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

NO. L.A.Sur/ 1074

Dated: - 31/7/08

To,

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



अस्ता
4/08/08

Sir,

Audit Report No. 142/2008-09 on the accounts of **Barahia Nagar Parishad** for the Period
2001-02 to 2006-07 is enclosed for your kind information and necessary action.

Encl: -As above

Yours faithfully

Bkumar
(Bhairab Kumar)

Audit Officer/Surcharge
Local Audit Wing, Bihar, Patna

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AUDIT REPORT NO. 142 of 2008-09

1. INTRODUCTION

The accounts of Barahia Nagar Parishad for the period 2001-02 to 2006-07 were test audited by an audit party of the Pr. Accountant General (Audit) Local Audit Wing Bihar, Patna from 11.02.08 to 29.03.08.

2. ADMINISTRATION

- (I) Name of The Chairman- Smt. Rupam Singh From 29.06.2002 to 31.03.07
 (II) Name of the Vice Chairman - Sri Manoj Kr. Singh From 29.06.2002 to 31.03.07
 (III) Name of the Special Officer/ Executive Officer.

1.	Sri Nishi Bhushan Das	01.04.01 to 31.07.03
2.	Sri Ajay Prasad Singh	31.07.03 to 15.10.03
3.	Md. K.Jo Nashim	15.10.03 to 24.11.04
4.	Sri Lalit Narayan Dubey	24.11.04 to 11.08.05
5.	Sri Awadh Bihari Lal	11.08.05 to 29.09.06
6.	Sri Ramjee Sah, B.D.O.	29.09.06 to 31.03.07

3. PREVIOUS AUDIT REPORT.

Sl. No	Reference to Audit Report	Period of Audit	Para Outstanding
1.	11/ 82-83	1979-80 to 1980-81	1
2.	89/89-90	1986-87 to 1987-88	2
3.	58/ 95-96	1988-89 to 1994-95	48
4.	24/ 01-02	1995-96 to 2000-01	33

Compliance report to the remaining paras was not made available to audit in spite of several verbal and written reminders and as such the very purpose for which the audit is conducted is defeated. The Executive of the Nagar Panchayat is requested to take effective steps for furnishing compliance to audit report early.

4. SCOPE OF AUDIT

A list of accounts and records test checked in audit has been given in Appendix- I and list of records either not maintained or not produced in audit has been given in Appendix-II to the report.

5. ANNUAL ACCOUNTS

Annual Accounts for the periods from 2001-02 to 2006-07 were not prepared as per Rule 72 and 83 of the Bihar Municipal Accounts Rules 1928.

The same may be prepared and shown to the next audit.

6. **FINANCE (ACCOUNTANT'S CASH-BOOK)**

From the Accountant's Cash-Book the position of opening balance at the beginning of the year, Receipt and Expenditure during the year and the closing Balance at the end of the year for the years under audit were as under:-

	2001-02	02-03	03-04	04-05	05-06	06-07
OB	12,82,207.73	9,36,981.73	12,24,989.23	11,96,295.23	23,41,423.23	26,42,711.23
Receipt	11,71,711.00	16,89,071.05	8,02,242.00	32,31,829.00	26,74,621.00	19,63,332.00
Total	24,53,918.73	26,26,053.23	20,27,231.23	44,28,124.23	50,16,044.23	46,06,043.23
Expenditure	15,16,937.00	14,01,064.00	8,30,936.00	20,86,701.00	23,73,333.00	26,84,059.00
C.B. as per worked out in audit	9,36,981.73	12,24,989.23	11,96,295.23	23,41,423.23	26,42,711.23	19,21,984.23
CB as per Cash- Book	9,40,542.78	12,27,076.28	11,98,382.28	23,43,510.25	26,44,798.28	19,24,071.28
Difference	3,561.05	2,087.05	2,087.05	2,087.05	2,087.05	2,087.05

Balance as per Treasury/Pass Book as on 31.03.07

Treasury Pass Book-	17,23,126.39
SBI, Barahia, Current A/c No.-50147	8,164.89
	<u>17,31,291.28</u>
Difference-	1,90,692.95

(Details in Appendix-III to the report)

Audit Observation:-

(I) Reconciliation

1. Differences between the figure of Closing balance of accountant Cash-Book as worked out in audit and as per Cash-Book were not pointed out.

(II) The differences between the closing balance as per Cash-Book and treasury/ Bank A/c were not reconciled. The difference between the two sets amounting to Rs. 1,90,692.95 may be detected and shown to the next audit.

7. **11th FINANCE COMMISSION**

A total of Rs. 51,12,904/- as detailed below was received by the Nagar Panchayat, Barahia during the year 2002-03 to 04-05 on the recommendation of 11th finance commission.

