

Internal Audit Report Of Shahpur Nagar Panchyat (District - Bhojpur)

FOR THE FINANCIAL YEAR: 2015-16

INTERNAL AUDIT CONDUCTED BY :



M/s. SANJAY JAGANNATH & ASSOCIATES

Chartered Accountants

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Report Issued on : 25/01/2017

To,
The Joint 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 of Shahpur Nagar Panchyat for the Financial Year 2015-16**

With reference to Notice to proceed (NTP) for the assignment of Internal Audit of 140 ULBs of Bihar, Tender no:-**SPUR-PMU/194/IA-140ULBs & State Level Monitoring Agency /2015/130 - Group-16** was received on 5th April, 2016. We have conducted Internal Audit of Shahpur Nagar Panchyat from the period 01/04/2015 to 31/03/2016, we have undergone the applicable guidelines, rules, Accounting standards, Bihar Municipal Accounting Manual and the provisions of Bihar Financial Rules (as amended, 2005)/ Bihar Municipal Act 2007/ Bihar Municipal Accounts Rules 2014/Bihar Municipal Budget Manual and compliance with financing agreements under the various Schemes/Programmes of the Central and State Government. We also reviewed the activities of the Nagar Panchyat and evaluated the internal control system in order to perform the Internal Audit.

This Internal Audit Report explains about the procedures of checking and examination of Books of account of Shahpur Nagar Panchyat by M/s. Sanjay Jagannath & Associates, Chartered Accountants as per scope of Internal Audit as given in "Terms of Reference".

for **Sanjay Jagannath & Associates**
Chartered Accountants
Firm Registration No. - 018906N

Place : Patna
Date : 25/01/2017



[CA. Sanjay Kumar]
Partner

Membership No. 501621

INTERNAL AUDIT REPORT
SHAHPUR NAGAR PANCHYAT

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EXECUTIVE SUMMARY

1. Introduction

➤	Name of the Municipality	:	Shahpur Nagar Panchyat
➤	Period covered under current Audit	:	01/04/2015 to 31/03/2016
➤	Name of Chief Municipal Officer for the period under audit	:	1. Sri Anand Prakash 2. Smt Seema Gupta

2. Results and Findings

➤ **Strengths Observed** : Nil

➤ **Weaknesses Observed** :

A. Functioning of Office

- Weak Internal Control as discussed in Bihar Internal Control Manual on the Administration and Collection of Municipal Taxes as follows :
 - No proper control on the maintenance of attendance, Leave not considered for salary calculation.
 - No Proper control for Safe Guard of Municipal Assets.
 - No effective system of timely survey and Assessment of New properties.
 - Non availability of Centralise database of the House hold at the Nagar Panchyat level.
 - Full Dependency on the Tax Collectors for the Information on Dues and Assesses ledgers.
 - License Fee and Rent on Mobile Tower in the Nagar Panchyat area is also not being collected since long.
 - Cash withdrawal by official but supporting vouchers and proper heading of expenses are not clear.
 - Working hour of office not followed, arrival and departure time of office staff not monitored properly.



B. Maintenance of Records

- Books of Accounts are not followed double entry system as per Bihar Municipal Accounting Manual.
- General Cash book is not maintained properly i.e. All pages are overwritten without initial of concerned officer, not balanced on daily basis etc.
- Transactions are not recorded in chronological order i.e. Date wise order.
- **Cash Book for Kabir Antyesthi Grant Yojna is not maintained. No proper applications/vouchers are maintained for the scheme. It is very difficult to comment on this. It cannot be deny from financial irregularities, So management should take immediate actions.**
- It is very difficult to find out closing balance of any scheme on any particular day.
- Advance Register is not maintained.
- Log Book is not maintained.
- Fixed Assets Register is not maintained.
- SAS Form is not taken from Assesses.
- Grant register has not been maintained

3. Opinion

The management has to take serious effort in forming accountability regarding financial activity of the Nagar Panchayat, introducing internal control and internal check for betterment of the functioning of the ULB.

