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

NO. L.A. Sm/929

Dated: - 25/7/08

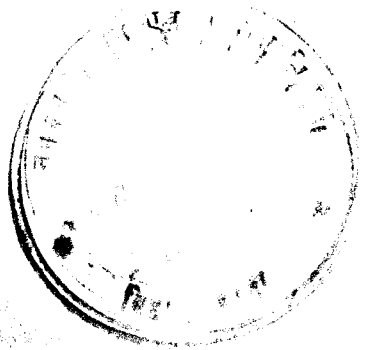
To,

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

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Sir,

Audit Report No 786/2007-08 on the accounts of **Nagar Panchayat, Islampur** for the Period 2001-02 to 2006-07 is enclosed for your kind information and necessary action.

Encl: -As above



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6/5/08

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25/7/08

Yours faithfully

25/7/08

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(S. N. Sharma)

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

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Audit Report No. 786 of 07-08

1.INTRODUCTION:-

The account of Nagar Panchayat Islampur for the period 2001-02 to 2006-07 were test audited by as. Audit party of the Principal Accountant General (Audit), Local Audit Wing, Bihar, Patna between 19.11.2007 to 28.12.2007.

2. ADMINISTRATION :-

(A) Chairman –

Sl.No.	Name	Period of office
(i)	Shri Robert min3 Civil S.D.O. Hilsa	01.04.2001 to 15.06.2002
(ii)	Smt. Priya Rani	16.06.2002 to 31.03.2007

(B) Vice-Chairman –

Sl.No.	Name	Period of office
(i)	Tanvir Alam	16.06.2002 to 31.03.2007

(C) Special officer –

Sl.No.	Name	Period of office
(i)	Shri Awadhesh Panday, C.O.Islampur	01.12.2001 to 08.08.2002

(D) Executive officer –

Sl.No.	Name	Period of office
(i)	Dr. Radey Shyam Sharma, Medical officer, Islampur	08.08.2002 to 20.02.2004
(ii)	Shri Gupteshwar Prasad, B.D.O Islampur	21.02.2004 to 14.10.2004
(iii)	Shri Awadhesh Panday, C.O.Islampur	15.10.2004 to 12.01.2005
(IV)	Shri Bhivu Vidyarthi, B.D.O Islampur	12.01.2005 to 16.03.2006
		17.03.2006 to 24.03.2006
		No Charge
(V)	Shri Binoda Nand Jha, B.D.O. Islampur	25.03.2006 to 30.11.2006
(VI)	Shri Ajay Kumar, C.O. Islampur	01.12.2006 to 31.03.2007

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3. Previous Audit Report:-

The position with regard to the disposal of previous audit reports made available in audit was as bellow:-

Sl.No.	Audit report no.	Period	Total no. of paras	Paragraph already settled	Paragraph still outstanding
1	2	3	4	5	6
1.	142/97-98	1991-92 to 1992-93	29	1 to 14 (a&b), 15 (i&ii), 16 (i,ii&iv) 19,21(v)b(ii), 25 to 27&29	17,18,20,21(i to iv) 21(v)(a)21(v)(b)(i), 22 to 24&28 (Total 8 para)
2.	123/98-99	1993-94 & 1994-95	25	1 to 11,13 (i&ii), 14(i) 15,16,17(I to iv),17(a) (i to iii), 17(b), 18,19,23&25	12,14 (ii &iii) 20 &24 Total (4 paras)
3.	33/01-02	1995-96 to 2000-01	27	14,15,19 (i &ii) 20(i,ii to vi), 22(ii), 23(ii&iii), 25 and 27	1 to 13, 16 to 18,20(iii,vii&viii) 21,22(i),23(i)24&26 (22 para)

34 para remained unsettled in 3 audit report made available in audit last settlement was done in March 2002. There after no efforts were made for compliance and settlement of outstanding para. Thus the very purpose for which the audit is conducted is defeated for want of compliance of audit objections / irregularities raised in previous audit reports.

The authority of Nagar Panchayat is impressed upon to take effective steps for furnishing compliance of outstanding Paras of previous audit reports at the ear list also compliance of remaining six (6) previous audit reports may be made available to next audit Party.

4. Budget Estimates:-

Section 71 of the Bihar and Orrisa Municipal Act, 1922 provides for preparation of the Budget estimates showing the details of the probable receipts expenditure during ensuing year and placed before the. Meeting of the municipal body to be held at least two months before close of the year. The copies of the approved Budget estimates is required to be submitted to the state government. But it was found that no Budget estimate was prepared by the Nagar Panchayat Islampur during 2001-02 to 2006-07.

In absence of Budget estimates entire expenditure incurred by Nagar Panchayat during 2001-07 may not be treated as authorized.

5. Scope of Audit:-

A list of records and requestors produced and test checked in audit and the list of records and registers either no produced or not maintained have been given in statement I and statement II respectively to the report.

6. Overview:-

Nagar Panchayat Islampur was financed by the grants and loans form the state government / other agencies and its own resources. An abstract of receipts and payments of the Nagar Panchatyat for year 2001-02 to 2006-07 is as below.

From the abstract of receipt and expenditure in would appear that its revenue of own source was not sufficient even to meet the expenditure on establishment. The expenditure of

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Nagar Panchayat is, therefore, impressed upon to take effective steps for augmentation of revenue of its own sources.

