

KARNATAKA LOKAYUKTA

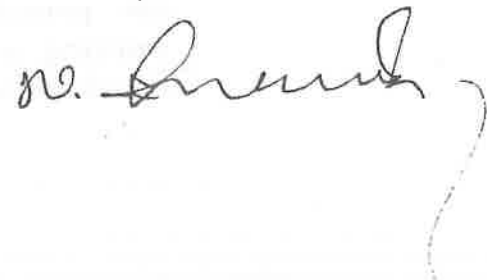
No. Compt/Uplok/BCD/115/2020/ARLO-1

Multi Storied Buildings,  
Dr. B.R. Ambedkar Veedhi,  
Bengaluru 560 001  
Dated: **29/06/2020**

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

Sub:- Proceedings against:-

- (1) Sri Girimallayya, the then Panchayath Development Officer, Sarjapur Grama Panchayath, Anekal Taluk (for the period from 01/01/2016 to 31/05/2016) – now working at Ragihalli Grama Panchayath, Anekal Taluk
- (2) Sri P.A.Poonacha, the then Panchayath Development officer, Sarjapur Grama Panchayath, Anekal Taluk (for the period from 10/06/2016 to 28/04/2017) – Now working at Taverekere Grama Panchayath, Bengaluru South Taluk.
- (3) Smt. C.M. Sunitha, the then incharge Panchayath Development Officer, Sarjapur Grama Panchayath, Anekal Taluk (for the period from 06/06/2017 to 11/06/2018 and from 19/1/2019 to 19/11/2019) -Presently working at Ramohalli Grama Panchayath, Bengaluru South Taluk
- (4) Sri M. Prasad, the then Incharge Panchayath Development Officer, Sarjapur Grama Panchayath, Anekal Taluk (from 27/6/2018 to 18/01/2019)- presently working as Secretary at Samethanahalli G.P., Hosakote Taluk.
- (5) 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
- (6) 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



(7) Sri K.C. Devaraj Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

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1) The above complaint was registered suo-motu on the basis of source information that there is mismanagement in the maintenance of accounts and submission of periodical expenditure statements by Sarjapur Grama Panchayath of Anekal Taluk and also submission of audit reports.

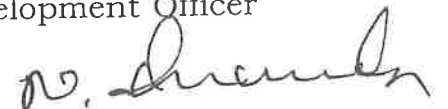
2) On 27/12/2019, Upalokayukta-1 visited the office of the Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal. The Accounts officer and the Manager of Taluk Panchayath, Anekal were directed to produce the periodical returns of expenditure in relation to each of the Panchayaths within the limits of Taluk Panchayath, Anekal. The details of expenditure were 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 report of Sarjapur Grama Panchayath for the year 2016-17 was produced. The Audit reports for the remaining periods i.e., 2017-18 and 2018-19 were not produced. Therefore, the above suo-motu complaint was registered against the following respondents for conducting further investigation into the matter.

(1) Sri Girimallayya, the then Panchayath Development Officer, Sarjapur Grama Panchayath, Anekal Taluk (for the period from 01/01/2016 to 31/05/2016) – now working at Ragihalli Grama Panchayath, Anekal Taluk

(2) Sri P.A.Poonacha, the then Panchayath Development officer, Sarjapur Grama Panchayath, Anekal Taluk (for the period from 10/06/2016 to 28/04/2017) – Now working at Taverekere Grama Panchayath, Bengaluru South Taluk.



- (3) Smt. C.M. Sunitha, the then incharge Panchayath Development Officer, Sarjapur Grama Panchayath, Anekal Taluk (for the period from 06/06/2017 to 11/06/2018 and from 19/1/2019 to 19/11/2019) - Presently working at Ramohalli Grama Panchayath, Bengaluru South Taluk
  - (4) Sri M. Prasad, the then Incharge Panchayath Development Officer, Sarjapur Grama Panchayath, Anekal Taluk (from 27/6/2018 to 18/01/2019)- presently working as Secretary at Samethanahalli G.P., Hosakote Taluk.
  - (5) 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
  - (6) 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
  - (7) Sri K.C. Devaraj Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).
  - (8) Smt. Mamatha A.P., Panchayath Development Officer, Sarjapur Grama Panchayath, Bengaluru Urban District (Since 13/11/2019)
- 3) The Respondent 1 has submitted comments dated 12/2/2020; Respondent No.3 has submitted comments dated 12/2/2020; Respondent No.4 has submitted comments dated 12/2/2020. They have stated that the present Panchayath Development Officer has submitted the copies of approved budget estimates and copies of audit reports of Sarjapur Grama Panchayath. Respondent No.2 by his letter dated 12/2/2020 has sought for one month's time to submit comments and records. But so far he has not submitted his comments. The Respondent No.8 – Smt. Mamatha M.P., the present Panchayath Development Officer



has submitted comments dated 12/2/2020, wherein she has stated the names of Panchayath Development Officers worked at Sarjapur Grama Panchayath between 1/4/2016 and 12/11/2019. She has further stated that the concerned Panchayath Development Officers have prepared the budget for the years 2016-17 to 2019-20 and obtained the approval of the Executive Officer of Taluk Panchayath. The audit of the Sarjapur Grama Panchayath was conducted for the years 2016-17 to 2019-20 and copies of the same are enclosed.

4) The Respondent No.5 Sri Nomesk Kumar, the then Executive Officer of Taluk Panchayath, Anekal has submitted comments dated 12/2/2020 and 27/2/2020 stating that during his tenure, the Sarjapur Grama Panchayath had submitted the audit report for the year 2016-17 and 2017-18 to the Accounts Officer of Taluk Panchayath. The Budget for the year 2016-17 and 2017-18 were submitted by the Sarjapur Grama Panchayath. 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.6 Sri T.K. Ramesh, the then Executive Officer of Anekal Taluk Panchayath, has submitted comments dated 12/2/2020 and 27/2/2020 similar to the comments submitted by Respondent No.5. Respondent No.7 Sri Devaraje Gowda, present Executive Officer of Anekal Grama Panchayath has submitted comments dated 12/2/2020 stating that he had instructed the Panchayath Development Officer of Sarjapur 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, 2018-19 and 2019-20 and copies of the Audit reports for the years 2016-17, 2017-18 and 2018-19 of Sarjapur Grama Panchayath produced by Respondent No.8 Smt. Mamatha M.P., along with her comments are perused.

### **BUDGET PROVISIONS**

6) As per the Budget estimates for the years 2016-17 2017-18, 2018-19 and 2019-20, the following income & Expenditure were estimated for the Sarjapur Grama Panchayath. The Statement -I of the Budget estimates for the year 2016-17 is completely blank. Therefore, in relation to the year 2016-17, the following budget estimates are computed based on the information available in Statements II & III.

