

KARNATAKA LOKAYUKTA

No. Compt/Uplok/BCD/81/2020/ARLO-1

Multi Storied Buildings
Dr.B.R. Ambedkar Veedhi,
Bengaluru 560 001
Dated: **14/7/2020**

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

Sub:- Proceedings against:-

- (1) Sri Rehaman Sharieff, the then Panchayath Development Officer, Hulimangala Grama Panchayath, Anekal Taluk – Presently working as Panchayath Development Officer, Neraluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District;
- (2) Sri N. Jayaramu, Panchayath Development Officer, Hulimangala Grama Panchayath, Anekal Taluk, Bengaluru Urban District.
- (3) Sri Nomesh 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.

On the basis of source information that there is mismanagement in the maintenance of accounts and submission of periodical expenditure statements by Hulimangala 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

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Accounts officer and the Manager of Taluk Panchayath, Anekal were directed to produce the periodical returns of expenditure in relation to each of the Panchayaths within the limits of Taluk Panchayath, Anekal. The details of expenditure were not furnished by the Panchayaths. Further, at the time of spot inspection by Upalokayukta-1 to the office of the Executive Officer, Taluk Panchayath, Anekal, the audit reports of Hulimangala 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) Sri Rehaman Sharieff, the then Panchayath Development Officer, Hulimangala Grama Panchayath, Anekal Taluk (from 1/8/2015 to 24/1/2017) – Presently working as Panchayath Development Officer, Neraluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District;
- (2) Sri N. Jayaramu, Panchayath Development Officer, Hulimangala Grama Panchayath, Anekal Taluk, Bengaluru Urban District (from 1/4/2017).
- (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).

3) The Respondent 1 has submitted comments dated 12/2/2020 that the concerned Panchayath Development Officers have prepared the budget for the year 2016-17 to 2019-20 and obtained the approval of the Executive Officer of Taluk Panchayath. Further, he has stated that the audit of the

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Hulimangala Panchayath was conducted for the years 2016-17 to 2019-19 and copies of the same are enclosed. Respondent No.2 has not submitted comments.

4) The Respondent No.3 has submitted comments dated 12/2/2020 and 27/2/2020 stating that during his tenure the Hulimangala Grama Panchayath had submitted the audit report for the year 2016-17 and 2017-18 to the Accounts Officer of Taluk Panchayath. The Budget for the year 2016-17 and 2017-18 were also submitted by the Hulimangala Grama Panchayath. He had constituted an adhoc committee and the meeting of the committee was held. He had issued oral instructions regarding the subject matter stated in the audit report. The respondent No.4 has submitted comments dated 12/2/2020 and 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 Hulimangala to submit the Expenditure statements and audit reports for the years 2016-17 to 2018-19.

5) The Budget estimates of the above Grama Panchayath for the years 2016-17 2017-18, 2018-19 and 2019-20 and copies of the Audit reports for the years 2016-17, 2017-18 and 2018-19 of Hulimangala Grama Panchayath produced by Respondent No.1 Sri Rehaman Sheriff 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 Hulimangala Grama Panchayath.



1. REVENUE INCOME

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	19,83,556	62,37,817	5,54,591	24,77,041
2	Rates and Taxes	78,76,501	102,54,789	138,41,727	218,12,132
3	Revenue from the Panchayath Properties	55,97,410	62,000	1,25,000	2,37,479
4	Revenue from Grama Panchayath Authorities	-	69,94,241	167,03,119	175,55,982
5	Grants, Donation, Subscriptions	10,00,000	23,00,000	15,00,000	5,50,000
	Total Revenue Income	164,57,467	258,48,847	327,24,437	426,32,633

REVENUE EXPENDITURES

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	General Administration				
	i) Grama Panchayath (Elected Body)	6,44,000	4,72,117	11,39,586	18,64,298
	ii) Office	21,98,172	32,44,149	51,06,790	61,08,559
	Total	28,42,172	37,16,265	62,46,376	79,72,857
2	Development Expenditure				
	1) Drinking Water	31,70,000	42,04,417	40,46,293	82,09,999
	2) Rural Sanitation	3,41,000	3,41,417	8,72,147	9,10,679
	3) General Health & Family Welfare	11,000	40,790	75,000	60,000
	4) Roads, Bridges & other connecting medias	1,50,000	68,750	15,00,000	30,00,000
	5) Buildings	55,000	64,790	-	-
	6) Electrification and Electricity supply	9,00,000	19,67,744	32,82,071	30,90,090
	7) Development of Non-conventional energy sources	22,000	-	-	-
	8) Social Public Service programmes	-	8,58,864	14,77,292	19,30,938
	9) Motivation Services	16,65,820	20,000	50,000	55,000
	Total Expenditure	63,14,820	75,66,771	113,02,803	172,56,706
	Transfer from Genl. fund	19,38,969	27,13,657	40,07,802	55,09,264
	Other Revenue Expenditure	37,10,000	-	-	-
	Total Revenue Expenditure	148,05,961	139,96,694	215,56,980	307,38,827
	Closing balance (i)	16,51,506	118,52,154	111,67,457	118,93,806

