

KARNATAKA LOKAYUKTA

No.COMPT/UPLOK/BCD/111/2020 /ARLO-1 Multi Storied Buildings,
Dr.B.R.Ambedkar Veedhi,
Bengaluru 560 001.

Dated: 10/06/2020

**REPORT UNDER SECTION 12(3) OF THE KARNATAKA
LOKAYUKTA ACT, 1984**

Sub:- Proceedings against;

- (1) Sri Shashikiran, the then Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District – Presently working at Marasuru Grama Panchayath, Bengaluru South Taluk, Bengaluru Urban District.
- (2) Sri Subramanya, the then Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District – Presently working at Handenahalli Grama Panchayath, Anekal Taluk, Bengaluru Urban District
- (3) Sri Sunil.L, the then I/c Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District – Presently working at Gulbarga District.
- (4) Sri D. Murali, the then Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District – Presently working at Huskur Grama Panchayath, Anekal Taluk, Bengaluru Urban District.
- (5) Sri Basavaraj Gorebal, the then Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District – Presently working at Karpura Gram Panchayath, Anekal Taluk, Bengaluru Urban District.
- (6) Sri Nomesk Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal –

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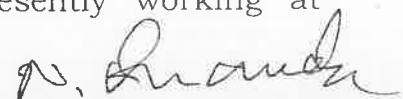
Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur.

- (7) Sri T.K. Ramesh, the then Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal – Presently working as Deputy Secretary, Zilla Panchayath, Tumakuru
- (8) Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal.

On the basis of source information that there is mismanagement in the maintenance of accounts and submission of periodical expenditure statements by Shanthipura Grama Panchayath of Anekal Taluk and also submission of audit reports, a Suo-motu investigation was taken up.

2) On 27/12/2019, Upalokayukta-1 visited the office of the Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal. The Accounts officer and the Manager of Taluk Panchayath, Anekal were directed to produce the periodical returns of expenditure in relation to each of the Panchayaths within the limits of Taluk Panchayath, Anekal. The details of expenditure was not furnished by the Panchayaths. Further, at the time of spot inspection by Upalokayukta-1 to the office of the Executive Officer, Taluk Panchayath, Anekal, the audit reports for the years i.e., 2016-17, 2017-18 and 2018-19 of Shanthipura Gram Panchayath were not produced. Therefore, the above suo-motu complaint was registered against the following respondents for conducting further investigation into the matter.

- (1) Sri Shashikiran, the then Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 01/01/2016 to 19/07/2016) – Presently working at



Marasuru Grama Panchayath, Bengaluru South Taluk,
Bengaluru Urban District.

- (2) Sri Subramanya, the then Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 20/07/2016 to 28/02/2018) – Presently working at Handenahalli Grama Panchayath, Anekal Taluk, Bengaluru Urban District
- (3) Sri Sunil.L, the then I/c Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 01/03/2018 to 12/08/2018) – Presently working at Gulbarga District.
- (4) Sri D. Murali, the then Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 13/08/2018 to 24/07/2019) – Presently working at Huskur Grama Panchayath, Anekal Taluk, Bengaluru Urban District.
- (5) Sri Basavaraj Gorebal, the then Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 25/07/2019 to 11/11/2019) – Presently working at Karpura Gram Panchayath, Anekal Taluk, Bengaluru Urban District.
- (6) Sri Nomesh Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (for the period from 1/1/2016 to 18/5/2017) – Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur.
- (7) Sri T.K. Ramesh, the then Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (for the period from 19/5/2017 to 19/7/2019) – Presently working as Deputy Secretary, Zilla Panchayath, Tumakuru
- (8) Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).



3) The above respondents have submitted comments to the observation note. Respondent 1, 2, 3, 4 and 5 have stated that the present Panchayath Development Officer i.e., Smt. K. Vaishnavi has submitted the copies of budget estimates and also audit report of Shanthipura Grama Panchayath to this office. Smt. K. Vaishnavi, present Panchayath Development Officer of Shanthipura Grama Panchayath has submitted letter dated 11/2/2020, that the concerned Panchayath Development Officers have prepared the budget for the year 2016-17 to 2019-20 and obtained the approval of the Executive Officer of Taluk Panchayath. Further, she has stated that the audit of the Shanthipura Gram Panchayath was conducted for the years 2016-17 to 2018-19 and copies of the same are enclosed.

4) The Respondent No.6 has submitted comments dated 27/2/2020 stating that during their tenure the Shanthipura Grama Panchayath had submitted the audit report for the year 2016-17 and Budget for the year 2017-18. He had constituted an adhoc committee and the meeting of the committee was held. He had issued oral instructions regarding the subject matter stated in the audit report. The respondent No.7 has submitted comments dated 27/2/2020 stating that during their tenure the Shanthipura Grama Panchayath had submitted the audit report for the year 2017-18 & 2018-19 and Budget for the year 2018-19 and 2019-20. He had constituted an adhoc committee and the meeting of the committee was held. He had issued oral instructions regarding the subject matter stated in the audit report. Respondent No.8 has submitted comments dated 12/2/2020 stating that he had instructed the Panchayath Development Officer of Shanthipura

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Grama Panchayath to submit the Expenditure statements and audit reports for the years 2016-17 to 2018-19.

5) The Budget estimates of the above Grama Panchayath for the years 2016-17, 2017-18 and 2018-19 and the copies of the Audit reports for the years 2016-17, 2017-18 and 2018-19 of the Shanthipura Grama Panchayath produced by Smt. K. Vaishnavi, present Panchayath Development Officer, Shanthipura Gram Panchayath are perused.

BUDGET PROVISIONS

6) As per the Budget estimates for the years 2016-17, 2017-18 and 2018-19, the following income & Expenditure were estimated for the Shanthipura Grama Panchayath.

