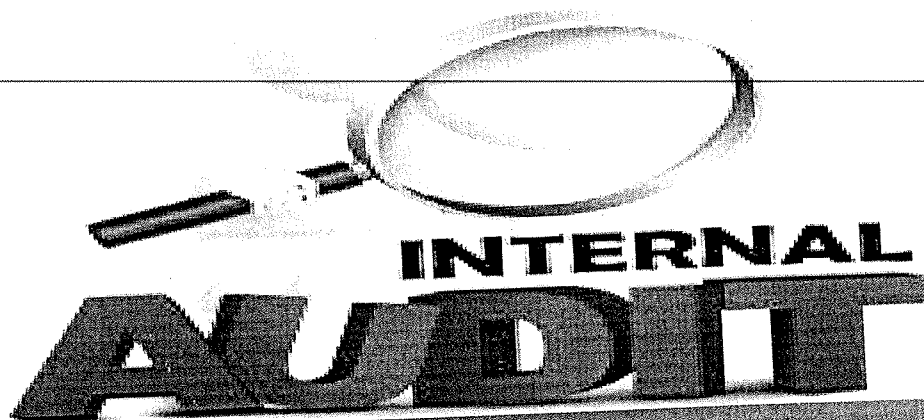


Financial Year
2018-19



Internal Audit Report for the period from 01-04-2018 to 31-03- 2019 of Araria Municipal Council

REPORT SUBMITTED DATE: 05-12-2019

INTERNAL AUDIT CONDUCTED BY

*M/S Tibrewal Chand & Co., Chartered Accountants
Flat No. 501, 5th floor Meridian, SS Bihar Apartment near Karighlyon Station, Patna
Mob. No. +91 8825110779
Email- tcbihar@gmail.com*

INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

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Executive Summary

1. Introduction:

Name of the Municipality	Araria Municipal Council
Period covered under current audit	01-04-2018 to 31-03-2019
Name of Chief Municipal Officer for the period under audit	Dinanath Singh

2. Results and Findings:

➤ Strengths observed during the audit engagement:

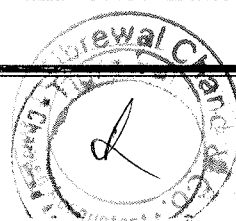
In the existing system as prevailing in the Municipal Council, day to day work is in a progressive manner in respect of collection of revenue and execution of the project.

➤ Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement: -

1. Non preparation of financial statements resulting in weakness in control over accounts.
2. Non preparation of bank reconciliation statements.
3. Lack in follow-up procedure in collection of huge arrear dues in relating to property and other taxes.
4. Non-Performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.
5. Delay in deposit of collected revenue has been observed.
6. No deduction and late deposit of tax deducted at source (TDS), resulting in violation of tax provisions and attraction of interest and penalty.
7. Non-Maintenance of assets registers in complete manner resulting in chances of mis-utilization of assets.
8. Some of the rent agreements were expired.

3. Opinion:-

The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel and other matter incidental thereto for overall improvement of the ULB.



INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

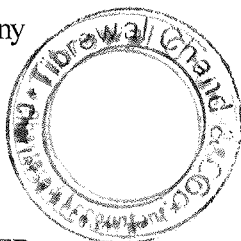
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4. Audit Recommendations:-

1. Books of accounts should be prepared under double entry system and accrual basis should be followed.
2. ERP software should be implemented in the ULB for preparation of financial statements and other necessary information as and when required by the management. Employees of all departments will be trained with the software for entering day to day transactions.
3. Stringent follow up is necessary for recovering arrear dues relating to property tax and other sources of income.
4. Bank statements or treasury statement shall be collected and bank reconciliation statement should be prepared on monthly basis. Balance confirmation certificate to be obtained from the respective bank treasury periodically.
5. Fixed assets register has to be prepared for all fixed assets owned by the ULB, assets will be numbered, whenever applicable and location of assets should be mentioned in such register? Physical verification of such fixed assets has to be conducted by appointing external professional agency at such year end.
6. Stock/store register has to be updated in all respect. Purchase, issue and balance of each items has to be maintained separately.
7. Timely deposit of Taxes is must for The ULB.

For Tibrewal Chand & Company
Chartered Accountants





CA ROSHAN JAIN | PARTNER

Membership No 518422

FRN No. 311047E

UDIN NO = 21518422 AAAAA B 3491

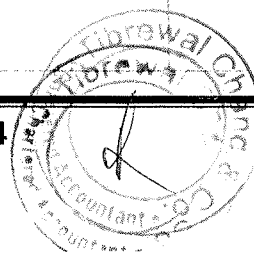
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INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

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5. Comments from Management:-

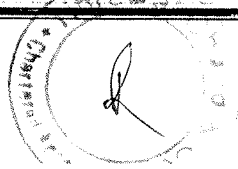
Sl. No	Observations	Management Comments	Auditor Recommendation
1	We communicate with management to done physical verification of some property to verify correct collection of holding tax but management unable to provide assistance for the conduct of Physical verification of property.	Due to prior engagement in other work we could not provide assistance regarding field survey of Property tax. We will provide all assistance in next quarter audit.	Follow the direction given by UD & HD.
2	Delay in deposit of cash to Bank by tax collector:-As per the records made available during the audit, delays were observed between date of collection made by the tax collector and the deposit of the same to the Bank.	Necessary action taken in this regard.	Follow the direction given by UD & HD.
3	In DCR, most of the cases nor there is any signature of the cashier or other competent authority collecting the cash from tax collector.	All tax collectors cashier and tax daroga is instruct to make necessary attempt in this regard.	DCR should be maintained Year wise for each party and concerned authority should be verified.
4	Report on Findings of the field survey of property tax of minimum 20 high value properties is given in the report.	Property tax self-assessment has been done as per municipal law.	Field survey should be done at appropriate interval.
5	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of	Taking necessary action to realize the mobile tower tax. Notice will be given to the defaulter tower owner.	Take appropriate action in this regard.



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	Rs. 40,000/- per Tower and the Renewal fee is Rs. 10000/- per year. As per verification of records and document during the course of audit and according to the cash book produced by the ULB, it was found that only Rs. 26,04,000/- was realized from the Tower Company till 31.03.2019, resulting in loss of Rs. 17,16,000.		
6	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. An additional amount of registration and renewal fee @60% shall be levied for every additional antenna with share the same tower. As per documents provided to us there is no additional antenna shown in any tower.	Taking necessary action to realize the mobile tower tax. Notice will be given to the defaulter tower owner.	Take appropriate action in this regard.
7	Survey report related to tower has not been produced during the audit.	Necessary action taken in this regard.	Take appropriate action in this regard.
8	We communicate with management to done physical verification of some Mobile tower to verify correct collection of mobile tower tax but management unable to provide assistance for the conduct of Physical verification of such mobile tower.	Due to prior engagement in other work we could not provide assistance regarding field survey of Property tax. We will provide all assistance in next quarter audit.	Follow the direction given by UD & HD.
9	Rent Agreement of any shop has not been produced with us.	Necessary action taken in this regard.	Agreement should be renewed at appropriate intervals.
10	Scheme Register is not yet prepared.	Necessary action taken in this regard.	Take necessary action in this regard.
11	As per section 342 of Bihar	Necessary action taken in	Take necessary action in this



INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

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	Municipal Act, 2007, trade license fee is to be collected from different type of trader, who is trading in concerned Municipal area not collected in 2018-19. Demand not raised in regarding trade license.	this regard.	regard.
12	Details regarding number of trader doing business in its area are not maintained in regard of private traders.	Necessary action taken in this regard.	Take necessary action in this regard.
13	While verifying the applicable procurement process, we have noticed few irregularities.	Necessary action taken in this regard.	Procurement should be done as per financial rule and should follow procurement procedure.
14	We found a few discrepancies while vouching the expenditure.	management comment has been given in detail In annexure	Management should take appropriate action in this regard.
15	Vouchers are not filed serially and kept in loose form. Those need to be filed properly and date wise sequentially.	Future reference.	Voucher should be maintained in index file in serially.
16	It is Found that few bank balances not reconciled.	We have Trace in F.Y. 2019-20	Management should take appropriate action in this regard.
17	Fixed assets register has not been maintained properly at Nagar Parishad level. Stores registers has not been prepared by the ULB. During the year 2018-19 no physical verification was carried out of the stores.	Only details regarding immovable property and vehicle has been maintained.	Fixed assets register should be maintained in separate register for each asset with identification number.
18	Details of deducted TDS on Service provider and salary payment to employee is not provided to us.	Necessary action taken in this regard.	Management should take appropriate action in this regard.
19	Details of TDS deposited & deducted not provided to us.	Necessary action taken in this regard.	Management should take appropriate action in this regard.

INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

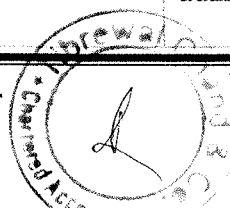
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20	Copy of Returns of VAT, TDS has not been shown to us.	Necessary action taken in this regard.	Return should be timely filed for avoiding interest and penalty.
21	The municipality is not in practice to prepare BRS on monthly basis or even on quarterly basis.	Future reference.	BRS should be maintained monthly wise.
22	Monthly and quarterly budget was not maintained. Therefore, comparison of budgeted and actual figure of income and expenditure was not performed.	Annual budget are prepared	Budget should be maintained quarterly.
23	Utilization of grant and report on missing Utilization Certificates are given in audit report.	All twenty UC details given to auditor.	UC should be submitted at reasonable interval.
24	Soft copy of Advice regarding payment of housing for all and disbursement under project of SBM is not Produce with us, so it is difficult to trace double payment for same.	Future reference.	Management should take appropriate action in this regard.
25	There is opportunity cost observed in regard of payment of electricity bill not availed by Nagar Parisad.	Future reference.	Management should take appropriate action in this regard.
26	Chapter XVII of the Bihar Municipal Act requires license for advertisement of any hording. But no advertisement tax has been collected during 2018-19.	Future reference.	Management should take appropriate action in this regard.
27	As per NULM minimum 30% beneficiary should be female member but no instances is found in case of 1 st batch conducted by LCC Infotech Pvt. Ltd.	Future reference.	Management should take appropriate action in this regard.
28	Log book before 11/07/2018 not produced during the	Future reference.	Management should take appropriate action in this

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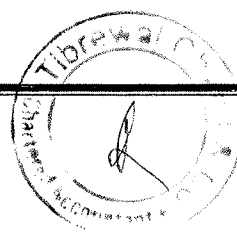
	course of audit		regard.
29	During the course of Audit, we observed that Nagar Parishad has conducted CAG audit for the year 2016-17 but compliance report not prepared by ULB. During the course of Audit, we observed that Nagar Parishad has conducted Internal audit for the year 2016-17 & 2017-18 but compliance report not prepared by ULB (Details given in report)	It will take few week or month.	It should be prepared as soon as possible.
30	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.	Future reference.	As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of municipal accounts committee each year. During our audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.
31	Holding tax including penalty of Rs 8496127.00 is due as on 31.03.2019.	Necessary action taken in this regard.	Follow the direction given by UD & HD.
32	During the Verification of cashier cash book we found that amount of Rs 35590 Received on 21/02/2019 and amount of Rs 42552 received during the month of October not deposited till the date of audit.	Necessary action taken	Management take care regarding this type of issue.
33	During the verification of sairat register, we observed that during the financial year 2018-19, Sairat and stamp	Step are taken to deposit stamp duty for the sairat occupier.	Stamp duty should be deposited with concerned authority.



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	duty in regard of two sairat has not been collected. Due to this reason Revenue loss of Rs 80280 to concerned ULB.		
34	Rent amount of Rs. 4,70,130 was due as on 31.03.2019.	Necessary action taken in this regard.	Take necessary action in this regard.
35	During the audit it was observed that no bio metric attendance was used for making attendance. Further there was very poor internal control on leave tracking of the employees. Labor Payment: Labor Payment has been made on master roll. PF & ESI: PF and ESI deduction & deposition details is not provided to us. Therefore we are unable to quantify the amounts. Insurance: Insurance deduction & deposition details is not provided to us. Therefore we are unable to quantify the amounts.	Necessary action taken in this regard.	Take necessary action in this regard.
36	Non adjustment of advances	Necessary action taken	Advance must be adjusted within reasonable time period.



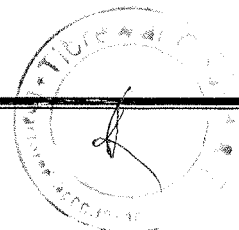
INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

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6. Acknowledgement:-

Considering the physical environment, accessibility, literacy of the human resources, communication facilities and so many other hindrances, we are in opinion that, the working of the unit has a deep impact on the electronic and & social aspects and values of the inhabitants of the demarcated area and the unit specifically dedicated for the development of Municipal Council in the state of Bihar according to plan and for matters ancillary thereto.

We convey our heartfelt thanks to the entire human resources of the “Araria Municipal Council” for rendering there help for smooth completion of this assignment.



INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

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Detailed Audit Report

1. Introduction: -

The Internal audit of Araria Municipal Council covering the period from 01st April 2018 to 31st March 2019 was conducted by our team.

Name Of ULB	Period Covered	Audit Team
Araria Municipal Council	1st April 2018- 31st March 2019	(1) TL:CA Neerav Bhanushali (2) MAE: CA Amit Ranjan (3) Auditor: Sanjeet Kumar

2. Administration: -

The Present governing body of the ULB has taken charge on 09-06-2017. The incumbencies in the key administrative and executive positions are as under:

- Smt Janki Devi, Chairman from 09-06-2017 to till the date of Audit.
- Md. Dinanath Singh Executive officer from 24-02-2019 to till the date of Audit.

3. Review of outstanding Audit Paras :

Status of Audit observations is as under:

Sl. No	Particulars of audit and date of report	Total no. of Audit paras.	Total no. of Audit Paras where necessary improve ment/cor rective measure is require	Total no. of Audit paras where recovery of cash is propose d	Total No. of Audit paras where recover has been made	Total amount of recovery	Total No. of outstandi ng paras where no action has been taken	No. & date of compliance report
1	AG Audit (2016 to 2018)	22	22	1	0	0	22	Compliance Report not prepared.
2	Internal Audit (2016-2017)	35	35	0	0	0	35	Compliance Report not prepared.

INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

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3	Internal Audit (2017-2018)	43	43	0	0	0	43	Compliance Report not prepared.
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(Note: Refer point no. 29 of discussion note)

4. FINANCE:

i. Budgetary provisions and expenditure for the last three years :-

Year	2018-19	2017-18	2016-17
Final/Revised Budget	82,78,72,000	78,06,58,500	2,00,56,71,000
Actual Expenditure	77,35,21,813	28,37,95,470	34,03,81,737
Savings(+)/Excess(-)	5,43,50,187	49,68,63,030	1,66,52,89,262

(Note: All figures taken from books of accounts.)

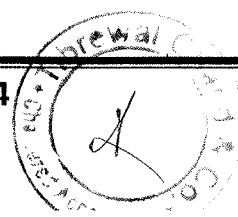
ii. Volume of Transactions :-

Period	Budgeted	Previous year (17-18)	Previous year (16-17)	Current period	Cumulative for the current period
Opening Balance	2,89,42,89,710	2,49,42,79,710	2,41,36,86,979	2,66,72,16,690	2,66,72,16,690
Receipts	98,72,33,000	45,67,32,450	42,09,74,468	5,21,99,624	5,21,99,624
Total	3,88,15,22,710	2,95,10,12,160	2,83,46,61,447	2,71,94,16,314	2,71,94,16,314
Net expenditure	82,78,72,000	28,37,95,470	34,03,81,737	77,35,21,813	77,35,21,813
Closing Balance	3,05,36,50,710	2,66,72,16,690	2,49,42,79,710	1,94,58,94,501	1,94,58,94,501

(Note: All figures taken from books of accounts.)

iii. Bank Reconciliation :-

Un-reconciled balance between bank book and bank statement as on 31-03-2019 has been shown below:



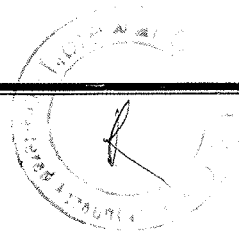
INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

