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

NO. L.A.Sur/916

Dated: -16/7/08

To,

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



~~SS~~
Audit Report No 565/2007-08 on the accounts of Nagar Panchayat, Hisua for the Period 2001-02 to 2006-07 is enclosed for your kind information and necessary action.

Encl: -As above

Yours faithfully

(Signature)
16/7/08
(S. N. Sharma)

Audit Officer/Surcharge
Local Audit Wing, Bihar, Patna

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AUDIT REPORT NO-565/2007-08

1. **INTRODUCTION:-**

The account of Nagar Panchayat, Hisua for the Year from 2001-2002 to 2006-2007 were test audited by an audit party of the office of the Principal Accountant General (Audit) Local Audit Wing, Bihar Patna, during the period from 11-11-2007 to 20-12-2007.

2. **ADIMINISTRATION:-**

Name of the Chairman.

| | |
|--------------------------------|--------------------------|
| 1. Shri. Nagina Sharma – S.D.O | 01-04-2001 to 14-06-2002 |
| 2. Shri. Dilip Kumar | 15-06-2002 to 31-03-2007 |

The Executive Officer / Special Officer.

| | |
|--|--------------------------|
| 1. Shri. Sanjay Kumar Singh – B.A.S | 01.04.2001 to 29.07.2002 |
| 2. Shri. Madan Prashad – B.A.S | 29.07.2002 to 05.04.2005 |
| 3. Shri. Satrugan Kamti – B.A.S | 05.04.2005 to 14.02.2006 |
| 4. Shri. Dr. Rang Nath choudhory – B.A.S | 14.02.2006 to 31.03.2007 |

3. **SCOPE OF AUDIT:-**

A list of records and registers produced and test checked in audit and those either not produced or produced in incomplete have been enlisted in appendices I A & I B to the Report.

4. **INTERNAL AUDIT:-**

There was no specific provisions either in the Bihar Municipal act, 1922 or its rules made there under for internal check audit in respects of the accounts of municipal accounts rules, 1928 provide number of internal checks which would be exercised by the chairman / vice chairman / any other responsible officer entrusted for the purpose by the commissioner at a meeting . Those checks were prescribed in the rule in order to have proper control in the maintenance, co- ordination and also avoid malpractice in Nagar Panchayat.

On scrutiny of the records and registers of the Nagar Panchayat revealed that no such checks as prescribed in the above rules were exercised by any of the executive and for want of the same, a lot of irregularities were noticed. Had the authorities of Nagar Panchayat conducted such checks at regular intervals, those irregularities already committed, if any

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which remained undetected, could be remained. It is, there fore, Impressed upon the authority to exercise regular check over the accounts to stop recurrence of such malpractice.

5. P REVIOUS AUDIT REPORT:-

The position of compliance of last and previous audit reports is detailed below:-

| Sl. No. | A/R No. / year | Period of audit | Total No. paras | Paras settled | No. of Outstanding paras |
|---------|----------------|--------------------|-----------------|---------------|--------------------------|
| 1. | 330/80-81 | 1978-79 to 1979-80 | N.A | 21 | N.A |
| 2. | 372/81-82 | 1980-81 | N.A | 17 | N.A |
| 3. | 39/83-84 | 1981-82 | N.A | 14 | N.A |
| 4. | 346/83-84 | 1982-83 | N.A | 13 | N.A |
| 5. | 189/85-86 | 1983-84 to 1984-85 | N.A | 20 | N.A |
| 6. | 20/89-90 | 1985-86 to 1987-88 | N.A | 14 | N.A |
| 7. | 127/91-92 | 1988-89 to 1990-91 | 33 | 19 | 14 |
| 8. | 81/95-96 | 1991-92 to 1994-95 | 34 | 19 | 15 |
| 9. | 54/01-02 | 1995-96 to 2000-01 | 28 | NIL | 28 |

Despite comments in successive audit reports the position with regard to disposal of previous audit report has not improved satisfactorily. As such the very purpose for which audit is conducted is defeated for non-compliance of audit objections / irregularities pointed out in successive audit report. The executive of the Nagar Panchayat is requested to take effective steps for furnishing of compliance.

6. OVERVIEW:-

The Nagar Panchayat was financed by grants from state Government and its own resources. A summary of receipts and expenditure is given below. (Rs. In lakh)

| Sl. No. | Particular | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|---------|--------------|---------|---------|---------|---------|---------|---------|
| 1. | Opening bal. | 23.55 | 29.06 | 24.29 | 16.04 | 21.71 | 39.33 |
| 2. | Receipts | 8.14 | 9.24 | 12.46 | 18.55 | 60.34 | 94.02 |
| 3. | Total | 31.69 | 38.30 | 36.75 | 34.59 | 82.05 | 133.35 |
| 4. | Expenditure | 2.63 | 14.01 | 20.71 | 12.88 | 42.72 | 93.45 |
| 5. | Closing bal. | 29.06 | 24.29 | 16.04 | 21.71 | 39.33 | 39.90 |

(Details vide Appendix II to the report)

It would appear from the details appended that own income from taxes was very poor and was not sufficient to meet even its establishment and other recurring charges. Steps may be taken

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to improve its own income by revising assessment of holdings which is overdue, by investigating new sources of income and by improving percentage of collection against different demands.

