ANNUAL TECHNICAL INSPECTION REPORT

ON

PANCHAYATI RAJ INSTITUTIONS

GOVERNMENT OF ORISSA

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

FOR THE YEAR ENDED 31 MARCH 2009

Office of the Principal Accountant General (Civil Audit)
ORISSA, BHUBANESWAR

REPORT (PAC)

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PREFACE

This Report has been prepared for submission to the Government of Orissa in accordance with the terms and conditions of the Technical Guidance and Support (TGS) over the audit of Panchayati Raj Institutions (PRIs) by the Comptroller & Auditor General (C&AG) of India as envisaged by Eleventh Finance Commission. Though the State Government has agreed in principle to the non negotiable parameters of TGS, yet the same has not yet been implemented in the State except for Training component and sharing audit of 20 per cent of Gram Panchayats (GPs) with Local Fund Audit (LFA) Wing.

This Report is based on the audit of GPs as per entrustment under Section 20(1) of the C&AG's (DPC) Act 1971 and not under TGS. Similarly, Panchayat Samitis (PSs) & Zilla Parishads (ZPs) under Section 14 of the C&AG's (DPC) Act 1971.

This Report contains three chapters. Chapter I contains an overview of the PRIs in Orissa and comments on accounts. Chapter II deals with Utilisation of Twelfth Finance Commission grants by local bodies (Panchayati Raj Institutions). Chapter III deals with the audit observations on transactions of PRIs.

The cases mentioned in the Report are among those, which came to notice in the course of audit of transactions/inspection of accounts relating to periods 2008-09 and earlier years.

OVERVIEW

OVERVIEW

This report includes three chapters. Chapter I deal with an overview of the Panchayati Raj Institutions containing the introduction, organizational set-up, financial position of PRIs, functioning of PRIs, maintenance of accounts, internal audit, non-clearance of audit paras of ATIR and Inspection Reports and Comments on Accounts. Chapter II deals with a review on Utilisation of Twelfth Finance Commission grants by local bodies (Panchayati Raj Institutions) and Chapter III deals with audit findings on the financial transactions of the PRIs

I An Overview of the Panchayati Raj Institutions

Government of Orissa has not adopted the new formats of Accounts recommended by CAG for GPs (July 2009). Though it is accepted and adopted (April 2004) in respect of Panchayat Samities, majority of PSs in the state are not preparing their Annual Accounts in the new formats.

(Paragraph 1.5)

In violation of the GP Act and PS Act of the State, the 40 GPs and 15 PSs, despite an expenditure of ₹4.17 crore and ₹86.10 crore respectively during 2008-2009 had not prepared budget estimates for the financial year for approval. Funds were released on Annual Action plan submitted by PRIs resulting in absence of budgetary control in the GPs and PSs.

(Paragraph 1.6)

Lack of appropriate planning and delays in execution of schemes / programmes by the 213 PRIs led to non utilization of the funds to the tune of ₹488.31 crore at the end of March 2009 and non achievement of the objectives of the schemes.

(Paragraph 1.13.1)

Retention of ₹13.16 lakh pertaining to various schemes / programmes closed since long and not surrendering the same to funding authority resulted in blockage of funds.

(Paragraph 1.13.2)

Funds to the tune of ₹36.14 lakh released in March 2008 for implementation of RLTAP projects to BDO, Ghatagaon was irregularly parked in the Personal Ledger Account as of June 2009 rendering blockage of funds

(Paragraph 1.13.3)

II Performance Audit on Utilisation of Twelfth Finance Commission grants by local bodies (Panchayati Raj Institutions)

Parking of TFC grants to the tune of ₹57.48 crore meant for maintenance of accounts and creation of database thereof resulted in non-creation of required database of GPs for use by general public

(Paragraph 2.2.3)

III Transaction Audit findings

Audit of financial transactions, subjected to test-check in various Gram Panchayats, Panchayat Samities, and Zilla Parishads showed instances of misappropriations, fraud, shortages, idling of funds, non-achievement of objectives due to non-completion of projects etc. The major objections are enumerated below:

Non completion of 1947 nos. of Special IAY houses resulted in infructuous expenditure.

(Paragraph 3.1.1)

Idling of food grains of 26977.46 quintals for more than one to seven years procured under SGRY and NFFWP defeated the objectives of the schemes to provide food security to the beneficiaries.

(Paragraph 3.2)

In violation of guidelines delayed payment of wages to labourers under NREGS-₹56.20 lakh.

(Paragraph 3.3)

Procurement of materials exclusively for FDR works from quarry at 90 Kms away from PS headquarters instead from nearest quarry at 30 kms away resulted in excess expenditure of ₹20.23 lakh on transportation.

(Paragraph 3.4)

Stock of rice was found short in the godowns of five GPs under Dampara PS to the tune of 568 quintals costing ₹7.16 lakh resulted in misappropriation of the food grains.

(Paragraph 3.5)

Non allotment of 65 shopping units to the beneficiaries even after four to six years of its completion resulted in an unfruitful expenditure of ₹27.31 lakh besides continued loss of probable rent.

(Paragraph 3.6)

Government sustained loss to the tune of ₹6.06 lakh as a result of misappropriations of cash by way of less handing over of cash to successors, non realisation of received cheques and by fictious deposit of cash in Bank Account

(Paragraph 3.7)

In violation of the agreement, rent for shopping units allotted to 38 beneficiaries in Kuakhia GP and 10 in Dharmagarh PS were not realized since last 36-48 months resulting loss of revenue of ₹4.18 lakh

(Paragraph 3.9)

Procurement of materials like cement, bitumen, MS Grill, Angles and other building materials worth ₹9.29 lakh without immediate requirement resulted in idling of materials for years together.

(Paragraph 3.10)

In disregard to GOO instructions and PSAP Rules 2002, the advances extended to the tune of ₹45.54 crore to officials remained unrecouped and unadjusted.

(Paragraph 3.11)

In violation of the scheme guidelines sixty PRIs diverted funds to the tune of ₹37.00 crore meant for the implementation of schemes to another schemes or purposes .

(Paragraph 3.12)

Lack of proper planning and monitoring led to non completion of various works under different schemes in 20 PSs and four GPs from 2008-09 onwards resulting in unfruitful expenditure of ₹6.47 crore.

(Paragraph 3.13)

In disregard to Government of Orissa Rules and Orders, an amount of ₹213.45 lakh realised by 30 PSs towards Royalty, VAT and Income Tax from work bills not remitted to Government Accounts.

(Paragraph 3.15)

In violation of Rules, the royalty worth ₹8.36 lakh remained unrealized resulting loss of revenue to Government. **(Paragraph 3.16)**

In violation of GOI instructions, the procurement of the materials worth ₹0.87 lakh listed in inadmissible work under MPLAD scheme rendered expenditure unauthorized and inadmissible. **(Paragraph 3.17)**

CHAPTER- I

An Overview of the Panchayati Raj Institutions

CHAPTER- I

AN OVERVIEW OF THE PANCHAYATI RAJ INSTITUTIONS

1.1 Introduction

In conformity with the 73rd Constitutional Amendment Act, a three tier system has been established in the State for enactment of powers of PRIs and to facilitate people oriented developmental activities. At present 30 ZPs, 314 PSs and 6234 GPs are functioning in Orissa. Election to the PRIs was last conducted in February 2007.

State Government through legislation amended the laws relating to the three tiers of Panchayati Raj Institution (PRIs). The PRIs in the State of Orissa are regulated by the Orissa Zilla Parishad Act, 1991 (OZPA) at district level, Orissa Panchayat Samiti Act, 1959 (OPSA) at block level and Orissa Gram Panchayat Act, 1964 (OGPA) at village level. The PRI system comprises elected bodies – Gram Panchayat (GP), Panchayat Samiti (PS), and Zilla Parishad (ZP) constituting three tiers in the State.

The Comptroller and Auditor General of India (CAG) was entrusted with the responsibility of exercising control and supervision over the proper maintenance of accounts and audit of all the three-tiers of PRIs as recommended by the Eleventh Finance Commission (EFC) and accordingly the State Government entrusted responsibility for providing Technical Guidance and Support (TGS) to the CAG under section 20(I) of CAG's Duties, Powers and Conditions of Service (DPC) Act,1971. Audit of all PSs and ZPs are being conducted under Section 14 and 20 per cent of GPs from September 2003 under section 20(1) of the CAG's (DPC) Act 1971.

1.2 Organizational Set up

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

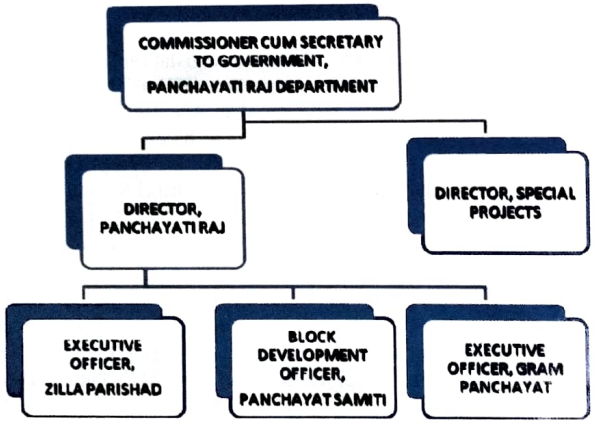
The State has 30 districts and each district has a Zilla Parishad. The ZP is controlled by an elected body headed by a President, who is elected from among the elected representatives of the ZP. The District Collector is designated as the Chief Executive Officer (CEO). Under the CEO, one Executive Officer (EO) is working to assist the day-to-day administrative functions of the ZP.

The PS functioning at the Block level is controlled by an elected body headed by a Chairman duly elected from among the elected representatives of the Block and the Block Development Officer (BDO) is the executive head. One additional Block Development Officer (ABDO) has been posted to assist the BDO in administrative matter.

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

As of March 2009, 30 ZPs, 314 PSs and 6234 GPs were functioning in Orissa. Election to the PRIs was last conducted in February 2007.

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



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



1.3 Source of fund

The main sources of income of PRIs in the State are as follows:-

- Funds released by Government of India (GOI) under various Centrally Sponsored Plan Schemes (CSP) viz NREGS, BRGF, IAY etc.,
- Grants received from State Government as per the recommendations of State Finance Commission,
- Grants received as per Central Financial Commission recommendations,
- Funds received under State sponsored schemes like BKBK, GGY etc.
- In addition PRIs are also mobilizing resources from own sources such as taxes, rents licence fee etc.

The receipt and expenditure position of the PRIs for the last five years (2004-05 to 2008-09) are as follows.

(Rupees in crore)

	Grants in Aid					Own Source				
Name of the Institutions	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09**
Gram Panchayats	875.26	533.35	553.85	454.49	286.02	-	9.85	10.12	10.43	16.18
Panchayat Samities		421.23	1166.32	1337.80	3203.23 *	-	-	-	-	-
Zilla Parishads		98.48	95.98	174.20	64.62	-	-	-	-	-
Total receipt	**875.26**	**1053.06**	**1816.15**	**1966.49**	**3553.87**	**-**	**9.85**	**10.12**	**10.43**	**16.18**
Expenditure										
Gram Panchayats	802.04	523.59	477.82	379.62	292.09	-		-	-	-
Panchayat Samities		400.45	1229.34	1274.65	1771.71	-		-	-	-
Zilla Parishads		96.98	71.27	148.23	51.63	-		-	-	-
Total Expenditure	**802.04**	**1021.02**	**1778.43**	**1802.50**	**2115.43**	**-**		**-**	**-**	**-**

* including carry over balance of 2007-08.

As could be seen from the table, only GPs are mobilizing own sources of revenue since only they are empowered to collect various tax and non-tax revenues as per law.

1.4 Functioning of PRIs

The PRIs execute various functions entrusted to them through seven Standing Committees, 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 programmes are conducted at the state level by the State Level Vigilance & Monitoring Committee (SLVMC) and at the district level by the District Monitoring and Vigilance Committees (DMVC). The SLVMC is constituted under the chairmanship of the Honorable Minister, Rural Development with three Co-Chairman and twenty nine members. In case of DMVC, the District Collector is the Chairman, with one or two Assistant Engineers, one or two Junior Engineers from Public works or Rural Development Department, Superintendent of District Local fund Audit Offices and one Officer in charge of public grievances nominated by the Collector as the members.

1.5 Maintenance of Accounts by PRIs

The Executive Officer in ZP and the Block Development Officer (BDO) in PS are responsible for maintenance of various books of accounts and annual financial statements. In case of GPs, the Executive officer/Secretary maintains the accounts.

As far as GPs in Orissa are concerned, the Annual Accounts are to be prepared in forms prescribed in Rule 159 of the GP Accounting Rules. The Government of Orissa has not adopted the new formats recommended by CAG for GPs (July 2009). Despite clear provision in the Act & Rules, the GPs are not preparing the Annual Accounts in the said forms.

As far as PSs are concerned the new format prescribed by the CAG, has been accepted with effect from 1st April 2004 without making any modifications. Though it is adopted and clear directions were issued by the State Government (April 2004), majority of the PSs in the State are not preparing their Annual Accounts in the new formats.

In respect of ZPs, neither the new formats prescribed by CAG have been accepted nor specific forms are prescribed for the preparation of the Annual Accounts of

the ZP in the relevant Act/Rules. Thus, annual accounts are not being prepared by ZPs.

1.6 Non preparation of Budget Estimates

As per Rule 98(1) of the Gram Panchayat Act and Rule 24(1) of the Panchayat Samiti Act, the GPs and PSs shall in each year prepare and place before the Grama Sabha and Panchayat Samiti respectively for its consideration a budget estimate showing the probable receipts and expenditures for the following financial year and submit the budget to the respective elected body for its approval.

Test check of records in 40 GPs and 15 PSs out of 941 GPs and 270 PSs revealed that none of the GPs and PSs had prepared the budget estimates though ₹4.17 crore and ₹86.10 crore was spent by these GPs and PSs respectively during 2008-09. The State Government is releasing funds based on Annual Action plan submitted by the PRIs and not on the Budget Estimates, and the expenditures of the PRIs are not subjected to local budgetary control.

In the absence of the approved Budget Estimates (BE) the expenditure incurred by the PRIs was irregular and the probable receipts and expenditures for the financial year could not be ascertained and no financial control could be exercised in the GPs and PSs. The same position exists in the case of ZPs also.

1.7 Audit - Statutory

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(I) of CAG's (DPC) Act, 1971 for the proper maintenance of accounts and audit of PRIs. The ELFA conducts audit of PSs and GPs through District Audit Officers, Audit Superintendents and Auditors.

The ELFA has not taken up audit of the accounts of ZPs since inception though it was entrusted to the ELFA vide Orissa Zilla Parishad (Amendment) Act, 2000. The audit of PSs and GPs are being carried out regularly by ELFA. The arrear position in respect of audit by ELFA is given in the following table.

Number of PRIs	Number of accounts in arrears
3227 GPs	9233
29 PSs	45

Though the accounting rules provides for Certification of Annual Accounts of PRIs by ELFA, no Certification of Annual Accounts have been done so far.

1.8 Audit by CAG

The audit of PRIs is being conducted by CAG under section 14(1) & 20 (I) of CAG (DPC) Act, 1971 and the audit of the accounts of 23 ZPs, 270 PSs and 941 GPs were completed during the year 2008-09.

1.9 Non-clearance of objections raised by CAG

The CAG conducts the audit of PRIs under Section 14 and 20(I) of CAG's (DPC) Act, 1971. Objections raised in audit were communicated to the respective DDOs in the form of Inspection Reports (IRs) with a copy to the Government. The objections raised in the IRs were to be attended promptly and the replies were to be furnished to the Senior Deputy Accountant General (LBA&A) along with action taken on such objections. But no compliance to these objections was submitted by the concerned DDOs as a result, IR paras remained outstanding over the years. As regards to the pendency of audit objections raised by the CAG of India, 534 paras relating to 73 ZPs and 15584 paras relating to PSs reported through 1791 Inspection Reports pertaining to the period from 2006-07 to 2008-09 and 1988-89 to 2008-09 respectively issued by Senior Deputy Accountant General (LBA & A) Orissa are pending for settlement as of March 2009. In respect of GPs 2430 IRs containing 32117 paras issued pertaining to the years 2006-07, 2007-08 and 2008-09 are pending. Year wise details of the pending positions as on March 2009 were as follows

Sl No	Particulars of PRIs	Period	No of I.Rs	No of Paras
1	Zilla Parishad	2006-07	23	173
		2007-08	29	203
		2008-09	23	159
	Total		**75**	**535**
2.	Panchayat Samiti	1988-89 to 2005-06	1052	7684
		2006-07	176	2176
		2007-08	293	2922
		2008-09	270	2802
	Total		**1791**	**15584**
3	Gram Panchayat	2006-07	432	4329
		2007-08	1057	13048
		2008-09	941	14740
	Total		**2430**	**32117**

1.10 Audit Reports

Three Annual Technical Inspection Reports (ATIRs) were issued to the Government for the years 2005-06, 2006-07 and 2007-08. This report is the fourth ATIR prepared by the Office of the Senior Deputy Accountant General (LBA&A) Orissa. None of the reports was discussed by the Government so far.

1.11 Internal Audit

The Internal Audit System known as Common Cadre Audit (CCA) exists in 20 out of 38 Civil Departments of the Government and functions under the control of Financial Advisor of the respective Departments. No regular audit is conducted by CCA. The CCA is conducting only special audit whenever required.

1.12 District Planning Committee

The State Government enacted Orissa District Planning Committee (DPC) Act, 1998 for setting up of District Planning Committees to consolidate the plans submitted by the PRIs and Urban Local Bodies (ULBs) and to 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 EFC entrusted the LBs with powers for preparation of plans for economic development and social justice and implementation of need based developmental schemes for enabling them to function as institutions of self-government. The Draft District Development Plan was required to be forwarded by the Chair Person of the DPCs to State Government for approval. Despite the formation of the DPCs since 2001-02, they were not yet made functional due to absence of technical support teams and secretariat support staff for monitoring and implementation of plans even after a decade of enactment of the Act. However, Government (Planning and Coordination department) stated (May 2008) that 23 technical support institutions (TSI) were selected and assigned to different districts for preparation of district plans for the year 2008-09 as per the directives of the State Planning Commission. The TSIs were to report as per directions of Planning and Co-ordination Department and district plan 2008-09 was to be placed before DPCs by August 2008.

Test check of units by audit revealed that LBs formulated action plans for some individual schemes as a stand-alone process without having any linkage to the holistic development of the area. It lacked objectivity and vision for empowerment of Local bodies as envisaged in the Constitutional Amendment Act. Information on consolidated LB wise details of resource availability including activity wise planning of own funds, Grant in Aid, special grants, GoI

and State plan funds and position of assets and liabilities were not available either in LBs concerned or centrally at district /State level.

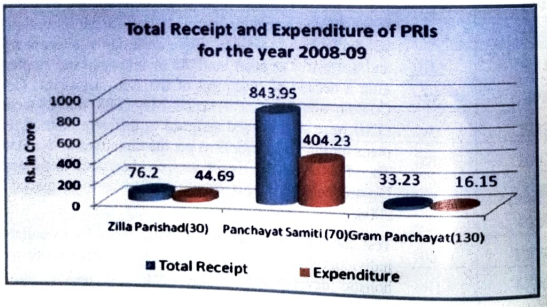
1.13 COMMENTS ON ACCOUNTS

1.13.1 Non-utilization of Funds.

Test check of closing balances lying in the accounts of 213 PRIs for the year ended 31 March 2009 revealed that substantial amounts received for implementation of NREGA,SGRY,SGSY,BRGF etc were not utilized within the period specified as detailed under: -

(Rupees in crore)

Name of the PRIs	No of PRIs	Opening balance	Receipt during the year	Total Receipt	Expen-diture	Closing Balance	Percentage of Expenditure
Zilla Parishad	13	32.40	43.80	76.20	44.69	31.51	58.64
Panchayat Samiti	70	350.84	493.11	843.95	404.23	439.72	47.89
Gram Panchayat	130	13.75	19.48	33.23	16.15	17.08	48.60
Total	**213**	**396.99**	**556.39**	**953.38**	**465.07**	**488.31**	



The un-utilized amount of ₹488.31 crore at the end of March 2009 indicated poor utilization of funds which was due to lack of appropriate planning for timely

utilization of scheme funds and delays in execution of schemes / programmes by the PRIs through regular monitoring and evaluation. This resulted in non-achievement of the objective of the scheme and non-fulfillment of the objective to meet needs of the people through developmental works.

1.13.2 Non-utilisation of unspent balances of inoperative schemes

As per instruction of the State Government, the unspent balances of closed and inactive schemes/programmes should be surrendered to the concerned department. However, a sum of ₹43.16 lakh pertaining to various dead/closed schemes and programmes were lying in the bank and not surrendered to the department which resulted in blockage of these funds (**Appendix-I**).

The Principal Secretary, Panchayati Raj Department stated (December 2010) that instructions have been issued to transfer the unspent balances to the concerned new schemes and accordingly update the same under Panchayati Raj Institutions Accounting Software (PRIASOFT).

1.13.3 Blocking up of funds of ₹36.14 lakh under RLTAP

For implementation of RLTAP, ₹36.14 lakh was allotted by the DRDA during the year 2007-08 to the BDO, Ghatagaon for construction of eight nos. of Cluster Houses for PHC staff.

Scrutiny of records revealed that though funds were released in March 2008 but as of June 2009 not a single work was started and the entire fund was parked in Personal Ledger Account.

Thus, the amount of ₹36.14 lakh lying unspent (June 2009) in P.L. A/c since 2007-08 resulted in blocking of funds as well as the very purpose of construction of houses was defeated.

On this being pointed out the BDO did not render any specific reply on cause of delay but assured to complete the quarters soon.

1.13.4 Non production of vouchers

During test check of records in ten PSs, vouchers in support of expenditure of ₹216.02 lakh as detailed below was not produced to audit for verification. In the absence of the supporting vouchers, the genuineness of the expenditure could not be ensured. No reason for non-production of the vouchers in support of the transactions could be furnished by the concerned Panchayat Samities.

In reply the Principal Secretary, Panchayati Raj Department stated (December 2010) that the units concerned would be instructed to show the wanting vouchers to next audit.

