



नगर विकास एवं आवास विभाग
URBAN DEVELOPMENT & HOUSING DEPARTMENT
Government of Bihar

INTERNAL AUDIT REPORT

FOR
FY 2017-18

KOCHAS NAGAR PANCHAYAT

GROUP-06
ULBs-18

Vinod & Co. LLP
CHARTERED ACCOUNTANTS
We Plant Quality





To

The Secretary,
Urban Development & Housing Department,
Patna-Bihar

Sub: Submission of Kochas Nagar Panchayat Annual Internal audit report with management comments for the financial year 2017 -18.

Ref No.: Project No. 07/I.A.-115/17-83 (NTP) dated; 16.01.2019

Dear Sir,

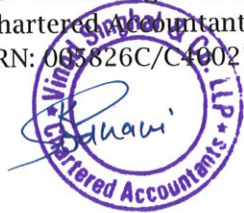
With Reference to the above, we Vinod Singhal & Co.,LLP Chartered Accountants appointed as internal auditor of 18 ULBs of Bihar under Group-06 for the project namely "**Appointment of internal auditor of 140 ULBs of Bihar.**"

As we have conducted Annual internal audit of Kochas Nagar Panchayat for the financial year 2017 -18. Through This letter we are submitting Annual internal audit report of Kochas Nagar Panchayat for the F.Y.2017-18 with management comments.

We confirm that the internal audit report has been prepared as per terms of reference of RFP.

Thanking You

For Vinod Singhal & Co, LLP
Chartered Accountants
FRN: 008826C/C-400276



CA Krishan Kumar Sodhani
M.No:- 404603

UDIN No.:- 20404603AAAAEJ3662

Date: 25th -Jul-2020
Place: Patna

CC: State Level Project Monitoring Unit
PSP Financials Consultants Pvt. Ltd.

CONTENTS

Project Title	Internal audit of 18 ULBs of Group-06 of Bihar
Report Title	Annual internal audit report of Kochas Nagar Panchayat
Period	1 st Apr -2017 to 31-Mar-2018
Reporting Entity	Vinod Singhal & Co., LLP, Chartered Accountants
Reporting for	Kochas Nagar Panchayat
Report Prepared by	Team, Vinod Singhal & Co. LLP
Date of submission	20 th -Sep-2019

EXECUTIVE SUMMARY

1. INTRODUCTION

Name of the Municipality	Kochas Nagar Panchayat
Period covered under current audit	01.04.2017 to 31.03.2018
Name of Municipal Executive Officer for the period under Audit	Mr. Manoj Kumar

2. RESULTS AND FINDINGS

- **Strengths observed during audit engagement**
In the existing system as prevailing in the Nagar Parishad day to day work is in progressive manner in respect of execution of the projects.
- **Weaknesses observed in the functioning of office, maintenance of records etc. observed during the audit engagement:**

SINo	Audit Observations
1	Budget not prepared/ given by <u>ULb</u> .
2	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.
3	Non-Implementation of Double Entry Accounting System
4	No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.
5	<p>Non-levy of following taxes</p> <p>Surcharge on transfer of lands and buildings</p> <p>Fire tax.</p> <p>Surcharge on electricity consumption within the municipal area</p> <p>Tax on congregations.</p> <p>Tax on pilgrims and tourists .</p> <p>Tax on profession.</p> <p>User Charges for provision of water-supply, drainage and sewerage</p> <p>User Charges for Solid Waste Management</p> <p>User Charges for Parking Facility</p> <p>User Charges for Garbage Clearance</p> <p>Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,</p> <p>Collection of Development Charges</p>
6	Not providing tax collection and deposit data for verification.



7	Non-collection of notice fees for defaulter
8	Non-recovery of outstanding taxes
9	Non-providing details regarding arrear of advertisement tax, and rental income
10	Non-preparation of payment vouchers
11	Non-conducting physical survey of 20 high value properties
12	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014
13	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014
14	Irregularities in vendor payment process: <ul style="list-style-type: none"> ▪ In case of payment to contractor-MB book was not signed by the contractor. ▪ PAN number of contractor was not mentioned in payment files. ▪ TDS was deducted by normal rate of 01% & 02%, Even PAN number of party was not attached in files. ▪ Budget Control Register was not made for payment made. ▪ Statutory Compliance register was not maintained for related payments. ▪ Final Work Completion certificate was not attached in case of final bill payments.
15	Non-maintenance of register for all procurements with value above Rs. 15,000
16	Missing signature of wages worker and stamp of ULB on muster roll register
17	No maintenance of separate earnest & security deposit register
18	Non-compliance of Act & Rules
19	Lack of internal control measures <ol style="list-style-type: none"> 1. Voucher file was not maintained 2. No internal mechanism for statutory compliance 3. No MIS was prepared for tracking of payments 4. Required books of accounts as per BMAM was not maintained 5. Statutory compliance reconciliation was not maintained 6. Year-end reconciliation was not available 7. Bank reconciliation of any bank account was not prepared. 8. Bank balance as per cash book was not maintained.
20	Non-compliance of statutory compliances: <ul style="list-style-type: none"> ▪ Non preparation of statutory compliance register ▪ Non deposit of TDS on timely basis. ▪ Non filling of TDS return for due period ▪ Non providing details regarding VAT/PF/Labour Cess
21	Deficiency in payroll system <ul style="list-style-type: none"> ▪ Non-preparation of salary payment voucher ▪ Non-maintaining salary payment reference number in cash book ▪ Non-implementation of Bio-metric device and payroll software
22	Non-providing approved UCs for the reporting period for audit
23	Non-maintaining of inventory/store register and non-conducting of physical verification of inventory and stores available with ULB as per requirement of BMAR-rule 130.
24	Non providing details of Advances, their adjustment & Recovery

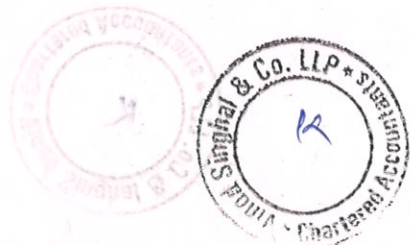


3. OPINION

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 matters incidental thereto for overall improvement of the ULB.

4. AUDIT RECOMMENDATIONS

SIN o	Audit Observations	Audit Observations
1	Budget not prepared/ given by <u>ULB</u> .	ULB should implement real time budget preparation in prescribed format of BMAM. Further, Budget variance report should be prepared for actual budget report.
2	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.	Bank Reconciliation help us to monitor over: 1. Difference between Bank Passbook and Cash Book 2. Unauthorised withdrawal from Bank. 3. Excessive debited by Bank 4. Helps to know any other reasons of differences. <i>Therefore, ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.</i>
3	Non-Implementation of Double Entry Accounting System	As per requirement of BMAR-2014, Part -A, Chapter -2 Rule -4, "All ULB refereed in Schedule -I shall maintain its Books of Account using the double entry system".
4	No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.	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. <i>ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.</i>
5	<p>Non-levy of following taxes</p> <p>Surcharge on transfer of lands and buildings</p> <p>Fire tax.</p> <p>Surcharge on electricity consumption within the municipal area</p> <p>Tax on congregations.</p> <p>Tax on pilgrims and tourists .</p> <p>Tax on profession.</p> <p>User Charges for provision of water-supply, drainage and sewerage.</p> <p>User Charges for Solid Waste Management</p> <p>User Charges for Parking Facility</p> <p>User Charges for Garbage Clearance</p> <p>Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,</p> <p>Collection of Development Charges</p>	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. <i>ULB should take steps to implement required taxes to boost their revenue</i></p>



6	Not providing tax collection and deposit data for verification.	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made. However, during our audit, we observed that there is a huge delay in depositing the tax at bank. <i>Therefore, management should implement a MIS Mechanism towards getting control over collection and deposit of Taxes. Further we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000</i>
7	Non-collection of notice fees for defaulter	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but In case of Babhua Nagar Panchayat, ULB has not provided any information regarding charging and collection of notice fees. <i>ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.</i>
8	Non-recovery of outstanding taxes	ULB has provided during audit the detail of outstanding tax and other income, we observed on the basis of the data that there is huge arrear of taxes at ULB. <i>Therefore, the management should take proper step to boost collection of arrears. Further a weekly or fortnightly meeting with all tax collectors to be held for getting the reason of non-collection and resolving the same.</i>
9	Non-providing details regarding arrear of advertisement tax, and rental income	ULB should prepare proper records for arrear amount and should take proper steps to collect arrears.
10	Non-preparation of payment vouchers	ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR -2014.
11	Non-conducting physical survey of 20 high value properties	Being ULB was not maintaining any details of high value properties, The details given in report has been prepared based on receipts book. Filed Survey of the same could not be conducted due to non-support of tax Daroga & tax collectors in filed survey. <i>ULB should identify and prepare separate list of high value properties by conducting re-assessment of prospective properties on timely basis to boost their revenue.</i>
12	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014	Detail of registers not maintained by ULB is mentioned under PART-A (a). <i>ULB should ensure proper maintenance of required Books of Account and register as per the list given in Rule -3 of BMAR -2014.</i>
13	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	<i>ULB should ensure preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR -2014</i>
14	Irregularities in vendor payment process: <ul style="list-style-type: none"> ▪ In case of payment to contractor-MB book was not signed by the contractor. 	Proper tender documents regarding tender approval and allotment was not properly maintained or made available for audit. In provided cases, we are unable



