Internal Audit Report

Of MANER Nagar Panchayat

For the period from 1st April 2015 to 31st March 2016

Internal Audit Conducted By

Mr. SANTRAJ KUMAR
UNDER GUIDANCE OF CA ASHOK KUMAR PANDEY
From :- M/S CHANAKYA ASHOK & CO.
Chartered Accountants.
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From 30.06.2016 to 09.07.2016

Report Issued on 03.08.2016

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

Name of Auditor: Chanakya Ashok & Co.			Name of ULB:- Maner 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 1, 2, 3, 4 and 5 of Part B of Detailed Audit Report Under Head Lack of internal control measures at Page no 10.
2	4.2 & 4.3	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; 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 □ Rule 22: All moneys to be brought to account □ Rule: 27: Collections to be deposited into Bank on the same day □ Rule 69: Grant Related Compliance □ Rule 120-121: Monthly Receipt & Payment Account and Trial Balance □ Rule 130: Audit to be completed & reported within 6 month	a) Complied in para no 1 of Part B of Detailed Audit Report (Non-Compliance of Act and rule) at Page no 10. b) Complied in para no 1, 2, 3, 4 of Part B of Detailed Audit Report (Non-compliance of directives by UD&HD, Government of Bihar) at Page no 10.
3	4.4 & 4.5	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; 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 also advise recommendations to strengthen the prevailing processes;	a) Complied in para no 1of Part A of detailed audit report at Page no 7. b) Complied in para no 4 of Part B of detailed audit report at Page no 10.
4	4.6	Report in a separate chapter on implementation	Complied in para no C of Part A of detailed

Name of Auditor: Chanakya Ashok & Co.			Name of ULB:- Maner 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	
		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 the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;	Audit Report at Page no 7 & 8.
5	4.7	Vouch on all payments above Rs. 10,000 and report on adequacy and appropriateness of its documentation, approvals, compliance of procedures etc.	Complied in para no B of Part A of Detailed Audit Report at Page no 07. And Complied in para no 1 of Part B of Detailed Audit Report at Page no 9.
6	4.8	Report on Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Complied in para no 2 of Part B of Detailed Audit Report at Page no 9.
7	4.9	Internal auditor shall also report on presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Complied in para no 2 of Part B of Detailed Audit Report at Page no 11.
8	4.10	Internal Audit can also, provide recommendations to help the ULB management improve the ULB's internal control environment;	Complied in para no 2 of Part 4 of Executive Summary at Page no 2.
9	4.11	Internal Audit should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Complied in para no 2 of Part 4 of Executive Summary at Page no 2.

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Executive Summary

1.Introduction:-

Name of the Municipality : NAGAR PANCHAHYAT, MANER
Period covered under current audit : 1st April 2015 to 31st March 2016
Name of Chief Municipal Officer for the period under audit : Shri Ashok kumar singh

2.Results and Findings:-

a). **Strengths observed during the audit engagement:-**
i) Maner Nagar Panchayat is in practice to maintain separate scheme wise cash book.
ii) Board meetings of Maner Nagar Panchayat are held regularly and problems faced in smooth operation are resolved by passing resolution.

b) Weaknesses observed in the functioning of office, maintenance of records etc.:-
i). Accounting process adopted by ULB is Single Entry System based on Cash Basis of accounting. It is not as per BMAM. BMAM requires adoption of Accrual Basis Double Entry Accounting System.
ii). Maner Nagar Panchayat is not in practice to follow Computerised Accounting System.
iii). Maner Nagar Panchayat is not in practice to collect Mobile Tower Registration Fee and Renewal Charges.
iv). Field survey and assessment of Property at the ULB has been done, but no any steps for collection of Property Tax has been implemented at the ULB and collection of property tax is NIL.
v) Maner Nagar Panchayat is not in practice to prepare Bank Reconciliation Statement.
vi). Maner Nagar Panchayat is not in practice to deposit the TDS deducted amount on timely basis. Non depositing of such amount on timley basis would lead to imposition of interest and penalty charges.
vii) All vouchers are not serially arranged, binded, authorised by the competent authority and kept properly by the ULB.

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3.Opinion

The function of ULB is not Satisfactory. It has lots of scope of improvement. The ULB is required to improve in following fields :-

a) It requires to improve its Internal Control Procedures with regards to Demand & collection of revenue from its own sources and depositing of the collected revenue in the concerned bank accounts in timely manner.

b) 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.

c) It requires to improve its Internal Control Procedures with regards to Demand, Collection of Revenue, and Deposit of Collected revenue in the Banks on scheduled time.

