

**INTERNAL AUDIT REPORT**

**OF**

**NAGAR PARISHAD SULTANGANJ**

FOR THE PERIOD FROM 01<sup>st</sup> APRIL, 2014 – 31<sup>st</sup> MARCH, 2015

INTERNAL AUDIT CONDUCTED BY:-

A.K. SALAMPURIA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
1<sup>ST</sup> FLOOR, ABOVE MICA SALES, EXHIBITION ROAD  
PATNA- 800 001

09<sup>th</sup> – 10<sup>th</sup> MAY & 21<sup>st</sup> JUNE, 2016

## Executive Summary

### 1. Introduction

- Name of the Municipality :- **Nagar Parishad Sultanganj**
- Period Covered under current audit :- **01.04.2014 to 31.03.2015**
- Name of Executive Office for the period under Audit :- **Dr. Amit Kumar**

### 2. Result & Findings

- Strengths observed during the audit engagement:-
  - a. Man-Powers at the concerned ULB is found to be competent.
  - b. Area under jurisdiction of the concerned ULB seems potential.
  - c. Office Infrastructure is sufficient for operation
  - d. Response from officers & Clerks are satisfactory.
  
- Weaknesses observed in the functioning of office, Maintenance of records etc. Observed during the audit engagement :-
  - a. Huge untraceable difference (Rs.8,83,82,224.19) between Cash-Book and Bank Statement as on 31.03.2015.
  - b. Failed to Collect Holding/Property Tax properly for eg. Rs.8,12,530.95 of Property Tax is due to be collected up to 31.03.2015.
  - c. Delay in deposit of collected Holding/Property Tax by the Tax Collector.
  - d. Non-Collection of Market/Shop Rent and Non imposition of late fine there on and Rs.1,00,150.00 is due to be collect from Shop Owner up to 31.03.2015.
  - e. Failed to Collect Mobile Tower Tax/Fees of Rs.22,35,758.00
  - f. Non Maintenance of prescribed books of accounts (ref. point( i) of part-b) especially Demand and Collection Register
  - g. Failed to comply certain rules and directives of UD & HD.
  - h. Vouchers were not properly kept and arranged.
  - i. BRS are not prepared on regular intervals.

### 3. Opinion

As referred above and detailed in the Audit Report, we are of the opinion that The Functions of concerned ULB is confined to collection of Holding Tax. There are many other sources of Revenue which are not explored and taken care of by the officers of concerned ULB. Record keeping is not proper. Transparency in Procurement is lacking due to non availability of proper documents.

### 4. Audit Recommendation

The concerned officers should explore other areas of Revenue Generation by surveying their area for Tower Tax, Trade Tax, Advertisement Tax, Hoarding Fee, other Fees and Taxes. Record keeping should be done properly so that any document can be traceable as and when required for any purpose. Several Books and registers which are not maintained or maintained in improper manner should be done

properly. BRS should be prepared and reconciled on regular intervals. Internal Auditor and Accountant should have adequate coordination between them for making the system perfect

**5. Comments from Management**

Discussion Note with Management has been attached separately.

**6. Acknowledgement**

*We would like to express our pleasure for the co-operations extended by the concerned ULB Management and Staff.*

Place: Patna  
Date: 29-06-2016

**For A. K. Salampuria & Associates**  
Firm Regn. No.-004285C  
*Chartered Accountants*

**(CA. Anand Dokania)**  
Partner  
M. No. 400822

## Detailed Audit Report

### 1. Introduction

The internal audit of Sultanganj Nagar Parishad covering the period from 01<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015 was conducted by following persons under guidance of **CA AKSHYA SINGHANIA**

I. Mr. Aditya Priyadarshi

II. Mr. Anish Kumar

### 2. Administration

The present body of the ULB has taken charge on 09.06.2012. The incumbency in the key administrative and executive position was as under:

“**Smt. Dayawati Devi**”, Chief Councilor/Chairman & “**Dr. Amit Kumar**”, Executive Officer from 29.08.2015 to till date.

### 3. Review of outstanding audit pars : Status of Audit Observation is as under:

S.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 No.- 1316/15-16, Dated:- 07.04.2016	40	32	18	Nil	Nil	32	Compliance Report has not been made yet.

