

ವರಮಾನಗಳು Receipts

(ರೂ. ಲಕ್ಷಗಳಲ್ಲಿ) (Rs. in Lakhs)

ವಿವರಣೆ Particulars	ಲೆಕ್ಕಗಳು Accounts 2013-14	ಆಯವ್ಯಯ ಅಂದಾಜುಗಳು Budget Estimates 2014-15	ಪರಿಷ್ಕೃತ ಅಂದಾಜುಗಳು Revised Estimates 2014-15	ಆಯವ್ಯಯ ಅಂದಾಜುಗಳು Budget Estimates 2015-16		
				ರಾಜಸ್ವ Revenue	ಬಂಡವಾಳ Capital	ಒಟ್ಟು Total
26. ಕಲ್ಯಾಣ Welfare						
ಚಾಲ್ತಿ ಆಸ್ತಿಗಳು / ಹೊಣೆಗಾರಿಕೆಗಳು Current Assets / Liabilities						
ಠೇವರಿಗಳು Deposits						
ಇ.ಎಂ.ಡಿ EMD	R0006	-	1.00	-	1.00	1.00
		-	1.00	-	1.00	1.00
ಶಾಸನಬದ್ಧ ಕಟಾವುಗಳು Statutory Deductions						
ಆದಾಯ ತೆರಿಗೆ IT	R0022	599.13	25.00	18.10	25.00	25.00
ವೇತನ ಕಟಾವುಗಳು Salary Deductions	R0212	10.60	15.00	6.64	10.00	10.00
		609.73	40.00	24.74	35.00	35.00
		609.73	41.00	24.74	36.00	36.00
ಅನುದಾನಗಳು Grants						
ಕೇಂದ್ರ ಸರ್ಕಾರದ ಅನುದಾನ GOI Grants						
ಕೇಂದ್ರ ಸರ್ಕಾರದ ಅನುದಾನಗಳು GOI Grants	R0954	76.32	4,000.00	-	-	-
		76.32	4,000.00	-	-	-
ರಾಜ್ಯ ಸರ್ಕಾರದಿಂದ ಅನುದಾನಗಳು Grants from State Government						
೨೪.೧೦% ಕಲ್ಯಾಣ ಇಲಾಖೆ ವೆಚ್ಚಗಳಿಗಾಗಿ ಎಸ್.ಜಿ.ಎಸ್.ಆರ್.ವೈ ಅನುದಾನ 24.10% - Welfare SJSRY (NULM)	R1012	-	350.00	-	-	-
		-	350.00	-	-	-
		76.32	4,350.00	-	-	-
ತೆರಿಗೆಯೇತರ ಸ್ವೀಕೃತಿಗಳು Non Tax Receipts						
ಶುಲ್ಕ ಮತ್ತು ದಂಡಗಳು Fees & Fines						
ಮಾಹಿತಿ ಹಕ್ಕು ಶುಲ್ಕ Right to Information Fee	R1062	-	1.00	-	1.00	1.00
		-	1.00	-	1.00	1.00
		-	1.00	-	1.00	1.00

ವರಮಾನಗಳು Receipts

(la. *cyprae*) (Re. in Lakhs)

ವಿವರಣೆ Particulars	ಲೆಕ್ಕಗಳು Accounts 2013-14	ಆಯವ್ಯಯ ಅಂದಾಜುಗಳು Budget Estimates 2014-15	ಪರಿಷ್ಕೃತ ಅಂದಾಜುಗಳು Revised Estimates 2014-15	ಆಯವ್ಯಯ ಅಂದಾಜುಗಳು Budget Estimates 2015-16		
				ರಾಜಸ್ವ Revenue	ಒಂದನಾಳ Capital	ಒಟ್ಟು Total
ಕಲ್ಯಾಣ ಇಲಾಖೆಗೆ ಒಟ್ಟು ಮೊತ್ತ Total for Welfare Department	686.05	4,392.00	24.74	37.00	-	37.00

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(ರೂ. ಲಕ್ಷಗಳಲ್ಲಿ) (Rs. in Lakhs)

ವಿವರಣೆ Particulars	ಲೆಕ್ಕಗಳು Accounts 2013-14	ಅಯವ್ಯಯ ಅಂದಾಜುಗಳು Budget Estimates 2014-15	ಪರಿಷ್ಕೃತ ಅಂದಾಜುಗಳು Revised Estimates 2014-15	ಅಯವ್ಯಯ ಅಂದಾಜುಗಳು Budget Estimates 2015-16			
				ರಾಜಸ್ವ Revenue	ಬಂಡವಾಳ Capital	ಒಟ್ಟು Total	
27. ಆರೋಗ್ಯ ಸಾರ್ವಜನಿಕ ವಲಯ Public Health Engineering - Zonal ಬಾಲ್ಯ ಆಸ್ತಿಗಳು / ಹೊಣೆಗಾರಿಕೆಗಳು Current Assets / Liabilities							
ಠೇವಣಿಗಳು Deposits							
ಇ.ಎಂ.ಡಿ EMD	R0006	-	1.00	-	1.00	-	1.00
		-	1.00	-	1.00	-	1.00
ಶಾಸನಬದ್ಧ ಕಟಾವಣಿಗಳು Statutory Deductions							
ಆದಾಯ ತೆರಿಗೆ IT	R0022	1,181.37	100.00	573.04	600.00	-	600.00
ವೇತನ ಕಟಾವಣಿಗಳು Salary Deductions	R0212	501.92	-	-	-	-	-
		1,683.29	100.00	573.04	600.00	-	600.00
		1,683.29	101.00	573.04	601.00	-	601.00
ತೆರಿಗೆಯೇತರ ಸ್ವೀಕೃತಿಗಳು Non Tax Receipts							
ಶುಲ್ಕ ಮತ್ತು ದಂಡಗಳು Fees & Fines							
ಮಾಹಿತಿ ಹಕ್ಕು ಶುಲ್ಕ Right to Information Fee	R1062	-	0.25	-	0.25	-	0.25
		-	0.25	-	0.25	-	0.25
		-	0.25	-	0.25	-	0.25

ವರಮಾನಗಳು Receipts

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				ರಾಜಸ್ವ Revenue	ಬಂಡವಾಳ Capital	ಒಟ್ಟು Total	
28. ಕಾಮಗಾರಿ ಬಂಡವಾಳ ಹೂಡಿಕೆ Engineering - Capital Investment Plan							
ಜಾರ್ಜಿ ಆಸ್ತಿಗಳು / ಹೊಣೆಗಾರಿಕೆಗಳು Current Assets / Liabilities							
ಠೇವಣಿಗಳು Deposits							
ಇ.ಎಂ.ಡಿ EMD	R0006	-	1.00	-	1.00	-	1.00
		-	1.00	-	1.00	-	1.00
		-	1.00	-	1.00	-	1.00
ತೆರಿಗೆಯೇತರ ಸ್ವೀಕೃತಿಗಳು Non Tax Receipts							
ಶುಲ್ಕ ಮತ್ತು ದಂಡಗಳು Fees & Fines							
ಮಾಹಿತಿ ಹಕ್ಕು ಶುಲ್ಕ Right to Information Fee	R1062	-	0.25	-	0.25	-	0.25
		-	0.25	-	0.25	-	0.25
		-	0.25	-	0.25	-	0.25



DECCAN HERALD

Wednesday 16 December 2015
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ANNEXURE - "B"

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Palike to junk 875 of its bank accounts, retain just 25

Bengaluru, Oct 13, 2015, DHNS:

All accounts in Canara Bank; move aimed to streamline finances



To streamline its finances, the BBMP has taken a major decision to do away with its 900 bank accounts and retain only 25 of them. These 25 accounts will be operated from a single bank.

While the large number of bank accounts had made it difficult for BBMP to assess its financial status on a day-to-day basis, it had also given room for embezzlement and irregularities.

The Special Commissioner of the BBMP (Finance) Kumar Pushkar told Deccan Herald that the Palike will have these 25 accounts in Canara Bank. These 25 bank accounts will be for 25 different account heads and for each department of the Palike.

These accounts are for property tax, optical fibre cables, commercial licence, advertisement tax, road repairs, town planning, market rent, birth and death certificates, school admission fee, penalty, earnest money deposits, betterment fee and other receipts. The joint commissioners of the eight zones have been asked to withdraw money from various banks and deposit it in these 25 accounts.

Also, the Palike will not accept hand-written receipts and entertain only those which come online. All the joint commissioners have been told that hand-written receipts will be dishonoured.

IFMS Introduced

The Palike has introduced the Inter Finance Management System (IFMS), through which receipts and payments will be made. This system has come into force from October 3.

In the past, the 900 accounts used to be current account, for which it never got any interest. But now, they will be savings accounts, which will fetch at least four per cent of interest to the Palike.

Pushkar said, "Barring Rs 5,000 at the end of the day, the entire amount will automatically go into the Fixed Deposit, which will fetch us at least Rs 20 crore as interest."

After taking over as BBMP Commissioner, G Kumar Naik had ordered inspection of all the works before making payment and stopped payments on the basis of 'Letter of Credit'.

The Comptroller and Auditor General (CAG) had strongly criticised the financial mismanagement in the BBMP. The CAG had pointed out an increase of 165 per cent in the loans borrowed by the Palike over four years. Besides, the BBMP had increased its financial burden by making certain unnecessary expenditures. The CAG had noted that the Bommanahalli zone alone was operating 62 bank accounts. Many of these accounts were never shown in the accounts book. Though discrepancies were found in cheques pertaining to Rs 5.42 crore, the records were never rectified, the report stated.

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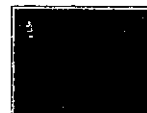
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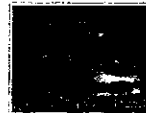
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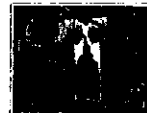
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ANNEXURE - "C"



**Report of the
Comptroller and Auditor General of India
on
Local Bodies
for the year ended March 2013**



Government of Karnataka
Report No.5 of the year 2014

**Report of the
Comptroller and Auditor General of India
on Local Bodies**

for the year ended March 2013

**Government of Karnataka
Report No.5 of the year 2014**

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3.10.1 Financial reporting in the public sector is a key element of accountability. According to Karnataka Municipalities Accounting and Budgeting Rules, 2006 (KMABR), the ULBs shall prepare the financial statements consisting of Receipts and Payments Account, Balance Sheet, Income and Expenditure Account along with Notes on Accounts in the form and manner prescribed and submit them to the auditor appointed by the State Government, within two months from the end of the financial year.

3.10.2 Municipal reforms

The initiative of municipal reforms was started during 2006 through the Nirmala Nagara programme whose components, among others, included accounting reforms, computerisation of municipal functions, setting up public grievance system, etc. This programme was initially funded by Karnataka Urban Development Coastal Environmental Project. Only 57 ULBs, including eight⁹⁸ CMCs which merged with BBMP were covered under this programme. These reforms are now adopted by the remaining ULBs of the State under Karnataka Municipal Reforms Project (KMRP).

The Municipal Reforms Cell (MRC) working under DMA is responsible for computerisation and maintaining accounts under FBAS in ULBs (except BBMP). To bring in better governance and more efficient service delivery through the use of technology and process re-engineering, the State Government initiated (2005) the process of computerisation of municipal functions in all the ULBs of the State in a phased manner.

3.10.3 Accounting reforms

On the recommendations of XI Finance Commission, GOI entrusted the responsibility of prescribing appropriate accounting formats for the ULBs to the CAG of India.

The Ministry of Urban Development, GOI developed the National Municipal Accounts Manual (NMAM) as recommended by the CAG's Task Force. The State Government brought out the KMABR based on the NMAM with effect from 1 April 2006. KMABR was introduced in a phased manner in all the ULBs except BBMP. As of 31 March 2013, all the ULBs were preparing the fund-based accounts in double entry system. BBMP was maintaining FBAS based on the Bangalore Mahanagara Palike (Accounts) Regulations, 2001.

⁹⁸ Bommanahalli, Bommasandra, Byatarayanapura, Dasarahalli, KR Puram, Kengeri, Rajarajeshwarinagara and Yelahanka

3.10.4 Budget formulation

According to the provisions of KMC Act, KM Act and Rule 132 of KMABR, the ULBs were to prepare the budget estimates before 15 January each year for the ensuing financial year and submit to the Municipal Council for approval. Further, as per Rule 133 of KMABR, the ULBs should have two rounds of public consultations during November and December before finalisation of budget. The approved budget should be notified in two local newspapers having maximum circulation. The Commissioner/Chief Officer was to seek additional funds, if any, through re-appropriation/additional grants after getting the approval of the Municipal Council.

Out of 14 test-checked ULBs, two⁹⁹ ULBs had conducted public meetings before finalisation of budget estimates for the years 2009-13 and three¹⁰⁰ ULBs held public meetings for the year 2012-13. One ULB, i.e., CMC, Doddaballapura conducted a public meeting for the year 2010-11. Only CMC, Doddaballapura notified the abridged copy of approved budget in two local newspapers for the year 2009-10. The remaining 13 ULBs had no records to show that the budget approved by the Council was notified in the newspapers.

It was also seen that 13¹⁰¹ out of 14 test-checked ULBs had incurred expenditure though there were delays ranging from 5 to 298 days in passing the budget during the period 2009-13. Thus, the expenditure incurred by the ULBs till the budget had been finally passed, was unauthorised.

In BBMP, there were delays ranging from 3 to 24 weeks in approving the budget during the period 2008-09 to 2012-13. The Commissioner, BBMP stated (December 2013) that vote on account was obtained during that period but the reason for delayed approval was not furnished.

3.11.1 Preparation of unrealistic budget in BBMP

The details of budget estimates vis-à-vis actuals in BBMP during the years 2008-12 are detailed in Table 3.7 below.

Table 3.7: Details of budget and actuals in BBMP during the years 2008-12

	(₹ in crore)					
	Receipts		Variation to Expenditure	Payments		Balance
	Budget	Actual		Budget	Actual	
2008-09	2,842.48	2,478.99	363.49 (13)	2,918.71	2,356.68	562.03 (19)
2009-10	3,959.29	3,639.30	319.99 (8)	4,238.42	3,403.62	834.80 (20)
2010-11	8,446.75	3,319.77	5,126.98 (61)	8,488.54	3,626.18	4,862.36 (57)
2011-12	9,401.05	4,003.08	5,397.97 (57)	9,398.55	3,838.99	5,559.56 (59)

Source: Approved Budget Copy

⁹⁹ CC, Davanagere and TMC, Maddur
¹⁰⁰ CMC, Harihara, CMC, Mandya and TP, Pandavapura
¹⁰¹ Channagiri, Davanagere, Devanahalli, Doddaballapura, Harapanahalli, Harihara, Honnali, Maddur, Mandya, Nagamangala, Nelamangala, Pandavapura and Srirangapatna

3.11.1.1 Budget estimates for receipt

It could be observed from Table 3.7 that as compared to budget estimates, short realisation of receipts ranged from 8 to 61 *per cent* during the period 2008-12. Further, it was seen from the details of receipt provided to Audit that there was 'nil' receipt under three heads against estimated receipts projected in the budget and short realisation ranged from 1 to 99 *per cent* in other 25 heads during the period 2010-12.