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2. CAPITAL INCOME

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	2,69,609	1,02,787	-	3,00,000
2	Grants, Subscription, donation.	-	-	-	5,50,000
3	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	41,08,600	44,37,658	69,91,234	70,78,210
	Total Capital Income	43,78,209	45,40,445	69,91,234	79,28,210

Capital expenditures

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Development Expenditure	-	-	-	-
	1) Drinking Water	-	12,00,000	22,00,000	7,59,996
	2) Rural sanitation	-	-	-	-
	3) Roads, Bridges & other connecting medias	-	80,00,000	66,00,000	55,05,636
	4) Buildings	-	-	1,00,000	1,00,000
	5) Payment of salary to staff	-	-	-	-
	6) Social & public service programmes	-	-	-	-
	Total Expenditure	-	92,00,000	78,00,000	63,65,632
2	Specific Project Expenditure				
	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	41,08,600	44,37,658	69,91,234	65,78,208
3	Procurement of properties	-	1,50,000	1,50,000	1,50,000
4	Repayment of loan	-	-	-	-
	Total Capital expenditure	43,78,209	137,87,658	139,41,234	130,93,840
	Closing Balance (ii)	2,69,609	92,47,213	-	51,65,629
				79,50,000	

3. DEPOSITS, ADVANCES & INVESTMENTS

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	-	-	-	-
2	Receipt	-	-	-	-
	Total Income	-	-	-	-
3	Expenditure	-	-	-	-
	Closing Balance (iii)	-	-	-	-

	Total Final Balance of the Panchayath (i) + (ii) + (iii)	19,21,115	26,04,941	32,17,457	67,28,176
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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 Hulimangala Grama Panchayath for the years 2016-17, 2017-18 and 2018-19, it is observed that the above Budget estimates were not prepared in accordance with Rule 12 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. Provision for repayment of opening liabilities was not made in the budget as mandated under Rule 12(4)(ii) of the above Rules. Provision for 10% of closing balance was not provided for the Grants and Income, as per Rule 12(4)(iii) of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006.

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

10) The Respondent No.1 Sri Rehaman Sheriff, was working as Panchayath Development Officer of Hulimangala Grama Panchayath from 1/8/2015 to 24/1/2017 and Respondent No.2 Sri N. Jayaramu, is working as Panchayath Development Officer since 1/4/2017. The above Panchayath Development Officers have prepared and submitted the Budget estimates stated above and are responsible for the aforesaid irregularities in the preparation of budget of the relevant years. It is seen from copies of Budget estimates that Respondent No.3 Sri N. Nomesh Kumar, the then Executive Officer of Taluk Panchayath had approved the budget

Sri N. Nomesh Kumar

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 Hulimangala Grama Panchayath, no such monthly statement was prepared and submitted to the Authorities stated above. The above Panchayath had also not prepared the annual accounts in terms of Rule 109 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. In the audit reports for the years 2016-17, 2017-18 and 2018-19 at paragraph 15 & 16 it is stated that that monthly expenditure statements, half yearly statements and yearly statements as per Rule 108 and 109 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting & Accounts) Rules, 2006 were not submitted by the Hulimangala Grama Panchayath. Therefore, the Respondents 1 & 2 who were

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working as Panchayath Development Officers of Hulimangala Grama Panchayath 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, Hulimangala had not maintained the Grants Register in Form No.45, as per Rule 99 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. This Register is a prominent register, which shows the opening balance, grants received and closing balance.

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

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

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

14) As per the Audit Report for the year 2016-17, the opening balance of amount reserved under 25% Grant for the welfare of Scheduled Caste/Scheduled Tribe as on 1/4/2016 was Rs.8,24,697/-. During the year 2016-17, a sum of Rs.12,71,719/- was reserved for the welfare of Scheduled Caste/Scheduled Tribe

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under 25% grant scheme. Out of the above amount, during the year 2016-17, a sum of Rs.12,71,719/- (amount reserved during the year) was spent showing the balance of Rs.8,24,697/- at the end of the year on 31/3/2017. The Respondent No.1 Sri Rehaman Sheriff who was working as Panchayath Development Officer during the year 2016-17 has not fully spent the amount under 25% scheme in accordance with Rules, thus depriving the benefits of the scheme to the above class of persons.

15) In relation to the amount reserved for the welfare of Physically Challenged persons under 3% grant scheme, there was opening balance of Rs.4,00,000/- as on 1/4/2016. During the year 2016-17 a sum of Rs.1,63,282/- was reserved and during the year 2016-17 a sum of Rs.1,60,000/- was spent under the above scheme, thus, the closing balance as on 31/3/2017 is shown as Rs.4,03,282/-. The Respondent No.1 Sri Rehaman Sheriff who was working as Panchayath Development Officer during the year 2016-17 had not spent the amount under 3% scheme in accordance with Rules, thus depriving the benefits of the scheme to the above class of persons.