#### **1. REVENUE INCOME**

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	106,21,447	4,27,630	18,41,161	52,15,619
2	Rates and Taxes	133,98,507	143,20,685	159,06,430	167,01,752
3	Revenue from the Panchayath Properties	56,66,100	56,66,100	76,163	69,163
4	Revenue from Grama Panchayath Authorities	65,21,090	92,14,570	65,80,105	72,21,606
5	Grants, Donation, Subscriptions	10,00,000	23,96,000	18,96,000	19,90,800
	<b>Total Revenue Income</b>	<b>372,07,144</b>	<b>320,24,994</b>	<b>262,99,860</b>	<b>311,98,940</b>

#### **REVENUE EXPENDITURES**

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	General Administration				
	i) Grama Panchayath (Elected Body)	7,17,021	11,12,497	10,34,350	11,74,268
	ii) Office	36,47,213	47,90,596	42,00,413	44,10,437
	<b>Total</b>	<b>43,64,234</b>	<b>59,03,094</b>	<b>52,34,762</b>	<b>55,84,705</b>
2	Development Expenditure				
	1) Drinking Water	23,05,538	23,83,336	37,56,886	39,06,886
	2) Rural Sanitation	9,20,000	10,38,202	11,46,578	12,96,578
	3) General Health & Family Welfare	3,00,000	3,46,523	2,14,174	2,14,174
	4) Roads, Bridges & other connecting	3,00,000	3,00,000	2,20,000	2,31,000

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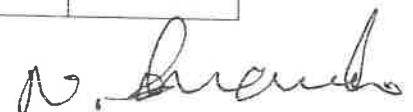
	medias				
	5) Buildings	1,00,000	2,00,000	2,10,087	52,31,000
	6) Electrification and Electricity supply	28,41,913	29,39,006	5,50,000	6,00,000
	7) Development of Non-conventional energy sources				
	8) Social Public Service programmes		15,71,717	17,70,371	20,00,000
	9) Motivation Services	90,38,391	20,000	50,000	-
	<b>Total Expenditure</b>	<b>158,05,842</b>	<b>87,98,784</b>	<b>79,18,096</b>	<b>134,79,638</b>
	Transfer from Genl. fund	-	40,12,280	45,80,424	47,30,442
	Other Revenue Expenditure	-	-	-	6,46,992
	<b>Total Revenue Expenditure</b>	<b>201,70,076</b>	<b>187,14,157</b>	<b>177,33,282</b>	<b>273,51,880</b>
	<b>Closing balance (i)</b>	<b>170,37,068</b>	<b>133,10,837</b>	<b>85,66,577</b>	<b>34,87,110</b>

**2. CAPITAL INCOME**

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	<b>Opening balance</b>	-	27,75,015	-	2,78,526
2	Grants, Subscription, donation.	-			
3	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	60,39,311	61,93,764	69,52,946	203,68,849
	<b>Total Capital Income</b>	<b>60,39,311</b>	<b>89,68,779</b>	<b>69,52,946</b>	<b>203,68,849</b>

**Capital expenditures**

Sl. No.	Details				
1	Development Expenditure				
	1) Drinking Water	17,00,000	18,00,000	11,00,000	11,50,000
	2) Rural sanitation		-	4,02,930	5,52,930
	3) Roads, Bridges & other connecting medias	140,00,000	80,00,000	43,00,000	44,50,000
	4) Buildings	-			
	5) Payment of salary to staff	-			
	6) Social & public service programmes	-			
	<b>Total Expenditure</b>	<b>157,00,000</b>	<b>98,00,000</b>	<b>58,02,930</b>	<b>61,52,930</b>
2	Specific Project Expenditure				
	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development	60,39,311	89,68,779	69,52,946	142,43,393



	Programmes)				
3	Procurement of properties	7,00,000	2,50,000	75,000	46,000
4	Repayment of loan	-			
	<b>Total Capital expenditure</b>	<b>224,39,311</b>	<b>190,18,779</b>	<b>128,30,876</b>	<b>204,42,322</b>
	<b>Closing Balance (ii)</b>	<b>-164,00,000</b>	<b>100,50,000</b>	<b>58,77,930</b>	<b>19,09,507</b>

### 3. DEPOSITS, ADVANCES & INVESTMENTS

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	7,000	1,84,000	3,75,000	3,75,000
2	Receipt	-	-	-	
	<b>Total Income</b>	<b>7,000</b>	<b>1,84,000</b>	<b>3,75,000</b>	<b>3,75,000</b>
3	Expenditure	-	-		
	<b>Closing Balance (iii)</b>	<b>7,000</b>	<b>1,84,000</b>	<b>3,75,000</b>	<b>3,75,000</b>
	<b>Total Final Balance of the Panchayath (i) + (ii) + (iii)</b>	<b>45,08,763</b>	<b>34,44,837</b>	<b>30,63,647</b>	<b>61,31,617</b>

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.

“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.

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(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 Sarjapur 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 Rule 12 of the Karnataka Panchayath Raj (Grama 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. Provision for 10% of closing balance was not provided for the Grants and Income, as per Rule 12(4)(iii) of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006.

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 Sarjapur Grama Panchayath.





10) The Respondent No.1 Sri Girimallayya, was working as Panchayath Development Officer of Sarjapur Grama Panchayath from 1/1/2006 to 31/5/2016 has prepared the Budget estimates for the year 2016-17; and Respondent No.3 Smt. Sunitha C.M. who was working as Panchayath Development Officer from 6/6/2017 to 11/6/2018 and from 19/1/2019 to 19/11/2019 has prepared and submitted the Budget estimates for the years 2017-18, 2018-19 and 2019-20 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 Respondent No.5 Sri N. Nomesh Kumar, the then Executive Officer of Taluk Panchayath had approved the budget estimates for the years 2016-17 and 2017-18; Respondent No.6 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 20<sup>th</sup> of the subsequent month.

*W. Shrawa*

Similarly, half yearly accounts shall have to be prepared in Form 53 and Trial Balance in Form No.54. In relation to the above Sarjapur 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. In the audit reports for the years 2016-17, 2017-18 and 2018-19 at paragraph 15 & 16 it is stated that that monthly expenditure statements, half yearly statements and yearly statements as per Rule 108 and 109 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting & Accounts) Rules, 2006 were not submitted by the Sarjapur Grama Panchayath. Therefore, the Respondents 1 to 4 who were working as Panchayath Development Officers of Sarjapur Grama Panchayath are responsible for the same. The Respondents No. 5, 6 and 7 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, Sarjapur had not maintained the Grants Register in Form No.45, 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, Sarjapur 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) As per the Audit Report for the year 2018-19 the Sarjapur Grama Panchayath had not maintained the following Registers of Lands, Buildings and other infrastructure, immovable and movable properties which belong to Grama Panchayath and vested in it by the Taluk Panchayath/ Zilla Panchayath/ Government as required under Rule 69 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounting) Rules, 2006.

(a) Register of land in Form No.30

(b) Register of immovable properties like buildings and other infrastructure assets like roads, bridges, culverts, drains, street lamps, etc. In form No.31

(c) Register of movable properties like furniture, equipment in form No.29.

15) As per Audit Report for the year 2016-17, there was opening balance of Advances of Rs.7,000/- which is carried forward to the 2017-18 and 2018-19. As per the Audit reports for the years 2016-17, 2017-18 and 2018-19, there was no transaction of Advances in the above three years.

16) In regard to deposits, there was opening balance of Rs.1,84,000/- as on 1/4/2016, which is shown as closing balance

*N. Shankar*

as on 31/3/2017. In the Audit reports for the years 2017-18 and 2018-19 the same amount is shown, without there being any transaction.

