

Internal Audit Report

of

ULB: Sahebganj Nagar Panchayat

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 09-09-2019 to 30-09-2019

Report Issued on: 13-10-2019

Executive Summary

1. Introduction

Name of the Municipality	Nagar panchayat Sahebganj
Period Covered under Current Audit	01.04.2018 to 31.03.2019
Name of the Chief Municipal Officer for the period under Audit	Executive Officer Mr. Krishna Bhusan Kumar

2. Results and Findings

<p>Strength observed during the audit engagement</p>	<ul style="list-style-type: none"> ➤ General cash book and Subsidiary Cash Book has been written. ➤ All transactions shall be identified with funds in accordance with rule 5, and separate accounting records have been maintained for each fund.
<p>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</p> <p>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.</p>	<ul style="list-style-type: none"> ➤ Municipality has not been maintaining its books of accounts using double accounting system of bookkeeping 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 maintained 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. ➤ There is lack of internal control on deduction and deposit of various taxes. On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes. ➤ Taxes and other revenue collections from internal sources are not deposited in bank on same day. ➤ Nagar Panchayat 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. ➤ Assessment of Property Tax, Rent and other resources of revenue has not been conducting on regular intervals. ➤ BRS has not been prepared Monthly basis. ➤ Office infrastructure is not sufficient for operation. ➤ Staff Co-operation during the Audit period was very poor.



3. Opinion

Overall opinion of the Audit team about the functioning of the Municipality	<p>The functioning of the Municipality is very weak due to following reasons:</p> <ul style="list-style-type: none">➤ Most of the prescribed Books of accounts are not maintained such as- Ledger, Advance Register, Earnest money and security money Deposit Register, Daily Collection Register, Grant Received Register, Fixed Asset Register, Stock/Inventory Register, Procurement Register, Holding Tax Register, Statutory dues deduction and deposit register etc➤ Internal Control w.r.t. collection of taxes, monitoring of grant, monitoring of advances, monitoring of schemes etc. is very poor.➤ Collection from own sources is very poor.➤ Grant received for various purposes are not utilized on timely basis.➤ There are lapses in deduction and deposit of statutory dues such as TDS, VAT, Royalty, Labourcess etc.➤ Manpower of Nagar Panchayat is not adequate.➤ Nagar Panchayat is not maintaining the demand and collection register for various types of Taxes and nontax revenue under own sources i.e. Holding Tax, Tower Tax, and Shop Rent etc.
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4. Audit Recommendations

The recommendations of Audit team on the observed weakness	<p>We recommend the followings:</p> <ul style="list-style-type: none">➤ Books of Accounts need to be maintained on double entry accounting system.➤ All the prescribed books of accounts and Registers should be prepared on real time basis.➤ 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.➤ Grant Register should be prepared.➤ All the statutory dues should be deposited on timely basis and returns prescribed under the statute should also be deposited on timely basis.➤ 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.➤ AG Audit report for financial year 2017-18 should be provided.➤ BRS should be prepared and provided monthly.➤ Taxes and nontaxes collections from internal sources should be deposited in bank on same day.
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5. Comments from Management

Comment Management	from	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 PanchayatSahebganj (Executive Officer)
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6. Acknowledgment

We thank Mr. Krishna Bhusan Kumar (Executive Officer) and Mr. Sajjad Alam (Accountant) for their support during the period of our audit. We are also thankful to Tax Daroga (Sunil Kumar) and supporting staffs of the municipality for their cooperation extended to us during the period of our audit.

Place : Patna
Date:

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

(CA. Gopal Kumar Sureka)
Partner
M.N.-091380



UDIN: 20091380AAA DJ1915
Date: 24-06-2020

Detailed Audit Report

1. Introduction

The Internal audit of Nagar Panchayt Sahebganj covering period from 1stApril 2018 to 31st 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. Mohammad Jawed Akhtar
- iii. Mr. Mohd Jawed Siddiqui

2. Administration

The present body of the ULB has taken charge on 16th February 2019. The incumbency in the key administrative and executive position was as under:

- i. Chairman : Smt. Kiran Devi, from 30.04.2018 to till date,
- ii. Executive officer : Mr. Rajeev Singh, from 16.02.2019 to till date.



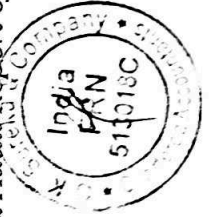
Sl.No	Particulars of Audit and date of report	Total No. of Audit Paras.	Total No. of audit paras where necessary improvement/corrective measure is required	Total No. of audit paras where recovery of cash is proposed	Total No. of audit paras where recovery has been made	Total amount of Recovery	Total No. of outstanding paras where no action has been taken	No. & date of Compliance report
1.	AG Audit Report No.293/16-17	13	13	3	2	55,189		

The Major observations of AG audit report are as under:

Total amount of recovery and status of compliance

S. No.	Particulars	Status of Compliance	Amount of Recovery
Para-1	Irregular and excess payment on purchase of 15 Pcs solar lights	Compliance Pending	--
Para-2	Advance payment of salary of 1 worker without approval of standing committee	Complied	--
Para-3	Indifference in collection of tower tax registration and renewal fees Rs.7.28 Lakh	Compliance Pending	--
Para-4	Invalidation of Rs.160 Lakh due to non-removal encroachment at government land for construction of bus stand.	Complied	--
Para-5	Loss of revenue due to non-transfer of sairats.	Complied	--
Para-6	Non-maintenance of advertisement tax related records	Compliance Pending	--
Para-7	Short/Non-deposit of Rs.0.06 Lakh	Recovered Rs. 6189/-	6189
Para-8	Non-updation of accountants cash book Rs.2.40 Lakh	Compliance Pending	--
Para-9	Unauthorized payment of daily wages Rs.5.76 Lakh	Compliance submitted pending for Board approval	--
Para-10	Unprepared store register	Complied.	--
Para-11	Deviation in amount Rs.0.49 Lakh	Recovered Rs. 49000/-	49000
Para-12	Annihilated	--	--
Para-13	Unprepared Records	Compliance pending	--

➤ We have not been provided Compliance of Internal Audit Report of FY 2017-18.