7. (A)

Sl.No	Particular	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
1.	Opening Balance	55,41,167.00	9,14,780.00	23,71,781.00	13,06,937.00	6,14,993.00	4,77,547.00
2.	Receipt						
(i)	Grants	8,91,401.00	11,00,400.00	12,19,270.00	21,27,488.00	1,23,13,660.00	1,43,03,017.00
(ii)	Loan	-	-	42,746.00	42,746.00	60,372.00	-
(iii)	Own to Source	3,67,243.00	8,16,737.00	7,52,381.00	6,38,251.00	12,39,154.00	6,68,120.00
(iv)	Stamp duty	-	-	-	13,17,060.00	-	-
(v)	Return back from other agency	-	6,70,000.00	-	-	-	-
(vi)	total	12,58,644.00	25,87,137.00	20,14,397.00	41,25,545.00	1,36,13,186.00	1,49,71,137.00
3.	Grant total	67,99,811.00	35,01,917.00	43,86,178.00	54,32,482.00	1,42,28,179.00	1,54,48,684.00
4.	Expenditure						
(i)	Development	47,52,211.00	7,65,152.00	24,91,243.00	43,02,365.00	1,32,04,574.00	96,23,819.00
(ii)	Expenditure	4,62,820.00	3,64,984.00	5,87,998.00	5,15,124.00	5,46,058.00	3,77,501.00
(iii)	Remitted to other agency	6,70,000.00	-	-	-	-	-
(iv)	Total	58,85,031.00	11,30,136.00	30,79,241.00	48,17,489.00	1,37,50,632.00	1,00,01,320.00
5.	Closing balance worked out in audit	9,14,780.00	23,71,781.00	13,06,937.00	6,14,993.00	4,77,547.00	54,47,364.00
6.	Closing balance of cash book	9,48,659.00	24,05,660.92	13,40,816.92	6,49,872.92	5,12,426.92	54,82,243.92
7.	Difference	33,879.00	33,879.92	33,879.92	34,879.92	34,879.92	34,879.92

The difference may be reconciled and shown to next audit

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7. (B) **Bank Balance and Reconciliation:-**

The closing balance of the bank account / Treasury passbook on 31.03.2007 was as follow.

Sl. No.	Bank A/C No.	Bank name	Account name	Closing balance of bank A/C on 31.03.07	Remark
1	2	3	4	5	6
1.	4	Nalanda central Co-operative bank limited .Islampur		3,65,367.12	-
2.	Old 47/6010 new 01190008298	SBI Islampur	SJSRY	9,52,711.60	C. B. shown on 16.03.07, No transaction during 16.03.07 to 31.03.07 as per cash book
3.	19	Nalanda Gramin Bank Islampur	-	92,016.00	-
4.	5802	-do-	I D S M T	1,17,919.00	-
5.	01100050041	SBI Islampur	MSDP	3,62,515.09	C. B. shown on 05.01.07, No transaction during 05.01.07 to 31.03.07 as per cash book
6.	01100050043	-do-	Finance commission	12,49,352.66	
7.	01100050042	-do-	Royalty fund	45,099.77	C. B. shown on 05.01.07, No transaction during 05.01.07 to 31.03.07 as per cash book
8.	Pl. Account	Sub-Treasury Hilsa	-	31,74,711.00	
Total				63,59,692.24	

Certificate from bank for closing balance on 31.03.07 in respect of A/C No. 4 (NCC BL. Islampur) was not produced for verification of correctness of closing balance.

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Reconciliation of difference was as follows –

Closing balance of cash book on 31.03.07 Rs. 54, 47,364.00

Add – interest credited by bank during 2001-02 to 2006-07 but not entered in cash book (Vide statement III to the report) (+)Rs.5,90,985.12
Rs.60, 38,349.12

Less – Amount of commission and other charges debited by bank and Not entered in cash book for the period 2001-02 to 2006-07 (Vide statement – IV) (-) Rs. 6300.50
Rs. 60, 32,048.62

Add – Amount of cheque issued but not debited by bank up to 31.03.07

Sl.No.	Cheque no. /Date	Bank A/c & bank name	Amount (Rs.)
1.	891592/31.03.07	01100050043	2,30,585.00
2.	891593/31.03.07	S.B.I Islampur	85834.00

(+) 3, 16,419.00
63, 48,467.62

Less – Amount deposited but not credited by NCC BL Islampur in A/C 4

Sl.No.	Date of deposit	Amount deposited	Description
1.	29.03.2004	77,000	Collection money of MR no.693 dated 19.03.04 carried over

(-) 77,000.00
62, 71467.62

Add: - Amount deposited in bank but not entered in cash book

Sl.No.	Date of deposit	Amount deposited	A/c No. which amount credited	Brief Description
1.	21.10.05	8,600	NCCBL A/C 4	Collection amount of MR 40,41,243 Date 15.10.05
2.	09.10.04	1,63,730	SBI A/C 47/6010	Grant of SJSRY

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3.	23.10.06	17,250	NCCBL A/C 4	Grant of V th economic server
		1,89,580.00		

(+) 1, 89,580.00
64, 61,047.62

Add: - less debited by bank introspect of cheques No. 163399

Date 29.09.03 issued for Rs. 77,224.00 in A/C No. 4 (+) 5,000.00
64, 66,047.62

Less: - less amounts posted in cash bank to cheques No. 151050

Date 28.08.03 issued for Rs. 11108 but wrongly written in
Cash book Rs. 10108 (-) 1,000.00
64, 65,047.62

Less: - closing balance of bank & PL account on 31.03.07 (-) 63, 50,692.24

Difference of closing balance of cash book and that of
Bank /PL account on 31.03.07 1, 14,355.38

The difference of Rs. 1, 14,355.38 was being carried over prior to 01.04.2001. The difference may be detected and reconciled accordingly without further delay to avoid any financial irregularities.

