

# **Chapter-5**

## **Governance Framework**



## Chapter - 5

### Governance Framework

*This Chapter presents audit findings highlighting the lack of coordination among departments during the implementation of the Smart Cities Mission (SCM), despite the presence of representatives from all key line departments in the State Level High Powered Steering Committee and Inter-departmental Coordination Task Force. The establishment of a Special Purpose Vehicle, as envisaged in the SCM Guidelines, proved ineffective due to the absence of full-time appointments for the Chief Executive Officer (CEO), Additional Chief Executive Officer (ACEO), and Finance Controller (FC). The Chapter also discusses instances of quality control issues.*

A well-defined Monitoring and Internal Control Mechanism in SCM implementation provides a reasonable assurance that necessary rules and regulations are followed; resources are used in a planned manner and are protected from mismanagement in order to achieve the intended objectives of the SCM. The implementation of projects under the SCM was examined in the light of existing supervision, monitoring, and internal control mechanisms and in terms of the guidelines of the SCM. The audit findings are discussed below:

#### 5.1 Role of designated committees

##### 5.1.1 High Powered Steering Committee

Paragraph 13.2 of the SCM Guidelines stipulated for appointment of a State Level High Powered Steering Committee (HPSC) chaired by the Chief Secretary, which would steer the Mission Programme in its entirety. The HPSC will have representatives of State Government departments. The Mayor and Municipal Commissioner of the ULB relating to the Smart City would be represented in the HPSC. The key responsibilities of the HPSC were as below:

- i. To provide guidance to the Mission and provide State level platform for exchange of ideas pertaining to development of Smart Cities.
- ii. To oversee the process of first stage intra-State competition on the basis of Stage-1 criteria.
- iii. To review the Smart City Proposals (SCPs) and send them to the MoHUA for participation in the Challenge.

In the state of Uttarakhand, HPSC was formed in July 2015 which was further reconstituted in July 2017 with the directions that it will comply with the guidelines issued by the GoI from time to time. The HPSC held total 17 meetings from July 2017 to March 2023. During these meetings, HPSC accorded approval for selection of PMC, extra works, de-scoping of works *etc.*, DPRs of the projects, and reviewed the progress of the projects.

Audit observed that despite the representative from all the key line departments<sup>1</sup>, HPSC could not resolve issues of lack of coordination among various line departments during implementation of the projects as discussed in **Paragraphs 2.4.1.2, 2.4.1.5, 2.4.2, 2.4.3, 2.5 and 3.2.1 (ii)**. Consequently, most of the projects were not completed within the stipulated time frame as discussed in **Paragraph 3.3**. Eight projects<sup>2</sup> were still under progress (as on March 2023) due to delay in availability of hindrance free projects sites and termination of the existing contracts and execution of new contracts.

During the Exit Conference (21 June 2024), the Government stated that the issues primarily stemmed from a lack of coordination at lower levels rather than higher levels. The reply itself indicates inability of the Government to address the issues of lack of coordination.

### **5.1.2 Inter-departmental Task Force**

As per Para 9.1.1 (short listing of cities by States) of SCM guidelines, an Inter-departmental Task Force (IDTF) as elaborated in Annexure-3, was to be constituted in order to make city smart as per directions/ guidelines issued by GoI/ State Government with respect to SCM.

Audit observed that an IDTF<sup>3</sup> was constituted (July 2015) by the GoU for implementation and monitoring. However, the order did not specify the roles and responsibilities of the IDTF. Further, during the meetings with the different line departments, issues related to the maintenance of Smart Roads, implementation of projects and progress of projects under SCM were discussed. However, issues related to coordination between the various line departments such as providing hindrance free site for Smart Road project, Green Building project, Pedestrianisation of Paltan Bazaar project, Sewerage project were not discussed with the line departments. Consequently, the formation of IDTF appeared to be a mere formality, as there was no clear vision for facilitating coordination between departments to ensure smooth project execution. Several instances of lack of coordination among the line departments and DSCL along with delays and disputes over responsibilities were noticed during audit as detailed in the case study below and **Paragraph 2.4.1.2, 2.4.1.6, 2.4.2, 2.4.3, 2.5 and 3.2.1 (ii)**. These challenges have affected the implementation of projects and inordinate delay in completion of project as well as damage to the completed work. One specific instance as discussed in the following case study also indicated lack of coordination among the line departments.

