

SPUR-PMU (Samvardhan)  
No. 1138  
In Coming Date 31/01/17

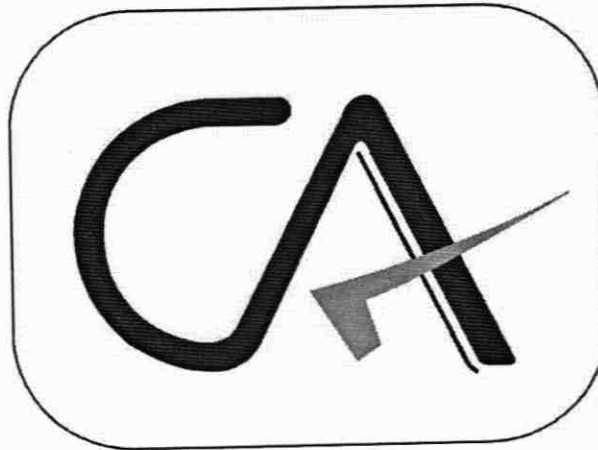
## URBAN DEVELOPMENT & HOUSING DEPARTMENT

*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  
E-mail: - [chanakya@leomanagement.in](mailto:chanakya@leomanagement.in)

**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&amp;HD. In its report there must be a separate section for non-compliance of rules/directives of UD&amp;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 &amp; Payment Account and Trial Balance</p> <p><input type="checkbox"/> Rule 130: Audit to be completed &amp; 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&amp;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

<b>1. Introduction</b>	
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:

