

SPUR-PMU (Samvardhan)

No..... 645

In Coming Date... 20/8/16

INTERNAL AUDIT REPORT

(SPUR-PMU/194/IA-140ULBs & SLMA/G-14/RS&C/2016/134/39)

OF

NAGAR PANCHAYAT

BAIRGANIA

FOR THE F.Y. 2014-15

Conducted by:

R.SHAH & CO.

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AUDIT METHODOLOGY AND APPROACH

Audit Methodology

We have conducted the internal audit of Nagar Panchayat - Bairgania, for the year ending on 31st March, 2015 (as per TOR). We familiarized ourselves with documents of Nagar Panchayat, the internal guidelines and circulars applicable during this period under review. We also reviewed the working of the Nagar Panchayat and evaluated the accounting systems and related controls of the Nagar Panchayat in order to plan and perform our audit.

We reviewed transactions from April 01, 2014 to March 31, 2015. Our objective was to check all transactions and to design procedures to detect omissions. We also applied procedures to assess the adequacy of the Nagar Panchayat's financial management systems, including internal controls for entire audit period. We applied necessary tests and controls, as we considers necessary under the circumstances.

During the course of our audit we reviewed the below mentioned documents and registers:

- 1) General Cashbook, all Subsidiary Cash Books for the period from 1st April 2014 to 31st March 2015 maintained manually in the Nagar Panchayat.
- 2) Vouchers (Cash, Bank, Journal etc) along with supporting documents;
- 3) Receipt Books
- 4) Cheque Issue Register
- 5) Budgets prepared by the ULB
- 6) Other necessary records and registers

The major observations during the course of internal audit have been discussed with the Executive Officer & Accountant of the Nagar Panchayat.



Audit Approach

The purpose of defining the audit approach is to ensure that sufficient, appropriate audit evidence is collected to enable the drawing of a conclusion with respect to each of the audit objectives.

An effective approach will normally incorporate a variety of auditing tools and techniques. Different tools and techniques have various strengths and weaknesses.

Our approach to the internal audit started with an overview of activities through a study and documentation of the existing systems and procedures in all the ULBs. Testing of internal controls was carried out by checking a sample of transactions for the period covered by the audit.

Apart from the test of controls and samples, we also carried out various types of analytical reviews to understand as well as highlight unusual or significant trends in the business. Our observations, resulting from the audit tests performed on a sample of transactions, are set out under "Part-A, Part-B & Part-C" of the audit report and include our recommendations for addressing these observations.

For R. Shah & Co.
Chartered Accountants
FRN - 502010 C

CA. Neetu Jejanjani
(Partner)
M.N. - 406561



Date : August 27, 2016

Place : Ranchi



- There is no proper cash handling neither any locker was kept by the ULB.
- Demand and collection register have been prepared, but not in proper format. Total holding tax dues Rs. 7,14,980/- as on 31.03.2015. No penalty/ surcharge have been imposed for non-payment of demand.
- Fixed Assets Register is not maintained by the ULB.
- 7,02,000.00 is outstanding till 2014-15. Is listed in Annexure – A.
- There is a lack of internal control w.r.t collection of taxes. Mobile tower tax amounted to Rs. 7,02,000.00 is outstanding till 2014-15. Is listed in Annexure – A.
- ❖ Following weaknesses have been observed in the functioning of office, maintenance of records etc.
- Weakness
- The General Cash book & all the Subsidiary Cash Books have been maintained by the ULB.
- Attendance Register of Staff were maintained properly.
- Salary Register maintained by the ULB.
- All the Books & Register have been verified by Executive Officer on monthly basis.
- Staffs were cooperative during the Audit period.
- ❖ Following strengths have been observed in the audit of Nagar Panchayat.

