सत्यमेव जयते

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

for the year ended March 2019

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Government of Karnataka

Report No.3 of the year 2020

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

For the year ended March 2019

Government of Karnataka

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Preface

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2019 has been prepared for submission to the Governor of Karnataka under Article 151 (2) of the Constitution to be tabled in the State Legislature.

The report contains significant results of performance audit and compliance audit of the Departments and Autonomous Bodies of Departments of the Government of Karnataka under the General and Social Sectors including Departments of Collegiate Education, Health and Family Welfare Services, Housing, Labour, Medical Education, Revenue, Rural Development and Panchayat Raj and Urban Development.

The instances mentioned in this report are those, which came to notice in the course of test audit for the period 2018-19 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 2018-19 are also included, wherever found necessary.

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

OVERVIEW

Overview

This Report of the Comptroller and Auditor General of India (C&AG) contains one performance audit and 17 paragraphs relating to suspected fraudulent/excess payments, unfruitful/avoidable expenditure, fictitious purchases, irregularities in allotment, lapses in internal control, short/non-recoveries, shortcomings in implementation of rules and programmes, *etc*., involving ₹2,809.97 crore. The major findings are mentioned below:

Performance Audit

Department of Health and Family Welfare Services

Arogya Kavacha – 108 Project

Emergency medical services (EMS) is defined as the system that organises all aspects of care provided to patients in the pre-hospital or out-of-hospital environment. It is a critical component of health systems and is necessary for improving outcomes of injuries and other time-sensitive illnesses. Government of Karnataka aimed to provide a comprehensive Emergency Response Service, from the time of event occurrence to shifting to an appropriate hospital, through a single toll free number '108' for which, it had entered into a Public Private Partnership arrangement (Design, Build, Operate and Maintain model) with GVK Emergency Management Research Institute, Secunderabad through a Memorandum of Understanding (MOU).

(Paragraph 2.1.1)

The success of EMS is largely dependent on its responsiveness to emergencies and the adequacy of the infrastructure in place. The performance audit conducted for the period 2014-15 to 2018-19 intended to ascertain whether EMS was appropriately responsive and equipped to deliver quality pre-hospital emergency care and the Information and Communication Technology deployed in the project was supporting the overall activities and the objective of delivering quality emergency care adequately. Though the project envisaged catering to police, fire and medical emergencies, 99 *per cent* of the emergencies attended to were medical emergencies.

(Paragraph 2.1.5)

Audit noticed that EMS fell short of achieving the desired objectives completely. The project aimed to reach the patients/sites within 20 minutes on an average in urban areas and 30 minutes on an average in rural areas. However, rural-urban classification of data was not available. Hence, maximum 30 minutes' response time was considered for audit analysis and we noticed that this was achieved in only 72 *per cent* of the cases. The response time comprised triage time, chute time and travel time. The triage time was more than the stipulated three minutes in 47 *per cent* of the cases. In 85 *per cent* cases, the chute time was more than the stipulated one minute and was up to 100 minutes and beyond in few cases. Studies indicate that the response time for cardiac, respiratory and stroke cases was to be less than 10 minutes. However, the ambulances reached the patients after the stipulated 10 minutes in 62, 66 and 63 *per cent* cases respectively. In 50 *per cent* of the trauma cases, the patients were admitted to the hospital after the crucial one-hour time. In the absence of adequate follow-up data, the impact on the final outcome of the patients could not be ascertained.

(Paragraph 2.1.9.4 and 2.1.9.5)

The total calls received comprised 64 *per cent* ineffective calls, out of which no response and disconnected calls were 42 and 34 *per cent* respectively. The callers were called back only in three *per cent* of the disconnected cases indicating absence of call monitoring mechanism.

(Paragraph 2.1.9.2)

Pre-arrival instruction is a critical component in EMS. There was no mechanism in place for alerting the hospitals in advance about arrival of ambulances. In 18 *per cent* of the cases, there was a delay in handing over the patients beyond 15 minutes because of which 1.75 lakh ambulance hours were lost. This was compounded by the delay in reporting closure of cases by the crew even after reaching the base station leading to loss of 31.87 lakh ambulance hours. Ambulances were despatched only in 3.74 lakh cases out of the 8.87 lakh requests transferred to vehicle busy desk. The allocation of ambulances was not based on criticality of emergencies as ambulances with Basic Life Support system were allocated in 75 *per cent* of the cases to critical emergencies such as cardiac, respiratory and trauma that required allocation of Advanced Life Support systems.

(Paragraph 2.1.9.6, 2.1.9.7 and 2.1.10.4)

The project adopted population as the criteria for deployment of ambulances. In the absence of policy regarding positioning/location of the ambulances, we observed that ambulances were stationed mainly within the Government hospital premises and not within the vicinity of black spots. The round trips undertaken by the ambulances impacts the responsiveness of EMS.

(Paragraph 2.1.10.2)

There were 20 and 21 *per cent* vacancies in the post of ambulance drivers and emergency management technicians respectively. The shortage of ambulance staff led to ambulances remaining off the road for 41,342 days during the audit period. Emergency Response Centre Physicians (ERCPs) were required to provide virtual medical directions to EMTs who were in the field. There were only three ERCPs available at the emergency response centre. The percentage of unanswered calls by ERCPs was 58.20 and 65.52 during 2017-18 and 2018- 19.

(Paragraph 2.1.15)

There was no strategic management plan to ensure the availability of EMS to disadvantaged sections such as people living in remote/tribal areas, marine fishermen etc. In addition, assessment of effective response time for different categories of emergencies, pre-alerting mechanism, monitoring of patient outcomes, upgradation of ICT infrastructure and research of effectiveness of pre-hospital care remained out of the purview of the top management at Government level.

(Paragraph 2.1.17.1)

Validation procedures were absent which resulted in incomplete data, back-end insertion of data and incorrect reporting. Back up plans, incident management and business continuity plans that were necessary for taking remedial measures in cases of disruption were not prepared. There were no reporting arrangements between the Government and the Partner. There were 6,411 complaints received from emergency service users during the audit period. However, the Government was not informed of the public grievances by the Partner in the absence of any such mechanism. The State Government did not have access to project databases, which impaired monitoring of the project and the use of data to undertake research and development activities for improving patient care. The State and District level committees, which were supposed to monitor the project were not constituted.

(Paragraph 2.1.9.9, 2.1.16, 2.1.17.3, 2.1.17.4 and 2.1.17.5)

The Government decided to discontinue the association with the Partner before the scheduled 10-year period citing deficiencies in services. However, the existing service provider is continuing as identifying a replacement partner was delayed. The MOU did not provide for an exit strategy plan for fulfilment of the contractual obligations as regards transfer of assets and intellectual property rights. The consequent risk of disruption in implementation of the project could not be ruled out. The project was also not evaluated despite being in operation for over a decade.

(Paragraph 2.1.17.2 and 2.1.17.6)

Compliance Audit

Department of Labour

Functioning of Karnataka Building and Other Construction Workers' Welfare Board

The compliance audit showed that the Board was not able to achieve its objectives as the number of employers and construction workers registered with the Board remained low. There was laxity in taking corrective action on the findings of the previous audit. Absence of adequate checks and balances at the Board continued to exist and the Board suffered from systemic deficiencies relating to shortage of staff, poor publicity of schemes, lack of database, inordinate delays in processing claims, *etc*.

In spite of having the Expert Committee for advising the Government in drafting the rules, there were inconsistencies and unrealistic clauses which led to denial of assistance to construction workers and the Board could utilise only five *per cent* of the available funds on welfare schemes during the period from 2014-15 to 2018-19. The absence of internal control mechanism within the Board resulted in non/short realisation of cess (₹27.09 crore), inadmissible expenditure (₹67.98 crore), avoidable liability towards income tax (₹2,358.94 crore including penal interest) and non-monitoring of investments, *etc*.

Majority of the work at the Board was being managed with contractual staff who even handled cheques/demand drafts and accountability could not be fixed on them.

(Paragraph 3.1)

Rural Development and Panchayat Raj Department

Effectiveness of Social Audit

Though provisions of various schemes mandated conduct of Social Audit, there was no exclusive social authority to oversee the conduct of Social Audit of schemes implemented in the State. The Social Audit Unit in the State established exclusively for MGNREGS was entrusted with Social Audit of other schemes such as NRDWP, SBM, MDM and PDS. However, the Social Audit of these schemes was not a continuous process as in the case of MGNREGS. The inaction of the departments concerned on the findings of Social Audit rendered audit exercise becoming futile.

The Governing body of the SAU had not met regularly which led to absence of monitoring at the top level. This was coupled with the absence of monthly reviews by the State Government. Consequently, the follow up on the Social Audit Reports was weak and less than one *per cent* of the recoveries pointed out in Social Audit Reports was recovered. Concurrent Social Audit was also not conducted as stipulated for want of funds.

(Paragraph 3.2)

Department of Revenue

Suspected fraudulent/excess payment towards purchase of fodder

Doubtful supply of fodder and adoption of incorrect rate for purchase of fodder by Tahsildar, Kollegal resulted in suspected fraudulent payment of ₹9.38 lakh and excess payment of ₹77.51 lakh respectively to the suppliers.

(Paragraph 3.3)

Department of Medical Education

Fictitious purchase of implants/equipment

The Director of the Koppal Institute of Medical Sciences had issued cheques worth ₹64 lakh out of SCP/TSP funds for purchase of implants/equipment which were never indented or supplied.

(Paragraph 3.4)

Procurement of disposables at higher cost

Failure of the Karnataka Institute of Medical Sciences, Hubballi to finalise its tender for procurement of disposables within the scheduled time resulted in re-tendering and additional expenditure of ₹1.18 crore.

(Paragraph 3.5)

Department of Health and Family Welfare Services

Procurement and utilisation of equipment in district/taluk hospitals

Equipment to all the hospitals, as assessed, was not supplied resulting in non-achievement of the objective of the Government to establish ICUs in all district and taluk hospitals. ICUs established at a cost of ₹98.71 lakh in five test checked taluk hospitals and one district hospital were not functional. Besides, the non-utilisation of various equipment resulted in non-availability of clinical/diagnostic services to the patients.

(Paragraph 3.6)

Department of Collegiate Education

Exemption of fee concession not extended to girl students of Government aided private colleges

Non-implementation of the Government order by the Department of Collegiate Education resulted in collection of ₹9.68 crore of tuition and laboratory fee by the Government aided private colleges from the eligible girl students who were exempted from paying it.

(Paragraph 3.7)

Department of Urban Development

Irregularities in allotment of alternative site

Bengaluru Development Authority allotted and registered 14 alternative sites without approval of its Board and in violation of statutory provisions. This resulted in a loss of ₹10.24 crore to the Authority.

(Paragraph 3.8)

Undue benefit to contractor

Bengaluru Development Authority adopted rates of manual excavation for the work to be carried out through machinery resulting in extending undue benefit of ₹1.92 crore to the contractor.

(Paragraph 3.9)

Lapses in internal control procedure resulted in double refunds

Due to lapses in Bengaluru Development Authority's internal control procedure, there were double payment of refunds amounting to ₹8.55 crore in 307 cases. Though the Authority stated that the entire amount except ₹12.11 lakh was recovered, it failed to produce recovery particulars for ₹1.14 crore.

(Paragraph 3.10)

Payments to unauthorised works through false certification

Violation of the provisions of Karnataka Public Works Departmental code by the Engineers of Bengaluru Development Authority with regard to measurement book resulted in false certification of fictitious measurements and led to unauthorised expenditure to the extent of ₹88.91 lakh.

(Paragraph 3.11)

Avoidable expenditure on road side drains works

Adoption of incorrect item and incorrect rates for road side drain works by two Bruhat Bengaluru Mahanagara Palike divisions resulted in avoidable expenditure of ₹1.09 crore.

(Paragraph 3.12)

Avoidable expenditure due to non-reduction of quantity of bitumen during road formation

Non-reduction of quantity of bitumen in bituminous concrete works during road formation by the Engineering offices of Bruhat Bengaluru Mahanagara Palike resulted in avoidable expenditure of ₹82.17 lakh.

(Paragraph 3.13)

Short/non-recovery of royalty

Incorrect computation of royalty on compacted quantities for the various items of work instead of on actual quantities of minor minerals consumed for works and application of incorrect rate resulted in short recovery of royalty of ₹2.15 crore by Road Infrastructure and Ward divisions, Bruhat Bengaluru Mahanagara Palike.

(Paragraph 3.14)

Loss of revenue due to non-recovery of property tax

The Assistant Revenue Officer, Gandhinagar sub-division failed to pursue the recovery of property tax dues towards Kempegowda Metro Station resulting in non-payment of property tax of ₹6.76 crore including interest by Bengaluru Metropolitan Rail Corporation Limited.

(Paragraph 3.15)

Collection of scrutiny fees twice by BBMP resulted in excess collection of licence fee

Collection of full licence fee without deducting the part of licence fee collected as scrutiny fee by the Town Planning department of Bruhat Bengaluru Mahanagara Palike from public resulted in excess collection of licence fee of ₹4.05 crore.

(Paragraph 3.16)

Department of Housing

Loss due to incorrect interpretation of guidelines

Incorrect interpretation of the Government guidelines issued for operation of funds by Karnataka Slum Development Board resulted in loss of interest and penalty amounting to ₹1.20 crore.

(Paragraph 3.17)

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 important results of audit to the notice of the State Legislature. 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, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the follow-up on previous Audit Reports. Chapter-II and Chapter-III of this report contains findings arising out of Performance Audit and observations arising out of compliance audit in Government Departments and Autonomous Bodies respectively.

1.2 Budget profile

The Principal Accountant General (Audit-I), Karnataka, Bengaluru, conducts audit of expenditure under the General and Social Services Sectors incurred by 65 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 position of budget estimates and actual expenditure there against by the State Government during the period 2014-15 to 2018-19 is given in **Table 1.1** below:

Table 1.1: Budget and actual expenditure of the State during 2014-15 to 2018-19

(₹ in crore)

Expenditure	2014-15		2015-16		2016-17		2017-18		2018-19	
	Budget Estimate	Actual	Budget Estimate	Actual	Budget Estimate	Actual	Budget Estimate	Actual	Budget Estimate	Actual
General services	29,570	28,265	30,997	30,799	35,018	31,265	38,009	34,484	45,744	42,655
Social services	42,117	39,366	45,728	46,307	50,960	54,549	55,887	58,652	70,226	67,935
Economic services	32,399	29,971	32,175	33,846	38,277	40,421	43,671	42,856	44,152	48,285
Grant-in-aid & contributions	6,671	6,012	6,549	6,076	5,980	5,686	7,187	6,490	6,167	5,425
Total (1)	**1,10,757**	**1,03,614**	**1,15,449**	**1,17,028**	**1,30,235**	**1,31,921**	**1,44,754**	**1,42,482**	**1,66,289**	**1,64,300**
Capital outlay	20,014	19,622	20,564	20,713	25,716	28,150	32,033	30,667	35,246	34,659
Loans & advance disbursed	477	576	733	657	625	1,934	1,597	5,093	5,817	4,487
Repayment of public debt	6,760	4,812	5,788	4,110	6,841	7,420	8,176	8,269	11,136	11,083
Contingency fund	5	0	5	0	5	0	5	0	5	0
Public accounts disbursement	2,57,940	1,29,574*	2,83,523	1,55,095 *	3,42,036	1,67,154 *	5,09,624	1,94,537 *	5,10,667	2,34,330 *
Closing balance	-	23,901	-	27,118	-	34,354	-	26,184	-	22,004
Total (2)	**2,85,196**	**1,78,485**	**3,10,613**	**2,07,693**	**3,75,223**	**2,39,012**	**5,51,435**	**2,64,750**	**5,62,871**	**3,06,563**
Grand Total (1 + 2)	**3,95,953**	**14,48,099**	**4,26,062**	**3,24,721**	**5,05,458**	**3,70,933**	**6,96,189**	**4,07,232**	**7,29,160**	**4,70,863**

*Does not include investments

Source: Annual Financial Statement and State Finance Audit Reports of respective years

1.3 Application of resources of the State Government

As against the total budget outlay of ₹7,29,160 crore, the application of resources was ₹4,70,863 crore during 2018-19. The total expenditure (Total of Revenue Expenditure, Capital Outlay and Loans and Advances) of the State increased by 64 *per cent* from ₹1,23,812 crore to ₹2,03,446 crore during the period 2014-15 to 2018-19 while the revenue expenditure increased by 59 *per cent* from ₹1,03,614 crore to ₹1,64,300 crore during the same period. The revenue expenditure constituted 80 to 85 *per cent* of the total expenditure while capital expenditure was 15 to 17 *per cent* during the period from 2014- 15 to 2018-19.

During the period from 2014-15 to 2018-19, total expenditure increased at an annual average rate of 13 *per cent* whereas revenue receipts grew at an annual average growth rate of 12 *per cent*.

1.4 Persistent savings

During the last five years, 10 grants showed persistent savings of more than ₹10 crore and which were also five *per cent* or more of the total grants as detailed in **Table 1.2** below:

Table 1.2: Grants indicating persistent savings

(₹ in crore)

Sl. No.	Number and name of the grant	Amount of savings				
		2014-15	2015-16	2016-17	2017-18	2018-19
Revenue (Voted)						
1	1-Agriculture and Horticulture	1,580.11 (26)	803.18 (14)	653.97 (10)	455.50 (7)	1,340.72 (17)
2	4-Department of Personnel and Administrative Reforms	380.37 (35)	90.20 (16)	143.15 (22)	107.10 (14)	165.93 (13)
3	22-Health and Family Welfare	968.97 (16)	904.50 (15)	605.01 (9)	403.91 (6)	427.44 (5)
4	23-Labour and Skill Development	260.82 (33)	126.72 (13)	111.37 (12)	606.35 (36)	204.81 (16)
5	25-Kannada and Culture	70.40 (23)	20.22 (6)	35.62 (11)	38.89 (10)	82.02 (26)
6	27-Law	69.78 (11)	45.28 (7)	72.89 (11)	79.63 (10)	59.28 (6)
7	28-Parliamentary Affairs and Legislation	23.12 (14)	28.94 (16)	24.82 (14)	59.21 (25)	34.33 (18)
Revenue (Charged)						
8	4-Department of Personnel and Administrative Reforms	28.44 (14)	16.24 (7)	23.05 (10)	24.34 (9)	22.67 (15)
Capital (Voted)						
9	3-Finance	12.53 (13)	67.61 (46)	37.97 (33)	38.54 (30)	34.52 (30)
10	11-Women and Child Development	48.73 (41)	64.19 (13)	49.91 (26)	21.56 (11)	71.55 (44)

Note: Figures in brackets indicate percentage of savings to total provision
Source: Appropriation Accounts of relevant years

1.5 Grant-in-aid from Government of India

Grants-in-aid from Government of India showed an increasing trend during the years 2016-17 to 2018-19 as compared to the previous year as shown in **Table 1.3**.

Table 1.3: Grant-in-aid received from Government of India

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Non-Plan grants	3,635	5,548	7,045	-	-
Grants for State Plan schemes	9,097	8,105	8,102	-	-
Grants for Central plan schemes	159	139	116	-	-
Grants for Centrally sponsored schemes	1,729	137	440	11,617	10,393
Other transfers/Grants to States	-	-	-	7,316	11,714
Finance Commission Grants	-	-	-	2,708	3,374
Total	**14,620**	**13,929**	**15,703**	**21,641**	**25,481**

1.6 Authority for conducting Audit

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, give the Comptroller and Auditor General (C&AG) of India the authority for conducting Audit. C&AG conducts audit of expenditure of the Departments of Government of Karnataka under Section 13[1] 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)[2] and 19(3)[3] of the C&AG's (DPC) Act. In addition, C&AG also conducts audit of 298 other Autonomous Bodies, under Section 14[4] 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.

1.7 Organisational structure of the Office of the Principal Accountant General (Audit-I), Karnataka, Bengaluru

Under the directions of the C&AG, the Office of the Principal Accountant General (Audit-I), 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 (Audit-I) is assisted by three Group Officers and various subordinate officers.

1.8 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. The frequency and extent of audit are decided based on risk assessment.

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

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[1] 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.

[2] 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.

[3] Audit of accounts of Corporations established by law made by the State Legislature on the request of the Governor.

[4] 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.

inclusion in the Audit Reports, which are submitted to the Governor of State under Article 151 of the Constitution of India to be tabled in the State Legislature.

During 2018-19, in the General & Social Sector Audit Wing, 3,869 party days were used to carry out audit of 366 units and to conduct one performance audit and two compliance audits.

1.9 Significant audit observations and response to audit

In the last few years, Audit 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.

The Performance Audit and 17 paragraphs included in this report were forwarded demi-officially to the Principal Secretaries / Secretaries of the Departments concerned between July 2019 and December 2019 to send their responses within six weeks. Government replies were received for the Performance Audit and all the paragraphs. The replies are suitably incorporated in the Report.

1.10 Responsiveness of Government to Audit

1.10.1 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 Secretary of the Department to facilitate monitoring of the audit observations.

As on 31 March 2019, 3,437 IRs (18,232 paragraphs) were outstanding against all Departments. Age-wise details of pendency are given in **Table 1.4** below:

Table 1.4: Age-wise details of pendency of IRs and paragraphs

Sl. No.	Age	Number of IRs	Number of paragraphs
1	< 1 year	82	640
2	1-2 years	511	4,623
3	2-5 years	1,308	8,175
4	5-10 years	863	3,226
5	>10 years	673	1.568
Total		**3,437**	**18,232**

Source: Information derived from IR Registers maintained in PAG (Audit I) Office

A review of the pending IRs issued up to March 2019 showed that while two *per cent* of the total IRs were pending *i.e.*, 82 IRs (640 paragraphs) for less than one year, 2,682 IRs (16,024 paragraphs) were pending for more than one year but for less than 10 years. However, around 20 *per cent* of IRs *i.e.*, 673 IRs (1,568 paragraphs) were pending for more than 10 years. Further, review of IRs pending for more than 10 years revealed that Revenue and Karnataka Judiciary Departments had highest pendency of IRs at 110 and 75 respectively. Year-wise and department-wise details of IRs and paragraphs outstanding are detailed in **Appendix 1.1**.

1.10.2 Follow-up action on Audit Reports

The Hand Book and the Rules of Procedure (Internal Working), 1999 of the Public Accounts Committee provides for all the departments of Government to furnish detailed explanations in the form of Action Taken Notes (ATNs) to the audit observations which featured in Audit Reports, within four months of their being laid on the Table of Legislature.

The administrative departments did not comply with these instructions and seven departments as detailed in **Table 1.5** did not submit ATNs for 14 paragraphs for the period 2011-12 to 2017-18 even as on 31 December 2019.

Table 1.5: Details of Departmental Notes pending as of 31 December 2019 (Excluding General and Statistical Paragraphs)

Sl. No.	Department	11-12	12-13	14-15	17-18	Total
1	Education Department	-	-	-	4	4
2	Health and Family Welfare Department (Medical Education)	-	-	1	-	1
3	Health and Family Welfare Department	-	-	-	1	1
4	Housing Department	-	-	-	1	1
5	Kannada and Culture department	-	-	-	1	1
6	Minority Welfare Department	-	-	-	2	2
7	Revenue	1	2	-	1	4
Total		**1**	**2**	**1**	**10**	**14**

Source: Information derived from PAC watch Registers maintained in PAG (Audit I) Office

1.10.3 Paragraphs to be discussed by the Public Accounts Committee

A review of the position of paragraphs pending discussion by the Public Accounts Committee as of 31 December 2019 showed that 80 paragraphs (including performance audits and reviews) were yet to be discussed. Department-wise details of paragraphs (excluding General and Statistical) pending discussion by the Public Accounts Committee as of 31 December 2019 are detailed in **Appendix 1.2**.

1.11 Status of placement of Separate Audit Reports of autonomous bodies in the State Legislature

Several autonomous bodies have been set up by the Government in the fields of Urban Development, Housing, Labour Welfare and Education. The audit of accounts of 11 autonomous bodies in the State has been entrusted to the CAG.

The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports (SARs) and its placement in the Legislature is given in **Appendix 1.3**.

Karnataka State Commission for Protection of Child Rights (established in July 2009) and Karnataka Real Estate Regulatory Authority (established in July 2017) are yet to be submit their annual accounts for the years since inception. Delay in submission of annual accounts in respect of four autonomous bodies was one year. Delay in finalisation of accounts carries the risk of financial irregularities going undetected, and therefore, the accounts need to be finalised and submitted to Audit at the earliest.

SARs in respect of Karnataka Building and Other Construction Workers' Welfare Board for the years 2006-07 to 2015-16 have not been placed before the State Legislature.

1.12 Year-wise details of performance audits and paragraphs appeared in Audit Report

The year-wise details of performance audits and paragraphs that appeared in the Audit Report for the last two years along with their money value are given in **Table 1.6** below:

Table 1.6: Details regarding the performance audits and paragraphs that appeared in the Audit Report during 2016-18

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Draft Paragraphs
2016-17	01	247.98	12	50.85	01	12
2017-18	01	265.82	12	286.37	01	12

Source: Audit Reports of 2016-17 and 2017-18

During 2018-19, one performance audit (₹7.01 crore) and 17 paragraphs (₹2,802.96 crore) involving ₹2,809.97 crore have been included in this Report.

CHAPTER – II

PERFORMANCE AUDIT

Chapter-II

Performance Audit

Department of Health and Family Welfare Services

2.1 Arogya Kavacha – 108 Project

Executive Summary

Emergency medical services (EMS) is defined as the system that organises all aspects of care provided to patients in the pre-hospital or out-of-hospital environment. It is a critical component of health systems and is necessary for improving outcomes of injuries and other time-sensitive illnesses. Government of Karnataka aimed to provide a comprehensive Emergency Response Service, from the time of event occurrence to shifting to an appropriate hospital, through a single toll free number '108' for which, it had entered into a Public Private Partnership arrangement (Design, Build, Operate and Maintain model) with GVK Emergency Management Research Institute, Secunderabad through a Memorandum of Understanding (MOU).

The success of EMS is largely dependent on its responsiveness to emergencies and the adequacy of the infrastructure in place. The performance audit conducted for the period 2014-15 to 2018-19 intended to ascertain whether EMS was appropriately responsive and equipped to deliver quality pre-hospital emergency care and the Information and Communication Technology deployed in the project was supporting the overall activities and the objective of delivering quality emergency care adequately. Though the project envisaged catering to police, fire and medical emergencies, 99 *per cent* of the emergencies attended to were medical emergencies.

Audit noticed that EMS fell short of achieving the desired objectives completely. The project aimed to reach the patients/sites within 20 minutes on an average in urban areas and 30 minutes on an average in rural areas. However, rural-urban classification of data was not available. Hence, maximum 30 minutes' response time was considered for audit analysis and we noticed that this was achieved in only 72 *per cent* of the cases. The response time comprised triage time, chute time and travel time. The triage time was more than the stipulated three minutes in 47 *per cent* of the cases. In 85 *per cent* cases, the chute time was more than the stipulated one minute and was up to 100 minutes and beyond in few cases. Studies indicate that the response time for cardiac, respiratory and stroke cases was to be less than 10 minutes. However, the ambulances reached the patients after the stipulated 10 minutes in 62, 66 and 63 *per cent* cases respectively. In 50 *per cent* of the trauma cases, the patients were admitted to the hospital after the crucial one-hour time. In the absence of adequate follow-up data, the impact on the final outcome of the patients could not be ascertained.

The total calls received comprised 64 *per cent* ineffective calls, out of which no response and disconnected calls were 42 and 34 *per cent* respectively. The callers were called back only in three *per cent* of the disconnected cases indicating absence of call monitoring mechanism.

Pre-arrival instruction is a critical component in EMS. There was no mechanism in place for alerting the hospitals in advance about arrival of ambulances. In 18 *per cent* of the cases, there was a delay in handing over the patients beyond 15 minutes because of which 1.75 lakh ambulance hours were lost. This was compounded by the delay in reporting closure of cases by the crew even after reaching the base station leading to loss of 31.87 lakh ambulance hours. Ambulances were despatched only in 3.74 lakh cases out of the 8.87 lakh requests transferred to vehicle busy desk. The allocation of ambulances was not based on criticality of emergencies as ambulances with Basic Life Support system were allocated in 75 *per cent* of the cases to critical emergencies such as cardiac, respiratory and trauma that required allocation of Advanced Life Support systems.

The project adopted population as the criteria for deployment of ambulances. In the absence of policy regarding positioning/location of the ambulances, we observed that ambulances were stationed mainly within the Government hospital premises and not within the vicinity of black spots. The round trips undertaken by the ambulances impacts the responsiveness of EMS.

There were 20 and 21 *per cent* vacancies in the post of ambulance drivers and emergency management technicians respectively. The shortage of ambulance staff led to ambulances remaining off the road for 41,342 days during the audit period. Emergency Response Centre Physicians (ERCPs) were required to provide virtual medical directions to EMTs who were in the field. There were only three ERCPs available at the emergency response centre. The percentage of unanswered calls by ERCPs was 58.20 and 65.52 during 2017-18 and 2018-19.

There was no strategic management plan to ensure the availability of EMS to disadvantaged sections such as people living in remote/tribal areas, marine fishermen *etc*. In addition, assessment of effective response time for different categories of emergencies, pre-alerting mechanism, monitoring of patient outcomes, upgradation of ICT infrastructure and research of effectiveness of pre-hospital care remained out of the purview of the top management at Government level.

Validation procedures were absent which resulted in incomplete data, back-end insertion of data and incorrect reporting. Back up plans, incident management and business continuity plans that were necessary for taking remedial measures in cases of disruption were not prepared. There were no reporting arrangements between the Government and the Partner. There were 6,411 complaints received from emergency service users during the audit period. However, the Government was not informed of the public grievances by the Partner in the absence of any such mechanism. The State Government did not have access to project databases, which impaired monitoring of the project and the use of data to undertake research and development activities for improving patient care. The State and District level committees, which were supposed to monitor the project were not constituted.

The Government decided to discontinue the association with the Partner before the scheduled 10-year period citing deficiencies in services. However, the existing service provider is continuing as identifying a replacement partner was delayed. The MOU did not provide for an exit strategy plan for fulfilment of the contractual obligations as regards transfer of assets and intellectual property rights. The consequent risk of disruption in implementation of the project could not be ruled out. The project was also not evaluated despite being in operation for over a decade.

2.1.1 Introduction

The Government of Karnataka accorded (August 2008) sanction for implementation of the 'Emergency Medical Service -108 Project (Project)' under a Public Private Partnership (PPP) arrangement (Design, Build, Operate and Maintain model) with GVK[5] Emergency Management Research Institute (EMRI), Secunderabad in order to provide a comprehensive 'Emergency Response Service' to those in Medical, Police or Fire emergencies, through a single toll free number - 108. The service provides complete pre-hospital emergency care from event occurrence to evacuation to an appropriate hospital[6]. The aim is to reach the patients/sites within 20 minutes on an average in urban areas and 30 minutes on an average in rural areas. The emergency transportation is conducted in a state-of-the-art ambulance, which is provided free. The transportation is coordinated by an emergency call response centre, which is operational 24-hours a day, 7-days a week.

The Department appointed the Private Partner (Partner) without any competitive bidding, after obtaining exemption under the Karnataka Transparency in Public Procurement Act. A Memorandum of Understanding (MOU) was entered (August 2008) between the Government and the Partner, which laid down the terms and conditions, responsibilities and deliverables. There was no separate Service Level Agreements and guidelines specific to the information and communication technology used in the Project.

This PPP model was unique to the Project in the sense that the Government would provide funds in advance to meet (i) the cost of capital expenditure for deployment of ambulances, setting up Emergency Response Centre and IT infrastructure and (ii) 100 *per cent* of the operational expenditure (on quarterly basis) while the Partner designed, built and maintained the infrastructure and operated the services. The Partner would, however, meet the cost of senior management. The PPP arrangement was for a period of ten years ending August 2018. All the assets (movable, immovable and software) created under the project would be the property of the State Government. The MOU with the Partner was extended as identification of a replacement partner for continuing the project through a competitive tendering process was getting delayed.

In accordance with the MOU, 517 ambulances were to be initially deployed for the entire State in a phased manner. Each ambulance thus catered approximately to a population of 1.0 lakh to 1.10 lakh. Deployment of 517 ambulances translated to a per trip distance of approximately 25 km which

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[5] GVK represents the name of the founder Gunupati Venkata Krishnareddy.

[6] Appropriate hospital refers to hospital appropriate to the emergency at hand.

would ensure the transportation of the victim within the Golden Hour[7]. Subsequently, the State Government procured (August 2014) another 194 ambulances taking the total fleet to 711 ambulances. There were 746 active ambulances (including 35 back-up ambulances) as at the end of October 2019, of which 181 were ambulances with Advanced Life Support System[8] (ALS) and 565 were ambulances with Basic Life Support System[9] (BLS). In addition, the State provided (April 2015) 30 bike ambulances[10].

2.1.2 Organisational setup

The Principal Secretary to Government, Health and Family Welfare Services (H&FW) Department is the administrative head of the department. The Commissioner, H&FW Department assisted by Deputy Director (EMS) monitored the implementation of the project at the State Level. At the District Level, District Medical Officers were the nodal officers for monitoring project implementation. The Partner had set up State, Regional and District Level administrative infrastructure for implementing the project.

2.1.3 Audit objectives

The Performance Audit (PA) seeks to examine whether:

- The Emergency Medical Service was appropriately responsive and adequately equipped to deliver quality pre-hospital emergency care; and

- The Information and Communication Technology deployed in the project was adequately supporting the overall activities and the objective of delivering quality emergency care.

2.1.4 Audit criteria

The criteria for the PA were derived mainly from:

- The Memorandum of Understanding (MOU) between the State Government and the Partner;
- The General Principles of Information Systems Governance, Development and Maintenance;
- The Karnataka Integrated Public Health Policy, 2017; and

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7 The time period lasting one hour following a traumatic injury during which there is highest likelihood of preventing death by providing prompt medical care.

8 A vehicle ergonomically designed, suitably equipped and appropriately staffed for the transport and treatment of emergency patients requiring invasive airway management / intensive monitoring.

9 A vehicle ergonomically designed, suitably equipped and appropriately staffed for the transport and treatment of patients requiring non-invasive airway management / basic monitoring.

10 Bike Ambulances act as first responder service and is dispatched along with a regular ambulance.

- Guidelines on Post- Award Contract Management for PPP Concessions issued by Department of Economic Affairs, Ministry of Finance, Government of India.

2.1.5 Audit scope and methodology

The project was supposed to cover police, fire and medical emergencies. However, in practice it focused predominantly on medical emergencies, which constituted about 99 *per cent* of the total emergencies. Hence, the PA was largely restricted to Emergency Medical Services. The PA was conducted between April and October 2019 covering the period 2014-15 to 2018-19 through a test-check of records in the offices of the Commissioner for H&FW and the Partner at State level. Eight[11] out of 30 districts were selected through probability proportionate to size without replacement with size measure being the number of ambulances. Joint inspection of 25 *per cent* of the ambulances in each district was conducted with the district personnel.

The audit objectives, criteria and scope of audit were discussed in an entry conference (March 2019) with the Principal Secretary, H&FW Department. The audit methodology involved document analysis relating to project implementation and analysis of databases maintained by the 108-Project Office. The application and databases examined included the Call Management System, the GPS based Ambulance Tracking System, Fleet Management System and the Human Resource Management System.

Apart from the joint inspection of ambulances, structured interviews were held with emergency management technicians (119), pilots (120) and emergency department staff in district hospitals of the selected districts (115). A survey of beneficiaries (371) admitted in the district hospitals was also conducted to assess the quality of service delivery. The findings of the interview/survey are incorporated at relevant places.

An exit conference was held on 6 May 2020 with the Additional Chief Secretary to Government of Karnataka, H&FW Department, wherein the audit findings were discussed. The report takes into account the replies furnished (March 2020) and the response of the Government during the exit conference.

2.1.6 Acknowledgement

We acknowledge the cooperation and assistance extended by officers and staff of the State Government and the Partner in conducting the performance audit.

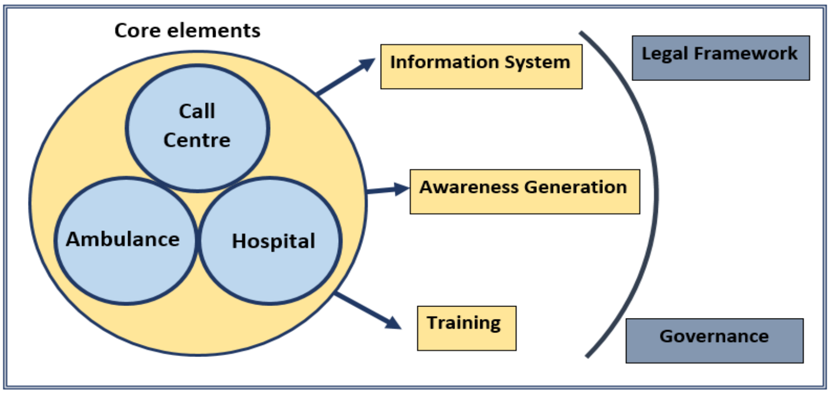
2.1.7 Components and process of Emergency Medical Service

Good medical emergency performance requires resources such as paramedics, vehicles and a robust information and communication environment capable of supporting the efforts of the paramedics and the transport services.

[11] Belagavi, Bengaluru Urban, Bidar, Dakshina Kannada, Davanagere, Dharwad, Hassan and Kalaburagi.

Components of an EMS can be visualised as depicted in **Figure 2.1**.

Figure 2.1: Components of EMS



As depicted in the figure, the core elements of the system would include the ambulances, the call centre and the hospitals. The functioning of these elements would be critically dependent on robust information system, trained healthcare providers, and widespread awareness among members of the public on the appropriate use of EMS. For overall transparency in operations and high level of citizen satisfaction, an overarching legal and governance framework was necessary.

2.1.8 Information and Communications Technology Infrastructure

Effective use of information and communication technology (ICT) is central to the quality and safety of any emergency service. A number of interrelated pieces of technology were used towards provision of timely emergency response service. The main components of the ICT infrastructure are:

- Emergency Management Centre Application System
- Automated Vehicle Location Tracking System
- Fleet Management Application
- Hospital Information System Application

Audit findings

The findings noticed during the performance audit are discussed in the succeeding paragraphs.

2.1.9 Emergency Management Centre Application System

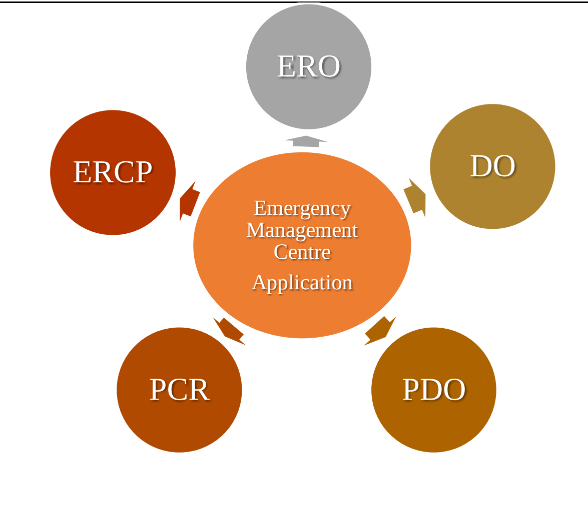
In order to provide quick and timely intervention in an emergency, a communication network to facilitate access to people in distress from anywhere and at any time is essential. An Emergency Response System (ERS) should be robust, well-staffed, always active and ready for immediate action.

An Emergency Management Centre consisting of a Call Centre was set up in the year 2008 at Bengaluru, which provided round the clock services through an integrated solution including Voice Logger System, Geographic Information System, Global Positioning System (GPS), Automatic Vehicle Tracking and mobile communication system[12]. The system was designed to ensure that the control room could mobilise the nearest available ambulance to pick up the distressed person and transport them to the nearest hospital immediately on receipt of a distress call.

The project consisted of a Computer Aided Despatch System with 62 incoming lines for police, fire and emergency medical assistance. The Call Centre has 53 call taker stations. Each station is equipped with a phone, a computer interface to enter call information and a playback recorder to review incoming calls.

The Emergency Management Centre Application (EMCA) consisted of the following modules as depicted in **Figure 2.2**.

Figure 2.2: Modules of the Emergency Management Centre Application



Emergency Responsive Officer (ERO) module operated by the call centre personnel collects information about the caller, incident, type of emergency *etc.*, and based on an initial triage[13] allocates an appropriate ambulance. The Despatch Officer (DO) module captures incident information from the ERO Module and collects additional details of the victim, the destination hospital, ambulance travel *etc.* The Police Dispatch Officer (PDO) module handles the fire and police emergency cases transferred to it by the ERO Module. Patient Care Record (PCR) module captures the pre-hospital emergency care provided by the emergency personnel. The Emergency Response Centre Physician (ERCP) module captures the interaction of the physicians in the call centre with the Emergency Medical Technicians (EMTs) in the field in providing pre-hospital care.

2.1.9.1 Classification of calls and their status

Calls received were mainly classified into effective[14] and ineffective[15]calls. Effective calls were further classified into emergency and non-emergency calls. Majority of the emergency calls were medical emergencies. Medical emergency calls constituted 99 *per cent* of the emergency calls with the police and fire emergencies contributing the remaining one *per cent*.

The status of calls received during the period 2014-15 to 2018-19 is indicated in **Chart 2.1**.

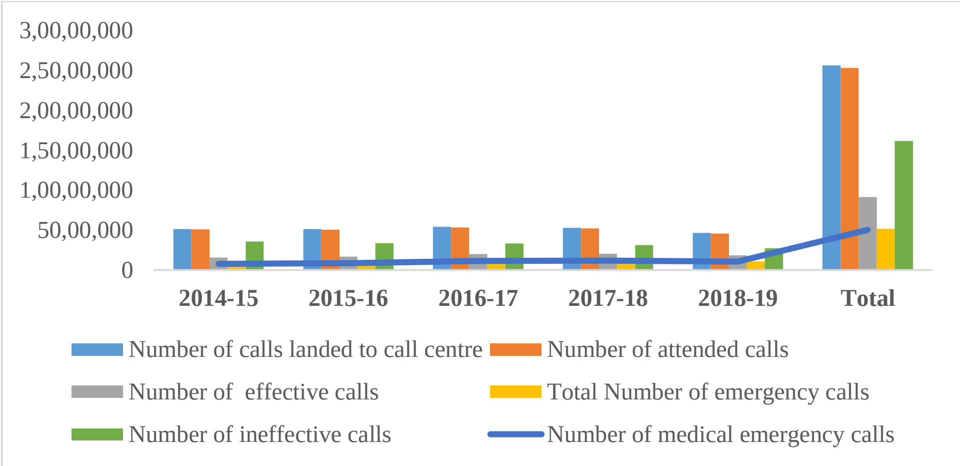
[12] Automated Vehicle Tracking System (AVTS) is a software platform hired by the Partner from a third party, M/s iTriangle Infotech Private Limited. The AVTS is integrated with the ERO Module of the Emergency Management Centre Application.

[13] Triage is the process of determining the severity of cases and assigning the ambulances.

[14] Effective calls comprise of emergency calls and non-emergency calls such as follow-up calls, enquiry calls, appreciation calls *etc.*

[15] Ineffective calls comprise of no response calls, wrong calls, nuisance calls, missed calls *etc.*

Chart 2.1: Status of calls received during the period 2014-15 to 2018-19



Source: Extraction and analysis of data provided by the Partner

During the period 2014-15 to 2018-19, the call centre attended to 253.30 lakh calls out of 256.45 lakh calls landed[16] at the call centre. Of the attended calls, 91.62 lakh calls (36 *per cent*) were triaged as effective calls. In the effective calls, there were 51.65 lakh emergency calls (56 *per cent*) out of which 51.05 lakh were medical emergencies. Ambulances were despatched in 41.94 lakh cases (82 *per cent*) as detailed in Paragraph 2.1.10.4.

2.1.9.2 Call Management

The first step towards achieving an effective ERS involves efficient management of the call centre.

❖ *Effective but non-emergency calls*

The call centre had received around 44 *per cent* non-emergency calls during the period 2014-15 to 2018-19. These were mainly enquiry calls, follow-up calls, caller concerns and appreciations, calls from field staff to DOs and ERCPs. Routing such calls through 108 would burden the emergency helpline and delay the response to other callers requiring emergency assistance. Best practices require providing information to the public and officials on the usage of 108 emergency number. We observed that

- ➢ the project did not provide for sharing the ambulance despatch details and crew numbers with the emergency callers thereby necessitating the use of 108 for follow-up actions.
- ➢ the project did not offer a non-emergency call number for public to make enquiries.
- ➢ though EMTs were given a separate access number to reach out to the ERCPs and DOs, large number of such calls were routed through 108.

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[16] Calls landed refer to the incoming telephone calls received through the dedicated number 108 at the Electronic Private Automatic Branch Exchange (EPABX) of the Emergency Management Centre located at Bengaluru.

The Partner, thus, failed to monitor the huge number of non-emergency calls, which could have facilitated taking suitable remedial measures.

Need for providing ambulance crew mobile details and ambulance arrival status to callers

On 2 December 2017 at 4.29 am, the call centre received an emergency call related to cardiac ailment from Chitradurga District. An ambulance (KA07G402) was assigned to the case immediately. The ambulance took 56 minutes to reach the patient. We observed that the caller made five additional calls to 108 number prior to the arrival of the ambulance. Thus one emergency call was followed by five non-emergency calls in this instance.

On 4 May 2018 at 1.33 am, the call centre received an emergency call related to medical assault from Raichur District. An ambulance (KA07G459) was assigned to the case at 1.39 am. The ambulance took 80 minutes to reach the scene. We observed that the caller made 18 follow-up calls to the 108 number prior to the arrival of the ambulance. Thus one emergency call was followed by 18 follow-up calls.

Hence, providing a monitored direct telephonic access between callers and the ambulance crew can reduce the number of follow-up calls to 108.

❖ ***Ineffective calls***

These calls comprise of no response call, wrong call, missed call, disconnect call, nuisance call *etc.*, and constituted about 64 *per cent* (161.68 lakh calls) of the total calls attended at the call centre during the period 2014-15 to 2018-19. Larger number of ineffective calls can adversely impact the project's ability to respond to effective calls. This issue has to be approached through multiple means as there can be no single solution. There is a need for a widespread public awareness program that emphasises the important role 'dial 108' plays in saving lives. We observed that

- No response calls and disconnect calls constituted 42 *per cent* and 34 *per cent* of the ineffective calls respectively during the above period. Best practices require that the disconnected calls and no response calls are followed up further to make sure that no emergency cases are left unattended. Out of 55.31 lakh disconnected calls, the callers were called back only in 1.49 lakh cases (3 *per cent*). Similarly, call back was resorted to in only 0.20 lakh cases (0.3 *per cent*) out of 68.27 lakh no response calls.

