

**ANNUAL AUDIT REPORT OF ACCOUNTS OF THE VILLAGE
PANCHAYAT "Candolim" IN BARDEZ
BLOCK FOR THE YEAR 2017-2018**

PART-I

A. Name of the Sarpanch:-

Sr.no	Name of the Sarpanch	Fr.	To
1	Smt:- Purification Fialho	01/04/2007	18/06/2017
2	Shri:-Salvador B. Fernandes	19/06/2017	31/03/2018

B. Name of the Secretary :-

Sr.no	Name of the Secretary	Fr.	To
1	Shri:- Rui A. Cardoso	01/04/2017	15/01/2018
2	Shri:- Laurence Ribeiro	16/01/2018	31/03/2018

C. Names & designation of audit parties

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

D. Date of Audit :- From :- 20/09/2018 to 24/09/2018

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 Candolim in Bardez Block for the year 2017-18 was conducted from 20/09/2018 to 24/09/2018 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 Candolim 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. 4,20,000=00
2	Garbage Grants	Rs. 52,631=00
3	XIV Finance Grants	Rs. 10,16,961=00
Total		Rs. 14,89,592=00

PART -III

The Village Panchayat Candolim 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. 4,19,41,579=00
Total Expenditure for the year 2017-18	Rs. 3,58,07,277=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. 41,87,419=00
2	DRDA Grants	Rs. 10,782=00
3	E.M.D.	Rs. 8,03,344=00
4	S.D.	Rs. 15,76,730=00
5	Income Tax	Rs. 83,991=00
	Edu. Cess	Rs. 566=00
	Higher Edu. Cess	Rs. 278=00
6	Vat (Sales Tax)	Rs. 52,571=00
7	Royalty	Rs. 35,852=00
8	Labour Cess	Rs. 6,003=00
9	CGST	Rs. 19,042=00
	SGST	Rs. 19,042=00
10	Panchayat Fund	Rs. 2,33,05,334=83
	Total	Rs. 3,01,00,954=83

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	2,55,313=00	4,20,000=00	3,69,750=00	3,05,563=00
2.	Matching Grants	-	-	-	-
3.	XIIth Finance	2,74,593=00	-	-	2,74,593=00
4.	XIIIth Finance	1,65,927=00	-	-	1,65,927=00
5.	XIV th Fin Com.	20,06,995=00	10,16,961=00	-	30,23,956=00
6.	Garbage Grants	-	52,571=00	52,571=00	-
7.	Golden Jubilee Gr	4,17,380=00	-	-	4,17,380=00
	Total	31,20,208=00	14,89,592=00	4,22,381=00	41,87,419=00
RDA					
1.	GREGS	10,571=00	int. 211=00	-	10,782=00
	Total	10,571=00	211=00	-	10,782=00

It can be seen from above Statement that Golden Jubilee grant is still lying in the Panchayat fund (Saving Bank Accounts) despite the most recent extension was granted with the condition that no further extension will be granted for

utilization of grants by the grant sanctioning authority. Secondly, other grants like XIIth, XIIIth, XIVth Grants, and Member Salary grants also remained unspent for several years. As you very well aware that after utilizing the grants sanctioned amount, a Utilization Certificate 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 or else the same should be refunded in the Government Treasury. Blocking of Government funds for long in some cases 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/SHORTFALL WITH REFERENCE TO ORIGINAL/REVISED BUDGET ESTIMATES
2,79,42,100=00	4,82,42,100=00	4,19,41,579=00	(-) 63,00,521=00

B) **EXPENDITURE**

ORIGINAL BUDGET ESTIMATES	REVISED BUDGET ESTIMATE	ACTUAL INCOME	EXCESS/SHORTFALL WITH REFERENCE TO ORIGINAL/REVISED BUDGET ESTIMATES
3,27,95,000=00	3,78,45,000=00	3,58,07,277=00	(-)20,37,723=00

On comparison with the revised Budget estimates, the actual Income received during the year 2017-18 is in huge short by Rs. 63,00,521/- and under expenditure side there is huge savings of Rs. 20,37,723/-. The variations between the budget estimates/revised estimates with that of the actual Income and expenditure can be avoided by revising the budget estimate based on the available trend of actual. The Secretary is need be prepared realistic budget. This may be noted and in future and budget may be prepared in realistic manner in order to avoid variations.

