

# **INTERNAL AUDIT REPORT**

## **OF**

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

**ULB:WARISALIGANJ**

**FOR THE PERIOD**

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

**Audited By :**

**U. S. Prasad & Co.**  
*Chartered Accountants*

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Nageshwar Colony, Boring Road,  
Patna 800001

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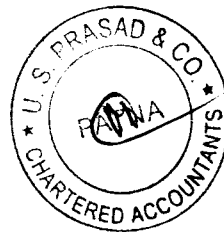
To,  
The Secretary, UD & HD  
Urban Development and Housing Dept.  
Govt. of Bihar  
101, 1st Floor, Vikash Bhawan  
New Secretariat  
Bailey Road  
Patna – 800 015 (BIHAR)

Dear Sir,

**Sub: Internal Audit Report of NAGAR PANCHAYAT, WARISALIGANJ for the Period 01.04.2015  
To 31.03.2016.**

We are submitting the audit report of Nagar Panchayat, WARISALIGANJ for the period starting from 01-04-2015 to 31-03-2016 in reference to our appointment as 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-140ULBs&SLMA/S-3/USP/2016/139/36 Dated 05<sup>th</sup> April 2016.

Our scope of audit covers the requirement of specific points as spelled out in contract agreement entered with the management of SPUR.



**for U. S. Prasad & Co.  
Chartered Accountants**

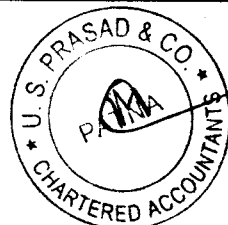
**MANOJ KUMAR**

**PARTNER**

**M. No.: 418631**

INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT, WARISALIGANJ

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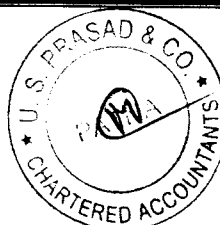


**NAGAR PANCHAYAT, WARISALIGANJ**

**INTERNAL AUDIT REPORT OF F.Y 2015-16**

**INDEX**

Section	Contents	Page No.
1	Executive Summary	4
2	Detailed Audit report	
	1. INTRODUCTION	10
	2. ADMINISTRATION	10
	3. REVIEW OF OUTSTANDING AUDIT PARAS	10
	4. FINANCE	12
	5. AUDIT OBSERVATIONS	
	Part –A	16
	Part –B	22
	Part –C	23



## **Executive Summary**

### **1. Introduction:-**

**Name of Municipality: - NAGAR PANCHAYAT, WARISALIGANJ**

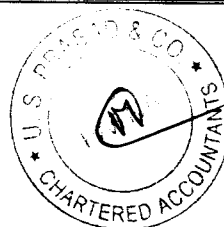
**Period covered under current audit: - 01-04-2015 to 31-03-2016.**

**Name of the Executive Officer for the period under audit: -Pratap Narayan Singh**

### **2. Results and Findings**

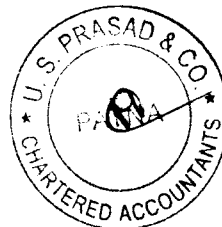
#### **Strengths observed during the audit engagement**

1. All Vouchers were passed properly and signed by the authorized person.
2. All vouchers have supporting documents.
3. Stock Register has been maintained.
4. Subsidiary Cash Book has been written.



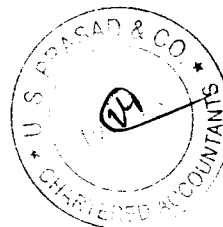
**Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement**

1. Double Entry Accounting System has not been followed by the ULB.
2. Annual Budget has not been prepared.
3. General Cash book has not been maintained in proper manner from April, 2015 to July, 2015 however it has been maintained from August, 2015.
4. Daily collection amount is not deposited into bank account on time.
5. Fixed Asset Register has not been maintained.
6. Daily collection register is maintained but the same is not maintained Revenue receipt wise separately.
7. In case of payment to contractors, TDS has been deducted but it has not been deposited till date. TDS Return has not been filed till date.
8. Property / Holding tax has been assessed and collected on property but in many cases, collection of holding tax has not been made from several years.
9. Total amount of tower tax outstanding as on 31<sup>st</sup> March 2016 is Rs. 3,42,000/-.
10. Municipal Accounts Committee has not been constituted.
11. There is lack of internal control with respect to collection of revenue covered under sairat during the F.Y. 2015-16.
12. Log Book for Motor Vehicle has not been maintained.
13. UC has not been provided to us during the course of audit.
14. Bank reconciliation statement has not been prepared for any bank accounts.



