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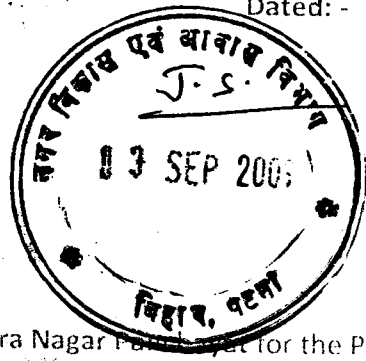
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT), BIHAR
(LOCAL AUDIT WING), PATNA - 800001

No. L. A. Sur/ 2061

Dated: - 31.08.09

To

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



Sir,
1/19

Audit Report No.-241/2009-10 on the accounts of Rosera Nagar Panchayat for the Period 2006-07 to 2008-09 is enclosed for your kind information and necessary action.

Encl: -As above

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8/9/09

Yours faithfully

(Signature)
31.8.09

(Manoj Kumar)
Sr. Audit Officer/Surcharge

✓

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

A. R. No.:- 241/2009-10

Introduction

The accounts of the Rosera Nagar Panchayat for the year 2006-07 to 2008-09 were test audited by on audit party of the office of the Principal Accountant General (Audit), Bihar. (Local Audit Wing), Patna during the period 18-05-2009 to 27-06-2009.

2. Administration

(A.) Chairman/Chairperson

1. Sri Satendra Kumar Nayak- 01-04-2006 to 08-06-2007
2. Sri Smt. Renu Devi- 09-06-2007 to 31-03-2009

(B.) Vice- Chairman/Chairperson

1. Sri Sham Babu Singh 01-04-2006 to 08-06-2007
2. Sri Sanjive Kumar Pradhan 09-06-2007 to 31-03-2009

(C.) Executive Officer

1.	Sri Satis Charan Jha, Executive Engineer	01-04-2006 to 03-02-2008
2.	Sri Rajni Ranjan Gupta, BDO, Rosera	04-02-2008 to 03-09-2008
3.	Sri Lalit Narayan Dubey, Executive Magistrate	04-09-2008 to 05-07-2009
4.	Sri Rabindra Prasad, DCLR	06-03-2009 to 31-03-2009

3. Previous Audit Repots

Despite repeated requests and reminders regarding disposal of Para outstanding in previous Audit Reports no reply was submitted during audit. The present position of Para outstanding is as under:-

A.R. No.	Period of audit	Para outstanding	
10/1995-96	1992-93 to 1993-94	28	As per figure
16/1996-97	1994-95 to 1995-96	32	noted in A/R

57

33/2000-01	1996-97 to 1999-2000	41	no.- 557/2006-
557/2006-07	2000-01 to 2005-06	35	07 para no.- 3

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

The Executive Officer of the Rosera Nagar Panchayat is requested to take effective steps for furnishing compliance of audit reports early.

4. Scope of Audit

A list records and registers produced and test checked in audit has been given in Appendix- I to the report and another list showing records and registers either not produced in audit or not maintained by the Nagar Panchayat has been given in Appendix- II to the report.

5. Over view

The Nagar Panchayat was financed by grants from State Government, Central Government and its own source. A summary of receipts and payments of P.I. Account for the period under audit is given below:-

	2006-07	2007-08	2008-09
Opening balance Receipt	1631517-16	681929-16	5499160-16
Salary	247593	2475936	1979390
Additional Stamp duty	---	799183	---
12 th FC	---	1280275	640139
Sinking of Tube well	---	1324080	---
Construction of office building	---	2887875	---
Own source	2496098	2871699	4152836
Total Receipt	2743691	11639048	6772365

Total	4375208.16	12320977.16	12271525.16
Expenditure	3693279.00	6821817.00	6207637.00
Closing Balance	681929.16	5499160.16	6063888.16

However, balance at Sub-Treasury Rosera on 31-03-2009 stood at Rs. 93,48,771.16. The difference in closing balance was not reconciled. The same may be reconciled and shown to next audit.

