

319643  
VILLAGE PANCHAYAT PIRNA  
BARDEZ - GOA

INWARD No. 834  
Date : 11/01/19

No.3-EOVP-I/BDO-BAR/Audit Report/2018-19 /8259  
Office of the Block Development Officer,  
Bardez Block,  
Mapusa, Bardez, Goa.

Date - 13/12/2018

## MEMORANDUM

Sub: Audit Report on the account of the Village Panchayat of Pirna  
in Bardez block for the year 2017-18

Ref : No.DA/Control/31-5(11)/2018-19/254 dated 28/11/2018 from  
Dy. Director of Accounts/Inspection, Panaji-Goa.

Attention of Village Panchayat Secretary V.P. Pirna is hereby  
invited to the Audit Report on accounts of the Village Panchayat for the year 2018-19  
received from Dy. Directorate of Accounts/Inspection, Directorate of accounts, Panaji  
Goa, which is self explanatory.

In this connection, V.P. Secretary V.P. Pirna, Bardez Goa is  
hereby directed to go through the contents of the Audit Report for the year 2017-2018  
and submit the detail compliance report to this office within 15 days from the date of  
receipt of this memorandum, failing which matter will be reported to higher authority  
for initiating necessary action in the matter.

  
K.S. Pangam  
Block Development Officer-I  
Bardez-Mapusa-Goa

Enl: As Above

To

The V.P.Secretary,  
V.P. Pirna, Bardez-Goa

Copy To:- 1) The Director, Directorate of Panchayats, Panaji- Goa for information  
2) Dy. Director of Accounts / Inspection ,Directorate of Accounts , Panaji-  
Goa for information.

28/01/19.

## PART -III

**ANNUAL AUDIT REPORT ON ACCOUNTS OF THE VILLAGE**  
**PANCHAYAT "Pirna" IN BARDEZ**  
**BLOCK FOR THE YEAR 2017-18**  
**PART-1**

**A. Name of the Sarpanch/Dy. Sarpanch:-**

Sr.No	Name of the Sarpanch	Fr.	To
1	Smt. Mita M. Naik	01/04/2017	31/03/2018

**B. Name of the Secretary :-**

Sr.No	Name of the Secretary	Fr.	To
1	Shri. Avinash Palani	01/04/2016	07/05/2017
2	Shri. Mariano Baretto	08/05/2017	12/01/2018
3	Shri:- Avinash Palani	13/01/2018	31/03/2018

**C. Names & Designation of audit parties**

Sr.No	Names of the audit parties	Designation
1	Shri. Kisan Gaude	Dy. D.A./Insp.
2	Shri. Deepak K. Velip	A.A.O.
3	Shri. Milind Bodke	A.C.
4	Shri. Supresh S. Naik	A.C.

**D. Date of Audit :-**

From :- 14/08/2018 to 16/08/2018

**E. Period covered during the Audit :-** From:- 01/04/2017 to 31/03/2018

**PART - II - INTRODUCTORY**

The audit on Accounts of the Village Panchayat "Pirna" in Bardez Block for the year 2017-18 was conducted from 14/08/2018 to 16/08/2018 as per the Circular No. 30/7/75Fin(Bud) dated 21/08/1996 from Finance (Budget) Department, based on the records furnished by the Panchayat.

The Village Panchayat "Pirna" was sanctioned the following types of grants/funds during the year 2017-18. The details of the same are given below:

Sr.No.	Type of Grants	Amount
1	Member Salary	Rs. 2,70,000=00
2	Staff Salary	Rs. 7,08,679=00
3	Matching Grants	Rs. 3,46,489=00
4	Garbage Grants	Rs. 1,00,000=00
5	XIV Finance Grants	Rs. 3,07,242=00
<b>Total</b>		<b>Rs. 17,32,410=00</b>

2002410=00

**PART - III**

The Village Panchayat "Pirna" maintaining its records in the Form 1 to 11 as per Rule 20, 21 (a) and 25 of the Goa Panchayat, ( Accounts, Audit & Custody of Funds ) Rules 1997, comprising particulars of Income & Expenditure for all the grants, received i.e Administrative & Development Grants

i) **SUMMARY OF THE ACCOUNTS**

Total Receipts for the year 2017-18	Rs. 24,91930=00
Total Expenditure for the year 2017-18	Rs. 15,91,101=40

Total Funds available with the Panchayat as on 31/03/2018 are as detailed below:

Sr. No.	Total Funds/deductions as on 31/03/2018	Amount
1	Government Grants	Rs. 36,34,638=00
2	DRDA (NREGS)	Rs. 28,293=00
3	library Grants	Rs. 610=00
4	E.M.D.	Rs. 83,875=00
5	S.D.	Rs. 82,485=00
6	Income Tax	Rs. Nil
7	Vat (Sales Tax)	Rs. Nil
8	Royalty	Rs. Nil
	2% Vat on Royalty	Rs. Nil
9	Labour Cess	Rs. Nil
10	Panchayat Fund	Rs. 10,62,587=01
<b>Total</b>		<b>Rs. 48,92,488.01</b>

ii) **Details of Utilized / Unutilized Grants**

The statement showing details of grants as on 31/03/2018 are as follows:

S. r. N. o.	Name of the Grants	Previous Balance	Grants Sanctioned 2017-18	Amount Utilised during the year 2017-18	Balance as on 31/03/2018
1	V.P. Member Salary	2,45,860=00	2,70,000=00	2,39,700=00	2,76,160=00
2	Staff Salary Grants	5,37,631=00	7,08,679=00	6,78,192=00	5,68,118=00
3	XIII <sup>th</sup> Fin. Comm.	1,73,631=00	-	-	1,73,631=00
4	XIV <sup>th</sup> Fin. Comm.	4,47,524=00	3,07,242=00	-	7,54,766=00
5	GIA Grants	15,23,723=00	-	-	15,23,723=00
6	Golden Jubilee Grants	1,01,694=00	-	-	1,01,694=00
7	Garbage Grants	1,85,553=00	1,00,000=00	49,007=00	2,36,546=00
8	Matching Grants	-	3,46,489=00	3,46,489=00	-

Total I	32,15,616=00	17,32,410=00	13,13,388=00	36,34,638=00
II - DRDA/RDA				
1 NREGS	1,02,768=00	2,70,000=00	3,44,475=00	28,293=00
Library Grants				
1 Library Grants	610=00	-	-	610=00

It can be seen from above table that grants of Rs.1,73,631/-, Rs.7,54,766/-, Rs.15,23,723/-, Rs.1,01,694/- & Rs.2,36,546/- received under XIIIth Finance, XIVth Finance, GIA, Golden Jubilee & Garbage are remain unutilized in the Panchayat fund ( in Saving Bank Accounts) instead of utilizing the same for the purpose for which these were given. The same may be utilize after obtaining extension of time limit, or may be refunded back to the grant sanctioning authority immediately. Despite observations to this effect in the past, no timely action has been taken by the Panchayat to utilize the grants. The Directorate of Panchayat may evolve a mechanism to ensure that utilization certificates in respect of grants released for specific purposes are furnished by the grantee institution in time.

