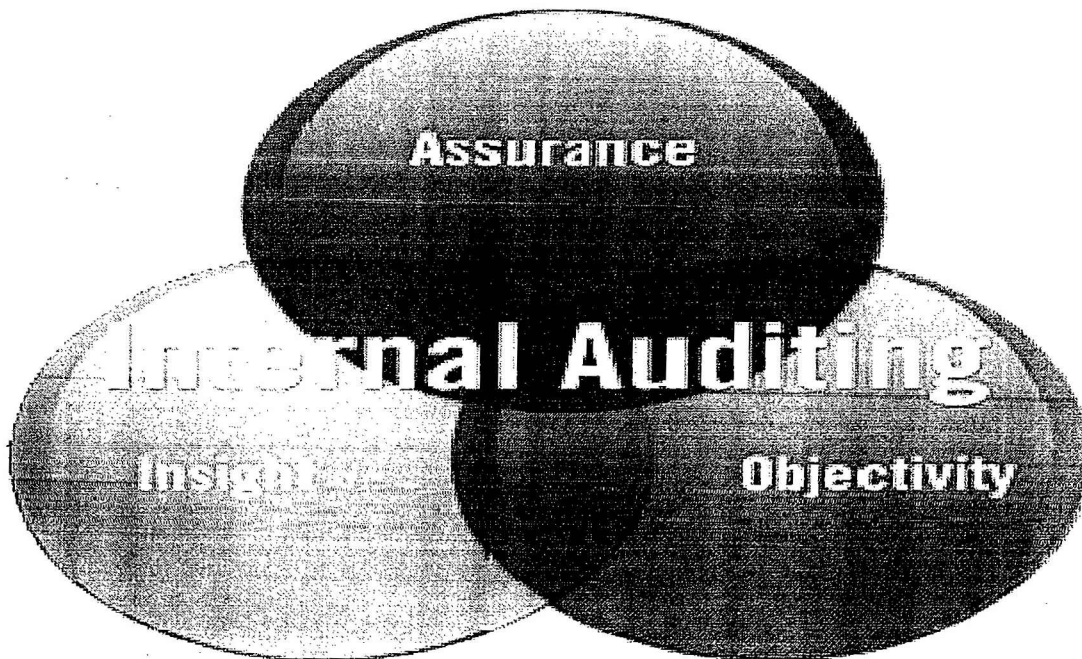


INTERNAL AUDIT REPORT

(SPUR-PMU/194/IA-140ULBs & SLMA/G-14/SJA/2016/134/39)

OF NAGAR PANCHAYAT SAHEBGANJ

FOR THE F.Y. 2016-17
1 April 2016 to 31st March 2017



Conducted by:

M/s R.SHAH & Co.

2ND FLOOR, VYAPAR BHAWAN

LALJI HIRJI, RANCHI-834001

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E-Mail- caneetu@gmail.com

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AUDIT METHODOLOGY AND APPROACH

Audit Methodology

We have conducted the internal audit of Nagar Panchayat – Sahebganj, for the year ending on 31st March, 2017 (as per TOR). We familiarized ourselves with documents of Nagar Panchayat, the internal guidelines and circulars applicable during this period under review. We also reviewed the working of the Nagar Panchayat and evaluated the accounting systems and related controls of the Nagar Panchayat in order to plan and perform our audit.

We reviewed transactions from April 01, 2016 to March 31, 2017. Our objective was to check all transactions and to design procedures to detect omissions. We also applied procedures to assess the adequacy of the Nagar Panchayat's financial management systems, including internal controls for entire audit period. We applied necessary tests and controls, as we considers necessary under the circumstances.



