Chapter I: Overview of General and Social Sector

1.1 Introduction

This Report covers matters arising out of the audit of State Government Departments and Autonomous Bodies under the General and Social Sectors. The primary purpose of this Report is to bring to the notice of the Legislature the important results of Audit. The findings of Audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations contributing to better governance.

The Report has been organised in two chapters as under:

- Chapter I contains the Profile of the General and Social Sector with a brief analysis of the expenditure of the Departments under this Sector for the last five years, the authority for Audit, Audit jurisdiction, planning and conduct of Audit, significant Audit observations in brief during Compliance Audit, response of the Government to various Audit products, namely Inspection Reports, Draft Paragraphs, *etc*., and follow-up action on Audit Reports.
- Chapter II contains significant observations arising out of Compliance Audit of various Departments and their functionaries and includes Compliance Audit of "Procurement and distribution of drugs, medical consumables and equipment by Odisha State Medical Corporation Limited" and "Implementation of Deen Dayal Upadhyaya Grameen Kaushalya Yojana in the State".

1.2 Profile of the General and Social Sector and Audit Universe

As per the Budget Publication, the Government of Odisha releases 43 grants related to its various Departments. The Audit universe under General and Social Sector of the office of the Accountant General (General and Social Sector Audit), Odisha, comprises 12,058 units of various levels related to 24 grants. It also includes 152 bodies/ authorities[1] which are either substantially financed from the Consolidated Fund of the State or Audit of which has been entrusted by the Government under various sections of the Comptroller & Auditor General's (CAG's) DPC (Duties, Powers and Conditions of Service) Act, 1971 under these two sectors. List of the Departments, Autonomous bodies and Companies under the Audit jurisdiction of the office of the Accountant General (General and Social Sector Audit), Odisha is shown in ***Appendix 1.1***.

Summary of expenditure during 2014-19 in major Departments under the Audit jurisdiction of the office of the Accountant General (General and Social Sector Audit), Odisha is shown in ***Table 1.1***.

[1] Under Section 14 (1): 110; 15 (1): 1; 19 (2): 32 (including 30 District Legal Services Authorities); 19 (3): 9 of Comptroller and Auditor General's (CAG's) DPC (Duties, Powers and Conditions of Service) Act, 1971

Table 1.1: Summary of expenditure of the Departments under the Audit jurisdiction of Accountant General (General and Social Sector Audit), Odisha for the years 2014-15 to 2018-19

(₹ in crore)

Sl. No.	Name of the Department	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Odia Language Literature & Culture	239.02	213.02	209.69	274.07	131.38
2.	Electronics and Information Technology	95.34	110.83	111.25	99.19	112.87
3.	Finance	7,072.85	6,719.98	7,213.97	10,520.15	12,351.26
4.	Food Supplies and Consumer Welfare	1,529.39	1,269.43	1,081.54	988.59	1,224.46
5.	General Administration and Public Grievance	275.61	236.71	241.38	316.40	370.62
6.	Health and Family Welfare	3,222.00	3,724.14	4,817.09	4,928.42	5,800.46
7.	Higher Education	1,875.81	1,944.62	1,973.94	1,792.21	2,009.55
8.	Home	3,206.36	3,379.99	3,585.35	4,198.73	4,923.19
9.	Housing and Urban Development	2,340.72	2,721.88	3,075.76	4,683.27	4,540.75
10.	Information and Public Relations	0	0	0	0	282.99
11.	Labour and Employees' State Insurance	197.65	221.96	96.35	136.48	115.77
12.	Law	232.51	285.16	238.95	279.98	324.79
13.	Panchayati Raj and Drinking Water	4,821.45	7,652.22	8,345.96	9,302.11	15,426.37
14.	Planning and Convergence	1,062.61	764.06	785.32	992.12	987.37
15.	Revenue and Disaster Management	2,267.65	3,257.10	3,291.03	1,992.70	931.75
16.	Rural Development	3,838.99	6,609.27	7,276.61	7,392.33	7,289.79
17.	School and Mass Education	7,886.68	9,049.63	9,774.15	12,058.59	14,161.88
18.	Social Security and Empowerment of Persons with Disabilities#	0	0	1,746.13	1,914.79	2,257.12
19.	Sports and Youth Services	64.31	85.15	102.82	250.39	418.08
20.	ST and SC Development, Minorities and Backward Classes Welfare	1,944.80	2,508.60	2,542.57	2,851.83	3,220.68
21.	Women and Child Development & Mission Shakti	3,558.80	3,812.51	2,109.05	2,266.84	3,163.51
22.	Science and Technology	61.87	65.34	61.53	60.91	63.60
23.	Parliamentary Affairs	27.92	30.23	31.63	39.52	44.86
24.	Public Enterprises	3.81	14.27	6.78	9.02	12.91
	Total	**45,826.15**	**54,676.10**	**58,718.85**	**67,348.64**	**80,166.01**

