC), State level (SGRC) and National level (NGRC) are to be set up to attend the grievances of various stakeholders under the mechanism which would meet every third Wednesday for addressing the grievances in their respective committees. The concerned committees where the grievance is received will hear the parties and take a decision within 30 days. If at any point, the decision of DGRC/ SGRC/ NGRC is contested by the complainant, an appeal is made to the next level of Grievance Redressal Committees. The appeal by the Appellate Body shall be disposed of within the next 30 days.

Scrutiny of records revealed that though the SGRCs and DGRCs were constituted (July 2012) by the State Government, the following deficiencies in the grievance redressal mechanism were noticed.

- Complaints received from different stake holders were not found entered in the grievance portal by the designated officers for accelerating the Central Grievance Redressal Management.

- No registers for watching the receipt and disposal of the complaints/ grievances (except complaints of call center at Labour Directorate) were maintained at the SNA level.

- Though GRC meetings were to be held on every third Wednesday, the said meetings were not conducted regularly. It was seen that only five State level GRC meetings were held against the requirement of nine meetings as of March 2013. Records of five test checked DLOs showed that only two DGRC meetings in Ganjam district and one in Subarnapur district were held. No meeting of DGRC were held in other three districts (Dhenkanal, Nuapada and Sundargarh).

- Moreover, complaints regarding non-settlement of claims relating to inter-insurance claims though discussed in the GRC meetings, no follow up action was taken to watch their settlement. For instance, it was instructed in the GRC meeting held on 28 August 2012 to settle 4,772 pending claims of ₹ 84 lakh relating to four Insurers. But, the fact of settlement of claims was neither watched at the SNA level nor any follow up action taken by the authorities against the defaulters.

During joint beneficiary interview conducted in ten villages, 240 out of 253 beneficiaries stated that no district/ State level officers had visited their villages to address their complaints and also to ensure coverage of left out beneficiaries.

Thus, Grievance Redressal Mechanism put in place was not effective and adequate for efficient and transparent settlement of different issues.

Department stated (November 2013) that apart from the SGRC and DGRC, a technical committee comprising representatives from L&ESI, H&FW Departments and NRHM was constituted to resolve disputes pertaining to empanelment and de-empanelment of hospitals. Technical committee recommended re-empanelment of four hospitals and de-empanelment of two hospitals. But, the department did not furnish specific reasons for other issues as pointed out above.

PANCHAYATI RAJ DEPARTMENT

3.4 Working of District Rural Development Agencies in the State

3.4.1 Introduction

District Rural Development Agencies (DRDAs) implement various anti-poverty programmes of Ministry of Rural Development (MoRD) at district level in the State.

Audit was conducted during July-November 2013 and July 2014 with test check of records of Panchayati Raj Department and seven[119] out of 30 DRDAs covering the period 2009-14 to assess whether different poverty alleviation programmes[120] were implemented efficiently and effectively. Deficiencies in management of funds received under different programmes, implementation and monitoring of schemes as observed are discussed in following paragraphs.

3.4.2 Fund management

DRDAs receive funds from both Central and State Government and release them to Implementing Agencies (Block Development Officers and other line departments) for implementation of different schemes[121]. As envisaged in guidelines, DRDAs are to ensure effective utilisation of funds intended for anti-poverty programmes. Audit noticed that funds received under different programmes/ schemes from Government of India (GoI) and State Government were not managed effectively which led to curtailment/ loss of central assistance, avoidable loss, diversion of scheme funds, parking of fund in Personal Ledger (PL) Account, etc. as discussed below.

3.4.2.1 Curtailment of Central Assistance of ₹ 208.66 crore

- Swarnjayanti Gram Swarozgar Yojana (SGSY), National Rural Livelihood Mission (NRLM) and DRDA Administration are Centrally Sponsored Plan Schemes implemented by DRDAs with a cost sharing ratio of 75:25 between GoI and State Government. Central assistance is released every year directly to

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119 Balasore, Balangir, Ganjam, Malkangiri, Mayurbhanj, Phulbani and Rayagada

120 Indira Awas Yojana (IAY); Swarna Jayanti Gram Swarozgar Yojana (SGSY); Mahatma Gandhi National Rural Employment Gurantee Scheme (MGNREGS); National Rural Livelihood Mission (NRLM), etc.

121 Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Backward Region Grant Fund (BRGF), Swarnjayanti Gram Swarozgar Yojana (SGSY), National Rural Livelihood Mission (NRLM), Indira Awas Yojana (IAY), *MO KUDIA*, MLALAD, Biju Gramya Jyoti Yojana (BGJY), etc.

DRDAs in two installments. Second installment was to be released on fulfilment of conditions[122] prescribed in scheme guidelines.

Check of records of seven DRDAs and PR Department revealed that while releasing second installment, GoI deducted Central Assistance of ₹ 77.38 crore (SGSY: ₹ 41.74 crore, NRLM: ₹ 28.05 crore and DRDA Administration: ₹ 7.59 crore) during 2009-14 which included ₹ 10.93 crore for test checked districts. This deduction was due to excess carryover of unspent funds, short release of state share, non-release of second installment, purchase of vehicle, excess contingency, late submission of proposals, etc. Against the above curtailment amount, records of the department showed that an amount of ₹ 2.71 crore was received as additional amount. Thus, failure of Project Director (PD), DRDAs to ensure timely and effective utilisation of funds and fulfilment of other conditions led to deprival of central assistance of ₹ 74.67 crore thereby affecting implementation of SGSY and DRDA Administration schemes.

While admitting the fact, Department stated (October 2014) that due to receipt of funds at fag end of financial year, funds could not be utilised and carried over to next financial year which was shown as excess opening balance. As regards deduction of assistance towards purchase of vehicle, the department stated that GoI permitted replacement of vehicles. But, fact remains that GoI deducted central assistance due to non-fulfilment of conditions of scheme guidelines by the State. Department had permitted DRDAs to replace vehicles without ensuring fulfilment of conditions[123].

- Backward Region Grant Fund (BRGF) Programme was launched by GoI in 2006-07 to redress regional imbalances in development of 19 districts in the State (20 districts from 2012-13). BRGF assistance was to be released by GoI considering spending efficiency, timely submission of claim proposal, utilisation certificates, etc.

Check of records of seven DRDAs and Panchayati Raj (PR) Department revealed that GoI curtailed central assistance of ₹ 116.34 crore during 2012-13 from development grant of 17 districts including ₹ 43.02 crore of test checked districts out of total entitlement of ₹ 340.03 crore pertaining to period from inception (2006-07) to 2012-13 due to non/ delayed submission of claim proposals. Other three districts, however, got their full entitlement.

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[122] (1) Utilisation of at least 60 *per cent* of the available funds including the opening balance as prescribed under NRLM and DRDA administration; (2) In case of shortfall in release of State contribution, the central share will be reduced proportionately; (3) Opening balance should not exceed 15 *per cent* of the allocation for the same year; (4) Audit Reports, UCs for the previous year should have been furnished, etc.

[123] (i) Expenditure for procurement of vehicle was to be met from within 30 *per cent* of salary costs allotted towards contingencies, (ii) proposal for purchase was to be approved by GB meetings, (iii) proposal to be accompanied by condemnation certificate and (iv) consultation with State Finance Department was to be obtained wherever required

Similarly, GoI was to release ₹ 1.00 crore per district under capacity building for strengthening participatory planning, implementation and monitoring of programmes at panchayat and municipality level. But, it was noticed that GoI curtailed capacity building grant of ₹ 17.65 crore during 2011-13 due to non-utilisation of earlier grants and delay in release of funds to implementing agencies. Above curtailment was in addition to non-release of funds due to low spending capacity of State as pointed out in ***Paragraphs 2.1.9.1 and 3.3.2*** of Audit Report (Civil) on Government of Odisha for years ended 31 March 2010 and 31 March 2011 respectively.

Thus, due to delay in submission of claim proposal and low spending efficiency by DRDAs, State Government could not avail GoI assistance of ₹ 133.99 crore during 2011-13.

Department stated (October 2014) that due to unavoidable circumstances like general elections, ULB elections, the proposals for 2012-13 were sent at fag end of year due to which there was curtailment of fund by GoI and that MoRD released capacity building grant of ₹ 11.61 crore during 2014-15 relating to the period 2007-13. However, GoI deducted central assistance towards development grant due to non-fulfilment of conditions of grants. Besides, release of capacity building grant of ₹ 11.61 crore released by GoI related to 2014-15 and not for previous years.

3.4.2.2 Diversion of scheme funds

Accounting Procedure of DRDAs prohibited diversion of funds from one scheme to another without prior approval of MoRD, GoI. Scheme guidelines like MGNREGS and *MO KUDIA* also stipulated that under no circumstances should funds released be utilised for purposes other than those specified.

Check of records revealed that seven test checked DRDAs diverted ₹ 12.76 crore from different schemes like *MGNREGS*, *MO KUDIA*, *Biju Gram Jyoti Yojana,* etc. for payment towards salaries and other office expenses under DRDA Administration during 2009-14. Out of the above diverted amount, ₹ 8.44 crore[124] was not recouped as of March 2014. Department attributed the reasons for such diversion to insufficiency of funds under the schemes on account of implementation of sixth Pay Commission recommendations. GoI did not release additional fund as requested by GoO (February and September 2014). Short release of central share worsened the situation and arrear salary of DRDAs accumulated further. Specific instances of diversion are discussed below:

- DRDA, Rayagada diverted ₹ 75 lakh (March 2010: ₹ 25 lakh and November 2010: ₹ 50 lakh) from *MGNREGS* scheme fund to DRDA Administration towards payment of salaries to staff which was not recouped as of November

[124] Balangir: ₹ 1.20 crore; Balasore: 0.19 crore; Ganjam: ₹ 0.73 crore; Mayurbhanj: ₹ 1.31 crore; Phulbani: ₹ 2.44 crore; Malkangiri: ₹ 0.10 crore and Rayagada: ₹ 2.47 crore

2013. Such diversion of scheme fund resulted in deprival of wage employment[125] by 33571 man-days (at ₹ 126 per man-day).

- DRDA, Phulbani diverted ₹ 1.49 crore from *MO KUDIA* scheme fund to DRDA Administration during 2009-11 on regular basis for payment of salaries to staff of which ₹ 1.02 crore was recouped subsequently. The balance amount of ₹ 0.47 crore remained un-recouped as of March 2014 which deprived 97 beneficiaries of availing rural houses at ₹ 48,500 per house under the scheme.

While admitting facts, Department stated (October 2014) that DRDAs had been directed not to divert funds failing which action would be taken against the erring officers.

3.4.2.3 Inordinate delay in adjustment of outstanding advance

As per codal provisions[126] read with GoO, Finance Department Circular (December 1985) and Accounting Procedure of DRDA, advances granted for Departmental and allied purposes are required to be adjusted promptly, within one month of disbursement. Officials are required to submit detailed accounts along with vouchers for adjustment of advances granted to them and refund the unspent amount. DDOs are to maintain a register with details of advances and review it frequently to ensure timely adjustment of advances. Further, Finance Department in its Circular (March 2002) directed that advances remaining unadjusted for more than one year be treated as loss to audited organisation and Government and to take action deemed fit against defaulters.

Scrutiny of advance register and sanction files, however, revealed that seven test checked DRDAs gave advances of ₹ 50.86 lakh[127] to officers/ staff during 1997-2014 for travel expenses, repair of vehicles, purchase of POL, purchase of stationery articles, training, etc. which were lying unadjusted as of July 2014. Out of the above amount, ₹ 15.01 lakh was pending for adjustment for more than five years. It was further noticed that 14 of the employees who were given advance had retired/ left Government service, six died and 34 transferred to other offices. But, no timely and effective action was taken by DRDAs to recover/ adjust the outstanding advances from retired employees. The fact of non-recovery was also not mentioned in the Last Pay Certificate (LPC) of employees transferred to other offices.

