

KARNATAKA LOKAYUKTA

No. Compt/Uplok/BCD/74/2020/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) Smt. Sudha M.A the then Panchayath Development Officer, Huskur Grama Panchayath, Anekal Taluk – Presently working on deputation at Zilla Panchayath, Bengaluru Urban District, Bengaluru.
- (2) Sri Murali D, Panchayath Development Officer, Huskur Grama Panchayath, Anekal Taluk.
- (3) Sri Nomesk Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal – Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur.
- (4) Sri T.K. Ramesh, the then Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal – Presently working as Deputy Secretary, Zilla Panchayath, Tumakuru.
- (5) Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal.

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

2) On 27/12/2019, Upalokayukta-1 visited the office of the Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal. The Accounts officer and the Manager of Taluk Panchayath, Anekal were directed to produce the periodical returns of expenditure in

relation to each of the Panchayaths within the limits of Taluk Panchayath, Anekal. The details of expenditure was not furnished by the Panchayaths. Further, at the time of spot inspection by Upalokayukta-1 to the office of the Executive Officer, Taluk Panchayath, Anekal, the audit reports Huskur Grama Panchayath were not produced. Therefore, the above suo-motu complaint was registered against the following respondents for conducting further investigation into the matter.

- (1) Smt. Sudha M.A the then Panchayath Development Officer, Huskur Grama Panchayath, Anekal Taluk (for the period from 24/4/2016 to 22/5/2017) – Presently working on deputation at Zilla Panchayath, Bengaluru Urban District, Bengaluru.
- (2) Sri Murali D, Panchayath Development Officer, Huskur Grama Panchayath, Anekal Taluk (from 22/5/2017 till date)
- (3) 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
- (4) 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
- (5) Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

3) The above respondents have submitted comments to the observation note. Respondents 1 has stated that the present Panchayath Development Officer i.e., Respondent No.2 Sri D. Murali has submitted the copies of budget estimates and also audit report of Huskur Grama Panchayath to this office. Respondent No.2 has submitted comments dated 12/2/2020 that the concerned Panchayath Development Officer 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 Huskur Panchayath was conducted for the years 2016-17 to 2019-19 and copies of the same are enclosed.

4) The Respondent No.3 has submitted comments dated 27/2/2020 stating that during his tenure the Huskur 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 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.4 has submitted comments dated 27/2/2020 similar to the comments submitted by Respondent No.3. Respondent No.5 has submitted comments dated 12/2/2020 stating that he had instructed the Panchayath Development Officer of Huskur 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 the copies of the Audit reports for the years 2016-17, 2017-18 and 2018-19 of Huskur Grama Panchayath produced by Respondent No.2 along with his 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 Huskur Grama Panchayath.

REVENUE INCOME

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening Revenue balance	29,31,312	10,06,533	2,07,508	10,68,644
2	Rates and Taxes	33,77,373	53,16,747	59,00,000	52,00,000
3	Revenue from the Panchayath Properties	72,000	84,000	1,00,000	1,00,000
4	Revenue from Grama Panchayath Authorities	2,51,677	2,51,677	20,00,000	20,00,000
5	Grants, Donation, Subscriptions	8,00,000	8,00,000	0	0
	Total Revenue Income	74,32,362	74,58,957	82,07,508	83,68,644

REVENUE EXPENDITURE

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	General Administration				
	i) Grama Panchayath (Elected Body)	3,15,800	4,52,600	16,80,000	16,80,000
	ii) Office	10,66,000	16,40,000	2,70,000	2,90,000
2	Development Expenditure				
	1) Drinking Water	4,50,000	14,20,000	23,00,000	21,00,000
	2) Rural Sanitation	1,85,000	80,000	5,00,000	6,00,000
	3) General Health & Family Welfare	0	0	30,960	45,000
	4) Roads, Bridges & other connecting medias	3,40,000	12,15,000	7,00,000	4,00,000
	5) Buildings	0	0	50,000	70,000
	6) Electrification and Electricity supply	0	0	6,50,000	3,00,000
	7) Social Services	25,000	25,000		
	8) Motivation Services	25,000	25,000		
	9) Maintenance of Schools and Anganawadi			50,000	50,000
	10) Organising social programmes including grama sabha			1,50,000	1,75,000
	11) Programmes of 25% Grants			7,92,000	9,52,500
	12) Programmes of 3% Grant			95,040	1,14,300
	13) Payment of Taxes (Health, Education, Library, Beggars)			6,32,000	9,66,716
	14) Payment of deductions from work bills (IT, Royalty, Sales Tax, Tax, KKN)			1,00,000	1,00,000

