

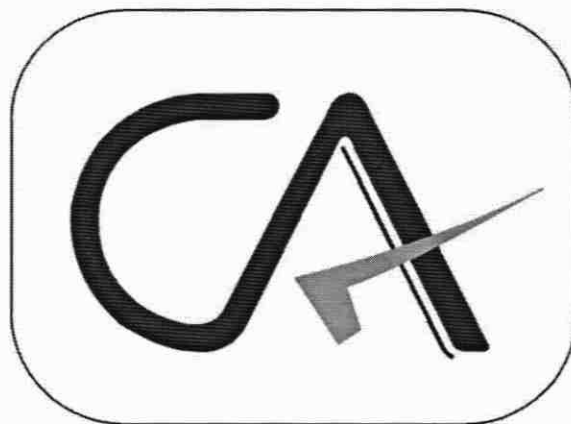
URBAN DEVELOPMENT & HOUSING DEPARTMENT

*Internal Audit Report
Of
Barh Nagar Parishad
for the period from 01-04-2015 to 31-03-2016*

Internal Audit conducted by

*Mr. Krishna Singh
under the guidance of CA Ashok Kumar Pandey*

*From: -
M/s Chanakya Ashok & Co.
Chartered Accountants*



*From: - 22-08-2016 to 27-08-2016
Report issued on: - 30-08-2016*

*M/s Chanakya Ashok & Co.
Chartered Accountants
409, Hem Plaza, Fraser Road, Patna - 01
Phone number: - 0612- 2202876, 9431019501
E-mail: - caashok@caandco.in*

Executive Summary

1. Introduction:

- **Name of the Municipality: Barh Nagar Parishad.**
- **Period covered under current audit: 01-04-2015 to 31-03-2016.**
- **Name of Chief Municipal Officer for the period under audit: Smt. Shakuntala Devi**

2. Results and Findings:

➤ Strengths observed during the audit engagement:

- a) Barh Nagar Parishad has properly maintained the General Cash book which is the consolidated cash book of all the schemes.
- b) Barh Nagar Parishad is in practice to maintain the Bank Reconciliation Statement of different schemes.
- c) Board meetings of Barh Nagar Parishad are held regularly and problems faced in smooth operation are resolved by passing resolution.

➤ Weaknesses observed in the functioning of office, maintenance of records etc: -

- (a) We observed that Barh Nagar Parishad is not maintaining scheme wise cash book, rather General Cash Book is maintained.
- (b) Barh Nagar Parishad has adopted Single Entry Accounting System which is not as per Bihar Municipal Accounting Manual.
- (c) TDS, VAT, Royalty and Labor Cess are being deposited by the Barh Nagar Parishad to the concerned tax department through treasury. However, no chalans are available for our verification. ULB is not in practice to file the quarterly return of TDS & VAT. It would lead to imposition of huge interest and penalty charges.
- (d) Computerized accounting system has not been implemented by the Barh Nagar Parishad.
- (e) Barh Nagar Parishad is not in practice to prepare Monthly Receipt & Payment Account and Trial Balance.



- (f) Barh Nagar Parishad is not in practice to deposit the collection in Bank Account on the same day.
- (g) Various Registers, books of records etc are not being prepared by the Barh Nagar Parishad. Such as Demand Register, Statutory Register with regards to TDS, VAT, Labour Cess and Royalty, Bid Register, Record & Revision of taxes and rent, Rent register of shop, Survey register/files of hoardings, Monthly Receipt & Payment.
- (h) The collection of holding tax is very poor, only 38.51% of total demand has been collected in the financial year 2015-16.
- (i) There are 16 mobile towers installed in Barh Nagar Parishad but proper collection is not made from them. ULB has not received either registration fee or renewal charge from the concerned mobile towers during the financial year 2015-16.
- (j) The collection of shop rent tax is very poor. ULB has 21 shops and demand for Shop Rent tax raised is Rs. 2,21,784/- during the financial year 2015-16 but only Rs. 98,528/- is collected during the year. It means only 44.44% collection of total demand has been made.
- (k) Municipal Accounts Committee has not been constituted by the Barh Nagar Parishad.
- (l) Barh Nagar Parishad is not in practice to deduct PF, ESIC with respect to contractual employees.
- (m) Barh Nagar Parishad does not maintain the Advance & Recovery Register. ULB does not have any Advance Requisition Form available. All the advances are given without any proper requisition.

3. Opinion:

The function of ULB is not satisfactory. It has lots of scope of improvement. The ULB is required to improve in the following fields:

- a. Preparation of scheme wise Cash Book or Subsidiary Cash Book.



