

INTERNAL AUDIT REPORT
OF

NAGAR PARISHAD

BENIPUR

For the period from 01.04.2016 to 31.03.2017

Internal Audit Conducted by:
M/S RAJEEV R MISHRA & CO.
CHARTERED ACCOUNTANTS



BALBHADARPUR, LAHERIASARAI TOWER

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NAGAR PARISAD –BENIPUR

INTERNAL AUDIT REPORT OF F.Y.2016-17

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Internal Audit Report- Nagar Parishad - Benipur

Internal Audit Report of Financial year 2016- 2017

Section A: Audit Procedure

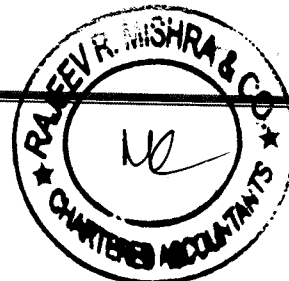
This internal audit report (Hereinafter referred to as "report") has been issued as a part of our engagement for internal audit for the Period ended on 1st April 2016 to 31st March, 2017. The ULB (Nagar Parishad , Benipur) is a wing of Urban Development and Housing Department, Government of Bihar and we have carried out the Internal Audit as per the appointment letter issued by the management of Support Programme for Urban Reforms in Bihar (SPUR) , Patna Vide the Notice to Proceed (NTP) Number : **SPUR-PMU/194/IA-140 ULBs & SLMA/G-11/RRM/2016/132/31 Dated 5th April 2016.**

We have conducted our audit in accordance with the Standards on Internal Auditing (SIA) issued by the Institute of Chartered Accountants of India. These Standards require that we plan and perform the internal audit in such manner so that to cover all the scope, coverage and resources including planning with respect to time and resources to be used. An internal audit includes examining every aspect of the organisation as per the Terms of Reference and to the extent as provided in the scope of Internal Audit. Besides, this being an internal audit, it also covers the extensive scope as specified by the management of the Organisation in the engagement letter.

The Salient Points of the scope covered by our internal audit are as follows:

1. Evaluation of internal controls as discussed in Bihar internal control manual.
2. Compliance of Bihar Municipal Act related Rules and Regulations.
3. Compliance of Bihar Municipal Accounting Manual, BMAR- 2014 and Bihar Municipal Budget Manual.
4. Reporting on All Major own Revenue Losses.
5. Survey Report on at least 20 high Value Property in the Town.
6. Vouching of All Payments above Rs. 10,000/-.
7. Report on Procurement made through Tender for value Above Rs. 15,000/-.
8. Appraisal of the effectiveness of overall accounting system.

Moreover, our scope of examination also covered the requirements of the specific points as spelled out by the management of UD&HD. The result and recommendations of our internal audit are set out in scope of audit and where ever required, in annexure forming integral part of our report.



Internal Audit Report- Nagar Parishad - Benipur

We have conducted the Internal Audit with the objective:-

- ❖ That The Assets of the ULB are properly protected and accounted for.
- ❖ That the current transactions are promptly and completely recorded.
- ❖ That Inefficient or fraudulent operations are revealed.

We started with an overview of activities through a study on various documents generated by the ULB. We then identified Evaluated and tested adequacy, effectiveness and efficiency of internal controls including standard policies and procedure laid down by the management for each of the areas included in the scope of work.

Testing of internal control was carried out by the checking a sample of translations for the period covered under the audit.

Our Observations resulting from the audit test performed on a sample of transactions along with suggested recommendation for addressing these observations are set out under Part (A), Part (B) and Part (C) of the audit report.

During the audit, we reviewed the following Registers and Documents.

- ❖ Main cash Book
- ❖ Subsidiary Cash Book
- ❖ Bank Book
- ❖ Daily Collection Register.
- ❖ Vouchers along with supporting documents.
- ❖ Others related records and registers.

