

Most Urgent
Audit Paras

V. P. SALVADOR DO-MUNDO
INWARD No.: 1996
DATE: 03/01/19
SIGN

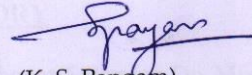
No.3-EOVP-II/BDO-BAR/AuditReport/Mem/18-19/0019
Office of the Block Development Officer,
Bardez, 2nd Floor, Govt. Office Complex,
Mapusa, Bardez, Goa.
Date: - 01/01/2019

MEMORANDUM

Sub: Audit report on the accounts of the Village Panchayats of Salvador – Do-Mundo, in Bardez block for the year 2017-18.
Ref: DA/Control/31-5(II)/2018-19/272 dated 28/11/2018

Attention of the Secretary, Village Panchayat Salvador –Do -Mundo, is hereby invited to the above referred Audit Report for the year 2017-18 received from the Directorate of Accounts, Panaji- Goa, which is self – explanatory, (a copy of the Audit Report is enclosed herewith).

Therefore the Secretary, Village Panchayat Salvador- Do- Mundo, is hereby directed to go through the audit observations of the Audit Report for the 2017-18, comply with the observations and submit the compliance report to the Dy. Director of Accounts/ Inspection Cell, Directorate of Accounts, Panaji- Goa without further delay from the receipt of this memorandum under intimation to this office.



(K. S. Pangam)

Block Development Officer- I & II
Bardez Mapusa-Goa.

Encl: as above

To,
✓ The Village Panchayat Secretary
Village Panchayat Salvador – Do- Mundo Bardez- Goa.

Copy to:- 1.The Director, Directorate of Panchayats Panaji – Goa for information.
2.Chief Executive Officer, North Goa Zilla Panchayats, Panaji- Goa for information.
3. Dy. Director of Accounts/Inspection Cell, Directorate of Accounts, Fazenda, building behind old Secretariate, Panaji- Goa for information.

Development Grants.

ANNUAL AUDIT REPORT OF ACCOUNTS OF THE VILLAGE
PANCHAYAT "Salvador Do Mundo" IN BARDEZ
BLOCK FOR THE YEAR 2017-18

PART-I

A. Name of the Sarpanch/Dy. Sarpanch:-

Sr.No	Name of the Sarpanch	Fr.	To
1	Shri:- Sandeep D. Salgaonkar	01/04/2017	31/03/2018

B. Name of the Secretary :-

Sr.No	Name of the Secretary	Fr.	To
1	Shri:- Mariano Barreto	01/04/2017	03/05/2017
2	Shri:-Avinash Palani	04/05/2017	31/03/2018

C. Names & designation of audit parties

Sr.No	Names of the audit parties	Designation
1	Shri:- Kiran Gaude	Dy. D.A./Insp.
2	Shri:- Milind M. Sadvelkar	A.A.O.
3	Shri:- Dasharath Tuenkar	A.C.
4	Shri:- Shekhar Khorjuvenkar	A.C.

D. Date of Audit :-

From :- 10/09/2018 to 12/09/2018

E. Period covered during the Audit :- From:- 01/04/2017 to 31/03/2018

PART - II - INTRODUCTORY

The audit of Accounts of the Village Panchayat Salvador Do Mundo in Bardez Block for the year 2017-18 was conducted from 10/09/2018 to 12/09/2018 as per the Circular No. 30/7/75Fin(Bud) dated 21/08/1996 from Finance (Budget) Department, based on the records furnished by the Panchayat.

The Village Panchayat Salvador Do Mundo was sanctioned the following types of grants during the year 2017-18. The details of the same are given below:

Sr.No.	Type of Grants	Amount
1	Member Salary	Rs. 3,48,000=00
2	Matching Grants	Rs. 2,12,500=00
3	Garbage Grants	Rs. 1,00,000=00
4	XIV Finance Grants	Rs. 7,62,482=00
	Total	Rs. 14,22,982=00

PART - III

The Village Panchayat Salvador Do Mundo maintaining its records in the Form 1 to 11 as per Rule 20, 21 (a) and 25 of the Goa Panchayat, (Accounts, Audit & Custody of Funds) Rules 1997, comprising particulars of Income & Expenditure for all the grants, received i.e Administrative & Development Grants.

i) SUMMARY OF THE ACCOUNTS

Total Receipts for the year 2017-18	Rs.	84,24,957=00
Total Expenditure for the year 2017-18	Rs.	67,59,350=00

