

26/9/08

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OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT), BIHAR  
(LOCAL AUDIT WING), PATNA -800 001

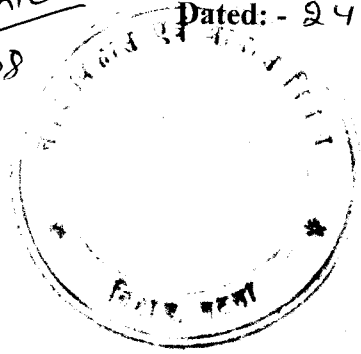
NO. L.A.Sur/1151

भैरव कुमार  
26/09/08

Dated: - 24/9/08

To,

The Principal Secretary to the Government of Bihar,  
Urban Development and Housing Department,  
Patna.



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Audit Report No.- 196/2008-09 on the accounts of Nagar Parishad, Bagha for the Period  
2006-07 to 2007-08 is enclosed for your kind information and necessary action.

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Encl: -As above

J. S.

Yours faithfully

BKumar  
(Bhairab Kumar)

Audit Officer/Surcharge  
Local Audit Wing, Bihar, Patna

17-12-08  
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## Audit Report No. 196 of 2008-09

### 1. Introduction:-

The accounts of Nagar Parishad, Bagha for the period 2006-07 to 2007-08 was test audited by an audit party of Local Audit Wing of the Office of Principal Accountant General (Audit), Bihar, Patna during 29.05.2008 to 28.06.08.

### 2. Administration:-

#### (A) Chairman:-

- (i) Smt. Savitri Devi – 01.04.2006 to 08.06.2007.
- (ii) Shri Ajay Kumar - 09.06.07 to 31.03.2008.

#### (B) Vice –Chairman:-

- (i) Shri Shushil Kumar Gupta – 01.04.06 to 08.06.07.
- (ii) Shri Vijay Kumar- 09.06.07 to 31.03.08.

#### (C) Executive Officer:-

- (i) Shri Ramashankar Singh – 01.04.06 to 22.03.07.
- (ii) Shri Binod Kumar Pankaj – 23.03.07 to 17.12.07.
- (iii) Shri Pradip Kumar Gupta – 18.12.07 to 31.03.08.

### 3. Scope of audit:-

The accounts and records checked in audit have been shown in **Appendix –I** and others either not maintained or not produced in **Appendix –I (A)** to the report.

### 4. Overview:-

The Nagar Parishad was mainly financed by Govt. grant and its own source of revenue. An abstract of finance during 2006-07 is given below:-

Sl.No.	Particular s	2006-07	2007-08
1	Opening Balance	5137652.08	3516185.00
2	Receipt	962008.92	10140564.06
3	Total(1+2)	6099661.00	13656749.06
4	Expenditure	2583476.00	1674856.00
5	Closing Balance	3516185.00	11981893.06

(Vide details in **Appendix - II** to the report)

As separate Cash book was maintained for National Slum Development Programme and Swarna Jayanti Shari Rojgar Yojna the figures of their finance have been given separately.

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5. **Financial Position:-**

The financial position of the Nagar Parishad may not be called sound as income from its own sources were not sufficient to meet even its establishment and other recurring expenses. The assets and liabilities register was not prepared and the position of loan and interest payable thereon, deposits refundable and claims and bills pending was also not shown to audit. Thus, the real financial position of the Nagar Parishad remained unascertainable.

6. **Previous Audit Reports:-**

Despite several verbal and written requests (Letters No. L.A. (T.H.) 13 dt. 10.06.08 and L.A. (T.H) 30 dt. 19.06.08) compliance to audit paras contained in last and previous reports was not submitted to audit. Thus, the very purpose for which audit is conducted stands defeated due to non-compliance of Audit Reports.

Effective steps may be taken for submission of compliance of unsettled paras of last and previous audit reports.

7. **Important Audit findings:-**

Sl.No.	Particulars	Para No.
1	Short credit / Non-credit of Rs. 63653.00	14(i)
2	Short deposit of Rs. 68109.00 by cashier	14(ii)
3	Excess payment of Rs. 19592.00 in scheme No 4/05-06 of N.S.D.P.	17(vi)
4	Short realisation of settlement money amounting to Rs. 489524.00	22
5	Non-realisation of stamp fee of Rs. 43084.00	23
6	Irregular expenditure of Rs. 50000.00 on preparation of D.P.R.	24

8. **Cash Book:-**

(I) **Accountant cash book:-**

Following irregularities were noticed in maintenance of Accountant cash book-

- (i) The nomenclature of Accountant cash book was done as "main cash book". This practice may be stopped and it may be called Accountant cash book in accordance to rule 63 of Bihar Municipal Accounts Rule, 1928.
- (ii) In many cases voucher numbers were not given in the expenditure side of the cash book. It was verbally stated that voucher numbers were not assigned to expenditures relating to salary and schemes. Voucher number may be given to all kinds of expenditure voucher.
- (iii) At several places the cash book was not signed by the executive officer. The above discrepancies may be rectified and shown to next audit.

