

**URBAN DEVELOPMENT & HOUSING DEPARTMENT (GOVT) OF BIHAR)**

**INTERNAL AUDIT REPORT**

**OF**

**NAGAR PARISHAD MOTIHARI  
(EAST CHAMPARAN)**

**FOR THE PERIOD FROM 01/04/2015 TO 31/03/2016**

**Report Issued On**

**Conducted by:  
P. JYOTI & CO.  
(Chartered Accountants)**

To,  
The Director,  
UD & HD  
Vikash Bhawan New Secretariat,  
Patna (Bihar)

## MANAGEMENT REPRESENTATION LETTER

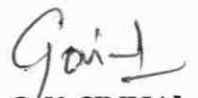
Dear Sir,

This representation letter is provided in connection with the Internal audit of the financial statements of **Nagar Parishad, Motihari** for the Financial Year ended on **MARCH 31, 2015** in accordance with the Appointment Letter issued by you and other guidelines provided to us from time to time For the purpose of expressing an opinion as to whether the effectiveness of accounting, financial and other operations and controls as an aid to management to achieve its goals of delivering its various objectives. By constant review and appraisal of the workings of the systems and procedures introduced, Internal Audit enables management to control and utilize widespread resources properly. It acts as eyes and ears of management in implementing its plans and decisions since most management decisions have financial implications on its affairs.

PLACE: PATNA  
DATE: 19/07/2017



FOR P. JYOTI & CO.  
[Chartered Accountants]  
FRN: 010237C

  
[CA. G.K. SINHA]  
Partner  
Membership No.: 426588

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P. JYOTI & CO. (Chartered Accountants)

## EXECUTIVE SUMMARY

### 1. Introduction:

#### BRIEF DETAILS OF AUDITEE AND AUDITOR

Name of the Municipality	Nagar Parishad, Motihari
Period covered under current audit	01.04.2015 to 31.03.2016
Name of Chief Officer for the period under Audit	Mr. Bijayant
Name & Address of Audit Team:	P. JYOTI & CO. (Chartered Accountants) , 6/7.1 <sup>st</sup> Floor, Dukhan Ram Plaza, Exhibition road, Patna

### 2. Results and Findings:

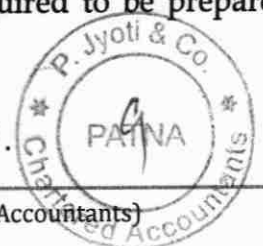
- **Strengths observed during the audit engagement.**

- 1) Response of staff and officers are satisfactory.
- 2) Office Infrastructure is sufficient for operation.
- 3) Manpower at the ULB is found to be competent.

- **Weaknesses observed in the functioning of office, maintenance of records etc. observed during the audit engagement.**

- 1) Cash collections are not deposited in Bank on same day.
- 2) Tax Collected but not deposited Rs.40405.
- 3) Total Shop Rent Outstanding Rs. 999041.
- 4) Total Outstanding Mobile Tower tax is Rs.8062500.
- 5) Nagar Parishad is not maintaining Demand Register of Advertisement Tax.
- 6) TDS is Deducted at higher Rate @ 2.65% where as it should be 1% or 2% for Individual and other respectively.
- 7) TDS deposited annually basis.
- 8) Books of Accounts are not maintained in double Entry System.
- 9) Ledger Books are not Maintain.
- 10) No entry is done in Tally System Software.
- 11) Assessment register is not prepared after year 2002 which is required to be prepared before collecting Tax.
- 12) Renewal fee of Mobile Tower is not collected by the ULB
- 13) No Demand Register for Advertisement tax is prepared by the ULB .

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14) Delay in Deposited of collected Property Tax by the collector in cash section.

3. **Opinion:**

- d) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion, not all proper books of account have been kept by the Corporation so far it appears from our examinations of those books, and
- (iii) In our opinion and to the best of our information and according to the Explanation given to us, there as so many loss to ULB.

4. **Audit Recommendations:**

- a) The proper officer should take proper action to stop leakage of revenue.
- b) There should be proper internal control.
- c) Books of Accounts should be maintained in Double Entry System.
- d) Assessment of Property should do at regular interval.

5. **Comments from Management:**

We have discussed observation of Internal audit with Mr Ajit Kumar, Cashier cum Accountant due to non availability of Executive officer and still waiting for response from him. Copy of discussion note is attached as **Annexure 1**

6. **Acknowledgement:**

We acknowledge our responsibility for expressing a professional opinion on the effectiveness of the overall financial management and to verify and review the activities of all cost centers so as to assist them in proper Functioning,

We would like to express our pleasure for the co-operations extended by the concerned ULB Management and Staff.



## DETAILED AUDIT REPORT

### 1. INTRODUCTION :

The Internal audit of **Nagar Parishad, Motihari** covering period from 01-04-2014 to 31-03-2015 was conducted by following person Under Guidance of **CA. GOVIND KUMAR SINHA**

- i) **Sudhir kumar sinha**
- ii) **Mr. Dhiraj kumar**

### 2. ADMINISTRATION :

The present body of ULB has taken charge on 09.06.2012. The incumbency in the key in the key administrative and executive position was as under:-

Name	Designation	Period
Sri Prakash Asthna	Mayor	From 09-06.2012 and onward
Shri Anil kumar	Executive Officer	From 25.07.2014 to 19.05.2015
Shri Bijyant	Executive Officer	From June 2015 onward

### 3. REVIEW OF OUTSTANDING AUDIT PARAS: Status of Audit Observation is as under :

S	Particulars of Audit & 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 Paras where no action has been taken	No. & dated of compliance report
1		6	6	4	0	0	6	

Outstanding para of CA&G Report are as follows:

1.	Delay in deposit of Property Tax.
2.	Outstanding of Contract amount of Sairat.
3.	Wrong fixation of minimum value of sairat after 3 month.
4.	Mobile Tower Collection irregularity.
5.	Non collection of full Advertisement tax.
6	Agreement value of Private Bus Stand chatauni is not paid by the contractor as per rule.

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4. FINANCE:

i) Budgetary provisions and expenditure for the last three years:-

Year	2013-14	2014-2015	2015-2016(for 9 Month)
Final Revised Budget	1,568,085,000.00		15144400
Actual Expenditure	109845056.00	125900128	252758734
Savings (+)/Excess(-)	(+) 1458239944.00		(-)237614334

ii) VOLUME OF TRANSACTIONS:-

Period	Budgeted	Previous Year (For one Year)	Corresponding Period of Previous Year	Current Period(upto Dec)	Cumulative for the current Period
Opening Balance		193008873.6	193008873.6	253137419	253137419
Receipts	420499400	184824016.3	184824016.3	149059596	149059596
<b>Total</b>	<b>420499400</b>	<b>377832889.9</b>	<b>377832890</b>	<b>402197015</b>	<b>402197015</b>
Net expenditure	405355000	125900128	125900128	149438281	149438281
<b>Closing Balance</b>	<b>15144400</b>	251932761.9	251932761.9	252758734	252758734



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