4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2016-17	2017-18	2018-19
Final/ Revised Budget	Approved Budget copy for the year 2016-17, 2017-18, 2018-19 and 2019-20 has not been provided to us.		
Actual Expenditure	Not Available	8,83,47,817	6,49,20,013
Savings (+)/ Excess (-)	Not Available	Not Available	Not Available

➤ *Letter of communication with ULB to provide the documents required 'attached'.*

II. Volume of transactions

Period	Budgeted	Previous year (For One year) 2017-18	Correspondi ng period of 2016-17	Current Period (2018-19)	Cumulative for the current period	
Opening Balance	Approved budget copy was not provided.	7,46,84,462	N.A	3,34,12,373	3,34,12,373	
Receipts		4,70,75,728	N.A	14,26,82,098	14,26,82,098	
TOTAL		12,17,60,190	N.A	17,60,94,471	17,60,94,471	
Net Expenditure		8,83,47,817	N.A	6,49,20,013	6,49,20,013	
Transferred to other head				N.A	49,790	49,790
Closing Balance		3,34,12,373	N.A	11,11,24,668	11,11,24,668	

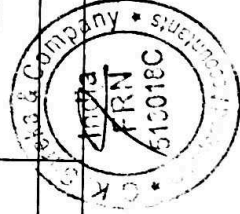
- **Current year amount has been taken as per cash book.**
- **Previous year amount has been taken as per Internal Audit report.**
- **Approved budget copy 2016-17, 2017-18, 2018-19 and 2019-20 has not been provided to us.**
- *Letter of communication with ULB for provide the required documents is 'attached'.*



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

Bank Balance as on 31.03.2019

Sl.N o.	Bank Name	Account Number	Balance 31.03.2019	Name of scheme	Reconciliation position
1.	Central Bank of India	2195979870	22,020	Internal Sources	Not reconciled.
2.	Canera Bank	1708101014522	1,04,906	Swachh Bharat Mission	--do--
3.	Central Bank of India	3164668617	17,22,635	KabirAntyesthi	--do--
4.	Central Bank of India	3225358302	571	4 th finance	--do--
5.	State Bank of India	31515232143	1,05,572	13 th Finance	--do--
6.	Canera Bank	1708101014566	2,63,232	13 th /14 th finance	--do--
7.	Canera Bank	1708101014991	4,46,93,483		
8.	Canera Bank	1708101017210	1,86,152	Day NULM	--do--
9.	Icici Bank	133001000906	14,49,882	Swachh Bharat Mission	--do--
10.	Uttar Bihar Gramin Bank	1001331030071162	32,06,257	S.J.S.R.Y	--do--
11.	Bank of Baroda	19350100011567	4,73,527	BRGF	--do--
12.	Canera Bank	1708101014895	1,01,694	Jalapurti (M S P J N YOJNA)	--do--
13.	TREASURY PLA A/C	8448	Not provided	All Scheme	--do--
Total Closing Balance as per All Pass Book as on 31.03.2019					
All subsidiary cash book					
INTERNAL SOURCES 2217					
BRGF					
12TY FINANCE					
13TH FINANCE					
4TH FINANCE					
KABIR ANTYOSHTHI					
E GOVERNANCE					
SJSRY					
CENSUS					
TEACHERS MANDAHEY					
			1,70,164		--do--
			1,148		--do--



DISASTER MANAGEMENT	10,000	--do--
ADMINISTRATIVE BUILDING	19,28,064	--do--
STAMP DUTY	25,582	--do--
SAFAI BAYASTHA	1,90,216	--do--
SAUCHALAYA	16,22,569	--do--
5TH FINANCE	12,33,712	--do--
14TYH FINANCE	99,72,468	--do--
JAL NAL	(46,620)	--do--
MM YOJNA FOR PCC	17,90,202	--do--
NALI GALI	21,73,387	--do--
AWASH SBM	4,46,93,483	--do--
SAMRAT ASHOK BHAWAN	69,66,650	
DAY NULM	1,86,152	
PATH PULIA	3,12,25,350	
JAL JAMAV	31,90,550	
Total Closing Balance as per All Subsidiary Cash Book as on 31.03.2019	11,11,24,668	
Difference		

➤ Bank reconciliation statement not prepared by ULB for the audit period. Further, there is unable to calculate difference between pass book and Cash book due to Treasury Balance as on 31st March 2019 not provided to us.



