

# **INTERNAL AUDIT REPORT**

## **OF**

### **SUPPORT PROGRAMME FOR URBAN REFORMS IN BIHAR (SPUR)**

**ULB : NAVINAGAR**

**FOR THE PERIOD**

**(01-04-2014 TO 31-03-2015)**

**Audited By :**

U. S. Prasad & Co.  
*Chartered Accountants*

4<sup>th</sup> Floor, 34, Kavi Raman Path,  
Nageshwar Colony, Boring Road,  
Patna 800001

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**To,**

**The Secretary, UD & HD**

**Urban Development and Housing Dept.**

**Govt. of Bihar**

**101, 1st Floor, Vikash Bhawan**

**New Secretariat**

**Bailey Road**

**Patna – 800 015 (BIHAR)**

**Dear Sir,**

**Sub: Internal Audit Report of NAGAR PANCHAYAT, NAVINAGAR for  
the Period 01.04.2014 to 31.03.2015.**

We are submitting the audit report of Nagar Panchayat, Navinagar for the period starting from 01-04-2014 to 31.03-2015 in reference to our appointment as Internal Auditor for Group 9 issued by support programme for urban reforms in Bihar (SPUR), Patna vide Notice to proceed no. SPUR-PMU/194/IA-140ULBs&SLMA/S-3/USP/2016/139/36 Dated 05<sup>th</sup> April 2016.

Our scope of audit covers the requirement of specific points as spelled out in contract agreement entered with the management of SPUR.

*for U. S. Prasad & Co.*

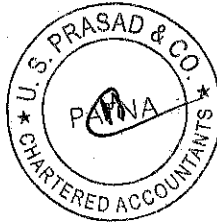
**Chartered Accountants**



**CA. Manoj Kumar**

**Partner**

**M. No.: 418631**



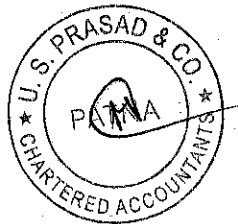
Date - 16/7/16  
Place - Patna

**NAGAR PANCHAYAT, NAVI NAGAR**

**INTERNAL AUDIT REPORT OF F.Y.2014 - 15**

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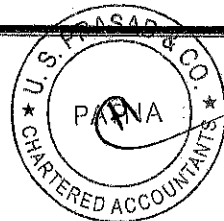
## **Executive Summary**

### **1. Introduction:-**

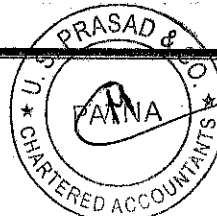
- **Name of Municipality:- NAGAR PANCHAYAT, NAVINAGAR**
- **Period covered under current audit: - 01-04-2014 to 31-03-2015.**
- **Name of the chief municipal officer for the period under audit:- SURENDRA PRASAD MANDAL**

### **2. Results and Findings**

- **Strength observed during the audit engagement**
  1. Subsidiary Cash Book has been written.
  2. All Vouchers were passed properly and signed by the authorised person.
  3. All vouchers have supporting documents.
  4. Office Infrastructure is sufficient for operation.
  5. Response from officers & Clerks are satisfactory.
- **Weaknesses observed in the functioning of office, maintenance of records etc. Observed during the audit engagement**
  1. General Cash Book has been not prepared.
  2. Fixed Assets Register is not maintained.
  3. Advance Register is not maintained.
  4. Stock Register is not maintained.
  5. Daily collection register are maintain but separately daily collection register (Revenue receipt wise) are not maintained.
  6. In some payments to contractors TDS has not been deducted and in other cases where TDS have been deducted at higher rate and it has not been deposited till date. Therefore TDS Return has not filled till date.



