

**INTERNAL AUDIT REPORT**

**OF ULB**

**(MASAURHI)  
FOR THE PERIOD**

**01/04/2018 TO 31/03/2019**

**CONDUCTED BY**

**M/s R. N. Singh & Co.  
208, Hem Plaza, Fraser Road  
Near Dak Bunglaw Chauraha,  
Patna – 800001**

**From 14.06.2019 TO 29.06.2019  
Report Issued on 20<sup>th</sup> August 2019**

## Executive Summary

### 1. INTRODUCTION

Name of the Municipality	NAGAR PARISHAD MASOURHI
Period covered under current audit	ANNUAL REPORT 2018-19
Name of Chief Municipal Officer for the period under Audit	Shri KISHORE KUNAL

### 2. Results and Findings

Particulars	comments
<b>Strengths observed during the audit engagement.</b>	(a) All vouchers have supporting documents. (b) Office infrastructure is sufficient for operation. (c) Response from officer & Clerk are satisfactory. (d) Subsidiary cash books has been maintained. (e) General cash book has been maintained.
<b>Weaknesses observed in the functioning of office, maintenance of records etc. Observed during the audit engagement.</b>	(a) Bank Reconciliation Statement has not been prepared by the ULB. (b) Double Accounting System has not been followed whereas accounting has been made on single entry system. (c). Fixed Assets Register has not been maintained. (d). Advance Register has not been maintained. (e). Stock Register has not been maintained. (f). Daily collection register has (Revenue receipt wise) not been maintained. (g). TDS, VAT, Royalty and Labour cess have been deducted but it has not been deposited till date. Therefore, TDS Return has not been filed till date. As per Income Tax Act 1961, penalty may be levied on ULB as it is a statutory irregularity. (h). Property / Holding tax has not been assessed on property by the ULB from Financial Year 2015-16.



(i). Tower tax has not been collected, since the establishment of the ULB, the number of tower is 15 as on 31-03-2019 for the financial year 2018-19, and the total outstanding tax amount is Rs 15,80,000/- For registration fee, renewal fee.

(j). Budget has not been sanctioned by the state government.

(k). Section 84 of the Bihar Municipal Act, 2007. Provides that Municipality shall submit its budget intimates for the ensuring year to the State Govt. by 15<sup>th</sup> of the March. But information furnished by the Nagar Parishad revealed that budget estimates were not passed on time by the board, which resulted into delay transmission of the same to the State Government.

(l) No Separate Grant register has been maintained; hence, it is difficult to find out the amount of unutilized grant at any point of time.

(m) Attendance register has not been maintained on daily basis and same is not approved by competent authority on daily basis.

(n) File Movement register has not been maintained.

(o) Outward/Inward register has not been maintained.

### 3. Opinion

As per Our Opinion the following improvements are required. ULB is not working properly, even internal control is poor. Revenue collection of the ULB is very poor it may be increased to much higher level. All cash collection from source of revenue is not deposited in the bank on same day. It is deposited in the bank after making daily expenditure. Due to lack of manpower, there is delay in performing day-to-day work. There should be proper segregation of duties to perform day-to-day work in efficient manner. Bank reconciliation should be done on monthly basis. We find that rules and regulation are there but ULB is not following them properly. Most of the Books of Accounts as prescribed by BMAR are not maintained by the ULB. There are serious lapses in deduction and deposit of statutory dues, such as VAT, Royalty, TDS, Labour Cess Etc. Separate Bank Account should be maintained for each Scheme.



#### 4. Audit Recommendations

SL No	Observations	Recommendations
1.	Cash Book has not been regularly authorized by the executive Officer.	ULB should maintain all the book of accounts, register, records etc. as prescribe in Bihar Municipal Accounts Act, Manual and Rules and same should be regularly verified by the executive Officer.
2.	Computerized accounting system has not been implemented by the ULB in F/Y2018-19.	ULB should adopt Computerized accounting system, it provides automatic ledger entries accuracy and speed of automatic calculation automatic production of trial balance from ledger entries and provide additional analysis.
3.	ULB has not been in practice to prepare monthly receipt and payment account.	ULB should prepare receipt and payments accounts on monthly basis. due to which it become very easy to find out how much fund has been received by the ULB.
4.	We observed that fund has not been utilized till the last year.	ULB must have to refund the unutilized amount to the Urban Development & Housing Department.
5.	We observed that Statutory Compliance has not been accomplished by ULB. These statutory irregularities are following:  TDS return has not been filled.  Labor-cess & Royalty & GST has not been deposited to concern department which is deducted from payment.	ULB have to file statutory returns with in prescribe time line and deposit the deducted amount as specified in statutory law.
6.	Amount Collected from own sources revenue has not been deposited into bank by the ULB on the same date/next to the same date as required.	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.
7.	Various register books of records etc. are not being prepared by the ULB such as fixed asset register, Stock register, Advance recovery register, Demand register, Collection register, Statutory register, with regard TDS, GST, Royalty and Labourcess etc.	ULB should maintain all the books of account, register, records etc. as prescribe in Bihar municipal accounts Act, Manual and Rules.
8.	Log book of vehicle & generator is not properly maintained and consequently its analysis is not possible.	ULB should maintain log book of vehicles & generator so that consequently its analysis is possible.



