

SPUR-PMU (Samvardhan)
No. 1138
In Coming Date 31/01/17

Internal Audit Report

NAGAR PANCHAYAT KHUSRUPUR

For the period from 1/04/2015 to 31/03/2016

Internal Audit conducted by

M/S Chanakya Ashok & Co.

Chartered Accountants,

409-502, Hem Plaza, Fraser Road

Patna-800 001

Ph No: -0612-2202876, 9431019501

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From 15/07/2016 to 25/07/2016
Report issued on 20/09/2016

Compliance Report for the scope of work as per the Contract with Internal Auditor

Name of Auditor: Chanakya Ashok & Co.		Name of ULB: - Khushrupur Nagar Panchayat	
Sl. No.	Relevant Clause of Scope of Work of the Contract		Compliance (Mention the para no & Page no of audit report)
	Clause No.	Description	
1	4.1	Internal Audit should undertake risk-based review and evaluation of the internal control as discussed in Bihar Internal Control Manual. Internal Audit should devote particular attention to any aspects of the internal control environment affected by significant changes to the ULBs's risk environment.	Complied in para no 2 of Part B of Detailed Audit Report Under Head Lack of internal control measures at Page no 20.
2	4.2 & 4.3	<p>a) Internal Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD. In its report there must be a separate section for non-compliance of rules/directives of UD&HD, GoB;</p> <p>b) Report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR</p> <p><input type="checkbox"/> Rule 22: All moneys to be brought to account</p> <p><input type="checkbox"/> Rule: 27: Collections to be deposited into Bank on the same day</p> <p><input type="checkbox"/> Rule 69: Grant Related Compliance</p> <p><input type="checkbox"/> Rule 120-121: Monthly Receipt & Payment Account and Trial Balance</p> <p><input type="checkbox"/> Rule 130: Audit to be completed & reported within 6 month</p>	<p>a) Complied in para no 2 of Part B of Detailed Audit Report (Non-Compliance of Act and rule) at Page no 19.</p> <p>b) Complied in para no 1 of Part B of Detailed Audit Report (Non-compliance of directives by UD&HD, Government of Bihar) at Page no 19.</p>
3	4.4 & 4.5	<p>a) Report and quantify all major Own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc;</p> <p>b) Check on audit trail of all collection of Taxes and Non-Taxes either through staff or outsourced agency and report of any lapses in controls, if any and advise recommendations to strengthen the prevailing processes;</p>	<p>a) Complied in para no 4 of Part A of detailed audit report at Page no 10 to 12.</p> <p>b) Complied in para no 3 of Part B of detailed audit report at Page no 20.</p>
4	4.6	Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in	Complied in para no C of Part A of detailed Audit Report at Page no 15.



Executive Summary

1. Introduction:

- **Name of the Municipality: Khusrupur Nagar Panchayat.**
- **Period covered under current audit: 01-04-2015 to 31-03-2016.**
- **Name of Chief Municipal Officer for the period under audit: Shri Gopal Shaha.**

2. Results and Findings:

➤ **Strengths observed during the audit engagement:**

No strength observed during the course of audit.

➤ **Weaknesses observed in the functioning of office, maintenance of records etc: -**

- (a) Bank Reconciliation Statements are not being prepared by the ULB.
- (b) Accounting process adopted by ULB is Single Entry System based cash basis of accounting. It is not as per Accounting Manual.
- (c) Municipal accounts committee has not been constituted by the ULB.
- (d) Field survey of property has not been done by the ULB for the financial year 2015-2016. Last field survey of property has been done by the ULB in the financial year 2009-2010.
- (e) ULB is not in practice to collect mobile tower tax, advertisement tax, shop rent etc. which are under its Jurisdiction.
- (f) Statutory Deduction such as TDS, VAT, Labor Cess, and Royalty has not been deposited on stipulated time by the ULB also return filling of TDS & VAT has not been done by the ULB.
- (g) Computerized accounting system has not been implemented by the ULB as yet.
- (h) ULB is not in practice to prepare monthly receipt and payment account.



- (i) Various registers, books of records etc. are not being prepared by the ULB. Such as, Fixed Assets Register, Stock Register, Advance & Recovery Register, Demand Register, Collection Register, and Statutory Register with regard TDS, VAT, and Royalty etc.
- (j) Amount collected from own source revenue has not been deposited by the ULB on the same date as required.
- (k) The ULB is not in practice to prepare summary of Daily collection in Form GEN-13.
- (l) Vouchers are not serially arranged, numbered and authorized by competent authority and kept properly by the Nagar Panchayat.
- (m) A lot of irregularities in procurement processes have been observed. Details are given in detailed audit report.
- (n) There is no reconciliation between Treasury cash book balances with Treasury.
- (o) Treasury pass book has not been shown by the ULB.

3. Opinion:

The ULBs functioning is not up to mark rather it has lots of scope of improvement. The ULB is required to improve a lot in the field of:

- a. Preparation of Accounts, Ledger, Books, Bank Reconciliation Statement, Various Registers and Records as required.
- b. It requires improving its Internal Control Procedures with regards to Demand, Collection of Revenue, and Deposit of Collected revenue in the Banks.
- c. Due to non-implementation of Double Entry Accounting System and following of Cash basis of Accounting, proper recognition of Income and expenses are not possible in accounts.



