

**URBAN DEVELOPMENT AND HOUSING
DEPARTMENT**

**INTERNAL AUDIT REPORT
OF ULB - KHUSROPUR
NAGAR PANCHAYAT,
BIHAR**

01-04-2018 to 31-03-2019

F/Y 2018-19

M/S R.N.SINGH & CO.

CHARTERED ACCOUNTANTS.

208, HEM PLAZA; FRASER ROAD;

PATNA: 800001.

PHONE NO: 9431019502.

Report Issued on 05th Sept. 2019

Urban Development and Housing Department**Executive Summary****1. INTRODUCTION**

Name of the Municipality	Khusropur Nagar Panchayat
Period covered under current audit	01-04-2018 to 31-03-2019
Name of Chief Municipal Officer for the period under Audit	Roshan Kumar

2. Results and Findings**Strengths observed during the audit engagement.**

Sr.No.	Observation
1.	No any UC pending in the Khusropur Nagar Panchayat in the financial year 2018-19 and the UC which is pending till the 3 rd Quarter of financial year 2018-19 is prepared with our help during the audit. Details provided in detailed report.
2.	Khusropur Nagar Panchayat is in practice to prepare the Bank Reconciliation Statement of different schemes.

Weaknesses observed in the functioning of office, maintenance of records etc. Observed during the audit engagement.

Sl. No.	Observation
1.	Amount Collected from own sources revenue has not been deposited into bank by the ULB which is required to be deposited same day. Details described in detailed report
2.	Holding tax of Rs. 2, 61,510.00/- and Miscellaneous Tax of Rs. 29,733.00/- i.e., total Rs. 2, 91,243.00/- collected by the tax collector Mr. Birju Prasad during the financial year 2018-19 but deposited only Rs. 1,70,825.00/- during the financial year. However previous year dues



	of Rs. 54288.00 are also in the hand of Mr. Birju Prasad. Therefore total dues in the hand of Mr. Birju Prasad is Rs. 1,74,706.00 till the 4th Qtr. of financial year 2018-19.
3.	We observed that the collection of property tax (Holding Tax) is very poor there are total demand for the FY 2018-19 is 40,21,331.00 including arrear of previous financial year is Rs. 17,82,125.00 but collected only Rs. 9,50,554.00 till the 4 th Qtr. of FY 2018-19 and remaining amount of Rs. 30,70,777.00 is dues. It means only 23.64 % has been collected till the 4th Qtr. of financial year 2018-19.
4.	Double entry accounting system has not been implemented by the Khusropur Nagar Panchyat.
5.	ULB has not implemented computerized accounting system.
6.	ULB is not properly maintaing Main Cash Book and subsidiary cash book.
7.	Cash Book has not been balanced and authorized by the executive Officer on daily basis.
8.	Stock register is not properly maintained by the Khusropur nagar panchayat.
9.	During the audit we have observe that vouchers are not chronically arranged and binded.
10.	ULB has not been in practice to prepare monthly receipt and payment account.
11.	Demand and collection register is not maintained by the ULB.
12.	Daily Collection Register has not been maintained.
13.	ULB is not in practice to prepare summary of daily collection receipt in form GEN-13.
14.	ULB is not in practice to deducted time extension @10% on which there contract is not completed within stipulated time limit.
15.	Khusropur nagar Panchayat is not in practice to collect Advertisement tax. Which causes revenue loss to nagar Panchyat.
16.	Log book is not properly maintained and consequently its analysis is not possible.
17.	No advance and recovery register is maintained by the Khusropur Nagar Panchayat. Advance are given to employee without any requisition form.
18.	During the audit we have observe that vouchers are not serially arranged.

19.	Khusropur Nagar Panchayat is purchasing daily consumable stocks like Chuna, Bleaching Powder, lime powder etc. form supplier Mr. Sanjeet kumar jaiswal two or three times of market price. Details provided in detailed report.
20.	TDS, VAT, Royalty and Labour Cess have been deducted but it has not been deposited on quarterly basis. As per Income Tax Act 1961, penalty may be levied on ULB. It is a statutory irregularity.
21.	Tower tax has not been collected, since the establishment of the ULB even though number of tower is 4 as on 31-03-2019. Thus total outstanding tax amount is Rs. 6,52,040.00 For registration fee, renewal fee.
22.	Section 84 of the Bihar Municipal Act, 2007. Provides that Municipality shall submit its budget intimates for the ensuring year to the State Govt. by 15 th of the March. But information furnished by the Nagar Panchayat revealed that budget estimates were not passed on time by the board, which resulted into delay transmission of the same to the State Government.
23.	No Separate Grant register is being maintained; hence, it is difficult to find out the amount of unutilized grant at any point of time.
24.	Procurement register is not maintained by the Khusropur Nagar Panchyat.
25.	Cheque issue register is not maintained by the Khusropur Nagar Panchyat.
26.	Various register books of records etc. are not being prepared by the ULB such as Demand Register, statutory register with regards TDS, VAT, Labour Cess and royalty, Bid register of shop, Survey register/files of hoardings.
27.	Municipal Accounts Committee has not been constituted by the Khusropur Nagar Panchyat.
28.	Khusropur Nagar Panchayat has not in practice to deduct PF, and ESIC with respect to contractual employees.
29.	Khusropur Nagar Panchayat has not in practice to deduct Tds at the time of salary payment to the permanent and contractual employees.

3. Opinion

The ULBs functioning is not up to mark rather it has lots of scope of improvement. The ULB is required to improve a lot in the field of:

- a. Preparation of Accounts, Ledger, Books, Bank Reconciliation Statement, Various Registers and Records as required.
- b. It requires to improve its Internal Control Procedures with regards to Demand, Collection of Revenue, Deposit of Collected revenue in the Bank same day.
- c. It requires paying all the statutory liabilities like TDS, Royalty, and VAT on timely basis.
- d. It requires Return of VAT, TDS will be filled on or before due date.
- e. ULB should reconcile balance Treasury with Bank at least once in a month.
- f. UC of schemes should be submitted on timely basis.
- g. Due to non-implementation of Double Entry Accounting System and following of Cash basis of Accounting, proper recognition of Income and expenses are not possible in accounts.
- h. Monthly receipt & Payment account should be prepared by ULB.
- i. Cheque issue register must have to maintain that will help in verification of payment process.



4. Audit Recommendations

SL. No.	Recommendations
1.	<ul style="list-style-type: none"> • ULB should adopt double entry accounting system. Double entry accounting allows accounting department to prepare financial statement easily. • Double entry accounting system present accurate report of book of accounts of the income statement, balance sheet, cash flow statement and other financial statements and reports. • It provides check and balance which prevent fraudulent activity and reduce errors. Double entry accounting system prevents fraud in a greater way than single-entry accounting because it makes it difficult to manipulate accounts. You can easily detect accounts manipulation by examining the journal entries and comparing them to previous journal entries for the same or similar transactions.
2.	<p>ULB must have to implement computerized accounting system. It provides automatic ledger entries, accuracy and speed of automatic calculation, automatic production of trial balance from ledger entries, potential to create customized reports and provide additional analysis.</p>
3.	<p>Khusropur Nagar Panchyat must have to maintain fixed asset register that will help in:-</p> <ul style="list-style-type: none"> • Track and identify the asset. • Security of the asset specifically to prevent theft. • Calculate depreciation annually. • Track gross book value and net value of asset. • Assists in conducting audit of assets and asset verification. • Help in estimating the repairs and maintenance cost. • Assists in estimating the future capital investment in fixed assets. • Comply with statutory requirements.
4.	<p>ULB must have to maintain Material Receipt notes, Store ledger, Statement of closing stock and statement of material issued respectively in Form No. ST-1, ST-2, ST-3, ST-4. and regularly authorized from executive officer.</p>
5.	<p>Ulb must have to maintain Bank Reconciliation statement as per UD & HD guidelines, which will help in:-</p> <ul style="list-style-type: none"> • Accurate balance. • Prevent Theft. • Prevent mistakes. • Accounts in good standing.