9.	Loss of Rs 15,80,000/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.	ULB should collect mobile tower tax advertisement tax shop rent etc. as quick as possible.
10	Arrear of holding tax of Rs12907994/- as on 31.03.2019 for the financial year 2018-19	Collection of holding tax is very poor it should be increased to much higher level
11	Municipal accounts committee has not been constituted till the audit date.	Meeting of Municipal Account Committee are required to be held regularly to analyze the progress of various activities and accounting procedure.
12.	ULB is not in practice to prepare summary of daily collection receipt in form GEN-13	ULB should be prepare summary of daily collection in form GEN-13.
13.	Demand and arrear registers of holding tax are not prepared by the ULB.	ULB should prepare demand and arrear register of holding tax as soon as possible..
14	Daily Collection Register has not be maintained.	ULB should maintain DCR register separately for each head of its own revenue sources for appropriate internal control and also for appropriate disclosures of books of accounts.

### 5. Comments from Management

SL No	Particulars	Management Remarks
1	Cash Book has not been regularly authorized by the executive Officer.	
2	Computerized accounting system has not been implemented by the ULB in F/Y2018-19.	
3.	ULB has not been in practice to prepare monthly receipt and payment account.	
4.	We observed that fund has not been utilized till the last year.	
5.	We observed that Statutory Compliance has not been accomplished by ULB. These statutory irregularities are following:  TDS return has not been filled.	



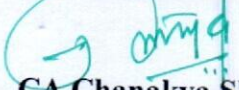
	Labor-cess & Royalty & GST has not been deposited to concern department which is deducted from payment.	
6.	Amount Collected from own sources revenue has not been deposited into bank by the ULB on the same date/next to the same date as required.	
7.	Various register books of records etc. are not being prepared by the ULB such as fixed asset register, Stock register, Advance recovery register, Demand register, Collection register, Statutory register, with regard TDS,GST,Royalty and Labourcess etc.	
8.	Log book of vehicle & generator is not properly maintained and consequently its analysis is not possible.	
9.	Loss of Rs 15,80,000/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.	
10.	Arrear of holding tax of Rs12907994/- as on 31.03.2019 for the financial year 2018-19	
11	Municipal accounts committee has not been constituted till the audit date.	
12.	ULB is not in practice to prepare summary of daily collection receipt in form GEN-13	
13.	Demand and arrear registers of holding tax are not prepared by the ULB.	
14.	Daily Collection Register has not been maintained	
15	Property and Holding tax assessment has not been done since long time.	
16	Arrear of Shop rent of Rs217736/- as on 31/03/2019 for the financial year 2018-19	
17	BRS has not been prepared by ULB hence it is difficult to monitor possible fraud if any	



**6. Acknowledgement: -**

We thank Mr. Kishore Kunal (Executive Officer), for his support during the period of our audit. We are also thankful to accountant and other staff of the Nagar Parishad for their co-operation during the period of audit.

**For R. N. SINGH & CO.**  
**Chartered Accountant**  
**ICAI Reg.No:322066E**

  
**CA Chanakya Shree**  
**Partner**  
**M.No: -079322**



UDIN - 20079322AAAALG7468

Date - 06-06-2020

# Detailed Audit Report

## 1. Introduction

The Internal audit of (Masaurhi Nagar Parishad) covering the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 was conducted by following persons under guidance of TL CA Chanakya Shree and MAE CA Ashok Kumar Pandey:

- i. Mr. Arun Kumar

## 2. Administration

The present body of the ULB has taken charge on 20<sup>th</sup> June 2017 the incumbency in the key administrative and executive positions was as under

Shri Rajnikant Kumar, Chairman from 9<sup>th</sup> June 2012 to 8<sup>th</sup> June 2017

Smt. Sunita Sinha, Chairman from 20 June 2017 till date.

Shri Manoj Kumar, Commissioner/Executive Officer from 12th November 2018 to 23<sup>rd</sup> January 2019

Shri Kishore Kunal, Commissioner/Executive Officer from 23<sup>rd</sup> January 2019 till date.

