

Internal Audit Report

of

ULB: Darbhanga Nagar Nigam

For the period from 01-04-2018 to 31-03-2019

Internal Audit Conducted by:

GKSureka & Co.

Chartered Accountants

104, Baidyanath Palace, Jagdeo Path ,

Bailey Road Pillar No.10, Patna-800014. (Bihar).

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From 15-10-2019 to 16-10-2019

Report Issued on: 17-12-2019

Executive Summary

1. Introduction

Name of the Municipality	Nagar Nigam, Darbhanga.
Period Covered under Current Audit	01.04.2018 to 31.03.2019
Name of the Chief Municipal Officer for the period under Audit	Municipal Commissioner Mr. Ghanshyam Meena

2. Results and Findings

Strength observed during the audit engagement	<ul style="list-style-type: none">➤ General Cash Book & other prescribed Book has been written.➤ Staff Co-operation during the Audit period was very good.➤ All municipal transactions shall be identified with funds in accordance with rule 5, and separate accounting records have been maintained for each fund.➤ Office infrastructure is sufficient for operation.
Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement. <i>The comments under these two categories should summarize each significant Audit observation in the order of materiality. The summary should be as brief as possible and draw on the observations under the Para on Consequence/ Effect/ impact of each Audit observation. It should also include a summation of outstanding statutory and internal audit observations.</i>	<ul style="list-style-type: none">➤ Municipality has not been maintaining its books of accounts using double accounting system of book keeping following accrual system of accounting principles guided by the Bihar Municipal Accounting Manual.➤ Statement of outstanding liabilities for expense in BMAR Form-55 is not maintaining by the municipality.➤ The property tax register has not been provided to us to ascertain the Total Demand and Arrear at the end of audit period.➤ Taxes and other revenue collections from internal sources are not deposited in bank on same day.➤ Nagar Nigam is not maintaining the demand register for various types of Taxes and Rent to be collected from the revenue resources i.e. Holding Tax, Tower Tax, and Shop Rent etc.



	<ul style="list-style-type: none"> ➤ Assessment of Property Tax, Rent and other resources has not been conducting on regular intervals.
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3. Opinion

<p>Overall opinion of the Audit team about the functioning of the Municipality</p>	<p>The functioning of the Municipality is very weak due to following reasons:</p> <ul style="list-style-type: none"> ➤ Subsidiary Books of accounts are not maintained ➤ Internal Control w.r.t. collection of taxes, monitoring of grant, monitoring of advances, monitoring of schemes etc. is poor. ➤ Collection from own sources is poor. ➤ Grant received for various purposes are not utilized on timely basis. ➤ Manpower of Nagar Nigam is not adequate.
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4. Audit Recommendations

<p>The recommendations of Audit team on the observed weakness</p>	<p>We recommend the followings:</p> <ul style="list-style-type: none"> ➤ All the prescribed books of accounts and Registers should be prepared on real time basis. ➤ Cashier Cash Book should be written on daily basis. ➤ Collection by tax collector should be deposited on daily basis. ➤ Assessment of property should be conducted on regular intervals ➤ Demand Collection Register of all the wards should be prepared. ➤ Property tax register should be prepared as per new assessment. ➤ Collection from own sources should be improved.
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5. Comments from Management

Comment from Management	The audit report has been discussed with us; we will try our best to remove the irregularities pointed out in the audit report. For Nagar Nigam Darbhanga (Municipal Commissioner)
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6. Acknowledgment

We thank Dr. Ravindra Nath (Municipal Commissioner), Md. Mukhtar Ahmad Khan (Head Clerk) and Mr. Suman Sahay (Accountant) for their support during the period of our audit. We are also thankful to Tax Daroga (Mukesh Kumar Sharma) and support staffs of the municipality for their cooperation extended to us during the period of our audit.

For G. K. Sureka & Co.
Chartered Accountants
FRN.-513018C

(CA. G. K. Sureka)
Partner
M.N.-091380

UDIN:-20091380AAAAD09625

Date:- 24-06-2020

Place:

Date:

Detailed Audit Report

1. Introduction

The Internal audit of Nagar Nigam, Darbhanga covering period from 1st April 2018 to 31 March, 2019 was conducted by our audit team under guidance of CA. Gokul Kumar Sureka, Partner, M/s G.K. Sureka & Co., (Chartered Accountants).

- i. CA Anoop Kumar Singh
- ii. Mr. Piyush Singh
- iii. Irshad Siddiqui

2. Administration

The present body of the ULB has taken charge on 15th July 2019. The incumbency in the key administrative and executive position was as under:

Chairman : Smt. Bajjanti Devi Kheria, from 09.06.2017 to till date,
Vice Chairman : Md. Badrujma Khan, from 09.06.2017 to till date.
Municipal Commissioner : Ghanshyam Meena from 15th July 2019 till date.



3. Review of outstanding audit paras : Status of Audit Observations are as under:

Sl. No.	Particulars of Audit and date of report	Total No. of Audit Paras.	Total No. of 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 paras where no action has been taken	No. & date of Compliance report
1.	Audit report No. 32/2017-18	18	18	0	0	0	18	Not Complied.

The Major observations of AG audit report are as under:

Para No.	AG Audit Observations	Status of Compliance
1.	Loss of Revenue Rs.407717/- on non-endowment of Leheria Sarai Bus Stand for FY 2015-16.	Compliance report not yet submitted.
2.	Non-collection of compensation amount on excess execution of estimated work results in to Excess payment of Rs.216000/-.	
3.	Excess execution of estimated work results in to Excess payment of Rs.23446/-.	
4.	Irregular expenditure of Rs.697637/- on goods carriage.	
5.	Excess execution of estimated work results in to Excess payment of Rs.31439.66/-.	
6.	Un-utilised balance of Interest earned Rs.297.11 Lakh on grant balance.	
7.	Excess execution of estimated work and non-completion of some works results in to Excess payment of Rs.55122/-.	
8.	Non-deposit of endowment money Rs.646887/-	
9.	Loss of Revenue Rs.50000/- on non-endowment of Tempo Stand No.1 adjacent to west side of Leheria Sarai Bus Stand for FY 2015-16.	
10.	Short Collection of Service Tax from prescribed rate by Rs.93042/-.	
11.	Short deduction of Labour Surcharge of Rs.9874/- as per prescribed rate.	
12.	Non adjustment of Rs.26.93 Lakh of advance amount for Kabir Antyeyosi Scheme.	
13.	Blocking of amount Rs.10.25 of Rajeev Awas Yojna and Basic Infrastructure scheme.	
14.	Outstanding amount of Shop Rent Rs.143 Lakh.	
15.	Outstanding amount of Tower Tax Registration and Renewal Fees Rs.5.67 Crore.	
16.	Outstanding Property Tax Rs.10.94 Crore.	
17.	Amount of Advance pending for adjustment Rs.396.50 Lakh.	
18.	Failed expenditure on incomplete construction of toilets by Rs.3.65 Lakh.	



