

KARNATAKA LOKAYUKTA

No.COMPT/UPLOK/BCD/87/2020 /ARLO-1 Multi Storied Buildings,
Dr.B.R.Ambedkar Veedhi,
Bengaluru 560 001.

Dated: 14/07/2020

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

Sub:- Proceedings against;

- (1) Sri Harish Y.R, the then Panchayath Development Officer, Muthanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District – Presently working in Commercial Tax Department, Khanija Bhavan, Bengaluru.
- (2) Sri S. Ramesh, the then Panchayath Development Officer, Mathanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District – Presently working in Sathanur Gram Panchayath, Bengaluru North Taluk.
- (3) Sri S. Lakshminarayana, the then Panchayath Development Officer, Muthanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District – Presently working in Haragadde Grama Panchayath, Anekal Taluk.
- (4) Sri Subhan Khan, the then Panchayath Development Officer, Muthanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District – Presently working in Samandur Gram Panchayath, Anekal Taluk).
- (5) Sri A. Srinivasaiah, the then I/c Panchayath Development Officer, Muthanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District – Presently working in Muthanalluru Grama Panchayath as Secretary.
- (6) Sri H.V. Krishnappa, Panchayath Development Officer, Muthanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District.
- (7) Sri Nomesh Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal – Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur

N. Srinivasiah

- (8) Sri T.K. Ramesh, the then Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal – Presently working as Deputy Secretary, Zilla Panchayath, Tumakuru.
- (9) 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 Muthanalluru Grama Panchayath of Anekal Taluk and also submission of audit reports, a Suo-motu investigation was taken up.


2) On 27/12/2019, Upalokayukta-1 visited the office of the Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal. The Accounts officer and the Manager of Taluk Panchayath, Anekal were directed to produce the periodical returns of expenditure in relation to each of the Panchayaths within the limits of Taluk Panchayath, Anekal. The details of expenditure was not furnished by the Panchayaths. Further, at the time of spot inspection by Upalokayukta-1 to the office of the Executive Officer, Taluk Panchayath, Anekal, the audit report of Muthanalluru 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 Harish Y.R, the then Panchayath Development Officer, Muthanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 27/02/2016 to 29/06/2016) - Presently working in Commercial Tax Department, Khanija Bhavan, Bengaluru.



- (2) Sri S. Ramesh, the then Panchayath Development Officer, Mathanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 22/07/2016 to 28/08/2017) – Presently working in Sathanur Gram Panchayath, Bengaluru North Taluk.
- (3) Sri S. Lakshminarayana, the then Panchayath Development Officer, Muthanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 01/01/2016 to 26/02/2016 and 29/11/2017 to 30/08/2018) – Presently working in Haragadde Grama Panchayath, Anekal Taluk.
- (4) Sri Subhan Khan, the then Panchayath Development Officer, Muthanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 19/09/2018 to 05/12/2018) – Presently working in Samandur Gram Panchayath, Anekal Taluk).
- (5) Sri A. Srinivasaiah, the then I/c Panchayath Development Officer, Muthanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 06/12/2018 to 29/10/2019) – Presently working in Muthanalluru Grama Panchayath as Secretary.
- (6) Sri H.V. Krishnappa, Panchayath Development Officer, Muthanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 31/10/2019 to till date).
- (7) Sri Nomes 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
- (8) 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
- (9) Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

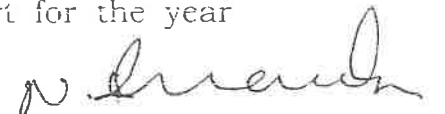
3) The above respondents have submitted comments to the observation note. Respondent No.1 Sri Nagesh. P has not submitted his comments. As per the letter dt. 21/03/2020 of the



Office of the Dy.SP, Karnataka Lokayukta, Bengaluru Rural District, it is informed that Sri Nagesh.P, Head Constable, Karnataka Lokayukta, Bengaluru Rural District had been to serve notice to Respondent No.1 to Muthanalluru Gram Panchayath, it was informed that the Respondent No.1 has resigned from the post of Panchayath Development Officer and has joined the Commerical Tax Department, Khanija Bhavan, Bengaluru (as per the discussion with Respondent No.1 over his mobile no. 09483334422). The notice has been served to Respondent No.1 over his whatsapp number. But Respondent No.1 has not submitted his comments.

Respondent No. 2, 3, and 5 have stated that the present Panchayath Development Officer i.e., Sri H.V. Krishnappahas submitted the copies of budget estimates and also audit report of Muthanalluru Grama Panchayath to this office. Respondent No.4 Sri Subhhankahan has not submitted his comments. Respondent No.6 Sri Krishnappa H.V, present Panchayath Development Officer of Muthanalluru Grama Panchayath has submitted his comments dated 11/2/2020, stating 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 Muthanalluru Grama Panchayath was conducted for the years 2016-17 to 2018-19and copies of the same are enclosed.