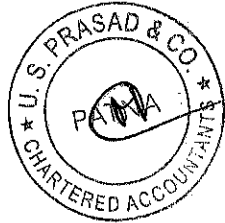
7. Annual budget has not been prepared by the ULB.
8. Holding tax rate has not been revised on any property thus tax has been collected old rate.
9. Mobile Tower tax has not been properly collected, As per records maintained by the ULB number of tower is 07 as on 31-03-2015. Total outstanding tax amount is Rs. 9,74,030/- (For registration fee and renewal fee).
10. Daily collection amount has not been timely deposited in bank as per the procedure prescribed by the BMA, 2007.
11. Municipal Accounts Committee has not been constituted.
12. Budget has not been provided to us during the course of audit.
13. Amount of Vat, TDS and royalty has not been deposited to the concern department.
14. Labour cess has not been deducted by the ULB.
15. No procurement register has been maintained by the ULB.
16. Log book of is not maintained properly for vehicles by the ULB.
17. TDS and Royalty have been deducted on wrong rate by the ULB.
18. Daily Collection receipt has been submitted late in cash section by the cash collector.
19. Minute of Board meeting has not been maintained but ceased by the ULB no proper information about these documents.
20. Amount of 13<sup>th</sup> finance has not been utilised as par prescribed ratio.
21. Utilisation certificate has not been provided to us during the course of audit.
22. No Separate Grant register is being maintained; hence it is difficult to find out the amount of unutilised grant at any point of grant.
23. Documents related with IHSDP ceased by the police therefore no proper information provided to us during the course of audit.
24. Books of accounts have not been verified by the E.O on regular interval.



### 3. Opinion

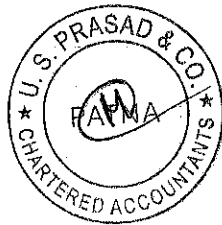
Core Municipal functions are performed by the ULB. So far the ULB is concerned they are not working properly, even internal control is poor. ULB has not maintained proper cash book and other books of accounts which are required. Revenue collection of the ULB is very poor it may be increased multiple of time by considering these points:-

- Adopt revised rate of property tax of 2013 and properly follow the guideline to recover dues taxes against those who do not pay the taxes on time.
- All cash collection from own source should be deposited on the same day or next working day.
- Bank reconciliation statement should be done monthly basis.
- The Books of Accounts must be maintained as prescribed by BMA.
- Fee and charges for the different categories cover under Sairat should be collected on due date.
- Statutory deduction and deposit thereof should be strictly followed such as VAT, Royalty, TDS, Labour Cess Etc.



**4. Audit Recommendations**

- i) Fixed Assets Register should be maintained.**
- ii) Advance Register should be maintained.**
- iii) Stock Register should be maintained.**
- iv) Daily Collection Register separately for each head should be maintained.**
- v) TDS deduction & deposit thereof and e filling of TDS return should be made timely and proper manner.**
- vi) Tax amount should be collected from Mobile tower.**
- vii) Daily collection amount should be deposited into cash section and bank account as prescribed in BMA 2007.**
- viii) Municipal Accounts Committee should be appointed.**
- viii) Budget prepared by the ULB should be approved by the state government.**
- ix) Timely passing of budget by board and onwards submission to the government.**
- x) Book of accounts are verified by EO on regular interval.**
- xi) Separate bank account should be maintained for every scheme.**
- xii) Procurement register should be maintained.**
- xiii) Utilisation certificate should be prepared.**



Internal Audit Report of Nagar Panchayat Navl Nagar

5. Comments 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.

*Surendra Prasad Mandal*  
16.07.16

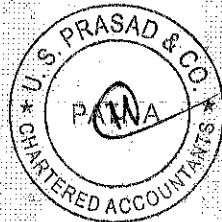
For, Nagar Panchayat, Navl Nagar  
(Executive Officer.)

नगर कार्यपालक प्रशासक  
नगर प्रशासन, नवलनगर

6. Acknowledgement

We thank Mr. Surendra Prasad Mandal (Executive Officer), for his support during the period of our audit. We are also thankful to accountant and other staff of the Nagar Panchayat for their co-operation during the period of audit.