**Particulars of Outstanding paras of AG Audit Report No.-1316/15-16 is given below:**



<b><u>S.No. of Paras</u></b>	<b><u>Particulars</u></b>
Part-(I)-08	Book-Keeping of the concerned ULB is not satisfactory.
Part-(I)-11	Copy of Budget has not been provided.
Part-(I)-12	Reason of difference between Cash Book and Pass Book has not been clarify and BRS is also not provided.
Part-(II)(d)-01	Irregular Payment of Rs. 75,00,000.00 in SJSRY Scheme.
Part-(II)([k]-02	Excess payment of Rs. 10,29,000.00 has been made to a NGO “Jivan - Jyoti”, Sautadih for cleaning work .
Part-(II)([k]-03	Irregularity under ILCS schemes.
Part-(II)([k]-04	Irregular Salary payment of to employee without approval of Standing Committee of Rs. 2,04,000.00
Part-(II)([k]-05	Irregularity has been observed in the purchase of Tempo Tipper of Rs. 5,71,000.00
Part-(II)([k]-06	Irregularity has been observed in the purchase of C.F.L. Bulbs of Rs. 11,25,000.00
Part-(II)([k]-07	Irregularity has been observed in the purchase of C.F.L. Bulbs of Rs. 3,31,000.00
Part-(II)([k]-08	Irregularity has been observed in the purchase of water tanker of Rs. 7,75,000.00
Part-(II)([k]-09	Un-authorized payment of Rs. 5,83,413.00 on daily wages.
Part-(II)([k]-10	Amount of Education & Health Cess has not been deposited in to government a/c.
Part-(II)([k]-11	Irregularity has been observed in the Sairat Bandobasti.
Part-(II)([k]-12	Outstanding amount of bandobasti of Rs. 3,04,511.00 has not been deposited yet.
Part-	Amount of Daily Collection Register has not been recorded in Cashier’s Cash Book..

(II)([k]-13	
Part-(II)([k]-14	No details available of deposit of own sources of revenue of the concerned ulb.
Part-(II)([k]-15	Non Collection of Service Tax from Shop Renter of Rs. 1,02,823.00
Part-(II)([k]-16	Outstanding Shop Rent of Rs. 1,00,150.00.
Part-(II)([k]-17	Outstanding Mobile Tower Rent of Rs. 22,35,758.00.
Part-(II)([k]-18	Outstanding of Holding/Property Tax of Rs. 8,12,630.95.
Part-(III)-01	Information regarding all Sairat has not been provided during the audit.
Part-(III)-02	Non-Maintenance of Grant Register.
Part-(III)-03	Non-Maintenance of Fixed Asset Register.
Part-(III)-04	No satisfactory information has been provided regarding formation of Municipal Accounts Committee.
Part-(III)-05	Non- Preparation of Annual Accounts.
Part-(III)-06	Non-Preparation of Financial Statement or Comparative Chart.
Part-(III)-07	The Compliance Report of all outstanding paras of Previous Audit has not been prepared yet.
Part-(III)-08	Non-Maintenance of Accountant's Cash Book.
Part-(III)-09	Non-Collection and bandobasti of Eight Sairat of the concerned ULB.
Part-(III)-10	"H" Rasid has not been provided for verification.

#### 4. Finance

##### i. Budgetary provision and expenditure for the last three years

(Amount in `)

Year	2012-13	2013-14	2014-15
Final / Revised Budget	16,71,85,243.00	15,69,08,707.00	16,39,39,621.00
Actual Expenditure	16,64,75,243.00	67,043,151.00	10,44,56,502.00
Savings(+)/ Excess (-)	<b>7,10,000.00</b>	<b>8,98,65,556.00</b>	<b>5,94,83,119.00</b>

##### ii. Volume of transactions

Period	Budgeted (2014-15)	Previous Year (2013-14)	Corresponding Period of Previous Year	Current Period (2014-15)	Cumulative for the current period
Opening balance	9,64,53,031.00	1,15,05,568.13	N.A.	<b>9,68,06,084.13</b>	N.A.
Receipts	5,68,53,309.78	13,02,12,036.00		14,40,37,784.00	
Total	<b>15,33,06,340.78</b>	<b>14,17,17,604.13</b>		<b>24,08,43,868.13</b>	
Net Expenditure	16,39,39,621.00	4,49,11,520.00		10,44,56,502.00	
Closing balance	<b>(1,06,33,280.22)</b>	<b>9,68,06,084.13</b>		<b>13,63,87,366.13</b>	

##### iii. Bank Reconciliation

There is no practice of monthly preparation of Bank Reconciliation Statement. Total 12(Twelve) Bank Statement/Pass Book has been provided to us for verification which is as follows:-

Balance as per Pass Book as on 31.03.2015				Balance as per Cash Book as on 31.03.2015	Remarks
S. No	Bank Name	A/c No.	Balance		
1.	SBI	30393142568	2,797.00	2,688.00	There is differences of Rs. 8,83,82,224.19 between Cash
2	BKGB	36110110023029	3,65,478.50	3,56,657.50	
3.	SBI	11434622961	6,03,776.25	2,30,888.25	

