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**INSPECTION REPORT ON THE ACCOUNTS OF THE CORPORATION OF THE
CITY OF PANAJI FOR THE PERIOD FROM 01 APRIL 2019 TO
31 MARCH 2020**

PART I: INTRODUCTION

The Corporation of the City of Panaji (CCP) is, the only municipal corporation in the State of Goa. It was earlier known as Panjim Municipal Council and became a municipal corporation in 2001. It caters to the need of the citizens of Panaji by issuing construction licences, occupancy certificates, no objection certificates for water/electricity/sewerage connection, transfer of property/house tax, income certificates, trade licences, certificate of births and deaths, advertisement permission *etc.* It also undertakes various development works, street lighting, burial and cremation, solid waste management and other maintenance works excluding Smart City Projects and AMRUT scheme in the city of Panaji. The functioning of the CCP is governed by the City of Panaji Corporation Act, 2002. The major sections dealing with the core activities of the CCP are Administration Section, Taxation Section, Technical Section, Accounts Section, etc. The Municipal authorities charged with carrying out the provisions of the Act shall be (a) the Corporation¹; (b) the Standing Committee²; and (c) the Commissioner. Sec. 365 of the CCP Act makes the Councillors and Municipal Officers, etc., in the employment of the Corporation whether for the whole or part of his time to be deemed public servants within the meaning of section 21 of the Indian Penal Code, 1860 and for the purposes of the Prevention of Corruption Act.

The Corporation has an elected Mayor, who presides over its functioning. Its administrative head is the Commissioner, who is appointed by the State Government. He is assisted by an Administrative-cum-Accounts Officer (ACAO) and an Accounts & Taxation Officer (ATO) both on deputation from Directorate of Accounts, one Accountant and seven Municipal Engineers from common cadre of DUD, and other staff. As of March 2020, against the sanctioned strength of 414 persons, there were 322 regular staff, 21 contract staffs and 373 daily wage workers. Public Works Committee, Public Health and Market Committees and Women & Child Welfare Committee were constituted under the municipal statute for various purposes. The Department of Urban Development, Government of Goa oversees the functioning of the CCP.

¹ the Commissioner, appointed by the State Government, shall be the principal executive officer of the Corporation. [Sec. 48 & 49]

² the Standing Committee shall consist of six Councillors [Sec. 35]

Budget

The Corporation prepared annual budget for earmarking and meeting funds for various activities during a year. The estimates and actual for the year 2019-20 are as follows:

(₹ in crore)

Particulars	Receipts		(+ Excess / (-) shortfall (%)	Expenditure		(+ Excess / (-) savings (%)
	Estimated	Actuals		Estimated	Actuals	
Revenue	61.47	35.76	-41.83 %	56.19	32.95	-41.36%
Capital	16.04	10.38	- 35.26 %	23.64	6.36	-73.10%
Total	77.51	46.14	- 40.47%	79.83	39.31	-50.76%

Revenue receipts includes taxes, fees and assigned revenues while revenue expenditure includes establishment, administration and finance charges. Capital receipts compose grants contributions, deposits while Capital expenditure includes other liabilities and fixed assets. The achieved targets against budget estimates in respect of total receipt and total expenditure depicted shortfall by 40 per cent and 51 per cent respectively.

Financial performance

The Corporation prepared its annual accounts on double entry system of book-keeping. The Balance Sheet and the Statement of Income & Expenditure for the year 2016-17 onward were not approved, audited and certified till date. The total income and expenditure as per the unapproved and unaudited Statement of Income & Expenditure for the year 2019-20 was ₹43.69 crore and ₹36.08 crore respectively, denoting net surplus (after providing for prior period expenses, interest and taxes) of ₹ 7.58 crore. This was less than the net surplus of ₹ 8.99 crore reported for the previous period 2018-19.

Audit objectives

The audit was conducted to evaluate and assess whether the provisions of applicable laws, rules and regulations and various orders and instructions issued by the competent authority were complied with for their legality, adequacy, transparency, propriety and effectiveness.

Scope of audit

The compliance audit involved test-check of records relating to accounts and transactions of the CCP for the period from 1 April 2019 to 31 March 2020. The audit was conducted at the CCP office at Panaji, Goa from 28 January 2021 to 26 February 2021 by Shri S.Harikrishnan Nair, Sr. Audit Officer, Shri Meghan Paswan and Shri Gyan Prakash, Asstt. Audit Officer of

the office of the Accountant General, Goa, under Section 14 of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971 and the Notification dated 15 November 2006 issued by the Finance Department of Government of Goa.

PART II AUDIT FINDINGS

The audit findings are organized into two parts, viz., Part IIA, comprising significant audit findings relating to evaluation of regularity and propriety and Part IIB, containing other incidental findings, in order of their significance and materiality.

PART IIA: SIGNIFICANT AUDIT FINDINGS

Para 1: Loss of revenue due to irregularities in preparation of estimates of pay parking (₹ 78.08 lakh)

Corporation of the City of Panaji (CCP) invited tenders (October 2015) for pay parking for a period of one year i.e. 02.05.2016 to 30.04.2017. the bid was awarded M/s Straight Deal Services (06.01.2016) amounting to ₹ 63.01 lakh (30 *per cent* below the estimated price of ₹ 90 lakh). As per the agreement, the licensee agreed to pay an amount of ₹ 5.25 lakh per month by way of post-dated cheques in favor of CCP to be deposited on fifth of each month in advance. The licensee however paid only eight lakh during the license period and an amount of ₹ 38.50 lakh was to be recovered from him.

Subsequently, a show cause notice (SCN) and a demand notice were issued to the licensee to pay the due amount. Further, a special civil suit was filed (April 2017) before the Court of Civil Judge, Senior Division at Panaji by the CCP towards the recovery of money under section 9 read with order 37 of Civil Procedure code 1908. The matter is sub-judice.

Further, CCP, with the concurrence of the District Magistrate, North Goa, through a notification³, tendered (11.11.2019) for the collection of Pay Parking fees (Phase – I) from designated areas in Panaji for a period of *three* years i.e. from 15th February 2020 to 14th February 2023. Of the two⁴ bids received for the tender, Shri Sohan Juwarkar, Proprietor, M/s Goa Beverage Ltd., Taleigao amounting to ₹ 54 lakh per year (excluding GST) was awarded and the agreement was executed on 11.02.2020. As per the agreement, the licensee agreed to pay an amount of ₹ 4.50 lakh per month by way of post-dated cheques (on fifth of each month)

³ Notification No. Pay parking/Admn/2019-20/3783, dated 11.07.2019

⁴ Second bid was submitted by M/s Veejay Facility Management, Gera Imperia –II, Patto, Panaji

in favor of CCP.

CCP also issued another notification⁵ and tendered for collection of parking fees (Phase – II) for a period of *five* years i.e. from 02.12.2020 to 06.12.2025. Of the two bids, the tender of Shri Sohan Juwarkar, Proprietor, M/s Goa Beverage Ltd., Taleigao amounting to ₹ 62.30 lakh per year (including GST) was accepted (24.11.2020) and the agreement executed (04.12.2020). As per the agreement executed for Phase -II, the licensee agreed to pay an amount of ₹ 4.40 lakh per month by way of RTGS to CCP to be deposited on 5th of each month in advance. It was also noticed that the contractor had submitted (27.11.2020) an EMD of ₹ eight lakh and a bank guarantee of ₹ 37.38 lakh.

