

# **INTERNAL AUDIT REPORT**

## **OF**

### **SUPPORT PROGRAMME FOR URBAN REFORMS IN BIHAR (SPUR)**

**ULB: ARWAL**

**FOR THE PERIOD**

**(01-04-2015 TO 31-03-2016)**

**Audited By :**

**U. S. Prasad & Co.**  
**Chartered Accountants**

4<sup>th</sup> Floor, 34, Kavi Raman Path,  
Nageshwar Colony, Boring Road,  
Patna 800001

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09835481516

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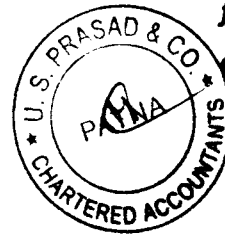
To,  
The Secretary, UD & HD  
Urban Development and Housing Dept.  
Govt. of Bihar  
101, 1st Floor, Vikash Bhawan  
New Secretariat  
Bailey Road  
Patna – 800 015 (BIHAR)

Dear Sir,

**Sub: Internal Audit Report of NAGAR PARISHAD, ARWAL for the Period 01.04.2015 to 31.03.2016.**

We are submitting the audit report of Nagar Parishad, Arwal for the period starting from 01-04-2015 to 31-03-2016 in reference to our appointment as Internal Auditor for Group 9 issued by support programme for urban reforms in Bihar (SPUR), Patna vide Notice to proceed No. SPUR-PMU/194/IA-140ULBs&SLMA/S-3/USP/2016/139/36 Dated 05<sup>th</sup> April 2016.

Our scope of audit covers the requirement of specific points as spelled out in contract agreement entered with the management of SPUR.



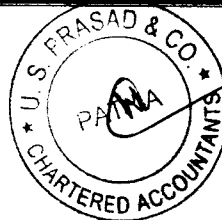
**for U. S. Prasad & Co.**  
**Chartered Accountants**

**MANOJ KUMAR**  
**PARTNER**  
**M. No.: 418631**

**NAGAR PARISHAD, ARWAL**  
**INTERNAL AUDIT REPORT OF F.Y.2015-16**

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## **Executive Summary**

### **1. Introduction:-**

**Name of Municipality: - NAGAR PARISHAD, ARWAL**

**Period covered under current audit: - 01-04-2015 to 31-03-2016.**

**Name of the Executive officer for the period under audit:-Shri Ram Kumar Roy**

### **2. Results and Findings**

#### **Strength observed during the audit engagement**

1. General Cash Book has been prepared.
2. Subsidiary Cash Book has been written.
3. All vouchers were passed properly and signed by the authorised person.
4. All vouchers have supporting documents.
5. Office infrastructure is sufficient for operation.
6. Response from officer & Clerk are satisfactory.

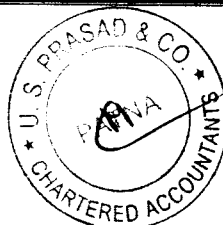
#### **Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement**

1. Fixed Assets Register has not been maintained.
2. Advance Register has not been maintained.
3. Stock Register has not been maintained.
4. Daily collection register is maintained but the same is not maintained Revenue receipt wise separately.

5. In some case where payment has been made to contractors, TDS has not been deducted and in some other cases where TDS have been deducted it has not been deposited till date. Therefore, TDS Return has not filled till date. It attracts penalty u/s 234E.
6. Property / Holding tax have been assessed on property by the ULB from January 2016.
7. Tower tax has not been collected, since the establishment of the ULB even though number of tower is 24 as on 31-03-2016. Thus total outstanding tax amount is Rs. 29,04,0005 /- For registration fee and renewal thereof.
8. Municipal Accounts Committee has not been constituted.
9. Budget has not been sanctioned by the state government.
10. Section 84 of the Bihar Municipal Act, 2007. Provides that Municipality shall submit its budget intimates for the ensuing year to the State Govt. by 15<sup>th</sup> of the March. But information furnished by the Nagar Parishad revealed that budget estimates were not passed on time by the board, which resulted into delay submission of the same to the State Government.
11. TDS, VAT, Royalty, has been deducted but the same could not be verified whether deposited or not due to non-availability of deposit slip or challan.
12. There is lack of internal control with respect to collection of revenue covered under sairat during the FY 2015-16. For ex- Tender/Bandobasti for parking, public toilet, Mobile Tower, or advertisements are not being executed.
13. No Separate Grant register is being maintained. Hence, it is difficult to find out the amount of unutilised grant at any point of grant.
14. There are 14 schemes implemented in ULB but all the schemes are being operated through only 8 Bank Accounts and One P/L Account (Treasury).

