

INTERNAL AUDIT REPORT

Of

**SUPPORT PROGRAMME FOR
URBAN REFORMS IN BIHAR
(SPUR)**

ULB : SHERGHATI

FOR THE PERIOD

(01-04-2014 TO 31-03-2015)

Audited By :

U. S. Prasad & Co.
Chartered Accountants

4th Floor, 34, Kavi Raman Path,
Nageshwar Colony, Boring Road,
Patna 800001

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Internal Audit Report of Nagar Panchayat, Sherghati

To,

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

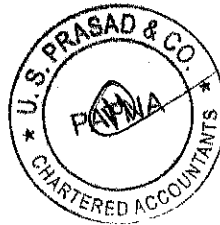
Dear Sir,

Sub: Internal Audit Report of NAGAR PANCHAYAT, SHERGHATI for the Period 01.04.2014 to 31.03.2015.

We are submitting the audit report of Nagar Panchayat, Sherghati for the period starting from 01-04-2014 to 31.03-2015 in reference to our appointment as Internal Auditor for Group 9 issued by support programme for urban reforms in Bihar (SPUR), Patna vide Notice to proceed No. SPUR-PMU/194/IA-140ULBs&SLMA/S-3/USP/2016/139/36 Dated 05th April 2016.

Our scope of audit covers the requirement of specific points as spelled out in contract agreement entered with the management of SPUR.

Place - PATNA
Date - 15/7/16



for U. S. Prasad & Co.
Chartered Accountants

CA. Manoj Kumar
Partner

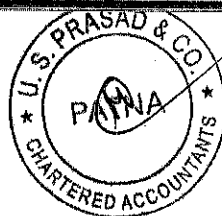
M. No.: 418631

NAGAR PANCHAYAT, SHERGHATI

INTERNAL AUDIT REPORT OF F.Y.2014-15

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Executive Summary

1. Introduction:-

Name of Municipality:- NAGAR PANCHAYAT, SHERGHATI

Period covered under current audit:- 01-04-2014 to 31-03-2015.

Name of the chief municipal officer for the period under audit:- Shri Sunil Kumar Lal Das

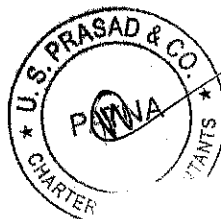
2. Results and Findings

Strength observed during the audit engagement

1. Annual Budget has been prepared.
2. All Vouchers were passed properly and signed by the authorised person.
3. All vouchers have supporting documents.
4. Response from Officers & Clerks are satisfactory.

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

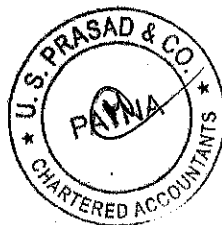
1. General Cash Book has been not properly maintained.
2. Fixed Assets Register has not been maintained.
3. Advance Register has not been maintained.
4. Stock Register has not been maintained.
5. Daily collection register are maintain but separately daily collection register (Revenue receipt wise) are not maintained.
6. In some payments to contractors, TDS has not been deducted and in other cases where TDS have



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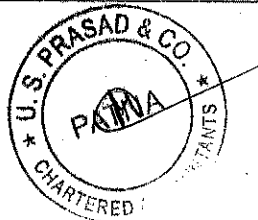
been deducted it has not been deposited till date. Therefore, TDS Return has not filled till date.

7. Holding tax rate has not been revised on any property thus, tax has been collected old rate for the financial year 2014-15.
8. Tower tax has not been properly collected, since the establishment of the ULB even though number of tower is 17 as on 31-03-2015. Thus total outstanding tax amount is Rs. 9, 97,120/- For registration fee, renewal and interest on due there of including interest thereon.
9. Daily collection amount not timely deposited into bank account as per the procedure prescribed by the BMA, 2007.
10. Municipal Accounts Committee has not been constituted.
11. Budget has not been sanctioned by the state government.
12. Section 84 of the Bihar Municipal Act, 2007. Provides that Municipality shall submit its budget intimates for the ensuing year to the State Govt. by 15th of the March. But information furnished by the Nagar Panchayat revealed that budget estimates were not passed on time by the board, which resulted into delay transmission of the same to the State Government.
13. There is lack of internal control with respect to collection of revenue covered under sairat during the FY 2014-15. For ex- Tender/Bandobasti for parking, public toilet, Mobile Tower or advertisements are not being executed.
14. No Separate Grant register is being maintained; hence it is difficult to find out the amount of unutilised grant at any point of grant.