Disconnected Calls - Need for effective call-back mechanism

An emergency call was received (27 March 2018) requesting to shift a pregnant lady to a hospital (Case id: 20180001175821). The call was triaged as emergency. However, the call got disconnected and no ambulance was allotted. After 45 minutes, the caller complained that the patient died due to non-receipt of timely ambulance service. An internal enquiry was conducted and the call taker was terminated from service. However, no mechanism was instituted to ensure that the call was returned in the event of disconnection. The State Government, during the exit conference, accepted that call back facility was not available at present.

- though 18 *per cent* of the ineffective calls were nuisance calls, no procedure was specified to deal with frequent nuisance callers. We noticed that in 460 instances, nuisance calls were received from the same numbers in excess of 300 times in each instance. The issue of nuisance calls was not escalated to law enforcement authorities in any of these cases.

Need for protocol on handling calls – An illustration

A request was made for an ambulance by an attendant of an unconscious patient (March 2018). The caller had called six times within 78 minutes as he did not get a proper reply from the ERO. We observed that during the triage, one of the calls was classified as a Nuisance call and another call which got disconnected was not returned. No ambulance was assigned as the three nearest ambulances were busy. This information was not conveyed to the caller for a long time. Finally, when an ambulance became free and was allotted, EMT of that ambulance refused to take the patient and the patient died. The quality team confirmed the details and closed the case by transferring the EMT to another location. Detailed investigation was not conducted on the lapses that occurred during the triage process.

The State Government, while accepting the observation during the exit conference, stated that the MOU did not make the Partner responsible for reporting the grievances raised by public to the Government and monitoring committees at the districts were not functional. It further stated that these issues were being addressed in the proposed tender.

❖ ***Unattended calls***

These calls constituted around one *per cent* of the total calls landed at the call centre. Such calls were to be monitored through a call back mechanism to cater to the required emergency service. However, we noticed that no such mechanism existed.

The State Government, in its reply, did not offer specific remarks on the issues raised in the above paragraphs. However, in the exit conference, it stated that the necessary details would be collected from the Partner and remarks offered thereafter.

It is recommended that as there is a likelihood that many of the unattended calls could be emergency calls from distressed callers, such unattended calls be monitored through a call back mechanism to ensure that the emergency is attended to.

2.1.9.3 Call centre metrics not specified and monitored

The performance of a call centre is monitored through a set of generally accepted metrics such as numbers of callers receiving busy tone, time spent in queue, number of calls abandoned *etc*. Inbound callers may receive busy tone, which could be a missed opportunity to connect with a distress caller and thus, requires close monitoring by tracking calls receiving busy tone for possible call back. Analysing the volume of calls receiving busy tones can provide valuable information about the performance of the call centre including sufficiency of the lines, staffing levels *etc*.

A call queue refers to the situation where callers are put on hold, in a queue, while they wait to speak with a call centre agent. Waiting in a queue for a long period of time impacts the emergency service delivery and can lead to either termination of the call by the system or abandoning the call by the caller. It is therefore, important to monitor the average time spent by the callers in the queue. Abandon rate is an important metric. It provides the information regarding the service delivery and can be a predictor of call centre infrastructure facilities. Higher abandon rate indicates under-allocation of resources to the call centre and results in lost opportunities in attending to emergencies besides leading to public dissatisfaction with the service. The percentage of terminated calls and abandoned calls during the period 2017-18 to 2018-19 as per the Contact Centre Management System (CCMS)[17] was 2.87 and 2.94 *per cent* respectively.

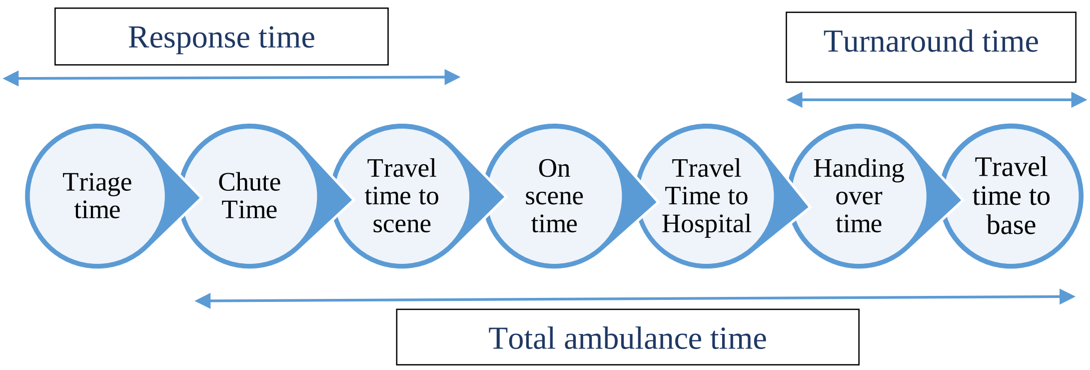
We, however, observed that no mechanism existed to monitor the instances of callers receiving busy tone, terminated and abandoned calls. The State Government, during the exit conference, accepted that call back facility was not available at present.

2.1.9.4 Response to emergency calls

The EMS process is highly dependent on time, a critical and significant indicator in the delivery of emergency services. The speed with which a patient is shifted to a hospital and the quality and timeliness of pre-hospital care can affect a patient's chances of recovery. Accordingly, EMS performance is measured by response time and the resultant outcome for patients.

The performance measurement of the 'time' window and its evaluation is, therefore, important to ensure that the EMS is performing at an optimum level. The time from the onset of an incident to appropriate emergency response has the components depicted in **figure 2.3**:

Figure 2.3: Components of time involved in EMS



[17] Contact Centre Management System is a bunch of application programming interfaces provided and supported by a third party vendor for routing of calls to appropriate agents based on skill sets, adding and managing agents *etc*.

Triage time[18]: It is the time taken for assigning the ambulance after receiving the call and should be less than three minutes. Analysis of the data for the period 2014-15 to 2018-19 showed that in 19.77 lakh (47 *per cent*) out of 41.94 lakh instances, the triage time was more than three minutes. Out of this, in respect of 17.67 lakh calls the triage time went up to 10 minutes and in respect of 2.11 lakh calls (11 *per cent*) triage time was beyond 10 minutes.

It is recommended that since Triaging is a very critical component of the Emergency Medical Service, automated location identification should be provided in all ambulances to ensure proper and timely assignment of ambulances. Further, the running status of the ambulances should be available at the call centre to enable it to provide this information to any follow up calls from the distressed persons.

Chute time: It is the time between the assignment of an ambulance and the moment it starts moving towards the scene. We observed that a uniform chute time of one minute was recorded by the call centre application software programmatically without actually capturing the actual time taken by the ambulance to start moving towards the incident location. Even the EMTs were recording uniformly one minute from the time of assignment of case to starting of ambulance from the base.

Analysis of the GIS data showed

- that ambulances were moved within one minute in 5,703 out of 38,737 cases (15 *per cent*) analysed for the period January 2019 to June 2019[19].

- The time taken was 2-10 minutes in 9,761 cases, 11-50 minutes in 23,219 cases, 51-100 minutes in 26 cases and more than 100 minutes in 28 cases. The reasons attributed for delay in starting the ambulance journey were non-availability of the EMT/Pilot in the ambulances, parking of vehicles in front of the ambulance, incorrect allocation of ambulances *etc*.

In view of the chute time exceeding the stipulated one minute in 85 per cent of the cases leading to delays in response time, it is recommended that a penal clause be introduced in the MOU for safeguarding any breach in the timeline agreed between the private partner and the Government. In this regard, an assessment mechanism of the efficacy of the private partner be also put in place, which would periodically review and assess the performance of the private partner.

Travel time: The travel time is the largest component of the response time and is the main factor in influencing overall system quality. "Travel time" is measured from the time when an ambulance is despatched, until the time when it arrives at the scene.

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[18] When a call arrives at the dispatch centre, it takes some time for the dispatcher to assess the urgency of the call and assign an ambulance. This process is called triage.

[19] Data available from January 2019 only.

2.1.9.5 Response time

Response time is the combination of triage time, chute time and travel time. The Project specified a response time of 20 minutes for the urban areas and 30 minutes for the rural areas. The emergency type wise response time in respect of 41.94 lakh ambulance despatches during the period 2014-15 to 2018-19 is shown in the **Appendix 2.1**. We observed that in these 41.94 lakh despatches, the time limit of 30 minutes was adhered to in 72 *per cent* of the cases. Since the urban and rural classification was not recorded in the database, disaggregated analysis of the extent to which this benchmark was achieved was not possible in audit.

❖ ***Response time for various emergencies***

Each type of emergency requires a different approach and a different response time. An effective emergency response needs to be planned on the basis of an analysis of the type of emergencies that may occur to the population and identifying the effective response time for each category of emergency. Studies indicate that the road accident cases, cardiac cases and respiratory issues in general demand shorter response time. Cardiac cases require a response time of less than 10 minutes and trauma victims have the best survival chance if they are in hospital within one hour after the accident. The Project, however, specified a uniform response time. The response time for cardiac, respiratory, stroke and accident cases that demand shorter response time and earliest possible hospitalisation were as indicated in **Table 2.1**. The total time taken by the ambulance to reach the destination hospital for various emergencies is shown in **Appendix 2.2**.

Table 2.1: Statement showing the response time taken for various emergencies

Type of emergency	Number of Ambulance despatches	Ambulance reaching the scene after 10 minutes		Ambulance reaching the destination hospital after one hour	
		Number of instances	Percentage	Number of instances	Percentage
Cardiac	2,71,251	1,68,828	62	1,70,307	63
Respiratory	2,37,882	1,58,189	66	1,52,952	64
Stroke	53,639	33,681	63	36,254	68
Trauma	6,37,437	4,17,010	65	3,16,627	50

Source: Extraction and analysis of data provided by the Partner

Thus, patients received care after 10 minutes in 62, 66 and 63 *per cent* of the cardiac, respiratory and stroke cases respectively. In 50 *per cent* of the trauma cases, the patients were admitted to the hospital after the 'golden hour'. The impact of these delays on the final outcome of the patients could not be ascertained as the follow-up data was not captured by the Project in all the cases.

We noticed that response time data was not analysed and utilised for exploring the possibility of strengthening the emergency response chain through interventions like improving the handling of emergency calls at the Emergency call centre, monitoring the immediate movement of the ambulances upon receipt of despatch instructions, optimising the deployment of the ambulances by identifying the black spots[20], and improving the ambulance uptime *etc*. The response time analysis would also highlight the need for improving the first responder access by enhancing the participation of general public, training a pool of emergency first responders, training police and fire personnel in medical emergencies and the need for strengthening the accident and emergency infrastructure in the State.

2.1.9.6 Absence of procedure for providing pre-arrival instructions and continued call support

(i) Emergency despatchers giving Pre-arrival medical instructions (including cardiopulmonary resuscitation) by telephone is well recognised as a critical component of an EMS. "Pre-arrival instructions" refers to specific instructions or guidance provided by despatchers or call-takers to the individuals making the emergency call before help arrives at the scene. These instructions are beneficial and potentially life-saving in many specific circumstances, including sudden cardiac arrest, respiratory arrest, choking, childbirth, or major haemorrhage. They can also guide bystanders in scene safety considerations (such as electrocution), skin chemical exposures, or properly protecting a seizing patient. When specific life-threatening medical emergencies are identified, the subsequent actions, by both the caller and recipient, can make the difference between survival or death.

We, however, observed that the EROs and DOs were not trained to provide pre-arrival instructions to the callers or bystanders. The application did not provide any standardised instructions for use by call centre personnel in respect of specific call complaints. While it is difficult to estimate the exact number of lives that could be saved by offering pre-arrival instructions, its potential to save additional lives each year is well recognised.

(ii) As already stated in paragraph 2.1.9.2, the telephone numbers of the ambulance crew were not shared with the callers resulting in frequent follow-up calls. The application also did not provide the running status of ambulances, which could have assisted the call takers to attend the follow-up calls. Details of the callers were shared with the ambulance crew to enable them to provide continued support to the callers. The EROs/DOs were also to be in communication with the ambulance crew to ensure continued support. Considering the gravity of the situation, it would have been preferable to provide the citizen the option of contacting the ambulance.

A case study

In October 2018, a call was made requesting an ambulance for a patient suffering from breathing problem. A Basic Life Support ambulance was assigned for this case. The ambulance did not reach the scene even after 1 hour 20 minutes. The caller had made four follow-up calls in between to enquire about the status of the ambulance. As the ambulance did not reach the scene, the patient was transported to the hospital in a private vehicle. The patient died after reaching the hospital. An internal enquiry based on the complaint,

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[20] An accident blackspot is a place where there is frequent occurrence of road traffic accidents due to a variety of reasons, such as sharp drop or corner in a straight road, a hidden junction on a fast road, absence of traffic lights, poor or concealed warning signs at cross-roads, *etc*.

concluded that the ambulance crew took a break for dinner on the way to the scene. There was, however, no detailed investigation on the failure of ERO to communicate with the EMT and the pilot even after receiving four follow-up calls.

The State Government, during the exit conference, stated that the MOU did not make the Partner responsible for reporting the grievances raised by public to the Government and monitoring committees at the districts were not functional. It further stated that these issues were being addressed in the proposed tender.

2.1.9.7 Turnaround time

Turnaround time refers to the time taken to handover the patient after reaching the hospital and the ambulance returning back to its base location.

❖ ***Delay in transfer of patients leading to loss of ambulance hours***

Transferring a patient from an ambulance to an emergency department in the destination hospital should happen as soon as possible after the ambulance arrives at the hospital. Each failure to meet this time expectation would result in (i) delay for the patient waiting to be received and (ii) delay in an ambulance crew being available for a new emergency call. This means patients, including those with a life-threatening condition have to wait longer without any face-to-face medical support, thereby posing a potential safety risk and causing emotional distress.

It was noticed that in 82 *per cent* of the cases, the patients were handed over to the hospital within 15 minutes of reaching the hospital during the period 2014-15 to 2018-19. In respect of the balance 18 *per cent* of the cases, 1.75 lakh ambulance hours (equalling 14,620 ambulance shifts) were lost because the ambulances took more than the expected 15 minutes to transfer the patient and make their vehicle ready for the next call. The delay in transfer of patients was high in Victoria hospital, National Institute of Mental Health and Neuro Sciences, Vani Vilas Hospital and Sri Jayadeva Institute of Cardiovascular Sciences and Research of Bengaluru Urban district, Karnataka Institute of Medical Sciences, Hubballi and district hospitals of Dharwad, Kalaburagi, Koppal, Tumakuru and Vijayapura.

The delay was mainly on account of the fact that there was no facility for pre-alerting[21] the emergency department of the destination hospital about the ambulance arrival by the ambulance crew.

During audit survey,

- *95 per cent of the EMTs stated that they did not have any facility to inform the destination hospitals in advance about the ambulance arrival,*

[21] Pre-alerting refers to transmission of information about the victim's condition to the receiving health-care facility in advance so that the resources required to meet the patient's needs can be mobilised prior to the patient's arrival. Concise and accurate information transfer between the crew, control and the receiving hospital reduces the need for unnecessary communications, thereby reducing the handing over time at hospitals.

- *83 per cent of emergency staff at destination hospitals stated that they did not have any communication system for receiving information about a patient being transported to the hospitals.*
- *84 per cent of the EMTs also stated that there was no pre-alerting system to the hospitals about the critical emergencies such as trauma, cardiac arrest etc.*
- *86 per cent of the pilots stated that they faced delay in handing over patients in the hospitals and 25 per cent stated that the delay occurs very often.*

The State Government replied that the MOU did not provide for such pre-alerting/communication facility. It accepted the absence of linkage between ambulance and hospitals, and lack of facility for the ambulance crew to be informed about the hospital facilities during the exit conference and stated that this was being addressed in the proposed tender.

❖ *Ambulance hours lost due to closure of cases after reaching the base location/delayed closure of cases*

The ambulance would be available for the next assignment only after the case on hand is closed. The existing practice was that the ambulance crew closed the case only on reaching the base location. Since this might result in denial of ambulance facility to others, a time limit needs to be specified to make the ambulance available for a new assignment as early as possible. We observed the following:

- A time limit for cleaning and disinfecting the ambulance after the patient had been transferred to the hospital was not prescribed. In the absence of a prescribed time, we worked out the number of ambulance hours[22] lost, considering a standard of 15 minutes, at 29.80 lakh hours equivalent to 12 hour shift of 2.48 lakh ambulances.
- Analysis of the timelines recorded in the ERO and DO modules showed that in 37.35 lakh out of 41.94 lakh instances, the ambulance crew did not report closure of cases immediately after reaching the base location. Consequently, 31.87 lakh ambulance hours, which was equivalent to 12 hour shift of 2.66 lakh ambulances was lost.

Importance of immediate closure of cases after handing over the patients

(*Reference: 20180003425773/20180003425873*)

A request for ambulance service was received on 19 September 2018 at 00.45 hrs relating to a road accident in Chitradurga district. The call centre took 15 minutes to allot an ambulance. As the three nearest ambulances were not available for allotment, a fourth nearest ambulance (KA42G916) which was 21.5 km away from incident location was allotted. The allotted ambulance also did not reach the scene because of tyre puncture. The patient was shifted in another vehicle and later expired.

[22] A time period of 15 minutes commencing from the time the patient was handed over till the time of closure including cleaning and disinfecting the ambulance was considered.

We observed that at the time of emergency call (19/09/2018, 00:45), the first nearest ambulance (KA42G828) was at its base location (District hospital, Chitradurga) but was not available as it had not given closure for a previous case. The second nearest ambulance (KA07G403), though available after handing over the previous case patient to a hospital, was not available for the call centre as it had not given closure and the third nearest ambulance (KA16G594) which was recorded as busy was actually free and stationed at District hospital, Chitradurga.

This instance highlights the importance of closure of cases immediately after handing over the patients to the hospital and the need for providing real time information on the nearest ambulance by integrating the ERO Module with AVLT.

The State Government replied that it was introducing e-PCR system under the proposed tender which ensures online closure of cases and also stated that GPS systems would be strengthened to prevent such cases.

2.1.9.8 Absence of interface between ERO and ERCP modules

The despatch officers were to assess the criticality of the emergencies and decide the despatch of ambulances to the emergency site and co-ordinate with the ambulance staff / first Responder and ERCP for virtual handholding. ERCPs are medical doctors with specialisation in emergency care who are to be present in the call centre round the clock to provide medical direction to the EMTs working in the field.

Such a handholding required an interface between ERO and ERCP modules wherein the initial data captured by the ERO could be automatically presented to the ERCP for additional inputs for triaging, allocation of appropriate class of ambulances and providing pre-hospital care support to the EMTs. It was, however, noticed that there was no provision in the ERO Module to transfer the data to the ERCP module.

We observed that the application did not provide for categorisation of the call requests on the basis of severity of incidents. No Standard Operating Procedures were in place for pre-hospital triage and transport to appropriate hospitals in sync with the type and gravity of the emergency.

We noticed that EMTs reported the severity of the cases handled at the time of closing the cases. The PCR section supervised by ERCPs also segregated critical cases on the basis of a post incident review of the PCR. There were disparities in determination of the emergencies by the EMTs and ERCPs. While the call centre triage did not recognise the criticality of the cases, the number of critical cases reported by EMTs and number of cases assessed as critical by ERCPs were as detailed in **Table 2.2**.

Table 2.2: Disparity in determining the criticality of cases

Year	Number of critical cases as reported		
	PCR Section	EMTs (Closure)	ERO/DO
2014-15	69,106	71,220	NIL
2015-16	32,230	31,200	
2016-17	72,223	17,497	
2017-18	66,940	27,806	
2018-19	95,748	17,947	
Total	**3,36,247**	**1,65,670**	

Source: Extraction and analysis of data provided by the Partner

It could be seen from the above, that there was a huge mismatch between the figures reported by both ERCP and EMT during the years 2016-17 to 2018-19. Evidently, reconciliation of the figures was absent. In the absence of reconciliation, we could not ensure whether the EMTs under assessed the quantum of critical cases or the post incident review by ERCP was not effective. This was likely to have an adverse impact on the delivery of pre-hospital care.

Moreover, availing of the ERCP Service was left to the EMTs who were to call the ERCP service centre through mobile phone. We observed that EMTs sought the inputs of ERCPs in 1.34 lakh cases (81 *per cent)* during the period 2014-15 to 2018-19. Out of 3.36 lakh instances identified as critical by ERCPs, inputs of ERCP were sought by EMTs in only 40 *per cent* of the cases.

Thus, the non-integration of ERO module with ERCP module resulted in the pre-hospital care information, which could establish an evidence based delivery of pre-hospital care, being not captured.

The State Government replied that the proposed tender provided for sharing of data through integration of ERO and ERCP modules to ensure optimum pre-hospital care besides providing for video calling facility in each of the ambulance.

2.1.9.9 Data Integrity

Data integrity refers to the overall completeness, accuracy and consistency of data. Data integrity is addressed through incorporating adequate validation controls at the application level and controlling access to the database at the back-end. Absence of validation procedures results in capturing of incomplete or incorrect input data which affects the quality of the database and dependent management information. A few illustrative instances are discussed below:

❖ ***Inaccurate response time data***

Response Time is the most important performance metric in the delivery of an emergency response service. Hence, capturing time through automation and complete avoidance of manual intervention is vital for generating more reliable and accurate data. We observed that automatic time stamping methods were not used in capturing this vital information. According to the practice, the EMT manually enters the data on a PCR form and reports this to the call centre over voice phone after reaching the base location. The manual process was vulnerable to factors such as the EMT being under the pressure of attending to patients, the promptness in completing paperwork legibly and accurately *etc*.

Since these time series data are in terms of few minutes, it would not be advisable to rely on the memory skills of the EMT.

The responsiveness statistics are compiled based on data taken from the PCR which were prepared based on manual inputs from the ambulance crew as discussed above. Data analysis of the EMCA database for the period 2014-15 to 2018-19 showed that in 28,061 cases (< one *per cent*), the ambulances recorded extremely high speeds[23] of more than 150 km/hour and in 20,710 cases (< one *per cent*), the ambulances recorded a speed between 100 to 150 km/hour, which is inconceivable. This highlights the need for automated time stamping in the application system.

The State Government, during the exit conference, accepted the absence of automatic location identification system. It stated that the main issue in tracking the ambulance movement/time was manual recordings and the fresh tender proposed to replace the manual recording of ambulance movement and response time with an electronic automated reporting.

❖ *Incomplete data and data inaccuracies*

We observed presence of large number of Null values indicating incomplete capturing of data. In 5.76 lakh emergency despatches, the time values were found to be Null and in 7,274 cases the type of emergency was found Null. The destination hospital id was recorded as Null in 1.57 lakh instances in the database. Incomplete data in respect of such key fields would impact the response time computation, follow-up and analysis of the patient outcomes. Instances of inadequate validation controls leading to acceptance of inaccurate input data by the Application and instances of database containing data which was inconsistent with the front-end validation controls in the Application are illustrated in **Appendix 2.3 (a)** to **2.3 (c)**.

The State Government replied that instructions have been issued to the Partner to set right the deficiencies pointed out and suitable action was being taken to prevent such data manipulation in the proposed tender.

❖ *Manual insertion of cases resulting in overstatement of emergencies handled*

We noticed instances of manual insertion of ambulance cases and their closures in the database. Illustrative cases are shown in the **Appendix 2.3 (d)**. In the absence of audit trail[24], the reasons for such insertions could not be ascertained. However, the manual insertion of cases inflated the number of cases handled.

The State Government stated that reply would be furnished after obtaining the details from the Partner.

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23 Speed is calculated by using the formula, speed = distance travelled / time taken to cover the distance.

24 An audit trail or audit log is a security-relevant chronological record, set of records, and/or destination and source of records that provide documentary evidence of the sequence of activities that affected at any time a specific operation, procedure or event.

❖ ***Back-end updates of response time and odometer reading without leaving audit trails***

We observed that during the period August 2016 to March 2019, there were at least 3,445 instances of updating, modifying the database entries relating to response time and odometer readings through the back end. The original entries in the database that were affected, the reasons for carrying out the updates *etc.*, were not maintained and no audit trail related to these activities was available. Such uncontrolled updates from back-end undermine the integrity of the entire database.

The State Government stated that reply would be furnished after obtaining the details from the Partner.

❖ ***Transportation of multiple persons***

We noticed abnormally large number of persons being transported in ambulances. During the period 2014-15 to 2018-19, more than 45 patients were transported in 3 cases, 21 to 45 patients were transported in 19 cases, 11 to 20 patients in 200 cases, 6 to 10 patients in 2,803 cases, 5 patients in 7,459 cases, 4 patients in 11,757 cases, 3 patients in 21,773 cases and 2 patients in 1.41 lakh instances. Considering the fact that ambulances are equipped to transport only single patient at a time, the transportation of abnormally large number of persons in a single ambulance calls for detailed investigation.

The State Government replied that it had also observed such instances and a notice had been served on the Partner seeking explanation in this regard. It further stated that instructions have been issued to prevent such instances in future.

It is recommended that the State Government should ensure periodical back-up of data and prepare business continuity and exit strategy plans[25]. The data integrity should be protected through effective input and validation controls. It should be ensured that the time values are captured automatically for generating more reliable and accurate data. It should also be ensured that manual intervention is minimized.

2.1.10 Automated Vehicle Location Tracking System

Automated Vehicle Location Tracking System (AVLTS) was implemented during March 2017 by outsourcing the service to a third party agency. AVLTS would monitor all operations from vehicle acquisition to disposal and would have features for live tracking of ambulances, navigation history playback and tracking, speed alert, geo-fencing alert, vehicle location alert, trip details, low battery alert, ignition status, easy device, vehicle and driver mapping features, SOS alerts *etc*.

[25] Exit plan is the strategy of handing over of the project at the culmination of the project. This includes providing all clearances, conducting all inspections, transfer of project assets, transfer of certain agreements *etc*. Exit management ensures smooth transition at contract expiry.

2.1.10.1 Non-integration with EMCA

According to the terms and conditions of the agreement, the agency was to integrate the AVLTS data with the EMCA. We noticed that the AVLTS data was not fully integrated with the ERO module that assigns the vehicles in response to emergencies. The actual distance between the ambulance and the scene was, therefore, not available for selecting the appropriate ambulances. AVLTS was also not integrated with DO module. Hence, the ambulance travel details such as base to scene, time at the scene, scene to hospital, hospital to base *etc*., were captured manually in the DO module.

The State Government accepted and stated that this would be addressed in the forthcoming tender.

2.1.10.2 Deployment of ambulances

There were 746 active ambulances including 35 back-up ambulances (as stated in the introductory paragraph) as at the end of October 2019, of which 181 were ALS ambulances and 565 were BLS ambulances.

The rationale for deployment of ambulances solely based on population was not on record. There was also no policy as regards the positioning/location of the ambulances. However, in accordance with the MOU, ambulances without ambulance stations can be less than or equal to five *per cent*.

For the response time to be effective, deployment of ambulances should be based on other parameters such as geographical conditions, traffic conditions, distance between ambulances, availability of medical facilities, demand for ambulances by people in a particular area, black spots *etc*. We observed that no ambulance stations were established. Consequently, the ambulances were not stationed in a dispersed manner and instead multiple ambulances were stationed at a single location. While 2 ambulances each were stationed in 20 locations, 3 ambulances were stationed in one location. Moreover, majority of the ambulances were stationed within the Government hospital premises. Out of 711 identified base locations, 645 were in hospitals, of which 207 hospitals were major destination hospitals like taluk hospitals, district hospitals and super-speciality hospitals. Positioning ambulances within hospital premises would result in round trips and impacts the response time.

The State Government replied that ambulances were stationed within the hospital premises as it was feasible to provide basic facilities to the ambulance crew. However, in the exit conference, it agreed to position ambulances by identifying black spots as was being done in Tamil Nadu. It also agreed to review the existing criteria of deployment of ambulances based on population.

2.1.10.3 Non-functional facilities in ambulances

According to the National Ambulance Code, Air Conditioning is optional in all categories of road ambulances and mandatory in ALS ambulances. The project provided air conditioning equipment in all the BLS and ALS ambulances.

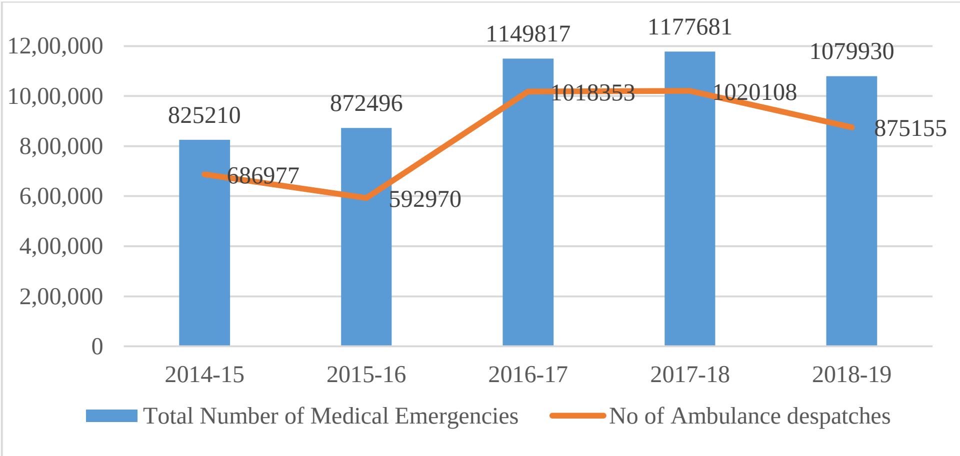
Joint physical verification of 24 ALS ambulances and 66 BLS ambulances during field visit showed that air conditioners were not functional in 7 ALS and 21 BLS ambulances respectively. In two ALS ambulances, ventilators and defibrillators were not functional. These vehicles, however, continued to be used as ALS ambulances.

2.1.10.4 Allocation of ambulances

The project employed three types of ambulances viz., ALS, BLS and Bike ambulances. The primary use of ALS is for trauma and cardiac related symptoms and ailments. Hence, it was important that the call centre interface recognises these ambulances distinctly for easy allocation of ALS in case of such emergencies. It was, however, observed that the application did not differentiate between ALS and BLS ambulances. Generalised responses to cardiac and trauma cases would risk the lives of the patients requiring Advanced Life Support.

Ambulances were despatched in 41.94 lakh cases (catering to 44.63 lakh patients) out of 51.05 lakh calls of medical emergencies during the period 2014-15 to 2018-19. Year-wise analysis showed large scale variations in despatch of ambulances as depicted in **Chart 2.2**.

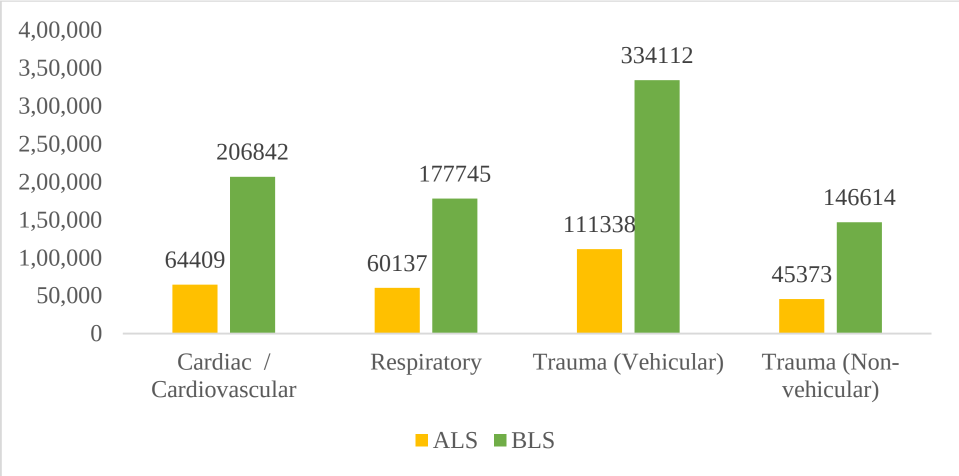
Chart 2.2: Year-wise despatch of ambulances



Source: Extraction and analysis of data provided by the Partner

Emergency-wise analysis further revealed that BLS ambulances were deployed in 75 *per cent* of the cases for critical emergencies such as cardiac, respiratory and trauma during the period 2014-15 to 2018-19 as depicted in **Chart 2.3**. Year-wise details are indicated in **Appendix 2.4**.

Chart 2.3: Deployment of ambulances for critical emergencies



Source: Extraction and analysis of data provided by the Partner

The State Government, in the exit conference, stated that when an emergency was notified, the nearest available ambulance was allocated irrespective of the type of ambulance and since the number of ALS ambulances were comparatively lesser, BLS ambulances were allocated for critical cases also. It further stated that the proposed tender provided for deployment of only ALS ambulances.

❖ *Short messaging services (SMS)*

The project deployed a SMS routing application to notify the crew about the call-id, phone number, name of the victim, landmark and incident type when an ambulance was allocated to an emergency. Analysis of 1,374 SMS sent on 5 September 2018 showed that the SMS was delivered in 1,282 cases. The non-delivery in the remaining 92 cases was attributed to ambulance crew switching off their phones. Further analysis showed delay in delivery of SMS. SMS was delivered within 30 seconds in 1,128 cases, 31-60 seconds in 47 cases, 60-180 seconds in 2 cases, 180-600 seconds in 75 cases and beyond 600 seconds in 30 cases. The delay in delivery of SMS affects the response time. Since the data was made available for only one day, we could not assess the position for the entire period.

The State Government replied that directions have been issued to the Partner to take suitable action to prevent delays.

❖ *Non-availability of Automated location identification*

The EMCA system does not provide for automatically capturing the location details of the caller from the telephone calls. The call centre personnel manually enter the location details on the basis of the voice inputs from the caller. This is prone to errors and could delay triaging. Absence of location details also hampers the identification of ambulances in the vicinity of an incident site. The application determines the nearby ambulances on the basis of the manually entered taluk names which represent a vast geography. In urban locations, upon entering the taluk names, the nearby ambulance list is exhibited on the basis of the centre of the urban location even where the incident location could be in the periphery of the urban area. These deficiencies in information affect the proper allocation of the ambulances. We observed that during the period 2014-19, assigned ambulances had to be de-assigned and re-assigned in 19,870 cases indicating improper initial assignment.

The State Government, in the exit conference, accepted that non-availability of automated location identification contributed to delay in triage and stated that the provisions would be incorporated in the proposed new tender.

❖ ***Delay in release of de-assigned ambulances***

When an ambulance after assignment was found not to be required by the caller, the EMT informs the Despatch Centre for de-assignment. Until the Despatch centre de-assigns the case and releases the ambulance, the ambulance would be shown as busy in the ERO Application. We noticed that there was significant delay in de-assigning the ambulances in 2.09 lakh instances, which resulted in loss of 29.39 lakh ambulance hours.

❖ ***Cases transferred to vehicle busy desk***

In cases of non-availability of ambulances, the Emergency Response Centre transfers the call to a separate terminal referred to as Vehicle Busy (VB) Desk, which allocates an ambulance whenever an appropriate ambulance becomes available. Analysis of the VB desk data showed that more than 50 *per cent* of ambulance requests could not be met as indicated in **Table 2.3**.

Table 2.3: Statement showing the details of ambulance requests not met

Year	Number of calls transferred to VB Desk	Ambulance allotted at VB Desk	Ambulance not Allotted	Percentage of non-allotment
2014-15	82,437	18,027	64,410	78
2015-16	1,02,733	22,447	80,286	78
2016-17	1,38,751	53,752	84,999	61
2017-18	2,79,595	1,37,899	1,41,696	51
2018-19	2,83,771	1,42,168	1,41,603	50
Total	**8,87,287**	**3,74,293**	**5,12,994**	**58**

Source: Extraction and analysis of data provided by the Partner

The Partner attributed non-availability of sufficient number of ambulances for the large percentage of non-allotment. This was incorrect as illustrated below:

Illustrations - Non-allotment of ambulances at VB desk

On 4 April 2017, an emergency call was received at 21.21 hours requesting for an ambulance for a pregnant woman in Yadgir district. The call taker did not allot an ambulance recording that all the nearby ambulances were busy and the call was transferred to Vehicle Busy desk awaiting allocation of ambulance upon availability. The caller, however, did not get the ambulance service even after 23 hours and the baby expired.

We noticed that caller made seven calls in a span of 23 hours to the call centre before raising a complaint on the non-receipt of the ambulance service. Out of these, two calls were identified as medical emergencies, one call was disconnected, one call was marked as nuisance and three calls were marked as follow-up calls even though no ambulance was assigned. Non-allotment of an ambulance even after waiting for a period of 23 hours indicate the need for close monitoring of the Vehicle Busy Desk cases.

On 15 April 2018, an emergency call was received at 7.26 am requesting for an ambulance for a pregnant woman. The call taker could not allot an ambulance as the four nearby ambulances were not reachable as their mobile numbers were found switched off. The call was transferred to Vehicle Busy desk. The caller made a follow-up call at 7.41 am again and was informed that all the nearby ambulances were busy and he would be intimated as and when ambulances become available. The Vehicle Busy Desk did not return the call. The caller again called at 9.29 am and later at 10.23 am when an ambulance was assigned. However, the baby expired.

A complaint received on this issue was closed by the Partner stating that Basavapatna ambulance had problem with electrical parts, headlight and dynamo and there were problems with mobiles. We observed that though the ambulance at Basavapatna was stated to be having dynamo problem, it was not reported to the Emergency Centre. This also highlight the need for instituting alternate channels of communication in case the mobile phones were found to be switched off/not reachable.

It is recommended that in those cases where calls are transferred to the Vehicle Busy (VB) Desk, the desk should ensure that an ambulance is allocated as soon as an appropriate ambulance becomes available. If it is just not possible to allocate an ambulance within the specified response time, the caller should be informed, so that he/she does not indefinitely wait for the ambulance and can make his/her own arrangements.

❖ *Non-integration of government ambulances with 108 fleet*

The Government issued (July 2017) orders for integrating 827 government ambulances with the existing fleet of EMS-108. However, it provided the details of 542 ambulances to the Partner for integrating with the 108 ambulance fleet and these ambulances were made part of the allocation list of the EMCA from July 2017. The Partner also provided a special mapping for placing the ambulances at a distance of 10 to 15 km instead of 25 km as originally envisaged. According to the arrangement, ambulance maintenance and staff administration would continue with the Government. It was observed that out of 36,799 assignments given to the government ambulances, only 927 despatches were accepted. As there was poor response from the ambulance staff in responding to the despatch requests citing shortage of resources, lack of fuel *etc.*, the integration of the government ambulances to the 108 ambulance fleet and the objective of placing one ambulance per 10 to 15 km radius did not materialise.

No reply was furnished by the State Government. However, in the exit conference, it agreed to review the existing criteria of deployment of ambulances based on population.

❖ *Non-allotment of ambulances due to disruption in communication*

The emergency response system functions best when it is supported by an effective communications network. Upon receipt of an emergency call, the call centre should be able to immediately communicate with the ambulance crew and other responders. The ambulance crew were supplied with mobile phones for linking them to the 108-emergency centre. We observed at least four instances of failure of this linkage, because of which the call centre was not able to reach the ambulance crew, affecting the delivery of service to the emergency patients as below:

- During April 2018, in a case of breathing problem, the caller from Haveri district did not receive ambulance service and the patient expired. The two nearest ambulances were not reachable over the mobile even though the ambulances were available at their base locations.
- During August 2018, in a case of vomiting, the caller from Athani taluk was not provided ambulance service as the crew was not reachable over the mobile.
- During December 2018, in a case of an unconscious patient, the caller from Ron taluk did not receive the ambulance service as the crew was not reachable over phone.

We also observed that data on such link failures between the emergency management centre and the ambulance crew were not systematically captured and analysed. No standard operating procedures were in place to be followed by the emergency centre in case of ambulance crew mobiles not reachable.

❖ *Double despatch of ambulances*

We noticed 1,81,217 cases where two ambulances were despatched (double despatch) for transporting a single emergency case. After proceeding up to a distance, the patient was de-boarded from the first ambulance and taken to the destination hospital in a second ambulance. There was no formal procedure in place prescribing the handing over practices to be adopted, sharing of patient care information with the second ambulance. Year-wise cases of double despatches are indicated in **Table 2.4**.

Table 2.4: Statement showing the year-wise cases of double despatch

Year	Total number of cases	Number of double despatches
2014-15	7,01,735	16,239
2015-16	6,03,719	10,661
2016-17	10,57,154	48,945
2017-18	11,49,603	65,361
2018-19	9,50,699	40,011
Total	**44,62,910**	**1,81,217**

Source: Extraction and analysis of data provided by the Partner

Such a practice of double despatch lacked justification and also resulted in inconvenience to the patients. Further, it distorts the data relating to transport time, average response time *etc.* It was observed that while the triage information in respect of these patients was available in a particular case id, the destination information was found in a different case id making it difficult to undertake a follow-up of the outcome of the case.

The Partner stated that the double despatch was attempted to reduce the travel distance of one particular ambulance and to avoid absence of ambulance in a particular location for prolonged time. The State Government replied that it had also observed such instances and a notice had been served on the Partner seeking explanation in this regard. It further stated that instructions have been issued to prevent such instances in future.

❖ ***Ambulance uptime and average trips per day***

According to the MOU, the uptime of the ambulances was to be maintained at 98 *per cent* (at any point of time so many ambulances would be attending to emergencies). A database of all ambulance activation and de-activation were to be maintained to determine the ambulance uptime. According to the information provided by the Partner, the uptime of the ambulance ranged from 91 to 95 *per cent* during the period 2014-19. The reported uptime of the ambulance was not verifiable in audit as the Partner had not maintained any database of ambulance uptime.

Further, each ambulance was required to handle eight emergencies/despatches per day. In other words, the average performance level of each ambulance should be minimum eight trips per day. It was noticed that the ambulances performed an average of 3.32 to 4.36 trips per day during the period 2014-15 to 2018-19. Only five ambulances achieved the specified performance level of eight trips per day during the above period. The possibility of improving the average trips per day by ambulances needs to be examined in the back drop of the fact that in large number of calls the ambulances were not allocated as the ambulances were busy and precious ambulance hours were lost due to delay in transfer of patients at hospital, delay in closure of ambulance trips *etc*.

The State Government replied that it could not take any action in the absence of penalty clause in the MOU. It further stated that penalty clause would be included in the forthcoming tender for not achieving the targets as per service level agreement.

It is recommended that there should be no limit on the number of average trips per day per ambulance and the available ambulances should be mobilized as and when required irrespective of the number of trips already undertaken since making available the ambulance in a timely fashion to the patient should be the primary objective of the 108 Service. The Government may consider an appropriate revision of the relevant MOU provision, to ensure enforcement.

❖ ***Mismatch between onward and return journey***

Ideally the distance from hospital to base (return journey) should be equal or less than the distance from base to hospital via scene (onward journey). The database showed that during the period 2014-15 to 2018-19, there were 3.70

lakh cases wherein the return journey distance was in excess of five kilometres (km) than the onward journey distance. The difference between these two distances was as high as 500 km. The excess distance travelled in these cases was 86.49 lakh km.

For the period January 2019 to March 2019, there were 42,033 cases, of which we sampled 381 instances for comparison with the GPS data available in the Vehicle Tracking System. It was observed that GPS data was recorded only in 129 cases. Analysis showed that in 73 of these 129 cases, the distance manually reported and recorded in the database was in excess of five km when compared to the GPS data. The excess distance travelled in these 73 cases was 1,417 km. This showed that manual intervention resulted in inflating the distance travelled in these cases. The estimated impact of such inflated reporting in these 3.70 lakh cases alone worked out to more than ₹6.23 crore in terms of fuel cost.

❖ ***Use of ambulance for non-emergency purposes***

The ambulance services under the project were intended for those with life threatening or serious medical illness or injury. During the analysis of the EMCA database, we observed that the ambulances were used for non-emergency purposes in several instances. During the period 2017-18 to 2018-19, the ambulances were used to drop back the discharged persons in 50,865 instances.

The State Government replied that necessary instructions were issued to the Partner.

❖ ***Allocation of ambulances for mass/multi-casualty incidents***

A multi-casualty incident (MCI) is an emergency situation where the number of patients overwhelms the capacity of ambulance and other emergency resources. Often multiple ambulances need to be despatched to respond to such incidents. It also demands escalation of incidents to a higher level of command for ensuring effective co-ordination.

We observed that the EMCA did not provide for allocating multiple ambulances in case of multi-casualty incidents. If this feature were available, it would be possible to provide multiple ambulances based on a single call thereby reducing the response time for allocation of ambulances. The application, however, provided for tagging an incident as MCI. When an incident is tagged as MCI, the next call taker would be alerted about the need for additional ambulances. However, even in such cases, additional ambulances could be allocated only on receipt of additional calls resulting in longer response time.

Illustration

In November 2018, the call centre received a call related to an accident involving multiple casualties. The ERO who received the call did not identify it as a case of MCI and did not tag MCI flag in system. Only a single ambulance was assigned. After three minutes, again a call was received for requesting an ambulance relating to the same incident. As the ambulance was already assigned by the first ERO, the ERO who attended the call did not assign any ambulance. As a result, six patients were transported in a single ambulance. The call centre received another call after 15 minutes from the same scene requesting for an ambulance. A second ambulance was then assigned and two patients were transported to the hospital. The second ambulance had reached the scene after 50 minutes from the first reporting of the MCI. Improper triage, thus, resulted in multiple patients being transported in single ambulance and inordinate delay in responding to the emergency.

Further, the ERO application, though provided with an escalation button, did not have any functionality to report the MCI to appropriate command centres of the State Government like police, district administration *etc*. We noticed that police were tagged in the application in 2,406 incidents out of 4,777 MCI during the period 2014-15 to 2018-19 but were actually not reported.

2.1.10.5 Ambulance Driving policy

Ambulance drivers are under great pressure to transport people to the closest hospital as quickly and safely as possible. Any risk the driver takes can endanger the passengers in the ambulance, as well as others in the vicinity. The speed and handling of the ambulance should ensure smooth transit to minimise any detrimental effects on the patients and also provide a safe environment for the ambulance crew attending to the patient. Hence, to promote and sustain a safe driving culture and to promote safety for all persons and property in EMS, the operation of the ambulances needs to be regulated using appropriate rules, regulations and various policies and all EMS personnel must be made aware of the need to comply with the laws, regulations and various policies with respect to operation of the ambulances. A detailed investigation also needs to be carried out in cases of ambulance crashes.

