

SPUR-PMU (Samvardhan)
No.....645
In Coming Date.....30/8/18

INTERNAL AUDIT REPORT

(SPUR-PMU/194/IA-140ULBs & SLMA/G-17/RS&C/2016/138/35)

OF

NAGAR PANCHAYAT KATEYA

FOR THE F.Y. 2014-15

Conducted by:

R.SHAH & CO.

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AUDIT METHODOLOGY AND APPROACH

Audit Methodology

We have conducted the internal audit of Nagar Panchayat - Kateya, for the year ending on 31st March, 2015 (as per TOR). We familiarized ourselves with documents of Nagar Panchayat, the internal guidelines and circulars applicable during this period under review. We also reviewed the working of the Nagar Panchayat and evaluated the accounting systems and related controls of the Nagar Panchayat in order to plan and perform our audit.

We reviewed transactions from April 01, 2014 to March 31, 2015. Our objective was to check all transactions and to design procedures to detect omissions. We also applied procedures to assess the adequacy of the Nagar Panchayat's financial management systems, including internal controls for entire audit period. We applied necessary tests and controls, as we considers necessary under the circumstances.

During the course of our audit we reviewed the below mentioned documents and registers:

- 1) General Cashbook, all Subsidiary Cash Books for the period from 1st April 2014 to 31st March 2015 maintained manually in the Nagar Panchayat.
- 2) Vouchers (Cash, Bank, Journal etc) along with supporting documents;
- 3) Receipt Books
- 4) Pass Book & Bank Statement
- 5) Other necessary records and registers

The major observations during the course of internal audit have been discussed with the Executive Officer & Accountant of the Nagar Panchayat.



Audit Approach

The purpose of defining the audit approach is to ensure that sufficient, appropriate audit evidence is collected to enable the drawing of a conclusion with respect to each of the audit objectives.

An effective approach will normally incorporate a variety of auditing tools and techniques. Different tools and techniques have various strengths and weaknesses.

Our approach to the internal audit started with an overview of activities through a study and documentation of the existing systems and procedures in all the ULBs. Testing of internal controls was carried out by checking a sample of transactions for the period covered by the audit.

Apart from the test of controls and samples, we also carried out various types of analytical reviews to understand as well as highlight unusual or significant trends in the business.

Our observations, resulting from the audit tests performed on a sample of transactions, are set out under "Part-A, Part-B & Part-C" of the audit report and include our recommendations for addressing these observations.

Place : Ranchi

Date : Aug 27, 2016



For R. Shah & Co.
Chartered Accountants
FRN.-502010C

CA. Neetu Jejani
(Partner)
M.N.-406561

A handwritten signature in black ink, appearing to be "Neetu Jejani".

EXECUTIVE SUMMARY

1. Introduction

Name of the Municipality	Kataiya Nagar Panchayat
Period Covered under Current Audit	1 st Apr 2014 to 31 st March 2015
Name of the Chief Municipal Officer for the period under Audit	Heera Kumari
Audit Conducted on	6 th May 2016 & 4 th June 2016

2. Result and Findings

➤ Strength

❖ Following strengths have been observed in the audit of Nagar Panchayat.

- The General Cash book & all the Subsidiary Cash Books have been maintained by the ULB.
- Attendance Register of Staff were maintained properly.
- Salary Register maintained by the ULB.
- All the Books & Register have been verified by Executive Officer on monthly basis.
- Staffs were cooperative during the Audit period.

➤ Weakness

❖ Following weaknesses have been observed in the functioning of office, maintenance of records etc.

- There is a lack of internal control w.r.t collection of taxes.
- Fixed Assets Register is not maintained by the ULB.
- Demand and collection register have not been prepared, hence it seems difficult to ascertain total tax dues..
- No penalty/ surcharge have been imposed for non-payment of demand.
- There is no proper cash handling neither any locker was kept by the ULB.
- Taxes collected by tax collector are not deposited on daily basis. As per Rule 27 of BMAR it should be deposited on daily basis.



➤ Grant Register is not maintained, hence it is difficult to find unutilized grant at any point of time.

➤ Books of accounts are not verified by E.O and other assigned officials on time to time basis.

