

INTERNAL AUDIT REPORT

OF

**SUPPORT PROGRAMME FOR
URBAN REFORMS IN BIHAR
(SPUR)**

ULB : TEKARI

FOR THE PERIOD

(01-04-2015 TO 31-03-2016)

Audited By :

U. S. Prasad & Co.
Chartered Accountants

4th Floor, 34, Kavi Raman Path,
Nageshwar Colony, Boring Road,
Patna 800001

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carkthakur@gmail.com

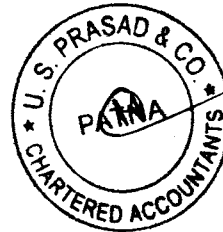
To,
The Secretary, UD & HD
Urban Development and Housing Dept.
Govt. of Bihar
101, 1st Floor, Vikash Bhawan
New Secretariat
Bailey Road
Patna – 800 015 (BIHAR)

Dear Sir,

Sub: Internal Audit Report of NAGAR PANCHAYAT, TEKARI for the Period 01.04.2015 to 31.03.2016.

We are submitting the audit report of Nagar Panchayat, Tekari for the period 01.04.2015 to 31.03.2016 In reference to our appointment for Internal Auditor for group 9 issued by support programme for urban reforms in Bihar (SPUR), Patna vide notice to proceed No. SPUR – PMU/194/IA-140 ULBS&SLMA/S-3/USP/2016/139/36 dated 05/04/2016.

Our Scope of Audit covers the requirement of specific point as spelled out in contract agreement entered with the management of SPUR.



for U. S. Prasad & Co.
Chartered Accountants

Manoj Kumar

Partner

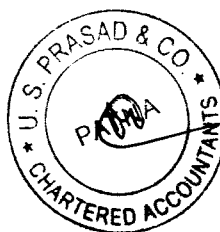
M. No.: 418631

NAGAR PANCHYAT, TEKARI

INTERNAL AUDIT REPORT OF F.Y.2015-16

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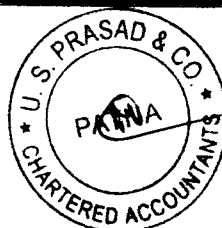
Executive Summary

1. Introduction:-

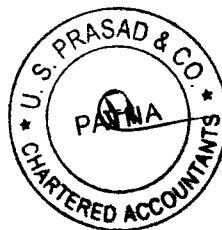
- **Name of Municipality:-** NAGAR PANCHAYAT, TEKARI
- **Period covered under current audit:-** 01-04-2015 to 31-03-2016
- **Name of the Executive officer for the period under audit:-** Shri Kundan Prasad

2. Results and Findings

Strength observed during the audit engagement	<ol style="list-style-type: none"> 1. General Cash Book has been prepared. 2. Vouchers passed by authorised person and signature 3. All vouchers have supporting documents. 4. Response from Officers and Clerks are satisfactory.
Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement	<ol style="list-style-type: none"> 1. Fixed Assets register has not been maintained. 2. Advance register has not been maintained. 3. Grant Register has not been maintained. 4. Stock register has not been maintained. 5. Daily collection register is maintained but the same is not maintained Revenue receipt wise separately. 6. Statutory deduction has been collected but not deposited as per relevant act and return has not been filled. 7. Property / Holding tax has not been reassessed as per prescribed rules in financial Year 2015-16. 8. No amount collected from Mobile tower since last year. 9. No proper assessment has been conducted for number of Tower & Sub-Antinas and ULB has not identified the existence period of such Towers for

