

**KARNATAKA LOKAYUKTA**

No.COMPT/UPLOK/BCD/79/2020/ARLO-1 Multi Storied Buildings,  
Dr.B.R.Ambedkar Veedhi,  
Bengaluru 560 001.

Dated: 11/06/2020

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

Sub:- Proceedings against;

- (1) Sri H.V. Krishnappa , the then Panchayath Development Officer, Haragadde Grama Panchayath, Anekal Taluk, Bengaluru Urban District (from 1/1/2016 to 7/9/2019) – presently working at Muthanallur Grama Panchayath, Anekal Taluk.
- (2) Sri S. Lakshminarayana, the then Panchayath Development Officer, Haragadde Grama Panchayath, Anekal Taluk (from 9/10/2019 till date);
- (3) 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
- (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).

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

*N. Srinivas*

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. At the time of spot inspection by Upalokayukta-1 to the office of the Executive Officer, Taluk Panchayath, Anekal, the audit reports of Haragadde Grama Panchayath were not produced. Therefore, the above suo-motu complaint was registered against the following respondents for conducting further investigation into the matter.

3) The comments of Respondents 1 to 5 were called. The Respondent 1 has submitted comments dated 12/2/2020, stating that stated that the present Panchayath Development Officer of Haragadde Grama Panchayath viz., Respondent No.2 Sri S. Lakshminarayana, has submitted the concerned records to this office. Respondent No.2 has submitted comments dated 12/2/2020 that Respondent No.1 Sri H.V. Krishnappa had prepared the budgets 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 Haragadde 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 Haragadde 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 Haragadde to submit the Budget 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 Haragadde 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 Haragadde Grama Panchayath.

#### **REVENUE INCOME**

| Sl. No. | Details                                   | 2016-17           | 2017-18           | 2018-19           | 2019-20           |
|---------|---|-------------------|-------------------|-------------------|-------------------|
| 1       | Opening balance                           | 27,22,891         | 10,40,161         | 10,40,161         | 15,03,319         |
| 2       | Rates and Taxes                           | 94,02,836         | 116,83,184        | 116,83,184        | 139,90,559        |
| 3       | Revenue from the Panchayath Properties    | 1,20,000          | 7,08,036          | 7,08,036          | 2,16,617          |
| 4       | Revenue from Grama Panchayath Authorities | 59,08,814         | 76,07,107         | 76,07,107         | 55,06,031         |
| 5       | Grants, Donation, Subscriptions           | 10,00,000         | 37,20,000         | 37,20,000         | 38,50,000         |
| 6       | Other receipts                            | 0                 | 0                 | 0                 | 0                 |
|         | <b>Total Revenue Income</b>               | <b>191,54,541</b> | <b>247,58,488</b> | <b>247,58,488</b> | <b>246,66,527</b> |

*V. Srinivas*

REVENUE EXPENDITURE

| Sl. No. | Details                                     | 2016-17           | 2017-18           | 2018-19           | 2019-20           |
|---------|---|-------------------|-------------------|-------------------|-------------------|
| 1       | General Administration                      |                   |                   |                   |                   |
|         | i) Grama Panchayath (Elected Body)          | 8,62,400          | 6,43,090          | 6,43,090          | 10,07,209         |
|         | ii) Office                                  | 17,51,090         | 37,71,010         | 37,71,010         | 41,99,760         |
| 2       | Development Expenditure                     |                   |                   |                   |                   |
|         | 1) Drinking Water                           | 40,80,000         | 49,49,713         | 45,83,598         | 45,37,210         |
|         | 2) Rural Sanitation                         | 13,50,000         | 10,64,789         | 10,64,789         | 8,83,438          |
|         | 3) General Health & Family Welfare          | 70,000            | 77,602            | 77,602            | 75,000            |
|         | 4) Roads, Bridges & other connecting medias | 38,60,000         | 4,75,969          | 4,75,969          | 1,50,000          |
|         | 5) Buildings                                | 0                 | 28,258            | 28,258            | 55,000            |
|         | 6) Electrification and Electricity supply   | 13,00,000         | 42,45,866         | 42,45,866         | 21,66,566         |
|         | 7) Social Services                          | 11,000            | 15,63,181         | 19,29,296         | 13,13,769         |
|         | 8) Motivation Services                      | 12,93,446         | 20,000            | 20,000            | 50,000            |
|         | <b>Total Expenditure</b>                    | <b>119,64,446</b> | <b>124,25,377</b> | <b>124,25,377</b> | <b>92,30,983</b>  |
|         | <b>Transfer from General fund</b>           | <b>25,80,448</b>  | <b>32,60,333</b>  | <b>32,60,333</b>  | <b>41,51,854</b>  |
|         | Other Revenue Expenditure                   | 0                 | 0                 | 0                 | 0                 |
|         | <b>Total Revenue Expenditure</b>            | <b>171,58,384</b> | <b>200,99,811</b> | <b>200,99,810</b> | <b>185,89,806</b> |
|         | <b>Closing balance</b>                      | <b>19,96,157</b>  | <b>46,58,677</b>  | <b>46,58,678</b>  | <b>60,76,722</b>  |

CAPITAL INCOME

| Sl. No. | Details  |                  |                  |                  |                  |
|---------|--|------------------|------------------|------------------|------------------|
| 1       | <b>Opening balance</b>   | 18,89,517        | 2,89,410         | 9,80,794         | 0                |
| 2       | Grants, Subscription, donation.  | 0                |                  |                  |                  |
| 3       | Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes) | 51,44,350        | 73,63,438        | 49,99,350        | 67,63,977        |
| 4       | Other Capital income   | 0                |                  |                  | 0                |
|         | <b>Total Capital Income</b>  | <b>70,33,867</b> | <b>76,52,848</b> | <b>59,80,144</b> | <b>67,63,977</b> |