IV. Revenue & Capital Receipts

Income 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 Receipts (A+B)	4,70,75,728	Not Available	14,26,82,098	4,70,75,728	Not Applicable	14,26,82,098
A	Revenue Receipts (1+2+3)	1,35,42,131	Not Available	2,08,58,949	1,35,42,131	do	2,08,58,949
1	Own Revenue Receipts (a+b)	6,39,339	do	6,58,986	6,39,339	do	6,58,986
a)	Tax Revenue (levied and collected by municipal body)	6,39,339	do	6,58,986	6,39,339	do	6,58,986
i)	Property Tax	6,39,339	do	6,58,986	6,39,339	do	6,58,986
ii)	Other Tax (levied and collected by municipal body)	--	do	--	--	do	--
b)	Non-Tax Revenue (levied and collected by municipal body)	--	do	1,94,645	--	do	1,94,645
i)	Fees & Fines	--	do	1,21,750	--	do	1,21,750
ii)	User Charges	--	do	72,895	--	do	72,895
iii)	Other non-tax revenue (levied and collected by municipal body)	--	do	--	--	do	--
2	Other Revenue Receipts	10,05,804	do	12,77,338	10,05,804	do	12,77,338
a)	Income from interest/investments	10,05,804	do	3,93,998	10,05,804	do	3,93,998
b)	Other Revenue Income	--	do	8,83,340	--	do	8,83,340
3	Transfers/ Grants/ Assigned Revenues	1,18,96,988	do	1,89,22,625	1,18,96,988	do	1,89,22,625
a)	State Assigned Revenue	67,85,658	do	17,85,678	67,85,658	do	17,85,678
b)	State Finance Commission (SFC) Grants/Devolution	--	do	--	--	do	--
c)	Octroi Compensation	--	do	--	--	do	--
d)	Other State Government Transfers	2,07,380	do	40,34,839	2,07,380	do	40,34,839
e)	Central Finance Commission (CFC) Grant	--	do	--	--	do	--
f)	Other Central Government Transfers	49,03,950	do	1,30,97,108	49,03,950	do	1,30,97,108
g)	Others	--	do	5,000	--	do	5,000
B	Capital Receipts	3,35,33,597	do	12,18,23,149	3,35,33,597	do	12,18,23,149
1	Sale of Municipal Land	--	do	--	--	do	--
2	Loans (from State Govt. or Banks etc.)	--	do	--	--	do	--
3	State Capital Account Grant (under Central Schemes etc.)	2,49,67,756	do	6,33,10,891	2,49,67,756	do	6,33,10,891
4	Central Capital Account Grant (under Central Schemes etc.)	85,65,841	do	5,85,12,258	85,65,841	do	5,85,12,258
5	Other Capital Receipts	--	do	--	--	do	--





V. Revenue and Capital Expenditure Information

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
1	Total Expenditure (1+2)	8,83,47,817	Not Available	6,49,20,013	8,83,47,817	Not Applicable	6,49,20,013
1.1	Revenue Expenditure Administrative Expenses, Establishment and Salaries(All Departments- Regular and Contractual Staff)	1,62,60,418	--do--	2,85,81,726	1,62,60,418	--do--	2,85,81,726
1.2	Operation and Maintenance (O&M)	38,91,812	--do--	45,34,371	38,91,812	--do--	45,34,371
1.3	Loan Repayment (Interest payments)	5,70,252	--do--	1,49,469	5,70,252	--do--	1,49,469
1.4	Others (any other revenue expenditure which is not salaries O&M or Interest Payment)	1,17,98,354	--do--	2,38,97,886	1,17,98,354	--do--	2,38,97,886
2	Capital Expenditure	7,20,87,399	--do--	3,63,38,287	7,20,87,399	--do--	3,63,38,287
2.1	All developmental works under Central/ State specific schemes	5,57,04,813	--do--	3,54,12,796	5,57,04,813	--do--	3,54,12,796
2.2	Loan Repayment (Principal Amount)	--	--do--	--	--	--do--	--
2.3	Other Capital Expenditure	1,63,82,586	--do--	9,25,491.00	1,63,82,586	--do--	9,25,491.00



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.

- Appointment of KRA & CO. for DEAS for the year 2016-17 to 2019-20 done but no contract has been signed with Nagar Panchayat.
- For the Year 2017-18 Double Entry Accounting System is not operational in the Nagar Panchayat.
- Status of Double Entry Accounting System:
 - 1) Name of Agency Implementing DEAS: KRA& Co.
 - 2) Period: 2016-17 to 2019-2020
 - 3) Status of Report: Not Initiated.
 - 4) Preparation of Fixed Asset Register: Not Initiated.
 - 5) Preparation of Opening Balance Sheet: Not Initiated.
 - 6) Preparation of Financial Statement: Not Initiated.
 - 7) Preparation of Property Tax Register: Not Initiated.
 - 8) Details of Tally Installation: Tally Installed
 - 9) Details of Tally Serial ID. : 725641569
 - 10) Email Id.: fcadhrubnarayan@gmail.com

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, but constitution status and meeting minutes of the Municipal Accounts Committee not provided to us.



5. Audit Observations

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 fees etc.**

Audit Objective:

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;

1. **Property Tax and other revenue receipts are not deposited by tax collectors to the cashier by 4:30 PM on the same Day.**

Criteria:

Collections should be deposited in to bank on the same day. (Rule-27)

All moneys to be brought to account. (Rule 22)

Condition:

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 not provided.
2. Tax demand register of Property tax 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 Panchayat.