16) As per the Audit Report for the year 2017-18, the opening balance of amount reserved under 25% Grant for the welfare of Scheduled Caste/Scheduled Tribe as on 1/4/2017 was Rs.8,24,697/-. During the year 2017-18, a sum of Rs.16,54,352/- was reserved for the welfare of Scheduled Caste/Scheduled Tribe under 25% grant scheme. Out of the above amount, during the year 2017-18, a sum of Rs.16,54,352/- was spent showing the balance of Rs.8,24,697/- at the end of the year on 31/3/2018. The



Respondent No.2 Sri N. Jayaramu who was working as Panchayath Development Officer during the year 2017-18 had not spent the amount under 25% scheme in accordance with Rules, thus depriving the benefits of the scheme to the above class of persons.

17) In relation to the amount reserved for the welfare of Physically Challenged persons under 3% grant scheme, there was opening balance of Rs.4,03,282/- as on 1/4/2017. During the year 2017-18 a sum of Rs.4,12,380/- was reserved and during the year 2017-18 a sum of Rs.3,00,324/- was spent, thus, the closing balance as on 31/3/2018 is shown as Rs.5,15,338/-. The Respondent No.2 Sri N. Jayaramu who was working as Panchayath Development Officer during the year 2017-18 had not spent the full amount under 3% scheme in accordance with Rules, thus depriving the benefits of the scheme to the above class of persons.

18) As per the Audit Report for the year 2018-19, the opening balance of amount reserved under 25% Grant for the welfare of Scheduled Caste/Scheduled Tribe as on 1/4/2018 was Rs.8,24,697/-. During the year 2018-19, a sum of Rs.27,89,708/- was reserved for the welfare of Scheduled Caste/ Scheduled Tribe under 25% grant scheme. Out of the above amount, during the year 2018-19, a sum of Rs.25,71,746/- was spent, showing the balance of Rs.10,42,659/- at the end of the year on 31/3/2019. The Respondent No.2 Sri N. Jayaramu who was working as Panchayath Development Officers during the year 2018-19 have not spent the amount under 25% scheme in accordance with Rules, thus depriving the benefits of the scheme to the above class of persons.

N. Jayaramu

19) In relation to the amount reserved for the welfare of Physically Challenged persons under 3% grant scheme, there was opening balance of Rs.5,15,338/- as on 1/4/2018. During the year 2018-19 no was reserved and during the year 2018-19, no amount was spent, thus showing the closing balance as on 31/3/2019 as Rs.5,15,338/-. The Respondent No.2 Sri N. Jayaramu who was working as Panchayath Development Officers during the year 2018-19 had not spent the amount under 3% scheme in accordance with Rules, thus depriving the benefits of the scheme to the members of the above class of persons.

RECEIPT BOOKS

20) The Hulimangala 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	04	02	-
2	Receipt of Receipt Books	45	52	60
3	Total	49	54	60
4	No. of receipt books utilised for the year	47	54	60
5	Balance of receipt books at the end of the year	02	-	-

The Respondents 1 & 2 are responsible for not maintaining the Stock Register of Receipt Books for the years 2016-17 & 2017-18.

21) From the Audit Report for the year 2018-19, it is noticed that the amount collected towards tax, etc. was not remitted to the Bank in time. It is found that the remittance was made twice or

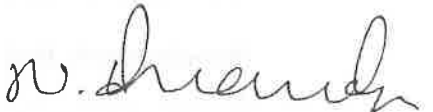
N. Jayaramu

thrice in a month and in certain cases, there was delay of even a month. This late remittance of amount collected towards tax has led to temporary misappropriation. The Respondent No.2 Sri N. Jayaramu, who was working as Panchayath Development Officer during the year 2018-19 is responsible for the late remittance of Tax collections during the year 2018-19.

COLLECTION OF TAXES AND ITS REMITTANCE TO GOVT.
ACCOUNTS

22) As per the Audit Report for the year 2016-17, 2017-18 and 2018-19, Hulimangala Grama Panchayath had not maintained the Tax Assessment List as required under Section 199 of the Karnataka Grama Swaraj & Panchayath Raj Act, 1993. It had not maintained the Mutation Register in Form No.10 as per Rule 29 of the Karnataka Panchayath Raj (Budgeting and Accounts) Rules, 2006. The Respondent No.1 Sri Rehaman Sheriff and Respondent No.2 Sri N. Jayaramu, Panchayath Development Officers of Hulimangala Grama Panchayath during the years 2016-17 to 2018-19 are responsible for the above lapse.