### **3. Opinion**

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. All cash collection from source of revenue is not deposited in the bank on same day or latest before noon on the following working day but it is deposited in the bank on monthly basis. 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. We find that rules and regulation are there but ULB is not following them properly. Most of the Books of Account as prescribed by BMAR are not maintained by the ULB. There are serious lapses in deduction and deposit of statutory dues, such as VAT, Royalty, TDS, Labour Cess etc. The deposit of VAT has been made yearly basis but Royalty, TDS, Labour Cess not deposited till date. Separate Bank Account should be maintained for each Scheme. Daily Collection Register are not maintained in prescribed manner, date are not mentioned in daily collection register.



**4. Audit Recommendations**

- a. Fixed Asset Register should be maintained.
- b. Daily Collection Register should be maintained separately for each head.
- c. TDS deduction & deposit thereof and e-filing of TDS return should be timely and in proper manner.
- d. Tax amount should be collected from Mobile tower.
- e. Log Book for Motor Vehicle should be maintained.
- f. Annual Budget should be prepared.
- g. Daily collection amount should be deposited into bank account as prescribed in BMA 2007.
- h. Municipal Accounts Committee should be constituted.
- i. Budget should be prepared by the ULB timely and get them approved by the state government within the time frame.
- j. Books of account should be verified by EO on regular interval.
- k. Bank reconciliation statement should be prepared on monthly basis for all bank account.





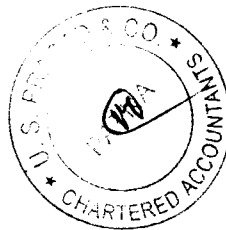
**5. Comments from Management**

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

For, Nagar PANCHAYAT, WARISALIGANJ  
(Executive Officer)

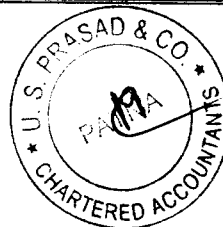
**6. Acknowledgement**

We thank to Mr. Pratap Narayan Singh(Executive Officer), 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.



for, **U S PRASAD & CO.**  
Chartered Accountants

**Manoj Kumar**  
Partner  
M. No:- 418631



## Detailed Audit Report

### 1) Introduction

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

- i) Bambam Kumar Gupta
- ii) Sipu Kumar

### 2) Administration

The present Chairman of the ULB Smt. Bedami Devi has taken charge on 20-06-2012. The incumbency in the key administrative and executive positions was as under:

Smt. Bedami Devi, Chief Counselor from 09-06-2012 till now.

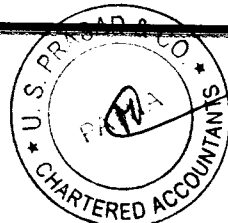
Shri Alakh Niranjana Yadav, Executive Officer from 25-09-2014 to 20-05-2015.

Shri Pratap Narayan Singh, Executive Officer from 07-09-2015 till now.

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

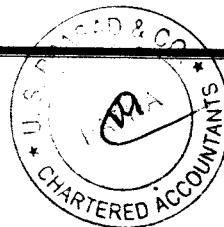
Review of outstanding audit paras: Status of Audit Observations is as under

Sl. 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	A. G. Report 404/07-08; 13-12-2007	19	11	Nil	Nil	Nil	19	Nil
2	A. G. Report 228/11-12; 19-09-2011	29	18	Nil	Nil	Nil	29	Nil
3	A. G. Report 13-14; 15-06-2013	25	23	13	8	3,45,702/-	17	Nil