During scrutiny, it was observed that the agreement made by CCP with the Contractor for pay parking of four wheeler vehicles increased from ₹20 per day (2016) to ₹ 20 per hour and ₹ 15 for every additional hour in the year 2020. Moreover, the parking slots were also increased, however, estimates were prepared at a much lower rate by CCP as compared to 2016 tender. In comparison to the agreement executed for the period 2016-17, the CCP suffered a potential loss of revenue to the tune of ₹ 78.08 lakh due to execution of contracts at a lesser rate for the periods 2020-23 (Phase -I) and 2020-25 (Phase – II) as indicated in Table-1 below.

(Amount in ₹)

	As per Agreement (2016)	As per Agreement (2020) (excluding GST)		Minimum loss due to faulty agreement	
		Phase-I	Phase-II	Phase-I	Phase-II
	Yearly	Yearly	Yearly	Yearly	Yearly
Estimated revenue	90,00,000	70,11,658	99,14,527		
No. of four wheelers parking slots per day to be charged	745	779	1724		
Agreement Cost	63,00,996	54,00,000	52,80,000	9,00,996	10,20,996
Agreement made below estimated cost (%)	30%	23%	47%		
Loss (900996 x 3) plus (1020996 x 5)				78,07,968	

Necessary financial propriety rules were not followed by CCP while preparing the estimates. The audit also sought for clarification whether CCP considered for re-tendering before accepting the tender at 47 per cent below the estimated cost.

The reply of CCP is awaited.

⁵ Notification No. 23/5/2019/MAG/TISW/5688 dated 20.08.2020

Para 2: Loss of revenue to the City of Corporation of City of Panaji

a. Revenue foregone due to non-collection of rent from the Municipal Market (₹ 9.36 crores)

Section 3 and Section 75 of the CCP Act, 2002 provides that all contracts entered into with the Municipality of CCP and Village Panchayats indicated in the Schedule I shall be deemed to incurred by, or for the Corporation and that no lands, streets, public places, drains or irrigation channels shall be sold, leased or otherwise alienated without the approval of the State Government.

Audit noticed that Goa Infrastructure Development Corporation (GSIDC) in 2006, on behalf of CCP, had constructed that Municipal Market with an area admeasuring 13,778m² in two phases i.e. first phase in July/August 2003 and second phase in January 2007. The list prepared by the GSIDC stated that the possession of the 1424 shops/stalls were given to the existing occupiers. These shops/stalls were handed over without executing lease deeds or leave and license agreements. The Enquiry Committee headed by Shri N.D. Agrawal, ⁶ (Collector & Enquiry Officer, South Goa) reported (July 2013) several large-scale irregularities in allotment and occupation of the re-developed space. Taking cognizance of the report submitted by the committee, the Hon'ble High Court of Bombay at Goa, by a judgement dated 28.07.2015, directed the CCP to initiate action for recovery of arrears of rent/license fees from the occupants of premises as well as action against illegal occupants within six months from the date of the order in accordance with law.

In accordance with the judgement, the CCP approved a proposal to collect arrears of license fee at the monthly rental rate of ₹ 256 per m² for shops on ground floor and ₹ 150 per m² for the first floor, waiver of interest (6.5 per cent per annum) on arrears of rent, if paid within two months and on payment of advance towards rent of the occupied stalls. Representatives of CCP also held meetings with the Panjim Municipal Market Tenants Association to decide on the execution of lease and license agreements, but the meeting could not reach consensus as the members of Panjim Municipal Market Tenants Association stressed on executing the lease agreements for 30 years.

⁶ constituted by the Government of Goa vide order No. 1/2/2007/DMA/PG/PAN/63 dated 31.01.2012

Thereafter, Government of Goa appointed ((24.11.2017 Additional Collector⁷, North Goa District, Panaji as Estate Officer for the purpose of said act for recovery. CCP apprised (January 2018) him of various issues⁸ pertaining to the municipal market. As there was no progress in the case, the Revenue department, Government of Goa, had transferred (21.10.2019) the responsibility of Estate Officer to Additional Collector -II, North Goa and later transferred (July 2020) it back to the Commissioner⁹. The last meeting between the CCP and the members of the Panjim Municipal Market Tenants Association was held in February 2021. The minutes of the meeting was not found on record produced to audit.

Audit also observed that the occupants of shops/stalls continue to function in the re-developed market complex without executing leave and license agreements and without paying the applicable rent/arrears, which indicates that CCP failed in securing its interests and collecting applicable rent from the occupants despite having obtained (August 2014) the approval of the State Government for executing leave and license agreements at PWD-assessed rentals. In effect, the shopkeepers occupied the market space illegally in defiance of the court orders which resulted in foregone revenue of ₹ 9.36¹⁰ crores.

Non-collection of rent would result in putting additional burden on the tax payers by the Corporation to suffice the gap created due to non-execution of leave and license agreements.

The reply of CCP is awaited.

b. Non-collection of Trade and Occupation License fees (₹ 3.23 crore)

Government of Goa notified (August 1989) 'Trade and Occupation Licensing Bye-laws' for municipal councils, which specified annual license fees for various trades and occupation carried out in municipal jurisdiction, with an increase of 10 *per cent* every alternate year and on default, would be liable for penalty Those rates/license fees were adopted by municipal councils but were later revised by resolution(s) in council meetings in accordance with the provisions of the said bye-laws.

⁷This was issued in supersession of Notification dated March 2004 and April 2004

⁸ No. of cases, time limit and quarterly report to be submitted to the Hon'ble High Court of Bombay at Goa.

⁹Vide notification no. 24/2/87-RD(Part)/604 dated 20/07/2020.

¹⁰The total area of stall= 6559.816 sq.m. (Ground floor= 4867.086 sq.m. and that in first floor = 1692.73 sq.m.). Due rent Rs 1,49,51,688 (4867.086 x ₹ 256x12 month) plus ₹ 30,46,896 (1692.72 x ₹150 x 12 m.) equals to ₹ 1,79,98,584 p.a. for three years 2016-19 and 10% increase after 3 years equals to ₹1,97,98,442 p.a. Therefore, total loss is equal to ₹9,35,92,636 (=1,79,98,584 p.a x 3 + 1,97,98,442 p.a. x 2)

Audit noticed that in addition to non-execution of the lease agreements of 1424 shops/stalls, these shops continued to run their business without obtaining proper Trade/Occupations License fee as prescribed in the Official Gazette and Notifications issued from time to time. Due to absence of trade licenses, audit could not ascertain the type of trade/occupations carried out by the occupants. In order to work out the minimum loss due to non-execution of trade and license fee agreements, audit considered the rate for trade tax agreed in the standing committee meeting (March 2013) as ₹ 750 per unit per annum (*minimum*) and arrived at revenue loss of ₹ 2.92 crore for the period from 2013-14 to 2020-21 as detailed in **Table 2** below.

Table 2

year	Trade licence fees (p.a.), 10% increment alternate year	O.B. (x)	Trade licence fee from 1424 shops, (y)	penal charges for default (25%) (z)	Closing balance (x+y+z)
2013-14	750/unit	N.A.	1068000	267000	1335000
2014-15	750/unit	1335000	1068000	600750	3003750
2015-16	825/unit	3003750	1174800	1044638	5223188
2016-17	825/unit	5223188	1174800	1599497	7997485
2017-18	908/unit	7997485	1292992	2322619	11613096
2018-19	908/unit	11613096	1292992	3226522	16132610
2019-20	999/unit	16132610	1422576	4388797	21943983
2020-21	999/unit	21943983	1422576	5841640	29208199

Further, it was noticed that CCP had not taken any efforts to obtain the trade license fees from the occupants of the shops in municipal market. Non-levy of fees and taxes on unregistered/illegal traders result in formation of adverse opinion for genuine traders, who are made to bear the share of taxes and fees imposed by CCP to fill the gap of revenue loss.