During the period 2014-15 to 2018-19, EMS-108 ambulances were involved in 453 accidents. However, these accidents were not investigated with a view to understanding the pre-crash activities of the persons involved and the circumstances contributing to the crash.

Illustration

Five people from a family were killed after a speeding ambulance jumped the median and collided with their car on the international airport road in Bengaluru on 27 May 2019. The ambulance was returning to base location after dropping a patient at NIMHANS and was driven at a speed of 80 km/hour. The police registered a case and it is under investigation.

❖ *Patient Safety*

Protecting patients and providers during transport is essential. Best practices advocate equipping and designing ambulances to protect patients and providers during ambulance operation, and include cot securing systems, patient and provider restraints, and equipment mounting systems. Seats, seat belts, seat belt anchorages *etc.*, are critical items for the safety of the occupants in case of sudden accelerations/decelerations and accidents. Further, seats and their design, mounting *etc.*, constitute substantially to the ride comfort of the vehicle users. We, however, observed that belts for securing the cots/stretchers were not provided in the ambulances for securing the patients.

2.1.11 Fleet Management System

The project developed an in-house web-based Fleet Management Application System (FMS) for managing the ambulances. The status of utilisation of the functionalities of this application was as indicated in **Table 2.5**:

Table 2.5: Status of utilisation of various functionalities of FMS application

Functionality	Status of utilisation
Monitoring the compliance to statutory requirements like pollution under control, fitness, insurance *etc.*	The data related to pollution control certificate, fitness certificate and insurance renewal were not captured after June 2016 indicating non-utilisation.
Data on vehicle accidents	Vehicle accident details and investigation (NIL); cause of accidents; fatal accidents; major accidents; minor accidents and situation of accidents (till 2015).
Data on vehicle handing over	No records of handing over of the vehicles.
Tyre received details	Only 30 records available in the database.
Spare parts requisition, receipt and issue details	Only two records in requisition and nil records in receipt and issue.
Master data capturing the vehicle fabricators, spare parts master	Spare Parts master updated only till 2015. Only one record in fabricators master.
Inventory related to requisition, receipt and issue of battery and spare parts	Information related to 998 batteries available. Only 24 and 19 records related to battery receipts and issue respectively.
Tyre and battery replacement	Details not available in the database.
Data related to maintenance and repairs, vendor details, vehicle maintenance request and approval, vehicle schedule service request and approval.	No vendor details. Only 9 records in schedule service requests relating to 2015 and no records in schedule service alerts.
Petro card mapping, fuel entry	Data being captured and put to use.
Off road vehicle details and maintenance	Data being captured and put to use. However, the data was not being updated regularly.

Source: Extraction and analysis of data furnished by the Partner

Thus, the FMS was not put to complete use by the Partner for capturing the intended details. Consequently, monitoring of servicing, insurance and pollution certificates, tracking of fuel usage, parts replacement, running expenses *etc*., were manually undertaken which were prone to associated risks.

2.1.12 Hospital Information System Application

The ERO module and the DO Module fetch the details of the nearby hospitals in respect of an incident location from a web-based Hospital Information System (HIS), which is maintained and updated by the Partner. The HIS provides for capturing details such as the hospital name, locality, bed capacity, ownership type, facilities available like medical equipment, intensive care, diagnostics, specialist resources, ambulances, payment and insurance facilities. The HIS also provides for capturing data related to cases handled in emergencies indicating the treatment, stabilisation, cases referred to other hospitals *etc.*

In order to provide effective information to the users, the HIS was to be populated with relevant data on a periodical basis. It was, however, observed that the HIS was not populated with envisaged level of information. Of the 3,202 government hospitals and 4,778 private hospitals listed in the HIS, details of medical equipment, intensive care facilities, specialist doctors and insurance facilities were available only for 414, 412, 409 and 396 hospitals respectively. Out of this such details were available only in respect of 159 government hospitals.

The absence of the complete data restricted the use of the HIS application for providing the requisite information to the users for determining the choice of the destination hospital and also for effective follow-up.

During the survey, 70 per cent of the EMTs stated that they were not supplied with information on the available hospital facilities in their regions catering to different types of emergencies. Also, 74 per cent of the EMTs and 86 per cent of the pilots stated that they had to transfer the patients to another hospital due to refusal/lack of facilities in the first destination hospital.

The State Government replied that action had been initiated to prepare a database containing all details of both the government and private hospitals and integrate it with e-hospital software. During the exit conference, it accepted that there was no facility for ambulance crew to be informed about the hospital facilities like availability of beds and ventilators and this led to visits by ambulances to multiple hospitals in search of appropriate facilities and stated that this would be addressed in the proposed tender.

2.1.13 Pre-Hospital Care Record Application

Pre-hospital emergency care refers to the care given to the patients before they reach the destination hospitals. The PCR in manual form was designed to capture several important data related to pre-hospital care. It was, however, observed that the EMTs had not collected the specified data completely. The manual data collected was not compiled and collated for further analysis. Non-digitisation of the PCR information and non-compilation limited the use of crucial information captured by the PCR formats such as medicines used for improvement of vitals during pre-hospital care.

Subsequently, a Pre-Hospital Care Record Application was introduced (February 2016), which had provisions for tracking the receipt of manual PCR formats from the EMTs. However, the application was not updated periodically rendering the data outdated. The number of PCR formats submitted by the EMTs, number of formats pending *etc*., was thus not ascertainable.

The State Government replied that provision for automating the PCR was incorporated in the proposed tender.

2.1.13.1 Follow-up

There is a need to track the progress in respect of all patients transferred to a hospital in order to know their outcome and confirm that the transport and pre-hospital care provided was appropriate. A follow-up would support continuous quality improvement activities and would help identify areas that require increased training. Best practices use outcome indicators such as return of spontaneous circulation after a cardiac arrest, survival to discharge, outcomes from stroke, outcomes from trauma cases *etc.*, to measure performance. Outcome of the patients would be accurately known only if the information on ambulance care is linked with patient records in the destination hospitals. A feedback from the treating emergency staff in the hospitals would also help in ascertaining the quality of pre-hospital care provided and quality of patient management during transportation.

We observed that while no outcome indicators were specified, the linkage between the ambulance service and destination hospitals was also absent. The feedback from the Hospital Emergency Department was not collected. Hence, the clinical outcome of the patients transported to hospitals, their survival rate, effectiveness of pre-hospital care *etc.*, were not determinable.

However, the Patient Status Module of the application was used for monitoring the status of patients after 48 hours' period. The data from the DO module is pushed to this application for taking a feedback call after 48 hours from the patient or bystanders. This process involved contacting the patient/attender to enquire about the condition of the patient, the hospital in which they are admitted *etc*. It was observed that this feedback mechanism was highly ineffective as feedback was received only in one *per cent* of the total cases. The feedback mechanism was limited to knowing the status of patient after 48 hours. In more than 250 cases, the feedback indicated that the patient condition remained critical and in 37,407 cases, the patients were still in the hospital, during the 48-hour feedback survey. Further follow up was not conducted to ascertain the final outcome.

Analysis of the feedback data indicated that:

- ❖ Out of 5.65 lakh cases referred to the feedback desk during the period 2014-15 to 2018-19, feedback was obtained only in 42,484 cases indicating that the feedback mechanism to determine the outcome of the patients transported was deficient.

- ❖ Feedback in 4.07 lakh cases was closed in batches within few seconds time indicating bulk closure at the back-end. Resorting to back-end closures without actually completing the feedback process thus circumvented the established procedure for feedback.

During survey, 77 per cent and 71 per cent of the emergency staff at destination hospitals stated that they did not have a system of providing feedback to EMRI about the quality of handing over of patients to them and management of patients during transportation respectively.

The State Government, in the exit conference stated that the linkage between the ambulances and the hospitals would be improved.

2.1.13.2 Incorrect reporting

The ambulance crew reports the details of transport of patients to the DO desk and closes the case by indicating the hospital to which they were handed over for further definitive care. During feedback, the status of patients after 48 hours is collected including the hospital in which the patient was initially admitted. We noticed in 972 cases during 2014-15 to 2018-19, the ambulance crew reported handing over of patients at government hospitals but the feedback from the patients showed that they were taken to private hospitals.

Private hospital admissions - Illustrations

In July 2019, a request was made to 108-ambulance to shift a patient from Primary Health Centre, Sondekoppa to NIMHANS as referred by the doctors. The ambulance crew took the patient to Kanva hospital, a private hospital. The patient later complained that the hospital charged ₹7 lakh and he had to take loan pledging gold to pay the bill. The Quality wing of the project in their internal enquiry confirmed the facts.

In September 2018, ambulance crew transported the patient to a private hospital and the patient later complained about the difficulties faced in paying the bill. The internal enquiry confirmed these facts.

The State Government, in the exit conference, highlighted receiving complaints of patients being taken to private hospitals by ambulance crew. It further stated that GPS tracking of ambulances with time stamping was being proposed in the proposed tender to monitor ambulance movement.

Such incorrect reporting, thus, points to the possibility of personal interests of the ambulance crew.

2.1.13.3 Tracking of patients

We attempted to track the patients to the ten destination hospitals in 3,804 sampled cases during field study. The destination hospitals could trace the details of the emergency patients to the emergency department of the hospitals in only 1,952 cases leaving 1,852 cases untraced. On re-verification in four hospitals, the Partner traced an additional 406 patients and confirmed that in 235 cases, the patients had not reached the government hospitals to which the patients were reported as handed over. Inability of the destination hospitals to trace the patients handed over by the emergency services reaffirm the need for strengthening the linkages between ambulances and destination hospitals. Confirmation by the Partner in respect of 235 (15 *per cent*) out of 1,557 instances in four hospitals point to the possible diversion of cases to private hospitals by the ambulance crew.

2.1.14 Financial Management

The introductory paragraph of this report indicates the existing financial arrangement between the Government and the Partner for the Project. The centralised financial management system was maintained by the Partner at its Head Office in Secunderabad. An application front-end was provided to selected users in the State. The year-wise and component-wise expenditure incurred during the period 2014-15 to 2018-19 is given in **Table 2.6**.

Table 2.6: Statement showing the year-wise and component-wise expenditure

(₹ in crore)

Component	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Ambulance maintenance cost	33.83	32.3	38.61	39.21	38.63	182.58 (37)
Administrative cost	3.31	8.31	2.73	3.4	2.97	20.72 (4)
Communication cost	0.52	0.68	0.65	0.66	0.54	3.05 (1)
Employee benefits	44.44	51.57	56.46	56.42	56.93	265.82 (53)
Medical Consumables	1.33	1.71	1.58	1.69	1.42	7.73 (2)
Recruitment and Training	1.74	2.8	2.83	3.43	1.39	12.19 (2)
Travelling and Conveyance	1.62	1.34	1.33	1.21	0.87	6.37 (1)
Others	0.47	0.18	0.94	0.02	0	1.61 (0)
Total	**87.26**	**98.89**	**105.15**	**106.03**	**102.78**	**500.07 (100)**

Figures in parentheses indicate percentage of total expenditure
Source: Information furnished by the Department/Partner

The above table showed that expenditure on salaries was the highest (53 *per cent*) followed by ambulance maintenance cost (36 *per cent*). Analysis revealed that the operating cost per ambulance increased from ₹12.27 lakh to ₹14.46 lakh per year per ambulance excluding their replacement cost during the period 2014-15 to 2018-19. The cost per trip of the ambulance ranged from ₹1,023.26 to ₹1,664.68 and the cost of running of ambulance per kilometre ranged between ₹23.79 and ₹36.11 during the above period.

2.1.14.1 Non-issue of audit certificate

In accordance with the MOU, the Partner was to maintain separate financial accounts and records of its operations in Karnataka. These accounts were to be annually audited, by a Chartered Accountant (CA) firm approved by National Rural Health Mission/Government of Karnataka, by the end of the first quarter of the succeeding year in addition to any statutory audit.

The State Government had identified three CA firms[26] during the period 2014-15 to 2018-19 for conducting the annual audit of the accounts of the project. We observed that none of the CA firms had issued any auditor's report/audit certificate for the audits conducted and the MOU did not link the release of funds in subsequent years to the submission of audit certificate. Hence, there was no monitoring of the expenditure at the Government level.

The State Government agreed to take necessary action in this regard.

[26] M/s S B Jeedi & Co. (2014-15); M/s HR Alva& Co. (2015-16) and M/s Sanjay K & Co. (2016-17 to 2018-19).

2.1.14.2 Inadmissible expenditure borne by the State Government

Analysis showed that ₹56.27 lakh and ₹21.66 lakh being the salary expenditure and travelling and conveyance expenditure respectively of the senior management for the period 2014-15 to 2018-19, which was to be met by EMRI was claimed from the State Government. There was no mechanism in the State Government to verify the claims preferred by EMRI. This resulted in irregular payment of ₹77.93 lakh.

The State Government stated that action was initiated to recover the amount. The reply, however, does not address the mechanism put in place to prevent such claims.

2.1.14.3 e-visit (Travel Management System) module

The project developed another in-house application 'e-visit', a travel management system module for managing the supervisory visits of the regional, district and other functional level officers. The officers visiting ambulance locations were to obtain a visit id by dialling the e-visit application desk using the mobile numbers allocated for the ambulances. This was to act as an evidence for reaching the location of visit and would indicate the starting time and duration of the visits. The visiting officers were to close the visit id and obtain a new id at the next location. The visit ids were quoted in travel claims as proof of their location visits and travel.

The visit ids were to be generated based on an incoming call from a visiting ambulance location and ambulance number. We observed simultaneous creation of e-visit ids and their closing by manual entries at the e-visit module, overlapping of time between visits of different locations, bulk creation of e-visit ids and their closure *etc*., pointing to doubtful practices and travel claims. A few illustrative instances are indicated in **Appendix 2.5**.

2.1.15 Human Resource Management

EMRI was required to deploy the required personnel for the effective implementation of the project. We noticed the following shortcomings:

(i) As per the MOU, each ambulance was to be provided with pilots and EMTs each in the ratio of 2.75 per ambulance. For a fleet size of 711 ambulances, 1,955 pilots and EMTs each were required to be deployed. The status of pilots and EMTs as at the end of March 2019 was 1,556 and 1,548 respectively. The shortage of ambulance staff affected the functioning of ambulance service and the ambulances remained non-operational for 41,342 days during 2014-15 to 2018-19. There was also an additional burden on the existing staff to work for longer durations. We observed during field visit that

- in five instances, ALS ambulances were being operated by assigning the cases to pilots without any EMT support thus endangering the emergency victims.

- In two instances, ambulances were not operated during the night shifts due to inadequate staff.

(ii) As stated in Paragraph 2.1.9.8, ERCPs were required to provide virtual medical directions to EMTs who are in the field. Analysis of CCMS data available for two years 2017-18 and 2018-19 showed that the percentage of unanswered calls by ERCPs was 58.20 and 65.52 respectively. We observed that there were only three ERCPs available at the emergency response centre and it was apparent that they were too few to attend to all the calls. Besides, the MOU did not specify the number of ERCPs to be employed.

(iii)The MOU had not specified any qualification for the various personnel to be deployed under the project. We noticed that out of 1,563 EMTs working as of March 2019, 7 and 46 personnel with qualification in Laboratory Technology and Health Inspection respectively were appointed as EMTs. Absence of qualification norms resulted in deployment of personnel not authorised to administer medicines and pre-hospital care in the emergency cases. We observed during field visit that

- in one instance, the EMT with qualification in Laboratory Technology was deployed for ALS ambulance.

(iv)Though MOU envisaged deployment of police personnel to be provided by the police department as Police Dispatch Officers (PDOs) for taking care of exclusive police cases and medico-legal cases, no personnel were deployed by the department. Retired police personnel were appointed on contract basis for the day shift and no services were available for the night shift.

(v) According to MOU, ambulance staff were to work in two shifts of 12 hours each. Considering the highly stressful nature of work, the MOU provided that the personnel would get off after every three days of duty. It was, however, observed that the ambulance staff was given off only after every four days of duty. Analysis of the Patient Care data for the year 2018-19 showed that EMTs worked beyond 14 hours in 53,079 instances. In 17,297 instances the period of continuous work went beyond one day and ranged up to 25 days without any break. In the exit conference, the State Government attributed shortage of staff to the long continuous working hours. The findings of the survey are indicated in **Appendix 2.6**.

The State Government replied that a notice seeking explanation on the above issues had been served on the Partner.

It is recommended that for smooth running of the ambulances, the manpower deployment as agreed by the private partner in the MOU should be strictly adhered to. For this purpose, periodical review of the manpower deployment should be made and a penal provision be introduced in the MOU to safeguard breach in deployment provisions by the private partner.

2.1.16 General Information System controls

2.1.16.1 User Requirement Specifications

The user requirement specification (URS) is a document used in software engineering that specifies what the user expects the software to do and serves as a term of reference for the design, development or procurement of a software application. All users and stakeholders, both end-users and operators/maintainers, were required to be consulted during the preparation of a URS document. The URS document should be in all respects presented at a level and in a manner suitable for evaluation and approval by the appropriate project authority. We observed that the URS was not prepared and approved by the Government.

2.1.16.2 Obsolescence

Information Technology (IT) assets are characterised by rapid obsolescence. Planning for future technology needs is a key component of IT management. An obsolescence management plan would include a variety of different elements such as a technology roadmap, identification of criticality of the components, monitoring all components against obsolescence. Use of outdated or obsolete technology should be avoided as far as possible in critical systems.

We, however, observed that the software applications and the supporting hardware infrastructure used in the project were acquired during the year 2008-10. There was no up-gradation of the software and hardware used in the Emergency Response Centre or the Ambulances. The proposal submitted by the Partner for the upgradation of the software was yet to be considered by the Government.

In the exit conference, the State Government stated that the software system in the proposed tender would address the issues raised in Audit.

2.1.16.3 Incident management and business continuity plans

Every organisation is at risk from potential disasters that include power and energy disruptions, communications, transportation, safety and service sector failure, cyber-attacks and hacker activity, natural disasters such as earthquakes and fire, accidents, sabotage *etc*. These incidents could lead to loss of, or disruption to an organisation's operations, services or functions. Hence, there is a need for incident management and business continuity plans[27] which go hand-in-hand.

However, we observed there was neither an incident management plan nor a business continuity plan. This impaired the ability of the project to understand the minor, severe and critical cases for undertaking remedial measures.

[27] A business continuity plan is an organisation-wide group of processes and instructions to ensure the continuation of business processes–including, but not limited to IT - in the event of an interruption. It provides the plans for the enterprise to recover from minor incidents (e.g., localised disruptions of business components) to major disruptions (e.g., fire, natural disasters, extended power failures, equipment and/or telecommunications failure).

2.1.16.4 Single point of failure

A single point of failure (SPOF) is a part of a system that, if it fails, would stop the entire system from working. The Emergency Management Centre requires highest level of availability and accordingly was required to incorporate sufficient redundancy in its architecture to minimise the threat of single point of failures. We observed that a risk analysis on the single point of failure was not undertaken though there were major SPOFs in the architecture of the project as discussed below:

- **Single Public Safety Answering Point (PSAP) Location** - The 108 service is operated through a single PSAP location in Bengaluru. No disaster recovery site with a view to resume the site in the shortest possible time has been planned and implemented.

- **Single Telephone Exchange landing location** - All the calls to 108 were routed through a single exchange in Bengaluru. Any failure in the exchange operations would result in complete shut-down of the project activities.

2.1.17 Governance

The Quality of Management Systems has a major impact on the extent to which effectiveness, efficiency, asset safeguarding and data integrity objectives are achieved in a project environment. The absence of management systems at Government level and deficiencies noticed in the PPP of management of EMS-108 are discussed below:

2.1.17.1 Strategic planning exercise not undertaken

Strategic planning is a process, which results in a strategic plan. The plan should cover an assessment of the effective chain of response in respect of each emergency, identify the resources required, compare the resource requirement with the available resources to identify the gaps and plan the necessary interventions for bridging the gaps and improving the outcomes. Moreover, an EMS system is expected to meet the urgent healthcare needs of all patients, regardless of age or comorbidity, geography *etc*. Special groups include children, geriatric and disabled patients, and patients with limited access to healthcare due to geographic, demographic, socio-economic, or other reasons.

We observed that a strategic management plan oriented towards providing emergency medical services to the entire population in the State was not formulated. As a result,

- people living in remote/tribal areas did not have access to EMS. The critical locations on various roads for connecting to hilly and remote areas for placing appropriate transportation vehicles were yet to be identified.

- the project did not consider the emergency medical requirements of the fishermen[28] and there was no procedure in place to escalate a call from the fishermen at sea to appropriate command centres such as Coast Guard or the district authorities concerned. It is pertinent to mention here that states like Gujarat, Kerala and Odisha have launched boat ambulance services to respond to emergencies at sea.
- there was no mechanism to systematically transfer calls to the neighbouring states[29] and *vice-versa* for providing service to the caller in distress in respect of calls made from border areas of the State, which land at the control rooms located in the neighbouring states. We observed that 6,503 calls from other State geographies were received during the period 2014-19. The numbers of calls landed from Karnataka to other state emergency centres were not ascertainable.
- the Call Centre did not have the capability to receive and address calls from individuals[30] who are deaf or hard of hearing such as through use of video relay service and text messaging.
- the Government or the Partner had not taken any action to make available the emergency medical services to 869 of the 27,397 villages in the State, which were devoid of tele-connectivity facility.

Further, a spectrum of activities such as assessment of effective response time for different categories of emergencies, pre-arrival instructions from call centre, pre-alerting by ambulance staff to the hospitals, follow-up on patient outcomes, research on effectiveness of pre-hospital care, monitoring of patient outcomes, up gradation of the ICT infrastructure *etc.*, remained out of the consideration and due diligence of the top management at Government level.

The State Government replied that action was being taken to prepare suitable action plans to provide medical emergency services for all the disadvantaged sections.

It is recommended that the State Government should ensure access of EMS to all disadvantaged sections of the society such as people living in remote/hilly/border/coastal areas.

2.1.17.2 Management of Public Private Partnership Projects

PPPs are long term contracts and the regulatory authorities need to ensure that the project meets its objective on a continuous basis. Hence, monitoring the project activities was critical to maintain the project life in good health. It was to be ensured that monitoring processes and procedures are in place at the commencement of service, with roles and responsibilities clearly outlined and project requirements clearly specified, so that performance can be managed from the very beginning. The deficiencies noticed thereon are indicated in **Table 2.7**.

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[28] Karnataka has 320 km long coast line with around 3.28 lakh marine fishermen.

[29] All the States bordering Karnataka use the same emergency number 108.

[30] According to the Census data 2011, there were about 3.26 lakh hearing impaired and persons with speaking difficulties in the State.

Table 2.7: Statement showing the deficiencies noticed in management of the Project

Sl. No.	Issue	Audit comments	Government's response
1	Inadequate monitoring framework	Key performance indicators with respect to service delivery were insufficient. The MOU did not specify the monitoring mechanism that was to be in place.	The State Government accepted the audit observations and in the exit conference, agreed that the MOU was deficient as the detailed Service Level Agreement was not part of the MOU. It further stated that it had now initiated a tender process for identifying a Partner for continuing the Project and the deficiencies in the present MOU were addressed in the proposed tender document adding Service Level Agreements, penalty clause *etc*.
2	Management Information System	Though EMCA generates large volume of data capable of providing management information, no MIS reports were designed and generated as part of the application.	
3	Performance Security not prescribed	The MOU did not provide for furnishing of any performance security by the Partner for due performance of its obligations during the project operation phase.	
4	Non-inclusion of penalty clause	The MOU did not incorporate any penalty clauses for deficient delivery of services.	
5	Reporting arrangements	The MOU did not specify the exceptional reporting arrangements between the Government and Private Partner.	
6	Disruption of telecom infrastructure to call centre	There was no coordination with different civic agencies to ensure that the critical emergency telecom infrastructure was protected from the activities of the civil agencies such as water supply, public works *etc*. We noticed three instances of 108 call centre lines outage during the period 2014-19 on account of fibre and copper cable cuts by the civic authorities and in two separate incidents in March 2016 and June 2016, telecom lines were down for more than 10 minutes due to cable cut off during footpath work and underpass work near the call centre.	The State Government did not furnish any reply in this regard
7	Linkages among different emergency handling agencies not specified	Linkages between different departments was neither established nor a governance structure for ensuring inter-departmental co-ordination was instituted. The absence of data sharing and linkage between departments affected critical issues like accident mapping and identification of accident hotspots, which would have helped in effective deployment of ambulances near the accident prone zones so that the "Golden Hour" time could be reduced.	
8	Exit strategy plan	Neither the MOU contained any exit strategy plan indicating the contractual obligations to ensure full and final transfer of assets and Intellectual Property Rights nor did the Government prepare such a plan despite having decided to discontinue the association with the Partner before the scheduled 10-year period citing deficiencies in services. The absence of exit strategy plan was fraught with the risk of disruption in implementing the project besides continued dependence of the Government on the Partner.	The State Government replied that suitable action would be taken with regard to exit strategy plan.

Source: Information furnished by the Partner/State Government

2.1.17.3 Handling Public Concerns on Emergency Care

Emergency Medical Services are critical public services and adequate systems should be in place to ensure that public receives safe, effective, and quality health care. The management of emergencies should incorporate an approach to dealing with adverse incidents on the ground, the procedure for their investigation, remedial measures to be taken from the associated learning resulting from the investigation into adverse events. The MOU did not specify any mechanism for handling the public concerns and their resolution. The Partner did not classify the concerns on the basis of their severity for reporting to the Government. We observed that

- 6,411 complaints were received from emergency service users during the period 2014-15 to 2018-19.
- Out of the 591 complaints received in 2018-19, only 418 cases were taken up for processing by the Quality Wing, of which 34 cases related to death.
- Quality Wing after their investigation concluded 81 cases as proven, thus establishing the complaint.
- The proven cases included 4 cases leading to death of patients, 4 cases related to transporting the patients to private hospitals and 23 cases involving bribe.

However, no documents were available indicating a detailed investigation into the incident, lessons learnt and remedial measures taken. Further, the serious concerns on service delivery raised by the public and their resolution were not informed to the Government.

The State Government, in the exit conference, stated that MOU did not make the Partner responsible for reporting the grievances raised by the public to the Government. As a result, it was not getting any information on the concerns raised unless the public directly approached the department personnel. It further stated that appropriate reporting mechanism would be incorporated in the proposed tender.

2.1.17.4 Government Partner did not have access to project databases

It is well recognised that data is a critical resource and must be managed properly. The 108 Project generates large volume of data related to emergencies and for the Government to utilise and manage this data resource better, it should have access to the project database. Government should also be in possession of the data dictionaries that are key to understanding the databases, queries that are used to extract data from different data stores to reduce continued dependence on the vendor and vendor personnel beyond the contract period. A well-defined back up policy specifying multiple back-up locations would assist in ensuring the continued availability of the data and assist in ensuring the integrity of the data.

We noticed that Government did not specify any back up policy and method of periodically handing over the back-up data to it from the various database locations[31] maintained by the Partner. It did not have access to these databases and also had not obtained sufficient documentation in respect of the Project databases from the Partner. The data dictionaries, the database queries for extracting the regular management information *etc*., was not obtained. Multiple locations and multiple database management systems without a data repository implementation, access provisions and associated documentation impaired ability of the Government to utilise the project database. Lack of access to the project database also diminished the Government's ability to monitor the project activities. Further, in the absence of the access to data generated under the Project, the State Government could not use it for its planning and research purposes.

The State Government accepted that the Partner did not share the database with it and stated that the proposed tender provided for creating an exclusive dash board for use by the department. It further stated that plans for research and development through Institute of Public Health, Karnataka State Health System Resource Centre and other agencies would be formulated in the coming days.

2.1.17.5 Non-constitution of State/District level committees

According to the MOU, the State Government was to set up an appropriate Council/Committee both at State and district level to meet periodically and make recommendations to facilitate effective functioning of the EMS. The State and district level committees were, however, not constituted.

- Absence of a State Level Steering Committee affected the functioning of the Project as a comprehensive emergency management service. The Project which was envisioned to cover medical, fire and police emergencies remained largely an Emergency Medical Response Service. The linkages between other departmental agencies like fire, transport and police were not fully established. We noticed closure of 7,58,804 police and fire calls received without forwarding to these departments.

- Absence of District Steering Committees affected the linkages between ambulances and hospitals. The concerns raised by the beneficiaries and the public were not shared and discussed in the absence of a forum at the district level.

Had these committees been constituted and met periodically, the issues arising in EMS could have been addressed thereby improving upon the service delivery. The State Government also agreed to the need for strengthening effective monitoring and co-ordination. It stated that Deputy Commissioner of the

[31] Project 108 data was stored in various database applications at multiple locations. The call information database and fleet management module data was maintained at the project office in Bengaluru. The AVLT data was available with a cloud provider. The financial data, data related to procurement, data related to employees *etc*., were maintained at the Data Centres of the Partner.

districts would be made the Chairman of the monitoring committees at the district level.

2.1.17.6 Project evaluation

Evaluation studies are a rich source for learning lessons from experience and tools for improvement. We noticed that evaluation of the project, which was in operation for over a decade, was not undertaken by the State Government. The State Government replied that the Project would be got evaluated.

It is recommended that the State Government should devise a monitoring mechanism encompassing access to project databases, submission of periodical returns, conducting surprise inspections and generation of MIS reports. The State Government should also immediately arrange for evaluation of the project besides ensuring that the huge data generated is made use of for research and analysis towards improving the effectiveness of the EMS.

2.1.18 Results of beneficiary survey

We conducted a survey of 371 patients who were admitted and were available in the destination hospitals in the eight test-checked districts at the time of audit. The focus of the survey was with reference to the ambulance transport and pre-hospital care provided.

The survey results showed that the beneficiaries were generally satisfied with the services provided. However, 16 *per cent* of the patients stated that they had to pay money for the service provided by the ambulance and 49 *per cent* stated that no treatment was provided to them during transportation.

The State Government stated that action had been initiated against the concerned in respect of cases that have come to light. It further stated that the stringent provisions would be made in the proposed tender besides ensuring appropriate monitoring activities.

2.1.19 Conclusion

The noteworthy initiative of the State Government to provide Emergency Medical Services through Public Private Partnership to its citizens did not, however, achieve the desired objectives completely. The MOU lacked clearly specified deliverables, exit strategy, a comprehensive mechanism for resolution of public concerns (Paragraph 2.1.17.3), specific measures for people of remote/tribal areas, border areas *etc.* (Paragraph 2.1.17.1) and a robust monitoring mechanism. The stated deliverables such as the response time, number of emergencies/despatches per ambulance per day could not be achieved. The response time of 30 minutes was achieved only in 72 *per cent* of the cases during the period 2014-15 to 2018-19. As against 8.87 lakh ambulance requests transferred to Vehicle Busy desk, ambulances were despatched only in 3.74 lakh cases. The allocation of ambulances was not based on criticality of the emergencies. Large number of ineffective calls impaired the efficient functioning of the call centre.

The feedback mechanism was highly ineffective as feedback was received in only one *per cent* of the total cases. Instances of incorrect reporting, back-end insertion of data were observed raising concerns on data integrity. Back-up plans, incident management and Business Continuity Plans were not prepared for the project. Monitoring of the project implementation by the State Government was deficient. The State Government did not have access to the project databases and reporting arrangements between the Government and Partner were not specified. MIS reports were not designed and generated. Research and development activities were not carried out despite the availability of abundant data for improving patient care. The evaluation of the project was not undertaken by the State Government. The State Government, thus, lost the opportunity of learning from experience and bringing improvements in its effort to provide emergency response services to its citizens.

2.1.20 Recommendations

Specific audit recommendations have been made in this Performance Audit with respect to the related audit findings, which require immediate attention of the Government of Karnataka. In addition, important general recommendations relevant to the core issues of the Project are also being made to improve the functioning and performance of the Arogya Kavacha – 108 Project. These are enumerated below, and should also be prioritised for immediate implementation by the Government.

- ✓ ***In addition to strict adherence to the MOU conditions, a Standard Operating Procedure (SOP) should be chalked out specific to the operation of the Emergency Medical Service, which should govern the operations of the ambulances, address adequately the ineffective calls especially the nuisance calls and also should ensure pre-alerting the hospitals on the arrival of the patients. The SOP should be developed and implemented with better outcome measurement indicators.***
- ✓ ***Pre-hospital patient care data needs to be digitised to seamlessly integrate with the definitive care outcomes. Follow-up mechanism through linkage between pre-hospital care and actual hospital care should be strengthened for effective feedback.***

CHAPTER – III

COMPLIANCE AUDIT PARAGRAPHS

Chapter-III

Compliance Audit

Department of Labour

3.1 Functioning of Karnataka Building and Other Construction Workers' Welfare Board

3.1.1 Introduction

The Government of India (GoI) enacted (August 1996) the Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 (the Act, 1996) and the Building and Other Construction Workers' Welfare Cess Act, 1996 (the Cess Act, 1996) with a view to regulate wages, working conditions, safety and health, welfare measures, *etc.*, of the construction workers The State Government framed (November 2006) the Karnataka Building and Other Construction Workers' (Regulation of employment and conditions of service) Rules, 2006 (the Rules, 2006) for implementation of these Acts. Further, the State Government constituted (January 2007) the Karnataka Building and Other Construction Workers' Welfare Board (henceforth referred to as the Board) to carry out welfare schemes for construction workers. The major source of fund to the Board was collection of cess at the rate of one *per cent* of the cost of construction incurred by the employers.

The Board consisted of the Labour Minister as the *ex-officio* Chairman; Principal Secretaries of Labour Department, Urban Development Department, Rural Development and Panchayat Raj and Housing Department, representatives of workers and employers (four each) as members of the Board. The day-to-day administration of the Board was supervised by the Secretary who was assisted by the Joint Labour Commissioner (JLC), Deputy Labour Commissioners (DLCs) and Assistant Labour Commissioners (ALCs). The Board extended the welfare measures and carried out the registration/renewal of subscription through ALCs, Labour Officers (LOs) and Senior Labour Inspectors/Labour Inspectors (SLIs/LIs).

3.1.1.1 Schemes implemented by the Board

The Board was implementing 15 welfare schemes of which three schemes[32] were introduced in November 2017 and one scheme (Assistance for pre-school education and nutritional support of the child of the registered woman construction worker/*Thayi Magu Sahaya Hastha* under Rule 43-A) was introduced in April 2018. There was no assistance available to unregistered workers[33] and hence, registration was mandatory to avail any benefit. Eligibility conditions, nature and extent of benefits were scheme-specific as detailed in **Appendix 3.1**. The State Government had *vide* eight amendments, revised monetary limits under these schemes which are detailed in **Appendix 3.2**.

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32 Assistance of LPG connection to registered construction workers/*Karmika Anila Bhagya* (Rule 49-D), Assistance of concessional bus pass to registered construction workers in BMTC buses (Rule 49-E) and Assistance of student bus pass to children of registered construction workers travelling in KSRTC buses (Rule 49-F).

33 Assistance to the dependents of the unregistered building worker (Rule 47-A) was introduced in September 2010 and was withdrawn in November 2017.

Eligible beneficiaries could avail benefits for 13[34] of the 15 schemes immediately after registration. In respect of the remaining two, minimum five (revised to three in November 2017) years' registration was required to avail the pension benefit and one-year registration period was mandatory for availing marriage assistance.

3.1.1.2 Financial position of the Board

The Board's fund was constituted from the contributions made by the beneficiaries, amount of cess received by the Board and accumulated interest on funds in bank accounts. The fund so constituted was to be utilised for meeting expenses of the Board in discharge of its functions. Further, Section 24(3) of the Act, 1996, mandated that administrative expenses should not exceed five *per cent* of the total expenses in a year. The Act further stipulates that at least 95 *per cent* of the funds should be utilised for the benefit of construction workers. **Table 3.1** shows the source-wise details of receipts and expenditure of the Board during the period from 2014-15 to 2018-19.

Table 3.1: Statement showing the receipts and expenditure of the Board

(₹ in crore)

Year	Registration fee	Cess receipts	Interest receipts	Total receipts	Expenditure				Closing balance
					Scheme *	Administrative#	Capital	Total	
Up to 2013-14	-	-	-	-	-	-	-	-	2,560.67
2014-15	5.69	656.06	310.78	972.53	16.80 **(2)**	8.75 **(32)**	1.51	27.06	3,506.14
2015-16	5.13	679.05	336.22	1,020.40	55.43 **(5)**	8.00 **(12)**	2.63	66.06	4,460.48
2016-17	4.70	752.10	320.47	1,077.27	91.31 **(8)**	9.37 **(9)**	1.32	102.00	5,435.75
2017-18	5.12	824.30	294.05	1,123.47	116.57 **(10)**	10.90 **(9)**	0.46	127.93	6,431.29
2018-19	3.04	885.31	370.58	1,258.93	151.25 **(12)**	386.54 **(72)**	1.17	538.96	7,151.26
Total	**23.68**	**3,796.82**	**1,632.10**	**5,452.60**	**431.36 (8)**	**423.56 (49)**	**7.09**	**862.01**	

* Percentage of scheme expenditure to total receipts is given in parentheses.
[#] Percentage of administrative expenditure to total expenditure is given in parentheses.
Source: Audited Annual Accounts for 2014-15 to 2015-16 and unaudited Annual Accounts for 2016-17 to 2018-19.

From the table above, it is distinctly evident that the Board did not comply with the provisions of the Act as the administrative expenses ranged between 9 and 72 *per cent* of the total expenses during the period 2014-15 to 2018-19. During 2018-19, as against the admissible expenditure of ₹26.95 crore (5 *per cent* of the total expenditure during the year), the total administrative expense was ₹386.54 crore. The excess expenditure was largely attributable to income tax expense of ₹351.12 crore during 2018-19. Similarly, as against the admissible expense of ₹16.15 crore during the period 2014-15 to 2017-18, the total administrative expense was ₹37.02 crore. The excess expenditure was again attributable to income tax expense of ₹20.87 crore. The additional liability of income tax had led to poor utilization of funds on welfare schemes (detailed in Paragraph 3.1.5.6).

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[34] Clauses requiring one-year registration period for maternity and education assistance were deleted in November 2016. Scheme for providing assistance for purchase of (tools) instrument was revised as *Shrama Samarthya* in November 2017, for which there was no minimum registration period. Mandatory five-year registration period for housing scheme was removed in November 2017.

3.1.2 Audit framework

Audit test-checked (February to August 2019) the records at the Board, four[35] (33 *per cent*) out of 11 ALCs and six[36] (33 *per cent*) out of 16 LOs coming under the jurisdiction of these four ALCs to assess the adequacy and effectiveness of the Board in utilising the building and other construction workers' welfare cess for the welfare of the beneficiaries during the period 2014-19. Further, in order to assess the extent of registration of establishments and remittance of cess, Audit sought information from six[37] urban local bodies (ULBs) in the selected districts. Audit also conducted a beneficiary survey at 30 construction sites (five each in six selected districts) with the help of a questionnaire designed to assess the extent of registration and awareness among construction workers. Apart from the Act, 1996; the Cess Act, 1996 and the Rules, 2006, the instructions issued by the Central/State Government and judgements issued by the Hon'ble Supreme Court formed the criteria for the audit. The relevant statutory provisions applicable to the audit findings are indicated in **Appendix 3.3**.

3.1.3 Previous audit findings

A compliance audit on the Functioning of the Board for the period from 2008-09 to 2012-13 was conducted between January and May 2013. The findings were included in Paragraph 3.3 of the Report of the Comptroller and Auditor General of India (C&AG) on General and Social Sector for the year ended March 2013 (Report No.3 of the year 2014). The discussion of this paragraph by the Public Accounts Committee is under progress (June 2020).

Appendix 3.4 contains a gist of observations pointed out earlier and requiring certain action/corrective measures along with the compliance submitted by the Board and audit remarks thereon.

Acknowledgement

Audit acknowledges the cooperation and assistance extended by the officers and staff of the State Government and the Board in conducting the audit.

Audit findings

As of March 2019, the Board had registered 15.69 lakh workers and had a closing balance of ₹7,151.26 crore. The implementation of welfare schemes was governed by the Acts and Rules in place. The Board had utilised a mere five *per cent* of the funds available at its disposal on welfare schemes during the period 2014-15 to 2018-19.

[35] ALC, Belagavi; ALC-4, Bengaluru; Chikkamagaluru and Kalaburagi.

[36] LO, Bagalkote; LO-1, Belagavi; LO-4, Bengaluru; Bidar, LO-2, Chikkamagaluru and Kalaburagi.

[37] Bruhat Bengaluru Mahanagara Palike (27 wards coming under the jurisdiction of LO-4); City Corporations (CCs), Belagavi and Kalaburagi; City Municipal Councils (CMCs), Bagalkote, Bidar and Chikkamagaluru.

The poor utilisation was attributable to shortfall in registration of beneficiaries, absence of database of registered workers, rigidity and inconsistencies in Rules, inordinate time taken to process claims, insufficient publicity *etc*. Despite being pointed out in previous audit, we noticed laxity and absence of adequate checks and balances at the Board. The issues such as non-realisation of cess, non-remittance of cess by collecting authorities, discrepancies in sanction of benefits *etc.*, were observed during current audit also. Further, the Board had incurred inadmissible expenditure and failed to avoid tax liability. The important findings are detailed below:

3.1.4 Factors affecting utilisation of funds for welfare schemes

3.1.4.1 Absence of database of eligible beneficiaries

Every building worker aged between 18 and 60 years and engaged in construction work for not less than 90 days during the preceding 12 months should apply to the respective SLI/LI for registration[38] as a beneficiary and be entitled to benefits provided by the Board.

Audit observed that neither the State Government nor the Board had conducted any survey or devised any system to estimate the number of eligible beneficiaries in the State so as to build a database and aid in decision making. In the absence of this, Audit attempted to estimate the number of construction workers in Karnataka using data on main workers from the Census of India 2011 and proportion of construction workers in total workers from Periodic Labour Force Survey 2017-18 (PLFS). Against the estimated 28.05 lakh[39] construction workers in Karnataka, the Board registered 15.69 lakh (56 *per cent*) workers (excluding 5.05 lakh MGNREGA workers registered through special drive in 2018-19) as of March 2019.

Further, the Board did not have any details of the number of registered workers, renewal of registration, number of applications received, benefits disbursed under each scheme and hence failed to have a database of number of eligible beneficiaries *vis-à-vis* amount disbursed which would have been useful for policy-making and performance analysis. Database would have also permitted Board to analyse whether the same beneficiaries were obtaining benefits across different schemes. Audit, therefore, compared the number of claims sanctioned with the number of registered workers and observed that only 3 to 8 *per cent* of the total registered workers availed assistance during the period from 2014-15 to 2018-19. Scheme-wise details of claims sanctioned and assistance disbursed are given in **Appendix 3.5(a)** and **(b)**. It could be seen from the Appendix that education and marriage assistance

38 The registration fee was ₹25 and every registered beneficiary was also liable to contribute subscription of ₹150 (valid for a period of three years) or ₹25 (valid for a period of one year) to renew his registration (Rules 20 and 21-A).

39 As per PLFS, total number of workers at all India level in construction industry worked out to 434.85 lakh (11.67 *per cent* of total estimated 3,726.19 lakh workers). Applying Karnataka's share (6.45 *per cent*) in nation's total main workers in Census of India 2011, total number of construction workers in Karnataka was estimated at 28.05 lakh. This calculation needs to be qualified as the eligibility conditions prescribed under Section 12 of the Act, 1996, differs with the definition of construction worker in Census of India and PLFS.

accounted for the major share of claims sanctioned and disbursed. Analysis revealed that:

- The Board had fixed a target of six lakh workers under the *Mukhya Mantri Anila Bhagya Yojane*[40] (MMABY), for which there was no justification on record. The Board released (February 2018) ₹66 crore (25 *per cent* of its total share of ₹264 crore) to Department of Food and Civil Supplies, GoK (DF&CS), but it did not have any details of the utilisation of funds and number of construction workers benefitted under MMABY. Information obtained (July 2019) from DF&CS showed that it disbursed benefits to 4,055 construction workers and incurred an expenditure of ₹1.72 crore. As the Board did not conduct any need analysis or feasibility study before releasing the amount to DF&CS, the coverage of workers under MMABY was only 0.68 *per cent* (4,055 out of targeted 6,00,000) and welfare funds to the extent of ₹64.28 crore (₹66 crore – ₹1.72 crore) remained locked up.

  The Government stated (November 2019) that Commissioner, DF&CS, had been requested (July 2019) to return the unspent amount as MMABY had not been successful owing to implementation of *Ujjwala* Scheme of GoI.

- The Board released (February 2018) ₹5.25 crore out of the estimated ₹63 crore[41] to BMTC in advance for providing free BMTC bus passes (Rule 49-E) to 50,000 construction workers. As of March 2019, BMTC issued 1,602 bus passes for an amount of ₹1.83 crore. The Board did not have any data to substantiate the target and release of funds to BMTC in advance, thus resulting in locking up of funds to the extent of ₹3.42 crore.

The Government stated (November 2019) that action would be taken to maintain the database of registered workers and other details.

It is recommended that a special drive be made to register the unregistered workers by way of initiating certain innovative approaches such as linking with Ration Cards, Jan Dhan Yojana, State RERA data and also by involving the local body staff to fetch data on the construction workers who are not registered under the Act. The IEC plans should be formulated and awareness campaigns be conducted to cover the 91 per cent workers across the State who were not registered and were unaware of the schemes offered for their welfare.

3.1.4.2 Registration of ineligible workers as construction workers

GoI directed (July 2013) all State Governments to carry out a special drive for inclusion of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) workers and later withdrew (February 2017) the earlier directions consequent on re-examination of MGNREGA workers as construction workers.

Audit observed that the Board took up (July 2017) the work of registration of MGNREGA workers through KEONICS, after the GoI withdrew (February

[40] The Scheme intended to provide free LPG connection, double burner gas stove and two refills at a cost of ₹4,040 to eligible beneficiaries (Rule 49D).

[41] ₹1,050 per month X 50,000 workers X 12 months.

2017) its directions. The Board had registered 5.05 lakh workers out of 12 lakh targeted by it. There was no justification on record for the target set as Audit observed that there were 67.54 lakh workers (as per database accessed on 14.09.2019) registered with MGNREGA, of which 32.58 lakh were having active job cards (2018-19). Further, as of August 2019, the Board had incurred an expenditure of ₹6.42 crore (44 *per cent*) against the total cost of ₹14.45 crore. It submitted (August 2019) a proposal to the Government to rescind this work citing poor quality of work carried out by KEONICS. Consequently, the expenditure of ₹6.42 crore incurred out of cess funds on registering ineligible workers was rendered unfruitful.