3.11.1.2 Budget estimates for expenditure

The payments made during the years 2008-09 to 2011-12 when compared to the budgeted provisions were short by 19 to 59 *per cent*. Further, during 2010-11 and 2011-12, the expenditure under the head of account "Engineering-Capital Investment-Plan," was 'nil' against the budget provision of ₹1,000 crore and ₹306 crore respectively. In other 18 heads of account, savings was more than 50 *per cent* during the period 2010-12 and there was excess over budget in four heads of account during the same period.

3.11.2 Budget estimates in other test-checked ULBs

The details of budget estimates *vis-à-vis* actuals of 14 test-checked ULBs for the years 2008-09 to 2011-12 are detailed in Table 3.8 below.

Table 3.8: Statement showing details of budget estimates and actual during 2008-12

(₹ in crore)

	Receipts		Expenditure		Balance	
	Budget	Actual	Budget	Actual	Budget	Actual
2008-09	748.45	358.80	389.65 (52)	800.44	366.59	433.85 (54)
2009-10	1,101.71	511.58	590.13 (54)	1,182.36	510.07	672.29 (57)
2010-11	962.69	574.73	387.96 (40)	1,049.45	574.57	474.88 (45)
2011-12*	789.85	418.59	371.26 (47)	835.82	383.08	452.74 (54)

Source: Budget estimates of ULBs *For 11 ULBs only.

The variation between the budget estimates and actuals for receipts ranged between 40 and 54 *per cent* and for payments ranged between 45 and 57 *per cent* during the period 2008-12. This indicated that the budgets approved by the test-checked ULBs were not realistic.

3.11.3 Budget estimates of selected functional heads

The total amount of provision made in the budget of 14 test-checked ULBs for the period 2008-09 to 2011-12 and actual amount spent in respect of following functional heads (Water Supply including Street Lighting (Civic Amenities)) and Solid Waste Management, Sewerage and Public Health and others (Public Health) are detailed in Table 3.9.

Table 3.9: Details of budget and actuals of selected functional head during 2008-12

(₹ in crore)

	Budget	Actuals	Difference
Street light	101.06	74.94	26.12
Water supply	162.56	161.96	0.60
Solid waste management	128.96	107.51	21.45
Sewerage	10.50	5.38	5.12
Public health and others	78.60	78.48	0.12

Source: As furnished by the ULBs

A comparison of budget provision and expenditure incurred on four functions by the 14 test-checked ULBs during the period 2008-12 showed that ULBs irregularly spent more than the budget provision as detailed below.

- **Street light:** Six¹⁰² out of 14 test-checked ULBs incurred expenditure on street lighting in excess of budget provision during the period 2008-09 to 2011-12 to the extent of ₹1.80 crore.
- **Water supply:** In 10¹⁰³ ULBs, the expenditure on water supply had exceeded the budget provision during the period 2008-09 to 2011-12 to the extent of ₹30.44 crore.
- **Solid waste management:** In five¹⁰⁴ ULBs, the expenditure incurred on solid waste management during 2008-09 to 2011-12 had exceeded the budget provision to the tune of ₹3.28 crore.
- **Public health and others:** The expenditure on public health and others incurred by eight¹⁰⁵ ULBs during the period 2008-09 to 2011-12 had exceeded the budget provision to the extent of ₹5.26 crore.

The DMA stated (March 2014) that excess expenditure over the budget provision was due to taking up of emergency works and increase in prices.

3.11.4 Preparation and certification of accounts

3.11.4.1 Audit of Annual Accounts of ULBs

According to KMABR, the financial statements of ULBs should be audited by the Chartered Accountants (CAs) appointed by the DMA. The CA, after completion of audit, should submit a report along with the audited accounts to the Municipal Council and the State Government. **Table 3.10** shows the position of accounts prepared by ULBs and certified by the CAs during the period 2008-09 to 2011-12 (February 2014).

¹⁰² Channagiri, Doddaballapura, Harapanahalli, Honnali, Nagamangala and Nelamangala

¹⁰³ Davanagere, Devanahalli, Doddaballapura, Harapanahalli, Honnali, Hubli-Dharwar, Maddur, Nelamangala, Pandavapura and Srirangapatna

¹⁰⁴ Channagiri, Davanagere, Doddaballapura, Harapanahalli and Hubli-Dharwar

¹⁰⁵ Davanagere, Doddaballapura, Harihara, Honnali, Hubli-Dharwar, Nelamangala, Pandavapura and Srirangapatna

Table 3.10: Position of preparation and certification of accounts as on February 2014

Year	Number of accounts required to be prepared	Number of accounts prepared	Number of accounts certified	Number of accounts not certified
2008-09	128	128	126	2
2009-10	213	213	208	5
2010-11	213	213	205	8
2011-12	213	213	132	81
2012-13	213 ¹⁰⁶	183	NF	NF

Source: As furnished in reply of DMA (March 2014) NF: Not furnished

Despite preparation of 950 accounts by the ULBs, the CAs had not certified 96 accounts and details of certification of 183 accounts for the year 2012-13 had not been furnished (March 2014).

The status of audit of annual accounts of 14 test-checked ULBs is given in Table 3.11 below.

Table 3.11: Status of preparation and certification of financial statements in test-checked ULBs

Year	Number of accounts prepared	Number of accounts certified	Number of accounts not certified	Number of accounts not audited	Number of accounts not submitted	Number of accounts not received	Number of accounts not received	Number of accounts not received	Number of accounts not received	Number of accounts not received	Number of accounts not received
2008-09	2	3	3	2	10*	1	3	3	2	9	1
2009-10	2	3	5	4	14	1	3	4	4	12	2
2010-11	2	3	5	4	14	0	3	3	3	9	5
2011-12	2	3	5	3	13	0	1	1	1	3	10
2012-13	2	3	2	0	7	0	0	0	0	0	7

Source: Information furnished by ULBs
*Note: In four ULBs the FBAS was introduced with effect from 2009-10.

It could be observed that the annual financial statements in respect of one ULB for the year 2011-12 and seven ULBs for the year 2012-13 were not finalised as of September 2013. Despite preparation of 58 accounts in selected ULBs, the CAs had not certified 25 accounts for the years 2008-09 to 2012-13. The delay in certification of annual accounts of selected ULBs ranged from 8 to 42 months. The percentage of financial statements for the year ended 31 March 2012 not certified by the CAs to total number of financial statement prepared in respect of test-checked ULBs ranged from 10 to 77 per cent. Further, none of the ULBs (except CC, Davanagere for the year 2008-09) adopted the certified accounts through body of Councillors.

¹⁰⁶ except BBMP

3.11.4.2 Audit of Annual Accounts of BBMP

As per Rule 9(1) of Part-II of KMC Act, the Commissioner, BBMP is responsible for preparation of Annual Accounts by 1 October each year for scrutiny by the Chief Auditor appointed by the Government. The Controller, SAD has been designated as Chief Auditor.

However, audited accounts were furnished only up to 2009-10. Accounts for the 2010-11 and 2011-12 had been submitted to the Chief Auditor and audit comments were awaited. Annual Financial Statement for 2012-13 was yet to be finalised (December 2013).

3.11.5 Non-submission of statement of expenditure

As per Rule 73 of KMABR, the amount paid to Public Works Department and other implementing agencies should be treated as advance and a statement showing the outlay incurred during each month with up-to-date figures should be obtained and adjusted against the advances paid. The unspent balance of advance released for the work, if any, should be claimed immediately after the completion of work from the agency. In eight¹⁰⁷ of the 14 test-checked ULBs, it was observed that a sum of ₹7.60 crore was released to implementing agencies, during the period prior to 2012-13, to incur expenditure on behalf of ULBs. However, the statement of expenditure was not received and adjusted against the advances given by these ULBs. No action was taken by the ULBs to obtain the unspent amount also. This had resulted in incorrect exhibition of figures in accounts.

The DMA stated (March 2014) that three¹⁰⁸ ULBs had obtained UCs to the extent of ₹2.14 crore and other ULBs would obtain UCs after completion of works.

3.11.6 Non-maintenance of cash book, bank book and registers

3.11.6.1 Cash books

The TMC, Harapanahalli had not maintained cash books for the years 2008-09 to 2010-11 and partially maintained for the period during 2011-12 and 2012-13. Further, entries recorded were not attested by the officer designated for the purpose. The TP, Pandavapura had not maintained cash book to record Enterprise Fund related cash transactions during the period 2009-11.

The DMA stated (March 2014) that TP, Pandavapura had maintained the cash book and no reply was given in respect of TMC, Harapanahalli. The reply was not acceptable as the cash book was not produced during audit.

¹⁰⁷ Davanagere – ₹160.95 lakh, Devanahalli – ₹100.00 lakh, Harapanahalli – ₹114.64 lakh, Maddur – ₹136.82 lakh, Nagamangala – ₹20.00 lakh, Nelamangala – ₹80.00 lakh, Pandavapura – ₹139.76 lakh and Srirangapatna – ₹7.80 lakh

¹⁰⁸ Davanagere, Nelamangala and Srirangapatna

3.11.6.2 Bank books

Para 12 of KMABR stipulates maintenance of bank book for each bank account operated to record the bank transactions. However, Harapanahalli and Nelamangala ULBs had not maintained bank books in respect of 23 and 21 bank accounts respectively and TMC, Devanahalli had not updated the bank books during 2012-13 (September 2013) for eight bank accounts operated by it.

The DMA accepted (March 2014) the objection relating to TMC, Harapanahalli but stated that TMC, Nelamangala maintained bank books relating to 16 out of 21 bank accounts. The reply was not acceptable as the bank books were not produced during audit.

3.11.6.3 Registers

There were 12 test-checked ULBs which had not maintained the registers prescribed under KMABR as detailed in **Appendix 3.9**. In the absence of these records, Audit could not ensure the correctness of the figures exhibited under Assets and Liabilities in the accounts.

The DMA stated (March 2014) that nine ULBs were maintaining the registers and others would maintain them. The reply was not acceptable as the registers were not produced during audit.

The State Government did not have Internal Audit Wing to oversee the functions of ULBs. Further, it was observed that ULBs were not adhering to financial rules as the statement of expenditure was not obtained and annual accounts were not prepared and certified within the stipulated dates. Non-maintenance of cash books, bank books and mandatory registers indicated inadequate internal control system in ULBs.

The DMA stated (March 2014) that proposal for establishment of Internal Audit Wing to oversee the functions of ULBs had been submitted to the Government in September 2009.

3.11.7 Theft, loss, misappropriation, etc.

During 2011-12, the Controller, SAD had reported misappropriation/defalcation cases involving ₹0.34 crore in ULBs of 13 districts of the State in his Administrative Report. However, the report also stated that no action was taken to recover the loss due to misappropriation/defalcation in ULBs reported to DMA.

The DMA stated (March 2014) that the action was being initiated on the reports of Controller, SAD in case of theft, loss, misappropriation, etc.

3.14.1 Discrepancies and omissions in test-checked ULBs

A review of the annual accounts of 14 test-checked ULBs showed the following deficiencies.

- Adverse balances under Reserves, Provisions and Earmarked fund,
- Non-creation of Revolving fund under Integrated Development of Small and Medium Towns Scheme (IDSMT),
- Non-provision for service tax and bad debts,
- Incorporation of loan amount drawn by other autonomous bodies on behalf of ULBs without details.

The details are given in **Appendix 3.10**.

The DMA stated (March 2014) that action would be taken to rectify the omissions.

3.14.1.1 Non-reconciliation of Treasury Accounts

As per Rule 12 of KMABR, the ULBs are required to reconcile the balances with Treasury. However, CMC, Doddaballapura and CC, Hubli-Dharwar had not reconciled the differences of ₹8.56 crore and ₹3.59 crore, respectively, as at the end of March 2013. The remaining 12 test-checked ULBs had generally prepared the reconciliation statement of banks/treasury accounts during the period 2008-13 and the differences noticed were minor.

3.14.1.2 Cash based system of Accounting

The CC, Hubli-Dharwar had followed the cash based system of accounting for recognition of income other than property tax like, rent, interest, etc., in contravention of Rule 19 of KMABR.

The DMA stated (March 2014) that action would be taken as per the KMABR.

3.14.1.3 Depreciation

None of the test-checked ULBs had maintained fixed asset register to record full particulars including quantitative details and status of fixed assets during the five years ended 31 March 2013. In the absence of this, the correctness of depreciation of ₹161.65 crore charged off in the accounts during the period 2009-12 could not be ensured in audit.

The DMA stated (March 2014) that ULBs were being advised to maintain the Asset Register.

3.14.2 Discrepancies in FBAS of BBMP

The Bommanahalli Zone had 62 bank accounts during 2012-13, out of which the following bank accounts relating to Assistant Controller of Finance, Executive Engineer (EE) and Assistant Revenue Officer, HSR Layout were test-checked for correctness of the figures adopted in the FBAS of BBMP. The discrepancies noticed are as under.

(a) Account No. 03207 (Assistant Controller of Finance, Bommanahalli)

- BBMP had not posted the balances in the FBAS General Ledger.
- Interest amount of ₹20.26 lakh had not been recorded in the FBAS Ledger accounts.
- An amount of ₹1.57 lakh paid on 20 May 2011 had not been recorded in the FBAS General Ledger.

(b) Account No. 00038 (EE, Bommanahalli)

- Cash book had not been written from 1 April 2009 to 23 October 2009.
- The EE had not reconciled the cash book figures with FBAS books. The differences were observed in the months of November 2009, January, February and March 2010, June, July and November 2012 and March 2013.
- Earnest Money Deposit amount received from online applicants were not taken to cash book by the EE and also to FBAS Ledger. The entire amount was kept outside the BBMP accounts.
- Interest earned on the Flexi Accounts of ₹1.29 crore during 2012-13 was not accounted as receipt by the EE and also in FBAS accounts.
- The cash book balance was not reconciled with bank account since January 2011.

