

**ANNUAL AUDIT REPORT ON ACCOUNTS OF VILLAGE PANCHAYAT VERLA CANCA IN BARDEZ
BLOCK FOR THE YEAR 2015-2016**

P Verla - 1857
Inward No. 12/02/17
Date
Signature

PART -I

- A) Sarpanch:- 1) Shri. MOHAN V DABHALE - 01/04/2015 to 16/11/2015
2) Milton O. Marques - 17/11/2015 to 31/03/2016
- B) Secretary :- 1) Shri. RAMESH SHIVA SAWANT - 01/04/2015 to 30/09/2015
2) Shri. ROHAN NAIK - 01/10/2015 to 06/01/2016
3) Shri. SubhashKambli - 07/01/2016 to 09/03/2016
4) Shri. Lency O. Julio - 09/03/2016 to 31/03/2016

C. Names & designation of audit parties

Sr.no	Names of the audit parties	Designation
1	Shri:- KisanGaude	Dy. D.A./Insp.
2	Shri:- Uday Naik Madkaikar, Holding Additional Charge	A.A.O.
3	Shri:- Anil D. Volvoikar	H.C.
4	Shri:- Supresh S. Naik	A.C.

D. Date of Audit :- From :-04/08/2016 to 05/08/2016

E. Period covered during the Audit :- From:- 01/04/2015 to 31/03/2016

PART -II- INTRODUCTORY

The audit on account of the Village Panchayat Verla-Canca in Bardez for the year 2015-2016 was conducted from 4th & 5th/8/ 2016 as per the Circular No. 30/7/75/Fin(Bud) dated 21/8/1996 from finance (budget) Department, based on the records furnished by the Panchayat.

The Village Panchayat was sanctioned the following types of Grants during the year 2015-2016 as are under.

- | | |
|----------------------|----------------------|
| 1. V.P Member Salary | Rs . 567000=00 |
| 2. V.P Staff Salary | Rs. 678624=00 |
| 3. Matching Grants | Rs. 850000=00 |
| 4. GIA | Rs. 1995213=00 |
| 5. XIVth Finance | Rs. 271244=00 |
| 6. Child Committee | Rs. 10000=00 |
| 7. Garbage grants | Rs. 100,000=00 |
| 8. DRDA | <u>Rs. 200000=00</u> |

Total Rs. 4672081=00

PART-III-

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

i) **Summary of Accounts**

Total receipts for the year 2015-16 Rs.6617624/-

Total expenditure for the year 2015-16 Rs.4509092/-

Total funds available with the Panchayat as on 31/3/2016 is

1. Government Grants	<u>Rs.1516370=00</u>
2. DRDA Grants	<u>Rs. 23501=92</u>
3. Library Grant	<u>Rs.</u>
4. E.M.D	<u>Rs. (-)691=00</u>
5. Security Deposit	<u>Rs. 119098=00</u>
6. Income Tax	<u>Rs. 15880=00</u>
7. Sales Tax/Vat	<u>Rs. 79398=00</u>
8. Royalty	<u>Rs. 3913=00</u>
9. Cess	<u>Rs. 10422=00</u>
10. Any other Grants TCS	<u>Rs. 25=00</u>
11. Panchayat Funds	<u>Rs. 487233.83</u>
Closing balance as on 31/03/2016	<u>Rs. 2255150=75</u>

i) **Details of utilized/unutilized Grants**

The statements showing details of Grants as on 31/03/2016 are as follows.

Sr No.	Name of the Grants	Previous Balance	Grants Sanctioned during 15-16	Amount utilized during the year	Balance as on 31/03/2016
	I-ADMINISTRATIVE/ GOVT GRANTS				
1	V.P Staff Salary	-	678624=00	678624=00	-
2	V.P Member Salary	-	567000=00	535500=00	31500=00
3	Matching Grants	-	850000=00	850000=00	-
4	G.I.A	215371=00	1995213=00	1142582=00	1068002=00
5	Golden Jublee Grants	45431=00	-	-	45431=00
6	XIII Finance Commission	90193=00	-	-	90193=00
7	XIV Finance Commission	-	271244=00	-	271244=00
8	Garbage grants	100000=00	100000=00	200000=00	
9	Child Committee	-	10000=00	-	10000=00
	TOTAL I	450995=00	4472081=00	3406706=00	1516370=00
	II- DRDA/RDA				
1	MGNREGA (DRDA)	30858=92	200000=00	208260=00	23501=92

			(int) 903=00		
	Grand total I+II	30858=92	200903=00	208260=00	23501=92

UTILISATION CERTIFICATE

The Village Panchayat should ensure that the utilisation certificates in respect of grants utilised should be furnished to grants sanctioning authority in due course of time. In case the grants are not utilised within the stipulated time period then the Panchayat should obtain extension of time limit from grant sanctioning authority otherwise same should be refunded back to the grants sanctioning authority.

ii) **Variation Between Budget Estimates and Actual**

a) **Income Side**

Original Budget	Revised Budget	Actual Income	Short/Excess w.r to original Budget
5894000=00	-	6617624=00	(-) 723624=00

b) **Expenditure Side**

Original Budget	Revised Budget	Actual Income	Short/Excess w.r to original Budget
5666000=00	-	4509092=00	1156908=00

On comparison Original Budget with Actual Income and Expenditure, it is seen that there are huge shortfall on Income and Expenditure side. Panchayat also failed to revise the budget. The same may be noted and Budget may be prepared in realistic manner.

