URBAN DEVELOPMENT & HOUSING DEPARTMENT

Internal Audit Report
Of

Dighwara Nagar Panchayat

for the period from 01-04-2015 to 31-03-2016

Internal Audit conducted by

Mr. Krishna Singh
under the guidance of CA Chanakya Shree

From:-

M/s R N Singh& Co.
Chartered Accountants

From: -08-08-2016 to 11-08-2016 & 16-08-2016
Report issued on –19-08-2016

M/s R N Singh& Co.
Chartered Accountants
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Compliance Report for the scope of work as per the Contract with Internal Auditor

Name of Auditor: R N Singh& Co.			Name of ULB:- Dighwara Nagar Panchayat .
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's risk environment.	Complied in para no (e) of Part B of Detailed Audit Report (Lack of internal control measures) at Page no 23 & 24.
2	4.2 & 4.3	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; 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 □ Rule 22: All moneys to be brought to account □ Rule: 27: Collections to be deposited into Bank on the same day □ Rule 69: Grant Related Compliance □ Rule 120-121: Monthly Receipt & Payment Account and Trial Balance □ Rule 130: Audit to be completed & reported within 6 month	a) Complied in para no (c) of Part B of Detailed Audit Report (Non-compliance of directives by UD&HD, Government of Bihar) at Page no 23. b) Complied in para no (d) of Part B of Detailed Audit Report (Non-Compliance of Act and rule) at Page no 23.
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, Sairatetc; 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 ©,(d) & (e) of Part 4of Executive Summary at Pg 5a and para (a) & (b) of Part A of detailed audit report at Page no 12, 13 & 14.

R. N. SINGH & CO. ICAI Reg. No. 322066E PATNA CHARTERED ACCOUNTANTS

Name of Auditor: R N Singh& Co.			Name of ULB:- Dighwara Nagar Panchayat .
Sl. No.	Relevant Clause of Scope of Work of the Contract		Compliance (Mention the para no & Page no of audit report)
	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;	Complied in para no © of Part A of detailed Audit Report at Page no 14 to 22.
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 (b) of Part A of Detailed Audit Report at Page no 13 & 14.
6	4.8	Report on Procurement made including through E-Tendering and E-Auction indicatingexceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Complied in para no (b) of Part B of Detailed Audit Report at Page no 22.
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.	Complied in para no (h) of Part B of Detailed Audit Report at Page no 25.
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 (a) to (i) of Part 4 of Executive Summary at Page no 5 & 6.
9	4.11	Internal Audit should report instances of losses, failures or inefficiencies andrecommendations and/or measures which can be taken to avoid their recurrence in future.	Complied in para no (a) & (b) of Part A at Pg 12-14, Para no (f) & (h) of Part B of at Page no 24 – 25 and Para nos (c), (d), (e) & (f) of Part 4 of Executive summary.

R. N. SINGH & CO. CHARTERED ACCOUNTANTS PATNA

Executive Summary

1. Introduction:

- **Name of the Municipality: Dighwara Nagar Panchayat**
- **Period covered under current audit:1st April, 2015 to 31st March, 2016.**
- **Name of Chief Municipal Officer for the period under audit: Shri Shiv Shanker Prasad.**

2. Results and Findings:

- **Strengths observed during the audit engagement:**

  a) Dighwara Nagar Panchayat is in practice to prepare Cash Book of each scheme along with a separate cash book of Internal Source.

  b) Separate files of the parties to whom payments are made are maintained. Proper documentation process is followed.

  c) Board meetings of Dighwara Nagar Panchayat are held regularly and problems faced in smooth operation are resolved by passing resolutions.

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

  (a) Dighwara Nagar Panchayat is not in practice to maintain the General Cash Book properly. There are many erasures and over-writings. Also, the General Cash Book is not updated after 30-09-2015.

  (b) Dighwara Nagar Panchayat is not in practice to prepare the cash book of different schemes properly. Vouchers Numbers are not given for easy identification of the details of payment and receipt. Also, there are erasures and over-writings in the cash book.

  (c) Dighwara Nagar Panchayat is not in practice to maintain the vouchers properly. Vouchers are not serially arranged and binded.

  (d) The status of collection of property tax in Dighwara Nagar Panchayat is very poor. The demand for Property Tax was raised for Rs. 1,07,06,609/- including previous arrear of Rs. 94,70,425/- out of which only Rs. 1,62,970/- has been collected during the year 2015-16. Balance amount of Rs. 1,05,43,639/- is due for collection. It means only 1.52% has been collected during the year 2015-16.

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