Name of Auditor: M/s R.Shah & Co.			Name of ULB : Sahebganj
Sl. No	Relevant Clause of Scope of Work of the Contract		Compliance (Mention the Para no & Page no of audit report)
	Clause No.	Description	
1	4.1	Internal Audit should undertake risk-based review and evaluation of the internal control as discussed in Bihar Internal Control Manual. Internal Audit should devote particular attention to any aspects of the internal control environment affected by significant changes to the ULBs risk environment.	Complied in Part 2 of Executive Summary At Page no.6
2	4.2 & 4.3	<p>a) Internal Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD. In its report there must be a separate section for non-compliance of rules/directives of UD&HD, GOB;</p> <p>b) Report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR</p> <p><input checked="" type="checkbox"/> Rule 22: All moneys to be brought to account</p> <p><input checked="" type="checkbox"/> Rule: 27: Collections to be deposited into Bank on the same day</p> <p><input checked="" type="checkbox"/> Rule 69: Grant Related Compliance</p> <p><input checked="" type="checkbox"/> Rule 120-121: Monthly Receipt & Payment Account and Trial Balance</p> <p><input checked="" type="checkbox"/> Rule 130: Audit to be completed & reported within 6 month</p>	Complied in para no1,5,7, 9,10,12,13 of Part 2 of Executive Summary At Page no ..6
3	4.4 & 4.5	<p>a) Report and quantify all major Own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc;</p> <p>b) Check on audit trail of all collection of Taxes and Non-Taxes either through staff or outsourced agency and</p>	Complied in Para no. Part A of Audit Observation at Page no ..16 to 18.



		report of any lapses in controls, if any and also advise recommendations to strengthen the prevailing processes;	
4	4.6	Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any inconsistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actual as per internal audits;	Complied in Part A of Audit Observation at Page no .16-18.
5	4.7	Vouch on all payments above Rs. 10,000 and report on adequacy and appropriateness of its documentation, approvals, compliance of procedures etc.	Complied in Para no. 12 of Part 2 of Executive Summary at Page no ..6..
6	4.8	Internal auditor shall also report on presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Complied in Part A of Audit Observation at Page no .16-18.
7	4.9	Internal Audit can also, provide recommendations to help the ULB management improve the ULB's internal control environment;	Complied in part A of Audit Observation at Page no .16to 18.
8	4.10	Internal Audit should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Complied in part A and Part B of Audit Observation at Page no .16 to 21.



EXECUTIVE SUMMARY**1. Introduction**

Name of the Municipality	Sahebganj Nagar Panchayat
Period Covered under Current Audit	1 st April, 2016 to 31 st March, 2017
Name of the Chief Municipal Officer for the period under Audit	Smt. Punam Kumari
Audit Conducted on	06/03/2017, 19/08/2017 & 28/08/2017

2. Result and Findings

The major Weaknesses and observations during the course of internal audit have been found & discussed with the Executive Officer & Accountant of the Nagar Panchayat.

- General Cash Book is not being written till the date of our Audit.(28/08/2017)
- Failed to Collect Mobile Tower Tax/Fees during the year.
- Subsidiary Cash book is maintained by ULB, but SBM, 13th, BRGF, KABIR, AAPDA, JANGANANA are not completed as on 28/08/2017.
- Lacking of Internal Control on Collection of Taxes.
- Holding Tax has not been collected from the formation of ULB till the date of our audit. At the time of discussion they told that Survey has been completed but no evidence has been produced before us.
- E.O. not signed in subsidiary cash book till the date of audit except PL A/c.(Treasury A/c).
- There is no proper cash handling neither any locker was kept by the ULB.
- Non Maintenance of Prescribed books of account.
- Yes, All moneys have been brought to account.
- Monthly Receipt & Payment Account and Trial Balance is not being made.
- No Self Assessment of property tax is being done.
- On verification of vouchers on all payments above Rs. 10,000.00, we have found that These are appropriate and is in order with respect to documentation and approval etc.
- Yes, there is a system of issuance of utilization certificate for the different schemes for any utilisation made during the reporting period.
- Budget not prepared by the Nagar Panchayat.



