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**ANNUAL AUDIT REPORT OF ACCOUNTS OF THE VILLAGE
PANCHAYAT "BATIM" IN TISWADI
BLOCK FOR THE YEAR 2017-18**

PART-I

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

Sr.No	Name of the Sarpanch	Fr.	To
1	Mrs. Sneha D. Menezes	01/04/2017	18/06/2017
2	Mr. Francisco P. De Douza	19/06/2017	31/03/2018

B. Name of the Secretary :-

Sr.No	Name of the Secretary	Fr.	To
1	Ms. RamitaMurgaonkar	01/04/2017	19/02/2018
2	Mr. OswinMascaranhas	20/02/2018	12/03/2018
3	Mr. Mariano Barreto	13/03/2018	31/03/2018

C. Name & Designation of audit party

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

D. Date of Audit :-

From :-28/01/2019to 29/01/2019

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

PART - II - INTRODUCTORY

The audit on Accounts of the Village PanchayatBatim in Tiswadi Block for the year 2017-18 was conducted from 28/01/2019 to 29/01/2019 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 Batim 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
Administrative Grants		
1	Matching Grants	Rs. 4,25,000=00
2	Member salary	Rs. 2,70,000=00
Developmental Grants		
3	Garbage Grants	Rs. 1,00,000=00
4	XIV Finance Grants	Rs. 60,830=00
5	MGNREGA	Rs. 3,87,000=00
6	Library Grants	Rs. 1,38,168=00
Total		Rs. 13,80,998=00

PART -III

The Village Panchayat Batim 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 2017-18Rs.	31,52,202=77
Total Expenditure for the year 2017-18Rs.	32,97,181=80

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. 13,78,986=00
2	DRDA Grants	Rs. 1,97,837=00
3	Library Grants	Rs. 1,54,017=55
4	E.M.D.	Rs. 81,991=00
5	S.D. Works	Rs.98,261=00
	S. D. Hall Rent	Rs. 34,000=00
6	Income Tax	Rs. 6,907=00
7	Vat (Sales Tax)	Rs. 65,583=00
8	SGST	Rs. 3,140=00

	CGST	Rs.	3,140=00
9	Royalty	Rs.	8,175=00
	TCS on Royalty	Rs.	161=00
10	Labour Cess	Rs.	12,289=00
11	Panchayat Fund	Rs.	13,29,546=90
Total		Rs.	33,74,034=45

ii) Details of Utilized / Unutilized Grants

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

Sr. No	Name of the Grants	Previous Balance as of 31/03/2017	Grants Sanctioned during 17-18	Amount utilized during the year 17-18	Balance as on 31/03/2018
I - Administrative/Govt. Grants					
1.	V.P. Member Salary	56,665=00	2,70,000=00	64,467=00	2,62,198=00
2.	Matching Grants	-	4,25,000=00	4,25,000=00	Duly Accounted
3.	XIIIth Finance	2,35,873=00	-	-	2,35,873=00
4.	XVI Finance	5,78,251=00	60,830=00	2,00,000=00	4,39,081=00
5.	Garbage	3,00,000=00	1,00,000=00	-	4,00,000=00
6.	Excess Grants	41,834=00	-	-	41,834=00
Total		12,12,623=00	8,55,830=00	6,89,467=00	13,78,986=00
II - DRDA/RDA					
1.	MGNREGA	54,732=00	3,87,000=00 Int. 5,620=00	2,49,515=00	1,97,837=00
Total II		54,732=00	3,92,620=00	2,49,515=00	1,97,837=00
III - Library Grants					
1.	Library	1,20,867=25	1,38,168=00 S.D. 320=00 M.F. 80=00	1,05,400=00 B.C. 17=70	1,54,017=55
Total III		1,20,867=25	1,38,568=00	1,05,417=70	1,54,017=55