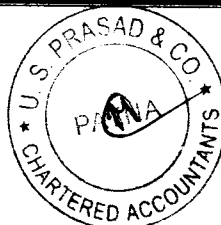
### 3. Opinion

As referred above and detailed in the Audit Report, we are of the opinion that Core Municipal functions are performed by the ULB. However, the ULB is not working properly. Even internal control applied by the ULB is poor. Revenue collection of the ULB is very poor. If revenue collection is made effectively and efficiently, it may be increased to much higher level. All cash collection from source of revenue is not deposited in the bank on same day or next working day. It is deposited in the bank after making daily expenditure. Due to lack of manpower, there is delay in performing day-to-day work. There should be proper segregation of duties to perform day-to-day work in efficient manner. Bank reconciliation should be prepared on monthly basis. We find that rules and regulation are there but ULB is not following them properly. Most of the Books of Accounts as prescribed by BMAR are not maintained by the ULB. Fee and charges for the different categories cover under Sairat have not been collected properly. There are serious lapses in deduction and deposit of statutory dues, such as VAT, Royalty, TDS, Labour Cess Etc. Separate Bank Account should be maintained for each Scheme.



**4. Audit Recommendations**

- i) Fixed Assets Register should be maintained.**
- ii) Advance Register should be maintained.**
- iii) Stock Register should be maintained.**
- iv) Daily Collection Register separately for each head should be maintained.**
- v) TDS deduction & deposit thereof and e filling of TDS return should be done timely and in proper manner.**
- vi) Tax amount should be collected from Mobile tower.**
- vii) Daily collection amount should be deposited into bank account as prescribed in BMA 2007.**
- viii) Municipal Accounts Committee should be constituted.**
- ix) Budget should be prepared by the ULB timely and get them approved by the state government within the time frame.**
- x) Book of accounts should be verified by EO on regular interval.**



**5. Comments from Management**

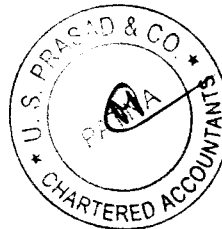
The audit report has been discussed with us. We will try our best to remove the irregularities pointed out in the audit report.

For, Nagar Parishad, Arwal  
(Executive Officer.)


**6. Acknowledgement**

We thank Mr. Ram Kumar Roy (Executive Officer), for his support during the period of our audit. We are also thankful to accountant and other staff of the Nagar Parishad Arwal for their co-operation during the period of audit.

Place:- Patna  
Date:-



for, U S PRASAD & CO.  
Chartered Accountants

  
Manoj Kumar  
(Partner)  
M.NO:- 418631



## **Detailed Audit Report**

### **1) Introduction**

The Internal audit of **Nagar Parishad, Arwal** covering the period from **01-04-2015** to **31-03-2016** was conducted by following persons under guidance of CA Manoj Kumar

- i) Mr. Dharmender Kumar
- ii) Mr. Arun Kumar

### **2) Administration**

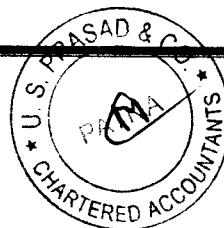
The present body of ULB has taken charge on 12-02-2015. The incumbency in the key administrative and executive positions was as under:

Shri Nityanand Singh, Chairman From 12-02-2015 to till date.

Shri Khurshid Akram, Commissioner / Executive Officer from 31-03-2014 to 28-01-2015.

