

Internal Audit Report
of
Bihar Shariff Nagar Nigam

For the period from 01.07.2016 to 30.09.2016

Conducted by
ROY GHOSH & ASSOCIATES
Chartered Accountants
3 C R Avenue, 1st Floor Bharat Bhawan
Kolkata – 700 072
Phone No. – 033 2236 0048

Date of Audit: 21.11.2016 to 06.12.2016
Report Issued on: 17.12.2016

EXECUTIVE SUMMARY

1. INTRODUCTION

Name of the Municipality	Bihar Shariff Nagar Nigam
Period covered under current audit	01.07.2016 to 30.09.2016
Name of Executive Officer for the period under Audit	Mr. Kaushal Kumar

2. RESULTS AND FINDINGS

- Strengths observed during the audit engagement
In the existing system as prevailing in the Nagar Nigam, day to day work is in progressive manner in respect of collection of revenue and execution of the projects.
- Weaknesses observed in the functioning of office, maintenance of records:
 - i. Non preparation of Financial Statements resulting in weakness in control over Accounts.
 - ii. Non preparation of Bank Reconciliation Statements
 - iii. Lack in follow-up procedure in collection of huge arrear dues in relating to Property and other Taxes.
 - iv. Non-performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.
 - v. Delay in deposit of collected revenue has been observed.
 - vi. Non deposit of Income tax deducted at source (TDS), Sales Tax, Royalty and Labour Cess resulting in violation of tax provisions and attraction of interest and penalty.
 - vii. Non-maintenance of Assets Register in complete manner resulting in chances of mis-utilization of assets.

3. OPINION

The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel and other matters incidental thereto for overall improvement of the ULB.

4. AUDIT RECOMMENDATIONS

- I. Books of Accounts should be prepared under Double Entry System and accrual basis should be followed.
- II. ERP software should be implemented in the ULB for preparation of financial statements and other necessary information as and when required by the management. Employees of all departments will be trained with the software for entering day to day transactions.
- III. Stringent follow up is necessary for recovering arrear dues relating to Property tax and other sources of income.
- IV. Bank Statements or Treasury Statement shall be collected and Bank Reconciliation Statement should be prepared on monthly basis. Balance



Confirmation Certificate to be obtained from the respective Bank or Treasury periodically.

- V. Fixed Assets Register has to be prepared for all fixed assets owned by the ULB, assets will be numbered, wherever applicable and location of assets should be mentioned in such Register? Physical Verification of such fixed assets has to be conducted by appointing external professional agency at each year end.
- VI. Stock/Store Register has to be updated in all respect. Purchase, issue and balance of each items has to be maintained separately.
- VII. Timely deposit of taxes is must for the ULB.

5. **COMMENTS FROM MANAGEMENT**

Point wise replies have been provided by the management and the same has been incorporated in the report.

6. **ACKNOWLEDGEMENT**

Considering the Physical Environment, accessibility, literacy of the Human Resources, communication facilities and so many other hindrances, we are in opinion that, the working of the unit has a deep impact on the economic & social aspects and values of the inhabitants of the demarcated area. And the unit specifically dedicated for the development of Nagar Nigam in the state of Bihar according to plan & for matters ancillary thereto.

We convey our heartfelt thanks to the entire human resources of the "Bihar Sariff Nagar Nigam" for rendering their help for smooth completion of this assignment.



DETAILED AUDIT REPORT

1. **INTRODUCTION**

The Internal audit of Bihar Shariff Nagar Nigam covering the period from 01.07.2016 to 30.09.2016 was conducted by Ashok Kumar Yadav under the guidance of CA Mintu Das.

2. **ADMINISTRATION**

The present Governing body of the ULB has taken charge on 09.06.2012. The incumbencies in the key administrative and executive positions are as under:

- Shri Sudhir Kumar, Chairman from 09.06.2012 to till the date of audit.
- Shri Thyag Rajan, Commissioner/Executive Officer from 09.06.2012 to 15.07.2015, Shri Kaushal Kumar, Commissioner/Executive officer from 16.07.2015 to till the date of audit.

3. **REVIEW OF OUTSTANDING AUDIT PARAS:**

Status of Audit Observations is as under

Sl. No	Particulars of audit and date of report	Total no's 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 recovery has been made	Total Amount of Recovery	Total No. of outstanding para where no action has been taken	No. & dated of compliance report
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As per management, Audit for the F.Y. 2015-16 was conducted by AG but report for the same was not received from the Auditor.

4. **FINANCE**

I. Budgetary provisions and expenditure for the last three years

Year	2013-14 (Rs.)	2014-15 (Rs.)	2015-16 (Rs.)
Final/Revised Budget	75,10,84,900	65,87,19,638	94,23,93,250
Actual Expenditure	4,88,36,672	17,14,37,267	94,24,00,036
Savings(+)/Excess(-)	70,22,48,228	1,17,67,164	(-)6,786

The above figures have been taken from the Budget Statement of the unit for the year 2013-14, 2014-15, 2015-16 and 2016-17.

Financial Statements i.e. Audited Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2012-13, 2013-14, 2014-15 and 2015-16 have not been produced before us for verification. Please see our Audit Requisition, in this regard, addressed to the Chief Municipal Officer dated 22.11.2016, 24.11.2016 26.11.2016.



Management reply

Data has been provided, complied.

II. Volume of transactions

Period	Budgeted amount for P.Y. 2016-17	Budgeted Amount for P.Y. 2015-16	Actual Amount for P.Y. 2015-16	Actual Amount of Q.E. 30 th September, 2016 (2016-17)	Cumulative for the current period (2016-17)
Opening balance	-	-	29,12,67,381	47,25,01,707	59,59,71,600
Receipts	1,43,88,40,000	94,23,93,250	62,11,52,632	12,37,08,537	14,70,27,208
Total	1,43,88,40,000	94,23,93,250	91,24,20,013	59,62,10,244	74,29,98,808
Net expenditure	1,43,44,10,000	94,24,00,036	31,64,48,413	16,05,99,802	30,73,88,366
Closing balance	44,30,000	-	59,59,71,600	43,56,10,442	43,56,10,442

The above figures have been taken from the Budget Statement of the unit for the year 2015-16 and 2016-17.

The unit does not maintain expenditure wise ledger. Financial Statements i.e. Audited Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2013-14, 2014-15 and 2015-16. Please see our Audit Requisition in this regard, addressed to the Chief Municipal Officer dated 22.11.2016, 24.11.2016, 26.11.2016. Further, actual expenditure and receipt could not be obtained quarter-wise due to non-preparation of individual ledger and hence, we have, mentioned actual expenditure and receipt for the whole year of 2015-16.

Management reply

Agreed, steps will be taken to avoid such issues in future.

III. Bank Reconciliation

Bank Reconciliation Statement has not been prepared by the Nigam for the difference in balances as on 30.09.16 between Bank Statement and Bank Book. Un-reconciled balance between Bank Book and Bank Statement as on 30.09.16 has been shown below-

Name of the Scheme	Bank	Balance as per Bank Book on 30.09.16 (Rs.)	Balance as per Bank Statement on 30.09.16 (Rs.)	Un-reconciled balance
Swachh Bharat Mission	Central Bank of India	11,74,65,623/-	Not Provided	Not Ascertained
All other Fund	Treasury A/c- K8448001020001	27,56,71,081/-	Not Provided	Not Ascertained
Slum Development	50200007624820	Not Provided	Not Provided	Not Ascertained



5 th Finance Commission	Madhya Bihar Gramin Bank- 71920100124117	3,12,07,026/-	3,12,06,926/-	100/-
Amrut Yojna	Madhya Bihar Gramin Bank- 71920100125781	7,52,40,000/-	7,58,41,920/-	6,01,920/-

Management Reply

Due to lack of manpower and lack of knowledge, BRS has not been prepared.



IV. Revenue Receipts

Head of Accounts	Budgeted amount for P.Y. 2016-17	Budgeted Amount for P.Y. 2015-16	Total Actual Amount for P.Y. 2015-16	Actual Amount for the Q.E September 2016 for the F.Y 2016-17	Cumulative for the current period (2016-17)
Revenue Receipts					
A. Own Sources					
Tax Revenue	906,99,000	742,99,312	465,79,033	115,79,323	227,01,694
Assigned Revenues and Compensation	550,00,000	380,00,000	-	-	-
Rental Income from Municipal Properties	404,25,000	380,35,000	97,33,093	8,21,386	72,71,306
Fees and user Charges	240,51,000	383,39,000	112,98,092	488,21,921	526,32,361
Sales and Hire Charges	22,60,000	19,42,000	2,83,600	-	-
B. Administrative Grant			-	-	-
Revenue Grants Contribution and Subsidies			-	-	-
- Salary & DA Grant	650,00,000	572,00,000	-	-	-
- Incentive Scheme	10,00,000	22,00,000	-	-	-
- City Manager Salary Grant	4,00,000	2,64,000	3,54,000	-	2,11,900
- Social Security Pension	440,00,000	400,00,000	-	-	-
- E-Governance	50,00,000	-	-	-	-
- Ward Councillor Grant	20,00,000	11,00,000	-	-	4,53,740
- Slum Development	500,00,000	-	-	-	-
- MP MLA Grant	10,00,000	11,00,000	-	-	-
- Matching Grant	-	880,00,000	-	-	-
- Animal Toughness Prevention Grant	20,000	16,500	-	-	-
- Animal Grant	2,50,000	2,20,000	-	-	-
- Petroleum Grant	25,000	22,000	-	-	-
- Census Grant	16,50,000	16,50,000	-	-	9,01,250
- Election Grant	10,00,000	-	-	-	-
- Grant for Hand Pump	65,00,000	16,50,000	-	-	-
- Natural Calamaties Grant	2,50,000	2,20,000	-	-	-
- SPUR Grant	100,00,000	220,00,000	-	-	-