**(II) Cheques issued without entering in cash book:-**

It was noticed that the following two cheques were issued without entering them in the cash book –

Sl.No.	Cheque No. & Date	Amount	To whom paid	Purpose
1.	742612/19.02.08	15786.00	Shri Shabbir Ahmed	Pay
2.	747293/05.01.08	620.00	Shri S.N.Prasad	B.P.L.

As such the expenditure was under shafed to this extent. The same may be accounted for in the cash book and shown to next audit.

**9. Non – Production of Treasury pass book:-**

The Nagar Parishad maintained a P.L Account at Bagha sub-treasury. But despite several requests the treasury pass book was not produced before audit. Due to non –production of pass book the balance as on 31.03.08 could not be taken and the credits and debits made therein could be also not verified.

**10. Reconciliation with bank and treasury:-**

The position of reconciliation of balance as per cash book with bank and treasury pass books could not be ascertained due to non –production of treasury pass book . However, the bank accounts maintained by the Nagar Parishad and their balance as on 31.03.08 was as below:-

Sl. No.	Name of Bank and Account No.	Balance as on 31.03.08
1.	S.B.I., Bagha /01150060051	401940.07
2.	C.B.I., Bagha / 10844	The account was opened on 05.05.08

Separate bank accounts were maintained for N.S.D.P. and S.J.S.R.Y and their balances have been given with their finance in paras 17 (i) and 18 (i) of the report.

**(II) Draft not credited by bank:-**

A draft bearing no. 216913 dt. 17.12.07 for Rs. 92883.00 received from the Urban Dev. Deptt. for B.P.L. survey was deposited in S.B.I. A/C No. 01150060051 on 04.01.08 but the amount was not credited by the bank up to 09.06.08.

The matter may be taken up with the bank and credit of the above amount may be shown to next audit.

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11. **Collection account of taxes:-**

**(I) Holding Tax:-**

The demand and collection register which is the basic record for collection of holding tax was not maintained. From the figures of demand and collection supplied by the Nagar Parishad it appears that the position of collection of taxes was very poor as it ranged between 2.85 percent and 11.58 percent as shown below :-

Sl. No.	Year	Demand	collection	collection in Percentage
1	2006-07	382839	10924	2.85%
2	2007-08	407290	47184	11.58%

(Vide details in **Appendix –III** to the report)

Effective steps may be taken to improve the collection.

**(II) Health Cess and Education Cess not remitted to Govt. A/c :-**

As per instructions of the Govt., Health Cess and Education Cess collected by the Nagar Parishad @ 50 percent each of holding tax is to be remitted to the Govt. account after deducting 10 percent of the amount collected as collection charge. But the Nagar Parishad failed to deposit the amount collected during 2006-07 and 2007-08 as detailed below:-

Sl.No.	Year	Amount of Health Cess collected	Amount of Education Cess collected
1	2006-07	5160.50	5160.50
2	2007-08	22768.00	22768.00
<b>Total</b>		<b>27928.50</b>	<b>27928.50</b>
Less 10% as collection charge		2792.85	2792.85
amount to be remitted to Govt.		25135.65	25135.65

(Vide details in **Appendix –IV** to the report)

Thus, a total of Rs. 50,271.30 (Rs. 25,135.65 of Health Cess and Rs. 25,135.65 of Education Cess) was not remitted to Govt. Therefore, the amount may be deposited in the concerned head of the Govt.

**(III) Outstanding shop rent:-**

As per statement supplied by the Nagar Parishad, a sum of Rs. 6660.00 was outstanding as rent of shops as on 31.03.08 (Vide details in **Appendix –V** to the report). Steps may be taken to realise the outstanding rent.

**12. Non-revision of assessment:-**

Section-106 of Bihar & Orissa Municipal Act-1922 provides that new valuation and assessment list shall ordinarily be prepared once in every five years. The last assessment of holdings under the Nagar Parishad was done in the year 1994-95 and thereafter no. revision was made though it became due in 2000 and 2005.

Immediate action may be taken for revision of the General Assessment so that the Nagar Parishad may not suffer further loss with regard to collection of taxes at an enhanced and revised rate.

**13. Non-imposition of tax and fee**

**(I) Professional tax:-**

Section 150 (A) of Bihar & Orissa Municipal Act, 1922 empowers the Nagar Parishad to impose professional tax on persons having their trades, professions, callings and employment within the limit of Nagar Parishad.

But the Nagar Parishad failed to impose the said tax and thus it was deprived of what could be a major source of revenue. Efforts may be made to impose the Professional tax at the earliest.

**(II) Offensive and Dangerous Trades License Fee:-**

Section 259 of Bihar & Orissa Municipal Act, 1922 empowers the Nagar Parishad to impose license fee on Offensive and Dangerous Trades within its limit.

But in course of audit it was noticed that the Nagar Parishad failed to impose the said license fee and thus it was deprived of a major source of revenue.

Steps may be taken to impose the Offensive and Dangerous trades licence fee.

