

INTERNAL AUDIT REPORT  
OF

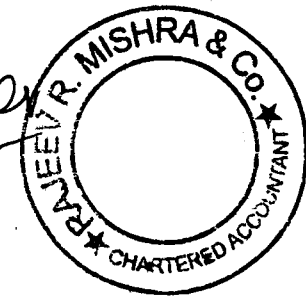
NAGAR PARISHAD

MADHUBANI

For the period from 01.04.2015 to 31.03.2016

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

*Rajeev R. Mishra*



BALBHADARPUR, LAHERIASARAI TOWER

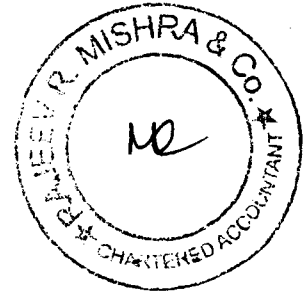
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**NAGAR PARISAD -MADHUBANI****INTERNAL AUDIT REPORT OF F.Y.2015-16****INDEX**

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# Internal Audit Report- Nagar Parishad – Madhubani

## Internal Audit Report of Financial year 2015- 2016

### Section A: Audit Procedure

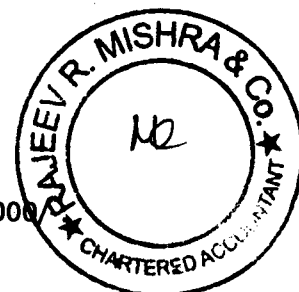
This internal audit report (Hereinafter referred to as "report") has been issued as a part of our engagement for internal audit for the Period ended on 1<sup>st</sup> April 2015 to 31<sup>st</sup> March, 2016. The ULB (Nagar Parishad ,Madhubani) is a wing of Urban Development and Housing Department, 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 5<sup>th</sup> 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.

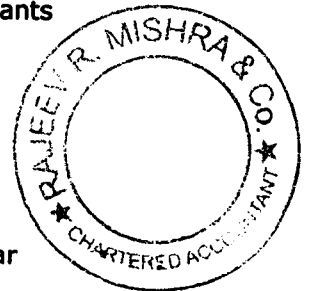
- ❖ Accountant cash Book
- ❖ Subsidiary Cash Book
- ❖ Bank Book
- ❖ DCR
- ❖ Vouchers along with supporting documents.
- ❖ Others related records and registers.

Place:-  
Date:-

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

*Mritunjay Dr*

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



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

<b>Name of the Municipality</b>	NAGAR PARISHADMADHUBANI
<b>Period Covered under Current Audit</b>	01.04.2015 to 31.03.2016
<b>Name of the Executive Officer of the ULB</b>	MR. JATASHANKAR JHA (DOJ-17/08/2014 to Till Date)
<b>Name of Chairman of the ULB</b>	KHALID ANWAR (2012to Till Date)
<b>Name of Vice-Chairman of the ULB</b>	PARSURAM PRASAD (2012 to Till Date)

**2. Results and Findings**

<b>Strength observed during the audit engagement</b>	<ol style="list-style-type: none"> <li>1. General Cash Book has been prepared.</li> <li>2. Cashier Cash Book has been written.</li> <li>3. Annual Budget has been prepared.</li> <li>4. Bank Books for PL account have been prepared.</li> </ol>
<b>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</b>	<ol style="list-style-type: none"> <li>1. We observe under collection of holding tax as holding tax has been collected at old rate.</li> <li>2. We observed variations in procurement process and contract procedure.</li> <li>3. 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.1,80,000.00/-. However arrear of tower tax upto 31.03.2016 is Rs.8,90,000/-</li> <li>4. Bank Reconciliation Statement is not prepared at all.</li> <li>5. Advance register are not prepared.</li> <li>6. 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 and return is also not filed which may cause to huge penalty as per law.</li> <li>7. Acknowledgement of E-Filing of TDS Return was not made available to us.</li> <li>8. Labour Cess has not been deposited till Date.</li> <li>9. TDS Certificates have not been downloaded from TRACES within stipulated time. It attracts fine of Rs 100/- per day U/S 272A of the Income Tax Act.</li> <li>10. Form RT-VII related to sec. 41 of the Bihar VAT Act, 2005 has not been filed. A copy of Form RT-VII has been attached with the report.</li> <li>11. ULB does not follow Double Entry Accounting System (DEAS).</li> <li>12. As per BMA, 2007 financial statements 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.</li> </ol>

