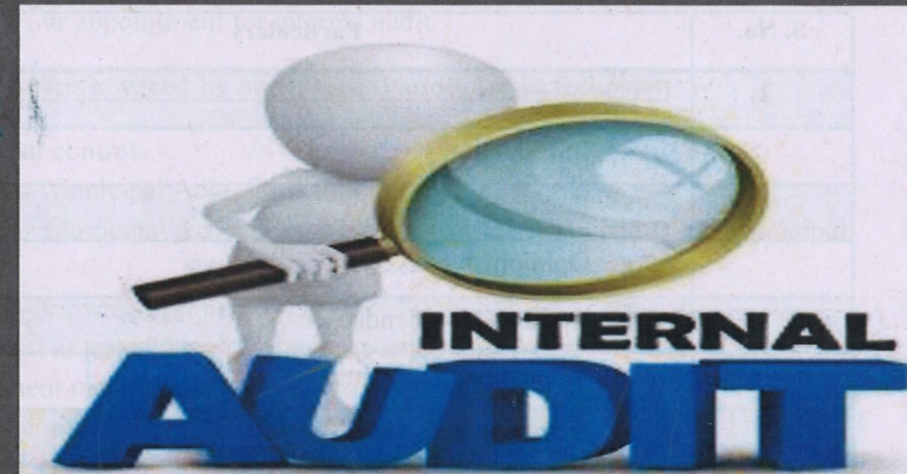


Financial
Year
2017-18



Internal Audit Report for F.Y. 2017-2018 of Banmankhi Nagar Panchayat

INTERNAL AUDIT CONDUCTED BY

M/s Tibrewal Chand & Co., Chartered Accountants

From 01-04-2017 to 31-03-2018

Flat No. 501, 5th floor Meridian, SS Bihar Apartment near

Karbigiya Station, Patna, Mob No. +918825110779

Email- tccbihar@gmail.com

INTERNAL AUDIT REPORT
Submitted On: 14th September, 2019



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Internal Audit Report- Nagar Panchayat – Banmankhi

Urban Development and Housing Department in order to implement the best practices of internal audit of 140 ULBs through NIT No. IA 140ULBs/2017-18. This Internal audit report has been issued as a part of our appointment for internal audit.

The Salient Points of the scope covered by our internal audit are as follows:

1. Evaluation of internal controls.
2. Compliance of Bihar Municipal Act related Rules and Regulations.
3. Compliance of Bihar Municipal Accounting Manual, BMAR- 2014 and Bihar Municipal Budget Manual.
4. Reporting on all Major own Revenue Losses.
5. Survey Report on Act at least 20 high Value Property in the Town.
6. Report on Procurement made through Tender for value Above Rs. 15,000/-.
7. Report on statutory compliances
8. Report on procurements
9. Report on maintenance of books of accounts and other records and registers.
10. Appraisal of the effectiveness of overall accounting system.

We have conducted the Internal Audit with the objective:-

- ❖ That The Assets of the ULB are properly protected and accounted for.
- ❖ That the current transactions are promptly and completely recorded.
- ❖ That Inefficient or fraudulent operations are revealed.

We started with an overview of activities through a study on various documents generated by the ULB. Then we identified evaluated and tested adequacy, effectiveness and efficiency of internal controls including standard policies and procedure laid down by the management for each of the areas included in the scope of work.

Testing of internal control was carried out by the checking a sample of transactions for the period covered under the audit.

Our observations resulting from the audit test performed on a sample of transactions along with recommendation for addressing these observations are set out under Part (A), Part (B) and Part (C) of the audit report.

During the audit, we reviewed the following Registers and Documents.

- ❖ Accountant cash Book
- ❖ Subsidiary Cash Book
- ❖ Bank Book
- ❖ Records related to revenue
- ❖ Vouchers along with supporting documents.



❖ Others related records and registers.

For Tibrewal Chand & Company
Chartered Accountants

R. Jain

CA ROSHAN JAIN | PARTNER
Membership No 518422
FRN No. 311047E

UDIN - 20518422AAAA0B2857

Date: - 24-08-2020

Executive Summary

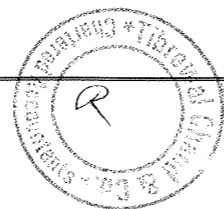
- 1. Introduction:** Banmankhi Nagar Panchayat, with population of about 60,987 is located in district of Purnia sub district of Banmankhi district in the state Bihar. There are approximate 5,771 households. Mr. Vijay Sah is Chairman holding post from 09-06-2017 to till the date of Audit. Mr. Amit Kumar is the Executive officer holding post from 23.01.2019 to till the date of Audit.
- 2. Results and Findings:** During our audit we observed below mentioned strengths and weakness in the functioning of ULB:

Strengths observed during the audit engagement	<ol style="list-style-type: none"> 1. General Cash book has been prepared for the audited period 2. Cashier cash book has been prepared for the audited period 3. Few Revenue related records were prepared by the Panchayat 4. Financial Statements for the period 2017-18 were prepared by the Panchayat
Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement	<ol style="list-style-type: none"> 1. Non preparation of bank reconciliation statements. 2. Non deduction of TDS in various cases resulting in violation of tax provisions and attraction of interest and penalty. 3. Lack in follow-up procedure in collection of huge arrear dues in relating to property and other taxes. 4. Non deposition of statutory dues such as labor cess, TDS, VAT, ESI/PF to the authorities after deduction from bills, resulting in huge penalties and interest.