Further, the Panchayat has incurred excess expenditure over budgetary provision for the year 2017-18 under following head of account.

Sr no.	Major head of account	Actual Budget	Expenditure incurred	Excess / Short
1	Public Work	1,86,50,000=00	1,99,96,737=00	13,46,737=00
2	Miscellaneous	27,60,000=00	36,48,451=00	8,88,451=00

So also Panchayat has executed the following works departmentally by engaging daily wages labourers and incurred expenditure from V.P. Fund like for instance in following cases.



- | | | |
|----|--------------------------------|-----------------|
| 1) | Construction /Repair of Drains | Rs. 48,44,350/- |
| 2) | Trimming of Trees | Rs. 9,32,250/- |
| 3) | Minor repair works | Rs. 8,80,675/- |
| 4) | Cleaning and sweeping of roads | Rs. 7,58,000/- |

Besides, there are many more cases for which no estimates nor Administrative Approval and Expenditure Sanction have been accorded for execution of said works. Such types of expenditures are unauthorized which needs to be regularized by obtaining Ex-Post-Facto approval from the competent authorities.

PART – IV – COMMENTS ON TRANSACTION

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

Year	Para s B/F	Paras settled	Paras outstand ing	Subject in brief
1981-1982	01	-	01	Para-2- Works
1984-1985	01	-	01	Para -3- Works
1986-1987	01	-	01	Para -8- Works
1988-1989	01	-	01	Para -7- Works
1989-1990	01	-	01	Para -5- Works
1990-1991	01	-	01	Para-7-Rent lease agreement
1991-1992	01	-	01	Para-8-Property register
1992-1993	01	-	01	Para-3- Works
1993-1994	01	-	01	Para-9- Works
1994-1995	01	-	01	Para-9- Works
1995-1996	01	-	01	Para-5-Budget
1996-1997	01	-	01	Para-11-Interest on loan
1997-1998	01	-	01	Para-13- Works
1998-1999	01	-	01	Para-8- Works
2000-2001	01	-	01	Para-13- Works
2001-2002	01	-	01	Para-3- Works(I&II)
2002-2003	01	-	01	Para-12- Works (v) recovery of I.Tax of Rs. 4625/- Royalty of rs. 1170/- & S.D. Rs. 13825/- from the contractor Sheri K. Bhaskaran and VII recovery of over payment of Rs. 4505/- from Shri Dattaray Raikar (contractor).
2010-2011	04	-	04	Para-4- Ambulance Para-10(i) Auction, Non collection of penalty from contractor . ii) Non collection of outstanding auction fee amounting to rs. 40400/- since from 1991-1994 onwards from (04)four

				contractor . Para – II (a) Financial Powers Purchase of electrical materials. (b) Non regularization of excess expenditure Para-12- Departmental works Non-regularization of works from 2008-19 to 2010.
2011-2012	04	-	04	Para-10-Excess expenditure over budget during the year 2011-2012 totaling to Rs. 1092297/- Para-9- Irregular expenditure during the year 2011-2012 totaling to Rs. 90,000/- Para-11- Financial powers during the year 2011-2012 totaling to Rs. 1275167/- Para-12 Departmental works during the year 2011-2012 totaling to Rs. 346160/-
2012-2013	04	-	04	Para-6- collection of market cum jatra fees Para maintained for want to recovery of Rs.800000/- alongwith prescribed penal interest from Shri Victor Fernandes Para-8- Departmental works para stand for work of approval from the competent Authority on Ex-post jacto basis Para-11- Financial power para stand for want of Ex-post jacto approval Para-12- market
2013-2014	02	-	02	Para-9 works (iii)(vi), (iv) (vi), v(v) Para-10-Refund of EMD &SD Remaining all.
2014-2015	06		06	Para- 7 Excess Exp. Over Prescribed limit. Para-8- Purchase of AC Para-9- Irregular Expenditure Para-15- Works Para-17- service Book para-18-Panchayat property
2015-16	03	-	03	Para-11 Excess Exp. Over Prescribed limit. Para-12 Purchase of Electrical Material Para-19(C)(1) recovery of Sales Tax Rs.16,904/-& Labour cess Rs.417/-
2016-17	23	21	02	Major Irregularities Point 8) Stands as the recovery of income

				tax has not been done from the defaulters. Para-11- Excess expenditure over prescribed limit. Remaining 21 paras are dropped and commented in the current audit wherever required.
Total	63	21	42	

