

INTERNAL AUDIT REPORT

OF

SUPPORT PROGRAMME FOR URBAN REFORMS IN BIHAR (SPUR)

ULB: RAFIGANJ

FOR THE PERIOD

(01-04-2015 TO 31-03-2016)

Audited By :

U. S. Prasad & Co.
Chartered Accountants

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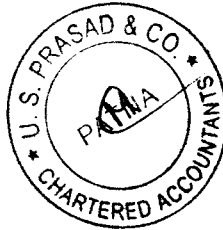
To,
The Secretary, UD & HD
Urban Development and Housing Dept.
Govt. of Bihar
101, 1st Floor, Vikash Bhawan
New Secretariat
Bailey Road
Patna – 800 015 (BIHAR)

Dear Sir,

Sub: Internal Audit Report of NAGAR PANCHAYAT, RAFIGANJ for the Period 01.04.2015 to 31.03.2016.

We are submitting the audit report of Nagar Panchayat, Rafiganj for the period starting from 01-04-2015 to 31.03-2016 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 05th 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**

Manoj Kumar

Partner

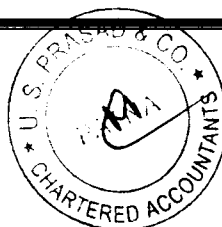
M. No.: 418631

NAGAR PANCHAYAT, RAFIGANJ

INTERNAL AUDIT REPORT OF F.Y.2015-16

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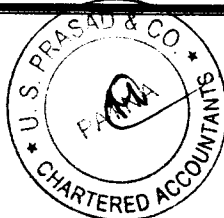
Executive Summary

1. Introduction:-

- **Name of Municipality:** - NAGAR PANCHAYAT, Rafiganj
- **Period covered under current audit:** - 01-04-2015 to 31-03-2016.
- **Name of the Executive Officer for the period under audit:** -Md. Shahab Yahya

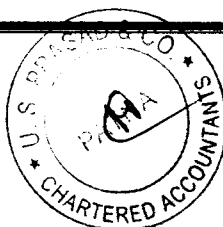
2. Results and Findings

- **Strength observed during the audit engagement**
 1. Subsidiary Cash Book has been written.
 2. Grant Register has been maintained.
 3. Office Infrastructure is sufficient for operation.
 4. Response from officers & Clerks are satisfactory.
- **Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement**
 1. Main Cash Book has not been written.
 2. Double Entry Accounting System is not properly followed in ULB.
 3. Fixed Assets Register has not been maintained.
 4. Stock Register has not been maintained.
 5. Daily collection register is maintained but the same is not maintained revenue



receipt wise separately.

6. In case of payment to contractors, TDS has been deducted but it has not been deposited within due date but deposited on yearly basis. TDS Return has not been filed till date.
7. Board did not adopted new holding rate from April to October 2015 but after board meeting held in October 2015, new holding rate has been adopted.
8. Total amount of Holding Tax of Rs.7,75,644/- is due as on 31st March 2016.
9. Total outstanding of Market/ Shop Rent is Rs. 9,13,314/- as on 31st March 2016.
10. In cash book of BRGF, ledger folio number has been mentioned but respective ledger were not provided to us.
11. The ULB has 8 Bank Account but Bank Reconciliation Statement has not been prepared for any Bank Account in proper manner.
12. UC of only Rs. 10,77,800 and Rs. 32,33,400 has been provided but UC of total Rs. 2.12 crore has not been provided to us.
13. Log Book for Motor Vehicle and Generator have not maintained.
14. Daily collection amount not timely deposited into bank account as per the procedure prescribed by the BMA, 2007.
15. Tower tax has not been collected since 2012 even though number of tower is 15 as on 31-03-2016. Thus total outstanding tax amount is Rs. 15,96,701/- as on 31/03/2016.

