

URBAN DEVELOPMENT & HOUSING DEPARTMENT (GOVT) OF BIHAR)

INTERNAL AUDIT REPORT

OF

NAGAR PARISHAD SITAMARHI

FOR THE PERIOD FROM 01/04/2014 TO 31/03/2015

Report Issued On June 10, 2016

**Conducted by:
P. JYOTI & CO.
(Chartered Accountants)**

**201, KedarBhawan, Near Fedearl Bank, S.P.Verma Road, Patna - 800001
Mobile No.: +91-9431245241, E-mail: pjyotica@gmail.com.**



P. Jyoti & Co.

Chartered Accountants

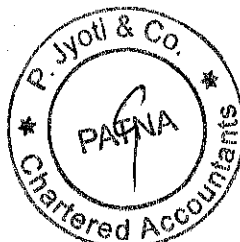
To,
The Director,
UD & HD
VikashBhawan New Secretariat,
Patna (Bihar)

MANAGEMENT REPRESENTATION LETTER

Dear Sir,

This representation letter is provided in connection with the Internal audit of the financial statements of **SITAMARHI NAGAR PARISHAD** for the Financial Year ended on **MARCH 31, 2015** in accordance with the Appointment Letter issued by you and other guidelines provided to us from time to time For the purpose of expressing an opinion as to whether the effectiveness of accounting, financial and other operations and controls as an aid to management to achieve its goals of delivering its various objectives. By constant review and appraisal of the workings of the systems and procedures introduced, Internal Audit enables management to control and utilize widespread resources properly. It acts as eyes and ears of management in implementing its plans and decisions since most management decisions have financial implications on its affairs.

PLACE: PATNA
DATE: 10.06.2016



FOR P. JYOTI & CO.
[Chartered Accountants]
FRN: 010237C


[CA. G. K. SINHA]
Partner
Membership No.: 426588

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EXECUTIVE SUMMARY

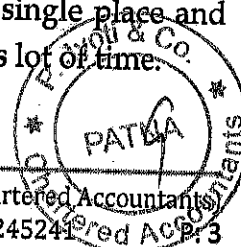
1. Introduction:

BRIEF DETAILS OF AUDITEE AND AUDITOR

Name of the Municipality	Sitamarhi Nagar Parishad
Period covered under current audit	01.04.2014 to 31.03.2015
Name of Executive Officer for the period under Audit	Shri Krishna Murari
Name & Address of Audit Team:	P. JYOTI & CO. (Chartered Accountants), 201, KedarBhawan, S.P. Verma Road, Patna

2. Results and Findings:

- **Strengths observed during the audit engagement.**
 - 1) Response of staff and officers are satisfactory.
 - 2) Office Infrastructure is sufficient for operation.
- **Weaknesses observed in the functioning of office, maintenance of records etc. observed during the audit engagement.**
 - 1) Tax collector Vijay Kumar Pal does not deposit the tax collected by him in cash section on the same day or next working day. He has regularly defaulted in depositing cash collected by him. In some instant he has deposited cash after 6 month. For instances, collection in April, 2014 Rs 45397.6 is collected but deposited on 08th August, 2014.
 - 2) In 20 high value property valuation we find 175567 SQFT difference in area.
 - 3) Difference between Cash and bank is Rs.1621606.
 - 4) There are 32 mobile towers and collection from mobile tower is only Rs 40000 and Renewal fee of Mobile Tower is not collected by the ULB & no action taken by the Proper authorities.
 - 5) Outstanding Rent from shops Rs. 3724732/-.
 - 6) Lack of Staff for proper Functioning.
 - 7) Books of Accounts are not maintained in double Entry System.
 - 8) Ledger Books are not maintained.
 - 9) Lack of Proper Filing system. Related files are not kept at single place and files are not readily available for verification, which consumes lot of time.
 - 10) No entry is done in Tally System Software.



11) Assessment register is not prepared after year 1997 which is required to be prepared before collecting Tax.

