

# INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT- KESARIA (EAST CHAMPARAN)

For the period from 01.04.2016 to 30.06.2016



Internal Audit Conducted by:

**GK Sureka & Co.**  
Chartered Accountants

2<sup>nd</sup> Floor, Nathani Market, Sutapatty,

Muzaffarpur-842001 (Bihar).

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**Audited conducted From: October 15, 2016 to October 26, 2016**

**Report Issued on: July 21, 2017**

**NAGAR PANCHAYAT – KESARIA (EAST CHAMPARAN)****INTERNAL AUDIT REPORT OF Q-1 OF F.Y. – 2016-2017****INDEX**

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**Internal Audit Report of Financial year 2016-2017****Section A: Audit Methodology and Approach****Audit Methodology**

We have conducted the internal audit of Nagar Panchayat – Kesaria (East Champaran), for the Quarter ending on 30<sup>th</sup> June, 2016 (as per TOR). We familiarized ourselves with N.P. documents, 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 N.P. in order to plan and perform our audit.

We reviewed transaction from April 01, 2016 to June 30, 2016. Our objective was to check all transactions and to design procedures to detect omissions. We also applied procedures to assess the adequacy of the N.P. 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:

- General Cash Book & Subsidiary Cash Book for the period from 1<sup>st</sup> April 2016 to 30<sup>th</sup> June, 2016 maintained manually in the N.P. ;
- Vouchers (Cash, Bank, Journal etc) along with supporting documents;
- Receipt Books.
- Other necessary records and registers.

The major observations, in respect of the N.P. have been discussed with the Executive Officer & Accountant of the N.P.

**Audit Approach**

Our approach to the internal audit started with an overview of activities through a study and documentation of the existing systems and procedures. We then identified, evaluated and tested the adequacy, efficiency and effectiveness of internal controls including standard policies and procedures laid down by the management (where applicable), for each of the areas included in the Scope of Work.

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 income & Expenditure.



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 : Muzaffarpur  
Date : July 21,2017

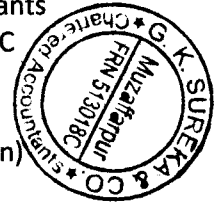
For G.K.Sureka & Co.  
Chartered Accountants

ERN.-513018C

(CA. Dhruv Narayan)

Partner

M.N.- 501415

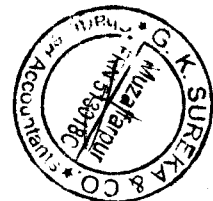


**Executive Summary****1. Introduction**

<b>Name of the Municipality</b>	N.P. Kesaria (East Champaran)
<b>Period Covered under Current Audit</b>	01.04.2016 to 30.06.2016
<b>Name of the Chief Municipal Officer for the period under Audit</b>	Sh. Amar Mohan Prasad

**2. Results and Findings**

<b>Strength observed during the audit engagement</b>	<ul style="list-style-type: none"> <li>➤ General Cash Book &amp; Subsidiary Cash Book has been written</li> <li>➤ Employer's Contribution on P.F is being paid by the Municipality</li> <li>➤ Staff Cooperation during the Audit period was very good.</li> </ul>
<b>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</b>	<ul style="list-style-type: none"> <li>➤ Various prescribed Books of accounts and registers are not prepared.</li> <li>➤ There are lack of internal control w.r.t collection of taxes.</li> <li>➤ Demand collection Register has not been prepared hence it is not possible to ascertain total arrear of taxes.</li> <li>➤ Taxes collected by tax collector are on deposited on daily basis; we observed that it is being deposited after significant interval which is not proper. As per Rule 27 of BMAR it should be deposited on daily basis otherwise fine up to Rs. 5000/- may be imposed for delayed deposit. (Details of tax collected but deposited late is annexed in Annexure)</li> <li>➤ Tower tax dues are not collected on time basis.</li> <li>➤ Tender of Ghat, Crematorium, Gate, Palm trees and lands are not done on yearly basis.</li> <li>➤ Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time.</li> <li>➤ Bank Reconciliation Statement is not prepared hence it is difficult to monitor possible fraud, if any.</li> <li>➤ Advance Register is not prepared hence it is difficult to monitor</li> </ul>