Shri Nashib Lal Das, Commissioner / Executive Officer from 29-01-2015 to 31-03-2016.

Shri Ram Kumar Roy Commissioner/ Executive Officer to till date.



3) Review of outstanding audit paras: Status of Audit Observations is as under:

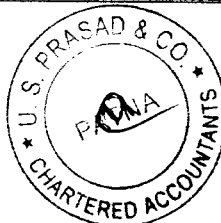
**NAGAR PARISHAD, ARWAL**

Sl. No.	Particulars of Audit And date of report	Total No. of Audit Paras.	Total No. of Audit Paras where necessary improvement/cor rective measure is required	Total No of Audit Paras where recovery of cash is proposed	Total No. of Audit Paras where recovery has been made	Total Amount of Recovery	Total No. of Outstanding Para Where no action has been taken	No. & dated of compliance report
1	CAG Dt. 26-05-2016	13	13	04	Nil	Nil	13	No compliance reported till reporting date
2	CAG Dt. 31-03-2015	24	24	08	Nil	Nil	24	No compliance reported till reporting date

**Deficiency Pointed Out in AG Audit Report**

1. Vat Rs 25,113.00 and Income tax 2.26% Rs 11,960.00 has not been deducted on Purchase of laptop of Rs 5, 28,300.00
2. Suspicious payment of Rs 9, 00,000/- have made in purchase of blankets.

3. Excess Payment of Rs. 2.96 Lac /- has been made on purchase of Hand Thela and Pole mountain bin as performance security and VAT has not been deducted on payment to the vendor.
4. Irregularities of Rs 85.50 Lacs have made in Purchase of LED Light.
5. Excess Payment of Rs. 13, 682/- in execution of different scheme and recoverable amount is Rs. 9, 58, 422/-.
6. Irregularities of Rs.95, 109/-in Purchase of Diesel and Excess Payment of Rs.1, 43,800/-in Hiring Charges on Generator, Tractor, and JCB.
7. Irregularities and Excess payment of Rs. 8, 23,645/- in Out Sourcing head.
8. Non deposit/Short deposit of Rs.33, 775/-Collected from Miscellaneous receipt.
9. Total outstanding of Rs.35, 91,000/-due for registration, renewal, installation on mobile tower.
10. Revenue Loss of Rs.15, 85, 870/-occurred due to bandobasti of sairat not done.
11. Documents/evidence has not been produced regarding expenses of Rs.1,14,61,667/-



4) Finance :-

I. Budgetary Provisions and expenditure for the last three years:-

**NAGAR PARISHAD, ARWAL**

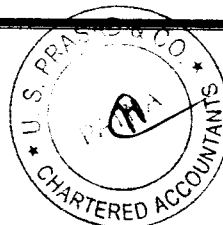
Year	2013-14	2014-15	2015-16
Final/Revised Budget	13,26,27,400.00	16,10,77,227.00	Budget Not Prepared by ULB
Actual Expenditure	2,28,58,851.00	2,08,34,148.00	14,80,11,859.00
Savings(+)/Excess(-)	10,97,68,549.00	14,02,43,079.00	14,80,11,859.00

II. Volume of transactions :-

**NAGAR PARISHAD, ARWAL**

**II Volume of transactions (2015-16)**

Period	Budgeted 2015 -16	Previous Year (For one year) 2014-15	Corresponding Period of Previous Year	Current Period 2015-16	Cumulative for the current period
	Budgeted				
(A) Opening Balance	Budget Not Prepared By ULB	9,59,43,060.00	Not Applicable	16,52,67,687.00	Not Applicable
(B) Receipts		9,01,58,775.00		10,03,77,264.00	
(C) Total (A +B)		18,61,01,835.00		26,56,44,951.00	
(D) Total Expenditure		2,08,34,148.00		14,80,11,859.00	
(E) Closing Balance(C- D)		16,52,67,687.00		11,76,33,092.00	



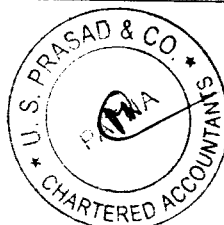
**III. Bank Reconciliation :**

Since different scheme has been maintained in single cashbook therefore segregation of balances of different Scheme as on 31 st March 2016 cannot be determined.