2002-03		
1.	Sanctioning letter no. 827/NVV/22.03.03	Rs. 4,59,814 Kept in Accountant's Cash Book (P/L A/c)
2003-04		
1.	959/NVV/30.03.03.	Rs. 18,22,405 Kept in separate bank A/c maintained in previously Balika Samridhi A/c 45073 SBI Barahia in which Rs. 1946/- only was available on Feb' 03.

2004-05			
1.	1340/NVV/30.03.04	Rs. 11,41,110	Kept in accountant cash book (P/L A/c)
2.	3876/ ,, / 05.01.04	Rs. 16,89,575	-do-
	Total-	Rs. 51,12,904/-	

Audit Comments

- (I) In absence of grant register the grant wise utilisation could not be ascertained in audit.
- (II) Utilisation certificate, if any, sent to the State Government was also not made available in audit.
- (III) **Expenditure of Rs. 3,97,862/- made by diverting other head of grant :-**

A total of Rs. 3,97,862/- was spent under 11th F.C. by withdrawing the cheques of another head of grant vide details below:-

Sl. No	Ch no./ dt	Amount (Rs.)	Particulars.
1.	109839 / 17.11.05	2,00,000/-	Cheque of S.J.S.R.Y A/c (45067 SBI Barahia)
2.	112106/ 07.01.06	37,345/-	
	Total-	Rs. 2,37,345/-	
3.	110555 / 06.05.06	60,345/-	Cheque of N.S.D.P. A/c (45072 SBI Barahia.)
4.	110557 / 12.05.06	70412/-	
5.	110558 / 30.06.06	29760/-	
	Total-	Rs. 160517/-	
	Grand total	Rs. 3,97,862/-	

This was happened due to execution of schemes of estimating value of Rs. 52.36 lakh which was more than the fund available under 11th F.C. This was clear from the following statements.

Funds available	Position of execution of scheme		
	Year	No. of Schemes	Estimated value
Rs. 51,12,904 (02-03 to 04-05)	03-04	6	22,16,700/-
	04-05	4	11,96,000/-
	05-06	4	14,84,300/-
	06-07	2	3,39,000
	Total-		52,36,000/-

It was obvious that against the grant receipt of Rs. 51.13 lakh, the Nagar Panchayat Barahia executed scheme of Rs. 53.36 lakh i.e. 1.23 lakh more than the fund available, which was highly irregular.

Steps may be taken to recoup the diverted fund from the N.P. Fund.

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(iv) **Position Of Scheme**

The position of schemes undertaken, completed/ incomplete and advance with the executing agent against incomplete scheme under 11th F.C. was as under. (As per statement made available by local office).

Year	No of scheme taken up	No. of completed scheme	No. of incomplete scheme	Estimated incomplete scheme	Advance with the ex. agent	Scheme no.	Name of executing agent (s/sri)
03-04	6	5	1	4,99,500	4,27,500	6/03-04	I. Bambam Singh 1,27,500/- II. K.N.Sharma T.D. 3,00,000/-
04-05	4	4	-	-	-	-	
05-06	4	4	-	-	-	-	
06-07	2	1	1	1,88,000	1,50,000	2/06-07	Bipin Kr. T.C.
Total	16	14	2	6,87,500	5,77,506		

It was obvious from the above figure that against the 16 schemes undertaken 14, schemes were completed and 2 schemes were not completed as yet, against which Rs. 5,77,500/- was the advance with the executing agent.

(v) **Irregular Execution of Scheme "Construction of Chowkidar Shed in Thana Campus" (Scheme no. 2/06-07).**

As per Govt. direction the fund received under 11th F.C. should be utilised on the priority basis of schemes related to civic amenities like-

- (i) Water Supply
- (ii) Drain & Sewerage
- (iii) Community Shauchalary
- (iv) disposal of solid waste
- (v) Equipment related to Sanitation etc.
- (vi) Account maintenance etc.

But it was found that disregarding the Govt. direction Nagar Panchayat Barahia, irregularly selected and executed the scheme "construction of chowkidar shed in thana campus in W.No- 15 in the meeting held on 26.08.06.

Copy of obtaining of administrative approval by the board on 07.12.06 was not made available in audit.

For execution of scheme, work order was given to Sri Bipin Kumar, T.C. on 14.12.06 with the schedule date of completion on 31.01.07 vide L.N. 319/ 14.12.06 and Rs. 1,50,000/- was also advanced to him from time to time vide details as under.

Ch no. 397603/ 16.12.06	50,000
397637 / 13.04.07	50,000
397639/ 23.05.07	50,000
Total-	1,50,000

From the concern scheme file, nothing (except giving the advances to the executing agent) in respect of even work was started or not was not recorded.

Execution of construction work of Chowkidar shed in Thana Campus was not even under the purview of Nagar Panchayat and thus advance of 1.50 lakh made to the Executing Agent may be recovered and deposited to XIth F.C. Fund.