4.	SBI	11434676575	33,87,985.67	33,25,908.67	Book and Pass Book/bank Statement, which can only be clarified or short out when all bank's balances will be made available and after preparation of Bank Reconciliation Statement.	
5.	SBI	11434624114	Balance not made available to us	2,757.46		
6.	SBI	11434720139	1,48,915.72	1,37,662.72		
7.	SBI	30393140832	71,361.00	1,66,613.00		
8.	BOB	10010100012093	Balance not made available to us	18,012.00		
9.	BKGB	36110100001860	91,237.00	5,51,759.00		
10.	BOI	463910210000017	4,05,917.00	1,48,191.00		
11.	BOB	463910210000018	1,39,850.00	1,39,850.00		
12.	PNB	7837000100003133	3,60,074.80	20,700.00		
13.	Treasury balance	8448	Balance not made available to us	8,99,81,052.53		
14.	SBI	31712989108	3,59,353.00	2,33,974.00		
15.	SBI	32689448430	24,87,114.00	14,89,370.00		
<b>Total</b>			<b>84,23,859.94</b>	<b>9,68,06,084.13</b>		

❖ It is necessary to mention here that in concerned ULB Master Cash Book or Accountant's Cash Book has not been maintained, only subsidiary cash book has been maintained.



#### iv. Revenue Receipts

Period	Budgeted (2014-15)	Previous Year (2013-14)	Corres ponding Period of previous Year	Current Period (2014-15)	Cumulat ive for the current period
Opening Balance	9,64,53,031.00	--			
(a) Own Source			N.A.		N.A
Property Tax	1,61,51,309.78	9,63,460.00		14,18,766.88	
Assigned Revenue	11,10,000.00	2,38,990.00		--	
Others (Fee & User Charges)	58,40,000.00	1,53,96,574.00		27,15,883.12	
(b) Administrative grant	--	34,80,182.00		2,86,15,910.00	
(c ) Specific Grant (Scheme Wise)	<b><u>3,37,52,000.00</u></b>	<b><u>11,01,32,830.00</u></b>		<b><u>11,12,87,224.00</u></b>	
SPUR	--	--		1,73,98,009.00	
Family Welfare	--	--		5,12,224.00	
Family Planning	--	--		63,312.00	
SJSRY	--	--		31,05,965.00	
Stamp Fees	40,00,000.00	--		--	
Drainage Constructions	40,00,000.00	40,00,000.00		--	
B.R.G.F.	40,00,000.00	1,09,239.00		--	
Water Supply	--	3,68,00,000.00		1,18,764.00	
Shrawani Mela Grant	20,00,000.00	--		--	
Hand Pump	--	--		36,584.00	
House Constructions	--	2,29,16,000.00		--	
12 <sup>th</sup> ,13 <sup>th</sup> & 14 <sup>th</sup> Grant	20,00,000.00	27,33,742.00		3,78,000.00	
4 <sup>th</sup> Finance	1,75,00,000.00	1,73,98,009.00		--	
Members Allowance	2,52,000.00	--		--	
Census	--	2,61,700.00		--	
Election	--	--		--	
Others	--	49,30,440.00		2,84,33,416.00	

Road Construction				6,12,40,950.00	
<b>G.Total</b>	<b>15,33,06,340.78</b>	<b>13,02,12,036.00</b>		<b>14,40,37,784.00</b>	

- v. **Status of implementation of Double Entry Accounting System:** - We were not provided any information regarding status of implementation of Double Entry Accounting System at the concerned ULB. Information regarding the same was not available with any of the officers or staffs of the ULB Office. It seems, the said agency which was entrusted the work of Double Entry Accounting was not in coordination of any of the staff of the concerned ULB. It is worthwhile to mention here that Internal Auditor and Accountant should have adequate coordination between them for making the system perfect.
- vi. **Status of Municipal Accounts Committee; if meeting is held:-** 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, and in concerned ULB said committee is formed but they failed to provide the details.

## **5. Audit Observations**

### **I. Part-A (a)**

i. **Balance as per Cash Book –Balance as per Bank Statement –MAJOR MISMATCH /DEFALCATION :-**

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

**Criteria** – Huge difference in Balance between Cash Book and Bank Statement as on 31.03.2015

**Condition** – Balance as per Cash Book as on 31.03.2015 is Rs. 13,63,87,366.13 and balance as per available Bank Statement (12 Banks) as on 31.03.2015 is Rs. 84,23,859.94 (This balance has been casted by us from Bank Statements of 12 Banks as provided by the concerned office)

**Consequence / Effect / Impact** – There is huge gap in balance of Cash/Bank as per record and balance as per Bank Statement as on 31.03.2015. Although there is no information with the concerned staff regarding number of Bank Accounts in the name of concerned ULB. We have been provided statements of 12 Bank Accounts and we have casted the balance as on 31.03.2015 from these statements. No explanation and further information has been provided to us regarding the same. Also there was no Bank Reconciliation Statement so as to derive the actual figure of mismatch/defalcation.

