

INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT - GOGRI JAMALPUR

For the Period from April-2016 to June - 2016

INTERNAL AUDIT CONDUCTED BY

THAKUR BHUWANESH & ASSOCIATES
Chartered Accountants
2nd Floor, Nathani Market
Sutapatti, Muzaffarpur
Bihar-842001

Audit Conducted from:

Report Issued on

NAGAR PANCHAYAT - GOGRI JAMALPUR (KHAGARIYA)

INTERNAL AUDIT REPORT FOR THE FINANCIAL YEAR 2016-17

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INTERNAL AUDITOR'S REPORT

Joint Secretary and
Additional Project Director
Urban Development & Housing
Department, Patna

We have conducted internal audit of the Books of Accounts and related document and vouchers of **Nagar Panchayat – GogriJamalpur (ULB)** for the period of **1-4-2016 to 30-06-2016** in terms of agreement with UD&HD dated 21.03.2016. These Books of Accounts and related document and vouchers are the responsibility of Management. Our responsibility is to express an opinion on the Books of Accounts and related document and vouchers based on our audit.

We have conducted our audit in accordance with the **Standard on Internal Audit (SIA) formulated by ICAI**. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Books of Accounts and related document and vouchers are free from material misstatement. An audit includes examining, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our observations. The salient points of the scope covered by the internal audit are as follows:

1. The effectiveness of accounting system.
2. Compliance with the legal and statutory requirements.
3. Risk-based review and evaluation of the Internal Control.
4. Compliance of Bihar Municipal Act.
5. Compliance of Bihar Municipal Accounting Manual.

Moreover, our scope of examination also covered the requirements of the specific points as spelled out by the management of the Urban Development & Housing Department. The result and recommendations of our internal audit are set out in Scope, Observations and Annexure of our report.

The statutory auditor of the Urban Development & Housing Department expresses opinion as to the true and fair view of the financial statements. We have not expressed any opinion on the financial statements and accordingly, this report should not be constructed as our opinion on the financial statements.

For Thakur Bhuwanesh & Associates

Chartered Accountant

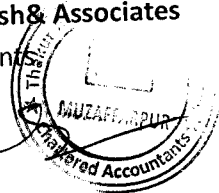
FRN: 019690N

(CA. Rajesh Kumar Jha)

Partner

M.NO. 412318

Date:



Executive Summary

1. Introduction

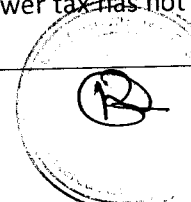
Name of the Municipality : Nagar Panchayat – GogriJamalpur

Period covered under current audit : 01.04.2016 to 30.06.2016

Name of Chief Executive Officer for the period under Audit : Mrs. PoonamKumari

2. Results and Findings

<p>Strength observed during the audit engagement</p>	<ul style="list-style-type: none"> • The following records are available: <ul style="list-style-type: none"> ✓ Cash Book with Subsidiaries ✓ Cheque receipt register ✓ Remittance Register ✓ Log Book of Vehicle ✓ Salary Register ✓ Daily collection Register of Taxes/user charges /Fees & Fines • Staff Cooperation during the Audit period is satisfactory. • Physical verification of movable Fixed Assets has been carried out during performance audit.
<p>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</p>	<ul style="list-style-type: none"> • Cashier cash book is not available. • Tax Collector generally deposits the collection amount with the interval of 3-7 days. As per Rule 27 of BMAR it should be deposited on daily basis otherwise a sum of Rs. 500/- per day may be imposed for delayed deposit. • Some cash expenditure has been made against cash collection. • There are some lapses in internal control w.r.t collection of taxes. • Demand collection Register has not been prepared. • Dues from Tower tax has not been collected on time.



	<ul style="list-style-type: none">• Interest @1.5% not imposed on delay payment of Tower registration fees and annual fees beyond 30 days. After 5 years there should be increase by 25% in renewal fee has not been demanded.• Periodical checking of Books of accounts by Chairman or vice chairman has not been done.• There is lack of internal control on deposit of various taxes. Due to cash basis accounting liability of Taxes has not been accounted for hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes. Rs. 7120 excess TDS amount paid for A.Y. 14-15. Liability of TDS for A.Y 15-16 has not been paid till date. Quarterly TDS return not shown to us.• Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time.• Bank Reconciliation Statement is not prepared hence it is difficult to monitor possible fraud, if any.• Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.• P.F Act has not been followed by the office, Only 6% P.F has been deducted from employees and 6 % P.F. contributed by Office. The same amount not remitted to Recognised Provident Fund Commissioner.• Budget has not been prepared before the F.Y. 2014-15.
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3. Opinion

<p>Overall opinion of the Audit team about the functioning of the Municipality</p>	<p>The overall functioning of the Municipality is very poor due to the following reasons:</p> <ul style="list-style-type: none"> • Most of the prescribed Books of accounts are not maintained • Internal Control w.r.t. collection of taxes, monitoring of grant, monitoring of advances, monitoring of schemes etc. is very poor. • Collection from own sources is very poor. • Grant received for various purposes are not utilized on timely basis. • There are serious lapses in deduction and deposit of statutory dues such as TDS, VAT, Royalty, Labour cess etc.
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4. Audit Recommendations

<ul style="list-style-type: none"> • The recommendations of Audit team on the observed weakness 	<p>We recommend the followings:</p> <ul style="list-style-type: none"> • All the prescribed books of accounts and Registers should be prepared on real time basis • Bank reconciliation Statement should be prepared on monthly basis • Cashier Cash Book should be maintained and written on daily basis. • Collection by tax collector should be deposited on daily basis. • Grant Register should be prepared • All the statutory dues should be deposited on timely basis and returns prescribed under the statute should also be deposited on timely
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	<p>basis.</p> <ul style="list-style-type: none">• Demand Collection Register of all the wards should be prepared.• Property tax register should be prepared as per new assessment.• Collection from own sources should be improved.
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5. Comments from Management

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. For Nagar Panchayat – GogriJamalpur (Executive Officer)
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6. Acknowledgment

We are thankful to Mrs PoonamKumari (Executive Officer) and Mr. Manoranjan Kumar Dwivedi (Head Clerk) for their support during the period of our audit. We are also thankful to the support staffs of the municipality for their cooperation extended to us during the period of our audit.

ForThakurBhuwanesh& Associates

Chartered Accountants.

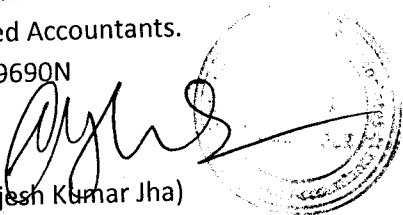
FRN: 019690N

(CA. Rajesh Kumar Jha)

Partner

M.NO. 412318

Date: 2nd Nov'2016



Detailed Audit Report

1. Introduction

The Internal audit of Nagar Panchayat covering period from 1st April 2016 to 30th June, 2016 was conducted by following persons under guidance of CA. B.K.Thakur

- i. Mr. Amit Kumar
- ii. Md. Parwez

2. Administration

The present body of the ULB has taken charge on 3rd July 2012. The incumbency in the key administrative and executive position was as under:

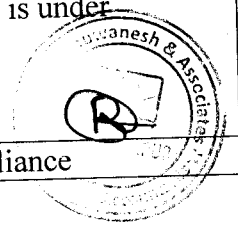
Smt. RanjitaKumariNishad, Chairman from 03.07.2012 to till date, Mrs. PoonamKumariExecutive officer from 03.09.2015 to till date.

3. Review of outstanding audit paras : Status of Audit Observations are as under: Audit Report of AG not shown to us, the following details as per Compliance report send by Office,

Sl.No.	Particulars of Audit and date of report	Total No. of Audit Paras.	Total No. of audit paras where necessary improvement/ corrective measure is required	Total No. of audit paras where recovery of cash is proposed	Total No. of audit paras where recovery has been made	Total amount of Recovery	Total No. of outstanding paras where no action has been taken	No. & date of Compliance report
1.	Audit report No. 02/12-13	24	14	Nil	Nil	Nil	00	10/03-01-2015

B. Status of Audit Observation is as under : Internal Audit 2015-16

Sl. No.	Particulars of audit and date of report	Audit Observation	Compliance
1.	Annual Audit Report 2015-16	Total collection of holding tax is Rs. 1470985.00 against total demand of Rs. 1479951.00	Collection is under progress
2.	-Do-	<u>Mobile Tower</u>	No Compliance



		Rs. 94000.00 loss is assessed on non-demand of Renewal fee at increased rate of 25% of installation. (Detail Attached)	
3.	-Do-	Rs. 1430000.00 is outstanding on account of Rent for communication tower. (Detail Attached)	No collection in this quarter

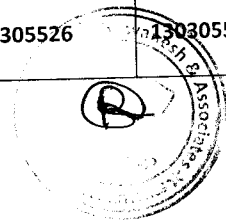
4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2014-15	2015-16	2016-17
Final/ Revised Budget	Rs. 6,33,50,000	76520000	109185575
Actual Expenditure	Rs. 2,16,90,463	56374931	11752946.52
Savings (+)/ Excess(-)	Rs. 4,16,59,537	20145069	97432629.00

II. Volume of transactions

Period	Budgeted (F.Y.16-17)	Previous year (F.Y. 15-16)	Corresponding period of previous year (F.Y. 15-16)	Current Period (F.Y. 16-17) Q1	Cumulative for the current period (F.Y. 16-17) Q1
Opening Balance	146745595	14,67,45,596	14,67,45,596	137059377	137059377
Receipts	289997105	46688712	1863800	4999095	4999095
TOTAL	436742700	193434308	148609396	142058472	142058472
Net Expenditure	436742300	56374931	4192444	11752946	11752946
Closing Balance	400	13,70,59,377.00	144416952	130305526	130305526



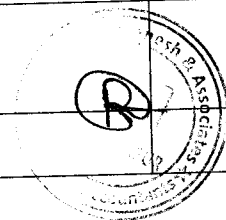
III. Bank Reconciliation

Preparation of Bank Reconciliation Statement is not in practice; however we have verified the cashbook balance and pass book balance and found the same in order, Scheme wise Bank Account has not been maintained:

It is suggested that Nagar Panchayat should prepare Bank Reconciliation Statements on monthly basis.

IV. Revenue Receipts

Period	Budgeted	Previous year (For One year) 2015-16	Corresponding period of previous year 2015-16	Current Period 2016-17	Cumulative for the current period 2016-17
A. Own Source					
Property Tax	1738605	1470985	85976	353843	353843
Assigned revenue	8177000				
Others (Fees & User Charges)	11181300	402995		494247	494247
(b) Administrative Grant					
Salary	2659000	960000			
State Government	187955000	24525375			
Central government	76360000	2100000			
Other government agencies	5000000				
13th Finance Commission Grant		4655665			
14th Finance		8963062			



Commission Grant					
BRGF		1907630	1677750		
Social Security				4000000	4000000
Swachh Bharat Mission				151005	151005
Pension	83000		100074		
Administrative expenses	2265000	1280000			
Operation & Maintenance	14526000	600000			
Fixed assets	323934500	43080000			
Capital Works	91058000	28200000			
Others	1150000	5226000			

V. Status of Implementation of Double Entry Accounting System

Till date Double Entry Accounting System is not operational in the Nagar Panchayat.

M/S MukharjeeBiswas and Pathak, Chartered Accountants have been appointed by the UD & HD for implementation of Double Entry Accounting System in the Nagar Panchayat, Work in progress, actual status not explain to us.

VI. Status of Municipal Accounts Committee; if meeting held

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

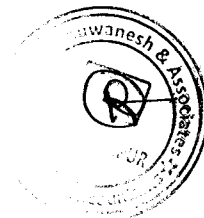


5. Audit Observations

I. PART- A

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

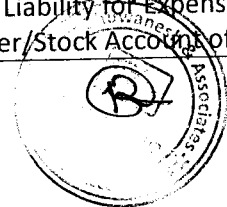
<p>a. Leakage of own source revenue either due to wrong assessment or non- levy of property tax, mobile tower tax, rent on municipal properties, advertisement tax fees etc.</p>	<p><u>Holding Tax and other Internal Sources</u></p> <p>Total collection of holding tax is Rs. 848090.00 against total demand of Rs. 1479951.00</p> <p><u>Mobile Tower</u></p> <p>Rs. 94000.00 loss is assessed on non-demand of Renewal fee at increased rate of 25% of installation. (Detail Attached)</p> <p>Rs. 1520000.00 is outstanding on account of Rent for communication tower. (Detail Attached)</p>
<p>b. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs</p>	<p>We have checked the expenditure vouched all above Rs. 10000.00 but no any objectionable thing noticed.</p>
<p>c. Report on findings of field survey of Property Tax of minimum 20 high value properties</p>	<p>Field survey of 20 high value properties has been conducted by us a report thereon is attached in Annexure</p>



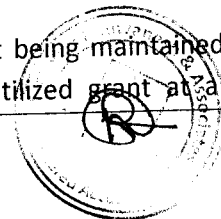
PART-B

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 part auditor should report in respect of –