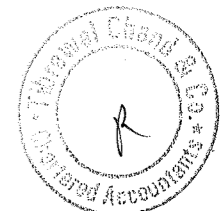


5. Non-Performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.
6. No proper survey of properties has been conducted by the ULB to ascertain the property tax receivables from holdings.
7. Loss of revenue due to Sairat was not held for reporting financial year at proper interval.
8. Proper log book & fuel distribution register was not prepared resulting in weakness in control over books of account.
9. Daily wages register was not prepared resulting in weakness in control over books of account.
10. Advance was not adjusted within reasonable time resulting in weakness in control over internal control.
11. Huge outstanding of revenue including holding tax, tower tax, rent, but no sincere efforts has been made by ULBs to recover the same.

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



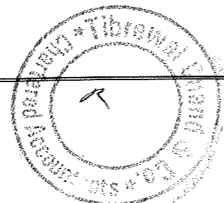
4. **Audit Recommendations:** The recommendation of audit team on the observed weakness is as below:
1. Books of accounts should be prepared on real time basis under double entry system and accrual basis should be followed.
 2. Employees of all departments are required to be trained and monitored for updating of day to day transactions on regular basis in respective records and registers.
 3. Stringent follow up and actions are necessary for recovering arrear relating to property tax, tower tax, rental income and other sources of income.
 4. Bank statements or treasury statement shall be collected on regular intervals and bank reconciliation statement should be prepared on monthly basis. Balance confirmation certificate to be obtained from the respective bank treasury periodically.
 5. Stock/store register should be updated as per the formats provided in BMAR.
 6. Statutory compliances such as deduction and deposition with authorities should be complied strictly to avoid penalty and interests.
 7. Log book and fuel issue register should be maintained properly indicating km runs, places covered, purpose of visit, signature of driver, city manager, sanitary inspector etc.
 8. Revenue records should be maintained properly including demand and collection details.
 9. Advance should be adjusted within reasonable time.
 10. PF/ ESI should be timely deposited.



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

5. Comments from Management:-

S. N.	Observation	Management Comment	Recommendation
1	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 30,000/- per Tower and the Renewal fee is Rs. 8,000/- per year. During the course of audit it was observed that Rs 8, 74,000 is due towards Tower Company for financial year 2017-18. <i>(Details given in report)</i>	This will be strictly taken care by next financial year and nagar panchayat will take necessary steps to recover or boost revenue from towers.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	During audit observed that property tax is not being deposited by tax collector on same day.	Tax collectors are directed to deposit the tax.	It should be recovered from concerned person and same should be deposited into bank.
3	Report on Findings of the field survey of property tax of minimum 20 high value properties. <i>(Refer details audit report)</i>	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Physical survey was conducted for conducting physical verification. Further SAF forms were not provided for 20 high value properties as per list provided by us.
4	Demand Register for collection of Trade License, property tax & shop rent for the financial year 2017-18 is not yet prepared.	All tax collector cashier, cashier and tax daroga is directed to make necessary attempt in this regard.	Demand register should be prepared.
5	PF deducted from all permanent staff salary but not deposited in his PF account.	Will consider it in next financial year.	PF should be deposited immediately.
6	During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Panchayat. Further it was also observed that return was also not	Will consider it in next financial year.	Separate register must be prepared. All statutory compliances related to deduction, deposition, and return filling should be complied.



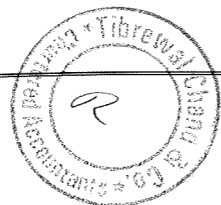
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

	filed for TDS & VAT. Separate register of statutory deduction is not being prepared by Nagar Panchayat and therefore we are unable to give details of Statutory Deductions. <i>(Refer details audit report)</i>		
7	i) The municipality is not in a practice to prepare BRS on regular or periodical basis. <i>(Refer details audit report)</i> ii) Passbook was not provided for Treasury A/C; therefore we are unable to give balance as per Passbook.	Will consider it in next financial year.	BRS should be maintained month wise.
8	(i) Improper maintenance of records related to revenue collection. (ii) During the audit it was observed that mobile tower tax is not getting collected on a timely basis and even if it is getting collected, the same is not deposited timely.	Nagar Panchayat ensure that this will be taken care from now onwards.	(i) Daily collection register for property tax should be maintained and appropriate action should be taken. (ii) Collection should be made on a regular basis and deposited on the same day to avoid any irregularity.
9	Non preparation of stores register	Will consider it in next financial year.	Due to non – maintenance of stock register, it will become difficult to identify quantity of each class of stock. So, the ULB should maintain a store ledger including price of inward goods.
10	Banmankhi Nagar Panchayat is not in practice to prepare monthly receipt and payment account and the trial balance.	Will consider it in next financial year.	ULB should prepare receipts and payment account on monthly basis. It helps to find out that how much fund received by the ULB and whether its utilization was made properly or not.
11	Daily wages register were not produced to us for audit.	ULB staff is directed to provide all the necessary documents to auditors.	Daily wages register should be made available to auditors.



