

KARNATAKA LOKAYUKTA

No. Compt/Uplok/BCD/73/2020/ARLO-1

Multi Storied Buildings,
Dr. B.R. Ambedkar Veedhi,
Bengaluru 560 001
Dated: **09/06/2020**

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

Sub:- Proceedings against:-

- (1) Sri K. Shekar, the then Panchayath Development Officer, Ballur Grama Panchayath, Anekal Taluk - Presently working as Assistant Professor, Government First Grade College, Pujalkatte, Belthangadi Taluk, Dakshina Kannada District.
- (2) Sri Y. Manajunath Reddy, the then in-charge Development officer, Ballur Grama Panchayath, Anekal Taluk- Now working as Secretary at Ballur Grama Panchayath.
- (3) Sri Subhan Khan, the then in-charge Panchayath Development Officer, Ballur Grama Panchayath, Anekal Taluk - Presently working as Panchayath Development Officer, Samandur Grama Panchayath, Anekal Taluk
- (4) Sri K.K. Praveenkumar, Panchayath Development Officer, Ballur Grama Panchayath, Anekal Taluk.
- (5) Sri Nomesh Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal- Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur
- (6) Sri T.K. Ramesh, the then Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal - Presently working as Deputy Secretary, Zilla Panchayath, Tumakuru
- (7) 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 Ballur 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 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 Ballur Grama Panchayath for the year 2016-17 was produced. The audit reports for the remaining years were not produced. Therefore, the above suo-motu complaint was registered against the following respondents for conducting further investigation into the matter.

- (1) Sri K. Shekar, the then Panchayath Development Officer, Ballur Grama Panchayath, Anekal Taluk (for the period from 1/1/2016 to 22/6/2017).
- (2) Sri Y. Manajunath Reddy, the then in-charge Development officer, Ballur Grama Panchayath, Anekal Taluk (for the periods from 22/6/2017 to 15/10/2017 and 16/8/2018 to 23/1/2019) - Now working as Secretary at Ballur Grama Panchayath.
- (3) Sri Subhan Khan, the then in-charge Panchayath Development Officer, Ballur Grama Panchayath, Anekal Taluk (for the period from 16/10/2017 to 21/12/2017) (Presently working as Panchayath Development Officer, Samandur Grama Panchayath, Anekal Taluk)
- (4) Sri K.K. Praveenkumar, Panchayath Development Officer, Ballur Grama Panchayath, Anekal Taluk (from 22/12/2017 to 15/8/2018 and from 24/1/2019 till date).

- (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. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).
- 3) The Respondent 1 has submitted comments dated 14/3/2020; Respondent No.2 has submitted comments dated 12/2/2020; Respondent No.3 has submitted comments dated 12/2/2020. They have stated that the present Panchayath Development Officer of Ballur Grama Panchayath, viz., Respondent No.4 Sri K.K. Praveen Kumar has submitted the records relating to Ballur Grama Panchayath and have submitted that during their tenure they had discharged duties as per Rules. Respondent No.4 Sri K.K. Praveen Kumar has submitted comments 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, he has stated that the audit of the Ballur Panchayath was conducted for the years 2016-17 to 2019-19 and copies of the same are enclosed.
- 4) The Respondent No.5 Sri Nomesh Kumar has submitted comments dated 27/2/2020 stating that during his tenure the Ballur Grama Panchayath had submitted the audit report for the year 2016-17 to the Accounts Officer of Taluk Panchayath. and Budget for the year 2016-17 and 2017-18. He had constituted an

ad hoc 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 has submitted comments dated 27/2/2020 similar to the comments submitted by Respondent No.5. Respondent No.7 has submitted comments dated 12/2/2020 stating that he had instructed the Panchayath Development Officer of Ballur to submit the Expenditure statements and audit reports for the years 2016-17 to 2018-19.

