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BBMP squandered public money: DAG

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Jan. 10: Though the BBMP has been promising the moon by presenting a huge budget outlay to the gullible citizens of Bengaluru, the Deputy Accountant General (DAG) has come down heavily against them for their poor cash management system. Ever wondered why the city development was proceeding at a snail's pace? According to the report by DAG, the funds borrowed for developmental work by the BBMP were being irregularly diverted for payment of salary and other purposes.

Deputy Accountant General (Local Bodies Audit and Accounts) has revealed that the BBMP has failed in its cash management system, with its budget during the period 2008-10. It unearthed lapses like financial indiscipline and irregular diversions of borrowed money. The AGI has said that the BBMP's budget for the year 2008-09 and 2009-10 were unrealistic, with a huge gap of 20 per cent between expected receipts and expenditure, according to the performance review report submitted to the urban development department.

The report raised doubts about squandering of public money, especially with the opening of individual accounts, which were a stark violation of norms. “All the bank accounts operated by the BBMP should have been in the name of the commissioner, or an official designated for the purpose. No account should be opened in the names of individuals. However, a test check of records disclosed that four bank accounts were maintained under individual names. In the absence of cash book, the audit could not ensure whether all the bank transactions were genuine,” said the report.

The report also pointed out the difference, ranging from ₹ 11.1 lakh to Rs 15.9 crore between the bank balance as per the BBMP accounts and statements furnished by banks at the end of 2009 for 15 bank accounts maintained at the BBMP head office. BBMP’s policy of borrowing money to run their affairs instead of mobilizing funds, is a testimony to their lack of financial discipline. BBMP took loans without valid reason and their borrowings amounted to Rs 2,052 crore, says the report.

As per the provisions of the Karnataka Financial Code (KFC) every BBMP office must maintain a cashbook for recording the financial transactions and all transactions are to be recorded in

the register. However, BBMP, which was operating with over 600 bank accounts, had failed to maintain the cashbook for bank accounts, amounting to violation of KFC.