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**Report of the  
Comptroller and Auditor General of India  
on  
General and Social Sector**

**For the year ended March 2016**

**Government of Karnataka  
Report No.2 of the year 2017**



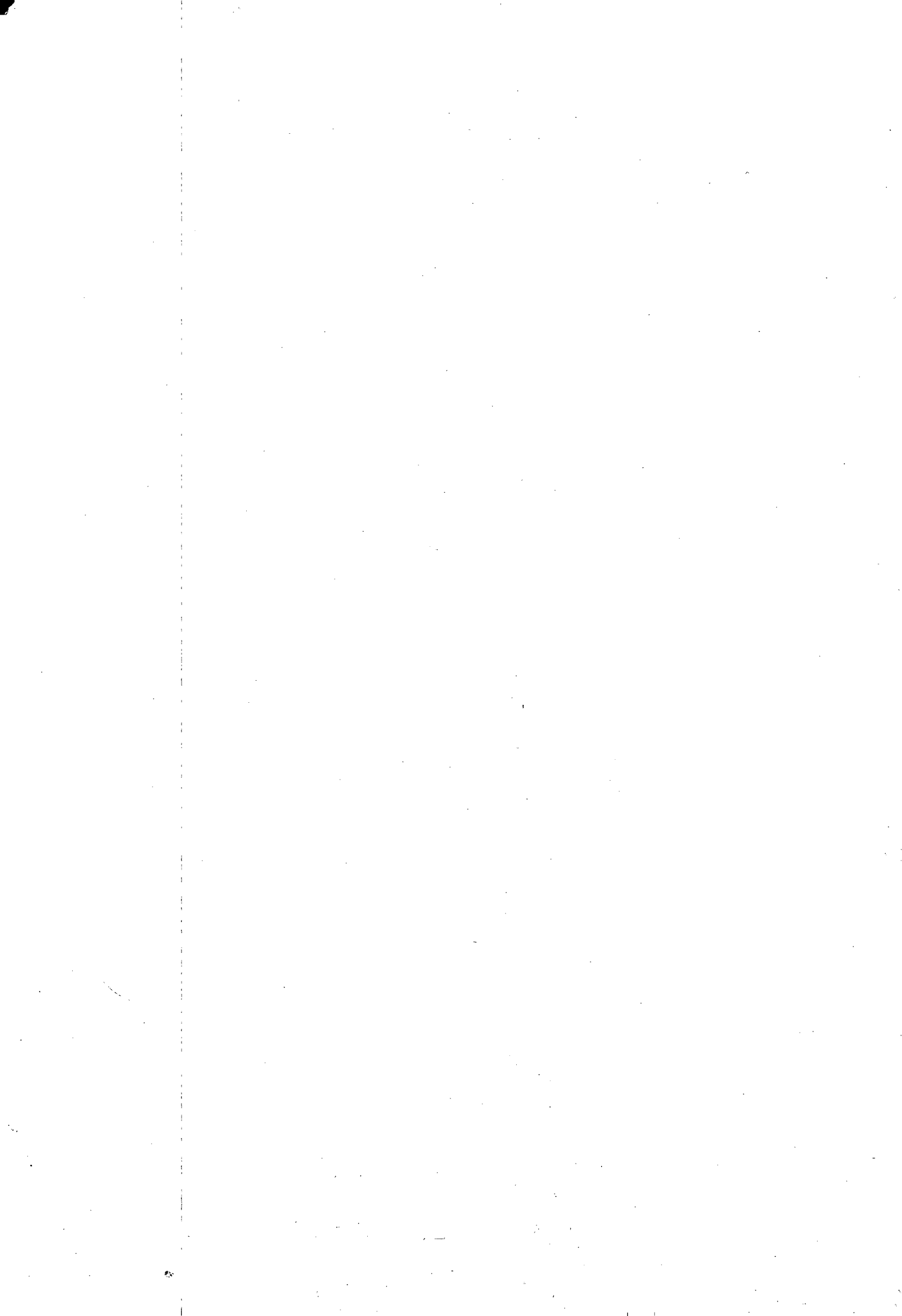
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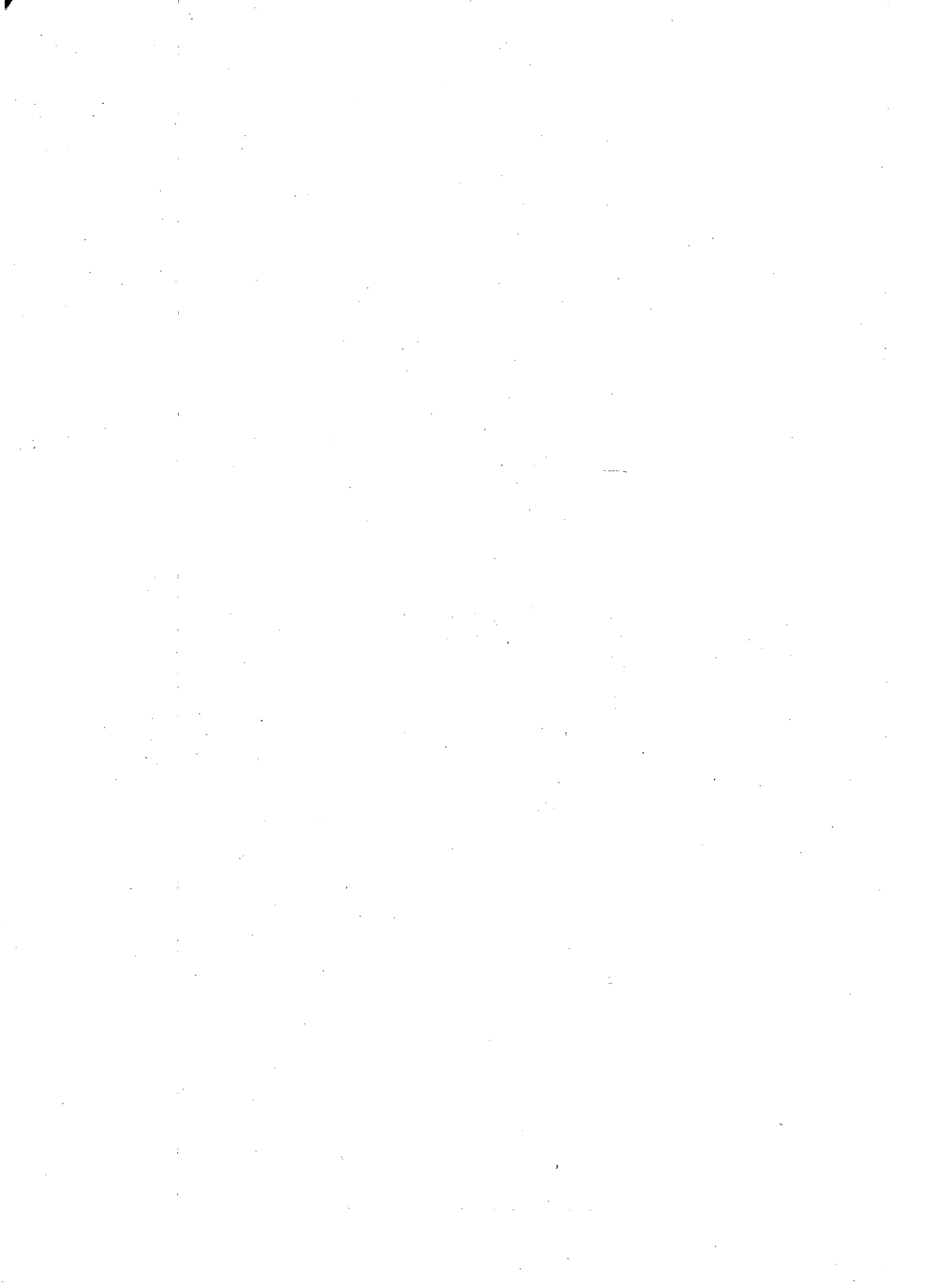
## Preface

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2016 has been prepared for submission to the Governor of Karnataka under Article 151 of the Constitution for being laid on the table of the Legislature of the State.

The report contains significant results of the performance audit and compliance audit of the Departments and Autonomous Bodies of Departments of the Government of Karnataka under the General and Social Services including Departments of Empowerment of Differently Abled and Senior Citizens, Higher Education, Housing, Labour, Printing & Stationery, Revenue, Social Welfare and Urban Development.

The instances mentioned in this report are those, which came to notice in the course of test audit for the period 2015-16 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to period subsequent to 2015-16 have also been included, wherever found necessary.

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





# **Chapter-I**

## **Introduction**



## **Chapter-I**

### **Introduction**

#### **1.1 About this Report**

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from performance audit of selected programmes and activities and compliance audit of Government Departments and Autonomous Bodies.

Compliance audit refers to examination of the transactions of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by competent authorities are being complied with. On the other hand, performance audit, besides conducting a compliance audit, also examines whether the objectives of the programme/activity/Department are achieved economically and efficiently.

The primary purpose of the Report is to bring to the notice of the State Legislature, important results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The audit findings are expected to enable the Executive to take corrective actions as also to frame policies and issue directives that will lead to improved management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies and achievements in implementation of selected schemes, significant audit observations made during the compliance audit and follow-up on previous Audit Reports. Chapter-II of this report contains findings arising out of performance audit of selected programmes/activities/Departments. Chapter-III contains observations arising out of compliance audit in Government Departments and Autonomous Bodies.

#### **1.2 Auditee Profile**

The Principal Accountant General (General & Social Sector Audit), Karnataka, Bengaluru conducts audit of the expenditure under the General and Social Services incurred by 66 Departments in the State and 11 Autonomous Bodies. The Departments are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Directors/ Commissioners and subordinate officers working under them.

The summary of fiscal transactions of the Government of Karnataka during the year 2014-15 and 2015-16 is given in **Table-1** below.

**Table-1: Summary of fiscal transactions in 2015-16**

(₹ in crore)

	Receipts			Disbursements			
	2014-15	2015-16		2014-15	2015-16		
<b>Section-A Revenue</b>							
				<b>Total</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Total</b>
Revenue Receipts	1,04,142.15	1,18,817.31	Revenue Expenditure	1,03,614.29	77,018.84	40,009.74	1,17,028.58
Tax revenue	70,180.21	75,550.18	General Services	28,265.27	30,574.06	225.22	30799.28
Non-tax revenue	4,688.24	5,355.04	Social Services	39,366.25	22,191.29	24,115.79	46307.08
Share of Union taxes/duties	14,654.25	23,983.34	Economic Services	29,971.31	20,383.68	13,463.49	33,846.17
Grants-in-aid and contributions from GOI	14,619.45	13,928.75	Grants-in-aid and contributions	6,011.46	3,870.81	2,205.24	6,076.05
<b>Section-B: Capital and others</b>							
Misc. Capital receipts	10.14	352.30	Capital Outlay	19,622.30	397.13	20,315.90	20,713.03
			General Services	618.46	41.74	949.67	991.41
			Social Services	4,180.89	218.76	5,095.15	5,313.91
			Economic Services	14,822.95	136.63	14,271.08	14,407.71
Recoveries of Loans and Advances	83.82	59.68	Loans and Advances disbursed	576.15	98.28	558.13	656.41
Public debt receipts**	21,874.63	21,072.33	Repayment of public debt**	4,812.23	4,110.20	--	4,110.20
Contingency Fund	--	--	Contingency Fund	--	--	--	--
Public Account Receipts	1,40,229.39	1,60,518.76	Public Account disbursements**	1,29,573.99	--	--	1,55,094.83
Opening Cash Balance	15,759.73	23,900.90	Closing Cash Balance	23,900.90	--	--	27,118.23
<b>Total</b>	<b>2,82,099.86</b>	<b>3,24,721.28</b>	<b>Total</b>	<b>2,82,099.86</b>			<b>3,24,721.28</b>

(Source: Finance Accounts 2015-16)

\*\* Excluding net transactions under ways and means advances and overdraft

### 1.3 Authority for conducting Audit

The authority for conducting audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) (DPC) Act, 1971. C&AG conducts audit of expenditure of the Departments of Government of Karnataka under Section 13<sup>1</sup> of the C&AG's (DPC) Act. C&AG is the sole auditor in respect of 11 Autonomous Bodies which are audited under Sections 19(2)<sup>2</sup> and 19(3)<sup>3</sup> of the C&AG's (DPC) Act. In addition, C&AG also conducts audit of 298 other Autonomous Bodies, under Section 14<sup>4</sup> of C&AG's (DPC) Act, which are substantially funded by the Government. Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007 issued by the C&AG.

<sup>1</sup> Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to the Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit & loss accounts, balance sheets & other subsidiary accounts.

<sup>2</sup> Audit of the accounts of Corporations (not being Companies) established by or under law made by the Parliament in accordance with the provisions of the respective legislations.

<sup>3</sup> Audit of accounts of Corporations established by law made by the State Legislature on the request of the Governor.

<sup>4</sup> Audit of (i) all receipts and expenditure of a body/authority substantially financed by grants or loans from the Consolidated Fund of the State and (ii) all receipts and expenditure of anybody or authority where the grants or loans to such body or authority from the Consolidated fund of the State in a financial year is not less than ₹ one crore.

#### **1.4 Organisational structure of the Office of the Principal Accountant General (G&SSA), Karnataka, Bengaluru**

Under the directions of the C&AG, the Office of the Principal Accountant General (General & Social Sector Audit), Karnataka, Bengaluru conducts the audit of Government Departments/Offices/Autonomous Bodies/Institutions under the General and Social Sector which are spread all over the State. The Principal Accountant General (General & Social Sector Audit) is assisted by three Group Officers and various subordinate officers.

#### **1.5 Planning and conduct of Audit**

Audit process starts with the assessment of risks faced by various Departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports, which are submitted to the Governor of State under Article 151 of the Constitution of India for being laid on the table of the State Legislature.

During 2015-16, in the General & Social Sector Audit Wing, 6,200 party days were used to carry out audit of 443 units and to conduct one performance audit and two compliance audits.

#### **1.6 Significant audit observations**

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities through performance audits, as well as on the quality of internal controls in selected Departments which impact the success of programmes and functioning of the Departments. Similarly, the deficiencies noticed during compliance audit of the Government Departments/Organisations were also reported upon.

##### ***1.6.1 Performance audits of programmes/activities/Departments***

The present report contains one performance audit. The highlights are given in the following paragraphs:

**1.6.1.1 Karnataka Urban Water Supply and Drainage Board's role in augmentation of Water Supply and Sewerage systems in Urban Karnataka**

The Karnataka Urban Water Supply and Drainage Board (Board) which is functioning since August 1975 is responsible for capacity creation and augmentation of Water Supply Schemes (WSS) and Under Ground Drainage (UGD) systems in all the Urban Local Bodies (ULBs) under its jurisdiction in the State. Since inception, the Board has commissioned 531 WSS and 61 UGD systems across the State. A performance audit of the Board's role in augmentation of Water Supply and Sewerage systems in Urban Karnataka during 2011-12 to 2015-16 showed the following:

- Due to absence of long term plan for both WSS and UGD schemes, it was observed from the test-checked projects that while the Board had taken up WSS repeatedly during 2001-02 to 2015-16 in seven ULBs, it was yet to take up WSS in seven ULBs wherein the per capita water supply was less than the minimum standard fixed by the State.

**(Paragraph 2.1.8.1)**

- The Board had executed without ensuring reliability and dependability of source of water in four test-checked WSS. This resulted in expenditure on the projects, which did not deliver their objectives of giving the desired level of water supply to the beneficiaries.

**(Paragraph 2.1.8.3(a))**

- While designing the WSS, the Board had not conducted tests to assess quality of the raw water and thus employed inadequate treatment process, which resulted in presence of coliform bacteria in treated water above permissible limits.

**(Paragraph 2.1.8.3(b))**

- The Board had invited tenders and awarded contracts without ensuring availability of land in seven test-checked schemes in violation of the Karnataka Public Works Departmental Code. This resulted in inordinate delay in completion of works and under utilisation of partially completed works besides untreated sewage mixing with and polluting water bodies.

**(Paragraph 2.1.8.3(c))**

- The Board could not ascertain exact quantity of water treated, supplied and lost in transmission and distribution in 18 out of 21 test-checked WSS due to non-provision for installation of flow meters at various points of the WSS in the estimates.

**(Paragraph 2.1.8.3(e))**

- In all the 21 test-checked WSS except for one, the Board was not recycling the filter backwash water in order to increase the availability of treated water and decrease the amount of effluent.

**(Paragraph 2.1.8.4)**

- Inordinate delay in commencement and completion of the schemes had resulted in loss of central assistance to the extent of ₹11.05 crore in respect of two test-checked schemes.

**(Paragraph 2.1.9.1)**

- During execution, the Board had deviated from the approved detailed project report (DPR) *viz.*, by installation of higher capacity pump-sets, non-execution of some works approved in DPR and non-execution of distribution network in WSS. These resulted in additional financial burden to the ULBs and also in non-achievement of the intended objective of the WSS.

**(Paragraph 2.1.9.2(a))**

- Due to non-maintenance of WSS and UGD schemes handed over to the ULBs, most of the infrastructure provided was being under-utilised or not utilised.

**(Paragraph 2.1.10.3)**

- In WSS to the Mysuru city, adoption of incorrect survey data and non-revision of the DPR resulted in a deficient estimate which led to reduction of the area of coverage from 69 Direct Metering Areas (DMAs) to 47 DMAs and curtailment of funding for the project. Also, failure of the Board to ensure installation and calibration of Pressure Control Valves defeated the objective of supplying water 24x7 to the 47 DMAs. Non-installation of water meters and deficient billing coverage resulted in high Non-revenue Water. Thus, despite incurring an expenditure of ₹271.56 crore, the intended objective of supplying water 24x7 to the city of Mysuru was not achieved.

**(Paragraph 2.1.11.2)**

### **1.6.2 Compliance audit**

Audit has also reported on several significant deficiencies in critical areas which impact the effective functioning of the Government Departments/Organisations. Some significant audit findings are as under:

#### **1.6.2.1 Schemes for the Empowerment of Differently Abled Persons**

The special schools run by Government had huge vacancies against teaching staff and the teacher-student ratio in the special schools for hearing impaired was lower than the prescribed ratio of 1:10. The proposal for amending vocational training was yet to be approved by the Government. During joint inspection of test-checked units, highly inadequate infrastructure and gross inaccuracies in District Disability Welfare Officers' (DDWOs) Inspection Reports were observed by audit. Also, 90 *per cent* of the teachers appointed in the special schools did not possess the requisite qualifications.

**(Paragraph 3.1.6.1(a) & (b))**

Further, the State Government is yet to devise a comprehensive education scheme which covers transport facilities, removal of architectural barriers, and supply of books, uniforms *etc.* No schemes have been formulated to provide non-formal education either. Irregularities *viz.*, delay in disbursement of scholarships, non-maintenance of records, irregular withdrawal, *etc.*, were noticed in disbursement of scholarships to students.

**(Paragraph 3.1.6.1(iv) (d))**

Despite surveys being conducted both in Rural Rehabilitation Programme and District Disability Rehabilitation Centre Schemes for several years, the Department did not have a comprehensive database of Differently Abled Persons (DAPs) and were dependent on population census data.

**(Paragraph 3.1.7.3(a))**

Neither the Department nor the State Commissioner had any information relating to recruitment of DAPs in departments, where the posts have been identified. The powers of the State Commissioner were restricted in the State and hence the monitoring by the State Commissioner was ineffective. Even the State Co-ordination Committee had met only once against requirement of nine meetings and the State Executive Committee had not met even once against the requirement of 20 meetings during 2011-12 to 2015-16. Hence, there was inadequate monitoring and evaluation of policies and programmes for DAPs.

**(Paragraph 3.1.8.1 & 3.1.8.2)**

Absence of internal control and monitoring by the Department was evident as we observed discrepancies in DDWO's inspection reports, non-conduct of inspections by Director and third party evaluation, lacunae in management of bank accounts and registration process, *etc.*

**(Paragraph 3.1.8.3)**

Therefore, in view of the deficiencies and shortcomings in implementation of these schemes, necessary action must be taken to ensure effective compliance to the scheme guidelines by strengthening internal controls and monitoring mechanism and to ensure proper identification of beneficiaries so that the allocated resources are used optimally for the benefit of the beneficiaries.

**(Paragraph 3.1.9)**

#### **1.6.2.2 Social Security Pension for Differently Abled Persons and Senior Citizens**

There were many shortcomings in ensuring adherence to the guidelines on assessment, sanction and disbursement and in the identification of beneficiaries in all the three schemes of Sandhya Suraksha Yojana, Indira Gandhi National Old Age Pension Scheme and Monthly Maintenance Allowance. A contributing factor was the weak internal controls and ineffective monitoring mechanism. Hence the allocated resources could not be put to optimum use due to various shortcomings brought out in this report which among other issues, resulted in irregular/fraudulent payments. Therefore, a serious relook on the implementation and monitoring aspects is needed to ensure optimum utilisation of the resources available for the benefit of genuine beneficiaries.

As a follow up action on this report and the exit conference, the Department has initiated several measures to tackle many of the lacunae/deficiencies pointed out in the report. Besides, taking corrective steps on the remaining issues, it now needs to strengthen its monitoring and internal control mechanism to ensure that these schemes function effectively.

**(Paragraph 3.2)**



**1.6.2.3 Other audit observations**

Payment of remuneration for examination duties disregarding Government directions, by four Universities, resulted in irregular expenditure of ₹28.01 crore.

**(Paragraph 3.3)**

The Karnataka Slum Development Board had recommended waiver of outstanding loan of ₹2.17 crore irregularly in respect of 453 allottees, who had sold their dwelling units, thereby violating the terms of allotment. This resulted in extension of undue financial benefit to the said allottees.

**(Paragraph 3.4)**

Absence of mechanism to monitor remittance of tuition fees to Government account resulted in Grants-in-aid receiving Industrial Training Institutes retaining tuition fees amounting to ₹19.61 crore.

**(Paragraph 3.5)**

The Department of Printing, Stationery and Publications, Government Central Press had procured consumables relating to electronic devices without ascertaining users' requirement and also without consultation with Department procuring electronic devices. This resulted in accumulation of unutilised stock which became obsolete thereby rendering expenditure amounting to ₹82.34 lakh unfruitful.

**(Paragraph 3.6)**

The Deputy Commissioner, Chikkaballapur applied incorrect cost indices for regulating price adjustment which resulted in excess payment of ₹126.83 lakh to a company.

**(Paragraph 3.7)**

The Karnataka Residential Educational Institutions Society's failure to monitor and initiate appropriate and timely action on the contractor and Project Management Consultant resulted in avoidable dismantling and reconstruction of a School Complex. The expenditure incurred on this avoidable activity was ₹1.07 crore.

**(Paragraph 3.8)**

The Karnataka Urban Water Supply and Drainage Board violated the guidelines of the State Government while regulating the price adjustment, which resulted in avoidable excess payment of ₹44.10 lakh to the contractor.

**(Paragraph 3.9)**

Bangalore Development Authority (BDA) failed to consider the General Power of Attorney that empowered the developer to develop and sell, lease or mortgage his share of land before sanctioning detailed building plans for a Golf Course with 460 guest houses. This allowed the Developer to sell the guest houses as independent villas to prospective owners, apart from violating BDA's zonal regulations.

**(Paragraph 3.10)**

Injudicious entrustment of Underground Drainage works to Karnataka Housing Board resulted in failure to provide Underground Drainage facility for Shikaripura town even after seven years from the original date for completion. This also resulted in unfruitful expenditure of ₹14.38 crore on incomplete works, avoidable expenditure of ₹0.50 crore for third party inspection besides liability to incur ₹1.73 crore for rectification of works not being maintained.

**(Paragraph 3.11)**

## **1.7 Responsiveness of Government to Audit**

### **1.7.1 Outstanding inspection reports**

The Hand Book of Instructions for Speedy Settlement of Audit Observations issued by the Finance Department in 2001 provides for prompt response by the Executive to the Inspection Reports (IRs) issued by the Accountant General (AG) to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses, *etc.*, noticed during the inspections. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs, rectify the defects and omissions promptly and report their compliance to the AG, who forwards a half yearly report of pending IRs to the Secretaries of the Departments to facilitate monitoring of the audit observations.

As of 31 March 2016, 407 IRs (1,754 paragraphs) were outstanding against the Health and Family Welfare Department. Year-wise details of IRs and paragraphs outstanding are detailed in **Appendix-1.1**.

A review of the pending IRs, issued upto March 2016 showed that the Heads of Offices had not sent even the initial replies in respect of 29 IRs containing 216 paragraphs issued between April 2002 and March 2016 though all IRs were required to be replied to within a period of one month from the date of their receipt.

### **1.7.2 Response of Departments to the draft paragraphs**

The Draft paragraphs and Performance audit reports were forwarded demi-officially to the Principal Secretaries/Secretaries of the Departments concerned between June 2016 and November 2016 to send their responses within six weeks. Government replies have been received for the Performance audit and nine out of 11 paragraphs. The replies, wherever received, have been suitably incorporated in the Report.

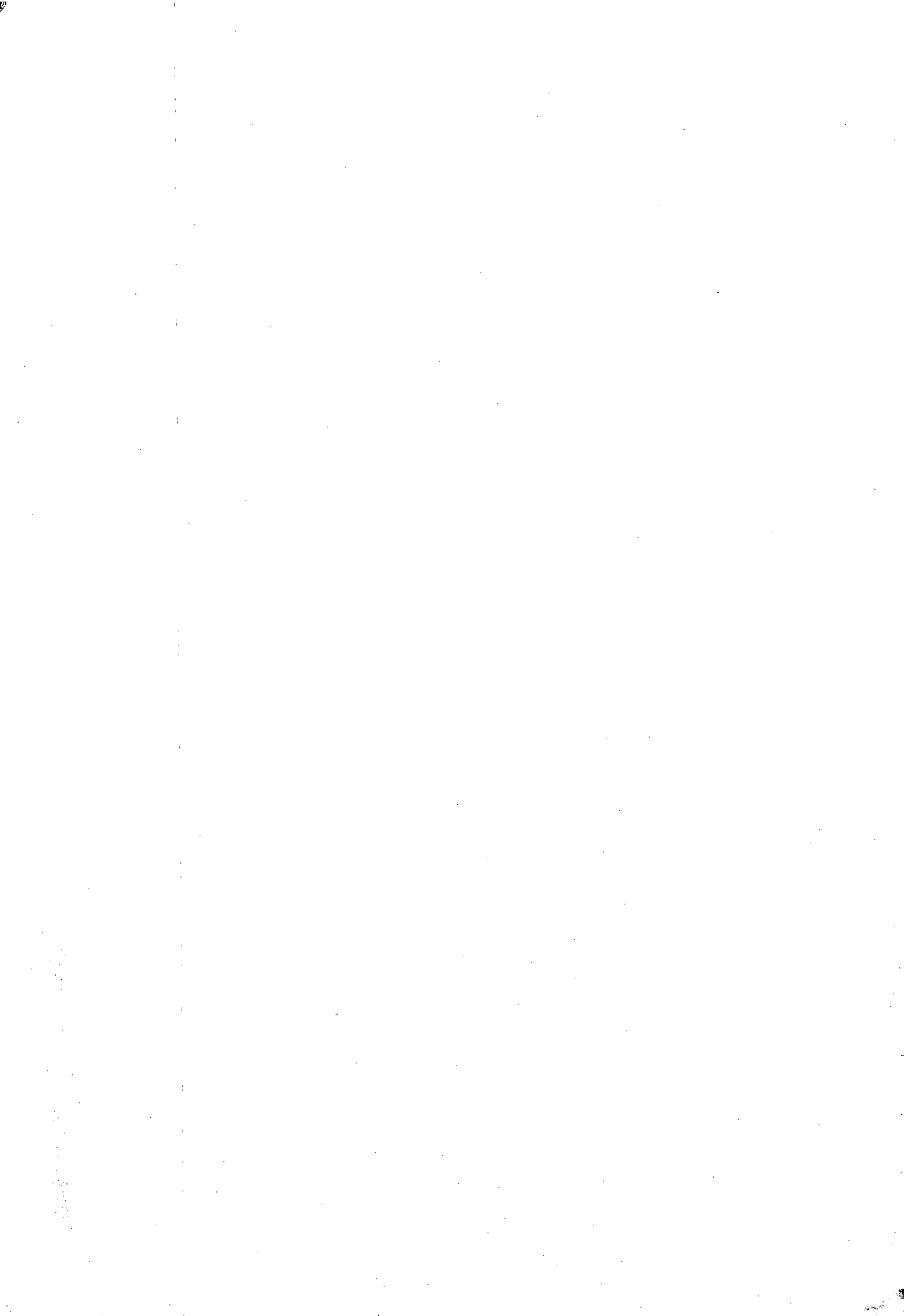
### **1.7.3 Follow-up action on Audit Reports**

The Hand Book and the Rules of Procedure (Internal Working), 1999 of the Public Accounts Committee provide for furnishing by all the departments of Government, detailed explanations in the form of Action Taken Notes (ATNs) to the audit observations included in Audit Reports, within four months of their being laid on the Table of Legislature to the Karnataka Legislature Secretariat with copies thereof to Audit Office.

The administrative departments did not comply with these instructions and 14 departments as detailed in **Appendix-1.2** had not submitted ATNs for 46 paragraphs for the period 1996-97 to 2014-15 even as of 31 December 2016.

