

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

PART - I

a) Name of Sarpanch

1. Shri Anand S. Temkar - 01/04/2015 to 31/03/2016

b) Name of Secretary

1. Shri Lourenco Rebeiro - 01/04/2015 to 31/03/2016

| | |
|---------------|------------|
| V. P. SIRSAIM | |
| INWARD NO. | 808 |
| DATE | 10/11/2016 |
| SIGNATURE | _____ |

C. Names & designation of audit parties

| Sr.no | Names of the audit parties | Designation |
|-------|----------------------------|----------------|
| 1 | Shri:- Kisan Gawade | Dy. D.A./Insp. |
| 2 | Shri:- Uday Naik Madkaikar | A.A.O. |
| 3 | Shri:- Anil D. Volvoikar | H.C. |
| 4 | Shri:- Supresh S. Naik | A.C. |

c) **Date of Audit:** 15/09/2016 to 16/09/2016

d) **Period covered during Audit :** 01/04/2015 to 31/03/2016

PART - II - INTRODUCTORY

The audit on account of village Panchayat 'SIRSAIM' in Bardez for the year 2015-16 was conducted from 15/09/2016 to 16/09/2016 as per the circular No.30/7/75Fin(Bud) dt.21/08/1996 from Finance (Budget) Department, based on the record furnish by the Panchayat.

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

| | |
|------------------------------|---------------------|
| 1) V.P. Member Salary | Rs. 405000/- |
| 2) Octroi | Rs. 1408046/- |
| 3) XIV th Finance | Rs. 271244/- |
| 4) Garbage Grants | Rs. 100000/- |
| 5) Financial Asst. Mining | Rs. 428571/- |
| 6) S. comp Special | Rs. 25216/- |
| 7) Grants as Tribe | Rs. 600/- |
| 8) RDA/NREGA | Rs. 50000/- |
| 9) Matching Grants | Rs. 850000/- |
| TOTAL | Rs.3538677/- |

PART-III

The village Panchayat is maintaining its accounts 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) Rule 1997. Comprising particular of Income and Expenditure for all the grants received i.e. Administrative and Development Grants.

i) Summary of Accounts

Total receipt for the year Rs.4218133=00

Total Expenditure for the year Rs.2821999=00

Total funds available with Panchayat as on 31/03/2016 is

| | |
|---------------------|---------------|
| 1) Govt. Grants | Rs.1478123=00 |
| 2) DRDA Grants | Rs. 9281=00 |
| 3) E.M.D. Grants | Rs. 204544=00 |
| 4) Security Deposit | Rs. 255756=00 |
| 5) Income Tax | Rs. 2476=00 |
| 6) Sales Tax | Rs. 107507=00 |
| 7) Royalty | Rs. 6972=00 |
| 8) Labour Cess | Rs. 13286=00 |
| 9) Panchayat funds | Rs.1184877=74 |

Closing balance as on 31/03/2016

TOTAL

Rs.3262822=74

ii) Details of Utilised/Unutilised grants.

The statement showing details of grants as on 31/03/2016 are as follows:-

I

| Sr. No. | Name of the Grants | Previous Balance | Grants Sanctioned 2015-16 | Amount Utilised during the year | Balance as on 31/03/2016 |
|---------|-------------------------------|------------------|---|---------------------------------|--------------------------|
| 1 | V.P. Member Salary | 58795 | 405000 | 234000 | 229795 |
| 2 | Matching Grants | -- | 850000 | 850000 | -- |
| 3 | Octroi | -- | 1408046 | 1408046 | -- |
| 4 | Golden Jubilee | 126207 | -- | -- | 126207 |
| 5 | XIIth Fin. Comm. | 43338 | -- | -- | 43338 |
| 6 | XIII th Fin. Comm. | 231482 | -- | -- | 231482 |
| 7 | XIVth Fin. Com. | -- | 271244 | -- | 271244 |
| 8 | Rural Garbage | 94170 | 100000 | 72500 | 121670 |
| 9 | Fin. Asst. Mining | -- | 428571 | -- | 428571 |
| 10 | S. comp Special | -- | 25216 | -- | 25216 |
| 11 | Grants as tribe | -- | 600 | -- | 600 |
| | Total I | 553992 | 3488677 | 2564546 | 1478123 |
| | II-DRDA/RDA | | | | |
| 1 | DRDA | 2422.34 | Int. 98=00 | -- | 2520=34 |
| 2 | NREGA | 133071 | Int. 173=00 Int. 1084=00 50000=00 | 177567=00 | 6761=00 |
| | Total II | 135493.34 | 51355=00 | 177567=00 | 9281=34 |