**Cause** – This is due to improper maintenance of Cash Book and Bank Book and record of Bank Accounts in the name of ULB.

**Corrective Action / Recommendation** – List of all Bank Accounts should be prepared and all Bank Statements should be taken and also prepare Bank Reconciliation Statement regularly.

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ii. **Holding & Property Tax Colletion – Irregularity :-**

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

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

**Condition** – An arrear of Property Tax of Rs. 8,12,530.95 up to 31.03.2015.

**Consequence / Effect / Impact** - Due to non collection of Property/Holding Tax there is a major operational revenue loss to ULB and there is no record / register to know total current & arrear demand of holding tax. Demand / Collection & Arrear Register have also not been provided to us for verification and arrear of Property Tax is as per a list made available to us during the course of Audit.

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

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

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iii. **Holding & Property Tax Deposit – Irregularity :-**

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

**Criteria** – As per Rules 27 of Bihar Municipal Accounting Rules, 2014 Tax Collected has to be deposited on same day or latest before noon on the following working day.

**Condition** - Tax Amount is not deposited timely into Bank. In some cases, collected amount has been retained by the Tax Collectors for a period of 2-3 months from the date of collection of taxes.

**Consequence / Effect / Impact** - Due to non deposit of Tax on due time, ULBs is suffering from Revenue Loss in the form of Bank Interest which could have been earned on these Receipts. Further this is a lapse on Internal Control due to non submission of Counterfoil and record updation of assesses due.

**Cause** – This happens due to non follow up and monitoring of activities of Tax Collector by the concerned officer on regular interval.

**Corrective Action / Recommendation** – There should be day to day monitoring on Collection of Taxes by Tax Inspector/Collectors and deposit of collection into Bank either on same day or latest before noon on the following working day.

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iv. **Market/Shop Rent Collection – Irregularity :-**

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

**Criteria** – Non-Collection of Market/Shop Rent and imposition of late fine by the concerned ULB.

**Condition** –Under concerned ULB. **Rs. 1,00,150.00**, is due on n account of Shop Rent up to 31.03.2015.

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

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

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

v. **Mobile Tower Collection – Irregularity :-**

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

**Criteria** – Tower Tax is taxes on Communication Tower & related structure as defined in BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES, 2012. As per the rule, all operators are required to register with their concerned ULBs and pay registration fee & renewal charges on annual basis for communication tower erected within municipal area. Currently the registration fee for council area is Rs. 40,000/- per tower and annual renewal fee is Rs. 10,000/- per annum per tower.

**Condition** –As per details provided to us there are total 12 (Twelve) Mobile Towers registered with this ULB up to 31.03.2015 and **Rs. 22,35,758.00**, is due to be recovered from these tower operators on account of Tower Tax.

**Consequence / Effect / Impact** - Due to non 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 person by the concerned officers on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the Tower Rent due to which result in Revenue leakage.

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

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### **Part-A (b)**

- i. It has been noticed during the audit that there are irregular payments made to Sambhodit NGO for training under the scheme “Swarn Jyanti Sahri Rozjar Yogna”. As per NGO, they provided training to total 690 candidates but concerned ULB has verified only 350 candidates, so it seems there is an extra payment of Rs. 15,00,000.00( ` 50,00,000.00-` 35,00,000.00(350X ` 1000 per candidate) for which no proper clarification / information was provided to us during the course of audit. Also in the agreement with the said NGO there is no clause suggesting payment of advances for the said assignment, but the concerned ULB has paid Rs. 50,00,000 as an advance to them.
  
- ii. A Tender has been awarded to “Jivan Jyoti”, Sautadih for cleaning work during “Shrawani Mela” and total payment of ` 1,52,21,777.00 has been made up to 31.03.2015 to the said agency inclusive of commission of ` 7,24,8247.00(@5% on total bill). After scrutiny of the said file it has been observed that in the advertisement of the tender there is no information about payment of Commission rather after technically shortlisting the said participant it was decided by the committee to pay commission @5% which as per our observation is an extra outflow of money.
  
