

CHAPTER-II

REVENUE SECTOR

2.1 Revenue receipts

2.1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Goa during the year 2017-18, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and grants-in-aid received from the Government of India during the year and corresponding figures for the preceding four years are mentioned in the Table 2.1.

Table 2.1: Details of total revenue receipt of State Government

(₹ in crore)

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1	Revenue raised by the State Government					
	▪ Tax revenue	3582.48	3895.92	3975.37	4261.16	4731.37
	▪ Non-tax revenue	1661.55	2325.63	2431.93	2712.00	3033.27
	Total	5244.03	6221.55	6407.30	6973.16	7764.64
2	Receipts from the Government of India					
	▪ Share of net proceeds of divisible Union taxes and duties	848.53	900.58	1923.76	2299.20	2544.26
	▪ Grants-in-aid	357.21	566.56	221.18	292.61	744.62
	Total	1205.74	1467.14	2144.94	2591.81	3288.88
3	Total revenue receipts of the State Government (1 and 2)	6449.77	7688.69	8552.24	9564.97	11053.52¹
4	Percentage of 1 to 3	81	81	75	73	70

(Source: Finance Accounts of the State)

The above table indicates that there was continuous increase in collection of revenue during the last five years. The revenue raised by the State Government during the year 2017-18, constituted 70 per cent of the total revenue receipts. The balance 30 per cent of the receipts during 2017-18 was from the Government of India by way of share of net proceeds of divisible Union taxes and duties and grants-in-aid.

¹ For details, please see Statement No. 14 Detailed accounts of revenue receipt by minor heads in the Finance Accounts of the Government of Goa for the year 2017-18. Figures under the head 0005-Central GST, 0008-Integrated GST, 0020-Corporation tax, 0021-Taxes on income other than corporation tax, 0032-Taxes on wealth, 0037-Customs, 0038-Union excise duties, 0044-Service tax and 0045-Share of net proceeds assigned to State booked in the Finance Accounts-Tax revenue, have been excluded from revenue raised by the State and included in State's share of divisible Union taxes in this statement

2.1.2 Tax revenue

The tax revenue raised by the Government of Goa during 2017-18 was ₹ 4,731.37 crore. The details of the tax revenue along with details of preceding four years are given in Table 2.2.

Table 2.2: Details of tax revenue receipt of the State Government

(₹ in crore)

Sl. No.	Head of revenue		2013-14	2014-15	2015-16	2016-17	2017-18	Percentage increase (+) or decrease (-) in 2017-18 over 2016-17
1	Taxes on sales, trade etc.	BE	2185.00	2303.85	2370.00	2624.35	2582.32	
		RE	1766.00	2303.85	2067.34	2245.50	1491.52	
		Actual	1708.05	1859.86	2115.69	2438.17	1621.69	-33.49
2	SGST	BE	-	-	-	-	-	
		RE	-	-	-	-	1710.66	
		Actual	-	-	-	-	1463.74	
3	Entertainment Tax/Luxury Tax etc. ²	BE	492.65	501.34	617.86	848.01	905.62	
		RE	488.30	501.34	689.64	792.78	332.93	
		Actual	609.37	663.96	757.81	822.59	315.98	-61.59
Subtotal (Actual collection under 1,2 and 3 above)			2317.42	2523.82	2873.50	3260.76	3401.41	4.31
4	Stamp Duty	BE	560.04	544.39	549.35	678.49	600.59	
		RE	547.36	544.39	584.46	625.16	600.59	
		Actual	396.10	659.84	524.90	365.11	529.69	45.08
5	State Excise	BE	250.50	284.81	292.14	348.50	381.77	
		RE	241.98	284.81	293.00	348.50	381.77	
		Actual	229.60	259.91	315.70	316.03	408.44	29.24
6	Taxes on Goods and Passengers	BE	53.80	13.23	13.23	25.00	25.00	
		RE	18.11	13.23	13.24	21.47	25.00	
		Actual	19.98	22.06	22.81	23.65	26.08	10.27
7	Land Revenue	BE	20.77	253.19	213.37	156.01	61.64	
		RE	388.43	253.19	155.53	182.91	61.64	
		Actual	454.36	25.38	24.51	39.09	42.02	7.50
8	Other taxes	BE	254.20	175.04	230.52	236.00	243.46	
		RE	155.70	175.04	230.54	229.41	243.46	
		Actual	165.03	404.90	213.95	256.51	323.73	26.21
Total		BE	3816.96	4075.85	4286.47	4916.36	4800.40	
		RE	3605.88	4075.85	4033.75	4445.73	4847.57	
		Actual	3582.48	3895.91	3975.37	4261.16	4731.37	

(Source: Compiled by Audit from Budget Estimates and Finance Accounts)

‘Taxes on Sales, Trade etc. (except that of petroleum products and liquor), Entertainment tax, Luxury tax, and taxes on entry of goods and medicinal and toilet preparations containing alcohol, opium etc. are subsumed in the GST subsequent upon implementation of GST w.e.f. 01 July 2017. During 2017-18 ‘Taxes on Sales, Trade etc., contributed a major share of tax revenue (34.27 per cent) despite 33.49 per cent decrease in receipts over the previous year due to implementation of GST from July 2017.

² Taxes on entry of goods and medicinal and toilet preparation containing alcohol, opium etc.

State excise increased by 29.24 per cent over the previous year. Though revenue under State excise increased by ₹ 92.41 crore compared to previous year, the collections under medicinal and toilet preparations containing alcohol, opium etc. were less by ₹ three crore as these were subsumed in Goods and Services Tax (GST).

The other taxes mainly comprise of entertainment tax, luxury tax and cesses from other acts. The decrease in collection occurred in 2017-18 as the entertainment tax and luxury tax were subsumed to GST.

2.1.3 Non-tax revenue

The details of the non-tax revenue along with details of preceding four years are given in **Appendix 2.1**. The non-tax revenue raised during 2017-18 was ₹ 3,033.27 crore. Details of some principal departments of Government of Goa during the period 2013-14 to 2017-18 are indicated in **Table 2.3**.

Table 2.3: Details of Non-tax revenue receipt of the State Government

(₹ in crore)

Sl. No.	Heads of revenue		2013-14	2014-15	2015-16	2016-17	2017-18	Percentage increase (+) or decrease (-) in 2017-18 over 2016-17
1	Power	BE	1331.85	1367.94	1497.17	1687.75	1819.15	
		RE	1331.85	1367.94	1497.17	1687.75	1819.15	
		Actual	1187.95	1321.66	1708.91	1765.80	2119.09	20.01
2	Non-Ferrous Mining and Metallurgical Industries ³	BE	202.10	400.24	742.57	439.28	377.60	
		RE	18.54	400.24	205.11	259.34	377.60	
		Actual	46.12	530.35	216.53	347.63	332.79	-4.27
3	Other Administrative Services	BE	90.52	157.54	163.27	176.47	178.67	
		RE	102.19	157.54	133.10	183.70	179.83	
		Actual	88.01	123.45	108.98	152.52	139.66	-8.43
4	Water Supply and Sanitation	BE	102.08	129.89	145.75	162.62	126.05	
		RE	102.08	129.89	145.75	114.59	126.05	
		Actual	103.97	101.89	115.40	119.69	129.80	8.45

(Source: Finance Accounts of the State and Estimates of Receipts for the concerned years)

2.1.4 Analysis of arrears of revenue

The arrears of revenue pending collections in respect of some principal departments of the State Government as on 31 March 2018 were ₹ 2,374.59 crore of which ₹ 639.20 crore had been pending for more than five years as detailed in **Table 2.4**.

³ Includes major minerals such as iron ore, manganese and bauxite; minor minerals such as basalt (Granite), laterite stones, ordinary sand, river pebbles, murrum and laterite boulders

Table 2.4: Arrears of revenue

(₹ in crore)

Sl. No.	Name of the Department	Amount outstanding as on 31 March 2018	Amount outstanding for more than five years	Action taken by the Department
1	Commercial Taxes	1539.78	519.74	The Department intimated that 757 cases involving ₹ 15.31 crore were pending in Revenue Recovery Court (RRC). Further, visits were constantly made by the officers of the Department for recovery of the remaining arrears and the dealers were persuaded to pay the dues and reminders were also issued.
2	Chief Electrical Engineer, Electricity Department	297.88	84.38	The Department had referred 7,803 cases involving ₹ 28.17 crore to RRCs. Disconnection notices were issued to consumers against whom electricity charges were outstanding. Notices were issued for payment of the arrears to the heads of various departments against whom arrears were outstanding. Request was also made to Director of Accounts to recover the arrears from the defaulting departments through book adjustments, if they fail to settle the dues. A billing dispute redressal committee had been set up for settlement of disputed cases.
3	Chief Engineer, Public Works Department	128.01	11.36	Arrears of Rent ₹ 2.55 crore:- The Department stated that one case involving ₹ 22.82 lakh was pending in RRC as on 31 March 2018. In the remaining cases demand notices were being sent to the consumers. Arrears of Water Charges ₹ 125.46 crore:- The Department stated arrears involving ₹ 14.21 crore were pending before RRC as on 31 March 2018. Demand notices were served to the defaulters/consumers for recovery of the remaining arrears.
4	Chief Engineer, Water Resources Department	408.92	23.72	Water tax ₹ 0.97 crore:- The Department stated that notices were served to the defaulters and personal instructions are issued to clear the arrears immediately. Raw water charges ₹ 405.10 crore:- Department stated that arrears pertains to government departments/establishment and the matter was being pursued. Hire charges of machinery ₹ 0.33 crore:- The Department has not furnished details of action taken to recover the outstanding dues. Rent from shops and halls:- The Department stated that three cases involving ₹ 2.93 lakh are pending with RRC and notices have been served to the defaulters for recovery of remaining arrears.
Total		2374.59	639.20	

(Source: Information furnished by concerned departments)

The information relating to the cases pending in Courts and with Departmental Appellate Authorities was not furnished by the department. However, it would be seen from the above that 26.92 per cent of the arrears have been pending for more than five years. With the passage of time, the chances of their recovery become low. It is recommended that the Government may instruct the concerned departments to make extra efforts for settlement of the arrears.

2.1.5 Pendency of Refund Cases

The details of refund cases pending at the beginning of the year 2017-18, claims received and refunded during the year and the cases pending at the close of the year 2017-18 in respect of Commercial Taxes Department are given in **Table 2.5**.

Table 2.5: Details of pending refund cases

Sl. No.	Particulars	Sales tax/VAT		State Excise	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year	472	114.35	-	-
2	Claims received during the year	774	110.32	3	0.004
3	Claims rejected	4	4.72	-	-
4	Refunds made during the year	644	72.09	3	0.004
5	Balance outstanding at the end of the year	598	147.86	-	-

(Source: furnished by respective departments)

Above table shows that 598 cases of refunds involving ₹ 147.86 crore were outstanding in Commercial Taxes Department as on 31 March 2018. Section 33 (2) of Goa Value Added Tax Act, 2005 provides for payment of interest, at the rate of eight *per cent per annum* for the delay in refunds. It would be prudent on the part of the Department to settle the refund cases expeditiously to save the Government from the interest liability. In the case of State Excise Department no claims were pending for refund at the end of 31 March 2018.