REVENUE INCOME

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening Revenue balance	27,83,180	38,12,316	12,72,036	34,35,553
2	Rates and Taxes	1,52,22,800	95,37,048	1,08,74,493	1,42,88,060
3	Revenue from the Panchayath Properties	1,35,000	3,30,563	1,50,000	7,50,153
4	Revenue from Grama Panchayath Authorities	10,80,500	28,99,599	51,25,211	51,70,984
5	Grants, Donation, Subscriptions	0	23,00,000	19,30,000	19,15,502
6	Other Incomes	0	-	-	-
	Total Revenue Income	1,92,21,480	1,88,79,525	1,93,51,741	2,55,60,250

REVENUE EXPENDITURE

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	General Administration				
	i) Grama Panchayath (Elected Body)	6,88,200	5,16,332	8,30,670	15,84,856
	ii) Office	31,03,400	23,68,465	14,89,259	18,38,776
2	Development Expenditure				
	1) Drinking Water	16,50,000	32,68,916	37,54,549	52,32,054
	2) Rural	27,65,000	2,43,978	21,80,539	7,77,980

	Sanitation				
3)	General Health & Family Welfare	1,10,000	46,400	91,600	60,500
4)	Roads, Bridges & other connecting medias	21,50,000	89,447	1,50,000	16,65,916
5)	Buildings	11,00,000	55,000	1,22,073	53,964
6)	Electrification and Electricity supply	13,50,000	19,33,513	28,54,306	15,91,001
7)	Unconventional energy source development	60,000	-	-	-
8)	Social Services	19,53,929	5,28,378	9,39,940	26,90,167
9)	Motivation Services	1,65,000	20,000	20,000	30,000
	Total Expenditure	1,13,03,929	61,85,631	1,01,13,008	1,21,01,581
	Transfer from General fund	14,06,551	19,34,898	32,32,646	39,43,746
	Other Revenue Expenditure	24,85,000	-	-	-
	Total Revenue Expenditure	1,89,87,080	1,10,05,326	1,56,65,582	1,94,68,960
	Closing balance	2,34,400	78,74,199	36,86,158	60,91,291

CAPITAL INCOME

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	-	23,70,644	-	6,63,928
2	Grants, Subscription, donation.	16,15,000	-	-	-
3	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	1,65,80,000	43,51,581	1,29,70,967	1,27,25,985
	Total Capital Income	1,81,95,000	67,22,225	1,29,70,967	1,33,89,913

CAPITAL EXPENDITURE

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Development Expenditure				
	1) Drinking Water	0	9,55,598	5,00,000	8,86,161
	2) Rural sanitation	0	-	-	-

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	3) Roads, Bridges & other connecting medias	0	50,75,372	11,00,000	25,75,023
	4) Buildings	11,90,000	-	-	-
	5) Unconventional energy source development	3,00,000	-	-	-
	6) Social Services	-	-	-	1,32,000
	7) Motivation services	-	-	-	-
	Total Expenditure	14,90,000	60,30,969	16,00,000	35,93,184
2	Specific Project Expenditure				
	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	1,65,80,000	43,51,581	1,29,70,967	1,09,67,449
3	Procurement of properties	1,25,000	-	75,000	-
3	Repayment of loan	-	-	-	-
	Total Capital Expenditure	1,81,95,000	1,03,82,551	1,46,45,967	1,45,60,633
	Closing Balance	-	36,60,325	16,75,000	11,70,720

INCOME FROM DEPOSITS, ADVANCES & INVESTMENTS

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	0	1,30,450	1,30,450	-
2	Receipt	0	-	-	-
	Total Income	0	-	-	-
3	Expenditure	0	-	-	-
4	Closing Balance	0	1,30,450	1,30,450	-
	Total Final Balance of the Panchayath	2,34,400	43,44,324	21,41,608	49,20,571

7) Rule 12 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounting) Rules,2006 provides for manner of preparation of budget estimates. The following instructions were to be followed while preparation of budget estimates.

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"1. Statement II (Estimate of receipts) shall be prepared by the Secretary on the basis of information available in Form IA to IC, which shall be based on the basic details from the relevant records.

2. Similarly the Secretary shall prepare Statement II (Estimate of Expenditure) by taking out details from ID to IG which shall be based on the basic details from the relevant records.

3. After Statement II and III are ready, the gross figures classified under the respective main heads of accounts of these statements are taken to the respective heads of account in Statement I which shall form the abstract figure in the annual budget of the Grama Panchayath.

4. Secretary shall ensure that the following guidelines shall be kept in view, while preparing the budget.

(i) Budget estimate shall be for what is expected to be received or paid during the year and not for demands or liabilities likely fall due within the year.

(ii) All existing liabilities, which cannot be liquidated before the commencement of the year for which the budget is being prepared shall be ascertained and provided for.

(iii) Allow for the balance at the end of the year of not less than such sum or percentage of income as may from time to time be fixed by the Government.

8) In the Audit Reports of the above Shanthipura Grama Panchayath for the years 2016-17, 2017-18 and 2018-19, it is observed that the above Budget estimates were not prepared in accordance with Rule12 of the Karnataka Panchayath Raj (Grama

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Panchayath, Budgeting and Accounts) Rules, 2006. Provision for repayment of opening liabilities was not made in the budget as mandated under Rule 12(4)(ii) of the above Rules.

9) As per Rule 15 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006, a Budget Control Register in Form No.2 shall have to be maintained to keep a watch on expenditure to ensure that expenditure incurred under various heads of accounts are within the allocation provided in the budget. Such a Register had not been maintained by Shanthipura Grama Panchayath.