Me

	<p>13. Fixed Assets Register is not maintained by the ULB.</p> <p>14. Stock Registers for moveable and immovable items are not maintained properly by the ULB.</p> <p>15. Daily wages registers are not provided to us.</p> <p>16. The ULB does not maintain a separate PF register. Deducted PF is not being deposited.</p> <p>17. There are lack of internal control with respect to collection of own resource revenue covered under SAIRAT during the FY 2015-16.</p> <p>18. 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.</p> <p>19. No separate advance register is maintained hence it is difficult to monitor advances given and adjustment thereof.</p> <p>20. Details of UCs already sent to department have not been provided to us. According to management, the UC are sent to department as and when required by the department.</p> <p>21. Demand and Collection Register of revenues under internal resources except holding tax are not maintained properly.</p> <p>22. No Log book is maintained for JCB, Tractor, Tempo, Genset and Motor Vehicle.</p>
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### 3. Opinion.

Overall opinion of the audit team about the functioning of the municipality	<p><b>Weakness:-</b></p> <ol style="list-style-type: none"> <li>1. No Financial Statements such Balance Sheet, Income &amp; Expenditure A/c and Receipts &amp; Payments A/C have been prepared by the ULB.</li> <li>2. Most of the Books of Accounts as prescribed by BMAR are not maintained.</li> <li>3. ULB does not follow DEAS.</li> <li>4. Collection of Own Sources is very poor.</li> <li>5. Fixed assets Register is not maintained.</li> <li>6. Stock Register is not maintained.</li> <li>7. Log Book in respect of Petrol and Diesel expense is not maintained.</li> </ol>
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### 4. Audit Recommendations:-

The Recommendation of audit team on the observed weakness.	<p><b>Recommendation:-</b></p> <ol style="list-style-type: none"> <li>1. Financial Statement for every year such as Balance Sheet, Income &amp; Expenditure A/C, and Receipts &amp; Payments A/C should be prepared.</li> <li>2. Fixed Assets Register should be prepared.</li> <li>3. Stock Register should be prepared.</li> </ol>
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	<ol style="list-style-type: none"><li>4. Grant wise Utilization Certificate should be prepared.</li><li>5. BRS should be prepared on Monthly basis.</li><li>6. ULB should follow DEAS as soon as possible and should maintain books of accounts and register as prescribed by BMAR.</li></ol>
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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.)

**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.

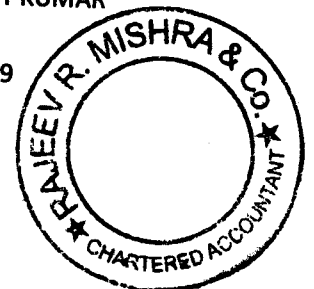
Chartered Accountants

FRN:-021466N

  
CA MR. TUNJAY KUMAR

(Partner)

M.NO:- 535789



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

The Internal audit of NAGAR PARISHAD, MADHUBANI covering the period from 1<sup>ST</sup> April 2015 to 31<sup>ST</sup> March 2016 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
No Correction / Implementation against audit paras of Internal Audit Report of F.Y-2014-15.								