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Sl. No.	Name of Bank	Project/scheme	Account no.	Cash balance as per Cashbook	Bank Balance as per Passbook	Differences	Status
1	BOB	Kabir	01002	304301.00	301874.50	-	Un-reconciled
2	HDFC	MAP	60199	3090378.00	3090378.00	-	Reconciled
3	SBI	13th Finance	75888	2400035.90	2415785.90	-	Reconciled
4	OBC	MM Pay Jal	01971	46273073.00	46273073.00	-	Reconciled
5	Union Bank	LHSDP	08268	310412.05	310412.05	-	Reconciled
6	BOB	B.R.G.F	00794	1089674.00	1047650.00		Un-reconciled
7	Canara Bank	Samajik Srachha Pension	06356	1210409.00	1210409.00	-	Reconciled
8	Union Bank	E governance	08269	2617.85	2527.85	90.00	Un-reconciled
9	HDFC	14th Finance	47961	92467.00	92467.00	-	Reconciled
10	BOB	I.D.S.M.T	00796	14953.50	14397.50	556.00	Un-reconciled
11	SBI	State Finance	43564	11295.11	11295.11	-	Reconciled
12	Union Bank	U.N.L.M. SJSRY	09639	966937.66	966937.66	-	Reconciled
13	OBC	Antime Sansadhan	00011	475084.40	607617.40	-	Reconciled
14	BOB	S.I.S.R.Y	00793	703868.00	703868.00	-	Reconciled
15	SBI	I.H.S.D.P	43575	10929880.13	10929880.13	-	Reconciled
16	OBC	Nali Gali Yojna	02213	16807584.00	16807584.00	-	Reconciled
17	BOB	IHSDP Infra	00797	35887011.50	36004351.50	117340.00	Un-reconciled
18	Treasur y		PLA	1,94,58,94,501	1,94,58,94,501	-	Reconciled

(Note: Refer point no. 16 & 21 of discussion note)

iv. Revenue & Capital Receipts :-



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Income Details					
Sl.No.	Details	2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	Total Receipts (A+B)	5,21,99,624	45,67,32,450	45,67,32,450	42,09,74,468
A	Revenue Receipts (1+2+3)	3,94,58,624	14,72,46,890	14,72,46,890	27,61,41,468
1	Own Revenue Receipts (a+b)	3,94,58,624	14,72,46,890	14,72,46,890	9,13,19,000
a)	Tax Revenue (Levied & Collected By municipal Body)	3,16,17,515	9,60,47,580	9,60,47,580	8,80,49,000
i)	Property Tax	2,38,72,657	9,20,80,550	9,20,80,550	8,57,46,245
ii)	Other Tax (Levied & Collected By municipal Body)	77,44,858	39,67,030	39,67,030	23,02,755
b)	Non Tax Revenue (Levied & Collected By municipal Body)	78,41,109	5,11,99,310	5,11,99,310	32,70,000
i)	Fess & Fines	8,27,800	42,850	42,850	-
ii)	User Charges	-	14,250	14,250	26,15,000
iii)	Other Non-Tax Revenue (Levied & Collected By municipal Body)	70,13,309	5,11,42,210	5,11,42,210	6,55,000
2	Other Revenue Receipts	-	-	-	46,01,000
a)	Income from interest/Investments	-	-	-	46,00,000
b)	Other Revenue Income	-	-	-	1,000
3	Transfers/grants/Assigned Revenues	-	-	-	18,02,,21,468
a)	State Assigned Revenues	-	-	-	-
b)	State Finance Commission (SFC) Grants/Devolution	-	-	-	18,02,21,468



INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

**FINANCIAL
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c)	Octroi Compensation	-	-	-	-
d)	Other State Government transfers	-	-	-	-
e)	Central Finance Commission (CFC) Grants	-	-	-	-
f)	Other Central Government transfers	-	-	-	-
g)	Others	-	-	-	-
B	Capital Receipts	1,27,41,000	30,94,85,560	30,94,85,560	14,48,33,000
1	Sale of Municipal Land	-	-	-	-
2	Loan (From state Govt or Banks etc.)	-	-	-	-
3	State Capital Account Grant (Under state Scheme etc.)	-	30,94,85,560	30,94,85,560	12,72,46,000
4	Central Capital Account Grant (Under central Scheme etc.)	1,27,41,000	-	-	1,75,87,000
5	Other Capital Receipts	0	-	-	-

(Note: All figures taken from books of accounts.)

v. Revenue & Capital Expenditure Information :-

Expenditure Details					
Sl.No.	Details	2018-19			
		2018-19	2017-18	2017-18	2016-17
	Total Expenditure (1+2)	77,35,21,813	28,37,95,470	28,37,95,470	34,03,81,737
1	Revenue Expenditure	3,84,58,130	16,38,77,050	16,38,77,050	16,42,91,260
1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	3,84,58,130	9,94,65,840	9,94,65,840	8,76,54,872

INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

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1.2	Operation & Maintenance (O & M)	-	2,45,86,220	2,45,86,220	3,51,48,792
1.3	Loan Repayment (Interest Payments)	-	-	-	
1.4	Others (any other revenue Expenditure which is not salaries, O&M & or interest payment)	-	3,98,24,990	3,98,24,990	4,14,87,596
2	Capital Expenditure	73,50,63,683	11,99,18,420	11,99,18,420	17,60,90,477
2.1	All developmental works under central/state specific schemes	73,50,63,683	11,99,18,420	11,99,18,420	17,60,90,477
2.2	Loan Repayments	-	0	0	-
2.3	other capital expenditure	-	0	0	-

(Note: All figures taken from books of accounts.)

- vi. **Status of implementation of double entry Accounting system:** DEAS has been implemented by M/s Borkar & Mazumdar at Araria Nagar Parishad till F.Y 2017-18 but for the period 2018-19 no real time double entry system started till date of audit and even not got data for verification.

Particular	Completed
PTR	2017-18
AFS	2017-18
FAR	2017-18

- vii. **Status of Municipal Accounts Committee: if meeting is held:** Meeting of Municipal Accounts Committee has not been held during the year 2018-19 as Municipal accounts committee is not in existence at the Municipality.

(Note: Refer point no. 30 of discussion note)



INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

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5. Audit Observations: -

I. Part-A

- a) Leakage of own source revenue either due to wrong assessment or non-levy of property tax, mobile tower tax, rent on municipal properties, advertisement tax, fee etc.

a. Outstanding Holding Tax:

Audit Objective: As per Point no-5 of TOR.

Criteria: As per Bihar Municipal Act.

Condition: Holding tax including penalty of Rs 8496127 is due as on 31.03.2019. Details of such are given here:-

Sl. No.	Holder Name	Total demand of holding tax	Penalty	Collection	Due as on 31-03-2019
1	Government bhawan	8812674.00	150639.00	467186.00	8496127.00

Consequence/Effect/Impact: Due to huge outstanding of holding tax there is a huge revenue loss to the Nagar Parishad.

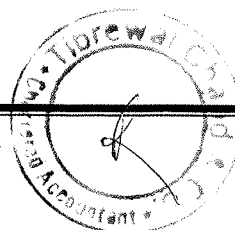
Cause: This is happens due to failure of designated staff and non-monitoring of authorized officials on timely basis.

Corrective Action/ Recommendation: There should be proper collection and monitoring mechanism for holding Tax.

(Note: Refer point no. 31 of discussion note)

b. Holding and property tax not deposit on timely basis

Audit Objective: Assessment of property tax as per Bihar Municipal Act and all collection deposited with treasury.



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Criteria: As per Rules 22(1) of Bihar Municipal Accounting Rules, 2014 Tax Collected has to be deposited on same day or latest before noon on the following working day.

Condition: As per the records made available during the audit, delays were observed between date of collection made by the tax collector and given to the Cashier and then deposited into bank which is shown below:

Date of collection by tax collector	Date of remittance by tax collector to cashier	Date of deposit by cashier in bank	Amount
09-04-2018	20-04-2018	16-07-2018	86861
21-04-2018	22-05-2018	16-07-2018	26605
25-05-2018	30-06-2018	16-08-2018	21714
29-05-2018	13-07-2018	16-08-2018	16982
25-05-2018	14-08-2018	21-01-2019	7799
31-05-2018	18-06-2018	10-09-2018	6600
20-06-2018	29-06-2018	10-09-2018	44568
26-07-2018	05-09-2018	21-01-2019	13806
06-08-2018	01-09-2018	21-01-2019	5734
29-09-2018	24-10-2018	28-01-2019	22027
10-10-2018	30-01-2019	26-03-2019	176961
30-11-2018	21-01-2019	16--03-2019	19517
27-12-2018	21-01-2019	16-03-2019	16640
07-01-2019	21-01-2019	16-03-2019	24852
25-02-2019	10-04-2019	NOT deposited	211937
30-03-2019	14-05-2019	NOT deposited	203545

Consequence/Effect/Impact: Due to non-deposit of Tax on due time, ULBs is suffering from Revenue Loss in the form of Bank Interest which could have been earned on these Receipts. Further this is a lapse on Internal Control due to non-submission of Counterfoil and record updating of assesses due.

