

CHAPTER II

TRANSACTION AUDIT

2.1 Unfruitful expenditure on incomplete dwelling units under IAY and Mo Kudia

Expenditure of ₹ 76.56 lakh incurred on 678 incomplete dwelling units under IAY and Mo Kudia rendered unfruitful for over two to six years due to inadequate monitoring and supervision.

The fact of unfruitful expenditure of ₹ 32.21 crore on 13067 incomplete houses under Indira Awaas Yojana (IAY) in 21 Panchayat Samitis (PS) was pointed out vide paragraph 3.1.2 of Annual Technical Inspection Report (ATIR) on Panchayati Raj Institutions (PRIs) for the year ended 31 March 2009. Besides, the State Government introduced (April 2008) a State Plan scheme 'Mo Kudia' identical to IAY to cover households Below Poverty Line (BPL) who were not covered under IAY. Under both the schemes, houses were to be constructed by the beneficiaries themselves and lump sum stage payment linking to progress of work was to be released on completion up to plinth level, lintel level, roof casting and completion. Both the schemes further required that construction of such dwelling units, in no case, should take more than two years i.e. must be completed within two years of issue of work orders.

It was however noticed that in 17 PSs³, 678 dwelling units⁴ with estimated cost of ₹ 1.05 crore taken up under IAY(2003-04 to 2008-09) and Mo Kudia (2008-09) were left incomplete for over two to six years even after utilizing ₹ 76.56 lakh as indicated at *Appendix 2.1*. As a result, entire expenditure of ₹ 76.56 lakh utilized on these incomplete houses rendered unfruitful for over two to six years apart from depriving the poor household of assured shelter.

It was further noticed that both the schemes required Officers dealing with the IAY at the State headquarters to visit the districts regularly and ascertain through field visits about satisfactory implementation of these programmes and following prescribed procedure in construction of dwelling units. It also required, close monitoring of all aspects of these programme by officers at the district, sub-division and block levels through visits to work sites by drawing a schedule of inspection prescribing a minimum number of field visits for each supervisory level functionary from the State level to the block level and strictly adhered to the same. However, such monitoring was found missing

³ Ambabhona (9), Baragaon (27), Bijepur (29), Boden (8), Hatadihi (114), Kankadahada(19), Kandhamal (22), Karanjia (177), Krushnaprsad(32),Kusumi (59), Muribahal (47), Nuagada (17), Nuapada (15), Patna (19), R Udaygiri (15), Sohela (40) and Kanas(29)

⁴ 661 under IAY and 17 under Mo Kudia

which led to dwelling units lying incomplete beyond the prescribed period rendering ₹ 76.56 lakh incurred on 678 dwelling units unfruitful.

On these being pointed out in Audit, concerned Block Development Officers stated that the houses could not be completed due to lack of interest on the part of the beneficiaries. The replies were not tenable as the Block, District and departmental officers did not exercise prescribed inspection, monitoring and supervision for completion of these dwelling units.

2.2 Unfruitful expenditure of ₹ 35.39 lakh and blockage of funds of ₹23 lakh

Non-completion of Anganwadi Centres for over two years and non-commencement of the projects led to unfruitful expenditure of ₹ 35.39 lakh and blockage of ₹ 23 lakh.

The Department of Women and Child Development, through concerned District Social Welfare Officers provides funds to Block Development Officers for construction of Anganwadi centres(AWCs). Besides, based on approved Annual Action Plans under different central plan and centrally sponsored schemes like Backward Region Grant Funds (BRGF), erstwhile Sampoorna Grameen Rozgar Yojana (SGRY), Rastriya Sam Vikash Yojana (RSVY) and State scheme Biju KBK, concerned District Rural Development Agencies and other district level officer release funds to BDOs for construction of Anganwadi centres for running anganwadi schools. Such buildings are required to be completed within a year from the date of issue of work order.

