

## OVERVIEW

This Audit Report includes two Chapters containing observations on the Finance and the Appropriation Accounts of the Government of Goa for the year 2006-07 and five others comprising six reviews and 25 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 Corporation.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. 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 is given below.

### 1. Financial position of the State Government

The revenue receipts of the State Government during 2006-07 were Rs 2,610 crore, registering an increase of 20 *per cent* over 2005-06. The revenue expenditure during the year was Rs 2,469 crore, an increase of 13 *per cent* over 2005-06. The mobilization of revenue from own resources increased from Rs 1,857.65 crore in 2005-06 to Rs 2,209.16 crore in 2006-07. The State registered a revenue surplus of Rs 141 crore during 2006-07. Fiscal deficit reduced from Rs 603 crore in 2005-06 to Rs 487 crore in 2006-07 and fiscal liabilities grew from Rs 5,018 crore in 2005-06 to Rs 5,694 crore in 2006-07.

*(Paragraphs 1.1 to 1.12)*

### 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 2006-07, expenditure of Rs 3,225.02 crore was incurred against the total grants and appropriations of Rs 4,365.40 crore resulting in a savings of Rs 1,140.38 crore. Supplementary provision of Rs 129.94 crore made in 18 cases was excessive, resulting in savings of Rs 19.12 crore. In two cases (1 – Legislature Secretariat and 21 – Public Works), there was an excess of Rs 9.07 lakh which requires regularisation.

*(Paragraphs 2.1 to 2.6)*

### 3. Performance Audit of Tillari Irrigation Project

The Project commenced in 1986 for creating potential to irrigate 16,978 ha in Goa by 1995-96 had not been completed even after 21 years and incurring expenditure of Rs 509.31 crore. The delay is mainly due to inadequate funding by Government of Goa and delay in decision making on mid term assessment of the project.

The Project cost estimated at Rs 217.22 crore in 1987-88 in which Goa's share was Rs 161.18 crore was revised to Rs 952.54 crore in 2003 (Goa's share Rs 698.97 crore) showing a cost overrun of Rs 537.79 crore. Against the envisaged irrigation command of

16,978 ha the command area actually available for irrigation was 14,521 ha. Construction of conduit canal at a cost of Rs 51.44 crore was uneconomical due to reduction in command area to 1,695 ha which is further likely to go down due to increased habitation in Calangute.

*(Paragraph 3.1)*

#### **4. Working of Women and Child Development Department**

The Women and Child Development Department failed to utilize 66 *per cent* of the budgeted capital expenditure resulting in non-creation of infrastructure facilities for the beneficiaries. There was overall shortfall in providing supplementary nutrition to the extent of 27 *per cent* to pregnant and lactating women and 65 *per cent* to children.

Anganwadis were not established in 17 village panchayats, depriving nine *per cent* of the panchayats the benefits. Due to delay in preparation of action plan of activities by more than two years, State Commission for Children constituted in 2004 did not carry out any major activities. Out of 1,215 cases registered between July 1997 and March 2007 with the State Commission for Women, only 120 cases were disposed of.

*(Paragraph 3.2)*

#### **5. Computerisation of Land Records and Cadastral Maps**

In the absence of individual maps of sub-divisions/surveys and interface between Dharani and Cadastral Maps, copies of maps could not be issued to public instantaneously and public had to approach Director of Settlement and Land Records (DSLRL) for maps and Mahiti Ghars or Mamlatdar offices for Records of Rights (RoR) copy separately.

Partitioning of a sub-division into two sub-divisions with larger area than the original area was possible due to faulty system design.

Lack of input control and validation checks resulted in incomplete and incorrect data base leading to pendency of mutation requests and mutation of properties having other rights like mortgage, general power of attorney etc.

*(Paragraph 3.3)*

#### **6. Internal Control in General Education Department**

During 2002-07, periodic academic inspections prescribed under the school Education Rules 1986 were not conducted as per norms. No internal audit was conducted in respect of 1,100 Government Schools since their inception. The cash books of DDOs were not properly maintained. The stock records of receipt books issued to DDOs /village libraries were not maintained properly. There was no uniformity in fees and security deposits being charged from students across schools.

*(Paragraph 5.1)*

## **7. 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 loss to Government/avoidable/unfruitful expenditure, idle investment/establishment/blocking of funds involving Rs 19.14 crore as mentioned below:

Loss of Rs 6.70 crore in disposal of land by Housing Department in addition to this was also against the Forest Conservation Act, loss of Rs 22.40 lakh due to non-adoption of appropriate rate of land, loss of interest and blocking of funds (Rs 2.23 crore) in a non banking finance company by the Social Welfare Department were noticed.

Avoidable expenditure of Rs 1.83 crore on advertisements for International Film Festival of India, unfruitful expenditure of Rs 1.45 crore on construction of a Jetty at Kala Academy, avoidable expenditure of Rs 1.22 crore on printing of test books, Nugatory expenditure of Rs 69.84 lakh of staff, avoidable payment of interest (Rs 38.66 lakh) on acquisition of land and Idle investment of Rs 4.40 crore in Mala Lake Project and construction of Mala Market Complex were noticed.

*(Paragraph 4.1 to 4.3)*

## **8. Audit of Revenue Receipts**

### **1. General**

The revenue receipts of the State Government during the year 2006-07 were Rs 2,609.76 crore. The revenue receipts increased by Rs 440.89 crore registering an increase of 20.32 *per cent*.

