

Internal Audit Report
of
Bihar Shariff Nagar Nigam

For the period from 01.04.2015 to 31.03.2016

Conducted by
ROY GHOSH & ASSOCIATES
Chartered Accountants
3 C R Avenue, 1st Floor Bharat Bhawan
Kolkata – 700 072
Phone No. – 033 2236 0048

Date of Audit: 01.08.2016 to 10.08.2016
Report Issued on: 17.12.2016

EXECUTIVE SUMMARY

1. **INTRODUCTION**

Name of the Municipality	Bihar Shariff Nagar Nigam
Period covered under current audit	01.04.2015 to 31.03.2016
Name of Executive Officer for the period under Audit	Mr. Kaushal Kumar

2. **RESULTS AND FINDINGS**

- Strengths observed during the audit engagement
In the existing system as prevailing in the Nagar Nigam, day to day work is in progressive manner in respect of collection of revenue and execution of the projects.

- Weaknesses observed in the functioning of office, maintenance of records:
 - ❖ Non preparation of Financial Statements resulting in weakness in control over Accounts.
 - ❖ Non preparation of Bank Reconciliation Statements
 - ❖ Lack in follow-up procedure in collection of huge arrear dues in relating to Property and other Taxes.
 - ❖ Non-performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.
 - ❖ Delay in deposit of collected revenue has been observed.
 - ❖ Non deposit of Income tax deducted at source (TDS), Sales Tax, Royalty and Labour Cess resulting in violation of tax provisions and attraction of interest and penalty.
 - ❖ Non-maintenance of Assets Register in complete manner resulting in chances of mis-utilization of assets.

3. **OPINION**

The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel and other matters incidental thereto for overall improvement of the ULB.

4. **AUDIT RECOMMENDATIONS**

- I. Books of Accounts should be prepared under Double Entry System and accrual basis should be followed.
- II. ERP software should be implemented in the ULB for preparation of financial statements and other necessary information as and when required by the management. Employees of all departments will be trained with the software for entering day to day transactions.
- III. Stringent follow up is necessary for recovering arrear dues relating to Property tax and other sources of income.



- IV. Bank Statements or Treasury Statement shall be collected and Bank Reconciliation Statement should be prepared on monthly basis. Balance Confirmation Certificate to be obtained from the respective Bank or Treasury periodically.
- V. Fixed Assets Register has to be prepared for all fixed assets owned by the ULB, assets will be numbered, wherever applicable and location of assets should be mentioned in such Register? Physical Verification of such fixed assets has to be conducted by appointing external professional agency at each year end.
- VI. Stock/Store Register has to be updated in all respect. Purchase, issue and balance of each items has to be maintained separately.

5. **COMMENTS FROM MANAGEMENT**

Management of the unit has provided the comment against our observations and the same has been incorporated in this report.

6. **ACKNOWLEDGEMENT**

Considering the Physical Environment, accessibility, literacy of the Human Resources, communication facilities and so many other hindrances, we are in opinion that, the working of the unit has a deep impact on the economic & social aspects and values of the inhabitants of the demarcated area. And the unit specifically dedicated for the development of Nagar Nigam in the state of Bihar according to plan & for matters ancillary thereto.

We convey our heartfelt thanks to the entire human resources of the "Bihar Sariff Nagar Nigam" for rendering their help for smooth completion of this assignment.



7. COMPLIANCE REPORT FOR THE SCOPE OF WORK AS PER THE CONTRACT WITH INTERNAL AUDITOR

Name of Auditor: Roy Ghosh & Associates		Name of ULB: Bihar Sharif	
Sl. No.	Relevant Clause of Scope of Work of the Contract		Compliance (Mention the para no & Page no of audit report)
	Clause No.	Description	
1	4.1	Internal Audit should undertake risk-based review and evaluation of the internal control as discussed in Bihar Internal Control Manual. Internal Audit should devote particular attention to any aspects of the internal control environment affected by significant changes to the ULBs's risk environment.	Annexure A of the report, page no 26-58.
2	4.2 & 4.3	<p>a) Internal Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD. In its report there must be a separate section for non-compliance of rules/directives of UD&HD, GoB;</p> <p>b) Report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules,2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR</p> <ul style="list-style-type: none"> <input type="checkbox"/> Rule 22: All moneys to be brought to account <input type="checkbox"/> Rule: 27: Collections to be deposited into Bank on the same day <input type="checkbox"/> Rule 69: Grant Related Compliance <input type="checkbox"/> Rule 120-121: Monthly Receipt & Payment Account and Trial Balance <input type="checkbox"/> Rule 130: Audit to be completed & reported within 6 month 	Para 5 (II) Part B (c) in the Report, Annexure A Page -22 & 26-58
3	4.4 & 4.5	<p>a) Report and quantify all major Own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc;</p> <p>b) Check on audit trail of all collection of Taxes and Non-Taxes either through staff or outsourced agency and report of any lapses in controls, if any and also advise recommendations to strengthen the prevailing processes;</p>	<p>a) Para no 5.I of Part A of point a(ii) at Page no 10</p> <p>b) Para no 5.II of Part B of point f at Page no 22</p>
4	4.6	Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any inconsistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actual as per internal audits;	Para no 5.I. of Part-A of point no. c at Page no 15 to 19.

Name of Auditor: Roy Ghosh & Associates		Name of ULB: Bihar Sharif	
Sl. No.	Relevant Clause of Scope of Work of the Contract		Compliance (Mention the para no & Page no of audit report)
	Clause No.	Description	
5	4.7	Vouch on all payments above Rs. 10,000 and report on adequacy and appropriateness of its documentation, approvals, compliance of procedures etc.	Para no 5.I. of Part-A, point no. b (i), b(ii) and b(iii) at Page no 13
6	4.8	Report on Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Para no 5.II. of Part-B of point no. b at Page no 21
7	4.9	Internal auditor shall also report on presence or absence of a system of issuance of utilization certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Para no 5.II of Part-B of point no. h at Page no 24
8	4.10	Internal Audit can also, provide recommendations to help the ULB management improve the ULB's internal control environment;	Annexure A of the report, page no 26-58
9	4.11	Internal Audit should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Annexure A of the report, page no 26-58



DETAILED AUDIT REPORT

1. INTRODUCTION

The Internal audit of Bihar Shariff Nagar Nigam covering the period from 01.04.2015 to 31.03.2016 was conducted by following persons under the guidance of CA Mintu Das.

- i. Mr. A.K. Yadav
- ii. Mr. A. Jhunjhunwala

2. ADMINISTRATION

The present Governing body of the ULB has taken charge on 09.06.2012. The incumbencies in the key administrative and executive positions are as under:

- Shri Sudhir Kumar, Chairman from 09.06.2012 to till the date of audit.
- Shri Thyag Rajan, Commissioner/Executive Officer from 09.06.2012 to 15.07.2015, Shri Kaushal Kumar, Commissioner/Executive officer from 16.07.2015 to till the date of audit.

3. REVIEW OF OUTSTANDING AUDIT PARAS:

Status of Audit Observations is as under

Sl. No	Particulars of audit and date of report	Total no's of audit paras.	Total No of Audit Paras where necessary improvement /corrective measure is required	Total No of Audit Paras where recovery of cash is proposed	Total No. of Audit Paras where recovery has been made	Total Amount of Recovery	Total No. of outstanding paras where no action has been taken	No. & dated of compliance report
1	AG Audit Report for the Financial Year 2011-2012, 2012-13, 2013-14 and 2014-15 have not been produced before us. Please find attached our letters dated 01.08.16, 02.08.16, 03.08.16, 04.08.2016 and 05.08.2016 regarding non-receiving of required documents for conducting the Internal audit.							

4. FINANCE

I. Budgetary provisions and expenditure for the last three years

Year	2012-13 (Rs.)	2013-14 (Rs.)	2014-15 (Rs.)
Final/Revised Budget	62,85,82,509/- (As per Budget Statement for the year 2013-14)	75,10,84,900/- (As per Budget Statement for the year 2014-15)	65,87,19,638/- (As per Budget Statement for the year 2015-16)
Actual Expenditure	3,78,30,019/- (As per Budget Statement for the year 2014-15)	4,88,36,672/- (As per Budget Statement for the year 2015-16)	17,14,37,267/- (As per the Budget Statement of 2016-17)

	Financial Statements i.e. Audited Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2012-13, 2013-14, 2014-15 and 2015-16 have not been produced before us for verification. Please see our Audit Requisition, in this regard, addressed to the Chief Municipal Officer dated 01.08.2016, 02.08.2016 03.08.2016, 04.08.216 and 05.08.2016.		
Savings(+)/Excess(-)	59,07,52,490	70,22,48,228	1,17,67,164

Management reply

Data has been provided, complied.

II. Volume of transactions

Period	Budgeted amount for P.Y. 2015-16	Budgeted Amount for P.Y. 2014-15	Actual Amount for P.Y. 2014-15	Actual Amount of Current Period (2015-16)	Cumulative for the current period (2015-16)
Opening balance	-	-	25,98,29,661	29,12,67,381	29,12,67,381
Receipts	94,23,93,250	94,41,63,638	20,28,74,987	62,11,52,632	62,11,52,632
Total	94,23,93,250	94,41,63,638	46,27,04,648	91,24,20,013	91,24,20,013
Net expenditure	7,76,40036	7,16,15,734	17,14,37,267	31,64,48,413	31,64,48,413
Closing balance	-	-	29,12,67,381	59,59,71,600	59,59,71,600

The above figures have been taken from the Budget Statement of the unit for the year 2015-16 and 2016-17.

The unit does not maintain expenditure wise ledger. Financial Statements i.e. Audited Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2012-13, 2013-14, 2014-15 and 2015-16 have not been produced before us for verification. Please see our Audit Requisition, in this regard, addressed to the Chief Municipal Officer dated 01.08.2016, 02.08.2016, 03.08.2016, 04.08.216 and 05.08.216.

Management reply

Agreed, steps will be taken to avoid such issues in future.

III. Bank Reconciliation

Name of the Project/ Scheme	Name of the Bank	Type of Account	Account No.	Bank Balance as per Bank Statement/ Pass Book as on 31.03.2016 (Rs.)	Bank Balance as per Bank Book as on 31.03.16 (Rs.)	Remarks
13 th and	Punjab	Savings	12550	5,52,238/-	4,97,563/-	Difference



14 th Finance Commis sion	Nation al Bank		00105 16743 8			of Rs. 54,675/- was not reconciled.
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Note: The balance lying in the Treasury account cannot be reconciled with the balance as per Accountant's Cash Book as the same was not updated.

Management reply

Due to lack of manpower and lack of knowledge, BRS has not been prepared.