2. Result and Findings

➤ Strength

Name of the Municipality	Bairgania Nagar Panchayat
Period Covered under Current Audit	1 st Apr 2014 to 31 st March 2015
Name of the Chief Municipal Officer for the period under Audit	Smt. Meera Kumari
Audit Conducted on	28-29 th April, 31 st May & 1 st August 2016

I. Introduction

EXECUTIVE SUMMARY



The functioning of the Municipality is very weak due to following reasons:

❖ Overall opinion of the Audit team about the functioning of the Municipality is as under:-

3. Opinion

- Taxes such as Sales Tax(VAT), Royalty, and Labour Cess etc are collected from time to time but payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise delayed interest charges may be imposed.
- No ESI, Pension Fund have been deducted from the salary of the employees.
- The ULB has not maintain the proper Log Book Register.
- Short realised Bid amount (Annexure - C)
- There are cases where labour cess had not been deducted. As per Annexure B1 attached, deducted towards VAT. (Annexure - B) respectively as on 31.03.2015 which are not deposited till on date. Rs.167018/- short Labour Cess etc are not created. But liability of Sales tax & Royalty Rs.325710/-, Rs.39847/- due to work executed by the NP self. On deduction of other tax liability like VAT, Royalty, There is lack of internal control on deduction and deposit of various taxes. TDS not deducted
- Bank Reconciliation Statement for any of the account is not prepared hence it is difficult to monitor possible fraud
- Unavailability of information and files relating to TDS, VAT, Royalty and Labour Cess.
- Directives relating to prepare a practical budget have not been complied with.
- Directives relating to forming a "Municipal Accounts Committee" have not been complied till date.
- Nagar Panchayat has failed to comply with certain rules and directives of UD & HD.
- Grant Register is not maintained, hence it is difficult to find unutilized grant at any point of time.
- Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.
- Taxes collected by tax collector are not deposited on daily basis. As per Rule 27 of B.M.A.R it should be deposited on daily basis.



- New staff are to be appointed by the management for smooth running of the ULB and they should be equipped with regular training to run the ULB smoothly.
 - All the statutory dues should be deposited on timely basis and returns prescribed under respective laws should also be filed on timely basis.
 - Bank reconciliation Statement should be prepared on monthly basis.
 - Collection by tax collector should be deposited on daily basis.
 - Collection from own sources should be improved.
 - Demand & Collection Register of all the wards should be prepared and calculation should be done as per new assessment.
 - Grant Register should be prepared.
 - PF & ESI should be deducted from salary, if applicable.
 - All the prescribed books of accounts and Registers should be prepared on real time basis.
- ❖ The recommendations of Audit team on the observed weakness is as under:-

4. Audit Recommendations

- A huge portion of fund received by the ULB from GOB is left unspent during the financial year 2014-15. So the Closing Bank Balance is huge.
- There are serious lapses in deduction and deposit of statutory dues such as Sales Tax(VAT), Royalty, Labour cess etc.
- Grant received for various purposes are not utilized on timely basis.
- Internal Control w.r.t. collection of taxes, monitoring of grant, monitoring of advances, monitoring of schemes etc. is very poor.
- Most of the prescribed Books of accounts are not maintained.
- BRS is not prepared on a monthly basis, so it is difficult to keep record of variances between Cash Book and Bank Passbook balances. Non preparation of BRS would lead to improper use of available funds.
- The procurement of fixed assets is not proper and non-maintenance of Fixed Asset Register would lead to failure of determining the replacement cost.
- Collection from own sources is very poor.

COMMENTS FROM MANAGEMENT

Nagar Panchayat, Bairgania

We are trying regularly for correction and strengthen the system. We are also trying to develop internal control and internal check. So that resources can be at optimum level.

Place:-

Date:-

For, Nagar Panchayat/ Panchayat

25/8/18

Executive Officer,
Nagar Panchayat, Bairgania



6. Acknowledgment

We thank Smt. Meera Kumari (Executive Officer), for her support during the period of our audit. We are also thankful to Md. Bashir Ansari (Chairman), Accountant, Tax Daroga and support staffs of the municipality for their cooperation extended to us during the period of our audit.