*(Paragraph 6.1)*

### **2. Public Works Department**

A review of Receipt from Water Supply and Sanitation revealed the following:

Lack of a tariff policy on the periodicity of revision of rates and basis for revision and method to be adopted for fixing of water rates. In the meanwhile, the receipts as a percentage of expenditure has been steadily going down over the years.

*(Paragraph 6.14.7)*

Lack of prescribed norms for ascertaining the loss between water released and actually billed for, resulted in loss of Rs 87.63 crore during 2002-07.

*(Paragraph 6.14.9)*

Lack of prescription of time limit under the WSBL for replacement of faulty meters resulted in 25 *per cent* water meters not working as of March 2007.

*(Paragraph 6.14.10)*

Non-fixation of minimum contract demand in some cases and billing for amounts less than this demand in other cases resulted in loss of revenue of Rs 32.87 crore.

*(Paragraph 6.14.12)*

Non-recovery of water charges from Panchayats/Municipalities for public taps amounted to Rs 90.58 lakh.

*(Paragraph 6.14.14)*

The target of household connections under the Sewerage Scheme fell short by 24 to 77 per cent.

*(Paragraph 6.14.15)*

Revenue of Rs 29.43 crore was in arrears mainly due to slackness in action against defaulters.

*(Paragraph 6.14.16)*

### **3. Finance Department**

Failure to levy of interest by the department for delayed payment of sales tax led to short levy of interest of Rs 45.55 lakh.

*(Paragraph 6.15)*

Failure of the department to register the cable operators resulted in non-realisation of revenue of Rs 23.34 lakh.

*(Paragraph 6.16)*

Incorrect computation of admission fee by the department resulted in short levy of entertainment tax of Rs 16.46 lakh.

*(Paragraph 6.18)*

Failure of the department to register 75 cyber café operators resulted in non-realisation of revenue of Rs 12.57 lakh.

*(Paragraph 6.19)*

### **4. Public Health Department**

Failure of the GMC to collect charges for CT Scan and MRI services resulted in non-realisation of Rs 27.10 lakh.

*(Paragraph 6.21)*

## **9. Commercial activities of Government companies and corporation**

There were 16 Public Sector Undertakings (PSUs) comprising 15 Government companies and one Statutory corporation (all working) as on 31 March 2007 as against 17 PSUs (16 Government companies and one Statutory corporation) as on 31 March 2006. The total investment (including loans) in working PSUs decreased from Rs 568.76 crore as on 31 March 2006 to Rs 476.29 crore as on 31 March 2007.

*(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 decreased from Rs 124.76 crore in 2005-06 to Rs 103.39 crore in 2006-07. The total amount of outstanding loans guaranteed by the State Government to working PSUs as on 31 March 2007 was Rs 286.91 crore.

*(Paragraph 7.1.5)*

Of the 16 PSUs, 14 (13 Government companies and one Statutory corporation) had not finalised their accounts for the year 2006-07 within the stipulated time and accounts of these PSUs were in arrears for periods ranging from one to six years.

*(Paragraph 7.1.6)*

According to latest finalised accounts, 10 PSUs (nine Government companies and one Statutory corporation) had incurred an aggregate loss of Rs 12.80 crore.

*(Paragraph 7.1.7)*

Even after completion of five years of their existence, the turnover of four working Government companies was less than rupees five crore in each of the preceding five years of their latest finalised accounts. Further, one working Government company had been incurring losses for five consecutive years as per the latest finalised accounts, leading to negative net worth.

*(Paragraph 7.1.25)*

## **Performance Reviews**

### **Review of operational performance of Goa Tourism Development Corporation Limited**

The average annual occupancy in Company's hotels was below the state average of hotel occupancy. The poor occupancy performance was due to deficient planning and monitoring, deficiency in services and lack of marketing strategy. The Company's four 'eco' hotels incurred loss consistently and the loss for five years ended 2006-07 was Rs 4.10 crore.

*(Paragraphs 7.2.10 to 7.2.14)*

Poor contract management and non-observance of financial propriety resulted in payment of Rs 4.66 crore in respect of renovation/upgradation of six hotels without ensuring quantity/quality of works executed and without establishing necessity for high quantity of extra items of works.

*(Paragraphs 7.2.15 to 7.2.17)*

The Company's tour and cruise operations resulted in loss of Rs 4.24 crore during 2002-07 due to operational inefficiencies.

*(Paragraphs 7.2.20 and 7.2.21)*

Management of leases of hotels and restaurants suffered from irregularities due to unfair tender practices and defective tender evaluation which resulted in potential revenue loss of Rs 39.99 lakh.

*(Paragraphs 7.2.22 to 7.2.27)*

### **Transaction Audit Observations**

Failure in measuring the land before taking its possession resulted in shortage of area and consequent loss of Rs 1.04 crore to Info Tech Corporation of Goa Limited.

*(Paragraph 7.3)*

Disbursal of loans to two software development companies, without ensuring viability of the projects, and acceptance of software as security resulted in loss of principal and interest amounting to Rs 10.27 crore to EDC Limited.

*(Paragraph 7.5)*

Release of loan by EDC Limited without fulfillment of conditions and subsequent irregular sanction of further loans resulted in non-recovery of Rs 8.60 crore for over eight years and loss of interest of Rs 10.12 crore.

*(Paragraph 7.6)*

Failure of the Goa Electricity Department to establish the incentive claim under APDRP scheme resulted in rejection of the claim by the Ministry of Power and consequent loss of Rs 8.91 crore.

*(Paragraph 7.9)*

Delay on the part of Goa Electricity Department in accepting the lowest offer within the validity period resulted in re-tendering and consequent extra expenditure of Rs 1.12 crore on the work of renovation of LT lines.

*(Paragraph 7.10)*