23) As per the Audit reports for the years 2016-17, 2017-18 and 2018-19, The Hulimangala Grama Panchayath had not maintained the Demand, Collection and Balance (DCB Register) as per Rule 30 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. The opening balance, demand during the year, collection during the years and the balance at the end of the year are as follows:-



2016-17

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	25,47,740	128,45,650	153,93,390	134,30,169	19,63,221
2	Water Tax	1,00,475	6,15,850	7,16,325	5,05,650	2,10,675
3	Licence	0	107,42,260	107,42,260	107,42,260	0
5	Others	0	0	0	0	0
	Total	26,48,215	242,03,740	268,51,975	246,78,079	21,73,896

2017-18

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	19,63,221	147,30,216	166,93,437	149,66,572	17,26,865
2	Water Tax	2,10,675	9,77,435	11,88,110	9,84,680	2,03,430
3	Licence	0	109,82,645	109,82,645	109,82,645	0
4	Light Tax	0	3,25,000	3,25,000	1,36,830	1,88,170
5	Others	0	33,59,471	33,59,471	33,59,471	0
	Total	21,73,896	303,74,767	325,48,663	304,30,198	21,18,465

2018-19

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	17,26,865	262,97,009	280,23,874	252,97,009	27,26,865
2	Water Tax	2,03,430	3,79,989	5,83,419	3,69,989	2,13,430
3	Licence	0	75,58,798	75,58,798	75,58,798	0
4	Light Tax	1,88,170	0	1,88,170	0	1,88,170
5	Others	0	0	0	0	0
	Total	21,18,465	342,35,796	363,54,261	332,25,796	31,28,465

24) As per the above statements, huge amount in a sum of Rs.31,28,465/- towards house tax, water tax and light tax was not collected by the Hulimangala Grama Panchayath, which amounts to loss caused to the State Exchequer. The Respondent No.1 Sri Rehaman Sheriff and Respondent No.2 Sri N. Jayaramu, Panchayath Development Officers are responsible for short collection of House Tax and Water Tax during the concerned years.

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

N. Jayaramu

26) As per Rule 20 of Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006, General Receipts in Form No.3 have not been incorporated. The Registers in relation to the Cheque/DD is not maintained and temporary receipts as per Form-3A were not issued. The information was not provided regarding the inclusion of all buildings and sites to which the tax had to be levied and collected.

27) From the Audit Reports for the years 2016-17, 2017-18 and 2018-19, it is noticed that (i) the amount received through Cheque/DDs was not issued with temporary receipts in Form No.3A and the amount was directly credited to Grama Panchayath Fund; (ii) the amount collected was not remitted to the Bank on the same day, instead it was remitted belatedly; (iii) the amount noted in the Receipts was not mentioned against the properties in the DCB Register; and (iv), the demand was not revised. From the above lapses, there are chances of causing loss to the Grama Panchayath and belated remittance of collections leads to temporary misappropriation. The Respondents 1 and 2 who were working as Panchayath Development officers during the years 2016-17, 2017-18 and 2018-19 are responsible for the above lapses.

NON-REMITTANCE OF CESS/SURCHARGES

28) 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	15,03,377	150338	13,53,039	42,74,511	56,27,550	-	56,27,550
2.	Education cess	10,02,251	100225	9,02,026	28,33,010	37,35,036	-	37,35,036
3.	Library cess	6,01,351	60135	5,41,216	16,89,148	22,30,364	-	22,30,364
4.	Beggars cess	3,00,675	30068	2,70,607	7,16,249	9,86,856	-	9,86,856
	Total	34,07,654	340766	30,66,888	95,12,918	125,79,806	-	125,79,806



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	16,75,362	167536	15,07,826	56,27,550	71,35,376	-	71,35,376
2.	Education cess	11,16,908	111690	10,05,218	37,35,036	47,40,254	-	47,40,254
3.	Library cess	6,70,145	67014	6,03,131	22,30,364	28,33,495	-	28,33,495
4.	Beggars cess	3,35,072	33508	3,01,564	9,86,856	12,88,420	-	12,88,420
	Total	37,97,487	379748	34,17,739	125,79,806	159,97,545	-	159,97,545

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	28,31,755	283176	25,48,579	71,35,376	96,83,955	8,22,098	88,61,857
2.	Education cess	18,87,837	188784	16,99,053	47,40,254	64,39,307	5,48,064	58,91,243
3.	Library cess	11,32,702	113270	10,19,432	28,33,495	38,52,927	3,28,837	35,24,090
4.	Beggars cess	5,66,351	56635	5,09,716	12,88,420	17,98,136	1,64,419	16,33,717
	Total	64,18,645	641865	57,76,780	159,97,545	217,74,325	18,63,418	199,10,907

29) It is noticed from audit reports of the years 2016-17, 2017-18, 2018-19 the Hulimangala 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 199,10,907/-. As per the Audit reports, the Hulimangala 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.199,10,907/- as stated above, amounts to misdirection of funds and loss to the State exchequer. The respondent No. 1 & 2 are responsible for the same.