Place: Patna  
Date: 16/7/16



for, U.S. PRASAD & CO.  
Chartered Accountants

*Manoj Kumar*  
Manoj Kumar  
(Partner)  
M.No: 418631



## **Detailed Audit Report**

### **1) Introduction**

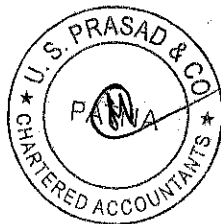
The Internal audit of **Nagar Panchayat, Navi Nagar** covering the period from **01-04-2014 to 31-03-2015** was conducted by following persons under guidance of CA Manoj Kumar

- i) Mr. Arun Kumar
- ii) Mr. Ashish Kumar

### **2) Administration**

The present body of ULB has taken charge on 28/09/2014. The incumbency in the key administrative and executive positions was as under:

Smt. Radha Singh, Chief Counsellor From 28-09-2014 to till date.  
Surendra Prasad Mandal – Executive Officer- At Present

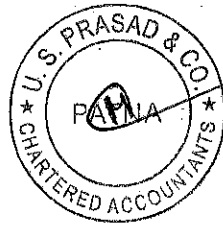


3) Review of outstanding audit paras : Status of Audit Observations is as under:

**Compliance of Previous Audit Report**

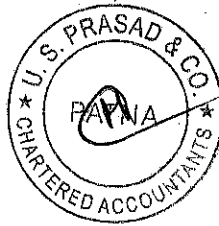
Compliance of previous audit report has not been done by the Nagar Panchayat Details are follows:-

S.No	Particulars of audit and date of report.	Total no. Of audit paras.	Total number of audit paras where necessary improvement/corrective measure is required.	Total number of audit paras where recovery of cash is proposed	Total number of audit paras where recovery has been made	Total of recovery	Total no. Of audit outstanding para of where no action has been taken.	No & date of complace of audit report
1	C.A.G	22	22	04	04	0	22	Compliance yet to be done



### Deficiency Pointed Out in AG Audit Report

- Holding/Miscellaneous receipt of Rs 59,085/- of has not been deposited.
- Holding/ Miscellaneous receipt has been deposited with delay from 210 to 219 days.
- Demand & collection register of Property tax has not been maintained by ULB.
- There was short realization of Rs. 32,550/- from settlement of sairat of Shanivar bazaar & Mangal Bazaar haat during the period 2011-12.
- Total amount of revenue loss incurred by Rs. 64,643/- because of not making agreement of settlement of sairats on requisite stamp paper @ 3% of bid value as per letter issued by chief secretary.
- Total amount of stamp duty of Rs. 50,289/- collected during the period 2010-2015 but the same is not remitted to concerned department of State Government.
- Total outstanding property Tax as on 31<sup>st</sup> march 2015 were Rs.302354/-
- Many Sairats were settled without entered into agreement with successful bidder.



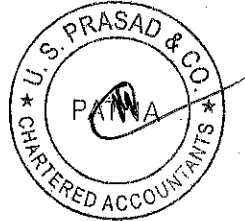
4) Finance :-

i Budgetary Provisions and expenditure for the last three years:-

Year	2012-13	2013-14	2014-15
Final/Revised Budget	No Annual Budget has been prepared by the ULB		
Actual Expenditure	4,193,148.00	13,063,596.00	150,985,701.00
Savings(+)/Excess(-)	4,193,148.00	13,063,596.00	-150,985,701.00

ii) Volume of transaction:

Period	Budgeted 2014 -15	Previous Year (For one year) 2013-14	Correspondi ng Period of Previous Year	Current Period 2014-15	Cumulativ e for the current period
	<b>Budgeted</b>		-		
(A) Opening Balance		3,27,49,890.00		5,48,90,753.00	
(B) Receipts		3,52,04,459.00		16,15,98,505.00	
(C) Total (A +B)		6,79,54,349.00		21,64,89,258.00	
(D) Expenditure		1,30,63,596.00		15,09,85,701.00	
(E) Closing Balance (C-D)		5,48,90,753.00		6,55,03,557.00	



**III. Bank Reconciliation**

Since different scheme has been maintained in single cash book therefore segregation of balances of different Scheme as on 31<sup>st</sup> March 2015 can not be determined.

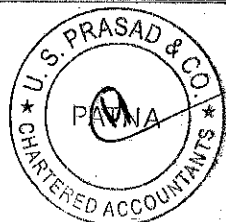
Similarly since through one bank account different schemes are being operated the bank balance of a particular scheme on a particular date can not be determined.