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125 MGNREGS has two components: (i) wage and (ii) material. After deducting six *per cent* of funds (to be kept as administrative expenses), 60 *per cent* was to be utilised as wages. Therefore, (₹ 75 lakh – 6 *per cent* of ₹ 75 lakh) X 60 *per cent*/ ₹ 126 per day= 33,571 man-days)

126 SR-509 of Orissa Treasury Code Volume I

127 Balangir (₹ 1.68 lakh), Balasore (₹ 22.73 lakh), Ganjam (₹ 12.93), Malkangiri (₹ 1.90 lakh), Mayurbhanj (₹ 6.58 lakh), Phulbani (₹ 0.36 lakh) and Rayagada (₹ 4.68 lakh)

Department stated (October 2014) that DRDAs of Balangir and Ganjam had taken steps to adjust advances and notices were issued to transferred/ retired officials for immediate submission of vouchers for adjustment.

3.4.2.4 Parking of scheme funds in Personal Ledger (PL) Account

As per Accounting Procedure for DRDAs prescribed by GoI, funds received both for Central and State share under different schemes should be kept in Savings Bank (SB) Account maintained in a Nationalised/ Co-operative/ Regional Rural Bank. In no case, should funds be kept in treasuries/ Personal Ledger (PL) Account.

Audit, however, noticed that DRDAs of test checked districts kept ₹ 110.57 crore[128] relating to 25 different schemes in PL Accounts maintained in treasuries as of March 2014. Retention of scheme funds in PL Account not only violated the provisions of scheme guidelines and Accounting Procedure but also resulted in loss of interest.

Department stated (October 2014) that DRDAs of Balangir and Ganjam kept State funds in PL account.

3.4.2.5 Avoidable expenditure of ₹ 1.54 crore

As per Employees' Provident Funds and Miscellaneous Provision (EPF & MP) Act 1952, Employees' Pension Scheme 1995, and Employees' Deposit Linked Insurance Scheme 1976, employer is required to deposit employees' and employer's share of contribution together with administrative and/or inspection charges within 15 days of closure of month with Employees Provident Fund Commissioner (EPFC).

Check of records revealed that EPF contribution in respect of 115 staff engaged in different schemes between 1981 and 2011 under six[129] out of seven test checked DRDAs was not deposited within the prescribed time. EPFC issued (May 2007 to August 2012) demand notices for deposit of contribution. But, DRDAs did not deposit the amount despite clarifications (August and December 2011) received from Government to deposit the same to EPFC. As a result, EPFC levied penal charges and interest of ₹ 1.54 crore[130] which was recovered from DRDA Administration and other scheme funds between February 2006 and November 2012. This resulted in shortfall of funds under DRDA Administration to meet salary and office expenses as noticed in two DRDAs[131]. These DRDAs met salary requirements diverting from other schemes as pointed out in ***Paragraph 3.4.2.2*** above.

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[128] Balasore: ₹ 10.10 crore; Balangir: ₹ 0.45 crore; Ganjam: ₹ 45.72 crore; Malkangiri: ₹ 3.03 crore; Mayurbhanj: ₹ 19.39 crore; Phulbani: ₹ 22.93 crore; Rayagada: ₹ 8.95 crore

[129] Balasore, Ganjam, Malkangiri, Mayurbhanj, Phulbani and Rayagada

[130] Balasore (₹ 13.71 lakh), Mayurbhanj (₹ 17.76 lakh), Phulbani (₹ 24.54 lakh), Rayagada (₹ 25.28 lakh), Ganjam (₹ 10.53 lakh) and Malkangiri (₹ 62.13 lakh)

[131] Mayurbhanj and Rayagada

Thus, due to failure to adhere to the Act and instructions of Government, DRDAs had to sustain a loss of ₹ 1.54 crore which could have been avoided. Though, PR Department instructed (August 2011) the DRDAs to cause an enquiry into the matter as to reason for such non-payment/ deposit and how to make good the loss, no such enquiry was made.

Department stated (October 2014) that DRDAs, Mayurbhanj and Ganjam had taken steps to find out staff responsible for such lapses and initiated action as deemed proper while PD, DRDA, Phulbani stated (July 2014) that out of ₹ 24.54 lakh damages and interest imposed by EPFC, ₹ 6.85 lakh was recovered from arrear salaries of JEs.

3.4.3 Programme implementation

3.4.3.1 Construction of IAY houses

Indira Awaas Yojana (IAY) is implemented to help the members of Scheduled Castes/ Scheduled Tribes, freed bonded labourers, minorities under BPL category and other BPL non-SC/ST rural households for construction of their dwelling units by providing lump sum financial assistance. As per GoI norms, financial assistance of ₹ 35,000 was to be given to the beneficiaries during 2009-10 and ₹ 45,000 during 2010-13 under IAY. For satisfactory implementation of the programme, officers dealing with IAY at State, District and Block level should closely monitor all aspects of the scheme through field visits.

Check of records revealed that in seven test checked DRDAs, out of 298062 houses sanctioned under IAY during 2009-14, DRDAs could complete 193255 houses (64.84 *per cent*) as of March 2014. Remaining 104807 IAY houses[132] remained incomplete despite availability of ₹ 75.35 crore with DRDAs as of March 2014. Year wise break up of houses taken up, completed and incomplete is given in the table below:

Table 3.9: Status of IAY houses taken up, completed and remained incomplete during 2009-14

Year	No. of houses sanctioned/ taken up	No. of houses completed (percentage)	No. of houses remained incomplete/ not taken up (percentage)
2009-10	64092	43614 (68.04)	20478 (31.96)
2010-11	61935	45701 (73.79)	16234 (26.21)
2011-12	52506	41450 (78.94)	11056 (21.06)
2012-13	55412	32574 (58.79)	22838 (41.21)
2013-14	64117	29916 (46.66)	34201 (53.34)
Total	**298062**	**193255 (64.84)**	**104807 (35.16)**

(Source: Data furnished by the DRDAs)

Audit test checked 22 case records of incomplete IAY houses and found that houses were lying incomplete at different stages[133] after expenditure of ₹ 6.21

[132] Balasore (32,685); Balangir (3,411); Ganjam (8,570); Mayurbhanj (25,206); Phulbani (8,495); Malkangiri (8,908) and Rayagada (17,532)

[133] Plinth level: 9; lintel level: 4; roof level: 7 and window level: 2

lakh. This indicated inadequate monitoring and inaction by Project Directors and APDs of DRDAs to ensure completion of IAY houses in time.

Department stated (October 2014) that each year proposals for construction of new houses were added with carried over cases. However, DRDAs failed to complete more than 20 *per cent* of the houses each year due to inadequate monitoring.

3.4.3.2 Implementation of works under MGNREGS

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) aims to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to any rural household, whose adult members volunteered to do unskilled manual works. Works executed under the programme, in addition to providing employment to the rural households also has to fulfil the purpose for which the same was executed. PD and APD of DRDAs were required to monitor timely completion of works taken up under MGNREGS.

Audit noticed the following irregularities:

- **Incomplete works:** In seven test checked DRDAs, 311080 works (75 *per cent*) out of 416502 taken up during 2009-14 under the programme remained incomplete despite availability of ₹ 20.08 crore with DRDAs as of March 2014. The year wise position of incomplete works is given in the table below:

Table 3.10: Status of works taken up under MGNREGS

Year	Number of works sanctioned/taken up	Number of works completed	Number of works remained incomplete
2009-10	73085	9198	63887
2010-11	79723	18509	61214
2011-12	88674	25996	62678
2012-13	82980	22219	60761
2013-14	92040	29500	62540
Total	**416502**	**105422**	**311080 (75 *per cent*)**

(Source: Data furnished by DRDAs)

As seen from the above, about 82 *per cent* of works taken up during 2009-11 were not completed even after lapse of three years of sanction.

Test check of records of 15 works undertaken during 2009-14 with an estimated cost of ₹ 199.37 lakh by six DRDAs revealed that 14 works remained incomplete as of November 2013 after incurring expenditure of ₹ 61.17 lakh even after lapse of one to five years from the stipulated date of completion. The works remained incomplete due to unwillingness of workers to work for less wages, non-completion of electrification works, etc.

Department stated (October 2014) that DRDA, Mayurbhanj initiated steps for completion of incomplete projects.

- **Loss of man-days due to low expenditure in labour component**

MGNREGS guidelines stipulate that ratio of wage cost to material cost should not be less than the minimum norm of 60:40 for works taken up under the scheme. DRDAs were to monitor that wage to material ratio was maintained in respect of works taken up under the scheme. DRDAs send annual financial performance report to GoI showing total wage cost and administrative expenses incurred.

But, DRDA, Rayagada incurred expenditure of ₹ 69.02 crore towards unskilled wages during 2009-13 against the required amount of ₹ 77.57 crore (60 *per cent* of total works expenditure) under MGNREGS resulting in less expenditure of ₹ 8.55 crore[134].

Due to low expenditure towards unskilled wage component, DRDA, Rayagada failed to provide 6.79 lakh man-days[135] of employment to the rural poor.

Department did not give any specific reply. However, PD, DRDA, Rayagada stated (August 2013) that necessary instructions would be issued to implementing agencies to maintain the ratio of 60:40 on labour and material component.

- **Loss of man-days due to excess administrative expenses:** As per prescribed norms, six *per cent* (four *per cent* up to March 2009) of both Central and State share funds under MGNREGS was to be kept at DRDA level as contingency fund for meeting administrative expenses. Out of this, 10 *per cent* is earmarked for State NREGS Cell and balance amount to be utilised by DRDA and Implementing Agencies (IAs).

Audit noticed that four DRDAs[136] incurred an expenditure of ₹ 29.45 crore during 2009-14 towards contingent expenses and to meet remuneration of staff engaged under NREGS[137] against admissible amount of ₹ 22.36 crore[138] leading to excess expenditure of ₹ 7.09 crore under MGNREGS in violation of Government instructions. DRDAs instead of asking Government for providing adequate amount for administrative expenses, utilised scheme funds which was meant to create employment opportunities for the rural poor. Due to this excess expenditure from scheme funds, 3.37 lakh man-days[139] could not be generated under the MGNREGS and the beneficiaries were deprived of the intended benefit to that extent.

Department stated (October 2014) that during 2009-10 and 2011-12, administrative expenses were less than six *per cent* of total expenditure. However, Audit noticed such excess expenditure incurred by DRDAs during the above period.

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[134] 2009-10: ₹ 0.49 crore; 2011-12: ₹ 1.31 crore and 2012-13: ₹ 6.75 crore

[135] ₹ 8.55 crore/ ₹ 126 per man-day

[136] Balasore, Balangir, Malkangiri and Mayurbhanj

[137] GRS, GPTA, NREGS Asst., NREGS Coordinator, etc.

[138] Balasore:₹ 4.44 crore, Balangir: ₹ 7.67 crore; Malkangiri: ₹ 0.95 crore and Mayurbhanj: ₹ 9.30 crore

[139] ₹ 4.25 crore (60 *per cent* of ₹ 7.09 crore)/ ₹ 126 per man-day

- **Inadmissible expenditure:** MGNREGS guidelines aim at providing basic employment guarantee in rural areas and indicate kinds of work to be taken up under the scheme. But, DRDA, Rayagada included 73 projects (estimated cost: ₹ 3.08 crore) like construction of rest sheds, boundary walls, water supply projects, *puja mandaps*, GP office/ school buildings, etc. in Annual Action Plans (AAPs) of 2008-13 though these works were not permissible as per scheme guidelines. Out of these works, three[140] were completed (May 2012 to August 2013) with an expenditure of ₹ 5.00 lakh.

