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प्रधान महालेखाकार (आर्थिक एवं राजस्व क्षेत्र लेखापरीक्षा) का कार्यालय

ओडिशा :: भुवनेश्वर - 751001

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पत्र सं० - आ०क्षे० (पु०)/ 90/2019-20/194

दिनांक - 15.01.2020

सेवा में,

प्रधानाचार्य, सरकारी
पॉलि टेक्निक, नयागढ़,
ओदागाँव, नयागढ़,
पिन - 752081

15/01/20

विषय: निरीक्षण रिपोर्ट सं० 90/2019-20..... निर्गत करने के संबंध में।

महोदय/महोदया,

उपरोक्त विषय पर इस कार्यालय का अंग्रेजी पत्र सं० ई० एस०। (वेट) 90/2019-20/194

दिनांक - 15.01.2020 सूचनार्थ एवं आवश्यक कार्यवाही हेतु भेजा जा रहा है।

संलग्न: यथोपरि।

भवदीय,

पवि 15.01.2020
वरिष्ठ लेखापरीक्षा अधिकारी
(ई० एस० - 1 / पुनरीक्षण)

प्रधान महालेखाकार का कार्यालय (ऑफिस ऑफ़ रजिस्ट्रार जी. लेखापरीक्षा) ओडिशा भुवनेश्वर-751001
 OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (I & R S A)
 ODISHA: BHUBANESWAR

No. ES-I(V)/IR No. 90/2019-20/194

दिनांक/Date: 15.01.2020

To
 The Principal, Government
 Polytechnic, Nayagash,
 Dist- Nayagash- 752081.


Sir,

I am to forward herewith the Inspection Report No. 90/2019-20 relating to Transaction audit of your establishment for the year 05/14 to 11/19. Reply to the Inspection Report is required to be furnished within four weeks of its receipt in terms of Regulation 197 on Audit and Account, as notified by the Government of India. The reply may also be forwarded to Government (Administrative Department) for their comments.

The following paras of the previous Inspection Report may be treated settled:

Sl. No.	IR No./Year	Part II-A Para	Part IIB Para	Remarks

Kindly acknowledge the receipt of the Inspection Report.


 15.01.2020
 Sr. Audit Officer/ES-I (V)

Memo No. ES-I(V)/IR No.....

दिनांक/Date:

Copy ~~alongwith~~ copy of Inspection Report forwarded to the..... for information and necessary action. Special attention is invited to the irregularities pointed out in Para No..... for necessary action. In terms of Regulation 202 on Audit and Accounts, as notified by Government of India, the Government (Administrative Department) shall establish and implement systems and procedures that ensure adequate, constructive and timely action on observations contained in Inspection Reports.

Reply to the Inspection Report, when received may be forwarded to this Office with your comments thereon.

Sr. Audit Officer/ES-I(V)

Memo No. ES-I(V)/IR No.....

दिनांक/Date:

Copy ~~alongwith~~ copy of Inspection Report forwarded to the..... for information and necessary action. Special attention is drawn to the irregularities pointed out in Para No..... for necessary action.

Sr. Audit Officer/ES-I (V)

प्रधान महालेखाकार का कार्यालय (आ.एवं रा.क्षे.ले.प.) ओडिशा, भुवनेश्वर

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (E&RSA), ODISHA,
BHUBANESWAR
INSPECTION REPORT No. 90/2019-20

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INSPECTION REPORT No. 90/2019-20

Name of the Accounts audited	Inspection Report on Expenditure accounts of The Principal, Government Polytechnics, Nayagarh, Dist-Nayagarh, Mob No-
Address in detail	At-Odagaon, Dist- Nayagarh.
Period of Account audited	Transaction audit: May 2014 to November 2019
Time taken for Audit	10-12-2019 to 16-12-2019 (05 working days)
Name of the officer in charge of the Accounts	Shri Jitendra Narayan Dash, Principal (from 20-05-2014 to 06-11-2018) Sri Upendra Kumar Mallick, Principal (from 06-11-2018 to till date of audit)
Name of the officer in charge of the Office	-as above-
Designation of next higher authority	Directorate of Technical Education & Training, Odisha, Cutack
Name of the officers conducted Audit	Shri N. Bala Murthy Vasarla, AAO;
Name of the Reviewing Officer	Shri Bhaskar Chandra Roul, Sr. Audit Officer
Scope of Audit	A test check and general examination of accounts/records pertaining to the period covered under audit.