➤ Nagar Panchayat has failed to comply with certain rules and directives of UD & HD.

Directives relating to prepare a practical budget have not been complied with.

➤ Bank Reconciliation Statement for any of the account is not prepared hence it is difficult to monitor possible fraud

➤ There is lack of internal control on deduction and deposit of various taxes. On deduction of other tax liability like VAT, Royalty, Labour Cess etc are not created.

➤ The ULB has not maintain the proper Log Book Register.

➤ No ESI, Pension Fund have been deducted from the salary of the employees.

➤ Taxes such as Sales Tax(VAT), Royalty, and Labour Cess etc are collected from time to time

but payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise delayed interest charges may be imposed.

3. Opinion

❖ Overall opinion of the Audit team about the functioning of the Municipality is as under:-

The functioning of the Municipality is very weak due to following reasons:

➤ Collection from own sources is very poor.

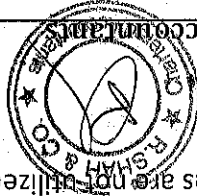
➤ The procurement of fixed assets is not proper and non-maintenance of Fixed Asset Register would lead to failure of determining the replacement cost.

➤ BRS is not prepared on a monthly basis, so it is difficult to keep record of variances between Cash Book and Bank Passbook balances. Non preparation of BRS would lead to improper use of available funds.

➤ 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.

➤ Grant received for various purposes are not utilized on timely basis.



- There are serious lapses in deduction and deposit of statutory dues such as Sales Tax(VAT), Royalty, Labour cess etc.
- A huge portion of fund received by the ULB from GOB is left unspent during the financial year 2014-15. So the Closing Bank Balance is huge.

4. Audit Recommendations

- ❖ The recommendations of Audit team on the observed weakness is as under:-
 - All the prescribed books of accounts and Registers should be prepared on real time basis.
 - PF & ESI should be deducted from salary, if applicable.
 - Grant Register should be prepared.
 - Demand & Collection Register of all the wards should be prepared and calculation should be done as per new assessment.
 - Collection from own sources should be improved.
 - Collection by tax collector should be deposited on daily basis.
 - Bank reconciliation Statement should be prepared on monthly basis.
 - All the statutory dues should be deposited on timely basis and returns prescribed under respective laws should also be filed on timely basis.
 - New staff are to be appointed by the management for smooth running of the ULB and they should be equipped with regular training to run the ULB smoothly.



6. Acknowledgment

We thank Smt Hira Kumari (Executive Officer), for her support during the period of our audit. We are also thankful to Mr. Sonu Kumar Roy (Accountant), Tax Daroga and support staffs of the municipality for their cooperation extended to us during the period of our audit.

For R. Shah & Co.
Chartered Accountants
FRN.- 502010C



CA. Neetu Jejanil
(Partner)
M.N.-406561



Place: Ranchi

Date : Aug 27, 2016

MAIN AUDIT REPORT

1. Introduction

The internal audit of Nagar Panchayat Kateya covering period from 1st April 2014 to 31st March, 2015 was conducted by following persons under guidance of CA Neetu Jejanji-

1. Shri Rana Burha Gohain
- ii. Shri Ajay Singh
- iii. Smt. Anjali Singh

2. Administration

The present body of the ULB is functioning since 09-06-2012. The incumbency in the key administrative and executive position was as under:

1. Shri Rajesh Kumar Roy, Chairman from 09.06.2012 till date
2. Mrs. Heera Kumari, Executive officer from 06 Sept 2015 till date.

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

Sl. No.	Particulars and date of Audit	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 Comp liance report	No. & date of
1	A.G. audit, Dated, 27.10.2014	31	31	9	0	0	31	Not done	

The major irregularities pointed out in the AG Audit report on which no action has been taken are as under:

1. General cash book was maintained upto 09.01.2013 only. Bank passbook related to cash book not presented for audit.
2. Cash book balance not reconciled with treasury/ bank pass book balance at the end of the month.
3. Annual financial statement was not prepared by the Nagar Panchayat. Due to this, proper financial position of fund could not be ascertained.
4. Transaction executed with the bank not recorded in the Cash book. For example:- Rs. 1,22,41,721.00 credited and Rs. 15,14,782.00 debited in the pass book was not recorded in the cash book.
5. Holding tax collected Rs. 1,49,230.00 was not recorded in the cash book.





