

OVERVIEW

This Report comprises three chapters containing 12 paragraphs and three 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 'Revenue collection and management of own funds by Urban Local Bodies in Goa'. Chapter II contains the audit findings pertaining to Revenue Sector and a Performance Audit on 'Mineral Receipts'. Chapter III contains the audit findings pertaining to State Public Sector Undertakings and Government Commercial and Trading Activities and a Performance Audit on 'Fleet Management of Kadamba Transport Corporation Limited'.

The total expenditure of the State increased from ₹ 8,201 crore to ₹ 10,484 crore during 2013-14 to 2015-16. The revenue expenditure of the State Government increased by 24 *per cent* from ₹ 6,803.28 crore in 2013-14 to ₹ 8,419.56 crore in 2015-16. The revenue expenditure constituted 80.31 *per cent* of total expenditure during past three years (2013-16) and capital expenditure was 19.69 *per cent*.

Some of the major findings are mentioned below:

PERFORMANCE AUDITS

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

Revenue collection and management of own funds by Urban Local Bodies (ULBs) in Goa

- The Urban Development Department's instructions to adopt plinth-area rates notified by Goa Public Works Department (PWD) for working out property tax were not followed by the ULBs. The method of assessment of property tax differed from one ULB to another ULB. This resulted in non-realisation of revenue of ₹ 11.54 crore.

(Paragraph 1.5.7.2)

- The ULBs did not follow the directions of the Department of Urban Development to adopt PWD-notified rates for estimating the cost of construction and computing the license fee. This resulted in lower estimation of property cost and construction licence fee involving loss of revenue of ₹ 6.52 crore. Besides, construction licences in respect of 1,029 properties were not renewed annually. This led to non-collection of revenue of ₹ 13 crore.

(Paragraph 1.5.7.4)

- Audit observed that 1,519 shops in seven ULBs were leased out without renewing agreements and their rent was recovered at the lower rates. This resulted in short realisation of revenue of ₹ 9.89 crore.

(Paragraph 1.5.7.5)

- We found that no tangible action was taken to collect rent and evict the municipal property at Panaji from illegal occupation. This deprived the Corporation of City of Panaji (CCP) of revenue of ₹ 4.28 crore in respect of 296 shops.

(Paragraphs 1.5.7.6)

- Land admeasuring 1,594 m² continued to be under illegal occupation in Panaji. This resulted in loss of revenue of ₹ 2.16 crore in the shape of rent to the CCP. In Ponda there was delay of three years in allotting the market space. This deprived the ULB revenue of ₹ 1.41 crore.

(Paragraphs 1.5.7.7 and 1.5.7.8)

- The lease agreements of municipal land allotted to petroleum companies were not renewed by the ULBs on their expiry. The rentals were not collected resulting in short recovery of ₹ 15.31 crore.

(Paragraph 1.5.7.9)

- Audit found 15 mobile towers in two ULBs were erected without obtaining permission. In four ULBs permission granted in respect of 71 towers was not renewed. This led to non-recovery of renewal fee and property tax of ₹ 1.38 crore.

(Paragraph 1.5.7.10)

- Audit found that no targets were fixed for collection of arrears. The tax arrears increased from ₹ 33.90 crore in March 2012 to ₹ 62.10 crore in March 2016 *i.e* by 83 *per cent*.

(Paragraph 1.5.9.4)

- The Thirteenth and the Fourteenth Finance Commissions prescribed some conditions for release of performance grants. These conditions were not fulfilled by the ULBs. This deprived them of performance grants of ₹ 28.26 crore pertaining to the period 2011-2015.

(Paragraph 1.5.9.5)

- ULBs were unable to undertake major public development works or create capital assets without the support of State Government. No service-level benchmarks were found to have been formulated for measuring service delivery of ULBs.

(Paragraph 1.5.10.1)

- Deficiencies were noticed in preparation, maintenance and audit of accounts of the Municipalities. Audit noticed instances of fraud, misappropriation of ₹ 52.91 lakh indicating inadequate internal control.

(Paragraph 1.5.11)

Mineral Receipts

- In seven cases 72.41 lakh MT of iron ore valued ₹ 1,529.64 crore was produced in excess over the quantity approved in the mining plan. In five cases 30.02 lakh MT of iron ore valued ₹ 374.99 crore was produced in excess of the Environmental Clearance Limit.

(Paragraphs 2.2.6.1 and 2.2.6.2)

- The failure to disclose 13.13 lakh MT iron ore produced by five leaseholders in their returns was unlawful. The sale value of ₹ 57.11 crore though recoverable was not recovered by the Department. Besides in another case sale value of ₹ 60.90 crore of 14.04 lakh MT was not recovered.