4. Audit Recommendations:-

i). 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 system 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.

ii). ULB must prepare bank reconciliation statement on monthly basis.

iii). ULB must collect property tax, mobile tower tax, advertisement tax, shop rent etc. on timely manner which are under its jurisdiction.

iv) Statutory Dues like TDS, VAT, Royalty and Labour Cess must be deposited to the concerned department on timely basis.

v) ULB should prepare receipts and payment account on monthly basis, due to which it becomes very easy to find out that how much fund has been received by the ULB and whether its utilization has been made properly or not.

vi) ULB must 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.

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5.Comments from management

As per discussion with Executive Officer and Head Clerk, it has been ensured that they are looking into the matter and proper action will be taken for all the observations coming out from audit.

6.)Acknowledgement

We have 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
Mem No. : 404207
FRN : 012680C

Detailed Audit Report

1. Introduction:-

The internal audit of MANER Nagar Panchayat covering the period from 01st April 2015 to 31st March 2016 was conducted by following person under guidance of CA Ashok Kumar Panday.

i) SANTRAJ KUMAR

2. Administration:-

The present body of the ULB has taken charge on 16-07-2014. The incumbency in the key administration and executive was as under:

Chairman:-Smt. Sushila Devi From 16-07-2014 to till now.

Executive officer:-Shri Ashok kumar singh From 07-09-2015 to till now.

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 recovery 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 till 2010-11,2012-13 & 2013-14-dated 30-12-2014	21	6	2	0	0	6	No Compliance Report submitted
2	Internal Audit Report 2014-2015	12	12	0	0	0	12	No Compliance Report submitted

Detailed Report on Compliance of Previous Internal Audit Report:-

Audit Observation	Nature Of Irregularities	Complied/Not-Complied
Accounting process adopted by ULB is single entry system based on cash basis of accounting.It is not as per BMAM. BMAM requires adoption on Accrual Basis Double entry system of Accounting	Persisting Since Last Year	Not-Complied
At present almost every Private and Government organisation is using computerising accounting but the Maner ULB prefers manual system.	Persisting Since Last Year	Not-Complied
Various books of records or registers have not been maintained like Fixed assets register, demand register, collection registers, statutory dues register, advance register etc.	Persisting Since Last Year	Not-Complied

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Compliance of statutory matter is not done i.e Deposit of TDS on stipulated time, filling of e-TDS return, Deposit of VAT, filling of VAT return, deposit of labour cess and Royalty.	Persisting Since Last Year	Not-Complied
At present, the account section is neither preparing statutory deduction Register nor the accounting entries with respect to all the funds have been updated. Due to this, the actual liabilities of statutory deduction is not ascertainable. However, some payments have been made to the government but it is required to be reconciled and all the dues are required to be deposited at the earliest.	Persisting Since Last Year	Not-Complied
Bank Reconciliation Statement is not being prepared.	Persisting Since Last Year	Not-Complied
The ULB is not in practise to raise the bill to assessee. For the purpose of revenue recoginition, the ULB has been following the cash basis system of accounting. Hence, the revenue is recognised when it is received and not on when it is accrued.	Persisting Since Last Year	Not-Complied
In the planning file no attachment of comparative chart is attached duly signed by the authority.	Persisting Since Last Year	Not-Complied
In the month of january 2015 Amount received for purchase of tablets for chairman, executive officer and city manger but no purchase was made till March, 2015.	Persisting Since Last Year	Not-Complied
During the financial year (2014-15) collection from Birth-death Registration (Rs. 1,090.00) was not deposited in bank (voucher no. from 378 to 436)	Persisting Since Last Year	Not-Complied
In the ULB, no records of fixed assets have been maintained. So, PV has not been done.	Persisting Since Last Year	Not-Complied
In the month of June, 2014, Daily employee salary sheet showed total salary amount Rs. 1,01,725/- but payment for the month was Rs. 1,37,125/- ch no.-007733 dated 31-07-2014	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	Not Provided	₹ 32,258,768.00	₹ 65,927,082.00
Actual Expenditure	₹ 31,572,073.00	₹ 41,118,291.00	₹ 38,729,782.30
Savings(+)/Excess(-)	₹ -31,572,073.00	**₹ -8,859,523.00**	**₹ 27,197,299.70**