6.	ULB should prepare receipt and payments accounts on monthly basis. Due to which it become very easy to find out how much fund has been received by the ULB.
7.	Cash book should be daily balanced and authorized by the executive officer.
8.	Ulb Should maintain demand and collection Register as per UDHD guidelines.
9.	As per Rules 22(1) of Bihar Municipal Accounting Rules, 2014 Tax Collected has to be deposited on same day or latest before noon on the following working day.
11.	ULB should be prepared summary of daily collection in form GEN-13.
12.	ULB should have to be prepare UC in prescribe format of various scheme as soon as possible and submit the same UD & HD Dept. also on regular interval as per prescribe guideline.
13.	Khusropur Nagar Panchyat must have to vouchers are serially arranged and binded because it creates difficulties during verification of payment.
14.	Ulb should procured any Equipment's above Rs. 5,00,000.00 through E-Tendering process.
15.	Khusropur Nagar Panchyat must collect mobile tower tax which comes under its jurisdiction otherwise it leads to loss of revenue to Khusropur Nagar Panchyat.
16.	Ulb should maintained separate grant register for each scheme.
17.	Khusropur Nagar Panchyat must have to maintain procurement register as per UDHD guidelines and also without procurement register verification of procurement process is very difficult.
18.	ULB should maintain all the books of account, register, records etc. as prescribe in Bihar municipal accounts Act, Manual and Rules.
19.	Municipal accounts committee must be constituted by the Khusropur Nagar Panchyat.

5. Comments from Management

As per discussion with Management, they have ensured that they are looking into the matter and proper action will be taken for all the irregularities coming out from audit.

Detail discussions on this are given in *Discussion Note* as attached.




6. Acknowledgement: -

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

For R. N. SINGH & CO.

Chartered Account

ICAI Reg.No:322066E



CA Chanakya Shree

Partner

M.No: -079322

UDIN- 20079322AAAAMD9728

Date- 11-06-2020



Detailed Audit Report**1. Introduction**

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

1. Mr. Santosh Kumar
2. Mr. Kumod Prasad

2. Administration

The present body of the ULB has taken charge on 15-07-2019. The incumbency in the key administrative and executive positions was as under:

Mr. Pradeep kumar Chairman from 24/08/2019 to till date.

Mr. Roshan Kumar Executive from 15-07-2019 to till date.

3. Review of outstanding audit paras:

Status of Audit Observations is as under:

Sl. No.	Particulars of audit and date of report	Total no. of Audit paras.	Total no. of Audit Paras where necessary improvement/corrective measure is required	Total no. of Audit paras where recovery of cash is proposed	Total No. of Audit paras where recovery has been made	Total amount of recovery	Total No. of outstanding para where no action has been taken	No. & date of compliance report
1.	AG Audit for the 2012-15	21	21	3	3	892.00	Nil	473/09-09-15.
2.	Internal Audit of 2 nd Qtr. for the 2016-2017	27	27	1	0	3672.00	0	No compliance has been made.
3.	Internal	27	27	1	0	3672.00	0	No

	Audit of 3 rd Qtr. for the 2016-2017							compliance has been made.
4.	Internal Audit of 4 th Qtr. for the 2016-2017	27	27	1	0	3672.00	0	No compliance has been made.
5.	Internal Audit of 1 st Qtr. for the 2017-2018.	29	29	1	0	15710.00	0	No compliance has been made

Detail Report on Compliance of Previous Internal Audit Report: -

Sl. no.	Observation	Status of irregularities	Complied/Non-Complied
1.	Field survey of property and assessment has not been done by the Khusropur nagar panchayat for F.Y. 216-17. Property tax is not levied and collected on the basis of previous year field survey.	Persisting the year 2016-17.	complied
2.	In Khusropur nagar panchayat there are total no of holding is 2930 on which raised demand for holding tax of Rs. 15,18,518 out of which only Rs. 1,46,191.00 has been collected during the 4 th quarter of F.Y. 2016-17. It means only 29.42% has been collected during the 4 th quarter of F.Y. 2016-17.	Persisting the year 2016-17.	No any action taken by Khusropur ULB.
3.	ULB is not in practice to charge interest as penalty on the uncollected amount or arrear amount of the property holder regarding holding tax.	Persisting since the year 2016-17.	No any action taken by Khusropur ULB.
4.	We observed that total 1 shop have been given on rent by the Khusropur nagar panchayat but recovery of shop rent is not satisfactory against the demand.	Persisting the year 2016-17.	No any action taken by Khusropur ULB.
5.	ULB has 3 mobile towers under its jurisdiction. Most of the mobile tower have not deposited their registration as well as renewal fee. Amount due from mobile tower for the F.Y.2016-17 Rs. 2, 66,400. Including interest as penalty of mobile	Persisting the year 2010-11.	No any action taken by Khusropur ULB.

	tower tax.		
6.	Stock register has not been properly updated by the Khusropur Nagar Panchayat.	Persisting the year 2016-17.	No any action taken by Khusropur ULB.
7.	ULB is not in practice to collect Advertisement Tax.	Persisting the year 2015-16.	No any action taken by Khusropur ULB.
8.	ULB is not in practice to maintain Double entry Accounting System. It is not implemented at the unit.	Persisting the year 2016-17.	No any action taken by Khusropur ULB.
9.	Fixed asset register has not been properly maintained by the Khusropur Nagar Panchayat.	Persisting the year 2016-17.	No any action taken by Khusropur ULB.
10.	ULB is not in practice preparing monthly Receipts & payment account and Trial Balance.	Persisting the year 2014-15.	No any action taken by Khusropur ULB.
11.	Statutory compliance such as labour cess, VAT etc. has been collected but not deposited on appropriate account by the ULB.	Persisting the year 2015-16.	No any action taken by Khusropur ULB.
12.	During the 1 st & 2 nd Quarter, VAT, labour cess & Royalty etc. has been deducted by the Khusropur Nagar Panchayat Rs. 186654.00, 53,366.00 and 59,335.00 but not deposited till the date of audit.	Persisting the year 2014-15.	No any action taken by Khusropur ULB.
13.	Amount collected from own source of revenue has not been deposited by the Khusropur Nagar Panchayats on the same date as required.	Persisting the year 2014-15.	No any action taken by Khusropur ULB.
14.	We observed that bill, vouchers have not been serially arranged and also not been properly kept.	Persisting the year 2015-16.	No any action taken by Khusropur ULB.
15.	Separate pass book not maintained by the Khusropur Nagar Panchayat.	Persisting the year 2016-17.	No any action taken by Khusropur ULB.
16.	Main cash book not properly maintained by the Khusropur Nagar panchayat.	Persisting the year 2016-17	No any action taken by Khusropur ULB.

