

CHAPTER VII

Monitoring and Internal Control

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This chapter deals with monitoring and internal control in Ghaziabad Development Authority to ensure orderly and efficient conduct of its business including adherence to policies, safeguarding of assets, prevention and detection of fraud and errors, accuracy and completeness of accounting records and preparation of reports and returns in the prescribed format.

***Audit Objective:** Whether adequate and effective monitoring and internal control system was in place in the Authority to accomplish the development works as per plan.*

Brief snapshot of the chapter:

- The prescribed Management Information System (MIS) was not utilised. Instead, activities and performances were documented and reported through Monthly Progress Reports, which were comparatively less detailed and lacked comprehensive performance documentation.
- GDA conducted only 11 Board meetings against 20 meetings due to be held during April 2017 to March 2022. Further, GDA did not submit the required information, viz., action taken to increase revenue, action taken against encroachments, status of compliance of important Government orders to the Board during these meetings.
- Internal Audit could not add value as its observations were not addressed by GDA to rectify the identified shortcomings.
- GDA had shortage of manpower of 36 *per cent* in centralised cadre and seven *per cent* in non-centralised cadre. Further, GDA also had shortage of engineering cadre staff ranging between 28 and 100 *per cent* under various posts.

7.1 Introduction

Effective monitoring and internal control system is a crucial management tool that supports the achievement of organizational objectives. It ensures the orderly and efficient operation of activities, adherence to policies, accuracy and completeness of accounting records etc.

Audit observations related to monitoring and internal control including internal audit have been discussed in the succeeding paragraphs:

7.2 Monitoring

The Uttar Pradesh Development Authorities Finance and Accounts Manual, 2004 (Manual) envisaged to oversee key financial and operational activities of the Development authorities. The manual also prescribes a Management

Information System (MIS) for recording and reporting various transactions and activities of the Development Authorities. The MIS includes 43 forms designed to document and report the performance of various interventions, actions and transactions.

Further, the State Government directed (March 2001) that Board meeting must be held once in a quarter. Thus, GDA's performance was also subject to monitoring by the GDA Board.

Since land acquisition, property development, allotment and the enforcement of legal provisions under the Act to prevent unauthorised construction are the core functions of the Development Authority, GDA's performance in these areas must be effectively monitored through the prescribed mechanisms. Key issues related to deficiencies in land acquisition, property development, property sale/allotment and enforcement activities are discussed in detail in Chapters IV, V and VI of this Report. The primary reasons for these deficiencies were ineffective monitoring, largely due to weak documentation and inadequate record-keeping, as discussed below.

7.2.1 Monitoring through MIS

Audit observed that GDA's activities were not documented using the MIS forms prescribed in the Manual. Instead, Monthly Progress Reports (MPRs) were prepared using other set of forms. It was also noticed in this respect that the prescribed MIS was more comprehensive and informative than the MPR used by GDA. The MPR formats did not capture several critical details and information related to vital activities of GDA leading to incomplete performance documentation and reporting. A summary of the discrepancies between the MIS and MPR is given in **Tables 7.1(A)** and **7.1(B)**.

Table 7.1(A): Deficiencies in MPR in comparison to MIS

Sl. No.	As per MIS			As per MPR	
	Major activities	MIS form number ¹	Details of information	Form number ²	Missing information as compared to MIS
(1)	(2)	(3)	(4)	(5)	(6)
1	Development and allotment of Properties	9	Scheme-wise/project-wise and category-wise status of development and allotment of properties	NF-1,2,3,4, 17 and 18	Only category-wise status of development and allotment of properties was available in MPR. Scheme-wise/project-wise status of development and allotment of properties was missing.
		10	Scheme-wise/project-wise, category-wise monthly status of undisposed properties depicting period of construction and current physical status of the properties	NF-1,2,3,4, 17 and 18	Only category-wise monthly status of undisposed properties was available in MPR. Scheme-wise/project-wise details of undisposed properties depicting period of construction and physical status of properties was missing.

¹ Details of information mentioned in the format of MIS is mentioned in *Appendix-7.1 (A)*.

² Details of information mentioned in the format of MPR is mentioned in *Appendix-7.1 (B)*.

Sl. No.	As per MIS			As per MPR	
	Major activities	MIS form number ¹	Details of information	Form number ²	Missing information as compared to MIS
(1)	(2)	(3)	(4)	(5)	(6)
2	Land	19	Land bank with area acquired and cost of land	NF-20	Cost of land not mentioned.
3	Building control	37	Monthly status of unauthorized constructions (no. of cases identified u/s 27, demolition order issued, notice disbursed, demolition under executed, new premises sealed u/s 28-A, Sealed premises released)	NF-33	Information is not available regarding notices disbursed against cases identified u/s 27, new premises sealed u/s 28-A and sealed premises released.