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

17) As per the Audit Report for the year 2016-17, the opening balance of amount reserved under 25% Grant for the welfare of Scheduled Caste/Scheduled Tribe as on 1/4/2016 is shown as Rs.17,06,583. During the year 2016-17, a sum of Rs.18,49,054/- was reserved for the welfare of Scheduled Caste/Scheduled Tribe under 25% grant scheme. Out of the above amount, during the year 2016-17, a sum of Rs.21,22,950/- was spent, showing the balance of Rs.14,32,687/- at the end of the year on 31/3/2017. The Respondent No.1 Sri Girimallayya and Respondent No.2 Sri P.A. Poonacha who were working as Panchayath Development Officers during the year 2016-17 had not fully spent the amount under 25% scheme in accordance with Rules, thus depriving the benefits of the scheme to the above class of persons.

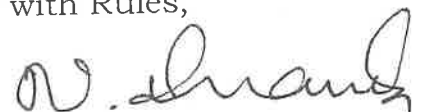
18) In relation to the amount reserved for the welfare of Physically Challenged persons under 3% grant scheme, as per the Audit report the opening balance as on 1/4/2016 was nil. During the year 2016-17 a sum of Rs.2,21,886/- was reserved and during the year 2016-17 a sum of Rs.1,49,348/- was spent under the above scheme, thus, the closing balance as on 31/3/2017 is shown as Rs.72,538/-. The Respondent No.1 Sri Girimallayya and Respondent No.2 Sri P.A. Poonacha who were working as Panchayath Development Officers during the year 2016-17 had not

*N. Srinivas*

spent the amount under 3% scheme in accordance with Rules, thus depriving the benefits of the scheme to the above class of persons.

19) As per the Audit Report for the year 2017-18, the opening balance of amount reserved under 25% Grant for the welfare of Scheduled Caste/Scheduled Tribe as on 1/4/2017 was Rs.14,32,687/-. During the year 2017-18, a sum of Rs.21,76,115/- was reserved for the welfare of Scheduled Caste/Scheduled Tribe under 25% grant scheme. Out of the above amount, during the year 2017-18, a sum of Rs.11,87,354/- was spent showing the balance of Rs.24,21,448/- at the end of the year on 31/3/2018. The Respondent No.2 Sri P.A. Poonacha and Respondent No.3 Smt. C.M. Sunitha who were working as Panchayath Development Officer during the year 2017-18 had not spent the amount under 25% scheme in accordance with Rules, thus depriving the benefits of the scheme to the above class of persons.

20) In relation to the amount reserved for the welfare of Physically Challenged persons under 3% grant scheme, as per the Audit Report the opening balance was Rs.72,538/- as on 1/4/2017. During the year 2017-18 a sum of Rs.5,27,103/- was reserved and during the year 2017-18 a sum of Rs.1,39,900/- was spent, thus, the closing balance as on 31/3/2018 is shown as Rs.4,59,741/-. The Respondent No.2 Sri P.A. Poonacha and Respondent No.3 Smt. C.M. Sunitha who were working as Panchayath Development Officers during the year 2017-18 had not spent the full amount under 3% scheme in accordance with Rules,



thus depriving the benefits of the scheme to the above class of persons.

21) As per the Audit Report for the year 2018-19, the opening balance of amount reserved under 25% Grant for the welfare of Scheduled Caste/Scheduled Tribe as on 1/4/2018 was Rs.24,21,448/-. During the year 2018-19, a sum of Rs.10,09,800/- was reserved for the welfare of Scheduled Caste/Scheduled Tribe under 25% grant scheme. Out of the above amount, during the year 2018-19, a sum of Rs.23,84,629/- was spent, showing the balance of Rs.10,46,619/- at the end of the year on 31/3/2019. The Respondent No.3 Smt. C.M. Sunitha and Respondent No.4 Sri M. Prasad who were working as Panchayath Development Officers during the year 2018-19 have not spent the full amount under 25% scheme in accordance with Rules, thus depriving the benefits of the scheme to the above class of persons.

22) In relation to the amount reserved for the welfare of Physically Challenged persons under 3% grant scheme, as per the Audit Report, there was opening balance of Rs.4,59,741/- as on 1/4/2018. During the year 2018-19 a sum of Rs.1,15,319/- was reserved under the above Scheme. During the year no amount was spent under 3% Grant for the welfare of physically challenged persons. Thus the closing balance as on 31/3/2019 is shown at Rs.5,75,060/-. The Respondent No.3 Smt. C.M. Sunitha and Respondent No.4 Sri M. Prasad who were working as Panchayath Development Officers during the year 2018-19 had not spent the amount under 3% scheme in accordance with Rules, thus



depriving the benefits of the scheme to the members of the above class of persons.

### RECEIPT BOOKS

23) The Sarjapur 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 & 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	07	09	07
2	Receipt of Receipt Books	20	17	20
3	Total	27	26	27
4	No. of receipt books utilized for the year	18	19	20*
5	Balance of receipt books at the end of the year	09	07	07

\* Out the total Receipt books utilized during the year 2018-19, one receipt book was given to Billapur Grama Panchayath.

The Respondents 1 to 4 are responsible for not maintaining the Stock Register of Receipt Books for the years 2016-17 2017 to 2018-19.

24) From the Audit Report for the year 2017-18, it is noticed that the amount collected towards tax, etc. was not remitted to the Bank in time. It is found that the remittance was made twice or thrice in a month and in certain cases, there was delay of even a month. This late remittance of amount collected towards tax has led to temporary misappropriation. The Respondent No.2 Sri P.A. Poonacha and Respondent No.3 Smt.C.M. Sunitha, who were

*V. Shankar*

working as Panchayath Development Officer during the year 2017-18 are responsible for the late remittance of Tax collections as stated in Audit Report for the year 2017-18.

**COLLECTION OF TAXES AND ITS REMITTANCE TO GOVT. ACCOUNTS**

25) As per the Audit Report for the year 2016-17, 2017-18 and 2018-19, Sarjapur Grama Panchayath had 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. The Respondent No.1 Sri Girimallayya, Respondent No.2 Sri P.A.Poonacha; Respondent No.3 Smt. C.M.Sunitha and Respondent No.4 Sri M. Prasad Panchayath Development Officers of Sarjapur Grama Panchayath during the years 2016-17 to 2018-19 are responsible for the above lapse.

