

Overview

This Report comprises three chapters containing 11 paragraphs, two Long Paragraphs and one Subject Specific Compliance Audit. Chapter I contains the audit findings pertaining to Social, General and Economic Sectors (Non-Public Sector Undertakings). Chapter II contains Compliance audit findings pertaining to Revenue Sector and one Subject Specific Compliance Audit on Department's oversight on GST payments and return filing. Chapter III contains audit findings pertaining to State Public Sector Undertakings and Government Commercial and Trading Activities.

The total expenditure of the State increased by 24.87 *per cent* from ₹ 14,321.25 crore in 2019-20 to ₹ 17,882.94 crore in 2021-22. The revenue expenditure of the State increased by 22.41 *per cent* from ₹ 11,622.66 crore in 2019-20 to ₹ 14,226.88 crore in 2021-22.

The share of revenue expenditure to total expenditure was 81 *per cent* during 2020-21, which decreased to 80 *per cent* during 2021-22, with a corresponding increase in the share of capital expenditure to 20 *per cent* as compared to 19 *per cent* during 2020-21.

COMPLIANCE AUDIT

Tourism Department

Implementation of Swadesh Darshan Scheme in Goa

The Swadesh Darshan Scheme (SDS) for integrated development of theme-based tourist circuits in the country was launched in January 2015 by the Ministry of Tourism (MoT), Government of India. In Goa, the Scheme was implemented in two phases-Coastal Circuit-I and Coastal Circuit-II. Goa Tourism Development Corporation (GTDC) was the implementing agency.

'Development of Coastal Circuit-I' (Sinquerim-Baga, Anjuna-Vagator, Morjim-Keri, Aguada Fort and Aguada Jail) was selected for this audit. Eight projects were sanctioned under this circuit.

It was observed that the identification of projects and project preparation were not in line with the focus areas given in the Scheme Guidelines. Deficiencies in planning and execution were observed in all projects. Lack of coordination with the governing local Panchayati Raj Institutions (PRIs) during project preparation resulted in relocation of the Aguada Helipad site as the local residents opposed construction of the helipad subsequently. The Morjim Khind Project was executed on leased land in contravention of Sanction order. Buses for the Aguada Fort project, equipment for sound and light show at Aguada Jail project were procured

before the project site was ready, leading to idling or diversion of the assets.

Operation and Maintenance (O&M) of assets in three out of the eight projects was ineffective and the assets created were missing or in an abandoned/deteriorating state, though GTDC informed that O&M partner was selected for all the projects. Parking areas developed under the Scheme in Anjuna and Morjim were not being used for the intended purpose.

(Paragraph 1.5)

Department of Rural Development

Implementation of National Social Assistance Programme in the State of Goa

The National Social Assistance Programme (NSAP), a 100 *per cent* centrally assisted Scheme was launched in 1995 to provide a basic level of financial support to needy persons who have little or no regular means of subsistence, people living below poverty line (BPL) and vulnerable groups in the society. Audit of implementation of this Scheme in Goa for the period from 2017-18 to 2021-22 revealed that due to non-utilisation of available funds as at the end of March 2016 by the State, non-submission of reconciled Utilisation Certificates, further proposals, *etc.*, funds were not sanctioned by the Centre from 2016-17 till 2021-22. As a result, the State lost out on central assistance that could have augmented its resources for social welfare. Out of a total of 13,627 beneficiaries identified during 2017-2022, only 9,051 beneficiaries were paid pension, for a period of two months in 2020-21.

It was further observed that there was no system for verification of status of existing beneficiaries, which led to instances of deprivation of enhanced entitlements to eligible beneficiaries under the Scheme. A State social assistance Scheme for similar target groups, called the Dayanand Social Security Scheme (DSSS) was implemented by the Directorate of Social Welfare (DSW) in the State.

(Paragraph 1.6)

Public Works Department

Failure of the Head of the Office to exercise mandatory checks of Cash book transactions weakened the internal control system and resulted in non-detection of misappropriation of ₹ 15.86 lakh done by the cashier in Public Works Division VI, Margao.

(Paragraph 1.7)

Department of Urban Development

The Corporation of the City of Panaji (CCP) did not renew the advertising agreements despite recommendations of the Standing Committee, which led to a loss of ₹ 45 lakh *plus* interest (December 2014 to June 2022) to the CCP.

