

## **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

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 ₹43.16 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 RLTA 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 fictitious 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 realised by 30 PSs towards Royalty, VAT and Income Tax from work bills was 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**

#### **1.1 Introduction**

In conformity with the 73<sup>rd</sup> 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.

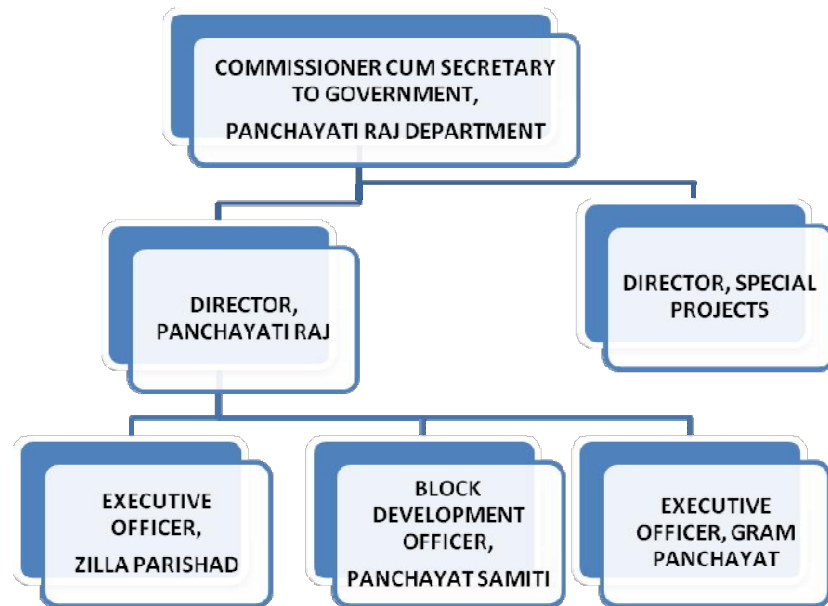
The State has 30 districts and each district has a Zilla Parishad. The ZP is controlled by an elected body headed by a President, who is elected from among the elected representatives of the ZP. The District Collector is designated as the Chief Executive Officer (CEO). Under the CEO, one Executive Officer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

Name of the Institutions	Grants in Aid					Own Source				
	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	-	-	-	-	-
<b>Total receipt</b>	<b>875.26</b>	<b>1053.06</b>	<b>1816.15</b>	<b>1966.49</b>	<b>3553.87</b>	<b>-</b>	<b>9.85</b>	<b>10.12</b>	<b>10.43</b>	<b>16.18</b>
<b>Expenditure</b>										
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	-	-	-	-	-
<b>Total Expenditure</b>	<b>802.04</b>	<b>1021.02</b>	<b>1778.43</b>	<b>1802.50</b>	<b>2115.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* 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 1<sup>st</sup> 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

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

### **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 Committees**

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.

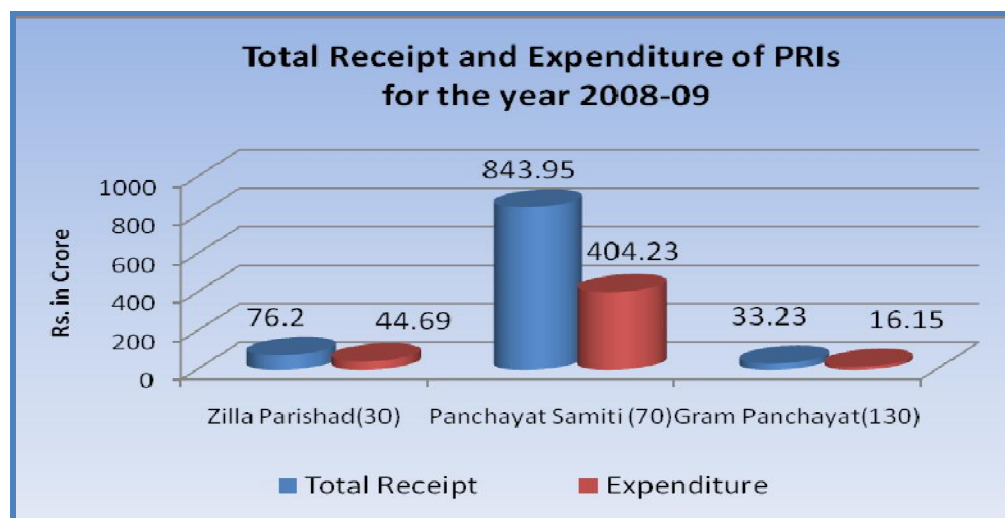
### 1.13 COMMENTS ON ACCOUNTS

#### 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	Expenditure	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
<b>Total</b>	<b>213</b>	<b>396.99</b>	<b>556.39</b>	<b>953.38</b>	<b>465.07</b>	<b>488.31</b>	



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 RLTA**

For implementation of RLTA, ₹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
	<b>Total</b>	<b>216.02</b>

**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

### 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<sup>1</sup> 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:

<sup>1</sup> 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 <sup>2</sup>	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
<b>Total</b>	<b>642.40</b>	<b>642.40</b>	<b>506.53*</b>	<b>135.87</b>	<b>57.48</b>

*(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.

<sup>2</sup> 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<sup>3</sup> 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.

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<sup>3</sup> 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 ₹1.58 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<sup>4</sup> 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<sup>5</sup> who were engaged for maintenance of computerized

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<sup>4</sup> 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

<sup>5</sup> 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**

**3.1 Implementation of Indira Awas Yojana**

**3.1.1 Infertuous expenditure of ₹221.86 lakh under special IAY.**

**Non completion of 1947 nos. of Special IAY houses resulted in infertuous 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
<b>Total</b>		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 infertuous 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 poor 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 Tigriria (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.

<b>(i)</b>	<b>40 mm hg metal procured locally from Tigiria within 30 kms</b>	Carriage upto 5 Kms	₹96.00
		Rest 25 kms @ ₹6/- km	₹150.00
		<b>Total :</b>	<b>₹246.00 cum</b>
		For FDR work	₹562.00 cum
		<b>Excess rate</b>	<b>₹316.00 cum</b>
<b>(ii)</b>	<b>121 mm chips</b>	Carriage upto 5 kms	₹96.00
		Rest 27 kms @ ₹6/- km	₹162.00
		<b>Total :</b>	<b>₹258.00 cum</b>
		For FDR work	₹562.00 cum
		<b>Excess rate:</b>	<b>₹304.00 cum</b>

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 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 unallotted 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 fictitious 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<sup>6</sup> revealed that the following building materials were found short between January 2006 and October 2009.

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<sup>6</sup> 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
<b>Total</b>								<b>2.73</b>

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 account 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 allottee 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<sup>7</sup> (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.

<sup>7</sup> 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 three 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.

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<sup>8</sup> 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.

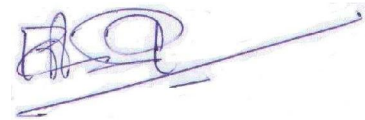
<b>Vr No &amp; Date</b>	<b>Particulars of purchase</b>	<b>Amount of expenditure incurred ( in ₹)</b>
5 dt. 01.01.08	Library books	70,000.00
4 dt. 01.01.08	Almirah	17,400.00
	<b>Total</b>	<b>87,400.00</b>

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.



**Bhubaneswar**  
The----- day of-----2011

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

Countersigned



**Bhubaneswar**  
The----- day of-----2011

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



## APPENDIX-I

(Refer paragraph 1.13.2 at page-9)

## Statement showing unspent balances of defunct schemes

SI No.	Name of the PS	No. of schemes	Amount (in ₹)	Remarks(Name of the schemes)
1	Garadapur(Kendrapara)	4	5,12,245	IAY(Spl.),JRY,OBB,TLC
2	Kuliana(Mayurbhanj)	3	19,13,129	OBB,PMGY,SGRY
3	Kabisuryanagar (Ganjam)	4	65,393	JRY, IRDP, TRYSEM, RLEGP
4	Suliapada (Mayurbhanj)	1	7,97,970	PMGY
5	Sinapali (Nuapada)	4	2,16,635	Untied Fund,TLC,DPEP,RCP
6	Khajuripada (Phulbani)	4	2,72,224	Untied Fund, SC/ST Dev., Watershed Dev., PMGY.
7	Balipatna (Khurda)	4	5,38,732	L I, DRM, OBB, KRIBICO
<b>Total</b>			<b>43,16,328 or 43.16 lakh</b>	

## 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
	<b>Total</b>	<b>197.55</b>	<b>172.93</b>	<b>24.62</b>

## 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
<b>Total</b>			<b>13067</b>	<b>3220.68 or 32.21 crore</b>

## 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/NF FWP	2006-07	2116.15	1370	28.99
13	Nischintakoili PS, Cuttack	SGRY	2007-08	121.00	1370	1.66
14	Ullunda PS, Sonapur	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
<b>TOTAL</b>				<b>26977.46</b>		<b>360.94</b>

## 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.	Tangrapalli	2006-07	5	30-181	3.87
6.	Sukruli(Mayurbhanj)	2005-09	13	6-154	12.20
<b>Total</b>					<b>56.20</b>

## APPENDIX-VI

(Refer Paragraph 3.5 at page-23)

## Statement on shortage of food grains.

SI 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
<b>Total:</b>		<b>Q.608.87</b>	<b>Q. 40.31</b>	<b>Q.568.55</b>

## 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 Completion	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
<b>TOTAL</b>						<b>65</b>	<b>27.31</b>

## 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



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

## 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, Binjharapur, 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
	<b>Total</b>	<b>45,53,60,064 or ₹45.54 crore</b>	<b>28,52,69,188</b>	<b>17,00,90,876 or ₹17.01 crore</b>

## 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	BK BK	NREGS	7.19
		NREGS	IAY	1.47
		NREGS	BK BK	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
		BKKBK	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- Cte	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)
39.	PS, Jamankira, Sambalpur	TFC	BRGF	2.00
40.	PS, Belpara, Dist, BLG	BIJU KBK	NREGA	25.00
41.	PS, Bhubaneswar, Khurda	IAY	CRF	10.10
42.	PS, Sukruli, MBJ	RSVK	MLALAD	12.70
43.	PS, Sheragada, Ganjam	NREGA	IAY(SPL)	15.00
		NREGA	MLALAD	10.34
		EAS	SGRY	1.50
44.	PS, Patnagarh, BLG	NREGS	EAS	0.44
		NREGS	MLALAD	1.49
45.	PS, Angul	IAY	FDR	30.27
46.	PS, Tentulikhuntia, NBG	OREGA	BKKBK	10.00
		FCA	OREGA	7.88
		BKKBK	FCA	15.00
47.	PS, Gopabandhunagar, MBJ	IAY	NREGA	29.00
		BRGF	NREGA	5.00
48.	PS, Koira, SNG	BRGF	NREGA	15.00
49.	PS, Chhatrapur, GM	IAY	NREGS	92.00
50.	PS, Sundergarh	TFC	NREGS	10.00
51.	PS, Dabugaon, NBGR	BKKBK	IAY	4.00
		BKKBK	NREGS	0.50
		NREGS	IAY	5.00
52.	PS, Chikiti, Ganjam	NREGS	IAY	42.21
		IAY	W & S	1.30
53.	PS, Sanakhemundi, GM	MPLAD	NREGS	7.50
		RSVY	NREGS	5.00
		IAY	NREGS	7.15
54.	PS, Bari, Jajpur	TFC	SOAP	0.39
		MPLAD	SOAP	0.02
		MLALAD	SOAP	0.23
		IAY	SOAP	20.00