6. Important Audit Findings

Sl. No.	Para No.	Particulars	Amount (In Rs)
01	7(G) 2	IDSMT Grant and status of schemes	54,600 00
	7(G) 3	NSDP Grant and its status	1,76,045 00
02	8	Cash Book PL A/C	
03	9	Lodgment of Fund	
04	10	Internal Audit	
05	13	Government Grant	
06	24	Position of Schemes	
07	15	Diversion	3,38,100 00
08	16	Temporary Misappropriation which deposited at instance of Audit	2,04,001 5
09	17(A)	Non/Short credit	54,380 55
10	17(B)	Non/Short credit	4,68,739 00
11	17 (C)	Non/Short credit	2,760 00
12	17(D)	Non/Short credit	88,253 00
13	18	Sales Tax/Royalty deposit Challan not produced	9,39,952 00
14	20	Non realisation of tax from Mobile Tower	
15	21	Huge outstanding Taxes on holding	43,73,435 15

55

16	25	Civil works	
17	27	Purchases of cement	27,84,240-00
18	28	Daily wages	10,33,541-00
19	30	Payment of gratuity & leave salary	6,36,656-00
20	33	Advances outstanding	28,11,799.13

7. Position of other Cash Books

The Nagar Panchayat Rosera maintained several other cash book in addition to P/L A/C. The position of receipt and payment as per cash book was as under:-

(A) NSDP/SJSRY (A/C 7815)

	2006-07	2007-08	2008-09
Opening balance	23,11,676.00	8,76,267.00	2,00,614.00
Receipt	Nil	Nil	Nil
Total	23,11,676.00	8,76,267.00	2,00,614.00
Expenditure	14,35,409.00	6,75,563.00	15,000.00
Balance	8,76,267.00	2,00,614.00	1,85,614.00

(Worked out in Audit)

Monthly receipt and payment were prepared at the each month. The expenditure for the month of September 2006 was Rs. 2,40,000-00 but the same was shown as nil in the monthly receipt and payment prepared at the end of September 2006. This resulted in increase in closing balance. The necessary correction may be done and shown to next audit.

Transfer from A/C No.- 7815

The scrutiny of the cash book of A/C no. 7815 revealed that a total sum of Rs. 6,75,653-00 were transferred from that A/c to different A/Cs, details given below:-

Sl. No.	Voucher No.	Date	Transferred to	Amount (In Rs.)
1.	01	08-08-2007	USEP A/c No.- 34085	2,25,000-00

54

			(SBI Aocera)	
2.	02	08-08-2007	USEP A/c No.- 7814	2,42,711=00
			(CBI Rosera)	
3.	03	08-08-2007	USEP Training A/C no.- 10604	1,52,000=00
4.	04	08-08-2007	A/c No.- 9599 (CBI Rosera)	55,312=00
Total				6,75,023=00

The reason for transfer was not pointed out. The same must be pointed out in next audit.

(B) UD IDSMT (A/C 7815)

Cash book not written

Total grant received Rs. 14,07,90,250 00 on 04-09-2008. No expenditure was made during 2008-09.

(C) SJSRY (USEP) A/c no.- 7814

Cash Book of this account was not written after February 2003, the balance was Rs. 2,62,178=75.

The cash book may be written and produced in next audit.

(D) Rastria Samaikash Yojna A/c No.- 14948

	2007-08	2008-09=00
Opening balance	Nil	4605829 00
Receipt	6297661 00	4420560 00
Total	6297661 00	9026389 00
Expenditure	1691832 00	7476450 00
Balance	4605829 00	15,49,939 00

(E) UDD

	2006-07	2007-08	2008-09
Opening balance	Nil	676125 00	151125 =00
Receipt	4644000 00	Nil	Nil
Total	4644000 00	676125 00	151125 =00

53

Expenditure	3967875 00	525000 00	Nil
Closing Balance	676125 00	151125 00	151125 00

(F) SJSRY (Subsidy) A/c No.- 9599

	2006-07	2007-08	2008-09
Opening balance	174134 05	215155 69	219564 39
Receipt	136648 04	24064 00	63238 00
Total	310782 09	239219 69	282802 39
Expenditure	95626 40	19655 30	67830 00
Closing Balance	215155 49	219564 39	214972 39