In most of cases TDS, Royalty, VAT, and other cess has been deducted but neither deposited to Government Account nor filing etds return since long. Specifically Labour Cess is not deducted in all cases.

In financial year 2015-16 several Schemes is executed by departmental officer but bill/vouchers of expenses not found.



4. Audit Recommendation

- Need to develop system of internal check.
- Need to implement double entry system of accounting immediately.
- Need to maintain Scheme wise Cash Book separately.
- Need for placement of competent manpower for preparation of manual accounts and other records.
- Immediate need for bank reconciliation for all accounts.
- Immediate need of computerisation for assessment and collection of municipal tax from agency having similar experience.
- Capacity building of the tax collectors on assessment, calculation of taxes, discounts and penalty
- Strengthening tax collection department for timely identification, assessment of new holdings and collection of taxes
- Need to develop system for collections should be deposited into the same day or next working day
- Immediate need of making the bio-metric system functional.
- Proper system of regular and proper upkeep and maintenance of the Vehicle.
- Immediate requirement for insurance of vehicles.
- System of proper checking of the log book should be implemented with respect to the distance travelled and fuel consumed.
- Working period of office should strictly be followed.
- Immediate Need of TDS, Royalty, Security, VAT, Labour Cess deduct properly, deposited timely into government account and file etds return timely.
- Fixed Assets Register, Advance Register, Log Book, Grant Register, SAS Form etc should be maintain.



5. Comments from Management

We are trying regularly for corrections and strengthen the system. We are also trying to develop internal control and internal check. So that resources can be used at optimum level.

6. Acknowledgement

Non Cooperation from the staff to produce/timely produced bills, vouchers, files and other relevant documents which are required for audit.

7. Compliance Report

We have conducted internal audit with coverage of scope of work as per contact. Compliance Report is attached as per **Annexure-A**

8. Service Level Bench Mark

Service Level Bench Mark has approved and send to UD & HD Department, Govt. of Bihar. Letter of Executive Officer has been attached.

for **Sanjay Jagannath & Associates**
Chartered Accountants
Firm Registration No. - 018906N




[CA. Sanjay Kumar]
Partner
Membership No. 501621

Place : Patna
Date : 25/01/2017

DETAILED AUDIT REPORT

1. INTRODUCTION

The Internal Audit of Shahpur Nagar Panchyat covering the period from 01/04/2015 to 31/03/2016 was conducted by following persons under guidance of CA. Sanjay Kumar.

1. Madan Kumar
2. Suraj Mani Kumar

2. ADMINISTRATION

Smt. Babita Devi	Chairman	March 2015 to till date
Sri Gayanath Yadav	Vice Chairman	March 2015 to till date
Sri Anand Prakash	Executive Officer	20/11/2014 to 09/11/2015
Smt. Seema Gupta	Executive Officer	13/11/15 to 09/06/2016
Sri Birendra Kumar Singh	Executive Officer	10/06/2016 to till now



3. REVIEW OF OUTSTANDING AUDIT PARAS :

Sr. 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 para where no action has been taken	No. & dated of compliance report
1.	AG Audit Report Dated – 10/06/2016. (For Financial Year 2013-14, 2015-16,2015-16)							Compliance is pending yet.
2.	Internal Audit 2014-15							Compliance is pending yet.

Note:- AG Audit Report has not been submitted by the AG auditor till date.

Major deficiency Pointed Out in Previous Internal Audit Report 2014-15:-

Sr No.	Audit Observation	Compliance Status
1	Revenue Leakage: Mobile Tower 4,68,000.00	Compliance is pending yet.
2	Tender has not been awarded for Tin Ticket in the Financial Year – 2014-15	
3	TDS has been deducted but neither deposited in government account nor TDS return has been filed	
4	TDS /Sales Tax has not been deducted in the case of M/s. Bhojpur Enterprises	
5	Tax Collector is not appeared at time of audit.	
6	Tender has not been awarded for the purchase of Tablet	
7	Casting mistake of Rs. 1,16,000.00 in Antrik Source Cash book is not rectified.	