Action taken in this regard will be verified during next audit

### iii) VARIATION BETWEEN BUDGET ESTIMATE AND ACTUAL

#### A) INCOME

ORIGINAL BUDGET ESTIMATES	REVISED BUDGET ESTIMATE	ACTUAL INCOME	SHORT
51,64,500=00	-	24,01,930=00	27,62,570=00

#### B) EXPENDITURE

ORIGINAL BUDGET ESTIMATES	REVISED BUDGET ESTIMATE	ACTUAL EXPENDITURE	SHORT
50,53,000=00	-	15,91,101=40	34,61,898=60

Although it was told earlier that, if in the course of the financial year, Panchayat finds it necessary to revise the provision made in original budget, it may revise based on the available trends of actual. This has not done. There was need to revise the Budget Estimates based on comparing the original Budget prepared for the year 2017-18 to avoid variations between the budget and actual Income and expenditure. The secretary has projected his ignorance in preparing realistic budget. This may be noted and in future budget may be prepared in realistic manner in order to avoid variations.(i) The Budget estimate of a Panchayat shall be prepared by the Secretary in Form No. II appended to these rules not later than

(i) 15th February and forwarded to the concerned Block Development Officer not later than the 1st of March. (ii) Suitable minor and detailed heads may be added to the Budget heads as specified in Form No. 11 as may be necessary with the approval of the concerned Block Development Officer in consultation with the Director of Accounts. (iii) A copy of the revised and Supplementary Budget Estimates shall be forwarded to the Director within 15 days of its approval by the Panchayat. (iv) All budget estimates, original, revised and supplementary shall be passed before the Financial year to commence on the first day of April next following and the budget as passed by the Panchayat shall be forwarded to the Zilla Panchayat.

#### PART - IV - COMMENTS ON TRANSACTION

Section A:- Outstanding audit paras from previous Audit Report in brief.

Year	Paras B/F	Paras Settled	Paras Outstanding	Subject in brief
1997-98	01	--	01	Para 5 – Electrical Materials.
1998-99	01	--	01	Para 5 – Works
2011-12	01	--	01	Para 10 – Works
2016-17	21	20	01	Para-16 - Excess Expenditure over prescribed limit. Remaining 20 Para's are dropped as the same are commented in current audit wherever required.
Total	24	20	04	

There are 04 outstanding paras are remained unsettle. The VP Secretary is required to submit appropriate replies to above outstanding para in order to settle the paras once for all. Progress made may be intimated.

#### Part -III-CURRENT -AUDIT

##### 1) CASH BOOK

The Cash book is checked during the course of audit. The closing balance as per the cash book as on 31/03/2018 is Rs. 48,92,488=01 (Rupees forty eight lakhs ninety two thousand four hundred eighty eight and paisa one only)

The details of the closing balance as per the Cash Book as on 31/03/2018 are as follows:-

i)	Closing balance as per the Goa State Co-op Bank Ltd. A/c No. 034203000001      Rs. 14,99,478=87 Less: Cheque issued not realized Rs. 4,000=00	
<b>Closing balance as per Cash Book</b>		<b>Rs. 14,95,478=87</b>

ii)	Closing balance as per the Goa State Co-op Bank Ltd. A/c No. 0342030000102	
<b>Closing balance as per Cash Book</b>		<b>Rs. 610=00</b>
iii)	Closing balance as per the Goa State Co-op Bank Ltd. A/c No. 00342030000127	
<b>Closing balance as per Cash Book</b>		<b>Rs. 28,293=00</b>
iv)	Closing balance as per the Goa State Co-op Bank A/c No. 00342030000070 Balance as per pass book      Rs. 6,23,788.00 Add: Unreconciled amount of Previous year (2009-10) <u>Rs. 16,669.00</u> Rs. 6,40,457=00	
<b>Closing balance as per Cash Book</b>		<b>Rs. 6,40,457=00</b>
v)	Closing balance as per the Goa State Co-op Bank A/c No. 00342030000185	
<b>Closing balance as per Cash Book</b>		<b>Rs. 60,444=00</b>
vi)	Closing balance as per the State Bank of India A/c No. 31662449055	
<b>Closing balance as per Cash Book</b>		<b>Rs. 16,17,215=50</b>
vii)	<u>FDR,S:-</u> a) Goa State Co-op Bank A/c No. 432/64      Rs. 5,84,351=00 b) Goa State Co-op Bank A/c No. 432/65      Rs. 2,77,175=00 c) Goa State Co-op Bank A/c No. 432/66      Rs. 1,88,364=00	<b>Rs. 5,84,351=00</b> <b>Rs. 2,77,175=00</b> <b>Rs. 1,88,364=00</b>
viii)	Cash in hand	<b>Rs. 99=64</b>
<b>Total Closing balance as per Cash Book as on 31/03/2018</b>		<b>Rs. 48,92,488.01</b>

After reconciliation, the above bank closing balances as per cash book are found to be tallied with the closing balances as per the bank figures as on 31/03/2018.

#### B- MAJOR IRREGULARITIES

NIL

#### B II OTHER IRREGULARITIES

1. Bank reconciliation statement is not prepared and recorded in the cash book at the end of each month.
2. Vouchers are not cancelled by endorsement paid and cancelled.
3. Overwritings/Cancellations/Corrections made in the cash book are not attested by the competent authority.
4. The amount paid to Shri Prashant S. Naik towards cleaning of Well vide voucher No. 135 dt. 1/10/2016 Rs. 40,000/- the TDS on this bill has not

been deducted by the Panchayat. Till date no compliance submitted by VP as such Para stands.

5. Many receipts found cancelled during the year 2016-17. Same are however not cancelled by drawing a line through them and writing "Cancelled". Such cancellation should be attested by the Secretary and the Sarpanch.
6. Each entry is not attested.
7. The Village Panchayat has not maintain the mandatory registers like Pay Bill Register, Asset & Property Register and Dead Stock Register.

## 2) RDA ACCOUNTS

- i) **MGNREGS:** The following are the details position of MGNREGS Dena Bank A/C No. 00342030000127

i)	Opening balance for 2017-18	Rs. 1,02,768=00
ii)	Grants rec. during the year 2017-18	Rs. 2,70,000=00
iii)	Add:-Interest Accrued during the year 2017-18	Rs. Nil
iv)	Less:- Expenditure incurred during the year 2017-18	Rs. 3,44,475=00
	<b>Closing balance for the year.....2017-18</b>	<b>Rs. 28,293=00</b>

The above closing balance is found to be tallied with the closing balance as per the cash book as on 31/03/2018.

The Scrutiny of RDA account in audit is only to confirm the closing balance figures only. The audit of the RDA account is carried out by the office of the District. Rural Development Agency, Panaji-Goa.

- ii) **LIBRARY GRANTS:** The following are the details position of GGSY State bank Of India A/C No. 0342030000102

i)	Opening balance for 2017-18	Rs. 610=00
ii)	Grants rec. during the year 2017-18	Rs. Nil
iii)	Add:-Interest Accrued during the year 2017-18	Rs. Nil
iv)	Less:- Expenditure incurred	Rs. Nil
	<b>Closing balance for the year.....2017-18</b>	<b>Rs. 610=00</b>

The audit of library A/C is carried out by the office of Directorate of Art & Culture, Panaji-Goa.

## 3) TAXES

The following statement showing the Arrears Current Demand Collection and Balance for the period from 01/04/2017 to 31/03/2018.