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

Year	2012-13	2013-14	2014-15	2015-16
Final/ Revised Budget	34,87,10,000.00	36,61,37,000.00	20,88,36,575.00	22,69,71,331.00
Actual Expenditure	4,30,84,486.00	60,17,470.00	7,11,52,056.00	13,25,99,787.00
Saving(+)/ Excess(-)	30,56,25,514.00	36,01,19,530.00	13,76,84,519.00	9,43,71,544.00





## II). Volume of Transaction

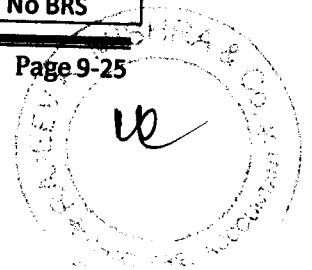
Period	Budgeted (2015-16)	Previous Year (for one Year) 2014-15	Corresponding period of previous year	Current Period 2015-16	Cumulative for the Current Period
Opening Balance		7,82,26,152.35	7,82,26,152.35	8,87,81,132.35	8,87,81,132.35
Receipts		8,17,07,036.00	8,17,07,036.00	11,32,77,996.00	11,32,77,996.00
Total		15,99,33,188.35	15,99,33,188.35	20,20,59,128.35	20,20,59,128.35
Net Expenditure		7,11,52,056.00	7,11,52,056.00	13,25,99,787.00	13,25,99,787.00
Closing Balance		8,87,81,132.35	8,87,81,132.35	6,94,59,341.35	6,94,59,341.35

Note: Budget for the period of 2015-16 has not been provided to us.

## III). Bank Reconciliation:-

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

S.No	Name of Bank	Account No.	Balance as on 31.03.2016	Name of Scheme	Reconciliation Position
1.	BOI	20166	2831.00	11 <sup>th</sup> Finance	No BRS
2.	BOI	20140	217920.00	Parshad Fund	No BRS
3.	BOI	20165	1,57,248.00	State Plan	No BRS
4.	BOI	20263	94,638.00	MP Fund	No BRS
5.	IDBI Bank	38632	9,35862.00	Admin. Building	No BRS
6.	Allahabad Bank	6737	2482.00	12th Finance	No BRS
7.	Allahabad Bank	46914	10897.00	4th Finance	No BRS
8.	OBC	4901	5547772.00	SBM	No BRS
9.	Union Bank	1104	10,47,897.00	MLC Fund	No BRS
10.	Union Bank	21036	6838.00	E-Governance	No BRS
11.	IOB	1655	1,413.00	Vikas Mitra	No BRS
12.	IOB	1654	2,64,605.00	Teacher Niojan	No BRS
13.	IOB	1653	6185.00	SJSRY	No BRS
14.	BOM	72235	79,03,465.00	NULAM	No BRS
15.	BOM	45112	18791.00	Drain	No BRS
16.	PNB	88847	14,622.00	SJSRY	No BRS
17.	Canara Bank	12984	1,69,398.00	Marriage Bhawan	No BRS
18.	Canara Bank	14730	205211.00	13th Finance	No BRS
19.	Canara	1793	68.00	Misc	No BRS



	Bank				
20.	Canara Bank	2875	12,134.00	Misc	No BRS
21.	Allahabad Bank	5584	36513.00	BRGF	No BRS
22.	Allahabad Bank	108685	5425.35	12th Finance	No BRS
23.	Allahabad Bank	4675	4332316.00	Kabir Antyesty	No BRS
24.	SBI	55886	5,159.38	RGB	No BRS
25.	SBI		4,14,20,568.59	PL ACCOUNT	AS PER CASH BOOK, STATEMENT NOT AVAILABLE
	<b>TOTAL</b>		<b>6,24,20,264.32</b>		

Note: Monthly Bank Reconciliation Statement has not been prepared by NP.

