

26/9/08

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

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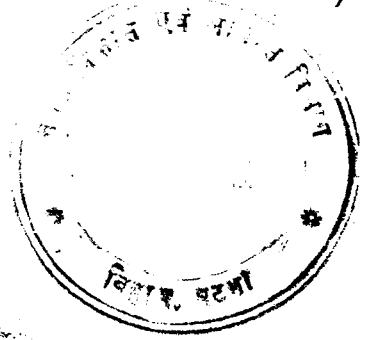
NO. L.A.Sur/1155

सेजी वजी
26/09/08

Dated: - 24/9/08

To.

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



~~प्रतिपत्र नं. 1155~~
26/9/08
Sir,

Audit Report No.- 146/2008-09 on the accounts of Nagar Palika, Madhepura for the
Period 2002-03 to 2007-08 is enclosed for your kind information and necessary action.

Encl: -As above

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J. S.

Yours faithfully

B Kumar
(Bhairab Kumar)

Audit Officer/Surcharge
Local Audit Wing, Bihar, Patna

प्रतिपत्र नं. 1155
17-12-08

AUDIT REPORT NO.-146/2008-09 NAGAR PARISHAD, MADHEPURA

1. INTRODUCTION

The accounts of Madhepura Nagar Parishad for the year 2002-2003 & 2007-2008 were test checked by an audit party of the Office of the Principal Accountant General (Audit), Bihar, Patna (Local Audit Wing) between the period 07.04.2008 and 31.05.2008.

2. ADMINISTRATION

Sl. No.	Name of Chairman	Period
1	Smt. Nirmala Devi	June'02 to July'07
NAME OF THE CHIEF COUNCILLOR		
(i)	Sri Vijay Kumar	July'07 to 31.03.08
NAME OF THE DEPUTY CHAIRMAN		
(i)	Sri Janardan Prasad Yadav	June'02 to July'07
DEPUTY COUNCILLOR		
(i)	Smt. Mamta Devi	July'07 to 31.03.08

Sl. No.	Name of Executive Officer S/Sri	Period
1	Md. Hasim Kha	01.04.02 to 19.05.2002
2	Sri Gulab Chand	20.05.2002 to 13.03.03
3	Sri Surendra Prasad Singh	14.03.03 to 13.03.04
4	Sri Sanjay Kumar	28.01.04 to 26.05.04
5	Sri Surendra Prasad Singh	18.02.06 to 11.10.06
6	Sri J.K. Singh	12.10.06 to 08.11.06
7	Sri Surendra Prasad Singh	09.11.06 to 31.03.08

3. CLOSING BALANCE AS ON 31.03.08

(i)	At Treasury Madhepura- 8448	Rs. 65,54,137.56
(ii)	K.K. Gramin Bank Madhepura- 4181	Rs. 8,65,305.50
(iii)	S.B.I. Current A/c No.-10466	Rs. 5,95,000.00
(iv)	Balika Samridhi Yojana Current A/c No.-105 K.K.G.	Rs. 39,500.00

4. PREVIOUS AUDIT REPORTS

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

Sl. No.	Reference to Audit Report	Para outstanding
1	A.R. No. 31/ 84-85 for 1981-82 to 1982-83	8 to 14, 19 to 29 & 32
2	A.R. No. 25/ 84-85 for the year 1983-84	5,8,10,11,12,15,16,20
3	A.R. No. 139/ 89-90 for the year 1986-87	4 to 17 Total - 14
4	A.R. No. 190/ 95-96 for the year 1988-89 to 1994-95	6,8 to 17, 14 to 24,26,29,30,33

(6)

		to 38 Total- 27
5	A.R. No. 22/ 2002-03 for the year 1995-96	1 to 25 Total- 25
6	A.R. No. 20/ 2003-04 for the year 1996-97 to 2001-02	1 to 71 Total- 71 Paras

Despite comments in the successive Audit Reports, the position with regard to disposal of previous Audit Reports has not improved at all for want of compliance. The very purpose for which audit is conducted is defeated for non- compliance of audit objection/ irregularities pointed out in Audit Reports.

The Executive of the Nagar Parishad Madhepura is requested to take effective steps for furnishing compliance of audit reports early.

