

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

INTERNAL Audit Report

for

F. Y. 2017-18

Group 1

Nagar Panchayat Rafiganj

BY

A. P. SANZGIRI & CO.

Chartered accountants

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A. P. SANZGIRI & CO.

CHARTERED ACCOUNTANTS

Document History

Internal Audit

Project Title	Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar (Tender No. IA-140ULBs/2017-18/2018-19/2019-20) Group - 1 covering 19 ULBs”
Report Title	Internal Audit for FY 2017-18 of Nagar Panchayat Rafiganj
Reporting Entity	A P SANZGIRI & Co., Chartered Accountants
Reporting for	Nagar Panchayat Rafiganj
Report Prepared by	Internal Audit Team of A P SANZGIRI & Co., Chartered Accountants
Date of Submission	31st August 2019



Abbreviation and Acronyms

Abbreviation	Description
UD&HD	Urban Development & Housing Department
BMAM	Bihar Municipal Accounting Manual
NMAM	National Municipal Accounting Manual
ULBs	Urban Local Bodies
FAR	Fixed Assets Register
OBS	Opening Balance Sheet
ToR	Terms of Reference
MIS	Management Information System
DEAS	Double entry accounting system
MOUD	Ministry of Urban Development
GOI	Government of India
GOB	Government of Bihar
CWIP	Capital Works in Progress
CAG	Comptroller & Auditor General of India
MAS	Municipal Audit Specialist
MAA	Municipal Audit Assistant
SS	Support Staff
NTP	Notice to Proceed
RFP	Reference for Proposal

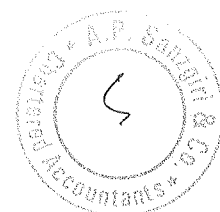
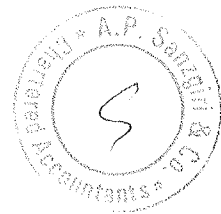


Table of Contents

Sl. No.	Particulars	Page No.
1.	Covering Letter	4
2.	Executive Summary	5 - 10
3.	Detailed Audit Report	
	A. Introduction	10
	B. Administration	10
	C. Review of Outstanding Audit Para's	11
	D. Finance	12 - 15
4.	Audit Observations	16 - 37
5.	Annexure-1	38 - 39
6.	Discussion Note	40 - 41



A. P. SANZGIRI & Co.
CHARTERED ACCOUNTANTS

Date: 13th July, 2020

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

Sub: Submission of Internal Audit Report of Rafiganj Nagar Panchayat for the financial year 2017-18

Ref No.: Letter No. 7/l. AK. 23/2018 - 82 Dated: 16.01.2019

Respected Sir,

With reference to above subject matter, We A P Sanzgiri & Co., Chartered Accountants has been appointed as **Internal Auditor** for the project named as "Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar (Tender No. IA-140ULBs/2017-18/2018-19/2019-20) Group - 1 covering 19 ULBs"

As per the terms and conditions of RFP Document, we have successfully conducted the Internal Audit of Nagar Panchayat Rafiganj for the Financial Year 2017-18 and submitting the report of the same as per our deliverables.

We hereby also confirm that, this report has been prepared in accordance with the Terms of Reference of RFP issued by the department.

Hope you will find the same in compliance. Assuring you of our best services & cooperation always.

Thanking You,

Yours faithfully,

On Behalf of
A P Sanzgiri & Co,
Chartered Accountants

CA Satish Gupta
Partner

FRN: 116293W

UDIN: 20101134AAAAHN9703

Date - 06-07-2020

Membership No - 101134



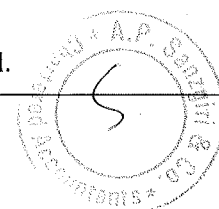
EXECUTIVE SUMMARY

1. INTRODUCTION:

Name of the Municipality	-	Nagar Panchayat Rafiganj
Period covered under Current Audit	-	01 st April 2017 to 31 st March 2018
Name of Mayor	-	Smt. Gayatri Devi
Name of Executive Officer	-	Shri Sindhu Kamal

2. OBSERVATIONS AND FINDINGS:

Strengths	<ol style="list-style-type: none">1. In the existing system as prevailing in the Nagar Panchayat, day to day working is in progressive manner in respect of collection of revenue and execution of the projects.2. There is sufficient co-operation from the management during the course of our audit.3. General Cash book is properly up-to-dated.
Weaknesses	<ol style="list-style-type: none">1. No data related to outstanding dues is maintained by Rafiganj Nagar Panchayat. Even no demand register is maintained by ULB.2. Short deduction of TDS has been made by Rs. 17,770, as a results excess payment of Rs. 17,770 to Taraqqee NGO has been made.3. TDS has been deducted in month of August'17, February'18 and March'18 instead of monthly deduction, consequences of such practices lead interest and penalty under income tax act, 1961.4. There is no contract has been entered in respect of vehicle and other machinery given on hire to Taraqqee NGO, hence rate at which vehicle and other machinery given on hire is verbal agreement.5. Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the Panchayat has not been complied.6. There is a vast difference between estimated budget and actual.7. On physical verification of store it is found that insurance and registration of vehicles is not done.8. Utilization certificate for FY 2017-18 has not been prepared.9. Fixed assets register is not maintained by ULB10. Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection. Based on which, we are unable to comment whether the recoverable amount from the personal concerned has been recovered or not.11. In most of the cases, shops established or running under the jurisdiction of ULB are running without trade licence as per the concerned officer.12. In some of the cases, statutory compliance of the ULB are not deposited timely and hence it incurs penalty and other charges.13. Certain Statutory Registers and Books are not maintained.



14. Bank Reconciliation Statement has not been prepared.

15. Non Levy of Taxes:

- Surcharge on transfer of lands and buildings
- Water 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,

16. During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 15 to 25 days.

17. ULB is not 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.

18. ULB is 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

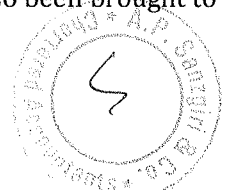
19. Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.

20. Non Compliance of Rule 130 of BMAR in some of the cases.

21. ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.

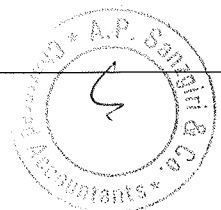
3. OPINION:


During the course of the auditor we have come across many deficiencies like maintaining of holding tax register, fixed assets register, award register of contract etc. all such deficiencies we have brought to knowledge of the ULB officials. Further non preparation of bank reconciliation has also been brought to the notice of the ULB officials.



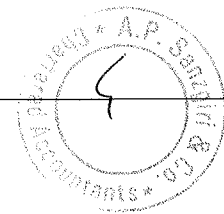
4. AUDIT RECOMMENDATION:

Observed Weaknesses	Audit Recommendations
No data related to outstanding dues is maintained by Rafiganj Nagar Panchayat. Even no demand register is maintained by ULB.	ULB should maintained and update their demand register on regular basis for proper understanding of outstanding dues till date to be recover. Hence, it will be a huge loss of revenue for ULB.
Short deduction of TDS has been made by Rs. 17,770, as a results excess payment of Rs. 17,770 to Taraqqee NGO has been made.	The TDS should be deducted on Gross Value of consideration as per provision of Income Tax Act, 1961.
TDS has been deducted in month of August'17, February'18 and March'18 instead of monthly deduction, consequences of such practices lead interest and penalty under income tax act, 1961.	ULB should file their statutory compliance on or before due date to avoid unnecessary penalty and interest which results into loss of revenue.
There is no contract has been entered in respect of vehicle and other machinery given on hire to Taraqqee NGO, hence rate at which vehicle and other machinery given on hire is verbal agreement.	Proper contract agreement to be signed by ULB with the contractor for any goods or services received by any party. No payment should be made just on verbal agreements. It results into loss of revenue to ULB.
Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the Panchayat has not been complied.	Internal Audit wing should be created by employing the Municipal Internal Auditor on the Board.
There is a vast difference between estimated budget and actual.	Estimation should be based on the past experience and after considering the fact that how the condition might change in future though the provision of Section 82 of the Act regarding preparation of budget need to be complied.
On physical verification of store it is found that insurance and registration of vehicles is not done.	Insurance and Registration of all vehicles should be done.
Utilization certificate for FY 2017-18 has not been prepared.	Utilization Certificate should be prepare timely by the ULB and submit the same to Department on regular basis.