Statement showing non-production of vouchers to Audit

(₹ in lakh)

Sl.No	Name of the Panchayat Samities	Amount
1	Binjharpur(Jajpur)	79.64
2	Telkoi(Keonjhar)	63.47
3	Bhawanipatna(Kalahandi)	28.58
4	Ghasipura(Keonjhar)	6.36
5	Kolabira(Jharsuguda)	2.05
6	Chikiti(Ganjam)	0.57
7	Paikmal(Bargarh)	0.31
8	Phulbani(Kandhamal)	0.31
9	Saraskana(Mayurbhanj)	0.16
10	Dhankauda(Sambalpur)	34.57
	Total	**216.02**

1.13.5 Deficiencies in the maintenance of Cash Books

Test check of cash books of PRIs in audit revealed the following deficiencies in maintenance of cash book in spite of repeated audit objections: -

- Periodical as well as surprise physical verification of cash was not conducted.
- Heavy cash balances in excess of the prescribed limits of ₹10,000/- and not required for immediate purposes were kept in hand.
- Due to non-conduct of bank reconciliation there was huge discrepancy between the cash book and pass book balances.
- A consolidated Cash Book showing the overall receipt and disbursement of cash of each PS is not maintained despite operation of more than one cash book.
- Monthly analysis of closing cash balances was not made.

1.14 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 Grama Sabha and Panchayat Samiti respectively for its consideration and approval.
- District Planning Committee should be strengthened by providing secretariat, technical and inspection staff for discharging their function in the spirit of provisions contained in the Constitution and the Act enacted.
- Scheme funds should be utilized timely by the PRIs.

CHAPTER-II

Review on Utilisation of Twelfth Finance Commission grants by local bodies (Panchayati Raj Institutions)

CHAPTER-II

Utilisation of Twelfth Finance Commission grants by local bodies (Panchayati Raj Institutions)

2.1 Introduction

The Twelfth Finance Commission (TFC) set up in the year 2005 recommended to augment the Consolidated Fund of the State to supplement the resources of the Panchayats and Municipalities.

The TFC has stressed the importance of public private partnership to enhance service delivery of solid waste management service in urban areas.

The TFC grants were to be released in two equal installments in July and January every year. The Finance Secretary of State was required to provide utilization certificate of grants spent by the local bodies. Release of further grants was to be made by GoI strictly on the basis of utilization certificates and information sent by State Finance Secretary. The TFC recommended grants of ₹907 crore for local bodies (₹803.00 crore for PRIs and ₹104.00 crore for ULBs) for the period from 2005-10 basing on which the Government of India (GOI) during 2005-09 released ₹642.40 crore (₹160.60 crore per annum) for PRIs and ₹83.20 crore (₹20.80 per annum) for ULBs.

Audit was conducted during April to June 2009 covering the period from 2005-09 through test check of records at office of the Principal Secretary to Government, Finance Department (FD), Panchayati Raj Department (PRD), Housing and Urban Development Department (HUDD), District Rural Development Agencies (DRDAs) of 12[1] out of 30 districts of the State, 26 out of 314 Panchayat Samities (PS) and 192 out of 6234 Gram Panchayats (GPs). Selection of these units was made on the basis of simple random sampling without replacement method.

The audit findings are discussed in the succeeding paragraphs.

Audit findings

Grants to Panchayati Raj Institutions

2.2 Receipt and utilisation of TFC Grant by Panchayati Raj Institutions

The position of receipt and utilisation of TFC grants to PRIs during 2005-09 was as under:

[1] Baragarh, Bhadrak, Balasore, Dhenkanal, Deogarh, Ganjam, Koraput, Kalahandi, Khurda, Mayurbhanj, Rayagada and Sambalpur

(₹ in crore)

Year	Amount released by GOI	Amount released by State Government to DRDAs/SIRD[2]	UC submitted to GOI as of March 2009	UC not submitted as of March 2009	Amount kept in PL Account
2005-06	160.60	160.60	146.11	14.49	14.49
2006-07	160.60	160.60	146.60	14.00	14.54
2007-08	160.60	160.60	138.02	22.58	14.44
2008-09	160.60	160.60	75.80	84.80	14.01
Total	**642.40**	**642.40**	**506.53***	**135.87**	**57.48**

(Source: Panchayat Raj Department, Government of Orissa)

**₹584.92 crore released to PD, DRDAs/SIRD for transfer to GPs/Block and balance ₹57.48 crore kept in PL Account of Project Director, DRDA, Khurda.*

2.2.1 *Non submission of Utilisation certificates (UC)*

As per the provisions of the Orissa General Financial Rules and the sanction orders of the State Government, the utilisation certificates (UCs) of grants received were to be submitted to the Government by first June of the succeeding year. But out of ₹642.40 crore received during 2005-09, ₹135.87 crore remained unutilized including parking of ₹57.48 crore in PL Account and UCs for only ₹506.53 crore was submitted by the PRIs to the State Government as of June 2009. In selected units, UCs for ₹24.62 crore out of total receipt of ₹197.55 crore had not been submitted as of May 2009 despite being due since 1 June 2008 due to non-utilisation of grants and the position is indicated at **Appendix-II.**

Further, scrutiny of records of 192 GPs revealed that though these GPs utilized only ₹11.60 crore out of ₹14.20 crore released by DRDAs/ Government during 2005-09 for implementation of drinking water supply and sanitation schemes but have submitted UC for the full amount without actual utilization. The PR Department stated (October 2009) that all PDs of DRDA had submitted utilization certificates duly countersigned by them. The reply is not tenable as utilization certificates were submitted by the GPs without actual utilization of funds.

[2] Funds to GPs were routed through DRDAs up to 2007-08 and through State Institute of Rural development (SIRD) thereafter

2.2.2 *Delayed transfer of grants*

Test check of records of selected GPs revealed that the funds amounting to ₹3.44 crore transferred by SIRD (October 2008-April 2009) were not credited to the respective TFC accounts of the GPs by the bank as of May 2009. Concerned Sarpanch and Project Directors of DRDAs stated (May-June 2009) that they had not received any information from SIRD regarding release of such funds. Thus, non-receipt of the funds by the GPs within the stipulated period of 15 days from the date of receipt from GoI, affected the formation of comprehensive action plan to absorb funds and implementation of different earmarked programmes[3] of the GPs and DRDAs during 2008-09.

The GOI guidelines prescribed transfer of TFC grants to PRIs accounts within 15 days of crediting the same to the State Government account and in case of delay in transfer of funds beyond 15 days, the State Government was liable for payment of interest equal to Reserve Bank of India rate (six *per cent* per annum). It was noticed that out of ₹642.40 crore received during 2005-09, ₹61.28 crore was retained (December 2005 – February 2008) by DRDA, Khurda in non-interest bearing personal ledger (PL) account as per the instructions of the State Government. Of the above, only ₹17.81 crore was transferred (June 2006-June 2007) to DRDAs with delays ranging from 163 to 235 days and the balance amount of ₹43.47 crore was not transferred to the PRIs as of March 2009. Interest of ₹5.85 crore though became due up to March 2009 for payment to PRIs no interest was paid by the State Government as of October 2009.*The Government admitted (October 2009) parking of fund in non interest bearing PL Account.*

Thus, delay in transfer of funds to the GPs affected the implementation of the schemes of water supply and sanitation.

2.2.3 *Non utilization of TFC Grants sanctioned for maintenance of accounts and creation of database*

It was noticed that TFC grants of ₹57.48 crore received between November 2005 and February 2009 for maintenance of accounts and creation of database were parked in PL account by the State Government (PR Department). Though Government admitted such parking but did not furnish the reasons thereof. Test check of records of 192 GPs and information furnished by concerned Sarpanchs revealed that despite maintenance of cash book, annual accounts were not maintained in the format prescribed by the C&AG and no database was created in any of these GPs. Thus, due to parking of funds in PL account meant for creation of database, the ultimate aim of making the database to be freely available through VSAT to the general public could not be achieved. All the test-checked GPs and DRDAs confirmed (July 2009) the non-creation of required database.

[3] Two programmes
1. Creation of database.
2. Operation and management of water supply and sanitation.

2.2.4 *Diversion of funds*

The responsibility of operation and maintenance of piped water supply system was transferred to PRIs (October 2006) along with the staff of Rural Water Supply and Sanitation wing of Rural Development Department. Test check of records of 26 selected PSs revealed that salary and wages of RWSS staff deployed at PS offices amounting to ₹1.55 crore was irregularly paid out of TFC funds by collecting the amount from GPs under their control irrespective of the GPs having any piped water supply system. It was seen that 154 GPs were not having any piped water supply scheme but have paid ₹73.84 lakh to the BDOs towards salary of RWSS staff working in Panchayat Samities. Thus, the GPs were deprived of scheme funds for incurring expenditure on targeted projects of water supply and sanitation programmes. The PRD stated (October 2009) that as per instruction of Finance Department the salary and wages of RWSS employees including SEMs were met out of TFC fund.

Similarly, though scheme funds were to be utilized by GPs for operation and maintenance of water supply and sanitation, yet ₹17.25 lakh was diverted by 31 GPs under 10 test checked DRDAs[4] for public distribution system, Sampoorna Grameen Rojgar Yojna, National Rural Employment Guarantee Scheme which remained unrecouped as of June 2009. The PD, DRDA, Rayagada while accepting the fact stated (May 2009) that action would be taken against the officials for such lapses.

Guidelines provide for utilization of the grants for improving the service delivery by the Panchayats and were to be utilized on operation and maintenance of water supply and sanitation. However, 192 test checked GPs spent ₹5.73 crore on inadmissible items of expenditure like construction of new roads and buildings etc. The PRD stated (October 2009) that there was certain instructions for construction of cement concrete roads and drains under TFC grant. The reply was not tenable as construction of cement concrete road was not covered under the guidelines.

2.2.5 *Unfruitful expenditure*

TFC emphasized the need for creation of database for enabling rational determination of gap between the cost of service delivery and capacity to raise resources as well as proper maintenance of accounts at grass root level through use of modern technologies and management system. As per the guidelines, the TFC grants were to be utilized in GPs. There was no provision to utilize the grants for payment of salary and wages of staff. It was noticed that ₹8.60 crore was spent on payment of remuneration of Computer Programmers working in DRDAs and Block offices[5] who were engaged for maintenance of computerized

[4] DRDAs : (i) Rayagada: ₹ 4.91 lakh, (ii) Koraput: ₹ 2.66 lakh, (iii) Kalahandi:₹ 5.94 lakh, (iv)Sambalpur:₹ 0.43 lakh, (v)Baragarh: ₹ 0.77 lakh, (vi) Dhenkanal ₹ 0.10 lakh, (vii)Bhadrak: ₹ 0.34 lakh, (viii) Deogarh:₹ 0.40 lakh, (ix) Ganjam: ₹ 0.60 lakh and (x) Balasore ₹ 1.10 lakh

[5] At ₹ 5000 per month up to June 2007 and ₹ 7000 from July 2007

cash book, trial balances, advance ledger, pay bill, feeding of NREGS data online etc contrary to the provision of guidelines. It was further noticed that despite payment of ₹28.11 crore including ₹19.51 crore out of EFC grant towards payment of wages to computer programmers of Blocks and DRDAs, database for GPs such as assets created, income from own sources, total population, beneficiaries under other poverty alleviation schemes etc was not created and were not made accessible through VSAT. Non-creation of database was confirmed by the test-checked DRDAs / GPs. The PRD stated (October 2009) that the wages to computer programmers were paid out of TFC fund as per instruction of Finance Department.