Place:-
Date:-

For
Rajeev R Mishra & Co.
Chartered Accountants

Mritunjay

CA Mritunjay Kumar
M.No.- 535789
Contact No- 9835156869



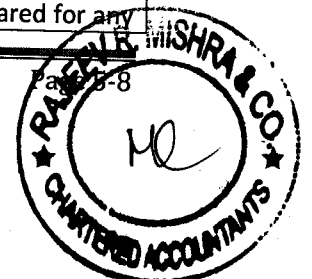
Executive Summary

1. Introduction

Name of the Municipality	NAGAR PARISHAD BENIPUR
Period Covered under Current Audit	01.04.2016 to 31.03.2017
Name of the Executive Officer of the ULB	MR. PRAHLAD LAL (DOJ-19/07/2017 to Till Date) (benipurnagar@gmail.com)
Name of Chairman of the ULB	Mr. SURENDRA KUMAR JHA (11 TH Feb 2016 to Till date)
Name of Vice-Chairman of the ULB	MR. ZAFARUDDIN KHAN (11 TH Feb 2016 to Till date)

2. Results and Findings

Strength observed during the audit engagement	<ol style="list-style-type: none"> 1. Accountant Cash Book has been prepared. 2. Cashier Cash Book has been written. 3. Annual Budget has been prepared. 4. Bank Books for PL account. 5. Subsidiary Ledger has been maintained. 6. Vehicle log book proper maintain properly for JCB,Tractor,Tempo, suction machine etc.
Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.	<ol style="list-style-type: none"> 1. During the audit we observe that total collection of tower tax during the financial year 2016-17 Rs 2,40,000.00 2. Collections from Internal Resources are Very Poor. 3. Delay in deposition of TDS attract interest U/S 201 of Income Tax Act (Annexure-A) 4. Delay in Filing of TDS on Due Date (Annexure-B) 5. TDS Certificate not downloads from TRACES within stipulated time. It attract fine of Rs. 100/- per day U/S 272A of Income Tax Act. 6. Form RT-VII related to Sec 41 of Bihar VAT, 2005 not filed. A copy of Form RT-VII is attached under Annexure- C. 7. Bank Reconciliation Statement is not prepared at all. 8. ULB does not follow Double Entry Accounting System (DEAS). 9. As per BMA, 2007 financial statement such as Balance Sheet, Income and Expenditure Account and Receipt and Payments account are required to be prepared and get approved from the board on annual basis but we observe that these have not been prepared for any



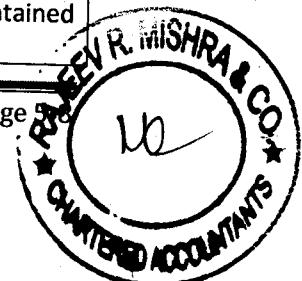
	<p>year till date.</p> <ol style="list-style-type: none"> 10. Tender Related EMD & SD Register are not Maintained 11. Advance register have not been properly prepared. 12. There is lack of internal control in respect of timely deposit of various taxes such as vat, royalty, TDS and labour cess. 13. ULB does not follow double entry accounting system. 14. Fixed assets registered are not separately maintained. 15. No separate advance registered is maintained hence it is difficult to monitor for advance given and adjustment thereof. 16. Demand –collection registered has not been maintain properly.
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3. Opinion.

Overall opinion of the audit team about the functioning of the municipality	<p>Weakness:-</p> <ol style="list-style-type: none"> 1. No Financial Statements such Balance Sheet, Income & Expenditure A/c and Receipts & Payments A/C have been prepared by the ULB. 2. Most of the Books of Accounts as prescribed by BMAR are not maintained. 3. ULB does not follow DEAS. 4. Collections of revenue from own resources are very poor. 5. Demand and Collection Register has not been maintained.
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4. Audit Recommendations:-

The Recommendation of audit team on the observed weakness.	<p>Recommendation:-</p> <ol style="list-style-type: none"> 1. Financial Statement for every year such as Balance Sheet, Income& Expenditure A/C, and Receipts & Payments A/C should be prepared. 2. Demand and collection register for holding and property tax should be prepared properly as the ULB has started the collection of Property Tax from the financial year 2016-17. 3. BRS should be prepared on Monthly basis. 4. ULB should follow DEAS as soon as possible and should maintain books of accounts and register as prescribed by BMAR. 5. Demand collection register should be maintained properly.
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	<ol style="list-style-type: none">6. Advance to the employee should proper maintain with adjustment.7. Implementation of bio metric attendance.8. Stock registered should maintain with name ,when inventory issued.
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5. Comment 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 , Benipur

[Handwritten Signature]
15/3/18
कार्यपालक, पदाधिकारी
(Executive Officer)
नगर परिषद, बनीपुर
दस्तावेज

6. Acknowledgement :-

We thank Mr. PRAHLAD LAL (Executive Officer), for his support during the period of our Audit. We are also thankful to accountant and other support staff of the Nagar Parishad for their co-operation extended to us during the period of audit.

