

INTERNAL AUDIT REPORT
OF
NAGAR PARISHAD
SAMASTIPUR

For the period from 01.04.2014 to 31.03.2015

Internal Audit Conducted by:
M/S RAJEEV R MISHRA & CO.
CHARTERED ACCOUNTANTS

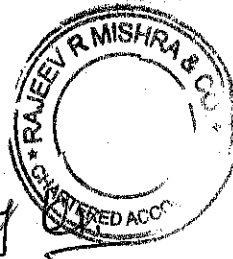
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Rajeev R Mishra



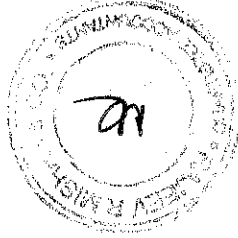
Internal Audit Report- Nagar Parishad - Samastipur

NAGAR PARISAD -SAMASTIPUR

INTERNAL AUDIT REPORT OF F.Y.2014-15

INDEX

Section	Contents	Page No.	
		From	To
A	Audit Procedure	3	4
B	Executive Summary	5	9
C	Detailed Audit report	10	12
	Audit Observations – Part-A	13	13
	Audit Observations – Part-B	14	17
	Audit Observations – Part-C	18	21



Internal Audit Report- Nagar Parishad - Samastipur

Internal Audit Report of Financial Year 2014- 2015

Section A: Audit Procedure

This internal audit report (Hereinafter referred to as "report") has been issued as a part of our engagement for internal audit for the period ended on 1st April 2014 to 31st March, 2015. The ULB (Nagar Parishad, Samastipur) is a wing of Urban Development and Housing Department, Government of Bihar and we have carried out the Internal Audit as per the appointment letter issued by the management of Support Programme for Urban Reforms in Bihar (SPUR), Patna vide the Notice to Proceed (NTP) Number : **SPUR-PMU/194/IA-140 ULBs & SLMA/G-11/RM/2016/132/31 Dated 5th April 2016.**

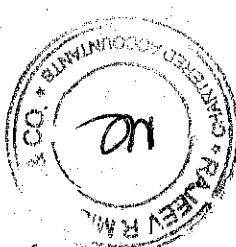
We have conducted our audit in accordance with the Standards on Internal Auditing (SIA) issued by the Institute of Chartered Accountants of India. These Standards require that we plan and perform the internal audit in such manner so that to cover all the scope, coverage and resources including planning with respect to time and resources to be used. An internal audit includes examining every aspect of the organisation as per the Terms of Reference and to the extent as provided in the scope of Internal Audit. Besides, this being an internal audit, it also covers the extensive scope as specified by the management of the Organisation in the engagement letter.

The Salient Points of the scope covered by our internal audit are as follows:

1. Evaluation of internal controls as discussed in Bihar internal control manual.
2. Compliance of Bihar Municipal Act related Rules and Regulations.
3. Compliance of Bihar Municipal Accounting Manual, BMAR- 2014 and Bihar Municipal Budget Manual.
4. Reporting on All Major own Revenue Losses.
5. Survey Report on at least 20 high Value Property in the Town.
6. Vouching of All Payments above Rs. 10,000/-.
7. Report on Procurement made through Tender for value Above Rs. 15,000/-.
8. Appraisal of the effectiveness of overall accounting system.

Moreover, our scope of examination also covered the requirements of the specific points as spelled out by the management of UD&HD. The result and recommendations of our internal audit are set out in scope of audit and where ever required, in annexure forming integral part of our report.

M/S RAJEEV R MISHRA & CO. (CHARTERED ACCOUNTANTS)



Internal Audit Report- Nagar Parishad - Samastipur

We have conducted the Internal Audit with the objective:-

- ❖ That The Assets of the ULB are properly protected and accounted for.
- ❖ That the current transactions are promptly and completely recorded.
- ❖ That Inefficient or fraudulent operations are revealed.

We started with an overview of activities through a study on various documents generated by the ULB. We then identified Evaluated and tested adequacy, effectiveness and efficiency of internal controls including standard policies and procedure laid down by the management for each of the areas included in the scope of work.