Sl No.	Name of the Panchayat Samiti	Scheme from which diverted	Scheme to which diverted	Amount (₹in lakh)
		GSY	SOAP	25.32
		GSY	MLALAD	0.78
		NREGS	IAY	0.44
		NREGS	SOAP	28.00
		NREGS	MLALAD	10.78
		FDR	TFC	36.86
		FDR	IAY	126.17
		FDR	SOAP	3.74
55.	PS, Simulia, BLS	IAY(Spl)	IAY(N)	8.77
		IAY	NREGS	30.00
		IAY(SPI)	NREGS	27.00
56.	PS, Soro, Balasore	IAY	NREGS	10.00
		IAY	MOKUDIA	2.60
		TFC	NREGS	25.01
		MLALAD	SGRY	2.80
		NREGS	GSY	10.00
		MPLAD	SGRY	4.12
		IAY (SPL)	NREGS	70.00
		NREGS	IAY(SPL)	68.00
57.	PS, Kaptipada, MBI	MLALAD	SGRY	1.10
58.	PS, Cuttack, Sadar	IAY(SPL)	FDR	100.00
		IAY(N)	FDR	140.10
59.	PS, Chandbali, Bhadrak	IAY(N)	NREGS	7.90
		IAY(N)	FDR	98.03
		IAY ( SPL)	NREGA	29.00
		IAY( SPL)	FDR	43.96
		IAY( SPL)	IAY(N)	100.00
60.	PS, Jamda, Mayurbhanj	TFC	SGRY	2.44
		SGRY	NREGS	12.88
		SGRY	TSC	2.00

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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
				<b>3,700.31 or ₹37.00 crore</b>

## APPENDIX-XI

(Refer Paragraph 3.13 at page- 30)

## Statement showing unfruitful expenditure on incomplete works

(₹ in lakh)					
SI 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

SI 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
<b>Total</b>			<b>795</b>	<b>1,421.36</b>	<b>647.42 or ₹ 6.47 crore</b>

## APPENDIX-XII

(Refer Paragraph 3.14 at page- 30)

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

SI 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
5	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

SI No.	Name of the PS	Period of interest accrued	Name of the scheme	Amount (in ₹)
		3/2008 to 3/2009	MPLAD	19,646
		3/2008 to 3/2009	MLALAD	60,046
		3/2008 to 3/2009	SGRY	91,547
		3/2008 to 3/2009	SDF	26,569
6	Bhatli (Bargarh)	7/2008 to 1/2009	ELECTION	19,243
		7/2008 to 1/2009	MLALAD	1,05,545
		7/2008 to 1/2009	NREGS	61,259
		9/2008 to 1/2009	GGY	1,71,442
		7/2008 to 2/2009	IAY	37,360
		8/2008 to 1/2009	TFC	68,965
		7/2008 to 3/2009	RWSS	2,972
		7/2008 to 3/2009	Teachers Remuneration	647
		2/2008 to 3/2009	WODC/MPLAD	29,505
		8/2008 to 3/2009	MPLAD	88,466
		12/2008 to 3/2009	KL GRANT	8,310
7	Hemgiri(Sundargarh)	6/2008 to 3/2009	NREGS	46,787
8	Digapahandi (Ganjam)	6/2008 to 3/2009	MISC	1,55,523
		3/2008 to 3/2009	BRGF	64,271
		8/2008 to 3/2009	RSVY	40,770
		6/2008 to 3/2009	NREGS	1,20,647
		8/2008 to 3/2009	NFFWP	37,145
		8/2008 to 2/2009	MLALAD	36,378
		8/2008 to 2/2009	MPLAD	32,907
		8/2008 to 2/2009	RWSS	5,950
		8/2008 to 3/2009	IAY	1,81,074
9	Bangiriposi (Mayurbhanj)	7/2008 to 3/2009	IAY	4,39,373
		8/2008 to 3/2009	SGRY	55
		3/2008 to 2/2009	NREGA	76,435
		6/2008 to 3/2009	MISC	2,10,201
		6/2008 to 3/2009	NFFWP	5,478
		8/2008 to 3/2009	TSC	11,628
		8/2008 to 3/2009	TFC	20,224
		8/2008 to 3/2009	RSVY	2,08,470
		8/2008 to 3/2009	SGSY	38,225
		12/2008 to 3/2009	MLALAD	6,944
		6/2008 to 3/2009	BRGF	87,308
10	Odapada (Dhenkanal)	7/2008 to 3/2009	IAY	7,20,994
		7/2008 to 3/2009	NREGA	99,169
		7/2008 to 3/2009	SGSY	25,347
		7/2008 to 1/2009	MPLAD	16,172
		7/2008 to 1/2009	MLALAD	1,37,503

SI No.	Name of the PS	Period of interest accrued	Name of the scheme	Amount (in ₹)
		7/2008 to 3/2009	TFC	15,111
		7/2008 to 1/2009	NFFWP	13,175
		7/2008 to 1/2009	BRGF	64,719
		7/2008 to 1/2009	SSS	96,946
11	Anandapur (Keonjhar)	6/2008 to 2/2009	NREGA	1,94,498
		8/2008 to 2/2009	MADA	38,544
		3/2008 to 2/2009	IAY	88,040
		8/2008 to 2/2009	MISC	2,66,980
		8/2008 to 2/2009	PDW	34,936
		8/2008 to 2/2009	BRGF	33,711
		8/2008 to 2/2009	RSVY	86,065
		8/2008 to 2/2009	MPLAD	10,904
		8/2008 to 2/2009	OSDAMA	5,173
		8/2008 to 2/2009	MLALAD	77,377
		8/2008 to 2/2009	CRF	89,202
<b>TOTAL</b>				<b>1,34,11,795</b> or ₹1.34 crore

## APPENDIX-XIII

(Refer Paragraph 3.15 at page - 31)

## Statement showing non-remittance of Royalty, VAT and Income Tax

(₹ in lakh)

Sl No.	Name of the PS	Period	Royalty	VAT	Income Tax	Total Amount
1	Baliguda PS, Phulbani	2008-09	499350	0	0	4.99
2	Sonepur PS	2008-09	1082492	494515	0	15.77
3	PS, Rasulpur, Jajpur	2008-09	1167967	36404	0	12.04
4	PS, Kuchinda, Sambalpur	2008-09	847839	0	0	8.48
5	PS, Gopabandhu Nagar ( Khunta), Mayurbhanj	2008-09	195911	7814	0	2.04
6	PS, Kuliana, Mayurbhanj	2008-09	405434	31563	0	4.37
7	PS, Podia, Malkangiri	2008-09	0	24154	0	0.24
8	PS, Barkote, Deogarh	2008-09	159944	10341	0	1.70
9	PS, Mahakalpara, Kendrapara	2008-09	0	214691	0	2.15
10	PS, Kukudakhandi, Ganjam	2008-09	586235	89678	19723	6.96
11	Udala PS, Mayurbhanj	2008-09	383733	35693	0	4.19
12	PS, Simulia, Balasore	2008-09	789878	101769	0	8.92
13	Kamakhyanagar PS, Dhenkanal	2008-09	81935	72107	0	1.54
14	Tentulikhunti PS, Nabarangpur	2008-09	354420	79601	0	4.34
15	Titilagarh PS, Bolangir	2008-09	971779	14771	0	9.87
16	Paikmal PS, Bargarh	2008-09	1005750	0	0	10.06
17	Rangeilunda PS, Ganjam	2008-09	149656	0	0	1.50
18	Balasore sadar PS	2008-09	594365	70726	0	6.65
19	Bisoi PS, Mayurbhanj	2008-09	415815	32957	0	4.49
20	Narala PS, Kalahandi	2008-09	901132	0	0	9.01
21	Karlamunda PS, Kalahandi	2008-09	59134	4414	0	0.64
22	Ullunda PS, Sonepur	2008-09	106753	196637	2800	3.06
23	Morada PS, Mayurbhanj	2008-09	507175	118916	0	6.26
24	Patnagarh PS, Dist- Bolangir	2008-09	238750	0	0	2.39
25	Beguniapada PS, Ganjam	2008-09	467515	74830	0	5.42
26	Bhubaneswar PS Khurda	2008-09	3554015	669070	0	42.23
27	Belpara PS , Bolangir	2008-09	70948	0	0	0.71
28	Soro PS, Balasore	2008-09	521909	0	0	5.22
29	Kesinga PS, Kalahandi	2008-09	917681	67007	0	9.85
30	Harichandanpur PS, Keonjhar	2008-09	1798579	39025	0	18.38
<b>TOTAL</b>			<b>18836094</b>	<b>2486683</b>	<b>22523</b>	<b>213.45</b>



**APPENDIX-XIV****(Refer Paragraph 3.16 at page- 31)****Statement of non-realisation of Royalty****(₹ In lakh)**

<b>Sl No.</b>	<b>Name of the PRIs</b>	<b>Amount</b>
1.	Rangeilunda (Ganjam)	5.40
2.	Digapahandi (Ganjam)	2.32
3	Jatni (Khurda)	0.64
<b>Total</b>		<b>8.36</b>

## **Glossary of abbreviations**

### **A**

AAP	Annual Action Plan
ATIR	Annual Technical Inspection Report
AWC	Anganwadi Centre

### **B**

BDO	Block Development Officer
BK BK	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
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**K**

KBK	Kalahandi Bolangir Koraput
KL	Kendu Leaf

**L**

LBA&A	Local Bodies Audit and Accounts
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**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
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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
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**Z**

ZP	Zilla Parishad
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# **PREFACE**

This report is prepared under the directions of the Comptroller and Auditor General (C&AG) of India for submission to the Government of Orissa and copies thereof, to all the Urban Local Bodies (ULBs). It is a consolidation of important audit findings that were brought out during the course of audit of the accounts of ULBs in the State of Orissa for the period ending 31<sup>st</sup> March 2009.

This is the fourth Report of the office of the Senior Deputy Accountant General, Local Bodies Audit and Accounts under the administrative control of the Principal Accountant General (Civil Audit) Orissa, Bhubaneswar since October 2006.

This Report contains three chapters: Chapter I contains a brief introduction of the functioning of various levels of the ULBs in the State with the observations and comments on accounts, Chapter II deals with the findings of performance audit on TFC grants by ULBs and Chapter III contains observations on transaction audit.

The cases mentioned in the Report are among those, which came to notice during the course of audit of accounts for the year 2009-10 as well as those which had come to notice in earlier years but were not dealt with in the previous Reports.

## OVERVIEW

This report includes three chapters. Chapter I deals with an overview of the Urban Local Bodies (ULBs) containing the organizational set-up, accounting and audit arrangements, sources and flow of funds to ULBs and audit coverage including comments on accounts maintained by the ULBs. Chapter II deals with performance audit on TFC grants by ULBs. Chapter III deals with the findings on transaction audit arising out of inspection of ULBs. A summary of audit findings is given as under:

Audit of financial transactions, subjected to test-check in Municipal Corporations, Municipalities and Notified Area Councils (NACs) showed instances of idling of funds, loss, irregular payments, avoidable expenditure, infructuous expenditure etc. The major points noticed in audit are enumerated below.