4. Audit Recommendations:-

- a. ULB must prepare bank reconciliation statement on monthly basis.
- b. ULB should adopt double entry accounting system; Double-entry accounting allows accounting departments to prepare financial statements easily. Double entry accounting system present accurate report of accounts on the income statement, balance sheet, cash flow statement and other financial statements and reports. It provides checks and balances, which prevent fraudulent activity and reduces errors. Double-entry accounting prevents fraud in a greater way than single-entry accounting because it makes it difficult to manipulate accounts. You can easily detect account manipulation by examining the journal entries and comparing them to previous journal entries for the same or similar transactions.
- c. Municipal accounts committee must be constituted and meetings of Municipal Account Committee are required to be held regularly to analyze the progress of various activities and accounting procedures.
- d. ULB must make survey and assessment of Property / Holdings on timely basis. So that proper and correct tax can be levied and collected.
- e. ULB must collect mobile tower tax, advertisement tax, shop rent etc which are under its Jurisdiction.
- f. ULB must file return and deposit TDS, VAT etc. on timely basis.
- g. ULB should adopt computerized accounting system. It provides automatic ledger entries, accuracy and speed of automatic calculation, automatic production of trial balance from ledger entries, potential to create customized reports and provide additional analysis.
- h. ULB should prepare receipts and payment account on monthly basis due, to which it becomes very easy to find out how much fund has been received by the ULB and whether its utilization has been made properly or not.
- i. ULB must maintain all the Books of Account, Register, Records etc. as prescribed in Bihar Municipal Accounting Act, Manual and Rules.



- j. ULB shall deposit all collections from own source of revenue in to the bank account on the same date on which it has been received.
- k. The ULB must have to prepare Summary of Daily Collection in Form GEN-13.
- l. If vouchers are not serially arranged, numbered and authorized by competent authority and kept properly by the Nagar Panchayat then it is very difficult to identify the particular voucher in respect of concerned expenditure. So, it should be serially arranged.
- m. Irregularity in procurement process attracts loss of revenue. So, it should be done as per norms of ULB.
- n. If reconciliation between Treasuries cash book balances with Treasury is not made, then chances of cash defalcation arises. So, it should be reconciled on monthly basis.
- o. If treasury statement has not been shown by the ULB then actual figure of receipt and payment through treasury cannot be found.

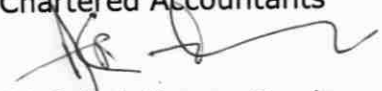
5. Comments from Management:

All the observations which have been found during the audit will not be repeated in future.

6. Acknowledgement:

We have not received satisfactory co-operation and support from the officials and Staffs of the ULB. We convey our sincere thanks for the same.

For Chanakya Ashok & Co.
Chartered Accountants


CA Ashok Kumar Pandey
Partner
Mem No: 404207
FRN: 012680C



Detailed Audit Report

1. Introduction:

The internal audit of Khusrupur Nagar Panchayat covering the period from 01st April 2015 to 31st March 2016 was conducted by following persons under guidance of C.A Ashok Kumar Pandey.

- i. Shri Abhishek Kumar
- ii. Shri Krishna Kumar

2. Administration:

The present body of the ULB has taken charge on 12th February 2015. The incumbency in the key administration and executive was as under:
Shri Ashok Kumar Mayor, from 12th February 2015 to till date.
Shri Gopal Shaha Executive Officer from 9th April 2016 to till date.

3. Review of Outstanding Paras:

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 recover has been made	Total amount of recovery	Total No. of outstanding para where no action has been taken	No. & date of compliance report
1	AG Audit for the 2012-2015	21	21	3	3	892.00	Nil	473/09-09-15.
2	Internal Audit Report 2014-15 dt	14	14	0	0	0	14	Not yet complied.

Detailed Report on Compliance of Previous Internal Audit Report:-

Audit Observation	Nature of Irregularities	Complied/Non-Complied
Bank Reconciliation Statements are not being prepared by the ULB.	Persisting since last year	Not Complied
Accounting process adopted by ULB is Single Entry System based cash - basis of accounting. It is not as per Accounting Manual.	Persisting since last year	Not Complied



Municipal accounts committee has not been constituted by the ULB.	Persisting since last year	Not Complied
Field survey of property tax has not been done by the ULB.	Persisting since last year	Not Complied
ULB is not in practice to collect mobile tower tax, advertisement tax, shop rent etc which are under its Jurisdiction.	Persisting since last year	Not Complied
Statutory Deduction such as TDS, VAT, Labor Cess, and Royalty has not been deposited on stipulated time by the ULB also return filling of TDS & VAT has not been made by the ULB.	Persisting since last year	Not Complied
Computerized accounting system has not been implemented by the ULB as yet.	Persisting since last year	Not Complied
ULB is not in practice to prepare monthly receipt and payment account.	Persisting since last year	Not Complied
Various registers, books of records etc are not being prepared by the ULB. Such as, subsidiary cash book, Fixed Assets Register, Stock Register, Advance & Recovery Register, Demand Register, Collection Register, and Statutory Register with regards TDS, VAT, and Royalty etc.	Persisting since last year	Not Complied
Amount collected from own source revenue has not been deposited by the ULB on the same date as required.	Persisting since last year	Not Complied
The ULB is not in practice to prepare summary of Daily collection in Form GEN-13.	Persisting since last year	Not Complied



Deduction of TDS has not been properly made, 20% rate applicable in absence of pan card but deduction was made at normal rate.	Persisting since last year	Not Complied
A lot of irregularities in procurement processes have been observed. Details are given in detailed audit report.	Persisting since last year	Not Complied
There is no reconciliation between Treasury cash book balances with Treasury.	Persisting since last year	Not Complied

4. Finance:

I. Budgetary provisions and expenditure for the last three years:

Year	2013-14	2014-15	2015-16
Final/Revised Budget	6,14,00,000.00	2,95,60,000.00	86,99,429.00
Actual Expenditure	1,27,58,739.00	1,70,18,232.00	1,72,49,175.58
Savings(+)/Excess(-)	4,86,41,261.00	1,25,41,768.00	(85,49,746.58)