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<sup>1</sup> UDD, PWD, Finance, Planning Department, Drinking Water Department, Power Department, Medical, Health & Family Welfare Department and Municipal Commissioner, Nagar Nigam Dehradun.

<sup>2</sup> Green Building, Intergraded Sewerage, Integrated Drainage, Smart Roads, CITIIS, Façade, Water Augmentation and Smart Meter and Smart Pole.

<sup>3</sup> Vice-Chairman MDDA (Nodal Officer Smart City) as Chairman, DM Dehradun, DFO Dehradun, SSP Dehradun, Municipal Commissioner, Nagar Nigam Dehradun, Chief Town & Country Planning, CMO Dehradun, Chief Education Officer Dehradun, Superintending Engineer PWD, GM Uttarakhand Power Corporation, Superintending Engineer Irrigation Department, Superintending Engineer Uttarakhand Peyjal Nigam, GM Uttarakhand Jal Sansthan, Chief Environment Officer Uttarakhand Pollution Control Board, Executive Engineer Directorate UDD (Members).

### Case Study 1: Pedestrianisation of Paltan Bazaar

The pedestrianisation of Paltan Bazaar project, with a cost of ₹ 13.10 crore, aimed at developing a 1.2 km stretch from Clock Tower to Darshani Gate. DSCL involved multiple Implementing Agencies (IAs) for execution of works in a stretch of 1.2 km, as depicted in **Table-5.1** below:

**Table-5.1: Details of different IAs**

Name of Works	Section-A Clock Tower to Kotwali		Section-B Kotwali to Darshani Gate	
	Particulars of Works	IA	Particulars of Works	IA
<b>Road Work</b>	Interlocking Road	DSCL	Black top road	PWD
<b>Drain Work</b>	Construction of drain	DSCL	Renovation of drain	DSCL
<b>Multi Utility Duct</b>	Laying of MUD	DSCL	<ul style="list-style-type: none"> <li>➤ HDPE Conduit Work</li> <li>➤ Communication line</li> </ul>	UPCL DSCL
<b>Footpath Work</b>	Construction of footpath	PWD	Construction of footpath	DSCL
<b>Electrical work</b>	<ul style="list-style-type: none"> <li>➤ Shifting of Electrical line into MUD, Installation of RMU/Feeder pillar, Connection to consumers</li> <li>➤ Installation of Pole</li> </ul>	UPCL DSCL	<ul style="list-style-type: none"> <li>➤ Shifting of Electrical line into HDPE Conduit, Installation of RMU/Feeder pillar, Connection to consumers</li> <li>➤ Installation of Pole</li> <li>➤ Chamber work for electric wire</li> </ul>	UPCL DSCL PWD
<b>Water Supply Work</b>	Uttarakhand Jal Sansthan.			
<b>Sewerage Work</b>	Bridge & Roof India Limited.			
Remaining drainage work on the patches where UPCL electric poles are not dismantled –PWD				

Audit scrutiny revealed several issues stemming from poor coordination between line departments and DSCL. These included the installation of footpath tiles before underground electrical cables, necessitating their removal for cable-laying; the electricity department's failure to remove electric poles obstructing drain construction until work completion; a nearly two-year delay in finalising space for compact sub-station installation; disputes over right-of-way for compact sub-station and rising main unit installation; and the construction of some electrical and sewer chambers above road level, posing risks to pedestrians. UPCL also faced deficiencies in cabling work within the MUD. These issues, compounded by delays and disputes over responsibilities, resulted in significant project delays and public inconvenience due to poor coordination among implementing agencies and line departments.

