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

No. L.A.Sur/1619

Dated: - 31/12/08

To,

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

Sir,

Audit Report No.- 384/2008-09 on the accounts of **Nagar Parishad, Samastipur** for the period  
2007-08 is enclosed for your kind information and necessary action.

Encl: -As above

Yours faithfully

*Bhuvan*  
Audit Officer (Surcharge)  
Local Audit Wing, Bihar, Patna

**AUDIT REPORT NO.- 384/2008-09**  
**SAMASTIPUR NAGAR PARISHAD**

**1. INTRODUCTION**

The accounts of Nagar Parishad, Samastipur for the year 2007-08 were test checked by an audit party of the office of Principal Accountant General (Audit), Local Audit Wing, Bihar, Patna between 11.07.2008 and 16.08.2008 under supervision of Audit officer.

**2. ADMINISTRATION**

**(1) Chairman**

Name	Period
Shri Gorakh Paswan	01.04.07 to 27.06.07
Smt. Anita Ram	28.06.07 to 31.03.08

**(2) Vice-Chairman**

Name	Period
Shri Tribhuban Sah	01.04.07 to 27.06.07
Md. Akbar Jamal Khan	28.06.07 to 31.03.08

**(3) Executive Officer**

Name	Period
Shri Paritosh Kumar	01.04.07 to 27.06.07

**3. SCOPE OF AUDIT**

List showing those records/ registers which were produced before audit has been furnished in **Appendix- I** and list of those records, which were either not produced or not maintained, has been given in **Appendix-II** of the report.

**4. PREVIOUS AUDIT REPORT**

Despite repeated audit objections/ suggestions by the audit and instruction from the Government, the position with regard to compliance of following Audit Reports has not improved and most of the audit paras remained unsettled in want of compliance.

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Sl. No.	A.R. No.	Period of Audit	Total No. of Paras	No. of Paras settled	No. of Paras Proposed for settlement	No. of outstanding paras
1	149/90-91	1987-88	37	-	-	37
2	151/92-93	1988-89	35	07	-	28
3	7/ 95-96	1989-90 to 93-94	61	26	-	35
4	92/ 99-00	1994-95 to 98-99	74	-	-	74
5	87/ 03-04	1999-00 to 2000-01	57	-	17	40
6	419/ 07-08	2001-02 to 2006-07	29	-	17	12

Due to non- compliance of previous audit objections, the very purpose for which audit is conducted stands defeated.

Attention of the Executive is drawn towards the matter and it is impressed upon to take effective steps for compliance of the previous audit objections under intimation to the Examiner of Local Accounts, Bihar, Patna.

#### 5. **BUDGET ESTIMATES/ ANNUAL ACCOUNTS**

As per provisions contained in section – 82 of the Bihar Municipal Act, 2007, the budget estimates was to be prepared on the 15<sup>th</sup> day of February in which all the probable income and expenditure of the ensuing year were to be included. After preparation of the budget, it was to be laid down before Empowered Standing Committee and finally it was to be considered by the Municipality and submitted to the Regional Deputy Director of Local Bodies (As Samastipur is a class 'B' Nagar Parishad) by the fifteenth day of March in each year.

Contrary to the above provision(s) of the Act, the Budget Estimates for the year 2007-08 was prepared and passed by the Municipal Board on 10.10.2007 i.e. after 6 months from commencement of the financial year 2007-08 and the same was sent to the Government on 24.01.08 vide letter no. 39/ 24.01.08. Thus, timelines of preparation and submission of budget was not maintained.

Further, the Budget Estimates was to be prepared in the format prescribed by the comptroller & Auditor General of India and adopted by the State Government for Urban Local Bodies. But, Budget Estimates was not prepared in prescribed format.

The Government instructed vide letter no. 4/ N.V.B. 20/ 2006- 1268 dt. 17.04.1996 that all the retiral benefits was to be borne by the Nagar Parishad from its internal source of receipts but in the Budget it was shown receivable from the Government which was not proper.

Annual Accounts showing head wise receipts and expenditure was to be prepared by the Nagar Parishad but the same was not prepared and as such, it was difficult to bifurcate the consolidated receipts and expenditure into head wise.

Attention of the Executive is drawn towards delay in preparation of Budget and non-preparation of Annual Accounts and it is impressed upon to take effective steps for proper preparation of Budget Estimates and Annual Accounts and their timely submission to the Government.

#### 6. **IMPORTANT AUDIT FINDINGS**

Important findings of audit of the accounts of Nagar Parishad, Samastipur for the year 2007-08 have been given below-

Sl. No.	Contents of Paragraph	Paragraph No.
1	Non/ short deposit vis-à-vis Mis-appropriation of Municipals revenue – Rs. 1.08 lakh. Rs. 84,273.29 recovered at the instance of audit.	8
2	Inflated and irregular demand of salary submitted to the Government and Govt. sanctioned the same.	10
3	Blockage/ Non-utilization of Govt. grant to the tune of Rs. 1.37 crore	11
4	Irregularities in utilization of Govt. grant 1.00 crore	12
5	1. Loss of Municipal revenue – 0.83 lakh 2. (a) (b) Bid money amounting to Rs. 17.51 lakh not realized from the lessee.	14
6	Outstanding Holding Tax against private and Government buildings 55.96 lakh	16
7	Education cess and Health cess not remitted into Government account – Rs. 5.00 lakh	19
8	Double payment of salary – 0.93 lakh	23
9	Irregular appointment of 5 person(s) in Municipal service resulted in irregular payment of Rs. 3.04 lakh	30
10	Time barred advance covered under surcharge – 0.25 lakh	31

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## 7. OVERVIEW OF FINANCES

The main source of receipts/ revenue of the Nagar Parishad was its internal resources and grants from the Government (recurring and non-recurring). Following abstract would shows the position of receipts and expenditure during 2007-08 which is based on the Accountant Cash Book.

Particulars		2007-08 (Rs.)
1.	Opening balance as on 01.04.2007	42,89,943.08
2	Add: Receipt during the year	
(a)	Govt. grant	
	Recurring – 1,09,06,032.00	
	Non- recurring –32,75,300.00	1,41,81,332.00
(b)	Own receipts – 40,54,492.58	40,54,492.58
3	<b>Total</b>	<b>2,25,25,767.66</b>
4	Less: Expenditure during the year	
(a)	Execution of schemes- 9,85,000	
(b)	Establishment and other recurring expenditure – 1,81,13,738	
5	Closing balance as per cash book as on 31.03.2008	34,27,029.66

The closing balance of the Cash Book as on 31.03.2008 was the same as appeared in the Treasury Pass Book on the date.

The aforesaid statement showed that income from own sources was meager and not sufficient to meet even its establishment and other recurring charges.

Reasons for poor amount of own sources was non-revision of Holding tax since 1986, non- imposition of taxes on new buildings, non- revision of shop rent as per agreement with the lessee, non-receiving of service tax from Railway, huge amount lying outstanding against settle of fixed demand/ lessee of Municipal shops and house owners.

The Executive of the Nagar Parishad is therefore impressed upon to take effective steps for augmenting the collection and for enhancement of the internal source of receipts of the Nagar Parishad.