Reconciliation of cash book balance with bank balance.

| | |
|-------------------------------------|---------------------|
| (I) Cash book balance as on 31.3.07 | 39,89,606.40 |
| (II) Bank wise balances | |
| (a) C/A 100 at P.N.B Hisua | 3,09,415.28 |
| (b) SB 17341 -DO- | 8,93,410 |
| (c) SB 13961 -DO- | 67,451 |
| (d) SB 13844 -DO- | 51,152 |
| (e) SB 13852 -DO- | 3,21,507 |
| (f) treasury pass book | 32,86,631.12 |
| Rs. | 49,29,566.40 |

Difference between these two are:- Rs: 9, 39,960 .00

The difference was duly reconciled. Treasury passbook was not signed by the treasury officer for the transaction made during April 2002 to December 03 in taken of correctness of entries made therein. Treasury passbook duly signed may be produced to next audit.

Further, test check of cashbook revealed that the heads of receipts and expenditure were not classified. Dates of deceit of cheques issued were not pointed out in cashbook. The same may be rectified and shown to next audit.

7. **BUDGET:-**

As per section 71 of Bihar Municipal Act, 1922, The executive officer shall under the direction of chairman prepare and place at least two months before the close of the year budget estimates showing in detail the probable receipts and expenditure. Scrutiny of Budget estimates revealed the following discrepancies:-

(I) Under rule 13 of Bihar Municipal Accounts rule, 1928 provision of a minimum closing balance shall be made in preparing the budget estimates. The amount shall not ordinarily be less than $1/6^{\text{th}}$ of the aggregate. Expenditure on account of establishment and fixed monthly charges for the whole year I.e. charges on account of scholarships, contribution, rents etc other loans or the total average charges for two months. But the provision of minimum closing balance was not made in the budget so prepared during the period under audit.

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(ii) Under rule 11 of rules ibid, the budget shall be accompanied by a schedule in form IB for each major head in which shall be entered full details of the estimated expenditure under the heads in the budget estimates but the same schedule was not appended in estimates.

Further comparison of budgeted receipts and expenditure with actual receipts and expenditure as derived out in audit revealed that there was wide variations. Thus the budget was for from actuals. (Rs. in lakh).

| Sl.No. | Period | Revenue from internal source | | | Total receipts | | | Total expenditure | | |
|--------|---------|------------------------------|--------|----------|----------------|--------|----------|-------------------|--------|----------|
| | | Budget | Actual | Variable | Budget | Actual | Variable | Budget | Actual | Variable |
| 1. | 2001-02 | 8.35 | 3.85 | 54 | 34.07 | 8.14 | 76 | 49.73 | 2.63 | 95 |
| 2. | 2002-03 | 9.95 | 3.54 | 64 | 41.23 | 9.24 | 78 | 68.34 | 14.01 | 79 |
| 3. | 2003-04 | 11.66 | 4.13 | 65 | 62.01 | 12.46 | 80 | 87.08 | 20.71 | 76 |
| 4. | 2004-05 | 13.51 | 6.80 | 50 | 79.57 | 18.55 | 77 | 99.56 | 12.88 | 87 |
| 5. | 2005-06 | 13.51 | 14.54 | 7 | 106.40 | 60.34 | 43 | 130.59 | 42.72 | 68 |
| 6. | 2006-07 | 46.12 | 19.71 | 57 | 191.29 | 94.01 | 51 | 237.71 | 93.45 | 60 |

The above irregularities may be rectified and shown to next audit.

8. LODGEMENT OF FUND:-

As per section 66 of Bihar Municipal Act, 1922 all sums received on account of municipal Nagar Panchayat fund shall be paid into a Government treasury, or into any bank or branch bank used as a Government treasury and shall be credited to an account to be called the account of the Nagar Panchayat.

But in contravention to above provision of Act, Bank accounts in addition to the treasury account were in operation during the period under audit vide details bellow:-

- (i) Current Account No. 100 at Panjab National Bank , Hisua
- (ii) Saving Account No. 17341 -do-
- (iii) - do - No. 13961 -do-
- (iv) -do- No.13844 -do-
- (v) -do- No. 13852
- (vi) Treasury Account.

Opening of extra Bank accounts without approval of the state government was highly irregular. Attention of the state government is invited to this state of affairs.

9. GOVERNMENT GRANT:-

The Government Grant register was not maintained properly. The position of unspent balance as on 31.03.2001 was not exhibited. The details of expenditure were not booked against grant; as such the position of grant wise unspent balance could not be ascertained. As per the cashbook and Grant register, the year wise receipt of Government Grant is detailed below:-

| Year | Grant received (Rs.) |
|-----------|----------------------|
| 2001-2002 | 3,49,318 |
| 2002-2003 | 5,00,000 |
| 2003-2004 | 8,28,077 |
| 2004-2005 | 10,65,506 |
| 2005-2006 | 23,33,476 |
| 2006-2007 | 69,91,359 |

(Vide details in appendix III to the report)

Grant register may be maintained properly and shown to next audit.