5) The respondent No.4 in his comments has stated that he has enclosed the copies of Budget estimates of the above Grama Panchayath for the years 2016-17 to 2019-20 and audit report for the year 2019-20. As per the copies of the records furnished by him, respondent No.4 has furnished copy of the budget estimate for the year 2019-20 and copies of audit reports for the year 2016-17 to 2018-19. He has not enclosed the copies of budget estimates for the years 2016-17, 2017-18 and 2018-19. The copies of the Budget estimate for the year 2019-20 and Audit reports for the years 2016-17, 2017-18 and 2018-19 of Ballur Grama Panchayath produced by Respondent No.4 Sri K.K. Praveen Kumar along with his comments are perused.

BUDGET PROVISIONS

6) As per the Budget estimates for the years 2019-20, the following income & Expenditure were estimated for the Ballur Grama Panchayath.

1. REVENUE INCOME

Sl. No.	Details	2019-20
1	Opening balance	35,70,090

2	Rates and Taxes	57,82,375
3	Revenue from the Panchayath Properties	6,04,412
4	Revenue from Grama Panchayath Authorities	17,44,710
5	Grants, Donation, Subscriptions	25,22,900
	Total Revenue Income	142,24,487

REVENUE EXPENDITURES

Sl. No.	Details	2019-20
1	General Administration	6,09,584
	i) Grama Panchayath (Elected Body)	13,45,293
	ii) Office	
	Total	19,54,876
2	Development Expenditure	15,69,076
	1) Drinking Water	0
	2) Rural Sanitation	0
	3) General Health & Family Welfare	11,847
	4) Roads, Bridges & other connecting medias	0
	5) Buildings	1,26,862
	6) Electrification and Electricity supply	0
	7) Development of Non-conventional energy sources	3,62,215
	8) Social Public Service programmes	-
	9) Motivation Services	
	Total Expenditure	20,70,000
	Transfer from Genl. fund	14,00,014
	Other Revenue Expenditure	0
	Total Revenue Expenditure	54,24,890
	Closing balance (i)	87,99,597

2. CAPITAL INCOME

Sl. No.	Details	2019-20
1	Opening balance	53,76,984
2	Grants, Subscription, donation.	0
3	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	45,91,432
	Total Capital Income	99,68,416

CAPITAL EXPENDITURES

Sl. No.	Details	2019-20
1	Development Expenditure	8,94,523
	1) Drinking Water	0
	2) Rural sanitation	19,00,000
	3) Roads, Bridges & other connecting medias	42,350
	4) Buildings	0
	5) Payment of salary to staff	10,00,000
	6) Social & public service programmes	
	Total Expenditure	38,36,873
2	Specific Project Expenditure	
	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	65,38,038
3	Procurement of properties	0
4	Repayment of loan	0
	Total Capital expenditure	103,74,911

Closing Balance (ii)	4,06,495
-----------------------------	-----------------

3. DEPOSITS, ADVANCES & INVESTMENTS

Sl. No.	Details	2019-20
1	Opening balance	0
2	Receipt	0
	Total Income	0
3	Expenditure	0
	Closing Balance (iii)	0
Total Final Balance of the Panchayath (i) + (ii) + (iii)		83,93,102

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.

(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 Ballur 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 closing balance of 10% in the Grants and Incomes of the Panchayath was not made in terms of Rule 12(4)(iii) of the Karnataka Panchayath Raj (Budgeting and Accounting) 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 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 Ballur Grama Panchayath.