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

Our Observations resulting from the audit test performed on a sample of transactions along with suggested recommendation for addressing these observations are set out under Part (A), Part (B) and Part (C) of the audit report.

During the audit, we reviewed the following Registers and Documents.

- ❖ Accountant cash Book
- ❖ Subsidiary Cash Book
- ❖ Bank Book
- ❖ DCR
- ❖ Vouchers along with supporting documents.
- ❖ Others related records and registers.

Place:-
Date:-

For
Rajeev R Mishra & Co.
Chartered Accountants



CA Mritunjay Kumar
M.No. - 535789
Contact No - 9835156869

Executive Summary

1. Introduction

NAGAR PARISHAD SAMASTIPUR	01.04.2014 to 31.03.2015	MR. DEVENDRA SUMAN (DOI-19/08/2015 to TII Date) (nagarparishadsamastipur@yahoo.com)	SMT. ARCHANA DEVI (2012-17)	MR. VISHWANATH SAH (APRIL 2016 to TII Date)
Name of the Municipality	Period Covered under Current Audit	Name of the Executive Officer of the ULB	Name of Chairman of the ULB	Name of Vice-Chairman of the ULB

2. Results and Findings

Strength observed during the audit engagement	Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.
<p>1. General Cash Book has been prepared.</p> <p>2. Cashier Cash Book has been written.</p> <p>3. Annual Budget has been prepared.</p> <p>4. Bank Books for PL account and PNB Account have been prepared.</p>	<p>1. During the audit we observed that the demand for the electricity bill for the month of Jan & Feb, 2015 is for Rs. 1,32,51,701. (One crore thirty two lakh fifty one thousand seven hundred and one rupees). The payment against above has been made only for Rs. 10,00,000. in march 2015 and balance amount Rs. 1,22,51,701 still outstanding till date.</p> <p>2. We observe under collection of tower tax. As per survey there are 31 Mobile Towers operating under the ULB, out of these 10 mobiles towers are not registered and records with respect to 2 mobiles towers have not been available. Subject to the above two mobile towers, total amount due up to 31st march, 2015 is Rs.34, 30,000 excluding interest for delay payment. While total dues up to April 2016 are Rs. 52, 36,400/- including interest for delay payment.</p> <p>3. Bank Reconciliation Statement is not prepared at all.</p> <p>4. Advance register are not prepared.</p> <p>5. There is lack of internal control on deduction and deposit of various taxes such as VAT, and TDS. Royalty has not been collected by this ULB. Although these statutory dues have been collected from time to time but its payment are made on yearly basis which is not proper. We observe that VAT collected during the whole year has been deposited in next year.</p>





<p>6. Acknowledgement of E-filing of TDS Return was not made available to us.</p> <p>7. Labour Cess has not been deposited till Date.</p> <p>8. We observe that Budgets has been prepared every year but there are differences in actual as per books and actual as reported in budget of 2016-17 for the FY 2014-15 as-</p> <p>Dff. In opening balance Rs.41,88,524.00 Dff. In receipts Rs. 4,57,33,343.00 Dff. In Payments by Rs. (-)90,89,611.00 Dff. In Closing Balance Rs.5,06,34,429.00</p> <p>9. ULB does not follow Double Entry Accounting System (DEAS).</p> <p>10. As per BMA, 2007 financial statement such as Balance Sheet, Income and Expenditure Account and Receipt and Payments account are required to be prepared and get approved from the board on annual basis but we observe that these have not been prepared for any year till date.</p> <p>11. Fixed Assets Register is not maintained by the ULB.</p> <p>12. During the audit we observe the under collection of holding/property tax as the holding tax has been collected at old rate. Total collection of holding/property tax during the year 2014-15 is Rs. 71,40,533/- . Quantification of arrears of holding/property tax is not possible because demand and collection register has not been provided to us by the ULB. Even no updated survey report for the number of households situated under the ULB made available to us.</p> <p>13. Stock Registers for moveable and immovable items are not maintained by the ULB.</p> <p>14. Daily wages registers are not provided to us.</p> <p>15. The ULB does not maintain a separate PF register.</p> <p>16. There are lack of internal control with respect to collection of own resource revenue covered under SAIKAT during the FY 2014-15.</p> <p>17. No Separate Grant register is being maintained, hence</p>	
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3. Opinion.

