

**Preface**

1. Subsequent to the 73<sup>rd</sup> and 74<sup>th</sup> amendments to the Constitution and increasing devolution of functions and funds to local bodies, the Eleventh Finance Commission envisaged entrustment of responsibility of exercising control and supervision over the accounts and audit of Local Bodies to the Comptroller and Auditor General of India.
2. The Government of Goa has entrusted Technical Guidance and Supervision over accounts and audit of Local Bodies to the Comptroller and Auditor General of India in November 2006.
3. This is the first Annual Technical Inspection Report for the year ended March 2006, prepared by the Office of Accountant General, Goa. While the Chapter I of this Report contains an overview and audit observations relating to Urban Local Bodies, the Chapter II deals with Panchayati Raj Institutions.
4. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2005-06 as well as those which came to notice after 2005-06.

## OVERVIEW

### CHAPTER – I

- Eight functions and one activity in one function have been devolved to Urban Local Bodies as against 11 functions envisaged to be devolved by the Goa Municipalities Act.

**(Paragraph 1.2.4)**

- The State Government is yet to adopt accrual based system of accounting in Urban Local Bodies.

**(Paragraph 1.6)**

- Revenue arrears of Urban Local Bodies accumulated to Rs 24.54 crore as of March 2006.

**(Paragraph 1.7)**

- The Mapusa Municipal Council incurred an avoidable expenditure of Rs 5.74 lakh on procurement of a luxury car.

**(Paragraph 1.10)**

- The Curchorem–Cacora Municipal Council incurred avoidable expenditure of Rs 19.64 lakh on procurement of a garbage compactor even when it had one.

**(Paragraph 1.11)**

- The Government released Rs 5.14 crore less towards grants in lieu of octroi to Urban Local Bodies.

**(Paragraph 1.14)**

## **CHAPER II**

- The Government has partly entrusted 13 functions to Village Panchayats as against 29 envisaged by the Goa Panchayati Raj Act.

**(Paragraph 2.2.5)**

- The District Planning Committees, responsible for preparation of development plans for districts, were effectively non-functional.

**(Paragraph 2.2.6)**

- Panchayati Raj Institutions are yet to adopt format of accounts prescribed by the Comptroller and Auditor General of India.

**(Paragraph 2.6.2, 2.6.3)**

- Revenue arrears of Village Panchayats accumulated to Rs 16.11 crore as of March 2006.

**(Paragraph 2.7)**

- The Government released Rs 19.97 crore less towards grants in lieu of octroi to Village Panchayats and Zilla Panchayats upto 2005-06.

**(Paragraph 2.9)**

## **CHAPTER-I**

### **AN OVERVIEW OF THE URBAN LOCAL BODIES**

#### **1.1 Introduction**

**1.1.1** The 74th amendment, to the Constitution carried out in 1992. The amendment provided for the following:

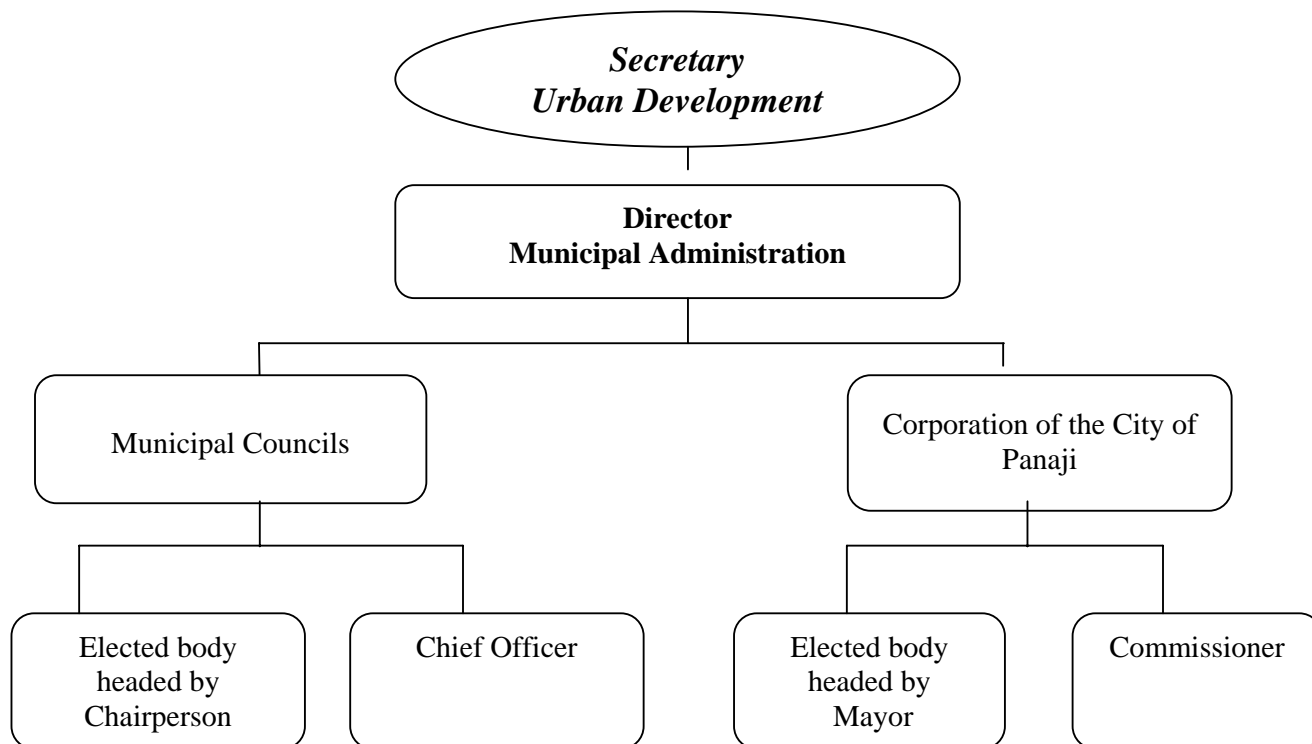
- Direct elections with a tenure of five years
- Reservation of seats for SC/ST in proportion to population
- One-third seats to be reserved for women
- Grants-in-aid to PRIs
- Setting up of a Finance Commission every five years

**1.1.2** The functioning of the Municipalities in the State as the institutions of Self Government is governed by the Goa Municipalities Act, 1968 duly amended in light of the 74<sup>th</sup> amendment to the constitution. The Government of Goa has enacted the ‘Corporation of the City of Panaji Act, 2002’ to govern the lone Panaji Municipal Corporation (CCP) in the State.

**1.1.3** As of March 2006 there were 12 Municipal Councils (MC) and the lone Corporation of City of Panaji (CCP). The last election for 11 Municipal Councils was held in October 2005 and for the CCP in March 2006. Election to the Ponda Municipal Council was not held alongwith other MCs due to non-completion of the process of delimitation of wards.

## **1.2 Organization**

### **1.2.1 The Organisational structure for ULBs in Goa is shown below:**



**1.2.2** The Secretary (Urban Development) is the Administrative Head of the Municipal Administration.

**1.2.3** The Director of Municipal Administration (DMA) exercises control and supervision over the CCP and Municipal Councils. Mayor heads the CCP and Chairperson heads the MC. The CCP is provided with a full time Commissioner, whereas the MCs are provided with Chief Officers, besides other staff. Section 63 of the Goa Municipalities Act provides for setting up of a Standing Committee. Section 68 of the Act lays down that each Council shall make bye laws to provide for the functions and powers of such Standing Committee which interalia should include subject of Transport Undertaking, Finance and Welfare of Conservancy staff. Section 35 of the CCP Act also provides for setting up of a Standing Committee. The Standing Committees

are constituted immediately after the Council Election. The Standing Committees in various MCs and CCP were last constituted during the period 15<sup>th</sup> November 2005 to 18<sup>th</sup> July 2007.