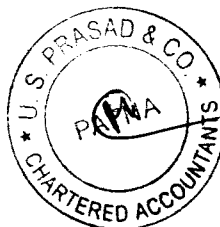


	<p>levy of registration and renewal charges.</p> <p>10. Subsidiary Cash Book has not been written properly.</p> <p>11. Daily collection amount has not been timely deposited in bank account as per the procedure prescribed by the ULB.</p> <p>12. No Municipal Accounts Committee has been constituted.</p> <p>13. Budget has not been prepared by the ULB.</p> <p>14. Acknowledgement of E-Filing of TDS Return was not made available to us.</p> <p>15. Labour Cess has not been deposited till date.</p> <p>16. Financial Statement such as Balance Sheet, Income and Expenditure Account and Receipt and Payments account has not been prepared for the year 2015-16, till date.</p> <p>17. There is lack of internal control in respect of collection of revenue from own resource covered under sairat during the FY 2015-16. Tender/Bandobasti for parking, public toilet, Mobile Tower, or advertisement is not being executed.</p> <p>18. UC has not been provided during the course of audit by the ULB.</p> <p>19. Bank Reconciliation Statement has not been prepared.</p>
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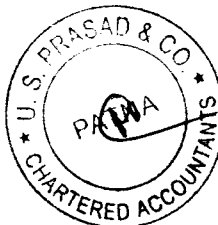
3. Opinion

As referred above and detailed in the Audit Report, we are of the opinion that Core Municipal functions are performed by the ULB. However, the ULB is not working properly. Even internal control applied by the ULB is poor. Revenue collection of the ULB is very poor. If revenue collection is made effectively and efficiently, it may be increased to much higher level. Cash collection from source of revenue is not deposited in the bank on same day or next working day. Due to lack of manpower, there is delay in performing day-to-day work. There should be proper segregation of duties to perform day-to-day work in efficient manner. Bank reconciliation should be prepared on monthly basis. We find that rules and regulation are there but ULB is not following them properly. Most of the Books of Accounts as prescribed by BMAR are not maintained by the ULB. Fee and charges for the different categories cover under Sairat have not been collected properly. There are serious lapses in deduction and deposit of statutory dues, such as VAT, Royalty, TDS, Labour Cess.



4. Audit Recommendations

- i) **Fixed Assets register should be maintained.**
- ii) **Advance register should be maintained.**
- iii) **Store and stock register should be maintained.**
- iv) **Daily Collection Register revenue receipt wise for each head should be maintained.**
- v) **TDS return has not been filled by the ULB.**
- vi) **Property / Holding tax should be should be revised after every five years.**
- vii) **Tax amount should be collected from Mobile tower.**
- viii) **Daily collection amount should be timely deposited in bank account as per the procedure prescribed by the ULB.**
- ix) **Municipal Accounts Committee should be constituted.**
- x) **Budget should be prepared by the ULB timely and get them approved by the state government within the time frame.**
- xi) **Book of accounts should be verified by EO on regular interval.**
- xii) **Financial Statements such Balance Sheet, Income &Expenditure, and Receipt &Payment should be prepared.**



5. Comments from Management

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

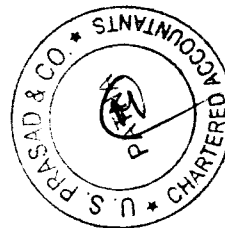
For, Nagar Panchayat, Tekari
(Executive Officer/Head Clerk)

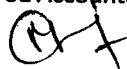
6. Acknowledgement

We thank Mr. Kundan Prasad for his support during the period of our audit. We are also thankful to accountant and other staff of the Nagar Panchayat for their co-operation during the period of audit.

Place:- Patna
Date:-

for, U S PRASAD & CO.
Chartered Accountants




Manoj Kumar
(Partner)
M.NO:- 418631

Detailed Audit Report

1) Introduction

The Internal audit of **Nagar Panchayat, Tekari** covering the period from **01-04-2015 to 31-03-2016** was conducted by following persons under guidance of CA Manoj Kumar.

- i) Shri Arun Kumar
- ii) Shri Dharmendra Kumar

2) Administration

The present body of the ULB has taken charge on 07-10-2016. The incumbency in the key administrative and executive positions was as under:

Shri Rajesh Kumar, Chairmain from 07-10-2016.to till date.

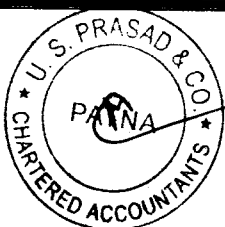
Shri Anish Akhtar, Commissioner / Executive Officer from 18-02-2014 to 17-08-2015.

