



SUPREME AUDIT INSTITUTION OF INDIA  
लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest

**Report of the  
Comptroller and Auditor General of India  
on Local Bodies  
for the period ended March 2022**



**Government of Odisha  
Report No. 10 of 2024  
(Local Government)**

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# **Preface**



## **Preface**

This Report for the year ended March 2022 has been prepared for submission to the Governor of Odisha under CAG's DPC Act, 1971.

The Report contains significant results of the audit of the Panchayati Raj Institutions in the State.

The issues observed in the course of test audit for the period 2021-22 as well as those issues, which came to notice in earlier years but could not be dealt with in the previous Reports, have also been included, wherever necessary.

The audit has been conducted in conformity with the auditing standards issued by the Comptroller and Auditor General of India.



# Overview



## Overview

Panchayati Raj Institutions fall under Panchayati Raj & Drinking Water Department. This Report of the Comptroller and Auditor General of India on Local Bodies includes results of District Centric Audit of PRIs in the form of three Subject Specific Compliance Audits (SSCA) as follows:

- SSCA on ‘Utilisation of funds received by PRIs from Central Finance Commission Grants’
- SSCA on ‘Utilisation of funds received by PRIs from State Finance Commission Grants’
- SSCA on ‘Implementation of the Gopabandhu Gramin Yojana’

An overview of the significant Audit observations is discussed below:

### Utilisation of funds received by PRIs from Central Finance Commission Grants

- In none of the 63 test checked GPs, five years perspective plans were prepared, with prioritization for basic civic services, viz. drinking water, sanitation and streetlights.

*(Paragraph 2.3)*

- Out of 63 test checked GPs, 57 GPs lost Performance Grants of ₹ 3.04 crore due to non-fulfilment of the mandatory eligibility criteria.

*(Paragraph 2.4.5)*

- During the FYs 2017-22, 24 GPs, of 10 PSs had diverted ₹ 81.96 lakh, from CFC funds, for meeting expenses for other purposes.

*(Paragraph 2.4.7)*

- In 01 PS and 42 GPs, expenditure amounting to ₹ 2.18 crore were made on works and items not admissible under CFC.

*(Paragraph 2.5.1)*

- In six GPs, 121 solar streetlights installed at a cost of ₹ 40.90 lakh were non-functional after six months of installation due to lack of maintenance.

*(Paragraph 2.5.6.3)*

### Utilisation of funds received by PRIs from State Finance Commission Grants

- In two PSs and two GPs, outstanding advances, of ₹ 32.04 lakh, disbursed during 2015-20, were pending against various government officials, as of March 2022.

*(Paragraph 3.3.1)*

- An amount of ₹ 1.33 crore, received towards royalty, labour welfare cess, income tax etc. during the FYs 2017-22, had been retained by nine PSs and 38 GPs, in their bank accounts, without depositing it with the appropriate authorities

*(Paragraph 3.3.4)*

- Six PSs and one GP had utilised an amount of ₹ 1.09 crore on items not admissible under SFC Grants.

*(Paragraph 3.3.5)*

- In 12 GPs, assets constructed during FYs 2017-20, at a cost of ₹ 1.05 crore, remained idle resulting in loss of revenue to these GPs.

*(Paragraph 3.4.3)*

### **Implementation of the Gopabandhu Gramin Yojana**

- In three ZPs, 1,002 projects, with an estimated cost of ₹ 19.64 crore, had been sanctioned by the Collectors, without approval of the DPCs and funds had been released to the PSs.

*(Paragraph 4.3.3)*

- During the FYs 2017-22, five PSs had diverted an amount of ₹ 2.82 crore, out of GGY funds, for expenses not admissible under GGY, out of which, ₹ 0.40 crore was still pending for recoupment.

*(Paragraph 4.4.2)*

- An amount of ₹ 80.29 lakh, received towards royalty, labour welfare cess etc. since FY 2017-18, had been retained by eight PSs in their bank accounts, without depositing it with the appropriate authorities.

*(Paragraph 4.5.2)*

- In 20 PSs, 219 works could not be completed despite utilisation of an amount of ₹ 7.90 crore. Delays in the completion of these works had ranged from 30 to 1,438 days.

*(Paragraph 4.5.10)*

# **CHAPTER 1**

## **An overview of the Panchayati Raj Institutions**



## CHAPTER 1

### Section A

#### An Overview of the Functioning of Panchayati Raj Institutions in the State

### 1.1 Introduction

Panchayati Raj Institutions (PRIs) came into existence in Odisha from 1948, with the enactment of Orissa Gram Panchayat Act, 1948. Subsequently, the Orissa Panchayat Samiti and Zilla Parishad Act, 1959, was enacted in 1961 and the three-tier system of PRIs was established in the State. All these Acts were amended in conformity with the 73<sup>rd</sup> Constitutional Amendment Act, 1992, for empowering the PRIs to function as institutions of self-government, to accelerate economic development and ensure social justice in rural areas.

*Table 1.1: State profile*

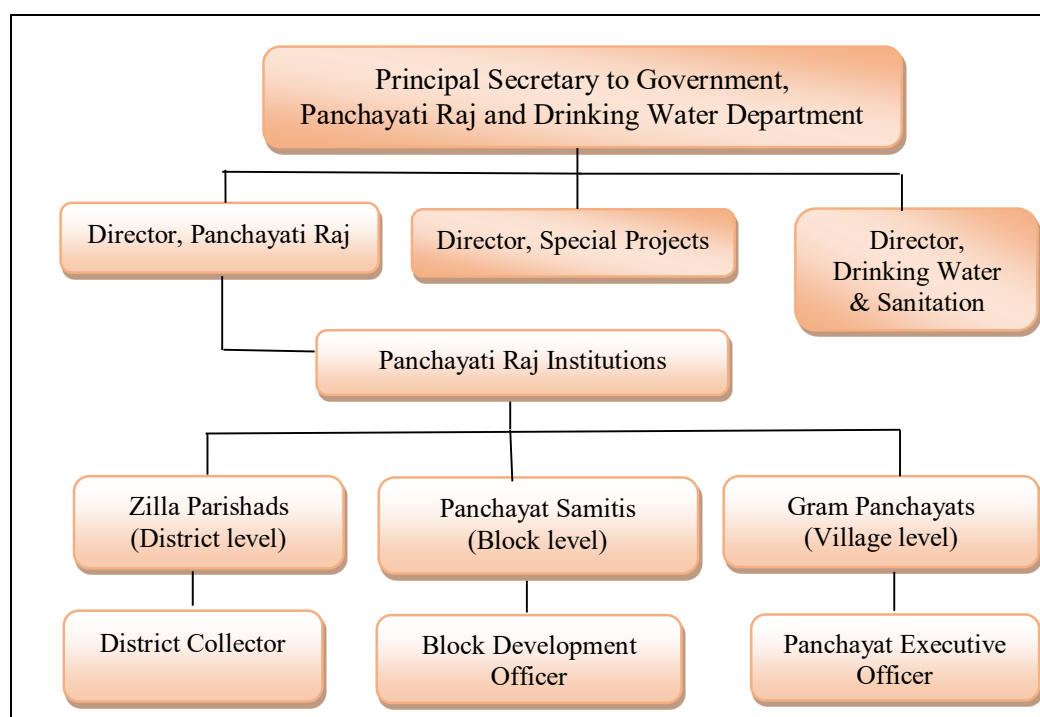
Indicators	State statistics	Unit
Area	1,55,707	Square km
Tehsils	317	Number
Total population (Census 2011)	419.74	Lakh
Rural population	83	<i>Per cent</i>
Rural sex ratio	989	Females per 1,000 males
Density	270	Persons/ Square km.
Male literacy	81.59	<i>Per cent</i>
Female literacy	64.01	<i>Per cent</i>
Rural literacy rate	70.22	<i>Per cent</i>
Scheduled Caste population	17.13	<i>Per cent</i>
Scheduled Tribe population	22.85	<i>Per cent</i>
Zilla Parishads	30	Number
Panchayat Samitis	314	Number
Gram Panchayats	6,794	Number

*Source: Census of India 2011 and information furnished by the PR& DW Department*

### 1.2 Organisational Setup of PRIs

PRIs are classified into three tiers, viz. Zilla Parishads (ZPs), Panchayat Samitis (PSs) and Gram Panchayats (GPs). The organisational setup of the PRIs is indicated in **Chart 1.1**.

Chart 1.1: Organisational setup of the PRIs



All the three tiers of PRIs function under the administrative control of the Panchayati Raj and Drinking Water (PR&DW) Department, headed by its Principal Secretary. He/she is assisted by the Director, Panchayati Raj; Director Special Projects; and Director, Drinking Water & Sanitation, at the State level.

Each of the 30 districts of the State has a ZP. It is managed by an elected body, headed by a President, who is elected from amongst the elected representatives of the ZP. The District Collector acts as the *ex-officio* Chief Executive Officer (CEO) of the ZP. The Project Director (PD) of District Rural Development Agency (DRDA) acts as the *ex-officio* Executive Officer<sup>1</sup> (EO), for discharging the day-to-day administrative functions of the ZP.

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

At the GP level, the elected members, headed by a Sarpanch, constitute the GP. The Panchayat Executive Officer (PEO) discharges his/her duties under the supervision of the Sarpanch. He/she is responsible for general superintendence and overall control of the GP.

Election of the PRIs, at all tiers, were last conducted in February 2022. The setup of the elected Bodies of the PRIs, is as shown in **Chart 1.2**:

<sup>1</sup> The designation of PD, District Rural Development Agency had been changed to Chief Development Officer-cum-Executive Officer, Zilla Parishad with effect from 3rd June 2022.

Chart 1.2: Setup of elected Bodies of the PRIs



### 1.3 Functioning of PRIs

Article 243 of the Constitution prescribes the powers, resources and responsibilities to be devolved to the elected local bodies, by the State Governments. It enjoins the State Legislatures, to enact laws/amend existing laws, devolving/ transferring the 29 functions listed in the Eleventh Schedule of the Constitution of India, to the PRIs, with the expectation that this would lead to the PRIs emerging as platforms for the planning and implementation of programmes for the economic development of, and social justice for, the rural population.

As of March 2022, out of the 29 functions of 19 Departments, the State Government had transferred 21 functions of 11 Departments, to the PRIs (*Appendix-1.1*). The State Government provides funds, along with the grants recommended by the Central Finance Commissions (CFCs) and State Finance Commissions (SFCs). These funds are intended to aid the PRIs in the discharge of their functions.

### 1.4 Staffing pattern of PRIs

The Collector of the district is the *ex-officio* CEO of the ZP. He exercises such powers and performs such functions, as are prescribed under Section 13 (1) of ZP Act, 1991. The PD, DRDA, is the *ex-officio* Executive Officer of the ZP. The BDO is the Executive Head of the PS. He/she is assisted, in the discharge of his/her functions, by an Additional Block Development Officer (ABDO).

Similarly, every GP is required to have a PEO, who is a State Government official. The PEO maintains the records of the proceedings of the meetings of GPs. He/she also functions as the custodian of all such records and documents, cash and valuable securities, of the GP. He/she also exercises such other powers, discharges such other duties and performs such other functions, as prescribed under GP Rules, 2014.

The sanctioned strength, *vis-a-vis* the persons-in-position, in the PSs and GPs of the State, as of March 2022, are shown in *Table 1.2*.

*Table 1.2: Sanctioned strength vis-a-vis persons-in-position, in PSs and GPs*

Post	Sanctioned strength	Persons-in-position	Vacancies (per cent)
BDO	314	308	6 (2)
ABDO	314	212	102 (32)
Junior Engineer/Gram Panchayat Technical Assistant (GPTA)	4,134	1,792	2,342 (57)
PEO	6,798	4,280	2,518 (37)

*Source: Information collected from the PR&DW Department*

It can be seen from **Table 1.2** that there were 32 *per cent* vacancies against the posts of ABDOs in PSs, 57 *per cent* vacancies against the posts of JEs/GPTAs and 37 *per cent* vacancies against the post of PEOs in GPs. These being administrative posts, the large number of vacancies was likely to have adversely affected the functioning of the PRIs.

### **1.5 Functioning of various committees**

To execute the functions of PRIs, seven Standing Committees are to be constituted, under Rule-3 of the Orissa Gram Panchayats (Constitution of Standing Committees) Rules, 2002, Rule-3 of the Orissa Panchayat Samiti (Constitution of Standing Committees) Rules, 2002 and Rule-3 of the Orissa Zilla Parishad (Constitution of Standing Committees) Rules, 2000, at GP, PS and ZP level, respectively. The Chairman and the members are to be elected from among the elected representatives. The roles and responsibilities of these Standing Committees are given in *Appendix-1.2*.

Further, Ministry of Rural Development issued (July 2016) guidelines for the formation of the District Development Coordination and Monitoring (Disha) Committee, at the state and district level, superseding the *erstwhile* Vigilance Monitoring Committee. The Disha Committees, at the State and District levels, are expected to: (i) ensure the quality of expenditure (ii) bring about optimization of public funds spent under different programmes (iii) monitor the implementation of various programmes, in accordance with prescribed guidelines and (iv) promote synergy and convergence of different programmes.

At the State level, the Chief Minister is the Chairman of the Disha Committee and the Secretary, PR&DW Department, is the Member Secretary. Other members of the committee, *inter alia*, include four MPs (Lok Sabha); one MP (Rajya Sabha); six MLAs; and Secretaries of the Departments responsible for different programmes. The Committee is required to meet at least once in every six months.

The Chairperson of district level Disha Committee, is an MP (Lok Sabha), elected from the district. The other MPs, representing the district, are designated as Co-Chairpersons. The District Collector acts as the Member Secretary. The other members of the Committee, *inter alia*, are all Members of the State Legislative Assembly, elected from the district; one representative of the State Government; five elected heads of GPs; Chairperson of the ZP; Chairperson of the PSs of the district; PD, DRDA; district level nodal functionaries of all programmes; and the Lead Bank Officer of the District. The Committee is required to meet at least once in every quarter.

During the Financial Year (FY) 2021-22, no Disha meetings were held at the State level. At the district level, against the required four meetings, 13 districts had conducted one meeting each, four districts had conducted two meetings each and 13 districts had not conducted any meetings.

### **1.6 Fund flow arrangement**

The main source of funds, of the PRIs in the State, was the Government of India (GoI), through various Centrally Sponsored Schemes (CSSs). These schemes including the: i) Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) ii) Pradhan Mantri Awaas Yojana (PMAY) iii) National Rural Livelihood Mission (NRLM) iv) Swachha Bharat Mission (SBM) (v)

National Rural Drinking Water Programme (NRWDP)/ Jal Jeevan Mission (JJM) etc. Grants received, as per the recommendations of the SFCs and the CFCs were another source. Funds were also received under State sponsored schemes, such as the: Buxi Jagabandhu Assured Drinking Water to all Habitation (BASUDHA), Ama Gaon Ama Bikash (AGAB) and Gopabandhu Grameen Yojana (GGY).

The position of funds received by the PR&DW Department under various schemes of the GoI and Government of Odisha (GoO) and released to PRIs, is given in **Table 1.3** and **Table 1.4**.

**Table 1.3: Receipts of funds from various schemes during FYs 2017-22**

(₹ in crore)

Scheme	2017-18	2018-19	2019-20	2020-21	2021-22 (% increase over 2017-18)
PMAY	4,004.64	4,502.92	3,496.38	4,628.76	2,377.71
MGNREGS	810.86	891.97	989.32	1,600.14	6,852.36 (745%)
NRLM	493.49	610.29	897.19	804.63	1,074.36 (118%)
GGY	300.00	500.00	00	00	24.37
AGAB	00	00	00	1,188.25	1,554.68
NRDWP/JJM	00	253.35	720.97	1,204.01	6,000.00
BASUDHA	00	00	00	00	850.00
SBM	00	1,986.97	2,336.27	80.96	215.40
SFC	1,509.01	1,645.25	1,762.12	2,461.54	2,533.55 (68)
<b>Total</b>	<b>7,118.00</b>	<b>10,390.75</b>	<b>10,202.25</b>	<b>11,968.29</b>	<b>21,482.43 (202)</b>

**Source:** Information from the PR&DW Department

As evident from **Table 1.3** the overall receipt during FY 2021-22 had increased by 202 per cent over that of FY 2017-18. The major percentage of increase was in schemes like MGNREGS, NRLM, SFC and in new schemes like AGAB, NRWDP/JJM, BASUDHA and SBM.

**Table 1.4: Release of funds to the PRIs from various schemes during FYs 2017-22**

(₹ in crore)

Scheme	2017-18	2018-19	2019-20	2020-21	2021-22 (% increase over 2017-18)
PMAY	4,004.64	4,502.92	3,496.38	4,628.76	1,138.02
MGNREGS	810.86	891.97	989.32	1,600.14	5,984.98 (638)
NRLM	493.49	610.29	897.19	804.63	843.86 (71)
GGY	300.00	500.00	0	0	33.22
AGAB	0	0	0	1,188.25	1,305.55
NRDWP/JJM	0	253.35	720.97	1,204.01	2,636.95
BASUDHA	0	0	0	0	944.32
SBM	0	1,986.97	2,336.27	80.96	207.73
SFC	1,509.01	1,645.25	1,762.12	2,461.54	2,533.55 (68)
<b>Total</b>	<b>7,118.00</b>	<b>10,390.75</b>	<b>10,202.25</b>	<b>11,968.29</b>	<b>15,628.18(120)</b>

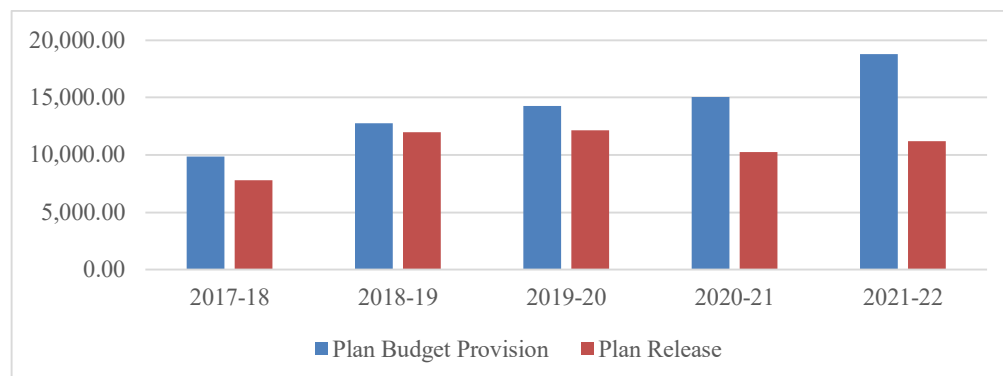
**Source:** Information from the PR&DW Department

As evident from **Table 1.4**, the overall release to PRIs during FY 2021-22, had increased by 120 per cent, over that of FY 2017-18. The major percentage of increase was in schemes like MGNREGS, NRLM, SFC and expenditure in new schemes like AGAB, NRWDP/JJM, BASUDHA and SBM. Further, during FY

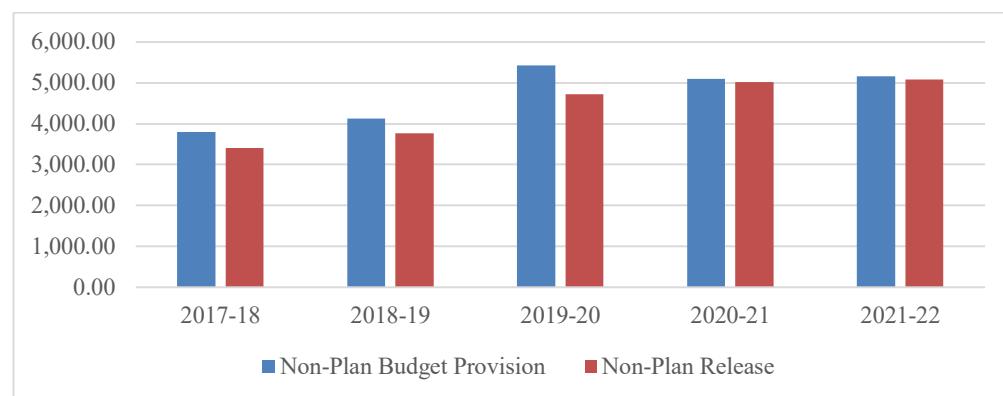
2021-22, as against the receipt of ₹21,482.43 crore, the expenditure was ₹15,628.18 crore leaving 27 per cent of the fund unutilised.

The budget provisions, for the plan and non-plan sectors, for PRIs, during the last five financial years, are shown in **Charts 1.3, 1.4** and **Table 1.5**.

**Chart 1.3: Budget provisions and releases under the Plan sector, for PRIs, during FYs 2017-22 (₹ in crore)**



**Chart 1.4: Budget provisions and releases under the Non-Plan sector, for PRIs, during FYs 2017-22 (₹ in crore)**



**Table 1.5: Budget provisions, for the plan and non-plan sectors, for PRIs, during FYs 2017-22**

(₹ in crore)

FY	Plan		Non-Plan	
	Budget Provision	Release (per cent)	Budget Provision	Release (per cent)
2017-18	9,855.94	7,774.10 (79)	3,789.64	3,407.57 (90)
2018-19	12,744.02	11,958.62 (94)	4,132.07	3,769.64 (91)
2019-20	14,280.68	12,144.42 (85)	5,416.18	4,712.89 (87)
2020-21	15,052.67	10,243.99 (68)	5,099.29	5,019.48 (98)
2021-22	18,764.44	11,176.10 (60)	5,159.74	5,072.02 (98)

**Source:** MIS Reports of the PR&DW Department

As seen from **Table 1.5**, release of funds, under plan heads, during the FYs 2017-22, ranged between 60 and 94 per cent of the corresponding budget provisions. Similarly, release of funds, under non-plan heads, ranged between 87 and 98 per cent, during the FYs 2017-22.

### 1.7 Recommendations of the State Finance Commissions

The 4<sup>th</sup> SFC (2015-20) had endeavored to assist and advise the State Government in developing the lowest tiers of democratic institutions, as

responsible local government. Some of its recommendations related to measures for strengthening the resource base of the Local Bodies, in order to help them evolve into responsible units of Local Self Governance. Its recommendations were grouped under the following four broad heads:

1. Institutional and structural strengthening;
2. Resource generation and legal hurdles thereof;
3. General issues; and
4. Fund transfer.

Similarly, the recommendations of the 5<sup>th</sup> SFC (2021-26) were grouped into the following four broad heads:

1. Transfer of funds;
2. Institutional strengthening;
3. Measures needed to enhance the own source of revenue of Local Bodies; and
4. General issues.

The total resource recommended by the 4<sup>th</sup> and 5<sup>th</sup> SFCs (from State resources), to PRIs, for the FYs 2017-22, is given in **Table 1.6**.

**Table 1.6: Recommendations of the State Finance Commissions**

*(₹ in crore)*

Distribution mechanism	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Devolution	493.77	493.77	493.77	915.09	915.09	3,311.49
Assignment of Taxes	620.16	672.84	730.79	759.55	797.07	3,580.41
Grant-in-aid	455.12	539.20	581.72	978.99	1,018.99	3,402.82
<b>Total</b>	<b>1,569.05</b>	<b>1,705.81</b>	<b>1,806.28</b>	<b>2,653.63</b>	<b>2,731.15</b>	<b>10,294.72</b>

**Source:** Reports of the 4<sup>th</sup> and 5<sup>th</sup> SFCs

The State Government had released ₹2,533.55 crore, towards 5<sup>th</sup> SFC award, to PRIs, during FY 2021-22.

### 1.8 Recommendations of the Central Finance Commissions

The 14<sup>th</sup> FC (2015-20) had recommended a Basic Grant and a Performance Grant, for Rural Local Bodies. Basic grants were intended to be used for providing basic civic services, which included water supply, sanitation, sewerage management, solid waste management, storm water drainage, maintenance of community assets, maintenance of roads, footpaths, street lightning and burial and cremation grounds. The States were given access to Basic grants for five years. However, the Performance grants were to be released from the FY 2016-17, based on the fulfillment of certain performance parameters, to address the issues: i) making available reliable data on Local Bodies receipts & expenditure through audited annual accounts; and ii) improvement in own revenues.

Similarly, the 15<sup>th</sup> FC recommended, 60 percent Tied Grant earmarked for national priorities like (a) water supply (b) rainwater harvesting and (c) sanitation, while 40 percent Basic Grant (Untied Grant) to be utilised by the Rural Local Bodies at the discretion of the PRIs for improving basic services.

Year-wise allocation of grants to Odisha, as recommended by the 14<sup>th</sup> and 15<sup>th</sup> FCs, is given in **Table 1.7**.

**Table 1.7: Recommendations of the Central Finance Commissions**

(₹ in crore)

Sl. No.	Subject	2017-18	2018-19	2019-20	2020-21	2021-22	Total
1	Basic/ Untied Grant	1,528.71	1,768.44	2,389.54	2,258.00 <sup>2</sup>	667.60	8,612.29
2	Performance/ Tied Grant	196.40	223.04	292.05	0	1,001.40	1,712.89
<b>Total</b>		<b>1,725.11</b>	<b>1,991.48</b>	<b>2,681.59</b>	<b>2,258.00</b>	<b>1,669.00</b>	<b>10,325.18</b>

**Source:** 14<sup>th</sup> and 15<sup>th</sup> FC Reports

As per the recommendations, the State Government received ₹1,669 crore, towards 15<sup>th</sup> FC award, during FY 2021-22.

## 1.9 Audit mandate

### 1.9.1 Primary Auditor

The Director, Local Fund Audit (DLFA), is the primary Auditor of PRIs in the State. It is a directorate under the Finance Department of the State and functions under the Orissa Local Fund Audit Act, 1948. The DLFA conducts audit of PRIs of all 30 districts of the State, through 26 District Audit Offices. The status of audit of PRIs, by DLFA, as of March 2022, is given in **Table 1.8**.