	<p>for advances given and adjustment thereof.</p> <ul style="list-style-type: none"> <li>➤ Compliance of AG Audit report is not done on timely basis.</li> <li>➤ There is lack of internal control on deduction and 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 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.</li> </ul>
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### 3. Opinion

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


<b>The recommendations of Audit team on the observed weakness</b>	<b>We recommend the followings:</b> <ul style="list-style-type: none"><li>✓ All the prescribed books of accounts and Registers should be prepared on real time basis.</li><li>✓ Bank reconciliation Statement should be prepared on monthly basis.</li><li>✓ Compliance of AG audit report should be made on timely basis.</li><li>✓ Cashier Cash Book should be written on daily basis.</li><li>✓ Collection by tax collector should be deposited on daily basis.</li><li>✓ Grant Register should be prepared.</li><li>✓ All the statutory dues should be deposited on timely basis and returns prescribed under the statute should also be deposited on timely basis.</li><li>✓ Demand Collection Register of all the wards should be prepared.</li><li>✓ Property tax register should be prepared as per new assessment.</li><li>✓ Arrangement of Bus stand, Hat, Chungi etc. should be done on timely basis.</li><li>✓ Collection from own sources should be improved.</li></ul>
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5. Compliance of Terms of Contract as per scope of work	Terms of Internal Audit Contract as per scope of work has been complied with and a report of compliance of terms of the contract is attached in Annexure.
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6. Compliance of Previous Internal Audit Report	Most of the points raised in our previous audit report are still persisting and it has been assured to us that all the points raised by us will be complied with shortly.
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## 7. 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 style="text-align: center;">           22/07/2017       </p> <p>For Nagar Panchayat Kesaria          नगर पंचायत कसरिया          (Executive Officer)</p>
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## 8. Acknowledgment

We thank Mr. Amar Mohan Prasad (Executive Officer), for his support during the period of our audit. We are also thankful to Sh. Aditya Kumar (Accountant cum head Clark), Sh. Lal Babu Prasad (Tax Daroga) and support staffs of the municipality for their cooperation extended to us during the period of our audit.

Place : Muzaffarpur  
 Date : July 21, 2017

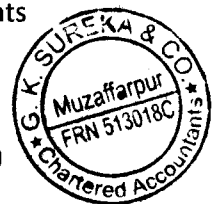
For G.K.Sureka & Co.  
 Chartered Accountants

FRN.-513018C



(CA. Dhruv Narayan)  
 Partner

M.N.- 501415





**Detailed Audit Report****1. Introduction**

The Internal audit of N.P.- Kesaria (East Champaran) covering period from 1<sup>st</sup> April 2016 to 30<sup>th</sup> June, 2016 was conducted by following persons under guidance of CA. Dhruv Narayan

- i. Shri Sonu Kumar
- ii. Manish Kumar
- iii. Purushotam Kumar

**2. Administration**

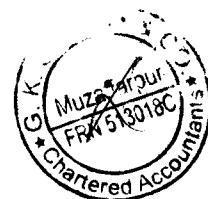
The present body of the ULB has taken charge on 9<sup>th</sup> September, 2014. The incumbency in the key administrative and executive position was as under:

Smt. Snehlata Singh, Chairman from 30.04.2013 to till date ,Amar Mohan Prasad, Executive officer from 07.09.2015 to till date.

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

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

**No A.G. Audit has been conducted since the date of completion of our previous audit for the F.Y. 2015-16**



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

Year	2014-15	2015-16	2016-2017 1 <sup>st</sup> Quarter
Final/ Revised Budget	6,27,42,983.00	Not provided	13,53,37,542.00
Actual Expenditure	4,43,89,115.00	6,22,67,291.90	48,82,331.00
Savings (+)/ Excess (-)	1,83,53,868.00	Not Applicable	13,04,55211.0