- SJSRY Grant/NULM	300,00,000	275,00,000	24,38,458	-	-
- Kabir Scheme	15,00,000	11,00,000	-	-	-
- Municipal Fund	1000,00,000	-	1309,04,032	-	-
- Nagrik Suvidha	-	413,25,438	259,79,000	-	-
- Chapakal	-	-	-	-	-
Income from Investment	6,00,000	-	-	-	-
Interest Earned	10,00,000	-	8,93,660	-	-
Other Income	5,00,000	3,30,000	12,970	2,400	5,900
C. Specific Grant	-	-	-	-	-
Capital Receipts	-	-	-	-	-
a) Central Govt	-	-	-	-	-
- 13th Finance	-	550,00,000	-	-	-
- 14th Finance	1035,00,000	-	337,30,244	446,95,605	446,95,605
b) State Govt	-	-	-	-	-
- Road & Drain	1300,00,000	880,00,000	80,59,250	-	-
- Road Construction & Maintenance	500,00,000	880,00,000	680,17,275	-	-
- Drainage	500,00,000	-	-	167,62,647	167,62,647
- Street Light Material	150,00,000	-	-	-	-
- BRGF Yojna	-	396,00,000	-	-	-
- Toilet (Swachh Bharat Mission)	400,00,000	-	-	-	-
- 4th Finance	1250,00,000	800,00,000	-	-	-
- Construction of Toilet	500,00,000	-	-	-	-
- 5th Finance	-	-	1112,08,559	-	-
- Upskar Kharid	200,00,000	40,70,000	5,75,966	-	-
- Administrative Building Construction	500,00,000	-	-	10,00,000	10,00,000
- Aadhar bhut Saranchana Nirman	1000,00,000	-	-	-	-
- Water Supply	1500,00,000	1100,00,000	1259,41,400	-	-
- Park Construction	200,00,000	-	-	-	-
- AMRUT Yojna	-	-	451,44,000	-	-



Deposits Received	-	-	-	-	-
- Earnest Money Deposit	11,00,000	11,00,000	-	-	3,65,550
- Security Deposit	1,10,000	1,10,000	-	25,255	25,255
Deposits Works	-	-	-	-	-
- Civil Works	-	-	-	-	-
TOTAL	14388,40,000	9423,93,250	6211,52,632	1237,08,537	1470,27,208

The above figures have been taken from the Budget Statement of the unit for the year 2015-16 2016-17 and Accountant's Cash Book.

The unit maintains only Collection Register and due to non- maintenance of account head wise ledger of the revenue receipts the required details could not be validated by us. Financial Statements i.e. Audited Balance Sheet Income & Expenditure Account and Receipts & Payments Account for the year 2014-15 and 2015-16 have not been produced before us for verification. Please see our Audit Requisition in this regard addressed to the Chief Municipal Officer dated 22.11.2016 24.11.2016 and 26.11.2016. Further, actual receipt could not be obtained quarter-wise due to non-preparation of individual ledger and hence, we have, mentioned actual receipt for the whole year of 2015-16.

Management Reply

Data has been provided, complied.



V. Status of implementation of Double Entry Accounting System:
The ULB has not yet implemented the Double Entry Accounting System.

VI. Status of Municipal Accounts Committee; if meeting is held:
Meeting of Municipal Accounts Committee has not been held during the year 2015-16 as Municipal Accounts Committee is not in existence at the Municipality.

5. **AUDIT OBSERVATION**

I. Part- A

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 fee etc.:

i. Outstanding Property Tax

It was observed that a huge amount of Property Tax is outstanding from different sources since a very long time resulting in loss of revenue to the Municipality. The detail list of outstanding Property Tax is shown in the table below.

Party Name	Outstanding Year	Amount (Rs.)
Pradhan Dakghar karyalaya Bhavan	1990-91 to 2013-14	5,60,417
Sarla Safal Kamruddin Ganj School	2006-07 to 2013-14	278897
Aadarsh High School	1982-83 to 2013-14	192286
SBI Bazar Branch	2010-11 to 2013-14	84652
Harijan Hostel khandakpar	2004-05 to 2013-14	30855
Grid Sub division Badi pahari Assistant Engg.	1981-82 to 2013-14	31155874
Krishi Utpadan Bazar Samity	2012-13 to 2013-14	384685
Kishan College Sohsaraya	2006-07 to 2013-14	201543
Zila Krishi padadhikari	1994-95 to 2013-14	1295400
Prakhand Vikash padadhikari karyalaya	1977-78 to 2013-14	6730967
Raj Transport (Bus Stand)	1965-66 to 2013-14	1640780
Zila shiksha adhikshak Middle School	1965-66 to 2013-14	1728486
Chikitsha Padadhikari Spariwaar Kalyaan adar Prkhand	1994-95 to 2013-14	393665
Indian Medical Association	2013-14	2635
Zila Yakshma Padadhikari T.B.	1994-95 to	630988

	2013-14	
Nalanda College	1981-82 to 2013-14	673999
Vyapaar Mandal Sahyog Samity	1994-95 to 2013-14	295269
Karyapalak Abhiyanta Path Nirman vibhag	1994-95 to 2013-14	1511300
Karyapalak Abhiyanta Jal-path Pramandal	2008-09 to 2013-14	26268
Girls High School Sirish	2006-07 to 2013-14	28091
Patel High School Mirdad	1979-80 to 2013-14	80397
Awash Prakhand Vikash Padadhikari	1982-83 to 2013-14	377402
Aarakshi adhikshak Nalanda	2007-08 to 2013-14	218135
Zilla Shiksha Adhikshak Middle School	2015-16	15,75,503
Zila Abra Nibandhan bhawan	2015-16	16,787
Bihar Central Co-Operative Bank	2014-15 to 2015-16	20,085
Shram Kalyan Kendra Bhawan Karyalay	2005-06 to 2015-16	2,39,512
Anumandal Padadhikari Bihar Sharif Bhawan Karyalay	1981-82 to 2015-16	5,93,460
Zilla Padadhikari Nalanda Karyalay	2015-16	26,860
Karyapal Abhiyatta Telecom Division	1986-87 to 2015-16	22,81,822
Prakhand Vidya Sampadadhikari Bhawan	1982-83 to 2015-16	3,47,617
Zilla Udyog Kendra, Ramchandrapur	2015-16	34,871
Karyapal Abhiyanta Jalpath Pramandal	2008-09 to 2015-16	29,290
Mukhya Karyapal Padadhikari Zilla Paishad	1973-74 to 2015-16	23,30,339
State Bank Branch, Kamrudin Nagar	2010-11 to 2015-16	58,521
Nalanda College Pradhanacharya	1981-82 to 2015-16	6,48,874
Patel Memorial College Pradhanacharya	1997-98 to 2015-16	3,58,530
Sachiv Medical Association	2013-14 to 2015-16	6,572
Zila yakshma Padadhikari TV centre	1994-95 to 2015-16	6,25,669
Sadar Aspatal, Adhyaksh	2008-09 to 2015-16	18,59,213



Zila Shiksha Padadhikari Ucch Vidyalaya	1985-86 to 2015-16	5,80,969
Patel Ucch Vidyalay, Midad	1979-80 to 2015-16	67,099
Girls Medical School, Kamruddinganj	2006-07 to 2015-16	2,98,164
Zila Krishi Padadhikari Bhaisasur Bhawan	1994-95 to 2015-16	10,63,780
Pratisthan Adhikshak Rajya Transport	1965-66 to 2015-16	16,39,674
Zilla San Nyayadhish Nyayalay	2014-15 to 2015-16	16,55,821
Kisan College, Sohlal, Pradhanacharya	2006-07 to 2015-16	2,13,295
Karyalay Abhiyanta Ucchapaksh Nirman Vibhag Bhawan	1994-95 to 2015-16	14,74,410
Prabandh Vyapar Mandal Sahyog Samiti	1994-95 to 2015-16	2,88,061
Krishi Utpadan Bazaar Samiti, Sachiv Anumandal Padadhikari	2012-13 to 2015-16	1,67,128
Karyapaal Abhiyanta Electric Department	1984-85 to 2015-16	63,66,058
Pashualay Chikitsa Padadhikari, Mohalla Mushadpur	2012-13 to 2015-16	23,369
Aarakshi Adhikshak Nalanda	2007-08 to 2015-16	2,34,294
Vidyut Pramandal, Badi Paharigirh Subdivision	1981-82 to 2015-16	5,76,750
Karyapal Abhiyanta Bhawan Pramandal	2007-08 to 2015-16	13,04,232
Pradhanadhyapika Kanya Ucch Vidyalaya	2006-07 to 2015-16	92,643
Nalanda Mahila College	2014-15 to 2015-16	1,34,275
Prabhari Chikitsa Parivar Kalyan	1994-95 to 2015-16	3,60,995
Grid Sub division Badi pahari, Assistant Engg.	1981-82 to 2013-14	3,11,55,874

Management Reply

Steps will be taken for collection of the outstanding Property Tax.

ii. Delay in deposit of Cash into the bank by cashier

As per the records made available during the audit delays were observed between date of collection made by the cashier and the deposit of the same into the bank by the cashier which are shown below:



(Consequence / Effect / Impact/ Cause/ Corrective Action / Recommendation/Auditee Comment has been narrated in point no. 22 of the Annexure – A):-

Date of Collection		Collected Amount	Date of Deposit	Delay in submission to Bank	
From	To			From	To
02.07.2016	18.07.2016	1679142	25.07.2016	07	23
19.07.2016	25.07.2016	1548701	28.07.2016	03	09
26.07.2016	27.07.2016	648499	30.07.2016	03	04
30.07.2016	02.08.2016	703171	10.08.2016	08	11
03.08.2016	12.08.2016	1546273	20.08.2016	08	17
13.08.2016	23.08.2016	1517389	29.08.2016	06	16
01.09.2016	10.09.2016	1138372	17.09.2016	07	16
12.09.2016	16.09.2016	915721	21.09.2016	05	09
31.08.2016	31.08.2016	599851	08.09.2016	0	08

Management Reply

Steps will be taken to deposits the collected cash on timely basis.

iii. Cash and its Insurance

The Cash kept in the Locker is not insured against theft and fire which is a very vital issue. As shown in point no (ii) above it can be seen that huge amount of cash is kept in the custody of the cashier for quiet a no of days. So it is necessary to keep the physical under insurance cover.

Management Reply

Steps will be taken to insure the cash kept in the locker.

iv. Non-Collection Of Notice Fee/Warrant Fee

As per Regulation 158(a) of Chapter XIX of Bihar Municipal Act 2007 The Municipality shall charge Notice Fee/Warrant Fee for delayed payment at the rate of Rs. 50 per notice/ warrant issue and the amount of penalty thereof but we observed that The Municipality has not charged notice/ warrant fee from the defaulters resulting in loss of revenue to the Municipality. This issue has also been highlighted in our previous report of F.Y. 2015-16.

Management Reply

As the property owners are not able to pay the property taxes due, we do not charge warrant fee from them as it only increases their burden. But, henceforth warrant fees will be charged from the owners of the property.