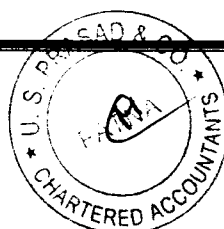


3. Opinion

Core Municipal functions are performed by the ULB. However, the ULB is not working properly. Even internal control applied by the ULB is poor. There should be proper segregation of duties to perform day-to-day work in efficient manner. Bank reconciliation statement should be Prepared on monthly basis. We find that rules and regulation are there but ULB is not following them properly. Most of the Books of Accounts as prescribed by BMA are not maintained by the ULB. There are serious lapses in deduction and deposit of statutory dues, such as VAT, Royalty, TDS, Labour Cess.

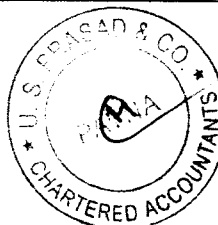
Revenue collection of the ULB is very poor. If revenue collection is made effectively and efficiently, it may be increased to much higher level by considering following points:-

- Shop rent and Tower tax must be collected on timely basis in proper manner.
- Adopt revised rate of property tax of 2013 in that month in which old rate was adopted and collected in F.Y 2015-16 and any difference between old rate and new rate should be collected by the tax collector and properly follow the guideline to recover outstanding 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.
- Fee and charges for the different categories cover under Sairat should be collected on due date.



4. Audit Recommendations

- i) Fixed Assets Register should be maintained.**
- ii) Stock Register should be up to date on time.**
- iii) Daily Collection Register separately for each head should be maintained.**
- iv) TDS deduction & deposit thereof and e-filing of TDS return should be made timely and in proper manner.**
- v) Tax amount should be collected from Mobile tower. Appropriate action should be taken if tower renewal charge has not been paid.**
- vi) Daily collection amount should be deposited into bank account as prescribed in BMA 2007.**
- vii) Municipal Accounts Committee should be constituted.**
- viii) Budget prepared by the ULB should be approved by the state government.**
- ix) Budget should be passed timely by the board and onwards submission to the government.**
- x) Books of account should be verified by EO on regular interval.**



5. Comments from Management

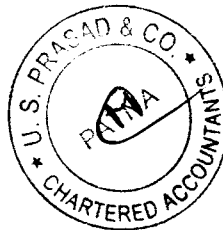
The audit report has been discussed with us. We will try our best to remove the irregularities pointed out in the audit report.

For, Nagar Panchayat, Rafiganj
(Executive Officer)

6. Acknowledgement

We thank Md. Shahab Yahya (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.

For, U. S. Prasad & Co.
Chartered Accountants




CA. Manoj Kumar
Partner
M. No.: 418631

Detailed Audit Report

1) Introduction

The Internal audit of **Nagar Panchayat, Rafiganj** covering the period from **01-04-2015 to 31-03-2016** was conducted by following persons under guidance of CA Manoj Kumar

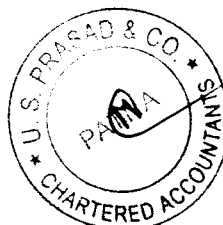
- i) Mr. Bambam Kumar Gupta
- ii) Mr. Sipu Kumar

2) Administration

The present body of the ULB has taken charge on 01.04.2012. The incumbency in the key administrative and executive position was as under:

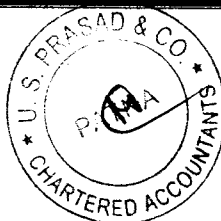
Smt. Merikha Darkhasan, Chairman from 01-04-2012 to till date.

Md. Shahab Yahaya, Commissioner / Executive Officer from 07-09-2015 to till date.