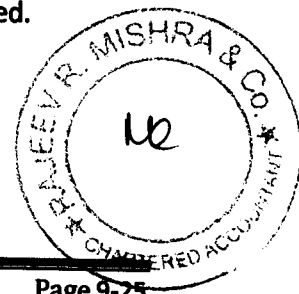
#### IV). Revenue Receipt

Period	Budgeted	Previous year (2014-15)	Corresponding Period of previous Year	Current Period (2015-16)	Cumulative for the Current period
a) Own Resources					
Holding Tax		55,34,409.00	55,34,409.00	43,46,839.00	43,46,839.00
Rent of Market		13,93,027.00	13,93,027.00	13,38,582.00	13,38,582.00
Rent of Land		3,02,665.00	3,02,665.00		
Mutation		53,050.00	53,050.00	72,992.00	72,992.00
Tower		5,16,756.00	5,16,756.00	1,80,000.00	1,80,000.00
Birth & Death					
Trade License				1,20,000.00	1,20,000.00
Parking		84,204.00	84,204.00		
Hoarding		1,48,160.00	1,48,160.00	4,488.00	4,488.00
SAIRAT Others				41,575.00	41,575.00
Building Construction charge				97,808.00	97,808.00
Misc		2,36,500.00	2,36,500.00	54,86,856.00	54,86,856.00
Professional Tax		15,86,047.00	15,86,047.00	20,14,264.00	20,14,264.00
Total		<b>98,54,818.00</b>	<b>98,54,818.00</b>	<b>1,37,03,403.00</b>	<b>1,37,03,403.00</b>
b) Administrative Grant					



<b>c) Specific Grant (Scheme Wise)</b>					
13 <sup>th</sup> Finance		78,98,661.00	78,98,661.00	1,43,64,069.00	1,43,64,069.00
KabirAntesty		52,03,500.00	52,03,500.00	93,91,772.00	93,91,772.00
12 <sup>th</sup> Finance		1,06,646.00	1,06,646.00	-	-
4 <sup>th</sup> State Finance		3,05,88,235.00	3,05,88,235.00	55,89,047.00	55,89,047.00
5 <sup>th</sup> Finance		-	-	2,89,78,468.00	2,89,78,468.00
Road Construction		-	-	-	-
Drain		-	-	20,67,922.00	20,67,922.00
Marriage Bhawan		-	-	-	-
SBM		-	-	56,17,000.00	56,17,000.00
SJSRY		-	-	-	-
Administrative Building		-	-	-	-
State Plan		1,29,64,486.00	1,29,64,486.00	-	-
BRGF		34,51,451.00	34,51,451.00	-	-
E-Governance		6,80,000.00	6,80,000.00	4,80,000.00	4,80,000.00
MLC & MLA Fund		2,00,000.00	2,00,000.00	-	-
NULAM		37,03,000.00	37,03,000.00	63,44,945.00	63,44,945.00
PMUIB		-	-	-	-
NAGRIK SUIDHA		-	-	-	-
11 <sup>th</sup> Finance		-	-	-	-
14 <sup>th</sup> Finance		-	-	1,67,42,646.00	1,67,42,646.00
Parshad Fund		-	-	-	-
MP Fund		-	-	-	-
RatiyaGandiBasti		-	-	-	-
VikashMitra		-	-	-	-
Teacher Niojan		2,500.00	2,500.00	-	-
Stamp Duty		28,57,120.00	28,57,120.00	83,72,419.00	83,72,419.00
Ashok SamratBhawan		10,00,000.00	10,00,000.00	-	-
PF Account		6,10,313.00	6,10,313.00	-	-
Interest		21,38,305.00	21,38,305.00	16,26,305.00	16,26,305.00
Misc		4,48,001.00	4,48,001.00	-	-
Total		7,18,52,218.00	7,18,52,218.00	9,95,74,593.00	9,95,74,593.00
Grand Total		8,17,07,036.00	8,17,07,036.00	11,32,77,996.00	11,32,77,996.00

Note:-Detailed budget according to above classification has not been provided.



**V) Status of Implementation of DEAS:**

In response to our request to the concerned authority during the previous year audit for the implementation of Double Entry Accounting System, the ULB has been in process of converting its Cash based accounting system into Double Entry Accounting System. In this regards the ULB has already purchased and installed the tally Software and conversion is in process.