10) The Respondent No.1 Sri Shashikiran, was working as Panchayath Development Officer of Shanthipura Grama Panchayath from 01/01/2016 to 19/07/2016; Respondent No.2 Sri Subramanya was working as Panchayath Development Officer of Shanthipura Grama Panchayath from 20/07/2016 to 28/02/2018; Respondent No.3 Sri L. Sunil was working as Panchayath Development Officer of Shanthipura Grama Panchayath from 01/03/2018 to 12/08/2018; Respondent No.4 Sri Murali.D was working as Panchayath Development Officer of Shanthipura Grama Panchayath from 13/08/2018 to 24/07/2019 and Respondent No.5 Sri Basavaraj Gorebal was working as Panchayath Development Officer of Shanthipura Grama Panchayath from 25/07/2019 to 11/11/2019. The above five Panchayath Development Officers have prepared and submitted the Budget estimates stated above and are responsible for the aforesaid irregularities in the preparation of budget of the relevant years. It is seen from copies of Budget estimates that

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Respondent No.6 Sri N. Nomesesh Kumar, the then Executive Officer of Taluk Panchayath had approved the budget estimates for the years 2016-17 and 2017-18; Respondent No.7 Sri T.K. Ramesh, the then Executive Officer had approved the budget estimates for the years 2018-19 and 2019-20. These Executive Officers without noticing the above irregularities in the preparation of budget have approved the same and thereby they are also responsible for the above irregularities.

**SUBMISSION OF MONTHLY, HALF YEARLY
AND YEARLY ACCOUNTS**

11) Regarding expenditure of the Panchayath, as per Rule 108 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006 the Secretary of the Grama Panchayath shall prepare monthly receipt and payment statement in Form 53, and Monthly Trial Balance in Form 54 and place it for review by the Grama Panchayath. The approved accounts shall be sent to the Chief Accounts Officer of the Zilla Panchayath and Assistant Controller, Local Audit Circle by 20th of the subsequent month. Similarly, half yearly accounts shall have to be prepared in Form 53 and Trial Balance in Form No.54. In relation to the above Shanthipura Grama Panchayath, no such monthly statement was prepared and submitted to the Authorities stated above. The above Panchayath had also not prepared the annual accounts in terms of Rule 109 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. The audit reports for the years 2016-17, 2017-18 and 2018-19 at paragraph 15 & 16 states that monthly expenditure statements, half yearly statements and yearly statements as per Rule 108 and 109 of the

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Karnataka Panchayath Raj (Grama Panchayath Budgeting & Accounts) Rules, 2006 were not submitted by the Shanthipura Grama Panchayath. Therefore, the Respondents 1, 2, 3, 4 and 5 who were the Panchayath Development Officers are responsible for the same. The Respondents No. 6, 7 and 8 being Taluk Executive Officers of Taluk Panchayath, Anekal had not supervised the administration and accounts of the Panchayath and are also responsible for the above lapse.

NON-MAINTENANCE OF REGISTERS/RECORDS IN THE PANCHAYATH

12) The Grama Panchayath, Shanthipura had not maintained the Grants Register as per Rule 99 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. This Register is a prominent register, which shows the opening balance, grants received and closing balance.

13) The Grama Panchayath, Shanthipura had not maintained the following registers.

Sl. No.	Name of Register	Rule of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006
1	Investment Register	Rule 95 (Form No.41)
2	Loan Register	Rule 96 (Form No. 42)
3	Advances Register	Rule 98 (Form No.44)
4	Deposit Register	Rule 100 (Form No.47)
5	Issuance of Licence and collection register	Rule 35 (Form No.16)

14) During the year 2016-17, 2017-18, 2018-19, there was no transaction of Investment, Loan, Advance and Deposits in Shanthipura Gram Panchayath.

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**GRANTS MEANT FOR SCHEDULED CASTE AND SCHEDULED
TRIBE & PHYSICALLY CHALLENGED NOT PROPERLY
UTILISED FOR THE WELFARE OF ABOVE PERSONS**

15) During the year 2016-17, the Shanthipura Grama Panchayath has spent a sum of Rs.11,93,156/- towards welfare of Schedule Caste and Scheduled Tribes under 25% scheme. During the year 2016-17, there was opening balance of Rs.32,65,923/- and a sum of Rs. 10,71,952/- is shown to have reserved for the year 2016-17 for the welfare of SC/ST under 25% grant scheme. Out of the above amount, a sum of Rs.11,93,156/- was spent showing the balance of Rs.31,44,719/- as on 31/03/2017. In relation to the amount towards the welfare of physically challenged persons (3%) the opening balance is shown as Rs.2,62,613/- No amount is reserved for the year 2016 17 towards the welfare of physically challenged persons (3%). No amount is spent towards the welfare of physically challenged persons showing the balance of Rs.2,62,613/- as on 31/03/2017 was not spent during the year as per rules. Respondent No.1 Shashikiran and Respondent No.2 Sri Subramanya is responsible for not utilising the full amount under 25% SC/ST welfare and for welfare of physically challenged persons during the year 2016-17.

16) During the year 2017-18, the Shanthipura Grama Panchayath has spent a sum of Rs.12,95,701/- towards welfare of Schedule Caste and Scheduled Tribes under 25% scheme. During the year 2017-18, there was opening balance of Rs.31,44,719/- and a sum of Rs.11,05,949/- is shown to have reserved for the year 2017-18, total amounting to Rs.42,50,668/- for the welfare of SC/ST under 25% grant scheme. Out of the above amount, a sum of Rs.12,95,701/- was spent showing the balance as Rs.29,54,967

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as on 31/03/2018. In relation to the amount towards the welfare of physically challenged persons (3%) there was opening balance of Rs.2,62,613/- and Rs. 4,08,714/- was reserved for the year 2017-18. It is shown that Rs.4,88,862/- was spent towards the welfare of physically challenged persons showing the balance of Rs.1,82,465/- as on 31/03/2018 was not spent during the year as per rules. Respondent No.2 Sri Subramanya and Respondent No.3 Sri L. Sunil are responsible for not utilising the full amount under 25% SC/ST welfare and for welfare of physically challenged persons during the year 2017-18.

