

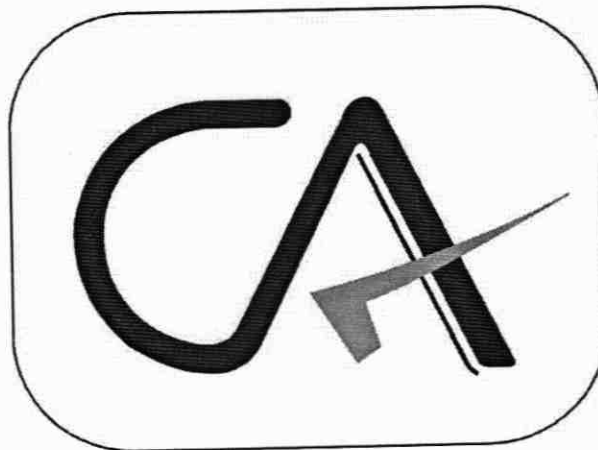
URBAN DEVELOPMENT & HOUSING DEPARTMENT

*Internal Audit Report
Of
Dumraon Nagar Parishad
for the period from 01-04-2015 to 31-03-2016*

Internal Audit conducted by

*Mr. Ramkripal Kumar
under the guidance of CA Chanakya Shree*

*From: -
M/s R N Singh & Co.
Chartered Accountants*



*From: - 01-06-2016 to 07-06-2016.
Report issued on - 16-08-2016.*

*M/s R N Singh & Co.
Chartered Accountants
208, Hem Plaza, Fraser Road, Patna - 01
Phone number: - 0612- 2202876, 9431019502
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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:- Dumraun Nagar Parisad
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 5 of Part B of Detailed Audit Report (Lack of internal control measures) at Page no 13.
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><input type="checkbox"/> Rule 22: All moneys to be brought to account</p> <p><input type="checkbox"/> Rule: 27: Collections to be deposited into Bank on the same day</p> <p><input type="checkbox"/> Rule 69: Grant Related Compliance</p> <p><input type="checkbox"/> Rule 120-121: Monthly Receipt & Payment Account and Trial Balance</p> <p><input type="checkbox"/> Rule 130: Audit to be completed & reported within 6 month</p>	<p>a) Complied in para no 4 of Part B of Detailed Audit Report (Non Compliance of Act and rule) at Page no 13.</p> <p>b) Complied in para no 3 of Part B of Detailed Audit Report (Non compliance of directives by UD&HD, Government of Bihar) at Page no 13.</p>
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, Sairat 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) Complied in para no 2 and 3 of Part A of detailed audit report at Page no 09 and para 1 of page 10.</p> <p>b) Complied in para no 6 of Part B of detailed audit report at Page no 13.</p>
4	4.6	Report in a separate chapter on implementation of SAS of Property Tax in	Complied in para no C of Part A of detailed Audit Report at Page no 11.



Name of Auditor: R N Singh & Co.			Name of ULB:- Dumraun Nagar Parisad
Sl. No.	Relevant Clause of Scope of Work of the Contract		Compliance (Mention the para no & Page no of audit report)
	Clause No.	Description	
		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 reported variations, if any, in PTRs and Actuals as per internal audits;	
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 10. And Complied in para no 1 of Part B of Detailed Audit Report at Page no 12.
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 2 of Part B of Detailed Audit Report at Page no 13.
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 2 of Part B of Detailed Audit Report at Page no 14.
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 3 of Part 4 of Executive Summary at Page no 3..
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 3 of Part 4 of Executive Summary at Page no 3.



Executive Summary

1. Introduction	
Name of municipality	NAGAR PARISHAD, DUMRAON (BUXAR)
Period covered under current audit	01-04-2015 to 31-03-2016
Name of Chief Municipal Officer / Executive Officer for the period under Audit	SRI ANUBHUTI SRIVASTAVA

2. Results and findings

- **Strength observed during the Audit engagement-**

- A. ULB is in practice to maintain the subsidiary cash book of each scheme.
- B. Actual collection of miscellaneous income of the unit has been improved by 146.1% for current period 2015-16 as compared to previous year 2014-15. It was Rs. 2, 64,629 for 2015-16 and Rs. 1, 07,583 for 2014-15.
- C. Procurement procedure has been followed properly.
- D. All the vouchers of ULB are duly authorized by competent authority.

