

**INTERNAL AUDIT REPORT
OF
NAGAR PANCHAYAT
JAY NAGAR (MADHUBANI)**

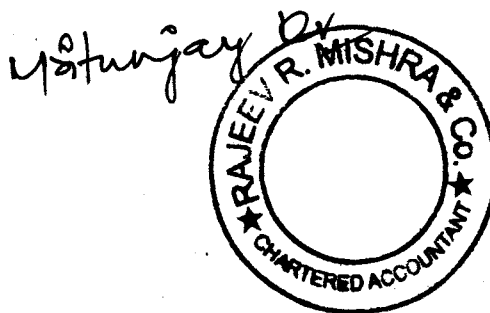
For the period from 01.04.2015 to 31.03.2016

**Internal Audit Conducted by:
M/S RAJEEV R MISHRA & CO.
CHARTERED ACCOUNTANTS**

**BALBHADARPUR, LAHERIASARAI TOWER
DARBHANGA (BIHAR)-846001**

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NAGAR PANCHAYAT – JAYNAGAR (MADHUBANI)

INTERNAL AUDIT REPORT OF F.Y.2015-16

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Internal Audit Report- Nagaer Panchayat- JAYNAGAR

Internal Audit Report of Financial year 2015- 2016

Section A: Audit Procedure

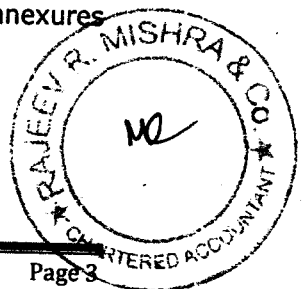
This internal audit report (Hereinafter referred to as "report") has been issued as a part of our engagement for internal audit for the Period ended on 1st April 2015 to 31st March 2016. The ULB (Nagar Panchayat, Jay Nagar) is a wing of Urban Development and Housing Department, Government of Bihar and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

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

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

1. Evaluation of internal controls as discussed in Bihar internal control manual.
2. Compliance of Bihar Municipal Act related Rules and Regulations.
3. Compliance of Bihar Municipal Accounting Manual, BMAR- 2014 and Bihar Municipal Budget Manual.
4. Reporting on All Major own Revenue Losses.
5. Survey Report on at least 20 high Value Property in the Town.
6. Vouching of All Payments Above Rs. 10,000/-.
7. Report on Procurement made through Tender For value Above Rs. 15,000/-.
8. Appraisal of the effectiveness of overall accounting system.

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



Internal Audit Report- Nagaer Panchayat- JAYNAGAR

We have conducted the Internal Audit with the objective:-

- ❖ That The Assets of the ULB are be properly protected and accounted form.
- ❖ That the Current Transactions are promptly and completely recorded.
- ❖ That Inefficient or fraudulent operations are revealed.

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

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

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

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

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

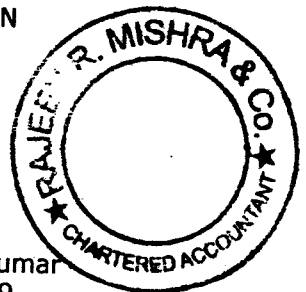
Date:-

Place:-

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

Mritunjay Br.

CA Mritunjay Kumar
M.No. - 535789
Contact No- 9835156869

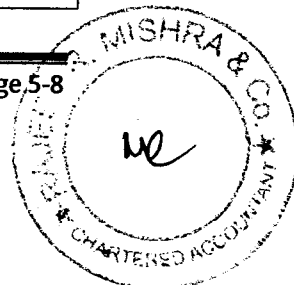


Executive Summery**1. Introduction**

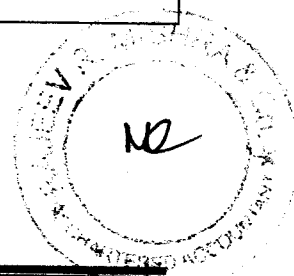
Name of the Municipality	NAGAR PANCHAYAT, JAYNAGAR(MADHUBANI)
Period Covered under Current Audit	01.04.2015 to 31.03.2016
Name of the Excutive Officer of the ULB	Dr. INDRA KUMAR MANDAL
Name of Chairman of the ULB	Mrs .RADHA DEVI

