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

NO. L.A.;Sur:-

Dated:- 17-07-06

To,
निबंधित/Registered

The Secretary,
Urban Development Department
Government of Bihar, Patna

Sir,

Audit Report No90/2006-07 of the accounts of Nagar Parishad Saharsa
for the year 2000-01 to 2004-05 is enclosed for your kind information and necessary action.

Encl:-As above

Yours faithfully

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Karp

श्री राम जी ठाकुर
उपरी अंश
20/7/2006

Maish
17/7/06
(Mahesh Choudhary)
Audit Officer/Surcharge
Local Audit Wing, Bihar, Patna

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Audit Report No-90/2006-07

1. INTRODUCTION

The accounts of Saharsa Nagar Parishad for the year 2000-01 to 2004-05 were test checked by an audit party of the office of the Pr. Accountant General (Audit) Local Audit Wing, Bihar, Patna during the period from 27.10.2004 to 20.11.2004 and 9.1.2006 to 16.3.2006.

2. ADMINISTRATION

Chairman		
I	Smt. Renu Sinha	17.06.2002 to 31.03.2005
Vice-Chairman		
I	Bibi Roshan Ara	17.06.2002 to 31.03.2005
Special Officer/Executive Officer		
i)	Sri Shyam Nandan Singh	01.04.2000 to 17.04.2000
ii)	Sri Hari Shanker Prasad	17.04.2000 to 05.07.2000
iii)	Sri Anamul Haque	31.10.2000 to 04.08.2001
iv)	Smt. Anima Sinha	04.08.2001 to 02.08.2002
v)	Sri Anamul Haque	02.08.2002 to 16.08.2002
vi)	Smt. Anima Sinha	16.08.2002 to 16.07.2003
vii)	Sri Raiyaj Ahmad Khan	17.07.2003 to 14.08.2003
viii)	Sri Ratnesh Kumar	14.08.2003 to 31.10.2003
ix)	Sri Rabi Kant Tiwari	01.11.2003 to 06.01.2004
x)	Sri Ratnesh Kumar	07.01.2004 to 17.10.2004
xi)	Sri Mahendra Bharti	18.10.2004 to 31.03.2005

3. SCOPE OF AUDIT

The list of records and registers test checked in audit has been given in appendix-I and other list of records and registers either not produced or not maintained has been given in Appendix-II to the report.

4. IMPORTANT FINDINGS

Sl. No.	Para No.	Particulars
1	11(iv)	Bogus payment (1,90,288)
2	13	Apparent Misc-appropriation of collection money by the cashier (Rs. 7,18,127.67)
3	14	Non/short credit of collection money (Rs. 2,70,097.28)
4	16	Irregularities in Bus stand collection
5	18	Taxes due on Govt. Holdings (Rs. 46,41,093.04)
6	19	Non-deposit of Health Cess and Education Cess (Rs. 15,43,250.00)
7	22	Non-release of SADF grant by DUDA (Rs. 29,57,243.00)
8	22(i)	Diversion of Rs. 18,54,969.00 earmarked for constt. Of shatter.
9	22(iv)	Utilisation Certificate submitted in excess of expenditure of Rs. 13.69 lakh
10	23	Diversion of Rs. 1,16,354.00 of other heads of allocation.
11	29	Non-deposit of the amount of Sales Tax, Income Tax and Royalty (Rs., 3,08,028.00)
12	30	Irregular Purchase of Mahindra & Mahindra Marshall (85tr.) instead of Ambulance.
13	31	Irregular payment on daily wages (29,26,517.00)
14	33	Non-deposit of P.P. amount Since January 1997 (Rs. 6,47,268.00)
15	22(iii), 23, 24(ii), 25(iii), 26, 34(iii), 34(iv)	Heavy outstanding advances with executing agent (Rs. 137.38 lakh)

OVERVIEW

The Nagar Parishad was financed by grants and loans from State Govt. and its own resources. Annual Accounts was not prepared by Nagar Parishad as such actual position of finance could not be ascertained. However, as per cash book of P.L. Accounts and other scheme accounts the position of receipt, expenditure and balance for the year 2000-01 to 2004-05 was as under :-