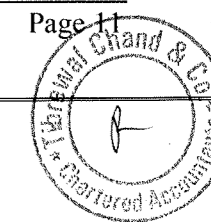
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

12	Scheme register not prepared for the financial year 2017-18	Necessary action will be taken.	Separate register should be maintained for each scheme.
13	Collection of internal resources is very poor. (Refer details audit report)	Nagar Panchayat will take steps to improve the collection from internal resources.	It should be timely collected.
14	During the course of Audit, we observed that Nagar Panchayat has conducted CAG audit for the year 2016-17 and the compliance report for the same has been prepared. (Refer Annexure 1) We also observed that the compliance for Internal Audit that was conducted for the year 2016-17 has not been prepared.	Necessary action will be taken.	Refer detailed audit report and annexure 1.
15	Lack of internal control measures: (i) Voucher file was not maintained (ii) No internal mechanism for statutory compliance (iii) No MIS was prepared for tracking of payments (iv) Required books of Accounts as per BMAM was not maintained (v) Statutory compliance reconciliation was not maintained (vi) Bank reconciliation of any bank account was not prepared.	Nagar Panchayat ensure that this will be taken care from now onwards.	We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling and statutory compliances: We suggest that (i) MIS system should be implemented over daily collection and deposit. (ii) Reason for non-deposit/late deposit should be strongly addressed to minimize delay. (iii) Need to identify a person to comply with the statutory compliance. In case failure to comply with statutory compliances he should also be penalized. Therefore, the management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

16	Non-Compliance of Act & Rules	ULB staff is directed to ensure compliance of all applicable Act & Rules.	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.
17	No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.	ULB staff is directed to comply with BMA-2007	As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of municipal accounts committee each year. During our audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.
18	Non implementation of Double Entry Accounting system (DEAS): We found the detail that double accounting system is implemented at Banmankhi Nagar Panchayat, however we did not get any data for verification of the same.	Implementation of DEAS is ongoing and ULB staff is directed to cooperate with auditors and to provide all necessary documents for audit.	As per requirement of BMAR-2014, Part-A, Chapter-2 Rule -4, "All ULB referred in schedule-1 shall maintain its books of account using the double entry system". Since Banmankhi Nagar Panchayat is covered under schedule-1, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule.
19	Non-maintenance of required registers as per Rule No.-3 of BMAR-2014	ULB staff is directed to follow and comply the guidelines of BMAR	Details of registers not maintained by ULB are mentioned under Part-B (a). ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 of BMAR-2014.
20	Non adjustment of advances	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Advancer register should be produced to auditors for verification.



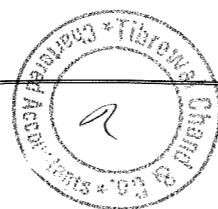
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

21	Trade License issue & renewal is not maintained by Nagar Panchayat. Many trade license agreements are elapsed but the same have not been renewed yet	Will be considered in next financial year.	There should be proper monitoring by the ULB.
22	Market wise collection of rent is not maintained by the ULB. The register maintained for rent collections from shops do not contain the details of taxable area of shop, periods pertaining to which the rent is due and the interest due against late payment. So, the demand of market rent cannot be calculated.	Nagar Panchayat ensure that this will be taken care from now onwards.	It should be maintained properly.
23	We observed during audit excess payment made against the bill, lack of prudence in payment against vouchers, inefficiency in control resulting loss to ULB. (Refer detailed audit report)	Nagar Panchayat ensure that this will be taken care from now onwards.	ULB should have a proper maker and checker procedure.
24	Utilization certificate for the reporting year has already been submitted.	Not required	Submitted.

Signed Discussion Report is enclosed with the report.

6. Acknowledgement:-

We convey our heartfelt thanks to the entire team of "Banmankhi Nagar Panchayat" for rendering their help in successfully completing the assignment.



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

Detailed Audit Report

1. **Introduction:** Banmankhi is a Nagar Panchayat city in district of Purina, Bihar. The Banmankhi city is divided into 17 wards for which elections are held every 5 years. The Banmankhi Nagar Panchayat has population of 60,987. Banmankhi Nagar Panchayat has total administration over 5,771 approx. households.

Name of ULB	Period Covered	Audit Team
Banmankhi Nagar Panchayat	1 st April 2017- 31 st March 2018	(1) TL: CA Neerav Bhanushali (2) MAE:CA Amit Ranjan (3) Auditor: Amardeep Kr. Gupta

2. **Administration: -**

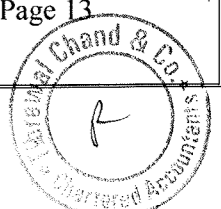
The Present governing body of the ULB has taken charge on 2012. The incumbencies in the key administrative and executive positions are as under:

- Mr. Vijay Sah is Chairman holding post from 09-06-2017 to till the date of Audit.
- Mr. Amit Kumar Executive officer from 23-01-2019 to till the date of Audit.

3. **Review of outstanding Audit Paras :**

Status of Audit observations is as under:

Sl. No.	Particulars of audit and date of report	Total no. of Audit paras.	Total No. of Audit Paras where necessary improvement/corrective measure is require	Total No. of Audit paras where recovery of cash is proposed	Total No. of Audit paras where recover 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 (2016 to 2017)	12	12	05	2 But total recovery has not been made	11,25,290		Letter no. 69 dated- 09.01.2018 (Attached in



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

								Annexure "1")
2	Internal Audit (2016-17)							Compliance report not prepared till date of audit.