**8. NON/SHORT CREDIT VIS-A-VIS MISAPPROPRIATION OF MUNICIPAL REVENUE TO THE TUNE OF RS. 107686.89**

(i) During checking the credit of amounts collected through 'H' form receipts and Miscellaneous receipts into the Municipal Fund, it appeared that Municipal taxes, rates and fees collected by the staff was not deposited into the Municipal Fund which resulted in Non/short deposit of Municipal revenue to the tune of Rs. 1,07,686.89. The details have been given in the **Statement- I** to the report.

When the matter was pointed out in audit, Tax Collectors at fault deposited a total sum of Rs. 84,273.00 at the instance of audit vide details in **Statement-II** to the report. But, Rs. 23,413.00 (1,07,686.29- 84,273.29) was not deposited by them till 16.08.2008.

Non/ short deposit vis-à-vis mis-appropriation of collection amount of Municipal revenue is a serious financial irregularities and the Executive officer is impressed upon to take effective steps to stop this irregular practice and Rs. 23,413.60 may be recovered from the person(s) at fault and the same may be deposited into the Municipal Fund under intimation to the Examiner of Local Accounts, Bihar, Patna.

(ii) During audit, efforts was made for compliance of the audit objections contained in the last and previous Audit Reports and as a result of this a total sum of Rs. 23023.14 which was remained un-deposited into the Municipal Fund, was deposited vide details in **Statement – III** to the report.

Steps may be taken by the Executive Officer for compliance of the other unsettled audit objections and the same may be intimated to the Examiner of Local Accounts, Bihar.

**9. SHORT/ NON-CREDIT ON ACCOUNT OF SALE OF RIKSHAW TIN TICKETS-**

Rs. 3,783.00 was not deposited in Municipal fund on a/c of sale of Tin ticket. Details given below: -

Sl. No.	Name of employee to whom Tin Ticket was issued	Total no. of Tin ticket issued	Value @ 14.50/ Ticket	Amount deposit	Short/Non Credit
1	Manoj Kr. Gupta	2523	36583.50	36483.50	100.00
2	Rameshwar Pd. Singh	299	4335.50	652.50	3683.00

However, on being pointed out Shri Manoj Kr. Gupta deposited Rs. 100.00 Vide MR No.- 506 dt. 11.08.2008 but Rs. 3683.00 stands recoverable from Shri Rameshwar Prasad Singh.

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10. **INFLATED AND IRREGULAR SALARY DEMAND PLACED BEFORE THE GOVERNMENT / MIS-UTILISATION OF GOVT. GRANT.**

From checking the salary demand for the year 2007-08, it appeared that the demand placed before the Government was overstated and number of employees mentioned was not correct and it was more than the actual number of Men-in-Position. Name of some retired/ died person(s) were also found included in the demand. Details of irregularities have been given below-

(i) Salary demand was prepared for 225 staff but in actual only 213 staff was found working during 2007-08. Section wise details of Men-in-Position have been given bellows-

1	General Section	18	✓
2	Engineering Section	03	✓
3	Health Section	03	✓
4	Tax Deptt.	27	✓
5	Sanitation	43	✓
6	Drain	29	✓
7	Garbage	31	✓
8	R/C Lodies	59	✓
	<b>Total</b>	<b>213</b>	

(ii) Following are the names of retired/ died staff whose demand was prepared and placed to the Govt.

Sl. No.	Name of the employee	Remarks
1	Satya Narayan Sah	Retired on 31.05.07 but demand was placed for entire year 2007-08.
2	Chetan Ram	-do-
3	Md. Atim	Retired on 26.03.05 but demand was placed for 2007-08.
4	Ramesh Ram-I	Died on 23.03.2007 but his salary claim submitted for full year 2007-08.
5	Sanichar Ram	Died on 05.03.04 but salary was placed for the year 2007-08
6	Badamia Mehtrani	Retired on 30.09.07 but demand placed for whole year 2007-08

(iii) Following 5 staffs are absconded/ absent from duty from 12.03.1995 but their salary demand had been regularly placed before Government.

1	Dilip Rajak
2	Sashidhar Yadav
3	Krishna Yadav
4	Kishore Kumar Gupta
5	S.S. Manjar Imam.

(iv) As per letter no. 4236/ N.V.V. dt. 30 Nov. 1992 one extra post of J.E was sanctioned by the department with the condition that the entire expenditure for the post would be borne by the Nagar Parishad from its own resources and Govt. grant and other assistance would not be given.

Shri Arvind Kumar, J.E is working against the post and Nagar Parishad placed his salary demand before the Government, which was not proper.

(v) The Government had allowed Rs. 50/- P.M to Municipal staff as Medical allowance but in the demand Rs. 100/- P.M per staff was shown.

(vi) In the demand, Dearness Allowance was calculated at the rate of 346% against the approved D.A. of 295%, which made the estimates overstated.

From above details, it is obvious that salary demand placed to the Government was not prepared seriously and several irregularities and non-observance of Govt. instructions made the demand fictitious and overstated. Attention of the Executive is drawn towards the matter and it is impressed upon to take effective steps to delete the name of retired/ died employees and of Sri Arvind Kumar, J.E from Salary demand and the employees who were absconded since long may also be deleted from the demand to avoid the Mis-utilisation of surplus grants.

#### 11. GOVERNMENT GRANT REGISTER.

The Government grants register was not maintained properly. In the Grant register, the position of unspent balance of grant at the beginning of the year and voucher wise expenditure of grants was not shown. Thus, the position of unspent balance of grant as on 31.03.2008 could not be ascertained.

However, from perusal of the Grant register and cash book for the year 2007-08 it appeared that a total sum of Rs. 2,45,15,871/- was received during the year 2007-08 vide details below:-



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Sl. No.	L. No. / date	Amount of grant (Rs)	Purpose
1	5263 dt. 26.11.07 for Nagar Vikash Vibhag	1,09,06,032.00	For the payment of salary (2007-08)
2	5674 dt. 19.12.07	11,42,060.00	12 <sup>th</sup> F.C.
3	857 dt. 21.02.08	21,33,240.00	Special grant for the purpose of water supply
4	Ch. No. 011617/ 14.05.07	81,07,000.00	Sam Vikash
5	Ch. No. 043795/ 29.06.07	6,91,000.00	„
6	Ch. No. 043796/ „	3,13,000.00	„
7	Ch. No. 291703/ 06.02.08	12,23,539.00	S.J.S.R.Y
	<b>Total-</b>	<b>2,45,15,871.00</b>	

Effective steps may be taken for proper maintenance of the grant Register and position of unspent grant as on 31.03.2008 may be worked out and shown to next audit.