Fixed assets register is not maintained by ULB	Fixed assets register should be maintained and updated properly with the assistance of DEAS team.
In most of the cases, shops established or running under the jurisdiction of ULB have not made payment for trade licence as per the concerned officer.	ULB should maintained proper register for registered shops and authorize them with Trade licence for proper collection and recovery of charges.
In some of the cases, statutory compliance of the ULB are not deposited timely and hence it incurs penalty and other charges.	As ULB is not proper in statutory compliances, that cause financial implication on ULB in mode of interest and penalty. So, ULB should ensure statutory compliance on time.
Certain Statutory Registers and Books are not maintained.	Statutory register and books of accounts should be maintained as per guidelines and BMAR.
Bank Reconciliation Statement has not been prepared.	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.
<p>Non Levy of Taxes:</p> <ul style="list-style-type: none"> • Surcharge on transfer of lands and buildings • Water 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, 	<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. ULB should take steps to implement required taxes to boost their revenue</p> 

<p>drainage and sewerage</p> <ul style="list-style-type: none"> • 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 	
<p>During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 15 to 20 days.</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 on which collection is made.</p>
<p>ULB is not 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.</p>	<p>As per BMAR Rule No. - 121, ULB should prepare of monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.</p>
<p>ULB is 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</p>	<p>Currently ULB is sending on yearly basis and the same need to be complied on quarterly basis.</p>
<p>Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.</p>	<p>As per BMAM-ULB are required to maintain fund wise receipts & payments. As per BMAM, following funds should be maintained by ULB.</p> <ol style="list-style-type: none"> 1. Municipal General Fund 2. Basic service for urban poor 3. Water supply & sewerage fund 4. Solid Waste Management Fund 5. Road Development & Maintenance 6. Enterprise Fund



Non Compliance of Rule 130 of BMAR in some of the cases.	ULB should ensure compliance related to Rule 130 of BMAR on regular basis.
ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.	ULB should prepare financial statements for each year and get it approved from municipal account committee. As per BMAR, audited financial statements are required to submit to auditor for audit.

5. COMMENTS FROM MANAGEMENT

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

6. ACKNOWLEDGEMENT

During the course of the auditor we have come across many deficiencies like maintaining of holding tax register, fixed assets register, award register of contract etc. all such deficiencies we have brought to knowledge of the ULB officials. Further non preparation of bank reconciliation has also been brought to the notice of the ULB officials.

On Behalf of
A P Sanzgiri & Co.
Chartered Accountants

CA Satish Gupta
Partner
FRN: 116293W
UDIN: 20101134AAAHN9703
DATE: 06-07-2020
Membership No: 101134

DETAILED AUDIT REPORT

1. INTRODUCTION:

S.N.	Name Of ULB	Period-covered		Audit Team
		From	TO	
1	Nagar Panchayat Rafiganj	01.04.2017	31.03.2018	1. Name of Team Leader: Satish Gupta 2. Name of CA : Bhavesh Jain 3. Name of Auditor-1 : Raja Ansari 4. Name of Auditor-2 : Vivek Kumar

2. ADMINISTRATION:

SN	Particulars	Details
1	The present body of the ULB has taken charge on	June,2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Smt. Gayatri Devi
2.1.1	Period of Service:	From: June, 2017 To: Till date
2.2	Name of Commissioner/Executive Officer:	Shri Sindhu Kamal
2.2.1	Period of Service:	From: 07.09.2015 To: 01.07.2018

3. REVIEW OF OUTSTANDING AUDIT PARAS:

3.1. STATUS OF AUDIT OBSERVATIONS IS AS UNDER:

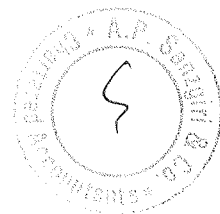
S.N.	Particulars of audit and date of report	Total No. of audit paras	Total no. of audit paras where necessary improvement/corrective measures required	Total no. of audit paras where recovery of cash is proposed	Total no. of audit paras where recovery has been made	Total amount of Recovery	Total no. of O/s para where no action has been taken	No. & date of compliance report
1	Audit report submitted by AG for the F.Y. 2010-12	27	20	5	NIL	NIL	18	No.113 dated 18.02.2019

3.2. DETAILS OF TOTAL NO OF AUDIT PARAS:

Period of AG audit report : 2010-2012

Compliance report date & Number : 18.02.2019, Number 113

Audit Para Number	Heading of the audit para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
11	Shop Rent	3.45 Lakh	NIL	NO	NO
15	Mobile tower tax	8.55 lakh	NIL	NO	NO
18	Unauthorised Expenditure	18.77 Lakh	NIL	NO	NO
20	13 th F.C Expenses	8.52 Lakh	NIL	NO	NO
21	Unauthorised Daily wages expenses	7.85 Lakh	NIL	NO	NO



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	13,83,77,100	27,68,78,689	31,45,14,032
Actual Expenditure Data	2,28,91,596	4,26,48,292	5,74,42,070
Savings(+)/Excess(-)	11,54,85,504	23,42,30,397	25,70,72,011
Variance in percentage	83.44%	84.61%	81.72%

Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2015-16, 2016-17, 2017-18 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures.

II. VOLUME OF TRANSACTIONS

Period	Budgeted for F.Y. 2017-18	Actual for the F.Y. 2016-17	Actual for the F.Y. 2015-16	Actual for the F.Y. 2017-18	Cumulative for the current period
Opening balance	9,70,37,361	8,91,93,502	6,84,26,953	12,57,09,141	12,57,09,141
Receipts	21,74,76,720	7,91,63,931	4,36,58,145	4,74,74,032	4,74,74,032
Total	31,45,14,081	16,83,57,433	11,20,85,098	17,31,83,173	17,31,83,173
Net expenditure	31,45,14,032	4,26,48,292	2,28,91,596	5,74,42,070	5,74,42,070
Closing balance	49	12,57,09,141	8,91,93,502	11,57,41,103	11,57,41,103

Auditor's Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2015-16, 2016-17, 2017-18 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures.



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	SBI	31591400061	Salary, Pension	135130.90	135130.90	-	YES
2	Indian Bank	6368906570	SBM	1250076.00	650901.00	599175.00	NO
3	Indian Bank	6412516128	HFA	2069418.00	2069418.00	-	YES
4	Indian Bank	6522290056	DAY- NULM	NIL	NIL		NA
5	PNB	0841002100000358	ANTRIK S.	4437349.25	4610491.00	173141.75	NO
6	PNB	0841000101294206	4 th Finance	4875.18	55260.18	50385.00	NO
7	PNB	0841000101334832	E- Governance	197086.00	197086.00	-	YES
8	PNB	0841000101273072	13 th F.C	54117.00	54117.00	-	YES
9	Indian Bank	765154019	BRGF	89375.00	Not updated	-	YES
	TOTAL			82,37,427.33	77,72,404.08	8,22,701.75	

Management Comment: For above said accounts in respect of difference arise , we are under process to prepared reconciliation statement , currently due to huge pressure of work not doing, however it will complete as soon as possible.