<p>It is difficult to find out the amount of unutilised grant at any point of time.</p> <p>18. No separate advance register is maintained hence it is difficult to monitor for advance given and adjustment thereof.</p> <p>19. Details of UCs already sent to department have not been provided to us. According to management, the UC are sent to department as and when required by the department.</p> <p>20. Daily collection register has not been prepared properly.</p> <p>21. When we go through the files of YOJNA, we observe the following irregularities –</p> <p>a) No MB in some YOJNA files.</p> <p>b) Payment order sheet is not signed by EO in some cases.</p> <p>c) In one case payment in yojna of BRGF is made through P/L Account in spite of a separate account is maintained for BRGF.</p> <p>d) In Yojna No-GR-04/2014-15 (Internal Resources) payment order check and pass by EO without MB and Contractor Bill for Rs. 83,554.00.</p> <p>e) No Documents are made available in Yojna no GR-40/2014-15 and GR-66/2014-15.</p> <p>22. Collection Register of Gudari is not maintained properly, so we not find out the arrear of gudari rent but we observed difference in receipt of gudari rent as per cashier cash book and accountant cash book by Rs. 20,016/-.</p> <p>23. There are only 119 shops under the ULB. The Rent on the above is collected at old rate.</p> <p>24. During the Last Year Bandobast for the Bus stand is for Rs 40,44,435/- . But during the Current year 2014-15 bandobast for the bus stand could not be executed and collection during the year by its own is only of Rs. 21, 82,067/- only. That means revenue loss seems to occur by Rs 18, 62,368/-.</p> <p>25. We observed excess withdrawal for daily wages payment on dated 24/10/2014 and 19/01/2015 by Rs. 90,594.00 and 1,45,349/- respectively.</p> <p>26. No Log book is maintained for JCB, Tractor, Tampoo and Motor Vechile in spite of payment of diesel and petrol for Rs. 12,16,261.00.</p>	
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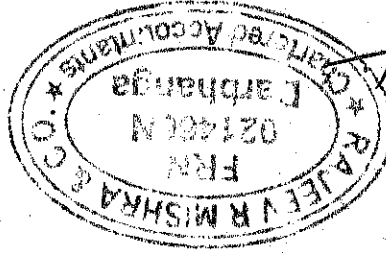


<p>Recommendation:-</p> <ol style="list-style-type: none"> 1. Financial Statement for every year such as Balance Sheet, Income & Expenditure A/C, and Receipts & Payments A/C should be prepared. 2. Demand and collection register for holding and property tax should be prepared. 3. Fixed Assets Register should be prepared. 4. Stock Register should be prepared. 5. Grant wise Utilization Certificate should be prepared. 6. BRS should be prepared on Monthly basis. 7. ULB should follow DEAs as soon as possible and should maintain books of accounts and register as prescribed by B.M.A.R. 8. Serially numbered vouchers should be maintained. 9. Subsidiary Ledger should be prepared. 10. DCR should be maintained properly. 	<p>The Recommendation of audit team on the observed weakness.</p>
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4. Audit Recommendations:-

<p>Weakness:-</p> <ol style="list-style-type: none"> 1. No Financial Statements such Balance Sheet, Income & Expenditure A/c and Receipts & Payments A/C have been prepared by the ULB. 2. Most of the Books of Accounts as prescribed by B.M.A.R. are not maintained. 3. ULB does not follow DEAs. 4. Collection of Own Sources is very poor. 5. Cashier cashbook and accountant cash book are not reconciled 6. There are serious lapses in deduction and deposit of statutory dues, such as VAT, TDS, and Labour Cess Etc. 7. Fixed assets Register is not maintained. 8. Stock Register is not maintained. 9. Log Book in respect of Petrol and Diesel expense is not maintained. 10. Subsidiary Ledgers are not maintained. 11. Demand and Collection Register are not maintained. 	<p>Overall opinion of the audit team about the functioning of the municipality</p>
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For,
M/S Rajeev R Mishra & CO.
Chartered Accountants
CA WRITUNJAY KUMAR
(Partner)
M.NO:- 535789