There are 42 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. Candolim 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 shown as Rs. 3,01,00,954=83. The actual closing balance as on 31/03/2018 works out to be Rs. 3,01,01,064=83 due to the following discrepancies are found during the course of audit:-

Sr. No.	Receipt /voucher No.	Actual Amt.	Amt. shown in the cash book	Difference
1	916/65	Rs 1560=00	Rs.1500=00	Rs. 60=00(Short)
2	V. No. 678 dt. 18/7/17	Rs. 50=00	Rs. 100=00	Rs. 50=00 (Short)
Total Short amount				Rs. 110=00

The above short accounted amount is may be recovered during the year 2018-19 and accounted in cash book. The same will be verified during next audit.

The details of the closing balance as per the Cash Book as on 31/03/2018 is as follows.

1	Closing Balance as per State Bank of India A/c No.34756909570 Add: Bank charges not recorded In Bank	Rs. 2,14,266=00 Rs. 649=00 Rs. 2,14,915=00	
Closing balance as per the Cash book as on 31/03/2018			Rs. 2,14,915=00
2	Closing Balance as per State Bank of India A/c No. 30621510286 Less: Interest received but not Accounted in cash book	Rs. 29,12,490=75 Rs. 24,920=00 Rs. 28,87,570=75	
Closing balance as per the Cash book as on 31/03/2018			Rs. 28,87,570=75

	Accounted in Cash book	Rs. 3,36,000=00	
	Add: Cheq of Canara Bank wrongly		
	Shown in Axis Bank	Rs. 6,462=00	
	Less: Interest received but no		
	Accounted in Cash Book	Rs. 1,75,068=00	
	Less: Cheq. Issued but not realised	Rs. 8,05,350=00	
		Rs. 19,15,331=00	
	Closing balance as per the Cash book as on 31/03/2018		Rs. 19,15,331=00
8.	Investment in FDR's:-		
	A) State bank Of India		
	A/C No. 35629503820	Rs. 16,00,536=00	
	A/C No. 34974628366	Rs. 20,00,000=00	
	A/C No. 34974633251	Rs. 10,00,000=00	
	A/C No. 34974636536	Rs. 10,00,000=00	
	A/C No. 34974638931	Rs. 5,00,000=00	
	Total	Rs.61,00,536=00	
	B) Canara Bank		
	A/C No. 0319461003726	Rs. 20,00,000=00	
	A/C No. 034974633251	Rs. 21,43,561=00	
	Total	Rs. 41,43,561=00	
	C) HDFC Bank		
	A/C No. 50300105597904	Rs. 20,00,000=00	
	A/C No. 50300105597423	Rs. 20,00,000=00	
	A/C No. 50300134511461	Rs. 16,21,778=00	
	Total	Rs.56,21,778=00	
	Total investment in FDR's		
	A+B+C=	Rs. 1,58,65,875=00	Rs. 1,58,65,875=00
9.	Cheques in Hand as on 31/03/2018		Rs. 7,79,000=00
10.	Cash in Hand as on 31/03/2018		Rs. 3,02,606=62
	Closing balance as per the Cash book as on 31/03/2018		Rs. 3,01,00,954=83

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-II

MAJOR IRREGULARITIES

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. 3,05,563/- 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 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.897,1127,1128,1146,1150,1161,1219,1236,1262,1294,1295,1330,1344,1345,1381,1396,1402,1403,1413,1445,1450,1451,1477,1478,1486,1490,1491,1503,1507,1508,1509,1519,1530,1535,1547,554,1560,1567,1583,1599,1626,1627,1629,1630,1648,1657,1664,1665,1676,1672,1675,1676,1678,1679,1690,1696,1697,1707,1710,1711,1713,1717,1723,1758,1769,1777 has been made in Cash. Thus it was observed that directions issued by the Director of Panchayat have been violated. The above irregularity 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 by through Cheque/ECS.

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 in orderly manner in spite of direction in this regards by the Director of Panchayat.

4) Despite of observation raised by audit in the past, the amount recovered towards Income Tax. Rs. 84,835/-, Vat Rs. 52,571/-, Royalty Rs. 35,582/- and Labour Cess Rs. 6,003/- has not been remitted in the Government Treasury under the respective head of account. Such accumulation of the Government dues are not permissible and liable for penal interest Irresponsible trend in this regard is once again brought to the notice of Secretary for immediate corrective action.