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

i. Non-Preparation of Vouchers



The Municipality does not prepare Payment Vouchers for making payment to the parties; payment is made on the basis of bills only raised on the municipality.

Management Reply

Accepted, payment vouchers will be prepared in future.

ii. **Other Observation on Vouchers**

Some of the observations noticed during vouching are shown in the table given below:

Cash Book Payment Sl. No.	Date	Particulars	Amount (Rs.)	Remarks
648	04.07.16	Payment made to Gyan Prakash Ojha towards Retainer ship Fee for the month of June 2016	7,000	No supporting document is available and TDS has not been deducted u/s 194J of the IT Act.
649	04.07.16	Payment made to Rajesh Kumar towards Retainership Fee for the month of June 2016	7,000	No supporting document is available and TDS has not been deducted u/s 194J of the IT Act.
675	08.07.16	Payment made to Imperial Agro Pvt. Ltd. for supply of Lubricants Parts and Labour	16,251	The vendor has charged Service Tax of Rs. 1375.54 from the Municipality but Service Tax no. was not mentioned on the Retail Invoice.
676	08.07.16	Payment made to Imperial Agro Pvt. Ltd. for supply of Lubricants Parts and Labour	4,280	The vendor has charged Service Tax of Rs. 19 from the Municipality but Service Tax no. Was not mentioned on the Retail Invoice.
903	08.08.16	Payment towards hiring charges of Scorpio for the month of July 2016	21,700	No supporting documents available only a letter addressed to the Municipal Commissioner is available on the basis of which payment is made
905 & 912	09.08.16	Payment made to Luxmi Construction and Electrical Works for supply of 150 Bajaj make led street light with complete fitting and installation	11,17,200	The invoice raised by the vendor is undated and also two voucher nos. Are written on the same bill.

Management Reply

Accepted, henceforth care will be taken regarding this matter.



- c. Report on findings of field survey of Property Tax of high value properties
Details of Property Tax collection are given as follows (Consequence, Effect, Impact, Cause, Corrective Action and Recommendation. Auditee Comment has been narrated in the Annexure – A):

Holding No.	Ward No.	Name	Tax Amount (Rs.)	Remarks
1547	21	Sushila Singh	55705	Paid for F.Y 2015-16
1101	21	St. Mary School	82147	Paid for F.Y 2015-16
1480	21	Santosh Kumar	59614	Paid for F.Y 2015-16
601A	21	Ramchandra Cold Storage	71620	Paid for F.Y 2015-16
10161017	21	Bharat Bhusan Prasad	92844	Paid for F.Y 2015-16
1063	21	Sadanand College	93050	Paid for F.Y 2015-16
895	21	Krishna Devi	65063	Paid for F.Y 2015-16
250	24	Bacchan Prasad Singh	57737	Paid for F.Y 2015-16
417	24	Maha Maya Devi	53476	Paid for F.Y 2015-16
416/A	24	Arvind Prasad Singh	32379	Paid for F.Y 2015-16
418	24	Ramanuj Prasad Singh	31119	Paid for F.Y 2015-16
543/B	24	Sushma Kuamri	28288	Paid for F.Y 2015-16
433	24	Sushil Kumar Rastogi	23048	Paid for F.Y 2015-16
-	29	Motawali Bibi Sogara Estate	154101	Paid for F.Y 2015-16
-	29	Magadh Homeopathic Medical College & Hospital	65040	Paid for F.Y 2015-16
	31	St. Joseph School	27058	Paid for F.Y 2015-16
623	25	Bhaisasur Cold Storage	21894	Paid for F.Y 2015-16
655	25	Muzzafar Hasan	53910	Paid for F.Y 2015-16
701	25	Indian Medical Association	16510	Paid for F.Y 2015-16



703-G	25	Dr. Sujit Kumar	20875	Paid for F.Y 2015-16
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II. Part-B

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

The unit has not maintained the following prescribed registers (Please find attached letter to the ULB regarding non-submission of the following documents):-

1. Journal Book
2. Ledger
3. Contra Voucher
4. Journal Voucher
5. Receipt Voucher
6. Register of Cheque Received
7. Statement on status of cheque received
8. Register of Bills for Payment
9. Payment order
10. Register of Advance
11. Register of Permanent Advance
12. Deposit Received Register
13. Summary statement of Deposits Adjustment
14. Demand register
15. Bill of Income
16. Summary Statement of Bill Raised
17. Register of Notice Fee Warrant Fee other fees
18. Summary statement of Notice Fee Warrant Fee other fees
19. Summary statement of Refund and Remissions
20. Summary statement of Write offs
21. Statement of outstanding liability for expenses
22. Register of Immovable and Movable Property
23. Register of Land
24. Function wise Income Subsidiary Ledger
25. Function wise Expenditure Subsidiary Ledger
26. Asset Replacement Register
27. Register of Public Lighting System
28. Building Register
29. Status and Heritage Assets Register
30. Road and Street register
31. Bridges Flyover Subway and Causeway Register
32. Drains Register
33. Ponds and Lakes Register
34. Plant and Machinery Register
35. Vehicle Register
36. Office Equipment Register
37. Furniture and Fixture Register
38. Computer and Peripheral Register
39. Software Register
40. Grants Register

Required at – Property Tax and other taxes

1. Summary Statement of bills raised
2. Summary statement of Demand Adjustment raised



3. Summary statement of refunds and remissions
4. Summary Statement of write-offs

Documents required at – water Supply

1. Summary Statement of Demand raised on assessment
2. Summary statement of Head wise collection
3. Summary statement of refunds remissions
4. Summary statement of write- offs

Documents required at – Rentals Fees and Other Income

1. Summary Statement of Demand raised on assessment
2. Summary statement of Head wise collection
3. Summary statement of refunds
4. Summary statement of write- offs

Documents required at- Public Works

1. Summary Statement of status of CWIP
2. Work Sheet
3. Deposit works register

Documents required at – Stores

1. Material Receipt Note
2. Statement of Material Issues

Other

1. Balance confirmation as on 30.09.16
2. BRS of all Bank Accounts (including dormant accounts)
3. Physical Verification report of cash and Stock

Final Accounts for the year 2014-15 and 2015-16

1. Audited Balance Sheet
2. Audited Income & Expenditure Account
3. Audited Receipts & Payments Account

Management Reply

In the above mentioned list of registers, some registers such as Staff and Permanent Advance are not required. So, it has not been prepared.

b. **Irregularity in Procurement Process**

While verifying the applicable procurement process, we have noticed few irregularities which have been stated below:

Scheme no.	24/16-17
Scheme Name	Construction of road and drain from the house of Subodh Kumar Gupta to the house of Alok Kumar.
Ward no.	22
Amount sanction by Technical Dept. for the scheme	4,64,600/-
No. of Bid received	02
Name of the Bidders	Satendra Kumar Ram Babu



Selected Bidder	Satendra Kumar
Amount quoted	4,63,671/- (0.2% below cost)
Date of allotment of work order	30.07.2016
Time allotted to complete the work	02 months
Work completion date	17.09.16
Observations	As per the Works Contract, the work was to be completed within 2 months from the date of work order i.e. 30.07.16, the job was completed on 17.09.16 as per M.B. no. 90/16-17. But we couldn't find any JCC certified by engineering dept. that the work was completed properly on the basis of which payment was made.

Management Reply

Henceforth, JCC will be issued after the completion of the construction works.

- c. Non-compliance of directives by UD&HD, GOB:
Details have been stated in "Annexure-A".

- d. Non-compliance of Act & Rules:
While checking of Salary Sheet it was observed that EPF has been deducted @ 12% on Basic Pay of the employees. Further no employer contribution has been contributed along with employee's contribution of provident fund which is to be deposited with the respective account of employee as maintained in Central Bank of India not under the Central Provident Fund.

As per PF Act EPF is to be deposited within 15th of the following month to which it relates. The details of deposition of EPF are shown in the table below.

Month	EPF (employees only)	Due date	Deposit Date
July 16	202754	15.08.16	11.08.16
August 16	210946	15.09.16	09.09.16
September 16	224852	15.10.16	05.10.16

Management Reply

Discussion will be made with the board regarding 12% contribution of employer's part in EPF.

- e. Lack of internal control measures
Details are given in Annexure "A".
- f. Non-compliance of TDS, VAT and other relevant Statute
I. Non-Deposition of Tax Deducted at Source (TDS)



- It was observed that the unit has deducted TDS u/s 194C @2.24% instead of 1% from contractors.
- A list of Scheme wise TDS deduction details for the quarter ended 30.09.16 for the F.Y. 2016-17 was provided to audit. On verification of list, it was found that month wise details of deduction of TDS were not provided to audit. So we are unable to comment on amount of month wise deduction of TDS.
- Further, TDS deposit challan was also not produced to audit. As management replied, TDS has been deposited but copy of challan was available with the consultant. The details of scheme wise TDS deductions are as follows: -

Sl. No.	Name of Scheme	TDS deducted for the Q.E. 30 th September, 2016
1	14 th Commission	331515
2	NULM	13919
3	5 th SFC	93471
4	Nagar Nigam Kosh	9676
5	Stamp Duty	335604
6	Rajya Yojana	199568

II. Sales Tax

- A list of Scheme wise VAT deduction details for the quarter ended 30.09.16 for the F.Y. 2016-17 was provided to audit. On verification of list, it was found that month wise details of deduction of VAT were not provided to audit. So we are unable to comment on amount of month wise deduction of VAT.
- Further, it was observed that Sales Tax has been deducted but no challan has been presented for verification. The details of deduction are shown below:

Sl. No.	Name of Scheme	Sales Tax deducted for the Q.E. 30 th September, 2016
1	NULM	31069
2	5 th SFC	223762
3	Stamp Duty	749391
4	14 th Commission	743249
5	Nagar Nigam Kosh	21598
6	RajyaKosh	445465

III. Royalty

- A list of Scheme wise Royalty deduction details for the quarter ended 30.09.16 for the F.Y. 2016-17 was provided to audit. On verification of list, it was found that month wise details of deduction of royalty were not provided to audit. So we are unable to comment on amount of month wise deduction of Royalty.