IV. Revenue Receipts

Head of Accounts	Budgeted Amount for P.Y. 2015-16	Budgeted Amount for the P.Y. 2014-15	Actual Amount for P.Y. 2014-15	Total Actual Amount for P.Y. 2015-16	Cumulative for the current period (2016-17)
Revenue Receipts					
A. Own Sources					
Tax Revenue	742,99,312	642,78,638	206,51,989	465,79,033	465,79,033
Assigned Revenues and Compensation	380,00,000	106,81,000	259,89,967	-	-
Rental Income from Municipal Properties	380,35,000	108,00,000	274,50,187	97,33,093	97,33,093
Fees and user Charges	383,39,000	456,55,000	185,81,278	112,98,092	112,98,092
Sales and Hire Charges	19,42,000	-	10,70,250	2,83,600	2,83,600
B. Administrative Grant	-	-	-	-	-
Revenue Grants Contribution and Subsidies	-	-	-	-	-
- Salary & DA Grant	572,00,000	10,00,000	-	-	-
- Incentive Scheme	22,00,000	-	-	-	-
- City Manager Salary Grant	2,64,000	2,40,000	-	3,54,000	3,54,000
- Social Security Pension	400,00,000	-	-	-	-
- E-Governance	-	5,00,000	2,00,000	-	-
- Ward Councillor Grant	11,00,000	-	8,31,600	-	-
- Slum Development	-	500,00,000	-	-	-
- MP MLA Grant	11,00,000	-	-	-	-
- Matching Grant	880,00,000	800,00,000	-	-	-
- Animal Toughness Prevention Grant	16,500	15,000	-	-	-
- Animal Grant	2,20,000	2,00,000	-	-	-
- Petroleum Grant	22,000	-	-	-	-
- Census Grant	16,50,000	15,00,000	17,67,971	-	-
- Election Grant	-	-	-	-	-
- Grant for Hand Pump	16,50,000	-	-	-	-
- Natural Calamaties Grant	2,20,000	2,00,000	-	-	-
- SPUR Grant	220,00,000	200,00,000	-	-	-
- SJSRY Grant/NULM	275,00,000	250,00,000	32,452	24,38,458	24,38,458

- Kabir Scheme	11,00,000	10,00,000	-	-	-
- Municipal Fund	-	-	118,43,509	1309,04,032	1309,04,032
- Nagrik Suvidha	413,25,438	-	242,79,000	259,79,000	259,79,000
- Chapakal	-	15,00,000	-	-	-
Income from Investment	-	-	-	-	-
Interest Earned	-	-	38,097	8,93,660	8,93,660
Other Income	3,30,000	50,000	14,950	12,970	12,970
C. Specific Grant	-	-	-	-	-
Capital Receipts	-	-	-	-	-
a) Central Govt	-	-	-	-	-
- 13th Finance	550,00,000	500,00,000	-	-	-
- 14th Finance	-	-	-	337,30,244	337,30,244
b) State Govt	-	-	-	-	-
- Road & Drain	880,00,000	800,00,000	611,25,616	80,59,250	80,59,250
- Road Construction & Maintenance	880,00,000	800,00,000	89,68,121	680,17,275	680,17,275
- Drainage	-	-	-	-	-
- Street Light Material	-	-	-	-	-
- BRGF Yojna	396,00,000	360,00,000	-	-	-
- Toilet (Swachh Bharat Mission)	-	-	-	-	-
- 4th Finance	800,00,000	-	-	-	-
- Construction of Toilet	-	-	-	-	-
- 5th Finance	-	-	-	1112,08,559	1112,08,559
- Upskar Kharid	40,70,000	-	-	5,75,966	5,75,966
- Administrative Building Construction	-	-	-	-	-
- Aadhar bhut Saranchana Nirman	-	-	-	-	-
- Water Supply	1100,00,000	1000,00,000	-	1259,41,400	1259,41,400
- Park Construction	-	-	-	-	-
- AMRUT Yojna	-	-	-	451,44,000	451,44,000



Deposits Received	-	-	-	-	-
- Earnest Money Deposit	11,00,000	-	-	-	-
- Security Deposit	1,10,000	1,00,000	30,000	-	-
Deposits Works	-	-	-	-	-
- Civil Works	-	-	-	-	-
TOTAL	9423,93,250	6587,19,638	2028,74,987	6211,52,632	6211,52,632

The above figures have been taken from the Budget Statement of the unit for the year 2015-16 and 2016-17.

The unit maintains only Collection Register and due to non- maintenance of account head wise ledger of the revenue receipts, the required details could not be validated by us. Financial Statements i.e. Audited Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2014-15 and 2015-16 have not been produced before us for verification. Please see our Audit Requisition, in this regard, addressed to the Chief Municipal Officer dated 01.08.2016, 02.08.2016, 03.08.2016, 04.08.2016 and 05.08.2016.

Management reply

Data has been provided, complied.



- V. Status of implementation of Double Entry Accounting System:
The ULB has not yet implemented the Double Entry Accounting System.
- VI. Status of Municipal Accounts Committee; if meeting is held:
Meeting of Municipal Accounts Committee has not been held during the year 2015-16 as Municipal Accounts Committee is not in existence at the Municipality.

5. **AUDIT OBSERVATION**

I. Part- A

- a. Leakage of own source revenue either due to wrong assessment or non-levy of property tax, mobile tower tax, rent on municipal properties, advertisement tax, fee etc.:

i. Cash and its Insurance

Cash is collected by the tax collectors and hands it over to the cashier who records it in the Cash Book. We have verified the physical cash balance as on 02.08.2016 at 11:45 am and difference was observed between the physical cash balance and balance as per cashier Cash book. The details are shown in below.

Annexure-I

Cash Verification on 02.08.2016 at 11:45AM

Name of the Cashier: Jai Prakash

Denomination	Nos.	Amount
1000	418	4,18,000
500	899	4,49,500
100	838	83,800
50	180	9,000
20	103	2,060
10	77	770
Total		9,63,130
Balance as per Cashier Cash Book		10,23,449
Difference		60,319

The Cash kept in the Locker is not insured against theft and fire.

Management reply

Sometimes we have to make expenditure out of cash collected by the cashier due to some emergency; this is the reason behind the difference between balance as per cashier Cash Book and the physical cash balance.

ii. Outstanding Property Tax

It was observed that a huge amount of Property Tax is outstanding from different sources since a very long time, resulting in loss of revenue to the Municipality. The detail list of outstanding Property Tax is shown below.

Annexure-II

The list of outstanding Property Tax from different sources

Sl. No	Party Name	Outstanding Year	Amount (Rs.)
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1	Zilla Shiksha Adhikshak Middle School	2015-16	15,75,503
2	Zila Abra Nibandhan bhawan	2015-16	16,787
3	Bihar Central Co-Operative Bank	2014-15 to 2015-16	20,085
4	Shram Kalyan Kendra Bhawan Karyalay	20.05.2006 to 2015-16	2,39,512
5	Anumandal Padadhikari Bihar Sharif Bhawan Karyalay	1981-82 to 2015-16	5,93,460
6	Zilla Padadhikari Nalanda Karyalay	2015-16	26,860
7	Karyapal Abhiyatta Telecom Division	1986-87 to 2015-16	22,81,822
8	Prakhand Vidya Sampadadhikari Bhawan	1982-83 to 2015-16	3,47,617
9	Zilla Udyog Kendra, Ramchandrapur	2015-16	34,871
10	Karyapal Abhiyanta Jalpath Pramandal	2008-09 to 2015-16	29,290
11	Mukhya Karyapal Padadhikari Zilla Paishad	1973-74 to 2015-16	23,30,339
12	State Bank Branch, Kamrudin Nagar	2010-11 to 2015-16	58,521
13	Nalanda College Pradhanacharya	1981-82 to 2015-16	6,48,874
14	Patel Memorial College Pradhanacharya	1997-98 to 2015-16	3,58,530
15	Sachiv Medical Association	2013-14 to 2015-16	6,572
16	Zila yakshma Padadhikari TV centre	1994-95 to 2015-16	6,25,669
17	Sadar Aspatal, Adhyaksh	2008-09 to 2015-16	18,59,213
18	Zila Shiksha Padadhikari Ucch Vidyalaya	1985-86 to 2015-16	5,80,969
19	Patel Ucch Vidyalay, Midad	1979-80 to 2015-16	67,099
20	Girls Medical School, Kamruddinganj	2006-07 to 2015-16	2,98,164
21	Zila Krishi Padadhikari Bhaisasur Bhawan	1994-95 to 2015-16	10,63,780
22	Pratisthan Adhikshak Rajya Transport	1965-66 to 2015-16	16,39,674
23	Zilla San Nyayadhish Nyayalay	2014-15 to 2015-16	16,55,821
24	Kisan College, Sohlal,	2006-07 to	2,13,295



	Pradhanacharya	2015-16		
25	Karyalay Abhiyanta Ucchapaksh Nirman Vibhag Bhawan	1994-95 to 2015-16		14,74,410
26	Prabandh Vyapar Mandal Sahyog Samiti	1994-95 to 2015-16		2,88,061
27	Krishi Utpadan Bazaar Samiti, Sachiv Anumandal Padadhikari	2012-13 to 2015-16		1,67,128
28	Karyapaal Abhiyanta Electric Department	1984-85 to 2015-16		63,66,058
29	Pashualay Chikitsa Padadhikari, Mohalla Mushadpur	2012-13 to 2015-16		23,369
30	Aarakshi Adhikshak Nalanda	2007-08 to 2015-16		2,34,294
31	Vidyut Pramandal, Badi Paharigirh Subdivision	1981-82 to 2015-16		5,76,750
32	Karyapal Abhiyanta Bhawan Pramandal	2007-08 to 2015-16		13,04,232
33	Pradhanadhyapika Kanya Ucch Vidyalaya	2006-07 to 2015-16		92,643
34	Nalanda Mahila College	2014-15 to 2015-16		1,34,275
35	Prabhari Chikitsa Parivar Kalyan	1994-95 to 2015-16		3,60,995

Management Reply

Steps will be taken for collection of the outstanding Property Tax.

iii. **Non-Collection Of Notice Fee/Warrant Fee**

As per Regulation 158(a) of Chapter XIX of Bihar Municipal Act, 2007, The Municipality shall charge Notice Fee/Warrant Fee for delayed payment at a rate as may be specified, and the amount of penalty thereof, but we observed that the Municipality has issued notice for collection of taxes but has not charged the Notice Fee/Warrant Fee from the respective parties resulting in loss of revenue to the Municipality.

Management Reply

As the property owners are not able to pay the property taxes due, we do not charge warrant fee from them as it only increases their burden. But, henceforth warrant fees will be charged from the owners of the property.

iv. **Expiry of Rental Agreement**

As per letter number 4468 dated 08.12.2015, it was noticed that the Rental Agreement made between the Municipality and the Shopkeepers of the market has expired long back, but still the Municipality is charging rentals from the Shopkeepers at that old rate.



Now, the Municipality has decided to increase the rentals by entering into a new Rental Agreement which has still not been done.

Management Reply

Increased rentals will be charged from the shopkeepers once it gets finalised.

b. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs

i. Non-Preparation of Vouchers

The Municipality does not prepare Payment Vouchers for making payment to the parties; payment is made on the basis of bills only raised on the municipality.