2.1.6 Response of the Government/Departments towards Audit

The Accountant General, Goa (AG) conducts periodical inspection of the Government/Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed by Inspection Reports (IRs) which incorporate irregularities detected during the inspection and not settled on the spot. The IRs are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The Heads of the offices/the Government are required to promptly respond to the observations contained in the IRs and rectify the defects and omissions. They have to report compliance through initial reply to the Accountant General within four weeks from the date of issue of the IRs. Serious financial irregularities are reported to the Heads of the Department and the Government.

Analysis of IRs issued up to December 2017 disclosed that 906 observations involving ₹ 557.62 crore relating to 212 IRs remained outstanding at the end of June 2018. The figures as on June 2018 along with the corresponding figures for the preceding two years are given in the **Table 2.6**.

Table 2.6: Details of pending Inspection Reports

	June 2016	June 2017	June 2018
Number of IRs pending for settlement	124	151	212
Number of outstanding audit observations	427	578	906
Amount of revenue involved (₹ in crore)	228.85	401.62	557.62

(Source: Compiled from Audit records)

2.1.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2018 are mentioned in the **Table 2.7**.

Table 2.7: Department-wise details of pending Inspection Reports

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1	Finance	Commercial Taxes	102	487	415.37
2	Excise	State excise	16	53	5.27
3	Revenue	Land revenue	29	93	1.30
4	Transport	Taxes on motor vehicles	37	147	16.28
5	Stamps and Registration	Stamp duty and registration fee	27	113	118.34
6	Mines and Geology	Non-ferrous mining and metallurgical industries	1	13	1.06
Total			212	906	557.62

(Source: Compiled from Audit records)

Audit did not receive even the first replies from the heads of offices within four weeks from the date of issue of the IRs in respect of six IRs issued up to December 2017. There was increase in pendency of the IRs by 40 per cent as compared to previous year. This indicated that the heads of offices/departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

2.1.7 Response of the departments to the draft audit paragraphs

Eight draft paragraphs were sent to the Secretaries of the respective departments between June and September 2018. Of these, replies in respect of three draft paragraphs were furnished by the Department whereas replies to other five draft paragraphs have not been received from the Government despite reminders (June 2019).

2.1.8 Audit Planning

The unit offices under various departments are categorised into high, medium and low risk units. The risk analysis was done considering their revenue position, past trends of the audit observations and other parameters. The annual plan is prepared on the basis of critical issues in Government revenues and tax administration. Audit also consider budget speech, revenue during the past five years, features of the tax administration, audit coverage and its impact during past five years *etc.*

During the year 2017-18, 70 units were planned and audited for revenue sector.

2.1.9 Results of Audit and coverage of this chapter

During the year 2017-18 we test checked the records of 31 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles, Goods and Passengers tax, Stamp Duty and Registration and other Departmental offices.

The test check showed under-assessment/short-levy/loss of revenue aggregating ₹ 63.07 crore in 612 cases. During the year, the departments concerned have recovered cases of under assessment and other deficiencies amounting to ₹ 1.13 crore involved in 44 cases.

An audit of collection, accounting and remittance (into treasury) of cash receipts collected in 13 offices of the Revenue, Registration and Transport departments highlighted several areas of concerns. In seven offices instances of misappropriation/suspected misappropriation of Government funds were detected. The total sum involved was ₹ 11.60 lakh.

The details of assessments, registrations, licenses issued and other activities undertaken by five major revenue collection departments of the State and the extent of audit and coverage are as discussed below:

Commercial Taxes Department

There are eight auditable units in the Commercial Taxes Department; Audit selected all the eight units for test check wherein 7,967 assessments were finalised during the year 2017-18. Audit test checked 552 assessments (seven *per cent*) during the year 2017-18 and noticed 330 cases (60 *per cent* of audited sample) of non/short levy of tax/interest, irregular allowance of Input Tax Credit, grant of incorrect tax exemption benefits, acceptance of defective declaration forms, application of incorrect rates by misclassifying goods and non-observance of provisions of Acts/Rules *etc.*, involving ₹ 59.80 crore.

Excise Department

There are 12 auditable units in the Excise Department. Out of these nine units were selected for test check during the year 2017-18. In these nine units there were 9,396 licensees, out of which audit test checked records of 1,500 licensees (16 *per cent*). During test check audit noticed cases of short levy of license fee/excise duty by misclassification of category of hotels, non-levy surcharge, interest on delayed payment, irregular allowance on wastages of liquor *etc.*, relating to 281 licensees (19 *per cent* of audited sample) involving ₹ 3.27 crore.

Transport Department

There are 12 auditable units in the Transport Department; Audit selected one unit where 18,171 vehicles were registered during 2017-18. we audited records relating to 1,327 vehicles (7.30 *per cent*). During test check audit noticed one case relating to short recovery of fees involving ₹ 0.24 lakh.

Revenue Department

There are 22 auditable units in the Department, of which one unit was selected for test check during the year 2017-18. During the course of audit irregularity of non-revision of land revenue rates was noticed.

Registration Department

There are 14 auditable units in the Registration Department; Audit selected one unit where 799 Societies/NGOs were registered. We audited records of 42 Societies/NGOs (5.26 *per cent*). During the course of audit we noticed irregularity in maintenance of records pertaining to registered societies.

This Chapter contains six paragraphs involving financial effect of ₹ 2.28 crore.

REVENUE, REGISTRATION AND TRANSPORT DEPARTMENTS

2.2 Audit of Collection and Accounting of Cash Receipts in Revenue, Registration and Transport Departments

2.2.1 Introduction

The procedure for receipt, accounting and remitting of cash collected is governed under the Government of Goa (Receipt and Payments) Rules, 1997 (GGRPR) and Government Accounting Rules, 1990 (GAR).

Government revenue comes from a variety of sources like taxes, duties, fees, cess, fines and royalties. These revenues are either collected in cash by the departmental officers or are deposited, on their behalf, by the payees in banks/treasuries. The revenue collected in cash by departmental officers has to be properly acknowledged, accounted for and remitted into Government account, generally within a day from the date of collection. In order to ensure that Government revenue is remitted correctly into Government account, it is important that all officers/officials perform their prescribed duties regarding collection, recording, verification, remittance and reconciliation of cash receipts timely and with due care.

Local audit inspection of three departments *viz.* Revenue, Registration and Transport conducted in 2016-17 and 2017-18 had revealed suspected misappropriation, discrepancies in maintenance of the records and lack of internal controls in collection of the departmental receipts. As such, it was considered necessary to conduct a detailed audit of these departments on “Collection and Accounting of Cash Receipts” to ascertain whether the departments were adhering to the prescribed rules and accounting standards including timely remittance of departmental receipts into the state treasury.

2.2.2 Organisational structure

Revenue Department

Revenue Department is under the control of Secretary, Revenue. Revenue administration of the district is with District Collectors. There are two districts *viz.*, North Goa and South Goa each headed by a District Collector who is assisted by two Additional Collectors, three Deputy Collectors, one Mamlatdar-in-Collectorate and one Assistant Accounts Officer in the head office. Each district has five sub-divisions headed by Deputy Collectors/Sub-Divisional Officers and six talukas each headed by Taluka Mamlatdars.

Registration Department

Registration Department is under the administrative control of Secretary, Law. The State Registrar-cum-Head of Notary Services is the head of department and is assisted by two District Registrars of the districts. At the taluka level there are twelve subordinate offices each headed by the Civil Registrars-cum-Sub Registrars (CRSRs).

Transport Department

Transport Department is under the control of Secretary, Transport. The Department is headed by the Director of Transport (DoT) assisted by three Deputy Directors (North Goa/South Goa/Administration) and one Accounts Officer. At the taluka level there are five sub-offices in North Goa and five

sub-offices in South Goa each headed by an Assistant Director of Transport (ADT). Besides taluka level offices the Department has two enforcement offices situated in North and South Goa headed by an ADT. Under each enforcement offices there are five check posts each headed by a Motor Vehicle Inspector (MVI).

The organisation structure of these departments is given in **Appendix 2.2**.

2.2.3 Audit Objectives and Criteria

Audit objectives

Audit was conducted to ascertain:

- Whether the financial rules were adhered to while collecting and accounting cash receipts; and
- Whether sound internal control existed for safeguarding revenue collection of the Government.

Audit criteria

The Audit criteria was drawn from the following Acts and Rules:

- Government of Goa (Receipt and Payment) Rules, 1997;
- General Financial Rules, 2005;
- Government Accounting Rules, 1990; and
- Periodic Notifications/Orders issued by the Government of Goa.

2.2.4 Scope and methodology

The audit of Revenue, Registration and Transport Departments was conducted between April-July 2018 covering the period from 2013-14 to 2017-18. The cash receipts consist of fees, duties and taxes levied and collected by the departments. These cash receipts are either deposited directly by the parties into the treasury through e-challans or are collected in cash by the offices that remit the same into the treasury. Our scope of audit was limited to cash collected by the offices and remittances made by them into the treasury. Audit scope does not cover the remittances made through e-challans.

Methodology for selection of units: -Audit adopted Sampling and Risk based methods in selection of the units. Six⁴ offices where the misappropriation of receipts was suspected during local audit inspection were selected. The remaining seven⁵ offices were selected by simple random sampling. Audit sample consisted of 13 out of 54 offices *i.e.*, 24 *per cent* of the total units. One month in each year for the period 2013-14 to 2017-18 in the 13 offices was selected for detailed audit scrutiny.

⁴ Breakup of the six units was as follows

- Revenue Department: - (3) Collectorate North Goa, Collectorate South Goa and Sub-Divisional Office, Margao
- Registration Department:- (1) Civil Registrar cum Sub Registrar, Quepem and
- Transport Department:- (2) Directorate of Transport, Panaji and Assistant Director of Transport (Enforcement), Margao

⁵ Break up of the units:- Revenue department (2):- Mamlatdar, Bardez and Mamlatdar, Salcete; Registration Department (2):- CRSR, Dharbandora and CRSR, Mapusa; and Transport Department (3):- ADT, Mapusa, ADT, Margao and Check post, Mollem

The records relating to collection, remittance and maintenance of cash book in respect of 65 months of these 13 offices were selected. Of these, record for the month of June 2013 was not produced by one office (CRSR, Quepem). Thus, detailed check was conducted in respect of 64 months.

Methodology for audit: - The entries in cash books of 13 selected offices in respect of the 64 selected months were cross verified with the source documents (attestation register and attestation documents in respect of collection of attestation fee from the citizens, mutation files for mutation fees, stock account of receipt books and cash receipts). These were further verified with the challan remittances and treasury records. The discrepancies noticed in the records were communicated to the departments from April 2018 to July 2018. The replies received were considered while finalising the report. In nine⁶ offices where misappropriation was noticed, the scope of audit relating to verifications of cash receipts/remittances and other related records was extended beyond the selected month.

Audit Findings

Audit of 13 offices brought out instances of misappropriation of government money in four offices⁷ by deletion of receipts/tampering of receipts; suspected misappropriation of government money in three offices⁸ through short remittances; retention of government money in two offices⁹ and deletion of receipts of higher amounts and subsequent re-issue of receipts of lower amounts in one office¹⁰.

Audit findings are as discussed in the succeeding paragraphs.

