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A.R. No - 487/2009-10 <sup>42/09</sup>  
21/12/09

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

4310-1

No. L.A. 607/2299

Date: 8.12.09

To  
19/12

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

Sir,

Audit Report No. 487/2009-10 on the accounts of Urban Development & Housing for the period 2005-06 to 2008-09 is enclosed for your kind information and necessary action.

Encl: As above

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**AUDIT REPORT NO.:- 487/ 2009-10**  
**NAGAR ANCHAYAT, CHAKIA**  
**PERIOD – 2005-06 TO 2008-09**

**1. INTRODUCTION**

The accounts of Nagar Panchayat, Chakia for the year 2005-06 to 2008-09 were test audited by an audit party of the Principal Accountant General (Audit), Bihar, Local Audit Department, Patna during the period 15<sup>th</sup> July 2009 to 1<sup>st</sup> August 2009.

**2. ADMINISTRATION**

Chairman (S/Shri)	Period
Prabha Devi	21.06.02 to 09.06.07
Shatrughan Gupta	09.06.07 to 31.03.09

Vice-chairman (S/Shri)	Period
Mathura Prasad	21.06.02 to 09.06.07
Veena Devi	09.06.07 to 31.03.09

	Name of the Executive Officer (S/Shri)	Period
1	Chandrashekhar Prasad	01.04.05 to 02.08.05
2	Kapileshwar Mishra	02.08.05 to 13.07.07
3	Md. Balaghuddin	13.07.07 to 18.08.07
4	Ashish Narayan	14.10.07 to 30.05.08
5	Manojeeet Kumar	30.05.08 to 26.02.09
6	Shambhu Kumar	27.02.09 to 31.03.09

**Note:-** The post of Executive Officer remained vacant during the period from 19.08.07 to 13.10.07.

**3. SCOPE OF AUDIT**

A list of records and registers produced and test checked in audit has been given in **Annexure- I** and another list showing the records and registers either not maintained or not produced in audit has been given in **Annexure- II** of the report.

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4. **INTERNAL AUDIT**

There is no specific provision in the Bihar and Orissa Municipal Act, 1922 and the Bihar Municipal Accounts rule 1928 with regards to internal audit of Nagar Panchayat but provision for some internal checks are prescribed under Rule 20,32,53,64 and 73 (A) of the Bihar Municipal Accounts Rules 1928.

But the test check of accounts and records of Nagar Panchayat Chakia revealed that the persons so authorised did not exercise such supervisory checks which resulted into several irregularities which have been discussed in succeeding paragraphs. Regular Checks may be exercised by the competent authority to avoid any further irregularities.

5. **PREVIOUS AUDIT REPORT**

The Compliance of Audit Report No. 92/ 06-07 for the period from 1976- 77 to 2004-05 was submitted after closure of audit so settlement of paras could not be made.

Compliance report of previous old audit reports may be sent to this office at the earliest.

6. **FINANCE**

The position of finance for the period from 2005-06 to 2008-09 is given below:-

	<b>(Rs. in lakhs)</b>			
	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
O.B	39.69	40.23	57.54	98.03
Receipts	48.35	141.77	68.54	746.40
Total Receipts	88.04	182.00	126.08	844.43
Expenditure	47.81	124.46	28.05	728.49
C.B.	40.23	57.54	98.03	115.94

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

**CLOSING BALANCE:-**

The following is the position of Closing Balance of cash book on 31.03.09 and balance in Bank/ Treasury:-

- (a) Closing balance as per Cash Book - Rs. 1,15,94,030.20
- (b) Closing Balance as per Bank/ Treasury was:-

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Sl. No.	Name of the Bank	A/c No.	Balance (in Rs.)
(i)	Central Bank of India	3323	20,64,186.00
(ii)	- do -	11810	Not made available
(iii)	- do -	4594	500.00
(iv)	- do -	21143	31,031.00
(v)	Gramin Kshetriya Bank	6768	1,72,730.53
(vi)	State Bank of India	65868	67,18,590.91
(vii)	- do -	1137398620	48,367.00
(viii)	Treasury	PL Account	Not made available
<b>Total-</b>			<b>90,35,405.44</b>

The Treasury Pass Book and Pass Book of CBI (Account No. 11810) were not produced by the Local Office despite several reminders. As such, the differences between the both balances as on 31.03.09 could not be ascertained in audit.

The Bank reconciliation statement after clubbing the balances of Treasury pass book and CBI A/c No. 11810 may be prepared and shown to next audit.