Sl. No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05
1	Opening balance					
(a)	P. L. Accounts	55.85	27.10	14.75	35.35	30.18
(b)	Doshi Kshetriya Gramin Bank	Nil	Nil	Nil	Nil	37.86
(c)	Other Schemes	22.29	105.24	122.19	96.73	52.50
(d)	Total	78.14	132.34	136.94	132.08	120.54
2	Receipt					
(i)	P.L. Account					
(a)	Grants from State Govt. for pay & allowance	4.24	4.42	3.83	3.20	Nil
(b)	Loan from State Govt. for pay & Allowance	2.15	4.42	3.83	3.20	Nil
(c)	Stamp Duty	13.29	8.86	23.58	14.43	21.88
(d)	Own resource	17.46	19.59	12.99	16.64	14.00
(e)	11 th finance Commission grant deposited in P. L. a/cs	Nil	Nil	9.55	Nil	Nil
(ii)	Koshi Kshetriya Gramin Bank for 11 th Finance Commission	Nil	Nil	Nil	37.86	23.70
(iii)	Other schemes	154.71	79.70	91.10	54.54	61.83
3	Total receipt for the year	191.85	116.99	144.88	129.87	121.41
4	Grand Total of receipt (Sl. No. 1 + 3)	269.99	249.33	281.82	261.95	241.95
5	Expenditure					
(a)	P. L. a/cs					
(i)	Development	24.29	12.37	3.94	2.58	3.28
(ii)	Estt. & other recurring exp.	41.60	37.27	29.24	40.06	46.18
(iii)	11 th F.C. (in P. L. a/cs)	Nil	Nil	Nil	Nil	Nil
(b)	Koshi Kshetriya Gr. Bank	Nil	Nil	Nil	Nil	22.13
(c)	Other schemes	71.76	62.75	116.56	98.77	15.08
6	Total Expenditure	137.65	112.39	149.74	141.41	86.67
7	Closing balance					
(i)	P. L. a/cs	27.10	14.75	35.35	30.18	16.60
(ii)	Koshi Kshetriya Gr. Bank	Nil	Nil	Nil	37.86	39.43
(iii)	Other schemes	105.24	122.19	96.73	52.50	99.25
(iv)	Total	132.34	136.94	132.08	120.54	155.28

(Details of other schemes given in statement I to the report)

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It would appear from the figure of finance that the income from own resources was not sufficient to meet the establishment and other recurring expenses of the Nagar Parishad as the percentage of won receipt were 41.97, 52.56, 44.42, 41.64 and 30.31 of the establishment and other recurring expenses during the period under audit.

Thus the income from own resources required to be augmented which may be possible by observing the provisions of the Act and Rules mainly.

- (i) Revision of General Assessment list of holding which required to be prepared once in every five years under section 106 if the Act as assessment list had not been revised since 1963-64. Even not a single assessment of new holdings was shown to have been done during the period under audit despite granting permission for construction of 510 new holding.
- (ii) Imposing of professional tax as required under Section 82 and 150 of the Act Which was not imposed and realized causing loss of revenue.
- (iii) Maintaining demand and collection register of holding tax which was not completed since 1985-86 to avoid leakage of revenue.
- (iv) Settlement of all sairats instead of departmental collection.

6. **INTERNAL AUDIT**

There is no specific provisions either in the Bihar Municipal Act, 1922 or its Rules made there under for internal audit of the accounts, of Municipality. But Bihar Municipal Accounts Rules (Vide rule 20 and 64) provides a number of internal checks which would be exercised either by the Chairman, Vice Chairman, Executive Officer or any other responsible officer entrusted for this purpose by the commissioners at a meeting. These checks were prescribed in the Rule in order to have proper control in the maintenance, co-ordination and also 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 Executives of the Nagar Parishad and format of that a lot of irregularities were noticed. These irregularities have been discussed in subsequent paragraphs.

Had the municipal Authorities conducted such checks at regular intervals, these 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 mal-practice in future.

7. **CASH BOOK (P. L. ACCOUNT)**

Accountant cashbook for the year 2000-01 to 2004-05 was not maintained properly. Following deficiencies were noticed in the maintenance of cashbook:-

- (i) Voucher number against each expenditure was not mentioned in the cash book.
- (ii) Details of expenditure was not recorded in the particulars column of cash book.
- (iii) Head wise classification of receipt and expenditure was not done.
- (iv) The position of closing balances as on 31.03.05 as per cash book and as per Treasury Pass Book was as under: -

As per Cash Book-	Rs.	16,59,694.18
As per T. Pass Book	Rs.	17,36,438.33
Difference	Rs.	76,744.15

The difference in two closing balances was not reconciled.

The Cash Book may be maintained properly showing all requisite information and difference in closing balances may be reconciled and shown to the next audit.

8. **IRREGULARITIES IN TRY PASS BOOK**

Scrutiny of Treasury pass book for the period under audit revealed the following irregularities in Treasury Pass Book.

- (i) Cheque no. 099017 dated 15.06.2001 for Rs. 3,851.00 was issued to M/s Hindustan Times Ltd. Patna. The cheque was found entered in the debit side of treasury pass book in the month of July 2001 but the amount of cheque was not taken in total expenditure of the month in Try Pass Book.
- (ii) Total of receipt side of Treasury Pass Book for the month of March 2002 comes to Rs. 7,86,068.00 but it was shown as Rs. 10,14,387.00 in Treasury Pass Book. Reasons for source of excess total of receipt of Rs. 2,28,319.00 was not pointed out to audit.
- (iii) Similarly total of expenditure side of Treasury Pass Book for the month of July 2002 comes to Rs. 7,97,059.40 but it was shown as Rs. 7,91,352.40.

Reasons for excess expenditure of Rs. 5,707.00 shown in Treasury Pass Book was not pointed out to audit.

Actual position of above receipt and expenditure may be ascertained from Treasury and pointed out at the next audit.

