

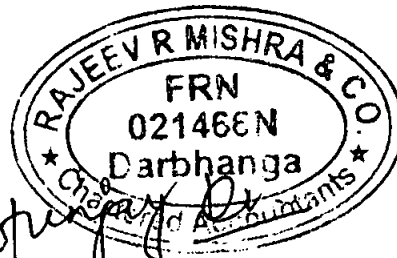
INTERNAL AUDIT REPORT
OF

NAGAR PARISHAD

MADHUBANI

For the period from 01.04.2014 to 31.03.2015

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



BALBHADARPUR, LAHERIASARAI TOWER
DARBHANGA (BIHAR)-846001

Cont: +91-9234554106, +91-9835156869

E-Mail- carajeevranjan@rediffmail.com

NAGAR PARISAD -MADHUBANI

INTERNAL AUDIT REPORT OF F.Y.2014-15

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Internal Audit Report- Nagar Parishad - Madhubani

Internal Audit Report of Financial year 2014- 2015

Section A: Audit Procedure

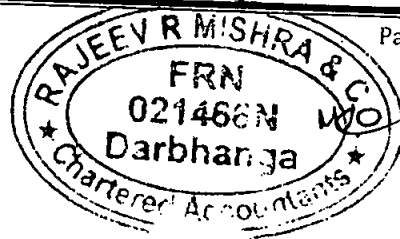
This internal audit report (Hereinafter referred to as "report") has been issued as a part of our engagement for internal audit for the Period ended on 1st April 2014 to 31st March, 2015. The ULB (Nagar Parishad , Madhubani) is a wing of Urban Development and Housing Department, Government of Bihar and we have carried out the Internal Audit as per the appointment letter issued by the management of Support Programme for Urban Reforms in Bihar (SPUR) , Patna Vide the Notice to Proceed (NTP) Number : **SPUR-PMU/194/IA-140 ULBs & SLMA/G-11/RRM/2016/132/31 Dated 5th April 2016.**

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

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

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

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



Internal Audit Report- Nagar Parishad - Madhubani

We have conducted the Internal Audit with the objective:-

- ❖ That The Assets of the ULB are properly protected and accounted for.
- ❖ That the current transactions are promptly and completely recorded.
- ❖ That Inefficient or fraudulent operations are revealed.

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

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

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

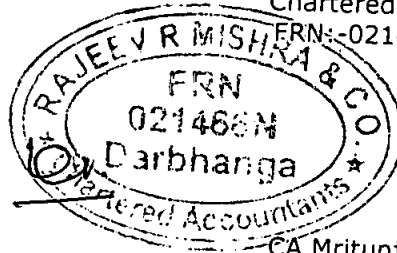
During the audit, we reviewed the following Registers and Documents.

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

Place:-
Date:-

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

Mritunjay



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

Executive Summary

1. Introduction

Name of the Municipality	NAGAR PARISHAD MADHUBANI
Period Covered under Current Audit	01.04.2014 to 31.03.2015
Name of the Executive Officer of the ULB	MR. JATASHANKAR JHA (DOJ-17/08/2014 to Till Date)
Name of Chairman of the ULB	MD. KHALID ANWAR (2012 to Till Date)
Name of Vice-Chairman of the ULB	PARSURAM JHA (2012 to Till Date)