4) The Respondent No.7 has submitted comments dated 27/2/2020 stating that during his tenure the Muthanalluru 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.8 has submitted comments dated 27/2/2020 similar to the comments submitted by Respondent No.7. Respondent No.9 has submitted comments dated 12/2/2020 stating that he had instructed the Panchayath Development Officer of Muthanalluruto 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 Muthanalluru Grama Panchayath produced by Respondent No.6Sri H.V. Krishnappa, present Panchayath Development Officer, Muthanalluru Grama Panchayath 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 Muthanalluru Grama Panchayath.

REVENUE INCOME

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	38,65,528	1,11,55,568	12,33,645	22,28,785
2	Rates and Taxes	34,97,319	2,28,20,000	1,42,86,183	1,55,23,094
3	Revenue from the Panchayath Properties	6,78,810	6,78,810	2,96,449	2,32,256
4	Revenue from Grama Panchayath Authorities	21,12,924	4,22,000	68,40,168	54,56,230

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5	Grants, Donation, Subscriptions	8,96,029	8,00,000	19,83,000	33,00,000
6	Other Receipts	-	-	-	-
	Total Revenue Income	1,10,50,610	3,58,76,378	2,46,39,445	2,67,40,365

REVENUE EXPENDITURES

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	General Administration i) GramaPanchayath (Elected Body) ii) Office	2,24,604 14,18,713	3,50,000 14,00,000	6,34,513 24,43,414	6,35,800 25,43,814
	Total	16,43,317	17,50,000	30,77,927	31,79,614
2	Development Expenditure				
	1) Drinking Water	6,72,022	10,00,000	23,75,000	34,35,000
	2) Rural Sanitation	5,97,353	12,00,000	9,99,131	10,30,000
	3) General Health & Family Welfare	74,669	2,00,000	1,20,000	80,000
	4) Roads, Bridges & other connecting medias	8,96,029	87,00,000	1,50,000	2,64,000
	5) Buildings	2,61,042	10,00,000	1,50,000	2,75,000
	6) Electrification and Electricity supply	5,97,353	60,00,000	26,00,000	16,80,000
	7) Development of Non-conventional energy sources	14,934	10,00,000	-	-
	8) Social Public Service programmes	1,04,536	10,00,000	11,42,315	12,75,732
	9) Motivation Services	2,24,007	3,00,000	50,000	20,000
	Total Expenditure	34,41,945	1,94,00,000	75,86,446	80,59,732
	Transfer from Genl. fund	5,22,684	2,20,000	41,44,618	44,77,610
	Other Revenue Expenditure	-	-	-	-
	Total Revenue Expenditure	56,07,946	2,13,70,000	1,48,08,990	1,57,16,956
	Closing balance (i)	-	-	98,30,455	1,10,23,409

CAPITAL INCOME

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	-	-	-	-
2	Grants, Subscription, donation.	-	-	-	-
3	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	16,42,720	1,80,00,000	1,39,70,802	42,30,000
	Total Capital Income	30,97,831	1,80,00,000	1,39,70,802	42,30,000

CAPITAL EXPENDITURES

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Development Expenditure				
	1) Drinking Water	7,46,691	11,00,000	10,29,707	7,27,437
	2) Rural sanitation	3,72,728	15,00,000	-	-
	3) Roads, Bridges & other connecting medias	13,44,044	35,00,000	61,00,000	75,00,000
	4) Buildings	2,98,681	10,00,000	-	-
	5) Payment of salary to staff	-	-	-	-
	6) Social & public service programmes	-	-	-	-
	Total Expenditure	27,62,140	98,50,000	71,29,707	82,27,437
2	Specific Project Expenditure	-	-	-	-
	Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes)	-	40,70,000	1,39,70,802	42,30,000
3	Procurement of properties	2,24,007	2,35,000	1,37,500	75,000
4	Repayment of loan	-	-	-	-
	Total Capital expenditure	29,86,764	1,41,55,000	2,12,38,009	1,25,32,437
	Closing Balance (ii)	-	-	72,67,207	83,02,437

DEPOSITS, ADVANCES & INVESTMENTS

Sl. No.	Details	2016-17	2017-18	2018-19	2019-20
1	Opening balance	-	-	-	7,000
2	Receipt	-	-	-	-
	Total Income	-	-	-	-
3	Expenditure	-	-	-	-
	Closing Balance (iii)	-	-	-	7,000
	Total Final Balance of the Panchayath (i) + (ii) + (iii)	3,73,856	5,00,000	27,20,972	25,70,248

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.

N. Srinivas

“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.

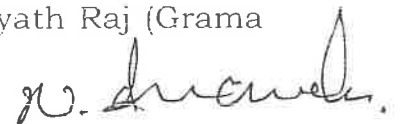
4. Secretary shall ensure that the following guidelines shall be kept in view, while preparing the budget.

