

BANGALORE

Date: 28/8/18

Principal Secretary
Urban Development Department
Vikal Landha, Bengaluru

I am forwarding herewith the Inspection Report on the accounts of the Town and Country Planning Bengaluru

The receipt of the report may kindly be acknowledged.

ASST. AUDIT OFFICER/OAD-I.

1. The Director
Town and Country Planning
Bengaluru

2.

ASST. AUDIT OFFICER/OAD-I.

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INSPECTION REPORT ON THE ACCOUNTS OF THE DIRECTOR,
DEPARTMENT OF TOWN AND COUNTRY PLANNING, BENGALURU
FOR THE YEARS 2016-17 AND 2017-18.

AUDIT STAFF:

- | | |
|--------------------------------|--|
| 1. Shri. Shashi Bhushan Prasad | : Assistant Audit Officer |
| 2. Shri. Maltus Ranjan | : Assistant Audit Officer (P)
(13-06-2018 to 15-06-2018) |
| 3. Shri. B.C. Rangaiah | : Senior Auditor
(11-06-2018 to 15-06-2018)
(26-07-2018 to 31-07-2018) |

INSPECTING OFFICER:

Shri. A.R. Balu Pratap : Audit Officer

DATES OF AUDIT & INSPECTION : 11-06-2018 to 15-06-2018
(05 working days – 1st spell)
: 26-07-2018 to 02-08-2018
(07 working days – 2nd spell)

PART-I

a)Introduction:

The Department of Town and Country Planning has its central office at Bengaluru headed by the Director of Town and Country Planning. It has four Divisional offices at Bengaluru, Mysuru, Kalaburagi headed by Joint Directors and Zonal Office at Dharwad headed by Additional Director and there are 30 branch offices headed by Assistant Director of Town and Country Planning in all the Districts of Karnataka State. The office mainly involved in the task of preparing Master Plans and their enforcement and extending technical assistance to various Government Departments/Local Bodies and Developmental Agencies like Karnataka Housing Board, Karnataka Industrial Areas Development Board, Karnataka Slum Development Board and other such agencies for the orderly development of cities, town and villages.

The compliance audit has been taken up for the first time by the staff of Principal Accountant General (G&SSA), Bangalore and the audit has been conducted for the last five years from 2013-14 to 2017-18. The subject matter for compliance audit has been selected for the capital expenditure "Construction of Office Building" under the Head of Account 4217-60-800-4-02-386 based on judgemental sampling. The audit criteria for the subject matter have been adopted from Karnataka Transparency for Public

Procurement Act, 1999. The audit has been conducted in accordance with Section 13 of CAG's (DPC) Act, 1971 and Auditing Standards of CAG of India.

Audit Objectives:

To ensure regularity, propriety, economy, efficiency and effectiveness in budget control, implementation of programmes and internal control mechanism.

Audit Criteria:

Karnataka Financial Code, Manual of Contingent Expenditure, KTPP Act, KCSR, Karnataka Budget Manual, Karnataka Town and Country Planning Act, 1961 and Office Circulars/Guidelines.

The details of budget and expenditure of the office are stated below:-

Rs. in lakh

Year	Budget Allocation	Expenditure
2016-17	1446.00	1201.54
2017-18	2204.00	2097.89

Months selected for detailed audit: July 2016 and February 2018
(based on judgemental sampling on highest expenditure)

PART-II - AUDIT FINDINGS

During current audit, the accounts of the Office of the Director, Department of Town and Country Planning, Bengaluru for the years 2016-17 and 2017-18 were test checked besides conducting a general review of all other records. Important points noticed during the course of audit are detailed in this part of the report

SECTION-A

I. Award of Single tender and delay in implementation of Design, Development and Implementation of Change of Land use, Land and Building Development Approval System for Karnataka State.

The Director, Department of Town and Country Planning, Bengaluru had entrusted the end-to-end solution of "Design, Development and Implementation of Change of Land Use, Land & Building Development Approval System for the State of Karnataka" involving 271 Urban Local Bodies (ULBs) and 31 Urban Development Authorities (UDAs), 69 Municipal Planning Authorities and 42 Independent Planning Authorities, along with training and maintenance for a period of 5 years, to M/s IDSI

Technologies India Private Limited Company, Bengaluru for a total project cost of Rs.7,46,11,760/- exclusive of applicable taxes through e-tender and the agreement was made between the two parties on 24-05-2017.

As per the agreement, the project should be completed in a fixed time frame of three months of development & UAT time, followed by maintenance contract of 5 years from the date of signing of the agreement.