Total Funds available with the Panchayat as on 31/03/2018 are as detailed below:

Sr. No.	Total Funds/deductions as on 31/03/2018	Amount
1	Government Grants	Rs. 20,28,946=00
2	DRDA Grants	Rs. 22,328=09
3	E.M.D.	Rs. 3,87,881=00
4	S.D.	Rs. 2,73,929=00
5	Income Tax	Rs. nil
6	Vat (Sales Tax)	Rs. nil
7	Royalty	Rs. 7,598=00
8	Labour Cess	Rs. 10,482=00
9	Education Cess	Rs. 63=00
10	Sec. & Higher Edu. Cess	Rs. 13=00
11	CGST & SGST	Rs. 3,146=00
11	Panchayat Fund	Rs. 40,21,533=30
	Total	Rs. 67,55,919=39

ii) Details of Utilized / Unutilized Grants

The statement showing details of grants as on 31/03/2018 are as follows:

Sr No	Name of Grants	Previous Year Balance as on 01/04/2017	Amount Sanctioned (2017-18)	Amount Utilized/ref. (2017-18)	Balance as on 31/03/2018
1.	V.P. Mem. Salary	1,63,208=00	3,48,000=00	3,79,500=00	1,31,708=00
2.	Matching Grants	-	2,12,500=00	2,12,500=00	-
3.	XIII Finance	1,06,766=00	-	89,268=00	17,498=00
4.	XIV Fin Com.	13,68,773=00	7,62,482=00	2,76,949=00	18,54,306=00
5.	Garbage Grants	-	1,00,000=00	1,00,000=00	-
6.	Golden Jubilee Gr	8,120=00	-	8,120=00	-
7.	GIA	25,434=00	-	-	25,434=00
	Total	16,72,301=00	14,22,982=00	10,66,337=00	20,28,946=00
1.	MGNREGES	6,009=44	Int. 229=26	-	6,238=70
2.	SJRY	2,213=00	Int. 83=00	-	2,296=00
3.	GREGS	13,286=38	Int. 507=01	-	13,793=39
	Total	21,508=82	819=27	-	22,328=09

The grants like XIIIth, XIVth, and GAI grants remained unspent for the more than a year. As you very well aware that after utilizing the grants sanctioned amount, a Utilization Certificates should be furnished to the grants sanctioning authority as required under GFR 19 in stipulated time. In case the grants are not utilized within the specific time, then necessary approval of extension of time limits has to be obtained from the grants sanctioning authority for its utilization or

else the same should be refunded in the Government Treasury. Blocking of Government funds for long are adversely affected the development and public works in Panchayat.

Reasons for not utilizing the grants for the specified purpose and not refunding the unutilized grants along with the interest accrued thereon to Government when these are not required may be stated.

Action taken in this regards will be verified during next audit.

iii) **VARIATION BETWEEN BUDGET ESTIMATE AND ACTUAL**

A) **INCOME**

ORIGINAL BUDGET ESTIMATES	REVISED BUDGET ESTIMATE	ACTUAL INCOME	EXCESS
76,63,100=00	-	84,24,957=00	7,61,857=00

B) **EXPENDITURE**

ORIGINAL BUDGET ESTIMATES	REVISED BUDGET ESTIMATE	ACTUAL EXPENDITURE	SHORT
1,04,46,000=00	-	67,59,350=00	36,86,650=00

Although it was told earlier that, if in the course of the financial year, Panchayat finds it necessary to revise the provision made in original budget, it may revised at the end of the financial year, when likely figures of Receipts & Payments readily available to avoid variations between the budget and actual Income and expenditure. This has not done. The Secretary has projected his ignorance in preparing realistic budget. This may be noted and in future budget may be prepared in realistic manner in order to avoid variations.

PART - IV - COMMENTS ON TRANSACTION

Section A:- Outstanding audit paras from previous Audit Report in brief.