II).Volume of transaction:-

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Period	Budgeted(2015-16)	Previous year (2014-15)	Corresponding period of previous year (2014-15)	Current period (2015-16)	Cumulative for the current period (2015-16)
Opening balance	36,779,220.00	36,779,220.00	36,779,220.00	36,874,237.30	36,874,237.30
Receipts	66,217,169.00	41,213,308.00	41,213,308.00	52,317,473.00	52,317,473.00
Total	102,996,389.00	₹ **77,992,528**	**77,992,528.00**	**89,191,710.30**	**89,191,710.30**
Net expenditure	65,927,082.00	₹ 41,118,291	41,118,290.70	38,729,782.30	38,729,782.30
Closing balance	**37,069,307.00**	₹ **36,874,237**	**36,874,237.30**	**50,461,928.00**	**50,461,928.00**

III) Bank Reconciliation:-

There are following differences in balances where pass book balance and cash balance (as on 31-03-2016) differs:-

SI No.	Name of bank	Items	Account no.	Balance as per pass book	Balance as per cash book	Difference	Reconcilled / Not Reconcilled
1	Bank Of India	13th finance	26083	₹ 14,434.00	13,874.00	560.00	Not Reconcilled
2	Bank Of India	Samiti Kosha	16600	₹ 1,477,169.16	1,452,446.00	24,723.16	Not Reconcilled

IV) Revenue Receipts:-

Period	Budgeted	Previous year (2014-15)	Corresponding period of previous year (2014-15)	Current Period (2015-16)	Cumulative for the current period (2015-16)
(a) Own source					
Property Tax	600,000.00	Nil	Nil	220,350.00	220,350.00
Assigned Revenue	2,713,000.00	2,040,000.00	2,040,000.00	3,895,810.00	3,895,810.00
Others (Fees & user charges)	1,052,500.00	Nil	Nil	1,985,360.00	1,985,360.00
(b) Administrative grant	10,964,400.00	34,581,905.00	34,581,905.00	2,336,366.00	2,336,366.00
(c) Specific Grant (Scheme wise)	50,887,269.00	6,631,403.00	6,631,403.00		-
i) Rajya yozna				4,949,500.00	4,949,500.00
ii) Nagrik suvidha				4,040,162.00	4,040,162.00
iii) Profeessional Tax				896,106.00	896,106.00
iv) 5th finance				14,417,655.00	14,417,655.00
v) 14th finance				4,061,263.00	4,061,263.00
vi) CMTWY				4,349,700.00	4,349,700.00
vii) Nala Nirman				4,949,500.00	4,949,500.00
viii) Street light				6,000,000.00	6,000,000.00
ix) 4th finance				215,701.00	215,701.00

V).Status of implementation of Double entry Accounting System:- Double entry system is not being implemented at the ULB.

VI).Status of Municipal Accounts Committee; if meeting is held:- Municipal Accounts Committee has not been constituted at the ULB.

5. Audit Observations:-

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Part - A

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.

As per rules of Bihar government if any tower will have to be installed in the municipality, then they should apply to the municipality and take the No Objection Certificate (NOC) and pay registration fee of Rs. 30,000/- and renewal charges of Rs. 8,000 per annum. If it has not taken registration or renewal on time, then it will have to pay 1.5% interest per month as penalty. But in this respect, we found that there are 15 mobile towers installed in Masaurhi Nagar Parisad but they have not taken registration or renewal on timely basis. So, in this respect Rs. 1,44,000/- is required to be recovered from the concerned mobile towers.

SI NO	Name Of the company	Address	Renewal fees till 31-03-2016 (2014-15 & 2015-16)
1	Aircel	Sri Vinod Shankar; sarai mohalla maner	₹ 16,000
2	Airtel	Bhajju Mahto; Mirachowk, Huddapur, Maner	₹ 16,000
3	BSNL	Girjaghar, Sarai Ward No.-12	₹ 16,000
4	Reliance	Sri Vinay Kumar; Sarai, Maner Police Station.	₹ 16,000
5	Telenor	Ajay Kumar; Char Hazar Mohalla	₹ 16,000
6	Idea-I	Shri Dukhharan Mahto; Mirachak Huddapur	₹ 16,000
7	Idea-I	Sri Ramran Vijay Singh; Azad Nagar, Ward No-12	₹ 16,000
8	ITIL	Sri Shashankdhar Sharma	₹ 16,000
9	CNIL	Sri Amrendra Bihari	₹ 16,000
TOTAL			**₹ 144,000**

b). Excess Payments against bill, lack of prudence in payments against voucher, inefficiency in the control resulting in loss to ULBs

Maner Nagar Panchayat has not collected 3% additional Stamp Duty on the Sairat done. It woukd lead to loss of revenue. Also, less internal control is figured out in Sairat process.

