OVERVIEW

This report includes two chapters featuring comments on the Finance and Appropriation Accounts of the Government of Goa for the year 2003-04 and five other chapters comprising four reviews and nine paragraphs (excluding general paragraphs) based on the audit of certain selected programmes and activities and financial transactions of the Government. A synopsis of the important findings contained in the report is presented in this overview.

1. Finances of the State Government

- Overall revenue receipts of the State increased from Rs.1228 crore in 1999-2000 to Rs.1623 crore in 2003-04. However, in 2003-04 revenue receipts decreased by Rs.210 crore over the previous year. About 89 *per cent* of the total revenues had come from the State's own resources and the balance from Central tax transfers and grants in aid. The State increased its tax revenues by Rs. 108 crore over the previous year, but there was a decrease in non tax revenue by Rs. 314 crore due to stoppage of lottery business run by State Government.

- Expenditure of the State increased from Rs.1574 crore in 1999-2000 to Rs.2075 crore in 2003-04. However, in 2003-04 it decreased by Rs.143 crore over the previous year. Eighty Five *per cent* of the total expenditure was revenue expenditure. Interest payments, increased steadily from Rs.178 crore in 1999-2000 to Rs.321 crore in 2003-04, due to continued reliance on borrowings for financing fiscal deficit. The fiscal deficit increased to Rs.445 crore during 2003-04 from Rs.378 crore in 2002-03.

- The ratio of development expenditure to total expenditure increased from 60.47 in 1999-2000 to 70.46 in 2003-04. The State's revenue deficit increased from Rs.209 crore in 1999-2000 to Rs.228 crore in 2001-02 but decreased to Rs.141 crore in 2003-04.

- Fiscal liabilities of the State increased from Rs.2144 crore in 1999-2000 to Rs.3793 crore in 2003-04. The ratio of assets to liabilities of the State declined from 0.83 in 1999-2000 to 0.73 in 2003-04 indicating that nearly one-fourth of the State's fiscal liabilities ceased to have an asset back up.

2. Allocative priorities and Appropriation

- Against the total budget allocation of Rs.3556.93 crore (including supplementary provision of Rs.399.74 crore) the actual expenditure was Rs.3122.16 crore. The overall savings of Rs.434.77 crore were the result of savings of Rs.984.36 crore in 79 grants and appropriations which were offset by an excess of Rs.549.59 crore in one grant and one appropriation.

- Under Public Debt supplementary provision of Rs.277.96 crore proved insufficient resulting in excess expenditure of Rs.545.81 crore. Supplementary Grants other than Public Debt obtained during the year were Rs.121.78 crore.

- Supplementary provision of Rs. 37.29 crore made in 32 cases during the year proved unnecessary in view of aggregate savings of Rs. 152.89 crore in these grants.

- Supplementary provision of Rs.20 crore in 10 cases proved excessive as against the requirement of only Rs.8.83 crore.

3. Performance Reviews

3.1 Dayanand Social Security Scheme

The Dayanand Social Security Scheme (DSSS) was implemented by the State Government with effect from 1st January 2002 with a view to providing financial assistance of Rs.500 per month to the vulnerable sections of the society such as senior citizens, single and destitute women and handicapped persons. The first phase of the scheme was implemented through the Life Insurance Corporation of India (LIC) by entering into an agreement (MOU) in terms of which the State Government purchased pension for each pensioner by paying a price computed by LIC based on the age of the beneficiary. In turn, LIC was to pay pension during the lifetime of the beneficiary. The second phase was implemented through the Mapusa Urban Cooperative Bank (MUCB) as a disbursing bank for the pensions. There were flaws in the rules and deficiencies and irregularities in implementation of the scheme which led to sanction of ineligible and bogus pensions, duplicate sanctions to same persons, sanctions to both husband and wife, overlapping of benefits, continuation of pension remittance to the accounts of expired beneficiaries and non-disbursement of pension to sanctioned beneficiaries. The Social Welfare Department which was responsible for implementation of the DSSS, did not ensure adoption of proper systems and internal controls. Highlights of the review are given below.