For R. Shah & Co.
Chartered Accountants
FRN - 502010 C

Place : Ranchi

Date : Aug 27, 2016

CA. Neetu Jeyani
(Partner)
M.N. - 406561



MAIN AUDIT REPORT

1. Introduction

The Internal audit of Nagar Panchayat Bairgania covering period from 1st April 2014 to 31st March, 2015 was conducted by following persons under guidance of CA Neetu Jyani

i. Rana Burha Gohain

ii. Ajay Singh

iii. Anjali Singh

2. Administration

The present body of the ULB is functioning since June 2012. The incumbency in the key administrative and executive position was as under:

1. Md. Bashir Ansari, Chairman from 09/06/2012 till date

2. Shmt. Meera Kumari, Executive officer Since September 2015 till date.

3. Review of outstanding audit paras : Status of Audit Observations are as under:

Sl.No.	Particulars	No. of Audit paras	Audit where necessary	Improvement/ recovery	of cash is recovery	of audit paras where recovery has been made	Total amount of Recovery	Total No. of outstanding paras where no action has been taken	No. & date of Compliance report
1.	AG Audit Dated (12/03/2013)	21	21	04	0	0	0	12	9 & 07/10/2015

Details of major irregularities pointed out in the AG Audit Report are as under :

1. Stamp duty not collected Rs.16928/- towards Sairat agreement.

2. Voucher not prepared Rs.1.11 Lakhs towards Kabir Anthesit Fund.

3. Advances Rs.5.40 Lakhs not adjusted for long.

4. Various Fund Rs.257.04 Lakhs not utilized for



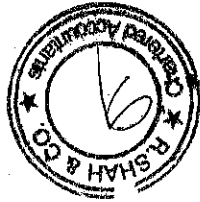
4. Finance

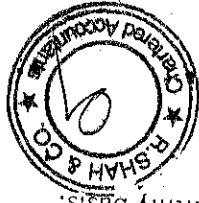
I. Budgetary provisions and expenditure for the last three years

Year	2014-15	2013-14	2012-13
Final/ Revised Budget	179754660.00	192673971.00	Budget not Prepared
Actual Expenditure	29683843.78	22503755.00	
Savings (+)/ Excess (-)	(+) 150070816.22	(+) 170170216.00	

II. Volume of transactions

Period	Budgeted (14-15)	Previous year (13-14)	Corresponding Period of Previous year (13-14)	Current Period (14-15)	Cumulative for the current period (14-15)
Opening Balance	35855515.78	35855515.78	47787246.78	47787246.78	47787246.78
Receipts	179754660.00	34433486.00	34433486.00	29859978.00	29859978.00
TOTAL	179754660.00	70291001.78	70291001.78	77647224.78	77647224.78
Net Expenditure	179754660.00	22503755.00	22503755.00	29683843.78	29683843.78
Closing Balance		47787246.78	47787246.78	47963381.00	47963381.00





The Nagar Panchayat is suggested to reconcile the above mentioned differences immediately and prepare B.R.S on monthly basis.

Bank Reconciliation Statements have not been prepared by the Nagar Panchayat. There is a difference of Rs. 1352880.58 between Cash Book and Consolidated Balance as per Pass Book of all accounts and Treasury PL Account.

Sl. No	Name of Bank	Account No.	Balance as on 31.03.2015
1	Allahabad Bank	XXXXX1344	233788.00
2	SBI	XXXXX3079	182239.00
3	SBI	XXXXX5652	2280652.00
4	SBI	XXXXX5912	86785.00
5	Allahabad Bank	XXXXX4986	4985358.00
6	BOB	XXXXX4178	2683310.00
7	BOB	XXXXX2113	3701852.14
8	UBGB	XXXXX2270	64525.00
9	PLA		32391991.28
	Total of Bank		46610500.42
	Total as per Cash Book		47963381.00
	Difference		1352880.58

Details of Bank Accounts and their reconciliation position are as under:

III. Bank Reconciliation



As per section 98 of Bihar Municipal Act, 2007 it is necessary for the Municipality to constitute a Municipal Accounts Committee at its first meeting in each year or as soon as may be at any meeting subsequent thereto, but no Municipal Accounts Committee has been constituted by the Nagar Panchayat till the date of our audit.

VI. Status of Municipal Accounts Committee; if meeting held

Appointment of Chartered Accountant firms for implementation of Double Entry Accounting System in the Nagar Panchayat is in process but till date no C.A. firm has been appointed by the UD & HD.