(G) Integrated Development of small and medium Town

IDSMT

	2006-07	2007-08	2008-09
Opening balance	68,40,884 00	18,55,572 00	13,00,572 00
Receipt			
Grant	25,000 00	---	---
Interest	2,09,903 00	---	---
Other	25,000 00	3,00,000 00	---
Total	2,59,903 00	3,00,000 00	---
Total Balance	71,00,787 00	21,55,572 00	13,00,572 00
Expenditure	52,45,215 00	8,55,000 00	Nil
Closing balance	18,55,572 00	13,00,572 00	13,00,572 00

Audit observation

(1) Bank Pass Book/Statement (A/c No.- 3563, Samastipur, Kshetriya Gr. Bank, Rosera) was produced on the last day of audit. As such comparison with cash book & bank A/c could not be done.

(2) Non completion of scheme/objective

The Government has sanctioned scheme of at an estimated cost of Rs. 199.40 lakh under IDSMT for Rosera town as mentioned in letter No.- 3 नमि०/आइ०डी०एस०एम०टी०- 03 / 2005 - 20 / न० वि० वि० / 07.02.

2005. For execution of approved projects schemes, the funding pattern was fixed as under:-

Sl. No.		Lakhs
01	Central Grant	89.78
02	State grant	59.82
03	FIS/other	49.85
Total		199.40 Lakhs

Out of sanctioned scheme, the Nagar Panchayat received Rs. 74.77 lakhs (Central share 44.87 lakh state share 29.90 lakh against estimated value 199.40 lakh vide letter no.- 3 न०नि० / आइ० डी० एस० एम० टी० - 01 / 05 / 155 / न० वि० वि० / 30 - 03 - 2005. Out of approved 11 items of work to be done at an estimated cost of Rs. 199-40 lakh, only 6 items at an estimated cost 100 lakh were taken up during 2005-06 vide statement no.- 1 to the report.

Audit Objection

(1) Non-completion of schemes

It would appear from the statement that out of 6 schemes no any scheme was completed till date, where as per workorder 4 schemes were to be completed upto 31-07-2006, one upto 31-07-2007 & other one scheme has not yet started (Scheme no.- 1/2005-06).

The circumstance under which the schemes were not completed despite lapse of more than 3 years was not pointed out to audit.

As such, the objectives of grant was defecated and the Nagar Panchayat was also deprived of the revenue which it would have received in the shape of rent from the commercial schemes such as scheme no.- 1/2005-06, 2/2005-06, 3/2005-06.

Steps may be taken to get the schemes completed.

(51)

(2) Schemes no.- 1/2005-06

A total sum of Rs. 315000 (Rs. 15000 on 31-03-2006, Rs. 3,00,000 on 02-01-2007) was advanced to Shri Shyamundar Jha, Safai Jamadar for execution of scheme. But the work could not be started due to non-availability of site. The site was to be cleared by dismantling of old commercial building.

The work was not commenced but the second advance of Rs. 3,00,000.00 was given to the agency on 02-01-2007. Which was returned on 17-05-2008 vide MR No.- 924 dated 17-05-2008 i.e. after 1.5 years.

Thus, the payment of 2nd advance of Rs. 3 lakh was highly irregular and more over keeping it for 1½ years by the executing agent and then returning it was also irregular. The 1st advance of Rs. 15,000/- was not refunded by the executing agent.

The first advance with penal interest @ 8% per annum for 3 years i.e. Rs. 18600.00 (Interest Rs. 3600) and penal interest @ 8% for Rs. 3,00,000/- for 1½ years i.e. Rs. 36000/- may be recovered from the executing Agent. Hence a total sum of Rs. 54600/- stands recoverable from him.

(3) Balance advance to be reconverted.