10) The Respondent No.1 Sri K. Shekar, Respondent No.2 Sri Y. Manjunatha Reddy, Respondent No.3 Sri Subhan Khan and Respondent No.4 Sri K.K. Praveenkumar who were working as Panchayath Development Officers of Ballur Grama Panchayath 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 Respondent No.5 Sri N. Nomesk 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 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 Ballur Grama Panchayath, no such monthly statement was

prepared and submitted to the Authorities stated above. The audit reports for the years 2016-17, 2017-18 and 2018-19 at paragraph 15 states that monthly expenditure statements, half yearly statements in terms of Rule 108 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting & Accounts) Rules, 2006 were not submitted by the Ballur Panchayath. Therefore, the Respondents 1 to 4 who were working as Panchayath Development Officers are responsible for the same. The Respondents No. 5, 6 & 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, Ballur 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, Ballur 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)

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

14) 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 was Rs.11,48,456/-. During the year 2016-17, a sum of Rs.2,82,046/- 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.2,95,560/- was spent showing the balance of Rs.11,34,942/- at the end of the year on 31/3/2017. The Respondent No.1 Sri K. Shekar who was working as Panchayath Development Officer during the year 2016-17 has not spent the amount under 25% scheme in accordance with Rules, thus depriving the benefits of the scheme to the above class of persons.

15) In relation to the amount reserved for the welfare of Physically Challenged persons under 3% grant scheme, there was opening balance of Rs.1,06,883/- as on 1/4/2016. During the year 2016-17 a sum of Rs.55,000/- was reserved and during the year 2016-17 no amount was spent under the above scheme, thus, the closing balance as on 31/3/2017 is shown as Rs.1,61,883/-. The Respondent No.1 Sri K. Shekar who was working as Panchayath Development Officer during the year 2016-17 has not spent the amount under 3% scheme in accordance with Rules, thus depriving the benefits of the scheme to the above class of persons.

16) 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.11,34,942/-. During the year 2017-18, a sum of Rs.2,33,505/- 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.2,33,505/- was spent showing the balance of Rs.11,34,942/- at the end of the year on 31/3/2018. The Respondent No.1 Sri K. Shekar; Respondent No.2 Sri Y.Manjunath Reddy; Respondent No.3 Sri Subhan Khan; and Respondent No.4 Sri Praveenkumar who were working as Panchayath Development Officer during the year 2017-18 have not spent the amount under 25% scheme in accordance with Rules, thus depriving the benefits of the scheme to the above class of persons.

17) In relation to the amount reserved for the welfare of Physically Challenged persons under 3% grant scheme, there was opening balance of Rs.1,61,883/- as on 1/4/2017. During the year 2017-18 a sum of Rs.55,000/- was reserved and during the year 2017-18 no amount was spent under the above scheme, thus, the closing balance as on 31/3/2018 is shown as Rs.2,16,883/-. The Respondent No.1 Sri K. Shekar; Respondent No.2 Sri Y.Manjunath Reddy; Respondent No.3 Sri Subhan Khan; and Respondent No.4 Sri Praveenkumar who were working as Panchayath Development Officer during the year 2017-18 have not spent the amount under 3% scheme in accordance with Rules, thus depriving the benefits of the scheme to the above class of persons.

18) 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.11,34,942/-. During the year 2018-19, a sum of Rs.8,50,350/- 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.10,80,503/- was spent, showing the balance of Rs.9,04,789/- at the end of the year on 31/3/2019. The Respondent No.2 Sri Y. Manjunath Reddy and Respondent No.4 Sri K.K. Praveenkumar who were working as Panchayath Development Officers during the year 2018-19 have not spent the amount under 25% scheme in accordance with Rules, thus depriving the benefits of the scheme to the above class of persons.

19) In relation to the amount reserved for the welfare of Physically Challenged persons under 3% grant scheme, there was opening balance of Rs.2,16,883/- as on 1/4/2018. During the year 2018-19 a sum of Rs.60,050/- was reserved and during the year 2018-19, a sum of Rs.20,500/- was spent, thus showing the closing balance as on 31/3/2019 as Rs.2,56,433/-. The Respondent No.2 Sri Y.Manjunath Reddy and Respondent No.4 Sri K.K. Praveenkumar who were working as Panchayath Development Officers during the year 2018-19 have 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

20) The Ballur 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	06	07	08
2	Receipt of Receipt Books	10	10	00
3	Total	16	17	08
4	No. of receipt books utilised for the year	09	09	08
5	Balance of receipt books at the end of the year	07	08	00

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

COLLECTION OF TAXES AND ITS REMITTANCE TO GOVT. ACCOUNTS

21) As per the Audit Report for the year 2016-17, the Ballur 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 K.Shekar, Panchayath Development Officer of Ballur Grama Panchayath during the years 2016-17 is responsible for the above lapse.