Writunjay Kumar

Place: -
Date: -

We thank Mr. DEVENDRA SUMAN (Executive Officer), for his support during the period of our Audit. We are also thankful to accountant and other support staff of the Nagar Parishad for their co-operation extended to us during the period of audit.

6. Acknowledgement :-

Writunjay Kumar
For Nagar Parishad, Samastipur
Executive Officer
Municipal Council, Samastipur
(Executive Officer.)

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

5. Comment from management:-

Detail Audit Report:-

1. Introduction

The internal audit of NAGAR PARISHAD, SAMASTIPUR covering the period from 1st April 2014 to 31st March 2015 was conducted by following persons under the guidance of CA, Rajeiv Ranjan :-

- i) CA Mritunjay Kumar
- ii) Dilip Kumar Karn

2. Administration

The present body of the ULB has taken charge in 2012. The incumbency in the

key administrative and executive positions was as under:

Smt. Archana Devi, Chairman, from 2012 to till Date
 Mr. Devendra Suman, Executive officer, from 19/08/2015 to till Date.

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

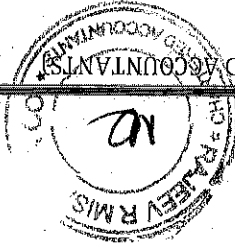
S.No	Particulars of Audit and Report	Total No of Audit Paras	Total No of Audit Paras where necessary improvement/ corrective measure is required	Total no of Audit Paras where recovery of cash is proposed	Total No of Audit Paras where recovery has been made	Total Amount of Recovery (Rs. in Lakhs)	Total no of Outstanding Para where no action has been taken	Date of Compliance Report	No and
1.									
2.									
3.									
4.									
5.									

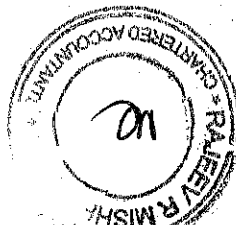
4. Finance

i). Budgetary Provisions and Expenditure for the last Three Years

Year	2012-13	2013-14	2014-15
Final/ Revised Budget	NA	26,28,49,922.00	24,66,45,656.00
Actual Expenditure	NA	4,24,39,176.00	8,08,93,818.65
Saving(+)/ Excess(-)	NA	22,04,10,746.00	16,56,51,837.35

Note:- Copy of Budget of the Year 2012-13 is not made available to us.





Period	Budgeted	Previous year (one Year)	Corresponding Period of previous Year	Current Period	Cumulative for the Current period
a) Own Resources					
Holding / Property tax		1,26,03,233.00		71,40,523.93	
Professional Tax				14,82,239.00	
Bus Stand				38,00,097.00	
Rent				2,87,585.78	
Others				11,39,469.36	
Total		1,26,03,233.00		1,38,49,915.07	
b) Administrative Grant					

IV). Revenue Receipt

Monthly Bank Reconciliation Statement has not been prepared by NP.

S. No	Name of Account No.	Balance as on	Name of Scheme	Reconciliation Position
1.	SBI- P/L Account	7,28,07,056.01	All Except	No BRS
2.	Punjab National Bank	721000100021769	BRGF	No BRS
TOTAL		7,47,67,388.01		

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

III). Bank Reconciliation:-

Period	Budgeted	Previous Year (for one Year) 2013-14	Corresponding period of previous year	Current Period 2014-15	Cumulative for the Current Period
Opening Balance	NA	4,34,02,507.36		5,67,71,284.36	
Receipts		5,56,98,969.00		8,03,97,874.07	
Total		9,91,01,476.36		13,71,69,158.43	
Net Expenditure		4,24,39,176.00		6,28,97,715.00	
Closing Balance		5,66,62,300.36		7,42,71,443.43	

II). Volume of Transaction



As per section 98 of BMA 2007 it is necessary for the ULB to constitute a MAC at its first meeting in each year or as soon as may be at any subsequent meeting. But till Date the ULB has not constituted MAC.