2. Results and Findings

Strength observed during the audit engagement	<ol style="list-style-type: none"> 1. Cashier Cash Book has been prepared. 2. Accountant Cash Book has been prepared. 3. Annual Budget has been prepared. 4. Bank Books for all banks have been prepared.
Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.	<ol style="list-style-type: none"> 1. Accountant Cash Book and Cashier Cash Book have not been reconciled. Also the cash books have not been signed by the EO and at maximum place stamp of the EO is missing. 2. We observe under collection of tower tax. Total 12 Mobile Towers are operating under the ULB.As per the record provided to us, total amount of arrear w.r.t. registration fee and annual rent excluding interest @ 1.5% p.m. for delay period has been Rs. 8,58,000/-. The exact amount of arrear including interest could not be find out due to unavailability of information regarding the year of establishment of such mobile towers. 3. Bank Reconciliation Statements are not been prepared. 4. Advance register are not prepared. 5. There is lack of internal control on timely deposit of various taxes such as VAT, Royalty, and Income Tax. 6. Acknowledgement of E-Filing of TDS Return was not made available to us. Because TDS return has never been filed till the date. 7. Labour Cess has not been deposited till Date. 8. Education cess and health cess have been collected but not been deposited till date. 9. PF deduction has been made from the salary but has not been deposited till the date and also no PF return has been filed. 10. We observe that 50% or more of the grant under 13th Finance has not been utilised for Solid Waste Management.



	<ol style="list-style-type: none"> 11. ULB does not follow Double Entry Accounting System. 12. As per BMA, 2007 financial statement such as Balance Sheet, Income and Expenditure Account and Receipt and Payments account are required to be prepared and get approved from the board on annual basis but we observe that these have not been prepared. 13. Fixed Assets Register is not maintained by the ULB. 14. During the audit we observe there is under collection of holding/property tax. Quantify the arrears of holding/property tax because demand collection register has not been maintained properly by the ULB. Even no updated survey report for the total no. households situated under the ULB made available to us. 15. Stock Registers for moveable and immovable items are not maintained by the ULB. 16. The ULB does not maintain a separate PF register. 17. There are lack of internal control with respect to collection of own resource revenue covered under SAIRAT during the FY 2015-16. Tender/Bandobasti for parking, public toilet, hoarding or advertisement has not been executed. 18. No Separate Grant register is being maintained by the ULB; hence it is difficult to find out the amount of unutilised grant at any point of grant. 19. No separate advance register is maintained hence it is difficult to monitor for advance given and adjustment thereof. 20. Amount Collected by the tax collector are not deposited on daily basis. 21. Log Book for Fogging Machine and Generator have not maintained. 22. Copies of UC have not provided to us. 23. We observed the under collection of Shop Rent as the rent has been collected as per the old rate in spite of the resolution was passed by the standing committee with respect to the revised new rate of shop rent in 2012 and 2014. 24. PF Register is not maintained properly. 25. Form RT – VII related to Sec. 41 of the Bihar VAT Act, 2005 has not been filed. 26. Tender related EMD & SD Register has not been maintained properly.
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3. Opinion.

Overall opinion of the audit team about the functioning of the municipality	Weakness:- <ol style="list-style-type: none"> 1. No Financial Statements such B/S, I&E A/c and R&P A/C have been prepared by the ULB since its inception. 2. Cash book and Bank Book are not reconciled. Also subsidiary cash books are not maintained. 3. Cashier cash book and accountant cash book are not reconciled. 4. Most of the Books of Accounts as prescribed by BMAR are not maintained. 5. ULB does not follow DEAS. 6. Collection from Own Sources is very poor. 7. Fee and charges for the different categories cover under SAIRAT have not been collected at all. 8. There are serious lapses in deduction and deposit of statutory dues on timely basis, such as VAT, Royalty, TDS, Labour Cess and Education Cess, PF etc.
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4. Audit Recommendations:-

