



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

INTERNAL Audit Report

for

F. Y. 2017-18

Group 1

NAGAR PARISHAD DEHRI-
DALMIANAGAR

BY

A. P. SANZGIRI & CO.

Chartered accountants

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A. P. SANZGIRI & CO.

CHARTERED ACCOUNTANTS

Document History

Internal Audit

Project Title	Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar (Tender No. IA-140ULBs/2017-18/19/2019-20) Group - 1 covering 19 ULBs"
Report Title	Internal Audit for FY 2017-18 of Nagar Parishad Dehri
Reporting Entity	A P SANZGIRI & Co., Chartered Accountants
Reporting for	Nagar Parishad Dehri
Report Prepared by	Internal Audit Team of A P SANZGIRI & Co., Chartered Accountants
Date of Submission	23rd August 2019

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Abbreviation and Acronyms

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

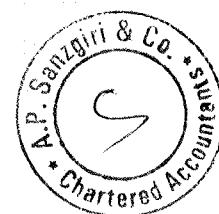


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A. P. SANZGIRI & CO.
CHARTERED ACCOUNTANTS

Date: 13th July, 2020

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

Sub: Submission of Internal Audit Report of Nagar Parishad Dehri for the financial year 2017-18

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

Respected Sir,

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

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


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

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

Thanking You,

Yours faithfully,

On Behalf of
A P Sanzgiri & Co,
Chartered Accountants


CA Satis Chandra Gupta
Partner

FRN: 116293W

UDIN: 20101134AAAAGK6919

Date - 06-07-2020

Membership No - 101134

EXECUTIVE SUMMARY

1. INTRODUCTION:

Name of the Municipality	-	Nagar Parishad Dehri
Period covered under Current Audit	-	01 st April 2017 to 31 st March 2018
Name of Mayor	-	Smt. Vishakha Singh
Name of Municipal Commissioner	-	Shri Sushil Kumar

2. OBSERVATIONS AND FINDINGS:

Strengths	<ol style="list-style-type: none">1. In the existing system as prevailing in the Municipal Council, day to day working is in progressive manner in respect of collection of revenue and execution of the projects.2. There is sufficient co-operation from the management during the course of our audit.3. General Cash book is properly up-to-dated.4. List of Outstanding dues is available.
Weaknesses	<ol style="list-style-type: none">1. Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the council has not been complied.2. There is a vast difference between estimated budget and actual.3. Utilization certificate for FY 2017-18 has not been prepared.4. Fixed assets register is not maintained by ULB5. Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection .Based on which, we are unable to comment whether the recoverable amount from the personal concerned has been recovered or not.6. In most of the cases, shops established or running under the jurisdiction of ULB are running without trade licence as per the concerned officer.7. In some of the cases, statutory compliance of the ULB are not deposited timely and hence it incurs penalty and other charges.8. In most of the cases the amount of TDS is not deducted as per rules.9. Certain Statutory Registers and Books are not maintained.10. Bank Reconciliation Statement has not been prepared. <p>11. Non Levy of Taxes:</p> <ul style="list-style-type: none">✓ Surcharge on electricity consumption within the municipal area.✓ Tax on congregations.✓ Tax on pilgrims and tourists.✓ Tax on profession.✓ Toll-tax on roads, bridges, ferries and navigable channel and on



	<p>heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles.</p> <ul style="list-style-type: none"> - 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. - Development Charges. <p>12. During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 10 to 15 days.</p> <p>13. ULB is not prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.</p> <p>14. ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter</p> <p>15. Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.</p> <p>16. Non Compliance of Rule 130 of BMAR in some of the cases.</p> <p>17. ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.</p> <p>18. In respect of some of the intimation received from Income Tax Department, no payment have been made of TDS for past few financial years and the penalty charges on the same has been raised by the department on ULB. Amount of such penalty is Rs. 4,43,220/-</p>
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3. OPINIONS:

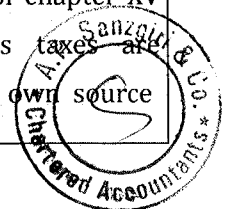
The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel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

4. AUDIT RECOMMENDATION:

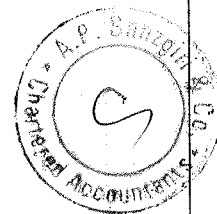
Observed Weaknesses	Audit Recommendations
Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the council has not been complied.	Internal Audit wing should be created by employing the Municipal Internal Auditor on the Board.



There is a vast difference between estimated budget and actual.	Estimation should be based on the past experience and after considering the fact that how the condition might change in future though the provision of Section 82 of the Act regarding preparation of budget need to be complied.
Utilization certificate for FY 2017-18 has not been prepared.	Utilization Certificate should be prepare timely by the ULB and submit the same to Department on regular basis.
Fixed assets register is not maintained by ULB	Fixed assets register should be maintained and updated properly with the assistance of DEAS team.
Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection. Based on which, we are unable to comment whether the recoverable amount from the personal concerned has been recovered or not.	Compliance report should be prepared as soon as the report is received by ULB and steps to be taken for recovery of the amount for financial irregularities.
In most of the cases, shops established or running under the jurisdiction of ULB have not made payment for trade licence as per the concerned officer.	ULB should maintained proper register for registered shops and authorize them with Trade licence for proper collection and recovery of charges.
In some of the cases, statutory compliance of the ULB are not deposited timely and hence it incurs penalty and other charges.	As ULB is not proper in statutory compliances, that cause financial implication on ULB in mode of interest and penalty. So, ULB should ensure statutory compliance on time.
In most of the cases the amount of TDS is not deducted as per rules.	The rate of TDS under Statutory deductions required to be deducted on the basis of 4th letter of PAN of contractor.
Certain Statutory Registers and Books are not maintained.	Statutory register and books of accounts should be maintained as per guidelines and BMAR.
Bank Reconciliation Statement has not been prepared.	ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.
Non Levy of Taxes: <ul style="list-style-type: none"> • Surcharge on electricity consumption within the municipal area 	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



<ul style="list-style-type: none"> ✓ Tax on congregations. ✓ Tax on pilgrims and tourists. ✓ Tax on profession. ✓ Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles. ✓ User Charges for provision of water-supply, drainage and sewerage ✓ User Charges for Solid Waste Management ✓ User Charges for Parking Facility ✓ User Charges for Garbage Clearance ✓ Development Charges. 	<p>revenue. ULB should take steps to implement required taxes to boost their revenue</p>
<p>During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 10 to 15 days.</p>	<p>As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.</p>
<p>ULB is not prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.</p>	<p>As per BMAR Rule No. - 121, ULB should prepare of monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.</p>
<p>ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter</p>	<p>Currently ULB is sending on yearly basis and the same need to be complied on quarterly basis.</p>
<p>Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.</p>	<p>As per BMAM-ULB are required to maintain fund wise receipts & payments. As per BMAM, following funds should be maintained by ULB.</p> <ol style="list-style-type: none"> 1. Municipal General Fund 2. Basic service for urban poor 3. Water supply & sewerage fund 4. Solid Waste Management Fund 5. Road Development & Maintenance 6. Enterprise Fund
<p>Non Compliance of Rule 130 of BMAR in some of</p>	<p>ULB should ensure compliance related to Rule 130</p>



the cases.	of BMAR on regular basis.
ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.	ULB should prepare financial statements for each year and get it approved from municipal account committee. As per BMAR, audited financial statements are required to submit to auditor for audit.
In respect of some of the intimation received from Income Tax Department, no payment have been made of TDS for past few financial years and the penalty charges on the same has been raised by the department on ULB. Amount of such penalty is Rs. 4,43,220/-	ULB should take immediate action on the same and should remit the penalty and other charges to avoid further charges of penalty or interest.