### 5.2 Role of Special Purpose Vehicle

As per the provision of Para 10.1 of SCM guidelines, for implementation of the Mission at the City level, an SPV<sup>4</sup> (Special Purpose Vehicle) was to be established. The role of SPV was to plan, appraise, approve, release funds, implement, manage, operate, monitor and evaluate the Smart City Development Projects. As per the approved

<sup>4</sup> SPV headed by full time CEO and having nominees of Central Government, State Government and ULB on its Board.

manpower structure of DSCL, only top three posts *i.e.* CEO, ACEO and Finance Officer/ Finance Controller (FC) were to be filled from the IAS cadre, IAS/Sr. PCS cadre, and State Finance Services (SFS) cadre respectively. The remaining posts were intended to be filled on a contractual or deputation basis. In this regard, the following shortcomings were noticed:

### **5.2.1 Non-appointment of a full time CEO**

As per Para 10.1 read with Annexure 5 (point 3.3) of the SCM Guidelines, the SPV was to be headed by a full-time CEO for a fixed term of three years. Further, the advisory issued (October 2018) by MoHUA, provides that the organisations having a full time CEO facilitates quick decision making and better results in terms of frequent board meetings and faster rate of project implementation in general. On the contrary, a part-time CEO may not be in a position to give complete attention due to other pressing concerns at hand.

Audit observed that, since inception of DSCL, the charge of CEO of DSCL was assigned to District Magistrate, Dehradun as an additional charge. Further, audit noticed that within a period of almost six years, seven District Magistrates held the charge of CEO as detailed in **Table-5.2** below:

**Table-5.2: Details of officers who held the charge of CEO**

Sl. No.	Name of the Officers	Tenure		Duration of charge (in months)
		From	To	
1	Sh. Dilip Jawalkar, IAS	10.08.2017	25.07.2018	11
2	Sh. Shailesh Baghuli, IAS	26.07.2018	13.02.2019	07
3	Dr. Ashish Kumar Srivastav, IAS	13.02.2019	08.06.2020	15
4	Sh. Ranvir Singh Chauhan, IAS	08.06.2020	20.08.2020	2 ½
5	Dr. Ashish Kumar Srivastav, IAS	20.08.2020	02.08.2021	12
6	Dr. R. Rajesh Kumar, IAS	02.08.2021	11.07.2022	11
7	Smt. Sonika, IAS	11.07.2022	03.09.2024	26

It is evident from the table that since the establishment of the DSCL, the CEO was neither appointed on a full-time basis nor for the fixed tenure of three years. Audit observed that projects implementation suffered from number of deficiencies as outlined in *paragraph 3.1.2.1, 3.1.2.2, 3.1.2.3, 3.1.2.4, 3.1.2.5, 3.1.2.6, 3.1.3, 3.2.1, 3.3 and 3.5*. Similarly, Audit observed that the appointments of other key functionaries *i.e.*, ACEO and FC were also on short-term basis as detailed in **Table-5.3** below:

**Table-5.3: Details of officers posted in DSCL**

Sl. No.	Designation	Name of the Officers	Tenure	
			From	To
1	Additional Chief Executive officer	Dr. Ashish Kumar Srivastav, IAS	12.12.2017	13.02.2019
		Sh. Abhishek Ruhela, IAS	09.03.2019	22.11.2019
		Sh. Ashish Bhatgain, PCS	26.12.2019	31.07.2020
		Sh. Girish Chand Gunwant, PCS	11.09.2020	16.09.2021
		Sh. Krishn Kumar Mishra, PCS	16.09.2021	01.09.2022
		Sh. Shyam Singh Rana, PCS	01.09.2022	21.11.2023
		Sh. Tirathpal Singh, PCS	13.12.2023	Till Date
2	Finance Controller	Sh. Ganga Prasad, SFS	10.08.2017	10.08.2020
		Sh. Dinesh Chand Lohani, SFS	10.08.2020	18.09.2020
		Sh. Abhishek Kumar Anand, PCS	19.09.2020	30.06.2022
		Dr. Tanzeem Ali, PCS	15.07.2022	Till Date

It is evident from the table that none of the officers were appointed for a fixed term and the posts of ACEO and FC were held by the officers from their respective cadres as an additional charge. In addition, other key posts<sup>5</sup> of sensitive wings like finance and procurement were filled on a contractual basis.

Thus, the idea of establishing SPV in the spirit of Guidelines was ineffective as SCM suffered from various project management deficiencies like planning, coordination, dispute resolution, monitoring, remedial actions on the reported issues *etc.*

In reply, the Government accepted (30 May 2024) the audit observation acknowledging the importance of full-time appointments for effective decision making and project execution. The Government further stated that steps would be taken to ensure compliance with the guidelines.

