

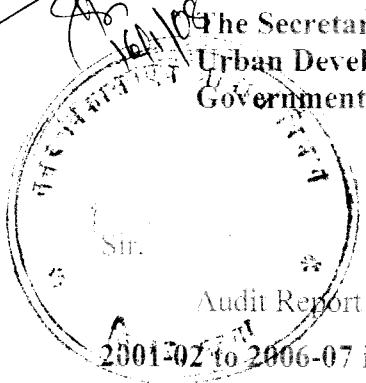
45

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT), BIHAR
(LOCAL AUDIT WING), PATNA -800001

NO. L.A. Sur/ 408

Dated: - 10.01.08

The Secretary,
Urban Development Department,
Government of Bihar, Patna



Audit Report No. 462/2007-08 on the accounts of Nagar Panchayat, Bodhgaya for the Period 2001-02 to 2006-07 is enclosed for your kind information and necessary action.

Encl: -As above

J.S.

Yours faithfully

S.N. Sharma

(S. N. Sharma)
Audit Officer/Surcharge
Local Audit Wing, Bihar, Patna

*223/10370
16/1/08*

*SA Bodg
16/1/08*

*40610
121
18/1/08*

44

Audit report No. 462 of 07-08

Introduction

The accounts of Bodhgaya Nagar Panchayat for the year 2001-02 to 2006-07 were test audited by an audit party of the Principal Accountant General (Audit), Local Audit Wing, Bihar, Patna during the period from 12.07.07 to 18.8.07.

2. Administration

(A)	Name of the Chairman	Period
(i)	Mr. Sohaib Ahmed, SDO, Sadar Gaya	1.4.01 to 17.6.02
(ii)	Mrs. Deomanti Devi	18.6.02 to 31.3.07
(B)	Vice Chairman	
(i)	No Vice Chairman was appointed for 1.4.01 to 17.6.02	
(ii)	Mr. Ram Sevak Singh	18.6.02 to 31.3.07
(C)	Executive Officer	
(i)	Shri Ravibhushan	01.04.01 to 14.2.03
(ii)	Shri Afzalor Rahman	26.3.03 to 13.1.04
(iii)	Shri Sashi Shekhar Choudhary	14.1.04 to 20.11.06
(iv)	Shri Anil Kumar	21.11.06 to 10.12.06
(v)	Shri Rakesh Kumar	11.12.06 to 31.3.07

3. Previous Audit Reports

There were 224 (197 + 27) paras out standing as per the Audit reports No. 71 of 2001-02. Out of which compliance of audit reports No. 23 of 2001-02 for the period 1996-97 to 1998-99 and audit report No. 71 of 2001-02 for the period 1999-2000 to 2000-01 were made and 19 Paras of A.R. No. 23/01-02 and 13 Paras of A.R. No. 71/01-02 were settled on the recommendation of the settlement party.

However the position with regard to disposal of old Audit Report has not improved at all for want of compliance. Hence, the very purpose for which audit is

43

conducted is defeated due to non-compliance of audit objections/irregularities pointed out in successive Audit reports.

The Executive of the Nagar Panchayat Bodhgaya is requested to take effective steps for furnishing the compliance of the Audit reports early to make the audit purposive.

4. Internal Audit

There is no specific provisions either in the Bihar Municipal Act, 1922 or its rules made there under for internal audit of the accounts of Municipality. But Bihar Municipal Account rules 13, 20, 66, 69 and 74 and Recovery of taxes rules 30, 35, 36, 37, 39 and 46 provides a number of mutual checks which would be exercised either by the Chairman, Vice Chairman or the Executive officer or any other responsible officer instructed for the purpose by the Commissioners at a meeting.

On scrutiny of the records of the Nagar Panchayat it was noticed that no such checks as prescribed in the rules ibid were conducted by the executive officer(s) and for want of that a lost of irregularities were noticed. Had Municipal Authorities conducted such checks at regular internals, those irregularities could be avoided.

It is, therefore impressed upon the authority to conduct regular checks to stop recurrence of such irregular Practices in future.

5. Scope of Audit

A list of accounts and records test checked in Audit has been given in Appendix I and of those either not maintained or not produced to Audit has been given in the Appendix IA to the report.

