



Overview

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This Report of the Comptroller and Auditor General of India (C&AG) contains one Subject Specific Compliance Audit and 12 paragraphs relating to Expenditure. Some of the major findings are mentioned below:

Introduction

Responsiveness of Government to Audit

A total of 6,313 Inspection Reports containing 44,526 paragraphs were outstanding against 45 departments as at the end of March 2024 of which 30,476 paragraphs were pending for more than five years. **(Paragraph 1.10.1)**

Subject Specific Compliance Audit and other Compliance Audit Paragraphs

Department of Youth, Empowerment and Sports (DYES)

Subject Specific Compliance Audit on Implementation of Karnataka State Sports Policy 2018

The Government of Karnataka formulated a Comprehensive Sports Policy in 2018 with the objective of creating a vibrant, knowledge-enabled, technology-driven, and transparent ecosystem for promoting sports participation and excellence in the State. To achieve the objectives, the Policy adopted a 12-year timeframe with short-term and long-term targets. Guided by its core values and objectives, the Policy outlined “Four Pillars” and aimed to achieve 17 stated goals by 2030. The Four Pillars are: Governance & Institutions, Ecosystem, Hard Infrastructure, and Soft Infrastructure.

The audit of Implementation of Karnataka State Sports Policy 2018 was conducted to assess whether the DYES complied with the core objectives of the Policy for planning and implementing its activities, utilising allotted funds, and devising monitoring and evaluation mechanisms in achieving the goals of the Policy.

The Policy calls for the enactment of a comprehensive Karnataka Sports Act and Regulation to emphasise democratic functioning of Sports Authority of Karnataka (SAK) and sports associations. However, the Government was yet to enact a Comprehensive Sports Act and bring about Regulation even after a lapse of seven years since the launch of the Policy. In the absence of Sports Act/Regulations, audit observed irregularities, like lack of financial transparency, non-accountability, improper maintenance of infrastructure, regional disparities in sports hostels, discrepancies in identifying talents, lack of co-ordination between departments and stakeholders. Some of the significant irregularities are briefed below.

Several key initiatives outlined in the Karnataka Sports Policy were not implemented even after seven years of its launch. Critical infrastructure and capability-building components, including Karnataka State Physical Fitness Mission, High-Performance Unit, Sports University/College, Sports

Academies, and a State Sports Information Database, were not established. Core digital initiatives, such as the development of a dedicated website, e-Sports App, and Athlete Carding system, were not executed. Further, the DYES did not coordinate with the School Education Department to implement the STEM programme aimed at identifying young sporting talent and no roadmap was prepared for developing an integrated sports city in Bengaluru.

The department did not conduct gap analysis as mandated in Sports Policy 2018 leading to skewed application of expenditure on infrastructure creation. The majority of the expenditure was spent in just two districts - Mandya (14 *per cent*) and Bengaluru Urban (39 *per cent*) - while no expenditure was incurred in five districts: Bidar, Dharwad, Kalaburagi, Ramanagara, and Vijayanagara.

SAK and General Thimmayya National Academy of Adventure (GETHNAA) did not prepare the annual calendar of events / activities.

Department could not establish sports infrastructure in 89 out of 243 identified taluks, depriving the local youths of access to facilities necessary for nurturing sporting talent and resulting in an uneven distribution of infrastructure across the State.

SAK and GETHNAA received grant-in-aid of ₹83.57 crore and ₹15.85 crore respectively during 2019-20 to 2023-24 for their activities. However, neither organisation submitted Utilisation Certificates (UCs) or audited expenditure statements for the amounts received. The Government's reply that UCs relating to SAK had been submitted could not be verified, as no copies were provided for the period 2019-20 to 2023-24.

DYES and GETHNAA had distributed cash awards and scholarships to school students and sportspersons amounting to ₹11.47 crore for the years 2019-20 to 2023-24. However, details of beneficiaries' applications, certificates submitted and vouchers and bills towards the payments made to beneficiaries amounting to ₹8.46 crore were not produced to Audit.

Cash incentives / financial assistance amounting to ₹4.54 crore under various awards were paid to 316 sports people violating the policy / scheme guidelines.

Discrepancies observed in the payment process for cash awards amounting to ₹0.93 crore, such as transfer of incentives to 62 beneficiaries through only three bank accounts, transfers made to incorrect bank accounts, missing bank details, and errors in recipient IDs, indicated suspected fraudulent transactions.

Audit observed that 57 works costing ₹45.64 crore remained incomplete. Of the 172 completed works, 25 *per cent* of the work was executed without obtaining technical sanction. Eleven of the completed works were yet to be handed over to District Sports Management Committee / Department of Youth Empowerment and Sports. Four works were yet to commence as of March 2024. The reasons for non-commencement / delay in completion of works are attributable to wrong selection of site, non-availability of land, delay in transfer of land *etc.* Evidently, the department did not monitor and take timely action for completion of works.

Joint physical verification of stadiums in eight districts and 29 taluks revealed infrastructure and maintenance deficiencies, including unhygienic conditions, waterlogging, garbage accumulation, absence of cleaning staff, and inadequate drainage. Several stadiums lacked basic facilities, such as approach roads, fencing, compound walls, and watch-and-ward staff, leading to misuse of premises. Substandard or incomplete upgradation works, dilapidated structures, and the absence of changing rooms and toilets were also noted.

Instances of overcrowding were observed in Davangere hostel, where 160 students were accommodated across 28 rooms, with nearly six students sharing each room. In Bengaluru Urban, there were 236 athletic boys, yet no athletic coach was available from DYES. Similarly, in seven districts, despite the availability of seven coaches, no students had enrolled in certain disciplines.