<p>a. Non- maintenance of books of accounts , subsidiary registers</p>	<p>The Nagar Panchayat is maintaining only Cash Book/ Bank Book</p> <p>As per Bihar Municipal Accounting Manual Following primary Books of accounts are required to be maintained :</p> <ol style="list-style-type: none"> 1. Cash Book (Form Gen-IA) 2. Bank Book (Form Gen-IB) 3. Journal Book (Form Gen-2) 4. Ledger (Form Gen-3) <p>Journal Book and Ledger are not maintained.</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> <ol style="list-style-type: none"> 1 Receipt GEN-8 2 Receipt Register GEN-9 3 Statement on Status of Cheques Received GEN-10 4 Collection Register GEN-11 5 Memorandum of Collection GEN-12 6 Summary of Daily Collection GEN-13 7 Register of Bills for Payment GEN-14 8 Payment Order GEN-15 9 Cheque Issue Register GEN-16 10 Register of Advance GEN-17 11 Register of Permanent Advance GEN-18 12 Deposit Register GEN-19 13 Summary Statement of Deposits Adjusted GEN-20 14 Demand Register GEN-21 15 Bill for Municipal Dues GEN-22 16 Summary Statement of Bills Raised GEN-23 17 Register of Notice Fee, Warrant Fee, Other Fees GEN-24 18 Summary Statement of Notice Fee, Warrant Fee, Other Fees GEN-25 19 Register of Refunds, Remissions and Write-offs GEN-26 20 Summary Statement of Refunds and Remissions GEN-27 21 Summary Statement of Write-Offs GEN-28 22 Statement of Outstanding Liability for Expenses GEN-29 23 Documents Control Register/Stock Account of
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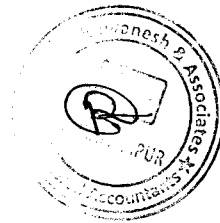


	<p>Receipt/Cheque Book GEN-30 24 Register of Immovable Property GEN-31 25 Register of Movable Property GEN-32 26 Register of Land GEN-33 27 Function-wise Income Subsidiary Ledger GEN-34 28 Function-wise Expense Subsidiary Ledger GEN-35 29 Asset Replacement Register GEN-36 30 Register of Public Lighting System GEN-37</p>
b. Irregularity in procurement process	No major irregularity observed
c. Non-compliance of directives by UD & HD , GOB	Non compliance of the direction issued by UD & HD, GOB vide letter no. 3/UG- Ref 10/2012-1251 dated 12.07.2013 in respect of Solid Waste Management. No consumer tax has been imposed.
d. Non Compliance of Act & Rules	Various books of accounts and records, as provided in the Act and Rules are not maintained.
e. Lack of internal Control measures	<ul style="list-style-type: none"> • There are some lapses in internal control w.r.t collection of taxes. • Demand collection Register has not been prepared. • Dues from Tower tax has not been collected on time. • Interest @1.5% not imposed on delay payment of Tower registration fees and annual fees beyond 30 days. After 5 years there should be increase by 25% in renewal fee has not been demanded. • Periodical checking of Books of accounts by Chairman or vice chairman has not been done. • There is lack of internal control on deposit of various taxes. Due to cash basis accounting liability of Taxes has not been accounted for hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes. Rs. 7120 excess TDS amount paid for A.Y. 14-15. Liability of TDS for A.Y 15-16 and 2016-17 has not been paid till this quarter. Quarterly TDS return not shown to us. • Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of



	<p>time.</p> <ul style="list-style-type: none"> • Bank Reconciliation Statement is not prepared hence it is difficult to monitor possible fraud, if any. • Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof. • Budget has not been prepared before the F.Y. 2014-15. • Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.
f. Non-compliance of TDS, VAT and other relevant Statute	<p>i) Tax deducted at source of Income Tax.</p> <p>ii) VAT & Royalty are deposited on yearly basis which is not proper it should be deposited within the due date prescribed under the respective statute.</p> <p>lii) We observed that Income Tax, VAT, Royalty & labour cess for whole financial year has been deposited in the month of March 2015. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes</p>
g. Deficiency in Pay-roll System	<p>The pay-roll system does not contain leave details of employee. P.F Act has not been followed by the office, Only 6% P.F has been deducted from employees and 6 % P.F. contributed by Office. The same amount not remitted to Recognised Provident Fund Commissioner, all the deductions of PF contribution are being deposited in a separate account opened by the municipality.</p>
h. Utilization of Grant and report on missing Utilization Certificates	<p>Grant Register has not been prepared hence it is difficult to ascertain unutilized grant at any particular time. As explained to us Utilization certificates up to 31.03.2016 has been sent to the Government but copy of the same could not be provided to us.</p>
i. Physical verification of inventory/Stores	<p>Inventory/Store Register has not been prepared and physical verification of inventory/stores has also not been done.</p>
j. Advances, their adjustment & recovery	<p>Advance Register has not been prepared hence it is very difficult to monitor advances, their recovery and</p>

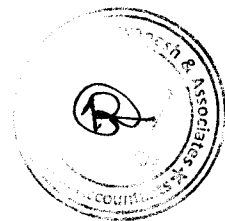
	adjustment.
k. Any other matters as may be prescribed in due course.	



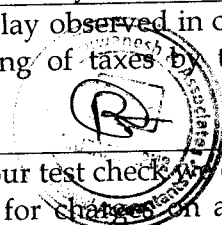
I. Part - C

General observations: Auditor should report the deficiencies noticed during their audit and recommendation ULB management to improve internal systems.

Particulars	Comments
Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts	No, Ledger accounts have not been prepared by the N.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;	No, except General Cash Book and Subsidiary Cash Book and demand collection register no other books of accounts have been maintained.
Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts;	No quarterly Financial Statements have been prepared by the N.P.
Whether the period end and reconciliation procedures prescribed have been carried out.	No, period end and reconciliation procedures as prescribed have not been carried out.
Whether the Bank Reconciliation statements have been prepared and are appropriate	No, Bank Reconciliation Statements have not been prepared by the N.P.
Whether all grants from Government have been accounted at gross value with proper entries to various accounts	Yes, all grants from Government have been accounted at gross value but all transactions are not correctly classified with sufficient details.
Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;	No all transactions have been classified as incomes and expenditure only assets and liabilities have not been recognized.
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? Whether such deductions have been properly accounted;	Grant received during the year has been properly accounted for. Information about grant sanctioned and deductions made out of such grant is not available with the ULB.
Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;	No Special fund has been created by the ULB.
In respect of contracts that are in existence during the year, whether there are any deviations from the sanctioned plans and the estimates without the sanction of the competent authority;	On our test check we did not notice any major deviation.



Particulars	Comments
Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	No, record of fixed assets has not been maintained by the ULB. Physical verification of fixed assets has not been done during the financial year under audit.
Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	As explained to us no property of the ULB has been given on lease.
Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;	No, physical verification of stores has been conducted by the ULB at reasonable intervals.
Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported;	No
Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same has been properly dealt with in the books of account;	No physical verification has been carried out during the audit period.
Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts;	No there is no procedures are in place to identify any unserviceable or damaged stores
Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	No valuation of stores has been done.
Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	There is no case loans and advances other than advance to staff for expenditure.
Whether advances given to municipal employees and interest thereon are being regularly recovered;	Advance Register has not been maintained so we are unable to verify whether it is being recovered regularly or not.
Whether there exists an adequate internal control procedure for the purchase of stores, including	No there does not exist any internal control procedure for the purchase of

Particulars	Comments
components, plant and machinery, equipment and other assets?	stores, including components, plant and machinery, equipment and other assets
Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.	Not any significant deviation.
Whether the municipality is regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc., and if not, the nature and cause of such delay and the amount not deposited;	No, the municipality is not regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc. Royalty and labour cess for the year 2014-15 yet to be deposited.
Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;	The municipality is not giving any contribution to P.F or pension Fund employee contribution to P.F and pension fund.
Whether any personal expenses have been charged to the municipality' s accounts; if so, the details thereof;	We did not notice any such expenses.
Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently and are in all cases such as are authorized by law;	Yes on our test check we observed that all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget
Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	No all revenues have not been properly assessed, accounted for and collected. Recovery action is also not taken on timely basis
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;	Some delay observed in collection and accounting of taxes by tax collection agents. 
Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority;	Yes on our test check we observed that all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority
Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	Yes on our test check we observed that amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order

Particulars	Comments
Whether bio-metric devices and payroll software are used at the ULB. If not whether there is satisfactory system of payroll accounting; otherwise mention the key deficiencies of the system.	No, bio-metric devices and payroll software are not used at the ULB. Payroll system of the municipality is deficient as it does not contain leave records, details of deductions made etc.
Whether the grievance redressal mechanism for the ULB is sufficient.	No, we did not observe any grievance redressal cell functioning at the ULB.



Details of Sairat During the year 2015-16& 2016-17

Name of Sairat	15-16	2016-17
Jamal Pur Hat	255000	227000
Tikani Hat	5500	6500
Laxmi Nagar Hat	29800	32664
Gogri Hat	49500	101775
Public Toilet	3500	Not Done
Total	343300	367939

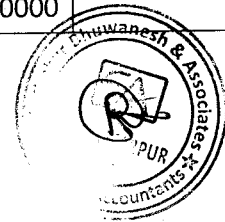


Detail of due from communication Tower

Sl. No.	Company	Location	Year of Estb.	Annual Fee due for enhancement	Add. Fee @ 25%
1	Vodafone	WN 1	2007-08	2014	6000
2	Vodafone	WN 11	2007-08	2014	6000
3	Vodafone	WN 19	2007-08	2014	6000
4	Airtel	WN 01	2006	2012	10000
5	Airtel	WN 08	2009	2015	2000
6	Airtel	WN 08	2005	2011	12000
7	Airtel	WN 15	2006	2012	10000
8	BSNL	WN 11	2001	2007	12000
9	Reliance	WN 15	2005	2011	12000
10	Vodafone	WN 19	2008	2014	6000
Total					94000

2016-17 TOWER

NAME OF TOWER	Due up to 2015-16	2016-17	Due in 2016-17	Collection
VODA	9000	10000	19000	0
AIRTEL	169000	10000	179000	0
TATA INDCOM	169000	10000	179000	0
BHARTIYE INFORT	159000	10000	169000	0
RELIANCE JIO	24000	10000	34000	0
VODA	225000	10000	235000	0
VODA	225000	10000	235000	0
VODA	225000	10000	235000	0
VODA	225000	10000	235000	0
TOTAL DUE	1430000	90000	1520000	0

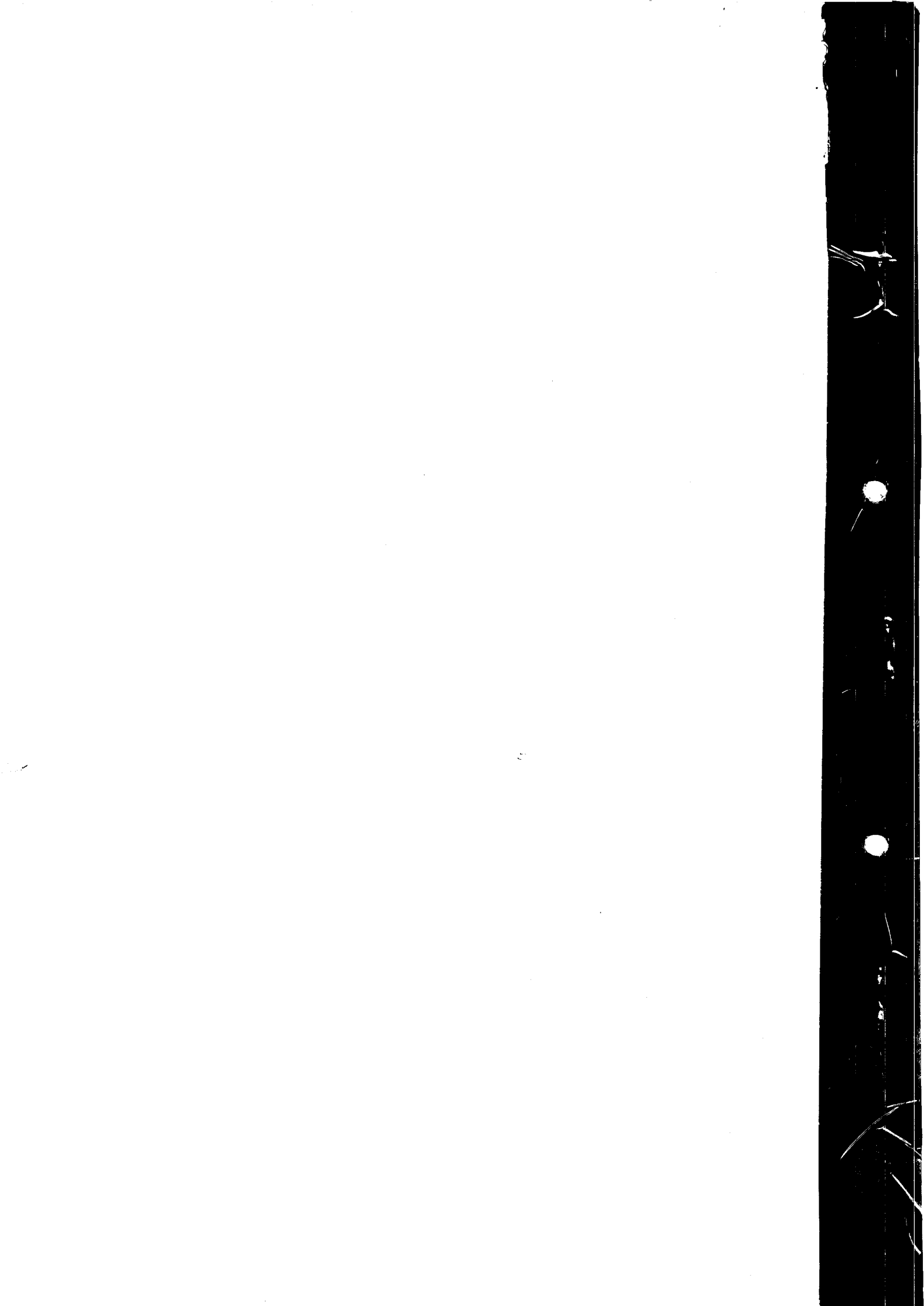


20 High value property details

Nagar Panchayat -GogriJamalpur

Sl. No.	Ward	Name of The Holder	Father's/Husband's Name	Assessed Value	Observation
1	15	Manju Devi	Sunil Kumar Narnolia	8199	Physical
2	15	Manju Devi	Sunil Kumar Narnolia	8199	Physical
3	15	Sanajy Kumar Singh	Ramanand Singh	779	Physical
4	15	Smt. Mira Devi	Saw Kumar Agarwal	2535	Physical
5	15	Urmila Devi	SatyanarayanYadav	3276	Physical
6	15	SawarmalChaudhary	MadanLalChaudhary	1507	Physical
7	15	Raj Kumar Chaudhary	ChhedilalChaudhary	1275	Physical
8	15	GautamPansali	Om PrakashPansali	810	Physical
9	15	GauravPansali	Om PrakashPansali	810	Physical
10	15	GunjanPansali	Om PrakashPansali	810	Physical
11	15	Om PrakashPansali	Ram al Pansali	2958	Physical
12	15	RatanLalAgarwal	Ram lalAgarwal	3402	Physical
13	15	Ashish Kumar	Ramji Shah	341	Physical
14	15	Nirala Devi	Ramji Shah	882	Physical
15	15	Manorma Devi	Narayan Shah	432	Physical
16	15	RekhaSenSaraswatiMandir	Ghanshyam Thakur(Principal)	7568	Physical
17	15	AgrasenBhawan	Marwari Sangh	10887	Physical
18	11	LokSikshaSamiti	Ghanshyam Thakur(Principal)	10044	Physical
19	11	Laxmi Narayan Kejriwal	Mohan LalKejriwal	3159	Physical
20	11	SatyendraNathSen	BijendraNathSen	3810	Physical





INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT – GOGRI JAMALPUR

For the Period from July-2016 to September - 2016

INTERNAL AUDIT CONDUCTED BY

THAKUR BHUWANESH & ASSOCIATES

Chartered Accountants
2nd Floor, Nathani Market
Sutapatti, Muzaffarpur
Bihar-842001

Audit Conducted from:

Report Issued on

NAGAR PANCHAYAT - GOGRI JAMALPUR (KHAGARIYA)

INTERNAL AUDIT REPORT FOR THE FINANCIAL YEAR (2016-17) Q2

INDEX

Section	Contents	Page No.	
		From	To
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II	Executive Summary		
III	Detailed Audit report		
IV	Audit Observations – Part-A		
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VI	Audit Observations – Part-C		
VII	Annexure to Audit report		
VIII	Report on Field Survey of 80 high value properties		

INTERNAL AUDITOR'S REPORT

Joint Secretary and
Additional Project Director
Urban Development & Housing
Department, Patna

We have conducted internal audit of the Books of Accounts and related document and vouchers of **Nagar Panchayat – Gogrijamalpur (ULB)** for the period of **1-7-2016 to 30-09-2016** in terms of agreement with UD&HD dated 21.03.2016. These Books of Accounts and related document and vouchers are the responsibility of Management. Our responsibility is to express an opinion on the Books of Accounts and related document and vouchers based on our audit.

We have conducted our audit in accordance with the **Standard on Internal Audit (SIA) formulated by ICAI**. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Books of Accounts and related document and vouchers are free from material misstatement. An audit includes examining, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our observations. The salient points of the scope covered by the internal audit are as follows:

1. The effectiveness of accounting system.
2. Compliance with the legal and statutory requirements.
3. Risk-based review and evaluation of the Internal Control.
4. Compliance of Bihar Municipal Act.
5. Compliance of Bihar Municipal Accounting Manual.

Moreover, our scope of examination also covered the requirements of the specific points as spelled out by the management of the Urban Development & Housing Department. The result and recommendations of our internal audit are set out in Scope, Observations and Annexure of our report.

The statutory auditor of the Urban Development & Housing Department expresses opinion as to the true and fair view of the financial statements. We have not expressed any opinion on the financial statements and accordingly, this report should not be constructed as our opinion on the financial statements.

For Thakur Bhuwanesh & Associates

Chartered Accountants.

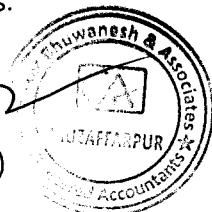
FRN: 019690N

(CA. Rajesh Kumar Jha)

Partner

M.NO. 412318

Date:



Executive Summary

1. Introduction

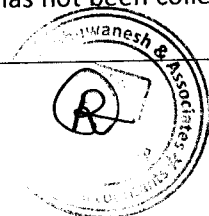
Name of the Municipality : Nagar Panchayat – GogriJamalpur

Period covered under current audit : 01.07.2016 to 30.09.2016

Name of Chief Executive Officer for the period under Audit : Mrs.PoonamKumari

2. Results and Findings

<p>Strength observed during the audit engagement</p>	<ul style="list-style-type: none"> • The following records are available: <ul style="list-style-type: none"> ✓ Cash Book with Subsidiaries ✓ Cheque receipt register ✓ Remittance Register ✓ Log Book of Vehicle ✓ Salary Register ✓ Daily collection Register of Taxes/user charges /Fees & Fines • Staff Cooperation during the Audit period is satisfactory. • Physical verification of movable Fixed Assets has been carried out during performance audit.
<p>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</p>	<ul style="list-style-type: none"> • Cashier cash book is not available. • Tax Collector generally deposits the collection amount with the interval of 3-7 days. As per Rule 27 of BMAR it should be deposited on daily basis otherwise a sum of Rs. 500/- per day may be imposed for delayed deposit. • Some cash expenditure has been made against cash collection. • There are some lapses in internal control w.r.t collection of taxes. • Demand collection Register has not been prepared. • Dues from Tower tax has not been collected on time.



	<ul style="list-style-type: none">• Interest @1.5% not imposed on delay payment of Tower registration fees and annual fees beyond 30 days. After 5 years there should be increase by 25% in renewal fee has not been demanded.• Periodical checking of Books of accounts by Chairman or vice chairman has not been done.• There is lack of internal control on deposit of various taxes. Due to cash basis accounting liability of Taxes has not been accounted for hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.Rs. 7120 excess TDS amount paid for A.Y. 14-15. Liability of TDS for A.Y 15-16 has not been paid till date. Quarterly TDS return not shown to us.• Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time.• Bank Reconciliation Statement is not prepared hence it is difficult to monitor possible fraud, if any.• Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.• P.F Act has not been followed by the office, Only6% P.F has been deducted from employees and 6 % P.F. contributed by Office. The same amount not remitted to Recognised Provident Fund Commissioner.• Budget has not been prepared before the F.Y. 2014-15.
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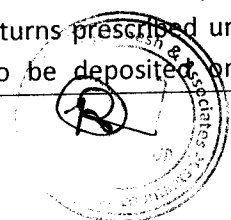


3. Opinion

<p>Overall opinion of the Audit team about the functioning of the Municipality</p>	<p>The overall functioning of the Municipality is very poor due to the following reasons:</p> <ul style="list-style-type: none"> • Most of the prescribed Books of accounts are not maintained • Internal Control w.r.t. collection of taxes, monitoring of grant, monitoring of advances, monitoring of schemes etc. is very poor. • Collection from own sources is very poor. • Grant received for various purposes are not utilized on timely basis. • There are serious lapses in deduction and deposit of statutory dues such as TDS, VAT, Royalty, Labour cess etc.
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4. Audit Recommendations

<ul style="list-style-type: none"> • The recommendations of Audit team on the observed weakness 	<p>We recommend the followings:</p> <ul style="list-style-type: none"> • All the prescribed books of accounts and Registers should be prepared on real time basis • Bank reconciliation Statement should be prepared on monthly basis • Cashier Cash Book should be maintained and written on daily basis. • Collection by tax collector should be deposited on daily basis. • Grant Register should be prepared • All the statutory dues should be deposited on timely basis and returns prescribed under the statute should also be deposited on timely
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	<p>basis.</p> <ul style="list-style-type: none">• Demand Collection Register of all the wards should be prepared.• Property tax register should be prepared as per new assessment.• Collection from own sources should be improved.
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5. Comments from Management

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. For Nagar Panchayat – GogriJamalpur (Executive Officer)
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6. Acknowledgment

We are thankful to Mrs PoonamKumari (Executive Officer) andMr.Manoranjan Kumar Dwivedi (Head Clerk) for their support during the period of our audit. We are also thankful to the support staffs of the municipality for their cooperation extended to us during the period of our audit.

ForThakurBhuwanesh& Associates

Chartered Accountants.

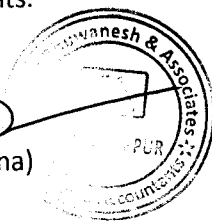
FRN: 019690N


(CA. Rajesh Kumar Jha)

Partner

M.NO. 412318

Date:



Detailed Audit Report

1. Introduction

The Internal audit of Nagar Panchayat covering period from 1st July 2016 to 30th September, 2016 was conducted by following persons under guidance of CA. B.K. Thakur

- i. Mr.Amit Kumar
- ii. Md. Parwez

2. Administration

The present body of the ULB has taken charge on 3rd July 2012. The incumbency in the key administrative and executive position was as under:

Smt. RanjitaKumariNishad, Chairman from 03.07.2012 to till date, Mrs.PoonamKumariExecutive officer from 03.09.2015 to till date.

3. Review of outstanding audit paras : Status of Audit Observations are as under: Audit Report of AG not shown to us, the following details as per Compliance report send by Office,

Sl.No.	Particulars of Audit and date of report	Total No. of Audit Paras.	Total No. of audit paras where necessary improvement/ corrective measure is required	Total No. of audit paras where recovery of cash is proposed	Total No. of audit paras where recovery has been made	Total amount of Recovery	Total No. of outstanding paras where no action has been taken	No. & date of Compliance report
1.	Audit report No. 02/12-13	24	14	Nil	Nil	Nil	00	10/03-01-2015

B. Status of Audit Observation is as under : Internal Audit 2015-16

Sl. No.	Particulars of audit and date of report	Audit Observation	Compliance
1.	Annual Audit Report 2015-16	Total collection of holding tax is Rs. 1470985.00 against total demand of Rs. 1479951.00	Collection is under progress
2.	-Do-	<u>Mobile Tower</u>	No Compliance



		Rs. 94000.00 loss is assessed on non-demand of Renewal fee at increased rate of 25% of installation. (Detail Attached)	
3.	-Do-	Rs. 1430000.00 is outstanding on account of Rent for communication tower. (Detail Attached)	Rs. 24000 collected in this quarter

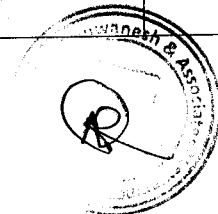
4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2014-15	2015-16	2016-17 q2
Final/ Revised Budget	Rs. 6,33,50,000	76520000	109185575
Actual Expenditure	Rs. 2,16,90,463	56374931	12338722.00
Savings (+)/ Excess(-)	Rs. 4,16,59,537	20145069	96846853.00

II. Volume of transactions

Period	Budgeted (F.Y.16-17)	Previous year (F.Y. 15-16)	Corresponding period of previous year (F.Y. 15-16)	Current Period (F.Y. 16-17) Q2	Cumulative for the current period (F.Y. 16-17) Q2
Opening Balance	146745595	14,67,45,596	144416952	130305526	137059377
Receipts	289997105	46688712	12137292	47391145	52390240
TOTAL	436742700	193434308	158882888	177696671	189449617
Net Expenditure	436742300	56374931	11896425	12338722	24091669
Closing Balance	400	13,70,59,377.00	146986463.00	165357949	165357949



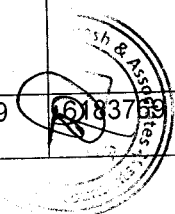
III. Bank Reconciliation

Preparation of Bank Reconciliation Statement is not in practice; however we have verified the cashbook balance and pass book balance and found the same in order, Scheme wise Bank Account has not been maintained:

It is suggested that Nagar Panchayat should prepare Bank Reconciliation Statements on monthly basis.

IV. Revenue Receipts

Period	Budgeted	Previous year (For One year) 2015-16	Corresponding period of previous year 2015-16	Current Period 2016-17	Cumulative for the current period 2016-17
A. Own Source					
Property Tax	1738605	1470985	76164	448465	802308
Assigned revenue	8177000			10827067	10827067
Others (Fees & User Charges)	11181300	402995		0	494247
(b) Administrative Grant					
Salary	2659000	960000	102851	558068	558068
State Government	187955000	24525375			
Central government	76360000	2100000			
Other government agencies	5000000				
13th Finance Commission Grant		4655665	6945447		
14th Finance		8963062		6183769	6183769



Commission Grant					
BRGF		1907630	110830	79529	79529
Social Security					4000000
Housing				19728000	19728000
Swachh Bharat Mission				9072000	9223005
Pension	83000		4902000		
Administrative Fund	2265000	1280000		558068	558068
Operation & Maintenance	14526000	600000			
Fixed assets	323934500	43080000			
Capital Works	91058000	28200000			
Others	1150000	5226000			

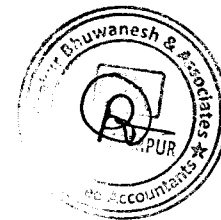
V. Status of Implementation of Double Entry Accounting System

Till date Double Entry Accounting System is not operational in the Nagar Panchayat.

M/S MukharjeeBiswas and Pathak, Chartered Accountants have been appointed by the UD & HD for implementation of Double Entry Accounting System in the Nagar Panchayat, Work in progress, actual status not explain to us.