**14(I). Short credit / Non-Credit:-**

In course of audit, it was noticed that the following amounts were either not deposited or deposited in short:-

Sl.No.	Collection receipt No. & Date	Collection made by	Amount collected	Amount Deposited	Short Deposited
1.	H.R.No.934 to 979/ 24.03.07 to 10.01.08	Shri Rajendra Prasad, T.C.on Commission basis	17870	-	17870
2.	H.R.No.349 to 390/ 30.04.07 to 10.01.08	Shri Janardan Prasad, T.C.on Commission basis	23840	-	23840
3.	M.R.No.17782 to 27200/ 08.11.06 to 27.02.07	Shri Janardan Prasad, T.C.on Commission basis	18836	16747	2089
4.	M.R.No.30730 to 31147/ 30.04.07 to 05.05.07	Shri Rajendra Prasad, T.C.on Commission basis	19854	-	19854
<b>Total -</b>			<b>80400</b>	<b>16747</b>	<b>63653</b>

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The above short deposit of Rs. 63,653.00 may be deposited in the Nagar Parishad fund and credit thereof may be shown to next audit.

**(II) Short deposit by cashier:-**

It was noticed that during the period from 2006-07 to 2007-08 a total sum of Rs. 10,21,690.00 was received collected, by the cashier, Shri Shabbir Ahmed in cash but only Rs. 9,53,581.00 was deposited in bank by him. Thus, a sum of Rs. 68,109.00 (10, 21,690.00-9, 53,581) was deposited in short by him (Vide details in **Appendix- VI** to the report). In his reply the cashier stated that payment was made by him under various items by the order of Executive Officer from the collection money and the amount would be deposited as soon as cheques for the payments made are received.

This was in violation of Rule 22 of Bihar Municipal Account Rule, 1928 which states that direct appropriation is not permissible.

Therefore, the amount of Rs. 68,109.00 may be deposited in the Parishad fund and credit thereof may be shown to next audit. The practice of direct appropriation of collection money may be stopped forthwith.

**15. Central stock Register of receipt books not produced before audit:-**

A central stock Register of receipt books was being maintained by the Ex-Head Clerk of the Nagar Parishad, Shri Chandra Prakash Upadhaya. As a general practice in the Nagar Parishad, receipt books from the central stock Register were issued to the cashier, Shri Shabbir Ahmed who in turn used to issue them to different persons.

But the following three Holding tax receipt books which were produced before audit were issued directly from the central stock Register by the Ex. Head clerk to Shri Janardan Prasad, Tax Collector on commission basis-

Sl.No.	H.R.No.	Date of issue (as entered on the cover of H.R.Book)
1	101 to 200	13.04.06
2	201 to 300	13.04.06
3	301 to 400	13.04.06

Due to non-production of central stock register it could not verified in audit as to how many more receipt books were issued directly from that register.

The central stock Register of receipt books may be produced before next audit.

**16. Govt. Grants:-**

The Nagar Parishad received a total sum of Rs. 1, 39, 18,542.00 as Govt. Grant including grants received for centrally sponsored schemes during the period 2006-07 to 2007-08 (Vide details in **Appendix-VII** to the report.)

Grant register for grants received for specific purposes and pay and allowances etc was not maintained, as a result details of expenditure against each grant and grant left unutilised could not be ascertained.

Grant register may be maintained and shown to next audit.

Further, it was notice that out of the above mentioned grants, the following grants remained fully unutilised till 31.03.08.

Sl.No.	Govt. Letter No. and date	Amount	Purpose
1.	U.D.D. Letter No. 1647 dated 18.04.07	3879075.00	Construction of Admn. Building
2.	U.D.D. Letter No. 857 dated 21.02.08	2223200.00	Hand Pumps

The above grants may either be utilised at the earliest or they may be refunded to the sanctioning department.

**17. National Slum development Programme (N.S.D.P.) :-**

**(I) Finance:-**

Following was the position of finance of N.S.D.P. grant during 2006-07 and 2007-08.

Sl.No.	Particular	2006-07	2007-08
1	Opening Balance	6493129.00	3496851.75
2	Receipt :-		
(i)	Grant	-	-
(ii)	Interest	271264.85	123240.00
(iii)	Total	271264.85	123240.00
3	Total(1+2)	6764393.85	3620091.75
4	Expenditure	3267542.10	315689.00
5	Closing Balance	3496851.75	3304402.75

**(II) Reconciliation with bank account:-**

A separate bank account no. 10345 at P.N.B., Bagha was being maintained for N.S.D.P. The balance of bank account as on 31.03.08 was Rs. 35,41,962.75 while the closing balance of cash book on the same date was Rs. 33,04,780.75. Thus, there was a difference of Rs. 2,37,182.00 (35,41,962.75 – 33,04780.75) between two which was due to deposit of cheque no. 440161 dt.



15.03.08 amounting to Rs. 2, 37,182.00 on 02.04.08 by the bank. Both the figures were duly reconciled.