Double Entry Accounting System is not operational in the Nagar Panchayat Bairgania till date.

V. Status of Implementation of Double Entry Accounting System

Period	Budgeted (14-15)	Previous Year(13-14)	Corresponding Period of Previous year (13-14)	Current Period (14-15)	Cumulative for the current period (14-15)
a) Own Source					
Property Tax	3575780.00	63270.00	63270.00	31590.00	31590.00
Assigned revenue		666000.00	666000.00	838000.00	838000.00
Others (Fees & User Charges)	1092980.00				
(b) Administrative Grant	6000000.00				
(c) Specific Grant					
Admin Building	30250000.00	8433000.00	8433000.00	4676000.00	4676000.00
Jalapurti Yojana	5000000.00				
4th Finance	200000.00	10716000.00	10716000.00	15345000.00	15345000.00
E-Governance				501000.00	501000.00
BRGF	10000000.00				
Various Schemes	123635900.00	14555216.00	14555216.00	8468388.00	8468388.00
TOTAL	179754660.00	34433486.00	34433486.00	29859978.00	29859978.00

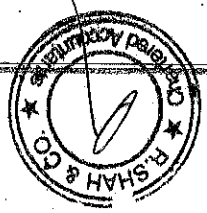
IV. Revenue Receipts

5. Audit Observations

PART-A

All audit objections/irregularities which have monetary implication, particularly in following areas:

<p>a) Leakage of own source revenue either due to wrong assessment or non-levy of property tax, mobile tower tax, rent on municipal properties, advertisement tax fees etc.</p> <p>8,19,912.00 is short collected. Total holding tax dues Rs. 7,14,980/- as on 31.03.2015. No penalty/ surcharge have been imposed for non-payment of demand.</p> <p>New Assessment has been done and the processes of self assessment of property are in progress but at a slow rate.</p>	<p>b) Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs</p>	<p>c) Report on findings of field-survey of Property Tax of minimum 20 high value properties</p> <p>The demand and collection register was not updated and not maintained properly. So in this regard we checked twenty high value property on the basis of available data. It has been further noticed that the assessment has been done. List of high value property of F.Y. 2014-15 are given below :</p> <p>Sl.No. Ward No. Holding No. Amount. Asst.done</p> <table border="1"> <tr><td>1.</td><td>10</td><td>215</td><td>3871.00</td><td>Yes</td></tr> <tr><td>2.</td><td>10</td><td>143</td><td>1576.00</td><td>Yes</td></tr> <tr><td>3.</td><td>10</td><td>67</td><td>1583.00</td><td>Yes</td></tr> <tr><td>4.</td><td>10</td><td>222</td><td>1915.00</td><td>Yes</td></tr> <tr><td>5.</td><td>10</td><td>333</td><td>4107.00</td><td>Yes</td></tr> <tr><td>6.</td><td>11</td><td>08</td><td>2867.00</td><td>Yes</td></tr> <tr><td>7.</td><td>11</td><td>52</td><td>2936.00</td><td>Yes</td></tr> <tr><td>8.</td><td>10</td><td>354</td><td>2731.00</td><td>Yes</td></tr> <tr><td>9.</td><td>10</td><td>358</td><td>2687.00</td><td>Yes</td></tr> </table>	1.	10	215	3871.00	Yes	2.	10	143	1576.00	Yes	3.	10	67	1583.00	Yes	4.	10	222	1915.00	Yes	5.	10	333	4107.00	Yes	6.	11	08	2867.00	Yes	7.	11	52	2936.00	Yes	8.	10	354	2731.00	Yes	9.	10	358	2687.00	Yes
1.	10	215	3871.00	Yes																																											
2.	10	143	1576.00	Yes																																											
3.	10	67	1583.00	Yes																																											
4.	10	222	1915.00	Yes																																											
5.	10	333	4107.00	Yes																																											
6.	11	08	2867.00	Yes																																											
7.	11	52	2936.00	Yes																																											
8.	10	354	2731.00	Yes																																											
9.	10	358	2687.00	Yes																																											