**1.2.4** The ULBs are expected to prepare plans for economic development and social justice and perform the functions and implement schemes as may be entrusted to them. The Twelfth Schedule under Article 243 W of the Constitution envisaged entrustment of 18 functions to the Urban Local Bodies. Accordingly, the Goa Municipalities Act in 1993 devolved 11 functions to the Councils (Appendix III). However, only eight functions and one activity in one function have been devolved so far (March 2007). The Director of Municipal Administration stated that no separate Government Orders were issued in this regard.

**1.2.5** District Planning Committees are required to be set up as per section 239 of Goa Panchayati Raj Act, 1994. District Planning Committees were set up by the Government of Goa in October 2003 in North and South Goa districts. Every year, a development plan is required to be prepared by every Municipal Council and the CCP and submitted to the District Planning Committees which would consolidate the development plans received from all the Councils and Corporation & also ZPs and prepare a draft development plan for the district as a whole and send to the Government.

The First District Planning Committees were set up by Government of Goa in October 2003, in North and South Goa Districts. These committees were reconstituted in September 2006. It is seen that the North Goa District Planning Committee conducted only one meeting in November 2003 and no further activity has been carried out so far (February 2007). In respect of South Goa District Planning Committee, no meeting has been conducted and no activity has been carried out so far. Thus, effectively the District Planning committees are non-functional, and the purpose of consolidating district level development plans remains unachieved.

### **1.3 Funding of the Urban Local Bodies**

#### **1.3.1 Sources of Funds**

The ULBs require funds for meeting expenditure on civic administration and developmental activities. The funding to ULBs, comprises of grants-in-aid from the Central/State Government and own revenues. Since the own revenues generated by ULBs as shown in the table below, are not sufficient, they have to depend on grants-in-aid from the Government.

*(Rupees in crore)*

Years	CCP			MCs		
	Own Revenue	Grant-in-aid		Own Revenue	Grant-in-aid	
		Centre	State		Centre	State
2003-04	8.37	0.097	4.33	17.73	1.25	9.27
2004-05	7.78	NIL	3.52	20.89	NIL	7.39
2005-06	13.03	NIL	2.29	19.90	NIL	9.22

**1.3.2** The Eleventh Finance Commission had recommended grants of Rs 4.65 crore for the period 2000-05 for ULBs in Goa. However, the Ministry of Finance (MoF), Government of India released grants of only Rs 2.79 crore during the corresponding period. In addition the State Government had released its share of Rs 0.42 crore to five MCs. Hence, the total amount to be utilized by the MCs worked out to Rs 3.21 crore. Out of this utilization certificates (u/cs) for Rs 0.34 crore have been received by the Director of Municipal Administration. An amount of Rs 2.87 crore is yet to be utilised (February 2007).

Had the Municipal Authorities utilized the released grant of Rs 2.79 crore in time, they could have received an additional grant of Rs 1.86 crore from the MoF. However failure to utilize the grant received resulted in the state being deprived of funds of Rs 1.86 crore for Urban Local Bodies.

Similarly, the Twelfth Finance Commission recommended grants of Rs 12.00 crore (Rs 2.40 crore per year) for ULBs for the period 2005-10. The grants

were to be released in two installments annually from 2005-06 onwards. The Ministry of Finance, Department of Expenditure has released both the installments for the year 2005-06 amounting to Rs 2.40 crore in May 2006.

**1.3.3** The State Government has set up two Finance Commissions (FC) to review the financial position of Local Bodies. The first FC, set up in April 1999, submitted its report in June 1999 containing 26 recommendations (Appendix II). Of these, nine recommendations were rejected by the Government, which included among others, a recommendation that nine per cent of the State's own tax revenue and share in central taxes be devolved to the CCP & MCs for activities transferred under non-plan.

The second FC was set up in August 2005. The Commission was required to submit the recommendations within a period of three months. In order to thoroughly examine the devolution of functions along with funds to the Municipal Councils, the period for submission of recommendations has been extended till July 2007.

#### **1.4 Financial Position of the ULBs**

**1.4.1** The Financial position of the ULBs as per their accounts and information furnished by Directorate of Municipal Administration for the year 2003-04 to 2005-06 was as follows:

*(Rupees in crore)*

Year	Receipt			Expenditure			Surplus/ Deficit
	CCP	MCs	Total	CCP	MCs	Total	
2003-04	12.80	28.25	41.05	11.59	23.92	35.51	5.54
2004-05	11.30	28.28	39.58	11.74	30.57	42.31	(-) 2.73
2005-06	15.32	29.12	44.44	13.13	26.52	39.65	4.79

Note: Receipt includes grants from Central / State Government

#### **1.5 Audit Arrangements**

**1.5.1** The audit of ULBs is carried out under Section 14 of CAG's (Duties, Powers and Conditions of Service) Act, 1971.

**1.5.2** As per the provisions of Section 152 of the Goa Municipal Account Code 1972, the Director of Accounts is the statutory auditor of the ULBs.



**1.5.3** As per the guidelines issued by the Ministry of Finance, Government of India, based on the recommendations of Eleventh Finance Commission, the CAG should be entrusted with the responsibilities of exercising control & supervision over the proper maintenance of accounts and their audit for all the ULBs. Accordingly, the State Government has issued orders in November 2006 for entrustment of Technical Guidance & Supervision over accounts and audit of ULBs to the CAG.

**1.5.4** Audit of one MC and the CCP was conducted during 2005-06.

## **1.6 Preparation of Accounts**

**1.6.1** Urban Local Bodies are maintaining their accounts on cash basis. The accounts up to 2005-06 have been finalized.

The Ministry of Urban Development, Government of India has prepared National Municipal Accounts Manual (NMAM) which has adopted accrual basis of accounting and provided formats of accounts. The state Governments are required to draft State specific municipal accounts manuals based on NMAM. The State Government has not yet adopted NMAM/accrual based system of accounting. The matter is under active consideration of the Government (March 2007).

**1.6.2** The Directorate stated (July 2007) that information regarding database of finances will be furnished in due course. Action is required to be taken immediately as per the recommendations of Twelfth Finance Commission.

## **1.7 Revenue Arrears**

As per the information furnished by the Director of Municipal Administration, the total amount of revenue arrears of all the Municipal Councils/Corporation of the city of Panaji upto December 2006 were Rs 24.54 crore. Age wise break-up of arrears was not made available to Audit.

The Directorate replied that the reasons for non-recovery and action taken to recover these arrears was being called for from the Municipal Councils/ Corporation of the city of Panaji (March 2007).

**1.8 Non-utilization of Development Grants sanctioned by the Director of Municipal Administration to the Municipal Councils in Goa**

The Director of Municipal Administration releases grants to Municipal Councils every year for development work and salaries. As per condition II (6) attached to the Pattern of Assistance of the grants, the entire amount of the grant should be utilized within a period of one year for the purpose for which it was sanctioned. After utilizing the grant, utilization certificate should be furnished by the Municipal Councils within one month from the date of utilization but not later than 18 months from the date of drawal.

