

KARNATAKA LOKAYUKTA

No. Compt/Uplok/BCD/96/2020/ARLO-1

Multi Storied Buildings,  
Dr.B.R. Ambedkar Veedhi,  
Bengaluru 560 001  
Dated: **01/07/2020**

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

Sub:- Proceedings against:-

- (1) Sri M. Munirangappa, the then Panchayath Development officer, Karpur Grama Panchayath, Anekal Taluk - Presently working at Kallubalu Grama Panchayath, Anekal Taluk, Bengaluru Urban District
- (2) Sri M. Amaresh, the then Panchayath Development Officer, Karpur Grama Panchayath, Anekal Taluk - now working as In-charge Panchayath Development Officer, Vanakanahalli Grama Panchayath, Anekal Taluk, Bengaluru Urban District
- (3) Sri Subhan Khan, the then Panchayath Development Officer, Karpur Grama Panchayath, Anekal Taluk, Bengaluru Urban District - Presently working at Samandur Grama Panchayath, Anekal Taluk, Bengaluru Urban District;
- (4) Sri K. Nanjareddy, the then Panchayath Development Officer, Karpur Grama Panchayath, Anekal Taluk, Bengaluru Urban District - Presently working at Yamare Grama Panchayath, Anekal Taluk, Bengaluru Urban District;
- (5) Sri Basavaraj Gorebal, Panchayath Development Officer, Karpur Grama Panchayath, Anekal Taluk, Bengaluru Urban District.
- (6) Sri Nomesh Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal - Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur
- (7) Sri T.K. Ramesh, the then Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal - Presently working as Deputy Secretary, Zilla Panchayath, Tumakuru

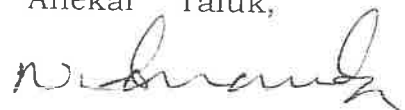
*n. d. amb*

(8) 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 Karpur Grama Panchayath of Anekal Taluk and also submission of audit reports, a suo-motu investigation was taken up.

2) On 27/12/2019, Upalokayukta-1 visited the office of the Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal. The Accounts officer and the Manager of Taluk Panchayath, Anekal were directed to produce the periodical returns of expenditure in relation to each of the Panchayaths within the limits of Taluk Panchayath, Anekal. The details of expenditure was not furnished by the Panchayaths. Further, at the time of spot inspection by Upalokayukta-1 to the office of the Executive Officer, Taluk Panchayath, Anekal, the audit reports of Karpur 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 M. Munirangappa, the then Panchayath Development officer, Karpur Grama Panchayath, Anekal Taluk (for the periods from 1/1/2016 to 7/11/2016) - Presently working at Kallubalu Grama Panchayath, Anekal Taluk, Bengaluru Urban District
- (2) Sri M. Amaresh, the then Panchayath Development Officer, Karpur Grama Panchayath, Anekal Taluk (for the period from 7/11/2016 to 27/3/2017) - now working as In-charge Panchayath Development Officer, Vanakanahalli Grama Panchayath, Anekal Taluk, Bengaluru Urban District



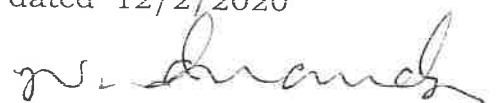
- (3) Sri Subhan Khan, the then Panchayath Development Officer, Karpur Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 22/3/2017 to 6/9/2017) – Presently working at Samandur Grama Panchayath, Anekal Taluk, Bengaluru Urban District;
- (4) Sri K. Nanjareddy, the then Panchayath Development Officer, Karpur Grama Panchayath, Anekal Taluk, Bengaluru Urban District (for the period from 25/9/2016 to 21/3/2018) – Presently working at Yamare Grama Panchayath, Anekal Taluk, Bengaluru Urban District;
- (5) Sri Basavaraj Gorebal, Panchayath Development Officer, Karpur Grama Panchayath, Anekal Taluk, Bengaluru Urban District (since 23/3/2018)
- (6) 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
- (7) 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
- (8) Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal (from 24/7/2019 till date).

3) The above Respondents have submitted comments to the observation note. Respondents 1 to 4 in their comments dated 12/2/2020 has stated that the present Panchayath Development Officer i.e., Respondent No.5 Sri Basavaraj Gorebal has submitted the copies of budget estimates and also audit report of Karpur Grama Panchayath to this office and during their tenure they have discharged duties in accordance with Rules. Respondent No.5 has submitted comments dated 11/2/2020 stating the names of

*v. Srinivas*

Panchayath Development Officers worked at Karpur Grama Panchayath from 1/1/2016 till date. He has further stated that the concerned Panchayath Development Officers have prepared the budget for the years 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 Karpur Panchayath was conducted for the years 2016-17 to 2018-19 and copies of the copies of Audit reports for the years 2016-17, 2017-18 are enclosed. The copy of audit report for the year 2018-19 was not received.

4) The Respondent No.6 Sri Nomes Kumar has submitted comments dated 12/2/2020 and 27/2/2020 stating that during his tenure as Executive Officer, Taluk Panchayath, Anekal, the Karpur Grama Panchayath had submitted the audit report for the year 2016-17 and 2017-18 to the Accounts officer of Taluk Panchayath and the accounts of the Panchayath was submitted under Section 241 and 242 of the Karnataka Grama Swaraj and Panchayath Raj Act, 1993. During his tenure there was no mismanagement of submission of accounts. Further, in the comments dated 27/2/2020 he has stated that the Budget for the year 2016-17 & 2017-18 of Karpur Grama Panchayath was submitted. 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.7 Sri T.K. Ramesh has submitted comments dated 12/2/2020 and 27/2/2020 similar to the comments submitted by Respondent No.6. Respondent No.8 Sri K.C. Devarajegowda has submitted comments dated 12/2/2020



stating that he had instructed the Panchayath Development Officer of Karpur to submit the Expenditure statements and audit reports for the years 2016-17 to 2018-19.