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NON-PRODUCTION OF MUTATION/E- PROPERTY REGISTER

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

NON-SUBMISSION OF ANNUAL STATEMENT OF STAFF DETAILS

31) As per Rule 57 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006, a detailed annual statement in Form No.22 of pensionable employees or Government Servants on deputation existing as on the 1st March of the year shall be sent to the Accountant General, Local Audit Circle and Zilla Panchayath. From the Audit Report for the year 2018-19, it is noticed that such a statement was not sent to the Accountant General, Local Audit Circle and Zilla Panchayath during the years 2018-19. Further, the register in Form No.23 relating to Scale of pay of staff was not maintained as required under Rule 58 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounting Rules) 2006. The Respondents No. 2 Sri N. Jayaramu who was working as Panchayath Development Officer during the year 2018-19 is responsible for the above irregularities.



IRREGULARITIES IN PAYMENTS

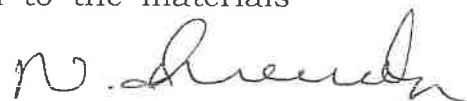
32) In relation to payments, it is observed in the Audit reports for the years 2016-17, 2017-18, 2018-19 that no approval was obtained in the concerned files respect of each payments; in respect of works and purchases, quality test of materials/works was not conducted. Failure to follow the above procedure, lead to misappropriation of funds. The Respondents 1 and 2 who were the Panchayath Development Officers of Hulimangala Grama Panchayath, during the relevant years, are responsible for the same.

REGARDING EXPENDITURE OF PANCHAYATHS

33) In the audit reports of Hulimangala Grama Panchayath, in relation to payment of bills, it is observed that;

(i) The provisions of Karnataka Transparency in Public Procurement Act were not followed in procurement of goods. The purchase rules as clarified in Govt. Circular No. RDP 242 Ji.Pa.Sa 2000 dated 9/4/2001 and PWD 33 FC 111/2001 dated 23/3/2001, were not followed. The Karnataka Transparency in Public Procurement Rules, 2000 was not followed in respect of purchases.

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



taken to stock register is not noted; (g) in relation to issuance of materials and balance, date wise entries were not attested.

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

(iv) From the Audit Report for the year 2016-17, it is noticed that in order to circumvent the provisions of KTPP Act in calling tenders for purchases, the Bills were split showing the amounts within Rs.1.00 Lakh and by inviting quotations purchases were made. The details of such purchases made during the year 2016-17 are as follows:-

Sl. No.	Cheque No.	Date	Bill Amount	Details of purchases
1	559393	07/05/2016	75,488	Purchase of materials for Bore well.
2	591046	08/06/2016	84,525	Purchase of materials for bore well.
3	446110	01/03/2017	87,020	Purchase of Mercury set
4	446114	01/03/2017	22,500	Purchase of GI Pipe
5	446128	01/03/2017	38,600	Cleaning of JCB
6	447170	17/03/2017	40,630	Purchase of pipes
7	447169	17/03/2017	91,895	Purchase of pipes.

(v) The Respondent No.1 Sri Rehaman Sheriff is responsible for splitting the above Bills in order to circumvent the calling of Tenders for purchase of materials during the year 2016-

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(vi) From the Audit report for the year 2016-17, it is noticed that the salary to workers was paid through NMRs, which is illegal. the details of salary paid through NMRs during the year 2016-17 are as follows:-

Sl. No.	Cheque No.	Date	Amount
1	589362	06/04/2016	26,000
2	589366	07/04/2016	18,000
3	589382	06/05/2016	8,000
4	589383	06/05/2016	8,000
5	591050	08/06/2016	2,000
6	591044	01/06/2016	16,000
7	563914	21/07/2016	18,000
8	593233	26/08/2016	18,000
9	591617	20/09/2016	6,000
	Total		1,20,000

The Respondent No.1 Sri Rehaman Sheriff who was the Panchayath Development Officer of Hulimangala Gram Panchayath during the year 2016-17 is responsible for payment of above salary to the workers through NMR.

(vii) From the Audit Report for the year 2017-18, it is noticed that in order to circumvent the provisions of KTPP Act in calling tenders for purchases, the Bills were split showing the amounts within Rs.1.00 Lakh and by inviting quotations purchases were made. The details of such purchases made during the year 2017-18 are as follows:-

Sl. No	Cheque No.	Date	Amount	Details of purchases	Name of supplier
1	453925	04/08/2017	87,146	Materials for Water supply	Mahalakshmi Pipes & Hardwares
2	453926	05/08/2017	69,616	Materials for Water supply	Mahalakshmi Pipes & Hardwares
3	453927	05/08/2017	99,958	Materials for Water supply	Mahalakshmi Pipes & Hardwares
4	453928	05/08/2017	99,697	Materials for Water supply	Mahalakshmi Pipes & Hardwares
5	453979	05/08/2017	84,146	Materials for Water supply	Mahalakshmi Pipes & Hardwares
		Total	4,40,563		

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The Respondent No.2 Sri N. Jayaramu, who was the Panchayath Development Officer of Hulimangala Grama Panchayath during the year 2017-18 is responsible for splitting the Bills for purchase of above materials in order to circumvent the calling of Tender.