Year	Paras B/F	Paras Settled	Paras Outstanding	Subject in brief
1975-76	01	----	01	Para-1 - Disposal of Pump
1983-84	01	-----	01	Para-6- Works
1986-87	01	-----	01	Para-4-Works
1987-88	02	-----	02	Para-Voucher Para-4- Purchase without quotation
1990-91	01	-----	01	Para-1-Construction licenses
1993-94	01	-----	01	Para- 8- Works
1995-96	01	-----	01	Para-10-Works
1997-98	01	-----	01	Para-6-Works
1998-99	01		01	Para-8- TA to Sarpanch
2000-01	01	----	01	Para-12- Expenditure on TA
2004-05	03	----	03	Para-8- Purchase of Stationary

				Para-10-Purchase of Street light
2010-11	02	---	02	Para-01- Dept. Works
2011-12	02	----	02	Para-8- Financial Power Para-10-Works
2012-13	02	----	02	Para-7-Works Para-9-Excess expenditure over budget i) Admn. Rs. 1,09,597=00 ii) Misc. Rs. 2,53,316=50
2013-14	01	----	01	Para-6- Works Point i) & ii) Para-10- Financial Power
2014-15	02	00	02	Para-6- Works (x) income tax deduction 1% instead of 2% (i) Income Tax deduction agency Sunshine construction (ii) Vat deduction 2% instead of 5% desilting drains (ii) 2% Vat instead of 5% Allwyn Construction (iii) Income Tax deductions
2015-16	01	00	01	Para-8- Pay fixation/Financial up gradation under MACPS Para-12- Excess expenditure over prescribed limit.
2016-17	20	20	00	Para-15(2) Maintained
				All paras are dropped and commented in current audit wherever required.
Total	44	20	24	

There are 24 outstanding paras which have remained unsettled. The pendency of audit paras are relating to a very old period is alarming. It is therefore brought to the notice of Directorate of Panchayat that the V.P. Salvador Do Mundo has failed to submit appropriate replies and get any get any of the paras dropped. This issue required to be viewed seriously and every possible effort be made to get long pending paras settled and for all.

Part -III-CURRENT -AUDIT

1) CASH BOOK

The Cash book is checked during the course of audit. The closing balance as per the Cash book as on 31/03/2018 is Rs. 67,55,919=39 (Rupees Sixty Seven Lakh Fifty Five Thousand Nine Hundred Nineteen and paise thirty nine only).

The detail of the closing balance as per the Cash Book as on 31/03/2017 is as follows:-

	Closing Balance as per State Bank of India a/c No. 11479462266 Rs. 60,336=98	
	Closing balance as per the Cash book	Rs. 60,336=98 ✓
2	Closing Balance as per State Bank of India a/c No. 11479462889 Rs. 2,295=00	
	Closing balance as per the Cash book	Rs. 2,296=00 ✓
3	Closing Balance as per State Bank of India a/c No. 30631314019 Rs. 12,92,785=00	
	Closing balance as per the Cash book	Rs. 12,92,785=00 ✓
4	Closing Balance as per Corporation Bank a/c No. SB/01/003824(52010107200 7547) Rs. 1631=75	
	Closing balance as per the Cash book	Rs. 1,631=75 ✓
5	Closing Balance as Syndicate Bank A/c No. 7215220000650 Rs. 32,02,007=51	
	Closing balance as per the Cash book	Rs. 32,02,007=51 ✓
6	Closing Balance as Syndicate Bank A/c No. 72152200027402 Rs. 13,793=39	
	Closing balance as per the Cash book	Rs. 13,793=39 ✓
7	Closing Balance as Syndicate Bank A/c No. 72152200017713 Balance as per Pass book Rs. 11,93,287=95 Less:- Cheque issued but not Realized in Bank Rs. 6,000=00 Rs. 11,87,287=95	
	Closing balance as per the Cash book	Rs. 11,87,287=95 ✓
8	Closing Balance as Syndicate Bank a/c No. 72152200032613 Rs. 6,238=70	
	Closing balance as per the Cash book	Rs. 6,238=70 ✓
9	Closing Balance as Syndicate Bank a/c No. 72152200045346 Rs. 503=29	
	Closing balance as per the Cash book	Rs. 503=29 ✓
10	FDR Investment in Syndicate Bank a) FDR No. 7215/405/7188 Rs. 3,64,372=63 b) FDR NO. 7215/405/7174 Rs. 3,64,372=63 c) FDR NO. 7215/405/7191 Rs. 1,81,666=81 Rs. 9,10,412=07	
	Total FDR.S	Rs. 9,10,412=07 ✓
11	D.D's in hand (6 Nos)	Rs. 71,520=00 ✓
12	Cash in Hand	Rs. 7,106=75 ✓
	Closing balance as per the Cash book as on 31/03/2018	Rs. 67,55,919=39 ✓

After reconciliation, the above bank closing balances as per cash book are found to be tallied with the closing balances as per the bank figures as on 31/03/2018.