A review of the records revealed the following audit observations:-

- The Department had floated Short Term e-tender during January 2017 and only one bidder 'M/s IDSI Technologies India Private Limited Company, Bengaluru' was participated. The Tender Committee has not evaluated the tender due to single participation and went for re-tender (Short term tender) during February 2017, for which again, only one bidder had participated 'M/s IDSI Technologies India Private Limited Company, Bengaluru'. The tender was accepted by the Tender Committee and the Letter of Intent was given to the IDSI on 16-05-2017. The Department has not given sufficient time for participation of the bidders and calling for Short Term Tender was not appropriate, as the nature of the project was not of any exigency and the office is working without completion of the project. Further, there were some bidders participated in the pre-bid meeting held on January 2017 and requested the Department for extension of time. Despite, the Department went for Short Term Tender resulting in participation of single bidder and the comparison of competitive rates for the project could not be ascertained.
- Though, the Department had accepted the single tender of M/s IDSI Technologies India Private Limited Company, Bengaluru for a total project cost of Rs.7,46,11,760/- exclusive of applicable taxes, the office had not done negotiation with the bidder on the total project cost before acceptance of tender.
- In accordance with the agreement, the project should have been completed within three months from the date of signing of agreement (24-05-2017). However, the work was not completed even after lapse of 12 months and the office has not charged any liquidity damages or penalty from the agency for the delayed work. As per the progress report and Invoice, the Agency has completed the task of Approval of System Requirement Specification (SRS) and Design Document and Completion of Development and Sign-off by the department after demo. The Department had made a payment of Rs.2,64,12,564/- including taxes (being 30 per cent of the total project cost) during September 2017 (10% mobilisation advance) and February 2018 (20% for 1st Milestone) respectively.

- As per the deliverable by the Agency, there were pending works of Completion of testing and pilot run and sign off by the department on test results and Training and successful Go-live and final signing off by the Department. The pending works are not completed till date.

Due to inordinate delay in completion of the project within the stipulated time has resulted in non achievement of objectives of the Department for automation of land and building plan approval system in Karnataka and undue advantage to the bidder for acceptance of single tender without negotiation.

The department reply is awaited.

SECTION-B

I. Non- preparation of Master Plan.

Physical Planning has to precede economic planning as otherwise cities, towns and villages of our country will grow to unmanageable sizes without proper planning resulting in unhealthy surroundings. Physical planning is necessary for the orderly development of cities, town and villages to live in a better, healthier and happier environment. Master Plan indicates proposed land uses, zoning of land use for residential, commercial, parks and playgrounds, public and semi-public, industrial, agricultural, recreational, educational and other public purposes, proposed circulation pattern.

According to the Karnataka Town and Country Planning Act, 1961 u/s 9, every planning authority shall, as soon as may be, carry out a survey of the area within its jurisdiction and shall, not later than two years from the date of declaration of the local planning area, prepare and publish in the prescribed manner a master plan for such area and submit it to the State Government, through the Director, for provisional approval.

Procedure for preparation of Master Plans are as follows:

1. Government declares local planning area (LPA). [u/s 4-A]
2. Government constitutes Planning Authority soon after declaration of local planning area. [u/s 4-C]
3. Government specifies the date with reference to which the present land use is to be determined. [u/s 5]
4. Planning Authority prepares the map of present land use within two years after the date specified u/s 5. [u/s 6]
5. Planning Authority declares the intention of making Master Plan and also calls for suggestion from public. [u/s 10]

6. Planning Authority carries out a survey, prepares and publish an Master Plan and submit to Government for provisional approval through Director of Town & Country Planning within two years from the date of declaration of local planning area u/s 4-A. [u/s 9]
7. Government after consultation with Director of Town & Country Planning provisionally approves the Master Plan and publishes by notification inviting public comments with in sixty days. [u/s 13(1)]
8. The Planning Authority submits the Master plan to the Government through Director of Town & Country Planning for final approval [u/s13(2)]
9. Government after consultation with Director of Town & Country Planning finally approves the Master Plan and the regulations. [u/s 13(3)]
10. Planning Authority publishes the finally approved Master Plan. [u/s 13(4)]
11. On and from the date on which a declaration of intention to prepare Master Plan is published under sub-section (1) of section 10; every land use, every change in land use and every development in the area covered by the plan shall conform to the provisions of the KTCP Act, the Master Plan and regulations.

It was noticed that the Department is monitoring the preparation of the Maser plans. However, on review of the records it was noticed that, there were 36 cases in different districts, as shown in the Annexure, where Master Plans were not submitted for the provisional approval; delays ranging from 1.5 years to 9 years. Reason for the delays was not forthcoming, in most of the cases, in the records produced to audit.