26) As per the Audit reports for the years 2016-17, 2017-18 and 2018-19, The Sarjapur Grama Panchayath had not maintained the Demand, Collection and Balance (DCB Register) as per Rule 30 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. The opening balance, demand during the 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	45,19,994	243,87,137	289,07,131	112,23,648	176,83,483
2	Water Tax	82,370	4,68,384	5,50,754	2,32,468	3,18,286
3	Licence	0	98,600	98,600	98,600	-
4	Shop rent	5,32,987	84,000	6,16,987	38,000	5,78,987

*N. Prasad*



5	Light Tax	0	0	0	0	0
6	Others	0	28,29,578	28,29,578	28,29,578	0
	<b>Total</b>	<b>51,35,351</b>	<b>278,67,699</b>	<b>330,03,050</b>	<b>144,22,294</b>	<b>185,80,756</b>

2017-18

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	176,83,483	145,07,432	321,90,915	118,11,968	203,78,947
2	Water Tax	3,18,286	2,75,600	5,93,886	1,49,943	4,43,943
3	Licence	-	43,40,388	43,40,388	43,40,388	0
4	Shop Rent	5,78,987	84,000	6,62,987	-	6,62,987
5	Others	0				
	<b>Total</b>	<b>185,80,756</b>	<b>192,07,420</b>	<b>377,88,176</b>	<b>163,02,299</b>	<b>214,85,877</b>

2018-19

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	203,78,947	158,59,751	362,38,698	151,49,401	210,89,297
2	Water Tax	4,43,943	4,68,950	9,12,893	7,66,852	1,46,041
3	Light Tax	0	4,45,900	4,45,900	3,52,965	92,935
3	Licence	0	51,65,900	51,65,900	51,65,900	0
4	Shop rent	6,62,987	84,000	7,46,987	0	7,46,987
5	Others	0	51,75,869	51,75,869	51,75,869	0
	<b>Total</b>	<b>214,85,877</b>	<b>272,00,370</b>	<b>486,86,247</b>	<b>266,10,987</b>	<b>220,75,260</b>

27) As per the above statements, huge amount in a sum of Rs.220,75,260/- towards house tax, water tax, light tax and shop rent was not collected by the Sarjapur Grama Panchayath, which amounts to loss caused to the State Exchequer. Due to short collection of revenue due to the Panchayath, providing infrastructure facilities has become stunted. The Respondent No.1 Sri Girimallayya, Respondent No.2 Sri P.A. Poonacha, Respondent No.3 Smt. C.M. Sunitha and Respondent No.4 Sri M. Prasad Panchayath Development Officers are responsible for short collection of House Tax, Water Tax, Light tax and shop rent during the relevant years.

28) In the audit reports for the years 2016-17 and 2017-18 it is observed that the Sarjapur 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.

*n. chandra*

29) As per Rule 20 of Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006, General Receipts in Form No.3 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.

30) From the Audit Reports for the years 2016-17, 2017-18 and 2018-19, it is noticed that (i) the amount received through Cheque/DDs was not issued with temporary receipts in Form No.3A and the amount was directly credited to Grama Panchayath Fund; (ii) the amount collected was not remitted to the Bank on the same day, instead it was remitted belatedly; (iii) the amount noted in the Receipts was not mentioned against the properties in the DCB Register; and (iv), the demand was not revised. From the above lapses, there are chances of causing loss to the Grama Panchayath and belated remittance of collections leads to temporary misappropriation. The Respondents 1 to 4 who were working as Panchayath Development officers during the years 2016-17, 2017-18 and 2018-19 are responsible for the above lapses.

31) As per the Audit Report for the year 2018-19, a total sum of Rs.34,51,990/- was credited to the Panchayath fund through Cheque/NEFT, for which receipts were not issued. It is mandatory that for all the money received in the Panchayath, receipts should have been issued. The details of funds credited to the Panchayath for which receipts were not issued are as follows:-



Date	Cheque No.	Amount	Account	
09/04/2018	11294	13,50,000	Grama Panchayath fund	
14/05/2018	11295	3,58,500		
14/05/2018	861621	1,98,730		
14/05/2018	861661	7,51,500		
21/05/2018	NEFT-Sprct	5,721		
13/07/2018	309820	3,275		
19/07/2018	510749	3,987		
19/07/2018	44101	3,778		
19/07/2018	744084	3,778		
19/07/2018	2418	3,778		
19/07/2018	44029	3,987		
19/07/2018	744092	3,778		
23/07/2018	753385	4,55,600		
01/08/2018	103298	2,25,000		
13/12/2018	291766	10,000		
11/02/2019	92242	62,692		
25/03/2019	TR Ashok	4,995		Cess Account
25/03/2019	TR Ashok	2,891		
Total		34,51,990		

The respondent No.3 Smt. C.M.Sunitha and Sri M. Prasad, Panchayath Development officers working during the year 2018-19 are responsible for non-issuance of receipts for the amount received.

32) In the Audit Report for the year 2018-19, it is noticed that on 25/3/2019, a sum of Rs.9,886/- was credited to the Panchayath account through Cheque/NEFT. But, the receipts for the amount were issued on 3/4/2019. The receipts should be issued on the same day on which the amount was received. In the instant case, the receipts were issued during the next financial year. The details of amount received and receipt issued are as follows:-

Date	Receipt No.	Amount	Name
03/04/2019	860231	379	Ashok Kumar
03/04/2019	860232	1,674	Ashok Kumar
03/04/2019	860233	1,184	Ashok Kumar
03/04/2019	260234	999	Ashok Kumar
03/04/2019	860236	1,603	Ashok Kumar

*N. Sunitha*

03/04/2019	860237	858	A.Ashwini
03/04/2019	860238	1,189	Ashok Kumar
Total		<b>7,886</b>	

**NON-REMITTANCE OF CESS/SURCHARGES**

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

**2016-17**

Sl. No	Details of Cess	Current year's collection	Panchayath tax @10%	Balance cess	Opening balance for the year	Total to be remitted	Remitted during the year	Balance as on 31/03/2017
1.	Health cess	15,26,378	152637	13,73,741	63,60,431	77,34,172	-	77,34,172
2.	Education cess	8,37,585	83758	7,53,827	42,40,294	49,94,121	-	49,94,121
3.	Library cess	5,02,551	50256	4,52,295	25,39,640	29,91,935	-	29,91,935
4.	Beggars cess	2,51,275	25127	2,26,148	11,41,401	13,67,549	-	13,67,549
	Total	31,17,789	311778	28,06,011	142,81,766	170,87,777	-	170,87,777

**2017-18**

Sl. No	Details of Cess	Current year's collection	Panchayath tax @10%	Balance cess	Opening balance for the year	Total to be paid	Paid during the year	Balance as on 31/03/2018
1.	Health cess	13,22,235	13224	11,90,011	77,34,172	89,24,183	-	89,24,183
2.	Education cess	8,81,490	88149	7,93,341	49,94,121	57,87,462	-	57,87,462
3.	Library cess	5,28,894	52889	4,76,005	29,91,935	34,67,940	-	34,67,940
4.	Beggars cess	2,64,447	26445	2,38,002	13,67,549	16,05,551	-	16,05,551
	Total	29,97,066	299707	26,97,359	170,87,777	197,85,136	-	197,85,136

**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	16,95,828	169583	15,26,245	89,24,183	104,50,428	-	104,50,428
2.	Education cess	11,30,552	113055	10,17,497	57,87,462	68,04,959	-	68,04,959
3.	Library cess	6,78,332	67833	6,10,499	34,67,940	40,78,439	-	40,78,439
4.	Beggars cess	3,39,166	33917	3,05,249	16,05,551	19,10,800	-	19,10,800
	Total	38,43,878	384388	34,59,490	197,85,136	232,44,626	-	232,44,626

*no. hand*

34) It is noticed from audit reports of the years 2016-17, 2017-18, 2018-19 that Sarjapur Grama Panchayath, had not deposited the above cess/surcharge amount collected to the concerned heads of account of Government. At the close of the year 2018-19 the cess amount to be deposited to different heads of account 232,44,626/-. As per the Audit reports, the Sarjapur Grama Panchayath, instead of depositing the above Cess amount to the concerned heads of account of Government had utilized 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 utilized. Non-remittance of above Cess amount in a sum of Rs.232,44,626/- as stated above, amounts to misdirection of funds and loss to the State exchequer. The respondent Nos. 1 to 4, who were working as Panchayath Development Officers of Sarjapur Grama Panchayath during the relevant years, are responsible for the same.

