

INTERNAL AUDIT REPORT

(SPUR-PMU/194/IA-140ULBs & SLMA/G-14/SJA/2016/134/39)

OF

NAGAR PANCHAYAT

DUMRA

FOR THE F.Y. 2016-17



Conducted by:

M/s R.SHAH & Co.

2ND FLOOR, VYAPAR BHAWAN

LALJI HIRJI ROAD, RANCHI

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AUDIT METHODOLOGY AND APPROACH**Audit Methodology**

We have conducted the internal audit of Nagar Panchayat – Dumra, for the Financial Year ending on 31st march, 2017 (as per TOR). We familiarized ourselves with documents of Nagar Panchayat, the internal guidelines and circulars applicable during this period under review. We also reviewed the working of the Nagar Panchayat and evaluated the accounting systems and related controls of the Nagar Panchayat in order to plan and perform our audit.

We reviewed transactions from April 01, 2016 to March 31, 2017. Our objective was to check all transactions and to design procedures to detect omissions. We also applied procedures to assess the adequacy of the Nagar Panchayat financial management systems, including internal controls for entire audit period. We applied necessary tests and controls, as we considers necessary under the circumstances.

Name of Auditor: M/s R. Shah & Co.		Name of ULB : Dumra	
Sl. No	Relevant Clause of Scope of Work of the Contract		Compliance (Mention the Para no & Page no of audit report)
	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 ULBs risk environment.	Complied in Para no. 2 of Part 2 of Executive Summary At Page no. 6-10
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> <p>— Rule 22: All moneys to be brought to account</p> <p>— Rule: 27: Collections to be deposited into Bank on the same day</p> <p>— Rule 69: Grant Related Compliance</p>	Complied in para no 1,5,7,13 16,17,18 & 19 of Part 2 of Executive Summary at Page no. 6-10



		Rule 120-121: Monthly Receipt & Payment Account and Trial Balance Rule 130: Audit to be completed & reported within 6 month	
3	4.4 & 4.5	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, Sairat etc; 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;	Complied in Para no. Part A of Audit Observation Report at Page no. 15-18
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 SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;	Complied in Para no. 20 of Part 2 of Executive Summary at Page no. 6-10
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.	Complied in Para no. 21 of Part 2 of Executive Summary at Page no. 6-10
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/-	Complied in Para no. 22 of Part 2 of Executive Summary at Page no. 6-10
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 utilization made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Complied in para no 23 of Part 2 of Executive Summary at Page no. 6-10
8	4.10	Internal Audit can also, provide recommendations to help the ULB management improve the ULB's internal control environment;	Complied in para no. 1 to 10 of Part 10 of Executive Summary at Page no. 6-10

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.	Complied in para no. Part A of Audit Observation Report at Page no. 15-18



EXECUTIVE SUMMARY**1. Introduction**

Name of the Municipality	Dumra Nagar Panchayat
Period Covered under Current Audit	1st April. 2016 to 31st March. 2017
Name of the Chief Municipal Officer for the period under Audit	Shri Ajay Kumar
Audit Conducted on	11/07/17 & 23/07/2017

2. Result and Findings

The major Weaknesses and observations during the course of internal audit have been found & discussed with the Executive Officer & Accountant of the Nagar Panchayat.

1. Delay in Deposit of Collected Holding/Property Tax by the Tax Collector.
2. Daily Collection Register is not maintained by Tax Inspector, Tax Collector.
3. Bank Reconciliation Statement not Prepared by Management.
4. Failed to collect Holding/Property tax from Government Department and Organizations.
5. There is no proper cash handling neither any locker was kept by the ULB.
6. Non Maintenance of Prescribed books of account.
7. Yes, All moneys have been brought to account.
8. No, Collections have not been deposited into Bank on the same day.
9. Monthly Receipt & Payment Account and Trial Balance is not being made.
10. On verification of vouchers on all payments above Rs. 10,000.00, we have found that these are appropriate and is in order with respect to documentation and approval etc.
11. No, Register for E-tender & Auction is not been maintained by ULBs.
12. Yes, there is a system of issuance of utilization certificate for the different schemes for any utilisation made during the reporting period.



3. Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement

- I. Tower tax is being levied but full recovery has not been done.
- II. On deduction of taxes, liability is not created hence it is difficult to ascertain tax payable at any point of time.
- III. Taxes collected by Tax Collector are not deposited on daily basis.
- IV. Demand and collection register is not properly prepared by the Nagar Panchayat.
- V. There is no proper cash handling neither any locker was kept by the ULB.
- VI. Deduction and contribution of PF and payment thereof has been made but such PF has been deposited in the separate account instead of Employee Provident Fund A/c.
- VII. General Cash Book & Cashiers Cash Book not maintain by the ULB.
- VIII. Fixed Assets Register is not maintained by the ULB.

4. Opinion

As referred above and detailed in Audit Report, we are of the opinion that The Functions of concerned ULB is confined to collection of Holding Tax. There are many other sources of Revenue which are not explored and taken care of by the Officers of concerned officer ULB.

5. Audit Recommendation

The concerned officers should explore other areas of Revenue Generations by surveying their area has Tower Tax, Advertisement Tax, Holding Fee, Trade License Fees, Others Fees and Taxes. Record keeping should done properly that any document can traceable as and when required for any purpose. Procurement related documents and files should be made available for verification and transparency purposes. cash book should be maintained properly by making entries of balances of each Bank account separately. several Books and registers which are not maintained or maintained in improper manner should be done properly. BRS should be prepared and reconciled on regular intervals. Internal Auditor and Accountant should have adequate coordination between them making the system perfect.

6. Fixed Assets Register

- I. The procurement of fixed assets is not proper and non-maintenance of Fixed Asset Register would lead to failure of determining the replacement cost.
- II. There is lack of knowledge in respect of maintaining fixed assets register amongst the ULB personals.
- III. The unit has not done the number mark for the assets physically lying with the unit.
- IV. Any loss and obsolescence of fixed assets during the year has not been reported to us.

7. Bank Reconciliation Statement:-

- I. Bank Reconciliation statement not prepared by ULB, thus we are unable to comment on Difference between Balance of Cash book & Bank Book.
- II. During the discussion with E.O. and Head Clerk we are suggest for the preparation of BRS on monthly basis for each schemes.



8. Vehicle Log Book:- Log Book maintained by the ULB.
9. Vouching:- in ULB there is no system of preparation of vouchers and payment has been done only though Bill/Invoices there is no where mention the voucher no. not even on the Bill/invoices and without a voucher no. it is a tough task to identify any particular day vouchers and Bill/Invoices.

10. Opinion

We suggest the followings: Audit Recommendations

1. All the prescribed books of accounts and Registers should be prepared on real time basis.
2. TDS should be deducted from salary, if applicable.
3. Bank reconciliation Statement should be prepared on monthly basis.
4. Demand & Collection Register of all the wards should be prepared as per BMAM format and calculation should be done as per new assessment.
5. Collection from own sources should be improved.
6. Collection by tax collector should be deposited on daily basis.
7. Compliance of AG audit report should be made as early as report is received.
8. Cashier and General Cash Book should be maintain.
9. New staff should be equipped with regular training to run the ULB smoothly.



COMMENTS FROM MANAGEMENT

Nagar Panchayat,Dumra

We are regularly trying to strengthen the system. We are also trying to develop system of internal control. So that resources can be utilized at optimum level.

Date:- 19.8.16

For, Nagar Panchayat, Dumra

Place:- dumra

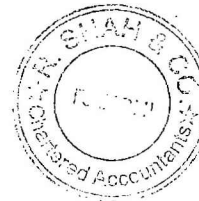
19.8.16
Executive Officer
Nagar Panchayat, Dumra
Br (Executive Officer)
19.8.16 13/8/16



Acknowledgment

We thank Mr. Ajay Kumar (Executive Officer for his support during the period of our audit. We are also thankful to Mr. Binod Kumar (Accountant) Tax Daroga, Computer Operator and support staffs of the municipality for their cooperation extended to us during the period of our audit.

Place: Ranchi
Date: 30/09/2017



For R. Shah & Co.
Chartered Accountants
FRN No.-502010C

CA. Neetu Jejani
(Partner)
M.N.-406561.

MAIN AUDIT REPORT**1. Introduction**

The Internal audit of Nagar Panchayat Dumra covering period from 1st April 2016 to 31st March, 2017 Was conducted by following persons under guidance of CA Neetu Jejani.