5) The Budget estimates of the above Grama Panchayath for the years 2016-17, 2017-18, 2018-19 and 2019-20 and the copies of the Audit reports for the years 2016-17 & 2017-18 of the Karpur Grama Panchayath furnished by Respondent No.5 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 Karpur Grama Panchayath.

#### **1. REVENUE INCOME**

| Sl. No. | Details                                   | 2016-17           | 2017-18           | 2018-19           | 2019-20           |
|---------|---|-------------------|-------------------|-------------------|-------------------|
| 1       | Opening balance                           | 13,06,840         | 9,80,750          | 9,82,499          | 9,58,539          |
| 2       | Rates and Taxes                           | 79,73,769         | 83,82,284         | 107,19,370        | 124,80,070        |
| 3       | Revenue from the Panchayath Properties    | 31,900            | 2,86,488          | 29,25,521         | 3,21,779          |
| 4       | Revenue from Grama Panchayath Authorities | 35,97,470         | 32,26,830         | 65,20,574         | 74,60,431         |
| 5       | Grants, Donation, Subscriptions           | 10,00,000         | 23,00,000         | 20,00,000         | 20,00,000         |
| 6       | Other receipts                            |                   |                   |                   |                   |
|         | <b>Total Revenue Income</b>               | <b>139,09,999</b> | <b>151,76,353</b> | <b>205,14,964</b> | <b>232,20,819</b> |

#### **REVENUE EXPENDITURES**

| Sl. No. | Details                            | 2016-17          | 2017-18          | 2018-19          | 2019-20          |
|---------|------------------------------------|------------------|------------------|------------------|------------------|
| 1       | General Administration             |                  |                  |                  |                  |
|         | i) Grama Panchayath (Elected Body) | 2,96,500         | 6,49,684         | 8,78,097         | 8,81,000         |
|         | ii) Office                         | 14,78,422        | 25,40,177        | 22,53,306        | 22,84,040        |
|         | <b>Total</b>                       | <b>17,74,922</b> | <b>31,89,861</b> | <b>31,31,403</b> | <b>31,65,040</b> |
| 2       | Development Expenditure            |                  |                  |                  |                  |
|         | 1) Drinking Water                  | 23,82,500        | 33,56,054        | 22,83,485        | 25,62,985        |
|         | 2) Rural Sanitation                | 3,35,000         | 5,33,619         | 5,38,666         | 6,99,164         |
|         | 3) General Health                  | 30,000           | 43,338           | 50,711           | 86,697           |

*N. Srinivas*

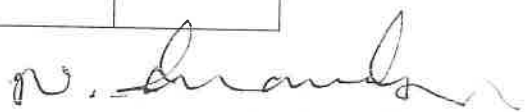
|  |   |                   |                   |                   |                   |
|--|---|-------------------|-------------------|-------------------|-------------------|
|  | & Family Welfare                                  |                   |                   |                   |                   |
|  | 4) Roads, Bridges & other connecting medias       | 9,30,000          | 50,000            | 90,000            | 1,35,000          |
|  | 5) Buildings                                      | 3,00,000          | 50,000            | 55,000            | 60,000            |
|  | 6) Electrification and Electricity supply         | 4,50,000          | 15,00,000         | 5,50,000          | 9,10,000          |
|  | 7) Development of Non-conventional energy sources | -                 | -                 | -                 | -                 |
|  | 8) Social Public Service programmes               | 75,000            | 6,44,821          | 8,76,535          | 10,02,386         |
|  | 9) Motivation Services                            | 6,62,277          | -                 | 25,000            | 30,000            |
|  | <b>Total Expenditure</b>                          | <b>51,64,777</b>  | <b>61,77,830</b>  | <b>44,679,397</b> | <b>54,86,232</b>  |
|  | Transfer from Genl. fund                          | 21,70,873         | 24,28,263         | 31,35,702         | 36,35,579         |
|  | Other Revenue Expenditure                         | -                 | -                 | -                 | -                 |
|  | <b>Total Revenue Expenditure</b>                  | <b>124,96,572</b> | <b>117,95,954</b> | <b>107,36,501</b> | <b>122,86,851</b> |
|  | <b>Closing balance (i)</b>                        | <b>14,13,427</b>  | <b>33,80,399</b>  | <b>97,78,462</b>  | <b>109,33,967</b> |

## 2. CAPITAL INCOME

| Sl. No. | Details  | 2016-17          | 2017-18          | 2018-19          | 2019-20          |
|---------|--|------------------|------------------|------------------|------------------|
| 1       | <b>Opening balance</b>   | 94,326           | 15,33,822        | -                | -                |
| 2       | Grants, Subscription, donation.  | -                | -                | -                | -                |
| 3       | Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes) | 62,85,000        | 45,40,480        | 47,32,804        | 56,00,000        |
| 4       | Other Capital receipt  | -                | -                | -                | -                |
|         | <b>Total Capital Income</b>  | <b>63,79,326</b> | <b>60,74,302</b> | <b>47,32,804</b> | <b>56,00,000</b> |