- Further, it was also observed that the Royalty has not been deposited to the concerned authority till the date of audit. The details are shown below:

Sl. No.	Name of Scheme	Royalty deducted for the Q.E. 30 th September, 2016
1	NULM	4285
2	5 th SFC	47085
3	Stamp Duty	189870
4	14 th Commission	195265
5	Nagar Nigam Kosh	3214
6	RajyaKosh	95412

IV. **Labour Cess**

- A list of Scheme wise Labour Cess deduction details for the quarter ended 30.09.16 for the F.Y. 2016-17 was provided to audit. On verification of list, it was found that month wise details of deduction of royalty were not provided to audit. So we are unable to comment on amount of month wise deduction of labour cess.
- Further, it was also observed that the Labour Cess has not been deposited to the concerned authority till the date of audit. The details are shown below:

Sl. No.	Name of Scheme	Labour Cess deducted for the Q.E. 30 th September, 2016
1	NULM	6214
2	5 th SFC	42554
3	Stamp Duty	149928
4	14 th Commission	160651
5	Nagar Nigam Kosh	3407
6	RajyaKosh	89093

Management Reply

Accepted, statutory dues will be deposited on time from next time.

- g. Deficiency in pay-roll system:
Please see "Annexure –A"

- h. Utilisation of Grant and report on missing Utilisation Certificates:

Utilisation Certificate for the F.Y. 2015-16 and 2016-17 has not been provided to audit. Please see our Audit Requisition, in this regard, addressed to the Chief Municipal Officer dated 22.11.2016, 24.11.2016 and 26.11.2016.

Management Reply



Utilisation Certificate will be provided to the Internal Auditors through e-mail in the due course.

i. Physical verification of inventory/stores:

No such physical verification of inventory/ stores was conducted by the unit during our audit period.

Management Reply

Physical verification of stores/inventory will be conducted in future.

j. Advances their adjustment & recovery:

No advances were disbursed by the unit during our audit period.

k. Any other matters as may be prescribed in due course:

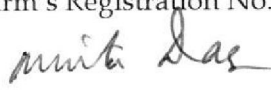
Details are given in Annexure "A".

III. Part-C:

General Observation

General observations are mentioned elsewhere in the report.

For Roy Ghosh & Associates
(Chartered Accountants)
Firm's Registration No.: 320094E


(CA Mintu Das, Partner)
Membership No: 066481

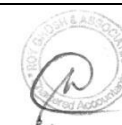


Annexure-A

Sl. No.	Audit Objective	Criteria	Yes/No/NA	Detailed Observation	Risk/Financial Impact	Cause	Recommendation	Auditee's Comment
1	Obtain audit report of AG. If not available obtain the memo	BMA 2007	No	No documents provided to comment on the observation of AG whether the observation and complied or not.	Delay in implementation of AG audit observations.	Lack of Follow-up procedure .	Follow up with AG audit observations should be initiated.	Accepted will be provided in future
2	Obtain the Audited Balance Sheet Income & Expenditure and Receipts & Payments Account for the FY 2014-15 & 2015-16	BMA 2007	No	Audited Balance Sheet Income & Expenditure and Receipts & Payments Account for the FY 2014-15 & 2015-16 not prepared by the Auditee	Financial position cannot be ascertain Proper management of Funds cannot be done.	Not yet implemented	The unit should maintain scheme wise annual accounts and a consolidated Final Accounts of ULB	We follow single entry system of accounting so Receipts & Payment Account Income & Expenditure A/c and Balance Sheet not prepared
3	Municipal Fund shall be mandatorily present in the Balance Sheet	BMA 2007	NA	Balance sheet not prepared	Current balance of Municipal fund cannot be ascertained	--Do--	The unit should maintain scheme wise annual accounts and a consolidated Final Accounts of ULB	-Do-
4	Every heads of expenditure should be re-categorised between Revenue and capital expenditure	BMA 2007	Ledger of expenditure is not maintained	Could not be checked	Detailed financial information cannot be obtained	--Do--	The unit should maintain scheme wise ledger account	Accepted will implement in near future
5	Expenditure should not be	BMA	Ledger of	In absence of	Annual budget	--Do--	The unit should	Maintained but not



	made out of budget provision or revised budget estimate. Check sanction of expenditure made out of the budget approval	2007	expenditure is not maintained	detailed information/ registers/ledger analysis between expenditure and budget cannot be made	cannot be reliable		maintain scheme wise ledger account	maintained properly
6	Fund for inter head adjustment done purposefully for keeping the expenditure within the budget.	BMA 2007	Ledger of expenditure is not maintained	In absence of detailed information/ registers/ledger inter head adjustment could not be checked	Amount sanction for a particular scheme may be utilized in other scheme	--Do--	The unit should maintain scheme wise ledger book	Recorded and it will be followed
7	Verify surplus money whether parked in the current account or savings account leading to loss of interest.	BMA 2007	Income & expenditure account has not been provided	Scheme wise available fund and projected expenditure is not provided therefore identification of surplus level of fund in bank account could not be commendable. The unit has 05 savings bank accounts.	Blockage of fund.	No information of surplus fund with the unit.	Management should evaluate projected expenditure and fund availability to identify the surplus fund if any and should invest in secure scheme (like FD/term deposit) to earned interest amount	Recorded and it will be followed
8	Non-recognition of interest on FD in the books	BMA 2007	List of FD obtained	Four copies of FD certificates have been produced by the management and it has been	Financial loss.	--	Invested fund should be periodically supervised.	Accepted will be maintained in future



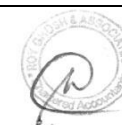
				found that out of four one certificate has matured but not encased or reinvested Details were given in Annexure III				
9	Competitive rates have been obtained while investing the surplus fund. If surplus money invested in the security immediately call the team leader	BMA 2007	No	No records have been produced before audit which evidence competitive rates were obtained before investment of fund.	Optimum earning from investment could not be achieved	--	Competitive rates should be obtained while investing the surplus fund.	Competitive rates will be obtained in near future
10	Obtain confirmation of Bank account and FD from Bank	BMA 2007	Not obtained	No scope for any observation.	All details of bank account may not be obtained.	--	Bank confirmation should be obtained quarterly or half yearly	Accepted will be obtained in future



11	There will be numerous bank accounts either in the name of ULB or in the name of project / scheme (custodian is ULB) or there may be a chance that some of the bank accounts were not brought in the books of accounts. Ensure the same	BMA 2007	Bank pass book obtained	The unit has not prepared annual accounts. As a result there would be no scope for any observation.	Complete information of any scheme cannot be obtained	--	Books of accounts should be prepared	Accepted will be maintained in future
12	Obtain Bank reconciliation Statement along with bank statement for all bank accounts along with dormant account.	BMA 2007	No	Bank reconciliation Statement is not prepared by the unit. It has been observed that bank balance as per bank book is not in agreement with bank pass book.	Book balance and bank balance cannot be reconciled.	Lack of Internal Control.	Monthly Bank Reconciliation Statement of all the banks should be prepared.	Accepted will be complied in future
13	Obtain the minutes of Municipal Accounts Committee meeting and thoroughly go through the same for obtaining the financial affairs of the municipality.	BMA 2007	Not Applicable	Municipal Accounts Committee has not been formed during FY 2015-16	Strong internal control over Accounts and Finance cannot be obtained	Lack of Supervisory Control.	Accounts Committee should be formed for establishment of Accounts & Finance department in the unit	The Committee will be formed in future
14	Obtain the minutes of	BMA	Not	Municipal Finance	Strong internal	--Do--	Accounts	The Committee will



	Municipal Finance Committee meeting and thoroughly go through the same for obtaining the financial affairs of the municipality.	2007	Applicable	Committee has not been formed during FY 2015-16	control over Accounts and Finance cannot be obtained		Committee should be formed for establishment of Accounts & Finance department in the unit	be formed in future
15	Obtain the minutes of Empowered Steering committee meeting and thoroughly go through the same for obtaining the financial affairs of the municipality.	BMA 2007	Obtained	No resolution for the development of finance and accounts has been observed. At present the unit has no Accounts and Finance department	Strong internal control over Accounts and Finance cannot be obtained	Lack of procedural Control.	Accounts and Finance department should be formed immediately.	Accepted will ask for knowledgeable persons from UD & HD
16	Obtain asset register (movable and immovable) of the ULB and verify the same on selective basis with reference to its location and description.	BMA 2007	Not obtained	As informed by the management there is no asset register of the ULB	Chances of theft of valuable assets will be increase	Lack of Internal Control.	The unit should maintained asset register of the ULB	Fixed Asset Register is maintained but not in a proper manner
17	Verify the procedure of disposal of asset (One disposal with highest value).	BMA 2007	No records of disposal of assets was submitted before audit	Records for disposal of assets not obtained	Financial loss	--	The unit should maintain records for disposal of assets.	No disposal made so no records produced before Audit
18	Verify the procedure of auctioning of junk asset or non-serviceable assets	BMA 2007	No records of auctioning of junk asset or	Records for auctioning of junk asset or non-serviceable assets not obtained	Financial loss	--	The unit should maintain records for auctioning of junk asset or non-serviceable assets.	Accepted records will be maintained in future



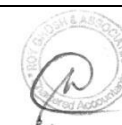
			non-serviceable assets was submitted before audit					
19	Verify whether all Loans are showing in the balance sheet. ULBs are often suppressing loan and a specific designated bank account from the balance sheet to reduce the balance sheet stress.	BMA 2007	Balance Sheet has not been prepared by the unit.	As informed by the management the unit has not obtained any loan amount.	-	Proper accounting principles not followed.	Unit should prepare annual accounts of the unit for the financial information of ULB	No loans taken during the Financial Year 2015-16
20	Verify repayment details of loan principal and interest to check whether there is any loss of interest	BMA 2007	NA	NA	NA	--	NA	
21	Process of Collection to be checked	BMA 2007		Tax and rental incomes are collected by Tax Collector and at collection centres at municipal office. All collected cash is handed over to Cashier and then the same is deposited into the Treasury A/c No. 8448001020001 maintained in SBI	-	Lack of internal control.	-	
21(i)	Receipt of collection is issued	BMA	Yes	Checked and found	-	--	-	