5. OVERVIEW

The Madhepura Nagar Parishad was financed by grants from State Government and its own resources. Summary of receipts and Expenditure of Nagar Parishad for six years from 2002-2003 to 2007-2008 is given below: -

Sl. No.	Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
1	Opening balance	31,90,897.11	36,54,057.61	36,20,779.61	43,72,729.56	31,51,808.56	5,15,099.56
2	Receipts						
	(i) Grants of State Govt.	12,63,550.60	33,41,960.00	18,48,057.00	17,44,850.00	12,22,303.00	18,41,366.00
	(ii) Own resources	9,42,465.00	2,91,854.00	8,87,930.50	14,17,012.00	7,28,789.00	22,45,346.00
4	Expenditure						
	(i) Establishment & recurring charges	17,42,855.10	36,67,092.00	19,84,037.55	43,82,783.00	45,87,801.00	N.A
	(ii) Execution of Schemes						
5	Closing balance	36,54,057.61	36,20,779.61	43,72,729.56	31,51,808.56	5,15,099.56	N.A
Details of Receipt / Expenditure, Annual Account not furnished. Up to Feb'08 furnished. C.B. up to Feb '08 Rs.-1,10,75,922.34							

6. IMPORTANT AUDIT FINDINGS

Sl. No.	Particulars	Para No.
1	Rent of shops outstanding-18.94 lakh	18
2	Non/short credit -8.46 lakh	20
3	Irregular appointment of O.S.D -1.77 lakh	23
4	Irregular payment T.A -0.05 lakh to Tennis players	24
5	Payment to daily wages -16.21 lakh	25
6	Wasteful expenditure- 10.70 lakh	28
7	Position of Schemes	29
	X F.C - 7 Incomplete -7.05 lakh	

	XI F.C + XII F.C 33 Incomplete -46.27 lakh	
8	(i) N.S.D.P. -12 Incomplete -14.82 lakh	36
9	S.J.R.Y -8 schemes -5 lakh	37
10	Advance outstanding -71.82 lakhs	47

7. SCOPE OF AUDIT

A list of records and registers produced and test checked has been given in **Appendix- IA** and another list **Appendix- I B** indicates the records and registers either not maintained or not produced to audit.

8. INTERNAL AUDIT

There are no specific provisions either in the Municipal Act, 1922 or its rules made thereunder for audit of the accounts of Municipality. But Bihar Municipal Accounts Rule 20, 64, 69, 70 and Recovery of taxes Rule 30, 31, 37 and 39 provides a number of internal checks which would be exercised either by the Chairman, V.C., executive Officer or any other responsible officer entrusted for the purpose by the commissioners at a meeting. Those checks were prescribed in the rule in order to have proper control in the maintenance; co-ordination and avoid such practices in the municipal accounts.

On scrutiny of the records of the municipality it was noticed that no such checks as prescribed in the above rules were conducted by any of the executive of the municipality and for want of that a lots of irregularities were noticed.

Had the municipal authorities conducted such checks at regular intervals, those irregularities already committed and other, if any, remained undetected could be avoided.

It is, therefore, impressed upon the authority to conduct regular checks to stop recurrence of such practice in future.

9. FINANCIAL POSITION

Against the cash balance of Rs. 14.90 lakh, the Nagar Parishad have the following liabilities.

		(In Lakh)
(i)	Miscellaneous outstanding viz payment, Daily wages, old employee's court cases as mention in agenda no. 02 of status Report 2007	152.00
(ii)	P.F Contribution of employees + Employer's	1.64
(iii)	P.F Contribution of employees + Employer's 4/96 to 2/02 (A.R No. 20/04-05 Para No. 62)	1.27
(iv)	Salary of employee's out standing till 31.03.08.	15.96
(v)	Energy Bill	10.00

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Thus, the Nagar Parishad Virtually closed with minus balance of Rs. 165.97 lakh on that date. The main reason for such minus balance the meager percentage of collection of taxes, more expenditure towards establishment and other recurring heads.

The Executives of the Nagar Parishad is, therefore, impressed upon to take effective measures to reduce the expenditure in establishment and other recurring charges and push up the minimum standard of 85 percent of collection to augment the resources in order to render proper and adequate civic services to the rate payments.

