

# INTERNAL AUDIT REPORT

OF

NAGAR PANCHAYAT

EKMA BAZAR (SARAN)

For the period from 01.04.2014 to 31.03.2015

Internal Audit Conducted by:

M/S RAJEEV R MISHRA & CO.

CHARTERED ACCOUNTANTS

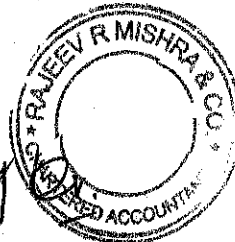
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*Rajeev R Mishra*



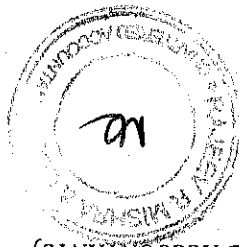
**Internal Audit Report- Nagar Panchayat- Ekma Bazar**

**NAGAR PANCHAYAT - EKMA BAZAR (SARAN)**

**INTERNAL AUDIT REPORT OF F.Y.2014-15**

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## Internal Audit Report- Nagar Panchayat- Ekma Bazar

### Section A: Audit Procedure

This internal audit report (here-in-after referred to as "report") has been issued as a part of our engagement for internal audit for the Period ended on 1<sup>st</sup> April 2014 to 31<sup>st</sup> March, 2015. The ULB (Nagar Panchayat, Ekma Bazar, Saran) is a wing of Urban Development and Housing Department, Government of Bihar and we have carried out the Internal Audit as per the appointment letter issued by the management of Support Programme for Urban Reforms in Bihar (SPUR), Patna. Vide the Notice to Proceed (NTP) Number : SPUR-PMU/194/IA-140 ULBs & SLMA/G-11/RRM/2016/132/31 Dated 5<sup>th</sup> April 2016.

We have conducted our audit in accordance with the Standards on Internal Auditing (SIA) issued by the Institute of Chartered Accountants of India. These Standards require that we plan and perform the internal audit in such manner so that to cover all the scope, coverage and resources including planning with respect to time and resources to be used. An internal audit includes examining every aspect of the organisation as per the Terms of Reference and to the extent as provided in the scope of Internal Audit. Besides, this being an internal audit, it also covers the extensive scope as specified by the management of the Organisation in the engagement letter.

### The Salient Points of the scope covered by our internal audit are as follows:

1. Evaluation of internal controls as discussed in Bihar Internal Control Manual.
2. Compliance of Bihar Municipal Act related Rules and Regulations.
3. Compliance of Bihar Municipal Accounting Manual, BMAR- 2014 and Bihar Municipal Budget Manual.
4. Reporting on all major own resources revenue Loss.
5. Survey Report on at least 20 high value property in the town.
6. Vouching of all payments above Rs. 10,000/-.
7. Report on procurement made through 'Tender' for the value above Rs. 15,000/-.
8. Appraisal of the effectiveness of overall accounting system.

Moreover, our scope of examination also covered the requirements of the specific points as spelled out by the management of UD&HD. The result and recommendations of our internal audit are set out in scope of audit and where ever required, in annexure forming integral part of our report.



## Internal Audit Report- Nagar Panchayat- Ekma Bazar

### **We have conducted the Internal Audit with the objective:-**

- ❖ That the assets of the ULB are being properly protected and accounted for.
- ❖ That the current transactions are promptly and completely recorded.
- ❖ That the inefficient or fraudulent operations are revealed.

We started with an overview of activities through a study on various documents generated by the ULB. We then identified, evaluated and tested the adequacy, effectiveness and efficiency of internal controls including policies and procedure laid down by the management for each of the areas included in the scope of work.

Testing of internal control was carried out by checking of translations on sample basis for the period covered under the audit.

Our observations resulting from the audit performed on a sample of transactions along with suggested recommendation for addressing these observations are set out under - Part (A), Part (B) and Part (C) of the audit report.

During the audit, we reviewed the following Registers and Documents.

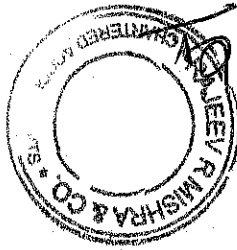
- ❖ Accountant cash Book
- ❖ Subsidiary Cash Book
- ❖ Bank Book
- ❖ DCR
- ❖ Vouchers along with supporting documents.
- ❖ Others related records and registers.