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Cause: This happens due to non-follow up and monitoring of activities of Tax Collector by the concerned officer on regular interval.

Corrective Action/Recommendations: There should be day to day monitoring on Collection of Taxes by Tax Inspector/Collectors and deposit of collection into Bank either on same day or latest before noon on the following working day.

(Note: Refer point no. 02 of discussion note)

c. **Tax not deposit.**

Audit Objective: Assessment of property tax as per Bihar Municipal Act and all collection deposited with treasury.

Criteria: As per Rules 22(1) of Bihar Municipal Accounting Rules, 2014 Tax Collected has to be deposited on same day or latest before noon on the following working day.

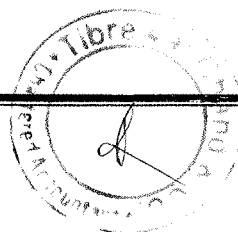
Condition: During the Verification of cashier cash book we found that amount of Rs 35590 Received on 21/02/2019 and amount of Rs 42552 received during the month of October not deposited till the date of audit.

Consequence/Effect/Impact: Due to non-deposit of Tax on due time, ULBs is suffering from Revenue Loss in the form of Bank Interest which could have been earned on these Receipts. Further this is a lapse on Internal Control due to non-submission of Counterfoil and record updating of assesses due.

Cause: This happens due to non-follow up and monitoring of activities of Tax Collector by the concerned officer on regular interval.

Corrective Action/Recommendations: There should be day to day monitoring on Collection of Taxes by Tax Inspector/Collectors and deposit of collection into Bank either on same day or latest before noon on the following working day.

(Note: Refer point no. 32 of discussion note)



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d. Tower Tax

Audit Objective: Assessment of Tower tax as per Bihar Communication Tower and related structure rules, 2012 and all collection deposited with treasury.

Criteria – Tower Tax is taxes on Communication Tower & related structure as defined in Bihar Communication Tower and related structure rules, 2012 as per the rule Tax Collected has to be deposited on same day or latest before noon on the following working day.

Condition: As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10000/- per year. As per verification of records and document during the course of audit and according to the cash book produced by the ULB, it was found that only Rs. 2604000/- was realized from the Tower Company till financial year 2018-19, resulting in loss of Rs. 1716000/-. Details of such are given here:-

Sl. No.	Name Of Tower	No. of Tower	Registration Fee	Renewal Fee	Total Due	Collection	Total Due
1	Airtel	09	3,60,000	10,30,000	13,90,000	4,64,000	9,26,000
2	Reliance Jio	13	5,20,000	7,40,000	12,60,000	12,60,000	-
3	Vodafone	11	4,40,000	12,30,000	16,70,000	8,80,000	7,90,000
TOTAL			13,20,000	30,00,000	43,20,000	26,04,000	17,16,000

As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. An additional amount of registration and renewal fee @60% shall be levied for every additional antenna with share the same tower as per documents provided to us there is no additional antenna shown in any tower.

Consequence/Effect/ Impact -Due to non-collection of Tower Rent with in prescribe time line, ULB incurred interest loss and also the due to non-collection of taxes, public interest has also been suffered.

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Cause: We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has no proper mechanisms for supervision and monitoring of the Tower Rent due to which result in revenue leakage.

Corrective Action / Recommendation: As per our opinion, management should review the collections on monthly and take appropriate actions against irregularity.

(Note: Refer point no. 5, 6, 7, 8 of discussion note)

e. A lot of sairat was not held at municipal council

Audit Objective: As per Point no-5 of TOR.

Criteria: As per Bihar Municipal Act.

Condition: During the verification of sairat register, we observed that during the financial year 2018-19, Sairat and stamp duty in regard of two sairat has not been collected. Due to this reason Revenue loss of Rs 80280 to concerned ULB. Details of such are given here:-

SI. No.	Ward no.	Name Of Sairat	Name Of Sairat Holder	Amount
1	23	Basant Pur Hatt	Pradeep Kumar Bhagat	10250
2	28	Sulabh Shauchalay samaharnyalay	Jaleshwari Devi	70030

Consequence / Effect / Impact: Due to non-collection of Sairat there is a revenue loss to ULB.

Cause: This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the Sairat which results in Revenue leakage.

Corrective Action / Recommendation: There should be proper monitoring and further steps are required to be taken for collection of Sairat by concerned ULB.

(Note: Refer point no. 33 of discussion note)

f. Non Collection of Advertisement Tax:

Audit Objective: As per Point no-5 of TOR.

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Criteria: Advertisement Taxes, in case auctioned to external agencies, shall be recognized as per the terms of agreement. In all other cases, when permission for advertisement is granted for the first time, the Advertisement Tax shall be accrued at the point when Tax is paid and permission is granted. After the first year, Advertisement Tax shall be accrued when renewal is due.

Condition: Advertisement tax is not being collected by Nagar Parishad, due to which Nagar Parishad is losing its revenue.

Consequence/Effect/Impact: Due to no collection of advertisement tax there is a huge revenue loss to the Nagar Parishad.

Cause: This is happens due to failure of designated staff and non-monitoring of authorized officials on timely basis.

Corrective Action/ Recommendation: There should be proper collection and monitoring mechanism for advertisement tax.

(Note: Refer point no. 26 of discussion note)

f. Outstanding Shop Rent

Audit Objective: As per Point no-5 of TOR.

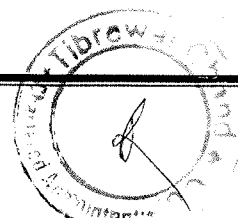
Criteria: As per Bihar Municipal Act.

Condition: Rent amount of Rs 470130 was due as on 31.03.2019. Details of such are given here

Sl. No.	Particular Of Shop	No Of Shop	Due Amount On 31-03-2019
1	Chandani chowk market	23	71000
2	Meera talkies market	20	399130
TOTAL			470130

Consequence/Effect/Impact: Due to huge outstanding of shop rent there is a huge revenue loss to the Nagar Parishad.

Cause: This is happens due to failure of designated staff and non-monitoring of authorized officials on timely basis.



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Corrective Action/ Recommendation: There should be proper collection and monitoring mechanism for shop Rent.

(Note: Refer point no. 9 and 34 of discussion note)

b) Excess Payments against bill, lack of produce in payments against voucher, inefficiency in the control resulting loss to ULBs

1. We found a few discrepancies while vouching the expenditure. Details of such are given here:-

Sl.N o.	Voucher No	Date	Amount	Particulars	Observation
1	Not mentioned	22-02-2018	41860	Jagdamba tent house	112 packet food was procure @325 in nagar meeting but minutes regarding meeting was not found and no supporting document attach to justify payment.