## CAPITAL EXPENDITURES

| Sl. No. | Details                                     | 2016-17  | 2017-18          | 2018-19          | 2019-20          |
|---------|---|----------|------------------|------------------|------------------|
| 1       | Development Expenditure                     | -        | -                | -                | -                |
|         | 1) Drinking Water                           | -        | 3,50,000         | 4,00,000         | 10,00,000        |
|         | 2) Rural sanitation                         | -        | -                | -                | -                |
|         | 3) Roads, Bridges & other connecting medias | -        | 14,00,000        | 70,00,000        | 71,00,000        |
|         | 4) Buildings                                | -        | -                | -                | -                |
|         | 5) Payment of salary to staff               | -        | -                | -                | -                |
|         | 6) Social & public service programmes       | -        | -                | -                | -                |
|         | <b>Total Expenditure</b>                    | <b>-</b> | <b>17,50,000</b> | <b>74,00,000</b> | <b>81,00,000</b> |
| 2       | Specific Project Expenditure                |          |                  |                  |                  |



|   |  |                  |                  |                   |                   |
|---|--|------------------|------------------|-------------------|-------------------|
|   | Central and Central sponsored & State and State Sponsored Schemes (Special Rural Development Programmes) | 62,85,000        | 45,40,480        | 47,32,804         | 56,00,000         |
| 3 | Procurement of Assets  | -                | 1,50,000         | 3,50,000          | 5,00,000          |
| 4 | Repayment of loan  | -                | -                | -                 | -                 |
|   | <b>Total Capital expenditure</b>   | <b>62,85,000</b> | <b>64,40,480</b> | <b>124,82,804</b> | <b>142,00,000</b> |
|   | <b>Closing Balance (ii)</b>  | <b>94,326</b>    | <b>-3,66,178</b> | <b>-77,50,000</b> | <b>-86,00,000</b> |

**3. DEPOSITS, ADVANCES & INVESTMENTS**

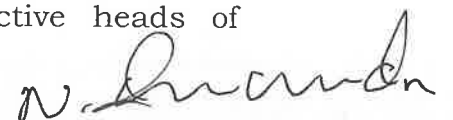
| Sl. No. | Details   | 2016-17          | 2017-18          | 2018-19          | 2019-20          |
|---------|---|------------------|------------------|------------------|------------------|
| 1       | Opening balance   | 5,280            | 5,280            | 5,280            | 5,280            |
| 2       | Receipt   | -                | -                | -                | -                |
|         | <b>Total Income</b>   | <b>5,280</b>     | <b>5,280</b>     | <b>5,280</b>     | <b>5,280</b>     |
| 3       | Expenditure   | -                | -                | -                | -                |
|         | <b>Closing Balance (iii)</b>                                    | <b>5,280</b>     | <b>5,280</b>     | <b>5,280</b>     | <b>5,280</b>     |
|         | <b>Total Final Balance of the Panchayath (i) + (ii) + (iii)</b> | <b>15,13,033</b> | <b>30,19,501</b> | <b>20,33,742</b> | <b>23,39,247</b> |

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 III (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 Karpur Grama Panchayath for the years 2016-17 and 2017-18, it is observed that the 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. The Panchayath did not make provision for the balance at the end of the year of not less than 10% percentage of income as provided under Rule 12(4) (iii) of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounting) Rules, 2006. The Budget estimates for the years 2018-19 and 2019-20 were also prepared similar to the years 2016-17 and 2017-18. Therefore, the above irregularities are applicable for the budget for the years 2018-19 and 2019-20.

*W. S. Srinivas*



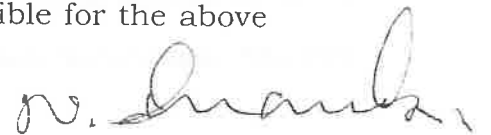
9) As per Rule 15 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006, a Budget Control Register in Form No.2 shall have to be maintained to keep a watch on expenditure to ensure that expenditure incurred under various heads of accounts are within the allocation provided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

10) The Respondent No.1 Sri M. Munirangappa who was working as Panchayath Development Officer from 1/1/2016 to 7/11/2016 had prepared the Budget estimate for the year 2016-17; Respondent No.3 Sri Subhan Khan who was working as Panchayath Development Officer from 22/3/2017 to 6/9/2017 has prepared the budget estimates for the years 2017-18 and Respondent No.5 Sri Basavaraj Gorebal, who is working as Panchayath Development Officer since 23/3/2018 had prepared the Budget for the years 2018-19 and 2019-20. The above Panchayath Development Officers are responsible for the aforestated irregularities in the preparation of budget of the relevant years. It is noticed that Respondent No.6 Sri N. Nomesh Kumar, the then Executive Officer of Taluk Panchayath had approved the budget estimates for the years 2016-17 and 2017-18; Respondent No.7 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 20<sup>th</sup> of the subsequent month. Similarly, half yearly accounts shall have to be prepared in Form 53 and Trial Balance in Form No.54. In relation to the above Karpur 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 at paragraph 15 & 16 states that monthly expenditure statements, half yearly statements and yearly statements as per Rule 108 and 109 of the Karnataka Panchayath Raj (Grama Panchayath Budgeting & Accounts) Rules, 2006 were not submitted by the Karpur Panchayath. Therefore, the Respondents 1 to 5 who were working as Panchayath Development Officers are responsible for the same. The Respondents No. 6 to 8 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, Karpur 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, Karpur had not maintained the following registers.

| Sl. No. | Name of Register                          | Provision under 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 & collection register | Rule 35 (Form No.16)  |

The Respondents 1 to 5 are responsible for not maintaining the above Registers as required under Rules.

14) As per the Audit Report for the year 2016-17, there was opening balance of Advances of Rs.4,000/- as on 1/4/2016, which was carried forward to the year 2017-18. So also, in relation to deposits, as on 1/4/2016, there was an opening balance of Rs.1,280/-, which was carried forward to the year 2017-18. There was no transaction in respect of Advances and Deposits during the years 2016-17 and 2017-18.

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

15) 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.1,86,882/-. During the year 2016-17, a sum of Rs.6,75,394/- was reserved for the welfare of Scheduled Caste/Scheduled Tribe under 25% grant scheme. Out of the above amount, during the year 2016-17, a sum of Rs.6,22,183/- was spent, showing the balance of Rs.2,40,093/- at the end of the year on 31/3/2017. The Respondent No.1 Sri M. Munirangappa and Respondent No.2 Sri M. Amaresh, who were working as Panchayath Development Officers during the year 2016-17 had 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.

