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30-5-17

Principal Secretary,

Urban Development & Housing Department, Govt of Bihar

Vikas Bhawan, New Secretariat, Patna

S.S.(JPM)



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श्री. क. राजेश्वर

कायदा
31/5/17

Internal Audit Report
Submitted as per Contract
Agreement No 140
dated 05th April 2016.



As submitted by
K R A & Co.

(Chartered Accountant)
Naya Tola, Patna, Bihar

Contact No: 9971179375, 9708747261

APPENDIX – V

Internal Audit Report
ULB

Of Phulwarisharif Nagar Parishad

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

Internal Audit Conducted By

K R A & Co.

(Chartered Accountants)

Naya Tola, Patna, Bihar

Report Issued On...30-05-2017



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 – PHULWARISHARIF NAGAR PARISHAD
- Period covered under current audit – 1st April 2015 to 31st March 2016
- Name of Chief Municipal Officer for the period under Audit – Mr. Lakhindar Paswan

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.

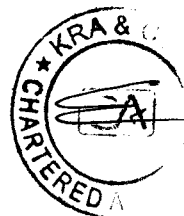
B. Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement.

- Delay in deposit & non deposition of collected Holding/property tax by the Tax collector.
- Unable to collect mobile transmission tax of Rs. 15,84,810.00/-
- Labour Cess of Rs. 7, 51,161/- & Royalty of Rs. 12, 22,983/- deducted but not deposited till date.
- Final Payments have been made without M and N form/affidavit from Contractor.
- Non compliance of Income Tax Act & Rules related to TDS & non collection documents from employees.
- Fixed assets register not maintained/updated properly & deviation in sample physical verification of Fixed Assets found.
- Unadjusted old advances carried forward & Advance register not maintained at ULB.
- Stores Register not maintained properly.
- Non Maintenance of prescribed books of accounts including Annual account as per BMA 2007 & BMAR 2014.

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.

4. Audit Recommendations



The Concerned Authority at ULB should raised request for proper manpower requirements at ULB. Proper & relevant Training Programs for existing manpower must be developed, depending upon their Key Responsibilities Area (KRA). 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 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

Maavind & KRA



K R A & Co. (Chartered Accountants)

Detailed Audit Report

1. Introduction

The Internal audit of Patna Phulwarisharif Nagar Parishad covering the period from 01/04/2015 to 31/03/2016 was conducted by our audit team under guidance of CA. Manvinder Kaur, Partner, K R A & Co. (Chartered Accountants)

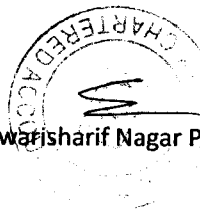
2. Administration

The present body of the ULB has taken charge on 09.06.2012. The incumbency in the key Administrative and executive positions were as under:

Executive Officer: - Mr. Lakhindar Paswan
Chairman: - Mrs. Khalda Yusuf
Vice-Chairman:- Mr. Md. Shaban
City Manager: - Mr. Anand Kumar

3. Review of outstanding audit paras:

S. 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. & dated of compliance report
1	AG Audit for FY 12-13 13-14 & 14-15 done in May & June 2015	43	43	14	NIL	NIL	43	NA
2.	Finance Audit for 15-16 done in June & Sept.2016	36	36	4	4	91961	32	17.12.16



Particulars of outstanding paras of AG audit are given below:

S. No. of Paras	Particulars
13	No Annual Accounts prepared
14(i)	Income & Expense separate books
14(ii)	BRS not prepared
Part II (K)1	Labour cess non compliance
Part II (K)2	Non collection of development fees in passing maps
Part II (K)3	FA not taken back Ramki Invero
Part II (K)4	Extra payment to Ramki for cleaning job
Part II (K)5	Non collection of mobile tower tax
Part II (K)6	Delay penalty not deducted
Part II (K)7	Collected tax not deposited
Part II (K)8	Irregular Salary payments
Part II (K)9	Loss on purchase of fogging machine
Part II (K)9A	Excessive expense on fogging machine
Part II (K)10	fogging machine purchase without requirement
Part II (K)11	Purchase of Diesel without fogging
Part II (K)12	Excess advance payment
Part II (K)13	Municipal money misused for councillors' gift
Part II (K)14	Municipal money used for snacking
Part II (K)15	Purchase of Diesel without Tractor use
Part II (K)16	irregularity in Sodium vapour light installation
Part II (K)17	Tax collection used without approval
Part II (K)18	Irregular SJSRY payments
Part II (K)19	No TDS on SJSRY payments
Part II (K)20	No collection of penalties
Part II (K)21	Irregular double payment in SJSRY
Part III (TAN)1	Laws not followed in passing maps
Part III (TAN)1	No supervision of under construction building
Part III (TAN)2	Completion & ownership certificate not issued
Part III (TAN)2	Irregular cartage payments
Part III (TAN)3	Unauthorized Map passed due to Vastu
Part III (TAN)2	Irregularity in holding tax collection
Part III (TAN)3	Grant register issues
Part III (TAN)4	Cash register issues
Part III (TAN)5	Important registers not maintained
Part III (TAN)6	Voucher not properly maintained



Part III (TAN)7	Government grant & usage
Part III (TAN)8	Advances
Part III (TAN)9	Misuse of holding tax by R S Sharma
Part III (TAN)10	Pending holding tax list not presented
Part III (TAN)11	Holding tax receipt not presented
Part III (TAN)12	Grant used for other purpose
Part III (TAN)13	Unused money of old schemes
Part III (TAN)14	Payment issue

4. Finance

I. Budgetary provisions and expenditure for the last three years:

Year	2015 -16	2014-15	2013-14
Final/Revised Budget	30,20,60,175/-	17,63,86,000/-	8,92,29,139/-
Actual Expenditure	15,83,43,872/-	6,26,60,520/-	13,51,11,456/-
Savings(+)/Excess(-)	14,37,16,303/-	11,37,25,480/-	(-)4,58,82,317/-

II. Volume of transactions

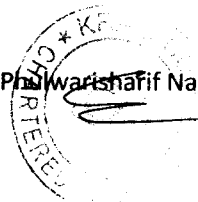
Period	Budgeted (FY 2015-16)	Previous Year (For FY 2014-15)	Cumulative for the current period (FY 2015-16)
Opening balance	16,82,40,820/-	12,87,29,625/-	16,82,40,820/-
Receipts	13,47,29,536/-	10,21,71,715/-	24,81,28,900/-
Total	30,29,70,356/-	23,09,01,340/-	41,63,69,720/-
Net expenditure	30,20,60,175/-	6,26,60,520/-	24,03,37,857/-
Closing balance	9,10,181/-	16,82,40,820/-	17,60,31,863/-

III. Bank reconciliation

Bank reconciliations have not been prepared up to 31.03.2016, therefore a total of **Rs. 60, 43,374/- unexplained differences observed between Cashbook balances & Passbook balances.**

Closing Balances as per Passbooks are as follows:-

S. No.	BANK ACCOUNT	Scheme Name	BALANCE AS ON 31.03.2016
1	Treasury A/c-PLA	Matching Grant ,MLA Fund, IVth Finance & MLC Fund	16,14,09,187.40
2	PNB-A/c No.90016	Municipal Fund	6,46,403.92
3	PNB A/c No.90007	IV th Finance	43,688.92



4	PNB-A/c No.90025	XIIIth Finance	62,41,730.92
5	OBC-12892	Pension Scheme	23,27,251.00
6	OBC-12502	e-Governance	4,61,312.00
7	CANERA BANK-2885	Municipal Fund	74,980.00
8	CANERA BANK-4093	BRGF	3,53,814.00
9	SBI-4186	Municipal Fund	31,00,829.00
10	SBI-6655	BRGF	40,742.00
11	OBC-1000258	CENSUSE	64,465.00
12	OBC-12595	Slum Department	1,48,34,555.00
13	CANERA BANK-1874	SJSRY	43,98,829.00
14	Allahabad Bank-75057	SJSRY	80,372.85
15	Allahabad Bank-112480	SJSRY	1,271.00
16	Madhya Bihar Gramin Bank-4657	ILCS	24,76,518.00
17	CBI-1333	Kabir Antiasthi	2,24,955.50
18	Madhya Bihar Gramin Bank-13059	XIIIth Finance	10,107.00
19	OBC 21917	TAX	18,27,020.00
20	Andhra bank 88865	Swach abhiyan	17,86,441
21	Madhya Bihar Gramin Bank	Advance	9,96,247
	TOTAL		20,14,00,720.50

