

Overview

OVERVIEW

This Report comprises three chapters containing 12 paragraphs and two Performance Audits. Chapter I contains the audit findings pertaining to Social, General and Economic Sectors (Non-Public Sector Undertakings-Non-PSUs) and a Performance Audit on ‘Implementation of Select Social Welfare Schemes by Government of Goa’. Chapter II contains the audit findings pertaining to Revenue Sector and a Performance Audit on ‘Assessment and Collection of Revenue from taxes on trade by Commercial Taxes Department’. Chapter III contains the audit findings pertaining to State Public Sector Undertakings and Government Commercial and Trading Activities.

The total expenditure of the State increased from ₹ 9,013 crore in 2014-15 to ₹ 10,976 crore in 2016-17 (22 *per cent*). The revenue expenditure of the State Government increased by 20 *per cent* from ₹ 7,410 crore in 2014-15 to ₹ 8,866 crore in 2016-17. The revenue expenditure constituted 81.04 *per cent* of total expenditure during past three years (2014-17) and capital expenditure was 18.81 *per cent*,

PERFORMANCE AUDITS

SOCIAL, GENERAL AND ECONOMIC SECTORS/NON-PUBLIC SECTOR UNDERTAKINGS (Non-PSUs)

Performance Audit on Implementation of Select Social Welfare Schemes by Government of Goa

The Government of Goa implements a number of social welfare Schemes. Three Schemes with the largest outlay are *Dayanand* Social Security Scheme (DSSS), *Griha Aadhar* Scheme and *Laadli Laxmi* Scheme. The DSSS aims at welfare of weaker and the most vulnerable section of the society, including senior citizens, single women, widows and differently-abled persons. The *Griha Aadhar* Scheme helps housewives from middle and poor sections of society to tide over the inflationary trend in prices while the *Laadli Laxmi* Scheme aims at mitigating the financial burden of families at the time of marriage of their daughter(s) or for starting business/profession or pursuing further studies by the girl child. By the end of March 2017, 3.36 lakh beneficiaries have been benefited under the three Schemes and they were granted financial assistance of ₹ 2,590 crore during 2012-17.

A performance audit of implementation of these three Schemes for the period 2012-17 revealed deficiencies in identification of beneficiaries due to inadequate scrutiny of applications by the implementing departments, flaws in the application software system developed for operation and management of the Schemes and failure to conduct periodical survey of target beneficiaries.

Financial assistance under DSSS and *Griha Aadhar* Scheme was granted to beneficiaries who did not meet the prescribed eligibility criteria of age and income. Benefits were also granted to applicants who simultaneously availed of assistance under other social welfare schemes as well as to those availing of assistance more than once under the same scheme. There were instances of benefits being granted to doubtful beneficiaries. Though the

annual family income was the vital criterion for identification of beneficiaries under DSSS and *Griha Aadhar* Scheme, the process of verification of income by the implementing departments was weak, leading to wrongful inclusion of beneficiaries.

The monitoring and internal control system over the Schemes was inadequate in the absence of robust software system, vital MIS reports and internal audit.

(Paragraph 1.5)

Performance Audit on Assessment and Collection of Revenue from taxes on trade by Commercial Taxes Department

Commercial Taxes Department is responsible for levy and collection of taxes on trade in goods in the State. Being the major part of the State's revenue the enforcement of the Acts and Rules to recover GVAT, CST and Entry Tax is of utmost importance for Government finances. A performance audit of Commercial Taxes Department was conducted to ascertain whether the levy/collection and refund of taxes on sale of goods was done to safeguard the interest of the Government; system for recovery of the arrears of revenue; resolution of appeal cases was effective; and whether the internal control mechanism was adequate. Following are the highlights of the audit findings.

- Targets were not fixed by the Department for conducting surveys for detecting unregistered dealers (URD). During the surveys the Department had detected 164 dealers during 2012-13 to 2016-17 out of whom only 93 were registered subsequently and the remaining 71 were not registered. On cross verification of the information obtained from six departments, audit found that another 26 dealers were not registered under the GVAT Act in Commercial Taxes Department.

(Paragraph 2.2.6)

- The Department had not utilised the information available in the VATSOFT application for realisation of the tax from those dealers who had defaulted in payment of the tax. It was observed that 306 dealers had not paid full amount of taxes payable as per the returns filed by them resulting in non-realisation of tax amounting to ₹ 11.38 crore.