		2007		in order				
21(ii)	Entry in the Collection Register GEN – 11	BMA 2007	Yes	Checked and found in order	-	--	-	
21(iii)	Preparation of Memorandum of Collection GEN – 12	BMA 2007	Memorandum of Collection GEN – 12 is not prepared by the unit	Memorandum of Collection GEN – 12 is not prepared by the unit. All the collection in GEN - 11 were head-wise re-entered in Cashier Cash Book GEN – III	-	Lack of Supervisory control.	-	Recorded and will be maintained
21(iv)	Verification of memorandum of collection by the Clerk of the concerned Department	BMA 2007	NA	NA	NA	--	NA	
21(v)	Authorisation memorandum of collection by the Head of the Department	BMA 2007	NA	NA	NA	--	NA	
21(vi)	Remittance of money along with collection registers at the designated Municipal Collection Office	BMA 2007	Yes	Checked and found in order.	-	--	-	
22	All sums received in Cash/Cheques/Demand Drafts shall be remitted into the Bank/Treasury Account(s) (other than Public Account) the next working day.	BMA 2007	Cashier's Cash Book and duplicate copy of receipt submitted	Delay is observed in remittance of fund into the Bank/Treasury Account(s). Cash vault is also not secured by any insurance Details were given in Annexure –IV	Chances of theft of cash increases.	Lack of Internal Control.	Total cash collection of a day should be deposited into bank on the same day or next day. Management should obtain Vault insurance for safe custody of cash.	Accepted will be done in future



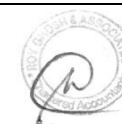
23	Remittance into the Bank/Treasury shall be made through Challans prepared in duplicate.	BMA 2007	Treasury Challan submitted	As per cashier's Cash Book amount is remitted to the Treasury a/c through challan prepared in duplicate.	-	--	-	
24	The Challan shall be prepared by the Cashier and signed by the Chief Municipal Officer or any other officer authorised by him on this behalf.	BMA 2007	Treasury Challan submitted	The Challan is prepared by the Cashier and signed by the City Manager authorised by Chief Municipal Officer on his behalf.	-	--	-	
25	The original acknowledged by the Bank/Treasury shall be filed in the Municipal Office by the Cashier.	BMA 2007	Treasury Challan submitted		-	--	-	
26	The Accounts Department shall prepare a Bank/Cash Receipt Voucher (Form GEN-4) for all collections made in Cash/Cheque/Demand Draft	BMA 2007	Bank/Cash Receipt Voucher (Form GEN-4) not submitted	Neither any Account Department is in the Nagar Nigam nor Bank/Cash Receipt Voucher (Form GEN-4) is prepared	Documentary evidence of collection may not be available	Lack of Supervisory Control.	Receipt voucher should be prepared to track the entry with cash book	Miscellaneous receipt maintained
27	The Accounts Department shall pass the entry for recording the collections based on the Summary of Daily Collection (Form GEN-13) received on a daily basis.	BMA 2007	Daily Collection (Form GEN-13) not submitted	Neither any Account Department is in the Nagar Nigam nor pass the entry for the collection	-	--	-	Accepted will be maintained in future



28	The Accounts Department shall maintain separate Subsidiary Ledger for each of the Major revenues in Form GEN – 34.	BMA 2007	Subsidiary Ledger for each of the Major revenues in Form GEN – 34 not maintained	NA	Monitoring of outstanding revenue to be collected could not be done properly	Proper accounting principles not followed.	Subsidiary ledger should be maintained.	Accepted will be maintained in future
29	The Subsidiary Ledgers would provide function-wise break-up of abovementioned income earned/received by the Municipalities on a daily basis.	BMA 2007	Subsidiary Ledgers not prepared.	NA	Major revenues cannot be traced due to non maintaining of records according to prescribed norms.	--Do--	Subsidiary Ledger for each of the Major revenues in Form GEN – 34 should be strictly maintained.	Will be maintained in future
30	Separate folios shall be maintained for each function within the Subsidiary Ledger for recording incomes in respect of each function.	BMA 2007	Subsidiary Ledgers not prepared.	NA	Major revenues cannot be traced due to non maintaining of records according to prescribed norms.	--	Subsidiary Ledger for each of the Major revenues in Form GEN – 34 should be strictly maintained.	Will be maintained in future
31	When some income is earned it will be first recorded in the Cash Book/ Bank Book on the receipt side or in the journal from bills submitted by the concerned departments.	BMA 2007	Cash Book submitted	When some income is earned it is first recorded in the Cash Book/ Bank Book on the receipt side	-	--	-	
32	Thereafter the entry will be	BMA	Main	NA	Head wise	Proper	The unit should	Accepted will be



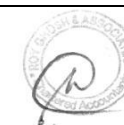
	posted to the credit of the appropriate income account in the Main Ledger. Simultaneously the amount will also be recorded in the folio for the concerned function in the Subsidiary Ledger under the respective income column.	2007	Ledger & subsidiary Ledger not maintained		income could be recognised and proper monitoring over the outstanding revenue could not be done	accounting principles not followed.	maintain a main ledger book.	maintained in future
33	General ledger to subsidiary ledger reconciliation is mandatory	BMA 2007	Main Ledger & subsidiary Ledger not maintained	NA	Reconciliation of income and expenditure could not be done	--Do--	The unit should maintain ledger book and monthly reconciliation should be done.	-Do-
34	Updation of details regarding Cheques/Drafts deposited. The realisation/return of the Cheques/Drafts shall be followed up with the Bank by the designated person (who has deposited the Cheques).	BMA 2007	Cheque receive register not maintained	Collected cheques could not verified	Chances of loss of funds	Lack of Internal control.	The unit should maintain scheme wise cheque receipt register	Accepted will be maintained in future
35	The details of the realisation/non-realisation of the Cheques/Drafts shall be communicated to the Accounts Department by the Collection Counter/ Municipal Collection Office who have actually deposited the Cheques and co-ordinating with the Bank through a Statement on Status	BMA 2007	No	NA	NA	--Do--	NA	NA



	of Cheques Received prepared in Form GEN-10.							
36	In respect of Cheques which have become dishonoured the details shall be intimated to the Cashier. The Cashier shall prepare a Summary Statement of Cheques dishonoured in the same format as that of Summary of Daily Collection in Form GEN – 13.	BMA 2007	NA	NA	NA	--Do--	NA	
37	The payments of the Municipality may be done by Cash or drawing of Cheques or through Bill System.	BMA 2007	Payment voucher	The payments of the Municipality done cheques only	-	--	-	
38	Whether Receipt of Claims Recorded in GEN – 14 Bill Register	BMA 2007	GEN – 14 Bill Register not maintained		The unit may not be able to keep track of claims received and thus may not ensure timely payment for the claims received.	Lack of Internal Control.	The unit should maintain detailed bill register indicating claim received and payment made thereof. (GEN-14)	Accepted will be maintained in future
39	Verification at the Concerned Department - The Bill shall be stamped as 'certified for payment' and signed by the concerned authorities.	BMA 2007	Yes	Payment Vouchers & Bills were stamped and signed by the Commissioner of ULB.		Lack of Supervisory Control.		
40	Preparation of Payment Order - a Payment Order (Form GEN	BMA 2007	Not maintained	Payment order is not prepared in	-	--Do--	Payment Order (Form GEN – 15)	Accepted will be maintained in future



	- 15) shall be prepared at the concerned department. The Bills the Payment Order and the supporting for the Claim shall be sent to the Accounts Section/pre audit Section.		d	separate form (Form GEN - 15) order for payment is issued on the body of the bill mentioning "Pass for Payment" by the commissioner of the ULB.			should be prepared.	
41	After a satisfactory verification of the Payment Order and its supporting the Payment Order shall be released for payment.	BMA 2007	Pass for payment made on the body of Bill	The payment order is not prepared.		--	Payment Order (Form GEN - 15) should be prepared.	Accepted will be maintained in future
42	On approval of payment entry shall be updated in the Register of Bills for Payment maintained at Accounts Department (Form GEN-14) and a Journal Voucher is prepared.	BMA 2007	Bill register Journal Voucher not maintained	As Register of Bills for Payment is not maintained so detailed information on the payment process could not be obtained.	Lack of Documentation. The unit may not keep proper track of payments made.	Lack of internal control.	Register of Bills for Payment should be maintained (GEN-14) and Journal Voucher should be prepared.	Accepted will be maintained in future
43	A Cash/Bank Payment Voucher (Form GEN-5) shall be prepared for payment and verified by the Accounts Department.	BMA 2007	Payment voucher not prepared.	-	Lack of Documentation.	Lack of procedural Control.	The unit should maintain Payment Voucher (GEN-5)	Accepted will be maintained in future
44	On verification of the Cash/Bank Payment Voucher a Cheque shall be prepared.	BMA 2007	Payment Voucher (Form GEN-5) not prepared	When the bills were approved cashier prepare cheque.	-	--	The unit should maintain Payment Voucher (GEN-5)	Accepted will be maintained in future



45	The date of preparation of the Bank Payment Voucher shall be the date of the Cheque.	BMA 2007	Payment voucher not prepared	Payment Approval date is the cheque date	-	--	-	Accepted will be prepared in future
46	The person preparing the Cheque shall mention cheque no. and date on the payment voucher.	BMA 2007	Payment Voucher not prepared	Cheque no & date not recorded on the payment bill	Tracking of payment cannot be made	--	Cheque no. and date should be recorded in Payment Voucher	Accepted cheque no. and date will be recorded in future
47	An entry of the Cheque prepared shall be made in the Cheque Issue Register maintained in Form GEN-16.	BMA 2007	Cheque issue register is maintained	Cheque issue register is not maintained in a specific framed format.	Lack of completeness of information	--	Cheque issue register should be updated as per GEN-16 format	Will be maintained as per format
48	Signing of the Cheque and cheque issue register	BMA 2007	Yes	Cheque is signed by the Municipal Commissioner.		--Do--		
49	Recording of entry for payment. Entry in Bank Book (Form GEN-1B)	BMA 2007	Yes	Entry made in Bank book but not as per Form GEN – 1B		--	Entry should be made in Bank book as per Form GEN – 1B	Will be maintained as per format
50	Whether the supporting documents such as invoices bills etc are stamped with 'certified for payment' and signed by the authorities of the concerned department;	BMA 2007	Yes	Supporting documents such as invoices bills etc are stamped with 'certified for payment' and signed by the authorities of the concerned department		Lack of procedural control.		
51	Whether adequate budget appropriation/provision is available under the particular	BMA 2007	Ledger not maintained	Head wise expenditure ledger not maintained.	Expenditure may be done without any	--Do--	Management should maintain scheme wise expenditure	Accepted will be maintained in future



	head.		d	Cross check with the budget/provision could not be done	budget/provision		made and periodically it should be compared with budget provision to have proper control over expenditure.	
52	Whether evidence of entry into Purchase /Fixed Assets/ Investments Register with folio and reference numbers are attached/ available;	BMA 2007	Fixed Asset register not maintained	NA	Bifurcation of revenue and capital expenditure cannot be made and records of fixed assets in the ULB cannot be observed.	Proper accounting principles not followed.	Fixed Asset register should be maintained	Accepted will be maintained in future
53	A Work/Job Completion Certificate is received and a copy is attached with the payment voucher in the case of release of security or other caution deposits relating to construction or acquisition of fixed assets;	BMA 2007		Work/Job Completion Certificate is attached in individual files		Lack of procedural control.		
54	Whether a copy of the purchase order with update of items / stocks received along with the reference to goods in good condition / satisfactory condition as per specification receipt/ gate pass note etc is attached with the payment voucher.	BMA 2007	No	Copy of purchase order is not attached along with payment voucher.	Chances of unauthorized purchase	--Do--	Copy of purchase order should be affixed with the payment voucher	Will be affixed in future



