

ओडिशा विधान सभा में
स्थापन किया गया.....
Laid before the Odisha
Legislative Assembly
on.20 SEP 2018

**Report of the
Comptroller and Auditor General of India
General and Social Sector**

for the year ended March 2017

Government of Odisha
Report No.2 of the year 2018

TABLE OF CONTENTS

	<i>Reference</i>	
	<i>Para</i>	<i>Page</i>
Preface		iii
Chapter I : Introduction		
Introduction	1	1-10
Chapter II : Performance Audit		
Rural Development Department		
Implementation of Pradhan Mantri Gram Sadak Yojana in the State	2.1	11-29
Revenue & Disaster Management Department and Housing & Urban Development Department		
Implementation of National Cyclone Risk Mitigation Project and Odisha Disaster Recovery Project in the State	2.2	30-51
Rural Development Department		
Information Technology Audit on Works and Accounting Management Information System	2.3	52-70
Chapter III : Compliance Audit		
Food Supplies and Consumer Welfare Department		
Management and distribution of Custom Milled Rice	3.1	71-76
Home Department		
Administration of jails in the State	3.2	77-88
Panchayati Raj and Drinking Water Department		
Implementation of National Rural Drinking Water Programme	3.3	88-99
Home Department		
Excess expenditure in construction of staff quarters	3.4	100-101
Planning and Convergence Department, Revenue & Disaster Management Department, Housing & Urban Development Department, ST & SC Development, Minorities & Backward Classes Welfare Department, Women & Child Development and Mission Shakti Department and School & Mass Education Department		
Imprudent management of funds leading to loss of interest of ₹ 15.39 crore	3.5	101-103
Higher Education Department		
Undue favour to a firm for setting up of language laboratories (LLs)	3.6	103-105
Home Department		
Illegal occupation of Government property	3.7	105-106
Health and Family Welfare Department		
Unfruitful expenditure on idle equipment	3.8	106-107
School & Mass Education Department		
Undue favour leading to avoidable expenditure	3.9	107-109
Information and Public Relations Department		
Excess expenditure on colour advertisements	3.10	109-110

Health and Family Welfare Department			
Absence of financial propriety in the arrangements for Nabakalebar festival		3.11	110-111
Revenue and Disaster Management Department			
Misappropriation of Government revenue		3.12	111-112
Housing and Urban Development Department			
Unfruitful expenditure on water supply project		3.13	112-113
Finance Department			
Lack of response to Audit		3.14	114-115
Appendices			
2.2.1	Statement showing deficiencies noticed in Audit during JPI of 43 MPCSSs	2.2.10	117-118
2.2.2	Picture showing identification of eligible villages and beneficiaries	2.2.15.1	119-120
2.3.1	Statement showing the sampled list of changes proposed by User Departments but not provisioned in WAMIS	2.3.5.3	121-124
2.3.2	Statement showing division-wise creation of different recovery heads for same transaction type	2.3.7.5	125
2.3.3	Statement showing deviations from codal provisions of OPWD due to lack of validation control	2.3.8.1	126
3.2.1	Statement showing difference in balances between cash book and bank statements	3.2.3	127
3.11.1	Statement showing excess payment made to the hotels over and above the actual occupancy	3.11	128-129
3.14.1	Statement showing year-wise break up of outstanding Inspection Reports/ Paragraphs issued up to March 2017 but not settled by June 2017	3.14	130-131
3.14.2	Statement showing department-wise Inspection Reports/ Paragraphs issued up to March 2017 but not settled by June 2017	3.14	132-133
3.14.3	Statement showing Department-wise position of Action Taken Notes (ATNs) on Recommendations of PAC (10 th Assembly to 15 th Assembly) including pending for discussion as on 30 September 2017	3.14.2	134-136
	Glossary of abbreviations		137-142

Preface

This Report for the year ended March 2017 has been prepared for submission to the Governor of Odisha under Article 151 of the Constitution of India for being laid before the State Legislature.

The Report contains significant results of the three Performance Audits on (i) *Implementation of Pradhan Mantri Gram Sadak Yojana in the State*, (ii) *Implementation of National Cyclone Risk Mitigation Project and Odisha Disaster Recovery Project in the State* and (iii) *Information Technology Audit on Works and Accounting Management Information System*. Besides Compliance Audits of the Departments of Women & Child Development & Mission Shakti, Housing & Urban Development, Planning & Convergence, Health & Family Welfare, Home, Panchayati Raj & Drinking Water, Revenue & Disaster Management, Food Supplies & Consumer Welfare, School & Mass Education, Higher Education, Information & Public Relations and ST & SC Development, Minorities & Backward Classes Welfare Departments have also been included.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2016-17 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2016-17 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Chapter I

Introduction

Chapter I

Introduction

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) on Government of Odisha covers matters arising from Performance Audit of selected programmes and activities and Compliance Audit of Government Departments.

The primary purpose of the Report is to bring to the notice of the State Legislature important results of Audit. Auditing standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The audit findings are expected to enable the executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations.

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

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

Chapter I of this Report provides a synopsis of the significant audit observations. Chapter II deals with the findings of three Performance Audits and Chapter III deals with Compliance Audit of various departments.

The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2016-17. The issues which had come to light in earlier years, but could not be dealt with in previous Reports are also included in the Report. Matters relating to the period subsequent to 2016-17, have also been included, wherever necessary.

1.2 Audited entity's profile

There were 40 Departments in the State headed at the Secretariat level by Additional Chief Secretaries/ Principal Secretaries/ Commissioner-cum-Secretaries and assisted by Directors and subordinate officers. Of these, 25 Departments including PSUs/ Autonomous Bodies/ Local Bodies coming under these Departments are under the audit jurisdiction of the Accountant General (General and Social Sector Audit).

The comparative position of expenditure incurred by the Government of Odisha during 2016-17 and in preceding two years is given in **Table 1.1**.

Table 1.1: Comparative Position of Expenditure incurred by the Government of Odisha during 2014-17

(₹ in crore)

Particulars	2014-15			2015-16			2016-17		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
Revenue Expenditure									
General Service	175.33	14353.53	14528.86	96.81	14961.85	15058.66	110.01	16604.43	16714.44
Social Service	10481.45	10482.69	20964.14	12471.63	12171.53	24643.16	13654.86	13945.09	27599.95
Economic Service	8220.31	6605.07	14825.38	10701.84	7486.28	18188.12	11565.83	8147.91	19713.74
Grant-in-Aid	0.00	817.37	817.37	0.00	915.76	915.76	0.00	1012.40	1012.40
Total	18877.09	32258.66	51135.75	23270.28	35535.42	58805.70	25330.70	39709.83	65040.53
Capital Expenditure									
Capital Outlay	11056.65	17.98	11074.63	17075.74	14.74	17090.48	18457.66	13.41	18471.07
Loans & Advances disbursed	259.52	98.48	358.00	241.89	94.64	336.53	0.00	254.10	254.10
Repayment of Public Debt	*	*	4111.45	*	*	2881.37	*	*	2962.04
Public account Disbursed	*	*	22511.40	*	*	28766.05	*	*	38080.45
Total	**	**	38055.48	**	**	49074.43	**	**	59767.66
Grand Total	**	**	89191.23	**	**	107880.13	**	**	124808.19

*Public Debt and Public account figures are not segregated as Plan and Non-Plan

** Totaling not made due to non-availability of figures above

(Source: Finance Accounts of the respective years)

1.3 Authority for audit

The authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971. CAG conducts audit of expenditure of the departments of Government of Odisha under Section 13¹ of the CAG's (DPC) Act, 1971. CAG is the sole auditor in respect of 41 Autonomous Bodies², which are audited under Section 20 (1) and 19 (2) of the

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

² One State Legal Services Authority, 30 District Legal Services Authorities, nine Development Authorities and Odisha Building and Other Construction Workers Welfare Board

said Act. Audit of Government companies was also conducted under Section 19 (1) of the DPC Act. In addition, CAG conducts audit of 70 other Autonomous Bodies, substantially funded by the State Government. CAG's audit jurisdiction also covers the Urban Local Bodies (ULBs) and Panchayati Raj Institutions (PRIs). The State Government had entrusted (July 2011) audit of these bodies to CAG. CAG was also to provide Technical Guidance and Support (TGS) to the Local Fund Audit for audit of ULBs and PRIs. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts 2007, issued by the CAG.

1.4 Planning and conduct of audit

The Audit process starts with the risk assessment of the Department/ Organisation as a whole and that of each unit based on i) expenditure incurred, ii) criticality/ complexity of activities, iii) level of delegated financial powers, iv) assessment of internal controls, v) concerns of stakeholders and vi) the likely impact of such risks. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. An Annual Audit Plan is formulated to conduct audit on the basis of such risk assessment.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the heads of the entities. The entities are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports, which are submitted to the Governor of Odisha under Article 151 of the Constitution of India.

1.5 Significant observations of Performance Audit

This Report contains three Performance Audits. The focus had been on auditing the specific programmes/ schemes and offering suitable recommendations. The intention was to assist the executive in taking corrective action and improving service delivery to the citizens. Significant audit observations are discussed below:

1.5.1 Implementation of Pradhan Mantri Gram Sadak Yojana in the State

The objective of Pradhan Mantri Gram Sadak Yojana (PMGSY) was to provide all-weather connectivity to the eligible unconnected habitations. Performance Audit on implementation of PMGSY in the State revealed the following:

- Under PMGSY, out of 18,176 habitations included in the Core Network of rural roads, road connectivity to 6,048 habitations (33 per cent) had not been given as of March 2017.

(Paragraph 2.1.6)

- Under PMGSY, the length of 121 rural roads under Core Network differed from the Detailed Project Reports. Due to the mismatch, these roads were not approved for construction. As a result, the State Government lost Central assistance of ₹ 155.33 crore.

(Paragraph 2.1.7.1)

- The Detailed Project Reports did not consider requirement of land or forest clearance. As a result, 441 kilometre roads sanctioned during 2003-17 could not be completed despite utilisation of ₹ 53.54 crore.

(Paragraph 2.1.10.1)

- The Executive Engineer, Rural Works Division, Sundargarh awarded 13 works to the contractors whose bidding capacity was inadequate. The contractors could not complete the works, which resulted in cost overrun of ₹ 5.47 crore.

(Paragraph 2.1.9.2)

- During 2012-17, 19,203 roads required maintenance. Against this, only 7,496 roads (39 per cent) were actually maintained.

(Paragraph 2.1.12)

- The State Level Standing Committee, chaired by the Chief Secretary, did not monitor implementation of the scheme adequately.

(Paragraph 2.1.14)

Even after 16 years of implementation of the programme, connectivity to 33 per cent of the eligible habitations was not provided. Adequate preparatory and survey works were not carried out in preparing Detailed Project Reports. Routine maintenance of PMGSY roads was not ensured. Monitoring of implementation of the scheme was not adequate.

1.5.2 Implementation of National Cyclone Risk Mitigation Project and Odisha Disaster Recovery Project in the State

Odisha State Disaster Management Authority (OSDMA) of the State Government implemented National Cyclone Risk Mitigation Project (NCRMP) with a project cost of ₹ 1,093.79 crore for increasing preparedness for natural disasters. Odisha Disaster Recovery Project (ODRP) was implemented with a project cost of ₹ 1,352 crore to rehabilitate persons affected in the cyclone *Phailin* and reconstruct damaged civil infrastructure. Performance Audit on implementation of NCRMP and ODRP revealed the following:

- Under NCRMP, 56 Multi Purpose Cyclone Shelters (MPCSs) were additionally constructed violating the recommendation of IIT, Kharagpur. This resulted in extra expenditure of ₹ 77.84 crore.

(Paragraph 2.2.10)

- For construction of saline embankments, soil was transported from borrow pits that were situated within 500 metres of the embankments. However, the contractors were paid considering distance of transportation as five kilometres, resulting in excess payment of ₹ 7.37 crore.

(Paragraph 2.2.12)

- In construction of 46 approach roads and 45 MPCSs by the Rural Development Department, the Executive Engineers prepared estimates as per the State Analysis of Rate (SAR). The agreements executed with the contractors followed Indian Standard (IS) specifications, which provided for use of less quantity of cement. However, in execution of 99,802 cubic metre of reinforcement cement concrete works, quantity was calculated as per the SAR instead of IS, which led to excess payment of ₹ 6.31 crore.

(Paragraph 2.2.14)

- The recommendation of the Indian Institute of Technology, Kharagpur and National Disaster Management Authority guidelines prescribed circular/ hexagonal/ octagonal shaped buildings in order to improve the aerodynamics of the structure. In five sampled districts, all the 43 MPCSs were rectangular in shape. Also, the MPCSs were not equipped with essential equipment and electricity.

(Paragraph 2.2.10)

- The State Level Project Steering Committee, headed by the Chief Secretary, under NCRMP had not conducted any meeting after November 2013. Thus, monitoring of implementation of the programme was inadequate.

(Paragraph 2.2.17)

Early Warning Dissemination System could not be made operational even after six years of commencement of the project. Multi Purpose Cyclone Shelters were not provided with essential equipment and electricity. Cases of excess payment and undue favour to contractors in construction of embankments were also observed. Monitoring was deficient.

1.5.3 Information Technology Audit on Works and Accounting Management Information System

Works and Accounting Management Information System (WAMIS) was implemented to bring efficiency and effectiveness in the functioning of engineering department. Information Technology Audit on Works and Accounting Management Information System revealed the following:

- Rural Development Department had instructed all divisions to process Running Account (RA) bills and submit monthly accounts to Accountant General (A&E) through WAMIS from 2012. However, the divisions processed RA bills of only 12 *per cent* works through WAMIS as of March 2017. Remaining bills were processed manually.

(Paragraph 2.3.5.1)

- Rural Development Department had proposed some changes in the software design and incorporation of additional features in WAMIS. However, the changes proposed for incorporation in the system were not ensured, which created inconsistencies in electronic workflow.

(Paragraph 2.3.5.3)

- The Department was required to frame Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP). However, Back up Plans were not framed and WAMIS was running without any BCP/ DRP even after seven years of its implementation.

(Paragraph 2.3.5.4)

- Required oversight over database administration was absent. As a result, unauthorised users accessed the database, logs were deleted, contractor's details were tampered with and records of vital tables were deleted.

(Paragraph 2.3.5.5)

The objective of implementing WAMIS was not achieved due to non-implementation of all modules. Due to design deficiencies and weak management controls, the system was not reliable. Due to lack of validation controls, non-mapping of business rules and non-provision of digital signature, there was deviation of codal provisions and passing of bills.

1.6 Significant audit observations of Compliance Audits

1.6.1 Management and distribution of custom milled rice

The Odisha State Civil Supplies Corporation Limited (OSCSC), procured paddy from farmers and the same was milled through millers. The custom

milled rice was distributed through the Public Distribution System. Audit of Management and distribution of custom milled rice revealed the following:

- During 2015-16, four districts transferred 0.72 lakh MT to FCI and at the same time received 0.15 lakh MT from other districts. The cost of transportation of rice received was ₹ 2.93 crore. Hence, transfer of CMR to FCI disregarding own requirement was imprudent.

Similarly, 11 other districts received 1.92 lakh MT of CMR and at the same time transferred 0.71 lakh MT of CMR to FCI. The quantity of CMR transferred to FCI could have been utilised by the districts instead of receiving from other districts. As such transportation cost of ₹ 10.08 crore involved in transferring rice to FCI could have been avoided from other districts to meet their requirement.

(Paragraph 3.1.2.1)

- Surplus custom milled rice was to be delivered to FCI. After delivery, FCI was to reimburse expenditure incurred towards commission to the paddy procurers, joint custody and maintenance fees, market fees and transport cost on the basis of supplementary bills raised by the District Offices. However, the District Offices did not furnish supplementary bills for which FCI withheld ₹ 183.55 crore.

(Paragraph 3.1.4)

The plan for lifting of CMR and issue to FCI did not take into account the demand and supply position of respective districts. Steps for preferring bills against FCI for settlement of dues was inadequate.

1.6.2 Administration of jails in the State

The primary function of prisons was to reform, rehabilitate and reintegrate prisoners with society. Audit of Administration of jails in the State revealed the following:

- The reforms suggested in the Model Prison Manual had not been adopted.

(Paragraph 3.2.2)

- The Home Department did not submit Utilisation Certificate for the amount of ₹ 75 crore received from the Thirteenth Finance Commission. As a result, Government of India did not release the balance amount of ₹ 25 crore, which was a loss to the State exchequer.

(Paragraph 3.2.3)

- The jail authorities had kept 472 convicts and 1,988 under trial prisoners in the same ward without separate enclosure. This was against the provision of the Odisha Jail Manual.

(Paragraph 3.2.4)

- Installation of 2G cell phone jammers in five jails failed to block 3G signals. This rendered the expenditure of ₹ 3.91 crore on jammers unfruitful.

(Paragraph 3.2.5)

- Out of 873 walkie-talkies purchased at a cost of ₹ 59.74 lakh, 257 were non-functional from the date of receipt.

(Paragraph 3.2.5)

- In 11 jails, 96 out of 234 rifles were unserviceable. No arms and ammunition was supplied to five jails. During 2014-17, 21 prisoners managed to escape due to insufficient security.

(Paragraph 3.2.5)

The institutional mechanism suggested in the Model Prison Manual had not yet been adopted. The investments made in strengthening the security systems also became unfruitful due to various lapses.

1.6.3 Implementation of National Rural Drinking Water Programme

Government of India launched National Rural Drinking Water Programme with the vision of “Safe drinking water for all, at all times in rural areas”. Audit of implementation of National Rural Drinking Water Programme revealed the following:

- Against the target of providing water connection to 35 per cent households by 2017, only 3.70 per cent households were given connections.

(Paragraph 3.3.4.1)

- Priority was to be given to surface water based piped water supply. However, out of 15,357 piped water supply schemes, only 1,471 (9.58 per cent) schemes were surface water based.

(Paragraph 3.3.4.1)

- Non-conduct of feasibility study before drilling of tubewells resulted in wasteful expenditure of ₹ 3.76 crore.

(Paragraph 3.3.4.7)

- Against requirement of at least 317 testing laboratories in the State, only 77 laboratories were available.

(Paragraph 3.3.5)

Priority had not been given to the least covered and quality affected habitations though required as per the guidelines. The targets fixed under Strategic Plan to be achieved by 2017 were largely not achieved. Water quality monitoring and surveillance was inadequate.

1.6.4 Excess expenditure in construction of staff quarters

Odisha State Police Housing and Welfare Corporation Limited constructed 643 staff quarters with plinth area in excess of that prescribed in the Orissa Public Works Accounts Code. This led to extra expenditure of ₹ 26.76 crore.

(Paragraph 3.4)

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

Unutilised scheme funds were retained in saving/ current accounts instead of flexi accounts in violation of the instructions of the Finance Department. This resulted in loss of interest of ₹ 15.39 crore.

(Paragraph 3.5)

1.6.6 Undue favour to a firm for setting up of language laboratories

The decision to award work of setting up of Language Laboratories in 108 colleges of the State to a private firm on nomination basis was not in order. Further, after spending ₹ 22.88 crore on the project, there was no enrolment in 42 colleges where Language Laboratories were set up at the total cost of ₹ 8.64 crore.

(Paragraph 3.6)

1.6.7 Illegal occupation of Government property

The prison authorities failed to take possession over a Government property valuing ₹ 4.86 crore, meant for children of prisoners. This led to illegal occupation of the property by a Non-Government Organisation.

(Paragraph 3.7)

1.6.8 Unfruitful expenditure on idle equipment

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

(Paragraph 3.8)

1.6.9 Absence of financial propriety in the arrangements for Nabakalebar festival

Fraudulent payment of ₹ 44.19 lakh was made by the Chief District Medical Officer, Puri from the funds allocated for Nabakalebar festival.

(Paragraph 3.11)

1.6.10 Misappropriation of Government revenue

The Tahasildars did not adhere to the codal provisions in handling Government revenue and maintaining cash books. This resulted in misappropriation of ₹ 6.13 lakh and doubtful expenditure of ₹ 0.58 lakh.

(Paragraph 3.12)

Chapter II

Performance Audits

Para Number	Topic	Page
2.1	Implementation of Pradhan Mantri Gram Sadak Yojana in the State	11-29
2.2	Implementation of National Cyclone Risk Mitigation Project and Odisha Disaster Recovery Project in the State	30-51
2.3	Information Technology Audit on Works and Accounting Management Information System	52-70

1. The first part of the document is a list of the names of the members of the committee.

2. The second part of the document is a list of the names of the members of the committee.

3. The third part of the document is a list of the names of the members of the committee.

4. The fourth part of the document is a list of the names of the members of the committee.

5. The fifth part of the document is a list of the names of the members of the committee.

6. The sixth part of the document is a list of the names of the members of the committee.

7. The seventh part of the document is a list of the names of the members of the committee.

8. The eighth part of the document is a list of the names of the members of the committee.

9. The ninth part of the document is a list of the names of the members of the committee.

10. The tenth part of the document is a list of the names of the members of the committee.

11. The eleventh part of the document is a list of the names of the members of the committee.

12. The twelfth part of the document is a list of the names of the members of the committee.

13. The thirteenth part of the document is a list of the names of the members of the committee.

14. The fourteenth part of the document is a list of the names of the members of the committee.

15. The fifteenth part of the document is a list of the names of the members of the committee.

16. The sixteenth part of the document is a list of the names of the members of the committee.

17. The seventeenth part of the document is a list of the names of the members of the committee.

18. The eighteenth part of the document is a list of the names of the members of the committee.

19. The nineteenth part of the document is a list of the names of the members of the committee.

20. The twentieth part of the document is a list of the names of the members of the committee.

21. The twenty-first part of the document is a list of the names of the members of the committee.

22. The twenty-second part of the document is a list of the names of the members of the committee.

23. The twenty-third part of the document is a list of the names of the members of the committee.

24. The twenty-fourth part of the document is a list of the names of the members of the committee.

25. The twenty-fifth part of the document is a list of the names of the members of the committee.

26. The twenty-sixth part of the document is a list of the names of the members of the committee.

27. The twenty-seventh part of the document is a list of the names of the members of the committee.

28. The twenty-eighth part of the document is a list of the names of the members of the committee.

29. The twenty-ninth part of the document is a list of the names of the members of the committee.

30. The thirtieth part of the document is a list of the names of the members of the committee.

31. The thirty-first part of the document is a list of the names of the members of the committee.

32. The thirty-second part of the document is a list of the names of the members of the committee.

33. The thirty-third part of the document is a list of the names of the members of the committee.

34. The thirty-fourth part of the document is a list of the names of the members of the committee.

35. The thirty-fifth part of the document is a list of the names of the members of the committee.

36. The thirty-sixth part of the document is a list of the names of the members of the committee.

37. The thirty-seventh part of the document is a list of the names of the members of the committee.

38. The thirty-eighth part of the document is a list of the names of the members of the committee.

39. The thirty-ninth part of the document is a list of the names of the members of the committee.

40. The fortieth part of the document is a list of the names of the members of the committee.

41. The forty-first part of the document is a list of the names of the members of the committee.

42. The forty-second part of the document is a list of the names of the members of the committee.

43. The forty-third part of the document is a list of the names of the members of the committee.

44. The forty-fourth part of the document is a list of the names of the members of the committee.

45. The forty-fifth part of the document is a list of the names of the members of the committee.

Chapter II

Performance Audit

This chapter contains the findings of Performance Audits on i) Implementation of Pradhan Mantri Gram Sadak Yojana in the State, ii) Implementation of National Cyclone Risk Mitigation Project and Odisha Disaster Recovery Project in the State and iii) Information Technology Audit on Works and Accounting Management Information System.

Rural Development Department

2.1 Implementation of Pradhan Mantri Gram Sadak Yojana in the State

EXECUTIVE SUMMARY

The Government of India launched Pradhan Mantri Gram Sadak Yojana (PMGSY) in December 2000. The objective was to provide all-weather connectivity to eligible unconnected rural habitations. As of March 2017, the Department had not provided connectivity to 33 per cent of eligible habitations even after 16 years of implementation of the programme. The State could not avail Central assistance of ₹ 155.33 crore due to defective Core Network Plan. The Department had failed to undertake adequate preparatory work and proper survey for preparing Detailed Project Reports. This led to non-completion of works as well as execution of inadmissible projects. The Department awarded works without ensuring land availability and forest clearance that led to unfruitful expenditure of ₹ 41.82 crore. Contract management was deficient, as there was delay in according administrative approval and award of works. There were also cases of awarding works to ineligible contractors. Non-realisation of liquidated damages of ₹ 62.44 crore from contractors amounted to extension of undue favour. Quality control mechanism was not adequate. Routine maintenance of completed PMGSY roads was also not adequate.

2.1.1 Introduction

Government of India (GoI) had launched Pradhan Mantri Gram Sadak Yojana (PMGSY) in December 2000. The objective was to establish all-weather road connectivity in rural areas¹. All the projects are to be completed by March 2019.

The Rural Development (RD) Department of Government of Odisha (GoO) was the nodal authority for implementation of PMGSY in the State. Engineer-in-Chief (EIC), Rural Works (RW) was the Chief Executive Officer (CEO) of Odisha State Rural Roads Agency (OSRRA). The CEO was responsible for

¹ For habitations having population of 500 persons & above, 250 persons & above in respect of Scheduled Tribe areas and 100 persons & above in respect of most intensive IAP (Integrated Action Plan) Blocks as per Census 2001

approval of project proposals, monitoring and management of funds of PMGSY.

2.1.2 Audit objectives

Performance Audit was conducted to assess whether:

- planning for providing all weather connectivity to unconnected habitations was adequate and conformed to the District Rural Road Plans and Core Network;
- financial management of the programme was efficient and effective;
- all-weather connectivity was provided to the eligible rural habitations and construction/ maintenance works were executed economically, efficiently and effectively; and
- quality control mechanism and monitoring system was adequate and effective in achieving the desired objectives.

2.1.3 Scope and methodology of Audit

Audit was conducted during April to June 2017 covering the period 2012-17. Audit examined records of RD Department, EIC (RW), OSRRA, SEs and EEs of RW Divisions. Eight² out of the 30 districts were selected through random sampling, integrating three risk parameters³. There were 538 completed works and 485 on-going works in the 16⁴ RW Divisions. Audit test-checked records of 128 (24 *per cent*) out of 538 completed works and 305 (63 *per cent*) out of 485 on-going works. An Entry Conference was held with the Principal Secretary of the RD Department on 19 March 2017. Audit objectives, criteria, scope and methodology were discussed. Joint physical inspections (JPIs) of 84 (16 *per cent*) out of 538 completed works and 30 (6 *per cent*) out of 485 on-going works were conducted. Photographic evidences were also taken in the presence of departmental officials. Audit observations noticed during compliance audit in six other districts⁵ in addition to those selected through random sampling, were also included in the Report. Exit Conference was held with the Commissioner-cum-Secretary on 5 September 2017 to discuss the audit findings. The views of the Department were suitably incorporated in the Report.

2.1.4 Audit criteria

The implementation of PMGSY was evaluated based on criteria derived from:

- PMGSY guidelines, as amended from time to time;
- Guidelines and instructions issued by the Ministry of Rural Development (MoRD)/ National Rural Roads Development Agency (NRRDA);

² Angul, Bolangir, Gajapati, Kalahandi, Kandhamal, Khurda, Nuapada and Sambalpur

³ Expenditure, connectivity status and quality of execution in a Geographical Information System (GIS) map

⁴ Angul, Baliguda, Bhawanipatna, Bhubaneswar, Bolangir, Dharmagarh, Kesiinga, Khariar, Kuchinda, Mohana, Nuapada, Patnagarh, Paralakhemundi, Phulbani, Sambalpur and Titilagarh

⁵ Balasore, Kendrapara, Keonjhar, Rayagada, Rourkela and Sundargarh

- Indian Road Congress/ Rural Road Manual;
- Orissa Public Works Department Code;
- Periodical reports/ returns prescribed by the State Government;
- Circulars and instructions issued by the GoI/ GoO/ OSRRA; and
- Reports of National and State Quality Monitors.

2.1.5 Acknowledgement

We acknowledge the cooperation and assistance rendered to Audit by the Rural Development Department during the Performance Audit.

The Audit findings are discussed in the succeeding paragraphs.

Audit findings

2.1.6 Status of connectivity

PMGSY guidelines set an objective of covering habitations with population of more than 1000 by 2003 and those with population of 500-1000 by 2007. **Table 2.1.1** below details the habitations included in the Core Network⁶ (CNW) and covered under the programme:

Table 2.1.1: Status of connectivity as of March 2017

Size of population	1000+	500-1000	250-500	100+	Total
No. of eligible unconnected habitations included in the Core Network (as per Census 2001)	3,703	6,741	5,666	2,066	18,176
Habitations provided connectivity by March 2012	3,406	2,856	502	113	6,877
Unconnected habitations as on 31 March 2012	297	3,885	5,164	1,953	11,299
Habitations provided connectivity during 2012-17	136	2,701	2,241	173	5,251
Unconnected habitations as on 31 March 2017	161	1,184	2,923	1,780	6,048
Percentage of unconnected habitations	4	18	52	86	33

(Source: Information furnished by the EIC, Rural Works)

⁶ Rural road network required for providing basic access to all eligible unconnected habitations

Year	Habitations		Road length	
	Target	Achievement	Target	Achievement
2016-17	2,050	1,685	6,200	5,797
Total	6,320	5,874	20,425	18,884

(Source: Records of EIC, Rural Works)

Audit observed that the Department could not achieve targets for coverage of habitations by 7 per cent and construction of roads by 8 per cent during 2012-17. In 16 test-checked Divisions, the EEs provided connectivity to 1,529 out of 1,768 targeted habitations during this period. Thus, there was shortfall of achievement in 239 (14 per cent) habitations.

The Department stated (September 2017) that they had taken action to accelerate the programme to complete all sanctioned projects by March 2019.

2.1.7 Planning

The programme guidelines required to prepare District Rural Road Plans (DRRPs)⁷ for rural road connectivity planning. Based on DRRP, the State was to prepare Core Network (CNW). The DRRP and the CNW constituted the basis for all planning exercises under PMGSY. Accordingly, the State prepared CNW in 2000-01. Audit observed that planning was deficient and inadequate, as discussed in the following paragraphs.

2.1.7.1 Data inconsistencies

Audit found data inconsistencies in i) CNW, ii) Detailed Project Reports (DPRs)⁸ and iii) Online Management, Monitoring and Accounting System (OMMAS)⁹. As a result, eligible habitations remained uncovered under PMGSY, as discussed in *Table 2.1.3*

Table 2.1.3: Observations on Incorrect road length in Core Network, eligible habitations not covered, etc.