42

6. Important findings

Sl.No.	Particular	Para No.
1	Diversion of NSDP grants amounting to Rs. 257119.00	11(a)
2	Development work from NSDP fund out of slum Areas	11(c)
3	Non-short credit of Rs. 13438.00	12
4	Non-deposit of health cess (Rs. 202706.00) and Education cess (Rs. 202706.00)	14
5	Non-realisation of settlement amount of RS. 226400.00	15
6	Outstanding shop rent (Rs. 1004550.00)	16
7	Excess payment of salary (Rs. 21309.00)	17
8	Payment to daily wages staff (Rs. 2428556.00)	18
9	Non/Short deduction of sales tax Rs. 130446.00	20
10	Advance outstanding with the retrenched and absconding staff Rs. 417500.00	23

7. Overview

The Nagar Parishad Bodhgaya was financed by the Government grants, Government Loan and from its internal sources. As per cash book the summary of receipt and payment for the period 2001-02 to 2006-07 was as under: -

Sl. No	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
1	Opening balance	3069204	1624225	1366262	1657291	2889309	3482187
2	Receipts						
	(i) Grants from Govt.						
	(a) Salary grant	69793	70787	72220	72220	96276	50060
	(b) Dev. & other grant	Nil	500000	5000	-	-	425000
	(ii) Govt. Loan for salary	69793	70787	72220	72220	73428	-
	(iii) XIth FC grant	-	349184	1383940	866562	1283730	-
	(iv) XII FC grant	-	-	-	-	1050258	673250
	(v) (a) NSDP grant	-	-	-	805000	1083000	-
	(b) Interest	-	22765	-	-	23179	9321
	(vi) Grant from other agency	103130	-	-	-	5000	92649

40

Treasury Pass book was not made available to audit. It was started that the same was not written. Steps may be taken to get the pass book written by the Treasury and duly signed by the Treasury officer.

Closing balance as per cash book and as per Treasury/Bank Pass Book may be reconciled and shown at the next audit. Non-reconciliation of two balances may lead serious financial irregularities.

Further inoperative Bank account may be closed and balance may be transferred in Treasury.

9. Government Grant

Government Grant register was not maintained by Nagar Panchayat. Hence the position of Govt. Grant Surhas opening balance of unutilized grant as on 1.4.01, grant received and utilized during 2001-02 to 2006-07 and closing balance if unutilized grant as on 31.3.07 could not be ascertained. However as per records made available to audit the position of Government Grant during the period under audit was as under: -

Sl.No.	Particulars	Amount
1	Opening balance as on 1.4.01	1522099.00
2	Grant received during 2001-02 to 2006-07	8911545.00
3	Total	10433644.00
4	Grant utilized during 2001-02 to 2006-07	8775662.00
5	Closing balance of unspent grant as on 31.3.07	1657982.00

(Vide Appendix II to the report)

39 →

Audit Comment

- (1) Out of grant of Rs. 8911545.00 received during 2001-02 to 2006-07, grant of RS. 3346427.00 (Sl.No. 4 to 12, 15 to 17 and 22 to 23 of Appendix) was deposited in Treasury. Treasury Pass Book was not made available to audit hence the credit of the same could not be traced in Treasury.
- (2) Rs. 425000.00 was received in November 2006 under NVV letter no. 3115 dated 19.9.2006 and AG Authority no. R.A – grant (06-07) – 620 dated 3.11.06 for purchase of Hydrolic Machine. The bill was presented in Treasury on 13.2.07. The utilization certificate was to be submitted to AG office upto 31.3.07. after utilizing the grant. Nagar Panchayat inviled short period tender for purchase of Machine on 15.4.07. But the tender was not open (20.7.07) and the machine was not purchased.
Thus the time schedule fixed for utilizing the grant was not obeyed.
- (3) Rs. 38988.00 was lying unutilized since 1977 and 1980 under serial no. (I) and (II) of the Appendix. The same may be refunded to the sanctioning authority.

10. Government Loan

Government Loan register and Loan appropriation register was not maintained by the Nagar Parishad. Hence the position of total unutilized loan as on 31.3.07 and the position of the amount of loan and interest thereon refundable to the Govt. as on 31.3.07 could not be ascertained. As per record made available to audit the position of unutilized loan as on 1.4.01, Loan received during 2001-02 to 2006-07 and unutilized as on 31.3.07 was as under: -

38 ✓

Sl.No.	Particulars	Amount
1	Opening balance as on 1.4.01	110870.00
2	Received during 2001-02 to 2006-07	358448.00
3	Total	469318.00
4	Loan utilized during 2001-02 to 2006-07	429415.00
5	Balance of unutilized loan	39903.00

(Vide Appendix III to the report)

Loan and Loan appropriation register may be maintained. A statement showing the amount of total loan interest thereon payable to the Government may be prepared and made available to the next audit.