17.	Following fixed asset without registered and no any insurance can be running. Given in details below	Persisting the year 2016-17	No any action taken by Khusropur ULB																								
<table border="1"> <thead> <tr> <th data-bbox="243 414 384 571">particular</th> <th data-bbox="392 414 509 571">Date of purchase</th> <th data-bbox="517 414 635 571">Total number</th> <th data-bbox="642 414 838 571">Auditor Remarks</th> </tr> </thead> <tbody> <tr> <td data-bbox="243 571 384 705">Tractor</td> <td data-bbox="392 571 509 705">nil</td> <td data-bbox="517 571 635 705">1</td> <td data-bbox="642 571 838 705">Not registered and no any insurance.</td> </tr> <tr> <td data-bbox="243 705 384 862">Tempo</td> <td data-bbox="392 705 509 862">nil</td> <td data-bbox="517 705 635 862">1</td> <td data-bbox="642 705 838 862">Not registered and no any insurance</td> </tr> <tr> <td data-bbox="243 862 384 996">Ambulance</td> <td data-bbox="392 862 509 996">nil</td> <td data-bbox="517 862 635 996">1</td> <td data-bbox="642 862 838 996">Not registered and no any insurance</td> </tr> <tr> <td data-bbox="243 996 384 1153">Fogging</td> <td data-bbox="392 996 509 1153">nil</td> <td data-bbox="517 996 635 1153">1</td> <td data-bbox="642 996 838 1153">Not registered and no any insurance</td> </tr> <tr> <td data-bbox="243 1153 384 1299">Tanker</td> <td data-bbox="392 1153 509 1299">nil</td> <td data-bbox="517 1153 635 1299">2</td> <td data-bbox="642 1153 838 1299">Not registered and no any insurance</td> </tr> </tbody> </table>		particular	Date of purchase	Total number	Auditor Remarks	Tractor	nil	1	Not registered and no any insurance.	Tempo	nil	1	Not registered and no any insurance	Ambulance	nil	1	Not registered and no any insurance	Fogging	nil	1	Not registered and no any insurance	Tanker	nil	2	Not registered and no any insurance		
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18.	Tax collector collect the tax but not deposited in appropriate account till the date of audit. Details are given below	Persisting the year 2016-17	No any action taken by Khusropur ULB																								
<table border="1"> <thead> <tr> <th data-bbox="243 1456 478 1523">Name of the collector</th> <th data-bbox="486 1456 697 1523">Amount</th> <th data-bbox="705 1456 854 1523">Auditor Remarks</th> </tr> </thead> <tbody> <tr> <td data-bbox="243 1523 478 1646">Mr. Birju Prasad</td> <td data-bbox="486 1523 697 1646">3672.00</td> <td data-bbox="705 1523 854 1646">Not deposit till the date Audit.</td> </tr> </tbody> </table>		Name of the collector	Amount	Auditor Remarks	Mr. Birju Prasad	3672.00	Not deposit till the date Audit.																				
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Mr. Birju Prasad	3672.00	Not deposit till the date Audit.																									
19.	Salary payment of 9 employee Rs. 1,05,000.00 on the date of 05-09-2016 of cheque no. A073657 without attendance sheet by the Khusropur nagar panchayat.	Persisting the year 2016-17	No any action taken by Khusropur ULB																								



20.	During the audit period income tax can be deducted 2.66% and 2.3% in some case of contractor but actually deduction was 1% in the case of individual & HUF and 2% in case of company. When pan card not provided by the contractor 20% can be deducted.	Persisting the year 2016-17	No any action taken by Khusropur ULB
21.	During the audit period, some yojna MB book Qty. excess shown as respect of abstract Qty.name of the yojna given below a. Yojna no.-11/16-17 (ward no. 8, PCC & Nala nirman) b. Yojna no.- 10/16-17 (contractor name – B.N. Choubey PCC & Nala nirman) c. Yojna no.- 07/16-17 (ward no.3, PCC & Nala Nirman) d. Yojna no. 05/16-17 (ward no.3, PCC & Nala Nirman)	Persisting the year 2016-17	No any action taken by Khusropur ULB
22.	During the audit period, yojna no. 06/16-17 excess time taken as agreement but not deducted 10% time extension amount by the Khusropur nagar panchayat, details given below. . Agreement amount Rs. 3,25,900.00 . agreement period 60 days (2 month) . Work start date 02-11-2016. . Work done date 12-01-2017 (As per MB book). . Total work completion days 71(28+31+12).	Persisting the year 2016-17	No any action taken by Khusropur ULB



<p>23.</p>	<p>During the audit period, calculation of salary sheet was wrong i.e., excess payment of salary by the Khusropur nagar panchayat, details given below. Actually, calculation of salary was =[total salary/{total days-Sunday})*(days of present + holiday) Calculation by the Khusropur nagar panchayat was =[{total salary/total days}*(days of present + Sunday + holiday)]</p> <table border="1" data-bbox="252 593 885 884"> <thead> <tr> <th>Name of the employee</th> <th>Calculation by the nagar panchayat</th> <th>Actually calculation</th> <th>Excess payment</th> </tr> </thead> <tbody> <tr> <td>Suresh Dom</td> <td>=(19,956/28)*22 =Rs. 13,323</td> <td>{16,956/28-4}*18 = Rs. 12,217</td> <td>Rs. 606.0</td> </tr> </tbody> </table>	Name of the employee	Calculation by the nagar panchayat	Actually calculation	Excess payment	Suresh Dom	=(19,956/28)*22 =Rs. 13,323	{16,956/28-4}*18 = Rs. 12,217	Rs. 606.0	<p>Persisting the year 2016-17</p>	<p>No any action taken by Khusropur ULB</p>
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<p>24.</p>	<p>During the audit period of financial year 2016-17, following register without authorized signature & stamp can be prepared. . Current a/c book. . Samajik suraksha book. . SJSRY</p>	<p>Persisting the year 2016-17</p>	<p>No any action taken by Khusropur ULB.</p>								



25.	<p>During the audit period, cash book opening balance not match with audit report 2015-16, details given below</p> <table border="1" data-bbox="247 369 869 1467"> <thead> <tr> <th>Name of the cash Book</th> <th>Opening balance as per audit report 2015-16</th> <th>Opening balance as per cash book</th> <th>Opening balance as per pass book</th> </tr> </thead> <tbody> <tr> <td>SJSRY + ILCS + NSDP(A/C 83008)</td> <td>1995457.00</td> <td>2035257.00</td> <td>2035257.00</td> </tr> <tr> <td>Samajik suraksha (A/C 8494)</td> <td>163500.00</td> <td>453782.00</td> <td>3340152.00</td> </tr> <tr> <td>13TH +14TH +SAUCHA LAY NIRMAN</td> <td>2509332.00</td> <td>2509332.10</td> <td>2841441.00</td> </tr> <tr> <td>KABIR ANTIYEST HI</td> <td>670017.00</td> <td></td> <td></td> </tr> <tr> <td>CURRENT A/C</td> <td>478743.00</td> <td>670017.89</td> <td>599036.00</td> </tr> <tr> <td>INTERNAL RESOURCE</td> <td>114927.72</td> <td>117337.92</td> <td>117337.92</td> </tr> <tr> <td>P/L</td> <td>1318792.99</td> <td>3403068.29</td> <td>NOT PREPARED</td> </tr> </tbody> </table>	Name of the cash Book	Opening balance as per audit report 2015-16	Opening balance as per cash book	Opening balance as per pass book	SJSRY + ILCS + NSDP(A/C 83008)	1995457.00	2035257.00	2035257.00	Samajik suraksha (A/C 8494)	163500.00	453782.00	3340152.00	13 TH +14 TH +SAUCHA LAY NIRMAN	2509332.00	2509332.10	2841441.00	KABIR ANTIYEST HI	670017.00			CURRENT A/C	478743.00	670017.89	599036.00	INTERNAL RESOURCE	114927.72	117337.92	117337.92	P/L	1318792.99	3403068.29	NOT PREPARED	Persisting the year 2016-17	No any action taken by Khusropur ULB
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26.	<p>During the audit period, without quotation cleaning material purchase of Rs. 7,85,700.00 from sanjit kumar jaiswal on the date of 25/03/2017 (check no. A073726) by the Khusropur nagar panchayat.</p>	Persisting the year 2016-17	No any action taken by Khusropur ULB.																																