The reply awaited.

c. Non-collection of Sanitation fees in the Municipal Market (₹ 1.99 crores)

In the absence of agreements/licenses of 1424 shops, no sanitation fees were levied by the CCP although the garbage was being lifted from these shops on daily basis.

In order to assess the minimum loss of revenue for the Corporation, audit considered a minimum fee of ₹ 200 per month per shop as garbage tax for 1424 shops from April 2015 to January 2021, which works out to ₹ 1.99 crore¹¹.

The reply of the CCP is awaited.

¹¹ 1424x70x200=₹ 1,99,36,000

d. Non-collection/renewal of lease rent (₹ 5.02 crores)

Praca de Commercio building at Panaji houses the Office of the CCP as well as other shops and establishments carrying out various businesses. The rent receivable from these shops were assessed by CCP as per the valuation (October 2012) done by the Public Works Department and the approved (June 2013) to levy ₹ 390 per m² for a period of *five* years. However, it was noticed that the occupants did not pay the applicable rent and continued to occupy the space without renewing lease agreements executed at various times since 1982. The Corporation, in its meeting held on 15 December 2016, approved, *inter alia*, a proposal to collect arrears of rent at the rate of ₹ 30 per m² from April 2001 to September 2016 and ₹ 250 per m² from October 2016 with an increase of 10 *per cent* after every three years and execute/renew agreements with shopkeepers for a period of 30 years subject to re-assessment of rental after every nine years.

Audit noticed that agreements executed with 25 shop-owners¹² (lessees) at various times since 1982 were not renewed on expiry. Failure to renew agreements of other establishments and collect lease rent at the resolved/approved rates continued through 2019-20, resulting in loss of revenue. As per the Demand Collection Balance statement of rent furnished by the CCP (December 2020), a sum of ₹ 0.78 lakh (0.15 *per cent*) was collected against the demand of ₹ 503.11 lakh from 25 shop owners (including arrears and interest for previous period) which indicated loss of revenue to the tune of ₹ 5.02 crores.

The reply of the CCP is awaited.

Para 3: Loss of rental income from leased out property (₹ 2.19 crore)

Section 109 of the Corporation of the City of Panaji Act, 2002 provides that for the purpose of assessing buildings, the annual value of any building shall be deemed to be the gross annual rent at which such building, together with its appurtenances and any furniture that may be let for use or enjoyment therewith, might reasonably at the time of assessment be expected to be let from year to year, and for all other expenses necessary to maintain the building in a State to command such gross annual rent.

The administration section of the CCP deals with the allotment, vacation, repairs of the quarters etc. while the taxation section deals with the monthly collection of rent and its accounting. The table shows the data provided by the Administration cum Chief Accounts Officer (CAAO), City of Corporation of Panaji.

¹²excluded Red cross society, Municipal Store

No.	Location	Nos.	Flat	Shops, Godown	Occupied by staff	Vacant	On rent	Others
1	St. Inez	6/1 to 6/4	-	4	0	0	04	-
2	St. Inez	6/5 to 6/32	28	-	10	04	11	03*
3	St. Inez	6/33 to 6/37	-	5	0	01	0	04^
4	Mala	26/1	1	-	-	-	-	1
5	Tonca	Block A	24	-	4	0	20	0
6	Tonca	Block B	24	-	3	0	21	0
7	Tonca	Block C	24	-	4	0	19	1 @
Total			101	9	21	5	75	9
%					19%	5%	68%	8 %

(*include occupied by families of retired/expired staff; ^occupied by employees' association, library, etc.
@ missing from the data maintained by the taxation section)

It is evident from the table that a majority of the quarters belonging to CCP (68 per cent) is rented out to private parties and only 19 per cent of them are occupied by staff. Remaining five per cent are vacant and eight per cent includes the flats that are missing from the records maintained by CCP of which some of them are vacant or occupied by either retired staff/ family of deceased staff.

Further scrutiny of records revealed that the rent agreement/lease document executed between the CCP and four shop keepers at St. Inez are not available now as they were executed long back. Also, the CCP had not taken any effective measures to execute the leave and license agreements for the rented houses and adopt the market rent as fixed by the Public Works Department Division – I (PWD), due to which it suffered a loss of revenue from the private parties in the form of rent¹³ to the tune of ₹ 2.19 crore (*Annexure I*), the details are as stated below.

Sl. No.	Location	Particular	Loss (₹) ¹⁴	Table number in <i>Annexure -I</i>
1	St. Inez	Shops (04)	713030	1
2	St. Inez	Flats (11)	5096643	2
3	Tonca	Block A (20)	5453490	3
4	Tonca	Block B (21)	5740560	4
5	Tonca	Block C (18)	4876930	5
Total			2,18,80,653	

It was replied by the CCP that a survey would be conducted, necessary action taken and report furnished to audit.

¹³ The lowest rent has been taken where rent has not been prescribed for the area.

¹⁴ Calculation of minimum loss of rent calculated from July 2011 to March 2020 (105 months)

Para 4: Withholding of unutilized balance of Grants-in-aid (₹ 15.36 crore)

The CCP received grants-in-aid from the Central and State Governments respectively for various development works, creating community assets and for salaries to its employees. Corporation of the City of Panaji also receives grants from the Central Finance Commission (CFC) for undertaking basic civic works and core services with an obligation that the entire amount of grant should be utilized within a period of one year from the date of sanction and only for the purpose for which it was sanctioned and any unutilized/unspent portion of grants along with the interest accrued should be refunded to the concerned government immediately.

Rule 238 of the GFR,2017 provides that any department that receives grants-in-aid should submit the Utilization Certificates (UCs) for the works carried out in the prescribed form within *twelve* months from the date of sanction. Also, interest accrued from the grants sanctioned shall be refunded immediately to the Government(s) concerned.

Scrutiny of the grants register and the related records revealed that the CCP had received assistance of ₹ 3.82 crore received from Government of Goa during various times till 2019-20 for various development works and maintenance of public services, out of which ₹1.74 crore remained unutilized and the same was not refunded to the government which is in violation of rule 238 of GFR,2017.

It was also seen that, of the total amount of ₹ 14.49 crore received from the 14th FC during the period 2016-17 to 2019-20 as a basic grant and performance grant of which only 98.16 lakh (6.77 per cent) crore was utilized for the purpose of Solid Waste Management by the Corporation and ₹ 13.51 crore (93.23 *per cent*) remained unutilized till date (January 2021), thereby defeating the purpose for which the grants were received. In addition to the utilized amounts as stated above, the CCP had failed to utilize an amount of ₹ 55.30¹⁵ lakh received from various departments and for implementation of various schemes.

Further, the Office of the Collector, North Goa had sanctioned an amount of ₹72.46 lakh in two installments (₹ 36.23 lakh each) during the period 2014-15 and 2018-19 for beautification and landscaping of Panaji Municipal Garden (Salvador Souza Rose Garden) under the MPLAD scheme. Of the amount received, the Corporation could only utilize ₹ 17.16 lakh (January 2016)

¹⁵ Goa Stray Cattle Management Scheme,2013 (₹22.15 lakh), Land Acquisition compensation, (₹6.36 lakh) Implementation of Information Education Communication & Public Awareness (₹2.80 lakh), Directorate of Animal Husbandry and Veterinary Services (₹22.5 lakh), Raja Ram Mohan Roy Library Foundation (Children) (₹1.49 lakh)

and remaining ₹ 55.30 lakh remained utilized owing inordinate delay in finalizing the requisite layouts, drawings and designs for civil works and completion of works.