**(III) National Slum Development Programme :-**

As per entries made in the cash book for N.S.D.P., a sum of Rs. 1,08,43,455.00 including in list, was received, as per details given below-

Sl.No.	Letter no. date	Particulars	Amount (Rs.)
1	761 dt. 20.07.00	From DUDA, West Champarn, Bettiah	2049654.00
2	Intsst allowed by bank dt. 15.01.03.		196097.00
3	314 dt. 13.09.03	Secretary, U.D.D. Cum Chairman Executive committee, Bihar Urban Development Authority, Patna.	4551000.00
4	27.03.04 and 08.09.04	Bank in list in C.B.on 01.10.04	147099.00
5	04.03.05	Do in C.B.on 19.03.05	82339.00
6	428/04.06.05	Director, Directorate of Urban poverty Alleviation, Patna.	3365000.00
7	07.09.05	Interest on bank deposit	9550.00
8	29.03.06	-Do-	115046.00
9	15.09.06	-Do-	111097.00
10	05.03.07	-Do- (i)	69415.00
		(ii)	85959.00
11	07.09.07	-Do-	61199.00
<b>Total -</b>			<b>10843455.00</b>

The closing balance as per cash book as on 15.03.08 /31.03.08 was 3304780.75 which shows that 30.48 % amount remained unutilised.

As per directives contained in guidelines of the National Slum Development Programme. The scheme was to be executed in slum area. For this identification of slum area was not done. As such it could not be ascertained if the schemes were executed in the slum area or not.

The works were required to be executed by the neighborhood committee. But neighborhood committee, were not formed and the works were executed departmentally.

**(IV) N.S.D.P. Scheme register:-**

Scheme register in two volumes, since 2000-01 was produced before audit. A perusal of registers showed that schemes noted in **Appendix –VIII** to the report, taken up long before, remained incomplete till date (6/08). Reasons for this were not explained to audit. Connected records in respect of these schemes, such as file along with technical / administrative approval, Measurement Book, muster roll, vouchers etc. were not produced before audit. As a result of non completion of schemes people living in slum area remained deprived of the facility and the

purpose of the programme was defeated. Besides, the advance made / amount spent also remained fruitless. Till the production of all connected records and satisfactory explanation of non – completion of schemes, entire amount of Rs. 15, 91,536.00 as detailed below is held under objection.

Year	Rs.
2000-01	95000.00
2001-02	177500.00
2002-03	Nil
2003-04	188750.00
2004-05	357570.00
2005-06	30000.00
2006-07	742716.00
<b>Total</b>	<b>1591536.00</b>

The position of schemes taken up, completed and incomplete, as could be compiled from the scheme register, was as follows.

Sl.No.	Year	No. of schemes taken up.	No. of schemes completed	No. of in complete scheme	Percentage of schemes completed
1	2000-01	32	28	4	87.5%
2	2001-02	1	Nil	1	0%
3	2002-03	Nil	Nil	Nil	Nil
4	2003-04	7	5	2	71.42%
5	2004-05	20	13	7	65%
6	2005-06	8	3	5	35.5%
7	2006-07	22	3	19	13.64%
8	2007-08	No entry made			

**No entry made:-**

Advance made in respect of scheme no. 8/05-06 for sinking of two tube wells in 25 Slum areas, was not entered. No entry except the no. of schemes was made in respect of scheme nos. 5/06-07 to 11/06-07 and from 15/06-07 to scheme no. 21/06-07. No. reason was explained for this. Obviously, the position of schemes in all these cases was not ascertainable. The scheme register may be maintained properly.

**(V) Scheme for personal benefit of SC/ST:-**

As per provisions contained in the guidelines of N.S.D.P. a minimum of 10% of the total allotment is required to be spent over the construction of houses for scheduled caste / scheduled tribe.

It was noticed that schemes of total estimated value of Rs. 6,89,700.00 i.e.6.36% of the total amount available, as detailed below for construction of dwelling houses for SC/ST, as per entries in the scheme registers. But no scheme was complete till date (6/08). It amply showed that due to non-completion of scheme. The purpose remained defeated and beneficiaries deprived of the benefits. Thus Rs. 3, 35,070.00 spent over the scheme was lost which stands recoverable from the person (s) responsible.

Sl.No.	Scheme no.	Name of scheme	Executing agent	Estt. Value (Rs.)	Advance made (Rs)	Remarks
1	1/01-02	Construction of six units of houses belonging to dom cast in ward no. 6.	Bikau Ram	217800.00	177500.00	All Incomplete
2	1/04-05	construction of four units of houses for dom caste in ward no.2	Sushila Devi	145200.00	97570.00	-Do-
3	2/04-05	construction of five units of houses in ward no. 8	Bikau Ram	181500.00	7500.00	-Do-
4	3/04-05	construction of four units of hours in ward no. 10 dom toli shastri nagar	Malti Devi	145200.00	52500.00	-Do-
Total -				689700.00	335070.00	

**(VI) N.S.D.P.:-Scheme no. 04/05-06.**

Name of scheme - construction of drain from main road to Ahirani Tola Pulia in ward no. 17.

Name of executing agent - Baidyanath pd.