Property Tax Register and Daily Collection Register for the FY 2018-19 has not been prepared by Nagar Panchayat. So, we are unable to ascertain the Holding Tax Demand during the period, however we verified the Holding Tax Receipt and found Total deposit in bank of Rs. **4,64,341/-** against total collection of Rs.4,68,032/- balance of Rs. 3,691/- has been deposited next financial year. Details are as under:-

SUMMARY OF HOLDING TAX COLLECTION AND DEPOSITED FOR THE YEAR 2018-19

S.NO.	PARTICULARS	TOTAL COLLECTION	TOTAL DEPOSIT	O/S BALANCE
1	HOLDING TAX	4,68,032	4,64,341	3,691



Holding Tax Amount of Rs. 3,691.00 hold with tax daroga has been deposited in next financial year.Late submission /deposit of collected amount resulted loss of interest (revenue loss) to the ULB.

Consequence/Effect/Impact:

As per Rule 27 of BMAR it should be deposited on daily basis otherwise a penalty up to Rs. 5000/- may be imposed for delayed deposit.

Cause:

Non-compliance of BMAR by tax collectors and failure to remit collections to cashier by 4:30 PM on same day.

Corrective Action/ Recommendation:

Tax collectors are needs to follows the BMAR and remit the collections to cashier by 4:30 PM on same day.

2. Irregularities in Mobile Tower Collection

Criteria:

Registration Fees per tower @ Rs. 30,000/- and annual renewal fees @ Rs.8,000/- 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

Records of Tower Tax demand, collection and deposits during the year 2018-19hasbeen provided. During the year tower tax collection is NIL against Demand of Rs. 6,42,000.00. Details are As under:-



NAME OF ULB: NAGAR PANCHAYAT SAHEBGANJ FOR THE FINANCIAL YEAR 2018-19

SUMMARY OF TOWER TAX DUES

SL NO	NAME OF TOWER COMPANIES	ARREAR			TOTAL DUES	COLLECTION 2018-19	OUTSTANDING DUES AS ON 31.03.2019
		REGISTRATION FEE	RENEWAL UP TO 31.03.2018	RENEWAL FEE 2018-19			
1	BHARTIYE AIRTEL						
A	MOHD MUSLIM ANSARI WARD 06, KURNOWL, MUZAFFARPUR	-	80,000.00	8,000.00	88,000.00		88,000.00
B	HEMANT KUMAR, AASHA PATTI, WARD 03, PARSAUNI, KURNOWL MUZAFFARPUR	-	80,000.00	8,000.00	88,000.00		88,000.00
C	RAM ASHISH PRASAD, WARD 09, SAHEBGANJ, MUZAFFARPUR	-	80,000.00	8,000.00	88,000.00		88,000.00
D	GAYATRI DEVI, WARD 12 SAHEBGANJ, MUZAFFARPUR	-	48,000.00	8,000.00	56,000.00		56,000.00
2	TELENOR						
A	SATRUDHAN PRASAD, WARD 09, SAHEBGANJ, MUZAFFARPUR	30,000.00	64,000.00	8,000.00	102,000.00		102,000.00
3	IDEA						
A	IFTEKHAR ALAM, WARD 10, SAHEBGANJ, MUZAFFARPUR	30,000.00	80,000.00	8,000.00	118,000.00		118,000.00
4	TOWER BHIJASN						
	HASEENA KHATOON, WARD 06, SAHEBGANJ, MUZAFFARPUR	30,000.00	64,000.00	8,000.00	102,000.00		102,000.00
	TOTAL	90,000.00	496,000.00	56,000.00	642,000.00		642,000.00

Consequence / Effect / Impact:

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

Cause:

This happens due to non-monitoring the working activities of concerned authorized 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.



3. 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 Panchayat is not collecting any advertisement tax.

Consequence/Effect/Impact:

Due to no collection of advertisement tax there is a huge revenue loss to the Nagar Panchayat.

Cause:

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

Corrective Action/ Recommendation:

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

4. 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:

Nagar Panchayat Sahebganj does not have any shop.

Consequence/Effect/Impact:

Not Applicable

Cause:

Not Applicable

Corrective Action/ Recommendation:

Not Applicable

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

During our test check we don't found any excess payment against bill.

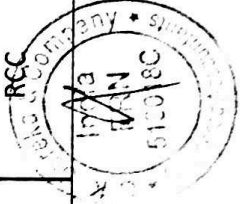


Field survey of 20 high value properties has been conducted by us and our report thereon is:

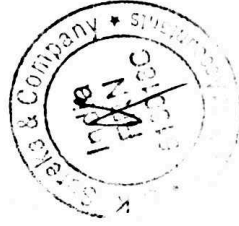
REPORT ON FIELD SURVEY OF 20 HIGH VALUE PROPERTIES OF N.P SAHEBGANJ.

(FINANCIAL YEAR 2018-19)