For

Rajeev R Mishra & Co.  
Chartered Accountants  
FRN: - 021466N

CA Mritunjay Kumar  
M.No. - 535789

Contact No- 9835156869



*Rajeev R Mishra*

Executive Summary

1. Introduction

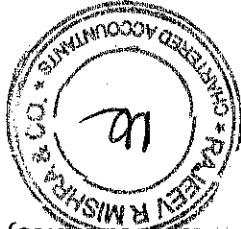
NAGAR PANCHAYAT, EKMA BAZAR, SARAN	Name of the Municipality
01.04.2014 to 31.03.2015	Period Covered under Current Audit
MR. Hartish Chandra (July, 2016 to Till Date) (ekma.ulb@gmail.com)	Name of the Executive Officer of the ULB
Mrs. RITA DEVI (From MAY,2015 to Till date)	Name of Chairman of the ULB
Mrs. Rinki Devi (From MAY,2015 to Till date)	Name of Vice-Chairman of the ULB

2. Results and Findings

<p>1. Cheque issue Register &amp; Yojna Panji has been prepared.</p> <p>2. Samiti Cash Book has been written.</p> <p>3. Subsidiary Cash Books has been prepared.</p> <p>4. Bank Books for PL account.</p>	<p>Strength observed during the audit engagement</p>
<p>1. Holding/Property Tax has not been collected.</p> <p>2. Main cash Book has not been maintained. Only Subsidiary cash books have been maintained.</p> <p>3. During the audit we observe that no collection of tower tax during the financial year 2014-15 has been received. Only 6 mobile towers of different companies have been operating in the area but none of them has paid the tower tax during the financial year 2014-15. To quantify the amount of arrear of tower tax we need the following information from the ULB:</p> <p>(a) Total number of towers operating in the area of nagar panchayat.</p> <p>(b) Total number of additional antenna on each tower.</p> <p>(c) Month and year of establishment of each tower and additional antenna.</p> <p>(d) Among the total towers how many have been paid their registration fee with the ULB.</p> <p>But the above information have not been provided by the ULB hence we could not compute the exact amount of dues of tower tax from each tower.</p> <p>4. Bank Reconciliation Statement is not prepared at all.</p> <p>5. There is lack of internal control in respect of timely deposit of various taxes such as VAT, Royalty, TDS and labour cess. Although these statutory dues have been collected from time to time but its payment have not been made on time.</p> <p>6. Acknowledgement of E-Filing of TDS Return was not made available to us.</p> <p>7. Annual Budgets have not been prepared.</p>	<p>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</p>

<p>8. ULB does not follow Double Entry Accounting System (DEAS).</p> <p>9. As per BMA, 2007 financial statement such as Balance Sheet, Income and Expenditure Account and Receipt and Payments account are required to be prepared and get approved from the board on annual basis but we observe that these have not been prepared for any year till date.</p> <p>10. Fixed Assets Register is not maintained by the ULB properly.</p> <p>11. Holding or Property Tax has not been implemented till the financial year 2014-15.</p> <p>12. Daily wages registers are not provided to us.</p> <p>13. There are lack of internal control with respect to collection of own resource revenue covered under SAIRAT during the FY 2014-15.</p> <p>14. Grant register has not been maintained properly; hence it is difficult to find out the amount of unutilised grant at any point of time.</p> <p>15. No separate advance register is maintained hence it is difficult to monitor for advance given and adjustment thereof.</p> <p>16. Details of UCs already sent to department have not been provided to us. According to management, the UC are sent to department as and when required by the department.</p> <p>17. Demand - collection register has not been prepared.</p> <p>18. Log book is not maintained properly for Suction machine and Ambulance.</p>	
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<p><b>Recommendation:-</b></p> <ol style="list-style-type: none"> <li>1. Financial Statement for every year such as Balance Sheet, Income &amp; Expenditure A/C, and Receipts &amp; Payments A/C should be prepared.</li> <li>2. Demand and collection register for holding and property tax should be prepared properly as the ULB has started the collection of Property Tax from the financial year 2016-17.</li> <li>3. Fixed Assets Register should be prepared.</li> <li>4. Stock Register should be prepared.</li> <li>5. Grant wise Utilization Certificate should be prepared.</li> <li>6. BRS should be prepared on Monthly basis.</li> <li>7. ULB should follow DEAS as soon as possible and should maintain books of accounts and register as prescribed by BMAR.</li> <li>8. Demand collection register should be maintained properly.</li> </ol>	<p>The Recommendation of audit team on the observed weakness.</p>
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**4. Audit Recommendations:-**

