

04/5/09

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

No. L.A.Sur/1786

संजीवजी  
11/05/09

Dated: -30/4/09

To,

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

युक्ति  
[Signature]

प्रधान सचिव  
नगरपाली राज विभाग  
पटना  
1508  
04-5-2009

Sir,

Audit Report No.- 02/2009-10 on the accounts of Nagar Panchayat, Fatuha for the period 2004-05 to 2007-08 is enclosed for your kind information and necessary action.

Yours faithfully

Encl: -As above

दिने 21/4



Bkumar  
Sr. Audit Officer (Surcharge)  
Local Audit Wing, Bihar, Patna

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**AUDIT REPORT NO:- 02 FOR 2009-10**  
**NAGAR PANCHAYAT FATUHA,**

**INTRODUCTION**

The audit of accounts of Nagar Panchayat Fatuha, for the year 2004-05 to 2007-08 was test checked by an audit party of the Office of the Pr. Accountant General (Audit), Bihar (Local Audit wing) Patna from 29.01.2009 to 28.02.2009.

**2. ADMINISTRATION**

(A)	Chairman	Period
(i)	Shri Abhimanue Kumar	01.04.2004 to 09.06.2007
(ii)	Smt. Sangeeta Devi	10.06.2007 to 31.03.2008

(B)	Vice-Chairman	Period
(i)	Shri Basant Paswan	01.04.2004 to 09.06.2007
(ii)	Shri Amar Singh	10.06.2007 to 31.03.2008

(C)	Executive Officer	Period
(i)	Dr. Sunil Kumar Rai	01.04.2004 to 26.06.2005
(ii)	Shri Arun Kumar Mandal	27.06.2005 to 26.02.2006
(iii)	Shri Kishori Paswan	27.02.2006 to 24.04.07
(iv)	Shri Satish Kumar Sharma	25.04.07 to 14.08.2007
(v)	Shri Chandeshwar Pd. Singh	15.08.07 to 31.03.08

**3. SCOPE OF AUDIT**

The list of records produced and test checked in audit and list of records not produced or partially produced are given in Annexure- I and Annexure- II respectively to the report.

**4. PREVIOUS AUDIT REPORT**

The position with regard to the disposal of previous audit reports is given below:-

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Sl. No.	Audit Report	No. of Paras outstanding
1	A.R. No- 32 of 1993-94 for the year 1991-92 to 1992-93	12
2	A.R. No- 28 of 1998-99 for the year 1993-94 to 1997-98	36
3	A.R No- 56 of 2004-05 for the year 1998-99 to 2003-04	29

Despite comments in successive audit reports, the position with regard to compliance of old paras has not improved. However, during course of audit steps were taken and compliance of 29 Paras of A.R. No- 56/ 2004-05 was made. The compliance report is being submitted separately.

The Executive officer of the Nagar Panchyat, Fatuha is requested to take effective steps for compliance of rest outstanding Paras.

#### 5. OVERVIEW OF FINANCE

The Nagar Panchayat, Fatuha was financed by grants from State Government and its own sources. A summary of receipts and payments of Nagar Panchyat for four years from 2004-05 to 2007-2008 is given below:-

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08
1	Opening Balance	4451141.92	5049652.62	53,52,024.12	7094277.87
2	<b>Receipts</b>				
(i)	Govt. Grants	98,83,265.50	51,17,036	5534205	7563758
	Govt. Loan	Nil	2,54,295	Nil	Nil
(ii)	Stamp duty	Nil	11,53,706	Nil	803922
(iii)	Own Sources	10,02,412.20	3,31,771.50	426815.50	7,90,041.50
3	Total (i + ii + iii)	1,08,84,677.70	6845808.50	59,61,020.50	9157721.50
4	<b>Expenditure</b>				
(i)	Execution of Schemes	7366628.90	5493360.00	2635969.75	6057828.50

(ii)	Establishment and other Misc. Expenditure	29,19,538.10	1050077.00	1582797	1736250.50
5	Total Expenditure	1,02,86167.00	6543437	4218766.75	7794079
6	Closing Balance	5049652.62	5352024.12	7094277.87	8457920.37

The above abstract shows that the own sources of Nagar Panchayat was not sufficient to meet if establishment and other recurring expenditure steps may be taken for enhancement of revenue.