17) During the year 2018-19, the Shanthipura Grama Panchayath has spent a sum of Rs.41,92,784/- towards welfare of Schedule Caste and Scheduled Tribes under 25% scheme. During the year 2018-19, the opening balance is shown as Rs.29,54,967/- and a sum of Rs.39,67,289/- is shown to have reserved for the year 2018-19 for the welfare of SC/ST under 25% grant scheme. Out of the above amount, a sum of Rs.41,92,784/- was spent showing the balance of Rs.27,29,472/- as on 31/03/2019. In relation to the amount towards the welfare of physically challenged persons (3%) there was opening balance of Rs.1,82,465/- and Rs. 4,12,801/- was reserved for the year. The amount spent towards the welfare of physically challenged persons for the year 2018-19 is 5,37,748/- showing the balance of Rs.57,518/- as on 31/03/2019 was not spent during the year as per rules. Respondent No.3 Sri L. Sunil and Respondent No.4 Sri Murali.D are responsible for not utilising the full amount under 25% SC/ST welfare and for welfare of physically challenged persons during the year 2018-19.

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RECEIPT BOOKS

18) The Shanthipura Grama Panchayath had not maintained the register in Form No.5 (Rule 21) regarding the stock and issue of Receipt Books during the years 2016-17, 2017-18 and 2018-19. The details opening balance, receipt of receipt books during the year and the closing balance of receipt books are as follows:-

Sl. No	Details	2016-17	2017-18	2018-19
1	Opening Balance	01	01	16
2	Receipt of Receipt Books	19	45	20
3	Total	20	46	36
4	No. of receipt books utilised for the year	19	30	32
5	Balance of receipt books at the end of the year	01	16	04

The respondents 1, 2, 3 and 4 are responsible for not maintaining the Stock Register of Receipt Books for the years 2016-17, 2017-18 and 2018-19.

19) The Shanthipura Grama Panchayath has not maintained the Tax Assessment List as required under Section 199 of the Karnataka Grama Swaraj & Panchayath Raj Act, 1993. It had not maintained the Mutation Register in Form No.10 as per Rule 29 of the Karnataka Panchayath Raj (Budgeting and Accounts) Rules, 2006.

COLLECTION OF TAXES AND ITS REMITTANCE TO GOVT. ACCOUNT

20) The Shanthipura Grama Panchayath had not maintained the Demand Collection Book (DCB Register) as per Rule 30 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. The opening balance, demand during the

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year, collection during the years and the balance at the end of the year are as follows:-

2016-17

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	37,93,531	1,08,27,798	1,46,21,329	1,08,72,753	37,48,576
2	Water Tax	5,31,183	2,99,230	8,30,413	1,35,300	6,95,113
3	Licence	-	1,00,000	1,00,000	1,00,000	-
4	Taxation on lamp	4,36,045	8,08,830	12,44,875	38,495	12,06,380
	Total	47,60,759	1,20,35,858	1,67,96,617	1,11,46,548	56,50,069

2017-18

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	37,48,576	1,21,63,777	1,59,12,353	1,12,32,485	46,79,868
2	Water Tax	6,95,113	3,44,652	10,39,765	2,78,655	7,61,110
3	Licence	-	5,65,380	5,65,380	5,65,380	-
4	Taxation on lamp	12,06,380	4,25,800	16,32,080	3,14,268	13,17,912
6	Others	-	6,46,973	6,46,973	6,46,973	-
	Total	56,50,069	1,41,46,582	1,97,96,551	1,30,37,761	67,58,890

2018-19

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	46,79,868	2,68,96,066	3,15,75,934	2,00,53,907	1,15,22,027
2	Water Tax	7,61,110	8,09,971	15,71,081	3,81,998	11,89,083
3	Taxation on lamp	13,17,912	4,68,380	17,86,292	3,45,694	14,40,598
4	Licence	-	40,00,000	40,00,000	40,00,000	-
5	Others	-	6,74,319	6,74,319	6,74,319	-
	Total	67,58,890	3,28,48,736	3,96,07,626	2,54,55,918	1,41,51,708

21) As per the above statements, huge amount in a sum of Rs.1,41,51,708/- towards house tax and water tax was not collected by the Shanthipura GramaPanchayath, which had caused loss to the State Exchequer. The respondent No.1 Sri Shashikiran; Respondent No.2 Sri Subramanya; Respondent No.3 Sri L. Sunil and Respondent No.4 Sri Murali.D, Panchayath Development Officers are responsible for short collection of House Tax and Water Tax.

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22) In the audit reports for the years 2016-17, 2017-18 and 2018-19, it is observed that the Shanthipura Grama Panchayath had not revised the rates of tax for every 4 years, as per Rule 14 of the Karnataka Panchayath Raj (Tax) Rules, 1994.

23) As per Form-3 of Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006, General Receipts have not been incorporated. The Registers in relation to the Cheque/DD is not maintained and temporary receipts as per Form-3A were not issued. The information was not provided regarding the inclusion of all buildings and sites to which the tax had to be levied and collected. In relation to receipt of taxes by Cheque/DD, the amounts were directly credited to the Panchayath Fund without issuing the temporary receipts in Form No.3A. Further, the amount received was belatedly credited to the Panchayath fund, which amounts to temporary misappropriation of funds.