Estimated value - Rs. 99,700.00

Value of work done - 98,822.00

Muster roll + vouchers Rs. 98,480.90 or say Rs. 98,481.00

Payment made Rs. 98, 822.00 including taxes.

**Audit observation:-**

(i) The payment should have been limited to the least of the three i. e the estimated value, value of work done and the amount of muster roll with vouchers. The sub-voucher no. was not indicated on the face of vouchers and the muster rolls. But the total amount of seven sub-vouchers and four muster roll was Rs. 64,036.90 and Rs. 34,444.00 respectively. Thus total amount came to Rs. 98,480.90 or say Rs. 98,481.00. But payment was limited to Rs. 98,822.00. Thus Rs. 341.00 was paid in excess which stands recoverable from persons (s) responsible.

(ii) The muster roll was not properly maintained. B.P.L. no. of the labour was not indicated. The signature of persons taking attendance and dated signature of inspecting officer, as required in the muster roll form was not available in any case. The amount of muster roll was not passed by the competent authority. Reasons for all this were not explained to audit. Pending satisfactory explanation entire amount of muster roll being Rs. 34,444.00 is held under objection.

(iii) Sub vouchers for supply including transportation of 609 cft of B. T. cement and 279 cft of chips for Rs. 7794.30 and Rs. 6472.80 respectively were on plain paper without indicating tractor number. Such vouchers can not be admitted in audit. Reason for this was not explained to audit. Entire amount of Rs. 14,267.00 stands recoverable from the person (s) responsible.

(iv) As per approved estimate, number of bricks required was 4680 nos. But 14,900.00 no. of links @ Rs. 1917.00 per thousand for Rs. 28,563.30 were purchased from OM SAI KRIPA EIT UDYOG, Ausani, Bagaha vide receipt no. 28 dt. 31.07.05. Thus payment for 10,220 nos. of brick amounting to Rs. 19,591.74 or say Rs. Rs. 19592.00 was made in excess, which stands recoverable from the persons (s) responsible.

**(VII) N.S.D.P.:-Scheme no. 02/06-07.**

Name of scheme – Constnction of P.C.C road in ward no. 20 from Anand Nagar Harijan toli chawk to Paras Nagar Primary school main road.

Name of executing agent – Tetari Devi.

Estimated value – Rs. 3, 14,900.00

Value of work done – 2, 98,110.00

Muster roll + vouchers Rs Rs. 3, 08,953.50.

**Audit observation:-**

The muster roll was for Rs. 56,818.00 only. Muster roll did not bear the signature of person taking attendance. B.P.L. no. was not indicated against any work. It was not regional by signal supervisor / junior engineer. It did not bear any serial number. It was not passed by the competent authority. No reason was assigned for all this. Pending satisfactory explanation entire amount of Rs. 56,818.00 is held under objection.

(ii) Sub-voucher no. was not given on the vouchers. The following discrepancies were noticed-

Sl.No.	Particular	Amount (Rs.)	Discrepancy
1.	Receipt granted by Noor Mohammad for shuttering work (Page no. 18)	14200.00	(i) Period of work not indicated (ii) There should have been muster roll for this. (iii) Date of receipt not given.

			(iv) The receipt was on plain paper . (v) The item of work was not provided in the estimate. (vi) Name of person from whom the amount was received, was left blank.
2.	Receipt granted by Samsddin Mistry for hire charge and cost of mixture machine (Page 17)	6000.00	(i) to (vi) as above except sl.no. (ii)
3.	Receipt grant by Samsuddin Mistry for hire chagrs and cost of vibrating machine (Page 16)	3000.00	As in sl. no. (2)
4.	Receipt grant by kedar Sah for Carriage and cost of local sand 1842 cft (page 15)	7130.00	As in sl. no. (i), except (ii) and (v)
5	-Do- by gupta cement Bikri kendra, Cinema Road, Bagaha for supply of 150 bags of cement @ Rs. 150 of per bag dt. 24.07.06 (page 14)	22500.00	Neither sl.no. of receipt nor sals tax no. / Vat no. was indicated.
6	Do by -do- for 100 bags of cement @ Rs. 150 per bag dt. 22.07.06 (page 13)	15000.00	-DO-
7	-Do- by -do- for supply of 200 bags of cement @ Rs. 150per bag dt. 19.07.06 (page 12)	30000.00	-DO-
8	-Do- by -do- for supply of 150 bags of cement @ Rs. 150 per bag dt. 18.07.06 (page 11)	22500.00	-DO-
9	-Do- by Azad store Crush Sahodara for supply of 2714 cft stone chips dt. 21.07.06 (page 8)	72637.50	-DO-
10	Do by do for supply of 1357 cft of B.T. sand dt. 12.08.06 (page 7)	21712.00	-DO-
<b>Total -</b>		<b>214679.50</b>	

No reasons for these discrepancies were explained to audit. Pending satisfactory explanation entire amount of Rs. 2, 14,679.50 is held under objection.