**8. IMPORTANT AUDIT FINDINGS:-**

Sl. No.	Particulars	Para No.
1	Non deposit of Rs. 3.70 lakh	11
2	Non credit of Rs. 0.37 lakh	13
3	Non realisation of dues from Mobile Towers Rs. 10.48 lakh	16
4	Health and Education Cess not deposited Rs. 1.10 lakh	18
5	Non completion of 36 works	21
6	Blocking of water supply grant of Rs. 79.69 lakh	22
7	Excess payment of Rs. 1.16 lakh	23
8	Advance not recovered Rs. 2.30 lakh	30
9	Unadjusted advance Rs. 4.25 lakh	30 (iii)
10	Irregular payment of Rs. 3.78 lakh on the pay and allowances of Sanitary Inspector	32

9. **GOVT. GRANT**

Govt. Grant Register was not maintained as required to be maintained vide Rule 14 A of the Bihar Municipal Account Rule 1928. The position of receipt and utilisation of grant was however ascertained from the Cash Books and depicted in Appendix- III to the report which covered total financial position inclusive of grant.

Some of the specific grants remaining unutilized upto 31.03.09 following were:-

1	Water Supply Scheme	13.19	From 1987
2	Construction of Administrative Building	13.88	From 2007-08
3	Construction / renovation of Road	14.70	From 2006-07
4	Backward Region Grant Fund.	5.75	From 2008-09

Action may therefore be taken to utilise the unspent amount or refund the same to the State Govt. The Govt. Grant Register showing receipt and utilisation of grant may also be got prepared.

10. **GOVERNMENT LOAN REGISTER:**

Govt. Loan Register was not maintained as required to be maintained under Rule 88 of Bihar Municipal Accounts Rule 1928. So, it was not possible to ascertain the amount of Loan refundable on account of installment of principal and interest thereon. There was no receipt of Loan during audit period.

The Loan Register may be maintained and shown to next audit.

11. **NON REALISATION OF HEAVY VEHICLE ENTRY TAX FOR RS. 3.70 LAKH**

On scrutiny of the file pertaining to the Heavy Vehicle Entry Tax it was seen that different denomination of coupons for collecting Heavy Vehicle Entry Tax aggregating to Rs. 7,51,000 was issued to Shri P.N. Pandey, Sanitary Inspector during the period from 2003-04 to 2006-07 as detailed in **Appendix- IV** to the Report.

Out of coupons supplied for Rs. 7,51,000/-, Rs. 3,81,000/- only was deposited by the sanitary Inspector and Rs. 3,70,000/- was retained by him.

For collection of tax through Commission Agent 20% Commission amount was payable. So even if Commission amount is deducted (Rs. 1,50,200/-), Rs. 2,19,800/- is still to be realised from the Sanitary Inspector. The same may be recovered from Shri P.N. Pandey Sanitary Inspector and shown to next audit.

**12. NON-DEPOSIT OF RS. 12,150/-**

A sum of Rs. 12,150/- was collected by the Tax Daroga against Money Receipts No. 2355 to 2388 between 11.22.09 and 19.03.09 (Vide Appendix-V to the report) but the amount collected was not deposited in Nagar Panchayat fund rather retained in hand by the Tax Daroga. This may be realised from the Tax Daroga and deposited in Nagar Panchayat fund at the earliest as this tentamounts to temporary misappropriation of money.

**13. CREDIT WANTING OF RS. 37136**

Rs. 37136/- was collected by the Tax Daroga on account of holding taxes (vide Appendix- VI to the report) between 28.04.08 and 26.03.09 vide H-receipts No. 4121 to 4149. But its deposit was not shown to audit. The deposit of above amount may be ensured by the Executive Officer of Nagar Panchayat. In case the amount was not deposited this may be recovered from the Tax Daroga.

**14. NON-PRODUCTION OF H-RECEIPT AND MISC RECEIPT:-**

The following six (6) H-Receipt and one (1) Misc. Receipt Book as detailed below were not produced to audit despite issue of audit. memo:-

Sl. No.	Receipt No.	Date of issue	Kind of Receipt
1	4301 to 4900 (6 Books)	15.05.08 to 23.09.08	H-Receipt
2	2351 to 2400 (1 Book)	17.01.09	Misc-Receipt

The above receipt books were issued to Shri Parmanand Singh, Tax Daroga, But he neither produced the above Receipt Books, <sup>nor the</sup> Daily Collection Register to audit in support of collection made there against.

As the matter is serious the Executive Officer is requested to ensure the position of collection and deposit made against above 7 Receipt Books and report his findings to the Examiner of Local Accounts, Bihar, Patna.

**15. DELAY IN DEPOSIT OF COLLECTION MONEY:-**

The amount collection on account of shop rent and holding tax were not deposited timely. A few examples are cited by way of illustration:-

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Sl. No.	Date of Collection	Item	Amount Collected	Date Deposit	of Period of Delay
1	10.04.2006	Shop rent	10,100/-	30.10.2006	6 month
2	30.05.2006 to 25.08.06	Shop rent	13,300/-	30.10.2006	2 month to 5 months
3	02.04.07 to 03.07.07	Shop rent	21,100/-	13.02.08	More than 7 months
4	17.03.08 to 25.03.08	Shop rent	34,750	04.07.09	16 months
5	12.12.05 to 26.04.07	Holding Tax	77,199	10.05.07	1-18 months
6	30.04.07 to 02.05.07	-do-	15,238	15.03.08	13-14 months
7	20.12.07 to 27.03.09	-do-	19,404	28.03.09	15 months

Amount collected is required to be deposited daily or at least in a week. But, timely deposit of collection money was not ensured by the Accountant and Executive Officer of Nagar Panchayat.