(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 Muthanalluru 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 Rule12 of the Karnataka Panchayath Raj (Grama



Panchayath, Budgeting and Accounts) Rules, 2006. Provision for repayment of opening liabilities was not made in the budget as mandated under Rule 12(4)(ii) of the above Rules.

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

10) The Respondent No.1 Sri Harish Y.R was working as Panchayath Development Officer of Muthanalluru Grama Panchayath from 27/02/2016 to 29/06/2016; Respondent No.2 Sri S. Ramesh was working as Panchayath Development Officer of Muthanalluru Gram Panchayath from 22/07/2016 to 28/08/2017; Respondent No.3 Sri S. Lakshminarayana was working as Panchayath Development Officer of Muthanalluru Gram Panchayath from 01/01/2016 to 26/2/2016 and from 29/11/2017 to 30/08/2018; Respondent No.4 was working as Panchayath Development Officer of Muthanalluru Gram Panchayath from 19/09/2018 to 05/12/2018 and Respondent No.5 Sri A. Srinivasaiah was working as Panchayath Development Officer of Muthanalluru Gram Panchayath from 06/12/2018 to 29/10/2019. The above said Respondent No.1 to 5 have prepared and submitted the Budget estimates stated above and is 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. Nomesesh Kumar, the then Executive Officer of Taluk Panchayath had approved the budget estimates for the year 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 Muthanalluru 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

N. Nomesesh Kumar

Karnataka Panchayath Raj (Grama Panchayath Budgeting & Accounts) Rules, 2006 were not submitted by the Muthanalluru Grama Panchayath. Therefore, the Respondents 1 to 6 who were working as Panchayath Development Officers are responsible for the same. The Respondents No. 7, 8 and 9 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, Muthanalluru had not maintained the Grants Register as per Rule 99 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. This Register is a prominent register, which shows the opening balance, grants received and closing balance.

13) The Grama Panchayath, Muthanalluru 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)

no. 12/2020

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

14) During the year 2016-17, the Muthanalluru Grama Panchayath has spent a sum of Rs.25,26,282/- towards welfare of Schedule Caste and Scheduled Tribes under 25% grant scheme. During the year 2016-17, there was opening balance of Rs.19,06,601/- and a sum of Rs.28,63,000/- is shown as reserved for the year 2016-17, totalling to Rs.47,69,601/- towards the welfare of SC/ST under 25% grant scheme. Out of the above amount, a sum of Rs.25,26,282/- was spent showing the balance as Rs.22,43,319 as on 31/3/2017. In relation to the amount towards the welfare of physically challenged persons there was opening balance of Rs.1,23,150/- and a sum of Rs.3,30,000/- was reserved for the year, totalling to Rs.4,53,150/-. No amount was spent for the welfare of physically challenged persons, showing the closing balance of Rs.4,53,150/- as on 31/3/2017. Respondent No.1 Sri Harish Y.R and Respondent No.2 Sri S. Ramesh is responsible for not utilising the full amount for the welfare of SC/ST under 25% grant scheme and welfare of physically challenged persons under 3% grant during the year 2016-17.

15) During the year 2017-18 the opening balance is shown as Rs.22,43,319/- under 25% Grant for welfare of SC/ST persons. A sum of Rs.10,27,026/- was reserved for the year 2017-18. During the year 2017-18, a sum of Rs.10,27,026/- was spent towards the welfare of Scheduled Caste/Scheduled Tribe persons and there was balance of Rs.22,43,319/- at the close of the year on 31/3/2018. In relation to the amount under 3% grant reserved for

N. Srinivasan

welfare of physically challenged persons an amount of Rs.4,53,150/- is shown as opening balance and a sum of Rs.2,08,000/- was reserved for the year 2017-18. Out of the above amount a sum of Rs.2,08,000/- was spent for the welfare of Physically challenged persons and there was balance of Rs.4,53,150/- at the end of the year. Respondent No.2 Sri S. Ramesh and Respondent No.3 Sri S. Lakshminarayana is responsible for not utilising the full amount reserved for Scheduled Caste/Scheduled Tribe persons under 25% grant and physically challenged persons under 3% of Grant as per Rules.

16) During the year 2018-19 the opening balance is shown as Rs.22,43,319/- under 25% Grant for welfare of SC/ST persons. A sum of Rs.9,44,200/- was reserved for the year 2018-19, totalling to Rs.31,87,519/-. During the year 2018-19, a sum of Rs.9,44,200/- was spent towards the welfare of Scheduled Caste/Scheduled Tribe persons and the closing balance as Rs.22,43,319 as on 31/3/2019. In relation to the amount under 3% grant reserved for welfare of physically challenged persons an amount of 4,53,150/- is shown as opening balance and a sum of Rs.31,290/- was reserved for the year 2018-19, totalling to Rs.4,84,440/-. Out of the above amount a sum of Rs.31,290/- was spent for the welfare of Physically challenged persons and balance as Rs.4,53,150/- at the end of the year.