- b. Preparation of Accounts, Ledger Books, Various Registers and Records as per requirement.
- c. It requires improving its Internal Control Procedures with regards to Demand, Collection of Revenue, and Deposit of Collected revenue in the Banks on scheduled time.
- d. Due to non-implementation of Double Entry Accounting System and following of Cash basis of Accounting, proper recognition of Income and expenses are not possible in accounts.
- e. Proper documentation regarding vouchers and supporting are not kept.

4. Audit Recommendations:

- a. ULB must prepare scheme wise Cash book.
- b. ULB should adopt double entry accounting system. Double-entry accounting allows accounting departments to prepare financial statements easily. Double entry accounting system present accurate report of accounts on the income statement, balance sheet, cash flow statement and other financial statements and reports. It provides checks and balances, which prevent fraudulent activity and reduces errors. Double-entry accounting system prevents fraud in a greater way than single-entry accounting because it makes it difficult to manipulate accounts. You can easily detect account manipulation by examining the journal entries and comparing them to previous journal entries for the same or similar transactions.
- c. Barh Nagar Parishad should keep proper documentation regarding payment of bill. Index number must be provided on all the vouchers.



- d. ULB must collect property tax, mobile tower tax, advertisement tax, shop rent etc. on timely manner which are under its jurisdiction.
- e. ULB should adopt computerized accounting system. It provides automatic ledger entries, accuracy and speed of automatic calculation, automatic production of trial balance from ledger entries, potential to create customized reports and provide additional analysis.
- f. ULB should prepare Receipts & Payment Account on monthly basis, due to which it becomes very easy to find out that how much fund has been received by the ULB and whether its utilization has been made properly or not.
- g. ULB must maintain all the Books of Account, Register, Records etc. as prescribed in Bihar Municipal Act, Bihar Municipal Accounting Manual and Rules.
- h. ULB shall deposit all collections from own source of revenue in to the bank account on the same date on which it has been received.

5. Comments from Management:

As per discussion with Executive Officer and Head Clerk, it has been ensured that they are looking into the matter and proper action will be taken for all the observations coming out from audit. The discussion note signed by the Management is attached with the Report.

6. Acknowledgement:

We have received satisfactory co-operation and support from the officials and staffs of the ULB. We convey our sincere thanks for the same.

For Chanakya Ashok & Co.
Chartered Accountants


CA Ashok Kumar Pandey
Partner
Mem No: 404207
FRN: 012680C



Detailed Audit Report

1. Introduction:

The internal audit of **Barh Nagar Parishad** covering the period from **01st April 2015 to 31st March 2016** was conducted by following persons under guidance of **CA Ashok Kumar Pandey:**

i. **Mr. Krishna Singh.**

2. Administration:

The present body of the ULB has taken charge on **1890**. The incumbency in the key administration and executive was as under:

Smt. Shakuntala Devi, Chair Person from **01st April 2014 to till date.**

Shri B. N. Singh, Executive Officer from **01st April 2014 to till date.**

3. Review of Outstanding Paras:

Sl. No.	Particulars of audit and date of report	Total no. of Audit paras.	Total no. of Audit Paras where necessary improvement/corrective measure is required	Total no. of Audit paras where recovery of cash is proposed	Total No. of Audit paras where recover has been made	Total amount of recovery	Total No. of outstanding para where no action has been taken	No. & date of compliance report
1	Internal Audit dt 11/07/2016	19	19	5	0	0	19	No compliance has been made.

4. Finance:

I. Budgetary provisions and expenditure for the last three years:

Year	2013-14	2014-15	2015-16
Final/Revised Budget	1,09,62,04,456.00	2,79,42,34,267.00	61,22,17,318.00
Actual Expenditure	1,61,57,077.00	6,34,70,561.00	11,47,67,100.00
Savings(+)/Excess(-)	1,08,00,47,379.00	2,73,07,63,706.00	49,74,50,218.00



II. Volume of transaction:

Period	Budgeted (2015-16)	Previous year (2014-15)	Corresponding period of previous year (2014-15)	Current period (2015-16)	Cumulative for the current period (2015-16)
Opening balance	9,38,93,579.50	9,38,93,579.50	9,38,93,579.50	13,47,03,420.25	13,47,03,420.25
Receipts	61,22,23,459.00	9,37,54,333.00	9,37,54,333.00	7,99,18,116.50	7,99,18,116.50
Total	70,61,17,038.50	18,76,47,912.50	18,76,47,912.50	21,46,21,536.75	21,46,21,536.75
Net expenditure	61,22,17,318.00	6,34,70,561.00	6,34,70,561.00	11,47,67,100.00	11,47,67,100.00
Closing balance	9,38,99,720.50	12,41,77,351.50	12,41,77,351.50	9,98,54,436.75	9,98,54,436.75

