

INTERNAL AUDIT REPORT

OF

**SUPPORT PROGRAMME FOR
URBAN REFORMS IN BIHAR
(SPUR)**

ULB : DAUDNAGAR

FOR THE PERIOD

(01-04-2014 TO 31-03-2015)

Audited By :

U. S. Prasad & Co.
Chartered Accountants

4th Floor, 34, Kavi Raman Path,
Nageshwar Colony, Boring Road,
Patna 800001

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Internal Audit Report of Nagar Panchayat, Daudnagar

To,
The Secretary, UD & HD
Urban Development and Housing Dept.
Govt. of Bihar
101, 1st Floor, Vikash Bhawan
New Secretariat
Bailey Road
Patna – 800 015 (BIHAR)

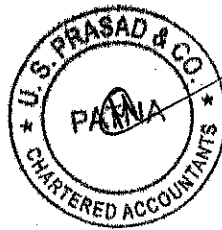
Dear Sir,

**Sub: Internal Audit Report of NAGAR PANCHAYAT, DAUD NAGAR for the Period
01.04.2014 to 31.03.2015.**

We are submitting the audit report of Nagar Panchayat, Daudnagar for the period starting from 01-04-2014 to 31.03-2015 in reference to our appointment as Internal Auditor for Group 9 issued by support programme for urban reforms in Bihar (SPUR), Patna vide Notice to proceed No. SPUR-PMU/194/IA-140ULBs&SLMA/S-3/USP/2016/139/36 Dated 05th April 2016.

Our scope of audit covers the requirement of specific points as spelled out in contract agreement entered with the management of SPUR.

Place - PATNA
Date - 31/7/16



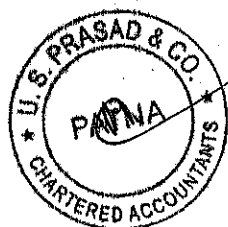
for U. S. Prasad & Co.
Chartered Accountants

CA. Manoj Kumar
Partner
M. No.: 418631

NAGAR PANCHAYAT, DAUD NAGAR
INTERNAL AUDIT REPORT OF F.Y. 2014 - 15

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Executive Summary

1. Introduction:-

Name of Municipality:- NAGAR PANCHAYAT, DAUD NAGAR

Period covered under current audit: - 01-04-2014 to 31-03-2015.

Name of the chief municipal officer for the period under audit:- Bipin Bihari Singh

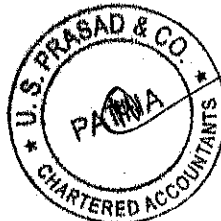
2. Results and Findings

Strength observed during the audit engagement

1. Subsidiary Cash Book has been written.
2. All Vouchers were passed properly and signed by the authorised person.
3. All vouchers have supporting documents.
4. Office infrastructure is sufficient for operation.
5. Response from officer & clerk are satisfactory.

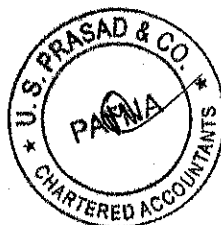
Weaknesses observed in the functioning of office, maintenance of records etc. Observed during the audit engagement

1. General Cash Book has been not properly maintained.
2. Fixed Assets Register is not maintained.
3. Advance Register is not maintained.
4. Stock Register is not maintained.



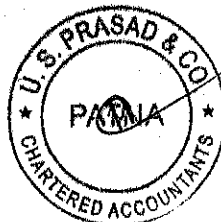
Internal Audit Report of Nagar Panchayat, Daudnagar

5. Daily collection register are maintain but separately daily collection register (Revenue receipt wise) are not maintained.
6. In some payments to contractors TDS has not been deducted and in other cases where TDS have been deducted at higher rate and it has not been deposited till date. Therefore TDS Return has not filled till date.
7. Annual budget has not been prepared by the ULB.
8. Holding tax rate has not been revised since 1985 on any property thus tax has been collected by old rate.
9. Tower tax has not been properly collected, As per records maintained by the ULB number of tower is 14 as on 31-03-2015. Total outstanding tax amount is Rs. 9,58,000/- For registration fee and renewal thereof.
10. Daily collection amount has not been timely deposited in bank as per the procedure prescribed by the BMA, 2007.
11. Municipal Accounts Committee has not been constituted.
12. Amount of TDS and Royalty deducted during the whole financial year has not been credited to the concern department.
13. Labour cess has not been deducted from any bill submitted by the contractor to the ULB;
14. No procurement register has been maintained by the ULB.
15. Log book has not been maintained for any vehicles except the JCB.
16. TDS and Royalty has been deducted on wrong rate by the ULB.
17. Separate bank account has not been maintained for the separate scheme.
18. Minute of Board meeting has not been prepared
19. Amount of 13th finance has not been utilised as par prescribed ratio.
20. Utilisation certificate has not been provided by the ULB during the course of audit.
21. No Separate Grant register is being maintained; hence it is difficult to find out the amount of unutilised grant at any point of grant.