***1.7.4 Paragraphs to be discussed by the Public Accounts Committee***

Details of paragraphs (excluding General and Statistical) pending discussion by the Public Accounts Committee as of December 2016 are detailed in **Appendix-1.3**.



# **Chapter-II**

## **Performance Audit**



## Chapter-II

### Performance Audit

#### Department of Urban Development

#### 2.1 Karnataka Urban Water Supply and Drainage Board's role in augmentation of Water Supply and Sewerage systems in Urban Karnataka

##### Executive Summary

The Karnataka Urban Water Supply and Drainage Board (Board) which is functioning since August 1975 is responsible for capacity creation and augmentation of Water Supply Schemes (WSS) and Under Ground Drainage (UGD) systems in all the Urban Local Bodies (ULBs) under its jurisdiction in the State. Since, inception, the Board has commissioned 531 WSS and 61 UGD systems across the State. A performance audit of the Board's role in augmentation of Water Supply and Sewerage systems in Urban Karnataka during 2011-12 to 2015-16 showed the following:

- Due to absence of long term plan for both WSS and UGD schemes, it was observed from the test-checked projects that while the Board had taken up WSS repeatedly during 2001-02 to 2015-16 in seven ULBs, it was yet to take up WSS in seven ULBs wherein the per capita water supply was less than the minimum standard fixed by the State.
- The Board had executed without ensuring reliability and dependability of source of water in four test-checked WSS. This resulted in expenditure on the projects which did not deliver the objective of giving the desired level of water supply to the beneficiaries.
- While designing the WSS, the Board had not conducted tests to assess quality of the raw water and thus employed inadequate treatment process, which resulted in presence of coliform bacteria in treated water above permissible limits.
- In violation of the Karnataka Public Works Departmental Code, the Board had invited tenders and awarded contracts without ensuring availability of land in seven test-checked schemes. This resulted in inordinate delay in completion of works and under-utilisation of partially completed works besides untreated sewage mixing with and polluting water bodies.
- The Board could not ascertain exact quantity of water treated, supplied and lost in transmission and distribution in 18 out of 21 test-checked WSS due to non-provision for installation of flow meters at various points of the WSS in the estimates.
- In all the 21 test-checked WSS except for one, the Board was not recycling the filter backwash water in order to increase the availability of treated water and decrease the amount of effluent.
- Inordinate delay in commencement and completion of the schemes had resulted in loss of central assistance to the extent of ₹11.05 crore in respect of two test-checked schemes.

- During execution, the Board had deviated from the approved Detailed Project Report (DPR) viz., by installation of higher capacity pump-sets, non-execution of some works approved in DPR and non-execution of distribution network in WSS. These resulted in additional financial burden on the ULBs and also in non-achievement of the intended objectives of the WSS.
- In the test-checked WSS and UGD schemes, maintenance of the projects handed over to the ULBs was inadequate. This resulted in short utilisation and deterioration of the created assets.
- Adoption of incorrect survey data and non-revision of the DPR for WSS to the Mysuru city resulted in a deficient estimate which led to reduction of the area of coverage from 69 Direct Metering Areas (DMAs) to 47 DMAs and curtailment of funding for the project. Also, failure of the Board to ensure installation and calibration of Pressure Control Valves (PCVs) before declaring the DMAs 24x7 defeated the objective of supplying water 24x7 to the 47 DMAs. Non-installation of water meters and deficient billing coverage resulted in high Non-Revenue Water. Thus, despite incurring an expenditure of ₹271.56 crore, the intended objective of supplying water 24x7 to the city of Mysuru was not achieved.

### **2.1.1 Introduction**

The increase in the population of Karnataka, urbanisation and rapid industrialisation are putting the limited water resources of the State under stress. In order to develop and manage its limited water resources, the Government of Karnataka (GoK) brought out the State Water Policy, 2002 with emphasis on providing drinking water to both the rural and urban population. As a supplement to the State Water Policy, 2002, GoK formulated the Urban Drinking Water and Sanitation Policy, 2003. The primary objective of the policy was to provide all residents of urban areas of the State with minimum piped water supply and sanitation services at or near their dwellings in partnership with Urban Local Bodies (ULBs), the Karnataka Urban Water Supply and Drainage Board (Board) and Bangalore Water Supply and Sewerage Board.

### **2.1.2 Institutional Arrangement**

The Department of Urban Development in partnership with ULBs in the State and the Board provides water supply and sanitation to the urban population of the State except in Bengaluru city. While the GoK is responsible for policy formulation, financing, setting of service standards, ensuring coordination and collaboration among various agencies both at policy and operational level, the Board is responsible for capacity creation and augmentation of Water Supply Schemes (WSS) and Under Ground Drainage (UGD) systems in all the ULBs under its jurisdiction. In addition, the Board provides operation and maintenance services in the ULBs entrusted by the Government. In the remaining ULBs, the local bodies are responsible for operation and maintenance of water supply and sewerage services in accordance with the prescribed Central Public Health Engineering & Environmental Organisation (CPHEEO) standards.



There are 270 ULBs under the jurisdiction of the Board of which 10 are Corporations, 57 are City Municipal Councils (CMCs), 113 are Town Municipal Councils (TMCs) and 90 are Taluk Panchayats (TPs). Since inception upto March 2016, the Board has commissioned 531 WSS and 61 UGD schemes across the State, which include 13 WSS and five UGD schemes commissioned under centrally sponsored schemes<sup>5</sup>.

### **2.1.3 Organisational Set-up**

The Board was constituted by an Act of Legislature in 1974 and is functioning since August 1975. The main function of the Board is planning and execution of water supply and sanitation schemes in the urban areas of the State except in Bengaluru city. Its main thrust is to secure institutional finance, undertake investigation, design and execute projects and provide technical guidance to the ULBs in the matter of operation and maintenance of these schemes.

The overall control of the Board's activity vests with the Department of Urban Development headed by an Additional Chief Secretary to the Government. The management of the Board is vested with the Board of Directors which comprises of 11 nominated official members and four non-Governmental members, headed by the Chairman. The Managing Director is the Chief Executive Officer who is assisted by five Chief Engineers, a Secretary and a Chief Accounts Officer. At the field level, the operations are undertaken by 19 divisions headed by Executive Engineers and 55 sub-divisions headed by Assistant Executive Engineers.

### **2.1.4 Audit objectives**

The audit was conducted with the objective of evaluating the effectiveness of the schemes implemented by the Board and assessing in particular whether:

- the project formulation and planning for WSS and UGD schemes were comprehensive, detailed and accurate;
- the schemes were implemented as planned, with due consideration to economy and effectiveness; and
- the monitoring and evaluation mechanism and post implementation maintenance are adequate.

### **2.1.5 Audit Criteria**

The performance audit findings were benchmarked against the following:

- Karnataka State Water Policy, 2002;
- Karnataka Urban Drinking Water and Sanitation Policy, 2003;
- Karnataka Urban Water Supply & Drainage Board (KUWS&DB) Act, 1973 and Rules, 1974;

<sup>5</sup> Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) programme: 12 WSS and five UGD; Jawaharlal Nehru National Urban Renewal Mission (JnNURM) scheme: One WSS; Atal Mission for Rejuvenation and Urban Transformation (AMRUT) programme (tenders are being invited): 18 WSS and 17 UGD

- Central Public Health Engineering & Environmental Organisation (CPHEEO) Manual for Water Supply and Sewerage;
- The Karnataka Transparency in Public Procurement (KTPP) Act and Rules;
- Karnataka Public Works Accounts & Departmental Code (KPWD Code);
- Circulars and Instructions issued by the Government of Karnataka;
- Terms and conditions of the Contracts and Agreements entered into by the Board with loan sanctioning Authorities and with various contractors/agencies;
- The Karnataka Government (Transaction of Business) Rules, 1977.

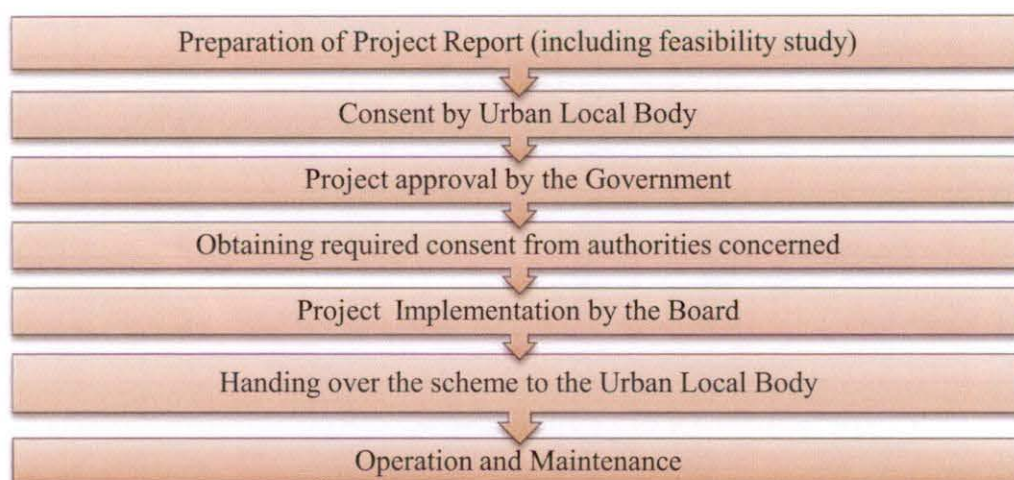
### 2.1.6 Audit Scope and Methodology

The performance audit was conducted during March to August 2016 covering the period 2011-12 to 2015-16 through a test-check of records of the Board's Head Office, five Chief Engineers Offices and eight divisions involved in the development of water supply and sewerage systems. Probability proportional to size without replacement method was adopted for selection of sample of eight out of 19 divisions and 20 completed and 15 ongoing WSS and UGD schemes of the selected eight divisions (**Appendix-2.1**). Joint inspection of selected schemes was also conducted along with the Board's officers. An entry conference was held on 10 March 2016 in which the audit scope and methodology was shared with Additional Chief Secretary, Urban Development Department, Government of Karnataka. An exit conference was held on 22 December 2016 with the Secretary of the Urban Development Department wherein the audit findings were discussed. The Report takes into account replies furnished by the Board in response to the audit observations communicated to them.

### 2.1.7 Stages in implementation of WSS and UGD schemes

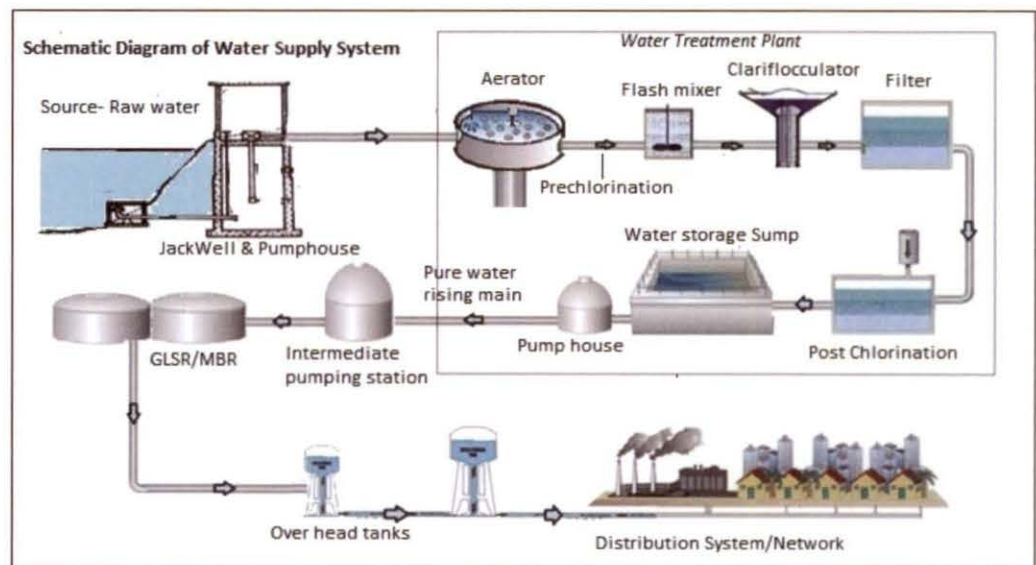
The major stages in implementation of WSS and UGD schemes are detailed in **Chart-2.1**.

**Chart-2.1: Stages in implementation of WSS and UGD schemes**

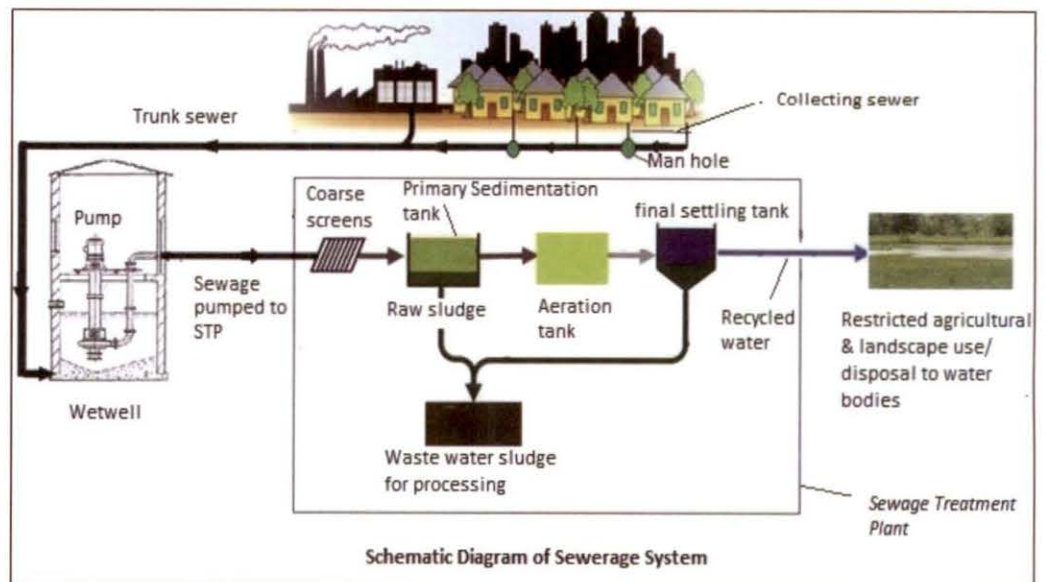


The process in water supply and providing underground drainage are detailed in Chart-2.2 and Chart-2.3 respectively.

**Chart-2.2: Process in Water Supply Scheme (WSS)**



**Chart-2.3: Process in Underground Drainage (UGD) Scheme**



## Audit findings

### 2.1.8 Planning for Water Supply and Underground Drainage Scheme

#### 2.1.8.1 Non-existence of long term plan

Section 17(1)(a) of the KUWS&DB Act, 1974, stipulates that the schemes for providing water supply and UGD facilities in the urban areas shall be taken up only at the instance of the Government, ULBs or *suo-moto* by the Board. Further, as per the CPHEEO Manual, improvement in water supply services has to be planned as a phased development programme and any near term project

should be such that it would fit into the long-term strategy, which should be consistent with the future overall development plan for the area. The long-term plan has to be prepared for a period of 25 to 30 years.

We, however, observed that the Board did not have any long term plans for both WSS and UGD schemes of the ULBs coming under its jurisdiction.

The Board, while accepting (September 2016) that it did not have a long-term plan stated that it takes up work based on the requisition of the Government/ULB. The reply is not satisfactory as without a long-term plan, the Board's approach to cater to the requirements of the intended beneficiaries is unsystematic and *ad-hoc*. The Board further replied (December 2016) that a Master Plan for providing water supply and UGD system to all the 213 ULBs existing prior to January 2016 under the jurisdiction of the Board has been prepared. However, the Master Plan, which has been prepared in 2016, is deficient as it does not include details like operational expenditure or projections regarding source availability, increase in demand, increase in capital expenditure *etc.* Moreover, the Master Plan has not yet been submitted to Government for approval.

In the absence of a long term plan in the test-checked WSS and UGD schemes, audit could not verify the rationale behind their selection for execution. Further, we observed that WSS in seven ULBs<sup>6</sup> were taken up repeatedly during 2001-02 to 2015-16 within their design period (30 years based on the projected population covered by the WSS) whereas WSS were yet to be taken up in seven<sup>7</sup> ULBs where the per capita water supply was less than the minimum standard fixed by the State. In addition, the Board was required to implement UGD schemes in those ULBs which provided 135 litres per capita per day (lpcd) of water. We, however, observed that the Board was yet to implement UGD schemes in 17<sup>8</sup> such ULBs. The Government replied (January 2017) that an extensive survey of the towns where the per capita availability of water was less than the required minimum standard was conducted and the works would be taken up for execution in a phased manner.

Analysis of two test-checked WSS where the WSS were taken up repeatedly though not required is brought out below:

**(a) Improvement/augmentation works to existing WSS for Sindagi Town**

The augmentation of the existing WSS to Sindagi Town with Indi Branch Canal (IBC) as source near Yaragal Village was commissioned (October 2002) to supply water at the rate of 113 lpcd for a period up to 2021. All the components

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<sup>6</sup> Muddebihal (2001, 2006, 2008), Sindagi (2002, 2010), Hukkeri (1999, 2006, 2013), Sankeshwar (1999, 2006, 2015) and Hubballi-Dharwad (2000, 2007, 2008, 2012), Bailahongal (1995, 2009), Guledgudda (1996, 2009)

<sup>7</sup> Kembhavi (35 lpcd), Kartagi, Kudachi (60 lpcd), Mugalakhoda (25 lpcd), Harugeri (35 lpcd) Chicknayakanahalli (35 lpcd), Basavakalyana (18 lpcd)

<sup>8</sup> Aluru TP, Arkalgud TP, Channagiri TMC, Dandeli CMC, Holenarasipura TMC, Jamakhandi CMC, Kadur TMC, Karkala TMC, Mundgod TP, Narasimharajapura TP, Sakaleshpur TMC, Siddapura TP, Sindagi TMC, Sirsi CMC, Sringeri TP, Tarikere TMC, Theerthahalli TP

in the existing scheme were working satisfactorily except for frequent leakage in the 315 mm diameter Poly Vinyl Chloride (PVC) rising main from the pump house at impounding reservoir to the aerator at the Water Treatment Plant (WTP). In order to overcome the problem and anticipating creation of UGD system in the town, improvement of the existing WSS from 113 lpcd to 135 lpcd with the same source of IBC was taken up during March 2010. The above scheme was commissioned (April 2013) and handed over to the TMC, Sindagi during October 2015. The total expenditure incurred on this improvement scheme was ₹9.36 crore.

Based on scrutiny of the records, we observed the following:

- The Board has not obtained any assurance for additional quantity of water from the Irrigation Department.
- The existing capacity of WTP (4.54 MLD) was enhanced by adding another 4.54 MLD during the improvement works. The water allocated by the Irrigation Department (March 2001) for WSS to Sindagi was 0.07 Cusecs [0.17 Million Litres per Day (MLD)]. The allocated quantity of water was far less than the designed capacity of the WTP and hence, additional capacity of WTP was not required.
- No proposal had been sent to Government for according administrative approval for implementation of UGD scheme for Sindagi Town. Additional capacity was created in anticipation of such UGD scheme only, proposal for which has not been sent to Government even after two years of completion of the WSS.
- Since the scheme was designed to last till 2021 and was running satisfactorily except for leakage in the pipe, replacement of the defective pipeline would have sufficed.
- During Joint inspection, we observed that the pumping of water at the jack well had been stopped since December 2015 due to non-availability of water at source and water was being supplied from the impounding reservoir and borewells once in 10 days to alternate wards.

Hence, without obtaining assurance of any additional allotment of water and in anticipation of UGD system, the proposal for which has not been even sent, improvement/augmentation works to the existing WSS were undertaken prior to the completion of its design period which was unjustified.

The Board replied (September 2016) that the proposal for UGD scheme had since been submitted to the Government and also Department of Water Resources had been approached for sanction of additional quantity of water.

***(b) Separate WSS for Hukkeri while the existing scheme was sufficient to meet the requirement***

The existing WSS (commissioned in 1999) for Hukkeri-Sankeshwar towns and 16 en-route villages was designed to supply 19.07 MLD of water from Hidkal reservoir to a prospective population of 1,40,000 (2001) of the said towns and villages. The scheme designed for 16 villages was later extended to 30 villages.

Accordingly, supply was proposed for once in 3-4 days in normal period and once in 5-6 days in summer period.

In order to overcome the above problem, in addition to the existing scheme, two independent WSS for Hukkeri and Sankeshwar were given administrative approval (November 2013) by the State Government and the work was awarded in October 2014. The estimated cost of providing comprehensive WSS for Hukkeri town with Hidkal reservoir as source was ₹26.17 crore. The work is still under progress.

An examination of the records indicate that a separate WSS for Hukkeri town was unnecessary in view of the following:

- The existing capacity of the WSS for Hukkeri-Sankeshwar along with 30 en-route villages was 19.07 MLD. After implementation of independent WSS for Sankeshwar town, the entire 19.07 MLD of water would be available for Hukkeri and the 30 en-route villages. The requirement of water for Hukkeri and 30 en-route villages are given in **Table-2.1**.

**Table-2.1: Requirement of water for Hukkeri and en-route villages**

User	Projected population (2045)	Water requirement in 2045 (MLD)	Cumulative requirement in 2045 (MLD)	Existing Scheme (MLD)
Hukkeri	36,300	6.76 @ 135 lpcd	15.78	19.07
30 Villages	1,64,112	9.02 @ 55 lpcd		

(Source: Information furnished by Board)

As can be seen from the table the capacity of the existing WSS is more than sufficient to cater to the future needs of Hukkeri town and the 30 en-route villages.

Hence, a separate WSS for Hukkeri town was unnecessary and expenditure of ₹13.38 crore towards infrastructure of intake works, jackwell, raw water rising mains, WTP and clear water mains was avoidable.

In the above two cases, it was seen that due to the lack of a long term plan, the Board was executing schemes repeatedly within the design period of the existing schemes, whereas it could have utilised the resources to augment facilities in ULBs where the per capita water supply was less than required.

The Government replied (January 2017) that the above two schemes were executed as they were found necessary to cater to the increased water demand. Further, it stated that though Board executes schemes on the basis of service level benchmarking of ULBs, few schemes are implemented based on the ground situations and also cabinet decisions.

**Recommendation-1: The Board should prepare its own long term plan in consultation with Government/respective ULBs in order to prioritise proposals and utilise resources optimally.**

### **2.1.8.2 Approval of WSS and UGD Scheme**

After entrustment of the scheme by the Government/ULBs under Section 17 of the KUWS&DB Act, 1973, in accordance with Section 20 and 21 of the KUWS&DB Act, 1973, the Board forwards the feasibility report to the local authority who examines the report with reference to the cost to be incurred and its financial capacity to meet the same. If the local authority decides to get the scheme implemented, it passes a resolution in this regard. On receipt of the resolution, the Board examines in general, the feasibility of implementing the scheme and in particular the financial capacity of the local authority concerned. On such examination, if the Board is satisfied about the feasibility of the scheme, it forwards the project report to the Government for according administrative approval. The Government should approve the scheme within three months.

We, however, noticed that during 2011-12 to 2015-16, against 112 proposals of WSS and UGD schemes submitted to the Government for its approval as of October 2016, Government had accorded administrative approval for only 28 schemes. The records, however, did not indicate that the Board had re-submitted these pending projects to the Government.

The Government while confirming the audit observation (January 2017) stated that the balance schemes were returned back due to non-availability of funds.

### **2.1.8.3 Lapses in preparation of Project Report**

As per CPHEEO Manual, a Project Report<sup>9</sup> deals with all aspects of pre-investment planning and establishes the need as well as feasibility of projects technically, financially, socially, environmentally *etc.* It includes detailed information on the project area and the need for the project, population pattern, economic and social conditions, available water resources, existing water and sanitation system, long term plan and details of proposed project. Hence, preparation of the project report requires collection of information on all aspects of the project.

Review of project reports of the test-checked WSS and UGD schemes showed lapses in the preparation of the project report, which are discussed in the subsequent paragraphs.

#### **(a) Reliability and dependability of source not ensured**

The CPHEEO Manual stipulates correct assessment of the capacity of the water source to decide on its reliability and dependability for the water supply project. Further, it states that computation of minimum and maximum discharge should be assessed in order to determine safe yield<sup>10</sup> of the water or otherwise. The Ministry of Urban Development, Government of India (GoI) (May 1999) in its

<sup>9</sup> The Board adopts Detailed Project Report in synonym with Project Report. The Project Reports are to be prepared in three stages *viz.*, Identification Report, Pre-feasibility Report and Feasibility Report.

<sup>10</sup> Safe yield or dependable yield of water source is the amount of water that can be drawn without adverse ecological impact.

guidelines also reiterated that 95 per cent dependability and reliability of raw water sources must be established by the concerned State department so as to ensure long term sustainability of the project throughout the prescribed design period.

We, however, observed that DPRs prepared by the Board in respect of test-checked schemes (both State as well as Centrally sponsored except JnNURM) did not address the issue of availability of water or sharing of water sources with other users etc. Safe yield tests to assess the capacity and reliability of the water source were also not conducted in any of the test-checked schemes (except JnNURM).

The Government replied (January 2017) that WSS are proposed only on the basis of the results of tests conducted to ensure reliability and dependability of source. However, from the records produced to audit, it was observed that the same had not been done and thus, the schemes were not functioning or functioning only for part of the year.

The audit findings on the consequences of not ensuring the reliability and dependability of the water sources in the test-checked WSS are brought out below:

• **Mudhol, Mahalingapura and Bailahongal WSS**

While the ULB of Mahalingapura was dependent on ground water with borewell as the source for drinking water, ULBs of Mudhol and Bailahongal were dependent on existing WSS, which were insufficient. The water supply projects were conceived with the objective of providing 135 lpcd of water to each town. The observations on these projects are brought out in **Table-2.2**.

**Table-2.2: WSS for Mudhol, Mahalingapura and Bailahongal**

WSS (Date of commission)	Source of water	Observations	Status of WTP	Reply of the Board
Mudhol (September 2014)	Jaliberi Multipurpose barrage in Ghataprabha river.	Assurance of water not obtained from Minor Irrigation Department.	Not functioning since December 2015 due to non- availability of water.	The Board replied (September 2016) that proposal for linking the existing impounding reservoirs to new WTP had been sent in the remodeling scheme in order to solve the issue of non- availability of water.
Mahalingapura (January 2013)	Dhabaleswar barrage in Ghataprabha River.	Minor Irrigation Department had informed the Board that requirement could not be met from the barrage and suggested to request Major Irrigation Department to release water from Hidkal reservoir to meet emergency requirement. The Board, however, had not made any arrangements in this regard. Thus, though ₹12.71 crore was incurred on the project, it continued to provide water through borewells.	Continued to provide water through borewells once in 10 to 15 days.	The Board replied (September 2016) that it had sought (2005) for allocation of water from Minor Irrigation Department. However, no assurance had been obtained before start of the project. The reply is not tenable since more than a decade has elapsed and the Board has not made any further correspondence with the Department nor has any additional allotment been assured by them.



WSS (Date of commission)	Source of water	Observations	Status of WTP	Reply of the Board
Bailahongal (September 2014)	Upstream of proposed Reinforced Concrete Cement (RCC) barrage in Malaprabha river	The Board had constructed WTP in 2014. However, even after two years of its construction, the RCC barrage in Malaprabha river proposed by the Irrigation Department was only in construction stage. This resulted in non-availability of water at source.	Due to non-availability of water at source, the ULB could not supply the committed water (135 lpcd) and at present the water was being supplied at 75 lpcd on alternate days.	The TMC of the said town confirmed that the proposed RCC barrage to be constructed by the Irrigation Department was essential for providing water to the said town. The Board stated that the proposed barrage is under construction and on completion, the water problem at source would be solved.

Thus, these projects were executed without ensuring adequate water availability and obtaining the assurance to draw water. This resulted in expenditure on the projects, which did not deliver on their objective of providing the adequate water supply to the beneficiaries.

The Government replied (January 2017) that in respect of Mudhol WSS and Mahalingapura WSS, apart from the identified source, it has Hidkal dam on the upstream of the project site which hold sufficient storage of water for the need of the said two towns. The reply is not acceptable as water is being provided through bore wells. Further, in respect of Bailahongal and other two schemes, it was stated that dried up river bed and drastic reduction in water supply was main reason for shortfall. The reply is not acceptable as the WSS should be designed after considering least of average flow so that the minimum water supply is ensured even in distress conditions.

- **Chikkaballapur and 10 en-route villages**

With the aim of providing 100 lpcd water to Chikkaballapur, a WSS was implemented (November 2012) with Jakkalamadagu reservoir as source. The total capacity of the reservoir is 4,390 million litres (ML) of water. Of this, 3,000 ML is allocated to Chikkaballapur city and 1,390 ML to Doddaballapur city. With the existing allocation for Chikkaballapur city, the maximum water that could be drawn for the city would be 5.75 MLD<sup>11</sup> of water.

We observed that as per the DPR of the WSS submitted (August 2007) to the Government, the requirement of water at the rate of 100 lpcd to Chikkaballapur city at the time of execution (2009) itself was 7.18 MLD<sup>12</sup>, which was more than the water available as per allocation. Thus, the WSS could not even meet the requirements of the present population.

