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

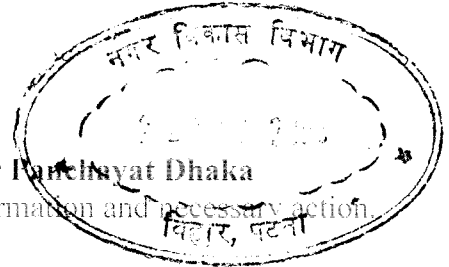
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Dated:- 19.06.06

To,

The Secretary,  
Urban Development Department  
Government of Bihar, Patna

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Audit Report No. 91/2006-07 of the accounts of Nagar Panchayat Dhaka for the year 1985-86 to 2004-05 is enclosed for your kind information and necessary action.

Encl:-As above

Yours faithfully

24/2  
23.6.06

श्री. रामजी सहस्र  
सुपडा संयोजक  
23/6/2006

K. M. Chatterjee  
(M.N. Lal Das)

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

## Audit Report No-91/2006-07

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### 1. INTRODUCTION

The accounts of Nagar Panchayat, Dhaka (East Champaran) for the period 1985-86 to 2004-05 were test audited by an audit party of the officer of the Principal Accountant General (Audit) Bihar, Patna, Local Audit Department, Patna during 06.02.06 to 04.03.06.

### 2. ADMINISTRATION:-

| Sl. No. | Name               | Period               |
|---------|--------------------|----------------------|
| (i)     | <i>Chairman</i>    |                      |
| (a)     | Smt Kamrun Nisha   | 21.06.02 to 13.12.04 |
| (b)     | Smt. Akhtari Begam | 14.12.04 to 09.03.05 |
| (c)     | Smt. Anita Devi    | 10.03.05 to 31.03.05 |

| Sl. No. | Name                 | Period               |
|---------|----------------------|----------------------|
| (ii)    | <i>Vice chairman</i> |                      |
| (a)     | Shri Motiur Rahman   | 17.01.87 to 10.09.90 |
| (b)     | Smt. Akhtari Begam   | 21.06.02 to 31.03.05 |

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| Sl. No. | Name                       | Period                 |
|---------|----------------------------|------------------------|
| (iii)   | <i>Executive Officer</i>   |                        |
| (a)     | Shri Raghwendra Jha        | 09.05.86 to 09.02.88   |
| (b)     | Shri Narsigh Narayan Singh | 10.02.88 to 29.09.88   |
| (c)     | Shri Ram Krit Singh        | 30.09.88 to 31.10.88   |
| (d)     | Shri D. Mahto              | 01.11.88 to 01.04.91   |
| (e)     | Shri Kanhai Lal Chaudhary  | 02.04.91 to 14.04.93   |
| (f)     | Shri Parmanand Paswan      | 15.04.93 to 04.09.95   |
| (g)     | Shri Uday Singh Kumarat    | 05.09.95 to 30.07.97   |
| (h)     | Shri Raghu Vansh Singh     | 31.07.97 to 23.01.98   |
| (i)     | Shri Khurshid Anwar        | 24.01.98 to 23.12.2000 |
| (j)     | Shri Hansh Raj Singh       | 24.12.00 to 20.06.02   |
| (k)     | Shri Sunil Jha             | 21.06.02 to 01.11.03   |
| (l)     | Shri Ram Govind Singh      | 02.11.03 to 31.03.05   |

**3. SCOPE OF AUDIT**

A list of records and registers produced and test checked in audit has been given in Annexure-IA and another list of records and registers either not maintained or not produced in audit has been given in Annexure-IB.

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4. **INTERNAL AUDIT**

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

Test check of accounts and records of Nagar Panchayat, Dhaka revealed that the persons authorized for the same did not exercise such supervisory checks which resulted into several irregularities as have been discussed in succeeding paragraphs.

5. **FINANCE**

Nagar Panchayat (East while notified Area Committee) Dhaka, established by notification in the year 1984 but it started functioning in 1986-87. Even after lapse of two decade (19 years) Nagar Panchayat failed to generate its own sources of income by imposing different taxes under the provisions of the Act. The following is an abstract of income from own sources of the Nagar Panchayat for the period 1986-87 to 2004-05.

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| Sl. No | Year         | Amount (Rs.)       |
|--------|--------------|--------------------|
| 1.     | 1986-1987    | 962.98             |
| 2.     | 1987-1988    | 2,794.80           |
| 3.     | 1988-1989    | 6,974.00           |
| 4.     | 1989-1990    | 2,154.48           |
| 5.     | 1990-1991    | Nil                |
| 6.     | 1991-1992    | Nil                |
| 7.     | 1992-1993    | Nil                |
| 8.     | 1993-1994    | 630.00             |
| 9.     | 1994-1995    | 1,685.00           |
| 10.    | 1995-1996    | 36,612.20          |
| 11.    | 1996-1997    | 70,151.00          |
| 12.    | 1997-1998    | 8,000.00           |
| 13.    | 1998-1999    | 9,166.00           |
| 14.    | 1999-2000    | Nil                |
| 15.    | 2000-2001    | Nil                |
| 16.    | 2001-2002    | 2,44,745.00        |
| 17.    | 2002-2003    | 2,12,477.75        |
| 18.    | 2003-2004    | 1,92,996.00        |
| 19.    | 2004-2005    | 48,400.00          |
|        | <b>Total</b> | <b>8,37,749.21</b> |

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During the year 1986-87 to 1989-90, 1993-94 to 1994-95 and 1997-98 to 1998-99, the position of collection of revenue was very nominal whereas during 1990-91 to 1992-93 and 1999-2000 to 2000-01, it was 'nil'. Under the circumstances, the possibility of leakage of revenue could not be ruled out. The matter may be investigated by the Executives and result of investigation be intimated to the Examiner of Local Accounts, Bihar, Patna along with the details of action taken in this regard.