PART-I

1.1 Introductory: Government Polytechnic Nayagarh established¹ in 2009 and functioning from May 2014, to meet the growing technical man power need in the State. The institution is recognized by All India Council for Technical Education, New Delhi and affiliated to State Council for Technical Education & Vocational Training, Bhubaneswar, Odisha. The institute is under control of the Directorate of Technical Education & Training, Odisha, Cuttack with Apex Body of the Skill Development & Technical Education (SD&TE) Department, Government of Odisha. It has evolved as one of the most cherished destination for the candidates aspiring to have a growing career in technological arena. It offers an excellent infrastructure and the best learning in Engineering and Technology, Government Polytechnics, Nayagarh is a residential institute with nearly 34 faculties², 517 students³ and 19 establishment & administrative supporting staff. It has established itself as a premier centre for technical education in the State. The Mission of the institutes is to generate on a sustainable basis quality technical human resources commensurate with the dynamic global scenario.

1.2 Scope of audit: A test check and general examination of accounts records relating to Expenditure and Receipt & Refund Accounts for the period covered under audit under Section 13 (a) and Section 16 of C&AG's DPC Act-1971.

¹ Industries Department, GoO, Notification- No-IX-TTI-22/2009- 15448/1 dated 23rd October 2009.

² Principal-01; Teaching Regular 13; Teaching Regular Deployed to other institute-2; Part Time Guest Faculties-10; Non-teaching Staff- 8) ;

³ Civil-137; Electrical-178 and Mechanical-202;

1.3 Audit Objective –

The Objectives of this audit were to assess whether:-

- (i) Collection and utilisation of fund under different scheme & activities are carried out in efficient, economic and effective manner for attainment of organizational objectives;
- (ii) The financial management as well as training programmes were implemented effectively to achieve the mandate/objectives of the department.
- (iii) The Internal control mechanism is sufficient to check the theft, fraud and corruption;
- (iv) Pupil-teacher ratio, result and placement are adequate;
- (v) The aspect of financial propriety was being followed or not;.

1.4 Audit Criteria:

The audit criteria adopted for assessing the achievement of the audit objectives were:

- (i) The Orissa Technical Education and Training Service Rules 1985;
- (ii) Norms & Guideline of Scheme of community development through polytechnics;
- (iii) Sanction order, circular, Notification of Government in respect of Government Polytechnics;
- (iv) Norms and standards set by State Government and other standard setting authorities in respect of Internal Control System;
- (v) Provision of Odisha General Financial Rules, Odisha Treasury Code, Delegation of financial Rule, Public Procurement Guidelines 2012 and Government notification etc.

1.5 Audit Methodology

The audit methodology adopted for achieving the audit objective with reference to audit criteria were:

- (i) Review of Budget Estimates vis-à-vis Expenditure;
- (ii) Examination of records relating to procurement of goods and services
- (iii) Examination of records relating to Operation of different scheme and its implementation scheme files;
- (iv) Checking of files relating to revenue collection;
- (v) Joint physical inspection of the asset/projects created;
- (vi) Issue of POMs and discussion of audit findings with Head of the Office along with reply

1.6 Schedule of persistent irregularities: Nil

1.7 Revenue Collection: The revenue towards fees of Transfer certificates, Electric & seat rent of hostel admission fees and etc collected during the last five years was given in table below:

(Amount of rupees in lakhs)

Year	Collection
2014-15	9.59
2015-16	17.20
2016-17	24.23
2017-18	14.21
2018-19	20.37
Total	85.61

1.8 Financial profile

During the period of last three years (2016-17 to 2018-19, funds for ₹3.83crore allotted out of which ₹3.67 Crore were expended and ₹0.16crore (4per cent) were surrendered as detailed below:

(Amount in Lakh.)