SL. NO	NAME	FATHERS/HUSBAND NAMES	WARD NO	TYPE OF CONSTRUCTION	TYPE OF USES	TYPE OF ROAD	CARPET AREA	ANNUAL VALUE	ANNUAL TAX
1	KRISHNA CHODHARY	LATE. GOPAL CHODHARY	7	RCC	R+C	MAIN ROAD	2040	30600.00	2754.00
2	VIJAY KUMAR	LATE. HIRALAL GUPTHA	7	RCC	R+C	MAIN ROAD	1676	13772.00	1239.48
3	JAGARNATH PRASHAD VIRENDER KUMAR	KIRASHAN DEPO	7	RCC	C	MAIN ROAD	2400	52800.00	4752.00
4	JAGARNATH PRASHAD VIRENDER KUMAR	PETROL PUMP	7	RCC	C	MAIN ROAD	8800	193600.00	17424.00
5	RAJU PRASHAD JAYSHWAL	LATE. ANIRUD PRASHAD	10	RCC	R+C	OTHERS ROAD	1767	6069.00	546.21
6	DEVAKI SAH	LATE. DUWARIKA SAH	10	RCC	R	OTHERS ROAD	1232	2464.00	221.76
7	SHAIL KUMARI DEVI	LATE VIRENDRA PATWA	10	RCC	R+C	MAIN ROAD	200	2300.00	207.00
8	VIJAY PATWA	LATE RAMESHWAR PATWA	10	RCC	R+C	MAIN ROAD	200	2300.00	207.00
9	SAMSUDDIN MEYA	LATE PATHALU MEYA	10	RCC	R	OTHERS ROAD	910	1820.00	163.80
10	MD AMIN	LATE SHAH AHMAD	10	RCC	R	MAIN ROAD	910	4550.00	409.50
11	GOPAL PARSHAD	LATE SURAJ SHAH	10	RCC	R	OTHERS ROAD	1820	3640.00	327.60
12	AJAY KUMAR	LATE MAKARDHAWAJ PARSHAD	10	RCC	R	MAIN ROAD	1190	5950.00	535.50



14	SARFARAJ ALAM	FAZALUR RAHAMAN	12	RCC	R	MAIN ROAD	1240	16240.00	1461.60
15	FAZLUR RAHMAN	LATE HABIBUL RAHMAN	12	RCC	R	MAIN ROAD	700	2100.00	189.00
16	PARWEZ ALAM	ABDUL KAFFAR	12	RCC	R	MAIN ROAD	560	2800.00	252.00
17	SANTOSH RAY	RAM LAL RAY	1	ALBESTER	R	OTHERS ROAD	700	1232.00	110.88
18	MOHAMMAD ADALAT	MOHAMMAD MOZIF	1	RCC	R	OTHERS ROAD	560	1120.00	100.80
19	THAGA PANDIT	LATE MEGHU PANDIT	1	ALBESTER	R	OTHERS ROAD	1400	2800.00	252.00
20	MD ASHRAF ALI	BABU JAAN MEYA	1	OTHERS	R	MAIN ROAD	700	1400.00	126.00



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.	Grant Register	Not Maintained
3.	Payroll Register	Not properly maintained
4.	Demand and Collection Register	Not Provided
5.	Assessment Register	Not Provided
6.	Log Book	Not Provided
7.	Earnest Money and Security Deposit Register	Not Maintained
8.	Procurement Register	Not Maintained
9.	Statutory dues deduction and deposit register should be maintained	Not Maintained
10.	Contractors Payment Register	Not Maintained
11.	Advance Register	Not Maintained
12.	Subsidiary Cash Books	Not Maintained

Action taken/Recommendation:

We recommend to the Nagar Panchayat to prepare and maintain all 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 Panchayat to prepare and update the required books and registers.



d. Non Compliance of Act & Rules

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

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 Panchayat to levy all the above taxes and user charges after making necessary assessment.

e. Lack of internal Control measures

- 1) There are lack of internal control w.r.t collection& deposit of taxes.
- 2) Demand collection Register has not been prepared hence it is not possible to ascertain total arrear of taxes.



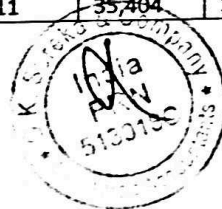
- 3) Taxes collected by tax collector are not deposited on daily basis we observed that it is being deposited after significant interval which is not proper. As per Rule 27 of BMAR it should be deposited on daily basis otherwise a penalty up to Rs. 5000/- per day may be imposed for delayed deposit.
- 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 N.P. Quantification of loss is not possible at this point of time.
- 6) Advertisement Tax is not being levied by the N.P as a result there is a loss to the N.P 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) There is lack of internal control on deduction and deposit of various taxes. On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc. are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.

Detail of Taxes collected but not deposited on the due dates:-

SUMMARY OF STATUTORY DEDUCTION FOR THE FINANCIAL YEAR 2018-19

(N.P SAHEBGANJ)

NAME OF CONTRACT OR	GROSS PAYMENT	DATE OF PAYMENT	DEDUCTION					TOTAL DEDUCTION	NET PAYMENT
			GST@ 2%	I.T@2%	S.D@5%	ROYALTY	LABOUR CESS		
				-	-	-	-		
RANJAN RAUSHAN KUMAR	326,331	16.04.2018	-	3,264	16,317	6,527	3,264	29,372	296,959
RANJAN RAUSHAN KUMAR	1,606,147	10.05.2018	-	16,061	80,307	32,123	16,061	144,552	1,461,595
RANJAN RAUSHAN KUMAR	222,058	16.04.2018	-	2,221	11,103	4,441	2,221	19,986	202,072
RANJAN RAUSHAN KUMAR	1,770,223	30.07.2018	-	17,702	88,511	35,404	17,702	159,319	1,610,904