II. Volume of transaction:

Period	Budgeted	Previous year (For one Year)	Corresponding period of previous year	Current period	Cumulative for the current period
Opening balance	Nil	2,39,41,011.06	2,39,41,011.06	3,27,31,665.00	3,27,31,665.00
Receipts	1,25,36,773.00	2,58,08,886.00	2,58,08,886.00	3,63,95,064.20	3,63,95,064.20
Total		4,97,49,897.00	4,97,49,897.00	6,91,26,729.20	6,91,26,729.20
Net expenditure	86,99,429.00	1,70,18,232.00	1,70,18,232.00	1,72,49,175.58	1,72,49,175.58
Closing balance	38,37,344.00	3,27,31,665.00	3,27,31,665.00	5,18,77,553.62	5,18,77,553.62

III. Bank reconciliation:

We observed that ULBs has maintained different cash book and pass book for different scheme. Cash book and pass book of some schemes are tallied and some are not tallied which are given below. Bank reconciliation has not been prepared by the ULB.



The following information was obtained from the records of the
 Department of the Interior, Bureau of Land Management, for the
 year ending December 31, 1964.

The following information was obtained from the records of the
 Department of the Interior, Bureau of Land Management, for the
 year ending December 31, 1964.

Table 1

State	Area (Acres)	Value (\$)	Comments
Alaska	1,000,000	10,000,000	
Arizona	500,000	5,000,000	
California	2,000,000	20,000,000	
Colorado	1,000,000	10,000,000	
Idaho	500,000	5,000,000	
Montana	1,000,000	10,000,000	
Nebraska	500,000	5,000,000	
Nevada	1,000,000	10,000,000	
New Mexico	500,000	5,000,000	
North Dakota	1,000,000	10,000,000	
South Dakota	500,000	5,000,000	
Texas	2,000,000	20,000,000	
Utah	1,000,000	10,000,000	
Wyoming	1,000,000	10,000,000	

The following information was obtained from the records of the
 Department of the Interior, Bureau of Land Management, for the
 year ending December 31, 1964.



Item	Name of Bank	Acct. No.	Balance as per Cash book	Balance as per Pass book	Difference	Remarks
Treasury	Treasury PLA A/C	-	1,31,87,929.99	Treasury statement not shown	-	-
Current A/C, Bidhayak madh & Sikshak Niyojan	SBI	8048	4,78,743.00	5,99,036.07	1,20,293.07	Not reconciled.
SJSRY, ILCS & NSDP	PNB	8300	19,95,457.00	20,35,257.00	39,800.00	Not reconciled.
Samajik Suraksha	SBI	8494	1,63,500.00	33,40,152.00	31,76,652.00	Not reconciled.
Kar Sangrah	PNB	0302	1,14,927.72	1,17,337.92	2,410.20	Not reconciled.
13 th Finance, 14 th Finance & Sauchalay Nirman	PNB	0278	25,09,332.10	28,41,441.92	3,32,109.82	Not reconciled.
Kabir Antiyesthi	PNB		3,81,837.20	1,68,592.20	2,13,245.00	Not reconciled.
Pension	SBI	7228	1,94,270.68	2,05,818.00	11,547.32	Not reconciled.

IV. Revenue Receipts:

Period	Budgeted	Previous year (For one year)	Corresponding period of previous year	Current Period	Cumulative for the current period
(a) Own source					
Property Tax	13,000.00	2,76,988.80	2,76,988.80	1,74,135.20	1,74,135.20
Assigned Revenue	NIL	32,75,470.00	32,75,470.00	NIL	NIL
Others (Fees & user charges)	NIL	34,026.00	34,026.00	25,835.00	25,835.00
Interest	37,506.00				
(b) Administrative grant	NIL	12,33,666.00	12,33,666.00	12,47,094.00	12,47,094.00
(c) Specific grant					
4 th Finance	75,84,000.00	66,49,990.00	66,49,990.00	28,14,679.00	28,14,679.00
5 th Finance	NIL	NIL	NIL	57,76,467.00	57,76,467.00
13 th Finance	7,17,938.00	18,81,073.80	18,81,073.80	12,65,014.00	12,65,014.00
14 th Finance	9,07,200.00	NIL	NIL	32,86,746.00	32,86,746.00
Swaksh Bharat Mission (SBM)	7,80,000.00	NIL	NIL	15,30,000.00	15,30,000.00
E- governance	1,50,000.00	2,70,000.00	2,70,000.00	NIL	NIL
BRGF	NIL	9,25,371.00	9,25,371.00	4,219.00	4,219.00
SJSRY	NIL		NIL	1,53,275.00	1,53,275.00



Samajik Suraksha	21,74,800.00	42,62,600.00	42,62,600.00	50,55,900.00	50,55,900.00
Finance Commission (Board member)	1,33,000.00	NIL	NIL	NIL	NIL
Kasaiya Gabada Park	NIL	69,99,700.00	69,99,700.00	69,99,500.00	69,99,500.00
LED Light	NIL	NIL	NIL	60,00,000.00	60,00,000.00
Nagrik Subidha (State plan)	NIL	NIL	NIL	16,00,200.00	16,00,200.00
Kabir Anteyesthi	NIL	NIL	NIL	4,62,000.00	4,62,000.00
Total	1,24,97,444.00	2,58,08,886.00	2,58,08,886.00	3,63,95,064.20	3,63,95,064.20

V. Status of implementation of Double Entry Accounting System:

The ULB has not implemented the Double Entry Accounting System.

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

We observed that Municipal Accounts Committee has not been constituted by the ULB till now.

5. Audit Observations:-

I. Part - A

All Audit objections / irregularities which have monetary implications, particularly in following areas are provided here in below:

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, fee etc.:

a. Property Tax:-

1. An amount of Rs. 125.00 has been collected by Ramdev Das for holding tax but, amount not deposited in to the bank. Receipt Voucher No. 14250 dated 22-05-2015. It is required to be recovered from the person who has collected the amount.
2. We observed that revised budget estimate of property tax for the financial year 2015-16 has made for only Rs. 13,000.00.