It was noticed that utilisation certificates in respect of substantial amounts of grants sanctioned were yet to be received by DMA even after a lapse of one to three years as shown below:-

*(Rupees in lakh)*

Nature of Grants	Upto 2003-04	2004-05	2005-06	Total grants for which UCs not received as of December 2006
1. Development Grants	288.40 (1091.03)	87.64 (679.84)	340.92 (801.70)	716.96 (2572.57)
2. Solid Waste	7.75 (8.44)	20.10 (33.83)	97.57 (170.34)	125.42 (212.61)
<b>Total</b>	<b>296.15</b> <b>(1099.47)</b>	<b>107.74</b> <b>(713.67)</b>	<b>438.49</b> <b>(972.04)</b>	<b>842.38</b> <b>(2785.18)</b>

Note: Figures in brackets indicate total grants released.

**1.9 Impact of audit, response to audit, conclusion & recommendations**

Response to Audit Paras is lukewarm as replies to 134 paras pertaining to the period from 2004-05 to 2006-07 were outstanding as of June 2007 from Municipal Councils and Director of Municipal Administration. The grants are released without ascertaining the achievements of the purpose for which they were released. Hence it is recommended that -

- Utilisation Certificates for all the grants released should be obtained within the prescribed time limit.

- Performance and Achievement reports should be received from all the Municipal Councils for the grants released.
- Initial Physical Verification of the assets created should be done by the Director of Municipal Administration.

## AUDIT OF TRANSACTIONS

### **1.10 Avoidable expenditure on procurement of a luxury car for Rs 5.74 lakh**

The Mapusa Municipal Council (MMC) had a Mahindra Jeep purchased in December 1997 at a cost of Rs 3.23 lakh. This was being used by the field staff for inspection. In June 2004, it was proposed to convert the Jeep into a “small medical garbage collector” and in its place, procure a ‘TRAVERA vehicle (10 Seater Jeep)’ at a cost of Rs 5.65 lakh. The proposal was approved by the MMC in November 2004. Approving a proposal to replace an ordinary jeep with a luxury vehicle was irregular considering the entitlement of the field staff and uncalled for in view of the accumulated deficit of Rs 1.79 crore as of March 2004.

Accordingly, a Chevrolet TRAVERA vehicle was purchased in December 2004 at a cost of Rs 5.74 lakh. Further, the Mahindra jeep was not converted into a garbage collection vehicle as proposed, but was retained as such for general use.

Thus, the procurement of a luxury vehicle as replacement of an existing Jeep while continuing to retain the jeep resulted in avoidable expenditure of Rs 5.74 lakh.

The MMC stated (May 2006) that the proposal to convert the Mahindra Jeep into a garbage collection vehicle was dropped by the Council and it was decided to allot the new vehicle to the Chairperson, as the vehicle allotted to the Chairperson was not working satisfactorily.

The reply is not tenable as the Chairperson was already having a Maruti Esteem car procured in August 1999. The same could have been repaired if not working satisfactorily.

**1.11 Avoidable expenditure on procurement of Hydraulic garbage compactor for Rs 19.64 lakh**

The Curchorem-Cacora Municipal Council (CCMC) had a Hydraulic garbage compactor procured in September 2002 at a cost of Rs 15.88 lakh. This was being satisfactorily utilized for an average of 23 days per month for garbage clearance within the jurisdiction of CCMC.

In December 2004 the Government sanctioned grant-in-aid of Rs 17.63 lakh to the CCMC for procurement of another garbage compactor.

Accordingly, in March 2005, another Garbage compactor costing Rs 19.64 lakh with same capacity was procured by the CCMC. Audit observed that since the deployment of the additional compactor, the same quantum of work was distributed between the two compactors.

It was observed that the combined use of both the compactors was about 21 days in a month between September 2005 and March 2006, indicating that there was no necessity for the second compactor for the CCMC. The procurement of a second Garbage Compactor therefore resulted in avoidable expenditure of Rs 19.94 lakh (including Rs 29,970/- paid for insurance).

The CCMC stated (June 2006) that the under utilization was mainly due to shortage of drivers and this was brought to the notice of the Director of Municipal Administration. The reply is not tenable as the daily garbage load of the CCMC is just enough for one compactor only.

**1.12 Avoidable expenditure of Rs 20.65 lakh due to defective agreement**

The Mapusa Municipal Council (MMC) took up reconstruction of 80 existing stalls on the plot opposite to Taxi Stand adjoining KTC Bus Stand, as a self-

financing scheme by collecting contributions from the lessees of the existing shops.

Based on the estimated cost of Rs 85.50 lakh for reconstruction, an agreement with individual lessees was entered into, requiring them to contribute Rs 1,06,871/- each. There was no provision for supplementary contribution for increase in cost of construction after actual execution.

The work awarded in two phases (in January 2004 for Phase I and June 2004 for Phase II) at a cost of Rs 79.09 lakh has been delayed. The revised estimates are placed at Rs 106.15 lakh, i.e. Rs 20.65 lakh more than the originally estimated cost. In the absence of a clause for supplementary contribution, the MMC will have to bear this additional expenditure which could have been avoided had the proper care been taken while drafting agreement or execution monitored closely to ensure timely completion.

**1.13 Irregular pledging of Fixed Deposits of GPF/CPF of Rs 1.61 crore as security for obtaining loan of Rs 50.00 lakh for works**

The Mapusa Municipal Council (MMC) had availed a loan/overdraft of Rs 50.00 lakh from Indian Overseas Bank for funding the construction of shops/stalls. Audit observed that the loan was obtained against the security of Fixed Deposits of Rs 1.61 crore, pertaining to the Provident Fund of employees of MMC.

Placing the Fixed Deposits pertaining to employees' Provident Fund as security for obtaining loan for construction work was irregular as it amounted to pledging assets not belonging to the MMC with the bank.

The MMC stated (December 2006) that the practice of obtaining loan on security of fixed deposits would be stopped in future.

**1.14 Short release of grant in lieu of octroi**

Upto 2000-01 the Village Panchayats/Municipal councils in the state were levying octroi on petrol, diesel and petroleum products. In March 2001, the Government abolished the octroi and decided to compensate the village Panchayats/Zilla Panchayats and Municipal Councils by increasing sales tax

on these products by two per cent and allotting this additional tax collection to Village Panchayats/Zilla Panchayats and Municipal Council in the ratio of 75:50:75.

The details of additional tax collection and grants released to Municipal Council/CCP are given below:

*(Rupees in crore)*

<b>Year</b>	<b>Additional Sales Tax Collected</b>	<b>Amount of Additional Sales Tax due to Municipal Councils</b>	<b>Amount of Grant Released to MCs /CCP</b>	<b>Short Release of Grant</b>
2002-03	10.13	3.80	4.00	(+) 0.20
2003-04	12.45	4.67	4.00	0.67
2004-05	14.63	5.48	4.00	1.48
2005-06	19.16	7.19	4.00	3.19
<b>Total</b>	<b>56.37</b>	<b>21.14</b>	<b>16.00</b>	<b>5.14</b>

Though the Government collected additional sales tax in lieu of abolished octroi, of Rs 56.37 crore during 2002-06, the amount due was not fully passed on to MCs/CCP. The short release of grants of Rs 5.14 crore to Municipal Council / CCP has deprived them of their rightful resources. The Directorate of Municipal Administration stated (November 2006) that efforts were made for obtaining Council wise details of Sales Tax collected from the Sales Tax Department, but the Sales Tax Department had asked them to obtain the details from the Petrol Pumps.

The Directorate's reply is not tenable as even when the statements were received from the Sales Tax Departments, the Directorate did not release the adequate grants to Municipal Councils. Further, the Directorate could have collected the requisite information from the Sales Tax Department through better liaison and by taking up the matter at higher level.