RAM JEEVAN RAM	89,725	11.09.2018	1,795	1,795	4,486	-	-	8,076	81,649
SATISH KUMAR MISHRA	1,913,106	13.04.2018	38,262	38,262	95,655	-	-	172,179	1,740,927
M/S TECHNO VIHAR	1,562,602	25.07.2018	31,252	31,252	78,130	185,385	-	326,019	1,236,583
MUKESH KUMAR SINGH	925,949	16.04.2018	18,519	18,519	46,297	-	-	83,335	842,614
MUKESH KUMAR SINGH	688,753	03.07.2018	13,775	13,775	34,438	-	-	61,988	626,765
RUPAK UMAR	288,173	11.09.2018	5,763	5,763	14,409	-	-	25,935	262,238
RAHUL RAJ	562,459	03.07.2018	-	5,625	28,123	11,249	5,625	50,622	511,837
SARVAJIT UMAR	33,781	13.06.2018	676	676	1,689	-	-	3,041	30,740
JEERAJ UMAR	2,077,360	11.12.2018	41,547	20,774	103,868	41,547	20,774	228,510	1,848,850
IAM ATAN ANDIT	1,459,087	26.10.2018	29,182	14,591	72,954	29,182	14,591	160,500	1,298,587
M/S SKS CONSTRUCT IN	2,326,382	08.06.2018	-	23,264	116,319	46,528	62,264	248,375	2,078,007
M/S SKS CONSTRUCT IN	139,324	30.07.2018	-	1,393	6,966	2,786	1,393	12,538	126,786
ANKAJ UMAR	1,794,128	28.09.2018	-	17,941	89,706	35,883	17,941	161,471	1,632,657
ATTAR IYAN	1,875,343	06.11.2018	37,507	18,753	93,767	37,507	18,753	206,287	1,669,056
MS DBARSAHI	1,524,264	06.12.2018	30,485	15,243	76,213	30,485	15,243	167,669	1,356,595
IAM ATAN ANDIT	501,463	24.07.2018	-	5,015	25,073	10,029	5,015	45,132	456,331
TOTAL	21,686,658		248,763	271,889	1,084,331	509,076	200,847	2,314,906	19,371,752

➤ Tax Deposit Receipts and acknowledgement about return filing not provided to us for verification.



- GST TDS 2% has been deducted from the payment while GST TDS was applicable from 01.10.2018.

Recommendation:

We recommend to the Nagar Panchayat to strengthen the above mentioned internal control weakness for fair presentation of financial position.

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

The municipality is not 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 partly has been deposited.

1. Income tax deducted during the year Rs.2,71,889.00/- and has not been deposited till 31-03-2019 date. Filed Copy of Income Tax TDS Return not shown to us.
2. GST collection of Rs.2,48,763/- has been deposited as on 28.05.2019, challan no 86802 and also filed TDS return during the period.
3. Labour Cess deducted during the FY 2018-19 Rs.2,00,847/- against which the amount has not been deposited till 31-03-2019.
4. Royalty deducted during the period of F.Y. 2018-19 Rs. 5,09,076.00/- against which not any amount deposited till 31.03.2019

Recommendation:

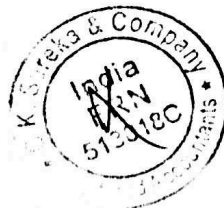
We recommend to the Nagar Panchayat to comply with all statutory compliance of respective government department.

g. Deficiency in Pay-roll System

The pay-roll system does not contain leave details of employee. PF contribution and pension fund contribution of employees are deducted but municipal contribution is not being paid. PF account has not been opened with PF department all the deductions of PF contribution and pension fund contribution are being deposited in a separate account opened by the municipality.

Recommendations:

We recommend to the Nagar Panchayat to comply the said provisions.



h. Utilization of Grant and report on missing Utilization Certificates

Grant Register has not been prepared hence it is difficult to ascertain unutilized grant at any particular time. Utilisation Certificate has not been provided for F.Y 2018-19.Total grant received Rs. 13,32,16,954.00 for the year 2018-19 but UC has not been provided till audit date. UCs are under preparation at ULB.

STATEMENT SHOWING DETAILS OF UTILISATION CERTIFICATE

Sl. NO	GRANT NAME	SANCTION/ALLOTMENT LETTER NO. & DATE	ALOTMENT AMOUNT	UTILISED AMOUNT	F. YEAR	SUBMITTED DATE OF UC	LETTER NO.
	SWACHH BHARAT MISSION (a+b)	-	20,57,000	-	-	-	-
1)	ALLOTMENT	-	7,80,000	-	-	-	-
2)	ALLOTMENT	-	12,77,000	-	-	-	-
	GALI NALI Total(a to e)		59,80,214				
3)	ALLOTMENT	38/11.08.20 17	16,10,223	16,10,223	2017-18	27.09.2018	-
4)	ALLOTMENT	-	16,10,223	-	-	-	-
5)	ALLOTMENT	-	16,26,233	-	-	-	-
6)	ALLOTMENT	68/30.10.20 17	10,09,903	10,09,903	2017-18	27.09.2018	-
7)	ALLOTMENT	-	1,23,632	-	-	-	-
	MUKHYA MANTRI YOJNA FOR PCC	-	1,04,96,000	-	-	-	-
	JAL NAL	-	2,13,550	-	-	-	-
	14TH FINANCE Total (a to d)		85,65,841				
8)	ALOTMENT	33/02.08.20 17	21,44,251	21,44,251	2017-18	15.11.2018	-
9)	ALOTMENT	33/02.08.20 18	21,44,251	21,44,251	2017-18	15.11.2018	-
10)	ALOTMENT	97/24.01.20 18	21,38,670	21,38,670	2017-18	15.11.2018	-
11)	ALOTMENT	97/24.01.20 18	21,38,669	21,38,669	2017-18	15.11.2018	-
	5TH FINANCE Total (a+b)		84,91,542				
12)	ALOTMENT	46/14.09.20 17	42,45,771	42,45,771	2017-18	16.07.2018	-



Recommendations:

We recommend to the Nagar Panchayat to prepare and maintain Grant register for assistance 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 not been done.