**Table 1.8: Status of audit of PRIs, by DLFA, as of March 2022**

Year	Total number of PRIs planned for audit			Total number of PRIs audited			Shortfall (percentage)		
	GP	PS	ZP	GP	PS	ZP	GP	PS	ZP
2019-20	3,941	314	30	3,425	305	30	516 (13)	9 (3)	0 (0)
2020-21	3,762	314	30	2,543	304	27	1,219 (32)	10 (3)	3 (10)
2021-22 <sup>3</sup>	590	273	30	493	257	30	97 (16)	16 (6)	0 (0)

**Source:** Information furnished by the Director, Local Fund Audit, Odisha

The Government/DLFA had engaged (September 2010) the Institute of Public Auditors of India (IPAI), for audit of the accounts of GPs. The objective was to reduce the arrears in audit of GPs. The IPAI audited the accounts of 338 GPs (in addition to 493 GPs audited by DLFA), during FY 2021-22, on behalf of the DLFA.

### 1.9.2 Audit by the Comptroller and Auditor General of India

On the recommendations of the 13<sup>th</sup> FC, the State Government entrusted (July 2011) the Comptroller and Auditor General of India (CAG), with the right to conduct test-check of the accounts of all the three tiers of PRIs of the State and to comment on and supplement the report of the DLFA, under Section 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. In addition, the CAG was also requested to provide Technical Guidance and Support (TGS) to the State Audit Agency, viz. DLFA, for audit of Local Bodies. Government

<sup>2</sup> Both tied and untied grants

<sup>3</sup> As compared to FYs 2019-20 and 2020-21, DLFA planned less number of units for FY 2021-22, due to: i) Shortage of manpower, resulting from retirement, promotion and transfer of Audit Personnel to other cadre ii) Audit of Central Finance Commission Accounts in the Audit Online Module, as directed by Ministry of Panchayati Raj (MoPR).

notified (July 2011) the parameters of the TGS in the Official Gazette. Under the TGS arrangement, DLFA staff were imparted training, topics were suggested for Thematic Audit and guidance was issued for conducting Thematic Audits.

## **1.10 Reporting Arrangement**

### **1.10.1 Audit Report of Primary Auditor**

As per recommendations of the 13<sup>th</sup> FC and provisions of the Odisha Local Fund Audit (Amendment) Rules, 2015, DLFA shall prepare and submit to the State Government, not later than 30<sup>th</sup> September of each year, a consolidated report, for the previous year, to be laid before the State legislature. The audit report of DLFA for FY 2020-21, was laid before the Odisha Legislative Assembly, on 13 July 2022.

### **1.10.2 CAG's Report on Local Bodies**

The Report of the CAG of India on Local Bodies, for the year ended March 2021, was laid in the Odisha Legislative Assembly, on 03 October 2023.

### **1.10.3 Response to Audit Observations**

During FY 2021-22, 500 Inspection Reports (IRs) and 5,500 paragraphs were settled through Triangular Committee Meetings<sup>4</sup> and by review of Principal Accountant General (Audit-I) Odisha. As on 31 March 2022, 10,714 paragraphs, relating to 2,987 IRs, remained unsettled.

The Office of the Principal Accountant General (Audit-I), Odisha, issued nine Annual Technical Inspection Reports (ATIRs) on PRIs, relating to the FYs 2005-06 to 2014-15. CAG's Reports on Local Bodies, for the years ended March 2016, 2017 and 2021, were prepared during FYs 2016-17, 2017-18 & 2021-22 and were placed in the Legislative Assembly on 16 September 2017, 26 March 2018 & 03 October 2023, respectively. Observations on PRIs, for the financial year ending March 2019 and 2020, were reported in CAG's G&SSA Report and placed in the Legislature on 3 April 2021 and 10 December 2021, respectively. In response to the reports issued, the PR&DW Department issued guidelines to the PD, DRDAs and BDOs, for avoiding common audit objections. The Department had also constituted (February 2015) District Audit Monitoring Committees, to review compliance to Audit Reports.

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<sup>4</sup> Triangular Committee meetings are held between the representatives of the concerned Administrative Departments, Executing Agencies and Audit, for expeditious settlement of old outstanding Inspection Reports/ Paragraphs.

## **Section B**

### **Accountability Mechanism and Financial Reporting Issues**

#### **1.11 Accountability Mechanism**

##### **(i) Ombudsman**

Ombudsman is an Institution formed under Section 27 of MGNREGA, to function as an independent grievance redressal body, at the district level, to hear complaints relating to the implementation of the MGNREG Act and the schemes made under the Act. It directs the appropriate authorities for redressal, disciplinary and corrective action and reports the awards to the District Programme Coordinator and Secretary, State Nodal Department. The tenure of the Ombudsman is for two years and is extendable not more than twice, by one year each. During FY 2021-22, 26 Ombudsmen were appointed, for redressal of grievances and disposal of complaints, relating to the MGNREG Act.

##### **(ii) Lokayukta**

The President accorded his approval to the Odisha Lokayukta Bill, in January 2015. Accordingly, the State Government established (March 2019) the Lokayukta. As per Section 3 of the Odisha Lokayukta Act, 2014, the body shall consist of a Chairperson and five members. During FY 2021-22, the body was functioning with the Chairperson and three members.

##### **(iii) Social Audit**

The State has constituted an independent Social Audit Unit (SAU), namely, the Odisha Society for Social Audit Accountability and Transparency. As of March 2022, the SAU was functioning with one Director and five Social Audit Experts. Further, there were 30 District Resource Persons at the district level, 285 Block Resource Persons at the PS level and 9,592 Village Resource Persons at the GP level. During the FY 2021-22, 6,798 Social Audits were conducted at the GP level, twice a year, for MGNREGS works and other social security programmes.

#### **1.12 Pending submission of Utilisation Certificates**

It was observed that, 13 out of 16 PSs, audited during FY 2021-22, had not submitted Utilisation Certificates (UCs), amounting to ₹ 262.53 crore, against their total expenditure of ₹ 437.62 crore.

#### **1.13 Outstanding Advances**

It was observed that, in 14 out of 16 PSs, audited during FY 2021-22, advances of ₹48.90 crore, had remained unadjusted, as of March 2022. The details of such advances, viz. dates and purposes of the payments made, could not be ascertained in audit, due to non-maintenance of Advance Registers by the PSs.

#### **1.14 Non-reconciliation of balances, as per the Cash Book**

During FY 2021-22, in 10 out of 16 PSs, Audit observed discrepancies of ₹11.91 crore, between the balances in the Cash Book and Bank Pass Books, due to non-reconciliation of the Bank Statements and Cash Books.

#### **1.15 Maintenance of Accounts by PRIs**

- Accounts of PSs are prepared by the respective PSs and Chartered Accountants are engaged for the maintenance of GP Accounts.

Accounts of the PRIs are certified by the Director, Local Fund Audit, as per Rule 20 (h) of the Orissa Local Fund Audit Rules, 1951.

- Out of 893 Accounts of PRIs, planned for audit, 780 Accounts were certified by the Director, Local Fund Audit, during FY 2021-22.
- In order to strengthen e-Governance in PRIs, Ministry of Rural Development launched (April 2020) eGramSwaraj, a simplified work-based accounting application. As of March 2022, all the PRIs in Odisha had uploaded their vouchers in eGramSwaraj.



# **CHAPTER 2**

**SSCA on**

**Utilisation of funds received by  
PRIs from CFC Grants**



## CHAPTER 2

## Utilisation of funds received by PRIs from CFC Grants

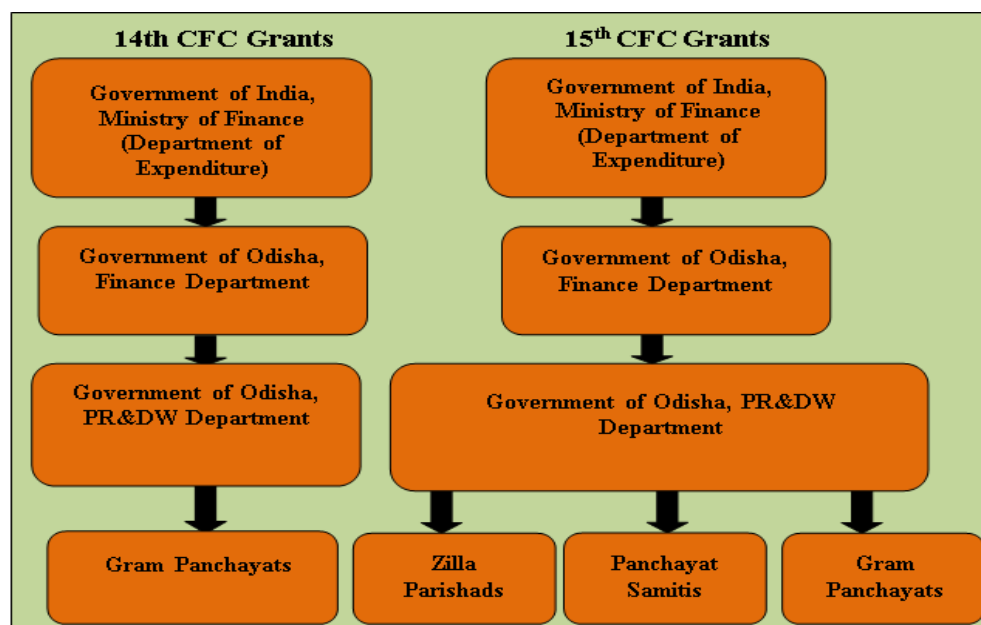
## 2.1 Introduction

Under Article 280 of the Constitution, the President of India constituted the 14<sup>th</sup> Finance Commission (FY 2015-20), which recommended Grants-in-aid to Rural Local Bodies and Urban Local Bodies, in two parts, namely: (i) a Basic Grant and (ii) a Performance Grant. These grants were intended to be used for providing basic civic services, which included water supply, sanitation, sewerage management, solid waste management, storm water drainage, maintenance of community assets, maintenance of roads, footpaths, street-lighting, burial and cremation grounds. States were given access to the basic grants for five years, while performance grants were released from FY 2016-17, based on the fulfilment of certain performance parameters. Similarly, the 15<sup>th</sup> FC<sup>5</sup> recommended 40 *per cent* Untied Grant and 60 *per cent* Grant tied to: (a) sanitation and maintenance of open defecation free (ODF) status (b) supply of drinking water, rain water harvesting and water recycling.

## 2.2 Fund flow

The Government of India (GoI) released grants under the 14<sup>th</sup> and 15<sup>th</sup> FCs to the State Governments. Accordingly, the State Governments released the grants meant for Local Bodies (LBs), *i.e.* Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs). **Chart-2.1** depicts the funding pattern, in regard to Panchayati Raj Institutions (PRIs) in Odisha.

**Chart 2.1: Flow of Central Finance Commission Grants**



Audit test-checked the records of seven Zilla Parishads (ZPs), 21 Panchayat Samitis (PSs) and 63 Gram Panchayats (GPs), as detailed in **Appendix-2.1** covering the Financial Years (FYs) 2017-18 to 2021-22 and noticed the

<sup>5</sup> For the FY 2020-21, the proportion of Untied and Tied grants was 50 *per cent* each.

deficiencies in utilisation of the Central Finance Commission (CFC) Grants, which are discussed in the subsequent paragraphs.

### **2.2.1 Receipts and release of fund to the PRIs by the State**

During the FYs 2017-22, the State had received ₹ 9,810.09 crore of CFC grants from GoI and released ₹ 9,810.09 crore to the PRIs, as detailed in the **Table-2.1**.

**Table 2.1: Receipt and release of funds by the State during 2017-22**  
(₹ in crore)

<b>FYs</b>	<b>Receipt</b>	<b>Release</b>
2017-18	1,725.11	1,725.11
2018-19	1,768.44	1,768.44
2019-20	2,389.54	2,389.54
2020-21	2,258.00	2,258.00
2021-22	1,669.00	1,669.00
<b>Total</b>	<b>9,810.09</b>	<b>9,810.09</b>

**Source:** Information from the PR&DW Department

In the test checked units, during the FYs 2017-22, out of ₹ 325.14 crore (OB: ₹ 17.44 crore and Receipt: ₹ 307.70 crore) funds available with the PRIs, the expenditure was ₹ 216.36 crore, as detailed in the **Table 2.2**.

**Table 2.2: Receipt and expenditure of funds in the test checked PRIs**  
(₹ in crore)

<b>FYs</b>	<b>OB</b>	<b>Receipt</b>	<b>Total</b>	<b>Expenditure (Per cent)</b>	<b>Closing Balance</b>
2017-18	17.44	19.22	36.66	15.79 (43)	20.87
2018-19	20.87	20.60	41.47	22.40 (54)	19.07
2019-20	19.07	29.39	48.46	22.01(45)	26.45
2020-21	26.45	117.71	144.16	49.77 (35)	94.39
2021-22	94.39	120.78	215.17	106.39 (49)	108.78
<b>Total</b>		<b>307.70</b>		<b>216.36</b>	

**Source:** Records of the concerned PRIs

During these five years, the expenditure was between 35 and 54 per cent. The poor utilisation of funds was due to delay in finalization of projects, selection of sites for projects, delay in execution of works etc.

### **2.3 Planning**

As per the Panchayati Raj & Drinking Water (PR&DW) Department's instructions (August 2015) for utilisation of 14<sup>th</sup> FC Grants, each GP was empowered to take up projects on need-basis, by preparing a five-year Perspective Plan and an Annual Action Plan (AAP). Considering both the long term priorities and immediate priorities, AAPs were to be prepared, with top-priority, for drinking water, sanitation and street lighting and required to be finalized by 28 February of the previous year. Similarly, as per Guidelines issued (May 2021) by Government of Odisha (GoO), AAPs are to be prepared for 15<sup>th</sup> FC also.

Further, as per the instructions (October 2015) of the PR&DW Department, the approved AAP of each GP is to be scrutinized by the concerned Block Development Officer (BDO), to ensure adherence to the guidelines. If the BDO

finds the plan is as per the guidelines, he/she is to intimate the GP, to act upon the AAP.

Audit examined records of the 63 selected GPs, related to planning, and noticed the following deficiencies:

- None of the GPs had prepared Five-year Perspective Plans.
- GPs had prepared the AAPs without providing priority to the specified areas of drinking water, sanitation, street lighting and waste management. Instead, importance had been given mainly to projects related to construction of roads, community centres, bathing ghats etc.
- The AAPs, prepared by the GPs, had not been scrutinized by the BDOs with the required due diligence. As a result, inadmissible projects had been included, as discussed in the subsequent paragraphs.

The PEOs of the GPs stated (August 2022) that, in future, the AAPs would be prepared taking into account the basic requirements.

**Recommendation:**

1. *AAPs may be prepared, with prioritization for basic civic services, viz. drinking water, sanitation and streetlights.*

## 2.4 Financial Management

### 2.4.1 Delayed release of 15<sup>th</sup> FC grants to the PRIs

As per the Operational Guidelines for implementation of the recommendations of the 15<sup>th</sup> FC, each instalment of grants received, was required to be distributed by the State, within 10 working days of its receipt from the Central Government. Any delay beyond ten working days would require the State Government to release the above instalments with interest, as per the effective rate of average interest on market borrowings/ State Development Loans of the previous year.

During FY 2020-21, the GoO had received ₹ 2,258 crores, under the 15<sup>th</sup> FC, towards the first and second instalments, for both Tied and Untied grants, for distribution among different tiers of PRIs. However, the Department had distributed the first and second instalments of Untied grant and the first instalment of Tied grant with delays up to 51 days. The Department attributed delays to wrong/non-existent account numbers of the payee units, invalid receiver IFSC codes, typographical errors *etc.* Since the average interest rate<sup>6</sup>, on market borrowings, was seven *per cent*, as of March 2020, the Department was liable to pay ₹ 26.58 lakh, towards interest, as per the details furnished in *Appendix-2.2*. The reply of the Department is awaited (September 2024), in regard to this observation.

### 2.4.2 Poor utilisation of CFC Grants, by GPs

As per the Rule 171 (3) of the Odisha General Financial Rules, 2002, funds released should be utilised within one year from the date of issue of sanction order. Further, as per the instructions of the PR&DW Department (August 2015), the funds allotted in the 1<sup>st</sup> instalment under 14<sup>th</sup> FC were to be utilised

<sup>6</sup> As per the Status Paper on Public Debt in Odisha, issued (February 2021) by the Finance Department of Odisha

by 31 December of the year and the funds allotted in the 2<sup>nd</sup> instalment were to be utilised by 15 April of the subsequent year.

The receipt and utilisation of funds, by all the test-checked GPs, during the FYs 2017-22, is detailed in **Table-2.3**.

**Table 2.3: Receipt and utilisation of CFC Grants by the test-checked GPs**

(₹ in crore)

Financial Year	Opening Balance	Receipt of grants	Other Receipts <sup>7</sup>	Total	Expenditure (%)	Closing Balance
2017-18	17.44	17.86	1.36	36.66	15.79 (43)	20.87
2018-19	20.87	19.61	0.99	41.47	22.40 (54)	19.07
2019-20	19.07	28.29	1.10	48.46	22.01(45)	26.45
2020-21	26.45	17.82	1.50	45.77	23.13 (51)	22.64
2021-22	22.64	11.59	1.07	35.30	16.80 (48)	18.50

**Source:** Records of the concerned GPs

As evident from **Table-2.3**, the year-wise spending efficiency<sup>8</sup> of the GPs varied from 43 to 54 *per cent*, during the FYs 2017-22. The poor utilisation of funds was due to delays in the finalization of projects, selection of sites and execution of projects.

The PEOs of these GPs stated (August 2022) that they would take immediate action to utilise the unutilised funds.

#### **2.4.3 Low pace of utilisation of 15<sup>th</sup> FC grants, by the ZPs and PSs**

As per the Rule 171 (3) of the Odisha General Financial Rules, 2002, funds released, should be utilised within one year, from the date of issue of the sanction order.

During the FYs 2020-22, the receipt of grants under the 15<sup>th</sup> CFC and their utilisation, in the test-checked ZPs, was as shown in **Table 2.4**.

**Table 2.4: Receipt and utilisation of 15<sup>th</sup> FC Grant in the test checked ZPs**

(₹ in crore)

Financial Year	Opening Balance	Receipt of grants	Other receipts	Total	Expenditure (% of utilisation)	Closing Balance
2020-21	0.00	71.19	0.55	71.74	24.09 (34)	47.65
2021-22	47.65	52.62	1.40	101.67	48.20 (47)	53.47

**Source:** Records of the concerned ZPs

Audit noticed that, during the FYs 2020-21 and 2021-22, the test-checked ZPs had been able to utilise a maximum of 47 *per cent* of the available funds. Similarly, the utilisation of grants, by the test-checked PSs, during the FYs 2020-22, had been 10 to 53 *per cent*, in these two previous years, as detailed in **Table 2.5**.

<sup>7</sup> Interest earned, earnings on sale of empty gunny bags etc.

<sup>8</sup> The percentage of expenditure with relation to the total availability of funds.

Table 2.5: Receipt and utilisation of 15<sup>th</sup> FC Grants, at the PS level

(₹ in crore)

Financial Year	Opening Balance	Receipt of CFC Grants	Interest and other receipts	Total	Expenditure (% of utilisation)	Closing Balance
2020-21	0	26.41	0.24	26.65	2.55 (10)	24.10
2021-22	24.10	53.08	1.02	78.20	41.39 (53)	36.81

*Source: Records of the test checked PSs*

The low pace of utilisation of grants was due to delays in the preparation of AAPs; non-completion of works; and inadequate monitoring and supervision, by the district and PS level authorities, as discussed in Paragraphs 2.3, 2.5.2 and 2.6.2.

#### 2.4.4 Non-adjustment of outstanding advances

As per the Orissa Panchayat Samiti Accounting Procedure (OPSAP) Rules, 2002, advances sanctioned and paid to departmental officers, are required to be adjusted regularly and promptly. The Registers of advances are to be annually checked by the concerned BDOs and attested with their signatures and dates. The Finance Department further instructed (March 2002) that advances lying unadjusted beyond one year were to be treated as loss to the Government account and necessary disciplinary action thereon, was to be initiated, to make good of such loss to the Government Account, by way of recovery/adjustment as the case may be.

Audit noticed that advances of ₹ 9.32 lakh had remained outstanding, in three test-checked PSs of the Koraput district, since August 2013, without any details like the names of the advance holders, the periods and purposes of the advances *etc.* Similarly, in five test-checked GPs of three districts, advances of ₹ 4.36 lakh had been given to ex-PEOs, since April 2012, out of which advances amounting to ₹ 2.87 lakh (*Appendix 2.3*) were still outstanding (as of March 2022). Further, it was found that neither had Advance Registers been maintained by the GPs, nor had the BDOs reviewed the outstanding advances. In the absence of adjustment of advances in a timely manner, the possibility of misappropriation of funds could not be ruled out.

The BDOs and PEOs of the concerned PSs and GPs assured (August 2022) that the outstanding advances would be adjusted.

#### 2.4.5 Loss of Performance Grants

The 14<sup>th</sup> FC had recommended disbursement of Performance Grant from the FYs 2016-20, on fulfillment of specified conditions, *e.g.* submission of audited accounts, increase in own revenue, preparation of AAP and uploading of sector-wise expenditure in the website of MoPR. On fulfilment of the above criteria, GPs were to be awarded weightage scores, up to 100, and distribution of Performance Grants was to be made, as per the scores achieved<sup>9</sup>.

Audit verified the records from FY 2017-18 to 2019-20 and noticed that, during this period, the 63 test-checked GPs had received ₹ 65.18 crore, as basic grants, under the 14th FC. On that basis, against the minimum Performance Grants of

<sup>9</sup> Scores up to 49: PG was to be 50 per cent of the allocation, Scores ranging between 50 and 60: 70 per cent of the allocation, Scores between 61 and 70: 80 per cent of the allocation and Scores above 70: 100 per cent of the allocation.

₹ 3.62 crore, six GPs (Bhuinpur, Dura, Golanthara, Mujagada, Sanakodanda & Raghunathpur) had availed only ₹ 0.58 crore, as of March 2020. The remaining 57 GPs had not been eligible for availing Performance Grants of ₹3.04 crore, due to non-fulfilment of the mandatory eligibility criteria, as detailed in **Table-2.6**.

**Table 2.6: Loss of Performance Grants**

(₹ in crore)

Financial Year	Basic Grant received	Minimum Performance Grant <sup>10</sup> due	Performance grant received	Loss of Performance Grant
2017-18	17.44	0.97	0.42	0.55
2018-19	19.61	1.09	0	1.09
2019-20	28.13	1.56	0.16	1.40
<b>Total</b>	<b>65.18</b>	<b>3.62</b>	<b>0.58</b>	<b>3.04</b>

*Source: Records of the concerned GPs*

Confirming these facts, the concerned PEOs stated (December 2022) that, due to non-fulfilment of the required conditions, the GPs could not receive Performance Grants.

#### **2.4.6 Non-submission of Utilisation Certificates**

Guidelines issued (August 2015) by the PR & DW Department stipulate that GPs were to submit Utilisation Certificates (UCs), in respect of 14<sup>th</sup> CFC grants, to the District Panchayat Officers (DPOs), after obtaining the approval of the concerned Gram Sabhas. The consolidated UCs, of all the GPs, were, thereafter, to be furnished by the DPOs, to the Government, duly countersigned by the CDOs, ZP.

Audit noticed that, during the FYs 2017-20, 60 out of 63 test-checked GPs had received ₹ 62.19 crore<sup>11</sup>, as CFC grants. However, as of March 2022, neither had these GPs submitted any UCs to the DPOs, nor had the higher authorities, like DPOs/ CDO, ZPs, insisted on submission of UCs. Thus, the actual utilisation of grants could not be ascertained by the Government. Since the PEOs and DPOs were to ensure submission of consolidated UCs, their responsibility may be fixed for negligence in submission of UCs.

Confirming the facts, the concerned PEOs stated (December 2022) that the UCs would be submitted to the concerned authorities.

#### **2.4.7 Diversion of funds**

As per Rule 10 (1) of the OPSAP Rules, 2002, funds placed at the disposal of the Panchayat Samiti, by the Government, by way of grant, shall not be diverted for other purposes.

Audit noticed that, during the FYs 2017-22, out of the 63 test-checked GPs, 24 GPs, of 10 PSs had diverted ₹ 81.96 lakh, from CFC funds, for meeting expenses for other purposes, viz. GP Fund<sup>12</sup>, State Finance Commission (SFC)

<sup>10</sup> Basic Grant: ₹ 65.18 crore (90 percent of Total Grants), Total Grants (₹ 65.18 crore X 100/90): ₹72.42 crore, Maximum Performance Grants (₹10 percent of ₹72.42 crore): ₹7.24 crore, Minimum Performance grants due (50 percent of ₹7.24 crore): ₹3.62 crore

<sup>11</sup> FY 2017-18: ₹ 16.54 crore, FY 2018-19: ₹ 18.44 crore, FY 2019-20: ₹ 27.21 crore

<sup>12</sup> This fund mainly consists of the GP's own revenue/ resources

Grants, Harischandra Sahayata Yojana<sup>13</sup> (HSY), General Cash Book, TMC<sup>14</sup> etc. No part of this amount had been recouped, as of March 2022, despite lapse of 195 to 1,823 days, as detailed in *Appendix-2.4*.

Confirming these facts, the concerned PEOs stated (December 2022) that the diverted amounts would be recouped.

#### **2.4.8 Non-remittance of Government revenue with appropriate authorities**

As per OTC Vol-I, all money received by government servants, on account of the revenues of the State, is to be deposited into the treasury, or the bank, within three working days.

Audit, however, noticed that, during the FYs 2017-22, out of the test-checked GPs, in 28 GPs of 11 PSs, an amount of ₹ 63.98 lakh had been recovered from work bills, on account of royalty, labour cess and Value Added Tax (VAT). Out of this amount, ₹ 18.22 lakh had been deposited with the appropriate authorities, while the balance amount of ₹ 45.76 lakh was still lying with bank account of the GPs, without having been deposited, as of March 2022, as detailed in *Appendix-2.5*. This had resulted in irregular retention of government revenue.

Confirming these facts, the concerned PEOs stated (December 2022) that the government revenue would be deposited with the appropriate authorities.