The position of receipts on different accounts and expenditure as per cash book was as under: -

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| Receipt |               |                       |         | Expenditure          |                       |  |
|---------|---------------|-----------------------|---------|----------------------|-----------------------|--|
| Sl. No. | Particulars   | Amount (Rs.)          | Sl. No. | Particulars          | Amounts(Rs.)          |  |
| 1       | Govt. Grant   | 1,30,96,008           | 1       | Execution of schemes | 1,13,46,815.58        |  |
|         |               |                       | 2       | Establishment        | 42,41,682.60          |  |
|         |               |                       | 3       | Census work          | 1,43,530.00           |  |
| (a)     | Non-recurring | 1,30,96,008           |         |                      |                       |  |
| (b)     | Recurring     | 6,55,868              |         |                      |                       |  |
| (c)     | Misc          | 58,516                |         |                      |                       |  |
| 2       | Loan          |                       |         |                      |                       |  |
|         |               |                       | 4       | Misc                 | 66,190.50             |  |
| (a)     | For Salary    | 4,87,439              |         |                      |                       |  |
| (b)     | For Scheme    | 3,41,494              |         |                      |                       |  |
| 3       | Stamp Duty    | 18,05,150.70          |         |                      |                       |  |
| 4       | Own Source    |                       | 5       | Closing Balance as   | 18,37,463.23          |  |
|         |               |                       |         | on 31.03.05          |                       |  |
| 5       | Misc          | 3,53,457.23           |         |                      |                       |  |
|         | <b>Total</b>  | <b>1,76,35,681.91</b> |         | <b>Total</b>         | <b>1,76,35,681.91</b> |  |

(Details given in the statement-I)

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|                                             |   |              |
|---------------------------------------------|---|--------------|
| The balance as per cash book as on 31.03.05 | = | 17,37,017.95 |
| The balance as arrived at in audit          | = | 18,37,463.23 |
| Difference                                  | = | 1,00,445.28  |

This difference was due to the fact that closing balance of Rs. 5,26,094.29 at the end of December 2000 was wrongly carried over to January 2001 as Rs. 4,25,649.01 in the cash book resulting into short balance of Rs. 1,00,445.28 without recording reasons. This may be explained in the next audit.

It is also clear from the above table that income of the Nagar Panchayat from its own source during entire period of 1986-87 to 2004-05 was Rs. 8.38 lakh only but the establishment expenditure was Rs. 42.42 lakh, thus the income of the Nagar Panchayat was not sufficient even to meet its establishment expenses. Nagar Panchayat was fully depending on Govt. aids etc for meeting its day to day expenditure. Thus, the financial position of Nagar Panchayat was alarming executives of Nagar Panchayat may take effective steps for augmentation of income/revenue and curtail its expenditure.



6. IMPORTANT AUDIT FINDINGS

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| Sl. No. | Para No. | Particulars                                       |
|---------|----------|---------------------------------------------------|
| 1       | 8        | Grant regish not maintained                       |
| 2       | 9        | Loan regish not maintained                        |
| 3       | 14       | Irregular appointment                             |
| 4       | 16       | Short deposit Rs. 5.50 lakh                       |
| 5       | 20       | Double drawal of Rs. 0.66 lakh                    |
| 6       | 21       | Expenditure kept out of A/c Rs. 1.79 lakh         |
| 7       | 22       | Non-deposit of H. Cess of Govt. A/c Rs. 2.44 lakh |
| 8       | 23       | Outstand taxes on Govt. building Rs. 5.41 lakh    |
| 9       | 26(i)    | Payment of Rs. 25000/- to the principle           |
| 10      | 25(ii)   | Excess payment of Rs. 0.67 lakh                   |
| 11      | 32       | Wasteful expenditure Rs. 3.12 lakh                |
| 12      | 33       | Advance not enteries in Advance regish            |

7. BUDGET

Budget estimates required to be prepared as per section 71 to 76 of the Bihar Municipal Act, 1922 was not prepared by the Nagar Panchayat for the year from 1986-87 to 2004-05. As per section 76 of the aforesaid Act any expenditure could not be incurred without making provisions in the sanctioned budget estimates.

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As such, in absence of any budget estimates the total expenditure of Rs. 157.98 lakh incurred during the period of audit was without budgetary control and was therefore unauthorized.

8. **GOVT. GRANT**

Government Grant register was not maintained by the Nagar Panchayat. The amounts of all grants were only taken as receipt in the cash book. In several cases the details of sanctioning authority, purpose of grant etc. were not indicated.