Similarly, since through one bank account different schemes are being operated the bank balance of a particular scheme on a particular date cannot be determined. Bank Reconciliation Statement has not been prepared in the prescribed format by the ULB.

Bank Reconciliation Statement has not been prepared in the prescribed format by the ULB.

Sl. No	Name of Bank/ Cash in Hand	Bank A/c No.	Scheme Name	Balance As On 31 <sup>st</sup> March 2016.		BRS
				Bank Statement (Rs.)	Cash Book (Rs.)	
1	P/L Account	8448001020001	Various Scheme	8,88,37,745.00	8,88,37,745.00	Not Prepared
2	Canara Bank	3473101000832	13 <sup>th</sup> Finance	36,430.00	8,80,302.00	Not Prepared
3	Canara Bank	721302010001714		31,562.00		
4	Union Bank	7213020100052992	14 <sup>th</sup> Finance	19,59,877.00	71,04,598.00	Not Prepared
5	Canara Bank	3473101000833	Miscellaneous	14,803.00	10,40,961.00	Prepared
6	PNB	4484000100053007	Miscellaneous	10,63,281.50		Prepared
7	PNB	4484000100053025	BRGF	46,29,433.00	46,29,433.00	Not Prepared
8	Canara Bank	3473101003400	E Govt.	1,48,481.00	1,48,481.00	Not Prepared
9			NULM		1,48,30,417.00	Not Prepared
<b>Total</b>				<b>9,67,21,612.50</b>	<b>11,74,71,937.00</b>	
<b>Difference of Cash book &amp; Bank Statement</b>					<b>2,07,50,324.50</b>	



**IV. Revenue Receipts :-**

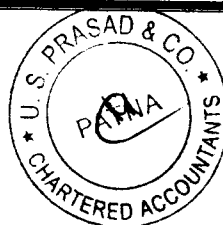
IV Revenue Receipts					
Period	Budgeted 2015-16	Previous Year (For one year) 2014-15	Corresponding Period of Previous Year	Current Period 2015-16	Cumulative for the current period
<b>a) Own Source</b>	<b>Budget Not Prepared by ULB</b>		<b>Not Applicable</b>		<b>Not Applicable</b>
Property Tax		8130.00		4,67,524.00	
Assigned Revenue		46,51,136.00		1,66,01,290.00	
Fee & User / Others Charges		33,80,716.00		5,60,214.00	
<b>b) Administrative Grant</b>		-		-	
<b>c) Specific Grant (Scheme wise)</b>					
		-		-	
i) 13th Financial		19,601.00		1,69,87,000.00	
ii) State Plane		4,80,42,833.00		1,25,25,400.00	
iii) 4th Financial		2,37,78,140.00		-	
iv) B R G F		41,24,578.00		3,52,326.00	
v) Miscellaneous		26,36,890.00		24,04,503.00	
vi) 2217 Sthapna		-		-	
vii) S J S R Y		2,50,056.00		743.00	
viii) N U L M		77,12,079.00		91,35,281.00	
ix) E Govt.		1,22,645.00		3,68,612.00	
x) 14th Financial		-		1,26,03,746.00	
xi) 5th Financial		-		2,20,40,625.00	
xii) Swacch Bharat Mission		-		63,30,000.00	
<b>Total(RS) (a+ b+ c)</b>		<b>9,35,47,621.00</b>		<b>10,03,77,264.00</b>	

**V. Status of implementation of Double Entry Accounting System :**

Accounting of Nagar Parishad, Arwal is being maintained based on Double Entry Accounting System.

**VI. Status of Municipal Accounts Committee: if meeting is held :**

Nagar Parishad, Arwal is yet to constitute Municipal Accounts Committee under section 98 of the Municipal Act, 2007.