VI. Status of Municipal Accounts Committee; if meeting held

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



5. Audit Observations

I. PART- A

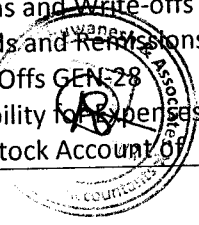
All audit objections/ irregularities which have monetary implication, particularly in following areas:

<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><u>Holding Tax</u> Total collection of holding tax is Rs. 802308 against total demand of Rs. 2542622.00</p> <p><u>Mobile Tower</u> Rs. 94000.00 loss is assessed on non-demand of Renewal fee at increased rate of 25% of installation. (Detail Attached) Rs. 1494000.00 is outstanding on account of Rent for communication tower. (Detail Attached)</p>
<p>b. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs</p>	<p>We have checked the expenditure vouched all above Rs. 10000.00 but no any objectionable thing noticed.</p>
<p>c. Report on findings of field survey of Property Tax of minimum 20 high value properties</p>	<p>Field survey of 20 high value properties has been conducted by us a report thereon is attached in Annexure</p>

PART-B

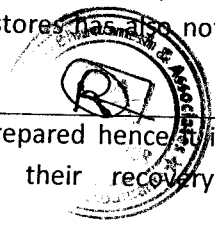
All audit objections/ irregularities which have no monetary implication, but significant violation of Act, Rules & directives of UD & HD. Mention the reference Act & Rules wherein remedial measures is required. In this part auditor should report in respect of –

<p>a. Non- maintenance of books of accounts , subsidiary registers</p>	<p>The Nagar Panchayat is maintaining only Cash Book/ Bank Book</p> <p>As per Bihar Municipal Accounting Manual Following primary Books of accounts are required to be maintained :</p> <ol style="list-style-type: none"> 1. Cash Book (Form Gen-IA) 2. Bank Book (Form Gen-IB) 3. Journal Book (Form Gen-2) 4. Ledger (Form Gen-3) <p>Journal Book and Ledger are not maintained.</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> <ol style="list-style-type: none"> 1 Receipt GEN-8 2 Receipt Register GEN-9 3 Statement on Status of Cheques Received GEN-10 4 Collection Register GEN-11 5 Memorandum of Collection GEN-12 6 Summary of Daily Collection GEN-13 7 Register of Bills for Payment GEN-14 8 Payment Order GEN-15 9 Cheque Issue Register GEN-16 10 Register of Advance GEN-17 11 Register of Permanent Advance GEN-18 12 Deposit Register GEN-19 13 Summary Statement of Deposits Adjusted GEN-20 14 Demand Register GEN-21 15 Bill for Municipal Dues GEN-22 16 Summary Statement of Bills Raised GEN-23 17 Register of Notice Fee, Warrant Fee, Other Fees GEN-24 18 Summary Statement of Notice Fee, Warrant Fee, Other Fees GEN-25 19 Register of Refunds, Remissions and Write-offs GEN-26 20 Summary Statement of Refunds and Remissions GEN-27 21 Summary Statement of Write-Offs GEN-28 22 Statement of Outstanding Liability for Expenses GEN-29 23 Documents Control Register/Stock Account of
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	<p>Receipt/Cheque Book GEN-30 24 Register of Immovable Property GEN-31 25 Register of Movable Property GEN-32 26 Register of Land GEN-33 27 Function-wise Income Subsidiary Ledger GEN-34 28 Function-wise Expense Subsidiary Ledger GEN-35 29 Asset Replacement Register GEN-36 30 Register of Public Lighting System GEN-37</p>
b. Irregularity in procurement process	No major irregularity observed
c. Non-compliance of directives by UD & HD , GOB	Non compliance of the direction issued by UD & HD, GOB vide letter no. 3/UIG- Ref 10/2012-1251 dated 12.07.2013 in respect of Solid Waste Management. No consumer tax has been imposed.
d. Non Compliance of Act & Rules	Various books of accounts and records, as provided in the Act and Rules are not maintained.
e. Lack of internal Control measures	<ul style="list-style-type: none"> • There are some lapses in internal control w.r.t collection of taxes. • Demand collection Register has not been prepared. • Dues from Tower tax has not been collected on time. • Interest @1.5% not imposed on delay payment of Tower registration fees and annual fees beyond 30 days. After 5 years there should be increase by 25% in renewal fee has not been demanded. • Periodical checking of Books of accounts by Chairman or vice chairman has not been done. • There is lack of internal control on deposit of various taxes. Due to cash basis accounting liability of Taxes has not been accounted for hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.Rs. 7120 excess TDS amount paid for A.Y. 14-15. Liability of TDS for A.Y 15-16 has not been paid till date. Quarterly TDS return not shown to us. • Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time.

	<ul style="list-style-type: none"> • Bank Reconciliation Statement is not prepared hence it is difficult to monitor possible fraud, if any. • Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof. • Budget has not been prepared before the F.Y. 2014-15. • Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.
f. Non-compliance of TDS, VAT and other relevant Statute	<p>i) Tax deducted at source of Income Tax.</p> <p>ii) VAT& Royalty are deposited on yearly basis which is not proper it should be deposited within the due date prescribed under the respective statute.</p> <p>iii) We observed that Income Tax, VAT, Royalty & labour cess for whole financial year has been deposited in the month of March 2015. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes</p>
g. Deficiency in Pay-roll System	The pay-roll system does not contain leave details of employee. P.F Act has not been followed by the office, Only 6% P.F has been deducted from employees and 6 % P.F. contributed by Office. The same amount not remitted to Recognised Provident Fund Commissioner, all the deductions of PF contribution are being deposited in a separate account opened by the municipality.
h. Utilization of Grant and report on missing Utilization Certificates	Grant Register has not been prepared hence it is difficult to ascertain unutilized grant at any particular time. As explained to us Utilization certificates up to 31.03.2016 has been sent to the Government but copy of the same could not be provided to us.
i. Physical verification of inventory/Stores	Inventory/Store Register has not been prepared and physical verification of inventory/stores has also not been done.
j. Advances, their adjustment & recovery	Advance Register has not been prepared hence it is very difficult to monitor advances, their recovery and adjustment.



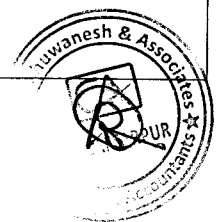
k. Any other matters as may be prescribed in due course.	
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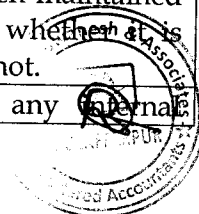
I. Part – C

General observations: Auditor should report the deficiencies noticed during their audit and recommendation ULB management to improve internal systems.

Particulars	Comments
Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts	No, Ledger accounts have not been prepared by the N.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;	No, except General Cash Book and Subsidiary Cash Book and demand collection register no other books of accounts have been maintained.
Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts;	No quarterly Financial Statements have been prepared by the N.P.
Whether the period end and reconciliation procedures prescribed have been carried out.	No, period end and reconciliation procedures as prescribed have not been carried out.
Whether the Bank Reconciliation statements have been prepared and are appropriate	No, Bank Reconciliation Statements have not been prepared by the N.P.
Whether all grants from Government have been accounted at gross value with proper entries to various accounts	Yes, all grants from Government have been accounted at gross value but all transactions are not correctly classified with sufficient details.
Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;	No all transactions have been classified as incomes and expenditure only assets and liabilities have not been recognized.
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? Whether such deductions have been properly accounted;	Grant received during the year has been properly accounted for. Information about grant sanctioned and deductions made out of such grant is not available with the ULB.
Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;	No Special fund has been created by the ULB.
In respect of contracts that are in existence during the year, whether there are any deviations from the sanctioned plans and the estimates without the sanction of the competent authority;	On our test check we did not notice any major deviation.

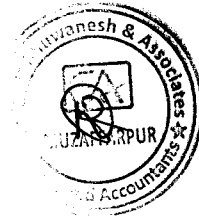


Particulars	Comments
Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	No, record of fixed assets has not been maintained by the ULB. Physical verification of fixed assets has not been done during the financial year under audit.
Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	As explained to us no property of the ULB has been given on lease.
Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;	No, physical verification of stores has been conducted by the ULB at reasonable intervals.
Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported;	No
Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same has been properly dealt with in the books of account;	No physical verification has been carried out during the audit period.
Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts;	No there is no procedures are in place to identify any unserviceable or damaged stores
Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	No valuation of stores has been done.
Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	There is no case loans and advances other than advance to staff for expenditure.
Whether advances given to municipal employees and interest thereon are being regularly recovered;	Advance Register has not been maintained so we are unable to verify whether they are being recovered regularly or not.
Whether there exists an adequate internal	No there does not exist any



Particulars	Comments
control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets
Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.	Not any significant deviation.
Whether the municipality is regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc., and if not, the nature and cause of such delay and the amount not deposited;	No, the municipality is not regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc. Royalty and labour cess for the year 2014-15 yet to be deposited.
Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;	The municipality is not giving any contribution to P.F or pension Fund employee contribution to P.F and pension fund.
Whether any personal expenses have been charged to the municipality' s accounts; if so, the details thereof;	We did not notice any such expenses.
Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently and are in all cases such as are authorized by law;	Yes on our test check we observed that all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget
Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	No all revenues have not been properly assessed, accounted for and collected. Recovery action is also not taken on timely basis
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;	Some delay observed in collection and accounting of taxes by tax collection agents.
Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority;	Yes on our test check we observed that all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority
Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	Yes on our test check we observed that amounts received as specific grants have been utilized for the purposes as stated in

Particulars	Comments
	the grant sanction order
Whether bio-metric devices and payroll software are used at the ULB. If not whether there is satisfactory system of payroll accounting; otherwise mention the key deficiencies of the system.	No, 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.
Whether the grievance redressal mechanism for the ULB is sufficient.	No, we did not observe any grievance redressal cell functioning at the ULB.



Details of Sairat During the year 2015-16& 2016-17

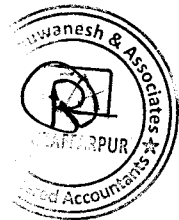
Name of Sairat	15-16	2016-17
Jamal Pur Hat	255000	227000
Tikani Hat	5500	6500
Laxmi Nagar Hat	29800	32664
Gogri Hat	49500	101775
Public Toilet	3500	Not Done
Total	343300	367939

Detail of due from communication Tower

Sl. No.	Company	Location	Year of Estb.	Annual Fee due for enhancement	Add. Fee @ 25%
1	Vodafone	WN 1	2007-08	2014	6000
2	Vodafone	WN 11	2007-08	2014	6000
3	Vodafone	WN 19	2007-08	2014	6000
4	Airtel	WN 01	2006	2012	10000
5	Airtel	WN 08	2009	2015	2000
6	Airtel	WN 08	2005	2011	12000
7	Airtel	WN 15	2006	2012	10000
8	BSNL	WN 11	2001	2007	12000
9	Reliance	WN 15	2005	2011	12000
10	Vodafone	WN 19	2008	2014	6000
Total					94000

2016-17 TOWER

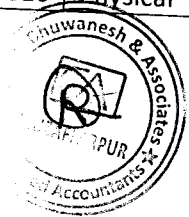
NAME OF TOWER	Due up to 2015-16	2016-17	Due in 2016-17	Collection
VODA	9000	10000	19000	0
AIRTEL	169000	10000	179000	0
TATA INDCOM	169000	10000	179000	0
BHARTIYE INFORT	159000	10000	169000	0
RELIANCE JIO	24000	8000	34000	24000
VODA	225000	10000	235000	0
VODA	225000	10000	235000	0
VODA	225000	10000	235000	0
VODA	225000	10000	235000	0
TOTAL DUE	1430000	88000	1518000	240000