IV. REVENUE & CAPITAL RECEIPTS INFORMATION:

INCOME DETAILS (Amounts In Rupees)							
S.N	Details	2017-18		2018-19		2019-20	
		2017-18 (ACTUAL)	2016-17 (ACTUAL)	2018-19 (ACTUAL)	2017-18 (ACTUAL)	2019-20 (ACTUAL)	2018-19 (ACTUAL)
	Total Receipts (A+B)	4,74,74,032	7,91,63,931		4,74,74,032		
A	Revenue Receipts (1+2+3)	1,64,80,418	3,90,48,841		1,64,80,418		

1	Own Revenue Receipts (a+b)		48,05,334	1,14,94,813		48,05,334	
a)	Tax Revenue (Collected by ULB)		33,70,084	97,56,186		33,70,084	
i)	Property tax		21,84,635	14,48,421		21,84,635	
ii)	Other tax (Collected by ULB)		11,85,449	83,07,765		11,85,449	
b)	Non-tax revenue (Collected by ULB)		14,35,250	17,38,627		14,35,250	
i)	Fees & fines		35,321	54,805		35,321	
ii)	User Charges		0	0		0	
iii)	Other non-tax revenue (Collected by ULB)		13,99,929	16,83,822		13,99,929	
2	Other Revenue Receipts		8,06,702	11,79,810		8,06,702	
a)	Income from interest/investments		4,12,723	10,78,410		4,12,723	
b)	Other Revenue income		3,93,979	1,01,400		3,93,979	
3	Transfers/Grants/Assigned Revenues		1,08,68,382	2,63,74,218		1,08,68,382	
a)	State Assigned Revenue		-	-		-	
b)	State Finance Commission Grants		-	-		-	
c)	Octroi compensation		-	-		-	
d)	Other State Government Transfers		-	-		-	
e)	Central Finance Commission (CFC) Grant		-	-		-	
f)	Other Central Government Transfers		-	-		-	
g)	Others		-	-		-	
B	Capital Receipts		3,09,93,614	4,01,15,090		3,09,93,614	
1	Sale of Municipal Land		-	-		-	
2	Loans (from State Govt. Or Banks etc.)		-	-		-	
3	State Capital Account Grant		1,84,96,347	3,07,48,336		1,84,96,347	
4	Central Capital Account Grant (under Central)		1,24,97,267	93,47,791		1,24,97,267	
5	Other Capital Receipts		-	18,963		-	

Auditor's Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2015-16, 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures. The actual figure in respect of 2018-19 has been taken up to December 2018.



V. REVENUE AND CAPITAL EXPENDITURE INFORMATION.

EXPENDITURE DETAILS (Amounts In Rupees)							
S. N	Details	2017-18		2018-19		2019-20	
		2017-18 (ACTUAL)	2016-17 (ACTUAL)	2018-19 (ACTUAL)	2017-18 (ACTUAL)	2019-20 (ACTUAL)	2018-19 (ACTUAL)
	Total Expenditure (1+2)	5,74,42,070	4,26,48,292		5,74,42,070	2341,25,500	
1	Revenue Expenditure	4,04,34,206	2,62,02,519		4,04,34,206	811,15,500	
1.1	Administrative Expenses, Establishment and Salaries (All Departments-Regular and Cont.)	58,64,177	61,84,894		58,64,177	25350500	
1.2	Operation and Maintenance	83,60,428	67,79,082		83,60,428	21240000	
1.3	Loan repayment (Interest payments)	-	-	-	-	-	-
1.4	Others(any other revenue expenditure)	2,62,09,601	1,32,38,543		2,62,09,601	34525000	
2	Capital Expenditure	1,70,07,864	1,64,45,773		1,70,07,864	1530,10,000	
2.1	All developmental works under Central/State	1,68,82,664	1,64,45,773		1,68,82,664	127250000	
2.2	Loan Repayments(Principal Amount)	-	-	-	-	-	-
2.3	Other Capital expenditure	1,25,200	-		1,25,200	25760000	

Auditor's Comment:

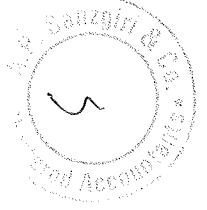
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VI. STATUS OF IMPLEMENTATION OF DOUBLE ENTRY ACCOUNTING SYSTEM:

There is no agency currently working for implementation of Double Entry Accounting System. **Refer Discussion Note**

VII. STATUS OF MEETING OF MUNICIPAL ACCOUNTS COMMITTEE

Municipal Accounts committee has been formed as on 05.08.2017, but no meeting held thereafter. A copy of establishment of meeting attached. **Refer Discussion Note**

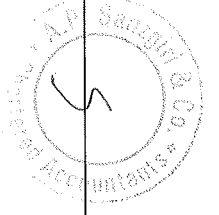


OBSERVATION-2 : DELAY IN DEPOSIT OF PROPERTY TAX COLLECTED BY ULB STAFF

SN	Head	Comments
1	Objective	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 cashier and deposited into bank on the same day on which collection is made. To check compliance of these provisions, we have carried audit of such type of cases.
2	Criteria	We have checked respective books in order to carry the audit and some cases were checked on random basis.
3	Condition	During verification of receipts book and deposit slips, we have noticed that there is gap period in collection of tax and deposit of tax around 15 to 25 days. Details of such cases are given in Annexure-1 .
4	Consequences/Effect	In respect of above in most of the cases property tax has not been deposited on same day of collection which resulted in interest loss to ULB.
5	Cause	It is explained by concern person that due to non- availability of human resources the same issues arises.
6	Corrective Action/ Recommendation	It is recommended that tax collector/cashier should deposit the collected money into bank on same day itself and if he fails to do the same, necessary action should be taken by the ULB management in such cases.
7	Management Comments	Kindly refer discussion note attached with the report.

OBSERVATION-3: NON COLLECTION OF NOTICE FEE

SN	Head	Comments
1	Objective	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.



2	Condition	ULB has not provided any information regarding charging and collection of notice fees.
3	Consequences/Effect	It is non-compliance of Bihar Municipal Act, 2007 which resulted in loss of revenue to the ULB.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice fees should be collected as per applicable provisions and rules.
7	Management Comments	Kindly refer discussion note attached with the report.

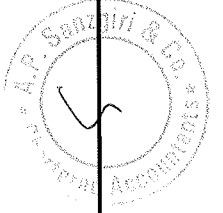
OBSERVATION-4: RECOVERY OF OUTSTANDING TAXES/RENTAL INCOME

There is no such record maintained for F.Y. 2017-18 by Rafiganj Panchayat from which outstanding can be found, i.e no demand register maintained. **(Refer Discussion Note)**

(B) EXCESS PAYMENT AGAINST BILL, LACK OF PRUDENCE IN PAYMENT AGAINST VOUCHER, INEFFICIENCY IN CONTROLS RESULTING LOSS TO ULBS.