UTILISATION CERTIFICATE

After utilizing the grants sanctioned amount, a Utilization Certificate should be furnished to the Grants Sanctioning Authority as required under G.F.R.19 within stipulated time. In case the grants are not utilized within the specific time then necessary approval of extension of time limits has to be obtained from the grants Sanctioning Authority or else the same should be refunded in the Government treasury immediately under intimation to audit.

iii) Variation between Budget Estimates and Actual

a) INCOME SIDE

| Original Budget Estimates | Revised Estimates | Actual Income | Excess/Short |
|---------------------------|-------------------|---------------|--------------|
| 10723977=00 | -- | 4218133=00 | 6505844=00 |

b) EXPENDITURE SIDE

| Original Budget Estimates | Revised Estimates | Actual Expenditure | Excess/Short |
|---------------------------|-------------------|--------------------|--------------|
| 10755000=00 | -- | 2821999=00 | 7933001=00 |

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

Outstanding Audit observation from previous audit report.

| Year | Paras B/F | Paras Settled | Paras Outstanding | Subject in brief |
|---------|-----------|---------------|-------------------|--|
| 1998-99 | 03 | -- | 03 | Para- 5 – Purchase of Electrical Materials Para – 7 – Purchase of Cement bags Para – 10 – Advertisement |
| 2000-01 | 01 | -- | 01 | Para- 11 – Works recovery of Rs.1,030/- as penalty from contractor. |
| 2010-11 | 02 | -- | 02 | Para- 8- Excess Expenditure Para – 10 – Works |
| 2011-12 | 02 | -- | 02 | Para – 13 – Works Para – 10 – Financial power approval awaited. |
| 2013-14 | 02 | -- | 02 | Para – 7 – Works Para – 9 – Excess expenditure over budget. |
| 2014-15 | 16 | 14 | 02 | Para – 7 – Purchase of electrical material. Para – 8 – Service books/leave account. All the 14 Para's are dropped as same are commented in current audit wherever is required. |
| | 26 | 14 | 12 | |

Action propose to be taken in clearing all above long pending para's may be stated.

B. CURRENT AUDIT:-

1. Cash Book:-

The cash book for the period from 1/04/2015 to 31/03/2016 has been checked during the course of audit along with its supporting documents and it has been verified that closing balance as on 31/03/2016 is Rs.3262622=74. Where else the actual closing balance works out to Rs.3262822=74 this is due to totaling errors of Rs.200/- on page no.153 dated 21/01/2016. This amount is now adjusted in the cash in hand and closing balance increased. Rs.3262822=74 as on 31/03/2016.

The details of the cash book are as follows:-

| | |
|---|----------------------|
| i. Closing balance as per the State Bank of India | |
| A/c no.10775769887 | Rs.2866090=90 |
| Less Cheque issued but not realized | Rs.7000=00 |
| Less Cheque issued but not accounted | Rs.7000=00 |
| Less Cheque issued but not accounted | Rs.7000=00 |
| Less Cheque issued but not accounted | Rs.3000=00 |
| Less unreconciled amount (previous Year) | Rs.564=00 |
| Closing balance as per the cash book | Rs.2841526=90 |
| ii. Closing balance as per the State Bank of India | |
| A/c no.10775770008 | Rs. 18867=99 |
| iii. Closing balance as per the State Bank of India | |
| A/c no.10775769901 | Rs. 2520=34 |
| iv. Closing balance as per the State Bank of India | |
| A/c no.30572351873 | Rs. 392667=90 |
| v. Closing balance as per State Bank of India | |
| A/c no.30855654505 | Rs. 6761=00 |
| vi. Cash in hand | Rs. 478=61 |
| <u>Total Closing balance as per the cash book as on 31/03/2016</u> | Rs.3262822=74 |

The bank closing balance as per the cash book were cross checked with the bank pass book, certificates etc. and after reconciliation it is found that the closing balance as per the Cash book tallied with the closing balance as per the bank pass book as on 31/03/2016.

The cash book and receipts book should be serially numbered. Each page should be stamped with the Panchayat Seal, duly certified by the B.D.O. or by the officer authorized by the Directorate of Panchayat. The pages of the other accounts book also be serially numbered. No pages should be toned or removed from any account book. In case, however, if it is necessary to cancel any pages then red line should be drawn across the said pages and the word "Cancelled" be written in between these lines. Such cancellation should be attested by the secretary and the Sarpanch as per the rule 10 of the Goa Panchayat (Audit Accounts and Custody of funds) Rules 1977. This requirement may be noted for strict compliance in future.