Management Reply

Accepted, payment vouchers will be prepared in future.

ii. Delay in payment of Advertisement Bill

While verifying the vouchers long delay has been noticed in advertisement bill date and payment date. As the Municipality does not maintain Bills Payable Register chances of double payment may increase. The details are shown below:

Voucher No.	Advertisement No.	Bill Date	Name of Advertising Agency	Payment date	Amount
1037	13054/NN	10/02/12	Jagran Prakashan Ltd.	30/07/15	22,976
1038	13052/NN	10/02/12	Jagran Prakashan Ltd.	30/07/15	22,976
1039	14197/NN	10/02/12	Jagran Prakashan Ltd.	30/07/15	9,478

Management Reply

We have a strict internal control over voucher payments, so double payment will not be made.

iii. Other Observation on Vouchers

Some of the observations noticed during vouching are shown in the table given below:

Cash Book Payment No.	Date	Particulars	Amount (Rs.)	Remarks
01	01.04.15	Payment of gratuity made to Dinanath Prasad after his retirement	3,65,794	No supporting Documents available, calculation of payment made on



				rough white paper only
02	01.04.15	Payment of Leave encashment made to Dinanath Prasad after his retirement	2,32,250	No supporting Documents available, calculation of payment made on rough white paper only
137	24.04.15	Payment made to BUIDCO for construction of Bus Stand at Bihar Sharif	3,50,00,000	No supporting documents available, only a letter addressed to the Municipal Commissioner is available on the basis of which payment is made
131	24.04.15	Paid to Vijay Kumar for construction of drain and PCC Len-Road from the house of Vijay Halwai to Kankanadi Miyan House	7,39,904	Work order not attached with the Voucher
134	24.04.15	Paid to Sanjeet Kumar for construction of road crossing bridge near house of Surendra Sharma to Sakunath Path (Ward 30	1,42,016	Work order not attached with the Voucher
136	24.04.15	Payment made for construction of Samrat Ashok Bhawan to Zila Viakash Sahari Abhikaran, Nalanda	10,00,000	No supporting documents available with the voucher, only Xerox copy of a letter addressed to the Municipal Commissioner is attached on the basis of which



				payment is made
139	29.04.15	Payment made to Gauri Shankar Mandal for construction of bathroom at the office of Anumandal Padadhikari	2,61,319	No supporting bill attached, only a letter addressed to the Municipal Commissioner is attached
423	28.05.15	Payment made to Vats Infotech for supplying 23 Biometric SB- CB (Secure – Eye)	3,26,600	Purchase Order not attached with the bill
366	22.05.15	Payment made to Prahalad Kuamr for vehicle hiring charges of vehicle no. BR21G/3239	48950	No supporting documents available, only an application addressed to the Municipal Commissioner is available
	22.01.16	Payment made to Vats Infotech for supplying 24 Biometric SB- CB (Secure – Eye)	3,40,800	Payment made on the basis of bill only, delivery challan as well as purchase order copy not attached with the bill
1011 (Taken from Accountant's Cash Book)	29.07.15	Payment made to MD BUIDCO through cheque no. 330225 for purchase of Cleaning equipment	87,38,050	No voucher or other related document related with this payment found in the voucher file,
496 & 497	16.06.16	Payment made to Dharendra Kumar for construction of Bathroom as well as kitchen at Kargil Bus Stand and Ramchandrapur Bus Stand	1,83,626 (91,725+91,901)	No supporting documents as well as bill attached, only a letter addressed to the Municipal Commissioner is attached in the file on the basis of which payment is made



Management Reply

Accepted, henceforth care will be taken regarding this matter.

c. Report on findings of field survey of Property Tax of high value properties

Details of Property Tax collection are given as follows (Consequence, Effect, Impact, Cause, Corrective Action and Recommendation. Auditee Comment has been narrated in the Annexure – A):

Holdi ng No.	Ward No.	Name	Tax Amount (Rs.)	Remarks
253	25	Rai Umesh Chandra & Others	69,437	Paid for F.Y 2015-16
1449-A	25	Kishori Prasad S/o Late Chetnarayan Prasad	63,504	Paid for F.Y 2015-16
655	25	Mozaffer Hassan & Others	53,912	Paid for F.Y 2015-16
1450-H	25	Kishori Prasad S/o Chandrika Mahto	52,123	Paid for F.Y 2015-16
255	25	Ashish Ranjan S/o Jagdish Prasad	26,225	Paid for F.Y 2015-16
623	25	Bhaisapur Cold Storage	21,894	Paid for F.Y 2015-16
805	25	Dr. Ram Prakash Mahto S/o Shobh Narayan Prakash	21,485	Paid for F.Y 2015-16
703-G	25	Dr. Sujit Kumar S/o Nageshwar Prasad	20,875	Paid for F.Y 2015-16
250	24	Bachhan Prasad Singh S/o Devnandan Prasad Gauravtar	57,737	Paid for F.Y 2015-16
417	24	Mahmaya Devi Ram Anugrah Prasad Singh	53,476	Paid for F.Y 2015-16
416A	24	Arvind Prasad Singh S/o Ram Anugrah Prasad Singh	32,379	Paid for F.Y 2015-16
573	24	Sunil Kumar S/o Mamta Koshami	29,414	Paid for F.Y 2015-16
543B	24	Sushma Kumari W/o Sanjay Kumar	28,288	Paid for F.Y 2015-16
433	24	Sushil Kumar S/o Hiralal Rastogi	23,048	Paid for F.Y 2015-16
1101	21	St. Mary's School	82,147	Paid for F.Y 2015-16



601A	21	Ramchandra Cold Storage	71,620	Paid for F.Y 2015-16
895	21	Krishna Devi W/o Lakshman	30,715	Paid for F.Y 2015-16
1480	21	Santosh Kumar S/o Ram Krishna Prasad	59,614	Paid for F.Y 2015-16
1547A	21	Dr. Jimti Ratnashila Sinha	24,980	Paid for F.Y 2015-16
1017H	21	Lakhichand Gupta S/o Late Kali Prasad	24,157	Paid for F.Y 2015-16
37	36	Rajan Kumar Gupta S/o Ramchandra Gupta	19,699	Paid for F.Y 2015-16
5	36	Bipin Singh S/o Late Kameshwar Singh	19,699	Paid for F.Y 2015-16
1446	36	Anil Kumar S/o Jagdish Prasad	44,063	Paid for F.Y 2015-16
4	36	Bipin Singh S/o Late Kameshwar Singh	20,736	Paid for F.Y 2015-16
37	29	Sudha Devi W/o Late Arvind Prasad	15,115	Paid for F.Y 2015-16
62	29	Akhilesh Kumar S/o Ram Kishore Singh	19,565	Paid for F.Y 2015-16
712A	31	Dayanand Prasad S/o Late Shivdas	1,08,229	Paid for F.Y 2015-16
437-K	31	Smt. Anju Singh W/o Sanjay Kumar	32,979	Paid for F.Y 2015-16
894	31	Gangiya Devi W/o Late Lakhan Gope	37,590	Paid for F.Y 2015-16
475E	30	Smt. Shakuntala Singh w/o Ramchandra Prasad	30,583	Paid for F.Y 2015-16
473-I	31	Basanti Devi W/o Siddeshwar Prasad	17,758	Paid for F.Y 2015-16
430	31	Arvind Kumar Singh S/o Arjun Prasad	31,500	Paid for F.Y 2015-16
475 B11	30	Dr. Arvind Kumar Singh S/o Indradeo Prasad	45,000	Paid for F.Y 2015-16
481-E	30	Smt. Indu Verma W/o Indu Verma	19,203	Paid for F.Y 2015-16
352-H	25	Pushplata vidyarthi	44,496	Paid for F.Y 2015-16
701	25	Indian Medical Associastion	16,510	Paid for F.Y 2015-16
776	25	Rajlakshmi Nursing Home	17,391	Paid for F.Y 2015-16



487	25	Kameshwar Prasad Nathun Mahato	15,560	Paid for F.Y 2015-16
743-D	25	Anita Kumari	15,390	Paid for F.Y 2015-16
254	25	Shanti Sinha W/o Dr. Indrajeet	16,014	Paid for F.Y 2015-16
257	25	Aditya Kumar S/o Ram Prasad Singh	19,035	Paid for F.Y 2015-16
332	04	Dr. Rabindra Prasad S/o Laldhari Singh	18,270	Paid for F.Y 2015-16
1613H	17	Deveswar Prasad S/o Late Mewa Mahato	20,602	Paid for F.Y 2015-16
1072	17	Md. Khalid Alam Bhutto S/o Late Sadar Alam	24,728	Paid for F.Y 2015-16
1073	17	Md. Khurshid Alam S/o Late Sadar Alam	29,396	Paid for F.Y 2015-16
1074	17	Md. Khurshid Alam S/o Late Sadar Alam	24,359	Paid for F.Y 2015-16
1084	17	Kishori Chowdhury S/o Kishun Chowdhury	18,869	Paid for F.Y 2015-16
1611	17	Bipin Bihari S/o Harihar Prasad	18,841	Paid for F.Y 2015-16
1398	17	Bibi Balema W/o Azhar Hussain	20,685	Paid for F.Y 2015-16
42	20	Badi Pahari Cold Storage	27,634	Paid for F.Y 2015-16
720K/ 2	23	Maa Shanti Pvt. ITI	17,711	Paid for F.Y 2015-16
709A	23	Shravan Kr. S/o Krishna Prasad	17180	Paid for F.Y 2015-16
993N/ 2	23	Ajit Kr. S/o Late Haridwaar Sharma	44,026	Paid for F.Y 2015-16
468	23	Priya Ranjan and Others S/o Lt. Madan Lal	45,648	Paid for F.Y 2015-16
914A	23	Suve Devi and others W/o upendra Prasad	25,810	Paid for F.Y 2015-16
413	37	Alle Ahmed and others S/o Zaheerul Haq	15,986	Paid for F.Y 2015-16
414	37	Alle Ahmed and others S/o Zaheerul Haq	15,986	Paid for F.Y 2015-16
689	37	Dilip Kr. Singh S/o Lt. Brahmanand Singh	15,864	Paid for F.Y 2015-16
878A	23	Suresh Prasad S/o Late Nathun Mahato	17,730	Paid for F.Y 2015-16



993K	23	Basudeb Prasad Faujdari Mahato	23,340	Paid for F.Y 2015-16
542	23		70,320	Paid for F.Y 2015-16
541	23	Motwalli sogra warf Estate	72,939	Paid for F.Y 2015-16
774A	23	Surendra Prasad S/o Late Chotu Mahato	17,178	Paid for F.Y 2015-16
539	23	Arjun Prasad S/o Late Hari Prasad	60,264	Paid for F.Y 2015-16
396	04	Rupesh Divankar & Others S/o Jai ram Prasad	15,236	Paid for F.Y 2015-16
252	04	Anil Kumar S/o Janak Nandan Prasad	1,36,704	Paid for F.Y 2015-16
413	04	Jairam Prasad Sinha S/o Kewal Mahato	31,396	Paid for F.Y 2015-16
389	04	Munshi Chowdhury S/o Late Sanichar Chowdhury	24,084	Paid for F.Y 2015-16
253A	04	Gauri Shankar S/o Ghanshyam Mahato	15,967	Paid for F.Y 2015-16
878B	02	Lalkeshwar Kr. Maurj S/o Lakshmi Prasad Maurj	15,846	Paid for F.Y 2015-16
1547	21	Ranshila Singh W/o Brij Bhusan Prasad Singh	55,705	Paid for F.Y 2015-16
07	36	Naaz Cinema Hall	15,149	Paid for F.Y 2015-16
01	36	Hotel Gulmarg	16,474	Paid for F.Y 2015-16
823T	22	Ramchandra Prasad S/o Shyamchandra Prasad	27,900	Paid for F.Y 2015-16
823D	22	Pawan Kumar S/o Ramchandra Prasad	34,868	Paid for F.Y 2015-16
823E	22	Sanjay Kumar Verma S/o Ramchandra Prasad	18,474	Paid for F.Y 2015-16
823C	22	Pradeep Kumar S/o Ramchandra Prasad	16,939	Paid for F.Y 2015-16
1249	22	Rajendra Prasad S/o Late Fulchand Mahato	48,959	Paid for F.Y 2015-16
723A	22	Ajanta Cinema	31,021	Paid for F.Y