Place: -

Date: -

For,
M/S Rajeev R Mishra & CO.
Chartered Accountants
FRN: 021466N

[Handwritten Signature]
CA MRITUNJAY KUMAR
(Partner)
M.NO:- 535789



Detailed Audit Report:-**1. Introductions**

The Internal audit of NAGAR PARISHAD, BENIPUR covering the period from 1ST April 2016 to 31ST March 2017 was conducted by following persons under the guidance of CA. Rajeev Ranjan :-

- i) CA Mritunjay Kumar
- ii) Mr.Sajjan Kumar
- iii) Mr. Deepak kumar

2. Administration

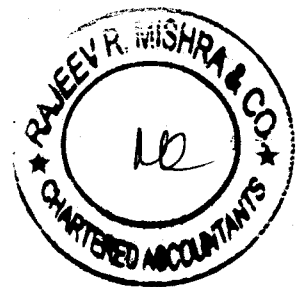
The present body of the ULB has taken charge in 2012. The incumbency in the key administrative and executive positions has been as under:

Mr. Surendra Kumar Jha, Chairman, from 11th Feb 2016 to till Date

Mr. Shailesh Kumar, Executive officer, from 20/08/2015 to till Date.

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

S.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 purposed	Total No of Audit Paras where recovery has been made	Total Amount of Recovery (Rs. In Lakhs)	Total no of Outstanding Para where no action has been taken	No and Date of Compliance Report
No Correction / Implementation against audit paras of Internal Audit Report of F.Y-2014-15 .								



4. Finance

I). Budgetary Provisions and Expenditure for the last Three Years

Year	2014-15	2015-16	2016-17
Final/ Revised Budget	12,20,94,425.00	9,19,24,702.00	30,71,00,500.00
Actual Expenditure	5,79,69,999.00	11,12,37,562.00	12,21,23,537.00
Saving(+)/ Excess(-)	6,41,24,426.00	(-1,92,13,,860.00	18,49,76,963.00

Note: -segregation of Budget of the Year 2016-17 is not made available to us.

II). Volume of Transaction

Period	Budgeted	Current Period 2015-16	Cumulative for the Current Period	Current Period 2016-17	Cumulative for the Current Period
Opening Balance	6,74,98,118.00	8,63,93,926.00	8,63,93,926.00	7,68,10,951.00	7,68,10,951.00
Receipts	7,46,27,925.00	10,28,57,987.00	10,28,57,987.00	24,17,54,159.57	24,17,54,159.57
Total Fund	14,21,26,043.00	18,92,51,913.00	18,92,51,913.00	31,85,65,110.57	31,85,65,110.57
Net Expenditure	12,20,94,425.00	11,24,40,962.00	11,24,40,962.00	12,21,23,537.00	12,21,23,537.00
Closing Balance	2,00,31,618.00	7,68,10,951.00	7,68,10,951.00	19,64,41,753.57	19,64,41,753.57

Note: - breakup of Budget for the period 2016-17 has not been provided to us.

III). Bank Reconciliation:-

Despite my several request the concerned authority has not shown any interest in preparing BRS on monthly Basis. For better internal control on Books of account and evade any possible fraud presentation of BRS monthly of each account on monthly basis is necessary for your ready reference. We are annexed the actual detail of all Bank Account.

S.No	Name of Bank	Name of Scheme	Account No.	Balance as per Bank Account	Balance as per Cash Book	Difference
1.	SBI	4 th state Finance	31788504603	1,24,119.00	3,835.00	1,20,284.00
2.	SBI	Tower tax Resources	33099850903	1527353.00	19,20,293.00	3,92,940.00
3.	SBI	E-Governance	33856125433	34,500.00	53,763.00	19,263.00
4.	SBI	Birth /Death	34666915113	33,232.00	39,517.00	6,285.00
5.(i)	SBI	KabirAnthesty	34491594182	2,16,452.00	6,32,620.00	50,500.00