**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.



## 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 2015-16 is Rs. 43, 46, 839.00/- only as against the previous year collection of 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 san interest and charges for additional antennas up to 31<sup>st</sup> march 2016 is Rs. 8, 90,000/-.</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. 13,38,852/- during the current year which is below the last year collection.</p> <p>Hoarding or advertisement tax collected during the current year is Rs.4,448.00 only while the last year collection was Rs.1,48,160/- and management has not give any explanation regarding low collection of the advertisement tax during the current year.</p> <p>The collection for Parking during the current year is nil as against the last year collection of Rs.84,204/-.</p>
<p>b) Excess payment against bill, lack of prudence in payment against vouchers inefficiency in controls resulting loss to ULBs.</p>	<p>As Per Annexure "A"</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:

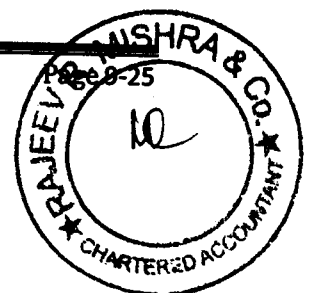
S.N.	Name	Holding No.	Ward No.	Amount
1.	Ram Ji Karak	231	15	63,523.00
2.	Sushil Kumar Chaudhary	115	7	28177.95
3.	District Primary Teacher Union	274	7	25,303.00
4.	BholaSah	152	8	24,108.00
5.	Smt. Geeta Dutta	105	8	11,365.60
6.	Guru Dayal Sah	69	27	25,668.00
7.	Dilip Rawat	4	3	68,460.00
8.	Smt. Daiji Sona	215	4	8,066.00
9.	Vedanand Jha	216	4	7918.00
10.	Umar	74	24	6,972.00
11.	Madarsa	75	24	34,006.00
12.	Vashore Ahmad	7A,642,193	23	6230.00
13.	Md. Abbas	171,178	1	12,222.40
14.	Ramkumar Nayak	139B,173,180	1	15,368.00
15.	Md. Asraf Ansari	213A,138,93	22	14,416.00
16.	SatishMahaset	N366,N333	29	14,394.00
17.	Badrul	157,414,243	29	10,386.00
18.	Md. Vechan	56,216,216	30	5,860.00
19.	R.K.Jha	N222,N216	30	5,887.00



## 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 –

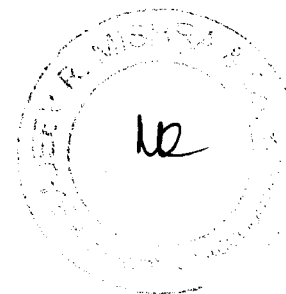
<p>a) Non- maintenance of books of accounts , subsidiary registers</p>	<p>Following primary Books of accounts are required to be maintained :</p> <ol style="list-style-type: none"> <li>1) Cash Book (Form Gen-IA)</li> <li>2) Bank Book (Form Gen-IB)</li> <li>3) Collection Register GEN-11</li> <li>4) Subsidiary Ledgers ( Gen-3)</li> </ol> <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"> <li>1. Memorandum of Collection GEN-12</li> <li>2. Summary of Daily Collection GEN-13</li> <li>3. Register of Bills for Payment GEN-14</li> <li>4. Register of Advance GEN-17</li> <li>5. Summary Statement of Deposits Adjusted GEN-20</li> <li>6. Summary Statement of Bills Raised GEN-23</li> <li>7. Register of Refunds, Remissions and Write-offs GEN-26</li> <li>8. Statement of Outstanding Liability for Expenses GEN-29</li> <li>9. Documents Control Register/Stock Account of Receipt/Cheque Book GEN-30</li> <li>10. Register of Immovable Property GEN-31</li> <li>11. Register of Movable Property GEN-32</li> <li>12. Asset Replacement Register GEN-36</li> <li>13. Register of Public Lighting System GEN-37</li> </ol>
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b) Irregularity in procurement process	As Per Annexure "B"
c) Non-compliance of directives by UD & HD , GOB	<p>We observed several non compliances of directives of UD &amp; HD, GOB such as :</p> <ul style="list-style-type: none"> <li>• non collection of various taxes required to be collected</li> <li>• Non maintenance of prescribed books of accounts</li> <li>• Non maintenance of prescribed DEAS.</li> <li>• None Maintenance of DCR.</li> </ul>
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"> <li>• Property tax on lands and buildings.</li> <li>• surcharge on transfer of lands and buildings</li> <li>• water tax</li> <li>• fire tax</li> <li>• tax on advertisements, other than advertisements published in newspapers</li> <li>• surcharge on entertainment tax</li> <li>• surcharge on electricity consumption within the municipal area</li> <li>• tax on congregations</li> <li>• tax on pilgrims and tourists</li> <li>• Tax on profession</li> <li>• toll tax – <ul style="list-style-type: none"> <li>a. on roads, bridges, ferries and navigable channel and</li> <li>b. on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles</li> </ul> </li> </ul> <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 Statute	<ul style="list-style-type: none"> <li>• Taxes such as VAT, TDS, Labour cess and education cess etc. are collected from time to time but the above taxes are not deposited on timely basis which is not proper.</li> </ul>