2. Results and Findings

Strength observed during the audit engagement	<ol style="list-style-type: none"> 1. General Cash Book has been prepared. 2. Cashier Cash Book has been written. 3. Annual Budget has been prepared. 4. Bank Books for PL account have been prepared.
Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.	<ol style="list-style-type: none"> 1. We observed under collection of tower tax. There are total 29 nos. of towers are operating in the area of ULB. Total collection of tower tax during the current year has been Rs.5,16,756.00/-. However arrear of tower tax up to 31.03.2015 is Rs.10,40,000/- 2. Bank Reconciliation Statement is not prepared at all. 3. Advance register are not prepared. 4. There is lack of internal control on deduction and deposit of various taxes such as VAT, and TDS etc. Although these statutory dues have been collected from time to time but its payment are not made on timely basis which is not proper 5. We observe that Budgets has been prepared every year but there are differences in actual as per books and actual as reported in budget of 2016-17 for the FY 2014-15 by the amount of Rs. 18,47,835/- 6. ULB does not follow Double Entry Accounting System (DEAS). 7. As per BMA, 2007 financial statement such as Balance Sheet, Income and Expenditure Account and Receipt and Payments account are required to be prepared and get approved from the board on annual basis but we observe that these have not been prepared for any year till date. 8. There are lack of internal control with respect to collection of own resource revenue covered under SAIRAT during the FY 2014-15. 9. Separate Grant register is not being maintained properly; hence it is difficult to find out the amount of unutilised grant at any point of time.



3. Opinion.

Overall opinion of the audit team about the functioning of the municipality	Weakness:- <ol style="list-style-type: none"> 1. No Financial Statements such Balance Sheet, Income & Expenditure A/c and Receipts & Payments A/C have been prepared by the ULB. 2. Most of the Books of Accounts as prescribed by BMAR are not maintained. 3. ULB does not follow DEAS. 4. Collection of Own Sources is very poor.
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4. Audit Recommendations:-

The Recommendation of audit team on the observed weakness.	Recommendation:- <ol style="list-style-type: none"> 1. Financial Statement for every year such as Balance Sheet, Income & Expenditure A/C, and Receipts & Payments A/C should be prepared. 2. BRS should be prepared on Monthly basis. 3. ULB should follow DEAS as soon as possible and should maintain books of accounts and register as prescribed by BMAR.
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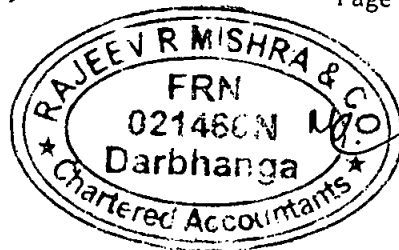
5. Comment from management:-

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

For Nagar Parishad, Madhubani

(Executive Officer)

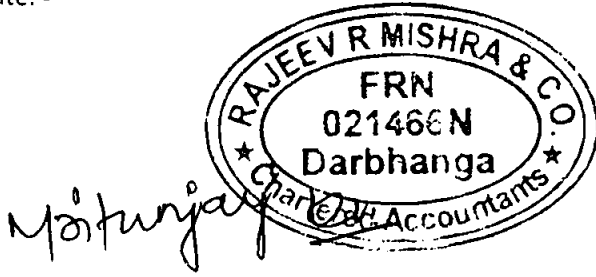
Executive Officer
Municipal Council, Madhubani



6. Acknowledgement:-

We thank Mr. JATASHANKAR JHA (Executive Officer), for his support during the period of our Audit. We are also thankful to accountant and other support staff of the Nagar Parishad for their co-operation extended to us during the period of audit.

Place: -
Date: -



For,
M/S Rajeev R Mishra & CO.
Chartered Accountants
FRN:-021466N

CA MRITUNJAY KUMAR
(Partner)
M.NO:- 535789

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

The Internal audit of NAGAR PARISHAD, MADHUBANI covering the period from 1ST April 2014 to 31ST March 2015 was conducted by following persons under the guidance of CA. Rajeev Ranjan :-

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

2. Administration

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

Md. Khalid Anwar, Chairman, from 2012 to till Date

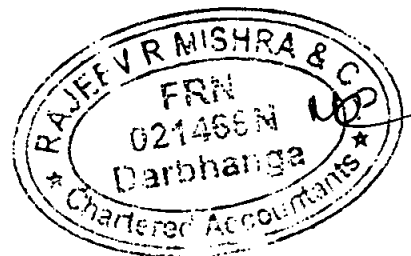
Mr. Jata Shankar Jha, Executive officer, from 17/10/2014 to till Date.