## 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 improvement/ corrective measure is required	Total no. of audit Paras where recovery of cash is proposed	Total no. of audit Paras where recovery has been made	Total amount of Recovery	Total no. of outstanding para where no action has been taken	No. and Date of Compliance Report
1			Compliance Report of AG audit for the year 2014-2017-18 is not Provided.					
2	Internal audit 2015-16	11	11	0	0	0	11	Compliance Report not provided
3	Internal audit 2016-17	16	16	0	0	0	16	Compliance Report not provided



**Detailed Report on Compliance of Previous Internal Audit Report: -**

SL No.	Audit Observation	Nature of Irregularities	Complied/Non-Complied
1	We Observed that bank reconciliation statement are not being prepared by the Masaurhi nagar Parishad	Persisting since last year	Not Complied
2	Masaurhi Nagar Parishad has adopted single entry accounting system Which is not as per Bihar Municipal accounting manual	Persisting since last year	Not Complied
3	Vouchers are not arranged and kept serially and no index number is mentioned.	Persisting since last year	Not Complied
4	Labourcess is not being deposited by the Masaurhi nagar Parishad to the concern department.	Persisting since last year	Not Complied
5	Computerized accounting system has not been implemented by the Masaurhi Nagar Parishad Yet	Persisting since last year	Not Complied
6	Masaurhi nagar Parishad is not in practice to prepare monthly receipt and payment	Persisting since last year	Not Complied
7	Masaurhi nagar Parishad is not in practice to deposit the collection in bank account on the same day.	Persisting since last year	Not Complied
8	Various register book of records etc. are not being prepared by the Masaurhi nagar Parishad. Such as Demand register Collection register statutory register with regards TDS,VAT,and Royalty vehicle and generator log book Assessment register of property tax, bid register, Record & revision of taxes and rent, Rent register of shop, Survey register/file of hoarding, monthly receipt & payment.	Persisting since last year	Not Complied
9	The collection of holding tax is very poor only 33.47% of total demand has been collected in the 3 <sup>rd</sup> Qtr of financial year 2016-17	Persisting since last year	Not Complied



10	We Observed that there are 15 mobile tower installed in Masaurhi nagar Parishad but proper collection is not made from them.	Persisting since last year	Not Complied
11	Assessment of property tax has not been done by the ULB.	Persisting since last year	Not Complied
12	ULB is not practice collecting Advertisement tax from December2015	Persisting since last year 4 <sup>th</sup> Qtr of f/y 2015-16	Not Complied
13	Pass book of all scheme of Masaurhi nagar Parishad not updated till the date of audit.	Persisting since present 1 <sup>st</sup> Qtr of f/y 2016-17	Not Complied
14	Fixed asset register not properly maintained by masaurhi nagar Parishad	Persisting since present 2 <sup>nd</sup> Qtr of f/y 2016-17	Not Complied
15	No Separates bank account maintained for all scheme by Masaurhi nagar Parishad.	Persisting since present 2 <sup>nd</sup> Qtr of f/y 2016-17	Not Complied
16	Without Insurance& without number fixed asset running.	Persisting since present 3 <sup>rd</sup> Qtr of f/y 2016-17	Not Complied

#### 4. Finance

##### I. Budgetary provisions and expenditure for the last three years

Year	2016-17	2017-18	2018-19
Final/Revised Budget	11,33,62,542.50	531778099.00	600766500.00
Actual Expenditure	12,66,98,037.00	50633293.00	24,60,40,094.00
Savings(+)/ Excess(-)	-13335494.50	481144806.00	35,47,26,406.00



## II. Volume of transactions

Period	Budgeted 2018-19	Previous Year (For one Year)2016-17	Previous Year (For one Year)2017-18	Current Year(For one Year)2018-19
Opening balance	86274461.00	128265336.29	215421397.39	364854707.39
Receipts	515625386.00	49310749.36	200066603.36	159911563.00
Total	601899847.00	177576085.65	415488000.75	524766270.39
Net expenditure	600766500.00	126698037.00	50633293.00	246040094.00
Closing balance	1133347.00	50878048.65	364854707.75	278726176.39

Note: - As per the details provided to us there is a difference of Rs. 164543348.74 in between the closing balance of FY\_2016-17 and Opening Balance of the FY\_2017-18.

## III. Bank Reconciliation:-

Since different scheme has been maintained in single cashbook therefore segregation of balances of different scheme as on 31<sup>st</sup> March 2019 cannot be determined. Similarly, since through one bank account different schemes are being operated the bank balance of a particular scheme on a particular date cannot be determined. BRS has not been prepared in the prescribed format by the ULB.

## Details of Closing Balance:-

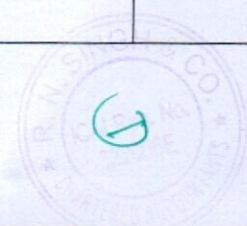
Sr no.	Name of scheme / item	Bank name / account no.	Balance as per pass book	Balance as per cash book	Differences	Remarks BRS Prepared/ Not Prepared
1.	Various Schemes	PLA8448	154616017.99	154616017.99	0.00	Reconciled
2.	E-Governance	PNB216868	187555.00	187555.00	0.00	Not Prepared
3.	EPF	PNB	73551.54	73551.54	0.00	Not Prepared
4.	Nagar Nidhi	PNB	48233.09	2018728.00	1970494.91	Not Prepared
5.	14 <sup>th</sup> Finance	PNB	66420.74	66420.74	0.00	Not Prepared
6.	Sauchalay	SBI	1560593.00	0.00	1560593.00	Not Prepared
7.	Awash Yojna	PNB	9518652.35	9518652.35	0.00	Not Prepared
8.	Day NULM		2158541.00	2158541.00	0.00	Not Prepared
9.		Union Bank	2281681.86	0.00	2281681.86	Not Prepared