10.	11	54	1737.00	Yes
11.	10	450	1236.00	Yes
12.	10	339	1558.00	Yes
13.	10	308	1544.00	Yes
14.	10	359	2780.00	Yes
15.	10	246	1711.00	Yes
16.	10	87	1385.00	Yes
17.	10	216	5391.00	Yes
18.	10	144	1261.00	Yes
19.	10	284	1196.00	Yes
20.	10	79	1133.00	Yes

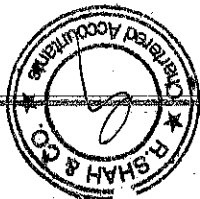
PART-B

All audit objections/ irregularities which have no monetary implication, but significant violation of Act, Rules & directives of UD&HD. Mention the reference Act & Rules wherein remedial measures is required. In this part auditor should report in respect of -

<p>As per Bihar Municipal Accounting Manual following primary Books of accounts are required to be maintained :</p>	<p>1. Cash Book (Form Gen-1A) 2. Bank Book (Form Gen-1B) 3. Journal Book (Form Gen-2) 4. Ledger (Form Gen-3) The N.P. is maintaining General & Subsidiary Cash Books/ Bank Book. In addition to above following other General Registers and forms are required to be maintained but the same are not being maintained or not properly maintained-</p>	<p>1 Receipt GEN-8 2 Receipt Register GEN-9 3 Statement on Status of Cheques Received GEN-10 4 Collection Register GEN-11 5 Memorandum of Collection GEN-12 6 Summary of Daily Collection GEN-13 7 Register of Bills for Payment GEN-14 8 Payment Order GEN-15 9. Register of Public Lighting System GEN-37 10 Register of Advance GEN-17 11 Register of Permanent Advance GEN-18 12 Deposit Register GEN-19 13 Summary Statement of Deposits Adjusted GEN-20 14 Demand Register GEN-21</p>
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a) Non-maintenance of books of accounts, subsidiary registers





<p>Various books of accounts and records, as provided in the Bihar Municipal Accounting Act and Rules are not maintained. Also, there is non-compliance of various acts such as Income</p>	<p>d) Non Compliance of Act & Rules</p>
<p>1. Directives relating to forming a "Municipal Accounts Committee" have not been complied till date. 2. Directives relating to prepare a budget have not been complied with.</p>	<p>c) Non-compliance of directives by UD & HD, GOB</p>
<p>Audit No, there is no irregularity observed during</p>	<p>b) Irregularity in procurement process</p>
<p>15 Bill for Municipal Dues GEN-22 16 Summary Statement of Bills Raised GEN-23 17 Register of Notice Fee, Warrant Fee, Other Fees GEN-24 18 Summary Statement of Notice Fee, Warrant Fee, Other Fees GEN-25 19 Register of Refunds, Remissions and Write-offs GEN-26 20 Summary Statement of Refunds and Remissions GEN-27 21 Summary Statement of Write-Offs GEN-28 22 Statement of Outstanding Liability for Expenses GEN-29 23 Documents Control Register/Stock Account of Receipt/Cheque Book GEN-30 24 Register of Immovable Property GEN-31 25 Register of Movable Property GEN-32 26 Register of Land GEN-33 27 Function-wise Income Subsidiary Ledger GEN-34 28 Function-wise Expense Subsidiary Ledger GEN-35 29 Asset Replacement Register GEN-36 30 Register of Public Lighting System GEN-37</p>	



<p>Tax Act, 1961, VAT Rules etc.</p>	<ul style="list-style-type: none"> • There is a lack of internal control w.r.t collection of taxes. • Fixed Assets Register is not maintained by the ULB. • Demand and collection register have been prepared. The holding tax dues Rs.7,14,980/- as on 31.03.2015.No penalty/surcharge have been imposed for non-payment of demand. • There is no proper cash handling neither any locker was kept by the ULB. • Taxes collected by tax collector are not deposited on daily basis. As per Rule 27 of BMAR it should be deposited on daily basis otherwise a sum of Rs. 500/- per day may be imposed for delayed deposit. • Tower tax is not being collected at all. Total dues Rs.702000/- as on 31.03.2015. (List annexed hereto) • Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof. • Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time. • Bank Reconciliation Statement for any of the account is not prepared hence it is difficult to monitor possible fraud, if any. • There is lack of internal control on deduction and deposit of various taxes. TDS not deducted due to work executed by the NP self. On deduction of other tax liability like VAT, Royalty, Labour Cess etc are not created. But liability of Sales tax & Royalty Rs. 325710/-, Rs.39847/- respectively as on 31.03.2015 which are not deposited till on date. • The ULB has not maintain the Log Book Register. • No ESI, Pension Fund have been deducted
	<p>e) Lack of internal Control measures</p>