Name of sairat	Bid amount	stamp duty @3%
Roadside Retailers	₹ 523,000	₹ 15,690
Vechicle stand	₹ 905,000	₹ 27,150
Bus and Jeep Stand	₹ 1,778,000	₹ 53,340
TOTAL	**₹ 3,206,000**	**₹ 96,180**

c). Report on Findings of the field survey of property tax of minimum 20 high value properties.

During the financial year 2015-16 Field survey of property tax has been done. Field survey report has been provided by the ULB. However, we have not accompanied the survey team, we cannot authenticate the survey report.

SI NO	Name of house owner	Father/husb and name	ward no.	Holding no.	Total Area of floor(in SQ ft)	Date of survey	Remarks (not properly fill the form)
1	Shahnaz Begam	Zafar Imam Ahsan	03	227	720	20/07/2015	Signature of house owner has been changed.
2	Santosh Kumar	Shri satyendra prasad singh	05	284	455	20/07/2015	Signature of house owner has been changed.

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3	Shri Ram Balak Ram/Priyanka Devi	Late Dhuri Ram/Ram Balak Ram	15	324	Not measured	29/09/2015	No discrepancy found.
4	Shri Arjun Mahto	Late Ram Lochan Mahto	13	350	Not measured	29/07/2015	Signature of house owner has been changed.
5	Shri Gajadhar singh	Late Laldhari singh	15	201	599	31/09/2015	Signature of house owner has been changed.
6	Shrimati kiran Devi	Shree Rakesh kumar	14	Not filled	165	16/12/2015	Signature of house owner has been changed.
7	Jaspal Kumar	Shri Ravindra Kumar	10	362	500	30/12/2015	Signature of house owner has been changed.
8	Shree Ram Narayan Prasad	Late Ram Govind sah	04	39	120	7/12/2015	Signature of house owner has been changed.
9	Shree Devi	Late Ravi Prasad	11	Not filled	400	28/12/2015	Signature of house owner has been changed.
10	Shree Harinarayan singh	Late Nathuni singh	14	81	970		Signature of house owner has been changed.
11	Manimala Prasad	Late Shashibhuhan prasad	04	40	500	14/12/2015	Signature of house owner has been changed.
12	Chhotan/Dukhan pandit	Late Devnandan Pandit	04	38	180	4/12/2015	Signature of house owner has been changed.
13	Dinesh roy	Shreee Nandvanshi prasad	10	346	200	10/12/2015	Signature of house owner has been changed.
14	Shushila Devi	Late Narbadeshwar prasad	10	361	180	21/10/2015	Signature of house owner has been changed.
15	Shree Sudarshan sah	Late Videshwar Sah	14	86	210	22/12/2015	Signature of house owner has been changed.
16	Shreemati Nirmala Devi	Shree Dinanath Chaoudhary	07	234	Not measured	30/12/2015	Signature of house owner has been changed.
17	MD. Firoz Aftab	MD. Abdul Gaffar	01	270	400	24/11/2015	Signature of house owner has been changed.
18	Sahdev Pandit	Late Devnandan Pandit	04	240	300	7/12/2015	Signature of house owner has been changed.

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19	Lalmuni Devi	Late Virendra singh	14	81	200	22/12/2015	Signature of house owner has been changed.
20	Shree Dinesh Singh	Shree singhasan Roy	12	100	556	19/11/2015	Signature of house owner has been changed.