Closing Balances as per Cashbooks are as follows:-

S. No	Scheme Name	BALANCE AS ON 31.03.2016
1	Matching Grant	0.00
2	Nikai Fund	15,61,11,756.44
3	MLA Fund	2,61,888.00
4	MLC Fund	2,19,044.00
5	BRGF	3,94,556.00
6	Janganna Fund	64,465.00
7	SJSRY	44,80,472.85
8	S S Pension	23,27,251.00
9	ILCS	34,73,448.00
10	Kabir Antiasthi	2,24,955.50
11	4 th Finance	32,61,588.80
12	XIIIth Finance	1,48,995.92
13	Slump development fund	1,47,39,665.00



14	E-governance fund	4,61,312.00
15	Xlvth Finance	74,02,900.00
16	5 th Finance	2,46,68,418.00
17	Swach bharat Mission	17,86,441.00
	Total:-	22,00,27,157.51

IV Revenue Receipts

Period	Budgeted (FY 2015-16)	Corresponding Period of Previous Year (FY 2014-15)	Current Period (FY 2015-16)
a) Own source			
Property Tax/Tax Revenue	80,02,200	31,73,746	62,20,284
Assigned Revenue	4,44,00,000	12,77,899	6,12,10,946
Others (Fee & User Charges)	68,26,700	11,35,965	19,46,388
(b) Administrative grant	8,08,50,000	1,62,83,062	
(c) Specific Grant Total:	50,00,000	92,96,528	9,01,95,829
(Scheme wise)			
Social Security/Pension Grant	-	44,90,000	1,27,26,300
Census Grant	50,00,000	-	
state fund	-	-	
NULM	-	-	4,16,856
SPUR Grant under slam	-	-	2,70,000
JNNURM Grant	-	-	
Kabir antheyosti	-	-	11,76,000
Special Grant	-	-	26,80,800
E-Governance Grant	-	4,20,000	3,30,000
Other Revenue Grants	-	43,86,528	7,25,95,873

V. Status of implementation of Double Entry Accounting System

For the relevant financial year i.e. double entry accounting system has not been followed.

VI. Status of Municipal Accounts Committee; if meeting is held

As per management, meeting has been held however double entry accounting system yet to be started.



5. Audit Observations

I Part-A

(i) Holding Tax collection- Irregularity

Audit Objective- As per point No: - 4.3 of TOR

Criteria -

As per rule 27 of Bihar municipal accounting rules 2014, Tax Collected has to be deposited on same day before 4:30 PM to the designated personnel for depositing them to the bank.

Condition -

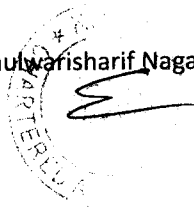
- Delays (ranging from 6 days to 153 days) observed in depositing of collected tax money to the bank.
- Control over Tax collection receipt book seems to be weak as lower serial number receipt booklet issued later than higher serial number receipt booklet.

For detail, refer to the table given below as sample cases:

Receipt No.	Receipt Date	Amount(Rs.)	Tax collector name	Date of Deposit in to Bank	Delay in days
301-400	13.11.15 to 30.11.15	143500	Anil Kumar	02.12.15	19
7401-7500	07.04.15 to 06.09.15	72910	Anil Kumar	07.09.15	153
7501-7582	07.04.15 to 18.06.15	46000	Anil Kumar	11.08.15	126
7601-7700	08.04.15 to 28.06.15	73800	Anil Kumar	18.07.15	101
7701-7800	08.04.15 to 24.06.15	76020	Anil Kumar	26.08.15	140
790-7931	01.09.15 to 06.09.15	31000	R S Sharma	07.09.15	6
7932-7990	07.09.15 to 30.09.15	65200	R S Sharma	01.10.15	24
7101-7200	07.04.15 to 08.05.15	88000	R S Sharma	09.07.15	93
7801-7900	07.04.15 to 05.06.15	74681	R S Sharma	02.07.15	86

Consequence -

- Misuse of collected money belong to ULB
- Loss of interest on collected money.
- Cash management at ULB level may be affected.



