

CHAPTER 2.

AUDIT APPROACH

2.1 Audit Objectives and Scope

A performance audit of the functioning of the L&DO, covering the period from 2003-04 to 2007-08, was undertaken to assess whether L&DO was

- effectively and efficiently managing leases of GoI property in prime locations and ensuring returns on such leases in line with the rising values of such properties;
- revising ground rents in an effective and efficient manner, and ensuring prompt and timely recovery of ground rent and other dues from lessees;
- efficiently and transparently processing applications from lessees for L&DO for sale and mortgage permissions, substitution, mutation, and conversion to freehold, and efficiently carrying out other ancillary activities like inspection and survey; and
- maintaining complete and reliable records and documentation in respect of leases and properties under its control, and implementing computerisation of such records effectively and efficiently.

The scope of audit was restricted to test check of individual case records, due to non-maintenance of comprehensive records by L&DO.

2.2 Audit Criteria

The main sources of audit criteria for the performance audit were:

- Office Manual of L&DO (as revised in March 1995);
- Annual Reports and Performance Budgets of the Ministry of Urban Development;
- Office orders, amendments and other circulars;
- Citizen's Charter for lessees of the L&DO;
- The Compendium of Information of the L&DO (issued under section 4 of the Right to Information Act 2005); and
- Hon'ble Delhi High Court's interim order on treatment of patients from Economically Weaker Sections (EWS) and ensuring admission to students from such sections as also grant of freeship³ to them.

³Freeship: As per terms of allotment, "the percentage of freeship from tuition fee shall be governed by the rules laid down by the Directorate of Education, Delhi Administration/Ministry of Education and Culture from time to time. Schools will ensure admission to the students belonging to weaker sections to the extent of 25 per cent and grant of freeship to them."

2.3 Audit Methodology

At the beginning of the performance audit, L&DO made a presentation (July 2008) to Audit on its activities and functioning. This was followed by an entry conference with L&DO in August 2008, where the scope and objectives of the performance audit were explained and discussed.

Records of L&DO were scrutinized between August and December 2008. In addition, joint field visits along with the officials from L&DO to verify compliance with the conditions of the lease/terms of allotment were also conducted by Audit in the following cases:

- one hospital (VIMHANS);
- three educational institutions (DPS International - Pushp Vihar; Bal Bharti Public School – Ganga Ram Hospital Marg; and Kendriya Vidyalaya – Andrews Ganj);
- four petrol pumps (Q Point – Shah Jahan Road, San Martin Marg, Link Road – Lajpat Nagar/ Lodhi Colony, and Moti Bagh);
- Selected vacant plots in Lutyens Bungalow Zone and other areas; and
- INA Market (to assess the implementation of policy of redevelopment).

An exit conference was conducted with L&DO in January 2009, wherein the main audit findings were discussed in detail. The draft audit report was issued in January 2009 to the Ministry of Urban Development. The reply of the Ministry was received in March 2009, which has been taken into account in finalizing this report.

Audit gratefully acknowledges the co-operation and assistance extended by the L&DO during the conduct of this performance audit. The co-operation rendered by the lessees, whose premises were physically inspected by the Audit team, is also acknowledged.