CAPITAL EXPENDITURE

| Sl. No. | Details                              |   |           |           |           |
|---------|--------------------------------------|---|-----------|-----------|-----------|
| 1       | Development Expenditure              |   |           |           |           |
|         | 1) Drinking Water                    | 0 | 8,64,428  | 8,64,428  | 5,00,000  |
|         | 2) Rural sanitation                  | 0 |           |           |           |
|         | 3) Roads, Bridges & other connecting | 0 | 12,84,599 | 12,84,599 | 30,00,000 |

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|   |  |                  |                  |                  |                   |
|---|--|------------------|------------------|------------------|-------------------|
|   | medias   |                  |                  |                  |                   |
|   | 4) Buildings   | 0                | 0                | 0                | 0                 |
|   | 5) Payment of salary to staff  | 0                | 0                | 0                | 0                 |
|   | 6) Social & public service programmes  | 0                | 0                | 0                | 0                 |
|   | <b>Total Expenditure</b>   | <b>0</b>         | <b>21,49,027</b> | <b>21,49,027</b> | <b>35,00,000</b>  |
| 2 | Specific Project Expenditure   |                  |                  |                  |                   |
|   | Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes) | 57,44,350        | 73,63,438        | 49,99,350        | 67,63,977         |
| 3 | Procurement of properties  | 0                | 50,000           | 50,000           | 0                 |
| 3 | Repayment of loan  | 0                | 0                | 0                | 0                 |
|   | Total Capital expenditure  | <b>57,44,350</b> | <b>95,62,465</b> | <b>71,98,378</b> | <b>102,63,977</b> |
|   | Closing Balance  | <b>12,89,517</b> | <b>19,09,617</b> | <b>12,18,233</b> | <b>35,00,000</b>  |

INCOME FROM DEPOSITS, ADVANCES & INVESTMENTS

| Sl. No. | Details                               | 2016-17   | 2017-18   | 2018-19   | 2019-20   |
|---------|---------------------------------------|-----------|-----------|-----------|-----------|
| 1       | Opening balance                       | 343       | 343       | 343       | 0         |
| 2       | Receipt                               | 0         | 1,00,000  | 1,00,000  | 0         |
|         | Total Income                          |           |           |           | <b>0</b>  |
| 3       | Expenditure                           | 0         | 1,00,000  | 1,00,000  | 0         |
|         | Total Final Balance of the Panchayath | 32,86,017 | 27,49,403 | 34,40,788 | 25,76,722 |

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

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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.

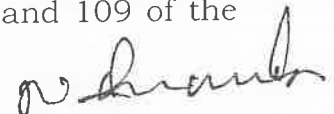
8) In the Audit Reports of the above Haragadde Grama Panchayath for the years 2016-17, 2017-18 and 2018-19, it is observed that the above Budget estimates were not approved within the time. In the Audit report for the year 2016-17, it is stated that the details of approval of Budget for the year 2016-17 were not provided to audit. The Respondent No.1 Sri H.V. Krishnappa, was working as Panchayath Development Officer of Haragadde Grama Panchayath from 1/4/2016 to 7/9/2019 has prepared and submitted the Budget estimates stated above and is responsible for the aforesaid irregularities in the preparation of

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budget of the relevant years. It is seen from copies of Budget estimates that Respondent No.3 Sri N. Nomesk Kumar, the then Executive Officer of Taluk Panchayath had approved the budget estimates for the years 2016-17; Respondent No.5 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**

9) 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. Similarly, half yearly accounts shall have to be prepared in Form 53 and Trial Balance in Form No.54. In relation to the above Haragadde 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 Haragadde Panchayath. Therefore, the Respondent 1 who was working as Panchayath Development Officers is responsible for the same. Respondent No.2 Sri S. Lakshminarayan had also not submitted the monthly expenditure statements of the Haragadde Grama Panchayath during his tenure as required by Rules stated above. The Respondents No. 3, 4 & 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**

10) The Grama Panchayath, Haragadde 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.

11) The Grama Panchayath, Haragadde 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)  |

*N. Srinivasan*



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

12) During the year 2016-17, the Haragadde Grama Panchayath has spent a sum of Rs.24,87,619/- towards welfare of Schedule Caste and Scheduled Tribes under 25% grant scheme and a sum of Rs.38,500/- was spent towards welfare of physically challenged (differently abled) persons under 3% grant scheme. During the year 2016-17, there was opening balance of Rs.7,51,888/- and a sum of Rs.10,59,538/- is shown as reserved for the year 2016-17 towards the welfare of SC/ST under 25% grant scheme. During the year a sum of Rs.24,87,619/- was spent. In relation to the amount towards the welfare of physically challenged persons there was opening balance of Rs.2,87,727/- and a sum of Rs.1,27,145/- was reserved for the year. Out of the above amount only a sum of Rs.38,500/- was spent towards the welfare of Physically challenged persons, showing the closing balance of Rs.3,76,372/- as on 31/3/2017. Respondent No.1 Sri H.V. Krishnappa, is responsible for not utilising the full amount under 3% grant for the welfare of Physically handicapped persons during the year 2016-17.

13) During the year 2017-18 a sum of Rs.12,00,000/- was reserved towards the welfare of Scheduled Caste/Scheduled Tribe persons under 25% grant and entire amount of Rs.12,00,000 was utilized for the welfare of Scheduled Caste/Scheduled Tribe during the year 2017-18. In relation to the amount under 3% grant reserved for welfare of physically challenged persons an amount of Rs.3,76,372/- is shown as opening balance and a sum of Rs.2,00,000/- was reserved the year 2017-18. Out of the above



amount a sum of Rs.1,55,000/- was spent for the welfare of Physically challenged persons and there was balance of Rs.4,21,372/- at the end of the year. Thus, the amount reserved for the welfare of physically challenged persons under 3% of Grant was not fully utilised as per Rules. Respondent No.1 Sri H.V. Krishnappa is responsible for not utilizing the amount reserved for welfare of Physically challenged persons under 3% grant during the year 2017-18.