Shri Ahshan Ahmad, Commissioner / Executive Officer from 18-08-2015 to 07-09-2015.

Shri Kundan Prasad, Commissioner,/ Executive Officer From 07-09-2015 to till date.

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

Serial Number	Particular of Audit and date of Report	Total number of audit paras	Total number of Audit Paras where necessary improvement / corrective measure is required	Total number of Audit Paras where recovery of cash is proposed	Total number of Audit Paras where recovery has been made	Total Amount of Recovery	Total number of outstanding paras where no action has been taken	Number & Date of compliance report
1	CAG Audit Report for the 2011-	14	14	3	-	-	14	No compliance reported till

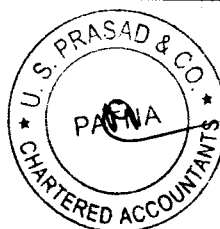


INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT, TEKARI

	12 to 2013-14 Dated 30/01/2015							reporting date
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Deficiency Pointed Out in AG Audit Report

- Grant Register and Advance Register have not been maintained. Demand Collection and Recovery Register has also not been maintained.
- Budget of Financial year 2013-14 has not been produced.
- Total amount of Rs. 4,06,868/- of Miscellaneous & Shop Rent has not been entered in Cash Book.
- Total amount of Rs. 3,90,040/- of holding tax has not been collected till 31-03-2014.
- Total outstanding of Shop rent as on 31-03-2014 is Rs. 4,58,075/-.
- Neither VAT nor TDS has been deducted on purchase of Solar Light during period of 2011-12 to 2013-14.
- Mobile Tower tax has not been collected



4) Finance :-

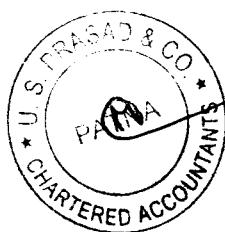
I. Budgetary Provisions and expenditure for the last three years.

Year	2013-14	2014-15	2015-16
Final / Revised Budget	2,14,19,400.00	7,09,45,000.00	No Budget Prepared by ULB
Actual Expenditure	84,29,871.00	1,06,97,110.00	2,37,19,898.00
Savings(+) / Excess(-)	(+) 1,29,89,529.00	(+) 6,02,47,890.00	2,37,19,898.00

II. Volume of transactions :-

II Volume of transactions (2015-16)

Period	Budgeted 2015 -16	Previous Year (For one year) 2014-15	Corresponding Period of Previous Year	Current Period 2015-16	Cumulative for the current period
Opening Balance	No Budget Prepared by ULB	15,062,056.95	Not Applicable	15,175,626.95	Not Applicable
(B) Receipts		5,046,115.00		20,288,550.00	
(C) Total (A +B)		20,108,171.95		35,464,176.95	
(D) Expenditure		4,932,545.00		23,719,898.00	
(E) Closing Balance (C-D)		15,175,626.95		11,744,278.95	



INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT, TEKARI

III Bank Reconciliation :-

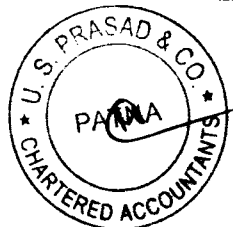
Bank Reconciliation Statement has not been prepared. However, balance of bank account and cash book as on 31st March 2016 has not been tallied. Details are given below-

List of Account maintained by Panchayat, Tekari (Gaya)