Scheme No.- 3/2005-06

Shri Shashishekar Prasad T.D was appointed executing agent for this schemes. He was advanced Rs. 3,69,000/- (Est cost 17.55 lakhs) for execution of the scheme which was to be completed by 31-07-2007. But he retired on 31-07-2008 without completing the scheme.

As per MB (measured by J.E on 28-06-2008) value of work done was Rs. 2,00,164.00 and the Rs. 1,92,955.00 (the MB was not checked/verified by E.E.)

The work may be got inspected by competent technical authority and MB may also be checked by him. The balance of Rs. 1,76,045 00 in hand of the agency may be recovered and work allotted to some one else and got

completed. Steps may also be taken to adjust the advance of Rs. 1,92,955.00 (3,69,000-1,76,045) by furnishing of bill.

(4) Scheme no.- 4/2005-06

Similarly against scheme no.- 4/2005-06 of estimated cost 9.43 lakh, the executing agency Shri Shasishekar Prasad Retd. Tax Daroga received a total sum of Rs. 8,20,785 (Cash Rs. 6,15,000/- and cement 1345 bags worth Rs. 205785).

As per MB measured by J.E value of work done was Rs. 756714 (date of measurement 19-11-2008) M.B was not checked by F.E.). Therefore, excess of Rs. 64071 (820785-756714) retained by Sri Prasad may be recovered. The work may be transferred to someone else to get the work completed. Steps may also be taken to adjust the advance of Rs. 7,56,714.00 by turning the bill for execution of scheme.

(7)(II) Reconciliation

The balance of cash books were not reconciled with balance at bank. Description of balance were as under:-

Sl. No.	Name of cash book	Balance (In Rs.)	Name of Bank/A/c No.	Balance (In Rs.)
01	NSDP/SJSRY	1,85,614.00	Central Bank of India Rosera.	144419402 24
02	UDIDSMT	140790250.00	A/c No.- 7815	
03	SJSRY (USEP)	262178.75	Central Bank of India Rosera. A/c No.- 7814	58460 75
04	Sumaikash Yojna	1549939.00	Central Bank of India Rosera, A/c No.- 14948	1635959 00
05	UDD	151125.00	Samastipur Khetria Gramin Bank,	257402 00

49

06	SJSRY (Subsidy)	214972-39	A/c No.- 371601 Central Bank of India Rosera, A/c No.- 9599	254282-39
07	IDSMT	1300572-00	Samastipur Khetria Gramin Bank, A/c No.- 356301	1713145-00

Non reconciliation of cash book balance with bank balance/Try best may leads to serious financial irregularities and thus the differences may be reconciled and shown to next audit.

8. Cash Book PL A/C

Perusal of cash book (PI A/c) revealed the following irregularities.

- (1) The cash book was not maintained properly and there were a lot of cutting and over writings noticed.
- (2) The head/classification of receipt and payment was not done.
- (3) The receipt side, in most of the cases did not have mention of letter no, from whom received, type of revenue etc.
- (4) The petty vouchers were paid through self cheques drawn by the cashier but were not having payees receipt in most of the cases.
- (5) The cash book was not reconciled with bank.
- (6) Monthly A/c, quarterly A/c and Annual A/c were not prepared.

9. Lodgment of fund.

Section 66 of Bihar and Qrissa Municipal Act 1922, laid down that unless the State Government otherwise directs all sums received on account of Municipal fund shall be paid into government Treasury on into any bank used as a Government Treasury. But it was found that over and above one personal Ledger (PI.) Account in the sub-treasury Rosera, the Nagar Panchayat maintained several other accounts in different banks without getting proper sanction of the Government as detailed below:-

(1)	Treasury Pl. A/C	
(2)	Central Bank of India, Rosera,	A/c No.- 14948
(3)	Central Bank of India, Rosera,	A/c No.- 7815
(4)	Central Bank of India, Rosera,	A/c No.-7814
(5)	Samastipur Khetria Gramin Bank	A/c No.-356301
(6)	Samastipur Khetria Gramin Bank	A/c No.-371601
(7)	Central Bank of India, Rosera	A/c No.-9599
(8)	-----	A/c No.-10604

Maintenance of several bank account without sanction of the Government is irregular and it also creates a lot of difficulties in proper maintenance of accounts. Exposit facts sanction may be obtained for the same & minimum bank accounts may be maintained.