8. IMPORTANT AUDIT FINDING:-

Sl.No.	Particulars of Para	Reference of Para
1	2	3
1.	Overview	6
2.	Bank balance & reconciliation	7
3.	Non / short deposit of collection from misc receipt, Offensive and dangerous trades and license fee amounting Rs. 8,060 deposited at the instance of audit.	14
4.	Outstanding bid money of settlement of sairat amounting Rs. 5.92 lakh.	15 (A)
5.	Non deposit of collection money of toll fee bus stand for (01.04.05 to 30.04.05) amounting Rs. 0.39 lakh.	16(A)
6.	Short deposited on account of departmental collection, of Rs. Bus stand (01.10.05 to 31.03.06) amounting Rs. 0.35 lakh deposited at the instance of	16(B)

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	audit.	
7.	Outstanding shop rent amounting Rs. 1.38 lakh	17
8.	Sales tax & Royalty not deducted from final bill of Schemes amounting Rs. 0.11 lakh.	19
9.	Royalty amounting Rs.2.68 lakh and sales tax / val amounting Rs. 3.57 lakh was deducted from final bill but not remitted to proper need of the concerned department	20
10.	Excess payment in schemes amounting Rs. 0.02 lakh deposited at the instance of audit.	21
11.	Excess payment due to granting stagnation increment annually amounting Rs. 0.04 cash (Rs. 0.03+0.01)	22(A)(i) &(ii)
12.	Irregular payment of salary on continuing in service on attaining super annotation amounting Rs. 0.29 lakh	22(B)
13.	Excess payment due to wrong fixation of pay in VI th revised scale on promotion amounting Rs. 0.01 lakh.	22(C)

9. Internal Audit:-

There is no specific provision either in Bihar Municipal Act 1922 or in rules made there under for internal audit of the accounts of Notified Area Committee, but rules 20, 64, 69 of Municipal Accounts Rules 1928 and rules 30, 31 and 39 of Municipal Accounts Rules (Recovery of Taxes) 1951 provides a number of internal checks which would have been exercised either by the chairman or the vice chairman, or any other responsible officer entrusted for the purpose by the commissioners at a meeting those checks were prescribed in rules in order to have proper control in maintenance of accounts and also to avoid irregularities in accounts.

On scrutiny of the accounts and records of the committee it was noticed that no such checks as prescribed in rules were exercised by any of the executives of the committee and for want of that a lot of irregularities were noticed which have been discussed in successive paragraph.

Had the authorities of the committee exercised such checks at regular intervals, those irregularities and other if any, remained undetected could have been avoided. It is therefore impressed upon the executives to conduct regular checks in order to stop the recurrence of such irregularities in future.

10. MAINTENANCE OF MORE THAN ONE ACCOUNT:-

Section 65 of the Bihar and Orissa Municipal Act 1922 provides for constitution of one fund for each Nagar Panchayat / Parishad. Further section 66 ibid, envisages that unless the state government, other wise directs all sums received shall be paid into a government treasury. But it was found that over and above the personal ledger Accounts opened in sub- treasury Hilsa in the month of March, 2007. The Nagar Panchayat Islampur maintained seven bank account during 2001-02 to 2006-07, as per details in Para No 7 to the report, without proper sanction of the government which was irregular.

11. GRANT REGISTER AND GRANT APPROPRIATION REGISTER:-

Grant register and grant appropriation register were not maintained in spite of suggestion made in all previous audits. As such the actual position of unspent grants as of 01.04.2001 and 31.03.2007 and grant received and utilized during 2001-02 to 2006-07 could not be ascertained in audit. It could also not be examined whether the grants were utilized for the purposes for which they were sanctioned. However on the basis of entries made in cash book and allotment / bill register the Nagar Panchayat had received grants to the tune of Rs. 3, 21, 36,216.00 during 2001-02 to 2007-07 from the state government and its allied units. Year wise abstract is as follows.

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Sl.No.	Year	Amount of grant received (Rs.)
1.	2001-02	8,91,401.00
2.	2002-03	11,00,400.00
3.	2003-04	12,19,270.00
4.	2004-05	22,91,218.00
5.	2005-06	1,23,13,660.00
6.	2006-07	1,43,20,267.00
	Rs.	3,21,36,216.00

(Vide details in statement V of the report)

To have a control over the grants, a grant register is required to be maintained under rule 14 A of the Bihar Municipal Accounts Rule 1928 the same may be maintained and produced in next audit.