The Government stated (November 2019) that the Board had complied with the provisions of law and registered the workers in accordance with Section 12 of the Act, 1996. The reply was not acceptable as the MGNREGA works did not come under construction works and cess was also not collected from such works. During the exit conference, the Secretary to Government, Department of Labour, assured (January 2020) that matter would be taken up with RDPR Department for realisation of one *per cent* cess in respect of MGNREGA works. The recovery of one *per cent* cess is not feasible as payments under MGNREGA are for either wages or material component.

3.1.4.3 Rigidities and inconsistencies in Rules

The State Government constituted an Expert Committee in June 2012 (reconstituted in March 2014) comprising Principal Secretary to the Government, Labour Department, as Chairperson, Secretary of the Board, as Member Secretary and members from other departments/Institutions – Finance, Public Works, Revenue, National Law School of India University, *etc*. Audit observed that in spite of the Expert Committee, which convened three meetings during the period from 2014-15 to 2018-19, the Rules were either rigid or were inconsistent with the other statutory provisions. The impact thereon on the implementation of the schemes is detailed below:

a) Assistance for purchase or construction of a house (*Karmika Gruha Bhagya*) - As per Rule 42(1), a registered worker of at least 45 years of age and having 15 years of service for superannuation was eligible for *Karmika Gruha Bhagya*. Thus, an eligible beneficiary could avail this benefit at the age of 45 years only. Also, the terms such as ‘service’ and ‘superannuation’, generally used in context of organised sector, were not defined in the Rules. In terms of Rule 42(3), the Board would recover the advance in equal instalments in a period of 20 years. This meant that recovery for the last five years would be made from pension (₹1,000 p.m.) since a worker could apply for assistance at the age of 45 years only.

   The Board stated (August 2019) that the scheme would undergo a major revamp by enforcing a change in the law.

b) Education assistance - The Board amended (November 2017) Rule 45 to restrict the educational assistance to the students enrolled in regular courses in recognised institutions located physically in Karnataka. Students enrolled in distance education courses, home study courses, online courses, *etc.*, were not eligible to avail this benefit. The justification cited was enhancement and widening of the educational assistance, which was devoid of merit as insistence on location of institution in Karnataka restricted the scope of assistance and was detrimental to the interest of registered workers especially migratory population.

Further, the Board introduced (November 2017) the scheme of merit assistance wherein beneficiaries were eligible for assistance ranging from ₹5,000 to ₹15,000. However, it had not prescribed the modalities for preferring a claim. Consequently, merit assistance was not provided in any of the six eligible test-checked cases in LO-1, Belagavi and LO-4, Bengaluru.

c) <u>Assistance for the 1st marriage of the registered building or construction worker or his/her dependent children</u> – The Board provided the assistance of ₹50,000 to meet the marriage expenses of the worker or his dependent children (Rule 49). The term 'dependent' was not defined in the Rules till November 2017 creating an ambiguity. It inserted (November 2017) Clause 2 (p-1) to define 'dependents' as the spouse, minor son and minor daughter including step children and parents residing with and wholly dependent on construction worker. This was inconsistent with sub-clause 2(d) of Rule 49 as it mandated that children, for whom assistance was sought, should have attained the age prescribed by law for marriage. Also, the assistance was available only if the marriage happened in Karnataka (Sl. No. 5 of the prescribed Form XXIII). This restriction rendered the Rule rigid and was unfavourable especially to migrant workers.

d) <u>Assistance for delivery of a child by registered woman construction worker</u> - The Board amended (November 2017) Rule 43 to give the assistance in form of a bond (*Thayi Lakshmi* Bond) in the name of the mother for a period of at least three years. It was justified that this would empower women, create an entitlement which would not be spent in a wasteful manner and benefit would reach the female beneficiary. The justifications did not hold good as prior to this amendment, the amount was being transferred to the female beneficiary's bank account. Moreover, the amendment defeated the intent to provide assistance for meeting expenses towards the delivery of child as the assistance in form of bond would be locked up for a minimum period of three years.

e) <u>Assistance to beneficiary in case of accident resulting in death or partial disablement</u> - The Board amended (November 2017) Rule 47(2) and stipulated that a beneficiary who met with an accident during the course of employment would not get any assistance through the Board. The reason cited was that such beneficiary would be compensated by the employer under the provisions of the Employees Compensation Act, 1923.

This justification was inconsistent with Rule 40 as the Board provided assistance in the form of disability pension (₹1,000 p.m.) and ex gratia (up to ₹2,00,000) if a beneficiary was disabled due to any disease or accident at the worksite. Further, the amendment undermined the spirit of the Act, 1996, by absolving the Board of its responsibility of providing immediate assistance to the eligible beneficiary in such cases (Section 22) and jeopardised the assistance available to the nominee in the event of death of the construction worker due to an accident at the site.

> The Board accepted the audit observation and stated (August 2019) that amendment to Rule 47 had been proposed and it was pending with the Department of Law and Parliamentary Affairs.

The Government stated (November 2019) that action would be taken to issue necessary amendments and remove all the restrictive clauses to enable eligible beneficiaries avail the benefits.

3.1.4.4 Poor publicity leading to lack of awareness of schemes

Awareness among potential beneficiaries was key to ensuring that they are able to articulate their demand and claim their entitlements. Scrutiny showed that the Board had not drawn up any IEC plan so far. Though Karnataka State Legal Services Authority (KSLSA) had been conducting various awareness programmes for construction workers, the Board did not have any information about these programmes. Analysis of the information received (September 2019) from KSLSA showed that only 1.43 lakh participants (nine *per cent* of the total 15.69 lakh construction workers registered in the State) attended 865 awareness programmes during the period from 2014-15 to 2018-19. Further, in respect of the four newly introduced schemes, the Board had not specified the sanctioning authorities and also did not undertake specific awareness campaigns to publicise these schemes. Evidently, the publicity of the various schemes available for the beneficiaries was poor. The impact thereof is illustrated below.

(i) The assistance for nutritional support of the child of registered woman construction worker (Rule 43-A - *Thayi Magu Sahaya Hastha*) was available for a period of three years from the date of delivery. Hence, 1,562 registered woman workers who had availed maternity assistance (under Rule 43) during the period from 2016-17 to 2018-19 were eligible to avail the benefit under Rule 43-A also for the year 2018-19. However, they were deprived of the assistance of ₹93.72 lakh (@ ₹6,000) as they had not claimed the same in the absence of awareness of this assistance.

(ii) The nominee was eligible for assistance of ₹5,00,000 in case of death of beneficiary due to accident (Rule 47). Such nominees were also entitled for an amount of ₹54,000[42] under Rule 44 on the basis of same set of documents (death certificate, nomination form, *etc.*). While, the Board disbursed assistance for accidental death in 218 cases during the period from 2014-15 to 2018-19, the admissible assistance under Rule 44 in these cases remained unclaimed. As a result, the Board failed to utilise cess funds to the extent of ₹1.18 crore in respect of these 218 cases (@₹54,000).

The State Government agreed to examine lacunae, if any, and take necessary action in this regard and stated (November 2019) that ALCs/LOs would be instructed to enlighten the eligible beneficiaries to extend henceforth the assistance under Rule 44 also.

[42] ₹4,000 to meet the funeral expenses and *ex gratia* of ₹50,000 to mitigate the financial hardship caused by sudden demise of the construction worker.

The Government stated (November 2019) that the Board was planning to initiate effective action to create awareness through a comprehensive IEC plan.

3.1.4.5 Inordinate delay in processing claims

In order to ensure effective implementation of the provisions of the Act, 1996, the Hon'ble Supreme Court directed (January 2010) that benefits under the Act should be extended to the registered workers within a stipulated time frame, preferably within six months.

Audit observed that the Board did not prescribe any time limit for ensuring timely extension of assistance and there were delays up to 33 months in six test-checked districts in processing the claims. In respect of pension scheme for which the Secretary, Board was the sanctioning authority, the time taken for sanctioning benefits ranged up to 78 months in 52 out of 81 test-checked cases.

The Government stated (November 2019) that seven schemes had been brought under SAKALA[43] scheme from June 2019 onwards. The details of such schemes and status of bringing the remaining schemes under SAKALA were, however, not furnished. In the exit conference (January 2020), the Labour Secretary cited shortage of staff as a major hindrance and assured that action would be taken to avoid inordinate delays.

It is recommended that a time period for processing claims be specified and steps taken to ensure that such claims are processed within the prescribed time.

3.1.4.6 Disparity between Act and Government notification

The Cess Act, 1996, stipulated that proceeds of the cess collected should be paid to the Board by the local authority or the State Government collecting the cess after deducting the cost of collection of such cess not exceeding one *per cent* of the amount collected. This included the cess collected in respect of a Government work as well as private works where cess was collected as advance by plan approving authorities.

However, the notification issued (January 2007) by the State Government did not include any clause for collection charges in respect of Government works. Also, Clause (c) of the notification stipulated that the Board should give back one *per cent* of the cess collection to the plan approving authority (local body) for the services rendered. Thus, there was a disparity between the provisions of the Cess Act and the Government notification. Consequently, there was no uniformity with regard to refund of collection charges at the Board.

[43] An Act (Karnataka Sakala Services Act or Karnataka Guarantee of Services to Citizens Act) passed by the State Government in 2011 to provide for guarantee of services to citizens within the stipulated time limit.

3.1.5 Deficiencies in collection and utilisation of cess

3.1.5.1 Cess lying in Public Account

The cess levied by State departments was accounted for under the Head of Account (HoA) '8449-00-120-0-18-660' in *Khajane-2* from November 2017. In order to receive payment from *Khajane-2* system, it was necessary for the Board to furnish its bank details and be registered as a recipient.

Scrutiny showed that receipts amounting to ₹37.94 crore and ₹187.43 crore were credited to this HoA during 2017-18 and 2018-19 respectively, but no expenditure had been booked (August 2019) as the Board was not registered as a recipient. This resulted in loss of revenue to the Board aggregating ₹225.37 crore and the amount continued to remain as undischarged liability in the Public Account.

The Government stated (November 2019) that action had been initiated to ensure transfer of ₹225.37 crore to the Board's account. Regarding registration of the Board as a recipient in *Khajane-2* system, the Secretary to Government, Department of Labour, assured (January 2020) that suitable action would be taken.

3.1.5.2 Non-realisation of cess

Non-realisation of cess due to non-receipt of fresh cheques was pointed in *Paragraph 3.3.5.4 of Report No.3 of the year 2014*. Scrutiny showed that as of March 2019, the Board returned 8,510 defective cheques/demand drafts for ₹17.08 crore (tappal returns[44] - 6,171 instruments valuing ₹9.75 crore and bank returns[45] - 2,339 instruments worth ₹7.33 crore). No reminders were issued till October 2018 and reminders issued in October-November 2018 and January-March 2019 accounted for only six *per cent* cases (₹1.10 crore out of ₹17.08 crore). As a result, the Board was yet to receive fresh cheques/drafts in respect of all these cases, resulting in non-realisation of cess to the extent of ₹17.08 crore (August 2019).

Illustration

Bengaluru Development Authority (BDA) had issued two cheques amounting to ₹2,08,70,536 (₹1,25,66,766 and ₹83,03,770 vide cheque numbers 695480 and 695481 dated 27.02.2018) towards cess payable to the Board. These cheques were received by the Board on 26.05.2018 with a time validity of only one day. As the cheques could not be presented to the banks within the permissible time, they became time barred. The cheques were returned (May 2018) to BDA for issue of fresh cheques. No fresh cheques for the above mentioned amounts have been received till date (September 2019). The Board did not reflect this amount as receivable resulting in understatement of receivables.

[44] Where the Board identified the defects and returned the cheques/drafts to drawers.

[45] Where the bank identified the defects and returned the cheques/drafts to the Board for onward transmission to the drawers.

3.1.5.3 Non-remittance of construction workers' welfare cess

Section 3 of the Cess Act, 1996, stipulated that the cess collecting authorities should transfer to the Board the proceeds of cess collected within 30 days of its collection.

There continued to be no mechanism at the Board to ensure that the cess collected by the government departments, public sector undertakings, *etc.*, was promptly remitted to the Board's account despite being pointed out during previous audit (*Paragraph 3.3.5.3*). Information obtained from three ULBs (CC, Kalaburagi, CMC, Bidar and CMC, Chikkamagaluru) showed that cess proceeds aggregating ₹10.01 crore was not remitted to the Board (March 2019). Out of this, ₹54.42 lakh pertaining to building plans sanctioned by CMC, Bidar was outstanding since the year 2015-16. In the absence of a proper mechanism, the possibility of loss of revenue to Board and diversion of welfare funds by cess collecting authorities could not be ruled out.

Illustration

CMC, Chikkamagaluru, was responsible to collect one *per cent* of the estimated cost while according plan approvals and transfer the cess proceeds to the Board. Till November 2016, the CMC collected the cess amount from the applicants in the form of demand drafts (DDs) and forwarded the DDs to the Board. During December 2016, the CMC opened a bank account in IDBI Bank, Chikkamagaluru, and it instructed the applicants to remit the cess amount in this bank account instead of submitting the DDs. The CMC then transferred the collected cess amount to the Board by drawing DDs on this account.

On 31.03.2018, the Municipal Commissioner, CMC, Chikkamagaluru, accorded approval for remitting ₹19,03,096 to the Board for which a cheque (No. 146585) dated 31.03.2018, IDBI Bank, was drawn in favour of 'Yourself DD' to remit the amount through DD. Entries were passed in the Cash Book and a covering letter (dated 17.05.2018) addressed to the Secretary, Board, was also kept on record to suggest that the DD had been forwarded to the Board.

Verification of the Board's bank pass sheets showed that this amount was not credited. Subsequent information obtained (20.06.2019) from IDBI Bank showed that instead of drawing the DD in favour of Board, the DD for ₹19,03,096 was drawn in favour of M/s Ken Engineering Works on 16.05.2018 and it was encashed on 18.05.2018. This resulted in diversion of welfare funds. The possibility of misappropriation of funds could not be ruled out.

The Government stated (November 2019) that the matter would be pursued to ensure remittance of unremitted cess amount.

Audit also observed that though there was a provision for levy of penalty for non-payment of cess by the employer, there was no penalty for those cess collecting authorities which did not deposit the cess proceeds within 30 days.

During the exit conference, the Secretary to Government, Department of Labour, stated (January 2020) that action would be initiated to amend the rules by incorporating penalty clause for non-remittance of cess within the prescribed time limit.

3.1.5.4 Discrepancies in sanction of benefits

Scrutiny of records in 10 test-checked field offices showed that the sanctioning authorities disbursed inadmissible assistance of ₹20.24 lakh in 29 out of 390 test-checked cases. The reasons attributable were disbursement of assistance for 3rd child, disbursement without ensuring renewal of registration, assistance disbursed to ineligible beneficiaries, *etc*. In 4 out of 72 test-checked cases, the sanctioning authorities paid ₹2.18 lakh in excess of the eligibility. In another 9 out of 63 test-checked cases, assistance less than the admissible amount was disbursed, resulting in short payment of ₹7.94 lakh. The details are given in **Appendix 3.6**. Improper sanction of benefits was pointed out *vide Paragraph 3.3.6.3* of the previous report.

The Government stated (November 2019) that discrepancies in sanction of benefits would be verified and necessary action would be taken.

3.1.5.5 Tampering of records

The registering authorities for beneficiaries *viz.*, SLIs/LIs were to maintain Form IX register containing the details of eligible beneficiaries, amount paid, date/challan number, *etc*. Form IX register was the basic record available to verify the details of registration/renewals. Since eligibility for availing the welfare schemes implemented by the Board was verified with the date of registration/renewals, proper maintenance of these records was essential.

Test-check of records showed that there were instances of tampering/manipulation of records as explained below:

- In the office of LI, Hosakote (coming under the jurisdiction of LO-4, Bengaluru), against the challan number 256 (dated 23.03.2015), an amount of ₹4,025 was received as registration fee and three years' subscription of 23 members (₹175 each). However, as per Form IX register, another 21 beneficiaries (Registration numbers 6819, 6820, 6821, 6928 to 6945) were also registered against the same challan number.

  Similarly, against the amount of ₹8,750 received *vide* challan number 224 dated 14.01.2015 towards registration fee and three years' subscription for 50 beneficiaries (₹175 each), the LI, Hosakote, had registered 53 beneficiaries (registration number 6693 to 6743B). This included registration numbers with suffix 'A' and 'B' *e.g.* 6743A and 6743B.

- LI, Hosakote, assigned same registration number to two beneficiaries in 800 cases (986 to 1,683 and 6,903 to 7,004). Further, in majority of the cases, the entries in Form-IX Registers were not attested by the LI and space for signature of Board Official was left blank.

- In offices of LOs, Bidar and Kalaburagi, names in challan registers were either kept blank or altered.

- In offices of LO, Bidar and SLI, 38th Circle, Bengaluru, pages in Form IX registers were kept blank, leaving the opportunity to enter the details of beneficiaries at a later date. In SLI, 38th Circle, Bengaluru, pages were also added fraudulently afterwards (serial numbers from 306096 to 306099 in Form IX Register containing serial numbers from 499201 to 499300) which contained the details of registration.

The Government stated (November 2019) that matter would be investigated.

3.1.5.6 Avoidable liability towards income tax

Mention was made in *Paragraph 4.9* of the Report of the C&AG on General and Social Sector for the year ended March 2015 (Report No.1 of the year 2016) regarding avoidable payment of ₹42.83 crore towards income tax (TDS) as the Board had not made use of the enabling provisions available in the IT Act, 1961, for availing tax exemption. The Government replied (October 2015) that action had been initiated to obtain tax exemption certificates from the authorities of Income Tax Department (ITD).

Scrutiny showed that the Board had applied to the Commissioner of Income Tax for grant of exemption under Section 10 (46) of the IT Act, 1961, in August 2018 *i.e.*, after a gap of three years from being pointed out by Audit and the application was yet to be approved (November 2019). Further, the Income Tax Returns (ITRs) of the Board for the Financial Years (FYs) 2014-15 to 2016-17 were selected (September 2017 and August 2018) for scrutiny assessment by ITD. As the Board had no exemption, the Assessing Officer concluded (December 2017 and December 2018) the assessments for FYs 2014-15 and 2015-16 by treating cess receipts and interest on FDs and savings bank account as income of the Board and levied tax of ₹413.09 crore for FY 2014-15 and ₹402.93 crore for FY 2015-16. The ITD also issued (March 2019) notices under Section 148 (income escaping assessment) of IT Act, 1961, for FYs 2011-12, 2012-13 and 2013-14 as the Board had filed these ITRs exhibiting income as Nil. The assessments for other FYs were due for completion by 31.12.2019.

Audit also observed that there were delays ranging from 3 to 18 months in filing ITRs for FYs 2011-12 to 2016-17 and Form 10[46] were either not filed or filed belatedly. These omissions along with failure of the Board in obtaining exemption under IT Act, 1961, resulted in avoidable tax liability aggregating ₹2,358.94 crore including penal interest of ₹755.07 crore (detailed in **Appendix 3.7**). Out of this, the ITD had already collected (February 2018) ₹413.09 crore by attaching the Board's bank account.

During the exit conference (January 2020), the Secretary to Government, Department of Labour, accepted that the Board had failed to present its case professionally and clarified that all possible action had now been taken to get the exemption and the final order was awaited. The Secretary, however, expressed concerns about obtaining the exemption with retrospective effect.

The fact remains that at the end of March 2019, the Board had to bear an additional liability of ₹2,358.94 crore including penal interest of ₹755.07 crore towards income tax, which could have been averted had the Board followed the provisions available in the IT Act, 1961, for availing tax exemption. The

[46] Calculations in Appendix 3.7 showed that the benefit of accumulation *i.e.*, timely submission of Form 10 would have reduced the total tax liability by ₹1,787.48 crore (₹2,358.94 crore – ₹571.46 crore).

much bigger area of concern is that if the Board has to pay the entire liability amount (without getting any exemption) towards income tax, it has to be borne from the receipts of the Board, which are meant for implementation of the welfare schemes of the construction workers. This would entail an expenditure of 43 *per cent* of the Welfare fund including penalty and only 57 *per cent* of the Fund would be available for the benefit of the beneficiaries.

3.1.5.7 Inadmissible expenditure

Sections 22 and 24 of the Act, 1996, mandated that at least 95 *per cent* of the funds should be utilised for the benefit of construction workers. Pursuant to directions of the Hon'ble Supreme Court of India (August 2015), the GoI reiterated (June 2016) that welfare funds should not be used for any purpose other than for welfare of construction workers and their family exclusively. In case of any violation, immediate corrective steps were to be taken and the funds so spent were to be recouped in welfare funds with immediate effect. The GoI further clarified (July 2017) that states could take proactive steps to facilitate transit accommodation, labour shed-cum-night shelter, mobile toilets and mobile crèches to construction workers in the areas of their concentration prior to their finding work.

Audit observed that in contravention to the provisions cited, the Board incurred an expenditure of ₹67.98 crore on inadmissible items which was yet to be recouped to welfare funds (November 2019). The details are as follows:

- <u>Expenditure on acquiring land</u> – The Board acquired 128.64 acre of land at a cost of ₹65.80 crore (including incidental expenses *viz.*, registration fee and stamp duty) from different government organisations such as KIADB and eight others on lease/sale basis during the period 2013-16 to establish National Construction Academy, transit accommodation, residential schools, skill centres and *Karmika Kalyana Bhavanas*. This expenditure was met out of the welfare fund in 2013.

  Scrutiny showed that after the receipt of GoI's directives (July 2017), the Board resolved (March and May 2018) to utilise 33 acre (worth ₹14.76 crore) out of 128.64 acre of land for admissible purposes[47] and sought reimbursement of amount from KIADB/other agencies on return of the remaining acquired land (95.64 acre of land costing ₹51.04 crore). There was no further progress and amount of ₹51.04 crore was yet to be recouped (November 2019).

- <u>Advertisement and publicity expenses</u> – The Hon'ble Supreme Court highlighted (August 2015) that expenditure incurred on advertisements with the cess amount collected was inappropriate and directed that the amount spent be returned to the accounts of construction workers. The Board incurred an expenditure of ₹3.93 crore towards advertisement and publicity during the period from 2013-14 to 2015-16 which was not admissible and needed to be recouped.

- <u>Construction of *Kalyana Suraksha Bhavan*</u> – Consequent to State Government's in-principle approval (December 2009) to construct

[47] Establishment of transit accommodation/labour shed-cum-night shelter, mobile toilet and mobile crèche facilities for the construction workers.

Kalyana Suraksha Bhavan at ITI Compound, Bannerghatta Road, Bengaluru, the Board passed (January 2010) a resolution to meet the cost of this building jointly with the Department of Factories and Boilers, Labour Department. The Board met the total cost of construction of ₹14.76 crore out of welfare funds and received (March 2014) only ₹3 crore from the Department of Factories and Boilers against its share of ₹7.38 crore. The Board further released (August 2018) ₹1.25 crore (estimated cost was ₹1.79 crore) to Karnataka Rural Infrastructure Development Limited (KRIDL) for interior work of fourth floor. The interior work was yet to be completed. As the construction of such building was not allowed out of welfare funds, expenditure of ₹13.01 crore[48] incurred by the Board was inadmissible.

The Government stated (November 2019) that it would review the matter.

3.1.5.8 Unfruitful expenditure on development of software

The Board had incurred an expenditure of ₹1.21 crore on developing a software (*Karmika-I*), which was rolled out in February 2016. The software provided for online registration, online data retrieval, elimination of data duplication, cess module for tracking cess collection, *etc*. However, it was not fully functional[49] as the SLIs/LIs had not been provided with computers. Subsequently, the Board invited (July 2017) tenders for developing a comprehensive software (*Karmika-II*) with an estimated cost of ₹54.36 lakh and awarded (January 2018) the work to M/s Vansh Infotech and paid ₹44.72 lakh for the period from February 2018 to January 2019. The scope of the work included providing only the manpower and carrying out the work as per requirement of the Board but the Board did not have any IT staff/expert to finalise requirements and validate specifications. The Board did not fix any timeline/milestones though it entrusted several functional requirements to the agency. The work also included, among other things, monitoring and programming of renewals, processing claims, *etc*., which necessitated that the old manual data of registration (prior to February 2016) should be digitised. The Board had entrusted the work of digitising the manual data to KEONICS in November 2017. However, there was no progress. Hence, awarding the work of developing new software to M/s Vansh Infotech without digitisation of old manual data was not justifiable.

As a result, the software launched in February 2019 was not fully operational. The Board terminated (April 2019) the contract as the agency failed to attend to the bugs/issues and started (June 2019) using *Seva Sindhu* (e-governance portal of GoK) for registering eligible beneficiaries. Thus, the Board failed to achieve its intended objective of having a comprehensive software for providing better services to construction workers and monitor cess collection despite incurring an expenditure of ₹1.66 crore.

The Government stated (November 2019) that the agency was unable to handle and complete the task within the stipulated time. It further stated that the Board claimed back (September 2019) the amount of ₹44.72 lakh along

48 ₹14.76 crore + ₹1.25 crore – ₹3 crore.

49 Only the cess module was partially used and online registration of beneficiaries commenced in February 2016.

with penalty (as per Clause 5 of the agreement) from the agency as the new software was not working properly and its optimal use was not possible. The reply was not fully acceptable as the Clause 5 of the agreement contained penalty clause only for delay in deployment of manpower and hence recovery of ₹44.72 lakh was not assured.

3.1.5.9 Absence of monitoring on investments

The Board had been investing surplus amounts in fixed deposits (FDs) after calling for the quotations from the banks. The Investment Register/FD Register was maintained in softcopy (excel) without any mechanism for verification by the officers of the Board. The balances reflected in the Investment Registers were not verified/reconciled with the physical Fixed Deposit Receipts and bank confirmation statements to ensure its correctness. Out of total fixed deposits amounting to ₹4,803.63 crore as at the end of March 2017, bank confirmations were available for only ₹1,810.46 crore. Audit, therefore, could not ascertain the correctness of the balance fixed deposits amounting to ₹2,993.17 crore in the absence of the confirmation of balances from the relevant banks. The investment as at the end of March 2019 was ₹6,337.28 crore (as per unaudited accounts). Scrutiny of investments in FDs valuing more than ₹10 crore showed that:

- Details of pre-closure, maturity, reinvestment were not being updated in the register.
- There were five cases where the bank without prior permission of the Board divided the amount to be deposited into smaller denomination for investing in FDs (**Appendix 3.8 (a)**) and there were also 13 cases where credit details on maturity were not traceable from the records (**Appendix 3.8 (b)**).
- Board had invested ₹100 crore for the period from 22.03.2017 to 22.02.2018 for a duration of 11 months. The said FD attracted rate of interest of 5.1 *per cent* per annum. However, the bank documents showed that no interest was credited on closure of the FD. In addition, an amount of ₹1,27,500 was deducted from the principal amount towards TDS, which was incorrect as no interest was paid.
- In 12 test-checked cases involving ₹625 crore (43 FDs), the Board invested ₹430 crore (32 FDs) at rates lower than the available rates which resulted in loss of interest of ₹2.46 crore (**Appendix 3.9**). As these are only illustrative cases, the Board should look into this aspect in all other cases also to preclude any further likelihood of loss of revenue.

During the exit conference (January 2020), the Secretary to Government, Department of Labour, agreed to the possibility of fund mismanagement and assured to get it enquired.

The observations discussed in paragraphs 3.1.4 and 3.1.5 indicate lack of commitment on the part of the Government/Board to take forward the issue of workers' welfare besides reflecting on the absence of strong and effective institutional mechanism.

It is recommended that a robust internal control mechanism within the Board should be put in place to ensure that cess is realised effectively from all sources, the cess is used for the purpose for which it is meant, there is no inadmissible expenditure and avoidable expenditure towards income tax liability is addressed.

3.1.6 Institutional mechanism

3.1.6.1 Ineffective institutional mechanism

The institutional mechanism was either absent or not effective as below:

- The Secretary of the Board had submitted (August 2011, February 2012, December 2013, December 2015, February 2016, May 2018) proposals to the Government for constituting a State Advisory Committee but the State Government constituted the Committee in November 2019 i.e. after a delay of more than 12 years from establishing the Board. This inordinate delay deprived the Board of suitable guidance on such matters arising out of the administration of the Act, 1996.
- The Board had not constituted the Internal Audit Wing and no Internal Audit was carried out in spite of being pointed out in previous financial audits.
- The State Government had not conducted the social audit on the implementation of the Act, 1996 despite the directions of Hon’ble Supreme Court of India.

The Government stated (November 2019) that corrective measures were being undertaken in this regard.

3.1.6.2 Inadequate human resources

Audit observed that though the Board was constituted in January 2007, it was not provided with necessary staff as detailed below:

- There was inordinate delay in framing C&R Rules as the State Government was yet to finalise/notify the Rules (November 2019). This was also pointed out in the earlier report of the C&AG (*Paragraph 3.3.3*). Further, there was no consistency and objective criteria for having assessed the overall need of staff strength as the requirement of personnel for Head office/Field offices varied from 1,668 (December 2016) to 262 (June 2017) to 623 (May 2019).
- Though the State Government sanctioned (December 2017) 35 posts to be filled up on deputation, 23 of these remained vacant (March 2019). Majority of the work at Board was being managed with contractual staff who even handled cheques/demand drafts and accountability could not be fixed on them.
- During the period from 2014-15 to 2018-19, the post of Secretary as regular charge was held for 10 months. For the remaining 50 months, seven incumbents held this post as additional charge.
- In accordance with the Government’s instructions, the officers/officials of Labour Department were entrusted duties of registering

establishments and cess assessment (LOs), registering beneficiaries and cess collection (SLIs/LIs) and sanctioning social security benefits (except pension and disability pension) to ALCs and LOs. These officers/officials of the Labour Department were to perform duties for the Board in addition to their regular charge of administering and enforcing provisions of other 23 central/state acts. Audit noticed that against the sanctioned 324 posts in these three cadres (ALC, LO and SLI/LI), 116 posts (36 *per cent*) were vacant as of May 2019.

Shortage of staff and vacancies in the posts of ALC, LO and SLI/LI hampered the registration of establishments and workers and also led to delays in sanctioning the claims.

The Government stated (November 2019) that approval to C&R Rules was under consideration and the Board would take action to recruit officers/employees once the C&R Rules were approved.

It is recommended that the State Government finalise the C&R Rules of the Board immediately so that appropriate/qualified persons are appointed to ensure accountability and prevent handling of finances by the outsourced employees.

3.1.6.3 Shortfall in registration of establishments

The Board had registered 6,227 establishments in the State as of December 2018. Audit observed that the Board neither devised any mechanism to identify the prospective employers nor complied with the GoI's directives (May 2018) such as, forwarding copies of work orders to relevant authorities, developing a mechanism for regular monitoring of construction activities and use of GIS technology/mapping, *etc.*, for ensuring registration of establishments (detailed in **Appendix 3.10**). Though the Board received cess proceeds in form of cheques/DDs or through RTGS/NEFT from employers/cess collecting authorities, it did not co-relate this data with that available with the respective LOs to ensure registration of these establishments and workers employed therein and failed to maintain a comprehensive database of construction works undertaken in the State. As a result, there was a shortfall in registration of establishments to the extent of 99 *per cent* in the test-checked districts as detailed in **Appendix 3.11**.

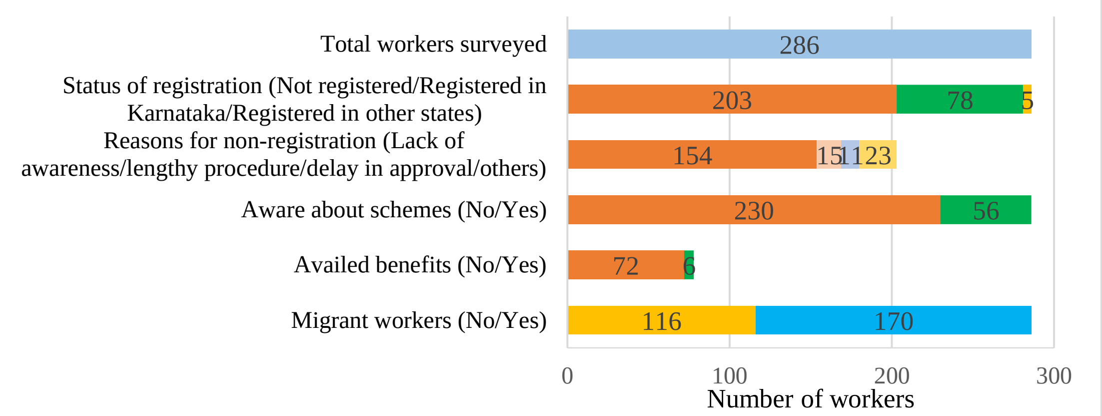
Further, LOs though empowered, had not conducted inspection of premises of the establishment in any of the six test-checked districts during the period from 2014-15 to 2018-19 and hence failed to identify unregistered employers.

During the exit conference (January 2020), the Secretary to Government, Department of Labour, attributed shortage of staff as a major constraint and stated that all possible action would be taken to increase the registration of establishments.

3.1.7 Findings of beneficiary survey

Audit conducted a beneficiary survey of 286 (25 *per cent*) out of 1,136 workers at 30 construction sites in six test-checked districts to assess the extent of registration and awareness among construction workers. **Chart 3.1** depicts the findings of the beneficiary survey.

Chart 3.1: Findings of beneficiary survey



The survey showed that a total of 170 (60 *per cent*) of 286 workers were migrant workers. Only 78 workers (27 *per cent*) were registered under the Act, 1996, in Karnataka and five (2 *per cent*) were registered in other states. Remaining 203 workers (71 *per cent*) were not registered and attributed lack of awareness (154 cases), lengthy procedure (15 cases), delays in approval, *etc.*, as reasons for non-registration. Only 56 (20 *per cent*) of 286 workers were aware about welfare schemes and only 6 (8 *per cent*) out of 78 registered workers reported to have availed benefits under the Act. These are only illustrative cases and possibility of more similar cases could not be ruled out. The Board should, therefore, initiate suitable action to ensure registration of all the eligible beneficiaries and create awareness among them for availing the entitled benefits.

The Government stated (November 2019) that action would be taken to register all the eligible workers by simplifying the procedures and awareness would also be created for registration and benefits available

3.1.8 Conclusion

The compliance audit showed that the Board was not able to achieve its objectives as the number of employers and construction workers registered with the Board remained low. There was laxity in taking corrective action on the findings of the previous audit. Absence of adequate checks and balances at the Board continued to exist and the Board suffered from systemic deficiencies relating to shortage of staff, poor publicity of schemes, lack of database, inordinate delays in processing claims, *etc*.

In spite of having the Expert Committee for advising the Government in drafting the rules, there were inconsistencies and unrealistic clauses which led to denial of assistance to construction workers and the Board could utilise only five *per cent* of the available funds on welfare schemes during the period from

2014-15 to 2018-19. The absence of internal control mechanism within the Board resulted in non/short realisation of cess (₹27.09 crore), inadmissible expenditure (₹67.98 crore), avoidable liability towards income tax (₹2,358.94 crore including penal interest) and non-monitoring of investments, *etc*.

Majority of the work at the Board was being managed with contractual staff who even handled cheques/demand drafts and accountability could not be fixed on them.

Rural Development and Panchayat Raj Department

3.2 Effectiveness of Social Audit

3.2.1 Introduction

Social Audit is a process in which, details of resource, both financial and non-financial, used by public agencies for development initiatives are shared with the people, often through a public platform. Social Audits allow people to enforce accountability and transparency, providing the ultimate users an opportunity to scrutinize development initiatives.

Government of India provided for conduct of Social Audit in many of its critical flagship programmes such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), National Rural Drinking Water Programme (NRDWP), Swachh Bharat Mission (SBM) *etc.*, through the Acts, manuals and guidelines governing the implementation of respective programmes. Accordingly, each department implementing the programmes / schemes was to arrange for conduct of Social Audit, as prescribed.

Though the State Government had not put in place an exclusive authority for conducting Social Audit of the various schemes implemented in the State, the Directorate of Social Audit [hereafter referred to as Social Audit Unit (SAU)], as mandated under the MGNREG Act, was registered (May 2012) under the Karnataka Societies Registration Act, 1960 for conduct of Social Audit of MGNREGS in the State. The SAU, headed by the Director, was undertaking Social Audit of other programmes, as and when specifically entrusted.

The details of programmes/schemes where Social Audit was necessary and the status of implementation in the State during the period 2016-17 to 2018-19 is given in **Appendix 3.12**.

3.2.2 Social Audit of schemes/programmes other than MGNREGS

Social Audit was conducted regularly only for MGNREGS and it was not a continuous process for other schemes. Further, the Director of Social Audit had not submitted any formal report to the departments concerned except for Mid-day Meal (MDM) Scheme (covering only 20 schools each in two districts). However, the SAU had furnished the status of implementation of the works under NRDWP that indicated serious irregularities *viz.*, full payments made for incomplete works, execution of works at non-approved places *etc*. No action was taken by any department on the findings of the

Social Audit, particularly in the implementation of NRDWP. This indicated that Social Audit was got conducted only to comply with the statutory provisions. Thus, the Social Audit process was rendered futile for all the other schemes.

State Government replied (November 2019) that SAU is created under MGNREG Act to conduct Social Audit exclusively for MGNREGS and other programmes are audited based on request of departments concerned. It further stated that taking action on Social Audit report of other programmes is the responsibility of departments concerned.

3.2.3 Social Audit of MGNREGS

For analysing the effectiveness of Social Audit of MGNREGS, Audit selected 80 Gram Panchayats (GPs) under eight districts where Social Audit was stated to have been conducted during 2016-17 to 2017-18 in respect of MGNREGS using simple random sampling without replacement method besides examining the records of the Directorate of Social Audit. List of selected units is furnished in **Appendix 3.13**. The process/conduct of Social Audit was governed by Mahatma Gandhi National Rural Employment Guarantee Audit of Scheme Rules, 2011 (Rules-2011), the Operational Guidelines (Guidelines) issued by the Ministry of Rural Development (MoRD) during 2013, Auditing Standards for Social Audit (Standards) and annual Master Circular of MoRD.

The effectiveness of Social Audit for MGNREGS is discussed in detail in the succeeding paragraphs.

3.2.3.1 Non-compliance to stipulations prescribed for conduct of Social Audit

Section 6 of the Rules and paragraph 13.3 of the Guidelines stipulate the process for conducting Social Audit by Gram Sabha (SAGS). In accordance with the Section 6(4) of the Rules and paragraph 13.3.5 of Guidelines, to conduct the Social Audit process, a Gram Sabha shall be convened to discuss the findings of the verification exercise and also to review the compliance on transparency and accountability, fulfilment of the rights and entitlements of labourers and proper utilisation of funds. Audit observed non-compliance to the stipulations as detailed in **Appendix 3.14**.

The omissions like non-prioritising the local villagers to preside over the SAGS, absence of nominated officials and elected representatives, non-submission of action taken reports, absence of verification of action taken reports by social audit teams, failure to video graph the proceedings, *etc.*, failed to involve targeted population in the process and thus, rendered the social audit a routine exercise, without bringing in the desired outcome. Audit noticed that SAGS meetings were attended by less than two *per cent* of the population in more than 99 *per cent* of meetings conducted during 2016-17 to 2018-19. Non-compliance to the prescribed stipulations vitiated the process of Social Audit.

State Government while accepting the lacunae in conduct of Social Audit stated (November 2019) that instructions would be issued to officers responsible/ involved to comply with all the norms prescribed for Social Audit. It further stated that SAU could not make any provision of funds towards expenditure on video recording of SAGS due to shortage of funds.

It is recommended that adequate efforts be taken through due compliance to the prescribed stipulations to ensure higher and meaningful participation of targeted population in the SAGS meetings.

3.2.3.2 Weak follow-up action on findings of Social Audit Reports

Social Audit would not be complete unless there is a time bound follow-up action on the findings. Review of the Social Audit Reports (SAR) revealed that the findings were broadly categorised into 13 categories such as payments made for works not executed; excess payments; payments made in the names of dead persons, school children, Government officials *etc*.; payments made for ineligible works *etc*., which were of very serious in nature and required effective follow-up. The list of categorisation of findings is given in **Appendix 3.15**.

Further, the Auditing Standards, Section 7 of the Rules and Paragraph 13.4 of the Guidelines highlight the need for establishing a follow-up mechanism and lists the roles and responsibilities of various authorities at different levels. However, the follow-up action on Social Audit findings was weak as detailed below.

- ***State level***

Sections 7(4) and 7(5) of the Rules provided for the State Government to take follow up action on the findings of the Social Audit and the State Employment Guarantee Council (SEGC) to monitor the action taken by the State Government and incorporate the Action Taken Report (ATR) in the Annual Report to be laid before the State Legislature by the State Government. The Master circulars stipulated the Additional Chief Secretary/ Principal Secretary/ Secretary, Rural Development and Panchayat Raj to conduct a monthly review of the irregularities identified in the SARs and status of progress on action taken by the implementing agencies on redressing the same.

Audit observed lack of monitoring by the State Government as below:

- Monthly reviews were not conducted.
- The Governing Body did not meet periodically. It held only two meetings during the period 2016-17 to 2018-19 and the last meeting was held during May 2017 and thereafter no meetings were held for more than two years. Failure to conduct meetings resulted in non-approval of budget proposals for the activities of Social Audit during 2018-19.
- The SEGC at the State level too had not monitored the action taken by the State Government on SARs and ATR was not incorporated in the Annual Report to be laid before the State Legislature. In fact, the SEGC had met only once on 23 July 2016 during the audit period.

Thus, absence of monitoring at State level led to laxity in recoveries and not initiating action on the defaulting officials *etc.*, as discussed below. This also rendered Social Audit process a routine compliance exercise.

Though State Government stated (November 2019) that social audit was reviewed quarterly by Principal Secretary, documentary evidence in support of the reply was not furnished. It further stated that action would be taken to incorporate ATRs in the annual report.

- ***Recovery based on Social Audit Reports***

The status of recovery recommended in the SARs and actually effected during the period 2016-17 to 2018-19 is indicated in **Table 3.2**.

Table 3.2: Status of recovery recommended and effected

(₹ in crore)

Year	Opening Balance	Recovery suggested by Social Audits	Total amount to be recovered	Amount Recovered	Closing Balance
2016-17	19.26	45.21	64.47	0.49 (0.76)	63.98
2017-18	63.98	75.51	139.49	0.84 (0.60)	138.65
2018-19*	138.65	37.47	176.12	0.63 (0.36)	175.49

* Provisional figure for 2018-19. Figures in parentheses indicate percentage.
Source: Information furnished by Social Audit Directorate and RDPR

It could be seen that the recovery effected was less than one *per cent* indicating lack of efforts of the authorities concerned and absence of monitoring by the Governing Body and the State Government. The inaction to effect recoveries and initiate action on defaulting officials, not only rendered the Social Audit ineffective but also facilitated unabated continuance of such omissions.

State Government stated (November 2019) that separate operational guidelines would be issued regarding recovery recommended by Social Audit.

- ***Follow up at District and Block level***

Though public hearing was required to be held at the taluk headquarters to discuss the Social Audit findings and thereafter, district level consultations were to be organized for reviewing the follow up on grievances raised as required under Paragraph 25(c)(vii) under Schedule I of the Act read with Section 4(3) and Paragraph 13.3.15 of Guidelines, no such hearings/consultations were arranged. This defeated the objective of transparency and accountability of the Social Audit process and resulted in Social Audit findings remaining unaddressed.

State Government stated (November 2019) that instructions would be issued to hold public hearings.

3.2.3.3 Concurrent Social Audit

Paragraph 13.6.4 of the Guidelines and Master circulars provide for Concurrent Social Audit by Village Monitoring Committees (VMC). Every

Gram Sabha will select a VMC consisting of five MGNREGA workers. The VMC shall consist of women workers under MGNREGA, workers from SC/ST households, *etc*. The VMC shall visit each active worksite once a month and interact with the workers. It shall conduct a concurrent Social Audit of all active works of the GP and monitor whether due norms are being complied with at the worksite in terms of processes, records to be maintained and whether worker entitlements were being provided as per the Act.

However, no such VMC was constituted in any of the test-checked GPs. Consequently, no concurrent Social Audit was conducted indicating absence of monitoring at the village level also.

State Government stated (November 2019) that concurrent Social Audit was not arranged due to dearth of funds.

It is recommended that follow up action on the findings of the Social Audit Reports be strengthened at all levels to make the social audit exercise an effective one.

3.2.4 Conclusion

Though provisions of various schemes mandated conduct of Social Audit, there was no exclusive social authority to oversee the conduct of Social Audit of schemes implemented in the State. The Social Audit Unit in the State established exclusively for MGNREGS was entrusted with Social Audit of other schemes such as NRDWP, SBM, MDM and PDS. However, the Social Audit of these schemes was not a continuous process as in the case of MGNREGS. The inaction of the departments concerned on the findings of Social Audit rendered audit exercise becoming futile.

The Governing body of the SAU had not met regularly which led to absence of monitoring at the top level. This was coupled with the absence of monthly reviews by the State Government. Consequently, the follow up on the Social Audit Reports was weak and less than one *per cent* of the recoveries pointed out in Social Audit Reports was recovered. Concurrent Social Audit was also not conducted as stipulated for want of funds.

Department of Revenue

3.3 Suspected fraudulent/excess payment towards purchase of fodder

Doubtful supply of fodder and adoption of incorrect rate for purchase of fodder by Tahsildar, Kollegal resulted in suspected fraudulent payment of ₹9.38 lakh and excess payment of ₹77.51 lakh respectively to the suppliers.

Based on the report of Karnataka State Natural Disaster Monitoring Centre and the National Disaster Management Guidelines for management of drought, the Government of Karnataka declared (October 2016) 68 taluks of 22 districts[50] (excluding irrigated area) as drought affected area. The order also envisaged relief measures such as providing employment to small farmers, drinking water, supply of fodder, livestock conservation *etc*.

We conducted a Compliance Audit of Revenue Department between July 2018 and December 2018 for the year 2017-18 and test-checked records of 12[51] out of 30 Deputy Commissioner's Offices and three Tahsildar's offices in each district. This included Chamarajanagar district where all the four taluks were declared as drought affected. Audit was conducted in three[52] taluks. We noticed from the records relating to purchase of fodder for the year 2017-18 by the Tahsildar, Kollegal of Chamarajanagar district, that ₹1.37 crore was paid (July 2017) to 33 suppliers towards supply of fodder to the nine Goshalas/two fodder banks in the taluk. The rate for purchase of fodder is regulated as per Government's circular issued during September 2015[53] wherein rates for purchase of different kinds of fodder are fixed for management during drought.

