

Adhikari

Internal Audit Report Of Kochas Nagar Panchayat (District – Rohtas)

SPUR-PMU (Samvardhan)

No.....283.....

In Coming Date...14/6/16.....

FOR THE FINANCIAL YEAR: 2014-15

INTERNAL AUDIT CONDUCTED BY:



M/s. SANJAY JAGANNATH & ASSOCIATES

Chartered Accountants

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Report Issued on : 08/06/2016

To,
The Joint Secretary, UD & HD
Urban Development and Housing Deptt.
Govt. of Bihar
101, 1st Floor, Vikash Bhawan
New Secretariat
Bailey Road
Patna - 800 015 (BIHAR)

Dear Sir,

Subj: Internal Audit of Kochas Nagar Panchayat for the Financial Year 2014-15

With reference to Notice to proceed (NTP) for the assignment of Internal Audit of 140 ULBs of Bihar, Tender no:-SPUR-PMU/194/IA-140ULBs & State Level Monitoring Agency /2015/130 - Group-16 was received on 5th April, 2016. We have conducted Internal Audit of Kochas Nagar Panchayat from the period 05/04/2014 to 31/03/2015, we have undergone the applicable guidelines, rules, Accounting standards, Bihar Municipal Accounting Manual and the provisions of Bihar Financial Rules (as amended, 2005) / Bihar Municipal Act 2007 / Bihar Municipal Accounts Rules 2014/Bihar Municipal Budget Manual and compliance with financing agreements under the various Schemes/Programmes of the Central and State Government. We also reviewed the activities of the Nagar Panchayat and evaluated the internal control system in order to perform the Internal Audit.

This Internal Audit Report explains about the procedures of checking and examination of Books of account of Kochas Nagar Panchayat by M/s. Sanjay Jagannath & Associates, Chartered Accountants as per scope of Internal Audit as given in "Terms of Reference".

for **Sanjay Jagannath & Associates**

Chartered Accountants

Firm Registration No. - 018906N

[CA. Sanjay Kumar]

Partner

Membership No. 501621

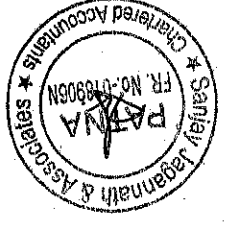


Place : Patna
Date : 08/06/2016

INTERNAL AUDIT REPORT
KOCHAS NAGAR PANCHAYAT

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EXECUTIVE SUMMARY

1. Introduction

>	Name of the Municipality	:	Kochas Nagar Panchayat
>	Period covered under current Audit	:	05/04/2014 to 31/03/2015
>	Name of Chief Municipal Officer for the period under audit	:	I. Sri Om Prakash

2. Results and Findings

> Strengths Observed

: Nil

> Weaknesses Observed

:

A. Functioning of Office

- Weak Internal Control as discussed in Bihar Internal Control Manual on the Administration and Collection of Municipal Taxes as follows :

→ No Property tax has been collected during the financial year.

→ No Tender has been awarded for Bus Stand, Tin Ticket during the financial year.

→ Neither data has been prepared for outstanding dues nor has notice been served for collection regarding Mobile towers.

→ No proper control on the maintenance of attendance, Leave not considered for salary calculation.

→ No survey and assessment of properties have been done during the financial year.

B. Maintenance of Records

- Books of Accounts are not followed double entry system as per Bihar Municipal Accounting Manual.

→ SAS Form is not taken from Assesses.



3. Opinion

As per our opinion the Nagar panchayat has scope to improve accounting system, internal check and internal control to strengthen the whole system and increase the revenue i.e property tax, Mobile tower tax etc.

4. Audit Recommendation

- Need to develop system of internal check.
- Need to implement double entry system of accounting immediately.
- Need for placement of competent manpower for preparation of manual accounts and other records.
- Immediate need of computerisation for assessment and collection of municipal tax from agency having similar experience.
- Strengthening tax collection department for timely identification, assessment of new holdings and collection of taxes.
- Immediate need of making the bio-metric system for attendance.
- Computerisation of employee records and installation of payroll management system.
- Immediate need to calculate outstanding dues of Mobile Towers fees/Charges.
- Immediate need to serve notice to the Companies for collection of Registration and renewal charges of Mobile tower.
- Need to start collection of property tax after survey of properties.