4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2016-17	2017-18	2018-19
Final/ Revised Budget	N.A	1,20,17,90,000	2,00,48,36,000
Actual Expenditure	N.A	63,05,52,476	86,41,62,353
Savings (+)/ Excess (-)	N.A	57,12,37,423	1,14,06,73,647

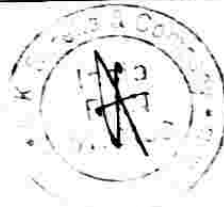
II. Volume of transactions

Period	Budgeted 2018-19	Previous year (For One year) 2017-18	Corresponding period of 2016-17	Current Period	Cumulative for the current period
Opening balance	62,45,32,526.18	84,68,06,851.56	N.A	94,82,61,258.92	94,82,61,258.92
Receipts	1,76,26,67,500.00	73,20,06,884.00	N.A	64,78,66,596.36	64,78,66,596.36
TOTAL	2,38,72,00,026.00	1,57,88,13,735.56	N.A	1461587835.28	1461587835.28
Net expenditure	2,00,48,36,000.00	63,05,52,476.64	N.A	86,41,62,353.30	86,41,62,353.30
Closing balance	38,23,64,026.18	94,82,61,258.92	N.A	59,74,25,481.98	59,74,25,481.98

III. Bank Reconciliation

Details of Bank Accounts and their reconciliation position are as under:

SL No.	NAME OF THE BANK	NAME OF SCHEME	ACCOUNT NUMBER	O/s Balance 31.03.2019
1.	Treasury P/L Account	5 th , 13 th , 14 th , Nagrik Swidha Stamp Duty & Jalapurti, Nali Gali etc	K8448001020001	32,71,81,418.78
2.	Indian Bank	Security Deposit, S.S.P & K.A.Y	543517883	6,66,64,883.17
3.	Indian Bank	BOQ Amount	994301201	18,73,640.00
4.	Indian Bank	E-Governance	6221662664	1,96,625.80
5.	Indian Bank	CSR Yojna	6357598216	2,71,490.00
6.	PNB Bank	13 th , 14 th Finance	108000102373885	90,37,769.70
7.	PNB Bank	Rajeev Aawas Yojna (Aadharbhoot)	108000102410098	5,20,03,929.55



8.	SBI Bank	Group Insurence	10376982982	5,87,046
9.	SBI Bank	AMRUT Mission	35865795094	28,41,800
10.	Bank of Maharashtra	NULM	60159546371	1,70,23,506
11.	Bank of Maharashtra	Internal Source	60231265741	77,70,943
12.	Bank of Maharashtra	Swchh Bharat Mission	60227568399	40,38,728
13.	Bank of Maharashtra	5 th Finance & Shahri Nali Gali	60245420848	31,28,127
14.	Bank of Maharashtra	5 th Finance & C.M Payjal Yojna	60245420622	35,12,152
15.	Bank of Maharashtra	House for All	60255117239	10,42,98,778
Bank Balance as per Pass Book as on 31-03-2019				60,04,30,837.98
Bank Balance as per Cash Book as on 31-03-2019				59,74,25,481.98
Difference				30,05,356.00

- Bank Reconciliation Statements have prepared by the Nagar Nigam. There is a difference of Rs. 30,05,356.00 between Cash Book and consolidated balance as per pass book of all accounts.

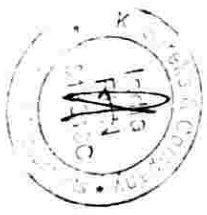


Income Details (Amounts to be provided in Rupees)

S. No.	Details	2017-18		2016-17 Not Available	2018-19		2017-18		2019-20 Not Applicable	2019-20	
		2017-18	2017-18		2018-19	2018-19	2017-18	2017-18		2019-20	2018-19
	Total Receipts (A+B)	73,20,06,884.00			64,78,66,596.36		73,20,06,884.00		64,78,66,596.36		
A	Revenue Receipts (1+2+3)	15,92,64,529.00			18,55,68,587.36		15,92,64,529.00		18,55,68,587.36		
1	Own Revenue Receipts (a-b)	11,87,15,802.00			13,90,57,498.00		11,87,15,802.00		13,90,57,498.00		
a)	Tax Revenue (levied and collected by municipal body)	10,41,36,049.00			13,90,57,498.00		10,41,36,049.00		13,90,57,498.00		
i)	Property Tax	10,15,09,609.00			--		10,15,09,609.00		--		
ii)	Other Tax (levied and collected by municipal body)	26,26,440.00			--		26,26,440.00		--		
b)	Non-Tax Revenue (levied and collected by municipal body)	1,45,79,753.00			--		1,45,79,753.00		--		
i)	Fees & Fines	1,05,36,251.00			--		1,05,36,251.00		--		
ii)	User Charges	33,51,022.00			--		33,51,022.00		--		
iii)	Other non-tax revenue (levied and collected by municipal body)	6,92,480.00			--		6,92,480.00		--		
2	Other Revenue Receipts	1,61,42,642.00			1,07,38,580.00		1,61,42,642.00		1,07,38,580.00		
i)	Income from interest/investments	1,23,98,882.00			82,98,141.00		1,23,98,882.00		82,98,141.00		
ii)	Other Revenue Income	37,43,760.00			24,40,439		37,43,760.00		24,40,439		
3	Transfers/ Grants/ Assigned Revenues	2,44,06,085.00			3,57,72,509.36		2,44,06,085.00		3,57,72,509.36		
a)	State Assigned Revenue	--			--		--		--		
b)	State Finance Commission (SFC) Grants/Devolution	--			--		--		--		
c)	Octroi Compensation	--			--		--		--		
d)	Other State Government Transfers	24406085.00			35772509.36		24406085.00		35772509.36		
e)	Central Finance Commission (CFC) Grant	--			--		--		--		
f)	Other Central Government Transfers	--			--		--		--		
g)	Others	--			--		--		--		
B	Capital Receipts	57,27,42,355.00			46,22,98,009.00		57,27,42,355.00		46,22,98,009.00		
1	Sale of Municipal Land	--			--		--		--		
2	Loans (from State Govt. or Banks etc.)	--			--		--		--		
3	State Capital Account Grant (under Central Schemes etc.)	34,03,18,408.00			26,75,55,809.00		34,03,18,408.00		26,75,55,809.00		