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

- I. There is a lack of internal control w.r.t collection of taxes.
- II. Tower tax is being levied but recovery has not been done.
- III. There is no proper cash handling neither any locker was kept by the ULB.
- IV. Fixed Assets Register is not maintained by the ULB.
- V. Holding Tax has not been collected by the Nagar Panchayat .

4. **Opinion**

As referred above and detailed in 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 ULB.

5. **Audit Recommendation**

The concerned officers should explore other areas of Revenue Generations by surveying their area has Tower Tax, Advertisement Tax, Holding Fee, Trade License Fees, Others Fees and Taxes. Record keeping should done properly that any document can traceable as and when required for any purpose. Procurement related documents and files should be made available for verification and transparency purposes. cash book should be maintained properly by making entries of balances of each Bank account separately. Internal Auditor and Accountant should have adequate coordination between them making the system perfect.

6. **Fixed Assets Register**

- I. The procurement of fixed assets is not proper and non-maintenance of Fixed Asset Register would lead to failure of determining the replacement cost.
- II. There is lack of knowledge in respect of maintaining fixed assets register amongst the ULB personals.
- III. The unit has not done the number mark for the assets physically lying with the unit.

7. **Bank Reconciliation Statement:-**

- I. Bank Reconciliation statement not prepared by ULB, hence it is difficult to monitor , if any.

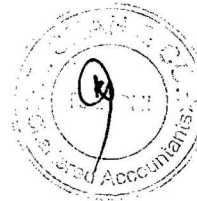
8. **Vehicle Log Book:-** During the course of audit, vehicle log book provided to us but log book not properly maintain by the Nagar Panchayat.

9. **Vouching:-**in ULB there is no system of preparation of vouchers and payment has been done only through Bill/Invoices.

10. **Opinion**

We suggest the followings: Audit Recommendations

1. All the prescribed books of accounts and Registers should be prepared on real time basis.
2. TDS, PF & ESI should be deducted from salary, if applicable.
3. As early as possible Holding Tax should be collected by the N.P. and Demand & Collection Register of all the wards should be prepared as per BMAM format and calculation should be done as per new assessment.
4. Collection from own sources should be improved.
5. New staffs are required to be appointed by the management for smooth running of the ULB AND THEY should be equipped with adequate training to run the ULB smoothly.



Acknowledgment

We thank Mrs. Punam Kumari (Executive Officer), Md Sazzad Alam (Accountant) for their support during the period of our audit. We are also thankful to staffs of the municipality for their cooperation extended to us during the period of our audit.

Place: Ranchi
Date: 31/10/2017



For R Shah & Co.
Chartered Accountants
FRN No.-502010C

CA. Neetu Jejan
(Partner)
M.N. - 406561

COMMENTS FROM MANAGEMENT

Nagar Panchayat, Sahebganj

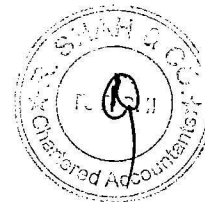
As per the regularly conducted internal strengthening system, we are also trying to
develop a proper internal control system which may be a great help to us.

For Nagar Panchayat, Sahebganj

सहकारिता मंडळी

साहेबगंज नगर पंचायत

साहेबगंज, ज.प्र.प.



MAIN AUDIT REPORT**1. Introduction**

The Internal audit of Nagar Panchayat Sahebganj covering period from 1st April 2016 to 31st March, 2017 was conducted by following persons under guidance of CA Neetu Jeani.

- i. Rana Burha Gohain
- ii. Ajay Singh
- iii. Anjali Singh

2. Administration

The present body of the ULB is functioning since April 2013. The incumbency in the key administrative and executive position was as under:

1. Smt Kiran Devi, Chairperson from 20/04/2013 to till date.
2. Smt Punam Kumari, Executive officer from 26/07/2015 till date.