- iii. A Tender has been made to “Sarv Sulabh Samaj”, Begusari for construction of toilets under the ILCS scheme. It has been observed in this case that there is an extra payment of ` 1,14,001.00 for supervision charges since in the agreement there is no clause regarding payment of supervision charges. Further it has been observed that ` 8,445.00 against Royalty was not deducted thus there is an extra payment of ` 8,445.00 and also non compliance of Statutory obligation.
  
- iv. Referring the tender in point (iii) of 5(I)Part-A(b), the ULB did not find their work of Sarv Sulabh Samaj satisfactory during mid term survey and it decided to terminate further execution by that NGO. After termination of Sarv Sulabh Samaj the said work was allotted to a new agency “Jivan Jyoti”, Satadih.  
  
Here also extra payment in form of non deduction of Royalty of ` 5,250.00, Labour Cess of ` 5,250.00, and TDS of ` 10,500.00 has been made and also there is non-compliance of Statutory obligation.

**Part-A (c)**

- i. SAS of Property Tax is not implemented in the concerned ULB, during the audit we have demanded the list of high value property for the financial year 2014-15 but no any such type of list or information has been made available to us by the concerned ULB, it is necessary to mention here that the Demand and collection register were also not updated and maintained properly, so in this situation we tried our level best and checked 80 high value property on the basis of available data, it has been further noticed that the assessment has not been done. List of 80 high value property of financial year 2014-15 are given below:

S.No.	Ward No.	Holding No.	Property Tax	Assessment Done
1	03	711(1) & (2)	33,108.00	NO
2	02	54/941	16,740.00	NO
3	12	1580/16	16,758.00	NO
4	12	1580(2)/2	10,620.00	NO
5	12	1580(1)/1	15,534.00	NO
6	12	585/22	19,404.00	NO
7	13	216/157	4,640.56	NO
8	13	1548/145	4,941.00	NO
9	13	1555/114	6,264.00	NO
10	13	1542	8,325.02	NO
11	12	1580(1)/15	15,534.00	NO
12	12	1585/22	19,404.00	NO
13	13	216/157	4,640.00	NO
14	13	1548/145	4,941.00	NO
15	13	1555/114	6,264.00	NO
16	13	1542	8,325.02	NO
17	14	375/71	23,020.00	NO
18	09	.....	1,00,000.00	NO
19	09	2499	1,606.00	NO
20	01	18	1,347.51	NO
21	02	20	1,246.51	NO
22	09	2564	1,116.00	NO
23	02	35	1,395.00	NO
24	02	36	2,493.00	NO
25	02	41	1,876.51	NO
26	03	19	1,242.00	NO

27	04	975(1)	1,072.00	NO
28	06	1296	1,125.00	NO
29	„	1297	1,062.00	NO
30	„	--	1,755.00	NO
31	„	1341(1)	1,143.00	NO
32	07	08	1,094.00	NO
33	„	09	1,094.00	NO
34	„	10	1,094.00	NO
35	08	2344	4,676.00	NO
36	09	2518(3)	1,634.00	NO
37	„	31	1,132.50	NO
38	„	43	1,368.00	NO
39	07	2102(1)	1,224.00	NO
40	11	26(1)	1,854.00	NO
41	„	55	2,358.00	NO
42	„	35(26)	1,449.00	NO
43	„	1738(34)	1,485.00	NO
44	„	1738(35)	1,485.00	NO
45	„	1738(b)	3,798.00	NO
46	„	1738	1,485.00	NO
47	„	20	1,152.00	NO
48	„	23	4,302.00	NO
49	„	25	1,368.00	NO
50	„	30	1,728.00	NO
51	„	33	1,116.00	NO
52	„	35	3,063.60	NO
53	„	42	8,541.00	NO
54	„	43	3,114.00	NO
55	„	47	1,242.00	NO
56	„	54	1,800.00	NO
57	„	60	4,095.00	NO
58	„	68	4,572.00	NO
59	„	69	1,287.00	NO
60	„	80	1,980.00	NO
61	„	83	3,717.00	NO



62	„	84	1,989.00	NO
63	„	85	5,652.00	NO
64	„	87	2,925.00	NO
65	„	89	1,845.00	NO
66	„	90	2,394.00	NO
67	„	91	2,025.00	NO
68	„	95	2,664.00	NO
69	„	96	1,764.00	NO
70	„	98	3,024.00	NO
71	„	107	2,808.00	NO
72	„	108	2,200.50	NO
73	„	111	7,132.50	NO
74	20	2889	1,553.51	NO
75	18	31	2,252.25	NO
76	16	27	2,016.00	NO
77	„	28	2,250.00	NO
78	„	35	3,960.00	NO
79	11	104	1,458.00	NO
80	„	106	1,224.00	NO

**II.****Part-B**

- i. It has been noticed during the audit that the following Books of Accounts & Subsidiary Registers has not been maintained or not properly maintained (*Status as mentioned*).