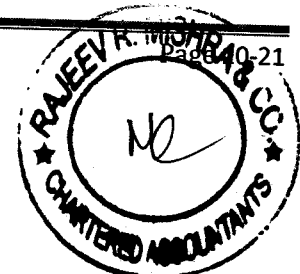
(li)	SBI	KabirAnthesty	34491592185	365668.00		
6.	Canara Bank	BRGF	2865101005413	11,47,462.00	11,47,462.00	-
7.	Canara Bank	13 th Finance	2865101005545	1,95,969.00	2,82,714.00	86,745.00
8.	CBI	SJSRY	3216264378	1,701.00	1,701.00	-
9.	Canara Bank	14 th Finance	2865101007385	81,991.00	1,91,54,083.00	1,90,72,092.00
10.	SBI	Holding Tax	33060340497	7,35,105.80	10,70,026.00	3,34,921.00
11.	SBI	Swach Bharat Mission	335223843620	3,22,82,585.00	3,06,65,375.00	16,17,210.00
12.	PNB	PMAY	9872000100030808	2440574.75	2390575.00	49,999.75
13.	Treasury		P/L-0002	16,07,05,530.00	16,07,05,530.00	-
14.	SBI	Salary	35940509304	-	-	-
16.	Advance			-	861188.00	861188.00
			TOTAL	199892243.00	218938682.00	22611428.00

Note: -Monthly Bank Reconciliation Statement has not been prepared by Concerned Authority.

IV). Revenue Receipt

Period	Budgeted (2016-17)	Previous year (2015-16)	Corresponding Period of previous Year	Current Period (2016-17)	Cumulative for the Current period
a) Own Resources					
BOQ, Trade Licence, Copy Fee, Hat Bazar,		7,13,985.00	7,13,985.00	1943811.00	1943811.00
Birth & Death		2,698.00	2,698.00	-	-
Holding Tax	40,00,000.00	37,097.00	37,097.00	1224483.57	1224483.57
Prof. Tax		18,88,664.00	18,88,664.00	2161513.00	2161513.00
Total		26,42,444.00	26,42,444.00	5329807.57	5329807.57
b) Administrative Grant					
c) Specific Grant (Scheme Wise)					
13 th Finance		55,63,247.00	55,63,247.00	-	-
14 th Finance		2,16,08,024.00	2,16,08,024.00	29344326.00	29344326.00
5 th Finance		3,77,86,730.00	3,77,86,730.00	78746609.00	78746609.00
4 th State		800.00	800.00	-	-

M/S RAJEEV R MISHRA & CO. (CHARTERED ACCOUNTANTS)



Finance					
Nagar Sadak Bhawan		-	-	-	-
Stamp Duty				-	-
Chairman and V. Chairman Fund		2,91,315.00	2,91,315.00	1118285.00	1118285.00
Sadak Nala		91,75,500.00	91,75,500.00	16795807.00	16795807.00
BRGF				-	-
13 th Finance				-	-
KabirAntesty		16,16,500.00	16,16,500.00	361572.00	361572.00
Interest		3,51,027.00	3,51,027.00	1590316.00	1590316.00
SJSRY		-	-	-	-
E-Governance		3,60,000.00	3,60,000.00	-	-
Swach Bharat Mission		1,14,00,000.00	1,14,00,000.00	28399864.00	28399864.00
Nagrik Suvidha		1,20,62,400.00	1,20,62,400.00	2259511.00	2259511.00
Adminstrative Building		-	-	-	-
Much mantri shahri pay jal		-	-	38635062.00	38635062.00
PMAY/HFA		-	-	39173000.00	39173000.00
Total		10,02,15,543.00	10,02,15,543.00	23,64,24,352.00	23,64,24,352.00
Grand Total		10,28,57,987.00	10,28,57,987.00	24,17,54,159.57	24,17,54,159.57

Note : Details of budget of FY 2016-17 not provided us.

V) Status of Implementation of DEAS

Despite my request for previous year report the concerned authority has shown no interest in implementation of Double entry Accounting System instead of cash based accounting system which is only show detail of total collection & Expenses.

VI) Status of Municipal Account Committee; if meeting is held

As per section 98 of BMA 2007 it is necessary for the ULB to constitute an MAC at its first meeting in each year or as soon as may be at any subsequent meeting. But till Date the ULB has not constituted MAC.

