REPORT (PAC)

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ANNUAL TECHNICAL INSPECTION REPORT

ON

PANCHAYATI RAJ INSTITUTIONS

GOVERNMENT OF ODISHA

In terms of the Technical Guidance and Support (TGS) by the Comptroller and Auditor General of India

FOR THE YEAR ENDED MARCH 2011

Office of the Accountant General (G&SSA)
Odisha, Bhubaneswar

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Preface

This Report is based on the audit of Panchayat Samitis, Zila Parishads under Section 14(1) and that of Gram Panchayats entrustment under Section 20(1) of C&AG's (DPC) Act 1971.

This is the sixth Report prepared on the performance of Panchayati Raj Institutions (PRIs).

This Report starts with an introductory Chapter 1 outlining the audit scope, mandate and the key audit findings which emerged during the year-long audit exercise. Chapter 2 of the Report covers material findings emerging from compliance audits. Chapter 3 discusses audit of systems while Chapter 4 indicates the response to audit.

The cases mentioned in this Report were among those which came to notice in the course of test audit of accounts of PRIs during the year 2010-11 as well as those which came to notice of audit in earlier years but could not be dealt with in previous reports or though reported previously but not responded by the department and matters relating to the period subsequent to 2010-11 were also included wherever found necessary.

Overview

This Annual Technical Inspection Report of the Accountant General (General and Social Sector Audit), Odisha focuses on the findings on three selected themes and the compliance audit of the Panchayati Raj Department including selected Panchayati Raj Institutions (PRIs) such as Zila Parishads, Panchayat Samitis and Gram Panchayats. The lapses on efficiency and effectiveness of operational, financial and administrative controls of the Department along with the field units were pointed out through Audit of Oversight role of the Government, Sanctions and constructive responsibility of sanctioning authority and Decentralised Governance.

Compliance audit examines transactions relating to expenditure, receipts, assets and liabilities of the audited PRIs 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.

1. Significant audit observations of compliance audit

- **Idling of ₹11.78 lakh due to non-utilisation of food grains under SGRY and loss of ₹15.20 lakh.**

(Paragraph 2.2.1)

- **Avoidable expenditure of ₹1.79 crore in construction of market complexes**

(Paragraph 2.2.2)

- **Loss of subsidy of ₹1.01 crore due to supply of rice and sugar on fake PDS cards**

(Paragraph 2.2.3)

- **Blockage of capital of ₹18.15 lakh in incomplete projects**

(Paragraph 2.2.4)

- **Misutilisation of ₹4.45 lakh due to non creation of asset**

(Paragraph 2.2.5)

- **Irregular execution of works of ₹3.98 lakh through use of machines under MGNREGS**

(Paragraph 2.2.6)

2. Audit of Oversight Role of Government in PR Department

Audit of the oversight role of government for the coverage period 2010-11, revealed deficiencies beginning from system design to monitoring of the functions of three-tier PRIs. The management information system was also observed to be weak and unable to cope with the proper functioning of PRIs.

(Paragraph 3.1)

CHAPTER – I

AN OVERVIEW OF THE PANCHAYATI RAJ INSTITUTIONS

1.1 Introduction

Panchayati Raj Institutions (PRIs) came into existence in Odisha from 1948 with enactment of Odisha Gram Panchayat Act 1948. Subsequently, Odisha Panchayat Samiti Act and Zila Parishad Act were enacted in 1959 and 1991 respectively, setting up three tier PRIs in the State. All these Acts were amended in 1993 and 1994[1] in conformity with the 73rd Constitutional Amendment Act 1992 empowering the PRIs to function as institutions of self Government to accelerate economic development and ensure social justice in rural areas.

1.2 Organisational Set up

All the three tiers of PRIs function under the administrative control of the Panchayati Raj (PR) Department headed by the Commissioner-Cum-Secretary who is assisted by the Director (PR) and the Director (Special Projects) at the State level.

Each of the 30 districts of the State has a Zila Parishad (ZP). The ZP is managed by an elected body headed by a President, who is elected from amongst the elected representatives of the ZP. The District Collector acts as the ex-officio Chief Executive Officer (CEO) of the ZP while the Project Director of concerned District Rural Development Agency (DRDA) acts as the ex-officio Executive Officer (EO) for discharging day-to-day administrative functions of the ZP.

The Panchayat Samiti (PS) functioning at the Block level is managed by an elected body headed by a Chairman duly elected from amongst the elected representatives of the Block and the Block Development Officer (BDO) acts as the executive head.

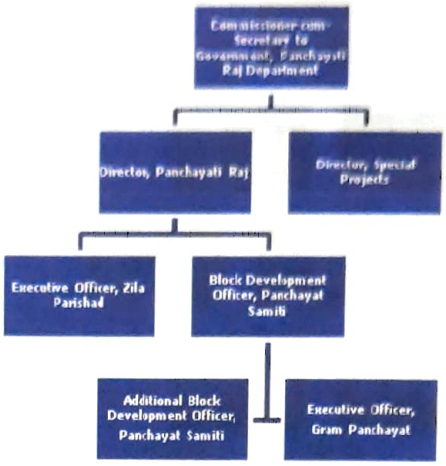
At the Gram Panchayat (GP) level, the elected members headed by a Sarpanch constitute the GP. The State Government has declared the Village Level Worker (VLW) as the Panchayat Executive Officer and entrusted him with the general superintendence and overall control of the GP who discharges his duties under the supervision of the BDO.

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[1] ZP Act 1991 of Odisha amended in 1993, Odisha Gram Panchayat Act [illegible] and Odisha Panchayat Samiti Act 1959 amended in 1994

As of March 2012, 30 ZPs, 314 PSs and 6234 GPs were functioning in Odisha. Election to the PRIs was last conducted in February 2012.

The organisational set-up of the PRIs is indicated below.



The Elected Body set-up of the PRIs is as follows: -



1.3 Functioning of PRIs

The PRIs are required to execute various functions entrusted to them through seven Standing Committees, to be constituted for the purposes viz.

- Planning, Finance, Anti- poverty Programme and Co-ordination.
- Agriculture, Animal Husbandry, Soil Conservation, Horticulture, etc.
- Works, Irrigation, Electricity, Water Supply, etc.
- Health, Social Welfare, etc.
- Public Distribution System, Welfare of the Weaker Section, etc.
- Handicrafts, Cottage Industry, Khadi and Village Industries, etc.
- Education, Sports and Culture.

The overall monitoring and review of the development programmes are conducted at the state level by the State Level Vigilance & Monitoring Committee (SLVMC) and at the district level by the District Vigilance and Monitoring Committees (DVMC). The SLVMC has been constituted under the chairmanship of the Hon'ble Minister, Rural Development with three Co-Chairmen and 29 members. In case of DVMC, the Hon'ble Member of Parliament is the Chairman, with

District Collector as the Secretary and all district level officers as members. The DVMC has to meet once in every quarter.

1.4 Sources of Funds

The main sources of income of PRIs in the State are funds released by Government of India (GoI) under various Centrally Sponsored Plan Schemes (CSP) viz. National Rural Employment Guarantee Scheme (NREGS), Backward Region Grant Fund (BRGF), Indira Awaas Yojana (IAY) etc., grants received from State Government as per the recommendations of State Finance Commission, grants received as per recommendations of Central Finance Commission, funds received under State sponsored schemes like *MO Kudia*, Cement Concrete (CC) Road, *Biju KBK Yojana*, *Gopabandhu Gramin Yojana* (GGY) etc. In addition, PRIs are also mobilising resources from own sources such as taxes, rents, license fee etc.

The receipt and expenditure position of the PRIs for the last three years are indicated in the table below.

Table No.1.1 Statement of receipt and expenditure by PRIs ***(₹ in crore)***

	Receipt of Grants by the PRIs	Total funds available	Expenditure	Balance
2008-09	2606.88	3203.23	1771.70	1431.53
2009-10	2188.82	3574.49	2738.78	835.71
2010-11	3547.27	4385.36	3342.17	1043.19

(Source: Information furnished by the PR Department)

1.5 Accounts

The EO in ZP and the BDO in PS are responsible for maintenance of various books of accounts and preparation of annual financial statements. In case of GPs, the Executive officer is responsible for the same.

In GPs, the Annual Accounts are to be prepared in formats prescribed in Rule 159 of the GP Accounting Rules. However, the GPs are not preparing the Annual Accounts in the said formats. The Government of Odisha has not adopted (March 2012) the new formats recommended (May 2011) by CAG for GPs.

In respect of PSs, the new format prescribed by the CAG, has been adopted by the Government from April 2004. However, none of the PSs in the State are preparing their Annual Accounts in the prescribed formats (March 2012).

In ZPs, neither the new formats prescribed by CAG nor the specific formats prescribed by the Government for the preparation of the Annual Accounts of the ZP have been adopted. Thus, Annual Accounts are not being prepared in prescribed formats by ZPs. Except salary component and drawal of State share of Centrally Sponsored Schemes, all other activities like management of scheme

funds, implementation of schemes etc are still done by the DRDAs. The ZP, however, approves the Annual Action Plans under MGNREGS and monitors implementation of all rural sector programmes in the district.

1.6 Audit arrangements

The Examiner Local Fund Audit (ELFA) is the Statutory Auditor of PRIs in the State. The CAG provides Technical Guidance and Support (TGS) under Section 20(1) of CAG's (DPC) Act, 1971 for proper maintenance of accounts and audit of PRIs. The ELFA conducts audit of PSs and GPs of 30 districts of the State through 13 District Audit Offices.

The arrear position in respect of audit by ELFA is given in the following table.

Table No. 1.2

Year	Total number of PRIs planned for audit		Total number of PRIs Audited		Shortfall		Total Short
	Gram Panchayats	Panchayat Samitis	Gram Panchayats	Panchayat Samitis	Gram Panchayats	Panchayat Samitis	
2008-09	1428	176	1183	170	245	6	251
2009-10	1156	205	957	198	199	7	206
2010-11	2777	285	2522	282	255	3	258

(Source: Information furnished by Examiner, Local Fund Audit, Odisha)

Number of accounting years in arrears could not, however, be furnished by the ELFA. To reduce the arrears in audit of GPs, the Government / ELFA engaged (September 2010) the Institute of Public Auditors of India (IPAI) for audit of the accounts of GPs. The IPAI audited 2129 GPs during September 2010 to March 2012.

1.6.1 CAG Audit

The audit of PRIs is being conducted by CAG under section 14(1) & 20 (1) of CAG (DPC) Act, 1971. Audit of seven ZPs, 55 PSs and 330 GPs have been conducted (July 2011). In the first quarter (April to June 2011) we conducted audit of PSs and GPs in five districts. The district reports were issued to respective district Collectors and the replies/comments are awaited (March 2012). Besides, ELFA allotted 20 *per cent* GP units to us and we conducted the inspections and intimated the ELFA as to the pending units to be covered by them.

1.6.2 Technical Guidance and Support (TGS)

The Government of Odisha entrusted (April 2011) the CAG of India with audit of accounts of PRIs and ULBs of the State under section 20(1) of the CAG's (DPC) Act 1971 and to provide TGS to the Examiner, Local Fund Audit (ELFA) in conducting audit of PRIs. Draft amendment to LFA Act 1948 for laying of annual

reports of ELFA as well as results of audit of PRIs undertaken by the CAG was pending for approval of the State Legislature (July 2012). To enable LFA Auditors to adopt improved audit methodology and upgrade their audit and reporting skill, 434 Auditors were trained during the period from December 2010 to March 2011. Subsequently, training on Performance Audits and theme based audits were also imparted to 74 Audit Superintendents and 98 Auditors during December 2011 to June 2012. Audit Plan of ELFA for 2011-12 was also prepared in consultation with us and the ELFA has been impressed (June 2012) to start with some performance audit/theme based audit during 2012-13 under the TGS of CAG.

1.7 District Planning Committee

The State Government enacted the Odisha District Planning Committee (DPC) Act, 1998 for setting up of District Planning Committees to consolidate the plans submitted by the PRIs and ULBs and prepare integrated draft development plan for the district as a whole. The Committee was also assigned the powers to review the implementation of the developmental programmes by the Local Bodies (LBs). Elected members of PRIs and ULBs in the district were to fill up 80 *per cent* members of the committee and the rest 20 *per cent* members were to be nominated by the Government. The Draft District Development Plan was required to be forwarded by the Chairperson of the DPCs to the State Government for approval. Despite the formation of the DPCs since 2001-02, the role was limited to approval of Annual Plans of BRGF. Though the Government notified (June 2010) constitution of District Planning and Monitoring Units (DPMUs) to act as the secretariat of the DPC, yet the DPMUs were not made functional (January 2012) due to absence of technical support teams and secretariat support staff for monitoring and implementation of plans.

1.8 Comments on Accounts

1.8.1 Non-utilisation of Grants

Total funds received vis-à-vis the expenditure incurred by the 34 test checked PSs for the year 2010-11 were as under: -

Table No.1.3 ***(₹ in crore)***

Number of PSs	Total availability of fund during 2010-11 (including OB as on 01-04-2010)	Expenditure made during 2010-11	Balance	Percentage of utilisation
34	726.46	364.87	361.59	50

(Source: Records of PSs)

As seen from the above table, the expenditure in 34 PSs during 2010-11 was only ₹364.87crore while total fund available was ₹726.46 crore and this was only 50 *per cent.* The unit wise details are shown in ***Appendix-2.5***, which indicates the low spending efficiency by these PRIs. Further analysis revealed that the highest

expenditure was reported in two PSs of Khordha and Kamakshanagar with expenditure of 95 and 91 *per cent* respectively. Similarly in Balipatna and Baramba, the expenditure was reported lowest within a range of 26 and 27 *per cent*. Such low expenditure was due to non-availability of technical personnel and deficient planning.

On this being pointed out, concerned BDOs stated (June 2011) that unutilised funds would be utilised in due course. The reply was not tenable as evidenced from the last three years balance figures of the State ending 2010-11, which indicated that huge balances were lying unutilised at the end of each year.

1.9 Deficiencies in the maintenance of Cash Books

Audit of cash books of test checked PRIs revealed the following deficiencies in maintenance of cash book in spite of repeated audit observations: -

- Periodical as well as surprise physical verification of cash was not conducted.
- Due to non-preparation of bank reconciliation, there was huge discrepancy between the cashbook and passbook balances inspite of introduction Panchayat Accounting and Monitoring Information System (PAMIS) package at PS level.
- A consolidated Cash Book showing the overall receipt and disbursement of cash of each PS was not maintained despite operation of more than one cashbook.
- Bill and date wise analysis of the closing balances at the end of each month as provided under OTC-Vol-I was not worked out and recorded in the cash books.

1.10 Recommendations

- Annual Accounts should be prepared by the PRIs regularly and timely in prescribed formats.
- Database on finances should be maintained at all levels of PRIs.
- Budget Estimates in respect of GPs and PSs should be prepared and placed before the Gram Sabha and Panchayat Samiti respectively for its consideration and approval.
- District Planning Committee should be strengthened by providing secretarial, technical and inspection staff for discharging their functions in the spirit of provisions contained in the Constitution and the Act enacted.
- Allotted scheme funds should be utilised within targeted time frame by the PRIs.

CHAPTER II

PANCHAYATI RAJ DEPARTMENT

2.1 Compliance audit of Panchayati Raj Institutions (PRIs)

Compliance audit refers to examination of the transactions relating to expenditure, receipts, assets and liabilities of the audited entities to ascertain whether the provisions of the Constitution of India, applicable Rules, Laws, Regulations and various orders and instructions issued by the competent authorities are being complied with. Transaction audit of accounts relating to 2010-11 of 55 Panchayat Samitis, out of audited 330 Gram Panchayats, 189 Gram Panchayats under five districts (Cuttack, Jagatsinghpur, Jajpur, Angul and Balasore) and seven ZPs was conducted in the first quarter of 2011-12. District reports were issued to the District Collectors and copy endorsed to the PR Department. Important audit findings such as poor financial management, ineffective implementation of works under different schemes leading to unfruitful expenditure and blockage of scheme funds, meagre generation of revenue by the GPs are discussed in the succeeding paragraphs.

2.2 Deficient implementation of SGRY scheme

The Sampoorna Grameen Rozgar Yojana (SGRY) is a centrally sponsored scheme on cost sharing basis between the Centre and the States in the ratio of 75:25 of the cash component of the Programme. The primary objective of the SGRY was to provide additional wage employment in all rural areas and thereby provide food security and improve nutritional levels (Para 1.1 of the SGRY guidelines) and the secondary being the creation of durable community, social and economic assets and infrastructural development in rural areas. Food grains should be given as a part of wages under the SGRY to the rural poor at the rate of 5 kg per man-day, subject to a minimum of 25 *per cent* of the wages to be paid in cash (Para-2.2 of the guidelines). We observed the following:

2.2.1 Idling of ₹11.78 lakh due to non-utilisation of food grains under SGRY and loss of ₹15.20 lakh

Government of Odisha, PR Department instructed (March 2008) all the BDOs to complete all the ongoing works under SGRY of 2007-08 by 30 June 2008 and exhaust the food grains. Funds released for the scheme and the unspent amount, if any, including food-grains was to be merged with the MGNREGS account thereafter.

Review of records of the BDO, Narsinghpur, revealed (June 2011) that due to non-availability of storage facility at the block godown and to facilitate the issue of the food grain at the work site, food grains were stored at different Gram Panchayat godowns. A consolidated stock register of receipt and issue of rice was maintained at the block level for accountal of the stock. We further noticed that 2141.75 quintals of

rice was lying unutilised in 27 GP godowns as of June 2012. The details of stock are indicated in ***Appendix-2.1***.

After the SGRY scheme subsumed with MGNREGS in February 2006 in the State and its implementation began in Cuttack district in April 2008, the BDO, Narsinghpur directed (October 2009) all the GPs to return the unutilised stock of rice and reconcile the stock. In response, nine Gram Panchayats[2] submitted (December 2009) a proposal for writing off the cost of the entire 1207.02 quintals of rice valued at ₹15.20 lakh (₹1260 per quintal X 1207.02 quintals) lying unutilised in their GP godowns as the entire quantity was damaged. Further, remaining 18 GPs did not furnish any information about the unutilised balances of rice lying in their godowns as of June 2012. Thus, due to lack of internal control mechanism at PS level, the Executive officers (EOs) of 18 GPs did not furnish the stock position of the food grains worth ₹11.78 lakh (₹1260 per quintal X 934.73 quintals). Further, write off sanction of the competent authority for the loss of ₹15.20 lakh was not obtained as of June 2012.

The BDO, Narsinghpur stated (June 2011) that necessary steps would be taken to recover the cost of the rice from the EOs and Secretaries who were responsible for such lapses. However, no effective steps were taken by BDO, Narsinghpur to sort out the matter (June 2012).

2.2.2 Avoidable expenditure of ₹1.79 crore in construction of market complexes

(a) Completed market complexes

The Government of Odisha adopted the strategy 'Bazar, Sadak, Pani" and *inter alia* emphasised on construction of market sheds/ complexes under erstwhile SGRY, in every GP of the State, for allotment to un-employed youth to carry out petty business for self employment. Similarly, market complexes were also planned to be constructed under SGSY (Infrastructure), Member of Legislative Assembly Local Area Development (MLALAD) and Member of Parliament Local Area Development (MPLAD) schemes. Beneficiaries for such sheds were to be identified prior to taking up construction activities and were to be involved in construction of such market sheds. These sheds / complexes after completion were required to be allotted immediately to the identified beneficiaries. Audit noticed that in 10 PSs[3], the BDOs constructed 218 shopping complexes at a cost of ₹1.41 crore during 2003-04 to 2006-07. The said shopping complexes remained unallotted even after four to eight years of their construction due to several reasons, such as political disputes and location of complexes far from residential areas. Beneficiaries were not even identified before the construction process. This indicated that the construction activities were taken up by the BDOs without considering the departmental guidelines and capital investment of ₹1.41crore was made without adequate planning

[2] Alara, Kamaladiha, Balisahi, Sagar, Godibandha, Baselihat, Nimasahi, Ekadal and Balijhari

[3] Kantapada, Pallahara, Banarpal, Nilgiri, Basta, Harabhanga, Kantamal, Balikuda, Talcher and Nischintkoili

and beneficiary survey in those areas. This resulted in mis-utilisation of funds under the scheme.

The BDOs stated (June 2011) that the completed sheds/ complexes would be allotted to the targeted beneficiaries soon. However, the position remained the same (June 2012), which was indicative of the fact that no suitable measures were taken for allotment of the constructed complexes and their utilisation.

(b) Incomplete market complexes

In Balikuda PS, construction of 75 market sheds / complexes were taken up between March 2004 and June 2007 at an estimated cost of ₹38.45 lakh. The construction work was not completed as of March 2012 after investment of ₹37.84 lakh from the scheme fund. The project/scheme was not completed even after expiry of five to eight years since the date of commencement of the works, as of June 2012. Reasons attributed for non completion were paucity of funds, non adherence to time lines and cost escalation.

Thus, entire expenditure of ₹37.84 lakh incurred on these works was rendered unfruitful as further funding under the SGRY scheme had been ceased due to closure of the scheme with transfer of unspent funds to MGNREGS after completion of the extended period (June 2007). Details are indicated in ***Appendix-2.2.***

The BDO, Balikuda stated (June 2011) that the incomplete works would be completed soon. The reply is not tenable as completion of the project/scheme is not possible at the moment due to closure of the scheme. Unless Government provides more grants specifically on this account, the statusquo will persist (June 2012). This reflected on the inadequacy of internal control mechanism in monitoring and completion of the projects within the decided time-frame.