22) As per the Audit reports for the years 2016-17, 2017-18 and 2018-19, The Ballur 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

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	63,79,150	28,48,948	92,28,098	34,54,609	57,73,489
2	Water Tax	2,57,807	2,39,400	4,97,207	1,78,750	3,18,457
3	Licence	0	2,60,816	2,60,816	2,60,816	0
5	Others	-	-	-	-	-
	Total	66,36,957	33,49,164	99,86,121	38,94,175	60,91,946

2017-18

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	57,73,489	30,38,836	88,12,325	30,38,836	57,73,489
2	Water Tax	3,18,457	25,190	3,43,647	25,190	3,18,457
3	Licence	0	2,82,618	2,82,618	2,82,618	0
4	Others	0	5,19,934	5,19,934	5,19,934	0
	Total	60,91,946	38,66,578	99,58,524	38,66,578	60,91,946

2018-19

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	57,73,489	30,38,836	88,12,325	36,71,861	51,40,464
2	Water Tax	3,18,457	3,25,190	6,43,647	4,43,647	2,00,000
3	Licence	0	2,82,618	2,82,618	2,82,618	0
4	Others	-	5,41,280	5,41,280	5,41,280	0
	Total	60,91,946	41,87,924	102,79,870	49,39,406	53,40,464

23) As per the above statements, huge amount in a sum of Rs.53,40,464/- towards house tax and water tax was not collected by the Ballur Grama Panchayath, which amounts to loss caused to the State Exchequer. The Respondent No.1 Sri K. Shekar; Respondent No.2 Sri Y. Manjunath Reddy; Respondent No. 3 Sri Subhan Khan and Respondent No.4 Sri K.K. Praveenkumar, Panchayath Development Officers are responsible for short collection of House Tax and Water Tax during the relevant years.

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

25) 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. 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

26) 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	3,86,710	38671	3,48,039	17,44,149	20,92,188	-	20,92,188
2.	Education cess	2,57,807	25781	2,32,026	11,62,764	13,94,790	-	13,94,790
3.	Library cess	1,54,684	15468	1,39,216	6,97,665	8,36,881	-	8,36,881
4.	Beggars cess	77,342	7734	69,608	2,68,380	3,37,988	-	3,37,988
	Total		87654	7,88,889	38,72,958	46,61,847	-	46,61,847

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	3,40,168	34017	3,06,151	20,92,188	23,98,339	-	23,98,339
2.	Educational cess	2,26,779	22678	2,04,101	13,94,790	15,98,891	-	15,98,891
3.	Library cess	1,36,067	13607	1,22,460	8,36,881	9,59,341	-	9,59,341
4.	Beggars cess	68,034	6803	61,231	3,37,988	3,99,219	-	3,99,219
	Total	7,71,048	77105	6,93,943	46,61,847	53,55,790	-	53,55,790

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	4,11,029	41102	3,69,927	23,98,339	27,68,266	-	27,68,266
2.	Educational cess	2,74,019	27401	2,46,618	15,98,891	18,45,509	-	18,45,509
3.	Library cess	1,64,411	16441	1,47,970	9,59,341	11,07,311	-	11,07,311
4.	Beggars cess	82,205	8200	73,985	3,99,219	4,73,204	-	4,73,204
	Total	9,31,664	93164	8,38,500	53,55,790	61,94,290	-	61,94,290

27) It is noticed from audit reports of the years 2016-17, 2017-18, 2018-19 the Ballur 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 61,94,290/-. As per the Audit reports, the Ballur 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.61,94,290/- as stated above, amounts to misdirection of funds and loss to the State exchequer. The Respondent Nos.1 to 4 are responsible for the same.