It can be seen from the above statement that various grants involving 13.79 lakh had remained unutilised for more than a year. The V.P. had not utilised the grants for the purpose for which these were given. In the absence of the requisite certificates, it could not be ascertained in audit whether utilisation certificates in respect of grants utilised are furnished by the Panchayat in time or not. In spite of availability of

various grants, no concrete action has been taken by the Panchayat for executing development works, as a result, readily available grants remained unutilized beyond the permissible limits. Prolonged delay in taking up the development works has resulted in blocking of Government grants and delayed benefits to the public. The sanctioning authorities may evolve a mechanism to ensure that utilisation certificates in respect of grants released for specific purposes are furnished by the grantee institution in time. It may also be noted that the Panchayat has to submit the audited statements of accounts as well as the utilisation certificate in form GFR-19-A in respect of the expenditure incurred out of the grants. Balance amount may be utilised and progress may be intimated to audit

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

A) INCOME

ORIGINAL BUDGET ESTIMATES	REVISED BUDGET ESTIMATE	ACTUAL INCOME	SHORT/EXCES S
61,85,000=00	-	31,52,202=77	30,32,797=23

B) EXPENDITURE

ORIGINAL BUDGET ESTIMATES	REVISED BUDGET ESTIMATE	ACTUAL EXPENDIRUTE	SHORT/EXCESS
62,60,000=00	-	32,97,181=80	29,62,818=20

On comparison with the Budget estimates, the actual Income received during the year 2017-18 is in short by Rs. 30,32,797=23 and under expenditure side there is huge saving of Rs. 29,62,818=20. The variations between the revised budget 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.

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
1980-81	01	----	01	Para –(a)-Purchase of power supply

1993-94	01	----	01	Para - 5(a)(i)register of property & assets (ii)unserviceable materials 5(c)(i) items of immovable properties
1994-95	01	----	01	Para - 6 - construction license fee
1995-96	02	----	02	Para - 6 - electricity bill Part-7-rent
1996-97	01	----	01	Para - 4- purchase of electrical materials
1997-98	01	----	01	Para - 7-legalization of illegal construction
1998-99	01	----	01	Para 3 - land acquisition activities as lisencc fee
2001-02	01	----	01	Para - 9 - construction activities
2009-10	03	----	03	Part - 9 - departmental works by engaging daily wages labour and has incurred an expenditure of Rs.61950/- during 2009-10 and 2010-11. Approval awaited Para-10-financial power a)Purchase of stationary worth Rs. 55963/- from1999 to 2006 b)Purchase of electrical materials worth Rs. 148434/- from 1998 to 2004
2010-11	01	----	01	Para -11- works
2011-12	02	----	02	Para-9- Excess Exp. Over budget/revised budget for the year 2010-11 totaling to Rs.297786/- and for the year 2011-12 totaling to Rs.41746/-

2012-13	01	-----	01	Approval is awaited
2013-14	01		01	Para-7- Excess Exp. Over prescribed budget
2015-16	02	-	02	Para-09- Works (2) short recovery of sales tax/vat.
				Para-8- Excess Exp. Over budget Rs.1,75,843/- Administration.
				Para-11- Purchase of Electricalmaterial/Register.
2016-17	21	19	02	Para-8- Excess Exp. Over budget. Library.
				Para-11- Purchase of Electricalmaterial/Register.
				Remaining 19 paras are dropped and commented in current audit wherever are required
Total	40	19	21	

There are 21 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. Batim 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.33,74,034=45.

The details of the closing balance as per the Cash Book as on 31/03/2018 are as follows:-