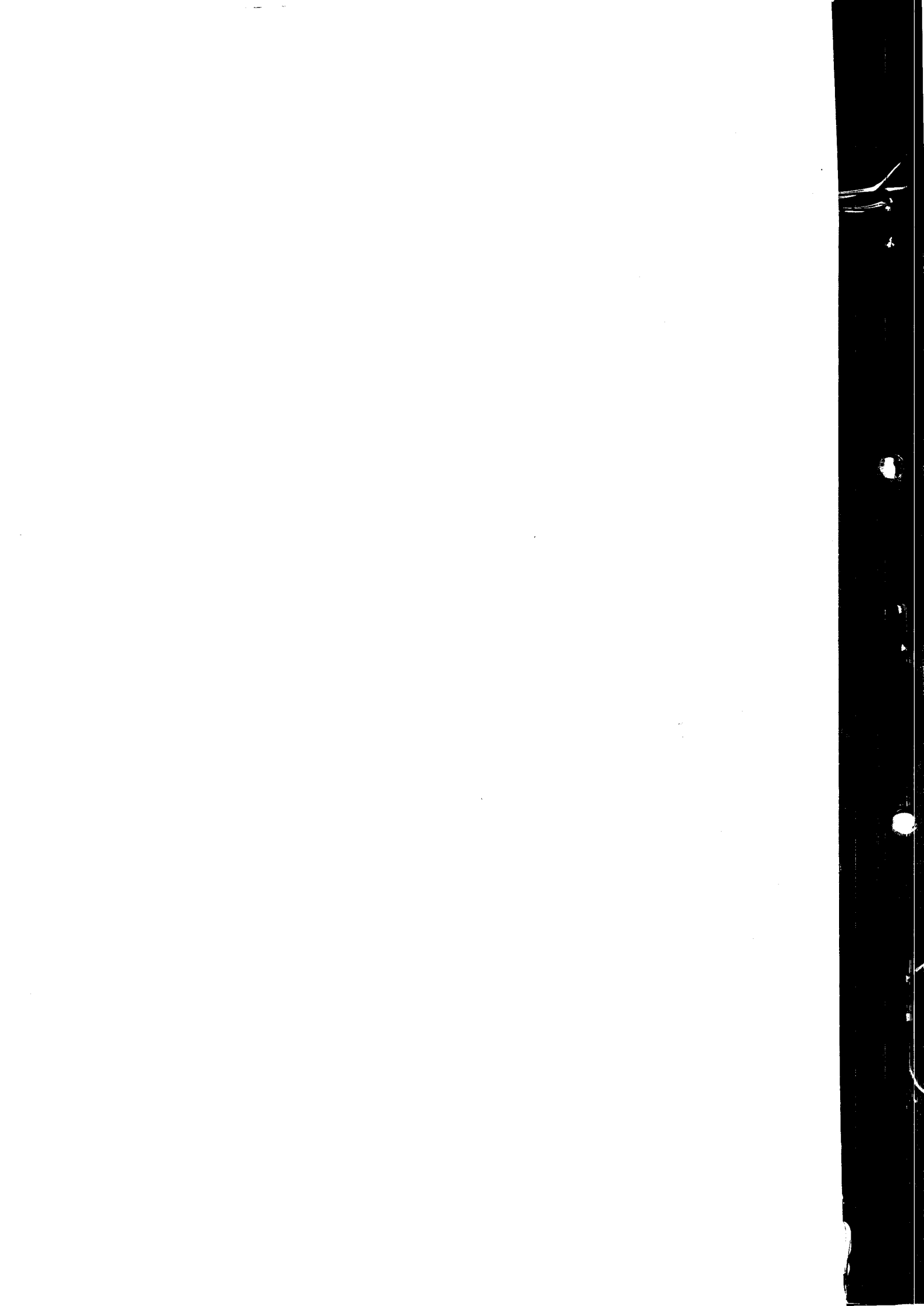


20 High value property details

Nagar Panchayat -GogriJamalpur

Sl. No.	Ward	Name of The Holder	Father's/Husband's Name	Assessed Value	Observation
1	15	Manju Devi	Sunil Kumar Narnolia	8199	Physical
2	15	Manju Devi	Sunil Kumar Narnolia	8199	Physical
3	15	Sanajy Kumar Singh	Ramanand Singh	779	Physical
4	15	Smt. Mira Devi	Saw Kumar Agarwal	2535	Physical
5	15	Urmila Devi	SatyanarayanYadav	3276	Physical
6	15	SawarmalChaudhary	MadanLalChaudhary	1507	Physical
7	15	Raj Kumar Chaudhary	ChhediLalChaudhary	1275	Physical
8	15	GautamPansali	Om PrakashPansali	810	Physical
9	15	GauravPansali	Om PrakashPansali	810	Physical
10	15	GunjanPansali	Om PrakashPansali	810	Physical
11	15	Om PrakashPansali	Ram al Pansali	2958	Physical
12	15	RatanLalAgarwal	Ram lalAgarwal	3402	Physical
13	15	Ashish Kumar	Ramji Shah	341	Physical
14	15	Nirala Devi	Ramji Shah	882	Physical
15	15	Manorma Devi	Narayan Shah	432	Physical
16	15	RekhaSenSaraswatiMandir	Ghanshyam Thakur(Principal)	7568	Physical
17	15	AgrasenBhawan	Marwari Sangh	10887	Physical
18	11	LokSikshaSamiti	Ghanshyam Thakur(Principal)	10044	Physical
19	11	Laxmi Narayan Kejriwal	Mohan LalKejriwal	3159	Physical
20	11	SatyendraNathSen	BijendraNathSen	3810	Physical





INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT – GOGRI JAMALPUR

For the Period from October-2016 to December - 2016

INTERNAL AUDIT CONDUCTED BY

THAKUR BHUWANESH & ASSOCIATES

Chartered Accountants

2nd Floor, Nathani Market

Sutapatti, Muzaffarpur

Bihar-842001

Audit Conducted from:

Report Issued on

NAGAR PANCHAYAT – GOGRI JAMALPUR (KHAGARIYA)**INTERNAL AUDIT REPORT FOR THE FINANCIAL YEAR (2016-17) Q3****INDEX**

Section	Contents	Page No.	
		From	To
I	Audit Methodology and Approach		
II	Executive Summary		
III	Detailed Audit report		
IV	Audit Observations – Part-A		
V	Audit Observations – Part-B		
VI	Audit Observations – Part-C		
VII	Annexure to Audit report		
VIII	Report on Field Survey of 80 high value properties		

INTERNAL AUDITOR'S REPORT

Joint Secretary and
Additional Project Director
Urban Development & Housing
Department, Patna

We have conducted internal audit of the Books of Accounts and related document and vouchers of **Nagar Panchayat – GogriJamalpur (ULB)** for the period of **1-10-2016 to 31-12-2016** in terms of agreement with UD&HD dated 21.03.2016. These Books of Accounts and related document and vouchers are the responsibility of Management. Our responsibility is to express an opinion on the Books of Accounts and related document and vouchers based on our audit.

We have conducted our audit in accordance with the **Standard on Internal Audit (SIA) formulated by ICAI**. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Books of Accounts and related document and vouchers are free from material misstatement. An audit includes examining, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our observations. The salient points of the scope covered by the internal audit are as follows:

1. The effectiveness of accounting system.
2. Compliance with the legal and statutory requirements.
3. Risk-based review and evaluation of the Internal Control.
4. Compliance of Bihar Municipal Act.
5. Compliance of Bihar Municipal Accounting Manual.

Moreover, our scope of examination also covered the requirements of the specific points as spelled out by the management of the Urban Development & Housing Department. The result and recommendations of our internal audit are set out in Scope, Observations and Annexure of our report.

The statutory auditor of the Urban Development & Housing Department expresses opinion as to the true and fair view of the financial statements. We have not expressed any opinion on the financial statements and accordingly, this report should not be constructed as our opinion on the financial statements.

For Thakur Bhuwanesh & Associates

Chartered Accountants

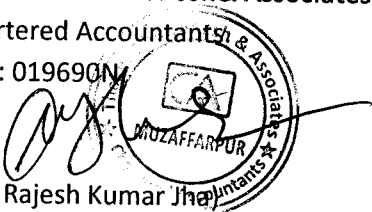
FRN: 019690N

(CA. Rajesh Kumar Jha)

Partner

M.NO. 412318

Date:



Executive Summary

1. Introduction

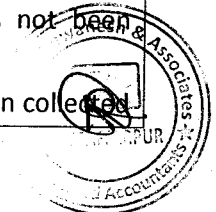
Name of the Municipality : Nagar Panchayat – GogriJamalpur

Period covered under current audit : 01.10.2016 to 31.10.2016

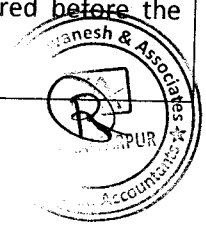
Name of Chief Executive Officer for the period under Audit : Mrs.PoonamKumari

2. Results and Findings

<p>Strength observed during the audit engagement</p>	<ul style="list-style-type: none"> • The following records are available: <ul style="list-style-type: none"> ✓ Cash Book with Subsidiaries ✓ Cheque receipt register ✓ Remittance Register ✓ Log Book of Vehicle ✓ Salary Register ✓ Daily collection Register of Taxes/user charges /Fees & Fines • Staff Cooperation during the Audit period is satisfactory. • Physical verification of movable Fixed Assets has been carried out during performance audit.
<p>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</p>	<ul style="list-style-type: none"> • Cashier cash book is not available. • Tax Collector generally deposits the collection amount with the interval of 3-7 days. As per Rule 27 of BMAR it should be deposited on daily basis otherwise a sum of Rs. 500/- per day may be imposed for delayed deposit. • Some cash expenditure has been made against cash collection. • There are some lapses in internal control w.r.t collection of taxes. • Demand collection Register has not been prepared. • Dues from Tower tax has not been collected.



	<p>on time.</p> <ul style="list-style-type: none">• Interest @1.5% not imposed on delay payment of Tower registration fees and annual fees beyond 30 days. After 5 years there should be increase by 25% in renewal fee has not been demanded.• Periodical checking of Books of accounts by Chairman or vice chairman has not been done.• There is lack of internal control on deposit of various taxes. Due to cash basis accounting liability of Taxes has not been accounted for hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.Rs. 7120 excess TDS amount paid for A.Y. 14-15. Liability of TDS for A.Y 15-16 has not been paid till date. Quarterly TDS return not shown to us.• Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time.• Bank Reconciliation Statement is not prepared hence it is difficult to monitor possible fraud, if any.• Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.• P.F Act has not been followed by the office, Only 6% P.F has been deducted from employees and 6 % P.F. contributed by Office. The same amount not remitted to Recognised Provident Fund Commissioner.• Budget has not been prepared before the F.Y. 2014-15.
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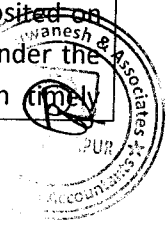


3. Opinion

<p>Overall opinion of the Audit team about the functioning of the Municipality</p>	<p>The overall functioning of the Municipality is very poor due to the following reasons:</p> <ul style="list-style-type: none"> • Most of the prescribed Books of accounts are not maintained • Internal Control w.r.t. collection of taxes, monitoring of grant, monitoring of advances, monitoring of schemes etc. is very poor. • Collection from own sources is very poor. • Grant received for various purposes are not utilized on timely basis. • There are serious lapses in deduction and deposit of statutory dues such as TDS, VAT, Royalty, Labour cess etc.
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4. Audit Recommendations

<ul style="list-style-type: none"> • The recommendations of Audit team on the observed weakness 	<p>We recommend the followings:</p> <ul style="list-style-type: none"> • All the prescribed books of accounts and Registers should be prepared on real time basis • Bank reconciliation Statement should be prepared on monthly basis • Cashier Cash Book should be maintained and written on daily basis. • Collection by tax collector should be deposited on daily basis. • Grant Register should be prepared • All the statutory dues should be deposited on timely basis and returns prescribed under the statute should also be deposited on timely
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	<p>basis.</p> <ul style="list-style-type: none"> • Demand Collection Register of all the wards should be prepared. • Property tax register should be prepared as per new assessment. • Collection from own sources should be improved.
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5. Comments from Management

Comment from Management	<p>The audit report has been discussed with us; we will try our best to remove the irregularities pointed out in the audit report.</p> <p>For Nagar Panchayat – GogriJamalpur (Executive Officer)</p>
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6. Acknowledgment

We are thankful to Mrs PoonamKumari (Executive Officer) and Mr. Manoranjan Kumar Dwivedi (Head Clerk) for their support during the period of our audit. We are also thankful to the support staffs of the municipality for their cooperation extended to us during the period of our audit.

For Thakur Bhuwanesh & Associates

Chartered Accountants.

FRN: 019690N



(CA. Rajesh Kumar Jha)

Partner

M.NO. 412318

Date:



Detailed Audit Report**1. Introduction**

The Internal audit of Nagar Panchayat covering period from 1st October 2016 to 31st December, 2016 was conducted by following persons under guidance of CA. B.K. Thakur

- i. Mr.Amit Kumar
- ii. Md. Parwez

2. Administration

The present body of the ULB has taken charge on 3rd July 2012. The incumbency in the key administrative and executive position was as under:

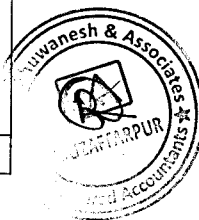
Smt. RanjitaKumariNishad, Chairman from 03.07.2012 to till date, Mrs.PoonamKumariExecutive officer from 03.09.2015 to till date.

3. Review of outstanding audit paras : Status of Audit Observations are as under: Audit Report of AG not shown to us, the following details as per Compliance report send by Office,

Sl.No.	Particulars of Audit and date of report	Total No. of Audit Paras.	Total No. of audit paras where necessary improvement/ corrective measure is required	Total No. of audit paras where recovery of cash is proposed	Total No. of audit paras where recovery has been made	Total amount of Recovery	Total No. of outstanding paras where no action has been taken	No. & date of Compliance report
1.	Audit report No. 02/12-13	24	14	Nil	Nil	Nil	00	10/03-01-2015

B. Status of Audit Observation is as under : Internal Audit 2015-16

Sl. No.	Particulars of audit and date of report	Audit Observation	Compliance
1.	Annual Audit Report 2015-16	Total collection of holding tax is Rs. 1470985.00 against total demand of Rs. 1479951.00	Collection is under progress
2.	-Do-	<u>Mobile Tower</u>	No Compliance



		Rs. 94000.00 loss is assessed on non-demand of Renewal fee at increased rate of 25% of installation. (Detail Attached)	
3.	-Do-	Rs. 1430000.00 is outstanding on account of Rent for communication tower. (Detail Attached)	No collection in this quarter

4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2014-15	2015-16	2016-17
Final/ Revised Budget	Rs. 6,33,50,000	76520000	
Actual Expenditure	Rs. 2,16,90,463	56374931	11752946.52
Savings (+)/ Excess(-)	Rs. 4,16,59,537	20145069	

II. Volume of transactions

Period	Budgeted (F.Y.16-17)	Previous year (F.Y. 15-16)	Corresponding period of previous year (F.Y. 15-16)	Current Period (F.Y. 16-17) Q3	Cumulative for the current period (F.Y. 16-17) Q3
Opening Balance	146745595	14,67,45,596	146986463.00	165357949	137059377
Receipts	289997105	46688712	13366549	192301	52582541
TOTAL	436742700	193434308	160353012	165550250	189641918
Net Expenditure	436742300	56374931	4418090	3311995	27403663
Closing Balance	400	13,70,59,377.00	155934922	162238255	162238255

III. Bank Reconciliation

Preparation of Bank Reconciliation Statement is not in practice; however we have verified the cashbook balance and pass book balance and found the same in order, Scheme wise Bank Account has not been maintained:

It is suggested that Nagar Panchayat should prepare Bank Reconciliation Statements on monthly basis.

IV. Revenue Receipts

Period	Budgeted	Previous year (For One year) 2015-16	Corresponding period of previous year 2015-16	Current Period 2016-17	Cumulative for the current period 2016-17
A. Own Source					
Property Tax	1738605	1470985	1470985	192301	994609
Assigned revenue	8177000				10827067
Others (Fees & User Charges)	11181300	402995	402995		494247
(b) Administrative Grant					
Salary	2659000	960000	960000		558068
State Government	187955000	24525375	24525375		
Central government	76360000	2100000	2100000		
Other government agencies	5000000				
13th Finance Commission Grant		4655665	4655665		
14th Finance		8963062	8963062		6183769

Commission Grant					
BRGF		1907630	1907630		79529
Housing					4000000
Swachh Bharat Mission					19728000
Pension	83000				9223005
Administrative expenses	2265000	1280000	1280000		
Operation & Maintenance	14526000	600000	600000		558068
Fixed assets	323934500	43080000			
Capital Works	91058000	28200000	28200000		
Others	1150000	5226000	5226000		

V. Status of Implementation of Double Entry Accounting System

Till date Double Entry Accounting System is not operational in the Nagar Panchayat.