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

- A. Collection of outstanding Holding Tax, Mobile tower tax etc. are not made on time, as a results huge amount of arrear exist in the books.
- B. Accounting and Financial Management system of ULB is not Satisfactory and following reasons can be quoted for the same:
 - a. Accounting process adopted by ULB is Single Entry System based on cash - basis of accounting. It is not as per Bihar Municipal Accounting Manual.
 - b. We observed that entry regarding payment has been taken in treasury cash book without narration. So, it becomes difficult to identify that payment made is for what purpose and under which head.
 - c. ULB is not in practice to prepare the Bank Reconciliation Statement.
 - d. Trial balance / Receipt & Payment Account is not being prepared by the ULB.
 - e. Fixed Assets Registers/stock register are not being properly maintained by the ULB.
 - f. The revenue collected are not deposited on same day, rather it depends upon the whims and fancies of the Collector.
 - g. Vouchers are not serially arranged in Index file. It becomes difficult to identify the vouchers easily regarding different payments.
- C. The ULB is not in practice to prepare summary of Daily collection.
- D. Non-realization of holding tax from Government Buildings leads to revenue loss to the ULB.
- E. Non-Realization of License fee/tower tax leads to revenue loss to the ULB.
- F. The Statutory Dues like PF, ESIC, TDS, VAT, Royalty etc. are not properly deducted and deposited on timely basis to the concerned departments.
- G. ULB has no record of TDS deducted on salary for the financial year 2015-16.
- H. Dumraon Nagar Parishad is not in practice to prepare the Demand Register regarding the collection of shop rent tax, mobile tower tax etc.



- I. ULB is not in practice to properly maintain the log book of different vehicles.
- J. ULB is not in practice to maintain different vouchers like Receipt Voucher, Payment Voucher, Contra Voucher and Journal Voucher.
- K. ULB is not in practice to prepare Budget as per the Bihar Budget Manual Act.

3. Opinion

The ULBs functioning is not up to mark rather it has ample scope of improvement. The ULB is required to improve a lot in the field of:

- a. Preparation of Accounts, Ledger, Books, Bank Reconciliation Statement, Various Registers and Records as required.
- b. It requires to improve its Internal Control Procedures with regards to Demand, Collection of Revenue, and Deposit of Collected revenue in the Banks.
- c. Due to non-implementation of Double entry accounting system proper recognition of income and expenses are not possible in accounts.
- d. ULB should keep proper records of deduction and deposit of statutory liabilities.
- e. ULB should properly maintain the attendance register of daily workers.
- f. ULB should take proper actions against the delay collection of its revenue from internal sources.
- g. ULB should properly maintain the log book of different vehicles.
- h. ULB should properly deduct the statutory dues and deposit them to the concerned department timely.

4. Audit Recommendations

- a. The various records, registers and books of accounts must be properly prepared as prescribed in the Bihar Municipal Accounting Manual.
- b. An erasure or overwriting of an entry once made in cash book is strictly prohibited. If a mistake is discovered it should be corrected by drawing the pen through the incorrect entry and inserting the correct one in red ink between lines. The head of concerned department should put initial on every such correction.
- c. All the vouchers must be properly kept, binded, serially numbered and arranged in index file.
- d. There should be proper monitoring on collection and deposit of the revenue from various sources. It should be specially focused on mobile tower tax and holding tax.
- e. The double entry accounting system is required to be implemented as soon as possible.
- f. The Bank Reconciliation Statement for all the Bank Accounts are required to be prepared on monthly basis.
- g. The PF and ESIC are required to be deposited for Contractual Employees on timely basis.
- h. ULB is required to give proper attention for collection of various revenue like Property tax, tower tax, Sairat and other taxes. There should be proper monitoring mechanism for the same.
- i. ULB shall make survey and assessment of Property / Holdings so that proper and correct tax can be levied and collected.
- j. ULB must collect property tax, mobile tower tax, advertisement tax, shop rent etc. on timely manner.
- k. The municipality should maintain following registers comprising of land, building and all other infrastructure, movable and immovable properties which belong to the municipality:



- (I) Register of land.
- (II) Register of immovable properties.
- (II) Register of Movable properties.
- I. ULB should properly follow the advance sanctioning process. Advances given to the employees are without any Advance Requisition Form. No approval from proper authority is available. Also, the adjustment process of the advance allotted is very poor.
- m. ULB should adopt computerized accounting system. It provides automatic ledger entries, accuracy and speed of automatic calculation, automatic production of trial balance from ledger entries, potential to create customized reports and provide additional analysis.

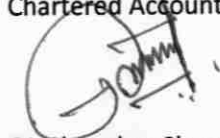
5. Comments from Management

As per discussion with Executive Officer and Head Clerk, it has been ensured that they are looking into the matter and proper action will be taken for all the observations coming out from audit.

6. Acknowledgement

We have received satisfactory co-operation and support from the officials and staffs of the ULB. We convey our sincere thanks to them for the same.

