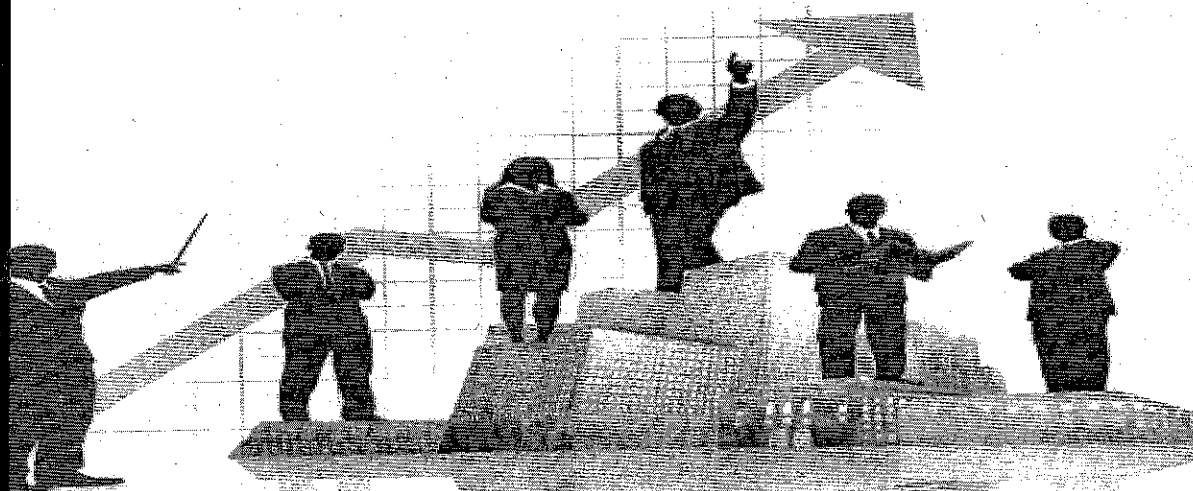


INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT- SAGAULI (EAST CHAMPARAN)

for the period from 01.04.2014 to 31.03.2015



Internal Audit Conducted by:

GKS Sureka & Co.
Chartered Accountants

Floor, Nathani Market, Sutapatty,

Muzaffarpur-842001 (Bihar).

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Audited conducted From: April 29, 2016 to April 30, 2016

Report Issued on: May 02, 2016

NAGAR PANCHAYAT – SAGAU LI (EASTCHAMPARAN)

INTERNAL AUDIT REPORT OF F.Y.2014-15

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Internal Audit Report of Financial year 2014- 2015

Section A: Audit Methodology and Approach

Audit Methodology

We have conducted the internal audit of Nagar Panchayat –Sagauli(East Champaran), for the year ending on 31st March , 2015 (as per TOR). We familiarized ourselves with N.P. documents, 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 N.P. in order to plan and perform our audit.

We reviewed transaction 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 N.P. 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:

- General Cash & subsidiary cash Book for the period from 1st April 2014 to 31st March 2015 maintained manually in the N.P. ;
- Vouchers (Cash, Bank, Journal etc)along with supporting documents;
- Receipt Books
- Other necessary records and registers

The major observations, in respect of the Nagar panchayat have been discussed with the Executive Officer & Accountant of the N.P.

Audit Approach

Our approach to the internal audit started with an overview of activities through a study and documentation of the existing systems and procedures. We then identified, evaluated and tested the adequacy, efficiency and effectiveness of internal controls including standard policies and procedures laid down by the management (where applicable), for each of the areas included in the Scope of Work.

Testing of internal controls was carried out by checking a sample of transactions for the period covered by the audit.

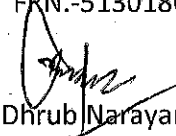


Apart from the test of controls and samples we also carried out various types of analytical reviews to understand as well as highlight unusual or significant trends in the income & expenditure.

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.