10. Internal Audit.

There is no specific provision either in the Bihar and Orissa Municipal Act, 1922, or in the rules made there under for internal audit of the accounts of Nagar Panchayat. There is provision for internal audit under section 97 of the Bihar Municipal Act 2007 but neither the state Government nor Nagar Parishad/Panchayat has made may provisions in this regard. However, rule 20, 30, 64, 69 and 79 provides a number of internal checks which would be exercised either by the Chairman, Vide-Chairman, Executive Officer or any other responsible Officers entrusted in order to have proper control in the maintenance, co-ordination and also to avoid such practices in the Nagar Panchayat Accounts.

The scrutiny of records of the Nagar Panchayat revealed that no such checks as prescribed in the above rules were conducted by any of the Executives of Nagar Panchayat, Rosera and for want of that a lot of irregularities were noticed. Had the Nagar Panchayat authorities conducted such checks as prescribed in the above rules at regular interval, those

47
irregularities already committed and other if any, remained uneducated could have been avoided.

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

11. Budget Estimate.

Under section 71 & 73 of Bihar and Orissa Municipal Act 1922 the budget estimate should be prepared and sent to the Government latest by 15th February for each ensuring year.

Budget estimate files for 2007-08 and 2008-09 were produced in audit.

The position of preparation of budget, passing by the board and sent to the Government were as under:-

	2007-08	2008-09
Date of preparation	05-04-2007	18-03-2008
Date of passing by board	10-04-2007	03-05-2008
Date of sending to Government.	12-04-2007	Not available

From the above it is clear that budget estimate was not prepared timely. Whether budget for 2008-09 was sent to Government or not was not pointed out.

Budget estimate may be prepared/passed in timely in future as prescribed under Municipal Act.

12. Non preparation of Annual Accounts.

Annual accounts for the period 2006-07 to 2008-09 were not prepared by the Nagar Panchayat. As such the comparison between the budget estimate with actual figure of receipt/expenditure could not be done in audit.

For want of annual account the correct financial position of Nagar Panchayat could also not be depicted.

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

46

13. Government Grant.

Government grant register for the year 2006-07 to 2008-09 was not maintained by the Nagar Panchayat. As a result, the position of unspent balance of at the beginning of the year, grant received spent during the year and unspent balance grant at the end of year for the years under audit could not be ascertained. Whether expenditure here in cussed out of grant as per terms and conditions of the grant remained to be ascertained in audit.

How ever with the help of different cash books, the position of grants received during 2006-07 to 2008-09 was as under:-

Sl. No.	Date of entry in cash book	Sanctioning letter no./date	Amount	Purpose/head	Remarks of cash book
2006-07					
1.	April 2006	1102/30-03-06	31,15,000	For different schemes made UDD	UDD separate cash book San letter not sort
2.	April 2006	1131/31-03-06	15,28,000	For different schemes made UDD	UDD separate cash book San letter not sort
3.	----	578/25-10-06	25,000	For DPR	In v/c 356
4.	28-03-2007	371/5202/20-03-07	2,47,593	Salary	P/L A/C
2007-08					
1.	31-04-2007	1634/NVV/17-04-07	28,87,875	75% grant for const of administrative building	P/L A/C
2.	February 2008	157/G.P./26-04-07	61,50,000	Const of road & Drain under	CBI Rose

45

3.	20-12-2007	2836/11-10-07	7,99,183	Samvikash Yojna Add. Stamp duty	P/L A/C
4.	31-12-2007	5264/NVV/26-11-07	24,75,936	Salary	P/L A/C
5.	31-03-2008	5674/नॉविआवि/ 19-12-2007	12,80,275	12 th FC	P/L A/C
6.	31-03-2008	856/नॉविआवि/ 21-02-2008	13,24,080	Sinking of tube well on the recommendation of Hon MLA	P/L A/C
2008-09					
1.	15-05-2008	1617/27-03-08	6,40,139	12 th FC	P/L A/C
2.	07-01-2009	4622/04-09-08	19,79,390	Salary	P/L A/C
3.	November 2008	---	7,00,000	राष्ट्रीय सम विकास योजना	A/C 14948
4.	November 2008	----	37,20,560	राष्ट्रीय सम विकास योजना	A/C 14948

In addition to the above grants the following grants were received by the Nagar Panchayant but their entry in the cash book was not found the circumstances under which the same was not pointed out.