Year	Allotment	Expenditure	Surrender	% of surrender
2016-17	100.81	95.52	5.29	5
2017-18	134.70	127.01	7.69	6
2018-19	147.57	144.89	2.68	2
Total	383.08	367.41	15.67	4

1.9 Human resources

As against the sanctioned strength of 35, the men in position was 26(74 per cent) under different categories posts of the office of the Principal, Government Polytechnics, Nayagarh as on 30thNovember 2019 with 09number shortage of man power which was 26per cent shortage of man power.Shortage of manpower at various levels may affect the service delivery as well as the academic activities of the Government Polytechnics. Hence, necessary steps may be taken to fill up the vacant posts so as to provide effective service delivery and to achieve the main functions and activities of the Government Polytechnics.

1.10 No internal audit of this institute has been conducted since its inception ie, may 2019.

Section A (Expenditure Audit)

Part-IIA

Nil

Part-IIB

2 Non-payment of wages and non-deposit of EPF & ESI share of both employee and employer.

As per Finance Department, Office memorandum (No-42284/F dated 26th September 2011) on Guidelines for outsourcing of services, Administrative Departments and Heads of Departments may allow outsourcing certain services in the interest of economy and efficiency. Para- 10 of this memorandum stipulates that the competent authority should be involved throughout in the conduct of the contract and continuously monitor the performance of the contractor.

Clause 17 of the agreement, it was mentioned that the Manpower Service Provider must be registered with the concerned Government Authority, i.e. Labour Commissioner, Provident Fund Authorities, Employees State Insurance Corporation etc, and copies of the registration certificates should be submitted along with the tender paper. The Manpower Service Provider shall comply with all the legal requirements for obtaining License under Contract Labour (Regulation and Abolition) Act, 1970 if any, at his own part and cost, if required under the act.

Clause 29 (V &VI) of the agreement made between the Principal and the Service Provider, it was stipulated that the firm has to first deposit the EPF & ESI subscription of all out sourced persons engaged by the Service provider at the Institute and reimburse the same in the bill raised latter for the same month by the Service Provider.

Review of bill register and file of engaging manpower service in respect of GP, Nayagarh, it was noticed that the Principal, GP, Nayagarh issued (08th November 2018) renewal of work order for supply of manpower for twelve months w.e.f. 10-11-2018 in favour of the Managing Partner, Sumeet Security Service, Bhubaneswar who had continued as service provider since from November 2014 and renewal has been awarded each year up to November 2019. It was noticed that during the period from 1st November 2018 to 31st August 2019 an amount of ₹11.49 lakh paid to the Service provider - Sumeet Security Service, Bhubaneswar towards engagement of 17 manpowers to the GP, Nayagarh for which the Employers share of 1.94 lakh towards EPF (12%) & ESI share (1.75) and Employees share of ₹1.60 lakhs towards EPF (13%) & ESI share (4.75) was not deposited neither by the Service Provider nor by the Principal, GP, Nayagarh as detailed in **annexure-A**. Also, it was noticed that the payment for the month of September 2019 to 09th November 2019 around ₹2.30 lakh was not paid to the Service provider for onward payment to the employees engaged through Service Provider.

Further, a letter communicated (30th March 2019) by the Principal, GP, Nayagarh, it was noticed that the Service Provider has not deposited the EPF & ESI subscription from the period from October 2016 to February 2019 and also Employer share has not been deposited

by the Service Provider being the Employer share has not been drawn by the GP, Nayagarh. In regards to the stated provision the competent authority should be involved throughout in the conduct of the contract and continuously monitor the performance of the contractor, which was totally absent, as a result, the renewal of work order for supply of manpower were being continued 12 months to next twelve months.

As a result, the persons engaged through the Service Provider and discharged their duties were deprived the benefits of EPF and ESI services.

In this connection, the details of due and payment of EPF, ESI share both employee share and Employer share may be reviewed from November 2014 to November 2019 and take necessary steps to make deposits of the stated share of EPF & ESI contribution of people engaged through out-sourcing.

In reply, the Principal, GP, Nayagarh stated (16th December 2019) that the dues towards EPF & ESI share of both employee & employer from Nov- 2014 to Nov, 2019 should be furnished in due time. However, in respect non-payment of wages and non-deposit of EPF& ESI share of outsourced personnel should be reviewed at institute's level and intimated to audit.

