

SPUR-PMU (Samvardhan)

No.....645.....

In Coming Date.....20/8/16.....

INTERNAL AUDIT REPORT

(SPUR-PMU/194/IA-140ULBs & SLMA/G-17/RS&C/2016/138/35)

OF

NAGAR PANCHAYAT

SHEOHAR

FOR THE F.Y. 2014-15

Conducted by:

R.SHAH & CO.

2ND Floor, Vyapaar Bhawan,
Lalji Hirji Road, Ranchi - 834001

☎ 0651-2227747, 9304828767

E-Mail- caneetu@gmail.com

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AUDIT METHODOLOGY AND APPROACH

Audit Methodology

We have conducted the internal audit of Nagar Panchayat – Sheohar, for the year ending on 31st March, 2015 (as per TOR). We familiarized ourselves with documents of Nagar Panchayat, the internal guidelines and circulars applicable during this period under review. We also reviewed the working of the Nagar Panchayat and evaluated the accounting systems and related controls of the Nagar Panchayat in order to plan and perform our audit.

We reviewed transactions from April 01, 2014 to March 31, 2015. Our objective was to check all transactions and to design procedures to detect omissions. We also applied procedures to assess the adequacy of the Nagar Panchayat's financial management systems, including internal controls for entire audit period. We applied necessary tests and controls, as we considers necessary under the circumstances. During the course of our audit we reviewed the below mentioned documents and registers:

- 1) General Cashbook, all Subsidiary Cash Books for the period from 1st April 2014 to 31st March 2015 maintained manually in the Nagar Panchayat.
- 2) Vouchers (Cash, Bank, Journal etc) along with supporting documents;
- 3) Receipt Books
- 4) Cheque Issue Register
- 5) Budgets prepared by the ULB
- 6) Other necessary records and registers

The major observations during the course of internal audit have been discussed with the Executive Officer & Accountant of the Nagar Panchayat.



Audit Approach

The purpose of defining the audit approach is to ensure that sufficient, appropriate audit evidence is collected to enable the drawing of a conclusion with respect to each of the audit objectives.

An effective approach will normally incorporate a variety of auditing tools and techniques. Different tools and techniques have various strengths and weaknesses.

Our approach to the internal audit started with an overview of activities through a study and documentation of the existing systems and procedures in all the ULBs. Testing of internal controls was carried out by checking a sample of transactions for the period covered by the audit.

Apart from the test of controls and samples, we also carried out various types of analytical reviews to understand as well as highlight unusual or significant trends in the business. Our observations, resulting from the audit tests performed on a sample of transactions, are set out under "Part-A, Part-B & Part-C" of the audit report and include our recommendations for addressing these observations.

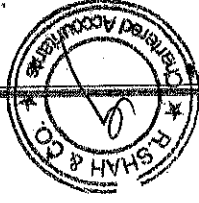
For R.Shah & Co.
Chartered Accountants
FRN: 502010 C

CA. Neetu Jejanil
(Partner)
M.N.- 406561



Date : Aug 27, 2016

Place : Ranchi



Sl. No.	Name of Engineer	Yojna No.	Material	Qty	Rate of Royalty	Royalty Due	Royalty Deducted	Difference
1	Sri Moti Chand Rawat	2/14-15	Stone Chips	4.34M ³	100 M ³	434.00	225.00	209.00

➤ Difference found in the deduction of royalty.

- There is a lack of internal control w.r.t collection of taxes. Mobile tower tax amounted to Rs. 8,70,000.00 is outstanding till 2014-15, is listed in Annexure – A.
- **Weakness**
- ❖ Following weaknesses have been observed in the functioning of office, maintenance of records etc.
 - The General Cash book & all the Subsidiary Cash Books is being maintained by the ULB.
 - Attendance Register of Staff was maintained properly.
 - Salary Register maintained by the ULB.
 - All the Books & Register have been verified by Executive Officer on monthly basis.
 - Staffs were cooperative during the Audit period.
- ❖ Following strengths have been observed in the audit of Nagar Panchayat.