Sr. No.	Nature of taxes	Arrears Demand	Current Demand	Total Demand	Collection of taxes	Balance of taxes
1	House tax	1,99,645=00	1,55,773=00	3,55,418=00	1,10,540=00	2,44,878=00
2	Light	21,038=00	7,957=00	28,995=00	5,292=00	23,703=00

	tax					
3	Proff. tax	1,00,205=00	47,015=00	1,47,220=00	31,930=00	1,15,290=00
4	Bicycle tax	16,596=00	890=00	17,486=00	10=00	17,476=00
5	Bullock Cart tax	1,864=00	180=00	2,044=00	-	2,044=00
	Total	3,39,348=00	2,11,815=00	5,51,163=00	1,47,772=00	4,03,391=00

Panchayat has collected an amount of Rs.1,47,772=00 towards the various taxes during the year 2017-18. The tax collection is only 27% out of total demand. The position of the Panchayat in respect of collection of taxes is not satisfactory. The lethargic nature of the Village Panchayat in recovering of Taxes has resulted in accumulation of these arrears. The Panchayat failed to give due attention in collecting of revenue as well as accumulated arrears. The overall arrears of taxes are mounting year by year. As specially House Tax, Professional Tax and Light Tax. As per Sub-Section (3) of Section 154 of the Goa Panchayat Raj Act, 1994, Vp s empowered to issue notices to defaulter of taxes and revenue arrears and levy 10% penalty to outstanding arrears recoverable under Sub- Section (4). Thus it was observed that provisions of Panchayat Raj act have been violated in failure to recover the arrears. Therefore, the VP is required to take remedial action for recovery of all outstanding taxes along with the prescribed penalty from the defaulters and revision of taxes as well.

Progress made in this regard may be stated.

#### 4) RENT:-

The Panchayat has leased out five premises on rental basis and collected an amount of Rs. 40,000/-as rent during the year 2017-18.

The details of the rent are as follows.

Sr. No.	Name of the Premised	Arrears	Current Demand	Total	Collection	Balance
1	V.K.S. S/o. Pinna	12,432=00	-	12,432=00	-	12,432=00
2	Goa State Co-operative Bank, Pinna	6,180=00	48,000=00	54,180=00	40,000=00	14,180=00
	Total	18,612=00	48,000=00	66,612=00	40,000=00	26,612=00

The Rent collected is 60% out of total demand. The position of the Panchayat in respect of collection of Rent is satisfactory.

The Secretary of the Village Panchayat shall recover or cause to be recovered the rent or any other dues imposed or levied by the Village Panchayat. In reply it is stated that, the demand notices have been issued for recovery of arrears but no response found from the defaulter's. Further course of action under prescribed provisions of GPRA will be initiated against the defaulter's. Progress will be intimated to audit.

5) **CONSTRUCTION ACTIVITIES/CONSTRUCTION LICENCES**

V.P. Sarpanch had certified vide certificate No. V/P/PIR/BAR/Cer/2017-18/347 dated 14/08/2018 that he has not issued any type of construction licenses during the year 2017-2018.

1) **ILLEGAL CONSTRUCTION:**

V.P. Sarpanch certified vide certificate No. No. V/P/PIR/BAR/I.Cer/2017-18/348 dated 14/08/2018. That the Panchayat has detected 08/illegal constructions during the year 2017-2018. The details of illegal construction cases are as follows

1) Nos. of Illegal Construction cases on 01/04/2017	09
2) Illegal Construction cases detected during the year 2017-18	08
3) Nos of illegal construction cases settled/ disposed during the year 2017-18	-
Total cases pending for settlement upto 31/03/2018	17

As per the provision of Section 66 of the Goa Panchayat Raj Act, 1994 no person shall erect any building or alter or add any existing building or reconstruct any building without the written permission from Panchayat and payment of fees. However, it is noticed that, the houses are constructed without obtaining VP's permission. There are 09 cases of illegal constructions in the Village Panchayat as on 31/03/2017. Non regularization of above illegal constructions under section 66 (2) resulted in loss of revenue of the Panchayat. The Village Panchayat should take corrective action by exercising the powers available under the Goa Panchayat Raj Act, 1994 in the matter immediately. Action taken and result thereof may be intimated to audit.

6) **RECEIPT BOOK STOCK REGISTER**

A register of Receipt Book shall be maintained in Form No. 5 and shall be kept with the stock of new and returned Receipt Books under lock and key on the responsibility of the Secretary. The receipt books must be kept under lock and key in the personal custody of the officer authorized to sign the receipt on behalf of the Government. Before the receipt book is brought into the use, the number of forms contained therein shall be counted and the result recorded in a noticeable place in the book over the signature of the government office in charge of the book. Counterfoils of the used receipt book shall be kept in his personal custody. The receipt book stock register were checked during the course of audit and last receipt no. 229/51 dated 31/03/2018.

7) **REGISTER OF PROPERTIES AND ASSETS**

All property vested in the Panchayat shall be entered in a Register of Properties and Assets in Form No. 6. In addition to all items of furniture and other equipment, this register shall contain a list of buildings, land Manual of Goa Laws (Vol. III) -789- Panchayat Raj Act & Rules and the like which is vested in the

Panchayat. Whenever any property is acquired or disposed of it shall be entered in the Register of properties and Assets. . Secretary stated that the register of Property & Assets will be maintained in all respect and shown to next audit.

**8) REGISTER OF CONDITIONAL GRANTS SANCTIONED DURING THE YEAR**

A Register shall be maintained in Form No. 9 for record of conditional grants given for special and specific purpose under section 160 of the Act or under any special orders and expenditure there from.

**9) REFUND OF E.M.D AND S.D.**

It has been seen that the V.P. has a balance of Rs. 0.83 lakhs as E.M.D and Rs. 0.82 lakhs S.D. as on 31/03/2018. As per the section 19 of C.P.W.D. Manual 2007, the E.M.D given by the contractors except the successful contractor should be refunded immediately after completion of opening of tender process or within a week time from the date of opening the tender. It may please be stated whether any action has been initiated to refund/ forfeit the EMD's /SD's which is lying with the Panchayat for more than three years. If not than the unclaimed EMD's and S.D.'s lying with Panchayat for more than three years may be treated as lapse deposits and accordingly forfeited to the Panchayat account.

**10) LABOUR CESS**

As per the rules, all the Government Departments, local bodies PSU's and other Govt. agencies carrying out the building and other construction works under the act shall get themselves register under section 7 of the Act with the registering authority of the labour Department. Such institutions are required to mandatorily deduct 1% of the total cost from the bills at the time of making payment to the contractors. The VP before remitting the amount of cess to the Goa Building & Other Construction Workers Welfare Board can deduct 1% of the total Cess amount collected for their administrative expenses.

**11) MONTHLY AND ANNUAL ACCOUNTS**

Every Panchayat shall, at the end of each month as well as at the end of the year, prepare an Account in Form No.10 showing the receipts and payments classified under the several Heads of Account contained in the Budget Estimates. The totals of the details under each head of receipt and payment as given in account shall agree with the figure under the same heads in the General Ledger. The details of the balance in the office and in the Bank shall be separately shown in the account and a certificate that the closing balance as shown in the accounts has been compared with that shown in the cash book and the Bank Pass Book, Certificate, and found to be correct shall be appended to the account. A memo explaining the differences, if any, shall also be attached to the certificate. Certificate showing the 'Monthly Closing Balance' in the Account shall be obtained and kept on record. The Pass Book of the Bank shall be under the lock and key of the Secretary. He shall examine the Pass Book/Certificates from time to time and shall immediately call the attention of the Bank to any discrepancy that may appear. This may be noted for future guidance.