3. Non-functioning of equipments led to wasteful/idle expenditure of ₹2.51 lakh:

The Skill Development & Technical Education Department (SD & TE Deptt), Government of Odisha sanctioned funds Under Central Assistance to Central Sponsoring Scheme (CA to CSS) for State Plan of Rashtriya Uchatara Sikshya Abhiyan (RUSA) sanctioned (16th October 2015) funds for establishment of New Polytechnics during 2015-16. The fund sanctioned is for the purpose towards procurement of tools, equipment, machineries, books, furniture etc. of Diploma programme.

Machinery and equipment form an integral part of the infrastructure needed to provide technical education. It was, however revealed that equipment costing ₹2.51 lakh were lying defunct since from more than one year in GP, Nayagarh. Further, the warranty period of the equipments i.e. 2 years from the date of installation has been lapsed.

Audit noticed from that some of equipments purchased and installed in the Departments of Government Polytechnics, Nayagarh out of RUSA funds were verified with stock ledger of equipment & instruments and joint physical inspection conducted (12th December 2019) by the respective HOD of

the Department & Principal in presence of audit that 02 number of equipments installed in Mechanical Unit/



Figure 2 Experimental Air Conditioner window

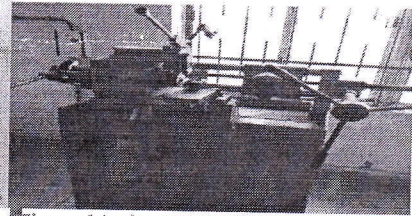


Figure 1 Lathe Capstan Champion

Mechanical workshop in Mechanical Department of Government Polytechnics, Nayagarh were in defunct position worth ₹2.51 lakhs and not being used for the purpose these were procured and installed, the details are in the table A given below. These defunct equipment's photographs are given through the text.

As a result, due to non-functioning of those machines led to wasteful /idle expenditure of ₹2.51 lakh and also the students were deprived of getting the facility of those machines for technical education.

Table-A:

Sl No	Name of the equipment	Date of installation/received	Function of the equipment	Cost of the equipments (in rupees)	Periodicity of non functioning of the equipment
1	Experimental Air Conditioner window	06-07-2016	The system have provision of study & performance of the window type air conditioner	61950.00	Since from Nov 2018
2	Lathe Capstan Champion	18-10-2017	A lathe is a machine tool that rotates a workpiece about an axis of rotation to perform various operations such as cutting, sanding, knurling, drilling, deformation, facing on turning with tools that are applied to the workpiece to create an object with symmetry about that axis.	189009.00	Prior to Nov 2018
Total				250959.00	

In reply, the Principal, GP, Nayagarh stated (16th December 2019) that non-functioning of the two no. of equipments was not lead to wasteful/idle expenditure of ₹2.51 lakh and the students were not deprived of getting the facility for technical education as follows. Also, the Principal stated that the alternate arrangement of window Air Conditioner was done by using split AC system and the use of capstan lathe was only for demonstrating purpose of the students. In other words the repairing of window A/C system was done by the machinist now and it would be repaired soon. Minor connection problem was found & it would be rectified before one month and it would not hamper the education of students.

The reply is not tenable to audit as on the basis of the requirement of the GP, the equipments were procured for the benefits of the students otherwise, it will be treated as wasteful expenditure if not required by the GP. Further, no effective steps were taken even after lapse of more than one year.

4. Shortage of tools and equipments for the students.

The Skill Development & Technical Education Department (SD & TE Deptt), Government of Odisha sanctioned funds Under Central Assistance to Central Sponsoring Scheme (CA to CSS) for State Plan of Rashtriya Uchatar Sikshya Abhiyan (RUSA) sanctioned (16th October 2015) funds for establishment of New Polytechnics during 2015-16. The fund sanctioned is for the purpose towards procurement of tools, equipment, machineries, books, furniture etc. of Diploma programme. Further, Directorate of Technical Education & Training, Cuttack are sanctioning the funds for procurement of tools & equipments every year.