VI) Status of Municipal Account Committee; if meeting is held

Till Date, ULB maintains accounts on the basis of single entry accounting system. Double entry accounting system is not in operation in the said ULB.

V) Status of Implementation of DEAS:

2. The Figures shown above year 2013-14 could not be segregated due to unavailability of segregated information.
1. The Amount of Receipt from Bus Stand includes Rs. 16,18,030/- is advance receipt for the year 2015-16.

Note:-

(c) Specific Grant (Scheme Wise)			
12 th Finance			
13 th Finance			
4 th State Finance	3,07,47,838.00	2,86,04,502.00	
BRGF	26,15,000.00	68,62,541.00	
E- Governance		6,20,000.00	
Stamp Duty	93,57,298.00	75,81,760.00	
Chairman and Vice Chairman	1,35,600.00	2,71,200.00	
Fund			
City manager	2,40,000.00	2,40,000.00	
Excutive		5,13,456.00	
Salary Fund			
Samrat Ashok		10,00,000.00	
Bhawan Fund			
State Plan		2,08,54,500.00	
Total	4,30,95,736.00	6,65,47,959.00	
Grand Total	5,56,98,969.00	8,03,97,874.07	

5. Audit Observations:

PART - "A"

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

<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>Under collection of Holding/Property Tax is observed as tax is collected at old rate, but quantification of total loss is not possible because demand and collection register has not been maintained by the ULB and survey of total no. of household situated under the ULB has not been completed till date. However total collection of holding/property tax in current year 2014-15 is Rs. 71,40,533/-.</p> <p>There has been under collection of Mobile tower tax as total dues up to 31st March, 2016 is Rs.42,77,453/- and dues up to 31st March, 2015 being Rs.37,77,453/-.</p> <p>There has been under collection of rent from shops and gudri bazaar as these have been collected at the old rates. The DCR of gudri and shop rent have not been maintained properly. We observed difference in receipt of gudari rent as per cashier cash book and accountant cash book by Rs. 20,016/-.</p> <p>There has been under collection of revenue from the Bus-stand this year, as the total collection during the year has been Rs 21,82,067 as against the last year collection of Rs.40,44,435.</p> <p>Different fees and charges collected under Satrat such as fees from Magardahi mela, Hoarding tax, Parking fees, Cycle- rickshaw tin-ticket, etc has been collected by the ULB but it's DCR have not been maintained properly.</p>	<p>b) Excess payment against bill, lack of prudence in payment against vouchers for the electricity bill for the month of Jan & Feb, 2015 is for Rs. 1,32,51,701. (One crore thirty two lakh fifty one thousand seven hundred and one rupees). The payment against above has been made only for Rs. 10,00,000. In March 2015 and balance amount Rs.1,22,51,701 still outstanding till date.</p> <p>c) Report on finding of field survey of Property Tax of minimum 20 high value properties</p> <p>Report on finding of field survey of property tax of high value properties are as under:</p>
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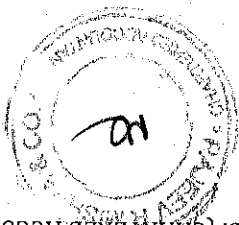
S.N.	Name	Holding No.	Ward No.	Amount
1.	Chandan Kumar	174	6	2,35,359.00
2.	Krishna Taulkies	358	26	1,21,974.00
3.	Lok Swasthya Pramandal	336	26	95,610.00
4.	Model High School	321	26	2,22,765.00
5.	Dhreshwar Singh	1	26	60,750.00
6.	Zewachh Mahto	9	22	92,845.00
7.	Uma Shankar Prasad	296	22	55,994.00
8.	Chandra Dev Prasad	42	22	45,235.00
9.	Haji Shekh Md Yusuf	301	22	38,721.00
10.	Ravindra Kumar Barnwal	113	21	94,462.00
11.	Md Nazir Alam	88	21	67,632.00
12.	Manjar Zafari	61	21	59,170.00
13.	Lok Nath Goenka	234	18	64,113.00
14.	Baba Ganinath Govind/ Chandan Kumar	124 & 126	18	1,42,518.00
15.	Law College	2	14	1,06,730.00
16.	Samastpur Club	1	14	56,745.00
17.	Sunita Devi	173	14	37,547.00
18.	Suraj Sah	141	15	37,905.00
19.	Sukeri Devi	14	29	34,040.00
20.	Baba Ganinath Govind/ Chandan Kumar	170/03	13	1,49,817.00
21.	Kailash Complex	78/198	17	1,29,918.00
22.	Gyatri Devi	80/198	17	83,230.00
23.	Yugal Kishor Prasad Sinha	04	12	2,27,666.00
24.	Krishna Chandra Singh	81-87(N)	12	49,888.00
25.	Md Idrish	22	11	35,136.00
26.	Nirmala Devi	18	10	68,850.00
27.	Babu Lal Singh	58	4	63,075.00
28.	Shanti Devi	207	4	59,612.00
29.	Shaiyad Reaz Ahmad	82	3	92,470.00
30.	Rudra Maya Singh	19	3	58,790.00
31.	Noor Hasan	282	1	48,044.00
32.	Ravindra Prasad Barnwal	106	24	73,544.00