The Government replied (January 2017) that as per the approved DPR, the storage requirement is considered for seven months only and hence Chikkaballapur and the en-route villages could be supplied 14.28 MLD for a period of seven months. Further, it stated that in order to overcome the shortage of water, 17 borewells were dug and at present water nearing 100 lpcd was

<sup>11</sup> Water available per day = 3000 ML (1-0.3\*)/365 = 5.75 MLD

\* Loss towards evaporation, percolation and dead storage

<sup>12</sup> MLD-Million litres per day

provided. The reply is not acceptable since as per the approved DPR, total water demand works out to 11.70 MLD for the intermediate year (2024). Even after considering the availability of water at Jakkalamadagu reservoir only for seven months, quantity of water available per day works out to 10 MLD only which is less than the intermediate yearly demand.

**Recommendation-2: The Board should establish reliability and dependability of water source during conception of the project to ensure long-term sustainability.**

**(b) Non-consideration of quality of raw water**

The method of treatment of raw water to be employed, as per CPHEEO Manual, depends on the nature of raw water constituents and the desired standards of water quality. Conventional treatment including pre-chlorination, aeration, coagulation-flocculation (rapid mixing and slow stirring) and sedimentation, rapid gravity filtration and post-chlorination are adopted for highly polluted surface waters laden with algae or other micro-organisms. Further, as per the CPHEEO recommended guidelines for bacteriological quality of drinking water, total coliform bacteria must not be detectable in the treated water entering the distribution system.

We observed that the Board had designed WSS without conducting tests for raw water. Hence, audit requested the Karnataka State Pollution Control Board (KSPCB) to conduct tests of raw as well as treated water in respect of selected schemes to check for the presence of coliform bacteria. In six test-checked WSS, the test reports confirmed presence of coliform bacteria in raw water as well as treated water which is detailed in **Table-2.3**.

**Table-2.3: Results of test conducted by Karnataka State Pollution Control Board on raw water**

Name of WSS	Raw water drawn from	Total coliforms present (mg/l)		Whether treatment included pre-chlorination	Whether treatment included post-chlorination
		Before treatment	After treatment		
Muddebihal	Krishna River, Devoor village	1,600	510	No	Yes
Sindagi	Indi branch canal, Yeragal village	250	45	No	Yes
Vijayapura	Krishna river backwater of Almati dam, Kolhar	1,800	1,800	Though sanctioned estimate had provision, no pre or post chlorination plant was established	
Mudhol	Ghataprabha river, Jaliberi barrage	500	50	No	Yes
Mahalingapura	Ghataprabha river, Dhableswar barrage	140	30	No	Yes
Bailahongal	Malaprabha river, Backwater of RenukaSagar dam	3,500	14	No	Yes

(Source: Information furnished by the Karnataka State Pollution Control Board)

The CPHEEO Manual recommended pre-chlorination, filtration and post-chlorination treatment for unprotected surface water with faecal contamination. From the table, it is evident that coliform bacteria were present prior to treatment as well as post treatment. Thus, failure to test quality of raw water and inadequate treatment process, the quality of treated water supplied was poor and not in conformity with CPHEEO guidelines.

The Board replied (September 2016) that action would be taken to intimate the concerned ULBs to carry out requisite chlorination and water testing. The reply

is only partially acceptable as the Board had not even established a chlorination plant at Vijayapura inspite of its inclusion in the estimate.

The Government replied (January 2017) that it was not mandatory to conduct chlorination at source. It also stated that the water samples were tested in reputed laboratories and no bacterial mass was detected. The reply is, however, not acceptable since the presence of coliform bacteria in treated water is not permissible and KSPCB, the competent authority to verify the water quality, has given test reports showing presence of coliform bacteria in the treated water. Further, though the pre-chlorination is not mandatory, same should be included or excluded from treatment process after due consideration of the raw water quality.

**Recommendation-3: The Board may ensure testing of raw water and appropriate treatment so that the treated water meets the required quality standards.**


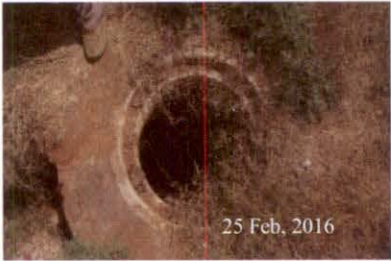
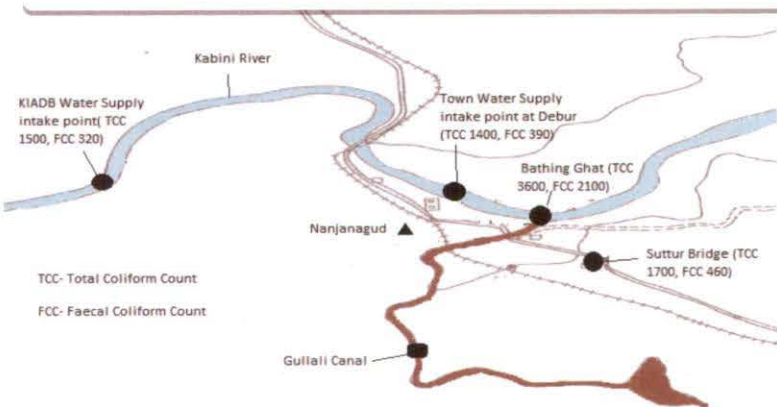
**(c) Allotting and commencing works without ensuring availability of land**


The KPWD Code stipulates that no work shall be taken up or tenders invited for a work without ensuring availability of land and other requisites such as sanctions from appropriate authorities, design and drawings and provision of funds.

In contravention of the above, the Board had invited tenders and awarded contracts for WSS and UGD schemes without ensuring availability of land. This resulted in delay in completion of works and under utilisation of assets besides adverse effect of untreated sewage mixing with water sources. The details and audit observations on the seven test-checked schemes (one WSS and six UGD schemes) are brought out in **Table-2.4**:

**Table-2.4: Test-checked cases of WSS and UGD schemes taken up without ensuring availability of land**

Scheme (WSS/UGD)	Audit observations	Reply of the Board
<b>(i) WSS to Kolar, Bangarpet, Malur and 45 enroute villages</b> Date of entrustment: January 2009 Due date for completion: September 2010 Status: Yet to be completed	Sites for three overhead tanks (OHTs) handed over with delay and yet to be handed over for one OHT. Land acquisition yet to be completed for WTP	No specific reply
<b>(ii) Kolar Stage-II UGD</b> Date of entrustment: October 2007 Due date for completion: September 2008 Status: Yet to be completed except STP	Necessary permissions from NHAI and Railways were sought only after the award of work. Price Variation of ₹42.67 lakh paid to contractor.	The Board attributed the delay to authorities concerned for not providing the permission in time. This is not acceptable as the Board had approached them after commencement of work.

Scheme (WSS/UGD)	Audit observations	Reply of the Board
<p><b>(iii) Deodurga UGD</b>                      Date of entrustment: July 2009                      Due date for completion: February 2011                      Status: Yet to be completed.</p>	<p>Site for STP yet to be acquired. Thus, entire sewage was let out into the open drains.</p> 	<p>The Board stated that it went ahead with the execution of work even though it did not have possession of land due to pressure from public and local representatives.</p> <p>Reply is not tenable as the Board violated the KPWD Code with resultant delay and non-completion of work.</p>
<p><b>(iv) Nanjangud UGD</b>                      Date of entrustment: October 2007                      Due date for completion: March 2009                      Status: Yet to be completed</p> 	<p>UGD network was almost complete, however, sewer line of 75 metres could not be laid for want of clearance from Railways.</p> <p>Land for construction of STP was handed over in September 2015.</p> <p>We observed damage to the manholes and overflowing of sewage from the pits in the yet to be commissioned sewer network.</p> <p>Untreated Sewage was flowing directly into the Kabini river through Gullali Canal and polluting the river water. We ascertained extent of Faecal Coliform Count at point of Gullali canal joining Kabini river to be abnormally high at 2100 Most Probable Number (MPN) per 100 ml.</p>	<p>The Board stated (September 2016) that even though they were aware of the non-availability of land for STP, the UGD network for Nanjangud was taken up to avoid price escalation. The reply is not acceptable as both the works were required to be dovetailed. Further, non-maintenance of the work already completed resulted in deterioration and may require additional expenditure on rectification.</p>
<p>Locations of samples taken across river Kabini with results of KSPCB test reports</p> 		
<p><b>(v) Chikkamagalur UGD</b>                      Date of entrustment: August 2012                      Due date for completion: November 2013                      Status: Yet to be completed</p>	<p>Construction of septic tank and wet well yet to be taken up due to non-availability of land. Even though the work of construction of the STP was in progress, due to non-handing over of the site for wet well, the coverage of sewerage network was doubtful.</p>	<p>The Board stated (September 2016) that the work has not yet commenced due to non-availability of site.</p>

Scheme (WSS/UGD)	Audit observations	Reply of the Board
<p><b>(vi) Channapatna UGD</b> Date of entrustment: November 2007 Due date for completion: May 2009 Status: Contract foreclosed</p>	<p>Due to non-availability of land for wet wells and sites for UGD network, work remained incomplete and the contract was foreclosed (December 2015) rendering an expenditure of ₹8.11 crore unfruitful.</p> <p>Waste water from households was let out into open drains and farmers were diverting raw sewage for cultivation.</p>	<p>The Board stated (September 2016) that the UGD network would be commissioned once the land for construction of wells and STP is handed over to them.</p>
<p><b>(vii) Channarayapatna UGD</b> Date of entrustment: August 2008 Due date for completion: February 2010 Status: Contract foreclosed.</p> 	<p>Though 19 <i>per cent</i> of the sewer lines were not executed, the scheme was handed over to the ULB for maintenance. There was blocking of sewage network due to missing links. Untreated sewage was also entering and polluting nearby lakes and farmers were diverting the sewage water for cultivation during summer.</p> <p>Also, we observed that price adjustment (increase) of ₹43.77 lakh for the works executed during the extended period of 883 days was approved.</p>	<p>The Board stated (September 2016) that the ULB was responsible for the delay in handing over of the land, which resulted in payment of price adjustment.</p> <p>The reply was not tenable- for the reason that awarding of work prior to availability of land was irregular as per KPWD Code and the Board was aware of the incomplete status of the project prior to handing over the project to the ULB.</p>

Thus, the Board in all the above cases, had invited tenders and awarded contracts without ascertaining availability of land and had also not obtained requisite sanction from the appropriate authorities. This resulted in cost overrun and damages to partially completed works and also defeated the objective of providing desired water supply and sanitation to urban areas.

The Government replied (January 2017) that in order to avoid cost and time over run, the Board had consciously decided to execute UGD works even though it was aware of non-availability of land. The reply is not acceptable since for proper functioning of UGD scheme both network and as well STP is required to be dovetailed. Further, due to non-maintenance of work already completed, it required additional expenditure for rectification. In addition due to non-setting up of STP/wet wells, the ground water, surface water as well as surrounding environment are also polluted.

**Recommendation-4:** *In order to avoid time and cost overrun and underutilisation of assets, the Board should ensure availability of land and obtain necessary sanctions/permissions from authorities concerned before tendering and awarding contracts.*

**(d) Financial analysis of projects not conducted**

The CPHEEO Manual envisages that the DPR should bring out the financial burden imposed by a WSS project in the form of annual recurring cost and payment towards loan and interest (debt servicing) that has to be met from the operational revenue which could be realised from sale of water. As per the

Manual, the financial statement showing annual revenue and operational cost for 10 years period beginning with the year when project will be operational should be prepared. Also, section 20(3) of the KUWS&DB Act, 1973 states that the Board shall examine in general, the feasibility of implementation of the scheme in all aspects and in particular the financial capacity of the local authority concerned.

We, however, observed that the required financial analysis was not done in 14 out of 21 selected WSS.

The Government replied (January 2017) that most of the WSS as well as UGD schemes are implemented with share from ULBs not exceeding 25 per cent of the total project cost, which are met out of State Finance Commission (SFC) Grants. The reply is, however, silent on the annual recurring cost which is to be met out of the operational revenue.

**(e) Defects in preparation of estimates**

**• Inflation of estimates - excess drawal of Grants /loans**

The GoK releases grants and allows the Board to raise loans on behalf of the ULBs on the basis of approved estimated cost. Boosting of estimate in any form would result in excess drawal of loan either by the Board or by the State Government as the additional capital cost of any project is met out of open market borrowings of the Government and additional interest burden thereon.

As per KPWD Code, provision for price escalation shall be made at the rate of five per cent of the estimated cost. However, it was noticed that provision for escalation charges was made in excess of this prescribed limit while preparing the estimates. The excess provision in this regard works out to ₹8.56 crore in respect of seven WSS and two UGD schemes detailed in **Appendix-2.2**. While accepting the audit observation, the Board stated that in future, provision for escalation at the rate of five per cent as stipulated in the KPWD Code would be made.

**• Non-provision for installation of flow meters in Jackwell, WTP etc., in the estimates**

In order to monitor water leakages, unauthorised tapping and distribution and transmission losses, the CPHEEO Manual specifies installation of flow meters at various points of the WSS. Necessary provision should, therefore, be made in DPRs/estimates for the installation of flow meters.

We observed that out of 21 test-checked WSS, adequate provision for installation of flow meters in Jackwell, WTP and Bulk points had been made in the DPR in only three WSS<sup>13</sup>. In the absence of flow meters, the exact quantity of water treated, supplied and lost in transmission and distribution was not ascertained by the Board. The Government accepted the audit comment and

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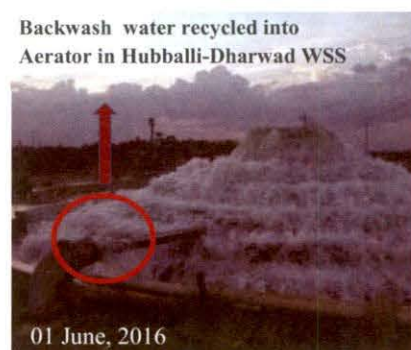
<sup>13</sup> WSS to Mysuru with Kabini River as source, WSS to Arsikere and WSS to Belur

stated (January 2017) that provision for installation of flow meters would be made in future projects.

**Recommendation-5: The Board may provide for installation of flow meters at requisite places in all its WSS in order to monitor leakages, unauthorised tapping and transmission and distribution losses.**

#### 2.1.8.4 Lapses in designing- Non-utilisation of Filter Backwash water

Filter Backwash water is the water used to clean the filter beds in WTP, which is then usually disposed of as waste water. As per the standards of the Central Pollution Control Board, the quantity of filter backwash water is normally about five *per cent* of the designed capacity of WTP. As a water conservation measure, WTPs can recycle filter backwash water so that backwash water is recovered and becomes reusable, thereby increasing the amount of treated water available and decreasing the amount of effluent.



On joint inspection of the 21 selected WSS, we observed that only in case of the Hubballi-Dharwad WSS, backwash water from the filter bed was channelised and allowed to settle into a settling pond of 60 Lakh litres capacity after which it was pumped into the WTP for further treatment. Approximately 27 lakh litres (30 lakh litres less 10 *per cent* wastage) of water which is sufficient to cater to the needs of 20,000 population per day at the rate of 135 lpcd is conserved due to such recycling. The expenditure incurred on creation of this facility was ₹32.16 lakh only.

However, in all other test-checked WSS, backwash water was discharged into drain without recycling. Audit calculated the wastage of backwash water (**Appendix-2.3**) in respect of these schemes and observed that approximately 90,72,000 litres of water per day was going into drains which could be recycled with nominal expenditure as has been done in Hubballi-Dharwad WSS. The quantity so wasted was sufficient to cater to the needs of 67,200 persons at the rate of 135 lpcd.

The Government replied (January 2017) that in future upcoming projects, provision for utilising the backwash water would be considered based on the cost-benefit analysis.

**Recommendation-6: The Board may incorporate scientific recycling of filter backwash water in its WTPs, wherever feasible.**

## **2.1.9 Execution of projects**

### **2.1.9.1 Inordinate delay in commencement and completion of schemes**

The CPHEEO Manual specifies that WSS and UGD schemes be designed to meet the requirements over a thirty years period after their completion. The time lag between design and completion of the project should also be taken into account, which should not exceed two to five years in respect of WSS and three to six years in respect of UGD schemes, depending on the size of the project.

We observed that in the test-checked WSS, there was inordinate delay in execution of the WSS completed during 2011-12 to 2015-16. The delay beyond the scheduled date of completion ranged between 224 days to 2,878 days (almost eight years) as shown in **Appendix-2.4**. The reasons recorded included delay in awarding of contract, delay in handing over the site of construction, delay in approval of drawings and designs, frequent change in scope of the works *etc.*

While according approval (June 2010) for the Action Plan of the Board for the year 2010-11, GoK had clearly stated that in future proposals, action plan should be framed to complete all the schemes within three years and 1/3<sup>rd</sup> of estimated cost should be provided for in the budget. We observed that the Board's budget in the succeeding years was not according to the above said instructions and as a result, there was short release of funds, which led to delays in implementation of the projects.

In addition, as per the KPWD code, the administrative approval or technical sanction ordinarily ceases to operate after a period of five years from the date upon which such approval or sanction is accorded and the competent authority is required to revive the sanction in case of works, which are in progress beyond five years. Thus, in respect of schemes where the administrative approval had lapsed, fresh approval is required. We observed that the Board had incurred ₹184.17 crore on 37 ongoing schemes even though the administrative approval had expired during 2009-10 to 2015-16. Records furnished did not indicate fresh sanctions for these schemes, hence the expenditure incurred was irregular.

We also observed that GoI revised (August 2015) its share in UIDSSMT schemes from 80 *per cent* to 50 *per cent* and also stated that only the incomplete projects, sanctioned prior to 31 March 2012, in which 50 *per cent* or more additional central assistance had been already released and physical progress was 50 *per cent* or more as on 31 March 2014, would be eligible for further central assistance under the newly launched scheme AMRUT. However, due to delay in commencement of the works, the expenditure in respect of two schemes availing central assistance, WSS to Mulbagilu and UGD for Savadatti, was less than 50 *per cent* of the central assistance as on 31 March 2014. This resulted in the projects being rendered ineligible for further central assistance to the extent of ₹11.05 crore.

The Government replied (January 2017) that loss of central assistance was due to delay in implementation of the project and non-availability of land was stated as the reason for delay. The reply is not tenable since the Board has not adhered



to the KPWD Code, which stipulates that no work shall be taken up without ensuring availability of land.

### 2.1.9.2 Deviation from the approved DPR during execution

The competent authority should approve any deviations from the approved DPR and such deviations should be backed with adequate recorded justification. We noticed deviations from the approved DPR during execution which was not approved by the competent authorities. Instances of deviations from approved DPR are brought out in the succeeding paragraphs.

#### (a) Installation of higher capacity pumpsets

In a WSS, pumping machinery are used for lifting of water from source to WTPs and the capacity of pumping machinery is to be arrived at considering the quantity of water to be pumped. Provision for supply and installation of pump sets at Jackwell and WTP of varying capacity was made in the DPR of the three WSS detailed in the **Table-2.5**. However, we observed that the pump sets and allied accessories of higher capacity than that in the DPR were installed during execution. Further, it was observed that though higher capacity pump sets were installed, the original discharge of water remained unchanged rendering the excess expenditure on pump sets of higher capacity unfruitful.

**Table-2.5: Extra power charges due to enhancement of capacity of pump sets**

(₹ in lakh)

Name of the WSS	Capacity of pump sets in DPR		Capacity of pump sets installed		Extra power charges per annum
	Jack well	WTP	Jack well	WTP	
Mahalingapura	90 HP	30 HP	140 HP	50 HP	20.72
Chikkodi	140 HP	110 HP	250 HP	200 HP	38.94
Shikaripura	200 HP	-	240 HP	-	9.00
<b>Total</b>					<b>68.66</b>

(Source: Information furnished by the Board)

Higher capacity pump sets consume more power and are also associated with higher operation and maintenance costs. The extra power consumption due to enhanced capacity of the pumps in the three projects works out to ₹68.66 lakh per annum. Since the WSS are maintained by the ULBs, the extra power charges result in additional financial burden on the ULBs.

The Government replied (January 2017) the following:

- In respect of Mahalingapura WSS and Chikkodi WSS, the capacity of pumpsets was revised due to change in location of site.
- In respect of Shikaripura WSS, pumps of higher capacity were installed due to frequent power failures.

The reply is not acceptable for the following reasons:

- Based on the revised data furnished by the Board, audit recalculated the pump sets requirement for Mahalingapura WSS and Chikkodi WSS as 100 HP and 170 HP at jackwell and 43 HP and 110 HP at WTP respectively. Thus, the

capacity of pump sets installed was still higher than required. Hence, there continued to be extra expenditure towards power charges which amounted to ₹57.53 lakh per annum.

- The Shikaripura WSS has been provided with 11 KV capacity feeder line for providing un-interrupted power supply as part of the WSS work itself.

**(b) Non-execution of works approved in DPR**

In order to enhance the water supply to Belur town from 100 lpcd to 135 lpcd, a WSS was taken up and commissioned during August 2015.

On scrutiny of the records, we observed that some of the works specified in the DPR and detailed below were not executed despite provision of funds. This contributed to non-achievement of the target of providing 135 lpcd to the town.

- The work of repairs and renewal of existing 4.54 MLD WTP was not included in the tender for civil works and hence not executed. As a result, problems such as leakages in the WTP, non-functional laboratory, dysfunctional aerator, dilapidated OHT for backwash and chlorination not being done, were not remedied.
- Though construction of flash mixer was included in the DPR, it was not executed. As a result, the coagulant was being mixed with the water manually. The Board stated (September 2016) that the work was not executed as the ULB had included the said work in its annual estimates. The reply is not acceptable because there was no such correspondence with the ULB on record and no further action taken by the Board to construct a flash mixer.

The Government replied (January 2017) that all the discrepancies had been set right and the units were functioning.

**(c) Non-execution of distribution network in WSS**

The KPWD code stipulates that the authority granted by a sanction to an estimate/DPR must on all occasions be looked upon as strictly limited to the precise objects for which the estimate/DPR was intended.

In four<sup>14</sup> test-checked WSS executed and commissioned by the Board, though there was a provision for providing distribution network to the entire town in the new DPR, we observed that even after more than two years since commissioning of the scheme, the work relating to distribution network had not been put to tender.

We also observed that due to non-execution of distribution networks, adequate water supply could not be provided to Chikkodi, Bailahongal and Mudhol towns. While the WSS for both Chikkodi and Bailahongal towns were designed to supply water at the rate of 135 lpcd, the actual water supply was 118 lpcd and 75 lpcd respectively. Similarly, the WSS to Mudhol town was designed to supply water at the rate of 100 lpcd against which the water supply was only 70 lpcd. The Board stated (September 2016) that due to paucity of funds and also

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<sup>14</sup> Guledgudda town-Provision: ₹7.58 crore, Mudhol town-Provision: ₹3.92 crore, Chikkodi town-Provision: ₹3.62 crore, Bailahongal town-Provision: ₹2.84 crore

to cover the escalation, distribution network was not executed or only partially executed.

The Government also stated (January 2017) that due to paucity of funds the distribution network and WSS was not taken up. However, it was silent on the issue of deviations from DPR without its approval.

### 2.1.10 Operation and Maintenance

After execution of WSS, Operation and Maintenance (O&M) assumes great significance as poor operation and maintenance practices are largely responsible for decreased performance or early failure of projects and loss to public assets.

As per CPHEEO manual, it is necessary to examine the capabilities of the organisation that would be entrusted with the responsibility of operating the scheme after it is commissioned. It also states that the designated organisation must fulfill the requirement in respect of personnel and financial and management procedures so that effective and efficient performance is achieved. CPHEEO Manual also prescribes that the issues which are likely to adversely affect the operations of the project, should be outlined and definitive recommendations should be made in the Project report.

In accordance with Article 243(w) of the Constitution of India read with the 12<sup>th</sup> Schedule of the Constitution, ULBs are responsible for water supply and sewerage services from water catchments areas to waste water treatment plants. Accordingly, Government directed (July 2012) the Board to hand over all the completed schemes to the ULBs concerned. Section 17 of the KUWS&DB Act, 1973, however, allows the Board to take up O&M of the WSS and UGD schemes upon the directions of the Government.

Currently, the Board is entrusted with O&M of 11 WSS (**Appendix-2.5**). In addition, the Board was maintaining 10<sup>15</sup> WSS upto bulk point and one UGD scheme (Ballari) without entrustment by Government.

Out of the 20 test-checked completed WSS and UGD schemes, one scheme has been duly entrusted to and is thus maintained by the Board, three schemes are being maintained by the Board without entrustment, 14 schemes were handed over to the ULBs, and two schemes were in the defect liability period<sup>16</sup> as on March 2016. We conducted joint inspections in all the 20 test-checked completed WSS and UGD schemes to study and compare the operations and maintenance of the schemes, maintained by the Board, either through entrustment or without entrustment, and those maintained by the respective ULBs. During joint inspection of WSS, we observed the following.

<sup>15</sup> Gadag-Betageri, Mundargi, Guledagudda, Hagaribommanahalli-Kottur-Kudalgi, Melukote, Ilkal- Hungund-Kustagi, Hukkeri-Sankeshwar, Bidar, Ilwala and Shikaripura

<sup>16</sup> One year from the date of commissioning of the WSS and UGD Scheme, the contractor is required to maintain at his own cost.

### **2.1.10.1 Schemes entrusted to be maintained by the Board**

The WSS for Vijayapura city was implemented with the objective of providing water at the rate of 135 lpcd. It was observed that 70 per cent of the population of the city was covered for supply of water at the rate of 135 lpcd. While eight wards were supplied water 24x7, the Board was covering the remaining 27 wards in phases. We further observed that out of 70 per cent coverage, 15 per cent had metered connections. Even with 15 per cent of metered connections, the revenue generation was more than the annual expenditure on O&M. Non-revenue<sup>17</sup> water in the 24x7 wards ranged between 3.40 per cent and 18.30 per cent of water supply against a targeted maximum of 15 per cent which was laudable. We also observed that water quality tests were being conducted at both the WTP and distribution network. Also, records such as leakage register, complaint redressal mechanism, log books at WTP and head works, lab registers, Demand Collection and Balance register were being maintained. Further, the Board followed all the norms for maintenance of the WSS.

### **2.1.10.2 Schemes maintained by the Board without entrustment**

#### **(a) WSS for Shikaripura town**

Shikaripura town has both an old WSS commissioned during 1988 and a new WSS commissioned during 2010. While the Board was maintaining head works and WTP of both old and new WSS, the distribution networks were managed by the TMC. We observed the following:

- The old WTP was in poor condition and required repair and remodeling.
- Aerator of the old WTP had been disbanded and hence the entire quantity of water from the source was fed for aeration into the new WTP which did not have sufficient capacity to handle the load of both the WTPs.
- Laboratories were not functioning due to lack of instruments.
- Chlorine cylinders were stored in open spaces posing safety hazard as the WTP lacked a separate storage shed.
- Minimum staff required to run WSS was not deployed.

Thus adequate infrastructure was not put in place by the Board to ensure the quality of water supplied to the consumer.

#### **(b) UGD for Ballari**

The Board was maintaining a UGD scheme for Ballari town since 2007-08 without entrustment. During joint inspection, we observed that the DG sets installed in the two STPs of the town had not been operated for the past three years on account of non-release of funds by the ULBs concerned. As a result, untreated sewage water was being discharged into open drain without treatment during power failure.

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<sup>17</sup> Non-revenue water is the bulk water supplied less the metered water consumption and water used by revenue producing public fountains only.

The Board replied (September 2016) that since the work was not entrusted to them, the ULB was to provide funds to maintain the WSS and UGD scheme. The reply is not acceptable, as the Board had not sent any proposal to the Government for funds even though it was maintaining the WSS and UGD scheme. The Government replied (January 2017) that efforts are being made to take over the O&M on regular basis.

### **2.1.10.3 Schemes maintained by ULBs**

Nine WSS and four UGD of the 20 test-checked completed schemes are being maintained by the ULBs.

#### **(a) Water Supply Schemes**

- In seven test-checked WSS, only 20-58 *per cent* households were covered by a house service connection.
- Consequent upon construction of new WTPs, existing WTPs of Muddebihal (2024) and Belur (2031) were not being used, even though their design period had not expired.
- In three WSS (Guledgudda, Muddebihal and Yelburga), the laboratories were lying idle due to non-availability of technicians.
- CPHEEO manual prescribes safe handling practices with respect to chlorine gas cylinders. Chlorine gas is a powerful irritant to lungs and eyes, hence chlorine cylinders should be stored upright and the storage area should be clean, ventilated and free from dampness. In six WTPs, it was observed that there was no separate storage place and chlorine cylinders were kept in open spaces, cylinders were placed horizontally, containers were not fitted with safety caps or hooks, corrosive substances were stored in the vicinity, no neutralisation system was provided *etc.*
- In WSS for Muddebihal and Chikkodi, it was observed that though two pumpsets were available, only one was functioning. Due to non-availability of spare parts, the standby pump had been dysfunctional for the last three months. Hence, in the event of a breakdown, there would be no pumpset available in the WTP.
- In seven WSS detailed in **Appendix-2.6**, it was noticed that there was shortage of staff in all categories *viz.*, Operators, Fitters, Electricians, Mechanics, Watchmen *etc.*
- The CPHEEO Manual prescribed laboratory examination of water both at the WTP and also at the distribution system to ensure that drinking water was in conformity with the standards. We observed that no such laboratories were established at the distribution point and hence could not ensure the quality of water supplied to the consumers.