**Non recovery of service tax ₹67.67 lakh resulting undue benefit to the contractor.**

*(Paragraph 3.1)*

**Payments of off day allowances and medical allowances to the ULB staffs to the tune of ₹165.52 lakh resulted in undue burden on Cuttack Municipal Corporation.**

*(Paragraph 3.3)*

**Non recovery of EPF dues of NMR staff resulted in loss of ₹15.13 lakh to Paradeep Municipality**

*(Paragraph 3.4)*

**Non completion of the projects after an expenditure of ₹48.87 lakh and further keeping the projects abandoned for more than two years rendered the amount so spent infructuous.**

*(Paragraph 3.5)*

**Improper planning and assessment of fund position in construction of Kalyan Mandap resulted unfruitful expenditure of ₹36.31 lakh**

*(Paragraph 3.8)*

**Irregular diversion of ₹114.76 lakh deducted as PF contribution of employees of the Berhampur Municipality for more than 15 years led to deprivation of the legitimate benefit of PF to the staff.**

*(Paragraph 3.11)*

**Non availing of the Delayed Payment Surcharge (DPS) waiver offer of electricity distribution companies by five ULBs resulted in extra burden of ₹7.62 core as delayed payment surcharge.**

*(Paragraph 3.12)*

**Parking of scheme funds in Personal Ledger Account rendered loss of interest money to the tune of ₹90.02 lakh.**

*(Paragraph 3.13)*

**Misappropriations by way of non depositing of the Government money received as tax, LIC premium and CPF.**

*(Paragraph 3.14)*

## CHAPTER- I AN OVERVIEW OF THE URBAN LOCAL BODIES

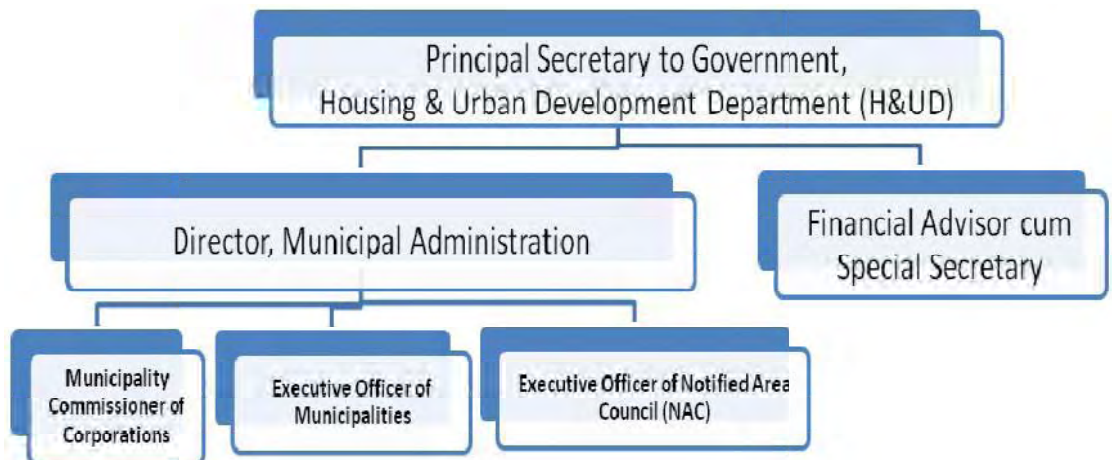
### 1.1 Introduction

After the 74<sup>th</sup> Constitutional Amendment Act 1992, all State Governments were mandated to operationalise the urban local bodies as a unit of self Government and the Legislature of State of Orissa amended (2002) the Orissa Municipal Act 1950. The Orissa Municipal Corporation Act came into force during 2003 for ensuring wide transfer of powers and responsibilities in relation to the matters listed in the twelfth schedule of the Constitution.

At present there are three Municipal Corporations, thirty-six Municipalities and sixty-four Notified Area Councils functioning in the State of Orissa. Each urban local body is divided into number of wards. At the state level, Housing & Urban Development Department (H&UD) coordinates the functioning of all ULBs.

### 1.2 Organizational Set up

The organizational set-up of the ULBs is as follows: -





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



The Municipal Corporation is headed by the Mayor and Municipality/NAC by the Chairman who is elected from among the Corporators and Councilors of the respective ULBs.

ULBs execute various functions entrusted to them through Standing Committees such as Committee on Taxation, finance & accounts, PH & water supply, Public works, Planning & development, Licenses & appeal, grievances and Social justice. While 10 standing committees function in Municipal Corporations, five such committees function in Municipalities and NACs

### **1.3 Powers and Responsibility**

According to section 62 A of Orissa Municipal Act 1950, District Planning Committee is required to consolidate the plans prepared by the Panchayats and the Municipalities in the districts and to prepare a Draft Development Plan for the district as a whole. A District Planning Committee is required to be constituted consisting of 24 members (16 members to be elected by the Zilla Parishad and the Municipalities of the district and four members are to be nominated by the State Government).

The District Planning Committee should prepare the draft Audit Plan in the following aspects.

1. (a)
  - Matters of common interest between the Panchayats and the Municipalities including spatial planning, sharing of water and other physical and natural resources, integrated development of infrastructure and environmental conservations;
  - The extent and type of available resources whether financial or otherwise;
- (b) consult such institutions and organizations as the Governor may, by order, specify.
2. The Chairperson of every District Planning Committee shall forward the Development Plan, as recommended by such Committee, to the State Government.
3. Without prejudice to the generality of the foregoing provisions, a District Planning Committee shall have such other functions as the State Government may by notification from time to time, assign.

### **1.4 Sources of Funds**

For execution of various developmental works, the ULBs mainly receive funds from the Government of India (GOI) and the State Government in the form of

grants. The GOI grants include funds released under Centrally Sponsored Schemes, and grants assigned under the recommendations of Finance Commissions (FC). The State Government grants include grants under various State schemes like Member of Legislative Assembly Local Area Development (MLALAD), Western Orissa Development Council (WODC), Octroi compensation grants etc devolved upon the ULBs through the State Budget based on the recommendations of State Finance Commission (SFC).

Under the provisions of the Acts in force, all collections such as tax on holding, tax on the trades, rent on shops and buildings and other fees and charges etc. constitute the own source of revenue receipts. The receipt and expenditure position of the ULBs for the last five years are as follows: -

*(₹ in crore)*

<b>Year</b>	<b>Receipts</b>	<b>Expenditure</b>	<b>Balance of Grants</b>
<b>2004-05</b>	<b>291.41</b>	<b>291.41</b>	<b>Nil</b>
<b>2005-06</b>	<b>294.27</b>	<b>294.27</b>	<b>Nil</b>
<b>2006-07</b>	<b>356.82</b>	<b>356.82</b>	<b>NIL</b>
<b>2007-08</b>	<b>549.47</b>	<b>549.47</b>	<b>NIL</b>
<b>2008-09</b>	<b>487.45</b>	<b>446.17</b>	<b>41.28</b>

**Source: Information furnished by H & U D Department.**

Though the entire receipts during a year 2004-05, 2005-06, 2006-07 and 2007-08 are shown as expenditure in the State account, some amounts remained unutilized at the ULBs levels. This is due to the fact that after release of grants to the ULBs the same is shown as expenditure in the State account even though the amounts remain unutilized with the ULB parked in Civil Deposits/Personal ledger Accounts and Bank Accounts as discussed under comments on Accounts.

### **1.5 Flow of Funds**

The State Government on receipt of funds under the Centrally Sponsored Plan (CSP) Schemes releases the funds to the ULBs along with the matching share

through the State budget. The State Government also releases funds for Plan and Non-Plan schemes through the State budget. However, the TFC grants are released directly to the ULBs through sanction orders by the State government to the ULBs immediately after receipt of the same from the Government of India.

## **1.6 Accounts**

The Chief Finance Officer is responsible for maintenance of accounts in Municipal Corporations whereas the Executive officers are responsible for maintenance of accounts in Municipalities and NACs. Similarly, the responsibility of preparation of Annual Accounts is also vested on these officers. The Government of Orissa has decided (September 2007) to introduce double entry system of accounting (Accrual Based Accounting) in the ULBs across the State. A Municipal Accounting Manual had been drafted in line with the provisions of the National Municipal Accounting Manual (NMAM) developed by the Ministry of Urban Development in consultation with CAG. The draft Orissa Municipal Accounting Manual (OMAM) has been finalized and the formal approval of the CAG of India had been obtained. However, the accrual system of accounting is yet to be adopted in ULBs as of February 2011.

The reasons of delay in adoption of accrual system of accounting in ULBs are awaited from the Department (February 2011).

## **1.7 Audit**

The Examiner, Local Fund Audit (ELFA) is the Statutory Auditor and conducts audit of the ULBs U/s 113 of Orissa Municipal Act 1950 through the District Audit Officers, Audit Superintendents and Auditors.

The audit of ULBs entrusted to the CAG under section 20(1) of the CAG's (DPC) Act, 1971. As most of the ULBs are significantly financed by grants from Central/State Government they are audited under Section 14 of CAG's DPC Act.

## **1.8 Internal Audit**

The system/arrangement for the regular internal audit of ULBs of the State by Local Fund Audit is not effectively performed. However, in case of serious irregularities like misappropriation of cash/stock and store etc, special teams are constituted by the Housing and Urban Development Department (H & UD) for special audit.

## **1.9 Response to audit**

The response to audit objections by the ULBs is very poor. As of March 2009, 879 paras raised through 53 Inspection Reports, were pending for settlement due to non-furnishing of reply and effective action has not been taken for clearance of the pending paras.

## **1.10 Annual Technical Inspection Report**

The Office of the Senior Deputy Accountant General (Local Bodies Audit and Accounts) under the administrative control of Principal Accountant General (Civil Audit) Orissa has issued three Annual Technical Inspection Reports on Local Bodies pertaining to the years 2005-06, 2006-07 and 2007-08 covering major audit findings in respect of transaction of ULBs to the State Government. But the District Audit Monitoring Committee formed by State Government has not taken any action for the discussion of the Audit Paras for further action.

## **1.11 Result of audit**

Audit of accounts for 2008-09 of 53 ULBs were conducted. The Inspection reports were discussed on the important audit findings with officer-in-charge of

53 ULBs (3 Municipal Corporations, 22 Municipalities and 28 Notified Area Councils).

The financial status of audit findings in different aspects are mentioned below:-

Sl.No	Brief of audit objection raised	Amount involved (₹ in lakh)
1	Unfruitful expenditure	86.56
2	Infructuous expenditure	92.83
3	Loss of Municipal fund/interests	116.78
4	Non-recovery of tax/grant	131.16

## 1.12 COMMENTS ON ACCOUNTS

### 1.12.1 Non-utilization of grants

The total funds received vis-a-vis the expenditure incurred by the test checked ULBs for the year 2008-09 were as under: -

(₹ in crore)

Name of ULB	No of ULBs	Opening balance	Receipt	Total	Expenditure	Balance
Municipal Corporations	2	49.49	65.43	114.92	83.18	31.74
Municipalities	11	42.05	84.40	126.45	52.84	73.61
NACs	7	6.74	11.99	18.73	8.94	9.79
<b>Total</b>	<b>20</b>	<b>98.28</b>	<b>161.82</b>	<b>260.1</b>	<b>144.96</b>	<b>115.14</b>

Records of 20 units out of 53 units test checked during 2008-09 revealed that even though ₹260.10 crore was available against schemes like TFC, BRGF, IHSDP etc., the ULBs could not be able to utilize ₹144.96 crore resulting in non utilization of fund of ₹115.14 crore (i.e.44 per cent of available fund). No specific reasons were attributed for the poor utilization of funds by the ULBs.

Due to inaction and poor planning of the ULBs the available fund could not be fully utilized against the desired projects for the benefit of the public.

### **1.12.2 Non preparation of Annual Accounts**

As per Rule 145 of the Orissa Municipal Rules 1953, after the closure of the financial year and not later than 15<sup>th</sup> April of the following year, the annual accounts of ULBs shall be prepared showing totals of receipts and expenditure under different heads during the year. It was noticed in audit that none of the test checked Municipalities prepared the annual accounts timely as envisaged in the Rules.

Though Orissa Municipal Accounting Manual (OMAM) for implementation of accrual systems of accounting has been prepared for ULBs, the accrual system is yet to be implemented.

Though ELFA is the statutory auditor, the annual accounts of the ULBs are not certified by him for want of enabling provision in Local Fund Act.

### **1.12.3 Non-furnishing of records.**

Six ULBs did not produce relevant records viz. vouchers to audit for want of which expenditure of ₹12.90.lakh could not be vouched. (**Appendix-I**)

## **1.13 Recommendation**

- Accounts need to be maintained as per Orissa Municipal Accounting Manual.
- Funds should be allotted timely for utilisation.
- Internal Control Mechanism should be strengthened to review the activities of the ULBs through Management Information System.
- Department should form the District Audit Monitoring Committee to review the audit paras of ULBs and settlement of the outstanding objections.