#### 6. IMPORTANT AUDIT FINDINGS

Sl. No.	Para No.	Particulars
1	7 (i)	Unutilised Govt. Grant of Rs. 1.02 lakh
2	7 (ii)	-do - Rs. 24.70 lakh
3	9	Non/Short deposit of Rs. 71030
4	10(A)(B)(C)	Irregularities in settlement of shops / land/ Market etc.
5	11 (i) (ii)	Non- revision of holding tax heavy outstanding taxes on Private & Govt. buildings
6	14 (i)	Diversion of 11th F.C grant Rs. 52425 for scheme taken under NSDP.
7	15 (i)	Wrong utilisation sent to gvot. of NSDP.
8	16	Irregularities in SJSRY scheme
9	18	Excess payment of Rs. 1,88,820 to Shri P.K. Arya, J.E, on fake Muster roll.
10	21	Short deposit of Rs. 1,43,814 in new P.F A/c from the balance of old P.F A/c
11	22	Surcharge proposal for loss of Rs. 65000/- on A/c of Loan

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7. **GOVERNMENT GRANT**

The following abstract shows the opening balance, receipt and expenditure during the year and the unspent balance as on 31st March during the year 2004-05 to 2007-08

**(Rs. In Lakh)**

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08
1	Opening Balance	17.95	43.11	39.35	68.33
2	Receipts during the year	98.82	51.17	55.34	75.63
3	Total	116.77	94.28	94.69	143.97
4	Expenditure	73.66	54.93	26.36	60.58
5	Unspent balance as on 31st March	43.11	39.35	68.33	83.39

(Details in **Statement- I**)

(i) Government grant of Rs. 1,02,129 was sanctioned by the State Government and received by the Nagar Panchayat during 94-95 for payment of subsidy to Rikshawpullers, but the amount was not utilised till 31st March 2008.

The amount may be utilised early for the purpose for which it was sanctioned after taking fresh approval of the Govt. or may be refunded to the sanctioning authority under intimation to the Examiner of Local Accounts, Bihar, Patna.

(ii) Under IDSMT scheme, Nagar Panchayat Fatuha, received a sum of Rs. 60 lakh during the year 2004-05 vide letter no:- UDD/ 329/1515104. But Nagar Panchayat spend only Rs. 35,29,754/- upto 2005-06 and Rs. 24,70,246/- remained un-utilised upto 31st March 2008. Due to abnormal delay in execution of schemes, the very purpose of grant remained unfulfilled.

8. **BUDGET ESTIMATE**

As per provision contained in section- 82 of the Bihar Municipal Act, 2007, the budget estimate was to be prepared on 15th February, in which all-possible income and expenditure of the ensuing year was to be included. After preparation of budget it was to be laid down before empowered standing Committee and finally it was to be considered

by the Municipality and submitted to the regional deputy director of local bodies (Fatuha Nagar Panchayat is class 'C' Local body) by the 15th day of March in each year.

Contrary to the above provision, the budget estimate for the year 2004-08 was prepared and send to Govt. vide details below:-

Year	Date of passing of Budget by board	Date of submission to Govt.
2004-05	16.06.2004	15.07.2004
2005-06	- N.A -	08.07.05
2006-07	29.06.2006	24.07.06
2007-08	29.10.2007	05.12.07

It is obvious from the above table that time schedule for preparation/ passing by board and sending to Govt. was not adhered to, and there was delay upto maximum 6 months in case of passing and maximum. 7 months in case of sending the budget to the Govt.

Further, comparison of budget estimate with annual accounts prepared by the Nagar Panchayat, revealed that there was huge difference in actual income & expenditure in comparison to budget estimate, Vide details below:-

**Income (Rs in lakh)**

Year	Income as per Budget	Income as per Annual Accounts	Difference in Income
2004-05	6.12	1.08	5.04
2005-06	5.02	0.68	4.34
2006-07	7.08	0.59	6.49
2007-08	21.62	0.91	20.71

**Expenditure (Rs. in lakh)**

Year	Expenditure as per Budget	Expenditure as per Annual Accounts	Difference in Expenditure
2004-05	6.13	1.02	5.11
2005-06	5.06	0.65	4.41
2006-07	7.09	0.19	6.90

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2007-08	21.63	0.44	21.19
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The above table indicates that budget prepared by the Nagar Panchayat was unrealistic and inflated as there was difference of 82.35% to 95.79% in case of income and 83.36% to 97.96% case of expenditure.