➤ **Strength**

2. Result and Findings

Name of the Municipality	Period Covered under Current Audit	Name of the Chief Municipal Officer for the period under Audit	Audit Conducted on
Sheohar Nagar Panchayat	1 st Apr 2014 to 31 st March 2015	Shri Randhir Lal	12-13 th May 2016 & 26 th May 2016

1. Introduction

EXECUTIVE SUMMARY



- Difference found in the amount of holding tax collected and deposited in the bank.
- | Sl. No. | Name of Agent | Receipt No. | Date of record in Cash Book | Amount actually collected | Amount deposited into the bank | Difference Amount |
|--------------|---------------------|-------------|-----------------------------|---------------------------|--------------------------------|-------------------|
| 1 | Sri Amarkant | 2941-2955 | 29.11.14 | 26685.00 | 26666.00 | 19.00 |
| 2 | Sri Amarkant | 3867-3883 | 28.02.15 | 9218.00 | 9168.00 | 50.00 |
| 3 | Laxmi Narayan Gupta | 3901-3943 | 28.02.15 | 5680.00 | 5261.00 | 419.00 |
| Total | | | | | | 488.00 |
- Fixed Assets Register is not maintained by the ULB.
- Demand and collection register have not been prepared. No penalty/surcharge have been imposed for non-payment of demand.
- There is no proper cash handling neither any locker was kept by the ULB.
- Taxes collected by tax collector are not deposited on daily basis. As per Rule 27 of B.M.A.R. it should be deposited on daily basis.
- Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.
- Grant Register is not maintained, hence it is difficult to find unutilized grant at any point of time.
- Nagar Panchayat has failed to comply with certain rules and directives of UD & HD.
1. Directives relating to forming a "Municipal Accounts Committee" has not been complied till date.
2. Directives relating to prepare a practical budget hasnot been complied with.
- Unavailability of information and files relating to TDS, VAT, Royalty and Labour Cess.
- Bank Reconciliation Statement for any of the account is not prepared hence it is difficult to monitor possible fraud
- There is lack of internal control on deduction and deposit of various taxes. TDS not deducted due to work executed by the NP self. On deduction of other tax liability like VAT, Royalty, Labour Cess etc are not created.
- The ULB has not maintain the proper Log Book Register.
- No ESI, Pension Fund have been deducted from the salary of the employees.

- Taxes such as Sales Tax(VAT), Royalty, and Labour Cess etc are collected from time to time but payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt account on timely basis otherwise delayed interest charges may be imposed.

3. Opinion

❖ Overall opinion of the Audit team about the functioning of the Municipality is as under:-

The functioning of the Municipality is very weak due to following reasons:

- Collection from own sources is very poor as demand register is not maintained.
- The procurement of fixed assets is not proper and non-maintenance of Fixed Asset Register would lead to failure of determining the replacement cost.
- BRS is not prepared on a monthly basis, so it is difficult to keep record of variances between Cash Book and Bank Passbook balances. Non preparation of BRS would lead to improper use of available funds.
- Most of the prescribed Books of accounts are not maintained.
- Internal Control w.r.t. collection of taxes, monitoring of grant, monitoring of advances, monitoring of schemes etc. is very poor.
- Grant received for various purposes are not utilized on timely basis.
- There are serious lapses in deduction and deposit of statutory dues such as Sales Tax(VAT), Royalty, Labour cess etc.
- A huge portion of fund received by the ULB from Gob is left unspent during the financial year 2014-15. So the Closing Bank Balance is huge.

4. Audit Recommendations

❖ The recommendations of Audit team on the observed weakness is as under:-

- All the prescribed books of accounts and Registers should be prepared on real time basis.
- PF & ESI should be deducted from salary, if applicable.
- Grant Register should be prepared.
- Demand & Collection Register of all the wards should be prepared and calculation should be done as per new assessment.
- Collection from own sources should be improved.



- > Collection by tax collector should be deposited on daily basis.
- > Bank reconciliation Statement should be prepared on monthly basis.
- > All the statutory dues should be deposited on timely basis and returns prescribed under respective laws should also be filed on timely basis.
- > New staff are to be appointed by the management for smooth running of the ULB and they should be equipped with regular training to run the ULB smoothly.

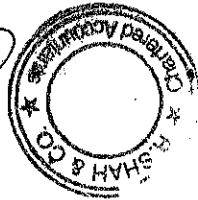
6. Acknowledgment

We thanks Smt. Meera Kumari (Executive Officer), for her support during the period of our audit. We are also thankful to Md. Bashir Ansari (Chairman), Accountant, Tax Daroga and support staffs of the municipality for their cooperation extended to us during the period of our audit.