## **CHAPTER II**

### **AN OVERVIEW OF THE PANCHAYATI RAJ INSTITUTIONS**

#### **2.1 Introduction**

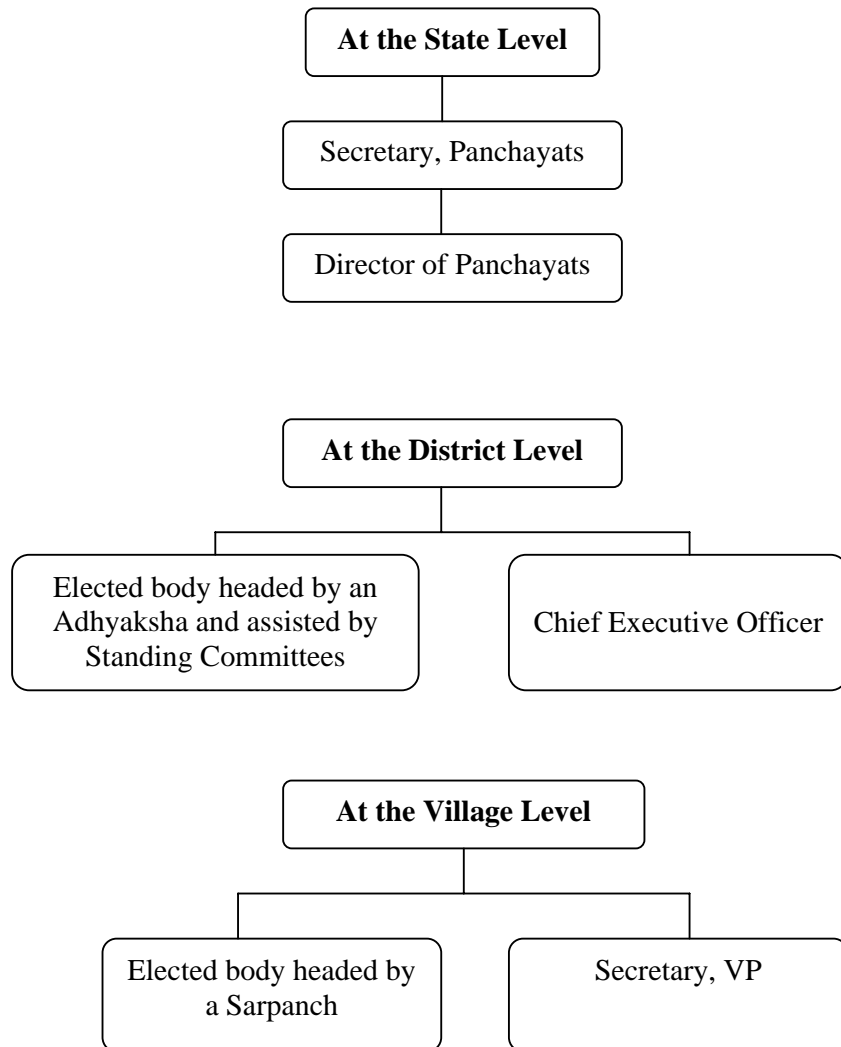
**2.1.1** The 73<sup>rd</sup> amendment to the Constitution carried out in 1992, prescribed a three-tier structure (two tier in case of states with population less than 20 lakh) for PRIs.

**2.1.2** The Legislature of a State was required to endow the Panchayats by law, with such powers and authority as necessary to enable them to function as institutions of self-government. Accordingly, the Goa Panchayati Raj Act was enacted in 1994 to establish a two-tier Panchayat system of elected bodies – Village Panchayats (VPs) at village level and Zilla Panchayats (ZPs) at district level.

**2.1.3** As of March 2006, there were two ZPs and 190 VPs in Goa. Direct elections to ZPs were held in February 2000 and March 2005. Similarly, the elections to VPs were held in November 1997 and January 2002. The elections to VPs, which became due in January 2007, were yet to be held (March 2007).

#### **2.2 Organisational Structure**

**2.2.1** The organisational structure of PRIs is shown below:



**2.2.2** The Secretary, Panchayats is the Administrative Head of the Panchayat Department. The Director of Panchayat exercises control and supervision over the PRIs. He also acts as the Appellate authority under the Goa Panchayati Raj Act.

**2.2.3** Adhyakshas head the ZPs. Both the ZPs in Goa have full time Chief Executive Officers besides other staff. Sarpanchs head the VPs. All the VPs are provided with Secretaries and other staff. As per section 142 & 63 of the Goa Panchayats Raj Act 1994, various Standing Committees are set up in ZPs & VPs respectively for governing their functions.

**2.2.4** The ZPs are responsible for overall supervision, co-ordination and implementation of development schemes and preparation of plan for



development. Similarly, the VPs are also required to prepare annual plans for the development of Panchayat areas, maintain essential statistics, remove encroachment on public property and undertake implementation of assigned schemes/works.

**2.2.5** The Goa Panchayati Raj Act envisaged entrustment of 26 and 29 functions to ZPs and VPs respectively (Appendix I). However, only five and thirteen functions have been devolved partly to the ZPs & VPs respectively.

#### **Functions devolved to Zilla Panchayats**

<b>Sr. No.</b>	<b>Name of Function /Scheme</b>
1	Minor Irrigation, Water Management & Watershed Management
2	Education including Primary school
3	Health & Family Welfare
4	Welfare of the weaker sections, in particular of handicapped & mentally retarded
5	Merger of DRDA's with Z.P., Financial Assistance to VPs & SGRY

#### **Devolutions of Functions to Village Panchayats**

<b>Sr. No.</b>	<b>Name of Function /Scheme</b>
1	Agriculture including, Agricultural extension
2	Animal Husbandry, Dairying & Poultry
3	Fisheries
4	Khadi, Village & Cottage Industries
5	Drinking Water
6	Roads, Buildings, Culverts, Bridges, Ferries, Waterways & other means of communication
7	Libraries
8	Cultural Activities
9	Rural Sanitation
10	Women & Child Development
11	Social Welfare
12	Maintenance of Public Parks & Playgrounds
13	Transport, State Rural Employment Guarantee Scheme, IAY, SSA Construction, Gymnasium/Vyayamshala, Financial Assistance to Sportsmen

**2.2.6** The District Planning Committees are required to consolidate the development plans submitted by the Zilla Panchayats (which incorporate the development plans received from all the Village Panchayats) and prepare a draft development plan for the district as a whole and send to Government. Effectively the District Planning Committees are non-functional, and the purpose of

consolidating District level development plans remains un-achieved. This also leads to preparation of unrealistic budgets by the VPs.

## 2.3 Funding of the Panchayati Raj Institutions

### 2.3.1 Sources of Funds

The PRIs require funds for meeting expenditure on general administration and developmental activities. The funding to PRIs comprises of grants-in-aid from the Central/State Government and own revenues. Since the own revenues generated by PRIs are meagre, as shown in the table below, they have to depend on grants-in-aid from the Government.

(Rupees in lakh)

Year	Zilla Panchayats		Village Panchayats	
	Own Revenue	Grants-in aid	Own Revenue	Grants-in aid
2003-04	12.59	385.50	988.65	1469.23
2004-05	4.55	637.19	900.76	1811.46
2005-06	11.16	680.00	1148.01	2088.65

Note: Grants-in-aid include grants received from Central as well as State Government. (As per the information furnished by the Directorate of Panchayats).

**2.3.2** The Eleventh Finance Commission had recommended a grant of Rs 1.85 crore per year, i.e. Rs 9.25 crore for the period 2000-05 for PRIs in Goa. However, the Ministry of Finance, Government of India (MoF) released grants of only Rs 4.63 crore during the corresponding period, which has remained unutilised (February 2007). Though the Ministry of Finance (MoF) had been releasing grants since November 2000, the Directorate of Panchayat came to know of it only in March 2003. The Directorate still could have made a plan for utilisation/distribution of grants after it came to know about it in March 2003. However, the Directorate failed to either prepare a plan or draw the funds. As a result the objective of financing the civic services normally not covered under other schemes of Government remained unfulfilled to that extent.