	<ul style="list-style-type: none"> ▪ PAN number of contractor was not mentioned in payment files. ▪ TDS was deducted by normal rate of 01% & 02%, Even PAN number of party was not attached in files. ▪ Budget Control Register was not made for payment made. ▪ Statutory Compliance register was not maintained for related payments. ▪ Final Work Completion certificate was not attached in case of final bill payments. 	to comment on channel of procurement of tender and their required compliances. Further, no statutory compliance register was maintained in regards with statutory dues deducted from party bills. <i>So, ULB should maintained proper tender register and file that include all related documents of tender. Statutory compliance register should be maintained for all statutory deductions made form parties invoices.</i>
15	Non-maintenance of register for all procurements with value above Rs. 15,000	ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000
16	Missing signature of wages worker and stamp of ULB on muster roll register	ULB should ensure proper maintenance of wages register by complying signature and stamping.
17	No maintenance of separate earnest & security deposit register	EMD and security deposit register help in tracking of balance payable to parties.
18	Non-compliance of Act & Rules	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. <i>ULB should ensure compliance of all applicable Act & Rules.</i>
19	<p>Lack of internal control measures</p> <ul style="list-style-type: none"> 9. Voucher file was not maintained 10. No internal mechanism for statutory compliance 11. No MIS was prepared for tracking of payments 12. Required books of accounts as per BMAM was not maintained 13. Statutory compliance reconciliation was not maintained 14. Year-end reconciliation was not available 15. Bank reconciliation of any bank account was not prepared. 16. Bank balance as per cash book was not maintained. 	<p>We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statuary compliances:</p> <p>We suggest that:</p> <ol style="list-style-type: none"> 1. MIS System should be implemented over daily collection and deposit. 2. Reason for non-deposit/ late deposit should be strongly need to ask for minimise delay. 3. Need to identify a person to comply with the statuary compliances. In case failure to comply with statuary compliances he should also be penalised. Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.
20	<p>Non-compliance of statutory compliances:</p> <ul style="list-style-type: none"> ▪ Non preparation of statutory compliance register ▪ Non deposit of TDS on timely basis. ▪ Non filling of TDS return for due period ▪ Non providing details regarding VAT/PF/Labour Cess 	<p>Statutory compliance register was maintained in regards with statutory dues deducted from party bills. <i>So, ULB should maintained proper statuary compliance register. Statutory compliance register should be maintained for all statutory deductions made form parties invoices.</i></p> <p>Non-compliance with statuary dues will cause of penalty, interest and prosecution. <i>Management should insure that all statuary dues are paid on time and returns related thereof filed on time.</i></p>
21	<p>Deficiency in payroll system</p> <ul style="list-style-type: none"> ▪ Non-preparation of salary payment voucher ▪ Non-maintaining salary payment reference number in cash book ▪ Non-implementation of Bio-metric device and payroll software 	<p>Every payment should be accompanied with payment voucher. Further as per Section 2(23) of the Indian Stamp Act 1899 makes it mandatory for affixing of stamp on any receipt as defined therein above Rs 5000. Therefore, management should ensure that the payment is accompanied with payment voucher.</p> <p>Meaning of Receipt :</p>



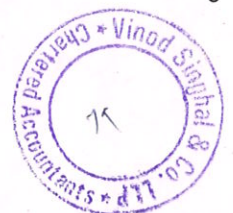
		<p>"Receipt" includes any note, memorandum or writing-</p> <p>(a) whereby any money, or any bill of exchange, cheque or promissory note is acknowledged to have been received, or (b) whereby any other movable property is acknowledged to have been received in satisfaction of a debt, or</p> <p>(c) whereby any debt or demand, or any part of a debt or demand, is acknowledged to have been satisfied or discharged, or</p> <p>(d) which signifies or imports any such acknowledgment; and whether the same is or is not signed with the name of any person "</p>
22	Non-providing approved UCs for the reporting period for audit	<p>Grant is blood of ULB. Therefore, for getting grant and running the ulb working smoothly it is very important to comply with all necessary requirement of grant. Further timely submission of utilisation certificate helps the grant realising authority to send the money for fulfil the requirement of future. <i>Therefore, management should ensure that UC has been submitted with concerned department on time.</i></p> <p><i>Management should implement the control system over inventory and store. Stock register should be in place and get it verified by a responsible person as authorised by management time to time. Further any discrepancies arises/ found during such verification should be reported immediately.</i></p>
23	Non-maintaining of inventory/store register and non-conducting of physical verification of inventory and stores available with ULB as per requirement of BMAR-rule 130.	<p><i>Management should implement the control system over inventory and store. Stock register should be in place and get it verified by a responsible person as authorised by management time to time. Further any discrepancies arises/ found during such verification should be reported immediately.</i></p>
24	Non providing details of Advances, their adjustment & Recovery	<p>To ensure timely recovery of advance with interest proper calculation should be there with proper recovery plan.</p>

5. COMMENTS FROM MANAGEMENT

Audit observations with audit recommendation has been submitted with management for providing management Comments.

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 ULB has a deep impact on the economic & social aspects and values of the inhabitants of the demarcated area. And the unit specifically dedicated for the development of Nagar Panchayat in the state of Bihar according to plan & for matters ancillary thereto.



DETAILED AUDIT REPORT

1. INTRODUCTION:

S.NO.	Name Of ULB	Period-covered		Audit Team
		From	TO	
1	Kochas Nagar Panchayat	01-04-2017	31.03.2018	1. Name of Team Leader : Krishan Kumar Sodhani 2. Name of MAE: CA Rahul Kumar Shrivastwa 3. Name of MAA: Mukesh Kumar 4. Name of MAA: Nitesh Kumar

2. ADMINISTRATION:

Sl. No	Particulars	Details
1	The present body of the ULB has taken charge on	09-06-2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Saneha Kumari
2.1.1	Period of Service:	From: 22-04-2019 To: Till date
2.2	Name of Commissioner/Executive Officer:	Mr. Manoj Kumar
2.2.1	Period of Service:	From: 23-01-2019 To: Till date

3. REVIEW OF OUTSTANDING AUDIT PARAS:

3.1. Status of Audit Observations is as under:

(Rs. In Lakh)

S.N.	Particulars of audit and date of report	Total no. of audit paras	Total no. of audit paras where necessary improvement/c orrective measures 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 O/s para where no action has been taken	No. & date of compliance report
1	AG Audit has not been done at Kochas Nagar Panchayat till date. Refer "Annexure -1"							



4. FINANCE

I. Budgetary provisions and expenditure for the last three years

Year	Year 2015-16	Year- 2016-17	Year- 2017-18
Final/Revised Budget Data	Not Available	Not Available	Not Available
Actual Expenditure Data	Not Available	Not Available	4,36,60,692
Savings (+)/Excess (-)	Not Available	Not Available	Can't Ascertain

Comment:

The ULB have not provided us Budget Statement for the year 2016-17, 2017-18, & 2018-19 . Further Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 2015-16, 2016-17 & 2017-18 have also not been produced before us for verification. Data reported above taken from the budget of 2019-20. We have not received data for the FY 2015-16 and FY 2016-17 for reporting.

II. Volume of transactions

Period	Budgeted for F.Y. 2017-18	Actual for the F.Y. 2015-16	Actual for the F.Y. 2016-17	Actual for the F.Y. 2017-18	Cumulative for the current period
Opening balance	Not Available	Not Available	Not Available	6,04,52,336	6,04,52,336
Receipts	Not Available	Not Available	Not Available	4,50,39,117	4,50,39,117
Total	Not Available	Not Available	Not Available	10,54,91,453	10,54,91,453
Net expenditure	Not Available	Not Available	Not Available	4,36,60,692	4,36,60,692
Closing balance	Not Available	Not Available	Not Available	7,44,49,494	7,44,49,494

Comment:

The ULB have not provided us Budget Statement for the year 2016-17, 2017-18, & 2018-19. Further Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 2017-18, 2018-19 & 2019-20 have also not been produced before us for verification. Hence, we could not write any data here. Data reported above taken from the budget of 2019-20. We have not received data for the FY 2015-16 and FY 2016-17 for reporting.

Vinod Singh

III. Bank Reconciliation position as on reporting date

Bank Reconciliation position as on 31-03-2018

S. N	Name of Bank	Bank A/C No.	Purpose of Bank Account	Balance as per Cash Book	Balance as per Bank Statement	Differences	Reconciled (Yes/No)
1	State Bank Of India	352343357194	e-gov	-	-	-	No
2	State Bank Of India	35273818673	internal resources	-	1'153'500	-	No
3	State Bank Of India	35273819734	WARD PAARSAD BHATTA	-	1'153'500	-	No
4	State Bank Of India	34811587641	internal resources	-	-	-	No
5	State Bank Of India	35273819280	HFA	-	-	-	No
6	State Bank Of India	35234352481	SBM	-	-	-	No
7	State Bank Of India	35273815071	DAY NULM	-	-	-	No

Comment:

Bank Reconciliation helps us to monitor over:

1. Difference between Bank Passbook and Cash Book
2. Unauthorised withdrawal from Bank.
3. Excessive debited by Bank
4. Helps to know any other reasons of differences.

Therefore, ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.