NON-PRODUCTION OF MUTATION REGISTERS

28) The Ballur 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.

IRREGULARITIES IN PAYMENTS

29) 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 payments; 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.

NON-SUBMISSION OF ANNUAL STATEMENT OF STAFF OF PANCHAYATH

30) As per Rule 57 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounting) Rules, 2006, the Panchayath shall submit an annual statement to the Accountant General, Local Audit Circle and Zilla Panchayath in Form No.22 relating to the staff working in the Panchayath who are eligible to get pension and who are on deputation. As per the Audit reports for the years 2016-17, 2017-18 and 2018-19, such a statement was not sent by Ballur Grama Panchayath.

31) In the Audit Reports for the years 2016-17, 2017-18 and 2018-19, it is observed that the Ballur Grama Panchayath has not maintained and furnished the Register of Pay Scale in Form No.23 in terms of Rule 58 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounting) Rules, 2006.

32) The Respondent No.1 Sri K.Shekar and Respondent No.4 Sri K.K. Praveenkumar, who were working as Panchayath

Development Officers at the end of the financial yeas 2016-17 and 2017-18 & 2018-19 respectively are responsible for the above lapses.

REGARDING EXPENDITURE OF PANCHAYATHS

33) In the audit reports of Ballur 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.

(iv) As per the audit report for the year 2016-17, during the year 2016-17, the Ballur Grama Panchayath had purchased materials worth more than Rs.1.00 Lakh by splitting the Bills and calling for quotation, in order to circumvent the process of tender. The details of purchases are as follows:-

Sl. No.	Cheque No.	Date	Bill amount	Details
1	563105	02/11/2016	26,320	Supply of water supply through tractor
2	563120	25/11/2016	19,000	Cleaning of drain
3	563119	25/11/2016	24,000	Cleaning of drain
4	563118	28/11/2016	20,000	Cleaning of drain
5	557182	06/10/2016	24,000	Cleaning of drain
6	557184	06/10/2016	22,500	Cleaning of drain
7	557149	16/08/2016	19,000	Cleaning of drain
8	557161	07/09/2016	11,000	Supply of water supply through tractor
9.	551955	18/04/2016	52,750	Purchase of cable
	Total		2,18,570	

In the audit report, it is observed that the above bills were paid without calling for tender. The respondent No.1 Sri K. Shekar, Panchayath Development Officer is responsible for the above lapse.

REGARDING SCHEMES OF GOVERNMENT

34) The details of grants available in the Ballur 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 th Finance	1,17,887	35,950	1,53,837	1,02,855	50,982
2	14 th Finance	3,91,572	34,55,581	38,47,153	26,12,747	12,34,356
3	Ashraya	8,09,732	0	8,09,732	8,09,732	0
4	Total Sanitation Campaign	2,58,666	8,889	2,67,555	41,000	2,26,555

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 th Finance	50,982	0	50,982	50,982	0
2	14 th Finance	12,34,356	25,88,975	38,23,331	0	38,23,331
3	Total Sanitation Campaign	2,26,555	2,14,792	4,41,347	0	4,41,347

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 th Finance	38,23,331	35,12,429	73,35,760	33,66,475	39,69,285
2	Total Sanitation Campaign	4,41,347	15,647	4,56,994	118	4,56,876

As per the above statements the Ballur Grama Panchayath had not fully utilised the grants under 14th Finance Scheme and Total Sanitation Campaign 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, 2017-18 and 2018-19, it is noticed that the grants of 13th and 14th finance scheme was not utilised as per the guidelines of the scheme, and instead it has been diverted for purchase and other purposes, thereby the objects of the scheme is frustrated. The Respondent No.1 Sri K. Shekar; Respondent No.2 Sri Y. Manjunath

Reddy; Respondent No.3 Sri Subhan Khan and Respondent No.4 Sri K.K. Praveenkumar, who were working as Panchayath Development Officers at Ballur Grama Panchayath are responsible for not utilizing the grants under 14th Finance and TSC during their relevant tenure and for utilizing the grants of the 13th and 14th Finance scheme for other purposes.