The Directorate stated that the funds could not be drawn due to communication gap between the Finance Department and the Directorate. The Finance Department maintained that the letters and guidelines received from the Government of India were sent to the Directorate for action.

**2.3.3** The FC had recommended 27 per cent of the State's own tax revenue and share in central taxes be devolved to the Zilla Panchayats for activities transferred under non-plan and that the Rural Development Agency's staff be transferred to ZPs. The recommendation, however, was rejected by Government.

## **2.4 Financial Position of Zilla Panchayats & Village Panchayats**

**2.4.1** The Financial position of the two ZPs and 190 VPs as per their accounts and information furnished by Directorate of Panchayats for the period 2003-04 to 2005-06 was as follows:

*(Rupees in lakh)*

Year	Receipt			Expenditure			Surplus
	ZPs	VPs	Total	ZPs	VPs	Total	
2003-04	398.09	2457.88	2855.97	301.53	2337.89	2639.42	216.55
2004-05	641.74	2712.22	3353.96	148.37	2633.06	2781.43	572.53
2005-06	691.16	3236.66	3927.82	1065.00	2219.00	3284.00	643.82

Note: Receipt includes grants-in-aid

## **2.5 Audit Arrangements**

**2.5.1** By virtue of Section 194 of the Goa Panchayati Raj Act, the Comptroller and Auditor General of India (CAG) is the sole auditor for ZPs. The audit is conducted under Section 20 (1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

**2.5.2** The Director of Accounts had been made the statutory auditor of VPs under Section 187 of the Goa Panchayati Raj Act.

**2.5.3** As per the guidelines issued by the Ministry of Finance, Government of India, on the recommendations of Eleventh Finance Commission, the State Government has, in November 2006, entrusted Technical Guidance & Supervision over accounts and audit of Panchayati Raj Institutions to the CAG.

**2.5.4** In addition, the audit of receipts and expenditure of local bodies or authorities financed by way of grants/loans from the Government also comes under the purview of CAG in terms of section 14 and 15 of CAG's (Duties, Powers and Conditions of Service) Act, 1971.

**2.5.5** Audit of two ZPs and five VPs was carried out during 2005-06.

## **2.6 Preparation of Accounts**

**2.6.1** The ‘Guidelines for utilization of Local Bodies Grants Recommended by EFC’ issued by MoF, GOI in June 2001, provided that the format for preparation of budgets and accounts for the local bodies shall be as prescribed by the CAG. The State Government is yet to adopt the formats prescribed by the CAG. The matter is under active consideration of the State Government.

**2.6.2** ZPs are preparing accounts in the format laid down under section 191 of the Goa Panchayati Raj Act, as they are yet to adopt the format prescribed by the CAG. The accounts of both ZPs were in arrears. North Goa ZP had finalized its accounts for 2001-02, whereas South Goa ZP had finalized the same for 2004-05.

**2.6.3** VPs are preparing accounts in the format laid down under Section 184 of the Goa Panchayati Raj Act, 1994, as the format prescribed by the CAG was yet to be adopted.

**2.6.4** The Directorate stated (July 2007) that the work of data entry had already started in all the Village Panchayats and the same was on the verge of completion. As soon as the said work is completed, the work of computerization of database of Finances in the Directorate including ZPs & VPs would be taken up. As per para 3 (xv) of the Twelfth Finance Commission recommendations the State has to assess the requirement of each local body and earmark funds accordingly out of the total allocation recommended so as to have credible information of its finances. This is required to be done early.

## **2.7 Revenue Arrears**

**2.7.1** As per the Income & Expenditure Statements of VPs for the year 2003-04 to 2005-06 furnished by the Directorate of Panchayats, an amount of Rs 16.11 crore was yet to be recovered as of March 2006 on account of various Taxes/Rent pertaining to VPs in Goa.

The Finance Department, Government of Goa in May 2006 has issued directives to the Directorate of Panchayats to evolve suitable mechanism to improve the revenue collection by the Village Panchayats. Vigorous efforts are required to be made for collection of revenue arrears so that more funds are available to the Panchayats.

**2.7.2** The Zilla Panchayats do not have any specific earmarked sources of revenues. Hence, there are no outstanding arrears in respect of revenues.

## **2.8 Impact of audit, response to audit, conclusion & recommendations**

Response to audit is lukewarm as replies to 38 paras pertaining to the period from 2004-05 to 2006-07 were outstanding as of June 2007 from the Director of Panchayats and Zilla Panchayats. However, in response to audit observation, the Government of Goa, Finance Department had issued instructions to the Director of Panchayats (May 2007) for evolving suitable procedure (i) to collect the arrears of taxes, (ii) for obtaining utilization certificates (iii) for keeping surplus funds in Fixed Deposits, (iv) for reconciliation of banks accounts and (v) proper maintenance of registers.

Hence, it is recommended that

- Vigorous efforts should be made for collection of Revenue Arrears by invoking the relevant provisions of the Panchayati Raj Act.
- Fresh grants should not be released unless the earlier grants released are used for the purpose for which they were released or adjusted against future grants.

## **AUDIT OF TRANSACTIONS**

### **2.9 Short release of grants in lieu of Octroi to Village Panchayats & Zilla Panchayats amounting to Rs 19.97 crore due to non-adoption of viable procedure**

A reference is invited to Para 1.14 under ULBs. The details of additional tax collected and grants released to PRIs are given below:

(Rupees in crore)

Year	Additional Sales Tax Collected	Amount of Additional Sales Tax due to		Amount of Grant Released		Short Release of Grant	
		VPs	ZPs	VPs	ZPs	VPs	ZPs
2002-03	10.13	3.80	2.53	3.49	Nil	0.31	2.53
2003-04	12.45	4.67	3.12	3.89	Nil	0.78	3.12
2004-05	14.63	5.48	3.66	3.89	Nil	1.59	3.66
2005-06	19.16	7.19	4.79	4.00	Nil	3.19	4.79
<b>Total</b>	<b>56.37</b>	<b>21.14</b>	<b>14.10</b>	<b>15.27</b>	<b>Nil</b>	<b>5.87</b>	<b>14.10</b>

Though the Government collected additional sales tax in lieu of abolished octroi, of Rs 56.37 crore during 2002-06, the amount due was not fully passed on to Village Panchayats and Zilla Panchayats. The short release of grants of Rs 19.97 crore to PRIs has deprived them of their rightful resources.

The Directorate of Panchayat stated that the grants were released up to 2002-03 based on the statements furnished by the Sales Tax Department. Since no such statements were received after 2002-03, the grants were released based on earlier statements. The Directorate's reply is not tenable as even when the statements were received from the Sales Tax Departments, the Directorate did not release the adequate grants to PRIs. Further, the Directorate could have collected the requisite information from the Sales Tax Department through better liaison and by taking up the matter at higher level.

**(Y.N. Thakare)**  
**Accountant General**

## **APPENDIX I**

### **(A) FUNCTION AND RESPONSIBILITIES OF ZILLA PANCHAYATS**

#### **I. General functions**

Overall supervision, co-ordination and integration of development schemes at District levels and preparing the plan for the development of the District

#### **II. Agriculture (including Agricultural Extension) and Horticulture**

- (1) Establishment and maintenance of godown
- (2) Management of agricultural and horticultural extensions and training centers
- (3) Training of farmers

#### **III Land improvement and soil conservation**

Planning and implementation of land improvement and soil conservation programmes entrusted by the Government.