There was no supporting records to show the receipt and expenditure of a particular grant except the cash book wherein the voucher nos and details of expenditure was wanting. Audit has to take much pain in ascertaining the proper utilisation of Grant. The position of Govt. Grants received during the period of audit, as far as it could be ascertained is shown below:-

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| Sl. No. | Particulars                         | Amount(Rs.)           |
|---------|-------------------------------------|-----------------------|
| 1       | For construction of Road            | 20,69,232.00          |
| 2       | For construction of Drain           | 4,76,548.00           |
| 3       | Swarn Jayanti Sahari Rojgar Yojna   | 10,03,467.00          |
| 4       | Balika Samridhi Yojna               | 30,000.00             |
| 5       | 11 <sup>th</sup> Finance Commission | 22,97,120.00          |
| 6       | National Slum Area Dev. Prog.       | 55,46,000.00          |
| 7       | Payment of salary to staff          | 6,55,868.00           |
| 8       | For census work                     | 1,32,180.00           |
| 9       | Election work                       | 15,000.00             |
| 10      | Nehru Rojgar Yojna                  | 8,83,759.00           |
| 11      | Misc. Grant                         | 7,01,218.00           |
|         | <b>Total</b>                        | <b>1,38,10,392.00</b> |

(Details given in the statement II to the report)

The grant register may be maintained as per provisions contained in Rule 14A of the Bihar Municipal Accounts Rules, 1928 and shown to next audit.

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9. GOVT. GRANT LOAN

Govt. loan register was not maintained. As such, the position of upto date amount of loans received amount of instalments and interest due for payment but not paid as of 31<sup>st</sup> March 2005 was not ascertainable. The amount of Govt. loan received was taken as receipt in the cash book and merged in the cash balance of the Nagar Panchayat. Loan appropriation register was also not maintained in absence of which proper utilisation of loans could not be verified. The expenditure side of the cash book was not classified.

However, as far as it could be ascertained from cash book that of Rs. 8.29 lakh Govt. Loan was received as under:-

| Sl. No. | Particulars                      | Amount(Rs.)        |
|---------|----------------------------------|--------------------|
| 1       | Construction of Road             | 1,62,994.00        |
| 2       | Construction of Drain            | 1,78,500.00        |
| 3       | Payment of salary and Allowances | 4,87,439.00        |
|         | <b>Total</b>                     | <b>8,28,933.00</b> |

(Details given in the statement III)

Loan register and Loan Appropriation register may be maintained properly and shown to next audit.

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10. SLUM AREA DEVELOPMENT SCHEME (NSDP)

Govt. of Bihar sanctioned and released a sum of Rs. 55.46 lakh during the period 2001-02 to 2004-05 as detailed below:-

|   |                                  |                         |
|---|----------------------------------|-------------------------|
| 1 | NVV letter No. 195 dated 8.5.01  | Rs. 21,75,000.00        |
| 2 | NVV letter No. 264 dated 11.5.04 | Rs. 21,75,000.00        |
| 3 | NVV letter No. 264 dated 11.5.04 | Rs.11,96,000.00         |
|   | <b>Total</b>                     | <b>Rs. 55,46,000.00</b> |

This scheme was to be executed only through the Nighbourhood committee and Community Development Society. If such committee did not exist, the same was to be constituted for the purpose.

A minimum of 10% of total grant was to be spent on construction of house for the inhabitants of slum area and each house was to cost Rs. 36300 + Rs. 2500.

The remaining 90% of the grant was to be spent on scheme providing drinking water supply, street, drain, road community latrine and bath, community centre, Health care centre and electrification works.

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Scrutiny of the cash book revealed that all works done departmentally and the Nahourhood committee or Community Development Society were never constituted nor the slum areas were demarcated by the Nagar Panchayat. This defeated the purpose of the scheme to involve local people (Nebourhood committee or C.D.S) at grass root in solving their basic problems. This was highly irregular.

The general irregularities in execution of schemes were as under:-

- (i) House for people living below proverty line in slum areas and the community centre, Health care centre were not constructed nor any electrification work was done.
- (ii) The bill was not prepared on proper form. Measurement book was made basis of payment.
- (iii) The Junior Engineer, who prepared the estimates also executed the work and took measurement in the measurement book, this was highly irregular.
- (iv) M.B. showed several on account bill in execution of one work. The measurement recorded in each on account bill were left independent and same was not accounted for in successive account bills up to final bill. As a result final bill did not exhibit the total quantity of

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work executed. As such, it was very difficult to examine the correctness of M.B. relating to execution of work.

- (v) Analysis of material was not available with estimates nor site account of material consumption was furnished with final bill.
- (vi) Completion certificates of competent authority was wanting.

11. **11<sup>th</sup> FINANCE COMMISSION**

Govt. of Bihar on the recommendation of 11<sup>th</sup> Finance Commission released Rs. 22.97 lakh to the Nagar Panchayat Dhakha during 2002-03 to 2003-04 vide details below:-

|   |                                    |                         |
|---|------------------------------------|-------------------------|
| 1 | NVV letter No. 827 dated 28.03.03  | Rs. 3,08,544.00         |
| 2 | NVV letter No. 959 dated 30.03.03  | Rs.12,22,869.00         |
| 3 | NVV letter No. 1340 dated 30.03.04 | Rs. 7,65,707.00         |
|   | <b>Total</b>                       | <b>Rs. 22,97,120.00</b> |

As per instruction contained in the sanctioning letter itself the Nagar Panchayat was required to contribute 50% of the sanctioned Grant from its own sources the amount was to be utilized on execution of schemes relating to public utility service such as: -

- (i) Pure drinking water facility.
- (ii) Drainage, sewerage, construction/renovation of roads.
- (iii) Construction of community latrine and bath.
- (iv) Solid waste management.
- (v) Construction of community hall, park, Bust stand, clarification etc.
- (vi) Miscellaneous work relating to pollution control, fish management etc.
- (vii) Purchase of machine, tools etc relating to sanitation and water supply.
- (viii) Establishment of computer cell for maintenance of accounts etc.