Timely deposit may be ensured by the Executive of the Nagar Panchayat. As retention of money in hand tentamounts to temporary misappropriation of money.

**16. NON-REALISATION OF TAXES FROM MOBILE TOWER COMPANIES  
- RS. 10.48 LAKH.**

As per Govt. of Bihar, Deptt. of Urban Development and Housing letter No. 4 (N) Baithak- 112 / 2003- 4026 dated 16.08.07 taxes @ Rs. 2000/- per Metre per year should be assessed provisionally and realised from the mobile/ telephone tower companies situated within the area of Municipal Corporation / Nagar Parishad/ Panchayat. Simultaneously taxes on Commercial rates should also be realised from the owners of the building / land where towers were situated.

On perusal of the concede file it was noticed that demand of taxes of Rs. 14.72 lakhs was placed on 5 different Companies in respect of 8 towers for the period from 2005-06 to 2008-09 during the year 2008-09. The basis on which demands were calculated from 2005-06 was not on record. On query it was stated that these companies

had constructed the tower without obtaining N.O.C. from the Nagar Panchayat. The details of demand for 2007-08 are as under.

Sl. No.	Name of Company	Year	Height	Rate	Total amount
1	Manager, BSNL, East Champran, Motihari	2007-08	35 Metre	Rs. 2000/-	70,000.00
		2008-09	- do-	- do-	70,000.00
2	Manager Reliance Communication, Patna.	2007-08	62 Metres	- do-	1,24,000
		2008-09	- do-	- do-	1,24,000
3	Bharati Airtel, I.td, Patna	2007-08	40 Metres	- do-	80,000
		2008-09	- do-	- do-	80,000
4	-do-	2007-08	- do-	- do-	80,000
		2008-09	- do-	- do-	80,000
5	-do-	2007-08	45 Metres	-do-	90,000
6	Idea, Boring Road, Patna	2008-09	62 Metres	-do-	1,24,000
7	Tower Vision India Pvt. Ltd. Patna	2008-09	45 Metres	-do-	90,000
8	-do-	2008-09	18 Metres	-do-	36,000
<b>Total Rs.-</b>					<b>10,48,000</b>

The Companies mentioned at Sl. No. 1, 7 and 8 had taken legal action against this demand. Action is required to be taken to counter the legal action incomulation with legal experts of the Nagar Panchayat. Effective steps may be taken to realise the rest of the amount.

Assessment of taxes at Commercial rates may be done and realised from the owner of the Land/ house where the towers are situated.

**17. NON-REALISATION OF HOLDING TAX DUES AGAINST GOVERNMENT BUILDING AMOUNTING TO RS. 8.70 LAKH:-**

On scrutiny of the Demand and Collection Register holding tax of the Government Building under Nagar Panchayat Chakia, it was noticed that there were 248 no. of Govt. Hodlings against whom Holding tax amounting to Rs. 8.70 lakh was dues as on 31.03.09. No effort was made to realise these dues from the concerned departments/



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authorities of the State Govt. and no reason for non-realisation was also furnished to audit. The details of the dues is as follow:-

Sl. No.	Name	Holding No.	Year	Amount due (Rs.)
1	Champanan Sugar Total Holding Factory Ltd., Bara (39 Nos) Chakia		1993-94 to 2007-08	7,59,440
2	Road Construction Solution, Chakia (PWD)	132,133,134	2000-01 to 2007-08	2,432
3	Manager Vjapar Mandal, Chakia	108,109	1978-79 to 2007-08	12,720
4	Ex. Engineer Irrigation, Champanan, Chakia	176	1998-99 to 2007-08	4,000
5	AE Tubewell Chakia	174	1978-79 to 2007-08	1200
6	Ex. Engineer Building Motihari	101 to 106 & 216 to 219 (२३)	2000-01 to 2007-08	14,400
7	A.E.E. Electric supply Sulston, Chakia	178,179	1978-79 to 2007-08	75,600
<b>Total-</b>				<b>8,69,792</b>

Effective steps may be taken to realise the dues of holding tax from the Government Buildings.