3.4.3.3 Construction of hostel buildings for SC and ST students

To encourage higher enrolment, retention and reduction of dropout rate in educational institutions, Scheduled Tribe and Scheduled Caste Development (SSD) Department decided (September 2010) to construct hostels for ST boys and girls in Block headquarter/ other localities in the State. The hostel buildings were to be constructed through DRDAs in non-Tribal Sub Plan (TSP) areas.

Audit noticed that out of 100 hostel buildings approved for construction by SSD Department at an estimated cost of ₹ 42.85 crore during 2009-12 in three test checked districts, only 10 buildings were completed as of July 2014. Construction work of four hostels could not be commenced due to land disputes. Eighty-six buildings remained incomplete with delays ranging up to four years from the stipulated date of completion and the expenditure of ₹ 13.81 crore on these buildings rendered unfruitful. Despite instructions (May 2011) of Chief Secretary of Odisha to make hostels functional from academic year 2012-13, construction of hostels could not be completed even after lapse of two to four years of sanction. The buildings remained incomplete due to delay in acquisition of land, contractors leaving the works incomplete, etc. Due to non-completion of buildings, objective of providing hostel accommodation to ST students to check their dropout from schools was defeated as the rate of dropout ST students (4.70) remained higher than the overall rate (3.07) of the State at upper primary level.

Department, instead of giving any specific reply stated (October 2014) that DRDA, Ganjam had taken all corrective steps for completion of hostel buildings.

3.4.4 Monitoring and Supervision

DRDAs are to closely monitor implementation of programmes to ensure that intended beneficiaries are receiving the benefits under different programmes. Audit noticed that motoring at DRDA was deficient as discussed below:

[140] (1) Construction of school building at Jagamunda in Padampur GP, (2) Repair of GP office at Sanahuma and (3) Construction of boundary wall of M.K. Rai GP Office

- **District Vigilance and Monitoring Committees:** As per Guidelines for Vigilance and Monitoring Committees[141] issued by GoI, District Vigilance and Monitoring committees (DVMC) were to meet at least once in every quarter to monitor execution of schemes of MoRD and GoI. State Government also clarified (November 2011) that Member Secretary (Collector) of DVMC was to be made personally responsible for convening meetings in districts.

Audit noticed that in seven test checked DRDAs, DVMCs met only 46 times (41 *per cent*) during 2009-13 against requirement of 112 meetings showing a shortfall of 66 meetings (59 *per cent)*. Proceedings of meetings were issued with delay ranging from 20 days to five months nine days by DRDAs and no follow up action was taken.

- **Grievance redressal mechanism**: As per guidelines, DVMC is to look into complaints/ alleged irregularities and recommend follow up action. The committee may suggest the PD for suitable remedial action which shall be acted upon within 30 days. Audit noticed that out of 2068 complaints/ grievances relating to misappropriations of cash, corruption by Junior Engineers, sub-standard work, payment of bill without executing work, delays in payment of wages and wrong selection of IAY beneficiaries etc. received during 2009-13, only 328 cases (16 *per cent*) were disposed off by November 2013. Remaining 1740 complaints (84 *per cent*) were pending without taking action though these were to be disposed off within 30 days. Though PD, DRDA, Phulbani formed (April 2011) five vigilance squads to enquire into 35 specific allegations on execution of works, not a single case was enquired by squad as revealed from the proceedings of the meeting held by DRDA.

- **Governing Bodies**: As per guidelines of DRDA Administration, Governing Bodies (GB)[142] constituted in DRDAs were to provide policy direction, review and monitor implementation of different programmes. GBs were to meet once in a quarter. But, in test checked DRDAs, sufficient meetings were not organised by DRDAs resultantly GBs met only 41 times (30 *per cent*) against the requirement of 136 meetings during 2009-14. DRDA, Rayagada, did not conduct any such meeting during 2009-14. As a result, progress of implementation of different programmes could not be assessed.

- **Monitoring and Evaluation Wing:** As per guidelines of DRDA Administration, Monitoring and Evaluation Wing (MEW) headed by a Project Economist functioning under supervision of PD was to carry out evaluation/ impact studies of various programmes regularly through independent institutions/

[141] DVMC functions under the chairmanship of the Local MP, Collector being the Member Secretary and other members include remaining local MPs/ MLAs, one person each to be nominated by GoI and State Government, etc.

[142] GB is constituted under the chairmanship of ZP Chairman and all MPs/ MLAs of the district, Chairpersons of Panchayat Samitis, District Collectors, representative of banks, DWO/ DSWO, etc. as members.

experts including NGOs. But, no MEW functioned in test checked DRDAs during 2009-13. As a result, evaluation/ impact studies on implementation of various anti-poverty schemes could not be made.

- **DRDA Authorities:** For regular monitoring of schemes/ programmes under implementation, PR Department prescribed (July 2005) quantum of tours to be undertaken by the DRDA Authorities. Audit noticed that authorities did not conduct field visits as per norms fixed as detailed in the table given below:

Table 3.11: Prescribed tours vis-à-vis actual visits

Name of the functionary	Quantum of tours prescribed per month	Actual visits made per month
Project Director	15 days tour to blocks, 5 GPs and 10 SHGs per month	Nil to 26 days
APD (Admn)	10 days tour to 5 blocks, 10 GPS and 15 SHGs	One to nine days visit
APD (Tech)	15 days/ month for ongoing and completed projects	Records not made available
APD (Credit)	15 days/ months to 30 SHGs	Records not made available
APD (Scheme)	15 days/ month, 30 SHGs	3-15 days, 26-30 SHGs covered
APD (Panchayat)	15 days/ months, 30 GPs	Five to 27 GPs

(Source: Data furnished by DRDAs)

PDs of DRDAs stated that tour targets could not be achieved due to vacancies of posts, Officers having dual charge and busy schedule in office as well as heavy work load of DRDA. Due to inadequate monitoring and supervision, works under MGNREGS, houses under IAY remained incomplete, wages to material ratios was not ensured, hostel buildings remained incomplete, etc.

Department stated (October 2014) that: (i) DVMC meetings could not be held due to Parliament/ Assembly sessions debarring fixing of dates, non-suitability of dates of Chairpersons, severe natural calamities, etc. Regarding GB meetings, Department stated that said meetings were not held due to natural calamities, non-availability of elected members, etc. Regarding non-establishment of MEW, Department agreed to take steps to formulate a MEW headed by a Project Economist. No specific reply was furnished with regard to shortfall in field visits by DRDA authorities.

- **Inadequate human resources:** As per Guidelines of DRDAs Administration issued by GoI, the staffing structure of DRDA must include positions for planning for poverty alleviation, project formulation, social organisation and capacity building, gender concerns, engineering supervision and quality control; project monitoring, accountancy and audit functions as well as evaluation and impact studies.

Audit noticed that out of sanctioned strength of 320 posts in test checked DRDAs, 84 posts were lying vacant as of March 2014. Out of these vacant posts, 39 vacancies (46 *per cent*) related to technical posts. As many as 12 JEs/ GPTAs[143] (Schemes) (29 *per cent*) out of sanctioned strength of 42 were lying vacant in DRDA, Malkangiri and post of Additional PD (Tech) was vacant in four DRDAs[144]. The vacancies in technical cadres thus affected implementation of different programmes and their supervision and monitoring. Though DRDAs moved (November 2012-April 2014) Government for filling up these posts, no action was, however, taken by the Government in this regard till the date of audit.

3.4.5 Conclusion

The State Government was deprived of Central Assistance of ₹ 208.66 crore under different schemes due to delay in submission of claim proposals and low spending efficiency of DRDAs. There were also instances of avoidable expenditure, diversion of scheme funds and outstanding advances lying unadjusted for over 15 years. Deficient planning and implementation led to unfruitful expenditure of ₹ 13.81 crore towards incomplete hostel buildings for ST/SC students. Due to ineffective functioning of DVMCs, 84 *per cent* of grievances/ allegations could not be addressed. Monitoring and Evaluation Wings were not set up. Shortfall in field visits of DRDA and vacancies of technical posts had affected implementation of different programmes.

143 Gram Panchayat Technical Assistant

144 Balangir, Balasore, Malkangiri and Phulbani

WOMEN AND CHILD DEVELOPMENT DEPARTMENT

3.5 Implementation of 'MAMATA' scheme in Odisha

3.5.1 Introduction

Government of Odisha launched (September 2011) 'MAMATA', a cash transfer maternity benefit scheme to enable pregnant and lactating mothers to compensate for some wage loss and get adequate rest and nutrition, and also to incentivise positive health seeking behaviours like immunisation, appropriate child feeding practices, etc. To avail benefit under this scheme, a pregnant woman has to register herself at the Anganwadi Centre (AWC)/ Mini AWC to which she belongs. Pregnant and lactating women were to get monetary support of ₹ 5000 in four installments[145]. The payment was to be made by e-transfer from the CDPO to the beneficiary account. The scheme was implemented in all 338 CDPOs of the State for which Government released ₹ 476.12 crore [146] during 2011-14.

Check of records of 15 Child Development Project Officers (CDPOs) under four[147] District Social Welfare Officers (DSWOs) revealed various deficiencies in implementation like delay in registration, delay in payment of incentive, inadequate monitoring, etc. as discussed below:

3.5.2 Implementation

3.5.2.1 Delay in registration of beneficiaries

As per guidelines of MAMATA scheme, a pregnant woman has to register herself at the AWC/ mini AWC to which she belongs within four months of conception for availing the benefit under the scheme. However, for claiming the first instalment under MAMATA scheme, she may be allowed to register within six months of conception. Anganwadi Worker should ensure that every pregnant woman registers her pregnancy at the AWC in whose service area she resides.

It was noticed that registration of 29 pregnant women was done beyond six months[148] of pregnancy in two CDPOs[149]. In two of these cases, registration was done after delivery. Due to delay in registration, payment of incentive was subsequently delayed.

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[145] First instalment: ₹ 1500 after completion of six months pregnancy; second instalment: ₹ 1500 after three months of delivery; third instalment: ₹ 1000 after the infant completes six months of age and fourth instalment:₹ 1000 after the infant completes nine months of age subject to fulfilment of certain conditions like registration of pregnancy, number of check up, immunisation, etc. in case of both mother and child

[146] 2011-12:₹ 68.14 crore; 2012-13:₹ 200.34 crore; and 2013-14:₹ 207.64 crore

[147] Boudh, Ganjam, Nabarangpur and Sambalpur

[148] After six months: 6; seven months: 13; eight months: 7; nine months: 1; 10 months: 2

[149] CDPO, Berhampur city: 13 and CDPO Nabarangpur: 16

3.5.2.2 Non-payment/ delay/ over payment of incentive

Paragraph 2.3 of the scheme guidelines provides that beneficiaries are to get financial incentive every three months after the second trimester of pregnancy up to nine months after delivery. Department also instructed (August 2011) Collectors to ensure timely e-transfer of benefit to accounts of eligible beneficiaries as delay in payment defeats the very purpose of the scheme in improving health and nutritional status of the mother and infants. Analysis of Management Information System (MIS) data in respect of 57,388 beneficiaries and check of records revealed that there was delay/ non-payment of incentive to 2,248 beneficiaries in 15 test checked CDPOs as discussed below. There were also cases of over payment.

- **Non-payment of incentive**: No payment was made to 105 out of 2,248 beneficiaries even after delivery for which the pregnant and lactating women were deprived of the benefit under the scheme.

- **Delay in payment of first instalment**: Despite stipulation in the guidelines to make payment of first instalment after six months of pregnancy, 314 beneficiaries were paid first instalment of incentive after delivery. Out of these, 74 beneficiaries were paid first instalment after three months of delivery, by which time second instalment should have been paid.