(Note: Refer Discussion Note Point No. 14)

4. **FINANCE:** Financial related to previous years actual and current year's budget is as below :

i. **Budgetary provisions and expenditure for the last three years :-**

Year	2017-18	2016-17	2015-16
Final/Revised Budget	92,41,97,308.00	11,79,25,500.00	5,23,85,000.00
Actual Expenditure	14,05,23,780.00	6,59,90,663.00	4,93,64,617.00
Savings(+)/Excess(-)	78,36,73,528.00	5,19,34,837.00	30,20,383.00

Note: All figures taken from books of accounts.

ii. **Volume of Transactions :-**

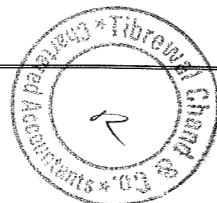
Period	Budgeted 2017-18	Previous year (2016-17)	Current period	Cumulative for the current period
Opening Balance	5,08,00,079.00	5,23,67,106.00	12,30,79,277.00	12,30,79,277.00
Receipts	87,36,71,212.00	13,67,02,834.00	14,21,20,540.00	14,21,20,540.00
Total	92,44,71,291.00	18,90,69,940.00	26,51,99,817.00	26,51,99,817.00
Net expenditure	92,41,97,308.00	6,59,90,663.00	14,05,23,780.00	14,05,23,780.00
Closing Balance	27,398.00	12,30,79,277.00	12,46,76,037.00	12,46,76,037.00

Note: All figures taken from books of accounts.

iii. **Bank Reconciliation:** Un-reconciled balance between bank book and bank statement as on 31-03-2018 has been shown below:

Tibrewal Chand & Co

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Internal Audit Report for the year ended 31st March of F.Y. 2017-18

Name of Bank	Name of Scheme	Account No.	Passbook Balance	Cash Book Balance	Difference	Status
SBI Bank	SJSRY	11607546063	4,79,161.50	4,79,161.50	Nil	Reconciled
SBI Bank	General Fund	11607546143	51,70,499.10	51,70,499.10	Nil	Reconciled
United Bank Of India	Municipal Fund	1070010103650	44,85,756.00	44,85,756.00	Nil	Reconciled
Canara Bank	HFA	5246101001491	1,87,59,485.00	1,87,59,485.00	Nil	Reconciled
ICICI Bank	Mother Child A/C	071201000986	18,39,231.05	18,39,231.05	Nil	Reconciled
PL A/c	Treasury	PLA003	-	2,42,15,572	2,42,15,572	Unreconciled 2
SBI Bank	4 th FC	32684730010	0	0	-	A/C Closed
United Bank of India	Sahayak Anudan	1070010134750	0	0	-	A/C Closed
United Bank of India	SECC	1070010157322	0	0	-	A/C Closed
United Bank of India	SJSRY	1070010159395	0	0	-	A/C Closed
United Bank of India	Samajik Suraksha	1070010145350	0	0	-	A/C Closed
United Bank of India	13 th FC	1070010135917	0	0	-	A/C Closed
United Bank of India	E-Governance	1070010261104	0	0	-	A/C Closed

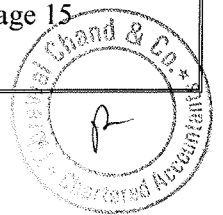
Comments: ULB does not prepared bank reconciliation statement on monthly basis.

Recommendation: ULB should be prepared bank reconciliation on monthly basis.

(Note: Refer Discussion Note point no. 7.)

Tibrewal Chand & Co

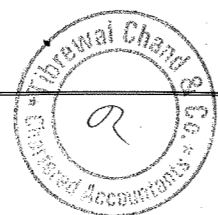
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Internal Audit Report for the year ended 31st March of F.Y. 2017-18

iv. Revenue & Capital Receipts :-

Income Details			
Sl. No.	Details	Amount (Rs.)	
		2017-18	2016-17
	Total Receipts (A+B)	14,21,20,540.00	13,67,02,834.00
A	Revenue Receipts (1+2+3)	7,28,71,819.00	4,70,36,104.00
1	Own Revenue Receipts	1,16,79,995.00	26,43,701.00
a)	Tax Revenue (Levied & Collected By municipal Body) (i+ii)	52,47,723.00	10,61,907.00
i)	Property Tax	52,47,723.00	9,61,907.00
ii)	Other Tax (Levied & Collected By municipal Body)	-	1,00,000.00
b)	Non Tax Revenue (Levied & Collected By municipal Body) (i+ii+iii)	46,43,263.00	10,72,203.00
i)	Fess & Fines	4,000.00	7,29,903.00
ii)	User Charges	2,97,400.00	2,84,800.00
iii)	Other Non-Tax Revenue (Levied & Collected By municipal Body)	43,41,863.00	57,500.00
2	Other Revenue Receipts	17,89,009.00	5,09,591.00
a)	Income from interest/Investments	14,54,520.00	1,80,591.00
b)	Other Revenue Income	3,34,489.00	3,29,000.00
3	Transfers/grants/Assigned Revenues	6,11,91,824.00	4,43,92,403.00
a)	State Assigned Revenues	19,64,883.00	11,17,651.00
b)	State Finance Commission (SFC) Grants/Devolution	5,92,26,941.00	4,32,74,752.00
c)	Octroi Compensation	-	-
d)	Other State Government transfers	-	-
e)	Central Finance Commission (CFC) Grants	-	-
f)	Other Central Government transfers	-	-
g)	Others	-	-
B	Capital Receipts (1+2+3+4+5)	6,92,48,721.00	8,96,66,730.00



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

1	Sale of Municipal Land	-	-
2	Loan (From state Govt. or Banks etc.)	-	-
3	State Capital Account Grant (Under state Scheme etc.)	3,87,55,729.00	6,70,79,388.00
4	Central Capital Account Grant (Under central Scheme etc.)	3,04,92,992.00	2,25,87,342.00
5	Other Capital Receipts	-	-

(Note: All figures taken from books of accounts.)