The Board stated (September 2016) the following:

- ULBs had failed to maintain the WSS even after handing over of the projects.
- The laboratories where they existed, were not functioning due to lack of technicians. In other places, there was no provision in the estimate to

establish laboratory for testing water at WTP or at the distribution system. Hence, it was not executed.

The Board's reply is not satisfactory because the CPHEEO Manual prescribed laboratory examination of water both at the WTP and at the distribution system and therefore the Board should have ensured that the estimates included provision for establishing laboratories.

The Government replied (January 2017) that ULBs have been directed to comply with the audit observations.

**(b) Underground Drainage Schemes**

In compliance to Government's direction (July 2012), the Board had issued a circular instructing its officers to consider the completed schemes which were yet to be taken over by the ULBs as 'deemed to be handed over'. We observed that in four<sup>18</sup>test-checked UGD schemes, ULBs had failed to maintain such deemed handed over projects resulting in deterioration of assets created apart from untreated sewerage directly entering into water bodies. Joint inspection findings of these UGD schemes are brought out in **Appendix-2.7**.

Further, from the joint inspection of test-checked WSS and UGD schemes, it was observed that the maintenance of the projects handed over to ULBs was inadequate. This resulted in short utilisation and deterioration of the created assets.

The Board stated (September 2016) the ULBs had failed to maintain the same after handing over of the projects. The Government replied (January 2017) that the Board trains the ULB staff prior to handing over of the project and is also available to extend any logistical support. The reply is not satisfactory as the financial capacity of the ULBs with regard to maintenance of O&M of the UGD schemes was not assessed by the Board while analysing the feasibility of the schemes or before declaring the schemes as 'deemed handed over'.

**Recommendation-7: Board should examine and highlight in the project report the capabilities of ULBs regarding O&M so that Government may consider entrustment of such schemes to the Board until the ULBs are capable of maintaining the WSS and UGDs.**

**Recommendation-8: The Board should ensure that there is a provision in the estimates to establish laboratory for testing water at WTP as well as at the distribution system.**

**2.1.11 Case Study of Water Supply Scheme to Mysuru City**

In order to improve the water supply to Mysuru city, two projects had been taken up under JnNURM with financial assistance in the ratio of 80:10:10 from GoI, GoK and ULB. The objective of the two projects was to ensure augmentation of water supply from the Kabini river and to remodel the water supply distribution network and manage it through an integrated management

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<sup>18</sup> UGD for Kolar city (Phase II), Bhadravathi town, Ramanagara and Channarayapatna

system to ensure 24x7 water supply to the entire city of Mysuru, covering all the 69 Direct Metering Areas (DMAs). The details of the projects are given in **Table-2.6.**

**Table-2.6: Details of WSS to Mysuru City**

(₹ in crore)

Scheme	Date of approval		Estimated cost	Awarded to	Entrustment date	Period of completion	Expenditure incurred
	GoI	GoK					
Augmentation of Water Source to Mysuru city from Kabini River	December 2006	June 2009	108.81	M/s.GKC, Hyderabad	September 2009	2012	95.71
Remodeling of water supply distribution network, automation and integrated management system for Mysuru city	December 2006 with condition that on completion, the project should achieve 24x7 water supply	March 2007	194.54	M/s.JUSCO	November 2008	November 2014 extended upto May 2015	271.56

(Source: Information furnished by Board)

The scope of the work in the first project included intake structure, rising main, WTP, feeder main, Master Balancing Reservoir (MBR), pumping station and allied works. In the second project, work included providing and laying feeder mains, construction of OHT, providing IMIS, transforming intermittent water supply system to 24x7 and Supervisory Control and Data Acquisition (SCADA).

#### **2.1.11.1 Augmentation of Water Source to Mysuru city from Kabini River**

The scheme for augmentation of water source for Mysuru city from Kabini River included construction of three MBRs at JP Nagar, Datagalli and Vijayanagara with storage capacity of 3 MLD, 3 MLD and 13 MLD respectively.

The CPHEEO Manual recommends design of the MBR to meet the requirement of 1/3<sup>rd</sup> intermediate year demand. However, the storage capacity (19 MLD) of all the three MBRs was worked out in the DPR with 1/3<sup>rd</sup> of ultimate year demand (18.14 MLD) even though the CPHEEO had suggested (September 2006) to the Board that they revise the design in conformity with the CPHEEO manual. The estimated cost for JnNURM funding prepared by the Board considered the cost of MBRs with only 1/3<sup>rd</sup> of the intermediate year demand (12.09 MLD) with the balance amount to be contributed by the Mysore Urban Development Authority (MUDA). Though the Board had written (February 2008) to the MUDA in this regard, no records were available to indicate whether MUDA had agreed to it. Thus, construction of the MBRs considering ultimate year demand resulted in creation of excessive storage capacity of 14.97 MLD with avoidable expenditure of ₹4.46 crore.

During joint inspection (February 2016), we observed that none of the three MBRs were being used. In reply, the Government (January 2017) stated that due to non-completion of pumping station and due to no demand (housing sites yet to be allotted by MUDA), the MBRs at Vijayanagara and Datagalli respectively could not be put to use. No explanation was given by the Board for non-utilisation of the MBR at JP Nagar.

### **2.1.11.2 Remodeling of water supply distribution network and automation and integrated management system for Mysuru city**

The Board entrusted (November 2005) the preparation of a DPR for remodeling of water supply distribution network and automation and integrated management system for Mysuru city to M/s STUP Consultants Private Limited for intermittent water supply scheme. The DPR submitted to GoI was approved with the condition that it should achieve 24x7 water supply. In order to achieve 24x7 water supply, the Board entrusted (March 2008) preparation of Request for Proposal to M/s.Jalkam Solutions Consultants who submitted an estimate of ₹345 crore for the same. The audit observations with regard to the said work are as follows:

- The work of execution as well as O&M was awarded (November 2008) to M/s JUSCO (contractor) whose terms and conditions required the contractor to conduct a survey of house connections during the preparatory phase. As per his survey (December 2009), Mysuru city had 1,74,951 connections as against the 1,30,000 connections projected by the Board, which the contractor brought to the notice of the MCC. We observed that the MCC had already informed the Board about this discrepancy and requested modification of the agreement based on the correct data. Despite the MCC's request, the Board adopted its own incorrect survey data while entering into the agreement with the contractor. Final approval for the correct survey data (contractor's survey data) was accorded by the MCC only in September 2013 after a delay of more than three years. The Government replied (January 2017) that the customer survey was verified and certification issued by the MCC only during September 2013 and modification to the agreement at that stage was not possible due to financial constraints. The reply is not acceptable as the Board was aware that its data was incorrect before signing the agreement with the contractor.

As a result of the incorrect data used, the approved project cost of ₹194.54 crore which was for a lesser number of connections fell short of the requirements for the project. The Board therefore decided (June 2013) to reduce the coverage area from 69 DMAs to 47 DMAs. Meanwhile, the contractor had continued to execute the work as proposed in the original contract for all the 69 DMAs in Mysuru city. As a result, the contractor claimed an additional ₹20.34 crore for work in those DMAs which were excluded from coverage after the Board's decision to reduce the coverage area. The Government replied (January 2017) that the contractor had executed rehabilitation work in 47 DMAs only and the claim was towards additional works viz., design and engineering, additional survey and additional stay in the project. The reply confirms that incorrect adoption of survey data resulted in contractor claiming additional ₹20.34 crore.

- Since the original estimate of ₹194.54 crore was insufficient to cover all the 69 DMAs with 24x7 water supply, the Board was required to submit revised DPR for approval from GoI. We, however, observed that the Board had failed to seek fresh approval for the modified action plan pertaining to the 47 DMAs. Thus, the GoI as well as GoK curtailed (February 2014) the sanctioned estimate from ₹194.54 crore to ₹179.17 crore. The Government replied (January 2017) that reduction in cost was mainly due to reduction in



scope of work on account of non-availability of land. The reply is not acceptable since GoI while reducing the estimate to cover 47 DMAs stated that it had noticed difference in work taken up as against approved DPR. Also, as per the clarification issued by CPHEEO (October 2012), the Board was required to submit revised DPR for approval which was not considered by the Board.

- As per the guidance note issued by GoI, installation and calibration of Pressure Control Valves (PCVs) and Altitude Flow Control Valves (ACVs) is a mandatory requirement for a DMA to be declared 24x7. We, however, observed that out of the 47 DMAs covered, 10 DMAs were declared 24x7 despite non-installation of PCV/ACV and non-calibration of PCVs. Also, it was observed that consumer meters were yet to be connected in these 10 DMAs.

In the balance 37 DMAs, consumer meters and bulk flow meters were yet to be connected. It was also observed that water balancing required for ensuring adequate pressure for 24x7 water supply was not done in 15 DMAs. In addition, we observed that even after completion of the project, water was supplied through the old distribution networks in five DMAs and through borewells in 10 DMAs. Hence, the objective of providing 24x7 water supply was not achieved in the 47 DMAs covered.

- Against 1,32,985 consumers covered under the project, bills were issued to 86,083 (65 per cent) consumers only. Also, though one of the pre-conditions for approval of the project was reduction in non-revenue water (NRW) to 15 per cent, the NRW ranged between 25.69 to 37.01 per cent.

The Government replied (January 2017) that the DMAs were declared 24x7 if adequate pressure was available both at the bulk points and at the distribution points based on the certificate issued by contractor. The reply is not acceptable as the CPHEEO guidelines for 24x7 require installation and calibration of PCV and ACV. Further, Government stated that contractor had started refixing meters, installed bulk flow meter and commissioned the pumping machines.

Thus, adoption of incorrect survey data and non-revision of the DPR resulted in a deficient estimate which led to reduction of the area of coverage from 69 DMAs to 47 DMAs and curtailment of funding for the project. Failure of the Board to ensure installation and calibration of PCVs before declaring the DMAs 24x7 defeated the objective of supplying water 24x7 to the covered DMAs. Non-installation of water meters and deficient billing coverage resulted in high NRW. Thus, despite incurring an expenditure of ₹271.56 crore<sup>19</sup>, the intended objective of supplying water 24x7 to the city of Mysuru was not achieved.

### **2.1.12 Monitoring and Evaluation**

Activities of the Board *i.e.*, implementation and operations and maintenance of WSS & UGD schemes are monitored through Monthly Programme Implementation Calendar by the Government, organisational review meetings by Managing Director, weekly review meetings by Chief Engineers and various

<sup>19</sup> Cost of the project ₹229.94 crore and provision towards O&M ₹41.62 crore

other status reports and periodical returns from the field offices. We observed that in spite of these monitoring mechanisms, issues such as time and cost overruns and delays in seeking necessary clearances have continued to persist, indicating that the monitoring was not yielding the desired results.

The CPHEEO Manual suggests conduct of energy audits to reduce energy cost up to 10 *per cent* depending on the nature of installation and scope for measures for energy conservation. The Ministry of Water Resources, in its general guidelines for Water Audit and Water conservation also stresses on water audit as an effective management tool for minimising losses and optimising use and conservation of water. We observed that the Board, had not conducted any Energy Audit or Water Audit in any of the WSS maintained by it.

In respect of maintenance of WSS entrusted to the Board, the Board had to receive water charges from ULBs for its expenditure on maintenance. It was observed that there was no mechanism in the Board to ensure realisation of outstanding dues of water charges receivable from the ULBs. Though the Board devised a policy (2014-15) to charge interest on outstanding dues, no confirmation was obtained from the ULBs in this regard.

The Government replied (January 2017) that the Board had brought to the notice of the government about the outstanding dues from the ULBs and had requested it to settle them out of SFC grants payable to ULBs.

### **2.1.13 Conclusion**

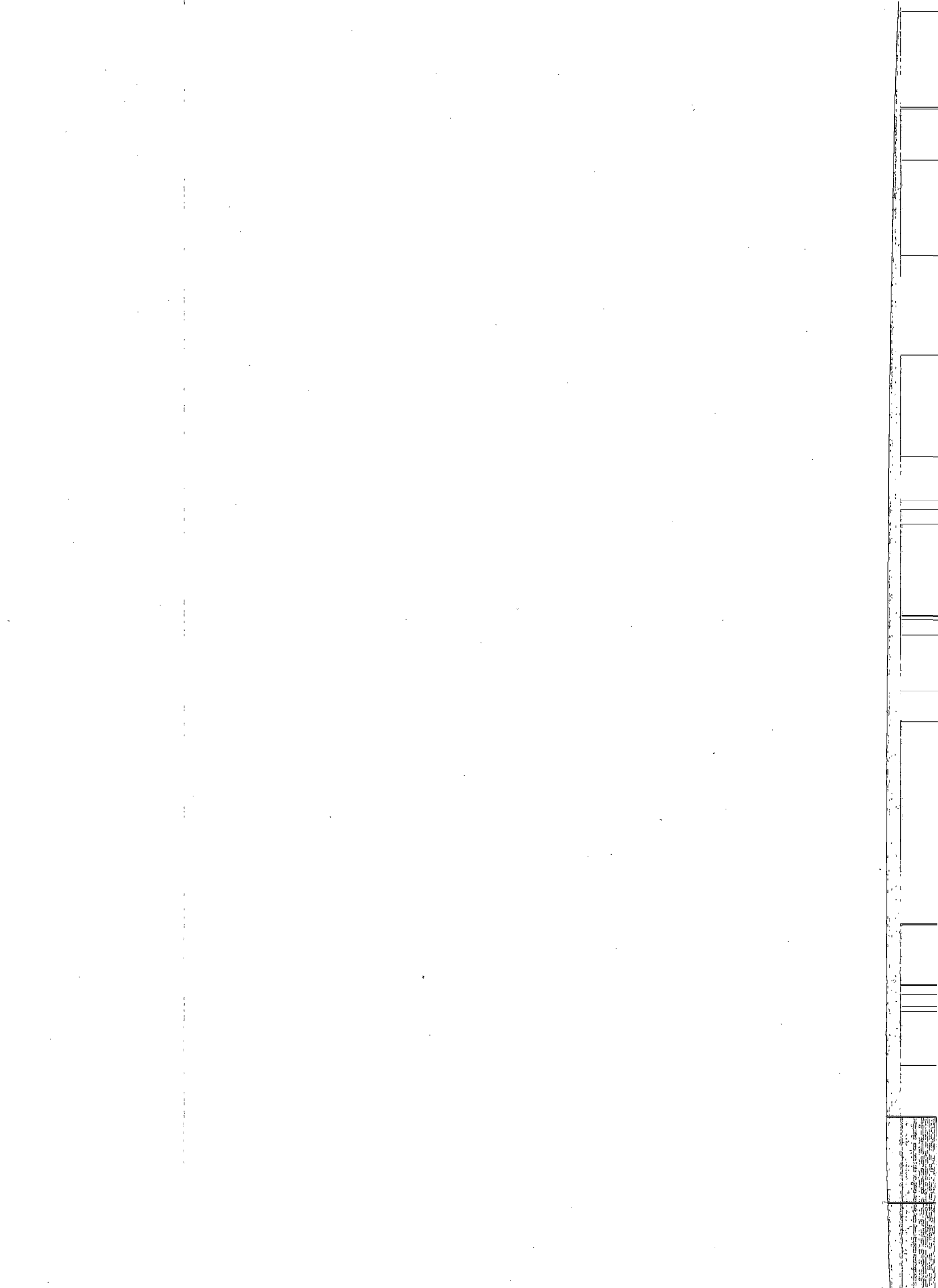
The Board is responsible for executing projects for capacity creation and augmentation of WSS and UGD systems in all the ULBs under its jurisdiction. However, it does not have any long term plan to ensure that the near term projects fit into the plan and are consistent with the future overall development plan for the area.

The DPRs of WSS prepared by the Board did not adequately address the issue of availability of water and sharing of water sources with other users. Also, in some test-checked cases, the safe yield test to assess the capacity of the source was not conducted. As a result, due to non-availability of sufficient water at the source, assets created in some of the projects remained unutilised and some projects functioned only for part of the year. Even though the KPWD code stipulated that no work should be taken up or tenders invited without ensuring availability of land, the Board in contravention of the code, had invited and awarded contracts for WSS and UGD schemes without ensuring availability of land. As a result, instances of non-construction of STPs due to non-availability of sites led to non-utilisation of assets such as sewer networks.

In Hubballi-Dharwad, a recycling facility for backwash water had been set up which was sufficient to cater to the needs of 20,000 persons per day. Exploring the feasibility of setting up such recycling facilities in other WTPs, after appropriate cost-benefit analysis, would be a valuable step towards water conservation.

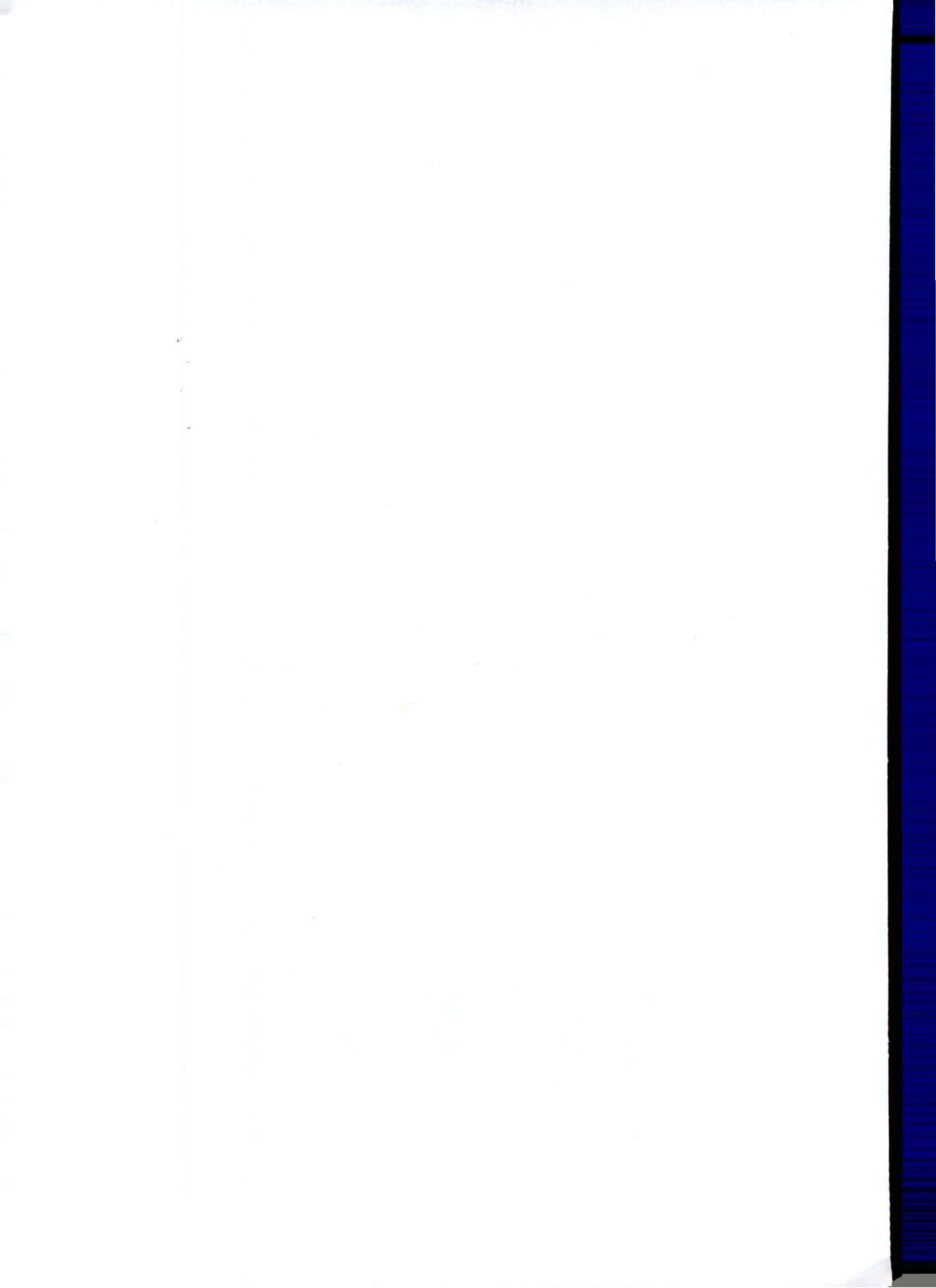
Operation and maintenance of WSS entrusted to the Board was comparatively better than those handed over to the ULBs. Hence the assets created were under-utilised by the ULBs.

With regard to the WSS in Mysuru city, adoption of incorrect survey data and non-revision of the DPR resulted in a deficient estimate which led to reduction of the area of coverage from 69 DMAs to 47 DMAs and curtailment of funding for the project. Also, failure of the Board to ensure installation and calibration of PCVs before declaring the DMAs 24x7 defeated the objective of supplying water 24x7 to the 47 DMAs. Non-installation of water meters and deficient billing coverage resulted in high NRW. Thus, despite incurring an expenditure of ₹271.56 crore, the intended objective of supplying water 24x7 to the city of Mysuru was not achieved.



# **Chapter-III**

## **Compliance Audit**



## **Chapter-III**

### **Compliance Audit**

#### **Department for the Empowerment of Differently Abled and Senior Citizens**

##### **3.1 Schemes for the Empowerment of Differently Abled Persons**

###### **3.1.1 Introduction**

The landmark legislation for the Differently Abled Persons (DAP) viz., "Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995" (PwD Act), enacted by the Government of India (GoI) provides a comprehensive national mandate for the elimination of discrimination against DAP in the areas of education, employment, public transportation, social security and access to public buildings and services in all walks of life. In this regard, the State Government has brought out a State policy and listed out the important steps to be undertaken by different Departments as regards health, education, justice and creation of barrier free environment to create a disabled friendly society.

###### **3.1.2 Organisational set up**

The Department for the Empowerment of Differently Abled and Senior Citizens (Department), which functions under the administrative control of the Principal Secretary, Women and Child Development & Empowerment of Differently Abled and Senior Citizens Department is headed by the Director, who is assisted by a Joint Director, two Deputy Directors, an Assistant Director and District Disability Welfare Officers (DDWO) as the implementing Officers at District Level.

In addition, an independent office of the State Commissioner for PwD has been established under the PwD Act. The State Commissioner is responsible not only to oversee the implementation of the PwD Act, but is also required to monitor the utilisation of the funds disbursed by the State Government against various schemes implemented for the benefit of DAPs, by co-ordinating with different departments of the State Government.

###### **3.1.3 Audit Objectives**

The main objective of the audit is to assess whether:

- the Department has been able to ensure compliance with the guidelines and eligibility criteria to identify the beneficiaries under various schemes for the DAPs;
- the intended benefits under various schemes have been provided to all the identified and eligible beneficiaries; and

- adequate internal controls and monitoring mechanisms exist in the department for identification of beneficiaries, allocation of resources and their utilisation towards the attainment of the stated objectives of the department.

### **3.1.4 Audit Criteria**

The audit results were evaluated against the following criteria:

- Persons with Disability (Equal Opportunity, Protection of Rights and Full Participation) Act 1995;
- Rehabilitation Council of India Act, 1992;
- Persons with Disability (Equal Opportunity, Protection of Rights and Full Participation) (Karnataka) Rules, 2003, 2006 and 2016;
- Karnataka State Policy on Disability;
- Guidelines of the respective schemes, Government Orders and Circulars issued by the State Government; and
- Annual Reports of the State Commissioner for PwD.

### **3.1.5 Audit Coverage**

The audit covering the period 2011-12 to 2015-16 was conducted during April to August 2016 through test-check of records at the Department as well as the Office of the State Commissioner for PwD. Records of the DDWOs were test-checked in the nine<sup>20</sup> selected districts, all Government institutions under the Department and some selected institutions maintained by Non-Government Organisations (NGOs) which receive grants from the Government for implementing various schemes for DAPs.

An entry conference was held with Director, Department for Empowerment of Differently Abled and Senior Citizens on 18 April 2016 in which the audit scope and methodology was explained. An exit conference was held on 14 December 2016 wherein the audit findings were discussed with the Principal Secretary to the Government of Karnataka, Department of Women and Child Development and Empowerment of Differently Abled and Senior Citizens Department. The Report takes into account replies furnished by the Department in response to the audit observations communicated to them.

### **Audit findings**

#### **3.1.6 Education**

##### ***3.1.6.1 Development of educational infrastructure for DAP***

Section 26 of the PwD Act, 1995 mandates that every child with a disability should have access to free education in an appropriate environment till the age

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<sup>20</sup> Bengaluru (Urban), Ballari, Belagavi, Kalaburagi, Mandya, Mysuru, Tumakuru, Vijayapura. Two districts having highest population of DAPs in each of the four Revenue divisions were selected apart from one district (Davanagere) selected for pilot study.



of 18 years. It also mandates the setting up of special schools in both Government and private sector along with vocational training facilities. Further, Section 27 provides for the formation of schemes for non-formal education and for providing every differently abled child free special books and equipment needed for education.

We observed from the State Commissioner's report (May 2016) that out of 3.89 lakh Differently Abled Children (DAC) in the age group of 0-19 years in the State, as per the population census of 2011, only 1.14 lakh DAC (29 per cent) were studying in special schools or regular schools. We also observed that in some districts (details in **Table-3.1**), no special schools were setup, either by Government or through the private sector with aid from Government.

**Table-3.1: Details of Districts where DAC are deprived of free special education**

	Type of Disability		
	Mentally Retarded	Hearing Impaired	Visually Impaired
Districts in which there were no special schools (run by Government or aided by Government under Grant in Aid Code & Child Centric Scheme)	Vijayapura, Chamarajnagar, Ramanagara, Raichur, Yadgir	Bengaluru Rural, Chikkaballapur, Chamarajanagar, Dakshina Kannada, Kodagu, Ramanagara, Raichur and Yadgir	Bengaluru Rural, Chamarajnagar, Gadag, Haveri, Kodagu, Koppal, Kolar, Mandya, Udupi and Yadgir
No. of DAC (5-19 years age) in these districts in 2011	4,620	7,384	8,366

(Source: Census figures of 2011)

In addition, we observed that though free textbooks were provided to the DAC, no schemes were framed by the State Government for providing non-formal education.

In the State, there are eight special schools run by the Government, and 133 Child Centric (CC) Schools run by voluntary organisations. Audit observations on the review of functioning of seven test-checked Government special schools<sup>21</sup>, and 17 test checked CC schools (**Appendix-3.1**) are brought out in the succeeding paragraphs.

The Government replied (January 2017) that Department has been directed to ensure establishment of one special school in each category of disability in all the 30 districts across the State of Karnataka.

**(a) Government Special Schools**

In the test-checked seven Government Special schools, we observed the following:

- In order to practice as a rehabilitation professional, registration with Rehabilitation Council of India (RCI) was mandatory. However, none of the

<sup>21</sup> Davanagere, Mysuru (2), Belagavi, Ballari and Kalaburagi (2)

teaching staff in the special schools possessed RCI registration certificate. Thus, the department had not ensured appointment of teachers with requisite qualifications in order to impart quality education. The Government replied (January 2017) that instructions have been issued to all the district officers to ensure the registration of all the special school teachers and rehabilitation experts in RCI and furnish compliance report by 30 January 2017.

- Against the sanctioned posts of 85 teachers, while 20 posts were filled through the department, 30 posts were filled through deputation and the balance 35 posts remained vacant. As a result, the teacher-student ratio ranged between 1:16 and 1:23<sup>22</sup> in the three out of four test-checked schools for hearing impaired, which was much lower than the prescribed ratio of 1:10. We also observed that all the four posts of mobility instructors in four schools for visually impaired remained vacant. In the absence of mobility instructors, there is a risk that visually impaired children may not learn the skills to travel safely and independently within home and also in the community. The Government replied (January 2017) that Karnataka Public Service Commission has completed the examination process for 45 special teachers in government special schools and teachers will be posted against existing vacancies. Further, it stated that recruitment for the post of mobility instructor is under process.
- Though the PwD Act mandates that the appropriate Government shall endeavour to equip the special schools with vocational training facilities, the State Government has modified the syllabus which excludes vocational training. Hence, all the DAC studying in these schools are deprived of vocational training. The Department, however, has set up six Vocational Training Centres which impart training in traditional trades like bamboo craft making, weaving *etc.* The Department brought (June 2012) to the notice of the Government the need to revise the vocational training syllabus to suit the present day requirement and recommended alternative courses such as computers, crafts and fabric designing, which provide better employment opportunities. However, the Government is yet to take action on the said proposal (October 2016). Hence, there was a risk of DAC being unemployable as the skills imparted were not in convergence with the current avenues available in the country.
- We also observed that the two<sup>23</sup> out of the seven test-checked Government special schools were selected in Karnataka under the Government of India (GoI) project 'Setting up of ICT vocational training centres at schools for children with disabilities' (2010-13) and were provided with Computer Laboratory and a full time teacher. After cessation of the term of the project, the State Government had to run the Computer Laboratory out of its own resources. However, since the completion of the project in 2013, the infrastructure in both schools remained unutilised as Government of Karnataka (GoK) had not appointed the required faculty. This also resulted in a loss of opportunity for the DAC to acquire computer skills and make them more employable. With regard to the Audit observation, the Government

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<sup>22</sup> Belagavi-1:20; Ballari-1:23; Kalaburagi-1:16

<sup>23</sup> Government Special School for Hearing Impaired, Belagavi and Government Special School for Hearing Impaired, Ballari

replied (January 2017) that institutions concerned have been directed to initiate suitable action.