2.2.5 Suspected misappropriation of Government money by deletion of computerised receipts

Rule 13 read with Rule 5 of GGRPR stipulates that all monetary transactions should be entered in the cash book as soon as they occur, attested by the head of office in token of check and deposited into the accredited bank for inclusion in the Government account without undue delay. Further, at the end of each month, head of office should verify the cash balance in the cash book and record a signed and dated certificate to that effect. Under Rule 21 of GGRPR the head of office or any authorised subordinate where money is received on behalf of the Government must give the payer a receipt duly signed by him after he has satisfied himself, before signing the receipt and initialing its counterfoil, that the amount has been properly entered in the cash book. There is no provision in GGRPR for deletion of receipts and refund of cash before entering in the cash book.

2.2.5.1 Deletion of computerised receipts in Revenue Department

The office of Collector, North Goa; Collector, South Goa; Sub-Divisional Office, Margao and Mamlatdar, Salcete use IT systems for generation of printed receipts to the parties on payment of various fees in cash. The system

⁶ Directorate of Transport; ADT (Enforcement), Margao; Mamlatdar, Salcete; S.D.O, Margao; Collectorate, North Goa; Collectorate, South Goa; Mamlatdar, Bardez; CRSR, Dharbandora and CRSR, Quepem

⁷ Collector, North Goa; Collector, South Goa; Mamlatdar, Salcete and CRSR, Quepem

⁸ Mamlatdar, Bardez; S.D.O, Margao and CRSR, Bardez

⁹ DoT and CRSR, Dharbandora

¹⁰ ADT (Enforcement), Margao

in addition to the generation of the receipts could also generate reports such as “Report-daily cash collection”, “Report-yearly cash collection” and “Report-list of deleted receipts”. Remittance(s) into Government account were made manually through challan.

Audit noticed a number of cases where the receipts generated through the system had been simultaneously deleted in the offices of Collector, North Goa; Collector, South Goa; Sub-Divisional Office, Margao and Mamlatdar, Salcete by the cashier(s). These receipts comprised of attestation fees, conversion fees, adjudication fees, arms license fee, sound permission fees *etc.*, collected by Collectorate office; mutation fees, mundkar purchase price, land tax receipts *etc.* collected by Mamlatdar office and fee for certified copies collected by Sub-Divisional Office. The details of deleted receipts are given in **Appendix 2.3 A**.

Audit test checked the 254 out of 756 ‘deleted entries’ of the receipts relating to the fee(s) collected on account of conversion of land, attestation of documents and mutation of property in four offices¹¹ for the selected months¹² of period 2013-18 and in three offices found presumptive fraud amounting to ₹ 7.98 lakh as detailed in following paragraphs.

2.2.5.1 (i) Office of the Collector, North Goa

The office of Collector, North Goa charges a fee for attestation of documents¹³ from citizens. Parties requiring attestation apply to the Collector specifying the number of documents to be attested. A Register called ‘Attestation Register’ was maintained by the office wherein details of the documents attested were recorded. The payments of the attestation fee are made at the rate of ₹ 500 *per* document as prescribed in the Government order dated 28/10/2013. It was found that the cashier had deleted a number of computer generated receipts.

- Audit generated a list of deleted receipts pertaining to attestation from the software for the period from 2013-14 to 2017-18 and found that the cashier had deleted 362 receipts valued at ₹ 10.66 lakh. Of these, 169 receipts valued at ₹ 6.31 lakh pertained to the sampled months. These were cross verified with source documents (attestation register, attestation application, daily cash collection report, cash book and copies of challans remitted to treasury) and it was found that attestation of documents in respect of 144 receipts amounting to ₹ 5.65 lakh had been carried out. The receipt number, name of payee and number of documents certified were mentioned in the Attestation Register which indicated that the attestation fees had been collected by the cashier in all these cases. But their simultaneous deletion from the database was found without any authority, approval or justification. The amounts of the deleted receipts were not entered in the cash book and the possibility of the misappropriation could not be ruled out.

¹¹ Collector, North Goa; Collector, South Goa; Sub-Divisional Office, Margao and Mamlatdar, Salcete

¹² Months selected have been detailed in the relevant paragraphs

¹³ Attestation of document like education certificate, birth certificate, marriage certificate, experience certificate *etc.*, by Collector/Additional Collector is a pre-requisite for students and citizens going abroad for employment and higher studies for obtaining visas of respective countries from the consulates and embassies in India

- Scrutiny of daily cash collection report (DCR) showed the receipts numbers were not in seratum indicating the possibility of deleted/missing receipts. The cash book had been attested daily by the Assistant Accounts Officer who was also the DDO of the office. He had neither pointed out nor investigated the missing/deleted receipts.
- The software allowed the same person to enter as well as delete entries for receipts collected.
- Scrutiny of cash book for the test checked months further revealed that the Collector (head of office) had neither attested the cash book in token of check nor verified the cash balance at the end of each month as stipulated in Rule 13 of GGRPR.

Thus, laxity in due diligence by the Assistant Accounts Officer for verification of the missing/deleted receipts before attestation of cash book, coupled with absence of validation control for deletion of receipts in the software and secondary check by the head of office facilitated deletion of receipts totaling ₹ 5.65 lakh by the cashier. Further, the internal audit¹⁴ of the office was not conducted by the Directorate of Accounts during the period 2013-18 which could have helped detect the suspected fraudulent deletion of receipts.

After this was pointed out by audit (June 2018) the Additional Collector, North Goa confirmed (June 2018) the fact of fraudulent deletion of receipts after the collection of attestation fee by the cashier. The Additional Collector has further stated that in all future transactions the cashier has been directed to obtain the approval prior to cancellation/deletion of receipts. The Department further stated that the cashier has been placed under suspension (July 2018) pending detailed investigation. For the remaining 25 deleted receipts the entries were not found in the attestation register and in absence of the details further verification could not be carried out.

2.2.5.1 (ii) Office of the Collector, South Goa

The list of deleted receipts for attestation of documents generated from the system showed that during the period from 2013-14 to 2017-18, 274 receipts valued ₹ 13.04 lakh had been deleted by the cashier. The department had not maintained 'Attestation Register' as such it was not readily possible to ensure the collection of the amount by the department. However, attestation application, daily cash collection report, cash book and copies of challans remitted to treasury were available in the files of the department (source documents).

- Audit cross-verified 71 deleted receipts valuing at ₹ 3.04 lakh for the test checked months¹⁵ with the source documents and found that in respect of 56 cases amounting to ₹ 2.23 lakh, attestations of documents had been carried out. In the remaining 15 cases the receipts were re-issued for the same amount, hence, no further verification was carried out. Further, the internal audit of the office was not conducted

¹⁴ The memorandum dated 5/11/1975 issued by the Government of Goa, Daman and Diu prescribes that the inspection cell of Directorate of Accounts should conduct *cent per cent* audit of various departments

¹⁵ May 2013, July 2014, October 2015, November 2016, January 2018 and in addition August 2015 and September 2015

by the Directorate of Accounts during the period 2013-18 which could have helped detect the suspected fraudulent deletion of receipts.

- The cashier of Collectorate, South Goa was also responsible for collection of the mutation fee of Mamlatdar, Salcete (Taluka revenue officer) and deposit the same into the treasury. For this purpose, there was a separate module in the IT System for collection of receipts pertaining to Mamlatdar, Salcete. Audit found from the list of deleted receipts of Collectorate, South Goa during the period 2013-18 that receipts collected towards mutation of property amounting to ₹ 1.19 lakh which pertains to the office of Mamlatdar, Salcete have been deleted. The correctness of deletions of receipts require further investigation as the records in this respect were not made available to audit. The department may ascertain the genuineness of the deletions.

After this was pointed out (June 2018) by Audit the Collector, South Goa placed the cashier under suspension (July 2018) and an internal committee was constituted to verify the records from 2013-14 to 2017-18 and submit a detailed report. The report is awaited (June 2019).

2.2.5.1 (iii) Office of the Mamlatdar, Salcete

Under Section 96 of the Goa Daman and Diu Land Revenue Code, 1968 the Taluka Mamlatdar have been empowered to dispose mutation cases on payment of applicable fees¹⁶ by the parties. The mutation fees were received in cash by the office and receipts for acknowledgement of cash were being generated by the system.

We generated list of deleted receipts during the period 2013-18. The list of deleted receipts showed that during the period 2013-18 there were 120 cases of deletion of receipts amounting to ₹ 2.22 lakh collected towards mutation fees.

Audit called for mutation files of all these 120 cases for cross-verification, however, the Mamlatdar, Salcete could provide mutation files of only 14 cases for verification. Scrutiny of these 14 mutation files revealed that the cashier had collected an amount of ₹ 10,400 from the applicants and had given the receipt in token of its having been received but he simultaneously deleted the receipt from the computerised system. Thus, misappropriation in all the cases produced to audit could not be ruled out and requires further investigation. Further, the department needs to verify all the remaining 106 deleted cases pertaining to mutation fees and take appropriate action.

In the office of the SDO, Margao 94 receipts amounting to ₹ 18,521 were found to be deleted. No basic records like Register for RTI fees collected and Register for number of documents certified were maintained by the office. As such the correctness of the amount collected could not be checked.

The internal audit of this office was conducted on March 2018 by the Directorate of Accounts (DoA). However, it did not point out the incorrect deletion of entries so as to prevent fraudulent deletion/misappropriation of the receipts.

¹⁶ At the rates ₹ 400; ₹ 1,000 and ₹ 2,000 depending on the area held as per notification dated 22/05/2013 which is further revised to ₹ 1,000; ₹ 2,500; and ₹ 5,000 as per notification dated 18/08/2016

After this was pointed out (June 2018) by audit the Mamlatdar accepted the audit contention and stated (June 2018) a memorandum has been issued to cashier who has been placed under suspension (July 2018) by the Collector, South Goa for deletion of receipts collected towards attestation fees.

2.2.5.2 Deletion of computerised receipts in Transport Department

Office of the Assistant Director of Transport (Enforcement), Margao

Sections 177 to 199 of the Motor Vehicle Act, 1988 lay down the provisions for punishment for offences. Further, Section 200 empowers the officers/authorities for compounding¹⁷ of certain offences for such amounts as may be notified in official gazette from time to time.

The Department of Transport issues Checking Report (CR) memos to the offenders under Motor Vehicle Act/Rules, indicating the nature of offences. The offender attends the respective Assistant Director of Transport (ADT) and compounds the offences by paying the applicable fines against the offences as indicated in the CR memo and obtains a receipt.

The office of Assistant Director of Transport (Enforcement), Margao operated IT System¹⁸ for issue of receipts collected towards compounding of offences. Scrutiny (June 2017) of its records showed that a CR memo No. 3701/20 had been compounded on two different receipts of ₹ 3,900 (Receipt No. ENFMAR6/5/2014FC-6702) and for ₹ 900 (Receipt No. ENFMAR6/5/2014FC-6703) on 05 June 2014. Audit further observed from the database of the receipts deleted and generated as provided by the ADT that the offender was first compounded for ₹ 3,900 citing three offences¹⁹ and issued receipt No.6702 (4:07 p.m). Subsequently this receipt was deleted and another receipt No. 6703 (4:14 p.m) for ₹ 900 was generated citing two offences²⁰ for the same CR memo No. 3701/20. The CR memo (the document showing the nature of offences committed) issued showed no change in the offence committed, as such prima facie there was no reason for issue of a fresh receipt in lieu of the earlier one. The stage at which the amounts were reduced was not on record. The alteration made in the compounded amounts without recording any reason/approval was incorrect.