<b><u>S.No.</u></b>	<b><u>Particulars</u></b>	<b><u>Status</u></b>
1.	Cashier's Cash Book	Not properly maintained
2.	Accountant's Cash Book	Not Maintained
3.	Subsidiary Cash Book	Maintained Properly
4.	Ledger Book	Not Maintained
5.	Grant Register	Not properly maintained
6.	Schemes Register	Not properly maintained
7.	Advance and Advance Adjustment Register	Not Maintained
8.	Store Register	Not Maintained
9.	Demand & Collection Register of Property Tax, Mobile Tower Tax, Shop Rent	Not properly maintained & updated
10.	Fixed Assets Register	Not Maintained
11.	Pay-Roll Register	Not Maintained
12.	Vehicle LOG Book	Not provided to us

- ii. **Irregularity in Procurement Process** : We have been checked some of the available procurement/tender files and observed following irregularities :

- a. A Tender has been awarded to Sambhodit NGO for training under the scheme of SJSRY and it has been observed that the concerned ULB has made available an advances of Rs. 50,00,000.00 to NGO, but regarding the advances there is no clause in Agreement. Further the NGO claimed that they had provided training to 690 beneficiaries, but concerned ULB could verify only 350 beneficiaries and also the original bill of purchasing of tool kits were not submitted by the NGO, which was part of Agreement.
- b. A Tender for supply of 2nos. of "Tempo Tipper", has been awarded to M/s. Virat Automobiles, Saboor @Rs. 2,85,529.00 each, but in the concerned case the performance security as per section 131(O) &(P) Bihar Financial Rule of Rs.57,105.00 has not been retained, which was required to be retained for the period till Warranty also the amount of Vat of Rs. 77,093.00 has not been deducted.
- c. A work order for supply of 1800 nos of CFL bulbs has been given to Sri Rohit Jhunjunwala, Bhagalpur Home Appliances Company through the work order no.-316/29.04.2013,626/27.07.2013 and 135/10.01.2014 and in the this case total of Rs. 11,25,274.00 has been paid to said agency without deduction of Vat of Rs.1,33,841.00 and Performance Security of Rs.1,12,527.00. Further it has been

observed that the installation or verification certificate of the total number of CFL bulbs by the concerned ward member is also not available with the concerned ULB and during the Audit we came to know that none of the officials of the concerned ULB has done spot verification of installed CFL bulbs.

- d. A work order for supply of 200 nos of CFL bulbs has been given to M/s Baba Light, Katihar through the work order no.-788/21.10.2014 and in the this case total of Rs. 3,31,500.00 has been paid to said agency without deduction of Vat of Rs.39,430.00 and Performance Security of Rs.33,150.00. Further it has been observed that the installation or verification certificate of the total number of CFL bulbs by the concerned ward member is also not available with the concerned ULB and during the audit we came to know that none of the officials of the concerned ULB has done spot verification of the installed CFL bulbs.
- e. A work order for the supply of 05 nos of Water Tanker @ Rs. 1,55,000.00 has been given to M/s Maa Shakti Enterprises, Patna through the work order no.-447/G.O./08.06.2013 and in this case total of Rs. 7,75,000.00 has been paid to said agency without deduction of Vat of Rs.36,904.00 and Performance Security of Rs.77,500.00.

iii. There are certain directives which are not being comply by the concerned ULB regularly, list of non-complied directives are following:

- Directives relating to forming a “Municipal Accounts Committee” have not been complied till date.
- Directives relating to prepare a practical budget, where budgeted and actual figures has not been deviated more than 10%, but the concerned ULB is failed to comply this directive.
- Directives relating to not to hire any individual as a daily wages worker by the UD & HD through letter no.-04-u0 v0/1/99/1986/u0 fo0 fo0 25/06/01, but the concerned ULB has failed to comply this directive.

iv. It has been observed during the audit that the concerned ULB has failed to comply certain provisions of Bihar Municipal Act. With respect to section 86 of Bihar Municipal Act, 2007, Executive Officer of ULBs should prepare Income & Expenditure Accounts. Further as per section 88, E. O. should prepare a financial statement within four months from the date of ending of financial year. As per section 89 he should prepare a comparative statement of Assets and Liabilities from previous years. As per section 90 he should make available both the statement i.e. Financial Statement and Comparative Statement to “Standing Committee” for their approval, but the concerned ULB has failed to do so.