**(b) Differently Abled Child Centric (CC) Special Education scheme**

The CC special education scheme was introduced (December 2010) by GoK and implemented with effect from 2011-12. Registered NGOs managing special schools for the DAC in the age group of 6-18 years and who had completed three years of existence were eligible for the grant-in-aid. The grants fixed have been revised from time to time and at present the grant is ₹4,000 per child per month for day scholars and ₹5,000 per child per month for residential scholars. As on March 2016, 133 schools were covered under the scheme in the whole state. The number of schools covered and grants provided under the scheme during 2011-12 to 2015-16 is detailed in **Table-3.2**.

**Table-3.2: Details of schools covered and grants provided during 2011-12 to 2015-16**

(₹in crore)		
Year	Schools covered	Total grants
2011-12	16	0.50
2012-13	43	2.93
2013-14	97	15.36
2014-15	109	31.79
2015-16	133	34.90

(Source: Information furnished by the Department)

From the records, we observed the following:

- Scheme guidelines mandated the Director of the Department to annually inspect the schools receiving grants under this scheme, but no inspection reports had been documented in the Department. Hence, audit could not get assurance on monitoring of the scheme by the Director. The Government replied (January 2017) that almost all the Directors have undertaken inspection visits to the grant-in-aid institutions. However, no documents were furnished to support the reply.
- Scheme guidelines mandated inspection of the special schools by the DDWO and submission of his recommendations prior to release of the grants to the institute. The guidelines also prescribed detailed inspection report, which covered details such as registration, infrastructure provided, qualification of teachers, *etc.*, and the grants were to be released on the basis of these inspection reports of DDWO. However, during the joint inspections conducted by audit in 17 special schools, the findings of these joint inspections varied from the facts recorded in the DDWOs' inspection reports, as discussed in the subsequent paragraphs in the report. In reply to the audit observation, the Government replied (January 2017) that the observations had been noted and Department would constitute with immediate effect, a monitoring committee on the School Development and Monitoring Committee (SDMC) model of the Education Department.
- Scheme guidelines have a provision for a third party inspection of the schools receiving grants. It was, however, observed that the provision had so far not been invoked by the Department.

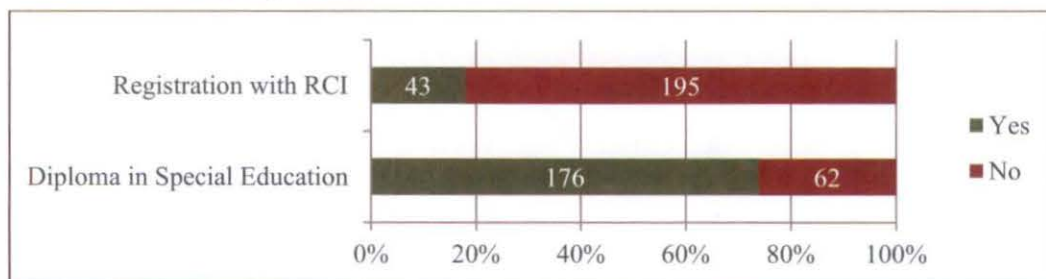
- Scheme guidelines prescribed that the teaching faculty appointed in the special schools should mandatorily hold a diploma in Special Education in the relevant fields. Also, the RCI in its circulars (January and April 2012) prescribed the teachers to be qualified in special education and special training for appointment in the special schools. The Department noticed (January 2014) that 90 *per cent* of the teachers in 68 special schools under the scheme did not possess the requisite qualification. In this regard, the State Government granted (February 2014) permission for the teachers to acquire requisite qualification within two years commencing from 2013-14. Though the time granted for acquiring qualification has elapsed, the Department is yet to verify whether all the teachers of the special schools have adhered to the Government order. The Department in reply (October 2016) stated that since the staff were working on honorarium basis, there was no need to ensure their qualification and training before their appointment. It was further stated that Government would be requested to amend the guidelines of the scheme. The reply is not tenable as the required qualifications are mandatory for all teachers in special schools. Also, the Government reply (January 2017) was silent regarding qualification of teachers in child centric schools or verification of the same after a lapse of two year period given to acquire requisite qualification.

In the nine test-checked districts, audit visited 17 CC schools and the audit findings of these joint inspections are discussed in subsequent paragraphs.

**(i) Qualification of teachers**

The findings regarding status of qualification of teachers are indicated in **Chart-3.1**.

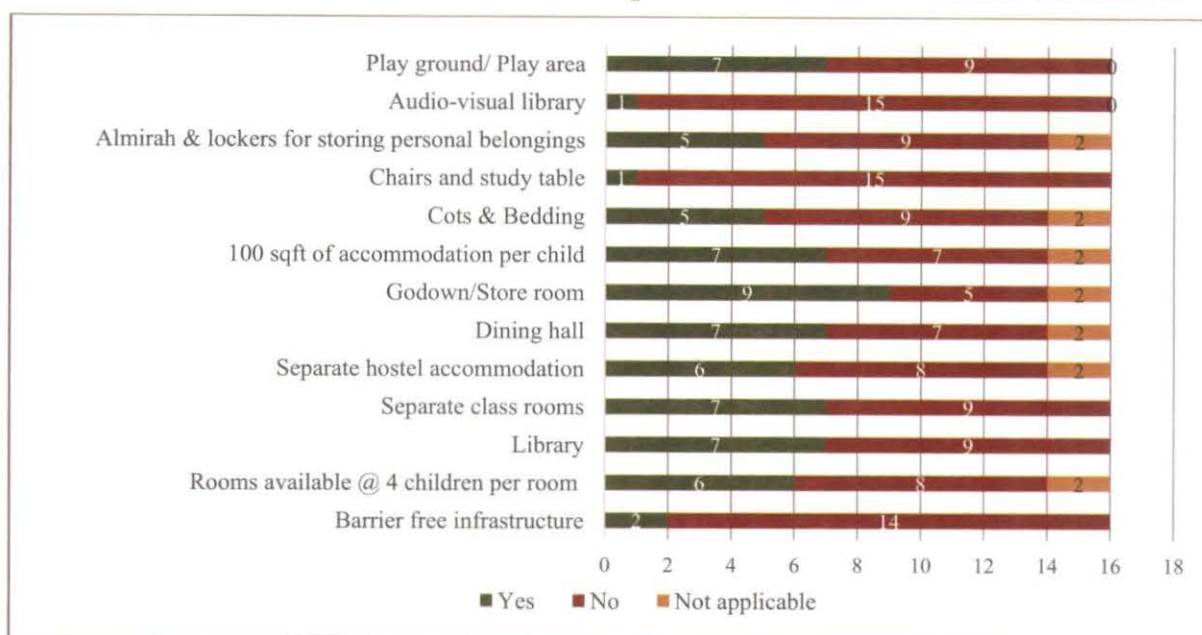
**Chart-3.1: Status of qualification of teachers in the test-checked schools run by NGOs**



From the chart, it is observed that only 68 *per cent* of the teachers possessed a diploma in the relevant field and only 17 *per cent* were registered with RCI.

**(ii) Basic infrastructure in residential schools**

During March 2004, the State Government had prescribed, through an order, the basic minimum infrastructure to be provided by the voluntary organisations in a residential school. Adherence to the guidelines by the voluntary organisations is indicated in the **Chart-3.2** below:

**Chart-3.2: Basic infrastructure provided in the test-checked CC schools**

Note: (i) Certain infrastructure not applicable for two test-checked non-residential schools.  
(ii) Adarsha Blind School, Ballari which closed down in 2016-17 has been excluded

From the **Chart-3.2**, it is observed that basic infrastructure such as audio-visual library, chairs and study table and barrier-free infrastructure was not available in the most of the test-checked schools.

The Government replied (January 2017) that it would ensure barrier free infrastructure to the 17 test-checked CC schools within six months and district officers had been instructed to furnish compliance.

### **(iii) Allowance for medicine**

The scheme guidelines prescribed allowance for medicine for the DAC of special schools. As per the guidelines, the medical expenses allocated under the scheme were to be released only on production of proper medical records of the medically treated children. In addition, the scheme prescribed visiting fees for the doctors visiting the special schools once a week and physiotherapists/psychiatrists visiting the special schools twice a week.

We observed in the 17 test-checked CC schools that the Department had released the allowance despite non-maintenance of proper records and non-furnishing of supporting documents for having disbursed the visiting fees to the doctors. The Department accepted the audit observation and stated that the guidelines would be complied with, in future.

### **(iv) Findings of joint inspection of CC special schools**

The guidelines of the scheme specified minimum basic infrastructure for the schools receiving grants *viz.*, to be situated in disabled friendly building with adequate light, ventilation, water *etc.* Also, if the school was residential, it was required to have one room for every four children, one toilet and one bathroom

for every six children and building space of 100 sqft per child. We, however, observed during joint inspections that available infrastructure in CC schools was highly inadequate and the DDWOs' Inspection Reports were at variance with the findings of the joint inspections which are detailed below:

**Belgaum Integrated Rural Development Society (BIRDS) Residential School for the deaf children, Gokak**

The inspection report of the DDWO indicated five separate classrooms, two rooms for dormitories, one dining hall and separate room for Principal and staff. However, we found during joint inspection that there were only four classrooms and no separate room for Principal and staff. Though there were separate dormitories for male and female, they did not have doors. Also, the dormitories did not have any cots and mattresses.

It was observed that the school building is situated in the Agricultural Produce Marketing Committee yard. The school had two toilets and two bathrooms each for male and female students, which were situated outside the building compromising the safety and security of children.



The Department had released a total grant of ₹43.06 lakh during 2013-14 to 2015-16 to the institution.

The Government replied (January 2017) that school authorities have been instructed to provide cots and mattresses and install the separators to maintain the privacy of boys and girls in dormitories.

**Ajay Primary and Secondary School for deaf children, Belagavi**

The DDWO's inspection report mentioned that there were separate classrooms and dormitories. It also mentioned a separate room for principal, staff and playground, which did not exist. We observed that the same six rooms served as classrooms during the day and dormitories during night for 61 students.

The primary and high school were functioning in two separate buildings within half a kilometer distance. The primary school was in a basement and ground floor of a commercial complex. Since the rooms were in the basement, it did not have adequate ventilation and light. No cupboards, storage racks, cots, bedding linens were provided for the students.

The Department had released a total grant of ₹28.14 lakh during 2013-14 and 2014-15.

The Government replied (January 2017) that school authorities have identified suitable building to shift the special schools.

**Priyadarshini Residential School for Blind, Kengeri Satellite Town, Bengaluru**

The DDWO's inspection report mentioned eight classrooms, separate Principal room, staff room, three dormitories each for boys and girls, dining hall, library with 50 books, playground and six toilets – three each for boys and girls which would require about 3,255 sqft of area. However, it was observed during joint inspection that the total built up area was only 600 sqft and the school was located in a residential house with just one hall, two rooms, a kitchen and a bathroom with attached toilet.

As per the records, the building housed 57 students. However, we observed that a family of four members occupied it and there was no furniture, which was required for a classroom or dormitories. Also, we observed that no teachers were present.

Total grant of ₹26.50 lakh was released by the Department during 2015-16.

The Government replied (January 2017) that organisation has been issued (December 2016) show cause notice to furnish explanation regarding the audit observations and on receipt of the reply, necessary action would be initiated with regard to the black listing of the organisation as per rules.

**Vidyaranya Buddivikalachetana Makkala Vasathiyutha Shale, Yelahanka New Town, Bengaluru**

The DDWO's inspection report indicated ten class rooms measuring 300 sqft each, eight dormitories, a dining hall, library, playground, eight toilets and eight bathrooms and sufficient beds/bed sheets.

However, we observed during the joint inspection that the school had four toilets, two bathrooms and five rooms of 100 sqft each, which served as both classrooms and dormitories. There was no dining hall, library or playground either.

The Government replied (January 2017) that measurement of basic infrastructure has been wrongly reflected in DDWO's Inspection report due to clerical mistake and that the organisation has been advised to shift the school to a more suitable building.

**Spurthi Residential School for mentally retarded children, Virgonagar, Mandur Village, Bengaluru**

In the DDWO inspection report, it was stated that the special school consisted of 12 class rooms measuring 400 sqft each, 10 dormitories also measuring 400 sqft each, a dining hall, library and sufficient beds/bedsheets. However, we observed during the joint inspection that the school was situated in a two-floor building with five rooms on the ground floor and five rooms on the first floor. While one room on the ground floor was used as classroom, three rooms on the first floor served as classroom during the day and dormitory in the night. It had one open toilet on the first floor and eight newly constructed toilet blocks. The residential school, however, did not have cots, mattresses, woolen blankets, storage space, library and entertainment space. Though the attendance indicated a strength of 88 students, on the day of the joint inspection, only 50 students were present.

Total grant of ₹100.13 lakh was released by the Department during 2013-14 to 2015-16.

The Government replied (January 2017) that the organisation has constructed a new building and overall facilities have improved satisfactorily.

**Sri Guru Chandrashekara Deaf and Dumb Residential School, Zalki, Vijayapura**

The inspection report of DDWO mentioned that the special school had seven class rooms which measured 100 sqft minimum, four separate dormitories which measured 600 sqft each, library, four toilets and four bathrooms and was provided with sufficient bedding materials.

However, we observed during joint inspection that the school had only four rooms, which were used for conducting classes from 1<sup>st</sup> to 7<sup>th</sup> standard as dormitory during night. Though the inspection report mentioned toilet and bathrooms, these were absent. There was a temporary shed without door which served as bathroom for both boys and girls. In addition, it had a shed which served as kitchen. The students of the special school utilised the toilets of the Government school, which was adjacent to the special school. Further, it lacked storage space. It also had shortage of teachers and no speech therapist. During joint inspection, the number of students present was 44 against 75 in the attendance register.



Total grant of ₹25.49 lakh was released during 2014-15 to 2015-16 by the Department.

**Blind and Handicapped Welfare Association, Afzalpur, Kalaburagi**

The DDWO's inspection report indicated 10 classrooms and separate dormitories for boys and girls, dining room and playground. However, we observed during joint inspection that the school was situated in a building measuring 1,250 sqft, which had 72 students as per attendance register. It had 10 rooms which served as both class rooms and dormitory. On the date of joint inspection, only 23 students were present.

Grant amounting to ₹52.80 lakh was released by the Department during 2013-14 to 2015-16.

The Government replied (January 2017) that organisation is in the process of constructing a new building and DDWO has been asked to obtain biometric attendance of the staff and students.

Government further stated (January 2017) that the district officers have been instructed to inspect the school buildings (existing or proposed new buildings) and undertake necessary action to comply with the audit observations as well as scheme guidelines. Also, it has stated that the district officers have been instructed to furnish factual reports and subject to completion of the above task, consider to recommend for further grants. The reply is, however, silent on the gross inaccuracies in the DDWOs' Inspection reports. We feel that gross inaccuracies point towards fixing of responsibility of DDWOs.

In order to verify the genuineness of the students on the rolls, we attempted to verify the addresses of a few students of two<sup>24</sup> test-checked schools and also verify enrolment in those schools. The results were as follows:

Of the 27 addresses that were test-checked, only 19 could be located. On checking of these 19 addresses, it was found that at 13 of these addresses there was indeed a child by that name, but the child was not enrolled in either of the two schools. In four cases, no child by that name resided at the given address, and only in two cases did the details of the children match with the information provided by the school. Hence, the information regarding the strength of students in the schools indicated in the DDWOs' Inspection Reports appeared inaccurate.

During joint inspection and address verification, we observed discrepancies in the student's records, inadequate infrastructure and multiple inaccuracies in the DDWOs' Inspection reports, which reflects on the poor monitoring of the implementation of the scheme. Inaccuracies in DDWOs' Inspection reports need to be viewed seriously as neither the mandated annual inspection of schools by the Director are being done, nor any third party inspections being conducted. Hence, release of grants to non-performing NGOs on a much wider scale could not be ruled out. The Department needs to strengthen its monitoring to ensure that funds released are properly utilised.

The Government replied (January 2017) that CCTV and Biometric systems have been introduced and these would be connected with centralised monitoring server of the Department to ensure random check-up of the attendance of the students as well as staff. It further stated that proposed monitoring system would be implemented within the financial year.

**(c) *Setting up of teachers training institutions***

Section 29 of the PwD Act, 1995 stipulates setting up of teachers training institutions to develop trained manpower for schools for DAC.

In this regard, GoK had established (2000-01) two Special Teacher's Training Centres (TTC) at Mysuru for the visually impaired and hearing impaired. On scrutiny of the records, we observed the following:

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<sup>24</sup> Spurthi Mentally Retarded School-Mandur and Vidyaranya Mentally Retarded School-Yelahanka



- Three more TTCs were approved (2002-03) and a post of Deputy Director (Training) was also created to manage the five TTCs, but these three TTCs have not yet been established even after a lapse of 15 years.
- Though RCI specifies each TTC with intake capacity of 25 trainees to have four teaching staff, no teaching posts had been sanctioned for the TTC for the Visually Impaired.

The Government replied (January 2017) that it would take necessary action for establishment of three training centres and also arrange to obtain the sanction of posts for teaching staff.

**(d) Comprehensive education scheme providing for transport facilities, supply of books, etc.**

Under Section 30 of the PwD Act, 1995, the State Government is required to prepare a comprehensive education scheme covering transport facilities, removal of architectural barriers from schools, colleges or other institutions, supply of books, uniforms, etc., scholarships and setting up of a forum for grievance-redressal, and restructuring of curriculum for the benefit of children with disabilities. The observations of audit in this regard are discussed below:

- **Comprehensive education:** The State Government, had not prepared any such comprehensive education scheme except for a scholarship scheme for DAP in regular schools, which is discussed in a subsequent paragraph. Also, no funds were allocated in the budget towards supply of uniforms, notebooks etc., except for CC scheme.
- **Dietary articles:** We observed that the State Government had not formulated any scheme nor had issued any orders relating to the issue of dietary articles to the Government Special Schools and hostels. Hence, the Department was regulating the issue of dietary articles based on the Government order issued (November 2007) by the Department of Women and Child Development for children housed in rehabilitation homes. Subsequently, upon upward revision of scales for issue of dietary articles by the Department of Women and Child Development, the Department also submitted a proposal to the Government in this regard during December 2013 and followed up the matter on several occasions during 2014<sup>25</sup>. The Government is yet to approve the proposal (October 2016).

The Government replied (January 2017) that Department is taking necessary action for revising scales of issue of dietary articles which would be implemented at the earliest.

- **Scholarship:** The scholarship scheme for the DAC is applicable only to the children studying in normal schools and colleges and prescribes different rates for different education levels. During 2011-12 to 2015-16, against total budget of ₹22.51 crore, there was an expenditure of ₹17.98 crore. Test-check of disbursement of scholarship in the nine test-checked districts revealed various irregularities, which are detailed in **Table-3.3**.

<sup>25</sup> May 2014, October 2014 and November 2014

**Table-3.3: Irregularities noticed with regard to disbursement of scholarships in the nine test-checked districts**

Name of the District	Audit observation	Remarks
Ballari	Delay in disbursement of scholarship	Though, the entire amount provided in the budget for Scholarship during 2011-12 to 2015-16 had been drawn and shown as spent, an amount of ₹7.30 lakh was lying parked in the bank.
Kalaburagi	Non-maintenance of records	Cheque issue register was maintained only for the period January 2011 to April 2013. The acknowledgements for ₹39.02 lakh out of ₹56.07 lakh scholarships disbursed during 2011-12 to 2015-16 were not available with the DDWO.
	Irregular withdrawal	Though the scheme prescribed payment of scholarship through cheque only, the DDWO had withdrawn ₹14.63 lakh between June 2012 and April 2013 and ₹1.62 lakh during 2014-15 by drawing self-cheques and cheques in favour of outsourced persons/Group D officials. Further, acknowledgements for having disbursed these amounts to the beneficiary were not available on record. Hence, authenticity of the said expenditure was doubtful.
	Scholarship amounts not traceable	We verified cheques amounting to ₹38,500 issued by the DDWO in favour of five Colleges/Schools for disbursing scholarships to 36 students. Though the records of the DDWO for the year 2012-13 and 2013-14 showed the amount as disbursed, the records of the respective institutions for those years did not reflect receipt of these amounts from the DDWO. Hence, we could not ascertain whether the scholarship was disbursed to the beneficiaries.

The Government replied (January 2017) that the matter would be examined.

There is a clear case for investigation in all the above cases. Government must take action to fix responsibility and also ensure that similar irregularities of doubtful disbursement are not existing across the state.

- **Uniforms/bedding material:** Though the Government had categorically ordered (March 2004) that the DAC were to be provided with the same facilities which were extended to the children of the Bala Mandiras functioning under the Department of Women and Child Development, the children in the Government Special schools were denied uniforms, sweaters and bedding materials due to non-allocation of budget for the above items.
- We observed from State Commissioner's report (May 2016) that out of 51,629 Government schools in the State, wherein both differently abled as well as regular children were pursuing their studies, 8,400 Government schools were architecturally not barrier free as on as on March 2016. The Government confirmed (January 2017) the audit observations.

### **3.1.7 Employment**

#### **3.1.7.1 Identification and reservation of posts for DAPs in Government establishments**

Section 32, 33, 36 and 37 of the PwD Act stipulate that the appropriate Governments will identify posts in their establishments which can be reserved

for DAPs and at periodic intervals not exceeding three years, review and update the list of posts identified taking into consideration the developments in technology in the intervening period. Every appropriate Government establishment is to reserve not less than three *per cent* of vacancies for DAP. Every employer is required to maintain records of DAP employed in his establishment in the format prescribed by the appropriate Government.

On review of the records, we observed the following:

- Group C and D posts for DAPs had been identified in 99 departments in November 2002. Though the position needs to be reviewed once in three years, it had not been complied with in 68 departments since November 2002.
- Group A and B posts for DAPs have been identified in 32 departments till March 2012. Since then, no review has been conducted.
- Though posts were identified in certain departments, neither the State Commissioner nor the department has information relating to recruitment against the posts reserved.

The Department accepted the audit observation and stated that efforts would be made to identify the posts in all departments and pursue the matter with the Government. The Government while reiterating the Departmental reply in the identification of posts (January 2017) was, however, silent on the database of recruitment against these identified posts.

### **3.1.7.2 Schemes for ensuring employment of DAPs**

Section 38 of the PwD Act stipulates that the appropriate Government and local authorities will formulate schemes for ensuring employment of DAPs and that these schemes were to provide for training, regulating employment *etc.*

Based on the proposal of the Department (December 2011), the State Government approved (June 2012) establishment of an Employment Cell through an NGO to provide necessary customised training, employment in private sector, guidance and other facilities to the DAPs. During 2013-14 to 2015-16, the Department released ₹1.66 crore to the identified NGO towards Employment Cell. Review of records revealed the following:

- Though the Employment Cell was required to prepare a detailed database of job aspirants, it was observed that no such database was maintained.
- During 2013-14 to 2015-16, the Employment Cell had trained 2,279 persons against the prescribed 3000 candidates. Further, out of the 2,279 persons trained, only 1,194 candidates were stated to be provided with employment. The Employment Cell, however, had not furnished any placement details of the personnel provided with employment for the years 2013-14 and 2014-15. Against 501 candidates shown as employed during 2015-16, we observed that only 97 were placed in the private sector and the balance 404 were indicated as self-employed in trades such as pan shop, cattle rearing, bangle shop, vegetable shop *etc.*
- It was also observed that the NGO had neither furnished to the Department details of training conducted nor had it furnished the database of private sector establishments enlisted with them.

Thus, the objective of providing employment opportunities to the DAPs by providing customised training had not been adequately achieved.

The Government in its reply (January 2017) has stated that the organisation has submitted the database and reports periodically to the department. However, the same have not been produced to audit.

### **3.1.7.3 Other schemes and programmes**

#### **(a) Rural Rehabilitation Programme**

The National Programme for Rehabilitation of Persons with Disabilities was launched during 1999-2000 as a State Sector Scheme with funding from GoI in three districts of the State. It was later modified and introduced (August 2007) as a new State Scheme called Rural Rehabilitation Programme (RRP) in all 30 districts of the State. The main objectives of the scheme are:

- Providing employment to the DAPs by appointing them as Village Rehabilitation Workers (VRWs) and Multi-purpose Rehabilitation Workers (MRWs).
- Providing all the facilities of various schemes meant for the DAPs at their doorsteps.

The DDWOs responsible for implementation of the scheme are to oversee selection of VRWs and MRWs, monitor daily progress of work and conduct meetings. Besides, they are to conduct regular inspection for effective implementation of the scheme.

On scrutiny of the records, we observed the following:

- Scheme guidelines mandate VRWs and MRWs to maintain survey books with complete particulars of each DAP visited by them and facilities provided to them. However, the DDWOs had not maintained any records to ascertain whether the VRWs and MRWs were maintaining such survey books, nor had they called for the survey books for scrutiny.

The Government replied (January 2017) that the Department has proposed a committee to design the formats and registers to be maintained by VRWs, MRWs and DDWOs.

- The DDWOs are required to maintain a comprehensive database of DAPs in their respective districts based on the information furnished by the VRWs and MRWs. However, we observed that none of the DDWOs in the test-checked districts had such database of the DAPs even after nine years of commencement of the scheme. As a result, the Department did not have any data bank on the DAPs and were dependent on the decadal census statistics.

The Government replied (January 2017) that the DDWOs would be instructed to ensure maintenance of data bank in the DAPs.

- District Level Committees (DLC) have been constituted in order to monitor effective implementation of the scheme, and the DDWOs are responsible for convening meetings of the DLC. However, in the nine test-checked

districts, we observed that the DLC had conducted no meetings and thus, the scheme was not monitored by the committee despite an expenditure of ₹39.15 crore incurred on it during 2011-12 to 2015-16.

The Government replied (January 2017) that the issue to activate the DLCs will be included in agenda of State Executive Committee and State Co-ordination Committee.

**(b) District Disability Rehabilitation Centre Scheme**

District Disability Rehabilitation Centre (DDRC) scheme was launched (1999) by GoI and re-introduced (2011) by the State Government with the objective of providing rehabilitation services including facilitation and provision of disability certificates, assessment of the need of assistive devices, provision/fitment/ follow-up/repair of assistive devices, therapeutical services, promotion of barrier-free environment, prevention and early detection, vocational training and employment for DAPs. Till date, 14 DDRCs have been established in the State.

Review of the records of four DDRCs<sup>26</sup> established in the nine test-checked districts revealed the following:

- As per the scheme guidelines, the nodal officer of the DDRC is responsible for the preparation of the monthly, half yearly and annual action plans wherein gram panchayats to be covered during the period are proposed. The Plans are to be approved by the District Management Committee. However, we observed that except for preparation of monthly plans, no other plans were prepared by the DDRCs. The Government replied (January 2017) that audit observations would be complied with, in future.
- Specialists *viz.*, Clinical Psychologist, Ophthalmologist, ENT specialist, Physiotherapist, Speech Therapist, Orthopedician and Psychiatrist were required to visit DDRC thrice a week to examine DAPs, who visited the DDRCs for treatment, help or expert advice. In the four DDRCs test-checked, except in Davanagere, the services of the specialists were not available. In Davanagere, though the specialists had signed the attendance register, no records were maintained with regard to services given by the specialists. We also observed that the majority<sup>27</sup> of the technical posts had remained vacant in these four DDRCs.
- The DDRCs have only conducted camps for identification of beneficiaries and did not provide rehabilitation services such as specialist care or assistive devices. The Government replied (January 2017) that after introduction of proposed scheme with enhanced honorarium, the required services of all the rehabilitation experts would be ensured in all the DDRCs.

<sup>26</sup> Davanagere, Mysuru, Belagavi and Vijayapura

<sup>27</sup> Against 64 sanctioned post of artificial limbs prosthetist and orthotist engineer, mobility instructor, special educator, speech therapist, ear mould technician in the four test-checked districts, 39 posts were vacant.

**(c) Manasa Kendra**

The State Government, in pursuance of the High Court order accorded approval (August 2007) for the establishment of five Manasa Kendras<sup>28</sup> with the objective of providing food, shelter and health care facilities for mentally ill persons. However, till date, only two Manasa Kendras, one at Bengaluru and another at Belagavi have been established. The Director in his letter (May 2012) had attributed non-co-operation from the Health and Family Welfare Services Department as the reason for non-establishment of Manasa Kendras at other places.

We observed that the post of the Superintendent, Manasa Kendra, Belagavi was vacant since May 2012 and the DDWO, Belagavi was holding additional charge of the Kendra. Also, the post of Clinical Psychiatrist was vacant up to February 2016.

The Government replied (January 2017) that the State Mental Health Authority has been requested to expedite the establishment of the Manasa Kendras.

**(d) Hostel for differently abled working women, students and trainees**

The State Government accorded (October 2013) approval for the establishment of hostels for DAP working women, students and trainees. The programme was to be implemented through voluntary organisations. The said order stipulated that the Department was responsible for verifying and ensuring the availability of adequate infrastructure facilities provided by the NGOs for the hostels. It further stipulated the Director to inspect these hostels annually in order to verify their satisfactory functioning. The financial assistance provided by the Government was ₹8.47 lakh per hostel per annum. At present, 27 hostels are functioning in 24 districts.