Non-constitution of sports committees impacted handling of conflicts ensuring fair play and financial transparency by SAK and proper maintenance of equipment and facilities.

According to the Sports Policy, SAK needs to coordinate with seven Government departments to ensure that one to two *per cent* of funds are reserved to provide better facilities and support systems for sportspersons. However, SAK did not follow up with these departments, which led to a lack of availability of adequate funds for the promotion of sports. **(Paragraph 2.1)**

Department of Labour (ESIS)

Employee State Insurance Scheme (ESIS) medical facilities in Karnataka

Non-implementation of key preventive health services during 2018-19 to 2023-24 led to a forfeiture of ₹39.84 crore in grants from the ESIC, and deprived beneficiaries of essential preventive healthcare services. Digital health initiatives like telemedicine and the Dhanwantari portal remained underutilised. Full payments were released to the contractors without obtaining completion certificates or verifying the actual delivery and operational readiness of the medical equipment, resulting in idle expenditure of ₹7.74 crore. Liquid Medical Oxygen plants were installed in ESIS hospitals during 2020-21 at a cost of ₹3.04 crore to strengthen in-house oxygen supply. However, records and Joint Physical Verification (July 2024) revealed that these plants remained non-operational when required, and no reasons for their non-utilisation were found in the records. The Government was eligible to receive an additional grant of ₹200 per insured person from the ESIC if the bed occupancy rate exceeded 70 *per cent*. However, due to consistently low occupancy, it missed out on additional grants amounting to ₹65.79 crore during 2019-20 to 2023-24. Also, the absence of ICUs, essential drugs and the distribution of 'Not of Standard Quality' medicines compromised patient safety. **(Paragraph 2.2)**

A detailed review of all sanction orders against which reimbursements were made by Insurance Medical Officer (IMO), Bagalkote for the period 2020-2024 revealed that ₹3.67 crore was paid against 57 fraudulent sanction orders for 902 fake claims. Further, the IMO Bagalkote dispensary had inserted 65 additional

claims, amounting to ₹36.08 lakh, beyond the claims approved by Medical Superintendent Hubballi. Thus, manipulation of sanction orders for medical reimbursement claims under ESIS resulted in suspected misappropriation of ₹4.03 crore. In response, the Government's reply (April 2024) confirmed that recovery of ₹2.15 crore had already been initiated. **(Paragraph 2.3)**

Department of Higher Education

Two Grants-in-Aid (GIA) colleges became part of two Private Universities during 2015-16 and they were not eligible to receive GIA from the Government as per provisions of the University Act. However, based on the Government Orders of November 2019 and February 2024 contravening Section 5 of KLE Technological University Act 2012 and JSS Science and Technology Act 2013, Commissioner, Collegiate and Technical Education released the GIA to these two institutions amounting to ₹146.23 crore during the period 2018-2023.

(Paragraph 2.4)

Out of 19 Assistant Professors and Lecturers deputed to pursue Ph.D. studies between 2017-18 and 2020-21 in various Government Engineering Colleges and Government Polytechnics, 15 could not complete their Ph.D. within the prescribed timeframe and the remaining four completed their Ph.D. with delays of up to 33 months. Despite this, the Department did not recover the ₹5.72 crore in salary paid during their deputation period, as mandated by Rule 61(3) of the Karnataka Civil Services Rules.

(Paragraph 2.5)

In 2010, the Karnataka Government (GoK) ordered the Department of Technical Education (DTE) to take over S.G.E.E.S Rural Polytechnic, Tarihal, Hubballi, as a Government institution. Inability of the DTE to take over the institution in time resulted in an increase of liabilities to be discharged by the Government by way of accumulated interest and statutory payments.

(Paragraph 2.6)

Tuition fees of those students who availed fee exemption at the time of admission to be recouped from their sanctioned scholarship. In 60 Government Polytechnic colleges and two Engineering Colleges, students either did not apply for scholarships or the college did not collect from the students, which led to loss of revenue.

(Paragraph 2.7)

Department of Revenue

The inordinate delay by DC Hassan in promptly initiating the payment of court-enhanced compensation from the dates of receipt of applications under Section 28(A) of Land Acquisition Act, 1894 resulted in avoidable interest to the extent of ₹2.96 crore to the land owners.

(Paragraph 2.8)

Inclusion of stamp duty and registration fee as one of the components of compensation led to excess payment of compensation of ₹2.18 crore.

(Paragraph 2.9)

Department of Health and Family Welfare

Revenue Department could not identify the encumbrance-free land for construction of 50 bedded Taluk Hospital in Kittur Taluk of Belagavi District as per the State Program Implementation Plan under the National Health Mission. This resulted in infructuous expenditure of ₹4.68 crore, apart from depriving the local community of availing the upgraded medical facility in their region for the past four years. *(Paragraph 2.10)*

Urban Development Department

Incorrect adoption of the reckoning period for the average base price indices for payment of price adjustment in execution of four works by Bengaluru Water Supply and Sewerage Board resulted in avoidable payment of ₹5.90 crore and undue benefit to the contractors. *(Paragraph 2.11)*

The delay in completion of Under Ground Drainage project by the Karnataka Urban Water Supply and Drainage Board resulted in underutilisation of the drainage facilities created at a cost of ₹89.55 crore and disposal of untreated sewage into the water bodies adversely affecting the environment. *(Paragraph 2.12)*

Rural Development and Panchayath Raj Department

The contractor's inability to conduct field tests and to provide adequate bedding during laying of Glass Fiber Reinforced Pipes resulted in non-operation of the scheme and consequent wasteful expenditure of ₹16.83 crore incurred on the pipes. *(Paragraph 2.13)*