<p>from the salary of the employees. • Taxes such as Sales Tax (VAT), TDS, Royalty, and Labour Cess etc are collected from time to time but payments were pending till the date of audit which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise delayed interest charges may be imposed.</p>	<p>f) Non-compliance of TDS, VAT and other relevant Statute</p>
<p>VAT, Labour Cess & Royalty are not being deposited on monthly basis which is not proper it should be deposited within the due date prescribed under the respective statute. The liability of Vat & Royalty are Rs. 325710/- & Rs.39847/- as on 31.03.15 which are not deposited till on date. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.</p>	<p>g) Deficiency in Pay-roll System</p>
<p>The pay-roll system is functioning satisfactorily but ES, Pension Fund Contribution, LTA have not been deducted from Salary. Only TDS has been deducted from EO Salary.</p>	<p>h) Utilization of Grant and report on missing Utilization Certificates</p>
<p>We annexed hereto a utilization certificate for your reference.</p>	<p>i) Physical verification of inventory/stores</p>
<p>Stores Register has not been prepared and physical verification of inventory/stores has also not been done.</p>	<p>j) Advances, their adjustment & recovery</p>
<p>• Taxes such as Sales Tax (VAT), TDS, Royalty, and Labour Cess etc are collected from time to time but payments were pending till the date of audit which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise delayed interest charges may be imposed.</p>	<p>k) Any other matters as may be prescribed in due course.</p>

General Observations: Auditor should report the deficiencies noticed during their audit and recommend ULB Management to improve internal systems.

No, Ledger accounts have not been prepared by the Nagar Panchayat.	Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts
No, except General Cash book and Subsidiary Cash Books, no other books of accounts have been maintained.	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.
Quarterly Financial Statements have not been prepared by the Nagar Panchayat.	Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts;
No, period-end and reconciliation procedures as prescribed have not been carried out.	Whether the period-end and reconciliation procedures prescribed have been carried out.
No, Bank Reconciliation Statements have not been prepared by the Nagar Panchayat.	Whether the Bank Reconciliation statements have been prepared and are appropriate
Yes, all grants from Government have been accounted at gross value but all transactions are not correctly classified with sufficient details. No Grant Register is maintained.	Whether all grants from Government have been accounted at gross value with proper entries to various accounts
Yes all transactions have been classified as incomes and expenditure but assets and liabilities have not been recognized.	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;
Grant received during the year has been properly accounted for. Information related to grant sanctioned and deductions made out of such grant is not available with the ULB.	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;
No such Special fund has been created by the Nagar Panchayat.	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;
On our test check we did not notice any major deviation.	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, record of fixed assets has not been maintained by the ULB. Physical verification of fixed assets has not been done during the financial year under audit.	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;
As explained to us no property of the ULB has been given on lease.	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, physical verification of stores has not been conducted by the ULB at reasonable intervals.	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;
No physical verification of stores has been done.	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 physical verification done.	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 there are no procedures in place to identify any unserviceable or damaged stores.	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 valuation of stores has been done.	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 the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;
There is no case of loans and advances other than advance to staff for expenditure.	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