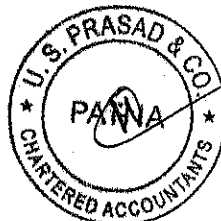
3. Opinion

Core Municipal functions are performed by the ULB. So far the ULB is concerned they are not working properly, even internal control is poor. Revenue collection of the ULB is very poor it may be increased to much higher level. All cash collection from source of revenue is not deposited in the bank on same day. Due to lack of man power there is delay in performing day to day work and holding tax is collected by fourth grade staff. There should be proper segregation of duties to perform day to day work in efficient manner. Bank reconciliation should be done monthly basis. We find that rules and regulation are there but ULB is not following them properly. Most of the Books of Accounts as prescribed by BMAR are not maintained by the ULB. There are serious lapses in deduction and deposit of statutory dues, such as VAT, Royalty, TDS, Labour Cess Etc. Separate Bank Account should be maintained for each Scheme.



4. Audit Recommendations


- i) Fixed Assets Register should be maintained.
- ii) Advance Register should be maintained.
- iii) Stock Register should be maintained.
- iv) Daily Collection Register separately for each head should be maintained.
- v) TDS deduction & deposit thereof and e filling of TDS return should be made timely and proper manner.
- vi) Tax amount should be collected from Mobile tower.
- vii) Daily collection amount should be deposited into cash section and bank account as prescribed in BMA 2007.
- viii) Municipal Accounts Committee should be appointed.
- viii) Budget prepared by the ULB should be approved by the state government.
- ix) Timely passing of budget by board and onwards submission to the government.
- x) Book of accounts are verified by EO on regular interval.
- xi) Separate bank account should be maintained for every scheme.
- xii) Procurement register should be maintained.
- xiii) Utilisation certificate should be prepared.



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5. Comments from Management

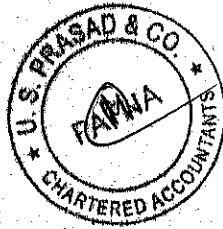
The audit report has been discussed with us; we will try our best to remove the irregularities pointed out in the audit report.


for Nagar Panchayat, Daudnagar
नगर (Executive Officer) नगर


6. Acknowledgement

We thank Mr. Bipin Bihari Singh (Executive Officer), for his support during the period of our audit. We are also thankful to accountant and other staff of the Nagar Panchayat for their co-operation during the period of audit.

Place:- Patna
Date:- 9/7/16



for, U S PRASAD & CO.
Chartered Accountants


Manoj Kumar
(Partner)
M.NO: 418631

Detailed Audit Report

1) Introduction

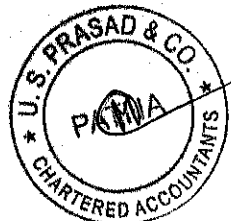
The Internal audit of **Nagar Panchayat, Daudnagar** covering the period from **01-04-2014** to **31-03-2015** was conducted by following persons under guidance of CA Manoj Kumar

- i) Mr. Arun Kumar
- ii) Mr. Ashish Kumar

2) Administration

The present body of ULB has taken charge on 03/04/2014. The incumbency in the key administrative and executive positions was as under:

Shri Parmanand Prasad chief counsellor From 03/04/2014 to till date.
Shri Bipin Bihari Singh, Executive Officer – At Present



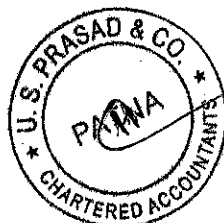
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3) Review of outstanding audit paras : Status of Audit Observations is as under:

Compliance of Previous Audit Report

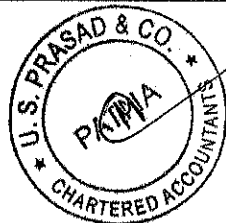
Compliance of previous audit report has not been done by the Nagar Panchayat Details are follows:-