14) During the year 2018-19, a sum of Rs.13,25,000/- was reserved under 25% Grant for welfare of Scheduled Caste/Scheduled Tribe persons and the entire amount of Rs.13,25,000/- was utilized for the welfare of Scheduled Caste/Scheduled Tribe persons during the year 2018-19. In relation to the amount under 3% grant reserved for welfare of physically challenged persons, an amount of Rs.4,21,372/- is shown as opening balance and a sum of Rs.7,50,000/- was reserved the year 2018-19. Out of the above amount a sum of Rs.6,75,000/- was spent for the welfare of Physically challenged persons and there was balance of Rs.4,96,372/- at the end of the year. Thus, the amount reserved for the welfare of physically challenged persons under 3% of Grant was not fully utilised for the welfare of physically challenged persons as per Rules. Respondent No.1 Sri H.V. Krishnappa responsible for not utilizing the amount reserved for the welfare of Physically challenged persons under 3% grant during the year 2018-19.



**RECEIPT BOOKS**

15) The Haragadde 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                                 | 03      | 08      | 08      |
| 2      | Receipt of Receipt Books                        | 25      | 22      | 20      |
| 3      | Total   | 28      | 30      | 28      |
| 4      | No. of receipt books utilised for the year      | 27      | 22      | 26      |
| 5      | Balance of receipt books at the end of the year | 01      | 08      | 02      |

The Respondent No.1 Sri H.V. Krishnappa is responsible for not maintaining the Stock Register of Receipt Books for the years 2016-17, 2017-18 and 2018-19. In the Audit report for the year 2016-17, the closing balance of receipt books as on 31/3/2017 is shown as 1. In the audit report for the year 2017-18, the opening balance of receipt books as on 1/4/2017 is shown as 08. These closing balance of receipt books on 31/3/2017 and opening balance of receipt books on 1/4/2017 cannot be reconciled.

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

16) As per the Audit Reports for the years 2016-17, 2017-18 and 2018-19 Haragadde 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,

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2006. The Respondent No.1 Sri H.V.Krishnappa Panchayath Development Officer of Haragadde Grama Panchayath during the years 2016-17 to 2018-19 is responsible for the above lapse.

17) As per the Audit reports for the years 2016-17, 2017-18 and 2018-19, The Haragadde 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      | 32,92,367        | 71,03,974         | 103,96,341        | 84,60,111         | 19,36,230        |
| 2      | Water Tax      | 1,80,632         | 7,87,933          | 9,68,564          | 5,00,760          | 4,67,805         |
| 3      | Licence        | 0                | 86,701            | 86,701            | 86,701            | 0                |
| 4      | Building Rent  | 1,48,966         | 3,02,856          | 4,51,822          | 1,43,600          | 3,08,222         |
| 5      | Light tax      | 0                | 2,50,000          | 2,50,000          | 2,50,000          | 0                |
| 5      | Others         | 0                | 46,50,000         | 46,50,000         | 46,50,000         | 0                |
|        | <b>Total</b>   | <b>36,21,965</b> | <b>131,81,464</b> | <b>168,03,429</b> | <b>140,91,172</b> | <b>27,12,257</b> |

## 2017-18

| Sl. No | Details of tax | Opening balance  | Demand            | Total             | Collection        | Closing balance  |
|--------|----------------|------------------|-------------------|-------------------|-------------------|------------------|
| 1      | House Tax      | 19,36,230        | 99,22,000         | 118,58,230        | 93,56,965         | 25,01,265        |
| 2      | Water Tax      | 4,67,805         | 7,75,000          | 12,42,805         | 7,21,554          | 5,21,251         |
| 3      | Licence        | 0                | 7,00,000          | 7,00,000          | 7,00,000          | 0                |
| 4      | Building rent  | 3,08,222         | 3,02,856          | 6,11,078          | 2,30,250          | 4,32,828         |
| 5      | Light Tax      | 0                | 2,50,000          | 2,50,000          | 2,50,000          | 0                |
| 5      | Others         | 0                | 16,98,717         | 16,98,717         | 16,46,717         | 0                |
|        | <b>Total</b>   | <b>27,12,257</b> | <b>136,48,573</b> | <b>163,60,830</b> | <b>129,05,486</b> | <b>34,55,344</b> |

## 2018-19

| Sl. No | Details of tax | Opening balance  | Demand            | Total             | Collection        | Closing balance  |
|--------|----------------|------------------|-------------------|-------------------|-------------------|------------------|
| 1      | House Tax      | 25,01,265        | 107,15,760        | 132,17,025        | 100,07,796        | 32,09,229        |
| 2      | Water Tax      | 5,21,251         | 8,37,000          | 13,58,251         | 5,86,394          | 7,71,857         |
| 3      | Licence        | 0                | 50,24,525         | 50,24,525         | 50,24,525         | 0                |
| 4      | Building rent  | 4,32,828         | 3,18,000          | 7,50,828          | 3,42,600          | 4,08,228         |
| 5      | Light Tax      | 0                | 2,90,000          | 2,90,000          | 2,90,000          | 0                |
| 6      | Others         | 0                | 8,165             | 8,165             | 8,165             | 0                |
|        | <b>Total</b>   | <b>34,55,344</b> | <b>171,93,450</b> | <b>206,48,794</b> | <b>162,59,480</b> | <b>43,89,314</b> |

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18) As per the above statements, huge amount in a sum of Rs.32,09,229/- towards house tax, Rs.7,71,857/- towards water tax, Rs.4,08,228/- Building rent were not collected by the Haragadde Grama Panchayath, which amounts to loss caused to the State Exchequer. The Respondents.1 Sri H.V. Krishnappa, Panchayath Development Officer is responsible for short collection of House Tax, Water Tax, Building rent during the years 2016-17, 2017-18 and 2018-19.

19) In the audit reports for the years 2016-17, 2017-18 and 2018-19, it is observed that the Haragadde 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.