10. GOVERNMENT GRANT REGISTER

The Government Grant Register as required to be maintained in prescribed format under Rule 14 (A) of Bihar Municipal Accounts Rule 1928 was not maintained. The grant register was maintained and produced in the plain register.

The Government Grant Register may be maintained under Rule- 14 (A) ibid and shown to next audit.

The grant (Salary + stamp duty) received during the period 2002-2003 to 2007-08 were as follows, merged in the Municipal fund and utilised for payment of salary and allowance of the staffs:-

Sl. No.	Letter No. /Date/ Year	Amount (Rs.)	Purpose	Challan no. /Date of Credit	Remarks
1	N.V.V. 2858/11.x.02/ 02-03	1,83,762.00	Salary	3/31.02.02	P/L Account
2	N.V.V. 1133/21.03.04/ 03-04	1,77,084.00	„	2/ 31.03.04	„
3	N.V.V. 1098/20.04.05/ 04-05	1,72,818.00	„	1/ 09.05.05	„
4	N.V.V. 3167/26.09.05/ 05-06	76,810.00	„	3/ 18.01.06	„
5	N.V.V. 1075/30.03.06 / 05-06	1,53,620.00	„	05/ 31.03.06	„
6	N.V.V. 1267/22.03.07/ 06-07	1,19,856.00	„	05.06.07	H.S.S. A/c No. 4181 K.K.G. Bank.
7	N.V.V. 5263/26.11.07/ 07-08	11,98,560.00	„	29.03.08	Illrd State Finance Commission-23 employees Vth pay 295% DA + Rs. 50 Medical Allowance P/L
	Total-	20,82,510.00			

Audit Comment

Rs. 1,19,856.00 was credited in the H.S.S. A/c No. 4181 K.K.G. Bank, Madhepura contrary to instruction issued by N.V.V. Audit- 19-/ 2006/ 4688 N.V.V. 18.12.06. Salary grant, stamp duty receipt + own collection + Loans received required to be credited in the P/L Account.

11. STAMP DUTY

Rs. 47,22,744.00 was received by the Nagar Parishad. during the period 2002-2003 to 2007-2008. Out of which Rs. 44,39,924.00 was credited in the P/L Account as detailed below leaving Rs. 2,82,820.00 yet to be deposited in the P/L account. It was stated that amount was received on 24.02.08 pending with D.M. Madhepura for countersignature.

Rs. 44,39,924.00 was utilised for payment of salary / allowances to the staffs including daily wages and no development was incurred out of the fund, ibid instead of work to be executed in vide section 45 mentioned in chapter IV of Bihar Municipal Act, 2007 (N.V.V. letter No. 5693/ 20.12.07).

Sl. No.	Letter No./ date/ year	Amount	Date of credit in P/L account
1	2276/ 25.09.03/ 03-04	5,36,348.00	1/ 10.10.03
2	3077/ 30.12.03/ 03-04	3,63,790.00	1/01.01.04
3	425/ 21.02.04/ 03-04	1,53,620.00	1/ 31.03.04
4	2101/ 20.09.04/ 03-04	4,49,090.00	1/ 02.03.05
5	721/ 29.03.05/ 04-05	2,20,035.00	1/ 17.06.05
6	87/ 12.01.06/ 05-06-07	5,14,688.00	2/ 04.03.06
7	221/ 01.02.06/ 05-06	4,57,100.00	4/ 31.03.06
8	1561/ 31.03.06 /06-07	7,43,204.00	01/ Sep'06
9	2932/ 18.12.06/ 06-07	4,79,099.00	2/ 19.03.07
10	1672/ 12.06.07/ 06-07	5,22,950.00	1/ 04.01.08
11	297/ 31.x.07/ 07-08	2,82,820.00	Not credited till 31.05.08

12. LOAN REGISTER

Loan Register as required to be maintained in form XXI under Rule 88 of Bihar Municipal Accounts Rule 1928 was not maintained. The Loan Register may be maintained and shown to next audit. The details of loan received by the Parishad during the period under audit is as under-

Sl. No.	Letter No./ date/ year	Amount Rs.	Purpose	Date of credit it P/L A/c
1	2859/ 11.X.02/ 02-03	1,83,762.00	Salary	2/ 31.12.02
2	1134/ 21.03.04 /02-03	1,77,084.00	„	3/ 31.03.04
3	1098/ 20.04.05 /04-05	1,49,779.00	„	01/ 09.05.05
		Rs. 5,10,625.00		

As, Loan Register was not maintained loan outstanding with interest incurred till 31.03.08 could not be ascertained.