(Source: Appropriation Accounts of Government of Odisha for 2014-15 to 2018-19)

 # Sl.18 came into being with effect from July 2015. Allotment under separate Grant was made from 2016-17 onwards.

In Finance Department, the expenditure in 2018-19 registered an increase of ₹ 1,831.11 crore over 2017-18 due to increase in pension liability by

₹ 1,814.03 crore. Likewise, increase in expenditure in Panchayati Raj and Drinking Water Department in 2018-19 by ₹ 6,124.26 crore was on account of expenditure of ₹ 3,966.36 crore on rural drinking water programme, which was undertaken by Rural Development Department up to 2017-18 and expenditure of ₹ 1,250 crore for a new scheme *viz.*, *Ama Gaon Ama Vikash Yojana*.

1.3 Authority for Audit

Authority for Audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the CAG's (Duties, Powers & Conditions of Service) Act, 1971 (DPC Act). CAG conducts Audit of expenditure of State Government Departments under Section 13 of the CAG's DPC Act[2]. CAG is the sole auditor in respect of Autonomous Bodies, which are audited under Section 19 (2) and 19 (3) of the DPC Act[3]. In addition, CAG also conducts Audit of other Autonomous Bodies which are substantially financed by the Government under Section 14 of the DPC Act[4] and Local Bodies under Section 20 (1) of the Act. Principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts, 2007 and Auditing Standards by the Indian Audit & Accounts Department.

1.4 Planning and conduct of Audit

Compliance Audit is conducted as per the Annual Audit Plan. Units for Compliance Audit are selected on the basis of risk assessment of the Apex units, Audit Units and Implementing Agencies involving matters of financial significance, social relevance, internal control system, past instances of defalcation, misappropriation, embezzlement, *etc*., as well as findings in previous Audit Reports.

Inspection Reports are issued to the heads of Units after completion of Audit. Based on the replies received, Audit observations are either settled or further action for compliance is advised. Important audit findings are processed further as Draft Paragraphs for inclusion in the Audit Report.

Formal replies furnished by Departments as well as views expressed by the Heads of Departments in Exit Conferences are carefully considered while finalising the materials for inclusion in the Audit Report. Audit Reports are laid before the State Legislature under Article 151 of the Constitution of India.

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

3 Audit of the accounts of Corporations (not being Companies) established by or under law made by the State Legislature in accordance with the provisions of the respective legislations or as per request of the Governor of the State in the public interest

4 Several non-Commercial Autonomous/ Semi-Autonomous Bodies, established to implement schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment, *etc*., and substantially financed by Government, are audited under Section 14

1.5 Significant Audit observations during Compliance Audit

During the course of Audit, significant deficiencies which impacted the efficient functioning of the State Government including cases of misappropriation of government money, loss of revenue, idling of assets, wasteful expenditure, *etc*., were noticed across various Departments. These significant audit findings have been reported in Chapter II. The major observations in this regard are as follows:

1.5.1 Procurement and distribution of drugs, medical consumables and equipment by Odisha State Medical Corporation Limited

Odisha State Medical Corporation Limited (OSMCL) is an independent procurement agency for the Department of Health and Family Welfare (H&FW), Government of Odisha. The key functions of OSMCL are timely procurement of quality medicines, surgicals, equipment, instruments, furniture, *etc*., through fair, transparent and competitive bidding process.