5. **COMMENTS FROM MANAGEMENT**

We have conducted audit of the ULB and our report with observation was discussed with ULB officials and their comments are given . (Kindly refer *Discussion Note attached with the Report*).

6. **ACKNOWLEDGEMENT**

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

On Behalf of
A P Sanzgiri & Co.
Chartered Accountants

Satish Gupta
CA Satish Gupta
Partner

FRN: 116293
UDIN: 20101124AAAA GK6919
DATE: 06-07-2020
Membership No: 101134



DETAILED AUDIT REPORT

1. INTRODUCTION:

Name Of ULB	Period-covered		Audit Team
	From	To	
Nagar Parishad Dehri	1 st April, 2017	31 st March, 2018	1. Team Leader: CA Satish Gupta 2. Name of CA: Bhavesh Jain 1. Name of Auditor-1: Vivek Singh 2. Name of Auditor-2: Raja Ansari

2. ADMINISTRATION:

Sl. No.	Particulars	Details
1	The present body of the ULB has taken charge on	2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Smt. Vishakha Singh
2.1.1	Period of Service:	From: June, 2017 To: Till date
2.2	Name of Commissioner/Executive Officer:	Shri Sushil Kumar
2.2.1	Period of Service:	From: 16 th of January, 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	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. 2015-16	17	17	9	NIL	NIL	17	Not Prepared (Refer Discussion Note)

3.2. DETAILS OF TOTAL NO OF AUDIT PARAS:

Period of AG audit report : 2015-16

Compliance report date & Number : Not Prepared (Refer Discussion Note)

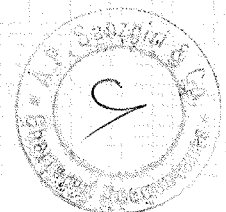


Para Nos.	Heading of the audit para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
1.	Vat & SD not deducted	1358475	-	-	NO
2.	Non deposit of cash by cashier	3314908	-	-	NO
3.	Tower Tax	7364440	-	-	NO
4.	Non Deduction of VAT	62274	-	-	
5	Rental income- non collection	167928	-	-	
6	Tin ticket/advertisement	429550	NA	NA	NA
7	Payment not Traced	1293200	NA	NA	NA
8	Solar Light	6744975	NA	NA	No
9.	UC Not submitted (KAY)	362000	NA	NA	No
10	UC Not submitted (SSP)	3443800	NA	NA	No
11	Rental Income	3000040	-	-	No
12	Holding tax outstanding	1230293	-	-	No
13	Daily worker payment	6583700	NA	NA	No
PART-III(i)	Demand and collection not presented	-	-		
PART-III(ii)	Assets register not maintained	-	-		
PART-III(iii)	Unused grant (1.32% of grant expensed)	-	-		
PART-III(iv)	Grant Register	-	-		No

Note-1: ULB did not provide AG report thereafter have taken from UD & HD website.

Note-2: Further Compliance Report has not been prepared by managements

Management Comment: *Refer Discussion Note*



4. FINANCE

I. BUDGETARY PROVISIONS AND EXPENDITURE FOR THE LAST THREE YEARS:

Year	Year- 2015-16	Year- 2016-17	Year- 2017-18
Final/Revised Budget Data	36,27,00,779	1,15,81,90,500	1,43,17,93,600
Actual Expenditure Data	6,84,54,318	10,87,25,792	10,98,94,531
Savings(+)/Excess(-)	29,42,46,461	1,04,94,64,708	1,32,18,99,069

Auditor's Comment:

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

II. VOLUME OF TRANSACTIONS:

Period	Budgeted for F.Y. 2017-18	Actual for the F.Y. 2016-17	Actual for the F.Y. 2015-16	Actual for the F.Y. 2017-18	Cumulative for the current period
Opening balance	-	29,03,03,803	22,75,39,800	39,89,85,069	39,89,85,069
Receipts	1,43,29,77,236	21,74,07,058	13,12,18,321	19,33,84,572	19,33,84,572
Total	1,43,29,77,236	50,77,10,861	35,87,58,121	59,23,69,641	59,23,69,641
Net expenditure	1,43,17,93,600	10,87,25,792	6,84,54,318	10,98,94,531	10,98,94,531
Closing balance	11,83,636	39,89,85,069	29,03,03,803	48,24,75,110	48,24,75,110

Auditor's Comment:

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



III. BANK RECONCILIATION POSITION AS ON REPORTING DATE

BANK RECONCILIATION POSITION AS ON 31-03-2018

S.N	Name of Bank	Bank A/C No.	Purpose of Bank Account	Balance as per Cash Book	Balance as per Bank Statement	Differences	Reconciled (Yes/No)
1	SBI	1135248466	Internal Purpose		17,53,028.16	-	No
2	Bank of Baroda	35570100002201	MMNY		4,70,82,600.00	-	No
3	Bank of Baroda	35570100004849	AMRUT		20,24,04,268.00	-	No
4	Bank of Baroda	35570100002203	13/14th FC		16,971.00	-	No
5	Madhya Bihar Gramin Bank	73490100045159	NULM		3,509.00	-	No
6	PNB	2170000100057889	GBY		28,09,843.00	-	No
7	Madhya Bihar Gramin Bank	73490100077130	Kabir Anthusti	482475110.79	22,97,522.00	-	No
8	Canara Bank	2315101015539	BRGF		Not updated	-	No
9	PNB	2170000100057836	11th FC		2,716.00	-	No
10	Bank of Baroda	35570100005034	HFA		8,47,668.00	-	No
11	Bank of Baroda	35570100003820	Kabir Anthusti		44,28,033.00	-	No
12	Bank of Baroda	35570100002200	SBA		1,99,47,486.00	-	No

Auditor Comment: A single cash book maintained in respect of all bank account open under various Scheme/ Yojna .And no reconciliation statement prepared.

Management Comment: We are preparing subsidiary cash book for the given said period , after completion of it further reconciliation statement will be prepare .



IV. REVENUE RECEIPTS:

INCOME DETAILS (Amounts In Rupees)						
S. N.	Details	2017-18		2018-19		2019-20
		2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (Actual)	2019-20 (Actual)
	Total Receipts (A+B)	19,33,84,572	21,74,07,058		19,33,84,572	
A	Revenue Receipts (1+2+3)	12,40,00,377	15,81,69,001		12,40,00,377	
1	Own Revenue Receipts (a+b)	4,97,36,080	1,72,65,751		4,97,36,080	
a)	Tax Revenue(Collected by ULB)	4,78,48,709	1,53,30,548		4,78,48,709	
i)	Property tax	89,40,016	1,13,61,384		89,40,016	
ii)	Other tax (Collected ULB)	3,89,08,693	39,69,164		3,89,08,693	
b)	Non-tax revenue (Collected by ULB)	18,87,317	19,35,203		18,87,317	
i)	Fees & fines	9,66,637	783453		9,66,637	
ii)	User Charges	12,500	30,000		12,500	
iii)	Other non-tax revenue (Collected by ULB)	9,08,180	11,21,750		9,08,180	
2	Other Revenue Receipts	43,91,411	47,14,093		43,91,411	
a)	Income from interest/investments	43,75,561	46,85,589		43,75,561	
b)	Other Revenue income	15,850	28,504		15,850	
3	Transfers/Grants/Assigned Revenues	6,98,72,940	13,61,89,157		6,98,72,940	
a)	State Assigned Revenue	0	0		0	
b)	State Finance Commission Grants	0	0		0	
c)	Octroi compensation	0	0		0	
d)	Other State Government Transfers	0	0		0	
e)	Central Finance Commission Grant	0	0		0	
f)	Other Central Government Transfers	0	0		0	
g)	Others	0	0		0	
B	Capital Receipts	6,93,84,195	5,92,38,057		6,93,84,195	