The fact remains that not appointing of a full-time CEO was against the provision of SCM Guidelines. Since the initiation of the SCM, no officer in the top three positions had been appointed on a full-time basis. Furthermore, most of the projects could not be completed within the scheduled timeframe. This indicates lack of seriousness in implementation of the SCM projects as envisaged in the SCM Guidelines issued by the GoI.

### 5.3 Quality Control

It is the primary responsibility of PMC and DSCL to ensure that quality work is done by the contractor. Third-Party Agencies (TPAs) were also appointed from time to time by the GoU for quality control of the works under the SCM projects.

Audit examination of records revealed instances of substandard works during project implementation, which were highlighted through multiple channels including TPAs, media reports, citizen complaints, inspections conducted by higher authorities, and physical verifications done by Audit, as discussed in *Case Study-2* and *paragraph 5.3.1* below:

#### ***Case Study - 2: Pedestrianisation of Paltan Bazaar***

The project “Pedestrianisation of Paltan Bazaar”, with a cost of ₹ 13.10 crore, aimed at developing a 1.2 km stretch from Clock Tower to Darshani Gate, of which 476 meters was intended to be developed as a pedestrian walkway to provide obstruction free, safe, comfortable and continuous walking zone for pedestrians. The quality of the work carried out by contractor was deemed substandard, as highlighted in media reports and complaints filed by the residents. Specifically, instances of deteriorating and broken tiles were observed in numerous locations.

DSCL conveyed identified quality issues such as damage and depressions in the paver block tiles and manhole chambers not aligned with the road surface to the contractor through several letters, urging necessary improvements. The contractor explained (February 2023) that without hydraulic bollards, vehicular movement was

<sup>5</sup> AGM (Finance), AGM (Procurement & Contract Management), *etc.*

not adequately restricted, leading to the degradation and breakage of tiles. This matter was also in the knowledge of DSCL. Further, the traders from Paltan Bazaar, Dehradun lodged (September 2022) a complaint with the Prime Minister Office regarding the inferior quality of the work. An ensuing inquiry conducted (August 2023) by a joint investigation committee as per the direction of the District Magistrate, Dehradun revealed various deficiencies in the execution of the project. During a joint physical inspection conducted (23 December 2023), by audit with representative of the DSCL, audit also noted the same visual



deficiencies such as undulations, depressions, broken tiles, manhole chamber above the road level and broken edges of manhole chambers as highlighted earlier by the joint investigating committee.

The Government furnished no specific reply, however, Management stated that (January 2024) PMC had recommended (October 2023) deduction of ₹ 15.45 lakh from the bills of the contractor, which would be recovered from the withheld amount of the contractor.

### 5.3.1 Smart Road

Following quality control issues were observed under the project:

- i) Certain irregularities in execution of 'Smart Road Project' were pointed out by TPA<sup>6</sup>. On failure by the B&R to rectify these deficiencies, the Planning Department, Government of Uttarakhand, directed (June 2022) for recovery of ₹ 55.59 lakh from

<sup>6</sup> M/s. Quality Austria Central Asia (Pvt.) Ltd.

B&R on account of substandard work done by the contractor. Audit found that DSCL had neither made this recovery nor had it incorporated in the details of joint measurement prepared (May 2023) for adjustment of the above amount from B&R.

- ii) DSCL also pointed out (November 2023) faulty sewer work done by B&R, as the B&R had replaced the pipes without properly restoring the manhole. This resulted in choked household connections and overflows in the sewer chambers and DSCL had to undertake additional work to resolve the issue through the UJS at the cost of ₹ 53.50 lakh. Therefore, a deduction of ₹ 53.50 lakh was incorporated in the details of joint measurement to compensate the above expenditure. B&R, however, did not agree to the above deduction. Consequently, DSCL issued (November 2023) a letter to B&R, holding them fully accountable for the extra work carried out by the UJS.

During the Exit Conference (21 June 2024), the Government stated that the matter would be addressed with B&R during the final settlement of MoU.

The fact remains that an amount of ₹ 1.09 crore was pending for recovery from B&R as of June 2024.