55	Physical verification of the concerned Registers such as Fixed Assets/ Stocks/ Investments etc. may also be carried out to ensure that the bills under 'payment order' are entered in the registers.	BMA 2007	Physical Verification of Stock Register done. Other registers not maintained.	Fixed Register and Investment Register not maintained.	In case of theft/ misplace of any Fixed assets/ investment it cannot be traced.	Lack of internal control.	There must be proper internal control over maintenance of registers.	Accepted will be maintained in future
56	Internal Audit will be conducted in each Municipality by the firm of Chartered Accountants from the panel prepared by the Director of Local Bodies latest by end of March for the following financial year	BMAM 2014	Yes	Internal audit conducted earlier the for the F.Y 2014-15		Lack of Supervisory Control.		Agreed
57	Internal audit will be conducted ongoing basis throughout the year The internal Auditor so appointed shall report directly to Empowered Standing Committee with the copy to Chief Municipal Officer and Director of Local Bodies.	BMAM 2014	Not in Practice	Internal audit not conducted throughout the year.	-	Lack of Supervisory Control.	-	Agreed
58	Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts	BMAM 2014	No	Financial statement not prepared neither quarterly nor annually	Financial position of ULB cannot be determined	--Do--	Financial Statement should be prepared by the unit.	Accepted will be prepared in future
59	Whether the period-end and	BMAM	No	Period-end and		Proper	Management should	Accepted will be



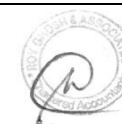
	reconciliation procedures prescribed have been carried out.	2014		reconciliation not done		accounting principles not followed.	maintain ledger book and it should be periodically reconciled with department wise register	maintained in future
60	Whether all grants from Government have been accounted at gross value with proper entries to various accounts	BMAM 2014	Grant register not maintained	NA	The genuinity and quantum of grant cannot be verified in the absence of a Grant Register.	--Do--	The unit should maintain a detailed grant register.	Grant Register will be maintained in future
61	whether all transactions (incomes expenditures assets and liabilities) are correctly classified and stated in sufficient detail	BMAM 2014	NA	Financial statement not prepared	Financial position of ULB cannot be determined	--	Annual accounts should be maintained	Accepted will be maintained in future
62	Whether all grants sanctioned or received by the municipality during the year have been accounted properly Whether such deductions have been properly accounted	BMAM 2014	NA	Financial statement not prepared to ascertain whether the entire grant received where properly accounted.	Financial position of ULB cannot be determined	Proper accounting principles not followed.	Annual accounts should be maintained	All grants sanctioned or received are accounted properly in manual system
63	Whether any deduction is made out of such grants towards any dues of the ULB?	BMAM 2014	No scope to verify	Details of the grant obtained and outstanding dues not provided by the unit to comment.	-	--	-	No such cases
64	Whether such deductions have been properly accounted	BMAM 2014	NA	NA	NA	--	NA	
65	Whether any Special Funds have been created as per the	BMAM 2014	No such informatio	NA	NA	--	NA	Not created



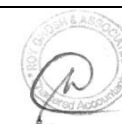
	provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created		n provided					
66	In respect of contracts that are in existence during the year whether there are any deviations from the sanctioned plans and the estimates without the sanction of the competent authority;	BMAM 2014	No	No such deviation noticed during the period under audit.	NA	--	NA	No such deviation
67	Whether the ULB is maintaining proper records showing full particulars including quantitative details and situation of fixed assets	BMAM 2014	Not maintained	The ULB is not maintaining any records showing full particulars including quantitative details and situation of fixed assets	Chance of theft of fixed assets increases.	--	Fixed asset register should be maintained.	Details are maintained but not in a register
68	whether these fixed assets have been physically verified at reasonable intervals	BMAM 2014	No	Physical verification of Fixed asset not done.	Obsolete and damage items could not be identified.	Lack of internal control.	Management should conduct half yearly or annually a physical verification of fixed assets.	In future physical verification of Assets will be done
69	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	BMAM 2014	NA	NA	NA	Lack of supervisory control.	NA	
70	Whether in case of leasehold property given by the ULB	BMAM 2014	Yes	As per the documents	Chances of bad debt increases as	--	Management should take adequate steps	Accepted lease agreement will be



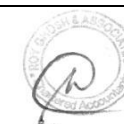
	lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry			produced by the management lease agreements has expired but has not been renewed after their expiry a total of 120 shops were given on rent from which a total outstanding rental income as on 31.03.16 could not be obtained as the concerned person was on leave	the time lapses will result in financial loss		for recovery of outstanding dues and proper collection of current demand and lease agreements should be renewed as soon as possible	renewed
71	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores	BMAM 2014	No	Physical verification not conducted	Obsolete/damaged materials cannot be identified	--	Management should conduct half yearly or annually a physical verification of stores.	Physical verification of Stores will be done in near future
72	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	BMAM 2014	NA	NA	NA	Lack of supervisory control.	NA	
73	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;	BMAM 2014	NA	NA	NA	--Do--	NA	



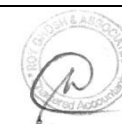
74	Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect if any has been made in the accounts	BMAM 2014	List of unserviceable or damaged stores not provided	No inventory proper management system in place.	Misuse/lost/stolen /theft of damaged store may be possible.	--Do--	Management should implement proper inventory management system.	Proper inventory management system will be implemented in future
75	Whether the valuation of stores is in accordance with the accounting principles laid down in the rules	BMAM 2014	NA	NA	NA	--Do--	NA	
76	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	BMAM 2014	NA	Valuation of stores not in practice	NA	Proper accounting principles not followed.	NA	
77	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	BMAM 2014	NA	As informed by the management the unit has not provided any loan/advances by the ULB	NA	--Do--	NA	
78	Whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAM 2014	NA	NA	NA	--	NA	
79	Whether advances given to municipal employees and interest thereon are being regularly recovered	BMAM 2014	NA	As informed by the management the unit has not provided any advances to its	NA	--	NA	



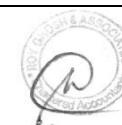
				employees				
80	Whether there exists an adequate internal control procedure for the purchase of stores including components plant and machinery equipment and other assets	BMAM 2014	Yes	Purchase of stores including components plant and machinery equipment and other assets is done through tendering process	-	Lack of internal control.	-	
81	Whether applicable procurement rules and procedures are being followed and if so significant deviations should be identified and reported	BMAM 2014	Yes	Applicable procurement rules and procedures are being followed	-	--	-	
82	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	BMAM 2014	No	The Municipality has deducted TDS Sales Tax Royalty and Labour Cess but has not deposited the same to the Department	Penalty will be attracted in the respective sections of Income tax Act 1961	Lack of internal control.	The Municipality should deposit the deducted taxes as soon as possible	
83	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;	BMAM 2014	Yes	The municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is	-	Lack of knowledge.	-	



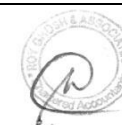
				liable to remit towards the retirement dues of its employees including employees on deputation				
84	Whether any personal expenses have been charged to the municipality's accounts; if so the details thereof	BMAM 2014	Ledger/annual accounts not prepared.	Head wise details of expenses not available with the unit. So the matters could not be checked	In absences of proper accounting system chances of misuse of funds may be increase	Lack of internal control.	Management should implement a proper accounting system to trace end use of expenditure.	No personal expenses have been charged to the municipality's accounts
85	Whether all revenue has been properly assessed accounted for collected and recovery action taken on timely basis	BMAM 2014	Necessary documents not furnished	Details of demand and collection of all the revenue head not produces before audit to conduct test check of assessment timely collection and recovery action.	Loss of revenue	--	The unit should maintain and periodically check the demand and collection of all the revenue head	Revenue Officer checks the demand and collection of all the revenue head
86	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	BMAM 2014	Details of sums due to be received not available with the unit	NA	Loss of revenue	Lack of procedural control.	The unit should maintain and periodically check the demand and collection of all the revenue head	Revenue Officer checks the demand and collection of all the revenue head
	Write-Off of Material							



87	Whether the pilfered/damaged material in the Stores of the Municipality be written-off and adjustment entry has been made in the books of Accounts	BMAM 2014	No	List of pilfered/damaged material in the Stores of the Municipality not available.	Loss of revenue	Proper accounting principles not followed.	List of pilfered/damaged material in the Stores of the Municipality should be maintained	Will be maintained in future
	Unpaid Salaries					--		
88	Whether the unpaid salary to the employees recorded in the Unpaid Salary Register maintained in Form ES-4.	BMAM 2014	Unpaid Salary Register not maintained	NA	Liability towards salary payment cannot be ascertain	Non maintenance of accrual basis of accounting.	Records of unpaid salary should be maintained.	No unpaid salary of any employee
89	Whether salary Unpaid for specified period has been deposited in the Bank Account	BMAM 2014	NA	NA	NA	--	NA	
90	In case Cheques issued to the employees have not been encashed for three months or such other period as may be prescribed by the Government/ applicable Acts such Cheques shall be cancelled	BMAM 2014	Process of preparation of BRS not in existence	NA	Stale cheque could not be identified in time	Lack of procedural control.	BRS should be prepared on monthly basis.	We provide advice to bank for debiting our a/c and crediting the respective employees a/c
	Payments Otherwise Than From Pay Bill							
91	Whether approved Payment Order along with the supporting documents send to the Accounts Department for employee related payments such as leave travel	BMAM 2014	Ledger not available	Could not be checked	-	--	-	All employee related payments are recorded in Bill Book which is checked by Accountant.