Detailed verification of individual bills and connected records revealed the following:

(i) Nineteen vehicles stated to have been used for supplying the fodder to the Goshalas were not found in the National Register e-services (vahan.nic.in) of the Ministry of Road Transport and Highways, Government of India and five vehicles were identified as non-transport vehicles such as moped, scooter, car *etc.* The detailed list of such vehicles is listed in **Appendix 3.16**. The supply of fodder in all these cases was doubtful resulting in suspected fraudulent expenditure of ₹9.38 lakh towards purchase of fodder and transportation cost.

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50 There are 30 districts consisting of 176 taluks in the State.

51 Bagalkote, Ballari, Bengaluru Rural, Chamarajanagar, Chitradurga, Dharwad, Gadag, Kolar, Koppal, Mandya, Shivamogga and Tumakuru.

52 Chamarajanagar, Kollegal and Yelandur.

53 Dry jowar stem, dry maize fodder, dry paddy grass, dry ragi grass- ₹6,000/- per ton; Wilted sugarcane- ₹2,000/- per ton; and Green fodder- ₹1,500/- per ton.

(ii) The Tahsildar, Kollegal had purchased green sugarcane stem from the suppliers as was evident from the bills. The rate for purchase of green sugarcane stem was ₹1,500 per ton. However, the Tahsildar incorrectly adopted ₹6,000 per ton while making payments. This resulted in excess payment of ₹77.51 lakh to the suppliers as detailed in **Appendix 3.17**.

Further verification of the stock registers maintained by Village Accountant at the Goshalas, showed the following deficiencies:

a) Though details of stock received *i.e.,* nature of fodder, quantity supplied *etc.,* was recorded in the Stock Register, classification of fodder *i.e.,* dry or otherwise was not indicated.

b) The nature of the fodder was recorded as maize stem which contradicts with that indicated in the bills (as per the bills, green sugarcane stems were purchased). This incorrect categorisation of the nature of the fodder had led to an excess payment of ₹4500 per ton (₹6000 per ton - ₹1500 per ton) to the suppliers.

c) The Village Accountant, Veterinary Doctor and Revenue Inspector certified the Stock Registers without ascertaining the classification of fodder.

d) The Tahsildar had not attested the Stock Registers in any of the nine goshalas.

The inconsistencies between the stock register and bills and the audit observation on payments indicates the possibility of fraud which needs to be investigated by the State Government.

The State Government replied (February 2020) that it had purchased and supplied dry fodder to the Goshalas and fodder banks but the heading in the statement of bill was incorrectly recorded as ‘Wet sugarcane stem – ₹1,500 per ton’ instead of ‘Dry fodder – ₹6,000 per ton’. Hence there was no excess payment. It also enclosed colour copies of photographs of the Goshalas and fodder banks signed by the Tahsildar and a few copies of weigh bridge bills that indicated the type of fodder carried by the vehicles and that contained the certificate of the Tahsildar indicating the nature and type of fodder purchased, in support of its reply. The State Government further stated that the Tahsildar could not attest the stock registers due to work pressure.

The reply of the State Government is not acceptable for the following reasons:

- The photographs enclosed did not contain the date stamp and hence their authenticity with reference to the purchase under objection, cannot be ensured.

- The examination of the weigh bridge bills showed that weighing was done at only one weigh bridge[54], irrespective of the fact that fodder

[54] Siddapaji Electronic Bridge, Kollegal Road, R.S.Doddi, Hanur-571439.

was purchased from different taluks of neighbouring districts and supplied to various Goshalas located at different places within Kollegal taluk.

- Few of the bills did not pertain to the purchase under objection and five vehicle numbers indicated in these bills could not be found in the National Register e-services (vahan.nic.in).

In view of the above, it is reiterated that the State Government investigate all the fodder purchases in all the taluks where such procurements were made and take appropriate action on the basis of such investigation. The State Government should ensure that the stock registers are maintained as mandated and reconciled before making payments, physical verification of stock is done at regular intervals and periodic inspections carried out by competent authorities.

It is recommended that the matter be investigated thoroughly and appropriate action taken based on such investigation.

Department of Medical Education

3.4 Fictitious purchase of implants/equipment

The Director of the Koppal Institute of Medical Sciences had issued cheques worth ₹64 lakh out of SCP/TSP funds for purchase of implants/equipment which were never indented or supplied.

The State Government had allocated ₹11.15 crore and ₹5.33 crore under Scheduled Caste sub-plan (SCP) and Tribal sub-plan (TSP) respectively during the period 2017-18 to 2018-19 for the six new medical colleges established under the Department of Medical Education. These colleges were to utilise the funds for procurement and supply of stethoscope, aprons, BP apparatus, books *etc.*, to Scheduled Caste (SC)/Scheduled Tribe (ST) students and for extending free treatment to SC/ST patients.

We conducted a Compliance Audit of the Department for the period 2017-18 to 2018-19 covering 15 medical colleges. This included Koppal Institute of Medical Sciences (Institute). Scrutiny of records showed that the Institute had incurred an expenditure of ₹80 lakh against release of ₹4.21[55] crore under SCP/TSP which included ₹64 lakh incurred towards purchase of surgical implants/equipment to SC/ST patients of District Hospital, Koppal attached to the Institute. The balance amount was incurred towards supply of books to SC/ST students (₹10 lakh) and towards purchase of medicines/blood *etc.*, to SC/ST patients (₹6 lakh). On verifying the connected records made available to audit, we observed the following:

(i) Section 4(e)(ii) of the Karnataka Transparency in Public Procurements Act, 1999, stipulates purchase of goods and services above ₹one lakh

[55] 2017-18: SCP- ₹160 lakh: TSP- ₹75 lakh
2018-19: SCP- ₹116 lakh; TSP- ₹70 lakh

through tender. Contrary to this, the Institute purchased surgical implants / equipment worth ₹60.47 lakh directly from two[56] firms (for the balance amount of ₹3.56 lakh, tendering was also not done). Bills were only produced to audit in support of these purchases.

(ii) The records furnished showed that the Institute incurred the balance amount of ₹3.56 lakh (₹94,524 on 2.3.2018 *vide* cheque number 230914 and ₹2,61,468 on 14.3.2018 *vide* cheque number 230940) for which the details such as name of the item, name of the firm *etc.*, was not recorded. The bank statement, however, showed that both the cheques were encashed.

(iii) Prudence requires a Government servant in-charge of procurement to obtain indents in order to estimate the requirement. However, the records produced did not indicate any procedure being followed to obtain indents from the district hospital. The district hospital confirmed (August 2019) that no indents were sent to the Institute for supply of implants and medicines.

(iv) Rule 164(a) of the Karnataka Financial Code states that stock registers are to be maintained in which each item of receipt and issue of stores are recorded. However, no such registers were maintained by the Institute. The records of the district hospital also indicated that during 2017-18 and 2018-19, it had not received any supplies from the Institute.

(v) The district hospital had not reimbursed any treatment costs to the SC/ST patients out of the SCP/TSP funds as it had not maintained information on SC/ST patients.

(vi) Though paid vouchers for purchase of implants/equipment were placed on record, the Institute did not have stock certificate for having received the consignment from the suppliers.

Audit conducted a joint inspection with the Director of the Institute and District Surgeon of the district hospital during August 2019. The joint inspection while confirming the above findings highlighted the existing system deficiencies such as lack of co-ordination between the Institute and hospital, absence of indents and stock registers, non-maintenance of issue register *etc*.

In addition, audit verified the payments made to the supplier through the Goods and Services Tax portal and found that the said payment details were not uploaded in the portal. Hence the authenticity of the bills could not be vouchsafed by audit.

Audit also noticed that the then Director, before his transfer on 22 September 2018, had signed (20 September 2018) 22 cheques worth ₹64.29 lakh in

[56] Neel Pharma, Koppal (₹50.18 lakh) and Sri Manjunatha Swamy Medical House, Gangavathi (₹10.29 lakh).

favour of Sri. Manjunatha Swamy Medical House, Gangavathi and 20 cheques valuing ₹38.24 lakh in favour of M/s Neel Pharma, Koppal. These cheques were not supported with any vouchers and were in the custody of an outsourced employee.

Though provision 32 of the Medical Institute's byelaw stipulates that the cheques are to be issued under joint signatures of the Dean and the Chief Accounts Officer, all the payments to the suppliers were made through cheques signed by the Dean cum Director of the Institute. This was possible because the post of Chief Accounts Officer/Finance Director was vacant during the above period and the Department of Medical Education failed to fill up the post.

Thus, all the issues flagged above, indicate that the Director of the Institute had taken advantage of the vacancy of the post of Chief Accounts Officer/Finance Director and issued cheques worth ₹64 lakh out of SCP/TSP funds for purchase of implants / equipment which were never indented or supplied. Besides, the SC/ST patients were deprived of the benefits. Misuse of SCP/TSP funds was in violation of the Karnataka Scheduled Castes Sub-plan and Tribal Sub-plan (Planning, Allocation and Utilisation of Financial Resources) Act, 2013, and as per Section 24 of the Act negligence in the duties was punishable with imprisonment.

The State Government endorsed and forwarded (April 2020) both the replies of the present Director to Audit, who stated that the Ex-Director of the Institute had not furnished the replies despite having issued four letters and also the reply of the Ex-Director, who had submitted para-wise replies as below:

- Purchases of less than one lakh was made by quotation and nothing was purchased more than a lakh at a time. Purchases have been done as per the individual requirement.

  The reply clearly highlights the fact that the stated purchases were split to less than one lakh to avoid tenders and the reply was also incorrect as there were 10 instances of bills valuing more than one lakh.

- It was found from the bank records that Cheque no. 230914 was issued to Sri. Srinivasa Agency for purchase of X-ray films, which were supplied to District Hospital and Cheque no. 230940 was issued to VIMS, Ballari to clear due pension contribution of a faculty. This was not paid from SCP/TSP fund.

  The reply cannot be accepted as the district hospital had stated that no supplies were received from the Institute and records furnished to audit indicated that both the cheques were accounted under SCP/TSP funds.

- Requisition for supply were made by treating faculty and were supplied. The concerned store faculty had maintained the register of stock. Further, the Head of Department had given statement that material have been used to the needy patients. However, the stock was not maintained either at the hospital or ward stock book for want of faculty.

The reply was contradictory in itself and was not tenable.

- No Chief Accounts Officer/Finance Director was deputed in 2016-19. The assistant administrative officer of district hospital had verified and approved the files.

  The reply cannot be accepted as no such files were produced to audit.

Hence, the State Government should conduct a detailed investigation into the utilisation of the SCP/TSP funds by the Institute and take appropriate action on the basis of such investigation. The State Government should also initiate immediate action either to fill up the post of Chief Accounts Officer/Finance Director or put in place necessary in-charge arrangements to ensure compliance to fiscal regulations and transparency in procurement procedures, maintenance of records *etc*.

It is recommended that a detailed investigation be conducted, responsibility fixed and action taken for ensuring future compliance of regulations and procedures.

Department of Medical Education

3.5 Procurement of disposables at higher cost

Failure of the Karnataka Institute of Medical Sciences, Hubballi to finalise its tender for procurement of disposables within the scheduled time resulted in re-tendering and additional expenditure of ₹1.18 crore.

In accordance with Rule 22(1) of the Karnataka Transparency in Public Procurements Rules 2000, the evaluation of tenders and award of contract shall be completed, as far as possible, within the period for which the tenders are held valid. Rule 22(2) states that the Tender Accepting Authority shall seek extension of the validity of tenders for completion of evaluation, if it is not completed within the validity period of the tender and Rule 22(3) states that in case the evaluation of tenders and award of contract is not completed within the extended period, the tenders shall be deemed to have become invalid and fresh tenders may be called for.

Further, the Government of Karnataka in its guidelines (June 2003) on safeguards to be adopted during two cover tender system instructed that technical evaluation of the tenders in the first cover should be completed within a reasonable period, and the time gap between the opening of the first and second covers should not be more than 45 days. In exceptional cases, approval of the Secretary to the Government of the concerned Department was to be obtained where the period is more than 45 days but less than 60 days. If the period exceeds 60 days, the tenders were to be re-invited.

The Department of Medical Education (Department) aims to provide holistic medical education with emphasis on medical research through its Government

/ Autonomous Medical Colleges. We conducted a Compliance Audit of the Department for the year 2017-18 to 2018-19 covering 15 medical colleges. This included Karnataka Institute of Medical Sciences, Hubballi (Institute).

The Institute had invited (August 2016) tender for purchase of disposables (448 items) valued at ₹4.50 crore. The last date for submission of bids was 22 October 2016. The validity of the tender was 180 days (24 April 2017). Review of records relating to procurements revealed the following:

(i) Technical bids were opened on 30 October 2016. The technical evaluation required verification of original documents and examination of samples by the Institute. As per the tender notification all the bidders had to submit samples of their products for testing during 24-26 October 2016. We observed that though all the samples were submitted in time, the test reports of those samples were submitted by the departments concerned during the last week of January and first week of February 2017. The reasons for the delay for about three months in testing were not forthcoming from the records.

(ii) Document verification which was initially scheduled on 7 December 2016 was rescheduled to 9 January 2017. The reasons for rescheduling were not on record.

(iii) In accordance with the Government guidelines, the tender should have been cancelled on 27 December 2016 *i.e.,* after completion of 60 days from the date of opening of the technical bids.

(iv) However, the Tender Scrutiny Committee continued with the evaluation of the bids and recommended (28 January 2017) opening of financial bids[57] of 20 of the 23 firms.

(v) The financial bids were opened and comparative statement was prepared on 16 February 2017. We noticed that the draft letters of acceptance to the successful bidders were put to the Director for approval during March 2017.

(vi) Supply orders were not issued and the tender was cancelled during May 2017 *i.e.,* after three months of opening of financial bids. The Institute cited non-opening of financial bids due to unavoidable reasons as the reason for cancellation of tender. This was factually incorrect. The unavoidable reasons were also not recorded.

(vii) The Institute citing the above reasons sought (31 May 2017) permission from the Government (Medical Education) for inviting short term tenders for procurement of disposables. The Government permitted (1 June 2017) the Institute to invite short term tenders. Thereafter, the Institute re-tendered (June 2017) the procurement of disposables (450 items). The technical bids were opened on 17 July

[57] Three firms were technically disqualified.

2017 and financial bids on 8 August 2017. The letters of acceptance were issued during September 2017.

(viii) Since the financial bids were opened and comparative statement was drawn in the earlier instance, we compared the cost of procurement and noticed that cost of the disposables in respect of all the items was higher than the initial offer received.

Further analysis of both the tenders revealed the following interesting facts as detailed in **Table 3.3**.

Table 3.3: Statement showing the details of both the tenders

Sl. No.	Issue	1st tender	2nd tender	Remarks
1	Number of firms which participated in the tender	23	23	10 firms which had participated in the first tender did not participate subsequently.
2	Number of firms technically qualified	20	23	
3	Number of items for which single bids were received	59	179	M/s Deepa Jyothi Enterprises, Mangaluru was the single bidder for 28 items and 156 items in respect of cancelled tender and re-tender respectively.
4	Number of items for which a single firm was the lowest	28	162	M/s Deepa Jyothi Enterprises. The firm was the lowest only for the items for which it was the sole bidder on the first occasion. In the re-tender, the firm was lowest for 160 items. In two cases, it was considered as lowest though it was not the lowest.

Source: Information furnished by the Institute

It could be seen from the table that M/s Deepa Jyothi Enterprises, Mangaluru benefitted the maximum from the re-tendering process. Rate analysis showed that the rates quoted by the above firm for various items on the first occasion was exorbitant in comparison with the rates quoted by other firms for the same items and ranged between 102 and 5,698 *per cent* of the lowest quoted rates. The lowest quoted firms had cleared the technical evaluation which included testing their samples. In the re-tender, the rates quoted by M/s Deepa Jyothi Enterprises was higher than its earlier quoted rates. The Institute, thus, failed to ensure that the rates quoted were reasonable. Thus, cancellation of the first tender without any valid reason and finalising the supplier in the re-tender within a span of four months had resulted in the Institute procuring the items at exorbitant rates (26 *per cent* higher than the first tender).

Further, the possible intention of the Institute to benefit a particular firm and the collusion thereof cannot also be ruled out. This not only resulted in non-availing the competitive offers received initially but also led to procurement of items at exorbitant rates and incurring additional expenditure of ₹1.18 crore, which was clearly avoidable.

The State Government endorsed (April 2020) the reply of the Director. The Director of the Institute stated that though technical bids were opened in time, the technical scrutiny committee submitted its report on 31 January 2017 and this caused the delay in opening the financial bids. He further stated that these facts were brought to the notice of the Finance Committee headed by the Principal Secretary, Medical Education. The Finance Committee considering the delay ordered for inviting fresh short term tenders. He also stated that the quality of the products was appreciated by the competent technical authorities.

The reply of the Director is not tenable for the following reasons:

- The Director without citing any valid reason informed (May 2017) the Additional Chief Secretary, Medical Education that financial bids could not be opened on the first occasion due to unavoidable reasons despite having opened the financial bids on 16 February 2017.

- The subject of inviting short term tenders was placed before the Finance Committee in its meeting held on 28 July 2017 seeking *post facto* approval. Evidently, the other members of the Finance Committee such as Principal Secretary, Finance Department, Secretary, Planning Department *etc.*, were not aware of the short term tenders earlier.

- The Director along with the reply had attached a few sample testing reports. These reports pertain to the samples submitted during the first occasion. This indicates that samples were not tested on the second occasion and the firms were technically qualified based on the previous reports, which was highly irregular. This was also substantiated by the fact that the time lag between opening of technical bids and financial bids on the second occasion was only 23 days.

In view of the above, the matter calls for detailed investigation by the Government. Stringent action needs to be taken on the concerned for misinformation and non-compliance to the statutory provisions besides placing sufficient checks and balances in the functioning of such institutions.

It is recommended that the matter be investigated and suitable action taken on the basis of such investigation to prevent recurrence of such omissions.

Department of Health and Family Welfare Services

3.6 Procurement and utilisation of equipment in district/taluk hospitals

Equipment to all the hospitals, as assessed, was not supplied resulting in non-achievement of the objective of the Government to establish ICUs in all district and taluk hospitals. ICUs established at a cost of ₹98.71 lakh in five test checked taluk hospitals and one district hospital were not functional. Besides, the non-utilisation of various equipment resulted in non-availability of clinical/diagnostic services to the patients.

The components of a strong health system include health services, human resources, health financing, medicines and technologies, health information and governance. A good health service is that which delivers effective, safe, quality, individual and population based health interventions to those who need them, as and when required, with optimal use of resources, at a cost that the individual and community can afford.

In order to provide healthcare services to patients with serious health complications, the Hon'ble Chief Minister in his Budget speech of 2015-16 announced establishment of Intensive Care Units[58] (ICUs) with ventilator in all district hospitals and few taluk hospitals. Subsequently, Government of Karnataka decided to establish ICUs in all districts as well as taluk hospitals.

A Performance audit on 'Health care facilities in State Sector Hospitals including Autonomous and Teaching Hospitals' conducted during January to July 2015 covering the period 2010-15 was included in the Report of the Comptroller and Auditor General of India on General and Social Sector for the year ended March 2015 (Report No.1 of the year 2016). The report highlighted non-availability of equipment as well as non-utilisation of equipment due to shortage of staff in clinical services which included ICU also. In response to the observation, the Government had stated that due to shortage of staff, some of the equipment were not utilised. It further stated that steps had been taken in 2015-16 to strengthen 17 district hospitals with additional equipment and it would take action to appoint additional manpower to utilise the equipment installed.

Taking cues from the aforesaid PA, a compliance audit of the Department of Health and Family Welfare Services for the year 2017-18 was undertaken, focusing on utilisation and availability of services in the district and taluk hospitals with emphasis on ICU. On scrutiny of records of 10 district hospitals, 22 taluk hospitals and four general hospitals in 12 test-checked districts[59] (Amongst these, 3 district hospitals, 3 taluk hospitals and 1 General hospital pertained to the PA period), besides conducting joint inspection of the facilities, we noticed the following:

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58 ICU is a dedicated unit for critically ill patients who require invasive life support, high levels of medical and nursing care and complex treatment.

59 Bengaluru Rural, Bengaluru Urban, Chikkaballapura, Chikkamagaluru, Chitradurga, Dharwad, Hassan, Kalaburagi, Kolar, Mysuru, Tumakuru and Udupi.

1. Unfruitful expenditure on establishment of Intensive Care Units

In accordance with the budget speech of the Hon'ble Chief Minister, the State Government approved (November 2015) establishment of ICUs in two district[60] and 25 taluk hospitals. The need assessment committee under the chairmanship of the Deputy Director (Health and Family) identified (December 2015) 14 items and their quantity for establishing an ICU. The Committee also recommended for strengthening the ICUs in the existing 19 district hospitals. Accordingly, tenders were invited (August 2016) for procurement of ICU equipment to 46 hospitals (21 district and 25 taluk) estimated to cost ₹20.08 crore. Consequent on the Government deciding (October 2016) to establish ICUs in all the taluk hospitals, the tender was amended (December 2016) through a corrigendum to procure equipment to 167 hospitals (21 district and 146 taluk) at an estimated cost of ₹37.46 crore. The details of requirement as per the Committee and actual procurement are detailed in **Appendix 3.18**.

Analysis of the actual procurement revealed that

(i) As against the assessment of 4 ICU cots, 4 multipara monitors and 2 ventilators for each hospital, the State Government had procured 3 cots, 2 monitors and 1 ventilator respectively for all the taluk hospitals.

(ii) The additional 121 taluk hospitals identified subsequently were not supplied with 100 mA portable X-ray machine, high flow nasal cannula therapy (C-pap) equipment, infusion pump and emergency trolley. The joint inspection of a few hospitals confirmed this fact. It was further observed that the amended estimated cost of ₹37.46 crore did not include these items despite being fully aware of the fact that such equipment are considered to be the mandatory component of setting up an ICU, which has also been stipulated in the Guidelines issued (2007) by the Indian Society of Critical Care Medicine.

(iii) The two district hospitals, out of 21 identified for establishment of new ICU were not supplied with ICU cots, multipara monitors, ventilators, defibrillators, ECG machine, suction apparatus and crash carts. As a result, the ICUs could not be established in these hospitals. The District Surgeon, district hospital, Ramanagara confirmed (April 2020) that all equipment was not supplied initially and stated that the ICU cots and ventilators were supplied in October 2018 and April 2020 respectively. He further stated that in view of the limited supply of equipment (valuing ₹17.84 lakh) and absence of trained manpower, the ICU could not be made fully functional. The district hospital, Yadgir stated (April 2020) that ICU equipment was received only during April 2020 after which the ICU started functioning effective from 10 April 2020.

(iv) In the existing 19 district hospitals where ICUs were already in place, 11 crash carts were procured in excess of the initial assessment/requirement.

[60] Ramanagara and Yadgir.

(v) None of the hospitals were provided with Air conditioners and syringe pumps under this tender. This was because there were no bidders for Air conditioners and the technical bids of all the bidders who quoted for syringe pumps were rejected. Interestingly, the Government decided to procure these two items in excess of the assessment. The hospitals were supplied with syringe pumps only during November to December 2017 and Air conditioners were not supplied so far.

(vi) Joint verification revealed that ICUs established at a cost of ₹80.87 lakh in five[61] of the test-checked taluk hospitals were not functional. The hospitals attributed lack of doctors, trained staff and other equipment required to make the ICUs fully functional.

(vii) The equipment was supplied between the period April 2017 and September 2017 and carried a warranty of three years from the date of supply. Since treatment of patients depends on the results generated by the medical equipment, the proper and continuous utilisation of these equipment needs to be ensured. Further, any problems or defects identified during the warranty period would have been rectified by the supplier/manufacturer. Non-utilisation would render the equipment remaining idle and also lead to expenditure on defect rectification if any equipment malfunctions on later use.

Evidently, these hospitals could not provide critical care to the needy patients defeating the very purpose of setting up of ICUs. Non-supply of the equipment to all the hospitals, as assessed, resulted not only in non-achievement of the objective of the Government to establish ICUs in all district and taluk hospitals but rendered the expenditure incurred largely unfruitful.

2. Idle equipment

Apart from the above, audit noticed idling of various other equipment such as blood component segregation unit, telemedicine equipment, ultra sound scanners *etc.*, valuing ₹1.32 crore in six test-checked hospitals (including one district hospital in Chikkamagaluru). This was due to non-availability of trained doctors and technicians, non-commissioning of equipment *etc.*, as detailed in **Appendix 3.19**. The non-utilisation of these equipment resulted in non-availability of clinical/diagnostic services to the patients.

Though Government assured (November 2015) to provide essential equipment and necessary manpower to hospitals following the earlier audit, there was no improvement in the situation as many hospitals lacked clinical and diagnostic services.

The State Government replied (May 2020) that it was proposed to have a 3 bed ICU with one ventilator in view of the outbreak of H1N1 and dengue which required ventilator support as maintenance for patients after stabilisation at higher hospitals. It further stated that all equipment had been

[61] General Hospitals - Bangarapet (₹16.71 lakh), Channarayapatna (₹11.78 lakh), Mulbagal (₹12.76 lakh) and Nanjangud (₹18.42 lakh); District Hospital, Dharwad (₹21.20 lakh).

installed at taluk hospitals and efforts have been made to engage requisite manpower on contract basis. The manpower shortage would also be addressed as the Finance Department had permitted the Department to recruit about 300 GDMOs.

The reply cannot be accepted as the justification given was more of an afterthought and the actual justification for establishment of ICU in the additional 121 taluk hospitals was recorded as "Generally 2-5 *per cent* of total medical and surgical patients in a general hospital are critically ill, who require highly skilled lifesaving medical and nursing care with highly specialized staff and equipment. Therefore, it is decided to establish ICU units in all taluk hospitals with ventilators." Further there was no mention of the epidemic outbreak either in the Government order approving establishment of ICUs in all taluk hospitals or in the records produced to audit. The fact, however, remains that the ICUs were not fully functional in few of the hospitals as observed by audit.

It is recommended that the Government take adequate measures to address the shortcomings pointed out and ensure that ICUs are made fully functional and equipment is put to use to benefit patients to the maximum extent.

Department of Collegiate Education

3.7 Exemption of fee concession not extended to girl students of Government aided private colleges

Non-implementation of the Government order by the Department of Collegiate Education resulted in collection of ₹9.68 crore of tuition and laboratory fee by the Government aided private colleges from the eligible girl students who were exempted from paying it.

To encourage higher education among girl students, the Government of Karnataka extended the exemption of tuition and laboratory fees for all girl students studying in Government Aided Private Colleges (aided colleges) from the academic year 2014-15. This exemption was already available to the girl students studying in Government Colleges from the academic year 2007-08. As per the Government Order (June 2014), the Government would reimburse the fee so exempted to the aided colleges subject to the conditions that (i) the girl students should have passed all the exams in the previous semester / year and (ii) should not have availed scholarship from any other sources. This implied that while the first year girl students were eligible for exemption, the girl students studying in second and third years were eligible subject to the condition that they should have passed all the exams of first and second year respectively. An amount of ₹25 crore was also sanctioned during the year 2014-15 for the above purpose.

On scrutiny of records/information furnished by the Department of Collegiate Education and by 123 out of 319 aided colleges during compliance audit of Higher Education (2017-18), we noticed that during the period 2014-15 to 2018-19, the aided colleges had collected both tuition and laboratory fees from the girl students even though they were exempted from paying the said fees subject to fulfillment of the conditions stipulated in (i) and (ii) above. This indicated that the benefit had not reached the beneficiaries. The fee collected from 65,120 eligible first year girl students worked out to ₹9.68 crore[62]. Though ₹16.01 crore was collected from second and third year girl students, in the absence of data with regard to number of students who have cleared first/second year of degree education and who have availed any scholarship, audit could not work out the fees collected from the students who were eligible for exemption. Audit also observed that the sanctioned amount of ₹25 crore was not utilised.

Thus, non-implementation of the Government order resulted in non-extension of fee concession to the beneficiaries which resulted in non-achievement of the objective for which the concession was extended. Further, audit noticed that the number of girl students in 225 out of 319 aided colleges had either decreased or remained constant during the period 2014-15 to 2019-20.

The State Government replied (April 2020) that the sanctioned amount could not be utilised as the aided colleges had not furnished the required information during 2014-15. It further stated that fee concession was not provided during the subsequent years as grants were not provided for the same and a proposal was now received from the Department for release of funds for the period 2014-15 to 2018-19, which was under consideration by the Government. It also stated that all the aided colleges have once again been directed (March 2020) to ensure that tuition and laboratory fees are not collected from the girl students for the academic year 2020-21.

The reply was not acceptable as the department had failed to collect the information from the colleges and also to seek grants from the Government. Besides ₹25 crore sanctioned for this purpose during 2014-15 was lying with the department and had not been used. It was only after being pointed out by audit that action was initiated to submit a proposal to the Government for release of funds and instructions were issued to the aided colleges to refrain from collecting the fees. Thus, the inaction of the department to ensure implementation of the Government order of extending fee concession to girl students depriving them of the benefit for the years 2014-15 to 2019-20. The information made available (April 2020) showed that 319 aided colleges had collected a total amount of ₹44.93 crore[63] as tuition and laboratory fee from girl students for the period 2014-15 to 2019-20.

It is recommended that the Government ensure that no girl student is deprived of the benefits of fee concession. Action may be taken against those responsible for such failures.

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[62] Amount could vary as the data on students availing scholarships from other sources and details of aided courses/subjects were not readily available.

[63] The aided colleges were permitted to collect tuition and laboratory fee from the students at twice the rates fixed by Government. One portion of the fee was to be remitted to the joint account in the name of Government and the college. The second portion would be credited to the college account. The amount of ₹44.93 crore was the fee portion remitted to the joint account.

Department of Urban Development

3.8 Irregularities in allotment of alternative site

Bengaluru Development Authority allotted and registered 14 alternative sites without approval of its Board and in violation of statutory provisions. This resulted in a loss of ₹10.24 crore to the Authority.

Bengaluru Development Authority (BDA) was established (January 1976) for development of the City of Bengaluru and areas adjacent to it and for matters connected therewith under the BDA Act, 1976. It is the successor to the erstwhile City Improvement Trust Board (CITB). BDA has the power to acquire, hold, manage and dispose of movable and immovable property and to carry out building, engineering and other operations necessary for such development as well as other incidental purpose. In addition, whenever BDA forms a layout, it may offer any or all the sites in the layout for allotment to persons eligible for allotment of sites under BDA (Allotment of sites) Rules, 1984.

Scrutiny of records pertaining to allotment of alternative sites for the period 2017-18 revealed that 14 sites (34,718.2 sq. ft.) of various dimensions were registered (July 2017) in the name of Smt. M R Kamalabai and Sri. M R Krishna Rao, wife and son (allottees) of Late Sri. M S Rama Rao in lieu of land originally reconveyed (May 1969) to Shri M.S Rama Rao. The allotment was based on the recommendations (May 2014) of the Petition Committee of the Karnataka Legislative Council. The possession certificates for the sites were issued in July 2017. The total cost of the alternative sites was ₹10.24 crore.

In this regard, audit observed the following:

(i) The erstwhile CITB had issued a final notification (August 1960) for acquisition of land for formation of Rajajinagar Industrial Suburban Stage I which *inter alia* included land measuring 6 acres 32 guntas in survey number 146 of Yeshwanthpur Hobli, Yeshwanthpur village. Compensation award of ₹18,945 for the said land was passed on June 1960, of which ₹10,637.50 was paid *vide* cheque dated 14 October 1963 and the balance amount of ₹8,307.50 was remitted to Treasury on 01 May 1969.

(ii) The above piece of land was allotted to Agriculture Produce Market Committee (APMC) during November 1962 as evident from the various noting and correspondence between BDA and APMC. However, records relating to allotment were not made available.

(iii) Shri. M S Rama Rao purchased 32 guntas of land in Survey No. 146 of Yeshwanthpur Hobli in February 1963 from the land owner. Since the purchase of land was subsequent to issue of final notification in August 1960, the purchase of land was illegal. Details of purchase were not available with BDA.

(iv) There was no provision in the earlier Board's Rules for re-conveyance/re-allotment of land already acquired. The retrospective applicability of Section 9 of 1994 Amendment of BDA Act, 1976 empowers BDA to review cases for reconveyance from December 1973 onwards.

(v) Despite the illegal transaction and the fact that there was no provision for reconveyance, the Board *vide* its resolution (May 1969) resolved to reconvey/re-allot 30 guntas to Shri M.S Rama Rao out of the 32 guntas of Land which supposedly belonged to him. The land was registered as site No. 154 A[64] in Block I and Block II totally measuring 0-29 1/2 guntas or 32,128 sq. ft. The lease agreement was entered during April 1987 and possession certificate was issued in the name of Sri. M S Rama Rao during February 1995. The absolute sale deed[65] in the name of Smt. Kamala Bai and Sri. M R Krishna Rao, wife and son (allottees) of Late M S Rama Rao respectively was executed during January 2001.

(vi) Smt. Kamala Bai and Sri. M R Krishna Rao filed a complaint (No.100/2010) with the Petition Committee of Karnataka Legislative Council alleging the land (32 guntas) in Survey no 146 has been encroached by APMC and the Committee in May 2014 recommended that BDA should allot equal extent of land or sites and recover the cost from APMC.

(vii) Though the Government had expressed (May 2012) serious concern on the legal validity of the claim and had sought a report within three days after seeking legal opinion, records produced to audit did not indicate any action in this regard.

(viii) The legal advisor of the Authority had also opined (June 2014) that since allotment was done, the legal disputes if any, were required to be settled by the affected parties themselves.

(ix) Further, as per rule 11-A of the BDA (Allotment of sites) Rules, 1984, alternative site could be allotted only when the possession of the site allotted originally could not be given to allottee due to stay order of the Courts or due to other disputes. In the said case, the land was allotted and sale deed was executed and hence did not qualify for allotment of alternative sites.

(x) Despite this, BDA allotted (July 2017) 14 sites aggregating 34,718.2 sq. ft. (32 guntas) and valuing ₹10.24 crore under the orders of the Commissioner and without obtaining approval of the Board and registered all the sites during July 2017. Possession certificates were also issued in the same month without receiving the value of the sites.

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[64] Consequent to the formation of a layout, out of the acquired land under various Survey numbers, the Authority allots individual identification numbers to the sites formed in the said layout and would be identified by these numbers and not survey numbers.

[65] Absolute sale deed refers to as having no conditions attached to the sale except the buyer's payment of the purchase price.

The allotment of alternative sites by BDA was, therefore, highly irregular.

(xi) BDA issued an endorsement to APMC for payment of the value of sites, only during December 2017 *i.e.*, after registering the sites to the allottees. Subsequent reminder was issued in January 2018. The APMC in response stated (March 2018) that it had remitted ₹10 lakh during May 1978 and ₹2.18 lakh during July 1978 being the cost of allotment of 6 acres and 32 guntas, and hence payment of further amounts does not arise. The amount paid by APMC included the area of land in question.

(xii) The hasty and hurried action of the BDA to register the sites before ensuring the receipt of the value of sites violated Rule 13(1) of BDA (Allotment of Sites) Rules, 1984, which stipulated that the sale deed and possession certificate were to be issued only after the payment of required fees for the allotted sites by the allottee.

The Government replied (March 2020) that sites were allotted as per the recommendations of the petition committee and there was no necessity for recovery of cost from APMC, as it had already paid required fee at the time of allotment. It is evident from the reply that the Government was already aware of the fact that the land in question had been irregularly allotted. Hence, the cost of sites had to be recovered from the allottees only.

Thus, the generosity of BDA to initially reconvey the site and subsequently allot alternative sites without any statutory provisions, and without examining the validity of the claim as well as heeding to legal advice, and without recovering the cost from the allottee resulted in loss of ₹10.24 crore to BDA.

It is recommended that the Government identify the persons responsible for causing loss to the Authority and take action to prevent recurrence of such omissions.

3.9 Undue benefit to contractor

Bengaluru Development Authority adopted rates of manual excavation for the work to be carried out through machinery resulting in extending undue benefit of ₹1.92 crore to the contractor.

Bengaluru Development Authority (BDA) follows the Schedule of Rates (SR) of Public Works, Ports and Inland Water Transport Department for preparation of its estimates for various works undertaken by it. The SR provides the Standard Rate analysis for Roads and Bridges (KSRRB) separately in respect of excavation by manual means and mechanical means in various types of soil including soft/hard rock. The cost of excavation by mechanical means is lower when compared to excavation by manual means. Further, manual excavation is resorted to when the quantum of excavation is meagre or where there are space constraints for movement of heavy machineries like hydraulic excavators, tippers, *etc.*

Scrutiny of the records in the Office of the Executive Engineer, BDA – North Division showed that the division had incurred ₹11.14 crore during 2016-17 for payments to contractors. Audit test-checked seven major works, one of which was the work of “Formation of roads, drains and fixing of boundary stones to the sites in Thanisandra village in Arkavathy Layout”. BDA had awarded (August 2012) this work to an agency for ₹4.74 crore[66]. The work was completed during May 2016[67] and the final bill for ₹4.72 crore was settled during September 2016. Analysis of the work revealed the following:

The work included items of earth work excavation as indicated in **Table 3.4**.

Table 3.4: Items of earth work excavation

Item no. in the Tender	Name of the work	Quantity of work (in cum)	Estimated rate (₹/cum)
19.1	KSRRB 300-1: Earthwork excavation for road, drains and similar work by manual means in ordinary soil involving an average horizontal throw and an average lift, excavated surface leveled and sides neatly dressed, the disposed earth to be leveled neatly after breaking of clods, with all lead and lift, loading and unloading charges, including cost and conveyance of all materials, equipment, labour charges, hiring charges of all machinery, and all other incidental charges *etc*., complete as per specifications and directions of the Engineer in charge of the work	12,240.0	62.86
19.4	KSRRB 300-4: Earthwork excavation for road formation and forming in embankment by manual means in hard soil (When earth is taken from bank cutting or from burrow pits) including breaking of clods, spreading to required line and level, forming (excluding watering and compaction of earth), with all lead and lift, loading and unloading charges, including cost and conveyance of all materials, equipment, labour charges, hire charges of machinery and all other incidental charges *etc*., complete as per specification and direction of the Engineer in charge of the work.	2,61,792.5	120.96
19.11	KSRRB M300-11: Excavation for road way in soil by mechanical means including cutting and pushing the earth to site of embankment up to a including trimming bottom and side slopes in accordance with requirements of lines, grades and cross sections, with all lead and lift, loading and unloading charges, including cost and conveyance	55,710.0	70.36

[66] With tender premium of 21.84 *per cent* below the estimates prepared based on SR of 2011-12 of Bengaluru Division.
[67] The stipulated date of completion was May 2013.

Item no. in the Tender	Name of the work	Quantity of work (in cum)	Estimated rate (₹/cum)
	of all materials, equipment, labour charges, hire charges of all machinery and all other incidental charges *etc*., complete as per specification and direction of the Engineer in charge of the work.		

Source: Estimates furnished by BDA.

The description of the items of work clearly allowed for use of machinery for manual means also. Moreover, the availability of the equipment such as excavator, vibratory roller and tipper (each 2 nos.) was a pre-requisite for technical qualification. As the SR provided for a separate item for earth work excavation for road formation by mechanical means using hydraulic excavators for which the rate was ₹34.25 per cum and considering the quantity of excavation and the type of soil, employing mechanical means was more economical and judicial.

Audit observed from the photographs, which formed part of Running Account bills, that the excavation of earth was executed through mechanical means. The audit contention was justified by the reply of the BDA (August 2018) which clearly stated that machinery/equipment like excavators, vibratory roller and tipper were required for execution of the excavation works.

Thus, BDA by adopting manual excavation specification in its estimate and tender documents and then allowing the contractor to use mechanical means during execution and paying the rates prescribed for manual excavation resulted in extending undue benefit of ₹1.92 crore to the contractor. The possibility of connivance between the BDA and the contractor needs to be investigated. Further, accountability of the BDA officials, who passed the estimate, the tender and finally the RA bills also needs to be enquired into. The details of the extra payment are indicated in **Table 3.5**.

Table 3.5: Details of extra cost

(Amount in ₹)

Sl. No.	Item No. in tendered document	Quantity executed in cum	Rate at which paid	Rate as per SR for mechanical means	Rate payable[68]	Excess per cum	Extra cost
1	19.1	2,971.40	49.50	34.25	28.91	20.59	61,181
2	19.4	2,88,080.00	95.50	34.25	28.91	66.59	191,83,247
Total		**2,91,051.40**					**192,44,428**

Source: Tender documents and RA bills furnished by BDA.

[68] Including basic rate as per SR plus area weightage at 8 *per cent* plus tender premium of (-) 21.84 *per cent*.

The Government replied (March 2020) that the rates adopted for preparation of the estimate were correct. The reply is not acceptable because adoption of rate of manual means instead of mechanical means for earth work excavation of such huge quantity was not justified, and the contractor had in fact used mechanical means to execute the work.

It is recommended that the Government fix accountability on those responsible and take suitable action as deemed fit.

3.10 Lapses in internal control procedure resulted in double refunds

Due to lapses in Bengaluru Development Authority's internal control procedure, there were double payment of refunds amounting to ₹8.55 crore in 307 cases. Though the Authority stated that the entire amount except ₹12.11 lakh was recovered, it failed to produce recovery particulars for ₹1.14 crore.

Reconciliation is one of the control activities, where the records are reconciled with appropriate documents on regular basis in order to have a good internal control.

Bengaluru Development Authority (Authority) invited applications from the public for allotment of 5,000 sites of various dimensions at Nadaprabhu Kempegowda Layout through its notification (October 2015) detailing amount of Initial Deposit to be paid along with the application. In response to the notification, the Authority received 31,349 applications and ₹717.21 crore as Initial Deposit. On allotment of 5,000 sites, the Authority refunded the Initial Deposits collected to the 26,349 unsuccessful applicants from Canara and Axis Bank through Real Time Gross Settlement (RTGS) and National Electronic Fund Transfer (NEFT).

The Authority, in order to refund the Initial Deposit to the unsuccessful applicants had prepared a master list of unsuccessful allottees and made refunds through RTGS by sending daily a list of payment details to Canara / Axis Bank. The Bank in turn, at the end of the day would forward the list of successful and unsuccessful payments to the Authority which was to be reconcile this list with the master list to rule out double payments while sending the Re-RTGS list to the bank. Thus, proper reconciliation was essential to avoid/ identify double payments.

During Compliance Audit of the Authority (January 2018 to August 2018), scrutiny of records relating to refund of Initial Deposits for the period November 2016 to August 2018 revealed that the Authority had identified (November 2016) 228 cases of double refunds amounting to ₹6.58 crore, for which action was initiated (December 2016) for recovery. Audit, however, compared the successful list of RTGS payments with the successful list of Re-RTGS payments in all the 26,349 cases and noticed 79 cases of double payments involving ₹1.97 crore apart from those identified by the Authority. Out of the 228 cases identified by the Authority, audit could not trace the credit of refunds in 11 cases amounting to ₹31.98 lakh. In respect of the remaining 217 cases, refunds had been received and properly accounted for. This showed the absence of proper reconciliation and highlights the lapses in the internal control procedure existing in the Authority. Necessary action needs to be initiated against the concerned responsible for double refunds, which has also resulted in the Authority's money remaining outside its accounts causing loss of interest income of ₹18.96 lakh[69]. Audit also observed that the Authority had not framed any policy for regulating the operations of the banking transactions including NEFT/RTGS transactions despite repeatedly being pointed out in the Separate Audit Reports of the Comptroller and General of India on the accounts of the Authority.

The State Government endorsed (March 2020) the reply of the Authority, which stated that only an amount of ₹12.11 lakh from one applicant was still to be recovered. In this connection, the Authority had filed a case before the Sessions Court and the court had ordered (February 2020) for attaching the fixed deposits of the applicant amounting to ₹19.59 lakh.

Audit verified (May 2020) the Authority's claim of recovery of double refunds in 79 cases. The verification revealed the following:

- Recovery of ₹1.03 crore was effected in 33 out of the 79 cases pointed out by audit.

- Recovery of ₹8.11 lakh in four cases was adjusted (May/July 2019) against the initial deposit for the subsequent notification. In three instances, the applicants had requested the Authority for adjusting the excess refunds towards the initial deposit for the second notification. In one case, a proforma bill was raised stating that the applicant had applied for second notification and since the applicant has not responded for the refund request of excess amount, the excess paid will be adjusted as initial deposit. These adjustments were highly irregular. Moreover, refund of excess receipts is a separate issue and payment of initial deposit is altogether a different issue. Besides refunding the excess amount received, the payment of initial deposit for subsequent notification had to be done by the applicants. Hence, this adjustment cannot be considered as recovery of double refunds.

- The recovery/return particulars corresponding to individual excess payments for ₹74.39 lakh in 41 cases (out of 79 cases pointed out by audit) and ₹31.98 lakh in 11 cases (out of 228 cases identified by the Authority) was not produced for verification even after two months of having furnished the reply. Hence Audit could not derive an assurance on the correctness of excess payments recovered.

- As stated in the reply, ₹12.11 lakh from one applicant was yet to be recovered.

[69] Interest calculated at 4*per cent* per annum, in respect of 79 cases pointed out by audit, from the date of second refund till the date of recovery/return. In cases where recovery/return particulars were not furnished for verification, interest calculated till 31 March 2020.

It can be seen from above that ₹1.26 crore was yet to be recovered and hence, the reply cannot be accepted. The reply also does not address the action taken on the concerned responsible for these double refunds and interest loss. It is, therefore, reiterated that the lapses in the reconciliation system leading to double refunds needs to be examined, as audit detected 79 additional cases apart from those identified by the Authority. Proper checks need to be put in place to prevent such occurrences in future.

It is recommended that a policy for regulating banking transactions be formulated. Action may also be initiated against those responsible for such lapses.

3.11 Payments to unauthorised works through false certification

Violation of the provisions of Karnataka Public Works Departmental code by the Engineers of Bengaluru Development Authority with regard to measurement book resulted in false certification of fictitious measurements and led to unauthorised expenditure to the extent of ₹88.91 lakh.

The provisions of Karnataka Public Works Departmental (KPWD) Code stipulate the following:

Rule	Provision
109	The measurement book is the basis of all accounts of quantities and Assistant Executive Engineer (AEE) is responsible for ensuring that all measurement books in his jurisdiction are carefully accounted and kept and measurements are properly recorded.
110 (8)	Measurements recorded by the field engineer shall be check measured by AEE in order to detect errors in measurement, to prevent fraudulent entries and to check or verify whether the works carried out at site and measured are in accordance with the sanctioned plans and estimates and prescribed specifications. After check measurement, the AEE shall record in his handwriting and under his signature with date about the correctness of the measurement. A false certificate either by the field engineer or by the AEE who is a check-measuring officer, can be construed as an attempt to fraudulent claim payment from Government by unfair means and invites penal action.