#### **IV Minor irrigation, Water management and Watershed development**

- (1) Providing for the timely and equitable distribution and full use of water under irrigation schemes under the control of the Zilla Panchayat
- (2) Development of ground water resources
- (3) Supervision over the minor irrigation works undertaken by Taluka Panchayat.

#### **V Animal Husbandry, Dairying and Poultry**

- (1) Supervision over the Village Veterinary Hospitals, first-aid Centers and Mobile Veterinary dispensaries
- (2) Training for farmers of Dairy farming, Poultry and Piggery.

#### **VI Fisheries**

- (1) Development of fisheries in irrigation works vested in the ZP
- (2) Promotion of inland, brackish water and marine fish culture

#### **VII Khadi, Village and Cottage industries**

- (1) Establishment and Management of Training cum Production Centers
- (2) Organisation of marketing facilities for products of cottage and village industries

#### **VIII Small Scale industries including Food Processing industries**

Educating youth for establishment of Small Scale Industries

#### **IX Rural Housing**

Guidance to the Taluka Panchayat for promotion of Rural Housing Programme

#### **X Drinking Water**

Guidance for promotion of drinking water and rural sanitation to Taluka Panchayat and Village Panchayat

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**XI Minor forest produce and Fuel and Fodder**

Guidance for the management of minor forest produce of the forest raised community lands

**XII Roads, Buildings, Bridges, Ferries, Waterways and other means of communication**

- (1) Construction and maintenance of District roads and culverts, causeway and bridges (excluding States Highways and Village roads)
- (2) Construction of administrative and other buildings connected with the requirements of the Zilla Panchayat
- (3) Supervision over the works undertaken by VP and Taluka Panchayat as regards the construction of roads

**XIII Non- conventional, Energy sources**

Promotion and development of non-conventional energy sources

**XIV Poverty Alleviation Programmes**

Supervision over the implementation of poverty alleviation programmes in the VP

**XV Education including primary schools**

- (1) Promotion of educational activities in the District including the establishment and maintenance of Higher Secondary Schools
- (2) Establishment and maintenance of Ashram School and orphanages
- (3) Survey and evaluation of education activities
- (4) Construction and maintenance of Higher Secondary Schools

**XVI Technical training and vocational Education**

Encouraging and assisting rural vocational training

**XVII Adult and Non-formal Education**

Supervision over the implementation of programmes of Adult Literacy and Non-formal Education Programme

**XVIII Health and Family Welfare**

- (1) Management of hospitals and dispensaries excluding those under the management of Government or any local authority
- (2) Supervision over the implementation of maternity and Child Health programme
- (3) Supervision over the implementation of family welfare programme
- (4) Supervision over the implementation of immunization and vaccination programme

**XIX Woman and Child Development**

- (1) Supervision over the promotion of programme relating to development of women and children
- (2) Supervision over the promotion of School health and nutrition programme
- (3) Supervision over the promotion of participation of voluntary organisation in Women and Child Development Programmes.



**XX Welfare of the weaker sections and in particular of handicapped and mentally retarded**

Promotion of Social Welfare Programme including Welfare of handicapped, mentally retarded and destitute

**XXI Welfare of the weaker sections and in particular of the Scheduled Castes and Scheduled Tribes**

Supervision and management of hostels in the District distribution of grants, loans and subsidies to individuals and other schemes for the welfare of Scheduled castes, scheduled tribes and backward classes.

**XXII Maintenance of community assets**

Supervision and guidance over the community assets maintained by Taluka Panchayats and Village Panchayats

**XXIII Cultural activities**

Promotion of social and cultural activities

**XXIV Rural electrification**

Supervision over electrification by Taluka Panchayat and Village Panchayat

**XXV Libraries**

Supervision over the construction of libraries by Taluka Panchayat and Village Panchayat

**XXVI Such other functions as may be entrusted**

**(B) FUNCTION AND RESPONSIBILITIES OF VILLAGE PANCHAYAT**

**I General Functions**

- (1) Preparation of annual plans for the development of the Panchayat area
- (2) Preparation of annual budget
- (3) Providing relief in natural calamities
- (4) Removal of encroachments on public properties
- (5) Organizing voluntary labour and contribution for community works
- (6) Maintenance of essential statistics of the village
- (7) Demolition of unauthorized construction

**II Agriculture, including agricultural extension**

- (1) Development of waste lands
- (2) Development and maintenance of grazing lands and preventing their unauthorized alienation and use

**III Animal Husbandry, Dairying and Poultry**

- (1) Promotion of dairy farming, poultry and piggery
- (2) Grass land development

**IV Fisheries**

Development of fisheries in the villages

**V Social and Farm Forestry, minor Forest Produce Fuel and Fodder**

- (1) Planting and preservation of trees on the sides of roads and other public lands under its control
- (2) Fuel plantation and fodder development
- (3) Promotion of farm forestry
- (4) Development of Social forestry

**VI Khadi, Village and Cottage Industries**

- (1) Promotion of rural and cottage industries
- (2) Organization of conferences, seminars and training programmes, agricultural and industrial exhibitions for the benefit of the rural areas.

**VII Rural Housing**

- (1) Distribution of house sites within Village Panchayats limits
- (2) Maintenance of records relating to the house sites and other private and public properties

**VIII Drinking water**

- (1) Construction, repairs and maintenance of drinking water well, tanks and ponds
- (2) Prevention and control of water pollution
- (3) Maintenance of rural water Supply Schemes.

**IX Roads, buildings, culverts, bridges, Ferries, waterways and other means of communication**

- (1) Construction and maintenance of village roads, drain and culverts
- (2) Maintenance of buildings under its control or transferred to it by the Government or any public authority

**X Rural electrification**

Providing for and maintenance of lighting of public streets and other places

**XI Non-conventional energy source**

- (1) Promotion and development of non-conventional energy schemes
- (2) Maintenance of community non-conventional energy devices, including bio-gas plants
- (3) Promotion of approved chulhas and other efficient energy devices.

**XII Poverty alleviation programmes**

- (1) Promotion of public awareness and participation in poverty alleviation programmes for fuller employment and creation of productive assets, etc.
- (2) Selection of beneficiaries under various programmes
- (3) Participation in effective implementation and monitoring

**XIII Education including Primary Schools**

- (1) Promotion of public awareness and participation in primary education
- (2) Ensuring full enrolment and attendance in primary schools.

**XIV Adult and non-formal education**

Promotion of adult literacy

**XV Libraries**

Village libraries and reading rooms.

**XVI Cultural activities**

Promotion of social and cultural activities

**XVII Markets and fairs**

Regulation and fairs (including cattle fairs) and festivals

**XVIII Rural sanitation**

- (1) Maintenance of general sanitation
- (2) Cleaning of public roads, drains, tanks wells and other public places
- (3) Maintenance and regulation of burning and burial grounds
- (4) Construction and maintenance of public latrines
- (5) Disposal of unclaimed corpses and carcasses
- (6) Management and control of washing and bathing ghats

**XIX Public Health and Family Welfare**

- (1) Implementation of Family Welfare Programmes
- (2) Prevention and remedial measures against epidemics
- (3) Regulation of sale of meat, fish and other perishable food articles
- (4) Participation in programmes of human and animal vaccination
- (5) Licensing of eating and entertainment establishment
- (6) Destruction of stray dogs
- (7) Regulation of offensive and dangerous trades
- (8) Regulation of curing, tanning and dyeing of skins and hides

**XX Women and child development**

- (1) Participation in the implementation of women and child welfare programme
- (2) Promotion of schools, health and nutrition programmes.