S.No	Particulars of audit and date of report.	Total no. Of audit paras.	Total number of audit paras where necessary improvement/corrective measure is required.	Total number of audit paras where recovery of cash is proposed	Total number of audit paras where recovery has been made	Total of recovery	Total no. Of audit outstanding para of where no action has been taken.	No & date of compliace of audit report
1	C.A.G Dated 31/03/2016	25	25	16	0	0	25	Compliance yet to be done



Deficiency Pointed Out in AG Audit Report

1. Grant Register, Advance register, Demand and collection Register etc has not been maintained.
2. VAT amounting Rs. 4,74,812/- has not been deducted on the purchase of Solar Lights.
3. Proper tendering system has not been adopted in purchase of solar light as only two bidders have been considered for tender and also web based publicity has not been made.
4. Performance security of Rs. 4,12,721/- has not been deducted on the purchase of Solar Light.
5. Excess payment of Rs. 18,16,448/- has been made on purchase of solar lights as payment has been made at the rate of Rs 44,861/- per piece whereas Rs 25,117/- per piece has been fixed by BREDA & BELTRON.
6. VAT of Rs. 1,52,113/- has not been deducted on the purchase of Cleaning Material.
7. Store register has not been produced.
8. Proper tendering system has not been followed in purchase of cleaning material as Advertised tender enquiry procedure has not been followed since bid amount is above Rs 25,00,000/-
9. Total amount of Rs 31,59,795/- has been withdrawn from bank by self cheque during the period 2010-15 and the purpose of withdrawal is not mentioned in cash book.
10. Total outstanding of shop rent as on 31-03-2015 is Rs 3,00,581/-.
11. Total amount of outstanding Holding tax as on 31-03-2015 of Rs.16,43,779/-
12. Demand & collection register of trade license is not maintained bu ULB.
13. Total outstanding amount of Trade License as on 31-03-2015 is Rs 69917/-
14. Total amount of miscellaneous receipt of Rs. 84,846/- has not been deposited in bank.



4) Finance :-

i Budgetary Provisions and expenditure for the last three years:-

Year	2012-13	2013-14	2014-15
Final/Revised Budget	No Budget prepared by the ULB.		
Actual Expenditure	-	2,43,68,381.00	1,43,20,590.00
Savings(+)/Excess(-)	-	2,43,68,381.00	1,43,20,590.00

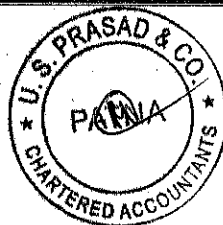
- Budget has not been prepared by the ULB.
- Cash Book of Financial Year 2012-13 has not been provided by the ULB during the course of audit therefore actual expenditure cannot be ascertained.

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ii) Volume of transaction:

II Volume of transactions (2014-15)

Period	Budgeted 2014 -15	Previous Year (For one year) 2013-14	Correspondi ng Period of Previous Year	Current Period 2014-15	Cumulative for the current period
	Budgeted				
(A) Opening Balance	No Budget prepared by the ULB	34,031,476.00	NOT APPLICABLE	39,898,802.00	NOT APPLICABLE
(B) Total Receipts		15,634,664.00		19,687,090.00	
(C) Total (A+B)		49,666,140.00		59,585,892.00	
(D) Expenditure		12,947,790.00		10,947,096.00	
(E) Closing Balance (C-D)		36,718,350.00		48,638,796.00	

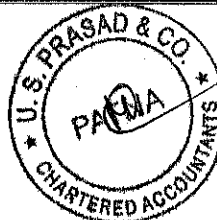


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III. Bank Reconciliation

The ULB has fifteen bank account but bank reconciliation statement has not been prepared for any bank account. Balance as Per Bank statement and Cash Book as on 31/03/2015 given below :-