				2015-16
1247	22	Ramchandra Prasad S/o Late Faggu Mahato	83,378	Paid for F.Y 2015-16

II. Part-B

a. Non-maintenance of books of accounts, subsidiary registers:

The unit has not maintained the following prescribed registers (Please find attached letter to the ULB regarding non-submission of the following documents):-

1. Journal Book
2. Ledger
3. Contra Voucher
4. Journal Voucher
5. Receipt Voucher
6. Register of Cheque Received
7. Statement on status of cheque received
8. Register of Bills for Payment
9. Payment order
10. Register of Advance
11. Register of Permanent Advance
12. Deposit Received Register
13. Summary statement of Deposits Adjustment
14. Demand register
15. Bill of Income
16. Summary Statement of Bill Raised
17. Register of Notice Fee, Warrant Fee, other fees
18. Summary statement of Notice Fee, Warrant Fee, other fees
19. Summary statement of Refund and Remissions
20. Summary statement of Write offs
21. Statement of outstanding liability for expenses
22. Register of Immovable and Movable Property
23. Register of Land
24. Function wise Income Subsidiary Ledger
25. Function wise Expenditure Subsidiary Ledger
26. Asset Replacement Register
27. Register of Public Lighting System
28. Building Register
29. Status and Heritage Assets Register
30. Road and Street register
31. Bridges, Flyover, Subway and Causeway Register
32. Drains Register
33. Ponds and Lakes Register
34. Plant and Machinery Register
35. Vehicle Register
36. Office Equipment Register
37. Furniture and Fixture Register



38. Computer and Peripheral Register
39. Software Register
40. Grants Register

Required at – Property Tax and other taxes

1. Summary Statement of bills raised
2. Summary statement of Demand Adjustment raised
3. Summary statement of refunds and remissions
4. Summary Statement of write-offs

Documents required at – water Supply

1. Summary Statement of Demand raised on assessment
2. Summary statement of Head wise collection
3. Summary statement of refunds remissions
4. Summary statement of write- offs

Documents required at – Rentals, Fees and Other Income

1. Summary Statement of Demand raised on assessment
2. Summary statement of Head wise collection
3. Summary statement of refunds
4. Summary statement of write- offs

Documents required at- Public Works

1. Summary Statement of status of CWIP
2. Work Sheet
3. Deposit works register

Documents required at – Stores

1. Material Receipt Note
2. Statement of Material Issues

Other

1. Balance confirmation as on 31.03.16
2. BRS of all Bank Accounts (including dormant accounts)
3. Physical Verification report of cash and Stock

Final Accounts for the year 2014-15 and 2015-16

1. Audited Balance Sheet
2. Audited Income & Expenditure Account
3. Audited Receipts & Payments Account

Management Reply

In the above mentioned list of registers, some registers such as Staff and Permanent Advance are not required. So, it has not been prepared.

b. Observations on Procurement

While verifying the applicable procurement process, we have noticed few irregularities which have been stated below:

Scheme no.	07/15-16
Scheme Name	Renovation of Road
Ward no.	5
Amount sanction by Technical Dept. for the scheme	57,54,100



No. of Bid received	03
Name of the Bidders	Deepak Kumar Jhulan Kumar Singh Anjani Kumar
Selected Bidder	Jhulan Kumar Singh
Amount quoted	51,78,690 (10% below)
Date of allotment of work order	24.07.2015
Time allotted to complete the work	04 months
Work completion date	18.11.2015
Observations	The construction work was procured through e-tendering. We were not able to verify the individual Financial Bids of the Bidders as the same was not attached with the file, only comparative statement was attached through which we observed that the quoted rate was 10% lower than the estimated cost of the Municipality. Anjani Kumar and Jhulan Kumar Singh has given the same bid of 10% below cost, as a result the bidder was decided by Lottery system which was won by Jhulan Kumar Singh.

Management Reply

In the e-tendering process the bids are uploaded by the bidders on the website but the list is not downloaded from the website. Henceforth the list will be downloaded and kept in the file.

Procured Item	Fogging Machine
Name of Bidders	1. Usha Engineering 2. SG Construction
Selected Bidder	SG Construction
Observation	1. It was observed that the Quotation submitted by SG Construction was not signed by the Authorised Signatory still that quotation was accepted and contract was also awarded to the same bidder. 2. The original DD of EMD taken from both the bidders are attached in the file and have not been refunded to the bidders.

Management Reply

Care will be taken in verifying the quotations.
DD and EMD are returned to the bidders on an application made by them.

- c. Non-compliance of directives by UD&HD, GOB:
Details have been stated in "Annexure-A".



- d. Non-compliance of Act & Rules:
Details have been stated in "Annexure-A".
- e. Lack of internal control measures:
Details have been stated in "Annexure-A".
- f. Non-compliance of TDS, VAT and other relevant Statute

i. Non-Deposition of Tax Deducted at Source (TDS)

It was observed that the unit has deducted TDS u/s 194C @ 2.24% instead of 1% from contractors and has not deposited the same to the department during 2015-16. The total amount deducted was Rs. 27,76,932. The details are shown as under:

Sl. No.	Name of Scheme	TDS deducted
1	14 th Commission	5,34,866
2	4 th SFC	2,71,178
3	Bhawan Mad	43,501
4	Pesha Kar	63,713
5	Slum Mad	14,069
6	Nagar Nigam Kosh	2,69,485
7	13 th Commission	78,762
8	BRGF	2,15,575
9	Nagrik Suwidha Mad	2,64,091
10	Rajya Yojana	10,21,672
Total		27,76,932

Non- Deduction of TDS

As per Section 194C of the Income tax Act 1961, TDS should be deducted for Single payment above 30000 or Aggregate transaction above 75000 during a Financial year where payments are made for Hiring of Vehicle. However, TDS has not been deducted in the following cases of payments.

Voucher No.	Date	Vehicle No.	Hire Charges for the month	Amount (Rs.)
182	09.05.15	BR21E/1633	April,2015	13,500
451	09.06.15	BR21E/1633	May,2015	13,950
739	09.07.15	BR21E/1633	June,2015	13,500
1046	03.08.15	BR21E/1633	July,2015	17,050
1113	08.09.15	BR21E/1633	August,2015	17,050
1443	15.10.15	BR21E/1633	Sept, 2015	16,500
1508	03.11.15	BR21E/1633	Oct,2015	17,050
1658	04.12.15	BR21E/1633	Nov,2015	16,500
1802	07.01.16	BR21E/1633	Dec,2015	17,050
1964	05.02.16	BR21E/1633	Jan, 2016	17,050
450	09.06.15	BR21G/3239	May,2015	17,050
1509	03.11.15	BR21G/3239	July,2015 to Oct,2015	67,650



2144	03.03.16	BR21G/3239	Nov, 2015 to Jan, 2016	59,900
2199	5.3.16	BRO1PB-8510	10 Sept,215 to 22 Nov,2015	44,400

II. Sales Tax

It was observed that Sales Tax has been deducted but no challan has been presented for verification. The details of deduction are shown below:

Sl. No.	Name of Scheme	Amount (Rs.)
1	13 th Commission	3,37,839
2	Pesha Kar Mad	1,33,798
3	Slum Mad	31,404
4	Bhawan Nirmaan Mad	97,102
5	Nagrik Suwidha	4,24,535
6	4 th SFC	6,79,571
7	BRGF	3,19,954
8	14 th Commission	4,43,628
9	Nagar Nigam Kosh	4,80,815
10	RajyaKosh	11,43,131
Total		40,91,777

III. Royalty

It was observed that the Nagar Nigam has deducted Royalty during 2015-16 but has not deposited the same to the department. The details are shown below:

Sl. No.	Name of Scheme	Amount (Rs.)
1	Slum Mad	6,970
2	Bhawan Nirmaan Mad	18500
3	BRGF	1,20,315
4	Nagar Nigam Kosh	1,26,884
5	Nagrik Suwidha	36,506
6	Rajya Yojna	3,59,924
7	Pesha Kar Mad	28,106
8	4 th SFC	2,51,942
9	13 th Commission	36,835
10	14 th Commission	3,82,176
Total		13,68,158

IV. Labour Cess

During the course of audit, it was observed that the Nagar Nigam has deducted Labour Cess but has not deposited the same to the department. The details are shown below:

Sl. No.	Name of Scheme	Amount (Rs.)
1	Slum Mad	6,281



2	Bhawan Nirmaan Mad	19,420
3	BRGF	1,04,093
4	Nagar Nigam Kosh	1,20,403
5	Nagrik Suwidha	1,17,898
6	Rajya Yojna	4,61,377
7	Pesha Kar Mad	19,856
8	4 th SFC	1,67,435
9	13 th Commission	51,000
10	14 th Commission	2,67,403
Total		13,34,878

Management Reply

Accepted, statutory dues will be deposited on time from next time.

- g. Deficiency in pay-roll system:
Please see "Annexure -A"

- h. Utilisation of Grant and report on missing Utilisation Certificates:

UC for the expenditure during the year 2015-16 has not been submitted before us for verification.

Management Reply

Utilisation Certificate for the year 2014-15 has only been submitted.

- i. Physical verification of inventory/stores:

No such physical verification of inventory/ stores was conducted by the unit during our audit period.

Management Reply

Physical verification of stores/inventory will be conducted in future.

- j. Advances, their adjustment & recovery:

No advances were disbursed by the unit during our audit period.

- k. Any other matters as may be prescribed in due course:

Details are given in Annexure "A".

III. Part-C:

General Observation

General observations are mentioned elsewhere in the report.