3. Review of outstanding audit paras : Status of Audit Observations are 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 paras where no action has been taken	No. & date of Compliance report
1.	AG Audit Dated (20/10/2014)	24	24	03	0	0	18	6,20/05/2015

Details of major irregularities pointed out in the AG Audit Report are as under :-

1. Budget not prepared
2. Holding tax not assessed
3. Excess recovery against entry tax of Truck Rs.22,27,500.00/-is not given to NP by the contractor.
4. Loss Rs.3,07,620.00/- for purchasing of solar light.



5. Penalty Rs.7,45,658.00/- not deducted against final payment of contractor for work executed lately.
6. Recovery of Cash is proposed Rs.45,00,594.00/-

4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2015-16	2014-15	2013-14
Final/ Revised Budget	Budget not Prepared	Budget not Prepared	Budget not Prepared
Actual Expenditure	2,00,00,172.00	1,25,36,940.00	1,51,60,459.00
Savings (+)/ Excess (-)			

II. Volume of transactions

Period	Budgeted (16-17) 2nd Qtr	Previous year(15-16)	Current period (16-17)
Opening Balance	BUDGET NOT PREPARED	5,12,04,543.00	6,27,02,328.00
Receipts		3,14,97,957.00	4,62,56,180.00
TOTAL		8,27,02,500.00	10,89,58,508.00
Net Expenditure		2,00,00,172.00	3,41,75,996.00
Closing Balance		6,27,02,328.00	7,47,82,512.00



III. Bank Reconciliation

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

Sl. No	Name of Bank	Account No.	Balance as on 31.03.2017	Name of Scheme	Reconciliation position
1	SBI	XXXX2143	0	13th	Not reconciled
2	Canara	XXXX4566	4,05,123.00	13th	Not reconciled
3	Canara	XXXX4522	20,77,222.00	SBM	Not reconciled
4	Canara	XXXX4849	2,12,23,902.00	Jalapurti	Not reconciled
5	Canara	XXXX4991	23,40,375.00	HFA	reconciled
6	UBGB	XXXX1162	29,00,269.00	SJSRY	Not reconciled
7	CBI	XXXX9870	7,055.00	Own Sources	Not reconciled
8	CBI	XXXX8617	8,25,212.00	Kabir	Not reconciled
9	CBI	XXXX8302	526.00	4th	Not reconciled
10	BOB	XXXX1567	5,50,110.00	BRGF	Not reconciled
11	PLA		5,07,25,215.00	Treasury A/c	
	Total Bank Balance		8,10,55,009.00		
	Total Cash Book Balance		74782512.00		
	Difference		6272497.00		

Bank Reconciliation Statement have not been prepared by the N.P There is a difference of Rs. 6272497/- between Cash Book and Consolidated Balance as per Pass Book of all Accounts and Treasury PL A/C.

The Nagar Panchayat is suggested to reconcile the above mentioned differences immediately and prepare B.R.S on monthly basis.



IV. Revenue Receipts

Period	Budgeted (16-17).	Previous Year (15-16)	Current period (16-17)
a) Own Source			
Property Tax			
Assigned revenue		88,200.00	5,98,070.00
Others (Fees & User Charges)		94,387.00	24,800.00
(b) Administrative Grant			
(c) Specific Grant (Scheme wise)			
14th State Finance			67,64,699.00
Admin Building			
5th State Finance		80,36,678.00	1,80,81,571.00
4th State Finance			
Housing For All			23,40,513.00
13 th Finance		26,54,706.00	
Kabir	BUDGET NOT PREPARED		
BRGF		3,66,860.00	9,860.00
Jalapurti Yojana		2492,601.00	
Nali- gali yojna			
Swachh Bharat			
Jal purti yojna			1,07,23,739.00
S.B.M.			77,12,928.00
E-governance			
Various Schemes		1,77,64,525.00	
TOTAL		3,14,97,957.00	4,62,56,180.00

Status of Implementation of Double Entry Accounting System:- Double Entry Accounting System is not operational in the Nagar Panchayat Sahebganj till date.

Appointment of Chartered Accountants firms for implementation of Double Entry Accounting System in the Nagar Panchayat is in process and C.A. Firm has been appointed by the UD & HD.