For R N Singh & Co.
Chartered Accountants



CA Chanakya Shree
(Partner)
Mem No. : 079322
FRN: 322066E



Detailed Audit Report

1. Introduction

The internal audit of **Nagar Parishad, Dumraon** covering the period from **01-04-2015 to 31-03-2016** was conducted by following person under guidance of **CA CHANAKYA SHREE**

I. **Mr. Ram Kripal Kumar**

2. Administration

The present body of the ULB has taken charge in **24-04-2015**. The incumbency in the key administrative and executive positions was as under:

Sri Mohan Mishra, Chairman from **24-04-2015 to till Date.**

Shri Anubhuti Srivastava, Executive Officer from **28-08-2015 to till Date.**

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

S. No	Particulars of audit and date of Report	Total No. of Audit paras.	Total No. of Audit paras where necessary improvement/ Corrective measure is required	Total No. of audit paras where recovery of cash is 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
1.	AG audit Report on 16/01/2015 A.G report	33	25	8	0	0	33	Not complied.
2	Internal Audit, dt 29.06.2016	10	10	1	0	0	10	Not complied.



Detailed Report on Compliance of Previous Internal Audit Report:-

Audit Observations	Complied/Not-Complied	Nature Of Irregularities
There is Purchases of Godrej Almirah from Jaiswal Agency of Rs. 74,725/-, Excide Battery from Shreeram Enterprises of Rs. 38,600/-. However, no quotations have been invited and available in the file.	Not-Complied	Persisting Since Last Year
TDS and VAT deducted from contractor during the financial year 2014-2015 and it is paid to income tax department through treasury. However, no details and proof of payment is available with the ULB.	Not-Complied	Persisting Since Last Year
Holding tax and other Miscellaneous Income collected but not deposited in the Bank on Time.	Not-Complied	Persisting Since Last Year
Mobile tower tax outstanding from 2005 to 2015 of Rs. 10,30,000/- from total of 9 companies.	Not-Complied	Persisting Since Last Year
Fixed assets register/stock register not properly maintained.	Not-Complied	Persisting Since Last Year
Treasury Bank Pass Book / Bank Statement not available.	Not-Complied	Persisting Since Last Year
Vouchers are not serially numbered, arranged in index file so that one can easily get the vouchers, he wants to verify.	Not-Complied	Persisting Since Last Year
There is no system and procedures being followed for giving Advances to employees. The amount of Advances are also not being caped and provided without any application for the same from the concerned employees and it is given without adjusting the previous unadjusted advances.	Not-Complied	Persisting Since Last Year
Proper attendance register should be properly maintained with regards to daily workers and it is required to be regularly reviewed by the	Not-Complied	Persisting Since Last Year



competent authority.		
Trial balance / Receipt & Payment Account is not being prepared either monthly / quarterly / annually.	Not-Complied	Persisting Since Last Year

4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2013-14	2014-15	2015-16
Final/Revised Budget	8,79,50,126.00	9,50,97,188.00	10,55,84,277.00
Actual Expenditure	5,11,39,857.00	6,85,56,573.00	4,66,94,211.00
Saving(+)/Excess(-)	3,68,10,269.00	2,65,40,615.00	5,88,90,066.00

II. Volume of transactions

Period	Budgeted (2015-16)	Previous Year (2014-15)	Corresponding Period of Previous year (2014-15)	Current Period (2015-16)	Cumulative for the Current Period (2015-16)
Opening Bal	3,40,94,968.00	7,73,08,074.00	7,73,08,074.00	15,46,16,148.00	15,46,16,148.00
Receipts	6,26,91,099.00	14,58,64,647.00	14,58,64,647.00	3,40,51,152.00	3,40,51,152.00
Total	9,67,86,067.00	22,31,72,721.00	22,31,72,721.00	18,86,67,300.00	18,86,67,300.00
Net Expenditure	10,55,84,277.00	6,85,56,573.00	6,85,56,573.00	4,66,94,211.00	4,66,94,211.00
Closing Balance	87,98,210.00	15,46,16,148.00	15,46,16,148.00	14,19,73,089.00	14,19,73,089.00

III. Bank Reconciliation Statement

Particulars	Name of Bank	Account no.	Balance as per Cash book as on 31-03-2016 (Rs.)	Balance as per Passbook as on 31-03-2016 (Rs.)	Difference (Rs.)	Remarks.
BRGF	MBGB	65327	5,54,727.00	18,07,355.00	16,51,494.00	Not Reconciled