## Housing and Urban Development Department

### Review of utilization of TFC grants by Urban Local Bodies

#### 2.1. Introduction

The Twelfth Finance Commission (TFC) appointed for 2005-10 recommended to augment the Consolidated Fund of the State to supplement the resources of the Panchayats and Municipalities on the basis of recommendations of the State Finance Commission.

The TFC recommended public and private partnership to enhance service delivery of Solid Waste Management Services (SWM) in Urban Local Bodies (ULBs) and urged the State Government to make it mandatory for ULBs with population over one lakh to prepare comprehensive schemes for SWM including composting and waste to energy programme to be undertaken in private sector with minimum 50 *per cent* of grants for the purpose. TFC also stressed the need for creation of database and maintenance of accounts at grass root level.

The TFC grants were to be released in two equal installments in July and January every year and State Finance Secretary was required to provide utilization certificate of grants spent by the local bodies. The TFC recommended grants of ₹104.00 crore for ULBs for the period from 2005-10 based on which the Government of India (GOI) during 2005-09 released ₹83.20 crore (₹20.80 per annum).

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 Housing and Urban Development Department (HUDD)), 15 ULBs<sup>1</sup> including all three Municipal Corporations, seven out of 32

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<sup>1</sup> 15 ULBs were selected basing on the fund flow during 2005-2009. These are :  
**MCs:** Cuttack (₹10.67), Bhubaneswar (₹,11.16), Berhampur(₹,5.64), **Municipalities:** Balasore(₹,2.30), Bhadrak, (₹,0.92) Baripada(₹,0.97), Bhawanipatna(₹.59),, Dhenkna(₹,0.68),



Municipalities and five out of 68 NACs involving fund flow of ₹39.31<sup>1</sup> crore (received during 2005-2009) on TFC recommendations.

The audit findings are discussed in the succeeding paragraphs.

## **2.2 Receipt and utilization of TFC grants by Urban Local Bodies**

The Urban local bodies were to utilize the TFC grants towards improvement of Solid Waste Management in urban areas, creation of database and maintenance of accounts. The position of receipt and utilization of grants by ULBs during 2005-09 were as under:

*(₹ in Crore)*

<b>Year</b>	<b>Amount to be released as per TFC recommendation</b>	<b>Amount released by GOI</b>	<b>Amount released by the State Government</b>	<b>UC submitted to GOI up to March 2009</b>	<b>UC not submitted as on 31 March 2009</b>
2005-06	20.80	20.80	20.80	20.80	0
2006-07	20.80	10.40	20.80	19.24	1.56
2007-08	20.80	0	10.40	0	10.40
2008-09	20.80	52.00	30.76	0	30.76
<b>Total</b>	<b>83.20</b>	<b>83.20</b>	<b>82.76</b>	<b>40.04</b>	<b>42.72</b>

From the above table, it can be seen that Government released ₹82.76 crore against receipt of TFC award of ₹83.20 crore resulting in short release of ₹0.44 lakh. The amount was intended to be released to the Berhampur Municipal Corporation for Solid Waste Management.(SWM).

Further observations on utilization of TFC grants are as indicated below:

### **2.2.1 Avoidable expenditure of ₹3.37 crore**

The cardinal principle of financial propriety is that Public Servant should exercise the same vigilance in respect of expenditure from public fund generally as a person of ordinary prudence would exercise in respect of the expenditure of his own money. But while making expenditure out of TFC funds, the Bhubaneswar

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Rayagada(₹,0.69) and Sambalpur, (₹,3.12) NACs: Chhatrapur(₹,0.23), Gopalpur(₹,0.13), Hirakud(₹,0.36), Koraput(₹,0.83) and Sunabeda(₹,1.07)

Municipal Corporation (BMC) and Cuttack Municipal Corporation (CMC) did not consider the financial propriety which resulted in avoidable expenditure of ₹3.37 crore (BMC ₹1.71 crore & CMC ₹1.66) as detailed under.

**A) Avoidable expenditure of ₹1.71 crore by BMC, Bhubaneswar.**

During February 2005 on filling of vacant posts of sweepers in Urban Local Bodies (ULBs) the Finance Department Govt. of Orissa took a view that “the job of cleaning and sweeping should be contracted out. This would reduce the financial burden of the ULBs as well as result in improvement of services”. To make cleaning and sweeping of wards cost effective the, the BMC decided to privatize 13 wards on monthly contract basis limiting the rate to approximate monthly expenditure which BMC was incurring including salary of its regular staff engaged for the job in these wards and awarded the contract in April 2005 initially for one year. On completion of 1st year contract, the agencies / contractors requested for extension of the contract for one more year on same terms and conditions. BMC considered their request (April 2006) and extended the period of contract for 2nd year upto March 2007.

The monthly bills of private agencies / contractors were paid only on certificate of good performance by competent authority of the corporation. But much before expiry of contract period, the BMC authorities prepared fresh estimates (Nov’2006) for cleaning of these wards on the basis of road and drain length and approximate generation of garbage from the households of the wards concerned.

The fresh estimates of these wards in most of cases (9 wards out of 13 wards) were much higher than the monthly contract rates at which the private agencies were doing the job at that time (Nov 2006) and continued to do the job satisfactorily upto June 2007. The fresh estimates were put to tender (March 2007) and in case of previously privatized wards contracts were awarded for next two years at higher rates ranging from 25 percent to 236 percent than the existing rate in favour of the same agencies / contractors on competitive bidding.

It was seen that due to revision of contract rate in nine wards BMC made an extra expenditure of ₹1.71 crore during two years of contract period (July 2007 to June 2009) as in the **Appendix-II**. The extent of impropriety and excess expenditure can be assessed from one example stated below.

The contractor assigned with the job of cleaning & sweeping of ward No. 12 has taken up the job @ ₹70,000/- per month to the full satisfaction of BMC authorities during the period upto June 2007. During Nov 2006 the BMC authorities prepared an estimate of ₹225700/- for the same job which was put to tender during March 2007. The same contractor offered a rate of ₹235000/- per month which was found lowest. The job was assigned to the contractor @ ₹2,35,000/- per month for two years from July 2007. The excess expenditure towards cleaning of that single ward was of ₹39.60 lakh (₹2.35 lakh – ₹0.70 lakh x 24 months) for extended contract period of two years.

As none of the agencies / contractors had requested for any revision of the monthly contract rate and area of the wards remained same the action of the BMC authorities for revision of rate was unwarranted and inexplicable. The BMC authorities instead of negotiating with the contractors awarded to the job at much higher rate. The BMC authorities noted the audit observations (March 2009) to review all such cases of privatization. No action was taken as of July 2010.

**B) Avoidable expenditure of ₹1.66 crore by CMC, Cuttack.**

The instruction of Finance Department for privatization of conservancy work was in lieu of filling up of vacant posts of sweepers/sweepresses. The Cuttack Municipal Corporation (CMC) had excess staff (225 as on 01-03-07) as in the Appendix-III, in the cadre of sweepers/sweepresses and in other posts engaged in conservancy work. In spite of excess staff, the CMC authorities decided for privatization of conservancy work in 17 wards, six sectors of Cuttack Development Authority (CDA) area and Badambadi main road with an avoidable expenditure of `2.17 crore per annum (Appendix-IV) during the period from February 2005 to February 2008.

Scrutiny of relevant records on privatization revealed that CMC implemented privatization without any proposal for reduction of surplus staff (above 200 who were diverted to other wards maintained by CMC) or in previous expenditure on conservancy works of corporation. As such the annual expenditure on privatization was an additional burden on CMC fund mainly met out of TFC grants.

The CMC while making decision for privatisation of conservancy work in different wards did not consider the financial propriety of the proposal in selection of wards. Wards where conservancy work was maintained by CMC with least effort were given priority for privatization as in case of sectors 6 & 7 and Sector 8 & 9 of CDA area where CMC was maintaining the work with daily deployment around 24 sweeper/sweepresses (4 regular and 20 temporary) but decided to privatize the works of Sector 6 & 7 (May 2005) and that of sector 8 & 9 (August 2006) on monthly contract rate of `1.41 lakh and `1.35 lakh respectively. Where as conservancy work of wards 31, 32, 33 & 34 where BMC was maintaining the work with daily deployment of around 76 sweepers / sweepresses was privatizing ( February 2007 ) with monthly contract rate of `2.44 lakh ( @ `61000/- x 4 ).

The privatization of Sector -6 & 7 and 8 & 9 of CDA could have been avoided by CMC had it considered the privatization of ward No. 31,32,33,34 earlier and some of the surplus staff of these wards were diverted for better maintenance of sector 6 & 7 and sector 8 & 9 of CDA. In such case an expenditure of `1.66 crore on privatization of Sector -6 & 7 and 8 & 9 of CDA as in the Appendix-V could have been avoided.

The CMC have since discontinued privatization of Sector 6 & 7 from June 2010 on the ground of poor performance by the contractors and transferred it to the CMC own maintenance wards while continuing with privatization of sector 8 & 9.

The privatization of Sector 6 & 7 and 8 & 9 of CDA was neither on consideration of necessity nor decided on consideration of financial propriety. The entire expenditure of `125.22 lakh upto June 2010 was considered avoidable and

unnecessary burden on TFC grant provided to CMC for Solid Waste Management.

The CMC authorities did not act upon the audit observations till June 2010 when privatization of sectors 6 & 7 was discontinued.

### ***2.2.2 Non-utilisation of TFC grants***

Provisions of Orissa General Financial Rules and conditions of sanction orders of the State Government requires utilisation of grants during the year and submission of utilisation certificates (UCs) by first June of the succeeding year. However, it was noticed that out of ₹52 crore released to the ULBs during 2005-08, ₹11.96 crore remained unutilized with the ULBs and UCs for only ₹40.04 crore was submitted to the GOI as of March 2009. Similarly, in 15 selected ULBs, against total receipt of ₹39.31 crore during 2005-09 for SWM programme and creation of database, an expenditure of ₹20.17 crore was incurred by the ULBs as of June 2009 leaving an unspent balance of ₹19.14 crore. Due to delay in utilisation of grants, the objective of SWM Programme and creation of data base was not fulfilled to that extent as discussed at paragraphs 3.5 and 3.6.

### ***2.2.3 Delay in release of grants ₹31.20 crore***

- **By Government of India:** As per TFC guidelines, the release of second installment of grants for the year 2006-07 was to be based on utilization of grants already sanctioned (₹31.20 crore) and submission of UC. However, test check of records of the ULBs revealed that due to non-utilisation and non-submission of UC there was delay in release of ₹31.20 crore. The amount was however released only during 2008-09
- **By State Government:** As per guidelines, the State Government was to transfer the grants released by GOI to ULBs within 15 days of the same being credited to the State's account and in case of delayed transfer to ULBs beyond the specified period of 15 days, the State Government was to release interest at the rate equal to RBI bank rate along with such delayed transfer of grants. Test check revealed

₹31.20 crore were withheld by GOI for want of UCs

Delayed release of funds led to avoidable payment of interest

that transfer of grants to the ULBs was delayed beyond 15 days in all cases during 2006-07. ₹10.40 crore for 2006-07 was released (February 2008) with delay ranging from 43 to 60 days for which ₹7.80 lakh interest at six *per cent* per annum was paid by the State Government .

#### 2.2.4 Loss of interest ₹55.00 lakh

While sanctioning the TFC grant, Housing and Urban Development Department (HUDD) instructed the ULBs to keep the amount in a separate joint account in the name of Executive Officer and District Magistrate immediately after drawing the same from the treasury. Test check of records of 15 ULBs revealed that in 12<sup>2</sup> ULBs the amount drawn from treasury was kept in non-interest bearing PL Account and was subsequently transferred to the Savings Bank account with delays ranging from 14 to 730 days. This resulted in loss of interest of ₹55 lakh as of March 2009. In reply, the ULBs stated (April-June 2009) that steps would be taken to transfer the amount timely to separate joint savings bank account.