16) In relation to the amount reserved for the welfare of Physically Challenged persons under 3% grant scheme, the opening balance as on 1/4/2016 was nil. During the year 2016-17 a sum of Rs.3,000/- was reserved and the same was spent under the above scheme.

17) 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.2,40,093/-. During the year 2017-18, a sum of Rs.6,68,811/- 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.1,90,000/- was spent showing the balance of Rs.7,18,904/- at the end of the year on 31/3/2018. The Respondent No.3 Sri Subhan Khan; Respondent No.4 Sri K. Nanjareddy and Respondent No.5 Sri Basavaraj Gorebal, who were working as Panchayath Development Officers during the year

*N. Suresh*

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.

18) In relation to the amount reserved for the welfare of Physically Challenged persons under 3% grant scheme, the opening balance as on 1/4/2017 was nil. During the year 2017-18 a sum of Rs.1,68,000/- was reserved and during the year 2017-18 the entire amount of Rs.1,68,000/- was spent.

### **RECEIPT BOOKS**

19) The Karpur 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 |
|--------|---|---------|---------|
| 1      | Opening Balance                                 | 07      | 06      |
| 2      | Receipt of Receipt Books                        | 11      | 17      |
| 3      | Total   | 18      | 23      |
| 4      | No. of receipt books utilized for the year      | 12      | 08      |
| 5      | Balance of receipt books at the end of the year | 06      | 13      |

The respondents 1 & 5 are responsible for not maintaining the Stock Register of Receipt Books for the years 2016-17 & 2017-18.

20) From the Audit Report for the year 2017-18, it is noticed that the amount collected through receipts were not remitted to the bank in time. It was found that the collections were remitted twice or trice in a month. At times, there is delay of even one month in remitting the month. This delay in remitting the collections to the

*v. Srinivas*

Bank leads to temporary misappropriation of fund. Further, the amount mentioned in the receipts was not mentioned against the properties in the DCB Register. The Respondent No.2 Sri E. Anand, who was working as Panchayath Development Officer during the year 2017-18 is responsible for the same.

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

21) As per the Audit Report for the year 2016-17 and 2017-18 Karpur 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 Respondents No.1 Sri M. Munirangappa; Respondent No.2 Sri M. Amaresh; Respondent No.3 Sri Subhan Khan; Respondent No.4 Sri K. Nanjareddy and Respondent No.5 Sri Basavaraj Gorebal, Panchayath Development Officers of Karpur Grama Panchayath since the years 2016-17 are responsible for the above lapse.

22) From the Audit reports for the years 2016-17 & 2017-18, it is noticed that Karpur Grama Panchayath had not maintained the Demand Collection Balance Register (DCB Register) as per Rule 30 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006. The opening balance, demand during the year, collection during the years and the balance at the end of the year are as follows:-



2016-17

| Sl. No | Details of tax | Opening balance  | Demand          | Total            | Collection       | Closing balance  |
|--------|----------------|------------------|-----------------|------------------|------------------|------------------|
| 1      | House Tax      | 25,42,332        | 61,86,053       | 87,28,385        | 28,70,054        | 58,58,331        |
| 2      | Water Tax      | 35,977           | 32,540          | 68,517           | 50,817           | 17,700           |
| 3      | Licence        | -                | 1,17,500        | 1,17,500         | 17,500           | 1,00,000         |
| 4      | Shop rent      | 0                | 0               | 0                | 0                | 0                |
| 5      | Light Tax      | 0                | 1,50,000        | 1,50,000         | 1,00,000         | 50,000           |
| 6      | Others         | 0                | 30,318          | 0                | 2,12,818         | 0                |
|        | <b>Total</b>   | <b>25,78,309</b> | <b>3,16,411</b> | <b>90,64,402</b> | <b>32,51,189</b> | <b>64,76,031</b> |

2017-18

| Sl. No | Details of tax | Opening balance  | Demand           | Total             | Collection       | Closing balance   |
|--------|----------------|------------------|------------------|-------------------|------------------|-------------------|
| 1      | House Tax      | 58,58,331        | 67,55,668        | 126,13,999        | 22,71,658        | 103,42,341        |
| 2      | Water Tax      | 17,700           | 32,540           | 50,240            | 21,210           | 29,030            |
| 3      | Light Tax      | 50,000           | 1,75,000         | 2,25,000          | 1,20,000         | 1,05,000          |
| 4      | Licence        | 1,00,00          | 1,22,315         | 2,22,315          | 2,22,315         | 0                 |
|        | <b>Total</b>   | <b>64,76,031</b> | <b>70,85,523</b> | <b>131,11,554</b> | <b>26,35,183</b> | <b>104,76,371</b> |

23) As per the above statements, as on 31/3/2018, huge amount in a sum of Rs.104,76,371/- towards house tax, water tax and Light Tax was not collected by the Karpur Grama Panchayath, which amounts to loss caused to the State Exchequer. The Respondent No.1 Sri M. Munirangappa; Respondent No.2 Sri M. Amaresh; Respondent No.3 Sri Subhan Khan, Respondent No.4 Sri K. Nanjareddy; and Respondent No.5 Sri Basavaraj Gorebal, Panchayath Development Officers of Karpur Grama Panchayath during the years 2016-17 and 2017-18 are responsible for short collection of House Tax and Water Tax during the relevant years.

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

25) As per Rule 20 of Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounts) Rules, 2006, General



Receipts in Form No.3 have not been incorporated. The Registers in relation to the Cheque/DD is not maintained and temporary receipts as per Form-3A were not issued. The information was not provided regarding the inclusion of all buildings and sites to which the tax had to be levied and collected.

26) In the Audit reports for the years 2016-17 and 2017-18 the following irregularities were noticed in relation to collection of amount by Karpur Grama Panchayath.