27.	During the audit period we observed that material purchased for yojna no. 05/2015-16 (ward no 3, construction of road) from tiya cement stores, Khusropur carrying value are more than material purchase price, so it was unfairness. Details given below	Persisting the year 2016-17	No any action taken by Khusropur ULB.																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Items</th> <th style="width: 20%;">Purchase price</th> <th style="width: 20%;">Carrying value</th> <th style="width: 20%;">Total price</th> </tr> </thead> <tbody> <tr> <td>Stones</td> <td style="text-align: right;">16990.00</td> <td style="text-align: right;">34298.00</td> <td style="text-align: right;">51288.00</td> </tr> <tr> <td>Sand</td> <td style="text-align: right;">1406.00</td> <td style="text-align: right;">1941.00</td> <td style="text-align: right;">3347.00</td> </tr> <tr> <td>Sand</td> <td style="text-align: right;">2609.00</td> <td style="text-align: right;">19309.00</td> <td style="text-align: right;">21918.00</td> </tr> <tr> <td>Cement</td> <td style="text-align: right;">81396.00</td> <td style="text-align: right;">2869.00</td> <td style="text-align: right;">84265.00</td> </tr> <tr> <td>Steel</td> <td style="text-align: right;">42875.00</td> <td style="text-align: right;">11926.00</td> <td style="text-align: right;">54801.00</td> </tr> </tbody> </table>				Items	Purchase price	Carrying value	Total price	Stones	16990.00	34298.00	51288.00	Sand	1406.00	1941.00	3347.00	Sand	2609.00	19309.00	21918.00	Cement	81396.00	2869.00	84265.00	Steel	42875.00	11926.00	54801.00
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Cement	81396.00	2869.00	84265.00																								
Steel	42875.00	11926.00	54801.00																								
28.	Holding tax of Rs. 1, 36,673.00/- and Miscellaneous Tax of Rs. 10,300.00/- i.e., total Rs. 1, 46,973.00/- collected by the tax collector Mr. Birju Prasad during 1st Qtr., 2nd Qtr., 3rd Qtr. & 4 th Qtr. of the financial year 2017-18 but deposited only Rs. 93,685.00/- up to 4th Qtr. and total dues in the hand of Mr. Birju Prasad is Rs. 53,288.00 up to 4th Qtr. of financial year 2017-18. Details provided in detailed report.	Persisting the 3 rd Qtr. of 2017-18.	Not complied.																								



4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2016-17	2017-18	2018-19
Final/Revised Budget	26,221,500.00	10,28,23,985.00	21,66,74,000.00
Actual Expenditure	62,212,486.00	3,94,79,148.40	14,19,84,048.00
Savings(+)/Excess (-)	(35,990,986.00)	6,33,44,837.00	7,46,89,952.00

II. Volume of transactions

Period	Budgeted	Previous year (For one Year) (2017-18)	Current Year (2018-19)
Opening balance	2,76,041.00	6,01,06,761.00	5,62,53,115.00
Receipts	21,66,75,000.00	3,56,25,502.00	12,76,84,733.00
Total	21,69,51,041.00	9,57,32,263.00	18,39,37,848.00
Net expenditure	21,66,74,000.00	3,94,79,148.40	14,19,84,048.00
Closing balance	2,77,041.00	5,62,53,115.00	4,19,53,580.00

III. Bank Reconciliation: -

We observed that ULB has maintained different cash book and pass book for different scheme. Cash book and pass book of some scheme are tailed and some scheme are not tailed which are given below. Bank reconciliation has not been prepared by the ULB.



Details of closing balance of Cash Book and Passbook:--

Si. No	Name of Scheme	Bank name/Account No.	Balance as per cash book As on 31-03-2019	Balance as per pass book As on 31-03-2019	Difference	Reconciled
1	Treasury	Treasury PLA A/C	3,00,74,791.99	3,01,27,171.99	52,380.00	Reconciled
2	Swatch Bharat Mission	ICICI/0800	24,41,015.00	24,41,015.00	0.00	Not Required
3	SJSRY, ILC S & NSDP	PNB/83008	15,17,924.00	15,91,597.90	73673.9	Reconciled
4	Sbi current A/c	SBI/8048	43,219.57	182973.57	139754.00	Reconciled
5	13 th /14 th fin, SBM	PNB/130278	5,03,580.24	5,03,580.24	0.00	Not Required
6	BRGF	SBI & CAN/229 & 597	9,224.00	9,224.00	0.00	Not Required
7	Internal Resource	PNB/302	1,84,156.07	1,89,890.07	734.00	Reconciled
8	Kabir Anteysthi	PNB / Different Account PNB	2,22,492.40	2,22,492.40	0.00	Not Required
9	House for All	SBI/491	11,37,089.50	12,37,089.50	0.00	Not reconciled
10	Pension	SBI/494	1,14,439.50	1,14,439.50	0.00	Not Required
11	Pension	SBI/056	28,765.82	26,765.82	1000.00	Reconciled



IV. Revenue Receipts: -

Income Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	Total Receipts (A+B)	35625502	32137154	127684733	35625502		
A.	Revenue Receipts (1+2+3)	4634397	727935	21541838	4634397		
1	Own Revenue Receipts (a+b)	556157	619924	948448	556157		
a)	Tax Revenue(levied and collected by municipal body)	548557	5589510	926682	548557		
i)	Property tax	548557	581260	918682	548557		
ii)	Other tax (levied and collected by municipal body)	0	8250	8000	0		
b)	Non-tax revenue (levied and collected by municipal body)	7600	30414	21766	7600		
i)	Fees & fines	0	0	0	0		
ii)	User Charges	7600	20964	21766	7600		
iii)	Other non-tax revenue (levied and collected by municipal body)	0	9450	0	0		
2	Other Revenue Receipts	1021054	64793	262626	1021054		



a)	Income from interest/investments	50338	64793	211526	50338		
b)	Other Revenue income	970716	0	51100	970716		
3	Transfers/ Grants/ Assigned Revenues	3057186	83218	20330764	3057186		
a)	State Assigned Revenue	524772	83218	12796847	524772		
b)	State Finance Commission (SFC) Grants/ Devolution	1443746	-	7210024	1443746		
c)	Octroi compensation	0	-		0		
d)	Other State Govt. Transfer	1088668	0	323893	1088668		
e)	Central Finance Commission (CFC) Grant	0	-	0	0		
f)	Other Central Govt. Transfer	0	-	0	0		
g)	Others	0	-	0	0		
B.	Capital Receipts	30991105	31369218	106142895	30991105		
1	Sale of Municipal Land	0	-	0	0		
2	Loans (from State Govt. or Banks etc.)	0	-	0	0		
3	State capital account Grant (under state Scheme)	18575786	12536217	13261109	18575786		
4	Central capital account Grant	12415319	18833001	92881786	12415319		
5	Other capital Receipt	0	0		0		



v. Revenue and Capital Expenditure Information: -

Sl. No.	Details	2017-18		2019-20			
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
Total Expenditure (1+2)		39479148	21303812	141984048	39479148		
1.	Revenue Expenditure	12359447		27023281	12359447		
1.1	Administrative Expenses, Establishment and Salaries (All Departments-Regular and Contractual Staff)	6275510		6051980	6275510		
1.2	Operation and Maintenance (O&M)	4711230		9654539	4711230		
1.3	Loan repayment (Interest payments)	0			0		
1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	1372707	21303812	11316762	1372707		
2.	Capital Expenditure	27119700		114960767	27119700		
2.1	All developmental works under Central/State specific schemes	27119700		104167060	27119700		
2.2	Loan Repayments (Principal Amount)	0		10793707	0		
2.3	Other Capital expenditure	0			0		
							Not Applicable



VI. Status of implementation of Double Entry Accounting System

Double Entry Accounting System is not implemented in the Khusropur Nagar Panchayat in the financial year 2018-19. However, DEAS consultancy has done work on double entry accounting in Nagar Panchayat since 11.03.19.

VII. Status of Municipal Accounts Committee; if meeting is held

Khusropur Nagar Panchayat has not been constituted Municipal Accounts Committee under section 98 of the Municipal Act, 2007.

5. Audit Observations

Part – A

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

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

(a) Mobile Tower Collection: -

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

Criteria – Tower Tax is taxes on Communication Tower & related structure as defined in BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES, 2012. As per the rule, all operators are required to register with their concerned ULBs and pay registration fee & renewal charges on annual basis for communication tower erected within municipal area. Currently the registration fee for Nagar Panchayat is Rs. 30,000/- per tower and annual renewal fee is Rs. 8,000/- per annum per tower. If it does not take registration or renewal on time, then they will have to pay 1.5 % interest per month as penalty.

Condition –As per details provided to us there are total 4 Mobile Towers installed within the Area of Khusropur Nagar Panchayat up to 31.03.2019 and Rs. 6,52,040.00 has been due but not collected till the date of audit from these tower operators as Tower Tax.

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

Cause – We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB has not proper mechanisms for supervision and monitoring of the Tower Rent due to which result in Revenue leakage.