(Note: Refer point no. 14 and 15 of discussion note)

2. There is opportunity cost observed in regard of payment of electricity bill not availed by nagar parishad. Details of such are given here:-

Sl. no.	Month	Date of Payment	Amount	Observation
1	Jan to March	31-03-2019	1009158	Additional discount of Rs15567.81 on online payment on or before 20-03-2019
2	November	29-11-201	724291	Additional discount of Rs 6243.37 on online payment on or before 29-11-2018
3	August	28-08-18	2760713	Additional discount of Rs 6184.58 on online payment on or before

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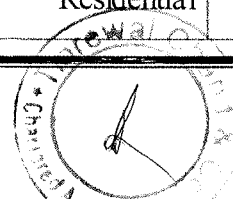
				29-11-2018
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(Note: Refer point no. 25 of discussion note)

c) **Report on Findings of the field survey of property tax of minimum 20 high value properties:**

Report on Findings of the field survey of property tax of minimum 20 high value properties is given here:-

Sl. no.	Holding No	Ward No	Holder Name	Type of Properties	Property Tax
1	01	25	Niranjan das gupta	Commercial	45775
2	302	16	Nashirmurehman	Commercial	34316
3	440	20	Md. Abu nasar	Commercial	32063
4	105	17	Sagarmalchandaliya	Commercial	27130
5	49	25	Jay das gupta	Commercial	25574
6	654	09	Hotel diya	Commercial	23616
7	213	09	Sumitradevi	Commercial	23395
8	92	20	Md. Tarikalam	Commercial	22976
9	494	17	Anandghosh	Commercial	19554
10	44	22	Jay prakash	Residential	18818
11	218	16	Ashok kumar	Residential	18284
12	New	27	Harunrashid	Residential	18010
13	387	20	Naiyarhabib	Residential	17150

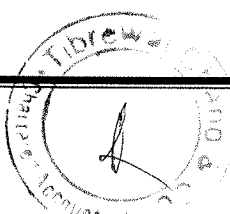


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14	01	27	Dr. salikaazam	Residential	14702
15	20	16	Prakash sharma	Residential	13763
16	New	09	Vijay Mishra	Residential	12689
17	262	16	Govindkr.khuraniya	Residential	12455
18	216	22	Rajendrabhagat	Residential	11189
19	257	16	Jagarnathprakashhaiswal	Residential	11006
20	202	21	Ranjeet kr. Chauriya	Residential	10851

(Note: Refer point no.04 of discussion note)



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ii. Part B

All Audit objections/regularities which has no monetary implications, but significant violations of Act, Rules & directives of UD&HD. mention the reference to Act & Rules wherein remedial measure is required.

a. Non-maintenance of books of accounts, subsidiary registers: -

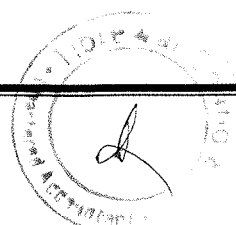
We observed that following registers which are given below has not been maintained by the ULBs.

- Journal Book.
- Cheque issued register.
- Assets register.
- Contra, journal, Receipt Voucher.
- Records and revision of taxes and rent.
- Demand Register.

In addition to the above following records were also not maintained by the ULB:

- Memorandum of collection (GEN 21)
- Summary of daily collection register
- Register for bills payment
- Cheque issue register
- Register for Advances
- Deposits register
- Summary statement of deposit adjustment
- Summary statement of bills raised
- Register of refunds, remissions and write offs
- Statement of outstanding expenses liability
- Document control register
- Register of immovable property
- Register of movable property
- Register of land
- Register of assets replacement
- Register of public lighting system.

(Note: Refer point no.10 of discussion note)



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b. Irregularities In procurement Process:-

While verifying the applicable procurement process, we have noticed few irregularities. Details of such are given here:-

Scheme No	01/2017-18
Scheme Name	Construction of Marriage hall
Group no.	11
Estimated Amount	3686690
No of Bid Received	02
Name of Bidders	M/s Manokamna progressive private limited
	No other bidder
Selected Bidder	M/s Manokamna progressive private limited
Work order date	08-12-2017
Work completion date	12-06-2018
Time allotted to complete the work	12 Month
Observation	(i)Single bidding was made. (ii) On such single bidding such procurement was made. (iii)in case of single bidding procurement should be canceled but no such instances found.

Scheme No	14/2017-18
Scheme Name	Construction of RCC Nala
Group no.	03
Estimated Amount	159917484
No of Bid Received	02
Name of Bidders	M/s vidhata construction

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	Sanjay kumargupta
Selected Bidder	M/s vidhata construction
Work order date	24-12-2018
Time allotted to complete the work	6 Month
Observation	(i) No signature on noting sheet found of any competent authority. (ii) The selection criteria on which M/s vidhata construction was selected was not found. (iii) The rejection criterion on which sanjaykumargupta has rejected is not found. (iv) No financial bid has found of any bidder. M/s vidhata construction is allotted work on 10% below estimated amount.

Scheme No	14/2016-17	Remarks
Scheme Name	Construction of Mandirbhawannirwan	
Group no.	04	
Estimated Amount	10259143	
No of Bid Received	01	
Name of Bidders	M/S vidhata construction	
	No other bidder	
Selected Bidder	M/S vidhata construction	
Work order date	30-08-2017	
Work completion date	Not found	
Time allotted to complete the work	Not found	
Observation	(i) We observed that comparative chart of bidders are not prepared by management. (ii) Only one bidder file. (iii) In case of single bidder tender should be cancelled. (iv) No Instances found.	

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Scheme No	11/2016-17	Remarks
Scheme Name	Construction of RCC nala from R.S. railway gumti se lakhisahkeghartak	
Group no.	25	
Estimated Amount	18793709	
No of Bid Received	02	
Name of Bidders	Sanjay kumar gupta Alok kumar chaturbedi	
Selected Bidder	Alok kumar chaturbedi	
Work order date	06-04-2017	
Work completion date	27-01-2018	
Time allotted to complete the work	6 Month	
Observation	(i) We observed that, comparative chart of bidders are not prepared by management. (ii) Same amount quoted by 2 bidders 10% below but allotted to alok kumar chaturbedi on 0.55% below estimated amount. (iii) No noting sheet prepared by management in this procurement process. (iv) No late charge deducted as per clause 2 of condition for contract.	

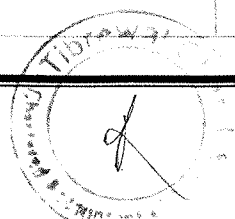
Scheme No	07/2016-17	Remarks
Scheme Name	Nagar Parisad Araria kebhawankajirnodwar	
Group no.	18	
Estimated Amount	1293500	
No of Bid Received	02	
Name of Bidders	Raj kumar Virendra kumar	
Selected Bidder	Raj kumar	
Work order date	09-02-2017	
Work completion date	30-06-2018	
Time allotted to complete the work	3 Month	
Observation	(i) We observed that, comparative chart of financial bid are not prepared by management.	

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- (ii) Same amount quoted by 2 bidders 10% below but allotted to raj kumar on the basis of lottery system.
- (iii) NO notice regarding lottery system found to be issued to bidder
- (iv) No signature on noting sheet found of any competent authority
- (v) No late charge deducted as per clause 2 of condition for contract.

Scheme No	07/2016-17	Remarks
Scheme Name	Construction of PCC sadak (IHSDP)	
Group no.	21	
Estimated Amount	2498900	
No of Bid Received	04	
Name of Bidders	B.B Sahid akhatun , Md. Shamsad , Mahfooz Ansari, Md. Shakib akhtar	
Selected Bidder	Mahfooz Ansari	
Work order date	14-02-2017	
Work completion date		
Time allotted to complete the work	3 Month	
Observation	(i) We observed that, comparative chart of financial bidare prepared by management but supporting tender bid document was not found. (ii) Same amount quoted by 2 bidders 10% below but allotted to Mahfooz Ansari on the basis of lottery system. (iii) NO notice regarding lottery system found to be issued to bidder. (iv) No signature on noting sheet found of any competent authority (v) No late charge deducted as per clause 2 of condition for contract. (vi) No measurement book found to trace the completion of work	



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Scheme No	12/2016-17	Remarks
Scheme Name	Construction of nail- gali yojana	
Group no.	05	
Estimated Amount	1062405	
No of Bid Received	03	
Name of Bidders	Subodh kumar, M/s mata di, Anuradha devi	
Selected Bidder	M/s mata di	
Work order date	17-03-2017	
Work completion date	Not found	
Time allotted to complete the work	03Month	
Observation	(i) NO noting sheet found on which file is processed. (ii)The selection Criteria on which M/S mata di is selected is lottery system. (iii) No notice regarding lottery is issued to bidder. (iv) No E-Tendering document in regard of finance al bid has been found.	