The Corporation also made a fixed deposit of ₹ 9.48 crore from grant receipts and also deposited an amount of ₹ 15.40 crore in savings and current account maintained with various Banks¹⁶ though the terms and conditions governing release of grants-in-aid stipulated maintenance of a separate account and audited statements be produced for every grant received. As an omnibus account was being maintained for grant receipts, it was not possible to ascertain the amount of interest earned thereon and its utilization.

The reasons for not utilizing the grant within stipulated date and non-refund of the unutilized grant was not furnished to audit.

The reply of the CCP is awaited.

Para 5: Ineffective implementation of Swachh Bharat Mission

Swachh Bharat Mission (SBM) (Urban) was launched by the Government of India, on 02 October 2014 to accelerate the efforts of achieving Universal Sanitation Coverage by 2019 through increased focus on sanitation. One of the objectives of the mission was to make Urban Local Bodies Open Defecation Free (ODF), clean and sanitized. The mission aimed to implement modern and scientific Municipal Solid Waste Management, to effect behavioral change regarding healthy sanitation practices, generate awareness about sanitation and its linkage with public health. The *pre-requisites* for the states to implement the mission were:

- The states were required to prepare and submit a brief concept note and a concept note respectively on State Sanitation Strategy¹⁷ to MoHUA by 30th January 2015 to claim their first instalment for individual household toilets (IHHL), IEC and Capacity Building as well as the revolving fund for other components.
- The states should however, simultaneously start preparing City Sanitation Plans for each city and State Sanitation Strategy as per National Urban Sanitation Policy 2008, as these were required before any further release to the states.

Scrutiny of the records revealed that the Government of Goa had not prepared any such concept notes.

¹⁶ SBI, Canara bank, ICICI Bank, HDFC Bank, Karnataka Bank, Bank of India, IndusInd Bank, Bank of Maharashtra, Kotak Mahindra Bank and Union bank of India.

¹⁷ as given in the Annexure IV of these guidelines as a part of their initial proposal, in order

Further, as per the guidelines, the Centre and the respective State governments should provide an incentive of ₹ 4000 and ₹ 1333 respectively to the applicants/households that do not have access to toilets. Also, households that do not have space for construction of toilets shall be provided with a Community toilet/Public toilet within a distance of 500 meters. It was decided by the Government of Goa that a sum of ₹ 26,134 would be released per seat against the matching share of ₹ 39,200 per seat by the Central Government, and appointed Goa State Urban Development Authority (GSUDA) as the nodal agency for implementing the SBM(U) across all 14 Urban Local Bodies with a condition that each ULB shall verify the all applications within seven working days of their receipt.

Audit noticed that, though the 30 wards under CCP was declared as Open Defecation Free (ODF), yet through a survey identified 310 households without IHHL and further resolved to construct the toilets completely from the grants received from the 14th Finance Commission without any financial implication on the beneficiaries. An initial estimate of ₹ 1.22 crore was prepared for construction of 310 IHHL, which was then revised to ₹ 1.61 crore. M/s Sulabh International Social Service Organization was allotted the work by GSUDA on nomination basis, the details of which are detailed below.

	Estimated cost	Tech. sanction		Admin sanction		W.O. issued date	Stipulated date of		Total IHHL constructed	Total payment made(₹)
		autho- -rity	date	Auth ority	date		commen cement	completi on		
Estimate Cost of 310 IHHLs	₹1.22crore (37603 per IHHL+ 5% contingencies)	GSUDA	20.08.2019	Dept. of Urban Development	07.10.2019					1 st RA-16,19,106 2 nd RA-16,19,106 3 rd RA-32,38,212
Revised cost to	₹ 1.61Crore (50708 per IHHL + 3% contingencies)		23.10.2019		15.07.2020	17.09.2020	17.09.20	17.12.20	124	Total-64,76,424

Thus decision of the Corporation to construct 310 IHHL through GSUDA had to incur additional financial burden of ₹ 1.45 Crore after providing an incentive of ₹ 5,333¹⁸ per household as detailed below:

Work name	Total amount proposed by CCP (₹)	Incentive amount (₹5333*310)	Excess liability (₹)
(1)	(2)	(3)	(3-2)
Construction of 310 IHHLs	1,61,91,064	16,53,230	1,45,37,834

It was observed that only 75 IHHLs of the proposed 310 IHHLs were constructed and remaining IHHLs could not be taken up due to various factors such as space constraint, awaiting NOCs from land owner etc. On the other hand, CCP had started receiving fresh applications for construction of IHHLs without conducting further survey, as a result of which, 172 new applications were received (January 2021). Of the above, 45 new IHHLs were constructed in addition to the already constructed 75 IHHLs.

The Corporation stated that fresh applications shall be considered till the target of 310 IHHLs is achieved, so as to match the initial target. It was observed that the veracity of the beneficiaries could not be ascertained due to lack of proper survey by the CCP.

On the basis of receiving fresh applications for construction of IHHLs in the wards under CCP, it could be inferred that the claim made by the CCP declaring all its wards as Open Defecation Free (ODF) was misleading. Also, due to non-adoption of the guidelines of SBM(U) the corporation had a financial obligation of ₹1.45 crore for implementation of the scheme and the main objective “to effect behavioral change regarding healthy sanitation practices, increasing awareness about sanitation” stood defeated.

The reply of the Corporation is awaited.

Para 6: Loss of Government Property due to fire (₹ 46.55 lakh)

- (a) The Corporation of the City of Panaji had established a Wet-Waste Treatment Facility at Heera Petrol pump for handling the wet waste received at the site on a day-to-day basis. A fire incident was reported on 13.01.2020 at 06:52 hrs. at the said site. There was substantial damage to the building, equipment/fixtures etc. It was also noticed that one of the JCB machine bearing the registration number GA-07 L- 2272 was completely

¹⁸ ₹4000 (Central Share) and ₹1333 (State Share)

burnt which resulted in loss of government property to the tune of ₹ 41.20 lakh¹⁹. The CCP lodged an FIR with the Police Inspector, Town Police Station, Panaji to probe into the causes of fire to rule out any kind of foul play.

Audit also observed the CCP had engaged the services of Goa Human Resource Development Corporation (GHRDC) for deployment of security at the waste treatment facility from 18:00 hrs to 06:00 hrs on the consecutive day. The investigation report of the Police Inspector revealed that the security personnel deployed had left the site in the wee hours at 03:00 hrs without obtaining any prior approval which indicates dereliction of duty.

- (b) Similar incident of fire break-out was reported at Material Recovery Facility (MRF) located at St. Inez, Panaji on 23.01.2020 at 17:52 hrs which resulted in substantial damage to the infrastructure of the MRF. Total loss incurred by the CCP for damage was estimated to the tune of ₹ 5.36 lakh.²⁰

On scrutiny of records, following observations were made by audit:

1. Rule 34 of GFR, 2017 states that any loss of government property above the value of ₹ 50,000 rupees due to fire, theft, fraud etc. should invariably be reported to the Police for investigation at the earliest and a formal investigation report be obtained for record. It was noticed that though the fire accident had occurred on 13.01.2020, the CCP had filed the FIR with the Police Inspector on 15.01.2020 after a delay of two days. The reason for delay in filing the FIR was not furnished to audit. Similarly, no FIR was filed in case of fire accident at the Material Recovery Facility which is a clear violation of Rule 34 of GFR, 2017. No information in this regard was informed to the concerned Pay and Accounts Officer which invites violation of Rule 35 & Rule 36 of GFR, 2017.
2. Rule 37 of GFR, 2017 states the officer responsible for the loss of government property must be held guilty and recovery made thereof, but no such action was taken against the official responsible.
3. It was also noticed that no fire protection measures were taken by the Corporation despite incidences of fire at the waste segregation and baling station at Cacora under Curchorem-Cacora Municipal Council (January 2014) and Sonsoddo dumpsite under

¹⁹As estimated by the Directorate of Fire & Emergency Services in its Fire Report vide No. 14/PNJ/2020.