III. Bank reconciliation:

We observed that Barh Nagar Parishad is not in practice to maintain different subsidiary or scheme wise cash book. However, Bank Reconciliation Statement has been prepared by the ULB. Moreover, the balance of different bank accounts has been provided which are as follows: -

Scheme	Bank & A/c Detail	Balance as per pass book	Balance as per cash book	Difference
13 th /14 th Finance	SBI - 973	66,60,262.00	Scheme wise subsidiary Cash book not prepared. So, details not provided.	(66,60,262.00)
BRGF	PNB - 2396	1,35,904.00		(1,35,904.00)
Revenue A/c	PNB - 3282	34,57,903.50		(34,57,903.50)
SJSRY	AXIS Bank - 9025	47,76,467.00		(47,76,467.00)
Pension Scheme	Axis Bank - 1957	63,71,887.00		(63,71,887.00)
BRGF	Canara Bank - 8667	42,82,583.00		(42,82,583.00)
E-Governance	Axis Bank - 3314	3,22,984.00		(3,22,984.00)
Swachh Bharat Mission	BOI - 7455	35,07,978.00		(35,07,978.00)

IV. Revenue Receipts:

Period	Budgeted (2015-16)	Previous year (2014-15)	Corresponding period of previous year (2014-15)	Current Period (2015-16)	Cumulative for the current period (2015-16)
(a) Own source					
Property Tax	10803726.00	37,41,373.00	37,41,373.00	37,47,000.00	37,47,000.00
Assigned Revenue	9943143.00	5,79,548.00	5,79,548.00	2,75,000.00	2,75,000.00



Others (Fees & user charges)	10910146.00	18,11,597.00	18,11,597.00	23,66,656.50	23,66,656.50
(b) Administrative grant	0.00	0.00	0.00	0.00	0.00
(c) Specific Grant (Scheme wise)	58,05,66,444.00	8,76,21,815.00	8,76,21,815.00	7,35,29,460.00	7,35,29,460.00
i). Professional Tax (MF)	0.00	11,58,144.00	11,58,144.00	14,70,822.00	14,70,822.00
ii). Nagar Bhawan	3,11,00,000.00	43,33,925.00	43,33,925.00	0.00	0.00
iii). Ward Councilor Honorarium	0.00	3,92,400.00	3,92,400.00	2,85,715.00	2,85,715.00
iv). Jalapurti	0.00	5,18,33,096.00	5,18,33,096.00	0.00	0.00
v). Stamp Duty (MF)	0.00	47,11,950.00	47,11,950.00	0.00	0.00
vi). E-Governance	7,49,683.00	5,90,000.00	5,90,000.00	3,30,000.00	3,30,000.00
vii). 4th Finance	3,41,90,535.00	2,46,02,300.00	2,46,02,300.00	0.00	0.00
viii). 13th Finance	1,01,95,530.00	0.00	0.00	1,26,07,830.00	1,26,07,830.00
ix). PHED Pipeline	5,18,33,096.00	0.00	0.00	0.00	0.00
x). Rajya Yojna	0.00	0.00	0.00	1,43,82,280.00	1,43,82,280.00
xi). Swachh Bharat Mission	0.00	0.00	0.00	35,00,000.00	35,00,000.00
xii). 14th Finance	0.00	0.00	0.00	62,52,311.00	62,52,311.00
xiii). 5th Finance	0.00	0.00	0.00	2,20,23,902.00	2,20,23,902.00
xiv). SJSRY	60,00,000.00	0.00	0.00	0.00	0.00
xv). IHSDP	32,26,65,000.00	0.00	0.00	0.00	0.00
xvi). Nagrik Suvidha	0.00	0.00	0.00	0.00	0.00
xix). Pension Scheme	7,20,000.00	0.00	0.00	1,26,76,600.00	1,26,76,600.00
xx). Drainage & Sewerage	12,00,00,000.00	0.00	0.00	0.00	0.00
xxii). Any other	31,12,600.00	0.00	0.00	0.00	0.00

V. Status of implementation of Double Entry Accounting System:

Barh Nagar Parishad has not implemented the Double Entry Accounting System.



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

Municipal accounts committee has not been constituted by the Barh Nagar Parishad. However, Municipal Standing Committee has taken charge of Municipal Accounts committee.