2.2.3 Loss of subsidy of ₹1.01 crore due to supply of rice and sugar on fake Public Distribution System (PDS) cards

Under Para 10(d) and 21(2) of Odisha PDS (Control) Orders 2008, the BDOs are authorised to issue ration cards to the beneficiaries under BPL category with the approval of the District authorities. The Collector, Cuttack conducted field survey (October 2010 to December 2010) to identify the genuineness of issue of the ration cards to the beneficiaries. 492 fake ration cards were detected during the survey in four blocks {Nischintkoili (22), Banki-Dampada (25), Mahanga (291) and Tigiria (154)}. Further, the beneficiaries availed the subsidy on the purchase of sugar and rice @ ₹13.50 per kg and @ ₹12.65 per kg respectively, during the period 2006-07 to 2010-11. The BDOs, therefore, allowed undue benefits to the beneficiaries by allowing the issue of 589.90 quintals of sugar and 7373.75 quintals of rice which resulted in a loss of subsidy of ₹1.01 crore to the Government due to these fake ration cards. The details of calculations are indicated in *Appendix-2.3.*

The concerned BDOs admitted (May/June 2011) that the issue of ration cards and supply of rations were made by the Sarpanchs of the GPs and this practice was discontinued from February 2011. The concerned BDOs failed to exercise control and allowed the Sarpanchs of the GPs to issue these ration cards in violation of the instructions of the Government. Thus, absence of close supervision over the issue of ration cards and supply of rations by the BDOs resulted in loss of subsidy of ₹1.01 crore to the Government.

2.2.4 Blockage of capital of ₹18.15 lakh in incomplete projects under MPLAD and MLALAD schemes

Projects taken up under various centrally sponsored /central plan schemes are required to be completed at the earliest possible. The basic objective is to pass on the benefit to the users/beneficiaries as early as possible and to avoid any cost overrun on account of upward revision of labour and material cost.

In six PSs, 21 works (Appendix-2.4) it was noted that under MPLAD and MLALAD schemes with estimated cost of ₹31.00 lakh taken up during 2004-05 to 2009-10 were not completed over a period of seven years after incurring an expenditure of ₹18.15 lakh as of June 2012. As a result, the expenditure of ₹18.15 lakh was rendered unfruitful and the desired objective of creation of assets was not fulfilled.

Besides, unutilised funds of ₹12.85 remained in the different accounts of PSs ***(Appendix-2.4).***

The concerned BDOs stated (April/June 2011) that these projects would be completed soon. The reply is not acceptable as no further development had taken place (June 2012) even after two to seven years of commencement of the works.

Political interference and other hindrances were reasons attributed to the non completion of these projects. This indicated that the BDOs did not take timely action on these to ensure completion of the sanctioned projects on time.

2.2.5 Misutilisation of ₹4.45 lakh due to non creation of assets

The work "Improvement of road from Deunr *Prathamik* School to *Bhagabat tungi*" was executed by the Bhograi PS of Balasore district through the JE in Nachinda GP at an estimated cost of ₹5.00 lakh. The estimate was approved in January 2008 by the BDO and revised in April 2008 incorporating some new items and excluding items provided in the original estimate. The work order was issued in January 2008 and an expenditure of ₹4.86 lakh was incurred till July 2008. Final bill ₹14007 is pending (December 2011).

In this regard the following observations are made-



Improvement of road from Deunr Prathamik School to Bhagabat Tungi

- The project was neither approved by the Gram Sabha nor by the DPC.
- Irregularities in the formation of Village Monitoring Committee (VMC) at the Palli sabha held on 18 January 2008 for this work.
- Muster rolls (17 nos.) for 164 labourers were prepared fictitiously, showing payment of ₹1.38 lakh for creating 1968 man days for the period 05 April 2008 to 18 April 2008 by preparing fake application for work(C-1) in the name of the workers.
- Nine households (15 labourers) who had been shown to have worked and paid, had actually not worked during the above period as verified from the Employment Register (B-9) maintained by the GP. Two households had not even received Job cards.
- Distinct Muster Rolls (MRs) issued by the Programme Officer (PO) against one specific work cannot be utilised in other works. But 11 out of 17 MRs shown to have been utilised in this work had been issued and utilised in another work "Improvement of road from Kharidchak School to Tunkikhana".
- As required by rules, the MRs and details of other expenditure had not been entered online, except the amount of royalty.

The work was physically verified (28 December 2008) in presence of the Junior Engineer of the GP and found that the work had not been executed and no asset exists and no transparent pillar as required under the scheme existed. This was confirmed by the Sarpanch of the GP and the ward member in presence of the JE and two villagers. It was also noticed that the photographs kept in the case records did not give the view of the pre and post execution condition of the work site. As the work was confirmed not to have been executed, the Check Measured Certificate furnished by the Assistant Engineer was proved to be false. Other records/ information such as the Completion Certificate of VMC, signatures of Sarpanch, PS member, Assistant Engineer in MRs and hand receipts had been taken by the executant to substantiate the execution of the work.

As no work was done, scheme funds to the tune of ₹4.45 lakh (₹485933-₹40615) have been misutilised by the executants, with the support of the BDO and the Assistant Engineer.

In reply, the PO, Bhograi stated (January 2012) that the facts would be verified and intimated to audit. The reply is not tenable as no asset exists, as physically verified by audit in the presence of the AE, JE, Sarpanch, ward member and other villagers.

2.2.6 Irregular execution of works of ₹3.98 lakh through use of machines under MGNREGS

The work "Excavation of new pond at Anturai Gohiripada" at Anturai of Balim GP (Bhograi PS of Balasore district) was executed by the Panchayat Samiti, departmentally through the JE at anestimated cost of ₹5.00 lakh. The work order was issued (March 2008) and an expenditure of ₹3.98 lakh was incurred (April 2008).

It was also noticed that the project had not been approved by the Gram Sabha and by the DPC. As per a noting (28 February 2007) in the case record, it was seen that job seekers of Anturai village had applied in prescribed application for unskilled work. But while going through the applications, it was found that the labourers of Balim village had applied and worked as per MRs. Wages amounting to ₹3.86 lakh were paid to 459 labourers for working for 5508 days (from 3 March 08 to 16 March 2008). On physical verification (29 December 2011) of the asset, it was found that the estimated work of the pond was executed for ₹3.98 lakh. Further, no transparent pillar was found at the work site though an amount of ₹2500 was paid on this account. A digitally manipulated transparent pillar was affixed with photo and kept in the case record. The area of the pond recorded in the Measurement Book (No.-47/2007-08 at P/40, 41, 59 & 60) varied from the actual measurement and the actual amount works out to ₹1.95 lakh (60m X 45m X2m X ₹36.04/cum) instead of ₹3.93 lakh paid towards excavation of earth, leading to excess payment of ₹1.98 lakh calculated at the rate of ₹36.04 per cum paid for first layer.



Excavation of new pond at Anturai Gohiripada of Balim GP

During beneficiary interviews with 15 labourers of Balim village who had been shown to have worked and paid, confirmed that these labourers had not actually worked in the project and that it was not practically possible to excavate earth by 459 labourers at one time in an area measuring only 2700 Sqm. The villagers of Anturai confirmed that the work was executed using machines, leading to the audit conclusion that the MRs had been fictitiously prepared.

The BDO Bhograi stated that the DPC approved the project and since the labourers of Anturai village had claimed higher wages, the work was instead executed by the villagers of Balim village. The work had been executed four years back and the labourers had some vested interest in denying their involvement in the execution of the work. The reply was not satisfactory as there was no evidence regarding denial of work by the labourers of Anturai village who had initially applied for work as per the case record. Further, the workers of Balim village denied that they had worked in the project. Moreover, the concerned JE admitted the fact of using machine before the villagers at the time of physical verification of the asset. Regarding the inflated measurement, BDO stated (January 2012) that less measurement was found due to settlement. This reply was not satisfactory as the length and the breadth of the pond cannot be reduced after settlement.

2.2.7 Irregularities in Financial Management

Scrutiny of records relating to accounts of the 35 PSs and 80 GPs for 2010-11 revealed that there was inefficient fund management, which led to diversion of

funds, low spending efficiency, non-accountal of interest, misutilisation of funds and failure in implementation of schemes as indicated in the following tables.

2.2.7.1 PS level financial irregularities

Table No.2.1

Sl.No	Issue	Amount (₹)	Cause & Effect
1	Low spending Efficiency		In 17 PSs of eight districts, the percentage of expenditure to the total availability of funds ranged from 26 to 46 *per cent* (***Appendix-2.5***) resulting in delayed implementation of developmental programmes with consequential failure to fulfill the desired objectives of the scheme. The overall percentage of spending efficiency of 34 PSs was only 50 *per cent*. The main reasons behind low spending are delays in commencement of the sanctioned projects/works and inadequate planning by BDOs inspite of creation of additional posts such as Additional Programme Officer, Additional Block Development Officer at PS level.
2	Outstanding advances	41.75 crore	Even though the PAMIS package was introduced by the PR Department in January 2006 at PS level, the outstanding advances till 2005 of ₹25.40 crore were kept under unclassified category till March 2011 for want of guidelines by the department. Test check of records of 31 PSs revealed that ₹41.75 crore (including unclassified advance of ₹25.40 crore) remained outstanding in PS cashbooks (***Appendix-2.6***). Further, the concerned BDOs had not taken timely action for adjustment of ₹16.35 crore out of which ₹26.22 lakh remained outstanding against ex-employees/retired officials. The delay in adjustment of outstanding advance was due to non-review of cases on quarterly basis and irregular sanction of advances to officials without adjustment of previous outstandings. This practice was continued inspite of posting of Additional Block Development Officers (ABDOs) to look after accounting issues exclusively.
3	Non-accountal	1.72	As per scheme guidelines, the interest accrued

Sl.No	Issue	Amount (₹)	Cause & Effect
	of Interest accrued under different schemes	crore	under a particular scheme should be treated as the additional funds under the relevant scheme for utilisation. ₹1.72 crore credited by banks towards interest under different schemes in the savings bank accounts were not accounted for by 10 PSs and the fact of earning was not even intimated to the funding agencies ***(Appendix-2.7)***. Even though the Core Banking Systems are available at PS/District level, the bank pass books were not updated before closing of the cash books in the PAMIS package. Thus, non-reconciliation of cash book balances with the bank pass book by PS authorities resulted in non-accountal of accrued interest and defeated the realistic assessment of fund position under different schemes.
4	Retention of funds under closed/ defunct scheme.	2.73 crore	Unspent grants remaining unutilised under closed/defunct schemes are required to be refunded to the funding agencies. In 15 PSs, ₹2.73 crore remained unutilised under declared closed/defunct schemes without being refunded as of March 2011 ***(Appendix-2.8)***. The position did not improve in spite of introduction of PAMIS/PRIASOFT packages and posting of ABDOs.
5	Non-remittance of Government dues and Labour cess	5.02 crore	Test check of records of 41 PSs revealed that revenues realised for ₹5.02 crore (Royalty, VAT etc. ₹4.02 crore + Labour Cess: ₹1 crore) were lying in the cashbooks as of March 2011, without being remitted to the concerned heads of the Government. The concerned BDOs failed to deposit Government dues within the prescribed time limit of three days in spite of posting of ABDOs. Non-remittance of Government revenues in time defeated the purpose of decentralisation under 73rd and 74th Constitutional amendment to augment the Consolidated Fund of the State for supplementing the resources of the Panchayats. Further, due to non-remittance of Labour Cess, the Welfare Board did not provide

Sl.No	Issue	Amount (₹)	Cause & Effect
			welfare benefits to the beneficiaries. ***(Appendix-2.9)***
6	Diversion of funds	20.25 crore	In 20 PSs in seven districts (Angul, Cuttack, Jajpur, Jagatsinghpur, Balasore, Dhenkanal and Khordha) BDOs diverted funds of ₹20.25 crore ***(Appendix-2.10)*** from one scheme to other during 2010-11. The diverted funds were not recouped within the financial year. Even though diversion of funds is strictly prohibited, the BDOs violated the guidelines/instructions and diverted the funds, resulting in non-completion of sanctioned projects and non-achievement of targets under respective schemes.

2.2.7.2 GP level financial irregularities

Table No.2.2

Sl.No	Issue	Amount (₹)	Cause & Effect
1	Low spending Efficiency		In 17 GPs under 13 PSs in five districts the percentage of expenditure to the total availability of funds ranged from 22 to 50 *per cent* ***(Appendix-2.11)***, resulting in delayed implementation of developmental programmes with consequential failure to fulfill the desired objectives of the scheme. The main reasons behind low spending are delays in commencement of the sanctioned projects/works and inadequate planning by EOs inspite of provision of Gram Rojgar Sevaks (GRS) at GP level. The EOs attend fortnightly/monthly review meetings at PS level with BDOs. Difficulties and constraints of field work should have been discussed and overcome due to these meetings to ensure timely completion of work.
2	Outstanding advances	34.06 lakh	In 59 GPs, an amount of ₹34.06 lakh remained outstanding for a period over 2 to 15 years as of 31 March 2011 ***{Appendix-2.12(a)}***. It indicates poor fund management and lack of effective internal control mechanism, as 43 out of 59 GPs ***{Appendix-2.12(b)}*** did not even

Sl.No	Issue	Amount (₹)	Cause & Effect
			maintain advance register to keep track of the advances. The BDOs had also not taken any initiatives for realisation of outstanding dues from concerned parties over the span of 15 years, leading to loss to the Government.
3	Retention of funds under closed/ defunct scheme.	12.09 lakh	We observed that in 29 out of 80 GPs, ₹12.09 lakh under SGRY was lying unutilised without being merged with MGNREGS. Timely action for utilisation of these available resources could have created employment opportunities to the extent of 6047 mandays (@ ₹120 per manday for ₹7.25 lakh i.e. 60 *per cent* of total available fund) for the rural unskilled labourers under MGNREGS besides creation of assets ***(Appendix-2.13).*** Even though the EOs were posted for maintenance of accounts at GP level, this objective was not fulfilled.
4	Non-remittance of Government dues and Labour cess	4.76 lakh	In 27 GPs, revenues for ₹4.76 lakh towards Royalty, VAT and Labour Cess ***(Appendix-2.14)*** deducted/collected from work bills of different implementing agencies was lying in the Cash Books (31 March 2011) without being remitted to the revenue heads of concerned/appropriate authorities. This defeated the purpose of augmenting the "Consolidated Fund" of the State to supplement the resources of the Panchayats. Further, due to non remittance of labour cess, the welfare Board did not provide welfare benefits to beneficiaries.
5	Diversion of fund	7.66 lakh	In 17 GPs, funds of ₹7.66 lakh were diverted by the EOs from one scheme to another which remained un-recouped as of March 2011 ***(Appendix-2.15).*** The district authorities/PS authorities allotted funds to the GPs beyond their requirements. The EOs are not authorised to divert funds from one scheme to the other. This indicates failure of internal control mechanism of the PS.
6	Non preparation of Budget Estimates		No expenditure in excess of the annual budget estimate shall be incurred by the GP. We observed that in 21 GPs out of 80 GPs ***(Appendix-2.16),*** Budget Estimates had not

Sl.No	Issue	Amount (₹)	Cause & Effect
			been prepared for 2010-11, resulting in unauthorised expenditure of ₹2.19 crore.
7	Non preparation of Annual Accounts		As per Rule 159 of Odisha Gram Panchayat Manual, the EOs should prepare Annual Accounts of the GP (in Forms 40 and 41) showing total receipts and payments during the year under various items with opening and closing balances soon after the close of the financial year, but not later than 30th April. We observed that in 43 out of 80 GPs ***(Appendix-2.17(a))***, Annual Accounts were not prepared for which the actual position of receipts and expenditures made during the year could not be verified by audit. Further, 31 GPs out of these 43 GPs did not maintain Registers of Utilisation Certificates ***{Appendix-2.17(b)}***.

CHAPTER III

AUDIT OF SYSTEMS

Panchayati Raj Department

Introduction

During the period of Audit, the following audit of systems / audit topics were taken up at Department / District level of the PR Department.

- ✓ Oversight role of the Government
- ✓ Sanctions and constructive responsibility of sanctioning authority
- ✓ Decentralised Governance

On completion of audit, management letters were issued to the Government during March 2012. The required comments/replies are awaited (June 2012).

3.1 Audit of Oversight Role of Government in PR Department

3.1.1 Introduction

The Legislature of the State of Odisha amended the Panchayat laws to ensure transfer of powers, authority and responsibilities in relation to the matters embodied in the 11th Schedule of the Constitution of India. It became the role and responsibility of the Panchayati Raj (PR) Department to ensure that the powers and responsibilities entrusted to the PRIs were adequate to make them function as effective institutions of local self governments.

3.1.2 Audit Objectives

The objectives of this audit were to ensure whether

I. the system design and framework of the rural local bodies was made as per provisions of the constitutional amendments,

II. the rules and regulations for the PRIs were adequate and effective,

III. the Management Information System (MIS) was adequate and effective for proper functioning of the PRIs, and

IV. the controlling functions over the PRIs were adequate, effective and efficient.

3.1.3 Audit Criteria

The audit of the oversight role of State Government was conducted on the basis of following criteria.

- The 73rd constitutional amendments.
- Odisha General Financial Rules.
- Odisha Treasury Code.
- Odisha Panchayat Samiti Accounting Procedure (OPSAP) Rules 2002.
- Odisha Zila Parishad (ZP) Act 1991/ Panchayat Samiti Act 1959/Gram Panchayat Act 1964.
- Odisha Budget Manual.
- Executive instructions issued by Panchayati Raj Department, Government of Odisha

3.1.4 Scope and Methodology

We audited executive directions/instructions, circulars and orders issued by the PR Department to the three tiers of PRIs and examined the amendments / modifications of the rules in the existing GP/PS/ZP Acts. Records of PR Department and its subsidiary organisations like State Institute of Rural Development (SIRD)/ Odisha Rural Development and Marketing Society (ORMAS) for 2010-11 were scrutinised.

3.1.5 Audit findings

Audit, in 2010-11, revealed ineffective planning for devolution / greater autonomy for PRIs. There was no review undertaken by the department to assess the adequacy and effectiveness of the existing legal framework in the changed scenario after the 73rd constitutional amendment. The MIS was weak and unable to cope with the proper functioning of PRIs. The controlling functions of the department were inadequate and ineffective as described in the succeeding paragraphs.

3.1.5.1 Weak system design and framework

An effective system design and framework consistent with the 73rd constitutional amendment was the basic requirement for establishment of strong three tier PRIs. In a democratic decentralisation system, the structural arrangement of PRIs and the organisational set up were needed to be in conformity with the amended provision of the Constitution. In audit, we found that three tier PRIs were constituted in Odisha i.e., Zila Parishad at district level, Panchayat Samiti at block level and Gram Panchayat at village level. The PR Department issued (July 2003) instructions to 11 departments to place the functionaries under the control of the respective level PRIs with accountability of functionaries to the PRIs. But that did not materialise and PRIs were not able to function as per their constitutional mandate (March 2012).

3.1.5.2 Absence of financial autonomy

The financial powers entrusted to the PRIs through the existing GP/PS/ZP Act were not sufficient to meet their financial requirements. The PRIs totally depend upon the Government assistances to meet their financial requirements. We noticed that the existing panchayat laws had not made adequate provisions to the PRIs to harness their own resources for meeting their budget requirements. Although 21 subjects of 12 departments were devolved in July 2003 to the PRIs, the required funds for the devolved subjects were not allocated by the concerned departmental heads to the PRIs. On this being pointed out, the Finance Department intimated (November 2011) that the PR Department is the nodal agency in respect of transfer of funds to the three tier PRIs and no specific proposal in this respect was received from the PR Department for placing funds directly with the three tier PRIs. Thus, PR department failed to review the financial requirement of the PRIs and ensure financial autonomy to the PRIs as the same was not included in the agenda of the four review meetings held during 2010-11. Due to non-assessment of financial requirement of the PRIs by the PR Department, the department could not place specific proposals before the Finance Department for allocation of funds on the devolved subjects to the PRIs.

3.1.5.3 Inadequacy of Rules & Regulations

Successful functioning of the PRIs depends on the adequacy and effectiveness of the rules and regulations available under Panchayat Acts. It is the responsibility of the PR Department to ensure that the existing legal framework is adequate and effective to meet the permissible requirements of the PRIs. We noticed the absence of a sound structure for financial reporting, inadequate rules and guidelines for expenditure control, ineffective revenue management, absence of internal audit etc. as detailed in the succeeding paragraphs.

3.1.5.4 Weak financial Reporting

It is the responsibility of the PR Department to strengthen the existing legal framework for ensuring effective financial reporting by the PRIs. The rules/guidelines governing the procedure of accounts, maintenance of assets and liabilities, budget appropriation account, statements of revenue and capital expenditure etc. should be clearly specified for all the PRIs so that the department would exercise effective control over the financial reporting. The PR Department implemented Project Accounting and Monitoring Information System (PAMIS) with effect from 1 July 2007 and directed all the PRIs to account for their daily financial transactions through PAMIS. To set right the technical deficiencies of the accounting system, the department introduced Panchayati Raj Institution Accounting Software (PRIASOFT) on 1 October 2010 which improved the Panchayat (GP/PS/ZP)-wise flow of funds under different schemes in the shape of cash, bank, treasury and advance. The department issued guidelines to all the Project Directors/BDOs/EOs of ZP in November 2010 about implementation of PRIASOFT by the PRIs. According to the guidelines (a) either of the versions of

the PAMIS (PAMIS 2010/PAMIS old) should be used for generation of Cash Book till 31 March 2011, (b) Simultaneously, uploading of vouchers in PRIASOFT would be continued for the financial year 2010-11, (c) Scheme specific Cash Book should be maintained, (d) Accounts should be maintained in accordance with the procedure and in the form prescribed by the CAG of India.