- i. Rana Burha Gohain
- ii. Ajay Singh
- iii. Anjali Singh

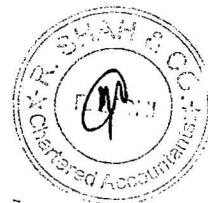
2. Administration

The present body of the ULB is functioning since March 2015. The incumbency in the key administrative and executive position was as under:

1. Smt. Bimla Sinha Chairperson till date.
2. Shri Ajay Kumar, Executive officer from 15 Sept. 2015 till date.

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

Sl. No.	Particulars of Audit and date of report	Total No. of Audit Paras.	Total No. of audit paras where necessary improvement/ corrective measure is required	Total No. of audit paras where recovery of cash is proposed	Total No. of audit paras where recovery has been made	Total amount of Recovery	Total No. of outstanding paras where no action has been taken	No. & date of Compliance report
No Current Audit have been conducted by the N.P. Audit observation – As per our last Audit Report.								



4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2016-17	2015-16	2014-15
Final/ Revised Budget	NA	2,06,25,000.00	5,79,02,000.00
Actual Expenditure	2,31,14,423.25	2,36,71,289.00	2,95,73,344.00
Savings (+)/ Excess (-)	NA	(-) 30,46,289.00	(+) 2,83,28,656.00

Suggestion to reduce huge difference between budget and Actual Expenditure.

The Nagar Panchayat should analyze its previous actual expenditure and by assuming the previous expenditure, increasing the same expenditure by 20% to 25% and Estimated budget for next year should be made.

II. Volume of transactions

Period	Budgeted (16-17)	Previous year(15-16)	Current Period (16-17)	Cumulative for the current period (16-17)
Opening Balance	NA	1,22,59,215.00	2,62,56,963.00	2,62,56,963.00
Receipts	NA	3,76,69,037.00	5,18,37,705.00	5,18,37,705.00
TOTAL	NA	4,99,28,252.00	7,80,94,668.00	7,80,94,668.00
Net Expenditure	NA	2,36,71,289.00	2,31,14,423.25	2,31,14,423.25
Closing Balance	NA	2,62,56,963.00	5,49,80,244.75	5,49,80,244.75



III. Bank Reconciliation

Details of Bank Accounts and their reconciliation position are as under:

Sl. No	Name of Bank	Account No.	Balance as on 31.03.2017	Name of Scheme	Reconciliation position
1	SBI	XXXX2155	27240.00	4 th Finance	Difference
2	SBI	XXXX3978	2953.00	13 th Finance	Difference
3	SBI	XXXX2414	26367442.00	Own Sources	Difference
4	BOI	XXXX5200	713189.00	Swachh Bharat	No. Difference
5	BOI	XXXX6382	15762371.75	HFA	No. Difference
6	Treasury PL A/c		37498984.00	Various Schemes	No Difference
	Total Bank Balance		5,66,41,479.75		
	Total Cash Book Balance		5,49,80,244.75		
	Difference		16,61,235.00		

Bank Reconciliation Statements have Not been prepared by the N.P. There is a difference of Rs 16,61,235/- between Cash Book and Consolidated Balance as per Pass Book of all accounts and Treasury PL A/c.



IV. Revenue Receipts

Period	Budgeted (16-17)	Previous year(15-16)	Current Period (16-17)	Cumulative for the current period (16-17)
a) Own Source				
Property Tax	NA	829961.00	1434877.00	1434877.00
Assigned revenue	NA	209800.00		
Others (Fees & User Charges)	NA	31702.00	57450.00	57450.00
(b) Administrative Grant				
4th State Finance	NA	7558890.00		
13th&th Finance	NA	3174868.00		
HFA	NA		33045442.00	33045442.00
Swachh Bharat	NA	1331543.00	2360875.00	2360875.00
Various Schemes	NA	24532273.00	14939061.00	14939061.00
TOTAL	NA	37669037.00	51837705.00	51837705.00

Status of Implementation of Double Entry Accounting System:- Double Entry Accounting System is not operational in the Nagar Panchayat.

Status of Municipal Accounts Committee; if meeting held

As per Section 98 of Bihar Municipal Act, 2007 it is necessary for the Municipality to constitute a Municipal Accounts Committee at its first meeting in each year or as soon as may be at any meeting subsequent thereto, but no Municipal Accounts Committee has been constituted by the Nagar Panchayat till the date of our audit.



Audit ObservationsPART-A

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

Collection of Revenue (own source)Holding & Property Tax Collection

Subject : Collection of Property Tax/Holding Tax by the Concerned ULB.