5. Audit Observations:

I. Part - A

All Audit objections / irregularities which have monetary implications, particularly in following areas are provided here in below:

a. Leakage of own source of revenue either due to wrong assessment or non-levy of property tax, mobile tower tax, rent on municipal properties, advertisement tax, fee etc.:

- i. We observed that the collection of Property Tax (Holding tax) is very poor and the collected amount is not deposited on timely basis in the respective account of government in the financial year 2015-16.

In Barh Nagar Parishad, demand of holding taxes are raised for Rs 97,30,000/- including previous arrear of Rs. 46,77,000/- out of which only Rs. 37,47,000/- has been collected during the financial year 2015-16 and remaining amount of Rs. 59,83,000/- is due for collection. It means only 38.51% has been collected during this financial year. The balance amount is required to be recovered at the earliest.

- ii. **As per rules, if any tower has to be installed in the municipality, then they should give an application to the ULB and take the No Objection Certificate (NOC) and get registration by paying a fee of Rs. 40,000 and renewal charges of Rs. 10,000 per annum. If they have not taken registration or renewal on time, then they will have to pay 1.5 % interest per month as penalty. But in this respect, we found that there are 16 towers installed in Barh Nagar Parishad but they have not taken registration or renewal on timely basis. Installation date of 13 mobile towers has not been provided by the ULB. Due to this, renewal amount till the year 2014-15 is not ascertained. If installation date is provided, then renewal amount is easy to ascertain. However, the renewal amount for the year 2015-16 is ascertained. So, in this respect Rs. 7,50,000/- is to be recovered from them.**



Si. No.	Tower Name	Address	Year of installation	Amount due (Registration)	Amount due (Renewal 2015-16)
1.	TATA Indicom	Ward no. - 10	Not provided	40,000.00	10,000.00
2.	Idea	Ward no. - 17	Not provided	40,000.00	10,000.00
3.	Aircel	Ward no. - 23	Not provided	40,000.00	10,000.00
4.	TATA Indicom	Ward no. - 02	Not provided	40,000.00	10,000.00
5.	Airtel	Ward no. - 04	2008-09	60,000.00	10,000.00
6.	Airtel	Ward no. - 26	2006-07	60,000.00	10,000.00
7.	BSNL	Ward no. - 10	Not provided	40,000.00	10,000.00
8.	Reliance	Ward no. - 17	Not provided	40,000.00	10,000.00
9.	Aircel	Ward no. - 01	Not provided	40,000.00	10,000.00
10.	BSNL	Ward no. - 05/01	Not provided	40,000.00	10,000.00
11.	Reliance	Ward no. - 07	Not provided	40,000.00	10,000.00
12.	Aircel	Ward no. - 07	Not provided	40,000.00	10,000.00
13.	Idea	Ward no. - 26	Not provided	40,000.00	10,000.00
14.	BSNL	Ward no. - 01	Not provided	0.00	10,000.00
15.	Vodafone	Ward no. - 23	Not provided	0.00	10,000.00
16.	ATC Tower	Ward no. - 04	2011-12	30,000.00	10,000.00
Total				5,90,000.00	1,60,000.00

iii. ULB is not in practice to collect Advertisement tax. No details regarding this have been provided to us. So, we are unable to comment on this.

iv. During the year 2015-16, Sairat for 11 different places are required to be done. But Sairat of only 4 places are done. Other 7 places sairat is not being done having minimum bid amounts of Rs. 7,62,700/-. It means due to this, the ULB has lost at least Rs. 7,62,700/= by not getting the bidder. The details are provided here in below:

Si. No.	Particulars of Sairat	Minimum Bid Value
1.	Bus Stand & Tempo Stand	4,13,600/-
2.	Maaghi Purnima Mela & Feri Ghat	2,05,000/-
3.	Rickshaw, Thela & Tamtam	45,000/-
4.	Kachra	25,000/-
5.	Gumti	34,100/-
6.	Tractor for Ganga Sand	20,000/-
7.	Sauchalay	20,000/-
Total		7,62,700/-

v. In Barh Nagar Parishad, demand for Shop Rent tax is raised for 21 shops in Bosted Road Marketing Complex Block "A" and "B" for total of Rs. 2,21,784/- for the year 2015-16. However only Rs. 98,528/- has been collected during



the year. As a result, there is arrear of uncollected amount for Rs. 1,23,256/- on 31-03-2016. The same amount is required to be recovered.

b. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs.