5) Any expenditure from the Panchayat Fund is Subject to Restrictions, Conditions and Limitations on the provisions of the Act and the Rules made there under. The Village Panchayat, shall incur expenditure out of the Panchayat fund for which provision has been made in the budget. No expenditure shall be incurred without the previous sanction of the Government. The scrutiny of bills file for the year 2017-18 revealed that an amount of Rs. 50,000/- paid vide Voucher No. 1035 dated 28/09/2017 to Kala Mogi towards Support for the Tiatr. The above expenditure has been incurred by the Panchayat from the Panchayat fund. In this connection VP may clarify whether there is any provision in GPRA which provides for incurring such unwarranted expenditure without the approval of Government. Or else ex-post-facto approval from the competent authority may be obtained and shown to audit

6) Bank reconciliation statement is not prepared and recorded in the cash book at the end of the each month.

7) Thumb impressions on vouchers are not authenticated by the Sarpanch.

8) FDR register is not maintained.

9) Salary Register is not maintained.

10) TDS on Salary is not deducted by the Panchayat.

11) The supporting document is not attached on following vouchers ie. Voucher No. 542,543, 671, 672,673,912.

12) On payment of Security Deposit the copy of cancellation Receipt or copy of BDO has not attached for following vouchers ie. Vouchers No. 732,735, 1036,1037, 1139, 1140, 1141, 1142,1143, 1144.

13) The amount has been incurred by VP amounting to Rs. 79,650/- & Rs. 60,180/- vide voucher No. 868 dated 29/8/2017 and Voucher No. 1754 dated 31/3/2018 towards purchase of Garbage bins without following purchased procedure as specified in General Financial Rules.

14) The Village Panchayat Secretary has not signed the Cash book.

2) RDA ACCOUNTS

i) **RDA/GREGS:** The following are the details position of GREGS (Canara Bank A/C No. 031910101012622)

i)	Opening balance as on 01/04/2017	Rs.	10,571=00
ii)	Grants rec. during the year 2017-18		Nil
iii)	Add:-Int. Accrued during the year 2017-18	Rs.	211=00
iv)	Less:- Expenditure incurred 2017-18		Nil
	Closing balance as on 31/03/2018	Rs.	10,782=00

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 1/4/2016 to 31/3/2018.

S r n o	Nature of Taxes	Arrears	Current Demand	Total Demand	Collection	Balance
1	House Tax	38,39,371/-	70,48,474/-	1,08,87,845/-	69,36,906/-	39,50,939/-
2	SignBoarTax	3,10,004/-	50,437/-	3,60,441/-	15,385/-	3,45,056/-
3	Cycle Tax	4,628/-	330/-	4,958/-	10/-	4,948/-
4	Cart Tax	240/-	20/-	260/-	-	260/-
5	Prof. Tax	-	1,61,53,832/-	1,61,53,832/-	1,61,53,832/-	-
6	Cart Tax	-	8,000/-	8,000/-	8,000/-	-
	Total	41,54,243/-	2,32,61,093/-	2,74,15,336/-	2,31,14,133/-	43,01,203/-

The Panchayat has collected an amount of Rs.2,31,14,133/- towards the various taxes during the year 2017-18. The tax collection is 84% out of total demand. The position of the Panchayat in respect of collection of taxes is quite satisfactory. The overall arrears of taxes are mounting year by year. As specially House Tax Sign Board 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. Further, the assessment of House taxes is due since 2006-07 as reported by the VP officials.

4) RENT

The Panchayat has leased out its 01 premise on rental basis and collected an amount of Rs. 1,260/- as a rent during 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	Post Office	315/-	1,260/-	1,575/-	1,260/-	315/-
Total		315/-	1,260/-	1,575/-	1,260/-	315/-

The collection of rent is 80% out of total demand. The position of the Panchayat in respect of collection of rent is satisfactory. The revaluation of Rent has not been done for many years. A proposal may be processed to PWD for revaluation of rent without further delay. Also the agreement may be got renewed and rent may be revised as per PWD valuation.