Status of Municipal Accounts Committee; if meeting held

As per Section 98 of Bihar Municipal Act, 2007 it is necessary for the Municipality to constitute a Municipal Accounts Committee at its first meeting in each year or as soon as may be at any meeting subsequent thereto, a Municipal Accounts Committee has been constituted by the Nagar



Audit Observations

PART-A

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

Collection of Revenue (own source)

Holding & Property Tax Collection

Subject : Collection of Property Tax/Holding Tax by the Concerned ULB.

- We observed that no any tax have been collected during the Course of Audit by the ULB .

Impact: Due to non Collection of Property/holding Tax there is huge operational Revenue Loss to ULB.

Cause:

Recommendation:

Survey Report should be prepared as soon as possible and should be prepared for construction of new Residential/Commercial building on Yearly basis also.

Mobile Tower Tax:

Subject: Collection of Mobile Tower Tax

- Tower Tax is taxes on communication Tower & related Structure Defined in **BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES,2012**. As per the rules 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.

Status/Condition: As per Discussion with us Mobile tower tax has not been collected by the ULB till date of our audit.

Impact: Due to non collection of Tower Tax/Fees there is a revenue loss to ULB.

Cause: The ULBs does not have Proper mechanisms for Supervision and monitoring of the tower tax/rent due to which result in Revenue Leakage.

Recommendation:

There should be proper monitoring and further steps are required to be taken for collection of Tower Tax by concerned ULB.

Trade License:- As per section 342 of Bihar Municipal Act,2007,Trade license fee is to be collected from different types of Trader, who are trading in Concerned area not collected in F.Y.2016-17.

Survey for Assess of Trade License not provided to us during the course of audit.

Advertisement Tax:-chapter XVII of the Bihar Municipal Act,2007 requires license for advertisement of any hoarding, etc. as per the act Every Person who erects, exhibits, fixes or retains upon or over any land, building ,wall, boarding, 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 a public place in any location in a municipal area including airport or a port or a railway station ,shall pay or 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 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.

Maintenance of Cash Book:-

Subsidiary Cash book is not closed on daily basis and not signed by E.O. till the date of our audit except Treasury Account and general cash book is not being written till the date of our audit (28/08/2017)

Pay-Roll Register:- During the course of Audit the Pay-roll system is functioning satisfactorily but ESI, Pension Fund contribution, LTA have not been deducted from salary. Only TDS has been deducted from EO salary.

Inventory/Stores Register:-Inventory/Stores Register has not been maintained properly.

Grant Register & Utilization Certificates:- Grant Register has been maintained by the ULB and upon enquiry of status of Utilization certificate, the E.O. and Head Clerk has explained to us

that all Utilization certificates relating to financial year 2016-17 and prior period has already been submitted to concerned office.

Summary of utilization certificates given to us, list attached.

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

Since the ULB does not collect any property tax during FY 2016-17. This year survey has been completed towards holding Tax. , So we did not find any names of twenty high value properties.

Annexure - A

Mobile Tower dues as on 31.03.2017

No.	Owner of Tower	No. of Tower	Date of Installation	Date of Registration	Registration Amount (Rs.30000/-)	Renewal Fee Upto F.Y.16-17 (Rs.8000/-)	Collection during the year	Dues as on 31.03.2017
1	BSNL	1	2008-09	2008-09	30000.00	64000.00	0.00	94000.00
2	Airtel	3	2008-09	2008-09	90000.00	192000.00	0.00	282000.00
3	Idea	1	2008-09	2008-09	30000.00	64000.00	0.00	94000.00
4	Uninor	1	2008-09	2008-09	30000.00	64000.00	0.00	94000.00
5	Unitech	1	2009-10	2009-10	30000.00	56000.00	0.00	86000.00
6	Aircel	1	2012-13	2012-13	30000.00	32000.00	0.00	62000.00
					240000.00	472000.00	0.00	712000.00