No reason was assigned for preparation of unrealistic and inflated budget and non adherence to the time schedule for preparation and submission of budget to Govt.

**9. NON-DEPOSIT OF MUNICIPAL REVENUE TO THE TUNE OF RS. 71,030/-**

Test check of Misc. Receipt and 'H' receipt revealed that Municipal revenue collected by the staff; to the tune of Rs. 71030/- was not deposited by them in Municipal fund.

However, on being pointed out the entire amount was deposited. The Executive of the Nagar Panchayat is impressed upon to take effective steps for non-occurrence of such activity in future.

(Details in **Statement -II** to the report)

**10. IRREGULARITIES IN SETTLEMENT OF SHOPS, LAND, MARKETS E.T.C.**

(A) One shop (6/8) near Punpun River:- was settled with Firoz Alam for the year 2005-06. The bid money for which was Rs. 2051/- against which Rs. 1000 was only deposited vide M.R No. 3446 dt. 02.04.2005 while the balance amount of Rs. 1051/- was not deposited till date of closure of audit.

As such, the above amount of Rs. 1051/- may be realised/ recovered from Shri Firoz Alam and deposited in Municipal fund. Scrutiny of file also revealed that shop was not settled during the year 2006-07 & 2007-08. No reason was assigned in audit in this regard.

**(B) SETTLEMENT OF ROAD SIDE FOOTPATH FROM SHISHA MILL TO FATUHA CHAURAHA**

Settlement year	2005-06
Settlee	Shri Uday Kumar

	S/o Shri Rajnarain Prased, Fatuha.
Bid money	Rs. 2,34,000.00
Money Deposited	37500 (MR No./ Dt. 3434/24.03.07)
	22500 (3435/25.03.05)
	18800 (3441/28.03.05)
	4700 (-/31.03.05)
Total	Rs. 83500/-
Balance amount	1,50,500/-

Scrutiny of file revealed that settlement was cancelled by O/o no. 75 dt. 05.05.2003, before deposit of balance amount of Rs. 1,50,500/-. The reason for cancellation of bid was due to non-fulfilling of terms and conditions.

Neither the market was settled for rest period nor departmental collection was made. Due to cancellation of settlement, the Nagar Panchayat sustained loss of Rs. 150500 that may be made good from the persons responsible if a reasonable reply is not submitted by the Nagar Panchayat. Further, the market was neither settled during the year, 2006-07 and 2007-08 nor departmental collection was made. No reason for non-settlement was assigned to audit.

**(C) SETTLEMENT OF GALI PURANI BAZAR IN BANKIPUR.**

(i) Settlement year	2004-05 (From 16 June to 31 March 2005)
Settlee	Shri Ghansyam Prasad S/o Shri Jairam Prasad, Nauhatta, Fatuha
Settlement money	Rs. 30,000/-

Test check of files revealed that departmental collection was made for two months (April and May) in which Rs. 11,903/- was collected. If for next ten months the collection was made departmentally Rs. 59515/- (5951.5 x10) was expected to be realised but, the market was settled for Rs. 30,000/-. The settlement was not done judiciously. The average monthly collection as per collection made for 2 months was Rs. 5951.50. The settlement for 10 month was not to be done below Rs. 59515 (5951.50 x10) whereas it



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was done at Rs. 30000/- only. Thus, the Nagar Panchayat sustained loss of Rs. 29515(59515- 30000) and stands for recovery from persons responsible.

(ii) Year	2005-06
Settlee	Niranjan Kumar S/o Rajendra Pd. Singh, Mirjapur, Nauhatta, Fatuha
Money Deposited	Rs57500/-
Balance amount	Rs. 29,500

Test check of file revealed that settlement was cancelled vide O/o No 75 dated 05.05.2003 on ground of non-adherence to terms and conditions by settlee before deposit of Rs. 29500.