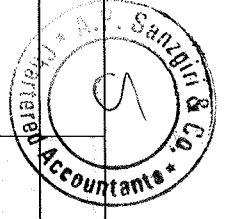
1	Sale of Municipal Land	0	0	0	0	0
2	Loans (from State Govt. Or Banks)	0	0	0	0	0
3	State Capital Account Grant	4,48,37,175	1,41,27,926		4,48,37,175	
4	Central Capital Account Grant	2,45,47,020	4,51,10,131		2,45,47,020	
5	Other Capital Receipts	0	0		0	

Auditor's Comment:

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

V. REVENUE AND CAPITAL EXPENDITURE INFORMATION.

S.N.	Details	EXPENDITURE DETAILS (Amounts In Rupees)					
		2017-18 Actual	2017-18 Actual	2018-19 (Actual)	2018-19 Actual	2019-20 (Actual)	2019-20 (Actual)
	Total Expenditure (1+2)	10,98,94,531	10,87,25,792			10,98,94,531	
1	Revenue Expenditure	6,07,84,481	6,59,58,442			6,07,84,481	
1.1	<i>Administrative Expenses, Establishment and Salaries (All Departments-Regular and contract)</i>	2,77,80,512	1,98,01,374			2,77,80,512	
1.2	<i>Operation and Maintenance</i>	92,63,088	1,40,38,062			92,63,088	
1.3	<i>Loan repayment (Interest payments)</i>	0	0			0	
1.4	<i>Others(any other revenue expenditure)</i>	2,37,40,881	3,21,19,006			2,37,40,881	
2	Capital Expenditure	4,91,10,050	4,27,67,350			4,91,10,050	
2.1	<i>All developmental works under Central/ State schemes</i>	3,46,76,160	3,35,58,929			3,46,76,160	
2.2	<i>Loan Repayments(Principal Amount)</i>	0	0			0	
2.3	<i>Other Capital expenditure</i>	1,44,33,890	92,08,421			1,44,33,890	



Auditor's Comment:

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

VI. STATUS OF IMPLEMENTATION OF DOUBLE ENTRY ACCOUNTING SYSTEM:

Name: Tibrewal Chand & Co.

Period: 2012-2021

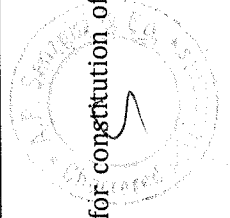
Email: nagarparishaddos@gmail.com

Status: Following are the status:

Year	Cash Book		Grant Register	PTR	FAR
	Receipt	Payment			
2012-13	Completed	Not completed	Not completed	Under process	Under process
2013-15	Not completed	Not completed	Not completed	Under process	Under process
2015-18	Incomplete	Incomplete	Not completed	Under process	Under process
2018-19	Completed	Completed	Completed	Under process	Under process
2019-20	Up to sep'19	Up to sep'19	Up to sep'19	Under process	Under process

VII. STATUS OF MEETING OF MUNICIPAL ACCOUNTS COMMITTEE:

At present committee is not formed but it was told by the ULB officials that it is under process and matter will be put before Board for constitution of committee. (Refer Discussion Note).



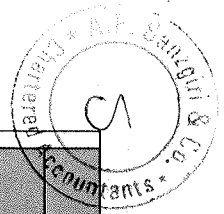
5. AUDIT OBSERVATION:

PART-A: ALL AUDIT OBJECTIONS/IRREGULARITIES WHICH HAS MONETARY IMPLICATIONS

(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.

OBSERVATION-1: TAXES/CHARGES WHICH ARE NOT IMPLEMENTED BY ULB ACCORDING TO THE BIHAR MUNICIPAL ACT 2007

SN	Head	Comments																								
1	Objective	The main objective of audit of taxes is to check whether all taxes which are covered under Bihar Municipal Act, 2007, is levied and collected by the ULB. Further to check whether taxes are levied and collected according to applicable provisions and rules.																								
2	Criteria	We have checked list of all the taxes which to be levied and collected by the ULB as per Act. Further we have checked Syah Register, Receipt book, cashier cash book and accountant cash book etc.																								
3	Condition	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 Dehri- Dalmianagar Parishad , The following mentioned tax/charges are not implemented that leads to loss of revenue to corporation:																								
		<table border="1"> <thead> <tr> <th>S.No</th> <th>Particulars</th> <th>Implemented by ULB or Not</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Property tax on lands and buildings.</td> <td>YES</td> </tr> <tr> <td>2</td> <td>Surcharge on transfer of lands and buildings</td> <td>YES</td> </tr> <tr> <td>3</td> <td>Fire tax.</td> <td>NO</td> </tr> <tr> <td>4</td> <td>Tax on advertisements, other than advertisements published in newspapers</td> <td>NO</td> </tr> <tr> <td>5</td> <td>Surcharge on electricity consumption within the municipal area</td> <td>NO</td> </tr> <tr> <td>6</td> <td>Tax on congregations.</td> <td>NO</td> </tr> <tr> <td>7</td> <td>Tax on pilgrims and tourists.</td> <td>NO</td> </tr> </tbody> </table>	S.No	Particulars	Implemented by ULB or Not	1	Property tax on lands and buildings.	YES	2	Surcharge on transfer of lands and buildings	YES	3	Fire tax.	NO	4	Tax on advertisements, other than advertisements published in newspapers	NO	5	Surcharge on electricity consumption within the municipal area	NO	6	Tax on congregations.	NO	7	Tax on pilgrims and tourists.	NO
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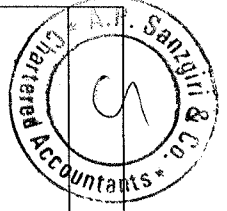


OBSERVATION-2 : DELAY IN DEPOSIT OF PROPERTY TAX COLLECTED BY ULB STAFF

SN	Head	Comments
1	Objective	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 the amount of tax collected by the Tax collector is required to be handed over to cashier and deposited into bank on the same day on which collection is made. To check compliance of these provisions, we have carried audit of such type of cases.
2	Criteria	We have checked respective books in order to carry the audit and some cases were checked on random basis.
3	Condition	During verification of receipts book and deposit slips, we have noticed that there is gap period in collection of tax and deposit of tax around 10 to 15 days. Details of such cases are given in Annexure-1 .
4	Consequences/Effect	In respect of above in most of the cases property tax has not been deposited on same day of collection which resulted in interest loss to ULB.
5	Cause	It is explained by concern person that due to non-availability of human resources the same issues arises.
6	Corrective Action/ Recommendation	It is recommended that tax collector/cashier should deposit the collected money into bank on same day itself and if he fails to do the same, necessary action should be taken by the ULB management in such cases.
7	Management Comments	Kindly refer discussion note attached with the report.

OBSERVATION-3: NON COLLECTION OF NOTICE FEE

SN	Head	Comments
1	Objective	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore.
2	Condition	ULB has not provided any information regarding charging and collection of notice fees.
3	Consequences/Effect	It is non-compliance of Bihar Municipal Act, 2007 which resulted in loss of revenue to the ULB.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice fees should be collected as per applicable provisions and rules.
7	Management Comments	Kindly refer discussion note attached with the report.



OBSERVATION-4: RECOVERY OF OUTSTANDING TAXES/RENTAL INCOME

1. RECOVERY OF OUTSTANDING PROPERTY TAX

SN	Head	Comments
1	Objective	ULB is authorized to collect holding tax from households situated in the municipal area and Property tax have major role in the internal revenue of ULB.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that property tax of Rs. 132.67 lacs was outstanding as on 31/03/2018:
3	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.