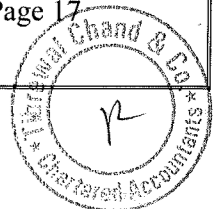
v. Revenue & Capital Expenditure Information :-

Expenditure Details			
Sl. No.	Details	2017-18	
		2017-18	2016-17
	Total Expenditure (1+2)	14,05,23,780.00	6,59,90,663.00
1	Revenue Expenditure	10,14,37,895.00	2,37,55,479.00
1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	89,24,455.00	92,82,698.00
1.2	Operation & Maintenance (O & M)	51,41,822.00	57,18,325.50
1.3	Loan Repayment (Interest Payments)	32,03,472.00	1,305.50
1.4	Others (any other revenue Expenditure which is not salaries, O&M & or interest payment)	8,41,68,146.00	87,53,150.00
2	Capital Expenditure	3,90,85,885.00	4,22,35,184.00
2.1	All developmental works under central/state specific schemes	3,21,39,818.00	3,42,79,616.00
2.2	Loan Repayments	-	-
2.3	Other capital expenditure	69,46,067.00	79,55,568.00

(Note: All figures taken from books of accounts.)

vi. Status of implementation of double entry accountingsystem:The ULB hasnot been implemented real time double entry accounting system.

- **Company Name:** M/s Borkar & Mazumdar & Co.
- **PTR:** PTR for the year 2017-18 is completed.



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

- **FAR:** FAR for the year 2017-18 is completed.
- **AFS:** AFS for the year 2017-18 is completed.

(Note: Refer Discussion Note Point No. 18)

- vii. **Status of Municipal Accounts Committee: if meeting is held:** As per section 98 of Bihar Municipal Act, 2007 it is necessary for the Municipality to constitute accounts committee at its first meeting in each year or as soon as may be at any meeting subsequent thereto but no municipal accounts committee has been constituted till the date of our audit.

(Note: Refer Discussion Note Point No. 17)



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

5. Audit Observations: -

I. Part-A

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

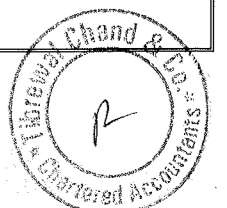
a) **Holding and Property tax not deposited:**

Audit Objective: Assessment of property tax as per Bihar Municipal Act and all collection deposited with treasury.

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

Condition: Delay Deposit of Property Tax Collected by tax collector to Nazir. Daily collection register has not been provided for verification, in such a situation we cannot ascertain the actual delay of deposits but we have ascertained from some supporting documents huge current year arrear of property tax. This could be a huge loss to Nagar Panchayat. Details of the same are below:

Sl. No.	Name of holder	Ward No.	Holding No.	Amount.
1	Maha Prabhandhan Bihar Rajya Chini Nigan Ekai, Banmankhi	12	07/227 to 40/259	6,05,344
2	Rajkiya Chitkasalay , Banmankhi	12	1 to 1L	49,986
3	Basudeb Gupta	12	250	3,184
4	Bhola Singh	12	534	5,112
5	Birendra Singh	12	530	9,891
6	Bhopal Gupta	12	533	6,721
7	Sita Choudhary	12	167A	7,296
8	Shiv Nandan Gupta	12	542	6,462
9	Dinesh Gupta	12	529	5,670
10	Sandeep Narayan Chandra	13	28	22,178
11	Sarbodaye Aashram	14	15	3,838
12	Naveen Jaiswal	14	50	12,694
	Total			7,38,376



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

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

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

(Note: Refer Discussion Note Point No. 02 and 08)

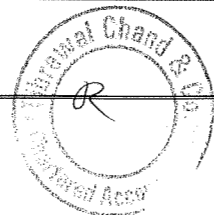
b) Holding Tax Arrear:

Audit Objective: Assessment of property tax as per Bihar Municipal Act and all collection deposited with treasury.

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

Condition: Property tax due as whole amount was not collected. Details are as below:

Ward No.	Total holding tax as on 31.03.2017	Holding tax received till 31.03.2017	Holding tax due on 31.03.2017
1	63,832	25,630	38,202
2	93,406	54,036	39,370
3	1,19,925	32,905	87,020
4	37,960	20,307	17,653
5	42,039	25,860	16,179
6	34,464	17,274	17,190
7	73,430	42,869	30,561
8	1,50,598	92,749	57,849
9	57,937	30,895	27,042
10	1,05,886	56,678	49,208
11	23,656	12,466	11,190
12	94,474	11,754	82,720



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13	53,257	27,451	25,806
14	57,729	28,901	28,828
15	32,941	13,632	19,309
16	39,050	22,054	16,996
17	31,008	16,219	14,789
Total	11,11,592	5,31,680	5,79,912

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

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

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

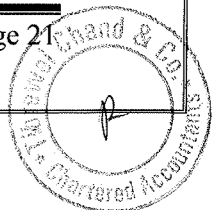
c) Tower tax

Audit Objective: Assessment of Tower tax as per Bihar Communication Tower and related structure rules, 2012 and all collection deposited with treasury.

Criteria: Tower Tax is taxes on Communication Tower & related structure as defined in Bihar Communication Tower and related structure rules, 2012 as per the rule Tax Collected has to be deposited on same day or latest before noon on the following working day.

