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GOVERNMENT OF KERALA

Abstract

PUBLIC SERVICE—ADMINISTRATIVE REFORMS—THIRTEENTH REPORT OF THE KERALA ADMINISTRATIVE REFORMS COMMITTEE ON  
DECENTRALISATION INITIATIVES IN KERALA—INSTITUTIONALISATION ISSUES—APPROVED—ORDERS ISSUED

PERSONNEL AND ADMINISTRATIVE REFORMS (AR) DEPARTMENT

G.O. (Ms.) No. 35/03/P&ARD.

Dated, Thiruvananthapuram, 5th December, 2003.

Read:—G.O. (Ms.) No. 7/97/P&ARD dated 26-5-1997.

ORDER

In the Government Order read above, the Kerala Administrative Reforms Committee was constituted to recommend measures to simplify and streamline the present system of administration in the State. The Kerala Administrative Reforms Committee has submitted its thirteenth report on 'Decentralisation initiatives in Kerala--Institutionalisation issues'.

Government have examined the report of the Kerala Administrative Reforms Committee in detail and are pleased to approve the recommendations contained in the thirteenth report of the KARC as modified below:—

Ref. to Para No.	Recommendations of the KARC	Government Decision on the Recommendations.
(1)	(2)	(3)
3.2.1	<p>1. The existing Financial Management system has to be revamped and restructured thoroughly. This is the opportunity for bringing in the state-of-the-art practice in local Government financial management with reference to budgeting, accounting and auditing. It is understood that the State Finance Commission has commissioned a study by the Institute of Public Auditors of India to prepare detailed Budget Account and Audit Manuals for local Governments. It is suggested that the best practices within and outside the country should be built into the system and the revamped system operationalised within one year, after a pilot phase of about six months in selected local Governments. This has to be accompanied by a rigorous process of capacity building.</p> <p>2. In consonance with the recommendations of the Committee on Decentralisation of Powers, it is suggested that an independent Audit Commission be set up for conducting the audit of local Governments. To start with, the existing auditors from the Local Fund Audit Department may be absorbed by the Audit Commission. Later on a professional cadre can be built up. The Audit Commission should also be able to outsource some of its work to non-government auditors. The Audit Commission should be autonomous and should report to the Legislature annually. The Commission should be free to advise Government on the financial management aspects of local Governments. They should be able to carry out performance audit and efficiency audit. It is suggested that the Audit Commission could be a three-member body led by an officer of the rank of Accountant General with a Chartered Accountant and an officer not below the rank of Joint Secretary—both selected through a competitive process. The tenure of the Members of the Audit Commission could be for five years or in the case of Government servants till they retire whichever is earlier.</p>	<p>Accepted.</p> <p>The setting up of an Audit Commission is accepted. The expenses of the commission should be fully met from the audit fees and not from Government funds. It may not be necessary to include a Chartered Accountant in the Committee. The staff of the audit commission may be drawn from Government Departments and they may be given suitable training for skill upgradation and to equip them for their assignment.</p> <p>On creation of the audit commission all existing audit structures for LSGs will become part of the audit commission.</p>

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3. As regards Office Management and Procurement it is suggested that internal committees may be set up by the Department of Local Self Government and Department of Finance respectively. These Committees could with the full involvement of selected representatives of local Governments and other stakeholders, come out with draft Office Manual as well as Stores Purchase Manual. Comments of local Governments can be sought. Later the draft manual be vetted by national level experts and the document accepted by Government for use in local Governments. Accepted.

4. Similarly for the Citizen's Charters, the Local Self Government Department may take the lead in setting up drafting committees for each level of local Government and for each major type of service. These committees could be exposed to the principles of Citizen's Charter by experts from within and outside the State. The draft charters could also be examined by these experts and finalized and sent to local Governments as models for adaptation. Accepted.

5. For bringing about people-friendly administration the following recommendations are made: Accepted.

(a) A booklet on Citizen entitlement vis-a-vis local Governments may be prepared and made available to every family. This booklet should explain in simple language the basic rights and duties of the citizen in relation to local Government matters and clearly spell out the various kinds of "due process" to be followed by local Governments in the exercise of their development as well as regulatory powers. A similar document may be prepared on Councillor entitlements for use of the elected representatives of local Governments.