Any deviation in this matter was instructed to be considered as violation and action as deemed fit, would be initiated against errant officials. The PR Department failed to monitor the implementation of the above instructions, thereby resulting in accumulation of arrears in accounts. As a result of non-implementation of PRIASOFT software, the intended progress in accounting reformation was not achieved and the earlier PAMIS software was still being used, despite its shortcomings. The detailed position and break up of advances, diversion of funds etc. were not available at monthly or yearly closings, keeping the authorities in dark about the true position of accounts. The system of automatic linkage of the recoupment of advances as and when made was not implemented. The Government also failed to fix accountability on the erring officials.

3.1.5.5 Inadequate expenditure control

A strict vigil was to be maintained by the PR Department on the expenditure of PRIs through various financial control mechanisms like framing of effective rules and regulations, reports and returns, circulars and advisories. Further, periodical reviews over implementations of such type of control mechanisms were necessary to exercise effective control over the marked deficiencies. Departments were required to formulate various innovative policy measures to keep strict watch over logistics to ensure quality control of outputs, against funds utilised. Success or failure of schemes depends on the adequacy and effectiveness of such policy measures. We observed that the PRIs maintained the accounts electronically in PAMIS and submitted periodical reports and returns such as monthly trial balance, receipt and expenditure statement etc. But, the department failed to exercise effective control mechanism as per the reports and returns so the spending efficiency could not be analysed periodically, leading to low spending efficiencies between 20 and 23 *per cent* in 2010-11 as indicated in the following table in respect of funds received from State/Central Finance Commission. The spending efficiency of the PRIs was below 50 *per cent* of the total funds available, as detailed below.

Table No.3.1 ***(₹in crore)***

Year	Category	Available Funds	Expenditure	*per cent*
2010-11	Central Finance Commission	257.06	59.97	23
	State Finance Commission	179.62	35.61	20

Further, we found that the following five districts (Bargarh, Gajapati, Ganjam, Jharsuguda and Sundargarh) could not utilise 13th Finance Commission Grant, with spending efficiency of zero *per cent* during 2010-11. Likewise, four districts (Boudh, Kendrapara, Malkangiri and Nuapara) registered very poor spending efficiency ranging from two to nine *per cent* during the year. As regards SFC grant, the following five districts (Dhenkanal, Kalahandi, Kandhamal, Nuapara and Rayagada) had the lowest spending efficiency, ranging between six *per cent* and nine *per cent* during the year 2010-11. District-wise spending efficiency of the CFC/SFC grants for 2010-11 is given in the table below. There was an overall low spending efficiency, as the PRIs were not adequately empowered with required number of functionaries to carry out the devolved functions.

Table No.3.2 Statement showing receipt of Finance Commission Grants and expenditure there of

(₹in lakh)

Sl. No	Name of the district	Total funds available		Expenditure		Percentage of expenditure	
		Central Finance Commission	State Finance Commission	Central Finance Commission	State Finance Commission	Central Finance Commission	State Finance Commission
1.	Bargarh	942.24	685.37	0.00	73.91	0	11
2.	Gajapati	546.65	316.03	0.30	93.15	0	29
3.	Ganjam	1854.42	1446.55	0.00	91.49	0	6
4.	Jharsuguda	290.85	456.53	0.00	95.00	0	21
5.	Sundargarh	1301.57	798.44	0.00	159.97	0	20
6.	Dhenkanal	753.32	488.98	112.83	44.50	15	9
7.	Kalahandi	1056.13	795.16	431.31	48.09	41	6
8.	Kandhamal	691.86	472.27	111.21	31.90	16	7
9.	Nuapara	409.56	268.27	13.58	23.30	3	9
10.	Rayagada	794.70	589.25	81.75	46.71	10	8
11	Boudh	245.02	228.62	5.18	92.91	2	41
12	Kendrapara	1006.05	812.90	92.35	111.50	9	14
13	Malkangiri	502.51	247.20	27.40	69.96	5	28

(Source: Based on PR Department information)

3.1.5.6 Internal and Social Audit

As per 13th Finance Commission recommendations, the PR Department should make adequate codal provision for establishment of a strong internal audit mechanism in order to have efficient control over PRIs. It was recommended that social audit should be conducted for fruitful implementation of various schemes of PRIs. Social audits were conducted for MGNREGS for the year 2010-11 and the minutes of all such audits up to March 2011 were uploaded into the departmental website. As per the annual action plan of the internal audit wing of the PR Department, audit of 35 units and two special audit (Nandahandi PS for the period from June 2006 to July 2008 and NREGS Account of Baliapal PS from 2007-10) were to be conducted and audit reports to be submitted within 15 days of completion of audit. The PR Department intimated that 30 PRI offices were audited as per programme by department's audit wing and the approved audit reports were issued to proper quarters for early compliance. The department also completed the special audit of two selected units. However, there was a

shortfall of five audit units as per the Annual Action Plan (AAP). Non-achievement of the target as per the AAP indicates lack of adequate coverage of the internal audit system of the PR Department.

3.1.5.7 Administrative and Technical Sanction

The existing codal provision available in the Panchayat laws does not permit the PRIs to execute developmental schemes which involved substantial amount because of the required sanction of higher authorities. The following was the position of the delegation of powers with respect to administrative/technical sanction entrusted to PRIs.

Table No.3.3

Technical Approval

Rule	Authority	Amount
76(1) of OPS Accounting Procedure Rule 2002	Junior Engineer	Up to ₹2 lakh
	Asst. Engineer	Up to ₹5 lakh
	Executive Engineer	Above ₹5 lakh

Administrative Approval

76(3) of OPS Accounting Procedure Rule 2002	**BDO**	**Up to ₹5 lakh**
	Chairman PS	₹5 lakh- ₹10 lakh
	Dist Collector	Above ₹ 10 lakh

The department had so far not taken any steps to enhance the existing limits in order to provide better financial scope to the PRIs to undertake developmental schemes/ programmes involving higher financial value at their level to enable them to complete the execution of work within stipulated time limits.

3.1.5.8 Ineffective monitoring of complaints

In order to maintain transparency, the Department has launched a website and displayed annual physical and financial achievements vide www.orissapanchayat.gov.in. But there is no transparent grievance redressal mechanism in the Department. During the year 2010-11, the PR Department received 97 petitions/letters. All of them had been sent to concerned quarters for redressal. The Department maintains a register for grievance/complaint letters which shows all the 97 letters as having been disposed off without details of action taken. The receipt, disposal and action taken note of grievances had not been displayed on the Departmental website, leading to lack of transparency in the grievance redressal mechanism.

Although use of Information and Communication Technology (ICT) has led to significant improvement in monitoring and implementation of Government schemes, there is no such improvement (March 2012) in utilisation of ICT for better disclosure of information such as utilisation of funds, payment details to

beneficiaries etc. by the PR Department, leading to higher number of grievances/petitions.

3.1.5.9 Vigilance mechanism

An effective vigilance mechanism together with a regular monitoring strategy provides greater means for improving service quality and exhibiting optimum utilisation of available resources. As per Government of India, Ministry of Rural Development (MoRD) resolution dated 26 August 2009, the State Level Vigilance and Monitoring Committee (SLVMC) was constituted (November 2009) with a provision to convene its meeting once in a quarter. The SLVMC was to exercise vigilance and monitor the implementation of various developmental schemes, flow of funds to various channels including allocation, release and utilisation of funds. The SLVMC was required to look into the complaints received in respect of implementation of programme, misappropriation of funds, diversion of funds etc. We noticed that only one meeting was held by SLVMC in October 2010 against the prescribed four meetings during the year 2010-11. There was no follow up action in the agenda of the October 2010 meeting against the decisions taken in the previous meeting of January 2010.

On this being pointed out, the PR Department stated that the SLVMC meeting could not be held due to the ongoing 5th and 6th sessions of the 14th Assembly. Subsequently the Chairman of the SLVMC had resigned from the Cabinet. Keeping in view the revised guidelines issued for formation of SLVMC by GoI, MoRD, a committee was reconstituted on 20 September 2011. However, the prescribed number of SLVMC meetings were not held, and hence the department failed to exercise adequate and effective monitoring and supervisory function over the PRIs.

3.1.5.10 Ineffective MIS on functioning of PRIs

An adequate and effective MIS strengthens the oversight role of the department. We found that the MIS prevailing in the system was inadequate and ineffective due to lack of clear standards, service level benchmarks and accountability, as detailed in the following paragraphs.

3.1.5.11 Lack of standards and service level benchmarks

It was the responsibility of the PR Department to fix stipulated standards and service level benchmarks annually against the expected performance of the PRIs in order to extract optimum achievement. We observed that the department failed to implement an effective MIS and set clear standards, because of which the performance of the PRIs was not measurable. The department did not earmark physical targets and utilisation of funds for each level of PRIs. As a result, there was wide disparity in the level of physical and financial achievement by the PRIs. Due to non-setting of standards for each level of PRIs, the physical achievements of some of the PRIs were below expectations. On test check of one scheme i.e. CC Road scheme, we found the physical achievement was low ranging between

zero and 50 *per cent* at different districts. While success percentage was nil in Kandhamal district, it was 50 *per cent* in Mayurbhanj district. The weak oversight role of the department was the main reason behind such wide disparity in achievement.

3.1.5.12 Review of Reports and Returns

An effective MIS should have the provisions for periodical review of reports and returns to assess the performance of the institutional mechanism. We found that the department conducted four quarterly review meetings during the year 2010-11 and in each quarterly review meeting, the department assessed the project/scheme wise achievement and the shortfalls. However, in none of the review meetings, the department could follow up on the implementation of the decisions taken in the preceeding review meetings, thereby rendering the entire exercise futile. This led to persistence of the same bottlenecks and deficiencies in the implementation of developmental schemes.

3.1.5.13 Accountability

Accountability is a key factor for ensuring successful discharge of responsibility. The scope of accountability in the existing legal framework of Panchayat Laws requires periodical review to assess the reliability and utility in existing scenario of decentralised set up. The department had not undertaken any review exercise in this regard. Furthermore, in terms of software management, PAMIS was introduced to capture daily financial transactions and to generate computerised cash book. However, PAMIS had its own shortcomings as it failed to generate subsidiary statements like outstanding advances etc. To overcome the shortcomings of PAMIS, a new software PRIASOFT was implemented (July 2010). But the PR Department failed to fix accountability for the deficiencies in implementation of PRIASOFT as indicated below.

As per the communication dated 18 July 2011 made with District Collectors by Commissioner, Special Projects, PR Department, it was pointed out that most of the PRIASOFT users had not complied with the directions for maintenance of day book, month book and year book. In this connection, the department requested for the smooth switch over to 2011-12 in PRIASOFT by 31 July 2011. It was ascertained that the PRIASOFT software was not in a functional mode (March 2012) due to non-achievement of the above objectives such as non maintenance of Day book, Month book and Year book. Although all the PRIs had been requested to upload all vouchers in hand by the end of November 2011 in PRIASOFT, the mission had not been completed and the PAMIS software was still being used for accounting. The software modification issues as per the resolution taken at the workshop held in July 2010 presided over by Director (Special Projects) and addressed by the Commissioner-cum-Secretary, PR Department, is yet to be resolved. The issues relating to software management included a point of accountability, holding the District level NIC Officers responsible for the success of implementation of PRIASOFT. Their technical guidance is expected to be

available at all levels of PRIs. But in actuality, the implementation of PRIASOFT had failed, compelling the use of the earlier software PAMIS. No accountability has been fixed for this failure, which has led to avoidable blockage of capital and idling of funds to the State exchequer.

3.1.5.14 Ineffective controlling functions

The PR Department, being the executive organ of the Government, was required to adopt an effective controlling function through calling for records, conducting enquiry, giving directions, conducting physical inspections etc.

3.1.5.15 Synergy with Ombudsman

One of the controlling functions of the PR Department is engagement of Ombudsmen to sort out multilateral disputes arising at the time of execution of developmental schemes, which is an approved third party concept in the form of quasi judiciary settlement of disputes. As per codal provision, non-partisan legal experts with high-level social standing are to be appointed as Ombudsmen. In the quarterly review meeting of the PDs, DRDA and BDOs held on 25 and 26 September 2010, chaired by Commissioner cum Secretary, PR Department, it was decided to appoint Ombudsmen in Nawarangpur and Sundargarh district for MGNREGS. It was also decided that the appointment of Ombudsmen should be finalised by District Collectors. However, no timeframe has been drawn for appointment of Ombudsmen. The review decision has not yet materialised (March 2012). Apart from MGNREGS, the department failed to consider the necessity of appointment of Ombudsmen for other developmental schemes, as revealed from the proceedings of quarterly review meetings of the PR Department held during 2010-11. By not fixing the time limit for the appointment of Ombudsmen and non-inclusion of the issue in the agenda of the subsequent quarterly review meeting, the department failed to exercise an effective monitoring and supervisory function. As a result, the objective of dispute redressal mechanism through Ombudsmen could not be achieved, indicating weak and ineffective controlling function of the department.

3.1.5.16 No Inspection of Local Bodies

Monitoring by means of regular field inspection provides better means for improving service quality, planning and utilisation of resources. It is the responsibility of the PR Department to adopt a quality system of inspection of LBs to impart effective supervision and vigilance on the performance of the field offices. The State level supervisory functionaries should make field visit as per approved schedule of inspection. We observed that there was no schedule of inspections with provision for minimum number of field visits during a month/quarter with respect to the State level officers. However, the State level officers made sporadic visits to the districts only during 2010-11. Absence of schedules of inspection indicated that plans to conduct visits to the PRIs was

actually non-existent and thereby, the State level officers failed to exercise an effective controlling function.

3.1.6 Conclusion

Thus, audit revealed multi cornered deficiencies beginning from system design to monitoring of the functions of three-tier PRIs. The devolution of powers in terms of funds, functions and functionaries to PRIs was inadequate and not in conformity with the mandate of constitutional amendment. The existing legal framework was insufficient to cover the requirement of the PRIs and there was no sincere effort by the Department to bring amendments/ modifications to the existing rules and regulations to ensure that PRIs emerge as institutions of local self-government in the true sense. The management information system used was inadequate and ineffective. The pace of devolution of powers, authority and responsibilities to the PRIs was slow and unimpressive. The PR Department did not exercise effective control over the PRIs.

3.1.7 Recommendations

The Government may consider the following steps to ensure proper functioning of the PRIs as units of local self-government.

- Organisational arrangement of the PRIs should be strengthened by devolving all the functions of the Eleventh Schedule of the Constitution along with allocation of funds and decentralisation of functionaries for the devolved subjects.
- The existing rules and regulations may be amended/ modified to ensure effective financial reporting, revenue management, transparency, internal audit and vigilance mechanism for providing a sound legal base to the PRIs.
- The government may take appropriate measures to improve the MIS through prescription of service level benchmarks, closer supervision and periodical and meaningful review of reports and returns.
- The department may improve the controlling functions over the PRIs through periodical field visits, quick and transparent disposal of complaints and a systemic approach to the problem areas.

3.2 Audit on sanctions and constructive responsibility of sanctioning authority

3.2.1 Introduction

Sanctioning public money for expenditure involves a high degree of responsibility. Since grants from GoI & State Government are released for different development/poverty alleviation programmes, the responsibility of sanctioning authorities have increased manifold. The sanction process includes, analysing and assessing the requirements of the grantees, releasing of grants, and monitoring proper utilisation of the resources etc. So the sanctioning authorities have to discharge their codal responsibilities to ensure that all these aspects are managed in a fair and transparent manner and the grants are utilized for the purpose for which these are released.

3.2.2 Audit objective

The main objectives of audit on sanctions and constructive responsibility of the Sanctioning Authority were to examine and ensure that:

- Sanction was accorded by competent authorities and sound financial principles were followed while sanctioning public money.
- Provisions were made in the Annual Budget to meet the sanction.
- Sufficient conditions as laid down in rules 170 to 173 of OGFR had been duly incorporated in the sanction orders of Grants in Aid.
- Nature of grants/patterns of assistance were specified in the sanction order.
- Periodical reports and returns on operations and incomplete projects are submitted in prescribed format, and these are reviewed by the sanctioning authority.
- System of periodical and independent evaluation of scheme /projects and budget provision for evaluation studies existed in the department.

3.2.3 Scope of audit

We conducted audit in the PR department along with its subsidiary units like State Institute of Rural Development (SIRD) & Odisha Rural Development and Marketing Society (ORMAS) covering the period from April 2010 to March 2011 by examination of relevant records like sanction orders and register of sanctions, annual action plans, budgetary provisions, periodical reports and returns and utilisation of grants etc. during November 2011under section 15 of CAG's DPC Act, 1971.

3.2.4 Audit findings

3.2.4.1 Budget provision and discrepancy between grants sanctioned and grants drawn

The details of budget provision vis-a-vis drawals made during 2010-11 are indicated in the following table.

Table No.3.4: Budget Provision, drawal and surrender of grant position *(₹ in lakh)*

Sl No.		Budget Provision during 2010-11	Drawals made during 2010-11
1	Plan Schemes	97089.61	96575.51
2	Non-Plan Schemes	67156.84	63845.48
3	Total Budget Provision	164246.45	160420.99
4	Total surrender Grant made during 2010-11	3825.46 (2.33%)	

(Source: information furnished by PR Department)

While examining total amount of sanctions accorded scheme-wise and total amount drawn by the grantees (DDOs) from the treasuries, we noticed that there were differences between sanction and drawals, the details of which are indicated in the table below.

Table No.3.5 *(₹ in lakh)*

Scheme	Budget provision	Total amount of sanctions during 2010-11[4]	Total amount drawn by the grantees from the Treasuries[5]	Discrepancies
1	2	3	4	5(3-4)
DRDA	1138.33	930.50	908.29	22.21
Mo Kudia	6000.00	5999.85	6000.03	(-)0.18
IAY(State share)	13000.00	13000.00	13000.01	(-)0.01
SGSY(State share)	4200.00	4168.75	4109.71	59.04
C.C. road(-do-)	7500.00	7484.14	7499.99	(-)15.85
Total	**31838.33**	**31583.24**	**31518.03**	**65.21**

As a matter of fact, there should be reconciliation / tally between amounts sanctioned by the sanctioning authority and the amounts drawn from the treasury by the Grantees (DDOs). However, we observed that no such reconciliation of figures existed in the department.

The reasons of discrepancy had not been substantiated by the department. The Joint Director in charge of MIS section stated (December 2011) that they compiled the figures from the drawal statements furnished by the grantees (DDOs). The FA-cum-Joint Secretary in charge of Budget & Finance Section

[4] From the statement showing budget provision, amount sanctioned (expenditure) and amount surrendered during 2010-11(up to 31.03.2011) as collected from Plan & Budget Section.

[5] From the statement " Scheme-wise state summary report" prepared by MIS section showing total drawals made by the grantees from the Treasuries scheme-wise during 2010-11(up to 31.03.2011)

stated (February 2012) that the matter would be examined. Final reply of the department is awaited (June 2012).

3.2.4.2 Inadequate control for watch over sanction of grants

As per requirement provided in Rule 170 of OGFR-Vol-I read in the Appendix – IV (e) of OGFR, Vol-II, all the sanction orders were to be recorded in a register (Register of sanctions) bearing a running serial number of a particular financial year and the serial numbers of first and last sanction orders issued during the month, along with amount sanctioned should be intimated to the AG (A&E) by 5th of the following month. The register so maintained not only guards the sanctioning authority against the possibility of double release of grants for the same purpose but also ensures that the expenditure is controlled within the budgetary limits.

Scrutiny of sanction orders, however, revealed that the practice was not followed in PR Department. There were no running serial numbers recorded on the sanction orders and no separate register maintained for the purpose. No scheme-wise progressive release of grants was arrived at and no reports as to the first and the last serial number of sanction orders released during the month was issued to AG (A&E), Odisha on any occasion during 2010-11.

On being pointed out, the FA-cum-Joint Secretary to Government stated (February 2012) that the registers would be maintained properly from the next financial year.

3.2.4.3 Non disclosure of nature of grants or pattern of assistance in sanction orders

As per Sub Rule (1) (2) and (3) of Rule 171 of OGFR, every sanction order should indicate clearly as to whether the grants had been sanctioned on a recurring or non-recurring basis. In case of non-recurring grants, any unspent balance out of the grant should duly be surrendered to Government immediately on expiry of the period of one year from the date of sanction.

We, however, observed that in none of the sanction orders, the nature of grants had been indicated for a total grant amount of ₹847.40 crore of non-recurring nature under State Plan & Centrally Sponsored Plan schemes for the year 2010-11 as shown below:-

Table No-3.6

(₹ in lakh)

State Plan	Amount of non-recurring grants
Labour & Employment (Rehabilitation of bonded labourers)	3.30
Special Programme for Rural Development	4170.00
Rural employment	24000.00
Other Rural Development Programme	56563.00
Total-A	84736.30

Centrally sponsored Plan (State share)	
Labour & Employment (Rehabilitation of Bonded Labourers)	3.30
Total-B	3.30
Grand Total A+B	84739.60

(Source- Budget grants of the PR Department)

By not indicating the nature of grants, the grantees were given unwarranted liberty to utilise the grants at their convenience indefinitely, without surrendering the unspent balances, if any.

The FA-cum-Joint Secretary to Government stated (February 2012) that care would be taken to indicate nature of grants in all the sanction orders in future.

3.2.4.4 Release of fresh grants inspite of non compliance with grant conditions

In order to follow sound financial principles while sanctioning public money, the sanctioning authority is required to prescribe conditions regarding quantum & periodicity for release of GIAs in installments in consultation with the Financial Advisor. However, the release of the last installment of the annual grant under any scheme must be conditional upon the grantee institutions providing reasonable evidence of proper utilisation of installments released earlier. Provisions of Rule 171(3) (b) of OGFR read with provisions enumerated in SR 351 of OTC also specified that fresh grants should not be sanctioned and released when there was blockade of grants at the grantee level.