Note :

Cash book was not updated at the ULB, Therefore we are unable to write any figure here



IV. Revenue & Capital Receipts information:

SI No	Details	Income Details (Amount in Rs.)						
		2017-18		2018-19		2019-20		
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19	
	Total Receipts (A+B)	45,039,117	Not Available	Not Applicable	45,039,117	Not Applicable	Not Applicable	Not Applicable
A	Revenue Receipts (1+2+3)	2,439,131	Not Available	Not Applicable	2,439,131	Not Applicable	Not Applicable	Not Applicable
1	Own Revenue Receipts (a+b)	1,595,635	Not Available	Not Applicable	1,595,635	Not Applicable	Not Applicable	Not Applicable
a)	Tax Revenue (levied and collected by municipal body)	472,345	Not Available	Not Applicable	472,345	Not Applicable	Not Applicable	Not Applicable
i)	Property tax	-	Not Available	Not Applicable	-	Not Applicable	Not Applicable	Not Applicable
ii)	Other tax (levied and collected by municipal body)	472,345	Not Available	Not Applicable	472,345	Not Applicable	Not Applicable	Not Applicable
b)	Non-tax revenue (levied and collected by municipal body)	1,123,290	Not Available	Not Applicable	1,123,290	Not Applicable	Not Applicable	Not Applicable
i)	Fees & fines	1,123,290	Not Available	Not Applicable	1,123,290	Not Applicable	Not Applicable	Not Applicable
	User Charges	-	Not Available	Not Applicable	-	Not Applicable	Not Applicable	Not Applicable

iii)	Other non-tax revenue (levied and collected by municipal body)	-	Not Available	Not Applicable	-	Not Applicable	Not Applicable	Not Applicable
2	Other Revenue Receipts	843,496	Not Available	Not Applicable	843,496	Not Applicable	Not Applicable	Not Applicable
a)	Income from interest/investments	343,496	Not Available	Not Applicable	343,496	Not Applicable	Not Applicable	Not Applicable
b)	Other Revenue income	500,000	Not Available	Not Applicable	500,000	Not Applicable	Not Applicable	Not Applicable
3	Transfers/Grants/Assigned Revenues	-	Not Available	Not Applicable	-	Not Applicable	Not Applicable	Not Applicable
a)	State Assigned Revenue	-	Not Available	Not Applicable	-	Not Applicable	Not Applicable	Not Applicable
b)	State Finance Commission (SFC) Grants/Devolution	-	Not Available	Not Applicable	-	Not Applicable	Not Applicable	Not Applicable
c)	Octroi compensation		Not Available	Not Applicable		Not Applicable	Not Applicable	Not Applicable
d)	Other State Government Transfers	-	Not Available	Not Applicable	-	Not Applicable	Not Applicable	Not Applicable
e)	Central Finance Commission (CFC) Grant		Not Available	Not Applicable		Not Applicable	Not Applicable	Not Applicable
f)	Other Central Government Transfers		Not Available	Not Applicable		Not Applicable	Not Applicable	Not Applicable
g)	Others (Sales & Hire Charges)	-	Not Available	Not Applicable	-	Not Applicable	Not Applicable	Not Applicable



B	Capital Receipts (1+2+3+4+5+6)	42,599,986	Not Available	Not Applicable	42,599,986	Not Applicable	Not Applicable
1	Sale of Municipal Land		Not Available	Not Applicable		Not Applicable	Not Applicable
2	Loans (from State Govt. or Bank etc.)		Not Available	Not Applicable		Not Applicable	Not Applicable
3	State Capital Account Grant (under State Schemes etc.)	42,599,986	Not Available	Not Applicable	42,599,986	Not Applicable	Not Applicable
4	Central Capital Account Grant (under Central Schemes etc.)		Not Available	Not Applicable		Not Applicable	Not Applicable
5	Other Capital Receipts		Not Available	Not Applicable		Not Applicable	Not Applicable

Comment: Budget for the F.Y. 2016-17, 2017-18 & 2018-19 was not made available by ULB. Further financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not write any figures. Data reported above taken from the budget of 2019-20.

V. Revenue and Capital Expenditure Information.

SI No	Details	Expenditure Details (Amount in Rs.)			
		2017-18	2016-17	2018-19	2019-20
	Total Expenditure (1+2)	43,660,692	Not Available	Not Applicable	Not Applicable
1	Revenue Expenditure	15,139,625	Not Available	Not Applicable	Not Applicable
1.1	Adminstrative Expenses, Establishment and Salaries (All Departments-Regular and Contractual Staff)	3,106,706	Not Available	Not Applicable	Not Applicable
1.2	Operation and Maintenance (O&M)	6,623,070	Not Available	Not Applicable	Not Applicable



 Chartered Accountants * Vinod Sinhal & Co. LLP

1.3	Loan repayment (Interest payments)	80,849	Not Available	Not Applicable	80,849	Not Applicable	Not Applicable
1.4	Others(any other revenue expenditure which is not salaries, O&M or Interest Payment)	5,329,000	Not Available	-	5,329,000	-	-
2	Capital Expenditure	28,521,067	Not Available	Not Applicable	28,521,067	Not Applicable	Not Applicable
2.1	All developmental works under Central/State specific schemes	17,250,656	Not Available	Not Applicable	17,250,656	Not Applicable	Not Applicable
2.2	Loan Repayments(Principal Amount)	-	Not Available	Not Applicable	-	Not Applicable	Not Applicable
2.3	Other Capital expenditure	-	Not Available	Not Applicable	-	Not Applicable	Not Applicable

Comment:

Budget for the F.Y. 2016-17, 2017-18 & 2018-19 was not made available by ULB. Further financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not write any figures. Data reported above taken from the budget of 2019-20.

VI. Status of Implementation of Double Entry Accounting System

Double entry system was implemented at ULB till FY 2015-16, however, from 01.04.2016 till date there is no any double entry accounting system implemented here. Detail of previous consultant is given below:

S/No	Name of Agency	Implementing Agency	Hiring (Whether by ULB/UD & HD)	Agency	Period of Accounting
1	Manas Das & co	UD & HD	UD & HD	From 2014-15	To 2015-16

Status of Meeting of Municipal Accounts Committee

No details regarding meeting of municipal accounts committee held during the reporting period was made available.

5. AUDIT OBSERVATION

I. 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.

1. Non-levy of taxes: As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. ***In case of Kochas Nagar panchayat***, the following mentioned tax/charges are not implemented that leads to loss of revenue to ULB.

- * Surcharge on transfer of lands and buildings
- * Water tax
- * Fire tax.
- * Tax on advertisements, other than advertisements published in newspapers
- * Surcharge on electricity consumption within the municipal area
- * Tax on congregations.
- * Tax on pilgrims and tourists.
- * Tax on profession.
- * Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles.
- * User Charges for provision of water-supply, drainage and sewerage
- * User Charges for Solid Waste Management
- * User Charges for Parking Facility
- * User Charges for Garbage Clearance
- * Collection of fees for sanction of building plans and issue of completion certificates,
- * Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,
- * Collection of Development Charges

Audit Objective - As per Point No. - 5.00 of TOR

Criteria - Non levied the taxes reported above by ULB.

Condition -As per details provided to us the ULB is not charging the above mention taxes.

Consequence Effect /Impact - Due to non-collection of taxes 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 Taxes due to which result in Revenue leakage .

Corrective Action / Recommendation - As per our opinion, management should review the working on timely basis



2. **Late deposit of property tax:** As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made.

In case of Kochas Nagar Panchayat, ULB is not collecting Property tax..

Audit Objective - As per Point No. - 5.00 of TOR

Criteria - As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made. Further we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000.00

Condition -As per details provided to us the ULB is not depositing the amount collected from public on time.

Consequence Effect /Impact - Due to non-deposit of cash on timely basis there is loss of interest to ULB. It seems that huge fund easily available with cashier on the cost of Bihiya ULB.

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 control, supervision, and monitoring over collection and deposit of taxes.

Corrective Action / Recommendation - Management should reconcile time to time the physical cash with cash book for stopping the misuse of cas

3. **Non collection of Notice fees:** As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but

In case of Kochas Nagar Panchayat, ULB has not provided any information regarding charging and collection of notice fees.

Audit Objective - As per Point No. - 5.00 of TOR

Criteria - As per sec 158 of Bihar Municipal Act, 2007 The amount of notice fee should be collected by the municipality.

Condition -As per details provided to us the ULB is not collecting notice fee.

Consequence Effect /Impact - Due to non-collection of notice fee there is loss of interest to ULB

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 control, supervision, and monitoring over issue of notices and collection of notice fee.

Corrective Action / Recommendation - Management should monitor the notices issued on periodic basis towards charging and collection of notice fee.

4. **Recovery of outstanding taxes/rental income:** As per record provided by ULB, following income was in arrear as on 31-03-2018.



Details of outstanding arrear of income as on 30-06-2019

Sl. No	Type of Income	Arrear Amount
1	Property Tax	Not Collecting
2	Advertisement Tax	Not Provided
3	Rent Income	Not Provided
4	Mobile Tower Tax	Not Provided

Audit Objective - As per Point No. - 5.00 of TOR

Criteria - As per sec 158 of Bihar Municipal Act, 2007 The amount of outstanding Taxes should be collected by the municipality.

Condition -As per details provided to us the ULB is not collecting outstanding Taxes.

Consequence Effect /Impact - Due to non-collection of outstanding Taxes there is loss of interest to ULB

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 control, supervision, and monitoring over issue of notices and collection of Outstanding Taxes.

Corrective Action / Recommendation - Management should implement/take action to boost collection of arrear revenue to increase their own source revenue.

2. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs.

- 1. Payment of bills after due date:** We have not received any single bill during audit. Therefore we are unable to comment upon it.
- 2. Pass payment without preparation of payment vouchers:** The ULB does not prepare Payment Vouchers for making payment to the parties/vendors. Payment was made on the basis of bills only raised in the name of ULB which is passed by the competent authority.
- 3. Irregularities in payments:** No such irregularities were observed in provided sample data. As complete vouchers files were not made available for audit. However, as reported in point no. 1 above there is irregularities in payment of electricity expenses. ULB is paying huge delay surcharge on the same.

3. Report on findings of field survey of Property Tax of minimum 20 high value properties.

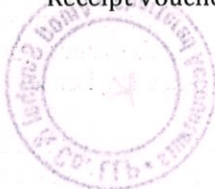
We have not got support in filed survey, therefore we are unable to comment upon it.