**XXI Social welfare, including welfare of the handicapped and mentally retarded**

- (1) Participation in the implementation of the social welfare programme, including welfare of the handicapped, mentally retarded and destitute
- (2) Monitoring of old age and widow's pension schemes.

**XXII Welfare of the Weaker section and in particular the scheduled castes and scheduled tribes**

- (1) Promotion of public awareness with regard to Welfare of scheduled castes, Scheduled Tribes and other Weaker Sections
- (2) Participation in the implementation of the specific programmes for the welfare of the weaker sections

**XXIII Maintenance of community assets**

- (1) Maintenance of community assets
- (2) Preservation and maintenance of other community assets.

**XXIV Construction and maintenance of cattle sheds, ponds and cart stands**

**XXV Construction and maintenance of slaughterhouses**

**XXVI Maintenance of public parks, playgrounds etc.**

**XXVII Regulation of manure pits in public places**

**XXVIII Establishment and control of Shandies**

**XXIX Such other functions as may be entrusted**

## APPENDIX - II

### STATEMENT SHOWING THE RECOMMENDATIONS OF THE FIRST STATE FINANCE COMMISSION AND THE EXPLANATORY MEMORANDUM AS TO THE ACTION TAKEN THEREON/PRESENT STATUS

Sr. No.	Recommendations of the Commission	Explanatory memorandum as to the action taken	Present status
1	The award period of the Commission is 2000-2005, as such all devolutions of functions and resources shall be effected between 2000 and 2005 (para 1.2).	The recommendation is accepted. The devolution of functions and resources, if any, will be determined by the Government.	Accepted. Activity mapping for devolution of powers (3F's) to PRIs is under process. The same will be placed before the Cabinet for appropriate decision.
2	Prior to the devolution of functions, the State government shall constitute the Zilla Panchayat, North Goa and Zilla Panchayat, South Goa as mandated by the 73 <sup>rd</sup> amendment to the constitution and the Goa Panchayat Raj Act, 1994 (para 1.3)	The recommendation is accepted. The Zilla Panchayat, North Goa and Zilla Panchayat, South Goa have been constituted on 14.3.2000.	Accepted. The Zilla Panchayats have been already constituted on 14.3.2000.
3	Although 41 % of the population is living in urban areas as per the 1991 census, the 14 Municipal councils cover a population of only 29.25 percent. The Commission feels that there is need to expand the limits of urban local bodies adding contiguous Census Towns/urban outgrowths to the Municipal Councils (para 2.42)	The recommendation is accepted. The issue of expansion of limits of urban local bodies can be taken up as soon as the final figures of population as per 2001 census are available from the Director of Census.	Accepted. The Government to decide the need for expansion of the limits of Municipalities.
4	Presently Rs 140.17 lakh is outstanding from 25 Panchayats, of which Rs 77.78 lakh is towards principal and 62.39 lakh towards interest. The Commission finds no reason to waive these loans as the resource position of defaulting Panchayats, excluding a few is quite comfortable. As such Panchayats have to repay the outstanding balance or else continue adjusting from matching grants. However, in case of poor panchayats the outstanding loans may be waived (para 4.22)	The recommendation is accepted. The Committee is not in favour of waiving the outstanding loans of the Panchayats. The Panchayats will have to repay the outstanding balance of loan in full. In case of poor Panchayats, interest on the outstanding loans can be waived if they pay the principal in full.	Accepted. So far no outstanding loan of any Panchayat has been waived.
5	A committee may be appointed to go into the details of staffing pattern of Village Panchayats keeping in view Sections 113, 114 and 115 of the Goa Panchayat Raj Act 1994 (para 4.27)	The recommendation is accepted. A committee will be appointed to finalise the staffing pattern of different classes of Panchayats and to frame the recruitment rules.	Accepted. The staffing pattern and Recruitment rules have already been framed.

6	The Commission recommends a detailed study on local bodies' finances in terms of tax potential, sources of additional resources mobilization, rationalization of tax structure, user charges in terms of ability to pay and equity, levy of cess and tax evasion (para 4.50)	The recommendation is accepted. A Committee will be appointed by the Government to conduct a detailed study on finances of local bodies as suggested by the Commission.	Accepted. So far no Committee has been appointed by the Government to conduct a detailed study on finances of Local Bodies.
7	The Commission recommends 27 per cent of the State's own tax revenue and share in central taxes for devolution to Zilla Panchayats for activities transferred under non-plan (para 5.5 and 5.6)	The recommendation is rejected. State's own tax revenue is under pressure. Therefore, funds under non-plan will be released to Zilla Panchayats as per their requirement from time to time.	Rejected.
8	The Commission recommends nine per cent of the State's own tax revenue and share in central taxes for devolution to Municipal Councils for activities transferred under non-plan (para 5.6)	The recommendation is rejected. Since the State's own tax revenue is under pressure, funds under non-plan will be transferred to the Municipal Council according to their requirements as per existing pattern.	Rejected.
9	The Commission recommends 13 percent of Annual State Plan, excluding earmarked negotiated loan components and projects specific central assistance for devolution to Zilla Panchayats for activities transferred under plan (para 5.7)	The recommendation is rejected. The Zilla Panchayats in the State are only one year old and have not been able to spend even 50% of the Plan funds released to them during the year 2000-2001.	Rejected.
10	The Commission recommends 3 percent of Annual State Plan, excluding earmarked negotiated loan components and projects specific central assistance for devolution to Municipal councils for activities transferred under plan (para 5.7)	The recommendation is rejected. Assistance by way of grants under Plan will be released to the Municipal Councils according to approved pattern of assistance on the basis of their performance every year.	Rejected.
11	Inter-se distribution of non-plan grants among local bodies during first year should be based on actuals and during subsequent years in the same proportion as first year (para 5.6)	The recommendation is rejected. The distribution of non-plan grants among local bodies shall be based on the actuals of the past years.	Rejected.
12	For inter-se distribution of plan grants among local bodies the Commission recommends a formula with 40% weight to population, 20% to geographical area, 10% to backwardness, 25% to performance and 5% discretionary quota (para 5.8, 5.9)	The recommendation is partly accepted. More weightage will be given to backwardness than to the population.	Partly accepted. Matter for giving more weightage to backwardness than to the population is under consideration of the Government.
13	The devolution of plan grants from Zilla Panchayats to Village Panchayats shall be in the nature of 'gap filling', subject to the formula based allocation (para 5.10)	The recommendation is rejected. Plan grants to Village Panchayats are released to them through the Block Development Officer by the Director of Panchayats and not through the	Rejected.