**II. Volume of transactions**

Period	Budgeted	Previous year (For One year)	Corresponding quarter of previous year  (Whole year)	Current Period	Cumulative for the current period
Opening Balance	-52,46,385.00	6,11,50,374.00	6,11,50,374.00	6,97,73,427.10	6,97,73,427.10
Receipts	14,33,31,960.80	7,08,90,345.00	7,08,90,374.00	5,38,063.00	5,38,063.00
TOTAL	13,80,85,575.80	13,20,40,719.00	13,20,40,719.00	7,03,11,490.10	7,03,11,490.10
Net Expenditure	13,53,37,542.20	6,22,67,291.90	6,22,67,291.90	48,82,331.00	48,82,331.00
Closing Balance	27,48,033.60	6,97,73,427.10	6,97,73,427.10	6,54,29,159.1	6,54,29,159.1



**III. Bank Reconciliation**

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

Sl.No	Name of Bank	Account No.	Balance as on 30.06.2016	Name of Scheme	Reconciliation position
1	C.B.I	3172986775	1,91,048.10	Internal Source	Un-reconciled
2	C.B.I	2115829819	1,89,921.00	Internal Source	Un-reconciled
3	S.B.I	30467907990	33,80,514.00	Kabir Antyesthi Yojna	Un-reconciled
4	S.B.I	31769696003	14,69,125.00	13 <sup>th</sup> / 14 <sup>th</sup> Finance	Un-reconciled
5	S.B.I	30502598041	1,19,760.00	B.R.G.F	Un-reconciled
6	PLA		5,73,71,012.00	Various schemes	Un-reconciled
7	C.B.I.	3488244611	3001.00	E-Governance	Un-Reconciled
8	C.B.I.	3488244984	16,16,859.00	Swaksh Bharat Abhiyan	Un-Reconciled
	<b>TOTAL</b>		<b>6,43,41,240.10</b>		
	<b>Total as per C.B</b>		<b>6,54,29,159.10</b>		
	<b>Difference</b>		<b>10,87,919.00</b>		

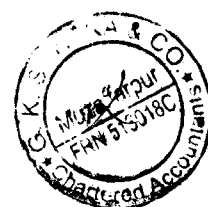
Bank Reconciliation Statements have not been prepared by the N.P. There is a difference of Rs. 10,87,919.00 between Cash Book and consolidated balance as per pass book of all accounts.

The N.P. is suggested to reconcile the above mentioned differences immediately and prepare B.R.S on monthly basis.



## IV. Revenue Receipts

Period	Budgeted	Previous year (For One year)	Corresponding period of previous year  (Whole year)	Current Period	Cumulative for the current period
a) Own Source					
Property Tax	10,00,000.00	2,34,848.00	2,34,848.00	16,323.00	16,323.00
Assigned revenue	8,00,000.00	5,32,326.00	5,32,326.00		
Others (Fees & User Charges)	30,68,000.00	7,55,162.00	7,55,162.00	2,92,608.00	2,92,608.00
(b) Administrative Grant					
(c) Specific Grant (Scheme wise)					
Grant for Housing for All (Central & State)	6,00,00,000.00				
Grant for Construction of Drain		45,90,600.00	45,90,600.00		
13 <sup>th</sup> & 14 <sup>th</sup> Finance Commission Grant	1,35,00,000.00	51,02,054.00	51,02,054.00		
4th Finance Commission Grant	92,03,223.70	93,92,036.00	93,92,036.00		
Grant for Water Supply	2,63,17,350.00	2,57,10,141.00	2,57,10,141.00		
BRGF					
SJSRY					
Grant for construction of Building		1,11,11,950.00	1,11,11,950.00		
Kabir Anesthi Yojna		1,92,846.00	1,92,846.00		
Parivahan Grant					
Grant for salary of City Manager		4,22,000.00	4,22,000.00		



Grant for Sal & Allow. Of CWC & VCWC	46,55,982.69	1,37,932.00	1,37,932.00		
Grant for Construction of Toilet (Under SBM)	36,00,000.00	28,30,000.00	28,30,000.00	1,93,559.00	1,93,559.00
Grant for Street Light		60,00,000.00	60,00,000.00		
Grant for SECC					
Grant for census		1,18,850.00	1,18,850.00		
Grant for pension		36,09,600.00	36,09,600.00		
Grant for Const. of Bus Stand					
Kanya Vivah Yojna					
State Social security Pension Scheme					
Laxmibai Social Security Pension					
Grant for E-Governance	5,00,000.00	1,50,000.00	1,50,000.00		

#### V. Status of Implementation of Double Entry Accounting System

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

Appointment of Chartered Accountant firms for implementation of Double Entry Accounting System in the Naar Panchayat is in process but till date no C.A. firm has been appointed by the UD & HD.