	Total Expenditure	33,13,800	27,65,000	60,50,000	58,63,516
	Transfer from General fund	0	0	0	0
	Total Revenue	33,13,800	63,84,322	80,00,000	78,33,516
	Expenditure				
	Closing balance	41,18,512	10,74,635	02,07,508	5,35,128

CAPITAL INCOME

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening Revenue balance	7,21,000	7,06,000	1,52,482	19,42,892
2	Grants, Subscription, donation.	0	4,00,000	5,00,000	5,00,000
3	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	14,99,446	42,00,000	55,00,000	50,00,000
	Total Capital Income	22,20,446	53,06,000	61,62,482	74,42,890

CAPITAL EXPENDITURE

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Development Expenditure	0	0	0	
	1) Drinking Water	0	0	0	1,00,000
	2) Roads, Bridges & other connecting medias	1,80,000	5,00,000	0	0
	3) Buildings	0	- 0	0	50,000
	4) Payment of salary to staff		-	5,00,000	9,00,000
	Total Expenditure	1,80,000	5,00,000	5,00,000	10,50,000
2	Specific Project Expenditure				
	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	15,60,446	42,60,446	55,00,000	45,00,000
3	Procurement of properties	0	0	0	0
3	Repayment of loan	0	0	0	0
	Total Capital Expenditure	17,40,446	47,60,446	60,00,000	55,50,000
	Closing Balance				

INCOME FROM DEPOSITS, ADVANCES & INVESTMENTS,

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening Revenue	0	0	0	0

	balance				
2	Receipt	0	0	5,00,000	0
	Total Income	0	0	5,00,000	0
3	Expenditure	0	0	4,50,000	0
	Total Final Balance of the Panchayath	27,00,446	58,51,554	4,09,990	24,28,020

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 Huskur 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.

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 Huskur Grama Panchayath.

10) The Respondent No.1 Smt. Sudha M.A, was working as Panchayath Development Officer of Huskur Grama Panchayath from 3/5/2014 to 11/5/2017 and the Respondent No.2 Sri D. Murali was working as Panchayath Development Officer of Huskur Grama Panchayath from 11/5/2017 till date. The above two Panchayath Development Officers have prepared and submitted the Budget estimates stated above and are responsible for the

aforestated irregularities in the preparation of budget of the relevant years. It is seen from copies of Budget estimates that Respondent No.3 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.4 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 Huskur Grama Panchayath, no such monthly statement was prepared and submitted to the Authorities stated above. The above Panchayath had also not prepared the annual accounts in terms of Rule 109 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. The audit reports for the years 2016-17, 2017-18 and 2018-19 at paragraph

15 & 16 states that monthly expenditure statements, half yearly statements and yearly statements as per Rule 108 and 109 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting & Accounts) Rules, 2006 were not submitted by the Huskur Panchayath. Therefore, the Respondents 1 and 2 who were the Panchayath Development Officers are responsible for the same. The Respondents No. 3, 4 and 5 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, Huskur 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, Huskur 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) There was deposit of Rs.3,000/- at the beginning of 1/4/2016, which was carried out for 1/4/2017 and also for 1/4/2018. The Deposit made for more than three years was not

taken to Panchayath accounts. There was opening balance of Rs.2,000 of advances at the beginning of 1/4/2016, which was carried forward to 1/4/2017 and 1/4/2018 also. There were no transactions relating to advances during the years 2017-18 and 2018-19.

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

15) During the year 2016-17, the Huskur Grama Panchayath has spent a sum of Rs.3,60,037/- towards welfare of Schedule Caste and Scheduled Tribes under 25% scheme and no expenses made out towards welfare of physically challenged (differently abled) persons. During the year 2016-17, there was opening balance of Rs.78,647/- and a sum of Rs.3,31,390/- is shown to have reserved for the year 2016-17 for the welfare of SC/ST under 25% grant scheme. Out of the above amount, a sum of Rs.3,60,037/- was spent showing the balance of Rs.50,000/- as on 31/3/2017. In relation to the amount towards the welfare of physically challenged persons there was opening balance of Rs.61,005/- and Rs.1,66,000/- was reserved for the year. No expenditure was met out, during the year. Respondent No.1 Smt. Sudha M.A is responsible for not utilising the full amount under 25% SC/ST welfare and for welfare of physically challenged persons during the year 2016-17.