12. Govt. Loan and Loan appropriation:-

Govt. Loan register was not maintained. As such, it could not be possible to ascertain in audit as to what extent the Islampur Nagar Panchayat had the liability of the Loan for their repayment and payment of interest thereon.

Loan register in form XXI as provided under rule 88 of the Municipal Accounts Rules 1928 may be maintained for having proper watch over the receipt of Loan and there repayment to the sanctioning authority.

However, from entries in cash Book, bill / challans it was noticed that Rs. 1, 45,864.00 was received as Govt. loan during the year 2001-02 to 2006-07 as per details below:-

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Sl. No.	Date of receipt	Letter no.	Date	Amount	Particular
1	2	3	4	5	6
1.	09.04.03	UDD/775	13.03.03	42,746.00	Pay & Allowance
2.	10.04.04	UDD/460	05.02.04	42,746.00	Pay & Allowance
3.	06.05.05	UDD/1084	20.04.05	60,372.00	Pay & Allowance
Total				1,45,864.00	

Loan appropriation register was also not maintained as such utilisation of loans for the purpose for which they were sanctioned could not be possible to watch. The said register in form XXI A as provided under Rule 89 of the Bihar municipal Account Rules 1928 may be maintained and produced in next audit.

13. Imposition of Taxes:-

Section 82 of the Bihar Municipal Act 1922 provides for imposition of tax viz.

- (i) Tax on holding situated within the nagar panchayat .
- (ii) Water tax.
- (iii) Lighting tax.
- (iv) Latrine tax etc.

But no such tax was imposed by the Nagar Panchayat since its inception.

However, in the Board's meeting dated 30.08.07 it was decided to impose holding tax from December 2007. But up to date only the work of giving holding no in every ward was completed. The work of assessment of holding tax on holding may be completed at the earliest for imposition of taxes to increase the source of revenue for

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providing civic amenities to the habitants also for fulfillment of the purpose of establishment of Nagar Panchayat.

Property Register

The property register in form XXIX A as provided under Rule 100, 101 and 102 was not maintained.

The same may be maintained for keeping watch over the properties of the Nagar Panchayat and the same may be shown in next audit.

14. NON/SHORT CREDIT:-

In cause of checking collection of miscellaneous Receipts, offensive and dangerous trade license fee and general trade license fee with D.C.R., cash book and bank accounts it was noticed that a sum of Rs. 22,155.00 was collected, against which, the sum of Rs. 14095.00 only was credited leaving a balance of Rs.8060.00 as short/non credit, which was highly irregular .However a sum of Rs8060.00 was recovered at the instance of audit.

Abstract is given below:-

Sl No.	Name (nature) of receipts	Name of collect agent	Amount collected	Amount deposited	Short credit	Deposit Atthi instance of audi	M.R.& date by which deposited
1	2	3	4	5	6	7	9
1.	Miscellaneous Receipt	Ravindra Singh, Head Assistant	800.00	-	800.00	800.00	VideM.R. No 21 dt. 26.12.07 in A No. 4
2.	Offensive & Dangerous trade	Md. Hasib, Tax Daroga	14,150.00				
3.	General trade license fee	-do-	7,205.00	14,095.00	7,260.00	7,260.00	VideM.R. No 21 dt. 17.12.07 in A/C 01100050017 of SBF

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	22,155.00	14,095.00	8,060	8,060	
Total					

Details has been given in statement No. VI to the report.

15. (A) OUTSTANDING BID. MONEY OF SETTLEMENT OF SAIRAT:- In course of test audit of demand and collection register of sairat for the period 2001-02 to 2006-07, it was noticed that 5, 92,451.00 was not realized from lessee as per details below.

SI No	Name of sairat	Year	Settlement Amount	Amount deposited	Outstanding amount	Name of lessee
1	2	3	4	5	6	7
1.	Bus stand	(i) 2003-04	4,00,500.00	3,48,500.00	52,000.00	Shri Ashok Kumar
		(ii) 2004-05	5,51,500.00	3,60,750.00	1,90,750.00	Shri Munna kumar s/o Sri Awadhe Kumar
2.	sabji Urdu Bazar	(i) 2003-04	1,79,500.00	1,34,750.00	44,750.00	Md . Muksud, s/o Roso Uliyan
		(ii) 2004-05	1,98,000.00	1,47,200.00	50,800.00	Shri Jitendra Kr. sri RAjendra Parasac
		(iii) 2005-06	2,15,000.00	1,08,000.00	1,07,000.00	Md.Imran Alam, s/o Fakruddin Ahmad
		(iv) 2006-07	2,27,151.00	80,000.00	1,47,151.00	Md Anwar Husain s/o Md Abdul Magic
		Total	17,71,651.00	11,79,200.00	5,92,451.00	

The following other irregularities were also noticed in the settlement account.

- (i) Sairat register was not maintained.
- (ii) Demand and collection register was never checked and signed by the competent authority.

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- (iii) Previous outstanding as on 31.03.2001 was not mentioned in the demand and collection register.

Audit Comment:-

- (i) Demand and collection register may be maintained properly.
- (ii) Legal action may be taken to recover the outstanding bid money amounting Rs. 592451.00 from parsons concerned.

(B). Year wise analysis of outstanding bid money as per previous audit report No. 33/2001-02 and demand & collection register of settlement of sairat .