**NON-PRODUCTION OF MUTATION/E- PROPERTY REGISTER**

35) The Sarjapur Grama Panchayath, 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 be verified whether the transfer of khatas was on the basis of conversion of lands by the Deputy Commissioner or on the basis of Pavathi Varsa or purchase. The Panchayath Development Officer is responsible for illegal transfer of khathas or creation of bogus khatas if any.



**NON-COLLECTION/SHORT COLLECTION OF SHOP RENTS**

36) The Sarjapur Grama Panchayath, had not maintained the Register in Form No.15 (Rule 34) relating to monthly rents to be recovered from the shops/buildings of the Panchayath. The details of rents due and collection of rents during the year 2016-17, 2017-18 and 2018-19 are as follows:-

2016-17

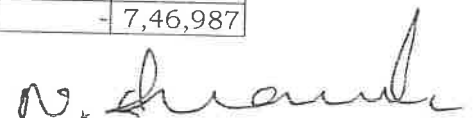
Sl. No.	Name of tenant	Monthly rent	Balance as on 1/4/16	Due for the year 2016-17	Total	Collection during the year 2016-17	Balance as on 31/3/2017
1	Sri Syed Arif	1000	4,39,987	12,000	4,51,987	10,000	4,41,987
2	NisarAhmed	1000	12,000	12,000	24,000	0	24,000
3	NisarAhmed	1000	12,000	12,000	24,000	0	24,000
4	Yasin	1000	33,000	12,000	45,000	28,000	17,000
5	Cocoon shop	3000	36,000	36,000	72,000	0	72,000
	<b>Total</b>		5,32,987	84,000	6,16,987	38,000	5,78,987

2017-18

Sl. No.	Name of tenant	Monthly rent	Balance as on 1/4/17	Due for the year 2017-18	Total	Collection during the year 2017-18	Balance as on 31/3/2018
1	Sri Syed Arif	1000	4,41,987	12,000	4,53,987	-	4,53,987
2	NisarAhmed	1000	24,000	12,000	36,000	-	36,000
3	NisarAhmed	1000	24,000	12,000	36,000	-	36,000
4	Yasin	1000	17,000	12,000	29,000	-	29,000
5	Cocoon shop	3000	72,000	36,000	1,08,000	-	1,08,000
6	<b>Total</b>		5,78,987	84,000	6,62,987	-	6,62,987

2018-19

Sl. No.	Name of tenant	Monthly rent	Balance as on 1/4/18	Due for the year 2018-19	Total	Collection during the year 2018-19	Balance as on 31/3/2019
1	Sri Syed Arif	1000	4,53,987	12,000	4,65,987	-	4,65,987
2	NisarAhmed	1000	36,000	12,000	48,000	-	48,000
3	NisarAhmed	1000	36,000	12,000	48,000	-	48,000
4	Yasin	1000	29,000	12,000	41,000	-	41,000
5	Cocoon shop	3000	1,08,000	36,000	1,44,000	-	1,44,000
6	<b>Total</b>		6,62,987	84,000	7,46,987	-	7,46,987



The Sarjapur Grama Panchayath had not taken action for collection of full rents from the shops let out by it. As on 31/3/2019, a sum of Rs.7,46,987/- was due from the tenants. It has also not taken action for evicting the shop owners. In the audit reports, it is observed that the agreement entered with the shop owners was not renewed and the rents for the shops were not revised. The Respondents 1 to 4 are responsible for failure to collect the rents in time.

**INCIDENT OF TEMPORARY MISAPPROPRIATION**

37) As per the Audit report for the year 2018-19, during the year totally a sum of Rs.231,89,036/- towards tax and others was collected through receipts. Out of this amount, a sum of Rs.231,58,997/- was remitted to Panchayath fund and the remaining amount of Rs.30,039/- was not remitted. For the query raised by audit party, a sum of ₹30,660 was remitted to Grama Panchayath Fund A/c. No.20710003172 dated 3/4/2019. Further, on 28/8/2019 a sum of Rs.2,164/- was remitted to the account. Since the amount was not remitted within the time prescribed, there was temporary misappropriation of Rs.30,039/- to the Panchayath.

38) As per Rule 26 & 27 of Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules 2006, the Respondent No.3 Smt. C.M. Sunitha has not taken action in relation to receipt of amount. Further, Respondent No.3 had not informed the competent authority regarding temporary misappropriation of amount, as per Rule 111 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounting) Rules, 2006. The conduct

*v. Sunitha*

of Respondent No.3 Smt. C.M. Sunitha amounts to negligence, delay tactics and failure to stop the loss to the Panchayath.

**NON-SUBMISSION OF ANNUAL STATEMENT OF STAFF DETAILS**

39) As per Rule 57 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006, a detailed annual statement in Form No.22 of pensionable employees or Government Servants on deputation existing as on the 1<sup>st</sup> March of the year shall be sent to the Accountant General, Local Audit Circle and Zilla Panchayath. From the Audit Report for the year 2016-17, it is noticed that such a statement was not sent to the Accountant General, Local Audit Circle and Zilla Panchayath during the year 2016-17. Further, the register in Form No.23 relating to Scale of pay of staff was not maintained as required under Rule 58 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounting Rules) 2006. The Respondent No.2 Sri P.A. Poonacha who was working as Panchayath Development Officer during the year 2016-17 is responsible for the above irregularities.

**IRREGULARITIES IN PAYMENTS**

40) In relation to payments, it is observed in the Audit reports for the years 2016-17, 2017-18, 2018-19 that no approval was obtained in the concerned files respect of each payment; in respect of works and purchases, quality test of materials/works was not conducted. Failure to follow the above procedure, lead to misappropriation of funds. The Respondents 1 to 4 who were the Panchayath Development Officers of Sarjapur Grama Panchayath, during the relevant years, are responsible for the same.

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**REGARDING EXPENDITURE OF PANCHAYATHS**

41) In the audit reports of Sarjapur Grama 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. RDP 242 Ji.Pa.Sa 2000 dated 9/4/2001 and PWD 33 FC 111/2001 dated 23/3/2001, were not followed. The Karnataka Transparency in Public Procurement Rules, 2000 was not followed in respect of purchases.

(ii) 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 materials and balance, date wise entries were not attested.

(iii) 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.

*N. Shraw*

(iv) From the Audit Report for the year 2017-18, it is noticed that the following purchases were made without calling for competitive quotations as required under Govt. Order No. FD 01 TCE 2012 dated 21/6/2012 and Rule 55(49) of Manual of Contingent Expenditure. Purchase of the materials without calling for quotation is illegal.