	OBC	01958		22,149.00		
	SBI	42443		92,621.00		
	PNB	92661		2,84,096.00		
Nehru Swarojgar yojna	SBI	43127	97,00,997.02	73,92,830.70	44,900.32	Not Reconciled
	SBI	43138		22,63,266.00		
Holding tax & Miscellaneous	SBI	42102	-	1,26,190.00	1,26,190.00	Not Reconciled
SBM	OBC	15851	11,30,000.00	70,74,244.00	59,44,244.00	Not Reconciled
13 th finance	PNB	13933	12,994.00	53,628.00	40,634.00	Not Reconciled
E- governance	PNB	15001	27,640.00	4,94,516.00	4,66,876.00	Not Reconciled

IV. Revenue Receipts

Period	Budgeted (2015-16)	Previous Year (2014-15)	Corresponding Period of Previous Year (2014-15)	Current Period (2015-16)	Cumulative for the Current Period (2015-16)
(a) Own Source					
Property Tax	23,66,144.00	20,17,116.00	20,17,116.00	9,04,545.00	9,04,545.00
Assigned Revenue	0.00	0.00	0.00	0.00	0.00
Others (Fee & User Charges)	1,70,000.00	1,39,440.00	1,39,440.00	1,76,200.00	1,76,200.00
Interest Earned	1,79,723.00	1,25,000.00	1,25,000.00	1,50,123.00	1,50,123.00
(b) Administrative Grant.	0.00	0.00	0.00	0.00	0.00
(C) Specific Grant	5,99,75,232.00	5,82,22,970.00	5,82,22,970.00	3,28,20,284.00	3,28,20,284.00
(I) Central Govt.	1,07,30,442.00	52,59,259.00	52,59,259.00	1,01,27,860.00	1,01,27,860.00
(II) State Govt.	4,92,44,790.00	5,29,63,711.00	5,29,63,711.00	2,26,92,424.00	2,26,92,424.00

V. Status of implementation of Double Entry Accounting System:

The Double Entry Accounting System has not been implemented at the ULB.



VI. Status of Municipal Accounts Committee:

Municipal Accounts Committee is not formed at the ULB. However, Municipal Standing Committee has been formed which undergoes the work of Municipal Accounts Committee.

Audit Observations

I. Part-A

All Audit objections/irregularities which has monetary implications are provided here in below:

(I) **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.**

- a. **Mobile Tower tax:** - As per the rule, the Operator of the mobile tower has to apply to the ULB for registration by paying the Requisite fees of Rs. 40,000/- per Tower at the time of registration and the Renewal fee of Rs. 10,000/- per year. As per verification of records and document during the course of audit and according to the cash book produced by the ULB, it was found that realization of fee from the Tower Company is not satisfactory till the date of audit resulting in loss of Rs. 11,20,000/-. Details are given as bellows -

Name of companies	Registration fee	Renewal fee	Total
Reliance	40,000.00	1,10,000.00	1,50,000.00
BSNL	40,000.00	1,30,000.00	1,70,000.00
Tata Indicom	40,000.00	1,10,000.00	1,50,000.00
Airtel1	40,000.00	1,00,000.00	1,40,000.00
Airtel2	40,000.00	80,000.00	1,20,000.00
Aircel1	40,000.00	80,000.00	1,20,000.00
Aircel2	40,000.00	60,000.00	1,00,000.00
Uninor	40,000.00	50,000.00	90,000.00
Tower vision Ind. Ltd.	40,000.00	40,000.00	80,000.00
Total	3,60,000.00	7,60,000.00	11,20,000.00

b. **Cash defalcation found in respect of holding tax collection and deposited in bank.**

- (i) Holding tax is collected by the Tax Collector Shri Bihari Singh Yadav. Receipt number 6100 to 6200 for collection of holding tax is found missing from the collection receipt book. Also, the same receipt details are not available in the collection register. So, it is not possible to ascertain the amount of holding taxes collected through these receipts. It seems that the collection made through these receipts are not deposited into the accounts of ULB knowingly. It is required to be enquired upon and necessary action be taken.
- (ii) Also, on counter examining the collection receipt with the deposit receipt to Nazir, the same receipts from 6100 to 6200 are found missing.



- (iii) In some cases, we found that there is difference between the amount of holding tax collected and amount deposited in Government account. Details are given below: -

Tax collector	Slip no.	Tax collected(Rs.)	Deposited in Bank(Rs.)	Difference(Rs.)
Swaminath Prasad	9753	1,110.00	1,010.00	100.00
Swaminath Prasad	9729	1,121.00	1,021.00	100.00

- (iv) in some cases, collection of holding taxes are not deposited into the bank account. Details are given below: -

Tax collector	Date	Slip no.	Amount(Rs.)
Swaminath Prasad	10-04-2015	5521 to 5529	2,074.00
Swaminath Prasad	10-04-2015	5530 to 5537	1,195.00
Swaminath Prasad	11-06-2015	5538 to 5550	1,812.00
Total			5,081.00

(II). Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs.

a. Payment made by ULB but bill/vouchers have not been provided.