Sl. No	Name of bank	Name of bank A/C No	Balance as per Bank 31/03/2015	Balance as per cash book as on 31/03/2015	Scheme Name	Type of A/C
1	PNB	38610001093736 30	7569582.3	7191507	BRGF	Saving
2	PNB	38610001094186 30	5203665	7008813	13th Finance	Saving
3	PNB	38610001093936 30	4621338.4	1933450	SYRY	Saving
4	PNB	18610021000057 50	Nil	Nil	Revenue Collection	Saving
5	PNB	18610001094186 40	Nil	Nil	4th state Yojna	Saving
6	PNB	38610002100058 90	2504.64	2504.64	Teacher Niyojan	Saving
7	PNB	38610002100057 40	NIL	Nil	State Yojna	Saving
8	Madhay Gramin Bank	70980100048580	126754	126754	Salam Basti	Saving
9	BOB	100200006901	3845.52	3845.52	12th Finance	Saving
10	BOB	10010008401	62627	62627	N R Y	Saving
11	SBI	11436537040	1613750.73	1613750.73	Tax Collection	Current
12	SBI	1100050212	2341139.94	2341139.94	Administrati ve Building	Saving
13	Treasury	PLA 136 RUR 001	99283802	99283802	Various Scheme	Current
14	BOB	1001000325231	Nil	Nil	Pension	Saving
15	BOB	1001000325241	Nil	Nil	E-Governance	Saving
Total			12,08,29,009.53	11,95,68,193.83		
Difference of both books Amount			Rs. 12,60,815.70/-			

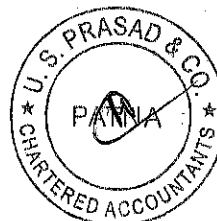


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IV. Revenue Receipts:-

Period	Budgeted 2014-15	Previous Year (For one year) 2013-14	Corresponding Period of Previous Year	Current Period 2014-15	Cumulative for the current period
a) Own Source					
Holding Tax				2,41,589.62	Not Applicable
Assigned Revenue		7,26,969.00		9,14,735.00	
Fee & User / Other Charges				22,72,487.55	
Total Rs - A		7,26,969.00		34,28,812.17	
Administrative Grant - (B)					
Specific Grant (Scheme wise) (C)					
Nagriye sadke		4,34,679.00	Not Applicable	4,40,266.00	
sadko hetu roshni		4,05,800.00		4,11,464.00	
Jal Apurti		7,34,862.00		3,70,318.00	
12th Finance		-		-	
13th Finance		48,08,205.00		22,36,291.00	
Nagrik Suvidha		-		-	
Hath se Maila Dhone ki Pratha Smapt karne hetu seva nivrit karmiyo ka bakaya bhugtan		-		-	
E - Governence		-		-	
4th Finance		1,88,936.00		26,09,371.00	
Asambandh Anudan		2,00,000.00		20,00,000.00	
Parshado ka Niyamit Bhatta		83,400.00	-		
Karmachariyo ka Vetan		66,76,121.00	91,25,884.00		
Swarn Jayanti Rojgar Yojna		-	24,93,496.00		
B R G F		-	-		
Lok Swathya & Swachhta		3,02,661.00	-		
Parking		-	-		
Prashasnik Bhawan Nirman Hetu		-	-		
12 th & 13 th Finance		-	-		
Total(RS) B		1,38,34,664.00		1,96,87,090.00	Not Applicable
Total (RS) (A+B)				2,31,15,902.17	
		1,45,61,633.00			

No Budget prepared by the ULB.



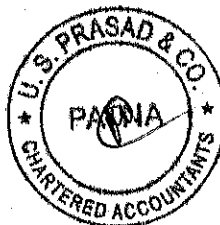
Daily Cash Collection Register has not been properly maintained for the financial year 2013-14. Therefore detail segregation of revenue has not been provided.

V. Status of implementation of Double Entry Accounting System :

Accounting of Nagar Panchayat, Daudnagar not being maintained on the basis of Double Entry Accounting System for the F.Y – 2014-15.

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

Nagar Panchayat, Daudnagar is yet to constituted Municipal Accounts Committee under section 98 of the Municipal Act, 2007.



Audit Observations

I. Part - A

All Audit Objections/Irregularities Which has Monetary Implication, Particularly in following areas :

A. Holding & Property Tax Collection

Audit Objective – As per Point No. – 4.4 of TOR

Criteria – Non-Collection of Property Tax/Holding Tax by the concerned ULB.

Condition – Total Property tax outstanding as on 31st March 2015 is Rs. 7,98,574/-.

Consequence / Effect / Impact - Due to non collection of Property/Holding Tax there is a major operational revenue loss to ULB and there is no record / register to know total current & arrear demand of holding tax. Demand / Collection & Arrear Register have also not been provided to us for verification.

Cause – This happens due to lack of proper follow up and monitoring of activities of Tax Inspector / Collector by the concerned officers on regular interval.

Corrective Action / Recommendation – There should be day to day monitoring on Collection of Taxes and Also maintenance and updating of Demand & Collection Register on regular interval.