- i) In respect of collection of amount through DD/Cheques, temporary receipts in Form No.3A were not issued, instead the amount was directly credited to Panchayath funds.
- ii) The amount collected was not remitted on the same day, it was remitted belatedly.
- iii) The amount noted in the Receipts was not entered in the DCB Register against the properties.
- iv) The DCB demand was not revised.

**NON-REMITTANCE OF CESS/SURCHARGES**

27) 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     | 3,12,275                  | 32127               | 2,89,148     | 25,26,364                    | 28,15,512            | 0                        | 28,15,512                |
| 2.     | Education cess  | 2,14,183                  | 21418               | 1,92,765     | 16,77,632                    | 18,70,397            | 0                        | 18,70,397                |
| 3.     | Library cess    | 1,28,510                  | 12851               | 1,15,659     | 9,97,838                     | 11,13,497            | 0                        | 11,13,497                |
| 4.     | Beggars cess    | 64,255                    | 6425                | 57,830       | 4,67,519                     | 5,25,349             | 0                        | 5,25,349                 |
|        | Total           | 7,28,223                  | 72821               | 6,55,402     | 56,69,353                    | 63,24,755            | 0                        | 63,24,755                |

*W. D. D. D.*



## 2017-18

| 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 31/03/2018 |
|--------|-----------------|---------------------------|---------------------|--------------|------------------------------|----------------------|--------------------------|--------------------------|
| 1.     | Health cess     | 2,54,290                  | 25429               | 2,28,861     | 28,15,512                    | 30,44,373            | 0                        | 30,44,373                |
| 2.     | Education cess  | 1,69,527                  | 16953               | 1,52,574     | 18,70,397                    | 20,22,971            | 0                        | 20,22,971                |
| 3.     | Library cess    | 1,01,716                  | 10172               | 91,544       | 11,13,497                    | 12,05,041            | 0                        | 12,05,041                |
| 4.     | Beggars cess    | 50,858                    | 5086                | 45,722       | 5,25,349                     | 5,71,071             | 0                        | 5,71,071                 |
|        | Total           | 5,76,391                  | 57640               | 5,18,851     | 63,24,755                    | 68,43,606            | 0                        | 68,43,606                |

28) It is noticed from audit report for the years 2017-18 that the opening balance as on 1/4/2017 is not equivalent to the closing balance as on 31/3/2017 shown in the audit report for the year 2016-17. Therefore, the amount shown as closing balance as on 31/3/2017 in the audit report for the year 2016-17 is taken as opening balance as on 1/4/2017 and closing balance of cess amount as on 31/3/2018 is calculated.

29) It is noticed from audit report for the years 2017-18 and 2017-18, that the Karpur 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 2017-18 the cess amount to be deposited to different heads of account was Rs.68,43,606/-. As per the Audit reports, the Karpur Grama Panchayath, instead of depositing the above Cess amount to the concerned heads of account of Government had utilized the same for other purposes, which is illegal and opposed to Rules. The Panchayath had also not explained as to which purpose, the Cess amount was utilized. Non-remittance of above Cess amount in a sum of Rs.68,43,606/- as stated above, amounts to misdirection of funds and loss to the State exchequer. The respondent Nos.1 to

5, who were working as Panchayath Development Officers during the years 2016-17 and 2017-18 are responsible for the same.

**NON-PRODUCTION OF KHATA FILES RELATING TO  
MUTATION/E-PROPERTIES REGISTERS**

30) The Karpur 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.

**INCIDENTS OF MISAPPROPRIATION**

31) As per the Audit Report for the year 2016-17, the details of tax collected by following tax collectors during the year 2016-17 and remittance to Bank are as follows:-

| Sl. No. | Name of Tax Collector | Total amount collected | Amount deposited to Bank | Difference |
|---------|-----------------------|------------------------|--------------------------|------------|
| 1       | Somappa N             | 24,14,568              | 19,44,254                | 4,70,314   |
| 2       | Munikrishna R         | 8,66,482               | 8,57,809                 | 8,673      |
|         | Total                 | 32,81,050              | 28,02,063                | 4,78,987   |

In respect of short remittance of Rs.8,673/- out of the amount collected by Sri Munikrishna R., Tax Collector, the same was remitted to the Bank on 26/12/2017. In respect of short remittance of Rs.4,70,314/- out of the tax collected by Sri Somappa N Tax Collector, no action was taken.



32) As per the Audit Report for the year 2017-18 the details of tax collected by following tax collectors during the year 2017-18 and remittance to Bank are as follows:-

| Sl. No. | Name of Tax Collector | Total amount collected | Amount deposited to Bank | Difference |
|---------|-----------------------|------------------------|--------------------------|------------|
| 1       | Munikrishna R         | 6,40,569               | 6,36,395                 | 4,174      |
| 2       | Somappa N             | 18,42,801              | 17,05,195                | 1,37,606   |
|         | Total                 | 24,83,370              | 23,41,590                | 1,41,780   |

Even after raising audit query, the Panchayath had not furnished the details of remittances made.

33) In view of the above, there was temporary misappropriation of Rs.8,673/- and misappropriation of Rs.4,72,039/- during the year 2016-17 and misappropriation of Rs.1,41,780/- during the year 2017-18.

34) The Respondents 1 to 5 being Panchayath Development officers of Karpur Grama Panchayath during the years 2016-17 and 2017-18 had not maintained the details of misappropriation in Format-6 under Rule 22 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounting Rules) 2006. Further, as required under Rule 111 of the Karnataka Panchayath Raj (Grama Panchayath, Budgeting and Accounting) Rules, 2006, the Respondents 1 to 5 had not reported the cases of misappropriation to the Competent Authority. The above irregularities on the part of Respondents 1 to 5 amounts to negligence, delay and failure to stop loss to the Panchayath.