**18. HEALTH CESS AND EDUCATION CESS NOT DEPOSITED IN GOVERNMENT FUND:-**

The Collection of Health Cess and Education Cess was entrusted by the State Government to Urban Local Bodies which was to be collected alongwith holding tax. Out of total Collection of above cess 10% amount was to be retained in ULB fund on account of collection charges and rest 90% amount was to be deposited in the concerned head of Health and Education Department. The scrutiny of records of Chakia Nagar Panchayat disclosed that it collected Rs. 1,09,878/- on account of above cess between 2005-06 and 2007-08 as detailed below but did not deposit any amount in to Government:-

Sl. No.	Year of Collection	Health Cess Collected (Rs.)	Education Cess Collection (Rs.)	Total Collection of Cess (Rs.)
1	2005-06	10,472	10,472	20,944
2	2006-07	9,268	9,268	18,536
3	2007-08	35,199	35,199	70,398
		<b>54,939</b>	<b>54,939</b>	<b>109,878</b>
	<b>Less 10% collection charge</b>	<b>(-) 5,494</b>	<b>(-) 5,494</b>	<b>(-)10,988</b>
		<b>49,445</b>	<b>49,445</b>	<b>98,890</b>

The above figures should that Rs. 98,890/- was to be deposited in Government fund but no amount was deposited rather appropriated towards establishment and other expenditure.

Action may therefore be taken to deposit Rs. 98,890/- immediately in to Government concern head of account.

**19. RECURING LOSS OF REVENUE DUE TO NON-SETTLEMENT OF GUDRI MARKET/ VEGITABLE MARKET:-**

There are two Gudri Market/ Vegetable Market in the jurisdiction of Nagar Panchayat but one market is being settled by Circle Officer and another market is run by factory staff because market is operated in factory's land.

After the constitution of Nagar Panchayat all market are to fall under the jurisdiction of Nagar Panchayat. So action may be taken to settle the market by Nagar Panchayt and for another market, which is run by the Factory proprietor, may be perused to take license for this purpose from Nagar Panchayat on payment of required fee in order to avoid recurring loss of revenue.

**20. NON-IMPOSITION OF FEES:-**

Nagar Panchayat did not so far imposed fees on the following items

- (1) License fee for offensive and dangerous Trade
- (2) Cart taxation fee on rickshaw, Thela, Cycle, etc.
- (3) Building map sanctioning fee

(4) Mutation fee

Due to non imposition of above fees, Nagar Panchayat failed to augment its own sources of revenue. Early steps may therefore be taken for imposition of above fees.

21. **NON-COMPLETION OF SCHEMES NONOTHING IN BLOCKING OF CAPITAL TO THE TIME OF RS. 72.87 LAKH.**

Revised of different scheme registers revealed that out of 77 schemes & 36 schemes mentioned below have not been completed till the date of audit (July, 2009).

Grants Particulars	Year of scheme	No. of schemes under taken for execution	No. of schemes Completed	No. of incomplete work	Estimated cost Rupees	Advance involved in incomplete schemes
12 <sup>th</sup> Finance Commission	06-07	8	1	7	4,05,965	2,37,500
	07-08	8	8	-	-	-
	08-09	5	5	-	-	-
N.S.D.P.	05-06	16	14	2	46,300	15,000
S.J.S.R.Y	05-06	10	10	-	-	-
Renovation of Road	06-07	20	Nil	20	76,05,600	52,35,500
Urban infrastructure	05-06	4	3	1	2,51,300	2,27,500
	06-07	6	Nil	6	15,09,900	13,80,000
	<b>Total</b>	<b>77</b>	<b>41</b>	<b>36</b>	<b>98,19,065</b>	<b>70,95,500</b>

It would appear from the above details that the work taken up during the year 2005-06 and 2006-07 were not completed as yet (July 2009) though more than 70% payment was made in the shape of advance.

Immediate steps may be taken up to get the progress of work assessed through the Engineer under whose supervision the work is to be completed. Action may be taken to adjust the amount of advance on receipt of report from Engineer in charge of work.

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**22. BLOCKING OF CAPITAL AMOUNTING TO RS. 79.69 LAKHS AND AVOIDABLE EXPENDITURE OF RS. 10.04 LAKH:-**

The Govt. of Bihar accorded sanction of water supply scheme in the year 1986-87. An estimate was prepared for Rs. 71.63 lakhs. The work was to be executed through PHED. Against this sanctioned estimate, Rs. 47.19 lakhs were made available to Nagar Panchayat Chakia. The Nagar Panchayat in turn, transferred Rs. 34 lakhs to PHED Dhaka on different dates. The State Govt. released Rs. 32.50 lakhs directly to PHED Dhaka. The Executive Engineer, PHED, Dhaka was made available Rs. 66.50 lakhs to complete the work in time but the work had not been completed despite being mentioned in Para 14 of AR No. 92/2006-07.

Moreover Nagar Panchayat has spent a huge sum of Rs. 10.04 lakhs on sinking of tubewell during the year 2007-08 to 2008-09 in different wards of the N.P. area.

Due to non completion of work Rs. 79.69 lakhs remained blocked Rs. 66.50 lakh with PHED and Rs. 13.19 lakhs with Nagar Panchayat. Due to blocking of above grant the inhabitant of Chakia Nagar Panchayat remained deprived of facility of drinking water supply and causing loss of revenue to Nagar Panchayat due to non-imposition water tax. Moreover the extra cost incurred in sinking of hand pumps could have been availed if the water supply would have been started.

The matter may, therefore be taken with State Government for perusing the PHED for early completion of the scheme.