RECEIPT BOOKS

17) The Muthanalluru 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.

N. Durairaj

The details of 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	08
2	Receipt of Receipt Books	16	15	15
3	Total	16	19	23
4	No. of receipt books utilised for the year	12	11	12
5	Balance of receipt books at the end of the year	04	08	11

The respondents 1 to 5 are responsible for not maintaining the Stock Register of Receipt Books for the year 2016-17, 2017-18 and 2018-19.

COLLECTION OF TAXES AND ITS REMITTANCE TO GOVT. ACCOUNTS

18) As per the Audit Report for the year 2016-17, 2017-18 & 2018-19 Muthanalluru 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 Harish Y.R, Respondent No.2 Sri S. Ramesh, Respondent No.3 Sri S. Lakshminarayana, Respondent No.4 Sri Subhan Khan and Respondent No.5. Sri Sinivasaiah, Panchayath Development Officers of Muthanalluru Grama Panchayath during the years 2016-17, 2017-18 and 2018-19 are responsible for the above lapse.

19) As per the Audit reports for the years 2016-17, 2017-18 and 2018-19, the Muthanalluru Grama Panchayath had not

N. Srinivasiah

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	17,75,225	56,21,349	73,96,574	46,22,097	27,74,477
2	Water Tax	2,93,438	6,72,022	9,65,460	22,378	9,43,082
3	Licence	-	7,67,150	7,67,150	7,67,150	-
4	Rent from shops	-	-	-	-	-
5	Taxation on light	-	17,696	17,696	17,696	-
6	Others	-	13,61,509	13,61,509	13,61,509	-
	Total	20,68,663	84,39,726	1,05,08,389	67,90,830	37,17,559

2017-18

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	27,74,477	71,83,483	99,57,960	96,52,470	3,05,490
2	Water Tax	9,43,082	7,39,224	16,82,306	13,54,871	3,27,435
3	Licence	-	8,50,000	8,50,000	8,50,000	-
4	Rent from shops	-	-	-	-	-
5	Taxation on light	-	19,465	19,465	19,465	-
6	Others	-	42,43,750	42,43,750	42,43,750	-
	Total	37,17,559	1,30,35,922	1,67,53,481	1,61,20,556	6,32,925

2018-19

Sl. No	Details of tax	Opening balance	Demand	Total	Collection	Closing balance
1	House Tax	3,05,490	1,60,06,738	1,63,12,,228	1,46,25,782	16,86,446
2	Water Tax	3,27,435	5,60,131	8,87,566	3,83,950	5,03,616
3	Licence	-	2,00,000	2,00,000	51,900	1,48,100
4	Taxation on light	-	1,00,000	1,00,000	22,000	78,000
5	Others	-	5,00,000	5,00,000	4,74,745	25,255
	Total	6,32,925	1,73,66,869	1,79,99,794	1,55,58,377	24,41,417

20) As per the above statements, huge amount in a sum of Rs.24,41,417/- towards house tax, water tax, taxation on light and licence was not collected by the Muthanalluru Grama Panchayath, which amounts to loss caused to the State Exchequer. The

W. S. Srinivasan

Respondent Nos.1 to 5, Panchayath Development Officers are responsible for short collection of House Tax and Water Tax during the concerned years.

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

22) As per Rule 20 of Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006, General Receipts in Form No.3 have not been incorporated. The Registers in relation to the Cheque/DD is not maintained and temporary receipts as per Form-3A were not issued. The information was not provided regarding the inclusion of all buildings and sites to which the tax had to be levied and collected. In relation to receipt of taxes by Cheque/DD, the amounts were directly credited to the Panchayath Fund without issuing the temporary receipts in Form No.3A. Further, the amount received was belatedly credited to the Panchayath fund, which amounts to temporary misappropriation of funds.

NON-REMITTANCE OF CESS/SURCHARGES

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

2016-17

Si. No	Details of Cess	Current year's collection	Panchayath tax @10%	Balance cess	Opening balance for the year	Total to be remitted	Remitted during the year	Balance as on 31/03/2017
1.	Health cess	5,17,399	51,740	4,65,659	25,98,740	30,64,399	-	30,64,399
2.	Education cess	3,44,932	34,493	3,10,439	17,32,485	20,42,924	-	20,42,924
3.	Library	2,06,960	20,696	1,86,264	10,05,026	11,91,290	-	11,91,290

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	cess							
4.	Beggars cess	1,03,479	10,348	93,131	4,48,048	5,41,179	-	5,41,179
	Total	11,72,770	1,17,277	10,55,493	57,84,299	68,39,792	-	68,39,792