			Balance As On 31 st March 2016			
Sl. No.	Name of Bank	Bank A/c no.	As Per Bank Statement	As Per Cash Book	Scheme Name	Types of Accounts
1	SBI	30679226387	6,95,263.50	6,95,263.50	General	Saving Account
2	SBI	32706517941	63,218.00	63,218.00	Revenue	Saving Account
3	PNB	385100011206	13,92,211.37	13,83,144.37	Miscellaneous	Saving Account
4	BOI	00120100026125	24,44,138.00	23,74,385.95	SJSRY	Saving Account
5	BOI	00120100026124	7,06,084.00	13,29,922.00	BRGF	Saving Account
6	MBGB	72662100000732	1,34,677.25	1,34,677.25	Revenue	Saving Account
7	CANARA BANK	45731010003308	16,32,638.00	16,32,638.00	S B M (Swachh Bharat Mission)	Saving Account
8	BOI	00120200000021	24,44,138.00	Cash book not maintained	General	Saving Account
9	TRASUARY	P/L A/C 260	5,04,46,206.89	5,04,46,206.89	Various Scheme	Current Account
Total			5,99,58,575.01	5,80,59,455.96		
Difference of Bank book & cash book			18,99,119.05			

IV. Revenue Receipts:-

Period	Budgeted 2015-16	Previous Year (For one year) 2014-15	Corresponding Period of Previous Year	Current Period 2015-16	Cumulative for the current period
a) Own Source					
Property Tax	Budget Not Prepared by ULB	76,983.00	NOT APPLICABLE	2,37,280.00	NOT APPLICABLE
Assigned Revenue		4,24,016.00		26,73,640.00	
Others Charges		2,69,298.00		25,79,364.00	
Total(RS) A		7,70,297.00		54,90,284.00	
b) Administrative Grant		78,87,747.00			



INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT, TEKARI

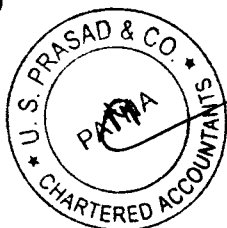
Specific Grant Received (Scheme wise)		
i) 13 / 14th Financial	-	22,38,606.00
ii) KabirAnthesty	-	-
iii) State Plane	-	6,42,000.00
iv) 4th Financial	-	-
v) B R G F	-	-
vi) GandiBasti	-	-
viii) S J S R Y	-	-
ix) Nagriksubidha / Road Construction & Renovation	84,48,750.00	19,26,000.00
xii) 5 th Finance	-	79,47,198.00
xiii) Water Supply Fund	-	19,06,530.00
xiv) Matching Grant	-	-
xv) E Governance	3,60,000.00	-
xvi) Interest from Bank	-	-
xviii) Chief / Ward Councillor Allowances	1,96,200.00	1,37,932.00
xix) City Manager Allowances	-	-
xx) Miscellaneous	-	-
Total(RS) B	1,68,92,697.00	1,47,98,266.00
Total (RS) (A+B)	1,76,62,994.00	2,02,88,550.00

V. Status of implementation of Double Entry Accounting System :

Status of implementation of Double entry accounting system is in progress.

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

Nagar Panchayat, Tekari is yet to constitute Municipal Accounts Committee under section 98 of the Municipal Act, 2007.



Audit Observations

I. Part – A

All Audit objections / irregularities, which has monetary implication, particularly in following areas:-

i. Holding & Property Tax Collection

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

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

Condition– Total Property Tax/Holding Tax outstanding as on 31st March 2016 is Rs.21,309/-.

Consequence / Effect / Impact- Holding / Property Tax is collected by the tax collector from all wards but in some cases, property tax is not being collected from long period by the tax collector. 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 / Arrear Register have also not been provided to us for verification.

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

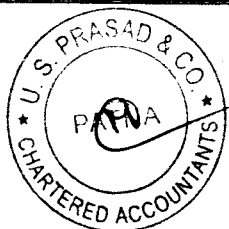
Corrective Action / Recommendation– There should be day to day monitoring on Collection of Taxes and also maintenance and updating of Demand & Collection Register on regular interval.

ii. Holding& Property Tax Deposit

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

Criteria– As per Rules 22(1) 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 in Bank. In some cases, collected amount has been retained by the Tax Collectors for a period of 1-2 months from the date of collection of taxes. During the course of audit, we found that property tax collected in the year 2015-16 but not deposited of Rs. 29,470/- by tax collector.



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 updating 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 on either same day or latest before noon on the following working day. On the instruction of audit, team such amount deposited by Tax collector and recorded.