1. RECOVERY OF ADVERTISEMENT TAX

SN	Head	Comments
1	Objective	ULB authorized to charge advertisement tax/fee in municipal are as per act/rule.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted there was no outstanding dues as on 31/03/2018.
3	Consequences/Effect	Delay in collection or outstanding dues results in revenue loss to ULB.
5	Cause	Not Applicable
6	Corrective Action/ Recommendation	Not Applicable
7	Management Comments	Not Applicable

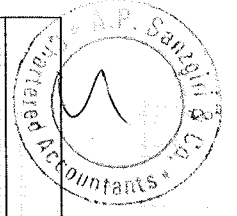


1. RENT INCOME

SN	Head	Comments
1	Objective	ULB authorized to charge rent from municipal properties.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that rent income of Rs. 6.40 lacs was outstanding as on 31/03/2018.
3	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.

1. MOBILE TOWER TAX

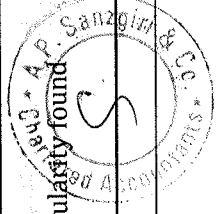
SN	Head	Comments
1	Objective	ULB is authorized to collect tax from telecom companies for mobile towers installed in the municipal area.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted there was outstanding of Rs. 57.80 Lacs as on 31/03/2018:
3	Consequences/Effect	Delay in collection of revenue leads in loss to ULB.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.



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

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

SN	Head	Comments																																																																													
1	Objective	Checking of payment made by ULBs to find out irregularities made during payment																																																																													
2	Criteria	Payment were checked on random basis																																																																													
3	Condition	1. We have checked following payment related to FY 2017-18 during audit:																																																																													
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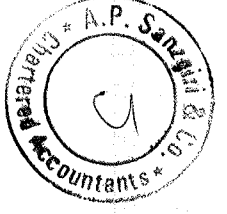


2. Electricity Bill - DPS				
Name	Invoice Amount	Due Date	Date of Payment	Penalty
SBPDCL	77,215/-	06.07.2017	Not Paid	9,518/-
4	Consequences/Effect	Irregularities in payment lead to excess payment, wrong deductions, non-compliance with agreement and statutory compliances.		
5	Cause	No such cases were identified during audit.		
6	Corrective Action/Recommendation	Management can implement standard checklist for each payment so that irregularities in payments can be avoided.		
7	Management Comments	Kindly Refer Discussion Note for Electricity DPS/ Penalty		

(C) REPORT ON SURVEY ON 20 HIGH VALUE PROPERTIES

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

SN	Head	Comments
1	Objective	Field survey and report of 20 high value properties of ULB and report on the basis of area of building, rate of property tax etc of the same. Comparison with the data of same property provided by the ULB and report on variance between them if available.
2	Criteria	Survey was done for 20 High value properties.
3	Condition	Refer Discussion Note
4	Consequences/Effect	Irregularities in this area may cause short recovery of revenue receipt and it will result in loss to the ULB.
5	Cause	There are some cases found in which variance arise due to assessment of area of property on lower side.
6	Corrective Action/Recommendation	Management need to carry survey of properties on regular interval.
7	Management Comments	Kindly refer discussion note attached with the report.

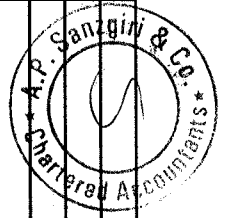


PART-B: ALL AUDIT OBJECTIONS/IRREGULARITIES WHICH HAS MONETARY IMPLICATION, BUT SIGNIFICANT VIOLATION OF ACT, RULES & DIRECTIVES OF UD & HD, MENTION THE REFERENCE TO ACT & RULES WHEREIN REMEDIAL MEASURE IS REQUIRED:

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

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

S.N	Name of Register	Maintained/ Not Maintained	Last date of Updation
1	Cash Book-Cashier	Not Maintained	-
2	Cash Book-Accountant	Maintained	31.03.2018
3	Collection Register	Maintained	31.03.2018
4	Cheque issue Register	Maintained	31.03.2018
5	Register of Advance	Not Maintained	-
6	Register of Permanent Advance	Not Maintained	-
7	Deposit received register	Not Maintained	-
8	Summary statement of deposit adjusted	Not Maintained	-
9	Demand Register	Not maintained	-
10	Summary Statement of Bills Raised	Not maintained	-
11	Register of Notice Fees, Warrant Fees, Other Fees	Not maintained	-
12	Summary Statement of Notice Fees, Warrant Fees, Other Fees	Not maintained	-
13	Register of Refunds, Remissions and Write off	Not maintained	-
14	Summary statement of Refunds and Remissions	Not maintained	-
15	Summary Statement of Write-offs	Not maintained	-
16	Statement of outstanding Liability for Expenses	Not maintained	-
17	Document Control Register/ Stock Account Receipts/ Cheque Book	Maintained	31.03.2018
18	Fixed Assets Register	Not Maintained	-
19	Summary Statement of Demand Raised on assessment	Not Maintained	-
20	Summary Statement of Head wise Collection of Other Income	Maintained in DCR	31.03.2018
21	Summary Statement of Refunds	Not maintained	-
22	Summary Statement of Write off	Not maintained	-
19	Summary Statement of Demand Raised on assessment	Not Maintained	-
20	Summary Statement of Head wise Collection of Other Income	Maintained in DCR	31.03.2018
21	Summary Statement of Refunds	Not maintained	-
22	Summary Statement of Write off	Not maintained	-
23	Grant Register	Maintained	31.03.2018



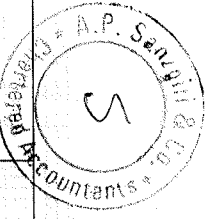
24	Summary Statement of status of Capital Work in Progress	Not Maintained	-
25	Work Sheet	Not Maintained	-
26	Deposit Works Register	Not Maintained	-
27	Material Receipt Note	Maintained	31.03.2018
28	Store Ledger	Maintained	31.03.2018
29	Statement of Closing Stock	Not Maintained	-
30	Statement of Material Issued	Not maintained	-
31	BRS of all bank accounts (including dormant accounts)	Not maintained	-
32	Final Accounts for the F.Y. 2012-13 to 2017-18	Not maintained	-
33	Audited Balance Sheet	Not maintained	-
34	Audited Income & Expenditure Account	Not maintained	-
35	Audited Receipts & Payment Account	Not maintained	-

(b) IRREGULARITY IN PROCUREMENT PROCESS:

1) COMPLIANCE REGARDING TENDER ISSUED BY THE ULBS:

i) During audit, we have checked following procurements :

Sl. No.	Tender Issue Date & Number	Mode of Tender (Quotation/Open / Selective / Limited)	Is Minimum Party applied for tender	Is comparative chart is attached in tender file.	Is Original EMD/PG/SD submitted by participants as per require of tender	Whether all the SD and EMD in tender/agreement process have been deposited in the bank immediately.	Similarly refunds of these SD and EMD have been made on time.	Is work order issued to selected party on time?	Is Financial Bid of all participant s attached
1	20	Open Tender	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	21	Open Tender	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	22	Open Tender	Yes	Yes	Yes	Yes	Yes	Yes	Yes