#### **Recommendations:**

- 2. Responsibility for non- submission of UCs by the GPs, may be fixed on the concerned PEOs and DPOs.**
- 3. Grants may be utilised in a timely manner and only for the intended purposes.**

### **2.5 Execution of Works**

As per the PR&DW Department's instructions (August 2015) for utilisation of CFC Grants, each GP was empowered to take up projects on need-basis, by preparing a five-year Perspective Plan and an Annual Action Plan. Further, as per GP Rules, 2014, the estimates of the works are to be prepared by the JEs of the concerned PS and administrative approval is to be granted by the Sarpanch/GP. The works are to be executed either departmentally or through Village Level Leader or by a tender process.

#### **2.5.1 Execution of inadmissible works**

As per the implementation guidelines for 14<sup>th</sup> FC grants, basic grants were to be utilised for delivery of basic civic services, like water supply; sanitation including septic management; sewerage and solid waste management; storm water drainage; maintenance of community assets; and maintenance of roads, footpaths, street-lighting, burial and cremation grounds. Similarly, as per the implementation guidelines for the 15<sup>th</sup> FC grants, basic grants were untied and could be used by the local bodies for location-specific felt needs, but not for salary or other establishment expenditure.

Audit noticed that 25 GPs, out of 63 test-checked GPs, had utilised an amount of ₹ 1.37 crore, on works items such as beautification of GP office, procurement

<sup>13</sup> A State Scheme that provides assistance for cremation, after the death of a poor person

<sup>14</sup> TMC: Temporary Medical Centre for Covid patients

of monitor, printer, inverter etc., which were not admissible under 14<sup>th</sup> FC grants.

Similarly, one PS and 17 GPs, had incurred an expenditure of ₹ 0.81 crore on works/ items such as installation of CCTV Camera, construction of government quarters, purchase of office contingencies etc., which were not admissible under 15<sup>th</sup> FC grants.



Thus, inadmissible expenditure of ₹ 2.18 crore, as detailed in **Appendix 2.6**, had been incurred, out of CFC Grants, in violation of the provisions of the CFC guidelines.

Confirming these facts, the concerned BDO and PEOs stated (December 2022) that they would not incur any expenditure on inadmissible item, in future.

The reply was not acceptable, as the expenditure had been incurred in violation of the provisions of the guidelines and hence responsibility of the concerned who had approved such inadmissible expenditure may be fixed.

### **2.5.2 Wasteful expenditure due to preparation of unrealistic estimates**

As per Rule 29(1) of the Odisha Gram Panchayat Rules, 2014, it is the responsibility of the BDOs, to exercise overall supervision, with regard to the proper execution of all works taken up by the GPs and to closely monitor their progress. Audit, however, noticed, in seven GPs, that seven works, with an estimated cost of ₹ 43.86 lakh, had been taken up for execution during the FYs 2018-21. After utilisation of an amount of ₹ 43.13 lakh, the projects were lying incomplete, as of March 2022, as detailed in **Appendix-2.7**. Audit conducted JPI (during May 2022 to January 2023) of six projects (except the projects in Mujagada GP of Bhanjanagar PS, Ganjam District) and noticed that these projects had been completed only up to the initial stages, even after utilisation of their entire estimated costs, as depicted in the **Photograph No. 2.1 and 2.2**. This indicated that the estimates had been unrealistic, as the total requirement of funds, for execution of these projects, had, apparently, not been considered. Thus, preparation of estimate without considering the entire project cost resulted in non-completion of the projects which ultimately led to wasteful expenditure of ₹43.13 lakh and denial of benefit to around 46,000 people of those GPs.

Photograph No.- 2.1	Photograph No.- 2.2
	
<p><i>Incomplete Kalyan Mandap at Dasamantapur GP of Dasamantapur PS, under the Koraput district</i></p>	<p><i>Incomplete Kalyan Mandap at Kuard GP of Jaleswar PS, under the Balasore district</i></p>

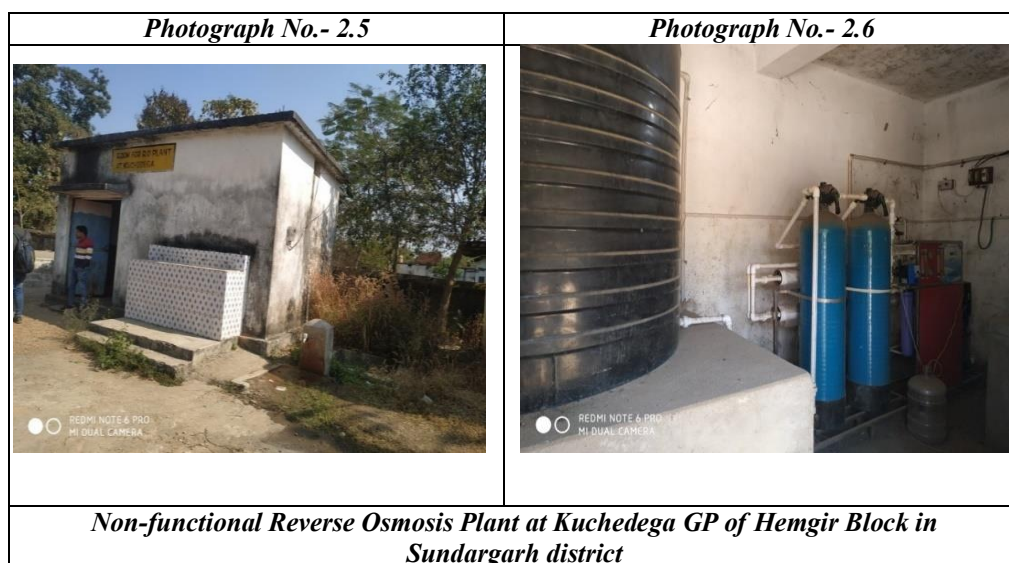
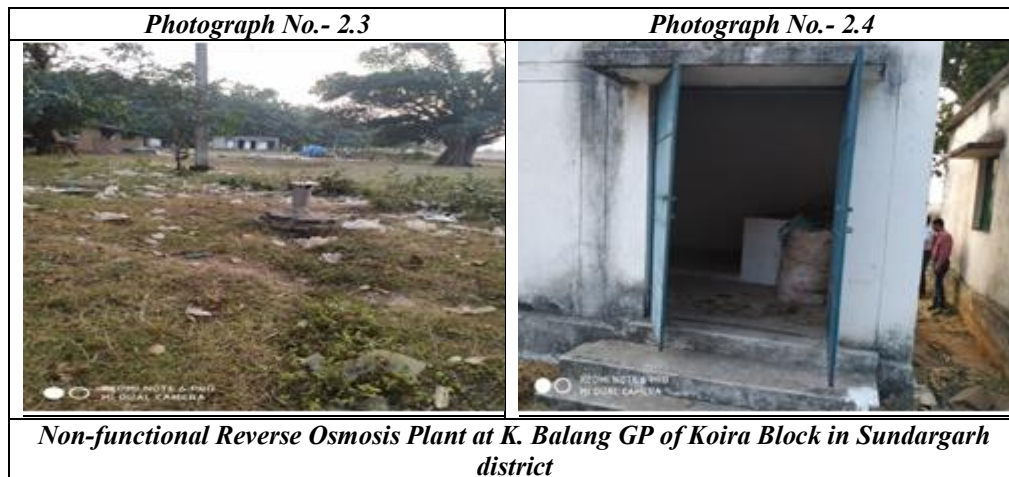
Confirming these facts, the concerned PEOs stated (December 2022) that Government would be asked for sanction of additional funds, for completion of the incomplete projects.

The reply was not tenable, since no reason was attributed for preparation of unrealistic estimates and action deemed fit, may be initiated against the officials responsible for preparation of such unrealistic estimates and wasteful expenditure thereof.

### 2.5.3 Wasteful expenditure on execution of water supply projects

As per the Odisha Fiscal Responsibility & Budget Management Act, 2005, government resources are to be used in ways that give the best value for money and the assets created out of these resources, should be put to use, to derive the maximum benefit. To achieve the objective of any water supply system, status of land, source of water, regular maintenance like annual maintenance contract, were to be ensured before installation of the water supply system.

- Audit noticed that, during the FYs 2016-20, in six out of 63 test checked GPs, Reverse Osmosis (RO) plants had been installed, for providing drinking water to around 27,000 people of these GPs. The cost of these plants (including the cost of building, plant electrification, sinking of bore well), was ₹ 36.90 lakh, as detailed in **Appendix-2.8**. However, while preparing these estimates the aspects like source of water, future upkeep of these plants were not considered. Further, the GPs had neither made any agreement with the suppliers for maintenance, nor had they maintained the RO plants on their own, despite admissibility of such expenditure from CFC Funds.
- From the JPIs, Audit observed (December 2022) that all these units were lying defunct, due to reasons such as non-procurement and non-repair of the required equipment and non-availability of source of water *etc.* No attempt had been made by the GPs, for rectification of these defects, in order to make these plants usable. As a result, despite utilisation of ₹ 36.90 lakh, these plants had failed to provide drinking water to around 27,000 people of these GPs.



➤ Similarly, in four GPs, six water supply works had been completed (between February 2020 and October 2021), by utilising an amount of ₹ 17.25 lakh, as detailed in **Appendix-2.9**. Audit conducted JPI and noticed that the assets created were not functional, primarily due to inadequate maintenance, including the non-repair of machinery, although the maintenance of assets of GPs is permissible under CFC Grants.



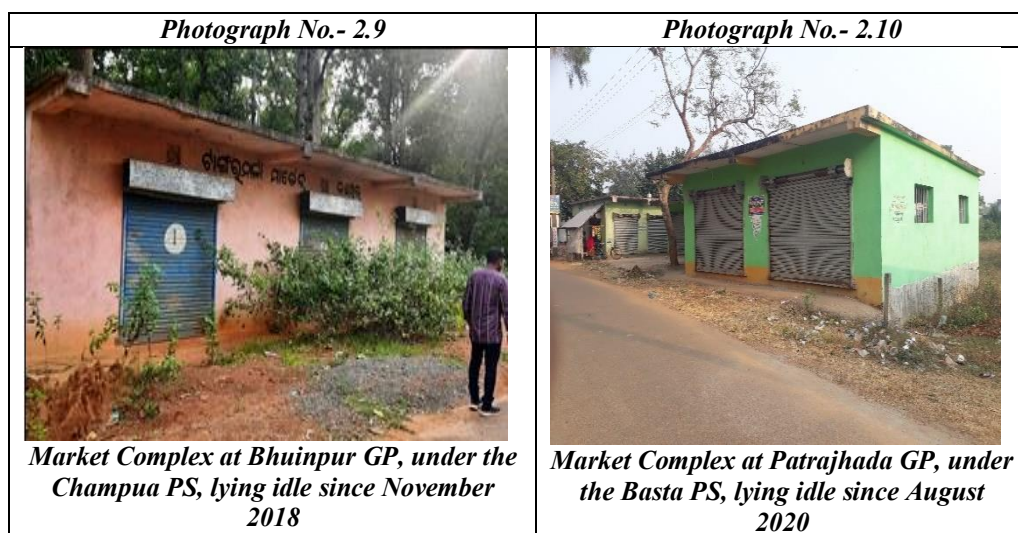
Confirming these facts, the concerned PEOs stated (December 2022) that steps would be taken to rectify the defects encountered in the execution of works.

### 2.5.4 Non-utilisation of Market Complexes

As per the instructions (June 2015) of the PR&DW Department, the Gram Sabha may be convened, to fix the monthly rent of the assets, with the approval of the GP. Further, as per the instructions (January 2016) of the PR&DW Department, the commercial buildings/shops were to be put to auction, for allotment.

Out of the 63 test-checked GPs, seven GPs<sup>15</sup> had constructed (between November 2018 and May 2022) seven market complexes, by utilising an amount of ₹ 63.79 lakh.

Audit noticed that neither had the GPs convened the Gram Sabhas, for fixation of monthly rent, nor had the assets been put to auction, for generating revenue. Thus, the expenditure of ₹ 63.79 lakh, incurred in the construction of market complexes, had remained unfruitful and had failed to generate any revenue for these GPs.



Confirming these facts, the concerned PEOs stated (December 2022) that, due to fixation of higher rent, nobody had come forward to use the assets on hire. The reply is not tenable since, none of the PEOs of the test-checked GPs, could provide any document regarding fixation of rent in their Gram Sabhas. Further, failure on the part of GPs to utilise the market complexes resulted not only in wasteful expenditure but also blocked the money which could have been utilised for other productive purposes, action may be initiated against officials responsible for such wasteful expenditure.

### 2.5.5 Irregular payment of transportation cost

As per PR&DW Department instructions (July 2018), procurement of road metal and construction material, was to be made from dealers registered with sales tax authorities, on tender/quotation basis, observing codal procedures and payment to the registered dealers/suppliers was to be made through account payee cheques.

<sup>15</sup> Pattmunda, Kuchedega, Panposh, Patrajhada, Trijanga, Bhuinpur and Mujagada

Out of all the test-checked PSs and GPs, Audit noticed, in one PS (Bhanjanagar) and four<sup>16</sup> GPs, that, 20 works had been executed, during FYs 2017-22, by utilising an amount of ₹ 35.89 lakh, out of which expenditure of ₹ 7.11 lakh, had been incurred through hand receipts, towards cost of transportation of material to different sites. Audit further noticed that, out of ₹ 7.11 lakh, ₹ 5.86 lakh had been shown as having been paid for transportation of materials by motorbikes and non-existent vehicles<sup>17</sup>. Hence, the genuineness of the vouchers was doubtful.

Confirming these facts, the PEOs stated (December 2022) that due care would be taken, while submitting vouchers, in future. The reply is not acceptable, since the veracity of these vouchers was doubtful which needs further investigation and appropriate action against those responsible for such irregularity.

### **2.5.6 Irregularities in the installation of street lights**

As per the instructions (August 2015) of the PR&DW Department, street lights were to be provided to the most populous villages, on priority basis, in the areas of mass congregation. The projects were required to be technically sanctioned by the Junior Engineers (Electrical) and approved by the GPs. If necessary, funds could be placed with the Electrical Division for execution and payment made on physical inspection of the light posts. As per Para 12 (i) of guidelines on Procurement of Goods, issued (February 2012) by Finance Department, tenders may be advertised for the procurement of goods of estimated value of ₹ 5.00 lakh or more. Further, Orissa Public Works Department (OPWD) Code Vol-II, Appendix-VII (amended in 2015), states that tender shall ordinarily be invited for all works costing more than 5.00 lakh or more.

Audit test-checked 235 projects, executed in 24<sup>18</sup> GPs during the FYs 2017-22, and noticed the following irregularities.

#### **2.5.6.1 Execution of work without administrative approval and technical sanction**

As per OPWD Code Vol.1, besides estimates, the three essential prerequisites for commencement of public works, are: (i) Administrative Approval (ii) Technical Sanction and (iii) Allotment of Funds.

Audit, however, noticed that, in 55 cases, before taking up the projects, neither had any estimate been prepared by authorised technical authority, nor had the projects been administratively approved and technically sanctioned by the competent authorities.

Confirming these facts, the concerned PEOs stated (December 2022) that, due to ignorance, estimates, for execution of streetlights, had not been prepared. The

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<sup>16</sup> Tikiri GP of Kashipur PS; Bhetiapada and Durgi GPs of Bissamcuttack PS; and Bhuinpur GP of Champua PS

<sup>17</sup> As ascertained from 'Parivahan Sewa' web portal

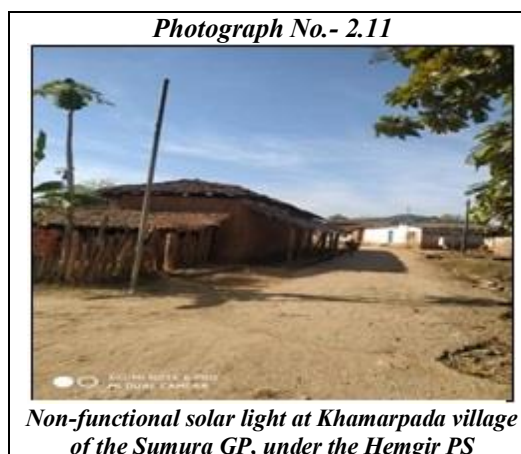
<sup>18</sup> Kashipur PS: Talajhari, Podpadi and Tikiri GPs; Muniguda PS: Kumudabali and Sibapadar GPs; Simulia PS: Kanchapada GP; Champua PS: Badanai, Bhuinpur and Rajia GPs; Koira PS: Gopna, K. Balang and Pattmunda GPs; Hemgir PS: Ankelbira, Kuchedega and Sumura GPs; Rajgangpur PS: Buchukpada and Panposh GPs; Basta PS: Gadapada GP; Jaleswar PS: Kuard, KM Sahi and Sikharpur GPs; Sukinda PS: Dudhujori GP; Danagadi PS: Rachhipur GP; and Bissamcuttack PS: Chanchadaguda GP

reply was not acceptable, since execution of works without estimates and administrative approvals, was violative of the codal provisions.

### 2.5.6.2 Non-observance of transparent procedures in award of works

Audit noticed that three<sup>19</sup> of the test-checked GPs had taken up five streetlight projects (2017-22), with an estimated cost of ₹35.85 lakh. In each case, the estimated cost was more than ₹ 5.00 lakh. However, in all these cases, instead of going for open advertised tender, the GPs had collected quotations from firms, without publication of any notices. In two GPs (Podapadi and Tikiri) of Kashipur PS, for installation of 23 solar streetlights, quotations had been collected from three firms which did not deal in solar lights, as verified from the Goods and Service Tax (GST) Portal.

Further, the executants neither had offered any warranty for the equipment, nor had any contract been signed with the executants, for maintenance of street lights during the warranty period. Thus, due to lack of required expertise and skill and non-coverage by warranty, these street lights were lying defunct, as discussed in subsequent paragraphs.



Confirming the facts, the concerned PEOs stated (December 2022) that, since the GPs did not have technical staff to deal with the process of tendering, the executants had been selected through quotation call notices. The reply is not tenable, since the GP works had been executed under the technical support of the PSs, which had the required expertise.

### 2.5.6.3 Wasteful expenditure in the installation of street lights

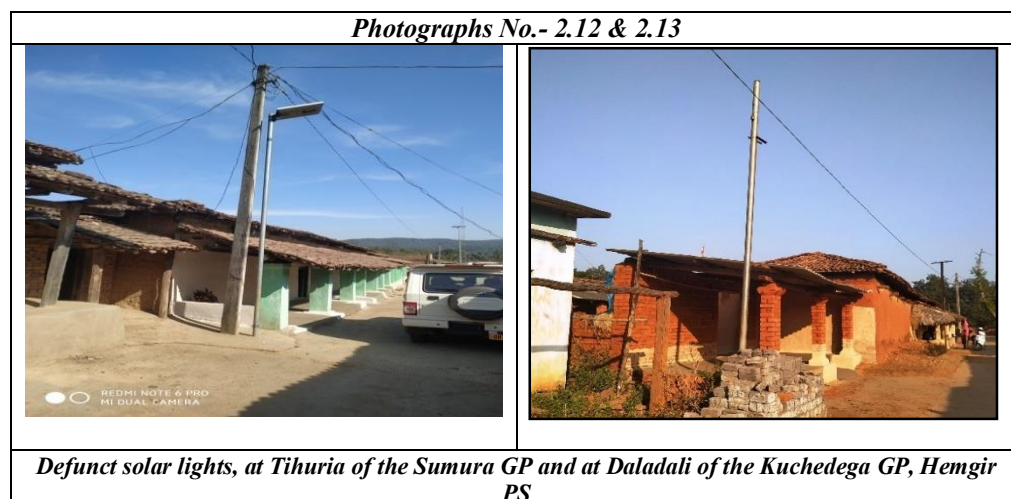
The solar lights are self-functioning equipped with Solar Panel Assembly, Solar Battery Assembly, Light Controls, Solar Light Fixture, Fixture Mounting Bracket etc., and linked to each other with wires. Defect in any of these fixtures may result in non-functioning of the solar lights.

In six<sup>20</sup> test-checked GPs, of two PSs (Koira and Hemgir), of the Sundargarh district, 290 solar streetlights points had been installed, by two firms<sup>21</sup>, utilising an amount of ₹ 74.75 lakh, during the FYs 2017-20. JPI of 121 solar streetlights points revealed that all the light points had become defunct, after six months from installation. Neither had the suppliers given any warranty for these lights, nor had the GPs made any maintenance on their own, despite admissibility of such expenditure from CFC Funds. As a result, the expenditure of ₹ 40.90 lakh, incurred on the installation of 121 solar streetlights, had been rendered unfruitful.

<sup>19</sup> Podapadi GP of Kashipur PS, Badanai and Bhuinpur GPs of Champua PS

<sup>20</sup> Gopana, K. Balanga and Pattmunda of Koira PS and Ankelbira, Kuchedega and Sumura GP of Hemgir PS

<sup>21</sup> M/s REMAX Clean Energy, Rourkela, and M/s Gajanan Solar Agency, Sundargarh



Confirming these facts, the concerned PEOs stated (December 2022) that steps would be taken for repair of the non-functional light points. The replies are not acceptable, since no repair had been taken up, despite lapse of more than two years of the projects becoming non-functional.

#### **2.5.6.4 Findings of Joint Physical inspection of street lights**

Joint Physical Inspections (JPIs), of 355 light points (both electric and solar), were conducted along with the PEOs concerned, to ascertain the status and functionality of projects revealed the following:

- 191 light points (54 per cent) were functional.
- 124 points (35 per cent) were non-functional,
- 40 points (11 per cent) were missing.

Confirming these facts, the PEOs assured that repair of the defunct light points, would be undertaken. The reply was not acceptable, as the beneficiaries were deprived of the intended services, due to non-functioning of these light points.

#### **2.5.6.5 Non-installation of solar street lights, despite full payment**

During the FY 2019-20, for execution of two solar street light projects<sup>22</sup>, out of 14<sup>th</sup> CFC grants, the Talajhari GP, of Kashipur PS, had awarded (November 2019) the work to an agency<sup>23</sup>, without any estimate, administrative approval and technical sanction. The agency had been selected on single quotation basis and had been paid (December 2019) ₹ 4.39 lakh, for execution of these projects.

JPI of the above projects was conducted (October 2022) by Audit, in the presence of PEO, Talajhari GP. The team could not find any installed solar lights in the concerned villages. The ex-PEO, who had been in charge of the GP at the time of installation of the aforesaid projects, stated that, despite payment (December 2019) of full cost to the agency, no solar street lights had been installed. Reasons for payment of full cost, without actual installation, were not found available on records.

This indicated that there had been unauthorised booking of expenditure and release of payment, without actual execution of work.

<sup>22</sup> Installation of solar light projects in the Tentulipada and Mahajal villages

<sup>23</sup> Sri Binayak Enterprises, Rayagada

Confirming these facts, the BDO, Kashipur, stated (October 2022) that these would be investigated and the factual position would be intimated to Audit. No further reply had been received (September 2024).

**Recommendations:**

- 4. Action may be initiated against the officials responsible for incurring inadmissible expenditure, preparing unrealistic estimates that led to non-completion of works and wasteful expenditure on non-functional assets.**
- 5. Investigation may be conducted and action may be taken against officials responsible for**
  - i) payment of transportation charges on fake vouchers**
  - ii) non-functioning of streetlights, missing streetlight points and non-installation of streetlights, despite payment being made.**

## **2.6 Monitoring and supervision**

### **2.6.1 Non-conduct of Social Audit**

The 14<sup>th</sup> FC and 15<sup>th</sup> FC Guidelines encouraged adoption of social audit at the grassroots level, to ensure fiscal transparency in the execution of works and to bring about qualitative improvement in public spending.

Audit noticed that no social audits had been conducted during the FYs 2017-22, at the GP level, in any of the test-checked GPs, to ensure fiscal transparency, accountability and efficiency in the execution of projects through CFC grants. In the absence of social audit, fiscal transparency could not be ensured and Audit noticed various irregularities, as discussed in the previous paragraphs.

Confirming the fact, the concerned PEOs stated (December 2022) that social audits would be conducted, in future. The reply was not acceptable, as the participation of local public, to ensure transparency, could not be ensured, in the absence of social audit.

### **2.6.2 Inadequate supervision and physical verification of projects**

As per the PR&DW Department instructions (August 2015), monthly review of different developmental works, undertaken at the GP level, was to be taken up by the concerned BDOs, in the first week of the month and a report thereon was to be submitted to the concerned CDO-cum-EOs, with a copy to the District Panchayat Officers concerned.

No documentary evidence, in support of any review meetings, having been conducted, during the FYs 2017-18 to 2021-22, were produced to Audit, by any of the test-checked GPs and PSs. Further, no registers had been maintained, to record the points discussed and defects noticed, in the course of discussions.

Confirming these facts, the concerned BDOs and PEOs assured (December 2022) that due procedure would be followed, in future. The reply was not acceptable, as absence of regular supervision had resulted in irregularities in the execution of works.

**Recommendation:**

- 6. The monitoring mechanism may be strengthened by ensuring conduct of social audits, to bring about transparency in implementation.**



# **CHAPTER 3**

**SSCA on**

**Utilisation of funds received by  
PRIs from SFC Grants**



## CHAPTER 3

## Utilisation of funds received by PRIs from SFC Grants

**3.1 Introduction**

State Finance Commissions (SFCs) are constituted by the Governor, under Articles 243 (I) and 243 (Y) of the Constitution of India, to recommend devolution of financial resources among the local bodies, and also suggest measures for augmenting their own resources of revenue.

The 4<sup>th</sup> SFC (2015-20) and the 5<sup>th</sup> SFC (2020-26), had recommended various measures, needed to improve the financial position of the local bodies.

The funds recommended by the SFCs, were to be released, by the PR&DW Department, to the GPs, PSs, and ZPs, directly into the approved SFC Accounts, in two tranches, with the first instalment to be released in the month of May/ June and the second instalment, in the month of October/ November, during every financial year.

**3.2 Funding Arrangements**

PRIs received both the 4<sup>th</sup> and 5<sup>th</sup> SFC grants under the following three components:

- (i) **Devolution:** To be utilised on priority basis, for local needs, to provide basic service delivery to citizens
- (ii) **Assignment of taxes:** For salary and establishment costs, sitting fees, honorarium, TA and DA to elected PRI representatives/ employees and maintenance and improvement of road infrastructure
- (iii) **Grants-in-Aid (GIA):** To meet the requirement of funds for selected sectors, e.g., all weather connectivity, provision of streetlights, maintenance of capital assets, provision of drinking water etc.

Audit test-checked the records of seven ZPs, 21 PSs and 63 GPs, as detailed in *Appendix-2.1*, covering the FYs 2017-18 to 2021-22, and noticed certain deficiencies in utilisation of the funds, as mentioned in succeeding paragraphs.

**3.3 Fund Management**

During the FYs 2017-22, the State had received ₹ 9,911.47 crore and released ₹ 9,911.47 crore, as detailed in the *Table 3.1*.

*Table 3.1: Receipt and release of funds by the State during 2017-22*

(₹ in crore)

Financial Year	Receipt	Release
2017-18	1,509.01	1,509.01
2018-19	1,645.25	1,645.25
2019-20	1,762.12	1,762.12
2020-21	2,461.54	2,461.54
2021-22	2,533.55	2,533.55
<b>Total</b>	<b>9,911.47</b>	<b>9,911.47</b>

*Source: Information from the PR&DW Department*

**Table 3.2: Availability of funds and expenditure thereof in the test-checked PSs**  
(₹ in crore)

Financial Year	Opening Balance	Receipt of SFC Grants	Other receipts <sup>24</sup>	Total availability of funds	Expenditure	Closing Balance (percentage of non-utilised funds)
2017-18	28.71	30.70	2.10	61.51	17.09	44.42 (72)
2018-19	44.42	26.55	2.03	73.00	21.18	51.82 (71)
2019-20	51.82	18.84	2.85	73.51	17.88	55.63 (76)
2020-21	55.63	42.88	4.04	102.55	41.92	60.63 (59)
2021-22	60.63	77.76	0.63	139.02	38.62	100.40 (72)

Source: Records of the test-checked PSs

**Table 3.3: Availability of funds and expenditure thereof, in the test-checked GPs**  
(₹ in crore)

Financial Year	Opening Balance	Receipt of SFC Grants	Other receipts <sup>25</sup>	Total availability of funds	Expenditure	Closing Balance (percentage of non-utilised funds)
2017-18	9.88	5.95	1.28	17.11	6.60	10.51 (61)
2018-19	10.51	7.20	1.73	19.44	7.41	12.03 (62)
2019-20	12.03	5.63	1.56	19.22	6.72	12.50 (65)
2020-21	12.50	7.88	0.86	21.24	7.99	13.25 (62)
2021-22	13.25	6.40	0.62	20.27	8.89	11.38 (56)

Source: Records of the test-checked GPs

Thus, during the FYs 2017-22, the PSs could not utilise 59 to 76 percent of the available funds and the GPs could not utilise 56 to 65 percent of the available funds. Reasons for the low spending efficiency included delays in the preparation of Gram Panchayat Development Plans (GPDPs) of the GPs, and AAPs of the PSs. As a result, the objective to provide need-based basic services to the rural people, could not be achieved.

While accepting the observation, Government stated (October 2023) that due to the constraints like shortage of manpower at GP level & delays in selection of sites, finalization of projects, approval in Gram Sabha, uploading in GPDP, the utilisation was slow. However, the GPs and PSs were taking steps for timely utilisation of Grants.

### 3.3.1 Non-adjustment of outstanding advances

Rule 41 of the OPSAP Rules, 2002, prohibits sanction of the second advance, until the first advance has been accounted for. Further, the Finance Department instructed (March 2002) that advances lying unadjusted beyond one year, are to be treated as loss to the Government account and necessary disciplinary action thereon, is to be initiated, to make good of such loss to the Government Account, by way of recovery/adjustment.

<sup>24</sup> Interest and funds received back from the executing agencies

<sup>25</sup> Interest and funds received back from the executing agencies

Audit noticed that, in two<sup>26</sup> out of the 21 test-checked PSs and in two<sup>27</sup> out of the 63 test-checked GPs, the second and subsequent advances had been paid before adjustment of previous advances. Further, neither had any Advance Registers been maintained, nor had any reviews been undertaken, for keeping watch on the recovery of these advances. Thus, outstanding advances, of ₹ 32.04 lakh, were pending against various government officials, as of March 2022. These advances had been disbursed during the FYs 2015-20, for various purposes, as detailed in *Appendix-3.1*. Non-adjustment of advances over the years, may lead to misappropriation of funds.

Accepting the observation, Government stated (October 2023) that the BDOs had been instructed to review the outstanding advances on regular basis and adjust the outstanding advances.

### **3.3.2 Mismatch between the opening and closing balances of Cash Books**

As per the OPSAP, Rules, 2002, BDOs are to personally satisfy themselves that the closing balances (CBs) of the transactions of the previous day have been correctly carried forward as opening balances (OBs) on the days of the transactions. Similarly, as per the Odisha Gram Panchayat (OGP) Rules, 2014, at the closure of the day of transactions, the analysis of the CB is to be clearly indicated in the Cash Book and signed by the PEO and Sarpanch of the GP.

Audit, however, noticed that, in two<sup>28</sup> units, against the overall CB of ₹ 3.26 crore, in subsequent transactions, the OB had been carried forward as ₹ 1.35 crore, resulting in the OB being shown at a value reduced by ₹ 1.91 crore, as detailed in *Appendix-3.2*. This happened, due to non-exercise of adequate checks by the BDO and PEO concerned. Less exhibition of funds could indicate misappropriation of government funds, which needed investigation.

Accepting the observation, Government stated (October 2023) that the concerned PRIs would be sensitized to rectify the mistakes in the opening balances and closing balances of the cashbooks.

### **3.3.3 Non-accountal of interest**

As per Rule 37 (ii) of the Orissa Treasury Code (OTC) Vol.1, all monetary transactions should be entered in the Cash Books, as soon as they occur.

Audit, however, noticed that, out of the test-checked PSs and GPs, five PSs and three GPs, had accounted for an amount of only ₹ 1.05 crore, out of the total interest of ₹ 1.44 crore, accrued on bank accounts, during the FYs 2017-22, in the respective Cash books, as of March 2022, as detailed in *Appendix-3.3*. Due to this, ₹ 0.40 crore had remained outside the purview of the books of accounts and the Cash Book balances had been understated to that extent.

Accepting the observation, Government stated (October 2023) that the concerned PRIs would be intimated to update the Cash book in a timely manner by reflecting the interest accrued in the bank account.

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<sup>26</sup> Beguniapada PS of the Ganjam district and Kashipur PS of the Rayagada district

<sup>27</sup> Sibapadar GP of Muniguda PS and Sadanandapur GP of Basta PS

<sup>28</sup> Keonjhar Sadar PS and Podapadi GP of Kashipur PS

### 3.3.4 Non-deposit of Government revenue

As per Rule 6 (1) of the OTC Vol-I, all money, received by Government servants, on account of the revenues of the State, is to be paid, in full, into the treasury, or into the bank, and is to be included in the Public Account of the State, within three working days.

Audit noticed that, during the FYs 2017-22, out of the test-checked PSs and GPs, nine PSs and 38 GPs had received ₹ 1.33<sup>29</sup> crore, from work bills, on account of royalty, labour welfare cess, TDS (Tax Deducted at Source) & VAT (Value Added Tax) and they had retained the amount, in bank accounts, without depositing it with the appropriate authorities, as detailed in *Appendix-3.4*.

Accepting the observation, Government stated (October 2023) that the defaulting PRIs would be instructed to deposit the Government revenue with the appropriate authorities.

### 3.3.5 Inadmissible expenditure out of SFC Grants

As per PR&DW Department Guidelines (issued *vide* letter No. 18530 dated 02.07.2015), devolved funds are to be utilised to meet infrastructural gaps and the welfare needs of the community, to provide need-based services to people.

Audit noticed that, out of the test-checked PRIs, six PSs and one GP had utilised an amount of ₹ 1.09 crore, as detailed in **Table 3.4**, out of SFC funds, on office stationery, installation of CCTV camera, purchase of computers and photocopier, inverter, air conditioners, construction of ‘Mo Sarkar’<sup>30</sup> room *etc.*

**Table 3.4: Inadmissible expenditure out of the SFC grants**

Sl. No.	District	Block	Unit	Expenditure incurred (₹ in lakh)
1	Ganjam	Beguniapada	Beguniapada, PS	3.49
2	Ganjam	Rangeilunda	Rangeilunda, PS	14.71
3	Ganjam	Rangeilunda	Golanthara GP	0.91
4	Rayagada	Bissamcuttack	Bissamcuttack, PS	50.02
5	Rayagada	Banspal	Banspal, PS	0.65
6	Keonjhar	Keonjhar Sadar	Keonjhar Sadar, PS	11.30
7	Rayagada	Muniguda	Muniguda, PS	27.68
<b>Total</b>				<b>108.76</b>

**Source:** Records of the concerned PSs and GP

Such inadmissible expenditure had deprived people of availing of need-based services, as intended in the SFC guidelines.

Accepting the observation, Government stated (October 2023) that the PSs concerned would not incur expenditure on inadmissible items, in future.

#### **Recommendation:**

**7. Responsibility may be fixed for non-adjustment of outstanding advances, non-deposit of government revenue and execution of inadmissible projects.**

<sup>29</sup> Royalty: ₹ 84.55 lakh, Labour Cess: ₹ 36.45 lakh, VAT: ₹ 9.61 lakh and IT: ₹ 2.52 lakh

<sup>30</sup> ‘Mo Sarkar’ is an initiative of the Odisha Government, to inject professionalism and a sustained behavioural change in public offices and functionaries, through a random feedback mechanism that directly connects the Government with the citizens.

### 3.4 Execution of Works

#### 3.4.1 Irregularities in the purchase of construction material

The PR&DW Department instructed (*vide* letter No.17434 of September 2017 and 13220 of July 2018) that the departmental officers, in charge of execution of work, are required to furnish bills, in support of procurement of material from authorised supplier(s) having valid GST Registration Numbers. The material and labour costs of the project are required to be transmitted to the bank accounts of the suppliers and labourers concerned and, in no case, the work bill amounts to be credited to the personal accounts of the Government servants in charge of the works.

Audit test-checked 445 works, with an estimated cost of ₹ 13.25 crore, in 37 GPs<sup>31</sup> and 13 PSs<sup>32</sup>, which had been completed during 2017-22, by utilising an amount of ₹ 12.72 crore and noticed the following irregularities:

- Material like cement and stone products, had been procured at a cost of ₹ 3.19 crore, through cash payment
- Material like cement and stone products, had been procured at a cost of ₹ 1.06 crore, through hand receipts, obtained from unregistered dealers
- Material like cement and stone products, had been procured at a cost of ₹ 39.81 lakh, from dealers having no valid GST registration numbers
- Material like cement and stone products, had been procured at a cost of ₹ 22.39 lakh, from dealers having GST registration numbers but they did not deal in these construction materials, as verified from the GST web portal.

The above irregularities in procurement were not only violation of instruction of PR&DW Department mentioned above but also resulted in loss of revenue to the Government in terms of GST and hence action may be initiated against those responsible for such irregularities.

Accepting the observation, Government stated (October 2023) that the PSs and the GPs concerned would follow due procedures in procurement of construction material.

#### 3.4.2 Irregular payment of wages

The Labour and ESI Department, Government of Odisha, revised (April 2018, October 2018, November 2019, October 2020 and November 2021) the minimum rates of wages, for different categories of labourers from time to time.

Audit noticed, in five out of 21 test-checked PSs and in 10 test-checked GPs of these five PSs, that 49 works had been executed by utilising an amount of ₹ 97.50 lakh, with wage payments of ₹ 28.07 lakh, during 2017-22. However, as per the minimum wage rates prescribed, the labourers were entitled for

<sup>31</sup> **GPs:** Banspal, Karangadihi, Uperaigoda, Badanai, Bhuinpur, Rajia, Bhetiapada, Chancharaguda, Durgi, Podapadi, Talajhiri, Tikiri, Kumudabali, Patraguda, Sibapadar, Dihapadhal, Sanakodanda, Dura, Randha, Pukali, Gangarajpur, Pottangi, Laxmipur, Burja, Toyaput, Dasmantapur, Parja Bedapadar, Chanabada, Gopna, K. Balang, Pattmunda, Ankelbira, Kuchedega, Sumura, Markona, Kanchapada and Bari

<sup>32</sup> **PSs:** Banspal, Champua, Bissamcuttaek, Kashipur, Muniguda, Beguniapada, Rangeilunda, Pottangi, Laxmipur, Dasmantapur, Koira, Hemgiri and Rajgangpur

payment of wages of ₹ 29.92 lakh. Thus, there had been less payment of wages of ₹ 1.85 lakh, as detailed in **Appendix-3.5**.



Accepting the observation, Government stated (October 2023) that the PSs and the GPs concerned would follow due procedure in payment of wages.

### **3.4.3 Wasteful expenditure on completed assets**

As per Section 4 (m) of the Odisha Fiscal Responsibility & Budget Management Act, 2005, government resources are to be used in ways that give the best value for money, and also public assets are put to best possible use. Further, the PR&DW Department has instructed (June 2015) that Gram Sabhas may be convened for fixing monthly rents of government assets, like market complex, big tanks *etc.*, created out of the Central and the State funds, with the approval of the concerned GPs. In case of unauthorised occupation of those assets, one month's notice was to be issued, to evict the unauthorised occupants, otherwise, action as deemed proper, was to be taken.

Audit noticed that, during the FYs 2017-20, 12 GPs<sup>33</sup> had constructed assets, like *kalyan mandaps*<sup>34</sup>, community centres, market complexes (shops) and PEO quarters, by utilising an amount of ₹ 1.05 crore.

After completion of these assets, neither had the Gram Sabhas been convened for fixation of monthly rents in respect of the market complexes (shops), nor had the quarters been allotted to the appropriate authorities, for utilisation. Thus, despite utilisation of ₹ 1.05 crore, these assets were lying idle, without generating own revenue.

<b>Photograph No. – 3.1</b>	<b>Photograph No.- 3.2</b>
	
<p><b>Idle Market Complex of the Kanchapada GP under the Simulia PS</b></p>	<p><b>Idle PEO quarter at Bhetiapada GP of Bissamcuttack PS</b></p>

Accepting the observation, Government stated (October 2023) that steps would be taken by the PRIs concerned to make the best use of the completed assets.

Further, during JPI of the market complex of one GP (Sadanandapur GP of Basta PS), it was observed that all the three shops had been encroached upon and were being utilised commercially, without paying any rent to the GP. No steps had been taken by the GP, for eviction of the unauthorised occupants, as of November 2022. In reply, the PEO, Sadanandapur, stated (December 2022)

<sup>33</sup> Bhetiapada and Durgi of Bissamcuttack PS, Kumudabali of Muniguda PS, Palaspanga of Keonjhar Sadar PS, Mardakote of Beguniapada PS, Panposh of Rajgangapur PS, Dudhojori of Sukinda PS, Trijanga of Danagadi PS, Kumari of Dharmasala PS, Sadanandapur of Basta PS, Kanchapada and Bari of Simulia PS

<sup>34</sup> *Kalyan Mandap* is a venue for organizing social functions

that steps for allotment of shops would soon be taken. However, no reply was furnished in regard to unauthorised occupation.

The reply is not tenable, as, without eviction of the unauthorised occupants, allotment is not possible. Thus failure on the part of GPs to utilise the assets resulted not only in wasteful expenditure but also blocked the money which could have been utilised for other productive purposes, action may be initiated against the officials responsible for such irregularities.

#### **3.4.4 Irregularities in the installation of street lights**

As per the instructions (July 2015) of the PR&DW Department, street lights, in villages, were to be installed based on the proposals received from the field functionaries. A Technical Committee, under the Chairmanship of the Collector, was to be formed, with the Executive Engineer (EE) of the Zone; AE/JE of the General Electrical Division; Project Director, DRDA; District Panchayat Officer (DPO); and two BDOs, to scrutinize the plan, programme and installation of street lights in the selected villages. The selection of street lights, with due recommendation of the BDO and countersign of the DPO, was to be submitted, through the Collector, to Government, for approval. Further, as per PR&DW Department resolution (July 2018), the departmental officer in charge of the work, is to furnish voucher/bill in support of procurement of material, from authorised supplier(s) having valid GST registration number/(s).

Audit noticed, in five<sup>35</sup> test-checked GPs and one<sup>36</sup> PS (of Keonjhar and Rayagada Districts), that 19<sup>37</sup> streetlight projects, with an estimated cost of ₹ 34.21 lakh, had been taken up for execution, during the FYs 2018-22, and had been completed by utilising an amount of ₹ 34.21 lakh, as of March 2022. Audit test-checked all 19 projects and noticed the following irregularities:

- No technical committees were constituted, at the district level, to scrutinize the plan, for installation of streetlights.
- Before taking up the projects, the PEOs had not conducted any technical surveys, assessing the requirement of streetlights. Further, the specifications of the streetlights had not been identified, in terms of quantity, type *etc.*, keeping in view the specific needs of the concerned GPs. Further, neither had any estimates been prepared by authorised technical authorities, nor had the projects been administratively approved and technically sanctioned by the competent authorities. As such, the actual requirements for projects and their technical viability had not been assessed before their execution.
- Further, in all 19 projects, the selected firms neither had offered any warranty for the equipment used, nor had the GPs executed any contracts for its maintenance. Due to non-coverage by warranty, Audit noticed a number of defunct streetlights, during JPI.

While accepting the observation, Government stated (October 2023) that as there was lack of technical persons at GP level, the GPs were not able to meet

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<sup>35</sup> Champua PS: Badanai and Rajia; Muniguda PS: Sibapadar; Kashipur PS: Talajhiri and Tikiri

<sup>36</sup> Muniguda PS

<sup>37</sup> Three electrical projects and 16 solar streetlight projects

all the technical specifications while installing streetlight. The reply was not tenable, since, the required district level technical committees to provide guidance for installation of streetlight, were not constituted.

### **3.4.5 Results of joint physical inspection of streetlights**

In five<sup>38</sup> out of the 63 test-checked GPs and one (Muniguda) out of the 21 test-checked PSs, for ascertaining the status and functionality of the seven streetlight projects, JPI of 38 solar streetlight points and 18 electric streetlight points, was conducted (between September and December 2022) by Audit, in the presence of the representatives of the BDOs. In this regard, it was noticed that:

- Out of 38 solar streetlight points, 34 were functional, two were non-functional and two were missing.
- Out of 18 electric streetlight points, eight light points were functional, nine were non-functional, and one had been missing.

- Each of the electric streetlight points had been fitted to the existing low transmission (LT) line, without obtaining prior permission of the Power Distribution Company (DISCOM). Thus, unauthorised power supply was being provided to the streetlights, from the existing LT lines. No electric meters had been installed for recording the quantity of power consumed and no monthly tariff was being paid by the GPs, to the DISCOM.



- The local public, present at the site of inspection stated that no maintenance work had been undertaken, either by the executants or by the GPs.

Accepting the observation, Government stated (October 2023) that the GPs concerned would take steps for repair of defunct light points.

### **3.4.6 Non-imposition of liquidated damages**

The PR&DW Department decided (February 2019) to execute the LED streetlighting system, in one village of each GP, on a Turn-Key<sup>39</sup> basis. For this purpose, the executants were selected at the State level, on tender basis, and the CDO-cum-EOs of the ZPs were instructed (February 2019) to execute agreements with the concerned executants and commence work. As per these agreements, in case of failure of the contract or to complete the work within six months from the date of issue of work order, liquidated damages, at the rate of

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<sup>38</sup> Bhetiapada, Bhuinpur, Kumudabali, Sibapadar and Talajhari

<sup>39</sup> A turn-key project is designed, developed by the agency/contractor and is handed over to an owner, when it becomes ready to operate

0.5 per cent (of the total cost of incomplete portion of work) of each week of delay or part thereof, limited to a maximum of 10 per cent of the cost of incomplete portion of works would be levied.

In two out of the seven test-checked districts (Keonjhar and Balasore), 657 villages had been selected for installation of streetlight systems, at an estimated cost of ₹ 8.78 crore.

In Keonjhar district, the contract was signed (March 2019) between the DRDA, Keonjhar and M/s Akhandalmani Electricals Construction, Cuttack, for completion of work by 6 September 2019. The Agency could not complete the work within the stipulated date. In Balasore district, the contract was signed (February 2021) between the DRDA, Balasore and M/s S. K. Engineers India Pvt. Ltd, Bhubaneswar, for completion by 8 July 2021, which was also incomplete, as of December 2022.

Audit noticed that streetlight systems, in 249 villages (Keonjhar: 69 and Balasore: 180), with an overall contract value of ₹ 3.23 crore, had not been completed, as of March 2022. As the delays from the schedule/extended date of completion were 38 weeks to 134 weeks, as of March 2022, maximum 10 percent of liquidated damages, amounting to ₹32.32 lakh, were to be imposed and recovered from these agencies. The ZPs had, however, neither imposed nor recovered any liquidated damages, for delay in completion of works, for which action may be initiated against the officials responsible for such irregularities.

Accepting the observation, the Government stated (October 2023) that suitable action would be taken by the ZPs concerned against the defaulting executants.

**Recommendation:**

**8. Responsibility may be fixed for irregular purchase of construction material, wasteful expenditure on unutilised assets and non-recovery of liquidated damage for delayed completion of work.**

### 3.5 Monitoring and supervision

#### 3.5.1 Non-conduct of social Audits

As per SFC Guidelines, issued by the PR&DW Department, social audits were to be encouraged at the grassroots level and were to be conducted by convening the Palli Sabha<sup>40</sup>.

Audit noticed that, during the FYs 2017-22, in none of the test-checked PSs and GPs, had social audits been conducted for projects executed from SFC grants. Thus, the objective of ensuring public accountability, in implementation, had not been achieved. This had also resulted in absence of people's participation in the monitoring process.

While accepting the observation, Government stated (October 2023) that the social audit of projects executed out of SFC grant had commenced from FY 2022-23.

<sup>40</sup> 'Palli Sabha comprises of all the electorates of a revenue village or a ward. It is the assembly of the people in the village, who are more than 18 years of age and have their names enrolled in the voter list of the Panchayat.

### **3.5.2 Absence of surprise inspections**

As per SFC guidelines, the BDOs and DPOs were required to conduct surprise visits, for at least 10 *per cent* of the works, and overall supervision was to be made by the CDOs of the ZPs, in their surprise visits to the GPs.

Audit noticed that no documentary evidence was available relating to the sites inspected and quantum of visits, if any, undertaken by the supervisory authorities, at the PS and GP levels. Moreover, no inspection reports were available, in support of the inspections undertaken. In the absence of the requisite information, Audit concluded that no inspections had been conducted.

In reply, Government stated (October 2023) that the BDOs were conducting supervision and physical verification of projects executed at GPs. The reply is not acceptable as related records like assets verified, deficiencies noticed during inspection, action taken to rectify the defects, were not produced to audit.

***Recommendation:***

***9. The monitoring mechanism may be strengthened, for timely completion of projects and for ensuring effective utilisation of available resources.***

# **CHAPTER 4**

**SSCA on**

**Implementation of  
Gopabandhu Gramin Yojana**



## CHAPTER 4

### Implementation of the Gopabandhu Gramin Yojana

#### 4.1 Introduction

The Gopabandhu Gramin Yojana (GGY), a fully funded State Plan scheme, was launched in FY 2006-07, in 10 districts, by the Government of Odisha (GoO), for providing additional developmental assistance to the districts not covered under the Backward Region Grant Fund (BRGF)<sup>41</sup>. Following the discontinuance of BRGF from FY 2015-16, the scope of GGY was spread to all the 30 districts of the State, with the prime objective of bridging critical gaps in infrastructure, in the rural areas, by complementing and supplementing the existing resources, with special focus on three sectors, viz., *Bijili* (electrification), *Sadak* (road infrastructure and bridge) and *Pani* (irrigation and water supply), in every village, in a need-based manner.

The PR&DW Department, being the Nodal Department, makes budgetary provisions, under the scheme, for each year. The Department releases 50 per cent of the total allocation to the districts, based on the share of rural population of a district, in comparison to the rural population of the State, while the balance 50 per cent is released on the basis of the share of the rural area of the district, to the total rural area of the State. The same principle of classification of funds, on the basis of rural population and rural areas, is adopted by the District Collector, for release of funds from the district to the block, through e-transfer.

#### 4.2 Audit scope and methodology

Audit test-checked (May 2022 - December 2022) the records of seven<sup>42</sup> ZPs and 21<sup>43</sup> PSs, covering the period from the FY 2017-18 to the FY 2021-22. The sampled ZPs and PSs were selected on the basis of utilisation of funds and last audit conducted. Certain deficiencies were noticed in the implementation of the scheme, as elaborated in the succeeding paragraphs.

#### 4.3 Planning

##### 4.3.1 Deficient Planning

Paragraphs 7.2 to 7.6 and 7.8 of the GGY Guidelines provide for the Palli Sabha<sup>44</sup> acting as a unit of planning under the GGY, to recommend a list of need-based projects to the GPs, for the next financial year. The GPs consolidate the projects and recommend them to the PSs, which, in turn, submit the lists to the District Collector, preferably by the first week of December each year, with their recommendations. The Districts are to place all such proposals, preferably

<sup>41</sup> The BRGF scheme was launched by the GoI (January 2007), to redress regional imbalances in development, by way of providing financial resources, for supplementing and converging existing developmental inflows into the identified backward districts.

<sup>42</sup> Balasore, Ganjam, Jajpur, Keonjhar, Koraput, Rayagada and Sundargarh

<sup>43</sup> Basta, Simulia, Jaleswar, Beguniapada, Bhanjanagar, Rangeilunda, Sukinda, Danagadi, Dharmasala, Keonjhar Sadar, Banspal, Champua, Pottangi, Laxmipur, Dasamantpur, Kashipur, Bissamcuttack, Muniguda, Koira, Hemgiri and Rajgangpur

<sup>44</sup> Palli Sabha comprises of all the electorates of a revenue village or a ward. It is the assembly of the people in the village, who are more than 18 years of age and have their names enrolled in the voter list of the Panchayat.

by the end of January, before the District Planning Committee (DPC), for its consideration and approval. The approved lists are to be communicated back to the PSs, by the end of February, for execution.