20) 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 Register in relation to the Cheque/DD was 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**

21) 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 fee @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     | 9,47,027                  | 94703               | 8,52,324     | 36,25,149                    | 44,77,473            | 0                        | 44,77,473                |
| 2.     | Education cess  | 6,31,352                  | 63135               | 5,68,217     | 24,17,378                    | 29,85,595            | 0                        | 29,85,595                |
| 3.     | Library cess    | 3,78,811                  | 37881               | 3,40,930     | 14,49,091                    | 17,90,021            | 1,08,712                 | 16,81,309                |
| 4.     | Beggars cess    | 1,89,405                  | 18041               | 1,70,464     | 4,28,391                     | 7,98,855             | 1,08,712                 | 6,90,143                 |
|        | Total           | 21,46,595                 | 214660              | 19,31,935    | 81,20,009                    | 100,51,944           | 2,17,424                 | 98,34,520                |

2017-18

| Sl. No | Details of Cess | Current year's collection | Panchayath fee @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     | 10,47,421                 | 104742              | 9,42,679     | 44,77,473                    | 54,20,152        | 0                    | 54,20,152                |
| 2.     | Education cess  | 6,98,280                  | 69828               | 6,28,452     | 29,85,595                    | 36,14,047        | 0                    | 36,14,047                |
| 3.     | Library cess    | 4,18,968                  | 41897               | 3,77,071     | 16,81,309                    | 20,58,380        | 0                    | 20,58,380                |
| 4.     | Beggars cess    | 2,09,484                  | 20948               | 1,88,536     | 6,90,143                     | 8,78,679         | 0                    | 8,78,679                 |
|        | Total           | 23,74,153                 | 237415              | 21,36,738    | 98,34,520                    | 119,71,258       | 0                    | 119,71,258               |

2018-19

| Sl. No | Details of Cess | Current years demand | Panchayath fee @10% | Balance cess | Opening balance | Total to be paid | Paid during the year | Balance as on 31/03/2019 |
|--------|-----------------|----------------------|---------------------|--------------|-----------------|------------------|----------------------|--------------------------|
| 1.     | Health cess     | 11,20,276            | 112028              | 10,08,248    | 54,20,152       | 64,28,400        | 0                    | 64,28,400                |
| 2.     | Education cess  | 7,46,850             | 74685               | 6,72,165     | 36,14,047       | 42,86,212        | 0                    | 42,86,212                |
| 3.     | Library cess    | 4,48,110             | 44811               | 4,03,299     | 20,58,380       | 24,61,679        | 2,49,128             | 22,12,551                |
| 4.     | Beggars cess    | 2,24,055             | 22406               | 2,01,649     | 8,78,679        | 10,80,328        | 1,24,637             | 9,55,691                 |
|        | Total           | 25,39,291            | 253930              | 22,85,361    | 119,71,258      | 142,56,619       | 3,73,765             | 138,82,854               |

22) It is noticed from audit reports of the years 2016-17, 2017-18, 2018-19 the Haragadde 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 of

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Government, as per the above statements was Rs. 138,82,854/- . As per the Audit reports, the Haragadde 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. 138,82,854/- as stated above, amounts to misdirection of funds and loss to the State exchequer. The respondent No.1 Sri H.V. Krishnappa, Panchayath Development Officer is responsible for the same.

**NON-PRODUCTION OF MUTATION REGISTERS**

23) The Haragadde 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 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 Respondent No.1 Sri H.V. Krishnappa Panchayath Development Officer is responsible for illegal transfer of khathas or creation of bogus khatas if any.

**COLLECTION OF BUILDING RENTS FOR PANCHAYATH BUILDINGS**

24) The Haragadde 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 |
|---|-------------------|--------------|----------------------|--------------------------|-------|------------------------------------|-------------------------|
| In the Audit Report for the year 2016-17, the details of tenant, monthly rent fixed, opening balance on 1/4/2016, collection during the year and the balance are not stated. However as per the information furnished in Audit Report for the year 2017-18, the following details are computed. |                   |              |                      |                          |       |                                    |                         |
| 1   | Narayana gowda    | 2500         |                      | 30,000                   |       |                                    | 20,750                  |
| 2   | R.Sreeramaiah     | 2500         |                      | 30,000                   |       |                                    | 30,700                  |
| 3   | Pradeep           | 2500         |                      | 30,000                   |       |                                    | 9,000                   |
| 4   | P.Venkatesh       | 2500         |                      | 30,000                   |       |                                    | 27,500                  |
| 5   | M. Rajanna        | 2500         |                      | 30,000                   |       |                                    | 27,056                  |
| 6   | K.Narayana Murthy | 4000         |                      | 48,000                   |       |                                    | 4,000                   |
| 7   | K.Chandra-shekar  | 4000         |                      | 48,000                   |       |                                    | 13,250                  |
| 8   | N. Muniraju       | 4000         |                      | 48,000                   |       |                                    | 4,000                   |
| 9   | N. Amrutha        | 4000         |                      | 48,000                   |       |                                    | 0                       |
| 10  | Bhooloka Reddy    | 4000         |                      | 48,000                   |       |                                    | 8,000                   |
|   | Total             | 32500        |                      | 380000                   |       |                                    | 1,44,256                |