- i. Expenditure made for Miscellaneous Expenditure for Rs. 20,000/- dt. 03/04/2015 and for Rs. 65,000/- dt. 05/06/2015. No file and voucher regarding such payment is made available during the audit.
- ii. Advance payment made to Sunil Kumar, Head Clerk of Rs. 50,000/- dt. 09/11/2015. No file and voucher regarding such payment is made available during the audit. The purpose for which advance is given is also not ascertainable. In the absence of any voucher and detail, the same amount is required to be recovered from the concerned person.

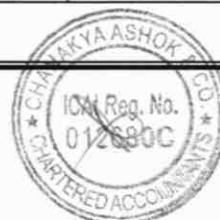
c. Report on findings of field survey of property tax of minimum 20 high value properties:

Field survey of property and assessment has not been done by the Barh Nagar Parishad for the year 2015-16. However, last survey was conducted in 2005. After being verifying the Assessment Register, it has been found that survey had been properly done. Also, as we have not accompanied the survey team, we cannot authenticate the measurement.

Name of Holder	Father's/Husband Name	Holding No.	Type of Building	Area	Rate	Annual Valuation	Tax	Remarks
SDO, Barh (Servant Qtr.)	-	1/49	Residential	3120	10	31200	2918	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
				136	6	816		
Court Bihar Govt.	-	1/52	Commercial	1953	20	39060	3553	Last survey was conducted in 2005 and after that no survey had been conducted. We have



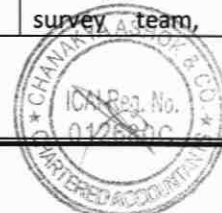
								verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
Office of Registrar	-	1/53	Commercial	1880	13	24440	2223	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
Dwarka Sah	Ramgulan Sah	1/63	Residential	596	18	10728	976	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
Bajrangi Sah	Alijaan Sah	1/64	Residential	708	15	10620	966	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not



								accompanied the survey team, we cannot authenticate the measurement.
Anil Sah	Late Ganga Sah	1/66	Residential	1174	22	25828	2349	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
Umakant Sah	Late Kameshwar Sah	1/72	Residential	1275	22	28050	2552	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
Upendra Kr. Singh	Late Laxmi Singh	1/79	Residential	4845	15	72675	6614	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we



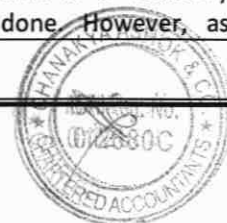
								cannot authenticate the measurement.
Ranjeet Singh	Late Devi Singh	1/94	Residential	11500	22	253000	23023	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
Aasha Devi	Kamta Singh	1/97	Residential	3512	13	45656	4155	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
Arvind Kr. Singh	Late Kameshwar Singh	1/104	Residential	1885	13	24505	2230	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we
				216	13	2808		



								cannot authenticate the measurement.
Bindeshwar Singh		1/187	Residential	2444	15	36660	3372	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
				48	5	240		
Dhaneshwar Singh	Late Jagdish Narayan Singh	1/212	Residential	1273	18	22914	2086	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
Vijay Prakash Singh	Late Jagdish Narayan Singh	1/217	Residential	2053	30	61590	4200	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
Mithlesh Singh	Kadej Singh	1/227	Residential	1582	15	23730	2268	Last survey was conducted in 2005 and after that no survey had been
				150	8	1200		



								conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
Parshuram Singh	Basudeo Singh	1/266	Commercial	5580	30	167400	15233	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
Bindeshwari Singh	Shivram Singh	1/264	Residential	1874	12	22488	2047	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
Manoj Singh	Baijnath Singh	1/256	Residential	2160	12	25920	2359	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as



								we have not accompanied the survey team, we cannot authenticate the measurement.
Bachi Devi	Ramratan Sharma	1/251	Residential	1301	18	23418	2131	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.
Meera Devi	Madan Mohan Prasad	1/207	Residential	1476	18	26568	2418	Last survey was conducted in 2005 and after that no survey had been conducted. We have verified the details as per Assessment Register. We found that it is correctly done. However, as we have not accompanied the survey team, we cannot authenticate the measurement.

II. Part – B

All Audit objections / irregularities which has no monetary implications, but significant violations of Act, Rules & directives of UD&HD. Mention the reference to Act & Rules wherein remedial measure is required.

a. Non-maintenance of books of accounts, subsidiary registers: -

We observed that following registers which are given below have not been maintained by the ULBs.

(1). Statutory Registers.