BUS STAND:-

Year	Outstanding amoun	Name of bidder
1994-95	50,500.00	Sri Jamuna Prasad
1995-96	48,400.00	Sri Ramnagina Singh
1996-97	28,400.00	Sri Mannu Singh
2000-01	1,26,450.00	Sri Mahendra Singh Yadav
2002-03	52,000.00	Sri Ashok Kumar
2004-05	1,90,750.00	Sri Munna Kumar
Total	4,96,500.00	

Subji Urdu Bazar:-

Year	Outstanding amoun	Name of bidder
1987-88	4,300.00	Sri Ram Janam Singh
1990-91	12,925.00	Sri Sajut Kumar Singh
1991-92	16,750.00	Sri Yogeshwar Prasad
1992-93	27,960.00	Sri Umesh Prasad

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1993-94	8,000.00	Sri Raj Kumar Gupta
1994-95	23,900.00	Sri Ashok Kumar
1995-96	17,775.00	Sri Udai Kumar
1996-97	31,543.00	Sri Krishna Prasad
1997-98	24,026.00	Md. Majhar Khan
1998-99	1,146.00	Sri Vijay Pd. Madhuri
2000-01	46,250.00	Sri Suman Kumar
2003-04	44,750.00	Md. Maksud
2004-05	50,800.00	Sri Jitendra Kumar
2005-06	1,07,000.00	Md. Imran Alam
2006-07	1,47,151.00	Md. Anbar Hussain
Total	5,64,276.00	

Cart Registration (Tin to Ken):-

Year	Outstanding amount	Name of bidder
1995-96	751	Shri Shailendra Kumar

Year	Outstanding amount	Name of bidder
1986-87	1,600.00	Sri Uma Shankar Sharma
1987-88	4,600.00	Sri Shambu Sharan Singh
1995-96	2,500.00	Sri Udai Kumar
Total	8,700.00	

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Proper steps may be taken to realize the outstanding bid money from lessees failing which the outstanding demand may be considered for recovery by surcharge from the person (s) responsible.

16. Irregularities in collection account on account of bus stand for the year 2005-06:-

(A) Hon Short deposit of collection money Rs. 39,430.00 for the period 01.04.05 to 30.09.05.

Due to non settlement of bus stand for the year 2005-06, Sri Bijay Kumar, S/O Shri Sita Ram Mahuri, Village - Gajasari, was ordered for collection of toll fee from commercial vehicle at Bus stand w.e.f 01.04.05 with the condition that he had to deposit @ Rs. 1,310.00 per day vide L.M. 20 dated 30.03.2005.

Against the collection made during the period 01.04.05 to 30.09.05 lie 183 days him Rs. 2,00,300.00 only was deposited by inslead of agreed amount of Rs. 2,39,730.00 (183 days X Rs. 1,310/ per day), which resulted into short deposit of Rs.39,430.00 by him.

Details of deposit:-

Sl.No.	M.R No. & date	Amount deposited
1	2	3
1.	28/31.03.05	63,300.00
2.	31/02.06.05	25,000.00
3.	32/13.07.05	15,000.00
4.	33/22.07.05	22,000.00
5.	36/05.09.05	15,000.00
6.	39/28.09.05	30,000.00
7.	42/20.10.05	30,000.00
Total		2,00,300.00

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No action was taken by the authority for realization of rest amount Rs. 39,430.00 from the collecting staff.

Effective measures, including legal may be taken for realization of same failing which the unrealized money may be suggested for recovery from the person responsible.

(B) SHORT DEPOSIT ON ACCOUNT OF DEPARTMENTAL COLECTION (01.10.05 to 31.03.06):-

The executive officer vide Létter No. 72 (k) dated 28.09.05 ordered to Md. Habib, Tax Daroga to realize the toll fee of bus stand through daily basis laborer. He also directed the Head Assistant to get the receipt (1000PC) printed and issued to Tax Daroga.

But no accounts / records in respect No. of receipts printed and used for collection of toll fees as well as well as the amount of collection & deposit was maintained. As such the actual position of No. of receipts printed, No. receipts used, the amount collection and deposit could not be ascertained and as such the possibilities of leakage of revenue in this account may not be ruled out.

The executive is there for impressed upon to enquire into this state of affairs and take steps for maintenance of collection accounts.

However from cash book it was noticed that a total sum of Rs. 1, 03,054.00 vide details below was deposited by the tax daroga on that accounts.

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Sl.No.	Date of collection	Date of deposit	Amount deposit (Rs.)
1	2	3	4
1.	01.11.05	13.12.05	18,978.00
2.	01.11.05	21.12.05	7,200.00
3.	01.11.05	16.01.06	6,406.00
4.	01.11.05	18.01.06	7,254.00
5.	01.11.05	30.01.06	6,823.00
6.	01.11.05	07.02.06	20,534.00
7.	31.01.06	22.02.06	25,859.00
8.	-	30.03.06	10,000.00
Total			1,03,054.00

From the abstract of daily collection maintained by the Tax Daroga, for the period 01.10.05 to 31.01.06, revealed that a total Rs. 99,354.00 only was collected till 31.01.06 and deposited in the Nagar Panchayat Fund.