(vi) The particulars of scheme no., name of scheme, name of advance holder etc. were not recorded against the issue of cheque. As such, the comparison with the scheme register could not be made the audit.

Further, concerned scheme files along with the M.B., Vouchers, estimate, M.R. etc were also not made available and thus the expenditure made on execution of scheme amounting Rs. 48.98 lakh as details below could not be vouched safe. Relevant records may be arranged & furnished to next audit pending which Rs. 48,98,056/- is held under objection.

2002-03	Nil
2003-04	17,62,995
2004-05	12,89,425
2005-06	15,20,858
2006-07	3,24,778
Total-	48,98,056

8. 12th FINANCE COMMISSION

A total of Rs. 22.65 lakh was received by the Nagar Panchyat Barahia under 12th finance commission as under.

	Sl. No	San. Letter no.	Amount (Rs.)
2005-06	1.	3191/NVV/ 28.09.03	13,82,966
2006-07	2.	3115/NVV/ 11.08.06	8,82,123
		Total-	22,65,089

From the above grant 14 schemes of estimating value of Rs. 28.81 lakh were taken up during 2006-07 and a total of Rs. 18.00 lakh was advanced with the executing agent. It was stated that schemes were completed but finalised during 2007-08.

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Audit Observations:-

- (I) **Schemes selected for more than the fund available Diversion of Rs. 5,47,665/- from S.J.S.R.Y. Government direction not observed.**

As per Govt. direction, 50% of the total grant received was to be utilised on solid waste management, 1 to 3% was to be used on E- governance, 1% on Urban management and rest (46%) should be utilised on civic amenities like water supply, road construction street lighting etc.

But it was found that violating the Govt. directions, schemes were undertaken for estimates valuing of Rs. 25.81 lakh, which was far more than the stipulated fund of Rs. 10.42 lakh (46% of 22.65) even more than the total receipt of grant, which was highly irregular.

Under which circumstances the direction of the Govt. was not observed may be pointed out next audit.

Further, it was noticed that at the time of final payment to the Executing agent during 07-08, a total Rs. 5,47,665/- as details below was spent from SJSRY head due to non-availability of funds under 12th F.C.

Ch no. 112116/ 01.06.07	46,527
112117/ 01.06.07	41,475
112118/ 01.06.07	37675
112119/ 01.06.07	12078
112120/ 01.06.07	67675
120921/ 02.06.07	41793
120922/ 02.06.07	68467
120923/ 02.06.07	41858
120924/ 02.06.07	55987
120925/ 02.06.07	1,34,130
Total-	5,47,665

Diversion of fund from SJSRY was highly irregular and the purpose of receiving of grant forfeited.

- (II) **Selection of Scheme**

The schemes were found selected by the board in the meeting held on 26.08.06 without stating that the schemes were executed under which grant.

Thereafter, neither schemes were selected with estimate nor administrative approval was made. As per direction competent administrative approval should have been obtained after taking, selection and technical approval of estimates of schemes but the same was not done. This

indicated that the entire works were executed without obtaining competent administrative approval.

(III) Concerned scheme files along with M.B, estimate, M.R. etc as well as utilisation certificate were not made available to audit.

9. **NATIONAL SLUM DEVELOPMENT SCHEME (N.S.D.P).**

Figures of receipt of grant and expenditure under N.S.D.P. were not recorded in the "accountant cash book". This was kept in separate bank A/c but cash book was not maintained by the N.P. Barahia. As such the actual position of receipt under NSDP as well as interest credited by the bank, the expenditure made out of this account and the cash book balance in the year under audit could not be ascertained.

However, as per allotment register/ grant register of the same made available to audit.

The position of receipt of grant and expenditure under NSDP were as follows:-

Year Particulars	2001-02	02-03	03-04	04-05	05-06	06-07
Opening Balance	961431	2930658	320114	2714118	2001228	1309148
Receipt	39,62,000	4,63,974	25,75,000	14,16,000	19,04,000	Nil
Total	49,23,431	33,94,632	28,95,114	41,30,118	39,05,228	13,09,148
Expenditure	19,92,773	30,74,518	1,80,996	21,28,890	25,96,080	9,93,819
Closing Balance (worked out audit)	29,30,658	3,20,114	27,14,118	20,01,228	13,09,148	3,15,329
Closing balance As per register	29,16,658	Not shown	Not shown	20,47,723	Not shown	2,61,824
Difference	14	-	-	46,495	-	53,505

Closing balance as per bank A/c on 31.03.07 – Rs. 4,94,719.44 (S.B.I. Barahia, no. 01100050134)

(Referred to in Appendix- IV of the report).

Audit Observation:-

(1) There were differences noticed in the closing balance shown in the register and the worked out in audit. This may be located and complied.