- The first phase of the scheme was implemented through the LIC against purchase price for pension paid by the State Government. The State Government paid much more than was disbursed as pension by the LIC. The LIC paid less interest to the State Government on the funds accumulated with it while charging a higher rate from the State Government for delayed payments. Besides, the LIC did not honour the provisions of the scheme regarding extending the benefits to the surviving members of the families of deceased pensioners.

- Though the scheme envisaged sanction of the financial assistance to the poor and needy whose income did not exceed the amount of assistance envisaged under the scheme (Rs. 6000 per annum), an affidavit sworn by the applicant and countersigned by an MLA was accepted as proof of income without any counter checks by the Department.

- Twenty seven beneficiaries who were receiving pension under a separate State scheme for former artists through Directorate of Arts and Culture, also received pension under DSSS for period ranging from 4 to 33 months, which was yet to be recovered from the pensioners (Rs.1.94 lakh).

- Double payment of pension of Rs.6.89 lakh was made to 232 beneficiaries. Pension of Rs.10.57 lakh was paid to both the spouses in 142 cases for periods ranging from 1 to 20 months.

- The findings of a survey agency appointed by the State Government revealed that out of 40818 beneficiaries covered in survey, only 28979 were genuine beneficiaries. The irregular pension paid to such non-genuine beneficiaries as of June 2004 amounted to Rs.6.98 crore. Pension payment to 9327 non-genuine cases other than expired and bogus cases continued, as re-survey ordered by Government was not completed. (December 2004).

- Pension was not disbursed to 415 beneficiaries sanctioned during January 2002 to October 2002 for want of bank account details and Rs.48 lakh due to the beneficiaries was lying with LIC. Thus non disbursal of pension to the beneficiaries defeated the objectives of scheme and resulted in unintended financial benefit to the LIC in the form of undisbursed funds lying with them.

- Registers and books of accounts were not maintained by the Department. Reconciliation of accounts with LIC was not conducted. The scheme implementation suffered due to lack of internal controls.

(Paragraph 3.1)

3.2 Audit of Health Department

The Public Health Department provides health services through a network of hospitals, community and primary health centres, sub-centres, rural medical dispensaries, homeopathic and ayurveda clinics. The Secretary (Health), the Director and five Deputy Directors of Health Services, a Joint Director of Accounts, Director of Administration and a Vigilance Officer are the officials responsible for implementation of various programmes including Family Welfare and Reproductive and Child Health Care. A review of the functioning of the Health Department revealed that though the Department had achieved

the targets under the family welfare and various disease control programmes it was slow in upgrading its infrastructure and facilities despite availability of funds. Its efficiency was adversely affected due to severe manpower shortage. Monitoring of the key areas of the Department such as upgradation of facilities and utilisation of Central funds was also poor.

- Due to administrative delay in setting up of Regional Diagnostic Centre at Hospicio Hospital, Margao, the State Government did not receive grant amounting to Rs. 2.70 crore recommended by the Eleventh Finance Commission.

- Though Rs.1.42 crore were received in August 2002 from the Government of India for setting up a trauma and accident unit at Hospicio Hospital, Margao, the unit was not set up for want of a decision regarding the site and patients continued to be referred to the Goa Medical College.

- South Goa patients were deprived of intended benefits of the Mental Health programme which was not implemented effectively due to inadequate medical and support staff, lack of hospitalisation facilities and unspent funds of Rs 19.40 lakhs.

- There was underutilization of infrastructure and facilities created by the Department as one hospital and several operation theatres in PHCs/CHCs were lying idle for upto 20 years. The infrastructure and other properties of the Leprosy Hospital, Macazana was underutilized for the last five years due to new trend of medical treatment.

- Despite formation of the Drug Purchase Committee, purchases of medicines were not finalised by the Committee based on public tenders and annual rate contracts.

- The Health Department functioned with significant man power shortages as posts of medical practitioners/technical and support staff remained vacant in hospitals and health centres resulting in underutilisation of infrastructure/facilities created and also quality of services rendered.