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

<i>S.No</i>	<i>Particulars of audit and date of report.</i>	<i>Total no. Of audit paras.</i>	<i>Total number of audit paras where necessary improvement/ corrective measure is required.</i>	<i>Total number of audit paras where recovery of cash is proposed</i>	<i>Total number of audit paras where recovery has been made</i>	<i>Total of recovery</i>	<i>Total no. Of audit outstanding para of where no action has been taken.</i>	<i>No & date of compliance of audit report</i>
1	CAG Dated- 29/02/2016	25	25	11	0	Nil	25	No compliance reported till reporting date



Deficiency Pointed Out in AG Audit Report

1. High mast light of Rs.4,90,000/- has been purchased without deducting VAT of Rs.23,332/-
2. Sodium vapor lamp of Rs. 20,92,715/-has been purchased without deducting VAT of Rs. 2,82,517/-
3. Amount of Rs. 85,728/- (received by DD No. 110884 and 110887 dated 27/12/2014 of Rs. 60,720/- and 25,008/-) on account of bandobasti of bus stand awarded to Upendra Yadav has not been deposited into bank account.
4. Total outstanding of Rs. 9.47 Lakh on account of shop rent for financial year 2014-15.
5. Total outstanding Rs. 14.76 Lakh due on account of mobile tower.
6. Total outstanding Rs. 13.35 Lakh due on account of holding tax.
7. Vouchers and bill of Rs. 1,80,393 related to fuel expenses has not been produced.
8. Labour cess of Rs 210841/-has been deducted but not deposited till audit date.
9. Misc. Receipt of Rs. 108864/-has neither recorded in cash book nor deposited in bank account.
10. Government Grant received by ULB of Rs 8, 53, 69,957/- in financial year 12-13 to 14-15 but not recorded in grant register.
11. Fixed asset register has not been maintained by the ULB.
12. Municipal accounts committee has not been constituted.

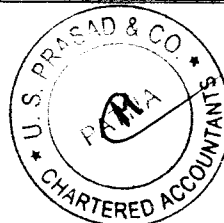
4) Finance :-

I. Budgetary Provisions and expenditure for the last three years:-

Year	2013-14	2014-15	2015-16
Final / Estimated Budget	293,950,000.00	303,100,000.00	13,83,77,100.00
Actual Expenditure	25,602,402.00	29,689,386.95	21,248,926.48
Savings(+)/Excess(-)	268,347,598.00	273,410,613.05	117,116,073.52

II Volume of transactions (2015-16)

Period	Budgeted 2015 -16	Previous Year (For one year) 2014-15	Corresponding Period of Previous Year	Current 2015-16 Period	Cumulative for the current period
	Budgeted				
(A) Opening Balance	—	49,140,425.34	Not Applicable	60,216,748.39	Not Applicable
(B) Total Receipts	13,83,77,100.00	40,765,710.00		14,219,688.00	
(C) Total (A +B)	13,83,77,100.00	89,906,135.34		74,436,436.39	
(D) Total Expenditure	138,365,000.00	29,689,386.95		21,248,926.48	
(E) Closing Balance (C - D)	12,100.00	60,216,748.39		53,187,509.91	

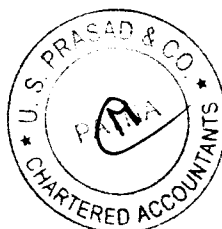


III. Bank Reconciliation

Bank Reconciliation Statement has not been prepared. However, bank balance as on 31st March 2016 has been given below-

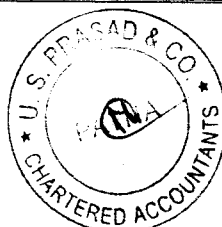
List of Account maintained by Panchayat, Rafiganj (AURANGABAD)