Recommendations:

We recommend to the Nagar Panchayat to prepare and maintain 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 hence it is difficult to monitor for advances given and adjustment thereof.

Recommendations:

We recommend to the Nagar Panchayat to prepare and maintain Advance register.

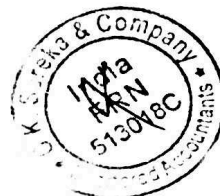
k. Any other matters as may be prescribed in due course.

Staff strength of accounts department needs to be increased.

III. PART- C

a. Auditor should report in a separate section for non-compliance of

> We observed several compliances and non-compliances of directives of UD & HD,



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.

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 not specifically mentioned the purpose of their utilisation, the funds received as grant during the year were utilised for various purposes.

Chapter-XI: Budget Estimates

Budget for the financial year 2015-16, 2016-17, 2017-18 and 2018-19 has not been provided to us so we are unable to evaluate budget estimates.

Chapter XII: Accounts and Audit

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



subsidiary books.

Chapter-XIII: Municipal Property

Fixed assets register is not maintained by Nagar Panchayat We were not provided with the Fixed Assets Register for the FY 2018-19 for verification.

Chapter-XIV: Borrowings

No borrowings availed by Nagar Panchayat.

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 Panchayat.
- In case of Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs.6,42,000/- is receivable from tower tax as on 31.03.2019.

Nagar Panchayat is not collecting any advertisement 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 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;

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

Rule 130: Audit to be completed & reported within 6 month

➤ 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 not operational in the Nagar Panchayat for the year 2018-19.

• Internal control for collections of revenue from internal sources is not adequate such as :

Demand register is not maintained.

All the collections are not deposited in bank account on same day.

Monthly Receipt & Payment Account and Trial Balance has not been prepared.

Audit of accounts is not completed and report has not been submitted within 6 month.

Report on compliance of financial guidelines of schemes of MOHUA and UD & HD, GOV.

Separate details of schemes of MOHUA (Ministry of Housing and Urban Affair) and UD&HD (Urban Development and Housing



<p>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, Sairat, etc;</p>	<p>Department) not provided to us for Report on compliance of financial guidelines.</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> <ol style="list-style-type: none"> 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 Panchayat. <p>Nagar Panchayat is not collecting any advertisement tax.</p>
<p>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>
<p>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/-</p>	<p>No irregularities observed on test check basis.</p>
<p>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</p>	<p>Grant Register has not been prepared hence it is difficult to ascertain unutilized grant at any particular time. Utilisation Certificate has not been provided for F.Y 2018-19. Total grant received Rs. 13,32,16,954.00 for the year 2018-19 but UC has not been provided till</p>



prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.

audit date. UCs are under preparation at ULB.

Details of U.C submitted are in point no. H of Part B.

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.
- 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 Panchayat.
- Nagar Panchayat is not collecting any advertisement tax.

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.



<p>Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.</p>	<p>No such irregularities observed on test check basis.</p>																				
<p>Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.</p>																					
<p>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.</p>	<p>➤ No such FD.s held by Nagar Panchayat.</p>																				
<p>Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.</p>	<table border="1"> <thead> <tr> <th>S. No.</th> <th>Particulars</th> <th>Amount</th> <th>Reason</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Property Tax</td> <td>3691</td> <td>Non Deposit in Account in Year 2018-19</td> </tr> <tr> <td>2.</td> <td>Tower Tax</td> <td>6,42,000</td> <td>Non Recovery</td> </tr> <tr> <td>3.</td> <td>Shop Rent</td> <td>--</td> <td>N/A</td> </tr> <tr> <td>4.</td> <td>Advertisement Tax</td> <td>--</td> <td>Nagar Panchayat is not collecting any advertisement tax.</td> </tr> </tbody> </table>	S. No.	Particulars	Amount	Reason	1.	Property Tax	3691	Non Deposit in Account in Year 2018-19	2.	Tower Tax	6,42,000	Non Recovery	3.	Shop Rent	--	N/A	4.	Advertisement Tax	--	Nagar Panchayat is not collecting any advertisement tax.
S. No.	Particulars	Amount	Reason																		
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2.	Tower Tax	6,42,000	Non Recovery																		
3.	Shop Rent	--	N/A																		
4.	Advertisement Tax	--	Nagar Panchayat is not collecting any advertisement tax.																		
<p>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.</p>	<p>There is lack of internal control on deduction and deposit of various taxes. On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.</p>																				
<p>Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has</p>	<p>➤ As per report point no 3 of the report.</p>																				



been complied by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report.

Observations:

or should report the deficiencies noticed during their audit and recommend ULB management to improve internal systems.