However, on test check of records of four PSs it was noticed that ₹67.07 lakh was sanctioned for construction of 31 units and released under different schemes during 2005-06 to 2008-09 in four PSs⁵ and ₹35.39 lakh was spent thereon till March 2010. Even though the works were executed through the departmental officers, the stipulated time schedule was not adhered to and the



AWC building at Sasanpada, GP-Chikana (PS Binjharpur)

buildings remained incomplete after two to six years. During joint physical inspection conducted (May 2010) with departmental officers, it was noticed that the civil works were left incomplete in 31 units. As a result, entire expenditure of ₹ 35.39 lakh incurred on these buildings rendered unfruitful and the intended purpose of providing accommodation to children in

⁵ Binjharpur, Boden, Gop and R Udaygiri

Anganwadi centres remained unfulfilled. Details of incomplete projects are indicated below:

(Rupees in lakh)

Sl.No	Name of the PS	Name of the scheme	Number of AWCs	Year of commencement	Estimated cost	Expenditure incurred
1.	R. Udayagiri	BRGF	3	2007-09	11.00	5.81
		SGRY	1	2003-04	1.25	0.80
		RSVY	6	2006-09	17.00	7.02
2.	Boden	BRGF	1	2008-09	2.80	1.33
		RLTAP	2	2006-08	5.10	3.35
		Biju KBK	1	2007-08	2.60	1.64
3	Binjharpur	DSWO through DRDA	14	2005-07	24.50	13.98
4	Gop	DSWO through DRDA	3		2.81	1.45
	Total		31		67.06	35.39

Besides, in three PSs (Boden, Gop and R.Udayagiri), eight Anganwadi centres sanctioned in 2008-09 for ₹23 lakh had not been taken up as of March 2011 despite release of funds since 2008-09. This led to blockage of fund of ₹23 lakh as indicated in table below.

Sl.No.	Name of the PS	Name of the project	Name of the scheme	Year of the project	Number of AWCs	Estimated cost (Rs in lakh)
1	Gop, Puri	Construction of AWC	DSWO	2008-09	2	5.00
2	Boden	Construction of AWC	Biju KBK	2008-09	5	13.00
3	R.Udayagiri	Construction of AWC	BRGF	2008-09	1	5.00
	Total				8	23.00

The BDOs stated (October 2010 to March 2011) that steps would be taken to complete the works soon. However, final completion of these buildings is still awaited (April 2011). The possibility of completion of these incomplete

buildings appeared remote due to cost escalation on account of labour and materials. The construction work should have been taken up during the year of release of funds and completed within one year. The delay in completion of the buildings led to extra cost due to increase in cost of materials and labour rate⁶ as well as non-provision of accommodations to the beneficiaries of Anganwadi centres. This indicates inadequate planning at PS level.

2.3 Unfruitful expenditure of ₹ 31.89 lakh on idle as well as incomplete market sheds / complexes

Non-allotment of completed market complexes and non completion of market complexes even after six years led to unfruitful expenditure of ₹31.89 lakh.

(a) Completed market complexes

The Government of Orissa adopted the strategy ‘Bazar, Sadak, Pani’ and interalia emphasized on construction of market sheds/ complexes under erstwhile Sampurna Gramin Rozgar Yojana, in every Gram Panchayat of the State, for allotment to un-employed youth to carry out petty business for self employment. Similarly, market complexes were also planned to be constructed under SGSY⁷ (Infrastructure). Beneficiaries for such sheds were to be identified prior to taking up construction activities and were to be involved in construction of such market sheds. These sheds / complexes after completion were required to be allotted immediately to the identified beneficiaries. It was however noticed in three PS (Sohela, Barpali and Binjharpur) that 16 Market sheds/ complexes constructed during 2005-07 for ₹ 16.21 lakh remained idle, even after three to six years of their completion, without allotment. Beneficiaries were not identified before the construction process. This indicates the inadequate planning for construction of market complex and avoidable capital investment.



Market complex at Kusanouri(Barballi PS)

⁶ Schedule of Rates in June 2006, June 2008 and June 2010, Labour rate in November 2009 and January 2011

⁷ Swarna Jayanti Gram Swarozgar Yojana

(b) Incomplete market complexes

Besides, in three PSs (Sohela, Kanas and Gop), nine market sheds / complexes were planned with estimated cost of ₹ 25.40 lakh during 2003-04 to 2005-06. The construction work remained incomplete as of March 2011 even after expiry of five to six years of the scheduled dates of completion after incurring ₹15.68 lakh thereon.



Market Complex at Nagapur Bazar(GOP PS)

Thus, entire expenditure of ₹31.89 lakh (₹16.21 lakh + ₹15.68 lakh) incurred on these works rendered unfruitful and the possibility of completion of nine incomplete works are remote as fund for completion of these works are not available due to closure of SGRY and transfer of unspent funds under SGRY scheme to MGNREGS after completion of the extended period (June 2007) and such works are also not permissible under MGNREGS. Details are indicated in *Appendix -2.2*.