B. Mobile Tower Collection – Irregularity :-

Audit Objective – As per Point No. – 4.4 of TOR

Criteria – Tower Tax is taxes on Communication Tower & related structure as defined in BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES, 2012. As per the rule, all operators are required to register with their concerned ULBs and pay registration fee & renewal charges on annual basis for communication tower erected within municipal area. Currently the registration fee for Nagar Panchayat is Rs. 30,000/- per tower and annual renewal fee is Rs. 8,000/- per annum per tower.



Condition –As per details provided to us there are 14 (Fourteen) Mobile Towers registered with this ULB up to 31.03.2015 and Rs. 9,58,000/-, is due to be recovered from these tower operators on account of Tower Tax.

Consequence / Effect / Impact - Due to non collection of Tower Rent there is a revenue loss to ULB.

Cause – This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the Tower Rent due to which result in Revenue leakage.

Corrective Action / Recommendation – There should be proper monitoring and further steps are required to be taken for collection of Mobile Tower Tax by concerned ULB.

C. Holding & Property Tax Deposit – Irregularity :-

Audit Objective – As per Point No. – 4.4 of TOR

Criteria – As per Rules 22(1) of Bihar Municipal Accounting Rules, 2014 Tax Collected has to be deposited on same day or latest before noon on the following working day.

Condition - Tax Amount is not deposited timely into Bank. In some cases, collected amount has been retained by the Tax Collectors for a period of 1-2 months from the date of collection of taxes Detail is given below.

Consequence / Effect / Impact - Due to non deposit of Tax on due time, ULBs is suffering from Revenue Loss in the form of Bank Interest which could have been earned on these Receipts. Further this is a lapse on Internal Control due to non submission of Counterfoil and record updation of assesses due.

Cause – This happens due to non follow up and monitoring of activities of Tax Collector by the concerned officer on regular interval.

Corrective Action / Recommendation – There should be day to day monitoring on Collection of Taxes by Tax Inspector/Collectors and deposit of collection into Bank either on same day or latest before noon on the following working day.

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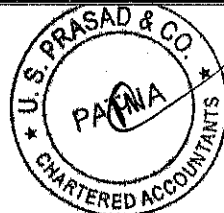
DETAILS OF DELAY DEPOSITE OF CASH INTO BANK

TAX COLLECTOR	RECEIPT NO.	COLLECTION AMOUNT	COLLECTION DATE	DEPOSIT DATE	REMARKS
RAM INJÖR TIWARY	6401to 6406	4,488.00	13.03.2015	31.03.2015	18 days
RAM PRAWESH KUMAR	5011to 5018	6,944.00	16.04.2014	09.05.2014	23 days
RAM PRAWESH KUMAR	5019 to 5037	5,050.00	28.04.2014	03.07.2014	65 days
RAM PRAWESH KUMAR	5038 to 5055	3,687.00	12.05.2014	03.07.2014	51 days
RAM PRAWESH KUMAR	5056 to 5070	3,571.00	26.05.2014	03.07.2014	38 days
RAM PRAWESH KUMAR	5071 to 5087	2,969.00	11.06.2014	13.08.2014	63 days
RAM PRAWESH KUMAR	5401 to 5412	3,128.00	01.08.2014	22.09.2014	52 days
RAM PRAWESH KUMAR	5446 to 5464	4,666.00	09.09.2014	07.11.2014	57 days
RAM PRAWESH KUMAR	5465 to 5478	5,344.00	22.09.2014	07.11.2014	44 days
RAM PRAWESH KUMAR	5988 to 6000	3,033.00	14.11.2014	17.12.2014	33 days
RAM PRAWESH KUMAR	6101 to 6112	7,741.00	19.11.2014	23.12.2014	34 days
RAM PRAWESH KUMAR	6513 to 6526	3,748.00	18.03.2015	07.06.2015	79 days
RAM PRAWESH KUMAR	6527 to 6540	6,167.00	23.03.2015	29.06.2015	96 days
RAM PRAWESH KUMAR	6541 to 6550	1,938.00	26.03.2015	01.07.2015	94 days
TOTAL:-		62,474.00			

D. Three Tablets purchased by the ULB by order of Head office, Patna of Rs. 1, 50,000/-on 20th March 2015. The purchase was made by the internal revenue sources. Further the amount remitted by the department for the purchase of tablets has not been transferred to the internal revenue fund. This shows misappropriation of fund. The amount of VAT of Rs. 5,685/- has not been deducted by the ULB. Out of three tablets only one could be verified.