16) In relation to the years 2017-18 and 2018-19, the 25% of grants reserved for SC/ST persons and 3% of grants reserved for physically challenged persons were utilised and no balance is shown at the end of the year.

RECEIPT BOOKS

17) The Huskur 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 and 2017-18. 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	09	14	12
2	Receipt of Receipt Books	15	10	-
3	Total	24	24	12
4	No. of receipt books utilised for the year	10	12	11
5	Balance of receipt books at the end of the year	14	12	01

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

18) In the audit report for the year 2018-19 of Huskur Grama Panchayath, it is noticed that the Panchayath had not remitted the collections to the Bank account immediately on the next day of collection. The amount collected was remitted twice or trice in a month. Non remittance of amount immediately on the day or next of collection amount to temporary misappropriation. Respondent No.2 Sri D. Murali is responsible for the same.

COLLECTION OF TAXES AND ITS REMITTANCE TO GOVT. ACCOUNT

19) During the year 2016-17 and 2018-19, as per the Audit Report, Huskur 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 Smt. M.A. Sudha and Respondent No.2 Sri D. Murali Panchayath Development Officer of Huskur Grama Panchayath during the years 2016-1 and 2018-19 respectively are responsible for the above lapse.

20) The Huskur Grama Panchayath had not maintained the Demand Collection Balance Register (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	45,16,971	33,47,373	78,64,344	33,16,067	45,48,277
2	Water Tax	16,971	43,250	60,221	48,035	12,186
3	Licence	0	2,94,365	2,94,365	2,94,365	0
4	Building Rent	3,41,920	78,600	4,20,520	46,200	3,74,320
	Total	48,75,862	37,63,588	86,39,450	37,04,667	49,34,783

2017-18

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	45,48,277	55,47,373	100,95,650	56,37,220	44,58,430
2	Water Tax	12,186	65,000	77,186	55,162	22,024
3	Licence	0	9,33,750	9,33,750	9,33,750	0
4	Building Rent	3,74,320	78,600	4,52,920	0	4,52,920
	Total	49,34,783	66,24,723	115,59,506	65,26,132	49,33,374

2018-19

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	44,58,430	49,00,250	93,58,680	48,75,074	44,83,606
2	Water Tax	22,024	52,350	74,374	49,900	24,474
3	Licence	0	5,00,000	5,00,000	5,00,000	0
4	Building Rent	4,52,920	78,600	5,31,520	75,000	4,56,520
5	Others	0	2,34,729	2,34,729	2,34,729	0
	Total	49,33,374	57,65,929	106,99,303	57,34,703	49,64,600

21) As per the above statements, huge amount in a sum of Rs.49,64,600/- towards house tax, water tax and building rent was not collected by the Panchayath, which had caused loss to the State Exchequer. The Respondents 1 and 2 Smt. Sudha M.A., and D.Murali, Panchayath Development Officers are responsible for short collection of House Tax, Water Tax and Building rent.

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

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

NON-REMITTANCE OF CESS/SURCHARGES

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

2016-17

Sl. No	Details of Cess	Current years demand	Panchayath tax @10%	Balance cess	Opening balance for the year	Total to be paid	Paid during the year	Balance as on 31/03/2017
1.	Health cess	3,71,202	37120	3,34,082	15,13,613	18,47,695	-	18,47,695
2.	Educational cess	2,47,468	24747	2,22,721	10,09,084	12,31,805	-	12,31,805
3.	Library cess	1,48,481	14848	1,33,633	5,96,469	7,30,102	-	7,30,102
4.	Beggars cess	74,240	7424	66,816	2,54,936	3,21,752	--	3,21,752
	Total	8,41,391	84139	7,57,252	33,74,102	41,31,354	-	41,31,354