## 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       | Narayana gowda    | 2500         | 20,750               | 30,000                   | 50,750 | 0                                  | 50,750                  |
| 2       | R.Sreeramaiah     | 2500         | 30,700               | 30,000                   | 55,700 | 5,000                              | 50,700                  |
| 3       | Pradeep           | 2500         | 9,000                | 30,000                   | 39,000 | 0                                  | 39,000                  |
| 4       | P.Venkatesh       | 2500         | 27,500               | 30,000                   | 57,500 | 0                                  | 57,500                  |
| 5       | M. Rajanna        | 2500         | 27,056               | 30,000                   | 57,056 | 40,000                             | 17,056                  |
| 6       | K.Narayana Murthy | 4000         | 4,000                | 48,000                   | 52,000 | 44,000                             | 8,000                   |
| 7       | K.Chandra-shekar  | 4000         | 13,250               | 48,000                   | 61,250 | 25,250                             | 36,000                  |
| 8       | N. Muniraju       | 4000         | 4,000                | 48,000                   | 52,000 | 36,000                             | 16,000                  |
| 9       | N. Amrutha        | 4000         | 0                    | 48,000                   | 48,000 | 40,000                             | 8,000                   |
| 10      | Bhooloka Reddy    | 4000         | 8,000                | 48,000                   | 56,000 | 40,000                             | 16,000                  |
|         | Total             | 32500        | 1,44,256             | 380000                   | 524256 | 220250                             | 3,04,006                |

## 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       | Narayana       | 2625         | 50,750               | 31,500                   | 82,250 | 0                                  | 82,250                  |

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|    |                      |       |          |         |         |         |         |
|----|----------------------|-------|----------|---------|---------|---------|---------|
|    | gowda                |       |          |         |         |         |         |
| 2  | R.Sreeramai<br>ah    | 2625  | 50,700   | 31,500  | 87,200  | 21,000  | 66,200  |
| 3  | Pradeep              | 2625  | 39,000   | 31,500  | 70,500  | 45,000  | 25,500  |
| 4  | P.Venkatesh          | 2625  | 57,500   | 31,500  | 89,000  | 0       | 89,000  |
| 5  | M. Rajanna           | 2625  | 17,056   | 31,500  | 48,556  | 0       | 48,556  |
| 6  | K.Narayana<br>Murthy | 4200  | 8,000    | 50,400  | 58,400  | 50,000  | 8,400   |
| 7  | K.Chandra-<br>shekar | 4200  | 36,000   | 50,400  | 86,400  | 48,000  | 38,400  |
| 8  | N. Muniraju          | 4200  | 16,000   | 50,400  | 66,400  | 66,400  | 0       |
| 9  | N. Amrutha           | 4200  | 8,000    | 50,400  | 58,400  | 54,200  | 4,200   |
| 10 | Bhooloka<br>Reddy    | 4200  | 16,000   | 50,400  | 66,400  | 58,000  | 8,400   |
|    | Total                | 34125 | 3,04,006 | 409,500 | 713,506 | 342,600 | 370,906 |

The Haragadde Grama Panchayath had not taken action for collection of full rents from the shops let out by it and as on 31/3/2019, a sum of Rs.3,70,906/- was due from the tenants. It has also not taken action for evicting the shop owners who had not paid the rents in time. The Respondent No.1 Sri H.V. Krishnappa, Panchayath Development Officer is responsible for failure to collect the rents in time.

**DETAILS REGARDING AUCTION CONDUCTED BY  
PANCHAYATH**

25) During the years 2017-18 and 2018-19, auction of the revenue yielding properties of Haragadde Grama Panchayath was conducted. As per Rule 34 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounting) Rules, 2006, the revenue yielding properties consist of buildings, market yards, garden lands or any vacant land. The normal procedure is to auction the revenue collection rights to tenants or lessee. Successful bidders shall give security deposit of three months revenue, which shall be refunded only on production of a clearance certificate for the payment of entire lease or rent money. In this regard, the Grama Panchayath has to maintain a register in Form

*A. Srinivas*

15 to watch the collection of revenue. It is noticed during the audit for the years 2017-18 and 2018-19 that no such register was maintained in Haragadde Grama Panchayath. Respondent No.1 Sri H.V.Krishnappa, Panchayath Development Officer is responsible for not maintaining the Register of Revenue yielding properties and realizations. The details of auction conducted during the years 2017-18 and 2018-19 as mentioned in the Audit reports are as follows:-

2017-18

| Sl. No | Details of auction                                       | Name of successful bidder | Date of auction | Bid amount | Cess | Total  | Collection during the year | Balance at the end of the year | Remarks |
|--------|--|---------------------------|-----------------|------------|------|--------|----------------------------|--------------------------------|---------|
| 1      | Auctioning of fish at Kadapa Tank of Dyavasandra village | Sampan-gappa              | 06/01/2018      | 3,200      | -    | 3,200  | 3,200                      | -                              | -       |
| 2      | Auctioning of fish at Kadapa Tank of Dyavasandra village | Sampan-gappa              | 06/01/2018      | 11,000     | -    | 11,000 | 11,000                     | -                              | -       |

2018-19

| Sl. No | Details of auction                  | Name of successful bidder | Date of auction | Bid amount | Cess | Total  | Collection during the year | Balance at the end of the year | Remarks |
|--------|-------------------------------------|---------------------------|-----------------|------------|------|--------|----------------------------|--------------------------------|---------|
| 1      | Old Chairs, table, broken materials | Anjan                     | 07/09/2018      | 13,000     | -    | 13,000 | 13,000                     | -                              | -       |

**IRREGULARITIES IN PAYMENTS**

26) In relation to payments, it is observed in the Audit reports for the years 2016-17, 2017-18, 2018-19 that no approval was

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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 DETAILS**

27) As per Rule 57 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006, an annual statement in Form No.22 of staff working in the Panchayath, who are eligible for pension and the staff working on deputation shall be sent to the Accountant General, Local Audit Circle and Zilla Panchayath. Such a statement was not send to the Accountant General, Local Audit Circle and Zilla Panchayath during the years 2016-17, 2017-18 and 2018-19. Respondents 1 Sri H.V.Krishnappa, Panchayath Development Officer is responsible for not sending the above statement.