9. **GOVERNMENT LOAN**

Loan register as required under rule 88 of the Bihar Municipal Accounts Rules, 1928 and loan appropriation register was not maintained by Nagar Parishad. A register showing receipt of loan only during the period under audit was made available to audit. Expenditure made out of loan amount was not booked in the registers as such it could not be ascertained whether the loan was spent on the purpose for which it was sanctioned. Further the position of loan and interest there on repayable to the Govt. as on 31.03.2005 was also not ascertainable.

As per entry made in the register loan of Rs. 21,08,385.00 was sanctioned by the State Govt. for payment of salary and allowances to the Nagar Parishad staff during 2000-01 to 2004-05, out of which Rs. 5,27,096.00 was shown released as detailed below: -

Sl. No.	Date of receipt	Sanction L. No. & Date	Amount sanctioned	Amount Deducted	Amount payable.
1	20.02.2001	280 dt. 31.01.01	2,94,879.00	73,720.00	2,21,159.00
2	30.03.2001	960 dt. 30.03.01	2,86,521.00	71,630.00	2,14,891.00
3	18.02.2002	3475 dt. 20.11.01	5,89,757.00	1,47,439.00	4,42,318.00
4	30.03.2003	775 dt. 13.03.03	5,11,195.00	1,27,799.00	3,83,396.00
5	26.03.2004	460 dt. 05.02.04	4,26,033.00	1,06,508.00	3,19,525.00
			21,08,385.00	5,27,096.00	15,81,289.00

The loan amount of Rs. 2,21,159.00 shown in serial no. 1 above was found entered neither in the Accountant cash book nor entry in Treasury Pass Book. Deposit chalan as also not shown to audit.

Reason for non-credit was not pointed out to audit. This may be pointed out at the next audit.

Loan register may be maintained in proper form. A Statement showing loan sanctioned by the Govt. Since beginning, installment of loan and interest thereon repaid/deducted and principal amount of loan and interest payable as on 31.03.2005 may be prepared and made available to the next audit.

10. GOVERNMENT GRANT

Government Grant Register showing the position of unspent grant as on 1.4.2000, grant received and utilized during 2000-01 to 2004-05 and unspent balance of grant as on 31.03.2005 was not maintained. As such actual position of grant during the period under audit could not be ascertained.

A register showing receipt of salary grant only was produced in audit. However, on the basis of records made available to audit the position of grants was as under: -

Sl. No.	Particulars	2000-01 to 2004-05
1	Opening Balance	72,85,095.22
2	Receipt during the year	4,69,55,643.00
3	Total	5,42,40,738.22
4	Expenditure	4,01,05,429.00
5	Closing Balance	1,41,35,309.22

(Vide Statement II to the report)

Audit Comments

- (i) A sum of Rs. 3,40,546.22 (Sl. No. 1 of Statement) was the residual balance of specific grant for "Parivesiya Sudhar Yojna" sanctioned by the district Magistrate, Saharsa during 1985-86 to 1988-89. Despite last and previous audit remark the unspent balance of Rs. 3,40,546.22 was not refunded to the sanctioning authority.
- (ii) A sum of Rs. 40,636.00 was the unspent balance of grant sanctioned during 1994-95 for construction of road. If the amount is not required for expenditure in near future the same may be refunded to the sanctioning authority.
- (iii) Rs. 50,00,000.00 was sanctioned by the government under UDD letter No. 3612 dated 15.10.99 for construction/repair of road. The amount was to be spent within the financial year i.e. up to 31.03.2000 and unspent balance of grant was to be deposited in the Treasury by chalan before the end of financial year (A.G. Authority no TA-45-Authority -140 dt. 1.12.99). But out of Rs. 50,00,000.00 only 8,25,000 was spent during 1999-2000 and Rs. 38,72,909.00 during 2000-01 to 2004-05. Rs. 3,02,091.00 is still lying unspent. Thus the instruction of the Govt. was not obeyed.
- (iv) Details of scheme grant were discussed in separate individual paragraphs.

11. GRANTS ON THE RECOMMENDATION OF 11th FINANCE COMMISSION

A total sum of Rs. 71,11,172.00 was released by Urban Development Department, Govt. of Bihar to Saharsa Nagar Parishad during 2002-03 to 2004-05 on the recommendation of 11th finance commission. Out of which Rs. 9,55,157.00 was released by A.G. Authority during 2002-03 which was deposited in P. L. Accounts and Rs. 37,85,624.00 and Rs. 23,70,391.00 released during 2003-04 and 2004-05 were deposited in Koshi Kshetrya Gramin Bank A/c No.15170 opened for this purpose on 31.05.2003.

Rs. 9,55,157.00 received by A.G. Authority slip was intact lying unspent till close of audit. Out of Rs. 61,56,015.00 received by bank draft during 2003-04 and 2004-05, Rs. 22,12,931.00 was spent during 2004-05. Reasons for non utilisation of grant received by A.G. Authority was not pointed out to audit. Thus the purpose for which the grant was released was remained unfulfilled.