1	Closing Balance as per Bank of India A/c no. 10441210000022Rs. 9,99,006=00 Less: Cheque received but Not accounted in CB Rs. 7,20,000=00 Less: Cheque received but Not accounted in CB Rs. 2,32,175=00	
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	Rs. 46,831=00	
	Closing balance as per the Cash book	Rs. 46,831=00
2	Closing Balance as per Bank of India A/c no. 10441210000021Rs. 2,31,299=05	
	Closing balance as per the Cash book	Rs. 2,31,299=05
3	Closing Balance as per Bank of India A/c no. 10441210000023Rs. 24,533=70	
	Closing balance as per the Cash book	Rs. 24,533=70
4	Closing Balance as per Bank of India A/c no. 10441210000020Rs. 1,68,017=55 Less: Cheque received but Not accounted in CB Rs. 14,000=00 Rs. 1,54,017=55	
	Closing balance as per the Cash book	Rs. 1,54,017=55
5	Closing Balance as per Bank of India A/c no. 10441210000019Rs. 15,636=00	
	Closing balance as per the Cash book	Rs. 15,636=00
6	Closing Balance as per Bank of India A/c no. 1044121000005Rs. 19,58,084=76	
	Closing balance as per the Cash book	Rs. 19,58,084=76
7	Closing Balance as per Dena Bank A/C 021610023868 Rs. 1,97,837=00	
	Closing balance as per the Cash book	Rs. 1,97,837=00
8	Closing Balance as per State Bank of India A/C No 30709418396 Rs. 7,44,428=50 Add: Bank charges incurred but Not accounted in CB Rs. 649=00 Rs. 7,45,077=50	
	Closing balance as per the Cash book	Rs. 7,45,077=50
9	Cash in Hand	Rs. 717=89
	Closing balance as per the Cash book as on 31/03/2018	Rs. 33,74,034=45

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) Expenditure amounting to Rs. 24450/-, Rs. 20,00/-, Rs. 23100/- made vide voucher No. 41, 50, 360 dated 04/5/17, 17/5/17 and 7/2/18 respectively by Panchayat without call of quotation.
- 2) Supporting documents is not attached vide voucher No. 36, 70, 107, 128, 184, 214.
- 3) Bank reconciliation statement is not prepared and recorded in the cash book at the end of the each month.
- 4) The scrutiny of Vouchers revealed that the Village Panchayat has paid arrears towards electrical consumption charges including arrears vide voucher No. 201 dated 01/12/2017. The unusual spike in usage of electricity was mainly because of payment of arrears/delayed payment charges pertaining to previous billing period's during 17-18. Arrears on Electricity bill paid by Panchayat vide voucher No. 190 & 244 dated 7/9/2017 & 20/10/2017 amounted to Rs. 10503/- & Rs. 17365/-.
- 5) Cancellation Receipts during the year 2017-18 are not attested by the Sarpanch.
- 6) Water charges paid during the year without any supporting documents.
- 7) Pages of cash book are not certified by the Sarpanch.
- 8) Thumb impressions on vouchers are not authenticated by the Sarpanch.
- 9) Pay bill Register, Salary Register is not maintained.
- 10) Each entries in the cash book are not attested.
- 11) Erasures, over-writings, un attestation and correctness in figures etc. in accounts of books and registers, bills invoices, purchases bills, challans, receipts are noticed during the course of verification. Same should be avoided in future.
- 12) Directorate 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.209, 256, 257, 268, 288, 290, 304, 315,

333, 342, 348, 378, 383 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.

- 13) 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. 2,62,198/- 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.
- 14) 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 inspite of direction in this regards by the Director of Panchayat.
- 15) M.B.'s towards work executed have not been produce to audit.
- 16) Form 10 Annual Income & Expenditure Statement revealed that most of the expenditures have been misclassified.

2) RDA ACCOUNTS

i) RDA/MGNREGA(Dena Bank A/c No.021610023868)

i)	Opening balance as on 01/04/2017	Rs.	54,732=00
ii)	Grants rec. during the year 2017-18	Rs.	3,87,000=00
iii)	Add:-Int. Accrued during the year 2017-18	Rs.	5,620=00
iv)	Less:- Expenditure during the year 2017-18	Rs.	2,49,515=00
	Closing balance as on 31/03/2018	Rs.	1,97,837=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.

ii) LIBRARY ACCOUNT: (Bank of India A/c No.104410210000021)

i)	Opening balance as on 01/04/2017	Rs.	1,20,867=25
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	Grants rec. during the year 2017-18	Rs. 1,38,168 =00
	Add:- Security Deposit	Rs. 320=00
ii)	Add:- Member Fee	Rs. 80=00
iii)	Add:-Int. Accrued during the year 2017-2018	Rs. nil
	Less:- Expenditure during the year 2017-18	Rs. 1,05,400=00
iv)	Less:- Bank Charges 2017-18	Rs. 17=70
	Closing balance as on 31/03/2018	Rs. 1,54,017=55

The audit of Library account is being carried out by the Chartered Accountant and report is submitted to Art & Culture department 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.