- Demand and collection register have not been prepared in a proper manner so it seems difficult to ascertain of tax arrears.

Impact: Due to non Collection of Property/holding Tax there is huge operational Revenue Loss to ULB and there is no record/register to know total current & arrear demand of holding tax therefore arrear of Holding /Property Tax on Govt. Building is as per list made available to us during the course of Audit.

Cause: Due to non follow up and monitoring of activities of Tax Inspector/Collector by the Concerned officers on regular intervals.

Recommendation: There Should be day to day monitoring on Collection of Taxes and also maintenance and update Of Demand and Collection Register on Regular interval.

Survey Report should be prepared for construction of new Residential/Commercial building on Yearly basis.

**Uncollected Tax for Govt. Building
2015-16**

Sl. No.	Holding no.	Tax Payer Name	Year	Amount (Rs.)
1	11	Krishi utpadan Simati	2011 to march 2016	8,21,580.00
2	13	Bihar Rajya Bhandar Nigam	2010 to march 2016	49,0,2012.00
3	06	Krishi utpadan Simati	2011 to march 2016	4,48,030.00
4	19	Dur sanchar kendra	2010 to march 2016	2,23,238.00
5	120	Krishi utpadan bazar Simati	2005 to march 2016	1,81,639.00
6	12	Viskoman seed Bhandar	2010 to march 2016	1,71,196.00
7	07	Vypar Mandal	1987 to march 2016	1,27,681.00
8	50	Mahila Siksha Samiti	2013 to march 2016	71,826.00
9	32	Bihar sirkar kachari	2004 to march 2016	30,279.00
			Total	20,75,469.00



Mobile Tower Tax:**Subject:** Collection of Mobile Tower Tax

➤ Tower Tax is taxes on communication Tower & related Structure Defined in **BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES,2012**. As per the rules all operators are required to register with their concerned ULBs and pay registration Fee & renewal charges on Annual Basis for communication tower erected within Nagar Panchayat area.

Currently the registration Fee and Annual Fees as follow

Fee for Registration:- Rs.40000.00 (Forty Thousand)

Annual Fees :- Rs.10000.00 (Ten Thousand)

Status/Condition: As per Details Provided to us there are total **25(Twenty Five)** Mobile Towers registered with this ULB up to 31.03.2017 and **Rs.18,80,000.00** /-is due to be recovered from these tower operators on account of Tower Tax.(Annexure-A)

Impact: Due to non collection of Tower Tax/Fees there is a revenue loss to ULB.

Cause: The ULBs does not have Proper mechanisms for Supervision and monitoring of the tower tax/rent due to which result in Result in Revenue Leakage.

Recommendation:

There should be proper monitoring and further steps are required to be taken for collection of Tower Tax by concerned ULB.

Non collection of Mobile Tower Tax/ Fee.

Ann-iii

F.Y.- 2015-16

Sl. No	MOBILE TOWER NAME	WARD NO	Registration fee	Due as on. 31.3.2016	Receipt	Closing bal
1	Mo. Tower Vision India Ltd.	3	40,000.00	60,000.00	-	1,00,000.00
2	Mo. Bharti Ltd	15	40,000.00	1,10,000.00	-	1,50,000.00
3	Mo. Tower Vision India Ltd.	14	40,000.00	90,000.00	-	1,30,000.00
4	Mo. Tower Vision India Ltd.	22	40,000.00	80,000.00	-	1,20,000.00
5	Mo. Disnet wireles Ltd (Aircel)	02	40,000.00	90,000.00	-	1,30,000.00
6	Mo. Disnet wireles Ltd (Aircel)	06	40,000.00	90,000.00	-	1,30,000.00
7	Mo. Disnet wireles Ltd (Aircel)	25	40,000.00	90,000.00	-	1,30,000.00
8	Mo. Disnet wireles Ltd (Aircel)	14	40,000.00	70,000.00	-	1,10,000.00