(b) The Kerala Panchayat Raj and the Kerala Municipality Act, 1994 provide for a Code of Conduct. Government may call for suggestions from various employees' organizations, local Governments, non-government organizations and experts in public administration. Drawing on the suggestions, a draft Code may be prepared which can be finalised after getting the opinion of selected experts. This can be done in about six months.

6. In order to improve the planning quality, the following suggestions are made: Accepted.

(a) An Action Research Project may be launched through NGOs, Local Governments themselves and Government officials to improve the participatory Planning process at the Grama Sabha and Ward Sabha level so that there is enough discussion based on collated available data, followed by objective prioritisation based on socially acceptable criteria of preference and need. The results of Action Research can be incorporated into the planning methodology.

(b) As regards dropping of redundant state schemes, integration of plans, linkage with credit plans and planning for economic development, the State Planning Board may be asked to set up separate Task Forces for each of these issues. These Task Forces may study the best practices within the State as well as interact with experts and offer suggestions. In the case of linkage with credit plans, it is necessary that the Task Force includes Bankers and the suggestions are got approved by the Reserve Bank of India.

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7. The Government may set up Sectoral Committees to further define the functional domain. These Committees should consist of departmental experts, representatives of Local Self Government and Planning Departments and selected representatives of local governments. These Committees should analyse the experience of the past five and a half years and arrive at conclusions based on the revealed strengths and weaknesses in performing various functions.

Accepted.

8. For enhancing the quality of participation the Action Research Programme suggested earlier would suffice. It can specially address the question of increasing participation in Grama Sabhas and Ward Sabhas to make it fully representative.

Accepted.

9. In association with NGOs involved in construction like COSTFORD and Habitat Technology Group, Research Institutions like NATPAC, Central Building Research Institute, Roorkee and Central Road Research Institute, New Delhi, as well as selected experts from Engineering Departments, the Public Works Manual may be re-written completely for the use of local governments. The revised manual should aim at simplicity, transparency, accountability and efficiency. The methods of estimating, technical approval, measurement and payment need to be attuned to community contracting.

Accepted.

10. For giving of technical sanction, KARC endorses the recommendation of the Committee on Decentralization of powers. The relevant portions are extracted below:

Accepted with the change below. In view of the delays caused in LSG works due to meetings of technical sanction committees not being held properly, the procedures for the committees for issuing technical sanction, in LSGs may be revised as follows:—

*"The Committee strongly believes that the professional staff as recommended in this report would be transferred to the various tiers of local government in their full complement. In such a context Expert Committees in the present form would need to be re-structured and modified versions for different functions would have to be provided for, with the objective of pooling various kinds of expertise available in the district. But it should be cautioned that any change in the present system should be attempted only after implementing the transfer proposals in full and would require a transition period.*

*After the full re-deployment is achieved, expert services from Government and Non-government sources would still need to be channeled for which the following manner is suggested.*

(1) *For various subjects and sectors of development, district-wise panels of experts should be drawn up by the District Collectors based on clear government guidelines regarding qualifications, experience etc. This would include engineering subjects like public works, irrigation and water supply. The panel would be prepared from among the following categories of experts.*

- (i) *Ex-officio members from various categories drawn from the Government and the Public Sector.*
- (ii) *Professionals from Government Educational and Research Institutions.*
- (iii) *Professionals from Non-Government Educational and Research Institutions.*
- (iv) *Other professionals from among retired government servants, activists of non-government organization and employees in the private sector and qualified individuals.*

- (a) Notice for each sitting of these committees should be served seven days in advance.
- (b) Members may not absent themselves more than once from the meeting.
- (c) If for the second sitting, any member is absent or fails to communicate his or her view to the Committee, then the committee shall without regard to the prescribed minimum for quorum, take the decision on the matter.
- (d) In such cases the liability of the decision shall be on all the members, who have participated as well as those who have absented without expressing their views on the item circulated for decision.