## **Audit Observations**

### **I. Part - A**

All Audit objections / irregularities, which has monetary implication, particularly in following areas:

#### **i. Holding & Property Tax Collection**

**Audit Objective** – As per Point No. – 4.4 of TOR

**Criteria** –Non-collection of Property Tax/Holding Tax by the concerned ULB.

**Condition** – These taxes have been assessed first time by the ULB for the Financial Year 2015-16 but all tax amount has not been collected by the ULB and total outstanding amount as on 31<sup>st</sup> March 2016 has not been determined.

**Consequence / Effect / Impact** - Due to non-collection of Property/Holding Tax, there is a revenue loss to ULB and there is no record / register to know total current & arrear demand of holding tax. Demand / Collection & Arrear Register have also not been provided to us for verification.

**Cause** – This happens due to lack of proper follow up and monitoring of activities of Tax Inspector / collector by the concerned officers on regular interval.

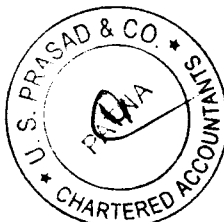
**Corrective Action / Recommendation** – There should be day to day monitoring on Collection of Taxes and maintenance and updating of Demand & Collection Register on regular interval.

#### **ii Mobile Tower Collection**

**Audit Objective** – As per Point No. – 4.4 of TOR

**Criteria** – Tower Tax is taxes on Communication Tower & related structure as defined in BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES, 2012. As per the rule, all operators are required to register with their concerned ULBs and pay registration fee & renewal charges on annual basis for communication tower erected within municipal area. Currently the registration fee for Nagar Parishad is Rs. 40,000/- per tower and annual renewal fee is Rs. 10,000/- per annum per tower.

**Condition** –As per details provided to us there are total 24 (Twenty Four) Mobile Towers registered with this ULB up to 31.03.2016 and Rs. 29,04,000/-, is due to be recovered from these tower operators on account of Tower Tax.



**Consequence Effect/ Impact** - Due to non-collection of Tower Rent, there is a revenue loss to ULB.

**Cause** – This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the Tower Rent due to which result in Revenue leakage.

**Corrective Action / Recommendation** – There should be proper monitoring and further steps are required to be taken for collection of Mobile Tower Tax by concerned ULB.

iii **Advertisement Tax**

**Audit Objective** – As per Point No. – 4.4 of TOR

**Criteria**– Non – levied of advertisement tax by the ULB.

**Consequence / Effect / Impact** - Due to non - levied of collection of advertisement tax , there is a revenue loss to ULB.

**Cause**– This happens due to lack of awareness of imposition of advertisement tax of concerned person of the ULB.

**Corrective Action / Recommendation** – There should be proper monitoring and further steps are required to be taken for collection of advertisement tax by concerned ULB.

iv **Tax Collection but not Deposited** - **Irregularity**

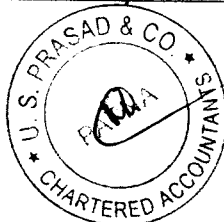
**Audit Objective**– As per Point No. – 4.4 of TOR

**Criteria**– As per Rules 22(1) of Bihar Municipal Accounting Rules, 2014 Tax Collected has to be deposited on same day or latest before noon on the following working day.

**Condition**- Amount of Rs. 16,236/- collected as shown in Daily Collection Receipt but the same is neither entered in Cash Book nor deposited into bank

**Consequence / Effect / Impact**- Due to non-deposit of Tax on due time, ULBs is suffering from Revenue Loss in the form of Bank Interest which could have been earned on these Receipts. Further this is a lapse on Internal Control due to non-submission of Counterfoil and record updation of assesses due.

**Cause**– This happens due to non-follow up and monitoring of activities of Tax Collector by the concerned officer on regular interval.