Audit collected further information on the details of receipts deleted by the office of ADT (Enforcement), Margao pertaining to the compounding of offences during the period from 2010-11 to 2017-18. The scrutiny revealed that 660 receipts were deleted and re-issued. Of these 660 receipts, 53 receipts valued at ₹ 1.53 lakh were deleted and re-issued with reduced compounding amounts of ₹ 0.73 lakh payable as detailed in **Table 2.1**.

¹⁷ In compounding of offences on payments of the rates as per rules no further legal proceedings are initiated against the offender

¹⁸ The office used Head Office (H.O) software, however, operation of this program has been discontinued from 2017

¹⁹ Section 177 (First offence),184 (Driving dangerously) and 192 (Using vehicle without registration) of Motor Vehicles Act 1988

²⁰ Section 177 and 184 of Motor Vehicles Act 1988

Table 2.1: Year wise details of receipts deleted and fresh receipts issued with reduced amounts

(Amount in ₹)

Year	Total number of receipts deleted and fresh receipts issued with reduced amounts	Amount recorded in deleted receipts	Amount as per fresh receipts	Short collection by deletion of original receipts
2010-11	7	19600	12600	7000
2011-12	9	22800	14500	8300
2012-13	12	39750	14400	25350
2013-14	12	28950	8400	20550
2014-15	13	41600	23100	18500
Total	53	152700	73000	79700

(Source: As per database of deleted and fresh receipts generated provided by the Transport department)

The copies of these 53 CR memos issued had shown no overwriting or deletion of offences recorded so as to justify a fresh receipt for lesser number of offences cited.

In respect of remaining 607 receipts, these receipts were deleted due to incorrect entry of vehicle number, name of owner *etc.*, and fresh receipts were issued without reducing the initial amount.

It is recommended that the State Government may consider issue of CR memos electronically to minimise human intervention for post issue manipulation.

Failure of Internal controls

Audit found that in the above four offices the internal controls have failed at the following stages:

- Absence of validation control in the program preventing the deletion of entries in the software made without the approval of the competent authorities.
- During the period 2013-18, though internal audit was conducted by the Directorate of Accounts in one office²¹, it had failed to detect fraudulent deletion of receipts and in the remaining offices it was not conducted at all indicating the need for its strengthening both in quality and quantity.
- Reconciliation of daily receipts entered in the cash book *vis-à-vis* the attestation register/mutation files *etc.*, was not done, consequently the receipts fraudulently deleted remained unnoticed at the apex level.

In the light of above observations, we recommend that the authorities should conduct an investigation to ascertain the genuineness of receipts deleted and ensure that the amount is recovered and remitted to Government Account. Validation controls in programs for every case of deletion of receipts may be ensured in all offices where receipts are being issued through system to prevent mis-utilisation. Further, all responsible officers should be asked to exercise due diligence with regard to verification of receipts collected and entered in cash book for safeguarding government revenue.

²¹ Mamlatdar, Salcete

The Deputy Director of Transport stated (July 2018) that the investigation in the matter is under process. Further reply is awaited.

2.2.6 Suspected misappropriation due to short-remittance of the Government money

Rule 13 read with Rule 5 of GGRPR stipulates that all monetary transactions should be entered in the cash book (GAR 2) as soon as they occur, attested by the head of office in token of check and credited to the Government account without undue delay. Further, the head of office should verify the entries in cash book with reference to the bank's receipt recorded on the pay-in-slips or challans. Rule 10 of the GFR, 2005 stipulates reconciliation of accounts to ensure that the amounts reported or collected have been duly credited to the Government account. Rule 255 (2) of GFR, stipulates that in cases of transfer of charge involving assumption of responsibility for cash, the cash book should be closed on the date of transfer and a note recorded in it over the signatures of both the relieved and the relieving government servants and anything irregular or objectionable in the conduct of business that may have come to his notice should be brought to notice by the relieving government official.

Under Rule 22 read with Rule 21 of GGRPR the receipts books must be kept under lock and key under the personal custody of the Officer authorised to sign the receipts on behalf of the Government. The government official must give the payer a receipt duly signed by him after he has satisfied himself, before signing the receipt and initialing its counterfoil, that the amount has been properly entered in the cash book. Counterfoils of used receipts books shall be kept in his personal custody.

Test check in five offices²² revealed that the Cashiers (responsible for handling the cash) had short remitted amounts collected by them on behalf of the Government. An amount of ₹ 3.25 lakh was suspected to have been misappropriated in four offices²³ during the period 2013-18 as discussed in the succeeding paragraphs.

2.2.6.1 Short remittance in Revenue Department

2.2.6.1 (i) Office of the Mamlatdar, Salcete

The Goa Mundkars (Protection from Eviction) Act, 1975 and the Goa, Daman and Diu Agricultural Tenancy Act, 1964 empowers the Taluka Mamlatdars to pass judgement for restoration/transfer of property rights to the *mundkar*²⁴. The Act enables the *mundkar* (tenant) to purchase the property from *bhatkar*²⁵ (landlord) at a price determined by the taluka mamlatdars as per the provisions of the Act. The purchase price paid by the *mundkars* is deposited in public account under the major head "8443- (Civil deposit)" and was to be refunded to the *bhatkars* on application made by them.

During scrutiny (August 2017) of cash book in the office of Mamlatdar, Salcete, audit observed that receipt towards purchase price paid by the

²² Mamlatdar, Salcete; Mamlatdar, Bardez; S.D.O, Margao; CRSR, Mapusa and DoT

²³ Mamlatdar, Salcete; Mamlatdar, Bardez; S.D.O, Margao and CRSR, Mapusa

²⁴ *Mundkar* is a tenant lawfully residing with a fixed habitation in a dwelling house with or without obligation to render any service to landlord

²⁵ *Bhatkar* is the landlord of *mundkar*

mundkar/tenanted property were entered in the cash book during the period 2013-16. But, for the year 2016-17 no entry of such receipts collected towards *mundkar*/tenanted property was found in the cash book. For this year (2016-17) audit generated the cash collection report from the system operated by the Mamlatdar office. It revealed that the office had collected an amount of ₹ 36,740 on account of purchase of *mundkar*/tenanted property paid by the *mundkars*, but the amount was neither accounted for in the cash book nor was it deposited into the treasury.

Audit also cross-verified the entries recorded in the cash book during the period 2013-14 to 2017-18 with the yearly cash collection reports. It revealed that the cashier had short remitted a total amount of ₹ 1.86 lakh collected towards *mundkar*/tenanted purchase price into the Government treasury as detailed in **Table 2.2**.

Table 2.2: Details of short remittance of cash into Government account
(Amount in ₹)

Year	Amount collected towards purchase price	Amount deposited as per entries recorded in cash book/challans/treasury statement	Short remittance
2013-14	134539	61111	73428
2014-15	118629	95977	22652
2015-16	99358	48581	50777
2016-17	36740	Nil	36740
2017-18	100039	97339	2700
Total	489305	303008	186297

(Source: As per the yearly collection report generated from the software operated by the office of Mamlatdar, Salcete, South Goa)

After being pointed out (August 2017) by Audit, Mamlatdar replied (August 2017) that a show cause notice was issued to the cashier. The cashier accepted the fact of misappropriation and deposited (August 2017) an amount of ₹ 1.31 lakh in two instalments. The remaining misappropriated amount of ₹ 0.56 lakh pointed out during August 2018 is yet to be recovered by the Department. The cashier while accepting the misappropriation had stated that this was his first mistake of misappropriation of Government fund and no action should be taken against him as this being his first mistake (**Appendix 2.3 B**). The Mamlatdar replaced (August 2017) the cashier from the cash counter. However, the Collector, South Goa placed him under suspension in July 2018 after misappropriation in June 2018 as mentioned in **Paragraph 2.2.5.1(ii)** was pointed out by Audit.

2.2.6.1 (ii) Office of the Mamlatdar, Bardez

The Mamlatdar collects fees for issue of duplicate Electoral Photo Identity Card (EPIC), certified copies of electoral rolls, security deposit for Village Panchayat elections etc., by issuing receipts in Form G.A.R 5. The Mamlatdar had issued 557 Receipt Books (RBs) to various officials such as village Talathis, U.D.C, L.D.C, Steno including cashier of the office during the period 2013-18. Out of these 557 RBs, 45 RBs were issued to person other than the cashier such as U.D.C/L.D.C/Steno of the office. No entries relating to collections made through these 45 RBs could be seen in the cash book. We called for the 45 RBs to verify its utilisation and revenue collection but the Mamlatdar could produce only 21 RBs for audit scrutiny.

- These 21RBs were issued to eight different officials and as per the counterfoils of the receipts issued an amount of ₹ 1,14,402 was collected during the period 2013-18.
- Out of ₹ 1,14,402 shown to have been collected, challans for deposit of ₹ 35,650 were produced to audit in support of their deposit into the treasury. These challans indicated that amounts were deposited in the treasury by receipt book holders with delays ranging from 13 days to 231 days.
- The remaining amount of ₹ 0.78 lakh collected between January 2016 and June 2018 was deposited between 03/07/2018 to 18/07/2018 by the Mamlatdar, Bardez into the Government treasury during the course of audit. The Mamlatdar stated that these receipts were not entered in cash book due to oversight.
- Audit noticed that more than one receipt book (RB) was issued to each of the three officials who were using two RBs simultaneously. A fresh RB should have been issued only after the previous RB stood exhausted and surrendered.
- The status of the remaining 24 RBs not produced to Audit needs investigation to ensure safeguard of revenue.

Above facts indicate that the handling and management of the cash was not properly monitored.

The remaining 512 RBs were issued to the cashier and for the test checked months²⁶ it was found that all the amounts collected through the RBs have been entered in the cash book.

The audit observation were communicated to the Department/Government in September 2018. The reply of the Government has not been received (June 2019).

2.2.6.1 (iii) Office of the Sub-Divisional Officer (S.D.O), Margao

The office of S.D.O collected fees towards certification of documents and fees payable under RTI Act. Audit generated yearly collection report of the office during the period 2013-18 which showed that an amount of ₹ 76,270 was collected towards fees for certification of documents and fees under the RTI Act. The amounts collected were not entered in cash book during the period 2014-18 except for a single entry of ₹ 17,054 deposited on 28 March 2014. Further, the department produced challan copies of remittance made during the period 2013-14 and 2017-18 only as detailed in **Table 2.3**.

Table 2.3: Details of remittance of challan

(Amount in ₹)

Year of collection	Amount collected as per yearly collection report	Amount deposited as per challan copies	Short/Excess remittance
2013-14	17809	17054	(-) 755
2014-15	20509	Challans not furnished	Not Known (NK)
2015-16	24748	Challans not furnished	NK
2016-17	176	Challans not furnished	NK
2017-18	13028	14796	(+) 1768

²⁶ July 2013; September 2014; November 2015; January 2017 and March 2018

During scrutiny of cash book, yearly collection reports and challan copies during the period 2013-18 we observed that:

- Challan copies for an amount of ₹ 46,188 collected during the period 2013-17 was not produced to audit. The incumbent cashier stated (July 2018) that the challan(s) for the period 2014-17 was not handed over to him by the previous cashier (who is under suspension for misappropriation in the Collectorate, South Goa).

Thus, a sum of ₹ 46,188 collected during the period 2013-17 was neither entered into the cash book nor acknowledged by the incumbent cashier. The risks of its misappropriation could not be ruled out.