Part-B

a) Non Maintainance of Books of Accounts, Subsidiary Registers

Sl. No.	Forms or registers	Maintained or not	Suggested by us as internal auditor
1	Cash book	Maintained	We suggest that ULB should Maintain and Update all of these Registers
2	Bank book	Maintained	
3	Journal Book	Not Maintained	
4	Ledger	Not Maintained	
5	Cash/Bank Receipt Voucher	Maintained	
6	Cash/Bank Payment Voucher	Maintained	
7	Contra Voucher	Not Maintained	
8	Register of Cheques Received	Not Maintained	
9	Cheque Issue Register	Maintained	
10	Advance Register	Not Maintained	
11	Demand Register	Not Maintained	
12	Fixed Assets Register	Not Maintained	
13	Stock Register	Maintained but not updated.	
14	Grant Register	Maintained	
15	Collection Register With Party Name	Not Maintained	
16	Summary Statement of Head Wise Collection of property and other taxes	Not Maintained	

b) Irregularity in Procurement Process :-

It has been found that in the following payment files, the photo of completion of work done is not attached.

SI No.	Scheme	plan no.	party name	Area Covered	Amount
1	14th finance	10/15-16	Mr. Lokesh Kumar	In ward no-4 PCC Road construction from home of Late jwala singh to well of kumar	₹ 375,139.00
2	14th finance	11/15-16	Md. Ahsan Ahmad	In ward no-16, PCC Road construction work from N.H-30 to Haricharan Arya home.	₹ 536,500.00
3	14th finance	04/15-16	Mr. Lokesh Kumar	In ward- 8, Construction Sewrage of cover slap from more to hous of vijay singh .	₹ 200,700.00
5	Vidhayak anushansa	01/15-16	Mr.Ajay Kumar	In ward no-7, Tapping of 3 Hand pumps	₹ 198,000.00
6	4th finance	12/15-16	Mr. Sanjay kumar	In ward no-11 brick soling and PCC Road construction work from main road to House of Harendra prasad.	₹ 405,082.00
7	Nagrik Suvidha	16/15-16	Mr. sanjeev kumar Ray	In ward no-13, Maintainance of Well	₹ 51,734.00

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c) Non Compliance of Acts & Rules:

1. 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.

2. 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.

3. 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.

4. The ULB is not preparing following Financial Statement of the Preceding years as required under Rule 122 of the Bihar Municipal Accounts Rule, 2014:

a. Receipt & Payment Accounts for the Year (BMAR Form No 71).
b. Income & Expenditure Account for the Year (BMAR Form No 73).
c. Balance Sheet as on 31st March of the Year (BMAR Form No 74).

d) Non compliance of the Directives of UD&HD:-

No observations found in this Regards.

e) Lack of Internal Control Measures : The internal control procedures at the ULB is not satisfactory and the area where Internal Control is far from satisfactory and required a lots of Improvement are provided here in below:

i) 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.

ii) During the course of our Audit, we have observed various discrepancies in the Cash Book, which are enumerated below:

a. Voucher Numbers were not clearly mentioned through which payment was made.
b. Head wise expenditure were not clearly entered and recorded.
c. The cash book balances are not reconciled with the Balances in Bank Pass Book.

iii) Log book of Gernator is not checked by the head official authority and signed.

iv) After analysing 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.

V)There is no specific pass book for specific fund it means fund received by ULB through another or any bank pass book so problem creates to check balance from cash book with pass book.

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

It has been found that statutory dues are not deposited to the concerned department on timely basis. Statutory dues are deposited at the end of the year. Non-deposit of statutory dues on timely basis leads to inclusion of interest charges which is a loss of revenue to the ULB.

Si no.	Items	Royalty tax	Vat	TDS	Labor cess
1	Nagrik suvidha	11,487.00	27,446.00	12,435.00	12,957.00
2	14 th finance	131,800.00	112,030.00	78,911.00	81,352.00
3	Rajya samposhit	168,975.00	146,115.00	106,562.00	109,634.00
4	13th finance	10,350.00	8,810.00	4,341.00	6,572.00
5	Professional tax	4,872.00	13,655.00	9,455.00	9,584.00
Total		**327,484.00**	**308,056.00**	**211,704.00**	**220,099.00**

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g). Deficiency in pay-roll system:-

The Payroll system at the ULB is satisfactory. The Register, records relating to statutory deduction like PF, ESIC, Income Tax are maintained. The PF, ESIC with respect to contractual employees are neither deducted nor paid to statutory authority.

h). Utilization of grant and report on missing Utilization Certificates'.