II. PART-B

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

The unit has not maintained the following prescribed registers (Please find attached letter to the ULB regarding non-submission of the following documents): -

1. Journal Book
2. Ledger
3. Contra Voucher
4. Journal Voucher
5. Receipt Voucher



6. Register of Cheque Received
7. Statement on status of cheque received
8. Register of Bills for Payment
9. Payment order
10. Register of Advance
11. Register of Permanent Advance
12. Deposit Received Register
13. Summary statement of Deposits Adjustment
14. Demand register
15. Bill of Income
16. Summary Statement of Bill Raised
17. Register of Notice Fee Warrant Fee other fees
18. Summary statement of Notice Fee Warrant Fee other fees
19. Summary statement of Refund and Remissions
20. Summary statement of Write offs
21. Statement of outstanding liability for expenses
22. Register of Immovable and Movable Property
23. Register of Land
24. Function wise Income Subsidiary Ledger
25. Function wise Expenditure Subsidiary Ledger
26. Asset Replacement Register
27. Register of Public Lighting System
28. Building Register
29. Status and Heritage Assets Register
30. Road and Street register
31. Bridges Flyover Subway and Causeway Register
32. Drains Register
33. Ponds and Lakes Register
34. Plant and Machinery Register
35. Vehicle Register
36. Office Equipment Register
37. Furniture and Fixture Register
38. Computer and Peripheral Register
39. Software Register
40. Grants Register

Required at - Property Tax and other taxes

1. Summary Statement of bills raised
2. Summary statement of Demand Adjustment raised
3. Summary statement of refunds and remissions
4. Summary Statement of write-offs
5. Money Receipt Book
6. Hand Book (details due from tax payer)

Documents required at - water Supply

1. Summary Statement of Demand raised on assessment
2. Summary statement of Head wise collection
3. Summary statement of refunds remissions
4. Summary statement of write- offs

Documents required at - Rentals Fees and Other Income

1. Summary Statement of Demand raised on assessment
2. Summary statement of Head wise collection



3. Summary statement of refunds
4. Summary statement of write- offs

Documents required at- Public Works

1. Summary Statement of status of CWIP
2. Work Sheet
3. Deposit works register

Documents required at - Stores

1. Material Receipt Note
2. Statement of Material Issues

Other

1. Balance confirmation as on 31.12.17
2. BRS of all Bank Accounts (including dormant accounts)
3. Physical Verification report of cash and Stock

Final Accounts for the year 2014-15 & 2015-16 & 2016-17

1. Audited Balance Sheet
2. Audited Income & Expenditure Account
3. Audited Receipts & Payments Account and unaudited Receipts & Payment

b. Irregularity in procurement process:

1. Irregularities in tender issue process: We have not received any data for comment.

1. **Whether a register is kept for all Procurements with value above Rs. 15,000/-:** No procurement register was maintained at ULB level for procurement with value above Rs. 15,000. However, we have observed some discrepancies from invoice file as reported below:
2. **As per rule no 75, disbursement to the daily wage workers is to be witnessed by the chief municipal officer / engineer and he has to sign the disbursement certificate after ensuring that the acknowledgement has been obtained from the workers on the master payroll (BMAR Form -33):**
 - a. As per provided master payroll of daily wages worker, we observed that signature of wages worker against their attendance was not available.
 - b. This is noted that stamp of ULB was not affixed on signature done in master payroll.
3. **No separate earnest & security deposit register:** Earnest money deposit & security deposit register help in tracking refund of EMD/SD on time to concerned parties, but in ULB, no such register was maintained/provided for verification.

c. Non-Compliance of directives by UD&HD, GoB:

SINo.	Direction issued by UDHD	Complied or Not
1	Circular No. 1188 dated 18-05-2017	Complied
2	Circular No. 261 dated 06-02-2018	Complied



d. **Non-Compliance of Act**

Sl. No	Requirement	Criteria	Auditors Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made	BMAR Rule No.-22	Refer point: Part-A (a) (2) No such details/information provided
2	Whether every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	BMAR Rule No.- 27	No such details/information provided
3	Whether the collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	BMAR Rule No.- 27	No such details/information provided
4	Whether bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated stall of the Municipality	BMAR Rule No.- 27	No such details/information provided
5	Whether every bill collector invariably remits his collections (in cash and/or cheques) to Cashier dallies before 4.30 PM and take the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	Refer point: Part-A (a) (2) No such details/information provided
6	Whether Grant Register as prescribed in BMAR Form 28 was maintained by the Municipality to record receipts and utilization of grants sanctioned by the Government.	BMAR Rule No.- 69	Yes, Scheme wise grant register was maintained by the ULB. However, in absence of proper record during our audit we can't say that utilisation is as per specified norms or not.
7	Whether specific grants, which have certain conditions attached for utilizing such grants including the requirement to use it for capital purposes or use it in a particular proportion or manner. Usually such grants have requirements for submitting utilization certificates e.g. Finance Commission grant, SFC grant for specific purpose, namely, road repairs. It is the responsibility of the Chief Municipal Officer that the conditions attached to the grant are complied with without exception.	BMAR Rule No.- 69	Refer point: Part-B (h) No such details/information provided.
8	Whether The grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No such details/information provided.
9	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form No 29.	BMAR Rule No.- 69	Refer PART-B (h) No, Utilization certificate details produced for verification
10	Whether Municipality has returned unutilized grant for more than three years from date of receipt to the source from where such grant was received	BMAR Rule No.- 69	No related information was provided by ULB.



11	Whether the Chief Municipal Officer prepare a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.	BMAR Rule No.- 120	No, Kochas Nagar Panchayat was not preparing a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.
12	Whether ULB prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	BMAR Rule No.- 121	No, Kochas Nagar Panchayat was not preparing monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.
13	Whether ULB sent the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	BMAR Rule No.- 121	No, Kochas Nagar Panchayat was not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter
14	The Chief Municipal Officer shall, within three months after the end of each financial year be prepared financial statements for the preceding year in respect of the accounts of the Municipality. The Financial Statements shall comprise of a. Receipts and Payments Account for the year (BMAR Form No.71) b. Income & Expenditure Statement for the year (BMAR Form No.73) c. Balance Sheet as on 31st March of the year (BMAR Form No.74) d. Significant accounting policies adopted by the Municipality in presentation of the financial statements. e. Notes to Accounts, which shall disclose Contingent liabilities, and such other information as, may be useful in understanding the financial statements clearly. f. Comparative amounts shall be entered on the financial statements for the preceding financial year except. In the case of the first year to which those rules apply	BMAR Rule No.- 122	BMAR Rule No. - 122 were not followed by ULB during the F.Y. 2017-18.
15	Whether the municipality is regular in depositing statutory dues including tax deducted at source, GST, TDS on GST, service tax, VAT, works contract tax, cess payable to the government etc. and If not, the nature and cause of such delay and the amount not deposited: (BMAR Rule No.-130)	BMAR Rule No.-130	Refer PART-B (f)
16	Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;(BMAR Rule No.-130)	BMAR Rule No.-130	Refer PART-B (g)
17	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;	BMAR Rule No.-130	No, BMAR Rule No. 130 was not followed by ULB. As Single-entry accounting system was followed by ULB



18	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted;	BMAR Rule No.-130	Yes, all grant received by ULB during the year have been accounted properly in grant register. No details regarding deductions from grant were made available to comment thereon.
19	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;	BMAR Rule No.-130	No details regarding creation of special fund and their use were made available to comment thereon.
20	Whether the ULB is maintaining proper records showing full particulars, including quantitate details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable Intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	BMAR Rule No.-130	ULB was not maintaining fixed assets register for the financial year 2017-18. Further no, fixed assets physically verified report was made available to comment upon.
21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	BMAR Rule No.-130	No details regarding lease hold property was made available to comment upon.
22	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	BMAR Rule No.-130	No, ULB is not followed adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets.
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality' s accounts; If so, the details thereof;	BMAR Rule No.-130	We have not observed such type of transaction during audit.
24	Whether the Bank Reconciliation statements have been property prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis;	BMAR Rule No.-130	Refer Point-04 (III) No, ULB has not prepared bank reconciliation for any bank accounts maintained.
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.-130	As ULB has single entry accounting system, in that case year end provisions and reconciliation was not made during the reporting period.
26	Whether all the expenditure incurred by the Municipality is authorized by appropriate provision in the sanctioned budget. whether made originally or subsequently and are in all cases such as are authorized by Act;	BMAR Rule No.-130	Since proper voucher and expenses invoices not presented for our verification, therefore we can't comment on it.
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	BMAR Rule No.-130	Refer-PART-A (a)(4) Yes, ULB has accountant revenue properly. But collection and recovery of taxes was in slow pace that's why there was arrear of taxes in ULB.
28	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act;	BMAR Rule No.-130	Refer-PART-A (a)(2) No such details/information provided
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	BMAR Rule No.-130	In absence of specific record during the audit, we can't comment that the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order



30	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as It appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR Rule No.-130	Refer-PART-B (a) No, some required books of accounts as per BMAM/BMAR has not been maintained.
31	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;	BMAR Rule No.-130	No store verification report was made available during the reporting period to comment upon.
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	No, procedures of physical verification of stores followed by the ULB have been provided to comment upon.
33	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and If so, whether the same has been properly dealt with in the books of account; Whether proper procedures are in place to Identify any unserviceable or damaged stores and whether provision for the loss In this respect, If any, has been made In the accounts;	BMAR Rule No.-130	No such details provided
34	Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	BMAR Rule No.-130	No such details provided
35	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the Interest and If not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAR Rule No.-130	No such details provided
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.-130	No such details provided
37	Municipal Fund: Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	No, ULB is using single entry accounting system, so there was no fund was accounting followed.
38	Investment of surplus money. Whether municipality has invested surplus fund as per the requirement of the chapter-X of BMA-2007. Auditor will report on the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period. Check whether comparative interest rate is invited from parties before investing surplus funds:	BMA,2007: Chapter X	No details provided
39	Preparation of budget estimate of Municipality. Whether The budget estimate stated the rates at which various taxes, surcharges, cesses and fees shall be levied by the Municipality in the year next following,	BMA,2007: Chapter XI	Yes, followed by the ULB, however budget is not prepared in proper manner.