The Recommendation of audit team on the observed weakness.	Recommendation:- <ol style="list-style-type: none"> 1. Financial Statement for every year such as B/S, I& E A/C, R&P A/C should be prepared. 2. Demand and collection Register should be prepared immediately. 3. Taxes and other charges collected by the Tax Collector should be deposited on daily basis. 4. All the Mobile towers should be registered with immediate effect. 5. TDS Return Should be filed immediately to avoid penalty. 6. Fixed Assets Register should be prepared. 7. Stock/Stationary Register should be prepared. 8. Grant wise Utilization Certificate should be prepared. 9. BRS should be prepared on Monthly Basis. 10. NP should follow DEAS as soon as possible and should maintained books. of accounts and register as prescribed by BMAR. 11. Accountant and cashier should get proper training in respect of various statutory compliances. (VAT, ROYALTY, TDS, PF etc.)
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5. Comment from management:-

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

For Nagar Panchayat, Jay Nagar

(Executive Officer)
Executive Officer
N.P. Jaynagar

6. Acknowledgement:-

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

Place: -

Date: -

for,

M/S Rajeev R Mishra & CO.

Chartered Accountants

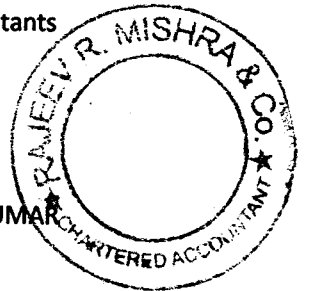
FRN:- 021466N

Mr. Mritunjay K.

CA MRITUNJAY KUMAR

(Partner)

M.NO:- 535789



Detail Audit Report:-**1. Introduction:**

The Internal audit of **NAGAR PANCHAYAT, JAYNAGAR (MDHUBANI)** covering the period from **1st April 2015 to 31st March 2016** was conducted by following persons under guidance of **CA. Rajeev Ranjan :-**

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

2. Administration:

The present body of the ULB has taken charge in **2012**. The incumbency in the key administrative and executive positions was as under:

Mrs. Radha Devi, Chairman, From 9th June, 2012 to Till Date and **Dr. Indra Kumar Mandal,** **Executive officer,** From 27-03-2016 to Till Date.

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

S.No	Particulars of Audit and Date of Report	Total No of Audit paras	Total No of Audit Paras where necessary improvement/ corrective measure is required	Total no of Audit Paras where recovery of cash is purposed	Total No of Audit Paras where recovery has been made	Total Amount of Recovery	Total no of Outstanding Para where no action has been taken	No and Date of Compliance Report
No major Correction / Implementation against audit paras of Internal Audit Report of F.Y-2014-15.								

4. Finance:**i). Budgetary Provisions and Expenditure for the last Three Years**

Year	2013-14	2014-15	2015-16
Final/ Revised Budget	4,70,40,000.00	3,96,68,900.00	4,45,14,691.00
Actual Expenditure	1,60,05,964.00	1,90,72,519.00	1,06,98,734.48
Saving(+)/ Excess(-)	3,10,34,036.00	2,05,96,381.00	3,38,15,956.52



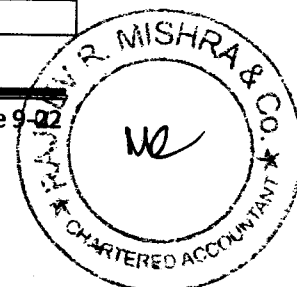
II). Volume of Transaction:

Period	Budgeted	Previous Year (for one Year) 2014-15	Corresponding period of previous year	Current Period 2015-16	Cumulative for the Current Period
Opening Balance		6,75,63,370.54	6,75,63,370.54	7,79,85,325.54	7,79,85,325.54
Receipts		2,94,94,474.00	2,94,94,474.00	3,40,03,049.00	3,40,03,049.00
Total		9,70,57,844.54	9,70,57,844.54	11,19,88,374.54	11,19,88,374.54
Net Expenditure		1,90,72,519.00	1,90,72,519.00	1,06,98,734.48	1,06,98,734.48
Closing Balance		7,79,85,325.54	7,79,85,325.54	10,12,89,640.06	10,12,89,640.06