<p><b>Overall Opinion:-</b></p> <ol style="list-style-type: none"> <li>1. No Financial Statements such as Balance Sheet, Income &amp; Expenditure A/C and Receipts &amp; Payments A/C have been prepared by the ULB.</li> <li>2. Most of the Books of Accounts as prescribed by BMAR are not maintained.</li> <li>3. ULB does not follow DEAS.</li> <li>4. Collections of revenue from own resources are very poor.</li> <li>5. There are serious lapses in timely deposit of statutory dues, such as VAT, TDS, and Labour Cess Etc.</li> <li>6. Fixed assets Register is not maintained.</li> <li>7. Stock Register is not maintained.</li> <li>8. Log Book in respect of Petrol and Diesel expense is not maintained properly.</li> <li>9. Demand and Collection Register has not been maintained.</li> </ol>	<p>Overall opinion of the audit team about the functioning of the municipality</p>
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**3. Opinion.**

5. Comment from management:-

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

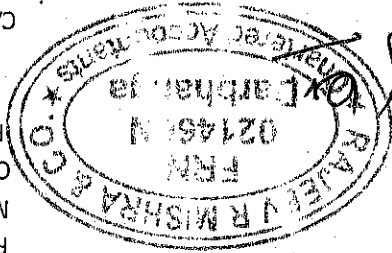
*Shamara*  
*6/9/16*  
For Nagar Panchayat Ekma Bazar  
Executive Officer  
Nagar Panchayat Ekma Bazar, Sarar  
*6-9-16* (Executive Officer.)

6. Acknowledgement :-

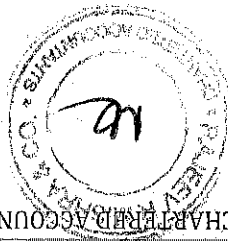
We thank Mr. Harish Chandra (Executive Officer), for his support during the period of our Audit. We are also thankful to accountant and other support staff of the Nagar Panchayat for their co-operation extended to us during the period of audit.

Place: -  
Date: -

For,  
M/S Rajeev R Mishra & CO,  
Chartered Accountants  
FRN: 021466N  
CA WRITUNJAY KUMAR  
(Partner)  
M.NO:- 535789







Note: - Budget of the Year 2013-14 and 2014-15 have not been prepared.

Year	2012-13	2013-14	2014-15
Final/ Revised Budget	NA	NA	NA
Actual Expenditure	NA	49,01,015.00	2,03,18,454.00
Saving(+)/Excess(-)	NA	-	-

i). Budgetary Provisions and Expenditure for the last Three Years

4. Finance

S.No	Particulars of Audit and Report	Total No of Audit Paras where Audit Paras necessary/ improvement/ corrective measure is required	Total no of Audit Paras where recovery of cash is purposed	Total No of Audit Paras where recovery has been made	Total Amount of Recovery (Rs. In Lakhs)	Total no of Outstanding Para where no action has been taken	No and Date of Compliance Report
1.							
2.							
3.							
4.							
5.							

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

Mr. Harish Chandra, Executive officer, from Aug, 2016 to till Date.  
 Mrs. Rita Devi, Chairman, from May, 2015 to till Date

key administrative and executive positions has been as under:

The present body of the ULB has taken charge in 2012. The incumbency in the

2. Administration

- i) CA Writunjay Kumar
- ii) Dilip Kumar Karn

The internal audit of NAGAR PANCHAYAT, EKMA BAZAR covering the period from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015 was conducted by following persons under the guidance of CA. Rajeev Ranjan

1. Introductions

Detail Audit Report:-



Note: - Monthly Bank Reconciliation Statement has not been prepared by NP.