**23. SUPPLY AND INSTALLATION OF SOLAR LAMPS:-**

The scheme for supply and installation of solar Lamp was approved by the Board of Nagar Panchayat. Accordingly short notice was invited for submission of quotations for supply and installation of 48 solar lamps in the town (4 lamps in each of the 12 wards) of 75 watt and 40 watt). The quotations containing BST/ VAT/ CST No. were to be submitted by 05.02.09.

No Quotation was received upto 05.02.09 and on 25.02.09 four quotations were received by Nagar Panchayat out of which three quotations were not valid as BST/VAT /CST No. was not mentioned in the quotations. The quotation of M/s Shcrawali Solar System being valid quotation was accepted and supply order was accordingly issued to

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the firm on 26.02.09 (order No. 44) to supply and install 48 no. of solar lamps of at Rs. 44,500/- each within 30 days.

The firm was paid advance of Rs. 18.96 lakh as detailed below out of interest earned from self financing scheme and BRGF:-

<b>Cheque No. / Date</b>	<b>Amount</b>
017343 dt. 25.03.09	2,50,000
127236 dt. 12.05.09	5,00,000
127237 dt. 28.05.09	7,46,000
127239 dt. 19.06.09	4,00,000
<b>Total-</b>	<b>18,26,000/-</b>

**OBSERVATIONS:-**

- (i) The quotations were required to be submitted by 05.02.09 but this was submitted by four firms on 25.02.09 without grant of extension of time for submission of quotation.
- (ii) The Quotation of only one valid firm was accepted as quotations of three others firms were not valid. Thus the quotation of single tender was accepted instead of giving wide circulation of tender in order to fetch completion price and standard material
- (iii) Solar Lamps of 75 watt and 40 watt was to be supplied as per tender notice but finally the supply order was placed for 75 watt only.
- (iv) The firm supplied and installed only 40 lamps which valued Rs. 17,80,000/-. There was thus excess advance of Rs. 1,16,000/- which was not recovered from the firm. This may be recovered and shown to next audit.

Observations made above may also be clarified before next audit.

**24. NON ADJUSTMENT OF ADVANCE AMOUNTING RS. 32,500/- FOR INSTALLATION OF SOLAR LAMP:-**

Nagar Panchayat, Chakia in its Board meeting dt. 25.01.08 accorded sanction for installation of a solar lamp was. Baughi Mandir. Md. Neshar Ahmad, JE was appointed contractor and work was to be done under his supervision. Subsequently a work order bearing no. 64 dt. 31.01.08 was issued.

Shri Ahmad was period Rs. 32,500/- vide cheque No. 271949 dt. 31.01.08 and 271952 dt. 15.04.08 as advance.

The estimate of the work of Rs. 40,400/- was prepared on single quotation. The reason for this was not on record which is highly irregular.

Even after the taps of more than one year of advance the work is incomplete.

Steps may be taken to either adjust the advance or recover the same under intimation to audit.

**25. EXPENDITURE OF RS. 15.84 LAKHS ON A/C OF SINKING OF TUBEWELLS.**

Test check of Scheme Register revealed that a sum of Rs. 15.84 lakh was spent on sinking of Tubewells in the different wards under Nagar Panchayat Chakia as shown below:-

<b>Year</b>	<b>Fund from which spent</b>	<b>Estimated Cost Rs. in lakh</b>	<b>Expenditure including advance Rs. in lakh</b>
2005-06	SJSRY	0.84	0.84
2006-07	XII F.C	6.13	4.96
2007-08	Out of Interest Fund	3.00	2.99
2007-08	Addl, stamp Duty	6.56	6.55
2008-09	Revenue from Sairat	0.50	0.5
<b>Total-</b>		<b>17.03</b>	<b>015.84</b>

It was observed that the estimate was prepared on the basis of the market/ present rate but the scheduled of rates was not shown to audit more over the cost of plastic pipe in the voucher was Rs. 23.10 where as in the estimate this was Rs. 24.60 per foot which events doubts regarding supply of slue standard materials.

The reason for allowing less rates than the estimated one for supply of PVC pipe and preparation of estimate at market rates was however not clarified to audit. The expenditure of Rs. 15.84 lakh is therefore held under objection pending clarification of above points to next audit.

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26. **CONSTRUCITON OF ADMINISTRATIVE BUILDING AMOUNTING TO  
RS. 38.50 LAKH**

Scheme no.	01/07-08
Name of work	Construction of Administrative Building of Nagar Panchayat, Chakia, East Champaran
Estimated Cost	Rs. 38.50 lakh
Administrative Approval	Rs. 38.50 lakh
Date of work order	31.01.2008
Stimulated date of Completion	31.03.2009

Against Administrative approval of Rs. 38.50 lakh, the Urban Development Department released Rs. 28,87,875/- (75%) which was received in this Nagar Panchayat on 13.06.2007.

As per Govt. direction the work was to be entrusted by inviting tenders and quarterly progress of physical and financial statement was to be sent to the State Government.