(Paragraph 2.2.6.3)

- Lack of system of internal control in the Department facilitated the leaseholders to dispatch mineral without payment of royalty. This resulted in short recovery of royalty amounting to ₹ 54.23 crore.
(Paragraph 2.2.6.5)
- Audit noticed short recovery of stamp duty/registration fee of ₹ 159.70 crore due to non-application of revised rates.
(Paragraph 2.2.6.6)
- Audit noticed non-levy of interest aggregating ₹ 1.08 crore for belated payment of mining dues.
(Paragraph 2.2.6.7)

Fleet management of Kadamba Transport Corporation Limited

- The Company could not recover the cost of operations in any of the five years under review. This was mainly due to cancellation of schedules, keeping the buses off road, high manpower cost and inadequate /ineffective monitoring by top Management.
(Paragraphs 3.2.6.3(ii), 3.2.7.2(ii), 3.2.7.2(v), 3.2.7.2(vi), 3.2.8.3(ii) and 3.2.9.1)
- The operational parameters like fleet utilisation, load factor, vehicle reliability were below all India average.
(Paragraphs 3.2.7.1(i), 3.2.7.2(i) and 3.2.7.1(ii))
- The Company incurred an avoidable expenditure of ₹ 49.80 lakh due to procurement from third lowest bidder.
(Paragraph 3.2.8.1(i))
- The Company did not monitor loss of bus days due to delay in commencement of operations and warranty period claims.
(Paragraphs 3.2.8.1(ii) and 3.2.8.1(iv))
- Absence of procurement policy and ineffective inventory management resulted in avoidable expenditure of ₹ 64.48 lakh in tyre procurement and loss of contribution of ₹ 1.50 crore.
(Paragraphs 3.2.8.1(v), 3.2.8.2(ii) and 3.2.8.2(iii))
- Due to cancellation of planned schedules and crew kept idling, the Manpower cost was higher than the all India average.
(Paragraphs 3.2.8.3(ii), 3.2.8.3(iii) and 3.2.8.3(iv))
- Inadequate Management Information System hampered the overall monitoring of operational parameters.
(Paragraphs 3.2.9.1 and 3.2.9.3)
- The Company failed to claim subsidy of ₹ 7.68 crore on increase in concessional fare. The subsidy received on social obligatory services was not based on the actual cost incurred.
(Paragraphs 3.2.10.3(i) and 3.2.10.3(ii))

COMPLIANCE AUDIT

SOCIAL, GENERAL AND ECONOMIC SECTORS (Non-PSUs)

PUBLIC WORKS DEPARTMENT

The Department prepared reasonable cost statement after opening the single offer by altering items in the estimate. The Goa State Works Board rejected the offer but, the Department awarded the work to the same bidder after negotiation. The reasonable cost was worked out by adopting items different from the tender items. This violated Para 20.4.3 of the CPWD manual and led to acceptance of single offer at exorbitantly higher rate.

(Paragraph 1.6)

The Department did not consider reduction of supply rates of pipes during the period 2008-12. It adopted the rates of GSR 2008 and awarded two tenders in 2012 and 2013. Consequently the Department paid exorbitantly higher rates than the prevailing market rates at which the pipes were procured by the contractors.

(Paragraph 1.7)

The initial measurements recorded on a road work executed by PWD Division XVIII were altered subsequently by inserting additional figures in the measurements leading to extra payment of ₹ 4.85 lakh.

(Paragraph 1.8)

DEPARTMENT OF TOURISM

The Department of Tourism (DoT) paid service tax totalling ₹ 5.15 crore to various service providers for the input services availed by it. It also remitted ₹ 1.40 crore towards service tax collected by it for providing services. The DoT however did not avail the CENVAT credit while submitting return thereby forgoing ₹ 1.40 crore refund.

(Paragraph 1.9)

DEPARTMENT OF INFORMATION AND PUBLICITY

State Government has not framed its media policy on advertisements. It was paying much more for advertisements in local papers as compared with Government of India. This resulted in avoidable expenditure of ₹ 68 lakh on advertisements.

(Paragraph 1.10)

PUBLIC HEALTH DEPARTMENT

The Government installed equipment worth ₹ 2.64 crore in the upgraded primary health centres at Sanquelim and Bicholim in March 2013. These were not utilised so far due to delay in appointment of staff required to operate the equipment.

(Paragraph 1.11)

Goa Medical College increased the contract demand of its HT electricity connection from 1,000 KVA to 3,947 KVA in the year 2008 for new infrastructure projects. Despite completion of infrastructure projects the maximum monthly consumption recorded was only 1,934 KVA during 2008-16. This resulted in payment of excess electricity bill of ₹ 2.23 crore.

(Paragraph 1.12)

REVENUE SECTOR

Audit found short levy of Value Added Tax ₹ 83.73 lakh due to understatement of Turnover.

(Paragraph 2.3)

The Department incorrectly allowed tax exemptions of VAT amounting to ₹ 12.29 crore to a cement manufacturing unit which was declared by the Central Government as high polluting unit.

(Paragraph 2.4)

There was short levy of interest on delayed payment of Luxury tax amounting to ₹ 10.57 lakh due to incorrect assessment in the Commercial Tax Offices of Margao and Mapusa.

(Paragraph 2.5)

The Government incorrectly granted exemption of ₹ 9.87 lakh to two institutions from payment of road tax resulting in forgoing of revenue to that extent.

(Paragraph 2.6)

PUBLIC SECTOR UNDERTAKINGS AND GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

Avoidable payment of penalty for delay in filing income tax returns

The Sewage and Infrastructural Development Corporation Ltd., did not file income tax returns on due dates resulting in avoidable payment ₹ 0.66 crore.

(Paragraph 3.3)