**12) RESERVE FUND FOR STAFF RETIRMENT BENEFITS:**

The Goa Panchayat Raj (Application of Panchayat or ZillaPanchayat funds Coordination & Limitation) Rules 2006 which came into force vide Notification No. 34/DA/PAN/2P/2006 dated 03/11/2006 and as per Rule 4 of Goa Panchayat Raj Rules 2006, every Panchayat shall reserve 2.5% of their income as reserve fund for contributory Provident fund, Pensionery Benefits etc to the staff working in the Village Panchayats . However, It is seen that no such funds have been created nor any efforts have been made to implement the above scheme . Failure to create Reserve Fund is against the provision of the Panchayat Raj Act. Action taken in the matter may be intimated to audit.

**13) VIOLATION OF STATUTORY PROVISION TOWARDS PROVIDENT FUND BENEFITS:**

As per para 5 of order No. 35/OP/PAN/EMP/2000 dated 06/03/2003 published in the official Gazette Govt. of Goa, it is stated that permanent employee shall be entitled for the benefits of employees Provident Fund. The amendment of the said order was published in the official gazette of Govt. of Goa under No. 35/DP/PAN/EMP/2006 dated 25/01/2007 under the title Goa Panchayat (staffing pattern , Scale of Pay & mode of recruitment of staff of Panchayats first Amendment ) order , 2006 Clause 5 stated that permanent employee of the Panchayat shall be entitled for EPF, Gratuity, Pensionary benefits etc. Also, the circular No. 19/33/DA/PAN/STAFF/PAN/05/3947 dated 18/11/2005 and No.19/31/DA/STAFF/09/3937 dated 21/10/2009 issued guidelines about implementation of Provident Fund, Gratuity, Pensionary Benefits, etc. to the permanent staff of the Panchayats. However, it was noticed that except Village Panchayat Secretary, no recoveries or provision towards provident fund and benefits have been made applicable to other regular staff of the Panchayats. Non-recovery of provident fund from the monthly salaries of the regular staff amounts to violation of Employees Provident Funds regulations.

Appropriate action may be taken & result may be intimated to audit.

**14) NON FILING OF E-TDS RETURNS WITH INCOME TAX DEPARTMENT & ASSESSING OF STAFF**

It may be noted that every employer (DDO) should deduct Income Tax at source in monthly instalment on salaries disbursed by him, and accordingly quarterly TDS returns for the recovery of Income Tax has to be filed online on quarterly basis, which has made mandatory by the Income Tax Department. Further, the final adjustment of Income Tax should make from the last salary payable before the end of the March. Whereas, in your case it is observed that no Income Tax has been deducted nor it is feel compulsory to do so. Any fine /penalty levied by the Income Tax Department on late payment have to be borne by the person responsible for late remittance.

**15) AUCTION**

The Panchayat had leased out its right for the collection of Jatra fees for the period from 24/11/2017 to 24/11/2018. The said auction details as published at

prominent places by Notice no. VP/PIR/BAR/17-18/Auction/505 dated 12/10/2017 and to be held at 10:30 am in the office of VP Pima.

The initial amount of bid was fixed at Rs.25,700/-, In response to above only one bidder was present at the time action. As such Sarpanch postponed the action and fixed another date i.e. 27<sup>th</sup> oct. 2017 at 10:30 a.m. in the office of V.P. Pima.

The second time initial bid amount was fixed at Rs.20,000/-, in this regard two bidders were participated in the action. The highest bid amount of Rs.21,000/- in respect of Shri Dicky D'sousa, was accepted by the Panchayat. The bidder had paid Rs. 21,000/- vide receipt No 16/218 dated 27/10/2017.

However, it is seen that, the amount of Rs.2000/- is pending from earlier bidder i.e. Shri. Raghuvir Naik, for the year 2016-17 (period 10/11/2016 to 31/10/2017). Same may be recovered from concern party and shown to the next audit.

#### **16) SURETY BOND OF V.P. SECRETARY**

The V.P. secretary is handling cash transactions of the village Panchayat, however, the mandatory security/Surety bond as per Rule 275 of GFR and Rule 4 (3) of the Goa Panchayat (Accounts, Audit and Custody of Funds) Rule 1997 has not been furnished by the secretary. As per sec. 113-A(x) of the Goa Panchayat Raj Act, 1994 the Secretary is responsible for safe custody of Panchayat Fund, Assets of Panchayat and all the register maintained by the Panchayat. The Director of Panchayats may also demand a security from such persons as are actually in charge of cash transaction of a Panchayat.

#### **17) WORKS**

The Panchayat has not undertaken any developmental works during the financial year 2017-18.

#### **18) FINANCIAL POSITION OF THE PANCHAYAT DURING THE YEAR 2017-18**

The Panchayat is having an amount of Rs.10,62,587=01 in their Panchayat Fund Account as on 31/03/2018. This shows that the financial position of the Panchayat is satisfactory during the year. However, Panchayat should make sincere efforts to recover the amount of arrears of Taxes / Rents along with prescribed penalty from the defaulters, in order to strengthen the financial position of the Panchayat.

#### **19) ANNUAL ACTION PLAN**

As per section 238 of Goa Panchayat Raj Act, 1994 the VP is required to submit their annual action plans to the Zilla Panchayat, who in turn would consolidate and forward the same to District Planning Committees for the development work to be undertaken during the next financial year. Further, Government of Goa has framed Rules under Goa Panchayat (Constitution, Power and Functions of Ward Development Committees and preparation of Annual Development Plan) Rules, 2008 so as to guide the Village Panchayats in preparation of Annual Action Plans.

In this connection, it is observed that Panchayat had not prepared any plans so far for preparation of Annual Action Plan which is contrary to the provision of the Panchayat Raj Act.

## 20) FUNCTION OF THE GRAM SABHA

1. The Village Panchayat should constitute two Supervisory Committees as per the section 6 (2) of the Goa Panchayat Raj Ac / Rules to supervise the Panchayat works, Schemes and other activities. The committees should submit their report to the Panchayat and place the copy of the report in the Gram Sabha Meeting for an appropriate decision.
2. As per Section 6 (8) of the Act ibid, the Panchayat should constitute two or more Ward Development Committees for keep proper on development activities of wards.
3. As per Section 6 (3) of the Act ibid, the Government should constitute Vigilance Committee to oversee the different works/schemes and other activities of the Panchayat.

## 21) GENERAL

As per the system in vogue, the Block Development Officer (BDO) should conduct at least three inspections and Extension officer VP (EOVP) five of the Village Panchayat.

<b>a) <u>Inspections</u></b>	<b>B.D.O.</b>	<b>E.O.(VP)</b>
i) Prescribed	03	05
ii) Actually carried out	Nil	01

Non-compliance of above requirement may be justified and in future B.D.O. /EO (V.P.) should ensure that the prescribed numbers of inspections are carried out at regular intervals in order to have control over the Administration of the Panchayat.

- b) The B.D.O. should also ensure to take appropriate action on the following points:

As per Rule 4 (3) of the Goa Panchayat (Accounts, Audit and Custody of Funds) Rule 1997, the Secretary shall furnished the security bond in such a form and for such an amount as may be prescribed by the Director of Panchayat.