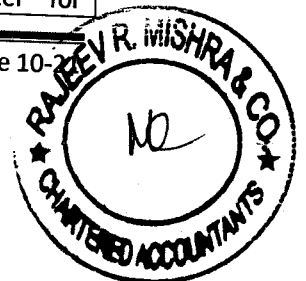


5.Audit Observations:

PART - "A"

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

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.	Holding/Property Tax has been implemented in financial year 2015-16, however Collection of Holding/Property Tax has been started from the period of 2016-17. Under Sairat, only collection from hat/ bazaar is covered. The DCR of Hat/ bazaar and other internal revenue has been maintained properly. While total collection from Hat and other revenue during the current year 2016-17 has been Rs. 19,43,811.00/- only.
b) Excess payment against bill, lack of prudence in payment against vouchers inefficiency in controls resulting loss to ULBs.	No any such case has been found during the audit of the current year.
c) Report on finding of field survey of Property Tax of minimum 20 high value properties	Since Collection of Holding tax / Property Tax has not been started in the current year 2015-16. However Collection of Holding/Property Tax has been started from the period of 2016-17. and also due to lack of proper documents we have not been able to conduct the field survey for the high value properties.
d) Procurement of assets and other expenditure.	Procurement of assets having quotation, but in case of payment made to Mr.sintu kumar singh Rs3,41,893.00 NP does not have quotation of printing of stationery.
e) Contractor registration with NP.	NP does not get mandatory registration of contraction before Applying a tender, only PWD registration copy has been consider.
f) Regular deposits of internal collection of NP.	Death/Birth collection is not regularly deposit by a person who authorised.
g) Improvement on the Recommendation by the internal auditor in previous year 15-16 audit report.	We do no not find any improvement in current financial year 16-17 on auditor recommendation. Auditor recommendation was as following..... 1. Financial Statement for every year such as Balance Sheet, Income & Expenditure A/C, and Receipts & Payments A/C should be prepared. 2. Demand and collection register for



	<p>holding and property tax should be prepared properly as the ULB has started the collection of Property Tax from the financial year 2016-17.</p> <ol style="list-style-type: none"> 3. BRS should be prepared on Monthly basis. 4. ULB should follow DEAS as soon as possible and should maintain books of accounts and register as prescribed by BMAR. 5. Demand collection register should be maintained properly.
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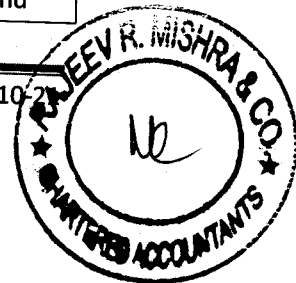
PART- "B"

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 regard our report is as under –

<p>a) Non- maintenance of books of accounts , subsidiary registers</p>	<p>Following primary Books of accounts are required to be maintained :</p> <ol style="list-style-type: none"> 1) Cash Book (Form Gen-IA) 2) Bank Book (Form Gen-IB) 3) Collection Register GEN-11 4) Subsidiary Ledgers (Gen-3) <p>But the ULB has been maintained only the cashier cash book and the accountant cash book and Subsidiary register.</p> <p>In addition to above following few important General Registers and forms are required to be maintained but the same are not being maintained.</p> <ol style="list-style-type: none"> 1. Memorandum of Collection GEN-12 2. Summary of Daily Collection GEN-13 3. Register of Bills for Payment GEN-14 4. Register of Advance GEN-17
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	<ol style="list-style-type: none"> 5. Deposit Register GEN-19 6. Summary Statement of Deposits Adjusted GEN-20 7. Summary Statement of Bills Raised GEN-23 8. Register of Refunds, Remissions and Write-offs GEN-26 9. Statement of Outstanding Liability for Expenses GEN-29 10. Documents Control Register/Stock Account of Receipt/Cheque Book GEN-30 11. Register of Immovable Property GEN-31 12. Register of Movable Property GEN-32 13. Register of Land GEN-33 14. Asset Replacement Register GEN-36 15. Register of Public Lighting System GEN-37
b) Irregularity in procurement process	No major irregularities have been observed in procurement process. But during the audit of various yojana completed on contract basis we found lack of internal control in documentation.
c) Non-compliance of directives by UD & HD, GOB	<p>We observed several non compliances of directives of UD & HD, GOB such as :</p> <ul style="list-style-type: none"> • non collection of various taxes required to be collected • Non maintenance of prescribed books of accounts • Non maintenance of prescribed DEAS. • Non-maintenance of Demand Collection Register.
d) Non-compliance of Acts and Rules	<p>As per sec. 127 of the BMA, the municipality can levy the following taxes:</p> <ul style="list-style-type: none"> • Property tax on lands and buildings. • surcharge on transfer of lands and buildings • water tax • fire tax