**OBSERVATION OF AG REPORT**

1. Total Amount due Rs 4,32,253.28 received against health cess and education cess were not deposited in Government account after deducting 10% as collection charge.
2. Rs 52,989 on account of holding and other taxes during 2001-2002 to 2006-2007 were not credited to the nagar panchayat fund.
3. Sales tax Rs 37,686/- and royalty Rs 21,586/- were not deposited in Govt account.
4. Rs 6,43,823/- useless expenses have been made on suction machine.
5. Rs 9,300/- not deducted from contractor after completion of estimated time.
6. Rs 6,635/- (3% stamp duty not deducted on sairat from contractor f/y 10-11 to 12-13)
7. Rs 38,403/- collected from H receipt and misc receipt were not credited in Government fund f/y 12-13
8. Rs 28,101/- collected from holding tax were not credited in Government fund.
9. There is difference of Rs 1,43,315/- between holding tax receipt and daily collection register.
10. Government grant Rs 3,14,74,115/- received in the financial year 2010-11 to 2012-13 but the same has not been recorded in Grant Register.
11. Rs 18,79,375/ has been given as advance in FY 2007-2008 to 2009-2010 but not recorded in advance register.
12. 4% Vat of Rs 14,035/ has not been deducted on purchase of tractor of Rs 3,65,000/- from Ram Engg tractor, Nawada in FY 2006-2007 to 2007-2008.



4) **Finance :-**

I. **Budgetary Provisions and expenditure for the last three years: -**

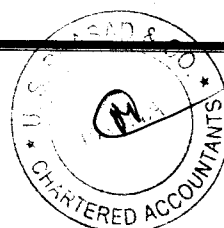
Year	2013-14	2014-15	2015-16
Estimated/ Final Revised Budget	<b>No Budget prepared by the ULB.</b>		
Actual Expenditure	No Data Provided by the ULB	4,64,69,546.22	41,453,088.00
Savings(+)/Excess(-)	-	4,64,69,546.22	41,453,088.00

II. **Volume of transactions: -**

NAGAR PANCHAYAT, Warisaliganj

**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
(A) Opening Balance	No Budget prepared by the ULB.	4,43,75,160.72	Not Applicable	5,10,01,660.60	Not Applicable
(B) Receipts		5,30,96,046.10		5,51,27,683.00	
(C) Total (A +B)		9,74,71,206.82		10,61,29,343.60	
(D) Expenditure		4,64,69,546.22		4,14,53,088.88	
(E) Closing Balance (C -D)		5,10,01,660.60		6,46,76,254.72	



III. **Bank Reconciliation**

Bank Account wise BRS and consolidated BRS has not been prepared by the ULB in cash book.

Detail of Bank & Cash book balance as on 31<sup>st</sup> March 2016:

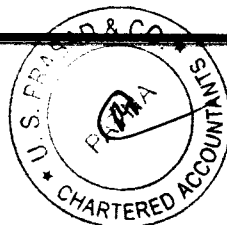
<u>Sr No.</u>	<u>Bank</u>	<u>Closing Bal. as per Passbook</u>	<u>Closing Bal. as per Subsidiary Cashbook</u>	<u>A/c Type</u>	<u>Scheme</u>	<u>A/c No.</u>
1	PNB	9,77,764.50	58,25,506.00	Saving A/c	13 <sup>th</sup> & 14 <sup>th</sup> Finance	6749000100007899
2	Union Bank	3,61,957.00		Saving A/c	13 <sup>th</sup> & 14 <sup>th</sup> Finance	624302010007565
3	Treasury	48,57,230.00		----	13 <sup>th</sup> & 14 <sup>th</sup> Finance	PLA027/8448001050001
4	SBI	70,653.00	70,653.00	Saving A/c	BRGF	31092711541
5	Treasury	6,05,29,497.00	6,05,29,497.00	----	Stamp Duty	PLA027/8448001050001
6	Union Bank of India	6,09,026.00	6,09,026.00	Saving A/c	SJSRY	624302010005119
Total		6,74,06,127.50	6,70,34,682.00			
Difference		3,71,445.50				

General Cash Book has not been maintained in proper manner till July 2015, after that it has been maintained in proper manner.