(Paragraph 2.2.7)

- The parameters fixed by the Government for selection of cases for detailed assessment were not followed. Out of 3,185 dealers required to be selected from four selected wards for the year 2012-15 only 917 dealers (29 *per cent*) were selected.

(Paragraph 2.2.8)

- Errors and omissions on the part of the assessing authorities in 28 cases assessed during the period from 2012-13 to 2016-17 revealed short-realisation of revenue amounting to ₹ 38.01 crore.

(Paragraph 2.2.9.1)

- There were 2,466 appeal cases involving revenue of ₹ 1,230.50 crore pending with departmental appellate authorities which was 98.52 *per cent* of the total amount of ₹ 1,249.02 crore involved in

pending appeals. The appellate authorities took a long time ranging from 5 to 17 years, in disposal of cases test checked by Audit.

(Paragraph 2.2.10)

- The uncollected revenue recoverable by Department was ₹ 1,223.84 crore as on 31 March 2017, of which ₹ 441.68 crore was pending recovery for more than six years.

(Paragraph 2.2.11)

COMPLIANCE AUDIT

SOCIAL, GENERAL AND ECONOMIC SECTORS (Non-PSUs)

PUBLIC WORKS DEPARTMENT

The Public Works Department prepared the estimates for a water supply project based on schedule of rates of 2008 while tenders for supply of DI pipes under the project were floated in December 2013. Since the rates of pipes had reduced significantly during the intervening period of five years, the Department ended up paying ₹ 2.34 crore more to the contractor.

(Paragraph 1.6)

Delay in acceptance of tenders by Public Works Department for two road works resulted in avoidable extra liability of ₹ 2.63 crore.

(Paragraph 1.7)

INDUSTRIES, TRADE AND COMMERCE DEPARTMENT

Inconclusive action by the State Government in setting up a tool room in Goa resulted in idling of an investment of ₹ 4.52 crore for six years.

(Paragraph 1.8)

DEPARTMENT OF URBAN DEVELOPMENT

Failure of the Cuncolim Municipal Council in maintaining an eco-friendly garden resulted in a wasteful expenditure of ₹ 48.47 lakh.

(Paragraph 1.9)

Acceptance of an offer by the Urban Development Department for setting up a plant for conversion of waste plastics into fuel without any competition for a project of ₹ 15 crore resulted in an undue favour to a Company.

(Paragraph 1.10)

REVENUE SECTOR

Delay in implementation of Government notifications for revision of rates in the Transport Department leading to loss of ₹ 1.51 crore.

(Paragraph 2.3)

Splitting of sale deeds of immovable property resulted in evasion of Stamp Duty and Registration Fee amounting to ₹ 18 lakh.

(Paragraph 2.4)

Failure on the part of Directorate of Mining and Geology in assessing the correct amount of stamp duty resulted in short-recovery of stamp duty and registration fee amounting to ₹ 108.43 crore.

(Paragraph 2.5)

PUBLIC SECTOR UNDERTAKINGS AND GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

Execution of sewage works by Sewage and Infrastructural Development Corporation Limited

Audit of planning, tendering and execution of sewage projects by Sewage and Infrastructural Development Corporation Limited (Company) revealed certain deficiencies. The Company deviated from the scope of work envisaged in the detailed project reports while executing sewage projects in Porvorim and Navelim. Sewage treatment plants of higher capacity were constructed resulting in additional financial liability of ₹ 90.05 crore, creation of idle capacity and delay in completion of projects. In Margao sewage project, non-inclusion of casing pipe items in the estimates resulted in additional expenditure of ₹ 10.83 crore on extra items. The Company also installed higher-sized casing pipes than that specified for railway crossing works, used casing pipes on road crossings which was unnecessary and laid higher-sized sewer pipes than that specified in the tender specifications, resulting in avoidable extra expenditure aggregating ₹ 4.60 crore. Change in site after award of work led to abnormal variation between the tendered and executed quantities, leading to excess expenditure of ₹ 2.17 crore. The internal controls and monitoring mechanism in the Company were weak.

(Paragraph 3.2)

GOA INDUSTRIAL DEVELOPMENT CORPORATION

Distribution of gold coins worth ₹ 19.84 lakh to the staff of GIDC without adhering to the standards of financial propriety.

(Paragraph 3.3)

Negligence in compliance of Government orders resulted in non-recovery of mandatory labour welfare cess amounting to ₹ 75.56 lakh.

(Paragraph 3.4)

Unauthorised retention of pension contributions of ₹ 1.84 crore for new pension scheme in violation of Government directives resulted in lower gains accruing to employees.

(Paragraph 3.5)