



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

INTERNAL AUDIT REPORT

FOR
Q-4 OF FY 2017-18

BUXAR MUNICIPAL COUNCIL

GROUP-06
ULBs-18

Vinod & Co. LLP
CHARTERED ACCOUNTANTS
We Plant Quality





To

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

Sub: Submission of Buxar Municipal Council Quarter-04 Internal audit report with management comments for the financial year 2017 -18.

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

Dear Sir,

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

As we have conducted Quarter-04 internal audit of Buxar Municipal Council for the financial year 2017 -18. Through This letter we are submitting Quarter-04 internal audit report of Buxar Municipal Council for the F.Y.2017-18 with management comments.

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

Thanking You

For Vinod Singhal & Co, LLP
Chartered Accountants
FRN: 005826C/C400276



CA Krishan Kumar Sodhani
M.No:- 404603

UDIN No.:- 20404603AAAAED6108

Date: 25th-Jul-2020
Place: Patna

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

CONTENTS

Project Title	Internal audit of 18 ULBs of Group-06 of Bihar
Report Title	Quarterly internal audit report of Buxer Municipal Council
Period	1 st Jan -2018 to 31 st -Mar.-2018
Reporting Entity	Vinod Singhal & Co., LLP, Chartered Accountants
Reporting for	Buxer Municipal Council
Report Prepared by	Team, Vinod Singhal & Co. LLP
Date of submission	3 rd May 2019



EXECUTIVE SUMMARY

1. INTRODUCTION

Name of the Municipality	Buxar Municipal Council
Period covered under current audit	01.01.2018 to 31.03.2018
Name of Municipal Executive officer for the period under Audit	Mr. Rohit Kumar

2. RESULTS AND FINDINGS

➤ **Strengths observed during audit engagement**

In the existing system as prevailing in the Nagar Parisad, day to day work is in progressive manner in respect of collection of revenue and execution of the projects.

➤ **Weaknesses observed in the functioning of office, maintenance of records etc. observed during the audit engagement:**

SINo	Audit Observations
1	Non-updating of bank reconciliation on monthly basis.
2	Non-Implementation of Double Entry Accounting System
3	No details were made available regarding meeting of municipal accounts committee held during the Quarter Ending March 2018.
4	Non-levy of following taxes <ul style="list-style-type: none">▪ Fire tax▪ Surcharge on electricity consumption within the municipal area▪ Tax on congregations.▪ Tax on pilgrims and tourists.▪ Tax on profession.▪ User Charges for Solid Waste Management▪ User Charges for Parking Facility▪ User Charges for Garbage Clearance▪ Collection of Development Charges
5	Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22
6	Arrear of property tax and shop rental income
7	Delay in payment of due date bills
8	Non-preparation of payment vouchers
9	Non-maintenance of required registers as per BMA Rule-130
10	Non-maintenance of register for all Procurements with value above Rs. 15,000
11	Missing signature of wages worker and stamp of ULB on muster roll register
12	Non-preparation of fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.
13	Non-preparation of monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.
14	Non-preparation of financial statements for the financial year 2017-18 or Quarter ending March 2018.
15	Non-compliance of statutory compliance
16	Non-availability of records regarding remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;(BMAR Rule No.-130)
17	Non-providing of records regarding stores



18	Arrear of advance to employees
19	Not-Charging interest from advance given to employees
20	Non-investment of surplus fund of ULB
21	Deficiency in payroll system
22	E regulation in statutory compliances

3. **OPINION**

The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel and other matters incidental thereto for overall improvement of the ULB.

4. **AUDIT RECOMMENDATIONS**

SINo	Audit Observations	Auditor Recommendations
1	Non-updating of bank reconciliation on monthly basis.	ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.
2	Non-Implementation of Double Entry Accounting System	As per requirement of BMAM, ULB should maintain their accounts on double entry accounting system.
3	No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.	As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of Municipal Accounts Committee each year.
4	Non-levy of following taxes <ul style="list-style-type: none"> ▪ Fire tax ▪ Surcharge on electricity consumption within the municipal area ▪ Tax on congregations. ▪ Tax on pilgrims and tourists. ▪ Tax on profession. ▪ User Charges for Solid Waste Management ▪ User Charges for Parking Facility ▪ User Charges for Garbage Clearance ▪ Collection of Development Charges 	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. ULB should take steps to implement required taxes to boost their revenue
5	Lae-Deposit of taxes after collection with cashier and with bank as per provision of BMA rule-22	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.
6	Arrear of property tax and shop rental income	Huge and long period arrear of property tax and shop rental income was observed during the audit. ULB should take proper step to boost collection of arrears.
7	Delay in payment of due date bills	Late payment of utility bills causes to penalty on ULB and also may result in barrier in day to day operation. So, ULB should ensure timely payment of bills
8	Non-preparation of payment vouchers	ULB should prepare payment voucher based on running voucher for each payment and should maintain serially numbered voucher file for each month
9	Non-maintenance of required registers as per BMA Rule-130	ULB should ensure proper maintenance of required register as per BMA rule-130. Detail of registers not maintained by ULB is mentioned under PART-A (a)
10	Non-maintenance of register for all Procurements with value above Rs. 15,000	ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000
11	Missing signature of wages worker and stamp of ULB on muster roll register	While making payment to daily wages worker, ULB should ensure signature of wage worker with signature of ULB's competent authority with ULBs Stamp



12	Non-preparation of fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.	As per BMAM-ULB are required to maintain fund wise receipts & payments. As per BMAM, following funds should be maintained by ULB. 1. Municipal General Fund 2. Basic service for urban poor 3. Water supply & sewerage fund 4. Solid Waste Management Fund 5. Road Development & Maintenance 6. Enterprise Fund
13	Non-preparation of monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	As per BMAR Rule No. - 121, ULB should prepare of monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.
14	Non-preparation of financial statements for the financial year 2017-18	ULB should prepare financial statements for each year and get it approved from municipal account committee. As per BMAR, audited financial statements are required to submit to auditor for audit
15	Non-compliance of statutory compliance	As ULB is not proper in statutory compliance, that cause financial implication on ULB in mode of interest and penalty. So, ULB should ensure statutory compliance on time.
16	Non-availability of records regarding remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;(BMAR Rule No.-130)	ULB should ensure statutory compliance related to employees on time. As we are not able to comment on compliance of employees statutory liabilities in absence of records
17	Non-providing of records regarding stores	ULB should prepare/update store registers timely. Further physical verification of stores should be done on timely basis. As no-such details regarding stores was provided by ULB
18	Arrear of advance to employees	As long period outstanding of advance recovery is pending with ULB, So ULB should take proper steps to boost recovery of advance
19	Not-Charging interest from advance given to employees	As ULB informed that they are not charging interest from employees on advance given that leads to loss of revenue to ULB. So, ULB should take management decision to recover the same.
20	Non-investment of surplus fund of ULB	ULB should invest surplus funds in approved sources as mentioned in BMA/BMAM.
21	Deficiency in payroll system	As ULB is not maintaining salary deduction register, Payment vouchers, Bio-metric and any payroll software. ULB should ensure that all requirements should be in place and complied for effective salary management.