IRREGULARITIES FOUND IN RESPECT OF PROJECT EXPENDITURES

35) In the Audit reports for the years 2016-17, 2017-18 and 2018-19, it is stated that the Ballur 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

36) In the Audit Reports for the year 2016-17, 2017-18 and 2018-19 it is noticed that the Ballur 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**

37) 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	49,752	2,53,029	1,20,162	42,477	-
Deductions for 2016-17	38,607	1,11,013	43,879	28,255	29,255
Total	88,359	3,64,042	1,64,041	70,732	29,255
Remitted to Govt. during 2016-17	-	-	-	-	-
Balance to be remitted as on 31/3/2017	88,359	3,64,042	1,64,041	70,732	29,255

2017-18

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund	CBF
Opening balance as on 1/4/2017	88,359	3,64,042	1,64,041	70,732	29,255
Deductions for 2017-18	-	-	-	-	-
Total	88,359	3,64,042	1,64,041	70,732	29,255
Remitted to Govt. during 2017-18	-	-	-	-	-
Balance to be remitted as on 31/3/2018	88,359	3,64,042	1,64,041	70,732	29,255

2018-19

Details	Royalty	Sales Tax CGST/ SGST	Income Tax	Labour Welfare fund	CBF
Opening balance as on 1/4/2017	88,359	3,64,042	1,64,041	70,732	29,255
Deductions for 2017-18	46,149	65,602	39,012	36,857	18,068
Total	1,34,508	4,29,644	2,03,053	1,07,589	47,321
Remitted to Govt. during 2017-18	0	49,334	0	0	0
Balance to be remitted as on 31/3/2018	1,34,508	3,80,310	2,03,053	1,07,589	47,321

As on 31/3/2019 a sum of Rs.1,34,508/- towards Royalty; Rs.3,80,310/- towards sales tax/GST; Rs.2,03,053/- towards Income Tax; Rs.1,07,589/- towards labour Welfare Fund; and Rs.47,321/- towards Contractors Benevolent Fund are due to be remitted to the concerned heads of Government. Non-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. Respondents 1 to 4 who were Panchayath Development Officers of the concerned years' are responsible for non-remittance of the above amount to the concerned heads of Government.

38) During the audit for the year 2016-17 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	-	-	-	-	-
	13 th &14 th finance	38,607	32,743	9,851		32,743
Total		38,607	32,743	9,851		32,743
Sales Tax	Group 1 & 2	3,998	3,998			3,998
	13 th &14 th finance	1,07,015	1,07,015			1,07,015
Total		1,11,013	1,11,013			1,11,013

Income Tax	Group 1 & 2	1,499	1,499			1,499
	13 th &14 th finance	42,380	42,380			42,380
Total		43,879	43,879			43,879
Labour Welfare Board Fee	Group 1 & 2	1,000	1,000			1,000
	13 th &14 th finance	28,255	28,255			28,255
Total		28,255	28,255			28,255
C.B.F	Group 1 & 2	1,000	1,000			1,000
	13 th &14 th finance	29,255	29,255			29,255
Total		29,255	29,255			29,255
Grand Total		2,51,009	2,45,145	9,851		2,45,145