(Source: Accounts Manual 2004 and MPR of GDA)

Table 7.1(B): MIS details not covered in MPR

Sl. No.	Major activities	MIS Form number	Information not covered in MPR
(1)	(2)	(3)	(4)
1	Development and allotment of properties	11	Monthly status of instalment due and collected-Scheme/Project-wise and category-wise
		12	Monthly status report on property allotment, including details of the number of completed properties, applications received for sale, actual allotments, and a record of unallotted properties along with the duration they have remained unallotted.
		13	Status of monthly disposal of rented properties
		14	Monthly status of freehold properties
		15	Monthly status of one-time settlement scheme.
2	Land	20	Monthly status of scheme/ project and work-wise land acquisition
		21	Monthly status of payments made for acquisition of land-scheme/project-wise
		22	Monthly status of land acquisition in pipeline
3	Works	16	Monthly physical status of development works- work-wise/scheme/project-wise
		17	Monthly financial status of development works- work-wise/scheme/project-wise
		18	Monthly status of schemes/Projects in pipeline
4	Building control	38	Monthly status of building plan sanctioned
		39	Monthly status of Nazool properties
5	Misc.	43	Monthly status of scheme's/project's profitability /viability

(Source: Accounts Manual 2004 and MPR of GDA)

The State Government stated (March 2024) that required information was submitted to the Government every month.

The State Government's reply was not tenable, as the required information mandated by the MIS in the Manual was neither prepared nor reported at the appropriate level. Poor documentation and reporting undermined a crucial tool for monitoring GDA's performance and consequently, resulted in a lack of transparency in its actions.

7.2.2 GDA Board meetings

Audit observed shortcomings in the organisation of the Board meeting in term of its periodicity, quorum, functions, etc., against the directions given by the State Government as discussed in **Table 7.2**.

Table 7.2: Details of instructions vis-à-vis compliance

Sl. No.	Details of instructions	Status of compliance
(1)	(2)	(3)
1.	The Board meeting must be held once in every quarter.	GDA did not conduct Board meeting in every quarter during 2017-22. The Board meetings were held in the range of one to three times in a year during the period as detailed in <i>Appendix-7.2</i> .
2.	One third members of the Board would be considered as a simple quorum with a condition that the representative of the government is present in the meeting.	As per the Act, 1973, Board of GDA consists of two ex-officio members of the State Government, viz., Secretary to the State Government department in charge of the Development Authority and Secretary to the State Government in charge of the Department of the Finance or his representative. However, Secretary to the State Government department in charge of the Development Authority or his representative was not present in any of the Board meetings held during 2017-22.
3.	VC must submit the following information in every Board meeting- (i) Details of action taken by the Authority to increase revenue and reduce expenses. (ii) Details of efforts made by the Authority to dispose of properties at maximum value. (iii) Details of land under encroachment and action taken by the Authority to get it free from encroachment; and (iv) Status of compliance of important Government Orders.	VC did not provide required details during the Board meetings held in 2017-22.
4.	VC of the Authority was required to furnish a statement ³ in respect of the Infrastructure Development Fund for the preceding year, which shall contain information regarding the total amount collected by the Authority as City Development charge, Land use conversion charge, Development charges and details of their utilization. Such statements were to be furnished as far as possible in the first meeting of the board of the Authority in every financial year and its copy was also to be sent to the State Government.	GDA did not provide status of receipt & utilization of Infrastructure Development fees in any meeting held during 2017-22.

(Source: Information provided by GDA)

³ GoUP issued revised guidelines (2014) for City development charge, Land conversion fees and Development fees.

The State Government in its reply (March 2024) stated that the agenda note of each Board meeting is sent to Housing and Urban Planning Department. As per the State Government order (March 2001), the presence of one-third members in the meeting is mandatory and on that basis, the Board meeting was conducted.

The State Government, however, did not provide reply in respect of not holding quarterly meetings of the Board, absence of Secretary to the State Government department in charge of the Development Authority or his representative and not submitting of required information in the Board meeting.

Thus, there was lack of adherence to the prescribed monitoring mechanism (MIS and Board meetings) which deprived the Authority of critical insights into performance gaps hindering timely corrective actions. Besides, it also compromised transparency, particularly in the allotment of developed properties and enforcement activities to prevent unauthorised construction within development area of GDA.