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

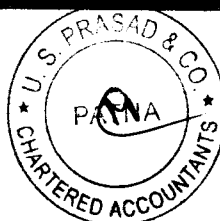
Receipt No	Date of Collection	Date of Deposited	Amount
1911 to 1986	01-02-2016 To 31/03/2016	14-05-2016	29,417/-

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 Nagar Panchayat is Rs. 30,000/- per tower and annual renewal fee is Rs. 8,000/- per annum per tower.

Condition- As per details provided to us by the ULB, there are total 7 (Seven) Mobile Towers & Additional Antennas 10 (Ten) registered with this ULB up to 31.03.2016 and Rs. 22,65,000/- Detail are given below, is due to be recovered from these tower operators on account of Tower Tax. However No proper assessment has been conducted for number of Tower & Sub-Antennas and ULB has not identified the existence period of such Towers for levy of registration and renewal charges.

Consequence / Effect / Impact- Nagar Panchayat, Tekari failed to collect revenue & Assessment for number of Towers & antennas in Nagar Panchayat for the Year-2015-2016.



Cause– This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB 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.

Nagar Panchayat, Tekari

Balance Dues on mobile tower

S.N.	Name of company	Tower Number	Dues	Current	Total	Collection	Dues Balance
1	Airtel	2	4,80,000	1,60,000	6,40,000	Nil	6,40,000
2	Reliance	1	6,12,000	84,000	6,96,000	Nil	6,96,000
3	Aircel	1	2,40,000	80,000	3,20,000	Nil	3,20,000
4	Idea	3	4,00,000	2,00,000	6,00,000	Nil	6,00,000
Total dues							22,65,000

IV Advertisement Tax:-

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

Criteria– Non – levied of advertisement tax by the ULB.

Consequence / Effect / Impact– Due to non-levied of Advertisement Tax, ULB Tekari suffering from Revenue Loss.

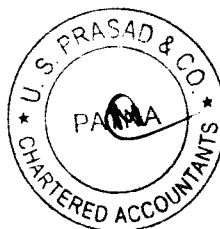
Cause– This happens due to lack of awareness of imposition of advertisement tax of concerned person of the ULB.

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

V. Licence Fee:-

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

Criteria– Non – collection of Licence Fee by the ULB.



Condition– Total Licence Fee outstanding as on 31st March 2016 is Rs.1,04,357/-.

Consequence / Effect / Impact- Due to non-collection of Licence Fee, ULB Tekari suffering from Revenue Loss.

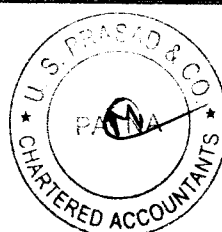
Cause– This happens due to lack of awareness of imposition of Licence fee of concerned person of the ULB.

Corrective Action / Recommendation– There should be proper monitoring and further step are required to be taken for collection of Licence Fee by concerned ULB

vi. **Property Tax on 20 high value properties:-**

High value Holding & Their Annual Holding Tax.

S.N.	Holding No.	Assessee's name	Annual Holding Tax
1	596	Badri Prasad	263.2
2	3	Tapashwi Singh	162.4
3	5	Bachchu Singh	195.2
4	9	Abdul sirajuddin	312
5	12	Gopal Shaw	195.2
6	21	Sakendrishrap	390
7	22	Sakendrishrap	312
8	43	Rajendra Prasad sinha	195.2
9	45	Ramlakhan Sahu	236
10	47	Ashok Kumar Shandilya	208
11	51	Kedar Singh	244
12	83	Maya Shankar singh	260
13	88	Pradeep kumar	361.6
14	94	Sureva Devi	390
15	136A	Sanjay Kumar	434.2
16	277	Mahaveer Prasad Jain	330
17	334/335	Karan Kumar	572
18	390	Uma shanker Prasad	520
19	471	Makhola Devi	910
20	638A	Anupam Kumari	365



II. Part - B

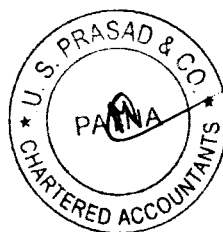
- A. As per Rule 136 of Bihar Municipal Accounting Manual 2014, every year budget should be prepared for receipts and expenditure in Performa 75, 77 and 80 but budget has not been prepared by the concerned ULB.
- B. As per Bihar Municipal Act, 2007, Holding Tax (residential, Commercial, Land etc.) should be revised after every five years, but the concerned ULB failed to do so.
- C. As per Rule 18 of Bihar Municipal Accounting Manual 2014, voucher should be maintained serially for different schemes in different code, but it is not maintained accordingly. Vouchers are neither kept in guard file nor systematically arranged.