- (2). Demand and collection register of all taxes/user charges/fees & fines.
- (3). Bid register.
- (4). Records and revision of taxes and rent.
- (5). Rent register of shop.
- (6). Survey registers/files of Hoardings.
- (7). Monthly receipt and payment account is not being prepared by the ULB.

b. Irregularity in procurement process: -

- i. Agreement for supply of LED street light has been entered with Mamta Associates, Main Road, Kankarbagh, Patna for Rs. 8,46,000/- on 06/08/2015. The agreement for the work was entered on Rs. 100/- stamp paper which is not proper and agreement can't be said to be legal as the agreement is required to be done on Rs. 1000/- stamp paper.
- ii. Payment made to Naveen Solar House, Patepur, Vaishali for LED light for Rs. 5,25,000/-. Confirmation from ward councilors required regarding installation of LED lights. Confirmations from ward no. 7, ward no. 21, ward no. 2 and ward no. - 26 are given without date which would further lead to misuse of such confirmation. Also, ward no. 7 confirmation is available on blank page without any date and signature rather it is required on the letter head of such concerned ward.

c. Non-compliance of directives by UD &HD, Government of Bihar:

- i. There is no observation found in this regard. There is no variation found in estimated project cost and actual project cost.

d. Non-compliance of Act & Rules.

- i. The ULB is not preparing the Accounts and Financial Statement as per Section 86 & 88 of the Bihar Municipal Act, 2007. As required under section 88 of the said Act, the ULB is required to prepare within four months from the close of the year, Financial Statement Containing an Income & Expenditure Accounts and a Receipt and Payment Account for the previous year w.r.t. the accounts of the ULB.



- ii. The ULB is not preparing the Accounts and Financial Statement as per Section 86 & 88 of the Bihar Municipal Act, 2007. As required under section 88 of the said Act, the ULB is required to prepare within four months from the close of the year, Financial Statement Containing an Income & Expenditure Accounts and a Receipt and Payment Account for the previous year w.r.t. the accounts of the ULB.
- iii. The ULB is not preparing Fund Wise Receipts & Payments under BMAR Form No. 71 within 20th day of the subsequent months as per Rule 120 of the Bihar Municipal Accounts Rule 2014.
- iv. The ULB is not preparing following Financial Statement of the Preceding years as required under Rule 122 of the Bihar Municipal Accounts Rule, 2014:
 - a. Receipt & Payment Accounts for the Year (BMAR Form No 71).
 - b. Income & Expenditure Account for the Year (BMAR Form No 73).
 - c. Balance Sheet as on 31st March of the Year (BMAR Form No 74).
- v. The ULB is not depositing the Collection of revenue from its own sources on the same day on which it is being collected. The details are provided here in below:

Si. No.	Date collection	of Receipt Number	Property Tax	Other Municipal Revenue	Date Deposit	of
1.	01/10/2015	13640 to 13651	36,839/-	6,780/-	12/10/2015	
2.	05/10/2015	13652 to 13664	31,824/-	3,245/-	12/10/2015	
3.	06/10/2015	13665 to 13674	10,599/-	3,340/-	12/10/2015	
4.	08/10/2015	13675 to 13688	6,131/-	7,003/-	12/10/2015	
5.	09/10/2015	13689 to 13698	16,269/-	1,380/-	12/10/2015	
6.	10/10/2015	13699 to 13700	1,548/-	-	12/10/2015	
7.	18/12/2015	13951 to 13955	11,248/-	370/-	28/12/2015	
8.	19/12/2015	13956	10,774/-	100/-	28/12/2015	
9.	23/12/2015	13957 to 13969	18,515/-	9,370/-	28/12/2015	
10.	26/12/2015	13970 to 13971	8,285/-	4,025/-	28/12/2015	

e. Lack of internal control measures:

- i) During the course of our audit, we have observed various discrepancies in the Cash Book, which are enumerated below:
 - a. Voucher numbers were not clearly mentioned through which payment was made.
 - b. Head wise expenditure were not clearly entered and recorded.



- ii) Log book is not properly maintained and consequently its analysis is not possible.

f. Non-compliance of TDS, VAT and other relevant statute.

- i. ULB is in practice to deposit the amount of TDS, VAT, Royalty and Labour Cess through treasury. But the ULB is not in practice to file the quarterly TDS and VAT return.
- ii. Details of aggregate amount of TDS, VAT, Royalty and Labour Cess have been provided by the ULB. Date wise details of these statutory deductions are not provided.
- iii. Non-filing of quarterly return of TDS leads to imposition of penalty charges by the Income Tax Department. However, due to non-availability of details date wise, it is not possible to ascertain the amount of penalty charge for non-filing of TDS return.

j. Deficiency in pay-roll system.