The market was neither settled to other person for the rest period nor departmental collection was made, as a result Nagar Panchayat incurred a loss of Rs. 29500 which stands for recovery from persons responsible.

Again, the market was neither settled during 2006-07 and 2007-08 nor departmental collection was made. No reason for non-settlement of market was assigned to audit.

**11. NON RVISION OF HOLDING TAX, HEAVY OUTSTANDING TAXES ON PRIVATE AND GOVERNMENT BUILDINGS AND NON-ACHIVEMENT OF TARGET FIXED BY GOVT. IN RESPECT OF HOLDING TAX:-**

As per Govt. orders issued from time and vide letter no. 3444 dated 19.07.2007 all ULBs had to revise the taxes on holdings every five years for augmentation of revenue but, Nagar Panchayat, Fatuha did not revised the taxes since, 1993-94

Effective and early steps may be taken for revision of taxes on holdings to avoid further loss of revenue.

(2) Scrutiny of demand and collection register of holding taxes revealed that Rs. 37.71 lakh remained outstanding on private and Govt. buildings during the year 2004-05 to 2007-08 vide details below:-

Sl. No.	Taxes outstanding	Amount in Rs. Lakh
1	Private Buildings	25.32
2	Govt. Buildings	12.39
		<b>Rs. 37.71 lakh</b>

Effective steps may be taken for early realisation of outstanding taxes.

(3) As per Govt., letter no- UDD/833 dated 23.06.2005, the annual target regarding holding tax was fixed at Rs. 38,36,200/- per year for Fatuha, Nagar Panchayat. The Nagar Panchayat had collected the following amount during period under audit:-

Year	Target	Collection	Short fall
2004-05	38,36,200	1,34,083	37,02,117
2005-06	38,36,200	99,164	37,37,036
2006-07	38,36,200	1,26,347	37,09,853
2007-08	38,36,200	3,25,873	35,10,327

It is obvious from the above table that Nagar Panchayat failed to achieve that target with huge margin ranging from 97.4% to 91.5%.

Executive of the Nagar Panchayat is impressed upon to taken effective steps for achievement of target by revision of taxes on holdings realisation of outstanding taxes etc.

**12. OUTSTANDING TAXES ON OFFENSIVE AND DANGEROUS TRADE TAX FOOD ADULTRATION TAX AND WATER TAX TO THE TUNE OF RS. 6,95,568.00**

Test check of demand and collection register of above taxes revealed on 31.03.2008.

Sl. No.	Taxes outstanding	Amount (in Rs. Lakh )
1	Offensive & dangerous trade tax	72,738
2	Food Adulteration tax	21,325

3	Water tax	6,04,505
	<b>Total-</b>	<b>6,98,568.00</b>

Early steps may be taken for recovery/ realisation of above taxes.

**13. NON REMITTANCE OF HEALTH AND EDUCATION CESS TO THE TUNE OF RS. 2.99 LAKH IN GOVT. ACCOUNT:-**

As per Govt. orders the Nagar Panchayat had to collect health and education cess @ 50% of holding tax and had to remit the same to the concerned Govt. account after deducting 10% as collection charges. During the period under audit following amount was collected:-

Year	Health Cess	Education Cess
2004-05	31468.85	31468.85
2005-06	24730.50	24730.50
2006-07	31575.75	31575.75
2007-08	78219.75	78219.75
<b>Total</b>	<b>165994.85</b>	<b>165994.85</b>
<b>Less 10% collection charge</b>	<b>16599.48</b>	<b>16899.47</b>
<b>Remittable amount</b>	<b>14,9395.36</b>	<b>149395.36</b>

Hence, Rs. 2,98,791 (149395.36+ 149395.36) may be deposited in the Govt. account at the earliest.

**14. 11TH FINANCE COMMISSION GRANT**

Nagar Panchayat, Fatuha, received grant of Rs. 17,53,740/- under 11th F.C. vide details below:-

Sl. No.	Letter no/ Date	Amount
1	UDD/1340/30.03.04	7,01,670.00
2	UDD/ 3876/05.11.04	10,52,070.00
	<b>Total-</b>	<b>17,53,740.00</b>

During 2004-05 and 2005-06, 6 schemes were taken up and completed in which entire amount of Rs. 17.54 lakh was shown utilised.