For R. Shah & Co.
Chartered Accountants
FRN.- 502010 C

Place : Ranchi

Date : Aug 27, 2016



CA. Neetu Dejani
(Partner)
M.N.- 406561

MAIN AUDIT REPORT

I. Introduction

The Internal audit of Nagar Panchayat Sheohar covering period from 1st April 2014 to 31st March, 2015 was conducted by following persons under guidance of CA Neetu Jejani

i. Rana Burha Gohain

ii. Ajay Singh

iii. Anjali Singh

2. Administration

The present body of the ULB is functioning since May 2012 The incumbency in the key administrative and executive position was as under:

1. Smt Chandrakala Devi, Chairperson from 09/06/2012 to 02/05/2015 & Smt. Neelam Sinha, Chairperson from 30/05/2015 till date
2. Shri Randhir Lal, Executive officer Since September 2015 till date.

3. Review of outstanding audit paras : Status of Audit Observations are as under:

Sl. No.	Particulars of Audit and date of report	Total No. of Audit Paras.	Total No. of audit paras where necessary improvement/ corrective measure is required	Total No. of audit paras where recovery of cash is proposed	Total No. of audit paras where recovery has been made	Total amount of Recovery	Total No. of paras where no action has been taken	No. & date of Compliance report
1.	AG Audit Dated (22/07/15)	29	10	0	0	18	9,07/10/15	

Major irregularities pointed out in the AG audit report are as under:-

1. On 31.07.14 wrong casting of Rs. 800.00 made in subsidiary cash book of Nagrik Suvidhayen and Path Nirman Vibhag.
2. Holding tax Rs. 7682.00 collected by Sri Amarkant Chaudhary from receipt no. 3379 to 3400, not recorded in Subsidiary book of holding tax.





Year	2014-15	2013-14	2012-13
Final/ Revised Budget	106796729.00	86881396.00	Budget not Prepared
Actual Expenditure	67609413.00	75497090.00	14888631.00
Savings (+)/ Excess (-)	(+) 39187316.00	(+) 11384306.00	

I. Budgetary provisions and expenditure for the last three years

4. Finance

13. Advance not adjusted Rs.874548.00
12. Excess paid Rs.413687.00 towards purchase
11. Mobile Tower Rent Rs.500000.00 not recovered
10. Outstanding Holding Tax Rs.3047742.91 is not collected
9. Rs:11650.00 Shop rent not deposited.
8. Royalty amounted to Rs. 1012.00 not deducted from Yojana No. 33F2 of 13-14.
7. Stamp duty amounted to Rs. 34,200.00 not deducted form Sairat Bandobasti.
6. Stamp Duty and Registration Fee amounted to Rs. 3238.00 less deposited.
5. Health and Education Cess not deposited amounting to Rs. 383018.00.
4. Rs. 61,40,000.00 advance paid to HUDA on 11.03.14 for construction of office in the Nagar Panchayat, Sheohar. No proof regarding execution of work had been presented by the HUDA after receiving of Advance.

Sl. No.	Name of Agent	Receipt No.	Date of record in Cash Book	Amount actually collected	Amount deposited into the bank	Difference Amount
1	Sri Amarkant	2941-2955	29.11.14	26685.00	26666.00	19.00
2	Sri Amarkant	3867-3883	28.02.15	9218.00	9168.00	50.00
3	Laxmi Narayan Gupta	3901-3943	28.02.15	5680.00	5261.00	419.00

3. Difference found in the amount of holding tax collected and deposited in the bank.



S.No	Name of Bank	Account No.	Balance as on 31.03.2015
1	SBI	XXXX8707	6,02,168.17
2	SBI	XXXX8694	1,21,758.11
3	SBI	XXXX8718	8,24,113.06
4	SBI	XXXX8605	7,756.02
5	CBI	XXXX7441	32,555.00
6	CBI	XXXX4822	1,53,153.00
7	CBI	XXXX9543	24,82,128.93
8	CBI	XXXX4038	13,581.00
9	Canara Bank	XXXX1298	96,34,602.00
10	Canara Bank	XXXX1299	27,09,206.00
11	Canara Bank	XXXX4362	3,81,304.00
12	BOI	XXXX1127	76,93,663.00
13	BOI	XXXX0014	28,22,614.49
14	PNB	XXXX4315	6,70,801.31
15	CBI	XXXX6440	2,10,38,972.00
16	CBI	XXXX1142	1,86,243.00
17	CC	XXXX9594	1,13,455.00
18	CBI	XXXX5524	37,03,000.00
19	BOI	XXXX6540	25,825.50
20	UBGB	XXXX0018	4,58,087.00