**(a) Blockage Of Grant- Rs. 1.37 Crore**

The Nagar Parishad received a total sum of Rs. 1,57,56,962/- as grant for execution of centrally sponsored schemes during 2005-06 to 2007-08 but the rate of implementation/ execution of schemes was very slow and out of total grants only Rs. 19,98,711/- was utilised till 16.08.2008 and Rs. 1,37,58,251/- was dept blockage for the period ranging from 6 months to 1½ year. The details have been given below-

Sl. No.	Letter No./ Ch. No. / date	Amount of grant (Rs.)	Amount spent (Rs)	Balance amount	Remarks
1.	L. No. 3191/ 28.09.05	11,47,143.00			12 <sup>th</sup> F.C.
2.	L.No. 3115/ 11.08.06	8,40,192.00			12 <sup>th</sup> F.C.
3.	L.No. 5674/ 19.12.07	11,42,060.00			12 <sup>th</sup> F.C.
	<b>Total-</b>	<b>31,29,395.00</b>	<b>9,50,000</b>	<b>21,79,395</b>	
4	L. No. 857/ 21.02.08 (Nagar Vikas and Awas Vibhag on recommendation of M.L.A)	21,33,240.00	Nil	21,33,240	Special grant

5.	Ch. No. 011617/ 14.05.07	81,07,000.00			SAM VIKASH
6.	Ch. No. 043795/ 29.06.07	6,91,000.00			-do-
7.	Ch. No. 043796/ 29.06.07	3,13,000.00			-do-
8.	Interest on deposit of sam vikash grant	1,59,788.00			-do-
<b>Total-</b>		<b>92,70,788.00</b>	<b>10,48,711</b>	<b>82,22,077</b>	
9.	Ch. No. 291703/ 06.02.08	12,23,539.00	NIL	12,23,539	S.J.S.R.Y.
<b>Grand Total-</b>		<b>1,57,56,962.00</b>		<b>1,37,58,251</b>	

**(b) 12<sup>th</sup> Finance Commission:-**

The Nagar Parishad received a total grant of Rs. 31,29,395/- during 2005-06 to 2007-08 but did not utilize grant at all till 31.03.2007 and during 2007-08 paid Rs. 9,50,000/- as advance to the Executing agencies for execution of schemes. But, Executing agencies did not render adjustment accounts till 15.08.2008.

Thus, it may be stated that due to tardy implementation of scheme, the purpose for sanctioning the grants was defeated.

**(c) Sam Vikash**

A total sum of Rs. 92,70,788/- was received as grants under SAM VIKASH scheme during 2007-08 and out of that only Rs. 10,48,711/- was spent and balance amount was kept blockage. The following irregularities were noticed in maintenance of accounts of SAM VIKASH schemes.

1. Closing balance as per Cash Book was Rs. 82,22,077/- as on 31.03.08 but as per Bank account C.B. was Rs. 82,45,722/-. Thus, there was difference of Rs. 23,645/- which was not reconciled.
2. During the year 2007-08 a sum of Rs. 1,59,788/- was earned, as interest on deposit but the same was not found entered into the receipt side of the cash book.
3. Major portion of grant (Rs. 82,22,077/-) was kept blockage.

Attention of the authority of the Nagar Parishad is drawn towards blockage of grants and irregular maintenance of accounts and it is impressed upon to take effective steps for

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utilisation of grants at early to serve the purpose of grants. The closing balance of 12<sup>th</sup> F.C. grants may be shown separately.

**12. IRREGULARITIES IN UTILISATION OF GOVERNMENT GRANTS RECEIVED ON THE RECOMMENDATION OF THIRD STATE FINANCE COMMISSION-RS. 1.09 CRORE**

On the recommendations of IIIrd State Finance Commission constituted under article 243 Y of the constitution of India, the State Government (Nagar Vikash and Awas Vibhag) sanctioned and released 100% grant of Rs. 1,09,06,032.00 for payment of salary to Municipal staff for the period 01.04.2007 to 31.03.2008. The grant was released for 228 working employees against sanctioned post of 279 employees and following terms and condition was laid down for utilisation of the grant.

- (i) The grant was released for the year 2007-08 and salary to the employees was to be paid for the period 01.04.2007 to 31.03.2008.
- (ii) Payment was not to be made to the staff appointed on daily wage basis and to those who were appointed irregularly.
- (iii) Utilisation Certificate in support of utilisation of the grant was to be furnished to the Government till 31.03.2008 positively.

But, from checking of salary acquittance roll, cash book, Treasury Pass Book and other relevant records, the following irregularities were noticed:-

- (i) The amount of grant was utilised for the payment of salary for the period Feb, 04 to Feb,05 which was irregular and in contrary to the instructions contained in the sanctioning letter. This was done without approval of the government.
- (ii) Out of the said grant, payment to the daily wages and ad-hoc employees was also made which was irregular. A few instances have been given below-

Sl. No.	Name of the employees	Ch. No. / date	Amount Paid
1	Smt. Rita Devi ad-hoc appointee	32600/ 14.01.08	Rs. 19,500/-
2	Sri nanki Sah Daily wage driver	32187/ 27.12.07	Rs. 4,000/-
3	Sri naresh choudhary	32188/ 27.12.07	Rs. 4,000/-

- (iii) Utilisation Certificate (U.C.) of the grant was submitted to the Government vide letter No. 169 dated 01.04.2008 and from checking the U.C, it appeared that utilisation was not based on actual expenditure. A total sum of Rs. 1,07,72,779/- was spent up to 31.03.2008 but in the

U.C, entire amount of grant (Rs. 1,09,06,032/-) was shown spent. In the Utilisation, Salary for the period 01.04.2007 to 31.03.08 was shown paid but in actual salary for the period Feb, 04 to Feb, 05 was paid. Thus, the Nagar Parishad tried to keep the Government in dark.

From above details, it is obvious that instructions issued by the Government regarding utilisation of the grant was not followed and in such circumstances, expenditure of Rs. 1,07,72,779/- is held under objection till approval by the Government.

### **13. IRREGULARITIES IN CASH BOOK**

(I) The Accountant Cash Book was not maintained properly. Following irregularities were noticed-

- (i) The Cash Book was not maintained in double entry system despite Government instruction.
- (ii) Particulars of receipts and payments was not found entered into the Cash Book. In almost all the cases, purpose of expenditure was not mentioned and classification was also not done.
- (iii) Transaction from Treasury was routed through Co-operative Bank A/c No. – 18017, but neither the closing balance was analysed nor position of Bank balance was given.
- (iv) Reconciliation statement was not prepared, steps may be taken for proper maintenance of the Cash Book.

### **(II) NON-MAINTENANCE OF SUBSIDIARY CASH BOOK**

The Cashier withdrew a total sum of Rs. 79,31,709/- through self-cheques from Treasury account between the period 09.04.2007 and 27.12.2007 for the payment of salary and other claims to the Municipal employees. The said amount was to be entered into the receipt side of the Subsidiary Cash Book and disbursement out of the said amount was to be shown in the expenditure side of the Cash Book by mentioning Cash in hand. (The details have been given in **appendix- IV** to the report).

But, Cashier of the Nagar Parishad, Samastipur did not maintain the subsidiary Cash Book as such disbursement position as well as cash in hand as on 31.03.08 retained by the Cashier could not be ascertained in audit.

As per instruction issued by the Government, Payment of salary and other claims were to be paid through account payee cheque but in the Nagar Parishad Cash payment / Payment through bearer cheque was in vague except some cases.

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Attention of the Executive is drawn towards the matter and effective steps may be taken for maintenance of the subsidiary Cash Book and in future all the payments should be made through Account payee cheque.