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

S.No	Particulars of Audit and Date of Report	Total No of Audit paras	Total No of Audit Paras where necessary improvement/ corrective measure is required	Total no of Audit Paras where recovery of cash is purposed	Total No of Audit Paras where recovery has been made	Total Amount of Recovery (Rs. In Lakhs)	Total no of Outstanding Para where no action has been taken	No and Date of Compliance Report
1.								
2.								
3.								
4.								
5.								

4. Finance**1) . Budgetary Provisions and Expenditure for the last Three Years**

Year	2012-13	2013-14	2014-15
Final/ Revised Budget	34,87,10,000.00	36,61,37,000.00	20,88,36,575.00
Actual Expenditure	4,30,84,486.00	60,17,470.00	7,11,52,056.00
Saving(+)/ Excess(-)	30,56,25,514.00	36,01,19,530.00	13,76,84,519.00



II). Volume of Transaction

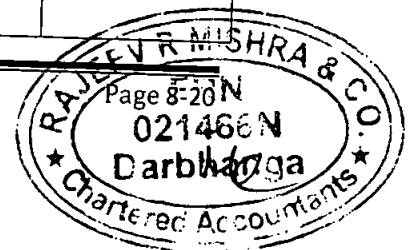
Period	Budgeted	Previous Year (for one Year) 2013-14	Corresponding period of previous year	Current Period 2014-15	Cumulative for the Current Period
Opening Balance	NA	1,71,59,803.96		7,82,26,152.35	
Receipts		6,70,83,818.39		8,17,07,036.00	
Total		8,42,43,622.35		15,99,33,188.35	
Net Expenditure		60,17,470.00		7,11,52,056.00	
Closing Balance		7,82,26,152.35		8,87,81,132.35	

III). Bank Reconciliation:-

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

S.No	Name of Bank	Account No.	Balance as on 31.03.2015	Name of Scheme	Reconciliation Position
1.	SBI-	5417	-	Misc	No BRS
2.	BOI	20165	1,30,50,372.00	State Plan	No BRS
3.	Canara Bank	14730	25,979.00	13 th Finance	No BRS
4.	Canara Bank	12984	8,25,830.00	Marriage Bhawan	No BRS
5.	IDBI Bank	38632	9,17,052.00	Admin. Building	No BRS
6.	Allahabad Bank	5584	18,13,669.00	BRGF	No BRS
7.	BOM	45112	40,46,333.00	Drainage	No BRS
8.	CBI	59551	82,19,769.00	Const.of Road	No BRS
9.	Allahabad Bank	46914	1,08,587.00	4 th Finance	No BRS
10.	Union Bank	21036	53,266.00	E- Governance	No BRS
11.	Union Bank	1104	10,00,497.00	MLC Fund	No BRS
12.	BOM	72235	73,59,960.00	NULAM	No BRS
13.	IOB	1653	73,234.00	SJSRY	No BRS
14.	Allahabad Bank	67379	49,264.00	12 th Finance	No BRS
15.	Allahabad Bank	47757	26,91,658.00	Kabir Antesty	No BRS
16.	PNB	88847	14,053.00	SJSRY	No BRS
17.	Canara Bank	2875	11,663.00	PMIUB	No BRS

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18.	Canara Bank	1793	68.00		No BRS
19.	Canara Bank	1704	71,471.00		No BRS
20.	BOI	20166	1,33,841.00	11 th Finance	No BRS
21.	BOI	20140	2,09,458.00	Parshad and Mukh parsad	No BRS
22.	BOI	20263	90,963.00	MP Fund	No BRS
23.	SBI	55886	5,159.38	RGB	No BRS
24.	IOB	1655	1,358.00	Vikas Mitra	No BRS
25.	IOB	1654	2,83,293.00	Teacher Niojan	No BRS
26.	Allahabad Bank	108685	28,631.35	12 th Finance	No BRS
27.	SBI	P/L Account	3,18,67,041.59	Various	No BRS
		TOTAL	7,42,88,840.32		

Monthly Bank Reconciliation Statement has not been prepared by NP.