Nature of observation	Audit observation	Reply of the Government
Incorrect road length in Core Network	Road length of 121 projects mentioned in the DPRs did not match with that in the CNW. Due to variations, NRRDA did not approve these projects. Verification of actual road length showed that the length mentioned in the CNW was not correct. Thus, wrong data in CNW led to non-approval of 121 projects (646.883	The Department stated (September 2017) that adequate time was not available to physically verify all existing road network data, due

⁷ Entire existing road network system in the district clearly identifying the proposed roads for providing connectivity to eligible unconnected habitations

⁸ Each rural road project should have separate DPR based on detailed survey and investigation, accurate quantities, costs, etc.

⁹ OMMAS is a software of GoI for monitoring progress of works under PMGSY, in respect of eligible habitations, road length, number of roads for maintenance, etc.

Nature of observation	Audit observation	Reply of the Government
	Km road). These projects were to connect 227 habitations with 0.69 lakh population which did not get all weather connectivity under PMGSY. Besides, the State could not avail Central assistance of ₹ 155.33 crore ¹⁰ .	to which actual road length was not correct.
Eligible habitations not included	<p>The CNW did not include 4,035 eligible habitations as these were shown to be 'connected'. However, these habitations were actually not connected. As CNW was the basis for approval of road projects, these habitations remained out of coverage under PMGSY. GoO requested (December 2015) the MoRD to allow them to include these habitations in the CNW. The same had not been accepted so far (June 2017).</p> <p>In 14 test checked Divisions¹¹, 507 eligible habitations were not included in the CNW. As such, these habitations were not covered under PMGSY.</p>	The Department stated (September 2017) that the proposal for inclusion of the left out habitations had been reported to MoRD and DPRs would be submitted for sanction. The fact, remained that the left out habitations had not been included in the CNW till date.
Discrepancies in data relating to routine maintenance of roads	As per OMMAS, 5,368 roads were to be maintained with ₹ 84.41 crore during 2012-17 in 16 test checked RW Divisions. Against this, the EEs had shown 3,583 roads to be maintained with ₹ 52.12 crore. Thus, there were discrepancies between OMMAS and divisional records. Road-wise expenditure in the records of Divisions also did not match with that of OMMAS. As such, the data was not reliable.	The Department stated (September 2017) that the discrepancy was due to manual payments. They had decided to make online payments in future to address the issue.

(Source: Records of concerned departments)

Thus, poor planning resulted in exclusion of eligible habitations and non-availing of Central assistance.

¹⁰ 646.883 Km x ₹ 40.02 lakh x 60 per cent (GoI share)

¹¹ Baliguda, Bhawanipatna, Bolangir, Dharmagarh, Kesinga, Khariar, Kuchinda, Mohana, Nuapada, Patnagarh, Paralakhemundi, Phulbani, Sambalpur and Titilagarh

2.1.8 Financial performance

PMGSY was a 100 *per cent* centrally funded programme. However, from 1 April 2015, the funding pattern was changed to 60:40 between GoI and GoO. OSRRA was to maintain accounts for PMGSY funds. The financial performance during 2012-17 under PMGSY is discussed in subsequent paragraphs.

2.1.8.1 Allotment and expenditure

During 2012-17, OSRRA incurred expenditure of ₹ 8,424.40 crore against allotment of ₹ 7,658.51 crore. The year-wise receipt and expenditure of funds is given in the *Table 2.1.4*

Table 2.1.4: Funds allocated and expenditure made during 2012-17

Year	Funds received			Expenditure
	GoI	GoO ¹²	Total	
2012-13	82.25	90.00	172.25	1,238.73 (included balance from previous years)
2013-14	1,179.54	129.73	1,309.27	1,654.96
2014-15	1,051.50	158.43	1,209.93	1,677.23
2015-16	1,481.04	955.63	2,436.67	1,960.06
2016-17	1,640.96	889.43	2,530.39	1,893.42
Total	5,435.29	2,223.22	7,658.51	8,424.40

(Source: Data furnished by OSRRA)

The excess expenditure over the funds received were met from the unspent balance of ₹ 1,412.17 crore lying as Opening Balance of 2012-13. In 16 test-checked Divisions, the EEs spent ₹ 2,191.19 crore (97 *per cent*) against available funds of ₹ 2,257.55 crore. The Divisions could not spend ₹ 66.36 crore, despite having 1,843 unconnected habitations. Due to slow progress of works, the available funds could not be utilised fully.

2.1.8.2 Loss of interest

The Operational Manual (OM) provided that all funds in excess of ₹ 50 lakh would automatically be maintained by the bank as fixed deposits at the interest rate applicable for 91 days. Contrary to this, OSRRA executed MoUs¹³ with the banks to keep a minimum balance of ₹ 5 crore in Saving Bank (SB) accounts¹⁴.

¹² Extra expenditure over the estimated cost sanctioned by NRRDA due to cost overrun, construction of bridge more than permissible length under the programme, etc.

¹³ Memorandum of Understanding

¹⁴ In respect of Programme funds and Maintenance funds

Audit found that OSRRA maintained¹⁵ monthly balance amounts in SB accounts relating to Administrative funds between ₹ 0.79 crore and ₹ 10.33 crore. Similarly, in respect of Maintenance funds, the balance in SB account¹⁶ ranged between ₹ 1.78 crore and ₹ 98.22 crore. The banks had not transferred the excess funds to fixed deposits. This resulted in loss of interest of ₹ 6.38 crore.

The Department stated (September 2017) that the matter would be taken up with the banks to reduce the threshold amount as per the OM of PMGSY.

2.1.8.3 Non-adjustment/ recovery of mobilisation and machinery advance

As per the General Conditions of Contract (GCC), payment of interest free mobilisation and machinery advances¹⁷ to the contractors would be against their unconditional bank guarantees (BG). The amount to be recovered would be from the payments due to the contractor as per the contractual completion schedule. The recoverable amount was not to be linked with progress of work.

Audit observed that:

- The EEs paid mobilisation advance of ₹ 7.27 crore to 17 contractors. As of March 2017, ₹ 3.49 crore was outstanding though the scheduled period of completion of works had expired since 1 to 121 months.
- The EEs had paid mobilisation/ machinery advance of ₹ 0.88 crore¹⁸ in excess of the prescribed limits¹⁹ to 20 contractors during the period 2008-16.

Thus, the EEs had not followed prescribed provisions for payment and recovery of interest free mobilisation and machinery advances scrupulously. This resulted in undue financial benefit to the contractors.

The Department stated (September 2017) that they would recover the outstanding amounts from the bills of the contractors.

2.1.8.4 Lapsed bank guarantees

As per the programme guidelines and Standard Bidding Document (SBD), the successful bidder should furnish performance security (PS) at two and a half *per cent*. The PS should be either in the form of BG or fixed deposit receipts from a scheduled commercial bank in the name of the employer. The validity of BGs should be up to 45 days from the date of expiry of the defect liability period²⁰.

In 13²¹ out of 16 test checked Divisions, Audit observed that 62 contractors had submitted BGs worth ₹ 10.20 crore for 111 road works. The validity of these BGs lapsed between November 2009 and March 2017. The EEs neither

¹⁵ Between April 2013 and February 2015

¹⁶ During the period from 2012-13 to 2016-17

¹⁷ For mobilising men, material and machinery to the site

¹⁸ Mobilisation advance (₹ 0.68 crore) and machinery advances (₹ 0.20 crore)

¹⁹ Five *per cent* of contract cost as mobilisation advance and 90 *per cent* of cost of the new equipment brought to site as machinery advance subject to 10 *per cent* of contract cost

²⁰ Routine maintenance period of five years after completion of works

²¹ Angul, Bolangir, Baliguda, Bhawanipatna, Dharmagarh, Kuchinda, Khurda, Mohana, Patnagarh, Paralakhemundi, Phulbani, Sambalpur and Titilagarh

encashed the BGs within the validity period nor got them revalidated to cover the defect liability period. Further, the EE, RW Division, Dharmagarh had received ₹ 1.20 crore additional performance security²² (APS)²³. The EE released the APSs though works of four packages were lying incomplete. This amounted to undue financial benefit to the contractors.

The Department stated (September 2017) that they would issue suitable instructions to the EEs for maintaining validity of BGs. They further added that after implementation of e-payment system, all BGs would be entered in OMMAS. The system would not allow payments in the event of time barred BGs.

2.1.9 Programme Implementation

As per the OPWD code, the competent authority was to accord administrative and technical sanction after sanction of project proposals. GoO was to follow the terms of standard bidding documents (SBD)²⁴ for all the tenders which constituted both technical and financial bids.

During 2012-17, MoRD sanctioned 5,184 projects including 2,561 related to 2016-17. No project was sanctioned during 2014-16. The EEs completed 1,865 out of 2,623 projects sanctioned during 2012-14 and 733 remained incomplete. It was observed that 25 road projects had not been taken up even after three years of sanction. Audit observed deficiencies in contract management, which also contributed to the delay in completion. The deficiencies in contract management are discussed below:

2.1.9.1 Delay in according administrative approval and award of works

As per Paragraph 7.11 of OM, all activities²⁵ for award of work should be completed within 90 days²⁶ after clearance of projects by NRRDA. The RD Department was to accord administrative approval and technical sanction to the works within seven days from the date of clearance.

Audit observed that:

- The Department accorded administrative approval to the road works²⁷ 12 to 28 days after the permissible time. Reasons for the delay were not on record.
- In test-checked Divisions, 1,510²⁸ works were sanctioned during 2012-17. The EEs had awarded 1,023 works. There were delays of 21 to

²² Package No. OR-15-230 (₹ 30.16 lakh); Package No. OR-15-231 (₹ 27.06 lakh); Package No. OR-15-223 (₹ 20.97 lakh) and Package No. OR-15-225 (₹ 42.19 lakh)

²³ Bidders quoting bid price less than the estimated cost were to submit the differential amount as APS

²⁴ Time frame for various activities in tendering process, clear qualification for the contractors, evaluation of bidding capacity, etc.

²⁵ Including administrative approval and technical sanction

²⁶ From 15 November to 15 February

²⁷ Sanctioned during 2012-13 (Batch-II), 2013-14 and 2016-17 (Batch-II). Records of administrative approval for other works were not made available

²⁸ 2012-13: 333; 2013-14: 402 and 2016-17: 775

1,076 days in award of 953 works. The EEs had not awarded 487²⁹ works, the reasons for which were not on record.

PMGSY was a time bound programme. Delays in according administrative approval and award of work caused delay in execution of projects.

The Department stated (September 2017) that the delay in award of work was due to repeated non-response/ cancellation of tender due to abnormal higher tender rates, etc.

2.1.9.2 Irregular award of works

Audit found that the EEs of the test-checked Divisions awarded works valued at ₹ 201.92 crore, without following the prescribed provisions. These are discussed below:

- **Award of works to contractors having inadequate bidding capacity³⁰:** As per SBD, contractors having bid capacity equal to or more than the total bid value were eligible. In RW Division, Gajapati, the EE awarded five works under three³¹ packages³² for ₹ 12.39 crore to two contractors. The bid capacity of the contractors was less than the bid value.

In RW Division, Sundargarh, the EE awarded 13 works under 10 packages to a contractor for ₹ 15.56 crore during 2009-11. The contractor, however, lacked bidding capacity and therefore could not complete the works. The CE terminated the contracts during August 2012 to September 2013. The EE re-estimated balance works of ₹ 12.21 crore at ₹ 17.68 crore. This resulted in cost overrun of ₹ 5.47 crore.

The Department stated (September 2017) that the EEs awarded the works to those contractors on various considerations like non-responsive bids, difficult site conditions, naxal prone areas, etc. The reply was not tenable as award of work disregarding SBD was irregular.

- **Acceptance of tender without Additional Performance Security (APS):** As per the OPWD code³³, bidders quoting bid price less than the estimated cost of the tender were to furnish APS³⁴. They had to submit APS at the time of submission of bids. The EIC, RW also

²⁹ 2012-13: 7, 2013-14: 13; 2016-17: 467

³⁰ Bidding capacity is the ability of the contractor to execute maximum value of work within a scheduled period. As per the PMGSY manual, bidding capacity is calculated as $A \times N \times M \div B$, where A = maximum value of works completed or in progress in any one year in last five years, N = No. of years prescribed for completion in respect of works for which bid is invited, M = 2 or such higher figure not exceeding 3 as per the index at Instruction to Bidder and B = value at current price level of works which are committed to be completed during the completion period of the work for which bid is invited

³¹ Package No. OR-10-29, OR-10-31 and OR-10-181

³² One or more road works in a Block or in adjacent Blocks can be combined to form packages for tendering purposes

³³ Amendment made to OPWD code on 4 May 2016

³⁴ The exact amount of differential cost as APS in shape of Demand draft/ TDR along with the price bid

instructed (June 2016) all the SEs to include this provision in all Detailed Tender Call Notices (DTCN) floated on or after 4 May 2016.

The SEs, RW Circles, Berhampur and Bhawanipatna accepted bids of five bidders³⁵, who had quoted price less than the estimated cost³⁶. The EEs awarded the works for ₹ 17.91 crore without ensuring APS for ₹ 0.57 crore³⁷. Instead of rejecting the bids, the same were accepted in violation of the codal provisions though the tenders had been called for in June 2016.

Thus, award of works without APS was irregular which amounted to extension of undue financial benefit to the contractors.

The Department stated (September 2017) that the circular issued by the EIC was meant for non-PMGSY works. The reply was not tenable as there was no such specific mention in the circular.

- **Award of works without ensuring performance security:** As per Clause 30.1 of SBD, the successful bidder was to provide PS of two and half *per cent* of contract price before signing the contract. The balance two and half *per cent* would be retained from each payment due to the contractor. In RW Division, Nuapada, the EE awarded 10 works to five contractors at ₹ 41.50 crore. The contractors provided ₹ 0.85 crore as PS against the requirement of ₹ 1.04 crore. The EE signed contracts with them without insisting for balance PS of ₹ 0.19 crore. This was contrary to the provisions of SBD. Further, the EE had also not deducted PS of ₹ 34.86 lakh from the running account bills of the contractor.

Thus, award of work valued at ₹ 41.50 crore to the contractors without ensuring required amount of PS was irregular. This also amounted to extension of undue financial benefit to them.

The Department stated (September 2017) that action of the Division in obtaining PS was as per the decision of the District Level Committee (DLC). The reply was not tenable as the action was in violation of the provisions of the SBD.

- **Award of work to poor performing contractors:** Poor performance³⁸ of the contractors would render them disqualified for PMGSY roads, as per the SBD. Audit observed that the EEs³⁹ awarded 33 works valued at ₹ 114.56 crore to 19 poor performing contractors. The works had been awarded between February 2014 and March 2017. These

³⁵ (i) Sri Kishore Chandra Siabal: Package No. OR-10-228 (2.22 *per cent* less) and Package No. OR-10-226 (2.56 *per cent* less); (ii) Sri Ashis Kumar Padhi: Package No. OR-10-229 (5.25 *per cent* less); (iii) Sri Chandrakanta Samal: Package No. OR-25-137 (3.20 *per cent* less); (iv) Sri Prakash Chandra Sahu: Package No. OR-25-133 (5.60 *per cent* less); (v) Sri Srinibas Mishra: Package No. OR-25-134 (1.30 *per cent* less)

³⁶ Less than 1.30 to 5.60 *per cent* of the estimated cost

³⁷ Being the differential cost between the bid value and estimated value put to tender

³⁸ Like abandoning the works, inordinate delay in completion, improper completion of works, etc.

³⁹ EEs of RW Divisions: Bolangir, Baliguda, Bhawanipatna, Kesinga, Mohana, Nuapada, Paralakhemundi, Phulbani and Sambalpur

contractors had committed inordinate delay ranging from 31 to 108 months in completing works awarded to them previously. Thus, award of works to these contractors was in violation of the provisions of SBD.

The Department stated (September 2017) that EEs had awarded the works keeping in view the difficult site conditions⁴⁰. The fact, however, remained that the works were awarded, violating the conditions of the SBD.

2.1.10 Preparation of Detailed Project Report (DPR)

As per the PMGSY guidelines and OM, in respect of each road project, there should be a DPR. The DPRs should be based on detailed survey and investigation, design and technology choice with accurate quantities and costs. Cost overrun should not take place due to changes in scope of work or quantities at the time of execution. The RW Divisions should organise 'Transect Walk'⁴¹ to decide suitable road alignment and sort out land/ forest issues. This was to be done to ensure that land for the road was available before the road works were put to tender.

2.1.10.1 Works remaining incomplete due to forest/ land issues

MoRD had sanctioned 55 road works (441 Km) during 2003-17 at ₹ 221.60 crore. These road works could not be completed for want of forest clearance. Out of these, 31 works remained incomplete after incurring ₹ 53.54 crore. Construction of 24 roads had not started as of March 2017.

In seven⁴² out of 16 test-checked Divisions, Audit found that the EEs awarded 26 works for ₹ 111.29 crore. Out of these, seven works had not started and 19 works remained incomplete after incurring ₹ 34.50 crore. The reasons were non-availability of land and absence of forest clearances. Audit observed that the issues pertaining to forest and land had not been addressed during



Road Budhidhar to Upardunda lying incomplete due to want of forest clearance



PWD road to Kacheripada ends without construction of 1.000 Km due to want of forest clearance

⁴⁰ Maoist activities, forest problem, etc.

⁴¹ At the time of preparation of DPRs, the Assistant Engineer/ Junior Engineer was to organise transect walk with the local representatives

⁴² Bhawanipatna, Dharmagarh, Paralakhemundi, Nuapada, Khariar, Sambalpur and Titilagarh

preparation of the DPR. As a result, remedial actions could not be taken prior to award of contracts. As a result, the works had to be stopped midway.

In four RW Divisions⁴³, Audit found that the EEs awarded five works without ensuring land availability or forest clearance. As a result, these works remained incomplete after incurring ₹ 7.32 crore. Out of these, the EEs re-awarded three works for ₹ 11.14 crore. This resulted in cost overrun of ₹ 3.01 crore.

Thus, award of work without ensuring land availability and forest clearance led to unfruitful expenditure of ₹ 41.82 crore. Besides, the targeted habitations were deprived of all weather connectivity.

The Department stated (September 2017) that they had taken up the matter with Forest Department for expediting forest clearance.

2.1.10.2 Unfruitful expenditure due to missing link bridges⁴⁴

The EEs awarded road works under four⁴⁵ packages for ₹ 13.02 crore for providing connectivity to eight habitations. Road works with a length of 22.62 Km were completed incurring ₹ 11.36 crore. However, the targeted habitations remained unconnected due to non-construction/ non-completion of link bridges coming across these roads. DPRs of these projects were silent about the existence of such rivers/ *nallahs*⁴⁶, which would require bridge for achieving complete road connectivity. This indicated that the DPRs were deficient. This deprived the targeted habitations of all-weather connectivity rendering the expenditure of ₹ 11.36 crore unfruitful.



Bridge without approach under RW Division, Kendrapara

In RW Division, Kendrapara, one missing link bridge constructed (April 2014) over Saliajangha *nallah* incurring ₹ 2.70 crore could not be put to use due to non-construction of approach roads. This occurred due to non-acquisition of land.

The Department stated (September 2017) that the General Alignment Drawing for one bridge was under finalisation. They would complete the same for other three bridges between December 2017 and March 2018.

⁴³ Jaleswar, Keonjhar, Rayagada, Rourkela

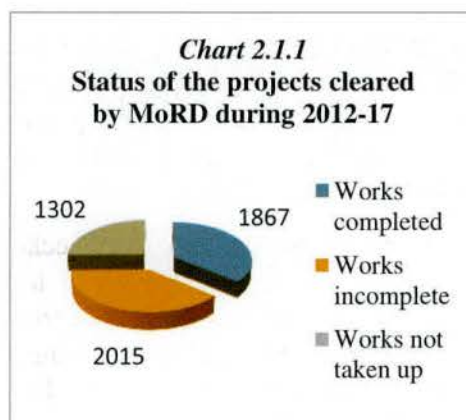
⁴⁴ A bridge over a river, *nallaha*, etc., for connecting roads in both sides

⁴⁵ Package No. OR-25-59A (11 October 2010), Package No. OR-05-113 (16 September 2015), Package No. OR-18-46 (30 April 2007), Package No. OR-15-74 (28 May 2009)

⁴⁶ An intermittent water course

2.1.11 Execution of works

As per the PMGSY guidelines, the Department was to complete works within 15 months from the date of sanction by MoRD. During 2012-17, MoRD had sanctioned 5,184 works. The status of works is depicted in the **Chart 2.1.1**. Regarding execution of works, Audit observed the following:



2.1.11.1 Selection of inadmissible road projects

PMGSY guidelines prescribed that habitations within 500 metres of already connected habitation or with an all-weather road were not eligible to be covered under PMGSY. All such habitations should be treated as covered.

On scrutiny of records and JPI of 84 completed roads, Audit observed that 13 habitations under five⁴⁷ RW Divisions were within 500 metres of already existing all weather roads. Therefore, these habitations were not eligible under PMGSY. However, 10.067 Km road was constructed incurring expenditure of ₹ 4.39 crore. Audit noticed that 136 other eligible habitations under the Divisions were yet to be covered under the programme.

The Department stated (September 2017) that connectivity to these habitations had been provided keeping in view the demand of the local people. The reply was not tenable since these habitations were not eligible under PMGSY.

2.1.11.2 Delay in completion of works

As per the Programme guidelines, duration for completing a work was 12 months from the date of award. Audit observed that the EEs awarded 1,023 road works during 2012-17, of which 538 were completed as of March 2017. They could complete only 101 (19 per cent) works within the stipulated period. In the remaining 437 completed works, the delay was up to 34 months⁴⁸. The delay was mainly due to poor progress of works by the contractors, forest and land issues. The concerned Divisions had not taken effective action for completion of these works as per the schedule. Out of 485⁴⁹ works under execution, stipulated completion period of 180 works had lapsed by March 2017.

The Department stated (September 2017) that they could not complete all works in time due to land/ forest issues, slow pace of work by contractors, naxal problems, etc. The fact, however, remained that the Department had not addressed these issues.

⁴⁷ Bhawanipatna, Bolangir, Dharmagarh, Mohana and Patnagarh

⁴⁸ Up to 6 months: 162 works; 6-12 months: 135 works; 12-24 months: 118 works; more than 24 months: 22 works

⁴⁹ 2012-13: 84 works; 2013-14: 89 works; 2016-17: 312 works

2.1.11.3 Short realisation of liquidated damages

As per the OM and SBD, contractors were liable to pay liquidated damages (LD) at one *per cent* of the contract price per week⁵⁰ for delay in execution of works. In case of Asian Development Bank (ADB) assisted works, amount of LD was at 0.25 *per cent* of the initial contract price per week limited to 5 *per cent* of the contract price.

Audit observed in the test-checked divisions that there was delay in completion of 269 works by 76 to 2,430 days. This was due to delay in execution of work by the contractors. The contractors were liable to pay LD amounting to ₹ 64.52 crore in all the 269 cases. Against this, the EEs withheld or recovered only ₹ 2.08 crore. This resulted in short recovery of ₹ 62.44 crore. Thus, the Divisions extended undue financial benefit to the contractors.

The Department stated (September 2017) that they recovered LD from the contractors who had delayed the works due to their fault. The reply was not tenable as the EEs failed to recover LD at the prescribed rates.

2.1.11.4 Termination of contracts

Clause 52 of the GCC, *inter alia*, provided that a contract was liable for termination for unauthorised stoppage of work for 28 days by a contractor. In that case, the contractor was liable for penalty of 20 *per cent* of the cost of the balance work.

Audit observed that the EEs of five test-checked Divisions⁵¹ awarded 19 road works⁵² at ₹ 39.79 crore to eight contractors⁵³ during 2007-14. The contractors could not execute the works as per the schedule. The deficiencies are detailed in *Table 2.1.5*:

Table 2.1.5: Audit observations on termination of contracts

Nature of Audit Observation	Audit Observation	Government reply (September 2017)
<i>Delay in termination of contracts</i>	The scheduled dates of completion of works under two packages ⁵⁴ were 29 November 2013 and 2 September 2014 respectively. The contractors could execute works valued at ₹ 3.30 crore (54 <i>per cent</i>) against awarded cost of ₹ 6.14 crore. Thereafter, they abandoned	The Department stated that they were examining the matter to terminate the contracts and retender the works.

⁵⁰ Up to maximum of 10 *per cent* of the contract value

⁵¹ Baliguda, Dharmagarh, Mohana, Paralakhemundi, Phulbani

⁵² Under 11 PMGSY packages

⁵³ (i) M/s OCC Limited, (ii) M/s S&J Construction (Baliguda), (iii) Sri Sarat Chandra Nayak (Dharmagarh), (iv) M/s Budharaj Mining and Construction Limited, (v) M/s Shri Siridisai Balaji Constructions (Mohana), (vi) S N Rajuguru, (vii) B Manoj Kumar Rao (Paralakhemundi), (viii) Dilip Kumar Panda (Phulbani)

⁵⁴ Package No. OR-15-178 and OR-15-220

	the works. The EE had proposed for termination of contracts ⁵⁵ due to slow progress in execution of works. The CE, however, had not terminated the contracts. The works were lying incomplete as of March 2017.	
Closure of contract without levy of penalty	The EE awarded a work ⁵⁶ , to be completed by 13 October 2013 at ₹ 5.61 crore. The contractor abandoned (February 2015) the work after executing works costing ₹ 4.33 crore. Despite issue of a series of notices by the EE, the contractor failed to complete the work. This amounted to fundamental breach of contract. The EE proposed (July 2015) to terminate the contract with imposition of penalty. The CE, however, closed (March 2017) the contract without penalty. Due to this, penalty of ₹ 25.57 lakh ⁵⁷ could not be imposed on the contractor.	The Department stated that they had not levied penalty since the road had already been handed over to the Works Department. The fact, however, remained that the incomplete road had been handed over to the Works Department. Therefore penalty was to be imposed as per conditions of the SBD.
Non-levy of penalty	The CE terminated contracts under eight packages ⁵⁸ during 2012-17 with levy of penalty. The EEs had not taken any action to levy penalty for an amount of ₹ 3.78 crore ⁵⁹ on the defaulting contractors. The reasons for non-levy of penalty were not on record. The EE, Paralakhemundi had, however, adjusted ₹ 9.21 lakh from the withheld amount of the contractor. Non-levy of penalty amounted to undue benefit to the contractors.	The Department assured that the penalty amount from the dues of the contractors would be realised.

(Source: Records of concerned departments)

⁵⁵ Package No. OR-15-178 in July 2015 and Package No. OR-15-220 in July 2014/ August 2015

⁵⁶ Under Package No. OR-15-184

⁵⁷ 20 per cent of ₹ 127.87 lakh [₹ 560.86 lakh (awarded cost) minus ₹ 432.99 lakh (value of work done)]

⁵⁸ OR-25-75 (RW Division, Phulbani); OR-25-32 and OR-25-71 (RW Division, Baliguda); OR-10-29, OR-10-31, OR-10-44 (RW Division, Paralakhemundi); OR-10-40, OR-10-60 (RW Division, Mohana)

⁵⁹ 20 per cent of the balance works

2.1.12 Maintenance of PMGSY roads

Programme guidelines provided for maintenance of PMGSY roads for a period of five years by the contractors.

The OM prescribed targets⁶⁰ for inspection by field officers under PMGSY. The EEs should identify, record and intimate all the defects⁶¹ to the contractor for rectification. All maintenance works should be noted in a checklist in the routine inspection card and for each road, log book should be maintained. The dates of inspection, defects/ deficiencies noticed during inspection, defects rectified, *etc.*, should be recorded in the log book.

During 2012-17, OSRRA received ₹ 242.93 crore against requirement of ₹ 319.63 crore and incurred ₹ 200.07 crore (82 *per cent*) for routine maintenance. In test-checked Divisions, the EEs had received ₹ 37.49 crore and spent ₹ 35.62 crore during this period. The less expenditure was due to non-maintenance of roads. The irregularities noticed in maintenance of roads are discussed in *Table 2.1.6*.

Table 2.1.6 Irregularities in maintenance of roads

Nature of Audit Observation	Audit Observation	Reply of the Department (September 2017)
Completed roads not maintained	The Department had not maintained 7,496 (39 <i>per cent</i>) roads out of 19,203 requiring maintenance during 2012-17. In 16 test checked Divisions, out of 3,583 roads requiring routine maintenance, 1,578 roads (44 <i>per cent</i>) had not been maintained. This caused further deterioration to the surface condition of roads. Inspection of roads by SEs showed that conditions of 29 <i>per cent</i> of the roads inspected were 'unsatisfactory' or 'satisfactory requiring improvement'.	The Department stated that they had directed the EEs to take action for routine maintenance of roads in terms of relevant clauses of the agreement.
Routine inspection card and maintenance of log book not ensured	In test-checked Divisions, the EEs had not followed the prescribed procedure to carry out maintenance work. The EEs had not maintained routine inspection cards and log books to ensure that all the roads were maintained as per the requirement.	The Department stated that they had instructed the EEs for maintenance of routine inspection cards and log books.
Absence of zonal maintenance contract	The EEs had not entered into zonal maintenance contracts for maintenance of PMGSY roads after expiry of five year maintenance period.	The Department noted the audit observation for future reference.

(Source: Records of concerned departments)

⁶⁰ Junior Engineer (JE) to inspect each Km of the road at least once in a month, the Assistant Engineer (AE) once in three months and the EE at least once in six months

⁶¹ Such as potholes, shoulder damages, clearing of road side drains and weeds, CD works, *etc.*

Audit conducted joint physical inspection of 84 completed roads and found that the contractors had not maintained 23 roads. The concerned divisions had not taken any action against the contractors and had also not undertaken departmental maintenance.

2.1.13 Quality control

PMGSY had a three-tier quality control mechanism. Project Implementing Units/ EEs at Division level, State Quality Monitor (SQM) at State and National Quality Monitor (NQM) at National level were responsible for quality monitoring.

The details of inspections conducted by NQM and SQM are given in **Table 2.1.7**:

Table 2.1.7 Road works inspected by NQM and SQM during 2012-17

Agency	No. of road works inspected	Number of road works graded as			Action Taken Reports (ATRs) pending
		Satisfactory (Percentage)	Unsatisfactory (Percentage)	Satisfactory Requiring Improvement (SRI) (Percentage)	
SQM	14,601	10,149 (69)	1,434 (10)	3,018 (21)	932
NQM	2,473	1,525 (62)	340 (14)	608 (24)	84
Total	17,074	11,674 (68)	1,774 (10)	3,626 (21)	1,016

(Source: Records of concerned divisions)

In test-checked Divisions, NQM made 436 inspections while SQM made 3,635 inspections during 2012-17. The EEs had not submitted ATRs on 352 out of 1,447 (24 per cent) works graded as unsatisfactory or SRI. Thus, the Department had not taken corrective action on all the deficiencies/ defects pointed out by the NQM/ SQM.