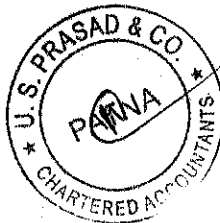
3. Opinion

Core Municipal functions are performed by the ULB. So far the ULB is concerned they are not working properly, even internal control is poor. Revenue collection of the ULB is very poor it may be increased to much higher level. All cash collection from source of revenue is not deposited in the bank on same day. There should be proper segregation of duties to perform day by day work in efficient manner. Bank reconciliation should be done monthly basis. We find that rules and regulation are there but ULB is not following them properly. Most of the Books of Accounts as prescribed by BMA are not maintained by the ULB. Fee and charges for the different categories cover under Sairat have not been collected at all. There are serious lapses in deduction and deposit of statutory dues, such as VAT, Royalty, TDS, Labour Cess. Accounting Entries in Tally, an accounting software, must be updated.



4. Audit Recommendations

- i) Fixed Assets Register should be maintained.**
- ii) Advance Register should be maintained.**
- iii) Stock Register should be maintained.**
- iv) Daily Collection Register separately for each head should be maintained.**
- v) TDS deduction & deposit thereof and e filling of TDS return should be timely and proper manner.**
- vi) Tax amount should be collected from Mobile tower.**
- vii) Daily collection amount should be deposited into bank account as prescribed in BMA 2007.**
- vii) Municipal Accounts Committee should be appointed.**
- viii) Budget prepared by the ULB should be approved by the state government.**
- ix) Timely passing of budget by board and onwards submission to the government.**
- x) Book of accounts are verified by EQ on regular interval.**



Internal Audit Report of Nagar Panchayat, Sherghati

5. Comments from Management

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

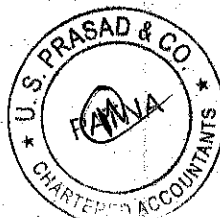

For, Nagar Panchayat, Sherghati
(Executive Officer/Head Clerk)

6. Acknowledgement


We thank Mr. Vijay Pashwan (Head Clerk), for his support during the period of our audit. We are also thankful to accountant and other staff of the Nagar Panchayat for their co-operation during the period of audit.

Place:- Patna

Date:- 15/7/16



for, U S PRASAD & CO.
Chartered Accountants


Manoj Kumar
(Partner)

M.NO:- 418631

Detailed Audit Report

1) Introduction

The Internal audit of Nagar Panchayat, Sherghati covering the period from 01-04-2014 to 31-03-2015 was conducted by following persons under guidance of CA Manoj Kumar

- i) Mr. Nitish Kumar
- ii) Mr. Arun Kumar

2) Administration

The present Chairman of ULB Shri Chanaric Paswan has taken charge on 09-06-2012. The incumbency in the key administrative and executive positions was as under:

Shri Chanaric Paswan, Mayor From 12-02-2015 to till date.

Shri Shurendra Kumar Sinha, Commissioner / Executive Officer from 12-07-2014 to 13-05-2015.

Shri Ajay Kumar, Commissioner / Executive Officer from 14-05-2015 to 14-05-2016.

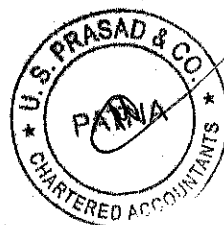
Shri Sunil Kumar, Commissioner / Executive Officer from 14-05-2016 to till date.

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

Compliance of Previous Audit Report

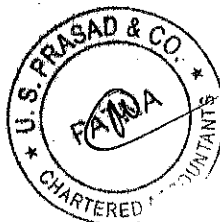
Compliance of previous audit report has not been done by the Nagar Panchayat Details are follows :-

S.No.	Particulars of Audit And date of report	Total No. of Audit Paras.	Total No. of Audit Paras where necessary improvement/cor rective measure is required	Total No of Audit Paras where recovery of cash is proposed	Total No. of Audit Para where recovery has been made	Total Amount of Recovery	Total No. of Outstanding Para Where no action has been taken	No. & dated of compliance report
1	CAG Dt-20/01/2016	27	27	08	00	NIL	27	No compliance reported till reporting date