Balance As On 31 st March 2016						
Sl. No.	Name of Bank	Account Number	Bank Statement	Cash Book	Scheme Name	Types of Accounts
1	PNB,Rafiganj	0841000101273072	32,84,886.00	31,56,768.00	13 th Finance	Saving
2	PNB,Rafiganj	0841000101273063	56,12,363.72	54,84,286.72	Sahay Anudan (State plane)	Saving
3	PNB,Rafiganj	0841000101294206	7,99,431.47	7,98,951.47	4 th Finance	Saving
4	PNB,Rafiganj	0841002100000358	20,84,552.19	21,60,552.19	Municipal Fund	Saving
5	PNB,Rafiganj	0841000100103701	47,92,457.14	47,92,457.14	General A/c	Saving
6	SBI,Rafiganj	31591400061	16,83,129.00	16,79,829.00	Misc. Account	Saving
7	Indian Bank, Sihuli	765154019	37,61,860.00	37,15,459.00	BRGF	Saving
8	SBI, Aurangabad	P/L Account 245	3,69,26,019.00	3,69,26,019.00	Govt. A/C	Govt.
Total			5,89,44,698.52	5,87,14,322.52		
Difference of both books Amount			-2,30,376.00			



IV. Revenue Receipts:-

Period	Budgeted 2015-16	Previous Year (For one year) 2014-15	Corresponding Period of Previous Year	Current Period 2015-16	Cumulative for the current period
Property Tax	24,40,000.00	2,14,762.00	Not Applicable	32,89,864.00	Not Applicable
Assigned Revenue	8,00,000.00	6,21,635.00		-	
Rent & Other Charges	85,37,100.00	35,21,990.00		-	
Total(Rs.) A	1,17,77,100.00	43,58,387.00		32,89,864.00	
Administrative Grant B		73,87,597.00		-	
Specific Grant Received (Scheme wise)					
SJSRY	50,00,000.00				
Additional Stamp Duty	70,00,000.00				
13/14 th Finance	50,00,000.00	29,75,612.00		56,85,385.00	
PLA	-	2,52,92,279.00		-	
State Plan	9,25,00,000.00	-		4,51,863.00	
E Govt.	5,00,000.00				
4th Financial	1,50,00,000.00	-		41,252.00	
Ward Councillor Allowances	4,00,000.00	-			
B R G F	-	13,24,473.00		76,055.00	
Backward Area Development Fund	10,00,000.00	11,97,710.00		-	
Sahay Anudan	-	-		2,92,167.00	
Miscellaneous	2,00,000.00	65,96,309.00		-	
Total(Rs.) B	12,66,00,000.00	4,47,73,980.00		65,46,722.00	
Total (Rs.) (A+B)	13,83,77,100.00	4,91,32,367.00		98,36,586.00	

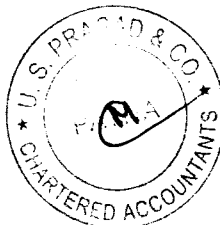


V. Status of implementation of Double Entry Accounting System:

Accounting of Nagar Panchayat, Rafiganj is being maintained based on Double Entry Accounting System but not properly.

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

Nagar Panchayat, Rafiganj is yet to constitute 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– Property Tax is collected by the tax collector from all wards but in some cases, property tax is not being collected from long period by the tax collector.

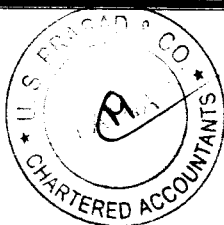
Condition– Total Property tax outstanding as on 31st March 2016 is Rs. 7,75,644/-.

Consequence / Effect / Impact- Due to non-collection of property tax, ULB Rafiganj suffering from Revenue Loss. Property tax includes various types of taxes such as Latrine Tax, Water Tax, Road Tax, Fire Tax, Cess, surcharge, and Vacant land Taxes etc. And these taxes have not been assessed by the ULB for the year 2015 – 16.

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 updation of Demand & Collection Register on regular interval.