2.3 Monitoring and evaluation

High Level Committee (HLC) headed by Chief Secretary was to monitor the progress of utilisation of grants on quarterly basis and mid-course corrections, if any, were to be made. The HLC met nine times since May 2005 against 16 meetings required, indicating deficiency in monitoring mechanism.

2.4 Conclusion

A review of receipt and utilization of TFC grants revealed the following deficiencies. Funds remained unutilised for years in non-interest bearing personal ledger accounts and civil deposits with the treasuries. There was belated release of funds to PRIs. Utilisation certificates were not submitted in time. Funds were diverted for other purposes and even spent on inadmissible items. Irregular engagement of computer programmers at DRDA and block level and payment of wages from the TFC fund, databases were not created by GPs. None of the PRIs had prepared annual accounts in the formats prescribed by the CAG. Grants released for solid waste management remained blocked up to December 2008 as per Government directive and 51 *per cent* of available funds was spent within four months by adjusting previous bills.

2.5 Recommendations

- State Government should ensure timely release of funds to PRIs within prescribed 15 days of receipt from GoI;
- Management of funds may be further streamlined to avoid any diversion/ misutilisation of funds;
- Government may adopt the format of accounts prescribed by the C&AG of India for PRIs and ensure maintenance of accounts in these formats;
- Creation of database for GPs may be accorded priority and completed within a specified time frame.

CHAPTER- III

TRANSACTION AUDIT

CHAPTER-III

TRANSACTION AUDIT

3.1 Implementation of Indira Awas Yojana

3.1.1 Infructuous expenditure of ₹221.86 lakh under special IAY.

Non completion of 1947 nos. of Special IAY houses resulted in infructuous expenditure.

In order to provide shelter to the BPL families those who were affected in the super cyclone 1999, GOI released funds under Special IAY houses @ ₹22,000 per house.

Test check of records of Khaira PS revealed that 6152 nos. of special IAY houses was fixed as target and accordingly GOI released funds of ₹13.54 crore to the Khaira Samiti during the period from 2000-01 to 2004-05. Out of the above targeted houses, the PS could able to complete only 4205 nos. of houses during the period from 2000-01 to 2007-08 leaving a balance of 1947 houses as of July 2009. The most of incomplete houses were remained at plinth and lintel level and the Samiti had spent ₹221.86 lakh towards construction of these incomplete special IAY houses up to 2007-08. Though five to nine years had already been elapsed after the release of funds the houses remained incomplete.

The Project Director, DRDA, Balasore instructed in October 2008 to refund the unspent balances along with accrued interest available with them and close the scheme immediately. Accordingly the BDO, Khaira PS refunded the unspent balances of ₹238.97 lakh to the DRDA as detailed below.

Sl. No.	Letter No. & date of the Samiti	Amount refunded (₹ in lakh)
1.	2925/25.10.2008	218.97 lakh
2.	3286/29.11.2008	20.00 lakh
	Total	238.97 lakh

Due to lack of monitoring/supervision and inaction of the BDO concerned, 1947 nos. of houses could not be completed even after nine years after their commencement. This resulted in infructuous expenditure of ₹221.86 lakh against the scheme since the balance amount had already been refunded by the Samiti in October-November 2008.

On being pointed out, the BDO stated that enhancement of price of materials was the main reason of non-completion of houses.

3.1.2 Unfruitful expenditure of ₹32.21 crore under normal IAY scheme.

Non completion 13,067 nos. of normal IAY houses resulted in unfruitful expenditure.

The aim and objective of the IAY scheme was to provide assistance for construction of houses for the members of SC/ST freed bonded labourers and also to non SC/ST rural poors below the poverty line (BPL). As per the instruction of Government the assistance for construction shall be payable in four stages and the beneficiaries were to start construction within 15 days from receipt of the work orders and to complete the work within 60 days failing which the allotment would be cancelled.

Scrutiny of records in 21 PSs revealed that 13,067 houses taken up for construction under IAY during 1999-2009 were not completed even after expiry of 10 years of the commencement of the work and an expenditure of ₹32.21 crore incurred against the project / scheme (March 2009) as detailed in **Appendix-III.** The expenditure is considered as unfruitful.

On being pointed out the concerned BDO could not justify the reasons of delay in completion of project. This indicated that due to non completion of these houses the scheme objectives were defeated and entire amount of ₹32.21 crore spent on the scheme rendered unfruitful.

The Principal Secretary, PR Department stated (December 2010) that the concerned units would be instructed to submit the detailed status report regarding the present position.

3.2 Non-utilisation of food grains worth ₹360.94 lakh.

Idling of food grains of 26,977.46 quintals for more than one to seven years procured under SGRY and NFFWP defeated the objectives of the schemes to provide food security to the beneficiaries.

The primary objective of Sampoorna Gramina Rojgar Yojana (SGRY) and National Food For Work Programme (NFFWP) is to provide additional employment in all rural areas and thereby provide food security and improve nutritional standards of the rural poor.

During test check of records, it was seen that in 16 PSs food grains of 21143.35 quintals (SGRY) and 5834.11 quintals (NFFWP) which were procured during 2002-03 to 2005-06 and valued at ₹360.94 lakh remained unutilized for more than two to three years from the date of receipt as of March 2009 (**Appendix-IV**).

Further non utilization of the food grains in the works defeated the very purpose of the schemes to provide food security to the beneficiaries.

On this being pointed out in audit, the PSs agreed to utilize food grains very soon but the replies were not acceptable as food grains being old stock would not be fit for human consumption.

In reply the Principal Secretary, PR Department stated (December 2010) that the units concerned would be directed to intimate the present position of the food grains.

3.3 Delayed payment of wages under NREGS – ₹56.20 lakh

In violation of the NREGS guidelines the wage payments of ₹56.20 lakh to labourers were made after six to 289 days of completion of the works

As per the guidelines, wages were to be paid to the labourers on a weekly basis and in any case within a fortnight of the work being done. It was also stipulated that compensation was to be paid to the labourers for any delay in payment of wages as provided in the Payment of Wages Act 1936. It was noticed during test check of six PSs that wage payment of ₹56.20 lakh was made to the labourers after a delayed period of six to 289 days **(Appendix -V)**. Further, no compensation was paid to the labourers for the delayed payment as required under the Act. Such irregular practice not only defeated the primary objective of the scheme but also deprived the labourers of getting timely payment of wages.

On this being pointed out it was stated that action would be taken to ensure timely payment of wages to labourers.

3.4 Excess expenditure of ₹20.23 lakh towards cost of transportation of metals and chips.

Procurement of materials exclusively for FDR works from quarry at Gudiakatni (90 Kms away from PS headquarters) instead from the nearest quarry at Tigiria (30 kms) resulted in excess expenditure of ₹20.23 lakh on transportation.

GOPR Department vide their No. 39896 dt. 4.10.08 permitted to upgrade the village roads which were severely damaged by the flood 2008 to cement concrete roads to make them motorable and flood proof. Accordingly the PS, Baramba had taken up departmentally 147 projects including 142 CC roads in October 2008 but kept bills pending till receipt of fund under FDR grant during February 2009.

Scrutiny of case records of 58 works revealed that against the estimated cost of ₹232.64 lakh the said projects were completed at an expenditure of ₹227.44 lakhs under FDR for 2008-09. Further scrutiny revealed that in the lead statement there was provision for procurement of 40mm crusher broken metals and 12mm crusher broken chips. The said materials exclusively for FDR works were procured from quarry at Gudiakatni (90 Kms away from PS headquarters) instead from the nearest quarry at Tigiria (30 kms. away). The conveyance cost of materials from Gudiakatni was ₹562 / cum for chips, against the rate of ₹246 / cum of metal (carriage upto 5 Kms @ ₹96 and rest 25 Kms @ ₹6 / Km) and ₹258/cum of chip (carriage upto 5 Kms ₹96 and rest 27 Kms @ ₹6 / Km) from Tigiria. As a result of which the PS had to incur an extra expenditure of ₹20.23 lakh on procurement of 3918.91 cum of metal and 2585.46 cum of chips at the differential rate of ₹316 / cum of metal and ₹304 / cum of chips from Gudiakatni as detailed below.

(i)	**40 mm hg metal procured locally from Tigiria within 30 kms**	Carriage upto 5 Kms Rest 25 kms @ ₹6/- km	₹96.00 ₹150.00
		Total :	**₹246.00 cum**
		For FDR work	₹562.00 cum
		Excess rate	**₹316.00 cum**
(ii)	**12l mm chips**	Carriage upto 5 kms	₹96.00
		Rest 27 kms @ ₹6/- km	₹162.00
		Total :	**₹258.00 cum**
		For FDR work	₹562.00 cum
		Excess rate:	**₹304.00 cum**

Though, Rule 73(3) of Orissa Minor Mineral Concession Rules 2002 envisaged that claim of the reimbursement of the cost for purchase of any minor mineral should be supported by purchase vouchers the work bill did not contain any cash memo /transit pass in support of procurement / utilisation of required materials in the said works. As such procurement of material from Gudiakatni was doubtful.

In reply the BDO stated that materials were procured from Gudiakatni due to non-availability of required quantity in the nearest quarry and money receipt and transit pass could not be produced as those were not readily available. The reply is not acceptable since the chips and metals were procured regularly from the nearest quarry in respect of other works under different schemes. Further, the BDO had not obtained the non-availability certificate from nearest quarry in support of procurement from Gudiakatni.

3.5 Shortage of food grains worth ₹7.16 lakh.

568 quintals of rice costing ₹7.16 lakh was found short in the godowns of five GPs under Dampara PS. No action by District Collector against the person responsible for shortage though reported two years back.

Rule 69 of Orissa Panchayat Samiti Procedure Rule 2002 envisages that physical verification of stock / store should be carried out at least once in every six month by the BDO / ABDO and finally recorded in the stock register with dated signature. On surprise physical verification of stock of food grains under SGRY in respect of twelve GP godowns by BDO, Banki - Cttc Dampara PS during 3/2008 it was noticed that there was shortages to the tune of Q568.55 in the stock of rice in the GPs as detailed in **Appendix-VI.**

Thus, it is clear that the rice stock valuing ₹7.16 lakh (Q.568.55 X ₹1,260/-) was misappropriated by the GPs. Though the matter was reported to Collector, Cuttack during September 2008, no action was initiated as of January 2010 to realise the cost of rice from the person responsible.

On this being pointed out it was stated (January 2010) that action would be taken to realise the cost of shortage in rice stock.

3.6 Idle Expenditure on Shopping Units- ₹27.31 lakh

Non allotment of 65 shopping units to the beneficiaries even after four to six years of its completion resulted in an unfruitful expenditure of ₹27.31 lakh besides continued loss of probable rent.

With a view to develop infrastructure for commercial activities of unemployed youth of rural areas the Central Sponsored Schemes like SGSY and SGRY provided funds for construction of shopping complexes to PRIs. This was also to augment the financial resources of GPs. During the period from March 2004 to March 2006 three PRIs constructed the shopping complexes consisting of 65 shops at an expenditure of ₹27.31 lakh **(Appendix-VII)** which were lying unalloted as of December 2010.

Thus, due to non-allotment of shopping units for over four to six years rendered the expenditure of ₹27.31 lakh idle and also resulted in the GPs forgoing potential source of revenue. Moreover, since the shopping

complexes were yet to be allotted there was a continuing loss in revenue and identified beneficiaries were deprived of self employment in rural areas.