The Department stated (September 2017) that action had been taken to submit the balance ATRs.

2.1.14 Monitoring and supervision

Audit observed following deficiencies in monitoring and supervision of implementation of PMGSY.

- **Shortfall in State Level Standing Committee (SLSC) meetings:** Paragraph 2.4 of OM stipulated SLSC⁶² to meet every quarter for close and effective monitoring of implementation of the programme. SLSC held only three meetings against the requirement of 20 meetings during 2012-17. The Department noted the audit observation for future guidance.
- **Shortfall in inspection of completed roads:** The CE instructed (August 2013) all the SEs to inspect at least 30 completed PMGSY roads every month. The SEs of six Circles⁶³ had inspected 2,388 roads during

⁶² Comprising Chief Secretary as Chairman and the other stakeholders were Secretaries of Rural Development, Transport, Finance, Forest & Environment and IT Departments, State Informatics Officer, State Technical Agencies

⁶³ Angul, Bolangir, Berhampur, Bhawanipatna, Bhubaneswar and Sambalpur

2013-17 against the target of 7,740. The shortfall in inspections was 5,352 (69 per cent).

- **Inspection by local representatives:** Paragraph 15.10.1 of PMGSY guidelines envisaged that the SE should request the local Member of Parliament (MP)/ Zilla Pramukh once in six months to select any PMGSY roads for joint inspection. Audit observed that the SEs did not maintain records of joint inspection of PMGSY roads by the local representatives.

The Department stated (September 2017) that they had instructed SEs to request the MP/ Zilla Pramukh to select PMGSY roads for joint inspection.

2.1.15 Conclusion

Even after 16 years of implementation of the programme, connectivity to 33 per cent of the eligible habitations was not provided. Deficiencies in financial management led to loss of interest, non-adjustment of advances, etc. Adequate preparatory and survey works were not carried out in preparing Detailed Project Reports. This resulted in abandonment/ dropping/ non-completion of works. Contract management was deficient. Cases of award of works to ineligible contractors were noticed. Routine maintenance of PMGSY roads was not ensured. The Department had not taken adequate action to rectify the defects pointed out by National Quality Monitors and State Quality Monitors.

2.1.16 Recommendations

Government may consider the following:

- Planning process as envisaged in programme guidelines may be strictly followed.
- Effective coordination with other Departments for getting land/ forest clearances may be ensured.
- Scheme guidelines and standard conditions of contract may be strictly followed in awarding contracts.
- Cases of abnormal delay in execution of works may be investigated for fixing responsibility and addressing systemic deficiencies.
- A suitable mechanism may be put in place for maintenance of PMGSY roads to avoid untimely deterioration.

The Department accepted all the recommendations in the exit conference held in September 2017.

Revenue & Disaster Management Department and Housing & Urban Development Department

2.2 Implementation of National Cyclone Risk Mitigation Project and Odisha Disaster Recovery Project in the State

EXECUTIVE SUMMARY

Odisha State Disaster Management Authority (OSDMA) was implementing National Cyclone Risk Mitigation Project (NCRMP) and Odisha Disaster Recovery Project (ODRP). Performance Audit of two projects revealed that OSDMA had not implemented the projects efficiently despite utilising ₹ 1,432.76 crore as of March 2017.

OSDMA had not made Early Warning Dissemination System (EWDS) operational even after six years of commencement of the project. Audit noticed that 74 per cent of MPCSSs were not ready for use due to non-provision of essential equipment and electricity. OSDMA had constructed 56 MPCSSs at a cost of ₹ 77.84 crore in excess of the recommendation of Indian Institute of Technology, Kharagpur. Cases of execution of sub-standard road works were noticed. There were instances of excess payment and undue favour to contractors in construction of saline embankments. OSDMA had not recovered liquidated damages of ₹ 15.26 crore from the contractors, despite delay in completion of works.

Under ODRP, against planned construction of 30,000 houses, OSDMA had identified beneficiaries for only 16,576 houses. Out of 288 villages, 101 villages situated within five kilometres from the sea coast remained excluded from ODRP. At the same time, 100 ineligible beneficiaries were included under the scheme. Critical urban infrastructure like roads, storm water drains and up-gradation of slums remained non-starter. Capacity building and disaster mitigation strategies at community level remained almost absent.

2.2.1 Introduction

Odisha has 480 Km long coastline and seven major flood prone rivers⁶⁴ with 129 tributaries passing through it. The State is prone to flood, tropical cyclone, storm surge and Tsunami in view of its geographical location. The State was struck by a 'super cyclone' in October 1999, in which, over 8,962 human lives were lost. The cyclone 'Phailin' in October 2013 and cyclone 'Hud Hud' in October 2014 had struck the State. In these cyclones, 47 human lives were lost and properties worth ₹ 19,322.86 crore⁶⁵ were damaged.

National Cyclone Risk Mitigation Project (NCRMP): Government of India (GoI) signed agreements with International Development Association (IDA) in January 2011 and August 2015 for phases I & II respectively. As per the

⁶⁴ Brahmani, Baitarani, Budhabalang, Mahanadi, Rushikulya, Subarnarekha and Vansadhara

⁶⁵ Source: OSDMA and Special Relief Commissioner

agreement, IDA had to provide financial assistance in shape of loans for National Cyclone Risk Mitigation Projects⁶⁶. Government of Odisha (GoO) launched (March 2011) the National Cyclone Risk Mitigation Project (NCRMP) with a project outlay of ₹ 653.79 crore covering six districts⁶⁷ of the State. The project period was up to October 2015. Subsequently, after *Phailin*, GoI revised (July 2015) the project outlay to ₹ 1,093.79⁶⁸ crore with allocation of ₹ 440 crore under NCRMP (Additional Financing-AF) for cyclone risk mitigation infrastructure in eight districts⁶⁹ with stipulation for completion by October 2017. Cost of one component (cyclone risk mitigation infrastructure) was shared between the Centre and State in the ratio of 75:25. GoI was to bear all other components entirely. As of March 2017 both GoI and GoO had released ₹ 1,015.33 crore, of which Odisha State Disaster Management Authority (OSDMA) had utilised ₹ 877.07 crore.

Odisha Disaster Recovery Project (ODRP): After cyclone *Phailin*, GoO took up (February 2014) ODRP to overcome large scale damages in three⁷⁰ coastal districts in the cyclone. The objectives of ODRP were to restore damaged houses and improve capacity building of the community. The project included four components⁷¹ with project outlay of ₹ 1,352 crore. GoO entered into an agreement with IDA in July 2014 for financing of the project. As per the terms of the agreement, IDA would provide ₹ 945.85 crore (70 per cent) and the GoO would provide the balance funds. Further, GoO would incur expenditure at first instance and then prefer claims for reimbursement from IDA. The project was under execution and scheduled for completion in March 2019. As of March 2017, GoO had utilised ₹ 555.69 crore (41 per cent) of the outlay, of which, IDA had reimbursed ₹ 338.76 crore (61 per cent).

Repayment schedule: GoI would repay the loan with interest under NCRMP spreading over a period of 25 years from 15 October 2020. In respect of NCRMP (AF) repayment schedule was 20 years from 1 October 2019. GoO would repay loans with interest⁷² under ODRP within a span of 20 years commencing from 15 August 2019.

Implementation structure: A State Level Project Steering Committee⁷³ (SLPSC) was responsible for supervision, guidance and approval of project proposals under NCRMP. The Managing Director (MD), Odisha State Disaster Management Authority⁷⁴ (OSDMA) was the Project Director and

⁶⁶ Cyclone shelters, approach roads, embankments, early warning dissemination system and capacity building of village community on disaster preparedness

⁶⁷ Balasore, Bhadrak, Ganjam, Jagatsinghpur, Kendrapara and Puri

⁶⁸ Early warning dissemination system (₹ 38.80 crore), cyclone risk mitigation infrastructure (₹ 918.95 crore), technical assistance for capacity building (₹ 2.43 crore), implementation assistance (₹ 75.41 crore) and unallocated contingency (₹ 58.20 crore)

⁶⁹ Balasore, Bhadrak, Ganjam, Jagatsinghpur, Kendrapara, Khurda, Nayagarh and Puri

⁷⁰ Ganjam, Khurda and Puri

⁷¹ Resilient housing construction and community infrastructure (₹1,034.25 crore), urban infrastructure in Berhampur (₹ 200.91 crore), capacity building (₹ 49.46 crore) and implementation support (₹ 67.38 crore)

⁷² Interest at 1.25 per cent per annum and service charges at 0.75 per cent of un-withdrawn credit balance per annum

⁷³ Headed by the Chief Secretary

⁷⁴ An autonomous body set up in December 1999

head of Project Implementation Unit (PIU) of NCRMP. The MD was also head of the Project Management Unit (PMU) of ODRP. For the component 'Urban Infrastructure in Berhampur' under ODRP, Commissioner-cum-Secretary, Housing and Urban Development (H&UD) Department was the head of PMU. The Municipal Commissioner, Berhampur Municipal Corporation (BeMC) was the Project Director.

The Collector-cum-District Magistrates of Ganjam and Khurda acted as head of District Project Implementation Unit (DPIU) under ODRP. The line departments⁷⁵ executed infrastructural works under both NCRMP and ODRP. The Special Relief Commissioner (SRC) implemented Early Warning Dissemination System (EWDS).

2.2.2 Audit objectives

The objectives of Audit were to assess whether:

- Institutional arrangements envisaged in the project agreements and guidelines were created and were effective;
- Funds were received as per entitlements after fulfilling the pre-conditions and were utilised economically, efficiently and effectively for the intended purpose;
- The projects were executed in most economical, efficient and effective manner;
- The project development objective of reducing vulnerability of coastal communities to cyclone and other hydro-meteorological hazards and disaster recovery were achieved along with sustainable development goals; and
- Monitoring mechanisms and quality control measures were effective.

2.2.3 Audit scope and sample

Performance Audit was conducted during March to June 2017, covering the period from March 2011 to March 2017. Audit covered 10 sampled units⁷⁶ for NCRMP and 11 sampled units⁷⁷ for ODRP. Audit test-checked records relating to 45 Multi-Purpose Cyclone Shelters (MPCSs), 46 approach roads and all the 12 saline embankments⁷⁸ for NCRMP. For ODRP, Audit test-checked records relating to 91 out of 384 infrastructure projects⁷⁹ and 337 out of 16,576 housing projects taken up.

⁷⁵ Executive Engineers of Rural Works, Rural Water Supply and Sanitation and Irrigation Divisions of districts concerned

⁷⁶ OSDMA, SRC, Rural Works Divisions; Balasore II, Bhadrak II, Jagatsinghpur, Kendrapara and Puri; Aul Embankment Division, Mahanadi South Division and Nimapada Irrigation Division

⁷⁷ DPIU of Ganjam and Khurda; BDOs of Ganjam, Chhatrapur, Rangeilunda, Chilika, EE, RW Division, Berhampur and EE, RWS&S Division, Berhampur, Berhampur Municipal Corporation, OSDMA and H&UD Department

⁷⁸ Out of 316 MPCSs, 243 approach roads and 12 saline embankments

⁷⁹ Excluding 70 slums not taken up

2.2.4 Audit Methodology

Audit examined records of State and district level offices of Revenue and Disaster Management, Housing and Urban Development, Rural Development and Water Resources Departments as well as the sampled units. Joint physical inspection (JPI) of assets and projects was also conducted with the authorised officials.

The audit objectives, criteria, scope and methodology of the audit were discussed with the head of the department and other officials⁸⁰ in an Entry Conference on 14 March 2017. Audit findings were discussed with them in Exit Conference on 6 October 2017. The views of the Government have been suitably incorporated in the report.

2.2.5 Audit criteria

Criteria for this Audit were drawn from the following documents:

- Disaster Management Act, 2005;
- Project agreements, financing agreements, project appraisal documents, project operation manual of both NCRMP and ODRP;
- Financial Management Manual, Operational Manual, Procurement Manual prescribed by National Disaster Management Authority (NDMA) for NCRMP;
- Orissa General Financial Rules (OGFR) and Orissa Public Works Department (OPWD) Code;
- Guidelines and other instructions issued by the World Bank/ IDA, GoI, GoO and NDMA; and
- Monitoring mechanism prescribed in project agreements of both the projects.

2.2.6 Acknowledgement

We acknowledge the co-operation and assistance rendered to Audit by the Revenue and Disaster Management Department and Housing & Urban Development Department during the conduct of the Performance Audit.

The Audit findings are discussed in the succeeding paragraphs.

Audit findings

2.2.7 Institutional arrangements

2.2.7.1 Deficient institutional arrangements

Paragraph 5.1.5 of NCRMP Operational Manual provided that a Project Director would head each State PIU. The sector experts drawn from the line departments would support the Project Director. Project Appraisal Document (PAD) stipulated for a full time Project Director for implementation of ODRP.

⁸⁰ Principal Secretary, Disaster Management Department—*cum*—Special Relief Commissioner and Managing Director, OSDMA

Further, PAD also prescribed appointment of a Third Party Quality Auditor (TPQA) for independent monitoring.

Audit observed that OSDMA had not appointed full time Project Director (PD) for PMU of ODRP and PIU of NCRMP. Managing Director, OSDMA was looking after both the works. OSDMA had also not appointed TPQA for concurrent quality monitoring of infrastructure projects under ODRP.

OSDMA stated (October 2017) that their Managing Director (MD) was in additional charge for better coordination among line departments and other Government agencies. District PIU and a Consultant were also jointly monitoring the quality aspect. The reply was not acceptable as full time PD and consultants should have been engaged as per the guidelines of NCRMP.

2.2.7.2 Defective contracts with TPQA leading to under-performances

As per the Standard Document for Consultancy Services issued (September 2009) by GoI, State Quality Monitoring Consultant was liable for payment of compensation for failure in rendering satisfactory service. The amount of compensation would be twice the billing rate for conducting inspections less than that prescribed. In case of defective inspection, amount of compensation was equal to full consultancy charges. This would be levied wherever detected on independent check by OSDMA. Audit noticed the following deficiencies:

- For ensuring quality control in construction of cyclone mitigation infrastructure⁸¹, OSDMA engaged two TPQAs⁸² under NCRMP. OSDMA had not included compensation clause in the contracts signed with TPQAs.
- One TPQA (Mukesh and Associates) did not conduct required laboratory test of materials for initial nine months up to February 2012. The Additional Chief Secretary, Revenue & Disaster Management Department, who was also MD, OSDMA found (January 2015) during inspection that the firm had certified sub-standard work as good. However, OSDMA had paid ₹ 9.04 crore (including service charges) to the firm as of March 2017. In absence of penalty clause in the agreement, OSDMA could not levy compensation on TPQA for sub-standard work and defective inspection of works.

OSDMA stated (October 2017) that there was no reporting of any substandard work. The reply was not acceptable as the same was contradictory to the findings of the then MD as mentioned above.

Thus, payment of full dues of ₹ 9.04 crore made to the TPQA without prescribed deduction was irregular, failure of internal control and non-compliance of statutory requirement.

⁸¹ MPCSS, saline embankments and approach roads

⁸² Mukesh and Associates Private Limited: May 2011 to 15 November 2013 with contract price of ₹ 8.52 crore; Arkitechno Consultant (India) Private Limited: 16 November 2013 to March 2017 with contract price of ₹ 9.54 crore

2.2.7.3 Wasteful expenditure in engagement of consultant under ODRP

As discussed in *Paragraph 2.2.7.2*, M/s Mukesh and Associates Private Limited, engaged as TPQA for NCRMP, had not discharged its function properly. H&UD Department was aware of the poor performance of the firm under NCRMP. However, the Department engaged (January 2015) the firm as Project Management Consultant for ₹ 7.18 crore under ODRP. The work included development of Urban Infrastructure in Berhampur. Due to persistent poor performance like non-preparation of Resettlement Action Plan, non-provision of parking space, street lighting, landscaping, etc., H&UD Department disengaged the firm in October 2015. However, H&UD Department did not recover advance of ₹ 71.80 lakh paid to the agency.

H&UD Department stated (October 2017) that the implementing agencies of NCRMP and ODRP were different; there was no scope of being aware of the poor performance of the Mukesh & Associates. The reply was not acceptable as OSDMA was the nodal and also the appointing authority of the TPQA- M/s Mukesh & Associates for both NCRMP and ODRP.

2.2.8 Funds management

GoI had released ₹ 744.49 crore out of the total project cost of ₹ 1,093.79 crore to GoO under NCRMP as of March 2017. GoO had also released ₹ 270.84 crore as its share. OSDMA had utilised ₹ 877.07 crore out of total released amount of ₹ 1,015.33 crore, as of March 2017.

Under ODRP, GoO had released ₹ 735 crore out of the project cost of ₹ 1,352 crore. OSDMA had utilised ₹ 555.69 crore (75.60 per cent) up to 31 March 2017. Against the claim of ₹ 371.98 crore by the State, IDA had reimbursed ₹ 338.76 crore as of March 2017.

2.2.8.1 Loss of interest

As per the GoI guidelines, interest earned on unspent scheme fund was additional fund available to the scheme. Further, Orissa Treasury Code (OTC) prohibited withdrawal of funds from treasury without immediate requirement. Finance Department had also instructed to open flexi accounts in banks to earn higher interest on unspent fund. In this regard, Audit observed the following deficiencies:

- **Irregular diversion of interest earned:** OSDMA earned an interest of ₹ 16.15 crore and ₹ 5.97 crore under NCRMP and ODRP respectively by keeping unspent funds in bank accounts. However, instead of crediting to the scheme account, OSDMA transferred the same to the OSDMA-Society account. At the same time, OSDMA did not take up works like lightening arrestor, electrification, etc., in many Multi-Purpose Cyclone Shelters (MPCSSs) due to paucity of funds.

OSDMA while accepting the fact of diversion of interest, assured (October 2017) of placing the matter in their next Governing Body meeting for their appraisal.

- **Avoidable loss of interest of ₹ 5.20 crore under ODRP:** Berhampur Municipal Corporation (BeMC) withdrew ₹ 120 crore under ODRP from treasury during October 2014 to March 2017. The BeMC and

four executing agencies⁸³ retained the unspent funds in savings bank (SB) account, instead of depositing in a flexi account. These resulted in loss of interest of ₹ 5.20 crore during 2014-17.

OSDMA stated (October 2017) that they had issued instructions to keep unutilised funds in flexi account.

A. National Cyclone Risk Mitigation Project (NCRMP)

2.2.9 Early Warning Dissemination System (EWDS)

Early Warning Dissemination System (EWDS) was one of the five components of NCRMP. Special Relief Commissioner (SRC) awarded (July 2016) the work to Larsen & Toubro (L&T) at a price of ₹ 65.56 crore. The stipulated date of completion was March 2017. The scope of work, *inter alia*, included installation of Alert Siren Towers in 164 locations⁸⁴. SRC had released a total of ₹ 9.74 crore⁸⁵. The work was under execution as of June 2017. Audit found (June 2017) that only seven Alert Siren Towers had been installed in Ganjam district. None of the towers were functional due to non-setting up of Location Based Alert System for Mass Messaging System. Mock drills had also not been conducted.

Audit observed that the designs of the towers finalised by SRC were not as per the site conditions. Therefore, L&T requested (December 2016) for revising the designs⁸⁶. Thus, due to belated finalisation of designs, the towers could not be completed within the stipulated period even after incurring an expenditure of ₹ 9.74 crore. OSDMA stated (October 2017) that they would complete the work by November 2017.

2.2.10 Multi-Purpose Cyclone Shelter

The guidelines for construction of Multi-Purpose Cyclone Shelters (MPCS) provided that the location of cyclone shelters should be on high elevated land. The site of the MPCS should be within 10 Km of the coast line.

Under NCRMP and NCRMP (AF), OSDMA planned for construction of 316 MPCSs. OSDMA had completed 242 MPCSs and the remaining 74 were under construction as of March 2017. OSDMA had utilised ₹ 343.91 crore out of the contract value of ₹ 439.64 crore as of March 2017. The deficiencies in construction of MPCSs are summarised in **Table 2.2.1**:

⁸³ BDOs of Chhatrapur, Chilika, Ganjam and Rangeilunda

⁸⁴ District level (6), 22 at Block level, 122 at different places and 14 at Fish Landing Centres (FLCs)

⁸⁵ Mobilisation advance: ₹ 6.56 crore in August 2016 and 50 per cent of cost of materials supplied: ₹ 3.18 crore in March 2017

⁸⁶ Reducing the number of 5m angular towers from 85 to 45 on the ground that line of site was not available at 40 locations

Table 2.2.1: Audit observation on MPCS

Subject	Criteria/ Requirement	Observation	Reply
Survey and identification of locations	IIT, Kharagpur ⁸⁷ recommended for 512 MPCSS ⁸⁸ in six coastal districts ⁸⁹ , based on area, population ⁹⁰ and availability of cyclone shelters within 10 Kms of coastline.	OSDMA constructed 568 MPCSSs during 2000 to 2017 under various ⁹¹ schemes without assessing requirement. These included 316 MPCSSs constructed under NCRMP, out of which 21 were constructed beyond 10 Km from coastline. Thus, construction of additional 56 MPCSSs resulted in extra expenditure of ₹ 77.84 crore ⁹² .	OSDMA accepted (October 2017) the deviations in constructing MPCS beyond 10 Kms from the coastline. However, it did not furnish specific replies to construction of more numbers of MPCS than recommended.
Design of MPCSSs not in conformity with NDMA Guidelines	NDMA guidelines prescribed circular/ hexagonal/ octagonal shaped buildings in order to improve the aerodynamics of the structure. Besides, there were other detailed specifications ⁹³ .	During JPI of 43 MPCSSs in five sampled RW Divisions of five districts ⁹⁴ , Audit observed violations (<i>Appendix 2.2.1</i>) in adhering to specifications. OSDMA had prepared two sets of designs of MPCSSs. The	OSDMA stated (October 2017) that they would take care of views of Audit during future drawings since all the works were in completion stage.

⁸⁷ Engaged in January 2000 to undertake a study to recommend number and locations of MPCSSs

⁸⁸ Including 19 in isolated pockets

⁸⁹ Balasore, Bhadrak, Kendrapara, Jagatsinghpur, Puri and Ganjam

⁹⁰ One MPCS per 10 sq Km and one MPCS per 3000 population considering 75 per cent have no pucca house

⁹¹ Chief Ministers Relief fund: 60, Prime Minister National Relief fund: 38, World Bank: 37, State Plan: 36, NCRMP: 316, Integrated Coastal Zone Management Programme: 14, Indian Red Cross Society: 65 and others: 2

⁹² Average cost of ₹ 1.39 crore per cyclone shelter for 56

⁹³ Louvered vents (a ventilation system that allows air to pass through a number of fixed or operable blades mounted in a frame while keeping out unwanted elements such as water, dirt and debris) for ventilation in walls, non-brittle fibre reinforced plastic louver type window, storage space in walls and corridor, rain water harvesting, etc.

⁹⁴ Balasore, Bhadrak, Jagatsinghpur, Kendrapara and Puri

Subject	Criteria/ Requirement	Observation	Reply
		designed shapes were rectangular in shape. Specified features like louvered vents, windows, resting facility, ventilation, lightening arresters and silent generators, etc., were absent. Thus, all the 43 MPCSSs constructed at the cost of ₹ 56.69 crore, had design deficiencies posing risk for use during disasters.	
Idling of completed MPCSSs	OSDMA had planned (July 2009) to set up MPCSSs in the campuses of existing schools. MPCSSs would be equipped with emergency equipment like generator, kitchen utensil, etc. The locals could utilise the buildings as hub of their social activities also. A corpus fund would be created for each MPCSS for funding maintenance of buildings.	OSDMA had completed 242 out of 316 MPCSSs and handed over 233 MPCSSs to the CSMMCs. The MPCSSs were not equipped with emergency equipment. There was no provision for electricity. It had also not created corpus funds. During JPI of 43 MPCSSs, Audit observed that only 11 MPCSSs, located within school or college premises, were being utilised. Thus, objective of utilising these buildings as hub of their social activities was not achieved.	OSDMA stated (October 2017) that they would provide emergency equipment by March 2018. They had also requested the Special Relief Commissioner for creation of corpus fund.

(Source: Compiled by Audit from the records of the Departments)

Thus, selection of locations for MPCSSs and their designs were not as per the recommendation of IIT, Kharagpur and NDMA guidelines, respectively.

2.2.11 Construction of approach roads to MPCSSs

The objective of approach roads was speedy evacuation of people to safer places during cyclone for ensuring quick relief measures.

2.2.11.1 Construction of approach roads with higher specifications

As per the NCRMP guidelines, the State had to assess availability of roads in cyclone prone areas and villages. Assessment was to be done about the need, requirement of road length to be constructed. OSDMA had awarded construction of 243 approach roads at a contract price of ₹ 351.18 crore. As of March 2017, OSDMA had completed 229 approach roads and the remaining 14 were under construction. The total expenditure as of March 2017 was ₹ 302.15 crore⁹⁵. Audit examined records of 46 approach roads⁹⁶ and observed the following deficiencies:

- Connectivity of MPCSSs to the habitations by construction of approach roads had not been assessed by OSDMA. During JPI of 39 approach roads, Audit observed that in 13 cases⁹⁷, approach roads constructed by incurring ₹ 18.04 crore did not connect the targeted habitations.
- Rural Road Manual of GoI prescribed for construction of cement concrete roads on 75 mm thick Granular sub-Base⁹⁸ (GSB). OSDMA provided 100 to 150 mm thick GSB in 34 of 41 test checked roads without any justification. The remaining seven roads were of 75 mm thickness. This resulted in avoidable extra expenditure of ₹ 2.92 crore on construction of roads with higher specifications.

OSDMA stated (October 2017) that they had provided higher thickness of GSB based on the soil parameter. The reply is not acceptable as OSDMA could not provide any records to indicate the scientific basis for adopting higher specifications.

2.2.11.2 Avoidable expenditure on earthwork

Odisha Analysis of Rate, 2006 provided composite rate for formation of roads with soil excavated and transported by mechanical means within a distance of five Km. The rate ranged from ₹ 108.84 to ₹ 132.36 per cum. In the estimates of 28 out of 46 test-checked roads, OSDMA made provision for excavation of soil through manual means and transportation by mechanical means. The rates for manual excavation and mechanical transportation of soil varied from ₹ 129 to ₹ 250 per cum. The execution of works was economical through mechanical means. As such, excavation of 5.26 lakh cum soil through manual means resulted in avoidable extra expenditure of ₹ 2.95 crore.

OSDMA stated (October 2017) that in absence of approach road for movement of mechanical equipment; they made provision for manual excavation. The reply was not acceptable as transportation of earth was made

⁹⁵ NCRMP: ₹ 170.46 crore and AF: ₹ 131.69 crore

⁹⁶ Including 42 completed roads

⁹⁷ Puri: Anjira, Tantiapal, Bedha, Tendula, Mulabasanta, Rahangiria, Nuagaon, Balasore: Odasala, Bishnupur, Bhadrak: Radhakantapur, Kismatkrishnapur, Jagatsinghpur: Kankan, Kusupur

⁹⁸ Hard metals used underneath cement-concrete or black top surface roads

through mechanical means, which indicated presence of motorable approach road.

2.2.12 Strengthening and improvement of saline embankments

OSDMA had taken up work on strengthening 12 saline embankments of 57.975 Km length in four districts⁹⁹. The award value of embankments was ₹ 183.68 crore and completion cost was ₹ 187.31 crore. Audit test-checked records of nine saline embankments and observed the following deficiencies:

- **Gaps in embankments not plugged:** Audit conducted JPI of two embankments¹⁰⁰, which had been completed in March and November 2016 at an expenditure of ₹ 38.25 crore. Audit, however, found that saline embankment in a stretch of 4.480 Km¹⁰¹ had not been constructed. Thus, non-construction of all required saline embankments did not ensure prevention of flow of saline water into agricultural fields and habitats. The World Bank team, after inspection (January 2016) of sites, had also advised to plug the gaps to provide comprehensive protection to local inhabitants. However, OSDMA had not taken action to construct the remaining stretches.

OSDMA stated (October 2017) that the Water Resources Department would plug the gaps. The reply was not acceptable since construction of saline embankments was its responsibility.

- **Excess payment for gabion boxes:** As per terms of agreement, minimum voids¹⁰² were to be deducted from the filling of stones in the gabion boxes¹⁰³. The Water Resources Department and OSDMA had decided (May 2016) to deduct void at 1/6th of gross volume for gabion boxes with stone size of 15 to 25 cm. For gabion boxes containing stone size 10 to 20 cm, the rate of deduction would be 1/8th of gross volume. During JPI, Audit observed use of stone size ranging between 30 and 40 cm in 27 places of the embankments. For use of this size, OSDMA should have deducted 1/6th of gross volume. However, OSDMA deducted 1/8th of gross volume for gabion boxes with 10 to 20 cm stone from the bills of the contractors. Thus, OSDMA had made excess payment of ₹ 2.66 crore¹⁰⁴ to five contractors¹⁰⁵.

OSDMA stated (October 2017) that over size stones were within 5 per cent of total quantity of stones used in slopes. However, they could not furnish documentary evidence in support of their reply.

- **Undue favour to contractors:** The agreements with the contractors envisaged transportation of soil from borrow areas situated up to 5 Km.