5. COMMENTS FROM MANAGEMENT

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

6. ACKNOWLEDGEMENT

Considering the Physical Environment, accessibility, literacy of the Human Resources, communication facilities and so many other hindrances, we are in opinion that, the working of the ULB has a deep impact on the economic & social aspects and values of the inhabitants of the demarcated area. And the unit specifically dedicated for the development of Nagar Parishad in the state of Bihar according to plan & for matters ancillary thereto.

Yes	-	53.47	for Swachh & Sarwajan Vihar
Yes	-	200.00	for cleaning work
Yes	-	1.32	for development of Park & Dist Construction
Yes	-	18.51	for Non-Recovery of Labour cess from work approval of Map
Yes	-		for irregularities in work of fixing of F.E.D. light on electricity pole



DETAILED INTERNAL AUDIT REPORT**For the Quarter Ending March 2018.****1. INTRODUCTION:**

S.NO.	Name Of ULB	Period-covered		Audit Team
		From	TO	
1	Buxar Municipal Council	01-01-2018	31-03-2018	1. Name of TL: CA Krishan Kumar Sodhani 2. Name of MAE: CA Rahul Kumar Shrivastwa 2. Name of Auditor: Nitesh Kumar

2. ADMINISTRATION:

SlNo	Particulars	Details
1	The present body of the ULB has taken charge on	09-06-2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Smt. Maya Devi
2.1.1	Period of Service:	From: 09-06-2017 To: Till date
2.2	Name of Commissioner/Executive Officer:	Mr. Rohit Kumar
2.2.1	Period of Service:	From: 21-01-2019 To: Till date

3. REVIEW OF OUTSTANDING AUDIT PARAS:**3.1. Status of Audit Observations is as under:**

S.N.	Particulars of audit and date of report	Total no. of audit paras	Total no. of audit paras where necessary improvement/corrective measures required	Total no. of audit paras where recovery of cash is proposed	Total no. of audit paras where recovery has been made	Total amount of Recovery (Rs. in Lakh)	Total no. of O/s para where no action has been taken	No. & date of compliance report
1	Audit report submitted by AG for the F.Y. 2014-15 to 2015-16	18	18	8	1	15.09	-	1663/24-07-2018, 1360/04-05-2018

Note: In case recovery of amount, ULB has mentioned in audit compliance report that they are working on recovery and collected amount from default but exact amount of recovery was not mentioned in compliance report.

3.2. Details of total no of audit paras:

Period of AG audit report : Financial year 2014-15 & 2015-16

Compliance report date & Number : 1663/24-07-2018, 1360/04-05-2018

S.No	Audit Para Number	Heading of the audit para	Amount involved (Rs. In Lakh)	Recovery Proposed	Recovery Completed	Action Taken or Not
Part-II (B) of AG Audit Report						
1	1	Irregularities in payment to Shivam Jan Swasthya & Sarwangan Vikas Kendra for cleaning work.	23.47	-	-	Yes
2	2	Blocked amount for development of Park & Ghat Construction	200.00	-	-	Yes
3	3	Non-Recovery of Labour cess from work -approval of Map	4.25	-	-	Yes
4	4	Irregularities in work of fixing of L.E.D light on electricity poll.	28.51	-	-	Yes



5	5	Blocked amount for construction of multiple purpose building construction	100.00	-	-	Yes
6	6	Un approved establishment of mobile tower & Non-collection of registration and renewable charges	26.50	26.50	15.09	Yes
7	7	Loss of revenue due to non-collection of development permits fees from Map Approval work.	0.26	-	-	Yes
8	8	Blocked amount for construction of Samrat Ashok Bhawan	67.63	-	-	Yes
9	9	Short/Non deposit of revenue	13.39	13.39	-	Yes
10	10	Loss due to departmental recovery	3.70	-	-	Yes
11	11	Arrear of property tax	68.90	68.90	-	Yes
12	12(a)	Arrear of shop rent	26.62	26.62	-	Yes
13	12(b)	Loss of revenue due to non-collection of service tax	.58	.58	-	Yes
14	13	Arrear of property tax on government building	129	129	-	Yes
15	14	No adjustment & recovery of advance	182	182	-	Yes
16	15	Non deduction of Labour cess	2.65	2.65	-	Yes
17	16	Blockage of fund received under schemes	41.38	-	-	Yes
18	17	Unauthorised expense on daily wages	71.39	-	-	Yes
19	18	Non deposit of education and health cess under government head	9.78	-	-	Yes18

Note:

Above details has been taken from the AG Report the F.Y. 2014-15 to 2015-16 and compliance report thereof. **For AG Compliance Report, Refer the attached Annexure-01.**

Further we wish to say that as we have submitted letter to ULB for asking support and to appoint support staff for working on audit compliance,



4. FINANCE

I. Budgetary provisions and expenditure for the last three years

Year	Year- 2015-16	Year- 2016-17	Year- 2017-18 QTR-4 (From JAN to MAR)
Final/Revised Budget Data	5,88,15,000	26,82,47,500	103,165,125
Actual Expenditure Data	8,44,64,534	19,29,08,758	44,665,901
Savings(+)/Excess(-)	(2,56,49,534)	7,53,38,742	58,499,224

Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2015-16, 2016-17, 2017-18 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures. Refer "Annexure -5"

II. Volume of transactions

Period	Budgeted for F.Y. 2017-18 QTR-4 (From JAN to MAR)	Actual for the F.Y. 2015-16	Actual for the F.Y. 2016-17	Actual for the F.Y. 2017-18 QTR-4 (From JAN to MAR)	Cumulative for the current period
Opening balance	-	-	14,28,54,625	78,128,657	78,128,657
Receipts	108,244,710	13,71,68,083	20,12,16,724	42,638,702	42,638,702
Total	108,244,710	13,71,68,083	34,40,71,349	120,767,359	120,767,359
Net expenditure	103,165,125	8,44,64,534	19,29,08,758	44,665,901	44,665,901
Closing balance	5,079,585	5,27,03,549	15,11,62,591	76,101,458	76,101,458