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

Sl. No	Location of Installation	Name of Company	Establishment Year	Total Registrati on Fees	Total Renewal Fees	Interest	Total Receivable Amount	Total Arrear
1	Station Road Near Fish market	Airtel	2006	0	88000	79240	167240	197240
2	Miyan Toli	Tata tele Service	2008	30000	72000	113400	215400	215400
3	Miyan Toli	Idea	2008	30000	72000	113400	215400	215400
4	Miyan Toli	Jio	2016	30000	24000	0	54000	54000
TOTAL: -				90000	256000	306040	652040	652040

(b) Advertisement Tax

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

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

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

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

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



(c) Holding & Property Tax Deposit – Irregularity: -

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

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

Condition –

- Holding tax of Rs. 2, 61,510.00/- and Miscellaneous Tax of Rs. 29,733.00/- i.e., total Rs. 2, 91,243.00/- collected by the tax collector Mr. Birju Prasad during 1st Qtr., 2nd Qtr., 3rd Qtr. & 4th Qtr. of the financial year 2018-19 but deposited only Rs. 1,70,825.00/- up to 4th Qtr. and total dues in the hand of Mr. Birju Prasad is Rs. 1,20,418.00 up to 4th Qtr. of financial year 2018-19. However Rs. 54288.00 is also dues for the financial year 2017-18. Therefore total dues in the hand of Mr. Birju Prasad is Rs. 1,74,706.00 till the 4th Qtr of financial Year 2018-19. Details provided below:-

Sr. No.	Particulars	Collection Month	Collected Amount	Deposited	Dues
1.	Holding Tax	April	12616.00	27,240.00	-14624.00
		May	20691.00	34667.00	-13976.00
		June	24666.00	14462.00	10204.00
		July	34710.00	-	34710.00
		August	69917.00	34710.00	35207.00
		September	19212.00	25356.00	-6144.00
		October	14012.00	-	14012.00
		November	9214.00	-	9214.00
		December	16689.00	27990.00	-11301.00
		January	10860.00	0.00	10860.00



		February	15803.00	0.00	15803.00
		March	13120.00	0.00	13120.00
2.	Miscellaneous Tax	April	3500.00	0.00	3500.00
		May	3556.00	0.00	3556.00
		June	2500.00	0.00	2500.00
		July	1250.00	0.00	1250.00
		August	2600.00	0.00	2600.00
		September	5327.00	6400.00	-1073.00
		October	750.00	0.00	750.00
		November	1000.00	0.00	1000.00
		December	9250.00	0.00	9250.00
Current Year (2018-19)			2,91,243.00	1,70,825.00	1,20,418.00
Previous year(2017-18)			1,47,973.00	93,685.00	54,288.00
Total Dues till 4th Qtr			4,39,216.00	2,64,510.00	174706.00

- In some cases, collected amount has been retained by the Tax Collectors for a period of 1-2 months from the date of collection of taxes. Details provided below:-

SI NO	Name of Tax Collector	RECEIPT NUMBER	DATE OF COLLECTION	DATE OF DEPOSIT	Collected	Deposited
1.	Mr. Birju Prasad	3423-3427	01-01-2019 to 31-01-2019	-	10860.00	Not Deposited
		3428-3436	01-02-2019 to 28-02-2019		15803.00	
		3437-3451	01-03-2019 to 31-03-2019		13120.00	



2.	Mr. Ramdev Das	3392-3507	03-01-2019 to 31-03-2019	08-02-2019	20264.00	20264.00
		3508-3540	01-02-2019 to 28-02-2019	18-03-2019	22714.00	22714.00
		3541-3573	01-03-2019 to 31-03-2019	29-03-2019	36395.00	36395.00
3.	Mr. Shambhu Paswan	3049-3054	01-01-2019 to 31-01-2019	29-03-2019	4073	4073

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

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

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

(d) Holding & Property Tax Collection – Irregularity: -

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

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

Condition – We observed that the collection of property tax (Holding Tax) is very poor there are total demand for the FY 2018-19 is 40,21,331.00 including arrear of previous financial year is Rs. 17,82,125.00 but collected only Rs. 9,50,554.00 till the 4th Qtr. of FY 2018-19 and remaining amount of Rs. 30,70,777.00 is dues. It means only 23.64 % has been collected till the 4th Qtr. of financial year 2018-19.

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

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



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

(e) Market/Shop Rent Collection: –

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

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

Condition– ULB has no any own shop in their nagar Panchayat.

b. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULB's:

- No observation found during the course of audit.

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

Sr. No	Name of Holder	Holding No.	Annual Valuation		Tax (Area*Rate) *9%	Remarks
			Build up Area	Vacant plot Area		
1.	REETA DEVI	NN-001- 0126	158949	0	14305	Correct Valuation
2.	BAIDNATH PRASAD	NN-001- 0132	48788.6	0	4391	Correct Valuation
3.	SRI VIJAY GOURAKSHNI SABHA	WW-003-0078	132330	0	11910	Correct Valuation
4.	SHANTI DEVI	SS-004-0030	1933470.00	1015.74	174205	Correct Valuation
5.	SRI VIJAY GOURAKSHNI SABHA	WW-003-0076	141645	0	12510	Correct Valuation
6.	KASAIYA GABRA PARK	EE-001- 0070	0	27220	7622	Correct Valuation



7.	SACHIV DAYANAND BALAK MADHYA VIDYALAY (SACHIV MANOJ KUMAR ARYA)	SS-004-0147	40768.00	214156.4	44359	Correct Valuation
8.	SURENDRA PRASAD	SS-004-0212	0	816600	89826	Correct Valuation
9.	CHANDRA DEV PRASAD	EE-005- 0204	61336	1731.7	5849	Correct Valuation
10.	DARGAH	EE-001- 0013	2304	21898.2	4368	Correct Valuation
11.	ANKU PRASAD(DL)	EE-001- 0067	73656	0	6629	Correct Valuation
12.	RUPESH,MUK ESH KUMAR	EE-006- 0191	26912.5	0	2422	Correct Valuation
13.	CHANDRA DEV PRASAD	EE-005- 0204	61336	1731.7	5849	Correct Valuation
14.	DWARIKA SINGH	SS-002- 0050	46200	79	4173	Correct Valuation
15.	VIMLA DEVI	WW-002-0104	59286	1327	5588	Correct Valuation
16.	AJAY	WW-002-0107	59280	4412	6174	Correct Valuation
17.	SURENDRA MAHTO	SS-003- 0151	0	108880	11977	Correct Valuation
18.	PREM JAISWAL	EE-005- 0202	25960	60.28	11453	Correct Valuation
19.	DAYANAND BALIKA MADHYA VIDYALA	WW-002-0068	59740	7716	6843	Correct Valuation



20.	SRI 108 KRIPAL MAHARAJ THAKURBAR MANDIR	RAM DAS JEE I	EE-004- 0263	33574	63354	20761	Correct Valuation
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Note: Property / Holding tax are assessed by the ULB. On test check basis, we have calculated the area and no variance found. However, it is very difficult to do the Field Survey due to resentment of property holders and sometimes it gets very ugly.

ii. **Part-B**

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

(a) **Non –maintenance of books of accounts, subsidiary registers: -**

We have observe that following register which are given below that have not been maintained by the Khusropur Nagar Panchyat:-

1.	UlB is not in practice to maintain subsidiary cash book of all scheme.
2.	Monthly receipt and payment account is not prepared by the Khusropur Nagar Panchyat.
3.	Monthly income and expenditure account is not prepared by the Ulb.
4.	Grant register is not maintained by the Khusropur Nagar Panchyat
5.	Scheme register is not maintained at the Ulb level.
6.	Advance issue and recovery register is not maintained by the Ulb.
7.	Pay-roll register is maintained by the Ulb.
8.	Assessment register of property tax.
9.	Provision made register of all taxes/user charges/ fees & fines.
10.	Demand and collection register of shop rent.
11.	Demand and collection of mobile towers and registration files of mobile tower.
12.	UlB is not in practice to maintain procurement register.
13.	Bid register is not maintained by the Ulb.
14.	Cheque issue register is not maintained by the Khusropur Nagar Panchyat.
15.	Records and revision of Taxes and rent.
16.	Civil suit register is not maintained at the Ulb level.