7.3 Internal Control

Audit observations related to internal control management of GDA are discussed in succeeding paragraphs:

7.3.1 Internal Audit

The Manual envisages the scope of the internal audit/management audit and states that Development Authorities shall have full-fledged Audit Department for carrying out the internal audit throughout the year. It has also been envisaged in the Manual that the internal audit can be assigned to a Chartered Accountant (CA) firm.

The deficiencies observed in the conduct of the internal audit/management audit have been discussed in the succeeding paragraphs:

7.3.2 Ineffective Internal Audit

The internal audit of GDA during 2017-22 was carried out by engaging a CA firm. Scrutiny of internal audit reports for the period 2017-22 revealed following observations:

- The format in which the internal audit report was to be submitted was prescribed in Para 1.4 of the section 12 of the Manual. However, the internal audit reports were not prepared in the prescribed format.
- GDA did not provide requisitioned records to the firm such as bank statements and bank reconciliations statements to the internal auditor.
- Internal audit reports contain some similar audit observations/comments since first quarter of 2017-18 to the last quarter of 2021-22 which indicates that remedial actions were not taken to address these issues as detailed

Appendix-7.3. Action taken on the internal audit reports were also not provided to Audit.

- Audit Committee was required to be formed by GDA as per the provision envisaged in the manual for monitoring the compliance of the objections of the internal audit. However, this committee was also not formed during 2017-22.

The State Government in reply (March 2024) stated that the reports provided by the internal auditor to the Accounts section from time to time were immediately sent to the concerned departments of GDA for action and comments. The action on these were in progress. Continuous efforts were being made to provide the requisitioned records/information to the Internal Audit. In future, the facts/issues found in the internal audit would be resolved by obtaining information from all sections from time to time. However, no specific reply was given by the State Government regarding non-formation of Audit Committee during 2017-22.

The reply was not acceptable, as GDA did not institute prescribed mechanism of Audit Committee to address the internal audit report. As such, the Internal Audit remained ineffective since its observations were not duly addressed by GDA to rectify the identified shortcomings.

7.4 Human Resources

As per the Uttar Pradesh Urban Planning and Development Act, 1973, GDA is headed by Chairman and Vice-chairman (VC) appointed by the State Government. Besides, the State Government may appoint two suitable persons respectively as the Secretary and the Chief Accounts officer of the Authority. Further, the Act empowers GDA, subject to such control and restrictions as may be determined by general or special order of the State Government, to appoint such number of other officers and employees as may be necessary for the efficient performance of its functions and may determine their designation and grades.

The employees of GDA are divided into two categories, i.e., centralised services and non-centralised services along with officers from the State Government. The centralised staff can be transferred to any Development Authority under the department whereas non-centralised staff are not transferred to other Authority.

GDA had staff of 137 centralised and 681 non-centralised officers/officials as on 31 March 2022. Audit observations related to human resource management of GDA are discussed in succeeding paragraphs:

7.4.1 Deployment of Human Resources

7.4.1.1 Utilisation of manpower

The sanctioned strength and actual person-in-position is given in the **Appendix-7.4** and summarised in **Table 7.3**.

Table 7.3: Details of sanctioned posts and Person-in-position as of March 2022

Sl. No.	Category of services/posts	Sanctioned strength	Person -in-position	Shortage (in per cent)
(1)	(2)	(3)	(4)	(5)
1	Officers of State Government	3	3	00
2	Centralised services	213	137	76 (36)
3	Non-centralised services	731	681	50 (07)
Total		947	821	-

(Source: Information provided by GDA)

There are 24 posts under centralised services in which nine posts are related to engineering cadre. Out of these nine engineering posts, shortfalls ranging between 28 to 100 *per cent* in seven posts were noticed as of March 31, 2022, as mentioned in **Table 7.4**.

Table 7.4: Human resources under engineering posts as on 31 March 2022

Sl. No.	Name of posts	Sanctioned strength	Person-in-position	Shortage in Person-in-position (per cent)
(1)	(2)	(3)	(4)	(5)
1	Chief Engineer (Electrical)	1	0	1 (100)
2	Executive Engineers (Civil)	8	5	3 (38)
3.	Executive Engineers (Electrical)	2	1	1 (50)
4	Assistant Engineer (Civil)	32	23	9 (28)
5	Assistant Engineer (Electrical)	6	3	3 (50)
6	Junior Engineer (Civil)	115	82	33 (29)
7	Junior Engineer (Electrical)	21	2	19 (90)

(Source: Information provided by GDA)

Audit observed that GDA requested (May 2018 and September 2019) the State Government to fill the vacancy for the smooth execution and timely completion of GDA's projects. However, substantial shortage remained in the engineering cadre as of March 2022.