Note:- Various Schemes such as Prasadnik Bhawan, 5<sup>th</sup> Finance, 4<sup>th</sup> Finance, 13<sup>th</sup> Finance, Pesakar and many more has been maintained through treasury A/C at the ULB level



**IV. Revenue Receipts: -**

Income Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	<b>Total Receipts (A+B)</b>	<b>200066603.00</b>	<b>49310749.36</b>	<b>159911563.00</b>	<b>200066603.00</b>		
A.	<b>Revenue Receipts (1+2+3)</b>	<b>200066603.00</b>	<b>49310749.36</b>	<b>159911563.00</b>	<b>200066603.00</b>		
1.	<b>Own Revenue Receipts (a+b)</b>	<b>21700827.00</b>	<b>6933995.00</b>	<b>7600505.00</b>	<b>21700827.00</b>		
a)	<b>Tax Revenue</b> (levied and collected by municipal body)	<b>6715698.00</b>	<b>4418188.00</b>	<b>6519985.00</b>	<b>6715698.00</b>		
i)	Property tax	6301698.00	4418188.00	5099157.00	6301698.00		
ii)	Other tax (levied and collected by municipal body)	414000.00	-	1420828.00	414000.00		
b)	<b>Non-tax revenue</b> (levied and collected by municipal body)	<b>14985129.00</b>	<b>2515807.00</b>	<b>1080520.00</b>	<b>14985129.00</b>		
i)	Fees & fines	6740.00	-	<b>42635.00</b>	6740.00		
ii)	User Charges	38066.00	2515807.00	9050.00	38066.00		
iii)	Other non-tax revenue (levied and collected by municipal body)	14940323.00	-	1028835.00	14940323.00		
2	<b>Other Revenue Receipts</b>	<b>7281597.00</b>		<b>1018328.00</b>	<b>7281597.00</b>		
a)	Income from interest/investments	7281597.00		1018328.00	7281597.00		
b)	Other Revenue income						
3.	<b>Transfers/ Grants/ Assigned Revenues</b>	<b>171084179.00</b>	<b>42376754.36</b>	<b>151292730.00</b>	<b>171084179.00</b>		
a)	State Assigned Revenue	2001620.00	944152.00	8621460.00	2001620.00		
b)	State Finance Commission (SFC) Grants/ Devolution	26601861.00	14251498.00		26601861.00		



c)	Octroi compensation					
d)	Other State Govt. Transfer	114886226.00	22106805.00	61366922.00	114886226.00	
e)	Central Finance Commission (CFC) Grant	21395910.00	1929736.00	80704418.00	21395910.00	
f)	Other Central Govt. Transfer	6126000.00	3144563.00	599930.00	6126000.00	
g)	Others	72562.00			72562.00	
<b>B.</b>	<b>Capital Receipts</b>					
1	Sale of Municipal Land					
2	Loans (from State Govt. or Banks etc.)					
3	State Capital Account Grant (under State Schemes etc.)					
4	Central Capital Account Grant (under Central Schemes etc.)					
5	Other Capital Receipts					

v. Revenue and Capital Expenditure Information: -

Expenditure Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	<b>Total Expenditure (1+2)</b>	<b>50633293.00</b>	<b>126698037.00</b>	<b>246040094.00</b>	<b>50633293.00</b>		
1	<b>Revenue Expenditure</b>	<b>20129725.00</b>		<b>25019448.00</b>	<b>20129725.00</b>		
1.1	<b>Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)</b>	<b>11464284.00</b>		<b>16812362.00</b>	<b>11464284.00</b>		





## 5. Audit Observations

### Part – A

All Audit objections/irregularities which has monetary implication, particularly in following areas

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.

#### i. Mobile Tower Collection: -

**Audit Objective** – As per Point No. – 5 of TOR

**Criteria** – Tower Tax is taxes on Communication Tower & related structure as defined in BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES, 2012. As per the rule, all operators are required to register with their concerned ULBs and pay registration fee & renewal charges on annual basis for communication tower erected within municipal area. Currently the registration fee for Nagar Parishad Rs. 40,000/- per tower and annual renewal fee is Rs. 10000/- per annum per tower

**Condition** –As per details provided to us there are total 15 (Fifteen) Mobile Towers registered with this ULB up to 31.03.2019 and Rs.15,80,000/- has not been collected till the date of audit from these tower operators as Tower Tax.

