

OVERVIEW

This Audit Report includes first two Chapters containing observations on the Finance and the Appropriation Accounts of the Government of Goa for the year 2007-08 and five other Chapters comprising of five reviews and 24 paragraphs dealing with the results of performance audit of selected programmes and schemes as well as audit of the financial transactions of the Government and Government Companies and Corporations.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgement basis. The specific audit methodology adopted for audit of programmes and schemes has been mentioned in the reviews. The audit conclusions have been drawn and the recommendations made taking into consideration the views of the Government, wherever received.

A summary of the financial position of the State Government of Goa and the audit findings are given below.

1. Financial position of the State Government

The revenue receipts of the State Government during 2007-08 were Rs 2,944 crore registering an increase of 13 *per cent* over 2006-07. The revenue expenditure during the year was Rs 2,778 crore, an increase of 13 *per cent* over 2006-07. The mobilisation of revenue from own resources increased from Rs 2,209 crore in 2006-07 to Rs 2,402 crore in 2007-08. The state registered a revenue surplus of Rs 166 crore during 2007-08. Fiscal deficit increased from Rs 487 crore in 2006-07 to Rs 541 crore in 2007-08 and fiscal liabilities grew from Rs 5,694 crore in 2006-07 to Rs 6,289 crore in 2007-08.

(Paragraphs 1.1 to 1.11)

2. Appropriation audit and control over expenditure

Appropriation Accounts present the details of amounts actually spent vis-à-vis the amount authorized by the State Legislature. During 2007-08, expenditure of Rs 3,788.42 crore was incurred against the total grants and appropriations of Rs 5,008.44 resulting in a saving of Rs 1,220.02 crore. Supplementary provision of Rs 118.69 crore made in 14 cases was excessive resulting in saving of Rs 17.86 crore. In one case (43 – Art & Culture), there was an excess of Rs 2.57 lakh which requires regularisation.

(Paragraphs 2.1 to 2.6)

3. Performance Audit of Dayanand Social Security Scheme

The Government did not make adequate budget provision for disbursement of pension through co-operative banks resulting in off budget borrowings of Rs 121.82 crore during 2006-07 and 2007-08.

Failure to stop pension to 12,971 non-genuine beneficiaries identified in two surveys conducted during 2004 and 2005 resulted in avoidable extra burden of Rs 43.53 crore to the Government. The Government delayed the payment of instalments of purchase price of LIC resulting in extra liability of penal interest of Rs 16.91 crore.

(Paragraph 3.1)

4. Internal control in Labour and Employment Department

During 2003-08 the savings in the department ranged between 18 and 37 *per cent*. The Department neither prepared Action Plan for carrying out inspections under various Acts nor fixed targets for inspections. Procurement of medicines by ESI authorities from non-rate contract firms during 2003-08 ranged between 30 and 36 *per cent*.

(Paragraph 5.1)

5. Audit of transactions

Besides the above, audit of financial transactions test checked in various departments of the Government and their field offices revealed instances of undue favour to contractors, avoidable/unfruitful expenditure involving Rs 18.92 crore as mentioned below: -

- Avoidable extra burden of Rs 2.05 crore due to low generation of sponsorship for IFFI 2006.
- Avoidable expenditure of Rs 29.50 lakh on procurement of TV sets.
- Avoidable payment of Rs 54.75 lakh on electricity charges.
- Rs 43.35 lakh extra paid to contractor for non-availing of excise duty exemption on pipes.
- Avoidable expenditure of Rs 32.13 lakh on payment of income tax.
- Unfruitful expenditure of Rs 3.18 crore on re-survey and loss of interest of Rs 31.31 lakh.
- Irregular acceptance of a tender and awarding of the work for Rs 11.78 crore.

(Paragraphs 4.1.1 to 4.1.7)

6. Audit of Revenue Receipts

General

The revenue receipts of the State Government during the year 2007-08 were Rs 2,943.90 crore. The revenue receipts increased by Rs 334.14 crore registering an increase of 12.80 *per cent*.

Finance Department

A review of **Receipts under Luxury Tax** revealed the following:

- 1,763 hoteliers remained out of tax net as a result of non-existence of mechanism to identify the number of hoteliers.

(Paragraph 6.2.7)

- The vital information of tariff which forms the basis for determination of applicability of tax rate was not available with the department.

(Paragraph 6.2.8)

- The Commissioner had not issued any guidelines to the assessing authorities regarding procedure to be followed to satisfy that the returns were correct and complete.

(Paragraph 6.2.10)

- There was no uniformity in levy of penalty for non/late filing of returns. In 140 cases, penalty was short levied by Rs 4.57 crore and in 84 cases, penalty of Rs 1.83 crore was not levied.

(Paragraph 6.2.11)

- Incorrect application of rate resulted in short realisation of tax of Rs 1.82 crore.