Test check of same scheme files revealed the following irregularities.

- (i) Cash memos were submitted by the executing agent in support of purchase of materials. But in the cases detailed in Statement III to the report cash memos bears no serial number. Cash memo without number is not valid and not accepted in audit. Thus the payment made on the basis of said cash memos amounting to Rs. 2,27,012.00 was irregular and stands recoverable.
- (ii) In the cases detailed below in place of cash memos quotation were submitted by the executing agent in support of purchase of material:-

Sl. No.	Scheme No./ Ward No.	Amount of quotation	Particulars
1	39/16	19,540.00	Trimurti Trading for supply of stone chips, Kiul Sand, Cement etc.
2	43/17	28,516.00	-do-
		48,056.00	

The payment on the basis of quotation in place of cash memo was irregular and stands recoverable from executing agent Sri Prem Singh, J.E or person(s) responsible.

- (iii) In the cases detailed in statement IV to the report a total sum of Rs. 2,08,165.00 was paid on hand receipts which was in contravention of Rule 200 of Public Works accounts code. Thus the payment of Rs. 2,08,165.00 was irregular and stands recoverable from executing agent.

(iv) **BOGUS PAYMENT**

Scheme no. and name of scheme	27/12	(Repairing of road from Pitch road to Gaffar Sahde house Part-A)
	28/12	(-do- Part-B)
Estimated value	27/12	1,00,000.00
	28/12	98,000.00
Name of executing agent	Sri Prem Singh, J.E.	

Total payment	Scheme No.	Cheque No.	Date	Amount
	27/12	0707001	04.06.04	20,000.00
		0707004	08.07.04	50,000.00
		0707005	26.07.04	26,024.00
				96,024.00
	28/12	0707001	04.06.04	20,000.00
		0707004	08.07.04	40,000.00
		0707005	26.07.04	34,264.00
				94,264.00

Scrutiny of muster roll bills of above two schemes revealed that 10 same labourers were paid for the period 09.06.2004 to 13.06.2004 at the rate of Rs. 61.00 per day in scheme no. 27/12 and also in scheme no. 28/12 as well. Similarly 14 same labourers were paid for 06.06.2004 in both schemes vide statement V to the report. How it is possible that one person can work in two places at a time. Thus the execution of both schemes is doubtful. Moreover no completion certificate of work from ward commissioner were obtained before payment of final bills. Thus the total payment made for both schemes amounting to Rs. 1,90,288.00 (Rs. 96,024.00 + 94,264.00) is appeared to have been bogus and stands recoverable from executing agent Sri Prem Singh or person(s) responsible for the payment.

12. **BUDGET ESTIMATE**

Budget estimates showing probable receipt and expenditure for ensuing financial year is to be prepared and placed for public Actions before the commissioners at a meeting held at least two months before the close of the financial year as per section 71 of the Bihar and Orissa Municipal Act 1922.

Further, the budget estimate should yet be sanctioned by the commissioner at a meeting under section 73 of the Act *ibid* after expiry of fourteen days from the date of publication.

- (i) It would appear from the following statement that time schedule, under the Act was not followed during the period under audit.

Period	Due date of presentation	Actual date of production	Due date of sanction	Date on which sanctioned	period of delay
2000-01	31.1.2000	Not prepared	-	-	-
2001-02	31.1.2001	Board not functioning	15.2.01	15.2.01	-
2002-03	31.1.2002	Not prepared	-	-	-
2003-04	31.1.2003	13.03.03	15.2.03	13.3.03	1½ months
2004-05	31.1.2004	18.05.04	15.2.04	7.6.04	4 months

Budget for the year 2000-01 and 2002-03 was not prepared by the Nagar Parishad, Saharsa and due to non-preparation, the entire expenditure incurred during the period 2000-01 and 2002-03 in un-authorized and irregular.

The Budget Estimates for the year 2001-02, 2003-04 and 2004-05 were prepared, but only for the year 2003-04 was sent to the State Government for approval.

(ii) Budget estimate for the year 2001-02 and 2003-04 revealed will variations between the estimated receipts and actual receipts:-

Sl. No.	Year	Estimated receipts	Actual receipts	Percentage of short fall
2001-02				
1	Taxes on Govt. buildings	13,00,000.00	1,52,526.00	88.27%
2	Offensive & dangerous Trade	39,000.00	13,635.00	65.04%
3	Food Licence Fee	21,000.00	2,158.00	89.73%
4	Rickshaw + Driver Licence Fee	81,500.00	19,500.00	76.08%
2003-04				
1	Taxes on Govt. buildings	6,88,000.00	2,95,506.00	57.05%
2	Birth and death Certificate	7,000.00	1,840.00	73.72%
3	Offensive & dangerous Trade	40,000.00	4,875.00	87.82%
4	Food Licence Fee	21,500.00	Nil	100%

It would also appear from the above that the Budget estimates were prepared with exaggerated and hypothetical figures which had no relation with actual or near actual figures. Such Budget was without consideration and preparations of actual figures based on average of three years.