The results of scrutiny of the records and joint verification of five hostels are tabulated in **Table-3.4** below:

**Table-3.4: Results of the joint verification of the hostels**

Institution	No. of hostel residents	Rooms		Toilets & Bathrooms		Building area (sqft)	
		Required*	Available	Required*	Available	Required*	Available
Sri Mukkanneswara Educational Trust (R), Ballari	39	10	3	7	5	3,900	1,380
Aishwarya Mahila Samste, Vijayapura	35	9	8	6	5	3,500	2,000
Mahadevi Tai Mahila Vidhya Vardhak Sangha, Kalaburagi	50	13	14	9	14	5,000	3,000
Bhagavan Buddha Social and Educational Society, Mandya	43	11	6	8	4 Toilets and 3 Bathrooms	4,300	1,500
Sri Ambigara Chowdaiah Education Society, Tumakuru	18	5	5	3	3	1,800	773

\*Note: Government order (July 2006) referred to March 2004 order which stipulates minimum area of 100 sqft to be provided for each person. Also, it stated maximum of four persons in each room and bathroom and toilet for every six persons.

<sup>28</sup> Bengaluru, Belagavi, Ballari, Raichur and Shivamogga

From the table, it is observed that the infrastructure provided at the hostels was inadequate. However, the Department had released the grants to the said hostels without conducting inspections prior to release of grants as prescribed in the Government order (October 2013). The Government replied (January 2017) that compliance from the DDWOs was awaited.

### **3.1.8 Monitoring**

The PwD Act provides for the constitution of a State Co-ordination Committee, State Executive Committee and appointment of a Commissioner for DAPs who help in monitoring as well as evaluating the implementation of the PwD Act. Audit observations in this regard are discussed below.

#### **3.1.8.1 State Co-ordination Committee and State Executive Committee**

The State Co-ordination Committee (SCC) which was required to be constituted under the PwD Act, had to serve as the State's focal point on disability issues and facilitate continuous evolution of a comprehensive policy towards solving the problems faced by DAPs. The State Executive Committee (SEC) was to be constituted for implementing the decisions of the SCC. The SCC was required to meet at least once in every six months, whereas the SEC was required to meet at least once in three months.

The State Government had re-constituted the SCC in September 2011 and constituted an SEC in April 1998. However, during 2011-12 to 2015-16, we observed that the SCC had met only once in January 2013, and the SEC had not met even once. This indicated apathy towards monitoring and evaluation of the policies and programmes meant for DAPs. The Government replied (January 2017) that SEC has since met twice *i.e.*, in July 2016 and December 2016.

#### **3.1.8.2 State Commissioner for DAPs**

The PwD Act provides for appointment of a Commissioner for DAP by the State Government who would act as a watchdog for the implementation of laws, rules, bye-laws, regulations, executive orders, guidelines or instructions made or issued by the State Governments and local authorities for the welfare of and protection of rights of DAPs. Audit observations in this regard are brought out below:

- As per Section 73(zc) and (zd) of the PwD Act, the State Government was required to frame rules governing the salary, allowances and other terms and conditions of service of the Commissioner. However, PwD Rules, 2003 framed in April 2004 did not specify the method of selection, educational qualification, age, experience etc. In pursuance of the order of the High Court (August 2015), the State Government amended (May 2016) the PwD Rules, which prescribed educational qualification, mode of selection of the State Commissioner etc. Hence, in the absence of any rules in this regard, the appointment of State Commissioner during 2004-05 to 2015-16 was not transparent.

- The Office of the State Commissioner had not maintained any information on the voluntary organisations registered under the PwD Act, and availing financial assistance from the State Government towards various schemes.
- Though the State Commissioner had to co-ordinate with other departments with regard to implementation of the PwD Act, the State Commissioner did not have any information with respect to implementation of the PwD Act, by the other departments.
- The State Government had neither involved the State Commissioner while framing the guidelines nor had sought his opinion on the guidelines/schemes framed. The State Commissioner was also not a member of the post identification committee for DAPs.
- Further, though the PwD Act conferred the State Commissioner with judicial powers, the State Government through a circular (June 2012) had restrained the Commissioner from issuing instructions, directions, stay orders directly to the departments in case of any lacunae noticed by the Commissioner in the implementation of the PwD Act.

Hence, the monitoring of the activities and schemes of the Department by the Commissioner of the State was not effective. The Government replied (January 2017) that rules would be framed as per the new bill for PwD and it will enable the State Commissioner to monitor the activities and schemes meant for PwDs. It also stated that proposal would be submitted by the department to involve the State Commissioner while framing the guidelines *etc.*, in future.

### **3.1.8.3 Internal Control**

Internal controls are management control systems that are put in place by an organisation to ensure that the activities are carried out as planned and also to provide reasonable assurance as to fulfilling accountability obligations, complying with applicable laws and rules, safeguarding resources against loss *etc.* We, however, observed that the internal control system in the Department was inefficient and the consequences are brought out below:

- In the test-checked districts, though the registration had expired, the Department continued to release grants to these institutions in 33 cases (**Appendix-3.2**). The Director accepted the audit observations.  
The Government replied (January 2017) that necessary instructions had been issued to the DDWOs to scrupulously comply with audit observations.
- The Finance Department had issued several instructions from time to time (1991-92 to 1996-97) prohibiting opening of bank accounts without specific permission of the Government and depositing Government funds in such accounts. We observed in eight out of nine test-checked districts that DDWOs and the Superintendents of the Special Schools had opened bank accounts without authorisation in violation of these instructions (**Appendix-3.3**). Further, the Department did not have any information or system in place to monitor opening or operation of these bank accounts. Also, we observed that the Monthly Progress Report submitted by the DDWOs indicated the amount transferred to the bank accounts as expenditure incurred without revealing the balances retained in the bank accounts.



The Government replied (January 2017) that Deputy Directors of Women and Child Development Department were according permission for opening of the bank accounts and all district authorities had been directed to comply the audit observation and furnish compliance report by 30 January 2017. The reply is partially acceptable since as per the instructions of Finance Department, the bank accounts were to be opened only with prior permission of the Government.

- No cash books for bank accounts had been maintained by any of DDWOs in the nine test-checked districts. Consequently, no bank reconciliation was done.
- Some of the specific observations with regard to irregularities in the operation of bank accounts are detailed in **Table-3.5**.

**Table-3.5: Irregularities in operation of Bank Accounts and cash book**

District	Irregularity observed
Tumakuru	<ul style="list-style-type: none"> <li>• DDWO had drawn ₹7.09 lakh on 16 occasions on self-cheques. However, no supporting vouchers were produced.</li> <li>• Though the incumbent DDWO took charge in July 2015, earlier DDWO handed over cash book only in February 2016 and has not yet handed over closing balances of ₹1.98 lakh in old cash book.</li> </ul>
Ballari	<ul style="list-style-type: none"> <li>• Honorarium to the VRWs and MRWs were drawn on DC bills and remitted to the bank accounts of DDWO instead of those of beneficiaries.</li> <li>• The closing balance of undisbursed amount should have been ₹16.67 lakh, whereas the DDWO indicated it as ₹7.99 lakh.</li> </ul>
Kalaburagi	<ul style="list-style-type: none"> <li>• Honorarium of VRWs and MRWs was drawn from treasury and deposited in the bank accounts of DDWOs. Further, honorarium was disbursed through cash by drawing amounts on self-cheques by the DDWO during October 2011 to April 2014.</li> <li>• ₹19.95 lakh drawn on 31 occasions did not find a place in the acquaintance register maintained for disbursement of honorarium under RRP scheme.</li> <li>• There were no supporting vouchers in many cases for the amounts drawn on self-cheques.</li> </ul>
Belagavi	<ul style="list-style-type: none"> <li>• During the period 10 June 2011 to 30 April 2012, cashbook had not been written even though bank pass sheets reflected that many transactions had occurred during the period.</li> <li>• DDWO while relinquishing the charge had not closed the cashbook and had not handed over the same to the successor.</li> </ul>

- In order to avail the benefits of various Government schemes for the DAPs, the State Government prescribes issue of Identification Card (ID). The ID cards are to be serially numbered and machine printed only at the Government Press by the Department. ID cards signed by both the Medical Board and the DDWO are treated as valid and blank ID cards are issued to DDWOs based on indents. However, we observed that physical verification of the stock of ID cards had not been carried out by the DDWOs or by the Department. ID cards were found issued by the Directorate to the DDWOs and by the DDWOs to the MRWs/VRWs even without indents. Also, it was observed that the DDWO of Bengaluru Urban had printed 15,000 ID cards through private printing press without authorisation. In order to monitor issue of ID cards, data base of ID books issued was required to be maintained by both the Department and the DDWOs. However, no such procedure was in place in any of the test-checked districts or in the Department. The State Commissioner had seized 27 fake ID cards in Kolar district during his

inspection. In the absence of proper reconciliation, there are possibilities of widespread use of fake ID cards.

The Government replied (January 2017) that all the DDWOs have been instructed to furnish database of identity cards issued till date.

- The Department had not established an Internal Audit wing. Hence, there was no internal check of the utilisation of the funds released under various schemes, checking of maintenance of satisfactory accounting records *etc.*

### **3.1.9 Conclusion**

The special schools run by Government had huge vacancies in respect of teaching staff and the teacher-student ratio in the special schools for hearing impaired was lower than the prescribed ratio of 1:10. Ninety *per cent* of the teachers appointed in the special schools did not possess the requisite qualification. The proposal for amending vocational training was yet to be approved by the Government. During joint inspection of test-checked units, highly inadequate infrastructure and multiple inaccuracies in DDWOs' Inspection Reports were observed by audit.

The State Government is yet to devise a comprehensive education scheme which covers transport facilities, removal of architectural barriers, and supply of books, uniforms *etc.* No schemes have been formulated to provide non-formal education either. Irregularities *viz.*, delay in disbursement of scholarships, non-maintenance of records, irregular withdrawal, *etc.*, were noticed in disbursement of scholarships to students.

Despite surveys being conducted both under RRP and DDRC Schemes for several years, the Department did not have a comprehensive database of DAPs and were dependent on population census data.

Neither the Department nor the State Commissioner had any information relating to recruitment of DAPs in departments, where the posts have been identified. The powers of the State Commissioner were restricted and hence he was ineffective. The SCC had met only once and the SEC had not met even once during 2011-12 to 2015-16. Hence, there was inadequate monitoring and evaluation of policies and programmes for DAPs.

There were discrepancies in DDWOs' inspection reports, non-conduct of inspections by Director and third party evaluation, lacunae in management of bank accounts and registration process, *etc.*, which indicated absence of internal controls and monitoring by the Department.

In view of the deficiencies and shortcomings in implementation of these schemes, necessary action needs to be taken to ensure compliance to the scheme guidelines, strengthening of internal controls and monitoring mechanism and proper identification of beneficiaries so that the allocated resources are used optimally for the benefit of the DAP beneficiaries.

## Department of Revenue

### 3.2 Social Security Pension for Differently Abled Persons and Senior Citizens

#### 3.2.1 Introduction

Article 41 of the Constitution of India directs the State to provide public assistance to its citizens in case of unemployment, old age, sickness and disablement within the limit of its economic capacity and development. In compliance with the Directive Principles of State Policy in the Constitution of India and Persons with Disabilities Act, 1995 (PwD Act), the Government of Karnataka, with the support of the Government of India, has devised various Social Security Pension (SSP) schemes in order to provide social security to Differently Abled Persons (DAPs) and Senior Citizens.

#### 3.2.2 Organisational setup

SSP Schemes are being implemented and monitored by the Directorate of Social Security and Pensions (DSSP) created under the Department of Revenue, which is headed by the Principal Secretary. The Deputy Commissioners at district level, Tahsildars at taluk level, and Village Accountants and Revenue Inspectors at the village level are responsible for the implementation of SSP schemes.

#### 3.2.3 Audit Objectives

The main objective of the audit is to assess:

- Whether the department has been able to ensure compliance with the guidelines and eligibility criteria to identify the beneficiaries under various schemes for differently abled and senior citizens;
- Whether there exists adequate internal control and monitoring mechanism in the department to monitor the implementation of the schemes and proper utilisation of allocated resources and to prevent fraud and corruption.

#### 3.2.4 Audit Criteria

- Guidelines governing the scrutiny, assessment and sanction of all three Social Security Schemes *i.e.*, Indira Gandhi Old Age Pension and Sandhya Suraksha Yojana for senior citizens and Monthly Maintenance Allowance for DAPs;
- The Persons with Disability Act 1995 (The PwD Act, 1995).

#### 3.2.5 Audit Scope and Methodology

The Audit was conducted during April to July 2016, covering the period 2011-12 to 2015-16. Two districts having the highest population of Senior citizens as well as Differently Abled Persons (DAPs) in each of four revenue divisions were selected for test-check of records of pension authorisation.

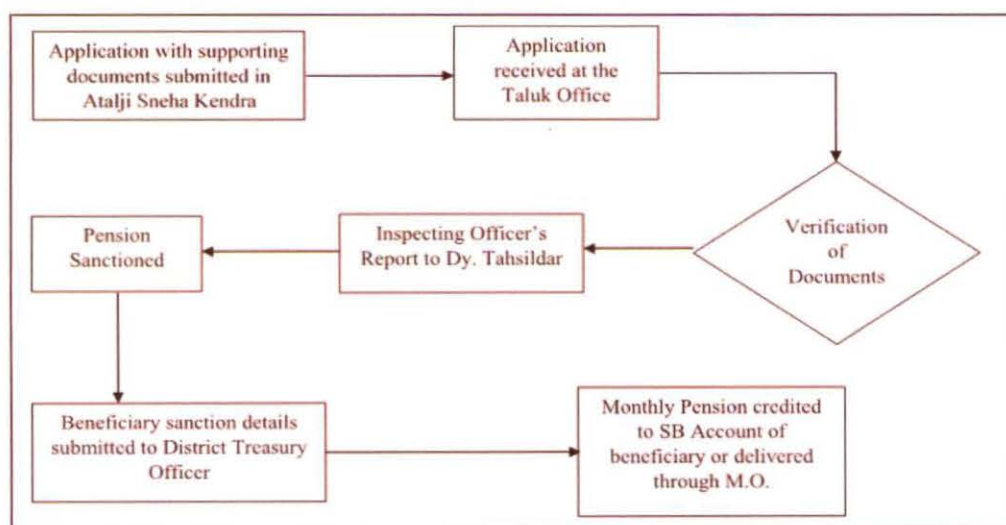
Besides, one district was selected for Pilot Study. Eight hundred to 3,000 records per taluk were test-checked and in all, 24,550 pension cases were test-checked in the nine selected districts.

### 3.2.6 Audit findings

The DSSP implements two old age pension schemes, namely, Indira Gandhi National Old Age Pension Scheme (OAP), a centrally sponsored scheme, and Sandhya Suraksha Yojana (SSY), a fully state funded scheme, aimed to help eligible elderly citizens by providing them with direct cash pensions. It also implements one State Social Security scheme “Monthly Maintenance Allowance (MMA)” for DAPs.

The process of application for pension by a prospective beneficiary and all stages involved in it is indicated in **Chart-3.3**.

**Chart-3.3: Flow-chart for process of application for pension**



On receipt of the application, applicant’s eligibility is verified as per the scheme guidelines. After verification of the details, inspecting authority submits the application along with the report in prescribed format and Deputy Tahsildar sanctions the pension, once he is convinced about the applicant’s eligibility.

Audit findings on each of the three Social Security schemes in relation to the compliance of the rules, regulations and guidelines are given below.

#### 3.2.6.1 Monthly Maintenance Allowance (MMA) for Differently Abled Persons

The PwD Act defines disability as “Blindness, low vision, leprosy-cured, hearing impairments, locomotor disability, mental retardation and mental illness”. Any person suffering from disability of 40 *per cent* and above but below 75 *per cent* is eligible for sanction of MMA of ₹500 per month while a person suffering from disability of 75 *per cent* and above is eligible for a pension of ₹1,200 per month. A Medical Board consisting of three members, of whom at least one is required to be a specialist in the particular field, is empowered to issue disability certificate after conducting the specified tests as indicated in the

guidelines and after duly recording them. Further, the medical certificate has to clearly indicate whether the disability is a temporary one or a permanent one.

Audit, however, observed the following discrepancies in the disability certificates issued by medical authorities and subsequent verification of the documents by the inspecting authority and sanctioning authority.

**(a) Discrepancies in disability certificates issued by Medical Authorities**

• **Improper assessment in case of multiple disabilities**

Multiple Disabilities means a combination of two or more disabilities as defined in the PwD Act, 1995. As per the Manual<sup>29</sup>, the following telescopic sum formula should be adopted in order to evaluate multiple disabilities and arrive at the percentage of physical impairment,

$$\frac{a + b(90 - a)}{90}$$

(Where 'a' is the higher disability percentage and 'b' is the lower disability percentage)

On scrutiny of test-checked pension cases, we observed that in eight cases the medical authorities had incorrectly applied the arithmetical sum formula instead of the telescopic sum formula to calculate the combined percentage of multiple disabilities. As a result, excess payment of ₹12,300 was made till March 2016 besides recurring monthly excess payment of ₹5,400.

Further, it was also observed that in 44 cases, the total disability percentage was stated without mentioning the individual disability percentages. Considering the adoption of incorrect method of calculating combined disability in some cases as discussed above, correctness of the payment of ₹4.64 lakh in these 44 cases upto March 2016 and recurring monthly expenditure of ₹52,000 could not be verified.

• **Improper assessment in case of blindness in one eye**

As per the guidelines, persons with disability of more than 40 *per cent* only were eligible for MMA. Since the percentage of impairment in respect of one-eyed person is 30 *per cent*, they are ineligible for pension. Audit, however, observed that in 21 cases, the medical certificates mentioning disability as "Blindness in one eye" stated disability percentage as more than 40. In order to obtain expert opinion, audit referred these medical certificates to Minto Eye Hospital, Bengaluru for their opinion. The Hospital Superintendent confirmed the audit observation that the assessment was improper. Thus, pension amount of ₹2.72 lakh paid upto March 2016 and recurring monthly expenditure of ₹12,600 to these 21 ineligible beneficiaries was irregular.

• **Incomplete record of assessment**

Scheme guidelines prescribe that the specified test for each disability be conducted by the medical board and recorded before a certificate is given. As per the guidelines for assessment in neurological conditions, percentage of

<sup>29</sup> Manual for Doctors to Evaluate Permanent Physical Impairment developed by Expert Group meeting on Disability Evaluation

mental retardation/intellectual impairment should be arrived at taking the Intelligence Quotient (IQ) range into consideration and percentage for mental illness should be measured based on IDEAS<sup>30</sup> scale. Similarly, there are two variables to be considered while assessing hearing impairment, *i.e.* Hearing loss in units of dB level in each ear separately and speech discrimination. The objective is to ensure that the impairment is in conformity with the assessment of individual parameters used to assess the impairment. Audit, however, observed that in 3,383 of the 10,450 test-checked MMA cases, the medical authorities did not comply with the requirement of recording of tests. They only mentioned the percentage of disability without mentioning the results of the tests conducted to arrive at the disability percentage.

Department should ensure that the disability certificates are issued by the medical authorities in accordance with duly prescribed guidelines.

In reply to the audit observations, Government stated (January 2017) the following:

- Principal Secretary, Health and Family Welfare Department has been directed to instruct all medical authorities to follow the guidelines issued under PwD Act and to mention Medical Officer's registration number on the disability certificate.
- Immediate measures would be taken to train medical authorities on issue of disability certificates and proper enforcement of the guidelines by Department of Women & Child development regarding this.
- All Deputy Commissioners (DC) have been instructed to verify pension cases sanctioned without disability certificate, and pensions sanctioned on the basis of invalid medical certificate and take necessary steps to cancel the pensions in accordance with law.
- All DCs have been directed to initiate disciplinary action against erring officials and to take steps to recover the pension amount.
- The Directorate would take necessary measures to develop a system for online tracking of disability certificates.

**(b) Discrepancies in sanction of MMA by sanctioning authorities**

**• Sanction of excess MMA**

We observed that applicants who were eligible for lower rate of MMA (₹500) as per records, were sanctioned higher rate of MMA (₹1,200) in 93 cases. This resulted in excess payment of ₹11.99 lakh (till March 2016) besides recurring monthly excess payment of ₹65,200.

**• Sanction of MMA based on fake/altered disability certificates**

On a test-check of cases, we observed that disability certificates enclosed by several beneficiaries seemed to be identical. In all, 74 such cases were noticed by audit during test-check, in which the same disability certificate was enclosed by more than one applicant. These suspected cases were sent to the issuing hospital for verification and the hospital confirmed that 74 out of the

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<sup>30</sup> Indian Disability Evaluation and Assessment Scale (IDEAS) developed by the Rehabilitation Committee of Indian Psychiatric Society.

77 certificates were false. Photocopies of the same disability certificate were being used by multiple applicants and due to non-verification of original certificates, MMA was sanctioned to these applicants. Amount of MMA drawn upto August 2016 in these 74 cases was ₹11.49 lakh besides recurring monthly excess payment of ₹87,400.

A contributing factor that made these fakes possible is that the disability certificate is issued as a booklet, in which the doctor specifies the details of disability on page numbers 6 and 7. However, these crucial pages do not contain any details of the applicant such as Name, Age, Sex *etc.*, or Serial Number of the booklet. Hence these pages if removed cannot be linked with any particular person or booklet. It is, therefore, recommended that the booklet number should be printed on all the pages of the booklet instead of only on the cover.

Audit also observed that in 55 cases, the applicants had altered the percentage of disability to a higher percentage. The sanctioning authority failed to notice the alteration and sanctioned higher rate of MMA. This resulted in excess payment of ₹6.99 lakh upto March 2016 besides recurring monthly excess payment of ₹38,300.

The Government replied (January 2017) that Principal Secretary, Health and Family Welfare Department had been directed to instruct the concerned medical authorities to certify all the pages in medical certificates and to display the details of medical authorities empowered to issue disability certificate along with their specimen signature on the web portal. Also, it was stated that DC Bangalore Urban had been asked to verify all 71 cases of pensions and to take necessary steps to cancel the pensions in accordance with law. It also stated that Directorate would ensure proper functioning of the Committee constituted (April 2011) under the chairmanship of Assistant Commissioner to identify the fake disability certificates.

- ***Sanction of MMA without disability certificate or based on invalid medical certificates***

On scrutiny of test-checked cases, we observed that MMA was sanctioned to applicants based on invalid documents or in the absence of the required documents as detailed in **Table-3.6**.

**Table-3.6: Sanction of pensions without valid documents**

(₹ in lakh)

Issue	Number of cases	MMA amount upto March 2016	Monthly recurring excess payment
MMA sanctioned without obtaining disability certificate from applicant.	84	15.35	0.88
MMA sanctioned based on Disability certificate without essential details such as nature of disability, thumb impression or signature of applicant <i>etc.</i>	13	4.06	0.14
MMA sanctioned based on expired disability certificates.	21	4.10	0.20

- **Temporary disability**

While issuing disability certificates, medical authorities are required to mention whether the disability suffered by the beneficiary is temporary or permanent. They also have to mention whether the disability is progressive or non-progressive, likely to improve or not, and whether re-assessment is necessary or recommended. A disability certificate would be valid for a period of five years in case of temporary disability.

On scrutiny of test-checked MMA cases, we observed that in 84 cases of temporary disability in four districts, MMA continued to be paid even after a lapse of five years from the date of issue of the medical certificate, resulting in irregular payment of MMA to the extent of ₹8.60 lakh up to March 2016 besides recurring monthly excess payment of ₹81,200. Further, it was observed that there was no mechanism in place to monitor the lapse of validity of disability certificates to ensure that MMA payment was continued only to eligible beneficiaries.

Thus, sanctioning authorities did not exercise due diligence while sanctioning MMA as they failed to verify original documents or identify alterations and false certificates. Department also failed to put in place a mechanism to monitor the lapse of validity of disability certificates.

In reply to the audit observations, Government stated (January 2017) the following:

- All DCs would be instructed to verify such cases and cancel the fraud and ineligible ones and Directorate would take up the process of online tracking mechanism of disabilities certificates issued.
- Measures would be taken up to issue proper guidelines to medical authorities and train them on assessing percentage of disability. Also, disciplinary action would be initiated against officials involved in fraudulent sanction of pensions.
- Principal Secretary, Health and Family Welfare Department has been directed to instruct all medical authorities to review the disability after five years in case of temporary disability.

Directorate is planning to issue online medical certificates, unique identity number for medical certificates, display of medical certificates on websites for verification, to maintain directory of medical authorities empowered to issue certificates along with their specimen signature and to maintain register of medical certificates issued and real time sharing of details with revenue authorities.

### **3.2.6.2 Sandhya Suraksha Yojana (SSY) and Indira Gandhi National Old Age pension (OAP)**

OAP, a centrally sponsored scheme has been in existence since 1964, and is implemented as a part of the National Social Assistance Programme (NSAP). SSY, with similar features to OAP, intends to cover the larger section of poor elderly who may not be covered through OAP.



Eligibility criteria for the two schemes are as indicated in **Table-3.7**.

**Table-3.7: Age limit and eligibility criteria for two schemes**

(Amount in ₹)

Scheme	Income Criteria	Age Criteria	State Share	Centre Share	Total
OAP	Below Poverty Line (Annual Family Income up to ₹12,000 in rural areas and ₹17,000 in urban areas)	>60 & <65 years	0	200	200
		>65 & <80 years	300	200	500
		>=80 years	250	500	750
SSY	Total annual income of applicant including that of his/her spouse should not exceed ₹20,000 and total value of accumulated deposits should not exceed ₹10,000.	>=65 years	500	0	500

(Source: Information furnished by the Department)

Under these schemes, applicants are required to produce proof of age and address and other documents in order to avail themselves of the benefits of these schemes. The Schemes prescribed birth certificate, school certificate, ration card and voter identity card as documents for proof of age. In the absence of valid documents, the beneficiary could submit age certificate issued by an authorised Medical Officer of any government hospital. We, however, during test-check of pension cases noticed several discrepancies as given below.

**(a) Pension sanctioned based on blank age certificates**

It was observed that in 10 cases blank age certificates, signed by medical authorities, had been enclosed by the applicants, and that the sanctioning authorities had sanctioned the pension without questioning the validity of the blank age certificate. Further, we observed that in 52 cases, the difference in age as per the age certificate issued by the medical authorities and other documents varied from 5 to 35 years. Issue of blank age certificates and the huge variations in recorded age among different documents/certificates raises doubts about the authenticity of the beneficiaries.

**(b) Pension sanctioned to applicants not fulfilling age criteria**

It was observed that in 36 cases despite the age of applicant being below 65 years as per the age certificates, pension was sanctioned under the SSY scheme, in which eligibility criteria is 65 years and above.

**(c) Pension sanctioned without obtaining affidavit**

The SSY scheme guidelines prescribe that the applicant submit a declaration in the form of a sworn affidavit with regard to non-possession of combined deposits exceeding ₹10,000 and that he/she is a destitute and neglected by family. It was, however, noticed that this requirement was not complied with in 5,665 out of the 11,800 test-checked SSY cases.

Thus, sanctioning authorities have irregularly sanctioned pension to ineligible applicants on the basis of incomplete documents.

The Government replied (January 2017) that directions have been issued to all sanctioning authorities to get birth certificates/ration card/voter identity card to confirm the age of the applicant and that instructions have been issued to get the certificate issued by medical authorities in case of doubtful cases while sanctioning the pensions under SSY and OAP schemes.

### **3.2.6.3 Common Observations in the three schemes**

#### **(a) Improper assessment of income**

- We observed that in 11,375 out of 14,100 test-checked cases of OAP & SSY, the prescribed proforma was not being used by the inspecting authorities while assessing income.
- We observed that in 825 cases, the inspecting authorities had assessed income even lower than that declared by the applicants themselves.

#### **(b) Improper sanction of pension**

- **Sanction of pension to ineligible applicants**
  - We observed that pension under MMA and OAP schemes was sanctioned to 423 APL<sup>31</sup> card holders, which is irregular as below poverty line status<sup>32</sup> is one of the eligibility criteria for these schemes.
  - 617 applicants were sanctioned MMA and OAP pension despite their income being assessed by inspecting authorities (Village Accountants/Revenue Inspectors) as above the maximum income eligibility criteria<sup>33</sup> for the schemes.
  - 179 applicants for MMA and OAP schemes had enclosed their rent/lease agreement with annual rental/lease value ranging from ₹9,600 to ₹4,00,000. Amongst these 179 applicants, the annual rental/lease value of 131 applicants exceeded the maximum annual family income criteria. However, the inspecting authorities had assessed their annual income below ₹17,000 and thereby, pension was sanctioned to these 179 applicants.
  - We observed that pension had been sanctioned to 177 applicants, who are either dependants of government employees or employed as anganwadi workers or in the private sector, earning more than ₹20,000 annually, which is irregular.
- **Sanction of pension/MMA based on incomplete applications**
  - The application for sanction of pension/MMA requires furnishing of details such as identification marks, annual income, details of family members *etc.* Besides, a register in Proforma V (for OAP) and Proforma VI (for SSY) is required to be maintained by the Revenue Department to monitor the changes in the status of the pensioners on account of death, migration, remarriage, employment *etc.*

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<sup>31</sup> Above poverty line

<sup>32</sup> Annual income below ₹17,000 in urban areas and ₹12,000 in rural areas

<sup>33</sup> Annual income below ₹17,000 in urban areas and ₹12,000 in rural areas

On scrutiny of 24,550 records, we observed that though the required information in the application viz., identification marks (10,094 cases), details of family members (7,764 cases) and annual income of the applicant (6,531 cases) were left blank, incomplete applications were accepted and processed. Further, it was observed that the prescribed watch registers were not maintained in all nine selected districts.