(c) Account No. 1434 (EE, Bommanahalli)

- FBAS accounted for ₹87,22,604 towards payment made instead of ₹86,90,237 shown in cash book on 22 May 2009.
- There was no system to cross check/reconcile discrepancies between FBAS and Divisional Office figures.

(d) Account No. 93290 (Assistant Revenue Officer, HSR Layout)

The FBAS section had made available only General Ledger for two months i.e. February 2010 and March 2010. However, no records such as Cash Book, Daily Collection Book with details of receipt from

agencies like Bangalore One and amounts received online were made available to Audit by the Assistant Revenue Officer, HSR Layout.

The above deficiencies indicate that the figures adopted in FBAS cannot be fully relied upon.

3.15 Others

3.15.1 Time-barred cheques

Rule 51 of KMABR stipulates that the entry for the time-barred (stale) cheque should be reversed by crediting the amount which was originally debited. However, as seen from the respective bank reconciliation statements prepared by three¹⁰⁹ ULBs as on 31 March 2013, there were time-barred cheques amounting to ₹5.42 crore without reversal.

3.15.2 Physical verification of stores

Audit observed that there was no system of conducting physical verification of stores in 13 out of 14 test-checked ULBs. In CC, Hubli-Dharwar, physical verification of stores was being carried out. The CMC, Doddaballapura stated (November 2013) that they had carried out the physical verification. However, as verified from the Stock Verification Report enclosed to the reply, the physical verification of stores was done only during 2013-14.

The DMA stated (March 2014) that physical verification of stores would be conducted in future.

3.16 Findings

In spite of preparation of accounts by ULBs, there was shortfall in certification of accounts by CAs during the years 2008-09 to 2012-13. Budgets prepared by ULBs were not realistic as evidenced by overall savings in both receipts and payments *vis-à-vis* budget provisions. Internal control mechanism was inadequate as there was no Internal Audit Wing and there were instances of non-maintenance of cash books, bank books and control registers, non-submission of statement of expenditure by the external agencies and excess of payments over budget sanctions.

There were deficiencies and omissions in the annual accounts of BBMP and other ULBs.

3.17 Recommendations

- Expenditure should not be incurred in excess of provision.
- Accounts should be prepared and certified timely.
- Figures in FBAS should be correctly adopted from the source records.

¹⁰⁹ CC, Davanagere - ₹5.30 crore, CMC, Doddaballapura - ₹0.02 crore and TMC, Harapanahalli - ₹0.10 crore

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- All prescribed Registers should be maintained by the ULBs.
- An Internal Audit Wing should be established for ULBs.
- Details of fixed assets need to be maintained.

ANNEXURE - "D"



सत्यमेव जयते

Report of the
Comptroller and Auditor General of India
on
Local Bodies
for the year ended March 2014



Government of Karnataka
Report No. 2 of the year 2014

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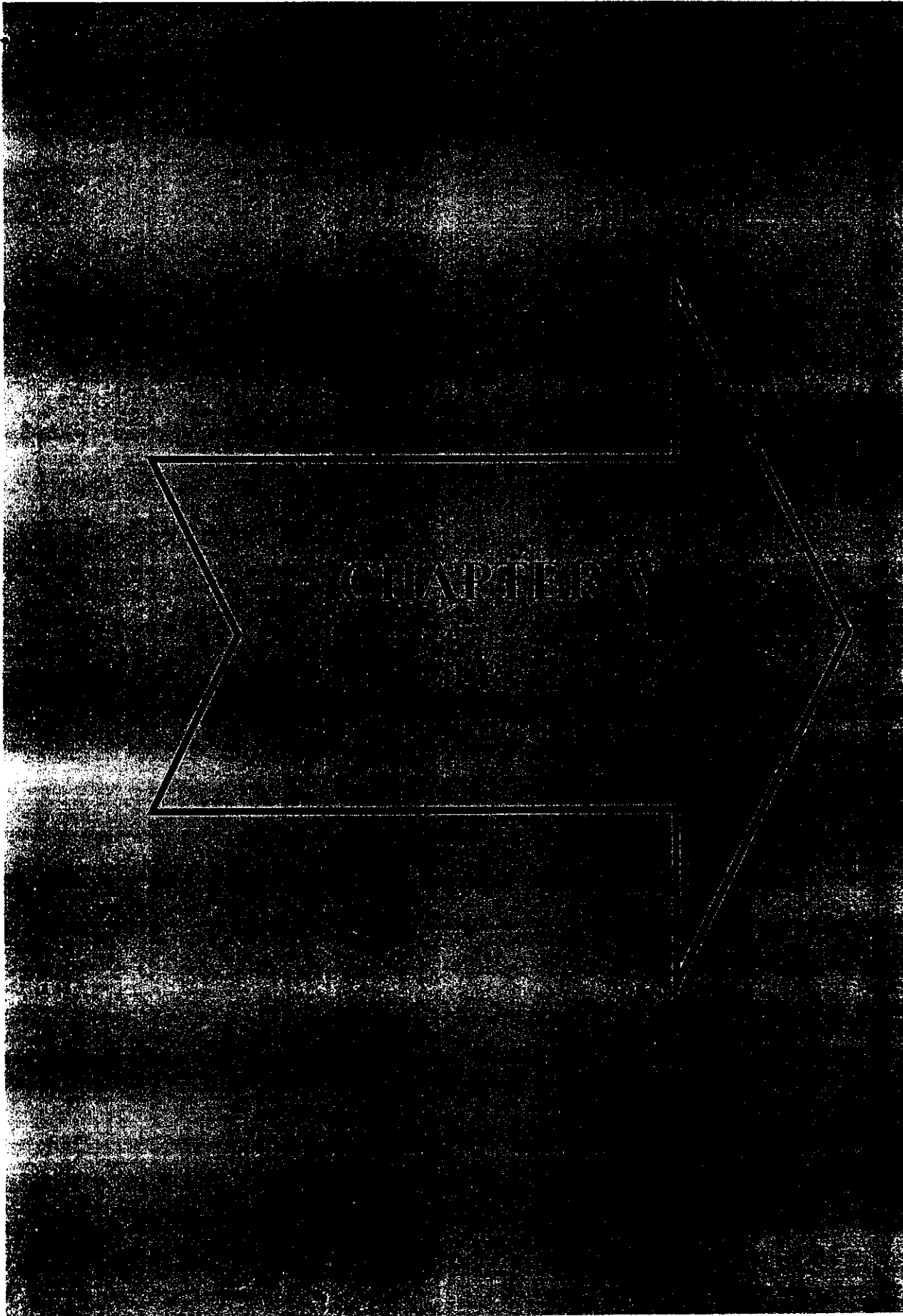
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CHAPTER V
URBAN DEVELOPMENT DEPARTMENT
FINANCIAL REPORTING IN URBAN LOCAL BODIES
5.1.1 Framework

5.1.1 Financial reporting in the public sector is a key element of accountability. According to the Karnataka Municipalities Accounting and Budgeting Rules, 2006 (KMABR), the Urban Local Bodies (ULBs) shall prepare the financial statements consisting of Receipts and Payments Account, Balance Sheet and Income and Expenditure Account along with Notes on Accounts in the form and manner prescribed and submit them to the auditor appointed by the State Government, within two months from the end of the financial year.

5.1.2 Municipal reforms

The initiative of municipal reforms was started during 2006 through the ‘Nirmala Nagara’ programme whose components, among others, included accounting reforms, computerisation of municipal functions, setting up public grievance redressal system, etc. Only 57 ULBs, including eight⁵⁹ City Municipal Councils (CMCs) which merged with Bruhat Bengaluru Mahanagara Palike (BBMP) were covered under this programme. These reforms are now adopted by the/remaining ULBs of the State under Karnataka Municipal Reforms Project (KMRP).

The Municipal Reforms Cell (MRC) working under Directorate of Municipal Administration (DMA) is responsible for computerisation and maintaining accounts on Fund Based Accounting System (FBAS) in ULBs (except BBMP). To bring in better governance and more efficient service delivery through the use of technology and process re-engineering, the State Government initiated (2005) the process of computerisation of municipal functions in all the ULBs of the State in a phased manner.

5.1.3 Accounting reforms

On the recommendations of Eleventh Finance Commission, Government of India (GoI) entrusted the responsibility of prescribing appropriate accounting formats for the ULBs to the Comptroller and Auditor General of India (CAG).

The Ministry of Urban Development, GoI developed the National Municipal Accounts Manual (NMAM) as recommended by the CAG’s Task Force. The State Government brought out the KMABR based on the NMAM with effect from 1 April 2006. KMABR was introduced in a phased manner in all the ULBs except BBMP. As of 31 March 2014, all the ULBs were preparing the fund-based accounts in double entry system. BBMP was maintaining FBAS based on the Bangalore Mahanagara Palike (Accounts) Regulations, 2001.

⁵⁹ Bommanahalli, Bommasandra, Bytarayanapura, Dasarahalli, Kengeri, Krishnarajpuram, Rajarajeshwarinagar and Yelahanka

5.1.4 Preparation and certification of accounts of ULBs

According to KMABR, the financial statements of ULBs should be audited by the Chartered Accountants (CAs) appointed by the DMA. The Commissioner/Chief Officer of ULBs concerned should submit the Annual Financial Statements for each year within two months from the end of financial year to the financial auditor and the auditor should complete the audit within four months (July) from the date of closure of financial year. The CA, after completion of audit, should submit a report along with the audited accounts to the Municipal Council and the State Government. The Audited Accounts should be adopted by the Council within five months from the end of financial year. Table 5.1 below indicates the position of accounts prepared by ULBs and certified by the CAs during 2009-14 (December 2014).

Table 5.1: Position of preparation and certification of accounts as on December 2014

	Total number of ULBs concerned in the year	Number of ULBs which prepared the accounts	Number of ULBs accounts audited	Number of ULBs accounts certified
2009-10	213	213	213	0
2010-11	213	213	213	0
2011-12	213	213	212	01
2012-13	213	213	202	11
2013-14	213	213	75	138
Total	1065	1065	915	150

Source: As furnished by DMA

It could be observed that, 150 Accounts prepared for the years 2011-14 were yet to be certified.

5.1.5 Preparation and certification of accounts of BBMP

In terms of Provision 9 (2) of part II of Schedule IX to the KMC Act, the Commissioner, BBMP is required to make ready the Annual Accounts for the year 2013-14 and produce the same along with relevant records to the Chief Auditor for scrutiny not later than the first day of October 2014. However, BBMP has not prepared the Annual Financial Statements for the year 2013-14 for want of information from unit offices. The Controller, State Accounts Department (SAD) is the Statutory Auditor for BBMP. BBMP had submitted the Annual Accounts for the years 2008-13 to the SAD for scrutiny, which are yet to be certified (February 2015).

BBMP in its reply, stated (January 2015) that a request was made to Controller, SAD in November 2014 to certify the accounts early.

5.2 Comments on Accounts

5.2.1 Statement of expenditure for deposits with external agencies

As per Rule 73 of KMABR, the amount paid to Public Works Department/other external agencies should be treated as advance and a statement showing the outlay incurred during each month with up-to-date

figures should be obtained and adjusted against the advances paid. Five⁶⁰ test-checked ULBs had released ₹3.53 crore during 2012-13 as advances to external agencies but did not take any action to obtain statement of expenditure along with unspent amount, if any, and adjust it against the advances.

5.2.2 Fixed Assets

None of the tests-checked ULBs had maintained the records showing full particulars including quantitative details and location of fixed assets and conducted the physical verification of fixed assets during the five years ended 31 March 2013. In the absence of this, the correctness of valuation of fixed assets and impact on depreciation exhibited in the Annual Financial Statements of test-checked ULBs could not be assessed.

5.2.3 Advances to Employees for exigencies

In six⁶¹ test-checked ULBs, an amount of ₹4.02 crore given to employees as advance for incurring specific and urgent expenditure was outstanding for recovery/adjustment over five years as on 31 March 2013. However, no action was taken by the ULBs to obtain the details of expenditure and recover the amount.

5.2.4 Investments

Audit observed that four⁶² ULBs had invested ₹18.14 crore in term/fixed deposits and Government securities as on 31 March 2013 without Government sanction/approval.

5.3 Borrowings

As per Section 154 (1) of the KMC Act, City Corporations (CCs) may, after passing a resolution at a special general meeting of the Council, with previous sanction of the State Government, borrow funds for asset creation and repayment of loan.

In terms of section 86 of KM Act, the CMCs, Town Municipal Councils (TMCs) and Town Panchayats (TPs) may borrow money required for constructing any work of a permanent nature which it is required or empowered to undertake under the provisions of this Act, or for acquisition of land, from the Government, any bank, corporation or person, after passing a resolution at a special General Meeting of the Council, with previous sanction of the State Government. The amount so borrowed is subject to such conditions as may be prescribed by the Government as to security, the rate of

⁶⁰ CCs, Mysuru (₹2.80 crore) and Kalaburagi (₹0.05 crore); CMC, Shahabad (₹0.25 crore); TMCs, Hunsur (₹0.41 crore) and Wadi (₹0.02 crore)

⁶¹ CC, Mysuru (₹3.07 crore); CMC, Shahabad (₹0.36 crore); TMCs, Hunsur (₹0.19 crore); Nanjangud (₹0.18 crore); Wadi (₹0.13 crore) and Aland (₹0.09 crore)

⁶² CCs, Kalaburagi (₹3.4 crore); Mysuru (₹7.26 crore); TMCs, Hunsur (₹3.16 crore) and Wadi (₹4.32 crore)

interest and the repayment of principal and interest. The details of borrowings in test-checked ULBs are given in Table 5.2.

Table 5.2: Details of Borrowing in the selected ULBs

(₹ in crore)

Year	CC, Mysuru	CC, Kalaburagi	CMC, Shahabad	CMC, Aland	UDMC, Hunsur	TEMC, Nanjangud	BYMC, Madh
2009-10	96.64	1.58*	Nil	Nil	0.43*	0.63*	Nil
2010-11	111.01	1.53*	Nil	Nil	0.43*	0.54*	Nil
2011-12	146.89	1.48*	Nil	Nil	0.43*	0.44*	Nil
2012-13	146.89	1.46*	Nil	Nil	0.43@	0.35*	Nil
2013-14	NF	1.46#	Nil	Nil	NF	NF	NF

Source: Financial statements of ULBs

NF: Not furnished

* Audited and secured; # Secured and unaudited; * Unsecured and audited; @ Unsecured and unaudited

On a review of financial statements of above ULBs with reference to records maintained by them during the years 2009-14, the following observations are made:

5.3.1 Borrowings in Kalaburagi City Corporation

CC, Kalaburagi borrowed (October 2008) long term loan of ₹1.50 crore on security of term deposit made in Indian Bank and utilised it for the wages of contract labourers. However, it was not approved by the Council in General Body meeting. Thus, ₹1.50 crore borrowed and utilised was irregular.