PART-II

Outstanding audit observation from previous audit report

Year	Para's outstanding	Para's settled	Balance	Brief Description of para's
1983-84	01		01	Para -5- works RTS
1984-85	01		01	Para -5- works RTS
1990-91	01		01	Para-5- works RTS
1993-94	01		01	Para-3- works
1995-96	02		02	Para 7 purchase of electrical material Para 10 development charges on telephone and electricity
1996-97	02		02	Para 7- electrification and maintenance Para 9 departmental works
1997-98	02		02	Para -8- works Purchase of Electrical items

1999-00	01		01	Para-8- Purchase of electrical goods
2000-01	01		01	Para-4- Financial Power
2004-05	01		01	Para-7- Budget Excess expenditure.
2005-06	01		01	Para 2 vouchers for Rs 10,000/- It is stated that Rs 10000 has been recovered vide receipt no 64/13 dated 17/7/2015 some may be verified during 2015-16 audit and para may be dropped.
2011-12	03		03	Para 9 -Works sub para 6 maintained Para -11 -Payment of Advocate fee Para 12 -Financial power
2013-14	01	-	01	Works -sub para IV maintained for recovery of sales tax.
2014-15	12	12	-	All 12 paras are dropped and committed in current audit whenever are required
Total	30	12	18	

Inspite of specific observations made in last audit report, no action has been taken for compliance of observations raised till date.

It is seen that the Panchayat had neither seen the long pending paras nor the efforts made to settle the above para's for year's together. Immediate action to comply the long pending paras should be taken and compliance should be reported to audit.

It is once again regretted to put on records that the audit observations right from the period form 1983-84 though of very serious nature have been still left unattended. Efforts should be made to clear the outstanding audit observations for maintaining the credibility of Panchayat.

B CURRENT AUDIT

1. **Cash book** : The cash book is checked during the course of audit. The closing balance as per the cash book is shown as Rs.2255150=75.
The details of the closing balance are as follows:-

i) The State bank of India
A/c No 11020172985

Rs2147627=83

ii) Closing balance as per the
Indian overseas bank
A/c No 251402000000

Rs67885=00

iii) Closing balance as per the
State bank of indiaRs 23501=92
Ac/No 10206867613

iv) Cash in hand

Rs16136=00

TOTAL CLOSING BALANCE AS PER THE

After verification the Bank closing balance as per the cash book is found to be tallied with the closing balance as per the bank certificates as on 31/3/2016.

B MAJOR IRREGULARITIES

- i) Vouchers are not cancelled by endorsement "Paid & Cancelled."
- ii) Thumb impression on vouchers are not authenticated by the Sarpanch.
- iii) Due & drawn statement enclosed to the salary bill is found not in order.

B-II OTHER IRREGULARITIES

- i) Each entry in the cash book is not attested

2.RDA ACCOUNT (STATE BANK OF INDIA A/C NO 10206867613)

The following is the statement showing DRDA MGNREGA account for the period from 1/4/2015 to 31/3/2016

Opening balance as on 31/3/2015	Rs 30858=92
Add Interest accrued	Rs 903=00
Add Grants received	Rs200000=00
Less Expenditure incurred	Rs 208260=00
Closing balance as per the RDA account as on 31/3/2016	Rs 23501==92

After verification it is found that the above closing balance as per the RDA account fund to be agreed with the bank figure.

The scrutiny of RDA account is only to confirm the closing balance figure only. The Audit of RDA account is carried out by the office of District Rural Development Agency, Panaji Goa.

4.TAXES

The statement showing the detailed position of Arrears demand, current demand, total demand, collection and balance of taxes period from 1/04/2015 to 31/3/2016.

Sr No	Nature of Taxes	Arrears Demand	Current Demand	Total Demand	Collection as on 31/3/2016	Balance as on 31/3/2016
1	House tax	1589098	1052649	2641747	720420	1939327
2	Light tax	87014	54700	141714	39792	101922
3	Proff. Tax	560903	289650	850553	171800	678753
4	Cycle tax	1585	500	2085	20	2065
	Total	2238600	1397499	3636099	914032	2722067

The Village Panchayat has collected an amount of Rs.914032 (Rupees nine lakhs fourteen thousandthirty two only) towards various taxes during the year 2015-2016. The tax collection is only 25% out of total demand. The position of the Panchayat in respect of

Collection of tax is not satisfactory. Efforts should be made to collect the balance arrears along with penalty and compliance should be reported to audit.