Deficiency Pointed Out in AG Audit Report

1. Total amount of outstanding holding tax as on 31-03-2014 & 31-03-2015 is Rs 15,42,226/- & Rs 19,64,791/- respectively.
2. Total amount of loss incurred because of not making agreement of settlement of sairats on stamp paper of 3% of bid value as per letter issued by chief secretary is Rs. 84,510/-.
3. Total amount of Rs 9,52,000/- as on 31-03-2015 of registration fee & renewal fee of mobile tower has not been realized.
4. Total amount of penalty not deducted from contractor bill for delay of work is Rs 2,11,050/-.
5. The financial statements were not maintained by the Nagar Panchayat Sherghati.
6. Demand & Collection register and files related to Holding Tax & Shop Rent were not produced.
7. Treasury Pass book has not been produced to us and Government Grant register has also not been maintained properly.
8. The annual accounts of Nagar Panchayat Sherghati (Gaya) has not been maintained.
9. Total amount of Rs 4,74,569 has been received by Tax Daroga Shree Devendra Pandey through miscellaneous receipt during period of 16-08-2011 to 19-06-2013 but the same has not been deposited in Bank account.
10. Property register is not being maintained by ULB for the financial Year 2013-14 & 2014-15.



4) Finance :-

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

Year	2012-13	2013-14	2014-15
Estimated Budget	7,97,20,000.00	7,32,19,000.00	11,23,68,700.00
Actual Expenditure	1,22,31,589.00	1,73,85,961.10	2,85,77,614.35
Savings(+)/Excess(-)	6,74,88,411.00	5,58,33,038.90	8,37,91,085.65

II. Volume of transactions :-

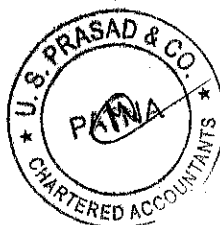
Particulars	Budgeted 2014-15	Previous Year (For one year) 2013-14	Corresponding Period of Previous Year	Current period 2014-15	Cumulative for the current period
(A) Opening Balance		4,38,21,049.69	NOT APPLICABLE	6,29,30,072.79	NOT APPLICABLE
(B) Receipt		3,64,94,984.20		5,03,91,810.00	
(C) Grand Total (A+B)		8,03,16,033.89		11,33,21,882.79	
(D) Expenditure		1,73,85,961.10		2,85,77,614.35	
Closing Balance(C-D)		6,29,30,072.79		8,47,44,268.44	

III. Bank Reconciliation:

Since different scheme has been maintained in single cashbook therefore segregation of balances of different Scheme as on 31 st March 2015 cannot be determined.

Similarly, since through one bank account different schemes are being operated the bank balance of a particular scheme on a particular date cannot be determined.

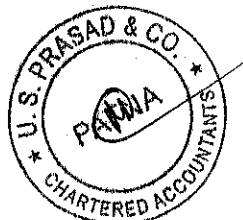
Bank Reconciliation Statement has not been prepared. However, bank & cash book balance as on 31st March 2015. Is as below:-



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List of Account maintained by Panchayat, Sherghati (Gaya)

Sl. No.	Name of Bank	Name of Bank A/c no.	Balance As On 31 st March 2015		Scheme Name	Types of Accounts
			Bank Statement	Cash Book		
1	PNB, Sherghati	1686000100061764	57,42,789.90	57,42,789.90	B R G F	Saving Account
2	SBI, Sherghati	11467833644	25,60,347.69	25,60,347.69/-	S J S R Y	Saving Account
3	M B G B, Sherghati	72600100057194	3,74,861.50	3,74,861.50/-	Kabir Antyesty	Saving Account
4	PNB, Sherghati	1686000100134370	39,50,320.75	39,50,320.75/-	13 th Finance	Saving Account
5	PNB, Sherghati	1686000100048830	58,048.91	58,048.91/-	Gandhi Basti	Saving Account
6	PNB, Sherghati	1686000100134340	72,934.90		Pustkalyadyach	Saving Account
7	PNB, Sherghati	1686000100134330	1,10,017.90		High School Teacher	Saving Account
8	PNB, Sherghati	1686000100134360	1,99,934.90		Madhyamic Teacher	Saving Account
9	PNB, Sherghati	1686000100127000	10,546.90		Janganna	Saving Account
10	PNB, Sherghati	1686000100100970	17,202.00		C.M.	Saving Account
11	PNB, Sherghati	1686000100134350	00.00		Rajya Star Prapti	Saving Account
12	PNB, Sherghati	1686000100128470	4,18,102.90		Prahmik Teacher	Saving Account
13	PNB, Sherghati	1686000100134320	00.00		4 th Finance	Saving Account
14	PNB, Sherghati	1686000100134310	00.00		Rajya Yojna	Saving Account
15	Bank of Badauda, Sherghati	110100003158	43,03,537.00		Road & Drain	Saving Account
16	M B G B, Sherghati	72600100032919	00.00		Saksharta	Saving Account
17	Trasuary	PLA 216	6,07,61,044.00	6,07,61,044.00/-	Different Head	
18	SBI, Sherghati	11467797321	11,89,803.00		Different Head	Current Account
Total			7,95,69,557.35	7,34,47,412.75		
Difference of Bank book & cash book			Rs. 61,22,144.60/-			