EXECUTION OF SCHEMES:-

(1) Grant received on recommendation of XIIth F.C:-

A sum of Rs. 10, 62,835 was received under this head during the period under audit vide details below:-

(I) Letter no. 3191/UDO/ date 28.09.05 Rs. 6, 28,476

(II) Letter no. 3115/UDO/ date 11.08.06 Rs. 4, 34,359

Total – 10, 62,835

As per guideline allotment was required to be allocated for different purposes and accordingly expenditure was to be done. The purpose wise allocation Vis-à-Vis expenditure is detailed below:-

| Sl.No. | Purpose | Allocation | Expenditures | Balance | % utilised |
|--------------|--|------------------|-----------------|-----------------|------------|
| 1: | Solid waste Management (50%) | 5,31,418 | 2,86,085 | 2,45,333 | 54 |
| 2. | For increasing efficiency (1%) | 10,628 | Nil | 10,628 | Nil |
| 3. | For E-governance (3%) | 31,885 | Nil | 31,885 | Nil |
| 4. | For maintenance of civic amenities (46%) | 4,88,904 | 2,90,117 | 1,98,787 | 59 |
| Total | | 10,62,835 | 5,76,202 | 4,86,633 | 54 |

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From above, it would appear that huge balance was still lying unutilized in the account. The utilisation of the allotment was very poor. The utilisation certificates furnished to the sanctioning authority was not made available as such the position could not be ascertained. The expenditure booked under solid waste Management included purchase cost of three wheelers and recurring expense of sanitation. No scheme was under taken under public private partnership for collection, segregation transportation of solid waste. The allotment may be utilized properly so that purposes of grant may be fulfilled.

(ii) **Grants received for National slum development programme:-**

A sum of Rs. 16, 62,000 was received for implementations of programme vide details below:-

| Sl.No. | Period | Amount (Rs.) | Particulars of letter |
|----------------|---------|------------------|---|
| 1. | 2000-01 | 7,26,000 | D.M. Nawadah Letter no. 105 dt. 31.01.01 |
| 2. | 2004-05 | 3,99,000 | D.P.O. Nawadah Letter no.209 dt. 05.07.04 |
| 3. | 2005-06 | 5,37,000 | O.D.D, Patna letter no. 430 dt. 04.06.05 |
| Total - | | 16,62,000 | |

Out of total allotment a sum of Rs. 16, 30,332 were paid towards completion of 32 schemes leaving a balance of Rs. 31,668 in the head. Test check of files revealed that.

(a) As per provisions of guidelines and direction issued by the state Govt, the scheme should have should have been implemented through neighborhood committee and communally Development societies. But contrary to it, the Panchayat executed the schemes departmentally.

(b) The schemes should have been executed in slum areas declared. But no survey was conducted by the Panchayat to distinguish slum areas.

10. INORDINATE DELAY IN DEPOSIT:-

In many a cases delay in deposit were noticed from the collection accounts of the receipts during the period under audit. A few examples are cited below:-

| Sl. No. | H. Receipt | Date of collection | Amount collection | Date of deposit | Period of delay months Day | Name of collecting person |
|---------|--------------------|--------------------|-------------------|-----------------|----------------------------|------------------------------|
| 1. | 1994,2082, to 3007 | 28.06.02 | 2780 | 01.03.03 | 8-2 | Shri Sayta sharan Tax daroga |
| 2. | 3007 | 23.03.04 | 1710 | 31.03.04 | - 10 | |
| 3. | 3008-12 | 03.04.05 | 2268 | 12.05.04 | 1-09 | |
| 4. | 3014-23 | 20.05.04 | 5929 | 24.07.04 | 2-04 | Ashok |

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| | | | | | | |
|-----|-----------------------|----------|--------|----------|----------|--|
| 5. | 3069-87 | 03.11.06 | 5949 | 10.02.07 | 2-25 | |
| 6. | 2055-2217 | 08.04.02 | 2592 | 01.03.03 | 10-13 | |
| 7. | 3105-10 | 27.03.04 | 1995 | 17.07.04 | 3-21 | |
| 8. | 3113-23 | 02.08.04 | 3226 | 03.10.04 | 2-03 | |
| 9. | 3132-46 | 01.03.05 | 2876 | 28.03.05 | -28 | |
| 10. | 6062-2256 | 20.05.02 | 3170 | 01.03.03 | 9-12 | |
| 11. | 1958, 2101 to 2251 | 06.05.02 | 1372 | 01.03.03 | 8-25 | |
| 12. | 2037-2251 | 16.07.02 | 3056 | 01.03.03 | 7-15 | |
| 13. | 2916-27 | 01.10.06 | 2029 | 12.02.07 | 3-12 | |
| 14. | 2064-2185 | 01.06.02 | 1206 | 01.03.07 | 9- | |
| 15. | 2423-31 | 06.04.02 | 1534 | 04.07.05 | 3 months | |
| 16. | 2057 to 2257 | 22.04.02 | 4805 | 01.03.03 | 8 " | |
| 17. | 2549 to 2573 | 06.08.04 | 15031 | 06.09.04 | 1- | |
| 18. | 2052 to 2259 | 02.04.02 | 11,275 | 01.03.07 | 9-28 | |
| 19. | 2061 to 2215 | 10.05.02 | 2096 | 01.03.07 | 9-20 | |
| 20. | 2058 to 2233 | 29.04.02 | 1825 | 01.03.07 | 8-01 | |
| 21. | 2068 to 2252 | 10.06.02 | 2265 | 01.03.07 | 6-20 | |

Delay in deposit of collection money is not regular and Tanta mounts to temporary Mis-appropriations this may be avoided in future.

11. STATE OF COLLECTION:-

Demand to collection register, sarkar's ledger and progress statements of holding taxes were not maintained. The position of demand, collection and balance of holding taxes during the years under audit- as furnished by the Local office has given in appendix-IV to the report. It would appear that percentage of on the total demand ranges between 5 to 14 percent which was very low. During the year 2001-02 to 2006-07 and for balance the prescribed minimum standard of satisfactory collection effective steps including all penal measures as provided in the Bihar, Orissa Municipal Act, should be taken for augmenting the percentage of collection.

12. (i) NON-IMPOSITION OF LATRINE TAX AND WATER TAX:-

It was noticed from the records made available to audit that latrine tax as well as water tax were not imposed as required under Bihar, Orissa Municipal Act, 1922 heavy amount was spent over clearing of drain, round, and supply of drinking water during the period under audit by the committee. Hence it is impressed upon the executive of the Nagar Panchayat to impose latrine tax within the sanctioned rate of the state Govt.

(ii) NON -REVISION OF ASSESSMENT OF HOLDING TAXES:-

As per provision under section 106 (i) of Bihar Municipal Act, 1922 revision of assessment of holding is required to be made in every five years. The last revision of holding taxes was due in 1996-97 & 2002-03. But no revision of holding taxes was made in the said period due to which the Nagar Panchayat remained deprived of enhanced taxes from year to year.

No reasons for non-revision of holding taxes was assigned to audit. In appropriate action may be taken to complete the assessment to avoid future loss in shape of revenue.

13(i) SHORT REALISATION OF EDUCATION CESS:-

Under the Bihar primary education cess Act, 1959 as amended from time to time and the Bihar Health cess Ordinance 1972, Education cess and Health cess were to be realized at the rate of 50 percent each of Holding Tax. Thus year wise collection made on account of Education cess and Health cess should have been equal. But from the collection statement furnished it revealed that Education cess was realized less in comparison to Health cess during the period under audit as detailed below:-

| Sl. No. | Period | Health cess realized | Education cess realized | Less realization of education cess |
|--------------|-----------|----------------------|-------------------------|------------------------------------|
| 1. | 2001-2002 | 29002.50 | 23196.60 | 5805.90 |
| 2. | 2002-2003 | 10557.40 | 8441.40 | 2116 |
| 3. | 2003-2004 | 12944.90 | 10354 | 2590.90 |
| 4. | 2004-2005 | 70942.90 | 56744.10 | 14198.80 |
| 5. | 2005-2006 | 26508.30 | 21203.30 | 5305 |
| 6. | 2006-2007 | 24088.60 | 19263.70 | 4824.90 |
| Total | | 1,74,044.60 | 1,39,203.10 | 34,841.50 |

- | | | |
|-------|---|---------------|
| (i) | Total loss on account of short realization of education cess | Rs. 34,841.50 |
| (ii) | Loss to Nagar Panchayat as 10% collection charge | Rs. 3484.15 |
| (iii) | Loss to state exchequer I.e. deposit able amount to state govt.(i)-(ii) | Rs. 31,357.35 |

Thus, consequent upon less realization of education cess (I.e. below prescribed rate) both the state Government and the Nagar Panchayat sustained a loss of Rs. 31,357.35 and Rs. 3484.15 respectively.

Steps may be taken to make good the total loss of Rs. 34,841.50 from the persons(s) responsible and shown to next audit.

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13. (ii) NON REMITTANCE OF HEALTH CESS AND RDUCATION CESS TO STATE EXCHQUER :-

Under Bihar primary education Act, 1959 as amended from time to time, the education cess was levied by Nagar Panchayaat at the certain percentage of holding tax. Further, the Heath cess was also levied as per Bihar Health cess ordinance, 1972. The proceeds of such cess were to be credited to the concerned heads of state Government revenue after deducting 10% of total amount collected as collection charges. But the proceeds of these ces were not credited to the state exchequer after deducting 10% collection charges. Thus a total sum of Rs. 4, 76,162.78 was retained by the Nagar Panchayt vide details below as per collection figure furnished to audit:-

| Sl. No. | Period of collection | Education cess Collected (Rs.) | Health cess Collected (Rs.) | Total collection (Rs.) |
|---------|---|--------------------------------|-----------------------------|------------------------|
| 1. | 1995-96 to 2000-01 As per audit report No. 54/01-02 | 95,867.45 | 1,19,964.60 | 2,15,822.05 |
| 2. | 2001-2002 | 23,196.60 | 29002.50 | 52,199.10 |
| 3. | 2002-2003 | 8441.40 | 10557.40 | 18998.80 |
| 4. | 2003-2004 | 10354 | 12944.90 | 23298.90 |
| 5. | 2004-2005 | 56744.10 | 70942.90 | 1,27,687 |
| 6. | 2005-2006 | 21203.30 | 26508.30 | 47711.60 |
| | 2006-2007 | 19263.70 | 24088.60 | 43352.30 |
| | Total - | 2,35,070.55 | 2,94009.20 | 529069.75 |

- (i) Total collection Rs. 5,29,069.75
(ii) Share of Nagar Panchayat as collection charge @ 10 % Rs. 52,906.97
(iii) Amount depositable to state Exchequer Rs. 4,76,162.78

The amount may be credited to the state exchequer and shown to next audit.