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13. BUDGET

Budget estimate for the year 2002-2003 to 2007-2008 were not prepared according to the provisions of Rule 8 of Bihar Municipal Accounts, Rule 1928 and for sanction of Budget Estimate as contained in sections 71 to 76 of the Municipal Act, 1922.

The Budget Estimate for the ensuing year required to be placed before Board for Sanction. (Under section 82(5) of Bihar Municipal Act 2007) on or before 15th February of each year. But the Budget for ensuing years were not placed before Board for Sanction on or before 15th February of each year. Even the Budget Estimate placed before board were not sanctioned/ approved.

Sl. No.	Year of Budget	Date of Placement before Board	Remarks
1	2002-2003	23.09.02	Not, placed & not approved
2	2003-2004	23.04.02	-Do-
3	2004-2005	Till 02.07.04 not prepared	
4	2005-2006	Not made available	
5	2006-2007	-Do-	
6	2007-2008	-Do-	

As the Budget Estimate for the year under audit were not sanctioned /approved by the Board as such under Section 75(2) of the Bihar Municipal Act 1922. entire expenditure during the year 2002-2003 to 2007-08 is held under objection.

14. SHORTFALL IN REVENUE AND INFLATED BUDGET OF EXPENDITUE

The inflated Budget of Receipt / Expenditure was prepared (Though no sanctioned/ approved by the Board) for instances as follows: -

Year	2002-2003	2003-04	2004-05	2005-06	2006-07	2007-08
Budget	N.A	N.A	64,46,500.00	72,48,000.00	67,82,248.00	81,00,000.00
As per Actual	4,55,113.00	4,55,141.00	6,76,916.00	7,93,912.00	21,54,248	46,46,558.00
			10.5%	10.95%	31.8%	57%
Target fixed by State Govt. vide letter No. 4 न (2)- 106/96/न०वि०वि० 23.06.05			10.5%	11.76%	31.8%	57%

The inflated Budget of Receipt for the year (05-06) 11.76%, (06-07) 31.8% & (07-08) 57% achieved. Budget Estimate Receipt for the year 2002-2003, 2003-04 & 06-07 were could not be ascertained.

Inflated Budget Expenditure

Sl. No.	2002-2003	2003-04	04-05	05-06	06-07	07-08
Budget	N.A	18051700	22017000	20996000	N.A	5115000.00
Actual	1928140.00	3781459.00	3910861.00	4382783	4587801.00	-
Expenditure incurred		21%	18%	21%	N.A	N.A

The inflated Budget on account of expenditure was prepared during

2003-04	79%
2004-05	82%
2005-06	79%

15. SANCTIONED STRENGTH AND MEN-IN-POSITION

The following abstract would show the position of sanctioned strength and men-in-position of the employee's -

Sl. No.	Name of the post	Sanctioned Strength	Men-in-Position	Vacant
1	Head clerk cum Accountant	01	01	-
2	Assistant	03	02	01
3	Assistant Tax Daroga	01	01	-
4	Tax- Collector	04	04	-
5	Jamadar	02	01	01
6	Grade IV	04	03	01
7	Sweeper	32	10	22
8	Night Guard	01	01	-
	Total-	48	23	25

The sanctioned strength declared & approved by the State Government on the Basis of Pay-revision committee for local Bodies employees, Bihar, during 1970, was only for 45 employees. Letter of sanctioned strength increased by 3 employees was not shown to audit.

Sanctioned strength increased by three (specific with post) employees may be pointed out at the time of next audit.