#### 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:

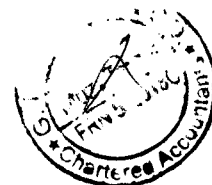
<p>a. Leakage of own source revenue either due to wrong assessment or non- levy of property tax, mobile tower tax, rent on municipal properties, advertisement tax fees etc.</p>	<p>Tower tax is not being collected on timely basis as Rs. 5.46 lacs is receivable as Tower Tax as on 30.06.2016. Details of tower tax dues are annexed in Annexure.</p> <p>Taxes collected are not deposited on timely basis which results loss of revenue due to interest. Details of late deposit of taxes are annexed in Annexure.</p>
<p>b. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs</p>	<p>We did not observe any excess payment against bill, lack of prudence against vouchers etc.</p>
<p>c. Report on findings of field survey of Property Tax of minimum 20 high value properties for one year</p>	<p>Field survey of 20 high value properties have been done and report thereon in enclosed 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 –**

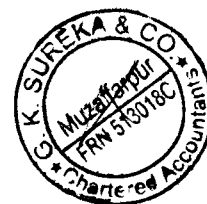
<p>a. Non- maintenance of books of accounts , subsidiary registers</p>	<p>As per Bihar Municipal Accounting Manual Following primary Books of accounts are required to be maintained :</p> <ol style="list-style-type: none"> <li>1. Cash Book (Form Gen-IA)</li> <li>2. Bank Book (Form Gen-IB)</li> <li>3. Journal Book (Form Gen-2)</li> <li>4. Ledger (Form Gen-3)</li> </ol> <p><b>In addition to above following other General Registers and forms are required to be maintained but the same are not being maintained.</b></p> <ol style="list-style-type: none"> <li>1 Receipt GEN-8</li> <li>2 Receipt Register GEN-9</li> <li>3 Statement on Status of Cheques Received GEN-10</li> <li>4 Collection Register GEN-11</li> <li>5 Memorandum of Collection GEN-12</li> <li>6 Summary of Daily Collection GEN-13</li> <li>7 Register of Bills for Payment GEN-14</li> <li>8 Payment Order GEN-15</li> <li>9 Cheque Issue Register GEN-16</li> <li>10 Register of Advance GEN-17</li> <li>11 Register of Permanent Advance GEN-18</li> <li>12 Deposit Register GEN-19</li> <li>13 Summary Statement of Deposits Adjusted GEN-20</li> <li>14 Demand Register GEN-21</li> <li>15 Bill for Municipal Dues GEN-22</li> <li>16 Summary Statement of Bills Raised GEN-23</li> <li>17 Register of Notice Fee, Warrant Fee, Other Fees GEN-24</li> <li>18 Summary Statement of Notice Fee, Warrant Fee, Other Fees GEN-25</li> <li>19 Register of Refunds, Remissions and Write-offs GEN-26</li> <li>20 Summary Statement of Refunds and Remissions GEN-27</li> <li>21 Summary Statement of Write-Offs GEN-28</li> <li>22 Statement of Outstanding Liability for Expenses GEN-29</li> <li>23 Documents Control Register/Stock Account of Receipt/Cheque Book GEN-30</li> </ol>
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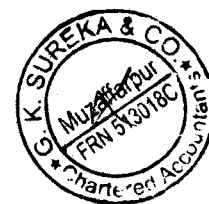