(1)	(2)	(3)
<p>In the case of categories (i) and (ii) membership of expert panels should be made compulsory through a government directive; from among categories (iii) and (iv), membership of panels should be based on willingness and clear eligibility criteria relating to professional qualification and experience. There should also be exclusion criteria relating to disciplinary action in the case of government and public sector officials (both serving and retired), relationship with those having any pecuniary interest or contractual role vis-à-vis the local governments etc.</p>	As above.	
<p>(2) From the above panel the District planning Committee if it so decides may constitute Subject Advisory Committees in accordance with general guidelines to be issued by the Government, to advise it on laying down guidelines for district plan preparation, on plan integration and on vetting of projects of local governments other than the District Panchayats and Corporations, before formal clearance, to ensure that they are in keeping with Government guidelines on subsidy, technical standards etc.</p>	As above.	
<p>(3) The local governments may constitute Functional Committees as per rules for which they may draw experts from different sectors from the district panel, to help its technical officer prepare projects.</p>	As above.	
<p>(4) For non-engineering projects which are not in the nature of works, no formal technical sanction need be insisted on. It is the duty of the technical officer/body preparing the project to ensure that accepted technical standards are followed. Functional Committees have an important role in this. Once administrative sanction is given by the local government, the project can be implemented.</p>	As above.	
<p>(5) It is recommended that for the purpose of issue of technical sanction for engineering projects relating to various sectors like roads, bridges, buildings, irrigation, water supply etc. Technical Committees have to be constituted by each local government for each technical sector—water supply, irrigation, bridges, roads and buildings, low cost construction etc. The rationale behind this recommendation is given below:</p>	As above.	
<ul style="list-style-type: none"> <li>(i) Technical Committees would take the TS giving process out of a technical hierarchy and debureaucratise the process.</li> <li>(ii) They would be faster than the traditional system.</li> <li>(iii) They facilitate collective decision-making based on cumulative expertise and experience of the group.</li> <li>(iv) They serve to harness expertise outside the Government.</li> <li>(v) Their mode of functioning would be more transparent than the earlier system.</li> <li>(vi) The cost of their services would be relatively cheap.</li> </ul>		
<p>(6) For the constitution of the Technical Committee which would be empowered to accord technical sanction based on the TS giving powers of the senior-most engineer, the local governments may pick up five members from the panel prepared of whom atleast two should preferably be from educational/research institution or from the non-government volunteers. The convener of this Committee would be the senior-most engineer of the local government in that discipline.</p>	As above.	

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(7) For the issue of technical sanction certain other conditions may be prescribed. As above

- (i) The process of giving technical sanction should be demystified. TS should be given within a time limit strictly on first-come-first served basis. Powers of the Technical Committee should be clearly laid down.
- (ii) There should be an independent appellate group for each district to be constituted by the Government to sort out things when there is a dispute between the local government and the technical committee.
- (iii) Non-government engineers should bind themselves to professional standards and personal responsibilities for items of work being done by them.
- (iv) In addition to Technical Committees, expert institutions may be identified for giving Technical Sanction.

(8) Institutions like ITIs, Poly technics, Engineering Colleges should be involved in the design and technical approval process. Government may also nominate expert institutions both within and outside the State who could be approached for getting certain types of complicated designs prepared on payment of a prescribed fee. Likewise, for certain categories of works to be specified by Government, consultancy provisions may be allowed. In order to speed up execution of works, the Engineering Procurement Construction Management (EPCM) system of contracting which basically means turnkey works contract may be allowed for specified kinds of works. Similarly, standard engineering designs may be prepared for common types of public works like buildings, culverts, side protection works etc. and circulated among the local governments. As above

The committee feels that these measures would strengthen the technical capability of local governments considerably

11. For revenue mobilization institutions like the Center for Taxation Studies could be commissioned to conduct real life studies of revenue assessment of selected local governments. The assessment procedures and methodology could then be made applicable to all local governments. Accepted.

12. It is recommended that elaborate Management Manuals on the lines of the Election Manual may be prepared by Expert teams constituted locally for the following institutions. Accepted.