2017-18

Sl. No	Details of Cess	Current years demand	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	6,31,032	63103	5,67,929	18,47,695	24,15,624	0	24,15,624
2.	Educational cess	4,20,689	42069	3,78,620	12,31,805	16,10,425	0	16,10,425
3.	Library cess	2,52,413	25241	2,27,172	7,30,102	9,57,274	90,539	8,66,735
4.	Beggars cess	1,26,206	12621	1,13,585	3,21,752	4,35,337	43,709	3,91,628
	Total	14,30,340	143034	12,87,306	41,31,354	54,18,660	1,34,248	52,84,412

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	5,45,717	54572	4,91,145	21,07,288	25,98,433	0	25,98,433
2.	Educational cess	3,63,811	36381	3,27,430	16,21,195	19,48,625	0	19,48,625
3.	Library cess	2,18,287	21829	1,96,458	7,41,318	9,37,776	0	9,37,776
4.	Beggars cess	1,09,143	10914	98,229	3,55,920	4,54,149	0	4,54,149
	Total	12,36,958	123696	11,13,262	48,25,721	59,38,983	0	59,38,983

25) It is noticed during the audit that during the years 2016-17, 2017-18 and 2018-19, the Grama Panchayath had not credited the cess amount. At the close of the year 2018-19 the total cess amount to be credited to different heads of account of Government, as per the above statements was Rs.59,38,983/-. Instead the

Cess / Tax amounts were utilised for other purpose of the Panchayath, which is opposed to Rules and illegal. 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. 59,38,983/- amounts to misdirection of funds and loss to the State exchequer. The respondent Nos.1 and 2 are responsible for the same.

NON-PRODUCTION OF MUTATION REGISTERS

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

27) The Grama Panchayath, Huskur had not maintained the Register in Form No.15 (Rule 15) relating to monthly rents to be recovered from the shops of the Panchayath. The details of rents due and collection of rents during the years 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	Ramapriya	1,400	1,61,420	16,800	1,78,220	-	1,78,220
2	Dinesh	1,350	31,400	16,200	47,600	16,800	30,800
3	Rudresh	1,400	94,700	16,800	1,11,500	0	1,11,500
4	Sundarraaj	1,200	27,200	14,400	41,600	14,400	27,200
5	V. Madhu	1,200	27,200	14,400	41,600	15,000	26,600
	Total		3,41,920	78,600	4,20,520	46,200	3,74,320

2017-18

Sl. No	Name of tenant	Monthly rent	Balance as on 1/4/17	Due for year 2017-18	Total	Collection during the year 2017-18	Balance as on 31/3/2018
1	Ramapriya	1,400	1,78,220	16,800	1,95,020	0	1,95,020
2	Dinesh	1,350	30,800	16,200	47,000	0	47,000
3	Rudresh	1,400	1,11,500	16,800	1,28,300	0	1,28,300
4	Sundarraaj	1,200	27,200	14,400	41,600	0	41,600
5	V. Madhu	1,200	26,600	14,400	41,000	0	41,000
	Total		3,74,320	78,600	4,52,920	0	4,52,920

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	Ramapriya	1,400	1,95,020	16,800	2,11,820	15,000	1,96,820
2	Dinesh	1,350	47,000	16,200	63,200	15,000	48,200
3	Rudresh	1,400	1,28,300	16,800	1,45,100	15,000	1,30,100
4	Sundarraaj	1,200	41,600	14,400	56,000	15,000	41,000
5	V. Madhu	1,200	41,000	14,400	55,400	15,000	40,400
	Total		4,52,920	78,600	5,31,520	75,000	4,56,520

The Grama Panchayath had not taken action for collection of rents from the shops let out by it. It has also not taken action for evicting the shop owners. Totally as on 31/3/2019, an amount of Rs.4,56,520/- was due from the tenants to the Panchayath. Non collection of rents amount to loss to the Panchayath/State exchequer for which Respondents 1 and 2 are responsible.

REGARDING EXPENDITURE OF PANCHAYATHS

28) In relation to payment of expenditures the Grama Panchayath, Huskur Grama Panchayath had not obtained approval in relation to each payment. In relation to purchases and works, quality tests were not conducted, which had lead to misappropriation of funds.