- The total revenue collection during the period 2016-17 was only ₹ 176 while for the years 2014-15 and 2015-16 it was ₹ 20,509 and ₹ 24,748 respectively. Thus, there were a very sharp decline in receipts during 2016-17. The reasons for this significant drop though called for was not furnished.
- For the year 2017-18, as per yearly collection reports the revenue collection of ₹ 13,028 was only for the three months of January, February and March 2018. The database/register of the document certified, RTIs filed and fee collected there from was not maintained by the office. Thus, correctness of revenue collection could not be checked.

The S.D.O, Margao furnished 35 challans for ₹ 14,796 as the total remittance made for the year 2017-18; however, annual cash collection report for the year 2017-18 showed total cash collection of only ₹ 13,028. Excess deposit into Government account needs investigation as it indicates that all cash collected on behalf of the Government was not being acknowledged.

Under the above circumstances a detailed enquiry needs to be carried out to determine the amounts collected during the period 2013-18 and ensure its recovery. The audit observations were communicated to the Department and to the Government (September 2018). The reply of the Government has not been received (June 2019).

2.2.6.2 Short remittance in Registration Department

Office of the Civil Registrar cum Sub Registrar (CRSR), Mapusa

The CRSR collects registration fee, stamp duty *etc.* Fees towards stamp duty are deposited into Government account through purchase of stamp papers²⁷ by the parties. The registration fees were being collected in cash or were directly deposited into Government account by the parties through e-Challan. The other fee(s) (like Nil Encumbrance Certificates, marriage certificates, birth and death certificates) involved small amounts and were collected by the Registration Department in cash.

During scrutiny (June 2018) of cash book (2013-18) for the selected months²⁸ we observed short remittance of ₹ 15,080 in the office of CRSR, Mapusa as follows:

²⁷ Revenue towards stamp duty are collected by the department in cash, by the sale of stamp papers and stamps, through challans into the treasury and use of franking

²⁸ April 2013, June 2014, August 2015, October 2016 and December 2017

- An amount of ₹ 14,200 was collected vide receipt No.1003 dated 02/06/2014 towards registration fee of a sale deed. It was entered into the cash book and recorded to have been remitted to the Government account vide challan No. 201400000528 dated 02/06/2014. However, this challan was marked as “Cancelled” and further reconciliation with the state treasury by the Audit revealed that the amount was not deposited into state treasury. The sale deed in respect of this transaction was executed confirming the fact that registration fee on account of sale deed was recoverable.
- The cashier had collected ₹ 14,82,990 on account of registration fee through 18 receipts in the month of April 2013 (test checked). However, an amount of ₹ 14,82,110 only had been entered in the cash book as receipts collected leading to short account of ₹ 880 in the Government account.
- While verifying the opening balance of the Cash Book for the selected month of October 2016, Audit found that the entries for preceding period from 20/08/2016 to 29/09/2016 were not made in the cash book by the department.

After being pointed out by Audit the CRSR, Mapusa stated (August 2018) that the amount short accounted/short remitted was due to oversight and deposited ₹ 15,080 into Government treasury. With regard to non-completion of cash book entries the CRSR intimated (August 2018) that the entries for the period from 20/08/2016 to 29/09/2016 have been made (August 2018) and ₹ 4,002 found short has been deposited into treasury. This short deposit was due to the fact that closing balance as on 29/09/2016 was shown as ₹ 38,397 while the opening balance as on 30/09/2016 was shown as ₹ 34,395. Audit called for all the necessary challans to ascertain the correctness of opening and closing balances arrived. These were not furnished. Thus, the correctness of opening balance for October 2016 could not be ascertained in audit.

The facts indicate that the internal control system in the office of the Civil Registrar cum Sub Registrar needs strengthening to ensure that the correct entries are recorded in cash book daily and attestation of entries done with due care.

2.2.6.3 Short remittance in Transport Department

Directorate of Transport (DoT), Panaji

Maintenance of the cash book

During local audit of the Directorate of Transport (DoT) in October/November 2015 the cash book for the year 2014-15 and of the preceding years was not produced to audit. During the next audit conducted in August/September 2016 cash book for the year 2014-15 was produced, however, the entries in cash book were not written completely.

After this was pointed out (September 2016) the department stated in August 2018 that the entries in cash book for the period from 01/01/2014 to 04/04/2017 were written retrospectively and then daily from 05/04/2017 onwards.

Short remittances into the Government Treasury

Scrutiny (April 2018) of entries recorded in cash book for the year 2016-17 revealed that the cashier was not remitting the entire cash balance²⁹ of previous days on the day of remittances throughout the year during 2016-17. As a result, significant cash balances remained in the cash chest of the office as detailed below in sample cases for the month of April 2016.

Table 2.4: Details of cash collection/remittance and cash balances held*(Amount in ₹)*

Sl. No.	Date of collection (only working days included)	Opening balance	Day's receipt	Day's Total	Remittance to Treasury	Date of remittance to treasury	Closing balance	Previous day's cash balance lying in cash chest (Closing balance – Day's receipts)
1	01/04/2016	380044	26430	406474	Nil	-	406474	380044
2	04/04/2016	406474	15080	421554	Nil	-	421554	406474
3	05/04/2016	421554	59550	481104	94214	05/04/2016	386890	327340
4	06/04/2016	386890	64980	451870	123100	06/04/2016	328770	263790
5	07/04/2016	328770	13820	342590	64980	07/04/2016	277610	263790
6	11/04/2016	277610	81652	359262	Nil	-	359262	277610
7	12/04/2016	359262	81740	441002	162730	12/04/2016	278272	196532
8	13/04/2016	278272	157780	436052	Nil	-	436052	278272
9	15/04/2016	436052	14204	450256	114880	15/04/2016	335376	321172

(Source: As per the entries recorded in cash book)

By the above modus operandi, the cashier held on to cash balances ranging from ₹ 1.96 lakh to ₹ 5.24 lakh for 212 working days (WD) out of 249 WD during the year 2016-17.

Audit extended the scrutiny for the other four years to ascertain the position of remittances during the period from 2013-18 as well and the results are given in the **Table 2.5**.

Table 2.5: Details of Average daily cash balance held*(₹ in lakh)*

Year	Total of previous days cash balance held during the year	Average daily cash balance held	No. of days of cash held without remittance
2013-14	156.02	2.00	78
2014-15	598.32	2.53	236
2015-16	635.61	2.57	247
2016-17	615.85	2.90	212

The incumbent cashier was transferred on March 2017. Thereafter the cash balances were deposited to the accredited bank without delay. The financial indiscipline led to government money ranging from ₹ 2.00 lakh to ₹ 2.90 lakh (on average daily basis during the period 2013-17) remaining outside the Government account. The retention of large cash balances in departmental cash chests increases the risk of loss, theft, misuse of government money. This also amounts to temporary misappropriation of government money.

²⁹ Only receipts to be credited to Government account have been included as cash balance and permanent advance/DDs excluded from the cash balance

During the period 2013-18, the Directorate of Transport (DoT) was having one cashier, one Accountant, one Assistant Accounts Officer and one Accounts Officer besides an internal audit cell. Despite having full contingent of accounting staff, non-writing of cash book on daily basis (April 2014 to 04/04/2017) and non-verification of cash balances by the Director of Transport during the entire period of 2013-17, indicated slackness on the part of the department in handling the cash. It is a serious issue involving the safety of the Government revenue and needs immediate attention at the apex level.

Audit found that in the above five offices³⁰ that the attestation of cash book was done without observing due diligence by the Mamlatdar/S.D.O/CRSR. There were no entries of the amount collected/remitted towards various fees in the cash book. Further, no attestation/verification of cash book/cash balances was carried out by the Director of Transport.

The reply from the Department/Government has not been received (June 2019).

2.2.7 Tampering of entries in receipt and falsification of cash book entries

The handling of cash is governed by Government of Goa Receipt and Payment Rules (GGRPR), 1997. Rule 255 (2) of General Financial Rules (GFR), 2005 further stipulates that in cases of transfer of charge involving assumption of responsibility for cash, the cash book should be closed on the date of transfer and a note recorded in it over the signatures of both the relieved and the relieving government servants and anything irregular or objectionable in the conduct of business that may have come to his notice should be brought to notice by the relieving government official. Audit observed in two CRSR offices of Registration department that the officials had altered the figures in the receipts and falsified entries in the cash book to show the money collected have been deposited in treasury without actually remitting the amount as detailed in the following paragraphs.

2.2.7.1 Registration Department

2.2.7.1 (i) Office of the Civil Registrar cum Sub Registrar (CRSR), Quepem

The CRSR issues manual receipts for collection of fees for issue of documents such as NIL Encumbrance Certificates, marriage certificates, birth and death certificates. During comparison (July 2018) of monthly collection reports/receipts counterfoils with the subsidiary cash book (sub-registry) for such receipts for the selected months³¹ (records for June 2013 not given), Audit observed that the cashier had short accounted the receipts amounts using three methods such as:

- (i) by altering the receipt amounts and recording altered amounts in cash book (four receipts amounting to ₹ 2,590 were altered to ₹ 1,490);
- (ii) by recording a different amount from that of the receipt in the cash book (seven receipts amounting to ₹ 1,510 were entered as ₹ 635 in subsidiary cash book); and

³⁰ Mamlatdar, Salcete; Mamlatdar, Bardez; S.D.O, Margao; CRSR, Mapusa and DoT, Panaji

³¹ August 2014, October 2015, December 2016 and February 2018

- (iii) by not entering receipts amount in the cash book at all³² (four receipts amounting to ₹ 2,000 were not accounted for at all).

Audit conducted a detailed check for the years 2016-17 and 2017-18 and observed 44 cases of alteration of receipts estimated at ₹ 38,225 altered to ₹ 22,165; 29 short-accountal of receipts estimated at ₹ 22,955 entered as ₹ 13,050 and seven cases of non-accountal of receipts amounting to ₹ 2,480. The total suspected misappropriation works out to ₹ 28,445.

Incidence of alteration and short-accountal indicates that the CRSR, Quepem failed to exercise adequate vigilance and internal control in handling the cash. Consequently the cashier had tampered the receipt amounts and subsequently short accounted/remitted.

On this being pointed out by Audit the CRSR, Quepem confirmed the short accountal of receipts and further stated that an amount of ₹ 29,000 was recovered from the cashier and deposited (August 2018) into treasury. However, no disciplinary action as per CCS Conduct Rules, 1964 for misappropriation of Government money was initiated against the concerned person.

**2.2.7.1(ii) Office of the Civil Registrar cum Sub Registrar (CRSR),
Dharbandora**

The cash book for the period from 01/04/2013 to 08/12/2015 were not maintained in the office of CRSR, Dharbandora. However, subsidiary cash books were being maintained.

During, scrutiny of the subsidiary cash book (sub-registry) with the challans made for the selected months³³ audit observed that

- (i) ₹ 1,16,500 recorded in subsidiary cash book was shown as remitted on 08/04/2013 but as per the dates mentioned in the challans this was actually remitted on 30/04/2013;
- (ii) ₹ 9,850 recorded in subsidiary cash book was shown as remitted on 10/04/2013 but this amount was actually remitted on 23/04/2013; and
- (iii) ₹ 1,81,380 recorded in subsidiary cash book was shown as remitted on 31/08/2015 but it was actually remitted on 28/10/2015.

This indicated that the entries relating to remittances of cash recorded in the cash book were not correct and intention of holding on to government money for a longer period could not be ruled out.