IV). Revenue Receipt

Period	Budgeted	Previous year (one Year)	Corresponding Period of previous Year	Current Period	Cumulative for the Current period
a) Own Resources					
Holding Tax		18,19,695.59		55,34,409.00	
Rent of Market		5,89,189.20		13,93,027.00	
Rent of Land		1,74,073.00		3,02,665.00	
Mutation		1,56,093.00		53,050.00	
Tower		9,00,000.00		5,16,756.00	
Birth & Death		480.00			
Parking		7,07,500.00		84,204.00	
Hoarding		1,01,500.00		1,48,160.00	
Misc		9,97,098.60		2,36,500.00	
Professional Tax				15,86,047.00	
Total		54,45,629.39		98,54,818.00	
b) Administrative Grant					
c) Specific Grant (Scheme Wise)					

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13 th Finance		90,18,205.00		78,98,661.00	
Kabir Antesty		19,21,500.00		52,03,500.00	
12 th Finance				1,06,646.00	
4 th State Finance		3,78,01,016.00		3,05,88,235.00	
Road Construction					
Drain					
Marriage Bhawan					
SJSRY		88,23,509.00			
Administrative Building					
State Plan				1,29,64,486.00	
BRGF		36,63,373.00		34,51,451.00	
E-Governance				6,80,000.00	
MLC & MLA Fund		29,00,600.00		2,00,000.00	
NULAM				37,03,000.00	
PMUIB					
11 th Finance					
Parshad Fund					
MP Fund					
Ratiya Gandhi Basti					
Vikash Mitra					
Teacher Niojan		26,32,600.00		2,500.00	
Stamp Duty				28,57,120.00	
Ashok Samrat Bhawan				10,00,000.00	
PF Account				6,10,313.00	
Interest				21,38,305.00	
Misc				4,48,001.00	
Total		6,16,38,189.00		7,18,52,218.00	
Grand Total		6,70,83,818.39		8,17,07,036.00	

Note:-

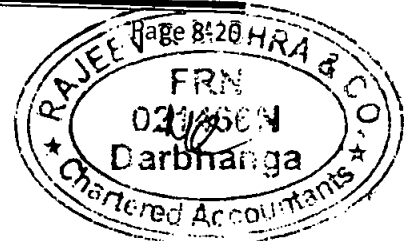
V) Status of Implementation of DEAS:

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

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

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

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5. Audit Observations:

PART - "A"

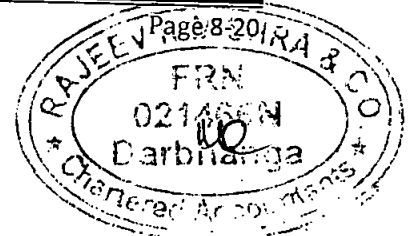
All audit objections/irregularities which have monetary implication, particularly in the following area:

<p>a) Leakage of own source revenue either due to wrong assessment or non- levy of property tax, mobile tower tax, rent on municipal properties, advertisement tax fees etc.</p>	<p>Under collection of Holding/Property Tax is observed as tax is collected at old rate, but we have not able to quantify the amount of arrears because household wise demand registers has not been prepare by the ULB. However total collection of holding/property tax in current year 2014-15 is Rs. 55, 34, 409/-.</p> <p>There has been under collection of Mobile tower tax as ULB have not collected interest for delay payment and payment for additional antenna attached with towers. Total 29 nos. of towers are operating in the area of ULB out of which 10 towers have not been registered with the ULB. The amount of arrears of the tower tax upto 31st march 2015 is Rs. 10, 40,000/-.</p> <p>There has been under collection of rent from shops and Vacant land as these have been collected at the old rates. Total Collection of rent from shop and vacant land is Rs. 16, 92,695/- during the current year.</p> <p>Hoarding or advertisement tax has not been collected during the current year.</p>
<p>b) Excess payment against bill, lack of prudence in payment against vouchers inefficiency in controls resulting loss to ULBs.</p>	<p>We did not notice any excess payment against any bill/voucher.</p>
<p>c) Report on finding of field survey of Property Tax of minimum 20 high value properties</p>	<p>Report on finding of field survey of property tax of high value properties are as under:</p>