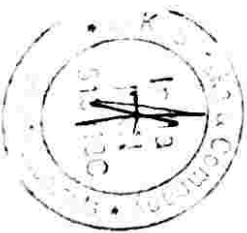


5	Central Schemes etc.)							
	Other Capital Receipts	57,560.00	--do--			57,560.00	--do--	



Expenditure Details (Amounts to Be provided in Rupees)

S. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	Total Expenditure (A+B)	63,05,52,577.94	Not Available	86,41,62,353.30	63,05,52,577.94	Not Applicable	86,41,62,353.30
1	Revenue Expenditure	45,45,76,659.94	--do--	35,85,10,727.30	45,45,76,659.94	--do--	35,85,10,727.30
1.1	Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	26,82,47,157.00	--do--	23,90,13,723.00	26,82,47,157.00	--do--	23,90,13,723.00
1.2	Operation and Maintenance (O&M)	2,17,30,624.03	--do--	1,93,62,202.00	2,17,30,624.03	--do--	1,93,62,202.00
1.3	Loan Repayment (Interest payments)	--	--do--	--	--	--do--	--
1.4	Others (any other revenue expenditure which is not salaries O&M or Interest Payment)	16,45,98,878.91	--do--	10,01,34,802.30	16,45,98,878.91	--do--	10,01,34,802.30
1.5	Advances to other agency	--	--do--	--	--	--do--	--
2	Capital Expenditure	17,59,75,918.00	--do--	50,56,51,626.00	17,59,75,918.00	--do--	50,56,51,626.00
2.1	All developmental works under Central/ State specific schemes	10,71,60,189.00	--do--	49,56,37,796.00	10,71,60,189.00	--do--	49,56,37,796.00
2.2	Loan Repayment (Principal Amount)	--	--do--	--	--	--do--	--
2.3	Other Capital Expenditure	48,52,022.00	--do--	57,81,422.00	48,52,022.00	--do--	57,81,422.00
	Advances	6,39,63,707.00	--do--	42,32,408.00	6,39,63,707.00	--do--	42,32,408.00



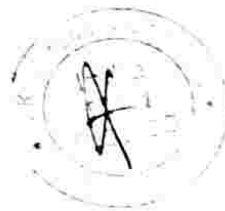
VI. Status of Implementation of Double Entry Accounting System

As suggested by the C&AG, the Ministry of Finance, Government of India has introduced a "National Municipal Accounts Manual" for adoption of accrual system of accounting system of accounting of ULBs. Based on NMAM, Bihar Municipal Accounts Manual (BMAM) has been got prepared by the Government of Bihar and has been enforced from April 1, 2007. Generally, ULB following cash-based accounting system which is only detail of total collection and expenses as per provision of BMR 2007, the double entry system should be employed to all ULB.

- Double Entry Accounting System had been implemented by our Firm M/s G.K. Sureka & Co. Chartered Accountants till March 2012 in Nagar Nigam Darbhanga. Further, reportedly after March 2012 DEAS in operation at ULB.
- Chartered Accountant firm Vinodh Singhal & Co. has been appointed by the UD & HD for implementation of Double Entry Accounting System in the Nagar Nigam for the period of 2012-13 to 2019-20.

VII. Status of Municipal Accounts Committee; if meeting held

As per section 98 of Bihar Municipal Act, 2007, it is necessary for the Municipality to constitute a Municipal Accounts Committee at its first meeting in each year or as soon as may be at any meeting subsequent thereto, **Municipal Accounts Committee has been constituted by the Nagar Nigam and meeting held on dated 24-07-2018.**



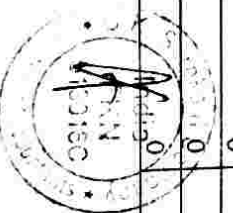
Criteria:

Registration Fees per tower @ Rs. 50,000/- and annual renewal fees @ Rs.15,000/- per annum to be collected. If more than 1 antenna is placed on the tower then an extra registration and renewal fees @ 60% per annum will be collected. Moreover a late fine at 1.5% would be imposed in case of delay in collection after first month of the financial year. Further after every 5 years renewal fees has to be increased by 25%. Further as per Rule 6(9) of Bihar Communication Towers and Related Structures Rules 2012, in case arrears of registration fees and/or renewal fees for any tower, the municipality reserve the right to seal the tower until the payment is received in full along with accrued interest.

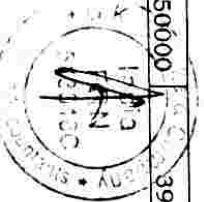
Condition-2

Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs.38908000/- is receivable from tower tax as on 31.03.2019.

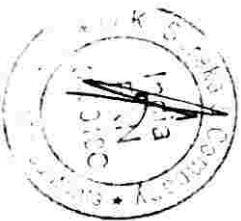
SL NO	NAME OF TOWER COMPANIES	PLACE OF ESTABLISHMENT TOWER	YEAR OF REGISTRATION	ARREAR OF REGISTRATION FEES	ARREAR OF RENEWAL FEES	Additional Antenna Registration Fees	Renewal Fees of Antenna	TOTAL DEMAND 31.03.2018	COLLECTION	NET DUE AMOUNT 31.03.2019
1	2	3	4	5	6		7	8	9	10
1		Qadriabad	2015-16	50000	60000	60000	72000	242000	0	242000
2		Mashelpura	2015-16	50000	60000	60000	72000	242000	0	242000
3	IDEA	Madarpur	2015-16	50000	60000	60000	72000	242000	0	242000
4		Chakrahat	2015-16	50000	60000	60000	72000	242000	0	242000
		Total							110000	858000
5		Senapath	2011-12	50000	120000	90000	216000	476000		476000
6		Naugarhi Bela	2015-16	50000	60000	150000	180000	440000		440000
7	Telenor	Rahamganj	2009-10	50000	150000	150000	450000	800000		800000
8		Maulviganj	2015-16	50000	60000	150000	180000	440000		440000
9		Lakshmi Sagar	2015-16	50000	60000	120000	144000	374000		374000
		Total						2530000		2530000
10		Pokhar	2015-16	50000	60000	0	0	110000		110000
11	BSNL	Kathalbari	2007-08	50000	180000	0	0	230000		230000
12		Dighdi Pokkhar	2008-09	50000	165000	0	0	215000		215000