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

- (i) The provisions of Karnataka Transparency in Public Procurement Act were not followed in procurement of goods. The purchase rules as clarified in Govt. Circular No. RDP242 Ji.Pa.Sa 2000 dated 9/4/2001 and PWD 33 FC 111/2001 dated 23/3/2001, were not followed.
- (ii) 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) During the Audit for the year 2018-19, it is noticed that in the following cases, the materials were purchased without calling for quotations as per Govt. Order No. FD 01 TCE

2012, dated 21/6/2012 and Rule 55(49) of the Karnataka Manual of Contingent Expenditure.

Sl. No.	Date	Cheque No	Details	Amount
1	18/7/2018	377020	Materials for drinking water	63,012
2	12/03/2019	377028	Materials for drinking water	49,088
	Total			1,12,100

REGARDING SCHEMES OF GOVERNMENT

30) During the year 2016-17, the Huskur Panchayath has not utilised a sum of Rs.5,36,530/- under 14th Finance Scheme and Rs.252/-under 13th Finance Scheme and thus failed accomplish its full target, which results in failure of objects of the scheme. It is also noticed during the audit that the grants of 13th finance scheme was not utilised as per the guidelines of the scheme, and instead funds were diverted to other purposes, thereby the objects of the scheme is frustrated.

31) During the year 2017-18, the Huskur Grama Panchayath has not utilised a sum of Rs.17,443/- under 14th Finance Scheme and thus failed accomplish its full target, which results in failure of objects of the scheme. It is also noticed during the audit that the grants of 13th finance scheme was not utilised as per the guidelines of the scheme, and instead it has been diverted to other purposes, thereby the objects of the scheme is frustrated.

32) During the year 2018-19, the Huskur Panchayath has not utilised a sum of Rs.25,34,537/- under 14th Finance Scheme and thus failed accomplish its full target, which results in failure of objects of the scheme. It is also noticed during the audit that the grants of 13th finance scheme was not utilised as per the

guidelines of the scheme, and instead it has been diverted to other purposes, thereby the objects of the scheme is frustrated.

33) In the Audit reports for the years 2016-17 and 2017-18, it is stated that the Huskur 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

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

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

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

2016-17

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund
Opening balance on 1/4/2016	20,351	1,29,862	71,032	5,768
Deductions for 2016-17	23,672	94,918	26,177	21,498
Total	44,023	2,24,780	97,209	27,266
Remitted to Govt. during 2016-17	15,305	91,455	36,586	19,327
Balance to be remitted as on 31/3/2017	28,718	1,33,325	60,623	7,939

2017-18

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund	CBF
Opening balance on 1/4/2017	28,718	1,33,325	60,623	7,939	
Deductions for 2017-18	26,316	54,324	62,664	31,617	645
Total	55,034	1,87,649	1,23,287	39,556	645
Remitted to Govt. during 2017-18	11,428	23,552	28,074	13,236	350
Balance to be remitted as on 31/3/2018	43,606	1,64,097	95,213	26,320	295

2018-19

Details	Royalty	Sales Tax/ GST	Income Tax	Labour Welfare fund	CBF
Opening balance on 1/4/2018	43,606	1,64,097	95,213	26,320	295
Deductions during 2018-19	-	-	-	-	-
Total	43,606	1,64,097	95,213	26,320	295
Remitted to Govt. during 2018-19	--	-	-	-	-
Balance to be remitted as on 31/3/2019	43,606	1,64,097	95,213	26,320	295

As on 31/3/2019 a sum of Rs.43,606/- towards Royalty; Rs.1,64,097/- towards sales tax, Rs.95,213/- towards Income Tax, Rs.26,320/- towards labour Welfare Fund and Rs.295/- towards Contractors Benevolent fund are due to be remitted to the

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

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

2016-17

Taxes	Schemes	Amount to be deducted during 2016-17	Amount deducted during the year 2016-17	Amount short deducted /left out	Amount remitted to Treasury	Amount shorted remitter to treasury.
Royalty	Group 1 & 2	-	-	-	-	-
	13 th finance	513	513		15,305	
	14 th finance	24,220	23,159	1,061		23,159
Total		24,733	23,672		15,305	23,159
Sales Tax	Group 1	-	-	-	-	-
	13 th finance	2,687	2,687		91,455	
	14 th finance	92,231	92,231			92,231
Total		94,918	94,918		91,455	92,231
Income Tax	Group 1	2,473	2,473			
	13 th finance	746	746		36,586	
	14 th	22,958	22,958			22,958

	finance					
Total		26,177	26,177		36,586	22,958
Labour Welfare Board Fee	Group 1	1,649	1,649			-
	13 th finance	597	597		19,327	-
	14 th finance	19,252	19,252			19,252
Total		21,498	21,498		19,327	19,252
Grand Total		1,67,326	1,66,265	1,061	162,673	1,57,600