NON-REMITTANCE OF CESS/SURCHARGES

24) The details regarding the surcharge/cess to be levied on taxes and its collection, remittance and the balance are as follows:-

2016-17

Sl. No	Details of Cess	Current years demand	Panchayath tax @10%	Balance cess	Opening balance	Total to be paid	Paid during the year	Balance as on 31/03/2017
1.	Health cess	12,17,099	1,21,710	10,95,389	44,71,983	55,67,372	-	55,67,372
2.	Educational cess	8,11,399	81,140	7,30,259	29,47,925	36,78,184	-	36,78,184
3.	Library cess	4,86,840	48,684	4,38,156	17,23,852	21,62,008	-	21,62,008
4.	Beggars cess	2,43,420	24,342	2,19,078	5,89,661	8,08,739	-	8,08,739
	Total	27,58,758	2,75,876	24,82,882	97,33,421	1,22,16,303	-	1,22,16,303

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2017-18

Sl. No.	Details of Cess	Current years demand	Panchayath tax @10%	Balance cess	Opening balance	Total to be paid	Paid during the year	Balance as on 31/03/2018
1.	Health cess	12,57,367	1,25,736	11,31,631	55,67,372	66,99,003	-	66,99,003
2.	Educational cess	8,38,245	83,824	7,54,421	36,78,184	44,32,605	-	44,32,605
3.	Library cess	5,02,947	50,295	4,52,652	21,62,008	26,14,660	-	26,14,660
4.	Beggars cess	2,51,473	25,148	2,26,325	8,08,739	10,35,064	-	10,35,064
	Total	28,50,032	2,85,003	25,65,029	1,22,16,303	1,47,81,332	-	1,47,81,332

2018-19

Sl. No.	Details of Cess	Current years demand	Panchayath tax @10%	Balance cess	Opening balance	Total to be paid	Paid during the year	Balance as on 31/03/2019
1.	Health cess	22,44,840	2,24,484	20,20,356	66,99,003	87,19,359	9,81,618	77,37,741
2.	Educational cess	14,96,560	1,49,656	13,46,904	44,32,605	57,79,509	6,54,412	51,25,097
3.	Library cess	8,97,936	89,794	8,08,142	26,14,660	34,22,802	-	34,22,802
4.	Beggars cess	4,48,968	44,897	4,04,071	10,35,064	14,39,135	-	14,39,135
	Total	50,88,304	5,08,831	45,79,473	1,47,81,332	1,93,60,805	16,36,030	1,77,24,775

25) It is noticed during the audit that during the years 2016-17, 2017-18 and 2018-19, the Grama Panchayath had not credited the cess amount. At the close of the year 2018-19 the total cess amount to be credited to different heads of account of Government, as per the above statements was Rs.1,77,24,775/-. As per the Audit reports, the Shanthipura Grama Panchayath, instead of depositing the above Cess amount to the concerned heads of account of Government had utilised the same for other purposes, which is illegal and opposed to Rules. The Panchayath had also not explained as to for which purpose, the Cess amount was utilised. Non-remittance of above Cess amount in a sum of Rs.1,77,24,775/- as stated above, amounts to misdirection of funds and loss to the State Exchequer. The respondent Nos.1, 2, 3 and 4 are responsible for the same.

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NON-PRODUCTION OF MUTATION REGISTERS

26) The Grama Panchayath, Shanthipura had not maintained the files relating to change of Khatha, which were noted in the Tax Registers. Without maintenance of the files relating to transfer of khatas, it could not verified whether the transfer of khatas was on the basis of conversion of lands by the Deputy Commissioner or on the basis of PavathiVarsa or purchase. The Panchayath Development Officer is responsible for illegal transfer of khathas or creation of bogus khatas if any.

SHORT CREDITING OF AMOUNTS

27) As per the Audit for the year 2017-18, after examination of the receipts for the year 2017-18, there is a temporary misappropriation of Rs.16,955/-, the Gram Panchayath Secretary has not taken action as per Rule 25 and 26 of Karnataka PanchayathRaj (Budgeting and Accounts) Rules 2006. In such instance the Secretary had not informed the Competent Authority as per Rule 111 of Karnataka PanchayathRaj (Budgeting and Accounts) Rules 2006. This is negligence of duty, delayed attitude and failure to stop the loss by Respondent No.2 and 3, Panchayath Development Officers. Sri Basavaraju, Bill Collector has made short payment of Rs.16,955/- as per the Audit Inquiry letter No.04/2017-18. The short remittance of Rs.16,955/- has been recovered and the same has been credited to Syndicate Bank Panchayath Account dt. 23/04/2019.

REGARDING EXPENDITURE OF PANCHAYATHS

28) In relation to payment of expenditures the Grama Panchayath, Shanthipura Grama Panchayath had not obtained

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approval in relation to each payment. In relation to purchases and works, quality tests were not conducted, which had lead to misappropriation of funds.

29) In the audit reports of Shanthipura Panchayath, in relation to payment of bills, it is observed that;

(i) The provisions of Karnataka Transparency in Public Procurement Act were not followed in procurement of goods. The purchase rules as clarified in Govt. Circular No. RDP242 Ji.Pa.Sa 2000 dated 9/4/2001 and PWD 33 FC 111/2001 dated 23/3/2001, were not followed.

(ii) As per Govt. Order No. LD 300 LET 2006 dated 18/1/2007, 1% of the Development/Maintenance works shall have to be deducted towards Labour Cess and the same amount shall be remitted to the Chief Executive Officer, Buildings and other construction Labour Welfare Board, Karmik Bhavan, Bannerghatta Road, Bangalore. The Shanthipura Gram Panchayath had not followed the above instructions.