**IV. Revenue Receipts:-**

**Revenue Receipts**

Period	Budgeted 2015-16	Previous Year (For One Year) 2014-15	Correspondi ng Period of Previous Year	Current Period 2015-16	Cumulative for the current period
a) Own Source					
Property Tax	-	1,91,363.10	NOT APPLICABLE	4,32,901.00	NOT APPLICABLE
Fees & User Charges	-	79,08,805.90		97,106.00	
Total (a) :	-	81,00,169.10		5,30,007.00	
b) Administrative Grant	-	-			
c) Specific Grant (Scheme wise)					
SJSRY	-	49,22,631.00			
13 <sup>th</sup> /14 <sup>th</sup> Finance Commission	-	19,80,282.00		97,55,518.00	
Old age/ Widow/ Handicapped/Suraksha Pension	-	1,24,31,200.00		68,33,800.00	
Widhwa Pension	-	-			
Laxmibai Suraksha Pension	-	-			
Additional Stamp Duty Building Development Grant	-	-		67,81,100.00	
E Govt.	-	2,10,000.00		34,12,500.00	
State Plan	-	74,27,146.00		77,07,815.00	
Salary of Employees/Pension	-	-			
Salary of Primary Teacher	-	-			
Social Census	-	-			
BRGF	-	31,85,018.00		1,79,861.00	
4 <sup>th</sup> /5 <sup>th</sup> Financial	-	1,40,05,600.00		1,71,45,360.00	
Kabir Antyeshti Yojana	-	6,00,000.00		4,80,000.00	
Ward Councillor Allowances	-	2,34,000.00		1,37,932.00	
Misc.	-	-		21,63,790.00	



**INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT, WARISALIGANJ**

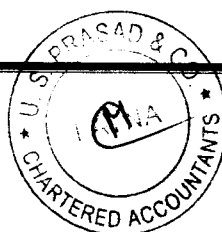
<b>Total (c) :</b>	<b>-</b>	<b>4,49,95,877.00</b>	<b>5,45,97,676.00</b>
<b>Total(Rs.) (a+b+c)</b>	<b>-</b>	<b>5,30,96,046.10</b>	<b>5,51,27,683.00</b>

**V. Status of implementation of Double Entry Accounting System :**

Accounting of Nagar PANCHAYAT, WARISALIGANJ is not being maintained on the basis of Double Entry Accounting System but working for double entry accounting system is in progress.

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

Nagar Panchayat, WARISALIGANJ 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 have monetary implication, particularly in following areas:-**

#### **i. Holding & Property Tax Collection**

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

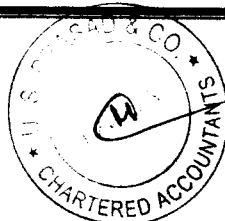
**Criteria**– Property Tax is collected by the tax collector from all wards but in some cases, property tax is not being collected from long period by the tax collector.

**Condition**– Total Property tax outstanding as on 31<sup>st</sup> March 2016 is Rs.7,60,471.00 /-.

**Consequence / Effect / Impact**– Due to non-collection of property tax, ULB Warisaliganj suffering from Revenue Loss. Property tax includes various types of taxes such as Latrine Tax, Water Tax, Road Tax, Fire Tax, Cess, surcharge, and Vacant land Taxes etc. And these taxes have not been assessed by the ULB for the year 2015–16.