17.	Demand and collection register of Hoardings.
18.	ULB is not in practice to maintain fixed asset register.
19.	Stocks register are not properly maintained.
20.	Sairat register is not maintained at the ULB level.
21.	Log book is not prepared at the ULB level.

(b). Irregularity in procurement process: -

- Khusropur Nagar Panchayat is purchasing daily consumable stocks like Chuna, Bleaching Powder, lime powder etc. from supplier Mr. Sanjeet kumar jaiswal two or three times of market price. Details provided below:-

Sr.No.	Particular	Market Price	Purchased Price
1.	Chuna Powder	8.00/-	21.00/-
2.	Bleaching Powder	15.00/-	46.00/-
3.	Methanol Chemical	350.00/-	790.00/-

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

No observation is found on this regard.

(d). Non-compliance of Act & Rules: -

- The ULB is not preparing the Accounts and Financial Statement as per Section 86 & 88 of the Bihar Municipal Act, 2007. As required under section 88 of the said Act, the ULB is required to prepare within four months from the close of the year, Financial Statement Containing an Income & Expenditure Accounts and a Receipt and Payment Account for the previous year w.r.t. the accounts of the ULB.
- The ULB is not preparing Fund Wise Receipts & Payments under BMAR Form No. 71 within 20th day of the subsequent months as per Rule 120 of the Bihar Municipal Accounts Rule 2014.
- The ULB is not preparing following Financial Statement of the Preceding years as required under Rule 122 of the Bihar Municipal Accounts Rule, 2014:

- a. Receipt & Payment Accounts for the Year (BMAR Form No 71).
- b. Income & Expenditure Account for the Year (BMAR Form No 73).
- c. Balance Sheet as on 31st March of the Year (BMAR Form No 74).

iv. The ULB is not depositing the Collection of revenue from its own sources on the same day on which it is being collected. The details are provided here in below:

(e). Lack of internal control measures: -

- There should be subsidiary cash book for each scheme however; subsidiary cash book has not been prepared by the Khusropur Nagar Panchyat.
- No advance and recovery register is maintained by the Khusropur Nagar Panchyat. Advance are given to the employee without any requisition form.
- Log book is not properly maintained and consequently its analysis is not possible.
- Bank reconciliation statement is not prepared by the Khusropur Nagar Panchyat.
- Cash book has not been balanced and authorized by the executive officer on daily basis.

(f). Non-compliance of TDS and other relevant statute: -

We observed that TDS, Royalty and Labour-cess for the financial year 2018-19 has been deducted but not deposited to appropriate authority on timely. Also return filling of TDS & VAT has not been made by the ULB.

(g). Deficiency in pay-roll system: -

The pay-roll system at the ULB is not satisfactory. The register, records relating to statutory deduction like PF, ESIC, Income tax are not maintained. The PF, ESIC with respect to permanent and contractual employee are neither deducted nor paid to the statutory authority.

(h). Utilizations of grant and report on missing Utilization certificates till the 4th Qtr. of financial year 2018-19 has not been submitted to the Urban Development & Housing Department till the date of audit.

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

S. No.	Name of Scheme	Letter No.	Amt. Allotted	UC Pending Amt.
1.	Samrat Ashok Bhawan	126/28.02.2018	6763000	6763000



2.	City Manager Honorarium	41/24.08.2018	197220	197220
3.	EO Salary	07/22.05.2018	700000	700000
4.	5 th Finance	15/03.07.2018	5830574	5830574
5.	5 th Finance	21/10.07.2018	5962903	5962903
6.	Nali Gali Pakkikaran	09/30.05.2018	4353583	4353583
7.	Nala Nirman	66/27.09.2018	9367450	9367450
8.	Pesakar Mad	27/24.10.2018	681842	681842
9.	14 th Finance	82/31.10.2018	3499183	3499183
10.	Nagrik Suvidha Mad	81/31.10.2018	1806000	1806000
11.	14 th Finance	120/25.01.2019	3474712	3474712
12.	Nali Gali Pakkikaran	99/06.03.2019	1373749	1373749
13.	Vidhut Bhugtan	135/30.03.2019	5290706	5290706
14.	Nagrik suvidha Mad	47/06.08.2019	1806000	1806000
15.	Pesakar Mad	51/09.08.2019	726160	726160
16.	14 th Finance	38/11.07.2019	4695035	4695035
17.	5 th Finance	53/13.08.2019	6530369	6530369
18.	City Manager Honorarium	26/26.06.2019	120000	120000
19.	EO Salary	42/12.07.2019	219520	219520
20.	City Manager Honorarium	76/13.09.2019	240000	240000

i. Physical verification of inventory/stores: -

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

j. Advances, their adjustment & recovery: -

No advanced and recovery register is maintained by the Khusropur Nagar Panchyat. Advances are given to the employees without any requisition form. Approval is given by the executive officer on the concerned file. After the submission of bills, concerned advances are adjusted with the concerned files. ULB does not summery details of the amount of advances given to the Employees.



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

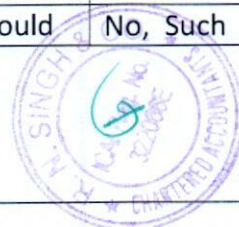
ULB has idle fund remaining in its account during the financial year 2018-19. If these funds be transferred to other account or utilised in other scheme, there would not be any blockage of fund.

PART – "C"

Scope of Audit

Sl. No	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	No observation found in this regard.
2	What is the status of implementation of SAS of Property Tax in the ULB; If SAS has been implemented then witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not).	We have been witnessed the 20 high value of property same has been reported point c of PART A of the report.
3	Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR Rule 22: All moneys to be brought to account Rule: 27: Collections to be deposited into Bank on the same day Rule 69: Grant Related Compliance Rule 120-121: Monthly Receipt & Payment Account and Trial Balance Rule 130: Audit to be completed & reported within 6 month	All the compliance has been made at ULB except Rule: 27 & Rule 120-121. Ulb is not in practice to deposit collect amount into bank on the same day. Details provided in detailed report.
4	Whether all such compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have	Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD,

	been complied.	Gob have been complied.
5	If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sai rat etc. have incurred then quantify the same.	Loss of Rs. 6,52,040.00 has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.
6	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.	No Observation Found in this regard.
7	Whether all Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Observations have been reported in point b of Part B of the report.
8	An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD & HD website.	UC of Rs 67.63 lakhs of various scheme are pending for submission to the Urban Development & housing Department till the 4th Qtr. of financial year 2018-19.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	We have been verified such instances and found some irregularities. Details of irregularity have annexed in Executive Summary in Observation Para, and recommendations have also been annexed in Recommendation in Executive Summary.
10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Yes, all payment has been made according to payment terms & conditions of tenders.
11	Whether the fixed deposit and other funds should	No, Such type of issued found in this



	be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	regards.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for revenue losses.	We have verified all major areas of ULB and assessed some revenue losses, same have been reported in "Part A".
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	<p>We observed that statutory compliance has not been accomplished by ULB regarding deduction, deposit and return also.</p> <p>Details of major statutory irregularities are:</p> <ul style="list-style-type: none"> • TDS return has not been filled. • TDS have not been deposited within the stipulated time line. • Labor cess has not been deducted appropriately. • VAT liability has not been settled till the date of audit. <p>Penalty and Interest may be levied on ULB as per Statutory Laws.</p>



General Observations: -

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

For, R.N. Singh & Co.