2017-18

Sl. No	Details of Cess	Current year's collection	Panchayath tax @10%	Balance cess	Opening balance for the year	Total to be paid	Paid during the year	Balance as on 31/03/2018
1.	Health cess	10,80,500	1,08,050	9,72,450	30,64,399	40,36,849	-	40,36,849
2.	Education cess	7,20,334	72,033	6,48,300	20,42,924	26,91,224	-	26,91,224
3.	Library cess	4,32,200	43,220	3,88,980	11,91,290	15,80,270	-	15,80,270
4.	Beggars cess	2,16,100	21,610	1,94,490	5,41,179	7,35,669	-	7,35,669
	Total	24,49,134	2,44,913	22,04,221	68,39,792	90,44,013	-	90,44,013

2018-19

Sl. No.	Details of Cess	Current years demand	Panchayath tax @10%	Balance cess	Opening balance	Total to be paid	Paid during the year	Balance as on 31/03/2019
1.	Health cess	16,37,214	1,63,721	14,73,493	40,36,849	55,10,342	5,59,701	49,50,641
2.	Education cess	10,91,476	1,09,148	9,82,328	26,91,224	36,73,552	3,73,134	33,00,418
3.	Library cess	6,54,886	65,489	5,89,397	15,80,270	21,69,667	2,23,880	19,45,787
4.	Beggars cess	3,27,443	32,744	2,94,699	7,35,669	10,30,368	1,11,940	9,18,428
	Total	37,11,019	3,71,102	33,39,917	90,44,013	1,23,83,929	12,68,655	1,11,15,274

24) It is noticed from audit reports of the years 2016-17, 2017-18, 2018-19 the Muthanalluru 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 Government, as per the above statements was Rs.1,11,15,274/-. As per the Audit reports, the Muthanalluru 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,

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the Cess amount was utilised. Non-remittance of above Cess amount in a sum of Rs.1,11,15,274/- as stated above, amounts to misdirection of funds and loss to the State exchequer. The respondent Nos.1 to 5 are responsible for the same.

NON-PRODUCTION OF MUTATION REGISTERS

25) The Muthanalluru 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 khathas if any.

**IRREGULARITIES IN THE EXECUTION OF
M.G.N.R.E.G.A WORKS**

26) In the audit reports for the years 2016-17 and 2018-19, in relation to M.G.N.R.E.G.A works undertaken by Muthanalluru Grama Panchayath, the following common irregularities are observed:-

- (i) In the Audit report for the year 2016-17, it is observed that the Grama Panchayath has not prepared the Self up projects list after getting the approval of the Grama Sabha.
- (ii) In the N.R.E.G.A scheme in order to provide work to the adults in rural areas for those who prefer doing non-technical works, in every Grama Panchayath 9 forms has to

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be maintained, the details regarding this has been produced during the Audit but the details are not maintained in full scale.

(iii) As per Paragraph 22 of the NREGA manual and relevant Government Orders the works are to be inspected 100% by implementing officers, atleast 25% by District level officers and atleast 2% by State level officers. There is no information regarding inspection of M.G.N.R.E.G.A works by above officers.

(iv) As per Govt. Order No. RDP 05 EGS 2008 (P), in case of usage of machineries for execution of work, permission from programme officer shall have to be obtained. There is no details of such permission

(v) In the Nominal Muster Rolls, the productive quantities are not entered.

(vi) In the entries relating to NMRs recorded in measurement books by engineer, the details of NMR number, date of recording and period of NMR are not recorded. In relation to the entries of materials in the Measurement books, the details of materials, date of recording and name of contractors are not recorded. The signatures of Contractors on the Measurement Book and Bills were not found. The materials purchased were not taken to stock, which lead to suspicion regarding payment of bills.

(vii) There is no information regarding purchase/supply of materials for the works from the registered

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contractor/organization. In relation to purchase of cement, the Bills/Vouchers obtained from authorized dealers were not maintained in the file and the same were not furnished.

(viii) The survey of job cards was not undertaken by the Panchayath. The persons interested in work were not identified by conducting survey every day. Every year validation of job cards was not done by removing the job cards of persons who had, left the place, not residing in the town, died, etc.

(ix) In the audit report for the year 2018-9, it is observed that the registers in Form No.1 to 9 of the NREGA guidelines were not maintained. The photographs of job card holders are not affixed in Form No.3.

(x) Though some of the NREGA works relate to creation of properties, those properties were not taken to property register. There are chances of inclusion of creation of same properties in other projects. The Labour material ratio should be 60:40, which provision is violated.