We observed that in the financial year 2015-16 total payment has been made of Rs. 1,48,825.00 by ULB but no bill/vouchers have been presented by the management at the time of audit regarding this. Details of payment are as below: -

Name	Date	Cheque no.	Amount (Rs.)
Shubhas sharma	25-05-2015	614920	56,050.00
Shubhas sharma	29-05-2015	614921	32,775.00
Kadam rashul	-	-	60,000.00
Total			1,48,825.00

The amount is required to be recovered from the concerned person.

b. Irregularity found in payment to contractor for departmental work:

We found that in the financial year 2015-16 payment made to Mr. Bhola of Rs. 6,25,000/- for shed construction of municipality building, Dumraon but in this respect bill submitted by Mr. Bhola of Rs 2,01,668/- does not have the date mentioned on the bill. Such bills are not to be considered adequate for payment. Details of such bills are given below: -



Name of vendors	Amount (Rs.)
Kailash cement agency	40,950.00
Pratap It udyog	37,200.00
Pratap It udyog	49,118.00
Pratap It udyog	37,200.00
Pratap It udyog	37,200.00
Total	2,01,668.00

(III). Report on findings of field survey of property tax of high value properties:

In Nagar Parishad, Dumraon recently no survey has been done against property on which property tax is levied. Property tax is collected on the basis of survey done in 1973-74. Area occupied by the holdings are not mentioned in survey report of 1973-74. Tax is levied on the basis of annual valuation. Following details are given below regarding to 20 high value property tax field survey:-

Sl no.	Ward no.	Name of tax payer	Holding no.	Annual valuation in Rs. (A)	Annual tax Rs. (B)=A*10 %	Quarterly instalment (C.)=B/4	Collect ed tax as per demand register(Rs.)	Difference(Rs .)	Remarks
1	19	Prabandhak hariyana farm	70	14,280.00	1,428.00	357.00	357.00	-	-
2	19	Mukhy anudeshek pasupalan vidalay	71	19,680.00	1,968.00	492.00	492.00	-	-
3	10	Pulice barraik no-2	126	2,400.00	240.00	60.00	60.00	-	Taxes is not given from 2006-07.
4	11	Bachan singh	25	1,500.00	150.00	37.50	25.00	12.50	-
5	11	K. Gopal Prasad	27(3)	2,500.00	250.00	57.50	5.00	57.50	Taxes is not given from 1987-88.
6	12	Lalchand prasad jaiswal	51	2,000.00	200.00	50.00	50.00	-	Taxes is not given from 1998-99.
7	16	K pannalal khemani	119	10,000.00	1,000.00	250.00	46.50	203.50	-
8	16	Jagdis Prasad	120	2,000.00	200.00	50.00	45.00	5.00	Taxes is not given from 1985-86.
9	4	Naya thana	1	3,900.00	390.00	97.50	97.00	0.50	Taxes is not given from 2006-07.
10	4	Residenti	2	11,380.00	1,138.00		284.00	0.50	Taxes is not given from



		al naya thana				284.50			2006-07.
11	14	Satypraka s sinha	27	13,000.00	1,300.00	325.00	3.75	321.25	Taxes is not given from 1997-98.
12	14	Dumrao raj chikitsaly	29	2,000.00	200.00	50.00	38.75	11.25	-
13	13	Prem shankar chaudhry	46	2,000.00	200.00	50.00	50.00	-	Taxes is not given from 2011-12.
14	13	Ramsah	50	3,000.00	300.00	75.00	12.50	62.50	-
15	5	Rajy vahu desiy uchhtam vidyalay durao	68	5,000.00	500.00	125.00	75.00	50.00	Taxes is not given from 2009-10.
16	4	Block develop ment ofc.	76	20,000.00	2,000.00	500.00	297.00	203.00	-
17	13	Pulis chauki	21	1,800.00	180.00	45.00	45.00	-	Taxes is not given from 2006-07.
18	13	Kapildev prasad bhagat	25	1,500.00	150.00	37.50	15.00	22.50	
19	12	Ganesh, badri & Lakshmi	30	2,000.00	200.00	50.00	20.00	30.00	Taxes is not given from 2001-02.
20	23	Shikshan prashiksh an college dumrao	52	2,500.00	250.00	62.50	62.50	-	-

II. Part- B

All Audit objections/irregularities which has no monetary implication but significant violation of Act, Rules & directives of UD & HD are provided here in below:

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

The ULB is not preparing the Accounts and Financial Statement as per Section 86 & 88 of the Bihar Municipal Act, 2007. As required under section 88 of the said Act, the ULB is required to prepare within four months from the close of the year, Financial Statement Containing an Income & Expenditure Accounts and a Receipt and Payment Account for the previous year w.r.t. the accounts of the ULB.