During the audit we have checked below mentioned payments on random basis and audit observation are as follows:

SN	Head	Comments				
1	Objective	Checking of payment made by ULBs to find out irregularities made during payment				
2	Criteria	Payment were checked on random basis				
3	Condition	1. We have checked following payment related to FY 2017-18 during audit:				
		S.N	Name of Party	Invoice Amount	Approved Amount	Audit Observations
		1	Mahendra Prasad	2,24,440	2,24,440	No irregularity was found
		2	MD Isha Kuraishi	8,10,758	8,10,758	
		3	Kudashiya Begam	5,31,346	5,31,346	
		4	Ashok Kumar	4,02,260	4,02,260	
		5	Uday Kumar Singh	3,00,320	3,00,320	
		6	Ashok Kumar	4,02,260	4,02,260	
		7	MD Isha Kuraishi	8,10,758	8,10,758	
		8	Surendra Prasad	2,65,091	2,65,091	
		9	Arvind kumar	4,42,504	4,42,504	



10	Mahendra Prasad	2,24,440	2,24,440	
11	Mahendra Prasad	171397	171397	
12	Uday Kumar Singh	1,89,660	1,89,660	
13	Uday Kumar Singh	3,00,320	3,00,320	

2. During 2017-18 following payment has been made to Taraqqee NGO:

Name	Gross Amount (A)	Rent machinery (B)	for machinery (C)	TDS Deducted (C)	TDS Deductible (D)	Short Deduction of TDS
Taraqqee NGO	73,72,800	8,88,495	1,29,686	1,47,456	17,770/-	

Following discrepancies has been notice while payment made to Taraqqee NGO, a contractor, for cleaning within municipality;

1. TDS has been deducted on "Net Amount After Deduction of Hire Charges for Machinery". As per provision of Section 194C of Income Tax Act, 1961 it shall be deducted on Gross Amount Paid. As a results of this , Short deduction of TDS has been made by Rs. 17,770, which leads to excess payment by Rs. 17,770 to Taraqqee NGO has been made;
2. TDS has been deducted in month of August'17, February'18 and March'18 instead of monthly deduction, consequences of such practices lead interest and penalty under income tax act, 1961 ;
3. There is no contract has been entered in respect of vehicle and other machinery given on hire to Taraqqee NGO, hence rate at which vehicle and other machinery has been given is not justified by ULB.

4	Consequences/Effect	In respect of above point no. 2, short deduction of TDS has been made by Rs. 17,770, which leads to excess payment by Rs. 17,770 to Taraqqee NGO
5	Cause	No such cases were identified during audit.
6	Corrective Action/Recommendation	Management can implement standard checklist for each payment so that irregularities in payments can be avoided.
7	Management Comments	Kindly Refer Discussion Note



(C) REPORT ON SURVEY ON 20 HIGH VALUE PROPERTIES

During the audit we have selected 20 properties on random basis for survey and our comments are as follows:

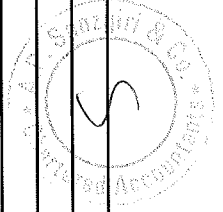
SN	Head	Comments
1	Objective	Field survey and report of 20 high value properties of ULB and report on the basis of area of building, rate of property tax etc of the same. Comparison with the data of same property provided by the ULB and report on variance between them if available.
2	Criteria	Survey was to be done for 20 High value properties.
3	Condition	We have requested to Management to provide Tax Collector for Physical Measurement and Assessment of 20 High value Property, but Management replied staff of ULB are busy in some important work , hence Management will provide for same at latter stage of Audit. We will submit details of 20 High Value property Assessment report in Report for period of Q-2 of F.Y. 2019-20.
4	Consequences/Effect	Irregularities in this area may cause short recovery of revenue receipt and it will result in loss to the ULB.
5	Cause	Not Applicable
6	Corrective Action/Recommendation	Not Applicable
7	Management Comments	Kindly refer discussion note attached with the report.

PART-B: ALL AUDIT OBJECTIONS/IRREGULARITIES WHICH HAS MONETARY IMPLICATION, BUT SIGNIFICANT VIOLATION OF ACT, RULES & DIRECTIVES OF UD & HD, MENTION THE REFERENCE TO ACT & RULES WHEREIN REMEDIAL MEASURE IS REQUIRED:

(a) NON MAINTENANCE OF BOOKS OF ACCOUNTS, SUBSIDIARY REGISTERS:

The Municipality has not maintained/provide for verification the following prescribed registers.

S.N	Name of Register	Maintained/ Not Maintained	Last date of Updation
1	Cash Book-Cashier	MAINTAINED	31.03.2017
2	Cash Book-Accountant	MAINTAINED	31.03.2018
3	Collection Register	MAINTAINED	31.03.2018
4	Cheque issue Register	MAINTAINED	31.03.2018
5	Register of Advance	NOT MAINTAINED	
6	Register of Permanent Advance	NOT MAINTAINED	



7	Deposit received register	NOT MAINTAINED
8	Summary statement of deposit adjusted	NOT MAINTAINED
9	Demand Register	NOT MAINTAINED
10	Summary Statement of Bills Raised	NOT MAINTAINED
11	Register of Notice Fees, Warrant Fees, Other Fees	NOT MAINTAINED
12	Summary Statement of Notice Fees, Warrant Fees, Other Fees	NOT MAINTAINED
13	Register of Refunds, Remissions and Write off	NOT MAINTAINED
14	Summary statement of Refunds and Remissions	NOT MAINTAINED
15	Summary Statement of Write-offs	NOT MAINTAINED
16	Statement of outstanding Liability for Expenses	NOT MAINTAINED
17	Document Control Register/Stock Account Receipts/Cheque Book	NOT MAINTAINED
18	Fixed Assets Register	NOT MAINTAINED
19	Summary Statement of Demand Raised on assessment	NOT MAINTAINED
20	Summary Statement of Head wise Collection of Other Income	NOT MAINTAINED
21	Summary Statement of Refunds	NOT MAINTAINED
22	Summary Statement of Write off	NOT MAINTAINED
19	Summary Statement of Demand Raised on assessment	NOT MAINTAINED
20	Summary Statement of Head wise Collection of Other Income	NOT MAINTAINED
21	Summary Statement of Refunds	NOT MAINTAINED
22	Summary Statement of Write off	NOT MAINTAINED
23	Grant Register	NOT MAINTAINED
24	Summary Statement of status of Capital Work in Progress	NOT MAINTAINED
25	Work Sheet	NOT MAINTAINED
26	Deposit Works Register	NOT MAINTAINED
27	Material Receipt Note	NOT MAINTAINED
28	Store Ledger	NOT MAINTAINED
29	Statement of Closing Stock	NOT MAINTAINED
30	Statement of Material Issued	NOT MAINTAINED
31	BRS of all bank accounts (including dormant accounts)	NOT MAINTAINED
32	Final Accounts for the F.Y. 2012-13 to 2017-18	NOT MAINTAINED
33	Audited Balance Sheet	NOT MAINTAINED
34	Audited Income & Expenditure Account	NOT MAINTAINED
35	Audited Receipts & Payment Account	NOT MAINTAINED



(b) IRREGULARITY IN PROCUREMENT PROCESS:

1. COMPLIANCE REGARDING TENDER ISSUED BY THE ULBS:

Tender Issue Date & Number	Mode of Tender (Quotation/Open Tender/Selective Tender/Limited Tender)	Is Minimum Party applied for tender	Is comparative chart is attached in tender file.	Is Original EMD/PG/Security deposit submitted by participants as per requirement of tender	Whether all the security deposit and earnest money tender/agreement deposited in the bank immediately.	Similarly refunds of these security deposit and earnest money deposit have been made on time.	Is work order issued to selected party on time?	Is Financial Bid of all participants attached
27.03.2018; Number- 08/2017-18	E- Tendering	Yes	Yes	Yes	Yes	Not matured	Yes	Yes

Note-In 2017-18 no applicant applied for 5 yojna out of 13. Rest worked has been carried out through departmental work.

2. DETAILS OF LOG BOOK MAINTAINED:

All vehicle and Machinery **except JCB** has been given on hire to Taraquee NGO, a agency appointed for cleaning within municipality area, Because of "Right to Operation has been Transfer to NGO" the log book in respect of these Vehicle has not been maintained by ULB.