(iii) In relation to purchase of materials of water supply and electricity, (a) the quotations were not called for, for most of the purchases; (b) In many cases, after payment, the Bills were not cancelled and certified; (c) Certificate with regard to qualitative procurement of goods were not mentioned; (d) After payment, the bills were not converted as Vouchers and numbers were not given; (e) On some of the Bills, Bill Passing Orders were not noted; (f) on the obverse of the Bills, certificate with regard to the materials taken to stock register is not noted; (g) in relation to issuance of

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materials and balance date wise entries were not attested.

- (iv) In relation to repair of motor pumps, (a) estimates for repair were not prepared through Junior Engineer and for payment of repair bills, approval of estimates were not obtained; (b) the log book in respect of drilling of bore wells mentioning the details of bore wells drilled, depth of bore well, place of bore well, was not maintained. The details of installation of motor and its previous repairs, complaints regarding repair and other details are not mentioned in the Log Book; (c) the dead stock materials removed after repairs were not taken to stock and the same were not disposed of.

REGARDING SCHEMES OF GOVERNMENT

30) The details of grants available in the Shanthipura Grama Panchayath for implementation of various schemes, its utilization and balance available at the end of the year are as follows: -

2016-17

Sl. No.	Name of the Scheme	Opening balance	Grants for the year (including interest & others)	Total	Total expenditure during the year	Balance at the end of year
1	13 th Finance	5,49,883	42,188	5,92,071	5,92,071	-
2	14 th Finance	1,62,988	56,54,258	58,17,246	54,09,905	4,07,341
3.	Ashraya	2,20,721		2,20,721	-	2,20,721
4.	Total Cleanliness movement	27,708	1,480	29,188	29,188	-

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2017-18

Sl. No.	Name of the Scheme	Opening balance	Grants for the year (including interest & others)	Total	Total expenditure during the year	Balance at the end of year
1	14 th Finance	4,07,341	37,18,955	41,26,296	28,90,244	12,36,052

2018-19

Sl. No.	Name of the Scheme	Opening balance	Grants for the year (including interest & others)	Total	Total expenditure during the year	Balance at the end of year
1	14 th Finance	12,36,052	50,45,927	62,81,979	9,77,249	53,04,730

As per the above statements the Shanthipura Grama Panchayath had not fully utilized the grants under 14th finance scheme & ashraya scheme and thus failed to accomplish its full target, which results in depriving the benefits of the scheme to the beneficiaries. It is also noticed during the audit that the grants of 13th finance scheme was not utilised as per the guidelines of the scheme, and instead it has been diverted to other purposes, thereby the objects of the scheme is frustrated. In the audit reports for the years 2017-18 and 2018-19, it is observed that the amount of 14th finance scheme was not utilized as per Rules and the amount was diverted for purchase and other purposes, thereby frustrating the very object of the scheme. The respondent No.1, 2, 3 and 4 are responsible for diversion of funds of the scheme.

IRREGULARITIES FOUND IN RESPECT OF PROJECT EXPENDITURES.

31) In the Audit report for the year 2016-17, 2017-18 and 2018-19 it is stated that the Shanthipura Grama Panchayath had not

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maintained the Works Register in Form No.35 as per Rule 79 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounts) Rules, 2006. As per Grama Panchayath Budgeting and Accounting Rules, 1994 and Rule 94 of the Karnataka Public Works Code, the Stock Register of works and maintenance of machineries were not maintained.

REGARDING MEASUREMENT BOOKS

32) In the Audit Report for the year 2016-17, 2017-18 and 2018-19 it is noticed that the Grama Panchayath of Shanthipura had not procured the Measurement books from Government Printing Press. If the Govt. Printing Press had not supplied the Measurement books, the procedure as prescribed under KTPP Act shall have to be followed. It is noticed that the measurement books were purchased from private agencies. The stock register of measurement book was not maintained. The measurement book is an important document, which should be preserved for number of years.

NON - REMITTANCE/SHORT REMITTANCE OF ROYALTY, ETC TO CONCERNED HEADS OF ACCOUNT OF GOVERNMENT

33) During the audit for the year 2016-17, 2017-18 and 2018-19, it is noticed that the following amount of royalty, sales tax, income tax and labour welfare tax which were deducted from works bills were not remitted to the concerned heads of the Government.

2016-17

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund
Opening balance on	89,082	3,11,736	2,35,340	14,682

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1/4/2016				
Deductions for 2016-17	1,05,177	1,98408	58,437	49,087
Total	1,94,259	5,10,144	2,93,777	63,769
Remitted to Govt. during 2016-17	69,256	1,21,355	31,980	30,187
Balance to be remitted as on 31/3/2017	1,25,003	3,88,789	2,61,797	33,582

2017-18

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund
Opening balance on 1/4/2017	1,25,003	3,88,789	2,61,797	33,582
Deductions for 2017-18	95,810	2,34,549	57,604	57,564
Total	2,20,813	6,23,338	3,19,401	91,146
Remitted to Govt. during 2017-18	40,745	86,012	21,139	21,099
Balance to be remitted as on 31/3/2018	1,80,068	5,37,326	2,98,262	70,047

2018-19

Details	Royalty	Sales Tax	G.S.T	Income Tax	Labour Welfare fund
Opening balance on 1/4/2018	4,60,137	12,21,755	-	4,65,919	2,04,400
Deductions for 2018-19	1,97,193	-	73,381	1,37,375	82,641
Total	6,57,330	12,21,755	73,381	6,03,294	2,87,041
Remitted to Govt. during 2018-19	1,81,585	-	73,118	1,15,005	36,564
Balance to be remitted as on 31/3/2019	4,75,745	12,21,755	263	4,88,289	2,50,477

As on 31/03/2019 a sum of Rs.4,75,745/- towards Royalty;
Rs.12,21,755/- towards sales tax, Rs.263/- for GST, Rs.4,88,289/-

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towards Income Tax, Rs.2,50,477/- towards Labour Welfare Fund are due to be remitted to the concerned heads of the Government. Non-remittance/Short Remittance of above Royalty, Sales Tax, Income Tax and Labour Welfare Fund to the concerned Heads of Department of Government amount to misdirection of funds and loss to the State Exchequer.