For Roy Ghosh & Associates
(Chartered Accountants)
Firm's Registration No.: 320094E


(M. Das, Partner)
Membership No: 066481



Annexure-A

Sl. No.	Audit Objective	Criteria	Yes/No/NA	Detailed Observation	Risk/Financial Impact	Cause	Recommendation	Auditee's Comment
1	Obtain audit report of AG. If not available, obtain the memo	BMA, 2007	No	No documents provided to comment on the observation of AG, whether the observation and complied or not.	Delay in implementation of AG audit observations.	Lack of Follow-up procedure.	Follow up with AG audit observations should be initiated.	Accepted, will be provided in future
2	Obtain the Audited Balance Sheet, Income & Expenditure and Receipts & Payments Account for the FY 2014-15 & 2015-16	BMA, 2007	No	Audited Balance Sheet, Income & Expenditure and Receipts & Payments Account for the FY 2014-15 & 2015-16 not prepared by the Auditee	Financial position cannot be ascertain, Proper management of Funds cannot be done.	Not yet implemented	The unit should maintain scheme wise annual accounts and a consolidated Final Accounts of ULB	We follow single entry system of accounting so Receipts & Payment Account, Income & Expenditure A/c and Balance Sheet not prepared
3	Municipal Fund shall be mandatorily present in the Balance Sheet	BMA, 2007	NA	Balance sheet not prepared	Current balance of Municipal fund cannot be ascertained	--Do--	The unit should maintain scheme wise annual accounts and a consolidated Final Accounts of ULB	-Do-
4	Every heads of expenditure should be re-categorised between Revenue and capital expenditure	BMA, 2007	Ledger of expenditure is not maintained	Could not be checked	Detailed financial information cannot be obtained	--Do--	The unit should maintain scheme wise ledger account	Accepted, will implement in near future



5	Expenditure should not be made out of budget provision or revised budget estimate. Check sanction of expenditure made out of the budget approval	BMA, 2007	Ledger of expenditure is not maintained	In absence of detailed information/ registers/ledger analysis between expenditure and budget cannot be made	Annual budget cannot be reliable	--Do--	The unit should maintain scheme wise ledger account	Maintained but not maintained properly
6	Fund for inter head adjustment done purposefully for keeping the expenditure within the budget.	BMA, 2007	Ledger of expenditure is not maintained	In absence of detailed information/ registers/ledger inter head adjustment could not be checked	Amount sanction for a particular scheme may be utilized in other scheme	--Do--	The unit should maintain scheme wise ledger book	Recorded, and it will be followed
7	Verify surplus money whether parked in the current account or savings account leading to loss of interest.	BMA, 2007	Income & expenditure account has not been provided	Scheme wise available fund and projected expenditure is not provided, therefore identification of surplus level of fund in bank account could not be commendable. The unit has 02 savings bank accounts One for 13 th and 14 th Financial commission, one for NULM	Blockage of fund.	No information of surplus fund with the unit.	Management should evaluate projected expenditure and fund availability to identify the surplus fund if any, and should invest in secure scheme (like FD/term deposit) to earned interest amount	Recorded, and it will be followed



8	Non-recognition of interest on FD in the books	BMA, 2007	List of FD obtained	Four copies of FD certificates have been produced by the management and it has been found that out of four, one certificate has matured but not encashed or reinvested Details were given in Annexure III	Financial loss.	--	Invested fund should be periodically supervised.	Accepted, will be maintained in future
9	Competitive rates have been obtained while investing the surplus fund. If surplus money invested in the security, immediately call the team leader	BMA, 2007	No	No records have been produced before audit which evidence competitive rates were obtained before investment of fund.	Optimum earning from investment could not be achieved	--	Competitive rates should be obtained while investing the surplus fund.	Competitive rates will be obtained in near future
10	Obtain confirmation of Bank account and FD from Bank	BMA, 2007	Not obtained	No scope for any observation.	All details of bank account may not be obtained.	--	Bank confirmation should be obtained quarterly or half yearly	Accepted, will be obtained in future



11	There will be numerous bank accounts either in the name of ULB or in the name of project / scheme (custodian is ULB) or there may be a chance that some of the bank accounts were not brought in the books of accounts. Ensure the same	BMA, 2007	Bank pass book obtained	The unit has not prepared annual accounts. As a result there would be no scope for any observation.	Complete information of any scheme cannot be obtained	--	Books of accounts should be prepared	Accepted, will be maintained in future
12	Obtain Bank reconciliation Statement along with bank statement for all bank accounts along with dormant account.	BMA, 2007	No	Bank reconciliation Statement is not prepared by the unit. It has been observed that bank balance as per bank book is not in agreement with bank pass book.	Book balance and bank balance cannot be reconciled.	Lack of Internal Control.	Monthly Bank Reconciliation Statement of all the banks should be prepared.	Accepted, will be complied in future
13	Obtain the minutes of Municipal Accounts Committee meeting and thoroughly go through the same for obtaining the financial affairs of the municipality.	BMA, 2007	Not Applicable	Municipal Accounts Committee has not been formed during FY 2015-16	Strong internal control over Accounts and Finance cannot be obtained	Lack of Supervisory Control.	Accounts Committee should be formed for establishment of Accounts & Finance department in the unit	The Committee will be formed in future
14	Obtain the minutes of Municipal	BMA,	Not	Municipal Finance	Strong internal	--Do--	Accounts Committee	The Committee



	Finance Committee meeting and thoroughly go through the same for obtaining the financial affairs of the municipality.	2007	Applicable	Committee has not been formed during FY 2015-16	control over Accounts and Finance cannot be obtained		should be formed for establishment of Accounts & Finance department in the unit	will be formed in future
15	Obtain the minutes of Empowered Steering committee meeting and thoroughly go through the same for obtaining the financial affairs of the municipality.	BMA, 2007	Obtained	No resolution for the development of finance and accounts has been observed. At present the unit has no Accounts and Finance department	Strong internal control over Accounts and Finance cannot be obtained	Lack of procedural Control.	Accounts and Finance department should be formed immediately.	Accepted, will ask for knowledgeable persons from UD & HD
16	Obtain asset register (movable and immovable) of the ULB and verify the same on selective basis with reference to its location and description.	BMA, 2007	Not obtained	As informed by the management there is no asset register of the ULB	Chances of theft of valuable assets will be increase	Lack of Internal Control.	The unit should maintained asset register of the ULB	Fixed Asset Register is maintained but not in a proper manner
17	Verify the procedure of disposal of asset (One disposal with highest value).	BMA, 2007	No records of disposal of assets was submitted before audit	Records for disposal of assets not obtained	Financial loss	--	The unit should maintain records for disposal of assets.	No disposal made, so no records produced before Audit
18	Verify the procedure of auctioning of junk asset or non-serviceable assets	BMA, 2007	No records of auctioning of junk asset or non-	Records for auctioning of junk asset or non-serviceable assets not obtained	Financial loss	--	The unit should maintain records for auctioning of junk asset or non-serviceable assets.	Accepted, records will be maintained in future



			serviceable assets was submitted before audit					
19	Verify whether all Loans are showing in the balance sheet. ULBs are often suppressing loan and a specific designated bank account from the balance sheet to reduce the balance sheet stress.	BMA, 2007	Balance Sheet has not been prepared by the unit.	As informed by the management the unit has not obtained any loan amount.	-	Proper accounting principles not followed.	Unit should prepare annual accounts of the unit for the financial information of ULB	No loans taken during the Financial Year 2015-16
20	Verify repayment details of loan principal and interest to check whether there is any loss of interest	BMA, 2007	NA	NA	NA	--	NA	
21	Process of Collection to be checked	BMA, 2007		Tax and rental incomes are collected by Tax Collector and at collection centres at municipal office. All collected cash is handed over to Cashier and then, the same is deposited into the Treasury A/c No. 8448001020001 maintained in SBI	-	Lack of internal control.	-	
21(i)	Receipt of collection is issued	BMA, 2007	Yes	Checked and found in order	-	--	-	



21(ii)	Entry in the Collection Register GEN – 11	BMA, 2007	Yes	Checked and found in order	-	--	-	
21(iii)	Preparation of Memorandum of Collection GEN – 12	BMA, 2007	Memorandum of Collection GEN – 12 is not prepared by the unit	Memorandum of Collection GEN – 12 is not prepared by the unit. All the collection in GEN - 11 were head-wise re-entered in Cashier Cash Book GEN – III	-	Lack of Supervisory control.	-	Recorded and will be maintained
21(iv)	Verification of memorandum of collection by the Clerk of the concerned Department	BMA, 2007	NA	NA	NA	--	NA	
21(v)	Authorisation memorandum of collection by the Head of the Department	BMA, 2007	NA	NA	NA	--	NA	
21(vi)	Remittance of money along with collection registers at the designated Municipal Collection Office	BMA, 2007	Yes	Checked and found in order.	-	--	-	
22	All sums received in Cash/Cheques/Demand Drafts shall be remitted into the Bank/Treasury Account(s) (other than Public Account) the next working day.	BMA, 2007	Cashier's Cash Book and duplicate copy of receipt submitted	Delay is observed in remittance of fund into the Bank/Treasury Account(s). Cash vault is also not secured by any insurance Details were given in Annexure –IV	Chances of theft of cash increases.	Lack of Internal Control.	Total cash collection of a day should be deposited into bank on the same day or next day. Management should obtain Vault insurance for safe custody of cash.	Accepted, will be done in future
23	Remittance into the	BMA,	Treasury	As per cashier's	-	--	-	



	Bank/Treasury shall be made through Challans prepared in duplicate.	2007	Challan submitted	Cash Book amount is remitted to the Treasury a/c through challan prepared in duplicate.				
24	The Challan shall be prepared by the Cashier and signed by the Chief Municipal Officer or any other officer authorised by him on this behalf.	BMA, 2007	Treasury Challan submitted	The Challan is prepared by the Cashier and signed by the City Manager authorised by Chief Municipal Officer on his behalf.	-	--	-	
25	The original acknowledged by the Bank/Treasury shall be filed in the Municipal Office by the Cashier.	BMA, 2007	Treasury Challan submitted		-	--	-	
26	The Accounts Department shall prepare a Bank/Cash Receipt Voucher (Form GEN-4) for all collections made in Cash/Cheque/Demand Draft	BMA, 2007	Bank/Cash Receipt Voucher (Form GEN-4) not submitted	Neither any Account Department is in the Nagar Nigam nor Bank/Cash Receipt Voucher (Form GEN-4) is prepared	Documentary evidence of collection may not be available	Lack of Supervisory Control.	Receipt voucher should be prepared to track the entry with cash book	Miscellaneous receipt maintained
27	The Accounts Department shall pass the entry for recording the collections based on the Summary of Daily Collection (Form GEN-13) received on a daily basis.	BMA, 2007	Daily Collection (Form GEN-13) not submitted	Neither any Account Department is in the Nagar Nigam nor pass the entry for the collection	-	--	-	Accepted, will be maintained in future