Name of Vehicle	Whether vehicle log book is maintained or not	Whether log book is properly updated or not	Whether vehicle is insured or not	Whether Rate of Diesel/Petrol properly mention in log book
JCB	YES	YES	NO	NO

Auditor comment:

- i. JCB Log book is not authorised by concern official, a copy regarding this has been attached;

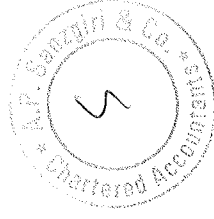
Management Comment:

- i. It will be authorised by concern official for JCB log book.
- ii. Rafiganj ,ULB, assets in respect of which log book can be maintained has been given on hire to tarakki NGO, with whom a contract entered for cleaning in rafiganj, hire charges has been deducted from bill raised, for cleaning contract.
- iii. The issues raised by Auditor for rate of hire charges of vehicle shall be put before board meeting and accordingly a written agreement will be entered as soon as possible.



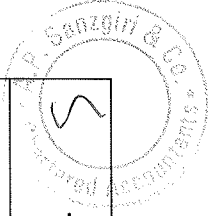
3. NON-COMPLIANCE OF DIRECTIVES BY UD&HD, GOB:

S.N	Directions issued by UDHD	Particulars of Circulars/Orders/Notices	Complied or Not
1	No. 03/SBM20-14/2015 Dated 08.08.2017	SBM Guidelines Regarding Toilet sheet Const. Guidelines:-	Complied
2	Gyapank No.- 1007; Dated- 14.07.2017	Guidelines Regarding Hire Vehicle	Complied
3	No.- 4464; Dated- 05.07.2017	GST Implementation Guidelines	Complied

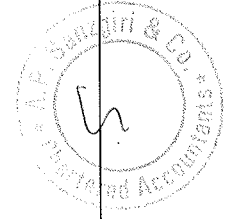


4. **NON COMPLIANCE OF ACTS& RULES:**

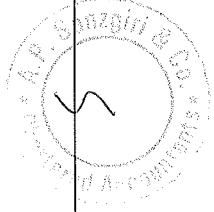
S.N	Requirement	Criteria	Auditors Comment	Management Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made	BMAR Rule No.-22	Refer point: Part-A (a) (2) On an Average 15 to 25 days delayed and amount collected was in hand with Tax Collector.	(Refer Discussion Note)
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	Yes, Tax collector and other municipal employees are entrusted to collect municipal revenue within municipality area.	
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	Yes ,Tax Collector kept receipt book in his personal custody;	
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	Yes, Daily Collection Register is verified by designated Officer of Council.	
5	Whether every bill collector invariably remit his collections (in cash and/or cheques) to Cashier daily before 4:30 PM and take the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	Refer point: Part-A (a) (2) The same rule did not followed by Tax Collector and on an average 15 to 25 days delayed found during which collected amount was in hand of Tax Collector.	(Refer Discussion Note)
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	No, Grant Register has not been maintained by ULB.	We are under process to prepare grant register. (Refer Discussion Note)
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	Yes, Complied.	
8	Whether The grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No such case was found.	
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) Yes, but complete UC has not been prepared.	(Refer Discussion Note).



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	See Note Below	It will be refund to UD & HD. (Refer Discussion Note)
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	Currently Receipt and Payment A/c has not been prepared by ULB.	Currently it is not prepared, However we will proceed further. (Refer Discussion Note)
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	Trial Balance has not been prepared.	ULB not following to prepare Trial Balance, Income & Expenditure on monthly basis. It will be prepare after implementation of double entry Accounting System.
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	The ULB 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.	(Refer Discussion Note)
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 statementse. 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	Financial Statement has not been prepared by municipality.	ULB is not in practice to prepare Trial Balance, Income and Expenditure and Balance Sheet. It will be prepared after implementation of Double entry Accounting System.



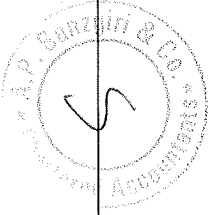
15	Whether the municipality is regular in depositing statutory dues including tax deducted at source, GST, TDS on GST, service tax, VAT, works contract tax, cess payable to the government etc. and If not, the nature and cause of such delay and the amount not deposited: (BMAR Rule No.-130)	BMAR Rule No.-130	Refer PART-B (f) Amount of statutory dues has not been deposited on due date. Like TDS should be deposited 7 th day of next month and same has been delayed.	(Refer Discussion Note)
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)	(Refer Discussion Note)
17	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated In sufficient detail;	BMAR Rule No.-130	No Trial balance is prepared hence classification of transaction was not done.	(Refer Discussion Note)
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, recorded properly in grant register as well as in cash book , but no case of deduction was found.	
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 special fund created.	(Refer Discussion Note)
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	Not maintained by ULB	(Refer Discussion Note)
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	Yes collected but not regular, in some cases renewal has not been done.	Notice will be send for non payment of lease rent. And matter renewal of such lease rent shall be put before board and implement accordingly. (Refer Discussion Note)
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	Yes, There exist an adequate Internal control system in purchasing of Stores etc.	



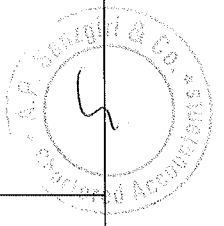
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality's accounts; If so, the details thereof;	BMAR Rule No.-130	No such case was found during the period of Audit.	
24	Whether the Bank Reconciliation statements have been properly prepared for all 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)	<i>(Refer Discussion Note)</i>
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.-130	YES, Reconciliation Procedures have been carried out Except in some cases.	<i>(Refer Discussion Note)</i>
26	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget. whether made originally or subsequently and aro in all cases such as are authorized by Act;	BMAR Rule No.-130	YES. Expenditure has been authorised by competent authority.	
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) ULB did not provide such data from where outstanding can be found out	<i>(Refer Discussion Note)</i>
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)	<i>(Refer Discussion Note)</i>
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	UC have not been prepared in prescribed format in timely manner	<i>(Refer Discussion Note)</i>
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) Books of Account are maintained except some Books of accounts.	<i>(Refer Discussion Note)</i>
31	Whether physical verification has been conducted by the ULB at reasonable intervals In respect of stores;	BMAR Rule No.-130	No such practices followed by ULB.	ULB does not maintained stock register , hence verification can not be done. Further stock register will be maintain from Nov'2019 and onward on the direction of Auditor. <i>(Refer Discussion Note)</i>



32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	No physical verification is carried out.	It is considered and will be followed as per rule.
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	ULB did not maintain stock register properly and further periodical physical verification of stores also not carried out.	<i>(Refer Discussion Note)</i>
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	<i>(Refer Discussion Note)</i>
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 case was found.	No advance has been given by ULB. <i>(Refer Discussion Note)</i>
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.-130	No such case was found.	No advance has been given by ULB. <i>(Refer Discussion Note)</i>
37	Bihar Municipal Accounting Manual, 2014, every year budget should be prepared for receipts and expenditure in Form 75,77 and 80 Preparing Budgets as per the Rules framed under Bihar Municipal Accounts Rule 2014. Rule 132 regarding Public Participation in Preparation Of Budget. Moreover, as required under provisions of Rule 139, mid -year review of Budget.	BMAR Rule No.-132	YES prepare	
38	Municipal Fund: Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	No, such fund has been created	Will be consider and created accordingly. <i>(Refer Discussion Note)</i>
39	Payment not to be made out of Municipal Fund unless covered by budget grant: Whether any payment made out of Municipal Fund that is not covered by budget grant.	BMA,2007: Chapter X	No payment made out of Municipal Fund that is not covered by budget grant.	<i>(Refer Discussion Note)</i>
40	Procedure when money not covered by budget grant is paid. Whether the case is put up with Empowered Standing Committee, in case any payment made out of Municipal Fund	BMA,2007: Chapter X	No such case found	