Further No. abstract of collection for 01.02.06 to 31.03.06 was posted in the abstract register and Rs. 10,000.00 only was deposited by him without furnishing statement. Which resulted into suspicious collection account. While on the basis of part collection for 01.10.05 to 31.01.06 i.e 123 days, average Rs. 757 (93,054 :-123 days) per day was calculated in audit for the period 01.02.06 to 31.03.06 i.e 59 days this stood of Rs. 44,663.00, which resulted into short deposit of Rs. 34,663.00 (Rs. 44,663- Rs. 10,000).

However Rs. 34,663.00 was deposited by Md. Habib, T.D on 27.12.07 vide M.R. No. 213 in the bank A/C 4 in compliance of audit objection.

17. **SHOP RENT ACCOUNT:-**

Rent register of shop was not maintained. However from D.C.R. of miscellaneous receipt and previous audit report No. 32/01-02 outstanding rent against different tenants of shops was found Rs. 1, 37,616.00 as on 31.03.07 as per details below.

Sl.No.	Name of tenant	Outstanding rent ason 31.03.07
1	2	3
1.	Abdul Sattar	17427.00
2.	Akbar ajam	22827.00
3.	Md. Fariduddin	11454.00
4.	Monoj Kumar	30927.00
5.	Ram Nagina Singh	30927.00
6.	Md. Irfan	24054.00
Total		137616.00

(Vide statement No. VII to the report)

Audit comment:-

(1) No notice was served during 2001-02 to 2006-07 for recovery of outstanding rents from tenants. Reasons were not pointed out to audit.

(2) Arguments with tenants was valid for 10 years from allotment i.e up to 17.10.05.No steps were taken to revalidate the agreement or invite bid for fresh allotment. Outstanding rents of Rs137616=00 may be recovered from tenants and shown to next audit.

Attention of the authority is invited towards poor collection of outstanding rent of shops and lapse of agreement with tenant.

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18. POSITION OF SCHEME:-

The position of schemes under taken, completed and incomplete during in period under audit was as follows.

Sl. No.	Name of head	Year	No. of selected for work	No. of Scheme completed	No. of examples scheme	Estimated cost incomplete scheme	Expenditure incomplete scheme
1	2	3	4	5	6	7	8
1.	11 th finance commission	2004-05	32	32	-	-	-
2.	12 th finance commission	(i) 2006-07 (Drainage 2)	20	17	3	1,02,200.00	65,822.00
		(ii) 2006-07 Hand pump	30	28	2	35,300.00	9,000.00
3.	IDSMT	2005-06	8	1	7	1,09,97,600.00	77,70,023.00
4.	Board fund	2004-05	57	57	-	-	-
5.	State fund	2006-07	37	36	1	24,44,000.00	21,52,500.00
6.	National slum Development programme	(i) 2001-02 (Assistance construction house	15	15	-	-	-
		(ii)2001-02	56	52	4	2,32,300.00	2,18,500.00
		(iii)2002-03	10	10	-	-	-
		(IV)2004-05	16	16	-	-	-
		(V)2005-06	99	98	1	1,00,000.00	82,500.00
7.	SJSRY	(i)2002-03	1	-	1	15,96,6000.00	14,25,488.00
		(ii)2003-04	29	29	-	-	-
		(iii)2004-05	4	3	1	24,300.00	7,500.00
		(IV)2005-06	1	-	1	2,50,000.00	2,17,500.00
Total			415	394	21	1,57,81,700.00	1,19,48,833.00

(Vide Statement No. VIII to the report)

It would appear from the above figure that out of 415 schemes under taken during 2001-02 to 2006-07 394 scheme were completed and 21 schemes remained uncompleted involving Rs. 1, 19, 48,833.00 as advance with executing agent against estimated value of Rs. 1,57,81,700.00.

Action may be taken to get the scheme completed or to recover the advance from the persons convened.

19. Sales tax and Royalty not deducted:-

In test check of scheme files of 11th finance commission, it was noticed that sales tax amounting to Rs. 10,575.00 and Royalty amounting Rs. 108.00 was not deducted from final bill of executing agents.

(As per details given in statement IX to the report).

However, Rs. 10,683.00 (10,575+108) was recovered from the exciting agent and deposited to convened department but chellans in support of deposit was not shown to audit. The same may be shown to next audit.

20. Royalty and sales tax / vat deducted from bill but not deposited to proper head of concerned Department:-

From the statement furnished, it was noticed that Rs. 2, 68,090.00 was deducted as royalty from 171 scheme and Rs. 3,57,348.00 as sales tax / Vat (Rs. 3,27,272/- as vat and Rs. 30,076.00 as sales tax) from 205 nos of scheme during 2001-02 to 2006-07 but the same was not remitted to the concerned Department till date.