**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 updation of Demand & Collection Register on regular interval.

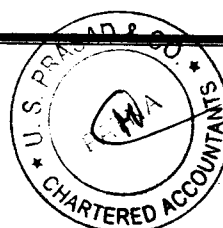


**Statement of Uncollected Holding Tax of Warisaliganj**

Ward No.	Serial No.	Holding No.	Name	Dues From	Dues upto	No. of Years	Arrears
6	1	1119	Harijan Chhatrawas	2014-15	2015-16	2	12,696.00
6	2	1248	Thana Office	2013-14	2015-16	3	11,110.00
6	3	990	Maya Devi	2014-15	2015-16	2	6,400.00
6	4	1059	Prem Sheela Devi	2014-15	2015-16	2	7,196.00
7	1	1451	Shyam Sundar P. Sharma	2014-15	2015-16	2	12,000.00
7	2	1504	National High School	2014-15	2015-16	2	18,524.00
8	1	1685	Chhedhi Miyan, Chamari Miyan	2013-14	2015-16	3	16,430.00
8	2	1653	Dulo Chand Agrawal	2013-14	2015-16	3	10,611.00
8	3	1785	S. N. Sinha College	2013-14	2015-16	3	69,240.00
8	4	1660	Ashok Saw	2014-15	2015-16	2	13,046.00
9	1	966	Vishnu Chini Mil	2013-14	2015-16	3	1,02,400.00
9	2	1950	Parmeshwar Jaju	2013-14	2015-16	3	16,346.00
9	4	1888	Umacharan	2013-14	2015-16	3	17,890.00
9	5	1889	Sri Lal Barnwal	2013-14	2015-16	3	5,960.00
10	1	2162	Narayan Ram	2013-14	2015-16	3	17,334.00
10	2	2326	Ratani Devi	2013-14	2015-16	3	12,822.00
10	3	2322	Vrij Kishor Prasad	2014-15	2015-16	2	10,372.00
10	4	1545	Rajkumar Jalan	2013-14	2015-16	3	8,308.00
10	5	2272	Parameshwar Lal	2014-15	2015-16	2	8,112.00
11	1	2557	Raghunandan Saw	2014-15	2015-16	2	13,860.00
20	1	4885	Chini Mil Main Factory	2013-14	2015-16	3	2,97,216.00
20	2	4884	Chini Mil Main Factory	2014-15	2015-16	2	6,956.00
20	3	4886	Chini Work Shop	2014-15	2015-16	2	6,912.00
20	4	4887	Chini Mil Main Godown	2014-15	2015-16	2	35,662.00
20	11	4895	Chini Mil Colony	2014-15	2015-16	2	7,128.00

Total:	7,60,471.00
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As per Bihar Municipal Act, 2007, Assessment of Holding Tax (residential, Commercial, Land etc.) should be made after every five years, but Nagar Panchayat, Warisaliganj failed to do so.



ii. **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 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 there are total 5 (Five) Mobile Towers registered with this ULB up to 31.03.2016 and Rs. 3,42,000.00 /-, 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.

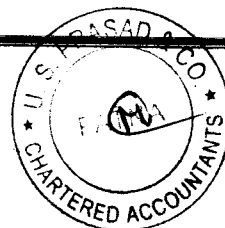
**Cause**– This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the Tower Rent due to which result in Revenue leakage.

**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.

**Details of Outstanding Tower Rent of Warisaliganj ULB**

Company Name	Sl. No.	Tower Location	Period From	Period upto	Total Period (in years)	Rate @ per year	License Fees	Total outstanding Amount
Airtel	1	Anil Kumar, Krishnapuri	2013-14	2015-16	3	8,000.00	0	24,000.00
	2	Suggi Devi, Simri	2013-14	2015-16	3	8,000.00	0	24,000.00
	3	Naim Khan, Murlichak	2013-14	2015-16	3	8,000.00	0	24,000.00
Tata Indicom	1	Arvind Kumar Sinha, Jawahar Park	2013-14	2015-16	3	8,000.00	30000	54,000.00
Idea	1	Rameshwar Prasad Sinha, Jawahar Park	2013-14	2015-16	3	8,000.00	30000	54,000.00
	2	Kapil Sardar, Balwapar	2013-14	2015-16	3	8,000.00	30000	54,000.00
BSNL	1	Ramanuj Singh, Jawahar Park	2013-14	2015-16	3	8,000.00	30000	54,000.00
Reliance	1	Suman Kumar, Krishnapuri	2013-14	2015-16	3	8,000.00	30000	54,000.00

**Total 3,42,000.00**



iii. **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 collection of advertisement tax, there is a revenue loss to ULB.

**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.

iv. **License Fees**

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

**Criteria**– License Fees is not being collected from long period by the tax collector by the ULB.

**Condition**– As on date Rs. 7,440.00 is outstanding or uncollected from different license holder as on 31<sup>st</sup> March 2016.

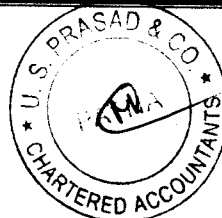
**Consequence / Effect / Impact**- License Fees is collected from different of traders who are trading in all wards of ULB WARISALIGANJ but in many cases, License Fees is not being collected from long period by the tax collector, there is a revenue loss by the ULB.