Year	2014-15	2013-14	2012-13
Final/ Revised Budget	Not Prepared	Not Prepared	Not Prepared
Actual Expenditure	1,00,82,572.00	32,30,794.00	Not Provided
Savings (+)/ Excess (-)	Indeterminable	Indeterminable	Indeterminable

1. Budgetary provisions and expenditure for the last three years

4. Finance

10. Labour Cess amounted to Rs. 27,670.00 has not been deducted.
11. Survey of Mobile Tower Registration has not been done.
12. Income tax has not been deducted.
13. VAT, Royalty amounted to Rs. 164228.00 not deposited.
14. Purchase of vehicle amounting to Rs. 9,22,936 without budgetary provision.
15. Advances given to staffs amounting Rs. 52500 is unadjusted as on 31.03.2015.
16. Holding tax amounting Rs. 2,90,835 is in arrear as on 31.03.2015.

Sl. No.	Advance receiver	Amount	Date	Purpose of Advance
1	Gotam Prasad Mahto	400000.00	16.10.12	Pension Distribution
2		500000.00	16.10.12	
3		200000.00	16.10.12	
4		250000.00	11.01.13	
5		40000.00	18.10.12	
6	Nabi Rasul Amin	12000.00	15.11.12	Cleaning Chhat Ghat

9. No adjustment entry found for advances given during 2012-13.
8. Rs. 75,810.00 Bandobasti amount of taxi bus stand not deposited.
7. Rs. 1598.00 has been collected by the collector Nabi Rasul Miyan and deposit voucher found for only Rs. 1511.00
6. On 23.12.12 Rs. 9,301.70 has been shown in Cash in hand and accordingly provisions of Bihar Nagarpalika Act, 1928 has been violated. According to the provisions of the act, realized amount to be deposited into the bank either on the same day or on the next working day.



Bank Reconciliation Statements have not been prepared by the Nagar Panchayat. There is a difference of Rs. 31,59,627.70 between Cash Book and Consolidated Balance as per Pass Book of all accounts and Treasury PL Account.

The Nagar Panchayat is suggested to reconcile the above mentioned differences immediately and prepare B.R.s on monthly basis.

Sl. No	Name of Bank	Account No.	Balance as on 31.03.2015	Name of Scheme	Reconciliation position
1	S.B.I.	30390506845	3,59,49,481.00	Various Schemes	Un - reconciled
2	S.B.I.	32724489955	93,09,657.00	Revenue receipt	Un - reconciled
3	S.B.I.	32724546529	21,32,643.00	13th Finance	Un - reconciled
4	U.B.G.B.	10053610100	68,80,271.00	Various own sources	Un - reconciled
5	U.B.G.B.	10801410300	1,24,91,283.00	Administrative Grant	Un - reconciled
Total of Bank			6,67,63,335.00		
Total as per Cash Book			6,99,22,962.70		
Difference			31,59,627.70		

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

III. Bank Reconciliation

Period	Budgeted (14-15)	Previous year (13-14)	Corresponding Period of Previous year (13-14)	Current Period (14-15)	Cumulative for the current period (14-15)
Opening Balance	2,79,10,192.70	2,79,10,192.70	2,79,10,192.70	5,73,00,325.70	5,73,00,325.70
Receipts	3,26,20,927.00	3,26,20,927.00	3,26,20,927.00	2,27,05,209.00	2,27,05,209.00
TOTAL	6,05,31,119.70	6,05,31,119.70	6,05,31,119.70	8,00,05,534.70	8,00,05,534.70
Expenditure	32,30,794.00	32,30,794.00	32,30,794.00	1,00,82,572.00	1,00,82,572.00
Closing Balance	5,73,00,325.70	5,73,00,325.70	5,73,00,325.70	6,99,22,962.70	6,99,22,962.70

II. Volume of transactions



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.

VI. Status of Municipal Accounts Committee; if meeting held

Appointment of chartered accountant has been done but Double Entry Accounting System is not in operation in the Kateya Nagar Panchayat.

