Thus, failure to nominate doctors for training for the purpose of operating the equipment not only resulted in idling of equipment worth ₹ 90.25 lakh, but also the objective of rendering quality health care remained unachieved.

The Superintendent, VIMSAR accepted (December 2017) the observations of Audit.

3.8.2 Sriram Chandra Bhanja Medical College Hospital, Cuttack

The Government of Odisha decided (May 2013) to start Liver Transplantation Unit (LTU) at Sriram Chandra Bhanja Medical College Hospital (SCB MCH), Cuttack. Government sanctioned (May 2014) ₹ 12.52 crore for LTU and ₹ 21.58 crore for procurement of equipment, some of which were also meant for LTU.

Audit observed (January 2017) that the Superintendent, SCB MCH procured (January-February 2015) LTU unit[108] for ₹ 4.16 crore and paid ₹ 3.59 crore. However, the said equipment was not installed due to non-completion of OT, Intensive Care Unit (ICU) and the ward. The other equipment needed for LTU was also not purchased. As a result, equipment valuing ₹ 4.16 crore remained idle for more than two years due to want of suitable space.

The H&FW Department stated (September 2017) that liver transplantation was a complex procedure. For its setting up, infrastructure, manpower, equipment, training, *etc*., would be required, which would take time.

Thus, prompt action was not taken by the hospital authorities to operationalise the sophisticated equipment and the intended health care could not be provided even after an expenditure of ₹ 4.49 crore.

School and Mass Education Department

3.9 Undue favour leading to avoidable expenditure

Award of work to Odisha Knowledge Corporation Limited on a nomination basis without inviting open tender resulted in undue favour to the company with an avoidable expenditure of ₹ 2.06 crore.

The Director of Teacher Education & State Council of Educational Research and Training (TE&SCERT) functions under the School and Mass Education Department (SMED) of the Government of Odisha. In order to implement the recommendation of the Justice Verma Commission, TE&SCERT decided (November 2013) to conduct entrance examinations for admission to the teachers' training courses from the academic session 2014-15 onwards.

The audit of the Directorate of TE&SCERT revealed (March 2017) that a meeting was held in December 2013 on matter of online entrance examination for admission to teachers' training courses. The then Chief Secretary of Government of Odisha presided over the meeting. He instructed the

[108] Scrubbing station 3 way, Anaesthesia Workstation, Advance Critical Care Ventilator, NIBP Monitor, Fowler bed, Syringe Infusion Pump, Volumetric Infusion pump, Overbed Table, wheel chair, Attendant Bed, Transfer Trolley, Crash cart, ABG Machine (Blood gas analyser), General liver transplant 3 set, Dialysis machine with accessories, C- Arm High Definition, Vessel sealer Courtiers, Patient shifter on full body on Gurnney, Mayo's Table. Fumigator, Patient Warm Set and Syringe infusion pump

Directorate to engage Odisha Knowledge Corporation Limited (OKCL), a Public Limited Company, to provide technical solution for the entrance. Accordingly, OKCL submitted (January 2014) a proposal to design and develop a software application at a cost of ₹ 225 per applicant exclusive of service tax and education cess. The Commissioner-*cum*-Secretary, SMED also instructed (January 2014) the Director, TE&SCERT to finalise the process with OKCL. However, the Examination Committee (EC) of the Directorate opined (February 2014) that the cost submitted by OKCL was too high. The basis of such opinion was that a similar type of job was done by the Board of Secondary Education (BSE), Cuttack at ₹ 40 per applicant. The EC suggested the Director to contact various agencies and assign the job on the basis of the lowest rate and quality of performance.

However, ignoring the suggestions of the EC, the Director, TE&SCERT requested (February 2014) OKCL for re-assessment of processing charges. He quoted instance of BSE and lower rate (₹ 36 to 40) offered by other local agencies. In response, OKCL offered a reduced rate of ₹ 100 per candidate plus tax which was approved (April 2014) by the then Chief Secretary for the session 2014-15. The Directorate also continued the services of OKCL for 2015-16 and paid ₹ 5.86[109] crore including service tax to OKCL for the processing of applications. In the process, the Directorate had also collected ₹ 6.84 crore as application fee from the applicants during the years 2014-15 and 2015-16.