Condition: It was observed that Tower Tax is not collected. The outstanding details are given below:

Sl. No.	Name of Company	No. of Tower	Reg. Fees	Annual Fees	Total	Fees Received till 31.03.18	Total amount due as on 31.03.2018
A	b	c	D	e	f = (d+e)	g	h = (g-f)
1	Vodafone	3	90,000	2,40,000	3,30,000	1,38,000	1,92,000
2	Airtel	3	90,000	3,12,000	4,02,000	90,000	3,12,000
3	Tata Indicom	1	30,000	96,000	1,26,000	0	1,26,000
4	Aircel	1	30,000	80,000	1,10,000	0	1,10,000
5	Reliance	1	30,000	1,04,000	1,34,000	0	1,34,000



TOTAL	2,70,000	8,32,000	11,02,000	2,28,000	8,74,000
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Consequence/Effect/ Impact: Due to non-deposition of Tower Rent with the stipulated time line, ULB incurred heavy revenue loss.

Cause: We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has no proper mechanisms for supervision and monitoring of the Tower Rent due to which result in Revenue leakage. While checking the files and other relevant records company wise outstanding was not maintained properly and o/s detail of Rs. 8.74 Lakhs was found. In absence of proper demand and collection register it was difficult to find the exact demand and outstanding.

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

(Note: Refer point no. 1 of discussion note)

d) 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.

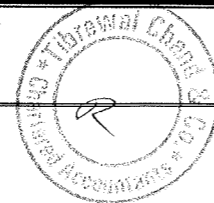
Consequence/Effect/Impact:

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

Cause:

This is 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.

e) Trade License Registration:

Audit Objective: As per TOR.

Criteria: As per section 342 of Bihar Municipal Act, 2007, Trade license fee (including Renewal Fee) is to be collected from different types of Trader who are trading in Concerned Municipal area not collected in F.Y. 2017-18.

Condition: Trade License issue & renewal is not maintained by Nagar Panchayat. Many trade license agreements are elapsed but the same have not been renewed yet.

Consequences/ Effect/ Impact: Revenue Loss.

Cause: Lack of proper follow up and monitoring of activities.

Recommendation: There should be proper monitoring by the ULB.

(Note: Refer Discussion Note Point No. 21)

f) Shop Rent

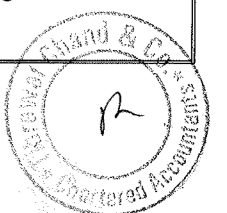
Audit Objective: As per Point no-5 of TOR.

Criteria: As per Bihar Municipal Act.

Condition: Market wise collection of rent is not maintained by the ULB. The register maintained for rent collections from shops do not contain the details of taxable area of shop, periods pertaining to which the rent is due and the interest due against late payment. So, the demand of market rent cannot be calculated.

Consequence / Effect / Impact: Due to non-collection of shop rent there is a revenue loss to ULB.

Cause: This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have



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proper mechanisms for supervision and monitoring of the shop which results in Revenue leakage.

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

(Note: Refer Discussion Note Point No. 22)

ii) Excess payment made against the bill, lack of prudence in payment against vouchers, inefficiency in control resulting loss to ULB:

a) Scheme Name – Ward no – 01 Har Ghar Nal Jal Nirman Karya

- Agreement Cost – 32,62,673/-
- Measurement Book Value – 15,06,215/-
- Work Order Date:- 31/03/2018

Findings:-

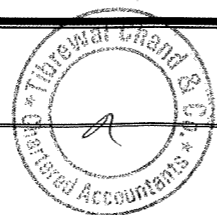
- Naksha of the work is not attached in file.
- In allotment of Nal Jal Yojna some of the beneficiary name mentioned in the Yojna beneficiary sheet but signature/thumb impression is not done by the Yojna Beneficiary holder.
- Work is allotted by Nagar Panchayat to contractor on 31/03/2018. As per agreement work must be completed within 4 months from the date of allotment of work. If work is not completed within the stipulated time frame then the contractor is liable to pay penalty charges of 10%. But work was not completed within the given time frame and penalty charge of 10% was not deducted by Nagar Panchayat. Hence, it is a case of excess payment.
- Site photograph prior to start of assignment are also not attached with file.
- Running Bill is not found in the file and still the payment is made.

b) Scheme Name – Ward no – 03 (2016-17) Har Ghar Nal Jal Nirman Karya

- Agreement Cost – 20,81,250/-
- Measurement Book Value – 692,546/-
- Work Order Date :- 21/02/2017

Findings:-

- Naksha of the work is not attached in file.



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- Beneficiary holder details of Yojna are not attached with the file.
- Work is allotted by Nagar Panchayat to contractor on 21/02/2017. As per agreement work must be completed within 4 months from the date of allotment of work. If work is not completed within the stipulated time frame then the contractor is liable to pay penalty charges of 10%. But work was not completed within the given time frame and penalty charge 10% was not deducted by Nagar Panchayat. Hence, it is a case of excess payment.
- Site photograph prior to start of assignment are also not attached with file.
- Running Bill is not found in the file and still the payment is made.

c) Vehicle In-efficiency

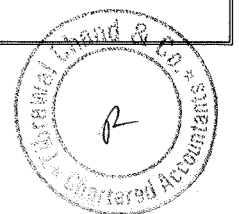
- Vehicles that are used in ULB for work purpose. There log book is not maintained, proper registers are not maintained. Details of the same are as below:

Sl. No.	Name of Vehicle	Number of vehicle	Whether vehicle log book is properly maintained or not	Whether log book is properly updated or not	Whether vehicle is insured and registered or not	Whether rate of diesel/petrol properly mention in log book
1	Tractor	5	No	No	No	No
2	Tempo	2	No	No	No	No
3	JCB	1	No	No	No	No
4	Compactor	4	No	No	No	No
5	Mobile Toilet	12	No	No	No	No
6	Water Tank	1	No	No	No	No
7	Jet Tanki	2	No	No	No	No
8	Tanki Vehicle	2	No	No	No	No
9	Fogging Machine	1	No	No	No	No

Comment: Vehicle which is in running position and is working needs to get registered and insured to avoid any loss to the municipality during any discrepancy.