9	Mo. Disnet wireles Ltd (Aircel)	01/03	40,000.00	80,000.00	-	1,20,000.00
10	Mo. Disnet wireles Ltd (Aircel)	08	40,000.00	80,000.00	-	1,20,000.00
11	Mo. Asar Tel. Ltd	20	40,000.00	80,000.00	-	1,20,000.00
12	Mo. Asar Tel. Ltd	08	40,000.00	80,000.00	-	1,20,000.00
13	Mo. Vodafone ASR Ltd.	22	40,000.00	80,000.00	20,000.00	1,00,000.00
14	Mo. Vodafone ASR Ltd.	09	40,000.00	80,000.00	20,000.00	1,00,000.00
15	Mo. Vodafone ASR Ltd.	04	40,000.00	80,000.00	20,000.00	1,00,000.00
16	Wireless TT Info Ltd.	17	40,000.00	70,000.00	-	1,10,000.00
17	Reliance Telecoms Ltd.	03	40,000.00	1,30,000.00	-	1,70,000.00
18	Mo. B.S.N.L	08	40,000.00	1,30,000.00	-	1,70,000.00
19	Mo. B.S.N.L	04	40,000.00	70,000.00	-	1,10,000.00
20	Vodafone	22	40,000.00	60,000.00	-	1,00,000.00
21	Mo. Bharti InfoTech Ltd.(Airtel)	15	40,000.00	40,000.00	-	80,000.00
22	Mo. Asar Tel. Ltd	07	40,000.00	40,000.00	-	80,000.00
23	Airtel.	22	40,000.00	40,000.00	-	80,000.00
24	MTS	22	40,000.00	30,000.00	-	70,000.00
25	AIRTEL	22	40,000.00	30,000.00	-	70,000.00
		Total	10,00,000.00	18,80,000.00	60,000.00	28,20,000.00

Trade License:- As per section 342 of Bihar Municipal Act,2007,Trade license fee is to be collected from different types of Trader, who are trading in Concerned Municipal area not collected in F.Y.2016-17.

Survey for Assess of Trade License not provided to us during the course of audit.

Advertisement Tax:-chapter XVII of the Bihar Municipal Act,2007 requires license for advertisement of any hording, etc. as per the act Every Person who erects, exhibits, fixes or retains upon or over any land, building ,wall, boarding, frame, post, kiosk, structure, vehicle, neon-sign or sky-sign any advertisement, or display any advertisement to public view in any manner whatsoever (including any advertisement exhibited by means of cinematograph),visible from a public street a public place in any location in a municipal area including airport or a port or a railway station ,shall pay or every advertisement, which is so erected ,exhibited, fixed or retained or so displayed to public view, a tax calculated at such rate as may be determined regulations. it requires payment of certain fee for advertisement. No record regarding the same has been made available to us during the course of Audit.



Maintenance of Cash Book:-

- I. Cash book is not closed on daily basis and signed by Cashier and Account officer on monthly basis.
- II. Cash collected during the day has not been remitted to the bank on the next working day.

Statutory Deductions

Tax Deducted at Source(TDS):-

- I. TDS has been deducted at the rate 2.26 % in all contractor Payment (Construction Works).
- II. TDS has not been paid to Concerned Govt. Department within stipulated Due date.
- III. TDS for whole financial year has been deposited at the year end. This is not proper. Quarterly Return shown to us during the course of audit for last quarter. As per Sec.234E Of Income Tax Act,1961 late fees of RS.200 Per day is imposed if the return is not filed within the Due date. Due date from F.Y. 2016-17 is for 1st quarter is 31st July, for 2nd quarter is 31st October, for 3rd quarter is 31st January and for 4th quarter is 31st May.

- 1) **VAT, Royalty & Labour Cess:-** These taxes are deducted from different type of Contractors & Suppliers. These taxes are deducted on the payment to contractor and deposited in appropriate Govt. of different Department as like Bihar Commercial Taxes Dept. Mining Deptt. & Labour Deptt. These taxes are required to be deducted at the time of accrual or payment whichever is earlier but in the concerned ULB all taxes paid to the appropriate Govt. Account after the Stipulated Due Date. Taxes such as Sales Tax (VAT), Royalty, and Labour Cess etc are collected from time to time but payments were made after due date which is not proper.

Pay-Roll Register:- During the course of Audit Pay-roll Register not shown to us, thus we are unable to comment on deficiency in pay- roll system.

Inventory/Stores Register:- Inventory/Stores Register has not been maintained properly. Bin Card is not used in the ULB.

Grant Register & Utilization Certificates:- Grant Register has not been maintained by the ULB and upon enquiry of status of Utilization certificate, the E.O. and Head Clerk has explained to us that all Utilization certificates relating to financial year 2016-17 and prior period has already been submitted to concerned office.

Summary of utilization certificates given to us, list attached.

Deduction of PF:- Deduction of PF have been made but payment have not been made till due date.