²⁰As estimated by the Directorate of Fire & Emergency Services in its Fire Report vide No. 30/PNJ/2020.

Margao Municipal Council (June 2017 and May 2019), which were also reported in CAG Audit Report ending March 2018.

CCP may state the probable reasons for frequent fire accidents at various places and the also the reason for workers engaged in the site not wearing protective gear like face masks, gumboots, gloves.

The reply of the CCP is awaited.

Part -IIB

OTHER INCIDENTAL FINDINGS

Para 7: Failure to avail Performance Grant (₹ 3.31 crore)

Ministry of Panchayati Raj (MoPR), Government of India initiated a Performance Grants on the recommendation of Fourteenth Finance Commission (FFC). The Performance Grants (PG) was designed to serve the purpose of ensuring reliable audited accounts and data of receipts and expenditure and improvement in own revenues. These grants were disbursed from the second year of the award period, i.e. from 2016-17 onwards, so as to give sufficient time and enable the State Governments/Local Bodies to put in place a scheme and mechanism for implementation of the guidelines attached with these grants.

FFC recommended the detailed procedure and the operational criteria for disbursement of performance grant and the conditions which *inter alia* included submission of audited accounts and publishing a service level benchmark for all the urban services in the state. According to the conditions, accounts of the years 2014-15 and 2015-16 were to be considered for the grant in the year 2016-17. Total Performance Grant recommended by FFC to CCP was ₹ 1.25 crore for the year 2016-17. As per the revised criteria (from 2017-18) for availing the performance grants, ULBs has to self-evaluate and submit the claim to the State Government by 30th September of each year for verification and onward submission to the Ministry of Urban Development by 30th October of each year.

Scrutiny of the records pertaining to the release of FFC grants revealed that CCP was not awarded Performance Grant to the tune of ₹ 91.43 lakh for the year 2017-18 and ₹ 103.79 lakh for 2018-19. Further, the Corporation also failed in utilizing the opportunities to get Performance Grant of ₹ 135.92 lakh for the year 2019-20 as it had not self-evaluated and

submitted the claim to State Government within the prescribed time frame. Thus, due to non-fulfillment of the criteria for availing of the Performance Grant under FFC, the Corporation could not avail grants amounting to ₹ 331.14 lakh for the years 2017-18, 2018-19 and 2019-20.

The reply of the CCP is awaited.

Para 8: Irregularities in revising the fee of trade license fees

Section 108 (2) of the Municipal Act, 1968 provides that when a council, by a resolution, decides to increase/reduce the rate at which any tax is leviable, the council shall publish in the municipal area, the resolution together with notice specifying the date, which shall not be less than thirty days from the date of publication of such notice, from which the rate at which any tax is leviable shall be increased/reduced. Further, bye-law (35) of the “Trade and Occupation Licensing Bye-Laws, 1989”, provides that the license fee shall be deemed to have been revised every alternate year by 10 *per cent* of the license fee of the preceding official year.

Audit noticed that the standing committee of CCP in its meeting held in March 2020 had approved the enhancement of trade and occupation license fees. The details are as follows.

Type of Activity	Existing rate	Approved rate	Increased (in per cent)
Trade & Occupation fees for business activity such as washing centre (2 & 4 Wheelers)	1221	12000	883
Hotels			
Ginger Hotel	44289	100000	126
Country Inn	43258	100000	131
The Crown Goa	133100	200000	50
Hotel Fidalgo	39930	100000	150
Marriot	133100	200000	50
Hotel Vivanta	141725	200000	41
Fortune Miramar	21296	100000	370
Hotel Park prime	47617	100000	110
Hotel Delmon	33275	75000	125
Hotel Rajdhani	13976	40000	186
Hotel manoshanti	14708	40000	172
Hotel Swimsea	36603	75000	105
Palacio De Goa	43150	100000	132
Raj Hospitality	16655	40000	140

The enhancement of trade and occupation license fees for the above stated 14 hotels and other activities related to washing centre was effective from April 2020 onwards. It is evident from the above table that out of 175 hotels²¹ the trade licence rates were revised only to 14 hotels

²¹ As per list of hotels downloaded from GIDC website

ranging between 41 *per cent* to 883 *per cent* while there was no revision in the rates for remaining hotels which needs justification.

Further, no records/files could be seen wherein the procedure adopted by the Corporation to revise the existing fees was mentioned and the basis on which the Government had approved it. Also, the fees pertaining to the issue of Birth Certificate (Online & Offline), Corrections in the Birth Certificate were increased by 100 *per cent* from the year 2020-21 as compared to the year 2019-20.

The reply of the CCP is awaited.

Para 9: Discrepancies in the list of operational hotels in the vicinity of Panaji city

Section (3) of the Corporation of the City of Panaji Act, 2002 provides that all rates, taxes, fees, levies and sums of money, due to the Municipality of Panaji or any panchayat area mentioned in Schedule I shall be deemed to be due to the Corporation.

Audit, on scrutiny of the Trade Registers (Demand and Collection) and Sanitation Registers (Demand and Collection), noticed the following discrepancies:

- The Trade and License Register did not contain the list of all the hotels that are operational in the city of Panaji when compared with the list of hotels that were mentioned as operational in the Goa Tourism Development Corporation (GTDC) website. The list of hotels as per GTDC is as stated in *Annexure II*. The reason for not including the hotels in the records of CCP was not furnished to audit.

The reply of the CCP is awaited.

Para 10: Short-Collection of Sanitation Fees (₹ 2. 52 lakh)

The CCP in the ordinary meeting held on 28.04.2016 adopted a new sanitation fee structure wherein it was decided that a sanitation fee ₹ 1500/month (₹18000/year) would be collected from banks operating with an ATM and ₹1000/month (₹12000 yearly) from banks operating without an ATM. Scrutiny of the Sanitation Fee Register revealed that the Corporation was not collecting the sanitation fee at a uniform rate from the banks operating in its jurisdiction as the Corporation had not maintained the list of banks with ATMs and banks without ATMs. There are a total of 310 banks that are operational under jurisdiction of CCP.

It was observed that Sanitation fee at the rate ₹ 1900 per year was collected from 12 banks, ₹ 6000 and ₹ 3700 from one bank each and in respect of remaining banks the sanitation fees

were collected either at rate of ₹ 11500 or ₹ 17500 for the year 2019-20. In absence of information about the banks with ATM or without ATM, audit considered that banks without ATM, had paid ₹ 11500 yearly against ₹ 12000 yearly and those banks with ATM had paid ₹ 17500 against ₹ 18000 yearly. Audit worked out minimum short collection of revenue from the operational banks in CCP to the tune of ₹ 2.52 lakh, the details of which are stated in *Annexure -III*. The Corporation may furnish the reasons for short collection of Sanitation fees.

The reply of the CCP is awaited.

Para 11: Non-maintenance of Fixed Asset Register

Section 77 of CCP Act 2002, provides that the Corporation shall maintain a register and a map of all immovable property of which it is the proprietor or which vests in it otherwise or which it holds in trust for the State Government. Further, Rule 184 of the Municipal Account Code, 2007 provides for maintenance of Fixed Asset Register that defines the method of the recording or accounting of the fixed assets of the Corporation. All the Fixed Assets shall be classified as shown in the Chart of Accounts. Separate Registers like Register of Lands, Register of immovable assets, Register of movable assets and Register of Public Lighting system (Form No 137, 138, 139 and 140 respectively) were required to be maintained and updated for record of different types of assets.