**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.

**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 not 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.

S. N.	Company Name	Address	Date of establishment	Amount Dues up to 31/3/2018	Renewal Fee	Total	Collection	Dues Balance
1	Idea-I	Malkana	2008-09	80000.00	10000.00	90000.00	0.00	90000.00
2	Idea-II	Satisthan	2008-09	80000.00	10000.00	90000.00	0.00	90000.00
3	Idea-III	Taregna Gola	2008-09	80000.00	10000.00	90000.00	0.00	90000.00
4	Idea-IV	Masaurhi Dehh	2008-09	80000.00	10000.00	90000.00	8.00	90000.00
5	TTSL-I	Taregna	2008-09	80000.00	10000.00	90000.00	0.00	90000.00



6	TTSL-II	Satisthan	2008-09	80000.00	10000.00	90000.00	0.00	90000.00
7	Aircel-I	Malkana	2008-09	80000.00	10000.00	90000.00	0.00	90000.00
8	Aircel-II	Janki Market	2008-09	80000.00	10000.00	90000.00	0.00	90000.00
9	Aircel-III	Cinema Hall	2008-09	160000.00	10000.00	170000.00	0.00	170000.00
10	Aircel-IV	Gangachak Malkana	2008-09	80000.00	10000.00	90000.00	0.00	90000.00
11	Tata Docomo	Taregna Gola	2009-10	20000.00	10000.00	30000.00	0.00	30000.00
12	Uninor	Pavedhi Road	2008-09	110000.00	10000.00	120000.00	0.00	120000.00
13	Reliance	Lakhi bagh	2008-09	110000.00	10000.00	120000.00	10000.00	110000.00
14	BSNL-I	Anumandal Parisar	2008-09	160000.00	10000.00	170000.00	0.00	170000.00
15	BSNL-II	Gandhi Maidan	2008-09	160000.00	10000.00	170000.00	0.00	170000.00
TOTAL								1580000.00

## ii. Advertisement Tax

**Audit Objective** – As per Point No. – 5 of TOR

**Criteria**– Non – levied of advertisement tax by the ULB.

**Consequence / Effect / Impact** - Due to non - levied of advertisement tax, there is a revenue loss to ULB.

**Cause**– This happens due to lack of awareness of imposition of advertisement tax of concerned person of the ULB.

**Corrective Action / Recommendation** – There should be proper monitoring and further steps are required to be taken for levy of advertisement tax by concerned ULB.

## iii. Holding & Property Tax Deposit – Irregularity: -

**Audit Objective** – As per Point No. – 5 of TOR

**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** - Tax Amount is not deposited timely into Bank. In some cases, collected amount has been retained by the Tax Collectors for a period of 1-2 months from the date of collection of taxes.

**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 updation 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 / Recommendation** – 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.

**iv. Holding & Property Tax Collection: -**

**Audit Objective** – As per Point No. – 5 of TOR

**Criteria** – Non-Collection of Property Tax/Holding Tax by the concerned ULB.

**Condition** – Total Property Tax/Holding Tax outstanding as on 31<sup>st</sup> March 2019 is Rs.12907994/-and tax on Govt buildings as on 31<sup>st</sup> March 2019 is Rs 5054039/-

**Consequence / Effect / Impact** - Holding / Property Tax is collected by the tax collector from all wards but in some cases, property tax is not being collected from long period by the tax collector. Due to non-collection of Property/Holding Tax, there is a major operational revenue loss to ULB and there is no record / register to know total current & arrear demand of holding tax. Demand / Arrear Register have also not been provided to us for verification.

**Cause** – This happens due to lack of proper follow up and monitoring of activities of Tax Inspector / Collector by the concerned officers on regular interval.

**Corrective Action / Recommendation** – There should be day to day monitoring on Collection of Taxes and also maintenance and updating of Demand & Collection Register on regular interval.

1. List of House tax Recovery and Arrear: -

Yea-r	Total Demand			Total Recovery	Total Arrear
	Arrear	Current	Total		
2018-19	10681584	8505239	19186823	6278829	12907994

2. List of Govt Buildings Tax Recovery and Arrear: -

Yea-r	Total Demand			Total Recovery	Total Arrear
	Arrear	Current	Total		
2018-19	4475290	1558789	6034079	980040	5054039



**v. Market/Shop Rent Collection: –**

**Audit Objective**– As per Point No. – 5 of TOR

**Criteria**– Non-Collection of Market/Shop Rent and imposition of late fine by the concerned ULB.

**Condition**– As per details provided to us there are total 23 (twenty-three) Shop of this ULB up to 31.03.2019 Total outstanding of Market/ Shop Rent is Rs.217736/- as on 31<sup>st</sup> March 2019.

**Consequence / Effect / Impact**- Due to non-collection of Shop Rent 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 Rent which results in Revenue leakage.

**Corrective Action / Recommendation**– There should be proper monitoring and further steps are required to be taken for collection of Shop Rent by concerned ULB.