**(VIII) Deleted**

**18. Swarna Jayanti Shahri Rojgar Yojna (S.J.S.R.Y) :-**

**(I) Finance:-**

Following was the position of finance of S.J.S.R.Y. during 2006-07 and 2007-08. –

Sl.No.	Particular	2006-07	2007-08
1	Opening Balance	3847462.62	2962316.54
2	Receipt :-		
(i)	Grant	-	2011344.00
(ii)	Interest	124978.92	60480.63
(iii)	Total	124978.92	2071824.63

3	Total(1+2)	3972441.54	5034141.17
4	Expenditure	1010125.00	42237.00
5	Closing Balance	2962316.54	4991904.17

**(II) Reconciliation with bank account:-**

A separate bank account no. 01190005741 at S.B.I, Bagha was being maintained for S.J.S.R.Y. The balance of bank account as on 31.03.08 was Rs. 50, 78,223.62 while the closing balance as per cash book as on 31.03.08 was 49, 91,904.17. Thus, there was a difference of Rs. 86,319.45 (50, 78,223.62- 49, 91,904.17) between the two, which was not reconciled.

Therefore, the cash book balance may be reconciled with bank pass book balance and shown to next audit.

**(III) Execution of schemes:-**

Scheme register of S.J.S.Y R. w.e.f. 2003-04 was produced before audit. As per entries made in the scheme register the position of schemes executed was as under as on 31.03.08:-

Sl.No.	Year	Total no. of schemes undertaken	No. of completed schemes	No. of incomplete schemes	No. of canceled schemes
1.	2003-04	04	03	-	01
2.	2005-06	12	07	05	-
3.	2006-07	2	02	-	-
Total -		18	12	5	01

A sum of Rs. 2, 38,500.00 was paid as advance in the incomplete schemes as detailed below:-

Sl.No.	Scheme No.	Name of executing Agent	Details of Advance
1.	02/05-06	Smt. Shushila Devi	(i) 7500/- Ch. No. 026696 dt. 20.07.06 (ii) 1,14,000/- Ch. No. 026698 dt. 24.07.06 (iii) 5700/- Ch. No. 0366230 dt. 26.08.06
Total -			<b>2,08,500/-</b>
2.	03/05-06	Smt. Dharmshila Devi	7500/- Ch .No. 026692 dt 10.07.06
3.	04/05-06	Smt. Bhukli Devi	7500/- Ch .No. 0366223 dt 03.08.06
4.	10/05-06	Smt.Priyanka Kumari	7500/- Ch .No. 0366225dt 03.08.06
5.	12/05-06	Shri Rajhunath Ram	7500/- Ch .No. 0366227 dt 03.08.06
Total -			<b>2,38,500/-</b>

Steps may be taken to either complete the above schemes at the earliest or recover the advance from the executing agents.

**(IV) Short deduction of value Added tax (V.A.T.) :-**

Test check of scheme files of S.J.S.R.Y. revealed that V.A.T. on materials used in schemes was deducted in short from the bills of executing agents. In three schemes a sum of Rs. 9314.52 was deducted in short. (Vide details in **Appendix –X** to the report).

The amount of Rs. 9314.52 may be recovered from the executing agents and credited to the proper head of the Govt.

**19. Eleventh Finance Commission:-**

**(I) Finance:-**

Following was the position of amount received on the recommendation of Eleventh Finance Commission during 2006-07 and 2007-08.

Sl.No.	Particular	2006-07	2007-08
1	Opening Balance	889202	627485
2	Receipt	-	-
3	Total(1+2)	889202	627485
4	Expenditure	261717	-
5	Closing Balance	627485	627485

**(II) Execution of Schemes:-**

Neither the scheme register nor the scheme files were produced before audit. Scrutiny of cash book revealed that a sum of Rs. 2, 61,717 was spent on schemes executed under the eleventh finance commission as detailed below:-

Sl. No.	Scheme No.	Name of Executing agent	Amount Paid (Rs)	Cheque No. and date
1	48/03-04	Shri Bindeshwari Singh	28986	742373/ 04.05.06
2	1/06-07	Do	121657	742390/ 04.08.06
3	Not mentioned	Do	12251	742397/ 05.09.06
4	Not mentioned	Shri Dharendra Verma	7793	742374/ 04.05.06
5	8/03-04	Do	47510	742385/ 20.07.06
6	Not mentioned	Do	43520	7426021/ 13.10.06
<b>Total -</b>			<b>261717</b>	

Due to non- production of records and registers, authenticity of the above expenditure could not be verified in audit. Therefore, the expenditure of Rs. 2, 61,717.00 is held under objection. The scheme register and scheme files may be produced before next audit.