In reply the Principal Secretary, PR Department stated (December 2010) that the concerned units would be instructed to take immediate steps to let out the completed shopping units to the eligible persons at the earliest.

3.7 Suspected misappropriation of ₹6.06 lakh

Loss to the tune of ₹6.06 lakh as a result of misappropriations of cash by way of less handing over of cash to successors, non realisation of received cheques and by fictious deposit of cash in Bank Account

As per Rule 154 of Gram Panchayat Rules 1968, all receipts and payments of the PS/GP shall be entered in the cash book on the date of transaction itself and the cash book closed with dated signature of Secretary and Sarpanch of the GP on the same day. The Gram Panchayat Extension Officer (GPEO) is required to verify the cash book and cash in hand at least once in a month. Further Rule 32 read with Rule 35 and Rule 36 (e) of Panchayat Samiti Accounting procedure (PSAP) Rules, 2002, stipulate that the cash book shall be maintained by the Accountant in prescribed format and all cash transaction shall be entered in the cash book. At the end of each month BDO shall verify the cash balance with the balance in the cash book and signed certificate of physical verification shall be recorded in the cash book. The Chairman of PS is also authorized to verify the cash balances whenever he desires.

During audit of GPs and PSs, it was noticed that the above codal provisions were not followed scrupulously by the concerned DDOs and an amount of ₹6.06 lakh was misappropriated in three PSs and one GP.

Though the above misappropriation cases were brought to the notice of PRIs through IR paras, the concerned authorities have not taken any action for recovery of amounts till July 2010. The details of such cases are discussed in succeeding paragraphs.

i) Less handing over of cash by Ex-Cashiers – ₹1.66 lakh

Sri Raghunath Das, the Ex-Cashier of Aul (Kendrapara) PS had handed over less cash of ₹1.66 lakh (July 2007) to his successor. Though over two years had already been elapsed the Block Development Officer did not take any action to realise the same.

In reply the BDO stated (June 2009) that action would be taken to realise the amount from the Ex-Cashier who is at present working as Head Clerk in the office of the Tehsildar, Rajkanika.

ii) Less handing over of cash by Ex Cashier – ₹2.80 lakh

In another similar case in Sukinda PS the Ex-Cashier Sri R.N.Rout had handed over the charge to his successor Sri P.K.Das, Sr.Clerk with nil cash balance as against the actual cash balance of ₹3.24 lakh on 2.9.2009. The matter was reported to Collector, Jajpur during 10/2009 and before that Sri Rout deposited only ₹0.44 lakh in September 2009 leaving a balance of ₹2.80 lakh. In absence of any supporting document for utilization of balance fund, it is construed that the amount was misappropriated by the ex-Cashier.

On being pointed out, the BDO stated that steps would be taken to realise the amount very soon.

iii) Misappropriation of ₹1.00 lakh by the EO Sri Lokeshar Choudhury of Pamra GP

Test check of NREGS cash book of Bargaon PS with that of Pamra GP(August 2008) revealed that the Executive Officer of Pamra GP had received a bearer cheque of ₹1 lakh vide M.R No.8 dtd 30.8.08 from BDO, Bargaon but the said amount was not deposited in the respective pass book bearing No. 30442211755 of SBI, Bargaon which was the only pass book opened for NREGS till the date of audit. Further scrutiny revealed that the E.O handed over the charge to his successor on 7.1.2009 without handing over the said cheque or encashed amount of the cheque.

Thus, it is construed that the said amount was misappropriated by the ex-EO.

Ex-EO though was directed to refund the amount vide their office letter dt. 18.06.09, he had not deposited the amount. The higher authorities have also been informed.

iv) Misappropriation of Govt. money of ₹60,064/- by showing fictitious deposit of Cash in Bank A/c

General review of cash book of Nandahandi (Nawarangpur District) PS, revealed that in two occasions less amount was deposited in the bank account and in other two instances the entire amount was not deposited in the bank account the details of which are given below.

Sl No.	Name of the Cash Book	Page No of CB	Date	Amount of Cash shown deposited in Bank(in ₹)	SB A/c No.	Amount actually deposited (in ₹)	Amount misappropriated (in ₹)
1.	BKBK	45	28.03.08	60,302.00	288/Mini Bank(N)	55,560.00	4,742.00
2.	-do-	47	15.04.08	42,912.00	288/Mini Bank(N)	27,930.00	14,982.00
3.	NREGS	80	24.09.07	10,000.00	309/Mini Bank(N)	Nil	10,000.00
4.	-do-	121	13.05.08	30,340.00	309/Mini Bank(N)	Nil	30,340.00
						Total	60,064.00

Thus, non-deposit/less deposit of Govt. money resulted in misappropriation of Govt. money amounting to ₹0.60 lakh.

Though the above misappropriation case was brought to the notice of Block Development Officer (BDO), Nandahandi PS through IR para, no response had been received from the PS (July2010).

In reply the Principal Secretary, PR Department stated (December 2010) that instructions would be issued to the units concerned to submit the Action Taken Report.

3.8 Misappropriation of Stores and Stock

Lack of internal control mechanism on maintenance of stores and stocks resulted in loss of store to the tune of ₹5.09 lakh

3.8.1 Misappropriation of Building material costing ₹2.73 lakh.

Test check of stock register and physical verification of stock account of five PSs[6] revealed that the following building materials were found short between January 2006 and October 2009.

[6] Kabisuryanagar, Dhenkanal, Baramba, Patnagarh, Kolabira

Sl. No	Name of the PS	Type of material	Actual stock	Month / Date of physical verification	Balance as per stock register	Shortage	Rate per	Total Cost (₹ In lakh)
1	Kabisuryanagar	8 mm MS Rod	408.50 Qtl.	JAN 2006	NIL	408.50	30/Kg	0.12
		10 mm MS Rod	772.62 Qtl.	JAN 2006	511.52 Qtl.	261.10	30/Kg	0.08
		12 mm MS Rod	141.13	JAN 2006	NIL	141.13	30/Kg	0.04
2	Dhenkanal	Cement	265	-	40 Bags	225	205/Bag	0.46
3	Baramba	Cement	404	Dec 2008	5 Bags	399	216/Bag	0.86
4	Patnagarh	Cement	191	Oct 2009	9 Bags	182	230/Bag	0.42
5	Kolabira	Bitumen	14 Drums	May 2009	Nil	14 Drums	5333/ Drum	0.75
							Total	2.73

Thus, in the above table it is clear that the building materials valuing ₹2.73 lakh was misappropriated by exhibition of short / nil balance in the stock register by the store keeper.

The authorities of PRIs stated (during May 2009 to October 2009) that action would be taken to realise the cost of material under intimation to audit.

3.8.2 Fictitious issue of cement to the work resulted in loss of Govt. money of ₹2.36 lakh

General review of cement stock register of BDO, Nandahandi (Nawarangpur) revealed that 1152 bags of cement were issued to the different works during the period from 4/07 to 3/08 in the name of executants without any recommendation by the AE/JE and issue order in the case record by the BDO. Further scrutiny revealed that the cost of the cement was not realized from the concerned work bill.

Thus accountal of issue in the Stock register was irregular and fictitious and the cost of 1152 bags of cement which comes to ₹2.36 lakh (@ ₹205) need recovery from the executants concerned.

In reply the BDO, Nandahandi stated (June 2006) that the amount would be recovered from the person responsible.

3.9 Non-realisation of shop rent of ₹4.18 lakh

In violation of the agreement, rent for shopping units allotted to 38 beneficiaries in Kuakhia GP and 10 in Dharmagarh PS were not realized since last 36-48 months resulting in loss of revenue of ₹4.18 lakh

The Panchayat Samiti Rasulpur allotted the shops / restaurants constructed under Biju Gramin Bazar programme at Kuakhia to 38 persons of general category during 4/2005. As per clause 19 of the Agreement the allottees (Licences) should pay the licence fee to the Panchayat Samiti regularly, failing which the Samiti can revoke the licence without any notice and allotee should vacate the allotted shop rooms/ Restaurants / Kiosks with all his goods and belongings.

On scrutiny of relevant records it was observed that all the 38 beneficiaries had not paid the licence fee amounting to ₹2.72 lakh for entire period of three years (4/05 to 3/09) in contravention to their agreements.

Similarly, in Dharmagarh PS (Kalahandi) out of 11 shops, the rent for 10 shops was not realized starting from June 2004 amounting to ₹1.46 lakh.

On this being pointed out the concerned authorities of PS stated that action would be taken to realize the outstanding licence fee.

3.10 Idle stock of materials- ₹9.29 lakh.

Procurement of materials like cement, bitumen, MS Grill, Angles and other building materials worth ₹9.29 lakh without immediate requirement resulted in idling of materials for years together.

Test check of records of four PSs[7] (**Appendix-VIII**) revealed that stock materials like cement, bitumen, MS grill, doors, windows, angles and other building materials worth ₹9.29 lakh purchased during the period 1997-2008 by the Samities remained unutilized as of March 2009. It was evident that the materials were procured without proper assessment of required material.

On this being pointed out in audit the PSs replied that action would be taken to utilize the materials early.

[7] Rairangpur (Mayurbhanj), Belpura (Bolangir), Tileibani (Deogarh), Kolabira (Jharsuguda)

3.11 Advances lying unadjusted- ₹45.54 crore

In disregard to GOO instructions and PSAP Rules 2002, the advances extended to the tune of ₹45.54 crore to officials remained unrecouped and unadjusted.

Rule 41 of Panchayat Samiti Accounting Procedure Rules, 2002 provides that advances to individuals/contractors/suppliers should be got adjusted immediately after incurring such expenditure. The DDOs are to maintain a Register of advance showing particulars of date, details of payee, amount, purpose and its adjustment etc.. Further, the DDOs should review the Advance ledger frequently to ensure timely adjustment of the advances. Apart from that, the Panchayati Raj Department, Government of Orissa instructed (December 2002) all the BDOs to adjust the outstanding advances within one month of payment of advance. In case the advances are not adjusted within one month the same may be treated as temporary misappropriation of fund warranting initiation of disciplinary proceedings/criminal proceedings in appropriate cases.

In 42 test checked units, it was noticed that ₹45.54 crore paid to different officials/agencies/executants were lying unadjusted as of March 2009 **(Appendix-IX).** Of the above, the details of the officials / agencies / executants in respect of advances of ₹17.01 crore were not available in the concerned PS. It was also noticed that advances were paid to the officials on several occasions without adjusting the earlier advances. Such irregularities persisted despite repeated objections made through the Audit reports. Further scrutiny revealed that the Advance Register was not maintained in the prescribed format and timely effective action was not taken for adjustment / recovery of outstanding advance.

The Principal Secretary stated (December 2010) that the computer database of advances were being developed for monitoring and ascertaining the position of outstanding advance.

3.12 Diversion of scheme funds

In violation of the scheme guidelines sixty PRIs diverted scheme funds to the tune of ₹37.00 crore to other schemes or purposes .

Government of India (GOI) and the State Government have been releasing funds to Panchayat Raj Institutions (PRIs) from time to time for implementing various schemes. The guidelines of the schemes invariably require that the funds released be utilized only for the purpose specified and not be diverted for other purposes.