Detail of some Shopkeepers, which have to pay arrear amount of shop rent, is as under: -

Sl No	Name of Shopkeeper	Quarterly Rent	Total Outstanding Dues up to 31 <sup>st</sup> Dec 2018	Collection during the 3rd Qtr	Total Outstanding Dues up to 31 <sup>st</sup> March 2019
1	Dinanath Sah	750	14982	14850	882
2	Rajendra ram	750	26250	0.00	27000
3	Laljee Sah	750	5250	0.00	6000
4	Girja Prasad	750	5250	0.00	6000
5	Reyazudin	750	23250	0.00	24000
6	Madan Thakur	312	3434	0.00	3746
7	Md Inayat Miya	750	21250	0.00	22000
8	Mehdi Hasan	312	936	0.00	1248
9	Tara Babu	750	2250	0.00	3000
10	Wenga Miya	750	42850	0.00	43600
11	Sudhir Kumar	750	23250	0.00	24000
12	Jawahar Sah	750	3000	3300	450
13	Shree Ramjisah	2700	8100	990	9810
14	Shree schidanand	1800	3600	0.00	5400
15	Shree Bidhan	1800	3600	0.00	5400
16	Shree Akhilesh Kumar	2100	4200	0.00	6300



17	Shree Munna Kumar	2100	2800	0.00	4900
18	Shree Sabninda sab	1800	2200	0.00	4000
19	Shree Raj Kumar	1500	2400	0.00	3900
20	Shree Bisko Prasad	2100	2100	0.00	4200
21	Shree Kishori Sah	1500	2000	0.00	3500
22	Shree Gopal Prasad	1500	1500	0.00	3000
23	Shree Dipak Prasad	2700	2700	0.00	5400
TOTAL					217736.00

**b. Excess payments against bill, lack of prudence in payment against vouchers inefficiency in control resulting loss to ULB'S;**

➤ No such observation found.

**c. Report on finding of field survey of property tax of minimum 20 high value properties;**

Sl. No.	Owner Property Name	Ward No	Type of construction	Taxable area	Annual rent	Annual Property Tax@9%	Housing/ Commercial	Remarks
1	Naresh Sharma	1	Cemented with two floor	49*32*25*9	17552	1576	Commercial	No Variation Found
2	Umesh Singh	1	Cemented with two floor	41*40	22960	2066	Residential	No Variation Found
3	Bindeshwar Prasad	2	Cemented with two floor	38*36*62*25*38*36	96269	6864	Commercial	No Variation Found
4	Surender Singh	7	Cemented with two floor	27*30*2	82323	7409	Commercial	No Variation Found
5	Sunil kumarGupta	18	Cement with three floor	57*15*43*10*32*15	91756	8258	Commercial	No Variation Found
6	Chander Bhushan prasad	18	Cemented with three floor		96960	8726.00	Commercial	No Variation Found
7	Rakhi rani	15	wip	60*50	129000	11934	Commercial	No Variation Found
8	Rambadan devi	15	Cemented with four floor	82*10*28*10*21*25*34*11*63*19	2506847	38236	Residential	No Variation Found
9	Dr shayam Bihari pandey	19	Cemented with three floor	37*152*3	580396	52236	Commercial	No Variation Found
10	Inderjit Yadao	20	Cemented	55*69*15*15	88386	17955	Commercial	No Variation Found
11	Om Prakash keshri	21	Cemented With two floor		1952694 8	176125	Commercial	No Variation Found



12	Pannu lal Mahavidalay	22	Cemented with two floor	12765	142968	12867	Commercial	No Variation Found
13	Brijnandan Prasad	25	cemented with two floor	2828.8344 cemented khaprail	54841	4936	Commercial	No Variation Found
14	Vijay Prasad	18	Cemented with two floor	1250	53668	4830	Commercial	No Variation Found
15	Raj kumar gupta	18	Cemented with two floor	140*8*2*60	46690	4202	Commercial	No Variation Found
16	Vidaya devi	10	Cemented with four floor	62*59*39*58*21*23	170294	15326	Commercial	No Variation Found
17	Litile flower school	14	Cemented with one floor	35-38*35*18*20*50*48	259562	40749	Commercial	No Variation Found
18	Sant merry school	14	Cemented with three floor	41*60*162*30*25*15	1546601	159079	Commercial	No Variation Found
19	Amit Kumar	23	Cemented with two floor	3562	12467	1122	Commercial	No Variation Found
20	Shayam babu goswami	26	Cemented with two floor	1260	8820	794	Commercial	No Variation Found

**ii. Part-B**

**All Audit objections/regularities which has no monetary implication, but significant violation 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: -**

It has been noticed during the audit that the following Books of Accounts & Registers has not been maintained or not properly maintained (*Status as mentioned*).