Perusal of cash book revealed that the maximum of expenditure was incurred on construction of road and drain and little over installation of Hand pump (water supply). The Nagar Panchayat did not contribute its 50 percent matching share amounting to Rs. 11.49 lakh and other aspect of work such as construction of common latrine and bath, solid waste management, construction of community hall, park etc were left untouched.

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12. **BALIKA SAMRIDHI YOJNA**

A sum of Rs. 30,000/- was received by Nagar Panchayat under this scheme from Govt. of Bihar as detailed below:-

|   |                                    |                      |
|---|------------------------------------|----------------------|
| 1 | NVV letter No. 1112 dated 21.12.99 | Rs. 15,500.00        |
| 2 | NVV letter No. 74 dated 28.01.00   | Rs. 14,500.00        |
|   | <b>Total</b>                       | <b>Rs. 30,000.00</b> |

After the lapse of five years the above grants were still lying unspent in Nagar Panchayat fund. The blockade of grants defeated the purpose of grant.

If there is no possibility of utilisation of grant the amounts may be refunded to sanctioning authority.

13. **CASH BOOK**

The following irregularities were noticed in maintenance of cash book:-

- (i) Voucher number was not recorded.
- (ii) Classification of receipt and expenditure was not done.
- (iii) Entries in the cash book were not certified by the executives.
- (iv) In several cases cheque No. and date was also not noted.
- (v) Analysis of closing balance as of 31<sup>st</sup> March was not prepared.

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Cash book balance as ascertained in audit as of 31<sup>st</sup> March 2005 18,37,463.23

Balance as per Bank/Treasury

|                            |                   |                    |
|----------------------------|-------------------|--------------------|
| P/L A/c                    | 5,96,239.99       |                    |
| SBI A/c No. 11241          | 3,18,849.00       |                    |
| Central Co-op Bank A/c No. | 7,06,253.00       |                    |
|                            | 16,21,341.99      | 16,21,341.99       |
|                            | <b>Difference</b> | <b>2,16,121.24</b> |

The difference between two sets of balance may be reconciled and shown to next audit.

Cheque counterfoil of cheque No. 107101 to 107150 for the period 6.7.93 to 24.8.94 and bank pass book 30.05.91 to April 1995 of SBI were not produced in audit. Which may be produced to next audit.

**14. IRREGULR APPOINTMENT OF STAFF**

as per rules for regulating the appointment and qualification for the officers and servants of the municipalities and Notified Area Committee the age limit of the time of appointment was between 18 to 27 years except in the case of sweeper the upper age limit is 40 years.

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But on scrutiny of service book, it was noticed that the age at the time of appointment of Tax Daroga and peon was not within the prescribed limit for recruitment as detailed below:-

| Sl. No. | Name & designation        | DOB     | DOA     | Age of the time of appointment |
|---------|---------------------------|---------|---------|--------------------------------|
| 1       | Md. Sanaullah. Tax Daroga | 11.7.51 | 17.1.87 | 35½ Years                      |
| 2       | Md. Khairuah, Peon        | 25.5.48 | 17.1.87 | 38½ years                      |

It appears from the fact stated above that they were overage at the time of appointment. Thus they were not fit for appointment.

Contrary to the Rules for appointment the Nagar Panchayat, appointed them on the post of Tax Daroga and Peon. So the appointments were irregular. As such the entire expenditure incurred on payment of salary and allowances to above staff stands for recovery from the person(s) concerned failing which from the person(s) responsible for appointment.

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15. **BUS STAND**

from scrutiny of cash book, it was noticed that by auction of Bus Stand revenue of Rs. 1,58,350.00 was received as under: -

| Sl. No. | M. R. No. with date      | Amount (Rs)        |
|---------|--------------------------|--------------------|
| 1       | 1476 dt 19.6.01          | 7,500.00           |
| 2       | 1477 dt 19.6.01          | 7,500.00           |
| 3       | 1540 to 1543 dt 31.3.02  | 43,350.00          |
| 4       | 1540 to 1543 dt 20.10.03 | 85,000.00          |
| 5       | 1540 to 1543 dt 22.10.03 | 15,000.00          |
|         | <b>Total</b>             | <b>1,58,350.00</b> |

In this connection, the auction file of bus stand was not produced in audit. The same may be produced in next audit for ascertaining the correctness of settlement and collection of bid amount.

16. **SHORT DEPOSIT**

The amount collected by money receipt and credit these of in cash book have been verified and short/non credits of Rs. 5,51,045.42 were noticed as detailed given in the statement IV, V & VII to the report.

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The amount of Rs. 5,51,045.42 may be recovered from the persons concerned and deposited in the Nagar Panchayat fund.

17. **DELETED**

18. **DELETED**

19. **AMOUNT NOT ACCOUNTED FOR**

A sum of Rs. 7500/- was with drawn vide cheque No. 21776 of A/c No. 17098, which was debited the bank account on 15.9.03 but neither the same was accounted for in the cash book nor supporting vouchers etc. of actual expenditure was shown to audit.