Comment:

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



III. Bank Reconciliation position as on reporting date

Bank Reconciliation position as on 31-03-2018

S.N	Name of Bank	Fund Name	Bank A/C No.	Balance as per Cash Book	Balance as per Bank Statement	Differences	Reconciliation (Yes/No)	Remark
1	Punjab National Bank	State Scheme Grant	3877000100115840	91	91	-	Yes	31-01-2018
2	Allahbad Bank	5th Finance Grant	50104348958	55,09,281	55,28,425	(19,144)	Yes	31-03-2018
3	Allahbad Bank	4th Finance Grant	50104348925	13,10,765	13,10,765	-	Yes	31-03-2018
4	Axis Bank	State Scheme Grant	913010034980075	3,98,91,865	3,98,91,865	-	Yes	31-03-2018
5	Allahabad Bank	4th Finance Grant	50104348903	-	-	-	Yes	31-12-2017
6	Allahabad Bank	E-Governance Grant	50205341899	54,354	54,354	-	Yes	31-03-2018
7	Bank Of India	NULM Grant	460510110005205	1,18,99,747	1,22,06,682	(3,06,935)	Yes	31-03-2018
8	IDBI Bank	House for All Grant	4000179119	18,55,712	19,05,712	(50,000)	Yes	31-03-2018
9	Bank Of Baroda	M. Grant	31200100014044	26,139	26,139	-	Yes	31-03-2018
10	Bank Of India	Kabir Antiyosthi Grant	460510210000001	5,48,887	5,48,887	-	Yes	31-03-2018
11	Bank Of India	BSY Grant	460510100013645	79,723	82,056	(2,333)	Yes	30-11-2017
12	Allahbad Bank	Swatch Bharat Mission Grant	50296892895	13,90,759	17,23,759	(3,33,000)	Yes	31-03-2018
13	Bank Of India	BPL Grant	460510100020562	2,03,463	2,09,414	(5,951)	Yes	30-11-2017
14	Bank Of India	NSDP Grant	460510100013644	15,54,557	16,00,032	(45,475)	Yes	30-11-2017
15	State Bank Of India	MP/MLA Grant	11239406703	8,50,546	8,74,678	(24,132)	Yes	31-12-2017
16	State Bank Of India	NRY Grant	11239406690	10,81,478	11,12,164	(30,686)	Yes	31-12-2017
17	Allahabad Bank	PMNPEP Grant	20953675663	2,38,355	2,42,958	(4,603)	Yes	30-11-2017
18	Allahabad Bank	SSM Grant	20953634092	1,32,965	1,35,533	(2,568)	Yes	30-11-2017
19	Allahabad Bank	SJSRY Grant	50129175699	11,82,384	12,17,367	(34,983)	Yes	31-01-2018
20	Punjab National Bank	BRGF Grant	877000100078397	36,68,185	37,13,800	(45,615)	Yes	31-03-2018
21	Bank Of Baroda	13th Finance Grant	31200100014046	1,889	1,889	-	Yes	31-03-2018
22	Axis Bank	MSGNG Grant	917010056456499	1,96,61,279	1,99,16,786	(2,55,507)	Yes	31-03-2018
23	Axis Bank	Nal Jal Grant	917010056454150	4,88,63,157	4,88,63,157	-	Yes	31-03-2018
24	HDFC Bank	Internal	50100215792870	73,86,152	73,86,152	-	Yes	31-03-2018

Comment:

Bank Reconciliation helps us to monitor over:

1. Difference between Bank Passbook and Cash Book
2. Unauthorised withdrawal from Bank.
3. Excessive debited by Bank

4. Helps to know any other reasons of differences.

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

IV. Revenue & Capital Receipts information:

		Income Details (Amount in Rs.)					
SI No	Details	2017-18		2018-19		2019-20	
		2017-18 QTR-4 (From JAN to MAR)	2016-17	2018-19	2017-18 QTR-4 (From JAN to MAR)	2019-20	2018-19
	Total Receipts (A+B)	42,638,704	201,216,724	Not Applicable	42,638,704	Not Applicable	Not Applicable
A	Revenue Receipts (1+2+3)	6,540,427	35,123,275	Not Applicable	6,540,427	Not Applicable	Not Applicable
1	Own Revenue Receipts (a+b)	9,50,331	10,027,892	Not Applicable	9,50,331	Not Applicable	Not Applicable
a)	Tax Revenue (levied and collected by municipal body)	7,91,387	5,844,369	Not Applicable	7,91,387	Not Applicable	Not Applicable
i)	Property tax	7,91,387	5,844,369	Not Applicable	7,91,387	Not Applicable	Not Applicable
ii)	Other tax (levied and collected by municipal body)	-	-	Not Applicable	-	Not Applicable	Not Applicable
b)	Non-tax revenue (levied and collected by municipal body)	1,58,944	4,183,523	Not Applicable	1,58,944	Not Applicable	Not Applicable
i)	Fees & fines	60,055	1,598,767	Not Applicable	60,055	Not Applicable	Not Applicable
ii)	User Charges	-	-	Not Applicable	-	Not Applicable	Not Applicable
iii)	Other non-tax revenue (levied and collected by municipal body)	98,889	2,584,756	Not Applicable	98,889	Not Applicable	Not Applicable
2	Other Revenue Receipts	2,828,925	24,342,452	Not Applicable	2,828,925	Not Applicable	Not Applicable

a)	Income from interest/investments	2,828,925	24,342,452	Not Applicable	2,828,925	Not Applicable	Not Applicable
b)	Other Revenue income	-	-	Not Applicable	-	Not Applicable	Not Applicable
3	Transfers/Grants/Assigned Revenues	2,761,171	752,931	Not Applicable	2,761,171	Not Applicable	Not Applicable
a)	State Assigned Revenue	-	-	Not Applicable	-	Not Applicable	Not Applicable
b)	State Finance Commission (SFC) Grants/Devolution	-	-	Not Applicable	-	Not Applicable	Not Applicable
c)	Octroi compensation	-	-	Not Applicable	-	Not Applicable	Not Applicable
d)	Other State Government Transfers	2,650,921	-	Not Applicable	2,650,921	Not Applicable	Not Applicable
e)	Central Finance Commission (CFC) Grant	-	-	Not Applicable	-	Not Applicable	Not Applicable
f)	Other Central Government Transfers	-	-	Not Applicable	-	Not Applicable	Not Applicable
g)	Others (Sales & Hire Charges)	1,10,250	752,931	Not Applicable	1,10,250	Not Applicable	Not Applicable
B	Capital (1+2+3+4+5+6)	36,098,277	166,093,449	Not Applicable	36,098,277	Not Applicable	Not Applicable
1	Sale of Municipal Land	-	-	Not Applicable	-	Not Applicable	Not Applicable
2	Loans (from State Govt. or Bank etc.)	-	-	Not Applicable	-	Not Applicable	Not Applicable
3	State Capital Account Grant (under State Schemes etc.)	36,098,277	166,093,449	Not Applicable	36,098,277	Not Applicable	Not Applicable