⁹⁹ Kendrapara, Jagatsinghpur, Puri and Ganjam

¹⁰⁰ Total length was 12.395 Kms and completion cost was ₹ 38.25 crore

¹⁰¹ Nagar Saline embankment (3.30 Km) at Astarang; Patua to Gadaharispur saline embankment (1.180 Km) at Erasama

¹⁰² Empty space between stone pieces put in a box for volumetric measurement

¹⁰³ Wire mesh baskets filled with stones which serves as retaining wall

¹⁰⁴ Differential cost between deduction of 1/8th and 1/6th of volume of stone

¹⁰⁵ OCC Limited (3), Gangadhar Jena (3), Ajit Kumar Sahoo (1), Sarathi Engineering and Developers (1) and Nirmal Kumar Swain (1)

Accordingly, the cost was included in the estimate. For this purpose, the contractors were to enter into agreements with the concerned land owners, which was to be furnished to the Department. On JPI of 9 out of the 12 embankments, Audit found borrow pits¹⁰⁶ within 30 to 500 mtrs of six¹⁰⁷ embankments. This indicated that the contractors had collected soil within 30 to 500 mtrs of embankments. This was also confirmed through comparison of satellite images of Gopalpur-Rajnagar saline embankment for the year 2011 with 2016, as shown below:

Picture 2.2.1: Satellite image taken in 2011 before construction of saline embankment when no borrow pits were visible



(GIS map of Rajnagar-Gopalpur saline embankment of Kendrapara district)

Picture 2.2.2: Satellite image taken in 2016 after construction of saline embankment when borrow pits were visible



¹⁰⁶ Formation of hole for excavation of soil for use in embankment

¹⁰⁷ Tandahara, Rajnagar-Gopalpur 8050 to 14050, Rajnagar-Gopalpur 15050 to 19050, Chasisabha, Sasanpeta and Patua to Gadaharipur

JPI of the saline embankment conducted in June 2017 confirmed existence of several borrow pits near embankments. Thus, actual transportation of soil from borrow areas, situated beyond 500 mtr. was doubtful. However, the contractors were paid considering distance of transportation as 5 Km, resulting in excess payment of ₹ 7.37 crore to four contractors on six works. Responsibility may be fixed on the concerned Executive Engineer for making excess payment.

OSDMA stated (October 2017) that in absence of identified borrow area, a distance of 5 Km had been included in the estimate. The reply was not acceptable as no verification had been made to ascertain actual distance of transportation. Further, the contractors had not entered into any agreement with any of the land owners for obtaining soil.

2.2.13 Liquidated damages for delayed completion not levied

The agreements with the contractors for construction of MPCSSs, approach roads and saline embankments provided for levy of Liquidated Damages (LD).

Audit test checked 74 out of 91 contracts¹⁰⁸ and observed that contractors had completed works with delays ranging from 33 to 1,478 days. As against LD of ₹ 15.28 crore, EE had levied only ₹ 2.46 lakh. This resulted in non-recovery of LD by ₹ 15.26 crore and undue favour to the contractors.

OSDMA stated (October 2017) that they had imposed liquidated damages of ₹ 25.53 lakh on the defaulting contractors. The reply is not acceptable as ₹ 25.53 lakh too was only 1.7 per cent of the amount due.

2.2.14 Avoidable extra cost on excess usage of cement

For execution of plain cement concrete (PCC)/ Reinforced Cement Concrete (RCC) of M 20 grade and M 30 grade, Indian Standard (IS) 456: 2000/ 2005 prescribed the cement requirement as 250 kg and 320 kg per cum respectively. As per IS, comprehensive strength of PCC/ RCC should not be less than 30 N/mm².

Audit noticed that the EEs prepared estimates based on the State Analysis of Rate (SAR). As per the SAR, requirement of cement *per cum* of M20 and M 30 grade of PCC and RCC was 347 kg and 407 kg respectively. Accordingly, the bidders submitted bids based on the quantity of cement provided in the estimated cost. However, the agreements with the contractors provided to follow IS specification for PCC/ RCC works. Thus, the agreement provided for use of less quantity of cement than the estimate.

Audit observed that in execution of 99,802.12 cum of RCC/ PCC works, quantity was calculated as per the SAR as contained in the estimates instead of IS as shown in the contract (details in **Table 2.2.2**):

¹⁰⁸ Construction of 45 MPCSSs and 46 approach roads

Table 2.2.2: Details of excess cement utilised

Specifi- cation (1)	Provision of cement as per SAR (2)	Provision of cement as per IS 456 (3)	Qty. of works executed (cum) (4)	Qty. of cement required as per SAR (qtl.) (5) (Col. 2 X Col. 4)	Qty. of cement utilised as per IS 456 (qtl.) (6) (Col. 3 X Col. 4)	Difference (qtl.) (7)
M20	347	250	8,207.37	28,479.58	20,518.43	7,961.15
M30	407	320	91,594.75	3,72,790.63	2,93,103.20	79,687.43
Total			99,802.12	4,01,270.21	3,13,621.63	87,648.58

(Source: Records of EE)

As a result, excess provision of 87,648.58 qtl. led to excess payment of ₹ 6.31 crore. Further, had the contractors utilised cement as provided in the estimate, comprehensive strength of roads should have been more than 30 N/mm². However, on joint core testing (June 2017) of 27 roads at 82 points, Audit found that in 22 roads, the comprehensive strength was below¹⁰⁹ 30 N/mm². Hence, even after use of excess cement, the road was sub-standard.

This suggests that the actual quantity of cement used was much lower than the stated figures. The matter needs to be investigated thoroughly by the Department.

OSDMA (October 2017) stated that EEs had prepared the estimates as per state analysis of rates. The reply was not acceptable as agreements provided for use of 320 kg cement as per IS 456 specifications and actual utilisation of 407 kg of cement was not ensured.

B Odisha Disaster Recovery Project (ODRP)

As per the project guidelines, beneficiaries and line departments were to construct 30,000 resilient houses and community infrastructure respectively during 2014-19. As per said guidelines, the State had to complete 16,000 resilient houses and prepare 100 out of 200 village development plans up to 2016-17. It had also to provide access to improved sanitation, water sources and all weather roads within 500 metres for 10,000 out of 25,000 populations of Berhampur by the end of the year 2016-17. The deficiencies in the implementation of ODRP were as follows:

2.2.15 Assessment of requirement of resilient house

OSDMA assessed (May 2014) the requirement of 24,775¹¹⁰ resilient houses in three districts. However, it signed (October 2014) an agreement with a consultant (Gram Vikas) for providing technical support for construction of 23,527 resilient houses. In this regard, Audit observed the following:

¹⁰⁹ Less than 20 N/mm²: 18, between 20-25: 12, between 25-30: 19

¹¹⁰ No. of resilient houses as per agreement with IDA were 30,000

2.2.15.1 Identification of eligible villages and beneficiaries

ODRP guideline required that all the villages located within 5 Km from sea coast should be covered under ODRP. OSDMA should select the families whose houses were damaged beyond repair in cyclone *Phailin* and associated rains/ floods. OSDMA had also to select the houses which may not have been damaged but were vulnerable to hydro-meteorological hazards. Conforming to these criteria, the District Collectors had to conduct a survey of “structure and beneficiary” to prepare the list of beneficiaries. The district authorities had to organise the village meetings and document the proceedings of the meetings to arrive at the beneficiary list. Audit observed the following deficiencies (*Table 2.2.3*):

Table 2.2.3: Audit observations on identification of eligible villages and beneficiaries

Subject	Observation	Reply
Eligible villages not included	Audit plotted the villages of Ganjam and Khurda districts on GIS Map (<i>Appendix 2.2.2</i>). The map showed that 101 out of 288 villages were situated within 5 Km from sea coast/ Chilika lake. There were 90 villages which were not included in three Blocks (Ganjam, Chhatrapur and Chilika) having 4,156 temporary houses as per Census 2011. Thus, DPIU had not devised proper mechanism to ensure inclusion of all the eligible villages.	OSDMA stated (October 2017) that they had excluded some villages due to less vulnerability and having more number of <i>pucca</i> houses. The reply was not acceptable as Tahasildar had reported about 163 damaged houses in 30 villages of Ganjam district.
Exclusion of eligible beneficiaries	Due to improper survey, DPIU Khurda could identify only 281 against 882 eligible beneficiaries as of March 2017. During JPI in Atharabatia village ¹¹¹ , Audit observed that many families were living in thatched or asbestos houses. But DPIU had selected only seven villagers from this village. Consequently, 196 villagers had submitted their grievance of non-selection to the Block Development Officer (BDO), Chilika requesting for resilient houses.	OSDMA stated (October 2017) that in Atharabatia village, they found only seven eligible beneficiaries. Some of the villagers had submitted grievance petition belatedly. The reply was indicative of the fact that the Tahasildar had not conducted the survey properly.

¹¹¹ Nimikheta Gram Panchayat of Chilika block situated very close to Chilika lake

Inclusion of ineligible villagers	In Ganjam and Chhatrapur Blocks, DPIU had covered 5,899 beneficiaries ¹¹² under ODRP. Subsequently, concerned Revenue Inspectors identified 100 beneficiaries as ineligible. Meanwhile, BDOs had released ₹ 36.59 lakh to these ineligible beneficiaries. Out of this, DPIU had recovered only ₹ 2.56 lakh and ₹ 34.03 lakh was outstanding as of March 2017.	OSDMA stated (October 2017) that they were taking steps to recover the amount from the ineligible beneficiaries.
--	--	--

(Source: Records of test-checked District Collectorate)

2.2.15.2 Design and construction of resilient houses

As per the guidelines, the beneficiaries were to complete construction of houses within 12 months from the date of issue of work order. Out of 10,112 houses taken up for construction during 2014-15 in three test checked Blocks¹¹³ of Ganjam district, beneficiaries had completed 8,446 houses¹¹⁴ (84 per cent) as of March 2017. Audit observed the following:

- **Non-completion due to deviation in design:** In two villages of Rangeilunda and Chhatrapur Blocks, none of the 1,071 houses taken up for construction were completed as of March 2017. The reasons for non-completion of these houses were not on record. During Joint physical inspection (May 2017) of 11 such houses in a village¹¹⁵, Audit observed that the plinth area of the houses was 405 sqft. to 649 sqft., which were more than the prescribed maximum of 400 sqft. OSDMA stated (October 2017) that beneficiaries themselves had taken up extra construction beyond the approved plan. Thus, Government had no role to play in deciding his extra built up area and his extra financial involvement. The reply was not acceptable as OSDMA did not supervise the construction works and guide the beneficiary on financial impact, though required.
- **Basic amenities not constructed:** Daily report of DPIU indicated that beneficiaries had occupied 15 out of 28 ODRP houses¹¹⁶ completed at a cost of ₹ 79 lakh¹¹⁷ in two relocated sites. However, during JPI (May 2017), Audit observed that beneficiaries had not occupied these houses

¹¹² Ganjam: 3,603 and Chhatrapur: 2,296

¹¹³ Rangeilunda: 4,213; Chhatrapur: 2,296; Ganjam: 3,603

¹¹⁴ Rangeilunda: 2,965; Chhatrapur: 2,157; Ganjam: 3,324

¹¹⁵ New Kirtipur village (Rangeilunda Block)

¹¹⁶ 15 houses at Binchanapali relocation site of Ganjam district and 13 houses at Managalajodi relocation site of Khurda district

¹¹⁷ Binchanapali relocation site: ₹ 42.60 lakh, Managalajodi relocation site: ₹ 36.40 lakh

as OSDMA had not provided the basic amenities¹¹⁸. OSDMA did not furnish any specific reply on this.

- **Completed houses left uninsured against multi-hazard risk:** As per the guidelines, OSDMA should insure all houses built under this project against multi-hazard risks with payment of one time premium for a period of 10 years. OSDMA had insured only 6,857 out of 14,557 completed houses by paying premium of ₹ 94.61 lakh to United India Insurance Company Limited. The remaining 7,700 houses constructed at ₹ 231 crore remained uninsured.

OSDMA stated (October 2017) that they were taking steps to insure the remaining houses within two months.

2.2.15.3 *Creation of community infrastructure*

ODRP envisaged supplementing housing reconstruction with creation of community infrastructure with amenities like roads, water supply, solid waste management, power grid extensions, community and health centres, playgrounds, etc. These amenities were to be provided in convergence with other schemes, wherever necessary. As of 31 March 2017, the executing agencies¹¹⁹ had completed 81 works¹²⁰ (22 per cent) out of 373 works¹²¹ taken up during 2014-17. Scheduled completion dates for 120 projects had already been expired. Audit observed the following deficiencies:

- **Avoidable expenditure on construction of Anganwadi Centres:** GoI fixed 600 sft. built up area for AWC buildings at unit cost¹²² of ₹ 7 lakh. The construction should be done in convergence with MGNREGA. The Panchayati Raj and Women & Child Development (W&CD) Departments jointly intimated (April 2016) the above norm to all Collectors. Audit observed that EE, RW Division-II, Berhampur prepared drawing and design of 48 AWC buildings with 880 sft. built up area. Concerned Superintending Engineer accorded (May 2016) the technical sanction with estimated cost ranging from ₹ 18.74 lakh to ₹ 19.35 lakh. The works were under execution (May 2017). Thus, due to lack of coordination between Rural Development¹²³ and W&CD Departments, EEs had prepared estimates for higher plinth area, resulted in avoidable expenditure of ₹ 5.77 crore¹²⁴.

¹¹⁸ Piped drinking water supply, internal road, approach road and drain

¹¹⁹ Executive Engineers, Rural Works Division-II and Rural Water Supply and Sanitation, Berhampur

¹²⁰ Roads and drains: 10; PWS: 71

¹²¹ 138 community buildings, 129 roads and drains and 106 PWS projects

¹²² Cost of one Anganwadi building

¹²³ Administrative Department of RW Division-II, Berhampur

¹²⁴ Approved cost: ₹ 9.13 crore less (₹ 7 lakh X 48) = ₹ 5.77 crore

OSDMA stated (October 2017) that the procurement procedures for construction of AWC building of World Bank was different from the buildings constructed by W&CD Department.

The reply was not acceptable as OSDMA did not adopt coordinated convergence approach for economy in construction due to which GoO had to incur extra expenditure. OSDMA did not provide any evidence to prove that the increased plinth area was due to the norms of the World Bank.

- **Extra cost due to purchase of DI pipes instead of PVC pipes:** RWSS Division had executed 106 Piped Water Supply (PWS) projects. Department had prepared (September 2014 to April 2015) estimates for use of 100 mm dia ductile iron (DI) pipes for 15 projects. In remaining 91 cases, it had provided 90 to 110 mm dia PVC pipes. Nothing was on record to indicate that the PVC pipes were not feasible for execution. Since DI pipes were costlier¹²⁵ than PVC pipes, inclusion of DI pipes in the estimate resulted in avoidable expenditure of ₹ 1.30 crore¹²⁶.

OSDMA stated (October 2017) that considering economy in future repair and maintenance, they used DI pipes in 15 projects. The reply was not acceptable since OSDMA had used PVC pipes in 91 projects under the same scheme.

2.2.15.4 Urban infrastructure in Berhampur

The cyclone *Phailin* severely affected urban infrastructure of Berhampur city. GoO had prepared a project outlay of ₹ 200.91 crore¹²⁷ under ODRP and released ₹ 120 crore during 2014-15 to 2016-17 for reconstruction. Out of this, BeMC had utilised only ₹ 23.99 crore (20 per cent) in two components¹²⁸ as of March 2017. Other components like roads, slum development and storm water drains were in DPR stage. Audit observed the following:

- **Delay in preparation of DPRs:** BeMC entrusted (July to December 2015) various works to Tata Consultancy Engineering Limited (TCEL), as detailed below:

¹²⁵ DI pipes- ₹ 641.89 per metre and PVC pipes- ₹ 156.73 to ₹ 186.06 per metre

¹²⁶ 27,695.30 mtr executed up to March 2017 X (actual procurement rate of DI pipes ₹ 641.89 less average price of PVC pipes prevailing during November 2014 to March 2017: ₹ 171.05 per metre) = ₹ 1.30 crore

¹²⁷ Upgradation of slum infrastructure: ₹ 85 crore, major and inter-connecting roads: ₹ 40 crore; Storm water drain: ₹ 25 crore, restoration of water supply: ₹ 27.42 crore and implementation support: ₹ 23.49 crore

¹²⁸ For restoration of water supply (₹ 21.08 crore) and ₹ 2.91 crore for implementation support

Table 2.2.4: Details of engagement of TCEL for various projects

Component	Dates of engagement	Stipulated period of completion	Actual date of completion	Status as of December 2017
Master plan for BeMC and DPRs for Storm water	July 2015	April 2016	April 2017	Pending with H&UD Department
DPRs for five roads	July 2015	April 2016	August 2016	Evaluation of tender document pending with H&UD Department
DPRs for up-gradation of 70 slums	December 2015	April 2016	Completed seven slums only. Pending in 63 cases as on April 2017	Pending with BeMC after approval (May 2017) of IDA

(Source: Records of BeMC)

As may be seen from the above table, there was delay in preparation of DPRs by the TCEL. The works were further delayed at PIU/ PMU level and not started so far. Due to delay in preparation of DPR by TCEL and finalisation of tender by Government, there was time overrun by two years. Further, the works were fraught with the risk of cost overrun.

- Inflated estimate and extra expenditure:** BeMC awarded (July 2015) the work of replacement of old water supply pipeline to a contractor¹²⁹ at a value of ₹ 27.16 crore. The scope of work included supply and laying of pipes of 23.9 Km of varying size and grades¹³⁰. The estimated cost of the pipe per metre ranged from ₹ 3,657 to ₹ 11,540 against the DGS&D price of ₹ 2,967 to ₹ 9,259 (July 2015). BeMC awarded the work to contractor with unit rate ranging from ₹ 4,000 to ₹ 12,782 per metre. As BeMC had not followed the unit rate of DGS&D, it had overstated the estimated cost by 19 to 20 per cent. This led to inflating of the estimate by ₹ 3.97 crore. Thus, due to the application of higher rate, BeMC had made excess payment of ₹ 6.06 crore and extended undue favour to the contractor.

H&UD stated (September 2017) that DGS&D price was not available for procurement of pipes (i.e., DI pipes). The reply was not acceptable since the DGS&D approved rates for DI pipes were available during the said period.

¹²⁹ KLSR Infratech Limited

¹³⁰ 600 mm dia Ductile Iron (DI) pipes of K 9 grade: 11.8 Kms; 400 mm dia DI pipes of K 9 grade: 4.2 Kms, 400 mm dia DI pipes of K 7 grade: 4.9 Kms and 300 mm dia DI pipeline of K 7 grade: 3 Kms

2.2.16 Lack of capacity building under NCRMP and ODRP

As per NCRMP Operational Manual (Component-C) Capacity building of village community and stakeholders was an important element of disaster preparedness. GoI had allocated ₹ 51.89 crore¹³¹ under NCRMP and ODRP. In this regard, Audit observed the following:

Table 2.2.5: Audit observation on capacity building

Scheme	Observation	Reply
NCRMP	GoI had released (September 2015) ₹ 1.36 crore, of which OSDMA could spend only ₹ 7.29 lakh (5.36 per cent) as of March 2017. OSDMA had utilised the amount in conducting 'Pallisabha' and trainings ¹³² . Thus, prime purpose of sanction of funds for capacity building for disaster preparedness remained unfulfilled so far (March 2017).	OSDMA stated (October 2017) that they would start the capacity building activities shortly.
ODRP	'Capacity Building in Disaster Risk Management' (DRM) was to support OSDMA in strengthening overall capacity of village community. The capacity building also included better risk mitigation, preparedness and disaster response in line with global best practices. Under ODRP, though GoI earmarked ₹ 49.46 crore for capacity building, OSDMA had not taken any action on the above activities ¹³³ as of March 2017.	

(Source: Records of OSDMA)

2.2.17 Monitoring and evaluation

Guidelines of NCRMP provided for monitoring of implementation of the project by State Level Project Steering Committee (SLPSC). The SLPSC was headed by the Chief Secretary of the State who had to review the implementation of NCRMP as frequently as required. Under ODRP, Project Steering Committee (PSC) headed by the Chief Secretary and PMU had to conduct continuous monitoring of the project. They had to ensure

¹³¹ NCRMP: ₹ 2.43 crore and ODRP: ₹ 49.46 crore

¹³² Training of community and CSMMC members for capacity building

¹³³ (i) establishment of an integrated complex comprising OSDMA, GIS cell equipped with a decision support centre, emergency centre and training centre; (ii) capacity augmentation of OSDMA by providing specialised dedicated manpower and through need based hiring of technical experts to provide timely support to various project activities; and (iii) enabling the affected marginalised communities to cope with survival risks posed by natural calamities through community based initiatives

implementation of ODRP in compliance with the provisions of guideline. Audit observed the following:

Table 2.2.6: Audit observation on monitoring and evaluation

Subject	Observation	Reply
No monitoring by SLPSC since December 2013	SLPSC met six times as of November 2013. Thereafter, SLPSC had not conducted any meeting till March 2017. In absence of review of the project by SLPSC, OSDMA had not monitored the implementation of the project at apex level.	OSDMA stated (October 2017) that SLPSC in its meeting (June 2017) had decided not to hold any further meeting of the committees since many avenues were available for review. Reply was not acceptable as decision of SLPSC was not in conformity with the project guidelines.
Monitoring of ODRP not done by PSC	As of March 2017, PSC had not conducted any meeting after September 2014. Besides, OSDMA did not take steps to establish monitoring and evaluation cell, develop MIS system and engage TPQA for quality monitoring.	OSDMA stated (October 2017) that they were planning to get all the infrastructure activities monitored by a third party.

(Source: Records of OSDMA)

2.2.17.1 Achievement of sustainable development goals

Sustainable Development Goal (SDG) required resilient buildings for the poor and vulnerable section of the society to reduce their exposure to climate related disasters. Reduction in number of persons affected in disaster and putting in place State or Local risk reduction strategies were to be achieved by the year 2030.

Under ODRP, OSDMA did not achieve the main objective of providing resilient houses. It could identify only 16,576 beneficiaries against the planned 30,000. Further, it failed to include all cyclone prone villages and affected beneficiaries under ODRP. OSDMA had not provided basic amenities in resilient housing colonies, due to which beneficiaries could not occupy the constructed houses. OSDMA had also not completed community infrastructures like roads, Anganwadi centres, water supply, electricity, etc. Thus, OSDMA had not achieved the SDG for resilient housing so far.

2.2.18 Conclusion

Odisha State Disaster Management Authority (OSDMA) was implementing National Cyclone Risk Mitigation Project (NCRMP) with a project cost of ₹ 1,093.79 crore and Odisha Disaster Recovery Project (ODRP) with a project cost of ₹ 1,352 crore. The scheduled periods of completion of the projects were October 2017 and March 2019 respectively. As of March 2017,

utilisation of funds in the projects stood at ₹ 877.07 crore and ₹ 555.69 crore respectively.

In NCRMP projects, the institutional arrangement for overseeing implementation was deficient as OSDMA had not engaged full time project director, consultants and Third Party Quality Auditor (TPQA). Even after exclusion of Puri district from ODRP, OSDMA had not reduced the consultancy charges proportionately. Thus, the funds management was ineffective. OSDMA could not make Early Warning Dissemination System operational in the State even after six years of commencement of the project. Out of 43 MPCs constructed under NCRMP, 32 were found idle without any provision of essential equipment, electricity connection and funds for maintenance. Cases of excess payment and undue favour to contractors in construction of embankments were also observed. Despite delay in completion of works, OSDMA had not recovered liquidated damages.

Under ODRP, selection of beneficiaries of resilient houses was not transparent. District authorities had not adopted the prescribed procedure in identifying eligible villages/ beneficiaries, which resulted in exclusion of eligible villages/ beneficiaries. On the other hand, ineligible villages/ beneficiaries were included. In construction of Angawandi centres, prescribed drawing and design had not been followed, which resulted in avoidable expenditure.

Capacity building of community and disaster mitigation strategies at community level remained almost absent. Monitoring by State Level Project Steering Committee under NCRMP and Project Steering Committee under ODRP was deficient.

2.2.19 Recommendations

The State Government may consider to:

- Engage staff exclusively for Project Implementation Unit of National Cyclone Risk Mitigation Project and Project Management Unit of Odisha Disaster Recovery Project.
- Install Early Warning Dissemination System, construct and provide required equipment to Multi-Purpose Cyclone Shelters and also make arrangement for their management/ maintenance.
- Construct common infrastructure in relocated villages and upgrade the slums, roads and storm water drains at the earliest.
- Strengthen Management Information system and monitoring.

Rural Development Department

2.3 Information Technology Audit on Works and Accounting Management Information System

EXECUTIVE SUMMARY

Government of Odisha implemented Works and Accounting Management Information System (WAMIS), a workflow automation system in engineering departments. This was to bring efficiency and effectiveness in its functioning. Except accounting, all modules were utilised partially even after seven years of implementation.

WAMIS had weak management controls as Department had not prepared comprehensive user requirement specification. Changes proposed after implementation for incorporation in the system were not ensured. This created inconsistencies in electronic workflow. Business Continuity and Back up Plans were not framed. The Government had not exercised oversight over database administration by i) segregating duties or ii) putting compensating controls. As a result, unauthorised users accessed the database, logs were deleted, contractor's details were tampered with and records of vital tables were deleted.

WAMIS had design deficiencies like i) lack of audit trails, ii) absence of provisions for preparation of detailed estimates, iii) ineffective session management, iv) lack of validation controls. Besides, the system had issues like non-mapping of business rules, absence of centralised contractor database, non-provision of digital signature, etc.

Vouchers were booked in WAMIS, bypassing the workflow and without uploading of geo-tagged photographs in the system. WAMIS had improper design and defective global master tables. This made the data disintegrated and undue favour extended to the contractors several times.

The usage of WAMIS was as low as five per cent in the engineering departments and entire works were processed manually. Besides, divisions were also primarily dependent on manual records instead of system generated reports.

2.3.1 Introduction

Rural Development Department (RD Department), Government of Odisha (GoO) implemented Works and Accounting Management Information System (WAMIS). The Department awarded the work¹³⁴ to Centre for Development of Advanced Computing (CDAC), Pune in May 2009. The main feature of WAMIS was automation of technical functions and preparation of accounts. The objectives of WAMIS were i) preparation of budget estimates, ii) allotment of funds, iii) creation of work information along with capturing of

¹³⁴ Design, development, implementation and maintenance

contract award details. Subsequently, WAMIS was utilised in seven¹³⁵ other departments. WAMIS was a web based application, developed using Java in the front-end and MYSQL database at the back-end. Servers for the database and application were installed in the State Data Centre (SDC), Bhubaneswar. It consisted of five modules, viz., i) Budget, ii) Works and Billing, iii) Accounts, iv) MIS and v) Integration with Accountant General (Accounts & Entitlement) (AG (A&E)) for submission of monthly accounts.

RD Department, headed by Commissioner-cum-Secretary, was the nodal agency for implementation, maintenance, modification, etc., of WAMIS. CDAC maintained the database and application servers. During 2010-17, ₹ 2.71 crore was spent on software development, enhancement and maintenance, logistics support, manpower deployment and training.

2.3.2 Audit objectives

The Information Technology Audit was conducted to assess whether:

- Planning and system development processes followed were robust;
- The system met the Government's objectives of office automation;
- Controls in Information Technology system were adequate and effective;
- Adequate system security and Business Continuity features existed; and
- Monitoring and supervision were adequate and effective.

2.3.3 Scope and methodology of Audit

Audit objectives, scope and methodology were discussed with the Commissioner-cum-Secretary, RD Department in an Entry Conference held in March 2017. Audit conducted data analysis using Computer Assisted Audit Techniques like MYSQL covering the period 2012-17. Audit test checked records of RD Department, Engineer-in-Chief (EIC), Rural Works, Bhubaneswar and 10¹³⁶ Rural Works/ Rural Water Supply & Sanitation sampled divisions. The Exit Conference was held with Commissioner-cum-Secretary, RD Department in September 2017. The replies of the Department have been incorporated in the report, wherever required. The Department accepted all the recommendations and agreed to implement the same to make the system robust.

¹³⁵ Works, Water Resources, Fisheries and Animal Resources, Housing and Urban Development (PH Division), Commerce and Transport, Energy and General Administration (Rent) Departments

¹³⁶ Rural Works Division, Bhubaneswar, Rural Water Supply & Sanitation Division, Cuttack, Rural Works Division-II, Jajpur, Rural Works Division-II, Bhadrak, Rural Water Supply & Sanitation Division, Balasore, Rural Works Division, Jaleswar, Rural Works Division, Sunabeda, Rural Works Division, Bolangir, Rural Works Division, Bhawanipatna and Rural Works Division, Ganjam

2.3.4 Audit criteria

The following criteria were adopted for the IT Audit:

- User manuals/ Entity Relationship diagram/ project plans;
- Service Level Agreements (SLAs) of WAMIS with the vendor;
- Information Technology (IT) Act, 2000 and subsequent amendments;
- Odisha Budget Manual, Central Public Works Accounts Code, Orissa Public Works Department Code including amendments, Schedule of rates and Analysis of rates; and
- Instructions issued by Government of Odisha relating to implementation of WAMIS.

Audit Findings

2.3.5 General Control

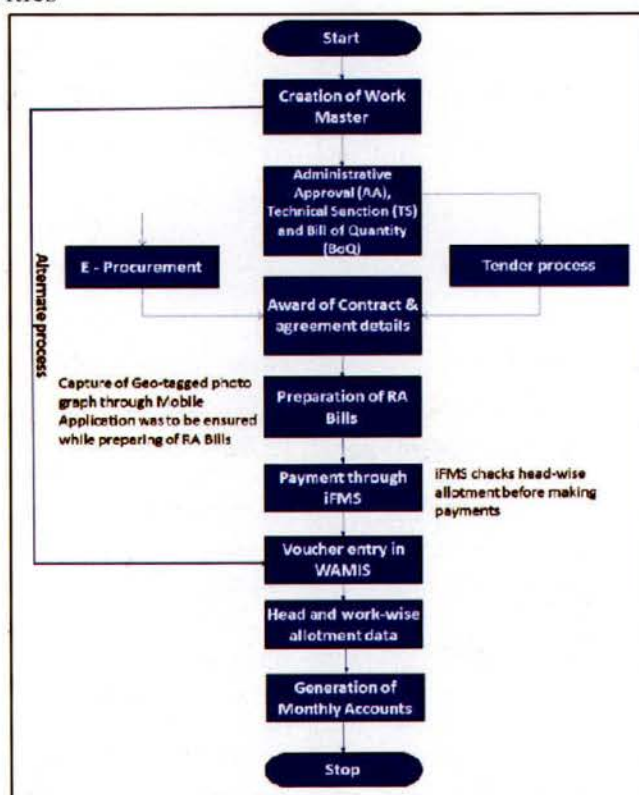
2.3.5.1 Bypassing the electronic workflow of WAMIS

WAMIS was developed to automate the activities performed at the divisional offices such as

i) capturing of data on work information, ii) Administrative Approval (AA), iii) Technical Sanction (TS), iv) Bill of Quantity (BoQ) and v) Contract Award.

Besides, the system had provision of generation of Running Account (RA) Bills. After payment through iFMS¹³⁷, the vouchers were entered for generation and submission of Monthly Accounts to the AG (A&E), Odisha. The workflow processes involved in operation of WAMIS are depicted in *Chart 2.3.1*.