**AUDIT OBSERVATIONS:-**

(i) Out of allotment of Rs. 17.54 lakh Nagar Panchayat incurred an expenditure of Rs. 17.01 lakh on the schemes taken under 11th F.C, whereas Rs. 52,425.00 was diverted towards a scheme taken under NSDP which was irregular.

(ii) All the 6 schemes taken during the year 2004-05 and 2005-06 were for construction of drain and P.C.C road only. Other components of auctioning letter such as drinking water, Community hall, bath, bus station etc. were not taken up by the Nagar Panchayat.

**15. NATIONAL SLUM DEVELOPMENT PROGRAMME**

Nagar Panchayat, Fatuha received Rs. 35.45 lakh during 2005-06 under NSDP thought Bank Draft No. 054873 dated:- 08.04.05. During 2005-06, 17 schemes for P.C.C. road and 8 schemes for house construction for Urban poor in slum area were taken up and completed on which Rs. 35,29,477 was spend leaving a balance of Rs. 15523/-.

Utilisation sent to Govt. on 08.02.06 depicts that Rs. 3484400.00 was utilised against the grant of Rs. 35.45 lakh. But, Rs. 402400/- for construction of houses of Urban poor in slum area was not utilised on date of utilisation certificate sent to Govt. Thus, a wrong utilisation of Rs. 4.02 lakh was sent to the Govt.

**16. SWARN JAYANTI SHAHRI ROJGAR YOJNA**

Nagar Panchayat, Fatuha received a total grant of Rs. 17.79 lakh during the year 2004-05 to 2005-06 vide details below:-

Sl. No.	Letter no/ Date	Amount
1	UDD/518/24.08.04	15,21,000
2	UDD/ 364/24.05.05	2,58,000
	<b>Total-</b>	<b>17,79,000</b>

It was directed in the sanction letter of 1st grant that expenditure out of Rs. 15.12 lakh was to be made according to guidelines of SJSRY. As per guidelines following was the different components of schemes:-

1	USEP	(a) USEP (b) USEP, DWCUA (c) USEP- Training (d) Thrift & credit Society
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2. UWEP:- Infrastructure development in which the schemes is to be selected by the C.D.S and execution was to be done in the ratio of 60:40 (Material : Labour) for giving employment to urban poor.

In the 2nd grant (Rs. 2.58 lakh) the amount was clearly divided in the following components of the scheme.

1	USEP, DWCUA	50,000
2	USEP- Trg	67,000
3	Community structure	39,000
4	UWEP	52,000
5	Thrift and credit society	42,000
6	Infrastructure	8,000
	<b>Total-</b>	<b>2,58,000/-</b>

#### **AUDIT COMMENTS**

(i) Without formation of Neighbourhood Committee and the Community Development Society (CDS) Nagar Panchayat took up 12 schemes (2004-05) from the grant of Rs. 15.21Lakh for construction of road and drain only ignoring the other components of schemes viz USEP, DWACUA, USEP Trg. etc. The above schemes were found competed. In execution of schemes the prescribed ration of material: Labour (60:40) was also not taken into consideration, which was in total violation of Govt. orders.

(ii) Out of the 2nd grant of Rs. 2,58,000 the Nagar Panchayat merged the amount under sub-head USEP-trg, Community structure, and UWEP (67000 + 39000 + 52000=1,58000) and decided to provide computer training to 50 beneficiaries. The work of training was awarded to Jwahar Lal Nehru Shishu Yuva Mandal (JLNSYM) Fatuha, without considering the other two-contender viz- Kanishka Mahila Vikas Samiti and Guard grace Mission. As per terms and conditions signed with JLNSYM the computer used for training would be handed over to the N. Panchayat after completion of training. Accordingly JLNSYM submitted a budget of Rs. 1,56,820 for imparting training to 50 beneficiaries.

As per guidelines of USEP - Trg. the maximum admissible amount for training of one person was Rs. 2000/- and maximum qualification was not more the IXth class.