- Vehicles that are not working and are damaged. There log book is not maintained, proper registers are not maintained. Details of the same are as below:

S. No.	Name of Vehicle	Number of Vehicle	Whether vehicle log book is properly maintained or not	Action taken to Realize any value



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1	Tractor	1	No	No
2	Computer	1	No	No
3	Printer	1	No	No

Comment: Municipality should take action towards the damaged vehicle to increase their revenue.

(Note: Refer point no. 23 of discussion note)

iii) Report on Findings of the field survey of property tax of minimum 20 high value properties is given here: -

Our team on the basis of information available asked the SAF, demand collection detail of below mentioned properties.

SAF forms of below properties were not provided neither any arrangement were made for physical verification.

Details of high value properties provided by the ULB are as below:

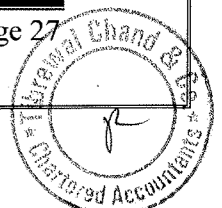
(Note: Refer point no.3 of discussion note)

Sl. No	Name of Holding Holder	Ward No.	Holding no.	Type of properties	Amount
1	Satnarayan Mandal	11	363	Residential	126
2	Tilkeshwar Yadav	11	464	Residential	342
3	Pawan Kishor Yadav	12	23	Residential	304
4	Prem Nath Gupta	12	201	Residential	2,331
5	Hardev Choudhary	12	196	Residential	2,122
6	Ram Kumar Gupta	12	248	Residential	4,600
7	Gyan Chand Sahni	12	269	Residential	1,648
8	Paresh Keshri	12	332	Residential	1,396
9	Bina Devi	13	135	Residential	4,420
10	Sushila Devi	13	119	Residential	3,888
11	Ganpat Chaudhary	14	410	Residential	640
12	Ramesh Gupta	15	35	Residential	454
13	Vijay Gupta	15	90A	Residential	1,234
14	Ram Dhani Prasad	15	10	Residential	2,374
15	Kanhaiya Lal Sathiya	1	356	Commercial	2,226



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16	Harakchandra Sarogi & Co.	2	108	Commercial	17,280
17	Pawan Chaudhary	3	393	Residential	1,806
18	Dr. Amrendra Kumar	4	16	Commercial	3,024
19	Balbharti Chatrawas	5	107	Residential	2,700
20	Bhism Kant Yadav	6	106	Residential	930
21	Merchant Association	7	286	Commercial	8,344
22	Akhil Kumar Pal	8	02	Residential	4,911
23	Md. Alaytulla	9	107	Residential	4,666
24	Sushila Devi	10	193	Residential	6,480
25	Nilam Devi	11	570	Residential	636
26	Bhartiya Krish Manadal	12	807	Residential	1,305
27	Bina Devi	13	166	Residential	4,420
28	Ashok Mallik	14	421	Residential	1,018
29	Sarashwati Sishu Mandir	15	11	Residential	2,826
30	Devrani Devi	16	86	Residential	2,076
31	Punita Devi	17	337	Residential	1,290



Part B

a. **Non-maintenance of books of accounts, subsidiary registers:** During the audit we observed that following registers which are given below has not been maintained by the ULBs.

- Subsidiary register
- Stock register
- Cheque issue registers.
- Assets register.
- Contra, journal, Receipt Voucher.
- Records and revision of taxes and rent.

In addition to the above following records were also not maintained by the ULB:

- Memorandum of collection (GEN 21)
- Summary of daily collection register
- Register for bills payment
- Cheque issue register
- Register for Advances
- Deposits register
- Summary statement of deposit adjustment
- Summary statement of bills raised
- Register of refunds, remissions and write offs
- Statement of outstanding expenses liability
- Document control register
- Register of immovable property
- Register of movable property
- Register of land
- Register of assets replacement
- Register of public lighting system.

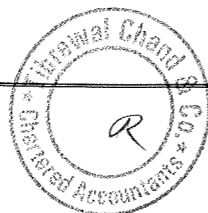
(Note: Refer Discussion Note point no. 19)

b. **Irregularity in procurement process:**

No observation found in this regards.

c. **Non Compliance of directives of UD&HD:** We observed several non-compliance of the directions of the UDHD which includes-

- Non Implementation of GeM procurement mechanism
- Non collection of various taxes required to be collected.
- Non maintenance of prescribed books of accounts.



- Non maintenance of prescribed DEAS.
- None maintenance of DCR.
- Non preparation of budget as per budget manual.
- Closing of daily cash book and bank book.
- Physical verification of cash balance with daily collection register and bank balances.

d. **Non Compliances of the Acts and Rules:** During the audit we observed below mentioned non compliances:

- Non formation of Municipal Accounts Committee
- Non maintenance of books of accounts as per BMAR
- Non preparation of budget as per Bihar Municipal Budget Manual
- Property tax rate should be increased in every 5 years but not increased since a long period

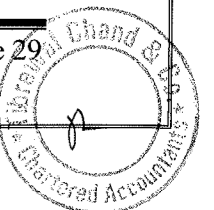
(Note: Refer Discussion Note Point No. 16)

e. **Lack of Internal Control Measures:**

- There is lack of internal control w.r.t collection of taxes.
- There is no proper cash handling neither any locker was kept by the ULB.
- Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time.
- 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 Goods & Service Tax (GST), TDS, Royalty, and Labor Cess etc. are collected from time to time but payments were not proper. Taxes should be remitted to the Govt. account on a timely basis otherwise delayed interest charges may be imposed. As per Sec 234E of Income Tax Act, 1961; late fees of Rs. 200 per day are imposed if the return is not filed within the due date.