4. FINANCE :

I. Budgetary provisions and expenditure for the last three years

Year	2012-13	2013-14	2014-15
Final/Revised Budget	Not available	Not available	Not Prepared
Actual Expenditure	Not Provided	Not Provided	3,94,47,029.00
Savings (+)/Excess (-)	Not ascertainable	Not ascertainable	Not ascertainable

II. Volume of Transactions

Period	Budgeted (2015-16)	Previous Year (2014-15)	Current period (2015-16)	Cumulative for the current period
Opening Balance	Budget has not been prepared by the Nagar Panchayat.	3,91,79,433.00	3,00,55,103.00	Not Applicable
Receipts		2,66,47,983.00	6,22,93,604.00	
Total		6,58,27,416.00	9,23,48,707.00	
Net Expenditure		3,94,47,029.00	3,52,04,263.00	
Closing Balance		2,63,80,387.00	5,71,44,444.00	

Note :1 Budget of previous years has not been prepared. Nagar Panchyat does not maintain expenditure wise ledger. Financial Statements i.e. Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2015-16 have not been prepared.

2: Current period (2015-16) figure has been given on the basis of General Cash Book.

3: Previous year General Cash book not maintained properly, so opening balance of 2015-16 not matched with closing balance of 2014-15.

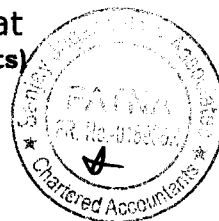


III. Bank Reconciliation

Bank Reconciliation is not being prepared.

Details of Closing Balance as on 31/03/2016

Sr. No.	Name of Bank	A/C No.	Balance as Per Cash Book	Balance as Per Pass Book	Difference
A.	BRGF				
	Canara Bank	1710101005610	19,753.00	19,950.00	-197.00
B.	SJSRY				
	Canara Bank	1710101005588	Cash Book not Provided to us	Statement not provided	
C	Aantrik Source				
1	Canara Bank	1710101009147	Breakup not Provided	17,109.00	
2	Madhya Bihar Gramin Bank	75120100010722		39,16,754.00	
	Total		5,904.00	39,33,863.00	39,27,959.00
D	13th Finance				
1	SBI	31741788316	Breakup not Provided	6,92,238.00	
2	Canara Bank	1710101009725		19,24,688.00	
	Total		230,902.00	26,16,926.00	-23,86,024.00
E	12th Finance				
	Madhya Bihar Gramin Bank	75122100000138	73,493.00	73,493.00	0.00
F	4th Finance				
	Madhya Bihar Gramin Bank	7512210000066	19,58,987.00	19,58,822.00	165.00
G	5th Finance				
	Madhya Bihar Gramin Bank	75120100010713	Cash book not maintained in 2015-16	75,35,508.00	
H	Swachh Bharat Mission				
	PNB	899000100330041	19,84,899.00	19,88,299.00	3,310.00
I	Safai Vyawastha				
	Canara Bank	1710101010169	Cash book not maintained in 2015-16	6,34,367.00	
J	Treasury a/c	PLA A/C No. K-8448001020001	38,528,321.00	Statement not provided	



IV. Revenue Receipts

Period	Budgeted (2015-16)	Previous Year (2014-15)	Current period (2015-16)	Cumulative for the current period
a) Own source	Budget has not been prepared by the Nagar Panchayat.			Not Applicable
Property Tax		50,308.00	32,783.00	
Assigned Revenue		48,81,469.00	50,09,484.00	
Others (Fee & User Charges)		13,10,887.00	1,16,496.00	
(b) Administrative grant		40,19,930.00	0.00	
c) Specific Grant (Scheme wise)				
i) Counsellor, City Manager Allowance		3,01,800.00	4,91,932.00	
ii) 13 th Finance		8,71,554.00	12,82,810.00	
iii) BRGF		8,32,580.00	0.00	
iv) 4 th Finance		75,20,330.00	0.00	
v) Administrative Building		2,47,125.00	96,15,000.00	
vi) Laptop/ Tablets		2,70,000.00	1,50,000.00	
vii) 14 th Finance		0.00	42,87,621.00	
viii) Safai Mad		0.00	16,40,400.00	
ix) Path, Pulia Nirman		0.00	1,13,16,998.00	
x) Sawachh Bharat Mission		0.00	22,30,000.00	
xi) 5 th Finance		0.00	75,35,508.00	
xii) Janganna		0.00	1,45,030.00	
xiii) Nala Nirman		0.00	1,62,95,114.00	
xiv) Shahari Peyjal		0.00	20,92,189.00	
xv) Vikas Mitra	0.00	19,100.00		
xvi) Aasabandh	20,00,000.00	0.00		
d) Interest earned	0.00	2,80,815.00		
e) Other Income	0.00	0.00		