Test check of files/records revealed that beneficiaries were selected on recommendations of ward Councillor and executive, keeping aside the maximum qualification of IXth class, which was irregular and deprived the actual beneficiaries from getting the benefit of scheme.

Against the provision of training to 50 Person the JLNSYM imparted training to only 42 person as recorded in attendance sheet of trainee. The Maximum cost for training of 42 person was 42 x 2000= 84000/- however, JLNSYM was paid Rs. 1,55,804/- vide details below:-

Sl. No.	Vr. No/ Date	Amount
1	50/06.07.2007	1,00,000
2	10/31.03.2008	55804
	<b>Total-</b>	<b>155804</b>

Hence, Rs. 71804 (155804 - 84000) was paid in excess of provision. Though, the JLNSYM returned the computer, UPS etc. of Rs. 50,000/- it was lying idle in the Nagar Panchayat. The grant was not meant for purchase of computer, thus, expenditure on purchase of Computer of Rs. 50,000/- is held under objection and rest amount Rs. 21804/- stands recoverable from JLNSYM and person(s) responsible for such lapse.

(iii) Rs. 50,000/- was earmarked for giving subsidies to USEP- Development of woman and children of Urban Areas (DWACUA) but the Nagar Panchayat diverted this money towards giving subsidy to small shop keepers of Fatuha. Pending clarification for diversion of Rs. 50,000/- is held under objection.

(iv) The bank advice regarding subsidies given by SBP, DMY, Fatuha to SJSRY beneficiaries depicts that Rs. 10,000/- each was given as subsidy to Shri Jagdish Paswan and Shri Laxmi Ram on a loan of Rs. 50,000/- each person. However, as per guidelines the maximum amount of subsidy on a loan of Rs. 50000/- was Rs. 7500/- Hence, Rs. 5000 (Rs. 2500/- each) stands recoverable from Shri Jogdish Paswan and Laxmi Ram.

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17. **DELETED**

18. **EXCESS PAYMENT OF RS. 1,88,820 (1,81,720+7100) TO SHRI PRADEEP KUMAR ARYA, J.E. FATUHA BLOCK ON FAKE MUSTER ROLL VOUCHERS AND PAYMENT FOR NAME PLATE WITHOUT VOUCHERS RESPECTIVELY.**

Test check of scheme files, M.B and Muster roll vouchers of ten schemes taken under State Plan grant revealed that for getting payment equal to estimate, fake muster roll vouchers worth Rs. 1,81,720/- were passed and paid to Shri Pradeep Kr. Arya, J.E. and Rs. 7100/- was paid to him for name plates without vouchers. (Details in Statement-III to the report).

The amount Rs. 1,88,820 may be recovered from Shri Arya and deposited in Municipal Fund.

Keeping in view the amount involved (Rs. 25.86 lakh) in the Schemes executed by Shri Arya and revision of estimate ignoring the quality of work it is recommended that a high level enquiry of all the schemes executed by Shri Arya may be done at the earliest.

(ii) **STOCK ENTRY OF 3859 BAG CEMENT NOT SHOWN:-**

Test check of payment vouchers of State Plan grant revealed that from Vr. No. 60 dated:- 01.12.07 Total 3859 bag cement was purchased at a cost of Rs. 7,33,210/- but the stock entry of the above material was not shown to audit, hence exp. of Rs. 7,33,210/- is held under objection.

19. **12TH FINANCE COMMISSION GRANT**

A total sum of Rs. 37,15,115.00 was received by N.P, Fatuha under 12th F.C grant during the year 2005-08 vide details below:-

Sl. No.	Letter no/ Date	Amount
1	UDD/3191/28.07.05	850527
2	UDD/ 1096/30.03.06	12,75,636
3	UDD/ 3115/11.08.06	6,09,255
4	UDD/ 5674/19.12.07	979697
Total-		37,15,115.00

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As per guidelines the grant was to be utilised in the following proportion in the different components of scheme:-

Sl. No.	Year	Grant received	Expenditure to be done			
			Solid waste management 50%	E-governance 1 to 3%	Enhancement of performance of city manager 1%	46% on others e.g. Lighting, drinking water etc.
1	2005-06 to 2006-07	2735418	1367709	82063	27354	1258292
2	2007-08	979697	489848	29392	9796	450661

**Expenditure as per Utilisation Certificate**

1	2005-06 to 2006-07	-	201041	-	-	1542994
2	2007-08	-	275313	-	-	398510

Unspent balance as on 31.03.08 - Rs. 12,97,257.