On scrutinising the scheme wise state financial summary report for the year 2010-11, we noticed that as on 1 April 2010, although there was an unspent balance of ₹829.10 crore lying at different District Rural Development Agency (DRDA) levels under different schemes, a fresh grant of approximately ₹1635 crore (State Grant under Plan and Non-plan schemes) was released during the year 2010-11 out of which State grants of ₹193 crore approximately was released in different sanction orders in the month of March without examining the unspent position of grants released up to February 2011.

This indicated that the DDOs had drawn money from the treasury either in excess of the requirements or without any requirement, which deviated the restrictions imposed in SR-242 of OTC, Vol-I.

The FA-cum-Joint Secretary to Government stated (February 2012) that henceforth, proper procedure would be strictly followed and release of grants in the month of March would be minimised.

3.2.4.5 Non collection of Utilisation Certificates (UCs) by the sanctioning authority

Provisions of Rule 173 of OGFR, emphasise collection of UCs for the total of grants released and it is the foremost responsibility of the sanctioning authority to ensure it. The utilisation certificate in respect of all the grants should disclose whether the specified, quantified and qualitative targets that should have been reached against the grants utilised were in fact reached. They should contain an output based assessment instead of input based performance assessment. The implementing agencies which fail to render the accounts and the UCs for the grants utilised should not be considered for release of any fresh grant for any purpose. The utilisation certificate duly countersigned by the District Collectors should reach the sanctioning authority by 1 June of next year, for the utilisation of grants made up to the end of any financial year.

Through the instrument of utilisation certificate, the grantor obtains assurance about non-diversion and proper utilisation of the funds placed at the disposal of the grantee and also gets a certificate from the grantee that the intended list of works, available with him, have been executed. Contrary to the above, we observed that collection of UCs was not made by the PR Department and as a matter of practice, fresh grants continued to be released even if outstanding UCs were not received.

During audit, only four sections dealing with *Mo-Kudia*, GGY, SGSY and BRGF could furnish their status of UCs, as on 31 March 2011, which revealed that collection of UCs was very nominal as compared with expenditure incurred. The position is indicated in the following Table:

Table No.3.7 ***(₹in crore)***

Schemes	OB as on 01.04.2010	GIA released during 2010-11	Total availa-ble	Expenditure incurred	Unspent balance	U.C submitted till 30.06.2011	U.C pending
Mo Kudia (State Plan)	62.91	61.99	124.90	86.92	37.98	17.22	69.70
GGY (State Plan)	60.87	165.00	225.87	165.00	60.87	62.03	102.97
SGSY	12.18	184.75	196.93	177.45	19.48	177.45	0
BRGF	98.22	325.02	423.24	327.35	95.89	147.41	179.94
Total	**234.18**	**736.76**	**970.94**	**756.72**	**214.22**	**404.11**	**352.61**

Apart from this, the Audit Report of Odisha on State Finances for the year ended 31st March 2011, disclosed a pendency of UCs of ₹1819.66[4] crore from different

[4] The pending UC position relates to 22 Zila Parishads, 212 Panchayat Samitis & 1122 GPs audited by the AG (Civil Audit), Odisha, Bhubaneswar for the year 2010-11.

grantees to the PR Department, which was very unbecoming state of affairs since State Government grants were released to the grantees every year without adequate monitoring of utilisation of grants at the department level.

The FA-cum-Joint Secretary stated (February 2012) that since there was no UC monitoring section for state grants available in the department, the total UC status could not be compiled and furnished to audit. Periodical review meetings, however, would be conducted at department level to improve the status.

3.2.4.6 Non furnishing of utilisation certificates by SIRD

During 2010-11, State Government grants to the tune of ₹4.39 crore was sanctioned by the PR Department in favour of the Director, SIRD for four scheme works. The status report of expenditure & UCs of the above was as follows:

Table No.3.8 ***(₹ in lakh)***

Scheme	OB of unspent grants as on 01.04.10	GIA received during 2010-11	Total available	Expenditure made in 2010-11	UC submitted	UC outstanding (Basing on Expenditure)	Grants kept idle at SIRD
BRGF-CB	4165.39	-	4165.39	308.53	291.99	16.54	3856.86
RGSY-CB	249.72	418.90	668.62	215.21	215.49	0	453.40
NREGS Trg.	171.98	-	1,71.98	11.33	Nil	11.33	160.65
Beautification of SIRD building	Nil	20.00	20.00	20.00	Nil	20.00	Nil
Total	**4587.08**	**438.90**	**5025.98**	**555.07**	**507.48**	**47.87**	**4470.91**

It transpired from the above that UCs for an amount of ₹47.87 lakh were outstanding against SIRD, which was in violation of requirements provided in the OGFR. The Accounts Officer, SIRD stated (November 2011) that the outstanding UCs would be submitted to the PR department shortly.

Inspite of the heavy blockade of grants under the scheme "RGSY-capacity building" at the disposal of SIRD as on 1 April 2010, fresh release of grants of ₹4.19 crore (₹3.14 crore of central share and ₹1.05 crore of state share) was made during the year 2010-11 by the PR Department, indicating poor monitoring in release of grants by the sanctioning authority.

3.2.4.7 Diversion of scheme grants

As per OGFR, specific direction should be given in all the sanction orders to prevent diversion of scheme grants. The sanctioning authority is required to examine periodical reports and returns showing the progress of expenditure in

various schemes in order to check whether there is any variation / unauthorised diversion of grants and call for necessary reasons, if diversions have occurred.

We observed that huge diversion of grants from one scheme to another had taken place at the grantees level during the year 2010-11 without any authority from the Government and remained un-recouped, as shown below.

Table No-3.9 *(₹ in lakh)*

Name of the scheme From which diverted	Amount diverted during 2010-11 (based on CB of 31.03.2011)
NREGS	186.38
SGSY	425.95
IAY (Normal)	481.84
DRDA Administration	1195.69
Total amount diverted	2289.86

Diversion of funds among the schemes not only affects the progress of concerned scheme works but also leads to financial indiscipline, as it does not depict a realistic picture about the financial status of a scheme.

The FA-cum-Joint Secretary to Government of Odisha, stated (February 2012) that diversion of scheme funds by the grantees were either due to non-availability of scheme grants in some schemes at a particular time or excess scheme works executed as per demands of the people and nevertheless, the grantees were instructed to recoup it at the earliest.

The reply was not tenable since diversion of scheme funds from one scheme to another is strictly prohibited, under relevant rules of OGFR.

3.2.4.8 Non-assessment and review of Incomplete Projects

As per requirements envisaged in various scheme guidelines, the sanctioning authority should insist upon the grantee organisations to submit the physical and financial progress reports regularly along with quarterly returns on "incomplete projects" for his review. For this purpose, suitable indications should invariably be made in all the sanction orders.

The sanction orders being deficient to that extent, we enquired about the status of incomplete projects and the reviews made thereon. The FA-cum Joint Secretary stated (February 2012) that as a matter of practice, no information as to the status of incomplete projects was made available to the department from the grantees, since those were maintained at the grantee level. Specifying that regular instructions were issued to different DRDAs to monitor the status of incomplete projects for their early completion, no specific reasons could be adduced as to why no returns on the incomplete projects were furnished by the grantee institutions.

Expenditure incurred on projects lying incomplete for long periods is not only unfruitful but also affects the scheme objectives. Lack of periodic review on status of incomplete projects is indicative of inadequate internal control exercised by the sanctioning authority.

3.2.4.9 Lack of information on creation and utilisation of assets out of scheme grants

As per Rule 171(5) of OGFR, while sanctioning GIAs, conditions for creation and acquisition of permanent or semi-permanent assets should be indicated in the sanction orders. For the purpose, the grantee institutions are required to maintain records (in Form No. OGFR-30-A) pertaining to all assets acquired wholly or substantially out of Government grants and to furnish to the Sanctioning Authority the details of all such assets in their Annual returns. The Sanctioning Authority should also maintain the Accounts of all such assets in a Register (Form No. OGFR-31). Those assets should not be disposed off, without prior permission of Government. During the year 2010-11, scheme grants to the extent of ₹3556.26 crore (both Central & State grants) were released in favour of the grantees, out of which ₹3342.17 crore were utilised in different scheme works. Since all the scheme works involved creation of some permanent or semi-permanent assets, reports on those assets should be available to the Sanctioning Authority. We, however, observed that no information with regard to the creation and utilisation of any tangible assets was furnished to the PR Department by the grantees.

The FA-cum-Joint Secretary stated (February 2012) that the information on creation and acquisition of assets of permanent and semi-permanent nature was available at the grantee level. The reply was not tenable as the grantees were required to furnish such information to the Sanctioning Authority in their Annual returns for record at the department level.

3.2.4.10 Absence of periodic evaluation of schemes/ projects for the year 2010-11

Every centrally sponsored scheme should be treated as a project with time bound targets for monitoring, mid-term evaluation and detailed impact studies. In addition to this, concurrent reviews and applying mid-course corrections wherever necessary, a post completion review of all the CSP schemes should be undertaken by State Government highlighting the time and cost overruns if any, and suggestions for formulating and implementing future schemes and necessary budget provision should be made by the State Government for the purpose.

As revealed from the Annual Report of PR Department for the years 2008-09 to 2010-11, as well as replies furnished to audit, the SIRD is the nodal Institute for training, research, evaluation and consultancy in the field of Rural Development under the aegis of Panchayati Raj Department of Odisha. During evaluation studies for the years 2008-09 and 2009-10, in 24 NREGS implemented districts, a study on participatory approaches to Rural Development and a study on watershed development was entrusted to NIRD, Hyderabad. The study on watershed development is ongoing and others were completed. During the year

2010-11, ₹418.90 lakh (a State grant of ₹104.90 lakh and a Central grant of ₹314 lakh) was released to SIRD under "RGSY-capacity building", out of which ₹215.21 lakh was utilised till 31 March 2011. However, no grants were provided in the budget of 2010-11 for research and evaluation studies in respect of any of the Centrally Sponsored Schemes.

This not only deviated from the requirements envisaged in the scheme guidelines but also kept the Sanctioning Authority in the dark about the level of achievement and progress of the schemes, on which huge public money was utilised.

3.2.5 Conclusion

Several deficiencies beginning from the sanctioning process to monitoring and evaluation of schemes / projects for which huge public money / grants were sanctioned have emerged. Nature of grants / pattern of assistance was not indicated in the sanction orders deviating codal requirements. Reports and returns on operation of projects were seldom reviewed by the sanctioning authority before according further sanction. Monitoring of collection of UCs from the grantees was not given prominence.

3.2.6 Recommendations

- Nature of grants (Recurring or Non-recurring) should clearly be indicated in all the sanction orders.
- Submission of outstanding UCs from grantees should be ensured.
- Evaluation of schemes /projects should be periodically carried out and Budget provision for evaluation studies and research should be made.
- Sanctioning authority should maintain asset registers at the department level.

3.3 Audit on Decentralised Governance

3.3.1 Introduction

Decentralised Governance in the Indian context means the establishment of self-government at the local level and transfer of functions, functionaries and funds from the State Government to elected local bodies. The administrative control over staff and freedom in a decentralised pattern to take administrative and financial decisions suo-motu, needs to be transferred to the local bodies for effective governance. Constitutional status to the Panchayats was given under 73rd Constitutional Amendment providing a sound legal framework for them. Zeroing in on the unfinished agenda as envisaged under 73rd and 74th Constitutional Amendment Act to make Panchayats an institution of common people and collective action, Article 243 of the Constitution prescribed devolution of powers, resources and responsibilities and enjoined upon the State Legislatures to enact laws/amend existing laws on 29 functions assigned to PRIs. This would also lead to PRIs emerging as platforms for planning and implementing programmes for economic development and social justice.

Performance of functions and implementation of schemes has been entrusted to them including those in relation to 29 matters listed in the Eleventh Schedule of the Constitution. Other features include,

- authorising PRIs to levy, collect and appropriate taxes, duties and fees in accordance with laid down procedure,
- constituting State Finance Commission (SFC) for distribution of revenue between the PRIs and State Government and
- setting up of District Planning Committee (DPC) to consolidate plans prepared by PRIs and Urban Local Bodies (ULBs) and to prepare a Comprehensive Annual District Plan for the district.

Audit of adoption of decentralised governance was conducted to examine the implementation of the constitutional amendment by the State Government and resultant effect of empowerment of the PRIs, in reality.

3.3.2 Audit Objectives

Objectives of audit were to evaluate whether:

- there was devolution of functions, funds and functionaries (3 Fs) to PRIs, complying with the Constitutional requirement and the impact of such devolution /non-devolution;
- all the three tiers of PRIs were empowered to plan, implement and execute schemes and functions assigned to them and

- all the three tiers of PRIs were functioning effectively as institutions of self government and whether governance had been decentralised as envisaged and intended result achieved in the true sense.

3.3.3 Audit scope and methodology

We conducted this audit during December 2011 to January 2012 covering the period 2008-11 through test check of records of Government in PR Department, Planning and Co-ordination (P&C) Department and Finance Department at the State level, District Planning and Monitoring Unit (DPMU), Zila Parishad (ZP) of one sample district Angul, two PSs (Talcher and Banarpal) and eight GPs[5] (four GPs from each PS) We gathered evidence through questionnaires and observatory memos.

3.3.4 Audit Findings

Audit findings on 'Decentralised Governance' in the different departments at Government level as well as PRIs are discussed in the succeeding paragraphs.

3.3.4.1 Non-devolution of functions, funds and functionaries (3Fs) to PRIs

Twenty nine functions (five[6] functions treated as core functions, 13[7] relating to welfare activities, nine[8] relating to agriculture and allied activities and two[9] on promotion of industries) included in 11th Schedule of the Constitution that were to be eventually devolved upon the PRIs by the States. The 73rd amendment of the Constitution (1992) mandated the State Governments to endow the PRIs with powers and authority to enable them to function as institutions of self government. The institutions and functionaries to be transferred to the PRIs are indicated in ***Appendix-3.1 & 3.2.*** The findings are discussed in the succeeding paragraphs.

(i) Non-transfer of functions in true spirit

Devolution of function required transfer of 29 functions listed in Eleventh Schedule from State to the PRIs, with the prerogative of taking decisions in respect of such activities for effective governance. For this purpose, necessary staff support and resources were to be provided along with transfer of functions.

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5 Kandasar, Jarasingha, Kurdol, Talmul, Ghantapara, Dera, Gopal Prasad, Gobara

6 Rural housing; Drinking water; Roads, culverts, bridges, ferries, waterways and other means of transportation; Poverty alleviation programmes and Maintenance of community assets

7 Education including primary and secondary schools; technical training and vocational education; adult and non-formal education; libraries; cultural activities; market and fairs; health and sanitation including hospitals, primary health centres and dispensaries; family welfare; women and child development; social welfare including welfare of the handicapped and mentally retarded; welfare of the weaker sections and in particular of the SC and STs; rural electrification including distribution of electricity; non-conventional energy sources

8 Agriculture including agriculture extension; land improvement, implementation of land reforms, land consolidation and soil conservation; minor irrigation, water conservation and watershed development; animal husbandry, dairying and poultry; fisheries; social forestry and farm forestry; minor Forest Produce; fuel and fodder; Public Distribution System

9 Small scale industries including food processing industries; Khadi, village and cott ge industries

Such devolution of 3Fs were complementary to one another, which needed to be devolved upon PRIs mandatorily. GoI advisory further required such devolution of 3Fs after conducting activity mapping for the same.

We noticed that the Government of Odisha transferred (July 2003) 21 out of 29 functions relating to 11 Departments, to PRIs. Department wise functions indicated, as devolved upon PRIs of the State are indicated in ***Appendix-3.3.*** However, remaining eight functions[10] had not been devolved.

As per Government directives, only the District/Block and GP level functionaries of 11 departments were made accountable to respective PRIs (ZP, PS and GP) for execution of devolved functions. These functionaries were to attend the meetings of the concerned PRIs and to place annual reports, plans and programme of the transferred functions before the concerned PRIs for consideration and approval. The Government did not empower them to take action against the officials in case of negligence in duty or under-performance noticed during field inspection by the elected members of concerned ZP, PS and GP or to bring the same to the notice of higher authorities of the concerned departments. The power of the head of the concerned PRIs was limited to sanction of casual leave of field staff of these 11 departments functioning in rural areas. Activity mapping in respect of 19 out of 21 subjects notified as transferred was completed only in October 2005. The Government has not yet amended (March 2012) the Odisha Panchayat Samiti Act (OPSA) and Odisha Gram Panchayat Act (OGPA) to comply with the provisions of 73rd Constitutional Amendment.

Examination of records of sampled PRIs revealed that although some of the PRI level functionaries attended the meetings of PRI irregularly, none of them ever submitted plans and programme of the devolved functions for approval by concerned PRIs during 2008-11. Also none of the PRIs furnished any performance report on the functionaries, to their higher authorities. It is therefore, evident that transfer of functions to PRIs is still limited to promotional responsibility only, and not for planning and implementation of these functions.

(ii) Non-transfer of functionaries

The GoI advisory (27 April 2009) required transfer of functionaries discharging concerned functions to appropriate levels of PRIs as indicated in ***Appendix3.2.*** We noticed that despite the issue of orders in July 2003 and October 2005 respectively, regarding devolution of 21 functions, the functionaries of the concerned 11 departments had been continuing under the administrative control of their respective line departments either without being deputed or transferred and the PRIs thus, had no effective control over them.

(iii) Non-devolution of funds

To perform the assigned functions effectively and efficiently, the PRIs were required to be economically sound. The GoI advisory stipulated that a Panchayat

10 Technical training and vocational training, library, cultural activities, rural electrification including distribution, social forestry and farm forestry, fuel and fodder, small scale industries including food processing and Khadi & Village and Cottage Industry

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sector window be created in the budget of the line departments, from which the functions were transferred to PRIs for direct flow of matching funds to the appropriate level of PRIs. However, we noticed that no action had been taken by the State Government in this regard.

In reply, the Principal Secretary, Finance Department stated (December 2011) that specific proposals for creating Panchayat Window in the budget of line departments had not been initiated by the PR Department.

The PRIs were neither encouraged nor directed to augment their allotted sources of income as per the concerned PRI Acts, to raise their own income in order to discharge the assigned functions and delivery of services to the stakeholders. The ZPs had not been empowered under the OZP Act to raise any revenue. We noticed that ZP, Angul was solely dependent on Government grants and funds to meet even the establishment expenses, which included salary and allowances of staff (₹49.70 lakh), honorarium (₹13.50 lakh), contingent charges (₹1.08 lakh) and travelling allowances (₹0.13 lakh) during 2008-11. Although PSs and GPs were empowered as per section 29 of the OPSA and section 83 of the OGPA to levy tax, fees, no such taxes/ fees were being collected by the sampled PSs whereas among the sampled GPs, taxes/fees collected very negligible sums ranging from Nil (Ghantapara GP) to ₹1.00 lakh (Dera GP) from internal sources per annum, during 2008-11. These PRIs were entirely dependent upon government grants and scheme funds to run their day-to-day business and implement the allotted schemes. No effort was made by the PRIs to collect tax and non-tax revenue despite empowerment under concerned State laws, which was indicative of poor resource mobilisation by PRIs.

(iv) Reduction of rank in Devolution Index

As already discussed, despite initiating the devolution process in 2003-04, the PR Department failed to implement the devolution of 3Fs to PRIs in true spirit. As a result, the State which was ranked sixth in 2005-06 in terms of Devolution Index as per a survey conducted by the Union Ministry of Panchayati Raj through Indian Institute of Public Administration, slipped to 17th rank in 2010-11.

Thus the actions taken by Government for devolution of 3Fs to PRIs remained ineffective and defeated the intention of the Constitutional amendment, to make PRIs local self governments.

3.3.4.2 District Planning Committee (DPC) and Integrated District Plan

(i) Non-integration of District plan with State Plan

As per the requirement of Article 243 ZD of the Constitution and the Odisha District Planning Committee (ODPC) Act, DPCs were formed in all the 30 districts of the state including Angul district, where it was constituted in 2002-03. The objective was to consolidate the plans prepared by urban as well as rural local bodies and prepare draft annual development plan for the district. As per the instructions of the Planning Commission, the district plans of all the districts of the state were to be integrated with the Annual State Plan from 2007-08 onwards.

The Integrated District Plans of 30 districts for the period from 2008-09 and 2009-10 were prepared at a cost of ₹5.07 crore (₹3.38 crore and ₹1.69 crore) through Technical Support Institute (TSI) a private firm engaged by the P&C Department. These Integrated District Plans were not integrated with the Annual State Plan of the respective years, due to abnormal delay in preparation and approval of the District Plans by the concerned DPCs. Thus, an expenditure of ₹5.07 crore did not serve any meaningful purpose and was unfruitful.

(ii) Inappropriate provision of outlay

The Annual District Plans of 30 districts for 2010-11 were to be integrated with the Annual State Plan with an outlay requirement of ₹220.55 crore for the 30 DPCs. However, there was district sector outlay of only ₹46.10 crore (29.80 per cent) under the Annual State Plan, resulting in shortfall of ₹174.45 crore. This shortfall was to be met from various scheme funds. Gram Sabhas were not involved in the planning process except for MGNREGS and IAY. Thus, bottom up planning process as part of decentralised planning, was lacking even for functions shown as transferred. Besides, funds allocation to each district was not intimated by the State Government, due to which different line departments prepared their own annual plans with consolidation for an integrated district plan. There was also top-down driven imposition of plan ceilings by limiting District Plans to the State plan allocation.

Besides, we noticed that contrary to Government instructions of December 2006, 11 departments of the Government were not intimating the District wise and scheme wise rural and urban break up of proposed outlay earmarked for district sector schemes, in the Annual state plan to the DPCs. So DPC, Angul remained in the dark about the State plan outlay and thus prepared the Annual District Plan on the basis of anticipated outlay, resulting in heavy shortfall. This highlights the lack of information flow and coordination in the decentralised planning process.