**14. SETTLEMENT OF FIXED DEMAND**

Settlement of fixed demand viz. Bus stand, Gudri Market, Ansh market, cycle / Rickshaws registration, Sulabh Sauchalay, Trenching ground was one of the main sources of revenue. But, Nagar Parishad did not maintain settlement account properly. The following irregularities/ shortcomings were noticed:-

**(I) LOSS OF REVENUE- Rs. 83,266/-**

As per provision(s) contained in Rule- 73 (A), (5) (6) of Municipal Accounts Rules, 1928 no money, stores or other property lost by embezzlement, theft or otherwise shall be written off from the accounts except with the sanction of the State Government and all sanctions to write off should be communicated to the Examiner of Local Accounts, Bihar.

But, in contrary to the aforesaid provisions, the Executive officer of the Nagar Parishad (Shri Paritosh Kumar) exempted the settlee from depositing the bid money amounting to Rs. 83,266/- during 2007-08 which put the Nagar Parishad into loss up to that extent.

Nagar Parishad executed agreement with the settlee and imposed terms and conditions for depositing the entire bid money. In the agreement, there was no provision for exemption but the Executive officer took irregular step beyond provision of agreement and for that approval of the Government/ Municipal Board/ Bandobasta Committee was not taken. Thus, the exemption given by the E.O was irregular and stands recoverable either from the lessee (if possible) or from the Executive officer concerned.

(The details have been given in the **statement –V** to the report).

**(2) NON-REALIZATION OF BID-MONEY OF FIXED DEMAND- RS. 17.51 LAKH**

(a) Settlement register of fixed demand showing details of settlement and amount realized from the lessee was not maintained by the Nagar Parishad. As such, the amount of bid money not realized from the lessee till 31.03.2008 could not be worked out. However, from perusal of the last and previous audit report (Para No.- 14 (A) to 14 (E) of A.R. No. 419/ 2007-08), it appeared that a total sum of Rs. 5,01,532.00 was not realised till 31.03.07 and audit suggested for recovery the amount through process of surcharge, but no progress has been made so far and the said amount could not be realized till 16.08.08.

**(b) SETTLEMENT AMOUNT OF RS. 12,50,000 NOT REALISED FROM THE LEASEE OF BUS STAND SAMASTIPUR.**

The Bus Stand in the east of the Jail Building at Samastipur was transferred to the Nagar Parishad, Samastipur in the light of decision given by the Hon'ble High Court and Government's direction by the Collector of the district in 2007. (vide letter no. 7/ १०५०, dt:- 9<sup>th</sup> January 2008).

The bus stand was settled with Shri Sanjay Kumar Singh, S/o Sita Ram Singh, Samastipur at Rs. 35,00,000/- for the year 2007-08. Out of the total settlement money Shri Singh deposited Rs. 17,50,000 in the Collector's office before transfer to Nagar Parishad and the rest 50% i.e. Rs. 17,50,000 was to be deposited in the Nagar Parishad office in two installments latest by 31.03.08.

But against the due settlement money of Rs. 17,50,000, Shri Singh deposited Rs. 5,00,000 only in the Municipal fund (M.R. No.- 9356, dt:- 18.03.08) and the balance amount of Rs. 12,50,000 was not deposited till 09.08.08.

Further, the Municipal office did not serve any notice to the lessee and even the concerning file has not been opened as of date.

The unanswered queries such as why no concerning file was in operation and why no notice was served as yet for the recovery of balance amount, is being brought to the notice of the Executive officer and it is impressed upon to take remedial and effective measures to realise the balance amount of settlement money Rs. 12,50,000/- at the earliest.

**(3) (a) PROBABLE LOSS OF RS. 3.40 LAKH DUE TO NON-SETTLEMENT OF ANSH MARKET FOR THE YEAR 2006-07 AND 2007-08.**

From checking the settlement file of Anash Market (South and North), it appeared that the Market was not settled for the year 2006-07 and 2007-08. In the year 2006-07, tender was invited (1st on 11.03.06, 2nd on 25.03.06 and third on 18.04.06) but no bidder was turned up. The matter was referred to settlement Committee by the Executive officer but after some days without approval of the said committee, the E.O passed order for departmental Collection on 20.06.2006 and collection started from that very date. Thus, the collection from 01.04.06 to 19.06.2006 (79 days) was not done and the Nagar Parishad sustained probable loss of Rs. 35,629/- vide details below-

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1	Bid money of Anash Market (North) in the year 2005-06	Rs. 81,015
2	Bid money of Anash Market (South) in the year 2005-06	Rs. 83,784
<b>Total Amount for 365 days</b>		<b>Rs. 1,64,799</b>
3	Average collection for one day	1,64,799/365 days i.e. Rs. 451/-
4	Total loss for 79 days 79x 451	Rs. 35,629/-

In the year, 2007-08 no process for settlement was adopted and departmental collection was continued.

Further, from checking the collection account for the year 2006-08, it appeared that in comparison of the year 2005-06, the departmental collection for the year 2006-08 was very meager. In the year 2005-06 both the aforesaid market was settled at Rs. 1,64,799/- but during 2006-08, only Rs. 24,728/- was shown collected. Thus, there was probable loss of Rs. 3,04,870/- (2 x Rs. 1,64,799 – Rs. 24,728) to the Nagar Parishad.

(b) It was also appeared that staff deputed for departmental collection did not deposit entire collection amount into Municipal fund. The details have been given below-

(i) 10 Receipt Books containing 100 foils (each one) were issued to Sri Dilip Choudhary for collection at the rate of Rs. 4/- (from each temporary shop per day). Shri Choudhary collected Rs. 4,000/- but deposited Rs. 2,504/- only into Municipal Fund and Rs. 1,496.00 was not deposited by him. When the matter was pointed out in audit, he deposited Rs. 1,496/- at the instance of audit vide M.R. No. 7088/ 26.07.2008.

(ii) Physical verification of stock of collection receipts (coupons) revealed that receipts books bearing Sl.No. 1201- 1300, 1401 to 1500, 29801 to 29900 and 29901 to 30000 which were shown in balance stock but not produced before audit and stated missing by the custodian (Shri Bhupendra Kr. Singh, Tax- Daroga). Thus, the possibility for mis-utilization of coupons can not be ruled out. As such, the cost of the coupons (400 in numbers) Rs. 1,600/- (Rs. 4 x 400) stands recoverable from Sri Singh.

The entire matter is brought into notice of the Executive of the Municipality and it is impressed upon to take action against the person(s) responsible for probable loss of revenue amounting to Rs. 3,40,499/- and Rs. 1,600/- stand recoverable from Sri Bhupendra Kumar Singh.

**15. NON-PRODUCTION OF MISCELLANEOUS RECEIPT BOOKS BY SRI BINDESHWAR MAHTO**

Despite several reminders by the audit party and letter issued by the Executive officer, Shri Bindeshwar Mahto failed to produce the miscellaneous receipts books no:- 1901 to 2000 & 3701 – 3800 with dates of issue being 12.03.97 and 24.07.97 respectively, before the audit party.

Apart from this, 'H' form receipt no:- 5601 – 5700 Produced by him before the audit party showed that Rs. 4991.60 was collected by him but the same was not deposited in the Nagar Parishad Fund.

It appeared that he had been committing such irregularities in the past also.

The attention of the competent authority is invited towards such deliberate negligence by the officials of the Municipality and for taking immediate steps to control this malpractice.