Chartered Accountants

FRN: 322066E

CA Chanakya Shree

Partner

Mem No: 079322

UDIN- 20079322AAAAMD9728

Date- 11-06-2020

Internal Audit Report



Discussion Note of Khusropur nagar Panchayat

For the financial Year 2018-19

Sl. No.	Observation	Management Comment
1.	Amount Collected from own sources revenue has not been deposited into bank by the ULB on which is required to be deposited same day.	It will be taken care in future.
2.	Holding tax of Rs. 2,61,510.00/- and Miscellaneous Tax of Rs. 29,733.00/- i.e., total Rs. 2, 91,243.00/- collected by the tax collector Mr. Birju Prasad during the financial year 2018-19 but deposited only Rs. 1,70,825.00/- during the financial year. However previous year dues of Rs. 54288.00 are also in the hand of Mr. Birju Prasad. Therefore total dues in the hand of Mr. Birju Prasad is Rs. 1,74,706.00 till the 4th Qtr. of financial year 2018-19.	Amount are deposit after audit period.
3.	We observed that the collection of property tax (Holding Tax) is very poor there are total demand for the FY 2018-19 is 40,21,331.00 including arrear of previous financial year is Rs. 17,82,125.00 but collected only Rs. 9,50,554.00 till the 4 th Qtr. of FY 2018-19 and remaining amount of Rs. 30,70,777.00 is dues. It means only 23.64 % has been collected till the 4th Qtr. of financial year 2018-19.	It will be taken care in future.
4.	Double entry accounting system has not been implemented by the Khusropur Nagar Panchyat.	Double entry accounting system are implemented by TROS consulting firm.
5.	Ulb has not implemented computerized accounting system.	Computerized accounting system are implemented by TROS consulting firm.
6.	ULB is not properly maintaing Main Cash Book and subsidiary cash book.	It will be properly maintained in future.
7.	Cash Book has not been balanced and authorized by the executive Officer on daily basis.	It will be taken care in future.
8.	Stock register is not properly maintained by the Khusropur nagar panchayat.	It will be prepared in future.



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9.	During the audit we have observe that vouchers are not chronically arranged and binded.	It will be prepared in future.
10.	ULB has not been in practice to prepare monthly receipt and payment account.	It will be prepared in future.
11.	Demand and collection register is not maintained by the ULB.	Demand and collection are maintained in computer.
12.	Daily Collection Register has not been maintained.	It will be prepared in future.
13.	ULB is not in practice to prepare summary of daily collection receipt in form GEN-13.	It will be prepared in future.
14.	ULB is not in practice to deducted time extension @10% on which there contract is not completed within stipulated time limit.	It will be taken care in future.
15.	Khusropur nagar Panchayat is not in practice to collect Advertisement tax. Which causes revenue loss to nagar Panchyat.	It will be taken care in future.
16.	Log book is not properly maintained and consequently its analysis is not possible.	It will be properly maintained in future.
17.	No advance and recovery register is maintained by the Khusropur Nagar Panchayat. Advance are given to employee without any requisition form.	It will be prepared in future.
18.	During the audit we have observe that vouchers are not serially arranged.	It will be maintained in future.
19.	Khusropur Nagar Panchayat is purchasing daily consumable stocks like Chuna, Bleaching Powder, lime powder etc. form supplier Mr. Sanjeet kumar jaiswal two or three times of market price. Details provided in detailed report.	It will be taken care in future.
20.	TDS, VAT, Royalty and Labour Cess have been deducted but it has not been deposited on quarterly basis. As per Income Tax Act 1961, penalty may be levied on ULB. It is a statutory irregularity.	It will be taken care in future.
21.	Tower tax has not been collected, since the establishment of the ULB even though number of tower is 4 as on 31-03-2019. Thus total outstanding tax amount is Rs. 6,52,040.00 For registration fee, renewal fee.	We are send notice against these tower operators.



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22.	Section 84 of the Bihar Municipal Act, 2007. Provides that Municipality shall submit its budget intimates for the ensuring year to the State Govt. by 15 th of the March. But information furnished by the Nagar Panchayat revealed that budget estimates were not passed on time by the board, which resulted into delay transmission of the same to the State Government.	It will be taken care in future.
23.	No Separate Grant register is being maintained; hence, it is difficult to find out the amount of unutilized grant at any point of time.	It will be prepared in future.
24.	Procurement register is not maintained by the Khusropur Nagar Panchyat.	It will be prepared in future.
25.	Cheque issue register is not maintained by the Khusropur Nagar Panchyat.	Cheque issue register are maintained.
26.	Various register books of records etc. are not being prepared by the ULB such as Demand Register, statutory register with regards TDS, VAT, Labour Cess and royalty, Bid register of shop, Survey register/files of hoardings.	It will be taken care in future.
27.	Municipal Accounts Committee has not been constituted by the Khusropur Nagar Panchyat.	Municipal Accounts Committee, will be constituted in next Board meeting.
28.	Khusropur Nagar Panchayat has not in practice to deduct PF, and ESIC with respect to contractual employees.	It will be taken care in future.
29.	Khusropur Nagar Panchayat has not in practice to deduct Tds at the time of salary payment to the permanent and contractual employees.	It will be taken care in future.



[Signature]
कार्यपालक पदाधिकारी
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खुसरपुर