(Paragraph 3.2)

Internal Control System in the Goa Medical College and Hospital

The Goa Medical College and Hospital (GMCH) was established in 1842. It has a bed strength of 1000 in the main hospital at Bambolim, 80 beds at the TB Hospital at St. Inez and 20 beds at the Rural Health Centre, Mandur. A review of the internal controls in GMCH revealed that despite being the only Medical Training Institute in the State, the College and the attached hospitals did not have any Administration Manual of its own. There were huge savings under capital budget indicating weak budgetary control. Internal audit of the GMCH had not been carried out by the Director of Accounts. Some of the important deficiencies in financial and administrative controls are highlighted below.

- There were savings in capital expenditure ranging from 15 to 55 percent during 1999-2004, due to weak budgetary control measures.
- Receipts from patients in private wards were utilised for refunds without routing it through cash book and patients were discharged without recovery of hospital charges.
- Stock account of receipt books received from Government Printing Press was not maintained by the Medical Records Section of GMCH. Twelve unnumbered receipt books were missing from the stock of Accounts Section.
- Oxygen outlets installed at a cost of Rs.8.59 lakhs in two departments of GMCH were not put to use due to weak systems for maintenance and upkeep of equipment.
- The GMCH recruited contract labour for sweeping and security services in excess of the sanctioned strength. A sweeping contract was also extended irregularly. There were weaknesses in financial control on payment released to contract labour.
- Unserviceable articles/equipment with purchase value of Rs.65.90 lakhs were lying undisposed.
- System of internal audit was non existent in GMCH.

(Paragraph 5.1)

4. Transaction Audit

Loss to Government

Short recovery of cost of compensatory afforestation by the Forest Department resulted in loss of Rs.26.36 lakh to the State Government

(Paragraph 4.1.1)

Avoidable/unfruitful expenditure

Failure of State Public Works Department to finalise tenders within the validity period of the quotes led to avoidable expenditure of Rs. 88 lakh.

(Paragraph 4.2.1)

Idle investment/idle Establishment/Blockage of funds

Failure of the State Public Works Department to coordinate among its own Divisions and other State agencies resulted in blockage of Rs.37.61 lakh for more than two years and denial of sufficient water supply to the public.

(Paragraph 4.3.1)

Continuation of Directorate of State Lotteries, after stoppage of lottery business, resulted in unproductive establishment expenditure of Rs. 40.45 lakh.

(Paragraph 4.3.2)

Receipts from Stamps and Registration

There was an unexplained difference of Rs. 30.19 crore between the sale and registration of non judicial impressed stamp papers in the State.

(Paragraph 6.7.2)

Non-assessment of luxury tax

Non Assessment of luxury tax resulted in non-levy of interest of Rs.1.05 lakh.

(Paragraph 6.8)

5. Commercial activities of State Corporations and companies

There were 14 Government companies and one Statutory corporation (all working) under the control of State Government as on 31 March 2004. The total investment in 14 Government companies and one Statutory corporation was Rs.606.03 crore as on 31 March 2004.

(Paragraphs 7.1.1 and 7.1.2)

Of the 14 Government companies and one Statutory corporation, only three companies had finalised their accounts for the year 2003-04 and the accounts of 11 companies and one Statutory corporation were in arrears for periods ranging from one to four years as on 30 September 2004.

(Paragraph 7.1.6)

According to the latest finalised accounts of 14 Government companies and one Statutory corporation, eight companies and one Statutory corporation had incurred an aggregate loss of Rs.31.19 crore and Rs.2.89 crore respectively.

(Paragraph 7.1.7)

Injudicious investment by EDC Limited in the equity of private limited companies, the shares of which could not be freely traded, resulted in non recovery of rupees one crore and interest thereon.

(Paragraph 7.2.1)

Defective appraisal of credit worthiness, inadequacy of securities and indiscrete extensions granted to a firm by EDC Limited resulted in non recovery of Rs.6.98 crore.

(Paragraph 7.2.2)