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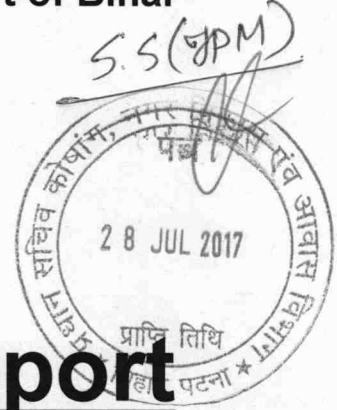
To

The Principal Secretary

Urban Development & Housing Department, Govt of Bihar

Vikas Bhawan, New Secretariat, Patna

VS/507  
31-7-17



**Internal Audit Report**  
**Submitted as per Contract**  
**Agreement No 140**  
**dated 05<sup>th</sup> April 2016.**



Internal Audit Report  
Submitted as per Contract  
Agreement No 140  
dated 05<sup>th</sup> April 2016

As submitted by

K R A & Co

(Chartered Accountant)

Naya Tola, Patna, Bihar

Contact No: 9971178375, 9708747261

**APPENDIX – V**

**Internal Audit Report**

**ULB**

Of Patna Nagar Nigam

For the period from 01/04/2015 to 31/03/2016

APPENDIX – V

Internal Audit Conducted By

**K R A & Co**

**(Chartered Accountants)**

Naya Tola, Patna, Bihar

Of Patna Nagar Nigam

For the period from 01/04/2015 to 31/03/2016

Report Issued On 24.07.2017

Internal Audit Conducted By

**K R A & Co**

Internal Audit Report - Patna Nagar Nigam for F.Y. 2015-16

Naya Tola, Patna, Bihar



# K R A & Co. (Chartered Accountants)

Naya Tola, Patna, Bihar-800004

Mb: 09708747261, 09971179375, E-mail: krapatna@gmail.com

## Executive Summary

### 1. Introduction

- Name of the Municipality – PATNA NAGAR NIGAM
- Period covered under current audit – 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016
- Name of Chief Municipal Officer for the period under Audit – Mr. Abhishek Singh

### 2. Results and Findings

#### A. Strengths observed during the audit engagement:

- Manual Accounting system is in existence though not much effective.
- Responses from Executive officers, Head Clerks were satisfactory.
- Office Infrastructure is sufficient for operation.

#### B. Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement.

- Non-Preparation of Bank Reconciliation Statements
- Delay in deposit & non-deposition of collected Revenue/property tax by the Tax collector. Approx. Rs. 6.66 Lacs short deposit found in sample cases.
- Significant Amount of Rs. 50,10,000 (based on records Produced) Mobile Transmission Tower Tax (Registration & Renewal fees) Collection / recovery Pending
- Unable to collect Govt. Building tax of Rs. 15.81 Crore approx. as calculated (based on records Produced) as on 31<sup>st</sup> Mar 16.
- Significant amount of uncollected Market/Shop/stall rent
- Cash book not maintained properly
- Final Payments have been made without M and N form/affidavit from Contractor.
- Non-compliance of Income Tax Act & Rules related to TDS deduction, deposit & return filing. Interest & penalty may be imposed for non-compliance of Income Tax Act & Rules related to TDS deduction, deposit & return filing.
- Non-Deposit / Late Deposit of Royalty, VAT & Labour Cess by the circles & divisions of PMC.
- Fixed assets register not maintained/updated properly for F.Y.2015-16.It was maintained till F. Y. 2006-07.
- Advance register not maintained properly & Long Outstanding advances not adjusted at ULB.
- Stores Register not maintained properly.
- Non-Maintenance of prescribed books of accounts including Annual account as per BMA 2007 & BMAR 2014 till the date of audit.



### 3. Opinion

In our overall opinion - ULB is not much efficient due to non-implementation of proper accounting system and financial management of records and not following Bihar Municipal Accounting Rules 2014 properly due to lack of trained staff / skilled manpower.

### 4. Audit Recommendations

The Concerned Authority at ULB should raise request for proper manpower requirements at ULB. Proper & relevant Training Programs for existing manpower must be developed, depending upon their Key Responsibilities Area. Further they must be given training on Bihar Municipal Act & Rules so that proper adherence to the Act & Rules could be done at ULB.

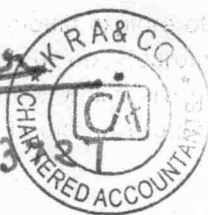
The Concerned Officers should explore other areas of Revenue Generation by surveying their area for Tower tax, Trade tax, Advertisement Tax, Hoarding Fees, Other Fees Taxes & Record Keeping should be done properly. Several Books and registers which are not maintained or maintained in improper manner should be done properly. Team at ULB should have adequate coordination between them for making their internal control system perfect.

### 5. Comments from Management

As per local management, due to shortage of competent staff and absence of effective centralised financial control over reporting, they have not been able to resolve the pending issues. In line with the action plan, requisition of placement of proper staff shall be made in future for better financial management.

### 6. Acknowledgement

We acknowledge that we have received cooperation at the respective ULB and corporation and acceptance of findings and management will follow the recommendations

Manvinder KRA & CO.  
M. No. 513  


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