Details of Bank Accounts and their reconciliation position are as under:

III. Bank Reconciliation

Period	Budgeted (14-15)	Previous year(13-14)	Corresponding Period of Previous year (13-14)	Current Period (14-15)	Cumulative for the current period (14-15)
Opening Balance	46884235.69	46884235.69	98759390.69	98759390.69	98759390.69
Receipts	122841454.00	127372245.00	127372245.00	88672753.00	88672753.00
TOTAL	122841454.00	174256480.69	174256480.69	187432143.69	187432143.69
Net Expenditure	106796729.00	75497090.00	75497090.00	67609413.00	67609413.00
Closing Balance		98759390.69	98759390.69	119822730.69	119822730.69

II. Volume of transactions



Period	Budgeted (14-15)	Previous year	Corresponding Period of Previous year (13-14)	Current Period (14-15)	Cumulative for the current period.
a) Own Source					
Property Tax	1226048.00				
Assigned revenue				511630.00	511630.00
Others (Fees & User Charges)	9667334.00				
(b) Administrative Grant	15461258.00				
(c) Specific Grant					
Admin Building	4676000.00				
Jalapurti Yojana	45730600.00				
4th Finance	9762715.00				
E-Governance					
Pool And Road	1883780.00				
Samajik Suraksha	7660400.00				
Pension	5123066.00				
BRGF					
Various Schemes	21650253.00	127372245.00	127372245.00	88161123.00	88161123.00
TOTAL	122841454.00	127372245.00	127372245.00	88672753.00	88672753.00

IV. Revenue Receipts

Bank Reconciliation Statements have not been prepared by the Nagar Panchayat. There is a difference of Rs2382376.40 between Cash Book and Consolidated Balance as per Pass Book of all accounts and Treasury PL Account.

The Nagar Panchayat is suggested to reconcile the above mentioned differences immediately and prepare B.R.S on monthly basis.

			Difference
21	UBGB	XXXX0636	34,324.00
22	UBGB	XXXX0643	3.00
23	BOB	XXXX2007	1,60,00,000.00
24	PLA		5,24,95,793.50
	Total of Bank		12,22,05,107.09
	Total as per Cash Book		11,98,22,730.69
			23,82,376.40



As per section 98 of Bihar Municipal Act, 2007 it is necessary for the Municipality to constitute a Municipal Accounts Committee at its first meeting in each year or as soon as may be at any meeting subsequent thereto, but no Municipal Accounts Committee has been constituted by the Nagar Panchayat till the date of our audit.

VI. Status of Municipal Accounts Committee; if meeting held

Appointment of chartered accountant has been done but Double Entry Accounting System is not operational in the Nagar Panchayat Sheohar till date.

V. Status of Implementation of Double Entry Accounting System

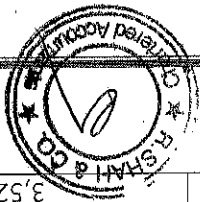
S. Audit Observations
PART-A

All audit objections/irregularities which have monetary implication, particularly in following

areas:

<p>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 fees etc.</p>	<p>We observed that no property tax, sanitation tax, have not been collected during the year till date. Mobile tower tax amounted to Rs. 8,70,000.00 outstanding till 31.03.15. Is listed in Annexure-A. Holding Tax amounted to Rs. 635431.00 outstanding till 31.03.2015 as per Annexure-B and the processes of self assessment of property are in progress but at a slow rate.</p>
<p>b) Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs.</p>	<p>During the course of audit, we did not observe any excess payment against bill, lack of prudence against vouchers etc.</p>
<p>c) Report on findings of field survey of Property Tax of minimum 20 high value properties</p>	<p>field survey of Property Tax of minimum 20 high value properties tax payer is given below.</p>

Sl. No.	Ward No.	Holding No.	Amount per annum	Assessment done
1	15	459	36,762.00	Yes
2	15	460	2,552.00	Yes
3	15	461	1,823.00	Yes
4	15	462	968.00	Yes
5	15	463	3,394.00	Yes
6	15	465	2,990.00	Yes
7	15	466	2,475.00	Yes
8	15	467	1,819.00	Yes
9	15	468	2,918.00	Yes
10	15	469	5,848.00	Yes
11	15	484	4,819.00	Yes
12	15	485	10,487.00	Yes
13	15	486	2,020.00	Yes
14	15	487	3,637.00	Yes
15	15	492	17,263.00	Yes
16	15	493	661.00	Yes
17	15	494	138.00	Yes
18	15	495	2,141.00	Yes
19	15	496	1,412.00	Yes
20	15	497	3,526.00	Yes