Place : Muzaffarpur
Date : May 02,2016

For G.K.Sureka & Co.
Chartered Accountants
FRN.-513018C


(CA. Dhruv Narayan)
Partner
M.N.- 501415



Executive Summery

1. Introduction

Name of the Municipality	N.P. Sagauli(East Champaran)
Period Covered under Current Audit	01.04.2014 to 31.03.2015
Name of the Chief Municipal Officer for the period under Audit	Sh. Arun Kumar singh

2. Results and Findings

Strength observed during the audit engagement	<ul style="list-style-type: none"> ➤ General Cash Book & subsidiary cash Book has been written ➤ Staff Cooperation during the Audit period was very good.
Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.	<ul style="list-style-type: none"> ➤ During the financial year Holding tax collected by Sh Lalan Prasad (Tax collector) amounting to Rs. 4,85,054 as against this only Rs. 4,27,473 has been deposited and balance Rs. 57,581 has not been deposited till date. ➤ During the financial year Rs. 19,44,554/- has been deposited with Head Clerk Pramod Paswan by all the tax collector against M.R but Sh. Pramod Paswan has deposited only Rs. 17,41,815 in the bank and balance amount Rs. 2,02,739 has not been deposited till date. There are lack of internal control w,r,t collection of taxes. ➤ Demand collection Register has not been prepared hence it is not possible to ascertain total arrear of taxes ➤ Amount collected by tax collector are not deposited on daily basis we observed significant delay in collection and deposit of taxes/ other revenue which is not proper. As per Rule 27 of BMAR it should be deposited on daily basis otherwise a penalty up to Rs. 5000/- may be imposed for delayed deposit.



	<ul style="list-style-type: none"> ➤ Tower tax dues are not collected on time basis. ➤ Books of accounts are not verified by E.O, Chairman or vice chairman on time to time basis. ➤ Tender of Ghat, Crematorium, Gate, Palm trees and lands are not done on yearly basis. ➤ Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time. ➤ Bank Reconciliation Statement is not prepared hence it is difficult to monitor possible fraud, if any. ➤ Advance Register is prepared but there is some difficulties in adjustment of Advance. ➤ 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. Taxes such as an I.T, Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.
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3. Opinion

<p>Overall opinion of the Audit team about the functioning of the Municipality</p>	<p>The functioning of the Municipality is very weak due to following reasons:</p> <ul style="list-style-type: none"> • 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. • Collection from own sources is very poor. • Grant received for various purposes are not utilized on timely basis. • There are serious lapses in deduction and deposit of
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statutory dues such as TDS, VAT, Royalty, Labour cess etc.

4. Audit Recommendations

<p>The recommendations of Audit team on the observed weakness</p>	<p>We recommend the followings:</p> <ul style="list-style-type: none"> ✓ All the prescribed books of accounts and Registers should be prepared on real time basis ✓ Bank reconciliation Statement should be prepared on monthly basis ✓ Cashier Cash Book should be written on daily basis. ✓ Collection by tax collector should be deposited on daily basis. ✓ Grant Register should be prepared ✓ All the statutory dues should be deposited on timely basis and returns prescribed under the statute should also be deposited on timely basis. ✓ Demand Collection Register of all the wards should be prepared. ✓ Property tax register should be prepared as per new assessment. ✓ Collection from own sources should be improved.
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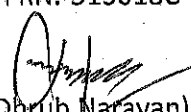
5. Comments from Management

Comment 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 :- Sagauli (Executive Officer)
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6. Acknowledgment

We thank Mr. Arun Kumar Singh (Executive Officer), Mr. Pramod Paswan (Head Clerk) and Mr. Kishori Lal Prasad (Accountant) for their support during the period of our audit. We are also thankful to Tax Daroga and support staffs of the municipality for their cooperation extended to us during the period of our audit.

Place : Muzaffarpur
Date : May 02, 2016

For G.K.Sureka & Co.
Chartered Accountants
FRN.-513018C

(CA. Dhruv Narayan)
Partner
M.N.- 501415



Detailed Audit Report

1. Introduction

The Internal audit of N.P.- Sagauli (East champaran) covering period from 1st April 2014 to 31st March, 2015 was conducted by following persons under guidance of CA. Dhruv Narayan

- i. Shri Lalan Kumar
- ii. Vikash kumar.