v. **Tax Deducted at Source (TDS)** : - TDS has been deducted properly except in some cases but it is not deposited timely. During the audit a detail sheet has been provided to us regarding payment of TDS during the financial year and as per that list, total of Rs.2,15,853.00 has been deposited in the financial year 2014-15 but

the challans and the information about total deduction of TDS in the financial year 2014-15 were not made available to us for verification and no information has been given regarding quarterly filing of TDS returns. As per Section 234E of Income Tax Act, 1961, there is a Fine of Rs.200/- per day for delayed filing of Quarterly TDS Return. TDS under section 194 (C) @2% of Rs. 3,04,436.00 has not been deducted on the payment made to “Jivan Jyoti”, Sautadih of Rs. 1,52,21,777.00

- ii. **Royalty, WCT & Labour Cess:-** These taxes are deducted from different type of contractors/suppliers. These taxes are deducted on the date of payment to contractor and deposited in the separate account of different department as like Bihar Commercial Taxes Dept, Mining Dept. & Labour Dept. These Taxes are required to be deducted at the time of accrual or payment whichever is earlier. In the concerned ULB a list has been provided to us regarding payment/deposit of Royalty, Labour Cess and Vat but the information on total deduction of above mentioned taxes during the financial year 2014-15 has not made available to us.

Particulars	Financial Year	Amount (in `)
Royalty	2014-15	1,55,677.00
Vat	”	3,98,674.00
Labour Cess	”	1,07,083.00

- ❖ *It has been further observed that in some cases the above taxes has not been deducted which are as follows:*

S.No.	Name of the Firm	Scheme Name	Royalty	Vat	Labour Cess	Total
1.	Jivan Jyoti, Sautadih	ILCS	5,250.00	--	5,250.00	
2.	Sarv Sulabh Samaj Seva, Begusarai	ILCS	--	--	8,445.00	
3.	M/s Virat Automobiles, Saboor	Tempo Tipper purchase	--	77,093.00		
4.	M/s Bhagalpur Homes Appliances, Bhaglpur	CFL Bulbs		1,33,841.00		
5.	M/s Baba Light, Katihar	CFL Bulbs		39,430.00		
6.	M/s Maa Shakti Enterprises	Nawachar Nidhi		36,904.00		

- iii. Pay-Roll Register has not been shown to us during the period of internal audit, thus we are unable to comment on deficiency in pay-roll system.
- iv. Grant Register has not been maintained by the concerned ULB and upon enquiry of status of utilization certificate, it has been explained to us that all Utilization Certificates relating to Financial Year 2014-20105 and prior period has already been submitted to concerned office. However we were not provided any detail / proof regarding the same.
- v. Inventory/ Stores Register has not been maintained in concerned ULB and in the absence of above register it is difficult to verify the same.
- vi. Advance Register has not been maintained by the concerned ULB and in the absence of above register it is difficult to check or comments on adjustment and recovery of advances.

### **III.**

### **Part – C**

- i. It has been observed during the audit that the concerned ULB is not maintaining Consolidated Cash Book, here only subsidiary cash book is being maintained so it is difficult to cast total balance as per Cash Book. There is no record / information regarding number of Bank Accounts in the name of concerned ULB. The concerned ULB have to maintain a consolidated cash book along with subsidiary and bank reconciliation statement has been also prepared regularly.
- ii. During the course of Audit it was observed that Vehicle LOG Book was not being maintained by the office. It is relevant to mention here that expenses on Fuel & Lubricants are a major head of expenses for ULB. Non maintenance of proper record Indicate suppression of evidence/Fact.
- iii. Survey for New Assessee of Mobile Tower / Advertisement / Hoarding / License Fee etc. should be done on regular interval. We were not provided last survey report.
- iv. As we have already mentioned irregularities in Holding tax related to collection of taxes in point no. (ii) of Part-A, in this regard it is worthwhile to mention that there is no any mechanism for follow-up of tax defaulter and no any notice to tax defaulters has been sent by the concerned ULBs. The concerned ULB has not yet prepared Tax defaulter list for the same.
- v. We have checked the Bill/Invoices above Rs. 10,000.00, but in concerned ULB there is no system of preparation of vouchers and payment has been done only though Bill/Invoices. Record keeping of the said vouchers is not done in proper manner and it is further noticed that the Bills/Invoices were not “Paid & Cancelled”. We have instructed them to get these arranged and maintained in proper manner for vouching purpose.
- vi. As per section 342 of Bihar Municipal Act, 2007, Trade License fee is to be collected from different types of Traders, who are trading in concerned Municipal area. No record regarding the same has been made available to us during the course of Audit.
- vii. Chapter XVII OF The Bihar Municipal Act, 2007, requires license for advertisement of any hording, etc. As per the act, Every Person, who erects, exhibits, fixes or retains upon or over any land, building, wall, hoarding, frame, post, kiosk, structure, vehicle, neon-sign or sky-sign any advertisement, or display any

advertisement to public view in any manner whatsoever (including any advertisement exhibited by means of cinematograph), visible from a public street or public place in any location in a municipal area, including airport or a port or a railway station, shall pay on every advertisement, which is so erected, exhibited, fixed or retained or so displayed to public view, a tax calculated at such rate as may be determined by regulations. It requires payment of certain fee for advertisement. No record regarding the same has been made available to us during the course of Audit.