On these being pointed out in audit, the concerned BDOs stated that the completed sheds/ complexes would be allotted to targeted beneficiaries and the incomplete works would be completed soon. The replies are not tenable as these works were not completed within the extended time of June 2007 and SGRY was subsumed with MGNREGS from February 2006. The possibility of completion of these sheds/complexes appears remote, especially when construction of such projects are not permitted under MGNREGS. This indicates the failure of control mechanism in planning and completion of the projects within the time frame.

2.4 Unfruitful expenditure on incomplete works and blockage of funds

The expenditure of ₹5.59 crore incurred against 954 incomplete projects over 18 months to 60 months in spite of availability of allotted fund of ₹20.23 crore and resulted in blockage of fund for ₹14.63crore.

Projects taken up under various centrally sponsored /central plan schemes are required to be completed at the earliest and within two years. The basic intention behind it was to pass on the benefit to the users/ beneficiaries as early as possible and to avoid any cost overrun on account of upward revision of labour rates and cost of materials.

It was however noticed that in 13 PSs, 954 works under MPLADS, MLALAD, MGNREGS etc with estimated cost of ₹ 20.23 crore were taken up during 2005-06 to 2008-09 remained incomplete over 18 months to 60 months of stipulated dates of completion and expenditure incurred for ₹5.59 crore thereon as of March 2010. As a result, entire expenditure of ₹ 5.59 crore

incurred on these incomplete projects rendered unfruitful. Details of such projects/schemes are indicated below.

(Rupees in lakh)

Sl.No	Name of the scheme	Total Number of the works	Total estimated cost	Expenditure incurred on the works	Balance remained unutilised
1.	MLALAD	81	46.84	32.14	14.70
2.	MPLAD	55	58.81	31.04	27.77
3.	MGNREGS	818	1917.49	496.21	1421.28
Total		954	2023.14	559.39	1463.75

Besides, unutilized funds of ₹14.63 crore relating to these incomplete projects also remained blocked up to five years as estimated fund of ₹20.23 crore was released to the BDOs by district authorities. Details are indicated at *Appendix-2.3*.

In reply, BDOs assured to complete these projects soon. However, all these projects remained incomplete as of March 2011. This indicated the casual approach on the part of Block Development Officers in implementation of different developmental activities in rural areas.

2.5 Blockage of fund : ₹5.92 crore

Non-commencement of works for over two to six years of receipt of funds under different schemes and non-refunding the same to DRDA led to blockage of ₹5.92 crore.

As per the provisions of General Financial Rules, grants released during a particular financial year is to be utilized within same year.

Scrutiny of records of ten PSs⁸ during April 2010 to February 2011 revealed that 199 projects (*Appendix-2.4*) with estimated cost of ₹ 5.92 crore under different schemes like RSVY, TFC, BRGF, NREGS,SGSY and MPLAD were not even taken up as of March 2011 despite release of funds by concerned DRDAs during 2004-05 to 2008-09. These funds were retained in the savings bank accounts without refund to concerned DRDAs. This led to blockage of funds of ₹5.92 crore for two to six years. Intended benefits under these works also remained unfulfilled. Besides, the scheme RSVY and Twelfth FC has already been closed since March 2006 and March 2010 respectively.

⁸Baragaon (1), Bijepur (169), Binjharpur (2), Gop(2), Hatadihi (2), Aul (2), R Udaygiri (1), Kandhamal(2), Patna (1), Satyabadi (17)

On these being pointed out, BDOs concerned stated that the unutilized funds would be utilized soon. The reply is not tenable as the possibility of further execution of these works within these estimated cost appeared to be remote in view of revision of State Schedule of Rates twice (June 2006 and June 2008) and increase in labour rates (November 2009 and February 2011) by the Government of Orissa.

2.6 Outstanding advance of ₹ 19.29 crore

Inordinate delay in adjustment of advances paid for ₹19.29 crore.

As per Rule 41 of Panchayat Samiti Accounting Procedure Rules 2002, advances made to the staff/executants/suppliers for various purposes should be regularly and promptly adjusted. Provisions of Orissa General Financial Rules (OGFR) also prescribed for submission of vouchers in respect of advance availed within one month of availing such advance failing which the salary of such staff was to be withheld and further advance is not to be paid till full recoupment. Further, Panchayati Raj Department had also instructed in December 2002 to adjust / recover the advances within one month of payment failing which to treat the same as temporary misappropriation of fund warranting initiation of disciplinary proceedings / criminal proceedings, wherever required. Further, to ensure the monitoring of advance position, Orissa Panchayat Samiti Accounting Procedure Rule-2002 vide Rule 43 provides for preparation of a quarterly Report in the prescribed Form XII containing the list of outstanding advances.