Ward No.	Holding No.	Name of Holder	Arrear from	Arrear till	Arrear Amount
3	175	Ramchandra Chodhari	1997-98	2015-16	12,150.00
5	96	Nagendra Sahay	2008-09	2015-16	1,06,680.00
5	102	Abdul Rashid	2008-09	2015-16	24,640.00
7	85	Rajesh Kumar Singh	2008-09	2015-16	13,650.00
10	106	Dulari Devi	2000-01	2015-16	24,740.00
10	145	Siyaram Singh	2005-06	2015-16	23,540.00
12	169	Brahmdev Singh	1997-98	2015-16	21,000.00
13	111	Md. Khurshid Aalam	2008-09	2015-16	20,790.00
13	161	Md. Layeek Khan	2008-09	2015-16	15,400.00
13	119	Md. Mahmud	2007-08	2015-16	14,880.00
13	154	Md. Shakil	2007-08	2015-16	21,120.00
14	296	Md. Murfid	2008-09	2015-16	56,000.00



14	305	Subedar Singh	2008-09	2015-16	27,720.00
14	146	Bali Sharma	2008-09	2015-16	13,580.00
14	87	Krishna Saw	1997-98	2015-16	13,000.00
14	272	Tamunisha	2008-09	2015-16	21,000.00
14	110	Om Prakash Singh	2008-09	2015-16	17,080.00
14	103	Om Prakash Singh	2008-09	2015-16	14,700.00
14	218	Rajkumar Yadav	2008-09	2015-16	15,750.00
14	129	Mahendra Prasad	2008-09	2015-16	13,860.00
15	78	Rampukar P. Soni	2008-09	2015-16	64,400.00
15	302	Dawood Khan	2007-08	2015-16	17,120.00
16	179	Girish Singh	2006-07	2015-16	1,46,504.00
16	141	Pramila Devi	2007-08	2015-16	29,600.00
16	293	Rekha Devi	2008-09	2015-16	26,740.00
			Total		7,75,644.00

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

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

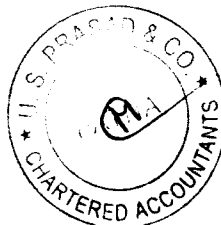
Criteria– Tower Tax is taxes on Communication Tower & related structure as defined in BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES, 2012. As per the rule, all operators are required to register with their concerned ULBs and pay registration fee & renewal charges on annual basis for communication tower erected within municipal area. Currently the registration fee for Nagar Panchayt 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 15 (Fifteen) Mobile Towers registered with this ULB up to 31.03.2016 and Rs. 15,96,701/- 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. Market/Shop Rent Collection –

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

Criteria– Non-Collection of Market/Shop Rent and imposition of late fine by the concerned ULB.

Condition– Total outstanding of Market/ Shop Rent is Rs. 9,13,314.00/- as on 31st March 2016.

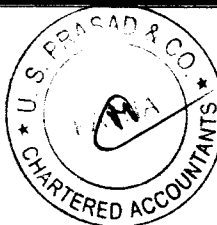
Consequence / Effect / Impact- Due to non-collection of Shop Rent there is a revenue loss to ULB.

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 Rent which results in Revenue leakage.

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

Detail of some Shopkeepers which have to pay arrear amount of shop rent is as under:

S no.	Name of Shopkeeper	Current Rate	Arrear till 31 st March 16
1	Vinay Kumar Singh	560.00	26880.00
2	Bindeshwar Yadav	560.00	24080.00
3	Brajesh Kumar	252.00	22176.00
4	Dipnarayan Singh	252.00	19620.00
5	Surendra Kumar Jain	560.00	30440.00
6	Raghunandan Singh	560.00	25200.00
7	Ekram Khan	560.00	30560.00
8	Shankar Kumar	560.00	29040.00
9	Umesh Prasad	560.00	36860.00
10	Ramanuj Sharma	560.00	40480.00
11	Shaktibala Devi	560.00	24880.00
12	Niranjan Kumar Sharma	560.00	12440.00
13	Brijnandan Singh	560.00	36260.00
14	Suryadeo Prasad	560.00	26800.00
15	Jainandan Singh	560.00	45040.00
16	Sunil Kumar Singh	560.00	26880.00
17	Suresh Yadav	560.00	55680.00
18	Ramchatar Yadav	560.00	55680.00
19	Yamuna Singh	560.00	49920.00
20	Shyama Kausar	252.00	40896.00
21	Ramashray Prasad	252.00	20016.00