28	The Accounts Department shall maintain separate Subsidiary Ledger for each of the Major revenues in Form GEN – 34.	BMA, 2007	Subsidiary Ledger for each of the Major revenues in Form GEN – 34 not maintained	NA	Monitoring of outstanding revenue to be collected could not be done properly	Proper accounting principles not followed.	Subsidiary ledger should be maintained.	Accepted, will be maintained in future
29	The Subsidiary Ledgers would provide function-wise break-up of abovementioned income earned/received by the Municipalities on a daily basis.	BMA, 2007	Subsidiary Ledgers not prepared.	NA	Major revenues cannot be traced due to non maintaining of records according to prescribed norms.	--Do--	Subsidiary Ledger for each of the Major revenues in Form GEN – 34 should be strictly maintained.	Will be maintained in future
30	Separate folios shall be maintained for each function within the Subsidiary Ledger for recording incomes in respect of each function.	BMA, 2007	Subsidiary Ledgers not prepared.	NA	Major revenues cannot be traced due to non maintaining of records according to prescribed norms.	--	Subsidiary Ledger for each of the Major revenues in Form GEN – 34 should be strictly maintained.	Will be maintained in future
31	When some income is earned, it will be first recorded in the Cash Book/ Bank Book on the receipt side or in the journal from bills submitted by the concerned	BMA, 2007	Cash Book submitted	When some income is earned, it is first recorded in the Cash Book/ Bank Book on the receipt	-	--	-	



	departments.			side				
32	Thereafter the entry will be posted to the credit of the appropriate income account in the Main Ledger. Simultaneously, the amount will also be recorded in the folio for the concerned function in the Subsidiary Ledger under the respective income column.	BMA, 2007	Main Ledger & subsidiary Ledger not maintained	NA	Head wise income could be recognised and proper monitoring over the outstanding revenue could not be done	Proper accounting principles not followed.	The unit should maintain a main ledger book.	Accepted, will be maintained in future
33	General ledger to subsidiary ledger reconciliation is mandatory	BMA, 2007	Main Ledger & subsidiary Ledger not maintained	NA	Reconciliation of income and expenditure could not be done	--Do--	The unit should maintain ledger book and monthly reconciliation should be done.	-Do-
34	Updation of details regarding Cheques/Drafts deposited. The realisation/return of the Cheques/Drafts shall be followed up with the Bank by the designated person (who has deposited the Cheques).	BMA, 2007	Cheque receive register not maintained	Collected cheques could not verified	Chances of loss of funds	Lack of Internal control.	The unit should maintain scheme wise cheque receipt register	Accepted, will be maintained in future
35	The details of the realisation/non-realisation of the Cheques/Drafts shall be communicated to the Accounts Department by the Collection Counter/ Municipal Collection Office who have actually deposited the Cheques and	BMA, 2007	No	NA	NA	--Do--	NA	NA



	co-ordinating with the Bank, through a Statement on Status of Cheques Received, prepared in Form GEN-10.							
36	In respect of Cheques which have become dishonoured, the details shall be intimated to the Cashier. The Cashier shall prepare a Summary Statement of Cheques dishonoured in the same format as that of Summary of Daily Collection in Form GEN – 13.	BMA, 2007	NA	NA	NA	--Do--	NA	
37	The payments of the Municipality may be done by Cash or drawing of Cheques or through Bill System.	BMA, 2007	Payment voucher	The payments of the Municipality done cheques only	-	--	-	
38	Whether Receipt of Claims Recorded in GEN – 14 , Bill Register	BMA, 2007	GEN – 14 , Bill Register not maintained		The unit may not be able to keep track of claims received and thus may not ensure timely payment for the claims received.	Lack of Internal Control.	The unit should maintain detailed bill register indicating claim received and payment made thereof. (GEN-14)	Accepted, will be maintained in future
39	Verification at the Concerned Department - The Bill shall be stamped as 'certified for payment' and signed by the concerned authorities.	BMA, 2007	Yes	Payment Vouchers & Bills were stamped and signed by the Commissioner of ULB.		Lack of Supervisory Control.		



40	Preparation of Payment Order - a Payment Order (Form GEN – 15) shall be prepared at the concerned department. The Bills, the Payment Order and the supporting for the Claim shall be sent to the Accounts Section/pre audit Section.	BMA, 2007	Not maintained	Payment order is not prepared in separate form (Form GEN – 15), order for payment is issued on the body of the bill mentioning “Pass for Payment” by the commissioner of the ULB.	-	--Do--	Payment Order (Form GEN – 15) should be prepared.	Accepted, will be maintained in future
41	After a satisfactory verification of the Payment Order and its supporting, the Payment Order shall be released for payment.	BMA, 2007	Pass for payment made on the body of Bill	The payment order is not prepared.		--	Payment Order (Form GEN – 15) should be prepared.	Accepted, will be maintained in future
42	On approval of payment, entry shall be updated in the Register of Bills for Payment maintained at Accounts Department (Form GEN-14) and a Journal Voucher is prepared.	BMA, 2007	Bill register, Journal Voucher not maintained	As Register of Bills for Payment is not maintained, so detailed information on the payment process could not be obtained.	Lack of Documentation. The unit may not keep proper track of payments made.	Lack of internal control.	Register of Bills for Payment should be maintained (GEN-14) and Journal Voucher should be prepared.	Accepted, will be maintained in future
43	A Cash/Bank Payment Voucher (Form GEN-5) shall be prepared for payment and verified by the Accounts Department.	BMA, 2007	Payment voucher not prepared.	-	Lack of Documentation.	Lack of procedural Control.	The unit should maintain Payment Voucher (GEN-5)	Accepted, will be maintained in future
44	On verification of the Cash/Bank Payment Voucher, a Cheque shall be prepared.	BMA, 2007	Payment Voucher (Form GEN-5)	When the bills were approved cashier prepare cheque.	-	--	The unit should maintain Payment Voucher (GEN-5)	Accepted, will be maintained in future



			not prepared					
45	The date of preparation of the Bank Payment Voucher shall be the date of the Cheque.	BMA, 2007	Payment voucher not prepared	Payment Approval date is the cheque date	-	--	-	Accepted, will be prepared in future
46	The person preparing the Cheque shall mention cheque no. and date on the payment voucher.	BMA, 2007	Payment Voucher not prepared	Cheque no & date not recorded on the payment bill	Tracking of payment cannot be made	--	Cheque no. and date should be recorded in Payment Voucher	Accepted, cheque no. and date will be recorded in future
47	An entry of the Cheque prepared shall be made in the Cheque Issue Register, maintained in Form GEN-16.	BMA, 2007	Cheque issue register is maintained	Cheque issue register is not maintained in a specific framed format.	Lack of completeness of information	--	Cheque issue register should be updated as per GEN-16 format	Will be maintained as per format
48	Signing of the Cheque and cheque issue register	BMA, 2007	Yes	Cheque is signed by the Municipal Commissioner.		--Do--		
49	Recording of entry for payment. Entry in Bank Book (Form GEN-1B)	BMA, 2007	Yes	Entry made in Bank book but not as per Form GEN – 1B		--	Entry should be made in Bank book as per Form GEN – 1B	Will be maintained as per format
50	Whether the supporting documents such as invoices, bills, etc are stamped with 'certified for payment' and signed by the authorities of the concerned department;	BMA, 2007	Yes	Supporting documents such as invoices, bills, etc are stamped with 'certified for payment' and signed by the authorities of the concerned department		Lack of procedural control.		



51	Whether adequate budget appropriation/provision is available under the particular head.	BMA, 2007	Ledger not maintained	Head wise expenditure ledger not maintained. Cross check with the budget/provision could not be done	Expenditure may be done without any budget/provision	--Do--	Management should maintain scheme wise expenditure made and periodically it should be compared with budget provision to have proper control over expenditure.	Accepted, will be maintained in future
52	Whether evidence of entry into Purchase /Fixed Assets/ Investments Register with folio and reference numbers are attached/ available;	BMA, 2007	Fixed Asset register not maintained	NA	Bifurcation of revenue and capital expenditure cannot be made and records of fixed assets in the ULB cannot be observed.	Proper accounting principles not followed.	Fixed Asset register should be maintained	Accepted, will be maintained in future
53	A Work/Job Completion Certificate is received and a copy is attached with the payment voucher in the case of release of security or other caution deposits relating to construction or acquisition of fixed assets;	BMA, 2007		Work/Job Completion Certificate is attached in individual files		Lack of procedural control.		
54	Whether a copy of the purchase order with update of items / stocks received along with the reference to goods in good condition / satisfactory condition as per specification receipt/ gate pass note, etc is attached with the payment voucher.	BMA, 2007	No	Copy of purchase order is not attached along with payment voucher.	Chances of unauthorized purchase	--Do--	Copy of purchase order should be affix with the payment voucher	Will be affixed in future



55	Physical verification of the concerned Registers such as Fixed Assets/ Stocks/ Investments, etc. may also be carried out to ensure that the bills under 'payment order' are entered in the registers.	BMA, 2007	Physical Verification of Stock Register done. Other registers not maintained.	Fixed Asset Register and Investment Register not maintained.	In case of theft/ misplace of any Fixed assets/ investment, it cannot be traced.	Lack of internal control.	There must be proper internal control over maintenance of registers.	Accepted, will be maintained in future
56	Internal Audit will be conducted in each Municipality by the firm of Chartered Accountants from the panel prepared by the Director of Local Bodies latest by end of March for the following financial year	BMAM, 2014	Yes	Internal audit conducted earlier the for the F.Y 2014-15		Lack of Supervisory Control.		Agreed
57	Internal audit will be conducted ongoing basis throughout the year The internal Auditor so appointed shall report directly to Empowered Standing Committee with the copy to Chief Municipal Officer and Director of Local Bodies.	BMAM, 2014	Not in Practice	Internal audit not conducted throughout the year.	-	Lack of Supervisory Control.	-	Agreed
58	Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts	BMAM, 2014	No	Financial statement not prepared neither quarterly nor annually	Financial position of ULB cannot be determined	--Do--	Financial Statement should be prepared by the unit.	Accepted, will be prepared in future
59	Whether the period-end and reconciliation procedures	BMAM, 2014	No	Period-end and reconciliation not		Proper accounting	Management should maintain ledger book	Accepted, will be maintained in



	prescribed have been carried out.			done		principles not followed.	and it should be periodically reconciled with department wise register	future
60	Whether all grants from Government have been accounted at gross value with proper entries to various accounts	BMAM, 2014	Grant register not maintained	NA	The genuinity and quantum of grant cannot be verified in the absence of a Grant Register.	--Do--	The unit should maintain a detailed grant register.	Grant Register will be maintained in future
61	whether all transactions (incomes, expenditures, assets and liabilities)are correctly classified and stated in sufficient detail	BMAM, 2014	NA	Financial statement not prepared	Financial position of ULB cannot be determined	--	Annul accounts should be maintained	Accepted, will be maintained in future
62	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly Whether such deductions have been properly accounted	BMAM, 2014	NA	Financial statement not prepared to ascertain whether the entire grant received where properly accounted.	Financial position of ULB cannot be determined	Proper accounting principles not followed.	Annul accounts should be maintained	All grants sanctioned or received are accounted properly in manual system
63	Whether any deduction is made out of such grants towards any dues of the ULB?	BMAM, 2014	No scope to verify	Details of the grant obtained and outstanding dues not provided by the unit to comment.	-	--	-	No such cases
64	Whether such deductions have been properly accounted	BMAM, 2014	NA	NA	NA	--	NA	
65	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have	BMAM, 2014	No such information provided	NA	NA	--	NA	Not created