S.N	Name of Party	Invoice Amount	Deduction has made or not	Whether Deductions are with appropriate Rate	Check signature of Commissioner/EO in Payment Order	Whether Measurement book & bill signed by the JE of ULB	Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority (BMAR Rule No.-130)
1	Subhash Kumar Singh	2094700	YES	YES	YES	YES	Furnished and no deviation found
2	Tashif Ahmed	816100	YES	YES	YES	YES	Furnished and no deviation found
3	Nandeshwar Dubey	946300	YES	YES	YES	YES	Furnished and no deviation found
4	Guddu Kumar	673100	YES	YES	YES	YES	Furnished and no deviation found
5	Sanjeev Kumar Rai	1448000	YES	YES	YES	YES	Furnished and no deviation found
6	Guddu Kumar	943600	YES	YES	YES	YES	Furnished and no deviation found
7	Pradeep Kumar Singh	718300	YES	YES	YES	YES	Furnished and no deviation found
8	Udaykumar	1140700	YES	YES	YES	YES	Furnished and no deviation found
9	Bhola Prasad	777700	YES	YES	YES	YES	Furnished and no deviation found
10	Alamgir Khan	747100	YES	YES	YES	YES	Furnished and no deviation found
	TOTAL	103056000					

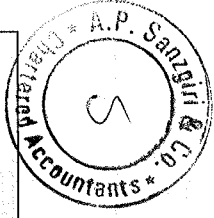
2. DETAILS OF LOG BOOK MAINTAINED: No log Book Maintained (Refer Discussion Note)



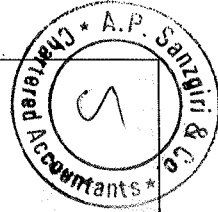
S.N	Directions issued by UDHD	Particulars of Circulars/Orders/Notices	Complied or Not
1	No. 03/SBM20-14/2015 Dated 08.08.2017	SBM Guidelines Regarding Toilet sheet Const. Guidelines:-	Complied
2	Gyapank No.- 1007; Dated- 14.07.2017	Guidelines Regarding Hire Vehicle	Complied
3	No.- 4464; Dated- 05.07.2017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

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

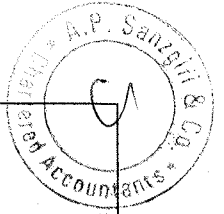
S.N	Requirement	Criteria	Auditors Comment	Management Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.	BMAR Rule No.-22	Refer point: Part-A (a) (2)	Tax collector directly deposited in to bank, but not on same day due to practical problem and lack of human resources. (Refer Discussion Note)
2	Whether every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	BMAR Rule No.- 27	YES	
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, in the custody of tax collector.	
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	



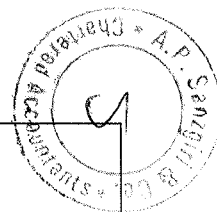
5	Whether every bill collector invariably remit his collections (in cash and/or cheques) to Cashier dally before 4.30 PM and take the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	Refer point: Note of Part-A (a) (2) , there is on an average 10-15 days delay in hand of Tax Collector.	<i>(Refer Discussion Note)</i>
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	Grant register maintained but not as per BMAR form 28. Utilization column missing.	<i>(Refer Discussion Note)</i>
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)	
8	Whether The grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No such case was found.	
9	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form No 29.	BMAR Rule No.- 69	Complete UC has not been prepared by ULB.	<i>(Refer Discussion Note)</i>
10	Whether Municipality has returned unutilized grant for more than three years from date of receipt to the source from where such grant was received.	BMAR Rule No.- 69	See note-1	This amount outstanding due to tender offer below original amount for which grant approved. We will consider the matter in board meeting.
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	Fund wise statement has not been prepared as per form No. 71.	<i>(Refer Discussion Note)</i>



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	ULB did not follow practice to prepare trial balance.	Such practices is not follow in ULB due to lack of skill human resources. (Refer Discussion Note)
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	Neither demand statement has been sent nor trial balance.	Such practices is not follow in ULB due to lack of skill human resources. (Refer Discussion Note)
14	<p>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</p> <p>a. Receipts and Payments Account for the year (BMAR Form No.71)</p> <p>b. Income & Expenditure Statement for the year (BMAR Form No.73)</p> <p>c. Balance Sheet as on 31st March of the year (BMAR Form No.74)</p> <p>d. Significant accounting policies adopted by the Municipality in presentation of the financial statements.</p> <p>e. Notes to Accounts, which shall disclose Contingent liabilities, and such other information as, may be useful in understanding the financial statements clearly.</p> <p>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.</p>	BMAR Rule No.- 122	ULB did not prepared mentioned clause a to f .	Such practices is not follow in ULB due to lack of skill human resources. (Refer Discussion Note)
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	Refer PART-B (6) We observed that ULB was not regular in compliance of statutory dues.	(Refer Discussion Note)



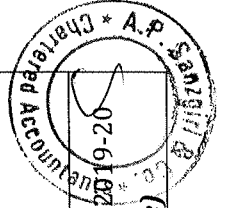
	(BMAR Rule No.-130)				
16	Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;(BMAR Rule No.-130).	BMAR Rule No.-130	Refer PART-B (g)		(Refer Discussion Note)
17	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail.	BMAR Rule No.-130		No Trial Balance prepared , hence classification of transaction was not done.	(Refer Discussion Note)
18	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted.	BMAR Rule No.-130		Yes recorded, no case of deduction found.	
19	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created.	BMAR Rule No.-130		NO, such fund has been created as mentioned in Act.	(Refer Discussion Note)
20	Whether the ULB is maintaining proper records showing full particulars, including quantitate details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account.	BMAR Rule No.-130		Fixed assets register is prepared up to 01.04.2013 by SPUR thereafter no fixed assets register maintained.	(Refer Discussion Note)
21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry.	BMAR Rule No.-130		We observe while carrying audit of lease rent , it is neither collected regularly nor renewal every year in respect of DAV public school and bus stand market.	(Refer Discussion Note)



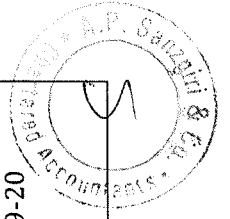


22	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	BMAR Rule No.-130	YES		
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality's accounts; If so, the details thereof.	BMAR Rule No.-130	No such case found .		
24	Whether the Bank Reconciliation statements have been properly prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis.	BMAR Rule No.-130	No BRS of All existing bank A/c has not been prepared.	(Refer Discussion Note)	
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules.	BMAR Rule No.-130	ULB is not preparing reconciliation statement , however the same have been under process with the help of Agency appointed to Implement DEAS	A single cash book maintained for earlier year, we will in process to maintain a separate cash book in respect of each bank ; once it will complete , the same will be done. (Refer Discussion Note)	
26	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget. whether made originally or subsequently and aro in all cases such as are authorized by Act.	BMAR Rule No.-130	YES		
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis.	BMAR Rule No.-130	Refer-PART-A (a)(4) Outstanding Amt. For holding tax is Rs. 132.67 Lakh as on 31.03.2018		
28	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act;	BMAR Rule No.-130	Refer-PART-A (a)(2)		

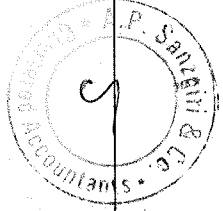
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	BMAR Rule No.-130	YES	
30	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as it appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR Rule No.-130	Refer-PART-B (a)	(Refer Discussion Note)
31	Whether physical verification has been conducted by the ULB at reasonable intervals In respect of stores;	BMAR Rule No.-130	No physical verification have been carried out by ULB in respect of store.	The stock register maintained from F.Y. 2019-20, the process of verification will be done from now.
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	No physical verification have been carried out by ULB in respect of store. Hence we are unable to comment on it.	(Refer Discussion Note)
33	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and If so, whether the same has been properly dealt with in the books of account; Whether proper procedures are in place to Identify any unserviceable or damaged stores and whether provision for the loss In this respect, If any, has been made In the accounts;	BMAR Rule No.-130	No stock register maintained in F.Y. 2017-18, hence we are unable to comment on this clause.	(Refer Discussion Note)
34	Whether the valuation of stores is in accordance with the accounting principles laid down In the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	BMAR Rule No.-130	No stock register maintained in F.Y. 2017-18, hence we are unable to comment on this clause.	(Refer Discussion Note)
35	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the Interest and If not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAR Rule No.-130	No advance register maintained.	It will be maintained from F.Y. 2019-20
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.-130	No advance register maintained.	It will be maintained from F.Y. 2019-20 (Refer Discussion Note)