During audit, the abovesaid records were requisitioned, however CCP had not furnished the said records for scrutiny/verification. Therefore, audit could not ensure the reasonability of expenditure occurred under these heads.

The reply of the CCP is awaited.

Para 12: Non-Maintenance of the Asset Replacement Fund Register

Rule 196 of the Municipal Accounting Code, 2007 provides for maintenance of an asset replacement fund, which the Corporation on the approval of the annual financial statement shall set aside an amount equivalent to the depreciation provided in that year in a separate bank account. The amount so set aside, shall be utilized only for purchase or acquisition of the fixed assets for which the depreciation had been provided. Such transactions shall be recorded in a separate register in Form No. 142. However, scrutiny of the records revealed that the CCP had not created any Asset Replacement Fund.

The reply of the CCP is awaited.

Para 13: Pendency in auditing of Annual Accounts

Section 102 of CCP Act, 2002 provides that the municipal accounts shall be examined and audited from time to time and shall forthwith report to the Standing Committee any material impropriety or irregularity. Also, Rule 45 and Rule 221 of the Goa Municipal Account Code, 2007 prescribes for the audit of accounts by Municipal Auditor and report of such auditor. under sub-section (1) shall be published in the Official Gazette.

On scrutiny of the records, audit noticed the following:

- The CCP had not adopted the Generally Accepted Accounting Principles (GAAP) for finalizing the Receipt and Payments accounts statements.
- The CCP had not approved the Balance Sheet and Income & Expenditure Statement from 2013-14 till date.

The Corporation has prepared the Income and expenditure statement for the year 2018-19 and 2019-20. In view of this, the financial statements prepared by the Corporation could not relied upon for a true and fair view of its assets and liabilities and the income and expenditure recorded therein, which deprived the stakeholders of the transparency in the functioning of the Corporation.

The reply of the CCP is awaited.

Para 14: Irregular release of Children's Education Allowance to staff

Children's Education Allowance (CEA) Scheme is a reimbursement made applicable only for expenditure on education of school going children i.e. for children from class nursery to twelfth and the scheme further defines that schooling of a child from Class I to XII also includes two classes prior to Class I i.e. pre-primary classes. Further, children, who, after tenth standard pursues diploma or certificate courses without pursuing 11th and 12th standards will also be benefitted, with an upper age limit of 20 years²².

During audit, it was noticed that one staff Smt. Micaola Gracy De Olivera, UDC had been granted Children Education Allowance (CEA) despite audit opining (November 2018) that the grant of CEA (₹ 48000) was irregular for a college student with disability doing his Bachelor of Business Administration (BBA) and that the amount paid may be recovered. The release of CEA by the Corporation in spite of audit objection, purposely lacked in proper interpretation of rules to give undue benefit to certain employees. Further, CCP forwarded the rule to

²² Age limit of 22 years for children with disability considering the possible failure of child in some classes.

Department of Urban Development (DUD) and advocates for interpretation of rules, for which, the DUD had made it clear in line with audit's opinion. In view of this, irregular release of CEA to Smt. Micaola Gracy De Olivera, UDC may be recovered and intimated to audit.

Para 15: Non-fulfillment of criteria to receive grants under FFC

The Central Finance Commission had laid down the several criteria for release of grants²³, one of which was to measure and publish the service level benchmark for four services viz. Water Supply, Sewerage, Solid Waste Management and Storm Water Drainage within a specified timeframe. It was noticed that though the CCP was entrusted with the achievement of all services, two services²⁴ were carried out by Public Works Department (Division – III (PHE-N)), Panaji and Sewerage & Infrastructural Development Corporation of Goa Ltd. Respectively. The service levels of these two services were obtained from the respective departments and reported by CCP to the Directorate of Urban Development. It was also noticed that the service level benchmark of other two services²⁵, under which a key parameter i.e. extent of scientific disposal of solid waste management was reported as zero *per cent vis-à-vis* benchmark of 100 *per cent*.

Audit also noticed that in addition to the above, the service level benchmark of other basic services such as provision for urban amenities, regulation of slaughter houses, street lighting, urban poverty alleviation, slum improvement and upgrading, construction of burial and cremation grounds, cattle pounds etc. were also not measured and published. In view of this, it is evident that the accessing of performance grants of ₹ 81 lakh by the Corporation was not based on a fair assessment of fulfilment of the criteria as stipulated. Further, CCP did not incentivize its service delivery administration for further release of grants for the remaining years (2017-2020) which may be justified. Also, the steps proposed by the Corporation for measuring and publishing the service level benchmarks of the other basic municipal services were called for but awaited.

The reply of the CCP is awaited.

²³ Basic Grants and Performance Grants (from 2016-17)

²⁴ Water Supply and Sewerage

²⁵ Solid Waste Management and Storm Water Drainage

Para 16: Inefficient working of Accounts cum Taxation & Recovery Section.

Section 144 of Goa Municipalities Act, 1968 provides for recovery of all amounts on account of taxes, fees or penalties imposed or as may hereafter be imposed by or under this Act or rules or bye-laws made thereunder and all amounts on account of contract, auction, lease, or any money claimable under this Act or under the rules or bye-laws made thereunder be recoverable in the manner provided in this Chapter X.

As on March 2017, the Corporation received a sum of ₹ 15.35 crore (45 per cent) out of the total taxes and rent revenue of ₹ 34.18 crore (including arrears) as shown below:

Source of revenue	Demand				Collection			Balance as on 31/03/2017
	Arrear as on 01/04/2016	Interest	Demand during the year 2016-17	Total	Principal	Interest	Total	
<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>I(=E-H)</i>
Total	13.29	4.53	16.36	34.18	14.66	0.69	15.35	18.83

(Source: The CCP)

In four years, as on March 2020, the Corporation received a sum of ₹ 21.77 crore (37.42 per cent) out of the total taxes and rent revenue of ₹ 58.17 crore (including arrears) as shown below:

Source of revenue	Demand				Collection			Balance as on 31/03/2020
	Arrear as on 01/04/2019	Interest	Demand during the year 2019-20	Total	Principal	Interest	Total	
<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>I(=E-H)</i>
House/ Property tax	10.16	1.81	19.70	31.66	14.84	0.37	15.21	16.45
Trade & occupation tax*	2.83	1.56	1.97	6.37	1.31	0.16	1.47	4.90
Signboard tax	2.38	0.66	1.86	4.90	1.40	0.09	1.49	3.41
Rent ^{##}	2.95	2.30	0.88	6.13	0.34	0.01	0.35	5.78
Sanitation (T)	3.44	0	3.35	6.79	2.25	0	2.25	4.54
Sanitation(H)	1.10	0	1.22	2.32	1.00	0	1.00	1.32
Total	22.86	6.33	28.98	58.17	21.14	0.63	21.77	36.40

(Source: The CCP) (T=Trade, H=House)

*As of Mach. 2020 (does not include trade & occupation fee from occupants of re-developed Panaji Municipal Market).

**As of March 2020 (does not include rent receivable from occupants of re-developed Panaji Municipal Market).

It is evident that the outstanding dues of the Corporation doubled within a period of four years

(March 2017²⁶ to March 2020²⁷). Non-timely recovery of the outstanding dues increased the defaulters list which results in net loss to the Corporation in the form of write-off.