**16. NON-REVISION OF HOLDING TAXES, OUTSTANDING TAXES ON GOVT. AND PRIVATE BUILDING, NON-ACHIEVEMENT OF ANNUAL TARGET FIXED BY THE GOVT.**

(a) **NON-REVISION OF HOLDING TAX:-** Taxes on holdings are to be revised every five years but the Nagar Parishad has not revised the tax since 1986, which results into loss of revenue to the Municipality. Steps may be taken for early revision of taxes. -

(b) **ASSESSMENT OF HOLDING:-** It appeared from the number of holdings during last three years (2005-06 to 2007-08) that increase in the no. of holdings was no mind as given below:-

Year	No. of holding
2005-06	6350
2006-07	6367
2007-08	6378

The increase of holding from the year 2005-06 to 2006-07 was 17 holding whereas from 2006-07 to 2007-08 it was 11 holdings. But the building petition Register of the year 2007-08 revealed that 96 maps were passed for new construction hence, 85 new building was left unassessed and the Nagar Parishad was deprived of probable revenue Collection.

Steps may be taken for assessment of new buildings.



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(C) **(i) OUTSTANDING HOLDING TAX ON GOVT. AND PRIVATE BUILDINGS:-**

Total outstanding holding tax as on 31.03.08 was as follow:-

Private Buildings	44,99,523.00
Govt. Buildings	10,96,904.00
<b>Total-</b>	<b>55,96,427.00</b>
(Details in <b>Statement- VI</b> )	

Early steps may be taken for realisation of huge outstanding dues (**Statement -VI**).

(ii) **OUTSTANDING LICENCE FEE OF OFFENSIVE AND DANGEROUS TRADE:-**

Test check of register relating to license fee of offensive and dangerous trade revealed that a sum of Rs. 26,020.00 was outstanding with 24 persons (Details in **Statement:- VII**). Steps may be taken for early realisation and deposit in Municipal Fund.

The list of offensive and dangerous traders has not been revised for years. A survey may be done for inclusion of more traders for generation of revenue of Nagar Parishad.

(d) **NON-ACHIEVEMENT OF TARGET FIXED BY THE U.D.D., GOVT. OF BIHAR:-**

As per Govt. letter no- 4 (N) 2 – 106/96- 1833 N.V.B. dt.- 23.06.01 the target for collection of revenue was fixed by the U.D.D. The target and achievement is given below:-

Target	Rs. 83,38,500.00
Collection	Rs. 40,54,492.00
Short fall in Target	Rs. 42,84,008.00

For augmentation of collection of taxes early steps may be taken.

In the above-mentioned letter it was also given that assessment of holding should be done on sq. feet, but the Nagar Parishad is not complying with this. Steps may be taken for fresh assessment of holding on sq. feet basis.

17. **NON/IMPROPER MAINTENANCE OF SHOP-RENT REGISTER**

During the scrutiny of records and registers relating to the shop-rent following discrepancies were noticed: -

(a) **SHOP-RENT REGISTER:-** It was noticed that the registers relating to shop rent was very improperly maintained. The entries were absolutely random and haphazard with many entries missing.

(b) **RENT NOT REALISED SINCE 1993-94:-** (As per shop rent register)

It was seen that shop rent in many cases were not realized even after a lapse of more than 14 years and effective steps was not taken to realize the same as per the shop-rent demand.

(Statement VIII to the report.)

(c) **SHOP-RENT RECKONED ANNUALLY:-** The register relating to shop-rent showed that the shop-rent was not realized on monthly basis, instead it was done either annually or any time in-between the year as per the convenience.

(d) **INFLATED DEMAND AGAINST ACTUAL DEMAND:-**

The demand for realization of shop rent was calculated in excess of the actual demand. This chiefly occurred due to collection of shop-rents by more than one tax- collectors and its subsequent non-posting in the shop-rent register leading to inflation in the demand against actual demand. Also in many cases, Part realization of shop-rents against actual monthly realization of amount led to inflated demand. (Statement- IX to the report).

(e) **ASSESSMENT OF DEMAND:-**

The assessment of actual demand of temporary shops was never done or considered and in absence of which, the actual realizable amount of shop-rent could not be ascertained and loss of shop rent to the Nagar Parishad can not be ruled out.

(f) **DISPUTED SHOP:-**

The shop no:- 41 and 57 at the station chowk, Samastipur were disputed shops but what is the present status of the court cases, if any, was not explained to audit leading to a point of no-conclusion.

**18.(a) SECURITY MONEY OF SHOPS UNDER MUNICIPALIT NOT REALIZED-RS. 2.62 LAKH.**

As per terms and conditions for allotment of shops, security money at the rate of Rs. 25000 for each shop was to be deposited by the leasee but from the perusal of shop rent register, it appeared that the Nagar Parishad could not realize security money amounting to Rs. 262000 from the leasee.

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The authority of the Nagar Parishad did not take steps to realize the same and the leasee was allowed to run their shops without depositing security money and Rs. 2,62,000 remained blocked. Effective steps may be taken to realize the same. (**Statement – X** of the report).

**(b) AGREEMENT WITH THE SHOPS**

A total number of 35 shops of phase- II market did not enter into an agreement with the Municipality but the shop rent was being realised from these shops. The question here arises as to what was the basis of fixing shop rent of these shops, how the demand was calculated as of date without fixing the starting shop rent? What was the authenticity of the shops being owned by the private parties? What was the compulsive factor on the shop owners to pay shop-rents in the absence of any agreement?

Also, the absence of agreement led to non-revision of rents at any time in-between and hence, the demand so prepared for realisation of shop rent loses authenticity and ground.

Early step may be taken for execution of agreement with all necessary conditions with the person(s) running their shops without agreement and the position may be shown to next audit. (**Statement – X** of the report)

**(C) OUTSTANDING SHOP-RENT- 18.27 LAKH**

Due to non-realisation of shop- rents from different shops under different markets, the year wise rent outstanding kept on burgeoning alarmingly and the demand for realisation of rent from individual shops mounted to Rs. 1827116 as on 31.03.2008. Hence, the Municipality was devoid of significant and valuable source of income/ revenue.

Effective steps may be taken to realize the outstanding shop rent at early. The details have been given in **Statement-IX** to the report.

**(D) REVISION OF SHOP-RENT**

No revision of shop rent in Phase-II Municipal market complex was done, however, other markets had arbitrary and intermittent revisions of shop-rent instead of revisions at an interval of every three years.

**(E) NON-RENEWAL OF AGREEMENT**

As per the clause in the agreement files of the shops, the agreement was to be renewed every 3 to 10 years under different cases failing which the custody of the shops would automatically come under the Municipality, but it was seen that no agreement was renewed after specified period and shops were running without valid agreement.

**(F) CLAUSE- 14 OF THE AGREEMENT**

As per clause- 14 of the agreement, if the shop-owner fails to pay monthly shop- rent for 3 consecutive months, then his ownership would be deemed as cancelled and it would come under the custody of Municipality within 24 hours of such lapse. But, this clause was never followed and outstanding shop rent mounted year to year and no action was taken for monthly and regular realisation of shop rent.