(2) As per bank A/c (SBI Barahia) the balance on 31.03.07 was Rs. 4,94,719.44. In this balance, the following amounts were found credited in bank pass book.

Date of credit	Amount (Rs)	Particulars
24.04.01	1,000	Not mentioned
29.01.02	18,207	„
26.08.02	495	„
05.03.03	1,32,695	„
06.06.03	50,632	„
10.11.03	5,904	Interest

01.01.04	51,181	„
01.07.04	51,047.23	„
01.01.05	71,883.22	„
02.07.05	39,242.07	„
02.01.06	13,810.06	„
01.07.06	30,122.76	„
06.11.06	25,000.00	By TV
06.01.07	15,290.12	Interest
Total-	5,06,509.46	

Non-maintenance of cash book leads to major financial irregularities.

Cash book may be prepared incorporating the figure of above credit of interest/ others and balance arrived at may be reconciled with the bank balance and shown to next audit.

Diversion of Grant (NSDP)

The following amounts of grant were found diverted from N.S.D.P. towards other purposes/ need of grant.

Sl. No	Cheque no/ dt.	Amount of diversion (Rs.)	Purpose	Position of recoupment
1.	095173/09.06.02	17,500	Payment to chartered Accountant (S.K. Bats & Co, Patna for audit work for 94-95 to 00-01)	Nil
2.	096722/16.08.02	1,00,000	For Scheme of other head (MP Fund)	05.03.03/ 1,32,695
	096732/03.12.02	32695		
3.	110547/ 06.10.05	1,11,391	Salary for Aug'04	Nil
4.	110555/06.05.06	60,345	Scheme no 12/05-06 of 11 th F.C.	Nil
	110557/12.05.06	70,412		
5.	110558/30.06.06	29760	Sale tax deposited on respect of scheme of 11 th F.C	
	Total	4,22,103		1,32,695

Out of above diversion of Rs. 4,22,103/- only Rs. 1,32,695/- was recouped and balance Rs. 2,89,408/- was not found recouped in the N.S.D.P. head of grant .

Diversion of Rs. 2,89,408/- out of N.S.D.P. towards salary payment (Rs. 1,11,391) and other head of expenditure (11th F.C. – 1,60,517/- other 17,500/-) was highly irregular and thus violated the Government directions.

Under which circumstances the same was happened may be pointed out in next audit.

Attention of the authorities is invited towards the aforesaid facts of non-maintenance of cash book and diversion of grants and other cases, if any, may also be detected and immediate steps may be taken for recoupment of the diversion and maintenance of cash book to avoid any further financial irregularities.

10. F.I.R. LOADGED AGAINST INCOMPLETE SCHEME

(i) Scheme no. 6/03-04 (11th F.C.) Sinking of tube well (37 no. est.- 4,99,500)

For execution of sinking of tubewell at 37 places in 18 wards a total Rs. 1,27,500 was advanced to Sri Bambam Singh as details below.

Ch. No- 100547 / 27.12.03	7500
Ch. No- 100550/ 24.01.04	1,20,000
Total-	1,27,500

As per work order no. 373/ 27.12.03 given to him, the work was to be completed up to 31.01.04.

Due to non-furnishing of papers relating to work the Executive officer vide L.N. 145/29.05.04 cancelled the works issued to Singh and directed to further the M.B., Vrs. Etc. Only vouchers worth Rs. 1,35,000/- was submitted against the 10 tubewell but the same was not adjusted.

A fresh work order for sinking of 27 tubewell (est. value 3,64,500 @ 13500/ each) was given to Sri Krishnanandan Sharma, T.D. with the schedule date of completion on 15.05.05 vide order no. 92/08.03.05.

For execution of scheme, a total sum of Rs. 3,00,000/- was advanced to him as follows.

Ch- 395938/ 18.03.05	2,00,000
395949 / 28.04.05	1,00,000
Total-	3,00,000

From the file, it appeared that even no work was started by the executing agent.

Due to non- execution of scheme by Shri K.N. Sharma, a F.I.R. had been lodged in the Barahia thana against Sri Sharma alongwith other.

2. Incomplete Schemes vide L.N. 211 / 10-08-06 as details below-

Sl. No	Scheme no.	Name of Scheme	Agreement /dt.	Schedule /dt. of completion	Est (Rs.)	Advance Paid
1.	5/02-03	P.C.C. Road & drain from N.H.80 to house of Bhaso Singh in W.N.- 1 (Under SJSRY)	08.03.03	30.05.03	5,22,000	08.03.03-7500
						10.03.03-1,00,000
						04.04.03-2,00,000
						30.04.03-50,000
					Total -	3,57,500
2.	6/02-03	Sinking of tubewell (27 nos.) (Under 11 th F.C.)	18.03.05	15.05.05	3,64,500	18.03.05-2,00,000
						28.04.05-1,00,000
					Total -	3,00,000
3.	20/04-05	P.C.C. Road from Nagwati Road to Railway line via Kali Mandir (under NSDP)	11.03.05	15.05.05	12,68,000	11.03.05-7500
						14.03.05-2,00,000
						Total -
					Total Advance-	8,65,000

Copy of F.I.R. was not obtained & shown in audit and it was also stated that the executing agent was absconding from the office.