11. NSDP Account (National Slum Development Programme)

(a) Diversion of Funds

Grants allotted under NSDP was to be utilized for the Slum Development scheme only but Rs. 257119.00 was diverted towards other expenditure of Nagar Panchayat Vide Appendix IV to the report. This was contrary to the provisions of guidelines of NSDP.

(b) Construction of Houses under NSDP

As per the guidelines of NSDP, 10% of the total Grants was to be utilized for construction of Houses for person below poverty line. Total grants recovered from beginning of the scheme i.e. 1999-2000 to 2006-07 was Rs. 5624461.00 therefore the 10% of the grants i.e. Rs. 562446.00 should have been utilized for constructing of houses but only Rs. 398000.00 was utilized. Thus the purpose for which grant was sanctioned could not be fulfilled completely.

37

(c) **Development Work undertaken out of slum area.**

As per the Guidelines of NSDP total grants was to be utilized under the slum area but in alter violation of the guidelines a total sum of Rs. 1265816/- was utilized outside the slum area (vide appendix V to the report). No clarification in this regard was assigned in audit.

(d) Advance of Rs. 7500.00 was paid to Sri Kasher Manjhi S/o Sri Suraj Manjhi for construction of RCC culvert an Bhuitdi pann under scheme no. 4/2001-02 vide voucher no. 16 dated 9.6.01. Later on the another executing agent named Sri Aurek Singh was appointed for the scheme no. 4/2001-02. but Sri Keshar Manjhi did not return the amount advance of Rs. 7500.00 steps may be taken to recover Rs. 7500.00 from Sri Kasher Manjhi.

(e) Rs. 126500.00 was advanced to Smt. Anua Devi W/o Sri Kali Manjhi of Amma Village for construction of community hall (scheme no. 2/2001-02) during 2001-02 (122500/-) and 2003-04 (Rs. 4000.00). But after laps of 6 years nearly the scheme was not completed and advance was lying unadjusted. Effective steps may be taken to get the scheme completed and advance adjusted/recovered.

12. Non-credit/Short Credit

Rs. 13438 was collected through H-receipts by the cashier of the Nagar Panchayat but he same was not found deposited in to the NP fund. However it was got deposited at the instance of audit.

36

Sl.No.	H-receipt No.	Amount	Name of collecting staff	Remarks
1	7301 to 7400	5718	Sri Balgovind Prasad	Deposited on 1.8.07 in NP fund SBI, Bodh gaya Account no. 01000050092
2	8912 to 8928	7720	Sri Balgovind Prasad	
		13438		

13. Collection Account

A statement showing demand, collection and balance of holding tax for the year 2001-02 to 2006-07 has been given in the Appendix – V(a) to the report. It would appear therefrom that the percentage of collection of the total demand was as low as 15.9% during the period of audit. Effective steps including all penal measures as provided in the Act may be taken for improvement of collection.

14. Non-remittance of Health cess and Education cess in to Government Account

Health cess and Education cess was collected by Nagar Panchayat but the same was not deposited into concerned head of Government after deducted 10% of collection efforts may be made to do the same.

Year	Education Cess	Health Cess
2001-02	43655.55	43655.55
2002-03	23856.20	23856.20
2003-04	3935.50	3935.50
2004-05	66945.75	66945.75
2005-06	6684.50	6684.50
2006-07	12390.00	12390.00
	157467.50	157467.50
Less 10%	15746.75	15746.75

35

	141720.85	141720.85
BF as per AR. No. 7/01-02	60986.07	60986.07
	202705.92	202705.92

Hence, Rs. 405413.84 may be deposited in concerned heads of the Government.