S.No	Name of Bank	Account No.	Balance as on 31.03.2015	Name of Scheme	Reconciliation Position
1.	SBI	P/L Account	2,87,13,205.00	Misc.	No BRS
2.	Canara Bank	12354	6,71,383.00	SJSRY	No BRS
3.	SBI	97181	1,05,799.00	Municipal Tax	No BRS
4.	Canara Bank	12355	16,71,136.00	BRGF	No BRS
5.	Canara Bank	12356	9,62,048.00	13 <sup>th</sup> Finance	No BRS
6.	SBI	70717	2,235.00	Pension	No BRS
7.	SBI	24045	56,248.00	Pension	No BRS
8.	Canara Bank	12869	65,761.00	Pension	No BRS
9.	SBI	84114	1,443.00	Pension	No BRS
10.	SBI	96141	9,285.00	Pension	No BRS
11.	SBI	6615	1,53,528.00	Pension	No BRS
12.	SBI	78304	5,706.00	Pension	No BRS
13.	SBI	27148	2,10,002.00	Pension	No BRS
14.	SBI	18554	1,18,494.00	Pension	No BRS
15.	SBI	46264	7,252.00	Pension	No BRS
16.	SBI	31029	1,03,113.00	Pension	No BRS
17.	SBI	90489	3,691.00	Pension	No BRS
18.	SBI	1991	1,70,583.00	Pension	No BRS
19.	SBI	71902	29,01,535.00	4 <sup>th</sup> State Finance	No BRS
20.	SBI	80222	5,68,595.00	Kabir Antyesty	No BRS
Total			3,65,00,997.00		

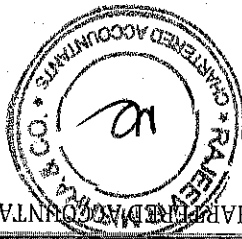
Detail of Bank Accounts and their reconciliation position are as under:

III). Bank Reconciliation:-

Note: - Budget for the period 2013-14 has not been provided to us.

Period	Budgeted	Previous Year (for one Year) 2013-14	Corresponding period of previous year	Current Period 2014-15	Cumulative for the Current Period
Opening Balance	NA	1,18,27,887.00		3,08,86,599.92	
Receipts		2,39,59,727.92		2,96,88,666.00	
Total Fund		3,57,87,614.92		6,05,75,265.92	
Net Expenditure		49,01,015.00		2,03,18,454.00	
Closing Balance		3,08,86,599.92		4,02,56,811.92	

II). Volume of Transaction



IV). Revenue Receipt

Period	Budgeted	Previous Year (2013-14)	Corresponding Period of previous Year	Current Period (2014-15)	Cumulative for the Current period
a) Own Resources	-	2,214.92	-	65,442.00	-
Holdng Tax	-	2,214.92	-	65,442.00	-
Total	-	2,214.92	-	65,442.00	-
b) Administrative Grant	-	-	-	-	-
c) Specific Grant (Scheme Wise)	-	-	-	-	-
Professional Tax	-	5,82,298.00	-	7,32,698.00	-
Parsad Allowance	-	76,200.00	-	1,52,400.00	-
Admin Building	-	61,40,000.00	-	46,76,000.00	-
E-Governance	-	-	-	3,90,000.00	-
4 <sup>th</sup> State Finance	-	1,08,22,455.00	-	1,20,26,856.00	-
Pension Contingency	-	-	-	10,000.00	-
13 <sup>th</sup> Finance BRGF	-	38,76,954.00	-	33,32,240.00	-
Kabir Antyesty	-	10,28,429.00	-	63,308.00	-
SJSRY	-	43,333.00	-	32,027.00	-
Pension	-	-	-	81,35,475.00	-
Total	-	2,39,57,513.00	-	2,96,23,224.00	-
Grand Total	-	2,39,59,727.92	-	2,96,88,666.00	-

V) Status of Implementation of DEAS:

Till Date, ULB maintains accounts on the basis of single entry accounting system. Double entry accounting system (DEAS) is not in operation in the said ULB.