Audit noticed, in 18<sup>45</sup> out of 21 test-checked PSs, of seven of the test-checked ZPs, that, during the FYs 2017-19, though 2,940 projects, with an estimated cost of ₹ 57.72 crore, had been approved by the DPCs, no Palli Sabhas had been conducted, at the GP level, for identification of projects. Instead, proposals relating to the projects had been submitted by the PSs, in consultation with their elected representatives, for approval of the DPC.

Thus, the selection of projects, under the scheme, was, in practice, based upon a top-down approach, rather than a bottom-up approach, and was not need-based, as discussed in the subsequent paragraphs. This undermines the fundamental objective of the 73rd Constitutional Amendment Act, which aimed to empower PRIs as self-governing entities, enabling them to make decisions independently at the grassroot level.

Although these facts were confirmed (September 2022) by the BDOs, CDO-cum-EOs of the ZPs, had not furnished any replies (September 2024).

#### **4.3.2 Delays in submission of project proposals**

As per Paragraph No. 7 of the GGY Guidelines, the project proposals, for the next financial year, received from the Palli Sabhas, are required to be submitted, by the PSs, to the concerned District Collectors, by the first week of December. The District Collectors are required to place all such proposals, for consideration and approval of the DPC, by the end of January. The approved lists are to be communicated to the PSs by the end of February.

Audit noticed that the DPCs, of seven of the test-checked districts, had approved 11,895 Projects, with an estimated cost of ₹ 256.06 crore, for the FYs 2017-18 and 2018-19, with delays ranging from 201 to 344 days, as detailed in **Table 4.1**.

**Table 4.1: Delays in approval of projects**

<b>FY</b>	<b>Due date of approval of projects by the DPCs</b>	<b>Date of approval of projects by DPCs</b>	<b>Delays in approval (in days)</b>	<b>Date of Release of funds to PSs</b>
2017-18	31-01-2017	22-09-2017 to 10-01-2018	234 to 344	07-11-2017 to 28-02-2018
2018-19	31-01-2018	20-08-2018 to 21-12-2018	201 to 324	13-08-2018 to 06-08-2019

**Source:** Records of concerned ZPs

The delayed approval of projects as shown in **Table 4.1**, had resulted in delayed release of funds to the PSs. Due to this, the related budgetary allocations remained underutilised at PSs level as shown in **Table 4.4**, resulting in a significant gap between fund allocation and actual utilisation.

Confirming the facts, the CDO-cum-EOs of the ZPs stated (June 2022) that, due to the busy time schedule of the Chairpersons of the DPCs, the projects could

<sup>45</sup> Beguniapada, Bhanjanagar, Rangeilunda, Sukinda, Danagadi, Dharmasala, Keonjhar Sadar, Banspal, Champua, Pottangi, Laxmipur, Dasamantpur, Kashipur, Bissamcuttack, Muniguda, Koira, Hemgiri and Rajgangpur

not be approved in time and assured that the shortcomings would be overcome in future.

### 4.3.3 Unauthorised sanction of projects without approval of the DPCs

As per Paragraphs 7.5 and 7.6 of the GGY guidelines, the District Collectors are required to place all proposals, received from the Palli Sabhas, through the Panchayat Samitis, before the concerned DPCs, for consideration and approval. Finalization of the list of projects, to be taken up under the GGY, vests with the DPC.

Audit, however noticed that, in three ZPs (Keonjhar, Jajpur and Ganjam), out of the seven test-checked districts, 1,002<sup>46</sup> projects, with an estimated cost of ₹ 19.64 crore, had been sanctioned by the Collectors, without approval of the DPCs and funds had been released to the PSs, for execution. Absence of approval of the competent body, *i.e.*, the DPCs, resulted in unauthorised sanction of ₹ 19.64 crore. This defeats the purpose of the 73rd Constitutional Amendment Act, which aimed to empower PRIs as autonomous decision-making bodies at the grassroot level.

Confirming the facts, the CDO-cum-EOs of the concerned ZPs, stated (June 2022) that the projects approved by the Collectors could not be placed in the DPC meetings, inadvertently.

#### **Recommendation:**

**10. Participatory preparation of projects, including the preparation of project proposals from the Palli Sabha level, may be ensured.**

## 4.4 Fund Management

The receipt and release by PR&DW Department during the FYs 2017-22, is shown in the **Table 4.2**.

**Table 4.2: Receipt and Release of funds under GGY by PR&DW Department**

(₹ in crore)

FYs	Receipt	Release
2017-18	300.00	300.00
2018-19	500.00	500.00
2019-20	0	0
2020-21	0	0
2021-22	24.37	24.37
<b>Total</b>	<b>824.37</b>	<b>824.37</b>

**Source: Information from the PR&DW Department**

During the FYs 2017-22, the availability of funds and their utilisation in all the test-checked ZPs and PSs, is given in **Table 4.3 and 4.4**.

<sup>46</sup> **Jajpur:** 954 projects, with an estimated cost of ₹ 17.85 crore, for FY 2018-19; **Keonjhar:** 46 projects, with an estimated cost of ₹ 1.66 crore, for FY 2020-21 and **Ganjam:** 2 projects, with an estimated cost of ₹ 0.13 crore, for FYs 2018-20.

**Table 4.3: Receipt and utilisation of funds in the test-checked ZPs**

(₹ in crore)

FY	OB	Receipt of grants	Interest accrued	Other Receipts	Total funds available	Total expenditure (per cent)	CB
2017-18	20.13	119.97	1.43	0.17	141.70	128.46 (91)	13.24
2018-19	13.24	152.50	3.31	1.99	171.04	141.08 (82)	29.96
2019-20	29.96	17.36	2.34	5.54	55.20	31.68 (57)	23.52
2020-21	23.52	0	0.76	2.95	27.23	2.97 (11)	24.26
2021-22	24.26	0	0.31	2.49	27.06	18.95 (70)	8.11

Source: Cashbooks of the test-checked ZPs

**Table 4.4: Receipt and utilisation of funds in the test-checked PSs**

(₹ in crore)

FY	OB	Receipt of grants	Total funds available	Total Expenditure (per cent)	CB
2017-18	61.58	34.42	96.00	43.11 (45)	52.89
2018-19	52.89	34.27	87.16	38.00 (44)	49.16
2019-20	49.16	11.49	60.65	29.84 (49)	30.81
2020-21	30.81	5.65	36.46	15.38 (42)	21.08
2021-22	21.08	3.09	24.17	4.43 (18)	19.74

Source: Cashbooks of the test-checked PSs

As seen from the **Table-4.2 and 4.3**, though the State level expenditure is 100 percent during the FYs 2017-22, in the test checked ZPs and PSs, the expenditure was between 11 and 91 *per cent* & 18 and 45 *per cent*, respectively. This indicated that the State level expenditure was not based on the actual expenditure by the ZP level.

Audit noticed the following irregularities in the management of funds:

#### **4.4.1 Non-refund of unspent funds, to the State Nodal Account**

The PR&DW Department instructed (December 2019 and July 2021) the ZPs and PSs, to refund the unspent funds and the interest accrued under GGY, to the State Nodal Account.

Audit noticed that, in all the seven test-checked ZPs and 21 PSs, unutilised funds of ₹27.88 crore, had not been refunded to the State Nodal Account, as of March 2022. Due to non-refund of the unspent amount, the Department was unable to allocate the unutilised funds to other districts, which were in need of funds.

Confirming these facts, the concerned CDO-cum-EOs and BDOs assured (June 2022) that the unutilised balances would be refunded.

#### **4.4.2 Diversion of GGY funds to other schemes**

As per Rule 10 (1) of the OPSAP, 2002, funds placed at the disposal of the Samiti, by the Government, by way of grant for schemes, under any head, cannot be diverted, from one scheme to another, without approval of the Government.

Audit noticed that, during the FYs 2017-22, five<sup>47</sup> of the test-checked PSs had diverted an amount of ₹ 2.82 crore, out of GGY funds, for meeting expenses

<sup>47</sup> Keonjhar Sadar, Basta, Pottangi, Simulia and Muniguda

under other schemes and activities, like the Madhubabu Pension Yojana, Ama Gaon Ama Bikash, SHG Free Kitchen, Biju Pucca Ghar Yojana *etc.*, without the approval of the Government. As of March 2022, though ₹ 2.42 crore had been recouped, ₹ 0.40 crore was still pending for recoupment.

Confirming these facts, the concerned BDOs stated (December 2022) that, since there was no other source to meet the exigencies, the amount had been diverted from the GGY. However, the reply was not acceptable, since diversion of schematic funds was likely to impact the execution of works and also result in loss of interest.

#### **4.4.3 Loss of interest, due to non-parking of funds under Flexi-accounts**

The Finance Department instructed (*vide* letter No. 35425 dated 12 October 2012) all the Drawing and Disbursing Officers, to keep different schematic funds, in Flexi-accounts, instead of Savings accounts, of the concerned banks, for obtaining higher returns. Further, as per Paragraph 5.5 of the GGY guidelines, the interest accrued was to be treated as part of the scheme funds and was to be utilised accordingly.

Audit observed that, during the FYs 2017-22, one of the test-checked ZPs (Keonjhar) and 11<sup>48</sup> PSs, had deposited GGY funds, in Savings Accounts, without opting for the Flexi-mode of deposits. Thus, against the accruable interest of ₹ 5.21 crore (as per the rate of interest for flexi deposits, issued by the State Bank of India, from time to time) on schematic deposits, only ₹ 2.87 crore had accrued (actual interest earned from the savings accounts), leading to a loss of ₹ 2.34 crore, as detailed in *Appendix-4.1*. This resulted in loss of additional funds under the scheme, to that extent.

Confirming the facts, the concerned BDOs assured (December 2022) that schematic funds would be kept under the flexi mode.

#### **Recommendation:**

**11. Funds in the bank may be kept in Flexi A/Cs instead of Saving A/Cs to avoid loss of interest.**

### **4.5 Execution of works**

#### **4.5.1 Expenditure on other scheme works**

As per Paragraph No.1.1 of the GGY Guidelines, funds under the scheme are to be used for filling critical gaps in infrastructure in rural areas, subject to recommendation of projects by the Palli Sabhas and finalisation by the concerned DPCs.

Audit, however, noticed, in three<sup>49</sup> of the test-checked PSs, of two districts, that, during the FYs 2017-22, ₹ 84.44 lakh had been paid from GGY scheme funds, for execution of works related to schemes like AGAB, MGNREGS, *etc.* Payment for other scheme works, without the approval of the competent body, had resulted in irregular expenditure, out of GGY funds.

<sup>48</sup> Keonjhar Sadar, Banspal, Champua, Kashipur, Bissamcuttack, Muniguda, Danagadi, Simulia, Koira, Pottangi and Laxmipur

<sup>49</sup> Keonjhar Sadar, Kashipur and Bissamcuttack

Confirming these facts, the concerned BDOs stated (November 2022) that these works had been taken up under the scheme because of urgency. However, the reply was not acceptable, since it violated the guidelines.

#### **4.5.2 Non- deposit of Government revenue with the appropriate authorities**

As per Paragraph No. 5.6 of the GGY guidelines, deductions from works, such as tax, royalty, labour cess *etc.*, are required to be remitted to the appropriate authority.

Audit, noticed, in eight<sup>50</sup> of the test-checked PSs, of three districts (Ganjam, Keonjhar and Koraput), that deductions from works, amounting to ₹ 80.29 lakh, had been lying, in the bank accounts, as of December 2022, without being deposited with the appropriate authorities, since FY 2017-18. This included royalty of ₹ 50.54 lakh, labour welfare cess of ₹ 18.60 lakh, and VAT of ₹ 11.15 lakh. This had resulted in undue retention of Government revenue.

Confirming these facts, the concerned BDOs assured (November 2022) that the revenue would be deposited with the appropriate authority.

#### **4.5.3 Irregularities in the installation of streetlights**

Audit noticed, in eight<sup>51</sup> out of the 21 test-checked PSs, of four<sup>52</sup> out of the seven test-checked districts, that, during the FYs 2017-19, 245 projects, had been executed, by utilising an amount of ₹ 4.14 crore, as of May 2022. Out of these projects, Audit test-checked 100 electric streetlight projects, which had been completed by utilising an amount of ₹ 1.65 crore and 11 solar streetlight projects, which had been completed by utilising an amount of ₹ 34.79 lakh. The following irregularities were noticed, in regard to these streetlight projects.

##### **4.5.3.1 Irregular preparation of estimates for streetlight projects**

As per Paragraph No. 6.1 of the GGY guidelines, the BDO is required to facilitate the DISCOM, in conducting field surveys, in regard to electrical project proposals, plans and estimates. The eligible proposals are required to be examined by a Block level committee<sup>53</sup> and then submitted to the District, for the approval of the DPC. Further, registered electrical contractors, empaneled by the EEs of the DISCOM, are to be engaged by the BDOs, by inviting tenders. However, before taking up such works, the concerned GP or the Government Institution is required to give a written undertaking that the assets so created, shall be maintained by them and recurring expenses, such as energy charges, repair and maintenance *etc.*, shall be borne by them. Without such undertaking, no electrification work is to be taken up.

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<sup>50</sup> Keonjhar Sadar, Banspal, Champua, Pottangi, Laxmipur, Dasamantpur, Beguniapada and Bhanjanagar

<sup>51</sup> Sukinda, Danagadi, Dharmasala, Simulia, Keonjhar Sadar, Banspal, Champua and Bissamcuttack

<sup>52</sup> Balasore, Jajpur, Keonjhar and Rayagada

<sup>53</sup> Under the chairmanship of the BDO, with the Industrial Promotion Officer, AEE of the Block and JE of the Power Distribution Company, as members

Audit noticed, in this regard, that neither had any Block level committee been constituted, nor had the DISCOM been requested by the BDOs of the eight test-checked PSs mentioned in Para 4.5.3 above, for assessing the feasibility of streetlight projects. Instead, the plans and estimates of the projects, though required to be prepared by the DISCOM, had been prepared by the Junior Engineers (JEs)/ Gram Panchayat Technical Assistants (GPTAs) of the four<sup>54</sup> Blocks and technically sanctioned by the Assistant Executive Engineers (AEEs) of the concerned Blocks. Further, neither had electric metres been installed to assess the energy charges, nor had the projects been handed over to any authority, for undertaking their future maintenance and upkeep.



Audit conducted JPI of 18 light projects, having 137 light points, in six<sup>55</sup> of the test-checked PSs and noticed that power supply, to the streetlight points had been made, without obtaining requisite permission from the DISCOM. No arrangements had been made for the installation of electric metres and no provision had been made for earthing, to safeguard these assets from high current inflow. Due to unlawful provision of power to these streetlight projects, the Sub-Divisional Officer, No. II, Electrical Sub-Division, Keonjhar, had disconnected power supply to 48 of these light posts since 2018-19, in all the 17 GPs, under the Banspal Block and had also imposed penalty of ₹ 6.51 lakh, against the concerned GPs.

Similarly, in the Jhigidi GP of Bissamcuttack PS, 19 electric streetlights had been installed, during 2018-19, in the existing light poles, without permission of the DISCOM. Out of these, cable connections, for power supply, had been made to nine points only. The local public, present at the time of inspection, informed Audit that none of the LED light points had been functioning, due to non-supply of power, from the dates of their installation.



Further, it was also noticed in the JPI that 58 light points (42 per cent) were functional; 48 light points (35 per cent) were non-functional; power supply to 23 light points (17 per cent) had been disconnected, due to unauthorised connections; and eight light points (6 per cent) were missing.

Confirming these facts, the concerned BDOs stated (November 2022) that the plans and estimates had been prepared by the JEs and technically sanctioned by the AEEs of the Blocks, to avoid delays. However, these replies were not

<sup>54</sup> Keonjhar Sadar, Banspal, Champua and Bissamcuttack

<sup>55</sup> Banspal, Bissamcuttack, Champua, Dharmasala, Keonjhar Sadar and Simulia

acceptable, since these officers were not authorised to prepare the plans and estimate as mentioned in Paragraph 6.1 of GGY Guidelines.

#### **4.5.3.2 *Doubtful payment on production of fake vouchers/ non-production of vouchers, in the departmental execution of work***

The PR&DW Department instructed (July 2018) that the departmental officers, in charge of execution of works, are required to furnish vouchers/ bills, in support of procurement of materials from the authorised supplier(s) having valid GST Registration Numbers. Further, payments due to the supplier(s) of material, as well as wages to labourers, are required to be paid by the executants, on proper bills/vouchers and muster rolls (MRs).

Audit noticed that, in 56 of the test-checked streetlight projects, taken up during 2017-19, in four<sup>56</sup> out of the 21 test-checked PSs, the related works had been completed with payment of ₹ 94.96 lakh. However, vouchers for ₹ 9.00 lakh were only furnished to Audit and the remaining vouchers of ₹ 85.96 lakh were not produced.

Audit verified these vouchers of ₹ 9.00 lakh and noticed that electric goods, costing ₹ 7.11 lakh, had been purchased from one supplier, who did not deal in electrical goods, as verified from the GST web portal. Further, though the works had been executed departmentally, installation charges @₹ 0.94 lakh had also been paid to the concerned departmental officers. As such, payment of ₹ 8.05 lakh was doubtful.

Confirming these facts, the concerned BDOs stated (June 2022) that steps would be taken for submission of all vouchers, in future.

#### **4.5.3.3 *Unrealistic cost of material charged to work***

During test-check of records, in three out of the 21 test-checked PSs (Keonjhar Sadar, Banspal and Simulia), Audit found that 45 light posts had been installed departmentally, during 2017-19, by utilising an amount of ₹ 80.66 lakh, in which the cost of material, of the same size and make, had been charged to work differently, as detailed in *Appendix-4.2*. For instance, in the procurement of 18 eight-metre length galvanized octagonal MS poles, tapped with single pipe three mm thick, with base plate of 150 mm X 150 mm X 16 mm thickness, the rates had varied from ₹ 11,000 to ₹ 17,700. Keeping the minimum cost as the base, it was noticed that excess expenditure of ₹ 4.68 lakh had been incurred (which was only illustrative and not exhaustive).

Confirming these facts, the concerned BDOs assured (November 2022) that uniform rates would be charged, to works, in future.

#### **4.5.3.4 *Doubtful payment in installation of streetlights***

One project, viz. “Installation of streetlight at Dimirimunda-Dimbo Chhaka”, of Dimbo GP, under Keonjhar Sadar PS, was taken up during the FY 2017-18, with an estimated cost of ₹ 1.45 lakh. The scope of work included installation of three streetlights (each containing a one eight-metre octagonal GI pole, fitted at the top with a three-armed power structure, with three LED lights of 45 watts). The work was awarded (November 2018) to a GPTA<sup>57</sup>. After

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<sup>56</sup> Keonjhar Sadar, Banspal, Champua and Bissamcuttack

<sup>57</sup> Gram Panchayat Technical Assistant

completion, the work was check-measured (December 2018) by the AEE and payment of ₹ 1.45 lakh was made to the executant, through his personal account.

JPI was conducted (June 2022) in the presence of the executant (GPTA) and it was noticed that, in two places, viz. at Dimbo Chhak (Bansi chhak) and at Dimirimunda school chhak of the Dimbo GP, only two light posts had been installed. The third unit was not found to be installed. The people of the locality present at the time of inspection and the PEO, Dimbo, confirmed that only two streetlights had been installed in the Dimbo GP. Thus, it was evident that the third light post had not been installed, even though full payment had been made to the executant. This had resulted in doubtful payment of the cost of the project, i.e., ₹ 0.48 lakh.

Similarly, 12 octagonal poles, each having 60-watt LED streetlight, had been installed (June 2019) in the Chahata GP, of Dharmasala PS, of the Jajpur district, by utilising an amount of ₹ 7.00 lakh. JPI of the project revealed (September 2022) that only 11 poles, with LED lights, had been installed and one pole, with streetlight fittings, was missing. As such, expenditure of ₹ 0.58 lakh was doubtful.

The BDO, Keonjhar Sadar PS, noted the facts, without any comment. However, the BDO, Dharmasala PS, stated (October 2022) that action would be taken, after investigation of the facts.

#### **4.5.4 Doubtful expenditure on payment of wages of labourers engaged in the execution of construction work, through muster rolls**

For execution of works departmentally and for payment of wages through MRs, Appendix XIV of the OPWD Code Vol. II, required issue of machine numbered MRs, for specific works, for specific periods, under the signature of the concerned Divisional Officers, indicating the father's names and addresses of the labourers, in the MR and attestation of left thumb impression (LTI) for payment of wages. Wages were to be paid through the bank accounts of labourers, as was being done under the MGNREGS.

Audit noticed, in nine<sup>58</sup> of the test-checked PSs, that, in 175 test-checked cases, pertaining to the FY 2017-19, 662 MRs had been issued for disbursement of wages of ₹ 1.08 crore. The following defects were noticed in the maintenance of MRs:

- In all these test-checked cases, the MRs had neither been machine numbered, nor had they been initialed by the issuing authorities. Moreover, no prescribed format had been used for recording the attendance of the labourers.
- In all these test-checked cases, though 662 MRs had been used for wage payments of ₹ 1.08 crore, the periods of engagement of the concerned labourers had not been mentioned.
- In all these test-checked cases, though 662 MRs had been used for payment of ₹ 1.08 crore, identification numbers, like voter ID Cards/ Job Cards/ Aadhar Cards *etc.*, of the labourers, had not been mentioned.

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<sup>58</sup> Danagadi, Basta, Simulia, Keonjhar Sadar, Banspal, Champua, Kashipur, Bissamcuttack and Rangeilunda

Further, no certificates had been recorded to the effect that the labourers and wages, as mentioned in the MRs, had been paid on proper identification by the officers-in-charge for disbursement of wages. Attestation of LTI payment of wages had also not been done in any case.

- In five PSs, for six works (Keonjhar Sadar: 1; Banspal: 1; Champua: 2; Kashipur: 1 and Rangeilunda: 1), 13 MRs had been used, for payment of wages of an amount of ₹ 2.73 lakh to 123 labourers. Out of these, acknowledgments of the concerned payees had not been obtained for an amount of ₹ 1.63 lakh, as token of payment of wages, and, in no case, had payments been made through bank accounts.
- In six works, of three PS (Keonjhar Sadar, Banspal and Champua), though acknowledgments of the concerned labourers had been obtained in regard to payment of ₹ 3.06 lakh, in 22 MRs, relevant payment details had not been mentioned in the related MRs.
- In one case, LTIs of four labourers had been obtained in one MR without indicating the names of the labourers, the days of engagement, the details of payment made *etc.* This indicated that the acknowledgments of the labourers had been obtained in advance by the executants and the details of the MRs had been filled in subsequently.

The above irregularities indicated a lack of transparency and fairness in the maintenance of MRs.

Confirming these facts, the concerned BDOs assured (November 2022) that the MRs would be prepared in a proper manner, in future.

#### **4.5.5 Short payment of wages**

The Government of Odisha in Labour and ESI Department adopted (July 2015) a system of revision of wages based on the Consumer Price Index. Accordingly, the Labour Commissioner, Odisha had revised the minimum rate of wages, for different categories of labourers, from time to time<sup>59</sup>.

Test-check of records, in eight<sup>60</sup> of the test checked PSs, revealed that, in 155 works, short payment of wages of ₹ 6.66 lakh, had been made for 31,308 man days, which was less than the minimum rate of wages prescribed, as detailed in *Appendix-4.3*.

Confirming these facts, the concerned BDOs assured (November 2022) that due care would be taken, in future, in the payment of wages.

#### **4.5.6 Procurement of construction material without following transparent procedure**

As per Finance Department's OM No. 4939/F dated 13<sup>th</sup> February 2012, when the estimated value of goods to be procured is less than ₹ 5 lakh, copies of the bidding documents are required to be sent directly, to more than three registered firms. Further, as per PR&DW Department instructions (September 2017 and July 2018), the departmental officer in charge of execution of work, is required

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<sup>59</sup> Notifications of Labour Commissioner of Odisha, on 30 April 2018, 7 November 2019, 21 October 2020 and 2 November 2021.

<sup>60</sup> Basta, Simulia, Jaleswar, Keonjhar Sadar, Banspal, Champua, Kashipur and Bissamcuttack

to furnish voucher/ bill in support of procurement of material, from authorised supplier(s) having valid GST registration numbers. The material and labour costs of the project are required to be transmitted to the bank accounts of the suppliers having TIN registration/ GST clearance certificates and the labourers concerned, respectively. In no case, are the work bill amounts to be credited to the personal accounts of the Government servants, in charge of the work.

Test-check of 230 works, in 12<sup>61</sup> of the test-checked PSs, with an estimated cost of ₹ 6.24 crore, revealed the following irregularities:

- **Procurement of construction material from non-existent GSTIN registered firms/ non-existent firms:** In 91 works (44 *per cent*), stone products, costing ₹ 62.04 lakh, had been procured from non-existent suppliers.
- In 230 works, with an estimated cost of ₹ 6.24 crore, 23,091 quintals of cement, had been procured for an amount of ₹ 1.58 crore. Out of this, 10,369 quintals of cement, costing ₹ 67.67 lakh, had been procured from vendors who were not registered under GST, as verified from the GST web portal, indicating that the bills submitted were not genuine.
- **Payment of cost of material on hand receipts:** In 81 works, construction materials, costing ₹ 56.84 lakh, had been procured on hand receipts, from local suppliers.
- **Transportation of construction material on motor bikes, cars etc.:** In 190 works, a sum of ₹ 82.16 lakh had been shown as having been paid on hand receipts. Out of these, in 42 works, heavy weight material such as sand, chips, metals etc., had been shown as having been transported through motor bikes/cars/ buses/fitness expired vehicles, on payment of ₹ 8.64 lakh. The concerned BDOs had failed to ensure the genuineness of these payments, in the absence of printed money receipts, from registered dealers.

The above instances indicated a lack of transparency in the procurement of material and pointed to payments having been made without exercise of due diligence.

Confirming these facts, the concerned BDOs stated (November 2022) that, since the works had been executed departmentally, final payments had been made to the departmental officers in charge of these works. However, the reply was not tenable since this was a violation of the instructions of the Department. Hence, in all these cases of doubtful procurement, detailed investigation may be conducted and responsibility may be fixed against the officials responsible for the above irregularities.