14. (I) NEITHER CHALAN NOR DEPOSIT SLIP SHOWN TO AUDIT:-

Scouting of cash book revealed that a sum of Rs. 5, 37,775.00 was shown deposited to Assistant commissioner sale tax Nawada but neither Chalan nor any receipt in support of deposit of Rs. 537795 shown to audit. Detailed as given below:-

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| Sl.No. | Voucher no of cheque no. | Date | Amount | Particular |
|----------------|----------------------------|-----------|---------------|----------------------|
| 1. | 02 NSDP/271761 | 25.05.06 | 38,089 | Paid to A. C. Nawada |
| 2. | 02 SJSSRY/271763 | 24.05.06 | 11,946 | " |
| 3. | 48/143787 | 24.05.06 | 30,399 | " |
| 4. | 237/144433.TRY Val-17 | 22.01.07 | 30399 | " |
| 5. | 04-NSDP/06-07 TRY Val -14 | 22.01.07 | 38689 | " |
| 6. | 03-SJSRY/06-07 TRY Val -15 | 22.01.07 | 11,946 | " |
| 7. | 238 | 06.02.07 | 48,613 | " |
| 8. | 239 | 06.02.07 | 11,506 | " |
| 9. | 243 | 06.02.007 | 63,193 | " |
| 10. | 245 | 06.02.07 | 59,149 | " |
| 11. | 275 | 23.03.07 | 1,94,466 | " |
| Total - | | | 537795 | |

Thus challan / receipt in support of deposit of sale tax to assistant commissioner, Nawada, may be shown to next audit pending production of the said receipt before next audit the entire sum of Rs. 537795 is held under objection.

14(ii) NEITHER CHALAN NOR ANY RECEIPT OF ROYALTY DEPOSIT SHOWN TO

AUDIT OF RS. 2, 90,076:-

| Sl.No. | Voucher no of cheque no. | Date | Amount | Particular |
|----------------|--------------------------|----------|-----------------|--|
| 1. | 01 NSDP/271766 | 24.03.06 | 34,549 | Paid deposited district Mines officer Nawada |
| 2. | 01 SJSSRY | 24.05.06 | 29743 | " |
| 3. | 47/143786 | 24.05.06 | 30,909 | " |
| 4. | 276/144438 | 29.03.07 | 1,21,026 | " |
| 5. | 240 | 06.02.07 | 16,578 | " |
| 6. | 241 | 06.02.07 | 5938 | " |
| 7. | 242 | 06.02.07 | 29,915 | " |
| 8. | 244 | 06.02.07 | 21,418 | " |
| Total - | | | 2,90,076 | |

Deposit chalan or receipt against deposit to District mines officer may be shown to next audit till pending production before next audit a sum Rs. 2, 90,076.00 is held under objection.

15. (i) OUTSTANDING TAXES AGAINST GOVERN BUILDINGS:-

A sum of Rs. 56,846.90 was outstanding against Govt. buildings as on 31st march 07. As holding tax detailed vide appendix V to the report. Most of taxes were outstanding since long but no effective steps were taken to realize the same.

Early and effective steps may be taken to realize from the concerned Leads of offices.

(ii) OUTSTANDING RENT OF MARKET/SHOPS:-

A sum of Rs. 1, 97,700 vide details in appendix VI to the report was outstanding as on 31.03.2007 on the allotments of Nagar Panchayat shops. An early step may be taken to collect the outstanding rent of shops.

16. EXCESS CONTRIBUTION TO THE PROVIDENT FUND:-

As per rule 2 of model rules for the management of provident fund, 1933 every employee shall be required to subscribe at the rate of 6¼ percent or six paise in the rupee on his pay to the provident fund of which an account will be opened at the post office saving bank. He may, however be permitted to subscribe at the higher rate subject to a maximum of 12½ percent or twelve paise in the rupee on his pay.

Further, as per rule 5 of rules ibid, the Nagar Panchayat shall make a contribution to the P.F account of each servant which shall not exceed the sum deducted from his pay under rule 2 and shall be subject to a maximum of 6¼ percent on his pay.

Test checking of salary ledger revealed that contribution @ 12.5% from Nagaar Panchayat in addition to employees' subscription @ 12.5% on pay was being deposited in P.F account of employees with effect from July 1986. Thus there was an excess contribution by Nagar Panchayat @ 6¼ percent to the prescribed rate pr month. Employee wise excess contribution made during 1986-87 to 2006-07 by the Nagar Panchayat is given below:-

| Sl.No. | Name of employee/ designation (s/shri) | Amount |
|--------------|--|---------------|
| 1. | B.K.Nand Kular, Office Clerk | 20448 |
| 2. | Satya Sindhu Sharan, Tax Daroga | 20448 |
| 3. | Smt.Sudama Devi, Mehtarani | 13977 |
| 4. | Suresh Mehtar, Mehtar | 13977 |
| 5. | Ashok Kumar, Mehtar | 1800 |
| 6. | Ramprit Ravidas, Mehtar | 1800 |
| 7. | Binod Ravidas, Mehtar | 1800 |
| Total | | 74,250 |

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(Vide details in appendix VII to the report)

Excess contribution made may be adjusted and credited to Nagar Panchayat fund credit there of may be shown to next audit.