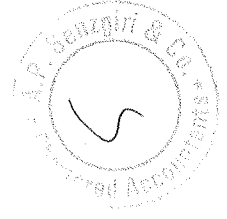
41	<p>Investment of surplus money. Whether municipality has invested surplus fund as per the requirement of the chapter-X of BMA-2007. Auditor will report on the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period. Check whether comparative interest rate is invited from parties before investing surplus funds:</p>			<p>ULB not in a practice to invest its surplus amount</p>	
42	<p>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.</p>			<p>No, Estimation should be based on the past experience and after considering the fact that how the condition might change in future though the provision of Section 82 of the Act regarding preparation of budget have been complied.</p>	
43	<p>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,</p>			<p>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.</p>	<p>(Refer Discussion Note)</p>
44	<p>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,</p>			<p>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.</p>	<p>(Refer Discussion Note)</p>
45	<p>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.</p>			<p>No, Financial Statements were not provided for audit by ULB.</p>	



46	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007 various tax are applicable on ULBs Section 145, 146 and 147 of the Bihar Municipal Act 2007 chapter XVII provides for Advertisement tax on Advertisement in Urban Areas. Chapter XVII of the Bihar municipal Act, 2007 required license of Advertisement of any holding, etc. As per act Every person who erects, exhibited, fixes or retain upon or over any land, building, wall, boarding, frame, post, kiosk, structure, vehicle, neon-sign or sky sign any advertisement, or display any advertisement to public view in any manner whatsoever (including any advertisement exhibited by means of cinematograph), visible from a public street a public place in any location in a municipal area including airport or a port or a railway station, shall pay or every advertisement, which is so erected, exhibited, fixed or retained or so displayed to public view, a tax calculated at such rate as may be determined regulations. it requires payment of certain fee for advertisement.		Refer-PART-A (a) (4) for status of taxes not collecting by ULB	(Refer Discussion Note)
47	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) Notice fees has not been implemented in the Aurangabad Municipal Council.	(Refer Discussion Note)
48	As per section 342 of Bihar Municipal Act, 2007 Trade license fee is to be collected from different types of Trader, who are trading in Concerned Municipal area.	BMA, 2007: Chapter XXXVII		

Note- Following are the Grant remains Unutilised for long period:

S.N.	Name of Fund	Amount	Last date of Transaction/ Utilised
1	LED Light	20,00,000	29.03.2016
2	MMPJ	3613795	29.03.2016
3	Water supply	1.86 crore	



5. LACK OF INTERNAL CONTROL MEASURES:

We have observed the following areas where internal control measures are required by ULBs-

1. Advance register not maintained by Rafiganj Panchayat, it should be maintained.
2. Notice fee should be collected, currently ULB not charging notice fee as a results ULB suffer losses;
3. UC is not prepare and deposit it on time it suggested to follow the same;
4. ULB is in practice to deposit holding tax after due date as per rule, it should be deposit on day of collection itself;
5. Many books of accounts not maintained as highlighted in report, the same should be maintained and follow according to BMAR;
6. Payment in respect of penalty arise after due date should be paid on or before due date for example electricity bill where ULB suffer loss'

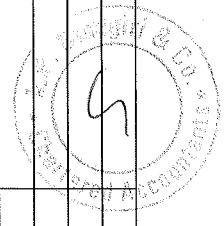
6. NON-COMPLIANCE OF TDS, VAT AND OTHER RELEVANT STATUTE

a. DETAILS OF DELAY IN DEPOSIT OF TDS ARE MENTIONED BELOW:

S.N	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/ Challan Number
1	Arvind kumar	4,42,504	5,700	07.05.2017	10.03.2018	A8266660
2	Uday Kumar Singh	3,00,320	3,784	07.05.2017	10.03.2018	A8266660
3	Uday Kumar Singh	1,89,660	1,897	07.05.2017	10.03.2018	A8266660
4	Taraqquee NGO	30,72,000	53,980	07.09.2017	10.03.2018	A8266660
5	Surendra Prasad	2,65,091	2,751	07.11.2017	10.03.2018	A8266660
6	Mahendra Prasad	1,71,397	1,714	07.11.2017	10.03.2018	A8266660
7	Mahendra Prasad	2,24,440	2,244	07.11.2017	10.03.2018	A8266660
8	MD Isha Kuraishi	8,10,758	8,068	07.12.2017	10.03.2018	A8266660
9	Kudashiya Begam	5,31,346	5,313	07.12.2017	10.03.2018	A8266660
10	Ashok Kumar	4,02,260	4,021	07.12.2017	10.03.2018	A8266660
11	Taraqquee NGO	36,86,400	64,834	07.04.2018	10.03.2018	A8266660
	TOTAL	10096176	1,54,306			

b. DETAILS OF DELAY IN DEPOSIT OF VAT ARE MENTIONED BELOW:

S.N	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/ Challan Number
1	Suresh Kumar Ram	99,950	7,996	Oct'17	Not Paid	
2	Suresh Kumar Ram	12,91,903	1,01,405	Dec'17	Not Paid	
3	Suresh Kumar Ram	14,52,824	1,09,053	March'18	Not Paid	
4	Mahendra Prasad	2,24,440	17,955	Dec.'17	Not Paid	
5	Mahendra Prasad	1,71,397	13,710	Oct'17	Not Paid	
6	Uday Kumar Singh	1,89,660	15,173	April'17	Not Paid	
7	Uday Kumar Singh	3,00,320	24,026	May'17	Not Paid	
8	Ashok Kumar	4,02,260	32,170	Nov'17	Not Paid	



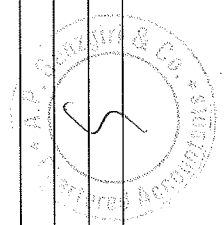
9	MD Isha Kuraishi	8,10,758	64,541	Dec'17	Not Paid
10	Surendra Prasad	2,65,091	22,007	Dec'17	Not Paid
11	Arvind kumar	4,42,504	33,559	May'17	Not Paid
12	Kudashiya Begam	5,31,346	42,508	Dec'17	Not Paid
TOTAL		1,71,397	2,65,649		

c. DETAILS OF DEPOSIT OF ROYALTY ARE MENTIONED BELOW:

S.N	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/ Challan Number
1	Suresh Kumar Ram	99,950	2209	19.03.2018	A8266663
2	Suresh Kumar Ram	12,91,903	21,591	19.03.2018	A8266663
3	Suresh Kumar Ram	14,52,824	28,064	19.03.2018	A8266663
4	Mahendra Prasad	2,24,440	5584	19.03.2018	A8266663
5	Mahendra Prasad	171397	3066	19.03.2018	A8266663
6	Uday Kumar Singh	1,89,660	4705	19.03.2018	A8266663
7	Uday Kumar Singh	3,00,320	6522	19.03.2018	A8266663
8	Ashok Kumar	4,02,260	10,794	19.03.2018	A8266663
9	MD Isha Kuraishi	8,10,758	14,786	19.03.2018	A8266663
10	Surendra Prasad	2,65,091	2125	19.03.2018	A8266663
11	Arvind kumar	4,42,504	10,183	19.03.2018	A8266663
12	Kudashiya Begam	5,31,346	15,684	19.03.2018	A8266663
TOTAL		1,71,397	1,25,313		

d. DETAILS OF DEPOSIT OF LABOUR CESS ARE MENTIONED BELOW:

S.N	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/ Challan Number
1	Suresh Kumar Ram	99,950	1000	Not Paid	
2	Suresh Kumar Ram	12,91,903	24,503	Not Paid	
3	Suresh Kumar Ram	14,52,824	13,670	Not Paid	
4	Mahendra Prasad	2,24,440	2244	Not Paid	
5	Mahendra Prasad	171397	1714	Not Paid	
6	Uday Kumar Singh	1,89,660	1897	Not Paid	
7	Uday Kumar Singh	3,00,320	3003	Not Paid	
8	Ashok Kumar	4,02,260	4091	Not Paid	
9	MD Isha Kuraishi	8,10,758	8068	Not Paid	



10	Surendra Prasad	2,65,091	2751	Not Paid
11	Arvind kumar	4,42,504	4445	Not Paid
12	Kudashiya Begam	5,31,346	5313	Not Paid
TOTAL		1,71,397	72,699	

Auditor's Comment: While doing audit of deduction made by ULB, the Statutory deduction has not been deposited on due date (refer above). For example TDS should be deposited on or before 7th day of next month.