**19. EDUCATION CESS AND HEALTH CESS WAS NOT REMITTED INTO GOVERNMENT ACCOUNT – RS. 5,00,078.38**

As per instruction issued by the Government, the amount of Health Cess and Education Cess Collected by the Nagar Parishad was to be remitted into Government account after retaining 10% of the total amount as collection charges.

But, the Nagar Parishad collected a total sum of Rs. 5,55,642.64 on account of Health Cess and Education Cess during 2007-08 and entire amount was merged into Municipal fund and utilised. The details have been given below:-

1. Health Cess Collected	
During 2007-08	2,77,881.10
2 Education Cess Collected During 2007-08	2,77,761.54
<b>Total-</b>	<b>5,55,642.64</b>
<b>Less: 10% collection charges</b>	<b>(-) 55,564.26</b>
<b>Balance</b>	<b>5,00,078.38</b>

Thus, Rs. 5,00,078.38 may be deposited into Government account and shown to the next audit.

**20. IRREGULARITIES IN MAINTENANCE OF ADVANCE LEDGER/ ADVANCES OUTSTANDING- RS. 38.29 LAKH**

The Advance ledger was not maintained properly. The amount of advances outstanding at the beginning of the year was not worked out and in some cases; advances were escaped from the ledger. The ledger was not found signed by the Executive Officer and voucher numbers/ Cheque numbers of advances and purpose for sanctioning the advances was also not entered into the ledger. Thus, it was difficult to ascertain the actual amount of advances outstanding as on 31.03.2008.

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However, from cash Book, Advance ledger and files related to sanctioning the advances, it observed in audit that a total sum of Rs. 38.29 lakh was outstanding for adjustment vide details given below-

		(Rs. in Lakh)
1	Opening Balance as on 01.04.2007	24,94,003
2	Advances made during the year 2007-08	(+) 5926521
3	Total	84,20524
4	Adjustment made during the year 2007-08	4591035
5	Closing Balance of advances outstanding at the end of the year 2007-08	38,29,489

(Further, details have been given in **Statement- XI** of the report and advances escaped from Advance ledger have been given in **Statement – XI (a)** of the report).

It was also noticed that employees of the Nagar Parishad were sanctioned advances against their due salary on regular basis but neither the salary register nor the Audit register was maintained and in absence of that the recovery of advances could not be verified in audit.

The irregularities mentioned above are brought into notice of Executive officer of the Nagar Parishad and it is impressed upon to take effective steps for proper maintenance of advance ledger, salary register and audit register and advances outstanding may be recovered from the employees/ private firms at early.

## **21. NON-DEPOSIT OF HOARDING BOARD FEES INTO THE MUNICIPAL FUND ACCOUNT**

During the scrutiny of file no:- 1124/26/6 relating to realisation of fees for display of hoarding boards, banners, gates etc. It was noticed that fees realised from private parties for advertisement through hoarding boards, banners, gates etc. were not found deposited into the Municipal fund and as such, a total sum of Rs. 59096 stands recoverable from Shri Chandreshwar Prasad Singh, Assistant.

Apart from above, it was found that Rs. 2400 was realised against Rs. 3600 for display of hoarding board of 450 sft. @ Rs. 8/sft i.e. short-realisation of Rs. 1200/-. Also, the rate chart as fixed by the executive for boards, banners, advertisement through loudspeakers etc. was not produced before audit and in the absence of which the authenticity of realisation of fees cannot be justified. (**Statement- XII** of the report.)

**22. SUSPECTED PAYMENT OF RS. 27,243.00**

Scrutiny of cash book for the period 2007-08, revealed that a total sum of Rs. 27,243/- was paid to the daily wages staff for sanitation work vide vr. No. 86/ 10.07.2007 (Cheque no. 464087 dt. 10.07.2007). Checking of vouchers revealed that payment to the laborers was done between the period 15.05.06 and 20.06.06 for the work but the said payment voucher was booked in the cash book on 10.07.07. In other words it may be stated that actual payment was done in the year 2006-07, but booked in the year 2007-08.

Further, the Accountant cash book for the year 2006-07 has not been produced before audit and as such it could not be ascertained whether the amount for the expenditure was withdrawn from the Municipal fund in the year 2006-07 or not.

In the circumstances narrated above, Rs. 27,243/- is held under objection till justification of the expenditure.

**23. DOUBLE PAYMENT OF SALARY FOR THE SAME MONTH RS. 93308/-**

Test check of payment vouchers for the year 2007-08 revealed that in many cases, double payment of salary for the same month was made to the staff, which was serious financial irregularities.

Detail checking of payment vouchers of six employees was done in audit and it appeared that double payment of Rs. 93308/- was made vide details in **Statement- XIII** to the report.

The double payment of salary was made possible due to non-maintenance of salary register and due to lack of superior check by the Executive Officer. Now, attention of the Executive is drawn towards the matter and it is advised to take effective steps to ascertain the position of salary payment of each and every employees of the Municipality and by maintaining salary / Audit register and double payment of salary may be recovered at the earliest and action may be taken against the person(s) responsible for such financial lapses.

**24. UNDISBURSED MONEY LYING WITH CASHIER- RS. 8, 440/-**

During checking the expenditure side of the cash book with vouchers, it appeared that amount drawn by the cashier through self cheques was not disbursed in total and amount was retained by the cashier in hand.

Test check revealed that a total sum of Rs. 2,18,780/- was withdrawn from Bank for payment of salary advance but disbursed only Rs. 2,10,340/- and Rs. 8,440/- was not disbursed till 16.08.2008. The details have been given below-

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Sl. No.	Vr. No./ date	Amount drawn (Rs.)	Amount disbursed (Rs)	Balance (Rs.)
1	98/20.08.07	1,700	1,000	700
2	13/19.04.07	2,17,080	2,09,340	7,740
	<b>Total-</b>	<b>2,18,780</b>	<b>2,10,340</b>	<b>8,440</b>

Thus, Rs. 8,440/- may be recovered from the cashier and the same may be deposited into Municipal fund.

**25. DOUBLE PAYMENT OF SAME MUSTER ROLL RS. 2820**

Rajeshwar Mahto, a class-IV staff of the Municipality was deputed by the Executive officer for drain cleaning work during strike period. This arrangement was done by the E.O due to strike called by the sanitation staff (27.01.07 to 17.05.07) but Sri Mahto was put continued for the Job even after strike period and drain cleaning work was being done by him with the help of private labourers and huge amount was paid to him without preparation of estimate and without approval of the Municipal Board.

Further, from checking of Muster Roll submitted by Sri Mahto, it appeared that in almost all the cases the Muster Roll was not certified by the Sanitary Inspector/ Ward Zamadar. Test check of Muster Roll revealed that Muster Roll for the same date and same labourers was submitted twice and thrice and he was paid all the claims, which resulted in double payment of Rs. 2820.

Double payment of the same claims is a serious financial irregularity and this was rendered possible due to lack of proper checking by the Accountant and superior check by the Executive officer.

When the matter was pointed out in audit Sri Mahto deposited Rs. 2820 in Municipal fund vide M.R. No. 502 dated 11.08.2008. The details have been given in **Statement- XIV** to the report.