40	Maintenance of accounts. Whether the Chief Municipal Officer prepared and maintained accounts of receipts and expenditure of the Municipality in such form, and in such manner, as may be prescribed,	BMA,2007: Chapter XII	As ULB was following single entry accounting system. So, receipts and payments details were being maintained in form of cash book. Audited receipts & payments account as per BMAM was not prepared by ULB.
41	Financial Statement. Whether the Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality,	BMA,2007: Chapter XII	No, ULB was not preparing a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality.
42	Submission of financial statement and balance sheet to auditor. The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.	BMA,2007: Chapter XII	No, Financial Statements were not provided for audit by ULB
43	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act,2007 various tax is applicable on ULBs	BMA,2007: Chapter XV	Refer-PART-A(a)(1) for status of taxes not collected by ULB
44	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007,) Municipality shall, by regulations, provide for issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore,	BMA,2007: Chapter XIX	Refer-PART-A(a)(3)

e. Lack of internal control measures: We have observed the following areas where internal control measures are required by ULBs-

1. Voucher file was not maintained
2. No internal mechanism for statutory compliance
3. No MIS was prepared for tracking of payments
4. Required books of accounts as per BMAM was not maintained
5. Statutory compliance reconciliation was not maintained
6. Year-end reconciliation was not available
7. Bank reconciliation of any bank account was not prepared.
8. Bank balance as per cash book was not maintained.

f. Non-compliance of TDS, TDS on GST and other relevant Statute

- i. **Details of delay in deposit of TDS are mentioned below:** During the audit, we observed that TDS detail was not in the position of ULB. They had not presented a single TDS challan for our verification. We asked several times for TDS challan along with TDS Return; however, the concerned person has not presented the same for our verification. Therefore, we can't comment on the deduction and deposit of the same.

Note:

1. The above Statutory deductions details were taken as per contract register.
2. We have not received statutory compliance register and expenses invoices for our verification.
3. Neither copy of challan nor the copy of return has been presented to us, therefore we are unable to comment that payment made on time or not. However, we wish to say that non-payment of tax on due or before date will attract interest @ 1.5% p.m. or part of month



4. As per provision of sec. 276B, If a person fails to pay to the credit of the Central Government to the amount of tax deducted at source by him as required by or under the provisions of Chapter XVII-B; or the tax payable by him, as required by or under sub-section (2) of section 115-O; or the second proviso to section 194B, he shall be punishable with rigorous imprisonment for a term which shall not be less than **three months** but which may extend to **seven years** and with fine.

ii. Details of TDS returns filled are mentioned below:

During the audit, we observed that ULB was not regular in filling of TDS return, as per below mentioned details this is clear that either ULB had not filled TDS return or if filled then not followed due date of return filling. This practice of delay in filling of TDS return would cause ULB in form of penalty.

Note:

- As per provision of Sec. 234E where a person fails to file the TDS/TCS return on or before the due date prescribed in this regard, then he shall be liable to pay, by way of fee, a sum of Rs. 200 for every day during which the failure continues. The amount of late fees shall not exceed the amount of TDS. Further as per provision of Sec 271H diductor or collector of tax at source fail to file the return within the stipulated date, he/she can also be penalized with a fee which is not less than Rs 10,000. The amount of penalty could go up to Rs. 1 lakh.
- Downloading of TDS Certificates from TRACES made mandatory:** In this regard, your attention is invited to the **CBDT circulars 04/2013 dated 17.04.2013, CBDT Circular No. 03/2011 dated 13-5-2011 and CBDT Circular No. 01/2012 dated 9-4-2012** on the **Issuance of certificate for Tax Deducted at Source** in Form 16/16A as per IT Rules 1962. It is now **mandatory for all diductor's to issue TDS certificates after generating and downloading the same from "TDS Reconciliation Analysis and Correction Enabling System" or TRACES Portal.** In view of above circulars, it may kindly be noted that the TDS Certificates **downloaded only from TRACES Portal** will be valid. Certificates issued in any other form or manner will not comply to the requirements referred in the Income-tax Act 1961 read with relevant Rules and Circulars issued in this behalf from time to time. Further as per the provisions of section 203 of the Income Tax Act, 1961 read with rule 31A, Certificate of tax deducted at source is to be **furnished within fifteen (15) days from the due date for furnishing the statement** of tax deducted at source. Failure to comply with the provisions of the Act will attract **penalty under the provisions of section 272A of the Act, a sum of one hundred rupees for every day** during which the failure continues.
- In case of ULB the commissioner/executive officer in charge will be person who is liable to deduct and pay the TDS and issue of TDS certificate on time. Therefore, management is suggested to take a serious note on the status of Tax collected or deposited, timely submission of return thereof and issuance of TDS Certificate.

iii. Details of Delay in deposit of EPF are mentioned below:

Note:

- We have not received any documents or information w.r.t. filling of Annual PF return. (Refer Annexure -12)
- We observed that ULB is not regular in payment of EPF amount.
- Usually they are paying accumulated amount of 2-3 month once. (Refer Annexure -12A")
- Late deposit of EPF may cause of penal damage and late fee. We are submitting below the list of penalty applicable on the assesses due to late deposit of EPF :

NO OF MONTHS DELAYED	PENALTY RATE
Delay for up to 2 months	5% per annum
Delay ranging from 2 months to 4 months	10% per annum
Delay ranging from 4 months to 6 months	15% per annum



Delay exceeding 6 months	25% per annum (It may correspondingly go up to 100%)
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v: Non compliance with ESI

We observed that ULB is not registered under ESI ACT. However as per provision of ESI Act 1948, The ULB is covered under definition of "Establishment" The ESI scheme is applicable to all factories and other establishments as defined in the Act with 10 or more persons employed in such establishment and the beneficiaries' monthly wage does not exceed Rs 21,000 are covered under the scheme. Whether the employer has employed 10 or more employees, all employees employed by the employer, agnostic of the salary are reckoned.

As per this scheme complete medical care and attention are provided to the employee registered under the ESI Act, 1948 at the time of his incapacity, restoration of his health and working capacity. During absenteeism from work due to illness, maternity or factories accidents which result in loss of wages complete financial assistance is provided to the employees to compensate for the wage loss. The scheme provides medical care to family members also. The benefits under this scheme are categorized under two categories:

- 1) Cash benefits (which includes sickness, maternity, disablement (temporary and permanent), funeral expenses, rehabilitation allowance, vocational rehabilitation and medical bonus) and,
- 2) Non-cash benefits through medical care.

The scheme is self-financing and being contributory in nature. The funds under the ESI scheme are primarily built out of the contribution from the employees and employers payable monthly at a fixed percentage of wages paid. Currently, the employee contribution rate is 1.00% of the wages and that of employers is 4.00% of the wages paid. For newly implemented areas, the contribution rate is 1% and 3% respectively for employee and employer for the first 24 months. The employer makes the contribution form its own share in favour of those employees whose daily average wage is Rs 137 as these employees are exempted from own contribution. The employer is required to pay his contribution and deduct employees' contribution from wages and deposit the same with ESIC within 15 days from the last day of the calendar month in which the contribution fall due. The payment can either be done online or through designated and authorized public sector banks

ESIC contribution rates (Reduced w.e.f. 15/02/2019)		
Particulars	Rate (Beofre 15th Feb 2019)	Rate (On or After 15th Feb. 2019)
Employer Share	4.75%	4.00%
Employee Share	1.75%	1.00%
Total	6.50%	5.00%

The Employees' State Insurance Act, 1948 is one of the most important social legislation in India. It aims to guarantee certain benefits to insurable employees working in factories and establishments. There are some penalties under the Act which ensure that employers and managers comply with its provisions. Sections 84 to 86 describe these penalties.

All penal provisions under the ESI Act generally aim to make employers accountable. This is because the failure of employers to carry out their obligations directly affects their employees. In order to prevent this, the Act allows courts to punish employers with imprisonment as well as fines. In certain cases, even employees can be liable for



punishment under the Act. The following provisions describe various offenses under the Act and relevant punishments for them.

Sr. No.	Sec.	Heading	Particulars
	Section 84	Penalty for false statements	Section 84 prohibits employees from making false/wrong statements for availing benefits under the Act. Any person who illegally avails benefits not meant for him using false information is punishable. The punishment for this is imprisonment up to 6 months and/or fine up to Rs. 2,000.
	Section 85	Penalty for non-compliance with provisions	Section 85 (a) to (g) basically contains compliances which employers and managers have to carry out. Consequently, failure to do so can make them liable for punishment as Section prescribes. Punishment may be in the form of either imprisonment or fine or both.
	Section 85(a):	Penalty for failure to pay a contribution	<p>All employers under the Act have to periodically pay some money to the ESI Corporation for the benefit of employees. Non-payment of this contribution is a serious offense because it directly affects insurable employees. Hence, the maximum imprisonment for this offense is 3 years and the minimum is 6 months with Rs. 5,000 as fine.</p> <p>Furthermore, sometimes employers deduct their employees' contribution but do not pay it to the Corporation. This offense is even more serious than in general cases. Hence, the minimum imprisonment for such cases is 1 year with a fine of Rs. 10,000.</p>
	Section 85(b) to (g):	Penalty for non-compliance with other requirements	Apart from payment for their contribution, there are other compliances under Section 85 that employers have to follow. Non-compliance with them can attract maximum imprisonment up to 1 year and/or fine up to Rs. 4,000.