Consequences of Non deposition of TDS on due date: ULB may suffer following consequences;

- i. Interest u/s 221 of income tax act, 1961- 1.5 % per month, if amount not deposited after deduction;
- ii. Penalty u/s 271C of income tax act, 1961- Up to amount of TDS
- iii. Prosecution u/s 276B: 3 Month to 7 Years

e. DETAILS OF DEPOSIT OF TDS ON GST ARE MENTIONED BELOW:

Not payment made on which GST is applicable in 2017-18

7. DETAILS OF TDS RETURNS FILLED ARE MENTIONED BELOW:

S.N	Quarter	Due date of Return	Actual date of Return filled	Remark
1	Q-1	31.07.2017	Not Filed Yet	
2	Q-2	31.10.2017	Not Filed Yet	
3	Q-3	31.01.2018	Not Filed Yet	
4	Q-4	31.05.2018	Not Filed Yet	

8. DEFICIENCY IN PAYROLL SYSTEM:

S.N	Particulars	Comments
1	Status of maintenance of salary register for all employees (Permanent/Daily wages/ Contract worker)	YES
2	Non availability of Salary payment voucher	No Salary voucher prepared
3	Matching of voucher number with cash book	As salary voucher not prepare, hence there is no question of matching.



4	Salary register contains all elements of salary	YES
5	Maintenance of Salary Deduction register	Salary deduction register not maintained
6	Whether deduction of PF/ESI made from contract employee	NO
7	Whether biometric devices and payroll software is implemented in ULB. If Yes, then is it integrated with accounting software	Not installed yet.

9. DETAILS OF DELAY OF DEPOSIT OF EPF:

1.1. Relating to Permanent Employee:

As per PF Act, deposit of EPF of Employees should be made 15th of the following month. However, delay has been observed for depositing of PF A/C to EPFO A/C which are as below: -

Auditors Comment: No PF deducted and deposited in respect of both permanent as well as contractual employees.

Management Comment: Since for long time ULB has not deducted and deposited EPF .We are under process to deduct and deposit the same , but currently no action has been taken by Authorised officer regarding this.

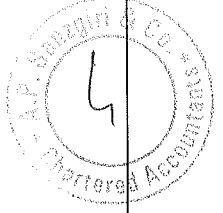
10. UTILISATION OF GRANT AND REPORT ON UTILISATION CERTIFICATES

S.N	Head	Details
1	STATUS OF UTILIZATION CERTIFICATE:	(REFER ANNEXURE)
2	STATUS OF USE OF GRANT AS PER DEFAULT ALLOCATION	Specifically grant allocation details has not been maintained, however it is maintained in grant register. (Refer Discussion Note)
3	PHYSICAL VERIFICATION OF INVENTORY/STORES	Refer point 31-40 PART-B (d). ULB did not follow the practice of physical verification of stock. (Refer Discussion Note)
4	ADVANCES, THEIR ADJUSTMENT & RECOVERY	Refer point 35-36 PART-B (d), ULB did not give loan/ advance, hence there are no case of adjustment and recovery. (Refer Discussion Note)



III. PART-C

S.N	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.	Complied Refer-PART-B(3)
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;	Complied Refer-PART-A(c)
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 :	Refer-PART-B(4)
	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 month	
D	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Complied Refer-PART-B(4)
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;	Complied Refer-PART-A(a)
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.	Complied Refer-PART-B(b)
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/-	Complied Refer-PART-B(b)
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	Complied Refer-PART-B(10)

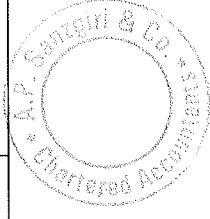


	website.		
I	Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Complied Refer-Audit Recommendation	
J	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Complied Refer-PART-B(b)	
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	Complied Refer-PART-B(b)	
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.	Complied Refer-PART-B(4)	
m	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.	Complied Refer-PART-A(a)	
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.	Complied Refer-PART-B(6)	
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	

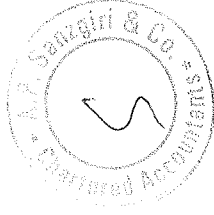


INTERNAL AUDIT REPORT FOR F.Y 2017-18
ULB-NAGAR PANCHAYAT RAFIGANJ
ANNEX-1 REPORT ON LATE DEPOSIT OF PROPERTY TAX

S.N	Serial no		Amount of Tax	Date of Collection as per Receipts Booked	Amount Deposited with Cashier	Delay in Deposit with Cashier	Date of Deposit into Bank as per Deposit Slip	Delay in deposit with Bank
	From	To						
1.	921	932	21930	06.04.17 to 11.04.17	21930	1-3	20.04.2017	9
2.	933	951	23917	12.04.17 to 15.04.17	23917	1-11	29.04.2017	4
3.	952	979	70346	15.04.17 to 27.04.17	70346	1-5	29.04.2017	4
4.	988	999	10494	27.04.17 to 06.05.17	10494	1-6	11.05.2017	3
5.	845	861	51585	07.04.17 to 12.04.17	51585	1-3	20.04.2017	8
6.	862	893	150572	13.04.17 to 26.04.17	150572	1-8	29.04.2017	3
7.	1101	1119	36848	09.05.17 to 19.05.17	36848	1-10	26.05.2017	-
8.	1126	1134	10865	12.06.17 to 19.06.17	10865	1-8	28.06.2017	4
9.	1201	1225	34162	08.05.17 to 25.05.17	34162	1-10	29.06.2017	-
10.	1226	1243	38283	01.06.17 to 24.06.17	38283	1-13	29.06.2017	1
11.	1144	1154	9751	30.06.17 to 07.07.17	9751	1-3	21.07.2017	13
12.	1155	1159	14456	08.07.2017	14456	1-2	21.07.2017	11
13.	1251	1262	16434	06.07.17 to 22.07.17	16434	1-7	28.07.2017	3
14.	1167	1178	9263	28.07.17 to 04.08.17	9263	1-7	09.08.2017	1
15.	1281	1287	4626	13.09.17 to 17.09.17	4626	1-5	26.09.2017	6
16.	1288	1292	28567	09.10.17 to 10.10.17	28567	-	18.10.2017	8
17.	1293	1300	10144	24.10.17 to 30.10.17	10144	1-5	24.11.2017	22
18.	1501	1506	9066	01.11.17 to 07.11.17	9066	1-3	24.11.2017	16
19.	1036	1042	35115	15.04.17 to 20.04.17	35115	1-2	29.04.2017	8
20.	1043	1049	19689	21.04.17 to 24.04.17	19689	1-2	29.04.2017	4
21.	1050	1065	9484	26.04.17 to 11.05.17	9484	1-6	19.05.2017	6
22.	1066	1081	33740	13.05.17 to 19.05.17	33740	1-9	26.05.2017	-
23.	1082	1097	21371	01.06.17 to 29.06.17	21371	1-10	29.09.2017	-



24.	1333	1342	41783	09.11.17 to 16.11.17	41783	1-16	01.12.2017	3
25.	1551	1563	13283	12.02.18 to 20.02.18	13283	1-4	28.02.2018	6



RAFIGANJ PANCHAYAT

Discussion Note

Date: 30.12.2019

Rafiganj Panchayat

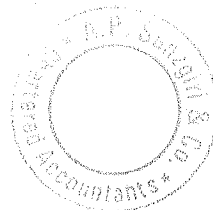
With

AP Sangziri & Co.