Test check of 60 PRIs revealed that funds amounting to ₹37.00 crore were diverted for other purposes in violation of respective scheme guidelines **(Appendix-X).**

In reply the Principal Secretary, PR Department stated (December 2010) that the authorities concerned would be instructed to stop diversion of scheme funds and recoup the amount already diverted at earliest.

3.13 Unfruitful expenditure of ₹6.47 crore on Incomplete Works

Lack of proper planning and monitoring led to non completion of various works under different schemes in 20 PSs and four GPs from 2008-09 onwards resulting in unfruitful expenditure of ₹6.47 crore.

Works taken up by PSs and GPs should be completed normally within one year.

Scrutiny of records in 20 PSs and four GPs revealed that works taken up under various schemes were lying incomplete from 2008-09 onwards on which expenditure of ₹6.47 crore was incurred. **(Appendix-XI)**

As the works e.g building, roads etc. were lying incomplete for years together, possibility of deterioration of quality of works can not be ruled out.

Thus, due to lack of proper planning and monitoring, an amount of ₹6.47 crore spent on those 795 projects remained unfruitful and deprived the public from intended benefits.

In reply the Principal Secretary, PR Department stated (December 2010) that instructions would be issued to all the units concerned to submit the status report on the incomplete works.

3.14 Non-accountal of Interest

Interest accrued to the tune of ₹1.34 crore on different scheme funds was not accounted for.

Interest accrued on deposits of scheme funds in different nationalized banks are required to be accounted for and be utilized as per respective scheme guidelines.

Test check of 11 PS revealed that an amount of ₹1.34 crore (**Appendix-XII**) though accrued towards interest from Savings Bank Accounts was not

taken to receipt of scheme funds and awaiting utilisation as per scheme guidelines.

On this being pointed out it was stated that the interest would be accounted for in respective cash books.

3.15 Non-remittance of royalty/VAT/Income Tax

In disregard to Government of Orissa Rules and Orders, an amount of ₹213.45 lakh realised by 30 PSs towards Royalty, VAT and Income Tax from work bills was not remitted to Government Accounts.

As per Rule 6 of OTC Vol.I read with Rule 4 of OGFR Vol.I all money received/realized on behalf of Government should be remitted in full within three days of receipt into the proper head of Government account.

Test check of records of 30 PSs (**Appendix-XIII**) revealed that a sum of ₹213.45 lakh though realized towards Royalty, VAT and Income Tax from works bill during 2008-09 was not remitted as on March 2009 in violation of the rules.

On being pointed out the PRIs replied that amount would be deposited with the concerned authorities.

In reply the Principal Secretary, PR Department stated (December 2010) that the units concerned would be instructed to account for the interest amount under the concerned schemes.

3.16 Non-realisation of royalty ₹8.36 lakh

In violation of Rules, the royalty worth ₹8.36 lakh remained unrealized resulting loss of revenue to Government.

As per Government of Orissa Minor Mineral Concession Rules 2002, the royalty should be deducted from the bills on execution of works and remitted to Government account forthwith.

Royalty for ₹8.36 lakh in threes PS (**Appendix-XIV**) was not realized from the work bills and Government sustained loss of revenue of ₹8.36 lakh. On this being pointed out, BDOs stated that the same would be recovered from the officials held responsible for the lapses.

[a] Rangeilanda, Diganpahandi, Jatni

In reply the Principal Secretary, PR Department stated (December 2010) that the authorities concerned would be instructed to deposit the Royalty / VAT/IT in the accounts of the authorities concerned at the earliest.

3.17 Inadmissible expenditure of ₹0.87 lakh under MPLAD Scheme

In violation of GOI instructions, the procurement worth ₹0.87 lakh was made of the materials listed in inadmissible work under MPLAD scheme rendered expenditure unauthorized and inadmissible.

As per OM No. M-12043/10/2000- PC dt. 27.12.2000 of Govt. of India, Planning Commission the purchase of inventory or stock of any type was prohibited and not admissible under MPLAD scheme.

Review of expenditure under MPLAD revealed that the following inventories had been made in violation of the instructions of Government of India which resulted in an unauthorised and inadmissible expenditure.

Vr No & Date	Particulars of purchase	Amount of expenditure incurred (in ₹)
5 dt. 01.01.08	Library books	70,000.00
4 dt. 01.01.08	Almirah	17,400.00
	Total	**87,400.00**

The BDO did not furnish any reply (July 2009) in this regard.

3.18 Recommendations

- Effective control and supervision should be applied to prevent misappropriation of cash and stock.
- Schemes should be implemented as per guidelines and completed timely.
- Assets created under various schemes should be put to revenue generating purposes.
- Prompt and effective action may be taken for recovery/adjustment of huge outstanding advances.

- Continuous monitoring and evaluation of performance of PRIs should be made through specific and regular reports and returns.
- Statutory deductions should be remitted to Government accounts timely.
- Diversion of funds from one scheme to other should be avoided.

(BAMAN PRADHAN)
Deputy Accountant General
(Local Bodies Audit & Accounts),
O/o the Principal Accountant General (CA)
Orissa, Bhubaneswar.

Bhubaneswar
The------ day of------2011
15 APR 2011

Countersigned

(SANAT KUMAR MISHRA)
Principal Accountant General (Civil Audit)
Orissa, Bhubaneswar.

Bhubaneswar
The------ day of------2011
15 APR 2011

APPENDICES

APPENDIX-II

(Refer to paragraph 2.2.1 at page-14)

Statement showing pending Utilisation Certificates in test checked DRDAs

(₹ in crore)

Sl. No	Name of the DRDA	Amount received during 2005-06 to 2007-08	Amount for which Utilisation Certificates submitted	Pending Utilisation Certificates as on 31 May 2009
1	Ganjam	33.30	30.26	3.04
2	Koraput	15.40	7.22	8.18
3	Rayagada	7.64	7.64	0.00
4	Kalahandi	18.66	18.63	0.03
5	Khurda	12.15	10.77	1.38
6	Sambalpur	10.12	10.12	0.00
7	Baragarh	17.36	17.36	0.00
8	Dhenkanal	13.70	11.86	1.84
9	Bhadrak	16.98	14.76	2.22
10	Balasore	20.97	13.28	7.69
11	Mayurbhanj	27.22	27.00	0.22
12	Deogarh	4.05	4.03	0.02
	Total	**197.55**	**172.93**	**24.62**

APPENDIX-III

(Refer Paragraph 3.1.2 at page- 20)

Statement showing incomplete IAY houses

(₹ in lakh)

Sl No.	Name of the PS	Period	No of incomplete houses	Amount
1.	PS, Odapada, DKL	2004-2008	222	22.23
2.	PS, Patna, Keonjhar	1999-07	496	63.19
3.	Podia, Malkangiri	2003-09	392	56.90
4.	Nichintakoili, Cuttack	2003-08	3576	2350.25
5.	Maneswar, SBLP,	2008-09	1280	241.40
6.	Chikiti, Ganjam,	2007-08	119	14.90
7.	Oupada, Balasore,	2001-02	195	11.11
8.	Gop, Puri,	2005-09	2078	17.94
9.	Tangi Choudwar, Cuttack	1999 -09	1061	75.31
10.	Ranapur, Nayagarh,	2006-08	42	5.80
11.	Jajpur	2002-08	1111	15.75
12.	Soro, Balasore,	2006-08	267	30.29
13.	Belapara , BLGR,	2006-08	34	4.38
14.	Athagarh, Cuttack,	2004-08	32	40.4
15.	Dharakot, Ganjam,	2006 -09	319	38.55
16.	Nuagada, Gajapati,	2007-09	71	9.4
17.	Bhatli, Bargarh,	2007-09	297	57.98
18.	Ambabhone, Bargarh,	2005-09	539	70.9
19.	Bangiriposhi, MBJ,	2008-09	316	39.05
20.	Rajnagar, KNDP,	2008-09	232	11.60
21.	PS, Shergada, Dist-Ganjam,	2008-09	388	43.35
		Total	**13067**	**3220.68 or 32.21 crore**

APPENDIX-IV

(Refer to Paragraph 3.2 at page -20)

Statement showing non-utilisation of food grains

Sl. No.	Name of the PRIs	Scheme	Period	Quantity (Quintal)	Rate (per Qtl.)	Total Cost (₹ In lakh)
1	Delanga PS, PURI	SGRY	2007-08	36.01	1370	0.49
2	Kuchinda PS, Sambalpur.	SGRY	2002-03	55.82	1130	0.63
3	Bongiriposi PS, Mayurbhanja	SGRY	2006-07	78.85	1370	1.08
		NFFWP	2006-07	131.00	1370	1.79
4	Patnagarh PS, Bolangir	SGRY	2005-06	214.25	1260	2.70
		NFFWP	2005-06	59.69	1260	0.75
5	Korai PS, Jajpur	SGRY	2008-09	821.25	1370	11.25
6	Krushnaprasad PS, Puri	SGRY	2007-08	192.61	1370	2.64
7	Mahakalapara PS, Kendrapara	SGRY	2006-07	4924.8	1370	67.47
8	Dhankanda PS, Sambalpur	SGRY	2005-06	1954.17	1260	24.62
		NFFWP	2005-06	659.40	1260	8.31
9	Bari PS, Jajpur	SGRY	2003-04	1634.61	1130	18.47
10	Keonjhar PS, Keonjhar	SGRY	2008-09	7106.12	1370	97.35
		NFFWP	2008-09	3906.52	1370	53.52
11	Marsaghai PS, Kendrapara	SGRY	2008-09	209.13	1370	2.87
12	Telkoi PS, Keonjhar	SGRY/NFFWP	2006-07	2116.15	1370	28.99
13	Nischintakoili PS, Cuttack	SGRY	2007-08	121.00	1370	1.66
14	Ullunda PS, Sonepur	SGRY	2005-06	1283.67	1260	16.17
15	Kuliana PS, Mayurbhanja	SGRY	2006-07	568.26	1370	7.79
16	Junagarh PS, Kalahandi	SGRY	2007-08	826.65	1370	11.33
		NFFWP	2007-08	77.50	1370	1.06
			TOTAL	**26977.46**		**360.94**

APPENDIX-V

(Refer to paragraph 3.3 at page 21)

Statement on delayed payment of wages under NREGS

Sl. No.	Name of the PS	Period	No. of projects	Range of delay(in days)	Amount of delayed payment. (₹ In lakh)
1.	Purusottampur	2006-09	13	22-86	8.96
2.	G.Udayagiri	2006-07	7	27-249	9.68
3.	Bahalda	2007-09	6	50-190	13.67
4.	Nuapada	2007-09	6	33-289	7.82
5.	Tangarapalli	2006-07	5	30-181	3.87
6.	Sukruli(Mayurbhanj)	2005-09	13	6-154	12.20
				Total	56.20

APPENDIX-VI

(Refer Paragraph 3.5 at page-23)

Statement on shortage of food grains.