Sr. No.	Nature of Taxes	Arrears Demand	Current Demand	Total Demand	Collection	Balance
1.	House Tax	53,296=50	1,55,025=00	2,08,321=50	1,79,162=00	29,159=
2.	Light Tax	2,089=80	-	2,089=80	-	2,089=
3.	Prof. Tax	1,13,902=00	16,850=00	1,30,752=00	16,220=00	1,14,532=
4.	Cart Tax	355=00	-	355=00	-	355=
5.	Cycle Tax	5,882=00	-	5,882=00	-	5,882=
TOTAL		1,75,525=30	1,71,875=00	3,47,400=30	1,95,382=00	1,52,018=

The Panchayat has collected an amount of Rs. 1,95,382/- towards the various taxes during the year 2017-18. The tax collection is 56% out of the 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 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. Further, as per section 153 of the Goa Panchayat Raj Act, 1994

the Village Panchayat has to revise the rates and Taxes once in three years by minimum increase of 10%. It was however noticed that House Tax is not revise nor reassessment is carried out for so long. 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 reassessment of house tax is also required to be carried out as per the provision of GPRA. Reassessment is also required to be carried out in respect of those houses where NOC for repairs were issued, and where there has been increase in the plinth area.

Furthermore, The detailed summary of taxes in Form VII/VIII register has not been done towards various taxes for the year 2017-18 as well as previous years as such the details of the taxes cannot be verified. However, current demand is shown as per statement of tax submitted by the office of the Village Panchayat. Immediate Action should be taken to update the Form VIII for various taxes and may be shown to the next audit

4) RENT

The village Panchayat "Batim" has leased out eleven of its premises on rental basis and collected an amount of Rs.3,89,879/- as a rent during the year 2017-2018. The statements showing the detailed position of the rent are as follow

Sr. No.	Name of Premise	Arrears Demand	Current Demand	Total Demand	Collection	Balance
1.	Shop No.1	17,300=00	22,800=00	40,100=00	-	40,100=00
2.	Shop 2	Nil	32,400=00	32,400=00	13,500=00	18,900=00
3.	Shop No.3	10,000=00	24,000=00	34,000=00	30,000=00	4,000=00
4.	Canteen	72,800=00	31,200=00	1,40,000=00	-	1,04,000=00
5.	Old V.P. Off.	(-)2,000=00 Adv. Rec.	24,000=00	22,000=00	22,000=00	--
6.	Health centre	21,406=00	1,28,436=00	1,49,842=00	1,07,030=00	42,812=00
7.	Bank of India	12,363=00	1,48,356=00	1,60,719=00	1,48,349=00	12,370=00
8.	Goa State Craft. Train.	52,613=00	-	52,613=00	-	52,613=00
9.	C.D.P.O.	1,84,733=00	1,28,436=00	3,13,169=00	-	3,13,169=00
10.	Elect.	4,70,932=00	1,28,436=00	5,99,368=00	-	5,99,368=00

	Dept.					
11.	ATM Betim	750=00	69,000=00	69,750=00	69,000=00	750=00
TOTAL		8,40,897=00	7,37,064=00	15,77,961=00	3,89,879=00	11,88,082=00

The collection is only 25% out of total demand. The position of the Panchayat in respect of collection of rent is not satisfactory. 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 of all outstanding rent along with the prescribed penalty from the defaulters by following the recovery provisions as specified in the GPRA 1994 and Rules. Further, the agreements executed between the V.P. and parties who had taken the shops on rental basis are not made available for verification due to which audit could not ascertain validity of the agreements and whether same are renewed annually with revised rent as prescribed from time to time. The Balance amount may be recovered immediately and shown to the next audit. Proposal may also be processed to PWD for revaluation of rent without further delay and the agreements may be got executed and rent may be revised as per PWD valuation. (if required).