NON-COLLECTION OF FEE TOWARDS ERECTION OF MOBILE TOWER

27) As per Karnataka Government Secretariat, Vikasa Soudha, Bengaluru Order No:UDD 211 GEL 2014(P), Dated 24/02/2016 (New Telecommunication Infrastructure Towers Regulations, 2015) Section 13E of the Karnataka Town and Country Planning Act, 1961 Read with Section 427 of the Municipal Corporations Act, 1976 and Section 135 of the Municipalities Act, 1964, if Mobile

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Towers have to be erected within the limits of Gram Panchayath, permission has to be taken from the concerned Panchayath Development Officer and annually Rs.10,000/- has to be collected as Royalty/Fee. As per Audit Enquiry No. 01/2018-19 dt. 19/12/2018, details regarding the number of mobile towers installed within the limits of Gram Panchayath, details regarding permission granted and royalty/fee collected for mobile tower erection were asked. In response to this it was informed that permission was not granted for installation of mobile towers and Royalty/Fee would be collected from the concerned company and details would be furnished in the next audit. As per the Government Order, the Royalty/Fee has to be collected from the concerned company for erection of Mobile Tower and steps have to be taken to stop illegal Mobile Tower erection. The Respondent No.2 Sri S. Ramesh and Respondent No.3 Sri S. Lakshminarayana, Panchayath Development Officers of Muthanalluru Grama Panchayath are responsible for not maintaining the details regarding Royalty/Fee collected towards erection of mobile towers within the limits of Gram Panchayath.

DETAILS REGARDING QUOTATIONS

28) As per Government Order No.RD01T.CE 2012 Bengaluru dated 21/06/2012 Manual of Contingent Expenditure, 1958 Rule 55 (49) A, in open market, the items which exceed Rs.5000/- within Rs.1.00 lakh, the items have to be purchased by calling competitive quotations, but the materials have been purchased without calling quotations. The details are as follows:

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Sl.No.	Cheque No.	Date	Amount	Details
1.	299357	31/08/2018	9605	Purchase of Electrical equipment
2.	299358	31/08/2018	23841	Purchase of Electrical equipment
3.	300795	13/11/2018	6000	Purchase of Electrical equipment
4.	300766	13/11/2018	5000	Video & photography expenses
5.	300797	13/11/2018	5000	Video & photography expenses
6.	300798	13/11/2018	5000	Video & photography expenses
		Total	54,446	

As per Rule if the materials would have been purchased by calling quotations, in the open market competitive rates would have arisen and good quality items could have been purchased resulting in financial savings. The Respondent No. 3 and 4 are responsible for not calling quotations and causing financial loss.

IRREGULARITIES IN PAYMENTS

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

REGARDING EXPENDITURE OF PANCHAYATHS

30) In the audit reports of Muthanalluru 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

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goods. The purchase rules as clarified in Govt. Circular No. RDP242 Ji.Pa.Sa 2000 dated 9/4/2001 and PWD 33 FC 111/2001 dated 23/3/2001, were not followed. 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.

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REGARDING SCHEMES OF GOVERNMENT

31) The details of grants available in the Muthanalluru 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	13th Finance	9,00,475	67,204	9,67,679	7,78,062	1,89,617
2	14 th Finance	5,81,763	27,44,465	33,26,228	30,20,538	3,05,690
3	Ashraya	3,76,358	13,253	3,89,611	3,89,611	-
4	Total cleanliness movement	40,779	5,732	4,76,511	4,76,511	-
5	ESCROW	500	14,56,890	14,57,390	14,56,090	1300

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	1,89,617	7,812	1,97,429	1,97,429	-
2.	14 th Finance	3,05,690	25,27,875	28,33,565	4,39,668	23,93,897
3.	Ashraya	-	-	-	-	-
4.	Total cleanliness movement	-	-	-	-	-
5.	ESCROW	1300	13,51,589	13,52,889	13,52,067	822

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	ESCROW	822	10,57,836	10,58,658	10,49,089	8,747
2	14 th Finance	23,93,897	31,71,080	55,64,977	18,40,891	37,24,086

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As per the above statements the Muthanalluru 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. It is also noticed during the year 2017-18 that the grants of 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

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

33) In the Audit Reports for the year 2016-17 and 2017-18 it is noticed that the Muthanalluru 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.

VIOLATION OF K.T.P.P. ACT

34) As per K.T.P.P Act 1999 and 2000, as per Rules for materials to be purchased exceeding Rs.1.00 lakh, tender has to be called for. But without following the Rules, materials have been purchased by calling quotations. The details are as follows:-

Sl.No.	Cheque number	Date	Amount	Remarks
1.	298008	02.05.2017	23793	Purchase of C.F.L Bulb
2.	298415	22.09.2017	13445	Purchase of P.V.C Pipe
3.	298372	10/08/2017	45000	Purchase of C.F.L Bulb
4.	298371	10/08/2017	43711	Purchase of C.F.L Bulb
5.	29act8628	02/11/2017	22856	Purchase of C.F.L Bulb
6.	298629	02/11/2017	14370	Purchase of C.F.L Bulb
7.	298235	06/03/2018	30680	Purchase of cables
8.	235983	24/01/2018	76000	Pump & motor