14		Sah Supan	2010-11	50000	135000	60000	162000	407000	407000
15		Urdu Bazar	2008-09	50000	165000	30000	99000	344000	344000
16		Rahamganj	2003-04	50000	240000	90000	432000	812000	812000
17		Belwaganj	2013-14	50000	90000	60000	108000	308000	308000
18		Bangali Tola	2010-11	50000	135000	180000	486000	851000	851000
19		Shubhanarpur	2014-15	50000	75000	30000	45000	200000	200000
20		Lakshmi Sagar	21010-11	50000	135000	0	0	185000	185000
21		Gangasagar	2010-11	50000	135000	0	0	185000	185000
22		Beta	2015-16	50000	60000	60000	72000	242000	242000
23		Kabilpur	2015-16	50000	60000	90000	108000	308000	308000
		Total		5077000				5077000	5077000
24		Moulviganj	2007-08	50000	180000	180000	648000	1058000	1058000
25		Shamsher Ganj	2012-13	50000	105000	210000	441000	806000	806000
26		Kathalbari	2007-08	50000	180000	0	0	230000	230000
27		Kathalbari	2013-14	50000	90000	0	0	140000	140000
28		Misra Tola	2006-07	50000	195000	0	0	245000	245000
29		Rahamganj	2008-09	50000	165000	90000	297000	602000	602000
30		Urdu Bazar	2010-11	50000	105000	90000	189000	434000	434000
31		Abhanda	2007-08	50000	180000	60000	216000	506000	506000
32		V.K Road	2006-07	50000	195000	90000	351000	686000	686000
33	Aircel	Pandasarai	2000-01	50000	285000	330000	1881000	2546000	2546000
34		Manarjal	2006-07	50000	195000	120000	468000	833000	833000
35		Sarfuddin	2008-09	50000	165000	120000	396000	731000	731000
36		Rahamganj	2008-09	50000	165000	0	0	215000	215000
37		Mithila Colony	2006-07	50000	195000	90000	351000	686000	686000
38		Ali Nagar	2015-16	50000	60000	60000	72000	242000	242000
39		Shamsher Ganj	2015-16	50000	60000	60000	72000	242000	242000
40		Mandarpur	2015-16	50000	60000	60000	72000	242000	242000
41		Abhanda	2015-16	50000	60000	60000	72000	242000	242000
42		Balbhadrapur	2015-16	50000	60000	60000	72000	242000	242000
		Total		10928000				95000	10833000
43	Tata Docomo	Belakhas	2009-10	50000	150000	390000	1170000	1760000	1760000



45	Bangla Gardh	2010-11	50000	135000	180000	486000	851000		851000
46	Rajkumar Ganj	2005-06	50000	210000	180000	756000	1196000		1196000
47	Benta	2004-05	50000	225000	300000	1350000	1925000		1925000
48	Shubhanarpur	2010-11	50000	135000	210000	567000	962000		962000
49	Urdu Bazar	2007-08	50000	165000	60000	198000	473000		473000
			Total				7847000		7847000
50	Chowk	2008-09	50000	165000	150000	495000	860000		860000
51	Qadirabad	2010-11	50000	135000	30000	81000	296000		296000
52	Maulviganj	2009-10	50000	150000	270000	810000	1280000		1280000
53	Qadirabad	2009-10	50000	150000	120000	360000	680000		680000
54	Karthalbari	2010-11	50000	135000	0	0	185000		185000
55	Rajkumar Ganj	2005-06	50000	210000	210000	882000	1352000		1352000
56	Moshelpura	2006-07	50000	145000	30000	117000	342000		342000
57	Qilaghath	2009-10	50000	150000	180000	540000	920000		920000
58	Rahamganj	2010-11	50000	135000	30000	81000	296000		296000
59	Benta	2007-08	50000	180000	120000	432000	782000		782000
60	Dumdumma	2015-16	50000	60000	0	0	110000		110000
61	R.F Tak	2009-10	50000	150000	30000	90000	320000		320000
62	Khaja Sarai	2005-06	50000	210000	150000	630000	1040000		1040000
63	Qadipur	2005-06	50000	210000	120000	504000	884000		884000
64	B.K Road	2009-10	50000	150000	510000	1530000	2240000		2240000
65	Sarfuddin	2008-09	50000	165000	120000	396000	731000		731000
			Total				12318000	555000	11763000
								760000	38908000



Consequence/Effect/Impact:

Due to no collection of TOWER Rent there is a huge revenue loss to the Nagar Nigam.

Cause:

This happens due to non-monitoring the working activities of concerned authorised personal on regular basis.

Corrective Action/ Recommendation:

There should be proper records of mobile tower rent demand/ collection/ arrear and proper mechanism for supervision and monitoring for collection

iii. Non Collection of Advertisement Tax:

Criteria:

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

Condition

Nagar Nigam is collecting advertisement tax.

Consequence/Effect/Impact:

Collection of advertisement tax during the period of 2018-19 is Rs. 38,17,308.00

Cause:

This is happens due to designated staff and monitoring of authorised officials on timely basis.

Corrective Action/ Recommendation:

There should be proper collection and monitoring mechanism for advertisement tax.

iv. Irregularities in Shop Rent Collection:

Criteria:

Revenues in respect of rents from properties shall be accrued based on terms of agreement. All rent should be collected on due date otherwise it should be collected with penalty and interest.



Condition:

Total demand were during the period of 2018-19 is Rs. 30,50,000/- out of which 20,49,318/- is collected.

NO. OF SHOP	OUTSTANDING DEMAND AS ON 01-04-2017	CURRENT DEMAND 2018-19	TOTAL DEMAND	COLLECTION AMOUNT 2018-2019			O/S SHOP RENT AS ON 31.03.2019
				RENT	SREVICES CHARGE	TOTAL	
005	1,40,71,828	30,50,000	30,50,000	20,49,318	--	20,49,318	1,50,72,510

Consequence/Effect/Impact:

Due to no collection of rent there is a huge revenue loss to the Nagar Nigam.

Cause:

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

Corrective Action/ Recommendation:

There should be proper collection and monitoring mechanism for shop rent.
be proper collection and monitoring mechanism for shop rent.