SECTION B - I

B-I - MAJOR -IRREGULARITIES

1. Cancellation/corrections/overwriting are not certified by the Sarpanch.
2. Vouchers are not certified by the Sarpanch.
3. FDR Register is not maintained.
4. Income tax of the employees are not deducted.

B-II - OTHER -IRREGULARITIES

I. Service books of the employees are not shown to the audit.

2. RDAACCOUNT

i) RDA/EAS (State Bank of India A/c No.10775769901)-

During the year 2015-16, the Panchayat has not received any grants nor incurred any expenditure under this scheme. The closing balance as per the RDA/EAS account is Rs.2,520=34.

ii) RDA/MGNREGA (State Bank of India A/c No.30855654505)

The following is the statement showing the position of RDA/MGNREGA account for the period from 1/04/2015 to 31/03/2016

| | |
|--|--------------|
| Opening balance 1/04/2015 | Rs.133071=00 |
| Add Grants received | Rs.50000=00 |
| Add Interest Accrued | Rs.1257=00 |
| Less Expenditure incurred | Rs.177567=00 |
| Closing balance as per the RDA/MGNREGA | |
| Account as on 31/03/2016 | Rs.6761=00 |

The audit of RDA account is being carried out by the office of District Rural Development Agency Panaji Goa

3. ASSETS ANDPROPERTY REGISTER (FORM NO.6):

Assets and Property register in form No.6 is maintained but not found in order. All immovable assets should be shown first in the register and then movable assets should be shown in the register. All items should be shown category wise, Items like cups, glass, tablecloths, Locks, clocks, measuring taps etc should be shown separately in the consumable register. At the end of the year, all items should be physically verified by the Sarpanch and accordingly physical verification certificate should be recorded in the register. The register is required to be reviewed and shown to the next audit.

4. TAXES

The detail summary of taxes (i.e. collection of taxes, Arrears of taxes and balance of taxes) in form 8 is not produced by the Panchayat during the course of audit. Only the statement showing the detailed position of arrears demand, current demand, total demand, collection of taxes and the balance of taxes period from 01/04/2015 to 31/03/2016 shown to the audit.

| Sr. No. | Nature of taxes | Arrears Demand | Current Demand | Total Demand | Collection of taxes | Balance of taxes |
|---------|-----------------|----------------|----------------|--------------|---------------------|------------------|
| 1 | House Tax | 3,44,686/- | 223312/- | 567998/- | 199967/- | 368031/- |
| 2 | Light tax | 11,561/- | 4921/- | 16482/- | 4734/- | 11748/- |
| 3 | Prof. tax | 2,52,143/- | 203730/- | 455873/- | 16180/- | 439693/- |
| 4 | Sign board tax | 13,105/- | 6266/- | 19371/- | 2516/- | 16855/- |
| 5 | Cycle tax | 896/- | 50/- | 946/- | -- | 946/- |
| | Total | 6,22,391/- | 438279/- | 1060670/- | 223397/- | 837273/- |

The Panchayat has collected an amount of Rs.223397/- (Rupees two lakh twenty three thousand three hundred ninety seven only) towards various taxes during the year 2015-2016. The tax collection is only 21% out of total demand. The position of the Panchayat in respect of collection of taxes is very poor. It shows the failure of Panchayat body to perform their duty assigned to them. Rigorous effort should be made as per sub section 3 of section 154 of G.P.R.A. 1974 as a Panchayat is empowered to issue notices to the defaulters of the taxes and revenue arrears and levy 10% penalty on outstanding arrears recoverable under sub section 4. Action taken to recover the huge outstanding arrears may be intimated.

5. CONSTRUCTION ACTIVITIES

(A) Construction License:-

The Sarpanch has certified vide certificate No. VP/SIR/2016-17/498, dated.17/09/2016, that Panchayat had issued 13 nos. of construction licences including renewals and repairs and collected an amount of Rs.132100=00 (Rupees one lakh thirty two thousand one hundred only) as licence fees during the year 2015-2016. The fees are charged as per estimate certified by civil Engineer/Architect. Relevant records are checked and found in order.