This type of happening was occurred due to non-monitoring of the execution of schemes by the authorities of Nagar Panchayat and giving advances regularly without receiving of adjustment of previous advances.

Authority may take action to investigate the matter and update position may be intimated to the Examiner of local Accounts Bihar, Patna.

11. Deleted

12. COLLECTION ON A/c OF NOMINATION FEE

Through M.R. No. as indicated below a sum of Rs. 33,097 was collected on account of Nomination fee for Nagar Parishad's election 2007.

Sl. No	M.R. Nos.	Amount
1.	101/ 02.05.07 to 200/21.05.07	11223.00
2.	201/ 30.04.07 to 300/02.05.07	21038.00
3.	401/07.05.07 to 428/24.05.07	836.00
	Total-	33,097.00

Out of the sum of Rs. 33,097/- a sum of Rs. 20297/- was deposited in to Nagar Panchayat fund vide challan No- 1 Dt. 16.07.07 Rs. 1,000/- and Challan no. 52 of 13.07.07 Rs. 19297/-. The credit of balance sum of Rs. 12,800/- was not found out in Nagar Parishads fund. Thus, the sum of Rs. 12,800/- may be recovered from persons responsible.

13. DELETED

14. FINANCIAL POSITION

Against the cash balance of Rs. 19,24,071.00 as on 31.03.2007 the Nagar Parishad has the following liabilities:-

1.	Pay and Allowances due from May 2006 to March 2007	12,54,000.00
2.	Education Cess Payable to the Govt.	98,432.00
3.	Health Cess Payable the Govt. 2001-02 to 2006-07	97,957.00
4.	Loans Received during	4,80,681.00
5.	Due of Pension Payment September 2003 to March' 07 (Loan Register was not maintained)	10,88,650.00
	Total-	30,19,720.00

Thus, the Nagar Parishad virtually closed with minus balance of Rs. 10,95,649.00 on that date. The main reasons for minus balance were due to the meager percentage of collection of Taxes, over expenditure towards establishment and other recurring heads. The Executives of the Nagar Parishad is therefore, impressed upon to take effective measure to reduce the expenditure on establishment and other recurring charges and push up the minimum standards of 85 percent of

collection to augment the resources in order to render proper and adequate civic services to the rate payers.

15. IMPORTANT AUDIT POINTS

Sl. No	Particulars	Paragraph No.
1.	Revision of Assessment list (State of Collection)	21
2.	Govt. Grants	19
3.	Govt. Loans	20
4.	Amount deposited at the instance of Audit	38
5.	Non-credit of Collection money	36
6.	Bid Money not recovered	22
7.	Amount of Health Cess and Education Cess not remitted to the government	24
8.	Non production of Receipts Books	30
9.	Advances	40
10.	Diversion from grants of N.S.D.P. 4,22,103/-	9 (2)
11.	12 th finance scheme selected more than the fund available (Rs. 547665/-) paid out of SJSRY	8 (I)
12.	Out of 11 th finance construction of chaukidar shed in thana Kampus Scheme No- 2/06-07	7 (V)

16. INTERNAL AUDIT

There is no specific provision either in the Bihar and Orissa Municipal Act. 1922 or Rules made there under for the internal audit of the Accounts of the Municipality. But under Rule 20,30, and 39 of Bihar Municipal Accounts (Recovery of Taxes) provides a number of internal checks which would be exercised either by chairman and the vice chairman, the Executive officer or any other responsible officer entrusted for the purpose by the commissioner at a meeting. These checks prescribed in the Rule in order to have proper control in the maintenance, co-ordination and avoid irregularities in the Municipal Accounts.

On scrutiny of the records of the Municipality it was noticed that no such checks were conducted by any of the Executives of the Municipality and for want of such checks a lot of irregularities were noticed. Had the Municipal authorities conducted such checks at regular intervals the irregularities detected could be avoided.

It is therefore impressed upon the authorities to conduct regular checks to stop the recurrence of such irregularities in future.

17. BUDGET ESTIMATES

Budget estimates, as required under Section 71 to 73 of Bihar and Orissa Municipal Act 1922, for the period 2001-02 to 2006-2007 was not prepared by the Nagar Panchayat. As per

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provision of Section 75 (2) of the Act, ibid no order for the payment of money from the Municipal fund may be passed unless the expenditure thereof has been authorized in the budget estimates. But in contravention of the said provision the whole expenditure was incurred without any budget estimate.