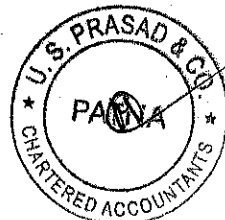
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IV. Revenue Receipts:-

Period	Budgeted 2014-15	Previous Year (For one year) 2013-14	Corresponding Period of Previous Year	Current Period 2014-15	Cumulative for the current period
a) Own Source					
Property Tax		4,39,368.65		1,20,833.00	
Assigned Revenue		6,22,218.00		48,79,907.00	
Fee & User / Others Charges		25,50,594.55		25,84,448.00	
Total(RS) A		36,12,181.20		75,85,188.00	
b) Administrative Grant		-		-	
Specific Grant Received (Scheme wise)					
i) 14 /13th Financial		41,14,235.00		19,13,442.00	
ii) Kabir Anthesty		12,871.00		5,399.00	
iii) State Plane		38,09,358.00		2,50,18,750.00	
iv) 4th Financial		1,14,26,929.00		72,49,116.00	
v) B R G F		10,50,521.00		22,87,114.00	
vi) Gandi Basti		2,654.00		1,377.00	
vii) Business Tax / Commercial Tax		6,22,018.00		7,82,677.00	
viii) S J S R Y		1,08,075.00		1,00,040.00	
ix) Town Hall	Detailed budget has not been provided by the ULB	50,00,000.00		-	
x) Janganna		4,54,700.00		-	
xi) Backward Area Development Fund		-		-	
xii) Sewerage Development Fund		-		-	
xiii) Water Supply Fund		-		-	
xiv) Matching Grant		-		-	
xv) Office Building Development Grant		1,22,80,000.00		31,35,000.00	
xvi) Interest from Bank		3,98,650.00		3,21,267.00	
xvii) Tower Advertisement		-		-	
xviii) Ward Councillor Allowances		78,000.00		78,000.00	
xix) City Manager Allowances		2,40,000.00		2,40,000.00	

NOT APPLICABLE

NOT APPLICABLE



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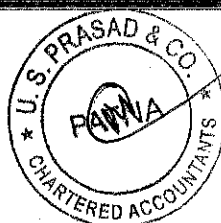
xx) Miscellaneous		12,200.00	28,900.00
xxi) Primary & Medial School(Nagar Teacher)		19,43,269.00	8,103.00
xxii) Madhyamic School(Nagar Teacher)		7,51,888.00	15,33,990.00
xxiii) High School (Nagar Teacher)		13,20,771.00	17,11,991.00
xxiv) Library		45,109.00	2,63,271.00
Total(RS) B		4,36,71,248.00	4,46,78,437.00
Total (RS) (A+B)		4,72,83,429.20	5,22,63,625.00

V. Status of implementation of Double Entry Accounting System :

Accounting of Nagar Panchayat, Sherghati is being maintained based on Double Entry Accounting System but the same is not updated up to 31st March 2015.

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

Nagar Panchayat, Sherghati is yet to constitute Municipal Accounts Committee under section 98 of the Municipal Act, 2007.



Audit Observations

I. Part - A

All Audit objections / irregularities, which has monetary implication, particularly in following areas:-

i. Holding & Property Tax Collation

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

Criteria – Non-Collection of Property Tax/Holding Tax by the concerned ULB.