2. Administration

The present body of the ULB has taken charge on 9th June 2012. The incumbency in the key administrative and executive position was as under:

Smt. Naseema khatun, Chairman from 9.06.2012 to till date ,Shri Arun Kumar singh Executive officer from 07.09.2015 to 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 outstanding paras where no action has been taken	No. & date of Compliance report
1.	Audit report No. dated 12.06.2013	40	12	2	0	0	5	Details not provided to us.

The Major observations in the AG audit report are as under:

- 1. Daily collection register has not been maintained
- 2. Cashier Cash Book has not been maintained.
- 3. Tower tax amounting to Rs. 4,00,000/- has not been received.
- 4. Demand collection register has not been maintained
- 5. Heath Cess and education cess amounting to Rs. 653814 has not been deposited in Govt. A/C



6. Grant Register has not been prepared
7. Penalty amounting to Rs. 6,85,565 has not been received from the contractor for delayed completion of contract
8. Labour cess amounting to Rs. 2,54,579 has not been deducted from the contractor's payment.
9. Non adjustment of advance of Rs. 2,20,010 since long.
10. Stock Register has not been maintained
11. Holding tax amount to Rs. 24,99,049 is due on Govt. building, since long.

4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2012-13	2013-14	2014-15
Final/ Revised Budget	N.A	N.A	N.A
Actual Expenditure	15197423	35633270	26942949
Savings (+)/ Excess (-)	N.A	N.A	N.A

II. Volume of transactions

Period	Budgeted	Previous year (For One year)	Corresponding period of previous year	Current Period	Cumulative for the current period
Opening Balance	0	37931008	37931008	49505808	49505808
Receipts	0	46925381	46925381	35214194	35214194
TOTAL	0	84856389	84856389	84720002	84720002
Net Expenditure	0	35633270	35633270	26942949.05	26942949.05
Closing Balance	0	49505808	49505808	57777052.95	57777052.95



III. Bank Reconciliation

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

Sl.No	Name of Bank	Account No.	Balance as on 31.03.2015	Name of Scheme	Reconciliation position
1	P.N.B	6748	93094.45	MNVY	Un-reconciled
2	UBGB	5492	634764	MNVY	Un-reconciled
3	P.N.B	6739	141545.90	Establishment Fund	Un-reconciled
4	P.N.B	6720	5678095.30	12 th & 13 th Finance	Un-reconciled
5	P.N.B	6766	5366.45	Allowance for City Manager	Un-reconciled
6	P.N.B	7997	0	Swachh Bharat Mission	Un-reconciled
7	P.N.B	6757	751273.90	Holding Tax	Un-reconciled
8	P.N.B	6784	3986165.90	BRGF	Un-reconciled
9	P.N.B	845	449982.45	Swarna Jayanti	Un-reconciled
10	P.N.B	6775	1172875	Misc. fund	Un-reconciled
11	UBGB	5037	5730	BRGF	Un-reconciled
12	UBGB	4401	2118479	Marriage Hall	Un-reconciled
13	UBGB	3011	185577	DSMT	Un-reconciled
14	BOI	2099	9339	NSDP	Un-reconciled
15	UBGB	865	37412	NSDP	Un-reconciled
16	PLA081	20001	39551876.13	Others	Un-reconciled
	TOTAL		54821576.48		
	Total as per C.B		57777052.95		
	Difference		2955476.47		

Bank Reconciliation Statements have not been prepared by the N.P. There is a difference of Rs. 2955476.47 between Cash Book and consolidated balance as per pass book of all accounts.