	<p>The processes of self assessment of property are in progress but the progress is very slow.</p> <p>Tower tax amounting to Rs. 5,46,000.00/- is in arrear as on 30.06.2016.</p>
<p>e. Lack of internal Control measures</p>	<ul style="list-style-type: none"> <li>➤ There are lack of internal control w,r,t collection of taxes.</li> <li>➤ Demand collection Register has not been prepared in prescribed format hence it is not possible to ascertain total arrear of taxes</li> <li>➤ Reassessment of holding tax has not been done since long and holding tax is being collected at old rates.</li> <li>➤ Due collection of revenue on old rates there is significant loss the N.P. Quantification of loss is not possible at this point of time.</li> <li>➤ Advertisement Tax is not being levied by the N.P as a result there is a loss to the N.P of advertisement tax amount.</li> <li>➤ Taxes collected by tax collector are on deposited on daily basis we observed that it is being deposited after significant intervals which is not proper. As per Rule 27 of BMAR it should be deposited on daily basis otherwise fine up to Rs. 5000/- may be imposed for delayed deposit.</li> <li>➤ Tower tax dues are not collected on time basis.</li> <li>➤ Tender of Ghat, Crematorium, Gate, Palm trees and lands are not done on yearly basis.</li> <li>➤ Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time.</li> <li>➤ Bank Reconciliation Statement is not prepared hence it is difficult to monitor possible fraud, if any.</li> <li>➤ Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.</li> <li>➤ There is lack of internal control on deduction and 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 VAT, I.T. Royalty etc are collected from</li> </ul>



	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.
f. Non-compliance of TDS, VAT and other relevant Statute	Tax deducted at source of Income Tax, VAT & Royalty are deposited on yearly basis which is not proper it should be deposited within the due date prescribed under the respective statute. We observed that Income Tax, VAT, Royalty & labour cess for whole financial year has been deposited in the month of March 2017. 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.
g. Deficiency in Pay-roll System	The pay-roll system does not contain leave details of employee. PF account has not been opened with PF department all the deductions of PF contribution and pension fund 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. Details of Utilization certificate sent are annexed in Annexure.
i. Physical verification of inventory/Stores	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.	Staff strength in the accounts department needs to be increased.



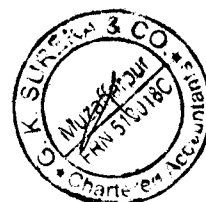
**PART- C**

**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 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 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;	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 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 done.
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	There are no case loans and advances other



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?	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
Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.	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 tax deducted at source, service tax, VAT, works contract tax, 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 2017.
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 is being deducted from the salary of the employee and are being deposited in a separate bank account opened for the purpose.
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 , 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	No, all revenues have not been properly



action taken on timely basis;	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 after significant intervals.
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 , 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 , 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 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 lave 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.

Place : Muzaffarpur

Date : July 21,2017

For G.K.Sureka & Co.  
Chartered Accountants

FRN -513018C

(CA. Dhrub Narayan)  
Partner

M.N.- 501415

## Details of Tower Tax dues as on 30.06.2016

Sl. No.	Company name	No. of Tower	Installation Year	Ward No	Holder Name	Registration Fee's	Annual rental dues	Total Amount
01	Air tel	01	2009	08	Virandra Kishor Pathak, S/o Late Hari Kishor Pathak	30000	48000	78000
02	Air tel	01	2009	02	Rajendra Rai S/o Narshingh Yadav	30000	48000	78000
03	BSNL	01	2009	08	Prabhu Prasad, S/o Late Ramannad Parasad	30000	48000	78000
04	Reliance	01	2009	09	Trilok Bhushan Singh, S/o Late Girijanand singh	30000	48000	78000
05	Air Cel	01	2009	09	Pramod Kushwaha S/o Late Uma Shankar Kushwaha	30000	48000	78000
06	Idea	01	2009	07	Chandra shekhar singh, S/o Late Sureshwar Singh	30000	48000	78000
07	Tata Indicom	01	2009	09	Shahshi Bhushan Singh, S/o Late Sureshwar Singh	30000	48000	78000
					<b>Grant Toatl Rs.</b>			<b>546000</b>

Miscellaneous Receipt Collection and Deposits are as under: Financial year 2016-2017 1<sup>st</sup> Quarter,

Receipt no.	Month	Amount	Person who is Tax collected	Responsible person	Deposit date and amount
1242-1243	April – 2016	4500.00	Lal Babu Prasad	Tax Daroga; Mr. Lal Babu Prasad	Not deposited till the end of quarter
1244-1245	May-2016	4000.00	Lal Babu Prasad		
1246-1250	June-2016	7700.00	Lal Babu Prasad		
1401 to 1500	July – 2015 to June - 2016	911.00	Manju Devi	Manju Devi	16.07.2016