	been utilized for the purposes for which they have been created							
66	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;	BMAM, 2014	No	No such deviation noticed during the period under audit.	NA	--	NA	No such deviation
67	Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets	BMAM, 2014	Not maintained	The ULB is not maintaining any records showing full particulars, including quantitative details and situation of fixed assets	Chance of theft of fixed assets increases.	--	Fixed asset register should be maintained.	Details are maintained but not in a register
68	whether these fixed assets have been physically verified at reasonable intervals	BMAM, 2014	No	Physical verification of Fixed asset not done.	Obsolete and damage items could not be identified.	Lack of internal control.	Management should conduct half yearly or annually a physical verification of fixed assets.	In future physical verification of Assets will be done
69	whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account	BMAM, 2014	NA	NA	NA	Lack of supervisory control.	NA	
70	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are	BMAM, 2014	Yes	As per the documents produced by the management, lease agreements has	Chances of bad debt increases as the time lapses will result in	--	Management should take adequate steps for recovery of outstanding dues and proper collection of	Accepted, lease agreement will be renewed



	renewed after their expiry			expired but has not been renewed after their expiry, a total of 120 shops were given on rent from which a total outstanding rental income as on 31.03.16 could not be obtained as the concerned person was on leave	financial loss		current demand and lease agreements should be renewed as soon as possible	
71	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores	BMAM, 2014	No	Physical verification not conducted	Obsolete/damaged materials cannot be identified	--	Management should conduct half yearly or annually a physical verification of stores.	Physical verification of Stores will be done in near future
72	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	BMAM, 2014	NA	NA	NA	Lack of supervisory control.	NA	
73	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;	BMAM, 2014	NA	NA	NA	--Do--	NA	
74	Whether proper procedures are in place to identify any	BMAM, 2014	List of unservice	No proper inventory	Misuse/lost/stolen /theft of	--Do--	Management should implement proper	Proper inventory management



	unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts		able or damaged stores not provided	management system in place.	damaged store may be possible.		inventory management system.	system will be implemented in future
75	Whether the valuation of stores is in accordance with the accounting principles laid down in the rules	BMAM, 2014	NA	NA	NA	--Do--	NA	
76	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	BMAM, 2014	NA	Valuation of stores not in practice	NA	Proper accounting principles not followed.	NA	
77	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	BMAM, 2014	NA	As informed by the management the unit has not provided any loan/advances by the ULB	NA	--Do--	NA	
78	Whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAM, 2014	NA	NA	NA	--	NA	
79	Whether advances given to municipal employees and interest thereon are being regularly recovered	BMAM, 2014	NA	As informed by the management the unit has not provided any advances to its employees	NA	--	NA	
80	Whether there exists an adequate internal control procedure for	BMAM, 2014	Yes	Purchase of stores, including	-	Lack of internal	-	



	the purchase of stores, including components, plant and machinery, equipment and other assets			components, plant and machinery, equipment and other assets is done through tendering process		control.		
81	Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported	BMAM, 2014	Yes	Applicable procurement rules and procedures are being followed	-	--	-	
82	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	BMAM, 2014	No	The Municipality has deducted TDS, Sales Tax, Royalty and Labour Cess but has not deposited the same to the Department	Penalty will be attracted in the respective sections of Income tax Act, 1961	Lack of internal control.	The Municipality should deposit the deducted taxes as soon as possible	Accepted, henceforth statutory dues will be deposited timely
83	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;	BMAM, 2014	Yes	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	-	Lack of knowledge.	-	



				its employees, including employees on deputation				
84	Whether any personal expenses have been charged to the municipality' s accounts; if so, the details thereof	BMAM, 2014	Ledger/a nnuual accounts not prepared.	Head wise details of expenses not available with the unit. So the matters could not be checked	In absences of proper accounting system, chances of misuse of funds may be increase	Lack of internal control.	Management should implement a proper accounting system to trace end use of expenditure.	No personal expenses have been charged to the municipality's accounts
85	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis	BMAM, 2014	Necessary documents not furnished	Details of demand and collection of all the revenue head not produces before audit to conduct test check of assessment, timely collection and recovery action.	Loss of revenue	--	The unit should maintain and periodically cheek the demand and collection of all the revenue head	Revenue Officer checks the demand and collection of all the revenue head
86	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	BMAM, 2014	Details of sums due to be received not available with the unit	NA	Loss of revenue	Lack of procedural control.	The unit should maintain and periodically cheek the demand and collection of all the revenue head	Revenue Officer checks the demand and collection of all the revenue head
	Write-Off of Material							
87	Whether the pilfered/ damaged material in the Stores of the Municipality be written-off and	BMAM, 2014	No	List of pilfered/ damaged material in the Stores of the	Loss of revenue	Proper accountingpr inciples not	List of pilfered/ damaged material in the Stores of the	Will be maintained in future



	adjustment entry has been made in the books of Accounts			Municipality not available.		followed.	Municipality should be maintained	
	Unpaid Salaries					--		
88	Whether the unpaid salary to the employees recorded in the Unpaid Salary Register maintained in Form ES-4.	BMAM, 2014	Unpaid Salary Register not maintained	NA	Liability towards salary payment cannot be ascertain	Non maintenance of accrual basis of accounting.	Records of unpaid salary should be maintained.	No unpaid salary of any employee
89	Whether salary Unpaid for specified period has been deposited in the Bank Account	BMAM, 2014	NA	NA	NA	--	NA	
90	In case Cheques issued to the employees have not been encashed for three months or such other period as may be prescribed by the Government/ applicable Acts, such Cheques shall be cancelled	BMAM, 2014	Process of preparation of BRS not in existence	NA	Stale cheque could not be identified in time	Lack of procedural control.	BRS should be prepared on monthly basis.	We provide advice to bank for debiting our a/c and crediting the respective employees a/c
	Payments Otherwise Than From Pay Bill							
91	Whether approved Payment Order along with the supporting documents send to the Accounts Department for employee related payments such as leave travel concession, bonus & ex-gratia, overtime, medical reimbursement, hospitalization claim, suspension allowance, gratuity, leave salary, house rent reimbursement etc.,	BMAM, 2014	Ledger not available	Could not be checked	-	--	-	All employee related payments are recorded in Bill Book which is checked by Accountant.



92	Whether the Accounts Department updated the Function wise Expenditure Subsidiary Ledger maintained in Form GEN-35.	BMAM, 2014	Function wise Expenditure Subsidiary Ledger maintained in Form GEN-35. Not maintained	Could not be checked		--	Function wise Expenditure Subsidiary Ledger in Form GEN-35 should be maintained	Will be maintained in future
Provident Fund								
93	Whether Provident Fund Subscription of Regular employees shall be paid to Central Provident Fund every month and Provident Fund Subscription of Employees on deputation shall be deposited with the relevant authority every month.	BMAM, 2014	Yes	Provident Fund Subscription of Regular employees paid to Central Provident Fund every month and Provident Fund Subscription of Employees on deputation deposited with the relevant authority every month. Although no documents produced in support of the payments acknowledge		Lack of Internal control.		-



Health and Sanitation								
94	Whether reconciliation carried out by the Accounts Officer and the Head of the Health Function in respect of the amount collected under the various heads based on the balances standing in the Functional Income Subsidiary Ledger (Form GEN-34) in respect of Fees & User Charges and Sale & Hire Charges relating to Health Function maintained at the Accounts Department and the Collection Register (Form GEN-11) maintained at the Health Department;	BMAM, 2014	No	The unit has not appointed any Accounts Officer, further amount collected under health and sanitation was not produced before audit and reconciliation has been not done with collection register.	Loss of revenue	Lack of Internal control.	The unit should establish a proper accounting system.	In future, proper accounting system will be in place.
95	Whether the Accounts Officer shall ensure budget availability with respect to the expenditure incurred at the time of accruing of the expenditure	BMAM, 2014	NA	NA	NA	--	NA	
96	Whether the Accounts Officer ensure that all the bills/invoices were journalized before release of the payments	BMAM, 2014	NO	The unit has not appointed any Accounts Officer, bills/invoices not journalised	-	Proper accounting principles not followed.	The unit should establish a proper accounting system.-	No Accounts Officer in the Municipality. In future, proper accounting system will be in place.
CASH FLOW STATEMENT								
97	Cash Flow statement is prepared to assess the ability of the Municipality to generate cash	BMAM, 2014	Not prepared	NA	Inflow and outflow of fund cannot be	Lack of knowledge.	Cash flow should be maintained.	Accepted



	and cash equivalents and the needs of the Municipality to utilise those Cash Flows				reconciled			
98	Whether Statement on Contingent Liabilities have been prepared which represent a claim against the Municipality which is contingent on the appening of a future uncertain event, the financial implications of which may or may not be ascertainable at the end of an accounting period.	BMAM, 2014	Not prepared	NA	Contingent Liabilities could not be identified.	--	Books of accounts should be prepared	Accepted
99	The Municipality has prepared a Subsidy Report on Water Supply, Electricity Distribution, Scavenging, transporting & disposal of wastes, Street lighting, Hospitals and Schools	BMAM, 2014	No	No such report prepared		--		We do not prepare such report.
100	Whether details of honorarium paid to Councillors and Mayor has been prepared and disclosed in Balance Sheet	BMAM, 2014	No	Balance sheet is not prepared		Lack of procedural delay.	Balance Sheet should be prepared	Accepted
101	Whether amount of refunds, remissions and write-offs made during the year has been prepared	BMAM, 2014	No	As informed by the management no write off made during the year	-	Proper accounting principles not followed.	-	No write-off made during the year.
102	Amount of unutilised amount in the Public Deposit Account of the Municipality	BMAM, 2014	No	Unutilised amount in the Public Deposit Account is not available.	Blockage of fund		Surplus/unutilized amount in Public deposit account should be identified.	No unutilised amount in Public Deposit Account.
103	Amount of lapsed grants/fund	BMAM,	No	No such cases	-	Lack of	-	



		2014		found		procedural control.		
104	Percentage of properties defaulting on property tax both in terms of number and value in comparison to total properties and income Earned	BMAM, 2014	No	No such records maintained by the Municipality	Loss of revenue	Proper accounting principles not followed.	Action should be taken against defaulters.	Notices are issued to the defaulters for timely payment. Review meeting also conducted with RO & TC.
105	Number of municipal hospital beds, dispensaries and other medical facilities per 1000 citizens in the municipal area	BMAM, 2014	NA	NA	NA	--	NA	
106	Details about the various health programs undertaken by the Municipality from its own resources and the section of the population being benefited	BMAM, 2014	NA	NA	NA	Proper accounting principles not followed.	NA	
107	Percentage of connections, category-wise, defaulting on payment of water supply charges both in terms of number and value in comparison with the total number of connections and demand raised together with the remedial measures taken	BMAM, 2014	No such list obtained	Detail summary of Percentage of connections, category-wise, defaulting on payment of water supply charges both in terms of number and value in comparison with the total number of connections and demand raised together with the	Loss of revenue	--	Records should be maintained.	Will be maintained in future.



				remedial measures taken not prepared				
108	Details about the water purification and water distributed and billed in terms of quantity	BMAM, 2014	NA	Purification project not introduced as reported	NA	--	NA	
109	Number of lamp-posts erected and the areas in which they are erected (the expenditures incurred in respect of the street lighting shall be given in the Subsidy Report)	BMAM, 2014	Information not provided	NA	-	--	-	No such details maintained, but will be maintained in future
110	Age analysis of receivables and Payables	BMAM, 2014	Not available	NA	Good and doubtful debtors could not be identified	Lack of follow up.	Age analysis of receivables and Payables should be prepared on monthly basis	Age wise analysis of receivables and payables are not prepared
111	Expenditures of the Transferred Institutions directly met by the parent departments	BMAM, 2014	NA	NA	NA	--	NA	
112	Whether compliance including explanations relating to qualifications mentioned by the Auditors, stating clearly the facts of the matter and the steps taken in respect of those qualifications of audit report has been submitted	BMAM, 2014	AG report not provided	Management has not provided the AG Report, so unable to comment on the compliance including explanations relating to qualifications mentioned by the Auditors	-	--	-	Compliance report sent to AG within 2-3 months.