SECTION-B-I**MAJOR IRREGULARITIES****Nil****SECTION-B-II****OTHER IRREGULARITIES**

- 1) The Panchayat receives the Grants-in-aid every financial year for payment of Salaries and Allowances as fixed by the Government to the Sarpanch, Dy. Sarpanch and directly elected members as well as Co-opted members as the case may be. The amount so received has to be paid to the members within one year from the receipt of the same. However, scrutiny of Form 9 grants register revealed that the amount of Rs. 1,31,708/- is remained undisbursed for more than year in the Panchayat fund. The reason for not paying the member salary in time should be examined and such salary be settled immediately or refund the balance amount to grant sanctioning authority under intimation to audit.
- 2) Director of Panchayat vide Memorandum No. 19/DP/Inspection/2017/7696 dated 28/09/2017 issued directions to the Village Panchayats that the limits of keeping Cash in hand are only 500 should be maintained. However, Cash book for the year 2017-18 revealed that most of the time Cash in hand is exceeded the limit laid down in the above Memorandum. Secondly, the payment of Rs. 1,000/- and above should be done by cheque or ECS as the case may be. However, payment more than Rs. 1000 against the voucher No 259,260,316,321,327,345,356,365,375,336,387,391 and 394 (These cases are only illustrative) has been made in cash. Thus it was observed that both directions issued by the Director of Panchayat have been violated. The above irregularities may be strictly observed and in future care may be taken the balance of Cash in hand does not exceeds the prescribed limit and payment of Rs. 1,000/- and above be made through Cheques/ECS as the case may be.
- 3) It is noticed that the development works executed from its own fund as well as under the scheme are not recorded in the Assets and Property register Form No. 6 inspite of direction given in this regard by the Director of Panchayat vide memorandum dated 28/09/2017. Now same may be shown in orderly manner and shown to next audit.
- 4) Bank reconciliation statement is not prepared and recorded in the Cash book at the end of the each month.
- 5) Pay bill Register, Salary Register is not maintained
- 6) TDS on advertisement bills have not been deducted.
- 7) The V.P. has paid E.M.D./ S.D.'s , but no supporting documents have been attach to the payment vouchers.

2) RDA ACCOUNTS

- i) **RDA/GREGS:** The following are the details position of GREGS (Syndicate Bank A/C No. 72152200027402)

i)	Opening balance as on 01/04/2017	Rs.	13,286=38
ii)	Grants rec. during the year 2017-18		-
iii)	Add:-Int. Accrued during the year 2017-18	Rs.	507=01
iv)	Less:- Expenditure incurred 2017-18		-
	Closing balance as on 31/03/2018	Rs.	13,793=39

ii) **RDA/MGNREGA:** The following are the details position of MGNREGA(Syndicate Bank A/C No. 0032613)

i)	Opening balance as on 01/04/2017	Rs.	6,009=44
ii)	Grants rec. during the year 2017-18		-
iii)	Add:-Int. Accrued during the year 2017-18	Rs.	229=26
iv)	Less:- Expenditure incurred 2017-18		-
	Closing balance as on 31/03/2018	Rs.	6,238=70

iii) **RDA/SJTY:** The following are the details position of SJRY (Syndicate Bank A/C No. 62889)

i)	Opening balance as on 01/04/2017	Rs.	2,213=00
ii)	Grants rec. during the year 2017-18		-
iii)	Add:-Int. Accrued during the year 2017-18	Rs.	83=00
iv)	Less:- Expenditure incurred 2017-18		-
	Closing balance as on 31/03/2018	Rs.	2,296=00

The above closing balances is found to be tallied with the closing balance as per the Cash book as on 31/03/2018.

The Scrutiny of RDA account during audit is only to confirm the closing balance figures only. The audit of the RDA account is carried out by the office of the District Rural Development Agency, Panaji-Goa.

3) TAXES

The following statement showing the arrears Current Demand, Collection and Balance for the period from 1/4/2017 to 31/3/2018.

s r n o	Nature of Taxes	Arrears	Current Demand	Total Demand	Collection	Balance
1	House Tax	20,94,656=00	14,38,902=00	35,33,558=00	17,15,127=00	18,18,431=00
2	Light Tax	39,869=00	25,062=00	64,931=00	26,507=00	38,424=00
3	Prof.Tax	1,83,221=00	77,536=00	2,60,757=00	47,466=00	2,13,291=00
4	Commercial Tax	5,53,352=00	2,49,749=00	8,03,101=00	3,42,703=00	4,60,398=00
5	Cycle Tax	43,433=00	2,355=00	45,788=00	200=00	45,588=00
6	Dog Tax	10,156=00	312=00	10,468=00	--	10,468=00
7	Sign BoardTax	29,078=00	3,890=00	32,968=00	--	32,968=00
8	Cart Tax	438=00	18=00	456=00	--	456=00
9	Garbage Tax	23,57,510=00	13,86,260=00	37,43,770=00	16,10,720=00	21,33,050=00
	Total	54,71,476=00	31,84,084=00	84,95,797=00	37,42,723=00	47,53,074=00