Section 85-A:	Punishment for repeating an offense	If an employer convicted under the Act commits the same offense again, he may receive imprisonment up to 2 years. He will also have to pay a fine of Rs. 5,000.
Section 85-B:	Power of ESI Corporation to recover contributions	This is one of the penalties under the Act that allows the Corporation to recover money from employers. The Corporation can do so when an employer either pays contribution late or fails to pay it all together. In such cases, the Corporation recovers such amounts of contribution by levying a penalty.
Section 85-C:	Court's power to direct payment of contribution	To prevent this, the court can ask him to pay his contribution for the duration of his sentence. The court can even extend this amount periodically.

Deficiency in payroll system:

S/No	Particulars	Comments
1	Status of maintenance of salary register for all employees (Permanent/Daily wages/ Contract worker)	Yes, Salary register was maintained for all employees
2	Non availability of Salary payment voucher	ULB was not in practice to issue salary payment voucher, Payment of salary was passed based on approval by competent authority on salary register.
3	Matching of voucher number with cash book	No salary payment voucher number was mentioned in cash book
4	Salary register contains all elements of salary	Yes, all elements of salary were mentioned in salary register.
5	Maintenance of Salary Deduction register	Deductions from salary was mentioned in salary register, no separate deduction register was maintained.
6	Whether biometric devices and payroll software is implemented in ULB. If Yes, then is it integrated with accounting software	Biometric device was and payroll software was not implemented in ULB.

h. **Utilisation of Grant and report on missing Utilisation Certificates:** ULB has not provided any hard and soft copy of approved utilization certificate letter send to the department.

Sr. No.	Year	Name of fund	Amount Received	Amount Expend	Balance	Status of UC
1	2017-18	14 th Finan.	68.98	-	68.98	Transfer to PLA
2	2017-18	C.M. Nali Gali	19.53	-	19.53	
3	2017-18	Pesakar	5.48	-	5.48	
4	2017-18	EO Salary	2.00	-	2.00	

- i. Physical verification of inventory/Stores: Refer point 31-34 PART-B (d)
- j. Advances, their adjustment & Recovery: Refer point 35-36 PART-B (d)
- k. Any other matters as may be prescribed in due course.



As all relevant matters has been covered in above mention point

III. PART-C

SINo	Particulars	Complied or Not
A	Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GoB; Auditor should see 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.	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.
B	Auditor should Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should 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) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;	We have reported on this point under PART-A(c). Please refer the same for detail. Further ULB is Assessing the property as per valuation of the FY 2009-10. We have discussed on this point with executive officer and Tax Daroga.
C	Auditor should report on compliance of 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 130: Audit to be completed & reported within 6 months	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.
D	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Due to non updating of books of accounts, we are unable to comment on it.
E	Report and quantify all major own 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.;	We have reported on this point under PART-A of the report. Please refer the same for detail.
F	Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 10,000 and above.	We have reported on this point under PART-B(b) of the report. Please refer the same for detail.
g	Auditor should Report on 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/-	We have reported on this point under PART-B(b) of the report. Please refer the same for detail.



H	Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	We have reported on this point under PART-B(h) of the report. Please refer the same for detail.
I	Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Complied Refer-Audit recommendation
J	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.	We have reported on this point under PART-B(b) of the report. Please refer the same for detail
K	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies	We have reported on this point under PART-B(b) of the report. Please refer the same for detail
L	Auditor will report on that the fixed deposit and other funds should be in nationalized Banks/Approved financial institutions and should earn maximum interest at their gestation period.	We have reported on this point under PART-B(d) of the report. Please refer the same for detail
M	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.	We have reported on this point under PART-A(a) of the report. Please refer the same for detail)
N	Auditor will report on that all kind of 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 have reported on this point under PART-B(f) and (g) of the report. Please refer the same for detail
O	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has been complied by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report.	Complied Point-03 of Detailed Audit Report and Note thereof.

Thanking You,

For Vinod Singhal & Co. LLP

(Chartered Accountants)

FRN: 005826/C400276

CA Krishan Kumar Sodhani

Partner

M. No. : 404603

UDEN No: → 20404603AAAAEJ3662

DATE → 25th - Jul - 2020

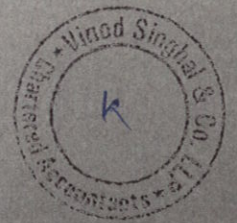


Management Comments

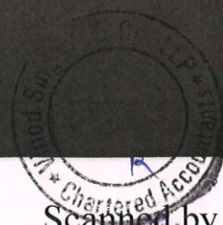
1. INTRODUCTION

Name of the Municipality	Kochas Nagar Panchayat
Period covered under current audit	01.04.2017 to 31.03.2018
Name of Executive Officer for the period under Audit	Manoj Kumar

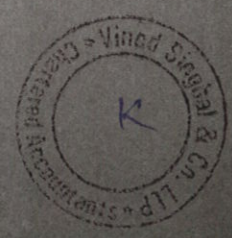
Sl. No	Audit Observations	Auditor Recommendations	Management Comment
1	Budget not prepared in proper manner and guidance given by <u>UD & HD Gob:</u>	ULB should implement real time budget preparation in prescribed format of BMAM. Further, Budget variance report should be prepared for actual budget report.	Due to lack of skilled man power and professional at the Kochas Nagar Panchayat we were unable to prepare the Budget as per required format. However we are improving the same day to day. We are preparing the budget as per required format. Further all your guidelines will be followed by from next budget.
2	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.	Bank Reconciliation help us to monitor over: 1. Difference between Bank Passbook and Cash Book 2. Unauthorised withdrawal from Bank. 3. Excessive debited by Bank 4. Helps to know reasons of differences. Therefore, ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.	We are preparing Reconciliation for the operating accounts. We will submit the same for your verification at next Audit.



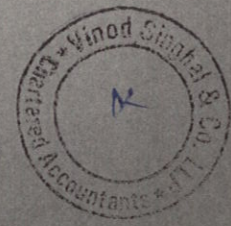
<p>Non-Implementation of Double Entry Accounting System</p>	<p>As per requirement of BMAR-2014, Part -A, Chapter -2 Rule -4, "All ULB referred in Schedule -I shall maintain its Books of Account using the double entry system". Since Kochas Nagar Panchayat is Covered under Schedule -I, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule. We found the detail that double accounting system is implemented at Kochas Nagar Panchayat, however we not got any data for verification the same.</p>	<p>Double entry system was implemented at ULB till FY 2015-16, M/s Manas Das & Co. was working here as DEAS consultant. The appointment of the firm were done by UD & HD head office. Now M/s K. K. Chanani & Associates has been appointed as DEAS consultant with effect from Dec-2019.</p>
<p>No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.</p>	<p>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.</p>	<p>There is no any accounting committee has been formed at ULB. We have submitted a request letter in board for formation of Municipal accounting Committee.</p>



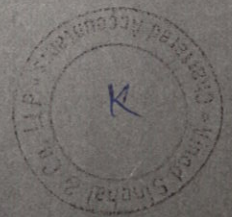
<p>Non-levy of following taxes</p> <ul style="list-style-type: none"> * Holding Tax * Surcharge on transfer of lands and buildings tax. * Fire tax. * Surcharge on electricity consumption within the municipal area * Tax on congregations. * Tax on pilgrims and tourists. * Tax on profession. * Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy * goods vehicles, and buses, which shall be heavy passenger motor vehicles. * User Charges for provision of water-supply, drainage and sewerage * User Charges for Solid Waste Management * User Charges for Parking Facility * User Charges for Garbage Clearance * Collection of fees for sanction of building plans and issue of completion certificates, * Collection of fees for issue of municipal licenses for various non-residential uses of lands and buildings, * Collection of Development Charges 	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. <i>ULB should take steps to implement required taxes to boost their revenue</i></p>	<p>Due to work load and filed survey the collector not submitted their collection for deposit into bank. However irrespective of fact we have directed the collector to submit their collection amount as per Rule. Now there is maximum delay in deposit is 2-3 days.</p>
<p>Kochas is a Nagar Panchayat and many of taxes as reported here are not applicable on it. Further we insure you that we will collect all applicable taxes as soon as possible.</p>	<p>As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made. However, during our audit, we observed that there is a huge delay in depositing the tax at bank. <i>Therefore, management should implement a MIS Mechanism towards getting control over collection and deposit of Taxes. Further we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000</i></p>	<p>Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22</p>



7	Non-Collection of notice fees	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but in case of Kochas Nagar Panchayat, Corporation has not provided any information regarding charging and collection of notice fees. <i>ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.</i>	From now onwards we will implement the same.
8	Non-recovery of outstanding taxes	Kochas Nagar Panchayat has provided during audit the detail of outstanding tax and other income, we observed on the basis of the such data that there is huge arrear of taxes at Kochas Nagar Panchayat. <i>Therefore, the management should take proper step to boost collection of arrears. Further a weekly or fortnightly meeting with all tax collectors to be held for getting the reason of non-collection and resolving the same.</i>	The major tax defaulter at our ULB is Government department and electricity department. However, we have served several notices for payment of the arrear taxes on all assessee including and we are continuously try to collect the same at earliest.
9	Non-providing details regarding arrear of advertisement tax, mobile tower tax, rental income	ULB should prepare proper records for arrear amount and should take proper steps to collect arrears.	<i>Detail will provided at next Audit</i>
10	Non deposit of outstanding amount of electricity bill.	ULB should negotiate with electricity board to settle down the dues without late fees.	we have submitted a letter towards waive-off of charges. Once we will get the revised bill after waiving off the charges from the electricity department, we will pay the same immediately.
11	Non preparation of payment voucher	<i>ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR -2014.</i>	With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.