Audit of procurement and distribution of drugs by OSMCL for the period 2016-19 revealed the following:

- There was inordinate delay ranging between five and seven months in the finalisation of annual procurement plans for drugs and medical consumables and six to 17 months in respect of Equipment, Instrument and Furniture (EIF). Delay in finalisation of procurement plan impacted the procurement process and supply of drugs and medical consumables to health institutions.

(Paragraph 2.1.2)

- Against the indented/ approved quantity of 692.97 crore units, OSMCL could supply 336.94 crore (49 *per cent*) units of drugs and medical consumables to health institutions during 2016-19. Non-supply of indented quantity resulted in non-availability of essential drugs in health institutions which resorted to local purchase at higher costs and stock out of essential and critical drugs.

(Paragraph 2.1.3)

- Out of 3,471 Purchase Orders (POs) placed for supply of drugs and medical consumables, 791 (23 *per cent*) POs were partially executed and 252 (7 *per cent*) POs were not executed at all, which led to less supply of drugs and consumables to the health institutions.

(Paragraph 2.1.4)

- Deficiencies in stock management led to expiry of 349 kinds of drugs valued at ₹4.18 crore during April 2017 to May 2019. Expiry of drugs was due to ineffective monitoring of indents, distribution, consumption, stock position of drugs through *e-Niramaya* software.

(Paragraph 2.1.6)

- Short supply of drugs and medical consumables by OSMCL led to the health institutions procuring these items locally incurring extra expenditure. During 2018-19, test checked health institutions had incurred extra expenditure of ₹98.12 lakh (44 *per cent*) in procuring medicines worth ₹2.24 crore.

(Paragraph 2.1.7)

- OSMCL could procure only 43 *per cent* EIF against the approved quantity during 2016-19. As of June 2019, 19 *per cent* of the procured EIF had not been installed and were lying unutilised with different indenting agencies.

(Paragraph 2.1.8)

- Quality test reports of 22 *per cent* drug samples were received with a delay ranging between 16 and 244 days due to which the drugs received remained quarantined without supply to health facilities. Instances of non-replacement of sub-standard drugs by the suppliers were also noticed.

(Paragraph 2.1.10)

- Monitoring of distribution of drugs and medical consumables through the online inventory management system (*e-Niramaya*) was not adequate and effective. Lack of monitoring at the level of H&FW Department/ State Drug Management Unit/ OSMCL/ health institutions ultimately resulted in shortage of essential drugs and wastage of government resources due to expiry of unused drugs, supplied in excess.

(Paragraph 2.1.13)

1.5.2 Implementation of Deen Dayal Upadhyaya Grameen Kaushalya Yojana in the State

Government of India (GoI) introduced (September 2014) youth employment scheme, Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY) as a part of the National Rural Livelihood Mission, with the aim to provide skills to rural youth and jobs with regular monthly wages. GoI provides 60 *per cent* of the training cost for the scheme and the balance 40 *per cent* is borne by the State Government.

Odisha Rural Development and Marketing Society (ORMAS), a registered society, under the administrative control of the Panchayati Raj and Drinking Water was responsible for implementation of the scheme in Odisha. ORMAS engaged Project Implementing Agencies (PIAs) to impart training in Placement Linked Skill Development courses and to ensure job placement. Audit scrutiny of implementation of the scheme in Odisha revealed the following:

- Project Approval Committee approved four training projects worth ₹ 76.34 crore of four PIAs without conducting required qualitative appraisal of projects, in violation of the procedures laid down by Ministry of Rural Development. The PIAs failed to provide placements to agreed number of candidates. However, ₹ 41.09 crore had been paid to the PIAs till September 2019.