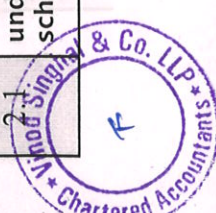
4	Central Capital Account Grant (under Central Schemes etc.)	-	-	-	-	-	-	-	-	-	-	-	-
5	Other Capital Receipts	-	-	-	-	-	-	-	-	-	-	-	-

Comment:

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

V. Revenue and Capital Expenditure Information.

Sl No	Details	Expenditure Details (Amount in Rs.)					
		2017-18		2018-19		2019-20	
		2017-18 QTR-4 (From JAN to MAR)	2016-17	2018-19	2017-18 (From JAN to MAR)	2019-20	2018-19
1	Total Expenditure (1+2)	44,665,901	192,908,758	Not Applicable	44,665,901	Not Applicable	Not Applicable
	Revenue Expenditure	31,314,720	107,781,408	Not Applicable	31,314,720	Not Applicable	Not Applicable
1.1	Adminstrative Expenses, Establishment and Salaries (All Departments-Regular and Contractual Staff)	3,539,745	36,791,978	Not Applicable	3,539,745	Not Applicable	Not Applicable
1.2	Operation and Maintenance (O&M)	20,414,037	8,365,486	Not Applicable	20,414,037	Not Applicable	Not Applicable
1.3	Loan repayment (Interest payments)	-	-	Not Applicable	-	Not Applicable	Not Applicable
1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	7,360,938	62,623,944	-	7,360,938	-	-
2	Capital Expenditure	13,351,181	85,127,350	Not Applicable	13,351,181	Not Applicable	Not Applicable
2.1	All developmental works under Central/State specific schemes	13,351,181	85,127,350	Not Applicable	13,351,181	Not Applicable	Not Applicable



2.2	Loan Repayments(Principial Amount)	-	-	-	Not Applicable	Not Applicable
2.3	Other Capital expenditure	-	-	-	Not Applicable	Not Applicable

Comment:

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

VI. Status of Implementation of Double Entry Accounting System

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

SINO	Name of Agency	Hiring (Whether by ULB/UD & HD)	Agency	Period of Accounting
1	Manas Das & co	UD & HD		From 2014-15 To 2015-16

VII. Status of Meeting of Municipal Accounts Committee

There is no any accounting committee has been formed at ULB.



5. AUDIT OBSERVATION

I. PART-A

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

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

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

- Fire tax
- Surcharge on electricity consumption within the municipal area
- Tax on congregations.
- Tax on pilgrims and tourists.
- Tax on profession.
- User Charges for Solid Waste Management
- User Charges for Parking Facility
- User Charges for Garbage Clearance
- Collection of Development Charges

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

Criteria - Non levied the taxes reported above by ULB.

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

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

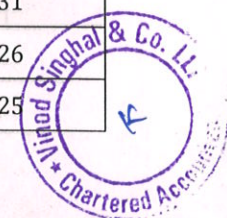
Cause- We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB has not proper mechanisms for supervision and monitoring of the Taxes due to which result in Revenue leakage .

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

2. **Late deposit of property tax:** As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made. In case of Buxar Municipal Council, Receipts book for the Quarter ending March 2018 was not made available for verification. But as we have observed previous year internal audit report and found that there was average 10 day delay in collection of tax and deposit of tax.

Details are as follows:

SINO	Serial Number		Amount of Tax	Date of Collection as per Receipts Booked	Date of Deposit into Bank as per Deposit Slip	Delay in deposit with Bank	
	From	To				Minimum	Maximum
1	12901	13000	83,466	01-04-2016 to 10-04-2016	20-04-2016	11	21
2	13001	13100	44,208	11-04-2016 to 20-04-2016	02-05-2016	13	22
3	13101	13200	99,360	21-04-2016 to 30-04-2016	02-05-2016	3	12
4	13201	13300	48,390	01-05-2016 to 15-05-2016	25-05-2016	11	25
5	13501	13600	99,774	16-05-2016 to 25-05-2016	15-06-2016	21	31
6	13301	13400	44,100	26-05-2016 to 31-05-2016	20-06-2016	21	26
7	13701	13800	98,500	01-06-2016 to 12-06-2016	25-06-2016	14	25



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

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

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

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

Cause- We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has not proper control, supervision, and monitoring over collection and deposit of taxes.

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

3. **Non collection of Notice fees:** As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but **In case of Buxer Nagar Parishad**, ULB is not collecting notice fee for the notice issued during the period.

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

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

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

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

Cause- We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has not proper control, supervision, and monitoring over issue of notices and collection of notice fee.

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

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

Details of outstanding arrear of income as on 31-03-2018		
SINo	Type of Income	Arrear Amount
1	Property Tax	88,78,000
2	Shop Rent Income	3,64,416

Comment:

1. ULB should implement/take action to boost collection of arrear revenue to increase their own source revenue.
2. Details of advertisement tax, mobile tower tax was not made available for verification.



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

1. **Payment of bills after due date:** During audit of ULB we have noticed that ULB is not in practice to paid bill i.e. electricity bill, telephone bill on or before due date. Due to that ULB has to pay penalty for late payment. In case of electricity bill, we noted that there were huge arrear amount was outstanding on ULB; s Part.

SlNo	Name of Utility	Bill Amount	Due date for Payment	Actual date for payment
1	Internet Bill	3,000	08 th -Mar-2018	10 th -Apr-2018
2	Electricity Bill	4,31,79,338	20 th -Jul-2017	27 th -Jul-2017

2. **Pass payment without preparation of payment vouchers:** The ULB does not prepare Payment Vouchers for making payment to the parties/vendors. Payment was made on the basis of bills only raised in the name of ULB which is passed by the competent authority.
3. **Irregularities in payments:** No such irregularities were observed in provided sample data. As complete vouchers files was not made available for audit.