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

During our test check we do observed any irregularities.



c) Report on findings of field survey of Property Tax of minimum 20 high value properties per year

Field survey of 20 high value properties has been conducted by us and our report thereon is:

S.N	Name of Holder	Fathers/Husband Name	Holdi ng No	Ward No	Type of Road	Type of House	Holding Tax	Annual Value
1	Ajay Kumar Tiwari	Paramhans Tiwari	1438	2	MPR	Commercial	7286	72860
2	Vijay Kumar Jha	Dhirendra Jha	1431	2	MPR	Commercial	22183	221830
3	Dineshwar Singh	Rishabhdev Singh	1432	2	MPR	Commercial	6072	60720
4	Rajeshyam Singh	Rishabhdev Singh	1433	2	MPR	Commercial	9191	91910
5	Kamini Chaudhary	Devchandra Chaudhary	876	4	MPR	Commercial	2500	25000
6	Ansu Kumari	Amarnath Sah	311	5	MPR	Commercial	49246	492460
7	Jaya Devi	Nandlal Sah	880	6	MPR	Commercial	5966	59660
8	Md Aftab Amal	Md Khalil	860	6	MPR	Commercial	54459	544590
9	Bhupendra Pd Singh	Rudal Pd Singh	331	6	MPR	Commercial	12497	124970
10	Md Samiur Rahman	Ataur Rahman	861	6	MPR	Commercial	25632	256320
11	Md Shamsul Haque	Md Haneef	864	6	MPR	Commercial	6124	61240
12	Amar Kumar Gupta	Deepak Kumar Gupta	3	7	MPR	Commercial	16005	160050
13	Mahesh Prasad	Mahadev Prasad	12	7	MPR	Commercial	12158	121580
14	Kanbihari Sah	Nathuni Sah	219	7	MPR	Commercial	6710	67100
15	Payal Bahadur	Akash Bahadur	759	7	MPR	Commercial	28401	284010
16	Amita Singh	Binod Kumar Singh	761	7	MPR	Commercial	17733	177330
17	Md Kamruddin	Md Idrish	96	7	MPR	Commercial	3203	32030
18	Hare Ram Chaudhary	Satya Narayan Chaudhary	14	8	MPR	Commercial	33360	333600
19	Kapleshwary Charan	Bhagwati Charan	909	9	MPR	Commercial	44860	448600
20	Gurumukh Satsangi	Ramnath Sah	1116	9	MPR	Commercial	47090	470900

*No Variance has found in the course of audit of nagar nigam of 2018-19.



II. PART-B

All audit objections/ irregularities which have no monetary implication, but significant violation of Act, Rules & directives of UD & HD. Mention the reference Act & Rules wherein remedial measures is required. In this part auditor should report in respect of -

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

S.No.	Particulars	Status
1.	Ledger Book	Not Maintained
2.	Payroll Register	Not properly maintained
3.	Subsidiary Book	Not Maintained
4.	Assessment Register	Not Provided

Recommendation:

We recommend to the Nagar Nigam to Prepare and update the required books and registers

b. Irregularity in procurement process

➤ No major irregularity observed.

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

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

- i. Non collection of various taxes required to be collected.
- ii. Non maintenance of prescribed books of accounts
- iii. Non submission of UC and other reports on timely basis etc.

Recommendation:

We recommend to the Nagar Nigam to Prepare and update the required books and registers

d. Non Compliance of Act & Rules

1. All Municipalities referred to in Schedule-I shall maintain its books of accounts using the **double entry system** of book keeping following **accrual accounting principles** guided by the **Bihar Municipal Accounting Rules, 2014.**

Conditions:

Nagar Nigam is not preparing its books of accounts using the accrual system of accounting.

Recommendation:

We recommend to the Nagar Nigam to comply with the accrual system of accounting using double entry system.



2. As per Section 127 of the Bihar Municipal Act , the Municipality can levy the following taxes:-

- i. Property tax on lands and buildings.
- ii. Surcharge on transfer of lands and buildings.
- iii. Tax on deficit in parking spaces in any non-residential building.
- iv. Water tax,
- v. Fire tax,
- vi. Tax on advertisements, other than advertisements published in newspapers.
- vii. Surcharge on entertainment tax
- viii. Surcharge on electricity consumption within the municipal area,
- ix. Tax on congregations,
- x. Tax on pilgrims and tourists, and
- xi. Toll -
 - a) on roads, bridges, ferries and navigable channel and
 - b) on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles, within the meaning of the Motor Vehicles Act, 1988, plying on a public street.
- xii. Tax on profession

Conditions:

- ***We observed that only property tax has been collected during the year other taxes have not been collected.***
- ***New Assessment has not been done since long and holding tax is being collected at old rates.***

Recommendation:

We recommend to the Nagar Nigam to levy the above taxes and user charges.

e. Lack of internal Control measures

- 1) There are lack of internal control w.r.t collection of taxes.
- 2) Demand collection Register has not been prepared hence it is not possible to ascertain total arrear of taxes
- 3) Taxes collected by tax collector are not deposited on daily basis we observed that it is being deposited after significant interval which is not proper. As per Rule 27 of BMAR it should be deposited on daily basis otherwise a penalty up to Rs. 5000/- per day may be imposed for delayed deposit.



- 4) Reassessment of holding tax has not been done since long and holding tax is being collected at old rates.
- 5) Due collection of revenue on old rates there is significant loss the NAGAR NIGAM. Quantification of loss is not possible at this point of time.
- 6) Advertisement Tax is not being levied by the NAGAR NIGAM as a result there is a loss to the NAGAR NIGAM of advertisement tax amount.
- 7) Tower tax dues are not collected on time basis.
- 8) Tender of Ghat, Crematorium, Gate, Palm trees and lands are not done on yearly basis.
- 9) Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.

Recommendation:

We recommend to the Nagar Nigam to comply with the above mentioned internal controls weakness for fair presentation of financial position

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

- The municipality is regular in depositing statutory dues including tax deducted at source, service tax, VAT/GST, works contract tax, cess payable to the government etc. We observed that all such taxes deducted during the financial year 2018-19 has been deposited in full to the concerned departments.

g. Deficiency in Pay-roll System

- The pay-roll system does not contain leave details of employee.

Action/Suggestion

Nagar Nigam should maintain attendance register as per required norms and should contain leave details of each employee on record

h. Utilization of Grant and report on missing Utilization Certificates

- Grant Register has prepared and the utilization Certificate for the period of the 2018-19 is not submitted to UD & HD Department.

Recommendation:

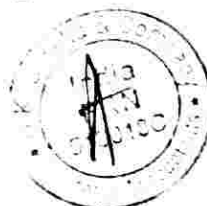
We recommend to the Nagar Nigam to provide the grant register for assist in preparation of utilization certificate

i. Physical verification of inventory/Stores

- Store Register has not been prepared and physical verification of inventory/stores has also been done.