	<ul style="list-style-type: none"> • tax on advertisements, other than advertisements published in newspapers • surcharge on entertainment tax • surcharge on electricity consumption within the municipal area • tax on congregations • tax on pilgrims and tourists • Tax on profession • toll tax – <ul style="list-style-type: none"> a. on roads, bridges, ferries and navigable channel and b. on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles <p>But the ULB has not levied any of the taxes as mentioned above.</p>
<p>e) Lack of internal Control measures</p>	<p>Serious lack in internal control with respect to collection of revenues under various internal resources has been found during the audit. Like Death/birth collection.</p>
<p>f) Non-compliance of TDS, VAT and other relevant Statute</p>	<ul style="list-style-type: none"> • In spite of Several request, the Accounts officer are unable to provide USER ID and Password related to TDS Login . Hence we are not in position to comment on outstanding demand on TDS default raised by Income Tax Department. • Taxes such as VAT, TDS, Labour cess, etc. are collected from time to time but deposit of such have not been made on timely manner which is not proper. We find TDS deposit challan of FY 2016-17 Rs 8,21,753.00 • For your reference few examples are annexed under Annexure A , B and C.
<p>g) Deficiency in Pay-roll System</p>	<p>The pay-roll system does not contain leave details of employee. PF contribution and</p>



	pension fund contribution of employees are deducted but municipal contribution is not being paid.
h) Utilization of Grant and report on utilisation certificates	As explained to us UC up to 31.03.2017 has been sent to the Government as and when demanded by the department but copy of the same have not been provided to us. Since Grant Register has not been prepared hence it is difficult to ascertain un-utilized grant at any particular time.
i) Physical verification of inventories and stores	Store Register has not been prepared properly and physical verification of inventory/stores has not been done by any authority during the Financial Year 2016-17.
j) Physical verification of fixed assets	Fixed Assets Register has not been prepared properly. Also physical verification of fixed assets has also not been done by the by any authority during the Financial Year 2015-16
k) Non compilation of Financial Statement	The Financial Statements of the ULB have not been compiled.



PART - "C"

General Observations:

<ul style="list-style-type: none"> Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts. 	No, only entries related to cash/bank/PL A/C are made in the Cash books maintained by the Accountant. Other Ledger accounts have not been prepared according to BMAR by the ULB.
<ul style="list-style-type: none"> 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; 	No, except Primary Books of Accounts, no other books of accounts as prescribed in Accounting Manual have been maintained.
<ul style="list-style-type: none"> Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts; 	No quarterly Financial Statements have been prepared by the N.P.
<ul style="list-style-type: none"> Whether the period-end and reconciliation procedures prescribed have been carried out. 	No, period-end and reconciliation procedures as prescribed have not been carried out. Even the Bank Reconciliation Statement for all bank accounts has been prepared.
<ul style="list-style-type: none"> Whether the Bank Reconciliation statements have been prepared and are appropriate. 	No, Bank Reconciliation Statements have not been prepared by the ULB.
<ul style="list-style-type: none"> Whether all grants from Government have been accounted at gross value with proper entries to various accounts 	Yes, all transactions are correctly classified with sufficient details.
<ul style="list-style-type: none"> Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail; 	No all transactions have been classified as Receipts and Payment only. Income, Expenditure, assets and liabilities have not been recognized.
<ul style="list-style-type: none"> 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 for and all deductions have been properly accounted for.
<ul style="list-style-type: none"> 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, we have not observed any Special fund that has been created by the ULB.
<ul style="list-style-type: none"> 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 	We did not notice any major deviation.

authority;	
<ul style="list-style-type: none"> 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, Record of Fixed assets registers are maintained but properly 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.
<ul style="list-style-type: none"> 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; 	As explained to us no property of the ULB has been given on lease.
<ul style="list-style-type: none"> Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores; 	No, physical verification of stores has been conducted by the ULB at reasonable intervals.
<ul style="list-style-type: none"> 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, ULB has maintained store register but not properly.
<ul style="list-style-type: none"> 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, we have conducted the physical verification of stores on the basis of cash book entries only and we have not notice any material discrepancies during our audit.
<ul style="list-style-type: none"> 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 there is no procedures are in place to identify any unserviceable or damaged stores
<ul style="list-style-type: none"> 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; 	No, valuation of stores is not in accordance with the accounting principles laid down in BMR.
<ul style="list-style-type: none"> 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 	There is no case of loans and advances other than advance to staff for expenditure.