Report on findings of field survey of Property Tax of minimum 20 high value properties

Field survey of 20 high value properties is attached herewith but property tax register is under preparation and demand & collection register were not updated and not maintain properly. So in this regard we checked 20high value property on the basis of available data.(Annexure – B)

PART-B

All audit objections/ irregularities which have no monetary implication, but significant violation of Act, Rules & directives of UD & HD. Mention the reference Act & Rules wherein remedial measures is required. In this part auditor should report in respect of –

1. Non- maintenance of books of accounts , subsidiary registers

Maintenance of Books Of Accounts: As per Bihar Municipal Accounting Manual following primary books of accounts are required to be maintained.

1. Cash Book (Form Gen-IA)
2. Bank Book (Form Gen-IB)
3. Journal Book (Form Gen-2)
4. Ledger (Form Gen-3)

The N.P. is maintaining Subsidiary Cash Books/ Bank Book.

In addition to above following other General Registers and forms are required to be maintained but the same are not being maintained or not properly maintained-

- Receipt GEN-8
- Receipt Register GEN-9
- Statement on Status of Cheques Received GEN-10
- Collection Register GEN-11
- Memorandum of Collection GEN-12
- Summary of Daily Collection GEN-13
- Register of Bills for Payment GEN-14
- Payment Order GEN-15
- Cheque Issue Register GEN-16
- Register of Advance GEN-17
- Register of Permanent Advance GEN-18
- Deposit Register GEN-19
- Summary Statement of Deposits Adjusted GEN-20
- Demand Register GEN-21
- Bill for Municipal Dues GEN-22
- Summary Statement of Bills Raised GEN-23
- Register of Notice Fee, Warrant Fee, Other Fees GEN-24
- Summary Statement of Notice Fee, Warrant Fee, Other Fees GEN-25
- Register of Refunds, Remissions and Write-offs GEN-26
- Summary Statement of Refunds and Remissions GEN-27
- Summary Statement of Write-Offs GEN-28
- Statement of Outstanding Liability for Expenses GEN-29
- Documents Control Register-30
- Register of Immovable Property GEN-31

- Register of Movable Property GEN-32
- Register of Land GEN-33
- Function-wise Income Subsidiary Ledger GEN-34
- Function-wise Expense Subsidiary Ledger GEN-35
- Asset Replacement Register GEN-36
- Register of Public Lighting System GEN-37

**** The Nagar Panchayat is suggested to maintain all the above "not maintained" books of accounts and register so the Nagar Panchayat will run smoothly.**

2. Irregularity in procurement process

No major irregularity observed during the audit.

3. Non-compliance of directives by UD & HD , GOB

There are certain directives which are not being comply by the concerned ULB regularly ,list of non Complied directives are following:

- Directives relating to forming a "Municipal Accounts Committee" have not been complied till date.
- Directives relating to preparation of practical budget was not followed by the ULB.
- Directives relating to not to hire any individual as a daily wages worker by the UD & HD through letter no.-04-U.H./1/99/1986/U.D.D25/06/01,but the concerned ULB has failed to comply this directives.

It has been observed during the audit that the concerned ULB has been Failed to comply certain provisions of Bihar Municipal Act. with respect to Section 86 of Bihar Municipal Act,2007,Executive Officer of ULBs should prepare Income and Expenditure Accounts. Further as per Section 88, Executive Officer Should Prepare a financial statement Assets and Liabilities from the date of ending of Financial year. As per Section 89 he should prepare a comparative statement to "Standing Committee" for the approval ,but the concerned ULB has failed to do so.

4. Non Compliance of Act & Rules

Various books of accounts and records, as provided in the Bihar Municipal Accounting Act and Rules are not maintained.

5. Non-compliance of TDS, VAT and other relevant Statute

Tax deducted at source of Income Tax, VAT & Royalty are deposited on yearly basis which is not proper it should be deposited within the due date prescribed under the respective statute. We observed that Income Tax, VAT, Royalty & labour cess for whole financial year have been deposited end of the year.



6. Deficiency in Pay-roll System

The pay-roll system is functioning satisfactory. But ESI, Pension fund contribution, LTA have not been deducted from salary only TDS has been deducted from EO salary.