We observed that following registers which are given below have not been maintained by the ULBs.

a. Statutory Registers.



- b. Collection register of all taxes/user charges/fees & fines.
- c. Leave Register.
- d. Bid register.
- e. Rent register of shop.
- f. Monthly receipt and payment account is not being prepared by the ULB.

2. Irregularity in procurement process: -

No such cases observed during the course of our Internal Audit.

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

There is no observation found in this regard.

4. Non-compliance of Act & Rules: -

The ULB is not preparing following Financial Statement of the Preceding years as required under Rule 122 of the Bihar Municipal Accounts Rule, 2014:

- a. Receipt & Payment Accounts for the Year (BMAR Form No 71).
- b. Income & Expenditure Account for the Year (BMAR Form No 73).
- c. Balance Sheet as on 31st March of the Year (BMAR Form No 74).
- d. The ULB is not preparing Fund Wise Receipts & Payments under BMAR Form No 71 within 20th day of the subsequent months as per Rule 120 of the Bihar Municipal Accounts Rule 2014.

5. Lack of internal control measures: -

During the course of our Audit, we have observed various discrepancies in the Cash Book, which are enumerated below: -

- a. Voucher numbers through which payments were made, were not clearly indicated.
- b. Vouchers are not serially numbered, arranged and kept in index file.
- c. Head-wise distribution of expenditure was not clearly entered.
- d. Erasures and overwriting were found in many pages.
- e. Interest given by bank are not entered in cash book.
- f. Log book is not properly maintained and consequently its analysis is not possible.
- g. The cash book balances are not reconciled with the Balances in Bank Pass Book.

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

We observed that payment made to publication agencies for tender publication in newspaper by ULB but in this respect TDS on payment has not been deducted at the time of payment. Details are given below: -

Name of Publication agencies	Date	Cheque no.	Amount (Rs.)
Hindustan Media Venture	28-03-2016	982958	74,228.00
Hindustan Media Venture	18-12-2015	A833790	12,798.00



Hindustan Media Venture	26-08-2015	A833716	19,197.00
Hindustan Media Venture	26-08-2015	A833715	5,119.00
Jagran Prakashan Ltd.	17-03-2016	982951	58,878.00
Jagran Prakashan Ltd.	26-08-2015	A833714	25,743.00
Natural Publicity House	18-12-2015	A833791	32,151.00
Total			1,36,319.00

7. Deficiency in pay-roll system: -

The Payroll system at the ULB is not satisfactory. The register, records relating to statutory deduction like PF, ESIC, Income Tax etc. are not maintained. The PF, ESIC with respect to contractual employees as well as regular employees are neither deducted nor paid to the statutory authority.

8. Utilization of Grant and report on missing Utilization Certificates: -

Huge amount of grant allotted to Nagar Parishad but against these allotments, few UCs submitted. Details are given below: -

Sl. no.	Financial Year	Letter No.	Date	Scheme	Total Allotment	U.C. Submitted	Balance UC not submitted
1	2015- 16	16	17.05.15	S.B.M	51,72,600.00	51,72,600.00	-
2	2015-16	9	15-09-2015	Parshad Bhatta	2,85,715.00	-	2,85,715.00
3	2015-16	6	24-04-2015	City man. Honour.	3,54,000.00	-	3,54,000.00
4	2015-16	38	28-08-2015	Peshakar	13,90,791.00	-	13,90,791.00
5	2015-16	124	24-03-2016	5 th Finance	87,76,321.00	-	87,76,321.00
6	2015-16	124	24-03-2016	5 th Finance	127,62,570.00	-	127,62,570.00
7	2015-16	124	24-03-2016	5 th Finance	19,70,840.00	-	19,70,840.00
Total					307,12,837.00	51,72,600.00	255,40,237.00

9. Physical verification of inventory/stores/Fixed Assets. -

- Fixed assets register has not been maintained properly at ULB. Details of fixed assets have not been available at the ULB.
- Stock register has not been maintained properly only receipt quantity has been entered in stock register, issued quantity and balance quantity has not been shown in stock register.

Hence, we are not able to physically verify fixed assets and stock of the ULB.