- Payment to the vendor/employees could not be done on time
- Outstanding in the Tax payers' account shown even after payment has been made by them, till the time tax collector deposited money & those are accounted for.

Cause -

- Lack of instruction or follow up by Revenue officer & Cashier
- Lack of education of relevant rules of Bihar Municipal Act

Corrective Action/Recommendation -

- Day to day monitoring on collection of taxes by revenue officer & Cashier
- Proper training of relevant rules must be given to the concerned personnel
- Penalty could be levied as per relevant rules
- Control over issuance of Tax Collection Receipt Booklet must be exercised & booklets must be issued serially.

(ii) Mobile Transmission Tower Tax (Registration & Renewal Fees) of Rs. 15,84,810/ Pending Collection

Audit Objective- As per point No.-4.4 of TOR

Criteria -

Mobile Transmission Tax should be collected @ Rs. 40000 as Registration Fee & @ Rs. 10,000 as Renewal Fee per year. If more than one antenna is placed on the tower then, an extra registration & renewal fees @60% per antenna will be collected. Moreover a late fine @ 1.5 % would be imposed in case of delay in collection after first month of the financial year. Further after every 5 years renewal fee has to be increased by 25%.

Further as per Rule 6 (9) of Bihar Communication Towers and Related Structures Rules 2012, in case arrears in respect of registration fees and/or renewal fees for any tower, the municipality reserves the right to seal the tower until the payment is received in full along with accrued interest.

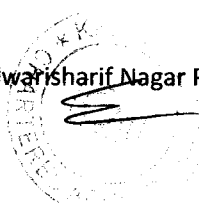
Condition -

- Rs. 15,84,810/- is pending to be collected form 16 Mobile Transmission Tower under concerned ULB, in some cases amount are due to be recovered since 2007-08.
- No records kept for number of antennas placed at each tower
- No late fine imposed for delays in collection of renewal fees

Consequence -

Non collection of mobile tower tax is a revenue loss to the ULB.

Cause -



- Lack of skilled manpower at ULB
- Lack of strict action against defaulters
- Lack of proper mechanism for supervision and monitoring of Tax/Rent Collection

Corrective Action/Recommendation -

- There should be a proper monitoring mechanism for supervision and monitoring of Tax/Rent Collection.
- Also strict actions are required to be taken for collection of Mobile Transmission Tower Tax & Market/Shop rent collection by concerned ULB.

Audit Objective- As per point No.-4.4 of TOR

Criteria -

As per the provision of the agreements entered with vendors/contractors for implementation of schemes, if work is not completed as per the timeline given in the contract then a penalty for delay @ 0.5% per day of delay & maximum up to 10% of contract value to be levied on contractors

Condition -

- On sample verification of schemes, we observed that were imposed & deducted from contractor payments.

Consequence -

Non imposition / non deduction of delay penalties are revenue losses to the ULB.

Cause -

- Lack of skilled manpower at ULB
- Lack of strict action against defaulters

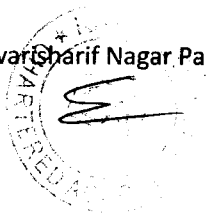
Corrective Action/Recommendation -

Either delay penalties to be deducted/collected or appropriate approval must be taken for waiving of penalties.

(iii) Field survey of Property Tax of 80 high value properties for F.Y. 2015-16

Audit Objective- As per point No.-4.6 of TOR

Field survey of Property Tax of 80 high value properties has been done & details are given below:-