Attention of the Executive of the Nagar Panchayat is drawn to the matter. Budget estimate may be prepared in future for each financial year as provided in the Act.

18. **DELETED**

19. **GOVERNMENT GRANT REGISTER.**

Government Grant register pertaining to the period under audit was not maintained. Only the amounts of grants were entered in a register during audit in which necessary columns viz. sanctioning letter no., purpose of grants and details of expenditure out of grants, indicating voucher no. and amount were not indicated. It was not closed and balanced to the end of each financial year. Thus, the scheme wise details of balance of each grant on 01.04.2001, amounts of grants received and spent during 2001-02 to 2006-07 and unspent balance of grants on 31.03.2007 could not be ascertained.

20. **GOVERNMENT LOAN REGISTER**

Loan register in the form XXI and Loan Appropriation register in form XXI A as required under Rule 88 and 89 respectively of the Bihar Municipal Accounts Rules 1928 were not maintained at all. As such the total amount of loan contracted by the Nagar Panchayat. up to 31.03.07 for different purposes, condition for repayment of loan and interest and amount of instalments of Principals and interest repayable as on 31.03.07 could not be ascertained.

21. **DELETED**

22. **DELETED**

23. **S.J.S.R.Y CASH BOOK**

As per the statement given below position of the Receipt and expenditure is as under:-

Year	OB	Receipt	Total	Expenditure	C.B.
2001-02	5,97,357	6,26,030	12,23,387	11,72,186	51,201
2002-03	51,201	23,28,683	23,79,884	23,50,090	29,794
2003-04	29,794	5,57,627	5,27,421	4,13,418	1,74,003
2004-05	1,74,003	10,91,000	12,65,003	6,000	12,59,003
2005-06	12,59,003	4,33,000	16,92,003	2,59,171	14,32,832
2006-07	14,32,832	-	14,32,832	1,82,290	12,50,542

Bank Balance as on 31.03.07 was Rs. 12,38,099/- of SBI Barahia A/c no. Cash-Book may be maintained and reconciled.

24. EDUCATION AND HEALTH CESS

No separate account in respect of Education and Health Cess were maintained. It was noticed from the Accountants Cash Book that a total sum of Rs. 1,08,841.24 and Rs. 109368.89 as Health Cess and Education Cess respectively were collected up to 31.03.07. The sum was deposited in the Nagar Panchayat fund instead of being deposited in the Government account after deducting 10% of the collection charges. The details are as under:-

Year	Health Cess	Education Cess
2001-02	24489.77	24450.77
2002-03	27616.11	27899.76
2003-04	3084.14	3166.14
2004-05	22911.32	22970.32
2005-06	9460.16	9604.16
2006-07	21279.74	21279.74
Less 10% Collection charge	108841.24	109370.89
	(-) 10884.13	10937.09
	97957.11	98433.80

Suitable steps may be taken to withdraw total sum of Rs. 1,96,390.91/- from the Nagar Panchayat fund and the same may be credited into the appropriate Government account at an early date.

25. SULAB SAUCHATYA, LOANS AND INTEREST

As per the previous Audit report it was noticed that 865 Nos. of dry latrine were converted into septic latrine under the conversion of dry latrine scheme during 1986-87 to 1988-89 @ Rs. 1170/- and 1520/- each and a total sum of Rs. 11,05,500/- spent over it . Total amount includes 50% subsidy and 50% loan as detailed below:-

Sl. No	Total No. of Latrine constructed	Rate for latrine	Total Amount	Amount of Loan
1.	598	11.70	6,99,660.00	349830
2.	267	1520	4,05,840.00	202920
	Total		11,05,500.00	552750

As per the terms and conditions of the govt. letter the loan was to be recovered from the tax payers in 15 equal quarterly instalment after one year of the advance of loan along with 13% interest per annum. It was reported that no recovery was made till 2000-2001. However, it was

gathered from the accountant cash book that a total sum of Rs. 37576 was collected from the taxpayers along with interest from 2001-02 to 2006-07, the details are as under-

Year	Amount
2001-02	12,879.00
2002-03	6,738.00
2003-04	-
2004-05	2,040.00
2005-06	6813.00
2006-07	9106.00
Total-	37576.00

If the simple interest for 12 years @ 13% calculated for 5,52,750/- it comes to Rs. 8,62,290/- + principal 552750 = 1415040.00

	1415040.00
Less amount collected During 2001-02 to 06-07	(-) 37576.00
Total-	13,77,464.00

Action may be taken to recover the loan along with interest and shown to the next audit.