**Corrective Action / Recommendation**– There should be day-to-day monitoring on Collection of Taxes by Tax Inspector/Collectors and deposit of collection into Bank on either same day or latest before noon on the following working day

v **VAT Not Deducted**:- Amount of Rs.71,050/- of Vat has not been deducted on Purchases of hand Thela for Rs.14,21,000/-Dated on 03-08-2015 and 24-08-2015 from Krishi Yantra Center

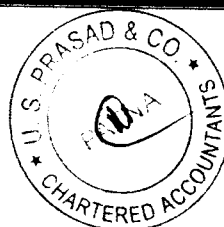
vi **Recovery of Excess payment made to Contractor**:- Mr Anish kumar Rs 8,485.00 and Mr. Rahul Kumar Rs 6,197.00 from estimated cost:-

a. In BRGF, yojna No. -76/15-16 (Agreement no-76F2/15-16), has been awarded to Mr. Anish Kumar at Rs. 4,25,018/- but payment has been made of Rs. 4,33,503/- i.e excess amount of Rs. 8,485/-has been paid .

b. In BRGF, Yojna No. -78/15-16,(Agreement no -78/15-16), has been awarded to Mr. Rahul Kumar at Rs. 6,19,483.00 but payment has been made of Rs. 6,25,680/- i.e excess amount of Rs. 6,197/- has been paid.

vii. **Non / Short Deposit of Rs. 8,479/-** :- Amount of Rs. 8,479/- collected through miscellaneous Receipt during the Financial Year 2015-16 as shown in Daily Collection Receipt but the same is neither entered in Cash Book nor deposited in to bank by Rajeev Kumar (Accountant) & Rakesh Kumar (Tax Daroga).

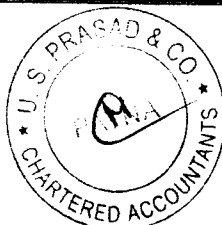
Sl. No.	Date	Money Receipt	Name of Tax Collector	Amount
1	06-06-2015	340	Rakesh Kumar	5,000.00
2	01-03-2016	433	Rakesh Kumar	1000.00
3	18-02-2016	421	Rakesh Kumar	1150.00
4	27-02-2016	432	Rakesh Kumar	500.00
5	12-02-2016	434-64	Rajeev Kumar	829.00
Total				8479.00



**Viii. Property Tax on 20 high value properties**

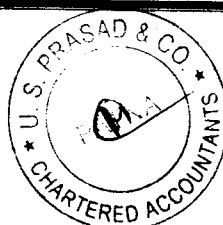
Property / Holding tax are assessed by the ULB. Therefore property tax on minimum 20 high value properties could be determined:-

Sl. No.	Owner Property Name	Add Of Owner	Holding/ Ward	Annual Property Tax	Nature of Property
1	Ram Kumar Prasad S/o Late Haridwarsao	Vill-WasilPur, Arwal	05	16,695.00	Commercial
2	Amrender Kumar s/o Bhagwati Prasad	Vill -Sipaha ,Arwal	06	15,485.00	Commercial
3	Veena Roy w/o Late Sakaldeo Singh	Vill -Sipaha ,Arwal	06	11,257.00	Residential cum Commercial
4	RamanandPd Sao, s/o Late Mahavir Prasad	Vill -Sipaha ,Arwal	06	10,644.00	Residential cum Commercial
5	Sita Devi W/o Late Lalan pd Khtri	Vill -Sipaha ,Arwal	08	8,536.00	Residential cum Commercial
6	Permod Kumar S/o Late Manik Chand singh	Vill -Sipaha ,Arwal	06	8,260.00	Residential cum Commercial
7	Ramadhar Prasad S/O Late Haridwar Sao	Vill-WasilPur, Arwal	05	7,278.00	Residential cum Commercial
8	Dr KulwantSahay S/o late Thakur Prasad	Muradpur Chowki, Baidrabad (Arwal)	19	6,659.00	Commercial
9	Md Abutayab S/o Late Abdul Khair	Malhipatti (Arwal)	15	6559.00	Residential
10	Anita Devi W/o Shashikant Kumar	Sipaha (Arwal)	06	4713.00	Commercial
11	Omprakash S/O Vishwnath Prasad	Spaha,(Arwal)	06	4595.00	Residential cum Commercial
12	Sunil Kumar S/o Rangnath Sao	Baidrabad (Arwal)	22	44,56.00	Residential cum Commercial
13	Rajkumar Sao S/o Sahdeo Sao	Malhipatti(Arwal)	15	5008.00	Residential