It was however noticed that as of 31 March 2010, advance of ₹19.29 crore remained outstanding against staff/executants/suppliers in 15 PSs of which details like date of advance paid, name of the payee, amount advanced etc. were not available on record for ₹7.11 crore shown as unclassified. In case of two PS (Bisoi, Rasgovindpur), ₹0.93 lakh⁹ remained unrecovered/ unadjusted against two ex-employees. Advance of ₹1.69 crore¹⁰ in respect of two PSs remain outstanding for more than three to 10 years (*Appendix-2.5*). Similarly, in one PS (Ambabhona) advance of ₹32.90 lakh sanctioned under closed/defunct schemes such as SGRY and OBB was lying unadjusted as on 31 March 2010 and details are not available. It was also noticed that quarterly report was not prepared by the PSs and the register of advance was also not annually checked by the BDOs to ensure the control mechanism for necessary adjustment.

On this being pointed out, BDOs stated that these advances would be adjusted/ recovered in due course. This is indicative of the poor funds management and lack of effective internal control mechanism.

⁹ Bisoi: ₹43288.24 and Rasgovindpur: ₹50000

¹⁰ Nischintkoili- ₹14140740 sanctioned in 2001-02 and Komna- ₹2776492.42 sanctioned in July 2007

2.7 Irregularities in maintenance of muster rolls and payment of wages ₹ 19.81 lakh

Payment of ₹19.81 lakh was made to the labours engaged in the GGY work without muster rolls and irregular muster rolls.

The scheme Gopabandhu Grameen Yojana (GGY) was launched (April 2007) by the Government as a State Plan scheme for infrastructure development in rural areas of 11 districts which were not covered under BRGF. Those districts were allotted funds under the scheme @ ₹10 crore per annum by the department. Allotted funds were to be utilized on creation of infrastructure for supply of electricity, drinking water and all weather roads under the campaign “BIJLI, SADAK AND PANI” in every revenue village of these districts.

As per OPWD Code (Paragraph 5.1.2) the Muster Rolls being initial records for labour employed each day on a work, must be written up daily by a subordinate in charge of the work. Further as per *Appendix XX* of the OPWD code requires preparation Muster Rolls based on certain principles such as (i) name of the work and the period for which Muster Roll issued, (ii) details of work done, (iii) daily attendance checked by the Officer in charge and test checked by higher officer, (iv) Separate muster Rolls for each period of payment of Muster Roll and (v) daily labour reports duly signed by Officer in charge of departmental execution and (vi) prompt closing of MRs and payment of wages etc.

Test check of muster rolls in respect of 18 works under GGY scheme executed by PS, Chilika during 2005-06 to 2008-09 revealed that while wages for ₹19.81 lakh shown as paid appeared to be doubtful as dates of engagement, amount of wages paid, date of disbursement of wages etc. were not indicated. The details are shown in *Appendix-2.6*. Further, the muster rolls for ₹9.20 lakh could not be made available to audit in support of wage payments.

On these being pointed out in Audit (June 2010), BDO, Chilika stated that due to damage of records, the muster rolls had been misplaced. He could not establish the reasons for damage of records to audit.

2.8 Delay in payment of wages under NREGS: ₹30.59 lakh

In five PSs payment of wages of ₹30.59 lakh was delayed under NREGS up to 155 days.

As per the Operational Guidelines of MGNREGS and Section 3(3) of NREG Act 2005, wages are to be paid on weekly basis, and in any case within a fortnight of the days of work. Section 30 (schedule II) of the Act also required that in the event of any delay in wage payments beyond the prescribed limit, workers are entitled for compensation as per the provisions of the Payment of Wages Act, 1936 and such compensation was to be borne by the State Government.

It was however noticed that during 2009-10, there was delay ranging from 30 to 155 days beyond the prescribed norm of 15 days, in payment of wages of ₹30.59 lakh in five PSs (Sohela, Kaptipada, Chandahandi, Bissam Cuttack and Khaira) as indicated in table below.