113	Empowered Standing Committee for Finance shall prepare an Action Taken Report providing details of the action taken by the Municipality in respect of the qualifications made in the Audit Certificate and the Chief Municipal Officer's Report	BMAM, 2014	Empowered Standing Committee for Finance not established	NA	-	Lack of internal control.	-	Accepted
114	On preparation of Financial Statements, the Accounts Department shall compute and present various Financial Ratios as mentioned in Table 27.8	BMAM, 2014	Not prepared	NA	Financial information could not be obtained	--Do--	Financial Statements should be prepared	Will be prepared in future
115	The Chief Municipal Officer shall within four months of the close of a year, cause to prepare a financial Statement containing Income Expenditure, Receipt Payment Accounts and Balance sheet along with the Schedules	BMAM, 2014	Not prepared	NA	Financial information could not be obtained	--	Financial Statements should be prepared	Accepted. Will be prepared in future.
116	The financial Statement prepared shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which after examination of the same, shall adopt and remit them to the Auditor	BMAM, 2014	Not prepared	NA	Financial information could not be obtained	Proper accounting principles not followed.	Financial Statements should be prepared	Accepted. Will be prepared in future.
117	The Municipal Accounts as contained in the financial Statement, including the Accounts of Special Funds, if any,	BMAM, 2014	Not prepared	NA	Financial information could not be obtained	--	Financial Statements should be prepared	Accepted. Will be prepared in future.



	and the Balance sheet shall be examined and Audited by Director Local Fund Audit or his equivalent authority or an Auditor appointed by the Urban Development & Housing Department from the panel of professional Chartered Accountants prepared in that behalf by the UD & HD. This Audit is called Statutory or Financial Statement Audit							
118	Chief Municipal Commissioner shall place the Audited Financial Statement, the Balance sheet and the Audit Report and his comments before the Empowered Standing Committee which, after the examination thereof, shall place them before the Municipality with its comments,	BMAM, 2014	Not prepared	NA	Financial information could not be obtained	Lack of information.	Financial Statements should be prepared	Accepted. Will be prepared in future.
119	The Chief Municipal Officer shall after the adoption of the Financial Statement including the Balance sheet and the Audit Report forward the same to the State Government together with the report of the action taken thereon by the	BMAM, 2014	Not prepared	NA	Financial information could not be obtained	Lack of procedural control.	Financial Statements should be prepared	Accepted. Will be prepared in future.



	Municipality and shall also send copies thereof to the Auditors and the C& A G							
120	Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts	BMAM, 2014	No	Ledger account not prepared Double entry system of accounting not introduced	Annual accounts could not be prepared	--Do--	Double entry system of accounting should be introduced	Due to lack of skilled manpower, double entry system is not implemented.
121	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	BMAM, 2014	No	All the books of accounts and supplementary registers that are prescribed in the Accounts Manual / other applicable regulations has not been properly maintained by the ULB	Lack of information may be noticed	--Do--	All books of accounts should be properly maintained.	Accepted. Will be maintained in future.
122	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	BMAM, 2014	No	Report on unserviceable or damaged stores not prepared	Loss of revenue	--Do--	Report on unserviceable or damaged stores should be prepared	Accepted. Will be maintained in future.
123	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	BMAM, 2014	Valuation of store not done	NA	Correct value of inventory could not be obtained	--Do--	Valuation of store should be done	Valuation will be done in future



	any deviation in the basis of valuation, the effect of such deviation, if material, should be reported							
124	Any other matter which the Government, Municipality and/or Authority (as required by the Act), may have specifically required to be covered as a part of the Audit.	BMAM, 2014		The unit does not have any accounts department.	Accounts and financial area of the unit will become weak	--Do--	Accounts and financial department should be formed along with a Account and finance committee.	Accepted, Accounts and financial department will be formed along with a Account and finance committee
125	Whether the Municipality has appointed an Auditor to conduct Special Audit pertaining to the specified item or series of items requiring thorough examination	BMAM, 2014	No	Municipality has not appointed an Auditor to conduct Special Audit	-	--Do--	-	No such auditor appointed.
126	Whether Municipality shall, at its first meeting in each year or as soon as may be at any meeting subsequent thereto, constitute a Municipal Accounts Committee having members amongst the elected Councillors not being the members of the Empowered Standing Committee and from the public having knowledge and experience in financial matters as may be nominated by the Municipality	BMAM, 2014	NA	Municipality does not have Accounts Committee	Weakness in accounts department cannot be rectified	--Do--	Municipal Accounts Committee should be formed	Will be formed in future
127	Whether the Municipal Accounts Committee has performed their	BMAM, 2014	NA	Municipality does not have Accounts	Weakness in accounts	--Do--	Municipal Accounts Committee should be	Will be formed in future



	duties as prescribed in the Act			Committee	department cannot be rectified		formed	
128	Depreciation shall be charged by Straight Line Method (SLM) on all fixed assets (except land) over estimated useful life.	BMAM, 2014	No	Process of depreciation not followed	Current value of fixed asset cannot be observed	Proper accounting principles not followed.	Depreciation should be recorded and provision should be made accordingly.	No proper books of accounts maintained, so depreciation not charged.
129	All assets costing less than Rs.5,000 shall be depreciated at 100% in the year of Purchase.	BMAM, 2014	No	Process of depreciation not followed	Current value of fixed asset cannot be observed	Lack of procedural control.	Depreciation should be recorded and provision should be made accordingly.	No proper books of accounts maintained, so depreciation not charged.
130	Fully depreciated assets shall be carried at a Book value of Re. 1	BMAM, 2014	No	Process of depreciation not followed	Current value of fixed asset cannot be observed	--	Depreciation should be recorded and provision should be made accordingly.	No proper books of accounts maintained, so depreciation not charged.
131	Depreciation shall be provided at full rates for assets, which are purchased / constructed before October 1 of an Accounting Year. Depreciation shall be provided at half the rates for assets, which are purchased / constructed on or after October 1 of an Accounting Year	BMAM, 2014	No	No asset register present to verify. Depreciation not recorded in books of accounts.		Non maintenance of accrual basis of accounting.	Accrual based accounting system should be followed by the entity.	No depreciation is charged on the assets
132	Report and quantify all major Own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission	BMAM, 2014	Report on outstanding revenue not	NA	Loss of revenue	--Do--	Report on all outstanding revenue should be prepared.	Report on all outstanding revenue will be prepared in future



	Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sariat etc;		obtained					
133	Check on audit trail of all collection of Taxes and Non-Taxes either through staff or outsourced agency and report of any lapses in controls, if any and also advise recommendations to strengthen the prevailing processes	BMAM, 2014	Yes	Taxes collected from outsourced agencies has not been deposited to the department during F.Y. 2015-16	Non-compliance of provisions of Income Tax Act, 1961	--Do--	The Municipality should deposit the collected taxes on time	Accepted, henceforth collected taxes will be deposited on timely basis
134	Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits	BMAM, 2014	Yes	In-consistencies in assessment of property tax not observed.		--Do--		
135	Vouch on all payments above Rs. 10,000 and report on adequacy and appropriateness of its documentation, approvals, compliance of procedures etc.	BMAM, 2014	Yes	Payment vouchers not prepared, payment is made on the basis of bill only, in some cases it was found that the purchase order	Chances of Unauthorized purchase increases	Lack of internal control.	Voucher should be complete in all respect	Vouchers maintained in monthly Guard File and are also numbered.



				are not attached with the bill				
136	Report on Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000	BMAM, 2014	Yes	Procurement register maintained. Details of procurement made through E tendering available.	-	--Do--		
137	Internal auditor shall also report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website	BMAM, 2014	No	Condense summary of utilisation certificate provided only. Copy of utilisation certificate not available.	-	--Do--	Register for utilization certificate should be maintained.	Accepted, will be maintained in future
138	The Codification Structure and Chart of Accounts is being followed by the Municipality are based on the guidelines provided in the NMAM, adjusted for the specific needs. requirements	BMAM, 14	No	Not yet implemented.	Non maintenance may leads to cumbersome of accounting heads.	Not yet implemented	Should be implemented earliest.	--
139	The unit has maintained General Registers and Forms as mentioned in Table 5.1 of the Bihar Municipal Accounting	BMAM, 14	No	--Do--	--Do--	Lack of procedural control.	--Do--	--



	Manual - 14							
140	The closing balance of Cash as per the Cashier's Cash Book shall be verified daily with the physical Cash balance at all the Municipal Collection Offices by the Accounts Officer or any person designated for the purpose and must be signed by the person verifying the Cash.	BMAM, 14	Yes	Done accordingly.	--	--	--	--
141	Cash in chest should be insured for theft, fire, etc.	BMAM, 14	No	Not yet done.	Chances of Theft and loss of cash is at high.	Lack of supervisory control.	Insurance of Cash in Chest and Cash in transit should be done.	Will be followed.



Annexure - III

Non encashment of Fixed Deposit

Sl. No.	Name of the Bank	Account No.	Date of FD	Maturity Date	Face value	Maturity Value
1	Canara Bank	KPA No. 112684	20.12.1978	19.03.1982	50000	63675
2	State Bank of India	11097628168	03.08.2005	02.07.2011	233364	323820
3	State Bank of India	11097628168 (Reinvested)	03.08.2005	02.07.2017	233364	536381
4	Canara Bank	0140401000188/2	20.09.2007	20.09.2015	101028	198002
5	Canara Bank	0140401000188/2 (Reinvested)	20.09.2007	20.09.2023	101028	336088
5	Allahabad Bank	50203918938	16.05.2014	16.05.2017	732542	958141

Note: Sl. No. 1 is lapsed but not yet Encashed or Reinvested.

Annexure - IV

Delay in Remittance of Cash collected to Bank

Date of Remittance of cash to Municipal cash office	Amount (Rs)	Date of Deposit in treasury	Cash holding with Cashier for no. Days
07.04.2015 to 21.04.2015	10,17,140	29.04.2015	22 days to 8 days
01.02.2016 to 13.02.2016	10,41,986	13.02.2016	13 days
26.02.2016 to 12.03.2016	12,45,000	18.03.2016	21 days to 6 days
15.03.2016 to 28.03.2016	13,08,288	31.03.2016	16 days to 3 days
	46,12,414		-