5) CONSTRUCTION ACTIVITIES

i) CONSTRUCTION LICENCES

V.P. Sarpanch had certified vide certificate No. VP/C/1914/2018-19 dated 18/09/2018, that he had issued 45 nos. of construction licenses including revised and renewal and Rs.27,31,570/- has been collected as license fees during the year 2017-18. One construction file in respect of Shri Santan Morais was not produced for verification.

ii) ILLEGAL CONSTRUCTION

V.P Sarpanch certified vide certificate No.VP/C/1917/2018-19 dated 18/09/2018 that he had detected 04 nos. of illegal construction cases during the year 2017-18. The details of illegal construction cases are as follows

1) Nos. of Illegal Construction cases on 01/04/2017	04nos
2) Illegal Construction cases detected during the year 2017-18	04nos
3) Nos of illegal construction cases settle/ disposed during the year 17-18	01nos
Total cases pending for settlement upto 31/03/2018	07nos

As per the provision of Section 66 of the Goa Panchayat Raj Act, 1994 no person shall erect any building as 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 07 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 at sr. no. 3 above that 01 illegal case is 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.

6) REFUND OF E.M.D AND S.D.

It has seen that the V.P. has a balance of Rs.8.03 lakhs as E.M.D and Rs.15.77 lakhs S.D. 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.

7) AUCTION

i) Collection of Market Fee (Sopo)

The auction file pertains to year 2017-18 is checked during the course of audit and it is seen that the sealed quotations were called by the V.P. Candolim to award the contract of Sopo collection i.e. Market fees within its jurisdiction by publishing Quotation Notice No. No.VPC/33/3382/2016-17/17 dated 31/03/2018 in local dailies. The minimum initial bid amount was fixed to Rs. 16,83,000/-. In response, total 06 sealed quotations were received by the Panchayat. On opening said quotations it was found that bid amount of Rs. 22,25,000/- quoted by one Mr. Manual Fernandes r/o House No. 831, Camotim Vaddo, Candolim -Goa was highest which has been accepted by the Panchayat and offered him to collect the sopo fees with the conditions that the contractor has to pay 1/3rd of bid amount i.e. Rs. 7,41,666/- on same day, Rs. 7,41,666/- as first installments by 31/01/2017 and remaining balance be paid by 31/01/2018. However, it is seen that the Contractor had paid only Rs. 15,00,000/- vide receipt no. 893/56 & 894/57 dated 15/11/2017 & 21/11/2017 respectively and subsequently he stopped collecting sopo fees. Due to which the Panchayat recalled fresh sealed quotations vide Public Notice no. to awards contract of sopo collection for further period of 4 months i.e. from 01/12/2017 to 31/03/2018 for which initial bid was fixed for Rs. 7,50,000/-. At second time total 03 sealed quotations were received by the Panchayat. On opening said quotations it was found that bid amount of Rs. 9,80,000/- quoted by one Mr. Anthony D. Fernandes r/o House No. 831, Camotim Vaddo, Candolim -Goa was highest which has been accepted by the Panchayat and awarded him sopo collection contract. The contractor had paid full bid amount in two installments vide receipt no. 898/3 & 908/47 dated 13/12/2017 & 13/02/2018 respectively.

In view of above, the following points are made for compliance.

1. As per Terms & Condition the Contractor was required to deposit EMD of Rs. 20,000/- at the time of opening of the tenders. However, the VP has not demanded the same. Thus allowing him undue financial benefit.
2. The V.P. has not executed agreement with the Contractor by incorporating therein terms and condition as especially penal provisions. Without the valid agreement, it is difficult for the Panchayat to proceed against the defaulting contractor for effecting recovery.
3. A complete comparative statement of all the tenders received in response to the notice has not been prepared. The Officer opening the tender should prepare in his own hand and should sign that statement. Failure to do this

may result in the work being awarded to a contractor who is not the lowest acceptable tenderer.

4. Undue favor has been extended to the contractors to pay the bid amount beyond the period of dates as specified in the terms and condition thereby violating its own conditions.

The point wise comments are awaited.

8) TIME BOND CLAIM

It was noticed that some time bound claims such as Electricity, Telephone, Water are not cleared within the prescribed date. Due to delay in the settlement of bills has resulted in additional burden expenditure to the Panchayat. These charges should be recovered from the person responsible for effecting the payment late. Despite observations to this effect in the past, time bound bills are being delayed for clearance beyond stipulated date.