III). Bank Reconciliation:-

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

S.No	Name of Bank	Account No.	Balance as on 31.03.2016	Name of Scheme	Reconciliation Position
1.	SBI	11464598056	5,76,57,657.36	Internal Resources(*)	Not Reconciled
2.	CBI	2018740645	34,94,320.00	Kabir Antyesti	Not Reconciled
3.	CBI	3215446199	31,89,622.80	S.J.S.R.Y. (*) 13 th Finance	Not Reconciled
4.	SBI	30397571365	19,70,252.66	B.R.G.F.	Not Reconciled
5.	SBI	31525849980	91,970.00	City Mngt.	Not Reconciled
6.	PNB	237000100547766	62,43,842.72	13 th Finance	Not Reconciled
7.	SBI	11464651828	1,37,14,645.19	Development	Not Reconciled
8.	SBI	11464598125	1,71,931.57	PF	Not Reconciled
9.	SBI	11464631120	7,133.55	Pension	Not Reconciled
10.	PNB	237000400503435	2,82,623.00	Teacher Niyojan	Not Reconciled
11.	SBI	34627821162	1,37,932.00	WC Fund	Not Reconciled
12.	SBI	34627821967	25,18,800.00	Nagrik Suvidha	Not Reconciled
		TOTAL	8,94,80,730.87		

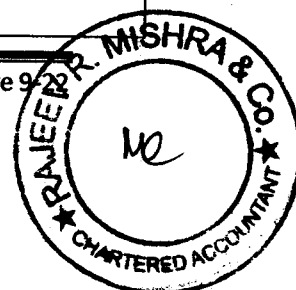


(*) Bank Accounts are not operated as per scheme for which the respective bank accounts are opened. Grants are received in any account and similarly payment for scheme is made from any account. Therefore it is not possible to quantify the exact amount of balance left in any fund at a particular point of time.

Monthly Bank Reconciliation Statement has not been prepared by NP.

IV). Revenue Receipt:

Period	Budgeted	Previous year (one Year) 2014-15	Corresponding Period of previous Year	Current Period 2015-16	Cumulative for the Current period
a) Own Resources					
Municipal Tax		10,04,960.60	10,04,960.60	3,17,031.00	3,17,031.00
Professional Tax		5,09,093.00	5,09,093.00	5,82,874.00	5,82,874.00
Mobile Tower		1,96,000.00	1,96,000.00	32,000.00	32,000.00
Rental Income		2,38,479.00	2,38,479.00	1,11,038.00	1,11,038.00
Others		8,99,655.00	8,99,655.00	2,64,025.00	2,64,025.00
Total		28,48,187.00	28,48,187.00	13,06,968.00	13,06,968.00
b) Administrative Grant					
c) Specific Grant (Scheme Wise)					
12 th Finance		-	-	-	-
13 th Finance		48,99,640.00	48,99,640.00	17,34,745.00	17,34,745.00
4 th State Finance		99,82,775.00	99,82,775.00	-	-
BRGF		11,12,829.00	11,12,829.00	-	-
E-Governance		3,30,000.00	3,30,000.00	-	-
Kabir Antyesti		4,83,301.00	4,83,301.00	6,39,000.00	6,39,000.00
Nagar Bhawan Construction		74,65,208.00	74,65,208.00	-	-
Census Fund		1,54,000.00	1,54,000.00	-	-
WC Allowance		2,01,600.00	2,01,600.00	1,37,932.00	1,37,932.00
Interest From Bank		20,16,934.00	20,16,934.00	21,50,255.00	21,50,255.00



14 th Finance		-	-	49,30,139.00	49,30,139.00
Stamp Duty		-	-	70,45,977.00	70,45,977.00
Nagrik Suvida		-	-	25,18,800.00	25,18,800.00
5 th Finance		-	-	86,64,735.00	86,64,735.00
Chief Minister Jal Aapurti Fund		-	-	28,29,269.00	28,29,269.00
Toilet Fund		-	-	20,30,000.00	20,30,000.00
Total		2,66,46,287.00	2,66,46,287.00	3,26,96,081.00	3,26,96,081.00
Grand Total		2,94,94,474.00	2,94,94,474.00	3,40,03,049.00	3,40,03,049.00

V) Status of Implementation of DEAS:

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

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

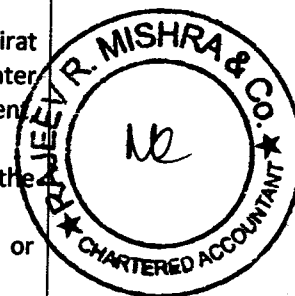
As per section 98 of BMA 2007 it is necessary for the ULB to constitute an MAC at its first meeting in each year or as soon as may be at any subsequent meeting. But till Date the ULB has not constituted MAC.