**AUDIT COMMENTS:-**

As per Sanctioned letter the account has to be maintained in double entry system but it was not done.

2. Instead of expenditure of 50% on solid waste management the N.P spent only 7.34% and 28% during 2005-07 and 2007-08 respectively. Whereas on other components of scheme, against the limit of 46% N.P incurred expenditure of 56% (2005-06) & 41% (2007-08). The other two components of scheme viz- E-Governance & enhancement of capacity of city managers were completely ignored. Therefore, the very purpose of the scheme got defeated due to not spending of money as per guidelines by Nagar Panchayat.

(3) As per the utilisation send (2005-08) to Govt. Rs. 4,76,354/- was shown as expenditure on solid waste management but out of that Rs. 2,55,290/- was paid to daily wages staff for sanitation which was irregular and held under objection.

**20. INFRASTRUCTURE DEVELOPMENT OF SMALL AND MEDIUM TOWN SCHEME (IDSMT):-**

Rs. 60 lakh was received under IDSMT during year 2004-05. Details below:-



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Sl. No.	Letter no/ Date	Cheque / date	Amount
1	UDD/ 339/15.05.04	676938/31.03.04	36 lakh
2	- do -	676935/31.03.04	24 lakh
		<b>Total-</b>	<b>60 lakh</b>

Out of the above fund seven schemes were taken and completed at a cost of Rs. 36,43200/- during 2004-06.

Test check of files related to schemes revealed that Rs. 72853/- and Rs. 94519/- were deducted as Sales tax and Royalty respectively. However, only Rs. 54600/- of Sales tax was remitted in Govt. account. Thus, Rs. 18253 (Sale tax) and Rs. 94519 (Royalty) i.e. Total Rs. 1,12,772/- may be remitted in concerned Govt. a/c and shown to next audit.

(Details in Statement-IV)

**21. SHORT DEPOSIT OF RS. 1,43,814/- IN NEW P.F. ACCOUNT FROM THE BALANCE OF OLD P.F. ACCOUNT:-**

Post office, Fatuha requested the Nagar Panchayat through its letter no. 1420/- Fatuha/ 06-07 dt. 16.10.06, by giving reference to Ministry of Finance letter no. GSR No. 509 (E) dt. 27.07.05 that all the P.F A/c of officials may be closed.

In the context of above letter of Post Office the Executive Officer directed through Office order no. 308 dt. 28.12.06 that P.F a/c of all officials in post office may be closed and a New P.F a/c in Bank of India, Fatuha branch may be opened.

Comparison of closing balance statement of Post Office P.F a/c statement produced in audit with opening balance of new PF A/c Bank of India revealed that Rs. 143814/- was deposited in short in 27 officials A/c (Details in Statement V to the report.)

Hence, Rs. 1,43,814/- may be deposited in the concerned officials new P.F A/c and shown to next audit.

**22. EXCESS DEPOSIT OF RS. 600 IN PENSION FUND AS NAGAR PANCHAYAT CONTRIBUTION**

Test check of salary register with pension fund a/c revealed that Rs. 600/- was deposited in excess of contribution of N.P.

Details below:-

Date of Deposit	Actual Contribution Amount	Amount Deposited	By cess Amount Deposited
26.11.04	8362	8962	600

The excess amount may be withdrawn from pension a/c and the same may be deposited in Nagar Panchayat fund and credit may be shown to next audit.

**23. NAGAR PANCHYAT CONTRIBUTION'S FOR PENSION NOT DEPOSITED IN PENSION ACCOUNT.**

Test check of salary register with pension a/c pass book, revealed that Rs. 93/- was not deposited in pension a/c details below:-

Sl. No.	Salary for month	Contribution amount	Name of employee
1.	June, 2006	93.00	Late Raj Kumar Dom

The above amount may be deposited in pension a/c of concerned employee and credit may be shown to next audit.