(Paragraph 2.2.2.1)

- Four PIAs were sanctioned projects worth ₹ 102.13 crore during September 2016 to September 2018 despite the fact that they were eligible for projects worth ₹ 25.20 crore only. Thus, the PIAs were awarded projects which were much higher than their financial eligibility, resulting in undue pecuniary advantage to private agencies.

(Paragraph 2.2.2.2)

- Two PIAs were irregularly sanctioned (May 2018) their fourth projects worth ₹ 39.09 crore without approval of the Project Approval Committee and ₹ 16.45 crore was released as of September 2019. The projects were awarded despite fraudulent placement complaints against one PIA and closure of the first project of another PIA due to its poor performance.

(Paragraph 2.2.2.3)

- Three PIAs applied for their next projects submitting inflated performance reports of previous projects. ORMAS did not cross-verify the submitted figures with actual performance and awarded (January 2016 to November 2016) new projects worth ₹ 33.04 crore.

(Paragraph 2.2.2.4)

- On test check of employment records of 481 candidates reportedly placed by 12 PIAs, it was noticed that authenticity of bank statements/ bank pass books of 112 candidates (23 *per cent*) placed by three PIAs were doubtful. The bank account numbers recorded therein had excess numbers of digits, arithmetical inaccuracies, absence of chronology in transaction dates, differing font styles from original pass books, *etc*.

(Paragraph 2.2.3.1)

- On cross check of the veracity of the placement data in respect of 1,286 candidates with the data available on the website of the Employees' Provident Fund Organisation, Ministry of Labour and Employment, GoI, it was noticed that 705 candidates (55 *per cent*) were already employed during the period of their trainings. Thus, credibility of the reported placement figure was doubtful. The PIA received ₹ 22.69 crore as training and placement charges for these candidates.

(Paragraph 2.2.3.3)

- Advances to PIAs were to be released on the basis of candidates to be trained each year. While one PIA submitted works schedule to train 1,100 candidates in the first year and was therefore, eligible to receive ₹ 3.30 crore as the first instalment, ORMAS released ₹ 6.60 crore, considering two years target, thereby extended undue favour.

(Paragraph 2.2.4.3)

- There were instances of irregularities in verification of performance of PIAs like acceptance of false Employees' State Insurance Corporation

(ESIC) numbers as well as forged bank statements, disregarding reports of NABARD Consultancy Services Private Limited (NABCONS) on placement, *etc*. As a result, five PIAs had been paid an excess amount of ₹ 10.83 crore.

(Paragraph 2.2.4.4)

1.5.3 Other Compliance Audit observations

- Disbursement of Old Age Pension in the name of dead beneficiaries, retention of funds by the Panchayat Extension Officers for years without refunding and manipulation of records resulted in suspected misappropriation of government money of ₹10.72 lakh.

(Paragraph 2.3)

- Contrary to Section 26 of Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, Revenue and Disaster Management Department issued instructions in February 2014 to adopt 1 January 2014 as cut off date for determination of market value. Erroneous consideration of cut off date for fixation of market value of land by the Land Acquisition Officer, Chhatrapur led to excess award of compensation of ₹ 29.45 crore.

(Paragraph 2.4)

- VFS Global Services Limited, an outsourcing agency, did not develop IT solutions for complete automation of the building plan process of the Bhubaneswar Development Authority as per the terms of the contract. Despite such breach in contract, the Authority neither terminated the contract nor did it forfeit the outstanding dues of the firm, resulting in infructuous expenditure of ₹ 2.62 crore.