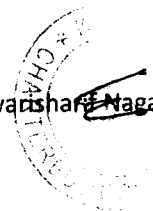


SNO	CID NO	WARD	OWNER NAME	ADDRESS	PLOT AREA	VACANT AREA	AMOUNT OF TAX	Assessed
1	2704001103	7	ESIC	Block COMS	39399	153310	866340	Yes
2	2704000261	12	Kaishar Dharamshala	Ranipur	19200	3678	87503	Yes
3	2704000853	12	Saraswati Devi	Khagaul Road	3720	-	43552	Yes
4	27040001964	7	Kamla Devi	Rastriya Ganj	2924	-	34580	Yes
5	27040001921	12	Mundari Devi	Kanhaiya Nagar	2856	-	28969	Yes
6	27040001963	10	Shyamdev Chaudhary	Purnendu Nagar	2800	-	25351	Yes
7	2704000971	7	Vindeshwari Singh	Rastriya Ganj	1480	-	24873	Yes
8	2704000079	2	Mahtab Iftekhar Nadaw	Makhdum Rastriya Ganj	1600	1072	22225	Yes
9	2704000048	2	Ravi Shankar	Minhaj Nagar	2176	3191	20232	Yes
10	2704000433	2	Nusrat Jahan Siriyap	Khagaul Road	2041	-	18655	Yes
11	2704000892	1	Shiv Narayan Chaudhary	Naya Tola, Janipur Road	5480	-	18068	Yes
12	27040001495	10	Susarwa Prasad	Shailesh Puri	980	-	18068	Yes
13	27040001691	12	Satyedev Sinha	Pethiya Bazar	2419	-	15971	Yes
14	2704001570	10	Naga Devi	Chuharmal Nagar	1400	-	14994	Yes
15	2704000419	15	Mehrun Nisha	Syedana Mohalla	1478	-	14786	Yes
16	2704001461	10	Ram Kali Devi	Chuharmal Nagar	2000	-	14384	Yes
17	2704001521	10	Sarda Devi	Chuharmal Nagar	2038	-	13345	Yes
18	2704001616	10	Sarda Sinha	Chuharmal Nagar	1015	-	12768	Yes
19	2704001568	10	Palai Rai	Chuharmal Nagar	740	-	12727	Yes
20	2704000087	2	Jamaluddin	Minhaj Nagar	2040	-	11916	Yes
21	2704001623	3	Jamila Khatoon	Mahatwana	2550	-	11839	Yes

22	2704000326	12	Shesh Kumar	SR Petro House	2566	2222	11815	Yes
23	2704001370	11	Hari Narayan Bharat	Purnendu Nagar	5040	4772	11537	Yes
24	2704001439	10	Dev Kumar Devi	Chuharmal Nagar	2293	-	11462	Yes
25	2704000689	6	Krishna Prasad	Tamtam Padao	2200	-	11376	Yes
26	270400658	2	Om Prakash	Minhaj Nagar	1650	1149	11337	Yes
27	270400914	2	Satrudhan Prasad	Tamtam Padao	1904	2817	11126	Yes
28	27040001446	10	Rita Rani Devi	Chuharmal Nagar	644	-	10807	Yes
29	2704001526	10	Tetari Devi	Chuharmal Nagar	1029	-	10782	Yes
30	2704000987	12	Vijay Shushish	Khagaul Road	1600	-	10454	Yes
31	2704001410	10	Bacchhi Devi	Chuharmal Nagar	816	-	10287	Yes
32	2704002224	12	Bablu Paswan	Kanhaiya Nagar	122	-	10251	Yes
33	2704000974	20	Punam Gupta	Isopur Road	7199	-	9695	Yes
34	2704002009	4	Lalan Prasad	Bazar Road	2280	-	9562	Yes
35	2704000714	7	Kanti Devi	Adarsh Nagar	2856	-	9407	Yes
36	2704000985	12	Uttam Kumar	Khagaul Road	7200	-	9344	Yes
37	2704001026	8	Darul Usam	Haroon Nagar	2200	-	9051	Yes
38	270400084	2	Mahmood Alam	Minhaj Nagar	2040	-	8949	Yes
39	2704001518	10	Saraswati Devi	Chuharmal Nagar	476	816	8949	Yes
40	2704001462	10	Shanti Devi	Chuharmal Nagar	1152	-	8838	Yes
41	2704001579	10	Ratneshwari Devi	Chuharmal Nagar	1260	-	8500	Yes
42	2704000167	5	Ranjeet Kumar	Virja Colony	4080	-	8398	Yes
43	2704001605	10	Maiti Devi	Chuharmal Nagar	642	-	8261	Yes
44	2704001625	12	Raneshwari Devi	Kanhaiya Nagar	646	-	8261	Yes