12) No Advertisement tax is collected in the year 2014-15.

13) TDS deposited annually basis, not on due date.

14) Delay in Deposited of collected Property Tax by the collector in cash section.

3. Opinion:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

b) In our opinion, proper books of account has not been kept by the ULB so far it appears from our examinations of those books, and

c) In our opinion and to the best of our information and according to the explanation given to us, there is a huge loss of revenue to the ULB.

a) Audit Recommendations:

A) The proper officer should take proper action to stop leakage of revenue.

B) There should be proper internal control.

C) Books of Accounts should be maintained in Double Entry System.

D) Assessment of Property should be done at regular intervals.

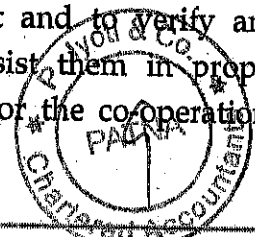
E) Settlement of bus Stand should be done every year.

b) Comments from Management:

Discussion has been done with the official staff but still they are not given attested copy of the discussion note. Unsigned Discussion Note has been attached at the end of Report. Annexure-1.

c) Acknowledgement:

We acknowledge our responsibility for expressing a professional opinion on the effectiveness of the overall financial management and to verify and review the activities of all cost centers so as to assist them in proper Functioning, We would like to express our pleasure for the co-operations extended by the concerned ULB Management and Staff.



DETAILED AUDIT REPORT

1. INTRODUCTION :

The Internal audit of **Sitamarhi Municipal Corporation** covering period from 01-04-2014 to 31-03-2015 was conducted by following person Under Guidance of **CA. GOVIND KUMAR SINHA**

- i) **SudhirkumarSinha**
- ii) **Aniket Kumar**
- iii) **Amar Kumar Mishra**

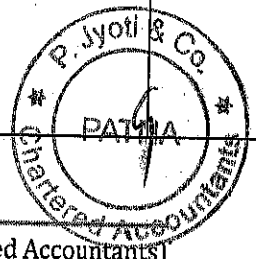
2. ADMINISTRATION :

The present body of ULB has taken charge on 09/06/2012. The incumbency in the key in the key administrative and executive position was as under:-

Sri Subansh Ray, Chairman from 01/04/2014 to 31/03/2015 and Shri Krishna Murari Executive officer ONWARD from 01/04/2014 to 31/03/2015.

3. REVIEW OF OUTSTANDING AUDIT CAPARAS: Status of Audit Observation is as under :

Sl no	Particulars of Audit & 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	CA &G REPORT FINANCIAL YEAR 2008-09 AND 2009-10	44	36	9	Compliance report not provided	Compliance report not provided	Compliance report not provided	Compliance report not provided



Particular of Outstanding Paras of AG Audit is given below:

SL. No. of Paras	Particulars
7	Expenditure of Rs25131398 has been made without proper Budget.
8	No proper details of Govt. grant are available.
11	Tax collected Rs. 136515 is not deposited.
12.	Rs. 224681 is not deposited by Mr. Ramashankar Mishra.
13.	Arrear holding tax on government property Rs. 2326072.24
17.	Education cess and Health Service cess of Rs6691370.00 to be deposited.
19.	Rs.394000 has not been deposited by Mr. Pram Patel.
20.	Arrear of Rs 293500 from Mr Priydarshi for Gudari Bazaar Bandobasti.
21.	Outstanding Rent of Private Bus stand land.
22.	Outstanding Shop Rent at Gudari bazaar of Rs. 3119699.
23.	Collected amount Rs. 113000 from Bus Stand not deposited.
24.	Tin Ticket Sales amount of Rs 30444 is not deposited by Mr Ranjit Kumar
30.	Acceptance of high value tenders. Loss was Rs. 1288000.
34.	Irregularity in payment of Rs. 1,34,535.00 in construction of drain.
36.	Work without permission of Administration- Irregularity in payment of Rs. 22,06,414.
37.	Irregularity in payment for Vapor Street Light.
38.	Excess Expenditure of Rs. 34,960.00