Please note that closing balance of Professional Tax was as of 31/03/2017 was Rs. 1,83,221/-. However, same was wrongly given as Rs. 3,42,984/-. Same has been verified from Demand & Collection register during the course of audit found correct.

The Panchayat has collected an amount of Rs.37,42,723/- towards the various taxes during the year 2017-18. The tax collection is only 44 % out of total demand. The position of the Panchayat in respect of collection of taxes is not satisfactory. The lethargic nature of the Village Panchayat in recovering of Taxes has resulted in accumulation of these arrears. Over the years, arrears of revenue

recoverable has gone up considerably and the Panchayat failed to give due attention in collecting of revenue as well as accumulated arrears. The overall arrears of taxes are mounting year by year. As specially House Tax & Professional Tax. As per Sub-Section (3) of Section 154 of the Goa Panchayat Raj Act, 1994, Vp s empowered to issue notices to defaulter of taxes and revenue arrears and levy 10% penalty to outstanding arrears recoverable under Sub- Section (4) . Thus it was observed that provisions of Panchayat Raj act have been violated in failure to recover the arrears. Therefore, the VP is required to take remedial action for recovery of all outstanding taxes along with the prescribed penalty from the defaulters and revision of taxes as well.

4) RENT

The Panchayat has leased out its 2 premises on rental basis and collected an amount of Rs. 96=00 as a rent for the year 2017-18. The details of rent are as follows.

Sr. No.	Name of the Premises	Arrears Demand	Current Demand	Total Demand	Collection	Balance
1	Rama V. Naik	----	96=00	96=00	96=00	-
2	Dte. Of A.H. & V.S.	9,321=00	1,476=00	10,797=00	-	10,797=00
Total		9,321=00	1,572=00	10,893=00	96=00	10,797=00

From the above figures it can be seen that the collection is only 0.09% 0.9% out of total demand. The position of the Panchayat in respect of collection of rent is very poor. It is being pointed out in the past that V.P. should renew the lapsed agreements which till today not done. The fixed rent is very less in both the cases. The sluggish nature of the Village Panchayat in recovering of rents has resulted in accumulation of these arrears. Therefore, the VP is required to take remedial action for recovery outstanding rent along with the prescribed penalty from the defaulters by following the recovery provisions as specified in the GPRA 1994. The rent may be revised at the earliest and fresh agreements enter in to. Without the valid agreement, it will be difficult for the Panchayat to proceed against the defaulting tenant in Court of law for effecting recovery. Immediate action may be taken to renew the invalid agreements with enhanced rates. Mean time V.P. may issue demand notices to all the defaulters whose arrears of rent recoveries more than three months.

5) CONSTRUCTION ACTIVITIES/CONSTRUCTION LICENCE

V.P. Sarpanch had certified vide certificate No. VP/SDM/Cer/18-19/830 06/03/2018, that he had issued 60 nos. of construction licenses including Renewal/Repair during the year 2017-18 and amount of Rs.19,43,541/- was collected as license fees. The fees are charged as per estimate certified by Civil Engineer. Relevant records are seen in audit.

6) **ILLEGAL CONSTRUCTION**

V.P Sarpanch certified vide certificate No. VP/SDM/Cer/18-19/829 06/03/2018 that he had detected 11nos. of illegal construction cases during the year ~~2016-2017~~ 2017-18. The details of illegal construction cases are as follows

Nos. of Illegal Construction cases on 01/04/2017	12 Nos ✓
Illegal Construction cases detected during the year 2017-18	11 Nos
Nos of illegal construction cases settle/ disposed during the year 2017-18 2017-18	10 Nos
Total cases pending for settlement upto 31/03/2018	13 Nos ✓

As per the provision of Section 66 of the Goa Panchayat Raj Act, 1994 no person shall erect any building or alter or add any existing building or reconstruct any building without the written permission from Panchayat and payment of fees. However, it is noticed that, the houses are constructed without obtaining VP's permission. There are 13 cases of illegal constructions in the Village Panchayat as on 31/03/2018. Non regularization of above illegal constructions resulted in loss of revenue of Panchayat. Further, it can be seen from above statement that 10 illegal cases are shown as settled/disposed. However, requisite records/revenue collection against settlements/ disposals has not produced to audit. In absence of such records, audit could not confirm the fact whether above cases are actually disposed off after following prescribed procedure laid down in G.P.R.A. 1994 or not. Appropriate reply in this regard is waited.