Place: Patna  
Date: 29-06-2016

***For A. K. Salampuria & Associates***  
Firm Regn. No.-004285C  
*Chartered Accountants*

**(CA. Anand Dokania)**  
Partner  
M. No. 400822

**URBAN LOCAL BODY, SULTANGANJ**

(SULTANGANJ NAGAR PARISHAD)

**RECEIPT AND PAYMENT ACCOUNT**

**For the year ended 31st March, 2015**

(In Rs.)

Receipt	Amount	Payment	Amount
To, <u>Opening Balance</u>		By, Salaries & Wages	5,183,386.00
PNB, A/C No.-7837000100003133	20,700.00	.. Administrative Expenses	829,852.00
Tresaurry PLA, A/C No.-8448	89,981,052.53	.. Pension & PF	3,160,854.00
BKGB, A/C No.-36110100001860	551,759.00	.. Civil Services	164,619.00
BKGB, A/C No.-36110110023029	356,657.50	.. Administrative Building	825,380.00
SBI, A/C No.-30393140832	166,613.00	.. Public Lighting	2,603,227.00
BOB, A/C No.-463910210000018	139,850.00	.. Sewerage & Drainage	3,429,085.00
SBI, A/C No.-11434720139	137,662.72	.. Water ways	1,183,314.00
SBI, A/C No.-11434622961	230,888.25	.. Road & Bridges	5,060,010.00
SBI, A/C No.-30393142568	2,688.00	.. Benefits & Allowance	33,300.00
SBI, A/C No.-11434624114	2,757.46	.. BRJP	69,800,000.00
SBI, A/C No.-11434676575	3,325,908.67	.. Gandhi Basti	475,470.00
SBI, A/C No.-31712989108	233,974.00	.. R & M Infra Assets	9,063,903.00
SBI, A/C No.-32689448430	1,489,370.00	.. R & M Others	1,762,600.00
BOB, A/C No.-10010100012093	18,012.00	.. TDS on Salary	22,638.00
BOI, A/C No.-463910210000017	<u>148,191.00</u>	.. Royalty	858,864.00
	96,806,084.13		
.. Bank Interest	111,371.00		
.. Own Sources Revenue	4,023,279.00		
.. <u>Funds Received during the year</u>		.. <u>Closing Balance</u>	
11 <sup>th</sup> Finance	378,000.00	PNB, A/C No.-7837000100003133	20,700.00
Gandhi Basti	39,075.00	Tresaurry PLA, A/C No.-8448	68,574,455.53
Service Tax	1,003,126.00	BKGB, A/C No.-36110100001860	57,992.00
13 <sup>th</sup> Finance	4,995,679.00	BKGB, A/C No.-36110110023029	356,657.50
BRJP	28,976,721.00	SBI, A/C No.-30393140832	60,937,299.00
Shrawani Mela	2,000,000.00	BOB, A/C No.-463910210000018	139,850.00
Nala Nirman	35,659,250.00	SBI, A/C No.-11434720139	143,132.72
Road Constructions	61,240,950.00	SBI, A/C No.-11434622961	230,888.25
Sarkari Bhawan	2,083,333.00	SBI, A/C No.-30393142568	2,797.00
Stamp Duty	3,027,000.00	SBI, A/C No.-11434624114	2,757.46
E-Governance	<u>500,000.00</u>	SBI, A/C No.-11434676575	3,105,964.67
	139,903,134.00	SBI, A/C No.-31712989108	233,974.00
		SBI, A/C No.-32689448430	2,414,695.00
		BOB, A/C No.-10010100012093	18,012.00
		BOI, A/C No.-463910210000017	<u>148,191.00</u>
			136,387,366.13
<b>Total :</b>	<b>240,843,868.13</b>	<b>Total :</b>	<b>240,843,868.13</b>

Notes forming part of the accounts  
As per our attached report of even date.

**For A.K. SALAMPURIA & ASSOCIATES**

*Chartered Accountants*

Date : 30.06.2016

Place : Patna

**(ANAND DOKANIA)**

Partner

M.No.400822