20. **Twelfth Finance Commission:-**

**(I) Finance:-**

Following was the position of finance of amount received on the recommendation of Twelfth Finance Commission during 2006-07 and 2007-08.-

Sl.No.	Particular	2006-07	2007-08
1	Opening Balance	2848035	1434003
2	Receipt	-	4936281
3	Total(1+2)	2848035	6370284
4	Expenditure	1414032	400636
5	Closing Balance	1434003	5969648

**(II) Execution of schemes:-**

The scheme register was not produced before audit. From the records made available to audit it was noticed that five schemes were taken during 2006-07 and two of them were incomplete as on 31.03.08 as detailed below :-

Sl.No.	Scheme No.	Name of executing agent	Estimate	Details of Advance
1.	3/06-07	(i) Shri Bindeshwari Singh, J.E.	422700	(i) 176000/- Ch.No. 742386 dt. 14.08.06
				(ii) 110000/- Ch.No. 742395 dt. 05.09.06
		(ii) Shri Dharendra Verma, J.E.(after transfer of Shri Bindeshwari Singh he was appointed as executing agent .		(iii) 65000/- Ch.No. 742608 dt. 14.02.06
<b>Total -</b>				<b>351000/-</b>
2.	5/06-07	Shri Chandra Prakash Upadhaya	117150	(i) 7500/- Ch.No. 742392 dt. 22.08.06
				(ii) 8000/- Ch.No. 742601 dt. 13.10.06
<b>Total -</b>				<b>15500/-</b>

Steps may be taken to either complete the schemes at the earliest or recover the advance from the executing agents.

**(III) Purchase of Solar lamp:-**

A sum of Rs. 1, 67,520.00 was paid to Vikas Enterprises, Patna for purchase of five solar lamps vide cheque no. A 742616 dt. 28.03.08. But stock entry of the solar lamps was not shown to



audit. Therefore, the expenditure of Rs. 1, 67,520.00 is held under objection. Stock entry and utilisation of the solar lamp may be shown to next audit.

**(IV) Solid Waste Management:-**

As per guidelines of the Twelfth Finance Commission Grants, 50 percent of the total grants received were to be spent on solid waste management. The Nagar Parishad received a total of Rs. 77,84,316.00 under 12<sup>th</sup> finance commission's recommendation as detailed below :-

Sl.No.	Amount of Grant	Sanctioning letter no. & Date
1.	2848035.00	V.D.D./3191/28.09.05
2.	1862309.00	V.D.D./3115/11.08.06
3.	3073972.00	V.D.D./5674/19.12.07
<b>Total</b>	<b>7784316</b>	

Thus, 50 percent of above amount which comes to Rs. 38, 92,158.00 was meant to be spent on solid waste management.

Scrutiny of records revealed that the Nagar Parishad spent only a sum of Rs. 15,500.00 on solid waste Management up to 31.03.08. Thus, as on 31.03.08 a sum of Rs. 38, 76,658.00 (38, 92,158.00-15,500.00) which was meant for solid waste management remained unutilized. Therefore, immediate steps may be taken to either utilise the amount for the specified purpose or return the amount to the sanctioning department.

**21. Govt. Loan:-**

Scrutiny of records and registers made available to audit revealed that the Nagar Parishad did not receive any Govt. Loan during the period from 2006-07 to 2007-08.

Amount of loan received till date and interests due thereon and repayments made, if any, could not be ascertained in audit due to non –maintenance of loan register by the Nagar Parishad.

Loan register may be maintained and shown to next audit.

**22. Short Realization of settlement money:-**

Test check of settlement files revealed that settlement money amounting to Rs. 4, 89,524.00 was realised in short during 2006-07 and 2007-08. Against the demand of Rs. 7, 57,507.00 only Rs. 2, 67,983.00 was realised (Vide details in Appendix –XI to the report).

Immediate action may be taken to realise the amount of Rs. 4, 89,524.00 without further delay.

**23. Non –realisation of stamp fee:-**

As per instructions contained in letter no. 1920 /नि०/भु०सं० dated 14.08.2002 of chief Secretary, Govt. of Bihar and letter no. 549 dated 15.03.05 of secretary –cum –I.G. registration, Bihar if settlement of Bus Stand, Hat–Bazar etc. is made for a period of one year or less than one year then stamp fee @ three percent of the settlement money in the form of stamps shall be realised from the person with whom the settlement is made and the terms of settlement shall be written and issued on these stamp papers.

Test check of settlement file of the Nagar Parishad revealed that the Nagar Parishad completely failed to follow the above instructions. Due to non- observance of the said instructions a loss of revenue of Rs. 43,084.00 was incurred to the State Govt. Exchequer (Vide details in **Appendix –XII** to the report).

**24. Irregular expenditure on preparation of Detailed Project Report (D.P.R.) and Master Plan :-**

In course of audit it was noticed that the work of preparation of D.P.R. and master plan of Bagha town under "Urban Infrastructure Development scheme for small and medium towns " (U.I.D.S.S.M.T) and "Integrate housing and slum development Programme " (I.H.S.D.P.). was allotted to "Planarch" a Patna based firm. The fee of the firm as per agreement executed was fixed as 1.35 percent of estimated cost of D.P.R and the mode of payment was as below:-

1. On the date of agreement.	50000.00
2. At the time of submission of D.P.R.	75000.00
3. After sanction of D.P.R. by the state and central Govt.	1.35 Percent of the approved cost of D.P.R. minus Rs. 1.25 lakh as above.