Sl. No.	Particulars	Status
1	File Movement Register	Not Maintained
2	Ledger Book	Not Maintained
3	Grant Register	Not Maintained
4	Advance Register	Not Maintained
5	Pay-Roll Register	Not Maintained
6	Vehicle LOG Book	Not Maintained
7	Store Register	Not Maintained
8	Fixed Assets Register	Not Maintained
9	Demand & Collection Register of Property Tax, Mobile Tower Tax, Shop Rent etc.	Not Maintained

**b. Irregularity in procurement process: -**

No Observation found in this regard.



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

We observed several non-compliances of directives of UD&HD, GOB such as; -

- (1) Non collection of various taxes required to be collected.
- (2) Non maintenance of prescribed books of accounts
- (3) Non submission of UC and other reports on timely basis

**d. Non- compliance of Act & Rules: -**

Income tax Act 1962 are not properly followed by ULB.

- TDS is not being deducted under proper section.
- Statutory deductions have been made but not deposited by the ULB
- GST rules and norms are not being followed.

**e. Lack of internal control measures: -**

1. During the course of our Audit, we have observed various discrepancies in the Cash Book, which are enumerated below: -
  - Head wise expenditure were not clearly entered and recorded.
  - The cash book balances are not reconciled with the Balances in Bank Pass Book.
  - Cash book has not been regularly authorized by the executive officer.
2. Cash book has not been properly prepared by Nagar Parishad Masaurhi
  - Cash book is maintained from pass book; it means at the time of payment cash book is not maintained that shows a departmental failure.
3. After analyzing operating control, it was observed that there is shortage of Man Power in ULB. Consequently, it is not functioning smoothly with respect to completion of works on time, provide and review the service efficiently which is the main function of ULB, preparation of books and records on time etc.

**f. Non-compliance of TDS, GST and other relevant statute: -**

We observed that TDS, GST, Royalty and Labour-cess for the financial year 2018-19. has been deducted but not deposited to appropriate authority by ULB till the date of audit. Also return filing of TDS & GST has not been made by the ULB.



**g. Deficiency in pay-roll system: -**

No observation found in this regards.

**h. Utilizations of grant and report on missing Utilization certificates of financial year 2018-19:-**

During the course of audit we observed that some of the UCs has been pending for submission to the UD & HD and the details of the same are as follows:-

S. No.	Name of Scheme	Letter No.	Amt. Allotted(lakh)	UC pending Amt.
1.	Water Supply Yojna	130/08.03.2018	661.01	661.01

**I. Physical verification of inventory/stores: -**

Inventory/ Stores Register and Fixed Assets Register have not been maintained in concerned ULB and in the absence of above register; it is difficult to verify the same.

**J. Advances, their adjustment & recovery: -**

Advance Register has not been maintained by the concerned ULB and in the absence of above register it is difficult to check or comments on adjustment and recovery of advances. Advance has been given to staff for office expenses without any advance requisition and without the approval of executive officer.

**K. Any other matter as may be prescribed in due course: -**

No observation found in this regards.



	procedures etc. of all payments on or above Rs. 10,000.	
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 Such type of Issue found in this regards.
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.	Utilization of grant has been prepared by ULB and no case found of missing utilization certificates
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	We have verified such instances and found some irregularities. Details of irregularity have annexed in Executive Summary in Observation Para, and recommendations have also been annexed in Recommendation in Executive Summary.
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.	Yes, all payment has been made according to payment terms & conditions of tenders.
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, Such type of issues found in this regards.
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.	We have verified all major areas of ULB and assessed some revenue losses, same have been reported in "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.	We observed that statutory compliance has not been accomplished by ULB regarding deduction, deposit and return also. Details of major statutory irregularities are: <ul style="list-style-type: none"> <li>• TDS return has not been filled.</li> <li>• TDS have not been deposited appropriately.</li> <li>• Labor cess has not been deducted appropriately.</li> </ul>

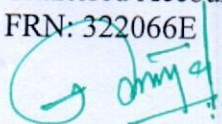


	<ul style="list-style-type: none"><li>• VAT liability has not been settled till the date of audit.</li></ul> <p>Penalty and Interest may be levied on ULB as per Statutory Laws.</p>
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**General Observations: -**

There is lot of scope for improvement with respect to maintenance of Records and Registers. The important and basic records like Advance register, annual accounts, assets register were not maintained. Effective steps may be taken to improve the maintenance of accounts and increasing of its own sources of revenues.

For R.N. Singh & Co.  
Chartered Accountants  
FRN: 322066E

  
CA Chanakya Shree  
Partner  
Mem No: 079322



UDIN - 20079322AAAALG7468

Date - 06-06-2020

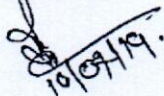
Discussion Note Masaurhi

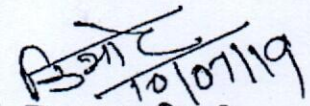
4<sup>th</sup> Quarter

Financial Year 2018-19

SL No	Particulars	Management Remarks
1.	Cash Book has not been regularly authorized by the executive Officer.	
2.	Computerized accounting system has not been implemented by the ULB in F/Y2017-18.	
3.	ULB has not been in practice to prepare monthly receipt and payment account.	
4.	We observed that fund has not been utilized till the last year.	
5.	We observed that Statutory Compliance has not been accomplished by ULB. These statutory irregularities are following:  TDS return has not been filled.  Labor-cess as not been deposited to concern department which is deducted from payment.	
7.	Various register books of records etc. are not being prepared by the ULB such as , Demand register, Collection register, Statutory register, with regard TDS,VAT,Royalty and Labour-cess etc.	
8.	Loss of Rs. 1580000/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.	