5. Audit Observations:**PART: - "A"**

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

<p>a) Leakage of own source revenue either due to wrong assessment or non- levy of property tax, mobile tower tax, rent on municipal properties, advertisement tax fees etc.</p>	<p>Under collection of Holding/Property Tax is found, but quantification of total loss is not possible because survey of total no. of household situated under the ULB has not been completed till date.</p> <p>However collection of holding tax during the year 2015-16 has been Rs.3,05,016/- only.</p> <p>The arrear of holding tax up to 31.03.2016 in case of 20 high value properties only has been more than of Rs. 10.00 lakh without considering interest for the delay deposit.</p> <p>As per the explanation given to us more than 5300 nos. of households has been registered till 31.03.2016. We also observed that there was no increase in nos. of household since 2012-13. The fresh survey has been conducted during the financial 2015-16. Rate of Holding tax has been revised with effect from 01.04.2016. Till date the collection of holding tax has been as per the old rate.</p> <p>There are 12 mobiles tower operating in municipal area out of these only for 5 mobile towers registration fee of Rs. 30,000/-per tower has been received by the ULB.</p> <p>However many towers have been operating from 2008-09. Total collection from mobile tower during the year 2015-16 has been Rs. 32,000/- only. Total arrear of mobile tower tax upto 31st march, 2016 is Rs. 8,58,000/- except interest and additional charges for the additional antenna.</p> <p>Different fees and charges collected under Sairat such as Licence Fees, Charges for Slaughter House, Public Toilet, Tin Ticket, and Shop Rent etc. have been levied by the ULB.</p> <p>Total collection of under land rent during the current year has been Rs. 82,968/-.</p> <p>The ULB has not levied hoarding or advertisement tax during the current year.</p>
<p>b) Excess payment against bill, lack of prudence in payment against vouchers inefficiency in controls resulting loss to ULBs.</p>	<p>During the Audit we did not notice any case of excess payment against bill/voucher.</p>



c) Report on finding of field survey of Property Tax of minimum 20 high value properties	During the audit we have conducted field survey of high value properties and the detail of such high value properties are as under:-
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Detail of High Value properties:-

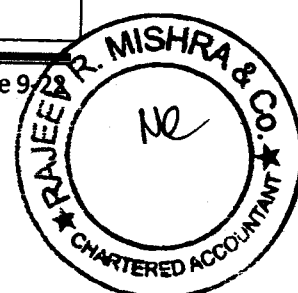
S.No	Ward No	Holding No.	Name	Due For The Period	Arrear Amount
1	1	73, 73A	Bihar State Block Office	From 1995-96 to 2015-16	46,305.00
2	1	94, 94gh	Mahidra Singh	From 1995-96 to 2015-16	1,07,100.00
3	1	95, 95 g	Yogendra Singh	From 1995-96 to 2015-16	68,000.00
4	1	99, 99jh	PHD	From 1995-96 to 2015-16	66,150.00
5	2	463, 463ng	JilaParisad	From 1995-96 to 2015-16	1,34,450.00
6	2	450, 450 gh	Kameswar Prasad Singh	From 2007-08 to 2015-16	57,800.00
7	3	848, 848 g	Rama Devi	From 1995-96 to 2015-16	21,512.00
8	5	288, 848 ng	Bal Govind Mandal	From 2008-09 to 2015-16	24,480.00
9	5	607, 607ng	Laxmi Sah	From 2002-03 to 2015-16	35,714.00
10	6	114, 114 ch	Sita Ram Sah	From 2003-04 to 2015-16	48,620.00
11	6	261, 261 ng	Satya Narayan Rungta	From 1995-96 to 2015-16	31,105.00
12	6	1123	Jagdish Choudhary	From 2002-03 to 2015-16	43,313.00
13	6	1152	Dayakant Singh	From 2001-02 to 2015-16	22,852.00
14	5	188, 188ng	BholaRawat	From 1995-96 to 2015-16	1,76,484.00
15	5	189	Sati shrawat	From 1995-96 to 2015-16	28,560.00
16	5	271	Rukmanand Vairoliya	From 2008-09 to 2015-16	40,800.00
17	8	241, 241k	Gauri Shankar	From 2007-08 to 2015-16	28,900.00
18	9	733, 733g	Ram NrayanSah	From 1995-96 to 2015-16	17,841.00
19	9	755,755jh	Ram Dayal Sah	From 2004-05 to 2015-16	23,460.00
20	9	757, 757ng	Ramchndra Sah	From 2007-08 to 2015-16	14,893.00