16. DEMAND AND COLLECTION REGISTER

Demand and Collation register is a basic need to watch and monitor the collection of revenue of the Nagar Parishad. In absence of Demand and collation register, the cases of short or Non-collection, omission in collection of taxes for intervening period and corrections of arrear collection may not be watched. But, this Nagar Parishad did not maintain the demand and collection register. As such, the works of collection of taxes were completely thrown into the

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hand of tax collectors and there was complete lack of financial and administrative control of the Executives over the collection of taxes. Under the circumstances, the possibilities of leakage of revenue may be ruled out.

The Executives for proper and early maintenance of demand and collection register may take up effective steps.

Nagar Parishad had not imposed license fee for offensive and dangerous trade, professional tax, and advertisement taxes. These taxes may be imposed and collected for augmentation of revenue of Nagar Parishad.

17. **ASSESSMENT OF HOLDING TAX**

The assessment of holding tax under section 98 (1) (2) of the Bihar Municipal Act 1922 was conducted and implemented during 1982-83.

Under Section 106 of B & O Municipal Act 1922 revision and valuation of holding tax was not done during 1987-88, 1992-93, 1997-98, 2002-2003 & 2007-08.

The assessment list is based on valuation of 1982-83 though State Govt. directed each Municipality/ NAC Municipal Corporation vide letter No. 541/ N.V.V. dated 24.04.1996 with rate adopted & approved by the State Government in the case of Ranchi Municipal Corporation for assessment of holdings.

The implementation of assessment list is subjudice vide C.N.J.C/ 99 in Patna High Court.

(ii) As pre assessment list produced to audit for the then ward No. 1, 2, 3, 4, 5, 7, 8, 11 & 12 total number of holding was 2593 (Assessment list for ward No. 6, 9, 210 not produced) duly authenticated by the Executive Officer (82-83) during 07-08 it was 2759 i.e. 166 holding were increased during the 83-84 to 07-08 but valuation list of 166 holding were not authenticated by any officer of the Nagar Parishad.

The valuation of 166 holding under section 106 of B & O Municipal Act 1922 not done by Executive Officer/ Chairman.

The authority may make survey of Nagar Parishad area. and assessment under Section 106 be done to increase the revenue of the Nagar Parishad along with residencies Hotels & shops.

Position of holding as per B.P.L. list as on 20.05.08 was as under for each head of family as residing in holding 16, 676 which is for less than 16676- 2,759 = 13917

General	1765
Schedule cast	1857

Schedule Tribe	292
Backward	8728
Below Backward	1928
Minority	2106
Total-	16,676

Abstract Of Assessment Register

Sl. No.	Ward No.	No. of holding as per 1982-83	No. of holding as per 07-08	Valuation of holding as per 07-08	Holding Tax	Latrine Tax	Education cess	Health cess
1	1	580	592	1,78,725.00	16,085.25	8936.25	8042.62	8042.62
2	2	225	244	21,615.00	1945.35	1080.75	972.68	972.68
3	3	217	236	62,436.00	7296.42	2053.74	3648.21	3648.21
4	4	217	238	48,355.00	4351.95	2417.75	2175.98	2175.97
5	5	127	137	20,025.00	1802.25	1001.25	901.12	901.12
6	6	N.A	-	-	-	-	-	-
7	7	197	225	6,09,920.00	54,892.80	30,496.00	27,446.40	27,446.40
8	8	292	317	2,70,015.00	24,301.35	7,546.25	12,150.67	12,150.68
9	9	N.A	-	-	-	-	-	-
10	10	N.A	-	-	-	-	-	-
11	11	224	231	2,43,347.00	21,901.23	12,167.35	10,950.62	10,950.62
12	12	514	539	1,55,370.00	13,983.30	7,768.50	6,991.65	6,991.65
	Total-	2593	2759					

18. RENT OF SHOPS

Nagar Parishad, possess. 113 shops vide detailed in **Appendix-II** to the report according to which Rs. 18,94,302.00 as on 31.03.08 on account of rent was outstanding to be collected from shopkeepers.

Rs. 18,94,302.00 may be recovered and credit in the fund may be pointed out at the time of next audit.