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

SlNo	Holding Name	Ward No	Holding Number	O/s Liability at end of reporting period	Outstanding Period
1	SARCIT HOUSH,PWD	2	390	7,84,880	1970-71 TO 17-18
2	SARCIT HOUSH,PWD	2	390A	7,84,880	1970-71 TO 17-18
3	FLOOD CONTROLAR	2	407	2,39,574	1988-89 TO 17 -18
4	FLOOD CONTROLAR	2	420	1,76,639	1988-89 TO 17 -18
5	FLOOD CONTROLAR	2	421	3,22,722	1988-89 TO 17 -18
6	FLOOD CONTROLAR	2	427	1,89,486	1988-89 TO 17 -18
7	FLOOD CONTROLAR	2	428	1,90,994	1988-89 TO 17 -18
8	FLOOD CONTROLAR	2	429	1,90,994	1988-89 TO 17 -18
9	GANGA PUMP CANALL	2	423	3,30,671	1977- 78 TO 17-18
10	GANGA PUMP CANALL	2	425	4,47,817	1977- 78 TO 17-18
11	GANGA PUMP CANALL	2	426	2,23,909	1977- 78 TO 17-18
12	JILA PARISAD	2	408	2,60,282	1990- 91 TO 17-18
13	FAMALY CUART	2	30	1,79,550	1998 - 99 TO 17 - 18
14	FAMALY CUART	2	903	1,79,052	1999 - 2000 TO 17 - 18
15	BAZAR SAMITEE	4	409	1,37,085	1998 - 99 TO 17 - 18
16	BAZAR SAMITEE	4	410	1,37,085	1998 - 99 TO 17 - 18
17	BAZAR SAMITEE	4	413	4,02,246	1990 - 91 TO 17 - 18
18	BAZAR SAMITEE	4	415	13,56,030	1998 - 99 TO 17 - 18
19	MUKHAY DAK BHAR	4	127	21,94,426	1989 - 90 TO 17 - 18
20	LAGHU SICHAEE	4	397	1,35,907	1994 - 95 TO 17 18

Comment:

1. Management of ULB should prepare proper action plan and should take steps to boost recovery of long huge arrear amount of property tax.
2. We have submitted letter for filed survey, However due to lack of manpower and time the ULB personal were unable to help us in filed survey.



II. PART-B

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

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

SlNo	Name of register	Maintained/Updated or Not
1	Cheque issue Register	No
2	Deposit received register	No
3	Summary statement of deposit adjusted	No
4	Summary Statement of Bills Raised	No
5	Register of Notice Fees, Warrant Fees, Other Fees	No
6	Summary Statement of Notice Fees, Warrant Fees, Other Fees	No
7	Register of Refunds, Remissions and Write off	No
8	Summary statement of Refunds and Remissions	No
9	Summary Statement of Write-offs	No
10	Statement of outstanding Liability for Expenses	No
11	Fixed assets register	No
	Rentals, Fees & Other Income	No
12	Summary Statement of Demand Raised on assessment	No
13	Summary Statement of Head wise Collection of Other Income	No
14	Summary Statement of Refunds	No
15	Summary Statement of Write off	No
	Public Works	No
16	Summary Statement of status of Capital Work in Progress	No
17	Work Sheet	No
18	Deposit Works Register	No
	STORES	No
19	Store Ledger	No
20	Statement of Closing Stock	no
21	Statement of Material Issued	No
	Final Accounts for the 2017-18 or QTR-4	No
22	Audited Balance Sheet	No
23	Audited Income & Expenditure Account	No
24	Audited Receipts & Payment Account	No

b. Irregularity in procurement process:

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

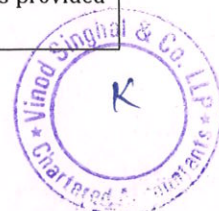


c. **Non-Compliance of directives by UD&HD, GoB:**

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

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

SINO	Requirement	Criteria	Auditors Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made	BMAR Rule No.- 22	Refer point: Part-A (a) (2) No receipts booked were provided for verification. As per verification of previous auditor report this is noted that there was average 10 days delay in collection and deposit of tax into bank.
2	Whether every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	BMAR Rule No.- 27	Yes, Every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.
3	Whether the collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	BMAR Rule No.- 27	Yes, Collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.
4	Whether bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated stall of the Municipality	BMAR Rule No.- 27	Yes, bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated stall of the Municipality
5	Whether every bill collector invariably remits his collections (in cash and/or cheques) to Cashier daily before 4.30 PM and takes the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	Refer point: Part-A (a) (2) No receipts booked were provided for verification. As per verification of previous auditor report this is noted that there was average 10 days delay in collection and deposit of tax into bank.
6	Whether Grant Register as prescribed in BMAR Form 28 was maintained by the Municipality to record receipts and utilization of grants sanctioned by the Government.	BMAR Rule No.- 69	Yes, Scheme wise grant register was maintained by the ULB.
7	Whether specific grants, which have certain conditions attached for utilizing such grants including the requirement to use it for capital purposes or use it in a particular proportion or manner. Usually such grants have requirements for submitting utilization certificates e.g. Finance Commission grant, SFC grant for specific purpose, namely, road repairs. It is the responsibility of the Chief Municipal Officer that the conditions attached to the grant are complied with without exception.	BMAR Rule No.- 69	Refer point: Part-B (h) No irregularities in this regard were observed. Status of UC submitted by ULB is attached under point PART-B-(h)
8	Whether The grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No irregularities in this regard were observed.
9	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form No 29.	BMAR Rule No.- 69	Refer PART-B (h) Status of UC submitted by ULB is attached under point PART-B-(h)
10	Whether Municipality has returned unutilized grant for more than three years from date of receipt to the source from where such grant was	BMAR Rule No.- 69	No such related information was provided by ULB.