PART-B

All audit objections/ irregularities which have no monetary implication, but significant violation of Act, Rules & directives of UD & HD. Mention the reference Act & Rules wherein remedial measures is required. In this part auditor should report in respect of –

1. Non- maintenance of books of accounts , subsidiary registers

As per Bihar Municipal Accounting Manual Following primary Books of accounts are required to be maintained:

1. Cash Book (Form Gen-IA)
2. Bank Book (Form Gen-IB)
3. Journal Book (Form Gen-2)
4. Ledger (Form Gen-3)

The N.P. is maintaining General & Subsidiary Cash Books/ Bank Book.

In addition to above following other General Registers and forms are required to be maintained but the same are not being maintained or not properly maintained-

- 1 Receipt GEN-8
- 2 Receipt Register GEN-9
- 3 Statement on Status of Cheques Received GEN-10
- 4 Collection Register GEN-11
- 5 Memorandum of Collection GEN-12
- 6 Summary of Daily Collection GEN-13
- 7 Register of Bills for Payment GEN-14
- 8 Payment Order GEN-15
9. Register of Public Lighting System GEN-37
- 10 Register of Advance GEN-17
- 11 Register of Permanent Advance GEN-18
- 12 Deposit Register GEN-19
- 13 Summary Statement of Deposits Adjusted GEN-20
- 14 Demand Register GEN-21
- 15 Bill for Municipal Dues GEN-22
- 16 Summary Statement of Bills Raised GEN-23
- 17 Register of Notice Fee, Warrant Fee, Other Fees GEN-24
- 18 Summary Statement of Notice Fee, Warrant Fee, Other Fees GEN-25
- 19 Register of Refunds, Remissions and Write-offs GEN-26
- 20 Summary Statement of Refunds and Remissions GEN-27
- 21 Summary Statement of Write-Offs GEN-28

22	Statement of Outstanding Liability for Expenses GEN-29
23	Documents Control Register/Stock Account of Receipt/Cheque Book GEN-30
24	Register of Immovable Property GEN-31
25	Register of Movable Property GEN 32
26	Register of Land GEN-33
27	Function-wise Income Subsidiary Ledger GEN-34
28	Function-wise Expense Subsidiary Ledger GEN-35
29	Asset Replacement Register GEN-36
30	Register of Public Lighting System GEN-37

2. Irregularity in procurement process

No major irregularity observed during the audit.

3. Non-compliance of directives by UD & HD , GOB

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.
- Directives relating to not to hire any individual as a daily wages worker by the UD & HD through letter no.-04-U.H./1/99/1986/U.D.D25/06/01,but the concerned ULB has failed to comply this directives.

It has been observed during the audit that the concerned ULB has been 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 and Expenditure Accounts. Further as per Section 88, Executive Officer Should Prepare a financial statement Assets and Liabilities from the date of ending of Financial year. As per Section 89 he should prepare a comparative statement to "Standing Committee" for the approval ,but the concerned ULB has failed to do so.

4. Non Compliance of Act & Rules

Various books of accounts and records, as provided in the Bihar Municipal Accounting Act and Rules are not maintained.

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

Rules and regulations as provided in the Income Tax Act, Sales Tax Act (VAT) are complied with by the ULB.



6. Deficiency in Pay-roll Systems

The pay-roll system is functioning satisfactorily. PF account has not been opened with PF department, All the deductions of PF contribution and pension fund contribution are being deposited in a separate account opened by the municipality.

7. Utilization of Grant and report on missing Utilization Certificates

Grant Register has been prepared by the N.P. As explained to us, details of unspent balance has been given to us and Utilization certificates up to 31.03.2017 has been sent to the Government. A Summary of Utilization certificate provided to us during the course of audit has been attached at the end of report.(List attached)

8. Physical verification of inventory/Stores

Store Register has been prepared but proper entry was not entered in proper way and physical verification of inventory/stores has not been done.