<p>Due to election duty many of our regular work got pending, therefore we have not visited in filed with your team. However, we ensure that we will visit the filed on your next audit schedule.</p>	<p>We will maintain the same at earliest, further all the concern person are directed to rectify the books of accounts within 45 days.</p>	<p>Double entry system was implemented at ULB till FY 2015-16, M/s Manas Das & Co. was working here as DEAS consultant. The appointment of the firm were done by UD & HD head office. Now M/s K. K. Chanani & Associates has been appointed as DEAS consultant with effect from Dec-2019.</p>
<p>Being ULB was not maintaining any details of high value properties, The details given in report has been prepared based on receipts book. Filled Survey of the same could not be conducted due to non-support of tax Daroga & tax collectors in filed survey. ULB should identify and prepare separate list of high value properties by conducting re-assessment of prospective properties on timely basis to boost their revenue.</p>	<p>Detail of registers not maintained by ULB is mentioned under PART-A (a). ULB should ensure proper maintenance of required Books of Account and register as per the list given in Rule -3 of BMAR - 2014. Further we observed that cash book and other subsidiary books are not maintain properly. Due to improper maintains of books of account the closing balances are not truthful.</p>	<p>ULB should ensure preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014</p>
<p>Non-conducting physical survey of 20 high value properties and non-collection of outstanding property tax</p>	<p>Non-maintenance of required registers as per Rule No. -3 of BMAR-2014</p>	<p>Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014</p>



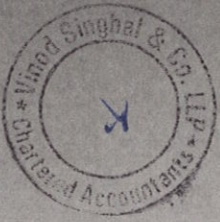
<p>Proper tender documents regarding tender approval and allotment was not properly maintained or made available for audit. In provided cases, we are unable to comment on channel of procurement of tender and their required compliances. Further, no statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, ULB should maintained proper tender register and file that include all related documents of tender. Statutory compliance register should be maintained for all statutory deductions made form parties Invoices.</p>	<p>We are maintaining the file. However due to lack of manpower we were unable to arranged the same on day to day. Now we have arranged the tender file in proper manner. We will show the same on next Audit. Further, statutory compliance are handle by file. We are maintaining the file w.r.t. deduction and deposit of all statutory dues. We will prepare statutory deduction register and will be presented to your team on next visit.</p>
<p>Irregularities in vendor payment process: <ul style="list-style-type: none"> Budget Control register was not updated Quality control test report was not available Completion certificate was not available in payment file in case of completed contract. </p>	<p>We are maintaining voucher file w.r.t. all expenses irrespective of amount. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. Further we wish to say that with the help of available man power we are trying to serve in best possible manner at earliest.</p>
<p>Non-maintenance of register for all procurements with value above Rs. 15,000</p>	<p>All concerned person are directed to resolve this issue within 30 days. We will inform you after rectification.</p>
<p>Missing signature of wages worker and stamp of ULB on muster roll register</p>	<p>We are maintain the same with contractor register. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.</p>
<p>No maintenance of separate earnest & security deposit register</p>	<p>With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.</p>
<p>Non-Compliance of Act & Rules</p>	<p>Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.</p>



<p>20</p> <p>Lack of internal control measures</p> <ol style="list-style-type: none"> 1. Voucher file was not maintained 2. No internal mechanism for statutory compliance 3. No MIS was prepared for tracking of payments 4. Required books of accounts as per BMAM was not maintained 5. Statutory compliance reconciliation was not maintained 6. Year-end reconciliation was not available 7. Bank reconciliation of any bank account was not prepared. 	<p>We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statuary compliances. We suggest that:</p> <ol style="list-style-type: none"> 1. MIS System should be implemented over daily collection and deposit. 2. Reason for non-deposit/late deposit should be strongly need to ask for minimise delay. 3. Need to identify a person to comply with the statutory compliances. In case failure to comply with statutory compliances he should also be penalised. <p>Therefore, the management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.</p>	<p>With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.</p>
<p>21</p> <p>Non-compliance of statutory compliances:</p> <ul style="list-style-type: none"> Non preparation of statutory compliance register Non deposit of TDS on timely basis. Non filling of TDS return for due period <p>Non providing details regarding VAT/PF/Royalty/Labour Cess</p>	<p>As ULB is not proper in statutory compliance, that cause monetary/non-monetary implication on ULB in mode of interest, penalty and Late Fee & imprisonment. So, management should ensure statutory compliance on time.</p>	<p>Due to lack of trained staff statutory compliances are handled by professional hired by us. We will present all file with you after getting data from them.</p>
<p>22</p> <p>Deficiency in payroll system</p> <ul style="list-style-type: none"> Non-preparation of salary payment voucher Non-maintaining salary payment reference number in cash book Non-implementation of Bio-metric device and payroll software 	<p>Every payment should be accompanied with payment voucher. Further as per Section 2(23) of the Indian Stamp Act 1899 makes it mandatory for affixing of stamp on any receipt as defined therein above Rs 5000. Therefore, management should ensure that the payment is accompanied with payment voucher.</p> <p>Meaning of Receipt :</p> <p>"Receipt" includes any note, memorandum or writing-</p> <p>(a) whereby any money, or any bill of exchange, cheque or promissory note is acknowledged to have been received, or (b) whereby any other movable property is acknowledged to have been received in satisfaction of a debt, or (c) whereby any debt or demand, or any part of a debt or demand, is acknowledged to have been satisfied or discharged, or</p>	<p>All concerned person are directed to resolve this issue within 30 days. We will inform you after rectification.</p>



		(d) which signifies or imports any such acknowledgment; and whether the same is or is not signed with the name of any person "	
23	Non-providing of Utilization certificate for the reporting audit period	Grant is blood of ULB. Therefore, for getting grant and running the ulb working smoothly it is very important to comply with all necessary requirement of grant. Further timely submission of utilisation certificate helps the grant realising authority to send the money for fulfill the requirement of future. Therefore, management should ensure that UC has been submitted with concerned department on time.	We have submitted various UC at the department. We will submit the same at your next visit. However, Balance UC will be prepared and submitted in January 2020 with the help of your team.
24	Non-maintaining of inventory/store register and non-conducting of physical verification of inventory and stores available with ULB as per requirement of BMAR-rule 130.	Management should implement the control system over inventory and store. Stock register should be in place and get it verified by a responsible person as authorised by management time to time. Further any discrepancies arises/ found during such verification should be reported immediately.	We are maintaining the Store register. The same will be show you at your next visit.
25	Non providing details of Advances, their adjustment & Recovery	To ensure timely recovery of advance with interest proper calculation should be there with proper recovery plan.	We have not provided any advance during the year under consideration.



कर्मचारी प्रशासक
 बंद प्रति वित्तियन कोष
 2. 2020

ANNEXURE -1

कार्यालय, नगर पंचायत कोचस (रोहतास)

प्रमाणित किया जाता है कि वित्तिय वर्ष 2014-15, 2015-16 एवं 2016-2017 का नगर पंचायत कोचस में AG का अंकेक्षण नहीं हुआ है।



कार्यपालक पदाधिकारी,
नगर पंचायत, कोचस।





Letter No. IA/VSC/KOCHASH/1/08/2019

Date: 1st-aug-2019

To,

The Municipal Executive Officer,
Nagar panchayat, Kochash
Rohtas, Bihar

Sub: Status of Documents/information required for conducting Internal Audit for the F.Y - 2019-20
Ref: No. 07/IA. 115/17-83 Dated: 16-01-2019

Sir,

We are pleased to inform you that we **Vinod Singhal & Co., LLP Chartered Accountants** are appointed as internal auditor of your ULB by the UD & HD under the assignment namely "**Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar**".

In continuous of our earlier letter dated 31/07/2019 again we are submitting herewith letter for required documents for audit. Your good self is therefore requested to direct your good team towards provide the documents for audit at earliest.

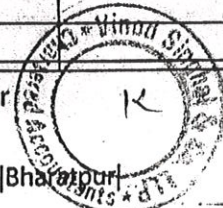
The list of such required documents is given below:

Sl. No.	Documents/Registers Required	Status
1	Budget copy of F.Y 19-20 (In Soft and Hard Copy)	
2	Receipt & payment account (FY 2018-19) & for Quarter-1 of F.Y. 2019-20	
3	Audited balance sheet and Income & Expenditure Account (FY 2018-19)	
4	Cash Book	
5	Bank Book	
6	Journal Book	
7	Ledger	
8	Cash/Bank receipt voucher	
9	Cash/ Bank payment voucher	
10	Contra voucher	
11	Journal voucher	
12	Receipt (Daily collection register)	
13	Register of Cheque Received	
14	Statement on status of cheque received	
15	Collection register	✓ Grand Re
16	Memorandum of collection	
17	Summary of Daily collection	

Patna Office: 510, Sumati Palace, Opposite Alankar Jewellers, Boring Road, Patna-800001 Bihar

Head Office: 207, 222, IInd Floor, Ganpati Plaza, M.I. Road, Jaipur-302001 Rajasthan

Branches: New Delhi | Kolkata | Lucknow | Patna | Jamshedpur | Ahmedabad | Raipur | Udaipur | Bhanuapur