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

IV. Revenue Receipts

Period	Budgeted	Previous year (For One year)	Corresponding period of previous year	Current Period	Cumulative for the current period
a) Own Source					
Property Tax	0	3,27,239	3,27,239	5,27,445	5,27,445
Assigned revenue	0	72,46,831	72,46,831	2,17,66,198	2,17,66,198
Others (Fees & User Charges)	0	2,85,423	2,85,423	13,64,775	13,64,775
(b) Administrative Grant	0				
© Specific Grant (Scheme wise)	0				
Grant for Construction of Drain	0	1255179	1255179	0	0
13th Finance Commission Grant	0	4193204	4193204	4818981	4818981
4th Finance Commission Grant	0	22773059	22773059	452529	452529
BRGF	0	2353417	2353417	2160842	2160842
Grant for construction of Building	0	80993	80993	82263	82263
Grant MNVY	0	1707919	1707919	368622	368622
Grant for Hand Pump	0	20580	20580	0	0
Grant for UIDSSMT	0	0	0	3649	3649
Grant for SJSRY	0	82099	82099	99417	99417
Pension Fund	0	5421600	5421600	2717325	2717325
Gandi Basti Yojna	0	0	0	921	921



V. Status of Implementation of Double Entry Accounting System

Till date Double Entry Accounting System is not operational in the Nagar Panchayat.

Appointment of Chartered Accountant firms for implementation of Double Entry Accounting System in the Nagar Panchayat is in process but till date no C.A. firm has been appointed by the UD & HD.

VI. Status of Municipal Accounts Committee; if meeting held

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 N.P. till the date of our audit.



5. Audit Observations

I. 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>Tower tax is not being collected on timely basis as Rs. 25.80 lacs is receivable as tower tax as on 31.03.2015.</p> <p>During the financial year Holding tax collected by Sh Lalan Prasad (Tax collector) amounting to Rs. 4,85,054 as against this only Rs. 4,27,473 has been deposited and balance Rs. 57,581 has not been deposited till date.</p> <p>During the financial year Rs. 19,44,554/- has been deposited with Head.Clerk Pramod Paswan by all the tax collector against M.R but Sh. Pramod Paswan has deposited only Rs. 17,41,815 in the bank and balance amount Rs. 2,02,739 has not been deposited till date.</p>
<p>b. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs</p>	<p>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 80 high value properties</p>	<p>Field survey of 80 high value properties has been conducted by us and a report thereon is attached herewith.</p>



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>a. Non- maintenance of books of accounts , subsidiary registers</p>	<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-IA) 2. Bank Book (Form Gen-IB) 3. Journal Book (Form Gen-2) 4. Ledger (Form Gen-3) <p>In addition to above following other General Registers and forms are required to be maintained but the same are not being 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 Cheque Issue Register GEN-16 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 17 Register of Notice Fee, Warrant Fee, Other Fees GEN-24 18 Summary Statement of Notice Fee, Warrant Fee, Other Fees GEN-25 19 Register of Refunds, Remissions and Write-offs GEN-26 20 Summary Statement of Refunds and Remissions GEN-27 21 Summary Statement of Write-Offs GEN-28 22 Statement of Outstanding Liability for Expenses GEN-29 23 Documents Control Register/Stock Account of Receipt/Cheque Book GEN-30
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	<p>24 Register of Immovable Property GEN-31 25 Register of Movable Property GEN-32 26 Register of Land GEN-33 27 Function-wise Income Subsidiary Ledger GEN-34 28 Function-wise Expense Subsidiary Ledger GEN-35 29 Asset Replacement Register GEN-36 30 Register of Public Lighting System GEN-37</p> <p><i>The N.P. is maintaining only Cash Book/ Bank Book, Journal Book, Ledger and other prescribed registers are not maintained.</i></p>
<p>b. Irregularity in procurement process</p>	<p>No major irregularity observed</p>
<p>c. Non-compliance of directives by UD & HD , GOB</p>	<p>We observed several non compliances of directives of UD & HD, GOB such as :</p> <ul style="list-style-type: none"> i. non collection of various taxes required to be collected ii. Non maintenance of prescribed books of accounts iii. Non submission of UC and other reports on timely basis etc.