*N. Srinanda*

**IRREGULARITIES IN PAYMENTS**

35) In relation to payments, it is observed in the Audit reports for the year 2017-18 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.

**REGARDING EXPENDITURE OF PANCHAYATHS**

36) In the audit reports of Karpur 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

*v. shankar*

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.

37) From the Audit Report for the years 2016-17 and 2017-18, it is noticed that following payments which are more than Rs.5,000/- were made through cheques and in relation to which quotations were not obtained.

2016-17

| Sl. No | Name of Supplier       | Cheque No. | Date       | Amount   |
|--------|------------------------|------------|------------|----------|
| 1      | Manoj Enterprises      | 587500     | 08/07/2016 | 65,329   |
| 2      | Nageshwari Enterprises | 587501     | 08/07/2016 | 22,000   |
| 3      | Hemendra Hardware      | 587585     | 13/10/2016 | 24,096   |
| 4      | A.S Fabricators        | 587539     | 09/09/2016 | 38,167   |
| 5      | Prabhu Electricals     | 587539     | 09/09/2016 | 74,800   |
| 6      | Prabhu Electricals     | 587539     | 03/09/2016 | 88,600   |
| 7      | Manoj Enterprises      | 587550     | 19/09/2016 | 70,417   |
| 8      | Hemendra Hardware      | 736531     | 12/01/2017 | 33,540   |
| 9      | Hemendra Hardware      | 681756     | 03/02/2017 | 8,200    |
| 10     | Chowdappa              | 18520      | 03/02/2017 | 18,520   |
| 11     | Hemendra Hardware      | 681761     | 03/02/2017 | 28,838   |
| 12     | Anjaneya Chemicals     | 681771     | 06/03/2017 | 10,000   |
| 13     | Hemendra Hardware      | 681773     | 06/03/2017 | 50,315   |
|        | Total                  |            |            | 5,27,822 |

*W. S. S. S.*

2017-18

| Sl. No | Details of purchases   | Cheque No. | Date       | Amount   |
|--------|------------------------|------------|------------|----------|
| 1      | Electrical Spare parts | 624995     | 14/12/2017 | 39,958   |
| 2      | Cleaning               | 624985     | 10/11/2017 | 22,800   |
| 3      | Cleaning               | 624975     | 25/10/2017 | 7,500    |
| 4      | Cleaning               | 624976     | 26/10/2017 | 26,000   |
| 5      | Pamphlet Printing      | 624996     | 28/12/2017 | 7,000    |
| 6      | Purchase of medicines  | 624999     | 28/12/2017 | 12,396   |
| 7      | Shamiyana              | 924045     | 05/02/2018 | 22,000   |
| 8      | Shamiyana              | 924048     | 05/02/2018 | 11,788   |
|        | Total                  |            |            | 1,49,442 |

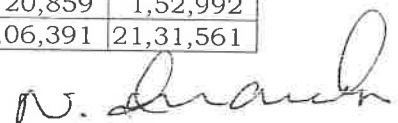
38) As per Govt. Order No. FD 01 TCE 2012, Dated 21/6/2012 and Rule 55(49) of the Karnataka Manual of Contingent Expenditure quotations are to be called in procurement of goods and services worth more than Rs.5,000/- and less than Rs.1,00,000/- . In the above cases, quotations were not called for, which is violative of above Rules and Govt. Orders. The Respondent No.1 Sri M. Munirangappa; Respondent No.2 Sri M. Amaresh & Respondent No.4 Sri K.Nanjareddy, who were working as Panchayath Development Officers during the above relevant period are responsible for the above irregularities.

#### **REGARDING SCHEMES OF GOVERNMENT**

39) The details of grants available in the Karpur Grama Panchayath for implementation of various schemes, its utilization and balance available at the end of the year, as shown in the Audit Reports of the relevant year are as follows:-

For the year 2016-17

| Sl. No. | Name of the Scheme       | Opening balance | Grants for the year (including interest & others) | Total     | Total expenditure during the year | Balance at the end of year |
|---------|--------------------------|-----------------|---|-----------|-----------------------------------|----------------------------|
| 1       | 13 <sup>th</sup> Finance | 1,39,143        | 34,708  | 1,73,851  | 20,859                            | 1,52,992                   |
| 2       | 14 <sup>th</sup> Finance | 5,97,443        | 26,40,509   | 32,37,952 | 11,06,391                         | 21,31,561                  |



|   |         |          |        |          |          |   |
|---|---------|----------|--------|----------|----------|---|
| 3 | Ashraya | 6,89,464 | 23,658 | 7,13,122 | 7,13,122 | 0 |
| 4 | TSC     | 72,650   | 1,140  | 73,790   | 73,790   | 0 |

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 <sup>th</sup> Finance | 1,52,992        | 1,158   | 1,54,150  | 1,54,150                          | -                          |
| 2       | 14 <sup>th</sup> Finance | 21,31,561       | 21,51,481   | 42,83,042 | 22,31,943                         | 20,51,099                  |

As per the above statements, the Karpur Grama Panchayath had not fully utilized the grants under different schemes 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 13<sup>th</sup> and 14<sup>th</sup> finance scheme were not utilized as per the guidelines of the scheme, and instead it has been diverted to other purposes, thereby the objects of the scheme is frustrated. The Respondents 1 to 5 who were working as Panchayath Development Officers during the years 2016-17 and 2017-18 are responsible for the above irregularities.

**IRREGULARITIES FOUND IN RESPECT OF PROJECT EXPENDITURES**

40) From the Audit report for the year 2017-18, it is noticed that the Karpur 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

*W. Shankar*

Stock Register of works and maintenance of machineries were not maintained.