Grand Total**10,38,339.00**

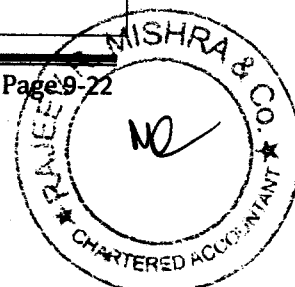
PART- "B"

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

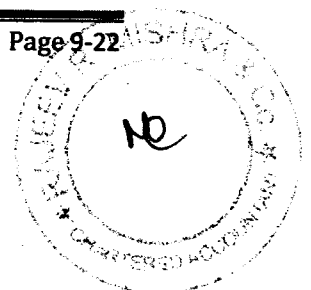
<p>a) Non- maintenance of books of accounts , subsidiary registers</p>	<p>Following primary Books of accounts are required to be maintained :</p> <ol style="list-style-type: none"> 1) Cash Book (Form Gen-IA) 2) Bank Book (Form Gen-IB) 3) Collection Register GEN-11. 4) Subsidiary Ledger (GEN-3) <p>Only cashier cash book, accountant cash book have been maintained by the ULB.</p> <p>In addition to above following other General Registers and forms are required to be maintained but the same are not being maintained.</p> <ol style="list-style-type: none"> 1. Memorandum of Collection GEN-12 2. Summary of Daily Collection GEN-13 3. Register of Bills for Payment GEN-14 4. Register of Advance GEN-17 5. Deposit Register GEN-19 6. Summary Statement of Deposits Adjusted GEN-20 7. Summary Statement of Bills Raised GEN-23 8. Register of Refunds, Remissions and Write-offs GEN-26 9. Statement of Outstanding Liability for Expenses GEN-29 10. Documents Control Register/Stock Account of Receipt/Cheque Book GEN-30 11. Register of Immovable Property GEN-31 12. Register of Movable Property GEN-32 13. Register of Land GEN-33 14. Asset Replacement Register GEN-36 15. Register of Public Lighting System GEN-37
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b) Irregularity in procurement process	No major irregularity observed
c) Non-compliance of directives by UD & HD , GOB	<p>We observed several non compliances of directives of UD & HD, GOB such as :</p> <ul style="list-style-type: none"> • non collection of various taxes required to be collected • Non maintenance of prescribed books of accounts • Non maintenance of prescribed DEAS
d) Non-compliance of Acts and Rules	<p>As per sec. 127 of the BMA, the municipality can levy the following taxes:</p> <ul style="list-style-type: none"> • Property tax on lands and buildings. • surcharge on transfer of lands and buildings • water tax • fire tax • tax on advertisements, other than advertisements published in newspapers • surcharge on entertainment tax • surcharge on electricity consumption within the municipal area • tax on congregations • tax on pilgrims and tourists • Tax on profession • toll tax – <ul style="list-style-type: none"> a. on roads, bridges, ferries and navigable channel and b. on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles <p>Out of the above only holding tax and water tax, Toilet tax, Education tax, health Cess have been levied by the ULB.</p>
e) Lack of internal Control measures	During the audit we observe that many vouchers for the office expenses are not checked and pass by the EO. We also observe lack of internal control in timely deposit of the collections made by the tax collector.