Machinery and equipment form an integral part of the infrastructure needed to provide technical education. Para 5.5 of the AICTE approval process of handbook- 2018-19 stipulates that the Technical Institutions shall follow Norms for Books, Library facilities,

Computer, Software, Internet, Printers and Laboratory Equipment as provided in the Appendix 5 of Approval Process Handbook 2018-19. Also para 5.6 of the handbook stipulates that the Technical Institutions shall follow Norms for Essential and Desirable requirements as provided in the Appendix 6 of Approval Process Handbook 2018-19

Review of cash book of the Principal, GP, Nayagarh, it was noticed that an amount of ₹51.68 lakh was unspent amount in MHRD cash book as of 30th November 2019. As per requirement copy of the Departments, it was noticed that there were many tools & equipments required for the students of the each Departments (Mechanical-16 numbers of tool & equipments; Civil-11 numbers of equipments & Electrical Department- 11 numbers of tools & equipments) of the institute as detailed in **Annexure-B**, but these were neither purchased by the Principal, GP, Nayagarh nor supplied by the DTE&T, Odisha as of audit (30th November 2019). Though, funds were available with the GP, Nayagarh, the required tools & equipments were not procured by the Institute even after the Institute was functioning since from 2014 -15 and the institute was functioning with deficiencies in tools and equipments.

In reply, the Principal, GP, Nayagarh stated (16th December 2019) that observation of audit was true to some extent and the list of equipments materials shortage in various engineering branches were approximately below 10% of entire equipments required for total courses. Also, stated that all the experiments were not to be carried out in the laboratory. Hence, minimum mandatory requirements were being conducted in each branch to satisfy the syllabus. Further, the Principal stated that, the institute would procure all the prescribed equipments within 6 months as per syllabus from GEM portal which were presently not available in GEM portal for procurement.

The reply is not tenable to audit being there was shortage of equipments that accepted by the Principal and also there was availability of funds, but due care was not taken to fulfill the requirements in due time.

5. Results of physical verification cash and review of cash books.

Physical verification of cash balances in respect of following Cash Books maintained by the Principal, Government Polytechnics (GP), Nayagarh was conducted in presence of the audit on 10-12-2019 and found the closing balance of ₹1.03 crore as given below:

Sl.	Name of the Cash Book.	Date of cash book opened	Closing Balance as on 10-12-2019 (amount in rupees)
1	MHRD Cash Book	13-06-2014	5168046.56
2	P/L Cash Book	03-07-2014	3497977.83
3	General Cash Book (Government)	15-10-2014	0.00
4	Exam Cash Book	15-10-2014	1556597.70
5	MES Cash Book	31-01-2015	79662.00
Total			10302284.09

Mode of keeping of closing balances as on 10-12-2019 and the bank account balance of different cash books were given below:

Table-2

Statement showing mode keeping cash in cash books as on 10-12-2019 in GP, Nayagarh (amount in rupees)					
Sl. No	Name of the Cash Book.	Bank A/c	Advance	Cash in hand	Closing balance
1	MHRD Cash Book	5168046.56	0	0	5168046.56
2	P/L Cash Book	3496977.83	1000	0	3497977.83
3	General Cash Book (Government)	0	0	0	0.00
4	Exam Cash Book	1556597.70	0	0	1556597.70
5	MES Cash Book	79662.00	0	0	79662.00
Total		10301284.09	1000	0	10302284.09

Table-2

Statement showing Bank account balance as per Bank A/c and Cash book as on 10-12-2019 in GP, Nayagarh						
Sl. No	Name of the Cash Book.	Bank Name, Type and A/c Number	Bank A/c balance as per cash book	Bank account balance as per Bank A/c	Difference of bank account balance between Cash book and Bank account	Remarks
1	MHRD Cash Book	SBI, SB A/c, No-33897365818	5168046.56	5168046.56	0.00	
2	P/L Cash Book	Axis Bank Ltd /SB A/c, No-914010024569135	3496977.83	3510405.83	-13428.00	Difference due to cheque issued but not drawn.
3	General Cash Book (Government)	SBI, CA A/c, No-34297291928	0		0.00	
4	Exam Cash Book	SBI, SB A/c, No-34297292456	1556597.70	1556597.70	0.00	
5	MES Cash Book	Axis Bank Ltd /SB A/c, No-915010005988770	✓ 79662.00	✓ 79662.00	0.00	
Total			10301284.09	10314712.09	-13428.00	

purpose it was given or refunded to Government after consultation with the Directorate.