Audit verified (May 2018) all remittances during the period from April 2013 to March 2018. During verification it was noticed that for the period from April 2013 to December 2015 the entries in subsidiary cash book recorded to have been remitted to treasury were falsified and government money amounting to ₹ 19.15 lakh was held for a periods ranging from three days to 89 days as detailed in **Table 2.6**.

³² Actual receipt not produced on request

³³ April 2013, June 2014, August 2015, October 2016 and December 2017

Table 2.6: Details of false entries

Sl. No.	Challan No.	Amount remitted as per Challan (in ₹)	Date of remittance as recorded in the subsidiary cash Book	Date of challan generation	Actual date of deposit of challan	Number of days of holding cash by CRSR by making false entries in the Cash Book
1	2/2013-14	116500	08/04/2013	30/04/2013	30/04/2013	22
2	4/2013-14	9850	10/04/2013	23/04/2013	23/04/2013	13
3	7/2014-15	58850	20/06/2014	23/06/2014	23/06/2014	3
4	11/2014-15	125190	30/09/2014	01/10/2014	08/10/2014	8
5	12/2014-15	150800	30/09/2014	08/10/2014	08/10/2014	8
6	14/2014-15	51040	31/10/2014	03/11/2014	03/11/2014	3
7	15/2014-15	18880	28/11/2014	10/12/2014	10/12/2014	12
8	18/2014-15	211900	31/12/2014	16/01/2015	16/01/2015	16
9	20/2014-15	41180	30/01/2015	18/02/2015	18/02/2015	19
10	21/2015	52010	28/02/2015	03/03/2015	03/03/2015	3
11	23/2015	172740	30/04/2015	02/06/2015	02/06/2015	33
12	31/2015	62280	30/05/2015	17/07/2015	17/07/2015	47
13	33/2015	136150	30/06/2015	03/07/2015	03/07/2015	3
14	36/2015	212340	31/07/2015	28/10/2015	28/10/2015	89
15	37/2015	181380	31/08/2015	28/10/2015	28/10/2015	58
16	38/2015	150190	30/09/2015	28/10/2015	28/10/2015	28
17	41/2015	57470	28/10/2015	28/12/2015	28/12/2015	61
18	42/2015	38720	27/11/2015	28/12/2015	28/12/2015	31
19	43/2015	67770	08/12/2015	28/12/2015	28/12/2015	20
Total		1915240				

(Source: As per the entries recorded in departmental cash book and copies of challan remittances)

The falsification of entries resulted in cash balance ranging from ₹ 9,850 to ₹ 2,12,340 lying with the department which ought to have been credited to the government account. All the above falsified entries have been certified by the then incumbent CRSR to be correct.

On 09/12/2015 the new incumbent CRSR had taken over the charge. However, the relieved CRSR did not formally hand over the cash book to the relieving CRSR as stipulated in Rule 255(2) of GFR. The relieving CRSR reported (December 2015) the matter to State Registrar giving detail of the prevailing irregularities in the office including those related to accounting and remittance of receipts. Action taken if any by the State Registrar though called for (January 2019) was not furnished. The relieving CRSR opened a new volume of cash book on 09/12/2015 with the opening balance as nil. The closing balance of ₹ 67,770 which was with the earlier CRSR was deposited by him only on 28/12/2015. Thus, remittance of ₹ 67,770 was delayed by 20 days. The matter needs investigation so that occurrence of such lapse is avoided in future.

Audit also observed that an amount of ₹ 3,520 collected vide receipt No.64/15 dated 30/06/2015 towards registration fee of sale deed was not included in the daily cash collection total in the cash book and consequently was also not remitted to the Government account (December 2018).

After this was pointed out the CRSR, Dharbandora stated (May 2018) that the matter was being referred to the State Registrar-cum-Head of Notary Services. Further reply is awaited.

It is recommended that the State Registrar may carry out periodical inspection of all the taluka CRSR offices to ensure that financial rules are being adhered to in collection/accounting of cash receipts and government revenue collected are promptly remitted to the Government account. This is even more important as his subordinate officers were found to have not been maintaining proper records for cash collected and handing/taking over charges were being carried out without following codal formalities. Further Government may ensure internal audit by the Directorate of Accounts.

2.2.8 Non-accountal of Receipt books and Demand drafts

Rule 13 of the GGRPR, 1997 stipulates mandatory maintenance of cash book in Form GAR 2. Further as per Rule 18 read with Rule 13, of GGRPR, government revenue realised in cash or by cheques or drafts drawn on any local branch of a scheduled bank are to be entered in the cash book as soon as they occur and attested by the head of office in token of check. In case a large number of DDs are received a total of such DDs may be entered in the cash book as one entry and the details to be entered in the register of valuables kept in Form GAR 4. Further under Rule 19, while accepting cheques/DDs the receipt can be issued only after ensuring the clearance, however, an acknowledgement can be issued to the payer on receipt of document. Scrutiny revealed that three offices³⁴ have not kept the proper account of receipt book, register of valuables and did not remit the DDs collected in timely manner as detailed in succeeding paragraphs.

2.2.8.1 Registration Department

Office of the CRSR, Dharbandora

The CRSR maintained a Register for stock account of Receipt Books (RBs) for a period upto 03/08/2015 and the closing balance of RBs as on 03/08/2015 was four. During the period from 04/08/2015 to 08/12/2015 no entries were recorded in the register. The new CRSR opened a new register on 09/12/2015; however, the closing balance of four RBs was not carried forward as the opening balance on 09/12/2015 was shown as nil. We sought for these four RBs to ensure its utilisation and revenue collection; however, the RBs were not produced for audit scrutiny. Due to non-production of RBs the Audit could not ascertain the money collected by the CRSR through these RBs to ensure that all moneys collected have been deposited into Government account.

When this was pointed out the CRSR, Dharbandora stated (May 2018) that the matter was being referred to State Registrar-cum-Head of Notary Services. Reply from State Registrar is awaited (June 2019).

2.2.8.2 Revenue Department

Office of the Collector, North Goa

The Collectorate, North Goa collected revenue through Demand Drafts (DDs) during the period 2013-14 and 2014-15. Scrutiny of yearly collection report

³⁴ CRSR, Dharbandora; Collectorate, North Goa and DoT

during the year 2013-14 showed that significant revenue was collected towards land conversion fee. Audit called for DD register to verify whether the amount collected through DDs was entered in the cash book and remitted to the Government treasury. However, the Additional Collector stated that no information regarding maintenance of DD register was available and cash book was also not maintained prior to August 2016.

Thus, due to non-maintenance of D.D register (Register of valuables in Form GAR 4) and non-maintenance of cashbook prior to August 2016 Audit was unable to verify the revenue collection and remittance made through DDs during the period from 2013-14 to 2014-15.

In the light of suspected misappropriation of government money by deletion of receipts in the office of the Collector, North Goa (**refer to Para 2.2.5.1(i)**) it is recommended that Collector, North Goa should carry out a detailed investigation to ensure that all revenue collected through DDs during the period 2013-15 towards conversion fee as per the records/files have been remitted to the bank and credited to the Government account.

Reply of the Department/Government has not been received.

2.2.8.3 Transport Department

Directorate of Transport

Under Section 83 of the Central Motor Vehicles Rules, 1989 the Director of Transport (DoT) collects demand drafts (DDs) from tourist vehicle owners for grant of authorisation of tourist permit. During scrutiny (April 2018) of cash book of the DoT Audit observed that the authorisation fee received as DDs were not entered in the cash book as and when received. Audit had called for details of authorisation fee collected through DDs during the period 2013-18; however, the same was not furnished by the DoT.

Audit further noticed from the DD files maintained by the DoT that 181 DDs with value amounting to ₹ 0.91 lakh received during the period from September 2013 to March 2014 were not deposited into bank till June 2014 and became time barred. Further, 713 DDs amounting to ₹ 3.66 lakh furnished by the vehicle owners to the DoT in the months of November 2013, February/March 2014, May 2016 to January 2018 had expired due to delay in forwarding the DDs to the bank. The DDs were subsequently forwarded to the bank in the month of May/June 2014 and April 2018 for revalidation. There was no documentary proof to ascertain that these 894 expired DDs amounting to ₹ 4.57 lakh had been re-validated by the bank and remitted to the Government account.

The status of remittance of this amount into Government account was called for to ascertain whether the DDs amounting to ₹ 4.57 lakh was remitted to the Government account, however, reply regarding the status of DDs and the amount remitted to treasury was not furnished.

It is recommended that all revenues collected through DDs should be entered in the cash book and ensured that the DDs received are promptly credited to the Government account.

2.2.9 Non-maintenance of cash book/non-production of challans

Audit observed that eight offices³⁵ did not maintain cash book, one office³⁶ did not produce subsidiary cash book and one office³⁷ did not produce challan copies for the period covered in audit as detailed in following paragraphs.

2.2.9.1 Registration Department

Offices of the CRSRs Dharbandora/Mapusa/Quepem

The receipts wise details of revenue collected towards sub-registry, notary and civil registry by the offices of CRSRs are entered in the respective subsidiary cash book and total of the daily collection is then subsequently entered in the main cash book. During scrutiny (May/July 2018) of the records of the office of CRSR, Dharbandora Audit observed that subsidiary cash book (for Notary and Civil registry) and main cash book for the period from April 2013 to December 2015 were not maintained (**refer to Para 2.2.7.1(ii)**). In the office of CRSR, Mapusa the revenue collected during the period from 20/08/2016 to 29/09/2016 was not entered in cash book (**refer to Para 2.2.6.2**).

Further, during conduct (July 2018) of audit of the office of CRSR, Quepem subsidiary cash book (sub-registry) for the year 2013-14 was not produced to audit and it was stated by the CRSR that subsidiary cash book for the year 2013-14 was not traceable.

Cash book is a basic record maintained by the Government departments for collection, accounting and remittance of cash which has to be preserved for a period of 10 years under Rule 289 of GFR. In the absence of subsidiary/main cash book for the period mentioned above, audit was unable to verify the revenue collection and remittance made to the Government account.

The non-maintenance and non-traceability of the records indicate lack of internal control mechanism in maintenance of records, regular accounting and safeguard of Government money received by the Department. Given the fact that misappropriation of funds was suspected in the office of CRSR at Quepem as discussed in **Para No. 2.2.7.1(i)**, no assurance could be provided regarding proper accounting of related receipts of the office for the period.

It is recommended that the State Registrar should carry out a detailed investigation of the revenue collected and remitted during the period of non-maintenance of subsidiary/main cash book in the interest of safeguarding Government revenue.

2.2.9.2 Revenue Department

Office of the Collector, North Goa/S.D.O, Margao/Mamlatdar, Salcete/Mamlatdar, Bardez

During scrutiny of the records in the office of Collector, North Goa audit called for cash book/challan remittances of the selected months³⁸ for audit

³⁵ Collector, North Goa; SDO, Margao; Mamlatdar, Salcete; Mamlatdar, Bardez; CRSR, Dharbandora; CRSR, Mapusa; DoT and ADT, Mapusa

³⁶ CRSR, Quepem

³⁷ ADT, Margao

³⁸ August 2013, October 2014, December 2015, February 2017, April 2017 and in addition March 2017

verification. However, the Additional Collector stated that cash book was not maintained prior to August 2016. Excluding February, March and April 2017, challan remittances made for remaining three months (August 2013, October 2014 and December 2015) were not produced stating that it was not available due to shifting of records. In the light of suspected misappropriation of government money by deletion of receipts in the office of the Collector, North Goa (**refer to Para 2.2.5.1(i)**) and non-furnishing of challan copies of remittance made to audit, it is recommended that Collector, North Goa should carry out a detailed investigation for the serious lapse of non-maintenance of cash book and ensure that all revenue collected during the period of non-maintenance of cash book have been credited to the Government Account.