17. SETTLEMENT OF SAIRTATS:-

Settlement register of straits was maintained up to 2004-2005. The straits of Nagar Panchayaat, Hisua were as follows:-

- (i) Hisua Bus stand (with effect from 2005-06)
- (ii) Hisua Panchu Kanji House (except building)
- (iii) Toll collection of Hisua Panchu Market
- (iv) Pond in the east side of Nagar Panchayat office
- (v) Guhia jalasaya at Mocarwa chowk.
- (vi) Rickshaw and cycle Registration.

Audit observation

(1) Settlement file of Rickshaw/cycle registration revealed that during 2002-03, it was settled for Rs. 6,251 against the reserve money of Rs.12, 150 which was Rs. 5,899 less than reserve money. As per provision, settlement of sarait below reserve money could only be done in presence of one rank higher officer to the officer authorized for normal settlement. Due to settlement of Rickshaw/ cycle registration below reserve money the Pachayat sustained a minimum loss of Rs. 5,899 The loss may be made good from the person responsible and shown to next audit.

(2) Hisua Bus stand was transferred to Nagar Panchayat vide D.M, Nawadah letter no. 217 dated 29.04.05. The Bus stand was settled by Nagar Panchayaat for Rs. 10, 50,300 during 2005-06, with effect from 14.05.05.

During the year, 2006-07, it was settled for Rs. 9, 51,000 against the reserve money of Rs. 11, 01,355. As the reserve money was itself decreased to Rs.9, 50,000 by the Nagar Panchayat and sought approval of the urban Development vide letter no. 86 / Hisua / 01.04.06 which was still awaited. The same may be shown to next audit.

(3) From the settlement register, it was noticed that Guhia – jalasaya at Mocarwa Chowk was settled up to the year 1995-96 only. Since then no settlement was done. Reasons were not pointed out to audit. Due to non – settlement, the Panchayat is sustaining a recurring loss.

18. IRREGULAR PAYMENT OF ESTALELISHMENT CHARGES:-

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The Urban Development and Housing department, Govt. of Bihar vide its letter no. 4-20/5/2745/ dated 18th July, 1986, created following seven posts for N.A.C, Hisua, Nawadah to be renewed yearly.

1. Office clerk 535-765 1 post
2. Tax Daroga 425-605 1 post
3. Sweeper / sweepers 350-425 5 post

The U.D.D, sanctioned extension of posts year to year up to 2004-2005 vide its letter no. 4/N/Estb.- 1026/2000-UDD dated 07.06.05. The Nagar Panchayat paid salary and allowances to the staffs during the period 2005-06 and 2006-07 as detailed below for which extension of created posts is required from Govt.

2005-06:- Rs. 3, 41,616

2006-07:- Rs. 3, 62,172

Total: Rs. 7, 03,788

(Vide details in appendix – VIII to the Report)

Pending detention of post created for the period 2005-06 to 2006-07 by the State Govt. the payment of Rs. 7, 03,788 is held under objection.

19. (i) Non-deduction of sales tax :-

The schemes were executed departmentally for which employees were appointed as executing agent. Test check of vouchers revealed that sales taxes at the prescribed rate were not deducted for the payment against purchase vouchers of materials as per instruction of sales tax Department Govt. of Bihar.

A sum of Rs. 1, 66,960 from payments to the following executing agents was not deducted as sales tax.

| Sl.No. | Name of Executing Agent | Amount to be deducted |
|--------------|---------------------------------------|-----------------------|
| 1. | Sri. Satya Sindhu Sharan 'Tax Daroga' | 1,09,137 |
| 2. | Ghanshyam Singh 'J.E' | 40,510 |
| 3. | Ashok Kumar 'Tax Assitant' | 17,313 |
| Total | | 1,66,960 |

(Vide details in Appendix IX to the Report)

The loss on account of sales tax the state exchequer may be made good from the person(s) concerned and shown to next audit.

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(ii) A sum of Rs. 7, 25,585 vide details in Appendix X to the Report was provided irregularly as carriage charge and contingencies in the estimates of schemes. As the rates for completed item of work includes carriage of materials, the provision of additional carriage and contingencies @ 10% and 2% respectively was irregular. The schedule of rates for concerned period may be made available to next audit for verification, pending which Rs. 7, 25,585 is held under objection.

20. REFUND OF EARNEST MONEY NOT SHOWN TO AUDIT:-

It was noticed from the cash book that a sum of Rs. 5,37,375 was shown refunded to contractors on account of earnest money which were deposited by them, but the concerned papers in r/o refund of earnest money was not shown to audit as details below:-