<p>d. Non Compliance of Act & Rules</p>	<p>As per Section 127 of the Bihar Municipal Act , the Municipality can levy the following taxes:-</p> <ul style="list-style-type: none"> (a) property tax on lands and buildings. (b) surcharge on transfer of lands and buildings, (c) tax on deficit in parking spaces in any non-residential building, (d) water tax, (e) fire tax, (f) tax on advertisements, other than advertisements published in newspapers, (g) surcharge on entertainment tax (h) surcharge on electricity consumption within the municipal area, (i) tax on congregations, (j) tax on pilgrims and tourists, and (k) toll – <ul style="list-style-type: none"> (i) on roads, bridges, ferries and navigable channel and (ii) on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles, within the meaning of the Motor Vehicles Act, 1988, plying on a public street. (l) Tax on profession <p>We observed that only property tax, tower tax, uses charges has been collected during the year other taxes have not been levied till date.</p> <p><i>New Assessment has not been done since 1974-75 and holding tax is being collected at old rates.</i></p> <p>The processes of self assessment of property was in progress in the f/y 2014-15 but in the f/y 2015-16, all of 20 wards assessment have been completed so far and preparation of property tax register is in progress.</p>
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<p>e. Lack of internal Control measures</p>	<ul style="list-style-type: none"> ➤ There are lack of internal control w,r,t collection of taxes. ➤ Demand collection Register has not been prepared hence it is not possible to ascertain total arrear of taxes ➤ Taxes collected by tax collector are not deposited on daily basis we observed that it is being deposited after significant interval which is not proper. As per Rule 27 of BMAR it should be deposited on daily basis otherwise penalty up to Rs. 5000/- may be imposed for delayed deposit. ➤ Reassessment of holding tax has not been done since long and holding tax is being collected at old rates. ➤ Due to collection of revenue on old rates there is significant loss the N.P. Quantification of loss is not possible at this point of time. ➤ Advertisement Tax is not being levied by the N.P as a result there is a loss to the N.P of advertisement tax amount. ➤ Tower tax dues are not collected on time basis. ➤ Tender of Ghat, Crematorium, Gate, Palm trees and lands are not done on yearly basis. ➤ Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time. ➤ Bank Reconciliation Statement is not prepared hence it is difficult to monitor possible fraud, if any. ➤ Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof. ➤ 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. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes. ➤
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<p>f. Non-compliance of TDS, VAT and other relevant Statute</p>	<p>Tax deducted at source of Income Tax, VAT & Royalty are deposited on yearly 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 not been deposited till the end of the F.Y. Details of Statutory dues not paid is annexed in Annexure.</p> <p>Taxes should be 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>g. Deficiency in Pay-roll System</p>	<p>The pay-roll system does not contain leave details of employee. PF contribution and pension fund contribution of employees are deducted but municipal contribution is not being paid. PF account has not been opened with PF department all the deductions of PF contribution and pension fund contribution are being deposited in a separate account opened by the municipality.</p>
<p>h. Utilization of Grant and report on missing Utilization Certificates</p>	<p>Grant Register has not been prepared hence it is difficult to ascertain unutilized grant at any particular time. As explained to us Utilization certificates up to 31.03.2015 has been sent to the Government but copy of the same could not be provided to us. Details of UC sent to the Govt. (as provided to us by the N.P.) is enclosed in Annexure.</p>
<p>i. Physical verification of inventory/Stores</p>	<p>Store Register has not been prepared and physical verification of inventory/stores has also not been done.</p>
<p>j. Advances, their adjustment & recovery</p>	<p>Advance Register has not been prepared hence it is very difficult to monitor advances, their recovery and adjustment.</p>
<p>k. Any other matters as may be prescribed in due course.</p>	<p>Staff strength need to be increased.</p>



PART- C

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

Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts	No, Ledger accounts have not been prepared by the N.P.
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 General Cash Book and Subsidiary Cash Book no other books of accounts have been maintained.
Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts;	No quarterly Financial Statements have been prepared by the N.P.
Whether the period-end and reconciliation procedures prescribed have been carried out.	No, period-end and reconciliation procedures as prescribed have not been carried out.
Whether the Bank Reconciliation statements have been prepared and are appropriate	No, Bank Reconciliation Statements have not been prepared by the N.P.
Whether all grants from Government have been accounted at gross value with proper entries to various accounts	Yes, all grants from Government have been accounted at gross value but all transactions are not correctly classified with sufficient details.
Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;	No all transactions have been classified as incomes and expenditure only assets and liabilities have not been recognized.
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;	Grant received during the year has been properly accounted for. Information about grant sanctioned and deductions made out of such grant is not available with the ULB.
Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;	No Special fund has been created by the ULB.