To prevent encroachment of civic amenity sites and parks that existed in Nada Prabhu Kempegowda Layout formed by the Bengaluru Development Authority (Authority), the Engineering Member of the Authority approved (March 2015) works of providing Chain Link Fencing. During 2016-17, payment towards 19 such works was made by the Authority's North Division. Scrutiny of the records and joint verification of 4 out of these 19 works during July 2018, showed that in two cases, the items of works were executed at other than the approved places and certificates issued by the AEE were not supported by authentic measurement details as indicated in **Table 3.6**.

Table 3.6: Details of works executed at other than approved places

Sl. No.	Name of the work	Estimated amount (₹ in lakh)	Amount paid (₹ in lakh)	Work to be executed in approved Sy. Nos.	Work actually executed in Sy. Nos.
1	Part in Adishakthi Madanaghattamma Temple, Sy. No. 69 of Phase III, Block I, Kodigehalli.	49.50 / June 2016	53.70 / March 2017	69	42/3, 11/1, 11/2, 120, 121, Basaveswara temple, Ranganatha temple
2	CA site in Sy. No. 36/1B, 123/2, 37/5 and Sri. Prasanna Ganapathi Temple in Sy. No. 15 of Phase II, Block II, Kommaghatta.	49.90 / June 2016	54.00 / February 2017	36/1B,123/2, 37/5, and 15	37/4, 37/5, 8/12, 36/1B, 36/2,15 and 121

Source: Information furnished by BDA

The works of providing chain link fencing was awarded to Karnataka Rural Infrastructure Development Limited (KRIDL). Agreements were entered (June 2016) with KRIDL and as per the conditions of agreement, KRIDL was to execute and complete the works based on the drawings and estimates duly approved by the Authority. Examination of measurement books pertaining to the above two works with other related records revealed the following:

1. Adishakthi Madanaghattamma Temple – Sy. no. 69

(i) The agreement and work order of Adishakthi Madanaghattamma Temple indicated that the work was to be executed in Survey No. 69 of Phase III, Block I. However, as per measurement book No. 2140, only two items of works were partly carried out at approved places and the measurements recorded for other items of work were actually executed in Sy nos. 42/3, 11/1, 11/2, 120 and 121, Basaveswara temple and Ranganatha temple which were not the approved places, as detailed in **Appendix 3.20**.

(ii) The joint inspection showed that the above two items of work were also not executed in Adishakthi Madanaghattamma temple. However, the title of the work in the Measurement Books and Running account bill were recorded as ‘Adishakthi Madanaghattamma Temple’ though they were executed at other places.

2. Sri Prasanna Ganapathi Temple

(i) The agreement and work order of Sri. Prasanna Ganapathi temple indicated that work was to be executed in CA site in Sy. No. 36/1B, 123/2, 37/5 and Sri. Prasanna Ganapathi Temple in Sy. No. 15 of Phase II, Block II, Kommaghatta. However, as per the Measurement book no. 2138, 47 *per cent* of measurements (valuing ₹25.37 lakh) did not pertain to sanctioned work as indicated in **Appendix 3.21.** These works were carried out in Sy nos. 8/12 and 121 and included items such as earth work excavation, providing and constructing granite size stone masonry in foundation, providing chain link fencing 50 mm, providing and fixing MS block pipes *etc.* Audit observed that seven items of work, which were not included in the work order for the approved sites were carried out in the unapproved sites (**Appendix 3.21**).

(ii) We observed that works such as earth work excavation, providing and constructing granite size stone masonry in foundation, providing chain link fencing 50 mm *etc.*, valuing ₹9.84 lakh (**Appendix 3.21**) were recorded to have been executed in approved survey numbers (37/5, 36/1B) and unapproved survey numbers (37/4, 36/2). The survey number wise details were not available. In the absence of details of the breakup of the executed quantities as well as place of execution in the measurement book, the correctness of the same could not be ensured.

Further, both the MBs recorded execution of work in CA Site no.121, which was not part of the approved work. The joint inspection (**Exhibit 3.1**) revealed that the CA site was being utilised by a firm M/s Ramalingam Construction Company as its site office and for storing materials. The said firm is executing various works for the Authority *viz*., construction of flats, formation of roads, culverts, drains in Nada Prabhu Kempegowda Layout packages 2 and 3.

Exhibit 3.1: Chain link fencing work executed at Sy.no. 121, which was not part of the approved survey numbers

The above observations indicate that the measurements recorded in the Measurement books were related to the works executed at places other than the approved places. However, the Engineers of the Authority had falsely certified the measurements as having been executed at approved places and made payments.

Thus, violation of the KPWD codal provisions by the Engineers of Authority resulted not only in false certification of fictitious measurements but also unauthorised expenditure to the extent of ₹88.91 lakh[70].

The State Government endorsed (March 2020) the reply of the Authority. The Authority accepted the fact that works were executed at different locations and stated that the works were carried out on the oral instructions of the higher officers and local representatives to protect the precious acquired land and safeguard the interests of the Authority. It further stated that while recording measurement for the works carried out, KRIDL had recorded in the measurement book the actual survey numbers in which the works were carried out though the nomenclature of the work remained un altered.

The reply was not acceptable for the following reasons:

- The Engineers of the Authority certified that the work was executed as per the work order, which was incorrect. Though work valuing ₹7.04 lakh (**Appendix 3.20**) was recorded to have been executed at approved survey number, joint verification showed that no work was executed. This was a clear case of fraudulent certification.

- Execution of works at other than the approved places should be got approved from the concerned authority justifying the reasons for such deviations before actual execution. In the above cases, prior approval was not obtained and were, therefore, unauthorised works.

- Execution of work at Sy.no. 121 was not to safeguard the interests of the Authority but to protect the materials stored by a firm.

Further, audit test-checked only four works in one division and noticed deviations in two works (50 *per cent*). As these are only illustrative cases, the Authority should investigate occurrence of similar deviations in other divisions to prevent execution of unauthorised works.

It is recommended that the Authority put in place a mechanism of seeking approval of the competent authority for any deviations from the original works with proper justification to prevent execution of such unauthorised works.

[70] ₹53.70 lakh (Work 1) + ₹25.37 lakh + ₹9.84 lakh.

3.12 Avoidable expenditure on road side drains works

Adoption of incorrect item and incorrect rates for road side drain works by two Bruhat Bengaluru Mahanagara Palike divisions resulted in avoidable expenditure of ₹1.09 crore.

In accordance with Section 58 of the Karnataka Municipal Corporations Act, 1976 (KMC Act, 1976), it shall be incumbent on the Corporation to make reasonable and adequate provision by any means or measures which are lawfully competent to use or to take, for functions which *inter alia* among others include the construction, maintenance and cleaning of drains and drainage works. Further, as per the provisions of the Karnataka Public Works Department Code, for an item rate contract, the division shall prepare an estimate for each item of work by adopting an appropriate item rate from the relevant Schedule of Rates (SR) in the rate analysis.

On scrutiny of records of 22 out of 55 Engineering divisions of BBMP, the following issues were noticed in respect of two Engineering divisions[71] for the period 2016-17 to 2017-18:

(i) In respect of 7 road side drain works out of 26 works test-checked, the Executive Engineer, Dasarahalli instead of adopting the item 37.59.2[72] incorrectly adopted items of cement concrete works under Chapter 4[73] (Buildings) and Chapter 28[74] (Bridges) as specified in SR 2016-17 of PW, P&IWTD[75] South Zone, Bengaluru, respectively in the estimates. This incorrect adoption of rate did not include centering and shuttering, thus, necessitating inclusion of centering and shuttering works as a separate item, which was not necessary had the correct item 37.59.2 been adopted. Had the correct item of work been adopted *i.e.*, 37.59.2, the payment to the contractor would have been worked out to ₹1.81 crore. But, the incorrect adoption of item along with inclusion of centering as an extra item led to payment of ₹2.23 crore to the contractor. As the estimate had been prepared with the adoption of extra item, it resulted in excess payment and extending benefit of ₹0.42 crore to the contractor **(Appendix 3.22)**.

(ii) In one completed package of roadside drain works in Yelahanka division test-checked, the division adopted the specified item (37.59.2), but incorrectly adopted the rate of ₹11,032.48/cum in the rate analysis while preparing the estimate whereas the correct rate to be adopted was

71 Office of the Executive Engineer, Dasarahalli and Yelahanka.
72 Providing and laying plain/reinforced cement concrete for side drains using M-20 nominal mix concrete with OPC cement at 300 kgs, with 20 mm and down size granite metal coarse aggregates at 0.69 cum and fine aggregates at 0.43 cum machine mixed, well compacted for walls and bottom including centering, shuttering, cost of materials, HOM of machinery, curing etc., complete excluding cost of steel as per MORTH Specification No.1500, 1700, 2200 – Wall and bottom thickness 15 cm.
73 Items 4.1, 4.3, 4.5, 4.11, 4.49.1 cement concrete works for building.
74 Item 28.7.9 - design mix M-20 for Bridges.
75 Public Works, Ports and Inland Water Transport Department.

₹7,869/cum. The incorrect adoption of rates resulted in avoidable excess expenditure of ₹0.68 crore.

The adoption of incorrect item coupled with adoption of extra item and incorrect rates in the estimates for construction of road side drains by the divisions resulted in avoidable excess expenditure of ₹1.09 crore on test checked works as detailed in **Appendix 3.22**.

The estimates for all the above works prepared by the Executive Engineer were technically sanctioned either by the Superintending Engineer/Chief Engineer, as the case may be. This evidenced failure in the system as there were lapses by the authorised officers entrusted with the task of checking/approving the estimates.

As these are illustrative cases, BBMP may look into this aspect in other engineering divisions also to preclude any further likelihood of excess expenditure.

The State Government endorsed the reply of one division (March 2020) which stated that it had adopted the rates as per SR of 2016-17 Bengaluru circle and there were actual savings. The reply was not acceptable as a corrigendum to SR 2016-17 was issued (January 2017) wherein the rate was reduced and the divisions failed to adopt the revised rates in the estimates, even though these were prepared after the revision. This also highlights the fact that technical sanctions were accorded without proper checks and were thus a mere routine formality.

It is recommended that estimates be checked thoroughly before according technical sanction to prevent such omissions.

3.13 Avoidable expenditure due to non-reduction of quantity of bitumen during road formation

Non-reduction of quantity of bitumen in bituminous concrete works during road formation by the Engineering offices of Bruhat Bengaluru Mahanagara Palike resulted in avoidable expenditure of ₹82.17 lakh.

In accordance with Section 58 of the Karnataka Municipal Corporations Act, 1976 (KMC Act, 1976), it shall be incumbent on the Corporation to make reasonable and adequate provision by any means or measures which it is lawfully competent to use or to take, for functions, which *inter alia* among others include construction, maintenance, alteration and improvement of public streets, bridges, subways, culverts and the like.

The Commissioner, Bruhat Bengaluru Mahanagara Palike (BBMP) with the objective to reduce the waste plastic generated in the city issued guidelines (24 September 2012) and instructed all the Chief Engineers, to compulsorily utilise waste plastic during the formation of asphalted roads. It was also directed to procure waste plastic for this purpose, from M/s KK Plastics Waste Management Pvt. Ltd. The blended waste plastic of eight *per cent* was to be added to the job mix of Bituminous Concrete (BC). Plastic when added to hot aggregate forms a fine coat over the aggregate and such aggregate when mixed with the binder gives higher strength, better resistance to stagnation of water and consequential better performance over a period of time with minimal maintenance cost. Further, Indian Road Congress (IRC) SP 98-2013 also stated waste plastic of 6 to 8 *per cent* of the weight of the bitumen can be used in wearing courses thereby reducing the quantity of bitumen correspondingly.

Audit scrutiny (July to March 2019) of records in five out of 55 Engineering divisions of BBMP for the period 2013-14 to 2017-18 revealed the following:

(i) In respect of the works executed during 2014-15 (15 works), BBMP Engineering divisions[76] prepared estimates based on the Public Works Department Schedule of Rates (PWD SR) of 2013-14, which were approved by the Chief Engineer. The estimates provided for utilisation of waste plastic procured from M/s KK Plastics Waste Management Pvt. Ltd., in accordance with the Commissioner's instructions. A total quantity of 1,40,387 kgs costing ₹37.90 lakh was procured by the divisions for use in these works. It was observed that though the estimate provided for utilisation of waste plastic, the same was not followed and cent *per cent* bitumen was used and waste plastic was not at all used, thus, violating the Commissioner's instructions, which were based on the IRC Guidelines. Examination of 15 Running Account bills (RA bills) further revealed that due to non-reduction of quantity of bitumen by eight *per cent*, BBMP incurred an additional expenditure of ₹82.17 lakh towards the cost of bitumen as detailed in **Appendix 3.23**.

(ii) The estimates prepared by Engineering divisions[77] for the works during 2016-17 and 2017-18 did not provide for inclusion of waste plastic as admixture as specified in the PWD SR of 2015-16 and 2016-17 and accordingly seven works were executed without use of plastic. This led to non-utilisation of waste plastic and non-adherence to guidelines issued by the Commissioner.

Thus, the engineering divisions in contravention to the guidelines issued by the Commissioner and provisions of IRC failed to reduce the corresponding quantity of bitumen in bituminous concrete works during formation of 15 roads resulting in avoidable excess expenditure of ₹82.17 lakh towards bitumen. Further, the non-utilisation of waste plastic in 22 road works defeated the objective of effective disposal/reduction of plastic waste.

The State Government accepted (March 2020) that waste plastic was not utilised for the works executed during 2016-17 and 2017-18. It further stated that for the works executed during 2014-15, the provision for adding waste plastic was not provided in the approved estimate and the item was executed without waste plastic. The reply was not acceptable as the procurement of waste plastic was included in the estimates prepared by the divisions and

[76] Executive Engineer, Road Infrastructure division, Dasarahalli and West and Executive Engineer, Bommanahalli.

[77] Executive Engineer, Road Infrastructure division, East, Dasarahalli and Yelahanka.

approved by the Chief Engineer. The reply also highlights the violation of the instructions of Commissioner and non-utilisation of waste plastic procured.

It is recommended that the monitoring mechanism be strengthened to ensure that all instructions of the higher authorities are scrupulously followed and suitable action taken for any violations.

3.14 Short/non-recovery of royalty

Incorrect computation of royalty on compacted quantities for the various items of work instead of on actual quantities of minor minerals consumed for works and application of incorrect rate resulted in short recovery of royalty of ₹2.15 crore by Road Infrastructure and Ward divisions, Bruhat Bengaluru Mahanagara Palike.

With a view to collecting royalty on minor minerals consumed in the works executed by various Works Executing Departments/Agencies (WEDAs), the Commerce and Industries Department issued a Circular (December 2007), instructing the WEDAs to deduct royalty from the bills of the contractors executing works on the minor minerals for which no proof of payment of royalty was produced by the contractors. Further, Director, Mines and Geology (DMG) had instructed (March 2013) the WEDAs to include an enabling clause in the contract to deduct penalty at five times of royalty, along with royalty, from the bills of the contractors, if proof of payment was not furnished.

Audit scrutiny (July 2018 to March 2019) of records in seven test-checked divisions[78] pertaining to the road works during the years 2014-15 to 2017-18 revealed that the minor minerals used for the works were not supported with proof of payment of royalty, because of which the divisions had recovered royalty from the bills of the contractors. Audit, however, noticed that the royalty was short recovered as detailed below:

(i) The road construction involves stage by stage construction and each layer shall be compacted to the desired density before the next layer is laid. The royalty was to be recovered at the pre-compaction quantity on the actual material used for the works. Two divisions[79] adopted the compacted quantities of different components (*viz.* Murram, Sand and Jelly) of work for various items of work instead of quantities of material actually consumed before compaction. This incorrect adoption of compacted quantities of materials instead of actual quantity[80] of minor minerals extracted and consumed for the works had resulted in

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[78] Executive Engineers, Rural Infrastructure divisions: Bommanahalli, RR Nagar, Dasarahalli and East; Executive Engineers, Ward divisions: Dasarahalli, Yelahanka and Chamarajapet.

[79] Executive Engineers, Road Infrastructure division: RR Nagar and ward division, Dasarahalli.

[80] For a desired 1 cum compacted thickness, the requirement of jelly in the case of Water Bound Macadam (WBM) and Wet Mix Macadam (WMM) are 1.33 times of the stalked quantity. The reason is that the jelly is hexagonal shape and contains voids (air pockets) when stalked. The multiplication factor 1.33 is a constant. Hence the royalty for jelly before compaction will be 1.33 times more than the royalty after compaction.

under recovery of ₹85.16 lakh from the contractors' bills on the road works as detailed in **Appendix 3.24(a)**.

(ii) The Government order dated 13.03.2014 prescribed the royalty to be recovered on road metal (jelly) and sand utilised in the civil works at ₹108/- and ₹103/- per cubic meter (cum) respectively. Scrutiny of records in respect of four divisions[81] revealed that the royalty was recovered at ₹60/- and at ₹54/- per cum for jelly and sand respectively. This resulted in short recovery of royalty of ₹81.07 lakh as detailed in **Appendix 3.24(b)**.

Further, audit observed that in Chamarajapet division, though proof of payment of royalty was not available, the royalty amounting to ₹48.29 lakh was not recovered from the contractor's bills as detailed in **Appendix 3.24(c)**.

Thus, the incorrect computation of royalty charges, short recovery from a contractor and application of incorrect rates resulted in non/short recovery of royalty of ₹2.15 crore. In addition, penalty of ₹10.73 crore at five times the royalty, was also recoverable.

The State Government while accepting the objection replied (March 2020) that an amount of ₹97.35 lakh had been collected and notices have been issued to the contractors for payment of balance amount. The reply was, however, silent on the recovery of penalty.

It is recommended that all calculations are thoroughly checked with reference to the applicable rates before passing bills for payments to prevent such short/non recovery.

3.15 Loss of revenue due to non-recovery of property tax

The Assistant Revenue Officer, Gandhinagar sub-division failed to pursue the recovery of property tax dues towards Kempegowda Metro Station resulting in non-payment of property tax of ₹6.76 crore including interest by Bengaluru Metropolitan Rail Corporation Limited.

In accordance with Section 108-A of the Karnataka Municipal Corporations Act, 1976 (KMC Act, 1976), the State Government notified (January 2009) BBMP Property Tax Rules, 2009 to introduce self-assessment of property tax under Unit Area Value (UAV) system. Different rates were determined for different areas or streets by classifying them into zones, nature of use to which the vacant land or building is being put, and for different classes of buildings and vacant lands. For this purpose, the jurisdictional area of BBMP was classified into six value zones (A, B, C, D, E and F) and properties were grouped into 18 categories (5 residential and 13 non-residential).

The Commissioner, BBMP issued a corrigendum (28 March 2016) to the revised notification (16 March 2016), according to which the rate of property

[81] Executive Engineer, Rural Infrastructure divisions: Bommanahalli, Dasarahalli and East; Executive Engineer, Ward division: Yelahanka.

tax for all properties falling under Category VI[82] in 'A' Zone was ₹25 per square feet (sq. ft.). Further, the revised orders provided for computation of service area at half the rate for non-residential properties falling only under Categories VII, VIII, IX(i), X, XI, and XII and was not applicable for properties under Category VI.

Test-check of records (July 2018) in the office of the Assistant Revenue Officer (ARO), Gandhinagar sub-division, BBMP showed that three metro stations *viz.,* Nada Prabhu Kempegowda, City Railway Station and Mantri Square-Sampige Road falling under category VI were under the jurisdiction of ARO, Gandhinagar. The ARO, Gandhinagar had assessed the property tax payable by Bengaluru Metropolitan Rail Corporation Limited (BMRCL) for the year 2016-17 for Kempegowda station only and had not assessed the property tax for the other two stations. The reasons for this were not furnished.

Further scrutiny of the assessment of Property Tax for Kempegowda station revealed the following:

(i) Karnataka State Road Transport Corporation (KSRTC) had transferred (March 2013) 7 acres 20 guntas of land[83] to Bengaluru Metropolitan Rail Corporation Limited (BMRCL) for construction of Kempegowda metro station. BMRCL had paid property tax amounting to ₹7.90 lakh, including penalty and interest towards vacant land for the year 2013-14 on 29 August 2017. Thereafter, BMRCL had not paid any property tax. The property tax payable for the vacant land for the years 2014-15 and 2015-16 was assessed at ₹8.10 lakh (@ ₹4.05 lakh per year).

(ii) The Joint commissioner (West) approved (June 2017) the bifurcation of khatha transfer[84] with effect from 1 April 2016 and consequent upon the transfer, the ARO, Gandhinagar worked out and assessed (June 2017) the property tax payable by BMRCL for Kempegowda station for the year 2016-17 at ₹63.94 lakh. A special notice was served (June 2017) on BMRCL directing payment of property tax both for vacant land and the building within 15 days after receipt of the notice. Subsequently, a demand notice was also issued in July 2019. However, BMRCL had not made any payments so far (August 2019), the reasons for which were not made available to Audit.

(iii) Examination of the assessment showed that the ARO had incorrectly adopted the UAV rates prescribed for Category V[85] (self-occupied)

[82] All non-residential use of property, provided with, central Air Conditioning/ Escalators, whether or not, put to use, and where one occupier or several occupiers, including Information Technology and Bio-technology companies or firms but properties not falling under category VIII, IX(ii).

[83] Site area is 3,26,700 sq. ft. Built up area is 1,94,396 sq. ft.

[84] When the ownership of a property is transferred to another for reasons other than outright sale, it is termed as Khatha transfer.

[85] Category V - non-residential buildings that are not equipped with central air condition facility, *etc.*

@ ₹12.50/sq. ft instead of adopting the rates as specified for Category VI i.e. @ ₹25 /sq. ft.

(iv) Further, the ARO had considered 25 *per cent* of the total built up area as utility or service area and computed tax at 50 *per cent* of the UAV even though as per the revised orders, such computation was not allowed for properties under Category VI.

(v) The incorrect classification of property under Category V and erroneous consideration of 25 *per cent* as service area led to incorrect adoption of rates for arriving at the annual tax payable resulting in short assessment of property tax of ₹84.55 lakh for the year 2016-17 as shown in the **Appendix 3.25**.

(vi) The ARO had neither pursued the matter with BMRCL for recovery of property tax dues after issue of special notice nor brought this to the notice of BBMP higher authorities. It was only after being pointed out (July 2018) in audit that the ARO issued (July 2019) a demand notice directing BMRCL for payment of property tax at the applicable rates (@ ₹1.48 crore per year) as detailed in the **Appendix 3.25**.

Thus, the inaction of the ARO to pursue the recovery of property tax dues towards Kempegowda metro station resulted in BMRCL not paying property tax of ₹6.76 crore including interest for the period 2014-15 to 2018-19 as detailed in **Appendix 3.25**. This was further compounded by the ARO's apathy in assessing the property tax for the other two Metro stations under his jurisdiction resulting in significant loss of revenue to BBMP.

As this is an illustrative case, BBMP should look into this aspect for other metro stations[86] in other AROs also to preclude any further likelihood of loss of revenue.

The State Government while accepting the observation replied (March 2020) that a demand notice was issued (January 2020) to BMRCL. The reply was, however, silent on the action taken against the concerned for short assessment of property tax, not assessing the tax for the other two stations and also for not pursuing the recovery for the demands raised. Though payment of property tax rests with the property owners, the statutory provisions do not absolve the tax collecting authorities of their responsibilities to ensure that all properties are brought under the tax net. Hence, there is an immediate need to devise a mechanism to ensure that no property is left out from payment of property tax.

It is recommended that appropriate action be taken against the officials responsible for incorrect assessment and a mechanism be devised to ensure that all properties are brought under the tax net.

[86] There are 40 metro stations under BMRCL as of August 2019.

3.16 Collection of scrutiny fees twice by BBMP resulted in excess collection of licence fee

Collection of full licence fee without deducting the part of licence fee collected as scrutiny fee by the Town Planning department of Bruhat Bengaluru Mahanagara Palike from public resulted in excess collection of licence fee of ₹4.05 crore.

As per Bye-law 3.1 of Bangalore Mahanagara Palike (BMP) Building Bye-Laws 2003, approved (February 2004) by the Government of Karnataka, every person who intends to erect or re-erect a building or make material alterations or cause the same to be done, was required to obtain a licence from the Authority (Commissioner of Bangalore Mahanagara Palike or an officer to whom the powers of sanction of building licences are delegated by the Commissioner). In accordance with Bye-law 3.7.2 of BMP Building Bye-Laws 2003, part of the building licence fee which shall not be less than five *per cent* of the licence fee and subject to a minimum of ₹50 only shall be paid together with the application for building licence, as scrutiny fee, which is non-refundable. The balance amount of licence fee shall be paid on receipt of demand notice from the Authority.

Bruhat Bengaluru Mahanagara Palike (BBMP) prescribed (September 2015) the rates for 'Licence fee' and 'Scrutiny fee' in respect of residential, and non-residential/ commercial buildings. The percentage of scrutiny fee for 'Residential' and 'Non-residential/commercial' buildings was five *per cent* of the percentage prescribed for 'Licence fee' as shown in **Table 3.7**.

Table 3.7: Statement showing the rates of licence and scrutiny fee

Sl. No.	Nature of fee	Residential building	Non-residential/ Commercial building
1	Licence fee to be levied on guidance value	0.18 *per cent*	0.28 *per cent*
2	Scrutiny fee	0.009 *per cent*	0.014 *per cent*

Source: BBMP Circular No. ADTP/ JD (N)/ DM3/PR/ 320/2015-16 dated 04-09-2015

Audit scrutiny of building plan records in the offices of Assistant Director of Town Planning (ADTP), West, Rajarajeshwari Nagar, Yelahanka and Dasarahalli zones of BBMP showed that during the period 2014-15to 2017-18, scrutiny fee was collected at the time of submission of online application and subsequently when the demand notice for other fees such as ground rent, betterment levy on site and building, labour cess, plan copy fee, lake rejuvenation fee, *etc.*, was issued from ADTPs.

The collection of scrutiny fees initially, followed by collection of licence fee without deduction of the amount collected earlier resulted in excess collection of licence fee of ₹4.05 crore in 11,020 licences issued during the years 2014-15 to 2017-18 detailed in **Appendix 3.26**.

As these are illustrative cases, BBMP should look into the similar cases in other zones to exclude the chances of excess collection.

The State Government while accepting the observation replied (March 2020) that due to lack of communication and awareness, the scrutiny fees in respect of few cases collected initially was not deducted from the final license fee and it was difficult to refund the excess payment collected during 2016-17 and 2017-18 as plan sanction was done only once to an applicant. However, it agreed to refund or adjust the claims made by the applicant/owner for excess collection in any financial commitments payable to BBMP in future. Further, it stated that since all payments are now collected online, the initial scrutiny fees paid by applicant would automatically be deducted in the final fees to be collected. The reply was not acceptable as the excess scrutiny fee was collected from online applications also.

It is recommenced that BBMP devise a fool proof mechanism to avoid such excess collections.

Department of Housing

3.17 Loss due to incorrect interpretation of guidelines

Incorrect interpretation of the Government guidelines issued for operation of funds by Karnataka Slum Development Board resulted in loss of interest and penalty amounting to ₹1.20 crore.

The Government of Karnataka issued (January 2017) set of guidelines for operation of funds to ensure transparency and accountability in the management of funds/money through bank accounts. These guidelines were applicable to all State Government Departments, Local bodies or Authorities, Boards, Corporations, Societies, Universities and other State autonomous bodies. The guidelines covered aspects such as opening of new bank account, management of bank accounts and disclosure of bank accounts and did not cover investments of surplus funds.

A review of the compliance to these guidelines in Karnataka Slum Development Board (Board) for the period 2017-18 showed that the Board had prematurely withdrawn its fixed deposits of ₹83 crore during April 2017 and invested the same along with interest in sweep-in-sweep-out account. Consequently, the Board had incurred loss of ₹0.68 crore by way of penalty for premature withdrawal of fixed deposits (detailed in **Appendix 3.27**) and ₹0.52 crore by way of interest for keeping the amount in sweep-in-sweep-out account (detailed in **Appendix 3.28**).

On this being pointed out, the Government endorsed (December 2019) the reply of the Board that since the guidelines prohibited investment of scheme funds in fixed deposits, the amounts were withdrawn. The reply was not acceptable as the guidelines applied to only opening of new accounts and did not cover investments.

Thus, incorrect interpretation of guidelines by the Board resulted in loss of ₹0.52 crore by way of interest and ₹0.68 crore by way of penalty.

It is recommended that action be taken against those responsible for causing the loss to the Board.

Bengaluru	**(E. P. Nivedita)**
The	**Principal Accountant General (Audit-I)**
	Karnataka

Countersigned

New Delhi	**(Girish Chandra Murmu)**
The	**Comptroller and Auditor General of India**

APPENDICES

Appendix 1.1

(Reference: Paragraph 1.10.1/Page 6)

Year-wise breakup of outstanding Inspection Reports and Paragraphs issued up to 31 March 2019

Sl. No.	Department	Less than One Year		1 to 2 years		2 to 5 years		5 to 10 years		More than 10 years		Total	
		No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras
1	Advocate General	0	0	0	0	2	5	0	0	1	1	3	6
2	Agriculture (Corporations)	0	0	2	6	10	49	5	24	2	3	19	82
3	Animal Husbandry	0	0	0	0	3	24	4	23	0	0	7	47
4	Archaeology	0	0	4	25	8	67	1	1	5	8	18	101
5	Archives	0	0	0	0	2	4	0	0	0	0	2	4
6	Banks	2	23	2	17	5	32	2	4	0	0	11	76
7	Budget & Finance	0	0	0	0	6	45	16	29	0	0	22	74
8	Chief Administrative Officer, Law Commission	0	0	0	0	2	4	0	0	0	0	2	4
9	Chief Electoral Officer	0	0	0	0	0	0	4	14	0	0	4	14
10	Collegiate Education	0	0	18	205	82	482	33	65	23	50	156	802
11	DDPU-Department of Pre-University Education	0	0	20	355	127	521	23	42	26	39	196	957
12	DDWO -District Disabled Welfare Officer	0	0	13	90	20	142	9	14	8	14	50	260
13	Department of Empowerment for Persons with Disability	0	0	0	0	0	0	0	0	3	4	3	4
14	Department of Information and Public Relations	1	7	1	2	1	1	0	0	1	1	4	11
15	Director, Karnataka Judicial Academy	0	0	0	0	1	7	0	0	1	2	2	9
16	DPAR - Department of Personal & Administrative reforms	2	24	7	65	11	77	28	71	9	18	57	255
17	Drugs	0	0	11	37	11	16	0	0	3	3	25	56

Appendix 1.1 (contd.)

Sl. No.	Department	Less than One Year		1 to 2 years		2 to 5 years		5 to 10 years		More than 10 years		Total	
		No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras
18	Department of State Educational Research and Training & District Institute for Education and Training	1	6	19	129	91	301	24	45	5	5	140	486
19	Employment & Training	0	0	9	82	13	46	9	10	4	4	35	142
20	ESI -Employees' State Insurance	0	0	6	26	28	59	4	6	1	1	39	92
21	Health and Family Welfare	0	0	92	930	210	1131	82	188	33	70	417	2319
22	Higher Education	4	33	39	206	39	373	29	206	61	324	172	1142
23	Home	2	24	44	239	41	173	44	71	16	28	147	535
24	Housing	0	0	4	38	6	49	9	46	39	89	58	222
25	Information & Public Relations	5	39	0	0	7	45	4	5	5	10	21	99
26	ISMH Indian System of Medicine and Homoeopathy	0	0	6	40	37	146	6	9	10	12	59	207
27	Industrial Training Institute	5	32	6	38	33	121	18	30	4	6	66	227
28	Kannada and Culture Department	7	42	3	28	43	282	11	56	15	51	79	459
29	Karnataka Consumer Disputes Redressal Commission	0	0	2	9	0	0	1	4	0	0	3	13
30	Karnataka Government Secretariat	0	0	0	0	3	30	7	30	20	68	30	128
31	Karnataka Judiciary	0	0	2	10	15	71	78	195	75	145	170	421
32	KHSDRP Karnataka Health System Development & Reform Project	0	0	12	80	21	118	5	10	6	111	44	319
33	Karnataka Rural Infrastructure Development Limited	0	0	0	0	1	27	3	11	0	0	4	38

Appendix 1.1 (concld.)

Sl. No.	Department	Less than One Year		1 to 2 years		2 to 5 years		5 to 10 years		More than 10 years		Total	
		No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras
34	Labour	19	95	6	127	7	52	4	43	0	0	36	317
35	Law and Justice	0	0	2	6	4	25	7	16	2	4	15	51
36	Libraries	8	64	4	30	38	177	6	17	1	1	57	289
37	Lokayukta	0	0	1	3	3	14	0	0	1	1	5	18
38	Mass Education	0	0	0	0	3	9	2	2	0	0	5	11
39	Medical Education	0	0	13	143	33	342	52	288	70	116	168	889
40	Parliamentary Affairs	0	0	0	0	1	5	2	2	0	0	3	7
41	Primary and Secondary Education	0	0	4	48	3	52	3	10	4	14	14	124
42	Printing & Stationery	0	0	0	0	8	25	4	15	14	20	26	60
43	Prosecution Department	0	0	0	0	2	11	1	1	0	0	3	12
44	Rural Development and Panchayat Raj	0	0	0	0	0	0	2	9	0	0	2	9
45	Registrar, Karnataka Administrative Tribunal	0	0	0	0	1	4	0	0	0	0	1	4
46	Registrar, Karnataka Appellate Tribunal	0	0	0	0	2	6	0	0	1	1	3	7
47	Revenue	5	83	98	1125	157	1897	222	1170	110	125	592	4400
48	Sainik Welfare	0	0	9	30	4	11	1	1	0	0	14	42
49	Social Welfare	0	0	5	29	17	159	6	38	2	3	30	229
50	State Election Commission	0	0	2	12	1	7	2	7	0	0	5	26
51	Technical Education	14	129	21	162	113	583	31	76	21	61	200	1011
52	Town & Country Planning	6	20	2	6	1	2	3	4	0	0	12	32
53	Urban Development	1	19	6	67	9	113	26	203	39	101	81	503
54	Urban Land Transport	0	0	2	21	3	22	2	3	0	0	7	46
55	Women and Child Development	0	0	14	157	18	202	27	110	31	51	90	520
56	Youth & Sports	0	0	0	0	1	9	1	2	1	3	3	14
	Grand Total	**82**	**640**	**511**	**4,623**	**1,308**	**8,175**	**863**	**3,226**	**673**	**1,568**	**3,437**	**18,232**

Source: Information derived from IR Registers maintained in PAG (Audit I) Office

Appendix 1.2

(Reference: Paragraph 1.10.3/Page 6)

Paragraphs (excluding General and Statistical) yet to be discussed by PAC as of 31 December 2019

Sl. No.	Department	95-96	98-99	00-01	01-02	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	Total
1.	Agriculture	-	-	-	-	-	-	-	-	1	-	-	-	-	1	-	-	-	-	-	2
2.	Animal Husbandry and Veterinary Services	-	-	-	-	-	-	-	-	-	-	1	-	1	-	-	-	-	-	-	2
3.	Education	-	-	-	-		-	1	1			2	-	-	-	1	1	-	1	4	11
4.	e-governance	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1
5.	Finance	-	-	1	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	3
6.	Health and Family Welfare	1	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	2	1	5
7.	Home	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1		-	1	-	3
8.	Horticulture	-	-	-	-	-	-	1	-	-	-	-	-	-	-		-	-	-	-	1
9.	Housing	-	-	-	-	-	1	1		-	-	-	-	-	-	1	-	-		1	4
10.	Information, Tourism, Kannada and Culture	-	-	-	-	-	1	-	-	-	-	-	1	-	-	1	-	-	-	1	4
11.	Labour	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1
12.	Minority Welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2
13.	Revenue	-	-	-	-	-	-	-	-	-	-	-	-	2	4	-	-	1	-	1	8
14.	Social Welfare	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
15.	Urban Development Department	-	-	-	-	-	-	-	1	-	-	1	4	4	3	4	-	2	3	-	22
16.	Women & Child Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1
17.	Forest, Ecology &Environment, Urban and H&FW	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	1
18.	Medical Education Department	-	-	-	-	-	-	-	-	-	-	-	-	-	2	1	2	-	-	-	5
19.	Personnel and Administrative Reforms (DPAR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1
20.	Empowerment of Differently Abled and Senior Citizens	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	1
21.	Printing, Stationery and Publications	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-		-	-	1
	Total	**1**	**1**	**1**	**-**	**-**	**2**	**4**	**3**	**3**	**1**	**4**	**6**	**7**	**12**	**9**	**5**	**4**	**7**	**10**	**80**

Appendix 1.3
(Reference: Paragraph 1.11/Page 7)

Statement showing the rendering of accounts to CAG and submission of Audit Report to State Legislature by the Autonomous Bodies

Sl. No.	Name of the Body	Period of entrustment of audit of accounts to CAG	Year up to which accounts were rendered	Year up to which Audit Report issued	Year up to which Audit Report submitted to State Legislature	Year up to which accounts due	Period of delay in submission of accounts (up to 30th June 2019)
1	Karnataka Urban Water Supply and Drainage Board, Bengaluru	2015-16 to 2019-20	2017-18	2016-17	2015-16	Nil	Nil
2	Karnataka Slum Development Board, Bengaluru	2017-18 to 2021-22	2017-18	2016-17	2016-17	Nil	Nil
3	Bangalore Water Supply and Sewerage Board, Bengaluru	2017-18 to 2021-22	2016-17	2015-16	2015-16	2017-18	One year
4	Karnataka Housing Board, Bengaluru	2016-17 to 2020-21	2016-17	2016-17	2016-17	2017-18	One year
5	Bengaluru Development Authority, Bengaluru	2015-16 to 2019-20	2017-18	2016-17	2015-16	Nil	Nil
6	Karnataka State Legal Services Authority, Bengaluru	As per Act	2016-17	2016-17	2015-16	2017-18	One year
7	Karnataka State Human Rights Commission, Bengaluru	As per Act	2017-18	2016-17	2016-17	Nil	Nil
8	Karnataka Building and Other Construction Workers' Welfare Board, Bengaluru	As per Act	2016-17	2015-16	Report not yet placed (2006-07 to 2015-16)	2017-18	One year
9	Karnataka Text Book Society (R), Bengaluru	2006-07 to 2020-21	2006-07	SAR issued on 24.01.2020	NA	NA	NA
10	Karnataka Real Estate Regulatory Authority, Bengaluru	As per Act	Accounts yet to be submitted				
11	Karnataka State Commission for Protection of Child Rights, Bengaluru	As per Act	Accounts yet to be submitted				

Source: Information compiled from records available with Audit

Appendix 2.1

(Reference: Paragraph 2.1.9.5/Page 21)

Emergency-wise response time taken during the period 2014-15 to 2018-19

Type of Emergency	< 11 min	11 to 20	21 to 30	> 30 min	NULL	Total
NULL	24	30	24	44	7,255	7,377
Accidental Poisoning	51,903	22,984	20,403	26,970	559	1,22,819
Acute Abdomen	1,67,729	1,54,177	1,28,663	1,73,780	2,918	6,27,267
Allergic Reactions	979	651	575	761	17	2,983
Animal Attack /Attack	20,341	8,649	8,138	11,004	173	48,305
Assault / Violence	14,774	11,370	11,221	17,444	194	55,003
Behavioural	2,940	2,740	2,077	2,423	104	10,284
Cancer	4	6	2	3	0	15
Cardiac/Cardiovascular	102,423	65,165	45,843	56,304	1,516	2,71,251
Diabetes	14,928	11,199	6,652	7,773	171	40,723
Disasters	218	150	112	160	7	647
Environmental	302	197	135	150	53	837
Epilepsy	23,200	15,311	9,550	12,074	389	60,524
Fevers / Infections	49,728	39,227	32,549	45,284	704	1,67,492
Fire/Burns	6,880	4,590	3,521	4858	112	19,961
Hazmat	47	25	18	25	0	115
Industrial	289	217	176	234	4	920
Neonatal (up to 1 month)	22,393	9,722	7,384	13,445	114	53,058
Others	69,251	54,376	38,678	53,761	1,573	2,17,639
Paediatric (1-12years)	2,209	1,204	891	1,272	18	5,594
Pregnancy related	3,54,958	2,76,349	3,13,331	5,08,142	5,003	14,57,783
Respiratory	79,693	58,004	42,267	56,636	1,282	2,37,882
Stroke/CVA	20,018	14,362	8,618	10,318	323	53,639
Suicide attempt	1,984	1,765	1,000	955	29	5,733
Trauma (non-vehicular)	70,248	48,761	32,586	39,408	984	1,91,987
Trauma (Vehicular)	1,50,179	1,42,530	80,467	70,429	1,845	4,45,450
Unconscious	26,383	27,591	16,376	17,355	570	88,275
Total	**12,54,025**	**9,71,352**	**8,11,257**	**11,31,012**	**25,917**	**41,93,563**

Source: Extraction and analysis of data provided by the Partner

Appendix 2.2

(Reference: Paragraph 2.1.9.5/Page 21)

Total time taken by ambulances to handover patients to definitive care centres for different types of emergencies

Type of emergency	NULL	< 11 min	11 to 20	21 to 30	31 to 40	41 to 50	51 to 60	> 60 min	Total
NULL	7,274	0	1	3	1	9	13	76	7,377
Accidental Poisoning	15,387	139	560	2,110	4,762	8,454	11,810	79,597	1,22,819
Acute Abdomen	76,154	715	3,771	14,732	29,200	47,639	64,133	3,90,923	6,27,267
Allergic Reactions	342	3	21	68	134	233	292	1,890	2,983
Animal Attack /Attack	5,346	58	255	866	1,990	3,589	5,021	31,180	48,305
Assault / Violence	6,304	58	315	1,213	2,383	4,142	5,750	34,838	55,003
Behavioural	1,881	12	41	157	361	555	704	6,573	10,284
Cancer	3	0	0	0	1	1	2	8	15
Cardiac/Cardiovascular	47,051	284	1,237	4,333	9,519	16,253	22,267	1,70,307	2,71,251
Diabetes	10,431	39	197	670	1,414	2,332	3,182	22,458	40,723
Disasters	126	1	5	10	27	29	56	389	643
Environmental	170	0	9	24	34	52	75	425	789
Epilepsy	9,206	55	415	1,367	2,554	3,777	5,005	38,089	60,468
Fevers / Infections	16,382	200	1,074	3,762	7,803	13,130	17,118	1,08,120	1,67,589
Fire/Burns	3,013	20	92	395	736	1,150	1,565	13,001	19,972
Hazmat	18	0	1	3	6	10	8	69	115
Industrial	180	0	7	14	43	54	89	533	920
Neonatal (up to 1 month)	4,155	67	175	836	1,760	2,913	4,171	38,981	53,058
Others	50,594	162	873	3,321	6,780	11,329	15,754	1,28,826	2,17,639
Paediatric (1-12 years)	713	9	40	135	247	413	495	3,542	5,594
Pregnancy related	1,12,479	1,288	4,941	23,972	58,607	1,08,181	1,55,194	9,93,121	14,57,783
Respiratory	32,683	230	1,069	4,402	9,649	15,593	21,304	1,52,952	2,37,882
Stroke/CVA	6,823	54	172	801	1,903	3,176	4,456	36,254	53,639
Suicide attempt	1,782	9	33	143	228	360	439	2,739	5,733
Trauma (non-vehicular)	35,642	203	1,579	4,944	8,751	12,948	16,662	1,11,258	1,91,987
Trauma (Vehicular)	1,06,093	594	5,037	18,092	30,236	38,677	41,352	2,05,369	4,45,450
Unconscious	25,680	75	654	2,261	4,124	5,797	6,997	42,687	88,275
Total	**5,75,912**	**4,275**	**22,574**	**88,634**	**1,83,253**	**3,00,796**	**4,03,914**	**26,14,205**	**41,93,563**

Source: Extraction and analysis of data provided by the Partner

Appendix 2.3 (a)

(Reference: Paragraph 2.1.9.9/Page 27)

List of instances of inadequate validation controls for 2018-19

Sl. No.	Parameter	Incorrect data found in the database
1	Age	In 181 records, the age was recorded as more than 120 years
2	EMT id	Invalid numbers such as 00, 000 were entered
3	Caller phone number	Blanks, text data, single, double and four digit numbers
4	Preferred contact number	Blanks, text
5	Call type	Null values found in the database.
6	Phone number	Entered Pilot Id instead of phone number during closure of cases.
7	Hospital id	Null Values in 1,57,477 records

Source: Extraction and analysis of data provided by the Partner

Appendix 2.3 (b)

(Reference: Paragraph 2.1.9.9/Page 27)

Number of instances that did not originate from CCMS

Year	Total number of calls received	Total Number of records with manual or back end insertions	Percentage of insertions
2014-15	51,07,455	32,76,070	64
2015-16	50,77,361	5,14,440	10
2016-17	53,53,336	2,53,711	5
2017-18	52,05,079	1,10,007	2
2018-19	45,86,524	93,604	2
Total	**2,53,29,755**	**42,47,832**	**17**

Source: Extraction and analysis of data provided by the Partner

Appendix 2.3 (c)

(Reference: Paragraph 2.1.9.9/Page 27)

List of instances that was inconsistent with the validation controls

Sl. No.	Validation Control available in the front end	Data found in the database not conforming to the validation control
1	A call from a telephone number initiates the generation of an incident id	Cases with NULL values of telephone numbers were found in the database.
2	The ERO application provides for a drop down menu for selection of call type in all the cases. Emergency call is marked as default value. It does not allow NULL Values and values should not contain any value beyond the listed values in the Input Screen.	2,26,369 cases with NULL values were found.
3	The ERO Application does not permit checking Fire related incidents without checking the Police option.	Records with only Fire options were found in the data tables in 4 cases.
4	The closure application interface validates the distance travelled by the Ambulance from base to scene, scene to hospital, hospital to base during closure data entry. The application alerts the data entry personnel if the distance between the base to scene is more than 50 kilometres (km). When the distance between the scene to hospital and hospital to base is more than 150 km, the system prevents input entries and prompts a message "the distance should not be more than 150 km.	We observed that entries beyond these ranges were available in the database in 90 and 247 cases respectively.
5	The DO Application interface does not allow entry of future dates while receiving inputs related to travel time of Ambulances.	The table contained an entry relating to the year 2035.
6	Call time and vehicle assign time are system generated values and call time should precede vehicle assign time.	The data tables contained 48 cases during the period 2014-15 to 2018-19, of which 12 cases were in 2018-19 alone, where assigned time preceded the call time.
7	The vehicle assign time and departure time are system generated values which should precede scene arrival time, scene departure time and hospital arrival and back to base time.	The tables contained values indicating scene arrival time preceding the vehicle assign time in 32 cases, scene departure time preceding the vehicle assign time in 19 cases and hospital arrival time preceding the vehicle assign time in 19 cases.
8	The data about the case closures were to be updated only through the application.	During 2017-18 and 2018-19, 44,256 and 7,14,548 closing records were updated respectively through the backend.