(viii) As per the Audit Report for the year 2017-18, a sum of Rs.5,000/- towards salary to the workers was paid through Nominal Muster Rolls, which is illegal. The Respondent No.2 Sri N. Jayaramu is responsible for the above payment.

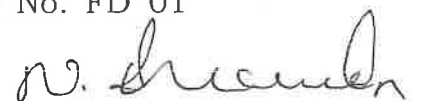
(ix) From the Audit Report for the year 2017-18, it is noticed that a sum of Rs.1,234/- was paid to the contractor M/s. Lakshmi Electricals, as Service Charge while making payment of Bills towards repair of pump. There was no provision for payment of Service Charge and the same was not mentioned in the Quotation. The Respondent No.2 Sri N. Jayaramu is responsible for payment of above service charge.

(x) From the Audit Report for the year 2017-18, it is noticed that Income Tax at the rate of 2% was not deducted while paying the amount in respect of the following Bills, which was required to be deducted as per Section 194(c) of the Income Tax Act.

Sl. No.	Name of Contractor	Amount of Income Tax not deducted
1	Shaik Saiddpur	2,404
2	Omega Rewinding Works	6,205
	Total	8,609

The Respondent No.2 Sri N. Jayaramu is responsible for non-deduction of income tax while making payment of Bills to the Contractor.

(xi) From the Audit Report for the year 2018-19, it is noticed that the following purchases were made without calling for competitive quotations as required under Govt. Order No. FD 01



TCE 2012 dated 21/6/2012 and Rule 55(49) of Manual of Contingent Expenditure. Purchase of the materials without calling for quotation is illegal.

Sl. No.	Date	Cheque No.	Details	Amount
1	26/03/2019	311156	Purchase of three wheeler	81,063
2	26/03/2019	31157	Purchase of three wheeler	81,063
			Total	1,62,126

The Respondent No.2 Sri N. Jayaramu is responsible for purchase of above Three Wheelers without calling for quotations.

(xii) In the Audit Report for the year 2018-19, it is stated that during the year a sum of Rs.6,73,000/- was paid to different Drinking Water Suppliers through tankers. The details of payment are as follows:-

Sl. No.	Name of Water Supplier	Cheque No.	Date	Amount
1	Suryanarayana Water Suppliers	162897	17/11/2018	59,200
2	R.R. Enterprises	782522	27/12/2018	37,000
3	Suryanarayana Water Suppliers	162532	20/08/2018	23,600
4	KUR Water Supply	162131	07/06/2018	31,200
5	KUR Water Supply	162154	06/06/2018	29,600
6	Suryanarayana Water Suppliers	163259	12/03/2019	60,800
7	Suryanarayana Water Suppliers	162415	21/07/2018	24,800
8	KUR Water Supply	162405	20/07/2018	28,800
9	Suryanarayana Water Suppliers	162319	27/06/2018	50,400
10	R.J Suppliers	162378	06/07/2018	24,800
11	KUR Water Supply	162379	06/07/2018	25,200
12	Suryanarayana Water Suppliers	105694	18/01/2019	69,600
13	KUR Water Supply	162064	02/05/2018	48,000
14	Suryanarayana Water Suppliers	162664	12/09/2018	28,000
15	Suryanarayana Water Suppliers	240097	27/12/2018	61,200
16	Suryanarayana Water Suppliers	162698	03/10/2018	36,000
17	Suryanarayana Water Suppliers	162787	30/10/2018	34,800
	Total			6,73,000

In relation to the above Water Supplies to different villages within the limits of Hulimangala Grama Panchayath the following records were not maintained in the Grama Panchayath.

- (a) Rate Fixed for each trip of Water supply.
- (b) Sanction order issued by the competent authority.
- (c) Details of owner and vehicle number
- (d) Certificate given by laboratory in respect of quality of water supplied.
- (e) Details of Estimate and technical sanction
- (f) Photograph showing the supply of water to villages and mahazar
- (g) Photograph of each trip of water supply.

Further, while making payment to the above suppliers, income tax as required under Section 194(c) of the Income Tax Act was not deducted from the Bills. The respondent No.2 Sri N. Jayaramu, Panchayath Development Officer is responsible for non-maintenance of above records and non-deduction of Income tax from the Bills of the suppliers.