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;	We did not notice any major deviation.
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, record of fixed assets has not been maintained by the ULB. Physical verification of fixed assets has not been done during the financial year under audit.
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;	As explained to us no property of the ULB has been given on lease.
Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;	No, physical verification of stores has been conducted by the ULB at reasonable intervals.
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
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 done.
Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts;	No there is no procedures are in place to identify any unserviceable or damaged stores
Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	No valuation of stores has been done.



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?	There are no case loans and advances other than advance to staff for expenditure.
Whether advances given to municipal employees and interest thereon are being regularly recovered;	Advance Register has not been maintained so we are unable to verify whether it is being recovered regularly or not.
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 tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc. We observed that all such taxes deducted during the financial year has not been deposited till the end of the F.Y.
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;	The municipality is not giving any contribution to P.F or pension Fund employee contribution to P.F and pension fund is being deducted from the salary of the employee and are being deposited in a separate bank account opened for the purpose.
Whether any personal expenses have been charged to the municipality' s accounts; if so, the details thereof;	We did not notice 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;	We observed that all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget

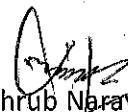


Internal Audit Report –Nagar Panchayat- SAGAULI | F.Y- 2014 2015

Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	No all revenues have not been properly 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, taxes collected by the tax collector are not deposited on daily basis. We observed that it is being deposited after significant interval.
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 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 have been utilized for the purposes as stated in the grant sanction order;	Yes, we observed that amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order
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 are not used at the ULB. Pay roll system of the municipality is deficient as it does not contain lave records, details of deductions made etc.
Whether the grievance redressal mechanism for the ULB is sufficient.	No, we did not observe any grievance redressal cell functioning at the ULB.

Place : Muzaffarpur
Date : May 02, 2016

For G.K.Sureka & Co.
Chartered Accountants
FRN.-513018C

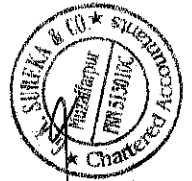

(CA. Dhruv Narayan)
Partner
M.N.-501415



Outstanding Balance of Tower tax (Sagauli)										
Sl. No.	Name of Mobile Tower	Name of Assessee	Registration Fees	Renewal Fees	Additional Registration fee on Antenna	Renewal Fee of Antenna	Late Fine	Demand upto 01.04.2016	Received upto 01.04.2016	Balance
1	BSNL	District Manager, BSNL, Motihari	30000	72000	72000	19200	154656	347856	0	347856
2	RELIANCE	Bhola Prasad	30000	72000	72000	19200	154656	347856	0	347856
3	AIRCEL	Jitendra Kumar Singh	30000	64000	64000	19200	149256	326456	0	326456
4	IDEA	Ram Gopal jee	30000	72000	72000	19200	154656	347856	0	347856
5	INDICOM	Madhu Devi	30000	72000	72000	19200	154656	347856	0	347856
6	ATC TELECOM	Upendra Kumar	30000	8000	0	0	0	38000	0	38000
7	AIRTEL	Lakshman Prasad	0	72000	72000	19200	111456	274656	0	274656
8	AIRTEL	Ramashray Das	0	72000	72000	19200	111456	274656	0	274656
9	AIRTEL	Rameshwar Sahni	0	72000	72000	19200	111456	274656	0	274656
	Total		180000	576000	568000	153600	1102248	2579848	0	2579848