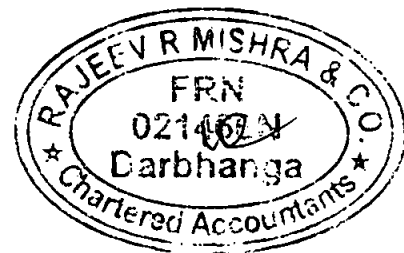
Details of High Value Property:

S.N.	Name	Holding No.	Ward No.	Amount
1.	Shakti Nath Jha	82	9	63,316.00
2.	Gyatri Devi	241	9	16,272.00
3.	Badri narayan Gupta	98	10	19,746.00
4.	Santosh Kumar Rawat	100	10	12,360.00
5.	Thakur Mahdev Ji	154	10	26,287.0
6.	Viwah Bhawan	278	10	26,662.00

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7.	Madho Das Dharamsala	279	10	14,141.00
8.	District Primary Teacher Union	274	7	25,330.00
9.	Mahrani raj Darbhanga Bus Stand	164	7	72,188.00
10.	Sital Nyak	252	8	64,398.00
11.	Aditya Narayan Jha	199	6	13,303.00
12.	Mahabir Prasad Bubna	190	5	23,267.00
13.	Dilip Rawat	4	3	51,102.00
14.	Sona Devi	215	4	8,066.00
15.	Ramji Karak Dharamsala	530	15	63,523.00
16.	Gurudayal Sah	111	27	25,894.00
17.	Kuldeep Jha	131	19	18,740.00
18.	Premkant Jha	218	19	42,600.00
19.	R.K.Jha	173	19	26,600.00
20.	Chandeswar Singh	133	19	17,316.00



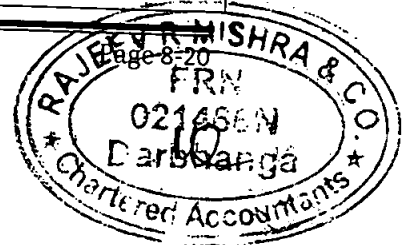
PART- "B"