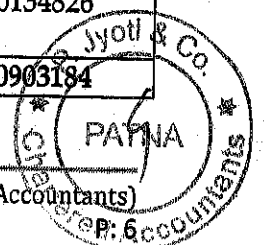
4. FINANCE:

i) Budgetary provisions and expenditure for the last three years:-

Year	2012-13	2013-14	2014-15
Final Revised Budget	27,35,81,079.00	297601000.00	321171000.00
Actual Expenditure	3,30,99,962.00	5,27,25,658.00	100217920
Savings (+)/Excess(-)	24,04,81,117.00	24,48,75,342.00	22,09,53,080.00

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	200000	220057330	220057330	200768358	200768358
Receipts	321393928	33436686	33436686	130134826	130134826
Total	321593928	253494016	253494016	330903184	330903184



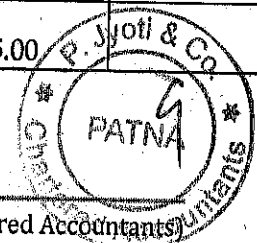
Net expenditure	321171000	52725658	52725658	100217920	100217920
Closing Balance	422928	200768358	200768358	230685264	230685264

iii) **BANK RECONCILIATION :**

"According to norms BRS must be prepared on monthly basis to ensure good control over Books of Account and evade any possible fraud. In case, the Banker fails to furnish/provide bank statements then written communication to bank should be required by the delegated authorities."

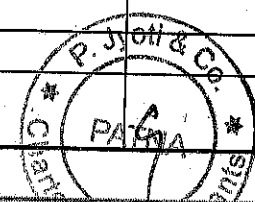
Bank Reconciliation statement was prepared by the accountant on monthly basis for each account as the reconciled document appeared before us, are enclosed as annexure-I

SL No.	HEAD	Bank Name & A/c No.	Balance as per Cash book	Bal as per bank	Difference
1	BRGF	SBI - 214519	18059649	18223202	-163553
2	4th state Finance	PNB - 76774	3784682	3875294	-90612
3	NSDP & SJSRY	C.B.I. -68220	5912060.68	5912060.68	0
4	S.J.S.R.Y	SBI -8365	8101236	8101236	0
5	13TH STATE FINANCE	PNB - 76783	7866468	8485468	-619000
6	CENSUS FUND	UBGB - 3194	292812	292812	0
7	BUS STAND FUND	THE S.C.CO-OPERATIVE BANK- 7721	400855.11	400855.11	0
8	STATE FUND	PNB -76765	3730249.3	3870940.30	-140691
9	SLAM ARIA	CBI- 37587	11677169	11677169.00	0
10	MISC. FUND(Municipal Fund)	UBGB-2406(old A/c No. 2011)	2395047.31	2611556.31	-216509
11	NULM	SBI-57596	16351381	16351381.00	0
12	PLA (Treasury)	844800102000101	152010492	152401732.85	391241.00
13	RajaswaPrapti Fund	SBI-8197	103165	103165.00	0



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	51368928.00	3236044.00	3236044.00	2207197.00	2207197.00
Assigned Revenue	10000000.00	0	0	22302335.00	22302335.00
Other (Fee & User Charges)	13875000.00	3490416.00	3490416.00	7474744.00	7474744.00
(b) Administrative Grant	30150000.00	0	0	210000.00	210000.00
(C) Specific Grant (Scheme Wise)					
BRGF	10000000			805182	805182
4th state Finance	25000000				
NSDP & SJSRY					
S.J.S.R.Y		7500000	7500000		
13TH STATE FINANCE	20000000	5024881	5024881	6758739	6758739
CENSUS FUND					
BUS STAND FUND					
STATE FUND					
SLAM ARIA				11677169	11677169
MISC. FUND(Municipal Fund)					
NULM				3963000	3963000
PLA (Treasury)				118399638	118399638
RajaswaPrapti Fund					
Grant for Main Office	5000000				
Grant for road	50000000				
Grant for Drain	37500000				
Grant for Pubic Work	30000000				