- c) As per Section 113 (1) of the act, the salary and allowances of the Secretary shall be drawn from the Panchayat funds.
- d) Panchayat Secretary shall maintain the personal cash register in terms of Circulars No. ACB/Vigilance/404/1066 dated 22/03/2004 from Vigilance Department, Panaji.
- e) As per Section 5(i) and (ii) of the Act, there shall be minimum 4 (four) each ordinary and special Gram Sabha meetings of the Panchayat during every year. Action at b (i), (ii) & (iii) should be initiated and compliance should be reported to Audit.

Despite recording the observation during the last inspection report compliance to the previous audit, observations are still awaited. Rigorous efforts should be made to comply with the audit observations without further delay.

## DISCLAIMER

ANNUAL AUDIT REPORT ON ACCOUNTS OF THE VILLAGE  
ANCHAYAT "Pirna" IN BANDEL  
BLOCK FOR THE YEAR 2017-18  
PART-I

**A. Name of the Sarpanch/Dy. Sarpanch:-**

Sr.No	Name of the Sarpanch	Fr.	To
1	Smt. Mita M. Naik	01/04/2017	31/03/2018

**B. Name of the Secretary :-**

Sr.No	Name of the Secretary	Fr.	To
1	Shri. Arvind Palani	01/04/2016	07/03/2017
2	Shri. Mariano Baretto	08/05/2017	12/01/2018
3	Shri:- Arvind Palani	13/01/2018	31/03/2018

**C. Names & Designation of audit parties**

Sr.No	Names of the audit parties	Designation
1	Shri. Khan Gande	Dy. D.A. Naik.
2	Shri. Deepak K. Velip	A.A.O.
3	Shri. Milind Bodke	A.C.
4	Shri. Supresh S. Naik	A.C.

**D. Date of Audit :-** From :- 14/08/2018 to 16/08/2018

**E. Period covered during the Audit :-** From:- 01/04/2017 to 31/03/2018

**PART - II - INTRODUCTORY**

The audit on Accounts of the Village Panchayat "Pirna" in Bandel Block for the year 2017-18 was conducted from 14/08/2018 to 16/08/2018 as per the Circular No. 30/7/75F in(Bud) dated 21/08/1996 from Finance (Budget) Department, based on the records furnished by the Panchayat.

The Village Panchayat "Pirna" was sanctioned the following types of grants/funds during the year 2017-18. The details of the same are given below:

Sr.No.	Type of Grants	Amount
1	H.P.E.G.S	Rs. 2,70,000/-
1	Member Salary	Rs. 2,70,000/-
2	Staff Salary	Rs. 7,58,679/-
3	Matching Grants	Rs. 3,46,429/-
4	Carriage Grants	Rs. 1,50,000/-
5	XIV Finance Grants	Rs. 3,87,242/-
	<b>Total</b>	<b>Rs. 2,70,000/-</b>
		<b>8,00,2,410/-</b>

**PART - III**

The Village Panchayat shall maintain its records in the Form I to IV (or Rule 26, 27 (a) and 25 of the The Panchayat ( Accounts, Audit & Control ) Rules 1997), comprising particulars of Income & Expenditure for all grants, received i.e. Administrative & Development Grants.

#### **i) SUMMARY OF THE ACCOUNTS**

Total Receipts for the year 2017-18	Rs. 24,01,830-00
Total Expenditure for the year 2017-18	Rs. 13,81,101-40

Total Funds available with the Panchayat as on 31/03/2018 are as detailed below:

S. No.	Total Funds available as on 31/03/2018	Amount
1	Government Grants	Rs. 10,36,038-00
2	NGO (ARBOSS)	Rs. 28,291-00
3	Bank Grants	Rs. 0-00
4	EMI	Rs. 83,87-00
5	S.D.	Rs. 82,483-00
6	Income Tax	Rs. Nil
7	VAT (Sales Tax)	Rs. Nil
8	Royalty	Rs. Nil
9	No. VAT on Royalty	Rs. Nil
10	Labour Cess	Rs. Nil
11	Panchayat Fund	Rs. 10,62,387-01
	Total	Rs. 48,92,488-01

#### **ii) Details of Utilized / Unutilized Grants**

The statement showing details of grants as on 31/03/2018 are as follows:

S. No.	Name of the Grants	Previous Balance	Grants Sanctioned 2017-18	Amount Utilised during the year 2017-18	Balance as on 31/03/2018
1	V.P. Member Salary	2,45,880-00	2,70,000-00	2,39,700-00	2,70,160-00
2	Staff Salary Grants	5,37,631-00	7,08,679-00	6,78,192-00	5,68,118-00
3	XIII <sup>th</sup> Fin. Comm.	1,73,631-00	-	-	1,73,631-00
4	XIV <sup>th</sup> Fin. Comm.	4,47,524-00	3,07,242-00	-	7,54,766-00
5	GLA Grants	15,23,723-00	-	-	15,23,723-00
6	Golden Jubilee Grants	1,01,694-00	-	-	1,01,694-00
7	Garbage Grants	1,85,553-00	1,00,000-00	49,007-00	2,36,546-00
8	Matching Grants	-	3,46,489-00	3,46,489-00	-

Total I	32,15,616=00	17,32,410=00	13,13,388=00	36,34,638=00
<b>II - DRDA/RDA</b>				
NREGS	1,02,768=00	2,70,000=00	3,44,475=00	28,293=00
<b>Library Grants</b>				
Library Grants	610=00	-	-	610=00

It can be seen from above table that grants of Rs.1,73,631/-, Rs.7,54,766/-, Rs.15,23,723/-, Rs.1,01,694/- & Rs.2,36,546/- received under XIIIth Finance, XIVth Finance, GIA, Golden Jubilee & Garbage are remain unutilized in the Panchayat fund ( in Saving Bank Accounts) instead of utilizing the same for the purpose for which these were given. The same may be utilize after obtaining extension of time limit, or may be refunded back to the grant sanctioning authority immediately. Despite observations to this effect in the past, no timely action has been taken by the Panchayat to utilize the grants. The Directorate of Panchayat may evolve a mechanism to ensure that utilization certificates in respect of grants released for specific purposes are furnished by the grantee institution in time.

Action taken in this regard will be verified during next audit

### iii) VARIATION BETWEEN BUDGET ESTIMATE AND ACTUAL

#### A) INCOME

ORIGINAL BUDGET ESTIMATES	REVISED BUDGET ESTIMATE	ACTUAL INCOME	SHORT
51,64,500=00	-	24,01,930=00	27,62,570=00

#### B) EXPENDITURE

ORIGINAL BUDGET ESTIMATES	REVISED BUDGET ESTIMATE	ACTUAL EXPENDITURE	SHORT
50,53,000=00	-	15,91,101=40	34,61,898=60

Although it was told earlier that, if in the course of the financial year, Panchayat finds it necessary to revise the provision made in original budget, it may revise based on the available trends of actual. This has not done. There was need to revise the Budget Estimates based on comparing the original Budget prepared for the year 2017-18 to avoid variations between the budget and actual Income and expenditure. The secretary has projected his ignorance in preparing realistic budget. This may be noted and in future and budget may be prepared in realistic manner in order to avoid variations.(i) The Budget estimate of a Panchayat shall be prepared by the Secretary in Form No. II appended to these rules not later than

15th February and forwarded to the concerned Block Development Officer not later than the 1st of March. (ii) Suitable minor and detailed heads may be added to the Budget heads as specified in Form No. 11 as may be necessary with the approval of the concerned Block Development Officer in consultation with the Director of Accounts. (iii) A copy of the revised and Supplementary Budget Estimates shall be forwarded to the Director within 15 days of its approval by the Panchayat. (iv) All budget estimates, original, revised and supplementary shall be passed before the Financial year to commence on the first day of April next following and the budget as passed by the Panchayat shall be forwarded to the Zilla Panchayat.