Chart 2.3.1: Workflow of WAMIS



As seen from the chart, WAMIS had provision to bypass the process of capturing AA, TS, Contract Award details, RA Bills, etc. RD Department instructed all divisions to fully automate accounting process through WAMIS

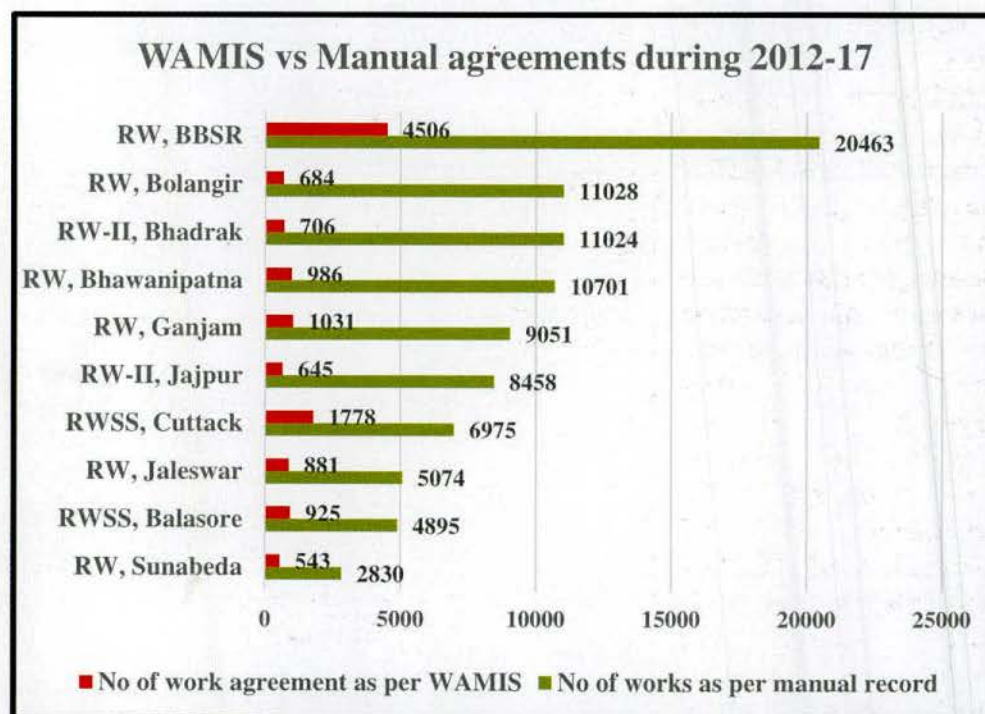
¹³⁷ iFMS - Integrated Financial Management System

and discontinue the manual maintenance of cash book from July 2009. Subsequently, RD Department also instructed all divisions to process RA Bills and submit monthly accounts to AG (A&E) through WAMIS from 2012.

The divisions did not use WAMIS to process all the RA Bills. Some RA Bills were also processed manually. The divisions also made payments using the alternate process without entering the critical details¹³⁸. Data analysis revealed that the divisions processed RA Bills of only 80,316 (12 per cent) out of 6,71,243 works¹³⁹ through WAMIS as of March 2017. Remaining 88 per cent bills were processed manually. The voucher details of these bills were re-entered in WAMIS using the alternate process for generating the monthly accounts. This was confirmed in Audit in 10 test checked divisions. In these divisions, 31,462 works records were created. However, 12,685 agreements were entered and 8,099 RA bills were generated from WAMIS. The manual agreement register of 10 test checked divisions also showed that 90,499 agreements were executed during 2012-17. However, only 12,685 agreements were available in WAMIS.

Out of ten test-checked divisions, five divisions¹⁴⁰ had utilised WAMIS negligibly for capturing of works and generation of RA bills. The other five divisions had utilised the system to a very less extent as could be seen in *Chart 2.3.2*:

Chart 2.3.2



Audit noticed that RD Department had not enforced the inclusion of required validations and changes proposed by different users in the software. In

¹³⁸ AA, TS, BoQ, award of contracts, agreements with contractors, RA bills etc.

¹³⁹ Including split works

¹⁴⁰ RW-II, Bolangir, RW, Bhawanipatna, RW-II, Bhadrak, RW-II, Jajpur, and RW, Bhubaneswar

absence of this, the divisions preferred the manual processes bypassing the workflow of WAMIS. Therefore, WAMIS was implemented partially in all the divisions and failed to generate reliable MIS reports. As a result, the data captured became inconsistent and disintegrated. This caused serious deficiencies in the system as discussed in the subsequent paragraphs.

The Department while accepting (September 2017) the observation stated that Accounts module was selected for implementation first in RD Department. These were gradually extended to other user departments. Incorporation of changes proposed by other user departments and integration with AG and treasuries took most of the time for implementation. However, all modules were targeted for implementation and electronic workflow as envisaged would be enforced.

2.3.5.2 Non-preparation of Software Design Document (SDD)

RD Department has specified the broad requirements to CDAC without preparing detailed User Requirement Specification (URS). As per the agreement, CDAC was required to prepare the Software Requirement Specification (SRS). CDAC was to conduct a detailed study of the workflow in RD Department's functional branches. The study involved interaction with the officials. SRS was also to be prepared as per the codal provisions including instructions of the Government. The SRS was to contain what the system would provide. This was to become the basis for the design and development of the application. Further, CDAC was also required to prepare the SDD detailing how the system was to be developed to take care of the activities mentioned in the SRS.

Audit observed that CDAC implemented its software developed for Maharashtra Public Works Department after customisation. It had not prepared any SRS or SDD. Hence, rules specified in OPWD and CPWA Codes could not be incorporated to cover all the functions of the user departments flawlessly. As a result, the users¹⁴¹ had to seek additional features and integration with other existing applications continuously. Thus, WAMIS was incomplete and open-ended.

The Department stated (September 2017) that i) on the basis of documents prepared for Goa and Maharashtra, WAMIS was implemented in Odisha, ii) the validation was not enforced in the system. The system was kept open-ended due to non-acceptance by all the stakeholders and frequent change requests.

2.3.5.3 Deficiencies in change management

As per the agreement (May 2009 and April 2014), RD Department would give in writing the proposed changes, if any, for incorporation in the software. CDAC would respond within specified time along with the cost escalation, if any, for the changes. Such changes were required to be approved by RD Department. Audit noticed that RD Department instructed CDAC for changes in the software design and incorporation of additional features in WAMIS.

¹⁴¹ Rural Development, Water Resources, Works and Housing & Urban Development Departments

The changes proposed were i) facility for provision of digital signature for approval of bills, ii) generation of contractor's work certificate, iii) restriction for excess expenditure over allotment and iv) expenditure without allotment. Besides, i) provision to track the change of password, ii) system generated request to change the password in every three months, etc., (*Appendix 2.3.1*) were also requested.

Audit observed that the provision for passing of bills and submission of monthly accounts using digital signature was not implemented at the divisional level. Generation of contractor's works certificate using the software was also not implemented at the divisional level. In 2,578 cases¹⁴², the names of the contractors in the vouchers captured in the database were different from the names in the monthly accounts submitted to AG (A&E).

Thus, WAMIS was running without the required changes suggested by the users and therefore, all the modules of WAMIS could not be used.

The Department accepted (September 2017) the fact and stated that some of the requirements were not implemented on account of changed priorities. However, the same would be targeted for implementation after due consultation with all the stakeholders.

2.3.5.4 Absence of Business Continuity/ Disaster Recovery Plans

As per the best practices, the Department acquiring the IT system was required to frame Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP). CDAC had not framed any backup policy and WAMIS had been running without any BCP/ DRP even after seven years of its implementation. In the absence of BCP/ DRP, the users were unaware of the procedure to be followed in the event of disruptions caused by any disaster.

The Department stated (September 2017) that after completion of security audit of WAMIS, the system would be placed in the production server of the State Data Centre (SDC). They would also prepare policy documents.

2.3.5.5 Inadequacies in Database Administration

Database Administrator (DBA) was responsible for the performance, integrity and security of a database and had the privilege to alter the database. Therefore, DBA should not be given other responsibilities like system administration, help desk and data entry.

Audit observed that CDAC was continuing both as system administrator and DBA along with user management, help desk and master data entry. RD Department had not trained its officials for database administration through appropriate segregation of duties and supervisory review of access logs. Besides, RD Department did not have detective controls over the use of database and user management to avoid vendor dependency.

As CDAC had complete control over WAMIS, the activities of the DBA could not be monitored. Audit found that three unauthorised users¹⁴³ accessed WAMIS on 81 occasions. User access logs were deleted on 846 occasions

¹⁴² Pertaining to RW Division-I, Ganjam

¹⁴³ 1689, 1690 and 1691

during July 2013 to January 2017. Further, contractors' details were tampered with in 2,578 cases of RW Division-I, Ganjam. Also, work proposals and contract award details were deleted as elaborated in **Paragraph 2.3.7.2**. Due to lack of audit trail, the impact of the same could not be assessed.

The Department stated (September 2017) that audit trail would be incorporated in the system. Further, a responsible person from the Department would be assigned monitoring of the activities in the system after all the modules of WAMIS were used.

2.3.6 Security and End User Control

2.3.6.1 Absence of audit trails

As per the best practices, audit trails¹⁴⁴ should be captured in the tables for enforcing accountability and detective control against any manipulation of records in database. Audit found that the critical tables having work information details¹⁴⁵ did not contain any field for audit trail. This deficiency disabled the provision to i) detect erroneous transactions like creation of multiple work identities (Ids), ii) incorrect capturing of work award details, etc. Thus, responsibility for such violations could not be fixed.

The Department stated (September 2017) that audit trail would be incorporated in future.

2.3.6.2 Inefficient user management

Analysis of the database showed that 6,018 user Ids were created for 3,427 units¹⁴⁶ primarily based on the designations of the users. At the divisional¹⁴⁷ level, two user Ids were assigned to each EE for accounts and billing. Also, one each for DAO, AEs, JEs and Auditors, etc., were assigned for using WAMIS. The estimators/ clerks posted in divisions were assigned with processing of works of different sub-divisions. Audit noticed that 215 user Ids were assigned to different users in 10 test-checked divisions. The deficiencies noticed are discussed below:

- **Multiple users with same username:** In 10 test-checked divisions, six estimators and 11 Auditors were using the same user Id in RW Division, Bhubaneswar. DEOs of seven¹⁴⁸ test-checked divisions were using the username on behalf of all the clerks, estimators, JEs and AEs. All the estimators, clerks, JEs and AEs were using the same user Id in RWSS, Balasore. Four Auditors and JEs/ AEs were using common user Id in RW, Sunabeda. Database analysis revealed that the work

¹⁴⁴ Date of creation of record, users created and updated, etc.

¹⁴⁵ AAs, TSs, contract award details, RA bills, item-wise measurements, recovery of statutory deductions, etc.

¹⁴⁶ Secretary (Finance), DAG (Works Accounts), Puri, four Departments, 12 Chief Engineer Offices, 54 Superintending Engineer Offices, 508 Divisions, 655 Sub-Divisions and 2,192 Sections

¹⁴⁷ A division was divided into two to five sub-divisions headed by Assistant Executive Engineer (AEE)/ Assistant Engineer (AE) and under each sub-division, two to seven Sections, headed by Junior Engineers (JEs) were working

¹⁴⁸ RWSS, Cuttack; RW Division-II, Jajpur; RW Division-II, Bhadrak and RW, Jaleswar, Ganjam, Bhawanipatna and Bolangir

proposals and contract award details were deleted in 4,04,954 instances. Due to use of one user Id by multiple employees, accountability could not be fixed on such erroneous transactions.

- **Incomplete logs in cases of transfer of officials:** The user Ids assigned to the EE/ DAO of the divisions in the initial phase were still being used till date. Provision to inactivate the username on transfer and creation of new username on joining of new officer was not made. Only the passwords were being changed on joining of the successors. Besides, the system captured the details of immediate predecessor and prior to that no information was available. During April 2008 to March 2017, 38¹⁴⁹ EEs and 47¹⁵⁰ DAOs were transferred. In the absence of log details of the transfers in the database, the incumbents could not be held responsible for any mismanagement¹⁵¹, if any, occurred during the said period.
- **Absence of Single Sign-on mechanism:** Each EE was assigned two usernames, i) one for accounts and ii) another for works & billing module instead of single sign-on mechanism. Thus, the system had become less user-friendly in the absence of single sign-on.

Audit noticed that, 25,176 multiple work proposals were created in 10 sampled divisions and incorrect details of contract award were captured in 121 cases in two¹⁵² test-checked divisions. Besides, instances of non-entry of work measurement in 21,730 cases were noticed. Short recovery of statutory deductions (VAT) without remarks in 150 cases were also noticed. In the absence of creation of employee specific username and log details, responsibility for erroneous transactions could not be fixed.

The Department agreed (September 2017) that single sign-on mechanism could be achieved, but such employee-based workflow was not envisaged. Provision for employee specific user login should be made to enforce accountability.

2.3.7 Application Controls

WAMIS had five modules and deficiencies noticed in these modules are discussed below.

2.3.7.1 Deficiencies in Budget Module

Budget Management System (BMS) was to be developed in WAMIS at a cost of ₹ 5 lakh as per the agreement (May 2009) executed with CDAC. The module was developed and web-hosted in April 2010. BMS provided for i) preparation of budget estimates, ii) allocation of budget, iii) surrender,

¹⁴⁹ RW, Jajpur: 7; RW, Jaleswar: 4; RW, Ganjam: 3; RWSS, Cuttack: 2; RW, Bhubaneswar: 2; RW, Bolangir: 2; RWSS, Balasore: 8; RW-II, Bhadrak: 2; RW, Bhawanipatna: 4 and RW, Sunabeda: 4

¹⁵⁰ RW, Jajpur: 5; RW, Jaleswar: 4; RW-II, Bhadrak: 5; RWSS, Balasore: 5; RWSS, Cuttack: 4; RW, Bhubaneswar: 6; RW, Bolangir: 5; RW, Bhawanipatna: 4; RW, Sunabeda: 3 and RW, Ganjam: 6

¹⁵¹ Short recovery of security deposit and income tax and other erroneous transactions

¹⁵² RW, Ganjam and R.W Division-II, Bhadrak

iv) re-appropriation of allotment and v) interlinking with other modules. The objective was to control expenditure as per allotment. However, the RD Department did not use the budget module, instead performed budget functions through iFMS¹⁵³. As a result, the divisions manually entered the head-wise budget data for generation of monthly accounts in WAMIS to submit the same to AG (A&E). Audit noticed that the divisions did not properly enter the budget allotment data in monthly accounts though available in iFMS. As a result, the head-wise¹⁵⁴ expenditure figure exceeded the allotment in 486 instances in 10 test checked divisions. Therefore, AG (A&E) rejected the monthly accounts 38 times during January 2014 to March 2017. Besides, the divisions had booked the excess expenditure in WAMIS over the allotment available in iFMS in 30 instances. This happened due to irregular re-appropriation of funds in minor/sub-heads under major heads like 2059, 2216, 4059 and 3054.

Thus, the budget module was not completely integrated with iFMS.

The Department stated (September 2017) that the work-wise allotment would be given by the controlling office through budget module. Also, head-wise allotment would be taken care of by iFMS.

2.3.7.2 Deficient Works and Billing Module

Works and billing module was envisaged to automate the entire technical activities of the engineering departments/ divisions. On analysis of the database, Audit noticed the following deficiencies.

- **Absence of provision for preparation of detailed estimate of works:** As per OPWD Code, a detailed estimate should be prepared for each work¹⁵⁵. Preparation of detailed estimate was one of the core functions of the divisions. Audit observed that there was no provision in WAMIS to prepare the detailed estimate for a work and the same was being prepared manually. Till 2014-15, the division entered the individual items of a work in WAMIS. Thereafter, provision was made to upload the Bill of Quantity (BoQ) using MS-Excel. Audit also noticed that the BoQ of work was uploaded in e-procurement portal for online tender using a customised template.

Thus, absence of facility for preparation of estimate and non-integration of WAMIS with e-Procurement led to duplication of work at each stage.

- **Gaps in vital fields:** As per work-flow in WAMIS, a user was required to enter the work information. The information was stored in a table with an auto generated work Id with incremental sequence of one. The work Id generated in the table was updated in another table with the option of splitting the work into different parts. In split table, another

¹⁵³ Integrated Financial Management System is a software being managed by Directorate of Treasuries and Inspection (DTI) for preparation of budget estimates and allocation, surrender, re-appropriation of fund across the State

¹⁵⁴ Head-wise indicates a head of account comprising a particular 'Major head, Sub-major head, Minor head, Sub head, Detailed head and Sub-detailed head'

¹⁵⁵ Except petty works and repairs

unique work split Id was generated with incremental sequence of one. The split Id generated in the split table was updated in contract award table where contractor Id, agreement amount, etc., were stored. On analysis of WAMIS, Audit found 4,731, 5,869 and 4,00,223 gaps in the sequence of three major tables¹⁵⁶. Work details for 2,324 works pertaining to 11 divisions involving a payment of ₹ 767.28 crore were not available in the work proposal table. This indicated that the work details were deleted after making payments to the contractors. As a result, details of works could not be assessed from the system.

Further, 31,462 work proposals¹⁵⁷ were created in 10 sampled divisions as of March 2017. Of these, the contract award details for 16,072 cases involving payment of ₹ 3,165.14 crore were not available. This occurred since the i) divisions passed the RA Bills using manual process and ii) entered the payment vouchers in the accounts module using alternate process. This has been discussed in *Paragraph 2.3.5.1*.

The database became disintegrated, unreliable and generated unreliable MIS report due to such deletion. Besides, the actual number of works completed and work-wise expenditure could not be assessed. This made the system vulnerable. In the absence of audit logs and audit trails, Audit could not identify the users who deleted the data.

The Department confirmed (September 2017) the fact and stated that this was due to manual entry of vouchers which would be restricted after bill-wise integration with iFMS. It also stated that estimate module would be developed in WAMIS and integration of WAMIS with e-procurement had been initiated.

2.3.7.3 Multiple login session from same machine

WAMIS was designed for multiple concurrent login allowing the users to connect from multiple devices or browsers at the same time. Therefore, the required security features¹⁵⁸ were to be provided.

Audit observed that CDAC had made provision to capture the user Id, login time, logout time and IP address of the logged in session in one table from 8 March 2017. As of 31 March 2017, 65,630 records were captured. On analysis of the access logs in respect of 10 sampled divisions, Audit noticed that in 1,565¹⁵⁹ out of 3,287¹⁶⁰ records, the users had concurrent logins¹⁶¹. As the username assigned to the users were not employee specific, accountability could not be enforced on the users.

¹⁵⁶ Work proposal, split works and contract award of the database respectively

¹⁵⁷ Except proposals for wages and work charged salary

¹⁵⁸ Notifying user of concurrent sessions, provision for sign out from all active sessions, alert to the user for unusual login activity, provision for automatic session timeout

¹⁵⁹ RW, Bhubaneswar: 532; RW-II, Jajpur: 7; RW, Jaleswar: 175; RW-II, Bhadrak: 28; RWSS, Balasore: 260; RWSS, Cuttack: 86; RW, Bolangir: 21; RW, Sunabeda: 97; RW, Bhawanipatna: 302 and RW, Ganjam: 57

¹⁶⁰ RW, Bhubaneswar: 1,054; RW-II, Jajpur: 46; RW, Jaleswar: 452; RW-II, Bhadrak: 34; RWSS, Balasore: 491; RWSS, Cuttack: 191; RW, Bolangir: 65; RW, Sunabeda: 266; RW, Bhawanipatna: 538 and RW, Ganjam: 150

¹⁶¹ Same user accessed a resource on the computer once again, when a logged in session of the same user was active

The Department stated (September 2017) that this would be incorporated in WAMIS.

2.3.7.4 Inconsistent scheduled date of completion for works

As per OPWD code, penalty for delay in completion would be calculated from the scheduled date of completion in terms of number of days. WAMIS was designed to automatically calculate the scheduled date of completion, after entering the date of commencement and work period (in months). However, the field for scheduled date of completion was kept editable with a date picker in the user screen allowing users to modify the dates.

Analysis of database revealed that the scheduled date of completion was wrong in 6,165 out of 2,73,829 records by one day to 6,563 days. In 10 test-checked divisions, 391 similar cases were found. This had happened as the divisions had entered wrong dates and the system accepted those in the absence of proper validation. Audit verified manual records of 10 sampled divisions and found that the dates as per manual records were correct. Thus, absence of validation controls and non-provision in WAMIS to calculate penalty for delay/ incentive for early completion of a work, made the system inefficient. This resulted in failure in achieving the objective of complete automation. Besides, these deficiencies made the system generated agreement registers incorrect and unreliable.

The Department stated (September 2017) that provision would be made not to alter scheduled date of completion. Additionally, another field would be inserted in the system to enter the actual date of completion for calculating delay in completion of work.

2.3.7.5 Incomplete database design

As per the best practices, master table was to be created as a single source for common business data with unique Ids for referencing across multiple tables. WAMIS had several master tables like office master, village master, district master, account head master, etc. These were used for processing the works at the divisions. Audit observed the following deficiencies:

- WAMIS did not have a master table for recovery types, rather the users were permitted to create the same. In the database, 43,812 types of recovery/ refund/ payment heads were created. Of these, 818 such cases were found in 10 sampled divisions. Different transaction types were created for the same purpose with different nomenclature (*Appendix 2.3.2*). As there were specific transaction types being used in divisions, CDAC should have designed the master table for such recoveries with unique Ids. Thus, the system became inefficient in generating consolidated reports on such recoveries.
- Audit noticed that 27 divisions recovered ₹ 4.61 crore towards 'Additional Performance Security (APS)' against 265 vouchers¹⁶². These recoveries were supposed to be collected at the time of agreement and not through RA bills. RW Division-II, Bhadrak created

¹⁶² During September 2010 to March 2017

two separate transaction types 'MDLC' and 'Withheld'. Against these, it recovered the APS¹⁶³ of ₹ 2.42 lakh from contractor's bills.

- Similarly, RW Division, Bhawanipatna recovered APS of ₹ 4.65 lakh out of ₹ 17.41 lakh from RA bills'. Hence, the contractor completed the work without recovery of entire APS of ₹ 17.41 lakh.

Thus, lack of proper master data for capturing recoveries at the division level made the database inconsistent. This had also given scope to the divisional users to by-pass the codal provision to unduly favour the contractors.

The Department stated (September 2017) that database was designed as per the feedback received from stakeholders. However, suggestions would be discussed with all the stakeholders and accordingly, the same would be incorporated in WAMIS.

2.3.7.6 *Inconsistencies in selection of contractor during voucher entry*

As per workflow mechanism in WAMIS discussed in *Paragraph 2.3.7.2*, for each work proposal, a work Id was auto generated with an incremental sequence of one. The work Id updated in contract award table where contractor Id, agreement amount, etc., were stored. The divisions were required to enter the gross amount and contractor name by selecting the drop down menu in voucher entry screen. The entry was to be made after payment of the bills through iFMS¹⁶⁴. Thereafter, the user was to select cheque number¹⁶⁵ and work name from the drop-down menu. Then the details of statutory recoveries of the particular voucher would be entered.

Audit found discrepancies in 52,701 cases pertaining to 10 test checked divisions. The discrepancies were found between the contractors to whom work was awarded and the contractors to whom the payments were made against the same work. In 41,816 cases, the works were awarded to a particular contractor but payment vouchers were booked against a different contractor for the same work Id. In 10,885 cases, though one contractor was awarded a particular work but while entering payment vouchers, multiple contractors were booked.

Audit test checked 108 cases and found that the actually awarded contractors were paid through iFMS. However, incorrect contractor/ work was selected from the drop down menu during voucher entry in WAMIS. Different Ids were used during capture of contract award details and processing of payment

¹⁶³ When the bid amount is seriously unbalanced, i.e., less than the estimated cost by more than 10 per cent and within 15 per cent, in such an event the successful bidder will deposit the additional performance security to the extent 1.5 times of the differential cost of the bid amount and 90 per cent of the estimated cost in shape of NSC/ STDR/ TDR duly pledged in favour of EE

¹⁶⁴ The divisions used to make payment through manual cheque prior to December 2014 and enters the details in iFMS, however, from December 2014, the division used system generated cheques through iFMS

¹⁶⁵ From 2016 onwards, the online cheques used to make payment in iFMS get updated in WAMIS

vouchers. This happened due to existence of multiple contractor Ids of a particular contractor.

Thus, there was absence of complete integration with iFMS to fetch the payment related information and lack of validation. This led to booking of incorrect amount against a contractor as well as work in WAMIS. As a result, the monthly account submitted to AG (A&E) did not reflect i) actual payment made to a particular contractor or ii) actual expenditure of a work, thereby, making it unreliable.

The Department while accepting (September 2017) the fact stated that the discrepancies occurred due to manual voucher posting. Once the bill integration with iFMS was completed, all passed bills would be converted into vouchers and change of work/ contractor name would not be allowed.

2.3.8 Input and validation control

2.3.8.1 Lack of validation controls in according approvals and sanctions

As per OPWD Code, for every work (except repair works), the AA and TS from the competent authorities should be obtained before execution of the work. Further, EE had no power to accord AAs for original works. However, he had the financial power to accord TS up to ₹ 1 crore in case of original works. Besides, the provisions stipulated that time limit for completion would not ordinarily be more than one month for the works costing up to ₹ 50,000.

Audit noticed that contracts were awarded without AAs in 61,018 cases and work orders were issued prior to AAs in 2,659 cases. Besides, unauthorised accordance of AA and TS by EE beyond the delegated financial power in 1,05,979 cases, etc., were noticed. These are detailed in **Appendix 2.3.3**. Audit test checked 160 records in 10 test checked divisions and observed the following irregularities (**Table 2.3.1**).

Table 2.3.1 showing Audit observations on lack of validation controls in according approvals and sanctions

Issue	Observation
Work Order issued prior to AA	In 13 out of 25 test-checked cases, the work orders were actually issued prior to the AA. In two cases, Collector had accorded the AAs without mentioning the dates. In six cases, the work order date was incorrectly entered in the database. In the remaining four cases, the AAs were not found on record.
Accordance of AA by EE beyond eligibility limit	In 17 out of 30 test checked cases of deposit works having estimated cost above ₹ 50,000, AAs were accorded by different authorities ¹⁶⁶ other than the EE. In 13 cases, the AAs were not on record. Similarly, in 20 out of 40 ¹⁶⁷ test

¹⁶⁶ Collectors: 3, CDMO: 3, Director (OMSM): 10 and Western Odisha Development Council (WODC): 1

¹⁶⁷ Non-Residential building: 21, Residential Building: 19

	checked works on residential and non-residential building, AAs were accorded by different authorities.
<i>Accordance of AA as well as TS by EE</i>	In 21 out of 32 test checked cases, the TSs were accorded by the EEs. The AAs were accorded by different authorities except, in one case where the AA was not obtained for the work. However, the authority for issue of AA as well as TS for these works were shown as EE in the database.
<i>Unauthorised accordance of TS by EE</i>	In one case of RWSS, Cuttack, the original work was split into 283 sub-works and contracts worth ₹ 3.20 crore was awarded. Verification of files of these split works showed that the TS was accorded by the EE instead of SE in violation of codal provisions.
<i>Contracts awarded without technical sanction</i>	The TS details of 48 works were not available in the database. In two ¹⁶⁸ cases pertaining to RW Division-II, Bhadrak and RW Division, Ganjam, the TS were not obtained from the competent authority before the award of contract.
<i>Excess time allowed for work</i>	In 18,517 cases, the works costing below ₹ 50,000 were allowed excess time ranging from two months to 639 years-one month for execution. In 10 test checked divisions, 3,456 similar cases were found. On test check of 40 cases, time period of more than one month was given to the contractors for completion of the works.

(Source: Records of concerned divisions)

The above irregularities occurred due to absence of validation and non-mapping of the provisions of the OPWD Code in the system.

The Department stated (September 2017) that every validation would be put in the system, once all the users become familiar with all modules.

2.3.8.2 Agreements captured multiple times

As per OPWD Code, agreement registers were required to be maintained at the divisional level. Each register started from 1st April with initial number as '1' and continued with an increment of one till 31st March of the succeeding year.

Audit noticed that 2,73,829 agreements were captured in the system. Of these, 17,934 agreements were captured multiple times (duplicates) within the same financial year. In 10 test checked divisions, 25,176 multiple work proposals were created for the same work. Funds were allotted to the works under

¹⁶⁸ RW Division-II, Bhadrak – one case (Jhatiasahi-Mangalapur Road under S/R, Estimated Cost: ₹ 40.00 lakh) and RW Division-I, Ganjam – one case (Repair and renovation of U.G. High School at Dhumachai, Estimated Cost: ₹ 8.95 lakh)

different heads of account. As the system did not have provision to assign different heads of account to a work, the divisions created multiple work proposals for the same work. As a result, the actual number of works executed by a division got inflated in the MIS reports. WAMIS failed to calculate the actual expenditure incurred for a particular work.

Thus, due to system deficiency, the user had to create multiple work proposals for the same work with different heads of accounts. Accordingly, multiple agreements were entered for the same work and payment was also made.

The Department stated (September 2017) that tagging of multiple charts of account with a work had been developed and would be put to use in future.

2.3.8.3 Non-capture of critical dates in awarding process

OPWD Code provided that execution of the contract agreement and order to commence work should be given within 15 days after acceptance of the tender.

Audit found that in nine cases¹⁶⁹ pertaining to four divisions, the contractors were allowed time from two to six months from the date of acceptance of tender to submit the additional performance security¹⁷⁰. Besides, the divisions waited till the contractors reported for signing of agreements without cancelling the tender. As the system did not have the provisions to capture the date of acceptance of tender, audit could not make 100 per cent verification.

Thus, non-provision to capture the date of acceptance of tender and issue of letter of acceptance, the division extended undue advantage to the contractors.

The Department stated (September 2017) that the integration of e-procurement and WAMIS was in process and accordingly the issue would be taken care of.

2.3.8.4 Incomplete capture of agreements

As per OPWD Code, each work should have separate agreement with the contractor. Even the split up works would be treated as separate works and separate agreements should be executed. Further, in WAMIS, there was provision to enter the agreements for each work/ split up work, but the divisions had not entered the agreement details in WAMIS.

Audit found that only 1,737 agreements were entered in WAMIS against 20,075 agreements in RW Division-II, Bhadrak and RW Division, Ganjam during 2012-17. Audit noticed that the division had executed 1,129 agreements pertaining to 121 works during 2013-15 with an agreement value of ₹ 5.57 crore. The works had been split into 4 to 10 sub-works. However, in the database, details of only 160 agreements pertaining to 42 works were entered with incorrect agreement value of ₹ 12.43 crore. Thus, the agreement register generated from WAMIS showed incorrect number and value of contracts.