The Nagar Panchayat, however, did not invite tender and entrusted the work to Sri Neshar Ahmad, Junior Engineer and work order was issued on 31.01.08 to complete the work by 31.12.08. He was paid advance of Rs. 507,000/- but there was no progress of work so the work order was cancelled and the work was entrusted to Shri Suresh Pd. Sah Junior Engineer on 13.10.08 to complete the work by 31.03.09. Total advance of Rs. 25,07,500/- was paid to both the JEs as detailed below:-

<b>Name of Agency</b>	<b>Cheque No. &amp; date</b>	<b>Amount of advances</b>
Sri Neshar Ahmad, JE	119663/31.01.08	Rs. 7500
”	1255190/22.08.08	5,00,000
Shri Suresh Pd. Sah, JE	127210/26.11.08	5,00,000
”	127229/ 25.03.09	5,00,000
”	395827/ 07.07.09	5,00,000
”	395826/ 07.07.09	5,00,000
	<b>Total-</b>	<b>Rs. 25,07,500</b>

Against the advance Payment, the J.Es did not submit the Measurement Book. Vouchers of Purchases of Materials and the Muster Rolls, site a/cs of materials purchased was also not produced to audit. As a result the progress of work done against advance of Rs. 25,07500/- could not be known. The quarterly returns required to be sent to the Urban Development Department as also found not rendered.

Due to above irregularities the payment of advance of rs. 25,07500/- without submission of on account bill and supporting vouchers and Muster Rolls could not be got justified in audit. Payment of advance of Rs. 25,07500/- is therefore, held under objection till production of related papers to next audit.

**27. BRINKING OF 4 NOS OF TUBE WELLS IN WARD NO- 4**

On receipt of administrative approval of Government of Bihar, the said work was allotted to Sri Laxmi Pandit, J.E. the details of work was as under Estimated Cost Rs. 55660

Scheme No.	7/ 2004-05
Work order No.	57 dt. 29.03.05
Advance Paid	Rs. 15,500/-
Final Payment made Rs.	1,102 vide cheque No 010304
Dated	26.12.06
<b>Total Payment</b>	<b>Rs. 16,602</b>

On scrutiny of the Concern file / records it was noticed that all materials including construction of Plat form were purchased from M/s Jyoti pipe store, J.L. Road, Muzaffarpur vide receipt No. 17 dated 21.05.05. The wages of Labour were paid for the period from 17.05.05 to 23.05.05. The estimate was not made available to audit so this could not be ensured that which works were not done.

The payment of Rs. 16,602 is therefore held under objection as the work done was merely 1/3<sup>rd</sup> of the total work.



28. **NON-COMPLETION OF WORK STREET LIGHT AND VAPOUR LAMPS**

The Nagar Panchayat Chakia vide its Board's meeting dated 23.02.06 approved the scheme of providing street lighting.

For executing the work notice was issued for submission of quotation by the firms but the specification of the work was not mentioned in the notice. The quotations were submitted by four firms of which 3 quotations were not signed by the proprietors of the firm nor these contained BST/CST number. On the basis of quotation of M/s Durga Electric works Chakia being the lowest one and containing proprietor's signature and BST /CST No. the work was entrusted to the above firms and advance of Rs. 80,000/- was made as per detected below:-

<b>Cheque No. &amp; Date</b>	<b>Amount (Rs.)</b>
008762 dt. 15.07.06	30,000/-
008779 dt. 08.09.06	50,000/-
	80,000/-

Work done by the firm was assessed in the Board's meeting dated 19.10.06 and it was decided to recover the advance from the firms because materials used for installation was of inferior quality and most of the Lamps were out of order. Accordingly the Executive Officer wrote a letter (No. 258 dated 16.12.06) to the firm to intimate the details of work done in response to which the firm intimated that work of Rs. 148,755/- was done on 29.12.06 the Executive Officer directed Shri Neshar Ahmad, Junior Engineer to verify the work done by the firm but no report was submitted by him.

Higher authorities of Nagar Panchayat may enquire into the matter and appropriate action may be taken with intimation to the Examiner of Local Accounts, Bihar, Patna.

29. **PAYMENT TO B.K. ASSOCIATES, ARCHITECT FOR PREPARATION OF DPR:-**

Under the scheme of development of infrastructure in small and medium town (UIDSSMT) the U.D.D. vide letter no. 603 dated 27.07.08 sanctioned Rs. 12.85 crore for Chakia Nagar Panchayat and released Rs. 6.425 crore by Bank draft which was received

by N.P. on 11.09.08. AS per U.D.D. letter no. 240 dated 22.03.07, Rs. 19.27 lakh was payable for DPR preparation cost.

An agreement was executed between the Executive Officer, Chakia Nagar Panchayat and M/s B.K Associate on 01.01.06 for preparation of DPR. The consultant fee payable was 1.5% of total project cost. The consultant submitted a bill of Rs. 19.27 lakh on 04.02.08.