3.



Property tax	Budget estimate for the F.Y 2015-16	Revised budget estimate for the F.Y 2015-16	Difference
Arrear of previous year	10,21,518.00	0	10,21,518.00
Current Year	5,10,000.00	13,000.00	4,97,000.00
Total	15,31,518.00	13,000.00	15,18,518.00

4. We observed that property tax have been collected by ULB Khusrupur on old tax rate on the basis of field survey done in the financial year 2009-2010.

b. Mobile tower tax:- Loss of Rs. 2,36,400.00 has been made to the ULB for non-collection of annual fee for the financial year 2012-13, 2013-14, 2014-15, 2015-16 & 2016-17 from installed transmission tower in the jurisdiction of ULB. Details are given below.

Sl. No.	Name of Communication Tower/Address	Owner of Tower	Date of Installation	Reg. Fee	Annual Fees (Rs.) for the F.Y 2012-13, 2013-14, 2014-15, 2015-16 & 2016-17 (A)	Interest (B)	Grand Total (A+B)	Amount Received	Balance Amount Due (Rs.)
1	Station Road Near Fish Market	Airtel	2006	30000	40000	14400	54400	30000	24400
2	Miyan Toli	Tata tele Service	2008	30000	40000	36000	76000	0	106000
3	Miyan Toli	IDEA	2008	30000	40000	36000	76000	0	106000
		Total							236400

- c.** We observed that loss of interest has made to the ULBs due to keeping fund in to current Bank Account of SBI from where no interest has been earned to the ULBs.

Bank Name	Account No.	Closing balance as on 31-03-2016
SBI	33988698494	33,40,152.00
SBI	11713118048	5,99,036.07

Audit Objective:

Major own sources of revenue of the Nagar Panchayat are property tax, mobile tower tax, rent on municipal properties, advertisement taxes and



finances. If any deviation from rule and regulation, then it creates chance of defalcation of cash as well as revenue loss to the ULB.

Criteria:

Where any tax is due to be paid by the Assessee, relevant department should prepare demand register in FORM 23.

Demand register should be updated whenever any collection has been made.

Departmental Head or Chief Municipal Officer should prepare on monthly basis a statement of changes in demand / adjustment of property taxes or other taxes in BMAR form 24 and send it to Account department for accounting those changes in the books of Accounts. In case there are no changes demands or adjustment in any months, then nil statement should be issued by the departmental head.

Every demand should be collected by applying all possible efforts.

The Nagar Panchayat should have maintained a civil suit register in BMAR Form 25 and also decrees register in Form 26 for watching the proceedings.

If a collection of property taxes or other taxes are not done as per demand register, then proper provision should be made as rule specified.

Condition

Nagar panchayat is not in practice to prepare demand register as per specified in the Form -26.

Nagar panchayat is not in practice to prepare monthly statement of what amount of property taxes or other tax has received or not sends to the department.

Nagar Panchayat is not in practice to prepare civil suit register as specified in the rules as well as decrees register.

Nagar panchayat is not in practice to make the provision as per rule.

Consequence/Effect/Impact:



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Due to non -maintenance of above register or forms then it creates a lot of problem to find out amount is due from a single assess that taxes which have to recovered.

Due to non- preparation of the monthly statement of property taxes and other taxes then it is not ascertained that amount has been received till the particular month, and taking a corrective action in respect levy or non- levy of taxes.

Due to non-maintenance of civil suit register then it is not ascertaining by the Nagar Panchayat how much suit has been filled and what proceeding has been initiated by the department and other law.

Due to non-making a proper provision of non- collection of property taxes and other taxes then it could not present the clear picture of revenue.

Causes:

Above irregularities have been occurred due to the following reason:

- ❖ Not provide a proper training to concerned staffs.
- ❖ No action has been taken by the higher authority if these irregularities have been occurred.
- ❖ No corrective action has been taken.

Corrective action: -

Corrective action designed to reduce to impact or correct an error once it has been detected.

d. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs.

- i. We observed that, supporting document in regards to payment made for office expenses has not been provided by the ULB Khusrupur.

Sl. No.	Purpose	Date	Payment Amount	Cheque No.
1.	Office expenses	21-01-2016	25,000.00	386910
2.	Office expenses	25-06-2016	20,000.00	386902
	Total		45,000.00	

- ii. We observed that camera has been purchased by ULB Naubatpur for Rs. 24,500.00 as on 18-02-2016 through Cheque no. 246702 and also quotation



has been taken from three shop but, mobile number are the same on all the quotation and bill also.

Shop Name	Address	Amount (Rs.)
Aditya Vision	Kankarbagh	24,700.00
Aditya Vision Sony centre	Kankarbagh	24,500.00
Patna Vision	Kankarbagh	24,900.00

- iii. We observed that there is difference between closing balance as on 31-03-2015 and opening balance as on 01-04-2015 in some of the subsidiary cash book.

Cash book maintained for	Closing balance as on 31-03-2015	Opening balance taken as on 01-04-2016.	Difference	Closing balance as on 31-03-2016 as per cash book	Actual closing balance should be as on 31-03-2016
Kar sangrah	4,254.75	6,664.90	2,410.15	1,17,337.92	1,14,927.72
Samajik Suraksha	6,62,600.00	9,52,882.00	2,90,282.00	4,53,782.00	1,63,500.00
Chalu Khata	1,80,229.00	1,77,232.07	2,996.27	3,49,692.07	3,52,689.00
Pension	1,90,246.00	2,01,793.32	11,547.32	2,05,818.00	1,94,270.68
Total	10,37,339.75	13,38,572.29	3,07,235.74	11,26,629.99	8,25,387.40

- iv. We observed that files in regards to following payments have not been shown by the ULB.