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

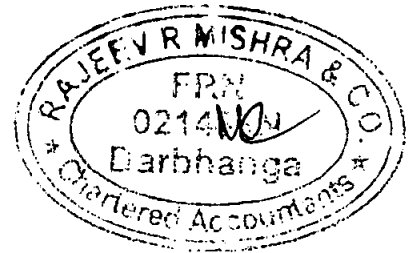
<p>a) Non- maintenance of books of accounts , subsidiary registers</p>	<p>Following primary Books of accounts are required to be maintained :</p> <ol style="list-style-type: none"> 1) Cash Book (Form Gen-IA) 2) Bank Book (Form Gen-IB) 3) Collection Register GEN-11 4) Subsidiary Ledgers (Gen-3) <p>But except bank book as mentioned above the ULB has maintained all primary books of accounts.</p> <p>In addition to above following other General Registers and forms are required to be maintained but the same are not being maintained.</p> <ol style="list-style-type: none"> 1. Memorandum of Collection GEN-12 2. Summary of Daily Collection GEN-13 3. Register of Bills for Payment GEN-14 4. Register of Advance GEN-17 5. Summary Statement of Deposits Adjusted GEN-20 6. Summary Statement of Bills Raised GEN-23 7. Register of Refunds, Remissions and Write-offs GEN-26 8. Statement of Outstanding Liability for Expenses GEN-29 9. Documents Control Register/Stock Account of Receipt/Cheque Book GEN-30 10. Register of Immovable Property GEN-31 11. Register of Movable Property GEN-32
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	<p>12. Asset Replacement Register GEN-36</p> <p>13. Register of Public Lighting System GEN-37</p>
b) Irregularity in procurement process	No major irregularity observed in procurement process.
c) Non-compliance of directives by UD & HD , GOB	<p>We observed several non compliances of directives of UD & HD, GOB such as :</p> <ul style="list-style-type: none"> • non collection of various taxes required to be collected • Non maintenance of prescribed books of accounts • Non maintenance of prescribed DEAS. • None Maintenance of DCR.
d) Non-compliance of Acts and Rules	<p>As per sec. 127 of the BMA, the municipality can levy the following taxes:</p> <ul style="list-style-type: none"> • Property tax on lands and buildings. • surcharge on transfer of lands and buildings • water tax • fire tax • tax on advertisements, other than advertisements published in newspapers • surcharge on entertainment tax • surcharge on electricity consumption within the municipal area • tax on congregations • tax on pilgrims and tourists • Tax on profession • toll tax - <ul style="list-style-type: none"> a. on roads, bridges, ferries and navigable channel and b. on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles <p>But the ULB has levied only the property tax and water tax among the above mentioned taxes.</p>
e) Lack of internal Control measures	We did not notice in lack of internal control measures.
f) Non-compliance of TDS, VAT and other relevant	<ul style="list-style-type: none"> • Taxes such as VAT, TDS, Labour cess and education cess etc. are

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Statute	collected from time to time but the above taxes are not deposited on timely basis which is not proper.
g) Deficiency in Pay-roll System	The pay-roll system does not contain leave details of employee. PF contribution and pension fund contribution of employees are deducted. But nagar parisad does not contribute toward employees PF and pension.
h) Utilization of Grant and report on utilisation certificates	As explained to us UC up to 31.03.2015 has been sent to the Government as and when demanded by the department but copy of the same have not been provided to us.
i) Physical verification of inventories and stores	Store Register has been prepared and physical verification of inventory/stores has been done.
j) Physical verification of fixed assets	Fixed Assets Register has been prepared and physical verification of fixed assets has also been done.
k) Non compilation of Financial Statement	The Financial Statements of the ULB have not been compiled for any year since the inception of the ULB.

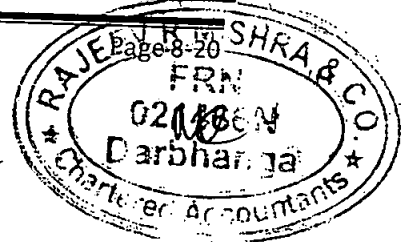


PART - "C"

General Observations:

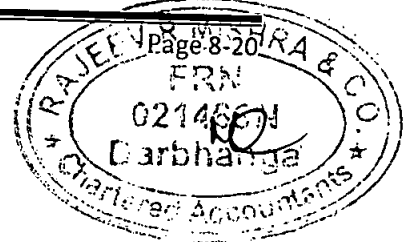
<ul style="list-style-type: none"> Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts. 	No, only entries related to cash/bank/PL A/C are made in the Cash books maintained by the cashier and accountant. Other Ledger accounts have not been prepared as per BMAR by the NP.
<ul style="list-style-type: none"> Whether all the books of accounts and supplementary registers that are prescribed in the Accounts Manual / other applicable regulations have been properly maintained by the ULB; 	Yes, Cash Book and other subsidiary ledgers books of accounts have been maintained.
<ul style="list-style-type: none"> Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts; 	No, Quarterly Financial Statements have not been prepared by the N.P.
<ul style="list-style-type: none"> Whether the period-end and reconciliation procedures prescribed have been carried out. 	No, period-end and reconciliation procedures as prescribed have not been carried out.
<ul style="list-style-type: none"> Whether the Bank Reconciliation statements have been prepared and are appropriate. 	No, Bank Reconciliation Statements have not been prepared by the N.P.
<ul style="list-style-type: none"> Whether all grants from Government have been accounted at gross value with proper entries to various accounts 	Yes, but all transactions are not correctly classified with sufficient details and no separate grant register has been maintained.
<ul style="list-style-type: none"> Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail; 	No, all transactions have been classified as Receipts and Payment only. Income, Expenditure, assets and liabilities have not been recognized.
<ul style="list-style-type: none"> Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted; 	Yes, Grant received during the year has been properly accounted for and all deductions have been properly accounted for.
<ul style="list-style-type: none"> Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created; 	No Special fund has been created by the ULB.
<ul style="list-style-type: none"> In respect of contracts that are in existence during the year, whether there are any deviations from the sanctioned plans and the estimates without the sanction of the competent authority; 	We did not notice any major deviation.
<ul style="list-style-type: none"> Whether the ULB is maintaining proper 	Yes, record of fixed assets has been maintained

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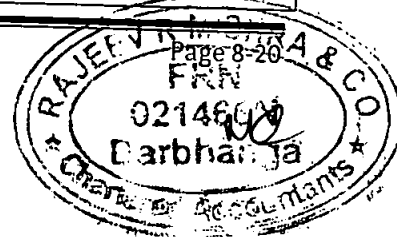
records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	properly by the ULB. But physical verification of fixed assets has not been done at reasonable intervals.
<ul style="list-style-type: none"> Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry; 	As explained to us no property of the ULB has been given on lease.
<ul style="list-style-type: none"> Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores; 	No, physical verification of stores has been conducted by the ULB at reasonable intervals.
<ul style="list-style-type: none"> Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported; 	No, procedure of physical verification is not adequate.
<ul style="list-style-type: none"> Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same has been properly dealt with in the books of account; 	No, we did not observe any material discrepancies during physical verification.
<ul style="list-style-type: none"> Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts; 	No there is no procedures are in place to identify any unserviceable or damaged stores
<ul style="list-style-type: none"> Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported; 	No, valuation of stores has not been done as per the principle laid down in the BMAR.
<ul style="list-style-type: none"> Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest? 	There is no case of loans and advances other than advance to staff for expenditure.
<ul style="list-style-type: none"> Whether advances given to municipal employees and interest thereon are 	Advance Register has not been maintained so we are unable to verify whether it is being recovered

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being regularly recovered;	regularly or not.
<ul style="list-style-type: none"> Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets? 	No, there does not exist any internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets
<ul style="list-style-type: none"> Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported. 	We did not notice any such expenses
<ul style="list-style-type: none"> Whether the municipality is regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc., and if not, the nature and cause of such delay and the amount not deposited; 	No, the municipality is not regular in timely depositing of its statutory dues.
<ul style="list-style-type: none"> Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation; 	The municipality has not been giving any contribution to P.F or pension Fund but the employee's contribution to P.F and pension fund is being deducted from the salary of the employee.
<ul style="list-style-type: none"> Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof; 	We did not notice any such expenses.
<ul style="list-style-type: none"> Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently and are in all cases such as are authorized by law; 	Yes, on our test check we observed that all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget.
<ul style="list-style-type: none"> Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis; 	Yes, all revenues from own sources have been properly accounted for and collected.
<ul style="list-style-type: none"> Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by law; 	Yes, taxes collected by the tax collector are deposited on daily basis.
<ul style="list-style-type: none"> Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority; 	Yes, on our test check we observed that all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority.
<ul style="list-style-type: none"> Whether the amounts received as specific grants have been utilized for the 	Yes, on our test check we observed that amounts received as specific grants have been utilized for.

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

Place :
Date :

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

(CA) Mritunjay Kumar
Partner
Mob: 9835156869