7. Utilization of Grant and report on missing Utilization Certificates

Grant Register has not been prepared hence it is difficult to ascertain unutilized grant at any particular time. As explained to us, details of unspent balance has been given to us and Utilization certificates up to 31.03.2017 has been sent to the Government A Summary of Utilization certificate provided to us during the course of audit has been attached at the end of report .(List attached)

8. Physical verification of inventory/Stores

Store Register has been prepared but proper entry was not entered in proper way and physical verification of inventory/stores has not been done.

9. Advances, their adjustment & recovery

Advance Register has not been prepared hence it is very difficult to monitor advances, their recovery and adjustment. Hence, there is a possibility of defalcation of cash. As discussed with the Accountant there is no advance given to anyone for the financial year 2016-2017.

10. Any other matters as may be prescribed in due course.

Staff Accountant should be provided with necessary training to prepare the books for smooth operations ULB.



PART- C

General Observations: Auditor should report the deficiencies noticed during their audit and recommend ULB Management to improve internal systems.

A. Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts

No, Ledger accounts have not been prepared by the Nagar Panchayat.

B. 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
List attached above .

C. Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts

No quarterly Financial Statements have been prepared by the N.P.

D. Whether the period-end and reconciliation procedures prescribed have been carried out.

No, period-end and reconciliation procedures as prescribed have not been carried out.

E. Whether the Bank Reconciliation statements have been prepared and are appropriate.

Bank reconciliation statement has been prepared by the N.P. for F.Y. 2014-15, but No, Bank Reconciliation Statements have not been prepared by the Nagar Panchayat for F.Y.2015-16

F. Whether all grants from Government have been accounted at gross value with proper entries to various accounts.

Yes, all grants from Government have been accounted at gross value but all transactions are not correctly classified with sufficient details.

G. Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail.

No, all transactions have been classified as incomes and expenditure Only. Assets and liabilities have not been recognized.

H. Whether all grants sanctioned or received by them 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.

Grant received during the year has been properly Accounted for. Information about grant sanctioned and deductions made out of such grant is not available with the ULB.

I. 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.



- J. 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.
On our test check we did not notice any major deviation.
- K. Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account.
No, record of fixed assets has not been maintained by the ULB. Physical verification of fixed assets has not been done during the financial year under audit.
- L. Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry.
As explained to us, no property of the ULB has been given on lease.
- M. Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores.
No, physical verification of stores has not been conducted by the ULB at reasonable intervals.
- N. 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 physical verification done.
- O. 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 done.
- P. Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts.
No there are no procedures are in place to identify any unserviceable or damaged stores.
- Q. Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported.
No valuation of stores has been done.
- R. 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?
There is no case loans and advances other than advance to staff.



- S. Whether advances given to municipal employees and interest thereon are being regularly recovered.

Advance is being given to municipal employees but no interest has been charged.

- T. Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?

No, there does not exist any internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets.

- U. Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.

No significant deviation observed.

- V. 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 municipality is not regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc. We observed that all such taxes deducted during the financial year have been deposited in the year end.

- W. Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation.

The municipality is not given any contribution to PF or pension Fund. Employee contribution to PF and pension fund are being deducted from the salary of the employee and are being deposited in a separate bank account opened for the purpose.

- X. Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof.

We did not notice any such expenses.

- Y. Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently and are in all cases such as are authorized by law.

Yes on our test check we observed that all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget.

- Z. Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis.

Yes, revenue has been properly assessed, accounted for and collected. Recovery action taken on timely basis.

- AA. Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by law.

No tax collected by the tax collector are not deposited on daily basis. We observed that it is being deposited at interval of 2-3 weeks.



AB. 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 on our test check we observed that 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.

AC. Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.

Yes on our test check we observed that amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.

AD. Whether biometric devices and payroll software are used at the ULB. If not whether there is satisfactory system of payroll accounting; otherwise mention the key deficiencies of the system.

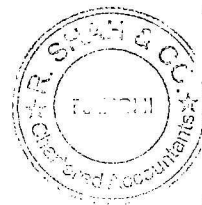
No, biometric devices and payroll software are not used at the ULB. Pay roll system of the municipality is satisfactory as its maintain Attendance register, contain leave records, details of deductions made etc.

AE. Whether the grievance redressal mechanism for the ULB is sufficient.

No, we did not observe any grievance redressal cell functioning at the ULB.

Place: Ranchi

Date: 30/09/2017



For R. Shah & Co.
Chartered Accountants
FRN No.-502010C

CA. Neetu Jeani
(Partner)
M.N.- 406561