9) EXCESS EXPENDITURE OVER PRESCRIBED LIMITS.

During the year 2017-18 the Village Panchayat has made excess expenditure over the prescribed limit under following heads of account.

Sr no.	Major head of account	Prescribed limit	Expenditure incurred	Excess / Short
2	Purchase of Electrical materials	4,00,000/-	27,43,137/-	23,43,137/-
	Advocate fees	30,000/-	9,90,300/-	9,60,300/-

However, the above excess expenditures be got regularized duly obtaining approval from the Competent Authority.

Further, it has to be ensured that costs, as order and whenever feasible, should be recovered from the complainants who have dragged the Panchayat to the Courts. It is observed from the vouchers that no mention is made about the approval granted by the body to the payment of such payments. The details of Resolution No. and date approving such payments need to be recorded on the reverse of the vouchers by endorsing a suitable certificate. The separate register may be maintained by recording necessary entries such as Case particulars, name of the Advocate, amount paid, date Voucher no. on each occasions and total expenditure etc. as well.

In addition to above audit also noticed that the V.P. has provided financial assistance beyond the prescribed expenditure limit to those families who have affected by natural calamities during the year 2017-18. The actual expenditure limit is Rs. 3,000/- per family not exceeding 50,000/- per annum. In future, limit may be maintained while giving financial helps to the sufferers of natural calamities.

10) EXPENDITURE ON DISPOSAL OF GARBAGE

Scrutiny of Form No 10 revealed that the Village Panchayat has incurred expenditure of Rs. 61,41,800/- towards collection and disposal of Garbage during the year 2017-18. The irregularities noted in execution of these work are brought to the notice of the Secretary is as follow.

- 1) The order for collection and disposal of door to door garbage is issued based on the rates submitted by the contractor. The reasonableness and quoted rates

cannot be determined in the absence of any other bid/quote. No estimate of work is prepared nor was the quotations/tenders called for despite the observation in last couple of years in the audit reports. However the contract of Garbage Collection has been given to the same contractor who had collected the Garbage during previous year. Payment is released base on the bills submitted by contractor on a letter head without recording the details of garbage collection i.e number of trips per month etc. The Panchayat has to secure its financial interests while awarding such huge amount of work to the contractor.

The V.P.,s reply to aforesaid observation is awaited.

11) RESERVE FUND FOR STAFF RETIRMENT 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.

12) 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/DA/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.

Despite been recording similar observation in the past no action has been taken by the V.P. in the matter. 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.

13) 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.

14) 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.

15) WORKS

The Panchayat has undertaken and paid for 12 developmental works under Panchayat fund during the year 2017-18 as per the statement of works submitted to audit. The actual amount of the each works, recoveries such as Security Deposits, Income Tax, Vat, labour Cess, Royalty deducted from each bills at prescribed rates and net payment made to the Contractors against each R.A./Final bills and gross expenditure booked by showing contra entries of recoveries in Form 10 Income and Expenditure Statement have been verified which found to be correct. However, it was noted that the aforesaid /recoveries are not reemitted in the Government Treasury and in some cases agreement in Form 7/8 have not been executed with the contractors.

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 Panchayat is having an amount of Rs. 2,33,05,334=83 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 efforts to recover the amount of arrears of Taxes / Rents along with prescribed penalty from the defaulters, in order to further strengthen the financial position of the Panchayat.

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	Nil

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 furnish 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 **Candolim**. The office of the Directorate of Accounts disclaims responsibility for any misrepresentation or non information on the part of auditee.


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


Form No. 10



(See Rule 21(a) and 25 of THE GOA PANCHAYAT (ACCOUNT, AUDIT AND CUSTODY OF FUND) RULES 1997)