(iii) Non–functioning analytical wing of DPC

As per the recommendations of the Planning Commission, the P&C Department restructured (June 2009) the District Planning Office as District Planning and Monitoring Unit (DPMU) with a functional wing, by amalgamating the office of District Planning Office, District Statistical Office, NIC District Centre and another 'Analytical wing' with professionals like Economist, Geographical Information System specialist, Works Consultant, Finance Executive etc. to formulate and monitor the District Plans. We noticed (January 2012) that none of these professionals had been posted in the Analytical Wing of the DPC, Angul and, the said analytical wing was non-functional. The DPC was not in a position to ascertain needs, monitor and supervise the implementation of approved plans and programmes by the line departments as well as by PRIs.

It was further noticed that funds released under the district sector through departmental budget of the said year was not available with the DPC, Angul

against the agreed sectoral outlay of ₹7.23 crore under 12 schemes of Annual District Plan for 2010-11 (***Appendix-3.4)***. The line department functionaries had also not intimated the execution of works and projects included in the comprehensive Annual District Plan of 2010-11, along with the funds allotted. DPC, Angul was, therefore, not in a position to ascertain the actual execution of projects / plans as per the district plan.

(iv) Non-posting of officers with 15-16 years of service as Secretary to DPCs

As per the Provisions of the ODPC Act 1998 and Rule 2000, the Collector of the district is the Ex-officio Member Secretary of the DPC. District Collectors are often preoccupied with regulatory responsibilities concerning law and order, elections, revenue administration and protocol duties, leaving them with little time for development work and leadership in coordinating planning and monitoring district development work. The Planning Commission hence recommended the posting of an IAS officer with at least 15-16 years of service, or an officer from the Indian Economic Service (IES) or Indian Statistical Service (ISS) or Technocrats, with the same years of service as Secretary of the DPC. However, we noticed that although the State Government agreed and issued (June 2010) orders to form the DPMU as the permanent secretariat of the DPC, it had not taken any action for posting of Senior IAS /IES officers as Secretaries to the DPCs (March 2012).

Thus, the DPC was left with inadequate manpower support for monitoring and implementing the plans approved by it.

(v) Delay in preparation of Annual Plan

As per the 'Manual for District Planning' prescribed by the Planning Commission, the Comprehensive Annual District Plan (CADP) is required to be prepared and approved by the DPC well before the commencement of the financial year for timely execution by the line departments and PRIs. We noticed that the Annual plans of Angul district for 2008-09 and 2009-10 were approved by the DPC in the middle/fag end of the year i.e. on 25 September 2008 and 5 January 2010 respectively, as a result of which the approved plans and programmes in the district could not be implemented by the executants as per the CADP for the respective year. The same could also not be incorporated in the Annual State Plan of the respective year. In reply, the delay in approval was attributed by the DPMU (January 2012) to pre-occupation and lack of time for Chairman-cum-designated Minister. Thus, ₹14.70 lakh incurred on the preparation of CADP by a private firm, TSI was unfruitful. We also noticed that the number of meetings of the DPC to be convened in a year were neither specified in the ODPC Act nor prescribed by the State Government, which indicates inadequate monitoring of schemes undertaken.

(vi) Lack of community involvement and functionaries in grass root level planning

As per recommendation of the Planning Commission, one trained community level person, one gender empowerment community leader and one barefoot engineer at GP level, as well as one engineer, one accountant and one social specialist at PS level are to be posted for preparation and implementation of grass root level planning. However, the same was not implemented, resulting in hindrance to the process of grass root level planning.

Organisation of trainings, seminars, and workshops are necessary in order to build capacity and efficiency among the staff engaged in the district planning process. For want of funds, not a single capacity building measure was undertaken (March 2012) which hinders the performance of DPC. Since the district is the unit of development and local bodies and people were given more freedom through their representatives in the paradigm of Decentralised Planning, one representative from the local bodies should head the DPC, instead of the Minister in charge of the district being nominated as Chairman of the DPC. Necessary changes in the ODPC Act have not yet been considered.

3.3.4.3 Mechanism of transparency in PRIs

As per the recommendations of the 13th Finance Commission, the Institution of Ombudsman should be in place for the PRIs in order to investigate allegations of impropriety and fraud against the PRIs. We found that Government had not taken any action for creation of such a vital anti-corruption mechanism to enforce transparency.

For effective grievance redressal forum, one complaint register should be maintained wherein complaints received from general public should be recorded. Besides, detailed action taken on the complaints should also be recorded. We observed that out of 98 complaints received during 2008-11 in the district, 84 cases were disposed off, leaving 14 complaints under enquiry as of December 2011. Complaint registers were neither maintained in Banarpal PS nor in eight selected GPs.

Neither the state government nor any of the test checked PRIs had prescribed any Citizen Charter for time bound delivery of various services to their stakeholders.

3.3.4.4 Non adherence to State Finance Commission recommendations

The State Finance Commission (SFC) is constituted by the Governor once in every five years in the State under provisions of Article 243(i) of the Constitution of India read with sections 3 and 8 of the Odisha Finance Commission Act 1993. The SFC gives recommendations on specified aspects of Local Bodies-State fiscal relations. The details of last two SFCs' constitution and recommendations are indicated in the following table.

Table No.3.10

SFC	Date of constitution	Period for which constituted	Date of submission of recommendation	Date of placing in Legislature
Second	June 2003	2005-10	September 2004	August 2006
Third	September 2008	2010-15	January 2010	January 2011

(Source:-State Finance Commission Report)

As per GoI guidelines, the State Government is required to act within six months of SFC's recommendations, to implement the same. But as seen from above, the Government had not acted within six months. There was also no record as to the status of the recommendation of the SFCs. The major recommendations of the last two SFCs were as under:

2nd State Finance Commission

- Implementation of transfer of functions, funds and functionaries to PRI in true spirit of devolution.
- Merger of District Rural Development Agency (DRDA) with ZP.
- Levy of 17 types of taxes, cess and fee by GPs to augment their fiscal position.
- Transfer of markets managed by Regulated Market Committee to GPs.
- Transfer of Sairat and minor mineral sources to GPs.
- Contribution of five *per cent* of income of GPs to each PS and ZP.

3rd State Finance Commission

- Transfer of matching funds to PRIs in respect of devolved functions by opening a separate Panchayat Sector in the Budget provision of the respective department.
- Levy and collection of tax, fee and toll by GP.
- Transfer of Sairat and minor mineral source to GPs.

We are of the view that the above recommendations should have been considered with a view to not only to augment the fiscal position of PRIs and make them financially viable, but also to enable PRIs play a pivotal role in providing good governance on devolution of 3Fs as per the constitutional mandate.

3.3.4.5 PRIs as effective Institution of self-governance

(i) Non-preparation of Budget estimate and annual accounts

We noticed that in contravention of Para 12(i) and 16 of the OZP Act and Para 24 and 30 of the OPS Act, ZP, Angul and both PSs at Banarpal and Talcher were not preparing any Budget Estimate and Annual Accounts for approval by the concerned ZP and PS respectively, during the period covered under review. We further observed that the eight sampled GPs were also not preparing Budget Estimates and maintaining accounts in the format prescribed by the CAG. Instead, accounts were being prepared in the old format prescribed by the State Government. As a result, the consolidated position of revenue and expenditure were not available for evaluation in PRIs.

(ii) Inadequate number of meetings held by each level of PRI

As per Para 11(i) of the ZP Act, the Parishad shall meet not less than four times during any year and more than three months should not elapse between two successive meetings. We, however, observed that the ZP, Angul met only twice in 2008-09 and thrice during 2009-10.

Contrary to the Government notification dated 20 April 1970 on Rules and business of Panchayat Samiti, neither of the two sampled PSs i.e. Banarpal and Talcher, conducted six meeting of Samiti each year during 2008-11. The shortfall ranged between three to four and one to three each year for Banarpal PS and Talcher PS respectively, as indicated below.

Table-3.11: Shortfall in conduct of meeting

Sl No.	Name of PS	No of meeting held during the year		
		2008-09	2009-10	2010-11
1.	Banarpal	2	2	3
2.	Talcher	4	3	5

(Source-Panchayat Samiti meeting register)

Every GP should meet at least once in every month. We noticed that in two out of eight sampled GPs under two PSs, only four Panchayat meetings were held during 2008-09 at Kandasar GP, whereas four and nine meetings of GP were organised during 2009-10 and 2010-11 respectively at Ghantapada GP against the requirement of twelve meetings in a year.

No specific reply on the issue was furnished by any of the test checked PRIs except BDO, Talcher, who attributed the shortfall to by-elections held during 2008-09. Due to the required number of meetings not being convened by the respective PRIs, monitoring and supervision of the ongoing schemes and programme were not only hampered, but also various problems of the common people were not regularly and adequately addressed.

(iii) Non-attendance of PRI meetings by appropriate level of departmental functionaries

With the transfer of functions of 11 State Government Departments to three levels of PRIs (***Appendix-3.2***), the concerned functionaries of line departments were required to attend the PRI meetings regularly. We observed from scrutiny of relevant attendance registers that none of the district level officers attended the special Parishad meeting of ZP, Angul convened in March 2011. Besides, district level functionaries as indicated in the following table did not attend the Parishad meeting out of nine held during 2008-11.

Table-3.12: Non-attendance of Zila Parishad meetings by departmental functionaries

- ***ZP Level (Out of 9 meetings held)***

Sl. No.	Name of the functionaries	Name of the Department	Number of meetings unattended
1.	Chief District Medical Officer	H & FW	6
2.	Registrar of Cooperative Societies	Cooperative	7
3.	District Welfare Officer	ST & SC	3
4.	Civil Supply Officer	FS & CW	5
5.	District Social Welfare Officer	W & CD	3
6.	Chief District Veterinary Officer	I & ARD	3

(Source: Zila Parishad meeting attendance register)

- ***PS Level***

We also noticed from two sampled PSs that seven and 12 Samiti meetings were organised in Banarpal PS and Talcher PS respectively during 2008-11. Five and six Samiti level officials at PS, Banarpal and PS, Talcher respectively did not attend the meetings regularly. The absence ranged from two to 12 times during the said period as indicated below.

Table-3.13: Non-attendance of Panchayat samiti meetings by departmental functionaries

Sl No.	Name of the Functionaries in PS Banarpal	Name of the department	Number of meetings unattended (seven held)	Name of the officials in PS Talcher	Name of the department	Number of meetings unattended (12 held)
1	School Inspector	S&ME	3	Social Education Organiser	W&CD	8
2	Welfare Extension Officer	SC&ST	2	School Inspector	S&ME	4
3	Medical Officer	H&FW	2	Cooperative Inspector	Cooperation	12
4	Fisheries Extension Officer	F&ARD	4	Medical Officer PHC	H&FW	4
5.	Veterinary Assistant surgeon	F&ARD	3	Veterinary Assistant Surgeon	F&ARD	2
6.	--			Junior Engineer (MI)	WR	8

(Source: Panchayat Samiti meeting register)

On scrutiny of Minutes of GP Meetings of eight sampled GPs, we observed that none of the grass root level functionaries like, Auxiliary Nurse Midwife (ANM), Village Agriculture Worker (VAW), Village Health Worker (VHW) attended the Panchayat meetings during 2008-11, as they had not been invited.

Non-involvement of these functionaries in the meetings meant lack of involvement of day service providers who cater to the necessities of the people in respective fields of health, agriculture, education, co-operation and social sector etc.

(iv) Irregularities in the functioning of PRI Standing Committees

In order to accelerate the implementation of development projects, ensure better functioning of PRIs and to provide aid and advice, seven[11] Standing Committees were to be formed at each level of PRIs consisting of elected representatives and co-opted members as per ZP Standing Committee Rule 5(1)(2). We observed from the proceedings of ZPmeeting, Angul held in August 2009 that seven new standing committees were formed for the period 2009-11 in place of the earlier standing committee. But five committees did not meet during 2008-09, one committee did not meet during 2009-10 and 2010-11 while another committee did not meet during 2009-10. Besides, contrary to Government notification dated 25 September 2000, recommendations of the Standing Committees which had met during the period 2008-11, had not been placed before the Parishad for consideration and approval.

We further noticed that in Banarpal PS, only six Standing Committees were formed in April 2007 but none had met and functioned. In Talcher PS, despite the formation of all the seven standing committees, only standing committee No. 3 on development works met twice during 2008-11. In case of the other six Standing Committees, although meetings had been convened once in 2008-09 and 2009-10, they could not be held due to lack of quorum. Each of these Standing Committees was constituted with seven members instead of five. Although three and four members were present, the meetings were cancelled on the plea of lack of quorum (50 per cent of the strength) i.e. majority as per Standing Committee rule.

In the eight sampled GPs, we observed that no Standing Committee was constituted during the entire period covered under review.

No reason was cited by any of the PRIs for non-formation/ non-functioning of Standing Committees.

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[11] (1) Planning, finance and poverty alleviation programme; (2) Works, irrigation, electricity, drinking water, rural sanitation; (3) Public distribution, welfare, forestry, cattle breeding; (4) Education, sports & cultural activities; (5) Agriculture, animal husbandry, soil conservation, watershed, pisciculture; (6) Health, social welfare, women & child development and (7) Handicraft, village industries, khadi & gramadyog, rural housing

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Thus, the concerned PRIs had not constituted and convened Standing Committee meetings, leading to lack of advice and lack for recommendations and suggestions to accelerate implementation of development schemes.

(v) Non merger of DRDA with ZP

DRDAs are autonomous registered bodies under the Societies Registration Act 1960 and were created for implementing various Rural Development and Poverty alleviation schemes. As per sections 3(XIII) (a) (b) (c) of the OZP Act 1991, functions of preparation, execution, supervision of district plan, implementation of anti-poverty programmes with the power of monitoring and supervision were entrusted to ZPs. In view of the changed position, the DRDAs needed to be merged with ZPs. The 2nd SFC had also specifically recommended the said merger. However, DRDAs continue as such undermining the dignity and functional capacity of the apex level of rural local bodies.

(vi) Irregularity in selection of co-opted members for Standing Committees of PRIs

Seven Standing Committees were formed on 1 August 2009 to aid and advise the ZP on earmarked matters for the years 2009-10 and 2010-11. The President was authorised by the Parishad to select the members of Standing Committees, including the three co-opted members for each Standing Committee.
Contrary to Rule 5(1) (2) of the ZP Standing Committee Rule, the President nominated (May 2009) three co-opted members to each of the seven Standing Committees without taking experience and expertise into consideration. As a result, the co-opted members acted as mere spectators. This deviation from the rule undermined the effectiveness of the Standing Committees.

(vii) Ineffectiveness of Gram Sabha in Gram Panchayat

- ***Inadequate number of Gram Sabha Meetings***

Gram Sabha (GS) is a body consisting of all voters within the area of the Village Panchayat. It shall exercise such powers and functions at the village level as the legislature of the State. Annual and half-yearly meetings of the GS shall be held in February and June. Besides, as per Government orders, it is required to meet at least once in each quarter preferably on 26 January, 1 May, 15 August and 2 October. Test check of records of eight sampled GPs revealed that against the target of six GS meetings per year to be organised by each GP during 2008-11, the shortfalls ranged from one to five in seven GPs during 2008-09, two to four in six GPs during 2009-10 and one to three in four GPs during 2010-11, as tabulated below.

Table -3.14: Shortfall in Gram Sabha meeting

Sl No.	Name of the GP	No of Gram Sabha to be held in a year	Gram Sabha actually held			Short fall in holding Gram Sabha		
			2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
1.	Talmul	6	5	4	6	1	2	nil
2.	Kurdol	6	6	6	5	nil	nil	1
3.	Kandasar	6	3	2	5	3	4	1
4.	Jarasingha	6	1	2	6	5	4	nil
5.	Gopal Prasad	6	1	3	6	5	3	nil
6.	Gobara	6	5	6	6	1	nil	nil
7.	Dera	6		3	5	6	3	1
8.	Ghantapara	6	5	3	3	1	3	3

(Source: Gram sabha Meeting register)

Thus, the elected representatives did not adequately involve the grass-root level stakeholders in the governance process to ensure transparency in decision making.

- ***Gram Sabha meetings held devoid of Agenda***

As per Government instructions, the GS shall have a clear agenda including Annual statement of accounts of preceding year, Budget, Utilisation Certificate (UC), Audit report etc. to be discussed.

In the eight sampled GPs, we observed that no tangible steps had been taken for discussion on above agenda items as indicated below, details of which were given in ***Appendix-3.5.***

Table-3.15: Non- placement of agenda in Gram Sabha

Name of the Agenda	No of GPs		
	2008-09	2009-10	2010-11
Budget	3	4	2
Audit Report	8	8	8
Annual statement of accounts	6	6	8
Utilisation Certificate(UC)	6	3	4

(Source: Gram Sabha Register)

Thus, the GS could not ensure direct and focussed participation of common people in the governance of the Panchayat.

- ***Gram Sabha meetings held without quorum***

As per Government instruction, GS shall be held with a quorum of 10 *per cent* of the voters of the Gram Panchayat, failing which it will be postponed to another date. It was, however, observed that all the GSs were conducted in the eight test checked GPs during 2008-11 without quorum and with minimal attendance ranging from 0.17 *per cent* to 1.86 *per cent* (***Appendix-3.6).*** Thus, conduct of GS was reduced to a formality, with no true representation of the masses. It was further construed from the low attendance that there had been no adequate publicity regarding conduct of GS. The low attendance was also due to lack of awareness of the importance of participation by the masses.

- ***Social Audit conducted without quorum***

In order to ensure downward accountability among elected representatives and Government officials, Social Audit is required to be conducted through specially convened Gram Sabha. We observed that no Social Audit was conducted in Dera GP during 2008-11, in Kandasar GP during 2008-09 and 2009-10 and in Gobara GP during 2009-10. Besides, specially convened Social Audits were conducted with thin attendance ranging from 0.23 *per cent* to 0.92 *per cent* against the minimum attendance of 10 *per cent* (***Appendix-3.7***). Thus, Social Audit was reduced to a formality to comply with the direction of Government, reducing the efficacy of Social Audit as a control mechanism.

- ***Non inclusion of views of Pallisabha in Gram Sabha***

Decisions taken and projects identified by the Palli Sabha i.e. the people's assembly below the gram sabha should be presented before the Gram Sabha for consideration and approval. We, however, observed from the Palli Sabha minutes of GPs Kurdol, Jarasingha (February 2009, February 2010) and Talmul (February 2009), that the decisions taken in the Palli Sabha were not presented for consideration in the subsequent Gram Sabha meetings, which resulted in failure of the bottom up approach and spirit of decentralised governance.

3.3.4.6 Ineffective Monitoring

(i) Lack of adequate and clear benchmarks for service delivery

Adequate and clear benchmarks for service delivery by PRIs on various devolved functions were not prescribed by the State Government or by any tier of PRIs. In reality, all the devolved functions were actually being carried out by the concerned line departments through their own staff, as per their own plans and programmes based on funds allotted to them. This meant performance appraisal of the implementation of development schemes was not possible.

(ii) Lack of Management Information System (MIS)

Scrutiny at the selected three tiers of PRIs, revealed that the existing PAMIS accounting software was still in operation, preventing facilitation of smooth maintenance of accounts and automatic generation of data in seven formats prescribed by the CAG of India. In selected GPs (Gopal Prasad, Gobara, Dera and Kurdol of Talcher PS) although computers have been supplied since 2009-10, they had not yet been installed and made operational (March 2012) for want of electricity and trained staff.

3.3.5 Conclusion

The State Government is yet to devolve sufficient powers, resources and funds to ensure autonomy in the functioning of PRIs. Revenue collection at all the levels of PRI is very low and they are solely dependent upon state finances for their

sustenance. No concrete steps for maintenance of accounts and creation of database on finances in prescribed formats, together with training of required personnel have been taken up by the State Government. The State Government has not carried out its obligation of empowerment of PRIs in true spirit, despite preparation of integrated draft development plan of the districts. In absence of technical support teams, DPC is not in a position to supervise and monitor the plan and programme implemented by PRIs and line departments as per the approved district plan. Actions initiated by the State Government so far constituted compliance to the constitutional amendments and GoI Guidelines as a formality. Devolution of functions and functionaries on the existing administrative hierarchy without appropriate restructuring of the organisational setup of PRIs and lack of funds will not usher in the intended autonomy of PRIs. Monitoring and evaluation mechanisms are also not adequate. Thus, the objective and vision behind the constitutional amendment to make the PRIs true parts of self government has not been fully achieved.

3.3.6 Recommendation

The Government should ensure that

- Functions, functionaries and para statal agencies at district level and below be brought under direct control of PRIs in order to ensure their autonomy.
- Share of state revenue, grants in aid and funds to local bodies should match the responsibilities and functions devolved to PRIs.
- Legislation may be enacted to amend the act empowering the PRIs to prepare plans, programmes and implement them in relation to the 29 subjects listed in the 11th schedule of the Constitution.

CHAPTER – IV

RESPONSE TO AUDIT

Timely response to audit findings is one of the essential attributes of good governance as it provides assurance that the government takes its stewardship role seriously.

As entrusted by the state government under Section 20(1) of CAG's (DPC) Act 1971, we conduct periodical inspection of PRIs according to the procedure laid down in the Regulations on Audit and Accounts, 2007 to test check a few transactions on sample basis. During these inspections, we verify the quality and timeliness of maintenance of important accounting and other records as per prescribed rules and procedures and express opinion not only on the truthfulness and fairness of the accounts so maintained, but also on the economy, efficiency and effectiveness aspects of the transactions connected with such accounts. These comments and opinions are incorporated through Inspection Reports (IRs) which are sent to the Executive Officers of ZPs and BDOs of PSs and also to the Panchayati Raj Department.