Karnataka Urban Water Supply & Drainage Board (KUWS&DB) on behalf of CC, Kalaburagi raised a loan of ₹35.01 crore from Housing and Urban Development Corporation Limited (HUDCO) and ₹4.21 crore from Life Insurance Corporation of India (LIC) during 2001-04 for execution of Improvement to Infrastructure works (underground drain) of Kalaburagi City. Against this loan, the KUWS&DB repaid the loan principal of ₹36.35 crore up to 31 March 2014 out of State Finance Commission grants. However, this loan account had not been taken to the books of accounts of CC, Kalaburagi as envisaged in rule 73 of KMABR for accounting of delegated loans.

5.3.2 Sinking fund in Mysuru City Corporation

In terms of Section 160 of the KMC Act, the corporation shall maintain sinking funds for the repayment of moneys borrowed on debentures issued by the corporation. The money paid into sinking funds should be invested in Government securities. The CC, Mysuru created sinking fund to the extent of ₹0.24 crore and exhibited the same in its Financial Statement of Accounts. However, the purpose and period of sinking fund created and details of investment made in Government securities out of sinking fund was not on record.

5.4 Thirteenth Finance Commission grants

The Thirteenth Finance Commission (TFC) was constituted to recommend the measures needed to augment the consolidated funds of the States to supplement the resources of the Panchayat Raj Institutions (PRIs) and ULBs. The Commission recommended grant-in-aid to the local bodies as a percentage of the previous year's divisible pool of taxes, over and above the share of the States.

The GoI released general basic grants of ₹304.68 crore and performance grants of ₹208.05 crore for the year 2013-14 to ULBs in two instalments.

5.4.1 Delayed release of funds

The TFC guidelines stipulated that the funds should be transferred to the accounts of ULBs within five days from the date of receipt of grant from GoI, failing which the State Government would be liable to release the instalment with interest at the Reserve Bank of India (RBI) rate for the delayed period. The GoI released the instalments during February 2014, March 2014 and July 2014. Audit observed that there were delays ranging from 10 to 27 days in transfer of funds to ULBs. The interest of ₹1.92 crore for the delay in transferring of funds was not released to ULBs by State Government.

5.4.2 Poor utilisation of TFC grants by the test-checked ULBs

Out of ₹101.16 crore received by the test-checked ULBs during the period 2010-14, only ₹34.81 crore (ranging from 11 to 41 per cent) as detailed in Table 5.3, was utilised.

Table 5.3: Details of TFC grants in test-checked ULBs

Name of the ULB	Grants released				Total	Amount utilised	Balance	Per cent of utilisation
	2010-11	2011-12	2012-13	2013-14				
TMC, Aland	0.51	0.97	1.32	1.18	3.98	0.43	3.55	11
CC, Kalaburagi	2.93	5.56	14.17	8.05	30.71	10.15	20.56	33
TMC, Hunsur	0.63	1.20	1.77	1.91	5.51	1.73	3.78	31
TMC, Nanjangud	0.56	1.06	1.68	1.37	4.67	1.76	2.91	38
CC, Mysuru	5.13	9.76	21.07	12.01	47.97	17.84	30.13	37
CMC, Shahabad	0.56	1.07	1.44	0.91	3.98	1.65	2.33	41
TMC, Wadi	0.59	1.05	1.35	1.35	4.34	1.25	3.09	29
Total	10.91	20.67	51.30	26.87	109.75	37.01	72.74	34

Source: As furnished by ULBs

5.4.3 Non-maintenance of separate cash book and bank account

It was observed that test-checked ULBs (except BBMP) had not maintained separate bank account as envisaged in the guidelines and no separate cash book was maintained for TFC grants.

BBMP had not maintained cash book or any other records/grant register for recording the grant-wise receipt and component-wise expenditure of TFC grants during the year 2013-14. BBMP had submitted the Utilisation Certificate (UC) to the State Government in March 2014 for the entire amount of General Basic Grant of ₹34.69 crore received during the year 2013-14. In the absence of basic records, cash book and grant register, the correctness of grant receipts and component-wise expenditure mentioned in the UC submitted to the State Government could not be assessed.

These issues would not only impact the process of obtaining UCs but there was also the risk of misappropriation of funds.

BBMP in its reply, stated (January 2015) that the cash book was maintained. On verification, Audit noticed that cash book maintained was incomplete as only payment details were recorded.

5.4.4 Diversion of grant

BBMP had diverted TFC grant of ₹44.20 crore for payment of salaries and advances to works not covered under TFC grants. This was done by irregularly transferring the funds from TFC grant to the General Fund bank account of BBMP.

BBMP, in its reply, stated (January 2015) that the diversion was made to meet the emergency requirement of finance and ₹25.00 crore out of ₹44.20 crore diverted was recouped.

It was also observed in CC, Mysuru that TFC grant amounting to ₹11.86 crore was utilised for payment of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) project contribution (₹8.21 crore) and other works (₹3.65 crore) which were not included in the action plan approved for utilisation of TFC grant.

5.4.5 Non-preparation of action plan by BBMP

As per guidelines issued (18 August 2010) by the State Government for utilisation of TFC Grants, an Action Plan was required to be prepared and approved by Council/Government before utilisation of grants. However, no such Action Plan was prepared and got approved by the Council before utilisation of grants.

BBMP in its reply, stated (January 2015) that the action plan was incorporated in the regular budget of BBMP. However, the fact remains that BBMP had not prepared the action plan work-wise and component-wise for utilisation of fund.

5.5 Internal control

The State Government did not have Internal Audit Wing to oversee the functions of ULBs. Further, it was observed that ULBs were not adhering to financial rules as the statement of expenditure was not obtained and Annual

Accounts were not prepared and certified within the stipulated dates. Non-maintenance of cash books, bank books and mandatory registers indicated inadequate internal control system in ULBs. Further, there was no system of conducting physical verification of stores in the seven test-checked ULBs.

The Annual Accounts of BBMP were not prepared and certified within the stipulated dates. The ledger accounts prepared under FBAS were not properly balanced at the end of each financial year. The bank accounts were not reconciled periodically. Cash books, grant registers and records envisaged in fund based accounting manual for recording the transactions out of borrowings were not maintained. Internal audit system was not in existence in BBMP. These deficiencies in maintenance of books of accounts and absence of internal audit system indicated that the internal control was not effective in BBMP.

5.6 Conclusion

In spite of preparation of accounts by ULBs, there was shortfall in certification of accounts by CAs during the years 2011-14. Annual Accounts of BBMP for the years 2008-13 were not yet certified. Statement of expenditure was not obtained from external agencies to which ULBs had paid advances. The ULBs did not utilise the entire TFC grants during the period 2010-14. Internal control mechanism was inadequate as there was no Internal Audit Wing and there were instances of non-maintenance of cash books and bank books.

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ANNEXURE - "E"

BBMP's last audit was in 2009-10;
Performance grant unlikely

Bharath Joshi, ET Bureau Feb 27, 2015, 10.46AM IST

Tags: Suresh Kumar | finance commission | comptroller and auditor general | CAG | Bengaluru | BBMP commissioner | BBMP | audit | 14th Finance Commission

BENGALURU: It was five-years ago that the Comptroller and Auditor General (CAG) last audited the accounts of the Bruhat Bengaluru Mahanagara Palike (BBMP), effectively meaning that the civic body is not entitled to receive performance grants from the 14th Finance Commission.

Urban local bodies in the state are entitled to bag Rs 1,171.38 crore as performance grants from 2016 to 2020. But for BBMP to become eligible, it will have to submit audited annual accounts of not earlier than two years preceding the year in which it wants to claim the grant. It means that if the BBMP wants performance grants for 2016-17, it will have to submit audited accounts of 2015-16 or 2014-15.



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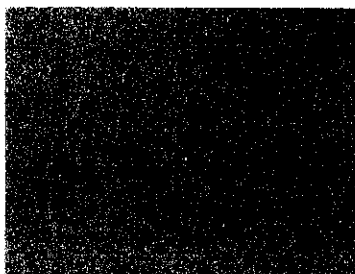
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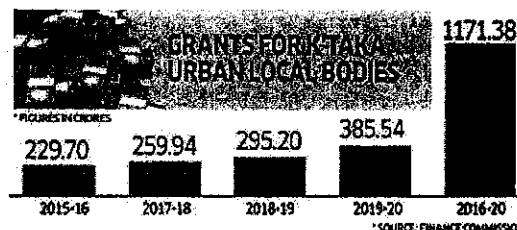
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- Govt seeks Parliament nod to spend more on Swachh Bharat



"The last internal audit was 2011, so BBMP won't get the performance grants," says a BJP corporator, who did not wish to be identified. Last year's CAG report on local bodies states that the last audited annual account of the BBMP was 2009-10. "During the course of last audit conducted for the year 2009-10, 226 audit paragraphs involving financial irregularities amounting to Rs 350.31 crore were communicated to the BBMP," the CAG said.

BBMP's track record with the CAG has not been convenient, as the watchdog has constantly rapped the civic body for financial irregularities. From 1964 to 2008, financial irregularities amounting to Rs 1,511.85 crore were outstanding, the CAG observed.

Ask Siddalah, who retired as the BBMP commissioner two years ago, about the state-of-affairs. "Audit? I don't think people in BBMP even know what it means," he laughed. "What the BBMP needs is mandatory pre-audit for all the civic works, even those as small as Rs 1 lakh." Siddalah, who is a member of the committee set up to split BBMP, said it is too premature for the panel to consider 14th Finance Commission grants while determining how best the BBMP can be administered.

In an earlier report, the CAG rapped the BBMP on its poor maintenance of cashbooks for JNNURM project accounts for the period 2006 to 2012. It was observed that cashbooks were not maintained in the prescribed formats. "Cashbook was not closed daily and the opening, closing balances were not exhibited. The bank reconciliation statement was not prepared monthly by the chief finance officer," the CAG said then. "Finance is one area among many others in which the BBMP lacks discipline," said BJP spokesperson S Suresh Kumar.



ANNEXURE - "F1"

11/11/2015

Hoarding Mess: BBMP Incurs Rs 2k-crore loss - Bangalore Mirror

Advertisement Scam

BangaloreMirror

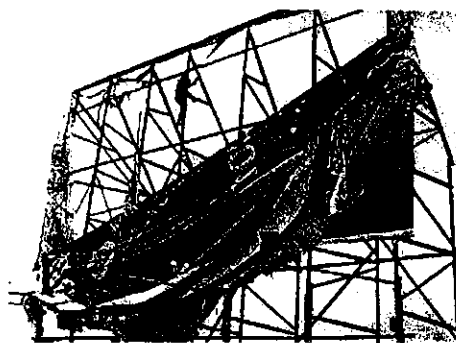
Annex-F

①

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HOARDING MESS: BBMP INCURS RS 2K-CRORE LOSS

By Atul Chaturvedi, Bangalore Mirror Bureau | Jul 11, 2015, 04.00 AM IST



Report recommends inquiry by CID or CBI to probe the lacklustre tax and fine collection and weak pursuit of cases involving illegal ad hoardings pending before court

Shoddy functioning on the part of BBMP in collecting advertisement taxes, imposing fines on illegal hoardings and pursuing cases pertaining to unauthorised hoardings across the city pending before the courts has led the civic body to incur a whopping loss of Rs 2,000 crore.

This is an ironical situation as this loss has been incurred despite CM Siddaramaiah striving to streamline the system to rein in illegal advertisement hoardings even as BBMP administrator TM Vijay Bhaskar is trying to increase BBMP's revenues through the advertisement system.

BBMP assistant commissioner (Advertisements) K Mathai on Friday submitted a 106-page report to the administrator Vijay Bhaskar recommending an inquiry by CID or CBI into the reasons for these losses. "The advertisement bye-laws were brought into force since the year 2006 and in the past eight years the administration has failed to collect fines from the illegal advertisement hoardings. The number of illegal hoardings has become more in these years, the officials have not calculated any length and width and it has incurred a loss of Rs 2,000 crore to the (BBMP's) exchequer. As there is a huge financial loss incurred by the BBMP, it is recommended to conduct an inquiry via CID or CBI," the report states, adding the entire administration has collapsed when it comes to ad tax collection.

The report, a copy of which has been marked to the BBMP commissioner G Kumar Naik, also alleges that the BBMP's legal cell had failed to make adequate appeals in the cases pertaining to the illegal hoardings pending before the courts. In the present scenario, BBMP is getting revenue of Rs 30 crore which can easily be increased to Rs 300-Rs 500 crore and hence it is high time to streamline the advertisement policy.

Mathai further maintained that he is ready to come forward anytime to face any kind of inquiry if he is transferred out from the advertisement department. Mathai was in the news a year ago when he, as the commissioner of Mandya Urban Development Authority (MUDA), had recommended a CBI inquiry into an alleged Rs 300 crore land scam involving housing minister Ambarish. There are several cases pending before the courts pertaining to illegal hoardings. The advertisers have been successful in obtaining a stay from the court. And despite passing of several years the legal department of BBMP has failed to vacate the stay. From the illegal hoardings at least one year's tax amount should be collected in the form of fine besides the illegal hoarding being removed. But in the Balram Publicity case, the legal

11/11/2015

Hoarding Mess: BBMP incurs Rs 2k-crore loss - Bangalore Mirror

department has informed the court that there is no necessity to collect the fine amount.

There are several such examples in which the BBMP cell has informed the same to the courts. Mathai took over as BBMP's advertisement assistant commissioner on November 25, 2014. One of the first steps he took was to file a criminal case about his office letterhead getting forged by the then Appeal standing committee chairman T V Krishna (elected body).

WHAT ARE THE ALLEGATIONS?

*The advertisement bye-laws were enforced in the year 2006 and it was fully under the control of BBMP head office. During the time there were around 600-700 advertisement hoardings. From the year 2007, the responsibility was decentralised. The assistant revenue officers and zonal joint commissioners have been giving away permissions since then.

*The head office is working like as a mediator between the zonal offices and there is no control over the advertisement tax collection. Despite this the head office controls advertisements on skywalks, BMTC bus shelters. For this, there are designated posts for executive engineers, assistant executive engineer and assistant engineers. But for the last 7 months all these posts have remained vacant.