E. Advance Register has not been maintained by the ULB. However during the course of audit we have noticed that in following advances were made with irregularities.

- | | | | | |
|-------|-------------------|--------------|--------------------|--------------------------|
| (i) | Nagendra Kumar | Rs.5,000/- | 22/05/2014 | Purpose is not mentioned |
| (ii) | K. K Tiwari | Rs. 25,000/- | 05/06/2014 | Purpose is not mentioned |
| (iii) | Akshyawar Choubey | Rs. 72,000/- | on Different dates | Diesel and other works |
| | | | Till 31/05/2015 | |

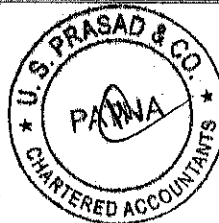


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(iv) All the advances mentioned above are not yet adjusted.

F. Property Tax on 20 high value properties :-

Sl. No.	Owner Property Name	Ward	Holding No.	Annual Property Tax
1	Hira saho	20	9	8533/-
2	Mahavir ram	10	1	1972/-
3	Bejnath Prasad	20	3	5814/-
4	Bejnath Prasad	20	4	3558/-
5	Sri mati Kamlesh devi	20	18	644/-
6	Ganesh ram	20	19	5965/-
7	Sat bali singh & radhe siyam	20	21	3206/-
8	Gangotri Devi	20	22	1688/-
9	Sharfaj alam	20	25	520/-
10	Chote lal gupta & Bejnath	20	26	420/-
11	Pardeep kumar agarwal	20	27	944/-
12	Rubi devi	20	29	756/-
13	Sri mati parmila devi	20	30	3640/-
14	Sri pradeep kumar agarwal	20	32	6194 /-
15	Ballj ram sahtri	20	34	346 /-
16	Sri mati manjo devi	2	35	3444 /-
17	Sri Janesh war Sharma	20	259	756 /-
18	Vishwanath parsad	20	322	2542 /-
19	Nand kisor	21	194	1834 /-
20	Rajendra parsad	19	272	1994 /-



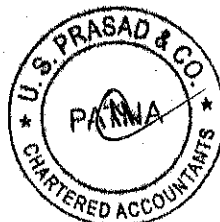
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II. Part - B

- A. As per Rule 136 of Bihar Municipal Accounting Manual 2014, every year budget should be prepared for receipts and expenditure in Performa 75, 77 and 80. It is not prepared as per prescribed Performa by the concerned ULB.
- B. As per Bihar Municipal Act, 2007, Holding Tax (residential, Commercial, Land etc.) should be revised after every five years, but Nagar Panchayat, Daudnagar failed to do so.
- C. As per Rule 18 of Bihar Municipal Accounting Manual 2014, voucher should be maintained serially for different schemes in different code, but it is not maintaining accordingly. Vouchers are not keeping in guard file and not systematically arranged.
- D. It has been noticed during the audit that the following Books of Accounts & Subsidiary Registers has not been maintained or not properly maintained (*Status as mentioned*).

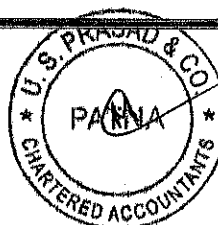
Sl. No.	Particulars	Status
1	Cash Book	Maintained
2	Subsidiary Cash Book	Maintained
3	Ledger Book	Not Maintained
4	Grant Register	Not Maintained
5	Advance Register	Not Maintained
6	Pay-Roll Register	Not Maintained
7	Vehicle LOG Book	Not Maintained
8	Store Register	Not Maintained
9	Fixed Assets Register	Not Maintained
10	Demand & Collection Register of Property Tax, Mobile Tower Tax, Shop Rent etc.	Not Maintained

- E. In ULB, internal control are not in place and not working in respect of day to day working, payment of expenditure collection of revenue, tender etc.
- F. Non – compliance of TDS, VAT, Royalty & Labour cess relevant statute :-
- VAT and Labour Cess have not been deducted from any payment made to contractor.