The State Government in reply (March 2024) stated that posting of centralized service was to be done at the Government level and posting of non-centralized service was to be done at GDA level. In respect of posts of engineering cadre under centralized services, posts were lying vacant due to retirement/transfer of personnel. However, GDA had requested the government for posting from time to time as per requirement. Further, due to retirement of the personnel of non- centralized service and restriction by government on appointment, the posts were lying vacant.

Facts remains that there was shortage in centralized as well as non-centralized cadre despite efforts made by GDA.

7.4.1.2 Training

Training is a continuous process for improvement of the skills of manpower of an organization. Training assumes greater significance in the present scenario of increasing competition from private sector.

Audit observed that GDA did not prepare any plan during 2017-22 for imparting training as per job profile of the staff and officers. Since development work is an important function of GDA in which human resource of engineering cadre were posted, therefore, training to upgrade the skill of the engineering cadre was important. However, only computer-based training (operation of MIS portal and Dev Auth) was provided to GDA staff. Thus, GDA did not emphasise on skill development of its officers and staff.

The State Government in reply (March 2024) stated that GDA personnel are imparted training from time to time in the training institutes run by the State Government for which instructions are issued by the government, *viz.*, human resources portal, computerization, BLO (NIC), etc.

The reply was not tenable, because GDA did not prepare any plan to impart training to its engineering and other personnel on regular basis.

7.4.1.3 New pension scheme not implemented

The centralised as well as non-centralised employees of GDA are entitled to retirement benefits (pension, gratuity and commutation, etc.) as per provisions of the Uttar Pradesh Development Authority Retirement Benefits *Niyamawali* 2011 w.e.f 11 November 2011.

The New pension scheme (NPS) as admissible to the State Government employees appointed on or after 01 April 2005 shall also be applicable to the employees of centralised and non-centralised services who are appointed on or after 01 April 2005.

According to the scheme, Head of the departments/offices/cadre controlling authorities was to obtain an index number for the related employee within one month, in which 10 *per cent* of salary⁴ of the employees and matching contribution (or as decided by GoUP) of employer was to be deposited.

Audit observed that 117 employees were recruited on or after 01 April 2005 in GDA under non-centralised service (supervisor, junior clerk, peon, etc.), which were to be covered under new pension scheme. As per scheme, index number was to be obtained by GDA and necessary action was required to get contribution of the employees and providing matching contribution by GDA. Audit further observed that GDA neither ensured to obtain index number nor it provided matching share with the contribution from the employees. Thus, NPS had not been implemented in GDA.

The State Government in its reply (March 2024) stated that the relevant mandate for deduction of NPS of personnel appointed after 01 March 2005, has been received in GDA in the year 2019. Subsequently, required information was sought for from the employees covered under the scheme, which was still awaited at their end. Therefore, appropriate action would be taken after receipt of information from the beneficiaries.

⁴ Basic Pay+ Dearness allowance.

Fact remains that GDA did not extend benefits of the NPS to its employees appointed on or after 01 April 2005. Consequently, the employees and their families were not covered with social security measures.

To sum up, monitoring of the activities of GDA was weak, as its activities were not properly documented and reported through the prescribed MIS. Meetings of the Board of GDA were also not held as per the prescribed norms. GDA did not institute prescribed mechanism to take remedial measures on the issues raised by Internal Audit. Furthermore, GDA faced shortage of manpower, particularly in the engineering cadre.

Recommendation 15: *The State Government should ensure effective monitoring through prescribed Management Information System to identify delay and deviation from norms. Board meetings of Ghaziabad Development Authority should be as per prescribed periodicity and procedures.*

Recommendation 16: *The State Government should ensure constitution of the Audit Committee as envisaged in Uttar Pradesh Development Authorities Finance and Accounts Manual, 2004 to ensure effective internal control over the functioning of Ghaziabad Development Authority.*

Recommendation 17: *The State Government should ensure deployment of adequate human resource for smooth working of Ghaziabad Development Authority.*



(RAJ KUMAR)

Principal Accountant General (Audit-I)
Uttar Pradesh

PRAYAGRAJ
THE

12 JAN 2026

COUNTERSIGNED



(K. SANJAY MURTHY)

Comptroller and Auditor General of India

NEW DELHI
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15 JAN 2026