For preparation of DPR of UIDSSMT and JHSDP the UIDD released Rs. 25,000/- through Bank Draft vide letter no. 597 dated 25.10.06. Against this the consultant was period advance of Rs. 1.75 lakh as detailed below:-

Cheque No.	Date	Amount
009299	01.11.2006	50,000
010312	14.03.2007	25,000
011900008865	08.08.2007	50,000
11374065868	08.01.2008	50,000
<b>Total-</b>		<b>1,75,000</b>

The excess amount of Rs. 1.5 lakh beyond the receipt was period by diverting of 12<sup>th</sup> F.C. grant. The balance amount of Rs. 17.52 lakh was only stated by the staff to have been paid by the Urban Development Department.

Following irregularities were observed:-

- (1) Quotations were not invited from consultants to obtain a competitive rate nor any negotiation was made for lowering the rate of 1.5% of total project cost.
- (2) The terms of the agreement disclosed that the Executive Officer approached the consultant for preparing the DPR which indicates that tender/ quotation were not provided and under favors was provided to a particular consultant
- (3) The Nagar Panchayat did not claim Rs. 1.50 lakh which period in excess of receipt from the U.D.D.
- (4) The matter of preparation of DPR was not placed and approved in Parishad's meeting.
- (5) Rs. 6.425 crore received was transferred to D.M. East Champaran vide Cheque No. 017991 dated 26.12.08 and this amount was returned to the Nagar Panchayat on

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09.07.09 due to which the amount remained unutilised for nearly one year, as the tender for the works have now been again invited and agreements are being executed for execution of 96 works.

**30. ADVANCE:-**

Advance Register was not maintained by the Nagar Panchayat. As such, the position of outstanding advance upto 31<sup>st</sup> March 2009 could not be known.

**OTHER OBSERVATIONS:-**

(i) Non- recovery of pay advance of Rs. 2,30,000/-:-

Advance of Rs. 2,30,000/- was period to 8 employees on 30.10.08 (Cheque No. 0135518) as detailed below but this was not recovered till July 2009.

Sl. No.	Name and designations (S/Shri)	Amount
1	Manoj Kumar, H/C cum Accountant	40,000/-
2	Pramanand Singh, Tax Daroga	40,000/-
3	Kedar Prasad. Peon	25,000/-
4	Ram Chandra Ram, Jamdar	25,000/-
5	Phuleshwari Devi, Sweeper	25,000/-
6	Makurdhan Devi, Sweeper	25,000/-
7	Gangajali Devi, Sweeper	25,000/-
8	Sushila Devi, Sweeper	25,000/-
<b>Total-</b>		<b>2,30,000/-</b>

Immediate action may be taken to recover/ adjust the above advance of Rs. 2,30,000/-

(ii) Other outstanding advances:-

The following advance were found outstanding till March 2009:-

Sl. No.	Cheque no. /Date	Amount (Rs.)	To whom (S/Shri)	period	Purpose
1	2007-08	3,000/-	Suresh Prajapati, JE		Sinking of Hand pump (Sch. NO. 13/07-08)
2	795242/ 26.02.09	15,000/-	Pramanand Singh, Tax Daroga		TA for attending meeting at Urban Development Dept.

3	111459/ 04.07.07	8,000/-	Manoj Kumar H/C	Printing of BPL forms and cum Account purchase of CD.
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**Total- 26,000/-**

Suitable action may be taken for adjustment / recovery of advance of Rs. 26,000/-.

**(iii) UNADJUSTED ADVANCE OF RS. 4.25 LAKH PAID TO 3 NGOS FOR IMPARTING TRAINING:-**

The Chakia Nagar Panchayat received a grant of Rs. 6,65,980/- in June 2006 under Swarna Jayanti Shahri Rojgar Yojna. The Panchayat's Board in its meeting dated 18.12.06 decided to impart Professional Training (कौशल प्रशिक्षण) to the beneficiaries of BPL. For this purpose Rs. 4.25 lakh was advanced to three NGOs as shown below:-

Sl. No.	Name of the NGOs	Name of Trade of Training	No. of beneficiaries	Amount of advance	Ward No.
1	Panchayati Sanskriti Sansthan, North Mandiri, Patna Camp- Chakia	लहली, चुड़ी निर्माण, बुनाई	100	175	4,5,9 & 10
2	Champan Vikas Lok Chaita Chakia	सलाई, बुनाई, कटिंग, कसिदा बरी, पापड़, तिलौड़ी का निर्माण	100	1.25	1,2 & 8
3	Deep Sewa Sansthan Patna. Camp -- Chakia	Computer Screeing & Printing, बुनाई	100	1.25	3,6 & 7

**Total- 4.25**

The NGOs however did not render any account of expenditure incurred out of advance besides period of training, number of beneficiaries to whom the training was imparted etc. were also not provided. It was replied to audit that the concerned files have been seized by the SDO and lying with him.

Immediate steps may, therefore, be taken for adjustment/ recovery of above advance. Presently the payment of advance of Rs. 4,25,000/- is held under objection pending production of detailed paper to next audit.