Similarly wide variation is also seen between estimated expenditure and actual expenditure

Year	Estimated total receipts	Actual Total Receipts	Difference	Percentage of short fall
2001-02				
1. T.A of Employees	10,000.00	19,000.00	9,000.00	90%
2. Pension of employees	2,00,000.00	3,47,405.00	1,47,405	73.70%
2003-04				
1. Head clerk	75,500.00	92,315.00	16,815	22.27%
2. Asstt. Tax Collector	3,00,000.00	3,29,400.00	29,400	9.8%
3. Office Establishment	21,000.00	25,000.00	4,000	19.04%
4. Diesel	40,000.00	44,275.00	4275	10.68%
Total	6,46,500	8,57,395	2,10,895	

It would appear from the above the expenditure was made in excess of Budget provision without any authorization or supplementary budget provision. The excess expenditure incurred was unauthorized and quite irregular and in contravention of Municipal Act.

(iii) Budget estimates for the year 2001-02 and 2003-04 also revealed wide variation between the estimated total receipts and actual total receipts as detailed below:-

Year	Estimated total receipts	Actual Total Receipts	Percentage of short fall
2001-02	79,50,400.00	52,04,819.00	34.54%
2003-04	5,18,32,500.00	75,01,890.00	-

Similarly wide variation was also seen between the estimated total expenditure and actual expenditure:-

Year	Estimated total Expenditure	Actual Total Expenditure	Percentage of short fall
2001-02	80,21,200.00	45,68,198.00	43.05%
2003-04	5,32,87,800.00	92,07,338.00	82.73%

It would appear from the above that the percentage of collection on the total estimated receipts was very poor which effected the financial position of the Nagar Parishad. Effective steps including all penal measures as provided in the Act should be taken for improvement of collection.

Budget estimates figures of receipts and expenditures for the year under audit could not be compared head wise due to non preparation of Annual Accounts of receipts and expenditures.

The Budget estimates as a whole were not as per provisions of the Acts and Rules in this regard and not at all satisfactory. Authority of the Nagar Parishad suggested to take effective steps for the preparation of Annual Budget estimates as provided under the Acts and Rules.

13. **APPARENT MISAPPROPRIATION OF COLLECTION MONEY BY CASHIERS**

There were three persons remained as cashier during the period from 2000-01 to 2004-05. Period of their function has not been indicated in the cashier cash book. No any paper in this respect was shown to audit. However, as per statement of Sri C.K. Mishra present cashier the period of three cashiers was as under: -

Sl. No.	Name of Cashier	Period of their function
1	Sri C. K. Mishra	01.04.2000 to 05.08.2000
		04.10.2001 to 31.03.2005
2	Sri Allhak Ahmad	06.08.2000 to 05.01.2001
3	Late Dashrath Sah	06.01.2001 to 03.09.2001

The above cashiers received collections from different collecting staff during the period of their functions but reference of deposit in treasury was indicated in the cashier cash book by Sri C. K. Mishra and Late D. Sah. However on considering the deposit as per entry made in the Accountant Cash Book the position of receipt (as per cashier cash book) and deposit was as under: -

Sl. No.	Name of Cashier	Total amount received	Total amount deposited	Short
1	Sri C. K. Mishra	57,69,429.25	53,09,490.35	4,59,938.90
2	Late D. Sah	16,77,696.42	14,55,497.65	2,22,198.77
3	Sri Allhak Ahmad (Received during 9.12.2000 to 21.12.2000)	35,990.00	Nil	35,990.00
		74,83,115.67	67,64,988.00	7,18,127.67

(Vide statement VI (A to C) to the report)

As per rule 22 of Bihar Municipal Accounts rule 1928 the entire amount of collection was to be deposited in to Nagar Parishad fund but the cashiers were deposited Rs. 67,64,988.00 only against the collection of Rs. 74,83,115.67 and Rs. 7,18,127.67 was apparently mis-appropriated.

When the objection was raised vide memo no. L.A (B.K.P)-52 dated 17.2.06 the executive officer under his letter no. 211 dated 28.2.2006 intimated to audit that the collection amount was directly appropriated towards expenditure of the Nagar Parishad as this tradition is continued since long and passed expenditure vouchers of Rs. 4,60,222.70 were available. But the account of these appropriations of collection money along with sanction of State Govt. was not shown to audit. It was

Stated that the account of direct appropriation will be produced at the next audit after adjustment of the same on receipt of fund time to time. But what about the short deposit of Rs. 2,57,904.97 (Rs. 7,18,127.67 - 4,60,222.70) was not pointed out to audit.

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Thus the collection amount of Rs. 7,18,127.67 was kept out of account with the consent of the Executive officers in such a way that the possibilities of misappropriation of collection money may not be ruled out. This amount may increase as the deposit amount may include the deposit of previous collections also as this practice is being continued since long.

Hence the authorities of the Nagar Parishad is, therefore, requested to look into the matter and ascertained the actual position of collection, deposit, and amount of direct appropriation of collection money and the actual position may be intimated to the Examiner of Local Accounts, Bihar, Patna along with the action taken for the remedy.