The revenue collected during the period 2014-18 was not entered in the cash book by the office of S.D.O, Margao (**refer to Para 2.2.6.1(iii)**). In the office of Mamlatdar, Salcete the revenue collected towards mundkar receipts were not entered in the cash book during the period 2016-17 (**refer to Para 2.2.6.1(i)**). While in the office of Mamlatdar, Bardez the revenue collected through issue of RB were not entered in the cash book (**refer to Para 2.2.6.1(ii)**).

2.2.9.3 Transport Department

Offices of ADT, Margao/ADT, Mapusa/DoT

During the period 2013-18 the ADT, Margao had collected ₹ 2,52,710 through issue of manual receipts. However, ADT furnished challans for ₹ 1,46,620 only and stated that challans for ₹ 1,06,090 was not traceable/available. Further, the ADT did not provide DCRs for the months (May/June 2013, April/September/December 2014 and January 2015) during which manual receipts were issued to cross verify with the entries recorded in the cash book.

Thus, due to non-furnishing of challan copies and DCRs Audit was unable to verify whether the amount collected through issue of manual receipts was accounted for in cash book and remitted to the Government account.

During scrutiny of the records of the ADT, Mapusa audit observed that cash book was not maintained by the office prior to August 2015. However, the DCR and copies of challan remittance called for the selected months were produced for audit scrutiny and found that the amount collected have been remitted into Government account. The ADT stated that the reasons for non-maintenance of cash book were due to outsourcing of the revenue collection and remittance to the Mapusa Urban Co-operative bank from the year 2004 to August 2015. The reply is not acceptable as it is the responsibility of the head of office/D.D.O to maintain cash book and ensure that all departmental receipts are entered in the cash book and credited to Government account.

In the office of DoT, Panaji we observed that cash book was not maintained during the period from April 2014 to April 2017 (**refer to Para 2.2.6.3**).

2.2.10 Conclusion and recommendations

It is the primary duty of a Drawing and Disbursing Officer (DDO) to maintain a cash book in prescribed format and record all monetary transactions in the cash book as soon as they occur and attest before the close of day ensuring the accuracy of totaling in the cash book. The GGRPR stipulates that head of office should also attest the cash book at the end of each month.

Audit observed in eight offices³⁹ that the cash book and subsidiary cash book was not maintained and the monetary transactions towards cash receipts collected/remitted were not entered in the cash book. Out of these eight, in six offices⁴⁰ there were cases of suspected misappropriation of government money. In five of these offices⁴¹ the collection of cash, issue of receipts, remittance to treasury and writing of cash book was carried out by a single official. The cash book was then verified/attested by the head of office directly, as there was no official in between for secondary check before verification/attestation by the head of office which indicates lack of internal control mechanism. The head of office who was also the DDO had periodically certified the cash book entries in all five offices but failed to detect the suspected misappropriation of government money.

It is recommended that the head of offices should strictly adhere to the financial rules for maintenance of cash book and observe due diligence while certifying the entries in cash book to prevent future lapses and consequent leakage of Government revenue. Further, it is recommended that as a part of internal control secondary check of cash book should be done by some official other than the writer before verification/attestation by the head of office.

Reconciliation of accounts is an important tool for ensuring that the dues of the government have been properly accounted for in the Government account. In eight⁴² out of 13 offices reconciliation of accounts has not been carried out by the office during the period 2013-18 which indicates neglect by the head of offices of safeguarding of Government revenue. In seven offices⁴³ audit noticed suspected misappropriation of government money.

It is recommended that the head of offices should reconcile the accounts in a timely manner and promptly to ensure all the government dues have been realised into the Government account.

The Government of Goa has an Internal Inspection Cell under the Directorate of Accounts vide memorandum dated 05/11/1975 for conducting cent *per cent* audit of various departments. However, out of 13 offices audited, in seven

³⁹ DoT: Cash book was not maintained from April 2014 to April 2017; CRSR, Dharbandora: Cash book was not maintained during the period from April 2013 to December 2015; ADT, Mapusa: Cash book was not maintained upto August 2015; Collector, North Goa: Cash book was not maintained prior to August 2016; S.D.O, Margao: Revenue collected during the period 2014-18 was not entered in the cash book; Mamlatdar, Salcete: Monetary transaction towards mundkar receipts collected during 2016-17 was not entered in the cash book; Mamlatdar, Bardez: Revenue collected through RBs was not entered in cash book and CRSR, Mapusa: Revenue collected during the period from 20/08/2016 to 29/09/2016 was not entered in the cash book

⁴⁰ Collector, North Goa; S.D.O, Margao; Mamlatar, Salcete; Mamlatdar, Bardez; CRSR, Dharbandora and CRSR, Mapusa

⁴¹ CRSR, Mapusa; CRSR, Dharbandora; S.D.O, Margao; Mamlatdar, Salcete and Mamlatdar, Bardez

⁴² Mamlatdar, Salcete; Mamlatdar, Bardez; S.D.O, Salcete; Collectorate, North Goa; CRSR, Bardez; CRSR, Dharbandora; CRSR, Quepem and Mollem Checkpost (Reply not received from the office of ADT, Enforcement, Margao)

⁴³ Mamlatdar, Salcete; Mamlatdar, Bardez; S.D.O, Salcete; Collectorate, North Goa; CRSR, Bardez; CRSR, Dharbandora and CRSR, Quepem

offices⁴⁴ internal audit have not been conducted by the Directorate of Accounts (DoA) during the period 2013-18. Further, in two offices⁴⁵ where the audit was conducted by the Inspection cell of DoA, the inspecting team of DoA could not detect misappropriation of government money.

The results of test audit indicate widespread misappropriation of funds by various Departments. This needs proper exhaustive investigation by the CID or the CBI. In the meantime, FIRs may be lodged and action initiated under CCS, Conduct Rules, 1964 in all cases covered in audit sample.

The audit observations were communicated to the Department and to the Government in September 2018. The reply of the Government has not been received (June 2019).

COMMERCIAL TAXES DEPARTMENT

2.3 Short levy of Tax due to incorrect determination of the turnover

The dealer short-declared turnover totaling ₹ 1.19 crore for the years 2012-13 and 2013-14 resulting in short-levy of tax. Even in re-assessment the Assessing Authority short levied the interest and penalty under Sections 25 and 59 of the Goa Value Added Tax Act 2005.

As per Section 24 of the Goa Value Added Tax (GVAT) Act, 2005 read with Rule 23 GVAT Rules 2005, every registered dealer shall file a correct and complete quarterly return in Form VAT-III within 30 days from the end of quarter accompanied by challan in proof of payment of the net tax in respect of each of the month. As per Section 25 when a dealer has not filed any return and tax is due as per the books of the dealer or as assessed or re-assessed 'or' the tax is due as per the returns or revised returns furnished without payment of tax such dealer shall be liable to pay interest @ 15 per cent per annum till May 2013 and 18 per cent per annum thereafter. Further under Section 59 of the Act in case dealer makes a misleading or false statement or omits material particulars in the statement resulting in assessment of lesser tax the dealer is liable for penalty equal to double the amount of the excess tax so payable.

A dealer (TIN:30850303235), registered with the office of Commercial Taxes Mapusa, deals in Indian made foreign liquor (IMFL), liquor, cashew nuts, spices, dry fruits and cocum. The dealer had not filed any returns for the year 2012-13 and was assessed (March 2016) at 'NIL' turnover for 2012-13. He had filed his VAT return for a turnover of ₹ 55.86 lakh for the year 2013-14, and Commercial Tax Officer assessed (March 2016) him for the turnover of ₹ 55.86 lakh shown in the return.

During audit it was observed (February 2018) that as per the 'Profit and Loss Accounts' available in the assessment files of the dealer, the sales turnover was ₹ 86.72 lakh for the year 2012-13 and ₹ 88.52 lakh for the year 2013-14. This was not considered by the Commercial Tax Officer while finalising the assessment despite being available in the assessment files. This resulted in

⁴⁴ DoT, Panaji; ADT, Mapusa; Collectorate, North Goa; Collectorate, South Goa; CRSR, Dharbandora; CRSR, Quepem and Mamlatdar, Bardez (Reply not received from the office of CRSR, Bardez)

⁴⁵ S.D.O, Margao and Mamlatdar, Salcete

understatement of taxable turnover of ₹ 86.72 lakh for the year 2012-13 and ₹ 32.66 lakh for the year 2013-14.

On being pointed out in February 2018, the assessing authority re-assessed (February 2018) the dealer for both years and demand notices for recovery of ₹ 7.21 lakh and ₹ 10.69 lakh were issued (April 2018) for the years 2012-13 and 2013-14 respectively. However, the Assessing Authority levied interest of ₹ 6.89 lakh instead of ₹ 9.81 lakh while finalising the re-assessment. Thus, interest of ₹ 2.32 lakh was levied short. Besides penalty of ₹ 21.88 lakh under Section 59 of the GVAT Act was leviable. The mistake resulted in short recovery of tax of ₹ 42.11 lakh for two assessment years.

After this was pointed out (May 2018) the department accepted (June 2018) the audit observations except for levy of penalty of ₹ 8.80 lakh for the year 2012-13 stating that the dealer had not submitted any statement during that year. The reply for not levying the penalty was not correct as the dealer had shown incorrectly 'Nil turnover' in his return for the year 2012-13 which attracted the provisions for Section 59 of GVAT Act.

The matter was referred to the Government in July 2018; their reply is awaited.

2.4 Short levy of Tax due to non-consideration of VAT audit report

The Assistant Commercial Tax Officer (ACTO), Mapusa did not consider the turnover as per VAT audit report while assessing the dealer.

As per Rule 4A of Goa Value Added Tax (GVAT) Rules, 2005 (inserted vide notification dated 31 December 2008) in case of transfer of property in goods (whether as goods or in some other form) involved in the execution of works contract, the sale price of such goods shall be determined by making deductions to the extent as specified in the Rules. In the case of road works, including asphaltting of road, construction of culverts and site gutters but excluding bridges, the deduction allowed was 30 *per cent* of the gross receipts. The rate of Value Added Tax (VAT) for works contracts was eight *per cent*⁴⁶ of the taxable turnover.

Audit of assessment records (February 2018) of a works contractor (TIN: 30500304640), revealed that the contractor had furnished returns for sales turnover of ₹ 1.73 crore during the year 2012-13. The Assistant Commercial Tax Officer (ACTO), Mapusa assessed (May 2016) the works contractor for ₹ 1.08 crore. The Assessing Authority allowed deduction of ₹ 0.65 crore. This was 37.50 *per cent* of ₹ 1.73 crore which was more than that admissible under Rule 4A.