VI) Status of Municipal Account Committee; if meeting is held

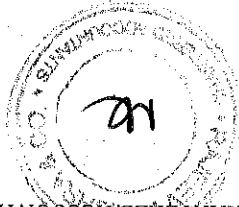
As per section 98 of BMA 2007 it is necessary for the ULB to constitute an MAC at its first meeting in each year or as soon as may be at any subsequent meeting. But till Date the ULB has not constituted MAC.

5. Audit Observations:

PART - "A"

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

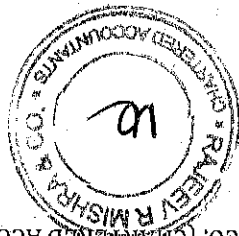
<p>a) Leakage of own source revenue either due to wrong assessment or non-levy of property tax, mobile tower tax, rent on municipal properties, advertisement tax fees etc.</p> <p>2015-16. During the current year some hold owners have paid their holding tax voluntarily that amounted to Rs. 65,442/- only There has been under collection of Mobile tower tax as during the current year 2014-15 nothing could be collected towards mobile tower tax. We have not been able to verify the demand raised by the ULB for tower tax as for this we need the following information that has not been provided to us:</p> <p>(a) Total number of towers operating in area of Nagar Panchayat.</p> <p>(b) Total number of additional antenna on each tower.</p> <p>(c) Month and year of establishment of each tower and additional antenna.</p> <p>(d) Among the total towers how many have been paid their registration fee with the ULB.</p> <p>Under Sairat, ULB collects revenues only from the suction machine and Birth Death certificates which contributes negligible amount towards Municipal Fund.</p> <p>Hoarding/Advertisement tax has not been collected by the ULB till date.</p>	<p>a) Excess payment against bill, lack of prudence in payment against vouchers bill/voucher.</p> <p>b) Inefficiency in controls resulting loss to ULBs.</p> <p>c) Report on finding of field survey of Property Tax of minimum 20 high value properties</p>
<p>Since Holding tax / Property Tax has not been implemented till the current year 2014-15 hence we have not been able to conduct the field survey for the high value properties.</p>	<p>Since Holding tax / Property Tax has not been implemented till the current year 2014-15 hence we have not been able to conduct the field survey for the high value properties.</p>



PART- "B"

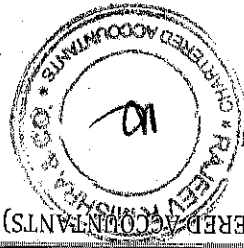
All audit objections/ irregularities which have no monetary implication, but significant violation of Act, Rules & directives of UD & HD. Mention the reference Act & Rules wherein remedial measures is required. In this regard our report is as under -

<p>Following primary Books of accounts are required to be maintained :</p> <p>1) Cash Book (Form Gen-A)                  2) Bank Book (Form Gen-B)                  3) Collection Register GEN-11                  4) Subsidiary Ledgers ( Gen-3)</p> <p>But the ULB has maintained only the Subsidiary cash books and collection registers. Bank Book and main cash book are not being maintained by the ULB.</p> <p>In addition to above following other General Registers and forms are required to be maintained but the same are not being maintained.</p> <p>1. Memorandum of Collection GEN-12                  2. Summary of Daily Collection GEN-13                  3. Register of Bills for Payment GEN-14                  4. Register of Advance GEN-17                  5. Summary Statement of Deposits Adjusted GEN-20                  6. Summary Statement of Bills Raised GEN-23                  7. Register of Refunds, Remissions and Write-offs GEN-26                  8. Statement of Outstanding Liability for Expenses GEN-29                  9. Documents Control Register/Stock Account of Receipt/Cheque Book GEN-30                  10. Register of Immovable Property GEN-31                  11. Register of Movable Property GEN-32                  12. Register of Land GEN-33</p>	<p>a) Non-maintenance of books of accounts, subsidiary registers</p>
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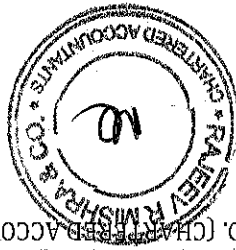