Hand pump grant	1000000				
Water Supply Scheme	30000000				
Const of Dry Latrine	7500000				
SPUR Grant	0	2500000	2500000		
Other	0	11685345	11685345		

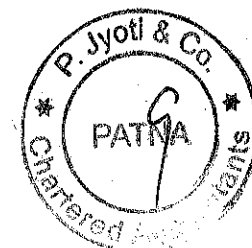
v) **STATUS OF IMPLEMENTATION OF DOUBLE ENTRY ACCOUNTING SYSTEM :**

As suggested by the C & AG, the Ministry of Finance, Government of India has introduced a "National Municipal Accounts Manual" for adoption of accrual system of accounting by ULBs. Based on the NMAM, Bihar Municipal Accounts Manual (BMAM) has been got prepared by the Government of Bihar and has been enforced from April 1, 2007. Generally ULB apply cash based accounting system which is only detail of total collection and expenses as per provision of BMR2007 the double entry system should be employed to all ULB.

Comment:

As mention above double entry accounting system enforced from 1st April 2007 but in ULB double entry system is not implemented till now. Due to which accounts getting complicated.

VI) Status of Municipal Accounts Committee: As per section 100 of the Bihar Municipal Act, The Municipality shall, at its first meeting in each year or as soon as may be at any meeting subsequent thereto, constitute a Municipal Accounts Committee, but in concerned ULB this committee is not yet formed.



5. AUDIT OBSERVATIONS:

I. Part- A(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, fee etc.

1. Delay in Deposit of Property Tax and also no Penalty is imposed:

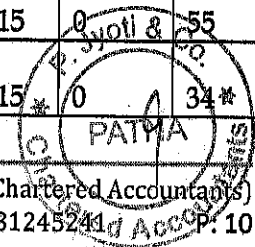
Audit Objective- As per Point No.-4.3 of TOR & Rule 27.

Criteria- Collections to be deposited into the Cash section on the same day or next working day otherwise penalty shall be imposed Rs 5000 for defaults.

Condition- There is a huge delay in depositing of tax collected into cash section. Which increase the chance of fraud. Mr. Vijay Kumar Pal has regularly not depositing collection amount in cash section in same day or next working day and no penalty is imposed on him

Leakage of Revenue by Cash Collector of Nagar Parishad Sitanarhi

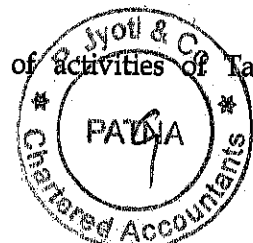
SL. NO	Collector Name	Ward No	Receipt Month	Receipts Amount From Tax Holder	Deposit in cash section	date of deposit in Cash section	Difference	Total Days of Delay
1	Vijay Kumar Pal	23-28	Apr-14	45397.61	45397.61	08.10.2014	0	184
2	Vijay Kumar Pal	23-28	May-14	30323.33	30323.33	09.10.2014	0	152
3	Vijay Kumar Pal	23-28	May-14	23670.37	23670.37	9.10.2014	0	152
4	Vijay Kumar Pal	23-28	May-14	265684.1	265684.1	20.11.2014	0	107
5	Vijay Kumar Pal	23-28	Aug-14	203217.6	203217.6	03.01.2015	0	147
6	Vijay Kumar Pal	23-28	Sep-14	184542.9	184542.9	03.01.2015	0	147
7	Vijay Kumar Pal	23-28	Oct-14	23022	23022	03.01.2015	0	73
8	Vijay Kumar Pal	23-28	Nov-14	42049	42049	03.01.2015	0	55
9	Vijay Kumar Pal	23-28	Nov-14	39253.78	39253.78	03.01.2015	0	34*