The ULB has thirteen bank account but bank reconciliation statement has not been prepared for any bank account. Balance as Per Bank statement and Cash Book as on 31/03/2015 given below :-

**List of Account maintained by Nagar Panchayat, Navinagar.**

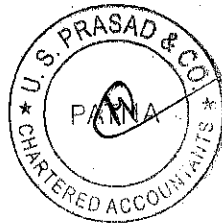
					Balance As On 31 <sup>st</sup> march 2015	
S.NO	BANK NAME	ACCOUNT NUMBER	SCHME NAME	TYPES OF ACCOUNT	Bank Statement	Cash Book
1	CBI	3333446955	AWAS YOJNA	SAVING	89,436.00	-
2	SBI	33527604171	ADHARBHUT SAURACHANA	SAVING	90,77,105.00	-
3	SBI	33527600198	AWAS YOJNA	SAVING	1,00,73,508.00	10,193,213.00
4	CBI	2150967877	SAMITI NIDHI,4TH FINANCE	SAVING	38,62,426.00	38,62,426.00
5	PNB	6082000100158510	SWAKSH BHARAT MISSION	SAVING	5,30,000.00	5,30,000.00
6	PNB	6082000100159900	E GOVERNACE	SAVING	-	-
7	SBI	11753373859	BRGF, STATE PLANE	SAVING	43,69,805.14	21,85,230.00
8	PNB	6082000100150667	ADHARBHUT SAURACHANA	SAVING	4,00,00,000.00	-
9	PNB	6082000100061103	STATE PLANE	SAVING	1,40,14,416.00	1,98,00,563.00
10	PNB	6082000100091821	SJSRY	SAVING	30,59,337.90	23,76,520.00
11	SBI	32711214204	13TH FINANCE	SAVING	13,04,204.00	69,73,200.00
12	SBI	11753311713	SJSRY+11TH+12TH FINANCE	SAVING	14,561.86	-
13	P/L Account		P/L Account		2,39,74,831.00	2,39,74,831.00
Total					<b>11,03,69,630.90</b>	<b>6,98,95,983.00</b>
Difference of Bank Statement & Cash Book					<b>4,04,73,647.90</b>	

Note :- Documents related with IHSDP (AWAS YOJNA & ADHARBHUT SAURACHANA) ceased by the police therefore no proper information provided to us during the course of audit.



IV. Revenue Receipts:-

Period	Budgeted 2014-15	Previous Year (For one year) 2013-14	Correspondi ng Period of Previous Year	Current Period 2014-15	Cumulative for the current period
<b>a) Own Source</b>	Annual Budget has not been prepared by the ULB		Not Applicable		Not Applicable
Holding Tax		1,90,919.00		1,45,510.00	
Assigned Revenue		3,64,307.00		4,58,402.00	
Fee & User /Other Charges		1,90,919.00		7,70,010.00	
<b>Total - A</b>		<b>7,46,145.00</b>		<b>13,73,922.00</b>	
<b>b) Administrative Grant</b>					
<b>c) Specific Grant (Scheme wise)</b>					
i) State Plan		9,38,700.00		10,12,618.00	
ii) PLA		2,41,82,977.00		-	
iii) SJSRY		61,129.00		1,32,467.00	
iv) 12th Finance		-		-	
v) 13th Finance		84,60,343.00		80,22,282.00	
vi) Nagrik Suvidha		-		-	
vii) IHSDP		-		15,23,51,443.00	
viii) seva nivrit karmiyo ka bakaya bhugtan		-		-	
ix) B R G F		15,61,310.00		79,695.00	
x) Lok Swathya & Swachhta		-		-	
<b>Total Rs - (B)</b>	<b>3,52,04,459.00</b>	<b>16,15,98,505.00</b>			
<b>Total(RS) (A+B)</b>	<b>3,59,50,604.00</b>	<b>16,29,72,427.00</b>			

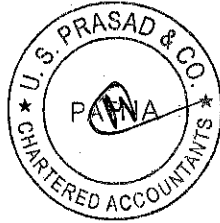


**V. Status of implementation of Double Entry Accounting System :**

Accounting of Nagar Panchayat, Navinagar not being maintained on the basis of Double Entry Accounting System for the F.Y – 2014-15.