¹⁶⁹ RW Division-II, Bhadrak: 03 cases (Work Id: 2324, 1748 and 1644); RW Division-I, Ganjam: 04 cases (Work Id: 2160, 2595, 2930, 3258); RW Division, BBSR: 01 case (Work Id: 3665) and RW Division, Bhawanipatna: 01 case (Work Id : 1613)

¹⁷⁰ To be furnished by the contractor within 15 days of receipt of letter of acceptance

The Department stated (September 2017) that Divisions would be directed to enter all agreements and bills in the system.

2.3.8.5 *Deficiencies in capturing and uploading of geo-tagged photographs*

In WAMIS, CDAC had developed a mobile application which would help the JEs/AEs/EEs to upload the geo-tagged photographs of the works in the server. RD Department decided (July and August 2013) to upload the photographs of all original works of roads, buildings above ₹ 25 lakh, bridges, pipe water supply every month irrespective of the progress made. In November 2013, it was decided to upload geo-tagged photographs of all the works every month.

On analysis of the database, Audit noticed the following deficiencies.

- ***Non-uploading of photographs of all the works:*** 6,71,243 work proposals were created of which the divisions uploaded 23,707 photographs relating to 3,498 work Ids. In 10 test checked divisions, 31,462 work proposals were created, of which 3,942 photographs pertaining to 1,632 works were uploaded without having date/ time on it.
- ***Uploading of irrelevant photographs:*** The uploaded photographs of majority works were incongruous to the specified works. As a result, the actual progress of the work could not be verified from the photographs. Sample photos of the same are shown below:



Photo of HL bridge at 2nd Km on Bahadrapadar - Nadinipalli



Photo of LAC Building at Sagargaon

- ***Mismatch between geo-tagged location and the actual work location:*** Audit compared the geographical location details of the uploaded geo-tagged photographs in WAMIS with the geo-spatial data provided by ORSAC¹⁷¹. Audit noticed that there was mismatch in geo-tagged photos and actual location details.

Thus, the divisional officers had not ensured that the relevant photographs for all the works were validated and uploaded in WAMIS every month. As a

¹⁷¹ ORSAC - Odisha Space Application Centre

result, the higher officers could not monitor the actual physical progress of the work at the location specified in the database.

The Department stated (September 2017) that automatic validation of actual location with work location could be incorporated in the system, once it was accepted by all the stakeholders.

2.3.9 Output controls

2.3.9.1 Deficient MIS module

MIS module was developed for generation of reports to monitor the physical and financial progress. On verification of the system, the following deficiencies were noticed (*Table 2.3.2*).

Table 2.3.2 showing various deficiencies in MIS module

<i>Issue</i>	<i>Observation</i>
<i>No provision to generate important reports</i>	The RD Department instructed (February 2012) CDAC to make provision in the WAMIS for Health & Family Welfare Department to access reports relating to progress of building as majority of deposit works were given by it. The same had not been provided in WAMIS as of July 2017. As a result, the beneficiary department was unable to know the progress of the deposit works.
<i>Failure to generate important reports</i>	The system generated reports based on calendar year ¹⁷² only instead of financial year. The report was also not as per different types of agreements (P1, K2, F2, etc.) being used in divisions. As a result, the divisions were still depending on the manual reports/ registers.
<i>Absence of reports in excel format</i>	CDAC was to make provision for generation of reports in excel format. However, the reports could be generated only in pdf format at divisional level. As a result, the divisions could not do any analysis as per the requirements of higher authorities.
<i>Output error</i>	During analysis of the reports generated through WAMIS, Audit noticed the following: i) The technical sanction register in WAMIS showed works of sinking of tube wells under the work type 'bridge'. The deficiency was due to lack of validation between the description of the work and the type of work. ii) The reports generated by the system did not bear the name and type of report. iii) The system was unable to generate the total works executed at a given time. Instead, the user was required to select the year and work type several times for different work types for getting the entire work details of a particular year.

(Source: Records of concerned divisions)

¹⁷² January to December

The Department stated (September 2017) that customisation of MIS would be incorporated in the system after consultation with other user departments. Further, export facility in excel would be added and inconsistencies in MIS reports would be removed.

2.3.10 Monitoring and evaluation

2.3.10.1 Ineffective monitoring of higher authorities

RD Department had constituted (March 2012) a committee¹⁷³ for looking after the implementation of WAMIS. Subsequently, it instructed (July 2013, May and August 2014, June 2015), the EICs/ CE/ SEs of Rural Works Organisation to monitor the utilisation of all modules. They had to submit the physical and financial progress of every scheme fortnightly/ monthly. Besides, the RD Department decided (February 2015) that all the divisions of RW/ RWSS would identify one AE/ JE as Nodal Officer at the divisional level for better utilisation of WAMIS.

Audit observed that the EICs/ CE/ SEs had not furnished the physical and financial progress of the schemes every fortnightly/ monthly. Therefore, the same could not be monitored at State level. Further, nodal officers were not designated for WAMIS at the divisions, except in two divisions. Effective steps were not taken to fix responsibility for non-submission of the fortnightly/ monthly reports on usage of the modules by the divisions. As a result, the deficiencies occurred continuously. Thus, the objectives of implementation of WAMIS could not be achieved.

The Department stated (September 2017) that WAMIS would soon be used as a monitoring tool and no physical report would be sought from EIC/ CE/ SE.

2.3.11 Conclusion

WAMIS was implemented by RD Department to automate the technical and functional activities in engineering departments. However, WAMIS failed to achieve its objectives even after seven years of its implementation as all modules except accounting, were utilised partially. The divisions of RD Department had utilised WAMIS for processing Running Account Bills to the extent of 12 per cent only and had processed most of the works manually.

WAMIS had weak management controls. The system was implemented i) without preparation of software design documents, ii) testing reports of the changes proposed and iii) their incorporation in the system. Business Continuity and backup policies were not framed. Budget module was not utilised due to non-integration with iFMS. As a result, incomplete data was fed in the monthly accounts and the same were rejected by AG (A&E) on many occasions. This also created additional workload for the users.

RD Department did not exercise adequate control over Database Administration activities. WAMIS had design deficiencies in user management, lack of audit trails and absence of provisions for preparation of

¹⁷³ Chief Engineer, RW-I, RD Department; Chief Engineer, Buildings, Works Department; Chief Engineer, RWS&S; Assistant Financial Adviser, WR Department and Deputy General Manager, OCAC

detailed estimates. Besides, the system lacked validation controls, non-mapping of business rules and non-provision of digital signature. This resulted in deviation of the codal provisions and passing of bills without uploading of geo-tagged photographs in the system. Inconsistent and poor quality data in WAMIS led to generation of incorrect MIS reports serving little purpose.

2.3.12 Recommendations

- Business processes should be reviewed as per OPWD Code and incorporated in the workflow in WAMIS with proper validations.
- Business Continuity Plan and Disaster Recovery mechanism for WAMIS should be framed and put in place.
- Complete integration of e-procurement, iFMS and WAMIS should be done to avoid duplication of work and generation of accurate and reliable reports.
- Proper documentation should be obtained from the vendor along with source code to avoid excessive dependence on vendor support in maintenance of WAMIS.
- Provision for audit trail, employee specific login credentials and digital signature should be made in the system.

Chapter III

Compliance Audit

Para Number	Topics	Page
3.1	Management and distribution of Custom Milled Rice	71-76
3.2	Administration of jails in the State	77-88
3.3	Implementation of National Rural Drinking Water Programme	88-99
3.4	Excess expenditure in construction of staff quarters	100-101
3.5	Imprudent management of funds leading to loss of interest of ₹ 15.39 crore	101-103
3.6	Undue favour to a firm for setting up of Language Laboratories (LLs)	103-105
3.7	Illegal occupation of Government property	105-106
3.8	Unfruitful expenditure on idle equipment	106-107
3.9	Undue favour leading to avoidable expenditure	107-109
3.10	Excess expenditure on colour advertisements	109-110
3.11	Absence of financial propriety in the arrangements for Nabakalebar festival	110-111
3.12	Misappropriation of Government revenue	111-112
3.13	Unfruitful expenditure on water supply project	112-113
3.14	Lack of response to Audit	114-115

Chapter III

Compliance Audit

Food Supplies and Consumer Welfare Department

3.1 Management and distribution of Custom Milled Rice

3.1.1 Introduction

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

GoO introduced¹ Departmental Storage System (DSS) combined with door delivery of foodstuff with effect from 1 April 2012 in the State. Under the system, the Departmental Storage Centres (DSC) of OSCSC received, stored and issued PDS items to Fair Price Shops (FPS) for distribution among consumers.

The Principal Secretary, Food Supplies and Consumer Welfare (FS&CW) Department² was the overall head of the system. The Managing Director, OSCSC was the Chief Executive of the OSCSC. Civil Supplies Officer-cum-District Managers (CSO-cum-DM) at the district level assisted the Managing Director. OSCSC had 210 depots or Rice Receiving Centre-cum-Departmental Storage Centre (RRC/ RRC-cum-DSC) in the State as on 31 March 2017. GoO had tagged FPSs to the RRC-cum-DSCs for streamlining distribution.

Audit on Management and Distribution of CMR was conducted during April 2017 to July 2017. Audit covered the period from 2014-15 to 2016-17. Audit test-checked records of FS&CW Department, OSCSC and seven³ sampled CSO-cum-DM offices to ascertain whether:

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

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

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

² Also the Chairman of the OSCSC

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

Audit findings**3.1.2 Management of CMR**

OSCSC received 78.42 lakh MT CMR against 134.67 lakh MT Paddy procured during the KMS 2014-17. Out of the total CMR received, OSCSC distributed 41.96 lakh MT rice through PDS. It also delivered 36.46 lakh MT CMR to FCI. During 2014-16⁴ OSCSC made a budget provision of ₹ 20,865.05 crore and procured CMR worth ₹ 14,280.99 crore. The expenditure on procurement of CMR in 2015-16 had increased by ₹ 604.49 crore (8.84 per cent) over the previous year and the budgetary provision against actual procurement had shown wide variation during 2014-16. The Department stated (August 2017) in the exit conference that they would prepare realistic budget/ estimate in future.

3.1.2.1 Avoidable expenditure due to imprudent State Level Lifting Plan

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

Audit observed that there was inflow of 2.19 lakh MT CMR to 16 districts in 2015-16⁵ involving transportation cost of ₹ 33.84 crore. Out of these, 15⁶ districts had transferred 1.43 lakh MT of CMR to FCI godowns. Details of analysis are given in *Table 3.1.1*:

Table 3.1.1 Expenditure incurred on transportation of CMR

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

(Source: Records of OSCSC)

It is clear from the table that

- Four districts⁸ transferred 0.72 lakh MT to FCI and at the same time received 0.15 lakh MT from other districts. The cost of transportation of rice received was ₹ 2.93 crore. Hence, transfer of CMR to FCI disregarding own requirement was not prudent.

⁴ Annual Accounts of 2016-17 had not been compiled

⁵ Information for 2014-15 could not be made available to Audit

⁶ Out of 16 districts, one district, Kandhamal did not transfer rice to FCI though imported 1,29,077 Quintals of rice from other districts

⁷ As cost of transportation in transfer of CMR to FCI was not available, the same was calculated taking average transportation cost of the district

⁸ Balasore, Dhenkanal, Khurda and Koraput

- Eleven districts⁹ received 1.92 lakh MT of CMR and at the same time transferred 0.71 lakh MT of CMR to FCI. The quantity of CMR transferred to FCI could have been utilised by the districts instead of receiving from other districts. As such transportation cost of ₹ 10.08 crore¹⁰ involved in transferring rice to FCI could have been avoided.

As SLLP for 2015-16 was not prudent, OSCSC could not save transportation cost of ₹ 13.01 crore¹¹.

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

3.1.3 Delivery and distribution of CMR

3.1.3.1 Inadequate storage space in Rice Receiving Centres

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

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

Further, it was noticed that nine RRCs had only 31,626.20¹² quintal storage space. Thus, RRCs were unable to take delivery of CMR from millers. As such, millers were forced to store CMR in their own godowns. During joint physical inspection of two millers, Audit noticed 7,988.85¹³ quintals CMR stored in their godowns for one to two months. The millers also stated that storage of CMR for longer duration would adversely affect the quality of the CMR.

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

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

3.1.3.2 Delay in appointment of H&T Contractor

FS & CW Department engaged contractors for transportation of food grains. In two¹⁴ test-checked districts, Audit noticed that the tenure of the Level-I Handling & Transport (H&T) contractor was up to 31 March 2015. The Department extended the contracts up to September 2015 (Koraput) and

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

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

¹¹ ₹ 2.93 crore + ₹10.08 crore

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

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

¹⁴ Kandhamal and Koraput

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

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

3.1.4 Outstanding amount not released by FCI

As per the Procurement Guidelines, surplus CMR of district was to be delivered to FCI. After delivery of CMR, the district office was required to prefer claims against the concerned branch offices of FCI for payment at the economic cost of CMR. Further, all CSO-cum-DMs were to prefer supplementary bills against FCI towards other charges¹⁵.

Audit noticed that the Regional Office of FCI at Bhubaneswar had withheld ₹ 183.55 crore up to June 2017 for want of supplementary bills¹⁶. This included ₹ 45.33 crore related to six¹⁷ test-checked districts which had not submitted supplementary bills.

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

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

3.1.4.1 Inaction against ineligible beneficiaries under NFSA

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

Audit noticed that GoO implemented NFSA in the State with effect from December 2015. After implementation, the Department received complaints against issue of ration cards to ineligible beneficiaries, who managed to get the ration cards on false declarations. The Department took punitive action under Clause 29 of OPDS (Control) Order, 2016 and recovered ₹ 42.14 crore¹⁸ from 1,19,802 ineligible beneficiaries towards PDS items supplied to them.

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

¹⁵ Commission to the societies, joint custody & maintenance, market fees and transport cost

¹⁶ For the period from KMS 2014-15 to KMS 2015-16

¹⁷ Balasore, Jagatsinghpur, Kandhamal, Keonjhar, Koraput and Puri

¹⁸ @ ₹ 30.94 per kg for rice, ₹ 22 per kg for wheat and ₹ 49.96 per litre for S.K Oil

Audit noticed that in Kandhamal¹⁹ and Puri²⁰ districts, 464 (450 + 14) ineligible ration cardholders continued to avail PDS commodities even after 30 September 2016. By the time of cancellation/ surrender of their cards, these beneficiaries had already availed PDS commodities valuing ₹ 16.33 lakh (₹ 15.86 lakh + ₹ 0.47 lakh). However, the concerned CSOs had cancelled only their ration cards without taking any penal action for recovery of cost, violating clause 29 of the aforesaid order.

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

3.1.5 Irregularities in the functioning of Rice Receiving Centres

3.1.5.1 Discrepancy in closing stock of rice at OSWC godowns

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

Thus, there was discrepancy of 133.14 MT²¹ rice valuing ₹ 36.32 lakh in the above two godowns.

3.1.5.2 FIFO method not observed

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

On scrutiny of records of three godowns in Kalahandi District, Audit observed that FIFO method was not followed while issuing stock. As such, 222 MT of 10 to 12 months old stock of rice worth ₹ 57.21 lakh (@ ₹ 2,577.08 per quintal) was eventually rejected²² by the indenting districts due to inferior quality. Similarly, 99.84 MT CMR valuing ₹ 26.56 lakh (@ ₹ 2,660.22 per quintal) issued (February 2016) to Nuapada district was proposed (February 2016) for replacement as the same was Beyond Rejection Limit.

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

3.1.5.3 Irregularities in functioning of Fair Price Shops (FPSs)

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

- During JPI, Audit noticed that there was less availability of 76.23 quintals of rice in FPSs valuing ₹ 2.36 lakh²³ against the closing balances²⁴ shown in the Stock Register.
- As per Clause 14 of OPDS (Control) Order 2016, the FPS dealers should maintain stock register, issue/ sale registers. However, 15 out of

¹⁹ 9 out of 14 Blocks/ Municipalities/ NACs

²⁰ 2 out of 15 Blocks/ Municipalities/ NACs

²¹ 117.47 MT + 15.67 MT = 133.14 MT

²² On seven occasions during September 2015 to April 2016

²³ 76.23 quintals x ₹ 3,094 = ₹ 2,35,856

²⁴ Balasore: 1, Kandhamal: 1, Keonjhar: 2 and Koraput: 4

54 test-checked FPSs in six districts²⁵ could not produce stock and issue register for the years 2015-16 and 2016-17.

- During JPI, Audit noticed that in five²⁶ test checked FPSs, there was 4.03 quintal of excess rice valuing ₹ 0.12 lakh against the closing balance, indicating irregularity in distribution of PDS stock.

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

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

Audit noticed that in four²⁷ out of seven test-checked districts there was delay in depositing demand drafts by FPS dealers ranging from one to 78 days. In four²⁸ districts, 19,365.95 quintals of PDS rice was lifted with delay ranging from 25 to 65 days in 180 cases. Due to such delay, distribution of rice was made in subsequent months.

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

3.1.6 Inadequate monitoring and supervision

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

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

3.1.7 Conclusion

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

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

²⁶ Keonjhar: 3 and Koraput: 2

²⁷ Balasore, Kandhamal, Keonjhar and Puri

²⁸ Balasore, Kandhamal, Keonjhar and Puri

Home Department

3.2 Administration of jails in the State

3.2.1 Introduction

The Home Department administered jails under the provisions of Orissa Jail Manual 1942 (OJM). The Department is headed by Principal Secretary, Home Department. The Additional Director General of Police-cum-Inspector General, Prisons (ADG (P)) assisted the Principal Secretary in administration of prison affairs. As of March 2017, there were 91 jails housing 15,432 prisoners. These included five Circle Jails²⁹, two Special Jails³⁰, nine District jails³¹, 73 Sub-Jails³², one Open Jail³³ and one Female Prison³⁴. Besides, there was one Jail Training School in Odisha.

Audit was conducted during March to May 2017 covering the period 2014-17. The objectives of Audit were to assess efficiency, economy and effectiveness of (i) planning, (ii) fund management, (iii) creation of infrastructure, (iv) procurement of equipment, (v) rehabilitation of prisoners and (vi) creation of amenities for the prisoners. An amount of ₹ 100 crore had been sanctioned during the period. Audit test-checked records of Home Department, ADG (P), 16 jails³⁵ and Odisha Jail Training School, Berhampur. Joint physical inspection of assets created was conducted and interview of 295 prisoners was done in the presence of jail officials.

Audit findings

3.2.2 Deficient institutional arrangements

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

²⁹ Circle Jail - Capacity of prisoners is more than 500

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

³¹ District Jail - Capacity of prisoners is more than 300 but less than 500

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

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

³⁴ Jails built to exclusively house women prisoners

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

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

- MPM provided for setting up of advisory boards at the State, district and sub-divisional levels. The boards were to advise on correctional, rehabilitation and redressal of grievances of prisoners. The Board of visitors was to examine and give guidance on diet, health services, cleanliness and security. No such Board was constituted at the State level. Out of 16 test-checked jails, an advisory board had been set up only in Balasore district jail. As a result, the jail administration did not have the benefit of guidance and advice on diet, health services, hygiene, etc.
- MPM envisaged constitution of a Prison Development Board for taking speedy decisions on improvement and modernisation of infrastructural facilities in prisons. No such board was formed which impaired timely completion of infrastructural works.
- MPM required that each State should evolve a mechanism for providing necessary feedbacks on the efficacy of prisons and correctional services through monitoring, analysis and research. No such monitoring/ analytic mechanism was set up. Thus, evaluation of efficacy of prisons and correctional services was not possible.
- MPM provided that personnel in the reserve guard would carry required modern weapons³⁶. Audit noticed deficiencies in availability and serviceability of weapons in the jails.

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

3.2.3 Funds management and financial irregularities

The State Government allocated ₹ 972.18³⁷ crore to jail administration during 2011-17. The ADG (P) utilised ₹ 909.64³⁸ crore leaving an unspent balance of ₹ 62.54 crore. Pay & allowances accounted for 51 per cent of the expenditure, diet - 22 per cent, infrastructure - 26 per cent and equipment - one per cent. In this context, Audit observed the following (Table 3.2.1):

Table 3.2.1: Irregularities in financial management

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

³⁶ Like pistols, carbines, self-loading rifles, etc.

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

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

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

(Source: Information furnished by the Superintendent of jails)

3.2.4 Custodial management

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

There were 15,432 prisoners in 85⁴⁰ jails as of March 2017 against capacity of 16,955. In 34 jails, there were 10,169 prisoners against capacity of 7,382, i.e., an excess of 2,787 prisoners. In this context, Audit observed the following deficiencies in custodial management in the test-checked jails:

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

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

- **Overcrowding in jails:** In five⁴¹ out of 16 test-checked jails, actual occupancy was 2,902 against capacity of 2,672 prisoners, as of March 2017. The details are given in *Table 3.2.2*:

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

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

(Source: Information furnished by the Superintendent of jails)

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

- **Prisoners not segregated:** In nine⁴² test-checked jails, jail authorities had kept 472 convicts and 1,988 Under Trial Prisoners (UTPs) in the same ward without any separate enclosures. Such co-habitation has the risk of UTPs being coming under the bad influence of the convicts. Besides, the same was against the provisions of the OJM.



Overcrowding of prisoners of District jail, Dhenkanal

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

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

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

3.2.5 Security

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

Table 3.2.3: Security Issues

Issue/ Irregularity	Reply of the Department
<p>Purchase of outdated cell phone jammers: The Department decided in 2008-09 to install cell phone jammers in five jails. The 2G cell phone jammer was installed in September 2011 and January 2012 at a cost of ₹ 2.89 crore. In addition, ₹ 1.02 crore was spent towards their annual maintenance for the period November 2013 to September 2016. During the process of procurement, 3G cell phone jammers were available in the market. In view of the continuous technical upgradation of mobile phone technology, the ADG (P) should have chosen the latest technology. The Department, however, had not taken up the matter with GoI to obtain permission to procure 3G cell phone jammers. On Joint Physical Inspection in May 2017 in Balasore and Sambalpur Jails, it was experienced that the jammer failed to jam 3G and 4G signals. Thus, the 2G cell phone jammers installed in five⁴³ jails failed to block 3G signals rendering the expenditure of ₹ 3.91 crore unfruitful.</p>	<p>ADG (P) stated (August 2017) that they had procured 2G jammers as per the technical specification finalised by the Cabinet Secretariat. The reply was not acceptable as the Department did not take initiative for getting clearance for 3G cell phone jammers from GoI.</p>
<p>Procurement of poor quality Walkie-talkies: The Department planned to purchase 600 walkie-talkies at ₹ 59.75 lakh out of ThFC grant. The department purchased 873 walkie-talkies of 'Rexon' make at a cost of ₹ 59.74 lakh during 2012-13. Out of these, ADG (P) supplied only 616 walkie-talkies to 57 jails as the remaining 257 walkie-talkies were not in functional condition from the date of receipt. The Superintendents of jails had also complained against the poor quality of walkie-talkies, compared with the 'Motorola' sets used earlier. Thus, due to imprudent decision of the ADG (P), an amount of ₹ 17.59 lakh incurred on purchase of 257 walkie-talkies became wasteful.</p>	<p>ADG (P) stated (August 2017) that instruction was issued to all jails to take immediate steps for repair of walkie-talkies.</p>
<p>Defunct Metal Detector: Prison authorities had installed Door Frame Metal Detectors at the entry gates of five⁴⁴ test-checked jails at a cost of ₹ 2.52</p>	<p>The ADG (P) stated (August 2017) that steps were being</p>

⁴³ Berhampur, Balasore, Sambalpur, Baripada and Rourkela Jails

⁴⁴ Circle Jail: Sambalpur, Berhampur, Choudwar, Special Jail: Rourkela and Bhubaneswar

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

(Source: Information furnished by the Superintendent of jails)

3.2.6 Prisoner's amenities

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

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

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

3.2.6.1 Inadequate medical facility

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

The sanctioned strength of doctors, pharmacists and nursing orderly was 94, 90 and 5 respectively in 91 jails. Audit observed that the posts of 49 doctors, 23 pharmacists and 3 nursing orderly were vacant in the jails as of March 2017. In seven⁴⁵ test-checked jails, no regular doctor was posted. As a result, 3,075 prisoners were deprived of basic medical facilities.

Audit further observed the following:

- In the hospitals of eleven⁴⁶ test-checked jails, there were 620 mentally ill prisoners as of March 2017. However, there was no psychiatric doctor and the pharmacists were treating the patients.
- There were only 16 beds in Choudwar jail hospital, in which 103 patients were admitted for treatment of various diseases. Due to insufficient beds, patients were sleeping on the floor. An additional 30-bedded hospital was constructed inside the jail at an expenditure of ₹ 1.04 crore and handed over to the jail authority in December 2016. However, the hospital could not be made functional due to shortage of security and supervisory staff.

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

3.2.6.2 Inadequate educational and rehabilitation training

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

Table 3.2.4: Educational and rehabilitation facilities available in the State

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

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

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

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

(Source: Records furnished by Superintendents of jails)

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

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

3.2.7 Idling of Fly Ash Brick Machine

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

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

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

3.2.8 Small Scale Industry not established

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

Audit observed that:

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

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

3.2.9 Video conferencing system not established

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

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

Table 3.2.5 Non-availability of video conferencing facilities

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

(Source: Records furnished by Jail superintendents)

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

3.2.10. Misappropriation of Government money of ₹ 2.59 lakh

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

Table 3.2.6: Misappropriation of Government money

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

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

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

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

3.2.11 Internal control and monitoring

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

Audit observed that ADG (P) conducted 13 inspections only (in 13 out of 91 jails) against the required 260⁵¹ during 2014-17. On test check of nine inspection reports, Audit observed that against 42 cases, corrective measures were taken only in four cases. Deficiencies like (i) construction of boundary wall deviating specification, (ii) non-provision of dining space, (iii) man power shortage, (iv) non-installation of review board, (v) pending RTI cases, non-provision of land phone for lady prisoners, *etc.*, remained unattended.

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

3.2.12 Conclusion

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

Panchayati Raj and Drinking Water Department

3.3 Implementation of National Rural Drinking Water Programme

3.3.1 Introduction

Government of India (GoI) launched National Rural Drinking Water Programme⁵² (NRDWP) on 1 April 2009. The vision of the programme was "Safe drinking water for all, at all times in rural areas". The main objectives of NRDWP were to provide all households, schools and Anganwadis access to safe and adequate drinking water within a reasonable distance.

The Ministry of Drinking Water and Sanitation (MDWS), GoI framed guidelines for implementation of NRDWP. Odisha State Water & Sanitation Mission (OSWSM)⁵³, under Rural Development (RD) Department⁵⁴, was the apex organisation. The Department was headed by a Commissioner-cum-Secretary. Engineer-in-Chief (EIC), Rural Water Supply & Sanitation (RWS&S), Odisha was the technical head. The field formation consisted of

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

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

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

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

Superintending Engineers⁵⁵ (SE) at Circle level and Executive Engineers⁵⁶ (EE) at Divisional level⁵⁷.

Audit test checked records of the RD Department, EIC and 13 RWS&S divisions in 8⁵⁸ out of 30 districts of the State, covering the period 2012-2017.

Audit findings

3.3.2 Planning

Audit observed the following deficiencies/ inadequacies in planning.

- **Non-inclusion of ongoing works in AAP:** The guidelines for NRDWP required that each State had to prepare an Annual Action Plan (AAP). The Department prepared AAPs for all the years during 2012-17. However, the AAPs did not include all ongoing works. As a result, schedule for completion of the ongoing works was not prepared. This resulted in delay in completion of works, as discussed in *Paragraph 3.3.4.4*.
- **Comprehensive Water Security Action Plan (CWSAP):** Guidelines provided for preparing Village Water Security Plan (VWSP)⁵⁹ and District Water Security Plan⁶⁰ (DWSP). A five-year Comprehensive Water Security Action plan was also to be prepared in the State. In the test checked districts, neither VWSP nor DWSP had been prepared. The Department had not also prepared five-year Comprehensive Water Security Action Plan to ensure all time availability of water for all.

Government stated (September 2017) that steps would be taken for preparing water security action plans.

- **Non-compliance to priority criteria in planning:** As per the guidelines, habitations where 0-50 *per cent* population was in receipt of less than 40 lpcd⁶¹ water, were to be prioritised. Further, quality affected habitations were also to be prioritised. As of April 2017, 0-50 *per cent* population in 5,465 habitations of the State received less than 40 lpcd water. Government, however, had not prioritised implementation of schemes in these habitations.

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

⁵⁵ Seven Civil and One Mechanical

⁵⁶ 36 Civil and Two Mechanical

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

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

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

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

⁶¹ lpcd: litres per capita per day

3.3.3 Funds management

GoI released its share to the State in two⁶² instalments per year, as given in Table 3.3.1:

Table 3.3.1: Details of allocation, release and expenditure

(₹ in crore)

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

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

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

- **Delay in release of funds by the State Government:** As per the sanction orders of the GoI, the State had to transfer Central share along with State share to implementing agencies within 15 days of receipt of Central share. Delay in transfer would attract penal interest @ 12 per cent per annum⁶³. Audit observed that there was delay in transfer of funds by GoO to implementing agencies ranging from 3 to 35 days during 2012-17. Despite delay, GoO had not transferred penal interest amounting to ₹ 1.32⁶⁴ crore to the implementing agencies.

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

- **Diversion of funds:** The guidelines provided that, 'water deficit'⁶⁵ States could not divert funds from "sustainability component". Odisha was one of the water deficit states with average annual rainfall of 1,452 mm⁶⁶. Contrary to this, EIC, RWS&S diverted ₹ 9.99 crore during 2015-16 from sustainability to coverage and water quality components. Further, EE, RWS&S Divisions of Nabarangapur and Jajpur had also diverted ₹ 4.20 crore from sustainability to other components during 2012-17. Thus, there was irregular diversion of ₹ 14.19 crore during 2012-17.