	concession bonus & ex-gratia overtime medical reimbursement hospitalization claim suspension allowance gratuity leave salary house rent reimbursement etc.							
92	Whether the Accounts Department updated the Function wise Expenditure Subsidiary Ledger maintained in Form GEN-35.	BMAM 2014	Function wise Expenditure Subsidiary Ledger maintained in Form GEN-35. Not maintained	Could not be checked		--	Function wise Expenditure Subsidiary Ledger in Form GEN-35 should be maintained	Will be maintained in future
	Provident Fund							
93	Whether Provident Fund Subscription of Regular employees shall be paid to Central Provident Fund every month and Provident Fund Subscription of Employees on deputation shall be deposited with the relevant authority every month.	BMAM 2014	Yes	Provident Fund Subscription of Regular employees paid to Central Provident Fund every month and Provident Fund Subscription of Employees on deputation deposited with the relevant authority every month. Although no		Lack of Internal control.		-



				documents produced in support of the payments acknowledge				
	Health and Sanitation							
94	Whether reconciliation carried out by the Accounts Officer and the Head of the Health Function in respect of the amount collected under the various heads based on the balances standing in the Functional Income Subsidiary Ledger (Form GEN-34) in respect of Fees & User Charges and Sale & Hire Charges relating to Health Function maintained at the Accounts Department and the Collection Register (Form GEN-11) maintained at the Health Department;	BMAM 2014	No	The unit has not appointed any Accounts Officer further amount collected under health and sanitation was not produced before audit and reconciliation has been not done with collection register.	Loss of revenue	Lack of Internal control.	The unit should establish a proper accounting system.	In future proper accounting system will be in place.
95	Whether the Accounts Officer shall ensure budget availability with respect to the expenditure incurred at the time of accruing of the expenditure	BMAM 2014	NA	NA	NA	--	NA	
96	Whether the Accounts Officer ensure that all the bills/invoices were journalized before release of the payments	BMAM 2014	NO	The unit has not appointed any Accounts Officer bills/invoices not	-	Proper accounting principles	The unit should establish a proper accounting system.-	No Accounts Officer in the Municipality. In future proper accounting system



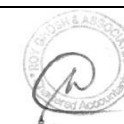
				journalised		not followed.		will be in place.
	CASH FLOW STATEMENT							
97	Cash Flow statement is prepared to assess the ability of the Municipality to generate cash and cash equivalents and the needs of the Municipality to utilise those Cash Flows	BMAM 2014	Not prepared	NA	Inflow and outflow of fund cannot be reconciled	Lack of knowledge.	Cash flow should be maintained.	Accepted
98	Whether Statement on Contingent Liabilities have been prepared which represent a claim against the Municipality which is contingent on the appening of a future uncertain event the financial implications of which may or may not be ascertainable at the end of an accounting period.	BMAM 2014	Not prepared	NA	Contingent Liabilities could not be identified.	--	Books of accounts should be prepared	Accepted
99	The Municipality has prepared a Subsidy Report on Water Supply Electricity Distribution Scavenging transporting & disposal of wastes Street lighting Hospitals and Schools	BMAM 2014	No	No such report prepared		--		We do not prepare such report.
100	Whether details of honorarium paid to Councillors and Mayor has been prepared and disclosed in Balance Sheet	BMAM 2014	No	Balance sheet is not prepared		Lack of procedural delay.	Balance Sheet should be prepared	Accepted
101	Whether amount of refunds remissions and write-offs	BMAM 2014	No	As informed by the management no	-	Proper accountin	-	No write-off made during the year.



	made during the year has been prepared			write off made during the year		g principles not followed.		
102	Amount of unutilised amount in the Public Deposit Account of the Municipality	BMAM 2014	No	Unutilised amount in the Public Deposit Account is not available.	Blockage of fund		Surplus/unutilized amount in Public deposit account should be identified.	No unutilised amount in Public Deposit Account.
103	Amount of lapsed grants/fund	BMAM 2014	No	No such cases found	-	Lack of procedural control.	-	
104	Percentage of properties defaulting on property tax both in terms of number and value in comparison to total properties and income Earned	BMAM 2014	No	No such records maintained by the Municipality	Loss of revenue	Proper accounting principles not followed.	Action should be taken against defaulters.	Notices are issued to the defaulters for timely payment. Review meeting also conducted with RO & TC.
105	Number of municipal hospital beds dispensaries and other medical facilities per 1000 citizens in the municipal area	BMAM 2014	NA	NA	NA	--	NA	
106	Details about the various health programs undertaken by the Municipality from its own resources and the section of the population being benefited	BMAM 2014	NA	NA	NA	Proper accounting principles not followed.	NA	
107	Percentage of connections category-wise defaulting on payment of water supply charges both in terms of number and value in comparison with the total	BMAM 2014	No such list obtained	Detail summary of Percentage of connections category-wise defaulting on payment of water	Loss of revenue	--	Records should be maintained.	Will be maintained in future.



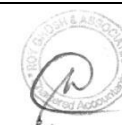
	number of connections and demand raised together with the remedial measures taken			supply charges both in terms of number and value in comparison with the total number of connections and demand raised together with the remedial measures taken not prepared				
108	Details about the water purification and water distributed and billed in terms of quantity	BMAM 2014	NA	Purification project not introduced as reported	NA	--	NA	
109	Number of lamp-posts erected and the areas in which they are erected (the expenditures incurred in respect of the street lighting shall be given in the Subsidy Report)	BMAM 2014	Information not provided	NA	-	--	-	
110	Age analysis of receivables and Payables	BMAM 2014	Not available	NA	Good and doubtful debtors could not be identified	Lack of follow up.	Age analysis of receivables and Payables should be prepared on monthly basis	Age wise analysis of receivables and payables are not prepared
111	Expenditures of the Transferred Institutions directly met by the parent departments	BMAM 2014	NA	NA	NA	--	NA	
112	Whether compliance including explanations relating to qualifications mentioned by the Auditors stating clearly the	BMAM 2014	AG report not provided	Management has not provided the AG Report so unable to comment	-	--	-	Compliance report sent to AG within 2-3 months.



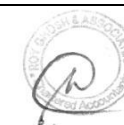
	facts of the matter and the steps taken in respect of those qualifications of audit report has been submitted			on the compliance including explanations relating to qualifications mentioned by the Auditors				
113	Empowered Standing Committee for Finance shall prepare an Action Taken Report providing details of the action taken by the Municipality in respect of the qualifications made in the Audit Certificate and the Chief Municipal Officer's Report	BMAM 2014	Empowered Standing Committee for Finance not established	NA	-	Lack of internal control.	-	Accepted
114	On preparation of Financial Statements the Accounts Department shall compute and present various Financial Ratios as mentioned in Table 27.8	BMAM 2014	Not prepared	NA	Financial information could not be obtained	--Do--	Financial Statements should be prepared	Will be prepared in future
115	The Chief Municipal Officer shall within four months of the close of a year cause to prepare a financial Statement containing Income Expenditure Receipt Payment Accounts and Balance sheet along with the Schedules	BMAM 2014	Not prepared	NA	Financial information could not be obtained	--	Financial Statements should be prepared	Accepted. Will be prepared in future.
116	The financial Statement prepared shall be placed by	BMAM 2014	Not prepared	NA	Financial information	Proper accountin	Financial Statements should be prepared	Accepted. Will be prepared in future.



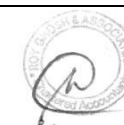
	the Chief Municipal Officer before the Empowered Standing Committee which after examination of the same shall adopt and remit them to the Auditor				could not be obtained	g principles not followed.		
117	The Municipal Accounts as contained in the financial Statement including the Accounts of Special Funds if any and the Balance sheet shall be examined and Audited by Director Local Fund Audit or his equivalent authority or an Auditor appointed by the Urban Development & Housing Department from the panel of professional Chartered Accountants prepared in that behalf by the UD & HD. This Audit is called Statutory or Financial Statement Audit	BMAM 2014	Not prepared	NA	Financial information could not be obtained	--	Financial Statements should be prepared	Accepted. Will be prepared in future.
118	Chief Municipal Commissioner shall place the Audited Financial Statement the Balance sheet and the Audit Report and his comments before the Empowered Standing Committee which after the examination thereof shall place them before the Municipality	BMAM 2014	Not prepared	NA	Financial information could not be obtained	Lack of information.	Financial Statements should be prepared	Accepted. Will be prepared in future.



	with its comments							
119	The Chief Municipal Officer shall after the adoption of the Financial Statement including the Balance sheet and the Audit Report forward the same to the State Government together with the report of the action taken thereon by the Municipality and shall also send copies thereof to the Auditors and the C & A G	BMAM 2014	Not prepared	NA	Financial information could not be obtained	Lack of procedural control.	Financial Statements should be prepared	Accepted. Will be prepared in future.
120	Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts	BMAM 2014	No	Ledger account not prepared Double entry system of accounting not introduced	Annual accounts could not be prepared	--Do--	Double entry system of accounting should be introduced	Due to lack of skilled manpower double entry system is not implemented.
121	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	BMAM 2014	No	All the books of accounts and supplementary registers that are prescribed in the Accounts Manual / other applicable regulations has not been properly maintained by the ULB Annexure -V	Lack of information may be noticed	--Do--	All books of accounts should be properly maintained.	Accepted. Will be maintained in future.
122	Whether proper procedures are in place to identify any unserviceable or damaged	BMAM 2014	No	Report on unserviceable or damaged stores not	Loss of revenue	--Do--	Report on unserviceable or damaged stores	Accepted. Will be maintained in future.



	stores and whether provision for the loss in this respect if any has been made in the accounts			prepared			should be prepared	
123	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	BMAM 2014	Valuation of store not done	NA	Correct value of inventory could not be obtained	--Do--	Valuation of store should be done	Valuation will be done in future
124	Any other matter which the Government Municipality and/or Authority (as required by the Act) may have specifically required to be covered as a part of the Audit.	BMAM 2014		The unit does not have any accounts department.	Accounts and financial area of the unit will become weak	--Do--	Accounts and financial department should be formed along with a Account and finance committee.	Accepted Accounts and financial department will be formed along with a Account and finance committee
125	Whether the Municipality has appointed an Auditor to conduct Special Audit pertaining to the specified item or series of items requiring thorough examination	BMAM 2014	No	Municipality has not appointed an Auditor to conduct Special Audit	-	--Do--	-	No such auditor appointed.
126	Whether Municipality shall at its first meeting in each year or as soon as may be at any meeting subsequent thereto constitute a Municipal Accounts Committee having members amongst the elected	BMAM 2014	NA	Municipality does not have Accounts Committee	Weakness in accounts department cannot be rectified	--Do--	Municipal Accounts Committee should be formed	Will be formed in future