Muster Rolls submitted by Sri Mahto is doubtful and as such, detail scrutiny may be done by the Executive officer and action may be taken accordingly under intimation to the Examiner of Local Accounts, Bihar, Patna.

**26.(I) DRAIN CLEANING BY DAILY WAGES STAFF, DESPITE AVAILABILITY OF PERMANENT STAFF FOR DRAIN CLEANING:-**

Scrutiny of records relating to sanitation work revealed that out of 127 sanitation staff (Permanent) 32 were deputed exclusively for drain cleaning in 27 wards. However, the Nagar Parishad engaged daily wages workers for drain cleaning and spent Rs. 4,35,747.00. Details of payment made are given in Statement- XV. Engagement of daily wages staff in all Urban Local Bodies was prohibited through Govt. letter no. 1886 dt. 25.06.2001 and no. 1296 dt. 25.04.06. Hence, the Executive officer failed in utilising the available man-power and engagement of daily wages was contrary to the Govt. instruction.

**(ii) DOUBTFUL MUSTER ROLL:-**

Daily wages staffs were engaged for drain cleaning without the order of Executive officer. The certificate of Sanitary Inspector regarding cleaning of drain was also not available in the Muster Roll and the work seems doubtful. Hence, the entire amount of Rs. 4,35,747.00 paid for the purpose, are held under objection.

**27. FIVE EMPLOYEE OF THE NAGAR PARISHAD ARE UNAUTHORISEDLY ABSENT/ABSCONDED FROM SERVICE FOR MORE THAN 12 YEARS BUT DEMAND FOR THEIR SALARY IS REGULARLY SENT TO THE GOVT. AND NO DISCIPLINARY ACTION HAS BEEN INITIATED:-**

During scrutiny of the demand and file related to sanctioned strength and men-in-position, it appeared that following five person(s) were appointed vide letter. No. 463 dt. 11.02.94 but they are absent from duty since 11.03.1995 without leave and even after elapse of more than 12 years they neither joined the duty nor sent any application of leave -

1. Dilip Kumar
2. Sashidhar Yadav
3. Krishna Yadav.
4. Kishore Kumar Gupta
5. S.S. Manjar Imam.

Except Sri Krishna Yadav all the above four person(s) were appointed vide aforesaid letter. In the meantime the Nagar Parishad continuously sent demand for their salary to the Government but did not take any disciplinary action against them. Thus, the posts are occupied



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without actual men-in-position which hampered/ affected the working status of the Nagar Parishad and demand released by the Govt. is utilised for other purpose.

Attention of the Executive officer is drawn towards the matter and it is impressed upon to take disciplinary action against them and notice may be served through News Paper to them to represent themselves and result thereof may be intimated to the Government also.

**28. DUE SALARY OF SHRI RAMESH RAM-I WAS IRREGULARLY PAID TO HIS YOUNGER BROTHER KAILASH RAM-I**

Ramesh Ram-I was an employee of Nagar Parishad, Samstipur who died on 23.03.2007. He had left no family members as his wife was dead and he had no children. Further, he had not submitted any list of dependant family members and there was no nominee to get his due claims. But, Nagar Parishad paid his due claims to his younger brother Kailash Ram who himself is an employee of the Council.

In course of audit, it appeared that a total sum of Rs. 62,082.00 vide details below was paid to younger brother of late Ramesh Ram-I (But thumb impression of Kailash Ram has not been found certified by the Competent authority) which was irregular and unjustified.

Sl. No.	Vr. No. / date	Amount paid (in Rs.)	Remarks
1	159/ 14.01.08	44264.00	Due salary for the period Feb,04 to Feb, 05
2	107/ 15.10.07	17,818.00	Due slary for the period Sept, 03 to Jan, 04
	<b>Total-</b>	<b>62,082.00</b>	

The entire amount of Rs. 62,082.00 paid to Shri Kailash Ram is held under objection and suggested that in future no claim of Shri Ramesh Ram- & shall be paid to his brother Shri Kailash Ram.

**29. SURPLUS AMOUNT NOT RECOVERED FROM SRI RAM BINOD SINGH**

A sum of Rs. 2500 was paid to Shri Ram Binod Singh vide Vr. No. 04/ 10.04.07 for election work but Shri Singh rendered adjustment bill for Rs. 24213/- only and the balance amount of Rs. 787/- was not refunded by him till date.

Thus, Rs. 787/- is suggested for recovery from Shri Singh and the same may be deposited into the Municipal fund under intimation to audit.

**30. IRREGULAR APPONTMENT OF 5 STAFF RESULTED AN IRREGULAR PAYMENT OF RS. 3.04 LAKH. IN THE YEAR 2007-08**

During the checking of Appointment file, Salary demand and salary acquittance roll of the employees, it appeared that following five person applied for engagement in Municipal service in the year 1995 (Date was not mentioned in the application) and they were allowed to join as sweeper on temporary basis vide letter no. 573 dated 04.09.1995.

1	Krishan Kumar Ray
2	Suresh Kumar Thakur
3	Sanjeev Kumar Sinha
4	Ajay Kumar Ray
5	Rajesh Kumar Dutta

All the aforesaid 5 person Joined service and served for 10 months from 04.09.1995 to June, 1996. For the said 10 months, payment was not made to them and they left Job on this very ground. Out of aforesaid 5 person, Shri Krishna Kumar Ray and Suresh Kumar Thakur took shelter of Hon'ble High Court for their due salary payment (C.W.J.C – 7504 dt. 05.10.1999). After hearing the case, Hon'ble court disposed off the writ petition with instruction that appellant may approach to Municipal authority for their claim and it was advised to Municipal authority to take up the matter in accordance with laws. Thus, the matter was left at the disposal of Municipal authority.

After disposal the case by the Hon'ble High Court, the than Executive officer (Shri Ramakant Yadav) declared the appointment of aforesaid 5 person irregular and passed order for their termination from service. The letter was signed by the Executive officer but not issued by the dealing assistant and in the meantime Executive officer was transferred.

The matter was took turn when new Executive officer (Shri A.K. Thakur) Joined the Municipality. All the aforesaid person again applied for their engagement in Municipal service (March, 2000) and the Executive officer accepted their Joining and regularized them in service and paid the previous claims vide L. No. 477 dated 29.04.2000.

The Government issued several letters to Urban Local bodies in which it was instructed that all types of appointment is banned (Letter No. 3939 dated 20.11.1999) and if appointment is made, action would be taken against the officer at fault.

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Thus, the appointment of aforesaid five persons in Municipal service was done against the decision taken by the then Executive officer and in contrary to Government instructions, which was irregular. As such, pay and other allowances paid to the aforesaid person(s) were unauthorized and stands recoverable from officers at fault. During the year 2007-08, a total sum of Rs. 3,04,045/- was paid vide details below-

Sl. No.	Ch. No. /date	Amount paid (Rs.)
1	464094/ 11.01.2008	2,21,065
2	464089/ 15.10.07	82,980
	<b>Total-</b>	<b>3,04,045</b>

Total payment made to the said 5 person may be worked out by the Nagar Parishad and recovery may be effected accordingly.

Further, like the above cases, Sri Parmanand Kushwaha was also appointed in the year 2002 but due to unavailability of original file, the case could not be scrutinized in audit thoroughly. The Executive officer is impressed upon to take up the matter in the light of government instruction and result thereof may be intimated to the Examiner of Local Accounts, Bihar, Patna.