Recommendation:

We recommend to the Nagar Nigam to prepare the store/inventory register



j. Advances, their adjustment & recovery

Advance Payment

Criteria:

The employees of the Municipality to whom official advances are provided for incurring expenditure on behalf of the Municipality shall prepare a Payment Order for the expenditure incurred as soon as the purpose for which the advance was provided is accomplished.

Condition:

Advance Register is not prepared, however, the list of employees who has taken advances for expenditure and their outstanding balance on March 2018 is provided to us as under:

S.N.	NAME OF PARTIES	OPENING 01.04.2018	ADVANCE	ADJUSTMENT	CLOSING 31.03.2019
1	MR. JAIN BROTHERS				
2	S.M.ZOBER,EX.V.C	535.06	-	-	535.06
3	MR.PUNJAB AUTO REPAIR WORKS	150.00	-	-	150.00
4	R.L.DAS,EX.J.E	3,000.00	-	-	3,000.00
5	CHANDI PD.SARANGI,CONTRACTOR	32,628.60	-	-	32,628.60
6	KRISHANDEO NR.EX.L.A	48,000.00	-	-	48,000.00
7	KAMRUL HODA,EX.T.L	3,846.05	-	-	3,846.05
8	DIST EDUCATION OFFICER	2,600.00	-	-	2,600.00
9	LAND ACQUISITION OFFICE	100.00	-	-	100.00
10	SURYA NATH UPDHAYA,CONTRACTOR	500.00	-	-	500.00
11	M.K.SAHU,EX.M.O.H	4,700.00	-	-	4,700.00
12	D.K.SINGH,CONT.	4,698.00	-	-	4,698.00
13	PARMESHWAR SAH,CONT.	3,000.00	-	-	3,000.00
14	R.P.SAHNI,EX.J.E.	3,000.00	-	-	3,000.00
15	R.P.SAHNI,EX.J.E.	1,808.00	-	-	1,808.00
16	KRISHANADEO PD.,CONT	2,195.00	-	-	2,195.00
17	EX.ENG.R.E.O.	14,94,973.00	-	-	14,94,973.00
18	MD.MOHSIN,CONT	1,000.00	-	-	1,000.00
19	MITHILA ENG.WORKS	7,000.00	-	-	7,000.00
20	AKHILESHWAR PD. DIKCHIT,CONT	1,01,862.00	-	-	1,01,862.00
21	GHANSHYAM DAS,CONT	3,000.00	-	-	3,000.00
22	MD.MUSLIM,CONT	5,000.00	-	-	5,000.00
23	BHAGWAT PD.MAHASETH,CONT	50,500.00	-	-	50,500.00
24	MUMTAZ ALAM,CONT	1,800.00	-	-	1,800.00
25	HARE KRISHNA THAKUR,CONT	13,000.00	-	-	13,000.00
26	P.JHA,EX.E.O.	3,000.00	-	-	3,000.00
27	SHATRUDHAN PD.,CONT	20,500.00	-	-	20,500.00
28	VIJAY CHANDRA THAKUR,CONT.	4,500.00	-	-	4,500.00
29	A.K.MUKHARJEE,CONT.	2,000.00	-	-	2,000.00



29	VIJAY KR. CHY, CONT	26,000.00	-	-	26,000.00
30	RAGHUNATH SAH, CONT	7,000.00	-	-	7,000.00
31	BALJOO SAH, CONT	1,900.00	-	-	1,900.00
32	HARI SINGH GOEL, CONT	1,000.00	-	-	1,000.00
33	HARISH CHANDRA JHA, CONT	9,500.00	-	-	9,500.00
34	JAGDISH DAS, CONT	5,000.00	-	-	5,000.00
35	AKHTAR ALI, CONT	2,000.00	-	-	2,000.00
36	LAXMAN JEE MAHTO, CONT	3,000.00	-	-	3,000.00
37	BAL BHADHAR JHA, CONT	1,500.00	-	-	1,500.00
38	RAM LAKHAN SHARMA, CONT	40,000.00	-	-	40,000.00
39	RAM GOVIND PD GUPTA, CONT	13,500.00	-	-	13,500.00
40	HUKAM SINGH, CONT	50,000.00	-	-	50,000.00
41	R.B. JALAN, EX. C.M	700.00	-	-	700.00
42	RAM CHANDER SHARMA, CONT	5,000.00	-	-	5,000.00
43	PARI PURNANND CHY, CONT.	500.00	-	-	500.00
44	FATURI MANDAL EX PEON	70.00	-	-	70.00
45	SEC SHLABH INTER NATIONAL, PATNA	4,60,131.06	-	-	4,60,131.06
46	RAJESHWAR PD. SINGH, CONT.	1,000.00	-	-	1,000.00
47	EXE. ENG. P.H.E.D.	28,60,000.00	-	-	28,60,000.00
48	KAMESHWAR PURBEY, EX. C.M	400.00	-	-	400.00
49	EXE. ENG. P.W.D. ROAD	8,98,516.00	-	-	8,98,516.00
50	SEC. ZILA NIGAM, DHARBHNG	3,20,000.00	-	-	3,20,000.00
51	H.R. ADV. TO. STAFF ND SWEEPRER	5,39,505.00	-	-	5,39,505.00
52	MS. ECONOMIC HOMEOPHARMACY	1,000.00	-	-	1,000.00
53	HOUSING URBAN DEV. CORPORTION	5,000.00	-	-	5,000.00
54	GANGA PD., EX BY. ADM.	73,920.00	-	-	73,920.00
55	TARA DEVI, FOR SALABH SAUCHLYA	250.00	-	-	250.00
56	ARREAR D.A. ADV TO STAFF & Sweeper	19,308.00	-	-	19,308.00
57	BIHAR STATE ELE BOARD	28,037.00	-	-	28,037.00
58	D.M. DARBHNGA, FOR ELECTION	2,00,806.50	-	-	2,00,806.50
59	R.K. VERMA, A.E	80,73,028.00	-	48,66,477.00	32,06,551.00
60	PAY ADV. TO STAFF AND SWEEPER	49,346.26	-	-	49,346.26
61	RAMCHALITAR THAKUR EX. CASHIER	1,61,135.35	-	-	1,61,135.35
62	CTISH PANJIR, EX. M.O.H	1,41,500.00	-	-	1,41,500.00
63	MEDICAL DV. TO STAFF AND SWEEPER	1,50,170.00	-	-	1,50,170.00
64	L.I. DV. TO STFF AND SWEEPER	74,387.00	-	-	74,387.00
65	RAMJEE SAH, EX. T.L.	160.00	-	-	160.00
66	SAYOOD ALAM, A.E	1,59,10,321.35	1,35,000.00	90,61,222.00	69,84,099.35
67	RAKESH KUMAR, H.C	2,52,081.00	-	2,52,081.00	-
68	RAM BABU RAJ, C.O.	4,88,697.88	-	2,88,084.00	2,00,613.88
69	RAM CHANDRA MAHTO, C.O	7,77,933.00	16,000.00	7,93,933.00	-
70	B.K. KARN, EX DY. C.E.O	2,000.00	-	-	2,000.00
71	ANULEKHA DATA PROCESSING	1,69,000.00	-	-	1,69,000.00
72	SAMRENDRA PRATAP SINGH	29,370.00	-	-	29,370.00
73	YUVA SAMAYOJAK, N.Y.K.	20,000.00	-	-	20,000.00