Details of High Value Property:

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 regard our report is as under -

<p>Following primary Books of accounts are required to be maintained :</p> <ol style="list-style-type: none"> 1) Cash Book (Form Gen-1A) 2) Bank Book (Form Gen-1B) 3) Collection Register GEN-11 4) Subsidiary Ledgers (Gen-3) <p>But the ULB has been maintained only the cashier cash book and the accountant cash book. Daily collection registers and subsidiary registers are not being maintained by the ULB.</p> <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. Memorandum of Collection GEN-12 2. Summary of Daily Collection GEN-13 3. Register of Bills for Payment GEN-14 4. Cheque Issue Register GEN-16 5. Register of Advance GEN-17 6. Register of Advance GEN-17 7. Deposit Register GEN-19 8. Summary Statement of Deposits Adjusted GEN-20 9. Summary Statement of Bills Raised GEN-23 10. Register of Refunds, Remissions and Write-offs GEN-26 11. Statement of Outstanding Liability for Expenses GEN-29 12. Documents Control Register/Stock Account of Receipt/Cheque Book GEN-30 	<p>a) Non- maintenance of books of accounts , subsidiary registers</p>
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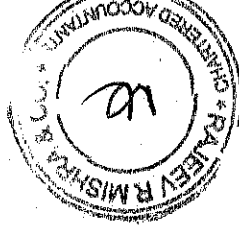
<p>As per sec. 127 of the BMA, the municipality can levy the following taxes:</p> <ul style="list-style-type: none"> • non collection of various taxes required to be collected • Non maintenance of prescribed books of accounts • Non maintenance of prescribed DEAS. • None Maintenance of DCR. 	<p>d) Non-compliance of Acts and Rules</p>
<p>We observed several non compliances of directives of UD & HD, GOB such as :</p> <ul style="list-style-type: none"> a) No MB in some yojna files and without MB expenses have been booked and payments were made. b) Payment made but payment order sheet is not signed by EO in some cases. c) In one case payment in yojna of BRGF is made through P/L Account in spite of a separate account is maintained for BRGF. d) In Yojna No-GR-04/2014-15 (Internal Resources) payment order check and pass by EO without MB and Contractor Bill for Rs. 83,554.00. e) No Documents are made available in Yojna no GR-40/2014-15 and GR-66/2014-15. 	<p>c) Non-compliance of directives by UD & HD, GOB</p>
<p>No major irregularity observed in procurement process. But during the audit of various yojana completed on contract basis, we found serious lack of internal control in documentation and other procedural aspects such as :</p> <ul style="list-style-type: none"> a) No MB in some yojna files and without MB expenses have been booked and payments were made. b) Payment made but payment order sheet is not signed by EO in some cases. c) In one case payment in yojna of BRGF is made through P/L Account in spite of a separate account is maintained for BRGF. d) In Yojna No-GR-04/2014-15 (Internal Resources) payment order check and pass by EO without MB and Contractor Bill for Rs. 83,554.00. e) No Documents are made available in Yojna no GR-40/2014-15 and GR-66/2014-15. 	<p>b) Irregularity in procurement process</p>
<p>13. Register of Immovable Property GEN-31</p> <p>14. Register of Movable Property GEN-32</p> <p>15. Register of Land GEN-33</p> <p>16. Asset Replacement Register GEN-36</p> <p>17. Register of Public Lighting System GEN-37</p>	