#### 2.2.5 Ineffective utilisation ₹4.16 crore

Accrual based accounting system for ULBs prescribed by the CAG and accepted by the State Government were not adopted by the ULBs as of March 2009. As a result, the ULBs were maintaining the accounts in old formats. The State Government (HUDD) instructed (March 2006) the ULBs to deposit entire funds allocated for creation of database and maintenance of accounts with Orissa Computer Application Centre (OCAC) entrusted with work of computerization and maintenance of accounts in the ULBs. The State Government released ₹4.16 crore to ULBs for creation of database and maintenance of accounts during 2005-06 to 2008-09 and submitted UC to GOI. In 15 test checked ULBs, out of ₹1.35 crore received for creation of database and maintenance of accounts, ₹69 lakh was paid to OCAC and the balance ₹66 lakh remained unspent with the concerned ULBs (March 2009). It was however seen that though OCAC supplied computers,

Annual Accounts not being maintained in prescribed formats and database not developed

<sup>2</sup> Municipal Corporation:  
Municipalities:  
NACs:

Bhubaneswar, Cuttack and Berhampur  
Sambalpur, Bhawanipatna , Bhadrak , Balasore ,  
Gopalpur, Koraput, Sunabeda, Hirakud and Chatrapur

accessories and necessary software, no database was created in any of the test checked ULBs (March 2009). The test checked ULBs assured (May-June 2009) to take steps for creation of database at the earliest. Effective utilization of ₹4.16 crore was not yet ensured.

### **2.2.6 Non -utilisation of grants for solid waste management**

TFC guidelines provided for earmarking at least 50 *per cent* of the grants provided to each State for the ULBs for SWM through public-private partnership. The ULBs were to concentrate on collection, segregation and transportation of solid wastes. The cost of these activities including outsourcing was to be met from these grants.

HUDD released ₹78.60 crore to 103 ULBs of the State for SWM programme during 2005-06 to 2008-09. The ULBs were, however instructed (March & June 2006) not to incur any expenditure without receipt of further clearance from the Government. The fund was retained by ULBs in their PL Account/ SB account without any utilisation, thereby affecting implementation of SWM Programme. Subsequently, HUDD issued (December 2008 and January 2009) instructions to book the expenses already incurred out of own source by the ULBs under SWM programme since April 2008 to TFC grant.

Test check of records of 15 ULBs revealed that out of ₹37.97 crore received during 2005-09 for SWM programme, ULBs spent ₹19.37 crore during 2008-09 on procurement of SWM articles and for collection and transportation of solid waste. The balance amount of ₹18.60 crore (49 *per cent*) remained unspent as of March 2009. However, no waste disposal facility was created in any of the test checked ULBs despite requirement under MSW (Management and Handling) Rules 2000. In reply, Government confirmed (August 2009) non creation of any such facility. Due to non-utilisation of the grants, the objective of SWM programme for which TFC grants were received could not be fulfilled.

**₹37.97 crore released for SWM remained unspent for years in 15 test checked ULBs and suddenly ₹ 19.37 crore was spent during three months (January to March 2009)**

**No waste disposal facility was created in any of the ULBs of the State despite spending ₹19.37 crore under SWM**

**Instruments and equipments costing ₹4.75 crore was purchased without indents from ULBs of which equipments worth ₹77.18 lakh remained idle for 11 to 13 months after purchase**

### **2.2.7 Idle investment**

Test check of records of 15 ULBs revealed that the ULBs submitted their annual action plans (2005-09) showing the details of articles and instruments required for SWM programme. But without considering the above requirement of ULBs, the State Government (HUD Department) directed (October 2007) for procurement of articles like tricycles, push carts, shovels etc under SWM programme based on which the 15 test checked ULBs procured equipments worth ₹4.75 crore. It was also noticed that out of the above procurement, articles worth ₹77.18 lakh remained unutilised for 11 to 13 months as of March 2009 resulting in idle investment. In reply, while two ULBs stated (May-June 2009) that materials could not be utilized due to shortage of staff, thirteen ULBs assured (May-June 2009) to utilise the balance materials in due course.

### **2.2.8 Non-imposition of penalty on the defaulting supplier ₹6.13 lakh**

Bhubaneswar Municipal Corporation placed (January 2008) purchase order (PO) for supply of 26 Auto Tippers valuing ₹61.34 lakh with M/s- force motors, Pune under SWM. As per the terms and condition of PO, the indented goods and articles would be delivered within 30 days from the date of placement of orders, failing which penalty @ one per cent of the cost of the goods for every week of delay subject to maximum 10 per cent of the contract value was to be deducted from the suppliers bills.

Scrutiny of records revealed that the supplier supplied the tippers to BMC during June 2010. Thus, the delay of the delivery was more than 16 weeks which attracted penalty of ₹6.13 lakh (10 per cent of the cost of the tippers ₹61.34 lakh). The penalty was not imposed on the supplier at the time of payment which resulted in loss of ₹6.13 lakh.



**2.2.9 Issue of tricycles worth ₹15.06 lakh resulted in showing of undue benefit to the service providers**

**Violating the terms of the agreement for the work, undue favour was extended to the contractor by providing tricycles out of TFC fund.**

Cleaning and sweeping operations in and during 2008-09 the said activity was out sourced and awarded to private condition of Tender Call Notice and agreement executed, the service providers would provide conservancy articles to the sweepers engaged by him from his own resources. There was not at all any condition to supply tricycles by the corporation to the contractors since they were being paid for cleaning at a fixed monthly rate.

Scrutiny of records of CMC, Cuttack revealed that out of 250 tricycles procured @ `13,944/- each in 4/2008 under TFC Award, 108 tricycles valuing ` 15,05,952/- were issued to the service providers by 10/2009 without recovery of either their cost or monthly rent from the monthly service charges paid to the contractors. This resulted in not only showing of unintended benefit to the service providers but also misutilisation of TFC funds for ₹.15,05,952.00.

**2.3 Conclusion**

A review of receipt and utilization of TFC grants revealed that funds remained unutilised for years in non-interest bearing personal ledger accounts and civil deposits with the treasuries and there was belated release of funds to ULBs. Utilisation certificates were not submitted in time. The database under SWM for none of the ULBs was created. 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 pending bills. No waste disposal facility was created in any of the ULBs. Most of the articles and equipments purchased under solid waste management remained idle.

#### **2.4 Recommendations**

- Departmental authorities should ensure timely release of funds to ULBs within prescribed norm of 15 days of receipt from the date of receipt of allotment from GOI;
- Internal Control Management may be developed to control the diversion / misutilisation of funds;
- Creation of ULBs database may be completed within the specified time frame as recommended by the 12th Finance Commission;
- ULBs should take care the timely completion of the project Solid Waste Management for disposal of waste and sweeping materials as recommended by 12<sup>th</sup> Finance Commission;

## CHAPTER-III

The summary of the audit observations in respect of three Municipal Corporation), twenty-two Municipalities and twenty-eight Notified Area Councils (NACs) are as under: -

### 3.1 Non-recovery of service tax ₹ 67.67 lakh

#### **Non recovery of service tax ₹ 67.67 lakh resulting undue benefit to the contractor.**

Section 65 (105) of Finance Act 1994 provides for recovery of service tax from service providers at the rate of 12.36 *per cent* of the total bill.

Audit scrutiny revealed that cleaning and sweeping operation of 20 wards of Cuttack Municipal Corporation (CMC), 13 wards of Jharsuguda Municipality and 20 wards of Bhawanipatna Municipality were awarded to private contractors and transportation of garbage and debris of 31 wards of CMC to the dumping site of Chakradharpur was awarded to Orissa Small Industries Corporation (OSIC), Cuttack during 2008-2009. A sum of ₹ 4.95 crore was paid (April 2008 to March 2009) in case of CMC, ₹31.49 lakh was paid (May 2008 to February 2009) in case of Jharsuguda Municipality and ₹21.48 lakh in case of Bhawanipatna (April 2008 to March 2009) to the contractors towards sweeping, cleaning operation and transportation of garbage and debris without recovery of service tax of ₹ 67.67 lakh as detailed in **Appendix-VI**.

The CMC authorities did not recover the service tax from the contractors amounting to ₹67.67 lakh from their bills and allowed undue benefit to them. This resulted in loss of revenue to the Government. On this being pointed out the CMC authorities noted for recovery.

### 3.2 Unfruitful expenditure ₹50.25 lakh

**Construction of the boundary wall without obtaining lease in favour of the Municipality which was obstructed by the PPT resulted in infructuous expenditure of ₹ 50.25 lakh**

Paradeep Municipality had acquired a Govt. allotted land of Ac.1.5 during the year 2002-03 for construction of Market Complex. and paid ₹ 20.38 lakh to Govt. towards cost of the land premium and ₹ 1.83 lakh to the Sub-Registrar towards franking charges of the lease deed

Before acquiring the lease deed, the Municipality had constructed the boundary wall on the said land spending ₹ 28.04 lakh. During December 2008, the Estate Officer, Paradeep Port Trust (PPT) had intimated the Collector and the Municipality not to execute any work in the said area as it was coming under the proposed expansion of the southern dock complex of PPT. No further work was executed in the said allotted plot (May 2009).

Thus, construction of the boundary wall without obtaining lease in favour of the Municipality which was obstructed by the PPT resulted in infructuous expenditure of ₹ 50.25 lakh (₹ 20.38 lakh land premium + ₹1.83 lakh cost of franking charges + ₹ 28.04 lakh cost of boundary wall)

### 3.3 Irregular payment of allowances ₹ 165.52 lakh

**Payments of offday allowances and medical allowances to the ULB staffs to the tune of ₹ 165.52 lakh resulted in undue burden on Cuttack Municipal Corporation.**

Rule 129 of Orissa Municipal Corporation Acts 2003 and Rule 415 of Orissa Municipal Rule 1953 read with clarification issued by Government (May 2008) stipulated that the condition of ULB staff, their status and standing cannot be more favorable than that of their counter parts in Government sectors. Orissa General Financial Rules do not provide payment of off-day allowance and medical allowance to the Government employees.

Test check of records of seven ULBs<sup>3</sup> revealed that the employees of the ULBs continued drawing of the off-day allowance and medical allowance every month since April 2008 in contravention to the above Act. As such, an amount of ₹ 165.52 lakh was irregularly paid to the ULB employees during April 2008 to March 2009 as detailed in **Appendix-VII** On this being pointed out, the Executive Officers of the ULBs stated that the allowances were paid as per the council resolutions and the Municipal Commissioner, Cuttack stated in November 2009 that the matter will be brought to the notice of the Council. The replies are not tenable in view of the clarification made by Government. Necessary steps may be taken to recover the excess payments from the employees concerned.

### **3.4 Loss of Municipality fund due to non implementation of EPF ₹15.13 Lakh**

#### **Non recovery of EPF dues of NMR staff resulted in loss of ₹ 15.13 lakh to Paradeep Municipality**

As per provisions of the Employees Provident Fund (EPF) and miscellaneous provision Act. 1952 contribution at the rate of 12 per cent of the basic pay / wages including dearness allowances was to be deducted from the wages of sweeping and cleaning staff and credited to EPF authority every month along with the employer's share of 13.61 *per cent* for providing the financial security to meet the future contingencies of employees. The Paradeep Municipality came under the purview for payment of EPF in respect of Nominal Muster Roll (NMR) staff with effect from April 2001.