14. **NON/SHORT CREDIT**

A total sum of Rs. 2,80,098.08 was non/short credited by collecting staff as detailed below: -

Sl. No.	Nature of collection/receipt	Amount of non/short credit	Vide statement no.
(i)	H Form Receipt	55,101.29	vii(a)
(ii)	Mise receipt	58,948.00	vii(b)
(iii)	-do-	1,915.00	vii(c)
(iv)	Bus stand collection	82,672.00	vii(d)
(v)	Nazir Receipt	17,776.84	vii(e)
(vi)	Tin Token	61,185.00	vii(f) + vii(g)
(vii)	Due to totaling mistake	2,499.95	vii(h)
		2,80,098.08	

Steps may be taken to recover the amount from concerned collecting staff and deposited into Nagar Parishad fund. This was rendered possible due to non exercising of superior checks by authorities of Nagar Parishad as prescribed in the Act and Rule.

15. **CREDIT NOT TRACEABLE IN TREASURY PASS BOOK**

As per entry made in the Accountant cash book the following amounts were shown deposited into Treasury but credit of the same was not traceable in Treasury Pass Book.

Sl. No.	Date as per cash Book	Amount	Particulars
1	27.3.2001	12,208.00	Municipal Tax transfer
2	26.3.2001	10,481.00	Municipal Tax deposited by Sri C. K. Mishra
3	30.3.2002	1,02,000.00	-do-
4	31.3.2002	14,213.00	-do-
5	-do-	25,000.00	-do-
		1,63,902.00	

Deposit chalan of the above amount was not shown to audit. Actual position of deposit of Rs. 1,63,902.00 and their credit in Treasury may be ascertained and pointed out at the next audit.

16. **IRREGULARITIES IN BUST STAND COLLECTION**

The stock register of Bus stand collection receipt book was not maintained properly. The receipt books were neither entered in stock register nor issued serially. The receipt books were issued to the staff without any certification by the Executive officer. The legality of the issued of receipts to the customers without certification by office could not be justified.

(i) Test check of Bus stand collection account of Sri Magham Baitha revealed the following irregularities.

(a) **Two sets of receipt books bearing same numbers**

In the following cases two sets of receipts bearing same number were noticed of the two sets one sets were issued by the office and the source of second sets used and entered in the Daily collection register with indication as "A" and "B" by the T.C. was found wanting.

Sl. No.	Serial No. of receipt	Period of use as per D.C.R.
1	99301-99400(A)	1.8.03 to 4.8.03
	99301-99400(B)	9.8.03 to 6.8.03
2	99401-99500(A)	4.8.03 to 6.8.03
	99401-99500(B)	6.8.03 to 7.8.03
3	99501-99600(A)	6.8.03 to 8.8.03
	99501-99600(B)	7.8.03

- (b) In the following receipt books original printed serial members of receipts were struck off and fresh numbers from serial no. 1 to 700 were written as per carbon copy of the receipts and this new numbers were found entered in stock register of receipt

Sl. No.	Original number of receipts	Fresh no. of receipt written by the staff while issuing to the customers	Period of use as per D.C.R
1	B 99801-99900	1-100	11.8.03 to 12.8.03
2	B 99001-99100	101-200	12.8.03
3	B 99101-99200	201-300	13.8.03 to 14.8.03
4	B 99201-99300	401-500	14.8.03
5	B 98901-99000	501-600	14.8.03 to 16.8.03
6	B 99700-99800	601-700	16.8.03

- (ii) Test check of Toll collection of Bus stand account of Sri K.K. Jha, Tax Darogh, Sri Magham Baitha T.C. revealed that 87 receipt books were used by Sri Jha which were not found entered in stock register of receipt books vide statement VIII to the report. As such source of receipt books could not be ascertained.

The Authorities of the Nagar Parishad is therefore, requested to enquire about the genuiness of the above mentioned receipt books used by Sir Magham Baitha and Sri K. K. Jha and result there of may be intimated to the Examiner of Local Accounts, Bihar, Patna.

17. **NON-PRODUCTION OF COLLECTION RECEIPTS**

- (i) 450 volumes of Toll collection receipt books and 11 volumes of H. Form Receipt books containing 100 receipts in each book was issued to Sri Deo Narayan Sahu, daily wages employee during 2000-01 to 2003-04 vide statement ix (a) and ix (b) to the report for collection. But the same was not made available to audit for exercising necessary audit checks Sri Deo Narayan Sahu was retrenched from service but the above receipt books was not taken bank from him. No any security money was got deposited from Sri Sahu before handing over receipt books to him for collection. No any action was shown to have been taken to procure the receipt books.
- (ii) Similarly 15 volumes of Misc. receipt books were issued to collecting staff for tall collection during 2002-03 vide statement X to the report but the same were not made available to audit. Issuance of miscellaneous book for tall collection was irregular, M.R. books is for the office use only.

Due to non production of above said receipt books it could not be ascertained whether the entire amounts collected through these receipts was deposited in Municipal fund.