34) During the audit for the year 2016-17, 2017-18 and 2018-19, it is noticed that the following amount of royalty, sales tax, income tax, labour welfare tax and CBF which were deducted from Contractors/materials suppliers were not remitted to the concerned heads of the Government.

2016-17

Taxes	Schemes	Amount to be deducted during 2016-17	Amount deducted during the year 2016-17	Amount short deducted /left out	Amount remitted to Treasury	Amount short remitted to treasury.
Royalty	Group 1& 2	55,117	37,008	18,109	-	37,008
	14 th finance	75,022	68,169	6,853	69,256	-
Total		1,30,139	1,05,177	24,962	69,256	37,008
Sales Tax	Group 1& 2	77,053	77,053	-	-	77,053
	14 th finance	1,21,355	1,21,355	-	1,21,355	-
Total		1,98,408	1,98,408	-	1,21,355	77,053
Income Tax	Group 1 & 2	26,457	26,457	-	-	26,457
	14 th finance	31,980	31,980	-	31,980	-
Total		58,437	58,437	-	31,980	26,457
Labour Welfare Board Fee	Group 1 & 2	20,192	18,900	1,292	-	18,900
	14 th finance	30,187	30,187	-	30,187	-
Total		50,379	49,087	1,292	30,187	18,900
Grand Total		4,37,363	4,11,109	26,254	2,52,778	1,59,418

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2017-18

Taxes	Schemes	Amount to be deducted during 2017-18	Amount deducted during the year 2017-18	Amount short deducted /left out	Amount remitted to Treasury	Amount shorted remitter to treasury.
Royalty	Group 1& 2	49,839	48,739	1,100	-	48,739
	14 th finance	42,610	40,745	1,865	40,745	0
	S.B.M Account	6326	6,326	-	-	6326
Total		98,775	95,810	2,965	40,745	55,065
Sales Tax	Group 1& 2	1,13,739	1,13,739	-	86,012	1,13,739
	14 th finance	86,012	86,012	-	-	-
	S.B.M Account	34,798	34,798	-	-	34,798
Total		2,34,549	2,34,549	-	86,012	1,48,537
Income Tax	Group 1 & 2	27,766	27,766	-	21,139	27,766
	14 th finance	21,139	21,139	-	-	-
	S.B.M Account	8,699	8,699	-	-	8699
Total		57,604	57,604	-	21,139	36,465
Labour Welfare Board Fee	Group 1 & 2	27,766	27,766	-	21,099	27,766
	14 th finance	21,099	21,099	-	-	-
	S.B.M Account	8,699	8,699	-	-	8,699
Total		57,564	57,564	-	21,099	36,465
CBF	Group 1 & 2	2,776	0	2,776	-	-
	14 th finance	2,109	0	2,109	-	-
	S.B.M Account	869	0	869	-	-
Total		5,754	0	5,754	-	-
Grand Total		4,54,246	4,45,527	8,719	1,68,995	2,76,532

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2018-19

Taxes	Schemes	Am 15,608 amount to be deducted during 2017-18	Amount deducted during the year 2017-18	Amount short deducted /left out	Amount remitted to Treasury	Amount shorted remitter to treasury.
Royalty	Group 1 & 2	1,97,193	1,97,193	-	1,81,585	15,608
	14 th finance	-	-	-	-	-
Total		1,97,193	1,97,193	-	1,81,585	15,608
GST	Group 1 & 2	73,381	73,381	-	73,118	263
	14 th finance	-	-	-	-	-
Total		73,381	73,381	-	73,118	263
Income Tax	Group 1 & 2	1,37,375	1,37,375	-	1,15,005	22,370
	14 th finance	-	-	-	-	-
Total		1,37,375	1,37,375	-	1,15,005	22,370
Labour Welfare Board Fee	Group 1 & 2	82,641	82,641	-	36,564	46,077
	14 th finance	-	-	-	-	-
Total		82,641	82,641	-	36,564	46,077
CBF	Group 1 & 2	8,050	-	8,050	-	-
	14 th finance	-	-	-	-	-
Total		8,050	-	8,050	-	-
Grand Total		4,98,640	4,90,590	8,050	4,06,272	84,318

At the end of 31/03/2017, totally an amount of Rs.1,59,418/- was not remitted to the concerned Heads of Account of Government. At the end of 31/03/2018, totally an amount of Rs.2,76,532/- was not remitted to the concerned Heads of Account of Government. At the end of 31/03/2019, totally an amount of Rs.84,318/- was not remitted to the concerned Heads of Account

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of Government. Non-remittance/Short Remittance of above Royalty, Sales Tax, Income Tax, Labour Welfare Fund and Contractor's Benevolent Funds to the concerned Heads of Department of Government amount to misdirection of funds and loss to the State Exchequer.

As per Govt. Order No. LD 300 LET 2006 dated 18/1/2007, 1% of the Development/Maintenance works shall have to be deducted towards Labour Cess and the same amount shall be remitted to the Chief Executive Officer, Buildings and other construction Labour Welfare Board, Karmika Bhavan, Bannerghatta Road, Bangalore. The Shanthipura Panchayath had not followed the above instructions.

35) The Shanthipura Grama Panchayath, had not maintained the following registers, which shall be maintained in the Panchayath.