		Zilla Panchayats.	
14	As the State Government is already overburdened with staff, the Commission strongly recommends that no additional posts should be created. All recruitments shall be done through Goa Public Service Commission (para 6.11)	The recommendation is rejected. The Government has already created a cell within the Secretariat to find out surplus staff in various Departments and Officers. The Government has also introduced the Voluntary Retirement Scheme for its Employees. The recruitment of Gazetted Officers is done through the Goa Public Service Commission.	Rejected.
15	The administrative set up required for the local bodies needs to be created from the existing employees associated with various activities and functions, placing them at appropriate levels and giving additional responsibilities wherever required (para 6.11)	The recommendation is accepted. The existing employees of the local bodies will not be retrenched. They will be placed at appropriate levels in the new set up. For this purpose a Committee will be appointed to propose an administrative set up for local bodies.	Accepted. Government will decide the constitution of the Committee to propose an administrative set up for local bodies based on the next cabinet decision for devolution of powers to PRIs.
16	The Commission do not find any role for Rural Development Agency (RDA) in the Panchayati Raj setup. As such the staff of RDA could be transferred to Zilla Panchayats entrusting them with additional responsibilities (para 6.11)	The recommendation is rejected. The State Government has constituted 2 DRDAs, one in North Goa district and the other for South Goa district. They have to play an important role in implementation of centrally sponsored schemes meant for families living below poverty line	Rejected. Presently matter of merging DRDA with Zilla Panchayat is under consideration of the Government.
17	As the Block level forms an important link in the administrative setup comprising Zilla and Village Panchayats, some of the staff released on account of transfer of functions must be located at Block level as well (para 6.11)	The recommendation is accepted. The staff of DRDAs like Mukhya Sevikas and Gram Sevikas is already functioning at Block level under control of the Block Development Officers.	Accepted. The staff of DRDA like Mukhya Sevika and Gram Sevikas is already functioning at Block level under control of the Block Development Officers. The Extension officers from various departments have also been re-deployed in the Block Development Offices. The proposal for devolution of more functionaries at Block level will be decided by the Government at the Cabinet decision.
18	It is the considered opinion of the Commission that safeguarding the sanctity of the rights of the citizen is the highest responsibility of the elected panchayats and the Municipalities under the provision of the Indian Constitution (para 7.5 and 7.6)	The recommendation is accepted. The Municipalities Act and the Panchayat Act contain adequate provisions for safeguarding the rights of the citizens. Necessary changes will be done after proper study.	Accepted. The Goa Panchayat Raj Act contain adequate provisions for safeguarding the rights of the citizen. Necessary changes will be done after proper study.
19	In many countries, especially in the developed world, qualified	The recommendation is partly accepted. The Municipal areas	Partly accepted. Powers to approve Building plans in

	architects are given the power to certify that building plans conform to the various laws and bye-laws. The Commission sees no reason why accredited Architects cannot certify building plans subject to review and accountability (para 7.7)	the accredited Architects and Engineers who are registered with the Municipal Councils are authorized to certify the building plans subject to final approval by the Municipal Engineer. Qualified Architects are not available in Rural areas where the Panchayats are functioning. Hence, the Technical Officers i.e. the Assistant Engineers of P.W.D. have to approve the Building plans.	Panchayat areas by Registered Architects/ Engineers, Town planners/Group of Engineers is under consideration of the Government.
20	The Commission suggests the Eleventh Finance Commission to award a special grant of Rs 209.85 crore towards urban and rural sanitation and creation of infrastructure for Zilla Panchayats, Village Panchayats and Directorate of Panchayats (para 9.2, 9.3, 9.4 and 9.4)	The recommendation is accepted and will be referred to the Eleventh Finance Commission for further action.	Accepted. Matter regarding utilization of XI Finance Commission grants is under scrutiny/ consideration of the Government.
21	As the State Finances are under tremendous pressure, the Commission suggests that local bodies have to go for additional resource mobilisation to increase the level of basic minimum services and pace of development (para 9.6)	The recommendation is accepted and will be brought to notice of Local bodies for further action.	Accepted. The draft rules been framed and submitted to the Government for enhancing resource mobilization of PRIs.
22	In the Commission's view it is essential that decisions of the Gram Sabha are treated as binding on the Panchayats (para 8.3)	The recommendation is accepted. Necessary amendment will be carried out to the Goa Panchayat Raj Act, 1994.	Accepted. Amendment was already done vide sub-section (4) of Section 6 of the Goa Panchayat Raj Act, 1994.
23	The Commission suggests that constitution of Vigilance Committee has to be mandatory (para 8.4)	The recommendation is accepted. Necessary amendment will be carried out to the Goa Panchayat Raj Act, 1994 and the Municipalities Act.	Accepted. Government to decide whether Vigilance committees to be constituted in Village Panchayat areas as provided under sub-section (3) of Section 6 of the Goa Panchayat Raj Act, 1994.
24	The Commission is of the opinion that misuse or abuse of powers by elected bodies should be strongly dealt with. If the provisions mentioned in the Act are not sufficient to check such wrong doings some effective provisions must be additionally included (para 8.5)	The recommendation is accepted. Necessary amendment will be carried out to the Goa Panchayat Raj Act, 1994 to control the misuse of power by the Village Panchayats. Similarly, necessary amendment will be carried out to the Municipalities Act to control abuse of powers by Municipal Councils.	Accepted. Goa Panchayat Raj Act already provides for action against members of Village Panchayat and Zilla Panchayat as well as Office bearers for misuse or misconduct of powers under Sections 131,210,210A.
25	Auditing of incomes and expenditure of local bodies and follow-up action of audit reports should be given prime importance (para 8.5)	The recommendation is accepted. The follow-up action of audit reports is already given prime importance and the local bodies have to submit audit compliance report in time.	Accepted. The follow-up action of Audit Report is already given prime importance and the local bodies have to submit compliance report in time.
26	The Commission recommends	The recommendation is rejected.	



	appointment of an Ombudsman headed by a Retired High Court Judge to ensure the Autonomy of the elected local bodies, make the functioning of local bodies transparent and accountable and protecting the rights of the citizens (para 8.6 and 8.8)	The citizens are free to approach the Mumbai High Court at Panaji, Goa for protecting their rights. The Vigilance Committees of the local bodies are sufficient to ensure transparency in their functioning.	Rejected.
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### Appendix - III

STATEMENT SHOWING THE POSITION REGARDING THE FUNCTIONS DEVOLVED TO THE URBAN LOCAL BODIES.

Sr. No.	Function envisaged to be devolved as per the constitution	Envisaged to be devolved as per Goa Municipalities Act	Actually devolved
1	Urban planning including town planning	Yes	No
2	Regulation of land use and construction of buildings	Yes	No
3	Planning for economic and social development	No	No
4	Roads and bridges	Yes	Only internal roads are maintained by Municipal Councils.
5	Water supply for domestic, industrial and commercial purposes	No	No
6	Public health, sanitation, conservancy and solid waste management	No	Only solid waste management
7	Fire Service	No	No
8	Urban forestry protection of environment and promotion of environment and promotion of ecological aspects.	Yes	No
9	Safeguarding the interest of the weaker sections of society, including the handicapped and the mentally retarded	No	No
10	Slum improvement and upgrading	Yes	Yes
11	Urban poverty alleviation	No	Yes
12	Provision of Urban amenities and facilities such as park, gardens, playgrounds	Yes	Yes
13	Provision of Cultural, education and aesthetic aspects	No	No
14	Burial and burial grounds, cremation and cremation grounds and electric crematorium	Yes	Yes
15	Cattle pounds and prevention of cruelty to animals	Yes	Yes
16	Vital statistics including registration of births and deaths	Yes	Yes
17	Public amenities including street lighting, bus-stop, public conveniences	Yes	Yes
18	Regulation of slaughterhouse and tanneries	Yes	Yes

### APPENDIX - III

#### Functions envisaged to be devolved to ULBs (Schedule 10 of Goa Municipalities Act)

Sr. No.	Function	Whether devolved to ULBs (Yes/No)
1.	Urban Planning including town planning.	Y
2.	Regulation of land-use and construction of buildings.	Y
3.	Roads and bridges.	Y
4.	Urban forestry, protection of the environment and promotion of ecological aspects.	Y
5.	Slum improvement and upgradation.	Y
6.	Provision of urban amenities and facilities such as parks, gardens, playgrounds.	Y
7.	Burials and burial grounds; cremations, cremation grounds and electric crematoriums.	Y
8.	Cattle pounds; prevention of cruelty to animals.	Y
9.	Vital statistics including registration of births and deaths.	Y
10.	Public amenities including street lighting, parking lots, bus stops and public conveniences.	Y
11.	Regulation of slaughter houses and tanneries.	Y