Sl. No.	Date	Cheque No.	Details	Amount
1	05/09/2017	494977	Purchase of Electrical spare parts	11,328
2	12/05/2017	493245	Purchase of Electrical spare parts	16,717
3	28/07/2017	493927	Materials for drinking water	6,360
	Total			34,405

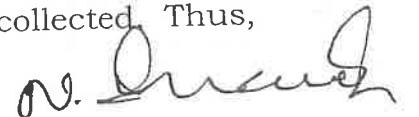
The Respondent No.3 Smt. C.M. Sunitha is responsible for purchase of above materials without calling for quotations.

(v) In the Audit report of the above Panchayath for the year 2018-19 it is observed that for providing drinking water to the villagers, Pure Drinking Water Units were established and the same were handed over to the Panchayath. The Panchayath used to collect Rs.2/- per 10/20 liters of water through ATM/Receipts. The Panchayath had not maintained the Log Book for distribution of water. The opening balance of water, closing balance and the details of amount remitted to the Water account of the Panchayath were not forthcoming. Non-maintenance of Log book and register had lead to misappropriation of amount. Respondent No.3 Smt. C.M. Sunitha and Respondent No.4 Sri M. Prasad, who were working as Panchayath Development Officers during the year 2018-19 are responsible for the same.



(vi) During the year 2018-19, the Sarjapur Panchayath had paid a sum of Rs.18,51,000/- to the ESCROW Electricity Account, without maintaining the Log Book, information of meter reading. Several payments were made on the basis of the demand made by electricity department, which includes the interest also. The Grama Panchayath should have maintained a Log book mentioning the details of number of connections issued by Panchayath, Month, Bill amount, total claim, details of payment, date with cheque number, etc. The details of log book should be tallied with the bill. The above procedure was not followed in the Sarjapur Grama Panchayath. Respondent No.3 Smt. C.M. Sunitha and Respondent No.4 Sri M. Prasad, who were working as Panchayath Development Officers during the year 2018-19 are responsible for the same.

(vii) In the Audit Report for the year 2016-17 and 2018-19, it is observed that as per Order No. UDD 211 GEL 2014 (P) dated 24/2/2017 (New Telecommunication Infrastructure Towers Regulations, 2015) and Section 13E of the Karnataka Town & Country Planning Act, 1961 read with Section 427 of the Municipal Corporations Act, 1976 and Section 325 of Municipalities Act, 1964, the Panchayath Development Officers have to issue permission for erecting mobile towers within their Grama Panchayath limits and royalty of Rs.12,000/- shall be collected. It was informed to audit party that during the year 2016-17 & 2018-19, the Grama Panchayath, Sarjapur had not issued any permission for erection of mobile towers and royalty was not collected. It is seen from the audit report that mobile towers were erected without permission and no royalty was collected. Thus,



there is loss caused to the Panchayath. Respondent No.1 Sri Girimallayya, Respondent No.2 Sri P.A. Poonacha, Respondent No.3 Smt. C.M. Sunitha and Respondent No.4 Sri M. Prasad, who were working as Panchayath Development Officers during the year 2016-17 and 2018-19 are responsible for the same.

(viii) During the year 2018-19, it is noticed during audit that the following materials worth more than Rs.5,000/- and within Rs.1,00,000/- were purchased without calling for quotations as per Rule 55(49) of the Manual of Contingent Expenditure and Govt. Order No. FD 01 TCE 2012 dated 21/6/2012.

Sl. No.	Date	Cheque No.	Total	Details
1	13/4/2018	499144	8,000	Purchase of furniture
2	17/6/2018	499194	23,950	Repairs to Motor pump
3	23/10/2018	502455	21,712	Purchase of stationery
	Total		53,662	

Respondent No.3 Smt. C.M. Sunitha and Respondent No.4 Sri M. Prasad, who were working as Panchayath Development Officers during the year 2018-19 are responsible for the same

(ix) From the Audit report for the year 2018-19, it is noticed that in order to circumvent the calling of tender for purchase of materials more than Rs.1.00 Lakh, the Bills were split and purchases were made by calling quotations. Thus, the Karnataka Transparency in public procurement Act, 1999 and Rules framed thereunder were violated. The details of such purchases are as follows:-

Sl. No.	Cheque No.	Date	Amount	Details of materials
1	499181	9/5/2018	82,500	Purchase of spare parts for drinking water.

*n. Prasad*

2	499182	9/5/2018	15,000	Purchase of spare parts for drinking water.
3	499183	9/5/2018	20,000	Purchase of spare parts for drinking water.
	Total		1,17,500	

The Respondent No.3 Smt. C.M. Sunitha, who was working as Panchayath Development Officer during the above period, is responsible for purchase of spare parts for drinking water, without calling for tender and splitting the Bills.

(x) From the Audit report for the 2018-19, it is noticed that a cheque No.50041 dated 17/4/2018 for a sum of Rs.80,00,000/- and another cheque bearing No.50046 dated 9/11/2018 for a sum of Rs.10,00,000/- totally a sum of Rs.90,00,000 was issued to the Executive Engineer, Karnataka Rural Infrastructure Development Limited towards execution of works. In respect of the above release of funds, utilization certificate for having spent the amount for the purpose was not obtained. Respondent No.3 Smt. C.M. Sunitha and Respondent No.4 Sri M. Prasad, who were working as Panchayath Development Officers during the year 2018-19 are responsible for the same.

#### **REGARDING SCHEMES OF GOVERNMENT**

42) In the Audit report for the year 2018-19, regarding implementation of MGNREGA Scheme during the year 2018-19 by the Sarjapur Grama Panchayath, the following irregularities were noticed.

- (i) The Grama Panchayath had not prepared the Self up Projects after getting the approval of Grama Sabah.
- (ii) For providing unskilled physical work to the adults, the Grama Panchayath had to maintain 9 statement in the

*n. Sunitha*

proforma prescribed which were not maintained in all respects.

- (iii) As per Paragraph 22 of the MGREGA hand book, the implementation officers had to verify 100% of works, District Level officers had to verify 25% of works and 2% of works had to be verified by State Level Officers. But the works were not verified as stated above.
- (iv) There is no record to show that permission was obtained for using the machineries for implementation of programmed as per Order No. RDP 05 EGS 2007 (P) dated 3/8/2009.
- (v) Production quantity was not stated in the NMRs.
- (vi) There is no record to show that the materials purchased for works were procured from registered contractors/suppliers. There is no vouchers maintained for purchase of Cement from authorized dealers.
- (vii) In the measurement books, the engineers have not mentioned the details of NMRs. The details of materials, quantity and name of contractors are not mentioned in the NMRs. The vouchers/Bills do not bear the signatures of contractors. The materials were not taken to stock.
- (viii) The Grama Panchayath had not conducted survey of job card holders. The job cards in relation to the persons who had left villages, died, etc. have not been deleted.
- (ix) The Registers in Form No. 1 to 9 as per the Guidelines of the Scheme were not maintained. The photographs of the job card holders were not affixed in Form No.3. The work allotment in Form No.7 was not issued and notices in Form No.8 were not issued.



(x) Out of the execution of works under MGNREGA scheme, some of the works had created properties to the Grama Panchayath, the properties were not taken to Property Register.

