

## Overview

*This Report contains three chapters. The first and the second chapters contain an overview of the GPs and Municipal Administration in the State respectively. The third chapter contains observations arising out of audit of accounts of GPs and ULBs under TGS. A synopsis of the findings is presented in this overview.*

### 1. An overview of the Grama Panchayats in the State

*GPs in the State were yet to adopt Model Panchayat Accounting System formats for their accounts. Against ₹24.12 crores ordered for recovery by Ombudsman under Mahatma Gandhi National Rural Employment Guarantee Scheme, ₹2.47 crore were recovered, and ₹21.65 crore was pending recovery. Tax revenue increased from ₹304.46 crore in 2015-16 to ₹379.68 crore in 2018-19 at the rate of 25 per cent and non-tax revenue decreased from ₹174.29 crore in 2015-16 to ₹131.47 crore in 2018-19. The percentage of own revenue to total receipts was in the range of 5.94 per cent (2016-17) to 9.1 per cent (2015-16) and the contribution of own revenue to revenue expenditure was less than 10 per cent. Statutory grants released to GPs increased from ₹616.62 crore in 2015-16 to ₹902.99 crore in 2018-19. Performance Grant for 2018-19 was not released to Panchayat Raj Institutions till the end of March 2019 by Government of India. Internal audit wing had not been constituted in Rural Development and Panchayat Raj department as of November 2020. As at the end of September 2020, 253 Inspection Reports consisting of 2,881 paragraphs were outstanding in various GPs.*

**(Chapter I)**

### 2. An overview of Municipal Administration in the State

*Ward Committees were not constituted in any of the City Corporations except Bruhat Bengaluru Mahanagara Palike (BBMP). District Planning Committees were constituted in all districts except Bagalkote. During the period 2014-19, the proportion of own revenue to total receipts in respect of ULBs (other than BBMP) was in the range of 26 per cent to 33 per cent only, while the same for BBMP was in the range of 41 per cent to 57 per cent. Arrears of property tax in ULBs (Other than BBMP) had increased from ₹105.74 crore in 2014-15 to ₹503.09 crore in 2018-19 and the collection decreased from 80 per cent during 2014-15 to 59 per cent during 2018-19. BBMP did not achieve the targets for collection of property tax during the period 2014-15 to 2018-19, however, the collection increased from 62 per cent during 2015-16 to 77 per cent during 2018-19. ULBs (other than BBMP) in the State have not remitted ₹378.15 crore of health cess, ₹60.63 crore of library cess and ₹24.18 crore of beggary cess to the departments/ heads of account concerned. BBMP had not remitted the entire health cess of ₹1,087.28 crore collected to the State Government, the balance of library cess (₹226.17 crore) and beggary cess (₹150.55 crore) were not remitted to the departments concerned. The duty on transfer of immovable properties for the year 2018-19 was not transferred (June 2021). Short release of State Finance Commission funds to ULBs during*

*the years 2014-15 to 2018-19 ranged between 20 per cent to 50 per cent. The Property Tax Board was not yet established in the State (July 2020). The DMA did not have an Internal Audit Wing to oversee the functions of ULBs. Out of 608 Inspection Reports outstanding, 312 Inspection Reports (52 per cent) containing 4,680 paragraphs (44 per cent) were pending for more than three years indicating inadequate action on the part of ULBs.*

**(Chapter II)**

### **3. An overview of Technical Guidance and Supervision operations**

*As per their Audit Plan, Karnataka State Audit and Account Department (KSAAD) planned to audit 92 per cent (5,881 out of 6,022) of GPs and 99 per cent (273 out of 277 ULBs) for the year ended 31 March 2018. However, as of July 2019, it had audited 5,297 GPs and 169 ULBs for the year 2017-18. Periodic returns to the Accountant General (Audit) were not furnished regularly and was sent only once in July 2018 and January 2020. In the Inspection Report of Grama Panchayat, Diddige, KSAAD had noticed the violation of Karnataka Transparency in Public Procurements Act in purchases made under Gram Vikasa Yojane and kept the entire amount of expenditure (₹23.64 lakh) under objection, instead of detailed analysis of violation. City Corporation, Tumakuru failed to enhance the rental charges at 10 per cent after completion of three years from the date of allotment or date of issue of the circular dated 26.10.2009. This had resulted in short collection of revenue amounting to ₹38.35 lakh. Unclaimed deposits of more than three years old amounting to ₹108.95 lakh were shown in the deposit register but the same was not treated as income of the Corporations. The aspect of Technical Guidance and Supervision which has a statutory backing does not find a place in the revised KSAAD manual.*

**(Chapter III)**