(Paragraph 2.6)

- Bhubaneswar Municipal Corporation could not avail power supply for the newly constructed fruit market complex due to non-availability of space for transporting transformer. In absence of electricity, 78 shops could not be given on rent, which resulted in loss of revenue of ₹ 1.13 crore.

(Paragraph 2.7)

- Bhubaneswar Municipal Corporation neither rescinded contract with an advertising agency despite latter's failure to pay licence fee and interest thereon nor did it encash the bank guarantee. Thus, the chance of recovery of outstanding amount of ₹ 13.02 crore from the advertising agency was remote.

(Paragraph 2.8)

- Taking up two bridge works without complying with the regulation framed by Inland Waterways Authority of India with regard to horizontal and vertical clearance as well as non-adherence to their subsequent instructions by the Rural Development Department led to midway closure of the works. This resulted in wasteful expenditure of ₹ 4.22 crore.

(Paragraph 2.11)

- Construction of Maternal and Child Health building without making plan for its operationalisation led to idling of the building, thereby rendering an expenditure of ₹ 5.96 crore incurred on construction of the building idle.

(Paragraph 2.12)

- Despite Jindal India Thermal Power Limited (JITPL) being the unauthorised occupant of land, the Collector, Angul sanctioned 12 acres of government land on lease in favour of Odisha Industrial Infrastructure Development Corporation in November 2017, for subsequent transfer to JITPL at a concessional rate of ₹ 72.95 lakh instead of ₹ 3.03 crore, thereby extending undue favour of ₹ 2.30 crore to JITPL in sanction of lease.

(Paragraph 2.13)

1.6 Lack of response of Government to Audit

1.6.1 Response of the Government to Inspection Reports

Accountant General (General and Social Sector Audit), Odisha, (AG) conducts Audit of Government Departments to check for compliance to rules and regulations in transactions and to verify the regularity in maintenance of important accounting and other records as per the prescribed rules and procedures. After these audits, Inspection Reports (IRs) are issued to the Heads of Offices inspected with copies to the next higher authorities. Important irregularities and other points detected during inspection, which are not settled on the spot, find place in IRs. Serious irregularities are brought to the notice of the Government by the Office of the AG.

As per the Regulations on Audit and Accounts, 2007, the Officer in charge of the audited entity shall send the reply[5] to an IR within four weeks of its receipt. On intimation of any serious irregularity by Audit, the Government shall undertake *prima facie* verification of facts and send a preliminary report to Audit confirming or denying the facts within six weeks of receipt of intimation. Where the fact of major irregularity is not denied by the Government in the preliminary report, the Government shall further send a detailed report to Audit within three months of preliminary report indicating remedial action taken to prevent recurrence and action taken against those responsible for the lapse.

[5] Even if it is not feasible to furnish the final replies to some of the observations in the Audit note or Inspection Report within the aforesaid time limit, the first reply shall not be delayed on that account and an interim reply may be given indicating the likely date by which the final reply shall be furnished

Besides the above, Finance Department of Government of Odisha had also issued instructions from time to time[6] for prompt response by the executive to IRs issued by the AG to ensure timely corrective action in compliance with the prescribed rules and procedures and to ensure accountability for the deficiencies, lapses, *etc*., observed during inspections.

A six monthly report showing the pendency of IRs is sent to the Principal Secretary/ Secretary of the respective Departments to facilitate monitoring and settlement of outstanding audit observations in the pending IRs.

Inspection Reports issued up to March 2019 relating to 3,540 offices under 24 Departments showed that 49,359 paragraphs relating to 10,127 IRs had remained outstanding up to the end of June 2019. It was observed that out of 398 IRs issued during the period from April 2018 to March 2019 relating to 18 Departments, replies were received only in case of 81 IRs relating to 14 Departments[7].

Department-wise and year-wise break-up of the outstanding IRs and Paragraphs are detailed in ***Appendix 1.2***.