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

For the year 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 <sup>th</sup> Finance	5,79,137	52,866	6,32,003	5,54,512	77,491
2	14 <sup>th</sup> Finance	5,81,252	47,02,906	52,84,158	37,07,200	15,44,079
3	ESCROW	3,855	24,15,773	24,19,628	22,10,649	2,08,797
4	MGNREGA	32,632	1,34,949	1,67,581	164	1,67,417

For the year 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	13 <sup>th</sup> Finance	77,491	4,331	81,822	81,822	-
2	14 <sup>th</sup> Finance	15,44,079	36,02,534	51,46,613	47,55,581	3,91,032
3	Total Sanitation campaign.	86,254	3,272	89,526	-	89,526

For the year 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 <sup>th</sup> Finance	3,91,032	69,68,298	73,59,330	24,37,158	49,22,172
1	Electricity (ESCROW)	2,68,111	15,96,686	18,64,797	18,51,000	13,797
2	Grama Vikas	0	100,45,402	100,45,402	93,95,173	6,50,229
3	Swatch Grama	5,441	0	5,441	0	5,441

*W. Srinivas*

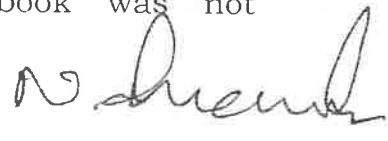
As per the above statements the Sarjapur Grama Panchayath had not fully utilized the grants under 14<sup>th</sup> Finance Scheme and thus failed accomplish its full target, which results in depriving the benefits of the scheme to the beneficiaries. From the audit reports for the years 2016-17 and 2017-18, it is noticed that the grants of 13<sup>th</sup> and 14<sup>th</sup> finance scheme was not utilized as per the guidelines of the scheme, and instead it has been diverted to other purposes, thereby the objects of the scheme is frustrated.

**IRREGULARITIES FOUND IN RESPECT OF PROJECT EXPENDITURES**

44) In the Audit reports for the years 2016-17, 2017-18 and 2018-19, it is stated that the Sarjapur Grama Panchayath had not 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**

45) In the Audit Reports for the year 2016-17. 2017-18 and 2018-19 it is noticed that the Sarjapur Grama Panchayath, 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, which is a serious lapse. 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**

46) During the audit for the year 2016-17, 2017-18 & 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	CBF
Opening balance as on 1/4/2016	2,13,235	5,38,997	2,99,067	68,823	-
Deductions for 2016-17	1,74,777	7,57,284	1,90,740	1,89,326	-
Total	3,88,012	12,96,281	4,89,807	2,58,149	-
Remitted to Govt. during 2016-17	81,319	4,24,356	73,506	1,06,092	-
Balance to be remitted as on 31/3/2017	3,06,693	8,71,925	4,16,301	1,52,057	-

2017-18

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund	CBF
Opening balance as on 1/4/2017	3,06,693	8,71,925	4,16,301	1,52,057	-
Deductions for 2017-18	87,921	2,14,567	1,15,343	1,13,923	-
Total	3,94,614	10,86,492	5,31,644	2,65,980	-
Remitted to Govt. during 2017-18	79,520	2,11,145	70,843	76,741	-
Balance to be remitted as on 31/3/2018	3,15,094	8,75,347	4,60,801	1,89,239	-

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2018-19

Details	Royalty	Sales Tax/GST	Income Tax	Labour Welfare fund	CBF
Opening balance as on 1/4/2018	3,15,094	8,75,347	4,60,801	1,89,239	-
Deductions for 2018-19	1,96,000	98,656	1,25,207	1,25,207	12,772
Total	5,11,094	9,74,003	5,86,008	3,14,446	12,772
Remitted to Govt. during 2018-19	-	-	-	-	-
Balance to be remitted as on 31/3/2019	5,11,094	9,74,003	5,86,008	3,14,446	12,772

As per the above statements, as on 31/3/2019 a sum of Rs.5,11,094/- towards Royalty; Rs.9,74,003/- towards sales tax/GST; and Rs.5,86,008/- towards Income Tax; Rs.3,14,446/- towards Labour Welfare fund and Rs.12,772/- towards Contractors' Benevolent fund are due to be remitted to the concerned heads of Government. Non-remittance of above Royalty, Sales Tax/GST, Income Tax, Labour Welfare fund, CBF to the concerned Heads of Department of Government amounts to misdirection of funds and loss to the State exchequer. Respondents 1 to 4 who were Panchayath Development Officers of the relevant years' are responsible for non-remittance of the above amount to the concerned heads of Government.

47) 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.

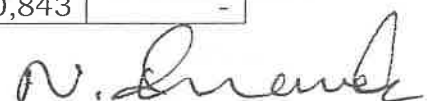
*W. S. Srinivas*

## 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	1,51,327	1,30,433	20,894	59,393	38,499
	Group 2	1,524	1,524	-	-	1,524
	13 <sup>th</sup> finance	-	-	-	-	-
	14 <sup>th</sup> finance	21,926	21,926	-	21,926	-
<b>Total</b>		<b>1,74,777</b>	<b>1,53,883</b>	<b>20,894</b>	<b>81,319</b>	<b>40,023</b>
Sales Tax	Group 1	5,60,207	5,60,207	-	2,88,379	2,71,828
	Group 2	31,512	31,512	-	-	31,512
	13 <sup>th</sup> finance	23,594	23,594	-	-	23,594
	14 <sup>th</sup> finance	1,41,971	1,41,971	-	1,34,977	5,994
<b>Total</b>		<b>7,57,284</b>	<b>7,57,284</b>	<b>-</b>	<b>4,24,356</b>	<b>3,32,928</b>
Income Tax	Group 1	1,41,468	1,41,468	-	73,506	67,962
	Group 2	7,878	7,878	-	-	7,878
	13 <sup>th</sup> finance	5,899	5,899	-	-	5,899
	14 <sup>th</sup> finance	35,495	35,495	-	-	35,495
<b>Total</b>		<b>1,90,470</b>	<b>1,90,470</b>	<b>-</b>	<b>73,506</b>	<b>1,17,234</b>
Labour Welfare Board Fee	Group 1	1,40,054	1,40,054	-	72,095	67,959
	Group 2	7,878	7,878	-	-	7,878
	13 <sup>th</sup> finance	5,899	5,899	-	-	5,899
	14 <sup>th</sup> finance	35,495	35,495	-	33,997	1,498
<b>Total</b>		<b>1,89,326</b>	<b>1,89,326</b>	<b>-</b>	<b>1,06,092</b>	<b>83,234</b>
<b>Grand Total</b>		<b>11,40,461</b>	<b>11,20,167</b>	<b>20,894</b>	<b>6,19,123</b>	<b>5,73,419</b>

## 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 short remitted to treasury.
Royalty	Group 1 & 2	76,337	76,337	-	-	76,337
	14 <sup>th</sup> finance	11,584	11,584	-	79,520	-
<b>Total</b>		<b>87,921</b>	<b>87,921</b>	<b>-</b>	<b>79,520</b>	<b>76,337</b>
Sales Tax	Group 1 & 2	1,06,377	1,06,377	-	-	1,06,377
	14 <sup>th</sup> finance	1,08,190	1,08,190	-	2,11,145	-
<b>Total</b>		<b>2,14,567</b>	<b>2,14,567</b>	<b>-</b>	<b>2,11,145</b>	<b>1,06,377</b>
Income Tax	Group 1 & 2	72,315	72,315	-	-	72,315
	14 <sup>th</sup> finance	43,028	43,028	-	70,843	-