	<p>Whether advances given to municipal employees and interest thereon are being regularly recovered; interest recovered;</p> <p>Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?</p>	<p>Advance Register has not been maintained so we are unable to verify whether it is being recovered regularly or not or any adjustments made or not.</p> <p>No there does not exist any internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets.</p>
	<p>Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.</p>	<p>No, the municipality is not regular in depositing statutory dues including TDS, Service tax, VAT, Works contract tax, Labour cess payable to the government etc. We observed that all such taxes deducted during the financial year have not been deposited.</p>
	<p>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;</p>	<p>No, Except P.F. contribution no any amount is not being deducted from the salary of the employee.</p>
	<p>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 the retirement dues of its employees, including employees on deputation;</p>	<p>We did not observed any such expenses.</p>
	<p>Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof;</p>	<p>Yes, on our test check we observed that all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget.</p>
	<p>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;</p>	<p>No revenue has not been properly assessed, accounted for and collected. Recovery action is also not taken on timely basis.</p>
	<p>Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;</p>	<p>No, tax collected by the tax collector are not deposited on daily basis.</p>
	<p>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;</p>	<p>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;</p>
	<p>municipality for recovery of the principal and interest?</p>	

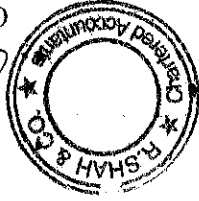


<p>Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority.</p>	<p>Yes, on our test check we observed that 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.</p>
<p>Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.</p>	<p>Yes, on our test check we observed that amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.</p>
<p>Whether biometric devices and payroll software are used at the ULB. If not whether there is satisfactory system of payroll accounting; otherwise mention the key deficiencies of the system.</p>	<p>No, biometric devices and payroll software are not used at the ULB. Pay roll system of the municipality is satisfactory as its maintain attendance register, contain leave records, details of deductions made etc.</p>
<p>Whether the grievance redressal mechanism for the ULB is sufficient.</p>	<p>No, we did not observe any grievance redressal cell functioning at the ULB.</p>

For R. Shah & Co.
Chartered Accountants
FRN.-502010 C

Place : Ranchi
Date : Aug 27, 2016

CA. Neetu Jeyani
(Partner)
M.N.-406561



Mobile Tower Tax Dues as on 31.03.2015

Sl. No.	Ward No.	Tower Co.	Year of Installation	Regd. Fee	Regd. Fee received	O/s Regd fees	Annual fee to be realised	Realised Annual Fee	Dues as on 31.03.2015
1	20	BSNL	2006	30000	00	30000	80000	00	110000
2	20	Reliance	2009	30000	00	30000	56000	00	86000
3	6	Airtel	2010	30000	00	30000	48000	00	78000
4	6	Airtel	2010	30000	30000	00	48000	00	48000
5	9	Idea	2007	30000	00	30000	72000	00	102000
6	9	Tata Indicom	2000	30000	00	30000	128000	00	158000
Additional Antena									
				Total	15000	432000	00	582000	
1	6	Uninor	2014	18000	00	18000	9600	00	27600
2	6	Reliance	2014	18000	00	18000	9600	00	27600
3	6	BSNL	2014	18000	00	18000	9600	00	27600
4	6	Idea	2014	18000	00	18000	9600	00	27600
				Total	72000	48000	00	120000	



Annexure-B

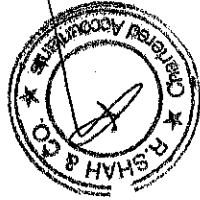
List of Short deduction of VAT is listed below