*The number of illegal hoardings is increasing but there is no squad available with BBMP to carry out a removal drive. The agreement between the eight such squads has come to end. There are no removals being undertaken at the zonal levels.

*There are standing orders from BBMP commissioner to collect one year's tax with fine amount. The commissioner also issued show-cause notices to all zonal joint commissioners and assistant revenue officers (AROs), but no one has bothered to reply or to collect the fine amounts from those putting up illegal hoardings.

*After the elected body, the BBMP administrator and the new commissioner also issued notices to the officials to collect the fines and carry out the removal drives, but the efforts have gone in vain.

*The zonal level revenue inspectors, AROs and zonal level officials have all the information pertaining to the illegal hoardings in their limits despite that they are sitting quite. All these officials have hand-in-gloves with the advertisers.

*The loss incurred by BBMP is estimated to be Rs 2,000 crore. It is being studied by the ARO (advertisement) posted at the BBMP head office.

Read: Why illegal hoardings will thrive: Penalty is just Rs 50

Read: Probe begins into Bankrupt BBMP's hoarding revenue

Read: Administrator orders survey in all zones to inspect legal and illegal city hoardings

GALLERIES

ANNEXURE - "F2"

11/11/2015

No probe into advertisement scam - The Hindu

THE HINDU

Advertisement Scam
(2)

CITIES - BENGALURU

Published: July 16, 2015 07:58 IST | Updated: July 16, 2015 07:58 IST July 16, 2015

No probe into advertisement scam

- K. V. Aditya Bharadwaj

For all the promise of bringing in transparency in the functioning of BBMP, the civic body has decided against any probe into the alleged irregularities in advertisements and hoardings.

The decision came despite an internal report by Assistant Commissioner (advertisements) K. Mathai pegging the revenue loss due to illegal advertisements at Rs. 2,000 crore and recommending a probe by CID or CBI.

Mr. Mathai said, "I have submitted my report. It is up to the administration to make good the revenue loss in whichever way possible. The administrator will take action as he sees fit."

BBMP Administrator T.M. Vijay Bhaskar told The Hindu that the civic body does not see the need for a probe. However, the report had several other suggestions, which are being discussed and an attempt will be made to implement them.

Mr. Mathai's report listed out three major reasons for the loss. The prime one being laxity in enforcement and collection of fines. He has alleged that zonal level officials and the legal department are hand in glove with those putting up illegal hoardings. "The revenue inspectors know of all the illegal hoardings in their jurisdictions. But even repeated show cause notices have failed to generate any response," he has said.

The report pointed out the loopholes in the law that has led to revenue loss. If an application seeking permission for a hoarding is not processed within 45 days, it is deemed to be permitted. BBMP has not collected tax or fine from any of these hoardings, claiming they are illegal. However, they have turned legal according to the 'deemed legal' provision. Thousands of such cases are pending in various civil courts.

Mr. Mathai has come down heavily on the functioning of the legal cell in the BBMP and accused the department of being a major cause for revenue loss. Thousands of such cases regarding hoardings have been stayed by courts from the past five years and the department has made no effort to vacate the stay orders.

"The law clearly states that if tax is not paid for a year, then the hoarding will automatically turn illegal. This provision can be used to vacate most of the stay orders and bring in revenue, but is suppressed," he said.

Confusion over advertisement policy

Confusion reigns over the advertisement policy. The former BBMP council had adopted a resolution to increase advertisement rates before doing a U-turn in 2014 when it adopted yet another resolution to make the city free of hoardings. However, the State government did not approve of the blanket ban on hoardings.

BBMP Administrator T.M. Vijay Bhaskar went against the resolution saying the civic body is not in a financial position to give up such an important source of revenue and restarted the process of giving permissions for hoardings.

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CITIES • BENGALURU

July 16, 2015

No probe into advertisement scam

• K. V. Aditya Bharadwaj

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11/11/2015

Government Denies Increment to KAS Officer Who Exposed BBMP Scam - The New Indian Express



ANNEXURE - "F4" *Advertisement Scam* (3)

Government Denies Increment to KAS Officer Who Exposed BBMP Scam

By Yathraju

Published: 07th May 2015 05:58 AM

Last Updated: 07th May 2015 05:58 AM

[G+](#) 0 [Email](#) 0

BENGALURU: The government has punished an upright official who recently exposed a multi-crore hoardings racket in the BBMP.

The Department of Personnel and Administrative Reforms (DPAR) has withheld the annual increment of K Mathai, assistant commissioner (Advertisements), Bruhat Bengaluru Mahanagara Palike.

The DPAR alleges he resisted transfer orders and went on a personal trip to the US without its permission. He had, however, taken permission from his parent department.

In an earlier stint, Mathai had brought to light extensive land grab in Mandya. That ₹300 crore scandal is being investigated by the CBI.

The government has cut his increment under the Karnataka Civil Service Rules of 1966, after a DPAR inquiry. Also, his salary from July to November 2014 remains unpaid.

According to the April 17 order, signed by Dr Bagadi Gautham, under secretary, DPAR (Services), Mathai is guilty of going directly to the Urban Development Department for a re-posting, instead of approaching the DPAR.

Mathai, a KAS officer, has been moved around wildly, and in quick succession. He was transferred seven times in three months in 2014.

Delay Explained: In his reply to DPAR, Mathai has denied all charges. He said he had not been relieved as Commissioner of Mandya Urban Development Authority before July 14, 2014, because the election code of conduct had come into force, and also, an inquiry he had initiated had not been completed.

But the DPAR alleged he had similarly resisted transfers on two other occasions.

Mathai replied he had followed instructions from higher authorities.

The DPAR in turn said he had been adamant in seeking action against officials who had issued a show-cause notice to him.

"I have not shown any adamant behaviour... and there was no bad intention behind not reporting to duty. I did not show any misconduct and resumed charge as assistant commissioner of Advertisements, BBMP, after my transfer was approved by the chief minister," he replied.

Childish, Says Govt: As far as the foreign tour is concerned, Mathai contended the DPAR had asked him to submit his application to the Revenue Department. The DPAR termed this a 'childish reply', and said he had provided no proof that he had written to the Revenue Department.

Bureaucrats say the government has no powers to transfer an official arbitrarily before he completes three years in a post. However, the DPAR has punished Mathai on the grounds that he gave evasive answers and did not prove his claims. That, it says, amounts to all charges being accepted by him.

Official Named

Meanwhile, Mathai has accused Vishwanath Hiremath, under secretary, DPAR, of harassing him and delaying his salary.

He has also lodged a complaint against Hiremath with Upa Lokayukta Subhash B Adi, Chief Secretary Kaushik Mukherjee and Chief Minister Siddaramaiah.

Hiremath said the punishment order was self-explanatory. "I implement the orders of the government. I do not have any role in it," he said.

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1

11/11/2015

BBMP could earn Rs 800 crore from e-auction of hoardings: Upa Lokayukta Justice Subhash B Adi - timesofindia-economictimes

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BBMP could earn Rs 800 crore from e-auction of hoardings: Upa Lokayukta Justice Subhash B Adi

ET Bureau Feb 3 2015, 11:58AM IST

Tags: Upa Lokayukta | Subhash B Adi | Bengaluru city | Bengaluru | BBMP Mayor and Commissioner | BBMP council | BBMP | Alesh Collections

BENGALURU: Upa Lokayukta Justice Subhash B Adi has said the BBMP could earn Rs 800 crore plus in annual revenues if the authorities go for e-auction of hoardings in public and private places. This will not compromise on the City's beauty either.



(The Upa Lokayukta...)

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Justice Adi mentions in his report that the Kempegowda International Airport earns about Rs 200 crore a year from advertisements, and the Railways earns about Rs 15 crore a year from the few hoardings it has allowed in Bengaluru City. "Comparing small international airport area and the Railways, one can imagine as to the loss that the BBMP has incurred for several years without anybody accounting for it (hoardings)," the report says.

The Upa Lokayukta has said that, according to his understanding, in prime localities ad agencies charged more than Rs 1 crore from the companies that have advertised their products. According to the figure mentioned in the BBMP council meeting, there are about 21,000 hoardings in the City. Justice Adi mentions in the report, and says one could imagine how much revenue BBMP is losing.

The BBMP has received 1,635 applications for renewal before deadline, and 210 later. "Except these applications for advertisement, all other advertisements such as hoardings, pole ads etc. are all unauthorised."

According to the information that he gathered from NGOs and others, there is a nexus between the corporation officials and some politicians who are either directly or indirectly connected with ad agencies, and are earning several crores of rupees from the ad business and the BBMP has remained silent spectator.

The Upa Lokayukta has suggested the law governing disfigurement of public places should be strengthened, and the penalty clause should act as a deterrent, and should even include the abettor. According to the report, political intervention often comes in the way of checking the menace of unauthorised flex, banners, hoardings etc.

Writing on the wall

BBMP collects Rs 20-30 crore per year from hoardings while it spends Rs 4 crore plus to remove them. Files related to hoarding permission, renewal and payments are missing. Ad agency Alesh Collections got permission in 2008 to erect pole ads with flower pots for 500 poles. The agency is displaying pole ads without any flower pot, and the number of pole ads are more than 5,000 in BBMP area, according to oral complaints received by Upa Lokayukta Alesh Collections owes Rs 64.30 lakh for its original period, and the renewed period has expired. "However, the agency is continuing with its ad business in the name of pendency of case, and making huge profit. "There is a nexus between the ad agency & BBMP officials", says Upa Lokayukta

11/11/2015

BBMP could earn Rs 800 crore from e-auction of hoardings: Upa Lokayukta Justice Subhash B Adh - timesofindia-economicstimes

If someone files complaint with police, they won't register it. Even if they do, it will not be against the political leader, but his party. Police avoid registering cases against violators fearing harassment, even manhandling by the supporters of politicians and political parties.



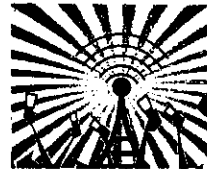
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03 Feb, 2015 12:58 PM

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11/11/2015

BBMP chief to inquire into garbage scam

DH

DECCAN HERALD

Wednesday 11 November 2015
News updated at 9:59 AM IST

ANNEXURE - "F6"

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BBMP chief to inquire into garbage scam

Bangalore, Oct 26, DHNS

Last updated: 26 October, 2010

Bruhat Bangalore Mahanagara Palike (BBMP) Commissioner Siddalah will inquire into the alleged multi-crore garbage scam in the City.

Sources in the BBMP said, the High Court, after vacating the stay, had asked the BBMP Commissioner to hear the grievances of the garbage contractors and take further action.

Following reports about the scam, the previous BBMP Commissioner had ordered an inquiry by the Bangalore Metropolitan Task Force. The Task Force found a scam and recommended for action against the contractors and Health Department officials.

In the meantime, some contractors got a stay against the inquiry and the possible action thereafter. The contractors had contended that their voice remained unheard during the course of investigation. The High Court recently vacated the stay entitling the BBMP Commissioner to inquire into the matter, after hearing the contractors. It was learnt that the Commissioner would hear the contractors and initiate further action.

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11/11/2015

Lokayukta police to probe BBMP garbage tenders - The Hindu

THE HINDU

Garbage Bills Scam
(2)

CITIES • BENGALURU

Published: December 15, 2012 08:29 IST | Updated: December 15, 2012 08:30 IST BANGALORE, December 15, 2012

Lokayukta police to probe BBMP garbage tenders

• Staff Reporter

*'Officials are in cahoots with contractors'*

The Special Lokayukta Court, Bangalore, on Friday directed the Lokayukta police to register a first information report (FIR) against senior officials of the Bruhat Bangalore Mahanagara Palike (BBMP) and investigate the alleged scam in awarding garbage disposal tenders. The Lokayukta police have been directed to submit their findings to the court by January 24.

The order was passed on a private complaint filed by the former Mayor P.R. Ramesh, who said senior bureaucrats had colluded in the scam. He alleged that BBMP Commissioner Rajneesh Goel, Urban Development Principal Secretary Amita Prasad and eight others conspired to benefit the contractors by tampering with the tender process. Though the proposal was for clearance of 100 per cent waste, terms added later authorised the contractors to sell 30 per cent of dry waste after segregation. Such changes in tender documents were in violation of the Transparency Act and were done to ensure personal gain to all contractors who are hand in glove with the officials, he said.

"Instead of paying contractors to lift dry waste, the BBMP could have granted permission to another contractor to lift and sell the dry waste at the segregation point. This could have ensured income for the BBMP," he said. "With the cost of dry waste at Rs. 10 per kg, daily sale of such dry waste brings the contractor a whopping Rs. 1 crore every day."

Printable version | Nov 11, 2015 10:06:08 AM | <http://www.thehindu.com/news/cities/bangalore/lokayukta-police-to-probe-bbmp-garbage-tenders/article4202884.ece>

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11/11/2015

BMTF nails BBMP's garbage scam - The Times of India

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ANNEXURE - 'F8'

Garbage Bills Scam ③

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BMTF nails BBMP's garbage scam

TNN | Sep 29, 2012, 05:25AM IST

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BANGALORE: Segregation at source is the answer to all our garbage woes, the BBMP may want us to believe. But the bigger culprits in this mess are garbage contractors who indulge in unbridled malpractices, a recent report by urban governance watchdog, the Bangalore Metropolitan Task Force (BMTF), has revealed.

With BBMP finalizing the bids for new garbage management tenders on Saturday, one would expect that the same lot of contractors will not figure in the list. On the contrary, BBMP sources have confirmed that the same set of contractors is in the race here too.

The BMTF report said solid waste management contractors who worked during 2007 have not given BBMP details on the quantity of waste generated and collected. The contractors had disabled the GPS device attached to 108 of 196 garbage-carrying trucks to manipulate the bills, it said.

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Committee to Probe Khata Scam - The New Indian Express



ANNEXURE - "Fg" Khatha Scam ①

Committee to Probe Khata Scam

By Express News Service

Published: 29th May 2014 10:44 AM

Last Updated: 29th May 2014 10:44 AM

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BANGALORE: A BBMP committee will probe allegations of 'A' khata being issued to revenue sites as this may affect the Akrama-Sakrama scheme to be implemented by the government.

Mayor Sathyanarayana said the committee will have Kacharakanshalli councillor Padmanabha Reddy and BBMP Additional Commissioner Kaveri on board.