	received		
11	Whether The Chief Municipal Officer prepare a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.	BMAR Rule No.- 120	No, ULB was not preparing a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.
12	Whether ULB prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	BMAR Rule No.- 121	No, ULB was not preparing monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.
13	Whether ULB sent the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	BMAR Rule No.- 121	No, ULB was not send the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter
14	The Chief Municipal Officer shall, Within three months after the end of each financial year be prepared financial statements for the preceding year in respect of the accounts of the Municipality. The Financial Statements shall comprise of a. Receipts and Payments Account for the year (BMAR Form No.71) b. Income & Expenditure Statement for the year (BMAR Form No.73) c. Balance Sheet as on 31st March of the year (BMAR Form No.74) d. Significant accounting policies adopted by the Municipality in presentation of the financial statements. e. Notes to Accounts, which shall disclose Contingent liabilities, and such other information as, may be useful in understanding the financial statements clearly. f. Comparative amounts shall be entered on the financial statements for the preceding financial year except. In the case of the first year to which those rules apply	BMAR Rule No.- 122	BMAR Rule No. - 122 were not followed by ULB during the F.Y. 2017-18.and Quarter ending March 2018
15	Whether the municipality is regular in depositing statutory dues including tax deducted at source, GST, TDS on GST, service tax, VAT, works contract tax, cess payable to the government etc. and If not, the nature and cause of such delay and the amount not deposited: (BMAR Rule No.-130)	BMAR Rule No.- 130	Refer PART-B (f) We observed that ULB was not regular in compliance of statutory dues.
16	Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;(BMAR Rule No.-130)	BMAR Rule No.- 130	Refer PART-B (g) We cannot comment on employees related to statutory compliance, as related records were not made available for audit.
17	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated In sufficient detail;	BMAR Rule No.- 130	No, BMAR Rule No. 130 was not followed by ULB. As Single entry accounting system was followed by ULB
18	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted;	BMAR Rule No.- 130	Yes, All grant received by ULB during the year have been accounted properly in grant register. No details regarding deductions from grant were made available to comment thereon.
19	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;	BMAR Rule No.- 130	No details regarding creation of special fund and their use were made available to comment thereon.



20	Whether the ULB is maintaining proper records showing full particulars, including quantitate details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable Intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	BMAR Rule No.- 130	ULB was not maintaining fixed assets register for the financial year 2017-18 and quarter ending march 2018 Further no, fixed assets physically verified report was made available to comment upon.
21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	BMAR Rule No.- 130	No details regarding lease hold property was made available to comment upon.
22	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	BMAR Rule No.- 130	Yes, ULB followed adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets.
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality' s accounts; If so, the details thereof;	BMAR Rule No.- 130	We have not observed such type of transaction during audit.
24	Whether the Bank Reconciliation statements have been property prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis;	BMAR Rule No.- 130	Refer Point-04 (III) Yes, ULB has prepared bank reconciliation for all bank accounts maintained but in case of some bank accounts, BRS was not updated till 31-03-2018.
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.- 130	As ULB has single entry accounting system, in that case year end provisions and reconciliation was not made during the reporting period.
26	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	BMAR Rule No.- 130	Refer-PART-A (a)(4) Yes, ULB has accountant revenue properly. But collection and recovery of taxes was in slow pace that's why there was arrear of taxes in ULB.
27	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act;	BMAR Rule No.- 130	Refer-PART-A (a)(2) Yes, all sums due to and received by the ULB have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act. Except; In case of deposit of daily tax collection, that is deposited on average 10-15 days delay of collection.
28	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	BMAR Rule No.- 130	Yes, the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order
29	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as It appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR Rule No.- 130	Refer-PART-B (a) No, Some required books of accounts as per BMAM/BMAR has not been maintained.
30	Whether physical verification has been conducted by the ULB at reasonable intervals In respect of stores;	BMAR Rule No.- 130	No store verification report was made available during the reporting period to comment upon.
31	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.- 130	No, procedures of physical verification of stores followed by the ULB have been provided to comment upon.
32	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and If so, whether the same has been properly dealt with in the books of account; Whether proper procedures are in place to Identify any unserviceable or damaged stores and whether provision for the loss In this	BMAR Rule No.- 130	No such details provided



	respect, If any, has been made In the accounts;		
33	Whether the valuation of stores is in accordance with the accounting principles laid down In the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	BMAR Rule No.- 130	No such details provided
34	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the Interest and If not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAR Rule No.- 130	Refer-PART-B (j) For Details of outstanding advances
35	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.- 130	No, ULB was not collecting interest on advance given to employees.
36	Municipal Fund: Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	No, ULB is using single entry accounting system, so there was no fund was accounting followed.
37	Investment of surplus money. Whether municipality has invested surplus fund as per the requirement of the chapter-X of BMA-2007. Auditor will report on the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period. Check whether comparative interest rate is invited from parties before investing surplus funds:	BMA,2007: Chapter X	As per ULB, No investment was done by ULB.
38	Preparation of budget estimate of Municipality. Whether The budget estimate stated the rates at which various taxes, surcharges, cesses and fees shall be levied by the Municipality in the year next following,	BMA,2007: Chapter XI	Yes, Followed by the ULB
39	Maintenance of accounts. Whether the Chief Municipal Officer prepared and maintained accounts of receipts and expenditure of the Municipality in such form, and in such manner, as may be prescribed,	BMA,2007: Chapter XII	As ULB was following single entry accounting system. So receipts and payments details were being maintained in form of cash book. Audited receipts & payments account as per BMAM was not prepared by ULB.
40	Financial Statement. Whether The Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality,	BMA,2007: Chapter XII	No, ULB was not preparing a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality.
41	Submission of financial statement and balance sheet to auditor. The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.	BMA,2007: Chapter XII	No, Financial Statements were not provided for audit by ULB.
42	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act,2007 various tax are applicable on ULBs	BMA,2007: Chapter XV	Refer-PART-A (a) (1) for status of taxes not collecting by ULB.



43	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007,) Municipality shall, by regulations, provide for issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore,	BMA,2007: Chapter XIX	Refer-PART-A(a)(3) Yes, ULB was issuing notice fees to defaulter and collecting notice fees.
44	As per section 342 of Bihar Municipal Act, 2007 Trade license fee is to be collected from different types of Trader, who are trading in Concerned Municipal area.	BMA,2007: Chapter XXXVII	Yes, ULB was collecting trade license fee from different types of Trader, who are trading in Concerned Municipal area

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

1. Voucher file was not maintained
2. No internal mechanism for statutory compliance
3. No MIS was prepared for tracking of payments
4. Required books of accounts as per BMAM was not maintained
5. Statutory compliance reconciliation was not maintained
6. Year-end reconciliation was not available

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

1. Details of Delay in deposit of TDS are mentioned below:

During the audit, we observed that ULB was not regular in deposit of TDS deducted, as per below mentioned details this is clear that ULB had practice to deposit of TDS in a particular month not on actual due date. This practice of delay in deposit of TDS late would cause ULB in form of interest and penalty.