M/S MukharjeeBiswas and Pathak, Chartered Accountants have been appointed by the UD & HD for implementation of Double Entry Accounting System in the Nagar Panchayat, Work in progress, actual status not explain to us.

VI. Status of Municipal Accounts Committee; if meeting held

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



5. Audit Observations

I. PART- A

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

<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><u>Holding Tax</u> Total collection of holding tax is Rs. 1400227.00 against total demand of Rs. 2542622.00</p> <p><u>Mobile Tower</u> Rs. 94000.00 loss is assessed on non-demand of Renewal fee at increased rate of 25% of installation. (Detail Attached) Rs. 1482000.00 is outstanding on account of Rent for communication tower. (Detail Attached)</p>
<p>b. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs</p>	<p>We have checked the expenditure vouched all above Rs. 10000.00 but no any objectionable thing noticed.</p>
<p>c. Report on findings of field survey of Property Tax of minimum 20 high value properties</p>	<p>Field survey of 20 high value properties has been conducted by us a report thereon is attached in Annexure</p>



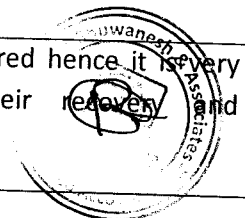
PART-B

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 part auditor should report in respect of –

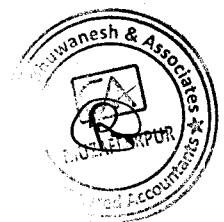
<p>a. Non- maintenance of books of accounts , subsidiary registers</p>	<p>The Nagar Panchayat is maintaining only Cash Book/ Bank Book</p> <p>As per Bihar Municipal Accounting Manual Following primary Books of accounts are required to be maintained :</p> <ol style="list-style-type: none"> 1. Cash Book (Form Gen-IA) 2. Bank Book (Form Gen-IB) 3. Journal Book (Form Gen-2) 4. Ledger (Form Gen-3) <p>Journal Book and Ledger are not maintained.</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> <ol style="list-style-type: none"> 1 Receipt GEN-8 2 Receipt Register GEN-9 3 Statement on Status of Cheques Received GEN-10 4 Collection Register GEN-11 5 Memorandum of Collection GEN-12 6 Summary of Daily Collection GEN-13 7 Register of Bills for Payment GEN-14 8 Payment Order GEN-15 9 Cheque Issue Register GEN-16 10 Register of Advance GEN-17 11 Register of Permanent Advance GEN-18 12 Deposit Register GEN-19 13 Summary Statement of Deposits Adjusted GEN-20 14 Demand Register GEN-21 15 Bill for Municipal Dues GEN-22 16 Summary Statement of Bills Raised GEN-23 17 Register of Notice Fee, Warrant Fee, Other Fees GEN-24 18 Summary Statement of Notice Fee, Warrant Fee, Other Fees GEN-25 19 Register of Refunds, Remissions and Write-offs GEN-26 20 Summary Statement of Refunds and Remissions GEN-27 21 Summary Statement of Write-Offs GEN-28 22 Statement of Outstanding Liability for Expenses GEN-29 23 Documents Control Register/Stock Account of
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	<p>Receipt/Cheque Book GEN-30 24 Register of Immovable Property GEN-31 25 Register of Movable Property GEN-32 26 Register of Land GEN-33 27 Function-wise Income Subsidiary Ledger GEN-34 28 Function-wise Expense Subsidiary Ledger GEN-35 29 Asset Replacement Register GEN-36 30 Register of Public Lighting System GEN-37</p>
b. Irregularity in procurement process	No major irregularity observed
c. Non-compliance of directives by UD & HD , GOB	Non compliance of the direction issued by UD & HD, GOB vide letter no. 3/UG- Ref 10/2012-1251 dated 12.07.2013 in respect of Solid Waste Management. No consumer tax has been imposed.
d. Non Compliance of Act & Rules	Various books of accounts and records, as provided in the Act and Rules are not maintained.
e. Lack of internal Control measures	<ul style="list-style-type: none"> • There are some lapses in internal control w.r.t collection of taxes. • Demand collection Register has not been prepared. • Dues from Tower tax has not been collected on time. • Interest @1.5% not imposed on delay payment of Tower registration fees and annual fees beyond 30 days. After 5 years there should be increase by 25% in renewal fee has not been demanded. • Periodical checking of Books of accounts by Chairman or vice chairman has not been done. • There is lack of internal control on deposit of various taxes. Due to cash basis accounting liability of Taxes has not been accounted for hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes. Rs. 7120 excess TDS amount paid for A.Y. 14-15. Liability of TDS for A.Y 15-16 has not been paid till date. Quarterly TDS return not shown to us. • Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time.

	<ul style="list-style-type: none"> • Bank Reconciliation Statement is not prepared hence it is difficult to monitor possible fraud, if any. • Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof. • Budget has not been prepared before the F.Y. 2014-15. • Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.
f. Non-compliance of TDS, VAT and other relevant Statute	<p>i) Tax deducted at source of Income Tax.</p> <p>ii) VAT& Royalty are deposited on yearly basis which is not proper it should be deposited within the due date prescribed under the respective statute.</p> <p>iii) We observed that Income Tax, VAT, Royalty & labour cess for whole financial year has been deposited in the month of March 2015. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes</p>
g. Deficiency in Pay-roll System	The pay-roll system does not contain leave details of employee. P.F Act has not been followed by the office, Only 6% P.F has been deducted from employees and 6 % P.F. contributed by Office. The same amount not remitted to Recognised Provident Fund Commissioner, all the deductions of PF contribution are being deposited in a separate account opened by the municipality.
h. Utilization of Grant and report on missing Utilization Certificates	Grant Register has not been prepared hence it is difficult to ascertain unutilized grant at any particular time. As explained to us Utilization certificates up to 31.03.2016 has been sent to the Government but copy of the same could not be provided to us.
i. Physical verification of inventory/Stores	Inventory/Store Register has not been prepared and physical verification of inventory/stores has also not been done.
j. Advances, their adjustment & recovery	Advance Register has not been prepared hence it is very difficult to monitor advances, their recovery and adjustment.



k. Any other matters as may be prescribed in due course.	
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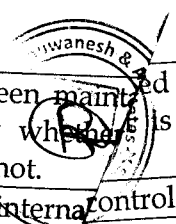
I. Part – C

General observations: Auditor should report the deficiencies noticed during their audit and recommendation ULB management to improve internal systems.

Particulars	Comments
Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts	No, Ledger accounts have not been prepared by the N.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;	No, except General Cash Book and Subsidiary Cash Book and demand collection register no other books of accounts have been maintained.
Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts;	No quarterly Financial Statements have been prepared by the N.P.
Whether the period end and reconciliation procedures prescribed have been carried out.	No, period end and reconciliation procedures as prescribed have not been carried out.
Whether the Bank Reconciliation statements have been prepared and are appropriate	No, Bank Reconciliation Statements have not been prepared by the N.P.
Whether all grants from Government have been accounted at gross value with proper entries to various accounts	Yes, all grants from Government have been accounted at gross value but all transactions are not correctly classified with sufficient details.
Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;	No all transactions have been classified as incomes and expenditure only assets and liabilities have not been recognized.
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? Whether such deductions have been properly accounted;	Grant received during the year has been properly accounted for. Information about grant sanctioned and deductions made out of such grant is not available with the ULB.
Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;	No Special fund has been created by the ULB.
In respect of contracts that are in existence during the year, whether there are any deviations from the sanctioned plans and the estimates without the sanction of the competent authority;	On our test check we did not notice any major deviation.



Particulars	Comments
Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	No, record of fixed assets has not been maintained by the ULB. Physical verification of fixed assets has not been done during the financial year under audit.
Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	As explained to us no property of the ULB has been given on lease.
Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;	No, physical verification of stores has been conducted by the ULB at reasonable intervals.
Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported;	No
Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same has been properly dealt with in the books of account;	No physical verification has been carried out during the audit period.
Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts;	No there is no procedures are in place to identify any unserviceable or damaged stores
Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	No valuation of stores has been done.
Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	There is no case loans and advances other than advance to staff for expenditure.
Whether advances given to municipal employees and interest thereon are being regularly recovered;	Advance Register has not been maintained so we are unable to verify whether it is being recovered regularly or not.
Whether there exists an adequate internal	No there does not exist any internal control



 Animesh & ...

Details of Sairat During the year 2015-16& 2016-17

Name of Sairat	15-16	2016-17
Jamal Pur Hat	255000	227000
Tikani Hat	5500	6500
Laxmi Nagar Hat	29800	32664
Gogri Hat	49500	101775
Public Toilet	3500	Not Done
Total	343300	367939

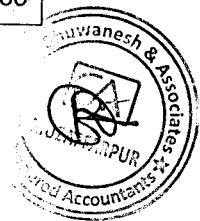


Detail of due from communication Tower

Sl. No.	Company	Location	Year of Estb.	Annual Fee due for enhancement	Add. Fee @ 25%
1	Vodafone	WN 1	2007-08	2014	6000
2	Vodafone	WN 11	2007-08	2014	6000
3	Vodafone	WN 19	2007-08	2014	6000
4	Airtel	WN 01	2006	2012	10000
5	Airtel	WN 08	2009	2015	2000
6	Airtel	WN 08	2005	2011	12000
7	Airtel	WN 15	2006	2012	10000
8	BSNL	WN 11	2001	2007	12000
9	Reliance	WN 15	2005	2011	12000
10	Vodafone	WN 19	2008	2014	6000
Total					94000

2016-17 TOWER

NAME OF TOWER	Due up to 2015-16	2016-17	Due in 2016-17	Collection	Due
VODA	9000	10000	19000	8000	11000
AIRTEL	169000	10000	179000	0	179000
TATA INDCOM	169000	10000	179000	0	179000
BHARTIYE INFORT	159000	10000	169000	0	169000
RELIANCE JIO	24000	8000	32000	24000	8000
VODA	225000	10000	235000	0	235000
VODA	225000	10000	235000	0	235000
VODA	225000	10000	235000	0	235000
VODA	225000	10000	235000	0	235000
TOTAL DUE	1430000	88000	1518000	32000	1482000

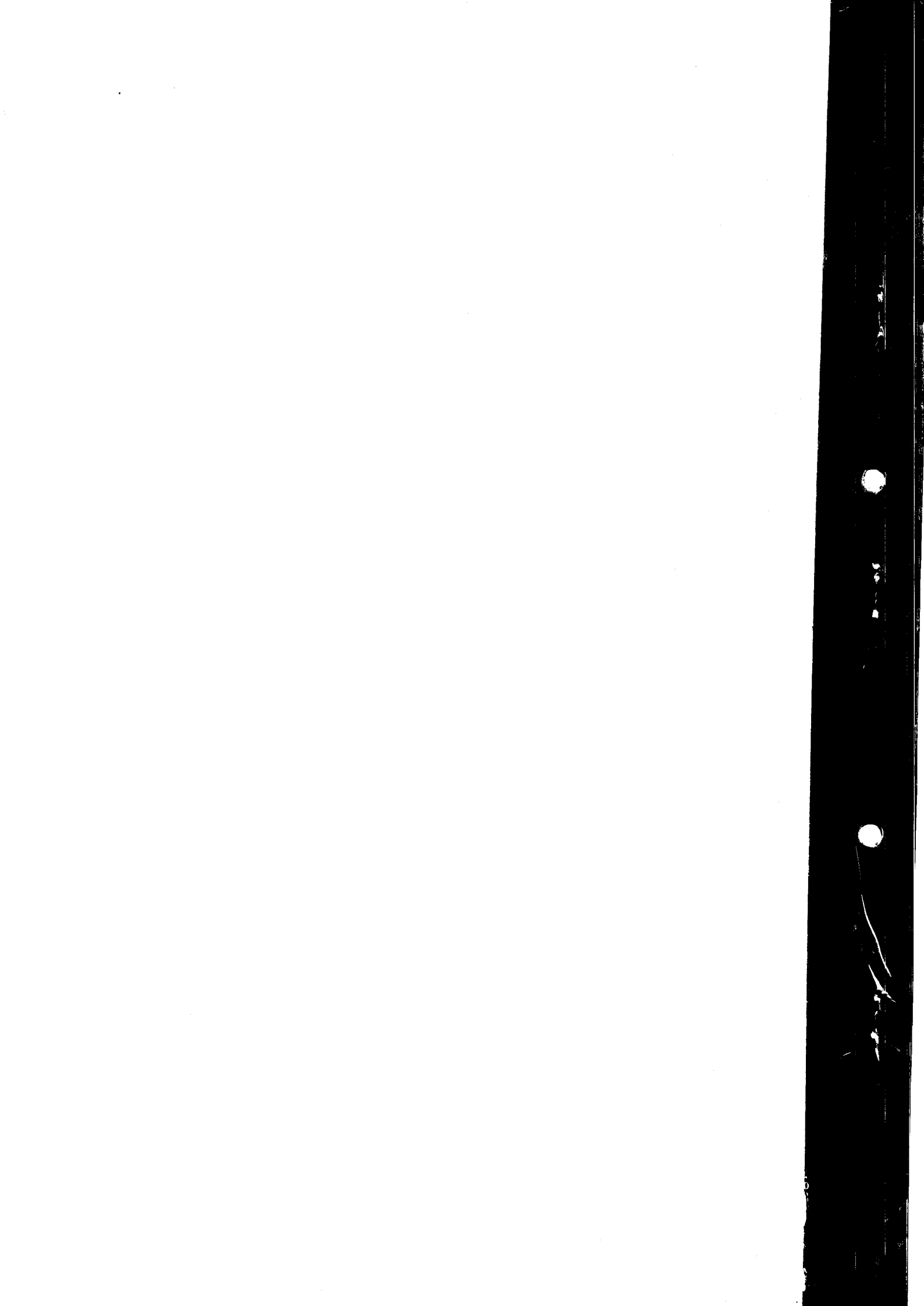


20 High value property details

Nagar Panchayat -GogriJamalpur

Sl. No.	Ward	Name of The Holder	Father's/Husband's Name	Assessed Value	Observation
1	15	Manju Devi	Sunil Kumar Narnolia	8199	Physical
2	15	Manju Devi	Sunil Kumar Narnolia	8199	Physical
3	15	Sanajy Kumar Singh	Ramanand Singh	779	Physical
4	15	Smt. Mira Devi	Saw Kumar Agarwal	2535	Physical
5	15	Urmila Devi	SatyanarayanYadav	3276	Physical
6	15	SawarmalChaudhary	MadanLalChaudhary	1507	Physical
7	15	Raj Kumar Chaudhary	ChhedilalChaudhary	1275	Physical
8	15	GautamPansali	Om PrakashPansali	810	Physical
9	15	GauravPansali	Om PrakashPansali	810	Physical
10	15	GunjanPansali	Om PrakashPansali	810	Physical
11	15	Om PrakashPansali	Ram al Pansali	2958	Physical
12	15	RatanLalAgarwal	Ram lalAgarwal	3402	Physical
13	15	Ashish Kumar	Ramji Shah	341	Physical
14	15	Nirala Devi	Ramji Shah	882	Physical
15	15	Manorma Devi	Narayan Shah	432	Physical
16	15	RekhaSenSaraswatiMandir	Ghanshyam Thakur(Principal)	7568	Physical
17	15	AgrasenBhawan	Marwari Sangh	10887	Physical
18	11	LokSikshaSamiti	Ghanshyam Thakur(Principal)	10044	Physical
19	11	Laxmi Narayan Kejriwal	Mohan LalKejriwal	3159	Physical
20	11	SatyendraNathSen	BijendraNathSen	3810	Physical





INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT - GOGRI JAMALPUR

For the Period from January- 2017 to March - 2017

INTERNAL AUDIT CONDUCTED BY

THAKUR BHUWANESH & ASSOCIATES

Chartered Accountants
2nd Floor, Nathani Market
Sutapatti, Muzaffarpur
Bihar-842001

Audit Conducted from:

Report Issued on

NAGAR PANCHAYAT - GOGRI JAMALPUR (KHAGARIYA)

INTERNAL AUDIT REPORT FOR THE FINANCIAL YEAR (2016-17) Q3

INDEX

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		From	To
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II	Executive Summary		
III	Detailed Audit report		
IV	Audit Observations – Part-A		
V	Audit Observations – Part-B		
VI	Audit Observations – Part-C		
VII	Annexure to Audit report		
VIII	Report on Field Survey of 80 high value properties		

INTERNAL AUDITOR'S REPORT

Joint Secretary and
Additional Project Director
Urban Development & Housing
Department, Patna

We have conducted internal audit of the Books of Accounts and related document and vouchers of **Nagar Panchayat – Gogrijamalpur (ULB)** for the period of **1-01-2017 to 31-03-2017** in terms of agreement with UD&HD dated 21.03.2016. These Books of Accounts and related document and vouchers are the responsibility of Management. Our responsibility is to express an opinion on the Books of Accounts and related document and vouchers based on our audit.

We have conducted our audit in accordance with the **Standard on Internal Audit (SIA) formulated by ICAI**. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Books of Accounts and related document and vouchers are free from material misstatement. An audit includes examining, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our observations. The salient points of the scope covered by the internal audit are as follows:

1. The effectiveness of accounting system.
2. Compliance with the legal and statutory requirements.
3. Risk-based review and evaluation of the Internal Control.
4. Compliance of Bihar Municipal Act.
5. Compliance of Bihar Municipal Accounting Manual.

Moreover, our scope of examination also covered the requirements of the specific points as spelled out by the management of the Urban Development & Housing Department. The result and recommendations of our internal audit are set out in Scope, Observations and Annexure of our report.

The statutory auditor of the Urban Development & Housing Department expresses opinion as to the true and fair view of the financial statements. We have not expressed any opinion on the financial statements and accordingly, this report should not be constructed as our opinion on the financial statements.

For Thakur Bhuwanesh & Associates

Chartered Accountants.

FRN: 019690N


(CA. Rajesh Kumar Jha)

Partner

M.NO. 412318

Date:



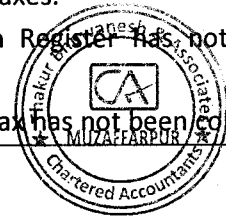
Executive Summary

1. Introduction

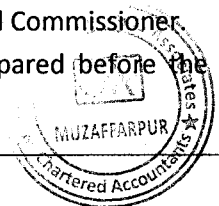
Name of the Municipality : Nagar Panchayat – Gogrijamalpur
 Period covered under current audit : 01.01.2017 to 31.03.2017
 Name of Chief Executive Officer for the period under Audit : Mrs.PoonamKumari

2. Results and Findings

<p>Strength observed during the audit engagement</p>	<ul style="list-style-type: none"> • The following records are available: <ul style="list-style-type: none"> ✓ Cash Book with Subsidiaries ✓ Cheque receipt register ✓ Remittance Register ✓ Log Book of Vehicle ✓ Salary Register ✓ Daily collection Register of Taxes/user charges /Fees & Fines • Staff Cooperation during the Audit period is satisfactory. • Physical verification of movable Fixed Assets has been carried out during performance audit.
<p>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</p>	<ul style="list-style-type: none"> • Cashier cash book is not available. • Tax Collector generally deposits the collection amount with the interval of 3-7 days. As per Rule 27 of BMAR it should be deposited on daily basis otherwise a sum of Rs. 500/- per day may be imposed for delayed deposit. • Some cash expenditure has been made against cash collection. • There are some lapses in internal control w.r.t collection of taxes. • Demand collection Register has not been prepared. • Dues from Tower tax has not been collected



	<p>on time.</p> <ul style="list-style-type: none">• Interest @1.5% not imposed on delay payment of Tower registration fees and annual fees beyond 30 days. After 5 years there should be increase by 25% in renewal fee has not been demanded.• Periodical checking of Books of accounts by Chairman or vice chairman has not been done.• There is lack of internal control on deposit of various taxes. Due to cash basis accounting liability of Taxes has not been accounted for hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.Rs. 7120 excess TDS amount paid for A.Y. 14-15. Liability of TDS for A.Y 15-16 has not been paid till date. Quarterly TDS return not shown to us.• Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time.• Bank Reconciliation Statement is not prepared hence it is difficult to monitor possible fraud, if any.• Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.• P.F Act has not been followed by the office, Only6% P.F has been deducted from employees and 6 % P.F. contributed by Office. The same amount not remitted to Recognised Provident Fund Commissioner.• Budget has not been prepared before the F.Y. 2014-15.
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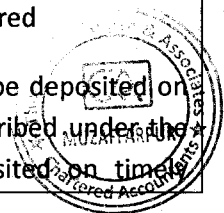


3. Opinion

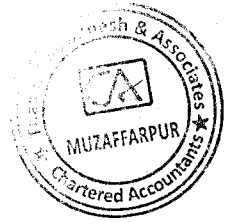
<p>Overall opinion of the Audit team about the functioning of the Municipality</p>	<p>The overall functioning of the Municipality is very poor due to the following reasons:</p> <ul style="list-style-type: none"> • Most of the prescribed Books of accounts are not maintained • Internal Control w.r.t. collection of taxes, monitoring of grant, monitoring of advances, monitoring of schemes etc. is very poor. • Collection from own sources is very poor. • Grant received for various purposes are not utilized on timely basis. • There are serious lapses in deduction and deposit of statutory dues such as TDS, VAT, Royalty, Labour cess etc.
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4. Audit Recommendations

<ul style="list-style-type: none"> • The recommendations of Audit team on the observed weakness 	<p>We recommend the followings:</p> <ul style="list-style-type: none"> • All the prescribed books of accounts and Registers should be prepared on real time basis • Bank reconciliation Statement should be prepared on monthly basis • Cashier Cash Book should be maintained and written on daily basis. • Collection by tax collector should be deposited on daily basis. • Grant Register should be prepared • All the statutory dues should be deposited on timely basis and returns prescribed under the statute should also be deposited on timely
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	<p>basis.</p> <ul style="list-style-type: none">• Demand Collection Register of all the wards should be prepared.• Property tax register should be prepared as per new assessment.• Collection from own sources should be improved.
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5. Comments from Management

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. For Nagar Panchayat – GogriJamalpur (Executive Officer)
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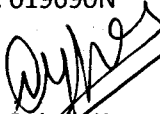
6. Acknowledgment

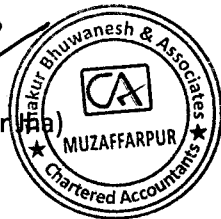
We are thankful to Mrs PoonamKumari (Executive Officer) andMr.Manoranjan Kumar Dwivedi (Head Clerk) for their support during the period of our audit. We are also thankful to the support staffs of the municipality for their cooperation extended to us during the period of our audit.

ForThakurBhuwanesh& Associates

Chartered Accountants.

FRN: 019690N


(CA. Rajesh Kumar) (FCA)
Partner
M.NO. 412318
Date:



Detailed Audit Report

1. Introduction

The Internal audit of Nagar Panchayat covering period from 1st October 2016 to 31st December, 2016 was conducted by following persons under guidance of CA. B.K. Thakur

- i. Mr.Amit Kumar
- ii. Md. Parwez

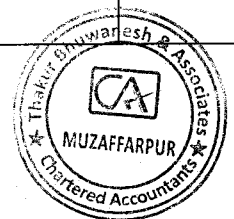
2. Administration

The present body of the ULB has taken charge on 3rd July 2012. The incumbency in the key administrative and executive position was as under:

Smt. RanjitaKumariNishad, Chairman from 03.07.2012 to till date, Mrs.PoonamKumariExecutive officer from 03.09.2015 to till date.

3. Review of outstanding audit paras : Status of Audit Observations are as under: Audit Report of AG not shown to us, the following details as per Compliance report send by Office,

Sl.No.	Particulars of Audit and date of report	Total No. of Audit Paras.	Total No. of audit paras where necessary improvement/ corrective measure is required	Total No. of audit paras where recovery of cash is proposed	Total No. of audit paras where recovery has been made	Total amount of Recovery	Total No. of outstanding paras where no action has been taken	No. & date of Compliance report
1.	Audit report No. 02/12-13	24	14	Nil	Nil	Nil	00	10/03-01-2015

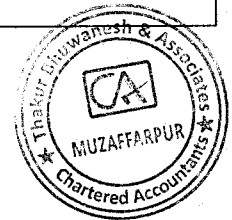


B. Status of Audit Observation is as under : Internal Audit 2015-16

Sl. No.	Particulars of audit and date of report	Audit Observation	Compliance
1.	Annual Audit Report 2015-16	Total collection of holding tax is Rs. 1470985.00 against total demand of Rs. 1479951.00	Collection is under progress
2.	-Do-	Mobile Tower Rs. 94000.00 loss is assessed on non-demand of Renewal fee at increased rate of 25% of installation. (Detail Attached)	No Compliance
3.	-Do-	Rs. 1430000.00 is outstanding on account of Rent for communication tower. (Detail Attached)	No collection in this quarter

4. Finance**I. Budgetary provisions and expenditure for the last three years**

Year	2014-15	2015-16	2016-17
Final/ Revised Budget	Rs. 6,33,50,000	76520000	436742700
Actual Expenditure	Rs. 2,16,90,463	56374931	11752946.52
Savings (+)/ Excess(-)	Rs. 4,16,59,537	20145069	



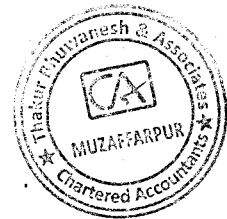
II. Volume of transactions

Period	Budgeted (F.Y.16-17)	Previous year (F.Y. 15- 16)	Corresponding period of previous year (F.Y. 15-16)	Current Period (F.Y. 16-17) Q4	Cumulative for the current period (F.Y. 16-17) Q4
Opening Balance	146745595	14,67,45,596	146986463.00	162238255	137059377
Receipts	289997105	46688712	13366549	62238985	114885347
TOTAL	436742700	193434308	160353012	224477240	291944724
Net Expenditure	436742300	56374931	4418090	44558988	72026472
Closing Balance	400	13,70,59,377.00	155934922	179918252	179918252

III. Bank Reconciliation

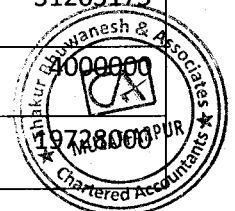
Preparation of Bank Reconciliation Statement is not in practice; however we have verified the cashbook balance and pass book balance and found the same in order, Scheme wise Bank Account has not been maintained:

It is suggested that Nagar Panchayat should prepare Bank Reconciliation Statements on monthly basis.



IV. Revenue Receipts

Period	Budgeted	Previous year (For One year) 2015-16	Corresponding period of previous year 2015-16	Current Period 2016-17	Cumulative for the current period 2016-17
A.Own Source					
Property Tax	1738605	1470985	1172120	887915	1882524
Assigned revenue	8177000		8177000	1079192	11906259
Others (Fees & User Charges)	11181300	402995	402995		494247
(b) Administrative Grant					0
Salary	2659000	960000		181800	739868
State Government	187955000	24525375		1578641	1578641
Central Government	76360000	2100000	2023357		
Other Government Agencies	5000000				0
13th Finance Commission Grant		4655665			0
14th Finance Commission Grant		8963062	4105767	6139911	12323680
BRGF		1907630	1907630		79529
5 th Comm.				31205175	31205175
Housing					
Swachh Bharat Mission					



Pension	83000				9223005
KabirAntyesty				260000	260000
Administrative xpenses	2265000	1280000			0
Public Facility				763501	763501
Operation & Maintenance	14526000	600000	272795		558068
Fixed assets	323934500	43080000	34186744		0
Capital Works	91058000	28200000	4649166	19488600	19488600
Others	1150000	5226000	234412	654250	654250

V. Status of Implementation of Double Entry Accounting System

Till date Double Entry Accounting System is not operational in the Nagar Panchayat.