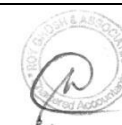
	Councillors not being the members of the Empowered Standing Committee and from the public having knowledge and experience in financial matters as may be nominated by the Municipality							
127	Whether the Municipal Accounts Committee has performed their duties as prescribed in the Act	BMAM 2014	NA	Municipality does not have Accounts Committee	Weakness in accounts department cannot be rectified	--Do--	Municipal Accounts Committee should be formed	Will be formed in future
128	Depreciation shall be charged by Straight Line Method (SLM) on all fixed assets (except land) over estimated useful life.	BMAM 2014	No	Process of depreciation not followed	Current value of fixed asset cannot be observed	Proper accounting principles not followed.	Depreciation should be recorded and provision should be made accordingly.	No proper books of accounts maintained so depreciation not charged.
129	All assets costing less than Rs.5000 shall be depreciated at 100% in the year of Purchase.	BMAM 2014	No	Process of depreciation not followed	Current value of fixed asset cannot be observed	Lack of procedural control.	Depreciation should be recorded and provision should be made accordingly.	No proper books of accounts maintained so depreciation not charged.
130	Fully depreciated assets shall be carried at a Book value of Re. 1	BMAM 2014	No	Process of depreciation not followed	Current value of fixed asset cannot be observed	--	Depreciation should be recorded and provision should be made accordingly.	No proper books of accounts maintained so depreciation not charged.
131	Depreciation shall be provided at full rates for assets which are purchased / constructed before October 1 of an Accounting Year. Depreciation shall be provided at half the rates for assets which are	BMAM 2014	No	No asset register present to verify. Depreciation not recorded in books of accounts.		Non maintenance of accrual basis of accounting.	Accrual based accounting system should be followed by the entity.	No depreciation is charged on the assets



	purchased / constructed on or after October 1 of an Accounting Year							
132	Report and quantify all major Own revenue losses and opportunities lost or missed including in the area of Property Tax Mobile Transmission Towers Tax Rental of Municipal properties Advertisement Taxes/Fees Sariat etc;	BMAM 2014	Report on outstanding revenue obtained	A huge amount of property tax is outstanding since a long time	Loss of revenue	--Do--	Steps should be taken to make recovery of outstanding property taxes.	Recovery proceedings will be initiated.
133	Check on audit trail of all collection of Taxes and Non-Taxes either through staff or outsourced agency and report of any lapses in controls if any and also advise recommendations to strengthen the prevailing processes	BMAM 2014	Yes	Taxes collected from outsourced agencies has not been deposited to the department during F.Y. 2015-16	Non-compliance of provisions of Income Tax Act 1961	--Do--	The Municipality should deposit the collected taxes on time	
134	Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any inconsistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and	BMAM 2014	Yes	In-consistencies in assessment of property tax not observed.		--Do--		



	reported variations if any in PTRs and Actuals as per internal audits							
135	Vouch on all payments above Rs. 10000 and report on adequacy and appropriateness of its documentation approvals compliance of procedures etc.	BMAM 2014	Yes	Payment vouchers not prepared payment is made on the basis of bill only in some cases it was found that the purchase order are not attached with the bill	Chances of Unauthorized purchase increases	Lack of internal control.	Voucher should be complete in all respect	Vouchers maintained in monthly Guard File and are also numbered.
136	Report on Procurement made including through E-Tendering and E-Auction indicating exceptions if any and whether a register is kept for all Procurements with value above Rs. 15000	BMAM 2014	Yes	Procurement register maintained. Details of procurement made through E tendering available.	-	--Do--		
137	Internal auditor shall also report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD	BMAM 2014	No	Condense summary of utilization certificate provided only. Copy of utilization certificate not available.	-	--Do--	Register for utilization certificate should be maintained.	Accepted will be maintained in future



	website							
138	The Codification Structure and Chart of Accounts is being followed by the Municipality are based on the guidelines provided in the NMAM, adjusted for the specific needs. requirements	BMAM, 14	No	Not yet implemented.	Non maintenance may leads to cumbersome of accounting heads.	Not yet implemented	Should be implemented at earliest.	--
139	The unit has maintained General Registers and Forms as mentioned in Table 5.1 of the Bihar Municipal Accounting Manual – 14	BMAM, 14	No	--Do--	--Do--	Lack of procedural control.	--Do--	--
140	The closing balance of Cash as per the Cashier's Cash Book shall be verified daily with the physical Cash balance at all the Municipal Collection Offices by the Accounts Officer or any person designated for the purpose and must be signed by the person verifying the Cash.	BMAM, 14	Yes	Done accordingly.	--	--	--	--
141	Cash in chest should be insured for theft, fire, etc.	BMAM, 14	No	Not yet done.	Chances of Theft and loss of cash is at high.	Lack of supervisory control.	Insurance of Cash in Chest and Cash in transit should be done.	Will be followed.



COMPLIANCE OF INTERNAL AUDIT REPORT OF FIRST QUARTER FOR THE YEAR 2016-17

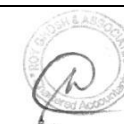
Sl. No.	Broad Head	Brief Description	Complied or Not
4.III	Bank Reconciliation Statement	Bank Reconciliation Statement was not prepared by the unit.	Yet to be complied
5.I.A.a.i	Outstanding Property Tax	A huge amount of Property Tax was outstanding from different sources since a very long time, resulting in loss of revenue to the municipality	Yet to be complied
5.I.A.a.ii	Delay in deposit of cash into the bank by the cashier	Delays were observed between the date of collection made by the cashier and the deposit of the same into the bank	Still persist
5.I.A.a.iii	Cash and its insurance	The cash kept by the cashier in the locker is not insured against theft and fire	Yet to be complied
5.I.A.a.iv	Non-collection of notice/ warrant fee	It was observed that the municipality was not collecting notice fee/warrant fee for delayed payment of property taxes.	Yet to be complied
5.I.A.b.i	Non-Preparation of Voucher	The Municipality was not preparing the payment vouchers for making payment to the parties.	Yet to be complied
5.I.A.b.ii	Other observation on vouchers	Irregularities regarding expenditure	Yet to be complied
5.II.B.a	Non-maintenance of books of accounts, subsidiary register	The unit has not maintained the prescribed registers.	Yet to be complied
5.II.B.b	Observations on Procurement	The Job Completion Certificate (JCC) was not issued by the engineers after the completion of the work.	Yet to be complied
5.II.B.c	Non-compliance of directives of UD&HD, GOB	Details are given in Annexure "A"	Yet to be complied
5.II.B.d	Non-compliance of Act and Rules	Irregularities regarding EPF	Yet to be complied
5.II.B.e	Lack of internal control measures	Details are given in Annexure "A"	Yet to be complied
5.II.B.f	Non-compliance of TDS, VAT and other relevant Statute	Irregularities regarding deduction & Deposition of TDS & VAT, Labour Cess & Royalty	Yet to be complied
5.II.B.g	Deficiency in pay-roll system	Details are given in Annexure "A"	Yet to be complied
5.II.B.h	Utilisation of Grant and report on missing Utilisation Certificates	UC for the expenditure during quarter 1 of 2016-17 has not been submitted before us for verification	Yet to be complied
5.II.B.i	Physical verification of inventory/stores	Physical verification of stores/inventory was not conducted by	Yet to be complied



		the unit.	
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COMPLIANCE REPORT FOR THE SCOPE OF WORK AS PER THE CONTRACT WITH INTERNAL AUDITOR

Name of Auditor: Roy Ghosh & Associates		Name of ULB: Bihar Sharif	
Sl. No.	Relevant Clause of Scope of Work of the Contract		Compliance (Mention the para no & Page no of audit report for the 2 nd quarter, 2016-17)
	Clause No.	Description	
1	4.1	Internal Audit should undertake risk-based review and evaluation of the internal control as discussed in Bihar Internal Control Manual. Internal Audit should devote particular attention to any aspects of the internal control environment affected by significant changes to the ULB's risk environment.	Annexure A of the report, page no 21-53
2	4.2 & 4.3	<p>a) Internal Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD. In its report there must be a separate section for non-compliance of rules/directives of UD&HD, GoB;</p> <p>b) Report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR</p> <ul style="list-style-type: none"> <input type="checkbox"/> Rule 22: All moneys to be brought to account <input type="checkbox"/> Rule: 27: Collections to be deposited into Bank on the same day <input type="checkbox"/> Rule 69: Grant Related Compliance <input type="checkbox"/> Rule 120-121: Monthly Receipt & Payment Account and Trial Balance <input type="checkbox"/> Rule 130: Audit to be completed & reported within 6 month 	Para 5 (II) Part B (c) in the Report, Annexure A Page -17 & 21-53
3	4.4 & 4.5	<p>a) Report and quantify all major Own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Saira t etc;</p> <p>b) Check on audit trail of all collection of Taxes and Non-Taxes either through staff or outsourced agency and report of any lapses in controls, if any and also advise recommendations to strengthen the prevailing processes;</p>	<p>a) Para no 5.I of Part A of point a.i. at Page no 10</p> <p>b) Para no 5.II of Part B of point (f) at Page no 17</p>



Name of Auditor: Roy Ghosh & Associates			Name of ULB: Bihar Sharif
Sl. No.	Relevant Clause of Scope of Work of the Contract		Compliance (Mention the para no. & Page no of audit report for the 2 nd quarter, 2016-17)
	Clause No.	Description	
4	4.6	Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SASis received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;	Para no 5.I. of Part-A of point no. (c) at Page no 13
5	4.7	Vouch on all payments above Rs. 10,000 and report on adequacy and appropriateness of its documentation, approvals, compliance of procedures etc.	Para no 5.I. of Part-A of point no. b.i, b.ii. at Page no 12-13
6	4.8	Report on Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Para no 5.II. of Part-B of point no. (b) at Page no 16
7	4.9	Internal auditor shall also report on presence or absence of a system of issuance of utilization certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Para no 5.II of Part-B of point no. (h) at Page no 19
8	4.10	Internal Audit can also, provide recommendations to help the ULB management improve the ULB's internal control environment;	Annexure A of the report, page no 21-53
9	4.11	Internal Audit should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Annexure A of the report, page no 21-53