ANNUAL ACCOUNT OF INCOME AND EXPENDITURE
OF Candolim Village PANCHAYAT FOR THE YEAR 2018-2019

Particulars of Income	Amount	Particulars of Expenditure	Amount
Income		Expenditure	
		Budget Head	
1) Closing of the last year <u>2396632=83</u> <i>5,44,84,211-17</i> <u>20=80</u>		1) Administration <u>59,85,142=00</u>	
Budget Head		2) Sanitation Public Health and Family Welfare <u>77,18,270=00</u>	
2) Grants from Government		3) Public Works <u>1,99,96,737=00</u>	
i) Special <u>4,20,000=00</u> <i>Members Salary</i>		4) Planning and Development	
ii) General <u>-</u>		5) Social Welfare <u>2,42,000=00</u>	
3) Other Grants <u>10,69,592=00</u>		6) Education and Culture <u>55027=00</u>	
i) Local Authorities		7) Rural Housing	
ii) Private		8) Drinking water	
4) Proceeds of taxes fees etc under Sec. 153 of the Act.	<u>3,75,98,404=00</u>	9) Poverty alleviation Programs	
<i>Taxes - 2,31,14,133=00</i>		10) Libraries	
<i>Fees - 1,44,84,271=00</i>		11) Rural Sanitation	
5) Proceed of other loans etc.		12) Construction and maintenance of slaughter house and cattle pounds	
6) Sales Proceeds. <u>29400=00</u>		13) Miscellaneous <u>18,10,101=00</u>	
7) Extraordinary <u>28,24,711=00</u>		Expenditure Total <u>3,58,07,277=00</u>	
Total Receipts <u>4,19,41,579=00</u>		Closing Balance <u>3,01,00,954=83</u>	
Grand Total <u>6,59,08,231=83</u>		Grand Total <u>6,59,08,231=83</u>	


N.B. Details of Receipts and Expenditure of the items may be given separately.

 **Sarpanch**
 SALVADOR BLAIZE FERNANDES
 SARPANCH
 VILLAGE PANCHAYAT CANDOLIM
 BARDEZ - GOA


 **Secretary**
 LOURENCO RIBEIRO
 SECRETARY
 VILLAGE PANCHAYAT CANDOLIM
 BARDEZ - GOA



Annual Accounts of Income & Expenditure of Candolim Panchayat for the year 2017-2018



DETAIL OF THE BALANCE

1. Balance in State Bank of India	- Rs. 214915=00
2. Balance in XII/XIV Finance A/c	- Rs. 2887570=75
3. Balance in HoFC A/c	- Rs. 3081293=82
4. Balance in Axis Bank A/c	- Rs. 1915331=00
5. Balance in Canara Bank A/c	- Rs. 4840867=64
6. Balance in Fixed Deposit - SBI	- Rs. 6100536=00
	- Canara - Rs. 4143561=00
	- HoFC - Rs. 5621778=00
7. Balance in Canara Bank (govt) A/c	- Rs. 10782=00
8. Balance in Member's Sav. A/c	- Rs. 202713=00
9. Cash in hand	- Rs. 302666=62
10. Cheque in hand	- Rs. 77000=00
Total	Rs. 3,01,00,954=83

DETAILS OF FUNDS

1. Govt. Grants	- Rs. 41,87,419=00
2. R.D.A. Grants	- Rs. 10,1782=00
3. E.M.D.	- Rs. 8,03,344=00
4. Security	- Rs. 15,76,730=00
5. Income Tax	- Rs. 83,991=00
6. Royalty	- Rs. 566=00
7. Val. (Schools)	- Rs. 35,852=00
8. Val. (Other Schools)	- Rs. 52,571=00
9. Govt. Grants	- Rs. 2003=00
10. Panchayat Fund	- Rs. 19,042=00
Total	Rs. 2,33,05,334=83

Total Rs. 3,01,00,954=83

Certified that the closing balance as shown in the account has been compared with that shown in the Cash Book, Bank Book and found to be correct.


Difference if any

The difference of Rs.
Book is due to be the reason that:-

Between the Pass book and Cash


CERTIFICATE

I have examined the foregoing accounts and I have obtained all the information and explanation that I required and subject to the observation in the separate Audit Report/Note. I certify as a result of my audit, that in my opinion, these accounts were properly drawn up so as to exhibit a true and fair view of the State of Affairs of the Panchayat according to the best my information and explanations given to me and as shown by the books of the Panchayats.


LOURENCO RIBEIRO
SECRETARY
VILLAGE PANCHAYAT CANDOLIM
BARDEZ - GOA



Deputy Director of Accounts/Insp.
Government of Goa.


SALVADOR BLAISE FERNANDES
SARPANCH
VILLAGE PANCHAYAT CANDOLIM
BARDEZ - GOA

Form No. 10

(See Rule 21(a) and 25 of THE GOA PANCHAYAT (ACCOUNT, AUDIT AND CUSTODY OF FUND) RULES 1997

ANNUAL ACCOUNT OF INCOME AND EXPENDITURE
OF.....Candolim Village.....PANCHAYAT FOR THE YEAR 2018-2019.....