- **Non-payment of benefit after first instalment**: In case of 475 beneficiaries, subsequent instalments were not given after payment of first instalment, though one to three years from the date of payment of first instalment was over.

- **Delay in payment of second and subsequent instalment**: After completion of three months of delivery, subsequent instalments[150] were to be paid every three months so as to enable the beneficiaries to avail maternal and child health services. But, in 1,354 out of 2,248 cases, payment was made with delay ranging from 2 months to 18 months.

- **Over payment**: Excess payment of ₹ 31.44 lakh was made to 2,392 beneficiaries during 2011-14 out of which department has recovered/ adjusted ₹ 18.88 lakh leaving balance of ₹ 12.56 lakh unrecovered.

Department stated (September 2014) that delay in payment and non-payment of benefit to beneficiaries was mainly due to non-opening of bank accounts by beneficiaries, delay in compliance to conditionalities, change in bank codes, late submission of reports by AWCs, etc. However, these issues could have been addressed by motivating beneficiaries and proper monitoring of the schemes by the department as prescribed under guidelines.

[150] Second, third and fourth instalments

3.5.2.3 Payment of incentive not within prescribed gaps

As per guidelines, first three instalments and amounts are worked out in such a manner that beneficiary gets a reasonable amount every three months up to nine months after delivery.

It was noticed that more than one instalment were paid within a short gap of three months to 404 out of 18,469 beneficiaries in four CDPOs[151]. In respect of other 11 CDPOs, analysis could not be done due to improper maintenance of data. For instance, one beneficiary in AWC (Chipilima) was paid the second instalment on 11 May 2012 whereas the third was paid on 16 June 2012. In another cases under the same AWC, the second instalment was paid on 15 January 2013, while third was paid on 13 February 2013. Thus, the objective of providing continued nutritional and wage compensation support to pregnant and lactating mothers was not achieved.

3.5.2.4 Lack of coordination with banks

As per guidelines, in case of non-payment of instalments by the bank, Programme Manager is to review the list immediately and furnish a report to CDPO by 15th of the month identifying reasons for non-payment so that CDPO can take corrective action. But, records of CDPO, Boudh revealed that incentive amount of ₹ 80,000 was received back during January 2012 to March 2014 due to invalid account of beneficiaries and no concrete steps were taken to coordinate with banks to rectify errors and to pass on the benefits to the beneficiaries in time. Department stated (September 2014) that steps were being taken to rectify the errors.

3.5.2.5 Vacancy in the post of supervisors

Anganwadi Workers are the base level field functionaries under the scheme who are to ensure early registration, maintenance of records and fulfilment of conditions of each beneficiary in close coordination with health workers for successful implementation of the programme. Supervisor should randomly check cases of all those reported by AWWs under her jurisdiction so as to cover maximum number of beneficiaries during her visit and interact with beneficiaries to see that payments due were received by them.

Audit noticed that there was vacancy of 41 Supervisors against the sanctioned strength of 114 under 13 CDPOs due to which proper supervisions were not conducted.

3.5.3 Monitoring and supervision

As per paragraph 9 of the scheme guidelines, monitoring and supervision mechanism set up under the Integrated Child Development Scheme (ICDS) at all levels would be used for MAMATA Scheme. As per scheme guidelines, the DSWO/ CDPO/ Supervisors/ Programme Assistants were to undertake field visits for effective monitoring of the programme.

[151] Dabugaon, Khalikote, Nabarangapur and Umerkote

Audit noticed that monitoring was not effective due to vacancies in Supervisor cadre and Programme Assistants etc., conducting of routine visit of AWCs etc. as discussed below:

3.5.3.1 Ineffective field visits

As per the guidelines (Para 9), field visits should be undertaken by the DSWOs, Programme Managers, CDPOs and Supervisors as per prescribed schedule. Audit noticed that though CDPOs/ Supervisor conducted field visits, their visit notes were routine in nature. There were no findings/ comments on maintenance of records in AWCs, non-fulfilment of conditions by beneficiaries and interaction with beneficiaries to ascertain their problems in their visit notes.

Field visit reports of CDPOs/ Supervisors were required to be submitted to Collector/ DSWO by 7th of every month as per guidelines (Para 2.12.5). But, no such reports were made available in test checked DSWO offices due to which higher authorities had no scope to know implementation status of the programme at field level.

Department stated (September 2014) that though regular monitoring was done at field levels, it is not being documented properly and they are being insisted upon to do so.

3.5.3.2 Non-conduct of periodic audit by Programme Manager

As per guidelines, Programme Manager should undertake periodic audit of MAMATA accounts. Further, the Collector should initiate regular audit to prevent possibilities of leakages, with the assistance of the PMU at the district level.

Check of records of four test checked DSWOs revealed that neither did the Programme Managers conduct audit nor did Collectors of test checked districts initiate audit of MAMATA, as required under guidelines.

3.5.4 Non-availability of toll free number for registering grievances

As per scheme guidelines, every district should have a toll free number for registering grievances. Department also instructed (August 2011) all Collectors to open a dedicated grievance helpline in DSWO office for receiving complaints/ suggestions under the scheme. This number shall be widely publicised and displayed at every AWC, Block and GP office. Programme Assistant at the district level should maintain grievance helpline for the scheme.

Scrutiny revealed that there was no dedicated grievance helpline for registering grievance/ suggestions relating to implementation of the scheme. Department has not provided any funds for this purpose. In absence of grievance helpline, complaints/ suggestion on implementation of the scheme were not received. However, from the general grievance register maintained in test checked district

Collectorates, Audit could find only four grievances received in Nabarangpur and Boudh districts relating to the scheme.

Admitting the fact, Department stated (September 2014) that the same would be taken care of in near future.

3.5.5 Non-submission of Utilisation Certificate

CDPOs were to submit Utilisation Certificates (UCs) to the DSWOs with a copy to the Department at the earliest and the DSWOs were to submit consolidated UCs to the Department. Audit, however, noticed that ten[152] CDPOs received ₹ 15.33 crore for payment of MAMATA benefit during 2011-14, of which they utilised ₹ 14.59 crore as of March 2014 but did not furnish UCs either to the DSWO or to the Department. DSWOs also did not take steps to obtain UCs from the CDPOs for onward transmission to Department. This indicated inadequate monitoring of utilisation of funds under the scheme.

Department stated (September 2014) that the scheme deals with direct cash transfer to the beneficiary account which is reflected in the online bank account statement which is maintained at project level.

[152] CDPOs of Berhampur City, Digapahandi, Harabhanga, Jujomura, Kantamal, Khalikote, Papadahandi, Rairakhol, Nabarangpur and Umerkote

SCHOOL AND MASS EDUCATION DEPARTMENT

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

Highlights

- **The development of EPIS and GIS without adequate requirement analysis led to its discontinuance and non-use.**

{Paragraph 3.2, 3.3}

- **Annual updation of child records in CTS database by unauthorised backend query and by-passing the laid down procedure led to unreliability of data for planning purposes.**

{Paragraph 3.4}

3.6.1 Introduction

Odisha Primary Education Programme Authority (OPEPA) functioning under the School and Mass Education Department (SMED) is the State Implementing Society (SIS) for overseeing the successful implementation of Sarva Shiksha Abhiyan (SSA), a national flagship programme in the State to achieve the goals of Universal Elementary Education (UEE). For implementation of programme, various data were to be collected, computerised and compiled in a systematic process for effective planning and progress monitoring.

OPEPA implemented IT system of e-Sishu Project consisting of sub-systems *viz*. Child Tracking Systems (CTS), Geographical Information System (GIS) and Education Personnel Information System (EPIS) during 2005-06 to track each child, minimise/ eliminate duplicate and fake enrolments, formulation of plans for future entrants to the education system with infrastructure, development of each child based on his/ her achievements to ensure quality education.

3.6.1.1 Need for conducting follow up Audit

Implementation of IT system of e-Sishu Project of OPEPA was audited for the period 2001-07 and mention was made in Paragraph 3.4 of CAG's Report (Civil) for the year ended March 2007 on Government of Odisha that CTS failed due to defective software and absence of supervision and monitoring in implementation of project and EPIS and GIS remained incomplete due to faulty planning.

This Audit, in the nature of follow up, was conducted with the objective to assess whether recommendations in earlier Audit Report on development and maintenance of IT systems (EPIS, GIS and CTS) including information security were adopted adequately and effectively during 2007-13 to ensure achievement of universal elementary education under SSA. Audit was conducted with test check of records of OPEPA, eight District Project Coordinators (DPCs), eight Block Education Officers (BEOs), 16 Block Resource Center Coordinators (BRCCs) and 32 Schools covering the period from 2007-13. The integrity, authenticity and reliability of data in respect of IT systems were analysed using structured query language (SQL)/ Interactive Data Extraction and Analysis (IDEA). The findings were discussed with Commissioner-cum-Secretary of the Department who is also the State Project Director of OPEPA in August 2014 and responses of the Department were considered and suitably incorporated in the Report. Audit tracked the developments on following recommendations:

- *Ad hoc* approach in the planning of computerisation efforts should be avoided.
- Unique Child ID should be allotted for each child for their identification.
- Input and validation controls should be built in to ensure completeness and correctness of the data.
- Initiatives should be taken at district level for prompt, periodic and regular updation of database.

Audit findings

3.6.2 Implementation of EPIS/ GIS subsystems

Despite recommendation made in the earlier Audit Report, *ad hoc* approach in planning of computerisation continued which resulted in failure and discontinuance of web-based EPIS and development of incomplete and unreliable GIS.

During 2006, OPEPA redesigned an earlier application *i.e.,* District Inspector of School Software (DISS) to a web-based centralised EPIS software to address deficiencies in the DISS and additional functional requirements of District Project Offices (DPOs), OPEPA and the Directorate of Elementary Education (DEE) for monitoring and supervision at each such levels. Besides, OPEPA planned implementation of a GPS based GIS software for mapping of all educational institutions of the State and creation of infrastructure database to be used as a decision support system tool for top management in ensuring quality education.

3.6.2.1 Implementation of EPIS

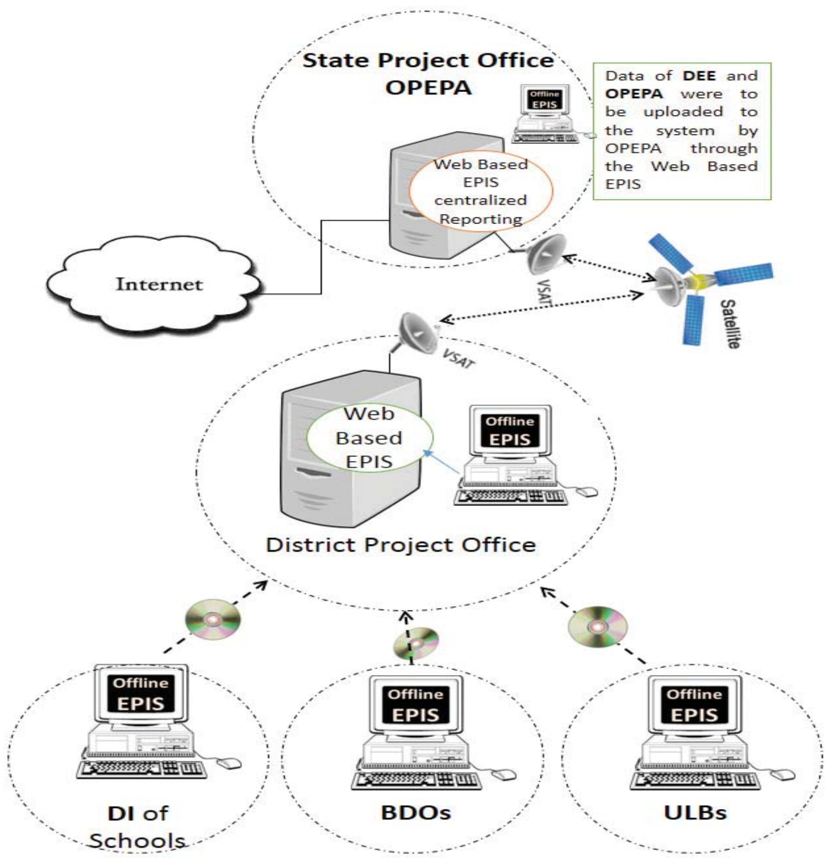
OPEPA implemented EPIS in 2006 with the objectives of computerisation of personnel information, pension and gratuity, pay roll, treasury transaction and legal matters in respect of all employees, teachers and Shiksha Sahayaks (SSs) under DEE and OPEPA. The database from each District Inspector (DI) of School and BDO was to be cumulated at respective DPO through CDs/ DVDs, which would be further synchronised to State server at OPEPA through V-SAT[153] connectivity for on-line centralised monitoring and reporting.