**REGARDING MEASUREMENT BOOKS**

41) From the Audit Reports for the year 2016-17 and 2017-18 it is noticed that the Karpur 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**

42) From the audit reports for the year 2016-17 and 2017-18 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         | 1,00,826        | 1,52,086        | 1,21,463        | 17,661              | -   |
| Deductions for 2016-17                 | 17,870          | 8,978           | 27,037          | 14,379              | -   |
| <b>Total</b>                           | <b>1,18,696</b> | <b>1,61,064</b> | <b>1,48,500</b> | <b>32,040</b>       | -   |
| Remitted to Govt. during 2016-17       | 0               | 0               | 0               | 0                   | 0   |
| Balance to be remitted as on 31/3/2017 | <b>1,18,696</b> | <b>1,61,064</b> | <b>1,48,500</b> | <b>32,040</b>       | -   |

*N. Sankar*



2017-18

| Details                                | Royalty         | Sales Tax       | Income Tax      | Labour Welfare fund | CBF        |
|--|-----------------|-----------------|-----------------|---------------------|------------|
| Opening balance as on 1/4/2017         | 1,18,696        | 1,61,064        | 1,48,500        | 32,040              | -          |
| Deductions for 2017-18                 | 20,347          | 30,063          | 39,436          | 21,347              | 490        |
| <b>Total</b>                           | <b>1,39,043</b> | <b>1,91,197</b> | <b>1,87,936</b> | <b>53,387</b>       | <b>490</b> |
| Remitted to Govt. during 2017-18       | 0               | 0               | 0               | 0                   | 0          |
| Balance to be remitted as on 31/3/2018 | <b>1,39,043</b> | <b>1,91,197</b> | <b>1,87,936</b> | <b>53,387</b>       | <b>490</b> |

As per the above statements, as on 31/3/2018 a sum of Rs.1,39,043/- towards Royalty; Rs.1,91,197/- towards sales tax; Rs.1,87,936/- towards Income Tax; Rs.53,387/- towards labour Welfare Fund and Rs.490/- towards Contractors' Benevolent fund are due to be remitted to the concerned heads of Government. Non-remittance of above Royalty, Sales Tax, Income Tax, Labour Welfare Fund and CBF to the concerned Heads of Department of Government amount to misdirection of funds and loss to the State exchequer. Respondents 1 to 5, who were working as Panchayath Development Officers are responsible for non-remittance of the above amount to the concerned heads of Government during the relevant years.

43) From the audit reports for the years 2016-17 and 2017-18 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.

*N. Srinivasan*

## 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                | 5,832                                | 5,832                                   | 0                               | 0                           | 5,832                              |
|                          | 14 <sup>th</sup> finance | 12,038                               | 12,038                                  | 0                               | 0                           | 12,038                             |
| <b>Total</b>             |                          | <b>17,870</b>                        | <b>17,870</b>                           | <b>0</b>                        | <b>0</b>                    | <b>17,870</b>                      |
| Sales Tax                | Group 1&2                | 0                                    | 0                                       | 0                               | 0                           | 0                                  |
|                          | 14 <sup>th</sup> finance | 8,978                                | 8,978                                   | 0                               | 0                           | 8,978                              |
| <b>Total</b>             |                          | <b>8,978</b>                         | <b>8,978</b>                            | <b>0</b>                        | <b>0</b>                    | <b>8,978</b>                       |
| Income Tax               | Group 1&2                | 2,958                                | 2,958                                   | 0                               | 0                           | 2,958                              |
|                          | 14 <sup>th</sup> finance | 24,079                               | 24,079                                  | 0                               | 0                           | 24,079                             |
| <b>Total</b>             |                          | <b>27,037</b>                        | <b>27,037</b>                           | <b>0</b>                        | <b>0</b>                    | <b>27,037</b>                      |
| Labour Welfare Board Fee | Group 1&2                | 2,341                                | 2,341                                   | 0                               | 0                           | 2,341                              |
|                          | 14 <sup>th</sup> finance | 12,038                               | 12,038                                  | 0                               | 0                           | 12,038                             |
| <b>Total</b>             |                          | <b>14,379</b>                        | <b>14,379</b>                           | <b>0</b>                        | <b>0</b>                    | <b>14,379</b>                      |
| <b>Grand Total</b>       |                          | <b>68,264</b>                        | <b>68,264</b>                           | <b>0</b>                        | <b>0</b>                    | <b>68,264</b>                      |

## 2017-18

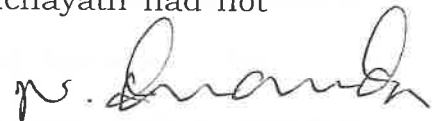
| Taxes                    | Schemes                  | Amount to be deducted during 2017-18 | Amount deducted during the year 2017-18 | Amount short deducted /left out | Amount remitted to Treasury | Amount short remitted to treasury. |
|--------------------------|--------------------------|--------------------------------------|---|---------------------------------|-----------------------------|------------------------------------|
| Royalty                  | Group 1& 2               | -                                    | -                                       | -                               | -                           | -                                  |
|                          | 14 <sup>th</sup> finance | 20,347                               | 20,347                                  | -                               | -                           | 20,347                             |
| <b>Total</b>             |                          | <b>20,347</b>                        | <b>20,347</b>                           | <b>-</b>                        | <b>-</b>                    | <b>20,347</b>                      |
| Sales Tax                | Group 1& 2               | -                                    | -                                       | -                               | -                           | -                                  |
|                          | 14 <sup>th</sup> finance | 30,063                               | 30,063                                  | -                               | -                           | 30,063                             |
| <b>Total</b>             |                          | <b>30,063</b>                        | <b>30,063</b>                           | <b>-</b>                        | <b>-</b>                    | <b>30,063</b>                      |
| Income Tax               | Group 1& 2               | -                                    | -                                       | -                               | -                           | -                                  |
|                          | 14 <sup>th</sup> finance | 39,436                               | 39,436                                  | -                               | -                           | 39,436                             |
| <b>Total</b>             |                          | <b>39,436</b>                        | <b>39,436</b>                           | <b>-</b>                        | <b>-</b>                    | <b>39,436</b>                      |
| Labour Welfare Board Fee | Group 1& 2               | -                                    | -                                       | -                               | -                           | -                                  |
|                          | 14 <sup>th</sup> finance | 21,347                               | 21,347                                  | -                               | -                           | 21,347                             |
| <b>Total</b>             |                          | <b>21,347</b>                        | <b>21,347</b>                           | <b>-</b>                        | <b>-</b>                    | <b>21,347</b>                      |
| CBF                      | Group 1& 2               | -                                    | -                                       | -                               | -                           | -                                  |
|                          | 14 <sup>th</sup> finance | 2,138                                | 490                                     | 1,648                           | -                           | 490                                |
| <b>Total</b>             |                          | <b>2,138</b>                         | <b>490</b>                              | <b>1,648</b>                    | <b>-</b>                    | <b>490</b>                         |
| <b>Grand Total</b>       |                          | <b>1,13,331</b>                      | <b>1,11,683</b>                         | <b>1,648</b>                    | <b>-</b>                    | <b>1,11,683</b>                    |