Name of Schemes	Payment made to	Payment Date	Payment Amount
Asbadh	Vishnu Narayan Chaubey	08-05-2015	1,05,169.00
Asbadh	Vishnu Narayan Chaubey	08-05-2015	72,414.00
Asbadh	Sanjeet Kumar Jaiswal	15-05-2015	1,82,422.00
4 th Finance	Sanjeet Kumar Jaiswal	05-08-2015	71,000.00
13 th Finance	Sanjeet Kumar Jaiswal	16-02-2016	2,13,000.00
13 th Finance	Sanjeet Kumar Jaiswal	04-03-2016	71,000.00
Total			7,15,005.00

- v. We observed that payment of Rs. 9, 07,200.00 has been made to Vishnu Narayan Chaubey as on 28-03-2016 after deducting statutory deduction of Rs. 1, 72,800.00 for installation of 300 CFL bulb but, bill have not been shown by the ULB.

- vi. We observed that total receipt and payment as per subsidiary cash book not matched with total receipt and payment as per Main cash book. Such as,

Name of Subsidiary Cash Book	Receipt as per Subsidiary	Receipt as per Main Cash Book	Payment as per Subsidiary	Payment as per Main Cash Book	Closing balance as on 31-03-	Closing balance as on 31-03-16(As per Main
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	Cash Book		Cash Book		2016(As per Subsidiary cash book)	cash book)
Pension	4024.68	15572.32	-	-	205818.00	205818.00
Kar Sangrah	259221	233487.45	148547.98	130404.28	117337.92	117337.92
Samajik Suraksha	5055900.00	3846182.00	5555000.00	4055000.00	453782.00	453782.00
Current A/C	575610.00	575610.00	403150.00	406146.93	349692.07	349692.07
Kabir Anteyesthi	462000.00	519000.00	80162.80	444000.00	381837.20	87000.00
Total	6356755.68	5189851.77	6186860.78	5035551.21	1508467.19	1213629.99

vii. We observed that bill has not been provided by the ULB in regards to payment made for construction work through department.

Yojna No.	Payment To	Payment Amount before Statutory deduction
06/2015-16	Umesh Prashad Singh	3,79,713.00
02/2015-16	"	4,49,900.00
03/2015-16	"	2,92,600.00
01/2015-16	"	4,49,900.00

e. Report on findings of field survey of property tax of minimum 20 high value properties:-

Field survey of property and assessment has not been done by the ULBs Khusrupur in the financial year 2015-16. However, field survey has been done by the said ULB in the financial year 2009-10.

SI No.	Name of Landlord	House No.	ward No.	Type of Road	Use of Holding	Area Sq. Ft.	Tax Rate (%) Sq. Ft.	Total inclusive of education & health cess	Remarks
1	Rameshwar Prashad	56	9	3rd Main Road, Gali	Residential, RCC	1350	30	810	
2	Valmiki Prashad	216	9	3rd Main Road, Gali	Residential, RCC	1474	30	884.4	
3	Bhola Yadav	101	7	3rd Main Road, Gali	Residential, RCC	1460	30	876	
7	Ramsagar Singh	13	6	3rd Main Road, Gali	Commercial, RCC	430	40	344	
					Residential, RCC	1755	30	1053	
8	Srimati Nirmala Devi	154	6	3rd Main Road, Gali	Commercial, RCC	776	40	620.8	
					Residential,	500	30	300	



					RCC				
10	Lalan Singh	200	5	3rd Main Road, Gali	Commercial, RCC	600	40	480	
					Residential, RCC	888	30	532.8	
12	Ramsawrup Thakur	106	4	Main Road		96	100	192	It has not been clearly mentioned whether the property is for commercial or for residential purpose.
						768	50	768	
13	Mohan Lal	149	4	Main Road	Commercial, RCC	288	100	576	Property tax should be levied by the ULB @ 75% on Rs. 1,234.00 but, levied by the ULB @ 50%.
					Residential, RCC	1234	50	1234	
14	Lal Babu Gupta	150	4	Main Road	Commercial, RCC	256	100	512	Property tax should be levied by the ULB @ 30% on Rs. 96.00 & 75% on Rs. 520 but, levied by the ULB @ 20% on Rs. 96 & 50% on Rs. 520.
					Residential, khaprail	96	20	38.4	
					Residential, RCC	520	50	520	
15	Murari Lal	165	4	Main Road	Commercial, RCC	532	100	1064	
					Residential, RCC	160	75	240	
16	Rameshwar Prashad	184	4	2 nd Main Road	Commercial, RCC	281	75	421.5	Property tax should be levied by the ULB @ 75% on Rs. 3,669.00 but, levied by the ULB @ 50%.
					Commercial, RCC	3669	50	3669	
18	Anita Devi	241	3	2 nd Main Road	Commercial, RCC	1338	60	1606	Property tax should be levied by the ULB @ 75% on Rs. 1,338.27 but, levied by the ULB @ 60%.
19	Shrimati Kishori Devi	16	1	2 nd Main Road	Residential, RCC	1252	40	1002	
20	Dhiraj Kumar Verma	103	1	2 nd Main Road	Commercial, RCC	832	75	1248	
21	Shashi Kant Prashad	256	1	2 nd Main Road	Commercial, RCC	628	75	942	



					Residential, RCC	286	40	228.8	
22	Aanand Sav	258	1	2 nd Main Road	Residential, RCC	1250	40	1000	
23	Gangaram	270	1	2 nd Main Road	Residential, RCC	2160	40	1728	
24	Om Prakash Gupta	17	1	2 nd Main Road	Commercial, RCC	1572	75	2358	
					Residential, RCC	1519	40	1215	
25	Sidheswar Prashad	20	1	2 nd Main Road	Commercial, RCC	192	75	288	
					Residential, RCC	992	40	793.6	
26	Vidhadhari Devi	21	1	2 nd Main Road	Commercial, RCC	300	75	450	
					Residential, RCC	876	40	700.8	

II. Part – B

All Audit objections/regularities which has no monetary implications, but significant violations of Act, Rules & directives of UD&HD. Mention the reference to Act & Rules wherein remedial measure is required.

a. **Non-maintenance of books of accounts, subsidiary registers: -**

We observed that following registers which are given below has not been maintained by the ULBs.