**24. IRREGULAR PAYMENT OF RS. 5,02,015.00 TO DAILY WAGES STAFF:-**

Test check of payment vouchers revealed that an expenditure of Rs. 5,02,015.00 was incurred on payment of wages to daily wages staff vide details in statement VI to the report.

Govt. of Bihar has repeatedly issued instruction to Local bodies, not to engage staff on daily wages. But, contrary to the Govt. directives. N.P engaged daily wages staff which was irregular. Hence, Rs. 5,02,015/- is held under objection pending justification and Govt. approval.

**25. ADVANCES OUTSTANDING**

Test check of advance ledger for the year 2004-05 to 2007-08 revealed that Rs. 16,63,284/- was outstanding as on 31.03.2008 given to different persons.

(Details in statement-VII to the report)

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The aforesaid amount may be adjusted/ recovered at earliest and adjustment may be shown to next audit.

26. **DELETED**

27. **LOSS OF RS. 65000/- ON ACCOUNT OF LEASE LAND DUE TO NON-ESTABLISHMENT OF BUS TAX, TEMPO STANDS.**

Ten Kattha land of Shri Binay Shankar Kumar was taken on lease for 10 years by the Nagar Panchayat on 21.07.2005 for establishment of Bus, tax stands. As per terms & conditions the lease was signed for a period of ten years and the rent was fixed at Rs. 1300/- Kattha per year for first five years and 10% enhancement in rent for next five years. Accordingly Rs. 65000/- was paid to Shri Binay Shankar Kumar through cheque - 4000794 dated 21.07.2005 as rent for first five years.

But, even after a lapse of 03.1/2 years the lease land has not been either developed as taxi/ Bus stand or utilised for other purpose for collection of revenue. Due to negligence on part of officials, Nagar Panchayat, incurred a loss of Rs. 65000/-.

Hence, it is reported to the Examiner of Local Accounts to why not the amount Rs. 48100 (13000 x 3 year 7 months upto 28.02.09) be recovered under section 9 (i) B of Local Fund Audit Act, 1925 by surcharge from the person(s) responsible for this loss.

	<b>Name &amp; Designation</b>	<b>Period in office</b>
1	Shri Arun Kr. Mandal Executive officer	21.07.05 to 26.02.06
2	Shri Kishori Paswan, E.O	27.02.06 to 24.04.07
3	Shri Satish Kr, Sharma, E.O	25.04.07 to 14.08.07
4	Shri Chandeshwar Pd. Singh, E.O	15.08.07 to 28.02.09
5	Shri Abhimanue Kumar, Chairman	21.07.05 to 09.06.2007
6	Smt. Sangeeta Devi, Chairman	10.06.07 to 28.02.09

(Statement -IX to the report)

28. **RESULT OF AUDIT**

Amount recovered at the instance of Audit - 71,030

Amount Suggested for recovery:- 21,32,574

Amount held under objection - 13,40,225

(Details in statement VIII to the report).

29. **DISCUSSION WITH EXECUTIVE**

Important irregularities noticed in course of audit were discussed with the executive officer.

30. **GENERAL REMARKS**

There was much scope for improved in maintenance of records. Demand registers of different taxes, and scheme registers may be maintained Execution of schemes should be done as per guidelines and accordingly scheme register may be maintained. Steps may also be taken for revision of taxes on holdings, for achievement of target of taxes, settlement of markets/ shops etc. Blocking of grants should be avoided.

Sd/-  
**(DIWAKAR RAY)**  
SECTION OFFICER (AUDIT)

15  
No. L.A .Sur./ 1785

Dated:- 30/4/09

Forwarded to the Executive Officer, Nagar Panchayat, Fatuha with a request to make compliance of all the points raised in the report and send it within three months from the date of receipt of the audit report to the Examiner of Local Accounts, Bihar, Patna.

sd/-

Sr. A.O./Surcharge

Memo no. L.A.Sur./ 1786

Dated: - 30/4/09

Copy forwarded for information and necessary action to:-

- ✓ 1. Pr. Secretary, Urban development and housing department Govt. of Bihar, Patna
2. The District Magistrate, Patna
- ✍ 3. A. A.O/ Surcharge/ ULB

Bhawal  
30/4/09  
Sr. A.O./Surcharge