

# **INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT- BHAKHRI**

For the Period from April 2016 to March 2017

INTERNAL AUDIT CONDUCTED BY

**THAKUR BHUWANESH & ASSOCIATES**  
Chartered Accountants  
7 commercial Building, Ground floor,  
Sri Krishna puri, Boring Road,  
Patna-800001 (Bihar)

Audit Conducted from:

**NAGAR PARISHAD- BAKHRI (BEGUSARAI)****INTERNAL AUDIT REPORT FOR THE FINANCIAL YEAR 2016-17****INDEX**

Section	Contents	Page No.	
		From	To
I	Audit Methodology and Approach	3	3
II	Executive Summary	4	6
III	Detailed Audit report	7	9
IV	Audit Observations – Part-A	10	10
V	Audit Observations – Part-B	11	15
VI	Audit Observations – Part-C	16	18
VII	Annexure to Audit report	19	22
VIII	Report on Field Survey of 80 high value properties	23	23

**INTERNAL AUDITOR'S REPORT**

Joint Secretary and  
Additional Project Director  
Urban Development & Housing  
Department, Patna

We have conducted internal audit of the Books of Accounts and related document and vouchers of **Nagar Panchayat – Bakhri (ULB)** for the period of **1-04-2016 to 31-03-2017** in terms of agreement with UD&HD dated 21.03.2016. These Books of Accounts and related document and vouchers are the responsibility of Management. Our responsibility is to express an opinion on the Books of Accounts and related document and vouchers based on our audit.

We have conducted our audit in accordance with the **Standard on Internal Audit (SIA) formulated by ICAI**. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Books of Accounts and related document and vouchers are free from material misstatement. An audit includes examining, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our observations. The salient points of the scope covered by the internal audit are as follows:

1. The effectiveness of accounting system.
2. Compliance with the legal and statutory requirements.
3. Risk-based review and evaluation of the Internal Control.
4. Compliance of Bihar Municipal Act.
5. Compliance of Bihar Municipal Accounting Manual.

Moreover, our scope of examination also covered the requirements of the specific points as spelled out by the management of the Urban Development & Housing Department. The result and recommendations of our internal audit are set out in Scope, Observations and Annexure of our report.

The statutory auditor of the Urban Development & Housing Department expresses opinion as to the true and fair view of the financial statements. We have not expressed any opinion on the financial statements and accordingly, this report should not be constructed as our opinion on the financial statements.

**For Thakur Bhuwanesh & Associates**

Chartered Accountants.

FRN: 019690N

  
(CA Rajesh Kumar Jha)

Partner

M.NO. 412318

**Date:**

## Executive Summary

### 1. Introduction

Name of the Municipality	<b>Nagar PanchayatBakhri</b>
Period covered under current audit	<b>01.01.2017 to 31.03.2017</b>
Name of Chief Executive Officer for the period under Audit	<b>ArvindPaswan</b>

### 2. Results and Findings

<p><b>Strength observed during the audit engagement</b></p>	<ul style="list-style-type: none"> <li>• The following records are available: <ul style="list-style-type: none"> <li>✓ Cash Book with Subsidiaries</li> <li>✓ Cheque receipt register</li> <li>✓ Remittance Register</li> <li>✓ Log Book of Vehicle</li> <li>✓ Salary Register</li> <li>✓ Daily collection Register of Taxes/user charges /Fees &amp; Fines</li> </ul> </li> <li>• Staff Cooperation during the Audit period is satisfactory.</li> <li>• Physical verification of movable Fixed Assets has been carried out during performance audit.</li> </ul>
<p><b>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</b></p>	<ul style="list-style-type: none"> <li>• Rs. 353669.00 collected as Holding Tax this year.</li> <li>• Property register is still not complete..</li> <li>• Demand collection Register has not been prepared.</li> <li>• Dues from Tower tax Rs. 558000/- up to the end of financial year 2016-17</li> <li>• <b>Lobour Cess Rs. 75916/- and sales Tax Rs. 2089482/- deducted but not deposited to government account.</b></li> <li>• Periodical checking of Books of accounts by Chairman or vice chairman has not been done.</li> <li>• Grant Register is not being maintained hence it is difficult to find un-utilized grant at any point of time.</li> <li>• Bank Reconciliation Statement is not prepared hence it is difficult to monitor possible fraud, if any.</li> <li>• Advance Register is not prepared hence it is</li> </ul>