10. Advances, their adjustment & recovery: -

Advances are given to the employees without any requisition form. Advances are given and approval is given by the Executive Officer on the concerned file. After the submission of the bills, concerned advances are adjusted with the concerned files. ULB does not have a summary detail of the amount of advance granted to the employees and their adjustments made. However, the details of advance granted and their adjustment details are available in the concerned work file.

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

No other matters observed during the course of our Internal Audit.

III. Part-C

General Observations: -

There are lots of scope for improvement with respect to maintenance of Records and Registers. The important and basic records like annual accounts, assets register were not maintained. Effective steps may be taken to improve the maintenance of accounts and increasing of its own sources of revenues.

For R N Singh & Co.
Chartered Accountants



CA Chanakya Shree
Partner
Mem No.: 079322
FRN: 0322066E



✓ purchases of steel pole, Mounted Bin from Bhappur enterprises 160 pc @ 19,500 = 3,120,000 but only 2 vendors quotations + vouchers available Bhappur enterprises & M/s. Saha enterprises.

⇒ payment made to daily worker wages but in this regard no any Register maintained only on the basis of Muster Roll. payment made.

⇒ Index of Assets register not properly maintained.

⇒ Stock register not maintained.

⇒ payment made to Kadam. Rs 60,000 but no any voucher / supporting available.

⇒ No any files / supporting arrange serially in index files.

⇒ General Ledger register not maintained.

⇒ Advances given to employee without taken application and it is given to employee beyond the limit & advance register not properly maintained.

⇒ Attendance register not properly maintained if it not review by competent Authority in one time many days attendance made by employee.

✓ Advances (settled) given to ~~Advances~~ Durgal
Birla not available

Date
7-8-14
11-8-12-14

amt
10,000
10,000
30,000

Chq no
A 83340
A 833458
614879



2/16/16
मुख्यालय पदाधिकारी
ग्राम परिषद, इमरौव

(It is settled)
 Date cheq no
 22-10-19 614880
 28-10-14 619882

amt
 90000
 90000

2) purchases of payment to shubhash showing available
 any voucher / supporting
 Date cheq no - amt
 25-5-15 619920 56050
 29-5-15 619921 32775

3) Holding Tax collection & Misc income of Municipal net entered in cash book only
 cash / cheques deposited in Bank entered in cash book

4) TDS deduct from contractor ~~contract~~ payment made to Income Tax department due date & amount. Deducted net available at Municipality office.

5) salary paid to permanent employee of Municipal but TDS not deducted at the time of payment.

Name	Salary Month	Designation	amt
(i) Anurag Ray	Aug - Sep-16		37065 + 30065
(ii) Jany	from Aug-Sep-16	shop assistant	25520 + 24520

6) Treasury PLA A/c no 231 Bank statement or passbook net available



✓ TDS not deducted

Name of Agency/person	Date	Cheque no.	Amount
(i) Hindustan Media ventures	28-3-16	982958	79228
(ii) Jagran prakashan Ltd.	17-3-16	982951	58878
(iii) prakashan Ltd.			12798
(iii) Hindustan Media ventures	18-12-15	A833790	32151
(iv) Nature's publicity House	19-12-15	A833791	19797
(v) Hindustan Media ventures	26-8-15	A833716	25743
(vi) Jagran prakashan Ltd.	26-8-15	A833719	5119
(vii) Hindustan Media ventures	26-8-15	A833715	789168
(viii) Premprakash Singh contractor	11-12-15	A833786	

Payment made to chandras filling station for diesel & petrol at ₹ 52288 but log book of vehicle not found. Vehicle log book given to who.

⇒ Holding Tax 6100 to 6200 (slip no) collected but still date of Audit not deposited in bank because slip missing from Holding Tax collector Bihari Yadav.

⇒ payment made to Mr. Bhalg of ₹ 625,000 for shed construction of Municipality. Shed out attach bill date of Bill missing of ₹ 201668 if not entered in cash book details.

Name

Kailash Cement agency

Amount

40950

37200

49118



27/1/16
Bhaskar Singh

2) Total no

F Y 2015-16 = 6

Date 31-3-16, 22-2-16, 23-11-15, 22-8-15, 25-7-15, 16-5-15

stock register not maintained. ^{is sufficient for}

2) Mgt said as per Bihar Govt rules only 1 quotation
Payment made to Harsh electronic of
₹ 33,75,302 for LED Light 72 watt & fitting
charged. but ~~is the~~ quotation of other vendor
(minimum 3 vendors) not available.

3) JCB purchase from shankar equipment of
₹ 22,72,000 but in this regards only two
vendors quotation available. that is
pathipura equipment Ltd. & shankar equine
Ltd. cheque no- 619908 date 4-3-15
it is mentioned on only cheque issue register
not entered in cash book.