Note- Budget is not prepared by Shahpur Nagar Panchayat for 2015-16.



V. Status of implementation of Double Entry Accounting System :

Books of Accounts are not followed double entry system as per Bihar Municipal Accounting Rule.

For Double Entry Accounting System a consultant has been appointed M/s Manas Das and Co. and they have not started Double entry Accounting System. According to consultant they have Collecting Data for preparation of opening Balance Sheet as on 01/04/2014.

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

Shahpur Nagar Panchyat is yet to form Municipal Accounts Committee under section 98 of the Municipal Act, 2007.

5. AUDIT OBSERVATIONS :

I. PART-A

All Audit Objections/Irregularities Which has Monetary Implication, Particularly in following areas :

a. Revenue Leakage :

Sr. No.	Particulars	Amount Due
1	Mobile Tower	Rs. 5,16,000.00 due up to 31.03.2016 (As Per Annexure - B)
2	Stamp Fees	Rs.6,647.00 (As Per Annexure - C)

b. Excess Payment : NIL



c. Report on findings of field survey of property Tax of 80 high value properties as follows:

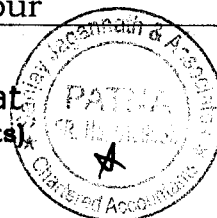
Sr. No.	Party's Name	Use of building	Ward No./ Holding No.	Amount
1	Rameswar Ram	Residential	Ward No.-01, Holding No.-30, Shahpur	4,960.00
2	Lakchhuman Ojha	Residential	Ward No.-01, Holding No.-35, Shahpur	4,860.00
3	Ramkumar Yadav	Residential	Ward No.-01, Holding No.-38, Shahpur	5,100.00
4	Nirmala Shikchha Bhawan	Residential	Ward No.-11, Holding No.-74, 75, Shahpur	43,120.00
5	Quamudin Shah	Residential	Ward No.-01, Holding No.-93, Shahpur	5,720.00
6	Manoj Kumar Tiwari	Residential	Ward No.-01, Holding No.-138, Shahpur	4,560.00
7	Ramadhar Singh	Residential	Ward No.-02, Holding No.-47, Shahpur	8,800.00
8	Nagina Shah	Residential	Ward No.-02, Holding No.- 77, 78, Shahpur	4,480.00
9	Dhani Mahto	Residential	Ward No.-02, Holding No.-83, Shahpur	6,720.00
10	Brija Sadan	Residential	Ward No.-02, Holding No.-112, Shahpur	7,000.00
11	Chandrawati Kuanwar	Residential	Ward No.-02, Holding No.-135, Shahpur	5,400.00
12	Gopal Prasad Gupta	Residential	Ward No.-11, Holding No.-26, Shahpur	5,300.00
13	Tilkeshari Bhawan	Residential	Ward No.-11, Holding No.-58, Shahpur	30,000.00
14	Girls High School	School	Ward No.-11, Holding No.-84, 85, Shahpur	6,140.00