अपूर्ण सुधारों और कठिनायियों का  
उत्पन्न कारण विभागाध्यक्षता ।

  
10/07/19

  
10/07/19

क सहायिका  
(गन्ना)



9.	Loss of Rs 15,80,000/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.	
10.	Arrear of holding tax of Rs12907994/- as on 31.03.2019 for the financial year 2018-19	
11.	Municipal accounts committee has not been constituted till the audit date.	
12.	ULB is not in practice to prepare summary of daily collection receipt in form GEN-13	
13.	Demand and arrear registers of holding tax are not prepared by the ULB.	
14.	Daily Collection Register has not been maintained.	
15.	Property and Holding tax assessment has not been done since long time.	
16.	Arrear of Shop rent of Rs217736/- as on 31/03/2019 for the financial year 2018-19	
17.	BRS has not been prepared by ULB hence it is difficult to monitor possible fraud if any	

सुआमैगी आणि वा ठगु पावला  
अधिकर किंवा उमिठा ।

10/07/19



डिप्टी  
10/07/19  
नगर कार्यपालक सहायकारी  
नगर परिषद (प.स.)

नगर विकास एवं आवास विभाग, बिहार, पटना।

कार्यालय नगर परिषद, मसौड़ी (पटना)।

वित्तीय वर्ष 2017-18 से 2018-19 में प्राप्त सहायक अनुदानों की निकासी/व्यय एवं अवशेष राशि की बलान द्वारा कोषागार में जमा विवरणी संबंधित प्रतिवेदन नगर निकाय का नाम :- नगर परिषद, मसौड़ी।

कोषागार का नाम :- मसौड़ी।

DDO Code :-

Treasury Code:-

PL Account No. :-

Bank Account No.

MSH

8448

11421123660

Sl. No.	वर्ष	उप-वर्ष	विवरण	दिनांक	प्रारंभिक	अंतिम	अवशेष	अवशेष	अवशेष	अवशेष	अवशेष	अवशेष	अवशेष	अवशेष	अवशेष	अवशेष	अवशेष	अवशेष	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	2017-18		Nagar Executive Officer Salary	23.05.17	5.00	5.00	5.00	0.00	2017-18	5.00	0.00	0.00	—	5.00	23.02.2019	0.00	0.00	0.00	0.00
2	2017-18		घातको का भरो	15.08.2017	6.48	6.48	6.48	0.00	2017-18	6.48	0.00	0.00	—	6.48	30.12.2019	0.00	0.00	0.00	0.00
3	2017-18		रक्षा विर. अयोग	02.08.2017	53.55	53.55	53.55	0.00	2017-18	53.55	0.00	0.00	—	53.55	14.12.2018	0.00	0.00	0.00	0.00
4	2017-18		रक्षा विर. अयोग	02.08.2017	53.55	53.55	53.55	0.00	2017-18	53.55	0.00	0.00	—	53.55	14.12.2018	0.00	0.00	0.00	0.00
5	2017-18		पेशकार मद्र	30.06.2017	20.01	20.01	20.01	0.00	2017-18	0.00	0.00	20.01	—	0.00	0	0.00	0.00	0.00	20.01
6	2017-18		Mukhyamantri Urban Nat. Gali Nishchay Yojna	11.08.2017	41.46	41.46	41.46	0.00	2017-18	41.46	0.00	0.00	—	41.46	27.12.2018	0.00	0.00	0.00	0.00
7	2017-18		Mukhyamantri Urban Nat. Gali Nishchay Yojna	11.08.2017	41.46	41.46	41.46	0.00	2017-18	41.46	0.00	0.00	—	41.46	27.12.2018	0.00	0.00	0.00	0.00
8	2017-18		नगरिक सुविधा मद्र	24.06.2017	61.26	61.26	61.26	0.00	2017-18	61.26	0.00	0.00	—	61.26	23.02.2019	0.00	0.00	0.00	0.00
9	2017-18		5th Finance	14.09.2017	133.01	133.01	133.01	0.00	2017-18	66.50	0.00	66.51	—	66.50	23.02.2019	0.00	0.00	0.00	66.51
10	2017-18		5th Finance	14.09.2017	133.01	133.01	133.01	0.00	2017-18	66.51	0.00	66.50	—	21.57	23.02.2019	0.00	0.00	0.00	66.50

Handwritten signature and date: 23/12/19