The completion period of D.P.R. and master plan was three months from the date of agreement which was 25.11.06.

The firm was paid a sum of Rs. 50,000.00 as advance vides cheque no. 0366941 dated 28.11.06.

Audit Comments:-

(i) The firm was allotted the work without inviting any tender / quotation and therefore the Nagar Parishad was deprived of the benefit of competitive rate.

(ii) The completion period of D.P.R. and Master Plan, as per agreement, was three months from the date of agreement. The agreement was signed on 25.11.2006 and therefore the D.P.R. and Master Plan must have been submitted by 25.02.07. But even after a lapse of 19 months. (Dec.'06

to June'08) neither the D.P.R. nor the Master plan was submitted by the firm. The Nagar Parishad vide its letter no. 87 dt 22.06.07, 98 dt. 18.07.07 and 106 dt. 02.08.07 requested the firm to complete the work but in vain. Therefore, it appears that the firm has no intention of completing the work allotted to it.

In view of the irregularities mentioned above the amount of Rs. 50,000.00 may be recovered from the firm.

**25. Daily wages Payment:-**

Despite instructions issued by the govt. from time to time (Urban dev. dept. letter no. 7639 dt. 15.11.86, 3001 dt. 16.03.82 and so on) not to engage staffs on daily wages the Nagar Parishad engaged services of daily wages staffs and during 2006-07 to 2007-08 paid a sum of Rs. 40,118.00 to them as wages as detailed below --

Sl.No.	Cheque No. & date	Amount	To whom paid
1	742382/10.06.06	7728	Shri Devtanand Dubeg, clerk
2	742604/18.10.06	32390	-Do- and Smt. Dukhni Devi, Sweeper
<b>Total -</b>		<b>40118</b>	

Post facto sanction of the above expenditure may be obtained from the Govt. and may be shown to next audit. Pending which the amount of Rs. 40,118.00 is held under objection.

**26. Provident Fund:-**

Bank pass books of provident fund of employees was not produced before audit, as a result of which credit of the following amounts could not be verified in audit. --

Sl.No.	Cheque no. & date	Amount	Name of employee
1	545659/20.03.06	3420.00	Shri C.P. Upadhaya
2	545659/20.03.06	2277.00	Shri Shabbir Ahmed
3	545659/20.03.06	2161.00	Shri Chhotu Rout
4	742398/16.10.06	17408.00	Shri C.P. Upadhaya
5	742398/16.10.06	10968.00	Shri Shabbir Ahmed
6	742398/16.10.06	9482.00	Shri Chhotu Rout
7	742398/16.10.06	8760.00	Shri Rajju Done
<b>Total -</b>		<b>54476.00</b>	

The Bank Pass Book may be produced before next audit.

27. **Vouchers Wanting:-**

Vouchers amounting to expenditure of Rs. 87,000.00 were not produced before audit. Therefore, the expenditure of Rs. 87,000.00 is held under objection till the production and scrutiny of the Vouchers. The vouchers may be produced before next audit and got checked.

(Vide details in **Appendix – XIII** to the report).

28. **Advance:-**

The Advance ledger was not maintained in the Nagar Parishad. Scrutiny of cash book revealed that a sum of Rs. 1, 69,840.00 was given as advance from Parishad fund during 2006-07 and 2007-08. (Vide details in **Appendix –XIV** to the report).

Steps may be taken for early adjustment / recovery of the advance. Maintenance of advance ledger may be ensured.

29. **Result of Audit:-**

The result of audit is as under:-

(i) Amount suggested for recovery- **Rs. 10, 92,954.52.**

(ii) Amount held under objection- **Rs. 24, 73,864.50.**

(Vide details in **Appendix –XV** to the report).

30. **Discussion with the executives:-**

Important points raised in audit were discussed with the executives of the Nagar Parishad from time to time.

31. **General remarks:-**

There was much scope for improvement in the maintenance of accounts of the Nagar Parishad. From the accounts and records made available to audit it may be concluded that the financial position of the Nagar Parishad was not sound. Effective steps may be taken for improvement in the maintenance of accounts and financial position of the Nagar Parishad. Sincere efforts are required to be made for completion of incomplete schemes and adjustment / recovery of advance.

Sd/-

**Tanveer Hasan**  
Section Officer (Audit)

(20)  
No. L.A. (Sur) 1150

Date:- 24/9/08

Copy forwarded to the Executive Officer, Nagar Parishad, Bagha for information and necessary action along with request that a complete compliance may be sent through proper channel to the undersigned within three months from the date of receipt of the report.

sd/-  
Audit Officer /Surcharge  
Local Audit Wing  
Bihar, Patna.

No. L.A. (Sur.) 1151

Date:-

Copy forwarded for information and necessary action to:-

- ✓ 1. The Principal Secretary, Urban Development and Housing Department, Govt. of Bihar, Patna.
2. The District Magistrate, West Champaran, Bettiah.
3. S.O. /Surcharge

Bkumar  
24/9/08  
Audit Officer /Surcharge  
Local Audit Wing  
Bihar, Patna.