IDCOL Software Limited (ISL), a Government agency was assigned (July 2006) the responsibility for successful implementation of EPIS at project cost of ₹ 98.94 lakh[154] with the stipulation for completion within six months.

Project Governance

As per established best practices, for implementation of any IT project that addresses core business processes of an entity there should be an IT steering committee with representation of top stakeholders to oversee its overall direction

Diagram depicting the data synchronisation process (executed every month) in Web Based EPIS for centralised reporting system



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153 A very small aperture terminal (VSAT) used in wide area network as a communication medium

154 Customisation of existing software: ₹ 2.11 lakh, Development of web based application and integration with existing OPEPA portal: ₹ 27.54 lakh, Implementation for individual site: ₹ 28.08 lakh, Backlog data entry: ₹ 9. 24 lakh, Skilled manpower at DI Offices: ₹ 23.76 lakh and maintenance for one year: ₹ 8.21 lakh

of the IT initiatives. Clause 48 of the Memorandum of Association of OPEPA also stipulated that, State Project Director (SPD) shall constitute a Steering Group for development and implementation of the projects.

Audit noticed that SPD did not form a Steering Group prior to the development and implementation of EPIS in 2006. During implementation of EPIS, when problems like errors in the software, non-installation of EPIS in different field offices, etc. were noticed, a Steering Committee[155] was formed in November 2007. This committee met only once and was chaired by Deputy General Manager (DGM) (Systems) of IDCOL Software Limited (ISL), the vendor for the project instead of being chaired by administrative authority from OPEPA. The low level of involvement of OPEPA management in project implementation clearly indicated lack of project ownership by the entity rendering the project development directionless.

During discussion (August 2014), Commissioner-cum-Secretary agreed that head of administrative entity should head the committee to monitor the development and implementation of EPIS which would be taken into account in future.

Inadequate requirement analysis

A software named ‘BETAN’[156] was in use from 2004 in 314 Blocks of the State for generation of pay bills of the employees and teachers. The State Government in General Administration (GA) Department had also initiated the process of development (May 2006) of Human Resource Management System (HRMS) with the objective to enable all establishments of all departments to carry out personnel management transactions like recruitment, promotions, transfers, leave, trainings/ deputations, court cases, pension, payroll processing, etc. through a web based system.

Without considering the usability of HRMS and BETAN, the OPEPA awarded (July 2006) the work of development of yet another similar software EPIS to address similar HR functionalities like payroll, pension, court cases. The objective of EPIS also included tracking of school-level vacancies, teacher rationalisation and management of transfer and postings. The EPIS aimed to cover 432[157] locations which included 314 blocks by redesigning earlier abandoned DISS.

We noted that during implementation stages, there was inadequate involvement or direction by OPEPA management. As a result, out of the 432 targeted locations, EPIS could not be implemented in 314 blocks as BETAN was successfully

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155 Assistant Director (MIS), OPEPA; Programmer, SPO; Programmer, Angul; District Inspector of Schools, Khordha; Data Entry Operator, K.Nagar; Establishment Officer; DEE; and Manager Executive (TQM)

156 A software developed by Odisha Computer Application Centre relating to payroll management system of Panchayati Raj Department, Government of Odisha

157 DIs:75, Blocks: 314, ULBs:11, DPOs:30, DEE:1 and SPO:1

running there and OPEPA had to reduce (November 2007) the coverage from 432 to 107 locations excluding 325 locations (314 blocks and 11 ULBs).

Check of records of sampled districts revealed that all DPOs were not using EPIS. The DPOs were mainly running with contractual employees and their payroll records were being generated and maintained through Excel sheets. After using EPIS up to March 2014, DI of schools also discontinued the same and adopted the HRMS which was made mandatory for all DDOs from April 2014. This also indicated inadequate requirement analysis before taking up the project which resulted in reduction of scope midway during implementation and discontinuance of EPIS in DPOs and DIs.

During discussion (August 2014), Commissioner-cum-Secretary admitted lapse of planning on the part of OPEPA and stated (August 2014) that EPIS was being used in State Project Office (SPO) and DEE. But the fact remained that the basic objective of EPIS *viz*. tracking of school-level vacancies, court cases, teacher rationalisation, transfer and posting could not be met.

Project monitoring - Payment to vendor without development of contracted module

Web-based EPIS was to serve as an effective online Human Resource Information System (HRIS) for centralised monitoring and reporting tool for the decision support system in tracking vacancies and capacity mapping at various locations. One of the objectives of EPIS was to help in transfer and deputation related decisions.

We noticed that data was transmitted in CDs by the Districts to OPEPA instead of synchronisation through the web application. To an audit query to furnish the web application of EPIS for verification, OPEPA produced a DVD containing some report files and data pertaining to Khordha District which did not contain the intended web application as envisaged in the project proposal. This indicated that the module was not developed.

But, OPEPA paid (August 2006 – May 2010) ₹ 71.35 lakh which included web-based application cost for ₹ 27.54 lakh without verifying the deliverables.

Thus, due to non-development of the web module, OPEPA could not achieve the envisaged objectives of EPIS *i.e.,* supervision and monitoring through centralised reporting system for decision support.

During discussion, Commissioner-cum-Secretary stated that OPEPA should share evidence of existence of module to Audit, if available. However, the same was not shown to Audit (September 2014).

Thus, due to poor project planning, ownership and monitoring of OPEPA, web-based EPIS software could not be developed and implementation of the customised version of EPIS failed in spite of expenditure of ₹ 71.35 lakh.

3.6.2.2 Implementation of Geographical Information System (GIS)

OPEPA decided (2006) to develop a statewide Global Positioning System (GPS) based Geographical Information System (GIS) software with all the educational infrastructure details with photographs to act as a decision support system tool for the top management of OPEPA for speedy and accurate decision on providing infrastructure (*i.e.,* schools, buildings, toilets, drinking water facilities, etc.) to ensure quality education. Despite spending ₹ 2.71 crore on the project, OPEPA failed to achieve the objectives for reasons detailed under:

Data quality

A key element of the project was to create a database having locational information and available amenities in schools in Odisha. The work was awarded to OCCL, the vendor in April 2006 to create the infrastructural database within three months. OCCL submitted it in December 2006 to OPEPA. Several errors in the database related to school type, class range of schools, mismatch or non-availability of photographs, etc. were noticed by SPD, OPEPA. OCCL resubmitted the data (March 2007) but with similar errors. The entire data on GIS submitted by OCCL was to be scrutinised and payment was to be released against the quality of work done. A project evaluation committee evaluated the claim of OCCL in March 2008. It was revealed that the committee only verified the total number of schools *vis-à-vis* the actual number of schools surveyed against which both photographs as well as GPS readings were present without examining other errors. The final payment was released (April 2009) to the vendor based on the verification report submitted by the committee. The committee, however, left a gap in ensuring the quality of data as submitted by OCCL during final verification.

Analysis of data by Audit pertaining to phase I work revealed the following errors:

- Out of 76,477 records of schools critical errors like schools having duplicate longitude and latitude, missing photographs, duplicate photographs, etc. were noticed in 19,372 schools (25 *per cent*). Such kind of errors would lead to misleading information to the top management in taking decisions on provision of new schools, infrastructure facilities to the required schools. As an instance, some of the errors are illustrated below.

Illustration 3.6.1: Different schools having same longitude and latitude

Name of the District	School Name	Latitude	Longitude
Ganjam	Koinphulia P.S.	19.04161	84.47497
Ganjam	Kutumbari P.S.	19.04161	84.47497
Ganjam	Sialsingi P.S.	19.04814	84.46667
Ganjam	Tabudia P.S.	19.04814	84.46667

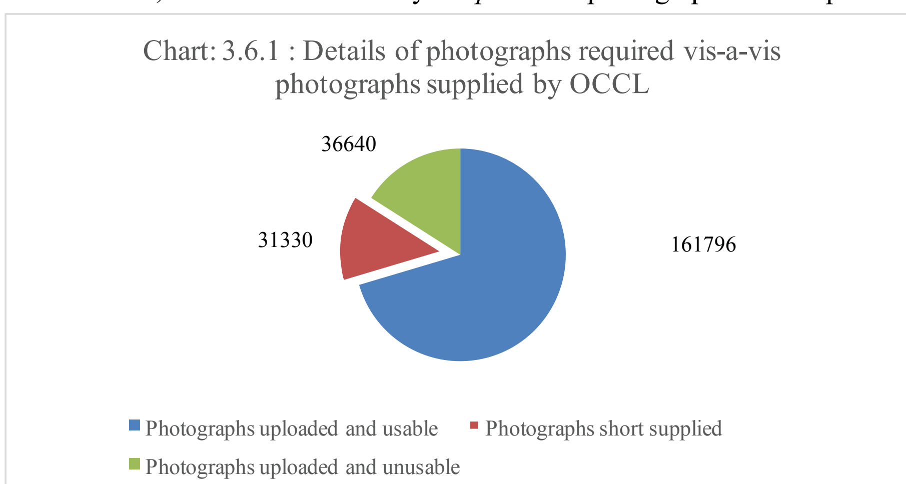
Illustration 3.6.2: Schools having missing photographs

Name of the District	School Name	Photograph 1	Missing Photograph 2	Missing Photograph 3
Angul	Saraswati Shishu Mandir	IMG_0410.	Null	Null
Angul	D.A.V. Public School	IMG_0403.	Null	Null
Angul	Nigamananda Institute of Education	IMG_0436.	Null	Null

Illustration 3.6.3: Schools where the photographs were duplicated against different schools

Name of the District	School Name	Photograph 1	Photograph 2	Photograph 3
Angul	Dalabeherasahi SS	P1IMG_010	P1IMG_0103	P1IMG_0104
Angul	Bruti PS	P1IMG_010	P1IMG_0103	P1IMG_0104
Angul	Tentoloi SS	IMG_0197.	IMG_0198.g	IMG_0199.g
Angul	Nuasahi PS	IMG_0197.	IMG_0198.g	IMG_0199.g

- OCCL had to supply three photographs from each school. This meant submission of 2,27,766 photographs in respect of 75,922 schools across Odisha. But, audit noted that only 86 *per cent* photographs were uploaded.



This resulted in short supply of 14 *per cent* photographs by OCCL. The absence of photographs would lead to non-identification of the school and the actual condition of the school building, rooms, toilets and its surroundings for further provision of amenities.