# Internal Audit Report of Nagar Parishad, Arwal

14	Dukan Sao S/o Late Sita ram Sao	Wasilpur (Arwal)	05	4078.00	Residential cum Commercial
15	Sheopujan Sao S/o Late Sita Ram Sao	Wasilpur (Arwal)	05	4078.00	Residential cum Commercial
16	Sunil Kumar S/o Jagdish Prasad	Sipaha (Arwal)	06	3748.00	Residential cum Commercial
17	Nandlal Singh S/o Late Ramkaran Singh	Spaha(Arwal)	06	3708.00	Residential cum Commercial
18	Phuleshwari Devi W/o Baleswar singh	Sipaha(Arwal)	06	2899.00	Residential cum Commercial
19	Moen Ansari S/o Late MangruMiya	Sipaha (Arwal)	06	2878.00	Commercial
20	Dewaki Mahto S/o Ram Ratanmahto	Sipaha (Arwal)	06	2599.00	Residential cum Commercial



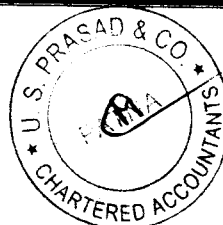
**II. Part - B**

- A. As per Rule 136 of Bihar Municipal Accounting Manual 2014, every year budget should be prepared for receipts and expenditure in Performa 75, 77 and 80 but budget has not been prepared in prescribed Performa by the concerned ULB.
- B. As per Bihar Municipal Act, 2007, Holding Tax (residential, Commercial, Land etc.) should be revised after every five years, but Nagar Parishad, Arwal failed to do so.
- C. It has been noticed during the audit that the following Books of Accounts & Subsidiary Registers has not been maintained or not properly maintained (*Status as mentioned*).

Sl. No.	Particulars	Status
1	Cash Book	Maintained
2	Subsidiary Cash Book	Maintained
3	Ledger Book	Not Maintained
4	Grant Register	Not Maintained
5	Advance Register	Not properly Maintained
6	Pay-Roll Register	Not Maintained
7	Vehicle LOG Book	Maintained
8	Store Register	Not Maintained
9	Fixed Assets Register	Not Maintained
10	Demand & Collection Register of Property Tax, Mobile Tower Tax, Shop Rent etc.	Not Maintained

- D. In ULB, internal control are either not in place or not working in respect of day to day working, payment of expenditure collection of revenue, tender etc.
- E. Non – compliance of TDS, VAT, and Royalty & Labour cess relevant statute:-
- TDS, VAT, Royalty and has been deducted but the same could not be verified whether deposited or not due to non-availability of deposit slip or challan.
  - Labour Cess has not been deducted from any bill submitted by the contractor.
- F. Pay-Roll Register has not been shown to us during the period of internal audit, thus we are unable to comment on deficiency in pay-roll system.

- G. Grant Register has not been maintained by the concerned ULB and upon enquiry of status of utilization certificate, the concerned officials has failed to provide above information.
- H. Inventory/Stores Register and Fixed Assets Register have not been maintained in concerned ULB and in the absence of above register; it is difficult to verify the same.
- I. Advance Register has not been maintained by the concerned ULB and in the absence of above register it is difficult to check or comments on adjustment and recovery of advances.