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- TDS and Royalty has been deducted but the same could not be verified whether deposited or not due to non-availability of deposit slip or challan.
- G. Pay-Roll Register has not been shown to us during the period of internal audit, thus we are unable to comment on deficiency in pay-roll system.
- H. Grant Register has not been maintained by the concerned ULB and upon enquiry of status of utilization certificate, the concerned officials has failed to provide above information.
- I. Inventory/ Stores Register and Fixed Assets Register have not been maintained in concerned ULB and in the absence of above register it is difficult to verify the same.
- J. Advance Register has not been maintained by the concerned ULB and in the absence of above register it is difficult to check or comments on adjustment and recovery of advances.



III. PART – "C"

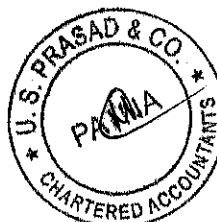
General Observations :-

QUESTIONIER

Sl. No	Particular	Remarks/ Observation
1	Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts.	No ledger has been maintained by the ULB.
2	Whether all the books of accounts and supplementary registers that are prescribed in the Accounts Manual / other applicable regulations have been properly maintained by the ULB.	No book of accounts has been maintained that are prescribed in the Accounts Manual / other applicable regulations have been properly maintained by the ULB.
3	Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts.	No, Quarterly, Half yearly & Yearly Financial Statements have been no prepared by the Nagar Panchayat.
4	Whether the period-end and reconciliation procedures prescribed have been carried out.	No, period-end and reconciliation procedures prescribed have not been carried out.
5	Whether the Bank Reconciliation statements have been prepared and are appropriate.	No, Bank Reconciliation statements have not been prepared by the Nagar Panchayat
6	Whether all grants from Government have been accounted at gross value with proper entries to various accounts.	Yes, except for the period 2014-15.
7	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail.	No, all transactions have not been maintained Receipts and Payment, Income and Expenditures, Assets and Liabilities by the Nagar Panchayat.
8	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted.	Yes, Grant received during the year has been properly accounted and all deductions have been properly accounted.
9	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created.	No, Special fund has been created by the ULB.
10	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.	There are any irregularities in deduction and payment thereof of salutatory deduction like Royalty, Labour Cess etc.
11	Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification	No, Fixed asset register has not been made, so unable to comment on it.

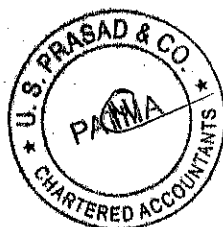
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	and if so, whether the same has been properly dealt with in the books of account.	
12	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry.	No, leasehold property has not been found
13	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores.	No, Physical verification of store has not been conducted by the ULB at reasonable intervals.
14	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported.	No, Nagar Panchayat has not maintained any store register.
15	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same has been properly dealt with in the books of account.	No physical verification any.
16	Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts.	No Physical verification has been conducted by the ULB at reasonable intervals in respect of stores.
17	Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported.	No stock register has been found. Valuation of store has not been done.
18	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	No such issue has been found
19	Whether advances given to municipal employees and interest thereon are being regularly recovered.	No advance register has been maintained so we are unable to verify whether it is being recovered regularly.
20	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	No, there exist an adequate internal control procedure for the purchase of stores, components and assets.
21	Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.	Yes.
22	Whether the municipality is regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc., and if not, the nature and cause of such delay and the amount not deposited.	No, The Nagar Panchayat is not regular in depositing statutory dues. We observed that all such taxes deducted during the financial year have been deposited in the month of March 2015.
23	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.	No such information has been provided by the ULB.
24	Whether any personal expenses have been charged to the	We did not notice any such expenses.



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	municipality' s accounts; if so, the details thereof.	
25	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently and are in all cases such as are authorized by law.	Yes, on our test check we observed that all the expenditure incurred by the Nagar Panchayat are authorized by appropriate provision in the sanction budget.
26	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis.	No, all revenues from own sources have not been properly assessed, accounted for and collected. For exp. – Mobile Tower & Stamp Duties
27	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by law.	No, The statutory liabilities are not within the prescribed time limits. For exp. – TDS, VAT etc.
28	Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority.	Yes, we observed that all bills for charges of account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority.
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.	Yes, The amount received as specific grants have been utilized for the purposes as stated in the grant sanction order.
30	Whether bio-metric devices and payroll software are used at the ULB. If not whether there is satisfactory system of pay-roll accounting, otherwise mention the key deficiencies of the system.	No, bio-metric devices and payroll software system are not used by the ULB.



for U. S. Prasad & Co.
Chartered Accountants

CA. Manoj Kumar
Partner

M. No.: 418631

Place - PATNA
Date - 9/7/16