Regulations 195 and 196 of Regulations of Audit and Accounts, 2007 require that each audited entity is to maintain proper record relating to receipt of IRs and progress of their settlement and may initiate action for settlement of audit observations with reference to the audit memos issued during audit without waiting for formal receipt of the IRs from the Audit Office. Regulation 197 requires that the officer in–charge of the audited entity is to send the reply to IR paragraphs to the respective Audit office *within four weeks* of its receipt. Even if it is not feasible to furnish the final replies to some of the observations in the IRs within the aforesaid time limit, the first reply was not to be delayed and an interim reply was to be given indicating the likely date by which the final reply would be furnished. Thus, all defects and acts of omissions and commission are expected to be attended to promptly and compliance reported to the Accountant General after taking due executive / administrative action to set right / remedy such defects acts.

A review of the IRs issued up to March 2011 to different PRIs revealed that response of the PRIs to said IRs was poor as indicated in succeeding paragraphs.

4.1 Lack of response to Inspection Reports

The Sr. DAG (LBA&A), Odisha issued 330 Inspection Reports on GPs, 55 on PSs and seven on ZPs for 2010-11 containing 13797 audit paragraphs. As of March 2011, 43668 paragraphs relating to 4946 Inspection Reports remained outstanding after settlement of 6020 paras relating to Inspection Reports of PSs through Triangular Committee (TC) meetings. As of March 2012, 55895

paragraphs relating to 5338 Inspection Reports issued by the Sr. DAG (LBA&A), Odisha to the different PRIs remained unsettled for want of required compliances after settlement of 1570 paragraphs in eight TC meetings.

4.2 Follow up action on Annual Technical Inspection Report

The Office of the Senior Deputy Accountant General (Local Bodies Audit and Accounts) under the administrative and technical control of Accountant General (Civil Audit), Odisha issued five Annual Technical Inspection Reports (ATIR) on Local Bodies relating to the year 2005-06 to 2009-10 wherein major audit findings on the transactions of PRIs of the state were reported. No compliance had been submitted to any of the paragraphs of these five ATIRs as of March 2012.

14/12/12

(DEEPAK RAGHU)
Deputy Accountant General
(Social Sector Audit-I)
O/o the Accountant General
(General and Social Sector Audit)
Odisha, Bhubaneswar.

Bhubaneswar
The------ day of-----2012
14 DEC 2012

Countersigned

14/12/2012

(AMAR PATNAIK)
Accountant General
(General and Social Sector Audit)
Odisha, Bhubaneswar

Bhubaneswar
The----- day of------2012

Appendices

Appendix-2.1
(Refer paragraph 2.2.1 at page 7)

Statement showing the details of quantity of rice lying since the date of last issue in different GPs of Narasinghpur PS

Sl. No	Name of the GP	Date of last issue	Quantity of rice lying since the date of last issue (in quintals)
1.	Adheigund	02.6.07	66.00
2.	Alara	18.8.08	297.67
3.	Badabhuin	30.6.08	54.13
4.	Balijhari	02.8.08	14.78
5.	Balisahi	12.4.08	96.41
6.	Bandhahuda	31.3.07	8.64
7.	Basantapur	02.8.08	69.04
8.	Baselihat	30.12.06	44.65
9.	Chakamunda	28.6.08	60.20
10.	Champeswar	18.4.08	90.00
11.	Ekadal	31.5.08	227.72
12.	Godibandha	02.8.08	188.55
13.	Jayamangal	24.3.08	4.99
14.	Jodum	30.6.08	11.89
15.	Kamaladiha	29.5.08	152.12
16.	Kakudia	03.12.07	40.56
17.	Kanjiapada	02.8.08	126.72
18.	Kanpur	28.6.08	77.94
19.	Kokalaba	27.6.08	12.57
20.	Nimasahi	16.8.08	121.38
21.	Nizigargh	18.8.08	85.54
22.	Nuapatna	26.6.08	13.80
23.	Paikbarbati	28.6.08	58.40
24.	Rusipada	24.3.08	6.55
25.	Sagar	30.6.08	63.74
26.	Saradhapur	24.6.08	69.12
27.	Siaria	16.8.08	78.64
	Total		**2141.75**

Appendix-2.2
(Refer paragraph 2.2.2 at page 8)

Statement showing the details of shopping units remained idle and incomplete

(i) Completed shopping units remained idle due to non-allotment

(In ₹)

Sl. No.	Name of the PS	District	Scheme to which the work relates	Years to which the works relates	No. of units	Estimated cost	Market complex (Idle expr)	Years/Date in which the work completed
1	Kantapada	Cuttack	SGRY, MPLAD, MLALAD	2003-04 to 2006-07	16	820000	820000	24-Mar-07
2	Pallalhara	Angul	SGRY	2004-05	23	1045000	1045000	During 2005-06
3	Banarpal	Angul	SGRY/ SGSY	2003-04 and 2004-05	26	1322000	1322000	2004-05
4	Nilgiri	Balasore	SGRY and SGSY (Ifr)		8	320000	320000	March 2007
5	Basta	Balasore	SGRY/ SGSY	2004-05 to 2009-10	23	1056000	1056000	NA
6	Harabhanga	Boudh	NA	2002-03 to 2003-04	3	1195000	1195000	August/ September 200
7	Kantamal	Boudh	SGRY	2004-05	15	600000	600000	Oct-04
8	Balikuda	Jagatsinghpur	SGRY(PS) SGRY(ZP)	2004-05 to 2006-07	20	1060000	1060000	November 200 to March 2008
9	Talcher	Angul	SGRY, MLALAD	2003-04 to 2004-05	18	1300000	1300000	December 2006
10	Nischintkoili	Cuttack	SGRY, SGSY	2003-04 to 2006-07	66	5400000	5400000	Mar-07
					218	**14118000**	**14118000**	

(ii) Shopping units remained incomplete

Sl. No.	Name of the PS	District	Scheme to which the work relates	Years to which the works relates	Number of units	Estimated cost	Date/ Period of Issue of work orders	Expenditure incurred (In ₹)
1	Balikuda	Jagatsinghpur	SGRY& SGSY	2003-04	75	3845000	March 2004 to June 2007	3784000
	Total				**75**	**3845000**		**3784000**

Appendix-2.3
(Refer paragraph 2.2.3 at page 9)

Statement showing the details of loss of government subsidy

Sl No	Name of the block	Number of bogus/fake cards detected	Annual quantity of issue of rice/ sugar (in kg)	Total quantity from 2006-07 to 2010-11 rice/ sugar (in kg)	Loss of subsidy to govt. (rice @ ₹14.65 - ₹2.00 = ₹12.65 & sugar @ ₹27.00-₹13.50=₹13.50 per kg)(in ₹)
1	Nischintkoili	22	6600/528	33000/2640	417450+35640=453090
2	Banki – Dumpada	25	7500/600	36875/2950	466469+39825=506294
3	Mahanga	291	87300/6984	436500/34920	5521725+471420=5993145
4	Tigiria	154	46200/3696	231000/18480	2922150+249480=3171630
	Total	492	147600/11808	737375/58990	10124159

Appendix-2.4

(Refer paragraph 2.2.4 at page 10)

Statement showing details works remained incomplete under MPLAD/MLALAD leading to unfruitful expenditure and blockage of fund

(In ₹)

Sl No	Name of the work	Estimated cost	Date of work order	Expenditure made	Unutilised amount	Period for work left abandoned till date (5/2011)
	TALCHER MLALAD					
1	Construction of Krusaksahi step bath for ladies and gents at Kankali GP	100000	2007-08 (25/7/07)	92000	8000	Incomplete
2	Renovation of Hanuman Mandir at HB colony	150000	2006-07 (2.12. 06)	40000	110000	Incomplete
3	Const of Harijan sahi Kothaghar at Tentulei	150000	2006-07 (22.12.06)	42000	108000	Incomplete
	NILGIRI (MLALAD)					
1	Construction of Animal treatment Rest shed at Berhampur	50000	2008-09	50000	0	Plinth and Pillar constructed
2	Completion of Bhagabat Tungi , at Khordha, CR	50000	2008-09	50000	0	Up to lintel completed
3	Restoration of Balunkeswar Mahadev Mandir in Gopinathpur Village	100000	2008-09	100000	0	Plinth was constructed
	SORO (MPLAD)					
1	Community Centre at Belpur Basti, Analpur GP	110000	2004-05	44000	66000	Incomplete
2	Community Centre at Sindhua	100000	2006-07	86000	14000	Incomplete
	BASTA (MPLAD)					
1	Construction of class room at Baharda High School	150000	2006-07	148773	1227	Incomplete
2	Construction of class room of SN High School Basta	250000	2008-09	225697	24303	Incomplete
3	Construction of Hirapur High School, Gadapada GP	200000	2008-09	147290	52710	Incomplete
	JALESWAR (MLALAD)					
1	Construction of bridge at Taradighi	170000	2007-08	118304	51696	Incomplete
2	Construction of stone patching from Badgadia Bhagabati Mandir to Shrustidhar Das house	150000	2008-09	132929	17071	Incomplete

Sl No	Name of the work	Estimated cost	Date of work order	Expenditure made	Unutilised amount	Period for work left abandoned till date (5/2011)
	BALIAPAL (MPLAD)					
1	Construction of class room at Ninapada high school	300000	2005-06	109500	190500	Incomplete
2	Construction of Patient waiting room at Langaleswar PHC	300000	2007-08	110000	190000	Incomplete
3	Construction of community centre near mausibadi, Baliapal	200000	2009-10	100000	100000	Incomplete
4	Construction Community Centre Panitapali, Baliapal	100000	2009-10	76000	24000	Incomplete
	MLALAD					
1	Construction of community centre near Patrapur Mahadev Mandir	50000	2006-07	24800	25200	Incomplete
2	Construction of community centre at Jamatkullha Hadisahi	70000	2007-08	43250	26750	Incomplete
3	Restoration of Jagannath Temple at Abhinapada	200000	2009-10	45500	154500	Incomplete
4	Completion of restoration work Durga Mandap at Ninapada	150000	2009-10	29000	121000	Incomplete
	21	**3100000**		**1815043**	**1284957**	

Appendix-2.5

(Refer paragraph 1.8.1 & 2.2.7.1 at pages 5 & 13)

Statement showing the spending efficiencies of the PSs under the districts

(In ₹)

Sl. No		Name of the PS	Year	OB as on 01 April 2010	Grants received during 2010-11	Total funds available	Expenditure during the year	Closing balance as on 31 March 2011	Percentage of Expenditure to the total availability of fund
	ANGUL								
1	1	Talcher	2010-11	45105993	70163178	115269171	61209011	54060160	53
2	2	Banarpal	2010-11	47947886	74046584	121994470	48553116	73441354	40
	BALASORE								
3	1	Korei	2010-11	93832306	141925296	235757602	73274742	162482860	31
4	2	Soro	2010-11	33591000	108196000	141787000	81878000	59909000	58
5	3	Basta	2010-11	50283000	141622000	191905000	114637000	77268000	60
6	4	Simulia	2010-11	33721000	154648000	188369000	136791000	51578000	73
7	5	Khaira	2010-11	54184000	231784000	285968000	200966000	85002000	70
8	6	Jaleswar	2010-11	126328000	138532000	264860000	102357000	162503000	39
9	7	Baliapal	2010-11	50479000	94958000	145437000	92479000	52958000	64
	BOUDH								
10	1	Harbhanga	2010-11	97403867	111555203	208959070	115321366	93637704	55
	CUTTACK								
11	1	Salipur	2010-11	181130802	148039129	329169931	126229731	202940200	38
12	2	Tangi Chowdwar	2010-11	146244996	151231279	297476275	130753912	166722363	44
13	3	Banki Dampara	2010-11	56055927	88105278	144161205	59865784	84295421	42
14	4	Baramba	2010-11	121692000	155732000	277424000	74148000	203276000	27
15	5	Niali	2010-11	178807698	171474438	350282136	133855806	216426330	38
16	6	Narsinghpur	2010-11	96055000	177356000	273411000	136667000	136744000	50
17	7	Mahanga	2010-11	111150681	152650597	263801278	117985580	145815698	45
18	8	Athagarh	2010-11	115328000	116183000	231511000	83603000	147908000	36
19	9	Tigiria	2010-11	61959000	71109000	133068000	42853000	90215000	32
	DHENKANAL								
20	1	Hindol	2010-11	91469109	328472356	419941465	289600670	130340795	69
21	2	Kamakhya-nagar	2010-11	4735490	254161888	258897378	236508907	22388471	91
22	3	Kaniha	2010-11	41259087	135991989	177251076	122001001	55250075	69
23	4	Dhenkanal	2010-11	89026148	149546649	238572797	99046096	139526701	42
24	5	Gondia	2010-11	64907383	156251601	221158984	100445477	120713507	45
	JAGATSINGHPUR								
25	1	Erasama	2010-11	112439598	168837968	281277566	175125723	106151843	62
26	2	Naugaon	2010-11	54157585	75116032	129273617	58455913	70817704	45
27	3	Jagatsinghpur	2010-11	81456461	147595809	229052270	129221615	99830655	56
	JAJPUR								
28	1	Barchana	2010-11	189878885	139024581	328903466	134938678	193964788	41
29	2	Bari	2010-11	115576805	103550400	219127205	100715879	118411326	46
30	3	Danagadi	2010-11	12616188.65	91653084	104269272.7	81025828	23243444.65	78
	KHORDHA								

Sl. No		Name of the PS	Year	OB as on 01 April 2010	Grants received during 2010-11	Total funds available	Expenditure during the year	Closing balance as on 31 March 2011	Percentage of Expenditure to the total availability of fund
31	1	Banapur	2010-11	50214827	142022813	192237640	103218025	89019615	54
32	2	Balipatna	2010-11	142665392	91393195	234058587	61018651	173039936	26
33	3	Begunia	2010-11	3677058	12807400	16484458	11161600	5322858	68
34	4	Khordha	2010-11	2606916	10928200	13535116	12855885	679231	95
		TOTAL		**2757987089**	**4506664947**	**7264652036**	**3648767996**	**3615884040**	50

Appendix-2.6
(Refer paragraph 2.2.7.1 at page 13)
Statement showing details of outstanding advance lying unadjusted as on 31-03-2011

(In ₹)

Sl. No.	Name of the PS	Total amount	Unclassified Amount	Period from which lying unadjusted 2001-02 to 2003-04	Prior to 2005-06 and relates to SGRY	Since 2007-08	Remarks
1	Kantapada	1907000	951479	0	0	0	
2	Earasama	3791000	2880087	0	0	0	
3	Sukinda	14500000	0	0	0	0	
4	Hindol	13620000	13620000	0	0	0	
5	Salipur	35960167	35960167	33558799	0	0	
6	Kamakhyanagar	2113000	2113000	0	0	0	
7	Tangi Chowdwar	18009049	18009049	14266960	18000	0	
8	Banki Dampada	9702026	9702026	64893	0	0	
9	Niali	3104182	3104182	0	0	0	
10	Begunia	688967	192440	0	0	0	
11	Mahanga	10060750	10060750	0	0	0	
12	Kaniha	1149645	1149645	0	0	0	
13	Jajpur	18995575	18995575	0	0	0	
14	Banki	8203864	8203864	3675364	0	0	
15	Pallalhara	3478716	3478716	0	0	0	
16	Athagarh	60566487	60566487	0	0	0	
17	Talcher	4702049	30000	0	0	0	
18	Barchana	34800000	34800000	0	0	0	
19	Banarpal	10962000	3635780	0	0	0	
20	Bari	69823381	5622383	0	0	0	
21	Nilgiri	7195811	7195811	0	0	0	
22	Khordha	2403399.84	2218350	0	0	0	
23	Korei	25715798	7360277	0	0	0	
24	Chhendipada	2250480.18	416400.18	0	0	0	
25	Jagatsinghpur	6087010	0	0	0	0	
26	Soro	4603939	2324007	0	0	0	
27	Basta	9024086	643881	0	0	0	
28	Gondia	13430751	717482	0	0	0	
29	Danagadi	8762202	0	0	0	0	
30	Kantamala	2917000	0	0	0	2917000	Includes advance of Rs.841000 against Retired and ex-employees
31	Harbhanga	9007000	0	0	0	5623000	Includes advance of Rs.1781000 against Retired and ex-employees
		417535335	**253951838**	**51566016**	**18000**	**8540000**	

Appendix-2.7
(Refer paragraph 2.2.7.1 at page 14)
Statement showing details of interest accrued on different schemes funds which were not accounted for in the cashbooks

(In ₹)

Sl.No	Name of the PS	Amount of interest earned on different scheme funds not accounted for (In ₹)	Name of the schemes involved
1	Kantapada	882222	IAY, MLALAD, MPLAD and MGNREGS
2	Baramba	3337357	IAY, MLALAD, MPLAD and MGNREGS
3	Kaniha	673000	IAY, MLALAD, MPLAD
4	Banki	867269	IAY, MLALAD, MPLAD, BRGF and MGNREGS
5	Athagarh	2044478	IAY, MLALAD, MPLAD, MGNREGS
6	Barchana	1128122	IAY, MLALAD, MPLAD, MGNREGS
7	Gondia	4268660	IAY, MLALAD, MPLAD, MGNREGS
8	Balianta	3034885	IAY, MLALAD, MPLAD, MGNREGS
9	Harbhanga	197000	BRGF and MGNREGS
10	Boudh	783987	BRGF and MGNREGS
	Total	**17216980**	

Appendix-2.8

(Refer paragraph 2.2.7.1 at page 14)

Statement showing details of funds lying in the closed/defunct schemes without being transferred to the relevant schemes or refund

(In ₹)

Sl.No	Name of the PS	Name of defunct/ closed schemes	Amount lying without being transferred or refund
1	Sukinda	SGRY	3327959
		OBB	3461626
2	Hindol	SGRY	1498820
		CRF	123127
		EAS	34243
		TLC	137517
3	Salipur	SGRY	724512
		NFFW	522775
		NREP	19501
		JRY	340159
		IRDP	2490
		EAS	465995
		OBB	415726
		DWCRA	15000
		RCP	32460
		ERRP	4075
		RLEGP	20200
4	Tangi Chowdwar	SGRY	423061
		OBB	2671987
5	Nischintkoili	SGRY	2646
		IJRY	21607
		NFFW	149
		OBB	50250
		EAS	40821
6	Banki-Damapada	SGRY	11392
		SGRY(spl)	2612282
7	Barama	SGRY	1165544
		NFFW	1422099
8	Tigiria	SGRY	93619
		NFFW	8244
		OBB	57307
9	Naugaon	MILLENIUM WELL	100
10	Bari	DRM	110000
11	Nilgiri	SGRY	1011074
12	Danagadi	OBB	1068
		DRM	1000
		CRF	39325
		SGRY	711644
13	Balianta	OBB	162851
		UTIED	21906
		KR/BCO	88445
14	Kantamal	SGRY	6107
		NFFWP	130103
		OBB	623470
		PMGY	2042354
15	Harabhanga	PMGY	2368107
		OBB	263150
	Total		**27307897**

Appendix-2.9

(Refer paragraph 2.2.7.1 at page 14)
Statement showing details of Government revenues and labour cess lying without being remitted

(In ₹)

	Name of the PS	Total unremitted amount	Amount of Labor Cess lying without remittance
1.	Kishore nagar	499227	122487
2.	Kantapada	390009	3848
3.	Erasama	167000	0
4.	Sukinda	717750	121508
5.	Hindol	1347000	31299
6.	Salipur	57000	0
7.	Kamakhyanagar	479000	69713
8.	Tangi chowdwar	770528	197501
9.	Nischintkoili	407920	111421
10.	Banki dampada	562203	19936
11.	Barama	2937000	145085
12.	Niali	1333980	99110
13.	Narsinghpur	2043045	1333980
14.	Begunia	1423333	960162
15.	Mahanga	3938205	141265
16.	Kaniha	442898	136009
17.	Jajpur	81428	5280
18.	Pallalhara	314582	29204
19.	Athagarh	503250	351460
20.	Talcher	1065171	279298
21.	Tigiria	2193461	29606
22.	Barchana	229000	51937
23.	Banarpal	871624	150213
24.	Naugaon	70618	0
25.	Banapur	1304930	0
26.	Bari	3422000	0
27.	Barang	320118	65182
28.	Khordha	848961	0
29.	Balipatna	713355	132942
30.	Korai	1021347	170088
31.	Chhendipada	90669	36931
32.	Jagatsinghpur	310000	0
33.	Soro	273666	50000
34.	Basta	120033	45000
35.	Gondia	768193	0
36.	Danagadi	368849	36053
37.	Balianta	395000	258557
38.	Kantamal	2608000	1924000
39.	Harbhanga	2088000	1228000
40.	Boudh	1437000	678000
41.	Jaleswar	512000	449000

	Name of the PS	Total unremitted amount	Amount of Labor Cess lying without remittance
42.	Baliapal	738000	527000
	Total	**40185353**	**9991075**

Appendix-2.10

(Refer paragraph 2.2.7.1 at page 15)
Statement showing details on diversion of fund

(In ₹)