Sl. No.	Tender No./ Grant Year/Year	Nature of work	Gross	VAT Amount	VAT deducted by N.P.	Short Deduction of VAT
1	04/2014-15	PCC Work	263000	13150	12250	900
2	05/2014-15	Drain Work	300600	15030	12549	2481
3	06/2014-15	PCC Work	426000	21300	18656	2644
4	08/2014-15	PCC Work	355400	17770	16231	1539
5	18/2014-15	Drain Work	360700	18035	15707	2328
6	01/2014-15	Brick Soling Work	206800	10340	4394	5946
7	03/2014-15	Drain RCC Slab Work	331400	18483	18483	00
8	07/2014-15	Drain RCC Slab & PCC Work	275400	13770	11539	2231
9	09/2014-15	Drain RCC Slab & PCC Work	203400	10170	9050	1120
10	10/2014-15	Brick Soling work	207400	10370	4580	5790
11	11/2014-15	Drain RCC slab & PCC Work	282300	14115	12470	1645
12	12/2014-15	PCC Work	224000	14924	14924	00
13	13/2014-15	PCC Work	332100	23689	23689	00
14	14/2014-15	PCC Work	140500	9221	9221	00
15	15/2014-15	PCC Work	309400	15470	14701	769
16	16/2014-15	Soil & Brick soling work	271700	13585	7090	6495
17	17/2014-15	PCC Work	225700	11285	8513	2772
18	18/2014-15	Road Repairing	62000	3100	2212	888
19	19/2014-15	Soil Soling Work	159600	7980	3500	4480
20	20/2014-15	Drain & PCC Work	411200	26131	26131	00
21	22/2014-15	Drain Work	233500	12124	12124	00
22	23/2014-15	Drain Work & RCC Slab	313200	15660	14154	1506
23	24/2014-15	PCC Work	493500	24675	21798	2877
24	24/2014-15	PCC Work	226400	12132	12132	00
25	26/2014-15	PCC Work	270600	13530	12120	1410
26	27/2014-15	Drain Work	200600	10030	7537	2493
	Total		7086400	376069	325755	50314



List of cases where labour cess has not been deducted

Sl. No.	Tender No./ Grant Year/Year	Nature of work	Gross	Labour Cess
1	04/2014-15	PCC Work	263000	00
2	05/2014-15	Drain Work	300600	00
3	06/2014-15	PCC Work	426000	00
4	08/2014-15	PCC Work	355400	00
5	18/2014-15	Drain Work	360700	00
6	01/2014-15	Brick Soling Work	206800	00
7	03/2014-15	Drain RCC Slab Work	331400	00
8	07/2014-15	Drain RCC Slab & PCC Work	275400	00
9	09/2014-15	Drain RCC Slab & PCC Work	203400	00
10	10/2014-15	Brick Soling work	207400	00
11	11/2014-15	Drain RCC slab & PCC Work	282300	00
12	12/2014-15	PCC Work	224000	00
13	13/2014-15	PCC Work	332100	00
14	14/2014-15	PCC Work	140500	00
15	15/2014-15	PCC Work	309400	00
16	16/2014-15	Soil & Brick soling work	271700	00
17	17/2014-15	PCC Work	225700	00
18	18/2014-15	Road Repairing	62000	00
19	19/2014-15	Soil Soling Work	159600	00
20	20/2014-15	Drain & PCC Work	411200	00
21	22/2014-15	Drain Work	233500	00
22	23/2014-15	Drain Work & RCC Slab	313200	00
23	24/2014-15	PCC Work	493500	00
24	24/2014-15	PCC Work	226400	00
25	26/2014-15	PCC Work	270600	00
26	27/2014-15	Drain Work	200600	00



Short realisation of bid amount during F.Y. 2010-2015

Sl. No.	Year	Name of Sairat	Name of the bidder to whom settlement was done	Bid Amount	Amount deposited by bidder	Short amount deposited by bidder	Remarks
1	2013-14	Chalant Dukan Bandobasti	Bindeshwar Jha	122500.00	65583.00	56917.00	Notice issued for cancellation settlement
2	2014-15	Chalant Dukan Bandobasti	Lakshmi Singh	139100.00	27000.00	112100.00	
3	2013-14	Cycle Tin	Rakesh Ranjan Jha	17100.00	9792.00	7308.00	
4	2013-1114	Tax from Rickshaw Tanga, Theha	Rakesh Ranjan Jha	11600.00	6657.00	4943.00	
5	2013-14	Tax from Rickshaw Tanga, Theha	Ranjit Prasad	595100.00	339252.00	255848.00	
6	2010-11	Tax from heavy commercial vehicle	Prabhu Choudhary	253000.00	63250.00	189750.00	
7	2013-14	Tax from heavy commercial vehicle	Vijay Kumar	391700.00	223314.00	168386.00	Notice issued for cancellation settlement
8	2014-15	Tax from heavy commercial vehicle	Kamlesh Mahto	271000.00	246340.00	24660.00	