7) **EXCESS EXPENDITURE OVER PRESCRIBED LIMIT**

The Village Panchayat has made excess expenditure over prescribed limit during the year 2017-18 under the following head of account.

Major Head	Limit	Actual Exp.	Excess
Advocate Fees	Rs. 30,000 = 00	Rs.44,300, = 00	Rs. 14,300= 00 ✓

Necessary Ex-post Facto may be obtained from the competent authority to regularize the above expenditure and compliance should be reported to audit.

8) **SERVICE POSTAGE STAMPS ACCOUNT REGISTER**

The Salvador-Do-Mundo Panchayat has maintained service postage stamps account register in prescribed format. The same has been verified during the course of audit and found in order. The expenditure done towards the purchase of stamps for the year 2017-2018 is Rs. 1,940/-.

9) **REFUND OF E.M.D AND S.D.**

It has seen that the V.P. has a balance E.M.D of Rs. 3.88 lakh as and S.D. Rs. 2.73 lakh as on 31/03/2018. As per the section 19 of C.P.W.D. Manual 2007, the E.M.D given by the contractors except the successful contractor should be

refunded immediately after completion of opening of tender process or within a week time from the date of opening the tender. It may please be stated whether any action has been initiated to refund/ forfeit the EMD's /SD's which is lying with the Panchayat for more than three years. If not than the unclaimed EMD's and S.D.'s lying with Panchayat more than three years may be treated as lapse deposits and accordingly forfeited to the Panchayat account.

10) RESERVE FUND FOR STAFF RETIREMENT BENEFITS

The Goa Panchayat Raj (Application of Panchayat or Zilla Panchayat funds Coordination & Limitation) Rules 2006 which came into force vide Notification No. 34/DA/PAN/2P/2006 dated 03/11/2006 and as per Rule 4 of Goa Panchayat Raj Rules 2006, every Panchayat shall reserve 2.5% of their income as reserve fund for contributory Provident fund, Pensionary Benefits etc to the staff working in the Village Panchayats . However, it is seen that no such funds have been created nor any efforts have been made to implement the above scheme. Failure to create Reserve Fund is against the provision of the Panchayat Raj Act. Despite been recording similar observation in the past no action has been taken by the V.P. in the matter. Action proposed to be taken may be intimated to audit.

Action taken in the matter may be intimated to audit.

11) VIOLATION OF STATUTORY PROVISION TOWARDS PROVIDENT FUND BENEFITS

As per para 5 of order No. 35/OP/PAN/EMP/2000 dated 06/03/2003 published in the official Gazette Govt. of Goa, it is stated that permanent employee shall be entitled for the benefits of employees Provident Fund. The amendment of the said order was published in the official gazette of Govt. of Goa under No. 35/DP/PAN/EMP/2006 dated 25/01/2007 under the title Goa Panchayat (Staffing Pattern , Scale of Pay & mode of recruitment of staff of Panchayats first Amendment) order , 2006 clause 5 stated that permanent employee of the Panchayat shall be entitled for EPF, Gratuity, Pensionary benefits etc. Also, the circular No. 19/33/D.V/PAN/STAFF/PAN/05/3947 dated 18/11/2005 and No.19/31/DA/STAFF/09/3937 dated 21/10/2009 issued guidelines about implementation of Provident Fund, Gratuity, Pensionary Benefits, etc. to the permanent staff of the Panchayats. However, it was noticed that except Village Panchayat Secretary, no recoveries or provision towards provident fund and benefits have been made applicable to other regular staff of the Panchayats. Non-recovery of provident fund from the monthly salaries of the regular staff amounts to violation of Employees Provident Funds regulations.

Appropriate action may be taken against the above referred order and subsequent Amendments/Notifications/Circulars/Orders (if any) issued in this regards by the Government from time to time & result may be intimated to audit.