#### PART – IV – COMMENTS ON TRANSACTION

Section A:- Outstanding audit paras from previous Audit Report in brief.

Year	Paras B/F	Paras Settled	Paras Outstanding	Subject in brief
1997-98	01	--	01	Para 5 – Electrical Materials.
1998-99	01	--	01	Para 5 – Works
2011-12	01	--	01	Para 10 – Works
2016-17	21	20	01	Para-16 - Excess Expenditure over prescribed limit. Remaining 20 Para's are dropped as the same are commented in current audit wherever required.
<b>Total</b>	<b>24</b>	<b>20</b>	<b>04</b>	

There are 04 outstanding paras are remained unsettle. The VP Secretary is required to submit appropriate replies to above outstanding para in order to settle the paras once for all. Progress made may be intimated.

#### Part -III-CURRENT –AUDIT

##### 1) CASH BOOK

The Cash book is checked during the course of audit. The closing balance as per the cash book as on 31/03/2018 is Rs. 48,92,488=01 (Rupees forty eight lakhs ninety two thousand four hundred eighty eight and paisa one only)

The details of the closing balance as per the Cash Book as on 31/03/2018 are as follows:-

i)	Closing balance as per the Goa State Co-op Bank Ltd. A/c No. 03420300001      Rs. 14,99,478=87 Less: Cheque issued not realized Rs. 4,000=00	
<b>Closing balance as per Cash Book</b>		<b>Rs. 14,95,478=87</b>

ii)	Closing balance as per the Goa State Co-op Bank Ltd. A/c No. 0342030000102	
	<b>Closing balance as per Cash Book</b>	<b>Rs. 610=00</b>
iii)	Closing balance as per the Goa State Co-op Bank Ltd. A/c No. 00342030000127	
	<b>Closing balance as per Cash Book</b>	<b>Rs. 28,293=00</b>
iv)	Closing balance as per the Goa State Co-op Bank A/c No. 00342030000070 Balance as per pass book      Rs. 6,23,788.00 Add: Unreconciled amount of Previous year (2009-10) <u>Rs. 16,669.00</u> Rs. 6,40,457=00	
	<b>Closing balance as per Cash Book</b>	<b>Rs. 6,40,457=00</b>
v)	Closing balance as per the Goa State Co-op Bank A/c No. 00342030000185	
	<b>Closing balance as per Cash Book</b>	<b>Rs. 60,444=00</b>
vi)	Closing balance as per the State Bank of India A/c No. 31662449055	
	<b>Closing balance as per Cash Book</b>	<b>Rs. 16,17,215=50</b>
vii)	<u>FDR,S:-</u> a) Goa State Co-op Bank A/c No. 432/64      Rs. 5,84,351=00 b) Goa State Co-op Bank A/c No. 432/65      Rs. 2,77,175=00 c) Goa State Co-op Bank A/c No. 432/66      Rs. 1,88,364=00	<b>Rs. 5,84,351=00</b> <b>Rs. 2,77,175=00</b> <b>Rs. 1,88,364=00</b>
viii)	Cash in hand	<b>Rs. 99=64</b>
	<b>Total Closing balance as per Cash Book as on 31/03/2018</b>	<b>Rs. 48,92,488.01</b>

After reconciliation, the above bank closing balances as per cash book are found to be tallied with the closing balances as per the bank figures as on 31/03/2018.

#### B- MAJOR IRREGULARITIES

NIL

#### B II OTHER IRREGULARITIES

1. Bank reconciliation statement is not prepared and recorded in the cash book at the end of each month.
2. Vouchers are not cancelled by endorsement paid and cancelled.
3. Overwritings/Cancellations/Corrections made in the cash book are not attested by the competent authority.
4. The amount paid to Shri Prashant S. Naik towards cleaning of Well vide voucher No. 135 dt. 1/10/2016 Rs. 40,000/- the TDS on this bill has not

- been deducted by the Panchayat. Till date no compliance submitted by VP as such Para stands.
5. Many receipts found cancelled during the year 2016-17. Some are however not cancelled by drawing a line through them and writing "Cancelled". Such cancellation should be attested by the Secretary and the Sarpanch.
6. Each entry is not attested.
7. The Village Panchayat has not maintain the mandatory registers like Pay Bill Register, Asset & Property Register and Dead Stock Register.

## 2) RDA ACCOUNTS

i) MGNREGS: The following are the details position of MGNREGS Dena

Bank A/C No. 0642050000127

i)	Opening balance for 2017-18	Rs. 1,02,768=00
ii)	Grants rec. during the year 2017-18	Rs. 2,70,000=00
iii)	Add:-Interest Accrued during the year 2017-18	Rs. Nil
iv)	Less:- Expenditure incurred during the year 2017-18	Rs. 3,44,475=00
	<b>Closing balance for the year.....2017-18</b>	<b>Rs. 28,195=00</b>

The above closing balance is found to be tallied with the closing balance as per the cash book as on 31/05/2018.

The Scrutiny of RDA account in audit is only to confirm the closing balance figures only. The audit of the RDA account is carried out by the office of the District Rural Development Agency, Panaji-Goa.

ii) LIBRARY GRANTS: The following are the details position of GGSY

State bank Of India A/C No. 0642050000102

i)	Opening balance for 2017-18	Rs. 610=00
ii)	Grants rec. during the year 2017-18	Rs. Nil
iii)	Add:-Interest Accrued during the year 2017-18	Rs. Nil
iv)	Less:- Expenditure incurred	Rs. Nil
	<b>Closing balance for the year.....2017-18</b>	<b>Rs. 610=00</b>

The audit of library A/C is carried out by the office of Directorate of Art & Culture, Panaji-Goa.

## 3) TAXES

The following statement showing the Arrears Current Demand Collection and Balance for the period from 01/04/2017 to 31/03/2018.

Sr. No.	Nature of taxes	Arrears Demand	Current Demand	Total Demand	Collection of taxes	Balance of taxes
1	House tax	1,99,645=00	1,55,773=00	3,55,418=00	1,10,540=00	2,44,878=00
2	Light	21,038=00	7,957=00	28,995=00	5,292=00	23,703=00

	tax					
3	Proff. tax	1,00,205=00	47,015=00	1,47,220=00	31,930=00	1,15,290=00
4	Bicycle tax	16,596=00	890=00	17,486=00	10=00	17,476=00
5	Bullock Cart tax	1,864=00	180=00	2,044=00	-	2,044=00
	Total	3,39,348=00	2,11,815=00	5,1,163=00	1,47,772=00	4,03,391=00

Panchayat has collected an amount of Rs.1,47,772=00 towards the various taxes during the year 2017-18. The tax collection is only 27% out of total demand. The position of the Panchayat in respect of collection of taxes is not satisfactory. The lethargic nature of the Village Panchayat in recovering of Taxes has resulted in accumulation of these arrears. The Panchayat failed to give due attention in collecting of revenue as well as accumulated arrears. The overall arrears of taxes are mounting year by year. As specially House Tax, Professional Tax and Light Tax As per Sub-Section (3) of Section 154 of the Goa Panchayat Raj Act, 1994, VPs are empowered to issue notices to defaulter of taxes and revenue arrears and levy 10% penalty to outstanding arrears recoverable under Sub- Section (4). Thus it was observed that provisions of Panchayat Raj act have been violated due to failure to recover the arrears. Therefore, the VP is required to take remedial action for recovery of all outstanding taxes along with the prescribed penalty from the defaulters and revision of taxes as well.