Sl.No	Name of the PS	Scheme from which diverted	Scheme to which diverted	Balance amount to be recouped on date of audit
1	Kishorengar	Misc(KL)	OAP	488000
		IAY(N)	OAP	707000
		TFC	OAP	760000
		Misc	OAP	10340
2	Kantapada			2874000
3	Nischintkoili	IAY Spl	SGRY Spl	10000000
		IAY (N)	NREGS	3500000
		IAY (N)	NREGS	1000000
		IAY (N)	NREGS	2200000
		IAY (N)	NREGS	500000
		IAY (N)	NREGS	2900000
		IAY (Spl)	NREGS	10000000
4	Baramba			31900000
5	Narsinghpur	NREGS	FDR	6969923
		Do	GGY	3000000
		FDR	MISC	30077
		GGY	MISC	216316
6	Kaniha	IAY	NREGA	500000
		IAY	NREGA	200000
		IAY	NREGA	1150000
		IAY	NREGA	150000
		ST & SC DEV	NREGA	20000
		TFC	NREGA	500000
		TFC	NREGA	50000
		GGY	NREGA	300000
		GGY	NREGA	800000
		MISC	NREGA	10000
		GGY	MPLAD	200000
		GGY	IAY	200000
		MPLAD	TFC	20000
		MPLAD	TFC	300000
		TFC	MISC	100000
		GGY	TFC	50000
		GGY	NREGA	2500000
		NREGA	IAY	3000000
		MISC	IAY	200000
		MISC	NREGA	1500000
		MISC	IAY	300000
		MISC	IAY	300000
		MISC	ELECTION	35000
		MISC	NREGA	10000

Sl.No	Name of the PS	Scheme from which diverted	Scheme to which diverted	Balance amount to be recouped on date of audit
7	Pallalhara	MISC	ELECTION	576
		MISC	SGSY	456
		MISC	TEACHER SALARY	1000
		MISC	OAP	1063400
8	Athagarh	PS Misc.	TFC	1868000
		FDR	PS Misc	19215000
		Relief	Misc.	374751
		IAY	NREGS	300000
		GGY	FDR	20716487
		MLALAD	MPLAD	100000
		IAY	NREGS	150000
		NREGS	TSC	200000
9	Talcher	GGY	NREGA	1550000
		NREGA	MISC	2000000
		NREGA	MISC	2000000
		IAY	NREGA	500000
		IAY	NREGA	500000
		IAY	NREGA	1000000
10	Tigiria	FDR	Misc	200000
		SGRY	Misc	42972
		Misc	OAP	1616230
		NREGS	MISC	150000
		NREGS	MISC	2000000
		IAY(N)	NREGS	2000000
		IAY(N)	NREGS	100000
		MDM	RWSS	2000000
		TFC	NREGS	2000000
		Misc	RWSS	125000
		CC Road	Misc	200000
11	Barchana	PS MISC.	RWSS	493954
		PS MISC.	RWSS	300000
		OAP	PS MISC.	60000
12	Bari			11751950
13	Korei			9001500
14	Chhendipada	ELECT	MISC	54755
		GGY	NREGA	900000
		GGY	NREGA	700000
		GGY	NREGA	600000
		GGY	NREGA	2000000
		GGY	NREGA	400000
		IAY	MISC	500000
15	Jagatsinghpur	IAY	NREGA	400000
		IAY	Honorarium	171000
		OAP	Election	130000
16	Soro			8500000
17	Basta			11700000

Sl.No	Name of the PS	Scheme from which diverted	Scheme to which diverted	Balance amount to be recouped on date of audit
18	Gondia	NREGS	IAY	200000
		NREGS	OAP	298000
19	Danagadi	MLALAD	NREGS	20000
		NREGS	MLALAD	64420
		MDM	Election	15900
		OAP	TFC-EFC	345
		OAP	PS MISC./KL Grant	7060
		PS MISC.	NREGS	382000
		MDM	PS MISC./KL Grant	2235
		OAP	NREGS	103000
20	Balianta	IAY	NREGS	1000000
		IAY	NREGS	1000000
		Misc.	Honorarium	108000
		Misc.	Honorarium	72000
		Misc.	Honorarium	36000
		Misc.	Honorarium	72000
		Misc.	Teachers salary	25000
	Total			**202493647**

Appendix-2.11

(Refer paragraph 2.2.7.2 at page 15)

Statement showing the list of GPs where the Expenditure during the period 2010-11 was less than 50 *per cent* (Low Spending Efficiency)

(In ₹)

Sl. No.	Name of the GP	Name of the Block	Name of the District	OB	Receipt	Total	Expend i-ture	Balance	Percen -tage of expend i-ture
1	Bijigol	Kaniha	Angul	180130	445751	625881	135284	490597	22
2	Baraput	Banki	Cuttack	379328	2199306	2578635	823334	1755301	32
3	Kusupangi	Banki Dampada	Cuttack	629179	1013023	1642222	606717	606717	37
4	Borikina	Balikuda	Jagatsingh pur	893161	604147	1497308	471381	1025927	31
5	Bikramtiran	Badchana	Jajpur	846986	955904	1802890	668990	1133900	37
6	Ayatpur	Cuttack Sadar	Cuttack	550344	818779	1369123	520244	848879	38
7	Belagachhia	Barang	Cuttack	332782	636546	969228	385109	584119	40
8	Talabasta	Banki Dampada	Cuttack	606120	2134076	2740196	718410	2021786	26
9	Kandarpur	Athagarh	Cuttack	886291	274946	1161237	495678	665559	43
10	Uttarkul	Nischintkoi li	Cuttack	377031	1063935	1440966	719094	721872	50
11	Goleipur	Korei	Jajpur	480638	973350	1453988	527652	926336	36
12	Pathapur	Banki Dampada	Cuttack	705101	491655	1196756	521982	674774	44
13	Ramdaspur	Barang	Cuttack	397670	472599	870268	382286	487982	44
14	Kaluria	Gondia	Dhenkana l	388990	685738	1074728	287897	786831	27
15	Nihalprasad	Gondia	Dhenkana l	985601	779293	1764894	630358	1134536	36
16	Barihapur	Mahanga	Cuttack	303001	528910	831911	411776	420135	49
17	Mirzapur	Salipur	Cuttack	646044	624335	1270379	351137	919242	28

Appendix-2.12(a)

(Refer paragraph 2.2.7.2 at page 15)

Statement showing details of outstanding advances lying unadjusted at GP level

(In ₹)

Sl. No	Name of the GP	Name of the PS	Name of the District	Outstanding advance	Prior to 2000	During 2002-03	During 2004-05 & 2005-06	2007-08 & 2008-09	During 2009-10
1	Daleisahi	Bolagarh	Khordha	19801					
2	Ayar	Jagatsinghpur	Jagatsinghpur	14347					
3	Chhapada	Raghunathpur	Jagatsinghpur	57229.48			2000	37229	
4	Alando	Biridi	Jagatsinghpur	72694	72694				
5	Uttar sasan	Biridi	Jagatsinghpur	10300					
6	Kaniha	Kaniha	Angul	35000	30000	5000			
7	Kulei	Kaniha	Angul	16270					
8	Bijigol	Kaniha	Angul	7708	708	7000			
9	Rengali	Kaniha	Angul	5000		5000			
10	Baideswar	Banki	Cuttack	33800	33800				
11	Champeipal	Dasrathpur	Jajpur	19003.04					
12	Nandipur	Dasrathpur	Jajpur	4872					
13	Mallikapur	Dasrathpur	Jajpur	26817					
14	Pallatpur	Dasrathpur	Jajpur	21653.57					
15	Krushnacha-ndrapur	Erasama	Jagatsinghpur	198131			13000	162631	0
16	Goda	Erasama	Jagatsinghpur	47172					
17	Kusupangi	Banki Dampada	Cuttack	19020					
18	Dansar	Banki Dampada	Cuttack	17100					
19	Kantapada	Kantapada	Cuttack	4093.02					
20	Sithal	Niali	Cuttack	44023.43					
21	Borikina	Balikuda	Jagatsinghpur	74293.04					
22	Titira	Balikuda	Jagatsinghpur	7014					
23	Baharana	Balikuda	Jagatsinghpur	2208.85					
24	Sailo	Kujanga	Jagatsinghpur	87597.41	87597.41				
25	Patapur	Kujanga	Jagatsinghpur	15656					
26	Bikramtiran	Badchana	Jajpur	18100					
27	Bagalpur	Kantapada	Cuttack	19592				19592	0
28	Barada	Cuttack Sadar	Cuttack	24864				24864	0
29	Ayatpur	Cuttack Sadar	Cuttack	4622					
30	Kalapathar	Banki	Cuttack	20088					
31	Santarapur	Banki	Cuttack	35360					
32	Agrahat	Tangi Chowdwar	Cuttack	117196.48					
33	Belagachhia	Barang	Cuttack	15229.02					
34	Dhaipur	Athagarh	Cuttack	7044	7044				
35	Krushnapr-asad	Niali	Cuttack	5000					
36	Uttarkul	Nischintkoili	Cuttack	122661.96					
37	Uchabali	Danagadi	Jajpur	2100					
38	Barundai	Korei	Jajpur	11811					

Sl. No	Name of the GP	Name of the PS	Name of the District	Outstanding advance	Prior to 2000	During 2002-03	During 2004-05 & 2005-06	2007-08 & 2008-09	During 2009-10
39	Dhaneswar	Korei	Jajpur	10870					
40	Goleipur	Korei	Jajpur	2100					
41	Salagaon	Tangi Chowdwar	Cuttack	18952					18952
42	Pathapur	Banki Dampada	Cuttack	9070.85					
43	Ramdaspur	Barang	Cuttack	41434.15					
44	Kakhadi	Tangi Chowdwar	Cuttack	26000					
45	Chandrasekhar prasad	Dhenkanal Sadar	Dhenkanal	858154.1					
46	Bidharpur	Gondia	Dhenkanal	26932.66					
47	Kaluria	Gondia	Dhenkanal	79227.75			72610	6617.75	
48	Nihalprasad	Gondia	Dhenkanal	261171.28					
49	Mahulpal	Kamakhya-nagar	Dhenkanal	107839					
50	Gediapali	Bolagarh	Khordha	46427					
51	Kalyanpur	Bhubaneswar	Khordha	9725					
52	Nuapatna	Tigiria	Cuttack	97221					
53	Naraj Marthapur	Barang	Cuttack	167654					
54	Mirzapur	Salipur	Cuttack	215000					
55	Gobindpur	Tangi Chowdwar	Cuttack	61885					
56	Uchapada	Tangi Chowdwar	Cuttack	3023					
57	Odasingh	Salipur	Cuttack	7506					
58	Haladia	Mahanga	Cuttack	12582.11	0	0			
59	Sankarpur	Tangi Chowdwar	Cuttack	79000	0	0			
				3406247	**231843**	**17000**	**87610**	**250934**	**18952**

Appendix-2.12(b)

(Refer paragraph 2.2.7.2 at page 15)

Statement showing details of GPs who did not maintain Advance Register

Sl.No.	Name of the GP	Name of the Block
	Angul	
1	Kulei	Kaniha
2	Susuba	Kaniha
	Cuttack	
1	Baideswar	Banki
2	Baraput	Banki
3	Puicha	Banki
4	Kusupangi	Banki Dampada
5	Kantapada	Kantapada
6	Sithal	Niali
7	Barada	Cuttack Sadar
8	Kalapathar	Banki
9	Santarapur	Banki
10	Agrahat	Tangi Chowdwar
11	Belagachhia	Barang
12	Kandarpur	Athagarh
13	Dhaipur	Athagarh
14	Ishanibrahmapur	Nischintkoili
15	Sadansa	Niali
16	Krushnaprasad	Niali
17	Uttarkul	Nischintkoili
18	Salagaon	Tangi Chowdwar
19	Pathapur	Banki Dampada
20	Ramdaspur	Barang
21	Kakhadi	Tangi Chowdwar
22	Balisahi	Salipur
23	Barihapur	Mahanga
24	Nuapatna	Tigiria
25	Mulabasanta	Mahanga
26	Naraj Marthapur	Barang
27	Mirzapur	Salipur
28	Gobindpur	Tangi Chowdwar
29	Uchapada	Tangi Chowdwar
30	Odasingh	Salipur
31	Safa	Tangi Chowdwar
32	Haladia	Mahanga
33	Sankarpur	Tangi Chowdwar
34	Tentola	Salipur
	Dhenkanal	
1	Thokar	Hindol
2	Chandrasekhar prasad	Dhenkanal Sadar
3	Bidharpur	Gondia
4	Kaluria	Gondia
5	Nihalprasad	Gondia
6	Mahulpal	Kamakhyanagar

Sl.No.	Name of the GP	Name of the Block
	Jagatsinghpur	
1	Allanda	Jagatsinghpur
2	Ayar	Jagatsinghpur
3	Chhapada	Raghunathpur
4	Jayasole	Raghunathpur
5	Alando	Biridi
6	Uttar sasan	Biridi
7	Krushnachandrapur	Erasama
8	Borikina	Balikuda
9	Alavara	Balikuda
10	Titira	Balikuda
11	Baharana	Balikuda
12	Sailo	Kujanga
13	Patapur	Kujanga
14	Barundai	Korei
	Khordha	
1	Daleisahi	Bolagarh
2	Gediapali	Bolagarh
3	Kalyanpur	Bhubaneswar

Appendix-2.13
(Refer paragraph 2.2.7.2 at page 16)
Statement showing funds under closed/defunct schemes lying without being merged/transferred

(In ₹)

Sl.No.	Name of the GP	Name of the Block	Name of the District	SGRY fund and defunct scheme
1	Odiso	Jagatsinghpur	Jagatsinghpur	3675.24
2	Allanda	Jagatsinghpur	Jagatsinghpur	40889.29
3	Alando	Biridi	Jagatsinghpur	53459.50
4	Uttar sasan	Biridi	Jagatsinghpur	53031.00
5	Kaniha	Kaniha	Angul	44270.00
6	Baideswar	Banki	Cuttack	34328.35
7	Kusupangi	Banki Dampada	Cuttack	23612.85
8	Borikina	Balikuda	Jagatsinghpur	2707.00
9	Alavara	Balikuda	Jagatsinghpur	1594.00
10	Titira	Balikuda	Jagatsinghpur	24995.00
11	Patapur	Kujanga	Jagatsinghpur	15488.50
12	Bikramtiran	Badchana	Jajpur	106820.98
13	Kalapathar	Banki	Cuttack	9000.00
14	Agrahat	Tangi Chowdwar	Cuttack	108763.00
15	Belagachhia	Barang	Cuttack	14529.00
16	Dhaipur	Athagarh	Cuttack	6022.00
17	Uchabali	Danagadi	Jajpur	117209.45
18	Pathapur	Banki Dampada	Cuttack	39706.00
19	Kakhadi	Tangi Chowdwar	Cuttack	197840.00
20	Kaluria	Gondia	Dhenkanal	4247.70
21	Mahulpal	Kamakhyanagar	Dhenkanal	84975.84
22	Balisahi	Salipur	Cuttack	420.00
23	Barihapur	Mahanga	Cuttack	1538.00
24	Mulabasanta	Mahanga	Cuttack	3065.00
25	Gobindpur	Tangi Chowdwar	Cuttack	160075.00
26	Uchapada	Tangi Chowdwar	Cuttack	20042.00
27	Haladia	Mahanga	Cuttack	16367.20
28	Sankarpur	Tangi Chowdwar	Cuttack	4445.25
29	Tentola	Salipur	Cuttack	16367.20
	Total			**1209484**

Appendix-2.14
(Refer paragraph 2.2.7.2 at page 16)
Statement showing details of non-remittance of revenues (Royalty, VAT and Labour Cess) by the GPs during 2010-11

(In ₹)

Sl.No.	Name of the GP	Name of the Block	Name of the District	Non-remittance
1	Baideswar	Banki	Cuttack	3522
2	Puicha	Banki	Cuttack	121516
3	Kantabada	Bhubaneswar	Khordha	15299
4	Bikramtiran	Badchana	Jajpur	5540
5	Santarapur	Banki	Cuttack	140450
6	Belagachhia	Barang	Cuttack	20885
7	Kandarpur	Athagarh	Cuttack	6460
8	Dhaipur	Athagarh	Cuttack	9534
9	Ishanibrahmapur	Nischintkoili	Cuttack	6856
10	Saligada	Danagadi	Jajpur	5784
11	Barundai	Korei	Jajpur	2798
12	Dhaneswar	Korei	Jajpur	3313
13	Goleipur	Korei	Jajpur	6189
14	Salagaon	Tangi Chowdwar	Cuttack	3278
15	Ramdaspur	Barang	Cuttack	2850
16	Kakhadi	Tangi Chowdwar	Cuttack	2938
17	Balisahi	Salipur	Cuttack	10464
18	Mulabasanta	Mahanga	Cuttack	5832
19	Naraj Marthapur	Barang	Cuttack	51461
20	Mirzapur	Salipur	Cuttack	3122
21	Gobindpur	Tangi Chowdwar	Cuttack	6253
22	Uchapada	Tangi Chowdwar	Cuttack	11710
23	Odasingh	Salipur	Cuttack	4222
24	Safa	Tangi Chowdwar	Cuttack	8926
25	Haladia	Mahanga	Cuttack	4701
26	Sankarpur	Tangi Chowdwar	Cuttack	1449
27	Tentola	Salipur	Cuttack	10602
	Total			**475954**

Appendix-2.15
(Refer paragraph 2.2.7.2 at page 16)
Statement showing details of diversion of fund from one scheme to other in the GP cashbook accounts

(In ₹)

Sl.No.	Name of the GP	Name of the Block	Name of the District	Diversion
1	Daleisahi	Bolagarh	Khordha	1000
2	Allanda	Jagatsinghpur	Jagatsinghpur	4887
3	Uttar sasan	Biridi	Jagatsinghpur	4887
4	Kaniha	Kaniha	Angul	55500
5	Nandipur	Dasrathpur	Jajpur	204170
6	Mallikapur	Dasrathpur	Jajpur	200000
7	Puicha	Banki	Cuttack	1008
8	Thokar	Hindol	Dhenkanal	6546
9	Dansar	Banki Dampada	Cuttack	20000
10	Borikina	Balikuda	Jagatsinghpur	1730
11	Bagalpur	Kantapada	Cuttack	630
12	Talabasta	Banki Dampada	Cuttack	**28300**
13	Uchabali	Danagadi	Jajpur	36258
14	Chandrasekhar prasad	Dhenkanal Sadar	Dhenkanal	43000
15	Mahulpal	Kamakhyanagar	Dhenkanal	150000
16	Barihapur	Mahanga	Cuttack	2100
17	Haladia	Mahanga	Cuttack	6000
	Total			**766016**

Appendix-2.16
(Refer paragraph 2.2.7.2 at page 16)
Statement showing list of GPs in respect of which Budget Estimate was not prepared and approved

(In ₹)

Sl.No.	Name of the GP	Name of the PS	Name of the District	Expenditure made during 2010-11
1	Baraput	Banki	Cuttack	823334.00
2	Kusupangi	Banki Dampada	Cuttack	606717
3	Dansar	Banki Dampada	Cuttack	1022877
4	Alavara	Balikuda	Jagatsinghpur	1257105
5	Kandarpur	Athagarh	Cuttack	495678
6	Salagaon	Tangi Chowdwar	Cuttack	1601682
7	Pathapur	Banki Dampada	Cuttack	521982
8	Ramdaspur	Barang	Cuttack	382286
9	Kakhadi	Tangi Chowdwar	Cuttack	583491
10	Balisahi	Salipur	Cuttack	1757082
11	Barihapur	Mahanga	Cuttack	411776
12	Gediapali	Bolagarh	Khordha	463174
13	Mulabasanta	Mahanga	Cuttack	1040510
14	Naraj Marthapur	Barang	Cuttack	786164
15	Mirzapur	Salipur	Cuttack	351137
16	Uchapada	Tangi Chowdwar	Cuttack	943797
17	Odasingh	Salipur	Cuttack	799327
18	Safa	Tangi Chowdwar	Cuttack	2961862
19	Haladia	Mahanga	Cuttack	1157993
20	Sankarpur	Tangi Chowdwar	Cuttack	1805169
21	Tentola	Salipur	Cuttack	2086902
				21860045

Appendix-2.17(a)
(Refer paragraph 2.2.7.2 at page 17)
Statement showing the list of GPs who did not prepare Annual Receipt and Payment Accounts

Sl.No.	Name of the GP	Name of the PS	Name of the District
1	Kaniha	Kaniha	Angul
2	Kulei	Kaniha	Angul
3	Susuba	Kaniha	Angul
4	Bijigol	Kaniha	Angul
5	Rengali	Kaniha	Angul
6	Kantapada	Kantapada	Cuttack
7	Sithal	Niali	Cuttack
8	Kandarpur	Athagarh	Cuttack
9	Dhaipur	Athagarh	Cuttack
10	Ishanibrahmapur	Nischintkoili	Cuttack
11	Sadansa	Niali	Cuttack
12	Krushnaprasad	Niali	Cuttack
13	Uttarkul	Nischintkoili	Cuttack
14	Salagaon	Tangi Chowdwar	Cuttack
15	Nuapatna	Tigiria	Cuttack
16	Naraj Marthapur	Barang	Cuttack
17	Thokar	Hindol	Dhenkanal
18	Chandrasekhar prasad	Dhenkanal Sadar	Dhenkanal
19	Bidharpur	Gondia	Dhenkanal
20	Kaluria	Gondia	Dhenkanal
21	Nihalprasad	Gondia	Dhenkanal
22	Mahulpal	Kamakhyanagar	Dhenkanal
23	Odiso	Jagatsinghpur	Jagatsinghpur
24	Krushnachandrapur	Erasama	Jagatsinghpur
25	Goda	Erasama	Jagatsinghpur
26	Borikina	Balikuda	Jagatsinghpur
27	Alavara	Balikuda	Jagatsinghpur
28	Titira	Balikuda	Jagatsinghpur
29	Baharana	Balikuda	Jagatsinghpur
30	Sailo	Kujanga	Jagatsinghpur
31	Patapur	Kujanga	Jagatsinghpur
32	Champeipal	Dasrathpur	Jajpur
33	Nandipur	Dasrathpur	Jajpur
34	Kayan	Dasrathpur	Jajpur
35	Bikramtiran	Badchana	Jajpur
36	Saligada	Danagadi	Jajpur
37	Uchabali	Danagadi	Jajpur
38	Barundai	Korei	Jajpur
39	Dhaneswar	Korei	Jajpur
40	Goleipur	Korei	Jajpur
41	Daleisahi	Bolagarh	Khordha
42	Kantabada	Bhubaneswar	Khordha
43	Gediapali	Bolagarh	Khordha