Effective steps may be taken to get the aforesaid receipt book returned back from the concerned persons and ascertain the actual position of collection and deposit of the amount in Parishad fund.

18. **TAXES DUE ON GOVERNMENT BUILDINGS**

As per statement furnished by the Nagar Parishad, Saharsa a total sum of Rs. 46,41,093.04 was outstanding on Government buildings for recovery since several years back.

The municipal commissioner was provided sufficient powers for recovery of taxes under section 123, 124, 129(A), 129(B) and 130 of Bihar and Orissa Municipal Act 1922, but no action was taken by them in this regard which resulted in increase of arrear o taxes from year to year.

The Authorities of the Nagar Parishad are suggested to take immediate and suitable steps for recovery of above dues at the earliest to augment the financial position of the Nagar Parishad.

19. **NON DEPOSIT OF HEALTH AND EDUCATION CESS TO GOVT. ACCOUNT.**

In order to implement the free and compulsory primary education and medical facilities, the State Government imposed Education Cess and Health Cess on holding tax within the municipal area under Bihar Primary Education (amendment Act 1959) and Bihar Wealth Cess Rule 1972.

The collection of Education Cess and Health Cess were entrusted to the municipality with the direction to credit the amount of collection to the State Government revenue after deducting 10% of the amount of collection charges.

As per statement furnished, the Saharsa Nagar Parishad collected Education Cess and Health Cess @ 50% of the holdings tax each during the period 2000-01 to 2004-05 as detailed below: -

Year	Education Cess	Health Cess
2000-01	1,78,427.00	1,78,427.00
2001-02	2,09,437.00	2,09,437.00
2002-03	1,47,917.00	1,47,917.00
2003-04	1,51,972.00	1,51,972.00
2004-05	1,69,608.00	1,69,608.00
Total	8,57,361.00	8,57,361.00
Less 10% Collection charges	85,736.00	85,736.00
Balance Rs.	7,71,625.00	7,71,625.00

The amount of Health Cess and Education Cess amounting to as 15,43,259.00 had not been credited to Government Account. Early steps may be taken to credit the same in Govt. Account.

20. **SETTLEMENT OF SAIRAT**

SHORT REALISATION OF SETTLEMENT MONEY

(I) **SETTLEMENT OF EAST MARKET HATIYA GACHHI ROAD SIDE FOR 2001-02**

East Market Hatiya Gachhi Road side was settled with Sri Md. Chand Babu S/o Md. Israid ward no. 26 Saharsa for the year 2001-02 at Rs. 25,001.00 on 30.03.2001. As per general notice for settlement dated 23.03.2001 the full amount of bid was to be deposited just after the bid by the highest bidder. But Sri Chand was allowed to deposit 75% of bid money on 30.03.2001 and rest amount of bid money up to 30.4.2001 with condition to cancel the settlement on failing to deposit the rest amount on due date.

Rs. 18,000.00 was deposited by Sri Chand vide M.R. No. 1786 dated 30.03.2001 and there after no amount shown to have been deposited by him.

Md. Chand was once reminded vide letter no. 354 dated 4.5.2001 to deposit the balance amount of Rs. 7,001.00 but the amount was not deposited by Md. Chand. No further, any action including legal was taken by the Parishad for realisation of Rs. 7,001.00. As the dues have been barred by limitation under Indian limitation Act and now it cannot be realized even by legal action, the Parishad sustained a loss of Rs. 7,001.00.

It is, therefore, reported to the Examiner of Local Accounts, Bihar for consideration whether the sum of Rs. 7,001.00 representing the amount of loss should not be recovered by surcharge under Section 9(i)(b) of the Bihar and Orissa Local Fund Audit Act 1925 from the following persons who were jointly and severally responsible for the same.

Sl. No.	Name of persons	Designation	Amount proposed for surcharge
1	Sri Anamul Haque	Special Officer	7,001.00
2	Sri Nawal Kishore Singh	Head clerk	

(Vide Serial No-1 of Surcharge Statement)

(II) SETTLEMENT OF WEST MARKET ROAD SIDE SOUTH TO THANA CHAUK

West Market road side south to Thana Chouk for the year 2001-02 was settled with Sri Yusuf Mian at Rs. 30,002.00 on 30.03.2001. As per general notice for settlement the full amount of highest bid was to be deposited by the bidder just after the bid but Yusuf Mian deposited Rs. 22,500.00 on 30.2.2001 and the balance of amount of bid of Rs. 7,502.00 was not shown to have been deposited by Yusuf Mian. No any effective steps including legal was taken by Parishad for realisation of Rs. 7,502.00. As the dues have been learned by limitation under Indian limitation Act and now it can not be realized even by legal action, the Parishad sustained a loss of Rs. 7,502.00.

It is, therefore, requested to the Examiner of Local Accounts, Bihar for consideration whether the sum of Rs. 7,502.00 representing the amount of loss should not be recovered by surcharge under Section 9(i)(b) of the Bihar and Orissa Local Fund Audit Act, 1925 from the following persons who was jointly and severally responsible for the same.