Scheme No	11/2016-17	Remarks
Scheme Name	Construction of nail- gali yojana	
Group no.	14	
Estimated Amount	985838	
No of Bid Received	02	
Name of Bidders	Anjesh kumar Anuradha devi	
Selected Bidder	Anjesh kumar	
Work order date	21-03-2017	
Work completion date	Not found	
Time allotted to complete the work	03Month	
Observation	(i) Signature on noting sheet not found on	

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	which file is processed. (ii) No tender document found. (iii) The selection Criteria on which Anjesh kumar is selected is lottery system. (iv) No notice regarding lottery is issued to bidder. (v) No E-Tendering document in regard of financial bid has been found.	
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Scheme No	12/2016-17	Remarks
Scheme Name	Construction of RCC nala	
Group no.	12	
Estimated Amount	1879585	
No of Bid Received	02	
Name of Bidders	Ranjeet kumar ranjan	
Selected Bidder	Ranjeet kumar ranjan	
Work order date	21-03-2017	
Work completion date	30-05-2017	
Time allotted to complete the work	03Month	
Observation	(i) No noting sheet found on which file is processed. (ii) No tender document found. (iii) The Criteria on which Ranjeet kumar is selected has not been found. (iv) No bidding process initiated.	

Scheme No	07/2016-17	Remarks
Scheme Name	Construction of Marriage hall	
Group no.	20	
Estimated Amount	1312100	
No of Bid Received	02	

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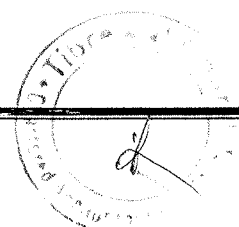
Name of Bidders	Rakeshkumar Anuradhadevi
Selected Bidder	Rakeshkumar
Work order date	Not found
Work completion date	Not found
Time allotted to complete the work	03Month
Observation	(i) Two bidder names found out of which one rejected on technical bid. (ii) The rate quoted by rejected bidder is less than 0.5% on estimated value. (iii) The rate quoted by other bidder who passes on technical bid is on estimated value. (iv) Rakesh kumar was selected on rate quoted by rejected bidder which was not appropriate. (v) Work order notice in regard of rakesh kumar was not found. (vi) 25% amount was deducted on payment amount on non-submission of quality certificate was released without obtaining quality certificate from contractor.

(Note: Refer point no.13 of discussion note)

c. Non-compliance of directives by UD &HD, Government of Bihar-

- Non Implementation of GeM procurement mechanism
- Non collection of various taxes required to be collected.
- Non maintenance of prescribed books of accounts.
- Non maintenance of prescribed DEAS.
- None maintenance of DCR.
- Non preparation of budget as per budget manual.
- Closing of daily cash book and bank book.
- Physical verification of cash balance with daily collection register and bank balances.

(Note: Refer point no.10, 22, 24 of discussion note)



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d. Non-compliance of Act & Rules.

The municipality is not in practice to prepare BRS on monthly basis or even on quarterly basis.

Monthly and quarterly budget was not maintained. Therefore, comparison of budgeted and actual figure of income and expenditure was not performed.

Chapter XVII of the Bihar Municipal Act requires license for advertisement of any hording. But no advertisement tax has been collected during 2018-19.

(Note: Refer point no.16, 21, 22 of discussion note)

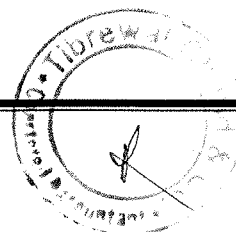
e. Lack of Internal Control Measures:

- (1) During the audit it was observed that there is serious lack of internal control over revenue collection. Revenue records are not maintained properly. Further, collection books after finishing should be kept in safe custody in ULB only.
- (2) There is no cash vault in the cash department for safety measure.
- (3) As per NULM minimum 30% beneficiary should be female member but no instances is found in case of 1st batch conducted by LCC Info tech Pvt. Ltd.
- (4) As per section 342 of Bihar Municipal Act, 2007, trade license fee is to be collected from different type of trader, who is trading in concerned Municipal area not collected in 2018-19. Demand not raised in regarding trade license.
- (5) Details regarding number of trader doing business in its area are not maintained in regard of private traders.
- (6) Soft copy of Advice regarding payment of housing for all and disbursement under project of SBM is not Produce with us, so it is difficult to trace double payment for same.

(Note: Refer Discussion Note 11, 12, 24, 27 of discussion note)

f. Non-compliance of TDS, VAT and other relevant statute

- Copy of Returns of VAT, TDS has not been shown to us.
- Details of deducted TDS on Service provider and salary payment to employee is not provided to us.
- Details of TDS deposited & deducted not provided to us. However we traced following non-compliances from vouchers:-



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Sl. No.	Voucher No	Date	Amount	Particulars	Observation
1	Not mentioned	29-08-2018	135310	Om Sai Printer	TDS not deducted @2% as pre condition of nivida no. 02/18-19
2	Not mentioned	30-08-2018	50200	Rameshwar engineering works	No TDS deducted u/s 194C

(Note: Refer Discussion Note 18, 19, 20 of discussion note)

g. Deficiency in pay-roll system:-

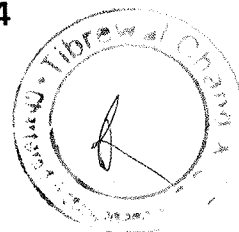
During the audit it was observed that no bio metric attendance was used for making attendance. Further there was very poor internal control on leave tracking of the employees.

- **PF and ESI:** PF and ESI deduction & deposition details is not provided to us. Therefore we are unable to quantify the amounts.
- **Insurance:** Insurance deduction & deposition details is not provided to us. Therefore we are unable to quantify the amounts.
- **Labour Payment:** Labor Payment has been made on master roll.

(Note: Refer Discussion Note 35 of discussion note)

h. Utilization of grant and report on missing Utilization Certificates

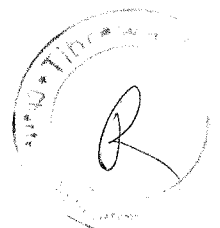
Year	Name of fund	Date of Allotment	Amount in Lakh	Expenditure	Un utilized Amount	Remarks
2018-19	Nagrik Suwidha	31-10-2018	95.29	NIL	95.29	Un-Utilized Amount Rs 95.29 transferred to PL A/C
2018-19	Nagrik Suwidha	26-12-2018	69.67	NIL	69.67	Un-Utilized Amount Rs 69.67 transferred to PL A/C
2018-19	14 th Finance	31-10-2018	187.54	NIL	187.54	Un-Utilized Amount Rs



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						187.54 transferred to PL A/C
2018-19	5 th Finance	03-07-2018	389.26	NIL	389.26	Un-Utilized Amount Rs 389.26 transferred to PL A/C
2018-19	Nala Nirmaan	13-09-2018	150.90	NIL	150.90	Un-Utilized Amount Rs 150.90 transferred to PL A/C
2018-19	City Manager Salary	04-10-2018	2.63	NIL	2.63	Un-Utilized Amount Rs 2.63 transferred to PL A/C
2018-19	5 th Finance	10-07-2018	398.10	NIL	398.10	Un-Utilized Amount Rs 398.10 transferred to PL A/C
2018-19	Nali Gali	10-07-2018	218.69	NIL	218.69	Un-Utilized Amount Rs 218.69 transferred to PL A/C
2018-19	EO Salary	22-05-2018	7.00	NIL	7.00	Un-Utilized Amount Rs 7.00 transferred to PL A/C
TOTAL			1519.08		1519.08	



INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

FINANCIAL
YEAR
2018-19

(Note: Refer Discussion Note 23 of discussion note)

i. Physical verification of inventory/stores

Physical Verification of the inventories and stores:

- Stores registers has not been prepared by the ULB. During the year 2018-19 no physical verification was carried out of the stores.
- Fixed Assets Register has not been maintained and updated in proper manner.