10	Vijay Kumar Pal	23-28	Dec-14	56560	56560	14.01.2015	0	25
11	Vijay Kumar Pal	23-28	Dec-14	115756.1	115756.1	06.02.2015	0	36
12	Vijay Kumar Pal	23-28	Jan-15	6878.25	6878.25	16.03.2015	0	68
13	Vijay Kumar Pal	23-28	Jan-15	11574.21	11574.21	16.03.2015	0	52
14	Vijay Kumar Pal	23-28	Jan-15	69676.94	69676.94	01.04.2015	0	59
15	Vijay Kumar Pal	23-28	Feb-15	44732.99	44732.99	01.04.2015	0	35
16	Vijay Kumar Pal	23-28	Mar-15	74262.35	74262.35	06.05.2015	0	42
17	Vijay Kumar Pal	23-28	Mar-15	83366.8	83366.8	25.05.2015	0	52
18	Vijay Kumar Pal	23-28	Apr-15	62507.48	62507.48	22.06.2015	0	53
19	Vijay Kumar Pal	23-28	May-15	130029	130029	23.09.2015	0	85
20	Vijay Kumar Pal	23-28	Jun-15	39420.51	39420.51	23.09.2015	0	58
21	Vijay Kumar Pal	23-28	Jul-15	27396.97	27396.97	18.01.2016	0	170
22	Vijay Kumar Pal	23-28	Aug-15	33456.58	33456.58	18.01.2016	0	144
23	Vijay Kumar Pal	23-28	Sep-15	175757.4	175757.4	14.03.2016	0	175
24	Vijay Kumar Pal	23-28	oct,nov,dec-15	13360.65	13360.65	14.03.2016	0	72
25	Vijay Kumar Pal	23-28	Jan-16	48672.62	48672.62	14.03.2016	0	42
26	Vijay Kumar Pal	23-28	Feb-16	17728.93	17728.93	14.03.2016	0	24
27	Vijay Kumar Pal	23-28	Mar-16	no entry				

Consequence / Effect / Impact- There are a huge gap between collection of taxes by tax collector and deposited the same into the cash section. Due to this cash are kept are by tax collector with them and ULB loss interest on the same.

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



Corrective Action / Recommendation-There should be day to day monitoring on collection of taxes.

2. Non filling of Self assessment Form and Taxes:-

Audit Objective- As per point no. 4.4 of TOR.

Criteria- As per the rule, self-assessment tax should be deposited by assessee and if assessee is not depositing the tax revenue, the officer should take proper action against the assessee.

Condition- . Some findings are listed below:

Name of assessee	Ward Number	Area of Property
Panchwati Hotel	20	6100'
Hotel Spark	20	6230'
Dr. Sunil Singh	21	4585'
Smt. Shail Devi	15	12789'
Sita Ram VibhaBhawan	01	6818'

Consequence / Effect / Impact- Due to non-collection of holding tax there is huge loss to ULB.

Cause- Lack of proper monitoring and proper collection process implemented by the ULB.

Corrective Action / Recommendation- There should be a proper collection process and proper notices should be issued to the defaulter assessee.

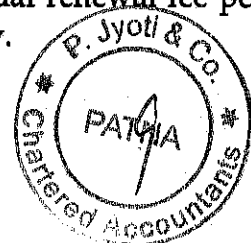
3.Mobile Tower Tax -Irregularity:

Audit Objective- As per point no. 4.4 of TOR.

Criteria- Registration Fee per tower @ Rs. 50,000/- and. annual renewal fee per tower @ Rs. 15,000/- per annum should be deposited annually.

Condition-Less Collection of taxes and Missing document.

A)MISSING DOCUMENT OF REGISTRATION: -



During the course of Audit, we have found that there is no document related to the registration of Mobile Tower was available in the concern file. As per section 127(1) and section 419 BMA 2007, it shall be considered illegal.

B) LESS COLLECTION OF TAXES:-

No proper file and register are maintained for the collection of mobile tower tax. As per our observation there are 32 mobile towers and collection is only Rs. 40000.00.