Particulars of Income	Amount	Particulars of Expenditure	Amount
Income		Expenditure	
		Budget Head	
1) Closing of the last year 2396632=83 ✓ <i>5,469,614 - 2016-17 20=20</i>		1) Administration 59,85,142=00 ✓	
Budget Head		2) Sanitation Public Health and Family Welfare. 77,18,270=00 ✓	
2) Grants from Government		3) Public Works 1,99,96,737=00 ✓	
i) Special		4) Planning and Development	
<i>Members' Salary</i> 4,20,000=00 ✓		5) Social Welfare 2,42,000=00 ✓	
ii) General		6) Education and Culture 55027=00 ✓	
3) Other Grants		7) Rural Housing	
i) Local Authorities		8) Drinking water	
<i>(i) KIV fin. grants - 1016961=00</i>	10,69,592=00 ✓	9) Poverty alleviation Programs	
<i>(ii) Grants from Govt - 52631=00</i>		10) Libraries	
ii) Private		11) Rural Sanitation	
4) Proceeds of taxes fees etc under Sec. 153 of the Act.	3,75,98,404=00 ✓	12) Construction and maintenance of slaughter house and cattle pounds	
<i>(a) Taxes - 2,31,14,133=00 ✓</i>		13) Miscellaneous 18,10,101=00 ✓	
<i>(b) Fees - 1,44,84,271=00 ✓</i>		Expenditure Total 3,58,07,277=00 ✓	
5) Proceed of other loans etc.		Closing Balance 3,01,00,954=83 ✓	
6) Sales Proceeds.	29400=00 ✓	Grand Total 6,59,08,231=83 ✓	
7) Extraordinary	28,24,383=00 ✓		
Total Receipts	4,19,41,579=00 ✓		
Grand Total	6,59,08,231=83 ✓		

N.B. Details of Receipts and Expenditure of the items may be given separately.





Sarpanch
 SALVADOR BLAIZE FERNANDES
 SARPANCH
 VILLAGE PANCHAYAT CANDOLIM
 BARDEZ - GOA

Secretary
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DETAIL OF THE BALANCE

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3. Balance in HOFc A/c	- Rs. 3081293=82
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	- Canara - Rs. 4143561=00
7. Balance in Canara Bank (govt) A/c	- HOFc - Rs. 5621778=00
8. Balance in Member's Sav A/c	- Rs. 10782=00
9. Cash in hand	- Rs. 202713=00
10. Cheque in hand	- Rs. 302606=62
	- Rs. 749000=00
Total	Rs. 3,01,00954=83

DETAILS OF FUNDS

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2. R.D.A. Grants	- Rs. 10,1782=00
3. E.M.D.	- Rs. 8,03,344=00
4. Security	- Rs. 15,76,730=00
5. Income Tax	- Rs. 83,791=00
6. Royalty	- Rs. 566=00
7. Vaf (Sales Tax)	- Rs. 278=00
8. Vaf (Sales Tax)	- Rs. 35,852=00
9. Vaf (Sales Tax)	- Rs. 52,571=00
10. Vaf (Sales Tax)	- Rs. 2,603=00
11. Vaf (Sales Tax)	- Rs. 9042=00
12. Panchayat Fund	- Rs. 19042=00
	Rs. 2,33,05,334=83

Total Rs. 3,01,00954=83

Certified that the closing balance as shown in the account has been compared with that shown in the Cash Book, Bank Book and found to be correct.

Difference if any

Between the Pass book and Cash

The difference of Rs.
Book is due to be the reason that:-

CERTIFICATE

I have examined the foregoing accounts and I have obtained all the information and explanation that I required and subject to the observation in the separate Audit Report/Note. I certify as a result of my audit, that in my opinion, these accounts were properly drawn up so as to exhibit a true and fair view of the State of Affairs of the Panchayat according to the best my information and explanations given to me and as shown by the books of the Panchayats.

LOURENCO RIBEIRO
SECRETARY
VILLAGE PANCHAYAT CANDOLIM
BARDEZ - GOA



Deputy Director of Accounts/Insp.
Government of Goa.

SARPAKCH
VILLAGE PANCHAYAT CANDOLIM
BARDEZ - GOA