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Details are given below:-

Sl. No.	Name of fund	Year	Total no. of scheme in Royalty deducted	Amount of Royalty deducted	Total no. of scheme in Which sales Tax / vat deducted	Amount of sales tax/vat deducted
1	2	3	4	5	6	7
1.	State fund	06-07	7	94,306.00	37	1,72,898.00 (vat)
2.	IDSMT	05-06	1	10,406.00	1	5,260.00 (vat)
3.	Board fund	04-05	25	2,882.00	-	-
4.	National slur	01-02	52	38,627.00	-	-
	Developmen	04-05	16	18,076.00	16	25,402.00
	Programme	05-06	42	76,356.00	97	84,654.00 (vat)
5.	11 th F.C	04-05	1	1,580.00	1	1,994.00
6.	12 th F.C	06-07 (Drainage & locd	18	13,753.00	18	40,547.00 (vat)
		06-07 (Hand pump)	-	-	28	13,965.00 (vat)
7.	Swarn Jayan	2002-03	1	5,347.00	-	-
	Sahri Rojgar	2003-04	1	25.00	-	-
	Yojna	2004-05	2	1,413.00	2	2,680.00
		2006-07	5	5,319.00	5	9,948.00 (vat)
Total			171	2,68,090.00	205	3,57,348.00

As per section 41 (6) of Bihar Vat Act 2005 it was evident that two times of amount of tax deducted and not deposited to proper head was to be imposed as fine.

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Rs. 2, 68,090.00 of Royalty & Rs. 3, 57,348.00 of sales tax / vat (sales tax Rs. 30,076.00 and vat Rs. 3, 27,272.00) may be deposited to concerned need of the department at the earliest.

21. EXCESS PAYMENT IN SCHEME TO EXECUTING AGENT:-

In test check of scheme files it was noticed that Rs. 2,300.00 was paid in excess to executing agent Md. Habib, T.D cum cashier over estimated cost / measured amount as per details below:-

Sl. No.	Grant head	Scheme no.	Estimated cost	Total payment made	Final measured amount	Excess payment
1	2	3	4	5	6	7
1.	Board fund	13/04-05	10,000.00	10,295.00	9,995.00	300.00
2.	12 th finance commission	02/06-07	30,000.00	31,000.00	30,000.00	1,000.00
3.	N.S.D.P	36/05-06	98,500.00	99,500.00	98,500.00	1,000.00
Total						2,300.00

However Rs. 2,300.00 was deposited in Municipal fund at the instance of audit vide M.R No. 214 dated 28.12.07 in A/C No. 4.

22. IRREGULARITIES IN PAYMENT OF SALARY:-

22. (A) Stagnation Increment Granted Ajjually.

(i) Smt. Sonamati and Shri Krishna, both IV th grade staff (safai Majdoor) reached the maximum of pay at Rs. 1,025.00 on 27.06.2003 in the pay scale 775-12-955-14 -1025. After that their stagnation increment was granted annually OR 27.06.2004, 27.06.05, 27.06.06 instead of biannually OR 27.06.05, 27.06.07 (The benefit of increment was given to them from succeeding 1st July every year) and from 01.09.06 their salary was paid in revised pay of VI pay revision.

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Due to irregular grant of stagnation increment annuals both were paid in excess the actual

as per detailed below:-

Sl. No	Period		Total period	Basic Drawn	Basic due	Difference basic (4 -5)	Excess pay (6X3)
	From	To					
1	2		3	4	5	6	7
1.	01.07.04 to 26.06.05		4 months 26 days	1,039	1,035	14	166
2.	27.06.04 to 30.06.05		4 days	1,039	1,039	-	-
3.	01.07.05 to 30.06.06		12 months	1,043	1,039	14	168
4.	01.07.06 to 31.08.06		2 months	1,053	1,039	28	56
Total			26 months				390.00

Calculation of average D.A:-

Sl. No	Period for which rate of D.A applicable		Total period	Rate of D.A (in %)	Period rate D.A(4X5)	Average D.A (in %)
	From	To				
1	2	3	4	5	6	6
1.	01.07.04	30.09.04	3 months	286	858	8194/26=315.15
2.	01.10.04	31.12.04	3 months	295	885	
3.	01.01.05	31.05.05	5 months	308	1540	
4.	01.06.05	30.09.05	4 months	314	1256	
5.	01.10.05	31.12.05	3 months	325	975	
6.	01.01.06	31.08.06	8 months	355	2680	
Total			26 months		8194	

Hence excess D.A paid during 01.07.08 to 31.08.06 = 390X315.15=Rs. 1229

And excess payment of P.F contribution = 390X12% = Rs. 46.80

Total excess payment to each of them = 390+1229+46.80= Rs. 1665.80

Total excess payment to both = 1665.80X2 = Rs. 3331.60

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Thus, Rs. 3331.60 may be recovered from concerned staff and shown to next audit.

(ii) 2nd stagnation increment of shri Ram Logan Prasad, safai Jamadar was due on 01.01.07 in the pay scale of Rs. 800-15-1010-20-1150. But the same was granted to him on 01.01.2006 and from 01.09.06 salary was paid to him in revised pay scale of VI th pay revision.

Due to irregular payment of 2nd stagnation increment Rs. 716 was paid in excess as salary vide details below:-

Sl. No	Period of payme		Total period	Basic			Excess payment			
	From	To		Drawn	due	Difference (5-6)	Basic (7X4)	D.A@ 33.50%	P.F Contribution @ 12%	Total (8+9+10)
1	2	3	4	5	6	7	8	9	10	11
1.	01.01.06	31.08.06	8 month	1,190	1,172	20	160	536	19	715
Total										715.00

Excess payment of salary of Rs. 715.00 may be recovered from Shri Ram Lagan Prasad, Safai Jamadar.