Test check of record of the Municipality revealed that despite repeated request by the EPF authority, the Municipality neither recovered the dues from its employees nor deposited its share in favour of EPF authority. Due to non deposit of EPF, the commissioner seized (February 2008) the SBI account of the Municipality and deducted an amount of ₹ 45.57 lakh (Employees contribution ₹ 15.13 lakh plus Employer contribution ₹ 17.17 lakh plus interest for non-deposit of EPF dues

3 Balugaon-₹ 2.21 lakh, Cuttack- ₹ 135.57 lakh, Kabisuryanagar-₹ 2.43 lakh, Kendrapara- ₹ 13.01 lakh, Puri-₹ 3.87 lakh, Bolangir-₹ 6.53 lakh, Rajgangpur-₹ 1.90 lakh

₹ 13.27 lakh). The municipality could not recover the employees' contribution of ₹ 15.13 lakh from the NMR staff. As such the Municipality had sustained a loss of ₹ 15.13 lakh (employees' contribution of ₹ 15.13 lakh). In reply the Executive Officer stated (February 2011) that the recovery of the subscription of EPF started from the employees (May 2007).

### 3.5 Blockade of fund on incomplete works

**Non completion of the projects after an expenditure of ₹48.87 lakh and further keeping the projects abandoned for more than two years rendered the amount so spent infructuous.**

Test check of records of five ULBs revealed that four projects with estimated cost of ₹92.24 lakh was awarded to different contractors with contract value of ₹84.96 lakh during March 2005 to October 2007 as detailed in the table given below. In all the cases the projects remained incomplete after an expenditure of ₹48.87 lakh. The projects were left in incomplete stage for more than two years due to paucity of fund or non execution of the projects by the contractor. Due to non-completion of the projects the expenditure of ₹48.87 lakh turned blockade of fund. The details of which are given below.

Sl. No.	Name of the ULB	Name of project	Estimated cost (Rupees in lakh)	Contract value (Rupees in lakh)	Date of commencement	Scheduled date of completion	Expenditure incurred (Rupees in lakh)	Period of payment	Remarks
1	NAC, Athamallik	Kalyanmandap	15.34	16.10	10/2006	4/2007	10.20	1/2008	Required fund allotted and the work is in progress
2	NAC, Nuapada	Bus Stand	22.00	23.68	4/2007	10/2007	9.26	9/2007	The work order issued to IInd agency in April 2010 and the work is in progress
3	Municipality, Sundargarh	Master drain	15.00	15.00	12/2006	07/2007	3.85	7/2007	The work is in abandoned stage
4	NAC, Athagarh	Town Hall and Kalyanmandap	39.90	30.18	3/2005	9/2005	25.56	7/2005	The matter was taken up with local State Government authority for ROR and required budget grant asked for.
<b>Total</b>			<b>92.24</b>	<b>84.96</b>			<b>48.87</b>		

The projects had remained incomplete due to lack of effective steps by Executive Officers of ULBs for completion of projects.

### 3.6 Non-recovery of rent to the tune of ₹ 63.49 lakh

#### Non-realization of rent from tenants deprived the ULBs of their own revenue

Shops/complexes were constructed at various places by the ULBs with the objective for realization of the revenue by way of monthly rent and provide support to the public for commercial purposes..

In seven ULBs rent of shops/markets amounting to ₹63.49 lakh was found outstanding as on 31<sup>st</sup> March 2009, the details of outstanding are given below.

(Rupees in lakh)

Sl No.	Name of ULB	Period	Rent outstanding	Rent outstanding as on February 2011	Recovered at the instance of audit
1	Balugaon	2001-2009	6.69	3.80	2.89
2	Rajgangpur	1997-2009	12.30	12.30	0
3	Angul	1998-2009	14.68	5.37	9.31
4	Athamallik	2005-2009	11.67	3.50	8.17
5	Junagarh	2006-2009	10.12	0.52	9.6
6	Tarabha	2007-2009	3.44	1.76	1.68
7	Kuchinda	2007-2009	4.59	0.00	4.59
<b>Total</b>			<b>63.49</b>	<b>27.25</b>	<b>36.24</b>

Non-realisation of rent leads to shortfall of revenue of the ULBs. Suitable steps were also not taken by ULBs for realization of outstanding rents and ₹36.24 lakh realised as of February 2011.

### 3.7 Infructuous expenditure of ₹ 23.31 lakh on construction of public Toilet

Non completion of 6 public toilets and idling of 3 completed ones for more than 3 years after an expenditure of ₹ 23.31 lakh rendered the amount spent infructuous.

To augment the sanitation and ensure hygienic condition of the urban poor, HUD Department sanctioned ₹ 41.86 lakh (2001-2008) towards construction of ten seated public toilets at nine different locations within the municipal area of Berhampur.

On scrutiny of records it was revealed that though three number of ten seated public toilets were completed (April 2006) with an expenditure of ₹ 13.36 lakh those were not handed over to Sulabha International for public use.

Further, two out of remaining six units were not started and four units remained incomplete (November 2009) after an expenditure of ₹ 9.95 lakh due to paucity of fund as the Municipality did not provide their matching contribution. In the remaining four units the Council approved the places of construction without verifying the Record of Rights (RORs). As such sanitary facility could not be provided to the urban poor even after an expenditure of ₹ 23.31 lakh.

The Municipal Commissioner stated that the delay in construction was due to land dispute and non execution by the agencies. Due to non-utilisation of completed toilets by public and non-completion of six public toilets, the expenditure of ₹23.31 lakh turned unfruitful.

### **3.8 Unfruitful expenditure of ₹36.31 lakh**

#### **Improper planning and assessment of fund position in construction of Kalyan Mandap resulted unfruitful expenditure of ₹ 36.31 lakh**

The Director of Town Planning vide Letter No. 4658 Dt. 7.8.06 sanctioned ten projects under IDSMT during August 2006 with the estimated cost of ` 87.48 lakh and 1st installment of ` 74.47 lakh was sanctioned by Govt. ( Central Share ` 44.68 lakh + State Share ` 29.79 lakh) and balance amount was to be released after utilisation of 1st installment . Out of 10 projects four projects were completed at a cost of ` 22.99 lakh, 4 projects not yet taken up and 2 projects were incomplete.

Test check of one incomplete project revealed that construction of Kalyan Mandap at Khurda was initially executed by Bhubaneswar Development Authority (BDA) out of MPLAD fund during 2002-03 at a cost of ` 10.49 lakh of which ` 5.41 lakh was incurred up to plinth level. For the balance work the estimate for ` 46.46 lakh was approved (August 2006) by the Inspector of Local



Works (I.L.W). The BDA had incurred an expenditure of ₹ 30.90 lakh and requested the Municipality (November 2008) for placement of funds. In response, the Municipality deposited ₹ 17.25 lakh in favour of BDA although ₹ 10.25 lakh only was allotted under IDSMT. The balance fund of ₹. 29.21(₹.46.46 - ₹ 17.25 ) could not be provided by the Municipality for construction due to paucity of funds.

It was further noticed that due to delay in submission of U.C the second installment of central grant of ₹ 13.01 lakh (₹ 87.48 lakh – ₹ 74.47lakh) was not released by Central Govt. as cut off date March 2008 was over. Thus in the above stated circumstances the Municipality was not in a position to place fund for completion of work.

In view of above fact the execution was taken up without proper assessment of fund position by which the construction of Kalyan Mandap could not be completed and the expenditure amounting to ` 36.31 lakh ( ` 30.90 + ` 5.41) resulted in unfruitful expenditure.

Besides that due to delay in submission of UC the Municipality sustained loss of grant amounting to ₹ 13.01 lakh which could have been avoided.

### 3.9 Non discharge of Loan Liability of ₹ 184.09 lakh

**Despite Government offloaded the outstanding interest liabilities of the Berhampur Municipal Corporation with LIC of India for last 10 years by payment of the principal amount of ₹ 184.09 lakh under one time settlement, the Corporation failed to pay even the required principal amount with simple interest 9.5 per cent to Government so far.**

Berhampur Municipal Corporation borrowed ₹412.51 lakh from LIC of India (1982 to 1989) towards installation of water supply system within the Municipal area with Government guarantee. The Municipal Corporation stopped repayment (1999) with an outstanding principal of ₹ 184.09 lakh. Thereafter no further payment was made till date. In order to waive the interest, penal interest liability due to LIC, one mutual agreement was made between the Government and LIC (March 2009) where in Government settled the outstanding principal under one time settlement and the Berhampur Municipal Corporation has to pay only the

Principal amount of ₹ 184.09 lakh with simple interest of ₹ 9.5 *per cent* per annum to Government within 5 years.

Government waived the interest burden of the Municipal Corporation under one time settlement but the Corporation did not take any action to repay the Principal along with interest (November 2009).

Due to non payment of outstanding loan and interest to LIC in time the loan burden of ₹ 184.09 lakh and annual interest liability of ₹ 17.49 lakh persists.

Commissioner, Berhampur Municipal Corporation stated (May 2009) that the matter was moved to Government for waiver of the loan amount. In February 2011, the H&UD Department released ₹6.67 crore against 22 units out of which ₹1.84 crore allotted to Berhampur Municipal Corporation towards fresh loan to avoid the extra liability in payment of higher rate of interest to LIC.

### **3.10 Execution of inadmissible project under Backward Region Grant Fund (BRGF) ₹ 15.51 lakh**

**In contravention of the BRGF guidelines, a sum of ₹ 15.50 lakh was expended towards inadmissible projects under the scheme resulting the expenditure irregular.**

As per modified guideline issued by PRD, Government of Orissa for the year 2008-09 repair/renovation/construction of community hall was inadmissible under BRGF.

Scrutiny of records of Berhampur Municipal Corporation revealed that a sum of ₹15.50 lakh was spent during 2008-09 on construction of “Multipurpose Community Hall-cum-recreation and cultural centre at Berhampur out of BRGF which was irregular and in contravention of the guideline.

### 3.11 Non-deposit of provident fund contribution recovered from staff salary

**Irregular diversion of ₹114.76 lakh deducted as PF contribution of employees of the Berhampur Municipal Corporation for more than 15 years led to deprivation of the legitimate benefit of PF to the staff.**

Berhampur Municipal Corporation maintains a separate provident fund account of its own. The provident fund contribution deducted from the pay and allowances of the staff are credited to the earmarked accounts for suitable investment to earn interest. Scrutiny of records revealed that ₹ 114.76 lakh deducted from the staff salary towards provident fund contribution for 86 months (between July 1993 and December 2002) were not deposited in the earmarked account and diverted to meet day to date expenditure of the Corporation. As such the PF holders were deprived of getting their PF benefit for more than 15 years. The Municipal Commissioner stated that due to paucity of fund the PF could not be deposited. Irregular diversion of PF contribution resulted in depriving the employees their legitimate benefit of provident fund.

### 3.12 Delayed payment surcharge ₹7.62 crore

**Non availing of the DPS waiver offer of electricity distribution companies by 5 ULBs resulted in extra burden of ₹ 7.62 crore as delayed payment surcharge.**

Test check of records of 5 ULBs<sup>4</sup> revealed that delayed payment surcharge (DPS) of ₹ 7.62 crore was charged by electricity authority due to non-payment of electricity bill in time. On this, Government directed (May 2008) to all the ULBs that the electricity distribution companies would waive the DPS if all the arrears were paid. It was observed that the ULBs did not avail this waive facility by not paying the arrears and continued to bear the extra burden of liability of ₹ 7.62 crore as DPS.

<sup>4</sup> Berhampur – ₹ 3.43 crore, Buguda – ₹ 0.15 crore, Jharsuguda – ₹ 1.07 crore, Puri – ₹ 0.03 crore, Rourkela – ₹ 2.94 crore

### 3.13 Loss of ₹90.23 lakh due to parking of scheme funds in P.L. Account

**Parking of scheme funds in Personal Ledger Account rendered loss of interest money to the tune of ₹90.23 lakh.**

Guidelines in respect of Centrally Sponsored Schemes stipulates that both Central and State share of the funds shall be kept in interest bearing savings bank accounts. The interest earned on these accounts shall be treated as additional grant of the schemes.