(Chartered Accountants)

Subject: Regarding confirmation of documents not maintained and management comment in Internal Audit Report for F.Y. 2017-18.

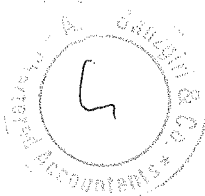
S.N.	Auditor observation	Management comment
1	Non Action taken on Remaining Para of AG Report for F.Y. 2012-13 & 13-14; (Refer IAR-) for 2017-18	We have submitted AG Compliance Report on all Para. But the Question raised by Auditor on those Para which is not dismiss by AG. It is under process to comply again on said Para.
2	No Municipal Accounts committee established;	It is under process, and matter will be put before board for constitution of "Municipal Accounts Committee";
3	Non levy of Notice fee;	Currently in Rafiganj Panchayat "Notice Fee" is not collecting but it will be collected as per rules framed in this behalf;
4	Non levy of Taxes in IAR under Para " I Part-A a) (1);	We will collect in near future of those taxes which is imposable within municipality area;
5	Late deposit of property Tax;	Due to wok pressure and Tax Collector are busy in another work the amount so collected has not been deposited on same day ;
6	Late deposit/ Non deposit of statutory deduction including TDS;	It will deposit on or before due date from now;
7	Non deduction of EPF Amount	It is under Process;
8	Non Preparation of Payment Voucher	It will be implemented from Q-4 of 2019-20
9	Non preparation of Complete UC details ;	It is under process with the help of "Internal Auditor" and will be submit very soon;
10	Non practice of Stock valuation;	It will be follow as per rule and management will decide about reasonable period of valuation i.e. frequency of time for valuation;
11	Directives/Notificatons/ Orders issued by UD & HD:	The same has been complied;
12	Maintenance of grant record with bifurcation like amount for Salary, water management, nail gali solid waste management and so on:	It will be submitted at the time when Audit for Q-2 of F.Y. 2019-20 Carry on;
13	Non maintenance of book refer to Para : II-PART B (a) of Internal Audit Report of above said period:	It will be maintained as per applicability of the same;
14	Report Relating to 20 High Value Property:	"Report on survey relating to 20 high value property will be Reported in 19-20 Report after physically survey"



RAFIGANJ PANCHAYAT

15	Non preparation of Receipt and Payment A/c, Trial Balance, Income and Expenditure A/C and Balance Sheet (Financial Statement)	Receipt and Payment A/c, Trial Balance, Income and Expenditure A/C and Balance Sheet will be prepare after implementation of Double Entry Accounting System.
16	Non creation of Special Fund and Fund Mentioned in Chapter ix of BMA, 2007	The same will be created on applicability of relevant provision of said act;
17	Non Maintenance Fixed Assets register	It will be maintained as soon as possible;
18	Non Renewal of Leasehold property	This matter will be put before Next Board Meeting and after approval, it will be collected as per resolution passed by Board;
19	Outstanding Taxes Refer to PART-A (a)(4) of Internal Audit Report:	We did not maintained such record from where we can find out exact position of outstanding Taxes or Income in 2017-18;
20	Non preparation of Bank Reconciliation statement on Monthly Basis:	It will be prepared very soon;
21	Any Payment made out of Municipal Fund that is not covered by Budget? :	Payment made out of budget provision. No such payment made that is not cover by budget;
22	Non implementation of Biometric Devices and Payroll Software	Not implemented, however it is under process.
23	Electricity - DPS	There is dispute regarding holding tax, which is due on electricity department, and this amount has not been adjusted towards electricity due on Rafiganj Panchayat.
24	Non filing of TDS Return on Due date:	The same has been complied thereafter;
25	Status of "Double Entry Accounting System"	Currently there is no Agency working for Implementation of "Double Entry Accounting System"
26	Irregularity in Payment Refer to PART-A (b)(3) of IAR for above said period	We will rectify the same by deducting TDS in next Bill (Refer to observation raised by Auditor in IAR - 17-18)
27	Non Maintenance of Log Book	The vehicle and Machinery has given on hire to Taraqquee NGO. Because of "Right to operation has been transfer", we did not maintained log book.
28	Non availability of Agreement for Vehicle given on Hire	We will provide the same as soon as possible;
29	Amount Remains pending for Long Period relating to "Unutilized Grant"	It will be refunded very soon;
30	Non maintenance of Advance Register	ULB not in a practice to provide Advance, hence same is not maintained.

Further we confirm/affirm the management comment given in Internal Audit report for 2017-18 is on behalf of Rafiganj Panchayat.



9.1.20
 कार्यवाहक पदाधिकारी
 नगर पंचायत राफिगंज
 (राजिगंज)

10/1/2020

RAFIGANJ NAGAR PANCHAYAT
STATUS OF UTILIZATION CERTIFICATION FOR FY 2017-18

S.No	Head	Approval order and date	Sanctioned Amount	Expenses Incurred	Balance Amount	UC Submitted against Expenses	UC Pending Against Expenses	% of UC Submitted against expenses	% of UC Pending against expenses	Letter No. & Date of Submission of UCs
1	E:O salary	07/23.05.2017	5.00	4.32	0.68	4.32	-	100%	NIL	1851/22.11.2017
2	E:O salary	86/28.12.17	6.00	5.73	0.27	5.73	-	100%	NIL	1162/30.05.2018
3	City Manager Salary	10/31.05.2017	1.97	-	1.97	-	-	NIL	NIL	Transferred to PL.A/c
4	Pay Day	85/28.12.2017	1.97	-	1.97	-	-	NIL	NIL	Transferred to PL.A/c
5	Sahari Nahi Gali	68/30.10.2017	42.22	-	42.22	-	-	NIL	NIL	Transferred to PL.A/c
6	14th Fin	97/24.01.2018	62.41	43.68	18.73	43.68	-	100%	NIL	489/19.03.2019
7	Allowance Payment	15/15.06.2017	3.00	-	3.00	-	-	NIL	NIL	Transferred to PL.A/c
8	Civil Liberties	43/24.08.2017	32.33	21.15	11.18	21.15	-	100%	NIL	488/19.03.2019
9	14th Finance	33/02.08.2017	62.57	43.80	18.77	43.80	-	100%	NIL	489/19.03.2019
10	Peshakar	23/30.06.2017	11.85	-	11.85	-	-	NIL	NIL	Transferred to PL.A/c
11	Nahi Gali	38/11.08.2017	49.28	-	49.28	-	-	NIL	NIL	Transferred to PL.A/c
12	5th Finance	46/14.09.2017	122.25	-	122.25	-	-	NIL	NIL	Transferred to PL.A/c
13	5th Finance	162/19.10.2016	65.78	65.78	-	61.18	4.60	93.01%	6.99%	583/14.03.2018/489/19.03.2019