**VI. Status of Municipal Accounts Committee: if meeting is held :**

Nagar Panchayat, Navinagar is yet to constituted Municipal Accounts Committee under section 98 of the Municipal Act, 2007.



## **Audit Observations**

### **I. Part - A**

All Audit objections / Irregularities which has monetary implication, particularly in following areas:-

#### **i. Holding & Property Tax Collection**

**Audit Objective** – As per Point No. – 4.4 of TOR

**Criteria** – Non-Collection of Property Tax/Holding Tax by the concerned ULB.

**Condition** – Total Property tax outstanding as on 31<sup>st</sup> March 2015 is Rs. 3,78,700/-.

**Consequence / Effect / Impact** - Due to non collection of Property/Holding Tax there is a major operational revenue loss to ULB and there is no record / register to know total current & arrear demand of holding tax. Demand / Collection & Arrear Register have also not been provided to us for verification.

**Cause** – This happens due to lack of proper follow up and monitoring of activities of Tax Inspector / Collector by the concerned officers on regular interval.

**Corrective Action / Recommendation** – There should be day to day monitoring on Collection of Taxes and Also maintenance and updating of Demand & Collection Register on regular interval.

#### **ii. Mobile Tower Collection – Irregularity :-**

**Audit Objective** – As per Point No. – 4.4 of TOR

**Criteria** – Tower Tax is taxes on Communication Tower & related structure as defined in BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES, 2012. As per the rule, all operators are required to register with their concerned ULBs and pay registration fee & renewal charges on annual basis for



communication tower erected within municipal area. Currently the registration fee for Nagar Panchayat is Rs. 30,000/- per tower and annual renewal fee is Rs. 8,000/- per annum per tower.

**Condition** –As per details provided to us there are total 7 (Seven) Mobile Towers registered with this ULB up to 31.03.2015 and Rs. 6,98,000/-, is due to be recovered from these tower operators on account of Tower Tax.

**Consequence / Effect / Impact** - Due to non collection of Tower Rent there is a revenue loss to ULB.

**Cause** – This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the Tower Rent due to which result in Revenue leakage.

**Corrective Action / Recommendation** – There should be proper monitoring and further steps are required to be taken for collection of Mobile Tower Tax by concerned ULB.

iii. **Short/Non Settlement from Sairats :-**

**Audit Objective** – As per Point No. – 4.4 of TOR

**Criteria** – Non-Collection of Toll Tax from temporary shops, Bus Stand & Mangla and saniture Market

**Condition** – Total Sairats (Toll Tax from temporary shops, Bus Stand & Mangla and saniture Market) outstanding as on 31<sup>st</sup> March 2015 is Rs. 2,48,000 /-.

**Consequence / Effect / Impact** - Due to non collection of Toll Tax from temporary shops, Bus Stand & Mangla and saniture Market there is a major operational revenue loss to ULB and there is no record. Demand / Collection & Arrear Register have also not been provided to us for verification.

**Cause** – This happens due to lack of proper follow up and monitoring of activities of Tax Inspector / Collector by the concerned officers on regular interval.

**Corrective Action / Recommendation** – There should be day to day monitoring on Collection of Taxes and Also maintenance and updating of Demand & Collection Register on regular interval.

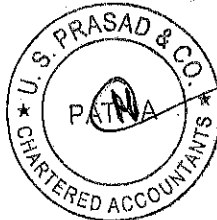
- iv. Document related to IHSDP and proceeding register of Board had been ceased by the police, therefore we unable to obtain required information.

**V. Deficiency in Laptop purchase:**

On 24/11/2014 vide order No. 05, board has passed order for purchase of 16 laptops for ward counsellor but permission & grant only for 6 laptops purchase has been granted by the government rest laptops has been purchase by the internal revenue source of ULB by the board without any solid reason or departmental order. Laptop value = 479200.00