In spite of the Corporation engaging a recovery officer²⁸, it was noticed that 63 *per cent* (approx. 37 *crore*) of the dues remained outstanding. Moreover, the inability to resolve the issue of lease agreements and non-timely collection of rent from the South Indian Bank (Registration No. 1/23) and Assistant DTO, BSNL (Registration No. 1/31) reflects the inefficiency of the Accounts and Taxation Officer and its recovery staff. These lapses in the functioning of the section underscored the need for more efficient and effective tax recovery regime by setting collection targets, special recovery drives, enforcement of penal action against defaulters.

The Corporation replied that it is regular in collecting the taxes and that the dues remained outstanding due to technical and administrative reasons as some of the premises remained closed/unoccupied and without any operation. It had stated that the various efforts to recover the dues are being carried out and also the facility of online payment of taxes is enabled. The Corporation further stated that it had collected ₹ 15.15 crore towards house tax during the FY 2020-21 and that all efforts are being made to expedite the collection of revenue and recovery of dues/arrears of taxes as per the provisions of the law.

The reply is not tenable as the Corporation could not recover the dues that were outstanding (approx. 37 *crore*) for over a period of *four* years despite engaging a recovery officer. The Corporation may also state the efforts that are in place to recover the outstanding dues.

Para 17: Non-reconciliation of Provident Fund

Rule 213 of the Municipal Account Code, 2007 provides for monthly/annual reconciliation of main (financial) ledger with the account head-wise balances of all payables & receivables (Opening Balance, debit/credit, Closing Balance) pertaining to that month/year by the accountant in-charge. Further, Rule 214 of Municipal Account Code, 2007 also provides that in case any of these registers are maintained department-wise, it shall be the duty of the concerned Head of the Department, to ensure that such reconciliation is done as prescribed.

²⁶ ₹ 18.83 crore in March 2017

²⁷ ₹ 36.40 crore in March 2020

²⁸ The CCP vide Allocation of Work order dated 26.02.2020 had allocated the charge of recovery cell to Shri Ramdas Palkar, Recovery Officer and his subordinate Shri Devendra Sawant, Asst. Recovery Officer.

Audit noticed that though the Corporation had made deductions from the salaries of its employees towards provident fund contribution, no reconciliation statement was made and enclosed, the details of which are stated in *Annexure – IV*. Further, audit observed a difference of approximately ₹ four lakh between the figures shown in the Balance Sheet and the Summary Statement for the year 2019-20.

Code for the Year 2019-20	Nomenclature	₹ in lakhs
3501201	PF	36.99
3502014	Disbursement	-12.62
Net Balance		24.37
As per PF Summary Statement		28.34
	Difference	4.03

The Corporation may give the reasons for differences in the figures shown in the Balance Sheet and the Summary Statement. CCP may also depute Accounts cum Taxation Officer (ATO) and Administrative cum Accounts Officer (CAAO) who are well-versed with the Double-entry system of accounting.

The reply of the Corporation is awaited.

Para 18: Non-reconciliation of daily receipts

The General Financial Rules, 2017 was implemented with an objective to facilitate smooth and timely implementation while following principles of accountability and procedures of financial discipline and administration with due diligence and increase efficiency rather than create impediments. A committee²⁹ set up in 2014 with a view to recommend ways in which efficiency of public expenditure could be increased had made several recommendations especially with respect to Autonomous Bodies wherein one such recommendation is that new rules on non-tax revenues, user charges, e-receipts portal should be added in addition to the manner in which Autonomous Bodies function.

Rule 81 of GFR, 2017 envisages the responsibility of Departmental Officers such that every officer responsible for the collection of dues or expenditure of money shall see to that proper accounts of the receipts and expenditure are maintained in such form as prescribed for the financial transactions with which he is concerned and tender accurately and promptly all such accounts and returns relating to them. Further, Rule 214 of Municipal Account Code, 2007 also states that it shall be the duty of the concerned Head of the Department, to ensure that such reconciliation is done.

²⁹ Expenditure Management Commission

Audit, during scrutiny of records, noticed that receipts and payments made to or by CCP were being recorded in the incorrect account heads as some mandatory heads for receipts and payments are yet to be opened (February 2021). Also, multiple cheques (on hand) and cash received (on hand) amounting to ₹ 251532, ₹ 9000 and ₹1200 respectively were incorrectly recorded as Miscellaneous Income, which may result in outstanding of due and interest against payer's name in the records of the Corporation.

Further, the details of receipts bearing the nos. 701518, 701930, 700964, 703864, 703865, 703989, 703990, 704000, 705162, 705163, 706563, 706373 were not produced to audit for scrutiny, the reasons for which was not furnished.

The reply of the Corporation is awaited.

Para 19: Administrative lapses in maintenance of records

Section 77 of CCP Act 2002 read with Rule 184, of the Municipal Account Code, 2007, provides that the Corporation shall maintain a register for the purpose of mapping all immovable property of which it is the proprietor or which vests in it otherwise or which it holds in trust for the State Government. Two sections of the Corporation namely administration section and taxation section deal with the allotment, vacation, repairs of the CCP quarters and record the monthly collection of rent respectively. Details furnished by the Administration cum Chief Accounts Officer (CAAO) of the Corporation is tabulated below:

Sl. No.	Location	Flat No.	No. of flats	Shops & Godowns	Flats occupied by staff	Flats Vacant	Flats rented to private persons	Others
1.	St. Inez	37	28	9	10	05	15	07
2.	Mala	26/1	1					1
3.	Tonca	Three blocks	72	0	11	0	60	1
	Total		101	9	21	5	75	9
	%				19%	5%	68%	8 %

It can be inferred from the above table, that 68 *per cent* of the CCP's quarters were rented to private parties while 19 *per cent* were occupied by staff. The remaining 5 *per cent* were lying vacant and the rest 8 *per cent* includes the flats missing/not recorded, lying vacant/occupied either by retired staff or family of deceased staff.

Further scrutiny of the records revealed that:

- Incongruous and inconsistency in maintenance of records was observed in the Administration Section and the Taxation Section. In contrary, house no. 1-12-A is recorded as a single house as per the Taxation Section whereas, it contains 12 quarters of 32 sqm. each rented out to private persons recorded by the Administration Section.
- There is a total of 67 LIG rooms of CCP as per the electricity bills collected, but were found missing from the records of the Administration Section of CCP.
- Taxation Section and Administration Section had recorded flats at Mala as a single unit whereas it consists of four individual units with separate electric meters with house nos. as 26/1 (CCP quarters, Mala, Panjim), 22 (Mala), Mala Municipal Council & 4/158 (Mala) as per the electricity bills collected.
- Flat No. G-8-A (Block A) at Tonca was missing from the records of CCP, which indicates that the Corporation does not update its records from time-to-time.
- Further, as per the records of the Taxation section, Flat No. 9 (i.e. 6/13) is shown as vacant, in contrary to the records of the Administration Section, wherein it is recorded as one person named "Yellappa Kadri" shown as residing in it.
- Also, CCP could not produce the register wherein the waiting list for quarter allotment is recorded.

It was replied that a survey would be conducted and a report furnished to audit.

Para 20: Non-compliance to the provisions of the Environment (Protection) Act, 1986 and Solid Waste Management Rules, 2016

Rule 15 and Schedule I of the Solid Waste Management Rules, 2016 entrust the local bodies with the responsibility to prevent burning of waste, mixing of leachate from solid waste locations with surface run-off water, ensure provision and usage of protective gears such as, hand gloves, footwear, masks *etc.* by the workers at waste facilities. Further, Section 11 (b) of the SWM Rules, 2016 states while preparing State policy and strategy on solid waste management, emphasis should be laid on waste reduction, reuse, recycling, recovery and optimum utilization of various components of solid waste to ensure minimization of waste going to the landfill and minimize impact of solid waste on human health and environment.