5) **CONSTRUCTION ACTIVITIES**

i) **CONSTRUCTION LICENCES**

V.P. Sarpanch had certified vide certificate No. VP/B/2018-2019/589 dated 27/01/2019, that he had issued 04nos construction licenses and 1nos. house repair licenses during the year 2017-18. And collected total amount of Rs. 63,330/-. The fees are charged as per estimate certified by Civil Engineer. Relevant records are seen in audit.

ii) **ILLEGAL CONSTRUCTION:**

V.P Sarpanch certified vide certificate No. VP/B/2018-2019/588 dated 27/01/2019 that he has not detected any 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	11
2) Illegal Construction cases detected during the year 2017-18	-
3) Nos of illegal construction cases settle/ disposed during the year 17-18	-
Total case pending for settlement upto 31/03/2018	11

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 11 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 the Panchayat. The Village Panchayat should take corrective action in the matter immediately. Action taken and result thereof may be intimated to audit.

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

It was observed during audit that the V.P. had a balance of Rs. 0.82lakh as E.M.D and Rs. 1.32lakhas S.D. as on 31/03/2018 (S.D. Rs. 98,261/- + 34,000/- towards Works & Hall). The section 19 of C.P.W.D. Manual 2007, states that 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 lapsed deposits and accordingly forfeited to the Panchayat account as revenue of V.P.

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.

Sr.No	Head of account	Actual limit	Expenditure	Excess
1.	Library	Rs. 30,000/-	Rs. 43,000/-	Rs. 13,000=00

The expenditure incurred beyond the prescribed limit is not acceptable to audit as such ex-post facto approval may be obtained from the competent authority and produced to audit. 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.

8) **TIME BOND CLAIM**

The time bound claims such as Electricity, Telephone, and Water are to be cleared expeditiously as and when these are received or in any case within the prescribed date so as not to attract delay payment charges/fine. This may be noted for future guidance.

9) **NON MAINTENANCE OF HALL RENT REGISTER**

As per earlier audit Report, it was directed to maintain hall rent security deposit register separately. It should be updated in respect of details such as booking and cancellation of booking (if any) receipt of application, receipt of rent and category of rent, details of cash received/ forfeited (If any) etc.

However, it is seen in current audit, that no such details are maintained in separate register. The registers should be maintained showing details of SD deposits such as previous year's balance (if any) receipt during the year, refunded during the year and balance as on closing of each financial year. In absence of such registers, the audit could not ascertain actual balances of the above referred SDs lying with VP and also Panchayat fund cannot be worked out properly.

Progress in this regard and action taken may be shown to next audit.

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 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.

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 employees 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.

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 furnish 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 paid for 3 works during the year 2017-18 from the Panchayat fund (2) and XIVth Finance grants (1) as per 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 correct. Further scrutiny of the works files could not be carried out as the works files were not produced in time.

15) 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 registered 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.

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

The Panchayat is having an amount of Rs. 13,29,546=90 in their Panchayat Fund Account as on 31/03/2018. This shows that the financial position of the Panchayat is quite satisfactory during the year. However, Panchayat should

make sincere 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. Despite having huge spare amount of Rs. 13,29,546=90 as Panchayat Fund as on 31/03/2018 in the different Saving Bank Account, no FD's has been made by the VP. The VP should make FD's of smaller amount of various denominations so as to earn more revenue in the form of higher rate of bank interest. The Panchayat may consider the possibility of investing its funds in short term deposits keeping in view its immediate needs so that additional revenue by way of higher rate of interest could be earned which is cannot be earned on saving/current account.

17) 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.

18) 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.

19) 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) Inspections

	<u>B.D.O.</u>	<u>E.O.(VP)</u>
i) Prescribed	03	05
ii) Actually carried out	00	00

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:

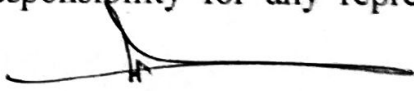
As per Rule 4 (3) of the Goa Panchayat (Accounts, Audit and Custody of Funds) Rule 1997, the Secretary shall furnish the security bond in such a form and for such an amount as may be prescribed by the Director of Panchayat.

- 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 Batim. The office of the Directorate of Accounts disclaims responsibility for any representation and non information on the part of auditee.


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