| Sl. No. | Voucher No. | Date | Amount | Particulars of deposit |
|--------------|-------------|----------|-----------------|---|
| 1. | 51 | 01.11.02 | 3800 | Refund of earnest to Sanjay Kumar for scheme 01/92-93 and 3/for 92-93 for 3/93-94 |
| 2. | 105 | 23.03.05 | 26,365 | To Umesh Yadav refund of deposit money |
| 3. | 106 | 06.04.05 | 27,477 | To Durga Pd. Gupta |
| 4. | 53 | 16.05.05 | 1,05,000 | To Kishore Kumar S/O Purshotam Singh Panchu |
| 5. | 01 | 06.04.05 | 290 | Ashok Pd. S/O Deoki Pd. Panchu Hisua |
| 6. | 54 | 16.05.05 | 10,500 | Ramdeo Pd. Kumar S/O Ram Chandra Pd. Yadav Vill-Sartakia |
| 7. | 211 | 20.03.06 | 34,390 | Shri Durga Pd.Gupta S/O Motila Gupta |
| 8. | 212 | 20.03.06 | 34,390 | Shri Manik Chand Ravidas |
| 9. | 213 | 20.03.06 | 1605 | Monoj Kumar S/O Narain lal |
| 10. | 214 | 20.03.06 | 340 | Shri Tahii Husain S/O Md. Saleem |
| 11. | 215 | 20.03.06 | 340 | Md. Husain S/O.Md. Muslim |
| 12. | 216 | 20.03.06 | 1605 | Deoki Pd.S/O Jeevan Pd. |
| 13. | 272 | 23.03.07 | 97,090 | Akhilesh Sihgh |
| 14. | 273 | 23.03.07 | 97,090 | Durga Pd. Gupta |
| 15. | 274 | 23.03.07 | 97,090 | Upendra Kumar Yadav |
| Total | | | 5,37,372 | |

Concerned requisite papers on account of refund of earnest money to the above indicated persons(s) may be shown to next audit. Till than entire sum of Rs. 5, 37,375 is held under objection.

21 (I) PAYMENT ON ENGAGING LABOURES FOR SANITATION WORKS:-

Scrutiny of the cash book and connected papers revealed that a sum of Rs. 2, 03,252 was spent on engaging daily Labors for sanitation works, though posts of fine sweepers were working on sanctioned posts for which hand some amount was paid. In addition to fine sweepers on regular basis a sum of Rs. 2, 03,252 vide details in appendix XI to the report was spent over sanitation workers. Neither sanction of Government nor any relevant papers were shown to audit.

As such, A sum of Rs. 2, 03,252 is held under objection till the Production of sanction orders for the period 01.04.07, 31.03.07.

21 (II) IRREGULAR EXPENDITURE OF Rs. 97,412 ON A/C OR TAXI / ZEEP FARE:-

Test checks of vouchers revealed that a sum of Rs. 97,412 was incurred on Taxi/Zeep fare and fuel consumption without any budgetary provisions. From 01.04.2001 to 31.03.07 vide details in Appendix XII to the report. The total expenditure made amounting to Rs. 97,412 is held under objection pending Production of sanction of Government and log book of vehicles to next audit.

21 (III) Irregular Expenditure of Rs. 1, 20,719 on Advertisement:-

It was noticed from the cash book and connected papers that a sum of Rs. 1, 20,719 spent on advertisement charges I.e. Jagran Hindustan Time Media, Magadh ki Pukar, Abhilasha etc. But purpose of advertisement and cutting of advertisement papers in newspapers not had shown to audit.

Total expenditure made on advertisement amounting to Rs. 1, 20,719 is held under objection Pending production of commotion papers to the next audit.

(Vide detailed in appendix XIII to the report)

22. ARREAR PAYMENT TO NAGAR PANCHAYATI STAFF:-

Scrutiny of voucher revealed that a sum of Rs. 1, 17,069 was paid to Nagar Panchayat staff as arrears of salary.

| Sl. No. | Voucher No. | Date | Amount | Particulars of deposit |
|---------|-------------|----------|--------|---|
| 1. | 26 | 04.08.04 | 10071 | Arrear Payment to conservancy staff for April -2004 |
| 2. | 31 | 09.05.05 | 45,618 | Arrear D.A. from April 04 to March 05 from July -86 |

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| | | | | |
|--------------|-----|----------|------------------|---|
| | | | | to 1994-95 |
| 3. | 161 | 10.08.05 | 1,74,115 | Paid to Binod Kr. Nand Kulier.N.A. from July -86 to 1994-95 |
| 4. | 162 | 10.08.05 | 1,79,488 | Paid to Satya Singh Sharan Tax Duroga |
| 5. | 164 | 10.08.05 | 1,15,488 | Smt. Sudama Devi sweepers from July -86 to 1994-95 |
| 6. | 165 | 10.08.05 | 1,24,165 | To Suresh Prasad sweeper from July -86 to 1994-95 |
| 7. | 225 | 10.01.07 | 65,098 | Satya Singh sharan Tax Daroga |
| 8. | 277 | 30.03.07 | 1,35,386 | To Binod Kumar Deolier H.N. |
| 9. | 278 | 30.03.07 | 70,713 | To Satya Singh Sharan Tax Daroga |
| 10. | 279 | 30.03.07 | 64,231 | paid to smt. Sudama Devi, sweeper |
| 11. | 280 | 30.03.07 | 61,038 | To Suresh Prasad. Sweeper |
| 12. | 281 | 30.03.07 | 1,25,280 | To Satya Singh Sharan Tax Daroga |
| Total | | | 11,70,691 | |

But the detailed calculation chart, pay fixation etc. were not shown. Pending production of the same to next audit the entire payment of Rs. 11, 70,691 is held under objection.