In reply to the audit observations, Government has stated (January 2017) the following:

- Necessary steps would be taken for monthly screening of beneficiaries to identify bogus and fraud pension cases and to suspend pensions in accordance with law and Assistant Directors have been directed to conduct periodic inspections and verification of pensions to ensure compliance to the guidelines.
- Steps would be taken to weed out government servants from obtaining pensions and all Heads of Departments have been instructed to suspend pensions and to initiate recovery proceedings, and also to initiate departmental enquiry against officials who have failed to disclose the information regarding social security pensions.
- 165 cases of anganwadi workers receiving pension have been identified, which have been suspended and reported to Women & Child Development Department for disciplinary action against erring officials. Similarly, it was stated that 8,330 duplicate beneficiaries were identified using Aadhaar numbers of SSP beneficiaries and 55,000 beneficiaries were found with APL cards through inter-departmental analysis, details for which has been shared with district administration for necessary action. It was also replied that measures would be taken to train all the authorities involved in sanction of pensions.

#### 3.2.6.4 Monitoring and Internal Controls

Though instructions for monitoring of the implementation of schemes were issued from time to time, the monitoring was inadequate. Major observations regarding non-monitoring of schemes have been brought out in **Table-3.8**.

**Table-3.8: Observations on non-monitoring of the three schemes**

Issue	Requirement	Compliance
Life certificates of beneficiaries	Tahsildars are responsible to send the list of beneficiaries, for whom pension is cancelled, to Treasuries/ Bank/Post offices	Not being sent to Treasuries/ Bank/Post offices.
Pension Adalats	To be held every month under the aegis of Assistant Commissioner	Only 5,603 conducted against target of 25,608 during 2013-14 to 2015-16.
Vigilance Squads	To be constituted to check, trace and identify fake medical certificates	Not constituted in test-checked districts.
Physical Verification of Beneficiaries	Mandatory physical verification by Tahsildar, Assistant Commissioner, and Assistant Director (DSSP)	Not conducted in test-checked districts.
Remittance of unpaid pension back to Government from Banks	Unpaid pension to be credited back to Government Account if the pension has not been drawn consecutively for three months.	No mechanism in place to track unpaid pensions. Banks were refunding randomly some amounts to the Government Account.

The above observations indicated a weak internal control mechanism in the Department since sanctions/payments were being made based on blank Age certificates, invalid disability certificates and fake disability certificates and original documents were not being verified by the concerned authorities *etc.* Although one post each of Accounts Officer and Tahsildar Grade-2 (internal audit) had been sanctioned, the same were not filled.

In reply, Government stated (January 2017) that steps would be taken to strengthen the internal audit wing and also to conduct audit annually to cover all districts. It further stated that based on the information generated during audit, it would devise a mechanism which would ensure all the checks and balances in implementation of the pension scheme.

It was also stated that Tahsildars have been instructed to obtain life certificates from all the beneficiaries and intimate it to treasury, the procedure to conduct Pension Adalat would also be streamlined, measures would be taken to constitute Vigilance Squads consisting of officials from different departments, and that the mechanism to track the remittance of unpaid pensions is being developed under Khajane-II.

### **3.2.7 Conclusion**

There were many shortcomings in adherence to the guidelines on assessment, sanction and disbursement and in the identification of beneficiaries in all the three schemes *viz.*, SSY, OAP and MMA. A contributing factor was the weak internal controls and ineffective monitoring. Hence the allocated resources could not be put to optimum use and there were multiple cases of irregular/fraudulent payments. Therefore, a serious examination of the implementation and monitoring aspects is needed to ensure optimum utilisation of the resources for the benefit of genuine beneficiaries.

As a follow up action on this report and the exit conference, the Department has initiated several measures to tackle many of the lacunae/deficiencies pointed out in the report. Besides, taking corrective steps on the remaining issues, it now needs to strengthen its monitoring and internal control mechanism to ensure that these schemes function effectively.

## Department of Higher Education

### 3.3 Irregular payment of remuneration for examination duties

**Payment of remuneration for examination duties disregarding Government directions, by four Universities, resulted in irregular expenditure of ₹28.01 crore.**

The Government discontinued (August 2000) payment of examination remuneration to lecturers stating that discharge of examination related duties including valuation and tabulation was part of their academic function. The letter further stated that the lecturers were entitled for Travel Allowance /Daily Allowance as admissible under the Karnataka Civil Service Rules for the journey performed by them for examination work. The Government extended this to lecturers drawing University Grants Commission/All India Council for Technical Education pay scale during May 2003.

On scrutiny of records of four Universities<sup>34</sup> for the period from 2009-10 to 2014-15, we observed that the Universities had continued to pay remuneration for examination works to their Professors, Readers and Lecturers. The payment of irregular examination remuneration by the four Universities amounted to ₹28.01 crore which is detailed in **Table-3.9** below:

**Table-3.9: Details of examination remuneration**

(₹in crore)

Name of the University	Years						Total
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	
Bangalore	10.71	8.09	00	00	00	00	18.80
Davanagere	0.01	0.02	0.04	0.04	0.08	0.08	0.27
Gulbarga	1.71	1.77	2.35	2.75	NA*	NA*	8.58
Kannada University	NA	NA	NA	0.03	0.19	0.14	0.36
<b>Total</b>							<b>28.01</b>

(Source: Information furnished by the Universities)

\* Not available

Thus, the four universities, in violation of Government directions, irregularly paid ₹28.01 crore as remuneration for examination related works.

The Government replied (January 2017) that the remuneration paid by the Universities to the teachers is in accordance with law and policies of the State Government. However, no document/Government Order was given in support of this reply. The reply, therefore, is not acceptable since discontinuation of payment of examination remuneration to teachers and other staff in Universities and colleges itself is policy of the State Government from August 2000 onwards vide Government Letter No.ED 30/UNE/2000 dated 11 August 2000.

<sup>34</sup> Bangalore University, Davanagere University, Gulbarga University and Kannada University

## Department of Housing

### 3.4 Irregular waiver of outstanding loan

**The Karnataka Slum Development Board had recommended waiver of outstanding loan of ₹2.17 crore irregularly, in respect of 453 allottees, who had sold their dwelling units, thereby violating the terms of allotment. This resulted in extension of undue financial benefit to the said allottees.**

Rule 9 of the Karnataka Slum Areas (Improvement and Clearance) Rules, 1975 prohibits the allottee to sell, lease, mortgage or alienate in any manner the site or the building unit allotted to him during the period of lease till an absolute sale deed is executed. Further, under Rule 10 of the said rules, on violation of any of the terms and condition of allotment or lease-cum-sale agreement by the allottee, the Karnataka Slum Development Board (Board) was empowered to terminate the lease and forfeit the site or the dwelling unit to the Board. Also, the Government in its order (May 2012) had directed to identify the allottees who had violated Rule 9, cancel their allotment and re-allot the houses to the present dwellers of the house after following all the required procedures.

The Board had allotted 24,294 houses and 33,855 houses constructed under the Housing and Urban Development Corporation Limited (HUDCO)<sup>35</sup> and Valmiki Ambedkar Awas Yojana (VAMBAY)<sup>36</sup> housing schemes respectively to the slum dwellers during 1983-2004 and 2002-2009. The houses were allotted on lease-cum-sale basis and the period of lease was 15 years.

The Hon'ble Chief Minister in his budget speech for 2014-15, announced loan waiver along with interest thereon to the slum dwellers allotted under the above mentioned two schemes. Accordingly, Government issued (September 2014) order waiving the entire loan outstanding (₹122.03 crore) along with interest (₹154.31 crore), which was based on the details furnished (May 2014) by the Commissioner of the Board. Out of this, ₹7.51 crore and ₹0.43 crore pertained to 1,502 and 144 slum dwellers of Mandya district under HUDCO and VAMBAY scheme respectively. We, however, observed that out of these 1,646 slum dwellers, who were allotted houses under the above two schemes and were given benefit of loan waiver, 453 allottees (435 under HUDCO; 18 under VAMBAY) had sold their houses. The Board, however, in violation of the Government Order (May 2012) and provisions under Rule 10 of the Karnataka Slum Areas (Improvement and Clearance) Rules, 1975 had recommended all cases for loan waiver instead of taking prior action to identify such allottees and

<sup>35</sup> HUDCO scheme was financed 80 per cent through loan which was to be repaid by the beneficiaries in 240 installments

<sup>36</sup> VAMBAY scheme was financed 50 per cent through loan which was to be repaid in 180 installments

terminate the lease and forfeit the dwelling units. The outstanding principal and interest thereon against these 453 allottees was ₹2.17 crore<sup>37</sup>.

The Government replied (October 2016) that loan waiver certificate was not issued to the said 453 allottees and also transfer of title was withheld from them. The reply is not acceptable since the Board has already waived off the loan amounting to ₹121.29 crore, besides committing (Annual Accounts 2015-16) to waive the balance loan in three equal installments. Further, the Board has not initiated any action under Rule 10 against these allottees who had sold their dwellings in violation of the agreement. Since the above observations are only as a result of test-check by audit, the Board should also look into this issue across all the 58,149 allottees and identify those who are not eligible for the loan waiver and take further necessary action based on the findings.

Thus, the failure of the Board to take timely action, identify allottees who had violated the terms and conditions of allotment and terminate their lease and forfeit their dwelling units resulted in extension of undue financial benefit in respect of 453 allottees due to recommendation of loan waiver amounting to ₹2.17 crore.

### Department of Labour

#### **3.5 Irregular retention of tuition fees by Industrial Training Institutes due to absence of monitoring mechanism**

**Absence of mechanism to monitor remittance of tuition fees to Government account resulted in Grants-in-aid receiving Industrial Training Institutes retaining tuition fees amounting to ₹19.61 crore.**

Under the Grant-in-Aid Code for private Industrial Training Institutes, 1997, (Code) all private Industrial Training Institutes (Institutes) conducting courses or programmes of vocational training leading to the award of certificates by the National Council for Vocational Training, New Delhi, are eligible for grant-in-aid subject to conditions applicable. Rule 9 of the Code states that the rates of tuition and other fees, including fees chargeable to trainees of institutions or management receiving grant-in-aid, were to be as prescribed by the Government from time to time. The Government orders issued from time to time in this regard, prescribed that the tuition fees so collected by the management be remitted to the Government account, except during the year 2007-08. During 2007-08, the Government allowed (May 2007) the management of the Institutes to retain the tuition fees so collected.

<sup>37</sup> HUDCO: Principal (₹0.69 crore) and interest (₹1.43 crore)  
VAMBAY: Principal (₹2.5 lakh) and interest (₹2.5 lakh)

We, however, observed that during 2010-11 to 2014-15, though 194 institutes in the State collected ₹19.61 crore as tuition fees, the same had not been remitted to the Government account.

As per the agreements entered into by the Government with the Institutes, the Government was empowered to stop, discontinue or withhold any payment to the management of the Institutes, if the Institutes violated any of the conditions in the agreements. Despite these provisions, the Commissioner of Employment and Training continued to routinely release the annual salary grants of ₹281.56 crore to the 194 institutes without taking cognizance of the non-remittance of the fees.

Monitoring of the remittance of fees collected by the Institutes was absent as no mechanism had been put in place by the Commissioner to track the same. This facilitated continued retention and non-remittance of fees amounting to ₹19.61 crore and also the interest thereon due to Government.

The Commissioner, Employment and Training stated (July 2016) that action had been initiated to recover the tuition fees from the institutes and in case of failure, release of future grants would be withheld. Further, it was stated that in response to this initiative, the management of the Institutes have represented and requested for continuation of the exemption given during 2007-08.

The Government in continuation of the Commissioner's reply further stated (January 2017) that it had sought Finance Department's clarification wherein it was clarified that the tuition fees could be retained by Grant-in-aid Institutes themselves. Further, it has been stated that action would be initiated to place the same before the cabinet for approval.

### **Department of Printing, Stationery and Publications**

#### **3.6 Unutilised/obsolete stock resulting in unfruitful expenditure**

**The Department of Printing, Stationery and Publications, Government Central Press had procured consumables relating to electronic devices without ascertaining users' requirement and also without consultation with Department procuring electronic devices. This resulted in accumulation of unutilised stock which became obsolete thereby rendering expenditure amounting to ₹82.34 lakh unfruitful.**

Rule 16 of the Karnataka Financial Code stipulates that it is the duty of every Government servant not merely to observe complete integrity in financial matters, but also to be constantly watchful to see that the best possible value is obtained for all public funds spent by him or under his control and to guard scrupulously against every kind of wasteful expenditure from public funds.



Further, ordinary prudence requires that a Government servant who is in-charge of procurement should estimate his requirement of purchase for the year based on user requirements. Purchase of articles far in advance of requirement involves locking up of Government money and is, therefore, not desirable unless it is likely to be advantageous. Moreover, articles which are likely to deteriorate, become obsolete or depreciate with time should not be purchased well in advance of requirement.

With the stated objective of ensuring control over the procurement and distribution of stationery articles and consumables relating to computers, copiers and other electronic devices relating to the Offices of the Chief Minister and other Ministers, Chief Secretary and Additional Chief Secretaries, Department of Personnel and Administrative Reforms (DPAR) *etc.*, the Government of Karnataka entrusted (December 2008) the responsibility of procurement and supply of the same to the Director, Department of Printing, Stationery and Publications, Government Press (Government Press).

On entrustment, the Government Press floated tenders (December 2008) for purchase of consumables of electronic devices *viz.*, printer cartridges, toners, *etc.*, without ascertaining the specified requirement from all users. During February 2009, Government Press placed orders valuing around ₹61.71 lakh. During subsequent years, procurements were based on the Annual Rate Contract entered into with the suppliers selected based on tender process (June 2009).

On review of the purchase and utilisation records, we observed the following:

- There was no prescribed procedure for obtaining user requirements and processing them for procurement of consumables for electronic devices and thus, the Government press had obtained annual requirement from only some of the user departments. Only during September 2015, it devised and circulated a proforma for obtaining indents from user departments.
- The responsibility of procurement of electronic devices for all user departments and their servicing is with the Department of e-Governance. However, information about replacement of old electronic devices with new devices was not communicated to the Government Press by either Department of e-Governance or the user departments.

The details of items supplied and issued between 2008-09 and 2012-13 is brought out in the **Table-3.10** below:

**Table-3.10: Year-wise details of items procured, issued and balance stock**

(₹ in lakh)

Year of supply	Value of items procured	Value of items issued as at the end of 2015-16	Balance as at the end of 2015-16
2008-09	21.23	14.23	7.00
2009-10	96.79	33.12	63.67
2010-11	18.21	10.13	8.08
2011-12	7.86	4.47	3.39
2012-13	0.20	Nil	0.20
<b>Total</b>	<b>144.29</b>	<b>61.95</b>	<b>82.34</b>

Thus, 57 per cent of total procurement during the years 2008-13 has remained unutilised with the Government Press at the end of March 2016. Also, out of 80 different items procured during the period 2008-09 to 2012-13, 14 items (₹8.75 lakh) had not at all been lifted by the users, and in respect of 31 items, only 50 per cent of the procurement had been utilised (₹48.80 lakh). The stated reason for non-utilisation of items was that it did not match the technical specifications because of change in the devices in their respective offices.

Thus, absence of co-ordination among multiple Government Departments led to the procurement of consumables with incorrect technical specifications.

Meanwhile, the Director, Government Press informed the Government (August 2014 and August 2015) regarding the un-utilised stock of consumables relating to the electronic devices. In addition, it was also informed about non-receipt of user requirements/replacement of electronic devices from all the departments. Thereafter, in April 2016, Government withdrew the responsibility of procurement and supply of Stationery articles and consumables relating to electronic devices from the Government Press and entrusted the same once again to DPAR.

The Government replied (December 2016) that the indenting offices should have considered the life cycle, duty cycle, completed life, balance life, yield of each cartridge, probable plan of replacement before placing the indents. Also, it stated that wherever orders have been issued far in excess of indents, clarification has been sought from officers concerned and after their explanation, appropriate action would be initiated. In addition, it stated that efforts would be made to liquidate the excessive stock to the best advantage of the Government. The reply is not completely acceptable for the following reasons:

- Though the Government Press was entrusted with procurement during December 2008, it devised and circulated a proforma for indent only in September 2015.
- No correspondence was made by the Government Press with the Department of e-Governance or the user departments to obtain information about devices currently in use.

Thus, procurement of consumables relating to electronic devices by the Government Press without ascertaining user requirements or consulting with the Department of e-Governance resulted in purchase and accumulation of non-required/obsolete stock. Hence, the expenditure of ₹82.34 lakh on the un-utilised stock was unfruitful.

## Department of Revenue

### 3.7 Excess payment to contractor

**The Deputy Commissioner, Chikkaballapur applied incorrect cost indices for regulating price adjustment which resulted in excess payment of ₹126.83 lakh to a company.**

The Deputy Commissioner, Chikkaballapur (DC) invited (December 2012) tenders for Road and Drain improvement works in six Urban Local Bodies<sup>38</sup> of Chikkaballapur District under Mukhya Mantri Nagarothana Phase 2 project (project). The work was awarded (March 2013) to a company at a cost of ₹65.42 crore with stipulation of completion by March 2014. As of November 2016, the company had achieved financial progress of ₹56.91 crore and was paid ₹2.09 crore towards price adjustment.

On scrutiny of the payments made towards price adjustment, we noticed the following:

As per the agreement with the company, the price adjustment on account of changes in cost was to be determined in accordance with a formula attached thereto. In respect of the “steel” component, the index of MS Bars and Rods represented the steel group for the purpose of price adjustment. As steel reinforcement bars are used in reinforcement concrete, the appropriate sub-head for determining the price adjustment for material is “Steel: Long-Rebars” under “Basic Metals and Alloys and Metal Products”. The DC, however, erroneously regulated the price adjustment on the basis of fluctuations in price indices of “Stainless Steel and Alloys–Steel Rods” and had thus paid ₹98.22 lakh towards price adjustment under the component “steel”. Audit, by adopting the appropriate price adjustment indices *i.e.*, “Steel: Long-Rebars” worked out the applicable price adjustment and observed that instead of paying ₹98.22 lakh, an amount of ₹28.61 lakh should have been recovered from the company.

DC has replied that the excess amount would be recovered from the subsequent bills of the contractor.

Thus, erroneous adoption of the current cost indices of a different commodity for regulating price adjustment resulted in excess payment of ₹98.22 lakh towards price adjustment, instead of recovery of ₹28.61 lakh. This resulted in excess payment of ₹126.83 lakh to the company.

The matter was referred to Government in August 2016; reply was awaited (January 2017).

<sup>38</sup> City Municipal Council (CMC)-Chikkaballapur, CMC-Chintamani, Town Municipal Council (TMC)-Gowribidanur, TMC-Bagepalli, TMC-Shidlaghatta and Taluk Panchayat-Gudibande

## Department of Social Welfare

### 3.8 Avoidable expenditure

**The Karnataka Residential Educational Institutions Society's failure to monitor and initiate appropriate and timely action on the contractor and Project Management Consultant resulted in avoidable dismantling and reconstruction of a School Complex. The expenditure incurred on this avoidable activity was ₹1.07 crore.**

The Government of Karnataka established (October 1999) the Karnataka Residential Educational Institutions Society (Society) with the objective of constructing residential school complexes. These constructions were being implemented by the Society through Project Management Consultants (PMC). However, in August 2009, the Government observed that not enough technical consultants and contract engineers were available as a result of which, there was no control over the PMCs and the quality of construction work could not be ensured. In order to address this issue, Government established (August 2010) an Engineering Wing, whose duties included monitoring and ensuring quality of construction work.

The Society appointed (August 2009), M/s. Karnataka Rural Infrastructure Development Limited (KRIDL) as Project Management Consultant (PMC-1) for the construction of B C Morarji Desai Residential School Complex at Somanahalli Village, Nagamangala Taluk, Mandya District. The services to be rendered by the PMC-1 involved preparation of estimates, drawings and designs, tender documents, ensuring quality control, supervision of construction and also certification of bills. The work was entrusted (April 2010) to the lowest bidder M/s. Standard Infra tech India (P) Limited, for a contract price of ₹443.22 lakh. The stipulated time for completion of the project was 15 months. The work involved construction of Academic Block, Boys Dormitory, Girls Dormitory, Dining and Kitchen Block, Teaching Staff Quarters, Group D Quarters and other Infrastructure works.

In view of tardy progress in the execution of work by the contractor, several notices<sup>39</sup> were issued by the Society. On finding poor progress in the work coupled with poor quality of work, the contract was finally rescinded (July 2013) at the risk and cost of the contractor. The contractor, in all, was paid ₹163.40 lakh (January 2013). On PMC-1 expressing (November 2012) its inability to continue with the consultancy work, the Society appointed (January 2013) M/s.Somat Infrastructure India (P) Limited (PMC-2) for technical supervision of the balance work. Since the contractor failed to complete the work, the contract was terminated at his risk and cost (July 2013).

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<sup>39</sup> Five notices between August 2010 and April 2012

The Society engaged (November 2013) M/s. Civil Aid Technologies for technical evaluation of the work executed by the contractor. The said company, after conducting all the required tests, concluded in their report (April 2014) that the quality of construction was poor, non-uniform and was not in conformity with the standard quality of construction, which was due to improper construction practices adopted by the contractor.

During scrutiny of the RA bills submitted by the PMC-1 to the Society for passing of the contractor's bills, we observed that the Assistant Executive Engineer (AEE) of the Society had certified in each bill that the work had been qualitatively tested and found satisfactory. Further, it was certified that the AEE had visited the site in September 2011, January 2012, February 2012 and July 2012. While recording the status of the work (December 2012) AEE had stated that 'rectification is required to BBM plastering centering work' but no other defect was recorded. However, the report submitted by M/s Civil Aid Technologies on the quality of construction work by the contractor pointed out various deficiencies such as absence of foundation protection, non-alignment of plumb in masonry walls, non-alignment of RC columns, poor quality of mortar, use of cut lintels instead of through and through lintels and sagging of lintels due to inadequate bearing. The Engineering wing had failed to observe these deficiencies despite claiming to have inspected the site multiple times and had repeatedly certified the satisfactory quality of work.

Thus, the Engineering wing of the Society failed to monitor the quality of work and ensure quality construction even though it had been setup expressly for that purpose. As a result, the Society had routinely released payments to the contractor without taking any action for the poor quality of work (except for levying penalty for delay in execution). Also, we observed that performance guarantee furnished by the contractor for ₹22 lakh had expired during October 2012 but had not been re-validated by the Society. In addition, no action was initiated by the Society against the PMC-1 on its failure in rendering services especially towards quality control and supervision of work.

The PMC-2 estimated (September 2014) the cost of the balance work as ₹470 lakh, which was inclusive of the components for dismantling and reconstruction of the ground floor and first floor (₹116.38 lakh) and also for repairs and rehabilitation of the existing building (₹29 lakh). The Society invited (November 2014) short term tenders for the balance work and the work was entrusted (May 2015) to the lowest bidder at a contract amount of ₹604.05 lakh. The contractor has completed (July 2016) the work and has been paid ₹369 lakh as at the end of March 2016 which includes ₹106.84 lakh towards dismantling, reconstruction and repairs.

Thus, failure on the part of Society to ensure quality of construction work resulted in avoidable expenditure of ₹106.84 lakh<sup>40</sup> lakh towards demolition,

<sup>40</sup> Dismantling and reconstruction of ground floor and first floor—₹85.60 lakh  
Repairs and Rehabilitation—₹21.24 lakh  
Total —₹106.84 lakh

reconstruction and repairs of the building. Besides, there was delay in execution of the work of about five years which deprived children of better infrastructure and also resulted in excess expenditure of ₹180.90 lakh<sup>41</sup>.

The Government stated (December 2016) that bills payable to M/s. Standard Infra tech India (P) Limited and PMC-1 to the extent of ₹52.00 lakh and ₹108.40 lakh respectively have been held up and correspondence was on to determine the extent of responsibility of PMC-1. In addition, it was stated that the Public Works Department was requested to blacklist the contractor for causing losses and being indisciplined in executing the work. The reply is silent about the failure on the part of the Society's Engineering wing to monitor the work and wrongly certifying quality of work.

## Department of Urban Development

### 3.9 Avoidable excess payment to contractor

**The Karnataka Urban Water Supply and Drainage Board violated the guidelines of the State Government while regulating the price adjustment, which resulted in avoidable excess payment of ₹44.10 lakh.**

In order to address the frequent fluctuations in the basic rates of construction materials viz., Cement, Steel and Bitumen, Government of Karnataka modified its earlier issued (November 2004)<sup>42</sup> guidelines for regulating price adjustment. As per the modified orders issued (November 2008), if the period of execution is more than six months but less than or equal to 12 months for works costing more than ₹50 lakh, star rates<sup>43</sup> in respect of specified materials (Cement, Steel and Bitumen) only shall be payable to the contractor based on the all India Average Wholesale Price Index for the said materials. In addition, the order specifies that the price adjustment clause or the star rates were not admissible if the contract period was extended due to lapse on the part of the contractor.

Government of Karnataka accorded (February 2009) administrative approval for 'Combined water supply scheme to Kadur, Birur and 34 enroute villages with Bhadra river as source' to be undertaken by the Karnataka Urban Water Supply and Drainage Board (Board). The estimated cost of the work was ₹36.70 crore based on SR 2007-08. The construction of a 21 million litres per day (MLD) Water Treatment Plant at Huliur Village, which was part of the said water supply scheme was awarded (December 2010) to the lowest bidder

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<sup>41</sup> [New contract value (₹604.05 lakh) – old contract value (₹443.22 lakh)] + [(payment to old contractor (₹163.40 lakh) – expenditure on dismantling, reconstruction and repair as per contract (₹143.33 lakh)] = ₹180.90 lakh

<sup>42</sup> A price adjustment clause is to be included in all works contracts whose estimated cost put to tender is ₹100 lakh or above and the period of completion is 12 months or more. The price adjustment formula is applicable to all materials.

<sup>43</sup> Star Rates are used to price work where the unit rates in the contract cannot fairly represent the work done exactly.

for a contract amount of ₹2.36 crore with the stipulation to complete the work in 12 months. Due to various reasons attributable to the Board, the work was completed in April 2014 and extension of time was approved without levy of penalty. As at the end of November 2015, the contractor was paid a sum of ₹4.26 crore, which included ₹65.53 lakh towards price adjustment for the period November 2011 to April 2014.

On scrutiny of the tender documents and contract agreement, we observed that though period of completion of the work was 12 months, the Board had disregarded the Government instructions and provided price adjustment for all the components of work instead of allowing star rates only for the specified materials. This incorrect regulation of price adjustment resulted in excess payment of ₹44.10 lakh as detailed in the **Table-3.11** below:

**Table-3.11: Excess payment due to incorrect adoption of star rates**

(₹ in lakh)

Name of the component of work	Ineligible price adjustment paid
Labour	16.86
Fuel and Lubricant	3.83
Plant and Machinery	0.21
Other materials	23.20
<b>Total</b>	<b>44.10</b>

Thus, incorrect application of the price adjustment clause in the tender documents resulted in extending undue benefit to the extent of ₹44.10 lakh to the contractor.

The Board replied (August 2016) that action would be taken to recover the excess payment made to the contractor.

The matter was referred to Government in August 2016; reply was awaited (January 2017).

### **3.10 Irregular sanction of detailed building plans**

**Bangalore Development Authority (BDA) failed to consider the General Power of Attorney that empowered the developer to develop and sell, lease or mortgage his share of land before sanctioning detailed building plans for a Golf Course with 460 guest houses. This allowed the Developer to sell the guest houses as independent villas to prospective owners, apart from violating BDA's zonal regulations.**

Section 81-B of the Karnataka Town and Country Planning Act, 1961, read with Section 67 of the Bangalore Development Authority (Authority) Act, 1976, empowers the Authority to be the local Planning Authority and also to exercise the power, perform the functions and discharge the duties of the local Planning Authority for the local planning area comprising the City of Bengaluru. The

Zoning Regulations of the Revised Master Plan-2015 for Bengaluru specify permissible land use in the Agricultural land zone. As per the regulations, if the area of the land is more than 40 ha in extent, Golf Course along with ancillary uses *viz.*, administrative office, guest rooms/guest houses and dining facilities are permissible which is for the benefit of persons using golf course. The Zonal Regulations define a 'guest house' as a premises for housing the staff of Government, semi-Government, Public Undertaking and Private Limited Company for short duration.

The Deputy Commissioner, Bengaluru District, accorded (October 2012) approval for conversion of land use from agricultural to non-agricultural golf course purpose to owners of land in Survey number 27 to 42, and 56 of Vaderahalli village, Bengaluru East (Property). The approval was for development of a Golf Course and ancillary units with the condition that the land was to be used for the purpose for which it was intended and construction activities would be undertaken after obtaining approval from the zonal development authorities. Subsequently, the landowners applied to the Authority for sanction of development plan for a Golf Course with ancillary units (August 2012). The Authority approved the non-residential development plan on 21 January 2013 for a Golf Course and ancillary units and issued work order on 24 June 2013.

It was, however, observed that after the work order was issued and before the detailed building plan was sanctioned, the landowner entered (28 June 2013) into a Development Agreement with M/s. Prestige Estates Projects Limited (Developer) to develop the Property and for its sale. The landowner also executed on 29 June 2013, a GPA in favour of the developer, empowering the developers to sell or otherwise dispose of by way of sale, lease, mortgage, exchange or otherwise *67 per cent* divided and/or undivided share in the land in the said property.