of the principal and interest?	
<ul style="list-style-type: none"> Whether advances given to municipal employees and interest thereon are being regularly recovered; 	Advance Register has been maintained but we did not notice any interest charge from employee in case of late settlement. Total advance due on the employee till 31 st march 17 Rs 8,86,101.00 Current financial advance given to employee Rs5,09,588.00/ after adjustment of advance payment.
<ul style="list-style-type: none"> Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets? 	No, there does not exist any internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets.
<ul style="list-style-type: none"> Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported. 	We did not notice any such deviation.
<ul style="list-style-type: none"> 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, municipality deposits its statutory dues but not timely basis. User ID and pass word of TDS return have not been produced to us. So, we could not able verify any penalty and Interest levied on the ULB. Details of TDS deduction and deposit has been separately attached under annexure .
<ul style="list-style-type: none"> 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; 	The municipality has not been giving any contribution to P.F or pension Fund but the employee's contribution to P.F and pension fund is being deducted from the salary of the employee.
<ul style="list-style-type: none"> Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof; 	We did not notice any such expenses.
<ul style="list-style-type: none"> 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; 	Yes, on our test check we observed that all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget.
<ul style="list-style-type: none"> Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis; 	No, all revenues from own sources have not been properly assessed, accounted for and collected.
<ul style="list-style-type: none"> 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, tax collected by the tax collector are not deposited on daily basis .
<ul style="list-style-type: none"> Whether in respect of all bills for charges on account of all works and 	Yes, on our test check we observed that all bills for charges on account of all works and other



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;	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.
<ul style="list-style-type: none"> Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order; 	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.
<ul style="list-style-type: none"> 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, bio-metric devices and payroll software are not used at the ULB. Pay roll system of the municipality is deficient as it does not contain leave records, details of deductions made etc.
<ul style="list-style-type: none"> Whether the grievance redresses mechanism for the ULB is sufficient; 	We did not observe any grievance redresses cell functioning at the ULB.

Place :

Date :

For Rajeev R Mishra & Co.

Chartered Accountants

FRN: -0211466N

Mritunjay Kumar
 15.2.
 (CA Mritunjay Kumar)
 (Partner)



ANNEXURE-A

Detail of TDS Deduction and Deposit Date:-

Particulars	Name of contractor	Amount (Rs.)	Date of Deposit*	Remarks
TDS U/s 194C	Anil Electricals.	122245.00		Attract 3% Interest on Late deposit as per the software of the TRACES.
	Garib Jan Jagirit Seva Kent	9080.00		
	Shailesh Kumar	3000.00		
	Ganesh Choudhar	3720.00		
	Shunil Kumar Jha	29604.00		
	Rashid Kha	2582.00		
	Suneel Kumar Jha (5 th Finance)	13485.00		
	Suneel Kumar Jha (14 th Finance)	11488.00		
	Vijay Shankar Yadav	8406.00		
	Ganesh Choudhary	14380.00		
	Shailesh Kumar	9191.00		
	Gautam Kumar Thakur	14683.00		
	Hari Mohan Choudhary	10045.00		
	Vijay Shankar Yadav.	4080.00		
	Suneel Kumar Jha	4428.00		
	Vijay Shankaryadav	5835.00		
	Lalit Kumar Mishra	29555.00		
	Anil Electrical	472830.00		
	Anil Electricals	148872.00		
	Hari Mohan Choudhary	1741.00		
	Vijay Shankar Yadav	2983.00		
	Raja Ram Sah	2997.00		
	Raja Ram Sah	7885.00		
	Lala Thakur	10494.00		
	Vijay Shanar Yadav	12110.00		
	Anil Electricals	22246.00		
	Total	977965.00		

*Note : Exact date of deduction & deposit not available due to not proper maintenance of TDS registered , hence we could not find out the days in delay payments.



ANNEXURE-B

Details of TDS Return Filling

Particulars	Due Date	Deposit Date	Delay in Filling*	Remarks
1 st Quarter	15/07/2016			As per U/S 234E of Income Tax Act a sum of Rs. 200 for every day during which the Failure Continues
2 nd Quarter	15/10/2016			
3 rd Quarter	15/01/2017			
4 th Quarter	15/05/2017			

*Note: No such registered of quarterly deduction & payment registered maintain, Hence we could not find days of delay in filling of TDS return and penalty thereto.

* Copy of Quarterly TDS return copy not provided to us.