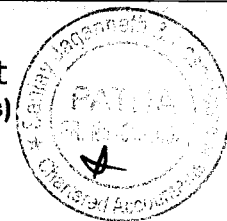
15	Triveni Ojha	Residential	Ward No.-11, Holding No.-46, Shahpur	4,960.00
16	Jagadish Lal	Residential	Ward No.-11, Holding No.-97, Shahpur	4,000.00
17	Referral Hospital	Residential	Ward No.-11, Holding No.-110,111 and 112, Shahpur	48,760.00
18	Vishwanath Ojha	Residential	Ward No.-11, Holding No.-105, Shahpur	4,980.00
19	Block Office	Commercial	Ward No.-11, Holding No.- 114,115,116,117 and 118, Shahpur	8,22,900.00
20	Pashupalan Department	Commercial	Ward No.-11, Holding No.-120, Shahpur	6,600.00
21	Ramdas Singh	Residential	Ward No.- 03 Holding No.- 15 Shahpur	8,400.00
22	Awadh Bihari	Residential	Ward No.- 03 Holding No.- 23 Shahpur	8,400.00
23	Sidhanath Singh	Residential	Ward No.- 03 Holding No.- 25 Shahpur	10,500.00
24	Keshav Singh	Residential	Ward No.- 03 Holding No.- 49 Shahpur	10,500.00
25	Ramatra Pandey	Residential	Ward No.- 03 Holding No.- 63,64 Shahpur	22,050.00
26	Jivnandan Pd. Yadav	Residential	Ward No.- 03 Holding No.- 84 Shahpur	33,600.00
27	Sukhnandan Pd. Yadav	Residential	Ward No.- 03 Holding No.- 85 Shahpur	25,200.00
28	Hareram Yadav	Residential	Ward No.- 03 Holding No.- 86 Shahpur	29,400.00
29	Ajay Kumar Sinha	Residential	Ward No.- 06 Holding No.- 133 Shahpur	22,176.00



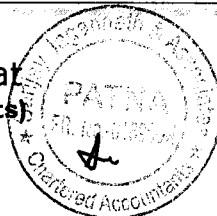
30	Vijay Lal	Residential	Ward No.- 06 Holding No.- 159 Shahpur	25,200.00
31	Raj Kumar Lal	Residential	Ward No.- 06 Holding No.- 160 Shahpur	37,296.00
32	Ram Lal Sharma	Residential	Ward No.- 06 Holding No.- 179 Shahpur	9,408.00
33	Tega Rai	Residential	Ward No.- 07 Holding No.- 01 Shahpur	9,912.00
34	Jalim Ram	Residential	Ward No.- 07 Holding No.- 02 Shahpur	9,912.00
35	Bharat Yadav	Residential	Ward No.- 07 Holding No.- 03 Shahpur	11,592.00
36	Bhutani Yadav	Residential	Ward No.- 07 Holding No.- 04 Shahpur	16,464.00
37	Ram Niwas Yadav	Residential	Ward No.- 07 Holding No.- 05 Shahpur	16,464.00
38	Naumi Yadav	Residential	Ward No.- 07 Holding No.- 11 Shahpur	17,934.00
39	Shiv Sundar Pandey	Residential	Ward No.- 07 Holding No.- 35 Shahpur	19,236.00
40	Ganga Dayal Pandey	Residential	Ward No.- 07 Holding No.- 41 Shahpur	35,868.00
41	Vijayanand Pandey	Residential	Ward No.- 07 Holding No.- 42 Shahpur	22,764.00
42	Hari Shankar Pandey	Residential	Ward No.- 07 Holding No.- 43 Shahpur	21,840.00
43	Jagdish Pandey	Residential	Ward No.- 07 Holding No.- 44 Shahpur	15,708.00
44	Dayashankar Pandey	Residential	Ward No.- 07 Holding No.- 45 Shahpur	15,708.00
45	Ram Singari Devi	Residential Commercial	Ward No.- 08 Holding No.- 16 Shahpur	12,054.00