We observed that the said GPA was submitted along with other documents to BDA prior to seeking sanction for the detailed building plan. However, despite possessing the GPA, which altered the scope of the Development plan sanctioned, BDA sanctioned the detailed building plan (December 2013) for construction of golf course with 460 Guest Houses on remittance of prescribed fees and charges.

We also observed that the developer had launched a residential project 'Prestige Augusta Golf Village' which was presented as a unique development of 460 luxury villas and twin houses spread over 104 acres of land designed around a nine hole Golf Course.

Thus, BDA's failure to consider the GPA before sanctioning detailed building plan resulted in deviation from the approved development plan, as the developer continued to develop, advertise and sell guest houses to prospective owners violating the norms stipulated in the Zoning Regulations. BDA also failed to



monitor compliance to zoning regulations as the developer sold the guest houses as residential units in agricultural land zone.

Government stated (December 2016) that notice was served to M/s.Prestige Estate Projects Limited seeking reasons for contravening the scope of the Development plan approved by the Authority. Further, it was stated that as the reply forwarded by the developer was not satisfactory, the sanction for building plan was recalled (July 2016). It has also directed the builder to stop further works and remove the structure so far constructed. In the event of failure to comply with these directions, the Authority would undertake the work of removal of structures at the cost of the developer. The reply is, however, silent on the time frame by which this work is to be completed.

BDA needs to take preventive measures and put in place a mechanism to continuously monitor adherence to its norms, especially for large projects to protect unwary buyers who invest in such properties. Failure to do so may result in severe losses to the buyers since BDA may subsequently deny occupancy certificates or destroy the building as those would be illegal structures.

**Department of Urban Development and  
Department of Housing**

**3.11 Non-availability of Underground Drainage facility due to  
injudicious entrustment of the scheme to Karnataka Housing  
Board**

**Injudicious entrustment of Underground Drainage works to Karnataka Housing Board resulted in non-provision of Underground Drainage facility for Shikaripura town even after seven years from the scheduled date of completion. It also resulted in unfruitful expenditure of ₹14.38 crore on incomplete works, avoidable expenditure of ₹0.50 crore for third party inspection besides liability to incur ₹1.73 crore for rectification of non-maintained works.**

In order to provide pollution-free environment to the town of Shikaripura in Shivamogga district, the Karnataka Urban Water Supply and Drainage Board (KUWS&DB) prepared (July 2006) an estimate of ₹15.50 crore for an Underground Drainage (UGD) Scheme. The State Government accorded (August 2006) administrative approval for the scheme and entrusted (January 2007) the said work to Karnataka Housing Board (KHB). KHB then entered into an agreement (January 2008) with M/s.GVPR Engineer Private Limited, Hyderabad (agency) for the said scheme, which involved laying of sewer pipes and transmission lines, construction of manholes, wet wells as well as septic tanks, sewage treatment plant (STP) and staff quarters. The cost of the project was ₹15.44 crore after negotiation with the period of execution being 18 months.

- We observed that 31 Acres 29½ guntas of land in Gabburu Village were required for STP, the acquisition of which was quashed by the Hon'ble High Court (March 2010) on the grounds that KHB had no jurisdiction to acquire land for the benefit of KUWS&DB. Thus, entrustment of the scheme to KHB was injudicious as the underground drainage schemes are not under jurisdiction of KHB as per the KHB Act, 1962.
- Subsequently, failing to acquire land, KHB adopted Sequential Batch Reactors (SBR) technology for setting up of a STP which required only two acres of land, for which the local authority transferred (June 2011) 2 acres and 3 guntas of Government land, situated five kms away from the previous site. Proposal for STP on SBR technology was submitted (July 2011) to State Government for its approval. Meanwhile, the agency requested (June 2011) for revision of rates citing the delay in completion of work attributable to KHB. The agency stopped (April 2012) the work when no action was taken up on its request for revision of rates. At the time of stoppage of work, an amount of ₹14.38 crore had been paid to the agency.

The Government accorded (December 2012) administrative approval for the new STP with SBR technology at a cost of ₹10.23 crore with the condition that the remaining work is to be transferred to KUWS&DB after conducting third party inspection of work and completion of all rectification works by KHB. The third party inspection was entrusted (December 2014) only after a lapse of two years to M/s.WAPCOS Limited at a cost of ₹49.50 lakh. The third party inspection report (August 2015) observed that the manholes and pipelines were severely damaged at various places because of non-maintenance of the partially completed works, since those were stopped abruptly by the agency in April 2012. It estimated ₹1.73 crore for rectification of above works, which was avoidable as without acquiring land, works completed could neither be utilised nor maintained, resulting in damages to manholes, pipelines *etc.*

- It was decided in a meeting (December 2014) between KUWS&DB and KHB that the latter had to complete all the required works up to the proposed wet well at Kumdvathi and the KUWS&DB had to undertake all the remaining works required from the wet well at Kumdvathi to the STP. However, we observed that no action has been initiated by the KHB to undertake works required for handing over the project to the KUWS&DB.
- We also observed that KUWS&DB technically sanctioned (May 2015) the estimates for the STP and entered into an agreement (March 2016) with M/s.EUROTECH Private Limited for construction and operations and maintenance of STP at a cost of ₹6.56 crore without ensuring the completion of the UGD network. Unless the UGD network is completed the utility of the STP was doubtful.

Thus, injudicious entrustment of the UGD work to KHB and failure of KHB to maintain the partially completed works or conduct timely third party inspection

resulted in unfruitful expenditure of ₹14.38 crore on incomplete works, avoidable expenditure of ₹0.50 crore for third party inspection besides a liability of ₹1.73 crore for rectification of damaged works. It also resulted in denial of UGD facility to Shikaripura even after seven years of its originally envisaged completion date.

The Government replied (December 2016) that action has been initiated to obtain approval from the Department of Urban Development for executing additional and balance works including rectification works.



(L. Angam Chand Singh)  
Principal Accountant General  
General and Social Sector Audit  
Karnataka

Bengaluru  
The 04 MAR 2017

Countersigned



(Shashi Kant Sharma)  
Comptroller and Auditor General of India

New Delhi  
The 06 MAR 2017



# Appendices



## Appendix-1.1

(Reference: Paragraph-1.7.1, Page-8)

Year-wise breakup of Inspection Reports and paragraphs outstanding in respect of Health and Family Welfare Department (upto 31 March 2016)

Year	Health & Family Welfare		Drugs Control		Medical Education		Ayush		Health & Family Welfare (Autonomous)		Total	
	Number of IRs	Number of paras	Number of IRs	Number of paras	Number of IRs	Number of paras	Number of IRs	Number of paras	Number of IRs	Number of paras	Number of IRs	Number of paras
Upto 2006-07	59	102	04	05	07	08	11	13	07	46	88	174
2007-08	12	20	-	-	03	06	01	01	-	-	16	27
2008-09	21	45	-	-	02	02	01	01	02	21	26	69
2009-10	16	32	-	-	-	-	-	-	-	-	16	32
2010-11	36	98	-	-	04	08	03	06	01	01	44	113
2011-12	21	63	-	-	03	06	01	01	01	08	26	78
2012-13	34	156	-	-	01	03	05	10	02	25	42	194
2013-14	45	257	01	03	02	02	06	24	-	-	54	286
2014-15	34	259	04	13	01	03	09	59	01	08	49	342
2015-16	34	345	05	28	01	11	06	55	-	-	46	439
<b>Total</b>	<b>312</b>	<b>1,377</b>	<b>14</b>	<b>49</b>	<b>24</b>	<b>49</b>	<b>43</b>	<b>170</b>	<b>14</b>	<b>109</b>	<b>407</b>	<b>1,754</b>

## Appendix-1.2

(Reference: Paragraph-1.7.3, Page-9)

## Details of Departmental Notes pending as of 31.12.2016 (Excluding General and Statistical Paragraphs)

Sl. No.	Department	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	Total
1	Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	-	-	01
2	Education	-	-	-	-	-	-	-	-	-	-	-	-	03	-	-	-	01	04	02	10
3	Finance	-	-	-	-	01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01
4	Horticulture																		01	-	01
5	Information, Tourism, Kannada & Culture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	-	-	01	-	02
6	Labour	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	01	-	01	03
7	Revenue	-	01	-	-	-	-	-	-	-	-	-	-	01	-	-	04	03	01	-	10
8	Social Welfare	-	01	01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	02
9	Urban Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	04	05	09
10	Agriculture, Forest, Home & Transport	01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01
11	Department of Minority Welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	-	01
12	Health and Family Welfare Department ( Medical Education)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	02	03
13	Personnel and Administrative Reforms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	01
14	Women and Child Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	01
<b>Total</b>		<b>01</b>	<b>02</b>	<b>01</b>	<b>-</b>	<b>01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>04</b>	<b>-</b>	<b>01</b>	<b>05</b>	<b>06</b>	<b>13</b>	<b>12</b>	<b>46</b>



## Appendix-1.3

(Reference: Paragraph-1.7.4, Page-9)

## Paragraphs (excluding General and Statistical) yet to be discussed by PAC as of 31.12.2016

Sl. No.	Department	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	Total
1.	Agriculture	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	1	-	-	04
2.	Animal Husbandry and Veterinary Services	-	-	-	-	-	3	1	1	2	-	-	-	1	-	-	-	-	1	-	1	-	-	-	10
3.	Education	2	1	4	5	1	-	1	2	2	1	1	1	-	2	2	1	3	2	-	-	1	4	02	38
4.	e-governance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	01
5.	Finance	-	-	-	-	-	-	-	-	1	-	-	-	-	1	-	1	-	-	-	-	-	-	-	03
6.	Health and Family Welfare	3	-	1	4	4	1	2	2	1	-	-	-	-	-	-	-	1	-	-	1#	-	-	-	20
7.	Home	-	2	2	-	2	-	-	2	-	2	-	-	-	-	-	-	-	-	2	-	2	3	02	19
8.	Horticulture	-	-	-	-	1	1	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	1	-	04
9.	Housing	-	-	-	2	-	-	-	-	-	-	-	-	1	1	1	-	-	-	1	-	3^	2	02	13
10.	Information, Tourism, Kannada and Culture	-	-	-	-	-	-	3	1	-	-	-	-	1	-	-	-	-	-	1	-	-	1	-	07
11.	Labour	-	-	-	-	-	-	-	-	-	1	-	1	-	-	1	-	1	-	-	1	1	-	01	07
12.	Legislature Secretariat	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01
13.	Revenue	-	-	-	1	1	1	-	1	-	-	-	-	1	1	-	-	1	-	-	4	4	1	-	16
14.	Social Welfare	-	-	-	2	-	3	3	1	1	-	-	-	-	-	1	-	-	-	-	-	-	-	-	11
15.	Urban Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1	4	06+1*	9	10	05	37
16.	Women & Child Development	-	-	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	01	03
17.	Youth Services and Sports	-	-	-	-	-	2	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	04
18.	Agriculture, Forest, Home & Transport	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01
19.	H&FW, PWD, & RDPR	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	01
20.	Forest, Ecology & Environment, Urban and H&FW	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	01
21.	Department of Minority Welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	-	01
22.	Department of Medical Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	02	01	02	05
23.	Personnel and Administrative Reforms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	01	01
<b>Total</b>		<b>5</b>	<b>3</b>	<b>7</b>	<b>14</b>	<b>13</b>	<b>11</b>	<b>10</b>	<b>13</b>	<b>7</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>8</b>	<b>14</b>	<b>24</b>	<b>24</b>	<b>16</b>	<b>208</b>

\*Standalone report on "Denotification and allotment of land by Bangalore Development Authority" is partially discussed by PAC

# Para 2.1 of Report No 2 of the year 2013- "Procurement and Distribution of drugs and chemicals" is partially discussed by PAC.

^ includes Standalone report - Performance Audit of Acquisition and Development of land allotment of sites /houses/flats by Karnataka Housing Board for the year ended 31 March 2013 is partially discussed by PAC.

**Appendix-2.1**  
**(Reference: Paragraph-2.1.6, Page-16)**  
**List of selected schemes**

Sl. No.	Division	Name of the Scheme	Category	Status	Maintained by
1	Belagavi	Bailahongal	WSS	Completed	ULB
2	Vijayapura	Sindagi	WSS	Completed	ULB
3	Vijayapura	Muddebihal	WSS	Completed	ULB
4	Shivamogga	Shikaripur	WSS	Completed	Without Government Order by Board
5	Kolar	Chikkaballapur	WSS	Ongoing	
6	Kolar	Chikkaballapur	WSS	Completed	ULB
7	Hassan	Channarayapatna	UGD	Completed	ULB
8	Hassan	Belur	WSS	Completed	Defect liability period
9	JnNURM	A WSS for Mysuru city (River Kabini as source)	WSS	Completed	Without Government Order by Board
10	Ballari	Ballari	UGD	Completed	Without Government Order by Board
11	Belagavi	Hukkeri	WSS	Ongoing	
12	Belagavi	Sadalaga	UGD	Ongoing	
13	Ballari	Devdurga	UGD	Ongoing	
14	Ballari	Yelburga	WSS	Completed	Defect liability period
15	Vijayapura	Thalikote	UGD	Ongoing	
16	Vijayapura	Muddebihal	UGD	Ongoing	
17	Hassan	Chickmagalur	UGD	Ongoing	
18	JnNURM	Remodeling of Distribution System, Mysuru	WSS	Completed	ULB
19	Kolar	Kolar, Malur, Bangarpet, Mulbagal and Enroute Villages.	WSS	Ongoing	
20	Shivamogga	Bhadravathi	WSS	Ongoing	
21	Shivamogga	Sagar	UGD	Ongoing	
22	Vijayapura	Vijayapura	WSS	Completed	Maintained by Board
23	Vijayapura	Mahalingapura	WSS	Completed	Deemed to have been handed over to ULB
24	Vijayapura	Mudhol	WSS	Completed	Deemed to have been handed over to ULB
25	Belagavi	Soundatti	UGD	Ongoing	
26	Hassan	Arasikere	WSS	Ongoing	
27	Mysuru	Nanjanagud	UGD	Ongoing	
28	Bengaluru	Channapatna	UGD	Ongoing	
29	Belagavi	Chikkodi	WSS	Completed	Deemed to have been handed over to ULB
30	Kolar	Kolar II stage	UGD	Completed	Deemed to have been handed over to ULB
31	Vijayapura	Guledgudda	WSS	Completed	Defect liability period
32	Shivamogga	Bhadravathy	UGD	Completed	ULB
33	Bengaluru	Ramanagara	UGD	Completed	ULB (Deemed to have been handed over to ULB)
34	Bengaluru	Vijayapura	WSS	Completed	ULB
35	Kolar	Mulabagilu	WSS	Ongoing	

## Appendix-2.2

(Reference: Paragraph-2.1.8.3(e), Page-28)

## Statement showing excess provision of escalation charges in the approved estimates

(₹ in lakh)

Sl. No.	Name of the scheme	Approved estimate	Estimate excluding ETP, escalation, contingency etc.	Escalation to be provided as per KPWD code	Escalation provided	Difference
1	WSS for Muddebihal	1,386.00	1,050.40	52.52	126.05	73.53
2	WSS for Guledgudda	5,992.00	4,714.61	235.73	565.75	330.02
3	WSS for Bailahongal	3,400.00	2,557.10	127.86	306.85	179.00
4	WSS for Mudhol	1,299.36	1,035.43	51.77	139.68	87.91
5	UGD for Ballari	499.00	383.50	19.18	46.02	26.85
6	WSS for Mahalingapur	1,144.76	881.09	44.05	122.30	78.25
7	WSS for Yelburga	1,135.00	846.00	42.30	76.14	33.84
8	WSS for Sindagi	936.00	767.80	38.39	46.07	7.68
9	UGD for Deodurga	720.00	554.26	27.71	66.51	38.80
	<b>Total</b>	<b>16,512.12</b>	<b>12,790.19</b>	<b>639.51</b>	<b>1,495.37</b>	<b>855.86</b>

(Source: Information furnished by the Board)

**Appendix-2.3**  
**(Reference: Paragraph-2.1.8.4, Page-29)**

**Total quantity of backwash water not utilised due to non-recycling in the  
test-checked districts**

SL. No	Name of the Scheme	Capacity of Water Treatment Plant (in MLD)	Capacity of the Back wash Tank (in lakh litre)	Quantity of treated water used for Backwashing (in Litre) per day*	Mode of Disposal
1	Guledgudda WSS	13.84	2.15	5,50,000	Filter Backwash water is discharged into open drain.
2	Muddebihal WSS	6.54	2.50	5,00,000	Filter Backwash water is discharged into open drain.
3	Mudhol WSS	9.08	2.50	5,00,000	Filter Backwash water is discharged into open drain.
4	Bailahongal WSS	21.50	5.00	10,00,000	Filter Backwash water is discharged into open drain.
5	Chickballapur WSS	14.85	4.25	8,50,000	Filter Backwash water is discharged into open drain.
6	Belur WSS	4.54	2.50	5,00,000	Filter Backwash water is discharged into open drain.
7	Yelburga WSS	2.75	2.00	4,00,000	Filter Backwash water is discharged into open drain.
8	VijayapuraWSS	38.00	10.00	20,00,000	Filter Backwash water is discharged into open drain.
9	Mysuru JnNURM WSS	56.00	10.00	20,00,000	Filter Backwash water is discharged into open drain.
10	Chikkodi WSS	9.00	3.86	7,72,000	Filter Backwash water is discharged into open drain.
	<b>TOTAL</b>		<b>45.36</b>	<b>90,72,000</b>	

\*Quantity worked out considering back wash of filter bed done twice daily.

**Appendix-2.4**  
**(Reference: Paragraph-2.1.9.1, Page-30)**

**Statement showing delay in execution of the Water Supply Schemes**

Sl. No	Name of the Scheme	Date of administrative approval	Date of commencement of work	Due date of completion of work	Actual date of completion	Extent of delay in days
1	Mahalingapura WSS	22-Aug-03	29-Oct-04	9-Jun-06	20-Jan-12	2,046
2	Muddebihal WSS	04-Sep-08	13-Mar-09	12-Sep-10	31-Mar-12	566
3	Mudhol WSS	22-Aug-03	25-Apr-05	4-Nov-06	26-Sep-14	2,878
4	Sindagi WSS	31-Mar-10	14-Mar-11	13-Sep-12	23-Apr-13	224
5	Guledgudda WSS	09-Feb-09	04-Dec-09	03-Jun-11	05-Aug-14	1,157
6	Bailahongal WSS	12-Jan-09	30-Oct-09	26-Apr-11	23-Sep-14	1,212
7	Vijayapura WSS	11-Jan-08	16-Jan-09	15-Jul-10	08-Nov-12	844
8	Yelburga WSS	17-Jan-06	15-Oct-07	23-Apr-09	25-Dec-15	2,438
9	Chikkodi WSS	11-Jan-08	30-Mar-09	29-Sep-10	08-May-14	1,316
10	Shikaripura	18-Nov-08	18-Nov-08	30-Sep-08	21-Oct-10	751
11	Belur	02-Mar-10	13-May-11	30-Nov-12	31-Jul-15	973

(Source: Information furnished by the Board)

**Appendix-2.5**  
**(Reference: Paragraph-2.1.10, Page-33)**  
**List of schemes maintained by Board**

Sl.No.	Name of the Water Supply Scheme	Up to
1.	Kushalanagara	Consumer point
2.	Bethamangala (KGF)	Consumer point
3.	Hubballi-Dharwad	Consumer point
4.	Mandya	Consumer point
5.	Ramanagara	Consumer point
6.	Channapatna	Consumer point
7.	Belagavi	Consumer point
8.	Vijayapura	Consumer point
9.	Kalaburagi	Consumer point
10	Karwar-Ankola	Bulk Supply
11.	Ballari	Bulk Supply

(Source: Information furnished by the Board)

**Appendix-2.6**






**(Reference: Paragraph-2.1.10.3(a), Page-35)**

**Statement showing inadequate deployment of operation and maintenance staff in Water Treatment Plants**



Sl. No.	Name of ULB	Capacity in MLD	Operators/Helpers/Fitters			Electricians/Mechanic			Watchmen			Total Short deployment
			Reqd.	MIP	Shortage	Reqd.	MIP	Shortage	Reqd.	MIP	Shortage	
1	Chikkodi	7.84	19	20	-1	2	0	2	6	0	6	7
2	Bailahongal	21.50	19	12	7	2	2	0	6	0	6	13
3	Sindagi	10.00	19	17	2	2	0	2	6	0	6	10
4	Muddebihal	6.54	19	7	12	2	0	2	6	6	0	14
5	Chikkaballapur	14.85	19	18	1	2	0	2	6	0	6	9
6	Belur	9.00	19	4	15	2	0	2	6	4	2	19
7	Shikaripura	7.43	19	13	6	2	0	2	6	0	6	14
	<b>Total</b>		<b>133</b>	<b>91</b>	<b>42</b>	<b>14</b>	<b>2</b>	<b>12</b>	<b>42</b>	<b>10</b>	<b>32</b>	<b>86</b>

(Source: Information furnished by the ULBs)

**Appendix-2.7**  
**(Reference: Paragraph-2.1.10.3(b), Page-36)**  
**Joint inspection findings of test-checked UGD schemes**

Place	Findings	
Kolar	<ul style="list-style-type: none"> <li>• The bunds in STP were covered with vegetation</li> <li>• Only one 20 HP pump out of three were found working. Two 60 HP pumps were lying idle.</li> <li>• Due to non-availability of fuel, the DG sets were not in operation.</li> <li>• Untreated sewage left in open causing environmental pollution. The Board stated (September 2016) that inspite of repeated requests, the ULB had not taken over the scheme. Further, it stated that as Board had no provision for taking up maintenance suo-moto, the assets created were not put to use. The reply is not acceptable as the Board had neither brought to the notice of the Government nor had made efforts to get funds for its maintenance.</li> </ul>	  
Bhadravathi	<ul style="list-style-type: none"> <li>• Inflow of raw sewage to the STP was minimal.</li> <li>• Raw sewage entered directly into the river Bhadra. This was confirmed by the test report of Karnataka State Pollution Control Board.</li> </ul>	
Ramanagara	<ul style="list-style-type: none"> <li>• Sewer lines damaged during construction of bridge. As a result, the sewage was entering nearby villages.</li> <li>• No inflow to the STP and hence no sewage was being treated.</li> </ul>	



Place	Findings	
Channarayapatna	<ul style="list-style-type: none"><li>The UGD II Stage to Channarayapatna on completion (March 2013) was handed over to the ULB. As per the letter of ULB (September 2015), the STP was not being maintained due to non-availability of approach road. Audit in joint inspection observed that the STP was surrounded by agricultural fields.</li></ul>	 <p>01 April, 2016</p>
	<ul style="list-style-type: none"><li>Also, it was observed that transmission main as well as manholes near STP were damaged and hence sewage was let out in a trench. The Board stated (September 2016) that there was free access to STP at the time of handing over of project to ULB. Hence ULB was responsible for its maintenance.</li></ul>	 <p>01 April, 2016</p>

**Appendix-3.1**  
**(Reference: Paragraph-3.1.6.1, Page-47)**  
**List of test-checked child-centric schools**

Sl.No.	Name of the School	District
1	Belgaum Integrated Rural Development Society (BIRDS) Residential Deaf School for Deaf	Belagavi
2	Ajeya Deaf & Dumb Residential school	Belagavi
3	Adarasha Blind school	Ballari
4	G Chengareddy memorial Mentally Retarded Residential School	Ballari
5	Spandana Mentally Retarded School	Tumakuru
6	Sunaad Deaf School	Bengaluru
7	Priyadarshini Residential Blind School, Kengeri	Bengaluru
8	Vidyaranya Mentally Retarded school, Yalahanka	Bengaluru
9	Spurthi Mentally Retarded School, Mandur	Bengaluru
10	Shathashruna Residential Deaf school ,Tavarekere	Bengaluru
11	Karnataka Welfare Association for the Blind Residential School, Sheshadripuram	Bengaluru
12	Mouneshwari Deaf & Dumb Residential School	Davanagere
13	Bhavaikyatha Mentally Retarded Residential School	Davanagere
14	Guruchandrashekara Deaf & Dumb Residential School, Zalki, Indi Taluk	Vijayapura
15	Jnanavikasa Deaf & Dumb School Residential school, Pandavapura	Mandya
16	VKG Blind & handicapped children Residential school, Afazalpur	Kalaburagi
17	Daughters of our Lady of Mercy Residential School for the Hearing Impaired	Mysuru

**Appendix-3.2**  
**(Reference: Paragraph-3.1.8.3, Page-62)**  
**Details of non-renewal/delayed renewal of registration**

District	Name of the institution	Registration valid upto	Registration renewal date	Delay (No of months)
Ballari	The Adarsha Residential school for the blind	18/02/2008	23/11/2012	51
	Tamanna Day Care centre for Mentally Retarded Children	14/06/2013	Not Renewed	
	Sri Mukkaneshwara Education Trust	09/10/2011	25/11/2013	24
Mandya	Montfort Educational Charitable Trust of the Brothers of St.Gabiel Organisation	07/11/2007	Renewed every year	
	Jnanavikasa School for the Deaf	01/02/2008	Not Renewed	
	NingammaDasegowda school for Deaf	07/02/2008	Not Renewed	
	Ashasadana School for Mentally Retarded	01/05/2008	Renewed every year	
	PreethiNilaya School for Mentally Retarded	01/05/2008	Not Renewed	
	Prerana Disabled Trust	25/06/2009	Not Renewed	
	MOB Rural Health Centre	17/08/2011	Not Renewed	
	Bhagavan Buddha Social & Education Institution	27/08/2011	Not Renewed	
	Indian Red Cross Society- District Branch	17/11/2012	Not Renewed	
	Karnataka State Blind Welfare Trust	17/03/2014	Not Renewed	
Mysuru	Karunalaya Charitable Trust	04/04/2014	Not Renewed	
	Parents Association for Empowering Developmentally disabled	04/08/2014	Not Renewed	
	Aashiyana Trust	04/08/2014	28/03/2016	19
	JMJ Residential School for the Mentally Challenged	08/11/2014	20/04/2015	5
	DivyaJyothi Charitable	03/11/2014	19/06/2015	7
	Mythree Charitable Trust	20/12/2014	Not Renewed	
	Niriksha school for special children	20/12/2014	09/04/2015	4
	National Association for the Blind	16/01/2015	Not Renewed	
	Karuna Trust	24/10/2015	Not Renewed	
	National Fedration of the Blind	07/12/2015	Not Renewed	
Davanagere	Indian Red Cross Society	30/07/2011	Not Renewed	
	JagajyothiBasaveshwaraVidyaSamstheDavanagere	28/04/2012	Not Renewed	
	Sri MarulaSiddeshwaraResidential School for Mentally Retarded	10/09/2012	Not Renewed	
	DDRC	10/09/2012	Not Renewed	
Kalaburagi	VinayakVidya Trust, Sharna Nagar, Kalaburagi-Parivarthana	28/10/2014	Not Renewed	
	National Banjara Educational Society – Anjana Deaf and Dumb Residential Girls School	09/02/2008	Not Renewed	
	DakshinBharath Dalit Education Society - Siddhartha Deaf school	January 2012	Not Renewed	
Vijayapura	ShriShivasharanaHaralayyaAndharaSamsthe	20/06/2014	Not Renewed	
	AishwaryaMahilaSamsthe	20/06/2014	Not Renewed	
	SiddeshwaraVidyaPeetha	05/01/2012	Not Renewed	

(Source: Information collected from the Department)

**Appendix-3.3**  
**(Reference: Paragraph-3.1.8.3, Page-62)**  
**Details of bank accounts opened without authorisation**

District	Name of the DDO	Bank account No	Name of the Bank	Closing balance (in ₹) & date
Mysuru	Superintendent, Government Blind School	54002949251	State Bank of Mysore	2,75,504 (14.01.2016)
Kalaburagi	Superintendent, Government Blind School	13012186010420	Syndicate Bank	35,385 (07.04.2016)
Kalaburagi	Superintendent, Government Deaf School	62003162275	State Bank of Hyderabad	15,589 (05.08.2016)
Kalaburagi	DDWO	11190101011119	Pragathi Krishna Grameena Bank	1,51,770 (04.07.2016)
		62055704456	State Bank of Hyderabad	11,12,634 (27.07.2016)
Tumakuru	DDWO	10774882612	State Bank of India	9,87,527 (30.04.2016)
Mysuru	DDWO	114201010012793	Vijaya Bank	42,32,143 (31.03.2016)
Bengaluru Urban	DDWO	54014663031	State Bank of Mysore	4,50,090 (03.08.2015)
Belagavi	Superintendent, Manasa Kendra	2016321/17061117913	Karnataka Vikas Grameen Bank	9,599 (24.03.2016)
Belagavi	DDWO	17061027347	Karnataka Vikas Grameena Bank	30,83,285 (19.03.2016)
Ballari	DDWO	0506101021327	Canara Bank	39,34,053 (20.07.2016)
Vijayapura	DDWO	1700310007829	Kotak Mahindra	12,55,814 (02.08.2016)
Ballari	Superintendent, Government Deaf School	64013555861	State Bank of Mysore	5,098 (21.07.2016)
Mandya	DDWO	0516101044555	Canara Bank	57,14,855 (24.06.2016)

(Source: Information collected from the Department)