- The school photographs were saved in the disks in folders named as corresponding block code. The names of the files are stored in the database field. Through this link (*i.e.,* file name of the image) the system could retrieve the image of the school. We noticed that there were incorrect image file names in the database which would not fetch the linked image files, thereby only 1,61,796 photographs were tagged to schools rendering 34,640 photographs without use.

Thus, the development of error prone and incomplete GIS software which could not be put to use for planning and decision purposes because of the unreliability of the data, rendered expenditure of ₹ 2.15 crore infructuous.

During discussion (August 2014), Commissioner-cum-Secretary stated that the payment was released to OPEPA on the basis of recommendations of technical committee.

But, committee had representation from OPEPA and it should have recommended for release of payment after addressing accuracy and completeness of the deliverables provided by OCCL.

Revival of phase-II proposal despite erroneous database

In the circumstances of problems of data reliability and usability of GIS, it was decided in 2008 not to go ahead with phase-II of the project. However, on the basis of communication received from M/s Geo Infotech Limited (December 2009) the earlier proposal of phase-II work for development of web-based GIS system was arbitrarily revived (January 2010). While OPEPA engaged in identifying the appropriate vendor for designing web-based GIS, the Ministry of Housing and Urban Poverty Alleviation, GoI identified 12 proprietors who dealt in GIS software. OPEPA, however, awarded the work of project implementation to Geo Infotech in March 2012 which was one of the vendors of OCCL during phase-I work. The work was split into five works[158] and awarded to Geo Infotech for ₹ 49.50 lakh without inviting open tender/ e-tender on the ground of single source procurement and without exploring possibility of other eligible vendors.

The GIS application was to be developed with existing database with OPEPA developed by OCCL during phase I work which contained errors in longitude, latitude, infrastructure photographs, etc. which has been discussed in the foregoing paragraph. Geo Infotech was to complete the works within six months from the date of work order. The application software on GIS was installed in the server at OPEPA and tested in August 2012. The phase II work stated to have been completed by Geo Infotech was deficient as the locational data of schools (longitude and latitude) was incorrect and the developed web-based GIS system lacked provision of habitation based analysis which was a basic requirement of GIS to get the information on habitations which was needed for planning further schooling facilities.

During discussion (August 2014), Commissioner-cum-Secretary asked OPEPA to furnish justification that this web-based GIS software acquired by OPEPA was

[158] ArcGIS Server standard Edition: ₹ 11.70 lakh; ArcGIS ArcEditor: ₹ 11.21 lakh; Application development with dual language portal:₹ 11.00 lakh; Data migration and installation, testing, etc.₹ 14.14 lakh; Printing of maps and placement of technical experts:₹ 1.45 lakh

the only software available in the market. OPEPA, however, could not furnish the justification as of September 2014.

3.6.3 Implementation of Child Tracking System (CTS)

A database of all children of 0-14 years with their name, age, sex, caste, educational status, reasons for not attending school and other indicators was developed on the basis of data collected through household survey during Orissa Child Census 2005. This database was loaded in the State database server and district servers. The objective was to develop an online CTS wherein the current status of each child would be available in the web. The CTS validation and updating process was adopted to update changes of the class, education progress indicators (percentage of marks secured in the annual examination), school, dropouts of schools and new admissions of the children for the years 2006, 2007, 2008 and 2009. Thereafter, another child survey was conducted during 2011 and the child data was subsequently updated for the years 2012 and 2013.

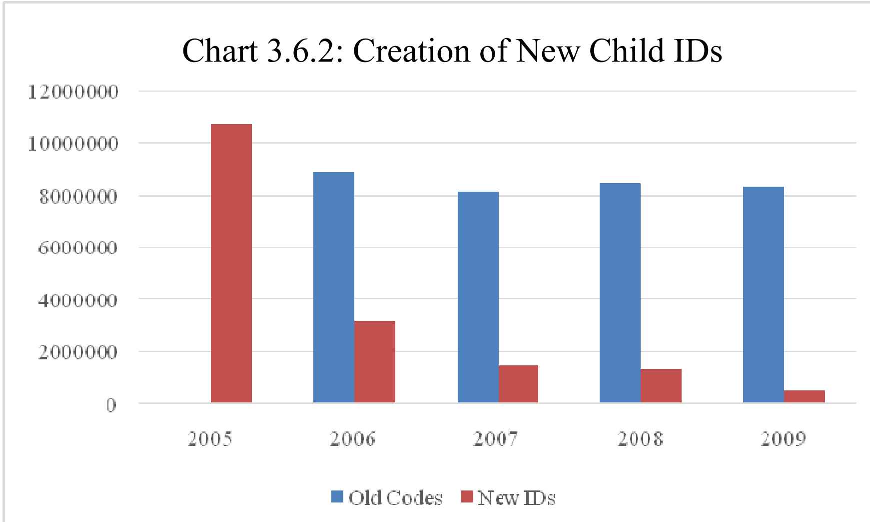
Audit noticed the following deficiencies:

3.6.3.1 Non-allotment of Unique Child ID

Due to non-allotment of Unique Child ID to each child for their identification as recommended in earlier Audit Report, objective of continuous tracking of each child for educational and economic status could not be achieved

OPEPA developed a child database (CTS) containing child information like child name, guardian, village, school, class, date of birth, annual attendance, marks secured, etc. after conducting a door to door survey during 2005. Under CTS, each child was to be provided with unique child code to track his/ her educational and socioeconomic status. The database was updated every year up to 2009 until introduction of Right to Education Act 2009. Tracking the status of a child is possible only through adoption of unique child ID. OPEPA claimed that it had adopted the recommendation made in this regard in the Audit Report of Comptroller and Auditor General of India.

The child database was built during 2005 and this was again validated in 2006. Accordingly, 1.48 crore child IDs were allotted to all the children of 0 to 14 years of age. In subsequent years 2007-2009 CTS updation was done for the children of 5+ to 14 years age group. Hence, during the years 2007 to 2009 the chances of identification of new children would be meagre against whom new child IDs were allotted. But, it was observed that 24 lakh new child IDs were allotted during 2007-2009. There were 1.72 crore codes in respect of all districts found allotted during 2005-2009 as depicted in the chart below:



The creation of new IDs was sizeable from 2007 to 2009. This is because, instead of using unique ID during updation children transferred from one school to another were allotted IDs afresh. In this process, the same child was allotted different IDs in different years when he is transferred to new school. Database analysis revealed that in the year 2009 the number of child records was 88.04 lakh out of which only 41.62 lakh children have consistent code across previous years. Therefore, the performance tracking across previous years was not possible against 46.42 lakh children which is more than 50 *per cent* of the child population.

OPEPA did not update the child database during 2010 due to delayed software modification process in tune with RTE Act 2009. It created another software based on RTE requirement during 2011 at a cost of ₹ 45.00 lakh. In the new software, new functionalities in tune to RTE Act were added and the functionalities like provision of unique child ID, information on appearance in annual examination, marks secured, etc. were removed. The coding pattern in respect of villages, schools and children were changed and the new database lost the link to the earlier databases of 2005 to 2009.

We further noticed that due to improper relational integrity constraints imposed into the database designs, there were multiple child names mapped to single child ID. There were 68289 such cases in 2007-09 and 1437 cases in 2011-13 databases.

Thus, without a unique child ID, OPEPA failed to track each child for educational status on an annual basis, thereby defeating the objective of implementation of the software. Despite the recommendations made in the earlier Audit Report, such irregularities not only persisted but the matter was not looked into while making modification to the CTS in 2011.

During discussion (August 2014), Commissioner-cum-Secretary consented to the proposal of OPEPA for mapping the child data of 2009 and 2011 manually. The fact remained that unique child ID has not been adopted since 2011.

3.6.3.2 Weak application controls affecting data quality

Despite recommendations made in earlier Audit Report to build input and validation controls to ensure complete and correctness of data, the same irregularities continued due to which data remained unreliable, inaccurate and failed very purpose of tracking each child's education

Analysis of database revealed that there were inconsistent data in the database as below:

(i) **Absence of range check**: We found that there was no age-level validation in the field capturing the data *i.e.*, the class attended by the child. This resulted in erroneous data capture, across the years checked in Audit. These errors were noted to the extent from 1,74,357 cases of 2007-09 to 2,64,931 cases in 2011-13.

Similar validation controls were lacking for filling child category (SC, ST, OBC, Others) or mother tongue (based on language spoken in the State), religion, reason for school dropout, etc. leading to unreliable data and wrong management information for planning.

(ii) **Erroneous data type definition of certain important fields**: The name of the child and parent in the database should not contain numbers, special characters, etc. as presence of such would lead to misinformation. There were 52,887 records of 2007-09 database and 30435 records of 2011-13 database where the names of child and parent contained numbers thereby compromising the integrity of the data available in the software.

(iii) **No referential integrity check**: Audit noticed that the data entry screen accepted child's village codes which was not validated by the village master data. This rendered 343 child records of 2007-09 and 166 records of 2011-13 without any village. Thus, the child population report against such villages would mislead the planning for infrastructure. Instances of such cases are as follows:

Illustration 3.6.4:

Child ID	**Village Code***	**Remarks**
D09B04C105721	D09B04G23V171	Not available in village
D09804C105768	D09B04G23V092	-do-
D09B04C105769	D09B04G23V092	-do-
D09B04C105783	D09B04G23V092	-do-
D09B04C105783	D09B04G23V092	-do-

* All these codes did not exist in village master table

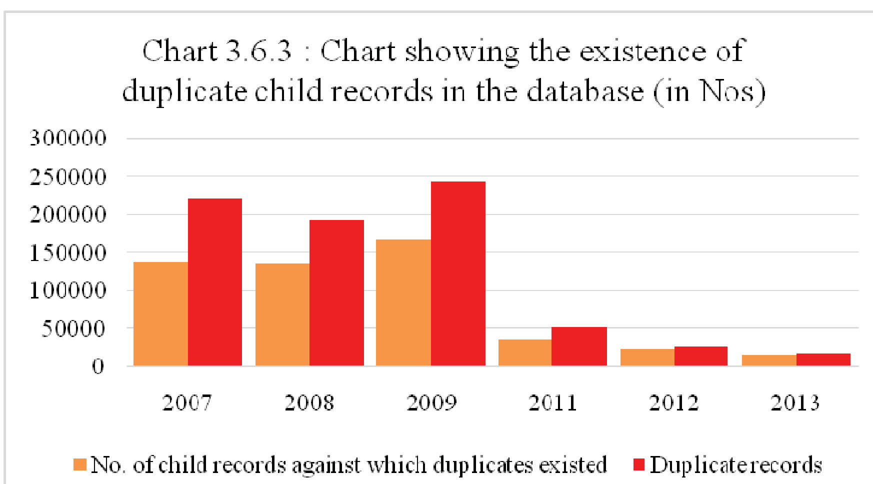
Similar design problem was also noticed in case of school codes. There were 2,03,731 and 99,258 child records in the 2007-09 and 2011-13 databases respectively where school codes did not match with the school master table. These children were not considered in the school wise child enrolment reports.

During discussion (August 2014), the OPEPA stated that the database is to be rechecked again. They added that the validation for religion code was giving problem in different browsers. The fact remained that the CTS still contained errors.

3.6.3.3 Duplicate child records in CTS database

As per GoI instructions, system of village education registers (VERs) was introduced at village level to track all children from 0-14 years since 2001. The VERs were to be maintained by the Village Education Committees (VECs). One of the purposes of such survey was to eliminate ghost children whose names appear in more than one school. But, Head Masters/ VECs who were responsible for updating VERs did not make regular updation for which OPEPA introduced e-VER system after conducting a fresh household survey in Child Census 2005 at a cost of ₹ 5.05 crore. This database was validated in 2006 at a cost of ₹ 2.76 crore. It was updated in subsequent years up to 2013 except for the year 2010.