Details of Statutory Dues not paid till date

Scheme wise details of Statutory Deduction deducted and Deposited (2014-15) (Sagauli)						
Scheme Name	Income Tax	Sales Tax	Royalty	Labour Cess	Total	Deposit Liability
BRGF	74588	164582	28835	0	268005	0
4th State Finance	111997	217491	16255	0	345743	0
					613748	



REPORT ON FIELD SURVEY OF 89 HIGH VALUE PROPERTIES

NAME OF U.B. : SAGAULI
DATE OF SURVEY : 07/05/2016, 30.06.2016

Sl. No.	Name	Father's Name	Ward No.	Type of Construction	Type of Uses	Type of Road	Carpet Area	Annual Value	Annual Tax	Remarks of Auditor
1	MAHASH JAIRAM	RAMKHELWAN DAS	8	R.C.C.	COMMERCIAL	MAIN ROAD	6600	145200	16133	On eye estimate no variation observed
2	KAUSHIYAKRESI	SHAMBHU SHARAN PRASAD	8	R.C.C.	COMMERCIAL	MAIN ROAD	4800	112800	12534	On eye estimate no variation observed
3	DR. SHAMBHU SHARAN	RAM SEWAK SHA	6	R.C.C.	COMMERCIAL	MAIN ROAD	2560	42240	6589	On eye estimate no variation observed
4	MANJU DEVI	ASHOK KUMAR	8	R.C.C.	COMMERCIAL	OTHER ROAD	5261	55230	6189	On eye estimate no variation observed
5	MADHUREN KUMAR	RAM AYODHYA	6	R.C.C.	COMMERCIAL/MAIN ROAD	MAIN ROAD	2100	36100	4233	On eye estimate no variation observed
6	DHEPAK MODDEE	GIRDHARI MODDEE	8	R.C.C.	COMMERCIAL/MAIN ROAD	MAIN ROAD	1728	41710	3754	On eye estimate no variation observed
7	RAGHUBENDRA BANJAN	CHOKWALAJA PRASAD	3	ASBESTOUS	COMMERCIAL	OTHER ROAD	2400	25200	37456	On eye estimate no variation observed
8	MAHANTH JAIRAM	RAMKHELWAN DAS	7	R.C.C.	COMMERCIAL	MAIN ROAD	8800	29304	3256	On eye estimate no variation observed
9	DOMA MISTRI	MATHURA MISTRI	8	rec	comm-hres.	MAIN ROAD	1008	21168	2352	On eye estimate no variation observed
10	RAJ SINGH	BULLI SINGH	6	RCC	comm-hres.	MAIN ROAD	1280	21120	2947	On eye estimate no variation observed
11	MOHAMMAD ALI	WAJID ALI	6	RCC	COMMERCIAL	MAIN ROAD	1000	21080	2333	On eye estimate no variation observed
12	MAHESHWAR DAS	RAMESHWAR DAS	7	RCC	COMMERCIAL	MAIN ROAD	2730	19110	2123	On eye estimate no variation observed
13	IBHARAT BHUSHAN	DHIRUB NARAYAN PRASAD	6	RCC	comm-hres.	MAIN ROAD	806	16926	1880	On eye estimate no variation observed
14	SHABRAM PRAWFEN	EKGAMJULLAH	6	RCC	comm-hres.	OTHER ROAD	1251	15816	3762	On eye estimate no variation observed
15	SARASWATI KALA	GORAKH MISTRI	7	RCC	COMMERCIAL	MAIN ROAD	406	13298	1488	On eye estimate no variation observed
16	PANDEY PRAMOD	TARKESHWAR PANDEY	6	RCC	RES.	OTHER ROAD	1330	9310	1337	On eye estimate no variation observed
17	CHANDRESHWAR PRASAD	RAM CHANDRA PRASAD	6	RCC	RES.	OTHER ROAD	2880	11540	1280	On eye estimate no variation observed
18	SITARAM SINGH	RAGHUNATH SINGH	6	RCC	COMMERCIAL	OTHER ROAD	442	7293	1104	On eye estimate no variation observed
19	PANDEY VILEGAR	TARKESHWAR PRASAD	6	RCC	COMMERCIAL	OTHER ROAD	1176	8820	980	On eye estimate no variation observed
20	GHIRENDRA KISHOR	HARENDRA KISHOR	6	RCC	COMMERCIAL	OTHER ROAD	588	2352	861	On eye estimate no variation observed