The dealer furnished his VAT audit report for the year 2012-13 in March 2016 which showed his turnover as ₹ 4.97 crore for that year. The ACTO did not consider the turnover as per the VAT audit report while passing the assessment order in May 2016. The non-adoption of turnover as per VAT audit report resulted in short-levy of VAT to the extent of ₹ 19.15 lakh as detailed below:

⁴⁶ Vide Notification dated 09/07/2009

(Amount in ₹)

Particulars	As per assessment order dated 10/05/2016	As per VAT audit report dated 14/03/2016
Gross turnover	-	49688805
Deduction under Rule 4A (30 per cent)	-	14906641
Taxable turnover	10836862	34782164
Tax @ 8 per cent	866949	2782573
Penalty under Section 55	4000	4000
Penalty under Section 70 (3)	25000	25000
Total amount payable	895949	2811573
Less tax deducted at source	680789	680789
Less Input tax credit allowed	186160	186160
Balance tax payable	29000	1944624

On being reported (May 2018), the Commissioner of Commercial Taxes replied (July 2018) that the dealer has been re-assessed and a demand notice for ₹ 32.60 lakh (including interest under Section 25(4) (a)) has been issued (June 2018). The recovery is awaited.

The matter was referred to the Government in July 2018; their reply is awaited.

2.5 Short levy of Tax due to incorrect application of rates

The Assistant Commercial Tax Officer levied tax at the rate of five per cent instead of eight per cent applicable under the Act.

As per Schedule-C of the Goa Value Added Tax (GVAT) Act, 2005 read with Rule 4A of the GVAT Rules, 2005 the rate of tax leviable on the works contracts for the year 2012-13 was eight per cent.

A works contractor (TIN: 30190305344) did not file return for the year 2012-13 and the Assistant Commercial Tax Officer (ACTO), Mapusa issued (November 2015) summons for assessment under Section 29 of the GVAT Act. The ACTO, assessed (February 2016) the dealer for his sales turnover of ₹ 4.64 crore for the year 2012-13. After allowing the permissible deductions under Section 4A⁴⁷ of the Act, the taxable turnover was arrived at ₹ 3.11 crore and a tax of ₹ 15.53 lakh along with penalty of ₹ 4,000 under Section 55 and ₹ 25,000 under Section 70 was levied.

Audit observed (February 2018) that the ACTO has worked out the tax at the rate of five per cent (₹ 15.53 lakh) instead of eight per cent (₹ 24.85 lakh) applicable under Schedule C of the Act. Further no interest (₹ 8.57 lakh) under Section 25 (4) (a) was levied. This has resulted in short levy of ₹ 17.89 lakh.

On this being pointed out (February 2018) by Audit the Commissioner stated (May 2018) that the dealer was re-assessed in April 2018 and demand notice for an amount of ₹ 18.79 lakh including interest of ₹ 8.57 lakh has been issued.

The matter was referred to the Government in July 2018; their reply is awaited.

⁴⁷ 33 per cent deduction is allowed as the contractor was engaged in "Construction of new buildings and erection of civil structures"

EXCISE DEPARTMENT

2.6 Application of incorrect rates for levy of license fee

The Excise Stations of Bardez, Salcete and Tiswadi short-levied license fee from hoteliers at applicable rates for sale of liquor.

The yearly rates of license fee applicable for retail sale of foreign liquor (FL), Indian made foreign liquor (IMFL) and country liquor (CL) for consumption in the premises of hotels are notified⁴⁸ by the Government. Hoteliers are issued FL licenses for sale of foreign liquor and FCL licenses for sale of IMFL/CL liquor.

Scrutiny of records of 73 hoteliers between October 2017 to March 2018 revealed short realisation of license fee amounting to ₹ 51.82 lakh in respect of seven hoteliers as detailed below:

(₹ in lakh)

Sl. No.	Category of License	FL	FCL	Annual fee payable
1	License fee of "A category hotel without any star" notified for the years 2015-16, 2016-17 and 2017-18.	3.00	1.40	4.40
	In two offices viz. Excise Stations; Bardez and Tiswadi eight licenses (to four hoteliers) were issued for 2015-16, 2016-17 and 2017-18. License fee of ₹ 35.20 lakh was leviable at the rates notified by the Government from time to time. The offices levied license fee amounting to ₹ 4.43 lakh at different rates ⁴⁹ lower than the prescribed rates. This resulted in short levy of license fee of ₹ 30.77 lakh.			
2	License fee of "A category with four star" notified for the years 2015-16, 2016-17 and 2017-18.	3.00	1.60	4.60
	In the office of Excise Station, Salcete two licenses (to one hotelier) was issued for the years 2015-16, 2016-17 and 2017-18. License fee of ₹ 13.80 lakh was leviable at the rates notified by the Government for these years. The office levied license fee at the rates of ₹ 16,320 for 2015-16 and ₹ 16,000 for 2016-17 and 2017-18. This resulted in short levy of license fee of ₹ 13.32 lakh.			
3	License fee of "A category with five star" notified for the years 2015-16, 2016-17 and 2017-18.	3.00	3.25	6.25
	In the office of Excise Station, Salcete two licenses (to one hotelier) were issued for the years 2016-17 and 2017-18. License fee of ₹ 12.50 lakh was leviable at the rates notified by the Government. The office levied license fee at the rate of ₹ 3.00 lakh for 2016-17 and ₹ 3.95 lakh for 2017-18. This resulted in short levy of license fee of ₹ 5.55 lakh.			
4	License fee of "B category without any star" for 2015-16, 2016-17 and 2017-18.	0.50	0.50	1.00
	In the office of Excise Station, Tiswadi two licenses (issued to one hotelier) were issued for 2015-16, 2016-17 and 2017-18. License fee of ₹ 3.00 lakh was leviable as per the above rates notified by the Government. The office levied license fee at ₹ 29,730 for 2015-16, ₹ 26,000 each for 2016-17 and 2017-18. This resulted in short levy of license fee of ₹ 2.18 lakh.			

Further, as per Rule 122 of the Goa, Daman and Diu (Excise Duty) Rules, 1964 additional amount at the rate of two *per cent* per month was leviable for delay in payment of short levied license fee. The total additional amount leviable on the above short-levied license fee up to April 2018, was amounting to ₹ 26.24 lakh.

⁴⁸ Notifications dated 31 March 2015, 14 October 2015, 31 March 2016 and 31 March 2017

⁴⁹ There was no uniformity in levy of the license fees in the above two excise stations. It was levied at the rate of ₹ 1.22 lakh, ₹ 1.02 lakh at Bardez while it was levied at the rate of ₹ 0.26 lakh and ₹ 0.24 lakh in Tiswadi Excise station

On being pointed out (October 2017 to March 2018), all the three Excise stations issued notices to the seven hoteliers for payment of license fee along with interest. A report on recovery has not been received.

The matter was referred to the Government in July 2018; their reply is awaited.

2.7 Short-levy of excise duty ₹ 59.28 lakh

The Excise Inspectors at Margao and Quepem short-levied excise duty due on IMFL and Beer.

According to the Notification No.1/1/2008-Fin (R&C), dated 10 November 2008⁵⁰ read with Circular dated 25 November 2008, all the volumes of packages of foreign liquor (FL)/Indian made foreign liquor (IMFL) and wine whether they are below 750 ml or above, have to be individually converted to the volume of 750 ml and accordingly the 'MRP slab' in which the product falls will have to be determined and applied. In the case of beer, it shall be the volume of 650 ml as the standard conversion instead of 750 ml. The highest MRP arrived at, after calculating the same *vis-à-vis* each volume, shall determine the MRP slab in which the product falls.

During audit (January 2018 and March 2018) of Excise Stations at Margao and Quepem we observed that the Excise Inspectors did not apply the provisions of the above notifications correctly thereby short-recovering a total of ₹ 59.28 lakh from two distilleries as under.

Case 1 - Short levy of ₹ 17.47 lakh by Excise Station, Margao (IMFL)

The excise duty applicable as per Notification dated 31 March 2017 was ₹ 90 per Bulk Litre⁵¹ (BL) on IMFL whose MRP is in the range from ₹ 410 to ₹ 600 per 750 ml and ₹ 200 per BL in the range from ₹ 600 to ₹ 900 per 750 ml.

The unit Agave Industries a lessee of licensee M/s Blue Ocean Beverages Private Limited, Goa renewed two labels (2017-18) of IMFL *viz.*, Desmondji 51 Agave of 90 ml and 750 ml with MRP of ₹ 100 and ₹ 590 respectively. The MRP of the product Desmondji 51 Agave while converting 90 ml with MRP of ₹ 100 to standard 750 ml would work out to ₹ 833. Accordingly the product falls under the tax bracket of ₹ 200 per BL instead of ₹ 90 per BL. The unit had sold 15,885 BL of the IMFL in package of 750 ml on which excise duty of ₹ 31.77 lakh could have been levied. The unit paid excise duty of ₹ 14.29 lakh. Thus, non-follow of the notification resulted in short realisation of excise duty of ₹ 17.47 lakh.

The Finance Secretary replied (August 2018) that the unit at Margao (M/s Agave Industries) has given a submission to not to levy excise duty at the higher rate on the basis of computation of MRP of ₹ 833 on 90 ml. The recovery of due amount will be communicated after examining the above representation. Reply of Government on the Unit at Quepem is awaited (September 2018).

⁵⁰ Re-notified No.1/3/2017-Fin (R&C) dated 31/03/2017

⁵¹ Bulk litre is the term used in the Notification for 1,000 ml. As per Notification excise duty is leviable on liquor per bulk litre irrespective of quantity contained in various packages

Case 2 - Short recovery of ₹ 41.81 lakh by Excise Station, Quepem (Beer)

M/s Impala Distillery and Brewery Limited, Margao was permitted (2017-18) to manufacture two brands of beer, one brand with alcoholic strength 4.80 *per cent* v/v with MRP of ₹ 60 per bottle of 650 ml (mild) and ₹ 40 per bottle of 325 ml and other brand with alcoholic strength 08 *per cent* v/v with MRP of ₹ 80 per BL of 650 ml (strong), ₹ 60 per can of 500 ml and ₹ 45 per bottle of 325 ml.

The rate of excise duty to be levied for beer manufactured in the State of Goa and sold in the State of Goa during the years 2016-17 and 2017-18 were as under:

Category	Excise duty leviable for 2016-17	Excise duty leviable for 2017-18
Whose alcoholic strength does not exceed 5 <i>per cent</i> v/v and whose Maximum Retail Price (MRP) exceeds ₹ 70 per bottle of 650 ml.	₹ 18 per bulk litre	₹ 24 per bulk litre
Whose alcoholic strength exceeds 5 <i>per cent</i> v/v but does not exceed 8 <i>per cent</i> v/v and whose MRP exceeds ₹ 78 per bottle of 650 ml.	₹ 33 per bulk litre	₹ 36 per bulk litre

The audit (January 2018) of the records of Excise Inspector, Quepem revealed that the excise duty levied from the distillery for the period from April 2017 to November 2017 was levied at pre-revised rates. The incorrect application of rates resulted in short-recovery of excise duty of ₹ 7.43 lakh on 6.24 lakh bulk litre of mild beer and ₹ 3.56 lakh on 1.19 lakh bulk litre of strong beer manufactured during the period from April 2017 to November 2017.

Further, the health surcharge on short levied excise duty recoverable was ₹ 0.82 lakh (@ 2 *per cent* on excise duty of ₹ 10.99 lakh).

The Assistant Commissioner of Excise stated (August 2018) that an amount of ₹ 19.04 lakh out of ₹ 38.62 lakh has been recovered in July 2018 from the unit M/s Impala Distillery and Brewery Limited, Margao. Further, the unit had given an undertaking for depositing the remaining amount by September 2018, however, report on recovery has not been received (June 2019).

The matter was referred to the Government in July 2018; their reply is awaited.