(Note: Refer Discussion Note 17 of discussion note)

j. Advances, their adjustment & recovery

Advance of previous year has not been adjusted till 31-03-2019. Details of such are given here:-

SI. No.	Name Of Staff	Date Of Advance	Amount
1	Narayan Malik	12-03-2019	40000
TOTAL			40000

(Note: Refer Discussion Note 36 of discussion note)



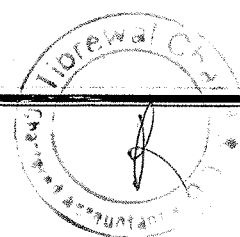
INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

FINANCIAL
YEAR
2018-19

iii. Part C

Scope of Audit

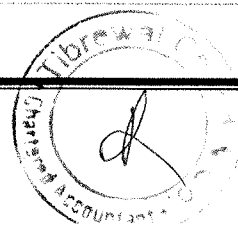
Sl. No	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Chapter xi, rule 84 (Budget has not been sanction by Empowered standing committee)& Chapter xii, rule 86 (Prepare and maintain accounts of receipts and expenditure), 87 (Preparation of Municipal Accounting Manual), 88 (Financial Statement.) 89 (Balance sheet.), 90 (Submission of financial statement and balance sheet to auditor.) and 98 (Municipal accounts committee.) are not follow by the ULB.
2	What is the status of implementation of SAS of Property Tax in the ULB; If SAS has been implemented then witness some assessment procedures to check any in-consistencies in assessment. at least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not).	Yes, in this ULB SAS implementation of property tax has been implemented. We have witnessed the 20 high value of property (List of property tax payer provided by ULB) same has been reported.
3	Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR Rule 22: All moneys to be brought to account Rule: 27: Collections to be deposited into Bank on the same day Rule 69: Grant Related Compliance Rule 120-121: Monthly Receipt & Payment Account and Trial Balance	Rule 22: we have found that all money has been brought to account but delayed. Rule 27: we have observed that the collected money has not to be deposited into Bank Account on same day. Rule 69: Grant related compliance has been done properly. Rule 120-121: Monthly Receipt & Payment Account and Trial Balance are not being prepared. Rule 130 is not being followed.



INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

**FINANCIAL
YEAR
2018-19**

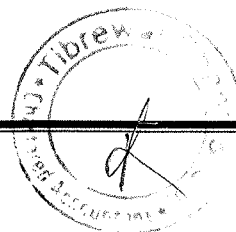
	Rule 130: Audit to be completed & reported within 6 month	
4	Whether all such compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob has been complied.	Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob has been complied.
5	If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc. have incurred then quantify the same.	It has been discussed in audit report under part A.
6	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.	All payment above Rs. 10000 has been vouched and deficiency has been mentioned in our audit report.
7	Whether all Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	No procurement register has been maintained. All payment above Rs. 15000 has been verified and irregularity has been discuss in audit report under part B



INTERNAL AUDIT REPORT OF ARARIA MUNICIPAL COUNCIL

**FINANCIAL
YEAR
2018-19**

8	An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	We advised management to prepare pending UC of expenditure already incurred. We will provide all support in this regard. Status of pending UC has been provided in our Audit report under part B.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	It has been provided in audit report under part A.
10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies.	It has been provided in audit report under part A.
11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No fixed deposit made during the F.Y. 2018-19. All funds held by ULB are maintained at Nationalized Banks and rate of interest is per banking norms.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for revenue losses.	It has been provided in audit report under part A.
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	It has been provided in audit report under part A.
14	Whether C&AG and Internal audit para has been complied, if not assistance has been provided in this regard.	It reported in review of outstanding audit paras as Annexure "A" in detailed audit Report.

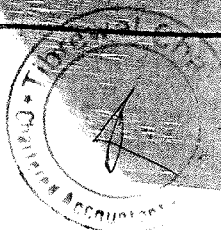


Discussion Note: 2018-19

Araria Municipal Council

Sl. No	Observations	Management Comments	Auditor Recommendation
1	We communicate with management to done physical verification of some property to verify correct collection of holding tax but management unable to provide assistance for the conduct of Physical verification of property.	Due to prior engagement in other work we could not provide assistance regarding field survey of Property tax. We will provide all assistance in next quarter audit.	Follow the direction given by UD & HD.
2	Delay in deposit of cash to Bank by tax collector:-As per the records made available during the audit, delays were observed between date of collection made by the tax collector and the deposit of the same to the Bank.	Necessary action taken in this regard.	Follow the direction given by UD & HD.
3	In DCR, most of the cases nor there is any signature of the cashier or other competent authority collecting the cash from tax collector.	All tax collector cashier and tax daroga is instruct to make necessary attempt in this regard.	DCR should be maintained Year wise for each party and concerned authority should be verified.
4	Report on Findings of the field survey of property tax of minimum 20 high value properties is given in the report.	Property tax self assessment has been done as per municipal law.	Field survey should be done at appropriate interval.
5	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10000/- per year. As per verification of records and document during the course of audit and according to the cash book produced by the ULB, it was	Taking necessary action to realize the mobile tower tax. Notice will be given to the defaulter to pay the tax.	Take appropriate action in this regard.

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03/02/2021
आरिया नगरपालिका
आरिया, बिहार

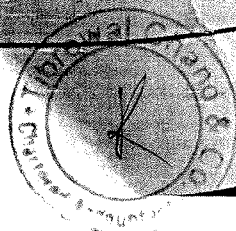
Discussion Note: 2018 -19

Araria Municipal Council

found that only Rs. 26,04,000/- was realized from the Tower Company till 31.03.2019, resulting in loss of Rs. 17,16,000.

- | | | | |
|----|--|---|---|
| 6 | As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. An additional amount of registration and renewal fee @60% shall be levied for every additional antenna with share the same tower. As per documents provided to us there is no additional antenna shown in any tower. | Taking necessary action to realize the mobile tower tax. Notice will be given to the defaulter tower owner. | Take appropriate action in this regard. |
| 7 | Survey report related to tower has not been produced during the audit. | Necessary action taken in this regard. | Take appropriate action in this regard. |
| 8 | We communicate with management to done physical verification of some Mobile tower to verify correct collection of mobile tower tax but management unable to provide assistance for the conduct of Physical verification of such mobile tower. | Due to prior engagement in other work we could not provide assistance regarding field survey of Property tax. We will provide all assistance in next quarter audit. | Follow the direction given by UD & HD. |
| 9 | Rent Agreement of any shop has not been produced with us. | Necessary action taken in this regard. | Agreement should be renewed at appropriate intervals. |
| 10 | Scheme Register is not yet prepared. | Necessary action taken in this regard. | Take necessary action in this regard. |
| 11 | As per section 342 of Bihar Municipal Act, 2007, trade license fee is to be collected from different type of trader, who is trading in concerned Municipal area not collected in 2018-19. Demand not raised in regarding trade license. | Necessary action taken in this regard. | Take necessary action in this regard. |
| 12 | Details regarding number of trader doing business in its area are not | Necessary action taken in this regard. | Take necessary action in this regard. |

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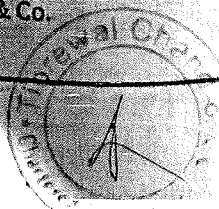
Araria Municipal Council
 Araria, Bihar
 22/03/2019

Discussion Note: 2018 -19

Araria Municipal Council

maintained in regard of private traders.		
13 While verifying the applicable procurement process, we have noticed few irregularities.	Necessary action taken in this regard.	Procurement should be done as per financial rule and should follow procurement procedure.
14 We found a few discrepancies while vouching the expenditure.	management comment has been given in detail in annexure	Management should take appropriate action in this regard.
15 Vouchers are not filed serially and kept in loose form. Those need to be filed properly and date wise sequentially.	Future reference.	Voucher should be maintained in index file in serially.
16 It is Found that few bank balances not reconciled.	We have Trace in F.Y. 2019-20	Management should take appropriate action in this regard.
17 Fixed assets register has not been maintained properly at Nagar Parisad level. Stores registers has not been prepared by the ULB. During the year 2018-19 no physical verification was carried out of the stores.	Only details regarding immovable property and vehicle has been maintained.	Fixed assets register should be maintained in separate register for each asset with identification number.
18 Details of deducted TDS on Service provider and salary payment to employee is not provided to us.	Necessary action taken in this regard.	Management should take appropriate action in this regard.
19 Details of TDS deposited & deducted not provided to us.	Necessary action taken in this regard.	Management should take appropriate action in this regard.
20 Copy of Returns of VAT, TDS has not been shown to us.	Necessary action taken in this regard.	Return should be timely filed for avoiding interest and penalty.
21 The municipality is not in practice to prepare BRS on monthly basis or even on quarterly basis.	Future reference.	BRS should be maintained monthly wise.
22 Monthly and quarterly budget was not maintained. Therefore,	Annual budget are prepared	Budget should be maintained quarterly.