5. Comments from Management

Since Nagar Panchayat has established during the financial year, we are trying for establishing all thing as per Act, guidelines and manual applicable to us. [Signed copy attached by Sri Shashi Bhushan Mishra, Executive Officer]

6. Acknowledgement

Staff Cooperation is good and produce/timely produced bills, vouchers, files and other relevant documents which are required for audit.

for Sanjay Jagannath & Associates
Chartered Accountants
Firm Registration No. - 018906N

[CA. Sanjay Kumar]

Partner

Membership No. 501621



Place : Patna
Date : 08/06/2016

DETAILED AUDIT REPORT

1. INTRODUCTION

The Internal Audit of Kochas Nagar Panchayat covering the period from 05/04/2014 to 31/03/2015 was conducted by following persons under guidance of CA. Sanjay Kumar.

1. Lokesh Kumar Singh

2. ADMINISTRATION

The present body of ULB has taken charge on 21/04/2014. The incumbency in the key administrative and executive positions was as under:

Smt. Dhramshila Devi	Chairman	21/04/2014 to till date
Smt. Rubi Devi	Vice Chairman	21/04/2014 to till date
Sri Om Prakash	Executive Officer	15/06/2014 to 31/07/2015
Sri Santosh Kumar	Executive Officer	01/08/2015 to 06/09/2015
Sri Shashi Bhusan Mishra	Executive Officer	07/09/2015 to till Date

3. REVIEW OF OUTSTANDING AUDIT PARAS :

Sr. 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 has been made	Total No. of Audit Paras where recovery has been made	Total No. of Amount of outstanding compliance report	Total No. of compliance report taken
No any audit has not been done in past.							



4. FINANCE :

1. Budgetary provisions and expenditure for the last three years

Year	2011-12	2012-13	2013-14	Nagar Panchayat has established on 05/04/2014.		
				Final/Revised Budget	Actual Expenditure	Savings (+)/Excess (-)

II. Volume of Transactions

Period	Budgeted (2014-15)	Previous Year (For One period of (2013-14) year previous (2012-13)	Nagar Panchayat has established on 05/04/2014.		Opening Balance	Receipts	Total	Net Expenditure	Closing Balance
			Budget has not been prepared for the financial year 2014-15.	Letter dated 07/06/2016 of Executive officer is attached.					
Cumulative for the current period			13495144.00	N.A					
Current period (2014-15)			13495144.00	N.A					
			13495144.00	N.A	13495144.00	13495144.00	13495144.00	0.00	13495144.00
				N.A					N.A





Sr. No.	Name of Bank	A/C No.	Balance as Per Cash Book	Balance as Per Pass Book	Difference
A.	PLA	K-8448001020001			
1	Tab for City Manager, Chairman, and Executive Officer	150000.00			
2	Laptop for women ward Counsellor	300000.00			
3.	Administration Building	2279492.00			
4.	4th Finance-Salary	4947422.00			
5.	4th Finance	4952430.00			
	Total	12629644.00	12629644.00		NIL
B.	SAIRAT/NILAMI	34811587641	865500.00	865500.00	NIL
	SBI	34811587641	865500.00	865500.00	NIL

Details of Closing Balance as on 31/03/2015

III. Bank Reconciliation
Bank Reconciliation is not being prepared.

IV. Revenue Receipts

Period	Budgeted Year (For One Year) (2013-14)	Previous Year (For One Year) (2012-13)	Current period of (2014-15)	Cumulative for the current period			
(a) Own source	Nagar Panchayat has established on 05/04/2014. Budget has not been prepared for the financial year 2014-15. Letter dated 07/06/2016 of Executive officer is attached.	865500.00	0.00	N.A			
					Property Tax	0.00	N.A
					Assigned Revenue	0.00	N.A
					Others (Fee & User Charges)	0.00	N.A
					(b) Administrative grant	0.00	N.A
					(c) Specific Grant (Scheme wise)	0.00	N.A
					1. Central Govt. Scheme	0.00	N.A
					2. State Govt. Scheme	0.00	N.A
					1) Tab	150000.00	N.A
					2) Laptop	300000.00	N.A
					3) Administrative Building	2279492.00	N.A
					4) 4th Finance-Salary	4947722.00	N.A
					5) 4th Finance	4952430.00	N.A
(d) Interest earned	0.00	N.A					
(e) Other Income	0.00	N.A					

V. Status of Implementation of Double Entry Accounting System :

Books of Accounts are not followed double entry system as per Bihar Municipal Accounting Rule.