Progress made in this regard may be stated.

#### 4) RENT:-

The Panchayat has leased out five premises on rental basis and collected an amount of Rs. 40,000/- as rent during the year 2017-18.

The details of the rent are as follows.

Sr. No.	Name of the Premised	Arrears	Current Demand	Total	Collection	Balance
1	V.K.S. Sty. Pirna	12,432=00	-	12,432=00	-	12,432=00
2	Goa State Co-operative Bank, Pirna	6,180=00	48,000=00	54,180=00	40,000=00	14,180=00
	Total	18,612=00	48,000=00	66,612=00	40,000=00	26,612=00

The Rent collected is 60% out of total demand. The position of the Panchayat in respect of collection of Rent is satisfactory.

The Secretary of the Village Panchayat shall recover or cause to be recovered the rent or any other dues imposed or levied by the Village Panchayat. In reply it is stated that, the demand notices have been issued for recovery of arrears but no response found from the defaulter's. Further course of action under prescribed provisions of GPRA will be initiated against the defaulter's. Progress will be intimated to audit.

5) **CONSTRUCTION ACTIVITIES/CONSTRUCTION LICENCES**

V.P. Sarpanch had certified vide certificate No. V/P/PIR/BAR/Cer/2017-18/347 dated 14/08/2018 that he has not issued any type of construction licenses during the year 2017-2018.

1) **ILLEGAL CONSTRUCTION:**

V.P Sarpanch certified vide certificate No. V/P/PIR/BAR/I.Cer/2017-18/348 dated 14/08/2018. That the Panchayat has detected 08 illegal constructions during the year 2017-2018. The details of illegal construction cases are as follows

1) Nos. of Illegal Construction cases on 01/04/2017	09
2) Illegal Construction cases detected during the year 2017-18	08
3) Nos of illegal construction cases settled/ disposed during the year 2017-18	-
<b>Total cases pending for settlement upto 31/03/2018</b>	<b>17</b>

As per the provision of Section 66 of the Goa Panchayat Raj Act, 1994 no person shall erect any building or alter or add any existing building or reconstruct any building without the written permission from Panchayat and payment of fees. However, it is noticed that, the houses are constructed without obtaining VP's permission. There are 09 cases of illegal constructions in the Village Panchayat as on 31/03/2017. Non regularization of above illegal constructions under section 66 (2) resulted in loss of revenue of the Panchayat. The Village Panchayat should take corrective action by exercising the powers available under the Goa Panchayat Raj Act, 1994 in the matter immediately. Action taken and result thereof may be intimated to audit.

6) **RECEIPT BOOK STOCK REGISTER**

A register of Receipt Book shall be maintained in Form No. 5 and shall be kept with the stock of new and returned Receipt Books under lock and key on the responsibility of the Secretary. The receipt books must be kept under lock and key in the personal custody of the officer authorized to sign the receipt on behalf of the Government. Before the receipt book is brought into the use, the number of forms contained therein shall be counted and the result recorded in a noticeable place in the book over the signature of the government office in charge of the book. Counterfoils of the used receipt book shall be kept in his personal custody. The receipt book stock register were checked during the course of audit and last receipt no. 220/57 dated 31/03/2018.

7) **REGISTER OF PROPERTIES AND ASSETS**

All property vested in the Panchayat shall be entered in a Register of Properties and Assets in Form No. 6. In addition to all items of furniture and other equipment, this register shall contain a list of buildings, land Manual of Goa Laws (Vol. III) -789- Panchayat Raj Act & Rules and the like which is vested in the

Panchayat. Whenever any property is acquired or disposed of it shall be entered in the Register of properties and Assets. . Secretary stated that the register of Property & Assets will be maintained in all respect and shown to next audit.

**8) REGISTER OF CONDITIONAL GRANTS SANCTIONED DURING THE YEAR**

A Register shall be maintained in Form No. 9 for record of conditional grants given for special and specific purpose under section 160 of the Act or under any special orders and expenditure there from.

**9) REFUND OF E.M.D AND S.D.**

It has been seen that the V.P. has a balance of Rs. 0.83 lakhs as E.M.D and Rs. 0.82 lakhs S.D. as on 31/03/2018. As per the section 19 of C.P.W.D. Manual 2007, the E.M.D given by the contractors except the successful contractor should be refunded immediately after completion of opening of tender process or within a week time from the date of opening the tender. It may please be stated whether any action has been initiated to refund/ forfeit the EMD's /SD's which is lying with the Panchayat for more than three years. If not than the unclaimed EMD's and S.D.'s lying with Panchayat for more than three years may be treated as lapse deposits and accordingly forfeited to the Panchayat account.

**10) LABOUR CESS**

As per the rules, all the Government Departments, local bodies PSU's and other Govt. agencies carrying out the building and other construction works under the act shall get themselves register under section 7 of the Act with the registering authority of the labour Department. Such institutions are required to mandatorily deduct 1% of the total cost from the bills at the time of making payment to the contractors. The VP before remitting the amount of cess to the Goa Building & Other Construction Workers Welfare Board can deduct 1% of the total Cess amount collected for their administrative expenses.

**11) MONTHLY AND ANNUAL ACCOUNTS**

Every Panchayat shall, at the end of each month as well as at the end of the year, prepare an Account in Form No.10 showing the receipts and payments classified under the several Heads of Account contained in the Budget Estimates. The totals of the details under each head of receipt and payment as given in account shall agree with the figure under the same heads in the General Ledger. The details of the balance in the office and in the Bank shall be separately shown in the account and a certificate that the closing balance as shown in the accounts has been compared with that shown in the cash book and the Bank Pass Book, Certificate, and found to be correct shall be appended to the account. A memo explaining the differences, if any, shall also be attached to the certificate. Certificate showing the 'Monthly Closing Balance' in the Account shall be obtained and kept on record. The Pass Book of the Bank shall be under the lock and key of the Secretary. He shall examine the Pass Book/Certificates from time to time and shall immediately call the attention of the Bank to any discrepancy that may appear. This may be noted for future guidance.

**12) RESERVE FUND FOR STAFF RETIRMENT BENEFITS:**

The Goa Panchayat Raj (Application of Panchayat or ZillaPanchayat funds Coordination & Limitation) Rules 2006 which came into force vide Notification No. 34/DA/PAN/2P/2006 dated 03/11/2006 and as per Rule 4 of Goa Panchayat Raj Rules 2006, every Panchayat shall reserve 2.5% of their income as reserve fund for contributory Provident fund, Pensionery Benefits etc to the staff working in the Village Panchayats . However, It is seen that no such funds have been created nor any efforts have been made to implement the above scheme . Failure to create Reserve Fund is against the provision of the Panchayat Raj Act. Action taken in the matter may be intimated to audit.