Sl.No.	Name of the Panchayat Samiti	Amount of wage paid (In Rupees)	Delay in wage payment (in days)
1.	Kaptipada	755310	48 to 155
2.	Chandahandi	881988	33 to 100
3.	Sohela	907175	30 to 90
4	Bissam Cuttack	56188	30 to 136
5	Khaira	458370	35 to 96
Total		3059031	

However, compensation for the delay was neither claimed by the labourers nor paid by concerned Programme Officers.

2.9 Non-maintenance of asset register

As per the scheme guidelines of MGNREGS, MPLADS and BRGF, each District, Block and Village Panchayat had to maintain on complete inventory of the assets created under the programme giving details of the location, date of the start, date of completion of the project, cost involved, benefits obtained, employment generated etc. Operational Guidelines of MGNREGS also prescribed the format in which the Asset Register was to be maintained at the Block and village Panchayat level.

However, test check of records of 15 PSs¹¹ revealed that no Asset Registers was maintained by the concerned BDOs, despite spending ₹ 112.43 crores on creation of various assets during 2009-10. In reply, the BDOs assured that the Asset Registers would be maintained henceforth. Such registers were, however, not maintained as of March 2011(*Appendix-2.7*).

2.10 Diversion of fund

As per the guidelines of different schemes like BRGF, MLALAD, MPLADS, IAY, Biju KBK, SGSY etc and sanction orders, diversion of funds from one scheme to other as well as incurring expenditure not connected with the particular scheme was not permitted. However, in 15 PSs, funds of ₹9.41 crore was diverted from one scheme to other during 2009-10 and the entire amount remained un-recouped as of March 2010 (*Appendix-2.8*). On being pointed out in Audit the BDOs concerned assured to recoup the same . However, the entire amount remained un-recouped as of 31 March 2011.

2.11 Non-utilisation and blockage of ₹47.64 lakh

Stipulations made in the sanction order for Kendu Leaf (KL) grants required that the ZP would utilise the fund for infrastructure development and the projects should be completed within one financial year. However, such grants for ₹34.71 lakh received (2005-08) by the ZP, Koraput remained idle without utilization (May 2010). Similarly, in ZP, Cuttack, received ₹7.06 lakh (March 2006) for payment of honorarium to para teachers was rolling without utilization and the same along with accumulated interest (₹ 5.88 lakh) increased to ₹12.93 lakh as of March 2010.

¹¹ Karanjia, Naktideul, Paikmal, Barpali, Krushnaprasad, Hatadihi, Kandhamal, Bijepur, Boden, Binjharpur, Chilika, Kusumi, Kankadahada, Bargaon and R.Udayagiri.

On these being pointed out, Executive Officers of two ZPs stated (May and September 2010) that the idle funds would be utilized for the intended purpose. The utilization of funds could not be made due to absence of effective internal control mechanism in the concerned ZP.

2.12 Non-accountal of interest of ₹1.08 crore accrued under different schemes

As per instructions dated 23 April 1999 of Panchayati Raj Department, reconciliation of accounts of the PS with that of bank was to be done regularly and interest accrued was to be accounted for on the half yearly basis. Further, as per the stipulation made in the scheme guidelines, the interest accrued under a particular scheme should be treated as the additional funds under the relevant scheme and utilized as per the said scheme Guidelines.

However, contrary to above provisions, interest of ₹1.08 crore (*Appendix-2.9*) credited by banks under different schemes in the savings bank accounts were not accounted for in 10 PSs. The same has neither been utilized with the approval of concerned DRDAs nor refunded as of March 2010.

On this being pointed out BDOs concerned assured to account for the interest accrued in bank accounts.

2.13 Retention of ₹1.52 crore under close/defunct scheme

As per codal provisions, unspent grants remaining unutilized under closed/defunct schemes are required to be refunded to the funding agencies and those released by the Government are to be remitted to the treasury. Further, after the SGRY was subsumed with MGNREGS since February 2006, unutilized balance under SGRY was to be transferred to MGNREGS.

However, the test check of records in 15 PSs, ₹1.52 crore (*Appendix-2.10*) remained unutilized under closed/defunct schemes without being refunded. This included ₹39.12 lakh under SGRY which needs to be transferred to MGNREGS.

On these being pointed out, BDOs concerned assured to take appropriate steps to transfer / refund the funds. This indicates absence of effective internal control in management of scheme funds and its utilization.