Consequence / Effect / Impact- Due to less collection of Tower Rent, there is a revenue loss to ULB.

Cause- This happens due to non-follow up and monitoring of activities of concerned persons by the concerned officers at regular intervals. The ULB does not have proper mechanisms for the supervision and monitoring of the Tower Rent resulting in revenue loss.

Corrective Action / Recommendation- Proper step should be taken to collect full amount of taxes by the concerned ULB.

4. Very short collection of shop rent from shops:

Audit Objective- As per point no. 4.4 of TOR.

Criteria- Non-Collection of Shop rent from different shops located at different areas.

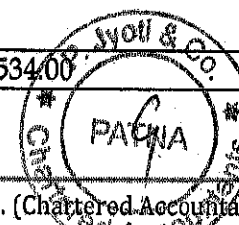
Condition-

Shops at Bus stand in ward number 1.

Outstanding Arrear upto 31/03/14	Arrear Collection upto 31/03/15	Current Demand	Current Collection	Balance due
2117009	74568.00	187704.00	2886.00	2227259

Shops rent at Gudaribazaar total no of shop 73

Outstanding Arrear upto 31/03/14	Arrear Collection upto 31/03/15	Current Demand	Current Collection	Balance due
1314352.00	105033.00	428688.00	140534.00	1497473



5. Non-bidding of Bus stand Collection and Low collection:

Audit Objective-As per point no. 4.4 of TOR.

Criteria- Non-bidding of bus stand collection for the current Financial year.

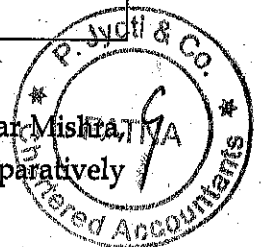
Condition-We find in the current year collection from Bus stand is lower than previous years because in the previous year's collection has been made by bidding where as in the current year collection has been done by the taxation department himself which cause loss of revenue.

Also after long action no bidding has done by any bidder for the same. So, ULB himself collected the tax due to which revenue collection is very less. Following bidding action has been done;

Consequence / Effect / Impact-

Date of Advertisement Issued in News Paper by the Management	Authorized Person & his Designation for bidding Staff	Remarks in proceeding file by the Authorised person for bidding
06.06.2014	Ramashankar Mishra- Cashier	No bidder present
11.06.2014	Ramashankar Mishra- Cashier	No bidder present
11/11/2014	Shiv Shankar Panday - Tax Daroga Ramashankar Mishra- Cashier	No bidder present
13/11/2014	Shiv Shankar Panday - Tax Daroga Ramashankar Mishra- Cashier	No bidder present
15/11/2014	Shiv Shankar Panday - Tax Daroga Ramashankar Mishra- Cashier	No bidder present

We would like to draw your attention to this matter because Mr. Ramashankar Mishra, Cashier and Mr. Sudhir Lal Dev had only collected Rs. 405780 which is comparatively very less from the previous years when Bidding had been done.



Financial Year	Collection Amount	Collection process
2011-12	1131000.00	Bid
2012-13	2401000.00	Bid
2013-14	365090.00	Departmental Collection
2014-15	405780.00	Departmental Collection

Cause-This happens due to improper control and lack of dedication toward ULB work.

Corrective Action / Recommendation-Officer in charge should take proper action and should try to find out whether any fraud had been committed.

6. Non collection from Advertisement:

Audit Objective-As per point no. 4.4 of TOR.

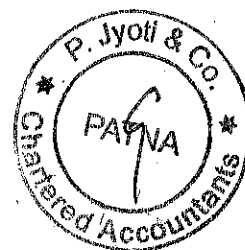
Criteria-No Collection from Advertisement.

Condition-NagarParishad not collected any advertisement taxes. Due to which heavy revenue loss is suffered by the Nagar Parishad.

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

Cause-Chances of fraud and lack of dedication toward job.

Corrective Action / Recommendation-All type of advertisement tax should be collected by the ULB because it is a good source of revenue for the ULB.