#### **4.5.7 Avoidable expenditure due to extra width of CC (Cement Concrete) roads**

As per Paragraph 6.2.3 of the Guidelines for GGY, the width of the CC roads is to be 3 to 3.5 metres, with expansion joints on each five-metre interval. Further, Paragraphs 6.2.8 to 6.2.9 of the Guidelines, also make it mandatory for the

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<sup>61</sup> Basta, Danagadi, Simulia, Jaleswar, Koira, Hemgir, Keonjhar Sadar, Banspal, Champua, Kashipur, Bissamcuttack and Muniguda

concerned JE/AE/GPTA, to visit the site personally, prepare the drawing of the CC road, as per the approved plan and remain present at the work site, during casting of concrete.

Test-check of 40 works, with an estimated cost of ₹ 76.11 lakh, in two of the test-checked PSs (Bissamcuttack and Muniguda), revealed that these works had been executed at a cost of ₹ 76.08 lakh. However, the width of the roads had been taken as 3.6 metres to 9 metres. This extra width had led to excess expenditure of ₹ 15.79 lakh, as detailed in *Appendix-4.4*, which could have been avoided.

Confirming these facts, the concerned BDOs stated (November 2022) that, due to local demand, CC roads with greater widths, had been executed. The reply was not tenable, since it violated the guidelines and with the extra expenditure so incurred, roads, with more length, could have been covered.

#### **4.5.8 Avoidable extra expenditure due to extra thickness of beds and side walls of line canals**

Indian Standard 12379 (Code of practice for Lining of water courses and field channels) prescribes that the standard lining of field channels/ canals with cement concrete (50 mm thick), should be laid in the bed, over a 100 micron low density poly ethylene (LDPE) film. The vertical side walls are required to be constructed with 75 mm thick cement concrete (1:3:6)<sup>62</sup>, or with stone/ brick (150 mm thick), in cases when LDPE film is not being used.

Test-check of 21 line canal works, executed with an expenditure of ₹ 53.58 lakh, in three of the test-checked PSs, revealed that the beds and vertical side walls had been provided with cement concrete (1:3:6) for the entire portion. However, the beds had been constructed with thickness ranging between 700 mm to 2,100 mm, instead of 50 mm and walls had been constructed with thickness ranging between 100 mm to 1,650 mm, instead of 75 mm.

Thus, due to provision of extra thickness in the beds and walls, 739 cum of CC (1:3:6) had been consumed, in excess, resulting in avoidable expenditure of ₹ 27.89 lakh, as detailed in *Appendix- 4.5*.

Confirming these facts, the concerned BDOs stated (November 2022) that the extra thickness of beds and walls of the canals had been provided as per local demands and assured that care would be taken, in future, in the construction of canals. The replies were not acceptable, since the provision of extra thickness violated the prescribed standard.

#### **4.5.9 Wasteful expenditure in the execution of works**

As per GGY Guidelines, the Palli Sabhas are to recommend need-based projects for inclusion in the AAP of the GP. Further, guidelines for construction of check dams<sup>63</sup> issued (August 2010) by the Department of Water Resources, GoO, states that check dams are required to be constructed in areas where farmers are using traditional irrigation, by constructing temporary cross bunds on streams,

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<sup>62</sup> Mixture of cement, chips and sand in proportion of 1:3:6 respectively.

<sup>63</sup> Check Dams' are small dams constructed across small rivers/ streams and primarily used for the purpose of irrigation through lift, re-charging of ground water and providing drinking water facility to nearby villages.

and local people are to be consulted, prior to taking up action for their implementation.

Audit noticed that, in the Laxmipur PS, of Koraput district, for providing irrigation facilities to the local farmers, two<sup>64</sup> check dams with field channels<sup>65</sup> and two<sup>66</sup> field channels, had been constructed (between January and December 2018), by utilising an amount of ₹ 18.00 lakh.

JPI of the above assets (December 2022) revealed that these check dams did not have any space for storage of water, as also that no cultivable land was available around them. Further, the field channels had been constructed on barren land, without any scope for cultivation. Thus, due to improper selection of sites, these projects had failed to provide irrigation, by storing water, leading to wasteful expenditure of ₹ 18 lakh.

Similarly, a Box Cell Bridge<sup>67</sup>, at Sunki GP in Pottangi PS, of Koraput district, with an estimated cost of ₹ 50.00 lakh had been completed (May 2019), by utilising an amount of ₹ 49.25 lakh. Audit conducted (December 2022) JPI of the asset, which showed that the bridge was in a damaged condition, disrupting the communication facilities to the localities around it. Reasons for the damage and the exact period of damage were not found indicated in the records available with the BDO. However, Audit noticed that, before execution of this work, no hydraulic study had been conducted, to assess the high flood level and discharge of water in the catchment area. Besides, the safe bearing capacity of soil had also not been investigated, as a part of the feasibility study. Further, it was found that these projects were not recommended by the Palli Sabhas, which meant that the actual requirements of the local people and the projects' feasibility were not taken into account. Consequently, this led to wasteful expenditure of ₹49.25 lakh.

Confirming these facts, BDO, Laxmipur, stated (January 2023) that, due to lack of maintenance by the villagers the check dams and field channels had become defunct. BDO, Pottangi, stated (December 2022) that the bridge had collapsed

**Photograph No.-4.3**



**Check dam at Khajuriput of the Goudaguda GP of Laxmipur PS, without any space for storage of water**

**Photograph No.- 4.4**



**Collapsed Box Cell Bridge at Sunki GP of Pottangi PS**

<sup>64</sup> Construction of Check Dams with field channels, at Khajuriput and Goudaalchi of the Goudapada GP; Estimated cost of ₹ 5.00 lakh for each project

<sup>65</sup> 'Field Channels' are small channels excavated by cultivators in their fields.

<sup>66</sup> Construction of Field channel at Kutnipadar, of the Kusumguda GP (Estimated cost of ₹ 5.00 lakh); and Construction of field channel at the Aquaduct Nala, at Sutiguda, of Pipalpadar GP (Estimated cost ₹ 3.00 lakh).

<sup>67</sup> A 'box cell bridge' is a kind of concrete structure commonly used to channel water, primarily as part of a drainage system.

due to cyclonic storm ‘Gulab-21<sup>68</sup>’ and restoration proposals had been submitted to higher authorities. The replies were not acceptable, since the villagers were not responsible for the upkeep and maintenance of the check dams and field channels. Further, in the construction of box cell bridge, no feasibility study had been conducted before execution.

#### **4.5.10 Delays in completion of works**

As per Paragraph No. 6.2.11 of the GGY guidelines, projects are normally required to be completed within six months from the date of issue of the work orders.

Audit noticed, in 20 out of 21 test-checked PSs, that 219 works out of 362 test-checked cases, could not be completed within the permissible period, despite utilisation of an amount of ₹ 7.90 crore. Delays in the completion of these works had ranged from 30 to 1,438 days.

Despite adequate funds being available, these projects had not been completed, due to lack of monitoring by supervisory level functionaries<sup>69</sup>, as discussed in subsequent paragraph. Due to this, these projects had not been put to use, in a timely manner, despite expenditure of ₹ 7.90 crore.

Confirming the facts, the concerned BDOs assured (November 2022) that due care would be taken, in future, for timely completion of works.

#### **Recommendations:**

- 12. Detailed investigation may be conducted into instances of fraudulent vouchers, excessive material costs, and under-execution of work despite full payment. Appropriate action may be taken against officials found responsible for these irregularities.**
- 13. The feasibility of the projects being undertaken, may be ensured, by using inputs from prior field studies, to avoid unfruitful expenditure.**

## **4.6 Monitoring and supervision**

### **4.6.1 Non-Conduct of Social Audit**

As per Paragraph 11 of the GGY Guidelines, social audit of works, executed under GGY, as followed under MGNREGS, was required to be commenced from the Palli Sabhas. The consolidated report of the Palli Sabha was required to be placed in the social audit forum, at the GP level and submitted to the State Government each year.

Audit, however, noticed that, no social audits had been conducted during the FYs 2017-22, at the GP level, in any of the test-checked PSs, due to which transparency, accountability and efficiency, in the execution of projects under GGY, had not been ensured, as envisaged. Further, reasons of non-conduct of social audits, were also not found available on records. Non-conduct of social audits was indicative of poor monitoring and supervision, at the supervisory levels. No reply had been received from the Department (September 2024).

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<sup>68</sup> ‘Cyclone’ is a storm or system of winds that rotates about a centre of low atmospheric pressure, Cyclonic storm ‘Gulab-21’ hit Odisha on 26 September 2021.

<sup>69</sup> The BDOs of PSs, the CDO-cum-EOs of ZPs and the Collectors of the concerned districts

#### 4.6.2 Inadequate supervision and physical verification of projects

Paragraph 9.2 of the GGY guidelines stipulates that the District Collector is required to prepare schedules of inspection, which prescribe the minimum number of field visits for each supervisory level of functionary and also ensure that these inspection schedules are scrupulously followed. Further, as per Paragraphs 6.2.13 and 6.3.5 of the guidelines, the BDO, the CDO-cum-EO and the Collector, are required to conduct supervision and physical verification of 25 per cent, five per cent and one per cent of the projects, respectively.

Audit found that, during the FYs 2017-19, 3,357 projects, had been sanctioned by the DPCs, for the test-checked PSs. However, the concerned District Collectors had not prescribed the quantum of field visits, for each supervisory level of functionary, in any of the test-checked Districts and PSs. Though, the BDOs, the CDO-cum-EOs, ZP and the Collectors, were required to inspect 839, 168 and 34 projects, respectively, in the test-checked PSs, no documentary evidence was found available on records, in support of such visits. Registers had not been maintained, to record the sites inspected and the quantum of visits undertaken. Moreover, no inspection reports had been prepared, in support of any inspections conducted. In the absence of such information, the number of sites physically inspected could not be ascertained and quantified.

Thus, due to improper monitoring and supervision of works by the supervisory authorities, 219 out of 362 test-checked works could not be completed in a timely manner, despite utilisation of an amount of ₹ 7.90 crore.

Confirming these facts, the concerned BDOs assured (December 2022) that Tour Registers, for recording the number of inspections undertaken, would be maintained, in future.

***Recommendation:***

***14. Adequate monitoring and supervision may be ensured, to avoid instances of payments being made without actual execution of works, payments being made on false documents, etc.***

Bhubaneswar

**(RAJ KUMAR)**

The

**Principal Accountant General (Audit-I)**

**Odisha**

Countersigned

New Delhi

**(GIRISH CHANDRA MURMU)**

The

**Comptroller and Auditor General of India**



# **Appendices**



**Appendix- 1.1****(Refer Paragraph No.: 1.3; Page No.: 3)****Status of devolution of 29 functions of the State Government, to PRIs (as of March 2022)**

Sl. No.	Function to be devolved	Status of transfer
1	Agriculture, including Agricultural extension	Transferred
2	Land improvement, implementation of land reforms, land consolidation and soil conservation	Transferred
3	Minor irrigation, water management and watershed development	Transferred
4	Animal husbandry, dairying and poultry	Transferred
5	Fisheries	Transferred
6	Social forestry and Farm forestry	Not yet transferred
7	Minor Forest Produce	Transferred
8	Small scale industries, including food processing industries	Not yet transferred
9	Khadi, village and cottage industry	Not yet transferred
10	Rural Housing	Transferred
11	Drinking Water	Transferred
12	Fuel and fodder	Not yet transferred
13	Roads, culverts, bridges, ferries, waterways and other means of communication	Transferred
14	Rural electrification, including distribution of electricity	Not yet transferred
15	Non-conventional energy sources	Transferred
16	Poverty alleviation programme	Transferred
17	Primary education	Transferred
18	Technical training and vocational education	Not yet transferred
19	Adult and non-formal education	Transferred
20	Libraries	Not yet transferred
21	Cultural activities	Not yet transferred
22	Markets and fairs	Transferred
23	Health and sanitation, including hospitals, primary health centres and dispensaries	Transferred
24	Family welfare	Transferred
25	Women and Child Development	Transferred
26	Social Welfare, including welfare of the handicapped and mentally retarded	Transferred
27	Welfare of weaker sections, in particular of the SC and ST	Transferred
28	Public Distribution System	Transferred
29	Maintenance of community assets	Transferred

***Source: Information collected from the PR&DW Department***

**Appendix- 1.2**

**(Refer Paragraph No.: 1.5; Page No.: 4)**

**Functions of Standing Committees**

<b>Tier</b>	<b>Sl. No.</b>	<b>Subjects under each committee</b>
<b>Zilla Parishad</b>	1	Planning, Finance, Anti-Poverty Programmes and Co-ordination
	2	Agriculture, Animal Husbandry, Soil Conservation, Horticulture, Watershed Development and Fisheries
	3	Works, Irrigation, Electricity, Drinking Water Supply and Rural Sanitation
	4	Health and Social Welfare (including Women and Child Development)
	5	Public Distribution System, Welfare of Weaker Sections, Forests, Fuel and Fodder
	6	Handicrafts, Cottage Industry, Khadi and Village Industries and Rural Housing
	7	Education, Sports and Culture
<b>Panchayat Samiti</b>	1	Planning, Finance, Anti-poverty Programmes and Coordination
	2	Agriculture, Animal Husbandry, Soil Conservation, Horticulture, Watershed Development and Fisheries
	3	Works, Irrigation, Electricity, Drinking Water Supply and Rural Sanitation
	4	Health and Social Welfare (including Women and Child Development)
	5	Public Distribution System, Welfare of Weaker Sections, Forests, Fuel and Fodder
	6	Handicrafts, Cottage Industry, Khadi and Village Industries and Rural Housing
	7	Education, Sports and Culture
<b>Gram Panchayat</b>	1	Planning, Finance, Anti-poverty Programmes and Coordination
	2	Agriculture, Animal Husbandry, Soil Conservation, Horticulture, Watershed Development and Fisheries
	3	Works, Irrigation, Electricity, Drinking Water Supply and Rural Sanitation
	4	Health and Social Welfare (including Women and Child Development)
	5	Public Distribution System, Welfare of Weaker Sections, Forests, Fuel and Fodder
	6	Handicrafts, Cottage Industry, Khadi and Village Industries and Rural Housing
	7	Education, Sports and Culture

**Source: ZP, PS and GP (Constitution of Standing Committee), Rules**

## Appendix –2.1

(Refer Paragraph No.: 2.2 &amp; 3.2; Page No.: 13 &amp; 29)

## List of test-checked units

Sl. No.	ZP (7)	PS (21)	GP (63)
1	Balasore	Basta	Gadapada, Natakata, Sadanandapur
		Simulia	Kanchapada, Markona, Bari
		Jaleswar	Khuard, Khudia Majhi Sahi, Sikharpur
2	Ganjam	Beguniapada	Khandianai, Mardakote, Mardamekha
		Bhanjanagar	Dihapadhal, Mujagada, Sanakodanda
		Rangeilunda	Dura, Golanthara, Randha
3	Jajpur	Sukinda	Sukindagarh, Chingudipal, Dudhujori
		Danagadi	Nadiabhanga, Rachhipur, Trijanga
		Dharmasala	Kotapur, Kumari, Abhayapur
4	Keonjhar	Keonjhar Sadar	Dimbo, Raghunathpur, Palasapanga
		Banspal	UparRaigoda, Banspal, Karangadihi
		Champua	Rajia, Bhuinpur, Badanai
5	Koraput	Pottangi	Pottangi, Gangarajpur, Pukali
		Laxmipur	Laxmipur, Toyaput, Burja
		Dasmantapur	Chanabada, Praja Bedapadar, Dasamantpur
6	Rayagada	Kashipur	Podapadi, Tikiri, Talajhari
		Bissamcuttack	Chancharaguda, Bhetiapada, Durgi
		Muniguda	M. Patraguda, Sibapadar, Kumudabali
7	Sundargarh	Koira	Gopna, K. Balang, Pattmunda
		Hemgir	Ankelbira, Kuchedega, Sumura
		Rajgangpur	Buchukpada, Kukuda, Panposh

Appendix –2.2

(Refer Paragraph No.: 2.4.1; Page No.: 15)

Interest liability due to delayed release of 15<sup>th</sup> FC Grant, as of March 2022

Grant	Amount released by GoI (₹ in crore)	Last date of distribution	Date of actual distribution	Amount distributed/ re-distributed <sup>70</sup> (₹ in lakh)	Delay in credit/ distribution/ re-distribution (in days)	Penal interest due @7% p.a. (₹ in lakh)
1 <sup>st</sup> Instalment of Untied Grant (2020-21)	564.50	02.07.2020	16.07.2020	96.41	14	0.26
			18.07.2020	17.06	16	0.05
			21.07.2020	12.84	19	0.05
			16.07.2020	365.37	14	0.98
			16.07.2020	305.62	14	0.82
1 <sup>st</sup> Instalment of Tied Grant (2020-21)	564.50	29.07.2020	18.08.2020	83.83	20	0.32
2 <sup>nd</sup> Instalment of Untied Grant (2020-21)	564.50	08.02.2021	11.02.2021	39,515.00	3	22.73
			31.03.2021	79.52	51	0.78
			22.02.2021	220.88	14	0.59
<b>Total</b>						<b>26.58</b>

Source: Records of the PR&DW Department

<sup>70</sup> Since the grants could not be credited to the accounts of some of the PRIs in the first instance, due to technical problems, the grants were re-credited to their accounts.

## Appendix – 2.3

(Refer Paragraph No.: 2.4.4; Page No.: 17)

## Outstanding advances (as of March 2022)

(₹ in lakh)

Sl. No.	ZP	PS	Unit against which advance was outstanding	Advance paid (as of March 2022)	Pendency (as of March 2022 )	Period from which the advance was outstanding
1	Koraput	Pottangi	Pottangi PS	0.50	0.50	2017
2	Koraput	Laxmipur	Laxmipur PS	0.27	0.27	2017
3	Koraput	Dasamantapur	Dasamantapur PS	0.48	0.48	2018
4	Koraput	Dasamantapur	Dasamantapur PS	8.07	8.07	August 2013
	<b>Total</b>			<b>9.32</b>	<b>9.32</b>	
5	Ganjam	Bhanjanagar	Sanakodanda GP	1.00	1.00	May 2020
6	Rayagada	Kashipur	Podapadi GP	0.36	0.00	Not available
7	Keonjhar	Keonjhar Sadar	Dimbo GP	0.50	0.50	Prior to 2017-18
8	Keonjhar	Banspal	Banspal GP	2.00	0.87	May 2020
9	Keonjhar	Banspal	Upaigoda GP	0.50	0.50	April 2012
	<b>Total</b>			<b>4.36</b>	<b>2.87</b>	

Source: Records of the concerned PSs and GPs

Appendix –2.4

(Refer Paragraph No.: 2.4.7; Page No.: 18)

Diversion of CFC grants to schemes

Sl. No.	ZP	PS	GP	Amount diverted to schemes (₹ in lakh), during 2017-22	Schemes to which funds were diverted	Amount not recouped, as of March 2022 (₹ in lakh)	Period of diversion (in days)
1	Sundargarh	Koira	Gopna	2.57	4th SFC	2.57	1,823
2	Sundargarh	Koira	Gopna	3.46	GP Fund	3.46	1,399
3	Sundargarh	Koira	K. Balang	4.79	GP Fund	4.79	1,400
4	Sundargarh	Koira	Pattmunda	3.30	GP Fund	3.30	1,412
5	Sundargarh	Koira	Pattmunda	0.56	GP Fund	0.56	1,413
6	Sundargarh	Koira	Pattmunda	0.45	PDS Cashbook	0.45	1,385
7	Sundargarh	Koira	Pattmunda	0.90	PDS Cashbook	0.90	1,218
8	Sundargarh	Hemgir	Kuchedega	0.21	GP Fund	0.21	1,715
9	Sundargarh	Hemgir	Kuchedega	0.26	GP Fund	0.26	1,605
10	Sundargarh	Hemgir	Kuchedega	0.23	GP Fund	0.23	1,380
11	Sundargarh	Hemgir	Sumura	0.22	HSY	0.22	1,693
12	Keonjhar	Keonjhar Sadar	Dimbo	1.37	SFC	1.37	1,806
13	Keonjhar	Keonjhar Sadar	Dimbo	4.99	Covid-19	4.99	535
14	Keonjhar	Keonjhar Sadar	Karangadihi	0.26	General Cashbook	0.26	1,766
15	Keonjhar	Keonjhar Sadar	Karangadihi	0.45	General Cashbook	0.45	1,535
16	Rayagada	Muniguda	Kumudabali	0.77	SFC	0.77	1,549
17	Rayagada	Muniguda	Kumudabali	0.93	SFC	0.93	1,517
18	Rayagada	Muniguda	Kumudabali	0.74	SFC	0.74	1,512
19	Rayagada	Muniguda	Kumudabali	1.88	SFC	1.88	1,504
20	Rayagada	Muniguda	Kumudabali	0.22	GP Cashbook	0.22	1,482
21	Rayagada	Muniguda	Kumudabali	0.27	SFC	0.27	918
22	Rayagada	Muniguda	Sibapadar	1.88	SFC	1.88	1,387
23	Rayagada	Muniguda	Sibapadar	0.94	SFC	0.94	1,374
24	Rayagada	Muniguda	Sibapadar	2.06	SFC	2.06	1,165
25	Rayagada	Muniguda	Sibapadar	2.24	SFC	2.24	1,098
26	Jajpur	Sukinda	Sukindagarh	2.95	SFC	2.95	524
27	Jajpur	Sukinda	Sukindagarh	4.42	TMC	4.42	521
28	Jajpur	Sukinda	Dudhujori	0.58	TMC	0.58	675
29	Jajpur	Sukinda	Dudhujori	1.07	TMC	1.07	644

Sl. No.	ZP	PS	GP	Amount diverted to schemes (₹ in lakh), during 2017-22	Schemes to which funds were diverted	Amount not recouped, as of March 2022 (₹ in lakh)	Period of diversion (in days)
30	Jajpur	Sukinda	Dudhujori	3.30	TMC	3.30	644
31	Jajpur	Sukinda	Chingudipal	1.28	TMC	1.28	667
32	Jajpur	Sukinda	Chingudipal	4.42	TMC	4.42	617
33	Jajpur	Danagadi	Rachhipur	0.06	HSY	0.06	1,338
34	Jajpur	Danagadi	Rachhipur	0.14	HSY	0.14	1,302
35	Jajpur	Danagadi	Rachhipur	0.20	HSY	0.20	1,172
36	Jajpur	Danagadi	Rachhipur	1.00	HSY	1.00	728
37	Jajpur	Danagadi	Rachhipur	1.83	TMC	1.83	658
38	Jajpur	Danagadi	Rachhipur	0.12	TMC	0.12	483
39	Jajpur	Danagadi	Rachhipur	0.50	TMC	0.50	195
40	Jajpur	Danagadi	Trijanga	0.10	HSY	0.10	1,465
41	Jajpur	Danagadi	Trijanga	0.06	HSY	0.06	1,438
42	Jajpur	Danagadi	Trijanga	0.06	HSY	0.06	1,359
43	Jajpur	Danagadi	Trijanga	0.06	HSY	0.06	1,296
44	Jajpur	Danagadi	Trijanga	0.10	HSY	0.10	1,269
45	Jajpur	Dharmasala	Abhayapur	0.35	TMC	0.35	549
46	Jajpur	Dharmasala	Abhayapur	0.81	TMC	0.81	539
47	Jajpur	Dharmasala	Kotapur	1.50	TMC	1.50	532
48	Jajpur	Dharmasala	Kotapur	3.50	TMC	3.50	532
49	Balasore	Basta	Gadapada	0.30	HSY	0.30	1,625
50	Balasore	Basta	Gadapada	0.74	Sitting allowance of Sarapanch and Naib Sarapanch	0.74	1,494
51	Balasore	Basta	Gadapada	0.08		0.08	1,388
52	Balasore	Basta	Gadapada	0.20	HSY	0.20	836
53	Balasore	Basta	Natakata	2.00	SFC	2.00	1,409
54	Balasore	Basta	Natakata	0.10	HSY	0.10	1,305
55	Balasore	Basta	Natakata	0.28	SFC	0.28	1,125
56	Balasore	Basta	Natakata	2.00	TMC	2.00	703
57	Balasore	Basta	Natakata	2.00	TMC	2.00	670
58	Balasore	Basta	Natakata	1.00	TMC	1.00	588
59	Balasore	Basta	Sadanandapur	0.28	TMC	0.28	1,085
60	Balasore	Simulia	Bari	0.35	TMC	0.35	689
61	Balasore	Simulia	Bari	0.64	TMC	0.64	653
62	Balasore	Simulia	Bari	0.38	TMC	0.38	627
63	Balasore	Simulia	Bari	0.18	TMC	0.18	224
64	Balasore	Simulia	Kanchapada	0.20	HSY	0.20	1,798

Sl. No.	ZP	PS	GP	Amount diverted to schemes (₹ in lakh), during 2017-22	Schemes to which funds were diverted	Amount not recouped, as of March 2022 (₹ in lakh)	Period of diversion (in days)
65	Balasore	Simulia	Kanchapada	0.10	HSY	0.10	1,725
66	Balasore	Simulia	Kanchapada	0.30	HSY	0.30	1,673
67	Balasore	Simulia	Kanchapada	0.35	HSY	0.35	1,566
68	Balasore	Simulia	Kanchapada	0.30	HSY	0.30	1,337
69	Balasore	Simulia	Kanchapada	0.30	HSY	0.30	1,214
70	Balasore	Simulia	Kanchapada	0.24	HSY	0.24	1,122
71	Balasore	Simulia	Kanchapada	0.14	HSY	0.14	1,091
72	Balasore	Simulia	Kanchapada	0.30	HSY	0.30	1,002
73	Balasore	Simulia	Markona	0.02	HSY	0.02	1,701
74	Balasore	Simulia	Markona	0.02	HSY	0.02	1,685
75	Balasore	Simulia	Markona	0.04	HSY	0.04	1,657
76	Balasore	Simulia	Markona	0.06	HSY	0.06	1,651
77	Balasore	Simulia	Markona	0.04	HSY	0.04	1,647
78	Balasore	Simulia	Markona	0.04	HSY	0.04	1,617
79	Balasore	Simulia	Markona	0.02	HSY	0.02	1,612
80	Balasore	Simulia	Markona	0.02	HSY	0.02	1,583
81	Balasore	Simulia	Markona	0.10	HSY	0.10	1,472
82	Balasore	Simulia	Markona	0.24	HSY	0.24	1,349
83	Balasore	Simulia	Markona	3.12	HSY	3.12	664
84	Balasore	Simulia	Markona	0.38	HSY	0.38	637
85	Balasore	Jaleswar	Khuard	0.20	HSY	0.20	1,461
86	Balasore	Jaleswar	Khuard	0.04	HSY	0.04	988
87	Balasore	Jaleswar	Sikharpur	0.30	HSY	0.30	1,494
88	Balasore	Jaleswar	Sikharpur	0.20	HSY	0.20	654
<b>Total (10 PSs, 24 GPs)</b>				<b>81.96</b>		<b>81.96</b>	