23. VOUCHER WANTING:-

Voucher worth Rs. 452092 as detailed below were not produced to audit. As such genuine of payment could not be vouche safed.

| Sl. No. | Voucher No. | Date | Amount | Particulars of deposit |
|--------------|---------------------|----------|-----------------|------------------------|
| 1. | 06 N.S.D.D | 01.03.06 | 7000 | |
| 2. | 41 N.S.D.D | 08.03.06 | 9275 | |
| 3. | 1 N.S.D.D | 14.05.06 | 34,949 | |
| 4. | 2 N.S.D.D | 14.05.06 | 38089 | |
| 5. | 1. S.J.S.R.Y. | 14.05.06 | 29743 | |
| 6. | VR.NO.111 | 13.07.06 | 1,60,000 | |
| 7. | 01-S.D.S.R.Y. 04-05 | 30.02.03 | 4975 | |
| 8. | 4-N.S.D.D | 22.01.07 | 35089 | |
| 9. | 03-S.J.S.R.Y. | 22.01.07 | 11,946 | |
| 10 | 276 | 29.03.07 | 1,21,026 | |
| Total | | | 4,52,092 | |

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The same may be shown to next audit till than expenditure of Rs. 4, 38,087 is held under objection.

24. SANCTIONED ORDERS AND PAYMENT VOUCHERS NOT SHOWN TO AUDIT:-

A sum of Rs. 1, 61,775.00 was transferred by book as subsidy under the schemes as detailed below:-

| Sl. No. | Voucher No. | Date | Amount | Particulars of deposit |
|----------------|---------------|----------|-----------------|---|
| 1. | S.J.S.R.Y-124 | 12.12.02 | 9,075 | Paid to eleven person @ 825 each under SUME |
| 2. | S.J.S.R.Y-124 | 27.03.04 | 12,750 | Paid by book transfer to P. N. B. Hisua on A/C of subsidy against borrowers S.J.S-124 USEP SUME |
| 3. | S.J.S.R.Y-124 | 07.07.05 | 1,05,000 | -Do- |
| 4. | S.J.S.R.Y-124 | 31.03.06 | 34,950 | -Do- |
| Total - | | | 1,61,775 | |

Entire amount is held under objection till the production of sanction orders and concerned paper to next audit.

25. ADVANCE:-

Advance ledger was maintained up to 2002-03 only. As such the position of year wise advance made adjustment / recoveries and outstanding balance at the end of the year could not be ascertained.

However, from the cashbook, it was ascertained that following advances were made, adjustment of which could not ascertained.

| Sl. No. | Voucher No. /Date | Amount | Particulars of deposit s/sri |
|--------------|-------------------|---------------|---|
| 1. | 3/27.04.02 | 42,000 | S. S. Sharan tax Daroga for election work |
| 2. | 4/04.05.02 | 5,000 | -Do- |
| 3. | 13/21.06.02 | 16,200 | -Do- for special town sanitation |
| 4. | 46/04.03.02 | 10,000 | B.K. Nand kuliar for election work |
| 5. | 47/11.03.02 | 5,000 | Muzaffar Alam Intact computer centre |
| Total | | 78,200 | |

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Adjustment / Recoveries of the above mentioned advance may be shown to next audit. Further, scrutiny of the advance ledger revealed that following old advance were unadjusted as on date:-

| Sl. No. | Name of Advance holder | Amount | Particulars of deposit s/sri |
|--------------|---|--------------------|------------------------------|
| 1. | Sri. Laxmi Narayan Singh, Ex 'J.E, | 38,400 | Outstanding prior to 92-93 |
| 2. | Sri Deolansh Prasad , Ex Head Astd, | 10,768.75 | Outstanding prior to 92-93 |
| 3. | Indra Deo mahto chairman Gaya District sulalh sauchalaya sanctions | 1,25,000 | Outstanding prior to 92-93 |
| Total | | 1,74,168.75 | |

An early action may be taken to adjust / recover the old advance amount to Rs. 1, 74,168.75 earliest and shown to next audit.

26. DISCUSSION WITH THE EXECUTIVE:-

The important points raised in course of audit were discussed with the executive from time to time and also at the end of audit.

27. RESULT OF AUDIT:-

- (a) Recovered
- (b) Amount suggested for recovery Rs. 2, 81,950.50
- (c) Amount held made objection Rs. 50, 00,537 till classification
(Vide appendix XIV to the report)

28. GENERAL REMARKS:-

The maintenance of records, registers and accounts was for from satisfactory. Several important records such as demand and collection register, Budget estimated, loan appropriation, Audit Register. Advance ledger were not maintained Grant and loan register were not maintained properly, Percentage of collection was very poor. Such state of affairs was due to lack of Proper control and supervision by the authority. Sincere efforts may be made to improve the position.

Sd/-
Hari Parap
(Supervisor)

NO. L. A. Sur. 915

Date:- 16/7/08

Forwarded to the Executive Officer, Nagar Panchayat, Hisua for information and necessary action. Complete reply (para wise) of this report may be sent to the under mentioned within three months from the date of receipt of this audit report.

Sd/-

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

No.-L.A.Sur. 916

Date:- 16/7/08

Copy to-

- ✓ (1) The Secretary, UDD, Govt. of Bihar, Patna
- (2) District Magistrate, Nawada
- (3) S.O. / Sur.

for information and necessary action.

16/7/08

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