D. Vat deducted on purchase bill but not deposited

During the course of audit, we observed that VAT amount deducted but not deposited to sales tax department during the financial Year.

Details of Purchase Bill are mentioned as below:-

Date	Name of the party	Amount paid	Bill Amount	VAT Deducted
29/07/2015	Tirupati Sales Patna	5,49,460/-	6,62,000/-	33,100/-
30/07/2015	DUDHAWA Power Industries	7,37,550/-	9,90,000/-	1,33,650/-
06/08/2015	DUDHAWA Power Industries	7,37,550/-	9,90,000/-	1,33,650/-
Total Vat				3,00,400/-



E. Income Tax deducted on purchase bill but not deposited

During the course of audit, we observed that Income tax deducted but not deposited to Income tax department during the financial Year.

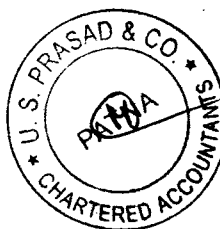
Details of Purchase Bill are mentioned as below:-

Date	Name of the party	Amount paid	Bill Amount	IT Deducted
29/07/2015	Tirupati Sales Patna	5,49,460/-	6,62,000/-	13,240/-
30/07/2015	DUDHAWA Power Industries	7,37,550/-	9,90,000/-	19,800/-
06/08/2015	DUDHAWA Power Industries	7,37,550/-	9,90,000/-	19,800/-
Total IT Amount				52,840/-

F. In ULB, internal control are either not in place or not working in respect of day to day working, payment of expenditure collection of revenue, tender etc.

G. Non – compliance of TDS, VAT, and Royalty & Labour cess relevant statute:-

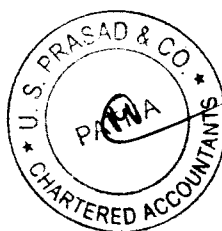
- In case of payments to contractors, TDS has been deducted but it has not been deposited within due date but deposited on yearly basis. TDS Return has not been filed till date.
- As per physical verification of TDS return, it is found that there is no filing of the TDS return in financial year 2015-16 ,As per Income tax Act, U/s 234E penalty shall be impose Rs.200/- par day in case of delay filing of TDS return.
- VAT, Royalty, Labour Cess has been deducted but the same could not be verified whether deposited or not due to non-availability of deposit slip or challan.



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

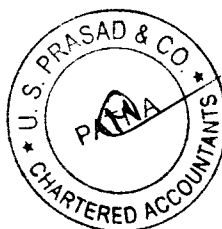
Sl. No.	Particulars	Status
1	Cash Book	Not Properly Maintained
2	Subsidiary Cash Book	Not Properly Maintained
3	Ledger Book	Not maintained
4	Grant Register	Not Maintained
5	Advance Register	Not Maintained
6	Pay-Roll Register	Not Maintained
7	Vehicle LOG Book	Not Properly Maintained
8	Store Register	Not Maintained
9	Fixed Assets Register	Not maintained
10	Demand & Collection Register of Property Tax, Mobile Tower Tax, Shop Rent etc.	Not Properly Maintained

- I. 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.
- J. Grant Register has not been maintained by the concerned ULB and upon enquiry of status of utilization certificate, the concerned officials has failed to provide above information.
- K. Inventory/ Stores Register and Fixed Assets Register have not been maintained in concerned ULB and in the absence of above register; it is difficult to verify the same.
- L. 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.