(B) IRREGULAR PAYMENT OF SALARY DUE TO CONTINUING IN SERVICE ALTER ATTAMING AGE OF SUPERANNUATION:-

Smt. Sonamati was appointed as Safai Majdoor on 26.08.85. Her date of birth was on 05.01.1947 and thus she was to retired from the service on 30.01.07 i.e after 60 years. But the Nagar Panchayat Hilsa did not do so and retrained her in the service till date.

In the meantime she received the salary month Rs. 29004/- up to the month of May 2007, as detailed below which was irregular.

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Sl. No	Period of payment		Total period	Basic pay	D.P (50 %)	Total(Pay+ D.P)	D.A@ 35 %	Medical allowanu	H.R.A	G.P.F contribution	Total (8+9+10 +11)
	From	To									
1	2	3	4	5	6	7	8	9	10	11	12
1.	01.02.07	31.05.07	4 mon	3,320	1,660	4,980	1,743	100	30	398	7,251.00
Total monthly pay											7251.00

Total excess payment in 4 months = $7251 \times 4 =$ Rs. 29,004.00 attention of the authorities as invited towards the above tears and immediate steps may be taken to get the person retired tram service and to recover the irregular payment of salary from the person responsible for the same.

23. Advance:-

As per provisions contained under Rule 74 of Bihar Municipal Accounts Rule 1928. Advance ledger in form XV was to be maintained, but the said ledger was not maintained by the Nagar Panchayat.

In absence of Advance ledger actual position of advance was not ascertainable.

However from cash book and Voucher it was notice that total outstanding advance (other than for scheme) stand at Rs. 46,329.00 on 31.03.07, vide details in statement X to the report.

24. ANNUAL ACCOUNT:-

According to the provisions under rule 82 of the Bihar Municipal accounts Rules 1928, register of quarterly and annual accounts of receipts and expenditure were to be maintained, but the said registers were not maintained, due to which heed wise receipts & expenditure could not be ascertained .

The annual accounts may be proposed and produced in next audit.

25. DESCUSSION WITH THE EXECUTIVE:-

The audit objections were discussed with the executive of the Nagar Panchayat Islampur from time to time.

26. RESULT OF AUDIT:-

The results of audit are as under.

(i) The amount recovered at the instance of audit.....Rs. 45,023.00

(ii) Amount suggested for recovery.....Rs. 8, 14,699.00

(iii) Amount held under objectionNil.

(Details vide statement XI to the report)

27. GENERAL REMARK:-

Important records viz government grant register, government loan register, loan appropriation register, Annual accounts, Budget estimates, property register, advance ledger, Deposit ledger, Adjustment ledger, suit register, subsidiary cash book, Demand and collection register in respect of rent of shops etc. were not maintained .The daily collection register was not maintained properly No. superior checks were exercised which led to huge outstanding bid money Provisions of Act and Rules were not observed resulting in non – fulfillment of the purposes of the establishment of the Nagar Panchayat. Also there was much scope for improvement in maintenance of accounts.

sd/-
Amitabh Kumar
Section Officer (Audit)

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No. L.A. (sur) 928

Date:- 25/4/08

Copy forwarded to the Executive Officer Nagar Panchayat Islampur for information and necessary action with request that a complete reply showing action taken on the objections contained in the report may be sent to the Examiner of Local Accounts, Bihar, and Patna within three months from the date of receipt of the report through proper channel.

Sd/-

Sr. A.O. / Surcharge

Memo No. L.A. (sur) 929

Date:- 25/4/08

Copy forwarded for information and necessary action to the:-

- (i) District Magistrate, Nalanda
- ✓(ii) The secretary, Urban Development Department, Govt. of Bihar, Patna.
- (iii) S.O. / Surcharge

✓
25/04/08

Sr. A.O. / Surcharge

(31)

Statement I

Nagar Panchayat Islampur for the period 2001-02 to 2006-07

list showing records & registers produced and test checked in audit

(Referred to in paragraph 5 of the report)

- 1 Accountant's cash book
- 2 cheque counterfoil & pass book
- 3 Miscellaneous receipts
- 4 Daily collection register
- 5 licence book
- 6 stock register
- 7 scheme files
- 8 Salary vouchers
- 9 ~~Pass~~ service book of some employce
(Shri R.K. Singh, Smt. Soma Mathi, Shri Ram Lagan Pal & Shri Krishna)
- 10 Rent A/c of shop
- 11 Settlement A/c
- 12 Allotment register.

Amitabh
S.O. (A)

Statement II

Mogor Panchayat - Islamabad for 2001-02 to 2006-07
List of records & registers either not produced
or not maintained

(Referred to in para 5 of the report)

- 1 Subsidiary & Cashier Cash book
- 2 Budget Estimates
- 3 Monthly abstract of receipt & expenditure
- 4 Quarterly & Annual Accounts
- 5 Grant Register
- 6 Loan Register
- 7 Loan appropriation register
- 8 Advance ledger
- 9 Adjustment ledger
- 10 Property register
- 12 Suit register
- 13 Store & Stock register of ~~are~~ maintained before 01-04-01
- 14 Audit register
- 15 Govt. sanction of VIth pay fixation
- 16 Deposit ledger.

Ahmed
S.O(N)