- (b) **MHRD Cash Book:** Review of cash book of the Principal, GP, Nayagarh, it was noticed that an amount of ₹51.68 lakh was unspent amount in MHRD cash book as of 30th November 2019. Out of this amount, an amount of ₹16.15 lakh was earned towards interest and ₹32.94 lakh was became un-utilized meant for Tools & Equipment. Also an amount of ₹44301.00 was rolling on the head MISC for which no classification was mentioned, as a result the amount may not be utilized without specifying the head of account for which the amount was sanctioned. Hence, necessary steps may please be taken to utilize/refund of un-utilized funds to the required authority.
- (c) **P/L cash Book:** Review of cash book of the Principal, GP, Nayagarh, it was noticed that an amount of ₹33.52 lakh was unspent amount in P/L cash book as of 30th November 2019. Out of this amount, an amount of ₹10.26 lakh towards admission amount and ₹8.55 lakh towards Hostel fees were kept in bank account meant for institute part & Government account part, so the part of Government to be deposited into Government Account. Hence, the required amount may be deposited into Government account. Also, it was noticed that excess expenditure of ₹10350.00 towards Registration fees & ₹3540.00 towards Semester Exam Fees were made diverting the funds from other heads. So, the reasons for excess expenditure may be stated to audit and the diversion funds may be recouped to the proper heads.
- (d) **Exam Cash Book:** Review of cash book of the Principal, GP, Nayagarh, it was noticed that an amount of ₹15.54 lakh was unspent amount in Exam cash book as of 30th November 2019. The reasons for non-utilization/blockage of funds in Exam cash book may please be stated to audit with documentary evidence.

In reply, the Principal, GP, Nayagarh stated (16th December 2019) that the discrepancy of the above amount in the bank account and cash book of PL account was due to non-drawal of cheques issued to two agencies. In respect of point (ii), the Principal stated that MES Cash Book amount of ₹74,298 should be immediately returned to the DTE&T, Odisha, Cuttack and shown to next audit. In respect of point (b) (MHRD Cash Book), the Principal stated that the said goods will be procured from GEM portal in near future and the details of ₹ 44,302/- should be collected from SBI PORTAL.

In respect of point (C) (PL Cash Book), the Principal stated that the component of admission fees and hostel fees calculated should be deposited to the District Treasury, Nayagarh within 15 days. An amount of ₹10,350.00 was spent towards Registration fees from PL account for all the students for the students taken admission for the academic session 2019-20. This should be recouped from this admission fees sent by DTE&T, Odisha, Cuttack. Further, ₹3,540.00 was deposited towards pending examination fees as per SCTE&VT, Odisha, BBSR as per examination rules. The amount should be transferred from examination account to the PL accounts of the institute.

In respect of point (d) (Exam cash book), the Principal stated that the form fill up of ₹4,07,679.80 which includes remuneration maintenance of examination section, procurement of stationery, R&M of computers should be met out of this amount. The long pending invigilator remuneration should be given by the end of this month. Further the component of

re-admission fees and hostel fees including lateral entry admission amount deposited in govt account & rest amount should be transferred to PL account

6. Deficiencies on cash Books and management of cash

The Principal, Govt Polytechnic, Nayagarh maintained 05 Cash Books to record the transactions of his office.

General review of cash book from April, 2014 to November, 2019 revealed the following

(a) **Physical verification of cash balance** - As per SR 37(iv) of OTC Vol- I physical verification of cash balance was required to be done by the head office at the end of the month and record a signed and date certificate to that effect. But the same was not done for some months during the period covered under audit.

(b) **Attestation of Entries** - As per SR 37(i),(ii) of OTC Vol-II, all monetary transactions should be entered in each cash book as soon as they occur and attested by the DDO in token of check. The same has not been done by the DDO.

(c) **Check of totalling** - As per SR-37 (iii) of OTC Vol-I, totaling of each cash book was required to be checked by a person other than the writer of the cash book and initial it as correct. The same was not followed in any month during the period covered under audit.

(d) **Surprise verification of cash book** - As per Note 6 below Sr-37 (vii) of OTC Vol -I, surprise verification of cash balance at least once in every month is required to be conducted by the Head of office or any other Gazetted Officer and record the result of such inspection. But this was not done during the period covered under audit.