15. Settlement Account

On scrutiny of the settlement files it was noticed that following settles have not deposited the settlement amounts as detailed below: -

Sl.No.	Name of the Settle	Settlement Amount	Deposit	Balance
1	Sri Bhola Prasad S/o Sitaram yadav Tekuna Bodhgaya SUN-WED HAT 2002-03	155000	74000	81000
2	Sri Sujit Kumar S/o Sri Sitaram Singh Urail, Bodhgaya Kalchakta foot path 2002-03	150600	97100	53500
3	Sri Tarun Kumar S/o Ram Chandra Pal Gopibigha, Near-MMCH gaya Parking 2002-03	419000	399100	91900
Total		796600	570200	226400

Suitable action including may be taken to recover the balance amount of Rs. 226400.00 from the settles concerned and intimated to the Examiner of local Account Bihar, Patna.

16. Out standing Shop rents

A total sum of Rs. 1004550/- is dues against the rented shops of Nagar Panchayat Bodh gaya vide Appendix VI to the report. Effective steps is required to be taken against the defaulters for realization of the shop rent.

34

17. Excess payment of Salary

At time of pay revision, the pay of following employees were fixed higher than the admissible with effect from Aug 06. The admissible pay fixation was done by the Audit Party which resulted an excess payment of Rs. 21309.00.

Vide Appendix VII to the report

Sl.No.	Name	Pay admissible	Pay drawn
1	Sri Ashok Kumar H.C	6000	6375
2	Sri Balgovind Prasad (Cashier)	5600	5900
3	Sri Ram Sevak Yadav (Clerk)	4815	5070
4	Sri Dwarka Pd Jamadar	3605	3670

The excess payment of Rs. 21309.00 may be recovered from persons concerned shown to next audit.

18. Payment to persons employed on daily wages on fixed enrolments

The Government of Bihar in their letter no. 417-1-80/71-288 dated 25.5.79 instructed an the bodies not to appoint/engage any person on casual or daily wages. Again under UD department letter no. 663/NVAV dated 3.2.81 clause-11 & 12 effective from 1.9.80 strictly prohibited such appointment. Despite that Rs. 2428556.00 was spent on daily wages and on fixed wages staff during period under audit.

Year	Daily wages	Fixed enrolments
2001-02	382398	38320
2002-03	184365	37000
2003-04	249575	65000
2004-05	336580	60000
2005-06	336600	119838
2006-07	459880	159000
	1949398	479158

33

Hence, the total Amount paid Rs. 2428556 is held under objection till regularization of expenditure by the Government.

19. Purchase of Material after completion of work

Test check of schemes files revealed that in the following cases materials were purchased after execution of work (as per muster-roll).

Sl. No.	Scheme No.	Name of works	Name of Ex agent	Total Exp. On the work	Period of work as per MR	Date of purchase of material
1	5/04-05 11 th FC	Const. of community hall	Md. Adil Hasan, JE	152779.00	1.3.05 to 30.8.05	21.11.05
2	4/04-05 11 th FC	Const of drain and brick soling	Sri Ram Sewak yadav	188738.00	15.12.04 to 23.1.05	25.1.05
3	8/05-06 NSDP	Brick soling in road	Sri Chand Manjhi	60864.00	17.6.05 to 27.6.05	27.6.05 & 28.6.05
4	10/05-06 NSDP	Const. of Pucca drain	Sri Shankar Mandal	61000.00	17.6.05 to 2.7.05	28.6.05
5	17/05-06 NSDP	Brick soling in Harijan colony	Sri Shankar Bhagat	87617.00	20.5.06 to 4.6.06	5.6.06
				550988.00		

Purchase of materials after execution of work creates doubt. A circumstance under which this was done was not clarified in audit. Pending clarification of the same total expenditure of Rs. 550998.00 is held under objection.

32

20. Non/short deduction of sales tax/Vat from work bills

Sales tax/vat was deducted from the work bills at the rate of 2% of the total value of work done. Where as per rate fixed by the Govt. the sales tax/vat was to be deducted at different rate on the cost of materials purchased for execution of the schemes. In several cases no such deduction was made. This resulted into non/short deduction of sales tax/vat of Rs. 130446.00 as detailed below: -

Sl.No.	Name of schemes	Amount of Non/short deduction
1	XIth FC Schemes	76949.00
2	NSDP Schemes	53497.00
Total		130446.00

(Vide Appendix VIII to the report)

Thus Rs. 130446.00 may be recovered from executing agent and deposited in the concerned head of Govt. account. Non/Short deduction of sales tax/vat in other cases may also be calculated and recovery effected.