9. Advances, their adjustment & recovery

No advance has been given by the N.P. for the financial year 2016-2017.

10. Any other matters as may be prescribed in due course.

Staff strength in the accounts department needs to be increased. Accountant should be provided with necessary training to prepare the books, which can add value addition to the functioning of ULB.



PART- C

General Observations: Auditor should report the deficiencies noticed during their audit and recommend ULB Management to improve internal systems.

- A. Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts
No, Ledger accounts have not been prepared by the Nagar Panchayat.
- B. 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 General Cash book and Subsidiary Cash Books, no other books of accounts have been maintained by the Nagar Panchayat.
- C. 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 been prepared by the N.P.
- D. Whether the period-end and reconciliation procedures prescribed have been carried out.
No, period-end and reconciliation procedures as prescribed have not been carried out.
- E. Whether the Bank Reconciliation statements have been prepared and are appropriate.
No, Bank Reconciliation Statements have not been prepared by the Nagar Panchayat due to no difference between cash book and bank book. Both are tallied.
- F. 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 but all transactions are not correctly classified with sufficient details. Grant Register is maintained by ULB.
- G. Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail.
Yes all transactions have been classified as incomes and expenditure but assets and liabilities have not been recognized.



- H. Whether all grants sanctioned or received by them 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.

Grant received during the year has been properly accounted for. Information related to grant sanctioned and deductions made out of such grant is not available with the ULB.

- I. 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 been created by the ULB.

- J. 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.

On our test check we did not notice any major deviation.

- K. 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.

The ULB is not maintaining proper records showing full particulars including quantitative details and situation of fixed assets. Physical verification of fixed assets has not been done during the financial year under audit.

- L. 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.

As explained to us, no property of the ULB has been given on lease

- M. Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores.

No, physical verification of stores has not been conducted by the ULB at reasonable intervals.



- N. 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 done.
- O. 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 done.
- P. 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.
No there are no procedures are in place to identify any unserviceable or damaged stores.
- Q. 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 valuation of stores has been done.
- R. 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?
There is no case loans and advances.
- S. Whether advances given to municipal employees and interest thereon are being regularly recovered.
No advances have been given by the ULB.
- T. Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?
No, there does not exist any internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets.

- U. Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.

No significant deviation observed.

- V. 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 municipality is not regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc. We observed that all such taxes deducted during the financial year have been deposited in the next year.

- W. 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.

The municipality is not given any contribution to PF or pension Fund. Employee contribution to PF and pension fund is being deducted from the salary of the employee and is being deposited in a separate bank account opened for the purpose.

- X. Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof.

We did not notice any such expenses.

- Y. 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.

Yes on our test check we observed that all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget.

- Z. Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis.

Newly formed ULB, Survey is going on for collection of all types of revenue.



- AA. 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 any tax has been collected by the Municipality during the year.

- AB. 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 on our test check we observed that all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority.

- AC. Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.**

Yes on our test check we observed that amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order.

- AD. Whether biometric devices and payroll software are used at the ULB. If not whether there is satisfactory system of payroll accounting; otherwise mention the key deficiencies of the system.**

No, biometric devices and payroll software are not used at the ULB. Pay roll system of the municipality is deficient as it does not contain leave records, details of deductions made etc.

- AE. Whether the grievance redressal mechanism for the ULB is sufficient.**

No, we did not observe any grievance redressal cell functioning at the ULB.

Place: Ranchi
Date: 31/10/2017



For R. Shah & Co.
Chartered Accountants
FRN No.-502010C

CA. Neetu. Jejan
(Partner)
M.N.- 406561

Nagar Panchayat, Sahebganj

We are trying regularly for correction and strengthen the system. We are also trying to develop internal control and internal check. So that resources can be at optimum level.

Date: 28-08-2017

For, Nagar Panchayat/ Parishad

Place: Sahebganj

28/8/17
कार्यपालक पदाधिकारी
नगर पंचायत साहेबगंज
(Executive Officer)