The Payroll system at the ULB is not satisfactory. The register, records relating to statutory deduction like PF, ESIC, Income Tax are not maintained. The PF, ESIC with respect to contractual employees are neither deducted nor paid to the statutory authority.

k. Utilization of grant and report on missing Utilization Certificates.

Utilization of grant has been prepared by ULB. Total of Rs. 3445.47 Lacs grant has been allotted to the ULB till 2014-15 and UC submitted to the department for Rs. 2639.67 Lacs. However, some UCs related to the grants is missing which are as follows: -

Si. No.	Financial Year	Letter No.	Date	Head	Grant in Lacs	Remarks
1.	2008-09	5	09-02-2009	Civic Amenities	44.73	UC Pending
2.	2008-09	3120	17-06-2008	Adm. Building	38.79	UC Pending
3.	2012-13	97	14-03-2013	Civic Amenities	50.00	UC Pending
4.	2013-14	15	17-05-2013	City Manager Honorarium	2.40	UC Pending
5.	2013-14	63	06-02-2014	Adm. Building	104.16	UC for Rs. 67.95 Lacs is pending
6.	2014-15	20	31-07-2014	Jalapurti	518.33	UC Pending
7.	2014-15	18	24-07-2014	Adm. Building	20.83	UC Pending
8.	2014-15	43	15-09-2014	Adm. Building	22.51	UC Pending
10.	2014-15	7	16-06-2014	Peshakar	11.58	UC Pending



11.	2014-15	9	04-06-2014	Salary allowance with	7.39	UC Pending
12.	2014-15	133	25-03-2015	4 th State Finance	117.20	UC for Rs. 9.69 Lacs is pending
13.	2014-15	122	25-02-2015	Road & Bridge Const.	11.60	UC Pending

I. Physical verification of inventory/stores.

Barh Nagar Parishad is not in practice to carry out the physical verification of inventory/stores. However, store register is maintained by the ULB and regularly updated.

m. Advances, their adjustment & recovery.

No advance and recovery register is maintained by the Barh Nagar Parishad. Advances are given to the employees without any requisition form. Approval is given by the Executive Office on the concerned file. After the submission of the bills, concerned advances are adjusted with the concerned files. ULB does not have a summary detail of the amount of advance given to the employees and their adjustments made. However, the details of advance given and their adjustment details are available in the concerned work file.

n. Any other matter as may be prescribed in due course.

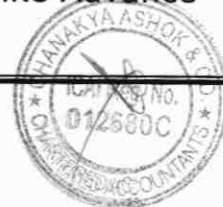
ULB has idle fund remaining in its account during the financial year 2015-16. If these funds be transferred to other account or utilised in another scheme, there would not be any blockage of fund. Details of idle fund are as follows: -

Si. No.	Scheme	Amount	Pending Since
1.	Nagrik Suvidha	80,63,402/-	31/03/2015
2.	Stamp Duty	3,20,723/-	31/03/2015
Total		83,84,125/-	

III. Part C

General Observations: -

There is lots of scope for improvement with respect to maintenance of Records and Registers. The important and basic records like Advance



register, annual accounts, assets register were not maintained. Effective steps may be taken to improve the maintenance of accounts and increasing of its own sources of revenues.