Sl No.	Name of the GP	Balance as per stock	Actual physical balance	Quantity shortage
1.	Naraganga	Q. 31.26	Nil	Q. 31.26
2.	Dhansar	Q. 41.64	Nil	Q. 41.64
3.	Gopalpur	Q. 68.57	Nil	Q. 68.57
4.	Gobindpur	Q. 38.31	Nil	Q. 38.31
5.	Dulanapur	Q. 95.85	Q. 10.00	Q. 85.85
6.	Dampara	Q. 96.80	Q. 20.61	Q. 76.19
7.	Kusupangi	Q. 89.18	Q. 9.70	Q. 79.48
8.	Talabasta	Q. 26.27	Nil	Q. 26.27
9.	Bhagipur	Q. 19.79	Nil	Q. 19.79
10.	Banara	Q. 22.75	Nil	Q. 22.75
11.	Pathapur	Q. 53.89	Nil	Q. 53.89
12.	Ragadi	Q. 24.55	Nil	Q. 24.55
	Total:	**Q.608.87**	**Q. 40.31**	**Q.568.55**

APPENDIX-VII

(Refer Paragraph 3.6 at page -23)

Statement showing idle expenditure on Shopping Units (08-09)

(₹ in lakh)

Sl No	Name of the PS	Name of GP	Date of Comp-letion	Scheme	Idle Period (months)	No. of units	Amount
1	Marshaghai	Silipur	Oct 2004	SGSY	53	5	3.82
		Karilopatna	Dec 2006	SGSY	27	5	3.99
2	Kamakhyanagar	Sremuli	May 2005	SGSY	46	5	1.5
		Kangala	May 2005	SGSY	46	4	1.2
		Baisinga	Mar 2004	SGSY	60	10	3.0
3	Karanjia	Tato	Mar 2006	SGRY	36	13	4.0
		Naluda	Mar 2006	SGRY	36	4	1.6
		Badgaon	Mar 2006	SGRY	36	6	1.8
		Patbil	Mar 2006	SGRY	36	7	4.0
		Dori	Mar 2006	SGRY	36	6	2.4
					TOTAL	**65**	**27.31**

APPENDIX-VIII

(Refer Paragraph 3.10 at page- 28)

Statement on Idle stock materials.

Sl. No.	Name of the PRIs	Material	Period	Quantity	Rate (in ₹)	Total cost (₹ In lakh)
1	Rairangpur(Mayurbhanj)	MS door	2005-06	12	2757	0.33
		MS door	06-07	30 nos.	1624	0.49
		Window	2005-06	12 nos.	2264	0.27
		Window	2005-06	27 nos.	810	0.22
		Rolling shutter	0206-07	5 nos.	6191	0.31
2	Belpura (Bolangir)	MS door	2007-08	1 no.	1913	0.02
		MS window	2007-08	5 nos.	2230	0.11
		WINCO Cement	2004-05	225 drums	389	0.88
3	Tileibani (Deogarh)	Fiber Door	Prior to 1/2004	28 nos.	3690	1.03
		Fiber Window	Prior to 1/2004	92nos	1625	1.50
		MS Door	Prior to 1/2004	41	2675	1.10
		MS Window	Prior to 1/2004	70	694	0.49
		Angle (Big size)	Prior to 1/2004	160	676	1.08
		Angle (Small size)	Prior to 1/2004	79	451	0.36
		G I Sheet	Prior to 1/2005	52 nos.	391	0.20
		G I Sheet	Prior to 1/2004	58 nos.	221	0.13
4	Kolabira (Jharsuguda)	GCI Sheets (8.00" size)	97-98	115 No	355	0.41
		Iron Angle (10.3"X11.3" size)	97-98	58 No	264	0.15
		Wind Ties (10.7"	97-98	196 No	67	0.13

Sl. No.	Name of the PRIs	Material	Period	Quantity	Rate (in ₹)	Total cost (₹ In lakh)
		X 10.11" Size)				
		Iron window (2.00" X 2.6")	99-2000	1 No	8062	0.08
					Total	**9.29**

APPENDIX-IX

(Refer Paragraph 3.11 at page -29)

Statement showing Non-adjustment of advances

Sl No.	Name of the Panchayat Samiti	Un-adjusted outstanding advances (in ₹)	Classified Advances (in ₹)	Un-classified Advances (in ₹)
1.	PS, Udala, Dist- Mayurbhanj	41,73,046	28,99,718	12,73,328
2.	PS, Bhandaripokhari, Dist- Bhadrak	1,15,59,034	91,62,168	23,96,866
3.	PS, Suliapada, Dist- Mayurbhanj	6,73,935	5,56,710	1,17,225
4.	PS, Rasgobindapur, Dist- Mayurbhanj	22,57,607	1,03,000	21,54,607
5.	PS, Basta, Dist- Balasore	1,18,30,348	1,10,84,567	7,45,781
6.	PS, Niali, Dist- Cuttack	61,84,327	45,55,745	16,28,582
7.	PS, Keonjhar	98,98,241	17,06,714	81,91,527
8.	PS, Baliapal, Dist- Balasore	1,32,75,455	91,68,320	41,07,135
9.	PS, Erasama, Dist- JS Pur	1,46,61,059	1,17,51,283	29,09,776
10.	PS, Rairangpur, Dist- MBJ	42,91,987	38,00,305	4,91,682
11.	PS, Tileibani, Dist- Deogarh	2,72,57,190	2,33,95,519	38,61,671
12.	PS, Rajagangapur, Dist- Sundargarh	95,37,082	46,61,639	48,75,443
13.	PS, Balliguda, Dist- Kandhamal	32,00,979	29,25,194	2,75,785
14.	PS, Kakatpur, Dist- Puri	1,09,98,556	1,46,933	1,08,51,623
15.	PS, Banspal, Dist- Keonjhar	49,02,083	47,08,419	1,93,664
16.	PS, Talcher, Dist- Angul	1,62,48,111	1,38,32,307	24,15,804
17.	PS, Binjharpur, Dist- Jajpur	3,12,93,815	72,06,874	2,40,86,941
18.	PS, Telkoi, Dist-Keonjhar	27,07,874	23,00,874	4,07,000
19.	PS, Sinapali, Dist- Nuapada	2,55,29,433	1,71,62,884	83,66,549
20.	PS, Basudevpur, Dist- Bhadrak	2,25,67,061	2,15,75,309	9,91,752
21.	PS, Odagaon, Dist- Nayagarh	69,35,599	62,08,435	7,27,164
22.	PS, Kukudakhandi, Dist- Ganjam	64,83,360	5,38,000	59,45,360
23.	PS, Narla, Dist- Kalahandi	46,03,897	8,54,998	37,48,899
24.	PS, Malkangiri	6,88,37,034	6,59,62,011	28,75,023
25.	PS, Nandahandi, Kalahandi	61,600	46,600	15,000

26.	PS, Rangeilunda, Dist- Ganjam	72,82,073	39,63,939	33,18,134
27.	PS, Bhawanipatna, Dist- KLD	1,96,36,236	1,33,72,131	62,64,105
28.	PS, Jamankira, Sambalpur	124,43,373	8,57,859	1,15,85,514
29.	PS, Sheragada, Dist- Ganjam	4,35,500	2,70,000	165,500
30.	PS, Barapali, Dist- Bargarh	1,42,77,882	46,23,914	96,53,968
31.	PS, Bargaon, Sundergarh	1,84,29,862	91,32,570	92,97,292
32.	PS, Laxmipur, Dist- Koraput	55,42,432	21,79,147	33,63,285
33.	PS, Gop, Puri	68,63,279	60,02,558	8,60,721
34.	Ps, Paikmal, Baragarh	51,00,550	9,45,747	41,54,803
35.	PS, Ranapur, Dist- Nayagarh	55,24,715	39,45,805	15,78,910
36.	PS, Anandapur, KJR.	49,89,239	7,54,245	42,34,994
37.	PS, Sundergarh	30,68,668	9,64,210	21,04,458
38.	PS, Lathikata, SNG	77,04,085	21,18,144	55,85,941
39.	PS, Dabugan, NBG	97,25,040	52,85,938	44,39,102
40.	PS, Harichandanpur, KJR	23,54,183	19,406	23,34,777
41.	PS, Soro, BLS	30,94,347	1,22,309	29,72,038
42.	PS, Derabish, Kendrapara	89,19,887	43,96,740	45,23,147
	Total	**45,53,60,064 or ₹45.54 crore**	**28,52,69,188**	**17,00,90,876 or ₹17.01 crore**

APPENDIX-X

(Refer Paragraph 3.12 at page -29)

Statement showing diversion of funds

Sl No.	Name of the Panchayat Samiti	Scheme from which diverted	Scheme to which diverted	Amount (₹in lakh)
1.	PS, Tirtol, Jagatsinghpur	SGRY	TFC	15.93
2.	PS, Bhandaripokhari, Bhadrak	IAY	GGY	18.00
		Test Relief(FDR)	GGY	33.75
		IAY	Test Relief(FDR)	85.00
		MLALAD	-do-	10.00
		IAY	NREGS	48.20
3.	PS, Kendrapara	MPLAD	GGY	1.29
		GGY	MPLAD	4.00
4.	PS, Suliapada, MBJ	TSC/TFC	IHLTSC	7.56
		TFC	NREGA	2.81
		SGRY/SGSY	IAY	0.05
		-do-	NREGA	4.50
		MPLAD	MLALAD	1.85
		IAY	MLALAD	3.00
		MLALAD	NREGA	3.00
		IAY	NREGA	15.00
5.	PS, Kishorenagar, Angul	TFC	NREGS	10.00
6.	PS, Aul, Kendrapara	SGRY	CRF	2.00
		TFC	CRF	2.60
		IAY(Spl)	FDR	15.32
7.	PS, Bolagarh, Khurda	GGY	SGRY	8.00
8.	PS, Shyamakhunta, MBJ	NREGS	BRGF	1.26
	PS, Chhendipada, Angul	MPLAD	CRF	3.50
		NREGS	GGY	20.00
9.	PS, Bargaon, Sundargarh	MLALAD	NREGS	3.80

Sl No.	Name of the Panchayat Samiti	Scheme from which diverted	Scheme to which diverted	Amount (₹in lakh)
		RSVY	NREGS	3.20
		MPLAD	PMGY	10.00
		BRGF	NREGS	12.74
10.	PS, Laxmipur, Kpt	BKBK	NREGS	7.19
		NREGS	IAY	1.47
		NREGS	BKBK	4.00
		NREGS	TFC	2.00
		IAY	NREGS	4.33
11.	PS, Delang, Khurda	MPLAD	FDR	14.00
		MPLAD	SOAP	1.25
		GGY	NREGA	0.53
		GGY	FDR	90.00
		SGRY	CRF	5.00
		IAY	SGRY	5.00
		IAY	FDR	75.00
12.	PS, Gop, Puri	Spl. IAY	PMNRF	0.70
		-do-	SGRY	59.41
		-do-	CRF/FDR	210.05
		-do-	IAY	3.75
		SGRY	MLALAD	0.03
		-do-	MPLAD	0.01
13.	PS, Pipili, Puri	MLALAD	TFC	0.22
		TFC	MLALAD	0.02
14.	PS, Paikmal, Baragarh	TFC	FDR	34.00
		IAY	FDR	16.00
		IAY	NREGS	2.00
15.	PS, Niali, Cuttack	SGRY	United Fund	25.47
		SGRY	NREGS	0.56
		IAY	NREGS	3.00
		United Fund	NREGS	4.00