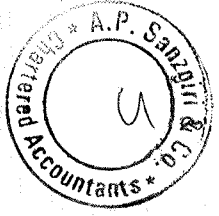
37	Bihar Municipal Accounting Manual, 2014, every year budget should be prepared for receipts and expenditure in Performa 75,77 and 80 Preparing Budgets as per the Rules framed under Bihar Municipal Accounts Rule 2014. Rule 132 regarding Public Participation in Preparation Of Budget. Moreover, as required under provisions of Rule 139, mid -year review of Budget.	BMAR Rule No-132	Yes, the same has been prepared by ULB.	
38	Municipal Fund: Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	No such fund has been created as per Act.	(Refer Discussion Note)
39	Payment not to be made out of Municipal Fund unless covered by budget grant: Whether any payment made out of Municipal Fund that is not covered by budget grant.	BMA,2007: Chapter X	No such case found	(Refer Discussion Note)
40	Procedure when money not covered by budget grant is paid. Whether the case is put up with Empowered Standing Committee, in case any payment made out of Municipal Fund that is not covered by budget grant.	BMA,2007: Chapter X		(Refer Discussion Note)
41	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:		ULB is not in practice to invest it surplus fund.	We did not follow practice of investment.If it will approved in meeting , the same will be done.
42	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,		YES	
43	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,		NO	It will be prepared from F.Y.2019-20 (Refer Discussion Note)



44	<p>Financial Statement.</p> <p>Whether The Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality,</p>	NO	(Refer Discussion Note)
45	<p>Submission of financial statement and balance sheet to auditor.</p> <p>The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.</p>	No financial statement have been prepared.	(Refer Discussion Note)
46	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act,2007 various tax are applicable on ULBs</p> <p>Section 145,146 and 147 of the Bihar Municipal Act 2007 chapter XVII provides for Advertisement tax on Advertisement in Urban Areas. Chapter XVII of the Bihar municipal Act, 2007 required license of Advertisement of any holding, etc. As par act Every person who erects, exhibited, fixes or retain upon or over any land, building, wall, boarding, frame, post, kiosk, structure, vehicle, neon-sign or sky sign any advertisement, or display any advertisement to public view in any manner whatsoever (including any advertisement exhibited by means of cinematograph), visible from a public street a public place in any location in a municipal area including airport or a port or a railway station ,shall pay or every advertisement, which is so erected ,exhibited, fixed or retained or so displayed to public view, a tax calculated at such rate as may be determined regulations. it requires payment of certain fee for advertisement.</p>	Refer-PART-A (a) (1) for status of taxes not collecting by ULB.	



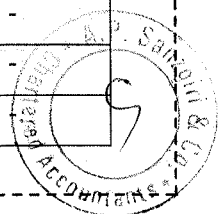
47	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007.) Municipality shall, by regulations, provide for issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore,	BMA,2007: Chapter XIX	Refer-PART-A(a)(3)	(Refer Discussion Note)
48	As per section 342 of Bihar Municipal Act, 2007 Trade license fee is to be collected from different types of Trader, who are trading in Concerned Municipal area.	BMA,2007: Chapter XXXVII	Yes collected, but as per reply given by concern person that trader are divided in to A,B,C and D categories; Categories B is not implemented in ULB.	Concern person replied in that respect categories B is not updated in software by UD & HD.



18	Gita Devi	9490	07/07/2017	29/08/2018	-
19	MaaGauri Associates	82445	07/07/2017	29/08/2018	-
20	Krishi Educational and Health SewaSansthan	41697	07/06/2017	29/08/2018	-
21	Krishi Educational and Health SewaSansthan	41697	07/07/2017	29/08/2018	-
22	Krishi Educational and Health SewaSansthan	41697	07/07/2017	29/08/2018	-
23	Ranjeet Kumar	12941	07/09/2017	29/08/2018	-
24	RajwanulHaq	7926	07/09/2017	29/08/2018	-
25	RajwanulHaq	6551	07/09/2017	29/08/2018	-
26	Sangita Devi	10944	07/09/2017	29/08/2018	-
27	Santosh Kumar	7745	07/09/2017	29/08/2018	-
28	Dhirendra Singh	14656	07/09/2017	29/08/2018	-
29	Subhash Kumar Singh	14698	07/09/2017	29/08/2018	-
30	Dhananjay Kumar	10607	07/10/2017	29/08/2018	-
31	Amit Kumar Kaushal	13307	07/10/2017	29/08/2018	-
32	Vijay Pratap Singh	12601	07/10/2017	29/08/2018	-
33	Krishi Educational and Health SewaSansthan	41697	07/09/2017	29/08/2018	-
34	Santosh Kumar	12653	07/12/2017	29/08/2018	-
35	Upendra Kumar Sinha	14639	07/03/2018	29/08/2018	-
	Total	585723			

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

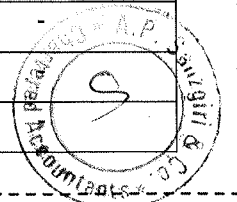
Sl. No	Name of Party	Amount of Deduction	Due date of deposit	Actual Date of deposit	Cheque/Challan Number
1	Tashif Ahmed	24258	21/05/2017	29/08/2018	-
2	Ramjee Shah	26504	21/05/2017	29/08/2018	-
3	HridyaNanadChoudhary	67003	21/05/2017	29/08/2018	-
4	Chotelal Ram	31951	21/06/2017	29/08/2018	-
5	Subhash Kumar Singh	83787	21/06/2017	29/08/2018	-
6	Tashif Ahmed	32644	21/06/2017	29/08/2018	-
7	Nandeshwar Dubey	21853	21/06/2017	29/08/2018	-
8	Guddu Kumar	26925	21/06/2017	29/08/2018	-
9	Sanjeev Kumar Rai	57918	21/06/2017	29/08/2018	-



10	Guddu Kumar	37744	21/06/2017	29/08/2018	-
11	Pradeep Kumar Singh	28731	21/06/2017	29/08/2018	-
12	Udaykumar	45627	21/06/2017	29/08/2018	-
13	Bhola Prasad	31107	21/06/2017	29/08/2018	-
14	Alamgir Khan	29882	21/07/2017	29/08/2018	-
15	Umesh Singh	16094	21/07/2017	29/08/2018	-
16	Raju Sharma	15893	21/07/2017	29/08/2018	-
17	Lalbihari Ram	56492	21/07/2017	29/08/2018	-
18	Gita Devi	37961	21/07/2017	29/08/2018	-
19	MaaGauri Associates	291840	21/07/2017	29/08/2018	-
20	Ranjeet Kumar	51764	21/09/2017	29/08/2018	-
21	RajwanulHaq	31704	21/09/2017	29/08/2018	-
22	RajwanulHaq	26205	21/09/2017	29/08/2018	-
23	Sangita Devi	43774	21/09/2017	29/08/2018	-
24	Santosh Kumar	30980	21/09/2017	29/08/2018	-
25	Dhirendra Singh	58624	21/09/2017	29/08/2018	-
26	Subhash Kumar Singh	58790	21/09/2017	29/08/2018	-
27	Dhananjay Kumar	42429	21/10/2017	29/08/2018	-
28	Amit Kumar Kaushal	52148	21/09/2017	29/08/2018	-
29	Vijay Pratap Singh	26882	21/09/2017	29/08/2018	-
	Total	1387514			