During 2016-17, the Directorate invited open tender for the same job and four agencies including OKCL participated in the two-bid process. It was found that OKCL along with another agency could not qualify the technical bid and the contract was awarded to M/s Merit Trac Services (P) Limited at the agreement value of ₹ 64.90 plus service tax per applicant. Thus, it was observed that the decisions to bypass the competitive bidding process and select OKCL on nomination basis during 2014-15 and 2015-16 were not appropriate as it unduly favoured OKCL. This resulted in payment of an excess amount of ₹ 35.10 plus taxes per applicant in comparison with the agreed rate quoted by the vendor in 2016-17. The total avoidable expenditure for 5,17,317 applications was ₹ 2.06 crore[110].

The Director, TE&SCERT replied (May 2017) that nomination of OKCL was done as per the instructions of Commissioner-*cum*-Secretary, SMED and the then Chief Secretary and that the Directorate had no role in it. He further added that OKCL headed by the Chief Secretary is not an organisation for making profits but to provide technical services to the Government. So, the payment should not be seen as an act of undue favour.

The reply was not correct as the procedure for appointing vendors through open tender system was by-passed to unduly favour the OKCL in the cover of it being a Public Sector Undertaking (PSU). OKCL was selected on nomination basis ignoring the views of the Examination Committee. However,

[109] In 2014-15, for processing 2,13,821 applications- ₹ 2.40 crore and in 2015-16, for processing 3,03,496 applications- ₹ 3.46 crore

[110] ₹ 35.10 X 5,17,317 applications plus Service Tax of ₹ 24,10,005 (for 2014-15, ₹ 35.10 X 12.24 % tax X 2,13,821 applications = ₹ 9,18,627 and for 2015-16, ₹ 35.10 X 14% X 3,03,496 applications = ₹ 14,91,379)

OKCL was not a PSU. Thus, there was complete violation of the principles of financial propriety, which led to avoidable payment of ₹ 2.06 crore.

The matter was referred (April 2017) to the Commissioner-*cum*-Secretary, SME Department. Reply is awaited (February 2018).

Information and Public Relations Department

3.10 Excess expenditure on colour advertisements

The Department adopted higher rates of colour advertisements during 2015-17. This resulted in excess expenditure of ₹ 1.89 crore.

Information and Public Relations (I&PR) Department was responsible for issue of all Government advertisements as well as payments thereof. The Advertisement Policy (1998) of the State Government required that the tariff of advertisements in newspapers and periodicals would be fixed with due regard to the rate fixed by the Director of Advertising and Visual Publicity (DAVP), Government of India (GoI).

The DAVP had fixed the tariff[111] of multi-colour advertisement with effect from 1 January 2006 which was revised with effect from 7 June 2016. Audit scrutinised the records of I&PR Department during January to February 2017. Audit observed that the actual rate of payment by the Department was higher than that fixed by the DAVP, as indicated in ***Table 3.10.1***:

Table 3.10.1: Statement showing tariff fixed by DAVP vis-à-vis actual rate of payment

Type of advertisement	Tariff fixed by DAVP	Actual rate of payment
For all pages in colour	140 *per cent* of B/W	200 *per cent* of B/W
Front cover colour	210 *per cent* of B/W	250 *per cent* of B/W
Back cover colour	182 *per cent* of B/W	225 *per cent* of B/W

(Source: Records of the I&PR Department)

During 2015-17, I&PR Department had paid ₹ 8.85 crore involving 2,594 vouchers towards multi-colour advertisement charges. Audit scrutinised 1,775 vouchers involving payment of ₹ 6.14 crore. There was an excess payment of ₹ 1.89 crore as tabulated below in ***Table 3.10.2***:

Table 3.10.2: Excess payments

(₹ in crore)

Type of advertisement	Payment as per DAVP Rate	Actually paid	Excess payment
For inner pages	2.54	3.70	1.16
For Multi colour advertisements	1.60	2.28	0.68
For Back covers	0.11	0.16	0.05

(Source: Records of the I&PR Department)

Audit further observed that the rate structure followed by the Department had no basis. The Commissioner-*cum*-Secretary of the Department as well as the Development Commissioner had recommended (July 2013) to follow DAVP

[111] With effect from 1 January 2006 and revised with effect from 7 June 2016