Sl No.	Name of the Panchayat Samiti	Scheme from which diverted	Scheme to which diverted	Amount (₹in lakh)
16.	PS, Keonjhar	NREGS	RWSS(TFC)	0.48
17.	PS,Baliapal, Balasore	IAY	NREGS	23.00
		TFC	RWSS	8.00
		TFC	NREGS	25.00
18.	PS, Balipatna, Khurda	TLC	FDR	80.71
		IAY	FDR	97.00
		MLALAD	FDR	30.00
		GGY	FDR	40.00
19.	PS, Erasama, JS Pur	IAY	NREGA	120.00
		SRC	NREGA	5.00
		GGY	NREGA	2.00
		TFC	IAY	2.50
20.	PS, Mahakalapada, KDPR	SGRY	TFC	37.19
		GGY	FLOOD	116.15
		IAY	NREGS	10.00
		SGRY	GGY	7.11
21.	PS, Thakurmunda, MBJ	MDM	TFC	0.82
22.	PS,Kusumi, MBJ	MLALAD	MPLAD	50.00
23.	PS, Dasapalla, Nayagarh	GGY	NREGS	5.00
		IAY	NOAP	0.40
24.	PS, Odapada, Dhenkanal	IAY	NREGS	56.28
		BRGF	NREGS	5.37
		TFC	BRGF	1.93
25.	PS, Raruan, MBJ	MPLAD	TFC	5.00
		MLALAD	NREGA	7.00
		SGRY	TFC	5.00
		IAY	NREGA	20.00
26.	PS, Nuagada, Gajapati	RSVY	NREGA	5.00
		FDR	NREGA	1.04
		MLALAD	NREGA	17.00

Sl No.	Name of the Panchayat Samiti	Scheme from which diverted	Scheme to which diverted	Amount (₹in lakh)
		IAY	NREGA	9.78
		NREGA	TFC	10.00
27.	PS, Rengali, Sambalpur	IAY	NREGS	10.00
28.	PS, Rajagangapur, SNG	NREGS	RSVY	0.78
		PMGY	IAY	1.40
		Peripheri	NREGS	0.73
29.	PS, Talcher, Angul	IAY/IRHS	NREGA	35.00
30.	PS, Basudevpur, BDK	IAY	NREGS	110.00
31.	PS, Odagaon, Nayagarh	IAY	NREGS	47.80
		MOKUDIA	NREGS	10.00
		GGY	IAY	39.76
		GGY	WOBB	20.00
		GGY	MPLAD	10.00
32.	PS, Narla, Kalahandi	IAY	NREGS	15.00
		CRF	MLALAD	9.50
		CRF	TFC	18.00
33.	PS, Malkangiri	RLTAP	DROUGHT	0.50
		RLTAP	NFFN	1.00
		NREGS	NFFN	0.80
		BKBK	NREGS	31.21
34.	PS, Rangeilunda, Ganjam	TFC	Sanitation Campaign	3.00
35.	PS, Tikabali, Kalahandi	TFC	MLALAD	0.75
		NREGA	MOKUDIA	16.00
		MOKUDIA	NREGA	3.78
		CMRF	MOKUDIA	20.00
36.	PS, Jeypore, Koraput	TFC	RWSS	0.62
37.	PS, Bhawanipatna, KLD	CRF	NREGS	8.07
		IAY	NREGS	79.14
38.	PS, Baramba, Dist- Ctc	IAY	NREGS	43.00
		GGY	NREGS	10.00

Sl No.	Name of the Panchayat Samiti	Scheme from which diverted	Scheme to which diverted	Amount (₹in lakh)
		MPLAD	NREGS	3.28
		MLALAD	NREGS	9.72
		RSVY	NREGS	8.55
				3,700.31or ₹37.00 crore

APPENDIX-XI

(Refer Paragraph 3.13 at page- 30)

Statement showing unfruitful expenditure on incomplete works

(₹ in lakh)

Sl No.	Name of the PS / GP	Scheme	No of projects	Estimated cost	Up to date Expenditure
1.	PS, Barpali, Bargarh	TFC	4	61.00	25.16
		GGY	17	69.00	30.71
		MPLAD	45	34.55	4.25
		MLALAD	109	45.50	7.03
		NRHM	5	39.20	19.70
2.	PS, Kotpad, Koraput	NREGS	13	8.35	6.99
		MPLAD	2	3.50	1.20
		BIJU KBK	8	15.00	13.05
3.	PS,Ranpur, Nayagarh	MPLAD	5	2.75	2.19
		MLALAD	5	2.10	1.22
4.	PS, Telkoi, KJR	SGRY	12	3.60	1.03
5	PS, Podia, MKG	MLALAD	16	19.77	1.94
		MPLAD	6	4.75	0.53
		BIJU KBK	3	9.15	6.31
		RLTAP	2	10.95	3.06
6	PS, Khajuripada,	IAY	146	51.10	7.00
		NREGA	10	52.85	43.23
7	PS,Khalikote, GM	MPLAD	2	4.5	2.13
8	PS, Khaira, BLS	NREGS	5	16.16	7.47
9	PS, Chhatrapur, GM,	NREGS	3	11.00	7.20
10	PS, Junagarh, KLD,	MLALAD	4	3.00	1.97
11	PS, Harichandanpur, KJR	MLALAD	10	8.70	4.19
		BRGF	12	23.00	14.96
		OREGS	70	287.30	83.73
		MPLAD	3	4.00	1.84
12	PS, Sheragada, GM,	BRGF	2	20.00	12.87
13	PS, Bari, Jajpur,	GGY	01	2.40	1.68
		TFC	01	1.50	0.50
		MPLAD	01	1.80	1.27
		MLALAD	4	8.76	3.78
		NREGS	06	1.20	0.75
14	PS, Soro, Balasore,	SGSY	03	25.09	22.34

Sl No.	Name of the PS / GP	Scheme	No of projects	Estimated cost	Up to date Expenditure
15	PS. Bolagarh, Khurda,	H&FW	01	3.00	1.86
		MPLAD	01	2.00	0.84
		SC&ST	01	4.73	1.54
16	PS. Nuagarh, Gajapati.	MPLAD	13	13.5	5.74
		RSVY	8	45.79	36.20
		NRHM	1	3.00	1.20
17	PS. Puintala, Bolangir.	WODC	01	3.00	2.10
18	PS. Saraskana, MBJ.	NREGS	216	440.17	227.48
19	PS. Barkot, Deogarh.	NREGS	01	19.14	15.01
20	PS. Chandbali, Bhadrak.	GGY	02	2.50	2.47
		FDR	03	7.00	4.04
21	Ballipada GP, Kukudakhandi PS, Ganjam	NREGS/08-09	3	7.00	1.19
22	Adhugam GP, PS-Jagannath Prasad, Ganjam	NREGS/08-09	5	12.00	2.12
23	Alasuguma GP, PS-Jagannathprasad, Ganjam	NREGS/06-07	1	2.00	0.60
24	Kumuduballi GP, Muniguda, Rayagada	NREGS/07-08	3	5.00	3.75
		Total	**795**	**1,421.36**	**647.42 or ₹ 6.47 crore**

APPENDIX-XII

(Refer Paragraph 3.14 at page- 30)

Statement showing the details of non-accountal of accrued interest.

Sl No.	Name of the PS	Period of interest accrued	Name of the scheme	Amount (in ₹)
1	Gop PS (Puri)	2/2008 to 2/2009	SGSY	8,59,910
		2/2008 to 3/2009	GGY	21,64,217
		8/2008 to 2/2009	NREGS	37,578
		8/2007 to 3/2009	IAY	28,38,153
		2/2008 to 3/2009	MPLAD	3,18,766
2	Koira PS (Sundargarh)	7/2007 to 12/2008	NREGS	98,474
3	Ghasipura PS (Keonjhar)	8/2008 to 2/2009	BRGF	1,55,819
		7/2008 to 8/2008	MPLAD	31,777
		7/2008 to 9/2008	MLALAD	1,14,185
		8/2008 to 2/2009	NSDP	79,061
4	Bongomunda (Bolangir)	9/2008 to 3/2009	NREGS	43,156
		9/2008 to 3/2009	MPLAD	20,086
		9/2008 to 3/2009	WODC	87,098
		6/2008 to 3/2009	TFC	24,912
		3/2008 to 3/2009	MISC	37,725
		3/2008 to 3/2009	CRF	139
		3/2008 to 3/2009	PMGY	5,079
		3/2008 to 3/2009	ADDL. IAY	22,618
		3/2008 to 3/2009	IAY(SPL.)	1,033
		3/2008 to 3/2009	SGRY	11,426
		3/2008 to 3/2009	SGSY	28,905
		3/2008 to 3/2009	IAY(N)	27,176
		3/2008 to 3/2009	BKBK	1,91,128
		3/2008 to 3/2009	BRGF	1,57,571
	Baramba (Cuttack)	3/2008 to 3/2009	FFW	1,46,471
		3/2008 to 3/2009	IAY	8,96,547
		3/2008 to 3/2009	WATERSHED	14,130
		3/2008 to 3/2009	MISC	69,902
		3/2008 to 3/2009	NREGS	9,772
		3/2008 to 3/2009	GGY	1,62,506
		3/2008 to 3/2009	DRM	18,359
		3/2008 to 3/2009	SGSY	6,235

Glossary of abbreviations

	A
AAP	Annual Action Plan
ATIR	Annual Technical Inspection Report
AWC	Anganwadi Centre
	B
BDO	Block Development Officer
BKBK	Biju Kalahandi Bolangir Koraput
BPL	Below Poverty Line
BRGF	Backward Regional Grant Fund
	C
C & AG	Comptroller and Auditor General
CC Road	Cement Concrete Road
CEO	Chief Executive Officer
CSS	Centrally Sponsored Scheme
	D
DDO	Drawing and Disbursing Officer
DMVC	District Monitoring Vigilance Committee
DPO	District Panchayat Officer
DRDA	District Rural Development Agency
	E
EAS	Employment Assurance Scheme
EFC	Eleventh Finance Commission
ELFA	Examiner Local Fund Audit
EO	Executive Officer
	G
GGY	Gopabandhu Gramina Yojana
GP	Gram Panchayat
GPEO	Gram Panchayat Executive Officer
GOI	Government of India

	I
IAY	Indira Awas Yojana
IR	Inspection Report
	J
JGSY	Jawahar Gramina Samridhi Yojana
	K
KBK	Kalahandi Bolangir Koraput
KL	Kendu Leaf
	L
LBA&A	Local Bodies Audit and Accounts
	M
MIP	Minor Irrigation Project
MLALAD	Member of Legislative Assembly Local Area Development
MPLAD	Member of Parliament Local Area Development
	N
NFFWP	National Food For Work Programme
NREGS	National Rural Employment Guaranteed Scheme
	O
OGPA	Orissa Gram Panchayat Act
OPSA	Orissa Panchayat Samiti Act
OZPA	Orissa Zilla Parishad Act
	P
PD	Project Director
PR	Panchayati Raj
PRI	Panchayati Raj Institutions
PS	Panchayat Samiti
PSAP	Panchayat Samiti Accounting Procedure
PMGSY	Prime Minister Gram Sadak Yojana
	R
RLTAP	Revised Long Term Action Plan
RWSS	Rural Water Supply and Sanitation
	S
SC	Scheduled Caste

SFC	State Finance Commission
SGRY	Sampoorna Gramin Rojgar Yojana
SGSY	Sampoorna Gramin Swarojagar Yojana
SLVMC	State Level Vigilance Monitoring Committee
ST	Scheduled Tribe

T

TGS	Technical Guidance and Support
TFC	Twelfth Finance Commission

V

VLW	Village Level Worker
WHS	Water Harvesting Structure

W

WODC	Western Orissa Development Council

Z

ZP	Zilla Parishad

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