



Citizens' Action Forum

The Fifth Estate

13/1/2015

Shri Lakshminarayana
BBMP COMMISSIONER
BBMP Head office,
Corporation circle,
Hudson Circle, Bangalore-560002

Dear Sir,

We from the CITIZENS ACTION FORUM (CAF) a not-for-profit initiative formed by a group of RWA's and concerned citizens, civil society leaders, interested in bringing transparency and accountability by increasing citizen participation matters of Governance through structured citizen participation.

- **We from CAF want to know and understand who really audits BBMP? As BBMP is run on taxpayers money and has budget outlays of hundreds of crores is reeling under fund crisis's and scams as has been reported in the media.**
- **We want to know who is responsible for auditing BBMP's funds comprehensively?**
- **If so has BBMP carried out a comprehensively audit as required by the law.**
- **If it has been carried out we are seeking relevant information and copies of .the last 3 years audit.**

THE REASONS FOR THIS DEMAND IS DUE THE FOLLOWING VALID REASONS;

- **The media has reported recently that BBMP Chief Accounts Officer has caused financial losses to the Palike by his various actions and the Palike is supposed to form a committee to look into all its 658 accounts across the City for streamlining its finances as claimed by the BBMP Commissioner M Lakshminarayana. The need for so many**

accounts is a mystery at a time when the bank operations can be performed through core-banking.

- **We have seen BBMP's shocking** financial state of affairs, and have also watched with incredulity about the lack of an internal audit since many years which has been reported by the media, in some the year 1964 is mentioned.
- **CAG published its first report of BBMP for the years 2008-10.** The report focused on BBMP's property tax collection and some other works, exposing fraud that caused loss of hundreds of crores. The reports go to the state government and are also published online.
- **The CAG** has indicted BBMP and has been scathing in its findings of 2011 report but since then there is still no clarity nor any effort to have timely and comprehensive audits.
- BBMP Accounts Committee Chairman Shri. A L Shivakumar had already exposed in 2011 that BBMP has not had internal audits since 1964.
- Post CAG's indictments of 2011, the top watchdog has itself said it cannot audit the whole accounts of BBMP, and can only audit specific schemes or departments of BBMP, like it does for other municipalities in the country.
- No Action Taken Post **CAG audit** Though CAG's TGS audits are all that is available, we are not aware of any action that has been taken.

We would like to bring to your attention as to what does the law say about the BBMP audit –

- 1)** As per KMC (Karnataka Municipal Corporation) Act, BBMP and all other local government bodies have to be audited annually by the state government's accounts department. This department appoints a Chief Auditor specifically for BBMP. The reports are supposed to be placed before the state legislature.
- 2)** We know that the **BBMP council has not discussed audit reports** as the Chief Auditor's report has been lagging for years.
- 3)** We know that **CAG BBMP audits are done only in parts**, state government has directed the CAG (Comptroller and Auditor General of India) to take up audits of BBMP and other Urban Local Bodies (ULBs), with effect from 2008-09. State government's Urban Development Department (UDD) passed a notification on this. This was based on a directive from the central finance ministry and 11th Finance

Commission, that all local government bodies should be audited as they get huge grants from central government.

- 4) Though UDD's initial directive to CAG was to do full annual audits of BBMP, but this was amended as per CAG's request. The reason given by CAG was "BBMP is not a government department, but a local body; also its accounts are too vast. Hence CAG said that they can do TGS audits for BBMP, just as they do for other local bodies,"
- 5) Hence CAG only does TGS (Technical Guidance and Supervisory) audits, in which specific themes are selected for audit each year though these audits happen for every financial year, but the limitation is that the CAG's reports are not concurrent either – i.e. the audit for one financial year is not done in the same year. Audits for a year will be published in the year that follows.
- 6) We also know that the state government audits are lagging because/ of various logistical difficulties (shortage of staff). This will affect the CAG audit which gets BBMP's accounts data from BBMP as well as state government's Chief Auditor. The audit reports, which also have recommendations for BBMP, are supposed to go to UDD Secretary and BBMP.

Given this background we are seeking information with regards to BBMP's audit to ensure transparency as a first step towards financial discipline of BBMP.

Pls note our communication address : No 724, 7th "A" MAIN ROAD, 1ST BLOCK, HRBR LAYOUT, KALYANNAGAR BANASWADI, BANGALORE – 560043. PH: 9845575665./9845470168.

Yours sincerely

D S Rajshekhar,
President,
Citizen Action Forum

Mahalakshmi Parthasarathy
Secretary
Citizen Action Forum

CC

- A) Honorable Chief Minister
- B) TO CHIEF ACCOUNTS OFFICER, BBMP
- C) PRINCIPAL SECRETARY UDD
- D) CAG, BANGALORE OFFICE
- E) STATE ACCOUNTS DEPARTMENT, KARNATKA