46	Sukhdev Lal	Residential	Ward No.- 08 Holding No.- 20 Shahpur	13,020.00
47	Dugdit Tripathi	Residential	Ward No.- 08 Holding No.- 30 Shahpur	14,994.00
48	Triveni Dube	Residential	Ward No.- 08 Holding No.- 44 Shahpur	31,752.00
49	Ramniwas Mishra	Residential	Ward No.- 08 Holding No.- 138 Shahpur	23,100.00
50	Chhoti Math	Commercial	Ward No.- 09 Holding No.- 32 Shahpur	39,354.00
51	Nagina Sah	Residential	Ward No.- 09 Holding No.- 70 Shahpur	31,752.00
52	Bada Math	Commercial	Ward No.- 09 Holding No.- 80 Shahpur	75,390.00
53	High School	School	Ward No.- 09 Holding No.- 125, 126 Shahpur	1,47,000.00
54	Vinod Tiwari , Gayansthali School Hostel	Commercial	Ward No.- 10 Holding No.- 32 Shahpur	89,586.00
55	Middle School Shahpur	School	Ward No.- 10 Holding No.- 39 Shahpur	1,19,238.00
56	Ramchandra Sah	Residential	Ward No.- 10 Holding No.- 118 Shahpur	29,400.00
57	Satyanarayan Sah	Residential	Ward No.- 10 Holding No.- 119 Shahpur	29,400.00
58	Kashinath Sah	Residential Commercial	Ward No.- 10 Holding No.- 134 Shahpur	24,150.00
59	Jagarnath Sah	Residential Commercial	Ward No.- 10 Holding No.- 228 Shahpur	31,206.00
60	Bhagmani Devi	Residential	Ward No.- 10 Holding No.- 256 Shahpur	10,836.00
61	Anandbihari Sinha	Residential	Ward No.- 04 Holding No.- 02 Shahpur	8,274.00



62	Vasu Sonar	Residential	Ward No.- 04 Holding No.- 04 Shahpur	5,166.00
63	Nandjee Prasad	Residential	Ward No.- 04 Holding No.- 99 Shahpur	5,880.00
64	Abdul Azij	Residential	Ward No.- 04 Holding No.- 106,107 Shahpur	10,206.00
65	Shivgovind Sah	Residential	Ward No.- 04 Holding No.- 121 Shahpur	8,400.00
66	Dwarika Sah	Residential	Ward No.- 04 Holding No.- 131 Shahpur	5,334.00
67	Ramgovind Singh	Residential	Ward No.- 04 Holding No.- 135 Shahpur	6,006.00
68	Chano Devi	Residential	Ward No.- 04 Holding No.- 147 Shahpur	5,880.00
69	Gudar Sah	Residential	Ward No.- 04 Holding No.- 173 Shahpur	6,048.00
70	Triveni Jaisawal	Residential	Ward No.- 04 Holding No.- 203 Shahpur	25,200.00
71	Radhakrishna Yadav	Residential	Ward No.- 04 Holding No.- 213 Shahpur	12,600.00
72	Rita Devi	Residential	Ward No.- 04 Holding No.- 223 Shahpur	7,560.00
73	Anil Kumar Gupta	Residential	Ward No.- 04 Holding No.- 230 Shahpur	7,644.00
74	Sushil Kumar Rai	Residential	Ward No.- 05 Holding No.- 200 Shahpur	1,680.00
75	Raja Singh	Residential	Ward No.- 01 Holding No.- 251 Shahpur	5,771.00
76	Ramjee Ojha	Residential	Ward No.- 01 Holding No.- 42 Shahpur	6,615.00
77	Ramdhani Dusadh	Residential	Ward No.- 01 Holding No.- 63 Shahpur	5,796.00



78	Qudin Sah	Residential	Ward No.- 01 Holding No.- 93 Shahpur	6,006.00
79	Ganesh Pd. Sah	Residential	Ward No.- 11 Holding No.- 43 Shahpur	10,017.00
80	Trileshwari Bhawan	Residential	Ward No.- 11 Holding No.- 58 Shahpur	31,500.00

Note :

1. Charges of property tax is same for Residential as well as commercial.
2. SAS form is not taken from the assessee in Shahpur nagar panchayat. Last survey of the properties has been done in the year 1994-95. Measurement of the properties has been changed mostly. So in these circumstances we have tried to done physical verification on the basis of available data in the nagar panchayat.
3. During the audit we have found that survey is completed, But new property tax has not passed in Board Meeting. Property Tax has been collected on the basis of old survey.

