

INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT - MAHARAJGANJ

For the Period from April-2016 to March - 2017

INTERNAL AUDIT CONDUCTED BY

THAKUR BHUWANESH & ASSOCIATES

Chartered Accountants
2nd Floor, Nathani Market
Sutapatti, Muzaffarpur
Bihar-842001

Audit Conducted from:

Report Issued on

NAGAR PANCHAYAT- MAHARAJGANJ (SIWAN)**INTERNAL AUDIT REPORT FOR THE FINANCIAL YEAR 2016-17****INDEX**

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INTERNAL AUDITOR'S REPORT

Joint Secretary and
Additional Project Director
Urban Development & Housing
Department, Patna

We have conducted internal audit of the Books of Accounts and related document and vouchers of **Nagar Panchayat – Maharajganj (ULB)** for the period of **01-04-2016 to 31-03-2017** in terms of agreement with UD&HD dated 21.03.2016. These Books of Accounts and related document and vouchers are the responsibility of Management. Our responsibility is to express an opinion on the Books of Accounts and related document and vouchers based on our audit.

We have conducted our audit in accordance with the **Standard on Internal Audit (SIA) formulated by ICAI**. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Books of Accounts and related document and vouchers are free from material misstatement. An audit includes examining, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our observations. The salient points of the scope covered by the internal audit are as follows:

1. The effectiveness of accounting system.
2. Compliance with the legal and statutory requirements.
3. Risk-based review and evaluation of the Internal Control.
4. Compliance of Bihar Municipal Act.
5. Compliance of Bihar Municipal Accounting Manual.

Moreover, our scope of examination also covered the requirements of the specific points as spelled out by the management of the Urban Development & Housing Department. The result and recommendations of our internal audit are set out in Scope, Observations and Annexure of our report.

The statutory auditor of the Urban Development & Housing Department expresses opinion as to the true and fair view of the financial statements. We have not expressed any opinion on the financial statements and accordingly, this report should not be constructed as our opinion on the financial statements.

For Thakur Bhuwanesh & Associates

Chartered Accountants.

FRN: 019690N


(CA. Rajesh Kumar Jha)

Partner

M.NO. 412318

Date:



Executive Summary**1. Introduction**

Name of the Municipality	: Nagar Panchayat – Maharajanj
Period covered under current audit	: 01.04.2016 to 31.03.2017
Name of Chief Executive Officer for the period under Audit	: Sh. Basant Kumar

2. Results and Findings

<p>Strength observed during the audit engagement</p>	<ul style="list-style-type: none"> • The following records are available: <ul style="list-style-type: none"> ✓ Cash Book with Subsidiaries ✓ Cheque issue register ✓ Remittance Register ✓ Log Book of Vehicle ✓ Salary Register ✓ Daily collection Register of Taxes/user charges /Fees & Fines • Staff Cooperation during the Audit period is satisfactory. • Physical verification of movable Fixed Assets has been carried out during performance audit.
<p>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</p>	<ul style="list-style-type: none"> • Rs. 15550140 due to be collected on account of mobile tower. (detail attached). • Tax Collector generally deposits the collection amount with the interval of 3-7 days. As per Rule 27 of BMAR it should be deposited on daily basis. There are some lapses in internal control w.r.t collection of taxes. • Interest @1.5% not imposed on delay payment of Tower registration fees and annual fees beyond 30 days. After 5 years there should be increase by 25% in renewal fee has not been demanded. • Periodical checking of Books of accounts by Chairman or vice chairman has not been done. • There is lack of internal control on deposit of various taxes. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are still unpaid. The details are as under (up to 31-03-2016): • Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time. • Bank Reconciliation Statement is not prepared hence it is difficult to monitor possible mis-statement of fund, if any. • No P.F. has been deducted from employees.