**vi. Short/Non Settlement from Sairats.**

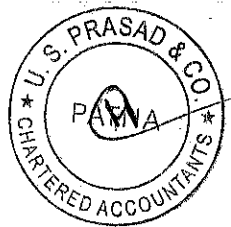
1. Bus Stand Toilet: Tender amount of this sairats were Rs. 16,500 but agreement has not been made on requisite value of stamp paper.
2. Toll Tax from temporary shops. Tender amount of the sairats were 4,75,000.00 out of this 50% amount i.e Rs. 2,37,500.00 has to be deposited as earnest money. Only Rs. 1,00,000.00 has been provided till date and balance amount of Rs. 1,37,500.00 not yet received.
3. Bus Stand:- Tender amount of the sairats were 3,28,000.00 out of this 50% amount i.e Rs.1,64,000.00 has to be deposited as earnest money. Only Rs. 1,00,000.00 has been provided till date and balance amount of Rs. 64,000.00 not yet received.
4. Mangla and saniture Market:- Tender amount of the sairats were Rs. 1,53,000.00 out of this 50% amount i.e Rs. 76,500.00 has to be deposited as earnest money. Only Rs. 30,000.00 has been provided till date and balance amount of Rs. 46,500.00 not yet received.



- Vii. Property / Holding tax are assessed by the ULB. There for property tax on minimum 20 high value properties could be determined :-

Details of HIGH VALUE PROPERTIES

S.NO	NAME	WARD NO	HOLDING NO	ANNUAL RENTAL VALUE
1	GOPAL PRASAD AGRAWAL	7	622	1178/-
2	SANTOSH PRASAD GARG	7	803	570/-
3	KEDAR SINGH	8	703	874/-
4	MADAN PRASAD GUPTA	8	625	418/-
5	GOPAL PRASAD AGRAWAL	8	591	475/-
6	JAYRAM PRASAD HALWAI	8	593	513/-
7	RAM PRATAP AGRAWAL	8	693	380/-
8	GOPAL LAL	8	608	342/-
9	KRISHNA THAKUR	8	603	285/-
10	GUPTESHWAR PRASAD	8	562	209/-
11	GAJNATH PRASAD	9	535	190/-
12	PRAMOD KUMAR AGRAWAL	9	537	152/-
13	RAHAMAT ALI	9	533	143/-
14	RAMHANDRA HALWAI	9	502	114/-
15	GOLAM MOHAMMAD	9	414	95/-
16	MUNNA SAW	9	341	76//-
17	GANGA PATWA	10	204	86/-
18	SURYA BHUSHAN CHAUDHARY	10	158	67/-
19	NANHAK PANERI	10	135	57/-
20	DUKHI SAW	12	27	48/-

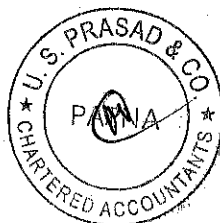


**II. Part - B**

- A. As per Rule 136 of Bihar Municipal Accounting Manual 2014, every year budget should be prepared for receipts and expenditure in Performa 75, 77 and 80. It is not prepared as per prescribed Performa by the concerned ULB.
- B. As per Bihar Municipal Act, 2007, Holding Tax (residential, Commercial, Land etc.) should be revised after every five years, but Nagar Panchayat, Navinagar failed to do so.
- C. As per Rule 18 of Bihar Municipal Accounting Manual 2014, voucher should be maintained serially for different schemes in different code, but it is not maintaining accordingly. Vouchers are not keeping in guard file and not systematically arranged.
- D. It has been noticed during the audit that the following Books of Accounts & Subsidiary Registers has not been maintained or not properly maintained (Status as mentioned).

Sl. No.	Particulars	Status
1	Cash Book	Maintained
2	Subsidiary Cash Book	Maintained
3	Ledger Book	Maintained
4	Grant Register	No Maintained
5	Advance Register	No Maintained
6	Pay-Roll Register	No Maintained
7	Vehicle LOG Book	No Maintained
8	Store Register	No Maintained
9	Fixed Assets Register	No Maintained
10	Demand & Collection Register of Property Tax, Mobile Tower Tax, Shop Rent etc.	Maintained

- E. In ULB, internal control are not in place and not properly working in respect of day to day working, payment of expenditure collection of revenue, tender etc.



F. Non – compliance of TDS, VAT, Royalty & Labour cess relevant statute :-

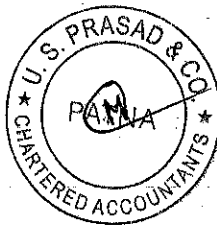
- VAT and Labour Cess have not been deducted from any payment made to contractor.
- TDS and Royalty has been deducted but the same could not be verified whether deposited or not due to non-availability of deposit slip or challan.