22	Gupteshwar Prasad	252.00	17352.00
23	Surendra Kumar	252.00	17352.00
24	Anil Kumar Sharma	252.00	13968.00
25	Firoz Alam	252.00	24912.00
26	Tanveer Alam	252.00	24912.00
27	Reeta Devi	252.00	19440.00
28	Akhileshwar Prasad	252.00	24768.00
29	Ramashish Kumar	140.00	17600.00
30	Ravikant Sudhakar	140.00	18080.00

iv Advertisement Tax

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

Criteria– Non – levied of advertisement tax by the ULB.

Consequence / Effect / Impact- Due to non - levied of collection of advertisement tax, there is a revenue loss to ULB.

Cause– This happens due to lack of awareness of imposition of advertisement tax of concerned person of the ULB.

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

v. Stamp Duty

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

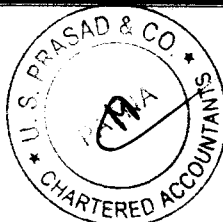
Criteria– Non-Collection of Stamp Duty by the concerned ULB.

Condition– For the year 2015-16,

- Bandobasti of Chowk Bazar has been awarded to Ram Vinay for Rs. 1,37,500/- on which stamp duty @3%, of Rs. 4125/- has not been collected.
- Bandobasti of Charkava Bazar has been awarded to Upendra Yadav for Rs. 1,18,100/- on which stamp duty @3%, of Rs. 3543/- has not been collected.
- Bandobasti of Bus Stand has been awarded to Upendra Yadav for Rs. 4,28,500/- on which stamp duty @3%, of Rs. 12855/- has not been collected.

Consequence / Effect / Impact- Due to non-collection of Stamp Duty there is a revenue loss to ULB.

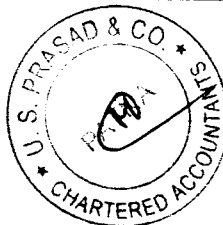
Cause– This happens due to lack of proper mechanisms for supervision and monitoring of the procurement which results in Revenue leakage.



Corrective Action / Recommendation– The ULB should collect the outstanding stamp duty from the successful bidder immediately.

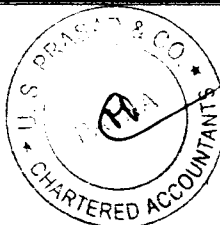
- vi. **Property / Holding tax are assessed by the ULB. Property tax on minimum 20 high value properties as follow :-**

Sl. No.	Owner Property Name	Owner /Property address	Holding No.	Annual Property Tax	Housing / Commercial
1	PHC Health Centre	Rafiganj	242	4000/-	Commercial
2	Cooperative Bank	Rafiganj	112	780/-	Commercial
3	Police Station	Rafiganj	136	2000/-	Commercial
4	Md. Murfide	Md. Tafike Market Maharaja ganj	296	4000/-	Commercial
5	Parmila Devi	Gopal Prasad	141	1850/-	Commercial
6	Rani Brezraj High School	Rafiganj	177	3500/-	Commercial
7	Girish Singh	Ram Shuhawansingh	179	7150/-	Commercial
8	Dr. Vijay Kumar Singh	College, Kasma Road Rafiganj	182	3000/-	Commercial
9	Dewarika Prashad	Late, Gulab Shaw, Bus Stand	272	2180/-	Commercial
10	Sheyaram Singh	Late. Ram Prashad Singh	145	1450/-	Commercial
11	BSNL	Rafiganj	210	2420/-	Commercial
12	Abdula Shkrur	Md. Hussain, Main road Rafiganj	126	2620/-	Commercial
13	Showalal Jain	Late Surajmal Jain	212	1080/-	Commercial
14	Gopal Prashad Chaurasiya	Late Kanaiya Prasad Chaurasiya	440	1580/-	Commercial
15	Nagandra Shahaya	BajrangiShahaya	96	7620/-	Commercial
16	Abid Hussain	Bakridan Miya	101	1000/-	Commercial
17	Abdul Rashid		102	1760/-	Commercial
18	Ramanand Prasad	Om Prakash Shaw	104	650/-	Commercial
19	Md. Abdul Sattar Shahaib	Azim	39	870/-	Commercial
20	Rampukar Prasad Shaudic	Bulkan Shaw	78	4600/-	Commercial
21	Md. Khurshid Allam	Md. Kalim	111	1485/-	Commercial