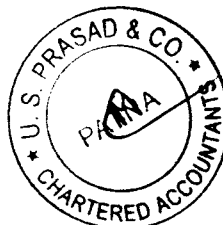


### III PART –“C”

#### General Observations

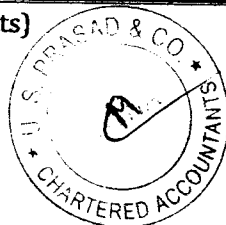
#### QUESTIONIER

Sl. No	Particular	Remarks/ Observation
1	Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts.	Yes, proper / scheme wise register are maintained.
2	Whether all the books of accounts and supplementary registers that are prescribed in the Accounts Manual / other applicable regulations have been properly maintained by the ULB.	Yes, Cash Book of accounts / other applicable regulation have been properly maintained by the ULB.
3	Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts.	No, the Nagar Parishad has not prepared Quarterly, Half yearly & Yearly Financial Statements.
4	Whether the period-end and reconciliation procedures prescribed have been carried out.	No, period-end and reconciliation procedures prescribed have not been carried out.
5	Whether the Bank Reconciliation statements have been prepared and are appropriate.	No, the Nagar Parishad has not prepared Bank Reconciliation statements except two bank account
6	Whether all grants from Government have been accounted at gross value with proper entries to various accounts.	Yes, proper / scheme wise register are maintained.
7	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail.	Yes, all transactions are correctly classified.
8	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted.	Yes, Grant received during the year has been properly accounted and all deductions have been properly accounted.

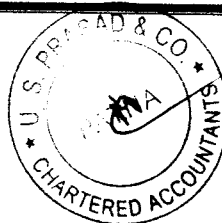


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9	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created.	No, Special fund has not been created by the ULB.
10	In respect of contracts that are in existence during the year, whether there are any deviations from the sanctioned plans and the estimates without the sanction of the competent authority.	No irregularity has been found on work contract.
11	Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account.	No, Fixed asset register has not been maintained, so unable to comment on it.
12	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry.	No, leasehold property has not been found
13	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores.	No, physical verification of store has been conducted by the ULB at reasonable intervals.
14	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported.	No, Nagar Parishad has not been maintained any store register.
15	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same has been properly dealt with in the books of account.	No, Nagar Parishad has not been maintained any store register.
16	Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts.	No, stock register has not been found. Therefore Physical verification has been conducted by the ULB at reasonable intervals in respect of stores.
17	Whether the valuation of stores is in accordance with the accounting, principles laid down in the rules. Whether the basis of valuation of stores is same as in	No, stock register has not been found. Valuation of store has not been done.



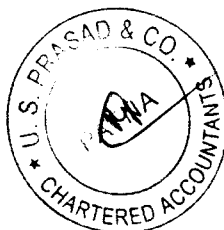
	the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported.	
18	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	No advance register has been maintained so we are unable to verify whether it is being recovered regularly.
19	Whether advances given to municipal employees and interest thereon are being regularly recovered.	No advance register has been maintained so we are unable to verify whether it is being recovered regularly.
20	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	Yes, there exist an adequate internal control procedure for the purchase of stores, components and assets.
21	Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.	Files related to procurement has not been provided by the ULB during the course of audit.
22	Whether the municipality is regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc., and if not, the nature and cause of such delay and the amount not deposited.	No, The Nagar Parishad is not regular in depositing statutory dues.
23	Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards their retirement dues of its employees, including employees on deputation.	No relevant document has been provided by the ULB.
24	Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof.	We did not notice any such expenses.
25	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently and are in all cases such as are authorized by law.	Budget has not been made by ULB hence unable to comment on it.
26	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on	No, all revenues from own sources have not been properly assessed, accounted





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	timely basis.	for and collected. For exp. – Mobile Tower & Stamp Duties
27	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by law.	No, The statutory liabilities are not within the prescribed time limits. For exp. – TDS, VAT etc.
28	Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority.	Yes, we observed that all bills for charges of account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority.
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.	Yes, The amount received as specific grants have been utilized for the purposes as stated in the grant sanction order.
30	Whether bio-metric devices and payroll software are used at the ULB. If not whether there is satisfactory system of pay-roll accounting, otherwise mention the key deficiencies of the system.	No, biometric devices and payroll software system are not used by the ULB. No documents were provided by the ULB



**For U. S. Prasad & Co.**  
**Chartered Accountants**



**Manoj Kumar**

**Partner**

**M. No. 418631**