(B) Illegal constructions:-

The V.P Sarpanch has certified vide certificate No. VP/SIR/2016-17/499, dated 17/09/2016 that the Panchayat had detected Nil illegal constructions during the year 2015-16. The details of the illegal construction are as given below:

| | |
|--|----------|
| i.No. of illegal construction cases | |
| Pending as on 1/04/2015 | ----- 55 |
| ii. Illegal construction cases detected during | |
| the year 2015-2016 | -----NIL |
| iii.No. of illegal construction cases settled/dispose during | |
| the year 2015-2016 | -----NIL |
| iv.Total no. of illegal construction cases pending | |
| upto 31/03/2016 | -----55 |

The number of illegal construction cases are alarming. Efforts are required to be made for expeditious disposal of cases and revenue realized on concluding on cases should be intimated to audit. Necessary action should be initiated to dispose off the illegal construction cases, so as to create deterrent on such issues, whereby the cases of illegal constructions would be stalled.

6. RESERVE FUND FOR STAFF RETIREMENT BENEFIT:

The Goa Panchayat Raj (Application of Panchayat or Zilla Panchayat funds coordination & Limitation) Rules 2006 which came into force vide Notification No.34/DP/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 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.

7. 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 employees provident fund. The amendment of the said order was published in the official Gazette 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.19/31/DP/PAN/STAFF/PAN/05/3947 dated 18/11/2005 and No.19/31/DP/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 provisions 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 Fund regulations.

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

8. NON FILLING OF E-TDS RETURNS WITH INCOME TAX DEPARTMENT & ASSESSING OF STAFF:

The Panchayat has been recovering TDS (Tax Deduction at Source) and remitting to the Income Tax Department. However, it observed that quarterly TDS Returns recovery of Income Tax is not being filed online which has been made mandatory by the Income Tax Department.

It is also observed that the salaries paid to the staff have not been assessed to Income Tax & no TDS has been deducted, if salary exceeds prescribed taxable limits.

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

9. FINANCIAL POSITION OF THE PANCHAYAT DURING THE YEAR 2015-16:-

The Panchayat is having an amount of Rs.1184877=74in 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 take sincere efforts to recover the huge amount of arrears of Taxes/Rents along with prescribe penalty from the defaulters, in order to further strengthen the financial position of the Panchayat

10. ANNUAL ACTION PLAN

As per the section 238 of the Act each Panchayat shall prepare every year a development plan and submit to the Zilla Panchayat before such date and in such a form as may be prescribed for inclusion of the same in district plan for onward submission to District and Planning Committee constituted under section 239 of the Act.

11. FUNCTION OF GRAM SABHA:-

- a. 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 supervisory Committee shall submit their report to the Panchayat and also place the copy of the report in Gram Sabha Meeting for an appropriate decision.
- b. As per the 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.
- c. As per the section 6(3) of the Act *ibid*, the Govt. should constitute vigilance committee to oversee the different works/ schemes and other activities of the Panchayat.

12. GENERAL

Inspections

As per the system in vogue, the Block Development Officer (B.D.O.) should conduct 3 (Three) inspections and the extension officer village Panchayat (E.O.V.P.) 5 (Five) inspection of the village Panchayat every year. However, it is reported by the Village Panchayat **Sirsaim** that no single inspection was carried out by the B.D.O.'s & E.O.V.P.'s till date. It is strange to note that the mandatory inspections are avoided by the respective B.D.O.'s & E.O.V.P.'s. Non compliance of the above requirement may be clarified and make sure that the prescribed number of inspections are carried out at regular intervals in order to have control over the Panchayat Administration as well as to stop the major irregularities which was observed during the current audit.

The B.D.O. should also ensure to take appropriate action on following points

- i. Salary of the village Panchayat should be debited to the Panchayats fund accounts as per the provisions of the Goa Panchayat Act.
- ii. The village Panchayat secretary should be directed maintain the personal cash register as per the Circular No.ACB/Vigilance/404/1066 dat.22/03/2010 from Vigilance Department.
- iii. As per the Section 5(i) and (ii) of the Panchayat Act, there shall be minimum 4 (Four) each ordinary and special Gram Sabha Meetings of the Panchayat during year.
- iv. That the V.P. Secretary should furnish the security/surety bond as he handles the cash of Panchayat.
- v. That the cash in hand should not be over and above the permissible ceiling. It is seen that the huge amount is kept as cash in hand in various occasions which can lead to be misused. The present practice of utilizing money from cash in hand is highly objectionable

DISCLAIMER

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



Dy. Director of Accounts/Inspection Cell,
Directorate of Accounts,
Panaji – Goa.