

OVERVIEW

This Audit Report includes five chapters comprising five performance audit reviews and 14 transaction audit paragraphs relating to the State Government and its 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 judgment 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 audit findings is given below.

1.1 Public Distribution System

Though 3,342 ration card holders declared their income to be more than the limit fixed by the department, they were continued to be treated as Below Poverty Line. Shortfall in identification of beneficiaries under the Antyoday Anna Yojana deprived 1,186 families from the benefit of the scheme during 2005-10. Foodgrains valuing ₹ 6.78 crore were distributed to ineligible Above Poverty Line card holders. The department failed to ensure the availability of essential commodities at all Fair Price Shops within the first week of the month.

(Paragraph 1.1)

1.2 National Rural Health Mission

The State achieved targets in respect of Infant Mortality Rate, Maternal Mortality Rate and Total Fertility Rate. The State Health Society did not prepare annual village, block and district level Action Plans nor the Perspective Plans for the Mission period. Out of ₹ 25.26 crore received by the State Health Society, ₹ 10.30 crore was unutilised till March 2010. There was a shortage of specialists in Community Health Centres as per NRHM norms and the supporting staff in Primary Health Centres were in excess by 240 *per cent*. The absence of a State Health Monitoring Committee and unsatisfactory functioning of Mother NGOs resulted in poor monitoring and evaluation.

(Paragraph 1.2)

2. Audit of transactions

Audit of financial transactions test-checked in various departments of the Government and their field offices revealed instances of misappropriation, wasteful expenditure, idle investment etc. involving ₹ 8.49 crore in the Urban Development, Rural Development and Public Works departments.

(Paragraphs 2.1.1 to 2.4.1)

3. Chief Controlling Officer based audit of Public Works Department

There were persistent savings of grants indicating lack of proper budgetary control. The department incurred 27 to 41 *per cent* of its capital expenditure during the last months of the financial year. Delays in processing of tenders within the validity

periods necessitated re-tendering resulting in cost overruns of ₹ 2.89 crore. Inadequate financial control resulted in excess payment of ₹ 7.88 crore towards loan repayment.

(Paragraph 3.1)

4. Audit of Revenue Receipts

The revenue receipts of the State Government during the year 2009-10 were ₹ 4,100.27 crore. The revenue receipts increased by ₹ 572 crore, registering an increase of 16.21 *per cent* over the previous year.

Finance Department

- ❖ Delays in submission of returns under the Goa Value Added Tax Act were rampant. There was no mechanism for monitoring timely submission of returns in the initial years.

(Paragraph 4.2.9.1)

- ❖ The Goa Value Added Tax Act did not provide for submission of any supporting documents for claims for input tax credit as deductions from tax payable and claims were accepted as submitted by the dealers except in cases selected for detailed assessment.

(Paragraph 4.2.9.5)

- ❖ In the absence of provisions laying down the minimum number of cases to be selected for VAT tax audit, only 2.19 *per cent* of the total number of dealers were selected.

(Paragraph 4.2.10.1)

- ❖ Incorrect application of rate by the assessing authority resulted in short levy of VAT of ₹ 54.50 lakh.

(Paragraph 4.3)

Revenue Department

- ❖ Failure of the department to apply revised rates of stamp duty resulted in short levy of ₹ 22.27 lakh.

(Paragraph 4.6)

5. Government companies and Statutory corporations

Audit of Government Companies is governed by Section 619 of the Companies Act 1956. The accounts of Government Companies are audited by Statutory Auditors appointed by CAG. These accounts are also subjected to supplementary audit conducted by CAG. Audit of Statutory Corporations is governed by their respective legislations. As on 31 March 2010, the State of Goa had 17 PSUs (15 Companies and two Statutory Corporations), all of which were working PSUs, which employed 3,342 employees. The working PSUs registered a turnover of ₹ 440.04 crore for 2009-10 as per their latest finalised accounts. This turnover was equal to 1.95 *per cent* of the State GDP, indicating a moderate role played by State PSUs in the economy. The PSUs earned a profit of ₹ 26.19 crore for 2009-10 and had accumulated losses of ₹ 34.56 crore.

Investments in PSUs

As on 31 March 2010, the investments (capital and long term loans) in 17 PSUs was ₹ 527.56 crore. It declined by over 14.24 *per cent* from ₹ 615.16 crore in 2004-05. The infrastructure sector accounted for 39 *per cent* of the total investment in 2009-10. The Government contributed ₹ 168.27 crore towards equity, loans and grants/subsidies during 2009-10.

Performance of PSUs

During the year 2009-10, out of 17 PSUs, four PSUs earned profit of ₹ 47.91 crore and 11 PSUs incurred loss of ₹ 21.72 crore. One PSU did not prepare Profit and Loss Accounts, while another PSU had not finalised its first accounts. The major contributors to profit were EDC Limited (₹ 30.02 crore) and Goa Industrial Development Corporation (₹ 14.77 crore). Heavy losses were incurred by Kadamba Transport Corporation Limited (₹ 15.60 crore) and the Goa Tourism Development Corporation Limited (₹ 1.59 crore).

The losses were attributable to various deficiencies in the functioning of PSUs. The State PSUs' losses to the tune of ₹ 200.67 crore were controllable with better management. Thus there was tremendous scope to improve the functioning and minimise/eliminate losses. The PSUs can discharge their role efficiently only if they are financially self-reliant. There is a need for professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of accounts of PSUs needed improvement. Out of 16 accounts finalised during October 2009 to September 2010, 13 accounts received qualified certificates. There were 19 instances of non-compliance with Accounting Standards. Reports of Statutory Auditors on internal control of the Companies indicated several weak areas.

Arrears in accounts

Twelve working PSUs had arrears of 30 accounts as of September 2010. The arrears needed to be cleared by setting targets and outsourcing the work relating to preparation of accounts.

Transaction audit observations

There was a loss of ₹ 1.07 crore due to non-availing of CENVAT credit by Goa Tourism Development Corporation Limited.

(Paragraph 5.3)

Improper management of funds by Sewerage and Infrastructure Development Corporation Limited caused loss of interest of ₹ 0.27 crore.

(Paragraph 5.4)

There was a loss of ₹ 0.19 crore due to waiver of loan pre-closure charges despite enabling provisions in the agreement by EDC Limited.

(Paragraph 5.5)

Elimination of lower offers for supply of stay rods/plates resulted in extra expenditure of ₹ 0.37 crore on purchase of stores at higher rates by the Goa Electricity Department.

(Paragraph 5.7)