Reason for the delays may be stated to the audit. Further, some of the dates of declaration of the LPA were taken from the information available in the website of the Department. The dates of declaration of the Local Planning Area, as mentioned in the Annexure, may be ensured to the audit.

Reply is awaited.

- II. Poor implementation of programme under Administrative charges, Establishment charges, creation of new posts and training purpose resulted in surrender of budget to the tune of Rs.89.73 lakh during 2016-17.

A sum of Rs.100.00 lakh grants was allotted from the Government of Karnataka to the Director, Department of Town and Country Planning for Administrative charges, Establishment charges, creation of new posts and training purpose under the Head of

Account 2217-05-001-1-11-059 during 2016-17. The action plan for the grants was drawn up by the Department and approved by the Government as under:-

Sl.No	Programme activities	Funds allotted (Rs. in lakh)
01.	Training for newly recruited officers/officials – Travelling expenses and other expenses and purchase of office books	50.00
02.	Higher Studies to Asst. Director of the Department	10.00
03.	Purchase of Computer, Hardware and Software	40.00
	Total	100.00

However, as could be seen from the Monthly Programme Implementation Calendar (MPIC) for the year 2016-17 for the above programme, the office had utilized only an amount of Rs.10.27 lakh (10.27%) towards purchase of computers and conducting seminars. The remaining balance amount of Rs.89.73 (89.73%) was surrendered to the Government. The reason for non utilization of the funds was not forthcoming from the records produced to audit. Hence, it clearly indicates that, due to poor implementation of the programme has resulted in lapse of budget grants which is against the norms of Karnataka Budget Manual.

Reply is awaited.

III. Internal Audit

On a review of the Internal Audit file, it was noticed that, the Joint Directors of the Town and Country Planning had audited the accounts of the Assistant Directors in the District offices of the Department. In these audits other than establishment and account related matters, technical matters viz., preparation of Master Plan, Revision of the Master Plans, layout approvals, opinion on land conversion etc., were also checked by the internal audit teams, which is a good practice. However, it was noticed that, the Office of the Joint Directors (heading the four divisional offices) and the office of the Additional Director, Dharwad were not audited by the Directorate office. According to the letter from the office of the Additional Director Town and Country Planning, Dharwad, the accounts was not audited from 2001-02 onwards by the Directorate office /State Accounts Department.

Reply is awaited

PART- III

Follow up on findings of outstanding paragraphs of the previous Inspection Report:

1. Para III/IIB/2009-10

Non payment of Leave Salary Contribution and Pension Contribution.

2. Para I/IIA/2010-11

Excess payment of training fee Rs.33,01,759/-

3. Para VIII/IIB/2010-11

Non payment of Leave Salary Contribution and Pension Contribution.

4. Para I/IIB/2011-12

Non payment of Leave Salary Contribution and Pension Contribution.

5. Para I/IIB/2012-13

Non payment of Leave Salary Contribution and Pension Contribution.

6. Para II/IIB/~~2010-11~~ 2012-13

Improper planning and implementation of the work resulted in Blocking up of Government funds to an extent of Rs.191 lakh.

7. Para II/IIB/2013-16

Incurring salary and allowances expenditure amounting Rs.16.31 lakh without utilizing the services of senior Gazetted Officers by keeping them under compulsory waiting period.

8. Para III/IIB/2013-16

Blocking up of Training Grants – Rs.76 lakh with State Institute for Urban Development for 4 years.

9. Para IV/IIB/2013-16

Non deduction of statutory deduction (TDS) from the salary arrears of the staff amounting Rs.1,63,235/-.

10. Para VII/IIB/2013-16

Non recovery of Leave Salary Contribution and Pension Contribution from borrowing departments.

PART-IV

Best practices – NIL

PART-V

The details of persons holding the leadership position in the office are stated below:

Name of the Directors: (FROM 2016-18)

- | | |
|---------------------------------------|----------------------------|
| 1. Shri. B.M. Tirakana Goudar | : 01-08-2015 to 30-04-2016 |
| 2. Shri. A.V. Rangesh | : 30-04-2016 to 30-09-2016 |
| 3. Shri. Aijaz Ahamad | : 01-10-2016 to 28-02-2017 |
| 4. Shri. L. Shashikumar (I/C) | : 28-02-2017 to 10-05-2018 |
| 5. Shri. H.M. Mallikarjuna Swamy(I/C) | : 10-05-2018 to till date |

The audit acknowledges that the office has co-operated in submission of records in time and facilitated the audit to conclude smoothly.

Sd/-

Dy. Accountant General/ GSA

Sr. Audit Officer OAD-I