**REGARDING EXPENDITURE OF PANCHAYATHS**

28) In the audit reports of Haragadde 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 the audit reports for the years 2016-17, 2017-18 and 2018-19 that certain materials were purchased without

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calling for quotation/tender as per the provisions of Karnataka Transparency in Public Procurement Act and Rules and Govt. Order No. FD 01 TPE 2012, dated 21/6/2012 and Paragraph 55(4) of Manual of Contingent Expenditure. Further, it is noticed during audit that in certain purchases, though quotations were obtained, the rate of each item was not mentioned. The Respondent No.1 Sri H.V. Krishnappa, Panchayath Development Officer is responsible for purchasing the above materials without calling for quotation/tender, which is opposed to Rules.

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

(iv) In relation to repair of motor pumps, (a) estimates for repair were not prepared through Junior Engineer and for payment of repair bills, approval of estimates were not obtained; (b) the log book in respect of drilling of bore

*v. Shanth*

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.

(v) In the Audit Report for the year 2018-19, it is noticed that 10 pure drinking water units were working within the limits of Haragadde Grama Panchayath, water for these units is being supplied by the Panchayath. The maintenance of these Water Units were under the control of third party/organization. During the year no income/fee was remitted to the Panchayath from the water units, which lead to causing of loss to the Panchayath. Respondent No.1 Sri H.V. Krishnappa is responsible for the same.

(vi) During the year 2018-19, the electrical materials towards repair of pumps and maintenance of street lights were purchased and the amount spent towards the same are as follows:-

| Sl. No. | Cheque No. | Date       | Amount | Name of suppliers           |
|---------|------------|------------|--------|-----------------------------|
| 1)      | 032898     | 23/04/2018 | 82,600 | Sri Veerabhadra Enterprises |
| 2)      | 009453     | 07/06/2018 | 84,960 | Sri Veerabhadra Enterprises |
| 3)      | 009452     | 07/06/2018 | 29,824 | Sri Veerabhadra Enterprises |
| 4)      | 009451     | 07/06/2018 | 84,960 | Sri Veerabhadra Enterprises |

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|     |        |            |           |                             |
|-----|--------|------------|-----------|-----------------------------|
| 5)  | 009454 | 18/07/2018 | 77,149    | Sri Veerabhadra Enterprises |
| 6)  | 009455 | 18/07/2018 | 89,456    | Sri Veerabhadra Enterprises |
| 7)  | 009456 | 18/07/2018 | 97,952    | Sri Veerabhadra Enterprises |
| 8)  | 009457 | 18/07/2018 | 77,803    | Sri Veerabhadra Enterprises |
| 9)  | 009458 | 18/07/2018 | 89,362    | Sri Veerabhadra Enterprises |
| 10) | 009459 | 18/07/2018 | 79,296    | Sri Veerabhadra Enterprises |
| 11) | 009460 | 18/07/2018 | 79,296    | Sri Veerabhadra Enterprises |
| 12) | 009461 | 28/09/2018 | 67,968    | Sri Veerabhadra Enterprises |
| 13) | 009462 | 28/09/2018 | 82,921    | Sri Veerabhadra Enterprises |
| 14) | 009463 | 28/09/2018 | 95,279    | Sri Veerabhadra Enterprises |
|     | Total  |            | 11,18,826 |                             |

In relation to the above purchases, there is no document to show that indents were submitted; the above materials were not taken to stock and directly utilized; the old and spoiled materials were not taken to stock and properly disposed of; the total value of the materials was more than Rs.1.00 lakh, the bills were split to circumvent the provisions of KTPP Act; the details and records of guarantee/warrantee of materials purchased are not filed/noted in the records. Further, while paying the above bills, entire amount has been paid to the supplier without deducting the admissible income tax of Rs.22,377/-. Therefore, Sri H.V. Krishnappa, the then Panchayath Development Officer of Haragadde is responsible for the above lapses.

*H.V. Krishnappa*

**REGARDING SCHEMES OF GOVERNMENT**

29) The details of grants available in the Haragadde 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  | 30,800          | 14,12,719   | 14,43,519 | 14,43,519                         | 0                          |
| 2       | Indira Awas               | 595             | 24  | 619       | 0                                 | 619                        |
| 3       | Ashraya                   | 7,01,851        | 7,01,851  | 7,01,851  | 7,01,851                          | -                          |
| 4       | Sampurna Swachata Andolan | -               | -   | -         | -                                 | -                          |
| 5       | 14 <sup>th</sup> Finance  | 18,606          | 61,19,965   | 61,38,571 | 61,13,714                         | 24,857                     |

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       | Indira Awas              | 619             | 35  | 654       | -                                 | 654                        |
| 2       | 14 <sup>th</sup> Finance | 24,857          | 51,35,519   | 51,60,376 | 43,94,413                         | 7,65,963                   |

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 | 7,65,963        | 92,96,159   | 100,62,122 | 11,04,694                         | 89,57,428                  |

As per the above statements the Haragadde Grama Panchayath had not fully utilised 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. It is also noticed during the year 2016-17 that the grants of 13<sup>th</sup> finance scheme was not utilised as per the guidelines of the scheme, and

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instead it has been diverted to other purposes, thereby the objects of the scheme is frustrated. In the audit reports for the years 2017-18 and 2018-19, it is observed the amount of 14<sup>th</sup> finance scheme was not utilized as per Rules and the amount was diverted for purchase and other purposes, thereby frustrating the very object of the scheme. The respondent No.1 Sri H.V. Krishnappa, Panchayath Development Officer is responsible for diversion of funds of the scheme.

**IRREGULARITIES FOUND IN RESPECT OF PROJECT EXPENDITURES**

30) In the Audit reports for the years 2016-17 and 2017-18, it is stated that the Haragadde 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**

31) In the Audit Reports for the year 2016-17, 2017-18 and 2018-19 it is noticed that the Haragadde 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. The stock register of measurement book was not maintained. The measurement book is

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an important document, which should be preserved for number of years.

**NON-MAINTENANCE OF RECORDS RELATING TO  
ASHRAYA, INDIRA AWAS, AMBEDKAR HOUSING  
SCHEMES**

32) In the Audit reports for the years 2016-17 and 2017-18, the following observations are made in regard to maintenance of records of the Ashraya Housing Scheme.