The amount of Rs. 7500/- may be recovered from the person responsible and booked the required transaction in the cash book.

20. **SALARY ADVANCE PAID BUT NOT RECOVERED**

A sum of Rs. 66542.00 was paid to Sri Pankaj Kumar, Head clerk as pay advance irregularly vide cheque No. 773231 dated 27.02.99 adjustable from his salary to be paid for the month of May 99 to March 2000. However, his salary of Rs. 74,453.00 for the period from May'99 to March 2000 was paid vide cheque No. 862147 dated 23.11.2000 with out adjusting the pay advance of Rs. 66,542.00 paid earlier for same period.

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Thus, he was paid his salary for the above period in excess of Rs. 66,542/- which may be recovered from Sri Pankaj Kumar, H.A and shown in the next audit.

**21. EXPENDITURE KEPT OUT OF ACCOUNT**

A sum of Rs. 1,78,946.00 were with drawn from the bank but were not duly accountant for in the cash book as details given in the statement VII to the report.

Against the above amount kept out of account, the following expenditure were booked in the cash book.

| SI No | Date     | Amount        |                                    |
|-------|----------|---------------|------------------------------------|
| 1     | 03.11.97 | 6,078         | Payment of honourarium to trained. |
| 2     | 23.11.98 | 16,679        | -do-                               |
|       |          | <b>23,757</b> |                                    |

Thus not amount which remained out of account worked out to Rs. 1,55,189 (Rs. 1,78,946 -- Rs. 23,757). However, the passed vouchers against above advances were produced in audit. Scrutiny of vouchers revealed that an advance of Rs. 10,000.00 was drawn through cheque no. 131749 dated 29.9.95 and paid to the following employees as salary advance vide details below: -

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| Sl. No. | Name & Designation               | Amount(Rs.)     |
|---------|----------------------------------|-----------------|
| 1       | Shri Pankaj Kumar, Head Clerk    | 1500.00         |
| 2       | Shri Md. Sanaullah, Tax Daroga   | 1500.00         |
| 3       | Shri Gonaur Ram, Safai Jamdar    | 1000.00         |
| 4       | Shri Md. Khairullah, Peon        | 1000.00         |
| 5       | Shri Kishun Ram, Safai Staff     | 1000.00         |
| 6       | Shri Vishwanath Ram, Safai Staff | 1000.00         |
| 7       | Shri Narendra Ram, Safai Staff   | 1000.00         |
| 8       | Shri Gonur Ram, Safai Staff      | 1000.00         |
| 9       | Shri Nand Lal Ram, Safai Staff   | 1000.00         |
|         | <b>Total</b>                     | <b>10000.00</b> |

Recovery of the above advances may be effected early and shown to  
next audit.

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22. **NON-DEPOSIT OF HEALTH CESS AND EDUCATION CESS IN GOVT. A/c**

A sum of Rs. 2,70,922.44 was collected by Nagar Panchayat as health cess and education cess during the period of Audit (statement-VIII).

Nagar Panchayat was to deposit as percent of collection of Health Cess and Education Cess after deducting 10% of Collection charge in the concerned heads of accounts, of State Govt. But this amounts was not deposited as detailed below:-

|                            |   |     |             |
|----------------------------|---|-----|-------------|
| Total amount collected     | = | Rs. | 2,70,922.44 |
| Less 10% Collection Charge | = | Rs. | 27,092.00   |
| Balance                    | = | Rs. | 2,43,830.20 |

Thus, Rs. 2,43,830.20 may be deposited in Govt. A/c and shown to the next audit.

23. **OUTSTANDING TAXES ON GOVT. BUILDING**

A sum of Rs. 5,41,432.22 was outstanding as municipal taxes against different Government office as detailed given in the statement IX to the report.

Early steps may be taken by the Nagar Panchayat for realisation of outstanding taxes from Govt. building and shown in next audit.



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24. COLLECTION OF TAXES

Nagar Panchayat was established in 1986 but imposed holding tax etc. from 1993-94. The yearly demand of Nagar Panchayat was Rs. 3,32,740.44.

- (i) The reason(s) for delay in imposition of taxes may be explained in next audit.
- (ii) A sum of Rs. 6,92,358.42 was collected as Holding tax etc. in twelve years (1992-93 to 2004-05) against total demand of Rs. 39,92,885.28, which comes to only 17.34% of total demand. It clearly appears from the fact that percentage of collection was very poor. The tax daroga of Nagar Panchayat may take proper step to improve the collection of taxes.
- (iii) Scrutiny of H-receipt and cash book appears that amount collected by tax Daroga on account of holding tax was not deposited in time and kept the same in hand for very long period. Some of the instances were as under:-

| Year    | Amount Collected | Amount deposited |
|---------|------------------|------------------|
| 1999-00 | Rs. 17649.65     | 2001-02          |
| 2000-01 | Rs. 20,490.16    | 2001-02          |

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This clearly indicates that the collection was retained for a long period.

The matter may be investigated by the executives and deposit of collection money in Panchayat fund in time may be ensured in future.

25. **REVISION OF TAXES**

Nagar Panchayat was establishment in 1986-87. The basic requirement of the Panchayat was to prepared assessment list/register for imposition of taxes like holding tax, latrine tax and water tax etc. for this purpose provision under section 106 to 116 should have been followed but this was not done. This resulted into non-imposition of taxes in proper may even after a lapse of 19 years.