45	2704001977	13	Murtaza	Bazar Road	490	-	7948	Yes
46	2704001587	10	Kiran Devi	Purnendu Nagar	2805	-	7926	Yes
47	2704000200	5	Sahajanand Singh	Rastriya Ganj	4352	-	7834	Yes
48	2704001522	10	Jamuni Devi	Chuharmal Nagar	1146	-	7726	Yes
49	2704001445	10	Rajeed Ranjan	Chuharmal Nagar	600	-	7701	Yes
50	2704001898	10	Satya Devi	Chuharmal Nagar	1120	-	7665	Yes
51	2704001428	10	Sharmila Devi	Chuharmal Nagar	1474	-	7547	Yes
52	2704000750	5	Ahilya Devi	Rastriya Ganj	1940	-	7380	Yes
53	2704001580	10	Prabhawati Devi	Chuharmal Nagar	1505	-	7378	Yes
54	2704000860	2	Om Prakash Gupta	Minhaj Nagar	480	1180	7321	Yes
55	2704002774	12	Anil Ranjan	Shailesh Puri	560	-	7313	Yes
56	2704001432	10	Manti Devi	Chuharmal Nagar	548	-	7072	Yes
57	2704001839	1	Md Jalil	Khagaul Road	756	-	7018	Yes
58	2704001411	10	Mina Devi	Chuharmal Nagar	959	-	6901	Yes
59	2704001930	26	Baby Tabassum	Alba Colony	952	-	6898	Yes
60	2704001432	10	Manti Devi	Chuharmal Nagar	548	-	7072	Yes
61	2704001515	10	Lalpari Devi	Chuharmal Nagar	380	-	6852	Yes
62	2704000622	3	Ayub	Mahatwana	544	-	6825	Yes
63	2704000915	2	Rizwan Ahmad	Makhdam Rasti Nagar	960	-	6801	Yes
64	2704000778	20	Md Mazhar Hussain	Chunauti Kuan	560	-	6719	Yes
65	2704000629	18	Nesar Ahmad Ansari	Chunauti Kuan	1428	-	6670	Yes
66	2704001561	10	Jamun Mistri	Chuharmal Nagar	595	-	6489	Yes



67	2704000779	10	Ramkali Devi	Maa Anand Mai Colony	3168	-	6498	Yes
68	2704001914	9	Janak Prasad Singh	Bajrang Bali Colony	952	-	6481	Yes
69	2704000922	11	Geeta Saran	Mitramandal Colony	4620	-	6462	Yes
70	2704000895	2	Kanti Devi	Chunauti Kuan	2048	-	6426	Yes
71	2704000780	2	Salimuddin	Minhaj Nagar	862	-	6416	Yes
72	2704001775	9	Md Hasan	Haroon Nagar	4200	-	6404	Yes
73	2704001883	7	Anita Devi	Adarsh Nagar	1428	-	6393	Yes
74	2704001674	10	Mudrika Ram	Shailesh Puri	1580	-	6373	Yes
75	2704001559	10	Sharda Devi	Shailesh Puri	585	-	6293	Yes
76	2704001520	10	Govind Paswan	Chuharmal Nagar	915	-	6270	Yes
77	2704001516	10	Kamla Devi	Chuharmal Nagar	721	-	6269	Yes
78	2704001594	15	Tarique Hussain	Syedana Mohalla	1850	-	6213	Yes
79	2704000125	9	Md Jamil Ibrahim	Haroon Nagar	1330	-	6225	Yes
80	2704001779	10	Kalawati Devi	Shailesh Puri	1260	-	6027	Yes

II Part-B

(i) Labour Cess of Rs. 7,51,161 & Royalty of Rs. 12,22,983 deducted but not deposited

Criteria -

- As per relevant act & rules, labour cess needs to be deducted @ 1% on contractor bill & to be deposited to the concerned authority within prescribed period.
- Also Royalty on stone, chips, sand etc. needs to be deducted at prescribed rates & deposited to the concern authority.