- 1) Separate Cash book in Form No.49 not maintained;
- 2) Works Register in Form No.39 was not maintained as per Rule 91
- 3) The mortgage deed, Model letter, irrevocable letter of authority were not filled legibly
- 4) The monthly report regarding the amount released to the beneficiaries was not filled.
- 5) The report of loan recovery was not filled and the loan was not recovered.
- 6) House sanction letter and work order not found in the files.
- 7) Register of release of grants not maintained.

33) In relation to the Ashraya Indira Awas scheme, Ambedkar Housing Scheme, the following irregularities were noticed in the maintenance of files.

In every file relating to sanctioning of houses under the above schemes the following records shall be maintained.

- (1) Form No.1 – Application of beneficiary
- (2) Geological Tree
- (3) Ahaval Thakte
- (4) Khata Extract – in the name beneficiary
- (5) Approved action plan list – Photostat copy
- (6) Bank account extract of beneficiary – Photo copy
- (7) Caste and Income Certificate of beneficiary
- (8) Agreement executed on bond paper of Rs.80/-

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- (9) Mortgage deed executed by the beneficiary
- (10) Model letter – Irrevocable Authority letter
- (11) Acknowledgment for having received original documents
- (12) Building licence
- (13) Tax Receipt
- (14) Photo of beneficiary
- (15) House grant letter and Work order
- (16) Registration deed
- (17) Monthly progress report of building construction
- (18) Progress report of release of amount to the beneficiary
- (19) Report of loan recovery

In most of the files, many of the above records were not available. The Respondent No.1 Sri H.V. Krishnappa, who was working as Panchayath Development Officer is responsible for not maintaining the records as per Rules in respect of housing schemes.

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

34) 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 |
| Opening balance on 1/4/2016            | 2,93,236 | 6,79,458  | 1,81,270   | 1,20,092            |
| Deductions for 2016-17                 | 2,26,524 | 4,16,066  | 1,01,094   | 1,03,594            |
| Total                                  | 5,19,760 | 10,95,524 | 2,82,364   | 2,23,686            |
| Remitted to Govt. during 2016-17       | -        | -         | -          | -                   |
| Balance to be remitted as on 31/3/2017 | 5,19,760 | 10,95,524 | 2,82,364   | 2,23,686            |

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## 2017-18

| Details                                | Royalty  | Sales Tax | Income Tax | Labour Welfare fund |
|--|----------|-----------|------------|---------------------|
| Opening balance on 1/4/2017            | 5,19,760 | 10,95,524 | 2,82,364   | 2,23,686            |
| Deductions for 2017-18                 | 1,31,810 | 2,83,962  | 70,979     | 70,979              |
| Total                                  | 6,51,570 | 13,79,486 | 3,53,343   | 2,94,665            |
| Remitted to Govt. during 2017-18       | 0        | 0         | 0          | 0                   |
| Balance to be remitted as on 31/3/2018 | 6,51,570 | 13,79,486 | 3,53,343   | 2,94,665            |

## 2018-19

| Details                                | Royalty  | Sales Tax/ GST | Income Tax | Labour Welfare fund | C.B.F |
|--|----------|----------------|------------|---------------------|-------|
| Opening balance on 1/4/2018            | 6,51,570 | 13,79,486      | 3,53,343   | 2,94,665            |       |
| Deductions during 2018-19              | 98,253   | 1,22,366       | 73,825     | 71,829              |       |
| Total                                  | 7,49,823 | 15,01,852      | 4,09,402   | 3,66,494            |       |
| Remitted to Govt. during 2018-19       | -        | -              | -          | -                   | -     |
| Balance to be remitted as on 31/3/2019 | 7,49,823 | 15,01,852      | 4,09,402   | 3,66,494            | -     |

As on 31/3/2019 a sum of Rs.7,49,823/- towards Royalty; Rs.15,01,852/- towards sales tax/GST, Rs.4,09,402/- towards Income Tax and, Rs.3,66,494/- towards labour Welfare Fund are due to be remitted to the concerned heads of Government. Non-remittance of above Royalty, Sales Tax, Income Tax, Labour Welfare Fund to the concerned Heads of Department of Government amount to misdirection of funds and loss to the State exchequer. Respondent No.1 Sri H.V.Krishnappa who was the Panchayath Development Officer of the concerned years' is responsible for non-remittance of the above amount to the concerned heads 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,

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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              | 1,13,134                             | 1,13,134                                | -                               | -                           | 1,13,134                           |
|                          | 14 <sup>th</sup> finance | 1,13,390                             | 1,13,390                                | -                               | -                           | 1,13,390                           |
| <b>Total</b>             | -                        | <b>2,26,524</b>                      | <b>2,26,524</b>                         | -                               | -                           | <b>2,26,524</b>                    |
| Sales Tax                | Group-1 & 2              | 1,93,016                             | 1,93,016                                | -                               | -                           | 1,93,016                           |
|                          | 14 <sup>th</sup> finance | 2,23,050                             | 2,23,050                                | -                               | -                           | 2,23,050                           |
| <b>Total</b>             |                          | <b>4,16,066</b>                      | <b>4,16,066</b>                         | -                               | -                           | <b>4,16,066</b>                    |
| Income Tax               | Group 1 & 2              | 47,738                               | 47,738                                  | -                               | -                           | 47,738                             |
|                          | 14 <sup>th</sup> finance | 53,356                               | 53,356                                  | -                               | -                           | 53,356                             |
| <b>Total</b>             |                          | <b>1,01,094</b>                      | <b>1,01,094</b>                         | -                               | -                           | <b>1,01,094</b>                    |
| Labour Welfare Board Fee | Group 1 & 2              | 47,758                               | 47,758                                  | -                               | -                           | 47,758                             |
|                          | 14 <sup>th</sup> finance | 55,856                               | 55,856                                  | -                               | -                           | 55,856                             |
| <b>Total</b>             |                          | <b>1,03,594</b>                      | <b>1,03,594</b>                         | -                               | -                           | <b>1,03,594</b>                    |
| <b>Grand Total</b>       |                          | <b>8,47,278</b>                      | <b>8,47,278</b>                         | -                               | -                           | <b>8,47,278</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 shorted remitter to treasury. |
|--------------|--------------------------|--------------------------------------|---|---------------------------------|-----------------------------|--------------------------------------|
| Royalty      | Group 1 & 2              | 75,002                               | 75,002                                  |                                 | -                           | 75,002                               |
|              | 14 <sup>th</sup> finance | 68,661                               | 56,808                                  | 11,853                          | -                           | 56,808                               |
| <b>Total</b> |                          | <b>1,43,663</b>                      | <b>1,31,810</b>                         | <b>11,853</b>                   | -                           | <b>1,31,810</b>                      |