The outstanding IRs contained 566 paragraphs involving serious irregularities like theft, defalcation, misappropriation, *etc*., of government money, loss of revenue and shortages, losses not recovered/ written off amounting to ₹ 940.78 crore. The Department-wise and nature-wise details of the outstanding paragraphs of serious nature are shown in ***Appendix 1.3***.

Outstanding paragraphs related to Higher Education Department were mainly on non-recovery of loan scholarship, excess payment of grants-in-aid on account of salary to the staff of non-Government educational institutions, excess reimbursement of medical expenses, non-recovery of interest, non-deduction of mobilisation advances, fraudulent drawal of government money, misappropriation of government money, *etc*.

In case of School and Mass Education Department, significant outstanding paragraphs include observations on fraudulent expenditure, misappropriation/ embezzlement of Government money, avoidable expenditure due to continuance of fake teachers, excess payment towards salary and grants-in-aid, *etc*.

The outstanding paragraphs of General Administration and Public Grievance Department were mainly in the nature of non-realisation of Government revenue towards sewerage and water charges from the beneficiaries, non-

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6 Compilation of instructions issued from time to time, was issued in December 2006 in the form of a Hand Book for speedy settlement of audit objections, scrutiny of CAG Reports and initiation of action thereon

7 Electronics and Information Technology: 1, General Administration and Public Grievance: 2, Health and Family Welfare: 4, Higher Education: 6, Home: 30, Housing and Urban Development: 1, Law: 1, Panchayati Raj and Drinking Water: 12, Revenue and Disaster Management: 9, Rural Development: 10, School and Mass Education: 1, ST and SC Development, Minorities and Backward Classes Welfare: 1, Social Security and Empowerment of Persons with Disabilities: 1 and Women and Child Development and Mission Shakti: 2

recovery of rent and other fees from the allottees of Government accommodation and commercial complexes, loss of revenue due to delay in adoption of Benchmark value of land, *etc*.

In case of Home Department, significant outstanding observations were on misappropriation of government money, non-realisation of dues from non-government bodies for deployment of police personnel, non-realisation of rent/ fees/ taxes/ cess/ penalty, *etc*.

In the Revenue and Disaster Management Department, significant outstanding audit observations are in the nature of suspected misappropriation/ theft/ embezzlement, losses of revenue due to theft of minor mineral resources, non-recovery of royalty, non- levy or under levy of premium, non-auction of minor mineral resources, *etc.*

Triangular Committees (TC), comprising the representatives of the respective administrative Departments, Finance Department and Audit, held meeting in respect of 13 out of 24 Departments under the General and Social Sector for expeditious settlement of outstanding Inspection Reports/ Paragraphs. Triangular Committee meetings were not held for the remaining 11 Departments[8]. Of the 13 Departments where TC meetings were held during April 2018 to March 2019, 1,541 paragraphs and 189 Inspection Reports were settled.

It is recommended that the Government should ensure that a procedure is put in place for (i) action against officials failing to send replies to IRs/ paragraphs as per the prescribed time schedule, (ii) recovery of losses/ outstanding advances/ overpayments, *etc*., in a time-bound manner and (iii) holding at least one meeting of each Audit Committee every quarter.

1.6.2 Impairment to Audit scope

Section 18(1) (b) of the DPC Act stipulates that the CAG has the authority in connection with the performance of his duties under the said Act to requisition any accounts, books, papers and other documents which deal with or form the basis of or otherwise relevant to the transactions to which his duties in respect of audit extends. The provision has been further amplified by Regulation 181 of the Regulations on Audit and Accounts, 2007 which provides that every Department or entity shall establish and implement a mechanism to ensure that data, information and documents that are required by Audit are made available to it in time. Further, Section 7A of Information Technology (Amendment) Act, 2008 provides that where in any law for the time being in force, there is a provision for audit of documents, records or information, that provision shall also be applicable for audit of documents, records or information processed and maintained in electronic form.