M/S MukharjeeBiswas and Pathak, Chartered Accountants have been appointed by the UD & HD for implementation of Double Entry Accounting System in the Nagar Panchayat, Work in progress, actual status not explain to us:

VI. Status of Municipal Accounts Committee; if meeting held

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

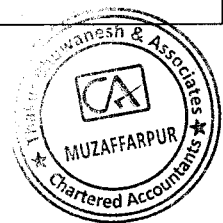


5. Audit Observations

I. PART- A

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

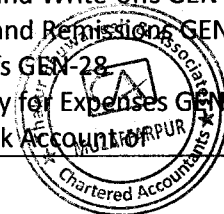
<p>a. Leakage of own source revenue either due to wrong assessment or non- levy of property tax, mobile tower tax, rent on municipal properties, advertisement tax fees etc.</p>	<p><u>Holding Tax</u> Total collection of holding tax is Rs. 1882524.00 against total demand of Rs. 2542622.00</p> <p><u>Mobile Tower</u> Rs. 94000.00 loss is assessed on non-demand of Renewal fee at increased rate of 25% of installation. (Detail Attached) Rs. 1482000.00 is outstanding on account of Rent for communication tower. (Detail Attached)</p>
<p>b. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs</p>	<p>We have checked the expenditure vouched all above Rs. 10000.00 but no any objectionable thing noticed except in annexure</p>
<p>c. Report on findings of field survey of Property Tax of minimum 20 high value properties</p>	<p>Field survey of 20 high value properties has been conducted by us a report thereon is attached in Annexure</p>



PART-B

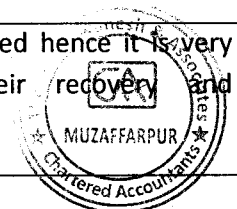
All audit objections/ irregularities which have no monetary implication, but significant violation of Act, Rules & directives of UD & HD. Mention the reference Act & Rules wherein remedial measures is required. In this part auditor should report in respect of –

<p>a. Non- maintenance of books of accounts , subsidiary registers</p>	<p>The Nagar Panchayat is maintaining only Cash Book/ Bank Book</p> <p>As per Bihar Municipal Accounting Manual Following primary Books of accounts are required to be maintained :</p> <ol style="list-style-type: none"> 1. Cash Book (Form Gen-IA) 2. Bank Book (Form Gen-IB) 3. Journal Book (Form Gen-2) 4. Ledger (Form Gen-3) <p>Journal Book and Ledger are not maintained.</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> <ol style="list-style-type: none"> 1 Receipt GEN-8 2 Receipt Register GEN-9 3 Statement on Status of Cheques Received GEN-10 4 Collection Register GEN-11 5 Memorandum of Collection GEN-12 6 Summary of Daily Collection GEN-13 7 Register of Bills for Payment GEN-14 8 Payment Order GEN-15 9 Cheque Issue Register GEN-16 10 Register of Advance GEN-17 11 Register of Permanent Advance GEN-18 12 Deposit Register GEN-19 13 Summary Statement of Deposits Adjusted GEN-20 14 Demand Register GEN-21 15 Bill for Municipal Dues GEN-22 16 Summary Statement of Bills Raised GEN-23 17 Register of Notice Fee, Warrant Fee, Other Fees GEN-24 18 Summary Statement of Notice Fee, Warrant Fee, Other Fees GEN-25 19 Register of Refunds, Remissions and Write-offs GEN-26 20 Summary Statement of Refunds and Remissions GEN-27 21 Summary Statement of Write-Offs GEN-28 22 Statement of Outstanding Liability for Expenses GEN-29 23 Documents Control Register/Stock Account
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	<p>Receipt/Cheque Book GEN-30 24 Register of Immovable Property GEN-31 25 Register of Movable Property GEN-32 26 Register of Land GEN-33 27 Function-wise Income Subsidiary Ledger GEN-34 28 Function-wise Expense Subsidiary Ledger GEN-35 29 Asset Replacement Register GEN-36 30 Register of Public Lighting System GEN-37</p>
b. Irregularity in procurement process	No major irregularity observed
c. Non-compliance of directives by UD & HD , GOB	Non compliance of the direction issued by UD & HD, GOB vide letter no. 3/UIG- Ref 10/2012-1251 dated 12.07.2013 in respect of Solid Waste Management. No consumer tax has been imposed.
d. Non Compliance of Act & Rules	Various books of accounts and records, as provided in the Act and Rules are not maintained.
e. Lack of internal Control measures	<ul style="list-style-type: none"> • There are some lapses in internal control w.r.t collection of taxes. • Demand collection Register has not been prepared. • Dues from Tower tax has not been collected on time. • Interest @1.5% not imposed on delay payment of Tower registration fees and annual fees beyond 30 days. After 5 years there should be increase by 25% in renewal fee has not been demanded. • Periodical checking of Books of accounts by Chairman or vice chairman has not been done. • There is lack of internal control on deposit of various taxes. Due to cash basis accounting liability of Taxes has not been accounted for hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.Rs. 7120 excess TDS amount paid for A.Y. 14-15. Liability of TDS for A.Y 15-16 has not been paid till date. Quarterly TDS return not shown to us. • Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time.

	<ul style="list-style-type: none"> • Bank Reconciliation Statement is not prepared hence it is difficult to monitor possible fraud, if any. • Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof. • Budget has not been prepared before the F.Y. 2014-15. • Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.
f. Non-compliance of TDS, VAT and other relevant Statute	<p>i) Tax deducted at source of Income Tax.</p> <p>ii) VAT& Royalty are deposited on yearly basis which is not proper it should be deposited within the due date prescribed under the respective statute.</p> <p>iii) We observed that Income Tax, VAT, Royalty & labour cess for whole financial year has been deposited in the month of March 2015. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes</p>
g. Deficiency in Pay-roll System	The pay-roll system does not contain leave details of employee. P.F Act has not been followed by the office, Only 6% P.F has been deducted from employees and 6 % P.F. contributed by Office. The same amount not remitted to Recognised Provident Fund Commissioner, all the deductions of PF contribution are being deposited in a separate account opened by the municipality.
h. Utilization of Grant and report on missing Utilization Certificates	Grant Register has not been prepared hence it is difficult to ascertain unutilized grant at any particular time. As explained to us Utilization certificates up to 31.03.2016 has been sent to the Government but copy of the same could not be provided to us.
i. Physical verification of inventory/Stores	Inventory/Store Register has not been prepared and physical verification of inventory/stores has also not been done.
j. Advances, their adjustment & recovery	Advance Register has not been prepared hence it is very difficult to monitor advances, their recovery and adjustment.



k. Any other matters as may be prescribed in due course.	
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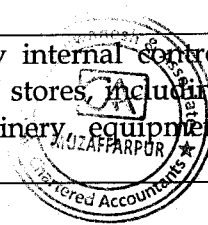
1. Part – C

General observations: Auditor should report the deficiencies noticed during their audit and recommendation ULB management to improve internal systems.

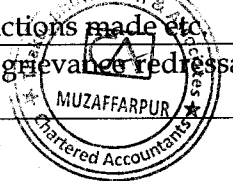
Particulars	Comments
Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts	No, Ledger accounts have not been prepared by the N.P.
Whether all the books of accounts and supplementary registers that are prescribed in the Accounts Manual / other applicable regulations have been properly maintained by the ULB;	No, except General Cash Book and Subsidiary Cash Book and demand collection register no other books of accounts have been maintained.
Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts;	No quarterly Financial Statements have been prepared by the N.P.
Whether the period end and reconciliation procedures prescribed have been carried out.	No, period end and reconciliation procedures as prescribed have not been carried out.
Whether the Bank Reconciliation statements have been prepared and are appropriate	No, Bank Reconciliation Statements have not been prepared by the N.P.
Whether all grants from Government have been accounted at gross value with proper entries to various accounts	Yes, all grants from Government have been accounted at gross value but all transactions are not correctly classified with sufficient details.
Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;	No all transactions have been classified as incomes and expenditure only assets and liabilities have not been recognized.
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? Whether such deductions have been properly accounted;	Grant received during the year has been properly accounted for. Information about grant sanctioned and deductions made out of such grant is not available with the ULB.
Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;	No Special fund has been created by the ULB.
In respect of contracts that are in existence during the year, whether there are any deviations from the sanctioned plans and the estimates without the sanction of the competent authority;	On our test check we did not notice any major deviation.



Particulars	Comments
Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	No, record of fixed assets has not been maintained by the ULB. Physical verification of fixed assets has not been done during the financial year under audit.
Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	As explained to us no property of the ULB has been given on lease.
Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;	No, physical verification of stores has been conducted by the ULB at reasonable intervals.
Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported;	No
Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same has been properly dealt with in the books of account;	No physical verification has been carried out during the audit period.
Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts;	No there is no procedures are in place to identify any unserviceable or damaged stores
Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	No valuation of stores has been done.
Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	There is no case loans and advances other than advance to staff for expenditure.
Whether advances given to municipal employees and interest thereon are being regularly recovered;	Advance Register has not been maintained so we are unable to verify whether it is being recovered regularly or not.
Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	No there does not exist any internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets



Particulars	Comments
Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.	Not any significant deviation.
Whether the municipality is regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc., and if not, the nature and cause of such delay and the amount not deposited;	No, the municipality is not regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc. Royalty and labour cess for the year 2014-15 yet to be deposited.
Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;	The municipality is not giving any contribution to P.F or pension Fund employee contribution to P.F and pension fund.
Whether any personal expenses have been charged to the municipality' s accounts; if so, the details thereof;	We did not notice any such expenses.
Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently and are in all cases such as are authorized by law;	Yes on our test check we observed that all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget
Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	No all revenues have not been properly assessed, accounted for and collected. Recovery action is also not taken on timely basis
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;	Some delay observed in collection and accounting of taxes by tax collection agents.
Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority;	Yes on our test check we observed that all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority
Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	Yes on our test check we observed that amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order
Whether bio-metric devices and payroll software are used at the ULB. If not whether there is satisfactory system of payroll accounting; otherwise mention the key deficiencies of the system.	No, 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.
Whether the grievance redressal mechanism for the ULB is sufficient.	No, we did not observe any grievance redressal cell functioning at the ULB.



Details of Sairat During the year 2015-16& 2016-17

Name of Sairat	15-16	2016-17
Jamal Pur Hat	255000	227000
Tikani Hat	5500	6500
Laxmi Nagar Hat	29800	32664
Gogri Hat	49500	101775
Public Toilet	3500	Not Done
Total	343300	367939

Detail of due from communication Tower

Sl. No.	Company	Location	Year of Estb.	Annual Fee due for enhancement	Add. Fee @ 25%
1	Vodafone	WN 1	2007-08	2014	6000
2	Vodafone	WN 11	2007-08	2014	6000
3	Vodafone	WN 19	2007-08	2014	6000
4	Airtel	WN 01	2006	2012	10000
5	Airtel	WN 08	2009	2015	2000
6	Airtel	WN 08	2005	2011	12000
7	Airtel	WN 15	2006	2012	10000
8	BSNL	WN 11	2001	2007	12000
9	Reliance	WN 15	2005	2011	12000
10	Vodafone	WN 19	2008	2014	6000
	Total				94000

2016-17 TOWER

RELIANCE	Due up to 2015-16	2016-17	Due in 2016-17	Collection	Due
VODA	9000	10000	19000	8000	11000
AIRTEL	169000	10000	179000	0	179000
TATA INDCOM	169000	10000	179000	0	179000
BHARTIYE INFORT	159000	10000	169000	0	169000
RELIANCE JIO	24000	8000	32000	24000	8000
VODA	225000	10000	235000	0	235000
VODA	225000	10000	235000	0	235000
VODA	225000	10000	235000	0	235000
VODA	225000	10000	235000	0	235000
TOTAL DUE	1430000	88000	1518000	32000	1482000



20 High value property details

Nagar Panchayat -GogriJamalpur

Sl. No.	Ward	Name of The Holder	Father's/Husband's Name	Assessed Value	Observation
1	15	Manju Devi	Sunil Kumar Narnolia	8199	Physical
2	15	Manju Devi	Sunil Kumar Narnolia	8199	Physical
3	15	Sanajy Kumar Singh	Ramanand Singh	779	Physical
4	15	Smt. Mira Devi	Saw Kumar Agarwal	2535	Physical
5	15	Urmila Devi	SatyanarayanYadav	3276	Physical
6	15	SawarmalChaudhary	MadanLalChaudhary	1507	Physical
7	15	Raj Kumar Chaudhary	ChhedilalChaudhary	1275	Physical
8	15	GautamPansali	Om PrakashPansali	810	Physical
9	15	GauravPansali	Om PrakashPansali	810	Physical
10	15	GunjanPansali	Om PrakashPansali	810	Physical
11	15	Om PrakashPansali	Ram al Pansali	2958	Physical
12	15	RatanLalAgarwal	Ram lalAgarwal	3402	Physical
13	15	Ashish Kumar	Ramji Shah	341	Physical
14	15	Nirala Devi	Ramji Shah	882	Physical
15	15	Manorma Devi	Narayan Shah	432	Physical
16	15	RekhaSenSaraswatiMandir	Ghanshyam Thakur(Principal)	7568	Physical
17	15	AgrasenBhawan	Marwari Sangh	10887	Physical
18	11	LokSikshaSamiti	Ghanshyam Thakur(Principal)	10044	Physical
19	11	Laxmi Narayan Kejriwal	Mohan LalKejriwal	3159	Physical
20	11	SatyendraNathSen	BijendraNathSen	3810	Physical