Condition – Total Property tax outstanding as on 31st March 2015 is Rs. 19,64,791/-.

Consequence / Effect / Impact - Due to non properly collection of Property/Holding Tax there is a major operational. Revenue loss to ULB and there is no record / register to know total current & arrear demand of holding tax. Demand / Collection & Arrear Register have also not been provided to us for verification.

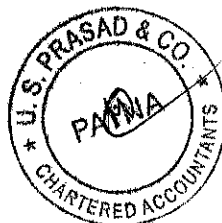
Cause – This happens due to lack of proper follow up and monitoring of activities of Tax Inspector / Collector by the concerned officers on regular interval.

Corrective Action / Recommendation – There should be day to day monitoring on Collection of Taxes and also maintenance and updating of Demand & Collection Register on regular interval.

ii. Mobile Tower Collection – Irregularity :-

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

Criteria – Tower Tax is taxes on Communication Tower & related structure as defined in BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES, 2012. As per the rule, all operators are required to register with their concerned ULBs and pay registration fee & renewal charges on annual basis for communication tower erected within municipal area. Currently the registration fee for Nagar Panchayat is Rs. 30,000/- per tower and annual renewal fee is Rs. 8,000/- per annum per tower.



Condition –As per details provided to us there are total 17 (Seventeen) Mobile Towers registered with this ULB up to 31.03.2015 and Total Mobile Towers outstanding Rs. 9,97,120 /-, to be recovered from these tower operators on account of Tower Tax.

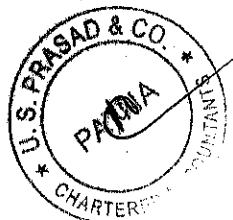
Consequence / Effect / Impact - Due to outstanding collection of towers rent there is a revenue loss to ULB.

Cause – This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the Tower Rent due to which result in Revenue leakage.

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

Details of Mobile Towers to the Nagar Panchayat, Sherghati

<u>S.NO.</u>	<u>NAME OF COMPANY</u>	<u>LOCATION OF TOWER</u>	<u>YEAR OF INSTALLATION</u>	<u>DUE AMOUNT</u>	<u>OUTSTANDING AMOUNT AS ON 31.03.2015</u>
1	AIRTEL	Chak, Ward No.-03	2007-08	105,580.00	105,580.00
2	AIRTEL	Koiri Tola, Ward No.-10	2007-08	105,580.00	105,580.00
3	IDEA	Sumali Gali, Ward No.-05	2008-09	100,040.00	6,000.00
4	IDEA	Koiri Tola, Ward No.-10	2008-09	100,040.00	95,840.00
5	IDEA	Chatti, Ward No.-13	2008-09	100,040.00	6,000.00
6	AIRCEL	Koiri Tola, Ward No.-10	2008-09	100,040.00	6,000.00
7	AIRCEL	Ramna, Ward No.-06	2008-09	100,040.00	6,000.00
8	RELIANCE	Sumali, Ward No.-06	2006-07	114,720.00	114,720.00
19	TATA INDICOM	sumali Ward No.-06	2006-07	118,920.00	25,720.00
10	BSNL	Chak, Ward No.-03	2005-06		124,160.00



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		Naya Bazar, Ward No.-03		124,160.00	
11	BSNL	Naya Bazar, Ward No.-09	2006-07	114,720.00	114,720.00
12	RELIANCE	Hatiya, Ward No.-09	2013-14	18,640.00	18,640.00
13	RELIANCE	Pathak Toli, Ward No.-09	2013-14	18,640.00	18,640.00
14	RELIANCE	Naya Bazar, Ward No.-03	2013-14	18,640.00	18,640.00
15	TATA INDICOM	Pathak Toli, Ward No.-10	2010-11	76,960.00	76,960.00
16	TATA INDICOM	Ramana, Ward No.-15	2010-11	76,960.00	76,960.00
17	TATA INDICOM				
Total Amount RS.				14,70,680.00	9,97,120.00

iii. **Miscellaneous (Shop Rent, Shop trade license, Rickshaw tin ticket & Rickshaw puller pass) Collection are Non/Short deposit of Rs. 91,024/- :-**

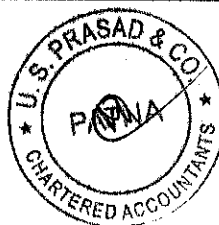
Audit Objective – As per Point No. – 4.4 of TOR

Criteria – It was also found that the amount of Miscellaneous Collection was Non/Short deposit of Rs. 91,024/- by the concerned ULB.