- (1).Subsidiary Cash book has not been prepared by the ULB for those Schemes which have been maintained through Treasury.
- (2).Demand and collection register of all taxes/user charges/fees & fines.
- (3).Bid registers.
- (4).Assets registers.
- (5).Stock registers.
- (6).Records and revision of taxes and rent.
- (7.)Demand & collection register of mobile towers and registration files of mobile towers.



(8).Demand and collection register of Hoardings.

(9).Monthly receipt and payment account is not being prepared by the ULB.

b. Irregularity in procurement process: -

i. We observed that no work of construction has been executed through contract in the financial year 2015-16. However, the work has been executed through departmental junior engineer.

ii. We observed that following irregularities has been found in all procurement process.

❖ Payment has been made to the person (to whom the work of construction has been given by the department) without preparing current account bill by the ULB.

❖ Work completion certificate has not been shown by the ULB.

iii. We observed that tender have not been made for installation of two mini high masts light in the jurisdiction of ULB. The work has directly given to the Kamana enterprises on the basis of previous contract made with him.

iv. Agreement for installation of CFL bulb has been made with Vishnu Narayan Chaubey on only Rs. 100.00 stamp paper.

v. We observed that in some of the cases estimation made by engineers have been changed without mentioning that, for which reason estimation has been changed. Such as,

Yojna No.	Estimation Previously made (Rs.)	Estimation Changed to (Rs.)	Difference (Rs.)
10/2015-16	1,38,800.00	1,40,200.00	1,400.00
04/2015-16	3,83,300.00	3,90,500.00	7,200.00
Total	5,22,100.00	5,30,700	8,600.00

vi. In some of the estimation which has been made by engineers, authorization of executive engineers has not been found. Such as,

Plan no- 09/2015-16, 06/2015-16, 04/2015-16, 12/2015-16, 07/2015-16.





c. Non-compliance of directives by UD & HD, Government of Bihar:

- i. As per Chapter 20 of Bihar Municipal Accounting Rules, following procedure should be carried out on daily basis but it has not been done on daily basis:-
- ❖ Closing of daily cash book and bank book.
 - ❖ Physical verification of cash balance with daily collection register and bank balances.
 - ❖ Checking ledger account with books of original entries i.e. cash book, bank book and journal book.

d. Non-compliance of Act & Rules.

As per rules of ULB cash collected by Nagar Panchayat shall be deposited on the same day but cash collected by cashier has not deposited the same amount on same day it takes 10 days or more.

The ULB is not preparing the Accounts and Financial Statement as per Section 86 & 88 of the Bihar Municipal Act, 2007. As required under section 88 of the said Act, the ULB is required to prepare within four months from the close of the year, Financial Statement Containing an Income & Expenditure Accounts and a Receipt and Payment Account for the previous year w.r.t. the accounts of the ULB.

- i. The ULB is not preparing Fund Wise Receipts & Payments under BMAR Form No 71 within 20th day of the subsequent months as per Rule 120 of the Bihar Municipal Accounts Rule 2014.
- ii. The ULB is not preparing following Financial Statement of the Preceding years as required under Rule 122 of the Bihar Municipal Accounts Rule, 2014:
- ❖ Receipt & Payment Accounts for the Year (BMAR Form No 71).
 - ❖ Income & Expenditure Account for the Year (BMAR Form No 73).
 - ❖ Balance Sheet as on 31st March of the Year (BMAR Form No 74).
- iii. In case of Property tax & other fees and fines, we observed that date of collection which has been entered in cash book is not as per the date on which collection was made. It is as per the date on which collected amount has been deposited in to the bank.
- iv. We observed that collected amount from property tax & from other fees and fines have not been deposited by the ULB on stipulated time. Some of the examples are as follows.

Receipt voucher No.	Date	Amount (Rs.)	Date of deposit into the Bank
---------------------	------	--------------	-------------------------------



14088 to 14100	16/12/14 to 08/12/2014	7,680	02/04/2015
14112 to 14150	31/03/15 to 23/05/2015	12,131	24/02/2016
14251 to 14300	21/05/15 to 10/08/2015	12,201.52	24/02/2016

- v. Agreement has been made with Kamana Enterprises for installation of two mini high masts light. It has mentioned on agreement paper that security deposit @5% will be deducted on bill amount but, we observed that security deposit Rs. 26,000.00 (5,20,000.00 x 5%) has not been deducted by the ULB.

e. Lack of internal control measures:

- The ULB is not preparing Budgets as per the Rules framed under Bihar Municipal Accounts Rule 2014. It is also not following the Rule 132 regarding Public Participation in preparation of Budget. Moreover, as required under provisions of Rule 139, mid -year review of Budget is not being made leading to huge deviations from Budget.
- After analyzing operating control, it was observed that there is shortage of Man Power in ULB. Consequently, it is not functioning smoothly with respect to completion of works on time, provide and review the service efficiently which is the main function of ULB, preparation of books and records on time etc.
- Bank reconciliation has not been prepared by the ULB on monthly or timely basis.
- Deposits have not been made timely in accordance with the Directives and Procedures.

f. Non-compliance of TDS, VAT and other relevant statute.