SINo	Challan Tender Date	Challan Serial No	Nature of Payment
1	19-12-2017	10	Pay. of contractors and sub-contractors
2	19-12-2017	9	Pay. of contractors and sub-contractors
3	19-12-2017	8	Pay. of contractors and sub-contractors
4	19-12-2017	7	Pay. of contractors and sub-contractors
5	19-12-2017	6	Pay. of contractors and sub-contractors
6	19-12-2017	3	Pay. of contractors and sub-contractors
7	19-12-2017	4	Pay. of contractors and sub-contractors
8	19-12-2017	2	Pay. of contractors and sub-contractors
9	19-12-2017	5	Pay. of contractors and sub-contractors
10	27-12-2017	2	Pay. of contractors and sub-contractors
11	27-12-2017	1	Pay. of contractors and sub-contractors
12	01-01-2018	1	Pay. of contractors and sub-contractors

Note:

1. The above Statutory deductions details were taken as per contract register.
2. We have not received statutory compliance register and expenses invoices for our verification.
3. Non-payment of tax on or before due date will attract interest @ 1.5% p.m. or part of month
4. As per provision of sec. 276B, If a person fails to pay to the credit of the Central Government to the amount of tax deducted at source by him as required by or under the provisions of Chapter XVII-B; or the tax payable by him, as required by or under sub-section (2) of section 115-O; or the second proviso to section 194B, he shall be punishable with rigorous imprisonment for a term which shall not be less than **three months** but which may extend to **seven years** and with fine. Refer "**Annexure -17**"

2. Details of TDS returns filled are mentioned below:

During the audit, we observed that ULB was not regular in filling of TDS return, as per below mentioned details this is clear that ULB had filled TDS return on a particular month not on actual due date. This practice of delay in filling of TDS return would cause ULB in form of penalty.



SINo	Quarter	Due date of Return	Actual date of Return filled	Remark
1	Quarter-4 of F.Y. 2017-18	31 st -May-2018	31 st -Dec-2018	Late return filled

Note:

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

3. **Details of Royalty deduction and deposit deposited :**

During the audit, ULB has not provided copy of challan of deposit of royalty,

4. **Details of Labour Cess deduction and deposit deposited :**

During the audit, ULB has provided copy of challan of deposit of Labour Cess, In mentioned table this is clear that ULB is not regular in deposit of Labour Cess amount,

g. **Deficiency in payroll system:**

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



h. Utilisation of Grant and report on missing Utilisation Certificates

SIN	Sanction/ allotment letter no. date	Name of the grantee office	Purpose of grant/ name of scheme	Bill No. Date	Amount of Grant Drawn	T.V. No. & date	Amount of UC	Balance Amount	Amount Surrendered (with letter no. & date)	Challan No. & Date	UC NUMBER	UC DATE
1	23/30-06-2017	Nagar Parishad Buxar	Professional Tax	02/2017-18	34,42,781	P/2217/00001 09-08-2017	34,42,781	-	-	-	7	13-08-2018
2	32/27-07-2017	Nagar Parishad Buxar	State Scheme	03/2017-18	21,68,825	P/2217/00007 21-08-2017	21,68,825	-	-	-	2	13-08-2018
3	43/24-08-2017	Nagar Parishad Buxar	Civic Am. For cleaning	10/2016-17	1,00,26,000	T/2217/00008 30-08-2017	78,17,811	22,08,189	-	-	4	13-08-2018
4	15/15-06-2017	Nagar Parishad Buxar	CC,VC,W/C Allowance	05/2016-17	7,92,000	T/2217/00003 09-08-2017	5,94,000	1,98,000	-	-	5	13-08-2018
5	07/23-05-2017	Nagar Parishad Buxar	E.O. Salary	01/2017-2018	5,00,000	T/2217/00001 05-06-2017	4,97,649	2,351	-	-	20	03-01-2018

Note :

1. ULB has provided hard copy of some certificate submitted to the department. "Refer Annexure -3 "
- i. **Physical verification of inventory/Stores:** We have verified the physical store as per detail provided to us. Out of these stores some are outdated and not in condition to use. However we have not received full detail for our comment.
- j. **Advances, their adjustment & Recovery:**
Since the ULB has not provided any detail of the amount of advance given during the year, therefore we are unable to comment on it.
- k. **Any other matters as may be prescribed in due course:** As all relevant matters has been covered in above mention point



III. PART-C

SINo	Particulars	Complied or Not
a	Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GoB; Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.
b	Auditor should Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;	We have reported on this point under PART-A(c). Please refer the same for detail. Further ULB is Assessing the property as per valuation of the FY 2009-10. We have discussed on this point with executive officer and Tax Daroga.
c	Auditor should report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR :	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.
	Rule 22: All moneys to be brought to account	Yes, Compliance of financial, guidelines of schemes of MOHUA and
	Rule 27: Collections to be deposited into Bank on the same day	UD & HD, GoB have been complied
	Rule 69: Grant Related Compliance	We have reported on this point under PART-A of the report. Please refer the same for detail.
	Rule 120-121: Monthly Receipt & Payment Account and Trial Balance	We have reported on this point under PART-B(b) of the report. Please refer the same for detail.
	Rule 130: Audit to be completed & reported within 6 month	We have reported on this point under PART-B(b) of the report. Please refer the same for detail.
d	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Complied Refer-Audit recommendation
e	Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc.;	We have reported on this point under PART-B(b) of the report. Please refer the same for detail
f	Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 10,000 and above.	We have reported on this point under PART-B(b) of the report. Please refer the same for detail
g	Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions , if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	We have reported on this point under PART-B(d) of the report. Please refer the same for detail
h	Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	We have reported on this point under PART-A(a) of the report. Please refer the same for detail)
i	Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	We have reported on this point under PART-B(f) and (g) of the report. Please refer the same for detail
j	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Complied Point-03 of Detailed Audit Report and Note thereof.
k	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.



l	Auditor will report on that the fixed deposit and other funds should be in nationalized Banks/Approved financial institutions and should earn maximum interest at their gestation period.	We have reported on this point under PART-A(c). Please refer the same for detail. Further ULB is Assessing the property as per valuation of the FY 2009-10. We have discussed on this point with executive officer and Tax Daroga.
m	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.
n	Auditor will report on that all kind of tax deductions i.e. Commercial tax, Income tax, provident fund etc. Should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	Yes, Compliance of financial, guidelines of schemes of MOHUA and UD & HD, GoB have been complied
o	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has been complied by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report.	We have reported on this point under PART-A of the report. Please refer the same for detail.