12) NON FILING OF E-TDS RETURNS WITH INCOME TAX DEPARTMENT & ASSESSING OF STAFF

The Panchayat is recovering TDS (Tax Deduction at Source) from the contractor bills and remitting to the Government Treasury under appropriate head of account. However, it is observed that quarterly TDS Returns for recovery of

Income Tax is not being filed online which has been made mandatory by Income Tax Department. Further, every employer (DDO) should deduct Income Tax at source in monthly installment on salaries disbursed by him to his employees, and accordingly quarterly TDS returns for the recovery of Income Tax has to be filed online on quarterly basis, The final adjustment of Income Tax, should made from the last salary payable before the end of the March. Whereas, in your case it is observed that no Income Tax has been deducted nor it is feel compulsory to do so. Any fine /penalty levied by the Income Tax Department on late payment have to be borne by the person responsible for late remittance. Despite been recording similar observation in the past no TDS has been deducted from the V.P. Staff salary during the year 2017-18 and e-filed with Income Tax Department. Action proposed to be taken may be intimated to audit.

13) SURETY BOND OF V.P. SECRETARY

The V.P. secretary is handling cash transactions of the village Panchayat , however, the mandatory security/Surety bond has not been furnished by the secretary. In this connection it is noticed that the Goa Panchayat (Accounts, Audit and Custody of Funds) Rules, 1997 provides under rules 4(3) the Secretary shall furnished a security in such form and for such amount as may be specified by Director. As per Rule 4(4) , the Director of Panchayats may also demand a security from such persons as are actually in charge of cash transaction of a Panchayat.

14) WORKS

The Panchayat has undertaken and paid for 05 works during the year 2017-18 as per the statement of works submitted to audit. The relevant work files were randomly checked during the course of audit and following are observed in general for guidance and compliance.

1. The agreement in Form CPWD is signed by Sarpanch but on page No. 2 and 3 details such as acceptance of tender etc. are not filled in.
2. Envelopes containing the tender papers are not numbered. It may be ensured in future that all envelopes should be numbered and the same number should be recorded on the tender documents after opening. Corrections, cancellations and overwriting if any should be recorded in the schedule and initialed by the person witnessing the opening of the tender.
3. M.B.'s were not produced for verification.
4. The Labour cess and Royalty deducted from the contractor bills are not remitted in the Government Treasury within prescribed time limit. Any penalty levied by the concerned department due to delay in remittance of statutory deductions has to borne by the person responsible for the making delay in remitting above deductions.

15) EXPENDITURE ON DISPOSAL OF GARBAGE

Scrutiny of Form No 10 (Income & Expenditure) revealed that the V.P. had incurred an expenditure of Rs.11,17,804 /- for disposal of door to door Garbage during the year 2017-18. It is noticed that irregularities pointed out in the audit report for the year 2015-16- & 2016-17 is not settled yet and same has been repeated in the year 2017-18 also. Secondly the door to door garbage collection contract for the period from 11/2017 to 04/2018 was awarded to Agency Bavish as

per the guidelines and Technical Sanctioned by the Executive Engineer, P.W.D. Panaji-Goa. So on following the necessary tender process and being lowest quote amount by Agency Bavish compared to other agencies, the VP has issued work order which was accepted by him. But after lifting garbage for the month of 11/2017, the Agency Bavish has stopped the work.

In view of above circumstances the contract of work of Door to Door Garbage collection has been terminated by the V.P. Committee of Salvador -do-Mundo vide Resolution number 12(1) dated 16/12/2017 and issued fresh work order to previous contractor to one Mr. Saroj Kumar Chaudhary.

In this connection following points are made for compliance.

- i) State whether approval of B.D.O. was obtained prior to issue of work order of door to door garbage collection to Mr. Saroj Kumar Chaudhary.
- ii) State whether E.M.D./ S.D. of the of the Agency Bavish has been forfeited to the Panchayat fund account as the contractor was failed to complete the aforesaid work .
- iii) State whether the work executed by the agency has not been supervised by any technical person or merely certificate has been given by concern ward Member of the Village Panchayat.
- iv) It was resolved that all the E.M.D. & Security Deposit and other fees/dues will be forfeited to the Panchayat fund Since the Agency Bavish failed to complete the aforesaid work. However, it is noticed that the V.P. has made 1st R.A. bill payment to Agency Bavish. Under circumstances which the payment is made may be clarified.

Appropriate replies to above points are awaited.

