

### 2.1 Audit objectives

The Performance Audit (PA) seeks to ascertain

- Whether provisions of 74<sup>th</sup> CAA have been adequately covered in State legislations?
- Whether ULBs were empowered by the State Government to discharge their functions effectively through the creation of appropriately designed institutions/institutional mechanisms and the functioning thereof?
- Whether ULBs have access and powers to raise financial resources commensurate with their functions?
- Whether ULBs have powers to mobilise and incentivise human resources commensurate with their functions?

### 2.2 Audit criteria

The criteria for the PA were derived from the following:

- ✓ Constitutional (74<sup>th</sup>) Amendment Act, 1992;
- ✓ Karnataka Municipal Corporations Act, 1976 (KMC Act);
- ✓ Karnataka Municipalities Act, 1964 (KM Act);
- ✓ Karnataka Town & Country Planning Act, 1961;
- ✓ Karnataka Urban Development Authorities Act, 1983;
- ✓ Model Municipal Law, 2003
- ✓ The Karnataka Municipalities Accounting and Budgeting Rules, 2006;
- ✓ Central Public Health and Environmental Engineering Organization Manual;
- ✓ Central/State Finance Commission Reports;
- ✓ Report of the Second Administrative Reforms Commission; and
- ✓ State Government orders, notifications, circulars and instructions issued from time to time.

### 2.3 Audit scope and methodology

The Performance Audit covering the period April 2014 to March 2019 was carried out in two stages from April to November 2019. Stage-I comprised audit of implementation of CAA by the State Government and parastatals and Stage-II comprised test-check of 44 ULBs across all tiers and selected 11 functions. ULBs were selected through simple random sampling with population as per 2011 census as the size measure from each tier of ULBs. The

list of ULBs selected is indicated in **Appendix 2.1**. Out of 18 functions identified in the 12<sup>th</sup> Schedule, activities relating to following 11 functions were selected for test-check.

- i) Urban planning including town planning;
- ii) Regulation of land-use and construction of building;
- iii) Planning for economic and social development;
- iv) Roads and Bridges;
- v) Water supply for domestic, industrial and commercial purpose;
- vi) Public health, sanitation conservancy and solid waste management;
- vii) Safeguarding the interests of weaker section of society, including the handicapped and mentally retarded;
- viii) Slum improvement and up-gradation;
- ix) Urban poverty alleviation;
- x) Provision of urban amenities and facilities such as parks, gardens, playgrounds; and
- xi) Public amenities including street lighting, parking lots, bus stops and public conveniences.

An Entry Conference was held on 2 April 2019 with the Principal Secretary, UDD, in which the audit methodology, scope, objectives and criteria were explained. An Exit Conference was scheduled on 17 July 2020 but it could not be held due to key officers of the department having to quarantine themselves due to the Corona pandemic. Departmental replies wherever received have been factored into the Report. The audit methodology involved document analysis and responses to audit queries.

## 2.4 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the State Government, DMA, KUWS&DB, KUIDFC, KIADB, KSDB, and all the test-checked ULBs in conducting the performance audit. Audit also acknowledges the contribution of Janaagraha Centre for Citizenship and Democracy for their inputs in the PA.

## 2.5 Organisation of audit findings

The audit observations relating to status of devolution of functions, funds and functionaries are presented in the following chapters.

Chapter III – Compliance to provisions of 74<sup>th</sup> CAA

Chapter IV – Empowerment of Urban local bodies and their functioning

Chapter V – Financial resources of Urban local bodies

Chapter VI – Human resources of Urban local bodies

Chapter VII - Conclusion