Source: Extraction and analysis of data provided by the Partner

Appendix 2.3 (d)

(Reference: Paragraph 2.1.9.9/Page 27)

Statement showing instances of manual insertion of cases

Sl. No.	Cl_callid	cl_callcctid	cl_calldtm	cl_callerphone	cl_incident informer	cl_incidentdtm	cl_incident landmark
1	20180002589933	20180002589933	12/07/2018 14:18:59	9844935751	SANTHOSH	12/07/2018 14:18:58	VIJAYANAGAR= RPC LAYOUT
	20180002589975	20180002589975	12/07/2018 14:23:00	9844935751	SANTHOSH	12/07/2018 14:22:59	VIJAYANAGAR= RPC LAYOUT*VIJAYANAGAR - REFERRAL HOSPITAL*20180002589933
2	20180001625994	20269	28/04/2018 08:28:33	918277823075	MANJULA	28/04/2018 08:28:33	GOVT HOSP OPD TO SAVDATHI
	20180001626022	20180001626022	28/04/2018 08:31:04	918277823075	MANJULA	28/04/2018 08:31:04	20180001625994 REFER ID ASN THE GOVT HOSP OPD TO SAVDATHI CASE OFTER 20 MNT MANUVALLI AMBY
3	20180001498968	19427	19/04/2018 12:55:53	9008019339	kavitha	19/04/2018 12:55:53	phcopd to tlh == 15 min to kundgolamby
	20180001499531	20180001499531	19/04/2018 13:29:38	9008019339	kavitha	19/04/2018 13:29:37	phcopd to tlh 20180001498968 refer id
4	20180002803795	9854	30/07/2018 16:49:22	9886753016	SHRUTHI	30/07/2018 16:49:21	CHBH LAYOUT==WATER TANK NEAR
	20180002803835	20180002803835	30/07/2018 16:52:00		SHRUTHI	30/07/2018 16:52:00	CHBH LAYOUT==WATER TANK NEAR==VIJAYANAGAR - REFERRAL HOSPITAL==20180002803795
5	20180002010340	15430	25/05/2018 11:49:21	9845893593	DR HEGGADE	25/05/2018 11:49:21	BANKAPURA ROAD, HEGGADE HOSP NEAR
	20180002011320	9810	25/05/2018 12:53:02	9148435851	emt	25/05/2018 12:53:02	emt need refer id 2010340
6	20180001732735	16306	05/05/2018 21:36:50	918722292235	NANDISH	05/05/2018 21:36:50	KRISHNA HOSP === OPD=== HOSP JSS MYSORE
	20180001733853	20180001733853	05/05/2018 23:41:14	918722292235	SUNIL	05/05/2018 23:41:13	REFER4 ID 20180001732735 KRISHNA HOSP
7	20180002996643	19670	16/08/2018 06:16:23	919110487002	SANTHOSH	16/08/2018 06:16:23	NEAR SCHOOL
	20180002997223	20180002997223	16/08/2018 07:52:06	919110487002	SANTHOSH	16/08/2018 07:52:06	govt school refer id 20180002996643

Source: Extraction and analysis of data provided by the Partner

Appendix 2.4

(Reference: Paragraph 2.1.10.4/Page 30)

Statement showing the details of allotment of ambulances for critical emergencies

Year	ALS/BLS	Cardiac / Cardiovascular	Respiratory	Trauma (Vehicular)	Trauma (Non-vehicular)
2014-15	ALS	9,936	10,644	19,950	5,445
	BLS	25,647	27,260	48,834	13,601
	Total	35,583	37,904	68,784	19,046
2015-16	ALS	8,700	7,903	17,382	5,517
	BLS	26,055	22,753	50,375	16,963
	Total	34,755	30,656	67,757	22,480
2016-17	ALS	16,379	15,125	28,463	12,912
	BLS	53,046	44,376	86,362	41,922
	Total	69,425	59,501	1,14,825	54,834
2017-18	ALS	15,797	14,048	24,161	10,996
	BLS	54,740	43,124	78,001	36,689
	Total	70,537	57,172	1,02,162	47,685
2018-19	ALS	13,597	12,417	21,382	10,503
	BLS	47,354	40,232	70,540	37,439
	Total	60,951	52,649	91,922	47,942
Total	ALS	64,409	60,137	1,11,338	45,373
	BLS	2,06,842	1,77,745	3,34,112	1,46,614
	Total	**2,71,251**	**2,37,882**	**4,45,450**	**1,91,987**

Source: Extraction and analysis of data provided by the Partner

Appendix 2.5

(Reference: Paragraph 2.1.14.3/Page 43)

Statement showing the illustrative cases of overlapping of time visits

Evisit ID	EMP ID	location	district	Ambyregno	Ambymobno	sysdtm_vst	sysdtm_vet	cv_stime	cv_etime	Minutes
208001	27133	BASAVANAGUDI NR COLONY B	Bengaluru	KA51G5022	9148435519	18/01/2019 20:50:12	18/01/2019 20:50:56	18/01/2019 15:00:00	18/01/2019 15:30:00	30
208002	27133	AVALAHALLI MATERNITY CEN	Bengaluru	KA51G5225	9148435563	18/01/2019 20:51:11	18/01/2019 20:51:54	18/01/2019 15:30:00	18/01/2019 16:00:00	30
208003	27133	BIKE-KR PURAM PS	Bengaluru	KA02G1619	9148436267	18/01/2019 20:52:05	18/01/2019 20:52:50	18/01/2019 16:00:00	18/01/2019 16:30:00	30
208004	27133	MARATHALLI HAL PS	Bengaluru	KA51G5258	9148435569	18/01/2019 20:53:00	18/01/2019 20:54:01	18/01/2019 17:00:00	18/01/2019 17:30:00	30
208005	27133	VICTORIA HOSPITAL	Bengaluru	KA40G443	9148435534	18/01/2019 20:54:19	18/01/2019 20:55:26	18/01/2019 17:30:00	18/01/2019 18:30:00	60
208006	27133	VICTORIA HOSPITAL 2	Bengaluru	KA51G5234	9148435590	18/01/2019 20:55:37	18/01/2019 20:56:26	18/01/2019 18:30:00	18/01/2019 19:00:00	30
208007	27133	KENGERI PS	Bengaluru	KA40G448	9148435545	18/01/2019 20:56:35	18/01/2019 20:57:40	18/01/2019 19:30:00	18/01/2019 20:30:00	60

Source: Extraction and analysis of data provided by the Partner

Appendix 2.6

(Reference: Paragraph 2.1.15/Page 44)

Findings of the survey relating to Human Resource Management

During the survey,

- 88 *per cent* of pilots and 90 *per cent* of EMTs stated that they had to work for more than 12 hours.
- 38 *per cent* of pilots and 63 *per cent* of EMTs stated they did not get any holidays as they did not have relievers.
- 80 *per cent* of the pilots and 78 *per cent* of EMTs were not satisfied with the work and benefits provided by the Partner as the salary paid were very low.
- 74 *per cent* of the pilots stated that there was no washroom facility for them.
- 37 *per cent* of the EMTs stated that the ERCPs were not available during night times.
- 97 *per cent* of the emergency staff at destination hospitals felt that ambulance staff needs additional training for better pre-hospital care provided by them.
- 78 *per cent* of the emergency staff at destination hospitals stated that the ambulance staff did know how to exactly report about the pre-hospital treatment provided by them.
- 81 *per cent* of the emergency staff at destination hospitals stated that the ambulance staff did not know which were the vital signs to be reported for further treatment.

Appendix 3.1

(Reference: Paragraph 3.1.1.1/Page 53)

Eligibility conditions, nature and extent of benefits under welfare schemes (as of March 2019)

Sl. No.	Scheme name	Eligibility conditions	Amount of assistance
1	Pension (Rule 39)	• Completed 60 years of age • Paid subscription fee for a period of not less than three years • Paid subscription fee until 60 years of age	₹1,000 per month
2	Disability pension (Rule 40)	• Partially disabled due to any disease or accident at worksite • Should not have availed benefit under Rule 47 • To be discontinued once the beneficiary attains the age of 60 years	₹1,000 per month and ex gratia up to ₹2,00,000
3	*Shrama Samarthya* Toolkit with training scheme (Rule 41)	• Beneficiary should be within 55 years of age • Beneficiary should complete skill acquisition or skill upgradation training • Available only once during entire membership	Tool kit not exceeding ₹20,000
4	Assistance for purchase or construction of a house/*Karmika Gruha Bhagya* (Rule 42)	• Beneficiary to be at least 45 years of age and having 15 years of service for superannuation • Should have been identified as a beneficiary under any housing scheme of Government	Advance up to ₹2,00,000
5	Assistance for delivery of a child by a registered woman construction worker (Rule 43)	• Only for first two deliveries • Registered woman construction worker should have no dues payable to Board	₹30,000 (for girl child) and ₹20,000 (for boy child)
6	Assistance for pre-school education and nutritional support of the child of the registered woman construction worker/*Thayi Magu Sahaya Hastha* (Rule 43-A)	• Available for a period of three years from the date of delivery • Only for first two children	₹6,000 (@₹500 per month)
7	Assistance to meet the funeral expenses of a registered construction worker (Rule 44)	• Payable to the nominee of the registered worker	₹4,000 and ex gratia of ₹50,000
8	Assistance for the education of the son or daughter of a registered construction worker (Rule 45)	• Only for two children of registered worker • For the current enrolment and only for the students enrolled in regular courses in recognised institutions located physically in Karnataka • From Grade 1 to Doctoral Research	₹2,000 to ₹30,000 (depending on the grade/course)
	Merit assistance	• For having secured above 75% in SSLC/PUC/Degree/Master Degree	₹5,000 to ₹15,000
9	Medical assistance/*Karmika Arogya Bhagya* (Rule 46)	• Available to registered workers and their dependents hospitalised in a Government/specified hospital • Available towards hospitalisation for minimum 48 hours continuously	₹300 per day to maximum of ₹10,000
10	Assistance to a beneficiary in case of accident resulting in death or partial disablement (incapacitation) (Rule 47)	• Not available in case the accident happened during the course of employment i.e. available if accident happens outside the course of employment excluding few cases such as natural death, suicide, *etc*.	₹5,00,000 (in case of death), ₹2,00,000 (for permanent disablement) and up to ₹1,00,000 (partial disablement)
11	Assistance of medical expenses for treatment of major ailments of a registered construction worker and his/her dependents (Rule 48)	• Available for registered worker and dependents • For specified ailments	Up to ₹2,00,000

Appendix 3.1 (concld.)

Sl. No.	Scheme name	Eligibility conditions	Amount of assistance
12	Assistance for the 1st marriage of the registered building or construction worker or his/her dependent children (Rule 49)	• Minimum one year of registration • Only for self or two dependent children • Assistance available only twice • Marriage must be in Karnataka	₹50,000
13	Assistance of LPG connection to registered construction workers/ *Karmika Anila Bhagya* (Rule 49-D)	• Only one in each household • Should not have availed the facility of concessional or subsidised LPG connection	₹4,040 (LPG-1,940+ double burner gas stove-1,000+ two free refills-1,100)
14	Assistance of concessional bus pass to registered construction workers in BMTC buses (Rule 49-E)	• Permanent resident of Bengaluru City or the place from where he travels to Bengaluru	Complete pass fee
15	Assistance of student bus pass to children of registered construction workers travelling in KSRTC buses (Rule 49-F)	• Only for two children of a registered worker who is a permanent resident of a place in the State	Complete pass fee

Source: Rules, 2006

Appendix 3.2

(Reference: Paragraph 3.1.1.1/Page 53)

Statement showing monetary limits under the various schemes (amendment-wise)

Scheme (Rule No.)		01.11.06	16.07.09	06.09.10	26.08.11	01.02.13	18.05.15	10.11.16	15.11.17	05.04.18
Pension (Rule 39)		300 p.m.	300 p.m.	300 p.m.	500 p.m.	500 p.m.	1,000 p.m.	1,000 p.m.	1,000 p.m.	1,000 p.m.
Disability pension (Rule 40)		300 p.m. + 5,000 (ex-gratia)	300 p.m. + 5,000 (ex-gratia)	300 p.m. + 5,000 (ex-gratia)	300 p.m. + 5,000 (ex-gratia)	500 p.m. + 5,000 (ex-gratia)	1,000 p.m. + up to 2,00,000 (ex-gratia)	1,000 p.m. + up to 2,00,000 (ex-gratia)	1,000 p.m. + up to 2,00,000 (ex-gratia	1,00 p.m. + up to 2,00,000 (ex-gratia
Shrama Samarthya Toolkit with training scheme (Rule 41)		5,000	5,000	5,000	5,000	5,000	5,000	5,000	20,000	20,000
Assistance for purchase or construction of a house/Karmika Gruha Bhagya (Rule 42)		up to 50,000	up to 50,000	up to 50,000	up to 50,000	50,000 and interest above 5%	50,000 and interest above 5%	50,000 and interest above 5%	up to 2,00,000	up to 2,00,000
Assistance for delivery of a child by a registered woman construction worker (Rule 43)		4,000	6,000	6,000	6,000	15,000	15,000	15,000	30,000 (girl) and 20,000 (boy)	30,000 (girl) and 20,000 (boy)
Assistance for pre-school education and nutritional support of the child of the registered woman construction worker/Thayi Magu Sahaya Hastha (Rule 43-A)		-	-	-	-	-	-	-	-	6,000
Assistance to meet the funeral expenses of a registered construction worker (Rule 44)		2,000	4,000	4,000 + 15,000 (ex-gratia for natural death)	4,000 + 15,000 (ex-gratia for natural death)	4,000 + 50,000 (ex-gratia)	4,000 + 50,000 (ex-gratia)	4,000 + 50,000 (ex-gratia)	4,000 + 50,000 (ex-gratia)	4,000 + 50,000 (ex-gratia)
Assistance for the education of the son or daughter of a registered construction worker (Rule 45)	Passing 1st, 2nd and 3rd	-	-	-	-	-	-	-	-	2,000
	Passing 4th, 5th and 6th	-	-	-	-	2,000	3,000	3,000	3,000	3,000
	Passing 7th and 8th	-	-	-	1,000	3,000	4,000	4,000	4,000	4,000
	Passing 9th	-	-	-	-	5,000	6,000	6,000	6,000	6,000
	Passing SSLC	750	3,000	3,000	3,000	-	-	-	6,000	6,000
	Passing PUC-I	1,000	3,000	3,000	2,000	5,000	5,000	5,000	6,000	6,000
	Passing PUC-II	1,000	3,000	3,000	2,000	5,000	8,000	8,000	8,000	8,000
	Passing ITI/Diploma Course	2,000	3,600	3,600	3,600	5,000	5,000/6,000	5,000/6,000	7,000 each year	7,000 each year

Appendix 3.2 (contd.)

Scheme (Rule No.)		01.11.06	16.07.09	06.09.10	26.08.11	01.02.13	18.05.15	10.11.16	15.11.17	05.04.18
	Passing Degree Course	1,500	3,000	3,000	2,000	5,000	5,000	5,000	10,000 each year	10,000 each year
	Engineering/ Medical Courses	-	10,000	10,000	5,000 for each semester	Term fee and 1,000 per month as attendance allowance	Term fee and 2,000 per month as attendance allowance	Term fee and 2,000 per month as attendance allowance	25,000/30,000 for entry and 20,000/25,000 after passing each year	25,000/30,000 for entry and 20,000/25,000 after passing each year
	Post-graduation	5,000	6,000	6,000	10,000	15,000	20,000	20,000	20,000 for entry and 10,000 after passing each year	20,000 for entry and 10,000 after passing each year
	Doctoral research	-	-	-	-	-	20,000	20,000	20,000 after completion of every year (max. 2 years) and additional 20,000 after acceptance of thesis	20,000 after completion of every year (max. 2 years) and additional 20,000 after acceptance of thesis
Medical assistance/Karmika Arogya Bhagya (Rule 46)		400-2,000	400-2,000	400-2,000	400-2,000	400-6,000	400-6,000	400-6,000	300-10,000	300-10,000
Assistance to a beneficiary in case of accident resulting in death or partial disablement (incapacitation) (Rule 47)	Death	1,00,000	1,00,000	1,00,000	1,00,000	2,00,000	2,00,000	3,00,000	5,00,000	5,00,000
	Permanent disablement	1,00,000	1,00,000	1,00,000	1,00,000	2,00,000	2,00,000	3,00,000	2,00,000	2,00,000
	Partial disablement	-	-	-	up to 1,00,000 (in proportion to the percentage of disablement)	up to 2,00,000 (in proportion to the percentage of disablement)	up to 2,00,000 (in proportion to the percentage of disablement)	up to 3,00,000 (in proportion to the percentage of disablement)	up to 1,00,000 (in proportion to the percentage of disablement)	up to 1,00,000 (in proportion to the percentage of disablement)
Assistance to the dependents of the unregistered building worker (Rule 47-A)	Death	-	-	50,000	50,000	50,000	50,000	1,00,000	-	-
	Injury	-	-	10,000	10,000	10,000	10,000	20,000	-	-
Assistance of medical expenses for treatment of major ailments of a registered construction worker and his/her dependents (Rule 48)	Worker	10,000	50,000	50,000	50,000	2,00,000	2,00,000	2,00,000	2,00,000	2,00,000
	dependents	-	-	-	-	-	-	-	2,00,000	2,00,000

Appendix 3.2 (concld.)

Scheme (Rule No.)		01.11.06	16.07.09	06.09.10	26.08.11	01.02.13	18.05.15	10.11.16	15.11.17	05.04.18
Assistance for the 1st marriage of the registered building or construction worker or his/her dependent children (Rule 49)		5,000	5,000	5,000	10,000	50,000	50,000	50,000	50,000 (FD/Bond)	50,000 (25,000 Bond + 25,000 DBT)
Assistance of LPG connection to registered construction workers/ Karmika Anila Bhagya (Rule 49-D)		-	-	-	-	-	-	-	4,040 (LPG-1,940+ double burner gas stove-1,000+ two free refills-1,100)	4,040 (LPG-1,940+ double burner gas stove-1,000+ two free refills-1,100)
Assistance of concessional bus pass to registered construction workers in BMTC buses (Rule 49-E)		-	-	-	-	-	-	-	Complete pass fee	Complete pass fee
Assistance of student bus pass to children of registered construction workers travelling in KSRTC buses (Rule 49-F)		-	-	-	-	-	-	-	Student component of bus pass	Student component of bus pass

Source: Rules, 2006 and subsequent amendments

Appendix 3.3

(Reference: Paragraph 3.1.2/Page 55)

Statement showing the relevant statutory provisions applicable to the audit findings

Para No.	Reference to the Act, Rules	Criteria
3.1.4.1	Sections 11 and 12 of the Act, 1996, read with Rules 20 and 21-A of the Rules, 2006	Every building worker between 18 and 60 years of age and engaged in construction work for not less than 90 days during the preceding 12 months should apply to the respective SLI/LI for registration as beneficiary and be entitled to benefits provided by the Board. The SLI/LI was to issue to every eligible beneficiary an identity card after due verification and maintain a register of beneficiaries (Form IX).
3.1.4.2	Section 2(d) of the Act, 1996	Defined different types of works which would be classified as building and other construction works.
3.1.4.3	Section 5 of the Act, 1996	Constitution of one or more Expert Committees consisting of persons specially qualified in building or other construction work for advising the Government in drafting the rules.
3.1.4.4	Hon'ble Supreme Court directions (18th January 2010)	Awareness should be built up, about the registration of building workers and about the benefits available under the Act. There should be effective use of media, AIR and *Doordarshan*, for awareness programmes regarding the Act, the benefits available there under and procedures for availing the benefits.
3.1.4.5	Hon'ble Supreme Court directions (18th January 2010)	Benefits under the Act should be extended to the registered workers within a stipulated time frame, preferably within six months.
3.1.5.2	State Government Notification dated 18th January 2007	All government departments, public sector undertakings and other government agencies to deduct one *per cent* of the amount from running account bills in respect of building and other construction works undertaken by them and remit it to the Board within 30 days. In respect of works requiring the approval of local authorities, such authorities should collect upfront, by way of demand draft in favour of the Board, an amount of one *per cent* of the estimated cost while according plan approvals, and forward the demand draft to the Board. The Board also issued (September 2012, October 2013, January 2014 and June 2015) circulars instructing the departments concerned to deposit the collected cess amount through RTGS/NEFT.
3.1.5.3	Section 3 of the Cess Act, 1996	The cess collecting authorities should transfer to the Board the proceeds of cess collected within 30 days of its collection.
3.1.5.7	Sections 22 and 24 of the Act, 1996	At least 95 *per cent* of the funds should be utilised for the benefit of construction workers.
3.1.5.7	Hon'ble Supreme Court directions (21st August 2015)	The expenditure incurred by some of the State Governments/Union Territories, particularly NCT of Delhi on advertisements with the amount collected is not at all appropriate and the amount that has been spent by the NCT of Delhi and other Union Territories and States on advertisements should be returned to the accounts of the construction workers.

Appendix 3.3 (concld.)

Para No.	Reference to the Act, Rules	Criteria
3.1.5.9	Hon'ble Supreme Court directions (7th February 2012) read with Rule 36 of the Rules, 2006	All monies belonging to the Board may be invested in the Nationalised Banks.
3.1.6.1	Section 4 of the Act, 1996	The State Government was to constitute a State Advisory Committee to advise on such matters arising out of the administration of this Act as may be referred to it.
3.1.6.1	Rule 37-B of Rules, 2006 and Hon'ble Supreme Court directions (March 2018)	The Board should have its own mechanism for social audit and quality control through one or more qualified consultancies, chartered accountancy firms or NGOs having requisite experience.
3.1.6.2	Rule 27 of the Rules, 2006 read with Hon'ble Supreme Court directions (18th January 2010)	Specified the terms and conditions of service of Secretary, other officers and employees of the Board. The Secretary, other officers and employees of the Board could be drawn from amongst the other services of the State Government. In case, the State Government did not appoint, the Board could, subject to the approval of the State Government, make appointments and determine their terms and conditions of service. The Hon'ble Supreme Court had also directed (January 2010) that the Welfare Boards should be constituted with adequate full staff.
3.1.6.2	State Government notifications dated March 2007, April 2007, July 2007, November 2009 and July 2014	The officials (ALCs, LOs, SLIs/Lis) of the Labour Department were entrusted with the duties of sanctioning social security benefits (except pension and disability pension), registering establishments, cess assessment, registering beneficiaries and cess collection.
3.1.6.3	Sections 1(4) and 7 of the Act, 1996, read with Rule 15	Every employer should apply to the respective LO for registration of his establishment, employing 10 or more construction workers.
3.1.6.3	Rule 17(3)	Every employer should intimate the LO about actual date of commencement/completion of work in Form IV.
3.1.6.3	Rule 260	Every employer should send annually a return in Form XLV to the LO.
3.1.6.3	Addendum dated 01.04.2013 to the notification dated 18.01.2007	All local bodies/government authorities should put a condition in the plan sanction order/tender agreements ensuring the registration of the builder/contractor.
3.1.6.3	Section 43 of the Act, 1996 read with Rule 268 of Rules, 2006	LOs were empowered to inspect the premises of any establishment where construction work was being carried out.

Source: the Act, 1996; the Cess Act, 1996; the Rules, 2006 and Hon'ble Supreme Court Directions in Writ Petition (Civil) No. 318 of 2006

Appendix 3.4

(Reference: Paragraph 3.1.3 /Page 55)

Follow-up on the observations included in Paragraph 3.3 of the Report for the year ended March 2013 (Report No. 3 of the year 2014)

Para No.	Observation/Action required	Compliance of Board and Audit remarks thereon
3.3.4.2	Whether the Board had contemplated/done any survey to identify building and other construction workers in the State and build a database?	It was submitted that the Board had requested the State Commission for backward classes to collect information about Building and other construction workers in the Socio Economic survey and the report was yet to be submitted to Board. As on March 2019, the Board did not have a database of registered beneficiaries.
3.3.4.2	The Sub-committee constituted in August 2009 had recommended for nominating the EEs/AEEs of PWD, KIADB, BDA, BMRDA, BBMP and ZPs undertaking several construction projects as registering authorities with the prior approval of these agencies. Action initiated in this regard may be intimated.	The Board stated that *Karmika Bandhus* had been appointed to work as volunteers on commission basis for registration. However, as seen from the status report, no payments were made by the Board to *Karmika Bandhus*. As a result, there was a considerable decrease in the number of *Karmika Bandhus*.
3.3.5.1	The State Government had stated (September 2013) that suitable instructions would be issued to the assessing officers to pass assessment orders within the stipulated time. Whether any such instructions were issued. If yes, a copy of the same may be furnished.	It was stated that the Board had taken action to enlighten the officials about various provisions under the Acts and Rules. However, out of 204 cases mentioned in the report, assessment orders were passed in 44 cases only. It was also stated that instructions had been issued to the officials to initiate action for speedy recovery.
3.3.5.3	What was the mechanism at the Board to ensure that the cess collected by the Government departments/public sector undertakings and other Government agencies were being promptly remitted to the Board's accounts?	It was stated that the Board was in constant touch with the Government Departments and other agencies for pursuing the cess remittance on regular basis. However, there was no such mechanism in place to ensure the cess receivable to the Board. This was also established by the fact that situation remained same even as on date on test-check of accounts of the ULBs.
3.3.5.3	Whether any directions had been issued to the assessing officers to monitor the cess collection and remittance in their jurisdiction? If yes, copies of such directions may be furnished.	It was replied that sufficient action had been taken to monitor the cess collection and remittance by the assessing officers. However, it was not being followed by the assessing officers despite the notification issued by the Board in this regard.
3.3.6.1 (i)	Six test-checked medical claims involving a sum of ₹3 lakh was fake. The Joint Secretary of the Board had stated (May 2013) that action would be taken after obtaining reports from the registering officers concerned. Details of action initiated may be furnished.	It was stated that local verification report by the SLI/LI made mandatory to ascertain the genuineness of the applicant before approval of the claim. However, local verification was not mandatory for claims related to education.

Appendix 3.4 (concld.)

Para No.	Observation/Action required	Compliance of Board and Audit remarks thereon
3.3.6.1 (ii)	What actions had been initiated by the Board in respect of 37 bogus medical claims (involving an amount of ₹0.74 lakh) at the office of Labour Officer, I Division, Hubballi?	It was stated that enquiry report in this regard was still awaited.
3.3.6.1 (iii)	Details of action taken by the Board 13 fake cases for funeral expenses (aggregating ₹2.47 lakh) pertaining to Bengaluru (Urban and Rural Districts).	It was stated that local verification before approval of the claims had been made mandatory.
3.3.6.3	Whether any action had been taken by the Board regarding irregular payment of ₹74.79 lakh in 146 cases pointed out by audit? If so, the details may be furnished.	It was submitted that strict action had been taken to reduce such incidents. However, such omissions still persisted as seen in the current audit.
3.3.6.4	What was the present status of the issue for extending Rashtriya Swasthya Bima Yojana (RSBY) to building and other construction workers?	It was submitted that since the Board had already medical schemes in place for workers, it was decided not to implement the RSBY scheme.
3.3.8	The Board had entrusted (September 2008) the software development (along with IVRS) to M/s Aum Infotech Pvt. Ltd. for which a sum of ₹84.42 lakh was paid. The Board had also entered into Annual Maintenance Contract (AMC) with KEONICS and agreed to pay ₹26 lakh to KEONICS. It was observed that the software developed by M/s Aum Infotech was not fully functional. (a) Reasons for such lacunae may be furnished. The corrective measures initiated by the Board in this regard may also be furnished. (b) What was the total amount incurred on this software development including the amount paid to KEONICS for AMC? Details may be furnished.	It was stated that after supplying the necessary hardware like laptops and printers, the software (KARMIKA) was put to use for registration and monitoring the cess collection. However, the Board stopped using this software since February 15, 2019. And June 2019 onwards, SEVA SINDHU, e-governance portal of GoK was being used for online registration.
3.3.9.2	Internal audit was not conducted. The Government had agreed (September 2013) to introduce a dedicated independent internal audit wing. Whether it had been introduced? If yes, the details of its formation and details of internal audits conducted during 2014-15 to 2018-19, along with copies of internal audit reports, may be furnished.	It was stated that internal audit of records of Head office was being allotted to Chartered Accountants in each year. Further, bank reconciliation for the period 2012-13 to 2015-16 was also assigned to one agency. It was further stated that one accounts and audit officer was also appointed on outsource basis. However, internal audit of field offices could not be carried out for want of required staff.

Source: Information furnished by the Board

Appendix 3.5

(Reference: Paragraph 3.1.4.1/Page 56)

(a) Statement showing scheme-wise number of claims sanctioned during the period from 2014-15 to 2018-19

Rule	Scheme	2014-15	2015-16	2016-17	2017-18	2018-19	Total	Percentage
39	Pension	0	0	413	343	520	1,276	0.35
40	Disability pension	0	0	5	6	7	18	0.00
41	Tools	11	5	1	0	0	17	0.00
41	*Shrama Samarthya*				-	-	0	0.00
43	Maternity	225	350	543	467	552	2,137	0.59
44	Funeral expenses	493	990	1,854	2,178	2,208	7,723	2.12
45	Education	19,943	40,048	80,412	79,256	95,637	3,15,296	86.54
46	Hospitalisation	54	30	37	44	192	357	0.10
47	Accidental benefits	19	34	51	56	58	218	0.06
47-A	Compensation to unregistered workers	-	-	-	-	-	0	0.00
48	Major ailments	300	508	704	696	530	2,738	0.75
49	Marriage	1,616	3,638	8,488	9,452	11,380	34,574	9.49
	Total	**22,661**	**45,603**	**92,508**	**92,498**	**1,11,084**	**3,64,354**	**100**

Source: Information furnished by the Board

(b) Statement showing scheme-wise assistance disbursed during the period from 2014-15 to 2018-19

(₹ in lakh)

Rule	Scheme	2014-15	2015-16	2016-17	2017-18	2018-19	Total	Percentage
39	Pension	-	-	36.85	62.12	113.55	212.52	0.51
40	Disability pension	-	-	7.41	8.26	12.14	27.81	0.07
41	Tools	-	-	-	-	-	-	0
41	*Shrama Samarthya*	-	-	-	839.95	569.73	1,409.68	3.35
43	Maternity	26.79	59.73	81.51	78.64	132.03	378.70	0.90
44	Funeral expenses	203.53	638.51	1,000.71	1,115.81	1,074.01	4,032.57	9.58
45	Education	710.29	2,169.02	3,566.69	4,058.43	6,168.14	16,672.57	39.63
46	Hospitalisation	0.59	87.00	0.71	0.52	76.23	165.04	0.39
47	Accidental benefits	18.20	51.42	76.94	122.70	259.96	529.22	1.26
47-A	Compensation to unregistered workers	-	-	-	-	14.30	14.30	0.03
48	Major ailments	72.79	58.28	193.00	205.28	143.07	672.43	1.60
49	Marriage	626.40	2,307.39	4,161.00	4,829.10	6,033.75	17,957.64	42.68
	Total	**1,658.59**	**5,371.35**	**9,124.82**	**11,320.81**	**14,596.90**	**42,072.47**	**100**

Source: Information furnished by the Board

Appendix 3.6

(Reference: Paragraph 3.1.5.4/Page 64)

Discrepancies in sanction of benefits in test-checked offices

1) Inadmissible assistance

(Amount in ₹)

Sl. No.	Name of Sanctioning authority	Rule	No. of cases selected for audit	Inadmissible financial assist.	No. of cases	Remarks
1	LO-1, Belagavi	Rule 43	7	15,000	1	Assistance disbursed for 3rd child, assistance disbursed without ensuring renewal before the required date, assistance disbursed for disease not covered under the Rule, *etc.*
2	LO, Bagalkote		28	30,000	1	
3	LO, Bagalkote	Rule 49	42	2,00,000	4	
4	LO, Kalaburagi		80	1,00,000	2	
5	LO, Bidar		79	3,00,000	6	
6	LO-4, Bengaluru		14	2,50,000	5	
7	ALC, Chikkamagaluru	Rule 44	6	1,08,000	2	
8	ALC, Kalaburagi	Rule 47	12	80,000	1	
9	ALC, Chikkamagaluru		14	9,38,000	6	
10	LO-4, Bengaluru	Rule 45	108	3,000	1	
	Total		**390**	**20,24,000**	**29**	

Source: Information furnished by test-checked offices and scheme files

2) Excess payment

(Amount in ₹)

Sl. No.	Name of Sanctioning authority	Rule	No. of cases selected for audit	Inadmissible financial assist.	No. of cases	Remarks
1	ALC, Belagavi	Rule 47	17	1,00,000	1	Revised amount was disbursed from an earlier date than the effective date, education assistance disbursed despite child failing in 6th term, *etc.*
2	ALC, Chikkamagaluru		14	1,00,000	1	
3	LO-2, Chikkamagaluru	Rule 45	34	8,000	1	
4	LO-1, Belagavi		7	10,000	1	
	Total		**72**	**2,18,000**	**4**	

Source: Information furnished by test-checked offices and scheme files

3) Short payment of assistance

(Amount in ₹)

Sl. No.	Name of Sanctioning authority	Rule	No. of cases selected for audit	Inadmissible financial assist.	No. of cases	Remarks
1	ALC, Belagavi	Rule 47	17	5,00,000	1	Eligible assistance under Rule 47 not disbursed and revised amount as per amendment not considered, *etc.*
2	ALC, Kalaburagi		12	2,00,000	2	
3	LO-2, Chikkamagaluru	Rule 45	34	94,090	6	
	Total		**63**	**7,94,090**	**9**	

Source: Information furnished by test-checked offices and scheme files

Appendix 3.7

(Reference: Paragraph 3.1.5.6/Page 65)

Statement showing avoidable liability towards income tax

(₹ in crore)

AY	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Total
FY	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	
Due date for filing ITR	30.09.2012	31.10.2013	30.09.2014	31.10.2015	17.10.2016	07.11.2017	31.10.2018	
Actual date of filing ITR	31.03.2013	29.01.2014	30.09.2015	13.03.2017	27.03.2018	31.03.2018	30.10.2018	
Actual date of filing Form 10	Not filed	Not filed	Not filed	29.12.2017	20.12.2018	20.12.2018	30.10.2018	
Total income	461.27	622.73	686.34	972.55	1,020.42	1,077.29	1,123.47	**5,964.07**
Total expr	8.35	12.00	14.23	27.07	66.07	102.01	127.93	**357.66**
TDS as per ITR filed	0.06	0.03	17.52	25.29	30.93	31.56	27.66	**133.05**
Amount to be accumulated	383.73	517.33	569.16	799.60	801.28	813.69	827.02	**4,711.81**
Tax payable at rate applicable for AoP	118.56	159.84	193.44	271.76	277.29	289.12	293.86	**1,603.87**
Levy of interest u/s 234A from	01.10.2012	01.11.2013	01.10.2014	01.11.2015	01.10.2016	01.11.2017	No delay	
Levy of interest u/s 234A upto	31.03.2013	31.01.2014	30.09.2015	31.03.2017	31.03.2018	31.03.2018		
Period for levy of interest u/s 234A in months	6	3	12	17	18	5	0	**61**
Interest u/s 234A	7.11	4.80	23.21	41.90	44.34	12.88	-	**134.24**
Levy of interest u/s 234B from	01.04.2012	01.04.2013	01.04.2014	01.04.2015	01.04.2016	01.04.2017	Not yet selected for scrutiny assessment.	
Levy of interest u/s 234B upto	31.12.2019	31.12.2019	31.12.2019	31.12.2017	31.12.2018	31.12.2019		
Period for levy of interest u/s 234B in months	93	81	69	33	33	33		**342**
Interest u/s 234B	110.26	129.47	133.47	81.34	81.30	84.99	-	**620.83**
Total IT payable if accumulation not opted for	**235.93**	**294.11**	**350.12**	**395.00**	**402.93**	**386.99**	**293.86**	**2,358.94**
To be taxed as income in FY if accumulation opted for	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	
Tax payable without interest if accumulation opted for i.e. after completion of accumulation period	136.34	185.59	204.19	-	-	-	-	**526.12**
Interest u/s 234A	0	0	0	0	0	0		-

Appendix 3.7 (concld.)

AY	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Levy of interest u/s 234B from	01.04.2018	01.04.2019	-	-	-	-		
Levy of interest u/s 234B up to	31.12.2019	31.12.2019	-	-	-	-		
Period for levy of interest u/s 234B in months	21	9	0	0	0	0		**30**
Interest u/s 234B	28.63	16.70	-	-	-	-	-	**45.33**
Total IT payable if accumulation opted for	**164.97**	**202.30**	**204.19**	**-**	**-**	**-**	**-**	**571.46**

Source: Certified Annual Accounts for the years 2011-12 to 2015-16 and provisional figures for the years 2016-17 and 2017-18

Note: (i) It was assumed that assessments for FYs 2011-12, 2012-13, 2013-14 and 2016-17 would be concluded by 31.12.2019.

(ii) ITD refunded TDS amounts for FYs 2011-12 to 2013-14. Hence, these had not been considered while calculating penal interest.

(iii) It was assumed that ITRs for FY 2018-19 onwards would be filed in time as done for FY 2017-18.

Appendix 3.8 (a)

(Reference: Paragraph 3.1.5.9/Page 68)

Statement showing the details of FDs broken into smaller denomination

Sl. No.	Bank Branch	FD A/c No	Period of FD	Amount in crore	Remarks
1	Andhra Bank, HAL 2nd Stage Branch, Bengaluru.	136620100036543	7.4.15 to 7.4.16	10	Principle was broken into 3 FDs of ₹4.5 crore, ₹4.5 crore and ₹1.00 crore. Board approval for the same was not furnished.
2	Andhra Bank, Ullal Main Road Branch, Bengaluru.	233720100001121	7.4.15 to 7.4.16	5	Principle broken into 2 FDs of ₹2.5 crore each. Board approval for the same was not furnished.
3	Andhra Bank, Singahalli Branch, Bengaluru.	207620100002306	7.4.15 to 7.4.16	5	Principle broken into 2 FDs of ₹2.5 crore each. Board approval for the same was not furnished.
4	Andhra Bank- Uttarahalli Branch Bengaluru	144820100125236	25.1.17 to 25.1.18	5	Principle was broken into 2 FDs of ₹4.99 crore and ₹0.10 crore
5	FD-1617288[Indian Bank- SSI Branch Bengaluru-2016-17]	6502497882	9.2.17 to 9.2.18	5	Principle was broken into 5 FDs of ₹1.00 crore each. Board approval for the same was not furnished.
	Total			**30**	

Source: Information furnished by the Board

Appendix 3.8 (b)

(Reference: Paragraph 3.1.5.9/Page 68)

Statement showing 13 cases where matured amount was untraceable

Sl. No.	Bank Branch	FD A/c No	Period of FD	Amount in crore	Remarks
1	Details of Bank not available	6330036812	10.4.15 to 10.4.16	1	One single amount of ₹5 crore is credited. The transaction details of bank reads as "FAILED INW RTGS TXN".
2	Details of Bank not available	6330037544	10.4.15 to 10.4.16	1	
3	Details of Bank not available	6330037781	10.4.15 to 10.4.16	1	
4	Details of Bank not available	6330038140	10.4.15 to 10.4.16	1	
5	Details of Bank not available	6330038388	10.4.15 to 10.4.16	1	
6	Syndicate Bank, Sultanpalya Branch, Bengaluru.	06974520000035	24.6.15 to 25.6.16	10	The credit details are same as the credit details FD A/c No: 04464580000520/1.
7	Andhra Bank, Vidyapeetha Circle Branch, Bengaluru.	6974580000035	23.6.15 to 23.6.16	10	The transaction details of bank reads as "FAILED INW RTGS TXN".
8	Syndicate Bank, BWSSB Branch, Bengaluru.	04464580000520/1	24.6.15 to 24.6.16	10	The credit details are same as the credit details FD A/c No: 06974520000035.
9	Vijaya Bank, Victoria Road Branch, Bengaluru.	138803311003058	23.12.15 to 23.12.16	5	Amount credited was ₹4,82,05,469.
10	Canara Bank- Vijayapura Branch Bengaluru	0438401002285/1	11.11.16 to 11.11.17	10	There were 2 FD of ₹10 crore created on the same day, credit has been received in case of 1 FDs of ₹10 crore.
11	PNB - Koramangala Branch, Bengaluru	397100PU00006221	3.12.16 to 3.12.17	10	There were 4 FD of ₹10 crore created on the same day, credit has been received in case of 3 FDs of ₹10 crore each.
12	Canara Bank- BDA Complex Branch Bengaluru	2828401001068/1	29.12.16 to 29.12.17	9	There were 17 FDs of ₹9 crore created on the same day, credit has come back in case of 15 FDs only, leaving a balance of 2 FDs of ₹9 crore each.
13	Details not available	Details not available	7.2.17 to 7.2.18	5	Credit details not furnished.
	Total			**74**	

Source: Information furnished by the Board

Appendix 3.9

(Reference: Paragraph 3.1.5.9/Page 68)

Statement showing the loss of interest on FDs due to injudicious investment

(₹ in lakh)

Sl. No.	Period of FD	Bank and Branch	Amount	Interest rate	Interest earned	Highest rate available	Interest at highest rate available	Loss of Interest
1.1/1	8.6.15 to 8.6.16	Syndicate Bank IAF Hebbal	1,000	8	82.43	8.2	84.56	2.13
1.2/2	8.6.15 to 8.6.16	Syndicate Bank Thanisandra	1,000	8	82.43	8.2	84.56	2.13
1.3/3	8.6.15 to 8.6.16	Canara Bank JP Nagar II Phase	1,000	**8.2**	84.56	8.2	84.56	0
2.1/4	1.3.16 to 1.3.17	Andhra bank Puttahalli Branch	1,000	**7.75**	79.78	7.75	79.78	0
2.2/5	2.3.16 to 2.3.17	Syndicate Bank, Dr. AIT Branch	1,000	7.41	76.18	7.75	79.78	3.60
2.3/6	2.3.16 to 2.3.17	Syndicate Bank, Gandhinagar Branch	1,000	7.41	76.18	7.75	79.78	3.60
2.4/7	2.3.16 to 2.3.17	Syndicate Bank, RMV 2nd Stage Branch	1,000	7.41	76.18	7.75	79.78	3.60
3.1/8	10.3.16 to 10.3.17	Andhra Bank, Kasavanahalli Branch	1,000	**7.75**	79.78	7.75	79.78	0
3.2/9	11.3.16 to 11.3.17	Canara Bank, Yelachenahalli Branch	1,000	7.4	76.08	7.75	79.78	3.70
3.3/10	11.3.16 to 11.3.17	Canara Bank, Jayanagar 9th Block Branch	1,500	7.4	114.12	7.75	119.67	5.55
4.1/11	10.5.16 to 10.5.17	Punjab National Bank, Peenya Industrial Area	1,000	**7**	71.86	7	71.86	0
4.2/12	11.5.16 to 11.5.17	Indian Overseas Bank, Cantonment	1,000	6.75	69.23	7	71.86	2.63
5.1/13	25.1.17 to 25.1.18	Andhra Bank, Uttarahalli	500	**5.75**	29.38	5.75	29.38	0
5.2/14	25.1.17 to 25.1.18	Bank of Baroda, ISRO Layout	2,000	5	101.89	5.75	117.50	15.61
6.1/15	17.3.17 to 17.3.18	Andhra Bank - R T Nagar	1,000	5.75	58.75	6.5	66.60	7.85
6.2/16	17.3.17 to 17.3.18	Andhra Bank - Yeshwanthpur	1,000	5.75	58.75	6.5	66.60	7.85
6.3/17	17.3.17 to 17.3.18	Andhra Bank - R R Nagar	1,000	5.75	58.75	6.5	66.60	7.85
6.4/18	18.3.17 to 18.3.18	Andhra Bank - Thanisandra	1,000	5.75	58.75	6.5	66.60	7.85
6.5/19	18.3.17 to 18.3.18	Andhra Bank - HAL 2nd Stage	1,000	5.75	58.75	6.5	66.60	7.85
6.6/20	18.3.17 to 18.3.18	Andhra Bank - Whitefield	1,000	5.75	58.75	6.5	66.60	7.85
6.7/21	18.3.17 to 18.3.18	Andhra Bank - Sahakaranagar	1,000	5.75	58.75	6.5	66.60	7.85
6.8/22	18.3.17 to 18.3.18	Indian Overseas Bank, Cantonment	1,000	6.25	63.98	6.5	66.60	2.62
7.1/23	22.3.17 to 22.3.18	Andhra Bank - Bagalur	1,000	5.75	58.75	6.3	64.50	5.75
7.2/24	22.3.17 to 22.3.18	Andhra Bank - Whitefield	1,000	5.75	58.75	6.3	64.50	5.75

Appendix 3.9 (concld.)