Scrutiny of records pertaining to legacy waste revealed that the Corporation was collecting all kinds of waste till January 2016 and stored it under the ground by digging a pit, and it was left

without timely segregation, processing it and transporting it for disposal. As a result, waste (approx. 7500 m³) was accumulated. The Goa State Pollution Control Board (GSPCB)³⁰ and the Hon'ble High of Bombay at Goa³¹ considered this issue suo-moto and the GSPCB imposed a fine to the tune of ₹18 lakh on the Corporation under the "Polluter Pays Penalty" scheme for violation of the directions of the National Green Tribunal, New Delhi. However, the Corporation is yet to pay the fine imposed.

Further, scrutiny of files relating to Joint inspection by a team comprising auditors and officers of Waste Management Cell of the Corporation revealed that:

- The exigency of removing garbage from Campal dumping ground resulted in steep hike of expenditure from ₹ 12.35 lakhs (2018-19) to ₹38.43 lakh (2019-20) which translated to an increase of 211 *per cent*. Further, an expenditure of ₹ 7.13 lakhs out of ₹38.43 lakhs was incurred only on hiring of two vehicles to lift the said waste. The details of the remaining amount of ₹31.30 lakhs was called for but the Corporation did not furnish the details.
- As pointed out earlier in this Inspection Report, two fire accidents were reported on 13.01.2020 and 23.01.2020 at Waste Treatment Facility near Heera Petrol Pump and at Material Recovery Facility (MRF) respectively. However, it was observed that no concrete efforts were put in place by the Corporation despite frequent incidences of fire, which is in violation of Rule 15 and Schedule I of the SWM Rules, 2016.
- In violation to the guidelines, Leachate produced during squeezing of the waste of market at the garbage site was being drained into the drains. Further, the Corporation has been incurring expenditure on transportation of the garbage from the municipal market to the dumping site behind Heera Petrol Pump. Had the biodigesters been installed at the municipal market, the Corporation could have saved the expenses on transportation, fuel, manpower etc.

The reply of Corporation is awaited.

³⁰GSPCB conducted (08.06.2020) the inspection of the site and issued (15.06.2020) *show-cause* notice to CCP under section 5 of the Environment (Protection) Act, 1986 read with the Solid Waste Management Rules, 2016

³¹ Issued (16.06.2020) directions to the CCP to urgently clear the un-remediated legacy waste situated at Campal Parade Ground

PART – III

FOLLOW UP ON FINDINGS OUTSTANDING FROM PREVIOUS INSPECTION REPORTS

The following audit paras from previous Inspection Reports were outstanding for want of compliance:

Sl. No.	IR No.	Para No.	Subject
1.	IR No. AG/Goa/SS-LB /20/11-12/246 Dt. 22.12.11	4	Raising revenue to the extent of ₹ 46.18 lakh in test checked cases not in conformity with the Goa Regulation of Land Development and Building Construction Regulations, 2010.
2.		19	Town Planning in the jurisdiction of the CCP.
3.		26	Short collection in lift fee.
4.		28	Difference between Opening Balance and Closing Balance of DCM of revenues for the year 2009-10 and 2010-2011
5.	IR No. AG/Goa/SS-LB /37/2013-14/335 Dt.31.10.13	01	Undue delay in implementation of JNNURM scheme.
6.	IR No. AG/Goa/SS-LB/50/2014-15/901 Dt.27.01.15	03	Wasteful expenditure on construction of footpath ₹ 79.48 lakh.
7.		04	Loss of Demand Draft amounting to ₹ 50 lakh and lapsed DDs amounting ₹ 87,438.
8.		06	Faulty implementation of civil work on Miramar-Dona-Paula Road
9.		10	Non-regularization of leave.
10.	IR No. AG/Goa/SS-LB /54/2015-16/861 Dt.29.03.16	01	Loss of revenue of ₹ 2.41 crore due to non-recovery of revised rent from shops at Pracia de Commercio building.
11.		04	Inadequate internal control and oversight over financial transactions resulting in fraud on the Corporation.
12.		06	Unfruitful expenditure on implementation of Accrual Based Double Entry Accounting System.
13.		07	Income foregone in collection of pay parking and annual fair fees.
14.		12	Flaws in procurement of equipment and vehicles for solid waste management.
15.		14	Claim of damages on incomplete works.
16.	IR No. AG/GOA/PRI/ULB/41/2016-17/522 Dt. 05.12.16	04	Revenue of ₹ 2.80 crore foregone due to non-renewal of construction licenses issued.
17.		05	Loss of revenue of ₹ 85.36 lakh due to adoption of lower rate of property tax than that prescribed under the statutes.
18.		06	Loss of tax revenue of ₹ 63 lakh due to non-collection of licence fee and tax on property let out for erection of mobile towers.
19.		07	Injudicious investment of Municipal Fund in shares of loss-making company.
20.		09	Illegal construction cases let out for erection of mobile towers
21.	IR No. AG/GOA/PRI/ULB/40/2017-18/52 Dt. 22.12.17	04	Irregularities in according permission for laying OFC and lack of internal control leading to loss of revenue
22.		07	Infructuous expenditure on Goa Stray Cattle Management Scheme

23.		08	Loss due to failure of Corporation to safeguard its financial interest while outsourcing the work of collecting dry waste materials	
24.		10	Fixation of Licence Fees for trades and occupations	
25.	IR No. PAG/Goa/ SS-II/LB/52/2018- 19/200 Dt. 29.01.2019	01	Avoidable additional payment for land acquisition (₹ 1.07 crore)	
26.		03	Delays in renewal of lease agreements and short/non collection of rent/lease	
27.		04	Short collection of fee of NOC for road cutting	
28.		05	Loss of revenue of due to inaction against unauthorized occupation	
29.		06	Extra Expenditure incurred on the work of beautification and Landscaping of Garden	
30.		08	Excess payment during purchases (₹ 6.70 lakh)	
31.		09	Wasteful expenditure on consultancy charges (₹19.93 Lakh)	
32.		12	Non-refund of EMD	
33.		IR No. PAG/Goa/ SS-II/LB/ /2019-20/ Dt.	01	A. Mismanagement of pay parking contract
34.				B. Pending recovery from the pay parking contractor (₹ 30.20 lakh)
35.	C. Revenue forgone due to pending award of contract ₹ 2.74 crore)			
36.	03		Irregular utilization of grants under Golden Jubilee Scheme	
37.	08		Depriving of pension benefits to the employees under NPS	
38.	09		Loss of license fees due to delay in issue of construction license.	
39.	10		Non-disposal of unserviceable dead stock	
40.	11		Theft of equipment/goods from waste management facility	
41.	12		Outstanding illegal construction cases	
42.	13		Non-conducting of physical verification of library books	

PART IV

BEST PRACTICES

No incidence of adoption of best practices by the Corporation was noticed during the audit. The Corporation may strive to adopt best municipal practices to improve its revenue collection and administration and service delivery management.

PART V
ACKNOWLEDGMENT

The following officers held the post of Commissioner of the City of Corporation of Panaji:

Sl. No	Name of the Commissioner	Period during which the post was held
1.	Shri. Ajit Roy, IAS	September 2017 – February 2019
2.	Shri. Shashank Mani Tripathi, IAS	March 2019 – September 2019
3.	Shri Sanjit Rodrigues	September 2019 onwards

The cooperation and support of all officers and staff of the Corporation during the audit is acknowledged.

DISCLAIMER

The Audit Inspection Report has been prepared on the basis of information furnished and made available by the Corporation of the City of Panaji. The Office of the Accountant General, Goa disclaims any responsibility for any misinformation and/or non-information on the part of the audited entity.


Sr. Audit Officer/LBM(HQ)