V. Status of Implementation of Double Entry Accounting System

Period	Budgeted (14-15)	Previous year (13-14)	Corresponding Period of Previous year (13-14)	Current Period (14-15)	Cumulative for the current period (14-15)
a) Own Source					
Property Tax	0.00	0.00	0.00	0.00	0.00
Assigned revenue	4,31,019.00			4,31,019.00	4,31,019.00
Others (Fees & User Charges)	1,50,094.00		1,50,094.00	47,825.00	47,825.00
(b) Administrative Grant					
13th Finance	11,67,071.00	11,67,071.00			
4th Finance	71,80,823.00	71,80,823.00			
BRGF	31,83,595.00	31,83,595.00			
Grant for construction of Building	1,22,80,000.00	1,22,80,000.00			
Grant for Salary of City Manager	4,60,000.00	4,60,000.00			
Grant for Sal & Allow of CWC & VCWC	4,07,944.00	4,07,944.00			
Grant for Census	2,20,500.00	2,20,500.00		23,226.00	23,226.00
Grant for Pension	12,37,500.00	12,37,500.00			
State Social security, Pension Scheme	62,93,000.00	62,93,000.00		17,15,800.00	17,15,800.00
Various Schemes	40400.00	40400.00		19174490.00	19174490.00
TOTAL	32620927.00	32620927.00	32620927.00	22705209.00	22705209.00

(c) Specific Grant (Scheme wise)

IV. Revenue Receipts

5. Audit Observations

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>New Assessment has not been done since years and holding tax is being collected at old rates.</p> <p>The processes of self assessment of property are in progress but at a slow rate and amount under charged could not be ascertained till new assessment.</p>	<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>b) Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs</p>	<p>b) Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs</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 could not be completed as property tax register is under preparation and it does not contain all the particulars so it is not possible to provide comparative chart.</p>	<p>c) Report on findings of field survey of Property Tax of minimum 20 high value properties</p>



PART-B

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

As per Bihar Municipal Accounting Manual	
Following primary Books of accounts are required to be maintained :	
1. Cash Book (Form Gen-1A)	
2. Bank Book (Form Gen-1B)	
3. Journal Book (Form Gen-2)	
4. Ledger (Form Gen-3)	
The N.P. is maintaining Subsidiary Cash Books/ Bank Book.	
In addition to above following other General Registers and forms are required to be maintained but the same are not being maintained or not properly maintained-	
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	
a) Non-maintenance of books of accounts, subsidiary registers	



<p>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 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>	
<p>No, there is no irregularity observed during Audit</p>	<p>b) Irregularity in procurement process</p>
<p>Directives relating to prepare a practical budget has not been complied with. Formation of Municipal Account committee has not been done.</p>	<p>c) Non-compliance of directives by UD & HD, GOB</p>
<p>Books of Accounts and records are not maintained. Also, there is non-compliance of various acts such as Income Tax Act, 1961, VAT Rules etc.</p>	<p>d) Non Compliance of Act & Rules</p>
<p>• There is a lack of internal control w.r.t collection of taxes. • Demand and collection register have not been prepared in a proper manner hence it seems difficult to ascertain total tax dues. No penalty/surcharge have been imposed for non-payment of demand. • There is no proper cash handling neither any locker was kept by the ULB. • Taxes collected by tax collector are not deposited on daily basis. As per Rule 27 of BMAR it should be deposited on daily basis. • Books of accounts are not verified by E.O and other assigned officials on time to time basis. • Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of</p>	<p>e) Lack of Internal Control measures</p>