At a meeting on Wednesday, Reddy, who submitted illegal khata documents pertaining to Govindrajnagar, urged the BBMP council to penalise officers who issued khatas for revenue sites.

"More than 7,000 revenue sites might have received 'A' khata by paying bribes between '50,000 and '3.5 lakh depending on the dimension of the sites," he alleged.

BBMP Deputy Commissioner (Revenue) I Ramakanth said issuing 'A' khata for revenue sites amounts to violation of provisions of Akrama-Sakrama.

He clarified that the BBMP will collect betterment fee from only converted bulk land and not revenue sites at present.

Meanwhile, the council approved a proposal to collect betterment fees without interest if paid within a year. An additional 10 per cent will be charged in the subsequent years. In January, the council had fixed betterment fee at Rs 200 per square metre in old areas and at '250 per square metre in newly-added areas.

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BBMP loses Rs 250 crore in RR Nagar khata scam

DH

DECCAN HERALD

Wednesday 11 November 2015
News updated at 9:59 AM IST

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BBMP loses Rs 250 crore in RR Nagar khata scam

Jan 15, 2015, Bengaluru, DHNS

Palike officials issued hundreds of deeds to layouts formed illegally on govt land, parks



Yet another scam has surfaced in the Bruhat Bangalore Mahanagara Palike (BBMP).

Real estate developers, in connivance with Palike officials, issued khataas (deeds) for layouts that were formed by encroaching upon government land and lakes in the Rajarajeshwari Nagar zone. The scam caused huge losses to the Palike as well as the State Exchequer.

The scam is not exactly a new discovery but its enormity came to the fore only recently when members of the BBMP's Standing Committee on Personnel and Administrative Reforms went on an inspection and chanced upon the mismatch in khataas and the approved layouts.

The members had conducted the inspection at various zonal offices two months ago after receiving complaints of irregularities in the BBMP's welfare and revenue department in the RR Nagar zone.

M Krishnappa, chairperson of the committee, told a press conference on Wednesday, "The BBMP has suffered a loss of Rs 250 crore due to the irregularities. Five revenue officers from RR Nagar—Basavaraju (former revenue inspector), Chandrashekhara (assistant revenue officer), Ramesh and Munal (first division clerks) and Bheemappa (former joint commissioner)—are responsible for issuing khataas illegally."

Krishnappa said that the committee would file a complaint with the Bangalore Metropolitan Task Force (BMTF) through Palike Commissioner M Lakshminarayana, requesting it to file criminal cases against the culprits. According to the committee, hundreds of khataas were issued directly to individuals, including JD(S) leader K Bagegowda and industrialist RN Shetty.

"Palike officials issued khataas for nearly 66 acres of land, belonging to R N Shetty, his relatives and the R N Shetty Trust in RR Nagar, in a single day. The officials didn't collect any documents or betterment charges."

Khataas have been issued even for Kharab land that includes park space. Similarly, in ward No 129, Kenchenahalli, Survey Nos 42, 43 and 43/3, khataas were issued illegally for hundreds of spare sites. A total of ten acres and 30 guntas of land that is not converted, belonging to Bagegowda, has been given khataa," Krishnappa added.

Nagapura corporator and committee member S Harish said that the JD(S) leader owned a total of 20 acres of land in the above surveys but got conversion done only for ten acres so far.

Besides, welfare officer from RR Nagar, Abhishek Aditya, was found guilty of misusing education funds.

"The money earmarked for providing amenities BBMP schools was misused," Krishnappa said.

The committee also blamed Palike Commissioner M Lakshminarayana for re-posting Nanjappa Veerappa to the CV Raman Nagar division as Assistant Executive Engineer despite charges and irregularities being framed against him.

The Palike commissioner, however, said that he would take action only after going through the documents. According to him, he has complete records of the controversial Maharaja Complex on KG Road but hasn't seen the place physically.

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House on the hill? It is a Rs 500 crore scam: NR Ramesh

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House on the hill? It is a Rs 500 crore scam: NR Ramesh

DC CORRESPONDENT | February 24, 2015, 06:30 am IST

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BBMP council N.R. Ramesh

Bengaluru: "Getting a khata done for a 30x40 feet property is a Herculean task for citizens of the city, but a generous BBMP has given the khata for an entire hillock at Rajarajeshwarnagar. The Palike has also issued a building plan in contravention with the law," alleged ruling party leader in the BBMP council N.R. Ramesh, here on Monday.

Unearthing a scam involving a whopping Rs 500 crore, Mr Ramesh said that the hillock, Hanumagiri, situated on Survey No. 168 of Hosakerihalli in Rajarajeshwarnagar spreads over 14.1 acres. The land was converted into "non-agriculture" and the khata was issued in favour of private builders. Since the Supreme Court has ruled that hills and hillocks are government property and "B" kharab land, they can be used only for public purpose amenities like playgrounds, stadiums and parks.

He demanded that the revenue department should cancel the auction, and the BBMP and BDA should withdraw the plans. The housing project should be stopped immediately, he said. The builder has produced a fake certificate from the pollution control board and failed to obtain no objection certificate from the HAL airport as the company is constructing skyscrapers (48 floors).

Auctioning and converting government land into non-agriculture and residential purpose is a criminal offence. The land was auctioned for Rs 18 crore in 2006, and it was re-sold the same year, he said. "I have already registered a complaint with the BMTF and Lokayukta. Within a week, a PIL will be filed before the high court. A number of influential people and political bigwigs are involved in the scam," he alleged.

Revenue officials from BBMP have sent a demand notice to the builder for Rs 2.4 crore as betterment charges, but the builder has not bothered to pay. The officials have failed to collect the charges and initiate appropriate action, he said and demanded stern action against all the officials involved.

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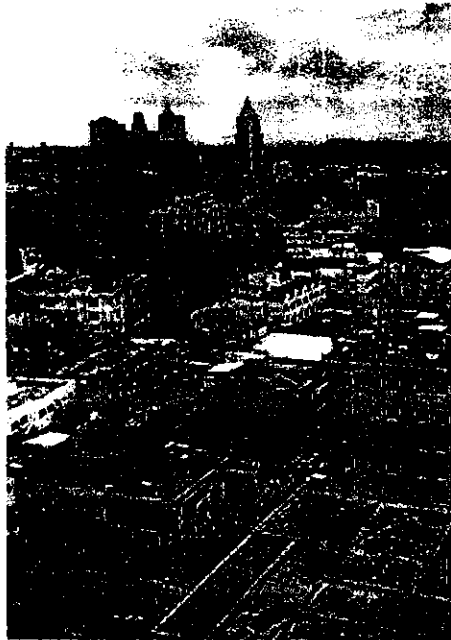
HC shoots down BBMP practice of issuing 'B' Khatas - Bangalore Mirror

BangaloreMirror

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Khatha Scam
(4)**HC SHOTS DOWN BBMP PRACTICE OF ISSUING 'B' KHATAS**

By Atul Chaturvedi, Bangalore Mirror Bureau | Jan 13, 2015, 04.00 AM IST



Here is some good news for lakhs of property owners who are caught between deceitful builders and corrupt civic officials with regards to obtaining khatas for their properties: The Karnataka High Court has dubbed the practice of issuing 'B' Khatas as illegal. It has ordered the Bruhat Bangalore Mahanagara Palike (BBMP) to include all properties in the Form A Register.

'B' Khata properties are those unauthorised constructions in the city built on lands without valid sanctions and approvals. 'B' Khata is not an entitlement to the property, but simply an acknowledgement that tax for the said property is being paid to the government. It is not a title deed and is just an identification entered in a register titled "B" and hence the name 'B' Khata - it is 8% not considered as a valid Khata extract.

The court ordered the BBMP to issue property identification numbers (PIN) to all properties irrespective of being assessed or not for levying

property tax.

The double-whammy to the BBMP was delivered by Justice Ram Mohan Reddy while delivering the order with regard to writ petition numbers 6734-6751/2013 (LB-BMP) three weeks ago.

The move would not only help more than two lakh property owners who have been issued only 'B' Khatas on the ground that their properties are not in compliance with BBMP rules, but also aid aspiring property owners in availing loans to buy flats/villas/independent houses.

The court order was given with respect to the petition filed by 20 members belonging to Bangalore Kshatriya Komparpanth Samaj which had challenged BBMP's issuance of 'B' Khata to them. Residents of Sharadamba Residency situated in Dubasi Palya, Valagerahalli, Kengeri Hobli in Bengaluru South taluk approached the High Court led by Shanta M Gad, Veena Shivanand Naik and Seema Mahesh Nayak.

The writ petition was filed seeking the quashing of the order dated August 18, 2011 passed by assistant revenue officer to the extent of issuing 'B' Khata to the occupants of the Sharadamba Residency. They sought a court direction to the civic officials to issue transfers of khata number in the 8 registry corporation in accordance with the provisions of the section 114 of the Karnataka Municipal Corporation Act, 1976.

The court maintained that there can be no more doubt that the words 'unass-essed properties' in Rule 11 of the rules is inconsistent with section 108-A of the act relating to levy and collection of property tax

<http://www.bangaloremirror.com/bangalore/civic/BBMP-B-Khatas-property-owners-Justice-Ram-Mohan-Reddy-Kshatriya-Komparpanth-Samaj-property-tax...> 1/4

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HC shoots down BBMP practice of issuing 'B' Khata - Bangalore Mirror

on all properties falling within the territorial jurisdiction of BBMP.

The BBMP officials claimed that the circular dated August 28, 2009 issued by the commissioner says the names should be recorded in register in Form B.

But the judge maintained that the guidelines issued by BBMP relating to recording names in register in Form B in respect of levy and collection of property tax over vacant land and buildings do not comply with sanctions and approvals under the various applicable enactments.

In the absence of statutory compulsions either under section 108-A of the Act or the rules, and in the light of the inconsistency the circular is without authority of law. It is elsewhere said that a circular has no force of law unless it has the backing of a statute.

What the order reads

It is the responsibility of BBMP commissioner to ensure necessary amendments to the rule if it so desires, so as to include in Form B register assessment to tax of properties which do not have approvals and sanctions under various applicable enactments, falling within purview of section 108-A (3) of the act, rather than include them in Form A register.

Further it has to ensure that the assignment of property identification numbers to all properties to all properties falling within its jurisdiction, irrespective of being assessed or not assessed to levy of property tax.

Interestingly, Justice Reddy ascertained that until BBMP does such an exercise there would be no justification for BBMP to include individual properties in Form B register and issue extracts and other documents.

Justice Reddy further made it clear that the BBMP intends to record the assessment of property tax in respect of properties falling under section 108-A (3) of the act in a separate register, shall make available to the persons all relevant material particulars to enable petitioners to file their objections and thereafter pass orders in accordance with law.

What was the case

The petitioners having purchased undivided right, title and interest in the immovable property and the residential apartments in the multi storied residential apartment complex, applied for property tax assessment of the apartments.

The assistant revenue officer recorded the findings that the building was not compliant with the BBMP's building by-laws 2003 following which issued extracts of Form B property register. The residents claimed that the issue of B Khata is illegal since not supported by either the act or the rules.

Though the BBMP officials claimed that the 'B' Khata was introduced during 2009 and made mandatory in respect of properties not compliant with by-laws and without valid legal sanctions or with disputed title; while properties which are legal are eligible for being entered in A register.

Officials further stated that such if those properties which do not have approval and sanctions under the various enactments are entered in the B register since basic amenities, water and electricity are provided and therefore the need to levy property tax on such properties. In addition BBMP stated that the occupants cannot claim as a matter of right for issuance of regular khata numbers by assigning property identification numbers.

Section 108-A (3)

The BBMP may levy and collect the property tax from every building, vacant land or both including a building constructed in violation of the provisions of building by-law or in an unauthorised layout or in a revenue land or from a building occupied without issuance of occupancy or completion certificate except the building constructed illegally in government land, land belonging to any local body, any

11/11/2015

HC shoots down BBMP practice of issuing 'B' Khata - Bangalore Mirror

statutory body or an organisation owned or controlled by the government.

The property tax collected from such building shall be maintained in a separate register.

Provided that levy and collection of property tax under this subsection from such building does not confer any right to regularise violation made, or title, ownership or legal status to such building, such buildings shall always be liable for any action for violation of law in accordance with the provisions of this Act or any other law.

Further, section 108-A was inserted by Act No 2/2009 with effect from January 13, 2009 and on the same day BBMP property tax rules 2009 was also brought into force.

Rule 11 of the rules reads: "The property tax collected from the owner/occupier in respect of property assessed to tax shall be maintained in property tax register in Form A and in respect of un-assessed properties shall be maintained in a register in Form B.

Form A under rule 11 has the following nomenclature "Register maintained for the property having PID number during the block period", while that of Form B reads "Register maintained for properties without Katha/PID number during the block period."

Justice Ram Mohan Reddy stated that properties which have no legal title and buildings erected in violation of the act and the by-laws are susceptible to assessment to property tax under sub-section (3) of section 108-A of the act.

The said section does neither either speak of khata nor property identification number, except to record the assessment to property tax in a separate register.

Though the rule 11 provides for two registers one in Form A in respect of properties assessed to tax and another in Form B in respect of unassessed properties, Form A has the nomenclature in relation to properties having property identification numbers while Form B in respect of properties without Katha/property identification numbers.

The introduction of PID number is neither forthcoming from the act nor the rules. Since there is no definition of the said form under the act or rules, Reddy ascertained.

What officials speak

When contacted BBMP commissioner M Lakshminarayana said, "To get the information about the properties which are under the tax net we keep two different registers. Those properties which do not have clear titles are registered in B register ('B' Khata).

"There are around 14 lakh property holders in city having registered in Form A while around 2 lakh property holders do not have clear titles. Such properties are registered in Form B. I cannot issue Form A to every property which do not have clear titles.

"I will make a submission before the court stating the difficulty I face."

WHAT THE PETITIONS HAD TO SAY

Bangalore Kshatriya Komparpanth Samaj president YT Naik claimed that the court scraped the 'B' Khata and asked BBMP to issue the A Khata to everyone. We are still to get the orders in our hand, he said. Mahesh Naik one of the flat owners said: "We were told that BBMP is not issuing 'A' Khata and they issued 'B' Khata. But still we don't understand why BBMP issued 'B' Khata for us. There was little bit set back deviation. The building had got Commencement certificate but I feel that completion and occupancy certificate was not issued, that might be the reason for denying the 'A' Khata." The 16 flat Apartment has basements G+3 floors which is built on 8,000 sqft land having BBMP's sanctioned plan.