### 34 TIME BARRED ADVANCE RS. 25,000/-

From perusal of Para No- 23 (2) of the last and previous Audit Report bearing No- 419 / 2007-08 for the years 2001-02 to 2006-07, it appeared that a total sum of Rs. 25,000/- was paid to Sri Ramesh Kumar, Contractor for repairing of Municipal vehicle No- 1452 in the year 2002 vide details below-

Sl. No.	Vr. No. / date	Amount Rs.	Remarks
1	983/ 13.12.02	20,000	For repairing of vehicle No. 1452
2	984/ 18.12.02	5,000	- do-

But, the contractor did not submit the adjustment accounts even after elapsing of more than 5 years from the date of sanctioning of the advance and the advance became time barred. The Executive officer did not take step for recovery of the advance outstanding and Accountant

was held responsible because he did not point out and initiated the matter before the Executive officer.

Thus, the matter of time barred advance is reported to the Examiner of Local accounts, Bihar for consideration that why the time barred advance may not be recovered from Sri Prabhat Kumar, E.O. and Sri Ashok Kumar Gupta. Accountant Jointly and severally as they were responsible for not taking appropriate action and advance became time barred.

The details have been given in the surcharge proposal **Statement- I** to the report.

### 32. **DISCUSSION WITH THE EXECUTIVE**

All the points raised during audit of the accounts of Nagar Parishad, Samastipur for the period under audit have been discussed with the Executive officer time to time. The matter was also discussed with the Chairman of the Nagar Parishad.

### 33. **RESULT OF AUDIT.**

As a result of audit, a total sum of **Rs. 3883678.60** is suggested for recovery and a total sum of **Rs. 11297851** is held under objection and **Rs. 111712.43** recovered at the instance of audit. Further, a total sum of **Rs. 25000/-** is suggested for recovery through process of surcharge. The details have been given in **Appendix- III** to the report and surcharge cases have been given in **Statement- XIX** to the report.

### 34. **GENERAL REMARKS**

The position of maintenance of accounts of the Nagar Parishad has not improved despite suggestion in the previous audit Reports. The important records like Annual Accounts, Loan appropriation register, Demand register of Holding and other taxes, Asset register and Annual developmental Plans were not maintained. Several financial irregularities like Non/ Short deposit of collection amount in Municipal Fund, Double Payment, Excess and irregular payment were noticed and the Executive officer never done superior checks. The Nagar Parishad done very poor collection of revenue from its internal source of receipts and the collection was not sufficient to meet even establishment and other charges of the Municipality. Huge amount of rent, rates and taxes were outstanding against the lessee/house owner and holding tax was not revised since 1986.

Further, the advances sanctioned to the employees and executing agencies was not adjusted and huge amount of advance was pending for adjustment as on 31.03.2008. No steps

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was taken by the Executive officer for adjustment of the audit objections contained in the last and previous Audit Reports.

Attention of the Executive is drawn towards aforesaid irregularities/ shortcomings and it is impressed upon to take effective steps for removal of the irregularities and for enhancement of internal source of receipts. Superior checks may be done by the Executive to avoid financial irregularities.

Sd/-  
**(DIWAKAR RAY)**  
**Section Officer (Audit)**

Sd/-  
**V.K. SRIVASTAVA**  
**Section Officer (Audit)**

(11/1)

No. L.A. Sur/ 1618

Date:- 31/12/08

Forwarded to the Executive Officer, Nagar Parishad, Samastipur for information and necessary action and placement of Audit Report in Municipal Board and complete reply /Compliance of the audit objections may be furnished to the Examiner of Local accounts, Bihar, Patna within three months from the date of receipt of the report.

sd/-

Audit Officer/Surcharge

Memo. No. L.A. Sur/ 1619

Dated:- 31/12/08

Copy forwarded for information and necessary action to:-

- ✓ 1. Principal Secretary to the Govt. of Bihar,  
Nagar Vikash and Awas Vibhag,  
Bihar, Patna
2. The District Magistrate, Samastipur
3. S.O./Surcharge

AKMAL  
31/12/08

Audit Officer/Surcharge

Statement showing list of those records and registers which were produced before audit and testchecked.

1. Accountant Cash Book.
2. Treasury pass Book and cheque Books.
3. Cash Book of 12th F.C, Sam Vikash, S.T.S.R.Y
4. Bank statement / pass Book.
5. Government Grant Register
6. Government Loan Register
7. Advance Register
8. Miscellaneous Receipt Books and its stock register.
9. 'H' form receipts and its stock register.
10. Daily collection register and Bank challans / Treasury challans.
11. Cashier Cash Book.
12. File related to Assessment of Holding.
13. Collection receipts of professional <sup>tax</sup> an offensive and Dangerous trade.
14. Salary demand for the year 2007-08.
15. Establishment vouchers.
16. Shop rent register and agreement file.
17. File related to settlement of Sairat / fixed demand.
18. Photocopy of file for appointment of 5 person(s)
19. File related to realization of fee for Hearing / advertisement.
20. Previous Audit Report for the years 1999-00 to 2006-07.
21. Proceeding Register

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Statement showing those records/registers which were either not maintained or not produced before audit.

1. Loan appropriation register
2. Up to date demand for Holding tax.
3. Cheque Books and pass Book of Co-operative Bank account.
4. Annual Account
5. Adjustment Ledgers
6. Death/Birth registration account.
7. Map. Sanctioning registers
8. Mutation registers
9. Saleable forms account.
10. Stock register of stationary and permanent articles.
11. Matriculation certificate for age proof of Sri Ravi Bhushan Singh, Brijeshwar prasad, Umesh prasad, and Umakant Lal Das and R.B. Singh.
12. Salary registers
13. P.F Ledger
14. Cheque issue registers

Babu



of the report.)

# Statement showing Result of Audit

S/No.	Ref. of para Number	Amount suggested for recovery	Amount held under objection	Amount recovered at the instance of audit	Amount suggested for recovery through surcharge
1.	8(i)	23413.60	—	84273.29	—
2.	8(ii)	—	<del>23023.14</del>	23023.14	—
3.	9	3683	—	100	—
4.	12	10 —	10772779	—	—
5.	14(i)	83266	—	—	—
6.	14(ii)(a)	[501532]	—	—	—
7.	14(ii)(b)	1250000	—	—	—
8.	14(3)(b)(i)	—	—	1496	—
9.	14(3)(b)(ii)	1600	—	—	—
10.	[16(c)(i)]	[5596427]	—	—	—
11.	16(c)(ii)	26020	—	—	—
12.	18(a)	262000	—	—	—
13.	18(c)	<del>1827</del> 1827116	—	—	—
14.	<del>20</del> 20	—	—	—	—
15.	22	<del>27243</del>	27243	—	—
16.	23	93308	—	—	—
17.	24	8440	—	—	—
18.	25	—	—	2820	—
19.	26(ii)	—	435747	—	—
20.	28	—	62082	—	—
21.	29	787	—	—	—
22.	30	304045	—	—	—
23.	31	—	—	—	25000
		9981637.60	11297851	111712.43	25000
		3883678.60			

for Vd