G. Pay-Roll Register has not been shown to us during the period of internal audit, thus we are unable to comment on deficiency in pay-roll system.

H. Grant Register has not been maintained by the concerned ULB and upon enquiry of status of utilization certificate, the concerned officials has failed to provide above information.

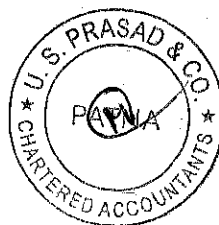
I. Inventory/ Stores Register and Fixed Assets Register have not been maintained in concerned ULB and in the absence of above register it is difficult to verify the same.

J. Advance Register has not been maintained by the concerned ULB and in the absence of above register it is difficult to check or comments on adjustment and recovery of advances.



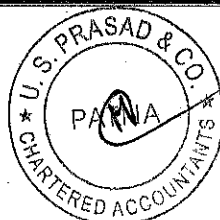
**PART – "C"****General Observations****QUESTIONIER**

Sl. No	Particular	Remarks/ Observation
1	Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts.	YES. But Main Cash book not maintain.
2	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.	No, books are not maintained as per guideline of BMA.
3	Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts.	No, Quarterly, Half yearly & Yearly Financial Statements have been no prepared by the Nagar Panchayat
4	Whether the period-end and reconciliation procedures prescribed have been carried out.	No, period-end and reconciliation procedures prescribed have not been carried out.
5	Whether the Bank Reconciliation statements have been prepared and are appropriate.	No, Bank Reconciliation statements have not been prepared by the Nagar Panchayat
6	Whether all grants from Government have been accounted at gross value with proper entries to various accounts.	Yes, except for the period 2014-15.
7	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail.	No, all transactions have not been maintained Receipts and Payment, Income and Expenditures, Assets and Liabilities by the Nagar Panchayat..
8	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 and all deductions have been properly accounted.
9	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.
10	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.	No irregularity has been found on work contract.
11	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	No, Fixed asset register has been made, so unable to comment on it.



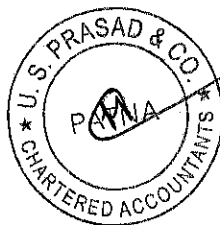
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	the books of account.	
12	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry.	No, leasehold property has been found
13	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores.	No, physical verification of store has been conducted by the ULB at reasonable intervals.
14	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, Nagar Panchayat has not been maintaining any store register.
15	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 physical verification any.
16	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.	physical verification has been conducted by the ULB at reasonable intervals in respect of stores.
17	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 stock register has been found. Valuation of store has not been done.
18	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?	No such issue has been found
19	Whether advances given to municipal employees and interest thereon are being regularly recovered.	No advance register has been maintained so we are unable to verify whether it is being recovered regularly.
20	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	No, there exist an adequate internal control procedure for the purchase of stores, components and assets.
21	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.
22	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 Nagar Panchayat is not regular in depositing statutory dues. We observed that all such taxes deducted during the financial year have been deposited in the month of March 2015.
23	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.	Yes
24	Whether any personal expenses have been charged to the municipality' s accounts; if so, the details thereof.	We did not notice any such expenses.
25	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned	Yes, on our test check we observed that all the expenditure incurred by the nagar panchayat



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	budget, whether made originally or subsequently and are in all cases such as are authorized by law.	are authorized by appropriate provision in the sanction budget.
26	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis.	No, all revenues from own sources have not been properly assessed, accounted for and collected. For exp. – Mobile Tower & Stamp Duties
27	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.	No, The statutory liabilities are not within the prescribed time limits. For exp. – TDS, VAT etc.
28	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, we observed that all bills for charges of 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.
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.	Yes, The amount received as specific grants have been utilized for the purposes as stated in the grant sanction order.
30	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.	No, bio-metric devices and payroll software system are not used by the ULB.



**for U. S. Prasad & Co.**  
**Chartered Accountants**

**CA. Manoj Kumar**

**Partner**

**M. No.: 418631**

Date - 16/11/16  
Place - Panna.