Scrutiny of records revealed that Nagar Panchayat was collecting Holdig Tax, Health Cess and Education Cess on random basis.

In the circumstance leakage of revenue could not be ruled out. Early steps may be taken for assessment of taxes/preparation valuation list to avoid further loss of revenue and to check leakage of revenue too.

26. **CONSTRUCTION OF SHOPS UNDER SELF FINANCING SCHEME**

A separate cash book for const<sup>n</sup> of shop was maintained by Nagar Panchayat. The receipt and expenditure of cash book was as under: -

(43)

| Sl. No. | Particulars     | 95-96    | 96-97    | 97-98       | 98-99       | 99-2000     |
|---------|-----------------|----------|----------|-------------|-------------|-------------|
| 1       | Opening Balance | Nil      | 4,29,647 | 1,90,607    | (-)1,77,751 | (-)3,95,054 |
| 2       | Receipt         | 4,35,647 | 3,96,960 | 56,384      | -           | 12,850      |
| 3       | Total           | 4,35,647 | 8,26,607 | 2,46,991    | (-)1,77,751 | (-)3,82,204 |
| 4       | Expenditure     | 6,000    | 6,36,000 | 4,24,742    | 2,17,303    | 1,08,159    |
| 5       | Closing Balance | 4,29,647 | 1,90,607 | (-)1,77,751 | (-)3,95,054 | (-)4,90,363 |

This negative Closing Balance was due to fact that a sum of Rs. 5.00 lakh pertaining to Govt. Grant for construction of road vide letter no.1622 dated 5.5.97 was credited to this account and taken as receipt on 23.5.97. this grant was not taken in the above figure but expenditure against the grant was included in the figure.

|                                           |   |     |                 |
|-------------------------------------------|---|-----|-----------------|
| Closing balance as per cash book          | = | (-) | 4,90,363        |
| Add-Amount of Grant                       | = |     | <u>5,00,000</u> |
|                                           |   |     | (+)9,637        |
| Balance as per cash book as on 31.3.2000= |   |     | 6,637           |
| Difference                                | = |     | 3,000           |

(42)

The difference of three thousand was due to the fact that on 17.11.98 expenditure of Rs. 4,000 was booked in the cash book against actual expenditure of Rs. 1,000/- vide cheque No. 134997 dated 17.4.98. This may early be rectified.

**Audit Comments**

- (i) Nagar Panchayat Dhaka constructed 22 shops near high school Dhaka. The shop was constructed by collecting the estimated cost from the person willing to take the shop. Particulars of shop are as under: -
- (a) 12' x 10' 15shop cost realized from leasee Rs.36789 each  
estimated cost Rs. 4,01,333 for 12 and  
Rs.1,48,557 for 3 shops.
- (b) 6' x 8' 7 shops cost realized from leasee Rs. 23376 each  
estimated cost Rs. 93,558/-

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As stated, it was agreed upon by the parties that rent of shops will be fixed by the Nagar Panchayat. 50% of rent will be adjusted against the cost of construction paid by the lessee till its final adjustment, 50% rent will be realized regularly by the Nagar Panchayat. In this connection the following information's were not furnished to audit.

- (i) Date of handing over shops to the allottee.
- (ii) Details of fixation of rent.
- (iii) Details of collection of rent of shops.
- (iv) Details of outstanding rent as on 31<sup>st</sup> March 2005.
- (v) Copy of lease deed/agreement.

The same may be produced in next audit.

- (ii) The land on which the shops were constructed belonged to a High School. It was agreed upon between the Executives of High School and Nagar Panchayat that the revenue derived from shops as rent will be shared by both the institution equally. Accordingly, a sum of Rs. 25,000/- was paid to the head master, High School, Dhaka vide cheque no. 134981 dt 30.12.97. In this connection the copy of agreement and details of collection of rent etc. was not produced in audit. So, the an then city of payment of Rs. 25,000/- was not verified in audit.

Till production of relational records in next audit the payment of Rs. 25,000/- is held under objection.

40

(iii)

|                    |                                                  |
|--------------------|--------------------------------------------------|
| Name of work       | Const <sup>n</sup> of 12 unit shops of 10' x 12' |
| Estimated cost     | (i) Rs. 251390 Shri S. P. Choudhary              |
|                    | (ii) Rs. 143189 Shri R. K. Choudhary             |
|                    | Rs. 394579                                       |
| Name of agency     | Shri Suresh Pd. Choudhary and                    |
|                    | Shri Ramakant Choudhary (Departmental)           |
| Date of completion | May 1997                                         |

Scrutiny of MB and estimates revealed that 10% contractor profit was not deducted from the bill which resulted into excess payment of Rs.39457(10% of Rs. 394579) the amount paid in excess may be recovered from the person concerned along with cost of 166 empty bags of cement.