PART-B

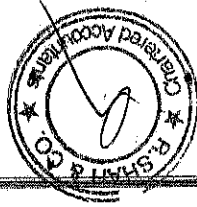
All audit objections/ irregularities which have no monetary implication, but significant violation of Act, Rules & directives of UD&HD. Mention the reference Act & Rules wherein remedial measures is required. In this part auditor should report in respect of -

<p>As per Bihar Municipal Accounting Manual following primary Books of accounts are required to be maintained :</p> <ol style="list-style-type: none"> 1. Cash Book (Form Gen-1A) 2. Bank Book (Form Gen-1B) 3. Journal Book (Form Gen-2) 4. Ledger (Form Gen-3) <p>The N.P. is maintaining General & Subsidiary Cash Books/ Bank Book.</p> <p>In addition to above following other General Registers and forms are required to be maintained.</p> <ol style="list-style-type: none"> 1 Receipt GEN-8 2 Receipt Register GEN-9 3 Statement on Status of Cheques Received GEN-10 4 Collection Register GEN-11 5 Memorandum of Collection GEN-12 6 Summary of Daily Collection GEN-13 7 Register of Bills for Payment GEN-14 8 Payment Order GEN-15 9. Register of Public Lighting System GEN-37 10 Register of Advance GEN-17 11 Register of Permanent Advance GEN-18 12 Deposit Register GEN-19 13 Summary Statement of Deposits Adjusted GEN-20 14 Demand Register GEN-21 15 Bill for Municipal Dues GEN-22 16 Summary Statement of Bills Raised GEN-23 	<p>a) Non-maintenance of books of accounts , subsidiary registers</p>
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<ul style="list-style-type: none"> • There is a lack of internal control w.r.t collection of taxes. • Fixed Assets Register is not maintained by the ULB. • Demand and collection register have not been prepared in a proper manner hence it seems 	<p>e) Lack of internal Control measures</p>
<p>Various books of accounts and records, as provided in the Bihar Municipal Accounting Act and Rules are not maintained. Also, there is non-compliance of various acts such as Income Tax Act, 1961, VAT Rules etc.</p>	<p>d) Non Compliance of Act & Rules</p>
<p>1. Directives relating to forming a "Municipal Accounts Committee" have not been compiled till date.</p> <p>2. Directives relating to prepare a budget have not been complied with.</p>	<p>c) Non-compliance of directives by UD & HD, GOB</p>
<p>No, there is no irregularity observed during Audit</p> <p>17 Register of Notice Fee, Warrant Fee, Other Fees GEN-24</p> <p>18 Summary Statement of Notice Fee, Warrant Fee, Other Fees GEN-25</p> <p>19 Register of Refunds, Remissions and Write-offs GEN-26</p> <p>20 Summary Statement of Refunds and Remissions GEN-27</p> <p>21 Summary Statement of Write-Offs GEN-28</p> <p>22 Statement of Outstanding Liability for Expenses GEN-29</p> <p>23 Documents Control Register/Stock Account of Receipt/Cheque Book GEN-30</p> <p>24 Register of Immovable Property GEN-31</p> <p>25 Register of Movable Property GEN-32</p> <p>26 Register of Land GEN-33</p> <p>27 Function-wise Income Subsidiary Ledger GEN-34</p> <p>28 Function-wise Expense Subsidiary Ledger GEN-35</p> <p>29 Asset Replacement Register GEN-36</p> <p>30 Register of Public Lighting System GEN-37</p>	<p>b) Irregularity in procurement process</p>