<p>13. Asset Replacement Register GEN-36 14. Register of Public Lighting System GEN-37</p>	<p>No major irregularities have been observed in procurement process. But during the audit of various yojana completed by the Nagar Panchayat itself, we found that all the payments made for Stone-chips, sand and bricks have been on the basis of vendor's Kachha Bill.</p>	<p>We observed several non compliances of directives of UD &amp; HD, GOB such as :  <ul style="list-style-type: none"> <li>• non collection of various taxes required to be collected</li> <li>• Non maintenance of prescribed books of accounts</li> <li>• Non maintenance of prescribed DEAS.</li> <li>• Non-maintenance of Demand Collection Register.</li> </ul> </p>	<p>As per sec. 127 of the BMA, the municipality can levy the following taxes:  <ul style="list-style-type: none"> <li>• Property tax on lands and buildings.</li> <li>• surcharge on transfer of lands and buildings</li> <li>• water tax</li> <li>• fire tax</li> <li>• tax on advertisements, other than advertisements published in newspapers</li> <li>• surcharge on entertainment tax</li> <li>• surcharge on electricity consumption within the municipal area</li> <li>• tax on congregations</li> <li>• tax on pilgrims and tourists</li> <li>• Tax on profession</li> <li>• toll tax –</li> <li>a. on roads, bridges, ferries and navigable channel and</li> <li>b. on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles</li> </ul> <p>But the ULB has not levied any of the taxes</p> </p>
	<p>b) Irregularity in procurement process</p>	<p>c) Non-compliance of directives by UD &amp; HD, GOB</p>	<p>d) Non-compliance of Acts and Rules</p>



<p>as mentioned above.</p>	<p>e) Lack of Internal Control measures to collection of revenues under various internal resources has been found during the audit.</p>	<p>f) Non-compliance of TDS, VAT and other relevant Statute</p> <ul style="list-style-type: none"> <li>• There is lack of internal control with respect to timely deposit of the taxes already collected by the ULB.</li> <li>• Tower tax collection has been very poor as there has been no collection during the current year.</li> <li>• Taxes such as VAT, TDS, Labour cess, etc. are collected from time to time but deposit of such have not been made on timely manner which is not proper. Also on deduction of taxes, liability has not been created hence it is difficult to ascertain tax payable at any point of time.</li> </ul>	<p>g) Deficiency in Pay-roll System</p> <p>The pay-roll system does not contain leave details of employee. PF contribution and pension fund contribution of employees are deducted from employee's salary and deposited in employee's separate bank account. NP does not contribute towards employees PF and pension.</p>	<p>h) Utilization of Grant and report on utilisation certificates</p> <p>As explained to us UC up to 31.03.2015 has been sent to the Government as and when demanded by the department but copy of the same have not been provided to us. Since Grant Register has not been prepared properly hence it is difficult to ascertain un-utilized grant at any particular time.</p>	<p>i) Physical verification of inventories and stores</p> <p>Store Register has not been prepared properly and physical verification of inventories/stores has not been done.</p>	<p>j) Physical verification of Fixed Assets Register has not been prepared</p>
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fixed assets	properly. Also physical verification of fixed assets has also not been done by the ULB.
k) Non completion of Financial Statement	The Financial Statements of the ULB have not been compiled.



PART - "C"

General Observations:

<p>• Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts.</p>	<p>• 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.</p>
<p>• Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts;</p>	<p>• Whether the Bank Reconciliation statements have been prepared and are appropriate.</p>
<p>• Whether the period-end and reconciliation procedures prescribed have been carried out.</p>	<p>• Whether all grants from Government have been accounted at gross value with proper entries to various accounts</p>
<p>• Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;</p>	<p>• Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB?</p>
<p>• 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;</p>	<p>• Whether such deductions have been properly accounted;</p>
<p>• 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;</p>	<p>• Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB?</p>
<p>• We did not notice any major deviation.</p>	<p>• 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;</p>