Thanking You,

For Vinod Singhal & Co. LLP

(Chartered Accountants)

FRN: 005826C/C400276

CA Krishan Kumar Sodhani

Partner

M. No. : 404603

UDIN No :-> 20404603AAAAED6108
 DATE :-> 25th July-2020

1	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.	Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Advertisement Taxes/Fees, etc.
2	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.	Auditor should report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 10,000 and above.
3	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.	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. 12,000/-.
4	We have reported on this point under PART-A(a) of the report. Please refer the same for detail.	Auditor should Report on 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/C, the Internal Audit report shall prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.
5	We have reported on this point under PART-B(f) and (g) of the report. Please refer the same for detail.	Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.
6	Complied.	Internal Auditor will report on each payment that the payment terms & conditions of tender and rate offers are according to procurement law and policies.
7	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.	Internal Auditor will report on each payment that the payment terms & conditions of tender and rate offers are according to procurement law and policies.



Management Comments

1. INTRODUCTION

Name of the Municipality	Buxer Nagar Parishad
Period covered under current audit	01.01.2018 to 31.03.2018
Name of Executive Officer for the period under Audit	Mr. Sujeet Kumar

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



3	Non-Implementation of Double Entry Accounting System	<p>As per requirement of BMAR-2014, Part -A, Chapter -2 Rule -4, "All ULB referred in Schedule -I shall maintain its Books of Account using the double entry system". Since Buxer Nagar Parishad is Covered under Schedule -I, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule. We found the detail that double accounting system is implemented at Buxer Nagar Parishad, however we not got any data for verification the same.</p>	<p>Double entry system was implemented at ULB till FY 2015-16, M/s Manas Das & Co. was working here as DEAS consultant. The appointment of the firm were done by UD & HD head office. We are waiting for new appointment.</p>
4	No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.	<p>As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of Municipal Accounts Committee each year. During our Audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.</p>	<p>There is no any accounting committee has been formed at ULB. We have submitted a request letter in board for formation of Municipal accounting Committee.</p>

Sl No	Municipal Committee	Municipal Committee	Municipal Committee
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Name of Executive Officer	M. Anil Kumar	M. Anil Kumar	M. Anil Kumar
Date covered under audit	01.01.2018 to 31.03.2018	01.01.2018 to 31.03.2018	01.01.2018 to 31.03.2018
Municipal Committee	Municipal Committee	Municipal Committee	Municipal Committee



<p>5</p>	<p>Non-levy of following taxes</p> <ul style="list-style-type: none"> * Surcharge on transfer of lands and buildings tax. * Fire tax. * Surcharge on electricity consumption within the municipal area congregations. * Tax on pilgrims and tourists. * Tax on profession. * Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles. * User Charges for provision of water-supply, drainage and sewerage * User Charges for Solid Waste Management * User Charges for Parking Facility * User Charges for Garbage Clearance * Collection of fees for sanction of building plans and issue of completion certificates, * Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings, * Collection of Development Charges 	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. <i>ULB should take steps to implement required taxes to boost their revenue</i></p>	<p>Buxer is a Nagar Parishad and many of taxes as reported here are not applicable on it. Further we insure you that we will collect all applicable taxes as soon as possible.</p>
<p>6</p>	<p>Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22</p>	<p>As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made. However, during our audit, we observed that there is a huge delay in depositing the tax at bank. <i>Therefore, management should implement a MIS Mechanism towards getting control over collection and deposit of Taxes. Further we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000</i></p>	<p>Due to work load and filed survey the collector not submitted their collection for deposit into bank. However irrespective of fact we have directed the collector to submit their collection amount as per Rule.</p>



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



12	Non-conducting physical survey of 20 high value properties and non-collection of outstanding property tax	Being ULB was not maintaining any details of high value properties, The details given in report has been prepared based on receipts book. Filed Survey of the same could not be conducted due to non-support of tax Daroga & tax collectors in separate list of high value properties by conducting re-assessment of prospective properties on timely basis to boost their revenue.	Due to election duty many of our regular work got pending, therefore we have not visited in filed with your team. However, we ensure that we will visit the filed on your next audit schedule.
13	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014	Detail of registers not maintained by ULB is mentioned under PART-A (a). ULB should ensure proper maintenance of required Books of Account and register as per the list given in Rule -3 of BMAR - 2014.	We will maintain the same at earliest.
14	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	ULB should ensure preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	Double entry system was implemented at ULB till FY 2015-16, M/s Sushiljeetpuria & Co. was working here as DEAS consultant. The appointment of the firm were done by UD & HD head office. We are waiting for new appointment. However, if the new firm not appointed by UD & HD, we will appoint our own accounting team for Double entry accounting system



<p>15</p> <p>Irregularities in vendor payment process:</p> <ul style="list-style-type: none"> ▪ Budget Control register was not updated ▪ Quality control test report was not available ▪ Completion certificate was not available in payment file in case of completed contract. 	<p>Proper tender documents regarding tender approval and allotment was not properly maintained or made available for audit. In provided cases, we are unable to comment on channel of procurement of tender and their required compliances. Further, no statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, <i>ULB should maintained proper tender register and file that include all related documents of tender. Statutory compliance register should be maintained for all statutory deductions made form parties invoices.</i></p>	<p>We are maintaining the file, However due to lack of manpower we were unable to arranged the same on day to day. Now we have arranged the tender file in proper manner. We will show the same on next Audit.</p> <p>Further, statutory compliance are handle by file. We are maintaining the file w.r.t. deduction and deposit of all statutory dues. We will prepare statutory deduction register and will be presented to your team on next visit.</p>
<p>16</p> <p>Non-maintenance of register for all procurements with value above Rs. 15,000</p>	<p>ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000</p>	<p>We are maintaining voucher file w.r.t. all expenses irrespective of amount. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us.. Further we wish to say that with the help of available man power we are trying to serve in best possible manner at earliest.</p>
<p>17</p> <p>Missing signature of wages worker and stamp of ULB on muster roll register</p>	<p>ULB should ensure proper maintenance of wages register by complying signature and stamping.</p>	<p>All concerned person are directed to resolve this issue within 30 days. We will inform you after rectification.</p>
<p>18</p> <p>No maintenance of separate earnest & security deposit register</p>	<p>EMD and security deposit register help in tracking of balance payable to parties.</p>	<p>We are maintain the same with contractor register. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.</p>
<p>19</p> <p>Non-Compliance of Act & Rules</p>	<p>Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. <i>ULB should ensure compliance of all applicable Act & Rules.</i></p>	<p>With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.</p>



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



thank you



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JEWELERS, BORING ROAD, PATMA-800001