Condition – Total miscellaneous collection money of Non/Short deposit of Rs. 91,024/- by the concerned ULB as on 31st March 2015.

Consequence / Effect / Impact - Due to Non/Short deposit money of miscellaneous collection there is a revenue loss to ULB.

Cause – This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the Rent which results in Revenue leakage.



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

iv Advertisement Tax

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

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

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

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

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

v. Stamp Duty

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

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

Condition – For the year 2010 – 2015, bandobasti of Private Bus Stand, Parking tax & Shouchalaya Bus Stand has been awarded to Ahtesham Jouhar & Phulchand Dome for Rs. 1,97,358/- on which stamp duty @3%, of Rs. 65,97,975/- has not been collected.

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

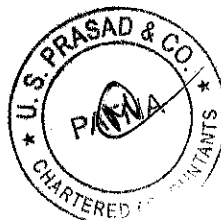
Cause – This happens due to lack of proper mechanisms for supervision and monitoring of the procurement which results in Revenue leakage.

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

As per Bihar Municipal Act, 2007, Holding Tax (residential, Commercial, Land etc.) should be revised after every five years, but Nagar Panchayat, Sherghati failed to do so.

vi. Market/Shop Rent Collection –

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



Criteria – Further, out of total 232 shops, 92 shops had not paid rent since August 2012. Non-Collection of Market/Shop Rent and imposition of late fine by the concerned ULB.

Condition – Total outstanding of Market/ Shop Rent is Rs. 18,84,160/- as on 31st March 2015.

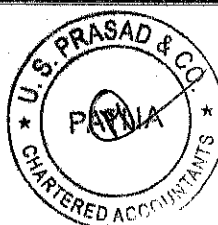
Consequence / Effect / Impact - Due to non collection of Shop Rent there is a revenue loss to ULB.

Cause – This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the Rent which results in Revenue leakage.

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

vii. Property / Holding tax are assessed by the ULB. There for property tax on minimum 20 high value properties could be determined :-

Sl. No.	Owner Property Name	Owner /Property address	Holding No.	Annual Property Tax	Housing / Commercial
1	Arup Mukharji	S/o Late Ashish Mukharji	70	5,973.00	Commercial (Petrol Pump)
2	Shomir Kumar Mukharji	S/o Late Heera Lal Mukharji	71	3,786.00	Commercial
3	Vikash Kumar	S/o Ruadra Kumar	106	3,425.00	Commercial
4	Dr. Tapesware	S/o Late Pachkaudi Shaw	107	4,111.00	Commercial
5	Jai Prakash Kumar	S/o Late Mharaj Shaw	115	4,260.00	Commercial
6	Amit Kumar Pathak	S/o Ranjeet Kumar Pathak		2,638.00	Commercial
7	Sita Ram Mahato	S/o Niro Mahato	166	3,402.00	Commercial
8	Suman Kumar Mishra	S/o Kamal Kishor Mishra		5,190.00	Commercial (Nursing Home)
9	Binay Kumar Gupta	S/o Late Gupteshwra Prasad Gupta		13,693.00	
10	Manju Kumari	W/o Dr Uday Kumar		3,821.00	commercial (Clinic)
11	Manti Devi	W/o Gopal Shaw		3,058.00	Commercial
12	Vijay Singh	Girja Road	52	2,004.00	Commercial
13	Shiv Prashad Agarwal	Late-Munnin Lal Agarwal, Narayan	65	2,470.00	Commercial

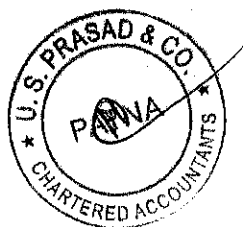


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		Tola			
14	Dr. Mahesh Prasad	Late-Govind Shaw, Girja Road	61	2,513.00	Commercial
15	Dr. Mahesh Prasad	Late-Govind Shaw, Shumali	62	2,033.00	Commercial
16	Riyazuddin	Late-Serazuddin, Shumali	84	2,888.00	Commercial
17	Vikash Kumar Gaurav	Shumali	100	2,220.00	Commercial
18	Daulti Devi	Late-Kaidar Prasad Agarwal, Shumali	97	2,224.00	Commercial
19	Priyanka Singh	Narayan Tola	04	4,472.00	Commercial
20	Udai Chandra Agrawal	Narayan Tola	82	3,551.00	Commercial