(e) **Overwriting:** As per SR 37(vi) of OTC Vol-1, an erasure or overwriting of an entry once made in cash book is strictly prohibited. If a mistake is discovered, it should be corrected by drawing the pen through the incorrect entry and inserting the correct one in red ink between the lines. The head of the office should initial every such correction and invariably date his initial. But this rule was not followed scrupulously at many instances for the period covered under audit.

In reply, the Principal, GP, Nayagarh stated (16th December 2019) that audit observation was correct and the standard mode of operation including physical verification attestation of entries, checks and would be followed scrupulously in near future including overwriting. Such type of procedural defects would not be maintained in future.

7. Non-adherence to the fire & life safety measures to ensure safe environment for the institution.

National Building code of India under sub para 4.1 of para -4 (life safety) stipulates that every building shall be so designed, constructed, equipped, maintained and operated as to provide adequate means of egress to avoid undue danger to the life and safety of the occupants from fire, smoke, fumes or panic during the time period necessary for escape.

All India Council for Technical Education (Approval Process Handbook(2018-19) under para 2.4.1 (Requirements and Eligibility), stipulates that for Government Buildings, the

Further, the closing balance in different cash books as on 31st March 2019 and 30th November 2019 were as follows:

(Amount in rupees)			
Sl.	Name of the Cash Book.	Closing Balance as on 31-03-2019	Closing Balance as on 30-11-2019
1	MHRD Cash Book	88137.65	5168046.56
2	P/L Cash Book	5125466.83	3352578.83
3	General Cash Book (Government)	4151.00	0.00
4	Exam Cash Book	64553.91	1554197.70
5	MES Cash Book	77612.00	79662.00
Total		5359921.39	10154485.09

In course of physical verification of closing balances and review of Cash Books and Bank accounts statements/ passbooks, audit observed the following:

(i) **Discrepancy of ₹0.01 lakh between bank balance and cash book balance.**

As all the monetary transactions (receipt or expenditure) entered in the cash book as soon as they occur as per provision of OTC Vol.I SR-37-ii, balances shown in cash book as kept in bank should strictly match the balances of respective pass book.

Reconciliation of bank account figure with that of cash book figure is required to be done regularly in order to ensure accuracy of the transaction entered in accounts. The DDO was required to carry out reconciliation at the end of each month to set right the mismatches/discrepancies, if any. Further, unless the bank reconciliation is prepared the DDO cannot exhibit the fund as receipt in the cash book.

Test check of five accounts with respective cash books, it was noticed that in respect of P/L cash book, there was discrepancies of ₹0.01 lakhs between the Bank A/c figure of the cash book and the actual bank balance (as per bank pass book) as on 04-11-2019 as detailed below.

Statement showing Bank account balance as per Bank A/c and Cash book as on 10-12-2019 in GP, Nayagarh

Sl. No	Name of the Cash Book.	Bank Name, Type and A/c Number	Bank A/c balance as per cash book	Bank account balance as per Bank A/c	Difference of bank account balance between Cash book and Bank account
1	MHRD Cash Book	SBI, SB A/c, No-33897365818	5168046.56	5168046.56	0.00
2	P/L Cash Book	Axis Bank Ltd /SB A/c, No-914010024569135	3496977.83	3510405.83	-13428.00
3	General Cash Book (Government)	SBI, CA A/c, No-34297291928	0		0.00
4	Exam Cash Book	SBI, SB A/c, No-34297292456	1556597.70	1556597.70	0.00
5	MES Cash Book	Axis Bank Ltd /SB A/c, No-915010005988770	79662.00	79662.00	0.00
Total			10301284.09	10314712.09	-13428.00

In absence of reconciliation of cash balances, the authenticity of accounts maintained by these DDO could not be vouchsafed in audit.

Hence, reconciliation of cash book with bank pass book may be conducted in all the cases regularly to avoid any discrepancies.

(ii) Unspent balance of ₹1.03 crore held by the Principal, GP, Nayagarh in different cash books.

As per the provisions laid down in Rule 171(3) of OGFR-Vol-I, conditions stipulated in the sanction order, the grants should be utilized within the same financial year in which the grants were sanctioned and un-utilized balances should be surrendered to the sanctioning authority.