Part- A(b)

Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs.

There should be a proper process to procure any assets so that no fraud can be done by authorized person involve in purchase of assets.

There is purchase of D.G set of Rs. 472409.00 on date 19/06/2015 from Hindustan Machine Sales and corporation and there is no quotation obtained from any other vendor.

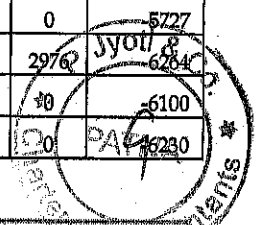
Part- A(c)

Report on findings of field survey of Property Tax of minimum 20 high value properties:

We have done field survey of property tax of 20 high value properties and found as

Following Measurement for High Value of Commercial Place of Nagar Parishad Sitamarhi

Sl. No	Name	PID No.	Valuation As per Us			Valuation Given			Difference
			Area		Total Area	Area		Total	
			Commercial I	Vacant Land		Commercial I	Vacant Land		
1	Hotel Sidhi Binayak (Sunit a Devi & Binay Kumar)	3508001779	15652	27955	43607	9980	17262	27242	-16365
2	Sita Ram Vibha Bhawan	3508002080	6818	0	6818	2624	0	2624	-4194
3	Asirwad Hotel	3508000771	26855.04	0	26855.04	14432	0	14432	-12423
4	M Bazzar	NA	13752.96	5804.6	19557.56	NA	NA	0	-19557.6
5	Sankar Cinema	3508000551	13589.8	7140	20729.8	4567	4296	8863	-11866.8
6	Nutan Cinema	3508000512	17210.16	6267.15	23477.31	8988	4461	13449	-10028.3
7	Hotel Shiv Surya	NA	7380		7380	NA	NA	0	-7380
8	RD Place Cinema	3508000249	27060	14886	41946	6798	19409	26207	-15739
9	Hotel Umang	3509800109	22960	0	22960	10920	0	10920	-12040
10	Hotel Bishram	3508001203	6415.2	0	6415.2	1600	0	1600	-4815.2
11	Vatica Hotel	NA	5727	0	5727	NA	NA	0	-5727
12	Hotel Park	NA	5727	0	5727	NA	NA	0	-5727
13	Atithi Hotel	3508000982	9240	0	9240	2976	0	2976	-6264
14	Panchbati Hotel	NA	6100		6100	NA	NA	0	-6100
15	Hotel Spark	NA	6230		6230	NA	NA	0	-6230



P. JYOTI & CO. (Chartered Accountants)

16	Dr.Suril Singh	NA	4585		4585	NA	NA	0	-4585
17	Raj Narayan Prasad	NA	5400		5400	NA	NA	0	-5400
18	SmtShailKumari Devi	NA	12789		12789	NA	NA	0	-12789
19	SobhaVerma	NA	4950		4950	NA	NA	0	-4950
20	Hotel Kishore	NA	3386.04		3386.04	NA	NA	0	-3386.04

II. Part-B

a. Non-maintenance of books of accounts, subsidiary registers:

Followings Books and accounts are not maintain or not updated

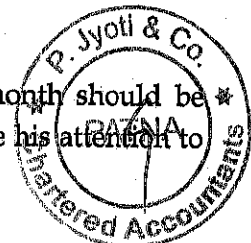
Sl. No.	Particular	Status
1	Cashier's cash Book	Properly Maintain
2	Accountant's Cash Book	Properly Maintain
3	Subsidiary Cash Book	Properly Maintain
4	Ledger Book	Not Maintain
5	Grant Register	Not Maintain
6	Schemes Register	Not properly Maintain
7	Advance Register	Not Upto date
8	Store Register	Not Upto date
9	Fixed Assets Register	Properly Maintain
10	Payroll Register	Not properly maintain
11	Log Book	Not Provided
12	Demand and Collection	Not properly maintain
13	Assessment Register	not update after year 1997

b. Irregularity in procurement process: There is purchase of D.G set of Rs. 472409.00 on date 19/06/2015 from Hindustan Machine Sales and corporation and there is no quotation obtained from any other vendor.

c. Lack of internal control measures-No internal control system is present. Here also we have suggestion to the management to implement proper internal control system.

d. Non-compliance of TDS, VAT and other relevant Statute:

TDS are deposited annually by the ULB but TDS deducted in the month should be deposited by the 7th of the next month. So management should also give his attention to this point also.