Appendix-2.17(b)
(Refer Paragraph 2.2.7.2 at page 17)
List of GPs who did not maintain UC Register

Sl.No.	Name of the GP	Name of the PS	Name of the District
1	Alavara	Balikuda	Jagatsinghpur
2	Baharana	Balikuda	Jagatsinghpur
3	Bidharpur	Gondia	Dhenkanal
4	Borikina	Balikuda	Jagatsinghpur
5	Champeipal	Dasrathpur	Jajpur
6	Chandrasekhar prasad	Dhenkanal Sadar	Dhenkanal
7	Daleisahi	Bolagarh	Khordha
8	Dhaipur	Athagarh	Cuttack
9	Goda	Erasama	Jagatsinghpur
10	Ishanibrahmapur	Nischintkoili	Cuttack
11	Kaluria	Gondia	Dhenkanal
12	Kandarpur	Athagarh	Cuttack
13	Kantabada	Bhubaneswar	Khordha
14	Kantapada	Kantapada	Cuttack
15	Kayan	Dasrathpur	Jajpur
16	Krushnachandrapur	Erasama	Jagatsinghpur
17	Krushnaprasad	Niali	Cuttack
18	Mahulpal	Kamakhyanagar	Dhenkanal
19	Nandipur	Dasrathpur	Jajpur
20	Naraj Marthapur	Barang	Cuttack
21	Nihalprasad	Gondia	Dhenkanal
22	Nuapatna	Tigiria	Cuttack
23	Odiso	Jagatsinghpur	Jagatsinghpur
24	Sadansa	Niali	Cuttack
25	Sailo	Kujanga	Jagatsinghpur
26	Salagaon	Tangi Chowdwar	Cuttack
27	Sithal	Niali	Cuttack
28	Titira	Balikuda	Jagatsinghpur
29	Uchabali	Danagadi	Jajpur
30	Uttarkul	Nischintkoili	Cuttack
31	Thokar	Hindol	Dhenkanal

Appendix-3.1
(Refer paragraph 3.3.4.1 at page 38)
Statement showing details of Institutions to be transferred to PRIs

Sl No.	Name of the Department	Institutions to be transferred		
		Gram Panchayat	**Block Panchayat**	**District Panchayat**
1.	Agriculture		Office of the Assistant Director, Agriculture	i. Soil testing Lab ii. District Marketing Office iii. District Farms
2.	Animal Husbandry	i. Veterinary Dispensary ii. ICDP Sub Centre	i. Veterinary Poly Clinic. ii. Zonal Artificial Insemination Centre	i. District Veterinary Hospital and Training Centres ii. Mobile Veterinary Dispensary/farm unit iii. Clinical Lab not attached with District Veterinary Hospital iv. ICDP Area Office
3.	Public Health	i. Primary Health Centre / Rural Dispensary ii. Maternity and Child Welfare Centre iii. Sub Centre	i. Block level Primary Health Centres. ii. Community Health Centre Taluk hospital/Govt. hospital	District Hospitals
4.	Indian System of Medicine(Ayurveda)	Ayurveda Hospital/ Dispensary	Taluk Ayurveda Hospital	District Ayurveda Hospital
5.	Homoeopathy	Homeo Dispensary/Hospital	Taluk Homoeo Hospital	District Homeo Hospital
6.	General Education	Govt. Pre-Primary School, Lower Primary School, Upper Primary School	-------	High School, LP/UP School attached with High School Higher Secondary School, Teachers Training Centre and Special School.
7.	Scheduled Caste/Scheduled Tribe Development	*Balavadi* Feeding Centres, Nursery School, Seasonal Day Care Centre, Midwifery Centres, Dormitory,	i. Block level Scheduled Caste Development Office ii. Tribal Extension Office iii. Pre-matric hostel	-----
8.	Rural Development	Rural Development Office	Block Development Office	----
9.	Social Welfare	*Anganwadis*	Care Homes and Old age Homes	-----
10.	Fisheries		----	Fisheries School
11.	Industries	----	----	District Industries Centre

Appendix-3.2

(Refer paragraph 3.3.4.1 & 3.3.4.5 at pages 38 &45)

Statement showing details of functionaries to be transferred to PRIs

Sl No.	Name of the Department	Officers to be transferred		
		Gram Panchayat	Block Panchayat	District Panchayat
1.	Agriculture	Agricultural Officer and auxiliary posts	One post of Assistant Director and auxiliary posts.	i. Principal Agricultural Officer and auxiliary posts ii. Two posts of deputy Director and auxiliary posts iii. District soil conservation officer and auxiliary posts iv. One Assistant executive Engineer and connected posts v. Officers and staff of Mobile soil testing laboratory, District sales counter, District agriculture farm.
2.	Animal Husbandry	i. Officers and staff of Veterinary Sub Centre, Veterinary Dispensary / Hospital and ICDP sub centres	Officers and staff of Veterinary Poly Clinic, Mobile farm unit, Mobile veterinary dispensary	i. District Animal Husbandry officer and auxiliary posts ii. Officers and staff of ICDP area office, Mobile Veterinary Dispensary, Mobile farm unit, clinical laboratories not attached to District Veterinary centres
3.	Dairy Development Department	One Dairy Extension Officer and Auxiliary posts (this unit should be created in one of the Gram Panchayats in the Block and should cover all the Gram Panchayats in the block)	Block level Diary Extension Officer and auxiliary posts	i. Deputy Director and auxiliary posts.
4.	Fisheries Department	One Fisheries Sub Inspector(in the Gram Panchayat wherever necessary)	Nil	i. District level officer (Deputy Director) and auxiliary posts ii. Teachers and other staff fisheries Schools
5.	Industries	Nil	Industries Extension Officer	Manager and staff of District Industries Centre.
6.	Rural Development	Two villages Extension Officers (including lady VEO)	The post of Block Development Officer and auxiliary posts	One post of Assistant Development Commissioner and the District Women's welfare officer and auxiliary functionaries of DRDA
7.	Social Welfare	Officers and staff of Day care centres and *Anganwadis* (ICDS Supervisor, *Anganwadi* worker/helper etc.)	Officers and staff of Child Development Project Office, Old age homes Care Homes and similar other institutions	District Social Welfare Officer, District programme Officer and auxiliary posts
8.	Cooperation	Nil	Nil	One Assistant Registrar and One clerk
9.	SC Development	Officers and staff of *Balawadies*, *Balawadi*-cum-feeding centres, seasonal day care Centre and dormitories of the	Block level SC Development Officer and staff and staff of pre-matric hostels	District SC Development Officer and auxiliary posts

Sl No.	Name of the Department	Officers to be transferred		
		Gram Panchayat	Block Panchayat	District Panchayat
		respective places		
10.	ST Development	Officers and staff of *Balawadies*, Medical Unit, Nursery Schools, Nursery Schools, midwifery centres of the respective places. Tribal Extension Officers	Tribal Extension Officer	ITD Project Officer and auxiliary posts
11.	Health Services(Allopath)	Medical Officers and other staff of PHCs/Govt. Dispensary and sub centres	Medical Officers and staff of Block Level PHC/CHC/Taluk Hospital/Govt. Hospital	i. District Medical Officer and auxiliary posts ii. Medical Officers, Supt. and all other staff of District Hospitals.
12.	Health Services(Homoeo)	Medical Officer and staff of Govt. Homeo dispensaries and hospitals of the respective places	Medical Officers and auxiliary posts of Taluk Hospital	i. District Medical Officer and auxiliary posts. ii. Medical Officers, Supt. and all other staff of District Hospitals
13.	Health services(ISM)	Medical officer and staff of Ayurveda dispensary and hospitals of the respective places	Medical Officers and auxiliary posts of Taluk Hospital	i. District Medical Officer and auxiliary posts. ii. Medical Officers, Supt. and all other staff of District Hospitals
14.	General Education	Headmasters, teachers and other staff of Primary Schools	Nil	i. District level Officer and auxiliary posts ii. District Assistant Education Officers and auxiliary posts. iii. Teachers and connected posts of High Schools and Teachers Training Institutions.
15.	Higher Secondary Education	Nil	Nil	i. Teachers and connected posts of Higher Secondary/ Vocational Higher Secondary Schools
16.	Technical Education	Nil	Nil	All staff of Tailoring and Garment making centres and Tailoring trade Centres
17.	Public Works/ Department/ Irrigation Department	Assistant Engineer and auxiliary posts (One AE for two Gram Panchayats)	Assistant executive Engineer and auxiliary posts	One Executive Engineer and auxiliary posts
18.	Public Health	Medical Officer and staff of Primary Health Centre/ Rural Dispensary, Maternity and Child Welfare Centre and Sub-0Centre	Medical Officer and staff of Block level Primary Health Centres, Community Health Centres and Taluk Hospital / Govt. Hospital	District medical officer and staff of District Hospitals.
19.	Khadi and Village Industries Board	Nil	Nil	District Project Officer and Staff.

Appendix-3.3
(Refer paragraph 3.3.4.1 at page 38)
Statement showing Devolution of 21functions of 11 Department of the State Government to PRIs

Sl no	Name of the Department	Subject	Posts	PRI
1	Agriculture	*Kharif and Rabi* crop, Horticulture, and soil conservation	District Agriculture Officer District Soli conservation Officer District Horticulture Officer	Zila Parishad
			Junior Agriculture officer	Panchayat Samiti
			Village Agriculture Worker	Gram Panchayat
2	Co-Operation	Agricultural Loan	District Registrar Co-operative society Assistant registrar cooperative society	Zila Parishad
			Co-operative Inspector	Panchayat Samiti
3	School and mass Education	Primary education Adult education , Non-formal education	Circle Inspector/District inspector	Zila Parishad
			SIS	Panchayat samiti
			Primary School Teacher	Gram Panchayat
4	Food supply and consumer welfare	Public Distribution system	Civil supply officer	Zila Parishad
			Civil supply inspector	Panchayat Samiti
5	SC & ST Development	Welfare of weaker section	District welfare officer	Zila Parishad
			Welfare extension officer	Panchayat Samiti
			Teachers of Sevashram	Gram Panchayat
6	Health and family welfare	Health and sanitation	Chief District medical Officer	Zila Parishad
			Medical officer of PHC	Panchayat Samiti
			Village Health worker/ ANM	Gram Panchayat
7	Women and Child Development	Social security scheme. Women and Child Development	District social welfare officer	Zila Parishad
			Child Development project officer Social extension Officer	Panchayat Samiti
			Anganwadi workers	Gram Panchayat
8	Fisheries and animal Husbandry	Animal husbandry Fisheries	District fisheries officer Deputy director of Fisheries Chief District veterinary officer	Zila Parishad
			Veterinary Assistant Surgeon Fisheries extension officer	Panchayat Samiti
			Livestock inspector	Gram Panchayat

Sl no	Name of the Department	Subject	Posts	PRI
9	Rural Development	Drinking water and sanitation	Executive Engineer(RWSS) Assistant Engineer(RWSS)	Zila Parishad
			Junior Engineer (RWSS)	Panchayat Samiti
10	Water Resources	Minor Irrigation	Executive Engineer(MI) Assistant Engineer(MI)	Zila Parishad
			Junior Engineer (MI	Panchayat Samiti
11	Panchayat Raj	Poverty alleviation Road , bridges, ferry Minor Forest produce Rural housing Maintenance of community assets Non-Conventional energy sources.	Block development officer Additional block development officer Assistant engineer Junior Engineer	Panchayat Samiti
			Village level worker	Gram Panchayat

Appendix-3.4
(Refer paragraph 3.3.4.2 at page 41)
Annual District Plan Outlay for 2010-11

(₹ in lakh)

Sl No.	Name of the Scheme	Proposed outlay
1.	Agriculture and allied activities	1928.83
2.	Rural Development	20833.02
3.	Special Area Programme.	83.24
4.	Irrigation and flood control	8893.00
5.	Energy	980.68
6.	Industry and minerals	172.30
7.	Transport	16309.09
8.	Science, Technology & Environment	2200.93
9.	General Economy Service	1697.30
10.	Social Service	17281.36
11.	General Service	49.32
12.	Urban Development	1855.36
	Total	**72284.48**

Appendix-3.5
(Refer paragraph 3.3.4.5 at page 45)
Statement of Budget, Annual Action Plan, UC, Audit Report-Approval by Gram Sabha

ame of the PS	Name of the GP	2008-09				2009-10				2010-11			
		Budget	Annual A/c	Audit Report	UC	Budget	Annual A/c	Audit Report	UC	Budget	Annual A/c	Audit Report	UC
anarpal PS	Talmul	Yes	No	No	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes
	Kurdol	No	No	No	No	yes	No	No	yes	yes	No	No	Yes
	Jarasingha	No	No	No	No	No	No	No	Yes	Yes	No	No	No
	Kandasar	No	No	No	No	No	No	No	No	yes	No	No	No
alcher PS	Gopal Prasad	Yes	No	No	No	Yes	No	No	Yes	Yes	No	No	Yes
	Ghantapara	Yes	Yes	No	No	No	No	No	No	No	No	No	No
	Gobara	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	No	No	yes
	Dera	Yes	No	No	No	No	Yes	No	No	No	No	No	No

Appendix-3.6
(Refer paragraph 3.3.4.5 at page 49)
Attendance in Gram Sabha (Quorum 10 per cent of the total voter)

Name of the PS	Name of the GP	Total Voter	Range of Attendance					
			2008-09		2009-10		2010-11	
			date	Voter (%)	date	Voter (%)	date	Voter (%)
Banarpal PS	Talmul	7698	1.5.08 15.8.08 2.10.08 26.1.09 1.3.09	47(0.61) 52(0.67) 92 (1.19) 46(0.59) 53(0.69)	30.6.09 2.10.09 26.1.10 26.2.10	43(0.55) 30(0.38) 29(0.37) 50(0.64)	29.4.10 24.8.10 2.1010 14.1.11 26.1.11 28.2.11	91(1.18) 15(0.19) 32(0.41) 76(0.98) 15(0.19) 35(0.45)
	Kurdol	8759	1.5.08 15.6.08 15.8.08 2.10.08 26.1.09 28.2.09	35(0.39) 42(0.47) 48(0.54) 48(0.54) 36(0.41) 45(0.51)	1.5.09 15.6.09 15.8.09 2.10.09 26.1.10 28.2.10	31(0.35) 43(0.49) 42(0.47) 45(0.51) 15(0.17) 22(0.25)	15.8.10 2.10.10 4.11.10 26.1.11 28.2.11	31(0.35) 21(0.23) 40(0.46) 37(0.42) 50(0.57)
	Kandasar	7310	19.9.08 2.10.08 28.2.09	42(0.57) 40(0.55) 44(0.60)	15.8.09 26.1.10	44(0.60) 16(0.22)	15.8.10 2.10.10 14.1.10 25.1.10 5.3.10	36(0.49) 29(0.40) 22(0.30) 32(0.44) 27(0.37)
	Jarasingha	9137	15.8.08	18(0.20)	2.1.09 5.3.10	72(0.78) 46(0.50)	21.4.10 25.8.10 2.10.10 8.11.10 26.1.11 3.3.11	90(1.0) 112(1.22) 53(0.58) 36(0.39) 18(0.20) 74(0.81)
Talcher PS	Gopal prasad	4156	30.6.08	46(1.11)	29.12.09 26.1.10 5.3.10	12(0.29) 42(1.01) 21(0.51)	1.5.10 30.6.10 15.8.10 2.10.10 14.11.10 18.11.10	26(0.63) 38(0.91) 24(0.58) 21(0.51)
	Gobara	6035	1.5.08 22.6.08 15.8.08 2.10.08 26.1.09	35(0.58) 28(0.46) 35(0.58) 44(0.72) 51(0.85)	25.6.09 30.6.09 15.8.09 2.10.09 5.12.09 26.1.10 25.2.10	20(0.33) 112(1.86) 49(0.81) 43(0.71) 29(0.48) 19(0.31) 51(0.85)	1.5.10 15.8.10 2.10.10 14.11.10 26.1.11 1.3.11	33(0.54) 41(0.68) 38(0.63) 15(0.25) 33(0.55)
	Dera	4744	nil	nil	30.6.09 5.12.09 12.3.10	12(0.25) 25(0.53) 19(0.40)	20.8.10 2.10.10 14.11.10 26.1.11 25.3.11	20(0.42) 16(0.38) 18(0.38) 33(0.70) 30(0.63)
	Ghantapara	9287	1.5.08 15.6.08 15.8.08 26.1.09 26.2.09	25(0.27) 23(0.25) 25(0.27) 24(0.26) 29(0.31)	1.5.09 15.8.09 2.10.09	17(0.18) 19(0.20) 37(0.40)	14.11.10 26.1.11 27.2.11	32(0.34) 22(0.24) 26(0.28)

Appendix-3.7
(Refer paragraph 3.3.4.5 at page 50)
Statement showing details of Social Audit and Attendance

Name of the PS	Name of the GP	Total voter	2008-09		2009-10		2010-11	
			Date	Quorum (%)	Date	Quorum (%)	Date	Quorum (%)
Banarpal PS	Talmul	7698	21.05.08	19(0.25)	10.08.09	60(0.78)	26.04.10	30(0.39)
			16.09.08	38(0.49)			25.10.10	36(0.47)
	Kurdol	8759	22.09.08	20(0.23)	12.08.09	25(0.29)	29.04.10	
	Jarasingha	9137	19.09.08	23(0.25)	Nil	Nil	28.04.10	46(0.50)
							27.10.10	36(0.40)
	Kandasar	7310	Na	Na	Na	Na	20.04.10	31(0.42)
							18.11.10	20(0.27)
Talcher PS	Gopal Prasad	4156	Nil	Nil	Nil	Nil	20.04.10	31(0.74)
							18.11.10	20(0.48)
	Ghantapara	9287	19.07.08	29(0.31)	24.07.09	25(0.27)	20.11.10	26(0.28)
	Gobara	6035	24.07.08	30(0.50)	Nil	Nil	23.04.10	56(0.92)
	Dera	4744	Nil	Nil	Nil	Nil	Nil	Nil

GLOSSARY OF ABBREVIATIONS

AAP	:	**Annual Action Plan**
ATIR	:	Annual Technical Inspection Report
AWC	:	Anganwadi Centre
ABDO	:	Additional Block Development Officer
BDO	:	Block Development Officer
BPL	:	Below Poverty Line
BRGF	:	Backward Region Grant Fund
CADP	:	Comprehensive Annual District Plan
CAG	:	Comptroller and Auditor General of India
CCA	:	Common Cadre Audit
CC Road	:	Cement Concrete Road
CEO	:	Chief Executive Officer
CFC	:	Central Finance Commission
CS	:	Central Subsidy
CSP	:	Centrally Sponsored Plan
DDO	:	Drawing and Disbursing Officer
DPC	:	District Planning Committee
DPMU	:	District Planning and Monitoring Unit
DPO	:	District Panchayat Officer
DRDA	:	District Rural Development Agency
DVMC	:	District Vigilance and Monitoring Committee
EBT	:	Electronic Benefit Transfer
EFC	:	Eleventh Finance Commission
ELFA	:	Examiner Local Fund Audit
EO	:	Executive Officer
GGY	:	Gopabandhu Gramin Yojana
GIA	:	Grant in Aid
GOFD	:	Government of Odisha, Finance Department

GoI	:	Government of India
GP	:	Gram Panchayat
GS	:	Gram Sabha
IAS		Indian Administrative Service
IES		Indian Economic Service
ISS	:	Indian Statistical Service
IAY	:	Indira Awaas Yojana
IPAI	:	Institute of Public Auditors of India
IR	:	Inspection Report
KBK	:	Koraput Bolangir Kalahandi
LBA&A	:	Local Bodies Audit and Accounts
LFA	:	Local Fund Audit
MGNREGS	:	Mahatma Gandhi National Rural Employment Guarantee Scheme
MIS	:	Management Information System
MLALAD	:	Member of Legislative Assembly Local Area Development
MoRD	:	Ministry of Rural Development
MPLAD	:	Member of Parliament Local Area Development
MR	:	Muster Roll
NIC	:	National Informatics Centre
NREGS	:	National Rural Employment Guarantee Scheme
OGFR	:	Odisha General Financial Rules
OGPA	:	Odisha Gram Panchayat Act
OPSA	:	Odisha Panchayat Samiti Act
OPSAP	:	Odisha Panchayat Samiti Accounting Procedure
OPWD	:	Odisha Public Works Department
ORMAS		Odisha Rural Development and Marketing Society
OTC	:	Odisha Treasury Code
PAMIS	:	Project Accounting and Monitoring Information System
PD	:	Project Director

PDS	:	Public Distribution System
PL	:	Personal Ledger
PO	:	Programme Officer
PRIASOFT	:	Panchayati Raj Institution Accounting Software
PRIs	:	Panchayati Raj Institutions
PS	:	Panchayat Samiti
SFC	:	State Finance Commission
SGRY	:	Sampoorna Grameen Rozgar Yojana
SGSY	:	Swarnajayanti Grameen Sworozgar Yojana
SIRD	:	State Institute of Rural Development
SLVMC	:	State Level Vigilance and Monitoring Committee
TFC	:	Twelfth Finance Commission
TGS	:	Technical Guidance and Support
TSI	:	Technical Support Institute
UC	:	Utilization Certificate
ULB	:	Urban Local Body
VLW	:	Village Level Worker
VMC	:	Village Monitoring Committee
ZP	:	Zilla Parishad

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