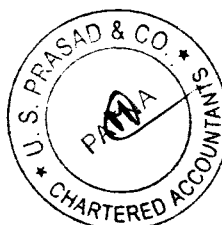


PART – "C"**General Observation****QUESTIONIER**

Sl. No	Particular	Remarks/ Observation
1	Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts.	No proper / scheme wise register are not maintained.
2	Whether all the books of accounts and supplementary registers that are prescribed in the Accounts Manual / other applicable regulations have been properly maintained by the ULB.	No, except Subsidiary Cash Book no other book of accounts / other applicable regulation have been properly maintained by the ULB.
3	Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts.	No, Quarterly, Half yearly & Yearly Financial Statements have been no prepared by the Nagar Panchayat
4	Whether the period-end and reconciliation procedures prescribed have been carried out.	No, period-end and reconciliation procedures prescribed have not been carried out.
5	Whether the Bank Reconciliation statements have been prepared and are appropriate.	No, Bank Reconciliation statements has not been prepared by the Nagar Panchayat
6	Whether all grants from Government have been accounted at gross value with proper entries to various accounts.	Yes, all grants from Government have been accounted at gross value.
7	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail.	Yes, all transactions are correctly classified.
8	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.	Yes, Grant received during the year has been properly accounted and all deductions have been properly accounted.

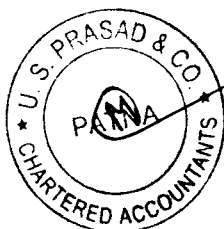


9	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created.	No, Special fund has not been created by the ULB.
10	In respect of contracts that are in existence during the year, whether there are any deviations from the sanctioned plans and the estimates without the sanction of the competent authority.	No irregularity has been found on work contract.
11	Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account.	No, Fixed asset register has not been maintained, so unable to comment on it.
12	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.	No, leasehold property has not been found
13	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores.	No, physical verification of store has been conducted by the ULB at reasonable intervals.
14	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported.	No, physical verification of store has been conducted by the ULB at reasonable intervals.
15	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same has been properly dealt with in the books of account.	No physical verification has been done due to absence of up dated stock Register.
16	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.	Physical verification has not been conducted by the ULB at reasonable intervals in respect of stores.
17	Whether the valuation of stores is in accordance with the accounting, principles laid down in the rules.	No stock register has been found. Valuation of store has not been done.



INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT, TEKARI

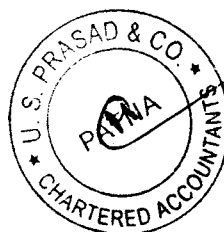
	Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported.	
18	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts 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?	No advance register has been maintained so we are unable to verify whether it is being recovered regularly.
19	Whether advances given to municipal employees and interest thereon are being regularly recovered.	No advance register has been maintained so we are unable to verify whether it is being recovered regularly.
20	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets.	Yes there exist an adequate internal control procedure for the purchase of stores, components and assets.
21	Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.	Files related to procurement has not been provided by the ULB during the course of audit.
22	Whether the municipality is regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc., and if not, the nature and cause of such delay and the amount not deposited.	No, the Nagar Panchayat is not regular in depositing statutory dues.
23	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.	No, ULB is not regular in remittance of pension.
24	Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof.	We did not notice any such expenses.
25	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.	Budget has not been made by ULB hence unable to comment on it.



26	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis.	No, all revenues from own sources have not been properly assessed, accounted for and collected. For exp. – Mobile Tower .
27	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by law.	No, all sums due to and received by the Municipality have not been brought to account within the prescribed time limits.
28	Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority.	Yes, we observed that all bills for charges of 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.
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.	Yes, The amount received as specific grants have been utilized for the purposes as stated in the grant sanction order.
30	Whether bio-metric devices and payroll software are used at the ULB. If not whether there is satisfactory system of pay-roll accounting, otherwise mention the key deficiencies of the system.	No, biometric devices and payroll software system are not used by the ULB. No documents were provided by the ULB

For, U S Prasad & Co.

Chartered Accountants



(Signature)

Manoj Kumar

Partner

M. No. 418631