21	RAMAMUL HUK	SW. JAN ANSARI	6 RCC	COMMERCIAL	MAIN ROAD	360	7560	840 observed	On eye estimate no variation
22	JUAFAR ANSARI	MD. GUJAM RASUL	6 ASB	COMMERCIAL	MAIN ROAD	264	5544	616 observed	On eye estimate no variation
23	GULAM RASUL	SW. ABDUL RASUL	6 ASB	COMMERCIAL	MAIN ROAD	264	5544	616 observed	On eye estimate no variation
24	MADAN MOHAN SARKAR	SW. FANIBHUSAN SARKAR	6 ASB	RESIDENTIAL	PRINCIPAL ROAD	420	4620	416 observed	On eye estimate no variation
25	VISHWAJIT SARKAR	SW. FANIBHUSAN SARKAR	6 RCC	RESIDENTIAL	PRINCIPAL ROAD	420	4620	416 observed	On eye estimate no variation
26	VIVEKA NAND SARKAR	SW. FANIBHUSAN SARKAR	6 RCC	RESIDENTIAL	PRINCIPAL ROAD	420	4620	416 observed	On eye estimate no variation
27	VISHWANATH SARKAR	SW. FANIBHUSAN SARKAR	6 RCC	RESIDENTIAL	PRINCIPAL ROAD	420	4620	416 observed	On eye estimate no variation
28	SUNIL KUMAR SARKAR	SW. FANIBHUSAN SARKAR	6 RCC	RESIDENTIAL	PRINCIPAL ROAD	420	4620	416 observed	On eye estimate no variation
29	NTU KUMARI	PRADHAT KUMAR	6 RCC	RESIDENTIAL	OTHER ROAD	560	2240	202 observed	On eye estimate no variation
30	RAMVINAY KUMAR	HITENDRA PRASAD	6 RCC	RESIDENTIAL	OTHER ROAD	616	2464	222 observed	On eye estimate no variation
31	AFTAB ALAM	NASRUDIN ANSARI	6 ASB	RESIDENTIAL	MAIN ROAD	576	5760	640 observed	On eye estimate no variation
32	KHUSAID ALAM	NASRUDIN ANSARI	6 ASB	RESIDENTIAL	MAIN ROAD	576	5760	640 observed	On eye estimate no variation
33	AKBAR ALI	NASRUDIN ANSARI	6 ASB	RESIDENTIAL	MAIN ROAD	576	5760	640 observed	On eye estimate no variation
34	NASRUDIN ANSARI	SW. NUR MD ANSARI	6 ASB	RESIDENTIAL	MAIN ROAD	576	5760	640 observed	On eye estimate no variation
35	AHSANUL HUK	NASRUDIN ANSARI	6 ASB	RESIDENTIAL	MAIN ROAD	576	5760	640 observed	On eye estimate no variation
36	RAM NARESH SINGH	KANHIYA SINGH	6 RCC	RESIDENTIAL	OTHER ROAD	1260	5040	560 observed	On eye estimate no variation
37	JAI GOPAL SHA	KOKA RAM SHA	6 RCC	RESIDENTIAL	OTHER ROAD	1260	5040	560 observed	On eye estimate no variation
38	SAMIMUL HUK	SW. MD JAN ANSARI	6 RCC	RESIDENTIAL	MAIN ROAD	360	7560	840 observed	On eye estimate no variation
39	REVAIDUL HUK ANSARI	MD NAVJIAN ANSARI	6 RCC	RESIDENTIAL	PRINCIPAL ROAD	240	5040	560 observed	On eye estimate no variation
40	AINUL HUL	MD NAVJIAN ANSARI	6 RCC	RESIDENTIAL	PRINCIPAL ROAD	420	4620	416 observed	On eye estimate no variation