Condition -



- Amount of Rs. 7,51,161/- deducted as labour cess on various projects during 01.06.2015 to 31.03.2016 but not deposited to concerned authority till date.
- Further a sum of Rs. 12,22,983/- has been deducted as Royalty but same was also not deposited till date

Scheme wise details are given below for reference:- 01.06.2015 to 30.09.2015

S. No.	Name	Labour Cess Amount	Royalty Amount
1.	13 th Finance	2,570	3,239
2.	Municipal	75,287	1,00,700
3.	State Finance	1,61,771	1,89,547
4.	4 th Finance	74,424	1,37,688
Total		3,14,052	4,31,174

Consequence -

- Violation of Bihar Minor Mineral Concession Act & Rules
- Violation of Building & Other Construction Workers Act
- Penalty on ULB may be imposed by concerned Departments

Cause -

- Lack of skilled manpower at ULB
- Lack of education of relevant rules of Bihar Municipal Act

Corrective Action/Recommendation -

- Labour Cess of Rs. 7,51,161/- & Royalty of Rs. 12,22,983/- already deducted must be deposited to the concerned authority immediately.
- Accountability at ULB level for statutory compliances must be defined & implemented & future payments must be done on time.

(ii) Carriage payment made without M and N Form

Criteria -

As per rule 40, Sub-rule (10) of the Bihar Minor Mineral Concession Rule, 1972, contractor are liable to submit Form 'M' and Form 'N' in compliance of the Bihar Minor Mineral Concession Rules.

Condition

Final payment has been done without affidavit form M and N.

Consequence -



- Excess payment of carriage of stone, chips, bricks and sand
- Violation of Bihar Minor Mineral Concession Rules, Bihar
- Penalty can be imposed on ULB by the concerned authority.

Cause -

- Lack of internal control in payment process

Corrective Action/Recommendation -

- Prescribed Form M and N must be taken before payment to contractor.

(iii) Non Deduction of TDS as per Income Tax Act 1961 & rules prescribed there under:

Criteria -

As per section 4 (2) of the Income Tax Act 1961, In respect of income chargeable under sub-section (1) of section 4, income-tax shall be deducted at the source or paid in advance, where it is so deductible or payable under any provision of this Act.

Condition -

- No TDS deducted on Commission paid during the relevant Assessment year 2016-17 & Financial Year 2015-16 in respect of income chargeable under sub-section (1) of section 4 of Income Tax Act 1961. Commission of Rs. 66,454/- paid to a Tax Collector but no TDS deducted under section 194 (H). Example case given below for reference:-

S. No.	Name	Cheque No.	Date	Amount
1	Mr. Anil Kumar	014070	03.02.2017	66,454/-

Consequence -

- Violation of Income Tax Act & Rules
- Penalty may be levied by Income Tax Department to the ULB.

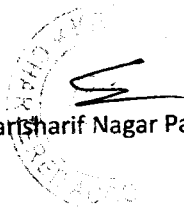
Cause -

- Lack of skilled manpower at ULB

Corrective Action/Recommendation -

- TDS at prescribed rate must be deducted on all as per relevant act & rules

Criteria -



As per Income Tax Act 1961 & Rules, "Tax deduction at source" (TDS) is applicable on the specified transactions and TDS deducted needs to be deposited by 7th day of the next month. Also Quarterly TDS returns need to be filed by 15th day of the following quarter.

Condition -

Consequence -

- Bank Accounts of ULB may be attached by the Income Tax Department & Money in the Bank may be forfeited.
- Violation of Income Tax Act & Rules
- Penalty may be levied by Income Tax Department to the ULB.

Cause -

- Lack of skilled manpower at ULB
- Lack of accountability at ULB level

Corrective Action/Recommendation -

- TDS must be deducted & deposited on time to avoid interest & penalties
- TDS Returns must be filed as per relevant act & rules
- Proper representation to income tax department must be made for TDS demand already raised & action must be taken to reduce the TDS demand.

(v) Unadjusted Old Advances & Advance Register not maintained at ULB:

Criteria -

- Advances should to be adjusted against the expenditure within a reasonable timeframe.
- As per Chapter 18 Rule 107 of BMAR 2014, Advance Register must be maintained in form of BMAR Form- 56/57.

Condition -

- Advances were given but no adjustments made against the expenditure for which advances were made.
- Advance Registers were not maintained at ULB as per prescribed rules & in the prescribed forms.
- Old advances adjusted in Financial Year 2015-16.

Consequence

- Violation of Bihar Municipal Accounting Rules 2014

Cause -

- Lack of clear accountability & monitoring of financial transactions at ULB