GALLERIES

11/11/2015

19 BBMP officials charged in TDR scam



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19 BBMP officials charged in TDR scam

Bengaluru, Dec 31, 2014, DHNS:

Nineteen BBMP officials have been charged with forgery, cheating and tampering of records in connection with transferable development rights (TDR) scam by Bangalore Metropolitan Task Force.

The case has been registered under Sections 409, 420, 218 and 120 (B) of IPC and Article 441 and 436 (A) of Karnataka Municipal Corporation Act. The task force will investigate the case beginning 1999, till date, which was registered based on a complaint by Yediyur BJP corporator, N R Ramesh.

Ramesh had accused the 19 officials, including BBMP joint commissioners of Mahadevapura Zone, Yelahanka Zone, Bommanahalli Zone, Rajarajeshwari Nagar Zone, BBMP officials in Town planning section, chief engineers, deputy commissioners, executive engineers, TDR dealers, contractors and surveyors, of involvement in the multi-billion-rupee scam.

Alleging that a scrutiny of 46 TDR files revealed scam running into thousands of crores of rupees, he said, the TDRs were issued on properties out of the BBMP limits.

Old roads which existed decades ago were now shown as roads to be widened, for which TDRs were given to owners of properties on these roads.

The TDR mafia, he has said, colluded with surveyors to draw bogus topographical survey sketch and alignment drawings. Officials intentionally showed requirement of more land than actually needed to issue TDR and issued Development Rights Certificate.

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ANNEXURE - "Fly" fake bills Scam
 ①

'Share CID Report on Fake Bills Scam'

By Express News Service

Published: 29th November 2014 06:32 AM

Last Updated: 29th November 2014 06:32 AM

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Councillors are all ears as a Congress member speaks during the BBMP council meeting on Friday | Nagaraja Godekal

BENGALURU: The Bruhat Bangalore Mahanagara Palike (BBMP) will write to the state government seeking a copy of the interim report of the Crime Investigation Department (CID) on the alleged multi-crore fake bills scam in three BBMP divisions.

Commissioner M Lakshminarayana said on Friday that he will soon write to the government on this.

In 2011, when Siddaiah was the Palike commissioner, the Technical Vigilance Committee under the Commissioner (TVCC) had conducted a probe and unearthed a '1,539-crore bogus bill scam in Gandhinagar, Malleswaram and Rajarajeshwarinagar divisions. Later, BBMP had registered an FIR with the Bangalore Metropolitan Task Force (BMTF).

The BMTF police had arrested the then executive engineer of Gandhinagar division.

Meanwhile, a fire broke out in the third floor of the BBMP building where BMTF had stored the documents related to the works.

On November 28, 2011, the government ordered a CID probe into the alleged scam and the fire.

BJP councillor B V Ganesh, representing Chamaraipet ward, said BBMP has no idea about the status of the investigation.

"It has been so many months, but BBMP could not do anything about the scam. With this, we are also inviting other scams. We need to see the CID interim report to get some idea of the investigation. Why should they keep us in the dark?" he asked.

He added that by not revealing the probe status, the CID appears to be "indirectly supporting" corrupt officials. B R Nanjundappa, BJP councillor from JP Park ward, said the CID officials has seized thousands of files, including those on works undertaken by honest contractors.

These contractors are yet to get paid as the files are pending before the CID, he said.

Meanwhile, Manjunath Reddy, opposition party leader in the BBMP council, claimed Palike officials were not cooperating with CID officers and had not furnished all the files on the scam.

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Government to investigate fake bill scam in BBMP - The Hindu

THE HINDU

CITIES - BENGALURU

Published: June 11, 2013 10:53 IST | Updated: June 11, 2013 10:53 IST BANGALORE, June 11, 2013

Government to investigate fake bill scam in BBMP

• Special Correspondent

The State government on Monday informed the Legislative Council that an investigation would be conducted into the alleged multi-crore fake bill scam in three engineering divisions of the Bruhat Bangalore Mahanagara Palike (BBMP).

The government's promise came during a discussion on the recent rain havoc initiated by Tara, in which other members made references to release of funds to the palike by the government and alleged misuse of funds. Leader of the House and IT & BT Minister S.R. Patil, replying on behalf of the Chief Minister, said that the government would get the fake bill scam investigated.

Ms. Tara said the 109-mm rain that lashed the city on May 31 was the highest in the recent years and caused much havoc. The situation deteriorated due to poorly maintained drainage system, she said and urged the government not only to get storm-water drains cleared but also to revive tanks.

Joining her, Janata Dal(S) floor leader M.C. Nanaiah said the problem has been in existence for over 15 years. The Gali Anjaneya Temple on Mysore Road gets flooded whenever it rains heavily. He questioned Leader of the Opposition D.V. Sadananda Gowda's claim of the BJP government having released over Rs. 16,000 crore to the palike and said that all the money appeared to have washed away in the drains.

At this juncture he brought out the fake bill scam in the Rs. 1,539 crore projects in the engineering divisions of Gandhinagar, Malleswaram and Rajarajeshwari Nagar. By changing the commissioners, the administration would not improve, he said and wanted a reply from the Chief Minister himself. Deputy Chairperson Vimala Gowda too narrated the rain-related woes of the common people.

In his written reply, Chief Minister Siddaramaiah explained the various steps taken by the palike to fight rain havoc, including remodelling storm-water drains and removing silt from shoulder drains, etc. A mega storm-water drain improvement scheme is in the offing, he said.

Opinion

Replying on behalf of the Chief Minister, Mr. Patil said the government would seek opinion from the Advocate-General about cancelling/modifying the land lease agreement with the Indian Gymkhana Club in Cox Town.

The legal opinion is necessary in view of an earlier Supreme Court decision in the matter, which said the government cannot interfere when the currency of the lease period, he said.

Janata Dal(S) member Basavaraja Horatti raised the issue saying that residents of Cox Town and surrounding areas are deprived of playground and walking space. Though the government wanted to take back 3 acres and 24 guntas of land out of 4 acres and 28 guntas of land in 1994, the Supreme Court had held that the government cannot interfere during the lease period.

Thought the palike recommended in 2008, after the expiry of the lease period, not to extend the lease, the then Chief Minister decided to extend the lease for 35 years, the member said and termed it against public interest.

Mr. Nanaiah too joined Mr. Horatti and demanded cancellation of the lease in respect of 3 acres and 24 guntas. Ms. Vimala Gowda urged the government to collect Rs. 1.4 crore rent a year from the club for 1 acre and 4 guntas as against Rs. 60,000 a year per acre fixed by the government.

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FBScam
(2)

ANNEXURE - 'FIS'

ANNEXURE - "F16"

11/11/2015

Another fake bill scam in the BBMP

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Another fake bill scam in the BBMP

News Karnataka | Aug 20, 2014 03:26:22 PM (IST)

Bangalore :A fake bill scam has reared its ugly head for the second time in the Bruhat Bangalore Mahanagara Palike's (BBMP) Gandhi Nagar ward, which is coterminous with the Gandhi Nagar Assembly constituency represented by Minister of State for Food and Civil Supplies Dinesh Gundu Rao.



Dinesh Gundu Rao, the Minister of State for Food and Civil Supplies finds himself in the midst of a controversy after Yedyur corporator N R Ramesh on Tuesday at a press conference, released an investigation report prepared by the BBMP's Technical Vigilance Cell under Commissioner (TVCC), which reveals that attempts were made to siphon off Rs 4.33 crore from the BBMP by showing asphaltting of six roads that were tarred in May this year.

It was the second time this year that such a scam has come to the fore in the Bruhat Bangalore Mahanagara Palike's (BBMP) Gandhi Nagar ward, which is coterminous with the Gandhi Nagar Assembly constituency represented by the minister.

The probe was conducted when the BBMP's West Division engineers submitted a proposal to asphalt six roads, which they said were ruined two months after they were tarred.

11/11/2015

Another fake bill scam in the BBMP

They had prepared an action plan for the rebuilding and got it approved by the BBMP head office. Placing the work in the "urgent" category, the engineers wanted to bypass the tendering process and hand over the work to the Karnataka Rural Infrastructure Development Limited, which charges 11 per cent more than the contract amount.

Suspicious about the action plan, the Special Commissioner had referred the matter to the TVCC.

The TVCC team, which visited the spot, noted that the roads were in good condition and that there was no reason to re-asphalt the road. The engineers hid the actual condition of the road and got the action plan approved, says the TVCC report.

The TVCC has held the executive engineer, assistant executive engineer and the assistant engineer accountable for "attempting to furnish two separate bills for the same work". It has recommended stringent disciplinary action against them.

Ramesh alleged that Dinesh Gundu Rao had written two letters to pressure the BBMP to release funds for the work that was completed two months ago and for which payments have already been made.

The case

The BBMP had issued the job code for repairing roads on March 19, 2013, as part of Palike's City development works. As the then BBMP Commissioner Siddaiah grew suspicious about the work, he froze all works ahead of the Assembly elections. Later, these works were started following political pressure.

The job codes were issued based on the "Letter of Intent", which the High Court had banned. The works were started on January 29, 2014 in anticipation of technical approval without seeking necessary permission from the authorities.

The completion report was submitted in May 2014. Two months later, however, the action plan for the same roads was prepared again and the proposal was approved by the Palike head office. The engineers wrote in their action plan that the road has been dug up to give sewerage connection to individual houses.

However, the roads mentioned by these engineers in their report have only commercial buildings. Also, there is no information about the works carried out by the Bangalore Water Supply and Sewerage Board. There is also no mention about the works in the road history book.

11/11/2015

Another fake bill scam in the BBMP

Reacting to the allegations, the minister termed corporator Ramesh a fraud masquerading as a crusader. "There can be some error by the engineers while drafting the action plan, which can happen in his (Ramesh's) ward too," he said.

Rao said that as an MLA, he keeps writing letters to various agencies, including the BBMP, but he never endorsed duplication or overlapping of works.

He said if any work has already taken place, then the fund would be diverted for some other works by changing the nomenclature. The minister said he was in Bellary and he would check with the engineers after returning to Bangalore to give reply to the allegations.

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ANNEXURE - "F17"

11/11/2015

Bengaluru: Govt orders judicial probe into BBMP's fake bill scam

PBScam (34)

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B'luu: Govt orders judicial probe into BBMP's fake bill scam

*From Our Special Correspondent
Daijiworld Media Network - Bengaluru*

Bengaluru, Sep 1: Even as the uncertainty over which political party or combination will rule the Bruhat Bengaluru Mahanagara Palike (BBMP), the elections for which was completed recently with BJP gaining a simple majority in the 198 member body, the Siddaramaiah regime has decided to institute a judicial inquiry to probe into alleged cases of fake bill scandal of the BBMP in road asphaltation works in the City.

The decision taken at a special meeting of the State Cabinet under the chairmanship of the Chief Minister Siddaramaiah on Monday, a week after the BBMP polls also ordered withdrawal of the Criminal Investigation Department (CID) investigation into the fake bill scandal.

The investigation entrusted to the CID will now be handed over to the one-man Judicial Commission, which will look into all cases of road works.

A retired judge of the Karnataka High Court would head the panel and the chairman would be assisted by one to two retired engineers, Karnataka's Law and Parliamentary Affairs Minister T B Jayachandrase said.

Slow progress of CID probe led to Judicial Inquiry

Briefing reporters on the decisions taken by the State Cabinet at its meeting, the minister said the commission would conduct the probe into misappropriations of funds in the execution of road works in Gandhinagar, Malleswaram and Rajarajeshwari Nagar divisions and other 25 engineering divisions of the city.

The Rajendra Kumar Kataria report too highlighted alleged irregularities in road works in the BBMP limits.

Jayachandrase said the slow progress of probe by the CID was the reason for setting up the judicial commission to expedite the probe into fake bill scandal occurred during 2005-06 to 2011-12.

It is alleged that BBMP engineers, contractors and officials had swindled rupees thousands of crore by producing fake bills related to road works in the city from 2005-06 to 2011-12.

Number of Drought-hit taluks goes up to 135

On account of the shortage of rainfall, the State Cabinet declared 135 taluks in 27 districts

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11/11/2015

Bengaluru: Govt orders judicial probe into SBMP's fake bill scam

as drought-hit in the State.
The estimated crop loss has been estimated at Rs 11,000 crore.
A memorandum was submitted to the Centre seeking compensation of Rs 3050 crore.
The Chief Minister led a delegation to the Centre last week apprised Prime Minister Narendra Modi on the drought situation.
"The drought is worst in the last 44 years," Jayachandrab said adding: "The Cabinet sub-committee toured several districts and found "grim" situation."

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ANNEXURE - 'g'

RAJEEV CHANDRASEKHAR
MEMBER OF PARLIAMENT
RAJYA SABHA

Member of Standing Committee on Defence
Member of Consultative Committee on Defence
Member of Central Advisory Committee for the National Cadet Corps
Co-Chairman, Vigilance & Monitoring Committee, Bangalore Urban District
Vice Chairman, National Military Memorial Management Trust, Bangalore

08th October, 2015

Dear Shri Siddramaiah avaru,

Sub: Request Ordering a CAG Audit into BBMP Accounts

I write this letter in continuation to my letters written to you previously on 16th December 2013 and 2nd April 2015 about the problems facing our city Bengaluru and in particular the rampant mal-governance that is causing these problems.

Most of the problems facing the city today – bad roads, inadequate garbage management capacities etc. are being blamed on lack of financial resources. In December 2013, I had highlighted the issue of loopholes in revenue collection and leakages and I am writing again to draw your attention to the rampant and deliberate mismanagement of the BBMP Finances resulting in thousands of crores of rupees of its revenues including tax collected from citizens being siphoned off and not being used for the development of our city.

It has been brought to my notice by several concerned citizens and NGOs that hundreds of crores of tax receipts and revenues collected by BBMP have not been credited into the main bank accounts but deposited in miscellaneous accounts by some officials in BBMP. It is learnt that over 900 bank accounts are being operated by the BBMP officials. Such a large number of bank accounts for one Institution located within the same city calls for inquiry as to how these accounts are opened and operated in various public sector and private sector Banks. I understand that subsequently these accounts are being consolidated into 25 accounts, but the issue of the performance in the past of these over 900 accounts remains unanswered or unquestioned.

1

11th Floor, Major Tower, Sir M. Vishweshwaraiah Center, Dr. B. R. Ambedkar Veedhi, Bangalore-560001 India
Ph : 91-80-22863600, Tel/Fax : 91-80-22863680
E-mail : rajeev.c@nic.in
www.rajeev.in



It is clear that multiplicity of accounts and failure to introduce Accounting standards such as the National Municipal Accounting Manual or the Karnataka Municipal Accounting and Budget Rules are being used by some unscrupulous officials in BBMP to manipulate and misuse the Palike's funds.