III. Part-C

General Observations:

- i) There is not proper use of computer system. We are not able to find any use of computer for accounting purpose and no documents are properly saved into the system. We are suggesting management that for the accounting purpose compt should be used and they should stop following manual accounting system. So that proper accounts can be maintain.

ii) **Delay in payment of contractors bill:-**

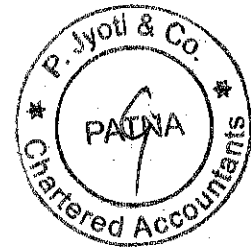
The Contractors bill was paying by Nagar Parishad in delay:-

Details of work

Scheme No. :- 3/2012-13
Scheme Name: - P.C.C. Road Construction in Ward no.- 19 from house of Suresh Yadav to MudrikaSharm's house.
Fund: - BRGF
Date of Work Order: - 28.05.2014
Compilation Period: - Three Month from work order.

Date of Measurement by J.E	Amount of Bill	Date of Passing of Bill
28.08.2014	548684.00	04.04.2015

Clearly, seen that the passing of Contractors Bill after approx. Eight Month of compilation of work.



IV. Part-D

RECOMMENDATIONS/SUGGESTIONS:

- Proper Filling system should be arranged. All there related files should be kept at single place and files should be readily available when it is required.
- Ledger book should be prepared.
- Assessment register of property tax should be prepared, which is required to be prepared before collecting Tax.
- File relating to registration and Tax collection of Mobile Tower should be maintained.
- Proper Data related to date of establishment of Mobile tower should be kept by the Municipal Corporation.
- Collected Amount of all type of collection by the Tax Collector should be deposited in cash section on same day or next working day.
- Supervision and inspection of advertisement by senior authority.
- Renewal and Demand Register related to Advertisement tax should be maintained by the municipal corporation.
- Bank Reconciliation Statement should be prepared by the Municipal Corporation.
- TDS should be Deducted as per Rule prescribed by the Income Tax Department and should be deposited before due date.

PLACE: PATNA
DATE: 10.06.2016



FOR P. JYOTI & CO.
[Chartered Accountants
FRN: 010237C

G. K. Sinha
[CA. G. K. SINHA]
Partner

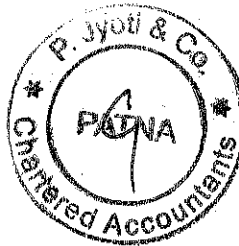
Membership No.: 426588

Discussion Note
(Annexure 1)

Discussion has been done with the head clerk of the Nagar Parisad Sitamarhi on the audit Observation of the financial year 2014-15 on 09.07.2016 Some of the serious issues has been given below which were discussed with them.

1. Non collection of Mobile transmission tower tax.
2. Non Collection of Shop Rent of Rs.3724732
3. TDS deposited on annual basis not on due date.
4. Delay in Deposited of collected Property Tax by the collector in cash section.
5. No Advertisement tax is collected in the year 2014-15.
6. Bank reconciliation is not prepared.
7. Unavailability of information and files relating to TDS, VAT, Royalty & Labor Cess.
8. Non-Compliance of AG reports and its paras.
9. Non formation of Municipal Accounts Committee in the ULB.
10. Double Entry Accounting System has been not adopted till now.

PLACE: PATNA
DATE: 10.06.2016



FOR P. JYOTI & CO.
[Chartered Accountants
FRN: 010237C
G.K.S.
[CA. G. K. SINHA]
Partner
Membership No.: 426588