**Cause**– This happens due to lack of awareness of imposition of license fees 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 license fees by concerned ULB.

**Statement of Uncollected Licences Fees of Warisaliganj ULB**

Ward No.	Serial No.	Name	No. of Years	Rate @ P.A.	Total Amount
8	1	Md. Aslam	8	120	960
8	2	Md. Kamruddin	2	120	240
8	3	Shyamsundar Prasad	3	120	360
9	4	Naresh Kumar	4	120	480
9	5	Gauri Sinh	3	120	360



**INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT, WARISALIGANJ**

10	6	Shambhu Prasad	7	120	840
10	7	Rajkumar Gupta	7	120	840
11	8	Umashankar Prasad	7	120	840
12	9	Upendra Kumar	3	120	360
13	10	Sanjay Kumar	7	120	840
13	11	Ramesh Kumar	7	120	840
16	12	Arun Jay Kumar	4	120	480
<b>Total</b>					<b>7440</b>

**v. Stamp Duty**

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

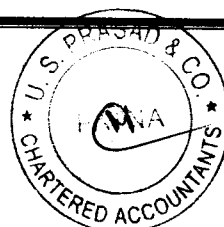
**Criteria**– Non-Collection of Stamp Duty by the concerned ULB.

**Condition**– For the year 2015-16, bandobasti of sairat WARISALIGANJ bus stand has been awarded for Rs. 1,40,755/- on which stamp duty @3% i.e Rs. 4,223/-has not been collected.

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

**Cause**– This happens due to lack of proper mechanisms for supervision and monitoring of the procurement which results in Revenue leakage.

**Corrective Action / Recommendation**– The ULB should collect the outstanding stamp duty from the successful bidder immediately.

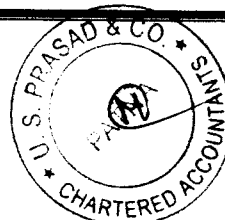


**vi. Report on findings of field survey of Property Tax of minimum 20 high value properties.**

The survey of Property Tax has been made in 2005 and after that it has not been made till date. As per survey Report 2005, the findings of survey report of Property Tax of minimum 20 high value properties are mentioned below :-

**Report on Survey of 20 High Value of Properties of Warisaliganj**

Ward No.	Serial No.	Holding No.	Name	Annual Valuation	Annual House Tax
5	1	New	National High School	1,54,368.00	9,262.00
6	2	793	Parmeshwar Jaju	1,36,224.00	8,173.00
6	3	805	Sanjay Kumar	1,34,472.00	8,068.00
6	4	865	Srichand Barnwal	1,07,040.00	6,422.00
6	5	864A	Umacharan Ram	1,05,408.00	6,324.00
6	6	864B	Dayanand Ram	1,05,408.00	6,324.00
5	7	New	Shyamsundar P. Sharma	1,00,000.00	6,000.00
6	8	841	Paras Sinh	95,840.00	5,750.00
6	9	791	Shiv Prasad Saw	85,896.00	5,154.00
6	10	821	Vishwanath Jalal	83,432.00	5,006.00
6	11	847	Baleshwar Sinh	66,960.00	4,018.00
6	12	803	Mahesh Kumar Agrawal	57,296.00	3,438.00
6	13	834	Chando Saw	52,416.00	3,145.00
6	14	857	Basanti Devi	52,192.00	3,131.00
6	15	854	Shyamsundar Prasad	49,912.00	2,994.00
6	16	813	Manorama Devi	48,960.00	2,938.00
7	17	871	Kisunram Chodhary	47,424.00	2,845.00
5	18	New	Ramudit Sinh	45,312.00	2,719.00
5	19	New	Kamla Pathak Compounder Quarter of Govt.	44,480.00	2,669.00
5	20	957	Hospital	43,520.00	2,611.00