26. DELETED

27. PAYMENT OF HOUSE RENT TO GOVT. HIGH SCHOOL, BARAHIA

It was noticed from the concerned records that a sum of Rs. 17250/- @ Rs. 75/- per month as rent for the period from January 87 to Feb' 2006 was paid to the Govt. high School Barahia through Ch. no. 323782 dt. 28.03.06. The room was hired from the high School to Run a Primary Health Center by the Nagar Panchayat. But, No Primary Health Center was run by the Nagar Panchayat, then the Payment of Rs. 17250.00 become infructuous which may be recovered from persons responsible.

28. Deleted

29. Vouchers not produced in audit:-

In course of comparison of Vouchers with the accountant cash Book vouchers worth Rs. 55, 12,069/- was not produced in audit.

(Vide Appendix- V of the report)

30. Non-Production of Form 'H' Receipt in Audit

It was noticed in audit that total 37 form 'H' Receipt Books used by different tax collectors were deposited with the then Tax Daroga after use. But these receipt books were not produced in audit.

(Vide Appendix-VI to the report)

31. Non – Production of M.R.s:-

The eleven used miscellaneous receipts book used by different tax collators were returned back to T.D. but the said M.R.s were not produced in audit.

(Vide Appendix VII of the report)

32. Retention of collection Money:-

It was noticed in course of audit that in Nagar Panchayat Barahia at every stage (i.e. T.C and cashier) the collection money was retained. The amount of collection was credited in to the Parishad fund after 2 to 3 months. Some examples are given below:-

Sl. No.	Receipt Nos.	Date	Amount Rs.	Date of deposit by the T.C to the cashier	Date of deposit by the credited into the bank	Period of Retention by the cashier.
1	4803 to 4827	25.10.06 to 01.05.07	8515.00	05.06.07	12.07.07	1Month 7days
2	4828 to 4849	01.05.07 to 04.05.07	25797.00	05.06.07	12.07.07	1Month 7days
3	-	04.05.07 to 06.06.07	2400.00	06.06.07	12.07.07	1Month 6days
4	-	17.07.07 to 06.08.07	1100.00	06.08.07	07.08.07	1Month
5	4210 to 4226	01.07.02 to 11.10.02	1036.00	11.10.02	12.11.02	1Month
6	4237 to 4252	26.08.02 to 08.11.02	2050.00	08.11.02	20.11.02	12days

The practice of retaining the money for use should be avoided in future.

33. Short Deposit of Sales Tax

Details of the sales taxes deducted and deposited with the sales tax department are as under:-

Sl.No.	Sales Tax Deducted	sales tax deposited	Challan No. and date
1	56168.00	56168	Ch.No. 396944/ 07.04.04
2	33671.00	33488	100858/30.07.05
3	81416.00	80992	110544/30.07.05
4	41160.00	48640	Chalan No. 27/29.07.06
5	8480.00		
6	41528.00	41528	26/02.11.07
7	121308.00 11 th F.C.	68732	Challan No. BT/UH/ 184400010102
8	6000.00 12 th F.C.		
Total	3,89,731.00	3,29,548	

Balance to be paid **60,183.00**

The sum of Rs. 59183.00 due on account of sales taxes to be deposited at an early date.

34. Deleted

35. Deleted

36. **Non –Credit (Tin –Ticket):-**

In course of audit of 2001-02 to 2006-07 a sum of Rs. 9986.50 was not credited in to the Nagar Panchayat fund. The sum of Rs. 9986.50 may be recovered and credited into the Nagar Panchayat Fund and the position of deposit shown to next audit.

(Vide Appendix VIII of the report)

37. **Short Credit:-**

In course of audit a sum of Rs. 7770.30 was fund short credited. This may be recovered from the concerned person and the position of deposit shown to next audit.

(Details Vide Appendix IX of the report)

38. **Deposited at the instance of audit:-**

In course of audit for the period 2001-02 to 2006-07 a sum of Rs. 45,602.00 deposited by different persons when pointed out in audit.

(Vide Appendix X of the report)

39. **Deleted**

40. **Advance:-**

The Advance ledger for the period under audit i.e. from 2001-02 to 2006-07 was not maintained and as such it could not be ascertained whether the advances were made during the years under audit and were actually adjusted / recovered. The outstanding list of advances was also not prepared.

From the payment Vouchers and other relevant records it was ascertained that a sum of Rs. 5,75,400.00 (Vide details in Appendix – XI A & B to the report) outstanding advance to be shown to the next audit. The advance ledger may be maintained as per account Rules.

41. **Discussion with the Executive:-**

The points raised in audit were discussed with the Executive of the office from time to time.

42. **Result of audit:-**

The result of audit is shown below:-

(i) Amount recovered at the instance of audit.	-	45602.00
(ii) Amount Suggested for recovery	-	197806.00
(iii) Amount suggest for recovery through surcharge	-	Nil
(iv) Amount held under objection	-	4898056.00

(Vide Appendix XII of the report)

43. General Remarks:-

The important records such as Govt. Grant Register, Govt. loan Register, Loan appropriation register, Annual Accounts, Advance ledger, Demand and collection registers were not maintained.