VI. Status of Municipal Accounts Committee: if meeting is held :

Kochas Nagar Panchayat is yet to form Municipal Accounts Committee under section 98 of the Municipal Act, 2007.



1) AUDIT OBSERVATIONS :

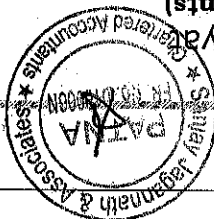
I. PART-A

All Audit Objections/Irregularities Which has Monetary Implication, Particularly in following areas :

Sr. No.	Particulars	Amount (Rs.)	Remarks
a)	Revenue Leakage :		
	Stamp Fees	25965.00	Due from Mr. Santosh Kumar Singh [Tender has been awarded to Mr. Santosh Kumar Singh for subji mandi of Rs.865500.00. No agreement paper has been shown to us for our verification. All money is received in cash and deposited into bank. Earnest money for the tender is received in cash and return to vendors without entering in cash book. No Comparative chart is prepared for the tender. Stamp fee of Rs. 25,965.00 [i.e 3% of Rs. 8,65,500.00] is not taken from vendor.]
b)	Excess Payment	Nil	

c) Report on findings of field survey of property Tax of 20 high value properties as follows:

Sr. No.	Party's Name	Measurement of plot/use of building	Location of Property/Ward No./ Holding No.	Observations
1	Nagar Panchayat			Nagar Panchayat has established on 05/04/2014 and No property tax is collected during Financial year 2014-15. So, field survey has not been done by us.





1. Property tax is not collected during the financial year.
2. Tax Collector has not been appointed.
3. Tender has not been executed for Bus Stand, Tin Ticket etc. Its cause revenue loss of the ULB.
4. The Nagar panchayat has not calculated outstanding dues regarding Registration fee/ Renewal fees of Mobile Towers. Nagar Panchayat should calculate dues amount and serve notices to them for recovery immediately.

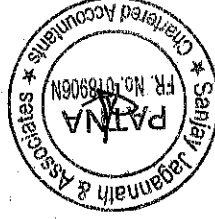
General Observations:

III. PART-C

- a. As per Rule 136 of Bihar Municipal Accounting Manual 2014, every year budget should be prepared for receipts and expenditure in Performa 75, 77 and 80. It is not prepared as per prescribed Performa by Nagar Panchayat Kochas.
- b. Books of accounts are not being maintained as per Bihar Municipal Accounts Rules 2013.
- c. There is no proper internal control regarding collecting, depositing and monitoring of property tax.
- d. No proper control on the maintenance of Attendance registers. Attendance register is not authenticated by concerned officer on daily basis.
- e. Utilisation certificate has been sent for the financial year 2014-15 according to the Nagar Panchayat. (Letter is attached).

II. PART-B

Objections/irregularities which have no monetary implication, but significant violation of Act, Rules & directives of UD & HD:-



Place : Patna
Date : 08/06/2016

Membership No. 501621

[CA. Sanjay Kumar]
Partner

for Sanjay Jagannath & Associates
Chartered Accountants
Firm Registration No. - 018906N

Sr. No.	Particulars/Schemes	Opening Balance	Receipts	Payments	Closing Balance
1	Tab for City Manager, E.O & Chairman	0.00	15000.00	0.00	15000.00
2	Laptop for Women Counsellor	0.00	30000.00	0.00	30000.00
3	Administrative Building	0.00	2279492.00	0.00	2279492.00
4	4th Finance-Salary	0.00	494772.00	0.00	494772.00
5	4th Finance	0.00	4952430.00	0.00	4952430.00
6.	Sairat/Nilami	0.00	865500.00	0.00	865500.00

Summary Receipt and Payment Accounts for the year 2014-15.

5. SUMMARY RECEIPTS & PAYMENTS A/C:-

COMMENTS FROM MANAGEMENT

Nagar Panchayat, Kochas

Since Nagar Panchayat has established during the financial year, we are trying for establishing all thing as per Act, guidelines and manual applicable to us.

Date:- 08/06/2016

Place:- Kochas

For Nagar Panchayat Kochas

[Signature]
8/6/16
(Executive Officer)
Nagar Panchayat, Kochas





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