5.RENT

The village Panchayat "verlacanca" has leased out one of its premise on rental basis and collected an amount of Rs 5280/- as a rent during the year 2015-16. The details position of the rent are as follows:

SR no	Name of Premise	Arrears demand	Current Demand	Total Demand	Collection as on 31/03/2016	Closing balance up to 31/3/2016
1	A.K Bepari	-	5280	5280	5280	NIL
	TOTAL	-	5280	5280	5280	NIL

The Panchayat has collected 100% rent out of total demand. The position of the Panchayat in respect of collection of rent is satisfactory.

The Panchayat has maintained the following registers in prescribed form are verified and found in order.

- i) Stationery Register
- ii) Electrical material Register

CONSTRUCTION ACTIVITIES

A) Construction licence

The secretary of village Panchayatverlacanca has certified vide letter no vp/vc/2016-17/659 dates 16/7/2016that the Panchayat has issued 20nos of construction licences including renewal, repairs and revised during the year 2015-16 and collected an amount of Rs 504900/- as a licence fees. The fees are charged as per estimate certified by civil engineer/architect.

B) ILLEGAL CONSTRUCTION

The Sarpanch of village Panchayat "verlacanca" has certified vide letter no.vp/vc/2016-17/684, dated 18/7/2016 the Panchayat had detected 09nos of illegal construction cases with in the Panchayat jurisdiction during the year 2015-2016. The details of the previous illegal construction cases are as follows:

- i) Nos of illegal construction cases pending as on 1/4/2016..... NIL
- ii) Nos of illegal construction cases detected during the year 2015-2016....09nos
- iii) Nos of illegal construction cases settled during the year 2015-1602nos
- iv) Total nos of illegal construction cases pending as on 31/3/2016.....07nos

Efforts need to be made for expedition disposal of cases and revenue realized on concluding of cases should be intimated to audit.

6.POSTAGE STAMP ACCOUNT REGISTER

The village Panchayat "verlacanca" has not shown postage stamp account register to audit party. If this register is not maintained by the Panchayat same may be maintained brought up to date and shown to next audit.

7. WORKS.

The Panchayat has undertaken 3 nos. of works during the financial year 2015-16 as per the statement of works submitted to audit. So on verification of the works files the following observations have been noted as shown below.

- a) It was observed that the tenders documents were not signed by the committee to ensure to have received in seal condition and that the tender documents and the envelopes containing tender documents also not been serially numbered by the committee at the time of opening of the tenders so as to ensure the total number of tenders received by the Panchayat. The same may be complied in the next audit and follow the procedure in future.

8. Grants.

The huge amount of Govt. Grants received under the schemes such as G.I.A., Golden Jubilee and XIIIth Finance Commission are remain unutilised, which simply blocked the Govt. Funds unnecessarily. The same may be utilised immediately after obtaining extension of time limit for its utilisation from the concerned Grant Sanctioning Authority if require or refunded back to the Government.

The expenditure of Rs. 8,50,000/- made under Matching grants has not been shown vouchers & dates wise in the concerned register, simply it has been shown as fully utilised which is not reliable and accountable. The every expenditure incur by the Panchayat are required to be recorded in the concerned register vouchers and dates wise and should follow the procedure in future.

The form 9 Register has not been maintained properly showing their in the details of Grants received and utilised with supporting vouchers, balance of Grants etc.

The above all the observations may be complied and shown to next audit.

9. RESERVE FUND FOR STAFF RETIRMENT BENEFITS:

The Goa Panchayat Raj (Application of Panchayat or Zilla Panchayat 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, Pensionary 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.

10. 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.

**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.

12. SURETY BOND OF V.P. SECRETARY

The V.P. secretary is handling cash transactions of the village Panchayat , however, the mandatory security/Surety bond has not been furnished by the secretary. In this connection it is noticed that the Goa Panchayat (Accounts, Audit and Custody of Funds) Rules, 1997 provides under rules 4(3) the Secretary shall furnished a security in such form and for such amount as may be specified by Director. As per Rule 4(4) , the Director of Panchayats may also demand a security from such persons as are actually in charge of cash transaction of a Panchayat.

13. FINANCIAL POSITION OF THE PANCHAYAT DURING THE YEAR 2015-16

The Panchayat is having an amount of Rs. 487233=83 in their Panchayat Fund Account as on 31/03/2016. 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 further strengthen the financial position of the Panchayat.

14. 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 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.

15. 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 Act / 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.

16. 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.

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

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 furnish 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.

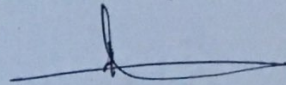
d) Panchayat Secretary shall maintain the personal cash register in terms of Circulars No. ACB/Vigilance/404/1066 dated 22/03/2004 from Vigilance Department, Panaji.

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

The inspection report has been prepared on the basis of information furnished and made available by the Village Panchayat **Verla Canca**. The office of the Directorate of Accounts disclaims responsibility for any misappropriation and/or non information on the part of auditee.



(Kisan Gaude)

Dy. Director of Accounts/Insp. Cell.
Panaji-Goa.