19. (i) SETTLEMENT OF GUDRI HAT

The Gudri Hat for the year 2004-05 was settled with Sri Shambhu Kumar Yadav for Rs. 2,28,000.00. Rs. 2,10,500.00 was deposited by Sri Yadav as under-

	Rs.
M.R. No. 929 dt. 13.07.04	1,28,000.00
M.R. No. 930 dt. 13.07.04	65,500.00
M.R. No. 984 dt. 22.09.04	10,000.00
M.R. No. 617 dt. 09.12.04	7000.00

Total-	2,10,500.00
Balance remained non-credit	17,500.00
	2,28,000.00

Rs. 17,500.00 may be recovered from Sri Shambhu Kumar Yadav, bidder failing which amount stands recoverable from Sri Shashi Bhusan Yadav the then Executive Officer (27.05.04 to 12.02.06) failed to recover through even legal proceeding

19.(ii) SETTLEMENT OF ARGARA

Argara was settled during 2002-03 with Sri Bhupendra Yadav for Rs. 6160.00. Credit not pointed out to audit. Rs. 6160.00 may be recovered and credit may be pointed out at the time of next audit.

20. NON-CREDIT/ SHORT CREDIT

(i) Rs. 9,200.00 was collected by Sri Sunil Kumar Chaudhary, the then cashier to deposit in the Nagar Parishad fund was not credited in the fund as detailed below.

Collection received from Sri Radha Prasad Sah Tax Collector and receiving recorded on D.C.R.

Date	Amount
18.03.04	4,000.00
25.08.04	2000.00
26.08.04	500.00
08.08.05	2700.00
Total-	9,200.00

Rs. 9,200.00 stands recoverable from Sri Sunil Kumar Chaudhary.

(ii) Non/Short credit stands with following officials stands recoverable from person(s) concerned as detailed below:-

Sl. No.	Name of T.C.	Sl. No. of Appendix	Amount outstanding (Rs.)
1	Sri Jagarnath Yadav	1	3,04,971.75
2	Sri B.N. Prasad Mahto O.S.D	2	6,531.00
3	Sri Dilip Kumar Singh	3	31,523.00
4	Sri Radha Prasad Sah	4	13,475.00
		8	9,918.00
5	Sri Ashok Kumar Yadav	5	19,046.60
6	Sri Sachidanand Yadav	6	1,265.00
7	Sri Girish Kumar Singh	7	1,50,089.00
		Total-	Rs. 5,36,819.35

(vide detailed in **Appendix- III** of the report)

(iii) NON/SHORT CREDIT COMMITED BY SRI DEEPAK KUMAR, CASIHER

(a) The amount collected but utilised for the Nagar Parishad fund towards expenditure in the interest of Nagar Parishad. The details of expenditure was maintained in the shape of vouchers duly passed by Executive officer contrary to Rule 21 of Bihar Municipal Accounts Rule 1928 was Rs..2,99,844.50 (Vide detailed in **Appendix- IV** of the report.)

(III) (A) Rs. 5,591.00 was collected by Sri Deepak Kumar & Sri Md Salam, Assistant on account of Birth+ Death-

Sri Deepak Kumar	Rs. 4,462.00
Sri (Md) Salam	Rs. 1129.00
Total-	5,591.00

Rs. 5,591.00 may be recovered from person(s) concerned and credit in the fund may be pointed out at the time of next audit.

(iv) Rs. 5,76,836.00 was collected through M.R. as under

M.R No. 4101 to 4199/ 09.04.02 to 09.07.02	Rs. 3,40,446.30
M.R No. 4301 to 4400/ 25.07.02 to 30.12.02	Rs. 2,36,390.00
Total-	5,76,836.30

Rs. 5,74,870.00 was deposited by Sri Deepak Kumar leaving balance Rs. 1,966.00 however Rs. 1,966 was deposited on 30.05.08 at the instance of Audit (K.K.G) A/c No. 4181.

(v) Rs. 4,122.00 was collected by Sri Deepak Kumar as under was not credited in Nagar Parishad fund.

Sl. No.	M.R. No.	Date	Amount	From whom received
1	401	12.04.03	450.00	Sri Umesh Bhagat on a/c of Rent
2	402	12.04.03	450.00	Sri Gansh Bhagat
3	403	12.04.03	450.00	Sri Rabindra Gosawami
4	405	15.04.03	2772.00	Sri Radha Pd. Sah
(406 to 4100 Blank)			4122.00	

Rs. 4,122.00 however deposited at the instance of audit on 30.05.08 K.K.G. A/c No. 4181.