22	VIKASH KUMAR	-	-	-	
23	MANOJ RAM W.N-1	-	1,08,000.00	1,08,000.00	
24	MOHAN PASWAN-2	-	13,000.00	13,000.00	
25	SANTO MANJHI-4	-	23,000.00	23,000.00	
26	RAM KUMAR SAH-05	-	27,000.00	27,000.00	
27	ASHOK MALLIK W.N-06	-	16,000.00	16,000.00	
28	VIKRAM KUMAR W.N-07	-	60,000.00	60,000.00	
29	SHAHJADA W.N-08	-	46,000.00	46,000.00	
30	JAGMOHAN RAY W.N-09	-	30,000.00	30,000.00	
31	MANOJ RAM W.N-10	-	38,000.00	38,000.00	
32	SHYAM KUMAR DAS W.N-11	-	40,000.00	40,000.00	
33	BINDU RAM W.N-12	-	46,000.00	46,000.00	
34	RAMA RAM W.N-14	-	16,000.00	16,000.00	
35	SULINDAR RAM W.N-16	-	23,000.00	23,000.00	
36	RAJA KUMAR W.N 17	-	13,000.00	13,000.00	
37	RANJEET RAM W.N-18	-	7,000.00	7,000.00	
38	RAKESH KUMAR W.N-22	-	9,500.00	9,500.00	
39	RAJENDRA MALLIK W.N-23	-	45,000.00	45,000.00	
40	MD AFZAL W.N 24	-	33,500.00	33,500.00	
41	MD ANZAR W.N-34	-	38,000.00	38,000.00	
42	KUNDAN KUMAR RAM W.N-35	-	18,000.00	18,000.00	
43	BAPPI KUMAR RAM W.N -36	-	15,000.00	15,000.00	
44	AMAR RAM W.N-41	-	85,000.00	85,000.00	
45	SANJEEV KUMAR RAM-42	-	13,000.00	13,000.00	
46	SURENDRA RAM-43	-	7,000.00	7,000.00	
47	FOUDAR RAM-44	-	34,000.00	34,000.00	
48	DEEPAK KR RAM-45	-	49,000.00	49,000.00	
49	GOUTAM KUMAR-46	-	25,000.00	25,000.00	
50	BINOD RAM-47	-	48,000.00	48,000.00	
51	RAJKUMAR SHARMA-48	-	40,000.00	40,000.00	
52	KUTUB ALAM ZONE INCHARGE	-	70,000.00	70,000.00	
53	BINOD RAM-40	-	17,000.00	17,000.00	
54	UDAYNATH JHA J.E	-	9,56,000.00	6,86,000.00	2,70,000.00
55	SAWOOD ALAM A.E	-	69,84,099.35	29,94,505.00	39,89,594.35
56	NANDAN KUMAR MISHRA	-	4,500.00	-	4,500.00
57	NUSART ALAM WARD NO.31	-	5,000.00	-	5,000.00
TOTAL		9,10,75,282.11	1,24,64,774.35	7,26,50,601.00	3,08,89,455.46

Recommendation:

We recommend to the Nagar Nigam to prepare Advance Register and adjust all the advances within scheduled time

- k. Any other matters as may be prescribed in due course.
Staff strength of accounts department needs to be increased.**



III. PART- C

Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GOB; Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.

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

Chapter-IX:

Financial Management of Municipalities

Keeping in view the classification of municipal areas under section 7, the receipts and expenditures of the Municipality has not been kept under the heads of accounts, including those for water-supply, drainage and sewerage, solid waste management, road development and maintenance, slum services, commercial projects and other account heads as specified and the general account head, in such manner, and in such Form, as prescribed, so as to facilitate the imposition of user charges and preparation of any subsidy report under this Act.

Chapter-X: Application of Municipal Fund

Records for Power to incur expenditure within specified limits of the Municipality has not been provided to us.

The state fund grants received during the year were specifically mentioned the purpose of their utilisation. the funds received as grant during the year were utilised for various purposes.

Chapter-XI: Budget Estimates

Variance in Major Heads: Amount Financial Year 2018-19

Expenditure Heads	Budgeted Amount FY 2018-19	Actual Expenditure 2018-19	Variance
Total Expenditure	2,00,60,36,000	86,41,62,353	1141873647
Revenue Expenditure	1,04,98,36,000	35,85,10,727	691325273
Establishment Expenses	34,26,10,000	23,90,13,723	131962277
Administrative Expenses	2,83,66,000		
Operations & Maintenance	12,25,00,000	1,93,62,202	103137798
Interest & Finance Charges	25,000	--	25,000



Programme Expenses	55,58,35,000		456200198
Miscellaneous Expenditure	5,00,000	10,01,34,802	
Capital Expenditure	95,62,00,000	50,56,51,626	450548374
Fixed Assets	81,93,00,000	49,56,37,796	323662204
Loans, Advance & Deposits with others	19,00,000	4232408	-2332408
Other Payments	13,50,00,000	57,81,422	5781422

Chapter XII: Accounts and Audit

- Books and Accounts of the Nagar Nigam has not been maintained as per Municipal Accounting Manual and not placed to auditor appointed by UDHD. However the Nagar Nigam is maintaining only cash book.

Chapter-XIII: Municipal Property

We were not provided with the Fixed Assets Register for the FY 2018-19 for verification.

Chapter-XIV: Borrowings

No borrowings availed by Nagar Nigam.