Scrutiny of records of six ULBs<sup>5</sup> revealed that ₹309.36 crore was kept in Personal Ledger (PL) Account during 2008-09 instead of keeping the same in interest bearing savings bank account. This resulted in loss of interest of ₹90.23 lakh to the scheme funds calculated on the monthly minimum balance at the prevailing simple rate of interest of 3.5 percent per annum. **(Appendix-VIII).**

In reply, the ULBs agreed to transfer the balances from the PL account to Savings Bank Account

### 3.14 Misappropriation of funds ₹4.57 lakh

**Misappropriations by way of non depositing of the Government money received as tax, LIC premium and CPF.**

#### **(a) Sundargarh Municipality ₹3.62 lakh**

Rule 91 of Orissa Municipal Rule 1953 envisaged that claim against a municipality should ordinarily be discharged by cheque drawn upon the municipal banker.

The Executive Officer, Sundargarh had drawn cash amounting ₹ 3.62 lakh for deposit of LIC premium and CPF payment during the period 2006-07 and 2007-08. The entire cash was received by the then cashier and on an inquiry it was

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<sup>5</sup> Bhubaneswar – ₹ 68.25 lakh, Balasore – ₹ 5.30 lakh, Berhampur – ₹ 4.12 lakh, Bhadrak – ₹ 2.96 lakh, Rairangpur – ₹ 2.25 lakh and Rourkela – ₹ 19.12 lakh

ascertained that he had not deposited the amount in the concerned accounts which resulted in misappropriation of ₹ 3.62 lakh. The Executive Officer had allowed the cashier to deposit the LIC premiums in cash instead of depositing through cheque in violation of the codal provision which paved the way for misappropriation

The Executive Officer, Sundargarh did not take any initiative in the matter as on March 2011.

**(b) Tarabha NAC ₹0.95 lakh**

Rule 84 of OMR 1953 envisaged that the Executive Officer should once at least in every week examine the cashier's cash book together with the pass book so as to satisfy himself that all money received has really been remitted. He should further, once at least every fortnight examine the cashier's or the accountants cash book with all the subsidiary registers in which receipts are given or collection recorded with the view of testing whether all sums received are actually brought to account and that all relevant entries tally.

Test check of records of Notified Area Council, Tarabha revealed that Ex-Cashier received ₹ 2.43 lakh (April 2006 to February 2007) towards tax collected by Tax Collectors and out of which ₹1.48 lakh was deposited in NAC account from May 2006 to March 2007 leaving a balance of ₹0.95 lakh which is still lying unrecovered from the cashier. Thus, non-deposit of cash in time construed that the said amount was misappropriated by the cashier.

The Executive Officer stated that steps would be taken to realise the amount.

The ULBs did not take timely action to recover the misappropriation amount of ₹4.57 lakh from the pay and allowances of the officials in charge of cash branch if required when the amount was not credited after audit objections. This indicates the failure of the internal control mechanism of the units.

### 3.15 Suspected misappropriation- ₹ 2.96 lakh.

#### **Misappropriation suspected due to short deposit of ₹ 2.96 lakh.**

Scrutiny of records of Executive Officer, Sundargarh Municipality revealed that ₹6.12 lakh was collected in cash towards cost of tender papers and earnest money deposit (EMD) relating to 74 nos. of works during 2008-09. The cashier deposited ₹3.16 lakh. The balance of ₹2.96 lakh was not deposited in the departmental accounts as per the cash book.

The EO stated (March 2011) that the matter was under investigation. This indicates the failure of the internal control mechanism for timely credit of departmental revenue to departmental accounts.

### 3.16 Loss of government grant of ₹ 11.42 lakh due to non-utilisation of CRF grant

#### **Inordinate delay in submission of UC and revised action plan in respect of SRC grants resulted loss of assured grant of ₹ 11.42 lakh.**

Notified Area Council (NAC), Athagarh received (February 2006) ₹30.00 lakh under Calamity Relief Fund (CRF) grant for execution of 26 projects damaged during flood 2005-06. The Special Relief Commissioner (SRC) approved 10 projects during 2005-06 and 16 projects were subsequently approved by the Collector, Cuttack District in 2007. Even though the execution of work against the project were started by the NAC authorities, the required UCs were not submitted to the Department in time. The HUD Department recovered (November 2007) ₹11.42 lakh from the octroi compensation grant of the NAC due to delay in submission of UCs.

The EO stated in March 2011 that the expenditure was incurred for ₹16 lakh against the scheme upto 2009-10 and the balance grant of ₹14 lakh would be utilized against the ongoing works.

Due to inadequate planning of the NAC authorities, the projects were not completed in time and the required UCs could not be submitted to the Department as per desired target which resulted in loss of octroi grant of ₹11.42 lakh

### 3.17 Unauthorised appointment of Daily Labour Roll

**In disregard to Government instructions, DLRs in four ULBs were engaged despite ban and in Basudevpur NAC 14 DLRs irregularly continued in the regular service beyond the sanctioned strength.**

Despite ban on engagement of DLR (19.05.1997), four ULBs engaged huge number of DLRs without prior sanction of the State Government and spent ₹ 7.58 crore during 1997-2009 (**Appendix-IX**)

Further scrutiny revealed that NAC Basudevpur had engaged 14 DLRs between July 1987 and June 1995 and regularized their services in the post of Octroi Tax Collector / Peon on ad-hoc basis with effect from August 1998. There was no regular posts sanctioned by government to accommodate the above staff for which they were irregularly continuing in regular service beyond the sanctioned strength and was paid regular pay and allowances to the tune of ₹ 700.25 lakh.

The Chief Executive of the ULBs was to be held accountable for violation of the Government orders and allowing unauthorized appointment.

### 3.18 Outstanding advance to the tune of ₹ 8.25 crore

**Advance to the tune of ₹ 8.25 crore relating to 22 ULBs remained unadjusted as of March 2009**

According to Rule 136 to 140 of Orissa Municipal Rules (OMR) 1953, the amount of permanent advance and any other advances that may be made to contractors or other individuals under whose personal superintendence the work is being executed shall be made and charged to the head of advances and entered in the advance ledger (Form No. XVIII). A separate account shall also be opened for each person for whom advance shall be given and this account shall be credited with amount of any payment that may be made. In some exceptional cases and with the special sanction of the Chairman of the ULBs and the Executive Officers

should review the cases and the current entries of the advances in the register on quarterly basis.

On test check of records of 22 ULBs, it was observed that the outstanding advances of ₹8.25 crore paid for various purposes as of March 2009 were not adjusted/recovered. The details of outstanding advances of ₹8.25 crore are indicated in **Appendix-X**. This indicates that the outstanding advances were not adjusted / recovered even after four years of payment in spite of the departmental guidelines and instructions issued for timely adjustment by close monitoring of the officer in charge of the ULBs.

### **3.19 Over stayal in service**

**Tax collector at Nilagiri NAC was allowed to continue in service and paid pay and allowances beyond superannuation resulted in irregular payment of ₹ 0.68 lakh for the period.**

The date of birth of Sri Prafulla Kumar Mohanty , Tax Collector as recorded in his service book was 4.5.1948 for which he was due for retirement on 31.05.2006 on attaining the age of 58 years as he happened to be a class –III employee. The Nilagiri NAC allowed Sri Mohanty to continue in service till 7.8.07 but in the service book he was shown as relieved from service on superannuation w.e.f 31.05.06 vide OO No. 1026 dt. 8.8.07 with retrospective effect. Sri Mohanty was paid pay and allowances of ₹ 68078/- for the period of over stayal in service (**as details in Appendix-XI**) and his services were shown to have been verified till 7.8.07 as per the notings made in his service book. The payments made towards salary for the over stayal period was irregular.

On this being pointed out by audit, the EO, Nilagiri stated that the matter was moved to Govt. in H & UD department for regularization of the case.



**3.20 Irregular appointment**


**In violation of Government Service Code, Rajgangpur Municipality irregularly appointed Smt. Gurubari Ghasiani, Sweypress at the age of 11 years and 3 months.**

As per Rule 52 A(III) of Orissa Service Code read with notification No. 14362-F-Dt 15.04.66 the minimum age for entry into Govt. service in class-IV Govt. servant is not below 18 years.

Scrutiny of service book of Smt. Gurubari Ghasiani Sweypress revealed that her date of birth was 02.09.1958 and she got appointment as sweypress in Rajgangpur Municipality on 09.12.69 i.e at the age of 11 years 3 months which was highly irregular.

In reply the Executive Officer, Rajgangpur stated (July 2009) stated that the case would be reviewed and final compliance would be furnished to audit.

Bhubaneswar  
The----- day of-----2010

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

Countersigned

Bhubaneswar  
The----- day of-----2010

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

## Appendix-I

## Statement of non-production of vouchers before audit

(Ref. Para 1.12.3; Page-8)

(Rs. in lakh)

Sl. No.	Name of ULB	Particulars of records	Amount involved.
1.	Berhampur	Vouchers	0.69
2.	Buguda	Vouchers	0.59
3	Kabisuryanagar	Vouchers	2.28
4	Balugaon	Vouchers	1.13
5	Sundargarh	Vouchers	3.62
6	Kendrapara	Vouchers	4.59
<b>Total</b>			<b>12.90</b>

## Appendix-II

Statement showing extra expenditure due to revision of contract rate  
(Ref. Para 2.2.1; Page-12)

(Amount in Rupees)

Sl No.	Ward No.	Rate of Previous Contract	Rate of revised contract	Order No/ Date of Revised Contract	Excess amount due to revised contract ( per month)	Percentage of increase
1.	16	87,500	154,500	135/30.07.07	67,000	77
2.	12	70,000	2,35,000	136/30.07.07	1,65,000	236
3.	41	1,44,500	2,50,950	139/30.07.07	1,06,450	74
4.	37	1,62,400	2,02,500	111/12.07.07	40,100	25
5.	24	1,35,000	1,85,000	108/12.07.07	50,000	37
6.	28	1,41,800	2,00,500	138/30.07.07	58,700	41
7.	17	86,510	1,54,500	137/30.07.07	67,990	78
8.	35	1,58,000	2,78,000	109/12.07.07	1,20,000	76
9.	29	1,36,000	1,71,500	161/31.03.07	35,500	26
	<b>Total</b>	<b>11,21,710</b>	<b>18,32,450</b>		<b>7,10,740</b>	
					<b>(Say ₹ 7.11 lakh x 24m = ₹ 171.00 lakh)</b>	

## Appendix-III

**Statement showing excess staff in cadre of Staff engaged in conservancy  
work in CMC, Cuttack  
(Ref. Para 2.2.1 ; Page-12)**

Sl No.	Post	Total sanctioned post	Men-in-position			Vacancy position as on 01.03.07
			Regular	Temporary	Total	
1.	Sweeper/Sweepress	904	820	194	1014	110 excess
2.	Mate	24	24	45	69	45 excess
3.	Drain Coolie	95	80	43	123	28 excess
4.	Tractor loader	20	16	19	35	15 excess
5.	Health Jamadar	38	32	8	40	2 excess
6.	De weeding AMC Coolie	30	23	32	55	25 excess
<b>Total :</b>						<b>225 excess</b>

## Appendix-IV

**Statement of privatised wards and monthly contract rate**  
(Ref. Para 2.2.1; Page-13)

( Rupees in lakh)