*Source: Records of the concerned GPs*

## Appendix –2.5

(Refer Paragraph No.: 2.4.8; Page No.: 19)

## Non-remittance of Government revenue (as of March 2022)

(₹ in lakh)

Sl. No.	ZP	PS	GP	Deductions from work bills, during 2017-22				Amount remitted to Govt. account, during 2017-22				Amount pending for remittance to Govt. account, as of March 2022			
				Royalty	Cess	VAT	Total	Royalty	Cess	VAT	Total	Royalty	Cess	VAT	Total
1	Sundargarh	Koira	Gopna	0.72	0.42	0	1.14	0.35	0	0	0.35	0.37	0.42	0	0.79
2	Sundargarh	Koira	K.Balang	0.49	0.37	0	0.86	0	0	0	0	0.49	0.37	0	0.86
3	Sundargarh	Koira	Pattmunda	0.1	0.18	0	0.28	0	0	0	0	0.1	0.18	0	0.28
4	Sundargarh	Hemgir	Ankelbira	1.02	1.17	0	2.19	0.48	0	0	0.48	0.54	1.17	0	1.71
5	Sundargarh	Hemgir	Kuchedega	1.12	0.64	0	1.76	0.5	0	0	0.5	0.62	0.64	0	1.26
6	Sundargarh	Hemgir	Sumura	1.91	1.18	0	3.09	0.17	0	0	0.17	1.74	1.18	0	2.92
7	Ganjam	Beguniapada	Khandianai	1.03	0.46	0	1.49	0.34	0.02	0	0.36	0.69	0.44	0	1.13
8	Ganjam	Beguniapada	Mardamekha	1.82	1.1	0	2.92	1.08	0.01	0	1.09	0.74	1.09	0	1.83
9	Ganjam	Beguniapada	Mardakote	0.75	0.56	0	1.31	0.75	0.3	0	1.05	0	0.26	0	0.26
10	Ganjam	Bhanjanagar	Dihapadhal	1.46	0.84	0.2	2.5	0.52	0.19	0	0.71	0.94	0.65	0.2	1.79
11	Ganjam	Bhanjanagar	Mujagada	1.02	0.99	0	2.01	0.13	0.28	0	0.41	0.89	0.71	0	1.6
12	Ganjam	Bhanjanagar	Sanakodanda	2.38	1.22	0.17	3.77	1.62	1.07	0	2.69	0.76	0.15	0.17	1.08
13	Ganjam	Rangeilunda	Dura	2.19	1.04	0.1	3.33	0.85	0.42	0	1.27	1.34	0.62	0.1	2.06
14	Ganjam	Rangeilunda	Golanthara	0.55	0.48	0.08	1.11	0	0	0	0	0.55	0.48	0.08	1.11
15	Ganjam	Rangeilunda	Randha	1.35	0.65	0	2	0	0	0	0	1.35	0.65	0	2
16	Keonjhar	Keonjhar Sadar	Palaspanga	0.44	0.18	0	0.62	0	0	0	0	0.44	0.18	0	0.62
17	Balasure	Basta	Gadapada	2.69	1.18	0	3.87	2.68	0.58	0	3.26	0.01	0.6	0	0.61
18	Balasure	Basta	Natakata	1.71	0.9	0	2.61	0.82	0	0	0.82	0.89	0.9	0	1.79
19	Balasure	Basta	Sadanandapur	2.81	1.14	0	3.95	1.38	0	0	1.38	1.43	1.14	0	2.57

*Audit Report (Local Bodies) for the year ended March 2022*

Sl. No.	ZP	PS	GP	Deductions from work bills, during 2017-22				Amount remitted to Govt. account, during 2017-22				Amount pending for remittance to Govt. account, as of March 2022			
				Royalty	Cess	VAT	Total	Royalty	Cess	VAT	Total	Royalty	Cess	VAT	Total
20	Balasore	Simulia	Markona	1.53	0.89	0	2.42	0.08	0	0	0.08	1.45	0.89	0	2.34
21	Balasore	Simulia	Bari	1.49	0.95	0	2.44	0.96	0	0	0.96	0.53	0.95	0	1.48
22	Balasore	Simulia	Kanchapada	2.81	1.04	0	3.85	0.68	0	0	0.68	2.13	1.04	0	3.17
23	Balasore	Jaleswar	Khuard	2.1	1.2	0	3.3	0	0	0	0	2.1	1.2	0	3.3
24	Balasore	Jaleswar	K.M Sahi	3.08	1.19	0	4.27	0.44	0	0	0.44	2.64	1.19	0	3.83
25	Jajpur	Sukinda	Sukindagarh	0.69	0.74	0	1.43	0	0	0	0	0.69	0.74	0	1.43
26	Jajpur	Sukinda	Dhudhujori	0.89	0.74	0	1.63	0.87	0.38	0	1.25	0.02	0.36	0	0.38
27	Jajpur	Dharmasala	Abhayapur	1.29	0.72	0	2.01	0	0	0	0	1.29	0.72	0	2.01
28	Jajpur	Dharmasala	Kumari	1.38	0.44	0	1.82	0.27	0	0	0.27	1.11	0.44	0	1.55
<b>Total (11 PSs, 28 GPs)</b>				<b>40.82</b>	<b>22.61</b>	<b>0.55</b>	<b>63.98</b>	<b>14.97</b>	<b>3.25</b>	<b>0</b>	<b>18.22</b>	<b>25.85</b>	<b>19.36</b>	<b>0.55</b>	<b>45.76</b>

*Source: Records of the concerned GPs*

## Appendix –2.6

(Refer Paragraph No.: 2.5.1; Page No.: 19)

## Inadmissible works executed/expenditure incurred out of FC grants

Sl. No.	ZP	PS	Unit	Inadmissible Work/Expenditure	Financial Year of expenditure	Amount (₹ in lakh)
<b>14<sup>th</sup> FC Grants</b>						
1	Keonjhar	Banspal	Uparaigoda GP	Purchase of Mobile	2018-19	0.15
2	Keonjhar	Banspal	Uparaigoda GP	Purchase of Laptop	2018-19	0.49
3	Keonjhar	Banspal	Uparaigoda GP	Purchase of Furniture	2018-19	1.69
4	Keonjhar	Banspal	Uparaigoda GP	Purchase of Mobile	2018-19	0.25
5	Rayagada	Muniguda	M. Patraguda GP	Purchase of Inverter	2019-20	0.19
6	Rayagada	Kashipur	Talajhari GP	Construction of Protection wall	2018-19	0.50
7	Rayagada	Kashipur	Talajhari GP	Purchase of Computer	2019-20	0.50
8	Rayagada	Bissamcuttack	Bhetiapada GP	Expenditure on Gramsabha Meeting	2018-19	0.12
9	Rayagada	Bissamcuttack	Bhetiapada GP	Purchase of chair and table	2018-19	0.95
10	Rayagada	Kashipur	Tikiri GP	Purchase of antivirus and pen-drive	2018-19	0.02
11	Rayagada	Kashipur	Tikiri GP	Purchase of chair and table	2019-20	1.11
12	Rayagada	Muniguda	Sibapadar GP	Expenditure on Children's Day	2017-18	0.25
13	Rayagada	Muniguda	Sibapadar GP	Purchase of Xerox Machine	2017-18	0.18
14	Rayagada	Muniguda	Sibapadar GP	Purchase of inverter and battery	2018-19	0.22
15	Rayagada	Muniguda	Sibapadar GP	Purchase of iron table and photo frame	2018-19	0.31
16	Keonjhar	Banspal	Banspal GP	Expenditure on meeting and breakfast	2017-18	0.10
17	Keonjhar	Banspal	Banspal GP	Expenditure on Children's day celebration	2017-18	0.20
18	Keonjhar	Banspal	Banspal GP	Boundary wall of Sankarei Nedrasahi Primary School	2017-18	2.64
19	Keonjhar	Banspal	Banspal GP	School boundary of Tilapasi Primary School	2018-19	3.00
20	Keonjhar	Banspal	Raghunathpur GP	Expenditure on celebration of Independence Day	2017-18	0.10
21	Keonjhar	Banspal	Raghunathpur GP	Purchase of Desktop PC, printer	2018-19	0.60
22	Keonjhar	Banspal	Raghunathpur GP	Purchase of Battery VT, Inverter	2018-19	0.64
23	Keonjhar	Banspal	Raghunathpur GP	Expenditure on beautification of GP office	2019-20	3.00
24	Keonjhar	Banspal	Karangadihi GP	PMAY list wall painting	2017-18	0.08
25	Keonjhar	Banspal	Karangadihi GP	Office Contingency	2017-18	0.03
26	Keonjhar	Banspal	Karangadihi GP	Construction of wall of Temera Primary School	2017-18	1.83

Sl. No.	ZP	PS	Unit	Inadmissible Work/Expenditure	Financial Year of expenditure	Amount (₹ in lakh)
27	Keonjhar	Banspal	Karangadihi GP	Construction of Baitarani school wall	2019-20	3.00
28	Keonjhar	Keonjhar Sadar	Palasapanga GP	Construction of wall of Jamua Primary School	2019-20	2.50
29	Keonjhar	Keonjhar Sadar	Palasapanga GP	Construction of wall of Nuagaon AWC	2019-20	2.00
30	Keonjhar	Keonjhar Sadar	Palasapanga GP	Construction of wall of Khaprakhai Primary School	2019-20	2.00
31	Keonjhar	Keonjhar Sadar	Palasapanga GP	Construction of wall of Hugula Primary School	2019-20	3.00
32	Keonjhar	Keonjhar Sadar	Palasapanga GP	Expenditure on office contingency	2019-20	0.35
33	Keonjhar	Keonjhar Sadar	Palasapanga GP	Expenditure on development of GP office	2019-20	3.00
34	Keonjhar	Keonjhar Sadar	Palasapanga GP	Expenditure on office contingency	2019-20	0.11
35	Keonjhar	Keonjhar Sadar	Palasapanga GP	Purchase of computer	2019-20	0.59
36	Keonjhar	Keonjhar Sadar	Palasapanga GP	Construction of GP wall and gate	2019-20	1.97
37	Keonjhar	Keonjhar Sadar	Palasapanga GP	Expenditure on beautification of GP office	2019-20	5.00
38	Keonjhar	Champua	Rajia GP	Expenditure on colouring of GP office	2018-19	1.00
39	Keonjhar	Champua	Rajia GP	Expenditure on contingency	2018-19	0.05
40	Keonjhar	Champua	Rajia GP	Purchase of laptop	2018-19	0.36
41	Keonjhar	Keonjhar Sadar	Dimbo GP	Boundary wall at Dimirimunda ME School	2017-18	2.00
42	Keonjhar	Keonjhar Sadar	Dimbo GP	Boundary wall at Dhudurupal Primary School	2017-18	2.00
43	Keonjhar	Keonjhar Sadar	Dimbo GP	Observance of Children's Day	2017-18	0.25
44	Keonjhar	Keonjhar Sadar	Dimbo GP	Purchase of Laptop	2018-19	0.25
45	Keonjhar	Keonjhar Sadar	Dimbo GP	Construction of boundary wall at Guhalchatua Primary School	2018-19	1.82
46	Keonjhar	Keonjhar Sadar	Dimbo GP	Expenditure on contingency	2019-20	1.18
47	Keonjhar	Champua	Bhuinpur GP	Purchase of laptop	2017-18	0.35
48	Keonjhar	Champua	Bhuinpur GP	Repair of Transformer	2017-18	0.89
49	Keonjhar	Champua	Bhuinpur GP	Construction of Boundary wall at Bisikuan Kha, AWC	2017-18	2.82
50	Keonjhar	Champua	Bhuinpur GP	Expenditure on special Gram Sabha meeting	2017-18	0.08
51	Keonjhar	Champua	Bhuinpur GP	Expenditure on special Gram Sabha meeting	2018-19	0.12
52	Keonjhar	Champua	Bhuinpur GP	Purchase of furniture	2018-19	0.50
53	Keonjhar	Champua	Bhuinpur GP	Expenditure on colour of GP office	2018-19	0.50
54	Keonjhar	Champua	Bhuinpur GP	Expenditure on office contingency	2018-19	0.03

Sl. No.	ZP	PS	Unit	Inadmissible Work/Expenditure	Financial Year of expenditure	Amount (₹ in lakh)
55	Keonjhar	Champua	Bhuinpur GP	Construction of boundary wall at Routrapur Primary school	2019-20	1.86
56	Keonjhar	Champua	Bhuinpur GP	Expenditure on Special Gram Sabha meeting	2019-20	0.08
57	Jajpur	Sukinda	Chingudipal GP	Construction of BPGY Mining houses	2018-19	25.50
58	Jajpur	Sukinda	Chingudipal GP	Expenditure on furniture for GP	2018-19	0.97
59	Jajpur	Sukinda	Chingudipal GP	Pay of Ward Member and Sarapanch	2018-19	0.35
60	Jajpur	Sukinda	Chingudipal GP	Purchase of TV	2018-19	0.26
61	Jajpur	Sukinda	Chingudipal GP	Construction of Bharat Nirman Rajeev Gandhi Sewa Kendra boundary wall	2018-19	4.87
62	Jajpur	Danagadi	Rachhipur GP	Expenditure on observance of Sishu Divas	2017-18	0.14
63	Jajpur	Danagadi	Rachhipur GP	Expenditure on Panchayati Raj Divas	2018-19	0.08
64	Jajpur	Danagadi	Rachhipur GP	Expenditure on Panchayati Raj Divas	2018-19	0.02
65	Jajpur	Danagadi	Rachhipur GP	Expenditure on Sports Competition	2018-19	0.28
66	Jajpur	Danagadi	Rachhipur GP	Expenditure on contingency	2018-19	0.03
67	Jajpur	Danagadi	Rachhipur GP	Expenditure on Special Gram Sabha	2018-19	0.03
68	Jajpur	Danagadi	Rachhipur GP	GP office fan repairing and cleaning	2018-19	0.02
69	Jajpur	Danagadi	Rachhipur GP	Expenditure on inverter electrical to booths	2019-20	0.03
70	Jajpur	Danagadi	Rachhipur GP	Bharat Nirman Rajeev Gandhi Sewa Kendra Building	2019-20	3.94
71	Jajpur	Danagadi	Rachhipur GP	Purchase of Mobile	2019-20	0.10
72	Jajpur	Danagadi	Rachhipur GP	Expenditure on Bharat Nirman Rajeev Gandhi Sewa Kendra Building	2019-20	0.39
73	Jajpur	Dharmasala	Kumari GP	Expenditure on GP house	2019-20	5.00
74	Jajpur	Dharmasala	Kumari GP	Construction of boundary wall at GP office	2019-20	2.16
75	Jajpur	Dharmasala	Kumari GP	Construction of boundary wall at GP office	2019-20	2.51
76	Jajpur	Dharmasala	Abhayapur GP	Construction of Abhayapur GP Bharat Nirman Rajeev Gandhi Sewa Kendra Boundary wall	2018-19	3.00
77	Jajpur	Dharmasala	Abhayapur GP	GP boundary gate of Abhayapur	2019-20	1.84
78	Jajpur	Dharmasala	Abhayapur GP	Abayapur GP Boundary wall	2019-20	3.08
79	Balasore	Basta PS	Natakata GP	Purchase of Table, chair, plate, glass for Anganwadi Centre	2019-20	2.24
80	Balasore	Basta PS	Natakata GP	GP office repairing and colouring	2019-20	1.79

Sl. No.	ZP	PS	Unit	Inadmissible Work/Expenditure	Financial Year of expenditure	Amount (₹ in lakh)
81	Balasore	Basta PS	Natakata GP	Purchase of almirah for GP office	2019-20	0.22
82	Balasore	Basta PS	Sadanandapur GP	Purchase of Computer, UPS etc.	2019-20	0.61
83	Balasore	Basta PS	Sadanandapur GP	Purchase of table of Sarpanch	2019-20	0.33
84	Balasore	Basta PS	Sadanandapur GP	Purchase of Table, chair for Anganwadi Centre	2019-20	1.57
85	Balasore	Simulia	Bari GP	SHG House repair	2017-18	0.78
86	Balasore	Simulia	Bari GP	Purchase of furniture for Anganwadi Centre	2019-20	0.20
87	Balasore	Simulia	Bari GP	Expenditure on office Contingency	2019-20	0.21
88	Balasore	Simulia	Kanchapada GP	Purchase of TV, Almirah, Chair, Stabilizer etc.	2017-18	1.50
89	Balasore	Simulia	Kanchapada GP	Purchase of office stationery	2018-19	0.05
90	Balasore	Simulia	Markona GP	Expenditure on office Contingency	2017-18	0.02
91	Balasore	Simulia	Markona GP	Purchase of A/C & TV antenna	2017-18	0.61
92	Balasore	Simulia	Markona GP	GP Boundary wall	2017-18	1.18
93	Balasore	Simulia	Markona GP	Expenditure on Simulia Mahotsav	2019-20	0.16
94	Balasore	Simulia	Markona GP	Purchase of Dry food for Fani cyclone	2019-20	0.20
95	Balasore	Simulia	Markona GP	Table, Chair for AWC building	2019-20	1.82
96	Balasore	Jaleswar	Khuard GP	Repairing of Computer	2017-18	0.06
97	Balasore	Jaleswar	Khuard GP	Purchase of Table and Chair, Spare tray, Glass for AWCs	2019-20	2.88
98	Balasore	Jaleswar	Khuard GP	Purchase of Mobile phone to GRS	2019-20	0.15
99	Balasore	Jaleswar	Khudia Majhi Sahi GP	Purchase of Chair, Table and Utensils for AWC	2019-20	1.18
100	Balasore	Jaleswar	Khudia Majhi Sahi GP	Construction of boundary wall at GP office	2019-20	3.00
101	Balasore	Jaleswar	Sikharpur GP	Repairing of Computer	2017-18	0.17
102	Balasore	Jaleswar	Sikharpur GP	Repair of Electricity in GP office	2018-19	0.01
103	Balasore	Jaleswar	Sikharpur GP	Repair of Pipelines and Toilets in GP office	2018-19	1.20
104	Balasore	Jaleswar	Sikharpur GP	Expenditure on computer repair	2018-19	0.10
105	Balasore	Jaleswar	Sikharpur GP	Purchase of table and chair, spare tray, glass for AWC	2019-20	1.18
106	Balasore	Jaleswar	Sikharpur GP	Expenditure on printer	2019-20	0.15
<b>Total</b>			<b>25 GPs</b>			<b>136.98</b>

Sl. No.	ZP	PS	Unit	Inadmissible Work/Expenditure	Financial Year of expenditure	Amount (₹ in lakh)
<b>15<sup>th</sup> FC Grants</b>						
1	Rayagada	Muniguda	M. Patraguda GP	Contingency expenditure	2020-21	0.06
2	Rayagada	Muniguda	M. Patraguda GP	Contingency expenditure	2020-21	0.07
3	Rayagada	Bissamcuttack	Bhetiapada GP	Purchase of LED TV	2020-21	0.22
4	Rayagada	Kashipur	Tikiri GP	Purchase of baby chair table	2021-22	1.20
5	Rayagada	Kashipur	Tikiri GP	Purchase of sanitizer and RO water purifiers	2021-22	0.73
6	Rayagada	Kashipur	Tikiri GP	Purchase of computer and printer	2021-22	0.76
7	Keonjhar	Banspal	Banspal GP	Purchase of inverter	2020-21	0.31
8	Keonjhar	Banspal	Raghunathpur GP	Purchase of Personal kit and meals	2020-21	1.54
9	Keonjhar	Banspal	Raghunathpur GP	Purchase of bed sheets and pillow covers	2020-21	0.35
10	Keonjhar	Banspal	Raghunathpur GP	Security charges, tiffin meals, and vehicle charges	2020-21	0.85
11	Keonjhar	Banspal	Karangadihi GP	Purchase of Furniture	2020-21	0.33
12	Keonjhar	Banspal	Karangadihi GP	Purchase of computer	2021-22	0.48
13	Keonjhar	Champua	Rajia GP	Electricity bill payment of GP office	2021-22	0.43
14	Keonjhar	Champua	Rajia GP	Energy charges of GP office	2021-22	0.45
15	Keonjhar	Champua	Rajia GP	Energy charges of GP office	2021-22	0.21
16	Keonjhar	Keonjhar Sadar	Dimbo GP	Office contingency, LED TV, Set up Box	2021-22	1.13
17	Keonjhar	Keonjhar Sadar	Dimbo GP	Contingency expenditure	2020-21	0.16
18	Jajpur	Sukinda	Chingudipal GP	Contingency expenditure	2020-21	0.09
19	Jajpur	Sukinda	Chingudipal GP	Contingency expenditure	2020-21	0.20
20	Jajpur	Sukinda	Chingudipal GP	Contingency expenditure	2020-21	0.09
21	Jajpur	Sukinda	Chingudipal GP	Contingency expenditure	2021-22	0.16
22	Jajpur	Sukinda	Chingudipal GP	Contingency expenditure	2021-22	0.08
23	Jajpur	Danagadi	Nadiabhanga GP	Expenditure on Panchayat Bhawan	2021-22	7.29
24	Jajpur	Danagadi	Nadiabhanga GP	Repair of office and BNRGSK building	2021-22	2.55
25	Jajpur	Danagadi	Trijanga GP	Renovation of GP office	2020-21	7.00
26	Jajpur	Dharmasala	Kumari GP	Construction of boundary wall at Kumara GP office	2020-21	3.85
27	Jajpur	Dharmasala	Kumari GP	Boundary wall of GP office	2020-21	0.33
28	Jajpur	Dharmasala	Kumari GP	Construction of boundary wall at GP office	2020-21	1.65
29	Jajpur	Dharmasala	Kumari GP	Development work of GP office	2021-22	1.71
30	Jajpur	Dharmasala	Abhayapur GP	Development of Abhayapur GP Office	2020-21	3.00

Sl. No.	ZP	PS	Unit	Inadmissible Work/Expenditure	Financial Year of expenditure	Amount (₹ in lakh)
31	Jajpur	Dharmasala	Abhayapur GP	Expenditure on GP Bhawan	2021-22	8.09
32	Jajpur	Dharmasala	Abhayapur GP	Expenditure on GP Office	2021-22	1.08
33	Balasure	Basta	Gadapada GP	Expenditure on GP boundary wall	2020-21	3.46
34	Balasure	Simulia	Bari GP	GP office maintenance	2020-21	0.18
35	Balasure	Simulia	Bari GP	GP office maintenance	2021-22	0.14
36	Balasure	Simulia	Markona GP	Purchase of Table, Chair for Markona Nodal school	2020-21	0.90
37	Balasure	Simulia	Markona GP	Purchase of Table, Chair for Kuniary Nodal school	2020-21	0.90
38	Balasure	Simulia	Markona GP	Expenditure on GP flooring	2020-21	1.50
39	Balasure	Simulia	Markona GP	Expenditure on GP office compound wall	2020-21	2.35
40	Balasure	Simulia	Markona GP	Purchase of GP office chair and table	2021-22	0.45
41	Balasure	Simulia	Markona GP	Construction of Anantapur Shiba Mandir	2021-22	1.16
42	Balasure	Simulia	Markona GP	Purchase of water purifier for GP office	2021-22	0.45
43	Balasure	Jaleswar	Sikharpur GP	Colouring of GP office and Rajiv Gandhi Seva Kendra	2020-21	0.50
44	Balasure	Basta	Basta PS	Expenditure on CCTV installation in Block	2021-22	0.50
45	Balasure	Basta	Basta PS	Completion of conference hall of Block veterinary office	2021-22	1.00
46	Balasure	Basta	Basta PS	Construction of Motorcycle stand in Block premises	2021-22	4.00
47	Balasure	Basta	Basta PS	Construction of CC road in front of Block conference Hall	2021-22	1.29
48	Balasure	Basta	Basta PS	Completion of old Block office building	2021-22	9.90
49	Balasure	Basta	Basta PS	Expenditure on installation of inverter with Battery	2021-22	0.80
50	Balasure	Basta	Basta PS	Completion of incomplete BDO Quarter	2021-22	5.00
<b>Total (1 PS, 17 GPs)</b>						<b>80.93</b>
<b>Grand Total</b>						<b>217.91</b>

*Source: Records of the concerned PS & GPs*

## Appendix –2.7

(Refer Paragraph No.: 2.5.2; Page No.: 20)

## Works lying incomplete due to unrealistic estimates

(₹ in lakh)

Sl. No.	ZP	PS	GP	Project	Estimated cost	Expenditure incurred
1	Koraput	Dasamantapur	Dasamantapur	Construction of Kalyan Mandap at Dasamantapur GP	8.00	8.00
2	Balasore	Jaleswar	Khuard	Construction of Kalyan Mandap at Khuard	4.00	3.67
3	Jajpur	Danagadi	Nadiabhanga	Construction of Kalyan Mandap at Nadiabhanga	18.75	18.75
4	Keonjhar	Banspal	Karangadihi	Construction of market complex at Karangadihi	8.00	8.00
5	Rayagada	Muniguda	Kumdaballi	Boundary wall of Dhuanpadar UP school	1.00	1.00
6	Rayagada	Muniguda	M. Patraguda	Sinking of production well for pipe water supply to Bhurikhamar and M. Patraguda	2.84	2.44
7	Ganjam	Bhanjanagar	Mujagada	Construction of compound wall of AWC Building	1.27	1.27
<b>Total</b>					<b>43.86</b>	<b>43.13</b>