44) As per the above Statements, in relation to the year 2016-17 an amount of Rs.68,264/- collected towards Royalty, Sales Tax, Income Tax and Labour Welfare fund was not remitted to the concerned Heads of Account of Government.

45) In relation to the year 2017-18 an amount of Rs.1,648/- was short deducted towards Contractors Benevolent fund and a sum of Rs.1,11,683/- collected towards Royalty, Sales Tax, Income Tax, Labour Welfare fund and Contractors' Benevolent fund was not remitted to the concerned Heads of Account of Government.

46) Short collection of Contractors Benevolent fund and 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 working as Panchayath Development Officers during the relevant years, are responsible for above misdirection of above funds and causing loss to the Government exchequer.

47) 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 Karpur Panchayath had not followed the above instructions.



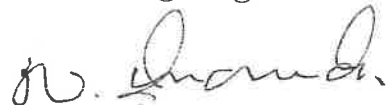
48) As per Audit Reports for the years 2016-17 & 2017-18, the Karpur Grama Panchayath, had not maintained the following registers, which are required to be maintained in the Panchayath.

- (i) Advertisement demand and collection Register
- (ii) Water charges demand and collection register
- (iii) Revenue yielding Property register
- (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.

49) Apart from the above Registers Karpur 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 Book in 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.

50) In the preparation of financial statements for the years 2016-17, 2017-18 and 2018-19, the Grama Panchayath, Karpur has committed the following irregularities.

(i) The Classification of receipts and payments was not made in specified heads. Certain assets were formed under schemes, which were not shown under expenditure. Instead they were shown under Revenue expenditure.

(ii) In the cash book, all the cash flows in the Cash/Bank column were not properly classified under different heads and the same was not brought to statement.

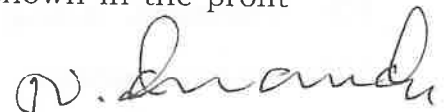
(iii) The revenue expenditures met out under grants of specified schemes, were not brought under other revenue expenditure accounts.

(iv) While computing the incomes and expenditure all the incomes (whether received or not received) and all expenditures (whether actually incurred or not incurred) were not considered.

(v) The depreciation on the properties were not accounted and shown as loss.

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

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



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

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

52) The Respondents while submitting their comments have stated that the budgets of the Karpur Gram Panchayath were prepared every year as per rules and audits of Karpur 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 1 to 8.

53) Therefore, acting u/s. 12(3) of Karnataka Lokayukta Act, 1984 recommendation is made to the Competent Authority for

*N. Shrawan*

initiating disciplinary proceedings against the following Respondents and to entrust the same to this Authority as per Rule 14-A of the Karnataka Civil Services (Classification, Control and Appeal) Rules, 1957;


- (1) **Respondent No.1:** Sri M. Munirangappa, the then Panchayath Development officer, Karpur Grama Panchayath, Anekal Taluk - Presently working at Kallubalu Grama Panchayath, Anekal Taluk, Bengaluru Urban District
- (2) **Respondent No.2:** Sri M. Amaresh, the then Panchayath Development Officer, Karpur Grama Panchayath, Anekal Taluk - Presently working as In-charge Panchayath Development Officer, Vanakanahalli Grama Panchayath, Anekal Taluk, Bengaluru Urban District
- (3) **Respondent No.3:** Sri Subhan Khan, the then Panchayath Development Officer, Karpur Grama Panchayath, Anekal Taluk, Bengaluru Urban District - Presently working at Samandur Grama Panchayath, Anekal Taluk, Bengaluru Urban District;
- (4) **Respondent No.4:** Sri K. Nanjareddy, the then Panchayath Development Officer, Karpur Grama Panchayath, Anekal Taluk, Bengaluru Urban District - Presently working at Yamare Grama Panchayath, Anekal Taluk, Bengaluru Urban District;
- (5) **Respondent No.5:** Sri Basavaraj Gorebal, Panchayath Development Officer, Karpur Grama Panchayath, Anekal Taluk, Bengaluru Urban District
- (6) **Respondent No.6:** Sri Nomesk Kumar, the then Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal - Presently working as Deputy Secretary, Zilla Panchayath, Chikkaballapur.
- (7) **Respondent No.7:** Sri T.K. Ramesh, the then Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal - Presently working as Deputy Secretary, Zilla Panchayath, Tumakuru

*N. Brand*

(8) **Respondent No.8:** Sri K.C. Devaraje Gowda, Taluk Executive Officer, Taluk Panchayath, Anekal Taluk, Anekal.

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

Connected records are enclosed.

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

6/7