2017-18

Taxes	Schemes	Amount to be deducted during 2017-18	Amount deducted during the year 2017-18	Amount short deducted /left out	Amount remitted to Treasury	Amount shorted remitter to treasury.
Royalty	Group 1	4,696	4,696			4,696
	14 th finance	21,620	21,620		11,428	10,192
Total		26,316	26,316		11,428	14,888
Salex Tax	Group 1	7,606	7,606			7,606
	14 th finance	46,718	46,718		23,552	23,166
Total		54,324	54,324		23,552	30,772
Income Tax	Group 1	14,124	14,124			14,124
	14 th finance	48,540	48,540		28,074	20,466
Total		62,664	62,664		28,074	34,590
Labour Welfare Board Fee	Group 1	6,798	6,798			6,798
	14 th finance	24,819	24,819		13,236	11,583
Total		31,617	31,617		13,236	18,381
CBF	Group 1	-	-			
	14 th finance	645	645		350	295
Total		645	645		350	295
Grand Total		1,75,566	1,75,566		76,640	98,926

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 remitter to treasury.
Royalty	Group 1	There was no contract work during the year 2018-19				
	14 th finance					
Total						
Salex Tax	Group 1					
	14 th finance					
Total						
Income Tax	Group 1					
	14 th finance					
Total						
Labour Welfare Board Fee	Group 1					
	14 th finance					
Total						
CBF	Group 1					
	14 th finance					
Total						
Grand Total						

At the end of 31/3/2017, totally an amount of Rs.1,57,600/- was not remitted to the concerned Heads of Account of Government. At the end of 31/3/2018, totally an amount of Rs.98,926/- was not remitted to the concerned Heads of Account of Government. Non-remittance/Short Remittance of above Royalty, Sales Tax, Income Tax, Labour Welfare Fund and Contractor's Benevolent Funds to

the concerned Heads of Department of Government amount to misdirection of funds and loss to the State exchequer.

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

37) The Huskur 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.

38) Apart from the above Registers Huskur 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.

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

40) 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 Huskur Grama Panchayath.

Sl. No.	Name of the Executive Officer	Period of work at Taluk Panchayath Anekal
1	Sri N. Nomesh 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, Huskur Panchayath. Due to their lapses in properly supervising the accounts and administration of Grama Panchayaths, the irregularities/ misappropriation stated supra at Huskur Grama Panchayath had crept in. Therefore, they are also responsible for the irregularities/ misappropriation, stated supra.

41) The respondents while submitting their comments have stated that the budgets of the Huskur Gram Panchayath were

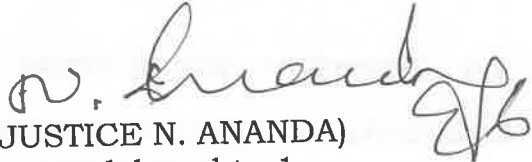
prepared every year as per rules and audits of Huskur Gram Panchayath was conducted. They have not explained the irregularities/loss to the State exchequer stated supra. Their comments cannot be accepted. In view of the above discussions, there is prima facie material to hold that the respondents have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

42) Therefore, acting under Section 12(3) of the 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 under Rule 14A of the Karnataka Civil Services (Classification, Control and Appeal) Rules, 1957.

- i) **Respondent No.1** Smt. Sudha M.A the then Panchayath Development Officer, Huskur Grama Panchayath, Anekal Taluk (for the period from 24/4/2016 to 22/5/2017) – Presently working on deputation at Zilla Panchayath, Bengaluru Urban District, Bengaluru.
- ii) **Respondent No.2** Sri Murali D, Panchayath Development Officer, Huskur Grama Panchayath, Anekal Taluk (from 22/5/2017 till date).
- iii) **Respondent No.3** Sri Nomesesh 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.
- iv) **Respondent No.4** 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.
- v) **Respondent No.5** Sri K.C. Devaraj Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

55. 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