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

Place :Patna
Date :

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

CA. Gokul Kumar Sureka
Partner
M.N.-091380

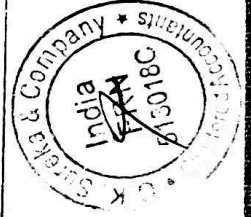
UDIN: 20091380AAAADJ1915
Date: 24-06-2020




Discussion Note for Internal Audit observation of FY 2018-19

Discussion has been made with the audit manager of the internal audit Firm M/s G.K. Sureka & Co. on the Internal Audit observations of the financial year 2018-19 and we kept in mind and follow their recommendations and suggestions on the areas of process and control weakness in best manner. Some of the serious issues have been given below:

<u>S. No</u>	<u>Audit Observations</u>	<u>Reply of Management</u>
1.	<p>Copy of Internal audit report of FY 2016-17 has not been available to us for verification and to know status of compliance of outstanding audit paras.</p> <p>AG Audit report para 1,3,6,8 & 13 pending for its compliance for FY 2016-17 and AG Audit report after FY 2016-17 not provided to know the status of paras.</p>	Will be provided soon.
2.	<p>Bank Reconciliation statement has not been prepared on regular intervals. i.e. Monthly/Quarterly,</p> <p>Account and Scheme wise Bank reconciliation not prepared and corresponding Book Balance and Pass balance not provided of respective accounts.</p>	Preparation of Bank Reconciliation Statement is in progress. It will be provided as soon as possible.
3.	<p>ULB has not maintained subsidiary cash book.</p> <p>We recommend to the ULB to maintain scheme wise subsidiary cashbook.</p>	Preparation of subsidiary book is in progress.




EXECUTIVE OFFICER
NAGAR PANCHAYAT SAHEBGANJ
(MUZAFFARPUR)

Subsidiary books and Register, few of them is prepared.

Details as bellow.

S.No.	Particulars	Status
1.	Ledger Book	Not Maintained
2.	Grant Register	Not Maintained
3.	Payroll Register	Not properly maintained
4.	Demand and Collection Register	Not Provided
5.	Assessment Register	Not Provided
6.	Log Book	Not Provided
7.	Earnest Money and Security Deposit Register	Not Maintained
8.	Procurement Register	Not Maintained
9.	Statutory dues deduction and deposit register should be maintained	Not Maintained
10.	Contractors Payment Register	Not Maintained
11.	Advance Register	Not Maintained
12.	Subsidiary Cash Books	Not Maintained

10. ULB is not preparing its books of accounts using the accrual system of accounting.

DEAS team has been appointed by the concerned department for this and they are working on this.

11. We observed that only above mentioned tax/Fee has been collected during the year other taxes have not been collected.

We are working on it. Taxes and fines will be charged/ collected as soon as possible.



[Handwritten Signature]

EXECUTIVE OFFICER
MAGAR PANCHAYAT SAHESGANJ
(MUZAFFARPUR)

- a. Surcharge on transfer of lands and buildings,
- b. Tax on deficit in parking spaces in any non-residential building,
- c. Water tax,
- d. Fire tax,
- e. Tax on advertisements, other than advertisements published in newspapers,
- f. Surcharge on entertainment tax
- g. Surcharge on electricity consumption within the municipal area,
- h. Tax on congregations,
- i. Tax on pilgrims and tourists, and
- j. Toll -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, within the meaning of the Motor Vehicles Act, 1988, plying on a public street.

New Assessment of property tax has not been done since long and holding tax is being collected at old rates.

12. The municipality is not 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 partly has been deposited and partly has not been deposited. Detail as follows.

Financial Year	Amount Collected/Deducted		Balance Due on 31.03.2019
For Schemes	FY 2018-19	Deposited	
Income Tax	2,71,889	Nil	2,71,889
VAT/GST	2,48,763	Nil	2,48,763
Royalty	5,09,076	Nil	5,09,076
Labour cess	2,00,847	Nil	2,00,847
Total			1,230,575

It will be followed from next time.
Short Deposit of taxes will be deposited soon.



EXECUTIVE OFFICER
NAGAR PANCHAYAT SAREBOLU
(MULANAPUR)

[Handwritten Signature]

	<p>1) The pay-roll system does not contain leave details of employee.</p> <p>2) Contribution of permanent employees and employer towards ESI has not being made.</p> <p>3) PF account has not been opened with PF department of all the permanent employees.</p>
<p>14.</p>	<p>Grant Register has not been prepared hence it is difficult to ascertain unutilized grant at any particular time.</p> <p>Total amount of grant whose UC not submitted of Rs. 13,32,16,954/-</p> <p>We recommend to the ULB to provide the grant register for assist in preparation of utilization certificate.</p>
<p>15.</p>	<p>Store Register has not been prepared and physical verification of inventory/stores has also not been done.</p>
<p>16.</p>	<p>Advance Register is not being prepared hence it is difficult to monitor for advances given and adjustment thereof.</p>
<p>17.</p>	<p>Staff strength of accounts department needs to be increased.</p>

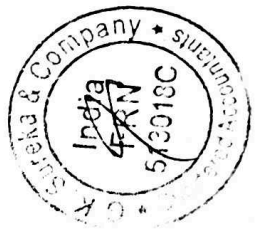
Preparation of Grant Register is in progress.

Utilization Certificate of respective grant will be prepared and submitted to the concerned department as soon as such grant utilized. Help of Internal Auditor will be taken, if required.

Store register is prepared but not maintained, we are working on it.

It will be followed from next time.

Yes, I will place this matter in meeting board/committee.




[Signature]

EXECUTIVE OFFICER
NAGAR PANCHAYAT SAKKUBANGAL
MADHURAI

18.	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.	It will be provided from next time.
19.	Internal control measure has not been consider by concerned ULB for its operation and transaction.	We are working on the recommendations made by the Internal Auditor.
20.	List of directive issued by UD&HD, GOB has not been provided to us for verification of same regarding compliances.	It will be provided from next time.

Date:
Place:




 5/11/20
EXECUTIVE OFFICER
For Sahebganj Nagal Panchayat
(Executive Officer) ARPUR