Ucs related to different grants are submitted to the concerned department on timely basis. However, following Ucs are pending for submission during the year 2015-16 :-

SI NO.	Grant Name	Amount of Grant	Utilisation Certificate Submitted
1	Rajya yozna	₹ 4,949,500.00	UC not submitted
2	Nagrik suvidha	₹ 4,040,162.00	UC not submitted
3	Profeessional Tax	₹ 896,106.00	UC not submitted
4	5th finance	₹ 14,417,655.00	UC not submitted
5	14th finance	₹ 4,061,263.00	UC not submitted
6	CMTWY	₹ 4,349,700.00	UC not submitted
7	Nala Nirman	₹ 4,949,500.00	UC not submitted
8	Street light	₹ 6,000,000.00	UC not submitted
9	4th finance	₹ 215,701.00	UC not submitted

i). Physical Verification of Inventory/Stores :-

Maner Nagar Panchayat is not in practice to conduct the physical verification of Inventory/Stores. However, we have done verification on random basis and observations found are as follows :-

si no.	Particulars	Quantity as per office	Quaantity as per P.V	Remarks
1	Computer	2	2	
2	Printer	2	2	
3	scanner	1	1	
4	Table	11	11	
5	Revolving chair	6	6	
6	Almirah	7	6	1 damaged
7	Ac	7	7	
8	Blower	9	9	
9	JCB	1	1	
10	Tractor	4	4	
11	Tipper	2	1 found	1 for Maintainance
12	Genrator	1	1	
13	Staff chair	40	40	

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14	Plastic chair	53	43	10 Chair Damage
15	Ceiling fan	14	14	
16	Wall fan	1	1	
17	Fridge	1	1	
18	RO	1	1	
19	Wall watch	6	6	
20	Fogging machine	3	3	
21	suction machine	1	1	
22	Pani tanki	4	2 found	2 in area
23	Tractor dala	3	3	
24	Mike	1	1	
25	Podium	1	1	
26	JCB Boket	1	1	
27	Inverter	2	1	1 damaged
28	Dustbin	50	Area	

j). Advances, their adjustment & recovery.

Advance has been given and proper Adjustment has been made.

III).General observations:-

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.

For Chanakya Ashok & Co.
Chartered Accountants

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

CHANAKYA ASHOK & CO. CHARTERED ACCOUNTANTS Reg. No.-012680C

Discussion note

Name of the ULB :- Maner Nagar Panchayat

For the period :- 01st April 2015 to 31st March 2016.

Observation	Comments from management
Double entry system is not being implemented at the ULB	अगले वित्तीय वर्ष से अंकेक्षक के समक्ष प्रस्तुत किया जाएगा।
No collection of Mobile Tower tax from different mobile trasmission tower amount Rs.72,000.	नोटिस कर दिया गया है।
Field survey has not been done by the ULB in 2015-16.	अंकेक्षण के समक्ष प्रस्तुत कर दी गई है।
Advance Register,Demand Register,Summary Statement of Head Wise Collection of property and other taxes etc. are not maintained	आगे से स्थान मे रखा जाएगा।
The ULB is not preparing following Financial Statement of the Preceding years as required under Rule 122 of the Bihar Municipal Accounts Rule, 2014: a). Receipt & Payment Accounts for the Year (BMAR Form No 71). b). Income & Expenditure Account for the Year (BMAR Form No 73). c). Balance Sheet as on 31st March of the Year	दोहरा लेखा प्रणाली के समय इसे भी प्रस्तुत किया जाएगा।
During the course of our Audit, we have observed various discrepancies in the Cash Book, which are enumerated below: a). Voucher Numbers were not clearly mentioned through which payment was made. b). Head wise expenditure were not clearly entered and recorded. c). The cash book balances are not reconciled with the Balances in Bank Pass Book.	अगले वार से इसे स्थान मे रखा जाएगा।
Log book of Gernator is not checked and signed by the head official authority.	जाँच किया जाता है। किन्तु कार्य पदा-स्थायी नहीं रहने के कारण कार्यपदाधिकारी नहीं है।

For the financial year 2015-16,following are the funds in respect to UC has not been submitted:-

SI NO.	Grant Name	Amount of Grant	Utilisation Certificate
1	Rajya yozna	☐ 4,949,500.00	UC not submitted
2	Nagrik suvidha	☐ 4,040,162.00	UC not submitted
3	Profeessional Tax	☐ 896,106.00	UC not submitted
4	5th finance	☐ 14,417,655.00	UC not submitted
5	14th finance	☐ 4,061,263.00	UC not submitted
6	CMTWY	☐ 4,349,700.00	UC not submitted