Sl. No.	Name of persons and Designation	Amount proposed for surcharge
1	Sri Anamul Haque (31.10.2000 to 4.8.2001) Special Officer	Rs. 7,502.00
2	Sri Nawal Kishore Singh Head clerk	

(Vide serial No-2 surcharge statement)

(III) In the cases detailed below settlement amount of Rs. 35,566.00 was not deposited by persons to whom settled as detailed below:-

Sl. No	Name of settled/Year of settlement/Date of Settlement	Name of persons to whom settled	Amount of highest bid	Amount deposited on bid date	Amount not deposited
1	West Market Road side for 2003-04/30.05.2003	Sri Sanjay Kumar	30,551.00	15,300.00	10,066.00
		Department Collection	(-) 5,185.00		
			25,366.00		
2	Mini Bus stand for 2004-05/16.6.2004	Sri Pawan Kumar Yadav	95,500.00	70,000.00	25,500.00
					35,566.00

As per general notice for settlement the full amount of settlement was to be deposited just after the bid but they were allowed to part deposit resulting non deposit of Rs. 35,566.00. No any action shown to have been taken for realisation of dues failing which the amount will be liable to recover through surcharge by next audit.

21. SCHEME ACCOUNT

One general cash book was maintained for several schemes. One bank account in State Bank of India bearing account no 01100050042 was maintained for M.L.A Fund, M. P. Fund, Slum Area Dev. Fund, Swarn Jayanti Sahri Rojgar Yojna fund, Balika Samiridhi Yojna, District Yojna and several other schemes. Bank account in Koshi Kchhriya Gramin Bank Saharsa and Central Bank of India, Saharsa were also maintained for slum Area Dev. Scheme and Swarn Jayanti Sahri Rojgar Yojna respectively from 2001-02.

The cashbook was not maintained properly. Cheques issued to executing agent for execution of works were not entered in the cash book only expenditure made on completed scheme were entered. Several receipts were not taken in the Cash Book. Thus the cashbook did not depict the complete financial position of the schemes account.

However, on the basis of cash book, cheque issue register and other records made available to audit the financial position of scheme account was as under :-

Sl. No.	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05
1	Opening Balance	22,28,913	1,05,24,187	1,22,19,255	96,73,146	52,50,792
2	Receipt	1,54,71,154	79,70,470	91,09,215	54,54,405	61,82,766
3	Total	1,77,00,067	1,84,94,657	2,13,28,767	1,51,27,551	1,14,33,558
4	Expenditure	71,75,880	62,75,402	1,16,55,621	98,76,759	15,07,920
5	Closing Balance	1,05,24,187	1,22,19,255	96,73,146	52,50,792	99,25,638

(Vide statement-I to the report)

The position of closing balances as arrived at in audit as per cash book and as per Bank Pass Book as on 31.03.2005 was as under:

Sl. No.	Name of Bank a/c	As per cash book	As per Bank Pass Book
1	S.B.I A/c	42,07,303	33,65,518.74
2	Koshi Kchhetriya Gramin Bank	51,63,703	51,63,703.00
3	Central Bank of India A/c	5,54,632	5,54,632.74
		99,25,638	90,83,853.74

Difference between two figures in S.B.I account may be reconciled and shown at the next audit.

Following deficiencies were noticed in the maintenance of cash book and others:-

(i) **NON-ACCOUNTAL IN CASHBOOK.**

Rs. 32,21,390.00 was found entered in the credit side of S.B.I bank Pass Book during 2000-01 to 2004-05 but the entry of the same was not found in the cash book as such source of receipt in several cases could not be ascertained. Details of such receipts were a under: -

Date of Credit in Bank Pass Book	Amount credited	Particulars mentioned in Pass Book	Remarks
18.04.2000	3,00,000	By transfer	
17.07.2000	60,000	-do-	
13.10.2000	10,00,000	By clearing	Dist. Welfare Scheme
11.12.2000	1,40,160	-do-	Received for census
13.04.2001	78,055	I.N.S.T. NO-564 Sec PN.	Undisburshed amount of L.I.C claim deposition
21.02.2001	8,880	By clearing	
11.06.2001	3,65,850	-do-	Received for census
08.10.2001	64,446	By cash	
31.03.2002	99,761	-do-	
15.04.2003	2,90,624	By Transfer	Transferred from P.L. A/c against with drawal.
14.06.2004	8,13,614	-do-	
	32,21,390		

(ii) Following cheque were issued to Sri Rabindra Nath Thakur J.E for execution of schemes from S.B.I A/c but name of schemes and scheme no. were not mentioned in the cheque issue register as such entry of the same could not be traced in schemed register.

Cheque No.	Date	Amount
237532	22.08.2000	50,000.00
237533	-do-	50,000.00
237535	-do-	50,000.00
237536	-do-	40,000.00
237537	23.08.2000	1,00,000.00
237538	-do-	1,00,000.00

This may be pointed out at the next audit. Pending which expenditure of Rs. 3,90,000.00 is held under objection.