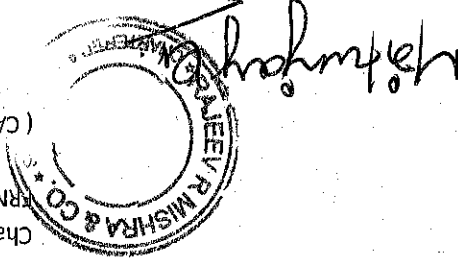


<p>No, record of fixed assets has not been maintained by the ULB properly. Physical verification of fixed assets has not been done during the financial year under audit.</p>	<ul style="list-style-type: none"> <li>• Whether the ULB is maintaining proper records showing full particulars, including quantitative 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;</li> <li>• 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;</li> <li>• Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;</li> <li>• 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;</li> <li>• 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;</li> <li>• Whether proper procedures are in place to identify any unserviceable or damaged stores for the loss in this respect, if any, has been made in the accounts;</li> <li>• 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;</li> <li>• 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?</li> </ul>
<p>No, physical verification of stores has been conducted by the ULB at reasonable intervals.</p>	<ul style="list-style-type: none"> <li>• Whether proper procedures are in place to identify any unserviceable or damaged stores for the loss in this respect, if any, has been made in the accounts;</li> <li>• 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;</li> </ul>
<p>No, ULB has not maintained any store register.</p>	<ul style="list-style-type: none"> <li>• 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;</li> </ul>
<p>As explained to us no property of the ULB has been given on lease.</p>	<ul style="list-style-type: none"> <li>• Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;</li> <li>• Whether proper procedures are in place to identify any unserviceable or damaged stores for the loss in this respect, if any, has been made in the accounts;</li> <li>• 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;</li> </ul>
<p>No, we have conducted the physical verification of stores on the basis of cash book entries only and we have not notice any material discrepancies during our audit.</p>	<ul style="list-style-type: none"> <li>• 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;</li> <li>• Whether proper procedures are in place to identify any unserviceable or damaged stores for the loss in this respect, if any, has been made in the accounts;</li> <li>• 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;</li> </ul>
<p>No, valuation of stores is not in accordance with the accounting principles laid down in BMR.</p>	<ul style="list-style-type: none"> <li>• 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?</li> </ul>
<p>There is no case of loans and advances other than advances to staff for expenditure.</p>	<ul style="list-style-type: none"> <li>• 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?</li> </ul>



<p>• Whether advances given to municipal employees and interest thereon are being regularly recovered;</p> <p>Advance Register has not been maintained so we are unable to verify whether that has been recovered regularly or not.</p>	<p>• Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?</p> <p>No, there does not exist any internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets</p>
<p>• Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.</p> <p>We did not notice any such deviation.</p>	<p>• Whether the municipality is regular in depositing statutory dues including tax deducted at source, cess payable to the works contract tax, cess payable to the government etc., and if not, the nature and cause of such delay and the amount not deposited;</p> <p>No, the municipality is not regular in depositing statutory dues including tax, VAT, some of such taxes deducted during the previous financial year have been deposited in the current year.</p>
<p>• 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;</p> <p>The municipality has not been contributing towards employee's PF and pension.</p>	<p>• Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof;</p> <p>We did not notice any such expenses.</p>
<p>• 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;</p> <p>Yes, on our test check we observed that all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget.</p>	<p>• Whether all revenues from own sources have not been properly assessed, collected and recovery action taken on timely basis;</p> <p>No, all revenues from own sources have not been properly assessed, collected and recovery action taken on timely basis;</p>
<p>• 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;</p> <p>No, tax collected by the tax collector are not deposited on daily basis.</p>	<p>• 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.</p> <p>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.</p>

For Rajeev R Mishra & Co.  
 Chartered Accountants  
 FRN: -0211466N  
 (CA Writunjay Kumar)  
 Partner



Place :  
 Date :

<p>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</p> <p>No, bio-metric devices and payroll software are not used at the ULB. Pay roll system of the municipality is deficient as it does not contain leave records, details of deductions made etc.</p> <p>We did not observe any grievance redresses cell functioning at the ULB.</p>	<p>competent authority;</p> <ul style="list-style-type: none"> <li>• Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;</li> <li>• Whether bio-metric devices and payroll software are used at the ULB. If not whether there is satisfactory system of pay-roll accounting; otherwise mention the key deficiencies of the system;</li> <li>• Whether the grievance redresses mechanism for the ULB is sufficient;</li> </ul>
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