As per K.T.P.P Act, if the materials would have been purchased by calling tenders, in the open market competitive rates would have arisen and good quality items could have been purchased at lower rates, resulting in financial savings. The Respondent No. 2 and 3 are responsible for not calling tenders

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

35) During the audit for the year 2016-17, 2017-18 &2018-19, it is noticed that the following amount of royalty, sales tax, income

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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	2,52,022	6,77,936	2,21,081	1,23,928
Deductions for 2016-17	1,95,379	2,88,746	67,645	65,646
Total	4,47,401	9,66,682	2,88,726	1,89,574
Remitted to Govt. during 2016-17	8,801	75,398	43,062	53,057
Balance to be remitted as on 31/3/2017	4,38,600	8,91,284	2,45,664	1,36,517

2017-18

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund
Opening balance on 1/4/2017	4,38,600	8,91,284	2,45,664	1,36,517
Deductions for 2017-18	11,970	40,749	23,284	10,640
Total	4,50,570	9,32,033	2,68,948	1,47,517
Remitted to Govt. during 2017-18	1,08,088	48,332	20,185	12,801
Balance to be remitted as on 31/3/2018	3,42,482	8,83,701	2,48,763	1,34,356

2018-19

Details	Royalty	Sales Tax	Income Tax	Labour Welfare fund	cbf
Opening balance on 1/4/2018	3,42,482	8,83,701	2,48,763	1,34,356	-
Deductions during 2018-19	1,17,963	-	1,32,208	1,25,479	15,915
Total	4,60,445	8,83,701	3,80,971	2,59,835	15,915
Remitted to Govt. during 2018-19	-	-	-	-	-

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Balance to be remitted as on 31/3/2019	4,60,445	8,83,701	3,80,971	2,59,835	15,915
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As on 31/3/2019 a sum of Rs.4,60,445/- towards Royalty; Rs.8,83,701/- towards sales tax, Rs.3,80,971 towards Income Tax, Rs.2,59,835/- towards labour Welfare Fund and Rs.15,915/- towards CBF are due to be remitted to the concerned heads of Government. Non-remittance of above Royalty, Sales Tax, Income Tax, Labour Welfare Fund and Contractor's Benevolent Funds to the concerned Heads of Department of Government amount to misdirection of funds and loss to the State exchequer. Respondent No.1 to 5 who were the Panchayath Development Officer's of the concerned years' are responsible for non-remittance of the above amount to the concerned heads of Government.

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

2016-17

Taxes	Schemes	Amount to be deducted during 2016-17	Amount deducted during the year 2016-17	Amount short deducted /left out	Amount remitted to Treasury	Amount short remitted to treasury.
Royalty	Group 1 & 2	81,261	81,261	-	8,801	72,460
	13 th finance	18,784	18,784	-	-	18,784
	14 th finance	95,334	95,334	-	-	95,334
Total		1,95,379	1,95,379	-	8,801	1,86,578
Sales Tax	Group 1 & 2	1,31,085	1,31,085	-	75,398	55,687

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	13 th finance	18,977	18,977	-	-	18,977
	14 th finance	1,38,684	1,38,684	-	-	1,38,684
Total		2,88,746	2,88,746	-	75,398	2,13,348
Income Tax	Group 1 & 2	32,061	32,061	-	-	-
	13 th finance	4,744	4,744	-	4,744	-
	14 th finance	30,840	30,840	-	38,318	-
Total		67,645	67,645	-	43,062	24,583
Labour Welfare Board Fee	Group 1 & 2	31,062	31,062	-	23,157	7,905
	13 th finance	4,744	4,744	-	4,744	-
	14 th finance	29,840	29,840	-	25,156	4,684
Total		65,646	65,646	-	53,057	12,589
Grand Total		6,17,416	6,17,416	-	1,80,318	4,37,098

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	10,214	10,214	-	-	10,214
	14 th finance	1,756	1,756	-	87,094	-
Total		11,970	11,970	-	87,094	-
Sales Tax	Group 1 & 2	36,255	36,255	-	-	36,255
	14 th finance	4,494	4,494	-	31,030	-
Total		40,749	40,749	-	31,030	36,255
Income Tax	Group 1 & 2	20,286	20,286	-	-	20,286
	14 th finance	2,998	2,998	-	-	20,286
Total		23,284	23,284	-	20,185	20,286
Labour Welfare Board Fee	Group 1 & 2	9,142	9,142	-	-	9,142
	14 th finance	1,498	1,498	-	5,897	-
Total		10,640	10,640	-	5,897	9,142
Grand Total		86,643	86,643	-	1,44,206	75,897

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2018-19

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	1,19,538	1,11,860	7,678	-	11,186
	14 th finance	6,103	6,103	-	-	6,103
Total		1,25,641	1,17,963	7,678	-	11,796
Sales tax	Group 1 & 2	-	-	-	-	-
	14 th finance	-	-	-	-	-
Total		-	-	-	-	-
Income Tax	Group 1 & 2	1,13,345	1,13,345	-	-	1,13,345
	14 th finance	18,863	18,863	-	-	18,863
Total		1,32,208	1,32,208	-	-	1,32,208
Labour Welfare Board Fee	Group 1 & 2	1,06,616	1,06,616	-	-	1,06,616
	14 th finance	18,863	18,863	-	-	18,863
Total		1,25,479	1,25,479	-	-	1,25,479
CBF	Group 1&2	14,029	14,029	-	-	14,029
	14 th Finance	1,886	1,886	-	-	1,886
		15,915	15,915	-	-	15,915
Grand Total		3,99,243	3,91,565	7,678	-	3,91,565

As per the above Statements, in relation to the year 2016-17 an amount of Rs.4,37,098/- was not remitted to the concerned Heads of Account of Government. In relation to the year 2017-18 an amount of Rs.75,897/- was not remitted to the concerned Heads of Account of Government. In relation to the year 2018-19

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an amount of Rs.3,91,565/- was not remitted to the concerned Heads of Account of Government. Non-remittance of above Royalty, Sales Tax, Income Tax, Labour Welfare Fund and Contractor's Benevolent Funds to the concerned Heads of Department of Government amount to misdirection of funds and loss to the State exchequer. The respondents 1 to 5 who were the Panchayath Development Officer's during the relevant years, are responsible for above misdirection and causing loss to the Government exchequer.

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

37) The Muthanalluru 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.

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38) Apart from the above Registers Muthanalluru Grama Panchayath had not maintained the following registers and ledgers

- (i) Double entry system of Cash Book in Form No. 49 as per Rule 104 of Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounts) Rules, 2006
- (ii) Journal Booking form No.50 as per Rule 106 of Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounts) Rules, 2006.
- (iii) Ledger Accounts in Form No. 52 as per Rule 107 of Karnataka Panchayath Raj (Grama Panchayath Budgeting and Accounts) Rules, 2006.

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

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(vi) In the receipt and expenditure statement, index numbers were not mentioned.

(vii) The income derived due to sale of dead stock materials and properties of Grama Panchayath were not shown in the profit and loss statement.

(viii) In the balance sheet also, there are several discrepancies.

40) The following Executive Officers were working at Taluk Panchayath Anekal, who had control and supervision over the working of the Grama Panchayaths within the limits of Anekal Taluk, which includes the Muthanalluru 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, Muthanalluru Panchayath. Due to their lapses in properly supervising the accounts and administration of Grama Panchayaths, the irregularities/misappropriation stated supra at Muthanalluru Grama Panchayath had crept in. Therefore, they are also responsible for the irregularities/ misappropriation, stated supra.

41) The respondents while submitting their comments have stated that the budgets of the Muthanalluru Gram Panchayath were prepared every year as per rules and audits of Muthanalluru Gram Panchayath was conducted. They have not explained the irregularities/loss to the State exchequer stated supra. Their

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comments cannot be accepted. In view of the above discussions, the respondents have prima facie committed misconduct.

42) 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.

- (1) **Respondent No.1** Sri Harish Y.R, the then Panchayath Development Officer, Muthanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 27/02/2016 to 29/06/2016) – Presently working in Commercial Tax Department, Khanija Bhavan, Bengaluru.
- (2) **Respondent No.2** Sri S. Ramesh, the then Panchayath Development Officer, Mathanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 22/07/2016 to 28/08/2017) – Presently working in Sathanur Gram Panchayath, Bengaluru North Taluk.
- (3) **Respondent No.3** Sri S. Lakshminarayana, the then Panchayath Development Officer, Muthanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 01/01/2016 to 26/02/2016 and 29/11/2017 to 30/08/2018) – Presently working in Haragadde Grama Panchayath, Anekal Taluk.
- (4) **Respondent No.4** Sri Subhan Khan, the then Panchayath Development Officer, Muthanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 19/09/2018 to 05/12/2018) – Presently working in Samandur Gram Panchayath, Anekal Taluk).
- (5) **Respondent No.5** Sri A. Srinivasaiah, the then I/c Panchayath Development Officer, Muthanalluru Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 06/12/2018 to 29/10/2019) – Presently working in Muthanalluru Grama Panchayath as Secretary.
- (6) **Respondent No.6** Sri H.V. Krishnappa, Panchayath Development Officer, Muthanalluru Grama Panchayath,


N. Srinivasiah

Anekal Taluk, Bengaluru Urban District (for the period from 31/10/2019 to till date).

- (7) **Respondent No.7** SriNomesh 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.
- (8) **Respondent No.8** 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.
- (9) **Respondent No.9** Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

43) 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)
Upalokayukta-1
State of Karnataka, Bengaluru. 14/7