As such the cash book did not depict the actual position of receipt on a/c non inclusion of said of grant.

(As per Misc. register for grants etc.)

Sl. No.	Letter No.	Amount (In Rs.)		
2006-07				
1.	287/NVV/27-06-06	11,01,884.00	SJSRY	A/C 7815
2.	-----	18,505-64	आर्थिक गणना	A/C 9599
3.	3515/19-09-06	1,25,000.00	Tractor grant	A/C P/L
4.	3115/11-08-06	4,07,641.00	12 th FC	P/L

44

5.	-----	82,482.00	BPL Survey	A/C 9599
2007-08				
1.	371/12-06-07	1,294.00	आर्थिक गणना	A/C 9599
2.	1028/18-12-07	28,494.00	BPL Survey	A/C 9599
2008-09				
1.	Cheque No.- 011197/10-05-08	16,08,882.00	BRGF	A/C 97778
2.	361/10-05-08	48,000.00	---	A/C 97778
3.	676/11-07-08	6,000.00	---	A/C 97778
4.	676/19-08-08	5,07,90,250.00	---	A/C 7815
		9,00,00,000.00	---	A/C 7815
5.	4535/29-08-08	74,400.00	Allowance to Chairman and	
6.	05/09-02-09	25,39,100.00	Vice-Chairman Creation of public utilities	

The entry of the above may be made in respective cash book and grant register and shown to next audit.

14. Government Loan.

The year wise position of loans received, spent and closing balance during the year 2006-07 to 2008-09 was not produced in audit. Hence the required necessary audit checks could not be exercised.

As per Accounts Cash Book no loan was received during the year 2006-07 to 2008-09.

The balance amount of loan of previous years and interest payable on them could not be assessed.

The Loan Register, Loan appropriation Register and Loan repayment Register may be maintained and produced in next audit.

15. Diversion

A total sum of Rs. 3,38,100 00 was paid to Sri Binay Kumar proprietor, plan Arch, Patna for preparation of master plan and DPR of Rosera town as per guideline of UIDSMT from the account of IDSMT vide detailed below:-

Cheque No.- 619394/04-10-2006	Rs. 2,45,000.00
Cheque No.- 619408/26-02-2007	Rs. 93,100.00
Total	Rs. 3,38,100.00

The authorities of the Nagar Panchayat, Rosera are impressed upon to make good the above diversion by transfer of the sum back to IDSMT.

16. Temporary misappropriation deposited at instance of audit.

A total sum of Rs. 204001.55 was collected by the Tax Collectors but the same was not deposited and kept in hand. However, the same was deposited during the period of audit by them. Details were as under:-

Sl. No.	Name of TC	Period	II- receipt No.	Collected (in Rs.)	Deposited at the instance of audit vide MR No.
1	Sri Anand Kumar Sinha	28-03-09 to 31-03-09	9918 to 9982	47,885.00	1535/22-06-09
2	Sri Anand Kumar Sinha	24-04-09 to 30-05-09	9983 to 10000	16,200.00	1536/24-06-09
3	Sri Jai Chand Pd. Singh	31-03-09	9830 to 9837	14,113.00	1533/19-06-09
4	Sri Jai Chand Pd. Singh	31-03-09	9838 to 9845	2,179.00	1540/24-06-09
5	Sri Jitender Kumar Sharma	31-03-09	10001 to 10015	8,634.00	1516/18-05-09
6	Sri Jitender Kumar Sharma	31-03-09	10016 to 10022	11,739.00	1517/18-05-09