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

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

⁶³ As per the GoI order issued in November 2014

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

⁶⁵ Annual average rainfall less than 1500 mm

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

Programme Implementation

3.3.4 Target and achievement

3.3.4.1 Shortfall in coverage of habitations

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

Table 3.3.2: Details of target and achievement

Components	Goal/ Target	Achievement	Reply of the Government
Piped water supply to households.	At least 50 per cent of households were to be covered under piped water supply (PWS) by 2017.	Only 0.40 lakh out of 1.58 lakh habitations (25.31 per cent) were covered under PWS.	Government stated (October 2017) that they would achieve the target within a period of two to three years.
Household connections.	At least 35 per cent households were to be given water connections by 2017.	3.01 lakh out of 81.49 lakh households were given connections (3.70 per cent).	
Water supplies to schools and Anganwadis.	All schools and Anganwadis were to be supplied with adequate quantity of water by 2017.	Drinking water facility existed in 52,432 out of 67,767 schools and Anganwadis (77.37 per cent).	
Management of drinking water sources.	Panchayati Raj Institutions and local communities to manage at least 60 per cent of rural drinking water sources and systems.	Operation and Maintenance of drinking water sources in the State was being managed by PRIs since October 2006. Government, however, did not transfer funds for maintenance to PRIs.	Government stated (September 2017) that funds were not transferred to PRIs due to lack of manpower and expertise at Panchayat level. The reply established the fact of absence of institutional arrangement.

Coverage of Open Defecation Free (ODF) villages under PWS.	Priority was to be given to ODF villages.	As of June 2017, 924 villages with 2,129 habitations achieved ODF status. PWS existed only in 633 habitations. There were no schemes for remaining habitations.	Government stated that all uncovered ODF and Sansad Adarsh Gram Yojana (SAGY) habitations would be covered with PWS in 2017-18.
Coverage of SAGY villages under PWS.	Priority was to be given to SAGY villages.	As of May 2017, there were 680 habitations in 27 SAGY GPs in the State. PWS existed only in 178 habitations, ongoing schemes in nine habitations and no schemes for remaining 493 habitations.	
Surface water⁶⁷ based PWS schemes.	Priority was to be given to surface water based PWS schemes.	As of April 2017, out of 15,357 PWS schemes, only 1,471 (9.58 per cent) were surface water based.	Government stated that they could not prioritise surface water based PWS scheme due to high initial cost. Reply is not acceptable as over dependence on ground water had resulted in lowering of ground water table.

(Source: Strategic Plan 2011-22)

3.3.4.2 Shortfall in supplying adequate quantity of water

Prior to framing of the Strategic Plan (2011-22) by GoI, the norm of supply of potable drinking water was 40 lpcd (litre per capita per day). As per the Strategic Plan, all rural households were to be supplied at least 55 lpcd water. GoI, however, considered the earlier norm for assessing extent of coverage of habitations⁶⁸. Accordingly, it considered habitations supplied with 0-10 lpcd water 'not covered' (NC), 10-40 lpcd 'partially covered' (PC) and more than

⁶⁷ River, Pond, etc.

⁶⁸ A group of families living in proximity to each other within a village

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

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

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

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

(Source: IMIS Database)

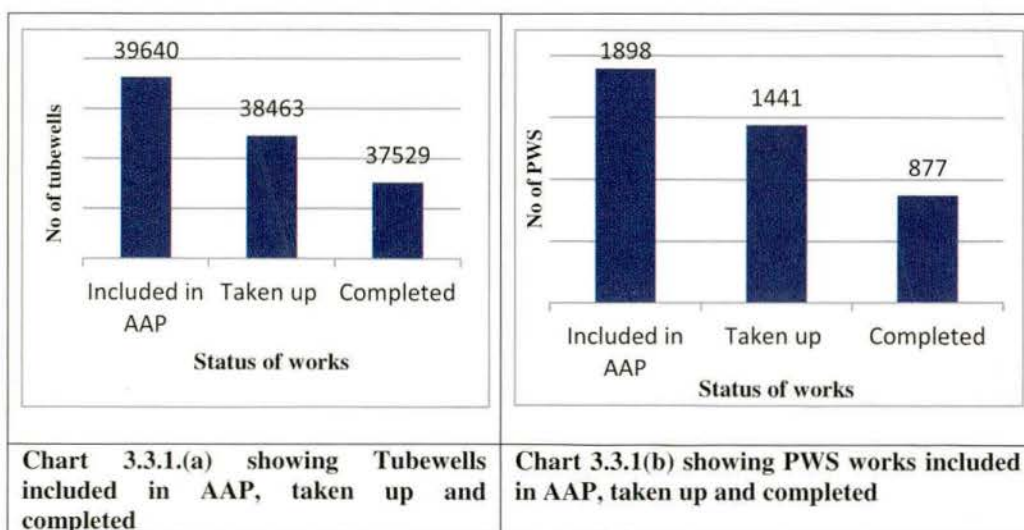
Thus, 92,456 habitations were getting inadequate water and 3,080 habitations were getting quality affected water. GoO considered habitations supplied with 40 lpcd of water as fully covered. 76,183⁷⁰ habitations though shown as FC were getting less than 55 lpcd of water.

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

3.3.4.3 Execution of works

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

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



⁶⁹ GoO also considered norm of 40 lpcd as fully covered

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

The deficiencies in execution of works are discussed below.

3.3.4.4 Delay in completion of PWS works

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

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

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

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

3.3.4.5 Non-recovery of penalty for abandonment of works

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

Audit observed in two⁷¹ test-checked RWS&S Divisions that EEs had awarded (between April 2012 and March 2015) five⁷² PWS works. The award value of works was ₹ 10.26 crore. The contractors after executing works valuing ₹ 4.03 crore (39 per cent) left the works mid-way. The concerned EEs terminated the contracts between August 2016 and March 2017 imposing penalty of ₹ 1.24 crore, being 20 per cent of the value of the balance work. However, the same had not been recovered (July 2017). EEs had also not taken any step to forfeit the available Earnest Money Deposit/ Security Deposit.

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

As per the guidelines, while preparing AAP, incomplete works would be given priority over new works. Audit observed that MDWS sanctioned (2009-13) seven Piped Water Supply (PWS) works at ₹ 11.96 crore for two⁷³ districts. The PWS works would provide safe drinking water to 17,811 people of

⁷¹ Sambalpur and Nuapada

⁷² PWS to Kesapali, Barab, Kholbilong, B Garposh, Amodi

⁷³ Keonjhar and Nuapada

seven⁷⁴ habitations. The concerned EEs incurred initial expenditure of ₹ 1.35 crore during 2012-15 for creation of sources and procurement of pipes. They, however, did not execute the balance works, such as distribution system, rising line, treatment unit, elevated storage reservoirs, etc.

Similarly, during 2012-17, EEs had created 94 new sources in two⁷⁵ districts incurring an expenditure of ₹ 3.43 crore. The Divisions had not prepared any DPRs to complete the balance works as of June 2017.

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

3.3.4.7 Avoidable expenditure on drilling of unsuccessful tubewells

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

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

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

3.3.5 Water Quality Monitoring and Surveillance (WQMS)

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

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

Table 3.3.4 showing Audit observations on Water Quality Monitoring and Surveillance

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

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

⁷⁵ Mayurbhanj (57) and Nabarangpur (37)

	protocol, Annual Analysis Load for each district and sub-district laboratory was 3,000 water samples.	sources. Against this, only 77 ⁷⁶ laboratories were available in the State.
NABL⁷⁷ Accreditations	As per the protocol, laboratories at all levels ⁷⁸ should strive to get NABL accreditation in a phased manner.	Only the State level laboratory could obtain NABL accreditation ⁷⁹ . OSWSM had not taken steps to obtain NABL accreditation for the remaining 76 district and sub-district laboratories.
Test of mandatory parameters	As per protocol, it was mandatory to carry out analysis of at least 13 basic water quality parameters at District and Sub-divisional laboratories levels. Some of the parameters were pH, Turbidity, Chloride, Total Alkalinity, Sulphate, Iron, Arsenic, Fluoride, Nitrate, Total coliforms, etc.	The divisional offices were testing water samples only for iron, fluoride, chloride, pH and hardness. They did not test other mandatory parameters such as nitrate, arsenic, alkalinity, etc. As per the report of the Central Ground Water Board, ground water in 28 out of 30 districts was contaminated with nitrates. Presence of nitrate above 45 mg/ltr in water was not safe for drinking. However, due to lack of equipment in district/ sub-district laboratories, the divisional officers could not conduct the required tests.
Shortage of manpower in the laboratories	As per the protocol, district/ sub-district level laboratories should have eight ⁸⁰ staff.	There were 26 district/ sub district level laboratories in eight test checked districts. Audit found that 13 laboratories were functioning with only one staff, 10 laboratories were functioning with two staff

⁷⁶ One State level, 32 district level and 44 sub-district level

⁷⁷ National Accreditation Board for Testing and Calibration Laboratories

⁷⁸ State, District and Sub-district

⁷⁹ In July 2016

⁸⁰ Chemist/ Water Analyst (one), Microbiologist/ Bacteriologist (one), Laboratory Assistant (two), Laboratory Attendant (one), Data entry operator (one) and Sampling Assistants (two).

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

(Source: Records of concerned departments)

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

3.3.5.1 Supply of chemically contaminated water

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

⁸¹ Laboratories instruments, glassware, chemicals, equipment, etc.

⁸² With capacity to test 100 samples with each kit

⁸³ August 2014 and December 2015

⁸⁴ Cost of FTKs not utilised

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

- As per the standards of BIS⁸⁵, the maximum permissible limit of fluoride contents in drinking water was 1.5 mg per litre. The EE, (RWS&S), Nabarangpur collected water samples from 40 sources of seven villages of two⁸⁶ blocks. These were tested in the State Level Laboratory during 2015-17. Fluoride above the permissible limits was found in 16 water samples. The divisional office had put red mark to indicate these as contaminated tubewells. However, they did not provide any alternate sources of safe drinking water. Besides, they had neither installed fluoride removal device nor supplied water through tankers. Thus, 3,955 people of seven villages were consuming unsafe water.
- Similarly, in Nuapada district, water sources at 905 (32.60 per cent) out of the 2,776 habitations were fluoride contaminated. The Department had installed 600 de-fluoridation plants as an interim measure in 542 habitations. Thus, target to provide safe drinking water in adequate quantity through PWS scheme, remained unachieved.

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

3.3.6 Inspection and monitoring

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

Table 3.3.5 showing Audit observations on Inspection and monitoring

Issues	Guideline Provision/ Criteria	Deficiencies
Holding of inadequate SLSSC⁸⁷ meeting	Guidelines provided that meetings of the SLSSC were to be held at least twice in a year.	Meeting of SLSSC was held only one each in 2012-13, 2015-16 and 2016-17, and two meetings each in 2013-14 and 2014-15.
Non-scrutiny of DPRs by State Technical Agency (STA)	Objective of STA was to plan and design sound and cost effective rural water supply projects.	The divisional offices did not send DPR/ estimates of PWS works to STA for scrutiny. This could have ensured scientific, sound and cost effective design of the projects. They, however, sent only design of overhead

⁸⁵ Bureau of Indian Standards

⁸⁶ Chandahandi and Kosagumuda

⁸⁷ Chaired by the Principal Secretary, RD Department

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

(Source: Records of concerned departments)

3.3.7 Conclusion

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

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

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

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

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

⁸⁸ PWS to Chouthia, Tukudiha, Padua, Jajaposi

Home Department

3.4 Excess expenditure in construction of staff quarters

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

Appendix XXV of OPWD Code Vol. II prescribed the plinth area for Government residential buildings⁸⁹. OPWD Code permitted deviation to the above norm, only with the prior approval of the Government. The Finance Department fixed license fees for different types of staff quarters on the basis of the plinth area.

Audit test-checked (May 2016 to March 2017) construction records of 643 out of 2,707 completed staff quarters⁹⁰. Eight⁹¹ Divisions of Odisha State Police Housing and Welfare Corporation Limited (OSPHWC) constructed these quarters during 2009-17. Audit found that OSPHWC had constructed the test-checked quarters with higher plinth area incurring excess expenditure of ₹ 26.76 crore (*Table 3.4.1*).

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

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

(Source: Records of OSPHWC)

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

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

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

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

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

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

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

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

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

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

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

The Finance Department (FD) had instructed⁹² all implementing agencies to keep the unspent scheme funds in flexi bank accounts. Banks offered higher rate of interest on deposits in flexi accounts, in addition to the benefit of liquidity associated with savings account.

Audit observed⁹³ that Drawing and Disbursing Officers of different establishments had retained the funds⁹⁴ in current/ savings bank accounts. This resulted in loss of ₹ 15.39⁹⁵ crore towards interest, as summarised in **Table 3.5.1:**

⁹² October 2012 and November 2014

⁹³ During June 2016 to March 2017

⁹⁴ Unutilised scheme funds and undisbursed land compensation funds

⁹⁵ Interest calculated on quarterly minimum balance at applicable flexi rate less interest actually earned at Savings Bank rate

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

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

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

(Source: Records of above mentioned units)

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

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

Higher Education Department

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

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

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

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

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

Audit observed the following irregularities:

- CACM was a single entrepreneur private organisation and had no administrative and financial relation with IIT, Kharagpur. Therefore, its selection in the pretext of IIT, Kharagpur was not in accordance with rules. In fact, it was arbitrary and illegal.
- As per Para 3.5.9 of OPWD Code (Vol.1), tender should invariably be invited publicly for all works with estimated cost above ₹ 5 lakh except in cases of additional items of works. The Financial Adviser-cum-Additional Secretary of HED had suggested for an open tender. He had also suggested to endorse the file to Finance Department for its concurrence on awarding the work to CACM. But the then Principal Secretary⁹⁶, HED on 7 January 2013 rejected his view and ordered to proceed by stating that CACM was a Central Government institution and work could be given without tender. Subsequently, the concurrence of Finance Department on the MoU was taken in February 2013.
- The Department also did not recover ₹ 22.88 lakh as Tax Deducted at Source (TDS) from CACM for the entire payment period, considering it as a GoI institute.
- Out of 102 colleges covered under audit where the LLs were set up, Audit observed that 56 colleges had no student enrolment. In 42 colleges, the LLs were installed one to three years ago at the total cost of ₹ 8.64 crore. In the remaining 14 colleges, the LLs were installed during the last (2016-17) academic year.
- Students were reported as enrolled in 46 colleges though 13 of these colleges failed to produce any evidence of enrolment. The Principals of the test-checked colleges attributed the idling of LLs to shortage of teaching staff, non-inclusion of the course in academic calendar and non-provision of power supply.

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

⁹⁶ Sri Gagan Kumar Dhal, IAS

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

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

Home Department

3.7 Illegal occupation of Government property

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

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

The State Government decided in November 2010 to set up a hostel for children of prisoners at Bhubaneswar. Accordingly, the General Administration (GA) Department provided (August 2011) 0.500 acre land⁹⁷ valuing ₹ 3.50 crore⁹⁸ to the Home Department. The Director of Prisons accorded administrative approval for ₹ 1.36 crore. The Odisha State Police Housing and Welfare Corporation Limited (OSPHWC) was to execute the work. OSPHWC completed the construction in February 2013 and requested (March 2013) the Superintendent of Special Jail, Bhubaneswar to take possession of the property. The Superintendent, however, did not take possession of the property without any recorded reason. OSPHWC also did not provide watch and ward thereafter.

During the joint physical inspection⁹⁹ of the property, Audit found that a Non-Government Organisation¹⁰⁰ (NGO) had occupied the property unauthorisedly. The NGO was using the ground floor as hostel¹⁰¹. From the records of OSPHWC, Audit observed¹⁰² that the NGO had used the property for shelter of the children¹⁰³ during the cyclone *Phailin*¹⁰⁴ who continued to occupy the

⁹⁷ Revenue Plot no. 83 (Pt) at Laxmi Sagar mouza of Bhubaneswar Municipal Corporation

⁹⁸ As per the benchmark value fixed by the General Administration Department

⁹⁹ Conducted on 19 November 2016 by the representative of the OSPHWC in the presence of Audit

¹⁰⁰ Odisha Patita Udhhar Samiti was working for the orphans

¹⁰¹ 57 children of the NGO were staying in the hostel

¹⁰² During October-November 2016

¹⁰³ Children of its educational institution

¹⁰⁴ Occurred in October 2013

property thereafter. Despite repeated requests¹⁰⁵ by the OSPHWC, the Directorate of Prison did not take any action to evict the unauthorised occupant from the property. Further, the Central Electricity Supply Utility¹⁰⁶ had extended electricity connection to the property in the name of the NGO, despite the fact that the same was owned by the Government. However, neither OSPHWC nor the prison authorities had filed a complaint with the police or GA Department under the provisions¹⁰⁷.

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

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

Health and Family Welfare Department

3.8 Unfruitful expenditure on idle equipment

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

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

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

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

¹⁰⁵ December 2013, October 2014 and January 2016

¹⁰⁶ Agency in charge of retail supply of electricity

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

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

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

3.8.2 *Sriram Chandra Bhanja Medical College Hospital, Cuttack*

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

Audit observed (January 2017) that the Superintendent, SCB MCH procured (January-February 2015) LTU unit¹⁰⁸ for ₹ 4.16 crore and paid ₹ 3.59 crore. However, the said equipment was not installed due to non-completion of OT, Intensive Care Unit (ICU) and the ward. The other equipment needed for LTU was also not purchased. As a result, equipment valuing ₹ 4.16 crore remained idle for more than two years due to want of suitable space.

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

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

School and Mass Education Department

3.9 Undue favour leading to avoidable expenditure

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

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

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

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

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

However, ignoring the suggestions of the EC, the Director, TE&SCERT requested (February 2014) OKCL for re-assessment of processing charges. He quoted instance of BSE and lower rate (₹ 36 to 40) offered by other local agencies. In response, OKCL offered a reduced rate of ₹ 100 per candidate plus tax which was approved (April 2014) by the then Chief Secretary for the session 2014-15. The Directorate also continued the services of OKCL for 2015-16 and paid ₹ 5.86¹⁰⁹ crore including service tax to OKCL for the processing of applications. In the process, the Directorate had also collected ₹ 6.84 crore as application fee from the applicants during the years 2014-15 and 2015-16.

During 2016-17, the Directorate invited open tender for the same job and four agencies including OKCL participated in the two-bid process. It was found that OKCL along with another agency could not qualify the technical bid and the contract was awarded to M/s Merit Trac Services (P) Limited at the agreement value of ₹ 64.90 plus service tax per applicant. Thus, it was observed that the decisions to bypass the competitive bidding process and select OKCL on nomination basis during 2014-15 and 2015-16 were not appropriate as it unduly favoured OKCL. This resulted in payment of an excess amount of ₹ 35.10 plus taxes per applicant in comparison with the agreed rate quoted by the vendor in 2016-17. The total avoidable expenditure for 5,17,317 applications was ₹ 2.06 crore¹¹⁰.

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

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

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

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

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

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

Information and Public Relations Department

3.10 Excess expenditure on colour advertisements

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

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

The DAVP had fixed the tariff¹¹¹ of multi-colour advertisement with effect from 1 January 2006 which was revised with effect from 7 June 2016. Audit scrutinised the records of I&PR Department during January to February 2017. Audit observed that the actual rate of payment by the Department was higher than that fixed by the DAVP, as indicated in *Table 3.10.1*:

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

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

(Source: Records of the I&PR Department)

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

Table 3.10.2: Excess payments

(₹ in crore)

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

(Source: Records of the I&PR Department)

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

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

rates. However, Information & Public Relations Minister had issued instructions (October 2013) for review of the Advertisement Policy. The Department constituted an inter-departmental committee¹¹² in March 2015 to recommend amendments to the Advertisement Policy. The Committee had not submitted recommendation as of April 2017.

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

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

Health and Family Welfare Department

3.11 Absence of financial propriety in the arrangements for Nabakalebar festival

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

The State celebrated Nabakalebar¹¹³ festival at Jagannath Temple, Puri in July 2015. The Government of Odisha, Health and Family Welfare (H&FW) Department released (January 2015) ₹ 4.55 crore to the Director of Health Services under State Plan to provide healthcare services at Puri during the festival. These funds were placed at the disposal of the Chief District Medical Officer (CDMO), Puri. In addition, ₹ 1.88 crore from the State budget was released during 2015-16 towards healthcare and incentives to the doctors engaged for the festival.

Audit of office of the CDMO, Puri was conducted during December 2016 to January 2017. It was observed that H&FW Department, *inter alia*, sanctioned (June 2015) ₹ 75.86 lakh for accommodation of doctors and paramedical staff to be deployed for Nabakalebar at Puri. Audit examined the payment vouchers of eight hotels amounting to ₹ 78.84 lakh for accommodation of 997 doctors and para-medical staff, as produced by CDMO, Puri. Audit also verified the occupancy registers of those hotels, obtained with the help of local police. Cross check of the occupancy shown in the Accommodation Register of CDMO¹¹⁴ with that of hotel occupancy register produced by local police

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

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

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

revealed that only 433 persons had stayed in seven¹¹⁵ hotels. Instances of payments on fictitious persons are indicated below:

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

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

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

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

Revenue and Disaster Management Department

3.12 Misappropriation of Government revenue

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

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

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

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

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

- The Tahsildar had not maintained cash book (for User fee) for the period from 2 November 2011 to 22 June 2015. During this period, the Tahsildar collected ₹ 9.03 lakh¹¹⁶ but deposited only ₹ 3.24 lakh in the treasury. There was no record for the balance of ₹ 5.79 lakh.
- The closing balance in the subsidiary cash book (conversion fee) was ₹ 33,774 as on 31 October 2015. No transaction had been recorded in the subsidiary cash book up to November 2017. The Tahasildar opened a new subsidiary cash book on 28 November 2015 with a 'Nil' opening balance, ignoring the balance available.
- In another instance, the Tahsildar had withdrawn ₹ 0.58 lakh from bank account¹¹⁷ on 13 December 2012. The Tahasildar did not produce vouchers in support of expenditure to audit. In absence of vouchers, genuineness of the expenditure was doubtful.

Thus, the Tahasildar failed to adhere to the provisions of OTC/ OGFR in handling Government revenue and maintaining cash books. This resulted in misappropriation of ₹ 6.13 lakh and doubtful expenditure of ₹ 0.58 lakh by the three Tahasildars¹¹⁸ who need to be proceeded against as per the rule.

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

Housing and Urban Development Department

3.13 Unfruitful expenditure on water supply project

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

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

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

¹¹⁷ Account No. 118401000006485 of Indian Overseas Bank

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

in Berhampur town in connection with the widening and strengthening of road' to the Public Health (PH) Division, Berhampur. The work involved shifting of nearly 3,225 metres of water pipelines at the cost of ₹ 1.91 crore as a deposit work. Accordingly, the EE procured (July-December 2012) cast iron pipes of 3,225 mtr¹¹⁹ while fittings were procured later during December 2012 to May 2015. The cost of total procurement was ₹ 1.48 crore.

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

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

Thus, the expenditure of ₹ 1.12 crore¹²⁰ incurred towards laying of pipelines was unfruitful due to diversion of pipes to other works by the Division and failure to recoup the pipes to the contractor subsequently.

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

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

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

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

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

Finance Department

3.14 Lack of response to Audit

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

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

3.14.1 Follow up action on earlier Audit Reports

Major irregularities noticed in Audit were included in the Audit Reports of the Comptroller and Auditor General of India that were presented to the State Legislature. The instructions (December 1993) of the Finance Department (FD) required that the Administrative Departments furnish the explanatory notes on the transaction paragraphs, Performance Audits (PA), etc., included in the Audit Reports within three months of their presentation to the State Legislature.

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

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

The Odisha Legislative Assembly constituted PAC every year to examine the Reports of C&AG and the reports of such examination were presented to the Assembly. Based on the recommendation of a High Powered Committee headed by Shri S.L. Shakhder, the Finance Department instructed (December 1993) all the departments to submit Action Taken on the recommendations of PAC within four¹²¹ months after presentation of the reports to the Legislature.

The PAC made 636 recommendations (*Appendix 3.14.3*) from the 3rd Report of tenth Assembly (1990-95) to 15th Report of fifteenth Assembly (2014-19). The final actions taken on nine recommendations from three¹²² departments were awaited (September 2017).

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

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

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



Bhubaneswar

(BIBHUDUTTA BASANTIA)

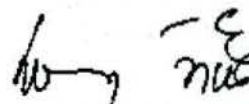
The

Accountant General (G&SSA)

16 JUN 2018

Odisha

Countersigned



New Delhi

(RAJIV MEHRISHI)

The

Comptroller and Auditor General of India

18 JUN 2018

APPENDICES

Appendix 2.2.1

(Refer Paragraph 2.2.10)

Statement showing deficiencies noticed in Audit during JPI of 43 MPCSSs

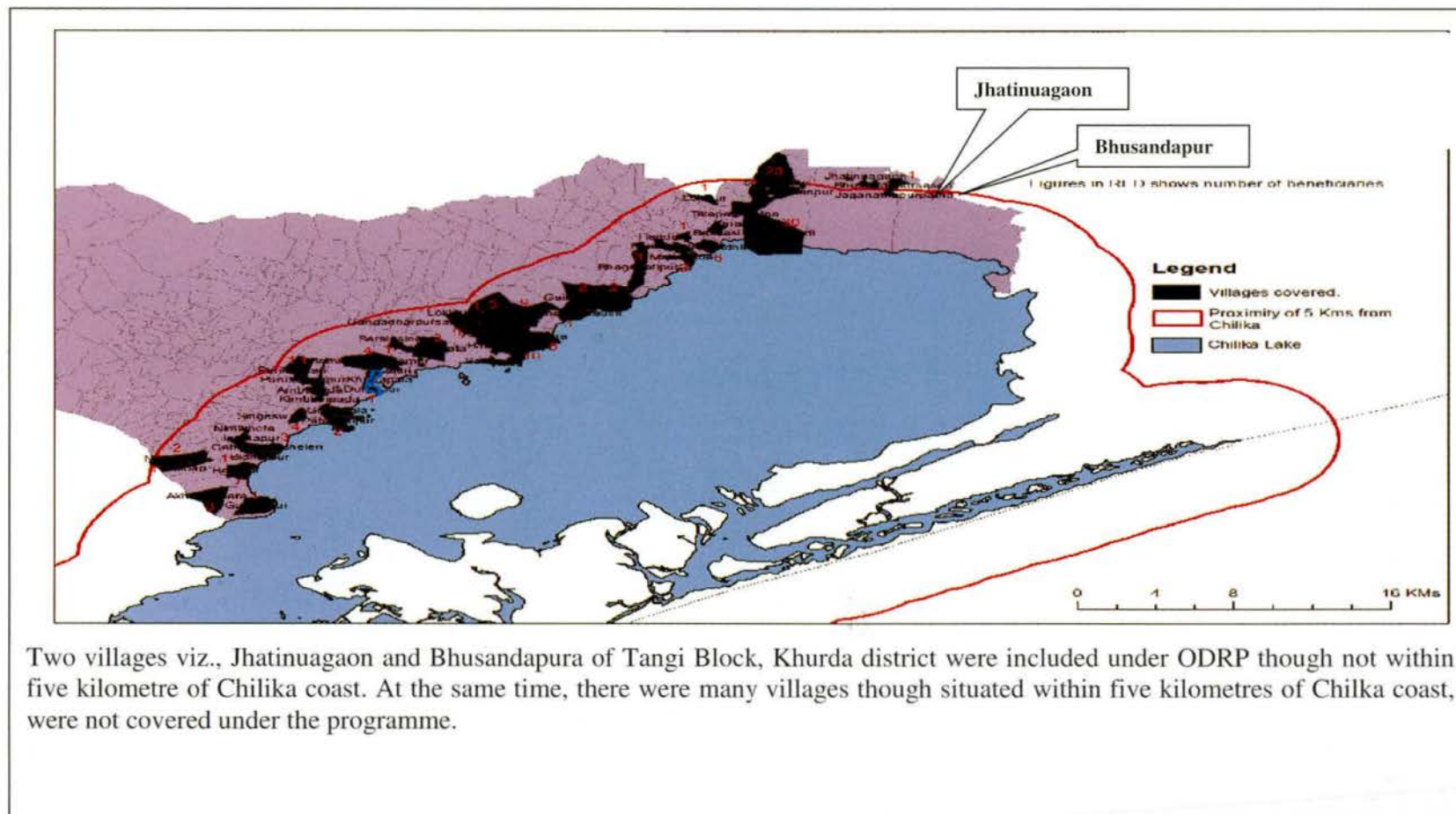
- No provision was made for ventilation even in inner walls of 23 MPCSSs whereas in remaining nine cases space above door level on inner wall were left vacant for ventilation. It was stated that design without ventilation in inner walls was adopted in case of 154 MPCSSs sanctioned under Phase 1.
- In none of the 43 cases, louvered vents were planned for use in shelters in walls above floor level as required as per NDMA Guidelines.
- Louver type window with non-breakable and non-brittle items made of Fibre Reinforced Plastic (FRP) was not provided in any of the 43 MPCSSs inspected and wooden normal type windows were provided.
- Shelf and storage space not provided in rooms/ corridor for keeping the belongings of cyclone affected persons in 13 MPCSSs as required under Guidelines of NDMA.
- Silent generator was not planned for 154 MPCSSs constructed under Phase 1. Out of 43 MPCSSs inspected, while no generator was available in seven MPCSS, silent generators were available in 20 MPCSSs and noisy generators were available in remaining 16. These noisy generators were not replaced (May 2017).
- Bunkers with resting facility for small children, elderly/ sick persons were not available in 12 out of 43 MPCSSs inspected.
- Light weight pre-cast concrete blocks were not planned for use in partition walls to reduce weight of foundations in any of the 43 MPCSSs and there was no provision for rain water harvesting, despite requirement under GoI guidelines.

- Rounded peripheral corners to MPCs buildings were not ensured though all 43 MPCs were designed and constructed in rectangular shape.
- Lightning arresters were not provided in any of the MPCs constructed/ under construction under NCRMP in the State despite requirement for all Government buildings.