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 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 were neither kept in guard file nor arranged systematically.
- C. In ULB, internal control are either not in place or not properly working in respect of day to day working, payment of expenditure collection of revenue, tender etc.
- D. Non – compliance of TDS, VAT, Royalty & Labour cess relevant statute :-
- TDS, VAT and Royalty has been deducted but the same has been deposited to the credit of Gov. A/c in yearly basis.
 - Labour Cess has not been deposited till now.
 - No TDS return has been filled till date.
- E. 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.
- F. 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.
- G. Advance Register has been maintained by the concerned ULB but not in proper manner and in the absence of above it is difficult to check or comments on adjustment and recovery of advances.



III. PART – “C”

General Observations

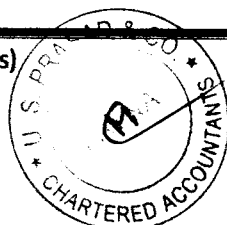
QUESTIONIER

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.	No, proper / scheme wise register are not maintained.
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, except Subsidiary Cash Book no other book of accounts / other applicable regulation have been properly maintained by the ULB.
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 in proper manner.
6	Whether all grants from Government have been accounted at gross value with proper entries to various accounts.	Yes, all grant from government have been accounted at gross value with proper entries to various account.
7	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail.	No, all transactions have not been maintained correctly, classified and stated as per instruction.
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 not 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	No, Fixed asset register has not been maintained by the ULB , so unable to comment on it.



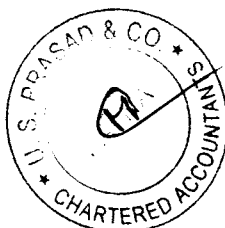
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	and if so, whether the same has been properly dealt with in the books of account.	
12	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry.	No, lease rentals were not collected regularly by the ULB.
13	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores.	No, physical verification of store has not 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, physical verification of store has not been done by Nagar Panchayat.
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.	Since stock register has not been updated by the ULB therefore store verification was not carried out.
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.	No, Procedures have not been followed regarding damaged 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, 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?	Advance Register has been prepared but not in proper manner, so it is difficult to monitor advance given and adjustment thereof.
19	Whether advances given to municipal employees and interest thereon are being regularly recovered.	Advance Register has been prepared but not in proper manner, so it is difficult to monitor advance given and adjustment thereof.
20	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	Yes, 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.	No such rule and procedures are being followed.
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, 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 2016. But still some have to be paid.
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.	No relevant document has been provided by the ULB.
24	Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof.	We did not notice such expenses.



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25	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently and are in all cases such as are authorized by law.	Yes, on our test check we observed that all the expenditure incurred by the Nagar Panchayat 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, holding tax, bus stand, rent from shop, hut bazar, hazardous business.
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, Royalty, 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 payroll accounting; otherwise mention the key deficiencies of the system.	No, bio-metric devices and payroll software system are not used by the ULB. Payroll book has not been provided to us during the audit, so unable to comment on it.



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

**CA. Manoj Kumar
Partner
M. No. 418631**