21. CASH BOOK

Cash book for the period 2002-03 to 2004-2005 produced in audit contained the following irregularities:-

- (i) Head of receipt and expenditure were not clarified.
- (ii) In some cases, amount drawn for payment of advance were not indicated in the cash book.
- (iii) Entry in the cash book was not signed and authenticated by the Executives.
- (iv) Transactions relating to different bank accounts (receipts and expenditure) were not clarified and entered in the cash book.
- (v) In almost all cases, voucher nos. and cheque no. was not recorded in the cash book against withdrawals/ payment.
- (vi) Two sets of cash books were maintained for the period 01.04.2005 to 31.03.2006 and each cash book indicated different transactions. The present Accountant/ Cashier could not clarified the correct position.

22. MAINTENANCE OF ACCOUNTS

Despite suggestion in the last and previous audit reports, the position of maintenance of accounts of Nagar Parishad did not improve since 1997-98 and reached to worst position during current audit. Thus, the position is deteriorating from year to year. During audit, the present Accountant and the Cashier did not attend audit properly and were not interested in knowing the shortcomings in the maintenance of several important records and registers such as: -

(i)	Govt. grant register
(ii)	Govt. house register
(iii)	Loan Appropriation register
(iv)	Monthly, Quarterly and Annual Account of receipt and expenditure
(v)	Advance ledger
(vi)	Accountant cash book (2005-2006 to 2007-2008)
(vii)	Cashier's Cash Book
(viii)	Demand and collection register of tax's and fee
(ix)	Assessment register
(x)	Store and Stock account
(xi)	Property registers etc. were not maintained.

Staff of the Nagar Parishad showed nil interest in proper maintenance and improvement in maintenance of accounts.

Non-or defective maintenance of account is fraught with danger and may lead to serious financial irregularities. Hence, effective and immediate steps need to be taken for early and proper maintenance of accounts.

23. IRREGULAR APPOINTMENT OF OFFICER ON SPECIAL DUTY.

Sri Bishwanath Prasad Mahto, Retired Deputy Collector (31.03.96) Establishment Madhepura was appointed as Officer on Special Duty to Nagar Parishad, Madhepura, vide resolution No. 9 (Misc) dated 02.07.04 (Smt Nirmala Devi Chairman) and appointment letter No. 239 dated 03.07.2004 issued in favor of Sri Mahto and accordingly he joined on 05.07.04

Audit Comment

According to Section 42 (a) of the Bihar Municipal Act, 1922, creation of posts, the duties, qualifications and procedure for appointments is vested in the power of the State Govt.

There is no such post created by the state Government even for Nagar Parishad Madhepura.

Board is also not empowered to appoint any of staffs of the Nagar Parishad, Madhepura.

Executive Officer is appointed by the State Government under Section 37(A) of Bihar Municipal Act, 1922 is available at Parishad.

Sri Mahto was appointed on fixed remuneration of Rs. 5,000 W.E.F. 05.07.04, date of joining at the age of 66 contrary to section 36 (9) of B.M. Act. 2007

Rs. 1,76,453.00 (05.07.04 to 31.03.08) was paid to Sri Mahto as honorarium (Vide detailed in **Appendix- V** to the report).

It is, therefore, reported to the Examiner of Local Accounts, Bihar, Patna for consideration whether the sum of **Rs. 1,76,453.00** representing payment which appears to be contrary to Law should not be recovered by Surcharge under Section 9(I)(a) of Bihar and Orissa, Local Fund Act 1925 from the following person(s) who were responsible for the loss.

(i)	Chairman-	Smt Nirmala Devi, ward No. 4 (New) Purani Bazar, Madhepura
(ii)	Executive Officer	Sri Shashi Bhusan Yadav, appointment letter was issued by him as per order of the Board and did not oppose in the light of Act/Rule of the Municipality.