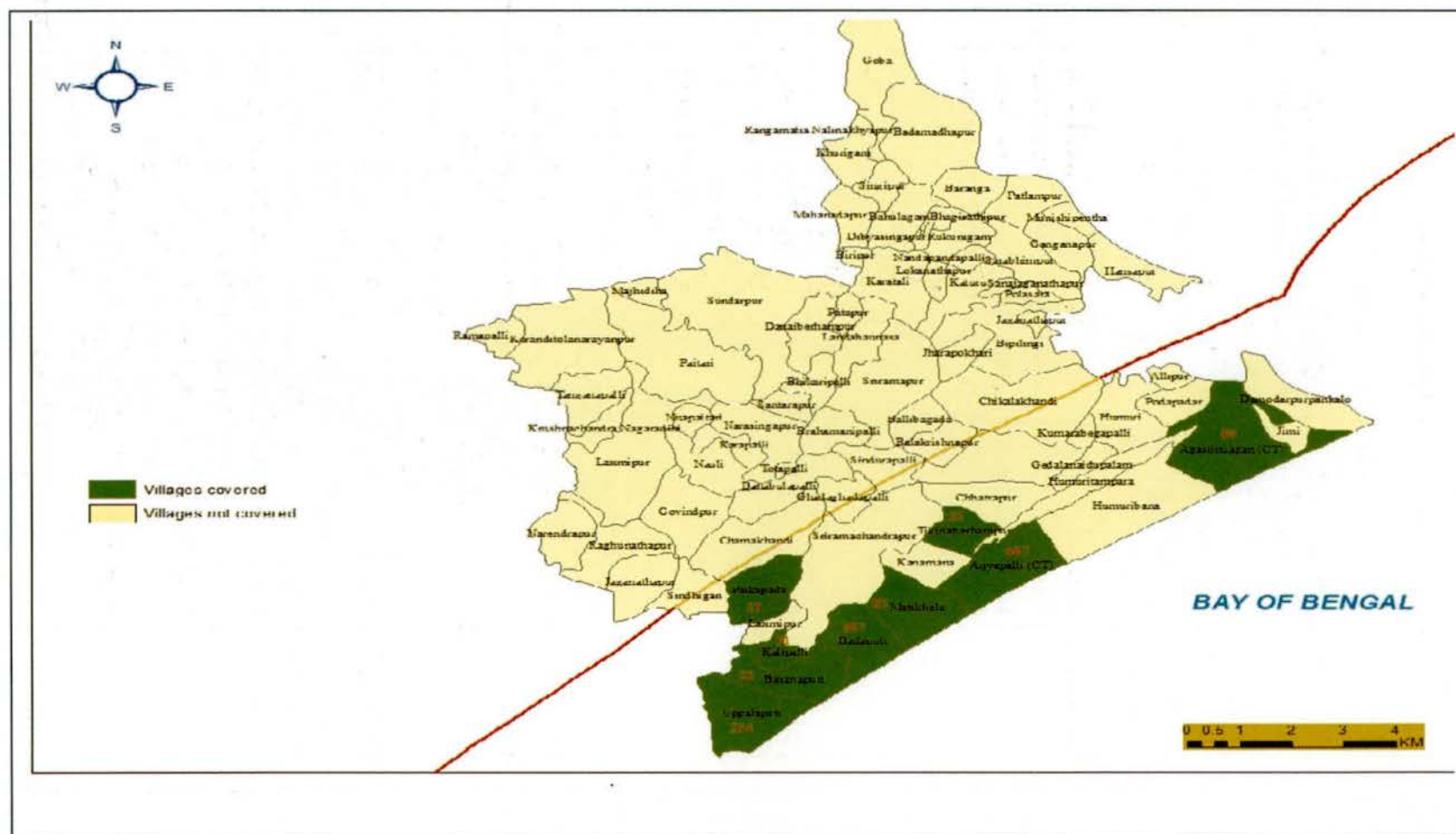
Appendix 2.2.2

(Refer Paragraph 2.2.15.1)

Picture showing identification of eligible villages and beneficiaries: Inclusion of villages situated beyond five kilometre of Chilika coast



Picture showing identification of eligible villages and beneficiaries: Exclusion of villages of Chhatrapur Block, Ganjam district from ODRP though situated within five kilometres of the coastline.



Appendix 2.3.1

(Refer paragraph 2.3.5.3)

Statement showing the sampled list of changes proposed by User Departments but not provisioned in WAMIS

Date/ Month of change proposed to CDAC	User who proposed the changes	Details of the changes proposed	Status as of July 2017
10 July 2012	Water Resources Department	There shall be a facility to generate work certificate (comprising the list of work executed by a contractor and yearly work wise payments made with deductions) against each contractor at division level or district level/ state level.	Not implemented
		While preparing bills, if any extra item or more number of items are required to be executed, then supplementary agreement details are compulsorily to be entered in the system.	Not implemented
30 August 2012	RD Department	While entering work details in Works module, the work code should be generated in Alphanumeric and Numeric as suggested by the RD.	Not implemented
14 February 2012/ 19 January 2013	RD Department communicated the decisions taken in the meeting held on 16 January 2013 to CDAC for implementation	Monitoring of Password and system control of Password - The provision will be made in WAMIS to track the change of Password and in every 3 months, a system generated request will be made for changing the password.	Not implemented
		Tracking of User Id and time of data entry - Role-based User Id	Not implemented

Date/ Month of change proposed to CDAC	User who proposed the changes	Details of the changes proposed	Status as of July 2017
		will be created. Every entry will be tracked by the System.	
		Authentication by DAO and EE before submission of report to AG online - Provision of digital signature is available in the Divisions for both DAO and EE.	Not implemented
		Provision for creating Work Master/Asset Register – 1. Provision for creating asset master will be made. 2. Asset entry will be made mandatory for any voucher entry. 3. The asset entered at the time of voucher entry will be added to the Asset Master. 4. Each asset will be tagged with Head of Account. 5. Division will be allowed only to see the asset belongs to that division.	Not implemented
		Submission of accounts to DAG with digital signature of DAO and EE - The online submission of Monthly Accounts to DAG, will be submitted with the DSG.	Not implemented
20 January 2014/ 27 July 2015	RD Department	Provision will be made for restricting expenditure against no provision.	Not implemented
		DAG (A&E), O/o the Principal AG (A&E) suggested for generation of vouchers by the System and uploading of vouchers against a bill, to be generated by the system. The	Not implemented

Date/ Month of change proposed to CDAC	User who proposed the changes	Details of the changes proposed	Status as of July 2017
		uploaded vouchers must not be deleted.	
24 June 2013	RD Department communicated the decisions taken in the meeting held on 18 June 2013 to CDAC for implementation	Provision for triggering e-mail/ SMS to EEs/ DAOs regarding DAG's acceptance/ non- acceptance of MPRs or any observation therein.	Not implemented
		Digital Signature of EEs/ DAOs will be used for approval of MPRs for security reasons.	Not implemented
		Introduction of DSC in WAMIS should be made mandatory for DAOs and EEs for approval of Bills.	Not implemented
24 January 2014	RD Department communicated the decisions taken in the meeting held on 20 January 2014 to CDAC for implementation.	Provision for triggering message to the higher level officers for non-uploading of photographs and zero expenditure of projects every month, will be provided in WAMIS by CDAC.	Not implemented
		CDAC to explore the possibility of making a duplicate of GIS enabled Road Information Management and Monitoring System (GRIMMS) with WAMIS compatibility to monitor entire road network with query facilities. This will be specifically for non-PMGSY works with linking facility of both Online Management, Monitoring and Accounting System (OMMAS) and WAMIS.	Not implemented
04 August 2014	RD Department communicated	Facility available in e-Nirman application will be studied by	Not implemented

Date/ Month of change proposed to CDAC	User who proposed the changes	Details of the changes proposed	Status as of July 2017
	the decisions taken in the meeting held on 04 August 2014 to CDAC for implementation.	CDAC and incorporated in WAMIS.	
		There should be provision in Works Module to enter Bottlenecks in execution of the projects. This should be dropdown based. Bottlenecks may be (i) Shifting of utilities, (ii) Court cases, (iii) Forest Problem, (iv) Land problem, (v) Tree Cutting and (vi) Other.	Not implemented
		Provision for generation of reports Contractor-wise be made in WAMIS.	Not implemented
27 July 2015	RD Department communicated the decisions taken in the meeting held on 27 July 2015 to CDAC for implementation.	The uploading of photographs against each work will be mandatory for generating bills.	Not implemented
		Restrictions of expenditure to allotment to be enforced by WAMIS in case of payment as well as Transfer Entry Order (TEO).	Not implemented

(Source: Records of the RD Department)

Appendix 2.3.2

(Refer paragraph 2.3.7.5)

Statement showing division-wise creation of different recovery heads for same transaction type

Name of the Division	Transaction Id created for following nature of recoveries				
	House Rent Allowance	Withheld	Security Deposits	Labour Cess	VAT
RW, Bhubaneswar	34,52	16,110, 114, 119, 120, 128, 138	61,113	108	38,49,111
RW, Jajpur-II	34,52	16, 125	61	119	38,49
RW, Jaleswar	34,52	16, 118, 121, 122, 123	61	109	38,49
RW, Bhadrak	34,52,110, 119,143	16, 165	61	147	38,49,159
RWSS, Balasore	34,52	16, 188	61,2	128,178	38,49,122,172
RWSS, Cuttack	34,52,134	16, 138, 144, 156	61	136,146	38,49,135,141
RW, Balangir	34,52	113	61	107	49
RW, Bhawanipatna	34,52	108,109, 110, 115, 116, 124	61	111	49
RW, Sunabeda	34,52	111, 115, 116, 118, 120, 121, 125	61	112	49
RW, Ganjam	34,52	--	61	107	49

(Source: Records of the RD Department)

Appendix 2.3.3

(Refer paragraph 2.3.8.1)

Statement showing deviations from codal provisions of OPWD due to lack of validation control

Nature of irregularity	Total cases found in database	Total cases found in the test checked divisions	Total cases test-checked by Audit
Contracts awarded without AAs	61,018	1,227	30
Work Orders issued prior to AAs	2,659	432	25
Accordance of AA by EE beyond eligibility limit (₹ 50000) in case of Deposit works	2,236	337	30
Unauthorised accordance of AA by EE in Non-Residential and Residential building	23,116	1,794	40
Accordance of AA and TS by EE	79,251	5,133	32
Unauthorised accordance of TS by EE	1,328	65	1
Contracts awarded without TS	48	03	02
TOTAL	1,69,656	8,991	160

(Source: Records of the RD Department)

Appendix 3.2.1

(Refer Paragraph 3.2.3)

Statement showing difference in balances between cash book and bank statements

(figures are in ₹)

Sl. No.	Name of the Unit	Bank balance as per		Discrepancy	Date
		Cash book	Bank statement		
1	Circle jail, Sambalpur	0	2569150.50	2569150.50	27 March 2017
2	Nari Bandi Niketan, Sambalpur	0	194831.46	194831.46	23 March 2017
3	Circle jail, Berhampur	1858612	2468042.00	609430.00	31 March 2017
4	Odisha Jail Training School, Berhampur	0	84916.50	84916.50	29 April 2017
5	Special Jail, Rourkela	439225	1843197.00	1403972.00	30 April 2017
6	Special Jail, Bhubaneswar	3975637	4106137.50	130500.50	30 June 2017
7	District Jail, Keonjhar	509278	626814.00	117536.00	21 November 2016
8	Circle Jail, Koraput	203875	328773.00	124898.00	25 May 2017
9	District Jail, Sundargarh	168410	172749.00	4339.00	07 July 2017
10	District jail, Puri	0	81265.00	81265.00	31 March 2017
11	Sub-jail, Nimapara	0	122570.00	122570.00	31 March 2017
12	District jail, Balasore	313000	319164.00	6164.00	30 April 2017
13	Sub-jail, Jaleswara	125000	162814.00	37814.00	30 April 2017
14	District jail, Dhenkanal	0	674.50	674.50	30 April 2017
	TOTAL	7593037	13081098.46	5488061.46	

(Source: Records of test-checked jails)

Appendix 3.11.1

(Refer Paragraph 3.11)

Statement showing excess payment made to the hotels over and above the actual occupancy

Sl. No.	Name of the Hotel/ Lodge	Amount paid (in ₹)	Number of occupancy as per bill	Number of occupancy as per hotel register	Admissible payment (Col. 3/ Col.4 * Col. 5)	Excess occupancy billed over actual	Excess payment (in ₹)
1	2	3	4	5	6	7	8
1	Janaki Residency, Krishna TVS Complex Balagandi Grand Road, Puri	13,72,071	119	119	13,72,071	0	0
2	River Sands cottage complex, marine drive road, Puri	4,80,000	82	82	4,80,000	0	0
3	Hotel Pampa, Baliapanda, OSHB Colony Marine Drive Road, Puri	12,00,000	78	42 * (in 16 Rooms)	2,48,000	36	9,52,000
4	Hotel Sureswari, Baliapanda, Puri	13,24,800	166	2	15,962	164	13,08,838
5	Harekrishna Niwas, Marchikote lane, Puri	20,41,600	280	0	0	280	20,41,600
6	Hotel Bishnupriya, Ujjal Baliapanda, Puri	8,00,000	129	114	7,06,977	15	93,023
7	Hotel Krishna Residency, Baliapanda, Prachi Chhak, Puri	4,67,000	59	NA	4,67,000	0	0

Sl. No.	Name of the Hotel/ Lodge	Amount paid (in ₹)	Number of occupancy as per bill	Number of occupancy as per hotel register	Admissible payment (Col. 3/ Col.4 * Col. 5)	Excess occupancy billed over actual	Excess payment (in ₹)
1	2	3	4	5	6	7	8
8	Samrat Palace, M/A-87, Housing Board, Baliapanda, Puri	1,99,000	84	74	1,75,310	10	23690
TOTAL		78,84,471	997	433	34,65,320		44,19,151

(Source: Records of the CDMO, Puri)

* 42 occupants had stayed in 16 rooms for 31 days and room rent per day was ₹ 500/- as per bills submitted by the Hotel. The total claim is therefore ₹ 2,48,000. However, the Hotel charged rent for 78 occupants @ ₹ 500/- per each occupant per day.

Appendix 3.14.1

(Refer Paragraph 3.14)

**Statement showing year-wise break up of outstanding Inspection Reports/
Paragraphs issued up to March 2017 but not settled by June 2017**

Year	Inspection Reports	Paragraphs
1980-81	4	24
1981-82	4	11
1982-83	4	7
1983-84	7	19
1984-85	10	30
1985-86	8	20
1986-87	24	75
1987-88	30	59
1988-89	39	68
1989-90	40	96
1990-91	45	113
1991-92	95	244
1992-93	89	222
1993-94	97	283
1994-95	154	448
1995-96	178	495
1996-97	187	583
1997-98	210	632
1998-99	262	700
1999-00	263	810
2000-01	272	775

Year	Inspection Reports	Paragraphs
2001-02	291	837
2002-03	326	1,051
2003-04	416	1,426
2004-05	419	1,440
2005-06	376	1,153
2006-07	564	1,838
2007-08	778	2,572
2008-09	860	3,461
2009-10	1,006	4,068
2010-11	1,198	5,761
2011-12	417	1,704
2012-13	95	728
2013-14	54	406
2014-15	203	1,960
2015-16	351	3,853
2016-17	517	7,261
Total	9,893	45,233

Appendix 3.14.2

(Refer Paragraph 3.14)

Statement showing department-wise Inspection Reports/ Paragraphs issued
up to March 2017 but not settled by June 2017

Sl. No.	Name of the Department	Reports awaiting settlement (up to June 2017)		Reports awaiting settlement for more than 10 years		Reports to which first reply not received
		No. of IRs	No. of Paragraphs	No. of IRs	No. of Paragraphs	No. of IRs
1	Culture	38	216	12	19	10
2	Electronics and Information Technology	10	98	2	19	2
3	Finance	24	93	4	4	2
4	Food Supplies & Consumer Welfare	80	203	21	28	4
5	General Administration & Public Grievances	17	86	3	11	4
6	Health & Family Welfare	765	2,500	384	909	57
7	Higher Education	386	2,141	132	400	105
8	Home	103	467	26	55	8
9	Housing and Urban Development	400	4,901	71	813	85
10	Information and Public Relations	71	237	31	68	13
11	Labour and Employees' State Insurance	53	294	1	1	28
12	Law	108	451	39	108	32
13	Panchayati Raj & Drinking Water	3,527	16,361	1,514	5,345	198
14	Parliamentary Affairs	17	57	8	16	2

Sl. No.	Name of the Department	Reports awaiting settlement (up to June 2017)		Reports awaiting settlement for more than 10 years		Reports to which first reply not received
		No. of IRs	No. of Paragraphs	No. of IRs	No. of Paragraphs	No. of IRs
15	Planning & Convergence	63	299	11	60	12
16	Public Enterprises	5	26	0	0	2
17	Revenue & Disaster Management	1,642	5,013	807	1,671	117
18	Rural Development	276	933	124	216	8
19	School & Mass Education	1,038	3,775	601	1,735	263
20	Science & Technology	18	113	12	57	2
21	Social Security & Empowerment of Persons with Disabilities	6	38	2	7	6
22	ST & SC Development, Minorities & Backward Classes Welfare	391	2,317	150	515	74
23	Sports & Youth Services	34	143	14	33	8
24	Women & Child Development and Mission Shakti	821	4,471	445	1,369	285
Total		9,893	45,233	4,414	13,459	1,327

Appendix 3.14.3
(Refer Paragraph 3.14.2)

Statement showing Department-wise position of Action Taken Notes (ATNs) on Recommendations of PAC (10th Assembly to 15th Assembly) including pending for discussion as on 30 September 2017

Sl. No.	Name of the Department	10 th Assembly (1990-1995)		11 th Assembly (1995-2000)		12 th Assembly (2000-2004)		13 th Assembly (2004-2009)		14 th Assembly (2009-2014)		15 th Assembly (2014-2019)		Total		
		Total recommendations	ATNs not received	Total recommendations	ATNs not received	Total recommendations	ATNs not received	Total recommendations	ATNs not received	Total recommendations	ATNs not received	Total recommendations	ATNs not received	Total recommendations	ATNs not received	ATNs received pending for discussion
1	Finance	1	Nil	4	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	5	Nil	5
2	Food Supplies & Consumer Welfare	Nil	Nil	Nil	Nil	23	Nil	17	Nil	Nil	Nil	Nil	Nil	40	Nil	28
3	General Administration	13	Nil	5	Nil	Nil	Nil	7	Nil	Nil	Nil	Nil	Nil	25	Nil	25
4	Health & Family Welfare	23	Nil	35	Nil	11	Nil	17	Nil	Nil	Nil	Nil	Nil	86	Nil	86
5	Higher Education	20	1	5	Nil	11	Nil	Nil	Nil	Nil	Nil	Nil	Nil	36	1	25
6	Home	8	Nil	23	Nil	13	Nil	Nil	Nil	Nil	Nil	Nil	Nil	44	Nil	35
7	Housing & Urban Development	29	Nil	29	Nil	5	Nil	18	Nil	Nil	Nil	Nil	Nil	81	Nil	81
8	Information & Public Relations	2	Nil	7	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	9	Nil	9
9	Labour & ESI	Nil	Nil	Nil	Nil	15	Nil	1	Nil	Nil	Nil	Nil	Nil	16	Nil	0
10	Law	5	Nil	6	Nil	Nil	Nil	18	Nil	Nil	Nil	1	Nil	30	Nil	27

Sl. No.	Name of the Department	10 th Assembly (1990-1995)		11 th Assembly (1995-2000)		12 th Assembly (2000-2004)		13 th Assembly (2004-2009)		14 th Assembly (2009-2014)		15 th Assembly (2014-2019)		Total		
		Total recom-mendations	ATNs not received	Total recom-mendations	ATNs not received	Total recom-mendations	ATNs not received	Total recom-mendations	ATNs not received	Total recom-mendations	ATNs not received	Total recom-mendations	ATNs not received	Total recom-mendations	ATNs not received	ATNs received pending for discussion
11	Panchayati Raj	5	1	1	Nil	2	Nil	2	Nil	4	Nil	Nil	Nil	14	1	4
12	Planning & Convergence	9	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	9	Nil	8
13	Public Enterprises	Nil	Nil	Nil	Nil	3	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3	Nil	1
14	Revenue & Disaster Management	10	Nil	18	Nil	Nil	Nil	11	Nil	Nil	Nil	Nil	Nil	39	Nil	39
15	Rural Development	51	4	18	Nil	Nil	Nil	16	Nil	4	Nil	7	3	96	7	84
16	ST & SC Development, Minorities & Backward Classes Welfare	Nil	Nil	8	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	8	Nil	1
17	School & Mass Education	25	Nil	4	Nil	16	Nil	Nil	Nil	Nil	Nil	Nil	Nil	45	Nil	8
18	Science & Technology	Nil	Nil	7	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	7	Nil	7
19	Culture	Nil	Nil	5	Nil	Nil	Nil	Nil	Nil	Nil	Nil	01	Nil	6	Nil	6
20	Women & Child	33	Nil	1	Nil	Nil	Nil	Nil	Nil	2	Nil	Nil	Nil	36	Nil	36

Sl. No.	Name of the Department	10 th Assembly (1990-1995)		11 th Assembly (1995-2000)		12 th Assembly (2000-2004)		13 th Assembly (2004-2009)		14 th Assembly (2009-2014)		15 th Assembly (2014-2019)		Total		
		Total recommendations	ATNs not received	Total recommendations	ATNs not received	Total recommendations	ATNs not received	Total recommendations	ATNs not received	Total recommendations	ATNs not received	Total recommendations	ATNs not received	Total recommendations	ATNs not received	ATNs received pending for discussion
	Development and Mission Shakti															
21	Sports and Youth Services	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1	Nil	1	Nil	1
	Total	234	6	176	0	99	0	107	0	10	0	10	3	636	9	516

Glossary of abbreviations

AA	Administrative Approval
AAP	Annual Action Plan
AC Note	Acceptance Note
ACPL	M/s Arkitechno Consultants (India) Private Limited
ADG (P)	Additional Director General of Police-cum- Inspector General, Prisons
AE	Assistant Engineer
AEE	Assistant Executive Engineer
AG (A&E)	Accountant General (Accounts & Entitlement)
APS	Additional Performance Security
ARWSP	Accelerated Rural Water Supply Programme
ATR	Action Taken Report
AWC	Anganwadi Centre
BCP	Business Continuity Plan
BDA	Bhubaneswar Development Authority
BDO	Block Development Officer
BeMC	Berhampur Municipal Corporation
BG	Bank Guarantee
BIS	Bureau of Indian Standards
BoQ	Bill of Quantity
BMS	Budget Management System
BRC	Block Resource Centre
BRL	Beyond Rejection Level
BT	Black Top
CACM	Centre for Advanced Communication
CBO	Community Based Organisation
CC	Cement Concrete
CD	Cross Drainage
CDMO	Chief District Medical Officer
CDPO	Child Development Project Officer
CE	Chief Engineer
CHC	Community Health Centre
CMC	Comprehensive Maintenance Contract
CMR	Custom Milled Rice
CNW	Core Network
CPWA	Central Public Works Accounting
CSMMC	Cyclone Shelter Management and Maintenance Committee
CSO-cum-DM	Civil Supplies Officer-cum-District Manager
CSS	Centrally Sponsored Scheme
CUSA	Cavitron Ultrasonic Surgical Aspirator
CWC	Central Warehousing Corporation
CWPP	Community Water Purification Plant
CWSAP	Comprehensive Water Security Action Plan
DAO	Divisional Accounts Officer
DAVP	Director of Advertising and Visual Publicity
DBA	Database Administrator

DC	Delivery Certificate
DCP	Decentralised Procurement
DDO	Drawing and Disbursing Officer
DEO	District Education Officer
DI	Drug Inspector / Ductile Iron
DIC	District Industries Centre
DLC	District Level Committee
DM	District Manager
DMET	Director, Medical Education and Training
DPC	District Project Coordinator
DPIU	District Project Implementation Unit
DPMU	District Programme and Monitoring Unit
DPR	Detailed Project Report
DRDA	District Rural Development Agency
DRM	Disaster Risk Management
DRP	Disaster Recovery Plan
DRRP	District Rural Road Plan
DSC	Departmental Storage Centre
DSS	Departmental Storage System
DSWO	District Social Welfare Officer
DTCN	Detailed Tender Call Notice
DWO	District Welfare Officer
DWSM	District Water and Sanitation Mission
DWSP	District Water Security Plan
EAP	Externally Aided Project
EC	Executive Committee / Examination Committee
EE	Executive Engineer
EIC	Engineer-in-Chief
EIC, RW-cum-CEO	Engineer-in-Chief, Rural Works-cum-Chief Executive Officer
EMD	Earnest Money Deposit
EWDS	Early Warning Dissemination System
FAAS	Financial Advisor-cum-Additional Secretary
FAC	First Aid Centre
FC	Fully Covered
FCI	Food Corporation of India
FD	Finance Department
FIFO	First in First Out
FLC	Fish Landing Centre
FPA	Function Point Analysis
FPS	Fair Price Shop
FS&CW	Food Supplies and Consumer Welfare
FTK	Field Testing Kit
GA	General Administration
GB	Governing Body
GCC	General Conditions of Contract
GIS	Geographical Information System
GoI	Government of India

GoO	Government of Odisha
GP	Gram Panchayat
GSB	Granular Sub-base
GWS&I	Ground Water Survey & Investigation
H&FW	Health & Family Welfare
H&T	Handling & Transport
H&UD	Housing and Urban Development
HED	Higher Education Department
HoD	Head of the Department
HPTLC	High Performance Thin Layer Chromatography
I&PR	Information and Public Relations
IA	Implementing Agency
IDA	International Development Association
IDCO	Odisha Industrial Infrastructure Development Corporation
IFMS	Integrated Financial Management System
IIT	Indian Institute of Technology
IMIS	Integrated Management Information System
IR	Inspection Report
IRC	Indian Road Congress
IT	Income Tax / Information Technology
ITDA	Integrated Tribal Development Agency
IWMP	Integrated Watershed Management Programme
JE	Junior Engineer
JPI	Joint Physical Inspection
KMS	Kharriff Marketing Season
LD	Liquidated Damage
LL	Language Laboratory
L&T	Larsen & Toubro
LTU	Liver Transplantation Unit
MD	Managing Director
MDWS	Ministry of Drinking Water and Sanitation
MIS	Management Information System
MoRD	Ministry of Rural Development
MoU	Memorandum of Understanding
MP	Member of Parliament
MPCS	Multi Purpose Cyclone Shelter
MPM	Model Prison Manual
NABL	National Accreditation Board for Testing and Calibration Laboratories
NC	Not Covered
NCRMP	National Cyclone Risk Mitigation Project
NDMA	National Disaster Management Authority
NFSA	National Food Security Act
NGO	Non-Government Organisation
NQM	National Quality Monitor
NRDWP	National Rural Drinking Water Programme
NRRDA	National Rural Roads Development Agency

NSQ	Not of Standard Quality
O&M	Operation and Maintenance
ODF	Open Defecation Free
ODRP	Odisha Disaster Recovery Project
OGFR	Orissa General Financial Rules
OJM	Orissa Jail Manual
OKCL	Odisha Knowledge Corporation Limited
OM	Operational Manual
OMMAS	On-line Management, Monitoring and Accounting System
OMTES	Odisha Model Tribal Education Society
OPD	Outdoor Patient Department
OPDR	Odisha Public Demands Recovery
OPEPA	Orissa Primary Education Programme Authority
OPWD	Orissa Public Works Department
OREDA	Odisha Renewable Energy Development Agency
ORMAS	Orissa Rural Development and Marketing Society
ORTPS	Odisha Right to Public Service
OSCSC	Odisha State Civil Supplies Corporation Limited
OSD	Officer on Special Duty
OSDMA	Odisha State Disaster Management Authority
OSPHWC	Odisha State Police Housing and Welfare Corporation Limited
OSRRA	Odisha State Rural Roads Agency
OSWAN	Odisha State Wide Area Network
OSWC	Odisha State Warehousing Corporation
OSWSM	Odisha State Water and Sanitation Mission
OT	Operation Theatre
OTC	Orissa Treasury Code
PA	Project Administrator
PAC	Public Accounts Committee
PAD	Project Appraisal Document
PAN	Permanent Account Number
PC	Partially Covered
PCC	Plain Cement Concrete
P&C	Planning & Convergence
PD	Project Director
PDS	Public Distribution System
PG	Post Graduate
PH	Public Health
PIU	Project Implementation Unit
PMC	Project Management Consultant
PMGSY	Pradhan Mantri Gram Sadak Yojana
PMU	Project Management Unit
PPC	Paddy Procurement Centre
PPSWOR	Probability Proportional to Size Without Replacement
PR&DW	Panchayati Raj & Drinking Water
PRI	Panchayati Raj Institution

PS	Performance Security
PSC	Project Steering Committee
PVC	Poly Vinyl Chloride
PWS	Piped Water Supply
RCC	Reinforced Cement Concrete
R&DM	Revenue and Disaster Management
RA	Running Account
RDD	Rural Development Department
RFP	Request for Proposal
RPFC	Regional Provident Fund Commissioner
RRC-cum-DSC	Rice Receiving Centre-cum-Departmental Storage Centre
RW	Rural Works
RWS&S	Rural Water Supply & Sanitation
S&ME	School & Mass Education
SAR	State Analysis of Rate
SAGY	Sansad Adarsh Gram Yojana
SBD	Standard Bidding Document
SCBMCH	Sriram Chandra Bhanja Medical College Hospital
SD	Security Deposit
SDC	State Data Centre
SDD	Software Design Document
SE	Superintending Engineer
SFC	Source Finding Committee
SHG	Self Help Group
SLA	Service Level Agreement
SLLP	State Level Lifting Plan
SLPSC	State Level Project Steering Committee
SLSC	State Level Standing Committee
SLSSC	State Level Scheme Sanctioning Committee
SPD	State Project Director
SPMU	State Programme Management Unit
SQ	Standard Quality
SQC	State Quality Coordinator
SQM	State Quality Monitor
SRC	Special Relief Commissioner
SRS	Software Requirement Specification
SS	Sanctioned Strength
SSA	Sarva Shiksha Abhiyan
SSI	Small Scale Industries
STA	State Transport Authority / State Technical Agency
STEP	Science & Technology Entrepreneurs' Park
SWSAP	State Water Security Action Plan
TC	Technical Committee
TCEL	Tata Consultancy Engineering Limited
TCN	Tender Call Notice
TDR	Term Deposit Receipt
TDS	Tax Deducted at Source

TEC	Tender Evaluation Committee
TE&SCERT	Teacher Education & State Council of Educational Research and Training
TFC	Thirteenth Finance Commission
TMIS	Tubewell Management Information System
TPQA	Third Party Quality Auditor
TS	Technical Sanction
UC	Utilisation Certificate
UDISE	Unified District Information System for Education
UDWQMP	Uniform Drinking Water Quality Monitoring Protocol
ULB	Urban Local Body
URS	User Requirement Specification
UTP	Under Trial Prisoner
VC	Video Conferencing
VES	Vertical Electrical Sound
VIMSAR	Veer Surendra Sai Institute of Medical Science and Research
VWSC	Village Water and Sanitation Committee
VWSP	Village Water Security Plan
WAMIS	Works and Accounting Management Information System
WCD&MS	Women & Child Development & Mission Shakti
WQMS	Water Quality Monitoring and Surveillance
WSSO	Water and Sanitation Support Organisation