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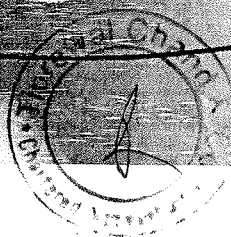


02/02/2021
कां.पालिका पदाधिकारी
मुख्यालय, आरिया
02/02/2021

comparison of budgeted and actual figure of income and expenditure was not performed.		
23 Utilization of grant and report on missing Utilization Certificates are given in audit report.	All twenty UC details given to auditor.	UC should be submitted at reasonable interval.
24 Soft copy of Advice regarding payment of housing for all and disbursement under project of SBM is not Produce with us, so it is difficult to trace double payment for same.	Future reference.	Management should take appropriate action in this regard.
25 There is opportunity cost observed in regard of payment of electricity bill not availed by Nagar Parisad.	Future reference.	Management should take appropriate action in this regard.
26 Chapter XVII of the Bihar Municipal Act requires license for advertisement of any hording. But no advertisement tax has been collected during 2018-19.	Future reference.	Management should take appropriate action in this regard.
27 As per NULM minimum 30% beneficiary should be female member but no instances is found in case of 1 st batch conducted by LCC Infotech Pvt. Ltd.	Future reference.	Management should take appropriate action in this regard.
28 Log book before 11/07/2018 not produced during the course of audit	Future reference.	Management should take appropriate action in this regard.
29 During the course of Audit, we observed that Nagar Parishad has conducted CAG audit for the year 2016-17 but compliance report not prepared by ULB.	It will take few week or month.	It should be prepared as soon as possible.
During the course of Audit, we observed that Nagar Parishad has conducted Internal audit for the year 2016-17& 2017-18 but compliance report not prepared by ULB		

(Details given in report)

30	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.	Future reference.	As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of municipal accounts committee each year. During our audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.
31	Holding tax including penalty of Rs8496127.00 is due as on 31.03.2019.	Necessary action taken in this regard.	Follow the direction given by UD & HD.
32	During the Verification of cashier cash book we found that amount of Rs 35590 Received on 21/02/2019 and amount of Rs 42552 received during the month of October not deposited till the date of audit.	Necessary action taken	Management take care regarding this type of issue.
33	During the verification of sairat register, we observed that during the financial year 2018-19, Sairat and stamp duty in regard of two sairat has not been collected. Due to this reason Revenue loss of Rs 80280 to concerned ULB.	Step are taken to deposit stamp duty for the said occupier.	Stamp duty should be deposited with concerned authority.
34	Rent amount of Rs. 4,70,130 was due as on 31.03.2019.	Necessary action taken in this regard.	Take necessary action in this regard.
35	During the audit it was observed that no bio metric attendance was used for making attendance. Further there was very poor internal control on leave tracking of the employees. Labor Payment: Labor Payment has been made on master roll.	Necessary action taken in this regard.	Take necessary action in this regard.



24/03/2021
प्रमुख अधिकारी
आरिया नगरपालिका

PF & ESI: PF and ESI deduction & deposition details is not provided to us. Therefore we are unable to quantify the amounts.

Insurance: Insurance deduction & deposition details is not provided to us. Therefore we are unable to quantify the amounts.

36 Non adjustment of advances

Necessary action taken

Advance must be adjusted within reasonable time period.

Bank Reconciliation Statement

S/N	Name of Bank	Project/ scheme	Account no.	Cash balance as per Cashbook	Bank Balance as per Passbook	Differences	Status
1	BOB	Kabir	01002	304301.00	301874.50	-	Un-reconciled
2	HDFC	MAP	60199	3090378.00	3090378.00	-	Reconciled
3	SBI	13th Finance	75888	2400035.90	2415785.90	-	Reconciled
4	OBC	MM Pay Jal	01971	46273073.00	46273073.00	-	Reconciled
5	Union Bank	LHSDP	08268	310412.05	310412.05	-	Reconciled
6	BOB	B.R.G.F	00794	1089674.00	1047650.00	-	Un-reconciled
7	Canara Bank	Samajik Srach ha Pension	06356	1210409.00	1210409.00	-	Reconciled
8	Union Bank	E governance	08269	2617.85	2527.85	90.00	Un-reconciled
9	HDFC	14th Finance	47961	92467.00	92467.00	-	Reconciled
10	BOB	I.D.S.M.T	00796	14953.50	14397.50	556.00	Un-reconciled
11	SBI	State Finance	43564	11295.11	11295.11	-	Reconciled
12	Union Bank	U.N.L.M. SJSRY	09639	966937.66	966937.66	-	Reconciled
13	OBC	Antime Sansa dhan	00011	475084.40	607617.40	-	Reconciled
14	BOB	S.I.S.R.Y	00793	703868.00	703868.00	-	Reconciled

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कार्यपालक महाधिकारी
म.प.स. अ.स.स.
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15	SBI	I.H.S.D.P	43575	10929880.13	10929880.13	-	Reconciled
16	OBC	NaliGaliYojn a	02213	16807584.00	16807584.00	-	Reconciled
17	BOB	IHSDP Infra	00797	35887011.50	36004351.50	117340.00	Un-reconciled
18	Treasury	PLA		1,94,58,94,501	1,94,58,94,501	-	Reconciled

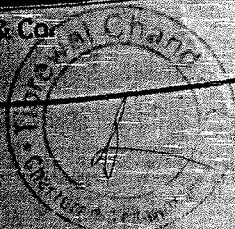
Details of 20 Properties:

S/N	Holding No	Ward No	Holder Name	Type of Properties	Property Tax
1	01	25	Niranjan das gupta	Commercial	45775
2	302	16	Nashirmurehman	Commercial	34316
3	440	20	Md. Abu nasar	Commercial	32063
4	105	17	Sagarmalchandaliya	Commercial	27130
5	49	25	Jay das gupta	Commercial	25574
6	654	09	Hotel diya	Commercial	23616
7	213	09	Sumitradevi	Commercial	23395
8	92	20	Md. Tarikalam	Commercial	22976
9	494	17	Anandghosh	Commercial	19554
10	44	22	Jay prakash	Residential	18818
11	218	16	Ashok kumar	Residential	18284
12	New	27	Harunrashid	Residential	18010
13	387	20	Naiyarhabib	Residential	17150
14	01	27	Dr. salikaazam	Residential	14702
15	20	16	Prakashsharma	Residential	13763
16	New	09	Vijay Mishra	Residential	12689
17	262	16	Govindkr.khuraniya	Residential	12455
18	216	22	Rajendrabhagat	Residential	11189
19	227	16	Jagarnathprakashjaiswal	Residential	11006
20	202	21	Ranjeet kr. Chauriya	Residential	10851



Details of UC's of Financial Year 2018 - 2019

SN	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2018-19	नागरिकसुविधामद	31/10/2018	95.29	NIL	95.29	Un-Utilized Amount Rs. 95.29 transferred to PL A/C
2	2018-19	नागरिकसुविधा	26/12/2018	69.67	NIL	69.67	Un-Utilized Amount Rs. 69.67 transferred to PL A/C
3	2018-19	14th Finance	31/10/2018	187.54	NIL	187.54	Un-Utilized Amount Rs. 187.54 transferred to PL A/C
4	2018-19	5th Finance	03/07/2018	389.26	NIL	389.26	Un-Utilized Amount Rs. 389.26 transferred to PL A/C
5	2018-19	नालानिर्माण	13/09/2018	150.90	NIL	150.90	Un-Utilized Amount Rs. 150.90 transferred to PL A/C
6	2018-19	City Manager salary	04/10/2018	2.63	NIL	2.63	Un-Utilized Amount Rs. 2.63 transferred to PL A/C
7	2018-19	5th Finance	10/07/2018	398.10	NIL	398.10	Un-Utilized Amount Rs. 398.10 transferred to PL A/C
8	2018-19	Nali-Gali	10/07/2018	218.69	NIL	218.69	Un-Utilized Amount Rs. 218.69 transferred to PL A/C
9	2018-19	EO SALARY	22/05/2018	7.00	NIL	7.00	Un-Utilized Amount Rs.



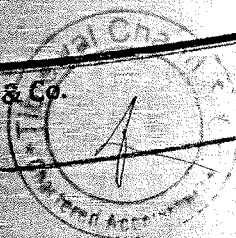
7.00 transferred
to PL A/C

Grand Total

1519.08 NIL

1519.08

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02/02/2019
कायपालक पदाधिकारी
नगर परिषद, अररीया
02/02/2019