Executive officer

Accounts Officer

CHANAKYA ASHOK & CO. CHARTERED ACCOUNTANTS

7	Nala Nirman	☐ 4,949,500.00	UC not submitted
8	Street light	☐ 6,000,000.00	UC not submitted
9	4th finance	☐ 215,701.00	UC not submitted

Comments:- वित्तिय वर्ष 2016-17 मे करदी गई है।

Amount collected from own source revenue has not been deposited by the ULB on the same date as required.	शाम 4 बजे के बाद प्राप्त हुए भुगतान को अगले दिन जमा किया जाता है।

Bank Reconciliation Statement is not being prepared. Following are the Details:-

SI No.	Name of bank	Items	Account no.	Balance as per pass book	Balance as per cash book
1	Bank Of India	13th finance	26083	☐ 14,434.00	☐ 13,874.00
2	Bank Of India	Samiti Kosha	16600	☐ 1,477,169.16	☐ 1,452,446.00

Comments:- निर्गत चेकों को 28 मार्च के बाद जमा करने पर भुगतान मे वित्तिय वर्ष समाप्त हो जाता है।

At present almost every Private and Government organisation is using computerising accounting but the Maner ULB prefers manual system.	यह भी हमारे मे रखा जाएगा

There is revenue loss due to non execution of contract on Stamp Paper : There should be agreement on stamp paper @ 3% of the total amount of the endowment but the same was not followed leading to Rs 96,180/- of revenue loss as provided here in below:

Name of sairat	Bid amount	stamp duty @3%
Roadside Retailers	☐ 523,000	☐ 15,690
Vechicle stand	☐ 905,000	☐ 27,150
Bus and Jeep Stand	☐ 1,778,000	☐ 53,340
TOTAL	☐ **3,206,000**	☐ **96,180**

Consequently, there is revenue loss to the Government due to non-Collection of stamp duty on Bus & Tempo Stand Bandovasti.

Comments:- जानकारी के अभाव मे कार्य नहीं गया अगले वर्ष से हमारे रखा जाएगा

It must be attached picture of complete scheme with the plan file for verification of the work ,but we have not found pictures, Some of like that :-

SI No.	Scheme	plan no.	party name	Area Covered	Amount
1	14th finance	10/15-16	Mr. Lokesh Kumar	In ward no-4 PCC Road construction from home	☐ 375,139.00
2	14th finance	11/15-16	Md. Ahsan Ahmad	In ward no-16, PCC Road construction work	☐ 536,500.00

Executive officer

Mukesh
Accounts Officer

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3	14th finance	04/15-16	Mr. Lokesh Kumar	In ward- 8, Construction Sewrage of cover slap	☐ 200,700.00
5	Vidhayak anushansa	01/15-16	Mr.Ajay Kumar	In ward no-7, Tapping of 3 Hand pumps	☐ 198,000.00
6	4th finance	12/15-16	Mr. Sanjay kumar	In ward no-11 brick soling and PCC Road	☐ 405,082.00
7	Nagrik Suvidha	16/15-16	Mr. sanjeev kumar Ray	In ward no-13, Maintainance of Well	☐ 51,734.00

There is no specific pass book for specific fund it means fund received by ULB through another or any bank pass book so problem creates to check balance from cash book with pass book.

Comments:- कुछ योजना पंजी में ऐसा किया गया है। किन्तु अगले वर्ष से सुधार कर लिया जाएगा।

There is statutory dues which is not deposited on stipulated time , it is deposited In once a year:-

Si no.	Items	Royalty tax	Vat	TDS	Labor cess
1	Nagrik suvidha	11,487.00	27,446.00	12,435.00	12,957.00
2	14 th finance	131,800.00	112,030.00	78,911.00	81,352.00
3	Rajya samposhit	168,975.00	146,115.00	106,562.00	109,634.00
4	13th finance	10,350.00	8,810.00	4,341.00	6,572.00
5	Professional tax	4,872.00	13,655.00	9,455.00	9,584.00
	Total	327,484.00	308,056.00	211,704.00	220,099.00

Comments:- जानकारी के अभाव में यह राशि एक मुश्त जमा कर दी गई है।

CHANAKYA ASHOK & CO. ICAI Regn. No. 012680C CHARTERED ACCOUNTANTS

Executive officer

9/7/16
Accounts Officer