39

(iv)(a)

|                           |                                                                   |
|---------------------------|-------------------------------------------------------------------|
| Name of work              | Const <sup>n</sup> of 3 unit shops                                |
| Estimated cost            | Rs.93558                                                          |
| Actual value of work done | (i) Rs.67,307 Shri S. P. Choudhary                                |
|                           | (ii) Rs.28440 Shri R. K. Choudhary                                |
|                           | Rs. 95747                                                         |
| Name of the Agency        | Departmental through Shri S.P. Choudhary and Shri R. K. Choudhary |
| Date of completion        | May 1977                                                          |

Shri Suresh Pd. Choudhary was advanced Rs. 70,000 for execution of work as shown below:-

|                            |                   |
|----------------------------|-------------------|
| Ch. No. 132501 dt 5.4.96   | Rs. 20,000        |
| Ch. No. 132855 dt. 24.6.96 | <u>Rs. 50,000</u> |
|                            | Total 70,000      |

Against Advance of Rs. 70,000 he executed work up to Rs. 67307 only. The balance amount of Rs. 2693.00 may be recovered.

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Further more the estimate was prepared as per schedule of rate which includes 10% contractor's profit. When the work was executed departmentally 10% should have been deducted from the bill but this was not done. As such, there was an excess payment of Rs. 9575. Which stands for recovery from the person concerned/responsible. The cost of 146 empty bags of cement also stands for recovery.

(v)

|                           |                                                                   |
|---------------------------|-------------------------------------------------------------------|
| Name of work              | Const <sup>n</sup> of 7 unit of shops                             |
| Estimated cost            | Rs.1,48,557.00                                                    |
| Actual value of work done | (i) Shri S. P. Choudhary Rs. 88,497.00                            |
|                           | (ii) Shri R. K. Choudhary Rs. 54,242.00                           |
|                           | Rs.1,42,739.00                                                    |
| Name of the Agency        | Departmental through Shri S.P. Choudhary and Shri R. K. Choudhary |
| Date of completion        | May 1997                                                          |

10% of total value of work done was not deducted from the bill. This resulted into excess payment of Rs. 14273, which stands for recovery from the person concerned/responsible. Further cost of 155 empty bags of cement may also be recovered and shown to next audit.



(37)

27. EXCESS PAYMENT IN EARTH WORK

|                      |                           |
|----------------------|---------------------------|
| Scheme No            | 2/04-05                   |
| Name of scheme       | Brick soling in W. No. 6  |
| Estimate price       | 53,970.00                 |
| Actual Exp.          | 53,520.00                 |
| Executing Agent      | Sri Manoj Kumar, Jansevak |
| Date of commencement | 22.11.04                  |
| Date of Completion   | 19.12.04                  |

(i) On scrutiny of scheme files, estimates, M.B. and voucher it was wheed that earth filling was done in excess of estimates by executing agent and to keep the expenditure under estimated value he has done less quantity of brick work. As detailed below:-

| Sl. No | Name of item  | Estimates             | Work as per M.B      | Excess/less work done | Rate                  | Excess Amount paid |
|--------|---------------|-----------------------|----------------------|-----------------------|-----------------------|--------------------|
| 1      | Earth filling | 233.64M <sup>3</sup>  | 357.72M <sup>3</sup> | 124.08M <sup>3</sup>  | 64.4M <sup>3</sup>    | 7990.75            |
| 2      | Compaction    | 70.09 M <sup>3</sup>  | 107.31M <sup>3</sup> | 37.224 M <sup>3</sup> | 8.07M <sup>3</sup>    | 300.40             |
| 3      | Brick Work    | 306.69 M <sup>3</sup> | 238.01M <sup>3</sup> | 68.68 M <sup>3</sup>  | 117.95 M <sup>3</sup> | -                  |
|        |               |                       |                      |                       |                       | <b>8291.15</b>     |
|        |               |                       |                      |                       | <b>Say Rs.</b>        | <b>8291.00</b>     |

(36)

Thus Rs. 8291 was paid to Shri Manoj Kumar, Jansevak for doing excess earth work over estimates was not admissible. This may be recovered.

(ii) Non-deduction of sales tax.

As per Govt. order, the sales tax must be deducted from the voucher in the scheme and deposited in Govt. Account but the same was not deducted as detailed below: -

| BST   |               |           |          |      |            |
|-------|---------------|-----------|----------|------|------------|
| Item  | Qty purchased | Rate      | Cost     | Rate | Amount(Rs) |
| Brick | 12850 Nos     | 1977.750% | 25414.00 | 8%   | 2033.12    |

Rs. 2033 may be recovered from the agent Shri Manoj Kumar and deposited in concerned Govt. Account.

28. EXCESS PAYMENT IN DRAIN CONSTRUCTION

|                      |                                         |
|----------------------|-----------------------------------------|
| Scheme No            | 7/04-05                                 |
| Name of scheme       | Const <sup>n</sup> of drain in W. No. 8 |
| Executing Agent      | Sri Manoj Kumar, Jansevak               |
| Estimate price       | 36,420.00                               |
| Actual Exp.          | 36,333.00                               |
| Date of commencement | 5.12.04                                 |
| Date of Completion   | 19.12.04                                |

(i) On scrutiny of scheme files, M.B. estimates, and voucher it was noticed that Rs. 500/- was provided for name plate in estimate. The voucher of Name plate was also for Rs. 500.00. But executing agent claimed Rs. 2300.00 without assigning reasons in the final bill of scheme and M.B and got the payment resulting excess payment of Rs. 1800. Which may be recovered from the person responsible.