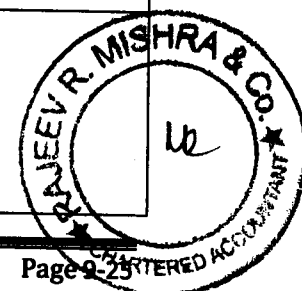


	Detail given in Annexure "C" and "D"
g) Deficiency in Pay-roll System	The pay-roll system does not contain leave details of employee. PF contribution and pension fund contribution of employees are deducted. But nagar parishad does not contribute toward employees PF and pension.
h) Utilization of Grant and report on utilisation certificates	As explained to us UC up to 31.03.2016 has been sent to the Government as and when demanded by the department but copy of the same have not been provided to us. Since Grant Register has not been prepared hence it is difficult to ascertain un-utilized grant at any particular time.
i) Physical verification of inventories and stores	Store Register has not been prepared and physical verification of inventory/stores has not been done.
j) Physical verification of fixed assets	Fixed Assets Register has not been prepared hence physical verification of fixed assets has also not 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"> <li>Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts.</li> </ul>	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 by the NP.
<ul style="list-style-type: none"> <li>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;</li> </ul>	Yes, Cash Book and other subsidiary ledgers books of accounts have been maintained.
<ul style="list-style-type: none"> <li>Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts;</li> </ul>	No, Quarterly Financial Statements have not been prepared by the N.P.
<ul style="list-style-type: none"> <li>Whether the period-end and reconciliation procedures prescribed have been carried out.</li> </ul>	No, period-end and reconciliation procedures as prescribed have not been carried out.
<ul style="list-style-type: none"> <li>Whether the Bank Reconciliation statements have been prepared and are appropriate.</li> </ul>	No, Bank Reconciliation Statements have not been prepared by the N.P.
<ul style="list-style-type: none"> <li>Whether all grants from Government have been accounted at gross value with proper entries to various accounts</li> </ul>	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"> <li>Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;</li> </ul>	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"> <li>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;</li> </ul>	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"> <li>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;</li> </ul>	No Special fund has been created by the ULB.
<ul style="list-style-type: none"> <li>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;</li> </ul>	As per Annexure “B”



<ul style="list-style-type: none"> <li>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;</li> </ul>	No, record of fixed assets has not been maintained properly by the ULB. Physical verification of fixed assets has not been done during the financial year by the ULB.
<ul style="list-style-type: none"> <li>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;</li> </ul>	As explained to us no property of the ULB has been given on lease.
<ul style="list-style-type: none"> <li>Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;</li> </ul>	No, physical verification of stores has been conducted by the ULB at reasonable intervals.
<ul style="list-style-type: none"> <li>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;</li> </ul>	No, procedure of physical verification is not adequate.
<ul style="list-style-type: none"> <li>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;</li> </ul>	No, we did not observe any material discrepancies during physical verification.
<ul style="list-style-type: none"> <li>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;</li> </ul>	No there is no procedures are in place to identify any unserviceable or damaged stores
<ul style="list-style-type: none"> <li>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;</li> </ul>	No, valuation of stores has not been done as per the principle laid down in the BMAR.
<ul style="list-style-type: none"> <li>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?</li> </ul>	There is no case of loans and advances other than advance to staff for expenditure.