3. DETAILS OF DEPOSIT OF ROYALTY ARE MENTIONED BELOW:

Sl. No	Name of Party	Amount of Deduction	Actual Date of deposit	Cheque/ Challan Number
1	Tashif Ahmed	10590	29/08/2018	-
2	Ramjee Shah	9959	29/08/2018	-
3	HridyaNanadChoudhary	29052	29/08/2018	-
4	Chotelal Ram	6980	29/08/2018	-
5	Subhash Kumar Singh	44120	29/08/2018	-
6	Tashif Ahmed	17283	29/08/2018	-
7	Nandeshwar Dubey	5995	29/08/2018	-
8	Guddu Kumar	5405	29/08/2018	-
9	Sanjeev Kumar Rai	8656	29/08/2018	-
10	Guddu Kumar	11204	29/08/2018	-
11	Pradeep Kumar Singh	10901	29/08/2018	-
12	Udaykumar	13707	29/08/2018	-
13	Bhola Prasad	12950	29/08/2018	-



14	Alamgir Khan	16726	29/08/2018	-
15	Umesh Singh	1853	29/08/2018	-
16	Raju Sharma	2681	29/08/2018	-
17	Lalbihari Ram	19039	29/08/2018	-
18	Gita Devi	7626	29/08/2018	-
19	MaaGauri Associates	-	29/08/2018	-
20	Ranjeet Kumar	7035	29/08/2018	-
21	RajwanulHaq	7981	29/08/2018	-
22	RajwanulHaq	5521	29/08/2018	-
23	Sangita Devi	8632	29/08/2018	-
24	Santosh Kumar	6655	29/08/2018	-
25	Dhirendra Singh	16985	29/08/2018	-
26	Subhash Kumar Singh	10002	29/08/2018	-
27	Dhananjay Kumar	8279	29/08/2018	-
28	Amit Kumar Kaushal	16880	29/08/2018	-
29	Vijay Pratap Singh	3360	29/08/2018	-
30	Santosh Kumar	12653	29/08/2018	-
31	Upendra Kumar Sinha	14639	29/08/2018	-
	Total	353349		

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

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

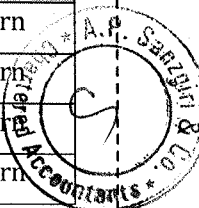
- Interest u/s 221 of income tax act,1961- 1.5 % per month, if amount not deposited after deduction;
- Penalty u/s 271C of income tax act, 1961- Up to amount of TDS
- Prosecution u/s 276B: 3 Month to 7 Years

4. **DETAILS OF DEPOSIT OF LABOUR CESS ARE MENTIONED BELOW:** No data provided for the same.

5. **DETAILS OF DEPOSIT OF TDS ON GST ARE MENTIONED BELOW:** Not applicable

6. **DETAILS OF TDS RETURNS FILLED ARE MENTIONED BELOW:**

Sl. No.	Quarter	Due date of Return	Actual date of Return filled	Remark
1	1 st	31.07.2017	17.12.2018	Late filing of Return
2	2 nd	31.10.2017	18.12.2018	Late filing of Return
3	3 rd	31.01.2017	14.12.2018	Late filing of Return
4	4 th	31.05.2018	16.12.2018	Late filing of Return

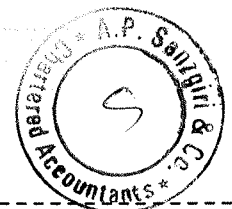


7. DEFICIENCY IN PAYROLL SYSTEM:

Sl. No.	Particulars	Comments
1	Status of maintenance of salary register for all employees (Permanent/Daily wages/ Contract worker)	Up to date for the financial year 2017 - 2018
2	Non availability of Salary payment voucher	No
3	Matching of voucher number with cash book	No
4	Salary register contains all elements of salary	Yes
5	Maintenance of Salary Deduction register	No
6	Whether deduction of PF/ESI made from contract employee	Not deducted till Feb'2019, after that it is deducted
7	Whether biometric devices and payroll software is implemented in ULB. If Yes, then is it integrated with accounting software	Not implemented till date i.e. 04/05/2019

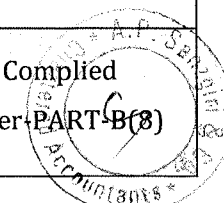
8. UTILISATION OF GRANT AND REPORT ON MISSING UTILISATION CERTIFICATES

SN	Head	Details
1	STATUS OF UTILIZATION CERTIFICATE:	Management has not been prepared UC details, however we have discussed the matter with management to prepare with the help of Auditor, they are ready to prepare and it will be completed in coming month. (Refer Annexure)
2	STATUS OF USE OF GRANT AS PER DEFAULT ALLOCATION	Specifically grant allocation details has not been maintained, however it is maintained in grant register. (Refer Discussion Note)
3	PHYSICAL VERIFICATION OF INVENTORY/STORES	Refer point 31-40 PART-B (d). ULB did not follow the practice of physical verification of stock. (Refer Discussion Note)
4	ADVANCES, THEIR ADJUSTMENT & RECOVERY	Refer point 35-36 PART-B (d), ULB did not give loan/ advance, hence there are no case of adjustment and recovery. (Refer Discussion Note)

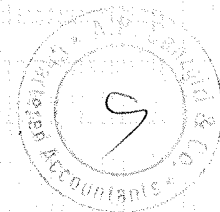


III. PART-C

Sl. No.	Particulars	Complied or Not
A	Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GoB; Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Complied Refer-PART-B(3)
B	Auditor should Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;	Complied Refer-PART-A(c)
C	Auditor should report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR :	Refer-PART-B(4)
	Rule 22: All moneys to be brought to account	
	Rule 27: Collections to be deposited into Bank on the same day	
	Rule 69: Grant Related Compliance	
	Rule 120-121: Monthly Receipt & Payment Account and Trial Balance	
	Rule 130: Audit to be completed & reported within 6 month	
D	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Complied Refer-PART-B(4)
E	Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairatetc;	Complied Refer-PART-A(a)
F	Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 10,000 and above.	Complied Refer-PART-B(b)
G	Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Complied Refer-PART-B(b)
H	Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for	Complied Refer-PART-B(3)



	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.	
I	Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Complied Refer-Audit Recommendation
J	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Complied Refer-PART-B(b)
K	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies	Complied Refer-PART-B(b)
L	Auditor will report on that the fixed deposit and other funds should be in nationalized Banks/Approved financial institutions and should earn maximum interest at their gestation period.	Complied Refer-PART-B(4)
M	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.	Complied Refer-PART-A(a)
N	Auditor will report on that all kind of tax deductions i.e. Commercial tax, Income tax, provident fund etc. Should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	Complied Refer-PART-B(7)
O	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has been complied by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report.	Complied Point-03 of Detailed Audit Report