(ii) The sales tax and Royalty was also not deducted from the bill as detailed below:-

| Sl. No          | Item   | Qty    | Rate      | Amount    | BST     | Royalty |
|-----------------|--------|--------|-----------|-----------|---------|---------|
| 1               | Brick  | 5900   | 1977.500% | 11669.00  | 933.52  | 118.00  |
| 2               | Cement | 56     | 143/bag   | 8008.00   | 880.88  | -       |
| 3               | Sand   | 231cft | 18/cft    | 4158.00   | 332.64  | 131.00  |
| 4               | Metal  | 118cft | 21/cft    | 2478.00   | 233.02  | 334.00  |
|                 |        |        |           |           | 2380.06 | 583.00  |
| Total deduction |        |        |           | =2380+583 |         | =2963   |

Thus Rs. 2963 may be recovered from the person(s) responsible.

29. **ROYALTEE DEDUTED BUT NOT DEPOSITED IN GOVT. A/c.**

A sum of Rs. 58,455.70 was deducted by the Nagar Panchayat from different scheme as detailed given in the statement-X but the amounts so deducted was not deposited in the concerned head of accounts.

Other cases regarding deduction of royalty and cess may also be detected and the same may be deposited along with Rs. 58455.70 in the concerned head of Govt. accounts and shown to the next audit.

30. **ECESS DRAWAL**

A sum of Rs. 154000/- was drawn by the Accountant for the payment of salary for the month of March and April 2003 vide voucher No. 13 to 15 dt 23.11.2000. The actual total of vouchers comes to Rs. 1,47,195 for payment of salary to the staff against which Rs. 1,54,000 was drawn which resulted into excess drawal of Rs. 6805.00.

This may be recovered and deposited in the Nagar Panchayat fund.

31. **EXCESS PAYMENT DUE TO PAYMENT OF EXCESS ADVANCES.**

A sum of Rs. 59685/- was paid in excess to the executing agent by the Nagar Panchayat in some of the scheme by giving more advance against final measurement of work done. As details given below:-

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| Sl. No. | Scheme No. | With Name                   | Total Advance (Rs) | Final measurement of work done (Rs) | Excess payment (Rs) | Name of Executing Agent             |
|---------|------------|-----------------------------|--------------------|-------------------------------------|---------------------|-------------------------------------|
| 1       | 2/87-88    | Brick Soling                | 20,000             | 10,152                              | 9,848               | S. Chandra Shekhar Pandey, Jansevak |
| 2       | 14/87-88   | Const <sup>n</sup> of drain | 50,000             | 25,228                              | 24,772              | Md. Sanavllah T.D.                  |
| 3       | 7/88-89    | -                           | 7,500              | -                                   | 7,500               | -do-                                |
| 4       | 2/88-89    | -                           | 1,95,000           | 1,77,435                            | 17,565              | -do-                                |
|         | Total      |                             | 2,72,500           | 2,32,815                            | 59,685              |                                     |

Thus, Excess payment of Rs. 59685.00 may be recovered from persons(s) concerned.

### 32. WASTEFUL EXPENDITURE

An expenditure of Rs. 3,12,813 was incurred by the Nagar Panchayat on incomplete schemes. The schemes are incomplete for a period 17 years to 19 years. Hence, the purpose for which schemes were taken up was not which schemes were taken up was not achieved and the expenditure proved to be wasteful as details below: -

(32)

| Sl. No.   | Scheme No. | With Name                                   | Estimate    | Expenditure to date   | Remarks  |
|-----------|------------|---------------------------------------------|-------------|-----------------------|----------|
| 1         | 2/87-88    | Road Const <sup>n</sup> and<br>brick Soling | 44,000      | 20,000                | 19 Years |
| 2         | 14/87-88   | const <sup>n</sup> of drain                 | 75,700      | 50,000                | -do-     |
| 3         | 2/88-89    | Earth filling and<br>brick soling           | 2,48,000    | 1,95,000              | 18 Years |
| 4         | 4/88-89    | Road Const <sup>n</sup>                     | 1,20,900    | 47,813                | 17 Years |
| Total Rs. |            |                                             | 3,12,813.00 | Total Rs. 3,12,813.00 |          |

The expenditure of Rs. 3,12,813 on incomplete schemes proves to be wasteful which may be recovered from the persons responsible.

**33. ADVANCE**

Advance register was not maintained by the Nagar Panchayat. So it was not possible to ascertain the actual position of Advance at the end of each year. e.g. opening balance advance made advance adjusted/recovered during the year and the closing balance of advances.

However, as per cash it was noticed that a total sum of Rs. 23,14,488.00 was given as an advance during 1992-93 to 2004-05 to different persons as details given in statement XI to the report without making entries in advance ledger.

Advance register may be opened and recovery/Adjustment of Advance may be shown in next audit.

**34. VOUCHER WANTING**

Vouchers amounting to Rs. 4,09,864.00 was not produced in audit. So the authenticity of expenditure was not examined in audit.

**35. RESULT OF AUDIT**

As a result of audit a sum of Rs. 16,34,214.64 is suggested for recovery and a further payment of Rs. 4,34,864.00 is held under objection vide details given in the statement to the report.

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36. **DISCUSSION WITH THE EXECUTIVES**

Important audit findings were discussed with the executives of the Nagar Panchayat from time to time and at the end of the audit.

37. **GENERAL REMARKS**

There was much scope for improvement in maintenance of records and register. Many important records viz. Grant Register, Advance Ledger, Assesment Register, Loan Register etc. were not maintained. The Panchayat did not revise its assessment list since inception. The percentage of collection is very poor.

Vikash Kumar  
S. O. (A)