(Paragraph 1.8)

Mapusa Municipal Council (MMC) executed road works in 11 private properties without invoking Section 170 of the Goa Municipality Act, 1968, which resulted in loss of opportunity to recover the expenses (₹ 86.81 lakh) from the owners.

(Paragraph 1.9)

Department of State Tax

Subject Specific Compliance Audit on Department's oversight on GST payments and return filing

This Subject Specific Compliance Audit (SSCA) was taken up considering the significance of the control mechanism envisaged for tax compliance and the oversight mechanism of the State Taxes Department (Department) under GST regime.

This SSCA was predominantly conducted based on data analysis, which highlighted risk areas and red flags pertaining to the period from July 2017 to March 2018. Further, the review of the scrutiny of returns by the Department and verification of taxpayers' records covered the period from July 2017 to March 2018, while the audit of the functions of selected wards covered the period from July 2017 to March 2021. The SSCA covered only the State administered taxpayers.

Audit observed systemic deficiencies like deficient monitoring mechanism for return filing, non-cancellation of registrations of non-filers of GSTR-3B, delay in selection of cases for internal audit, non-completion of internal audit and non-adherence to prescribed procedure for cancellation of registration.

Compliance deficiencies were classified under two categories: (i) Centralised Audit; and (ii) Detailed Audit. During test check of returns data for the period 2017-18, audit observed deviations (under Centralised Audit) from the provisions of the Act in 55 cases (constituting 52.88 *per cent* of the total 104 cases) involving mismatch/deviation of ₹ 46.30 crore. Relatively higher rates of deviations were noticed in risk parameters such as mismatch of ITC between returns, mismatch in tax liability, non/short payment of interest, non-filing of returns, *etc.* In 39 cases, constituting 37.50 *per cent* of identified 104 cases, where the Department's reply was acceptable to Audit, data entry errors by the taxpayers comprised nine cases.

In 10 cases, constituting 9.62 *per cent* of identified 104 cases, the Department stated that it was examining the underlying deviation of ₹15.92 crore. Further, during test check of records of 15 taxpayers (under Detailed Audit) pertaining to the period 2017-18, audit observed deficiencies like non-payment of interest, mismatch of ITC between GSTR-2A and GSTR-3B returns in 10 out of 15 taxpayers, mismatch of tax liability between returns by 08 out of 15 taxpayers and short discharge of tax liability due to incorrect charging of rate of tax by 02 out of 15 taxpayers.

(Paragraph 2.2)

Irregular allowance of Input Tax Credit against entry tax paid after the tax period resulted in short-levy of Value Added Tax (VAT) of ₹ 56.50 lakh.

(Paragraph 2.3)

Assessing Authority allowed Input Tax Credit despite non-production of purchase invoices by the dealer, resulting in short-levy of VAT.

(Paragraph 2.4)

Assessing Authority short-levied interest of ₹ 31.01 lakh for non-filing of returns and delayed payment of VAT by the dealer.

(Paragraph 2.5)

Assessing Authority short-levied interest of ₹ 12.67 lakh for delayed payment of luxury tax in respect of 11 hoteliers of which ₹ 5.62 lakh was recovered from three hoteliers.

(Paragraph 2.6)

Luxury Tax payable of ₹ 10.54 lakh was exempted by the Assessing Authority even though the assessee did not fulfill criteria for exemption set under Goa Tax on Luxuries Tax Act, 1988.

(Paragraph 2.7)

A liquor manufacturing unit, despite *inter-state* purchase of raw materials for manufacturing of Indian-made foreign liquor (IMFL), beer, wine, *etc.*, was not assessed under Goa Tax on Entry of Goods (GTEG) Act, 2000. The Assessing Authority failed to levy the entry tax of ₹ 8.26 lakh *plus* penalty of ₹ 12.40 lakh.

(Paragraph 2.8)

Excise Department

Assessing Authority short-levied excise duty and health surcharge of ₹ 29.75 lakh and ₹ 0.59 lakh respectively due to consideration of lower maximum retail price (MRP) slab for liquor manufacturing units.

(Paragraph 2.9)

River Navigation Department (RND)

Failure of the Head of the Office to exercise mandatory checks of Cash book transactions weakened the internal control system and resulted in non-detection of fraudulent entries and misappropriation of ₹ 11 lakh by the cashier.

(Paragraph 3.2)