For Chanakya Ashok & Co.
Chartered Accountants



CA Ashok Kumar Pandey
Partner
Mem No: 404207
FRN : 012680C



Chanakya Ashok & Co. Chartered Accountants		
Barh Nagar Parishad Barh(Patna)		
DISCUSSION NOTES : (2015-16) & (2016-17)(Q1)		
Sl. No.	Observation	Management Remarks
1	ULB is not in practice to maintain Subsidiary Cash Book of different schemes.	अविष्कृत में पैसा किता जायेगा।
2	ULB is not in practice to maintain Double Entry Accounting System. It is not implemented at the unit.	विभागीय लिब्रल या डबल एंट्री-सिस्टम किता जायेगा जो की शाह के बाकि सिस्टम का तरीका
3	Municipal accounts committee has not being constituted by the Barh Nagar Parishad.	सुपारका समिति की लक्षण सिमिति का नाम
4	ULB is not in practice to deduct PF, ESIC with respect to contractual employees.	निम्नलिखित करों का से बटोनी से प्रपत्र के मागेम करों का की रही
5	ULB is not in practice to maintain the Inventory and Store Register. No physical verification of the Inventory and store items are carried out by the ULB.	Inventory & Store Register to be maintained
6	ULB is not in practice to maintain the Advance and Recovery Register. ULB does not have any Advance Requisition Form available. All the advances are given without any proper requisition.	आग्रिम से विपणी लेनिका के कंकित से जारी हो
7	ULB has not Implemented the Computerized Accounting System.	
8	ULB is not in practice to prepare monthly Receipt & Payment Account and Trial Balance.	2016-17 में प्रभात की जाती है
9	ULB is in practice to deposit the amount of TDS, Royalty, Labour Cess and VAT through Treasury. But the ULB is not in practice to file the quarterly TDS return and VAT return.	YES
10	Details of aggregate amount of TDS, VAT, Royalty and Labour Cess is respectively provided by the ULB. However, the date wise details of these statutory deductions are not provided.	
11	ULB is not in practice to deduct TDS from the payment of salary to its staffs.	NA
12	Barh Nagar Parishad has raised demand for holding taxes for Rs. 9730000/- including previous arrear of Rs. 4677000/- out of which only Rs. 3747000/- has been collected during the financial year 2015-16 and remaining amount of Rs. 5983000/- is due for collection and carried forward to next year for collection. It means only 38.51% has been collected during the financial year 2015-16.	YES
13	Barh Nagar Parishad has raised demand for holding taxes for Rs. 11991000/- including previous arrear of Rs. 6379000/- out of which only Rs. 1082000/- has been collected till the end of 1st quarter of financial year 2016-17 and remaining amount of Rs. 10909000/- is due for collection and carried forward to next quarter for collection. It means only 9.02% has been collected during the 1st quarter of financial year 2016-17.	YES
14	ULB has 16 mobile towers under its jurisdiction. Installation date of 13 Mobile towers are not available at ULB.	



22



15	ULB has not made any collection from the mobile towers in the financial year 2015-16. However, the ULB has Rs. 750000/- to be recovered from the concerned mobile towers for the financial year 2015-16.	
16	ULB has not made any collection from the mobile towers during the 1st quarter of financial year 2016-17. However, the ULB has Rs. 910000/- to be recovered from the concerned mobile towers for the financial year 2016-17.	
17	ULB is not in practice to deposit the collected amount of tax in the bank account on the same day. There is discrepancy found between the collection date and date of deposit.	
18	ULB has idle fund remaining in its account. Idle fund during the year 2015-16 is Rs. 8384125/- and during the 1st quarter of the year 2016-17 is Rs. 29818006.25/-.	
19	ULB has raised demand of Shop Rent tax from 21 shops located in Bosted Road Marketing Complex for Rs. 221784/- during the financial year 2015-16. However, only Rs. 98528/- is collected during the year 2015-16. Balance amount of Rs. 123256/- is due for collection and hence carried forward to next year for collection.	बकाना राशि को जोड़कर अधिकांश कसूलों के कारण की जा रही है।
20	ULB has raised demand of Shop Rent tax from 21 shops located in Bosted Road Marketing Complex for Rs. 345040/- during the financial year 2016-17 including previous arrear of Rs. 123256/-. However, no amount is collected during the 1st quarter of 2016-17. The same amount is carried forward to next year for collection.	१९ -००-
21	For the year 2015-16, Sairat for 11 places are required to be done but Sairat of only 4 places are done. Other 7 places Sairat is not done due to no participant available in bid.	YES
22	For the year 2016-17, Sairat for 10 places are required to be done but Sairat of only 7 places are done. Other 3 places Sairat is not done due to no participant available in bid.	.००.
23	ULB has not done Sairat for 2016-17 In March, 2016 but no amount is collected from the concerned parties till the audit date. Also, no agreement is made with them regarding Sairat. The amount due for collection from the concerned parties totalled Rs. 646500/-.	एच.एस.सी. की शर्तों पर बिजनेस टैक्स ग्राहकों से अचूकता से संग्रहीत नहीं किया गया है। लेखपत्रों का भी एकमात्र रूप ही एकमात्र नहीं है।
24	Agreement for Supply of LED Street Light done with Mamta Associates, Main Road, Kankarbagh, Patna for Rs. 846000/- on 06-08-2015. Agreement was done on Rs. 100/- stamp paper but it is required to be done on Rs. 1000/- stamp paper.	अग्रिम में एमएम-एल नगरपालिका /
25	Payment made to Naveen Solar House, Patepur, Vaishali for LED light for Rs. 525000/-. Confirmation from ward councillors required regarding installation of LED lights. Confirmation from Ward No. 7, Ward No. 21, Ward No. 2 and Ward No. 26 is given without date. Also, Ward No. 7 confirmation available on blank page rather it is required to be on the letter head of Ward Councillor of Ward No. 7.	N.A.