REGARDING SCHEMES OF GOVERNMENT

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

For the year 2016-17

Sl. No.	Name of the Scheme	Opening balance	Grants for the year (including interest & others)	Total	Total expenditure during the year	Balance at the end of year
1	13 th Finance	50,189	39,042	89,231	-	89,231
2	14 th Finance	7,73,374	46,77,619	54,50,993	48,67,886	5,83,107
3	Ashraya	2,21,999	7,818	2,29,817	2,29,817	-
4	Total Sanitation Campaign	2,160	-	2,160	-	2,160

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For the year 2017-18

Sl. No.	Name of the Scheme	Opening balance	Grants for the year (including interest & others)	Total	Total expenditure during the year	Balance at the end of year
1	13 th Finance	89,231	2,089	91,320	91,320	-
2	14 th Finance	5,83,107	51,81,805	57,64,912	47,55,432	10,09,480
3	Anganawadi	4,900	192	5,092	-	5,092
4	ESCROW	18,569	29,80,168	29,98,737	29,90,000	8,737

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	Electricity (ESCROW)	8,737	22,74,247	22,82,984	22,50,000	32,984
2	14 th Finance	10,09,480	69,11,452	79,20,932	9,61,895	69,59,037
3	Anganawadi Account	5,092	181	5,273	67	5,206

As per the above statements the Hulimangala Grama Panchayath had not fully utilised the grants under 14th Finance Scheme and thus failed accomplish its full target, which results in depriving the benefits of the scheme to the beneficiaries. From the audit reports for the years 2016-17 and 2017-18, it is noticed that the grants of 13th and 14th 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.

IRREGULARITIES FOUND IN RESPECT OF PROJECT EXPENDITURES

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

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Accounts) Rules, 2006. As per Grama Panchayath Budgeting and Accounting Rules, 1994 and Rule 94 of the Karnataka Public Works Code, the Stock Register of works and maintenance of machineries were not maintained.

REGARDING MEASUREMENT BOOKS

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

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

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

2016-17

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund	CBF
Opening balance as on 1/4/2016	1,26,457	4,22,749	1,88,828	27,636	-
Deductions for 2016-17	98,991	3,82,574	1,29,031	34,891	
Total	2,25,448	8,05,323	3,17,859	62,527	-
Remitted to Govt. during 2016-17	95,756	4,68,940	1,26,042	1,01,325	-
Balance to be remitted as on 31/3/2017	1,29,692	3,36,383	1,91,817	-	-

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2017-18

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund	CBF
Opening balance as on 1/4/2017	1,29,692	3,36,383	1,91,817	-	-
Deductions for 2017-18	1,61,173	3,05,951	1,38,536	1,25,641	-
Total	2,90,865	6,42,334	3,30,353	1,25,641	-
Remitted to Govt. during 2017-18	1,52,675	3,05,951	1,21,519	1,16,428	-
Balance to be remitted as on 31/3/2018	1,38,190	3,36,383	2,08,834	9,213	-

2018-19

Details	Royalty	Sales Tax/GST	Income Tax	Labour Welfare fund	CBF
Opening balance as on 1/4/2018	1,38,190	3,36,383	2,08,834	9,213	-
Deductions for 2018-19	73,380	9,948	1,22,983	1,11,491	6,306
Total	2,11,570	3,46,331	3,31,817	1,20,704	6,306
Remitted to Govt. during 2018-19	80,036	0	1,40,838	1,24,119	23,850
Balance to be remitted as on 31/3/2019	1,31,534	3,46,331	1,90,979	-	-

As per the above statements, as on 31/3/2019 a sum of Rs.1,31,534/- towards Royalty; Rs.3,46,331/- towards sales tax/GST; and Rs.1,90,979/- towards Income Tax are due to be remitted to the concerned heads of Government. Non-remittance of above Royalty, Sales Tax/GST and Income Tax, to the concerned Heads of Department of Government amount to misdirection of funds and loss to the State exchequer. Respondents 1 & 2, who were Panchayath Development Officers of the relevant years' are responsible for non-remittance of the above amount to the concerned heads of Government.

N. Sankar

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

2016-17

Taxes	Schemes	Amount to be deducted during 2016-17	Amount deducted during the year 2016-17	Amount short deducted /left out	Amount remitted to Treasury	Amount short remitted to treasury.
Royalty	Group 1& 2	52,542	52,542		52,547	-
	14 th finance	46,449	46,449		43,209	3,240
Total		98,991	98,991		95,756	3,240
Sales Tax	Group 1& 2	1,95,399	1,95,399		2,88,354	-
	14 th finance	1,87,175	1,87,175		1,80,586	6,589
Total		3,82,574	3,82,574		4,68,940	6,589
Income Tax	Group 1& 2	59,129	59,129		56,192	2,937
	14 th finance	69,902	69,902		69,850	52
Total		1,29,031	1,29,031		1,26,042	2,989
Labour Welfare Board Fee	Group 1& 2	56,184	10,430	45,754	56,192	-
	14 th finance	50,573	24,461	26,112	45,133	-
Total		1,06,757	34,891	71,866	1,01,325	-
Grand Total		7,17,353	6,45,487	71,866	7,92,063	12,818

2017-18

Taxes	Schemes	Amount to be deducted during 2017-18	Amount deducted during the year 2017-18	Amount short deducted /left out	Amount remitted to Treasury	Amount short remitted to treasury.
Royalty	Group 1 & 2	1,39,097	1,16,422	19,675	1,07,924	8,498
	14 th finance	49,148	44,751	4,397	44,751	-
Total		1,88,245	1,61,173	24,072	1,52,675	8,498
Sales Tax	Group 1 & 2	2,82,293	2,82,293	-	2,91,549	-
	14 th finance	27,584	23,658	3,926	23,658	-
Total		3,09,877	3,05,951	3,926	3,05,951	-
Income Tax	Group 1 & 2	90,270	90,270	-	73,253	17,017
	14 th finance	48,266	48,266	-	48,266	-
Total		1,38,536	1,38,536	-	1,21,519	17,017