19	Register of bills for payment	
20	Payment order	
20	Cheque issue register	
21	Register of advance	Grand R
22	Register of permanent advance	
23	Deposit received register	Grand R
24	Summary statement of deposits adjustment	
25	Demand register	
26	Bill of Income	
27	Summary Statement of Bill Raised	
28	Register of Notice Fee, Warrant Fee, other fees	
29	Summary statement of Notice Fee, Warrant Fee, other fees	
30	Register of Refunds, Reemissions and write offs	
31	Summary statement of Refund and Remissions	
32	Summary statement of Write offs	
33	Statement of outstanding liability for expenses	
34	Documents of control Register/ Stock Account of Receipt/Cheque Book	
35	Fixed Assets Register For the FY 2018-19 along with copy of invoice added during the period April 2019 till June 2019.	
36	List of Taxes Collected by ULB	
37	Detail of Allotment Received during the year 2019-20.	
38	Detail of Pending Advance Recovery from Employee and Parties	
39	Detail of Pending Interest Recovery from Employee and Parties	
40	List of Tender issued during the year	
41	EMD/ ED register	
42	Receipt Book of Revenue Collection	
43	Bank Deposit Slip	Grand R
44	Summary statement of bills raised, property & other taxes	
45	Summary statement of demand adjustments raised, property & other taxes	
46	Summary statement of head wise collection of property & other taxes	
47	Summary statement of refunds and remissions, property & other taxes	
48	Summary statement of write offs, property & other taxes	
49	Summary statement of demand raised on assessment of Water Supply	
50	Summary statement of head wise collection of other incomes of Water Supply	
51	Summary statement of refunds of Water Supply	
52	Summary statement of write offs of Water Supply	
53	Summary statement of demand raised on assessment of rentals, fee, & other income	
54	Summary statement of head wise collection of other incomes	
55	Summary statement of refunds of rentals, fee, & other income	
56	Summary statement of write offs of rentals, fee, & other income	

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57	Grant register	
58	Latest statutory audit report of A.G/ memo with compliance report.	✓
59	Summary statement of status of capital work in progress	
60	Deposit work register	
61	Materials receipt note	
63	Store ledger	
64	Statement of closing stock	
65	Quarterly Bank Statement for the period 30.06.2019,	
66	Balance Confirmation from Parties as on 30.06.19	
67	BRS of all bank accounts (Including Dormant account) (Quarterly)	
68	Vouchers of all Payment and Procurements	
69	Utilization certificate - Submitted to UDHD Department,	
70	Minutes of Meeting of Municipal Accounting committee	
71	Minutes of meeting of accounting committee	
72	Physical verification report of cash and stock	
73	Details Repayment of Loan	
74	TDS Deposit Challan (of Each Month) & Copy of Return 24Q and 26Q for the period June, Sep, Dec. and March	
75	VAT deposit challan & copy of return for the period June, Sep, Dec. and March	
76	Month wise PF Details (deduction & deposit)	
77	Details of pension	
78	Details of Outstanding an on 30.06.2019	
	a. Mobile tower	
	b. Property tax	
	c. Water tax	
	d. Rent	
	e. Advertisement	
	f. Any other tax	
79	Salary Register/Master Roll	

Further your good self is requested to appoint Tax Daroga/ Tax Collector towards filed survey with us for determining 20 high value properties situated in your area. This will required re-assessment of property by fill up ne SAS form.

If there is non-compliance of latest C & AG report and regarding non submission of UC, your good self is requested to appoint Accountant/ Head Clerk of your good team with us towards preparation of compliance report for AG Para and UC as per guidelines given by UD & HD. **(We are submitting compliance formats of AG & UC Compliance for your perusal)**

The list is not exhaustive. Further documents required during the audit shall be demanded accordingly. Your co-operation is solicited for smooth conduct of the assignment and hence, please submits the above-mentioned documents before us as early as possible.

Patna Office: 510, Sumati Palace, Opposite Alankar Jewellers, Boring Road, Patna-800001 Bihar

Head Office: 207, 222, IInd Floor, Ganpati Plaza, M.I. Road, Jaipur-302001 Rajasthan

Branches: New Delhi | Kolkata | Lucknow | Patna | Jamshedpur | Ahmedabad | Raipur | Udaipur|Bharatpur|



Thank you

For
Vinod Singhal & Co. LLP
Chartered Accountants

Nitesh Kumar
(Authorized Signatory)

Date: 1st Aug. 2019
Place:

Handwritten: 1.8.2019

Handwritten: नरेश कुमार पदाधिकारी
बंगलूर पंचायत-कोयंबरा



Kochas Nagar Panchayat

महालेखाकार (बिहार) से प्राप्त सूची में से 5 करोड़ से अधिक राशि के लंबित उपयोगिता प्रमाण पत्र सम्बन्धी स्वीकृत्यादेश के विरुद्ध लंबित उपयोगिता प्रमाण पत्र की राशि की सूची
(वित्तीय वर्ष 2016-17-2017-18)

क्र. सं.	वित्तीय वर्ष	आवंटन का मॉड	स्वीकृत्यादेश संख्या एवं तिथि	आवंटित राशि	निकासी की गई राशि	निकासी नहीं की गई राशि	निकाय द्वारा उपलब्ध नहीं कराई	व्यय की गई राशि	निकासी के विरुद्ध अध के उपरांत अवशेष राशि	कोषागार में जमा की गई राशि	समाप्ति उपयोगिता प्रमाण पत्र की राशि	निकासी प्रमाण पत्र जमा की गयी राशि	अनिकासी प्रमाण पत्र संश्लिष की राशि	विभाग द्वारा महालेखाकार को संचायोजन हेतु भेजे गए	लंबित UC की राशि	बैंक खाता में जमा अवशेष राशि	पा. रक. खाता में जमा अवशेष राशि	अधियुक्ति
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
13	2016-17	E.O Salary	20/23.06.16	5.13	5.13	0.00		5.13			5.13							राशि लाख में
14	2016-17	ward parshad Bhatta	11/18.05.16	4.62	4.62	0.00		4.62			4.62			1853/22.1 1.17				NIL
15	2016-17	14th Finance	30/06.07.16	42.16	42.16	0.00		0.00	42.16		0.00			1853/22.1 1.17				NIL
	2016-17	नागरिक सुविधा	218/10.03.2017	4.63	4.63				4.63							0	42.16	
16	2016-17	State Plans	41/04.08.16	10.65	10.65	0.00		0.00	10.65									4.63
	2016-17	Swachh road	43/09.08.16	13.99	13.99	0.00		0.00	13.99	0	0.00							10.65
	2016-17	मुख्यमंत्री निधि योजना	137/25.09.16	60.71	60.71	0.00		0.00	60.71	0	0.00					0	13.99	
	2016-17		168/25.10.16	7.16	7.16	0.00			7.16									60.71
	2016-17	civil	249/10.03.17	4.67	4.67	0.00		4.00	0.67									7.16
	2016-17	5th Finance	163/19.10.16	10.48	10.48	0.00		0.00	10.48						4.00	0	0.67	
17	2016-17	5th Finance	162/19.10.16	97.40	97.40	0.00		30.00	67.40		30.00							10.48
	2017-18	14th Finance	97/24.11.18	34.44	34.44	0.00		0.00	34.44									67.4
	2017-18	C.M Nafi Gali	69/30.10.17	19.53	19.53	0.00		0.00	19.53									34.44
	2017-18	पेशकर	24/30.06.17	5.48	5.48				5.48									19.53
																		5.48



MIS Cell, Indira Bhawan, Patna-01



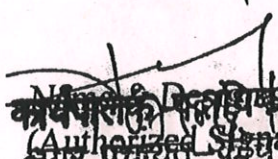
क्र.स.	वित्तीय वर्ष	आवृत्त का मद	स्वीकृत्यादेश संख्या एवं तिथि	आवृत्त राशि	निकासी की गई राशि	निकासी नहीं की गई राशि	निकाय द्वारा उपलब्ध नहीं कराई	व्यय की गई राशि	निकासी के विकल्प व्यय के उपरांत अवशेष राशि	कोषागार से जमा की गई राशि	समाप्त उपयोगिता प्रमाण पत्र की राशि	अनिकासी प्रमाण पत्र जमा की गयी राशि	अनिकासी प्रमाण पत्र लंबित की राशि	विमान द्वारा महसुलाकार को समायोजन हेतु देवे गए	लंबित UC की राशि	बैक खाता से जमा अवशेष राशि	पी. एच. खाता से जमा अवशेष राशि	अभियुक्ति
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
	2017-18	E.O Salary	164/27.03.18	2.00	2.00				2.00								2.00	
	2017-18	14th Finance	33.02.08.17	34.54	34.54	0.00		0.00	34.54								34.54	
Total:-				357.59	357.59	-	-	43.75	313.84	-	39.75	-	-	-	4.00	-	313.84	



UNDERTAKING

As State Level Nodal Agency/Urban Local Body/Implementation Agency, we hereby undertake that:

1. Work for the "Construction of 79 (EWS) Dwelling Units under Pradhan Mantri Awas Yojna PMAY (U) at Kochas Nagar Panchayat Ph-I" sanctioned under PMAY scheme at a cost of Rs. 360.951 Lakh is under progress and will be completed as per the sanctioned covenants of Detailed Project Report.
2. Any deviation from the sanctioned components will be reported to Mission Directorate, PMAY (U), Ministry of Housing & Urban Affairs, Government of India and approval will be taken from CSMC.
3. Any amount utilized or saved from the Additional Central Assistance on account of non-completion/non compliance of work with respect to sanctioned DPR will be returned to the Government of India.
4. Cost escalation, if any, will be borne by State/ULB to complete the project as per sanctioned covenants.
5. The quality and structural safety of the work is checked and issued to be satisfactory with respect to relevant Standards and specification and as per condition of the contract agreement. Adequate remedial measures / rectification will be taken on the comments of TPIM agency on quality.
6. Beneficiaries have been identified and list has been finalized.
7. The final utilization certification, Project Completion Certificate and Final TPIM report will be submitted within 6 month from receipt of the final installment.


(Authorized Signatory)
ULB / Implementing Agency
7.6.19

Name & Designation
(Authorized Signatory)
State Level Nodal Agency



thank you



Vinod & Co. LLP
CHARTERED ACCOUNTANTS
We Plant Quality

**510, SUMATI PALANCE, OPPOSITE ALANKAR
JEWELERS, BORING ROAD, PATMA-800001**