Chapter-XV: Municipal Revenue

Revenue collection process is not satisfactory; in case of property tax internal control is not adequate. We have observed that Property Taxes collected by tax collector were not deposited on the same day or the day after tomorrow but it is being deposited after a week/month.

1. Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available.
2. Tax demand register has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer. This could be a huge loss to Nagar Nigam.
3. Holding tax collected during the financial year 2017-18 had been deposited in full.
4. Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs. 38908000/- is receivable from tower tax.



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 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;

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

- a) Rule 22: All moneys to be brought to account
- b) Rule: 27: Collections to be deposited into Bank on the same day
- c) Rule 69: Grant Related Compliance
- d) Rule 120-121: Monthly Receipt & Payment Account and Trial Balance
- e) Rule 130: Audit to be completed & reported within 6 month

5. Records of shop rent not maintained as per required norms, shop rent is not being collected on timely basis as more than Rs. 1,50,72,510 /- is receivable as shop rent.

6. Nagar Nigam has collected advertisement tax amounted Rs. 38,17,308/-

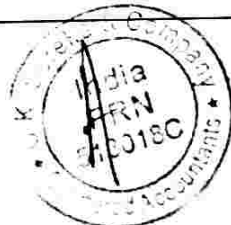
> Field survey of 20 high value properties has been conducted by us and our report as annexed in Part-A Point-3 of this report.

> As suggested by the C&AG, the Ministry of Finance, Government of India has introduced a "National Municipal Accounts Manual" for adoption of accrual system of accounting system of accounting of ULBs. Based on NMAM, Bihar Municipal Accounts Manual (BMAM) has been got prepared by the Government of Bihar and has been enforced from April 1, 2007. Generally ULB following cash based accounting system which is only detail of total collection and expenses as per provision of BMR 2007, the double entry system should be employed to all ULB.

- Till date Double Entry Accounting System is operational in the Nagar Nigam by Vinodh Singhal & Co (Chartered Accountant).
- Internal control for collections of revenue from internal sources is not adequate such as :
 - i. Demand register is not maintained.
 - ii. All the collections are not deposited in bank account on same day.
 - iii. Monthly Receipt & Payment Account and Trial Balance has not been prepared.
 - iv. Utilisation Certificate of Grant received during the FY 2018-19 has not been prepared by the ULB.



<p>d. Report on compliance of financial guidelines of schemes of MOHUA and UD & HD, GoB.</p>	<p>Details of Grant has been given in Para H of Part B.</p> <p>v. Audit of accounts is not completed and report has not been submitted within 6 month.</p> <p>Separate details of schemes of MOHUA (Ministry of Housing and Urban Affair) and UD&HD (Urban Development and Housing Department) not provided to us for Report on compliance of financial guidelines.</p>
<p>e. Auditor should 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, Sairatetc;</p>	<p>➤ Revenue collection process is not satisfactory; in case of property tax internal control is not adequate. We have observed that Property Taxes collected by tax collector were not deposited on the same day or the day after tomorrow but it is being deposited after a week/month.</p> <p>➤ Tax demand register includes demand of each property has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer.</p> <p>➤ Holding tax collected during the financial year 2017-18 had been deposited in full.</p> <p>➤ Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs. 38908000/- is receivable from tower tax.</p> <p>➤ Records of shop rent not maintained as per required norms, shop rent is not being collected on timely basis as more than Rs. 1,50,72,510 /- is receivable as shop rent.</p> <p>➤ Nagar Nigam has collected advertisement tax amounted Rs. 38,17,308/-.</p> <p>➤ Nagar Nigam is not collecting various Licensing fees specified in Chapter XV such as restaurant, Cinema Hall, Surveyors etc.</p> <p><u>Action/Recommendation</u></p> <p>➤ Nagar Nigam Should adhere the Chapter XV of Bihar Municipal Act, 2007 and levy/collect various taxes, fees & charges.</p>
<p>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.</p>	<p>➤ No irregularities observed on test check basis.</p>



E. 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/-

- No irregularities observed on test check basis.
- Register for procurement made by Nagar Nigam is not maintained, however separate file for each procurement maintained.

B. Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.

- Utilisation Certificate has not been prepared by Nagar Nigam of Grant received during the FY 2018-19.

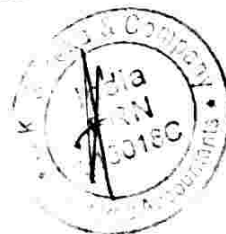
I. Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.

Instances of losses, failures or inefficiencies

- In case of property tax internal control is not adequate. We have observed that Property Taxes collected by tax collector were not deposited on the same day or the day after tomorrow but it is being deposited after a week/month.
- Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available.
- Holding tax collected during the financial year 2017-18 had been deposited in full.
- Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs. 38908000/- is receivable from tower tax.
- Records of shop rent not maintained as per required norms, shop rent is not being collected on timely basis as more than Rs. 1,50,72,510 /- is receivable as shop rent.
- Nagar Nigam has collected advertisement tax amounted Rs. 38,17,308/-.
- Nagar Nigam is not collecting various Licensing fees specified in Chapter XV such as restaurant, Cinema Hall, Surveyors etc.

Recommendations and/or measures which can be taken to avoid their recurrence in future.

Proper monitoring of all transactions and implementation of Bihar Municipal Accounting Manual



by authorised personals are recommended. Further, Nagar Nigam requires more efficient and effective man power for implementation of all 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.

No irregularities observed on test check basis.

k. 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.

No such FD.s held by Nagar Nigam.

l. Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.

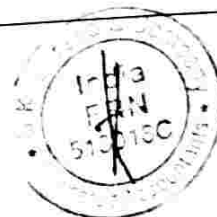
Sl. No	Area of losses	Amount	Reasons	Suggestions
1	Tower tax	38908000	Non collection	ULB should take initiatives to collect such taxes.
2	Shop Rent	1507250	Short deposit	ULB should take initiatives to collect such rent.
3	Advertisement Tax	3817308	Short deposit	ULB should take initiatives to collect such taxes.
Total		44232558		

m. 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.

> No irregularities observed in deduction and depositing the various taxes.

n. 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.

> Details of C&AG Audit report and Internal audit paras has been reported above in para no. 03 in this report.




General Observations: Auditor should report the deficiencies noticed during their audit and recommend ULB Management to improve internal systems.

- Manpower of Nagar Nigam is not adequate and equipped with required knowledge.

Place:
Date:

For G. K. Sureka & Co.
Chartered Accountants
FRN.-513018C


(CA. G. K. Sureka) Partner
M.N.-091380



UDIN:20091380AAAADQ9625

Date: 24-06-2020