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Labour Welfare Board Fee	Group 1 & 2	90,270	82,466	7,804	73,253	9,213
	14 th finance	48,266	43,175	5,091	43,175	-
Total		1,38,536	1,25,641	12,895	1,16,428	9,213
C.B.F	Group 1 & 2	8,249	-	8,249	-	-
	14 th Finance	4,347	-	4,347	-	-
Total		12,596	-	12,596	-	-
Grand Total		7,87,790	7,31,301	53,489	6,96,573	34,728

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 to treasury.
Royalty	Group 1& 2	67,250	67,250	-	73,906	-
	14 th finance	6,130	6,130	-	6,130	-
Total		73,380	73,380	-	80,036	-
G.S.T	Group 1& 2	1,24,210	-	1,24,210	-	-
	14 th finance	9,948	9,948	-	-	9,948
Total		1,34,158	1,34,158	1,24,210	-	9,948
Income Tax	Group 1 & 2	1,09,964	1,09,964	-	1,27,819	-
	14 th finance	13,019	13,019	-	13,019	-
Total		1,22,983	1,22,983	-	1,40,838	-
Labour Welfare Board Fee	Group 1 & 2	1,03,447	1,03,447	-	1,16,075	-
	14 th finance	8,044	8,044	-	8,044	-
Total		1,11,491	1,11,491	-	1,24,119	-
CBF	Group 1 & 2	10,341	5,552	4,789	18,749	-
	14 th finance	754	754	-	5,101	-
Total		11,095	11,095	4,789	23,850	-
Grand Total		4,53,107	4,53,107	1,28,999	3,68,843	9,948

As per the above Statements, in relation to the year 2016-17 an amount of Rs.71,866/- was not deducted towards Labour Welfare fund from the Contractor/Supplier Bills and a sum of Rs.12,818/- deducted towards Royalty, Sales Tax and Income Tax was not remitted to the concerned Heads of Account of Government.

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In relation to the year 2017-18 an amount of Rs.53,489/- was short deducted from the Contractor/Supplier's Bills towards Royalty, Sales Tax, Labour Welfare fund and Contractors Benevolent fund; and a sum of Rs.34,728/- deducted towards Royalty, Income Tax, Labour Welfare fund was not remitted to the concerned Heads of Account of Government.

In relation to the year 2018-19 an amount of Rs.1,28,999/- was short deducted from the Contractor/ Supplier's Bills towards GST and Contractors' Benevolent Fund and a sum of Rs.9,948/- deducted from the Contractor/Supplier's bills towards GST was not remitted to the concerned Heads of Account of Government.

The above short deductions and Non-remittance of amount to the concerned Heads of Department of Government amount to misdirection of funds and loss to the State exchequer. The respondents 1 & 2 who were the Panchayath Development Officers during the relevant years, are responsible for above short deduction, misdirection and causing loss to the Government exchequer.

From the Audit Reports for the years 2016-17 and 2017-18, it is noticed that as per Govt. Order No. LD 300 LET 2006 dated 18/1/2007, 1% of the Development/ Maintenance works shall have to be deducted towards Labour Cess and the same shall be remitted to the Chief Executive Officer, Buildings and other construction Labour Welfare Board, Karmika Bhavan, Bannerghatta Road, Bangalore. The Hulimangala Panchayath had not followed the above instructions.



39) The Hulimangala 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.

40) Apart from the above Registers Hulimangala 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.

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(iii) Ledger Accounts in Form No. 52 as per Rule 107 of Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounts) Rules, 2006.

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



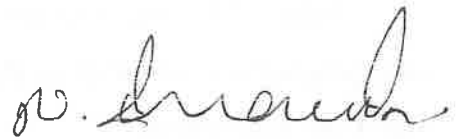
(viii) In the audit reports several discrepancies are noticed in the preparation of Balance sheet.

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

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




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

- (1) **Respondent No.1** Sri Rehaman Sharieff , the then Panchayath Development Officer, Hulimangala Grama Panchayath, Anekal Taluk- Presently working as Panchayath Development Officer, Neraluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District;
- (2) **Respondent No.2** Sri N. Jayaramu, Panchayath Development Officer, Hulimangala Grama Panchayath, Anekal Taluk, Bengaluru Urban District.
- (3) **Respondent No.3** Sri Nomesk Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal - Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur
- (4) **Respondent No.4** Sri T.K. Ramesh, the then Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal- Presently working as Deputy Secretary, Zilla Panchayath, Tumakuru
- (5) **Respondent No.5** Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal.

45) 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 14/7
State of Karnataka, Bengaluru