**13) VIOLATION OF STATUTORY PROVISION TOWARDS PROVIDENT FUND BENEFITS:**

As per para 5 of order No. 35/OP/PAN/EMP/2000 dated 06/03/2003 published in the official Gazette Govt. of Goa, it is stated that permanent employee shall be entitled for the benefits of employees Provident Fund. The amendment of the said order was published in the official gazette of Govt. of Goa under No. 35/DP/PAN/EMP/2006 dated 25/01/2007 under the title Goa Panchayat (staffing pattern , Scale of Pay & mode of recruitment of staff of Panchayats first Amendment ) order , 2006 Clause 5 stated that permanent employee of the Panchayat shall be entitled for EPF, Gratuity, Pensionary benefits etc. Also, the circular No. 19/33/DA/PAN/STAFF/PAN/05/3947 dated 18/11/2005 and No.19/31/DA/STAFF/09/3937 dated 21/10/2009 issued guidelines about implementation of Provident Fund, Gratuity, Pensionary Benefits, etc. to the permanent staff of the Panchayats. However, it was noticed that except Village Panchayat Secretary, no recoveries or provision towards provident fund and benefits have been made applicable to other regular staff of the Panchayats. Non-recovery of provident fund from the monthly salaries of the regular staff amounts to violation of Employees Provident Funds regulations.

Appropriate action may be taken & result may be intimated to audit.

**14) NON FILING OF E-TDS RETURNS WITH INCOME TAX DEPARTMENT & ASSESSING OF STAFF**

It may be noted that every employer (DDO) should deduct Income Tax at source in monthly instalment on salaries disbursed by him, and accordingly quarterly TDS returns for the recovery of Income Tax has to be filed online on quarterly basis, which has made mandatory by the Income Tax Department. Further, the final adjustment of Income Tax should make from the last salary payable before the end of the March. Whereas, in your case it is observed that no Income Tax has been deducted nor it is feel compulsory to do so. Any fine /penalty levied by the Income Tax Department on late payment have to be borne by the person responsible for late remittance.

**15) AUCTION**

The Panchayat had leased out its right for the collection of Jatra fees for the period from 24/11/2017 to 24/11/2018. The said auction details as published at

prominent places by Notice no. VP/PIR/BAR/17-18/Auction/505 dated 12/10/2017 and to be held at 10:30 am in the office of VP Pirna.

The initial amount of bid was fixed at Rs.25,700/- . In response to above only one bidder was present at the time action. As such Sarpanch postponed the action and fixed another date i.e. 27<sup>th</sup> oct. 2017 at 10:30 a.m. in the office of V.P. Pirna.

The second time initial bid amount was fixed at Rs.20,000/- , in this regard two bidders were participated in the action. The highest bid amount of Rs.21,000/- in respect of Shri Dicky D'sousa, was accepted by the Panchayat. The bidder had paid Rs. 21,000/- vide receipt No 16/218 dated 27/10/2017.

However, it is seen that, the amount of Rs.2000/- is pending from earlier bidder i.e. Shri. Raghuvir Naik, for the year 2016-17 (period 10/11/2016 to 31/10/2017). Same may be recovered from concern party and shown to the next audit.

#### **16) SURETY BOND OF V.P. SECRETARY**

The V.P. secretary is handling cash transactions of the village Panchayat , however, the mandatory security/Surety bond as per Rule 275 of GFR and Rule 4 (3) of the Goa Panchayat (Accounts, Audit and Custody of Funds ) Rule 1997 has not been furnished by the secretary. As per sec. 113-A(x) of the Goa Panchayat Raj Act, 1994 the Secretary is responsible for safe custody of Panchayat Fund, Assets of Panchayat and all the register maintained by the Panchayat. The Director of Panchayats may also demand a security from such persons as are actually in charge of cash transaction of a Panchayat.

#### **17) WORKS**

The Panchayat has not undertaken any developmental works during the financial year 2017-18.

#### **18) FINANCIAL POSITION OF THE PANCHAYAT DURING THE YEAR 2017-18**

The Panchayat is having an amount of Rs.10,62,587=01 in their Panchayat Fund Account as on 31/03/2018. This shows that the financial position of the Panchayat is satisfactory during the year. However, Panchayat should make sincere efforts to recover the amount of arrears of Taxes / Rents along with prescribed penalty form the defaulters, in order to strengthen the financial position of the Panchayat.

#### **19) ANNUAL ACTION PLAN**

As per section 238 of Goa Panchayat Raj Act, 1994 the VP is required to submit their annual action plans to the ZillaPanchayat, who is in turn would consolidate and forward the same to District Planning Committees for the development work to be undertaken during the next financial year. Further, Government of Goa has framed Rules under Goa Panchayat (Constitution, Power and Functions of Ward Development Committees and preparation of Annual Development Plan) Rules, 2008 so as to guide the Village Panchayats in preparation of Annual Action Plans.

In this connection, it is observed that Panchayat had not prepared any plans so far for preparation of Annual Action Plan which is contrary to the provision of the Panchayat Raj Act.

## 20) FUNCTION OF THE GRAM SABHA

1. The Village Panchayat should constitute two Supervisory Committees as per the section 6 (2) of the Goa Panchayat Raj Ac. / Rules to supervise the Panchayat works, Schemes and other activities. The committees should submit their report to the Panchayat and place the copy of the report in the Gram Sabha Meeting for an appropriate decision.
2. As per Section 6 (8) of the Act ibid, the Panchayat should constitute two or more Ward Development Committees for keep proper on development activities of wards.
3. As per Section 6 (3) of the Act ibid, the Government should constitute Vigilance Committee to oversee the different works/schemes and other activities of the Panchayat.

## 21) GENERAL

As per the system in vogue, the Block Development Officer (BDO) should conduct at least three inspections and Extension officer VP (EOVP) five of the Village Panchayat.

<u>a) Inspections</u>	<u>B.D.O.</u>	<u>E.O.(VP)</u>
i) Prescribed	03	05
ii) Actually carried out	Nil	01

Non-compliance of above requirement may be justified and in future B.D.O. /EO (V.P.) should ensure that the prescribed numbers of inspections are carried out at regular intervals in order to have control over the Administration of the Panchayat.

- a) The B.D.O. should also ensure to take appropriate action on the following points:

As per Rule 4 (3) of the Goa Panchayat (Accounts, Audit and Custody of Funds) Rule 1997, the Secretary shall furnished the security bond in such a form and for such an amount as may be prescribed by the Director of Panchayat.

- c) As per Section 113 (1) of the act, the salary and allowances of the Secretary shall be drawn from the Panchayat funds.
- d) Panchayat Secretary shall maintain the personal cash register in terms of Circulars No. ACB/Vigilance/404/1066 dated 22/03/2004 from Vigilance Department, Panaji.
- e) As per Section 5(i) and (ii) of the Act, there shall be minimum 4 (four) each ordinary and special Gram Sabha meetings of the Panchayat during every year. Action at b (i), (ii) & (iii) should be initiated and compliance should be reported to Audit.

Despite recording the observation during the last inspection report compliance to the previous audit, observations are still awaited. Rigorous efforts should be made to comply with the audit observations without further delay.

## DISCLAIMER