(Vide detailed surcharge **statement No. 1**)

24. PAYMENT OF Rs. 5,000 (06-07) TO STATE TABLE TENNIS ASSOCIATION MADHEPURA, OUT OF MUNICIPAL FUND.

Sum of Rs. 5,000.00 was paid to Sri Dilip Kumar Jha, secretary D.T.T.A. Madhepura vide cheque No. 0195863 dated:- 12.08.06 for payment of Travelling allowance bill to the players of Table Tennis Association, Madhepura vide resolution No.-8, dated-28.07.06 (organised during the period 20.08.2006 to 23.08.2006).

According to Resolution ibid chairman of the Nagar Panchayat Madhepura herself agreed to pay the fund but it was presumed that to be paid out of Nagar Panchayat fund contrary to resolution ibid and provisions of section 68 of Bihar Municipal Act 1922.

It is therefore, reported to the Examiner of Local Accounts Bihar, Patna for consideration whether the sum of **Rs. 5,000** representing payment which appears to be contrary to law should not be recovered by surcharge under section 9(i)(a) of Bihar and Orissa Local Fund Act 1925 from the following person(s) who were responsible for the loss.

(i)	Chairman-	Smt Nirmala Devi, ward No. 4 (New) Purani Bazaar, Madhepura
(ii)	Executive Officer	Sri Surendra Prasad Singh, E.O. Bacha Singh Road, Hazaribagh as the fact was not pointed out to the Chairman in writing in the concerned file No. 31-4/2006.

(Vide detailed in Surcharge statement No. 1)

25. IRREGULAR PAYMENT TO CASUAL EMPLOYEES APPOINTED ON DAILY WAGES

The Government of Bihar Urban Development Department letter No. 4410 dated 01.08.74 in which it clearly laid down that Government sanction was essential for creation of post, appointment, promotions, extension of service of staff and sanction of allowances.

Further, Government of Bihar, Urban Development Department vide letter No. 4/ 71 to – 1-6012/76 – 9827 prohibited appointment beyond sanctioned strength and appointments of temporary casual staffs.

39 daily wages were employed out of which 15 daily wages were engaged beyond sanctioned strength contrary to ibid order.

Abstract Of Employee's On Daily Wages

Sl. No.	Post of employees	Employed on daily wages	Vacant as per sanctioned strength	Excess over sanctioned strength
1	Sweeper	35	22	13

2	Amin	1	Nil	1
3	Tractor Driver	1	Nil	1
	Total-	37	22	15

Further Department of Urban Development letter No. 4/7स- 1-801/79-288 dated 25.05.79 instructed all the Local Bodies not to appoint any person on casual or daily wages basis. It inter alia warned that any authority violating these instructions would be liable to be surcharged for the amount paid on this account.

Contrary to above instruction Nagar Parishad engaged 39 daily wages staffs and spent Rs. 16,20,688.00 during the period under audit.

2002-03	1,77,156.00	From Actual Budget Expenditure
2003-04	259857.00	
2004-05	288487.00	
2005-06	275284.00	
2006-07	182431.00	
2007-08	437473.00	
Total-	Rs. 16,20,688.00	

Rs. 16,20,688.00 is held under objection pending approval of the Nagar Vikas Vibhag Patna.

However vide Resolution No. 5940 dated 18.06.93 persons appointed after 01.08.85 (कार्मिक एवं प्रशासनिक सुधार) have to be terminated from service. The date of actual appointment with specific order of Executive office not made available to audit.

25. (A) PAYEE'S RECEIPT WANTING

Rs. 1,94,179.32 (Vide detailed in Appendix- V (A) of the report) was shown payment to audit without payee's receipt of the recipient by cashier Sri Deepak Kumar.

The payee's Receipt from recipient may be obtained and shown at the time of next audit failing which amount shown paid without payee's receipt stands recoverable from Sri Deepak Kumar, Cashier, as entire amount was paid in cash as per acquittance Roll.

26. SCHEME NO. 01/ 2004-05

Repairing Of Chairman Quarter, Z.P Madhepura

Rs. 56,400.00 was received for execution of scheme entrusted by Z.P. Madhepura, vide order No. 935/21.07.04 credited in the K.K.G. on. 09.07.04. The work was completed (Agency Sri Deepak Kumar cashier) as under.