Sl No.	Name of Ward	Date of privatized	Name of Agency	Date of contract	Monthly Amount of contract
1.	1	18.09.07	M/s Chandan Security Service, Kanika Rd, CTC	13.09.07	1.15
2.	7	15.05.06	-do-	29.04.06	0.71
3.	23	15.05.06	M/s International Inst of Sulava Sytm, BBSR	28.04.06	0.71
4.	24	15.05.06	-do-	28.04.06	0.83
5.	25	15.05.06	M/s Kalionga Vikash, Link Rd, CTC	29.04.06	0.72
6.	29	15.02.08	-do-	13.02.08	1.13
7.	31	01.03.07	M/s Anadi Ch. Nath Rourkela.	22.01.07	0.61
8.	32	01.03.07	-do-	22.01.07	0.61
9.	33	01.03.07	-do-	22.01.07	0.61
10.	34	01.03.07	-do-	22.01.07	0.61
11.	35	15.02.08	M/s Kalinga Vikash, Link Road, CTC	13.02.08	1.16
12.	39	15.02.08	M/s Paritosh Service Agency, Mahanadi Vihar	13.02.08	1.16
13.	40	05.09.05	M/s Kalinga Vikash, Link Road, CTC	20.08.05	1.00
14.	44	15.05.06	-do-	20.08.05	1.02
15.	46	20.11.06	M/s Anadi Ch. Nath Rourkela.	15.11.06	1.21
13.	47				
17.	48				
18.	Badambadi Main Road	11.02.05	M/s Kalinga Vikash, Link Road, CTC	01.02.05	0.70
19.	CDA, Sector-6 & 7	06.05.05	M/s Mukti Ewam Punarwas Sansthan, BBSR	30.04.05	1.41
20.	CDA, Sector 8 & 9	01.08.06	-do-	30.06.06	1.36
21.	CDA, Sector 10 & 11	15.02.08	M/s Paritosh Service Agency, Mahanadi Vihar	13.02.08	1.34
				<b>Total</b>	<b>18.05</b>
<b>₹ 18.05 lakh x 12 m=₹ 2.17 crore</b>					

## Appendix-V

**Statement of avoidable expenditure in privatization of sector 6 & 7 and 8 & 9 of CDA under CMC, Cuttack**  
(Ref. Para 2.2.1 ;page-13)

( Rupees in lakh)

Sl No.	Name of the Sector	Month of Privatization	Monthly rate	Rate revised	Total expenditure on privatization upto June'2010
1.	Sector 6 & 7 of CDA	May'2005	1.41	1.375 ( August'08)	54.99 (1.41x39months) 40.25 (1.75x23months)
2.	Sector 8 & 9 of CDA	August'2006	1.35	1.68 (August'08)	32.40 (1.35x24 months) 38.64 ( 1.68x23 months)
Total:					166.28

**Appendix-VI**

**Statement showing details of non recovery of Service Tax**  
(Ref. Para 3.1; Page-21)

**(RS in lakh)**

<b>SL.NO.</b>	<b>Name of the ULB</b>	<b>No. of Service Providers</b>	<b>Amount Paid</b>	<b>Service Tax Due @ 12.36 %</b>
1	Cuttack Municipal Corporation	6	494.65	61.13
2	Jharsguda Municipality	1	31.49	3.89
3	Bhawanipatna Municipality	1	21.48	2.65
<b>Total</b>		<b>7</b>	<b>547.62</b>	<b>67.67</b>

## Appendix -VII

## Statement of Medical Allowance and Off Day Allowance paid.

(Ref. Para 3.3 ; Page-23)

(Rupees in lakh)

Name of the ULB	Medical Allowance paid	Off-day allowance paid	Total
1. Balugaon	2.21	--	2.21
2. Cuttack	46.01	89.56	135.57
3. Kabisuryanagar	2.43	--	2.43
4. Kendrapara	0.65	12.36	13.01
5. Puri	3.87	--	3.87
6. Bolangir	6.53	--	6.53
7. Rajgangpur	1.90	--	1.90
<b>Total:</b>			<b>165.52</b>



## Appendix-VIII

Statement showing minimum monthly unspent balances rolling in P.L.  
Accounts during 2008-09

(Ref. Para 3.13; Page-30)

(Rs. in Lakh)

Sl.NO.	Name of the ULB	Total Monthly Balance from April 08 to March 09	Monthly Average Balance	Total Interest Amount (Rate of Interest 3.5%)
1	Bhubaneswar Municipal Corporation	23399	1950	68.25
2	Balasore Municipality	1157	96	3.36
3	Berhampur Municipality	575	48	1.68
4	Bhadrak Municipality	384	32	1.12
5	Rairangpur	349	29	1.02
6	Rourkela Municipality	5072	422	14.77
<b>Total</b>		<b>30936</b>	<b>2577</b>	<b>90.2</b>

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**Appendix-IX**
**Statement of unauthorized appointment of DLRs**  
 (Ref. Para 3.17; Page-33)

**(Rs. in lakh)**

Sl No.	Name of ULBs	No. of DLRs	Period of payment	Amount paid
<b>1</b>	Berhampur	90	4/ 2007 to 3/2009	45.99
<b>2</b>	Jagatsinghpur	10	4/2006 to 3/2009	7.41
<b>3</b>	Balugaon	3	8/1997 to 3/ 2009	4.72
<b>4</b>	Basudevpur	14	12/2003 to 3/2009	700.25
<b>Total</b>				<b>758.37</b>

Appendix-X

Statement of outstanding advance position  
(Ref. Para 3.18; Page-34)

Sl No.	Name of the ULBs	Periods	Amount (Rs.)	Total Amount (Rs.)
1.	Cuttack	11/07 to 11/08	16,655.00	16,655.00
2.	Rajagangpur Municipality, Sundargarh,	Prior to 2005-06	57,84,252	1,19,06,533
		2005-06	2,12,500	
		2006-07	24,09,668	
		2007-08	25,98,715	
		2008-09	9,01,398	
3.	Keonjhar Municipality,	Prior to 2006-07	2938,791	34,33,570
		2006-07	85,280	
		2007-08	1,37,334	
		2008-08	2,72,165	
4.	Angul Municipality,	Prior to 2006-07	77,22,351	1,53,30,921
		2006-07	4,97,452	
		2007-08	19,48,096	
		2008-09	51,63,022	
5.	NAC, Khandapara, Nayagarh,	Prior to 2008-09	5,99,736	9,22,687
		2008-09	3,22,951	
7.	Paralakhemundi Municipality Dist-Gajapati,	Prior to 2007-08	20,59,617	21,37,192
		2007-08	33,700	
		2008-09	33,875	
		2009-10	10,000	
8.	Tarabha NAC, Sonapur,	2005-06	17,19,583	18,45,583
		2006-07	83,000	
		2007-08	43,000	
9.	NAC, Kabisurya Nagar, Ganjam,	Prior to 2005-06	7,79,646	13,00,396
		2005-06	19,700	
		2006-07	3,57,050	
		2007-08	1,19,000	
		2008-09	25,000	
10.	Sundargarh Municipality,	Prior to 2006-07	17,07,820	42,85,108
		2006-07	11,45,230	
		2007-08	9,48,802	
		2008-09	4,83,256	
11.	NAC, Rairangpur, Mayurbhanj,	Prior to 2006-07	9,27,261	21,21,261
		2006-07	44,500	
		2007-08	65,000	
		2008-09	10,84,500	
12.	Puri Municipality,	Prior to 2007-08	1,80,39,000	2,38,75,000
		2007-08	33,06,000	
		2008-09	25,30,000	
13.	NAC, Konark, Puri,	Prior to 2007-08	15,29,991	39,85,483

Sl No.	Name of the ULBs	Periods	Amount (Rs.)	Total Amount (Rs.)
		2007-08	1,72,000	
		2008-09	22,83,492	
14.	NAC, Chikiti, Ganjam,	Prior to 2008-09	68,289	1,89,789
		2008-09	1,11,000	
		2009-10	10,500	
15.	Rourkela Municipality, Sundergah,	2007-08	1,65,800	4,92,150
		2008-09	3,26,350	
16.	Jagatsinghpur Municipality,	Prior to 2005-06	26,57,212	43,62,462
		2005-06	8,90,750	
		2006-07	3,38,500	
		2007-08	2,87,000	
		2008-09	1,89,000	
17.	Sambalpur Municipality,	Prior to 2005-06	7,12,400	222,59,482
		2005-06	3,13,100	
		2006-07	6,56,207	
		2007-08	77,500	
		2008-09	5,00,275	
18.	NAC, Aska, GM,	Upto 2004-05	18,46,807	24,26,442
		2005-06	75,000	
		2006-07	51,250	
		2007-08	20,975	
		2008-09	4,32,410	
19.	G.Udaygiri NAC,	Upto 2007-08	6000	3,66,821
		2008-09	3,60,821	
20.	NAC, Banapur, Dist- Khurda,	2005-06	4,74,081	7,31,581
		2006-07	1,45,000	
		2007-08	82,500	
		2008-09	30,000	
21.	NAC, Bhuban, Dhenkanal,	Upto 2003-04	1,57,247	2,39,300
		2004-05	7,653	
		2006-07	13,000	
		2007-08	61,400	
22.	NAC, Khariar Road, Dist- Nuapada,	Upto 2003-04	5,60,608	7,99,446
		2004-05	13,300	
		2005-06	5,554	
		2006-07	6,771	
		2007-08	39,652	
		2008-09	1,73,561	
<b>Grand Total</b>				<b>8,3027,862</b>

**Appendix-XI**

**Statement of pay & allowance paid to Sri P.K.Mohanty,T.C during  
overstayal period from June 2006 to August 2007**

(Ref. Para 3.19; Page-34)

<b>Sl No.</b>	<b>Name of the ULB</b>	<b>Period</b>	<b>Amount</b>
<b>1</b>	<b>Nilagiri NAC</b>	<b>June 2006</b>	<b>3891</b>
		<b>July 2006</b>	<b>3891</b>
		<b>August 2006</b>	<b>3972</b>
		<b>September 2006</b>	<b>3972</b>
		<b>October 2006</b>	<b>3972</b>
		<b>November 2006</b>	<b>3972</b>
		<b>December 2006</b>	<b>3972</b>
		<b>January 2007</b>	<b>3972</b>
		<b>February 2007</b>	<b>5826</b>
		<b>March 2007</b>	<b>5826</b>
		<b>April 2007</b>	<b>5826</b>
		<b>May 2007</b>	<b>5826</b>
		<b>June 2007</b>	<b>5826</b>
		<b>July 2007</b>	<b>5826</b>
		<b>August 2007 (07.08.2007)</b>	<b>1508</b>
<b>Total</b>			<b>68078</b>

## **Glossary of abbreviations**

AAP	Annual Action Plan
ATIR	Annual Technical Inspection Report
BMC	Bhubaneswar Municipal Corporation
BPL	Below Poverty Line
CDF	Community Development Funds
CDS	Community Development Society
CMC	Cuttack Municipal Corporation
CS	Central Subsidy
CSP	Centrally Sponsored Plan
DU	Dwelling Unit
DUDA	District Urban Development Agency
EFC	Eleventh Finance Commission
ELFA	Examiner Local Fund Audit
EO	Executive Officer
EWS	Economically Weaker Section
GOFD	Government of Orissa, Finance Department
HAL	Hindustan Aeronautics Ltd
H&UD	Housing & Urban Development
HUDCO	Housing and Urban Development Corporation
IDSMT	Infrastructure Development of Small and Medium Towns
IHSDP	Integrated Housing and Slum Development Programme
IR	Inspection Report
LBA&A	Local Bodies Audit and Accounts
MC	Municipal Corporation
NAC	Notified Area Council
NMAM	National Municipal Accounting Manual
NSDP	National Slum Development Programme

OMAM	Orissa Municipal Accounting Manual
OTC	Orissa Treasury Code
PL	Personal Ledger
PPL	Para deep Phosphates Limited
PPT	Paradeep Port Trust
RMC	Regulatory Market Committee
SCA	Special Central Assistance
SFC	State Finance Commission
SDO	Slum Development Officer
SUDA	State Urban Development Agency
TAC	Town Advisory Committee
TFC	Twelfth Finance Commission
TGS	Technical Guidance and Supervision
TRL	Tata Refractory Limited
UC	Utilization Certificate
ULB	Urban Local Bodies
UEPA	Urban Employment and Poverty Alleviation