Advance ledger may be maintained and shown to next audit.

**31. SALES TAX DEDUCTED BUT NOT DEPOSITED:-**

During 2007-08 Rs. 26,205/- was deducted at reduce from the work bills of sinking of Tube wells (Scheme No. 1 to 12 of 2007-08) executed out of fund of additional stamp duty but this was not remitted to sales tax department.

Immediate action may therefore, be taken to remit Rs. 26,205/- to the sales Tax Department.

**32. IRREGULAR PAYMENT TO SANITARY INSPECTOR:-**

There is no sanctioned post of Sanitary Inspector the Nagar Panchayat. But Shri P.N. Pandey was irregularly appointed in the year 1981 to the post of sanitary Inspector. This facts was already depicted in Para 38 of previous Audit Report No. 92/ 06-07. The State Government has not sanction this post so far but directed the Executive Officer that his pay and allowances may be period from Nagar Panchayat's own receipts. As Panchayat's own receipt is megre his salary payment has been stopped now. During audit period he was period a gross salary of Rs. 3,78,120/- for the month of September 2005 to February 2009. Till the post of sanitary inspector is not sanctioned by the State Govt. Payment of his pay and allowances was irregular and therefore held under objection.

**33. UNDEPOSITED PF MONEY:-**

The scrutiny of pay bill Acquaintance Roll disclosed that Provident fund deducted from the pay bill of 9 employees from the month of November 2006 to February 2009 amounting to Rs. 84,262/- was not deposited in individual PF accounts of the employees vide detailed below.

<b>Months for which G.P.F. deduction was made from the salary bill</b>	<b>Amount of G.P.F. deducted (Rs.)</b>
Nov. 2006 to June 07	29,622
	2,520
	1,440
July 07 to Feb 08	20,722
	1,440
March 08 to June 08	7,316
July 08 to Oct 08	10,966
	900
Nov 08 to Feb 09	8076
	1260
<b>Total-</b>	<b>84262</b>

**Name of 9 Employees / Designation**

- 1 S/Shri Manoj Kumar, H.C. cum Accountant
- 2 ,, Parmanand Singh,
- 3 ,, Kedar Prasad, Peon
- 4 ,, Ramch Pd, Sweeper Zamadar
- 5 ,, Phuleshwari Devi , Sweepers
- 6 ,, Kukudhani Devi ,, ,,
- 7 ,, Gangiali Devi ,,
- 8 ,, Sushila Dive ,,
- 9 ,, Prabhu Nr. Pandey Sanitary Inspector.

PF individual account was lodged in Chakia post office but after October 2006 the post office closed the accounts and issued cheques of the balance lying in the accounts. Further action to open accounts in Bank was not yet taken due to which the employees suffered loss of interest for their no fault and cheques issued by the post office is being retained by the cashier while Rs. 84,262/- is still to be remitted in the individual PF accounts yet to be opened.

Immediate action may therefore be taken for lodgment of PF accounts and deposit of entire balance of PF.

**34. DISCUSSION WITH THE EXECUTIVES**

All the points raised in this report were discussed with the Executive Officer and Chairman of Nagar Parishad time to time

**35. RESULT OF AUDIT.**

As a result of audit Rs. 22,96,786 has been suggested for recovery and Rs. 44,86,222/- is held under objection vide details in **Appendix – VI** to the Report.

**36. GENERAL REMARKS**

There was much scope for improvement in accounts maintains as important accounts records viz Annual Account, Grant Register, Loan Register, Advance Register etc. were not maintained.

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There Treasury Pass Book was not produced despite reminders nor this was produced during privies Audit. Some person other than the tax Daroga may be sent for allotting Treasury Pass Book and the credit of challns may be ensured by the Executive.

Effective Checks may be exercised OVW the Collections made by the Tax Daroga as he is in the habit of retaining cash in hand besides delaying deposit some receipt books were also not produced by him to audit which may be obtained and its deposit position be ensured.

Internal somces of revenue may be augmented to improve the financial position of the Nagar Panchayat.

**(NEERAJ KUMAR-III A.A.O(P),)**  
Local Audit Wing,  
Bihar, Patna.

No. L.A./ Sur/ 2298

Date:- 8/12/09

Copy forwarded to the Executive Officer Nagar Panchayat Chakia, Distt. East Champaran for information and necessary action along with request that a complete compliance may be sent to the undersigned within three months from the date of receipt of the report.

S/D


Sr. Audit Officer/ Surcharge  
Local Audit Wing,  
Bihar, Patna.

Memo No. L.A. / Sur/ 2299

Date:- 8/12/09

Copy forwarded for information and necessary action to:-

- ✓ 1. The Principal Secretary, U.D. and H.D., Govt. of Bihar, Patna.
- 2. The District Magistrate, E. Champarn
- 3. AAO/ Surcharge

  
8.12.09

Sr. Audit Officer/ Surcharge  
Local Audit Wing,  
Bihar, Patna.