- Statutory Dues like TDS, VAT, Labor Cess, Royalty etc. have not been deposited on stipulated time by the Nagar Panchayat. Return filling of TDS & VAT has not been made till the date of audit. Details of TDS which has been deducted during year 2015-16 and not deposited are given below.

Sl. No.	Yojna No.	Schemes Name	Name of Contractor	TDS	VAT	Labour cess	Royalty
1.	Yojana No. not mentioned on file	4 th Finance	Kamana Enterprises	13832	26000	5200	



2.	"	13 th Finance	Vishnu Narayan Chaubey	10800	54000		
3.	"	4 th Finance	Sanjeet kumar Jaiswal	15810		5956	
4.	"	13 th Finance	Sanjeet kumar Jaiswal	10205		3899	
5.	02/2015-16	4 th Finance	Umesh Prashad Singh	11968	22495	4500	2886
6.	03/2015-16	4 th Finance	Umesh Prashad Singh	7783	14630	2930	2404
7.	01/2015-16	13 th Finance	Umesh Prashad Singh	11968	22495	4500	2633
	"	Mudrank sulk	Sanjeet kumar Jaiswal	24746	46515		
			Total	107112	186135	26985	7923

g. Deficiency in pay-roll system.

No records, details and register are being prepared with respect to VAT, TDS, Royalty & Labour Cess. The timely deposit of statutory liabilities is also not being made. Moreover, quarterly and annual returns with respect to TDS, VAT, and Royalty etc. have not been filled.

h. Utilizations of grant and report on missing Utilizations Certificates.

We are unable to comment on the issue as no details relating to utilizations Certificates have been provided to us.

i. Physical verification of inventory/stores.

Neither physical verification of Inventory is done nor Stock Register is prepared by ULBs.

j. Advances, their adjustment & recovery.

We observed that payment of advances has been made but, no advance register has been prepared by the ULB Khusropur for the same.

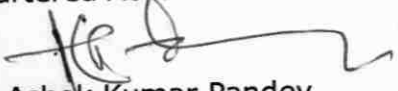
III. Part C

General Observations: -



- i. There is lots of scope for improvement with respect to maintenance of Records and Registers. The important and basic records like Advance register, annual accounts, assets register were not maintained. Effective steps may be taken to improve the maintenance of accounts and increasing of its own sources of revenues.
- ii. We observed that on receipt book maintained for Property tax & other fees and fines, authorization of higher authority has not been found.
- iii. A lot of overwriting has been made on attendance register; also EL & CL register has not been prepared by the ULB.
- iv. Payment and receipt voucher no. has not been mentioned by the ULB on cash book.

For Chanakya Ashok & Co.
Chartered Accountants


CA Ashok Kumar Pandey
Partner
Mem No: 404207
FRN: 012680C



Churnapur Nagar Panchayat
for the Financial Year 2015-16.

(1) Property Tax and other Fees and Fines (Internal Source).

(a) We observed that receipt voucher has been issued before collection of amount from tax payer.

Receipt voucher No. - 14618, 14619, 14755, 14762, 14037,
14562, 14451.

(b) Budgeted Property tax for the Financial year 2015-16 comes to ₹ ^{17,000} ~~5,10,000~~ and
Amount for previous year comes to ₹ ~~10,21,178~~. Total ₹ ~~15,31,378~~.
But, only ₹ 1,74,135.20 has been collected by the UIR.

Budget for property tax has made for the F.Y 2015-16 only, ₹ 17,000.

(c) A sum of ₹ 125 has been collected by tax collector Ramdeo Das but not deposited into the bank.

Receipt voucher no. 14,250, Date - 22/05/15.

(d) Bill-voucher are not serially arranged, due to which proper vouching of expenses cannot be done.

Supporting document not found.

Office expenses ₹ 20,000 as on 21/11/16.

₹ 20,000 as on 25/16/2015

Expenses made By Ashish Kumar Sinha.

(e) On receipt book no authorization of higher authority has been found.

(f) Cash (Amount) collected in regards to property tax and other fees and fines has not been deposited by the UIR on timely basis.



3/7/16

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Second main paragraph of handwritten text, starting with a circled letter 'B'.

Third main paragraph of handwritten text, starting with a circled letter 'C'.



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① Mobile power: A sum of ₹ has not been collected till 31/03/16 from installed transmission power in the jurisdiction of ULB Kharwar.

② Loss of interest has been made to the ULB for keeping amount in the current Bank Account of State Bank of India.

(1) SBI A/c No. 11712115048

U. Balance ₹ 99,036.07

Maintained for,

विद्युत मंड

विद्युत निगम

(2) SBI A/c No. 72988698494

U. Balance ₹ 7,40,152

Maintained for,

समाजिक सुरक्षा

④ In subsidiary cash book of समाजिक सुरक्षा closing balance as on 31-03-15 was ₹ 6,62,680. In the F.Y 2015-16 opening balance taken ₹ 9,12,882 directly from the pass book.

⑤ ~~Attendance register has not been maintained for city manager.~~
~~Deepak Kumar Puri~~

⑥ A lot of eraser has been made on attendance register and also E. U register has not been maintained for the same.

⑦ ~~Estimation made by engineers (by senior engineer and by assistant engineer) has been taken as allotment amount (योजना-राशि) for that particular work.~~

⑧ In some of the estimation which has been made by engineers, signature of executive (authorisation) of executive officer has not been placed.

such as
① plan no. 09/15-16 ② plan no. 06/2015-16 ③ plan no. 04/2015-16



changed. such as.

(a) Plan no. 10/2015-16 initially ₹ 1,38,600 — after later — ₹ 1,40,200

Difference ₹ 1460, it is also not mentioned that ₹ 1460 for which purpose ₹ 1460 has been added in to the estimation.