Non –Collection of Hoarding Tax:-In ULB, hoarding tax not yet collected by inspector since 25.08.2011. Details of outstanding amount given below:-

<u>S.No.</u>	<u>Hoarding Place</u>	<u>Name of Hoardings</u>	<u>Area</u>	<u>Rate</u>	<u>Outstanding Amount</u>
1	Muhalla Somali, on the wall of Dr. S. Samdarshi	Science Career Institute	12'X8'	Rs.20/- per Sqft	5,760.00
2	Muhalla-Somali, In front of Ghulam Ahmad Vastralay	Science Career Institute	6'X4'	Rs.20/- per Sqft	1,440.00
3	Muhalla-Somali, near of DukaniBhaagat& Anil Chaudhary Enterprises	Amul Gold	10'X8"	Rs.20/- per Sqft	4,800.00
4	Muhalla-Somali, Near Mazar	Buddha Institute of Technology	6'X8'	Rs.20/- per Sqft	2,880.00
Total(RS)					14,880.00

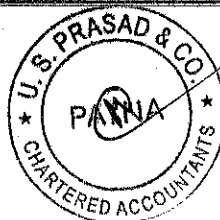


II. Part - B

- A. As per Rule 136 of Bihar Municipal Accounting Manual 2014, every year budget should be prepared for receipts and expenditure in Performa 75, 77 and 80. It is not prepared as per prescribed Performa by the concerned ULB.
- B. As per Rule 18 of Bihar Municipal Accounting Manual 2014, voucher should be maintained serially for different schemes in different code, but it is not maintaining accordingly. Vouchers are not keeping in guard file and not systematically arranged.
- C. As per Bihar Municipal Act, 2007, of Holding Tax (residential, Commercial, Land etc.) should be made after every five years, but Nagar Panchayat, Sherghati failed to do so.
- D. It has been noticed during the audit that the following Books of Accounts & Subsidiary Registers has not been maintained or not properly maintained (*Status as mentioned*).

Sl. No.	Particulars	Status
1	Cash Book	Proper all books are not maintained
2	Subsidiary Cash Book	Proper all books are not maintained
3	Ledger Book	Proper all books are not maintained
4	Grant Register	Not maintained
5	Advance Register	Not maintained
6	Pay-Roll Register	Maintained
7	Vehicle LOG Book	Maintained
8	Store Register	Not Updated
9	Fixed Assets Register	No maintained
10	Demand & Collection Register of Property Tax, Mobile Tower Tax, Shop Rent etc.	Collection register are maintained

- E. In ULB, internal control are not in place and not properly working in respect of day



to day working, payment of expenditure collection of revenue, tender etc.

F. Non – compliance of TDS, VAT, Royalty & Labour cess relevant statute :-

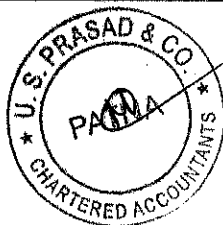
- VAT and Labour Cess have not been deducted from any payment made to contractor.
- TDS and Royalty has been deducted but the same could not be verified whether deposited or not due to non-availability of deposit slip or challan.

G. Pay-Roll Register has not been shown to us during the period of internal audit, thus we are unable to comment on deficiency in pay-roll system.

H. Grant Register has not been maintained by the concerned ULB and upon enquiry of status of utilization certificate, the concerned officials has failed to provide above information.

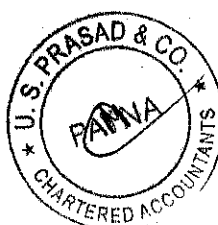
I. Inventory/ Stores Register and Fixed Assets Register have not been maintained in concerned ULB and in the absence of above register it is difficult to verify the same.

J. Advance Register has not been maintained by the concerned ULB and in the absence of above register it is difficult to check or comments on adjustment and recovery of advances.