*Source: Records of the concerned GPs*

Appendix –2.8

(Refer Paragraph No.: 2.5.3; Page No.: 21)

Wasteful expenditure on installation of Reverse Osmosis Plants

PS	GP	Components of the RO plant	Period of expenditure	Expenditure incurred (₹ in lakh)	Status of the Project
Koira	Gopna	Building for RO Plant	January 2017	1.64	Non-functional, due to failure of the source
		RO Plant Equipment	October 2019	3.50	
	K. Balang	Building for RO Plant	November 2019	2.50	Non-functional, due to non-procurement of machinery
		Borewell	-	1.31	
Hemgir	Kuchedega	Building for RO Plant	December 2017	1.95	Non-functional, due to non-repair of machinery
	Sumura	Borewell	July 2017	1.97	
		Building for RO Plant	September 2017	2.00	
		RO Plant Equipment	August 2018	2.80	
		Electrification	August 2018	0.29	
Rajgangpur	Buchukpada	Installation of RO Plant Water Storage Container at Getupani,	2016-17	2.80	Non-functional, due to machinery being defunct
		Const. of Room for RO Plant at Getupani	2016-17	2.00	
		Electrification at RO Plant and deep Borewell at Getupani	2016-17	2.39	
		Electrification of RO Plant	2019-20	1.25	
	Panposh	RO Plant at Badkapara and Gwalapara	-	10.50	
<b>Total</b>				<b>36.90</b>	

Source: Records of the concerned GPs

## Appendix –2.9

(Refer Paragraph No.: 2.5.3; Page No.: 21)

## Projects lying defunct

Sl. No.	ZP	PS	GP	Name of the project	Expenditure incurred (₹ in lakh)	Month of completion	Reason for not being used
1	Jajpur	Danagadi	Trijanga	Solar water supply at Solei Adivasi Sahi	5.00	13.02.2020	Non-rectification of defect after installation
2	Jajpur	Danagadi	Trijanga	Bore well with water supply to Tota Sahi	2.75	01.04.2021	Abandoned due to land dispute
3	Keonjhar	Keonjhar Sadar	Dimbo	Construction of new pipe line connecting Kholapa PWS	2.50	01.09.2020	Missing Pump Set
4	Rayagada	Muniguda	M. Patraguda	Construction of solar dual pump at Sarabali	2.86	Not Available	No repair work done
5	Rayagada	Muniguda	M. Patraguda	Construction of rural bathing complex with water facility at Sarabali	1.50	Not Available	Defunct solar dual pump
6	Rayagada	Muniguda	Kumudabali	Installation of solar dual pump at Gajakupuli village of Kumudabali GP	2.64	Not Available	Repeated failure after installation
<b>Total</b>					<b>17.25</b>		

*Source: Records of the concerned GPs*

**Appendix-3.1**

**(Refer Paragraph No. 3.3.1; Page No.: 30)**

**Unadjusted advances, as of March 2022**

Sl. No.	ZP	PS	Unit	Name of the Advance holder	Date of advance	Amount of advance (₹ in lakh)	Pendency, as of March 2022 (₹ in lakh)	Purpose of advance
1	Rayagada	Muniguda	Sibapadar GP	Sri Pradhan Sabar, Ex- PEO	29-04-2015	1.00	1.00	Purchase of cement for CC road
2	Rayagada	Kashipur	Kashipur PS	PEOs of Blocks	20-04-2020	24.00	24.00	Special assistance to Registered Nirman Sramika
3	Ganjam	Beguniapada	Beguniapada PS	Shri Malay Kumar Behera, JE	23-04-2018	0.70	0.70	Renovation of PS Meeting Hall
4	Ganjam	Beguniapada	Beguniapada PS	Shri Malay Kumar Behera, JE	17-04-2018	0.80	0.80	Renovation of PS Meeting Hall
5	Balasore	Basta	Sadanandapur, GP	Sri Kamalakanta Behera, PEO	04-05-2020	3.00	3.00	For management of COVID 19
6	Balasore	Basta	Sadanandapur, GP	Sri Kamalakanta Behera, PEO	19-05-2020	2.00	2.00	For management of COVID 19
7	Balasore	Basta	Sadanandapur, GP	Sri Kamalakanta Behera, PEO	05-06-2020	0.54	0.54	For management of COVID 19
<b>Total</b>						<b>32.04</b>	<b>32.04</b>	

**Source:** Records of the concerned PSs and GPs

## Appendix 3.2

(Refer Paragraph No.: 3.3.2; Page No.: 31)

## Mismatch between the opening and closing balances of Cashbooks

(*₹ in lakh*)

Sl. No.	Unit	Date of transaction	CB, as per Cash book	Subsequent transaction date	Corresponding OB	Difference
1	Keonjhar Sadar PS	31.03.2020	274.71	03.04.2020	87.02	187.69
2	Podapadi GP of Kashipur PS	31.03.2021	28.23	01.04.2021	24.62	3.61
		30.07.2020	23.27	31.07.2020	23.25	0.02
<b>Total</b>			<b>326.21</b>		<b>134.89</b>	<b>191.32</b>

Source: Records of the concerned PS and GP

**Appendix 3.3**

**(Refer Paragraph No.: 3.3.3; Page No. 31)**

**Non-accountal of interest**

**(₹ in lakh)**

Sl. No.	ZP	PS	Unit	Amount of interest accrued during FYs 2017-22	Amount taken to the Cash book (as of March 2022)	Amount of interest not accounted for (as of March 2022)
1	Keonjhar	Banspal	Banspal PS	15.54	13.09	2.45
2	Keonjhar	Banspal	Banspal GP	1.99	1.84	0.15
3	Keonjhar	Banspal	Uperaigoda, GP	2.94	2.59	0.35
4	Keonjhar	Champua	Champua PS	37.66	29.11	8.55
5	Keonjhar	Keonjhar Sadar	Keonjhar Sadar PS	35.28	22.12	13.16
6	Keonjhar	Keonjhar Sadar	Dimbo, GP	1.75	1.24	0.51
7	Koraput	Pottangi	Pottangi, PS	21.70	20.61	1.09
8	Koraput	Laxmipur	Laxmipur, PS	27.61	13.99	13.62
<b>Total</b>				<b>144.47</b>	<b>104.59</b>	<b>39.88</b>

**Source:** Records of the concerned PSs and GPs

## Appendix-3.4

(Refer Paragraph No.: 3.3.4; Page No.: 32)

## Non-remittance of Government revenue deducted from work bills

Sl. No.	ZP	PS	Unit	Royalty	Cess	VAT	TDS	Total (in ₹)
1	Keonjhar	Banspal	Banspal, GP	47,582	6,553	0	0	54,135
2	Keonjhar	Banspal	Karangadihi, GP	25,339	0	0	0	25,339
3	Keonjhar	Banspal	Uperaigoda, GP	30,121	28,682	12,000	0	70,803
4	Keonjhar	Champua	Champua, PS	6,89,221	19,600		15,213	7,24,034
5	Keonjhar	Champua	Badanai, GP	28,232	34,318	6,536	0	69,086
6	Keonjhar	Champua	Bhuinpur, GP	22,396	11,473	0	0	33,869
7	Keonjhar	Champua	Rajia, GP	35,077	12,884	9,861	0	57,822
8	Keonjhar	Keonjhar Sadar	Keonjhar Sadar, PS	10,11,328	4,59,574	1,07,443	2,03,413	17,81,758
9	Rayagada	Bissamcuttack	Bissamcuttack, PS	10,60,115	3,39,805	1,31,556	13,816	15,45,292
10	Rayagada	Bissamcuttack	Bhetiapada, GP	67,400	21,231	1,525	0	90,156
11	Rayagada	Bissamcuttack	Chancharaguda, GP	1,34,811	59,553	2,711	0	1,97,075
12	Rayagada	Bissamcuttack	Durgi, GP	51,176	16,206	7,141	0	74,523
13	Rayagada	Kashipur	Kashipur, PS	5,42,610	3,13,511	1,03,023	19,111	9,78,255
14	Rayagada	Kashipur	Podapadi, GP	32,342	19,515	6,611	0	58,468
15	Rayagada	Kashipur	Talajhiri, GP	37,699	21,031	9,594	0	68,324
16	Rayagada	Muniguda	Kumudabali, GP	41,452	47,339	0	0	88,791
17	Rayagada	Muniguda	Patraguda, GP	25,650	18,188	1,673	0	45,511
18	Rayagada	Muniguda	Sibapadar, GP	19,414	12,550		0	31,964
19	Ganjam	Beguniapada	Beguniapada, PS	12,33,433	2,95,363	1,83,346	0	17,12,142
20	Ganjam	Bhanjanagar	Bhanjanagar, PS	3,41,539	1,45,365	39,008	0	5,25,912
21	Ganjam	Rangeilunda	Rangeilunda, PS	17,52,508	10,64,356	1,71,571	0	29,88,435
22	Ganjam	Beguniapada	Khandianai, GP	38,547	30,664	0	0	69,211
23	Ganjam	Beguniapada	Mardakote, GP	50,279	48,439	0	0	98,718
24	Ganjam	Beguniapada	Mardamekha, GP	37,751	42,066	0	0	79,817
25	Ganjam	Bhanjanagar	Dihapadhal, GP	21,430	59,180	3,298	0	83,908

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Sl. No.	ZP	PS	Unit	Royalty	Cess	VAT	TDS	Total (in ₹)
26	Ganjam	Bhanjanagar	Mujagada, GP	38,027	18,933	0	0	56,960
27	Ganjam	Bhanjanagar	Sanakodanda, GP	78,002	36,686	3,456	0	1,18,144
28	Ganjam	Rangeilunda	Dura, GP	50,780	39,645	0	0	90,425
29	Ganjam	Rangeilunda	Golanthara, GP	62,387	42,101	2,168	0	1,06,656
30	Ganjam	Rangeilunda	Randha, GP	1,01,886	35,150	0	0	1,37,036
31	Koraput	Laxmipur	Laxmipur, PS	1,39,149	41,297	19,964	0	2,00,410
32	Koraput	Damantpur	Damantpur, PS	13,150	3,433	0	0	16,583
33	Koraput	Pottangi PS	Pottangi, GP	19,600	6,621	0	0	26,221
34	Koraput	Pottangi PS	Pukali, GP	51,728	41,010	17,100	0	1,09,838
35	Koraput	Pottangi PS	Gangrajpur, GP	26,528	9,426	0	0	35,954
36	Koraput	Laxmipur PS	Laxmipur, GP	-	-	44,572	0	44,572
37	Koraput	Laxmipur PS	Burja, GP	10,655	3,824	16,664	0	31,143
38	Koraput	Laxmipur PS	Toyaput, GP	12,318	9,870	3,180	0	25,368
39	Koraput	Dasmantpur PS	Damantpur, GP	63,648	14,913	0	0	78,561
40	Koraput	Dasmantpur PS	Chanabada, GP	1,78,826	27,709	301	0	2,06,836
41	Koraput	Dasmantpur PS	ParajaBedapadar, GP	37,146	16,556	56,521	0	1,10,223
42	Sundargarh	Koira	Gopna, GP	41,000	28,000	0	0	69,000
43	Sundargarh	Koira	K.Balang, GP	31,000	22,000	0	0	53,000
44	Sundargarh	Koira	Pattmunda, GP	27,000	20,000	0	0	47,000
45	Sundargarh	Hemgiri	Ankelbira, GP	57,000	49,000	0	0	1,06,000
46	Sundargarh	Hemgiri	Kuchedega, GP	7,000	19,000	0	0	26,000
47	Sundargarh	Hemgiri	Sumura, GP	31,000	32,000	0	0	63,000
<b>Total</b>				<b>84,55,282</b>	<b>36,44,620</b>	<b>9,60,823</b>	<b>2,51,553</b>	<b>1,33,12,278</b>

**Source: Records of the concerned PSs and GPs**

## Appendix-3.5

(Refer Paragraph No.: 3.4.2; Page No.: 33)

## Less payment of wages to labourers

Sl. No.	ZP	PS	Unit	No. of works in which less payment of wages were detected	Expenditure (₹ in lakh)	Wages due, as per the minimum wage rates (in ₹)	Wages paid, as per the muster rolls (in ₹)	Less payment of wages (in ₹)
1	Keonjhar	Champua	Badanai, GP	1	2.50	55,704	54,840	864
2	Keonjhar	Champua	Bhuinpur, GP	1	2.52	97,664	96,552	1,112
3	Rayagada	Bissamcuttack	Bissamcuttack, PS	4	7.20	3,55,693	3,52,878	2,815
4	Rayagada	Bissamcuttack	Chancharaguda, GP	4	11.22	4,29,935	3,73,189	56,746
5	Rayagada	Bissamcuttack	Durgi, GP	3	9.00	1,69,663	1,49,887	19,776
6	Rayagada	Kashipur	Kashipur, PS	11	15.85	6,26,082	5,85,622	40,460
7	Rayagada	Kashipur	Podapadi, GP	1	1.80	54,194	52,008	2,186
8	Rayagada	Kashipur	Talajhiri, GP	7	7.47	1,82,925	1,74,451	8,474
9	Rayagada	Kashipur	Tikiri, GP	2	3.91	1,09,223	1,04,631	4,592
10	Rayagada	Muniguda	Muniguda, PS	1	9.00	62,822	60,196	2,626
11	Rayagada	Muniguda	Kumudabali, GP	3	5.20	1,53,214	1,28,942	24,272
12	Rayagada	Muniguda	Patraguda, GP	2	2.40	1,37,264	1,35,090	2,174
13	Rayagada	Muniguda	Sibapadar, GP	2	3.00	70,625	60,471	10,154
14	Koraput	Pottangi	Pottangi, PS	3	6.50	2,00,000	1,96,000	4,000
15	Koraput	Dasmantpur	Dasmantpur, PS	4	9.93	2,87,000	2,82,000	5,000
<b>Total</b>				<b>49</b>	<b>97.50</b>	<b>29,92,008</b>	<b>28,06,757</b>	<b>1,85,251</b>

Source: Records of the concerned PSs and GPs

**Appendix-4.1**

**(Refer Paragraph No.: 4.4.3; Page No.: 43)**

**Loss of interest due to non-parking of schematic funds under Flexi accounts**

*(₹ in lakh)*

Sl. No.	ZP	Unit	Accruable interest	Actual interest accrued	Loss of interest
1	Keonjhar	Zilla Parishad, Keonjhar	140.94	72.94	68.00
2	Keonjhar	Keonjhar Sadar PS	34.98	18.08	16.90
3	Keonjhar	Banspal PS	63.09	32.52	30.57
4	Keonjhar	Champua PS	33.95	17.33	16.62
5	Rayagada	Kashipur PS	38.90	20.37	18.53
6	Rayagada	Bissamcuttack PS	32.56	16.90	15.66
7	Rayagada	Muniguda PS	18.10	9.93	8.17
8	Jajpur	Danagadi PS	49.09	31.36	17.73
9	Balasore	Simulia PS	10.67	7.99	2.68
10	Sundargarh	Koira PS	41.99	30.33	11.66
11	Koraput	Pottangi PS	35.07	18.15	16.92
12	Koraput	Laxmipur PS	21.53	11.45	10.08
<b>Total</b>			<b>520.87</b>	<b>287.35</b>	<b>233.52</b>

**Source:** Records of the concerned ZP and PSs

## Appendix 4.2

(Refer Paragraph No.: 4.5.3.3; Page No.: 46)

## Unrealistic cost of material charged to work

Sl. No.	PS	No. of works test checked	Year of execution	Expenditure incurred (₹ in lakh)	Material procured	No. of Units purchased	Rate per Unit (in ₹)	Expenditure incurred (in ₹)	Excess expenditure incurred (in ₹)
1	Simulia	14	2017-18	21.7	Bricks with Marble Stone Work & Installation of Luminaries & Erection of Pole	4	8,000	32,000	-
						2	13,500	27,000	11,000
						7	17,000	1,19,000	63,000
					4-way angle bracket	4	4,200	16,800	-
						10	11,500	1,15,000	73,000
					Foot rest with nut bolt	4	1,700	6,800	-
						20	3,500	70,000	36,000
2	Keonjhar Sadar	11	2017-18	16.47	8 metre length of galvanized octagonal MS pole, tapped with single pipe 3 mm thick with base plate of 150 mm X 150 mm X 16 mm thickness	6	11,000	66,000	-
						7	11,500	80,500	3,500
						3	12,300	36,900	3,900
						2	17,700	35,400	13,400
					Three arm powered structure welded with the top of the pole	7	6,060	42,420	-
						6	6,100	36,600	240
					Four arm powered structure welded with the top of the pole	2	8,100	16,200	-
						6	10,100	60,600	12,000
					2C x 4 sqmm, PVC cable in metres	100	61	6,100	
						100	62	6,200	100
						392	85	33,320	9,408
					Installation of concrete Base earthing labour charges transportation, testing with main supply	3	6,100	18,300	-
						3	6,800	20,400	2,100
7	8,000	56,000	13,300						
2	9,200	18,400	4,800						
3	Banspal	20	2018-19	42.49	9 metre length of galvanized octagonal MS pole, tapped with single pipe 3 mm thick with base plate of 150 mm X 150 mm X 16 mm thickness	7	34,700	2,42,900	-
						4	37,700	1,50,800	12,000
					10 metre length of galvanized octagonal MS pole, tapped with single pipe 3 mm thick with base plate of 150 mm X 150	3	34,700	1,04,100	-
						5	40,700	2,03,500	30,000
						1	44,700	44,700	10,000

Sl. No.	PS	No. of works test checked	Year of execution	Expenditure incurred (₹ in lakh)	Material procured	No. of Units purchased	Rate per Unit (in ₹)	Expenditure incurred (in ₹)	Excess expenditure incurred (in ₹)
					mm X 16 mm thickness				
					Four armed power structure	6	10,100	60,600	-
						2	11,900	23,800	3,600
						8	12,600	1,00,800	20,000
					2C x 4 sqmm, PVC cable in metres	120	52	6,240	-
						840	100	84,000	40,320
					Installation of concrete Base earthing labour charges transportation, testing with main supply as required	2	10,191	20,382	-
						2	10,192	20,384	2
						1	11,990	11,990	1,799
						4	12,620	50,480	9,716
						2	12,800	25,600	5,218
						3	13,225	39,675	9,102
						6	13,998	83,988	22,842
						1	14,081	14,081	3,890
						5	14,800	74,000	23,045
						1	14,824	14,824	4,633
						2	15,347	30,694	10,312
						1	15,380	15,380	5,189
						2	15,390	30,780	10,398
<b>Total</b>	-	<b>45</b>	-	<b>80.66</b>	-	<b>1,725</b>	-	-	<b>4,67,814</b>

*Source: Records of the concerned PSs*

## Appendix 4.3

(Refer Paragraph No.: 4.5.5; Page No.: 48)

## Short payment of wages

Sl. No.	ZP	PS	No. of works test-checked	No. of man days affected	Wages paid (in ₹)	Wages due (in ₹)	Short payment of wages (in ₹)
1	Balasore	Basta	20	4,568	12,30,748	13,64,926	1,34,178
2	Balasore	Simulia	20	3,624	9,66,043	10,43,777	77,734
3	Balasore	Jaleswar	15	2,295	6,07,250	6,39,295	32,045
4	Keonjhar	Keonjhar Sadar	20	4,320	12,41,177	12,80,163	38,986
5	Keonjhar	Banspal	20	3,081	7,44,846	9,31,394	1,86,548
6	Keonjhar	Champua	20	3,339	9,09,802	9,55,899	46,097
7	Rayagada	Kashipur	20	5,341	13,67,454	14,78,494	1,11,040
8	Rayagada	Bissamcuttack	20	4,740	12,45,149	12,84,416	39,267
<b>Total</b>			<b>155</b>	<b>31,308</b>	<b>83,12,469</b>	<b>89,78,364</b>	<b>6,65,895</b>

*Source: Records of the concerned PSs*

Appendix 4.4

(Refer Paragraph No.: 4.5.7; Page No.: 49)

Extra expenditure incurred in the execution of CC roads

Sl. No.	ZP	PS	No. of works test-checked	Estimated cost (₹ in lakh)	Expenditure incurred (₹ in lakh)	Length of CC road (in metres)	Range of width of CC roads (in metres)	Quantum of CC (1:3:6) consumed (in cum)	Quantum of CC (1:3:6) as per standard (in cum)	Excess consumption of CC(1:3:6) in cum	Excess expenditure incurred (₹ in lakh)	Quantum of CC (1:2:4) consumed (in cum)	Quantum of CC (1:2:4) as per standard (in cum)	Excess consumption of CC(1:2:4) in cum	Excess expenditure incurred (₹ in lakh)	Total excess expenditure (₹ in lakh)
1	Rayagada	Bissamcuttack	6	13.38	13.38	295.45	3.8-7.77	149.22	109.01	40.21	1.44	97.62	70.43	27.19	1.33	2.77
2	Rayagada	Muniguda	34	62.73	62.70	1286	3.6-9	660.38	453.36	207.02	7.07	407.05	279.68	127.37	5.95	13.02
<b>Total</b>			<b>40</b>	<b>76.11</b>	<b>76.08</b>	<b>1,581.45</b>		<b>809.60</b>	<b>562.37</b>	<b>247.23</b>	<b>8.51</b>	<b>504.67</b>	<b>350.11</b>	<b>154.56</b>	<b>7.28</b>	<b>15.79</b>

Source: Records of the concerned PSs

## Appendix 4.5

(Refer Paragraph No.: 4.5.8; Page No.: 50)

## Extra expenditure incurred in the execution of line canals

Sl. No.	ZP	PS	No. of works checked	Expenditure incurred (₹ in lakh)	Range of width of beds (in metres)	Quantity of CC (1:3:6) executed in the canal bed (in cum).	Quantity of CC (1:3:6) in the canal bed, as per norm (in cum).	Excess consumption of CC(1:3:6) (in cum) in bed (7-8)	Range of thickness of walls (in metres)	Quantum of CC (1:3:6) consumed inside the walls (in cum).	Quantum of CC (1:3:6) inside the walls as per norm (in cum).	Excess consumption of CC(1:3:6) in walls (in cum) (11-12)	Total excess consumption of CC (1:3:6) (in cum) (9+13)	Excess expenditure incurred (₹ in lakh)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
					Calculation for extra thickness of bed				Calculation for extra thickness of wall					
1	Rayagada	Bissamcuttack	5	8.75	0.7- 2.1	62.71	14.26	48.45	0.1 -1.5	79.84	15.06	64.78	113.23	3.93
2	Rayagada	Muniguda	4	8.33	1.2- 1.8	56.44	21.63	34.81	0.45 - 0.95	109.13	88.81	20.32	55.13	4.19
3	Koraput	Laxmipur	12	36.50	-	-	-	-	0.3-1.65	782.31	211.36	570.95	570.95	19.77
<b>Total</b>			<b>21</b>	<b>53.58</b>		<b>119.15</b>	<b>35.89</b>	<b>83.26</b>		<b>971.28</b>	<b>315.23</b>	<b>656.05</b>	<b>739.31</b>	<b>27.89</b>

*Source: Records of the concerned PSs*



# **GLOSSARY**



### Glossary of abbreviations

AAP	Annual Action Plan
AE	Assistant Engineer
AEE	Assistant Executive Engineer
ABDO	Additional Block Development Officer
AGAB	Ama Gaon Ama Bikash
ATIR	Annual Technical Inspection Report
BASUDHA	Buxi Jagabandhu Assured Water Supply to Habitations
BDO	Block Development Officer
BRGF	Backward Region Grant Fund
CAG	Comptroller and Auditor General
CB	Closing Balance
CC	Cement Concrete
CDO-cum-EO	Chief Development Officer-cum-Executive Officer
CEO	Chief Executive Officer
CFC	Central Finance Commission
CSS	Centrally Sponsored Scheme
DISCOM	Power Distribution Company
DLFA	Directorate of Local Fund Audit
DPC	District Planning Committee
DPO	District Panchayat Officer
DRDA	District Rural Development Agency
EE	Executive Engineer
FC	Finance Commission
FY	Financial Year
GGY	Gopabandhu Gramin Yojana
GIA	Grants-in-Aid
GoO	Government of Odisha
GoI	Government of India
GP	Gram Panchayat
GPDP	Gram Panchayat Development Plan
GPTAs	Gram Panchayat Technical Assistants
GST	Goods and Services Tax
HSY	Harischandra Sahayata Yojana
IPAI	Institute of Public Auditors of India
IR	Inspection Report
IT	Income Tax
JEs	Junior Engineers
JJM	Jal Jeevan Mission
JPI	Joint Physical Inspection
LB	Local Bodies
LDPE	Low Density Poly Ethylene
LT	Low Transmission
LTI	Left Thumb Impression
MLA	Member of Legislative Assembly
MP	Member of Parliament

MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MIS	Management Information System
MLALAD	Member of Legislative Assembly Local Area Development
MoPR	Ministry of Panchayati Raj
MR	Muster Rolls
NRLM	National Rural Livelihood Mission
NRDWP	National Rural Drinking Water Programme
OB	Opening Balance
OPWD	Orissa Public Works Department
OPSAP	Orissa Panchayat Samiti Accounting Procedure
OTC	Orissa Treasury Code
PD	Project Director
PEO	Panchayat Executive Officer
PMAY	Pradhan Mantri Awaas Yojana
PRI	Panchayati Raj Institution
PR&DW	Panchayati Raj and Drinking Water
PS	Panchayat Samiti
RO	Reverse Osmosis
SAU	Social Audit Unit
SBM	Swachh Bharat Mission
SFC	State Finance Commission
SHG	Self Help Group
SSCA	Subject Specific Compliance Audit
TDS	Tax Deducted at Source
TGS	Technical Guidance and Support
TMC	Temporary Medical Centre
UC	Utilisation Certificate
ULB	Urban Local Body
VAT	Value Added Tax
ZP	Zilla Parishad