<p>There are lack-of internal control w.r.t collection of taxes</p> <ul style="list-style-type: none"> • Taxes/user charges collected by tax collector are not deposited on daily basis. • Tower tax collection has been very poor. • Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof. • Taxes such as VAT, TDS, Labour cess and education cess etc. are collected from time to time but payment of VAT and TDS are made on yearly basis which is not proper. The collections under the Labour 	<p>f) Non-compliance of TDS, VAT and other relevant Statute</p>
<p>Serious lack in internal control w.r.t. collection of revenues under various internal resources has been found during the audit.</p>	<p>e) Lack of Internal Control measures</p>
<p>Magardahi durgapuja mela.</p> <p>But the ULB has levied only the property tax, water tax, hoarding tax and tax on motor vehicles which shall be heavy passenger heavy goods vehicles, and buses, b. on heavy trucks which shall be navigable channel and a. on roads, bridges, ferries and toll tax –</p> <ul style="list-style-type: none"> • property tax on lands and buildings. • surcharge on transfer of lands and buildings • water tax • fire tax • tax on advertisements, other than advertisements published in newspapers • surcharge on entertainment tax • surcharge on electricity consumption within the municipal area • tax on congregations • tax on pilgrims and tourists • Tax on profession • toll tax – 	



<p>Cess and the Education Cess have not been deposited till date. Also on deduction of taxes, liability has not been created hence it is difficult to ascertain tax payable at any point of time.</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.</p>	<p>g) Deficiency in Pay-roll System</p>
<p>As explained to us UC up to 31.03.2015 has been sent to the Government as and when demanded by the department but copy of the same have not been provided to us. Since Grant Register has not been prepared hence it is difficult to ascertain un-utilized grant at any particular time.</p>	<p>h) Utilization of Grant and report on utilisation certificates</p>
<p>Store Register has not been prepared and physical verification of inventory/stores has not been done.</p>	<p>i) Physical verification of inventories and stores</p>
<p>Fixed Assets Register has not been prepared hence physical verification of fixed assets has also not been done.</p>	<p>j) Physical verification of fixed assets</p>
<p>The Financial Statements of the ULB have not been compiled for any year since the inception of the ULB.</p>	<p>k) Non completion of Financial Statement</p>



<p>No, only entries related to cash/bank/PL A/C are made in the Cash books maintained by the cashier and accountant. Other ledger accounts have not been prepared by the NP.</p>	<ul style="list-style-type: none"> • Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts. • 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; • Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts;
<p>No, period-end and reconciliation procedures as prescribed have not been carried out. Even the Cashier Cash Book and Accountant Cash Book have not been reconciled.</p>	<ul style="list-style-type: none"> • Whether the period-end and reconciliation procedures prescribed have been carried out. • Whether the Bank Reconciliation statements have been prepared and are appropriate.
<p>No, Bank Reconciliation Statements have not been prepared by the N.P.</p>	<ul style="list-style-type: none"> • Whether all grants from Government have been accounted at gross value with proper entries to various accounts • Whether all transactions (income, expenditure, assets and liabilities) are correctly classified and stated in sufficient detail;
<p>Yes, Grant received during the year has been properly accounted for and all deductions have been properly accounted for.</p>	<ul style="list-style-type: none"> • 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;
<p>Yes, Grant received during the year has been properly accounted for and all deductions have been properly accounted for.</p>	<ul style="list-style-type: none"> • 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;
<p>No Special fund has been created by the ULB.</p>	<ul style="list-style-type: none"> • 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;
<p>We did not notice any major deviation.</p>	<p></p>