<p>time.</p> <ul style="list-style-type: none"> • Bank Reconciliation Statement for any of the account 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. • There is a lack of internal control on deduction of deposit of various taxes. On deduction of taxes, liability is not created hence it is difficult to ascertain tax payable at any point of time. • Taxes such as Sales Tax(VAT), TDS, Royalty, and Labour Cess etc are collected from time to time but payments were pending till the date of audit which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise delayed interest charges may be imposed. 	<p>f) Non-compliance of TDS, VAT and other relevant Statute</p>
<p>Tax deducted at source(TDS), VAT, Labour Cess & Royalty are not being deposited on due date which is not proper.</p>	<p>g) Deficiency in Pay-roll System</p>
<p>The pay-roll system does not contain leave details of employee. PF account has not been opened with PF department all the deduction of PF contribution and pension fund contribution are being deposited in a separate account opened by the municipality.</p>	<p>h) Utilization of Grant and report on missing Utilization Certificates</p>
<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 31.03.2015 have been sent to the Government but copy of the same could not be provided to us.</p>	<p>i) Physical verification of Inventory/Stores</p>
<p>Stores Register has not been prepared and physical verification of inventory/stores has also not been done.</p>	<p>j) Advances, their adjustment & recovery</p>
<p>Advance Register has not been prepared hence it is very difficult to monitor advances, their recovery and adjustment.</p>	<p>k) Any other matters as may be prescribed in due course.</p>
<p>Staff strength in the accounts department needs to be increased. Accountant should be provided with necessary training to prepare the books, which can add value addition to the functioning of ULB.</p>	



General Observations: Auditor should report the deficiencies noticed during their audit and recommend ULB Management to improve internal systems.

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 Nagar Panchayat.
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, 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;	Quarterly Financial Statements have not been prepared by the Nagar Panchayat.
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 Nagar Panchayat.
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. No Grant Register is maintained.
Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;	Yes all transactions have been classified as incomes and expenditure but 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?	Grant received during the year has been properly accounted for. Information related to 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 such Special fund has been created by the Nagar Panchayat.
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.
Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these	No, record of fixed assets has not been maintained by the ULB. Physical verification of fixed assets has not been done during



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;	As explained to us no property of the ULB has been given on lease.
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;	No, physical verification of stores has not been conducted by the ULB at reasonable intervals.
Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;	No physical verification of stores has been done.
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 physical verification of stores has been done.
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, there are no procedures in place to identify any unserviceable or damaged stores.
Whether proper procedures are in place to identify provision for the loss in this respect, if any, has been made in the accounts;	No valuation of stores has been done.
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;	There is no loans and advances has been given by the N.P for the 2014-15.
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?	Advance Register has not been maintained so we are unable to verify whether it is being recovered regularly or not or any adjustments made or not.
Whether advances given to municipal employees and interest thereon are being regularly recovered;	No, there does not exist any internal control procedure for the purchase of stores, including
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



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.
stores, including components, plant and machinery, equipment and other assets.	No significant deviation observed.
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 TDS, Service tax, VAT, Works contract tax, Labour cess payable to the government etc. We observed that all such taxes deducted during the financial year has been deposited in the month of march 2015 only.
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;	Contribution to pension fund and leave encashment contribution has not been deducted from the salary of the employee.
Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof;	We did not observe 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, During the course of Audit 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, revenue 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;	No, tax collected by the tax collector are not deposited on daily basis. We observed that it is being deposited at intervals of 1-2 months.
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 sanction of the competent authority;	Yes, During the course of Audit 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 amounts received as specific grants	Yes, on our test check we observed that amounts received as specific grants have

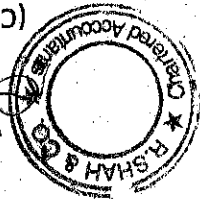


Internal Audit Report - Nagar Panchayat - Kateya, F.Y - 2014 - 2015

<p>the grant sanction order;</p>	<p>the grant sanction order.</p>
<p>Whether biometric 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:</p>	<p>No, biometric devices and payroll software are not used at the ULB. Pay roll system of the municipality is deficient as it does not contain leave records, details of deductions made etc.</p>
<p>Whether the grievance redressal mechanism for the ULB is sufficient.</p>	<p>No, we did not observe any grievance redressal cell functioning at the ULB.</p>

For R. Shah & Co.
Chartered Accountants
FRN.- 502010C

(CA. Neetu Jejanil)
(Partner)
M.N.- 406561



Place: Ranchi

Date : Aug 27, 2016

COMMENTS FROM MANAGEMENT

Nagar Panchayat, Kateva

We are trying regularly for correction and strengthen the system. We are also trying to develop internal control and internal check. So that resources can be at optimum level.

For, Nagar Panchayat/ Parishad

Date- 27.08.2016

Place- N.P. Kateva

(Executive Officer)

4.8.16
R.K.M