There are reports of large sums of tax collected being illegally deposited in private banks and in some cases in banks outside Bengaluru, for personal benefit by some officials. Whether it's in the BDA, BBMP, RDPR or other government departments, there seems to be a pervading culture of illegally parking public funds by corrupt officials thereby depriving the exchequer of interests on deposits and city of the funds required for its development. This is a matter of extreme concern warranting immediate action on your part as Finance Minister of the State.

It is shocking that BBMP finances have not been audited for years and last internal audit was done in 2011. As you are aware the last Comptroller and Auditor General of India (CAG) audit of BBMP was conducted for the year 2009-10 which unsurprisingly exposed large scale financial irregularities. In its report No 5 of 2014 tabled in the Legislature on 14/7/2014, CAG cast serious aspersions on the BBMP accounting and financial practices. Shortfall in certification of accounts by Chartered Accountants during the years 2008-13 has been observed by the CAG. The deficiencies and omissions in the annual accounts of the Palike have been observed by the CAG in several Paragraphs including paras 3.1 to 3.17, 4.5 and 4.6 etc.

As Finance Minister and Chief Minister, you will agree that financial and accounting transparency and integrity are corner stones to running a clean administration. There is a strong stench of malfeasance around BBMP and other agencies financial and accounting dealings. Hence, a special audit to bring the culprits to book and locate the diverted funds that belong to the citizens, is urgently required.

The resources collected by BBMP and other agencies constitute public funds and any mismanagement of these constitute acts of Corruption which is prosecutable under various sections of law including Prevention of Corruption Act.



There is enough evidence that there is widespread revenue leakage and siphoning. I have written repeatedly to you to intervene and clean up this situation prevailing in Bengaluru but you have chosen to do nothing thus far. As a Member of Parliament representing Bengaluru, I call upon you and your government to do the right thing and to immediately order a CAG Audit into the BBMP finances, with special focus on reconciliation between receipts issued and actual revenue receipts from 2010 failing which I will be constrained to take legal recourse in the matter.

Look forward to your urgent and positive response.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Rajeev', followed by a long horizontal stroke.

RAJEEV CHANDRASEKHAR

Shri Siddramaiah

Hon'ble Chief Minister
Government of Karnataka
Vidhana Soudha
Bangalore

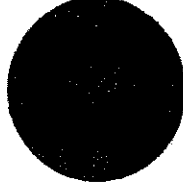
Copy to: Shri Ramalinga Reddy, Hon'ble Transport Minister and Bangalore District in charge Minister, Vidhana Soudha, Bangalore

ANNEXURE - "H"

ಸಿದ್ಧರಾಮಯ್ಯ

ಮುಖ್ಯ ಮಂತ್ರಿ

PSCM/1206/2015.



ವಿಧಾನ ಸೌಧ

ಬೆಂಗಳೂರು - 560 001

ದಿನಾಂಕ 17.10.2015.

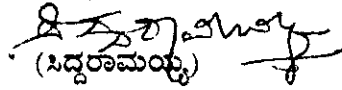
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ಈ ಬಗ್ಗೆ ಪರಿಶೀಲಿಸಿ ಸೂಕ್ತ ಕ್ರಮ ಕೈಗೊಳ್ಳಲಾಗುವುದು.

ವಂದನೆಗಳೊಂದಿಗೆ,

ತಮ್ಮ ವಿಶ್ವಾಸಿ,


(ಸಿದ್ಧರಾಮಯ್ಯ)

ಶ್ರೀ ರಾಜೀವ್ ಚಂದ್ರಶೇಖರ್,
ಮಾನ್ಯ ರಾಜ್ಯಸಭಾ ಸದಸ್ಯರು,
11ನೇ ಮಹಡಿ, ಮೇಜರ್ ಟವರ್,
ಶ್ರೀ ಎಂ. ವಿಶ್ವೇಶ್ವರಯ್ಯ ಸೆಂಟರ್,
ಡಾ: ಬಿ.ಆರ್. ಅಂಬೇಡ್ಕರ್ ವೀಧಿ,
ಬೆಂಗಳೂರು- 560 001.

"Translation"

Siddaramaiah
Chief Minister

Vidhana Soudha,
Bengaluru - 560 001,
Dated: 17.10.2015

No. PSCM/1206/2015

Sir,

I have received your letter dated 8.10.2015 regarding the conducting of audit of BBMP accounts by the Comptroller and Auditor General.

The matter will be examined and a suitable action taken in this regard.

Thanking you,

Yours faithfully,

Sd/-
(Siddaramaiah)

Sri Rajeev Chandrashekar,
Hon'ble Member of Parliament,
Rajya Sabha,
11th Floor, Major Tower,
Sri Sir M. Visveshwaraiah Centre,
Dr. B.R.Ambedkar Veedhi,
Bengaluru - 560 001.

ಭಾಗ-೧

ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ, ಗುರುವಾರ, ಆಗಸ್ಟ್ ೧೯, ೨೦೧೦

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ಸೂಚನೆ :

ಪ್ರಕರಣ 27 (1)ಕ್ಕೆ ಮಾಡಿದ ಈ ಮಾರ್ಪಾಡು ದಿನಾಂಕ 30-09-2010ರವರೆಗೆ ಜಾರಿಯಲ್ಲಿರತಕ್ಕದ್ದು. ಈ ಅವಧಿ ಮುಗಿದ ನಂತರ ಈ ಆದೇಶದ ಮಾರ್ಪಾಡಿಗೆ ಮೊದಲು ಜಾರಿಯಲ್ಲಿದ್ದಂತೆ ಸದರಿ ಪ್ರಕರಣ 27(1)ರ ಉಪಬಂಧಗಳು ಪುನಃ ಜಾರಿಗೆ ಬರತಕ್ಕದ್ದು.

ಕರ್ನಾಟಕ ರಾಜ್ಯಪಾಲರ ಆದೇಶಾನುಸಾರ ಮತ್ತು ಅವರ ಹೆಸರಿನಲ್ಲಿ,

(ಆರ್. ಎಸ್. ನೂಲಿ)

ವಿಶೇಷ ಕರ್ತವ್ಯಾಧಿಕಾರಿ ಹಾಗೂ ಪದನಿಮಿತ್ತ

ಸರ್ಕಾರದ ಜಂಟಿ ಕಾರ್ಯದರ್ಶಿ

ಸಹಕಾರ ಇಲಾಖೆ

ಪಿ.ಆರ್. 1383

URBAN DEVELOPMENT SECRETARIAT

Sub :- Entrustment of Audit of City Corporations and Urban Local Bodies of the State to the Comptroller and Auditor General of India.

Read :- 1) G.O. No. UDD 98 AHD 2004 dated : 30-05-2005
2) U. O. Note LAW 834 OPN 2005 dated : 02-12-2006
3) D. O. No. Pr. AG(C&CA) DAG (LBA&A)/GP/2009-10/86 dated 24-09-2009

Preamble:

The Eleventh Finance Commission recommended grants for the local bodies with a view to augment the Consolidated Fund of the State to supplement the resources of Panchayat Raj Institutions and Urban Local Bodies. Consequent to this, the Ministry of Finance, Department of Expenditure, Government of India issued guidelines for the utilization of Local Bodies grants, According to these guidelines, the Comptroller & Auditor General of India (C&AG) is to be responsible for exercising control and supervision over proper maintenance of Accounts and their Audit for all the tiers of PRIs & ULBs. The C&AG therefore requested for issue of orders for entrustment of technical guidance and supervision of audit arrangement of Local Bodies.

Accordingly, orders for technical collaboration with the C&AG for Audit of Urban Local Bodies in the State were issued in order dated : 30-05-2005 read at (1) above. However, law Department of the State in its opinion rendered on 2nd December 2006 read at (2) above held that entrustment of test check of accounts of Urban Local Bodies on select percentage basis even under Technical Guidance and Supervising model would require amendment to the existing Statutes. The order dated : 30-05-2005 read at (1) above was therefore kept in abeyance until the amendment was issued to the Act.

According to Section 14 (2) of the Comptroller and Auditor general of India's (DPC) Act, 1971, the C&AG with prior approval of the Governor can audit all receipts and expenditure of any body or authority when the grants to such body from the consolidated Fund of India or of the State in a financial year are not less than Rupees one crore. The Pr AG (C&CA) in D.O. letter dated : 24-09-2009 read at (3) above has requested Government to consider entrusting the audit of accounts of all Urban Local Bodies except Notified Area Committees from the year 2008-09 to the C&AG of India under Section 14(2) of C&AG's (DPC) Act, 1971.

Urban Local Bodies are incurring huge expenditure in schemes like Jawaharlal Nehru National Urban Renewal Mission, Mukya Mantri Nagar Uthan Yojana, etc. Even Union Finance Commissions and State Finance Commissions have encouraged greater devolution of funds to ULBs. Such devolution and large scale investment of public funds in schemes of greater public interest calls for establishment and strengthening of accountability and transparency at all levels.

Even though the Controller State Accounts Department is responsible for audit of Urban Local Bodies in the State, in view of huge capital investment and revenue expenditure incurred by these bodies out of grants released by Government of India devolution of funds based on the recommendations of the Union Finance Commission and the State Finance Commission, an oversight by the C&AG will be very useful. The State Government has therefore decided to have a complementary audit of Accounts of Urban Local Bodies including the City Corporations by the C&AG of India. Hence this order.

Government Order No. UDD 17 SFC 2010, Bangalore, dated : 18-05-2010

1. The Controller, State Accounts Department shall continue to be the Auditor of accounts of Urban Local Bodies.

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ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ, ಗುರುವಾರ, ಆಗಸ್ಟ್ ೧೯, ೨೦೧೦

ಭಾಗ-೧

2. The complementary audit of accounts of Urban Local Bodies in the State including the City Corporations but excluding the Notified area Committees shall be conducted by the C&AG of India under Section 14(2) of the C&AG's (DPC) Act, 1971.
3. The complementary audit shall be from the financial year 2008-09 and onwards.
4. The periodicity of complementary audit shall be as decided by the C&AG of India.
5. The Auditee Institutions shall be responsible for production of all records/registers required for smooth completion of complementary audit.
6. The Inspection Report shall be forwarded to the Auditee Institution with a copy to the Director of Municipal Administration in respect of Urban Local Bodies except the City Corporations.
7. The Inspection Report of City Corporations shall be forwarded to the concerned City Corporation with a copy to the Secretary, Urban Development Department.
8. The Compliance Reports shall be routed through the Director of Municipal Administration in respect of Urban Local Bodies other than City Corporations and in respect of City Corporations, the Compliance Report shall be through the Secretary, Urban Development Department.
9. The Director of Municipal Administration and the Secretary, Urban Development Department shall be responsible for watching Compliance Report, vetting the Compliance Report and for forwarding the Compliance to complementary Audit.
10. Major/Serious irregularities noticed in complementary Audit and proposed for inclusion in the Audit Report of the C&AG shall be brought to notice of the Director of Municipal Administration, Secretary, Urban Development Department for compliance and Finance Department for information.
11. No. fee for complementary Audit shall be levied by the C&AG of India for audit of Urban Local Bodies including City Corporations.
12. The irregularities pointed out by the C&AG during his complementary audit and not noticed by the State Accounts Department in its audit shall be brought to the notice of the Controller, State accounts department for technical guidance by the Director of Municipal Administration and the Secretary Urban Development Department.
13. The Compliance to audit reports of the Controller, State Accounts Department and the monitoring of Compliance Reports shall continue to be done by the Controller, State Accounts Department.
14. Any difficulty in conducting Audit by the Controller, State Accounts Department or in complementary audit by the C&AG of India shall be reported to the Director of Municipal Administration, Secretary, Urban Development Department and Finance Department for initiating remedial action.
15. Order No. UDD 98 AHD 2004 dated: 30-05-2005 regarding Technical Collaboration for audit of Urban Local Bodies in Karnataka, is withdrawn.

By Order and in the name of the Governor of Karnataka

(C. R. Ravindra)

Under Secretary to Government

Urban Development Department

P.R. No. 1384

ಸಿಬ್ಬಂದಿ ಮತ್ತು ಆಡಳಿತ ಸುಧಾರಣಾ ಸಚಿವಾಲಯ

ವಿಷಯ : ಕನ್ನಡ, ಸಂಸ್ಕೃತಿ, ವಾರ್ತಾ ಮತ್ತು ಪ್ರವಾಸೋದ್ಯಮ ಇಲಾಖೆಗೆ ಹೆಚ್ಚುವರಿಯಾಗಿ ಒಂದು ಉಪಕಾರ್ಯದರ್ಶಿ ಹುದ್ದೆಯನ್ನು ಸೃಜಿಸುವ ಬಗ್ಗೆ.

ಓದಲಾಗಿದೆ : ಕನ್ನಡ ಮತ್ತು ಸಂಸ್ಕೃತಿ ಹಾಗೂ ವಾರ್ತಾ ಮತ್ತು ಪ್ರವಾಸೋದ್ಯಮ ಇಲಾಖೆಯ ಅನಧಿಕೃತ ಟಿಪ್ಪಣಿ ಸಂಖ್ಯೆ : ಕಸಂವಾ/291/ಕಾ/2010, ದಿನಾಂಕ 17-05-2010.

ಪ್ರಸ್ತಾವನೆ :

ಮೇಲೆ ಓದಲಾದ ದಿನಾಂಕ : 17-05-2010ರ ಅನಧಿಕೃತ ಟಿಪ್ಪಣಿಯಲ್ಲಿ ಕನ್ನಡ ಮತ್ತು ಸಂಸ್ಕೃತಿ ಹಾಗೂ ವಾರ್ತಾ ಇಲಾಖೆಗೆ ಉಪ ಕಾರ್ಯದರ್ಶಿ ಹುದ್ದೆಯೊಂದನ್ನು ಸೃಜಿಸಲು ಆರ್ಥಿಕ ಇಲಾಖೆಯು ಸಹಮತಿ ನೀಡಿದೆಯೆಂದು, ಅದರಂತೆ ಒಂದು ಉಪಕಾರ್ಯದರ್ಶಿ ಹುದ್ದೆಯನ್ನು ಸೃಜಿಸಲು ಹಾಗೂ ಸದರಿ ಹುದ್ದೆಗೆ ಒಬ್ಬ ಉಪಕಾರ್ಯದರ್ಶಿಯನ್ನು