Analysis of above child databases revealed that in case of 5.21 lakh children, key identifiers like name, date of birth, guardian name and village code was exactly the same indicating data redundancy. This also indicated possibility of ghost children in schools. The presence of ghost instances had direct implication on Government exchequer in so far as mid-day meal/ free textbook/ uniform etc. are concerned besides wrong reporting of total figures impacting the planning.



These duplicates were due to presence of a child record in more than one school/ class, data entry errors and software problems like absence of validation. This led to incorrect CTS report on gross enrolment ratio and net enrolment ratio which are used as vital parameters for scheme planning.

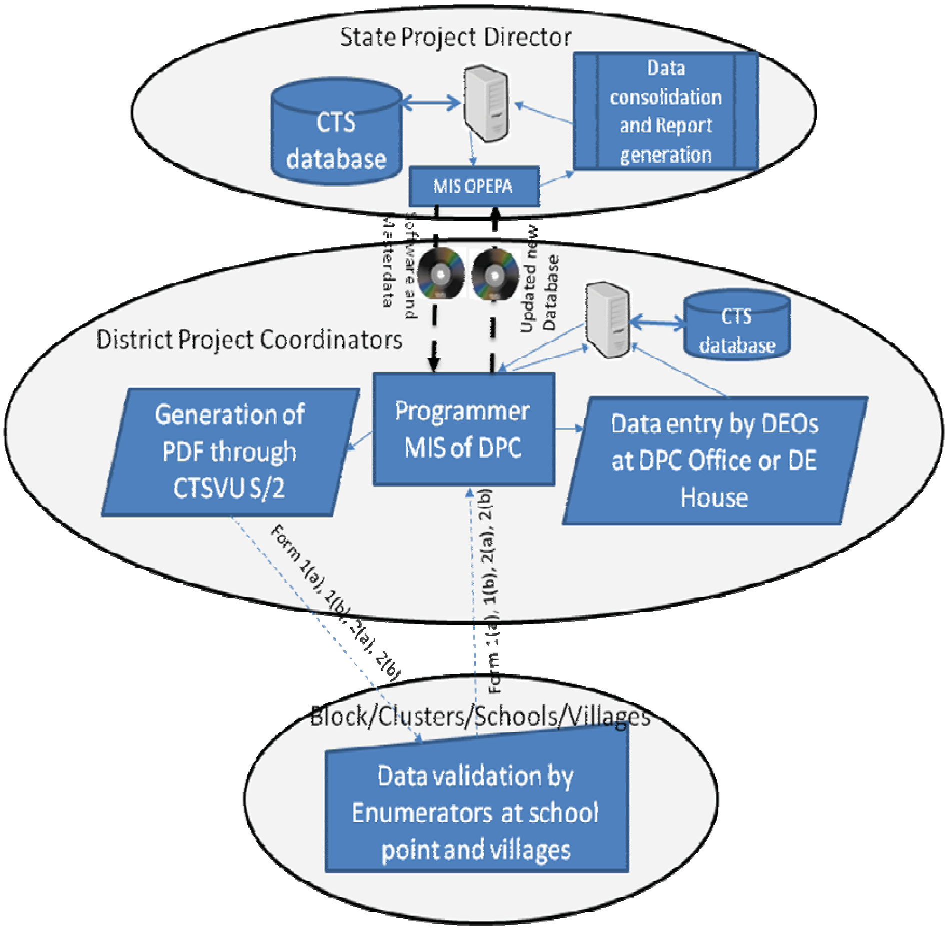
During discussion (August 2014), Commissioner-cum-Secretary agreed and stated that this would be taken care of by flagging duplicate child records based on name of the child, parent name, date of birth and village in the software from 2012.

3.6.3.4 Irregular updation of CTS data

Despite recommendation made in earlier Audit Report to take initiatives at district level for prompt, periodic and regular updation of databases, such irregular updation continued leading to database becoming unreliable and incorrect

Data updation to CTS was an annual process. The child records of the earlier year were printed by the DPOs in specified formats[159] village wise/ school wise from the system and distributed to the VEC of each village along with blank formats[160] through the respective Block Resource Center Coordinator (BRCC)/ Cluster Resource Center Coordinator (CRCC). These printed records were validated by enumerators (Headmasters/ teachers) from manual attendance records, admission registers for in-school children and from house survey in case of children who were out of school/ transferred to other schools. In case where a child was in the list but was not in the school attendance register, the enumerator marked the child record as deleted, transferred to other school, out of school, etc. as the case may be and against existing children updated the class of the child, percentage of marks secured, number of attendances, etc. in the formats. The validation process was reviewed by the CRCCs/ BRCCs. These validated manual records were sent to the DPO where data from these records were entered into the CTS. The districts then sent this data to state for consolidation. The network administrator and programmer of the State Project Office used to consolidate the data in the State server. For this job the OPEPA paid ₹ 0.40 per child to enumerators for data collection and ₹ 0.25 per child for data entry for the years 2008 and 2009.

[159] Form 1 (a) – In School Children and Form 1 (b) – New children in school (blank form)
[160] Form 2 (a) – Out of School Children, Form 2 (b) – New out of school children (blank form)



Audit observed that this entire data updation process was compromised during 2009 which resulted in unreliable information in the CTS database

- **Data updation using backend script based on existing data**: The CTS application was designed in a manner that every data entry/ updation by user would trigger the capture of exact time of creation/ updation of record up to millisecond level into the database.

  A comparison between date of creation of child data of 2008 and that of 2009 revealed that time of creation of a child record of 2009 was exactly same in the corresponding record of 2008 while year portion of creation date of 2009 was increased by one from that of 2008 in respect of 15 districts and by two in case of one district (Ganjam) in 45,30,764 (83 *per cent*) cases out of 54,58,812 records as detailed in ***Appendix 3.6.1***. An illustration of such cases is as below:

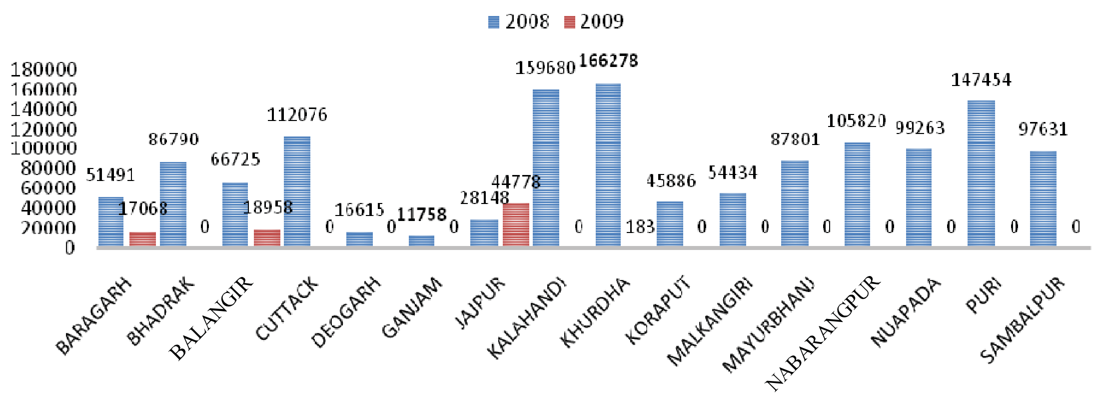
Illustration 3.6.5 Sample 10 cases of Bhadrak District where time portion of the date of creation of records were same along with marks and attendance of a child during the years 2008 and 2009 respectively

Child ID	Data of 2008				Data of 2009			
	Date/time of Creation of record	Class	Mark secured	Attendance	Date /time of creation of record	Class	Mark secured	Attendance
D04B01C10003	2009-06-13 **12:05:37.013**	3	**58**	**199**	2010-05-13 **12:05:37.013**	4	**58**	**199**
D04B01C10006	2009-06-12 **14:35:32.373**	6	**44**	**203**	2010-05-12 **14:35:32.373**	7	**44**	**203**
D04B01C10010	2009-06-12 **14:15:03.483**	7	**44**	**200**	2010-05-12 **14:15:03.483**	8	**44**	**200**
D04B01C10012	2009-06-12 **14:19:47.530**	3	**44**	**199**	2010-05-12 **14:19:47.530**	4	**44**	**199**
D04B01C10020	2009-06-12 **14:04:39.763**	8	**44**	**199**	2010-05-12 **14:04:39.763**	9	**44**	**199**
D04B01C10023	2009-06-12 **14:19:47.293**	6	**40**	**199**	2010-05-12 **14:19:47.293**	7	**40**	**199**
D04B01C10024	2009-06-12 **14:19:47.340**	6	**53**	**198**	2010-05-12 **14:19:47.340**	7	**53**	**198**
D04B01C10030	2009-06-12 **14:19:47.233**	7	**56**	**199**	2010-05-12 **14:19:47.233**	8	**56**	**199**
D04B01C10032	2009-06-12 **14:07:12.357**	8	**44**	**202**	2010-05-12 **14:07:12.357**	9	**44**	**202**
D04B01C10041	2009-06-12 **09:28:10.467**	8	**0**	**0**	2010-05-12 **09:28:10.467**	9	**0**	**0**
D04B01C10047	2009-06-12 **14:09:18.250**	8	**44**	**200**	2010-05-12 **14:09:18.250**	9	**44**	**200**

As illustrated above, it is evident that the data updation process was done by running backend procedures on the existing data. Class of each child during 2008 was increased by one in 2009 whereas marks secured and total attendances against each child remained same in both the years. Thus, 45,30,764 (62 *per cent*) child records were copied from 2008 to 2009 databases without updating the same through the defined data entry process at district level.

- **No new child codes generated:** The enumerators required to collect the children data from schools and villages regarding children admitted for first time in school and newly identified out of school in form 1 (b) and form 2 (b) respectively. While entering these data into the database, new child IDs are generated by the system. For the years 2007 and 2008, 15,03,773 and 13,25,854 new child IDs were found created respectively.

Chart 3.6.4: Comparison of creation of new child codes



But, during 2009, no new IDs were generated in 12 districts for which previous year's (2008) data was updated through backend procedures whereas generation of new IDs ranged from 11758 to 166278 in 2008 indicating copying of previous year's data. In remaining four districts (Bargarh, Balangir, Jajpur and Khordha) generation of new IDs in 2009 ranged from 183 to 44,778 whereas same was 51,491 to 1,66,278 in 2008 indicating maximum copying of previous year's data. District wise allotment of new codes during 2007-09 are detailed in ***Appendix 3.6.2.***

We also noticed that the data updation by using backend script had occurred in earlier years as well.

- **Time of creation of child record was "00:00:000":** There were 13,37,283 (13.87 *per cent*) child records of 2007, 13,48,315 (13.82 *per cent*) child records of 2008 and 13,72,852 (15.59 *per cent* child records of 2009 where time of validation (created date) was '00:00:00:000' (zero hours, zero minutes, zero seconds, zero milliseconds *i.e.,* sharp at 12.00 midnight) in all districts as given in ***Appendix 3.6.3.*** It was unlikely that 13 to 16 *per cent* of entries were made at that one time. This indicates possibility that database was tampered by way of copying of child records from database of previous years.

- **Copy of child records from 2006 database:** Analysis also revealed 4,78,140 records of 2007, 7,18,422 records of 2008 and 44,298 records of 2009 were simply copied from the 2006 database as date of creation of records of 2006 against each such child was exactly the same in the target tables (*i.e.,* 2007, 2008 and 2009 tables respectively).

Evidence of such copying of records *i.e.,* record creation date was also tampered with.

To an audit query to furnish the annual CTS data DVDs submitted by the districts during 2007-2009 to State for consolidation, the SPD stated that all these DVDs got damaged and could not be furnished to audit.