f) Non-compliance of TDS, VAT and other relevant Statute	<ul style="list-style-type: none"> • There are lack of internal control w.r.t collection of taxes • Taxes/user charges collected by tax collector are on deposited on daily basis • Tower tax dues are not collected on time basis • Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof. • 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. On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time. Also ULB has collected education cess, health cess and labour cess but these are not deposited to Govt. Account till date.
g) Deficiency in Pay-roll System	The pay-roll system does not contain leave details of employee. PF contribution and pension fund contribution of employees are deducted but NP did not contribute towards employees PF.
h) Utilization of Grant and report on utilisation certificates	As explained to us UC up to 31.03.2016 has been sent to the Department as and when required by the department but copy of the UCs which have been already sent have not been provided to us. Also Fund wise Grant Register has not been prepared hence it is difficult to ascertain un-utilized grant at any particular time.
i) Physical verification of inventories and stores	Store Register has not been prepared and physical verification of inventory/stores has not been done.
j) Physical verification of fixed assets	Fixed Assets Register has not been prepared hence physical verification of fixed assets has also not been done.



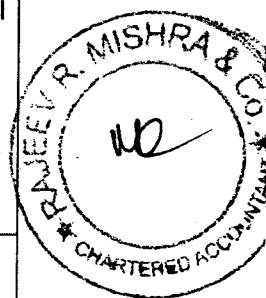
k) Non compilation of Financial Statement	The Financial Statement of the ULB have not been compiled for any year since the inception of the ULB.
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PART – “C”

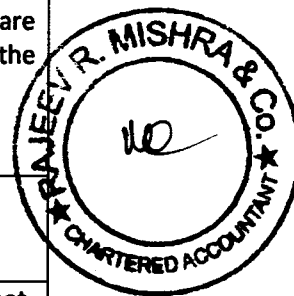
General Observations:

<ul style="list-style-type: none"> Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts. 	No, only entries related to cash/bank/PL A/C are correctly made in the cash book. Other Ledger accounts have not been prepared by the NP.
<ul style="list-style-type: none"> 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 Accountant Cash Book, Cashier Cash Book and Cheque issue register, no other books of accounts have been maintained.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> Whether the Bank Reconciliation statements have been prepared and are appropriate. 	No, Bank Reconciliation Statements have not been prepared by the N.P.
<ul style="list-style-type: none"> Whether all grants from Government have been accounted at gross value with proper entries to various accounts 	Yes, but all transactions are not correctly classified with sufficient details.
<ul style="list-style-type: none"> Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail; 	No all transactions have been classified as Receipts and Payment only. Income, Expenditure, assets and liabilities have not been recognized.
<ul style="list-style-type: none"> 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; 	Yes, Grant received during the year has been properly accounted for in the cash book and all deductions have been properly accounted for.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> 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; 	We did not notice any major deviation.



<ul style="list-style-type: none"> 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 properly by the ULB. No physical verification of fixed assets on regular basis has been done by the ULB during the financial year.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> 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, ULB has not maintained any store register.
<ul style="list-style-type: none"> 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; 	As no store register has been maintained by the ULB. We have conducted the physical verification of stores as per 3 years cash book data and we did not notice any material discrepancies.
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> 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 is not as per the accounting principal laid down in the BMAR.
<ul style="list-style-type: none"> 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 are no case loans and advances other than advances to staff for expenditure.

<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported. 	We did not notice any such deviations.
<ul style="list-style-type: none"> 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. We observed that all such taxes deducted during the financial year have been deposited at the year-end or during the next financial year.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof; 	We did not notice any such expenses.
<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis; 	No, all revenues from own sources have not been properly assessed, accounted for and collected.
<ul style="list-style-type: none"> 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; 	No, tax collected by the tax collector are not deposited on daily basis .
<ul style="list-style-type: none"> 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 	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.



competent authority;	
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> Whether bio-metric devices and payroll software are used at the ULB. If not whether there is satisfactory system of pay-roll accounting; otherwise mention the key deficiencies of the system; 	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 lare records, details of deductions made etc.
<ul style="list-style-type: none"> Whether the grievance redresses mechanism for the ULB is sufficient; 	We did not observe any grievance redresses cell functioning at the ULB.

Place:

Date:

For Rajeev R Mishra & Co.

Chartered Accountants

FRN: - 021466N



(CA Mritunjay Kumar)

Partner

M. No: 535789