4) Municipality purchased JCB, pickup van of
tipper machines & other vehicles ^{on the basis} decision
taken from shashik shree Samiti meeting
held but MiniBsed Register not
provided.

5) payment made to prathvi unit infrastructure
for purchase of 2000 dust bin Bill
submitted by prathvi unit infrastructure ₹ 22,47,000
date of bill missing & Rate of dust bin
mentioned in bill 713.35 per unit, (20 Ltr.)
but amount paid by Municipal @ 799
per unit so excess payment = $2000 \times (35.65) 7.99 - 713.35$
= 71300

cheque no 298298

executive officer of Municipality not



Date	Amount	Slip no.	Collector
10-9-15	2074	5521-5529	Swoomitha provided
10-9-15	1195	5530-5537	Swoomitha provided
11-6-15	1812	5538-5550	Swoomitha provided
	<u>5081</u>		

⇒ Some of Holding for slip ~~entry~~ ^{entry in} Working shows
 Slip no - Collectant Cash book Difference
 9753 1110 1010 100
 9729 1121 1021 100

⇒ Payment made to Mr. Bhalu no any ~~fit~~ ^{fit}
 for Repaid & Maintenance of Municipal Building
 available

File/Supporting/voucher

Date	Cheq no.	Amount
13-3-15	A833626	1,61,387
11-2-15	A833610	4,34,783
5-2-15	A833609	2,71,774

⇒ Budget for F.Y 2014-15 not provided
 ⇒ Actual Receipt & Expenditure F.Y 2014-15 not provided

Bank name	A/c no.	31-3-15 Amount	31-3-16 Amount
PNB1	0152000101913933	49,539	194,516
PNB2	0152000101915001	122,681	5,55,838
PNB3	0152000101913942	2,55,276	2,42,735
PNB4	3877000101009266	1,27,233	73,92,836
SBI1	11747943127	72,21,650	22,63,265
SBI2	11747943138	21,75,381	9,26,21
SBI3	30384542443	89,024	4,77,665
SBI4	11747943149	54,7130	22,149
QBC	142011001958	28,54,740	70,74,244
QBC	14219101585	37,70,764	60,81,767
QBC	15142191016728	58,45,605	



⇒ BRS not prepared. monthly/
quarterly/Annually by Municipality.

⇒ Executive Officer of Municipality Chairman
2014-15 - श्री जीत कुमार Kamlesh Prasad
2015-16 - श्री सुश्री जीवा लिंग Michoo Mishra

⇒ Accoutant - Yttam Kumar yk3141142@gmail.com
⇒ Dummer - a.p.dumron@gmail.com
⇒ Dummer 2 - nagarpatishtadumron@gmail.com

period
Chairman

18-3-15
28-10-15

Aug-2007
07-2-14



672-2-15-7385

10. The first part of the book is devoted to a description of the various forms of the verb 'to be' in the different tenses and moods. This is followed by a chapter on the use of the auxiliary verbs 'do' and 'have'.

The next chapter deals with the use of the pronouns 'I', 'you', 'he', 'she', 'it', 'we', 'you', 'they' in the different cases. This is followed by a chapter on the use of the adjectives 'this', 'that', 'these', 'those'.

The next chapter deals with the use of the adverbs 'here', 'there', 'where', 'when', 'how', 'why', 'how often', 'how long', 'how far', 'how much', 'how many'.

The next chapter deals with the use of the prepositions 'in', 'on', 'at', 'from', 'to', 'of', 'with', 'without', 'between', 'among', 'under', 'above', 'below', 'beside', 'opposite', 'in front of', 'behind', 'in front of', 'behind'.

The next chapter deals with the use of the conjunctions 'and', 'or', 'but', 'so', 'because', 'if', 'when', 'where', 'how', 'why', 'how often', 'how long', 'how far', 'how much', 'how many'.

The next chapter deals with the use of the relative pronouns 'who', 'whom', 'whose', 'which', 'that', 'what', 'where', 'when', 'how', 'why', 'how often', 'how long', 'how far', 'how much', 'how many'.

The next chapter deals with the use of the demonstrative pronouns 'this', 'that', 'these', 'those' in the different cases. This is followed by a chapter on the use of the possessive pronouns 'my', 'your', 'his', 'her', 'its', 'our', 'your', 'their'.

The next chapter deals with the use of the interrogative pronouns 'who', 'whom', 'whose', 'which', 'that', 'what', 'where', 'when', 'how', 'why', 'how often', 'how long', 'how far', 'how much', 'how many'.