There was much scope for improvement in the maintained of the accounts. The financial position of the Nagar Panchayat was alarming and therefore suitable measures required to be taken to improve the financial position.

Sd/-

Panday Basant Kumar
Supervisor

26
No. L. A/ Sur 1073

Dated:- 31/7/08

Forwarded to the Executive Officer of Barhia Nagar Parishad for information and necessary action with a request, that a complete reply showing the action taken on the report may please be furnished to the Examiner of Local Accounts, Bihar, Patna ^{through proper channel} within three months from the date of receipt of the report.

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

Memo no. L. A/Sur. 1074

Dated:- 31/7/08

Copy to :-

- ✓(i) The Principal Secretary to the Urban Development Department, Govt. of Bihar, Patna.
 - (ii) District Magistrate, Lakhisarai
 - (iii) S.O./Surcharge
- for information and necessary action.

B Kumar
31/7/08
Audit Officer/Surcharge
Local Audit Wing, Bihar, Patna

List of Record Registered produced in audit.

(Referred to in Paragraph 4 of the report)

1. Accountant Cash Book
2. Cashier's Cash - Book
3. Treasury Pass - Book
4. Bank Pass Book of other A/c's
5. Bank Pass Book of S. J. S. R. x
6. Bank Pass Book - N. S. D. T.
7. S. B. 9. A/C of Brasilia A/C NO-50009
8. Ticket A/C
9. Stock Register of ~~the~~ Form H/R Receipts
10. Stock Register of Miscellaneous Receipts
11. Voucher guard files
12. DoR of Health Care & Education a/c
13. Fix demand file
14. Proceeding Book

(Referred to in Paragraph 4 of the report)

Statement Showing Records and registers.

not produced in audit or not maintained
 Referred to in paragraph 4 of the report

1. Annual Account of Receipts
2. Monthly and Quarterly A/c of Receipt & Expenditure
3. Govt Grant Register
4. Govt Loan Register.
5. Suit Register.
6. Advance ledger
7. P. F. ledger
8. Permanent Advance Register
9. Investment Register
10. Stock and Stores Account
11. Services Book and Invoice
12. Register Showing Sanction (Strength and Supernumerary)
13. Scheme Register (of S.S.S.R.Y., N.S.D.P., I.I.S. & I.P.C.)
14. Audit Register
15. Budget Estimate
16. Propriety Register.
17. Assessment Register
18. Demand and Collection Register
19. Water connection Register
20. Progress Statement & ledger
21. out standing list of Taxes
22. Mutation A/c
23. Remission A/c
24. Building Petition Register
25. Saleable forms A/c
26. M.B'S Vouchers, Cash Book
 of S.S.S.R.Y.
27. M.B'S, vouchers Cash Book
 of N.S.D.P.
28. Stock Register of Birth and death
 Certificate.

(Referred to in paragraph 4 of the report)

Statement Showing month wise Receipt and Expenditure as noted from the Accountant's Cash-Book for the period under audit.

(Referred to in Paragraph 6 of this report.)

Month	R.ECEIPTS			Expenditures
	Own Source	Govt Grant	Govt Loans	
4/01	15,162 =			28237 =
5/01	55,170 =			-
6/01	1,66,227 =			1,94,938 =
7/01	26,828 =			8,41,842 =
8/01	26,875 =			29,656 =
9/01	31,296 =			52,000 =
10/01	23,396 =			1,52,574 =
11/01	9,161 =			1,000 =
12/01	17,311 =			7820 =
1/02	20,452 =			59940 =
2/02	36,887 =			78947 =
3/02	94,293 = + 14,575 =	3,17,142 =	3,17,142 =	69,983 =
Total	5,37,427 =	3,17,142 =	3,17,142 =	
Advt	12,82,207 = 73			
Govt	<u>24,53,918 = 73</u>		<u>2002-03</u>	<u>15,16,937 =</u>
03	9,36,981 = 73			4,10,84 =
4/02	16,045 =			77,56,442 =
5/02	36,235 =			3,06,232 =
6/02	21,025 =			55,127 =
7/02	49,264 =			18,500 =
8/02	41,631 =			46,260 =
9/02	33,451 =			46,154 =
10/02	40,869 =			32,331 =
11/02	17,735 =			
12/02	41,365 =	2,90,040 = 50		42,121 =
1/03	20,147 =			2,69,550 =
2/03	31,586 =	4,59,814 = ?		12,905 =
3/03	27,746 =	2,80,659 =	2,80,659 =	3,07,652 =
	3,77,899 =	10,30,513 = 50	2,80,659 =	
	<u>26,26,053 = 23.</u>			<u>14,01,069 = 00</u>
				<u>Difference 12,24,989 = 23</u>