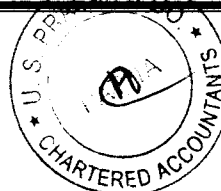


**II. Part - B**

- 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 ULB .
- B. As per Bihar Municipal Act, 2007, Holding Tax (residential, Commercial, Land etc.) should be revised after every five years, but ULB failed to do so.
- C. 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.
- D. Non – compliance of TDS, VAT, and Royalty & Labour cess relevant statute:-
- TDS, VAT, Royalty and 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.
  - No return has been filled till date for above.
- E. 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.
- F. 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.
- G. Fixed Assets Register have not been maintained in concerned ULB and in the absence of above register it is difficult to verify the same.
- H. 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****General Observations**

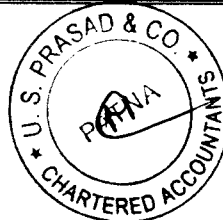
	<b>Paticulars</b>	<b>Remarks/ Observation</b>
1.	whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	Yes, specific grants have been utilised for the purposes.
2.	Whether deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority;	Budget has not been prepared by the ULB
3.	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits;	No, sums due to and received by the Municipality have not been brought to account within the prescribed time limits
4.	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	All revenue has been assessed, accounted for but in many cases, holding tax, License Fees have not been collected from long period. Mobile tax have not been collected at all.
5.	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	No such reconciliation has been made.
6.	whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget;	Budget has not been prepared by the ULB
7.	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	No such reconciliation has been made.
8.	Whether the Bank Reconciliation statements have been properly prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis;	Bank reconciliation statement has not been prepared by the ULB for any bank account.
9.	Whether any personal expenses have been charged to the municipality' s accounts;	No such irregularities were found.
10.	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;	Retirement Of Dinesh Singh (Peon) Retirement Date 31/01/2016 Retirement Amount Rs. 4,24,231 Leave Encashment Amount Rs. 2,57,110
11.	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;	The municipality has not deposited TDS, Royalty, Labour Cess payable to the Govt. till date. VAT has been deposited but not in totality.
12.	Whether applicable procurement rules and procedures are being followed;	No such rule and procedures are being followed.
13.	Whether there exists an adequate internal	Yes, There exists an adequate internal





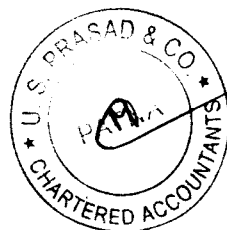
**INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT, WARISALIGANJ**

	control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets;	control procedure.
14.	Whether advances given to municipal employees and interest thereon are being regularly recovered;	Advance money has not been given to the employee for the personal use but it has been given for the pension distribution..
15.	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;	Advance Register has not been maintained so unable to comment on it.
16.	Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	No such valuation has been found.
17.	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;	Unserviceable or damaged stores are available in ULB but No procedure has been followed to identify unserviceable / damaged stores.
18.	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;	Store register has been maintained but not in proper manner so unable to compare to book record.
19.	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;	Yes, same are reasonable and adequate.
20.	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 such issue has been found.
21.	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;	Fixed asset register has not been maintained by the ULB, so unable to comment on it.




**INTERNAL AUDIT REPORT OF NAGAR PANCHAYAT, WARISALIGANJ**

22.	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 such irregularities were noticed.
23.	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 funds have not been created by the ULB
24.	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, all grants sanctioned or received by the municipality during the year, have been accounted properly
25.	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;	No, all transactions (incomes, expenditures, assets and liabilities) were not correctly classified and stated in sufficient detail
26.	Whether all grants from Government have been accounted at gross value with proper entries to various accounts;	Yes, Government grants received by the ULB has been accounted at gross value in cash book.
27.	Whether the Bank Reconciliation statements have been prepared and are appropriate;	Bank Reconciliation statements have not been prepared.
28.	Whether the period-end and reconciliation procedures prescribed have been carried out;	No such reconciliation has been made.
29.	Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts.	No, Quarterly Financial Statements have not been compiled on the basis of the actual entries in the books of accounts
30.	Whether all the books of accounts supplementary registers that are prescribed in the Accounts Manual / other applicable regulations have been properly maintained by the ULB;	No, all the books of accounts and registers haven't been maintained as prescribed in the Accounts manual.
31.	Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts;	No, ledger account has been maintained by the ULB.



**For, U. S. Prasad & Co.**  
**Chartered Accountants**

  
**Manoj Kumar**  
**Partner**  
**M. No. 418631**