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|                          |                          |                 |                 |               |   |                 |
|--------------------------|--------------------------|-----------------|-----------------|---------------|---|-----------------|
| Sales Tax                | Group 1 & 2              | 1,31,575        | 1,31,575        |               | - | 1,31,575        |
|                          | 14 <sup>th</sup> finance | 1,52,387        | 1,52,387        |               | - | 1,52,387        |
| <b>Total</b>             |                          | <b>2,83,962</b> | <b>2,83,962</b> |               | - | <b>2,83,962</b> |
| Income Tax               | Group 1 & 2              | 32,888          | 32,888          |               | - | 32,888          |
|                          | 14 <sup>th</sup> finance | 38,091          | 38,091          |               | - | 38,091          |
| <b>Total</b>             |                          | <b>70,979</b>   | <b>70,979</b>   |               | - | <b>70,979</b>   |
| Labour Welfare Board Fee | Group 1 & 2              | 32,888          | 32,888          |               | - | 32,888          |
|                          | 14 <sup>th</sup> finance | 38,091          | 38,091          |               | - | 38,091          |
| <b>Total</b>             |                          | <b>70,979</b>   | <b>70,979</b>   |               | - | <b>70,979</b>   |
| CBF                      | Group 1 & 2              | 3,181           | -               | 3,181         | - | -               |
|                          | 14 <sup>th</sup> finance | 9,986           | -               | 9,986         | - | -               |
| <b>Total</b>             |                          | <b>13,167</b>   | -               | <b>13,167</b> | - | -               |
| <b>Grand Total</b>       |                          | <b>5,82,750</b> | <b>5,57,730</b> | <b>25,020</b> | - | <b>5,57,730</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 shorted remitter to treasury. |
|--------------|--------------------------|--------------------------------------|---|---------------------------------|-----------------------------|--------------------------------------|
| Royalty      | Group 1 & 2              | 1,21,100                             | 98,253                                  | 22,847                          |                             | 1,21,100                             |
|              | 14 <sup>th</sup> finance | -                                    | -                                       |                                 |                             | -                                    |
| <b>Total</b> |                          | <b>1,21,100</b>                      | <b>98,253</b>                           | <b>22,847</b>                   |                             | <b>1,21,100</b>                      |
| Sales Tax    | Group 1 & 2              | 1,22,366                             | 1,22,366                                |                                 |                             | 1,22,366                             |
|              | 14 <sup>th</sup> finance | -                                    | -                                       |                                 |                             | -                                    |
| <b>Total</b> |                          | <b>1,22,366</b>                      | <b>1,22,366</b>                         |                                 |                             | <b>1,22,366</b>                      |
| Income Tax   | Group 1 & 2              | 73,825                               | 73,825                                  |                                 |                             | 73,825                               |
|              | 14 <sup>th</sup> finance | -                                    | -                                       |                                 |                             | -                                    |

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|                          |                          |                 |                 |  |  |                 |
|--------------------------|--------------------------|-----------------|-----------------|--|--|-----------------|
| <b>Total</b>             |                          | <b>73,825</b>   | <b>73,825</b>   |  |  | <b>73,825</b>   |
| Labour Welfare Board Fee | Group 1 & 2              | 71,829          | 71,829          |  |  | 71,829          |
|                          | 14 <sup>th</sup> finance | -               | -               |  |  | -               |
| <b>Total</b>             |                          | <b>71,829</b>   | <b>71,829</b>   |  |  | <b>71,829</b>   |
| <b>Grand Total</b>       |                          | <b>3,89,120</b> | <b>3,66,273</b> |  |  | <b>3,89,120</b> |

As per the above Statements, in relation to the year 2016-17 an amount of Rs.8,47,278/- was not remitted to the concerned Heads of Account of Government. In relation to the year 2017-18 an amount of Rs.5,57,730/- was not remitted to the concerned Heads of Account of Government. In relation to the year 2017-18 an amount of Rs.3,89,120/- 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 respondent No.1 Sri H.V. Krishnappa who was the Panchayath Development Officers during the relevant years, is responsible for above misdirection and causing loss to the Government exchequer.

36) The Haragadde 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

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- (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.

37) Apart from the above Registers Haragadde 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.

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

*V. Shrawa*

- (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.

39) 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 Haragadde 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, Haragadde Panchayath.





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

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

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

- i) **Respondent No.1** Sri H.V.Krishnappa , the then Panchayath Development Officer, Haragadde Grama Panchayath, Anekal Taluk, Bengaluru Urban District (from 1/1/2016 to 7/9/2019) – presently working at Muthanallur Grama Panchayath, Anekal Taluk.
- ii) **Respondent No.2** Sri S. Lakshminarayana, Panchayath Development Officer, Haragadde Grama Panchayath, Anekal Taluk (from 9/10/2019 till date).
- iii) **Respondent No.3** Sri Nomesesh Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (for the

*N. Nomesesh Kumar*


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).

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

Connected records are enclosed.

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