- (1) Different types of Hospitals.
- (2) Different types of Veterinary Institutions.
- (3) Primary Schools and High Schools.
- (4) Hostels.
- (5) Farms.

The manual should consist of two parts. The first part should contain all points, which need to be compulsorily followed, and the second part should be more suggestive and advisory in nature. The first part would consolidate all statutory and non-statutory instructions for running of institutions and the second part would bring together the best management ideas for running of those institutions. The draft manuals could be subject to the comments of national level experts before finalization.

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13. In order to integrate various departments with local governments at that level the following course of action is suggested.

- (a) After analyzing the various elements of the level of control by the local governments and mutual relationship, each department should issue detailed orders covering these aspects.
- (b) Joint training programmes should be arranged for departmental officials and elected representatives.
- (c) Since local governments are partners of the state government in the development process, their investment and performance in various sectors are relevant to state level planning. Hence it should be made compulsory for departments to monitor local government schemes in the sectors looked after by them. A reporting system by the department to the Local Self Government Department and the Planning Department needs to be prescribed.
- (d) The State sponsored schemes in areas delegated to the local governments should be stopped forthwith. Such schemes could be identified jointly by the Planning and Local Self Government Departments in consultation with the implementing department.
- (e) The role of the transferred officers in the planning process should be reclarified. They should compulsorily produce the draft document for discussion and decision at the local government level regarding schemes related to the sector. These officers should fully involve themselves in the concerned Standing Committees.
- (f) Government should issue clear executive orders explaining the role of the transferred officers as ex-officio Secretary of the local government.
- (g) The office system should be defined in such a way that all files originate in the office of the transferred officer and move on to the headquarters office of the local government only for recording of the resolution. Thus the work would be shared by all the transferred officers.

Accepted.

14. It is necessary to think of strengthening the co-ordination mechanism in local governments especially the Village Panchayats and Municipalities. A nodal officer capable of following-up on the decisions of local governments would be required, acting as a kind of Chief executive. At the same time dangers of bureaucratization, or additional expenditure by way of net addition to staff have to be avoided.

Accepted.

15. The Development Authorities in the five Corporations and in Idukki may be wound up and in their place virtual organizations consisting of local governments may be set up for the purpose of integrated area development planning and taking up joint schemes benefiting a group of local governments.

Under examination.

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16. As regards strengthening of institutions, the KARC recommendations are:

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|---|---|
| <p>(a) An expert evaluation may be made of the functioning of Ombudsman and necessary changes brought about .</p>   | <p>An expert study may be done to suggest simplification of procedures used in the conduct of cases before the Ombudsman. The intention would be to create the body of procedures that is not perceived to be as formal as general judicial procedures but will facilitate closer and easier interaction between the institution and the people who come forward with grievances.</p> |
| <p>(b) At least four regional Appellate Tribunals may be set up immediately to deal with appeals against local government decisions.</p>  | <p>Three instead of four Appellate Tribunals may be setup.</p>  |
| <p>(c) Rules of business may be drafted for SDC functioning with special reference to preparing the agenda, attendance, mode of discussions and decision making follow-up action etc.</p> | <p>Accepted.</p>  |

KARC is of the opinion that these institutionalization issues need to be tackled by government urgently so that the local government system stabilizes and becomes sustainable developmentally and democratically.

The Administrative Department of the Secretariat and the Heads of Departments concerned will issue necessary orders for implementing the recommendations approved herein.

By order of the Governor,  
DR. K. M. ABRAHAM.  
*Secretary to Government.*

To

The Principal Secretaries/Secretaries/Special Secretaries to government.  
All Departments of Secretariat including Law and Finance.  
All District Collectors and all Heads of Departments.  
The Director of Public Relations.  
The Accountant General (A&E) Kerala, Thiruvananthapuram.  
The Principal Accountant General (Audit) Kerala, Thiruvananthapuram.  
The Private Secretary to Chief Minister/other Ministers/Leader of opposition  
The Additional Secretary to Chief Secretary.  
The General Administration (SC) Department.  
(vide item No. 14448/AR12/02/P&ARD dated 3-12-2003)