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 shorted remitted to treasury.
Royalty	Group 1 & 2	5,229	5,229	-		5,229
	14 th finance	40,920	40,920	-		40,920
Total		46,149	46,149	-		46,149
G.S.T	Group 1 & 2	0	0	-		0
	14 th finance	0	0	-		0
Total		0	0	-		0
CGST	Group 1 & 2	3,997	3,997	-		3,997
	14 th finance	28,804	28,804	-	24,667	4,137
Total		32,801	32,801	-	24,667	8,134
SGST	Group 1 & 2	3,997	3,997	-		3,997
	14 th finance	28,804	28,804	-	24,667	4,137
Total		32,801	32,801	-	24,667	8,134

Income Tax	Group 1 & 2	3,997	3,997	-		3,997
	14 th finance	35,015	35,015	-		35,015
Total		39,012	39,012	-		39,012
Labour Welfare Board fee	Group 1 & 2	3,997	3,997	-		3,997
	14 th finance	32,860	32,860	-		32,860
Total		36,857	36,857	-		36,857
CBF	Group 1 & 2	1,998	1,998	-		1,998
	14 th finance	16,068	16,068	-		16,068
Total		18,066	18,066	-		18,066
Grand Total		2,07,686	2,07,686	-	49,334	1,56,352

As per the above Statements, in relation to the year 2016-17 an amount of Rs.2,45,145/- was not remitted to the concerned Heads of Account of Government. In relation to the year 2018-19 an amount of Rs.1,56,352/- was not remitted to the concerned Heads of Account of Government. Non-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. The respondents 1 Sri K. Shekar and Respondent No.4 Sri K.K. Praveenkumar, who were the Panchayath Development Officers at the close of the relevant years, are responsible for above misdirection and causing loss to the Government exchequer.

39) 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 Ballur Panchayath had not followed the above instructions.

40) The Ballur 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.

41) Apart from the above Registers Ballur 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.

42) In the preparation of financial statements for the years 2016-17, 2017-18 and 2018-19, the Grama Panchayath, Ballur 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 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.

43) 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 Ballur 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, Ballur Panchayath. Due to their lapses in properly supervising the accounts and administration of Grama Panchayaths, the irregularities/ misappropriation stated supra at Ballur Grama Panchayath had crept in. Therefore, they are also responsible for the irregularities/ misappropriation, stated supra.

44) The respondents while submitting their comments have stated that the budgets of the Ballur Gram Panchayath were prepared every year as per rules and audits of Ballur 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.


45) 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 same to this Authority as per Rule 14A of the Karnataka Civil Services (Classification, Control and Appeal) Rules, 1957.

- (1) **Respondent No.1** Sri K. Shekar, the then Panchayath Development Officer, Ballur Grama Panchayath, Anekal Taluk (for the period from 1/1/2016 to 22/6/2017) - Presently working as Assistant Professor, Government First Grade College, Pujalkatte, Belthangadi Taluk, Dakshina Kannada District
- (2) **Respondent No.2** Sri Y. Manajunath Reddy, the then in-charge Development officer, Ballur Grama Panchayath, Anekal Taluk (for the periods from 22/6/2017 to 15/10/2017 and 16/8/2018 to 23/1/2019) - Now working as Secretary at Ballur Grama Panchayath.
- (3) **Respondent No.3** Sri Subhan Khan, the then in-charge Panchayath Development Officer, Ballur Grama Panchayath, Anekal Taluk (for the period from 16/10/2017 to 21/12/2017) (Presently working as Panchayath Development Officer, Samandur Grama Panchayath, Anekal Taluk)
- (4) **Respondent No.4** Sri K.K. Praveenkumar, Panchayath Development Officer, Ballur Grama Panchayath, Anekal Taluk (from 22/12/2017 to 15/8/2018 and from 24/1/2019 till date).
- (5) **Respondent No.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) **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. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

46) As per Section 12(4) of the Karnataka Lokayukta Act, 1984, the Competent Authority shall intimate or caused to be intimated the action taken or proposed to be taken on the above recommendation, within three months from the date of receipt of this report.

Connected records are enclosed.


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