क्र. सं.	सहायक अनुदान का विवरण एवं वर्ष	समाप्त स्वीकृतादेश सं. एवं तिथि	स्वीकृतादेश एवं आवंटन में आवंटित राशि	आवृत्त राशि के विरुद्ध निकाय द्वारा निकासी की राशि की गई राशि	टी.बी. नं. एवं तिथि	वी.एल.ओ. खाता में जमा की गई राशि	वित्तिय वर्ष जिसमें राशि खर्च की गई राशि	संबंधित मद में खर्च की गई राशि की राशि	समाप्त आवंटन के अंतर्गत गरीबों के विरुद्ध किए गए व्यय के उपलब्ध 2016 को अंतर्गत राशि	सहायक कोषों में जमा की गई राशि	चालन सं. / तिथि	समाप्त उपयोजित प्रमाण-पत्र में निहित राशि	समाप्त उपयोजित प्रमाण-पत्र की तिथि	लॉडिंग U.C. की राशि	वी.एल.ओ. खाता में जमा अंतर्गत राशि				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
1	2017-18	सहायक अनुदान आवंटन मद 07/ 23.05.2017	स्वीकृतादेश सं. 07/ 23.05.2017	5.00000	5.00000	T/2217/00001 19.07.2018	5.00000	2017-18	5.00000	NIL	NIL	NIL	15.12.2017	5.00000	15.12.2017	NIL	NIL	NIL	
2	2017-18	सहायक अनुदान आवंटन मद 145/ 19.01.2018	स्वीकृतादेश सं. 145/ 19.01.2018	7.00000	7.00000		7.00000	2017-18	6.55000	NIL	NIL	NIL	05-04-19	7.00000	05-04-19	NIL	NIL	NIL	
3	2017-18	सहायक अनुदान आवंटन मद 10/ 31.05.2017	स्वीकृतादेश सं. 10/ 31.05.2017	1.97200	1.97200	T/2217/00002 19.07.2017	1.97200	2017-18	1.97200	NIL	NIL	NIL	29.01.2019	1.97200	29.01.2019	NIL	NIL	NIL	
4	2017-18	सहायक अनुदान आवंटन मद 102/ 29.01.2018	स्वीकृतादेश सं. 102/ 29.01.2018	1.97200	1.97200	T/2217/00003 16-02-2018	1.97200	2017-18	1.97200	NIL	NIL	NIL	05-04-19	1.97200	05-04-19	NIL	NIL	NIL	
5	2017-18	सहायक अनुदान आवंटन मद 15/ 15.06.2017	स्वीकृतादेश सं. 15/ 15.06.2017	2.28000	2.28000	T/2217/00003 19.07.2017	2.28000	2017-18	2.28000	NIL	NIL	NIL	05-04-19	2.28000	05-04-19	NIL	NIL	NIL	
6	2017-18	सहायक अनुदान आवंटन मद 23/ 30.06.17	स्वीकृतादेश सं. 23/ 30.06.17	5.24772	5.24772	T/2217/00004 19.07.2017	5.24772	2017-18	5.24772	NIL	NIL	NIL	25.10.2018	5.24772	25.10.2018	NIL	NIL	NIL	
7	2017-18	सहायक अनुदान आवंटन मद 33/ 07.08.2017	स्वीकृतादेश सं. 33/ 07.08.2017	14.99790	14.99790	T/2217/00002 16.08.2017	29.99579	2018-19	29.99579	NIL	NIL	NIL	05-04-19	29.99579	05-04-19	NIL	NIL	NIL	
8	2017-18	सहायक अनुदान आवंटन मद 97/ 24.01.2018	स्वीकृतादेश सं. 97/ 24.01.2018	14.95815	14.95815	T/2217/00001 16.08.2017	29.91630	2018-19	29.91630	NIL	NIL	NIL	05-04-19	29.91630	05-04-19	NIL	NIL	NIL	
9	2017-18	सहायक अनुदान आवंटन मद 43/ 24.08.2017	स्वीकृतादेश सं. 43/ 24.08.2017	15.00700	15.00700	T/2217/00002 14.10.2017	16.00200	2018-19	16.00200	NIL	NIL	NIL	05-04-19	16.00200	05-04-19	NIL	NIL	NIL	
10	2017-18	सहायक अनुदान आवंटन मद 46/ 14.09.2017	स्वीकृतादेश सं. 46/ 14.09.2017	29.95066	29.95066	T/2217/00002 14.10.2017	59.90131	2018-19	59.90131	NIL	NIL	NIL	05-04-19	59.90131	05-04-19	NIL	NIL	NIL	
11	2017-18	सहायक अनुदान आवंटन मद 68/ 30.10.2017	स्वीकृतादेश सं. 68/ 30.10.2017	11.01545	11.01545	T/2217/00003 14.10.2017	18.69352	2018-19	18.69352	NIL	NIL	NIL	05-04-19	18.69352	05-04-19	NIL	NIL	NIL	
12	2017-18	सहायक अनुदान आवंटन मद 38/ 11.08.2018	स्वीकृतादेश सं. 38/ 11.08.2018	10.90700	10.90700		21.81400	2018-19	21.81400	NIL	NIL	NIL	05-04-19	21.81400	05-04-19	NIL	NIL	NIL	
13	2017-18	सहायक अनुदान आवंटन मद 126/ 28.02.2018	स्वीकृतादेश सं. 126/ 28.02.2018	67.63000	67.63000		67.63000	2018-19	67.63000	67.63000	67.63000	67.63000	1.97220	67.63000	1.97220	67.63000	67.63000	67.63000	67.63000
14	2018-19	सहायक अनुदान आवंटन मद 41/ 24.08-18	स्वीकृतादेश सं. 41/ 24.08-18	1.97220	1.97220		1.97220	2018-19	1.97220	NIL	NIL	NIL	7.00000	1.97220	7.00000	7.00000	7.00000	7.00000	7.00000
15	2018-19	सहायक अनुदान आवंटन मद 07/ 22-05-2018	स्वीकृतादेश सं. 07/ 22-05-2018	7.00000	7.00000		7.00000	2018-19	7.00000	NIL	NIL	NIL	58.30574	7.00000	58.30574	58.30574	58.30574	58.30574	58.30574
16	2018-19	सहायक अनुदान आवंटन मद 15/ 03-07-2018	स्वीकृतादेश सं. 15/ 03-07-2018	29.15287	29.15287		58.30574	2018-19	58.30574	NIL	NIL	NIL	59.62903	58.30574	59.62903	59.62903	59.62903	59.62903	59.62903
17	2018-19	सहायक अनुदान आवंटन मद 21/ 10-07-2018	स्वीकृतादेश सं. 21/ 10-07-2018	29.81451	29.81451		59.62903	2018-19	59.62903	NIL	NIL	NIL	43.53583	59.62903	43.53583	43.53583	43.53583	43.53583	43.53583
18	2018-19	सहायक अनुदान आवंटन मद 09/ 30-05-2018	स्वीकृतादेश सं. 09/ 30-05-2018	1.28483	1.28483		43.53583	2018-19	43.53583	NIL	NIL	NIL	93.67450	43.53583	93.67450	93.67450	93.67450	93.67450	93.67450
19	2018-19	सहायक अनुदान आवंटन मद 66/ 27-09-2018	स्वीकृतादेश सं. 66/ 27-09-2018	93.67450	93.67450		93.67450	2018-19	93.67450	NIL	NIL	NIL	6.81842	93.67450	6.81842	6.81842	6.81842	6.81842	6.81842
20	2018-19	सहायक अनुदान आवंटन मद 27/ 24-10-2018	स्वीकृतादेश सं. 27/ 24-10-2018	6.81842	6.81842		6.81842	2018-19	6.81842	NIL	NIL	NIL	34.99183	6.81842	34.99183	34.99183	34.99183	34.99183	34.99183
21	2018-19	सहायक अनुदान आवंटन मद 82/ 31-10-18	स्वीकृतादेश सं. 82/ 31-10-18	17.49592	17.49592		34.99183	2018-19	34.99183	NIL	NIL	NIL	18.06000	34.99183	18.06000	18.06000	18.06000	18.06000	18.06000
22	2018-19	सहायक अनुदान आवंटन मद 81/ 31-10-18	स्वीकृतादेश सं. 81/ 31-10-18	18.06000	18.06000		18.06000	2018-19	18.06000	NIL	NIL	NIL	34.74712	18.06000	34.74712	34.74712	34.74712	34.74712	34.74712
23	2018-19	सहायक अनुदान आवंटन मद 120/ 25-01-2019	स्वीकृतादेश सं. 120/ 25-01-2019	17.37356	17.37356		34.74712	2018-19	34.74712	NIL	NIL	NIL	17.37356	34.74712	17.37356	17.37356	17.37356	17.37356	17.37356



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सहायक अनुदान का विवरण वर्ष	सहायक अनुदान का मालदेय	संवित्त स्वीकृति सं० एवं तिथि	स्वीकृति एवं आवंटन के अन्तर्गत आय का आकलन	अवधि के अन्तर्गत आय का आकलन	टी०सी० न० एवं तिथि	वी०ए० खाता से जमा की गई राशि	बैंक खाता में जमा की गई राशि	वित्तीय वर्ष के अन्तर्गत आय का आकलन	संबंधित मद से आय की गई राशि	संवित्त के अन्तर्गत आय का आकलन 2016 के अन्तर्गत	कोषागार में जमा की गई राशि	वालन सं० / तिथि	संवित्त उपयोगिता प्रमाण-पत्र में निहित राशि	संवित्त उपयोगिता प्रमाण-पत्र की तिथि	लक्षित U.C की राशि	वी०ए० खाता में जमा की गई राशि
24 2018-19	नती वाली परस्फरण निचय योजना मद	99/ 06-03-2019	13.73749	13.73749		13.73749	2018-19	13.73749	13.73749	-	-				13.73749	
25 2018-19	सकाय विधुत विपन्न के भुगतान	135/ 30-03-2019	52.90706	52.90706		52.90706	2018-19	52.90706	52.90706	-	-				52.90706	
26 2019-20	नागरिक सुविधा मद	47/ 06-08-2019	18.06000	18.06000		18.06000									18.06000	
27 2019-20	पेशाकर मद	51/ 09-08-2019	7.26160	7.26160		7.26160									7.26160	
28 2019-20	14 TH FINANCE	38/ 11-07-2019	23.47518	46.95035		46.95035									46.95035	
29 2019-20	5th Finance	53/ 13-08-2019	32.65185	65.30369		65.30369									65.30369	
30 2019-20	नगर प्रबन्धक का मालदेय	26/ 26-06-2019	1.20000	1.20000		1.20000									1.20000	
31 2019-20	कार्यपालक पदाधिकारी वेतन आदि मद	42/ 12-07-2019	2.19520	2.19520		2.19520									2.19520	
32 2019-20	नगर प्रबन्धक का मालदेय	76/ 13-09-2019	2.40000	2.40000		2.40000									2.40000	
	Total		835.970	833.775		835.175			532.249	161.305			199.795		636.3801	