From the above it can be noticed that by-passing the updating process, data were entered into the database by manipulating data from 2007 to 2009. This unauthorised updation can be ascertainable in 2009 when maximum copying of records was observed in 16 districts and payment of ₹ 18.41 lakh was made towards data entry and data collection. This included payment of ₹ 11.33 lakh[161] to the extent of data updated through backend query.

Such irregular updation made the databases unreliable and incorrect which indicated that there was no supervision on the quality of data in the CTS database. This had also affected the real outcome of the project *i.e.,* planning rendering the database unusable.

During discussion (August 2014), Commissioner-cum-Secretary expressed deep concern over such activities which damaged reputation of the project and enquired from OPEPA, the basis on which payment on data entry was made. Reply from Government has not been received (August 2014).

3.6.3.5 Inaccurate information to stakeholders

As per Para 5.2.1 of Guidelines[162] for Indian Government Websites, each and every bit of content published on a Government website should be verified and checked thoroughly as the public expects nothing less than authentic and accurate information from a credible source such as an official Government website. Incorrect reports will not only mislead the stakeholders but will affect the use of information for decision making processes.

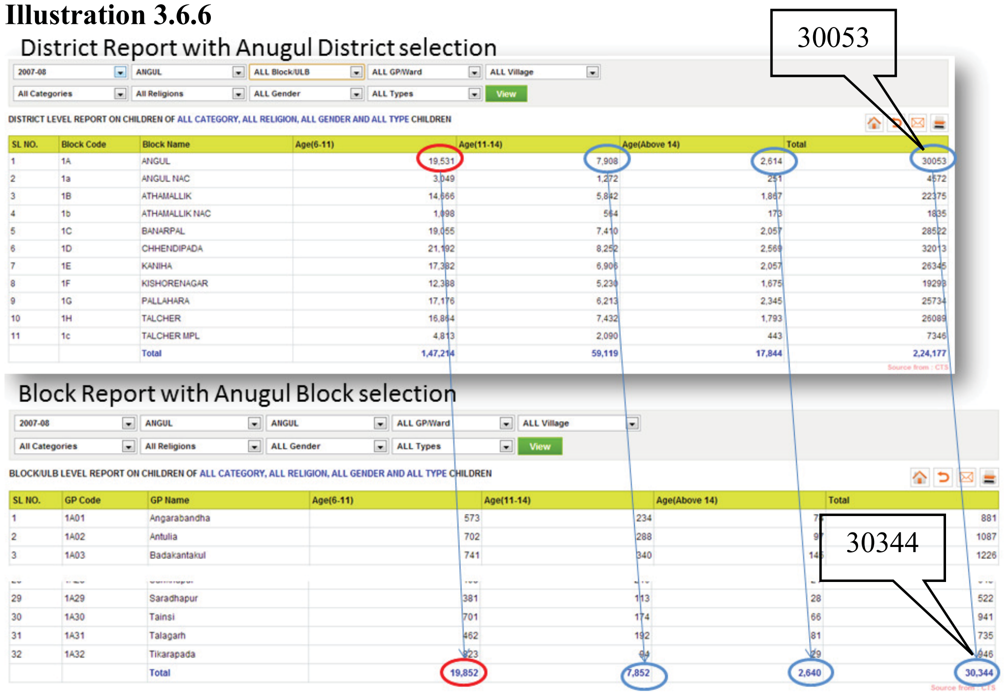
Analysis of the citizen centric reports revealed inconsistencies/ discrepancies in total figure among district, blocks and gram panchayat level reports regarding child population, child enrolment, out of school children, dropouts, teachers' strength, etc. For example the following 'Report on Total Child Population' showed the child population of Angul block as 30053 in the district report

[161] 45,30,764 child records at the rate of ₹ 0.25

[162] Prepared by the Department of Administrative Reforms and Public Grievances in association with Department of Information Technology and National Informatics Centre (NIC)

whereas the total child population of all the GPs in Angul block showed 30,344 in the block report as depicted below:

Illustration 3.6.6



District Report with Anugul District selection

2007-08 | ANGUL | ALL Block/ULB | ALL GP/Ward | ALL Village
All Categories | All Religions | ALL Gender | ALL Types | View

DISTRICT LEVEL REPORT ON CHILDREN OF ALL CATEGORY, ALL RELIGION, ALL GENDER AND ALL TYPE CHILDREN

SL NO.	Block Code	Block Name	Age(6-11)	Age(11-14)	Age(Above 14)	Total
1	1A	ANGUL	19,531	7,908	2,614	30053
2	1a	ANGUL NAC	3,049	1,272	251	4572
3	1B	ATHAMALLIK	14,666	5,842	1,867	22375
4	1b	ATHAMALLIK NAC	1,098	564	173	1835
5	1C	BANARPAL	19,055	7,410	2,057	28522
6	1D	CHHENDIPADA	21,192	8,252	2,569	32013
7	1E	KANIHA	17,382	6,906	2,057	26345
8	1F	KISHORENAGAR	12,388	5,230	1,675	19293
9	1G	PALLAHARA	17,176	6,213	2,345	25734
10	1H	TALCHER	16,864	7,432	1,793	26089
11	1c	TALCHER MPL	4,813	2,090	443	7346
		Total	1,47,214	59,119	17,844	2,24,177

Source from : CTS

Block Report with Anugul Block selection

2007-08 | ANGUL | ANGUL | ALL GP/Ward | ALL Village
All Categories | All Religions | ALL Gender | ALL Types | View

BLOCK/ULB LEVEL REPORT ON CHILDREN OF ALL CATEGORY, ALL RELIGION, ALL GENDER AND ALL TYPE CHILDREN

SL NO.	GP Code	GP Name	Age(6-11)	Age(11-14)	Age(Above 14)	Total
1	1A01	Angarabandha	573	234	[illegible]	881
2	1A02	Antulia	702	288	97	1087
3	1A03	Badakantakul	741	340	[illegible]	1226
29	1A29	Saradhapur	381	113	28	522
30	1A30	Tainsi	701	174	66	941
31	1A31	Talagarh	462	192	81	735
32	1A32	Tikarapada	[illegible]	94	29	946
		Total	19,852	7,852	2,640	30,344

Source from : CTS

Similar discrepancies in other reports are detailed in ***Appendix 3.6.4.*** Due to errors in data and software of e-Sishu coupled with incoherent consolidation of district data in State server, reporting system generated inconsistent and unreliable reports which could not be used for planning. Guidelines for managing government website were not followed as the content of site had become unreliable due to presence of inconsistent information. At the instance of audit the errors in the reports were rectified by OPEPA (August 2014).

During discussion (August 2014), the OPEPA agreed that errors was due to delay in consolidation of information.

3.6.3.6 Backup and security controls

Information backup and security policy should state management's commitment and set out organisation's approach to managing information security in order to achieve goals of the organisation. Information security policy may be documented and communicated throughout the organisation to users in a form that is accessible and understandable to the intended reader.

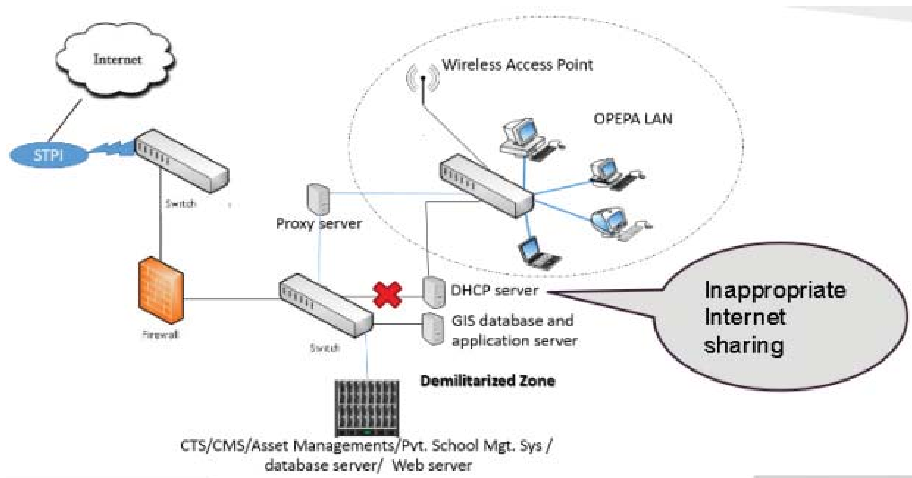
OPEPA, however, had failed in framing security and backup policy and to document it properly which had made the IT systems and assets vulnerable to security risk as discussed below.

- In OPEPA no information security policy document existed to protect valuable IT assets. Data and backup policy were not documented and maintained at OPEPA. Databases were manually backed up to a different folder in the same server weekly, and then copied to external hard disk which should have been avoided as backups kept in the same server could lead to non-restoration in case of disaster. System inspection also revealed that the scheduler for backup was not activated. Network administrator explained that due to lack of space in the server, scheduler could not be activated as it would create large number of backup files and thus backups were manually made and copied to an external hard disk weekly. Documented backup testing procedures and the backup hard disk however was not shown to Audit. Backups had not been kept in a geographical distant place and were not regularly tested and monitored.

- Servers were connected to internet through a firewall, but default setting of the server and firewall were not changed after installation of live systems, making the systems vulnerable to external attacks as these were in Demilitarised Zone (DMZ). Default user *i.e.,* "administrator" was not disabled in all the servers and there were continuous attempts from an external IP using 'administrator' as username to log into the servers (application and database) which were an attempt to hack the systems. Firewall logs were not monitored.

- At application level, the access audit logs of the server intended for accountability of authorised transactions were not monitored. CTS/ CMS application did not capture access audit logs as the table to capture such logs contained no records for monitoring purpose. This indicated that the application had no provision to save access logs.

- There was a proxy server, but Audit noticed that its location over the LAN was inappropriate as systems over LAN accessed the internet through the DHCP server and bypassed the proxy server. This made systems vulnerable to malware and Trojan attacks as no content filtering could be enforced in proxy server. Traffic could not be monitored as internet was available to users directly through DHCP.



- OPEPA had designed network and server architecture to maintain various application systems. The servers were housed in an enclosed room without fire extinguisher.

Due to absence of appropriate backup and security policies, IT system and assets were prone to security risk.

During discussion (August 2014), the Commissioner-cum-Secretary accepted the facts.

3.6.4 Conclusion

The recommendations made in the Paragraph 3.4 of CAG's Report (Civil) for the year ended March 2007 were accepted by the Odisha Primary Education Programme Authority (OPEPA). On a follow up audit, we found that these recommendations which were still pertinent were not carried out. Three sub-systems EPIS, GIS and CTS under the e-Sishu project were reviewed. We found that the scope of implementation of EPIS got severely curtailed and its primary objectives like vacancy tracking of teachers remain unfulfilled. The GIS software contained errors like wrong depiction of location, missing photographs etc. which inhibited habitation based analysis and rendered the GIS unfit for use by the top management of OPEPA. In case of the CTS, we found that the unique child was not addressed and not even adopted in the application upgrade during 2011. Thus, objective of CTS to track each child for educational and economic status could not be achieved. Further, we found a gross deviation from laid down process of annual data updation for which funds were allotted and spent. Significant proportion of 62 *per cent* of child records was updated running backend script thereby vitiating the process and rendering the total information unreliable and infructuous. There were also deficiencies noted in the security and backup procedure. Thus, the key objectives of e-Sishu system to track each child, minimise duplicate/ fake enrolments and formulation of plans to provide quality education remained largely unfulfilled.

Bhubaneswar **(Amar Patnaik)**
The **Accountant General (G&SSA)**
Odisha

Countersigned

New Delhi **(Shashi Kant Sharma)**
The **Comptroller and Auditor General of India**