<b>Total</b>		<b>1.15.343</b>	<b>1.15.343</b>	-	<b>70,843</b>	<b>72,315</b>
Labour Welfare Board Fee	Group 1 & 2 14 <sup>th</sup> finance	70,895 43,028	70,895 43,028	-	- 76,741	70,895 -
<b>Total</b>		<b>1,13,923</b>	<b>1,13,923</b>	-	<b>76,741</b>	<b>70,895</b>
<b>Grand Total</b>		<b>5,31,754</b>	<b>5,31,754</b>	-	<b>4,38,249</b>	<b>3,25,924</b>

## 2018-19

Taxes	Schemes	Amount to be deducted during 2018-19	Amount deducted during the year 2018-19	Amount short deducted /left out	Amount remitted to Treasury	Amount short remitted to treasury.
Royalty	GP fund	2,05,236	1,96,000	9,236	-	1,96,000
<b>Total</b>		<b>2,05,236</b>	<b>1,96,000</b>	<b>9,236</b>	-	<b>1,96,000</b>
GST	GP fund	98,656	98,656	-	-	98,656
<b>Total</b>		<b>98,656</b>	<b>98,656</b>	-	-	<b>98,656</b>
Income Tax	GP fund	1,25,207	1,25,207	-	-	1,25,207
<b>Total</b>		<b>1,25,207</b>	<b>1,25,207</b>	-	-	<b>1,25,207</b>
Labour Welfare Board Fee	GP fund	1,25,207	1,25,207	-	-	1,25,207
<b>Total</b>		<b>1,25,207</b>	<b>1,25,207</b>	-	-	<b>1,25,207</b>
CBF	GP Fund	12,772	12,772	-	-	12,772
		<b>12,772</b>	<b>12,772</b>	-	-	<b>12,772</b>
<b>Grand Total</b>		<b>5,67,078</b>	<b>5,57,842</b>	<b>9,236</b>	-	<b>5,57,842</b>

As per the above Statements, in relation to the year 2016-17 an amount of Rs.20,894/- was not deducted towards Royalty from the Contractor/Supplier Bills and a sum of Rs.5,73,419/- deducted towards Royalty, Sales Tax, Income Tax and Labour Welfare fund was not remitted to the concerned Heads of Account of Government.

In relation to the year 2017-18 an amount of a sum of Rs.3,25,924/- deducted towards Royalty, Sales Tax, Income Tax,

*W. S. Srinivasan*

Labour Welfare fund was not remitted to the concerned Heads of Account of Government.

In relation to the year 2018-19 an amount of Rs.9,236/- was short deducted from the Contractor/ Supplier's Bills towards Royalty and a sum of Rs.5,57,842/- deducted from the Contractor/Supplier's bills towards Royalty, GST, Income Tax, Labour Welfare Fund and Contractors Benevolent fund was not remitted to the concerned Heads of Account of Government.

The above short deductions and Non-remittance of amount to the concerned Heads of Department of Government amount to misdirection of funds and loss to the State exchequer. The respondents 1 to 4 who were the Panchayath Development Officers during the relevant years, are responsible for above short deduction, misdirection and causing loss to the Government exchequer.

From the Audit Reports for the years 2016-17 and 2017-18, it is noticed that 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 shall be remitted to the Chief Executive Officer, Buildings and other construction Labour Welfare Board, Karmika Bhavan, Bannerghatta Road, Bangalore. The Sarjapur Panchayath had not followed the above instructions.

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

49) Apart from the above Registers Sarjapur 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.



50) In the preparation of financial statements for the years 2016-17, 2017-18 and 2018-19, the Grama Panchayath, Sarjapur has committed the following irregularities.

- (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.
- (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 Payments 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 audit reports several discrepancies are noticed in the preparation of Balance sheet.



51) 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 Sarjapur Grama Panchayath.

Sl. No.	Name of the Executive Officer	Period of work at Taluk Panchayath Anekal
1	Sri N. Nomesesh 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, Sarjapur Panchayath. Due to their lapses in properly supervising the accounts and administration of Grama Panchayaths, the irregularities/ misappropriation stated supra at Sarjapur Grama Panchayath had crept in. Therefore, they are also responsible for the irregularities/ misappropriation, stated supra. Respondent No.8, Smt. Mamatha.A.P has reported as Panchayath Development Officer in Sarjapur Grama Panchayath in November 2019. Therefore, she cannot be held responsible for the lapses/irregularities/loss to the State exchequer noted above.

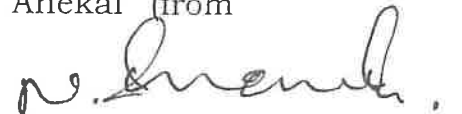
52) The respondents while submitting their comments have stated that the budgets of the Sarjapur Gram Panchayath were prepared every year as per rules and audits of Sarjapur Gram Panchayath was conducted. They have not explained the irregularities/loss to the State exchequer stated supra. Their comments cannot be accepted. In view of the above discussions, there is prima facie material to initiate disciplinary proceedings against Respondents 1 to 7.






53) Therefore, acting under Section 12(3) of Karnataka Lokayukta Act, 1984, recommendation is made to the Competent Authority for initiating disciplinary proceedings against the following respondents and to entrust the departmental inquiry to this Authority under Rule 14A of the Karnataka Civil Services (Classification, Control and Appeal) Rules, 1957.

- (1) **Respondent No.1** Sri Girimallayya, the then Panchayath Development Officer, Sarjapur Grama Panchayath, Anekal Taluk (for the period from 01/01/2016 to 31/05/2016) - now working at Ragihalli Grama Panchayath, Anekal Taluk
- (2) **Respondent No.2** Sri P.A.Poonacha, the then Panchayath Development officer, Sarjapur Grama Panchayath, Anekal Taluk (for the period from 10/06/2016 to 28/04/2017) - Now working at Taverekere Grama Panchayath, Bengaluru South Taluk.
- (3) **Respondent No.3** Smt. C.M. Sunitha, the then incharge Panchayath Development Officer, Sarjapur Grama Panchayath, Anekal Taluk (for the period from 06/06/2017 to 11/06/2018 and from 19/1/2019 to 19/11/2019) - Presently working at Ramohalli Grama Panchayath, Bengaluru South Taluk
- (4) **Respondent No.4** Sri M. Prasad, the then Incharge Panchayath Development Officer, Sarjapur Grama Panchayath, Anekal Taluk (from 27/6/2018 to 18/01/2019)- presently working as Secretary at Samethanahalli G.P., Hosakote Taluk.
- (5) **Respondent No. 5** Sri Nomesk 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
- (6) **Respondent No.6** 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
- (7) **Respondent No.7** Sri K.C. Devaraj Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).



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

Connected records are enclosed.

  
(JUSTICE N. ANANDA)  
Upalokayukta-1  
State of Karnataka, 29/6  
Bengaluru