General Observations:

PART - "C"

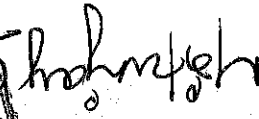
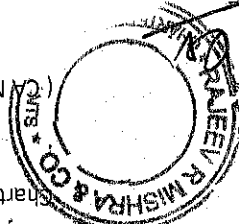


<p>No, record of fixed assets has not been maintained by the ULB. Physical verification of fixed assets has not been done during the financial year under audit.</p>	<ul style="list-style-type: none"> • Whether the ULB is maintaining proper records showing full particulars, including quantitative details 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; • 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; • Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores; • Whether the procedure of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported; • 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; • 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; • 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; • 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? • Whether advances given to municipal Advance Register has not been maintained so we
<p>As explained to us no property of the ULB has been given on lease.</p>	<ul style="list-style-type: none"> • Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores; • Whether the procedure of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported; • Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same has been properly dealt with in the books of account;
<p>No, physical verification of stores has been conducted by the ULB at reasonable intervals.</p>	<ul style="list-style-type: none"> • 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; • Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;
<p>No physical verification has been done due to un-availability of a separate store register.</p>	<ul style="list-style-type: none"> • 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; • 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; • Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores; • Whether the procedure of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported; • 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; • 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; • 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; • 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? • Whether advances given to municipal Advance Register has not been maintained so we
<p>No there is no procedures are in place to identify any unserviceable or damaged stores</p>	<ul style="list-style-type: none"> • 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; • Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;
<p>No valuation of stores has been done.</p>	<ul style="list-style-type: none"> • 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; • 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? • Whether advances given to municipal Advance Register has not been maintained so we
<p>There is no case of loans and advances other than advance to staff for expenditure.</p>	<ul style="list-style-type: none"> • 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? • Whether advances given to municipal Advance Register has not been maintained so we



<p>are unable to verify whether it is being recovered regularly or not.</p>	<p>employees and interest thereon are being regularly recovered;</p>
<p>No, there does not exist any internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets</p>	<p>Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?</p>
<p>We did not notice any such expenses</p>	<p>• Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.</p>
<p>No, the municipality 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 and April, 2015 only.</p>	<p>• 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;</p>
<p>The municipality has not been giving any contribution to P.F or pension Fund but the employee's contribution to P.F and pension fund is being deducted from the salary of the employee.</p>	<p>• 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;</p>
<p>We did not notice any such expenses.</p>	<p>• Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof;</p>
<p>Yes, on our test check we observed that all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget.</p>	<p>• 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;</p>
<p>No, all revenues from own sources have not been properly assessed, accounted for and collected.</p>	<p>• Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;</p>
<p>No, tax collected by the tax collector are not deposited on daily basis.</p>	<p>• 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;</p>
<p>Yes, on our test check we observed that all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority.</p>	<p>• 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;</p>
<p>Yes, on our test check we observed that amounts</p>	<p>• Whether the amounts received as</p>

For Rajeev R Mishra & Co.
Chartered Accountants
Partner
(A Mritunjay Kumar)

Date :

Place :

<p>received as stated in the grant sanction order</p> <p>the purposes as stated in the grant sanction order</p> <p>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 leave records, details of deductions made etc.</p> <p>We did not observe any grievance redresses cell functioning at the ULB.</p>	<p>specific grants have been utilized for the purposes as stated in the grant sanction order;</p> <ul style="list-style-type: none"> • Whether bio-metric devices and payroll software are used at the ULB. If not whether there is satisfactory system of payroll accounting; otherwise mention the key deficiencies of the system; • Whether the grievance redresses mechanism for the ULB is sufficient;
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