Sl. No.	Period of FD	Bank and Branch	Amount	Interest rate	Interest earned	Highest rate available	Interest at highest rate available	Loss of Interest
7.3/25	22.3.17 to 22.3.18	Andhra Bank - Lakshmipura	1,000	5.75	58.75	6.3	64.50	5.75
7.4/26	22.3.17 to 22.3.18	Andhra Bank - HAL 2nd Stage	1,000	5.75	58.75	6.3	64.50	5.75
7.5/27	22.3.17 to 22.3.18	Indian Overseas Bank - Cantonment	1,000	**6.3**	64.50	6.3	64.50	0
7.6/28	22.3.17 to 22.3.18	Central Bank of India - J C Road	1,000	5	50.95	6.3	64.50	13.55
8.1/29	23.3.17 to 23.3.18	Andhra Bank - Munekollal	1,000	5.75	58.75	6.3	64.50	5.75
8.2/30	23.3.17 to 23.3.18	Indian Overseas Bank - Cantonment	1,000	**6.3**	64.50	6.3	64.50	0
8.3/31	23.3.17 to 23.3.18	Canara Bank - Jayanagar 9th Block	1,500	4.85	74.08	6.3	96.75	22.67
8.4/32	23.3.17 to 23.3.18	Canara Bank - Jayanagar Shoping Complex Branch	1,000	4.85	49.39	6.3	64.50	15.11
9.1/33	28.3.17 to 28.3.18	Andhra Bank - Kannur	1,000	5.75	58.75	6.25	63.98	5.23
9.2/34	28.3.17 to 28.3.18	Andhra Bank - HAL 2nd Stage	1,000	5.75	58.75	6.25	63.98	5.23
9.3/35	28.3.17 to 28.3.18	Indian Overseas Bank - Cantonment	1,000	**6.25**	63.98	6.25	63.98	0
9.4/36	28.3.17 to 28.3.18	Syndicate Bank – Shoolay circle	1,000	5.75	58.75	6.25	63.98	5.23
10.1/37	5.5.17 to 5.5.18	Andhra Bank - Kalyananagar	10,000	5.25	535.43	5.65	577.08	41.65
10.2/38	5.5.17 to 5.5.18	Syndicate Bank - Gandhinagar	10,000	**5.65**	577.08	5.65	577.08	0
11.1/39	6.6.17 to 6.6.18	Andhra Bank - Kalyananagar	1,000	5.25	53.54	5.5	56.14	2.60
11.2/40	6.6.17 to 6.6.18	(Andhra Bank - Cantonment	1,000	5.25	53.54	5.5	56.14	2.60
11.3/41	6.6.17 to 6.6.18	Union Bank of India - BTM Layout	1,000	**5.5**	56.14	5.5	56.14	0
12.1/42	18.7.17 to 18.7.18	Andhra Bank - K R Puram	1,000	5.25	53.54	5.55	56.67	3.13
12.2/43	18.7.17 to 18.7.18	Canara Bank - Hennur Road	1,000	**5.55**	56.67	5.55	56.67	0
		Total	**62,500**					**245.87**

Note: In respect of Sl. No. 15 to 22, quotation from Syndicate Bank, Yediyur Branch, valid for four days from 17.3.2017 offering interest rate of **6.50** *per cent* for amount of ₹1 crore to ₹10 crore was not considered.

Source: Information furnished by the Board

Appendix 3.10

(Reference: Paragraph 3.1.6.3/ Page 70)

Status showing Board's compliance to model scheme and audit remarks thereon

Sl. No./Subject	Compliance submitted by the Board to GoI	Audit remarks
1.<u>Machinery for registration of establishments.</u> c. Central and State governments should issue directions to all ministries/departments to timely forward a copy of allotment of work order to the relevant registration, cess collection and cess assessment authorities	It was planned that wherever a procurement of construction work was finalised on the e-procurement platform of the state a reference with details of the work would be sent to the registration, assessment and collection authorities.	The Board stated (August 2019) that the Government issued a circular *vide* No. KAE 116 LET 2013 (Part-2) dated 16.11.2018 in this regard. Audit observed that the circular contained directions for remittance of cess but it did not mention anything about forwarding copies of work orders to relevant authorities.
d. The State Governments should develop a mechanism for regular monitoring of construction activities going in the state and make use of GIS technology/mapping *etc.*, for the purpose. Specific care should be taken that the private sector was also covered.	The Board had already approved a project to collect building permission documents from all local bodies for the last 10 years. These would be digitalised and analysed for shortfalls in cess collection and would be recovered in arrears of land revenue.	The Board stated (August 2019) that the project did not take off.
e. The establishment registration authorities/licensing authorities under various labour laws should invariably share a copy of the registration certificate/license issued by them with the state registering/collecting/ assessing authorities.	Action would be taken to issue directions to the authorities concerned to share a copy of the registration certificate / license issued by them.	The Board stated that a draft letter was submitted to Government on 08.01.2019 to instruct all the departments to forward the work orders/plan sanctions to the Board for monitoring the registration of establishments. However, no such letters were issued as on date.
4. Machinery for registration of workers f. The State Government may consider authorising DC/Magistrate to administer and facilitate implementation of BOC Act.	The Government had created a committee at district level under the DC to review and monitor welfare of all unorganised workers including construction workers.	The Board stated (August 2019) that District Level Tripartite Committees had been constituted *vide* GO dated 20.09.2018 to monitor the works related to Board. However, a copy of the GO was not furnished to substantiate the reply.
h. Source states should register the workers in their states and upload the data in their website. They should also create facilitation centres/help desk in the destination districts.	Already the State had agreed to create a help desk for Odisha State Migrant workers jointly with Labour Department of Odisha. The Board in partnership with Food & Civil Supplies Department had also started a special scheme to bear the cost of food grains from PDS drawn by migrant workers.	The Board stated (August 2019) that the Expert Committee did not approve this special scheme and the meeting held on 03.05.2019 resolved to drop this scheme.

Appendix 3.10 (concld.)

Sl. No./Subject	Compliance submitted by the Board to GoI	Audit remarks
e. bifurcation of welfare fund collected should be maintained.	In Karnataka, welfare fund collected comprised the amount of cess collected, interest and penalty received on account of delay or less payment of cess and complete break up was available.	Details of penalty received on account of delay or less payment of cess for each year from 2014-15 to 2018-19 was not furnished.
GoI modified (October 2018) model scheme along with action plan with an instruction to furnish the compliance within 31st December, 2018.		Copy of the compliance submitted was not furnished to Audit.

Source: Information furnished by the Board

Appendix 3.11

(Reference: Paragraph 3.1.6.3/Page 70)

Statement showing the shortfall in registration of establishments in the test-checked districts during the period from 2014-15 to 2018-19

District	Information furnished by ULB¥				Number of establishments registered with LO	Shortfall (Percentage)
	No. of works undertaken by ULB	No. of commercial building plans	No. of residential building plans (cost > ₹10 lakh)	Total		
Bagalkote	1,118	13	613	1,744	25	1,719 (**99**)
Belagavi	2,355	352	2,378	5,085	303	4,782 (**94**)
Bengaluru	5,820	NF	NF	5,820	216	5,604 (**96**)
Bidar	NF		797#	797	16	781 (**98**)
Chikkamagaluru	537	43*	549*	1,129	33	1,096 (**97**)
Kalaburagi	NF		6,400#	6,400	48	6,352 (**99**)

NF: Not furnished

Note: As the coverage of all the Government departments in the district was not feasible, we sought information from the highest level of urban local body (CC/CMC) in the selected districts to assess the extent of registration of establishments – *i.e.*, CCs in Belagavi and Kalaburagi; CMCs in Bagalkote, Bidar and Chikkamagaluru; BBMP (27 wards coming under the jurisdiction of LO-4) in Bengaluru.

¥ In the absence of proper data with the ULBs/LOs, we could not verify whether 10 or more construction workers were employed in these works.

* CMC, Chikkamagaluru did not furnish information for the years 2014-15 to 2016-17.

CC, Kalaburagi and CC, Bidar did not give the bifurcation of commercial and residential plans.

Source: Information furnished by ULBs and LOs

Appendix 3.12

(Reference: Paragraph 3.2.1/Page 72)

Status of implementation of Social Audit in the State during the period 2016-17 to 2018-19

Sl. No.	Name of the programme / scheme	Mandate and periodicity	Year	Number of units
1	MGNREG Scheme	MGNREG Act, 2005 Twice a year in each GP	2016-17	2,986 GPs 5,961 GPs
			2017-18	5,899 GPs 5,902 GPs
			2018-19	5,872 GPs 1,258* GPs
2	National Rural Drinking Water Programme (NRDWP)	NRDWP Guidelines Twice a year in each GP	2016-17	Entire state
			2017-18	Not conducted
			2018-19	
3	Swachh Bharat Mission (SBM)	SBM Guidelines Twice a year in each GP	2016-17	Social audit was not conducted. Only a survey of toilets was conducted in respect of villages declared as Open Defecation Free.
			2017-18	
			2018-19	Not conducted
4	Mid-day Meal (MDM) Scheme	Instructions of Department of School Education and Literacy (MDM)	2016-17	2 districts (Bengaluru Urban and Belagavi)
			2017-18	Not conducted
			2018-19	
5	Public Distribution System (PDS)	National Food Security Act. All fair price shops 'Periodically'	2017-18	4 fair price shops in each taluk
			2018-19	Not conducted

*Social Audit for Phase 2 is under progress.
Source: Information furnished by Social Audit Directorate

Appendix 3.13

(Reference: Paragraph 3.2.3/Page 73)

Statement showing the names of PRIs selected for assessment of effectiveness of Social Audit

Name of the District	Name of the Taluk	Name of the GP	Name of the District	Name of the Taluk	Name of the GP
Belagavi	Belagavi	Hirebagewadi	Gadag	Gadag	Asundi
		Kakti			Binkadakatti
		Kednur			Kurtakoti
		Rangdoli			Lakkundi
		Sambra			Nagavi
	Chikkodi	Karoshi		Naragund	Hunsikatti
		Khadakalat			Kanakikoppa
		Mangur			Raddernaganur
		Nainglaj			Shirol
		Shirguppi			Surkod
Bidar	Bidar	Aliyember	Raichur	Lingasugur	Chitapur
		Chillargi			Honnalli
		Markunda			Maraladinni
		Rekulgi			Neeralkeri
		Sindol			Roudlabanda
	Humnabad	Changlera		Raichur	Bichali
		Dakulgi			Gunjahalli
		Itga			Kalmala
		Mangalgi			Purtipli
		Udbal			Sagamkunta
Chamaraja-nagar	Chamarajanagar	Bisalavadi	Shivamogga	Sagar	Kandika
		Heggotara			S S Bhog
		Maleyooru			Kanale
		Mangala			Masuru
		Nagavalli			Tumari
	Kollegal	Ellemala		Shivamogga	Bidare
		M M Hills			Kudli
		Mulluru			Purudalu
		P G Palya			Thammadihalli
		Shettalli			Umbalebailu
Dakshina Kannada	Belthangadi	Aladangady	Tumakuru	Tiptur	Bajaguru
		Dharmasthala			Honnavalli
		Melanthabettu			Hunseghatta
		Padangady			Nellikere
		Thannirupantha			Rangapura
	Mangaluru	Kandavara		Tumakuru	Gangenahalli
		Kemral			Guluru
		Mennabettu			Hethenahalli
		Mutturu			Niduvalalu
		Pavoor			Sorekunte

Appendix 3.14

(Reference: Paragraph 3.2.3.1/Page 73)

Status of compliance for Social Audit process

Sl. No.	Reference number	Stipulation	Actual compliance
1	Paragraph 13.3.5 of Guidelines	The Gram Sabha shall be convened in a neutral public space and in any case not in the hamlet/village of the head of the panchayat.	The SAGS was conducted customarily in the GP headquarters except in two GPs (one instance in one GP of Chamarajanagar district and three instances in one GP of Belagavi district).
2	Paragraph 13.3.5 of Guidelines	The SAGS shall be chaired by an elderly villager who is not a part of Panchayat or any implementing agency.	This stipulation was not followed in any of the GPs test-checked. Instead the officials nominated by the DPC for supervision had chaired the meetings. The elderly villagers were allowed to preside in 20 out of 69 meetings held in 14 GPs of Belagavi and Shivamogga districts, only when the nominated official was absent.
3	Section 6(5) of Rules and Paragraph 13.3.7 of Guidelines	All the elected members of Panchayats and staff involved in implementing the schemes (including the staff of the Civil Society Organisations, the SHGs, and disbursing agencies) shall be present at the Gram Sabha and respond to queries from the members of the SAGS.	The stipulation was not complied with in the GPs. The SAU / DPCs / POs had not put in place any monitoring mechanism to ensure participation of implementing authorities in the SAGS.
4	Section 6(7) of Rules and Paragraph 13.3.6 of Guidelines	The DPC or his authorised representative shall supervise the Gram Sabha meeting for its smooth conduct.	94 instances of nominated officials not having attended the SAGS meetings were observed. Ineligible proxies attended meetings in their places.
5	Section 5(3) read with Section 7 of Rules and Paragraph 13.3.3 of Guidelines Section 6(9) of Rules and Paragraph 13.3.8 of Guidelines	The Programme Officer (PO) shall ensure that all the records and information of the implementing agencies including Action Taken Report (ATR) on the previous Social Audit are properly collated and provided along with photocopies to the SAU for facilitating conduct of Social Audit at least 15 days in advance of the scheduled date of meeting of the Gram Sabha conducting Social Audit. The ATR relating to the previous Social Audit shall be read out at the beginning of the meeting of each social audit Gram Sabha.	▪ None of the POs had submitted ATRs to SAU. ▪ Copy of ATRs were not obtained by any of the TRPs 15 days prior to SAGS. ▪ Large number of GPs had not submitted ATRs but merely stated that ATRs would be submitted within a week / fortnight. But the same was not followed by TRPs/DRPs. ▪ The Social Audit teams had not verified the correctness of the ATRs during field visits.

Appendix 3.14 (concld.)

Sl. No.	Reference number	Stipulation	Actual compliance
6	Paragraph 13.3.11 of Guidelines	The entire proceeding of the SAGS shall be video recorded, compressed using latest compression techniques (to reduce space occupied by it) and uploaded without editing. The video recording will also be stored in the custody of DPC.	None of the GPs possessed the video recordings of SAGS meetings in full. Consequently, the video recordings were not stored in the custody of DPCs. Failure to upload video recordings of SAGS defeated the objective of transparency.
7	Paragraph 13.3.12 of Guidelines	The Social Audit Reports (SARs) shall be prepared in local language by the SAU. The SARs must be counter-signed by the chairperson of that particular SAGS. A copy of the report must be displayed on the notice board of the GP for at least seven days	Though the SARs were prepared in local language, they were not got countersigned by the Chairperson of that SAGS. The SAR was not displayed as required by all test-checked GPs except for six GPs under Shivamogga district.
8	Auditing standards and Paragraph 13.4.3(v) of Guidelines	The State Government/SAU shall be responsible to prepare common SAR formats to help in interpreting the results in a structured manner.	No common/standard format was prepared and communicated to SAGS. Thus, resource persons at village/taluk level prepared the SARs without adhering to any format.
9	Section 4(2)(f) of Rules and Paragraph 13.4.3(vii) of Guidelines	The SAU shall be responsible to host the SARs including action taken reports in the public domain.	Out of four/five SAGS meetings conducted during the years 2016-17 to 2018-19 in each GP, only three SARs of each GP were hosted on the public domain and were available for access by general public. The previous SARs were not available.

Source: Information furnished by test-checked GPs

Appendix 3.15

(Reference: Paragraph 3.2.3.2/Page 74)

Categorisation of Social Audit findings

Sl. No.	Category of observations
1.	Progress achieved in social audit cycle
2.	Abstract of amount kept under objection and recoveries
3.	Amount paid on fictitious works
4.	Amount paid in excess of approved action plan and recording higher measurement than actual
5.	Payments made in the name of persons who have not actually worked, expired, school children, Government/Private employees, under-aged, not residing in the jurisdiction of the GP, *etc*.
6.	Payment on works executed under other schemes
7.	Payment on ineligible works
8.	Payment on substandard works and execution using machinery, *etc*.
9.	Payment made on works without erecting name boards, non-remittance of deductions, *etc*.
10.	Other irregularities - Payment on works not approved by Gram Sabha, difference in name of material between invoice and MIS, in excess of 100 man-days, without invoice, execution through contractors, without recording measurements, without check measurement, without three stage photographs, without administrative/technical sanctions, works not executed at specified location, community works executed in private lands, without completion certificate, *etc*.
11.	Payment on works without following provisions of KTPP Rules
12.	Cases of non-issue of job cards, beneficiaries not in possession of job cards, non-recording the details in job cards, non-fixing of photographs of beneficiaries in job cards, *etc*.
13.	Cases of delay in payment of wages, non-payment of unemployment allowance, non-maintenance of records, non-furnishing of records to social audit, *etc*.

Source: Information furnished by SAU

Appendix 3.16

(Reference: Paragraph 3.3/Page 77)

Statement showing the details of vehicles involving fraudulent claim

Sl. No.	Vehicle no	Type of vehicle	Quantity supplied in kgs	Total amount* paid in ₹
1	AP21AP4634	TVS Motor Company LTD/TVS KL Super Heavy Duty BSIII	1,913	14,988
2	KA13 T 8985	Vehicle not found	4,347	33,132
3	KA13 TA 8985	Vehicle not found	6,516	49,072
4	KA10 TA 8050	Vehicle not found	2,144	16,515
5	KA09 T 6083	Vehicle not found	2,229	16,645
6	AP20 AQ 4643	Vehicle not found	2,007	15,194
7	KA55 T 606	Vehicle not found	2,084	16,635
8	TN 52 7212	Moped (2WN)	4,227	32,279
9	AP07 T 0075	Hero Honda Motors / Ambassador	2,263	16,699
10	KA09T320	Vehicle not found	23,076	1,82,546
11	KA093675	Three wheeler Passenger – Auto Rickshaw	2,212	17,071
12	KA10T4986	Vehicle not found	2,058	14,673
13	KA20AQ5203	Vehicle not found	6,328	49,413
14	TN49T0850	Vehicle not found	3,946	29,700
15	KA10T5284	Vehicle not found	7,891	60,957
16	KA14T5027	Vehicle not found	14,425	1,08,648
17	TN49B0850	Vehicle not found	2,024	15,739
18	KA59A2579	Vehicle not found	2,297	16,849
19	KA10T6967	Vehicle not found	13,588	99,672
20	TN59A2579	Motor Cab(LPV)/Ambassador	4,458	32,701
21	KA36T3654	Vehicle not found	6,866	50,364
22	KAB21AV4643	Vehicle not found	2,289	16,790
23	KA36TB2009	Vehicle not found	1,998	15,713
24	TB36TB3952	Vehicle not found	2,220	16,285
	Total		**1,23,406**	**9,38,280**

* Includes transportation cost

Source: Information furnished by Tahsildar, Kollegal

Appendix 3.17

(Reference: Paragraph 3.3/Page 78)

Statement showing the excess payment made to suppliers of fodder in Kollegal taluk, Chamarajanagar district

Sl. No.	Name of the Supplier	Quantity supplied in kgs	Amount payable @ ₹1.5/- per kg	Amount paid @ ₹6/- per kg	Excess amount paid in ₹
1	Sri Mahadev Bin Venkataranga Shetty	25,038	37,557	1,50,228	1,12,671
2	Sri Govindraju	31,786	47,679	1,90,716	1,43,037
3	Sri Chikkondaiah	40,026	60,039	2,40,156	1,80,117
4	Sri Nagappa	52,666	78,999	3,15,996	2,36,997
5	Sri Krishnareddy	10,358	15,537	62,148	46,611
6	Sri Madesh	26,269	39,403.5	1,57,614	1,18,210.5
7	Sri Kumar N	2,36,983	3,55,474.5	14,21,898	10,66,423.5
8	Sri Ravichandra N	30,737	46,105.5	1,84,422	1,38,316.5
9	Sri Siddaraju	45,391	68,086.5	2,72,346	2,04,259.5
10	Sri Sadashivamurthy	4,167	6,250.5	25,002	18,751.5
11	Sri S. G. Nanjundaswamy	20,334	30,501	1,22,004	91,503
12	Sri Rajendraprasad S	50,786	76,179	3,04,716	2,28,537
13	Sri M Kantharaju	28,233	42,349.5	1,69,398	1,27,048.5
14	Sri Basavanna K	1,06,027	1,59,040.5	6,36,162	4,77,121.5
15	Sri Parashivamurthy K B	14,339	21,508.5	86,034	64,525.5
16	Sri K M Mahadevaswamy	18,951	28,426.5	1,13,706	85,279.5
17	Sri A Mahadevaiah	71,233	1,06,849.5	4,27,398	3,20,548.5
18	Sri M Revanna	93,625	1,40,437.5	5,61,750	4,21,312.5
19	Sri Nataraju	25,082	37,623	1,50,492	1,12,869
20	Sri Sadashiva	14,355	21,532.5	86,130	64,597.5
21	Sri Dhanbalu K	25,467	38,200.5	1,52,802	1,14,601.5
22	Sri Basavanna B	35,366	53,049	2,12,196	1,59,147
23	Sri M Revanna	31,138	46,707	1,86,828	1,40,121
24	Sri Suresh	40,231	60,346.5	2,41,386	1,81,039.5
25	Sri Rangaiah	39,457	59,185.5	2,36,742	1,77,556.5
26	Sri Gopal	7,567	11,350.5	45,402	34,051.5
27	Sri Mallappa V	73,503	1,10,254.5	4,41,018	3,30,763.5
28	Sri Chandrashekar	1,25,787	1,88,680.5	7,54,722	5,66,041.5
29	Sri Govindraju	2,50,247	3,75,370.5	15,01,482	11,26,111.5
30	Sri Ravi	21,761	32,641.5	1,30,566	97,924.5
31	Sri M. Basavanna	59,012	88,518	3,54,072	2,65,554
32	Sri Lokesh	26,028	39,042	1,56,168	1,17,126
33	Sri Madesh	40,580	60,870	2,43,480	1,82,610
	Total	**17,22,530**	**25,83,795**	**1,03,35,180**	**77,51,385**

Source: Information furnished by Tahsildar, Kollegal

Appendix 3.18

(Reference: Paragraph 3.6/Page 87)

Statement showing the details of assessment and actual procurement of ICU equipment

Sl. No.	Name of the equipment	Quantity to be procured as per original tender					Quantity to be procured as per revised tender					Actual quantity procured
		No. of hospitals 25TH+ 2DH	Quantity assessed per hospital	Quantity for 27 hospitals	Quantity assessed for 19 DH	Total quantity	No. of hospitals 146TH+ 2DH	Quantity tendered per hospital	Quantity for TH hospitals	Quantity assessed for 19 DH	Total quantity	
1	**2**	**3**	**4**	**5 (3*4)**	**6**	**7 (5+6)**	**8**	**9**	**10 (8*9)**	**11**	**12 (10+11)**	**13**
1	ICU Cots	27	4	108	58	166	146	3	438	58	496	496
2	Multipara monitors	27	4	108	66	174	146	2	292	66	358	358
3	Ventilators	27	2	54	19	73	146	1	146	19	165	165
4	High flow nasal cannula therapy (C-pap)	27	2	54	16	70	27	2	54	16	70	70
5	Infusion pump	27	2	54	34	88	27	2	54	34	88	88
6	Suction apparatus	27	1	27	19	46	146	1	146	19	165	165
7	Defibrillator	27	1	27	1	28	146	1	146	1	147	147
8	Blood Gas Analyser	27	1	27	20	47	27	1	27	20	47	47
9	Crash cart	27	1	27	8	35	146	1	146	19	165	165
10	ECG Machine	27	1	27	19	46	146	1	146	19	165	165
11	100mA portable X-ray	27	1	27	19	46	27	1	27	19	46	46
12	Emergency trolley	27	1	27	19	46	27	1	27	19	46	46
13	Syringe pump*	27	2	54	59	113	146	3	438	59	497	0
14	AC 1.5 Ton*	27	2	54	32	86	146	4	584	32	616	0

* There were no bidders for Air conditioners and the technical bids of all the bidders who quoted for syringe pumps were rejected. Hence were not procured.

Source: Information furnished by the Department of Health and Family Welfare

Gold colour indicates comparison between assessed quantity and quantity procured per hospital

Pink colour indicates excess procurement than initial assessment/requirement

Green colour indicates non-procurement of equipment for 2 district hospitals

Orange colour indicates non-procurement of equipment for 121 taluk hospitals

Appendix 3.19

(Reference: Paragraph 3.6/Page 88)

Equipment lying idle due to non-installation / lack of trained manpower

Sl. No.	Hospital	Name of the equipment	Total cost (₹ in lakh)	Reason
1	District Hospital, Chikkamagaluru	Blood Component Segregation Unit	45.10	Though main equipment was supplied during April 2017 to July 2017, some of the parts of the equipment was yet to be supplied. License from Drug Controller to segregate the blood is yet to be received (June 2018). Hospital lacked technician to operate the equipment.
2		ICU ventilator	28.82	Non-availability of trained doctors and staff.
3	District Hospital Chikkamagaluru, Taluk Hospitals – Navalgund and Channarayapatna	Ultra sound scanners	23.80	Due to non-availability of radiologist, ultra sound scanners supplied during October 2017 yet to be installed.
4	Taluk Hospital, Srinivasapura	Ultra sound Doppler and Echo equipment	17.95	Due to non-availability of sinologist and technician, the equipment's supplied during February 2017 yet to be installed.
5	District Hospital Chikkamagaluru, Dharwad and General Hospital, Jayanagara	Malaria Detection Equipment	16.50	Non-commissioning of the equipment by the supplier.
	Total		**132.17**	
6	Taluk Hospitals – Mulbagal, Karkala, Kalaghatgi and Kadur	Telemedicine equipment	NA	Non- availability of Karnataka State Wide Area Network connectivity, sound proof enclosures and technicians.

Source: Information furnished by test-checked hospitals and joint inspection findings

Appendix 3.20

(Reference: Paragraph 3.11/Page 99)

Details of measurements of work - Adishakthi Madanaghattamma Temple as in Measurement Book No. 2140

Item No.	Name of the item	Quantity to be executed in Sy. Nos. as per work order	Rate as per work order	Quantity executed in Sy. Nos. which were part of the work order	Quantity executed in Sy. Nos. which were not part of the work order	Percentage of work	Value of work stated to have been executed in Sy.no. which were part of the work order
1	Clearing and Grubbing	11,392.50	6.18	8,375.50	3,253.60	28	51,760.59
2	Earthwork Excavation in ordinary soil	6,510.00	152.44	4,280.47	3,740.83	47	6,52,514.85
3	Earthwork Excavation for foundation	225.90	275.01	-	274.11	100	
4	Providing and Laying cement Concrete	56.48	4,835.85	-	70.50	100	
5	Providing and Constructing Granite size stone masonry in foundation	135.54	3,943.87	-	140.13	100	
6	Providing and Constructing Granite size stone masonry in basement	78.78	4,678.26	-	94.23	100	
7	Providing and laying in position plain cement concrete	45.46	5,326.52	-	50.64	100	
8	Providing ruled pointing to coursed stone masonry	451.8	94.76	-	210.50	100	
9	Supplying and fixing MS Rectangular poles	690.25	945.54	-	624.25	100	
10	Providing chain link fencing	1,004.00	665.38	-	872.00	100	
11	Providing and fixing MS Block Pipe of 38mm	1,506.00	322.39	-	1,308.00	100	
12	Conveying by loading and unloading of murram/debris	6,735.90	83.22	-	4,162.50	100	
	Total	**28,832.61**		**12,655.97**	**14,801.29**	**54**	**7,04,275.44**

Source: Information furnished by BDA

Appendix 3.21

(Reference: Paragraph 3.11/Page 100)

Details of measurements of work - Sri. Prasanna Ganapathi Temple as in Measurement Book No.2138

Sl. No.	Name of the Work item	Quantity[¥] to be executed as per Sch B	Rate (Unit Rs)	Value of work	Quantity executed in survey numbers/place as recorded in Measurement Book								Total quantity executed	Percentage of unapproved work
					Approved survey No.		Unapproved Survey No.			Both approved & unapproved survey nos (#)				
					15		8/12	121	8/12 and 121	37/4 & 37/5	36/1B & 36/2	37/4 & 37/5 and 36/1B & 36/2		
					Qty	Value	Qty	Qty	Value	Qty	Qty	Value		
1	2	3	4	3*4	5	4*5	6	7	4*7	8	9	(8+9)*4	10	11
1	Clearing & grubbing	4,081.35	6.18	25,222.74	1,745.8	10,789.04	774	0	4,783.32	1,680	0	10,382.4	4,199.00	18.96
2	Earthwork excavation	2,332.2	152.44	3,55,520.57	0	0	442	0	67,378.48	1,608.75	306.37	2,91,940.89	2,357.32	18.95
3	Earthwork excavation for foundation	333.45	275.01	91,702.08	212.07	58,321.37	42.75	0	11,756.68	78.63	0	21,624.04	335.17	12.82
4	Providing & laying cement concrete	172.31	4,835.85	8,33,265.31	114.27	5,52,592.58	38.24	0	18,4922.9	19.8	0	95,749.83	173.36	22.19
5	Providing & constructing granite size stone masonry in foundation	129.87	3,943.87	5,12,190.40	0	0	91.79	10.55	4,03,615.66	29.7	0	1,17,132.94	131.85	78.8
6	Providing & constructing granite size stone masonry in basement with cement mortar	90.91	4,678.26	4,25,300.62	0	0	68.84	6.9	3,54,331.41	22.27	0	1,04,184.85	98.01	83.31
7	Providing and constructing granite/trap/basalt	0.69	4,920.31	3,395.01	0.68	3,345.81	0	0	0	0	0	0	0.68	0
8	Providing laying in position cement concrete mix	28.14	5,236.52	1,47,355.67	0	0	14.17	2.07	85,041.08	12.46	0	65,247.04	29.80	57.71
9	Providing ruled pointing coursed stone masonry	451.26	94.76	42,761.40	0	0	301.5	20.7	30,531.67	98.1	0	9,295.96	420.3	71.4
10	Supplying & fixing MS Rectangular poles	601.25	945.54	5,68,505.93	0	0	447.6	137.5	5,53,235.45	17.5	0	16,546.95	602.60	97.31
11	Providing chain link fencing 50 mm	962	665.38	6,40,095.56	0	0	732	0	4,87,058.16	219	0	1,45,718.22	951	76.09
12	Providing fixing MS block pipes	1443	322.39	4,65,208.77	0	0	1,014	84	3,53,984.22	328.5	0	1,05,905.12	1,426	76.09
13	Conveying by loading & unloading murram and debris	7.8	3,146.65	24,543.87	8.5	26,746.53	0	0	0	0	0	0	7.8	0
14	Providing and laying in position plain cement concrete mix M20	78.8	5,714.44	4,50,297.87	78.8	4,50,297.87	0	0	0	0	0	0	79.34	0
15	Providing and fixing pre case solid cement concrete kerb	622	305.91	1,90,276.02	622	1,90,276.02	0	0	0	0	0	0	661	0
16	Painting two coats	224	58.71	13,151.04	166.72	9,788.13	0	0	0	0	0	0	166.72	0
17	Conveying by loading and unloading of murram/debris	2,399	83.22	1,99,644.78	0	0	0	0	0	0	0	0	2,665.65	0
	Total	**13,958.03**		**49,88,437.64**	**2,948.84**	**13,02,157.35**	**3,966.89**	**261.72**	**25,36,639.04**	**4,114.71**	**306.37**	**9,83,728.23**	**14,305.6**	**47**

\# The recordings in the MBs indicate that the works were executed in both the survey numbers. However, the bifurcation of the exact quantity of work executed in each survey number was not available. Hence audit could not arrive at the extent of work done in unapproved survey numbers in these cases.

¥ Units of measurement- sq.mt for Sl. nos. 1,9,11,13 and 16; cum for Sl. nos. 2 to 8, 14 and 17; mt for Sl. nos. 10 and 12; and Sl. no 15 in numbers.

Source: Information furnished by BDA

Appendix 3.22

(Reference: Paragraph 3.12/Page 102)

Statement showing avoidable excess expenditure on construction of RCC drain works

(Amount in ₹)

Sl. No.	Description of the work and Job code	Name of the contractor	Executed quantity (in cum)	Rate adopted / paid	Amount paid	Amount paid for centering	Total (Col.6+7)	Rate[87] applicable	Amount payable (Col.4x9)	Excess expenditure (Col. 8-10)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Executive Engineer, Dasarahalli										
1	Shooting building road at Ravindranagara W-13; Job code 013-18-000011	M/s KRIDL	656.63	6,231.74	40,91,947.44	19,11,309	60,03,256	7,354.28	48,29,041	11,74,215
2	Prashanth Nagara, Mathushri layout in W-13; 013-18-000010	M/s KRIDL	563.68	5,874.52	33,11,349.43	16,96,140	50,07,489	7,354.28	41,45,461	8,62,028
3	Development of roads and drains in W 70; 070-17-000027	M/s KRIDL	437.55	6,965.26	30,47,649.51	10,29,542	40,77,192	7,354.28	32,17,865	8,59,327
4	Improvement to Roads at Muneswara temple area of Shambavinagara in W-70; 070-18-000011	BB Umesha	215.35	7,243.00	15,59,780.05	4,57,368	20,17,148	7,647.97	16,46,990	3,70,158
5	Development of roads and drains at 8th cross in Rajeswari Nagara W-70; 070-18-000015	BB Umesha	215.35	7,243.00	15,59,780.05	4,57,368	20,17,148	7,648.45	16,47,094	3,70,054
6	Improvement to Drains at Banyan Tree Main road; 070-18-000008	BB Umesha	215.35	7,243.00	15,59,780.05	4,57,368	20,17,148	7,647.97	16,46,990	3,70,158
7	Improvement to Drains at Lake view layout and Defence colony in W-13; 013-17-000078	M/s KRIDL	127.44	5,874.52	7,48,648.83	3,95,803	11,44,452	7,354.27	9,37,228	2,07,224
	Total				**1,58,78,935.36**	**64,04,898**	**2,22,83,833**		**1,80,70,669**	**42,13,164**
Executive Engineer, Yelahanka										
1	Development and improvements of roads and drains in ward no.01; 001-17-000041	Lokesh R.	1,719.66	11,804.75	2,03,00,156.39	0	2,03,00,156	7,869	1,35,32,005	67,68,151
	Grand Total				**3,61,79,091.75**	**64,04,898**	**4,25,83,989**		**3,16,02,674**	**1,09,81,315**

Source: Information furnished by BBMP divisions

[87] Rate includes basic rate *plus* area weightage (6 *per cent* for drain works) *plus* tender premium, wherever applicable.

Appendix 3.23

(Reference: Paragraph 3.13/Page 104)

Statement showing avoidable expenditure due to non-utilisation of waste plastic

(Amount in ₹)

Sl. No.	Name of the Division	Job Code	Executed quantity of BC (in cum)	Quantity of Bitumen @ 141 kg/cum# (Col. 4 x ₹141)	Quantity of Bitumen to be reduced by using 8% plastic (8% of Col.5)	SR Rate of Bitumen **	Avoidable expenditure (Col.6 x 7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	EE, RI-Dasarahalli	304-14-000107 / 2nd and Final bill	408.23	57,560.43	4,604.83	58.28	2,68,369
		304-14-000108 / 2nd and Final bill	575.48	81,142.68	6,491.41	58.28	3,78,319
		304-14-000109 / 3rd and final bill	800.77	1,12,908.57	9,032.68	58.28	5,26,425
		304-14-000110 / 2nd and final bill	390.12	55,006.92	4,400.56	58.28	2,56,465
		304-14-000248 / 2nd and final bill	825.27	1,16,363.07	9,309.05	58.28	5,42,531
2	EE, RI-West	304-14-000226 / 1st and Final Bill	480.91	67,808.31	5,424.66	58.28	3,16,149
		304-14-000199 / 2nd and Final bill	859.52	1,21,192.32	9,695.38	58.28	5,65,048
		304-14-000197 / 1stand part bill	1,459.29	2,05,759.89	16,460.79	58.28	9,59,335
		304-14-000194 / 2nd and Part bill	381.03	53,725.23	4,298.02	58.28	2,50,489
3	EE, RI, Bommanahalli	304-14-000086 / 3rd and Final Bill	1,253.79	1,76,784.39	14,142.75	58.28	8,24,240
		304-14-000090 / 2nd and Final Bill	695.00	97,995.00	7,839.60	58.28	4,56,892
		304-14-000259 / 2nd and final bill	792.65	1,11,763.65	8,941.09	58.28	5,21,087
		304-14-000088 / 2nd and Part bill	1,894.96	2,67,189.36	21,375.14	58.28	12,45,743
		304-14-000092 / 2nd and Final Bill	1,124.94	1,58,616.54	12,689.28	58.28	7,39,531
		304-14-000253 / 3rd and Final Bill	557.66	78,630.06	6,290.40	58.28	3,66,604
	Total						**82,17,227**

#The quantity of Bitumen requirement per Cum of Bituminous concrete would be 141 Kg (*vide* item No. 22 of chapter 21-Material requirement details of PWD SR 2013-14).
**SR rate of Bitumen *vide* item 98 is ₹53.971 (Material component of PWD SR 2013-14) + 8% Area weightage = ₹58.28
Source: Information furnished by BBMP divisions

Appendix 3.24 (a)

(Reference: Paragraph 3.14/Page 106)

Statement showing short deduction of royalty due to application of incorrect constant

(Amount in ₹)

Sl. No.	Name of the Division	No. of works	Royalty recovered	Royalty recoverable	Short recovery
1	Rural Infrastructure Division, Rajarajeshwari Nagar	7	1,21,18,644	2,01,07,245	79,88,601
2	Executive Engineer, ward division, Dasarahalli	11	3,90,098	9,17,956	5,27,858
Total					**85,16,459**

Source: Information furnished by BBMP divisions

Appendix 3.24 (b)

Statement showing short deduction of royalty due to application of incorrect rates

(Amount in ₹)

Sl. No.	Name of the Division	No. of works	Royalty recovered	Royalty recoverable	Short recovery
1	Rural Infrastructure Division, Bommanahalli	11	19,68,940	53,18,495	33,49,555
2	Rural Infrastructure Division, Dasarahalli	10	17,52,652	34,93,519	17,40,867
3	Rural Infrastructure Division, East	6	9,79,468	17,55,093	7,75,625
4	Executive Engineer, ward division, Yelahanka	8	17,85,850	40,26,684	22,40,834
Total					**81,06,881**

Source: Information furnished by BBMP divisions

Appendix 3.24 (c)

Statement showing non-recovery of royalty

(Amount in ₹)

Sl. No.	Description of the work	No. of works	Non recovery of royalty	Royalty recoverable
1	Comprehensive Development of roads and drains in W-139, 140 and 141 Package 2 (2017-18) Executive Engineers, Rural Infrastructure divisions, Chamarajapet	10	48,29,414	48,29,414
Total				**48,29,414**

Source: Information furnished by BBMP divisions

Appendix 3.25

(Reference: Paragraph 3.15/Page 108)

Non-payment of property tax by BMRCL

(Amount in ₹)

Year	Property tax (PT) payable	Interest @ 2 *per cent* per month on PT*	PT + Interest	Remarks
2014-15	4,05,108	4,86,130 (60 months)	8,91,238	PT for vacant land
2015-16	4,05,108	3,88,904 (48 months)	7,94,012	
2016-17	1,48,49,425	1,06,91,586 (36 months)	2,55,41,011	PT for building – Calculation given below
2017-18	1,48,49,425	71,27,724 (24 months)	2,19,77,149	
2018-19	1,48,49,425	35,63,862 (12 months)	1,84,13,287	
Total	**4,53,58,491**	**2,22,58,206**	**6,76,16,697**	

* Year-wise interest calculated from the date of PT due up to March 2019
Source: Information furnished by BBMP

Calculation of Property Tax for one year

(Amount in ₹)

Specification	Tax to be levied	Tax actually levied
Built up area	1,94,396 Sq. ft.	1,94,396 Sq. ft.
Service area @ 25% of built up area	NA	48,599 Sq. ft.
Monthly Unit Area Value	₹25/ Sq. ft.	12.50/Sq. ft.
Annual tax payable	4,85,99,000[¥]	2,12,62,003[β]
Depreciation (3 *per cent*)	14,57,970	6,37,862
Net Annual Tax Payable (NATP)	4,71,41,030	2,06,24,201
Property Tax (@ 25 *per cent* of NATP)	1,17,85,258	51,56,050
Cess (@ 26 *per cent*)	30,64,167	12,37,452
Tax Payable for one year	**1,48,49,425**	**63,93,502**

[¥] 1,94,396 (BUA)* 25(MUAV)*10 = 4,85,99,000

[β] 1,45,797*12.50*10 = 1,82,24,625
48,599*6.25*10 = 30,37,438

2,12,62,003

Appendix 3.26

(Reference: Paragraph 3.16/Page 110)

Statement showing the licence fees collected without deducting scrutiny fee for the period 2014-15 to 2017-18 by BBMP

(Amount in ₹)

Zonal offices of ADTP	Period	Number of building plan sanctioned	Licence fee collected	Scrutiny fees collected in excess along with application or demanded and collected with other fees
(1)	(2)	(3)	(4)	(5)
West	2014-15 to 2017-18	2,648	17,21,89,061	86,09,454
RR Nagar	2014-15 and 2017-18	5,220	21,59,25,206	1,97,45,027
Yelahanka	2014-15 to 2017-18	2,791	19,38,61,122	99,55,495
Dasarahalli	2014-15 to 2017-18	361	2,18,17,511	21,94,027
Total		**11,020**	**60,37,92,900**	**4,05,04,003**

Source: Information furnished by BBMP divisions

Appendix 3.27

(Reference: Paragraph 3.17/Page 110)

Statement showing the details of penalty for premature withdrawal of fixed deposits

(Amount in ₹)

Sl. No.	Name of the scheme	Amount of Fixed Deposit	No. of days at the time of premature withdrawal	Rate of interest (%) **	Interest to be earned for pre closure period	Actual interest credited by Banks	Penalty for premature withdrawal (6-7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Cess Amount	1,00,00,000	248	7.75	5,26,575	4,43,508	83,067
2	JNNURM BSUP- Mysuru - I scheme	8,76,17,832	341	7.75	63,43,891	58,65,901	4,77,990
3		5,00,00,000	248	7.75	26,32,877	22,17,540	4,15,337
4	JNNURM BSUP- Mysuru - II scheme	4,00,00,000	248	7.75	21,06,301	17,74,032	3,32,269
5	General Receipts- rent amount	6,00,00,000	248	7.75	31,59,452	26,61,048	4,98,404
6	IHSDP Scheme	7,00,00,000	248	7.75	36,86,027	31,04,550	5,81,477
7		3,75,00,000	305	7.75	24,28,510	20,71,182	3,57,328
8		2,18,61,666	269	7.75	12,48,661	11,40,811	1,07,849
9	Slum improvement scheme	6,57,13,374	341	7.75	47,57,918	43,99,254	3,58,664
10		1,20,00,967	277	7.75	7,05,838	6,45,990	59,848
11		7,50,00,000	324	7.75	51,59,589	43,88,842	7,70,747
12		7,50,00,000	324	7.75	51,59,589	43,88,842	7,70,747
13		4,00,00,000	248	7.75	21,06,301	17,74,032	3,32,269
14		2,00,00,000	248	7.75	10,53,151	8,87,016	1,66,135
15		2,50,00,000	305	7.75	16,19,007	13,80,788	2,38,219
16		7,50,00,000	305	7.75	48,57,021	41,42,363	7,14,658
17		5,00,00,000	216	7.75	22,93,151	19,50,860	3,42,291
18	Vambay	1,54,00,000	305	7.75	9,97,308	8,50,565	1,46,743
	Total	**83,00,93,839**			**5,08,41,167**	**4,40,87,124**	**67,54,043**

**Rate of interest offered by bank for 181 to 365 days

Source: Information furnished by the Board

Appendix 3.28
(Reference: Paragraph 3.17/Page 110)
Statement showing the details of interest loss due to premature withdrawal of fixed deposits

(Amount in ₹)

Sl. No.	Name of the scheme	Amount of Fixed Deposit	Rate of Interest	Date of Investment	Date of maturity	Maturity Value	Actual Date of withdrawal	No. of days at the time of premature withdrawal	Actual Amount received	Days left for maturity	Probable interest for remaining period @ 6.9% **	Total loss on account of premature withdrawal
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1	Cess Amount	1,00,00,000	8	30-07-2016	30-07-2017	1,08,24,322	04-04-2017	248	1,04,43,508	118	2,32,962	1,47,852
2	JNNURM BSUP-Mysuru - I scheme	8,76,17,832	8.25	29-04-2016	29-04-2017	9,50,73,029	05-04-2017	341	9,34,83,733	25	4,41,807	11,47,489
3		5,00,00,000	8	30-07-2016	30-07-2017	5,41,21,610	04-04-2017	248	5,22,17,540	118	11,64,809	7,39,261
4	JNNURM BSUP-Mysuru - II scheme	4,00,00,000	8	30-07-2016	30-07-2017	4,32,97,288	04-04-2017	248	4,17,74,032	118	9,31,847	5,91,409
5	General Receipts-rent amount	6,00,00,000	8	30-07-2016	30-07-2017	6,49,45,932	04-04-2017	248	6,26,61,048	118	13,97,771	8,87,113
6	IHSDP Scheme	7,00,00,000	8	30-07-2016	30-07-2017	7,57,70,254	04-04-2017	248	7,31,04,550	118	16,30,732	10,34,972
7		3,75,00,000	8	03-06-2016	03-06-2017	4,05,91,206	04-04-2017	305	3,95,71,182	61	4,56,315	5,63,709
8		2,18,61,666	8	09-07-2016	09-07-2017	2,36,63,770	04-04-2017	269	2,30,02,477	97	4,21,796	2,39,497
9	Slum improvement scheme	6,57,13,374	8.25	29-04-2016	29-04-2017	7,13,04,771	05-04-2017	341	7,01,12,628	25	3,31,354	8,60,789
10		1,20,00,967	8.25	02-07-2016	02-07-2017	1,29,90,233	05-04-2017	277	1,26,46,957	89	2,12,781	1,30,495
11		7,50,00,000	8	15-05-2016	15-05-2017	8,11,82,414	04-04-2017	324	7,93,88,842	42	6,30,326	11,63,246
12		7,50,00,000	8	15-05-2016	15-05-2017	8,11,82,414	04-04-2017	324	7,93,88,842	42	6,30,326	11,63,246
13		4,00,00,000	8	30-07-2016	30-07-2017	4,32,97,288	04-04-2017	248	4,17,74,032	118	9,31,847	5,91,409
14		2,00,00,000	8	30-07-2016	30-07-2017	2,16,48,644	04-04-2017	248	2,08,87,016	118	4,65,924	2,95,704
15		2,50,00,000	8	03-06-2016	03-06-2017	2,70,60,804	04-04-2017	305	2,63,80,788	61	3,04,210	3,75,806
16		7,50,00,000	8	03-06-2016	03-06-2017	8,11,82,414	04-04-2017	305	7,91,42,363	61	9,12,631	11,27,420
17		5,00,00,000	8	31-08-2016	31-08-2017	5,41,21,610	04-04-2017	216	5,19,50,860	150	14,73,127	6,97,623
18	Vambay	1,54,00,000	8	03-06-2016	03-06-2017	1,66,69,455	04-04-2017	305	1,62,50,565	61	1,87,394	2,31,496
	Total	**83,00,93,839**				**89,89,27,458**			**87,41,80,963**		**1,27,57,959**	**1,19,88,536**
										Penalty (Appendix 3.27)		**67,54,043**
										Interest loss (Total loss - Penalty)		**52,34,493**

** Interest calculated at 6.9 *per cent* as per the prevailing rates of interest for Sweep in Sweep out in Canara Bank during April 2017

Source: Information furnished by the Board

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