<p>Tax deducted at source(TDS), VAT, Labour Cess & Royalty are not being deposited on monthly basis which is not proper it should be deposited within the due date prescribed under the respective statute. We observed that Income Tax, VAT, Royalty & Labour cess for whole financial year has been deposited at the year end.. Taxes should be</p>	<p>f) Non-compliance of TDS, VAT and other relevant Statute</p>
<p>imposed.</p> <ul style="list-style-type: none"> • Taxes such as Sales Tax(VAT), TDS, Royalty, and Labour Cess etc are collected from time to time but payments were pending till the date of audit which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise delayed interest charges may be imposed. • No ESI, Pension Fund have been deducted from the salary of the employees. • The ULB has not maintained the Log Book Register. • There is lack of internal control on deduction and deposit of various taxes. On deduction of taxes, liability is not created hence it is difficult to ascertain tax payable at any point of time. • Bank Reconciliation Statement for any of the account is not prepared hence it is difficult to monitor possible fraud, if any. • Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time. • Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof. • Tower tax is not being collected at all.. imposed for delayed deposit. • BMAR it should be deposited on daily basis otherwise a sum of Rs. 500/- per day may be deposited on daily basis. As per Rule 27 of Taxes collected by tax collector are not locker was kept by the ULB. • There is no proper cash handling neither any of demand. • difficult to ascertain total tax dues. No penalty/surcharge have been imposed for non-payment 	



<p>remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.</p>	
<p>The pay-roll system is not functioning satisfactorily as ESI, Pension Fund Contribution, LTA have not been deducted from Salary. Only TDS has been deducted from EO Salary.</p>	<p>g) Deficiency in Pay-roll System</p>
<p>Utilization certificate has been sent to the govt but the copies of utilization certificates have not been provided to us during the course of audit.</p>	<p>h) Utilization of Grant and report on missing Utilization Certificates</p>
<p>Stores Register has not been prepared and physical verification of inventory/stores has also not been done.</p>	<p>i) Physical verification of inventory/stores</p>
<p>Advance Register has not been prepared hence it is very difficult to monitor advances, their recovery and adjustment. Hence, there is a possibility of defalcation of cash. As discussed with the Accountant there is no advance given to anyone for the financial year 2014-2015.</p>	<p>j) Advances, their adjustment & recovery</p>
<p>Staff strength in the accounts department needs to be increased. Accountant should be provided with necessary training to prepare the books, which can add value addition to the functioning of ULB.</p>	<p>k) Any other matters as may be prescribed in due course.</p>

General Observations: Auditor should report the deficiencies noticed during their audit and recommend ULB Management to improve internal systems.

No, Ledger accounts have not been prepared by the Nagar Panchayat.	Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts
No, except General Cash book and Subsidiary Cash Books, no other books of accounts have been maintained.	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;
Quarterly Financial Statements have not been prepared by the Nagar Panchayat.	Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts;
No, period-end and reconciliation procedures as prescribed have not been carried out.	Whether the period-end and reconciliation procedures prescribed have been carried out.
No, Bank Reconciliation Statements have not been prepared by the Nagar Panchayat.	Whether the Bank Reconciliation statements have been prepared and are appropriate
Yes, all grants from Government have been accounted at gross value but all transactions are not correctly classified with sufficient details. No Grant Register is maintained.	Whether all grants from Government have been accounted at gross value with proper entries to various accounts
Yes all transactions have been classified as incomes and expenditure but assets and liabilities have not been recognized.	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;
Grant received during the year has been properly accounted for. Information related to grant sanctioned and deductions made out of such grant is not available with the ULB.	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted;
No such Special fund has been created by the Nagar Panchayat.	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;
On our test check we did not notice any major deviation.	In respect of contracts that are in existence during the year, whether there are any deviations from the sanctioned plans and the estimates without the sanction of the competent authority;
No, record of fixed assets has not been	Whether the ULB is maintaining proper records





<p>maintained by the ULB. Physical verification of fixed assets has not been done during the financial year under audit.</p>	<p>showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;</p>
<p>As explained to us no property of the ULB has been given on lease.</p>	<p>Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;</p>
<p>No, physical verification of stores has not been conducted by the ULB at reasonable intervals.</p>	<p>Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;</p>
<p>No physical verification of stores has been done.</p>	<p>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;</p>
<p>No physical verification done.</p>	<p>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;</p>
<p>No there are no procedures in place to identify any unserviceable or damaged stores.</p>	<p>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;</p>
<p>No valuation of stores has been done.</p>	<p>Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;</p>
<p>There is no case of loans and advances other than advance to staff for expenditure.</p>	<p>Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?</p>
<p>Advance Register has not been maintained so we are unable to verify whether it is being recovered regularly or not or any adjustments</p>	<p>Whether advances given to municipal employees and interest thereon are being regularly recovered;</p>



Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	No there does not exist any internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets.
Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.	No significant deviation observed.
Whether the municipality is regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc., and if not, the nature and cause of such delay and the amount not deposited;	No, the municipality is not regular in depositing statutory dues including TDS, Service tax, VAT, Works contract tax, Labour cess payable to the government etc. We observed that all such taxes deducted during the financial year have not been deposited.
Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;	No, Contribution to P.F and pension fund is not being deducted from the salary of the employee.
Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof;	We did not observe any such expenses.
Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently and are in all cases such as are authorized by law;	Yes, on our test check we observed that all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget.
Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	No revenue has not been assessed, accounted for and collected. Recovery action is also not taken on timely basis.
Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by law;	No, tax collected by the tax collector is not deposited on daily basis.
Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority;	Yes, on our test check we observed that all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority.
Whether the amounts received as specific grants	Yes, on our test check we observed that

Date : Aug 27, 2016

Place : Ranchi

CA. Neetu Dejani
(Partner)
M.N.- 406561




For R. Shah & Co.
Chartered Accountants
FRN.- 502010 C

<p>amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.</p>	<p>have been utilized for the purposes as stated in the grant sanction order;</p>
<p>No, biometric devices and payroll software are not used at the ULB. Pay roll system of the municipality is satisfactory as its maintain Attendance register, contain leave records, details of deductions made etc.</p>	<p>Whether biometric devices and payroll software are used at the ULB. If not whether there is satisfactory system of payroll accounting; otherwise mention the key deficiencies of the system.</p>
<p>No, we did not observe any grievance redressal cell functioning at the ULB.</p>	<p>Whether the grievance redressal mechanism for the ULB is sufficient.</p>



Sl No.	Owner of Tower	Year Installed	No. of Tower	Reg Fee to be realised	Total Reg Amt realised till 31.03.15	O/S amt of Reg Fee to be realised	Annual Fee to be realised till 31.03.15	Total amount of annual fee realised as on 31.03.15	Dues as on 31.03.15
1	BSNL	1998-99	2	30000.00	0.00	60000.00	256000.00	0.00	316000.00
2	Reliance	2007-08	1	30000.00	0.00	30000.00	56000.00	0.00	86000.00
3	Airtel	2007-08	1	30000.00	0.00	30000.00	56000.00	0.00	86000.00
4	Airtel	2008-09	2	30000.00	0.00	60000.00	96000.00	0.00	156000.00
5	Tata Indicom	2009-10	1	30000.00	0.00	30000.00	40000.00	0.00	70000.00
6	Vodafone	2009-10	2	30000.00	0.00	60000.00	80000.00	0.00	140000.00
7	Uninor	2010-11	1	30000.00	30000.00	0.00	32000.00	16000.00	16000.00
				210000.00	30000.00	30000.00	616000.00	16000.00	870000.00

Mobile Tower dues as on 31.03.2015

Annexure - A



Sl. No.	Ward No.	Holding No.	Amount per annum	Outstanding as on 31.03.15	Assessment done
1	15	459	36,762.00	2,20,572.00	Yes
2	15	460	2,552.00	15,312.00	Yes
3	15	461	1,823.00	10,938.00	Yes
4	15	462	968.00	5,808.00	Yes
5	15	463	3,394.00	20,364.00	Yes
6	15	465	2,990.00	17,940.00	Yes
7	15	466	2,475.00	14,850.00	Yes
8	15	467	1,819.00	10,914.00	Yes
9	15	468	2,918.00	17,508.00	Yes
10	15	469	5,848.00	35,088.00	Yes
11	15	484	4,819.00	28,914.00	Yes
12	15	485	10,487.00	52,435.00	Yes
13	15	486	2,020.00	12,120.00	Yes
14	15	487	3,637.00	21,822.00	Yes
15	15	492	17,263.00	1,03,578.00	Yes
16	15	493	661.00	3,966.00	Yes
17	15	494	138.00	828.00	Yes
18	15	495	2,141.00	12,846.00	Yes
19	15	496	1,412.00	8,472.00	Yes
20	15	497	3,526.00	21,156.00	Yes
Total				6,35,431.00	

Annexure-B

Nagar Panchayat, Sheohar



COMMENTS FROM MANAGEMENT

To whom it may concern

The points and issues raised by the audit team has been redressed properly for correction and strengthening the system. To develop internal control and internal checks, the suggestions given by the Audit Team are fully complied for the optimum resource development.

Date: 29-8-16

Place: Sheohar

[Signature]
24/8/16
Executive Officer
Nagar Panchayat, Sheohar
Sheohar