(Paragraph 6.2.12)

- Fine of Rs four crore leviable for non-renewal/delay in renewal of registration certificate by hoteliers was not levied.

(Paragraph 6.2.16)

- Failure to issue recovery certificates promptly and non-recovery of dues by tax recovery officers led to introduction of scheme for waiver of interest/penalty and caused a loss of revenue to the Government of Rs 3.77 crore.

(Paragraph 6.2.21)

A review (**IT Audit**) on working of e-RTA and e-Transport software in the **Department of Transport** revealed the following:

- Absence of wide area network resulted in non-utilisation of smart cards for online checking of licences.

(Paragraph 6.3.7.2)

- The software did not have provisions to capture the dual fuel option (Petrol and LPG).

(Paragraph 6.3.8)

- Faulty system design provided for closure of a series before exhausting all the registration numbers leaving scope for manipulations.

(Paragraph 6.3.11)

- Incorrect mapping of business rules in the system resulted in violation of provisions of the Motor Vehicles Act.

(Paragraphs 6.3.14.1 and 6.3.14.2)

- Inadequate physical and logical access controls and system security made the system and data vulnerable to unauthorised access and manipulation.

(Paragraphs 6.3.15.1, 6.3.15.2 and 6.3.15.3)

- Lack of input controls resulted in poor assurance regarding completeness, accuracy and reliability of data.

(Paragraph 6.3.16.1)

- Non-validation of life time taxes resulted in short realisation by Rs 6.24 lakh.

(Paragraph 6.3.16.2)

Non-levy of penalty on delayed payment of road tax resulted in non-recovery of revenue amounting to Rs 43.50 lakh.

(Paragraph 6.5)

Animal Husbandry and Veterinary Services Department

Failure to collect cess on fluid milk resulted in non-realisation of revenue of Rs 1.94 crore and penalty of Rs 19.40 crore.

(Paragraph 6.8)

Revenue Department

Failure of the department to fix minimum land price resulted in under valuation of the land and consequent short levy of stamp duty and registration fees amounting to Rs 1.77 crore.

(Paragraph 6.9)

7. Commercial activities of Government companies and corporations

There were 17 Public Sector Undertakings (PSUs) comprising 15 Government companies and two Statutory corporations (all working) as on 31 March 2008, as against 16 PSUs (15 Government companies and one Statutory corporation) as on 31 March 2007. The total investment (including loans) in working PSUs decreased from Rs 476.29 crore as on 31 March 2007 to Rs 461.86 crore as on 31 March 2008.

(Paragraphs 7.1.1 and 7.1.2)

The budgetary support in the form of capital, loans and grants/subsidies disbursed to the working PSUs increased from Rs 103.39 crore in 2006-07 to Rs 112.36 crore in 2007-08. The total amount of outstanding loans guaranteed by the State Government in respect of three working Government companies was Rs 87.35 crore as on 31 March 2008.

(Paragraph 7.1.5)

Of the 17 PSUs, 14 had not finalised their accounts for the year 2007-08 within the stipulated time and accounts of these PSUs were in arrears for periods ranging from one to seven years.

(Paragraph 7.1.6)

According to the latest finalised accounts, nine working PSUs (all Government companies) had incurred an aggregate loss of Rs 9.97 crore. Of the loss incurring working Government companies, two companies had accumulated losses aggregating to Rs 98.32 crore which exceeded their paid up capital of Rs 55.61 crore.

(Paragraphs 7.1.7 and 7.1.9)

Performance Review

Review on Estate Management in Goa Industrial Development Corporation

Allotment of plots at tentative rates at Verna Phase IV resulted in loss of Rs 36.89 crore.

(Paragraph 7.2.14)

Execution of lease deeds with four SEZ allottees for more area than approved by the Board was rectified later by allotting the area at lesser rates, resulted in loss of Rs 39.47 crore.

(Paragraph 7.2.15)

Allotment of land at lesser rates to 41 allottees resulted in loss of Rs 26.28 crore.

(Paragraphs 7.2.16 to 7.2.20)

The Corporation has not adopted a policy to periodically revise the lease premium rate for plots. Delay in implementation of its own decision to revise premium rates resulted in loss of Rs 7.07 crore.

(Paragraphs 7.2.27 and 7.2.28)

Transaction Audit Observations

Procurement of Sewage Treatment Plant through Contractors by Goa State Infrastructure Development Corporation Limited, instead of direct procurement from the supplier, resulted in extra expenditure of Rs 1.17 crore.

(Paragraph 7.4)

Assessment of market rate of land at a lesser rate resulted in minimum loss of Rs 15.74 crore by way of premium and lease rent to InfoTech Corporation of Goa Limited.

(Paragraph 7.8)

Inordinate delay in replacing the energy meter of a High Tension Consumer resulted in loss of revenue of Rs 1.31 crore to Goa Electricity Department.

(Paragraph 7.10)