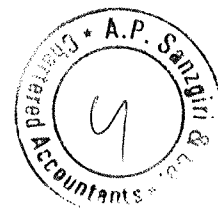


INTERNAL AUDIT REPORT FOR F.Y. 2017-18

ULB- NAGAR PARISHAD DEHRI- DALMIANAGAR ANNEXURE-1

REPORT ON DELAY DEPOSIT OF PROPERTY TAX

Sl. No.	Serial Number		Amount of Tax	Date of Collection as per Receipts Booked	Amount Deposited with Cashier	Delay in deposit with cashier	Date of Deposit into Bank as per Deposit Slip	Delay in deposit with Bank
	From	To						
1	1658	1700	218814	01.04.2017 to 06.04.2017	218814	-	17/04/2017	1-16 Days
2	1901	1990	252700	07.04.2017 to 19.04.2017	252700	-	19/04/2017	1-12 Days
3	1991	2000	19607	19.04.2017	19607	-	28/04/2017	9 Days
4	2001	2160	173684	20.4.2017 to 15.05.2017	173684	-	28/05/2017	1-39 Days
5	2401	2482	208133	20.06.2017 to 13.08.2017	208133	-	28/08/2017	1-69 Days
6	2490	2500	21334	01.09.2017 to 13.09.2017	21334	-	28/09/2017	1-28 Days




Dehri- Dalmianagar
Discussion Note

Date: 13.12.2019
Dehri - Dalmianagar Council
with
AP Sangziri & Co.
(Chartered Accountants)

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

S.N.	Auditor observation	Management comment
1	AG Compliance Report;	It is under process and management will submit it as soon as possible;
2	Non Maintenance of Subsidiary Cash Book;	We are preparing subsidiary cash book for the given said period, after completion of it further reconciliation statement will be prepare;
3	Non maintenance of Advance Register;	ULB preparing Advance Register from 2019-20;
4	No Municipal Accounts committee established;	It is under process, and matter will be put before board for constitution of "Municipal Accounts Committee";
5	Notice fee;	Currently in Dehri- Dalmianagar Notice Fee is not collecting. Demand register has not been prepare right now, hence we are unable to decide the amount of holding tax;
6	Non levy of Taxes in IAR under Para * 1 Part-A a) (1);	Some of taxes is collected by other department of GoB like professional tax; And there is many taxes mentioned in this Para are not collected by ULB due to not providing services in this respect like fire tax and water taxes. For rest we will discussed in meeting of board and implement accordingly;
7	Late deposit of property Tax;	Due to shortage of human resources same has not been deposited on time
8	Late deposit of statutory deduction including TDS;	It will deposit on or before due date from now;
9	Non deduction of PF amount for the month refer to "PART-B (g) (8)"; And delay in deposit for deducted amount of EPF;	➤ In respect of non deduction - We are currently working on it and after calculation of total due amount, it will be deposited very soon;
10	Non deduction EPF amount from contractual employees	It is deducted from 2019-20;
11	Non Availability of Electricity Bill	
12	Non Preparation of Payment Voucher.	It will be implemented from Q-4 of 2019-20
13	Non preparation of Complete UC details ;	It is under process and will be submit in coming next month;


Executive Officer
 Nagar Parishad, Dehri-Dalmianagar

Dehri- Dalmianagar

24	Non creation of Special Fund and Fund Mentioned in Chapter IX of BMA, 2007	The same will be created on applicability of relevant provision of said act;
25	Non Maintenance Fixed Assets register	Fixed Assets Register were prepare up to 01.04.2011 by P. Puncet & Co. (Chartered Accountants), after 01.04.2011 ULB not maintaining the same, however it will be prepare very soon;
26	Non Renewal of Leasehold property	This matter will be put before Next Board Meeting and after approval, it will be collected as per resolution passed by Board;
27	Outstanding Taxes	The recovery procedure are under process;
28	Bank Reconciliation on Monthly Basis	It will be maintained after preparation of subsidiary register, which is under process,;
29	Any Payment made out of Municipal Fund that is not covered by Budget? :	Payment made out of budget provision. No such payment made that is not cover by budget;
30	Non implementation of Biometric Devices and Payroll Software	Biometric device have been implemented but system lays idle and not working. We will implement it.

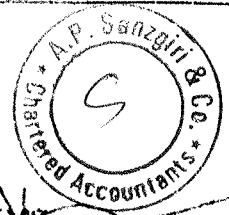
Further we confirm/affirm the management comment given in Internal Audit report for 2017-18 is on behalf of Dehri- dalmianagar Parishad.




Executive Officer
 Nagar Parishad, Dehri-Dalmianagar

Dehri- Dalmianagar

14	Non practice of Stock valuation:	It will be follow as per rule and management will decide about reasonable period of valuation i.e. frequency of time for valuation;
15	Non return of "Unutilized Grant":	This amount outstanding due to tender offer below original amount for which grant approved. We will consider the matter and return it to UD & HD;
16	Non Maintenance of Grant Register:	Grant Register will be maintained from F.Y. 2019-20;
17	Non maintenance of log book:	Before May'2019 , Dehri Nagar Parishad did not maintained log book in respect of its vehicle and machinery, hence we are unable to comment on it , however we are preparing from May'2019;
18	Electricity DPS:	Due to non adjustment of Amount of Holding tax , which was due on Electricity department, the DPS arise. Further due amount of Holding tax is higher than outstanding amount of Electricity bill;
19	Directives/Notificatons/ Orders issued by UD & HD:	During said period no such Directives/ Notifications/ Orders issued by UD & HD to us;
20	Maintenance of grant record with bifurcation like amount for Salary, water management, nail gali solid waste management and so on:	ULB was not maintaining the Grant register, hence it is difficult to bifurcate amount of Grant for Different section as mentioned in Report. We will maintained it from 2019-20;
21	Non maintenance of book refer to Para : II-PART B (a) of Internal Audit Report of above said period:	It will be maintained as per applicability of the same;
22	<u>Difference in Holding Tax Amount as per Physical Measurement:-</u> > Auditor found difference in area; as per self assessment form and actual measurement of property area there is difference for some cases selected on sample basis. < Valuation method not Revised till 2011	<i>Document related to 20 high value Property survey report will be Submitted + in Q-2 of F.Y. 2019-20 Report.</i>
23	Non preparation of Receipt and Payment A/c, Trial Balance, Income and Expenditure A/C and Balance Sheet (Financial Statement)	Receipt and Payment A/c, Trial Balance, Income and Expenditure A/C and Balance Sheet will be prepare after implementation of Double Entry Accounting System.



Executive Officer
Nagar Parishad, Dehri-Dalmianagar

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DEHRI NAGAR PARISHAD
STATUS OF UTILIZATION CERTIFICATION FOR FY 2017-18

S.No	Head	Approval order and date	Sanctioned Amount	Expenses Incurred	Balance Amount	UC Submitted against Expenses	UC Pending Against Expenses	% of UC Submitted against expenses	% of UC Pending against expenses	Letter No. & Date of Submission
1	EO Salary	7/23.05.2017	5.00	-	0.07	-	-	-	-	-
2	Professional Tax	23.30.06.2017	45.93	4.93	0.07	4.93	-	100%	NIL	1448/23.10.2019
3	14th Finance	33/02.08.2017	122.73	-	45.93	-	-	NIL	NIL	-
4	14th Finance	33/02.08.2017	122.73	-	122.73	-	-	NIL	NIL	-
5	Nali Gali	38/11.08.2017	190.30	-	122.73	-	-	NIL	NIL	-
6	Nali Gali	68/30.10.2017	163.07	-	190.30	-	-	NIL	NIL	-
7	14th Fin	97/24.01.2018	244.84	-	163.07	-	-	NIL	NIL	-
8	Allowance Payment	15/15.06.2017	8.82	-	244.84	-	-	NIL	NIL	-
9	5th Finance	46/14.09.2017	609.60	-	8.82	-	-	NIL	NIL	-
10	Bus Stand	141/16.03.18	95.00	70.00	609.60	70.00	-	100%	NIL	Not Provided
11	EO Salary	20/23.06.16	6.34	6.34	25.00	5.95	0.39	94%	6.15%	Not Provided