21. Non-deposit of the amount of sales tax and royalty deducted from works bills

A total sum of Rs. 250028.00 was deducted from work bill of different schemes during 2001-02 to 2006-07 on account of Sales tax (84969.00) and royalty (165059.00) as detailed below: -

Sl.No.	Name of Schemes	Amount of sales tax	Amount of royalty	Total deduction
1	NSDP Schemes	21410.00	32467.00	53877.00
2	XIth FC schemes	52656.00	123401.00	175966.00
3	XIIth FC schemes	6201.00	8541.00	14742.00
4	SJRY schemes	4793.00	650.00	5443.00
		84969.00	165059.00	250028.00

(Vide Appendix IX to the report)

But the amount of sales tax and royalty were not deposited in concerned head of Government. Hence Rs. 250028.00 may be deposited in the concerned head of Govt. and deposit shown at the next audit.

22. Advance outstanding in incomplete schemes

A list of incomplete schemes is given in the Appendix – X. Summary of payment of advance towards incompletd schemes is given below. These schemes may be completed at the earliest possible so that the advances could be adjusted records.

Sl.No.	Schemes	No. of incomplete schemes	Estimated Amount	Advance Paid
1	NP fund	12	941900.00	641000.00
2	SJSRY	1	234100.00	192500.00
3	NSDP	11	593240.00	394000.00
4	XIth FC	13	971575.00	634500.00
5	XIIth FC	14	1020075.00	772500.00
			3760890.00	2634500.00

23. Advance outstanding with the retrenched and absconding Daily wages staff

Two Junior Engineers named Sri Saurabh Sharan and Sri Suraj Sahi were appointed on daily wages and fixed wages for execution of schemes and checking of buildings maps respectively vide resolution no. 13 and 12 of the meeting held on 17.12.2005. Shri Saurabh sharan, JE was retrenched from services vide resolution no. 10 of the NP meeting held on 13.9.06 on the plea of misbehavior with chairman without recovery/adjustment of the advance of Rs. 257500/- paid for execution of schemes out of 12th FC grants.

31

Sl.No.	Scheme no.	Amount of advance
1	6/05-06	50000.00
2	9/05-06	75000.00
3	11/05-06	25000.00
4	13/05-06	90000.00
5	14/05-06	10000.00
6	15/05-06	7500.00
		257500.00

On the other hand Sri Surabh Sahi Junior Engineer is also absconding himself from the duty. Advance of Rs. 160000.00 paid for execution of schemes is lying outstanding with him as detailed below: -

Sl.No.	Scheme no. of 12 th FC grant	Amount
1	3/05-06	75000
2	4/05-06	85000
		160000

Sri Surabh Sahi was appointed for checking of building maps but how he was paid advances for execution of schemes was not clarified to audit.

No any action was shown taken by the Nagar Parishad for recovery/adjustment of advances from the both JEs. The executive officer of the Nagar Parishad is impressed upon to take effective steps including legal towards recovery/adjustment of the advances from both JEs or responsible person(s) for this.

30

24. Discussion with the Executive

Important points raised during the Audit was discussed from time to time with the chairman and the executive officer.

25. Result of audit

The result is shown below: -

- (a) Amount recovered at the instance of Audit Rs. 13438.00
- (b) Amount suggested for recovery Rs. 1807705.00
- (c) Amount held under objection Rs. 2979554.00

26. General Remarks

The maintenance of records and register was far from satisfactory. Several important records such as Annual Accounts showing all the transactions of the Nagar Parishad, Government grants register, Govt. Loan register etc. were not maintained. Collection of taxes was not satisfactory. Heavy advances was outstanding in incomplete schemes.

Ravi Kumar
Section Officer (P)

No. LA 407

29
Date: - 10.01.08

Copy forwarded to – Executive officer, Nagar Panchayat, Bodhgaya for information and necessary action. It is requested that a complete reply of the points raised in this audit report may be sent to the Examiner of Local Accounts, Bihar, Patna within three months from date of receipts of the report.


sd/-
Audit Officer/Sur.

No. LA 408

Date: - 10.01.08

Copy to: -

- ✓(1) Secretary, UDD, Government of Bihar, Patna.
 - (2) District Magistrate, Gaya
 - (3) Section Officer/Surcharge
- For information and necessary action: -


Audit Officer/Sur.