- (i) Advertisement demand and collection Register
- (ii) Water charges demand and collection register
- (iii) Property register through which income is generated
- (iv) Licence Issue Register,
- (v) Entertainment Taxes demand register
- (vi) Stock and Issue Register of purchases
- (vii) Register of estimates of works.
- (viii) Nominal Muster Rolls Register
- (ix) Works Register
- (x) Measurement books' Register
- (xi) Loan Repayment Register
- (xii) Land records register

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- (xiii) Immovable properties (Other than lands)
- (xiv) DCB Register of Taxes
- (xv) Mutation Register,
- (xvi) Register of newly created properties.

36) Apart from the above Registers Shanthipura Grama Panchayath had not maintained the following registers and ledgers

- (i) Double entry system of Cash Book in Form No. 49 as per Rule 104 of Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounts) Rules, 2006
- (ii) Journal Booking form No.50 as per Rule 106 of Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounts) Rules, 2006.
- (iii) Ledger Accounts in Form No. 52 as per Rule 107 of Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounts) Rules, 2006

37) In the preparation of financial statements for the year 2016-17, 2017-18 and 2018-19 the Grama Panchayath, Shanthipura has committed the following flaws.

- (i) The Classification of receipts and payments was not made in specified heads. Certain assets were formed under schemes, which were not shown under expenditure. Instead they were shown under Revenue expenditure.
- (ii) In the cash book, all the cash flows in the Cash/Bank column were not properly classified under different heads and the same was not brought to statement.
- (iii) The revenue expenditures met out under grants of specified schemes, were not brought under other revenue expenditure accounts.

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(iv) While computing the incomes and expenditure all the incomes (whether received or not received) and all expenditures (whether actually incurred or not incurred) were not considered.

(v) The depreciation on the properties were not accounted and shown as loss.

(vi) In the receipt and expenditure statement, index numbers were not mentioned.

(vii) The income derived due to sale of dead stock materials and properties of Grama Panchayath were not shown in the profit and loss statement.

(viii) In the balance sheet also, there are several discrepancies.

38) The following Executive Officers were working at Taluk Panchayath Anekal, who had control and supervision over the working of the Grama Panchayaths within the limits of Anekal Taluk, which includes the Shanthipura Grama Panchayath.

Sl. No.	Name of the Executive Officer	Period of work at Taluk Panchayath Anekal
1	Sri N. Nomesk Kumar	13/7/2015 to 19/5/2017
2	Sri T.K. Ramesh	19/5/2017 to 12/7/2019
3	Sri K.C.Devarajegowda	24/7/2019 till date

The above Executive Officers, during their tenure at Anekal Taluk Panchayath had not supervised the accounts and administration of Grama Panchayath, Shanthipura Panchayath. Due to their lapses in properly supervising the accounts and administration of Grama Panchayaths, the irregularities/misappropriation stated supra at shanthipura Grama Panchayath had crept in. Therefore, they are also responsible for the irregularities/ misappropriation, stated supra.

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39) The respondents while submitting their comments have stated that the budgets of the Shanthipura Gram Panchayath were prepared every year as per rules and audits of Shanthipura Gram Panchayath was conducted. They have not explained the irregularities/loss to the State exchequer stated supra. Their comments cannot be accepted. In view of the above discussions, there is prima-facie material to hold that the respondents have committed misconduct.

40) Therefore, acting under section 12(3) of the Karnataka Lokayukta Act, 1984, it is hereby recommended to the Competent Authority for initiating Disciplinary proceedings against the following Respondents and to entrust the same to this Authority under Rule 14A of the Karnataka Civil Services (Classification, Control and Appeal) Rules, 1957.

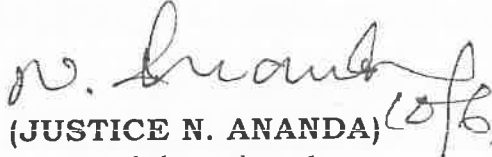
- (i) **Respondent No.1** Sri Shashikiran, the then Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 01/01/2016 to 19/07/2016) – Presently working at Marasuru Grama Panchayath, Bengaluru South Taluk, Bengaluru Urban District.
- (ii) **Respondent No.2** Sri Subramanya, the then Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 20/07/2016 to 28/02/2018) – Presently working at Handenahalli Grama Panchayath, Anekal Taluk, Bengaluru Urban District.
- (iii) **Respondent No.3** Sri Sunil.L, the then I/c Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 01/03/2018 to 12/08/2018) – Presently working at Gulbarga District.

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- (iv) **Respondent No.4** Sri D. Murali, the then Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 13/08/2018 to 24/07/2019) – Presently working at Huskur Grama Panchayath, Anekal Taluk, Bengaluru Urban District.
- (v) **Respondent No.5** Sri Basavaraj Gorebal, the then Panchayath Development Officer, Shanthipura Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 25/07/2019 to 11/11/2019) – Presently working at Karpura Gram Panchayath, Anekal Taluk, Bengaluru Urban District.
- (vi) **Respondent No.6** Sri Nomesh Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (for the period from 1/1/2016 to 18/5/2017) – Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur.
- (vii) **Respondent No.7** Sri T.K. Ramesh, the then Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (for the period from 19/5/2017 to 19/7/2019) – Presently working as Deputy Secretary, Zilla Panchayath, Tumakuru.
- (viii) **Respondent No.8** Sri K.C. Devaraj Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

41) As per Section 12(4) of the Karnataka Lokayukta Act, the Competent Authority shall intimate or cause to be intimated the action taken on this recommendation to this Authority within 3 months from the date of receipt of this report.

Connected records are enclosed.


(JUSTICE N. ANANDA)

Upalokayukta-1
State of Karnataka, Bengaluru.

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