16) LABOUR CESS

As per the rules, all the Government Departments, local bodies PSU's and other Govt. agencies carrying out the building and other construction works under the act shall get themselves register under section 7 of the Act with the registering authority of the labour Department. Such institutions are required to mandatorily deduct 1% of the total cost from the bills at the time of making payment to the contractors. The VP before remitting the amount of cess to the Goa Building & Other Construction Workers Welfare Board can deduct 1% of the total Cess amount collected for their administrative expenses.

17) FINANCIAL POSITION OF THE PANCHAYAT DURING THE YEAR 2017-18

The Panchaya. is having an amount of Rs. 40,21,533=30 in their Panchayat Fund Account as on 31/03/2018. This shows that the financial position of the Panchayat is satisfactory during the year. However, Panchayat should make sincere efforts to recover the amount of arrears of Taxes / Rents along with prescribed penalty form the defaulters, in order to further strengthen the financial position of the Panchayat. The VP has huge spare amount of Rs. 40,21,533=30 as Panchayat Fund as on 31/03/2018 in the different Saving Bank Account. However, FD's are made only for Rs.9,00,000/- . The Panchayat may consider the possibility of investing its funds in short term deposits by keeping in view its immediate needs so as to maximize the returns by obtaining details of the interest offered by different banks before investing the same.

18) ANNUAL ACTION PLAN

As per section 238 of Goa Panchayat Raj Act, 1994 the VP is required to submit their annual action plans to the Zilla Panchayat, who is in turn would consolidate and forward the same to District Planning Committees for the development work to be undertaken during the next financial year. Further, Government of Goa has framed Rules under Goa Panchayat (Constitution, Power and Functions of Ward Development Committees and preparation of Annual Development Plan) Rules, 2008 so as to guide the Village Panchayats in preparation of Annual Action Plans.

In this connection, it is observed that Panchayat had not prepared any plans so far for preparation of Annual Action Plan which is contrary to the provision of the Panchayat Raj Act.

19) FUNCTION OF THE GRAM SABHA

1. The Village Panchayat should constitute two Supervisory Committees as per the section 6 (2) of the Goa Panchayat Raj Act / Rules to supervise the Panchayat works, Schemes and other activities. The committees should submit their report to the Panchayat and place the copy of the report in the Gram Sabha Meeting for an appropriate decision.
2. As per Section 6 (8) of the Act *ibid*, the Panchayat should constitute two or more Ward Development Committees for keep proper on development activities of wards.
3. As per Section 6 (3) of the Act *ibid*, the Government should constitute Vigilance Committee to oversee the different works/schemes and other activities of the Panchayat.

20) GENERAL

As per the system in vogue, the Block Development Officer (BDO) should conduct at least three inspections and Extension officer VP (EOVP) five of the Village Panchayat.

a) <u>Inspections</u>	<u>B.D.O.</u>	<u>E.O.(VP)</u>
i) Prescribed	03	05
ii) Actually carried out	Nil	01

Non-compliance of above requirement may be justified and in future B.D.O. /EO (V.P.) should ensure that the prescribed numbers of inspections are carried out at regular intervals in order to have control over the Administration of the Panchayat.

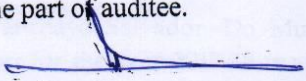
- b) The B.D.O. should also ensure to take appropriate action on the following points:
As per Rule 4 (3) of the Goa Panchayat (Accounts, Audit and Custody of Funds) Rule 1997, the Secretary shall furnished the security bond in such a form and for such an amount as may be prescribed by the Director of Panchayat.
- c) As per Section 113 (1) of the act, the salary and allowances of the Secretary shall be drawn from the Panchayat funds.
- d) Panchayat Secretary shall maintain the personal cash register in terms of Circulars No. ACB/Vigilance/404/1066 dated 22/03/2004 from Vigilance Department, Panaji.

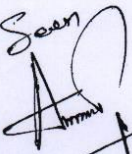
- e) As per Section 5(i) and (ii) of the Act, there shall be minimum 4 (four) each ordinary and special Gram Sabha meetings of the Panchayat during every year. Action at b (i), (ii) & (iii) should be initiated and compliance should be reported to Audit.

Despite recording the observation during the last inspection report compliance to the previous audit observations are still awaited. Rigorous efforts should be made to comply with the audit observations without further delay.

DISCLAIMER

The inspection report has been prepared on the basis of information furnished and made available by the Village Panchayat **Salvador Do Mundo**. The office of the Directorate of Accounts, disclaims responsibility for any misrepresentation and non information on the part of auditee.


Dy. Director of Accounts/IC
Directorate of Accounts
Panaji-Goa

Seen

24/09/2018

Development Grants.