Generally as per guidelines of the schemes and instructions contained in the sanctions by the Government the unspent balance of closed and non- operational schemes/ programmes were to be refunded to the funding agency/Government including interest.

(a) **MES Cash Book:** Review of cash book of the Principal, GP, Nayagarh, it was noticed that an amount of ₹74298.00 was rolling in the MES cash book from 30-09-2017 to till date of audit and accumulated to ₹79662.00 (including interest) without any expenditure. Hence, the unspent balance of ₹79662.00 may be utilized for the

Government Building Act, 1899 is applicable and so (C) Institutions have to upload a valid Fire Safety Certificate issued by the Competent Authority.

Audit noticed that the Principal, GP, Nayagarh was not obtained the certificates from the Local Fire Service Authorities till date of audit (12th December 2019). The Principal submitted (21st May 2018) the application for issuance of Fire Safety Certificate in respect of Government Polytechnic, Nayagarh to the Chief Fire Officer, Fire Prevention Wing, Cuttack, but till date of audit no Fire Safety Certificate was obtained by the Principal, GP, Nayagarh. The GP, Nayagarh has been running without fire & life safety measures to ensure safe environment for the institution, even though about 500 students were undertaking the professional course in the current year.

In reply, the Principal, GP, Nayagarh stated (16th December 2019) that the deficiencies/shortfalls/deviations towards obtaining Fire Safety Certificate from Fire Safety Department was pending with PWD , R&B Sub-division, Nayagarh. The DTE&T had already been allotted (03rd October 2019) a fund of ₹70.57 lakh towards completion of fire safety works in respect of this GP, Nayagarh. Also, the Principal stated that tender would be called for and work would be completed within 6 months.

8. Non-conduct of physical verification of stock and store

Rule 111 of OGFR stipulates that a physical verification of all stores should be made at least once in every year by the Head of office concerned or such other officer as may be specially authorized by him in this behalf subject to the condition that the verification is not entrusted to a person-

(i) Who is the custodian, the ledger-keeper or the accountant of the stores to be verified, or who is a nominee of, or is employed under, the custodian, the ledger-keeper or the accountant; or

(ii) Who is not conversant with the classification, nomenclature and technique of the particular classes of stores to be verified.

The verification should never be left to low-paid subordinates and in the case of large and important stores; it should be, as far as possible entrusted to a responsible officer who is independent of the superior executive officer in charge of the stores.

Test check of the store and stock of the O/o the Principal, Govt Polytechnic, Nayagarh, made available to audit for the period from 2014-15 to 2018-19, it was noticed that the office has maintained stock registers like Goods Inward Register, Tools & Equipment Register, Raw Materials Register, Sports & Games Register, Office Stationery Register, Furniture Stock Register and Cleaning & Greening Register. In this regard, audit noticed that though Machinery & Equipment worth ₹2.55 Crore were procured during the last 5 years period covered under audit, no physical verification of any stock and stores was conducted by the authority. As a result, the physical availability and working condition of such equipment could not be established in audit.

In reply, the Principal, GP, Nayagarh stated (16th December 2019) that physical verification of stock & store of the institute had been performed for the year 2015 as per the instruction of DTE&T, Odisha, Cuttack. Basing the report, one condemnation committee was constituted (12.12.2017) for disposal of unserviceable tools. Further during 2018, internal verification was conducted (18.12.2018) & annual physical verification report had been sent to DTE&T, Odisha, Cuttack.

The reply is not tenable to audit being not a single copy of the stated reply was not furnished by the Principal to audit.

Section B (Receipt Audit)

Part-IIA- Nil

Part-IIB- Nil

Part-III

Follow up on findings outstanding from previous reports - Nil

Part-IV

Best practices

-Nil-

Part-V

Acknowledgement

The co-operation extended by the office in all matters including production of records, information called for in audit during the course of field audit for smooth conduct of audit are deeply acknowledged.

DISCLAIMER

“Certified that the audit observations contained in this Inspection Report are based on the facts & figures obtained by examination of records/information provided by the Audited entity. The Audited Entity may examine these observations independently and satisfy themselves as to whether any Re-assessment is required, and if so, Demand/Show Cause Notice may be issued without referring to such Audit observations.”


Sr. Audit Officer/ES-I (Vetting)