[8] (1) Odia Language Literature and Culture, (2) Electronics and Information Technology, (3) General Administration and Public Grievances, (4) Information and Public Relations, (5) Labour and Employees' State Insurance, (6) Law, (7) Parliamentary Affairs, (8) Public Enterprises, (9) Science and Technology, (10) Social Security and Empowerment of Persons with Disabilities and (11) Sports and Youth Services

Despite such clear provisions, there were instances of non-production of records which restricted the effectiveness of Audit. Out of 1,420 units under various Departments audited during February 2018 to July 2019, 48 audited entities under nine Departments[9] did not provide the vouchers relating to transactions involving ₹ 17.84 crore though sought for while conducting audit scrutiny, as detailed in ***Appendix 1.4***.

1.7 Response of the Departments to Draft Audit Paragraphs

Regulations on Audit & Accounts, 2007 stipulate that responses to Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller & Auditor General of India should be sent within six weeks.

Draft Paragraphs are forwarded to the Principal Secretaries/ Secretaries of the concerned Departments drawing attention to the audit findings and requesting them to send their response within prescribed time frame. It is also brought to their personal attention that in view of the likely inclusion of such paragraphs in the Audit Reports of the Comptroller and Auditor General of India which are placed before the Legislature, it would be desirable to include their comments on these audit findings.

Draft Paragraphs proposed for inclusion in this Report were forwarded to the Secretaries of the concerned Departments between May and September 2019 through Demi-Official letters. The concerned Departments/ Directorates did not send replies to 4 out of 11 Draft Paragraphs featured in this Audit Report.

The responses of concerned Directorates/ Departments as well as replies to initial audit memos, wherever received, have been suitably incorporated in the Report.

1.8 Follow-up on Audit Reports

Audit Reports for the year 2015-16, which were submitted to the Governor in January 2017 (Local Bodies) and March 2017 (General and Social Sector), were laid on the floor of the State Legislature in September 2017. A mechanism to ensure promptness in tabling of Audit Reports should be put in place.

After tabling of the Reports of the C&AG of India in the State Legislature, the State Government Departments are required to submit *suo motu* replies to the audit observations within three months. Review of outstanding replies on paragraphs included in the CAG's Reports on the General and Social Sector and Local Bodies on the Government of Odisha up to 2016-17 showed that no compliance is outstanding as of September 2019. Out of 210 paragraphs

[9] (1) Panchayati Raj and Drinking Water (20 entities), (2) Higher Education (4 entities), (3) Health and Family Welfare (4 entities), (4) Home (2 entities), (5) Rural Development (1 entity), (6) School and Mass Education (2 entities), (7) ST and SC Development, Minorities and Backward Classes Welfare (2 entities), (8) Revenue and Disaster Management (11 entities) and (9) Women and Child Development and Mission Shakti (2 entities)

pertaining to the years 2007-08 to 2016-17, 140 paragraphs were selected for discussion by the PAC while remaining 70 paragraphs have not been selected.

As stipulated in the Rules of Procedure of the PAC, Administrative Departments were required to take suitable action on the recommendations made in the Reports of PAC presented to the State Legislature and submit comments on the action taken or proposed to be taken on those recommendations within four months.

Action Taken Notes on 37 paras contained in two Reports[10] of the PAC, presented to the Legislatures had not been submitted by seven Departments[11] to the Assembly Secretariat as of September 2019. These two Reports of the PAC had suggested recovery, disciplinary action, *etc*. A few significant cases are elaborated in ***Appendix 1.5.***

Action taken by administrative Departments on the recommendations of the PAC were, however, found to be inadequate and wanting.

[10] 16th PAC Report 2018-19 and 17th PAC Report 2018-19

[11] Home (1), Panchayati Raj and Drinking Water (2), Revenue and Disaster Management (8), Rural Development (17), School and Mass Education (6), Higher Education (2), Science and Technology (1)