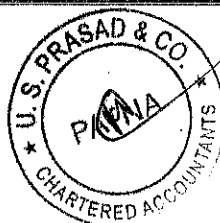
PART – "C"**General Observations****QUESTIONIER**

Sl. No	Particular	Remarks/ Observation
1	Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts.	No proper / scheme wise register are not maintained for the period 2012-13.
2	Whether all the books of accounts and supplementary registers that are prescribed in the Accounts Manual / other applicable regulations have been properly maintained by the ULB.	No, except Subsidiary Cash Book no other book of accounts / other applicable regulation have been properly maintained by the ULB.
3	Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts.	No, Quarterly, Half yearly & Yearly Financial Statements have been no prepared by the Nagar Panchayat
4	Whether the period-end and reconciliation procedures prescribed have been carried out.	No, period-end and reconciliation procedures prescribed have not been carried out.
5	Whether the Bank Reconciliation statements have been prepared and are appropriate.	No, Bank Reconciliation statements have not been prepared by the Nagar Panchayat
6	Whether all grants from Government have been accounted at gross value with proper entries to various accounts.	Yes, except for the period 2012-13.
7	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail.	No, all transactions have not been maintained Receipts and Payment, Income and Expenditures, Assets and Liabilities by the Nagar Panchayat.
8	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted.	Yes, Grant received during the year has been properly accounted and all deductions have been properly accounted.
9	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been	No, Special fund has been created by the ULB.



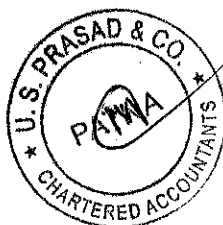
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	created.	
10	In respect of contracts that are in existence during the year, whether there are any deviations from the sanctioned plans and the estimates without the sanction of the competent authority.	No irregularity has been found on work contract.
11	Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account.	No, Fixed asset register has been made, so unable to comment on it.
12	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry.	No, leasehold property has been found
13	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores.	No, physical verification of store has been conducted by the ULB at reasonable intervals.
14	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported.	No, Nagar Panchayat has not been maintained any store register.
15	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same has been properly dealt with in the books of account.	No physical verification has been done due to absence of up dated book record.
16	Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts.	Physical verification has been conducted by the ULB at reasonable intervals in respect of stores. As earlier reported that reg. has not been maintained.
17	Whether the valuation of stores is in accordance with the accounting, principles laid down in the rules. Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported.	No stock register has been found. Valuation of store has not been done.
18	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	No such issue has been found



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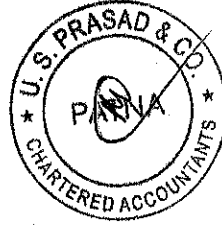
19	Whether advances given to municipal employees and interest thereon are being regularly recovered.	No advance register has been maintained so we are unable to verify whether it is being recovered regularly.
20	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	Yes there exist an adequate internal control procedure for the purchase of stores, components and assets.
21	Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.	We did not notice any such expenses.
22	Whether the municipality is regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc., and if not, the nature and cause of such delay and the amount not deposited.	No, The Nagar Panchayat is not regular in depositing statutory dues. We observed that all such taxes deducted during the financial year have been deposited in the month of March 2015.
23	Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation.	No retirement has been made till date
24	Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof.	We did not notice any such expenses.
25	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently and are in all cases such as are authorized by law.	Yes, on our test check we observed that all the expenditure incurred by the Nagar Panchayat are authorized by appropriate provision in the sanction budget.
26	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis.	No, all revenues from own sources have not been properly assessed, accounted for and collected. For exp. – Mobile Tower & Stamp Duties
27	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by law.	No, The statutory liabilities are not within the prescribed time limits. For exp. – TDS, VAT etc.
28	Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority.	Yes, we observed that all bills for charges of account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority.
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.	Yes, The amount received as specific grants have been utilized for the purposes as stated in the grant sanction order.



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30	Whether bio-metric devices and payroll software are used at the ULB. If not whether there is satisfactory system of pay-roll accounting; otherwise mention the key deficiencies of the system.	No, bio-metric devices and payroll software system are not used by the ULB. No documents were provided by the ULB
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Place - PATNA
Date - 15/7/16



for U. S. Prasad & Co.

Chartered Accountants

CA. Manoj Kumar

Partner

M. No.: 418631