#### 5.4 Internal Control

Internal control systems are critical frameworks within organizations, designed to safeguard assets, ensure the accuracy and reliability of financial information, promote operational efficiency, and ensure compliance with laws, regulations, and policies. When these systems are weak or inadequately implemented, they expose the organisation to significant risks. Audit highlighted the following instances of weak internal controls within DSCL, indicating systemic deficiencies in governance, oversight, and operational practices:

- **Irregular payment:** Payments made without proper authorisation or adherence to the established financial protocols reflect a lack of stringent checks and balances, increasing the risk of misappropriation as discussed in *Paragraph 3.1.2.1 and 3.1.2.6 (d)*.
- **Deployment of ineligible IT experts:** Employing personnel who do not meet the requisite qualifications compromises the quality and effectiveness of IT services as discussed in *Paragraph 3.1.2.2*.
- **Unverified payments:** Instances of unverified transactions point to gaps in the verification processes and a lack of rigorous monitoring mechanisms as discussed in *Paragraph 3.1.2.3*.
- **Inadmissible payments:** Payments made for ineligible expenses or against unauthorised claims reflect poor compliance with organizational policies and guidelines as discussed in *Paragraph 3.1.2.4*.

- **Reimbursement without supporting documents:** Approving reimbursements without proper invoices or documentation indicates inadequate review procedures and opens the door to the financial irregularities as discussed in *Paragraph 3.1.2.5 and 3.1.2.6 (c)*.
- **Undue benefits to PMC:** Providing unwarranted advantages to PMC signals potential conflicts of interest, mismanagement of contracts, or lack of contractual oversight as discussed in *Paragraph 3.1.2.6 (a) and 3.1.3*.
- **Unfruitful/Wasteful Expenditure:** Inefficient use of resources or spending on unproductive activities indicates a lack of proper planning, monitoring, and cost control measures as discussed in *Paragraph 2.4.1.6, 2.4.5.2, 2.4.7.2 and 3.1.2.6 (b)*.
- **Failure to impose penalties for delays:** Not enforcing penalties for delayed project completion undermines accountability, encourages non-performance, and could delay critical public benefits intended from such projects. The instances of non-imposition of penalty for delay in execution of projects are discussed in *Paragraph 3.3*.
- **Deployment of manpower on Contract in key posts:** Placing contractual or deputed staff in key positions may result in inefficiencies or conflicts of interest, especially if these individuals lack the authority, expertise, or long-term commitment to the organisation. The Audit observation is discussed in *Paragraph 5.2.1*.

These findings highlight a weak internal control mechanism within DSCL, reflecting the need for a comprehensive overhaul of its governance and operational frameworks.

## **5.5 Non-production of records**

Effective record keeping contributes to organisational efficiency, accountability, and compliance. Non-production of records severely limits the exercise of CAG's constitutional mandate and may result in lack of accountability by State Government functionaries. Despite the repeated requests, DSCL failed to furnish the basic records pertaining to the preparation of SCP to the Audit. Consequently, Audit was unable to examine records related to the activities such as consultation held with city residents and other stakeholders, project selection criteria, and proposal for financing the projects under the SCP.

During the Exit Conference (21 June 2024), the Government accepted the facts and assured that DSCL would provide the records to the Audit after obtaining them either from MDDA, the Municipal Corporation, or MoHUA. However, no records were provided to the Audit. Further, no status thereof was also intimated to the audit so far (October 2024).

## 5.6 Recommendations

1. *The State Government should ensure that the key posts in the sensitive wings of DSCL like procurement and finance are filled from the government officials on deputation basis instead of contractual staff.*
2. *The State Government should take concrete action against the concerned officials and contractors responsible for substandard quality of works during execution of projects.*
3. *The State Government should strengthen the internal control mechanism to ensure compliance with laws, regulations and policies.*

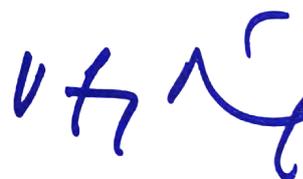
Dehradun  
The 07 November 2025



(SANJEEV KUMAR)  
Accountant General (Audit),  
Uttarakhand

Countersigned

New Delhi  
The 12 November 2025



(K. SANJAY MURTHY)  
Comptroller and Auditor General  
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