(b) Plan no. 04/2015-16 initially ₹ 3,83,700 — later ₹ 3,90,500

Difference ₹ 7200. It is not mentioned that for which purpose ₹ 7200 has been added in to the estimation.

(10) Camera has been purchased by URB (~~By A. T. Kulkarni~~)
on 18-02-2016 for ₹ 24,500.

Quotation has been taken from same shop.

(i) Aditya Vision Kankarbagh → ₹ 24,700

(ii) Aditya vision sony centre → ₹ 24,500 (Kankarbagh)

(iii) Palna Vision Kankarbagh → ₹ 24,900

But, mobile no. has same mail the quotation.

(11) ~~Also, VAT has not been deducted by the URB on camera purchase~~
~~for ₹ 24,500. VAT @ 12.5% on ₹ 24,500~~
~~i.e. ₹ 7,707.50~~

(12) Work of disposal (निलम्बन) has been made twice in the ward no
4, 7, 8, & 10

1st work from — 05/07/15.

2nd work from — 16/07/15.

(13) All work for construction has been made through department.
in the P.Y. 2015-16.



~~(14) ... agreement for installation of 2 high mast light has been given to Kamna enterprises by the ULR. Bill has been submitted by the Kamna enterprises for increase of VAT ₹ 5,20,000 (BE 2,74,890 cost of mini high mast light. ₹ 92,735.27, 110 VAT @ 13.5%. on ₹ 2,74,890 and ₹ 2,05,000 on labour and installation charges. VAT has been deducted by the ULR @ 5% on ₹ 5,20,000 i.e. ₹ 26,000. Hence, less deduction of VAT ₹ 11,110 has been made by the ULR.~~

(15) Tender has not been made for installation of 2 high mast light. The work has been given directly given to Kamna enterprises on the basis of previously contract made with him.

(16) Agreement for installation of CPC bulb has been made with Vishnu Narayan Chaubey on only 100 ₹ stamp paper.

(17) ~~300 bulb~~ has been installed in the ULR. Payment of ₹ 10,80,000 has been made to Vishnu Narayan Chaubey for before statutory deduction. for installation of ³⁰⁰ CPC bulb in the ULR. Bill of ₹ 10,80,000 has not been shown by the ULR.

~~Also, deduction of VAT has been made by the ULR~~

~~@ 5% on ₹ 10,80,000.~~

(18) In agreement made with Kamna enterprises it has been mentioned that security deposit ^{Paper} @ 5%. ~~shall~~ will be deducted from the bill of Kamna enterprises. But, S.D has not been deducted by the ULR. Bill amount ₹ 5,20,000 x 5% = 26,000.

(19) No records, details and register are being prepared with respect to VAT, TDS, Royalty, labour etc. The timely deposit of statutory liabilities is also not being made. Moreover, quarterly and annual returns with respect to TDS, VAT, Royalty etc have not been filed.



22/7/16

- (21) Bank Reconciliation statement has not been prepared by the URS.
- (22) Municipal Accounts Committee has not been constituted by the URS.
- (23) Vouchers are not serially arranged, numbered and authorized by competent authority and kept properly by Nagar panchayat.
- (24) There is no reconciliation between Treasury cash book balances with Treasury.
- (25) Subsidiary cash book of ^{expense} account which has been maintained through PLA/Treasury has not been prepared by the URS.
- (26) Plan No. 03/2015-16 - 4th Finance.

There is more than 15% variation in estimated project cost of ₹ 2,92,600 and actual project cost of ₹ 3,64,328 for construction of R.C.C. Nalla from the house of Mr. Ram to the house of Mr. Narayan Verma. For this purpose, Penalty of ₹ equivalent to 5% of the contract value of ₹ 2,92,600 has not been imposed on ~~the~~ ^{engineers}. This amount is required to be collected from the ~~engineers~~.

- (27) In subsidiary cash book of Pension, closing balance as on 31-03-15 was ₹ 1,90,246, but op. balance as on 01/04/15 has taken as ₹ 20,793.32.
- (28) In Subsidiary cash book of ~~पension~~ ^{पension} closing balance as on 31-03-15 was ₹ 1,80,229, but opening balance as on 01-04-15 has been taken as ₹ 1,77,232.

- (29) Voucher no. has not been mentioned in cash book for ^{payments} ~~expenses~~ or for receipts.
- (30) Details of VC has not been provided.

Handwritten signature and date: 22/7/16

Official stamp: CHANAYAAASHOK & CO. CHARTERED ACCOUNTANTS. Reg. No. 128000

Handwritten text in Hindi: 'महानगरपालिकाको कार्यालय, काठमाडौं' (Municipal Office, Kathmandu)

(3) Rule not provided in regulation so payment made following payment

(a) Payment Date Payment Amount (b) Payment to Head

01-05-15 1,05,169.00 Vishnu Narayan Asbedh
chaubey

05-05-15 724914

15-05-15

1,82,422

Sanjeev Kumar
gajwani

05-05-15 71,000

4th finance

16-02-16

213,000

12th finance

04-03-16

71,000



(22) Property tax has been collected on the basis of the survey done in the financial year 2009-10. Old in old rate on the basis of survey done.

(23) In subsidiary cash book of Kar Sanghvi

Closing balance as on 31-03-2015 was ₹ 4,254.70.

In the F.Y 2015-16 opening balance has been taken as ₹ 6,664.90 directly from the pass book.



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2. *[Faint, illegible text]*

3. *[Faint, illegible text]*

4. *[Faint, illegible text]*

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12. *[Faint, illegible text]*

13. *[Faint, illegible text]*

14. *[Faint, illegible text]*

15. *[Faint, illegible text]*

16. *[Faint, illegible text]*

17. *[Faint, illegible text]*

18. *[Faint, illegible text]*

19. *[Faint, illegible text]*