(Note: Refer Discussion Note Point No. 15)

f. **Non- Compliance of TDS, VAT, and other relevant statute:** During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Panchayat. Further it was also observed that return was also not filed for TDS & VAT. Separate register of statutory deduction is not being prepared by Nagar Panchayat and therefore we are unable to give details of Statutory Deductions.



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(Note: Refer point no. 6 of discussion note)

g) Deficiency in pay roll system: During the audit it was observed that no bio metric attendance was used for making attendance. Further there was very poor internal control on leave tracking of the employees.

PF and ESI: During the audit it was observed that PF and ESI deducted from employees salary not deposited with authorities causing loss to the savings of the employees.

Further during the audit of salary vouchers, it was observed that deduction is not specified in the salary register. Cases for the same are as below:

Name of Employee	Basic	DA	HRA	Medical	Total Salary	TDS
Ram Karan Singh	-	-	-	-	72,351.00	Deduction not specified.

(Note: Refer point no. 5 of discussion note)

h) Utilization certificate report on grants allotted during the year: Details of UCs related to FY: 2017 – 2018 are given in **Annexure - 2** with report.

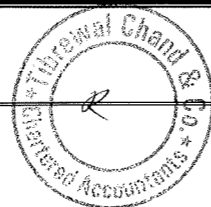
(Note: Refer Discussion Note point no. 24)

i) Physical Verification of the inventories and stores: Stores registers has not been prepared by the ULB. During the year 2017-18 no physical verification was carries out of the stores.

(Note: Refer Discussion Note point no. 9)

j) Advances: During the audit it was observed that the following advances were given to the employees but not adjusted till date, further no separate records were maintained for adjustment of advances. Details of advances is as mentioned below:

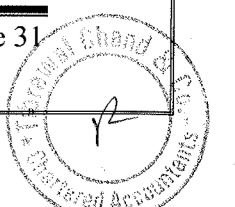
Name	Post/ Position	Outstanding Bal. as on 31/03/2018
Rajat Ranjan	Computer Operator	54,000.00
Neeraj Kumar Sharma	Computer Operator	6,000.00



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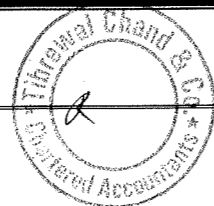
Sanjay Kumar Mishra	Office Worker	50,000.00
Vijay Kumar	Nazir	2,50,000.00
Sobhanand Yadav	Tahsildar	2,85,000.00
Ms. Umar Iqbal	Junior Engineer	25,000.00
Ajay Kumar	JCB Driver	10,000.00
TOTAL		6,80,000.00

(Note: Refer Discussion Note point no. 20)

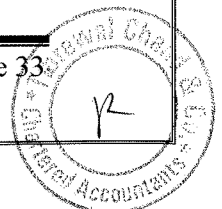


II. Part C

Sl. No.	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD..	Chapter xi, rule 84 (Budget has not been sanction by Empowered standing committee) & Chapter xii, rule 86 (Prepare and maintain accounts of receipts and expenditure), 87 (Preparation of Municipal Accounting Manual), 88 (Financial Statement.) 89 (Balance sheet.), 90 (Submission of financial statement and balance sheet to auditor.) and 98 (Municipal accounts committee.) are not follow by the ULB.
2	What is the status of implementation of SAS of Property Tax in the ULB; If SAS has been implemented then witness some assessment procedures to check any in-consistencies in assessment. at least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not).	Refer audit report.
3	Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR Rule 22: All moneys to be brought to account Rule: 27: Collections to be deposited into Bank on the same day Rule 69: Grant Related Compliance Rule 120-121: Monthly Receipt & Payment Account and Trial Balance	Rule 22: we have found that all money has been brought to account but delayed. Rule 27: we have observed that the collected money has not to be deposited into Bank Account on same day. Rule 69: Grant related compliance has been done properly. Rule 120-121: Monthly Receipt & Payment Account and Trial Balance are not being prepared. Rule 130 is not being followed.

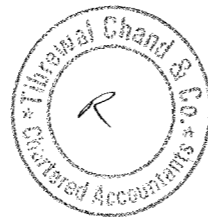


	Rule 130: Audit to be completed & reported within 6 month	
4	Whether all such compliance of financial guidelines of schemes of MOHUA and UD & HD, GoB have been complied.	Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob have been complied.
5	If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sai rat etc. have incurred then quantify the same.	It has been discussed in discussion notes and audit report under part A.
6	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.	Discussed in audit report Part A.
7	Whether all Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Refer detailed audit report.
8	An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Refer audit report.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	It has been provided in discussion notes as well as in audit report under part A.



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10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies.	It has been provided in discussion notes as well as in audit report under part A.
11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No fixed deposit made during the F.Y. 2017-18. All funds held by ULB are maintained at Nationalized Banks and rate of interest is per banking norms.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for revenue losses.	It has been provided in discussion notes as well as in audit report under part A.
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	It has been provided in discussion notes as well as in audit report under part A.
14	Whether C&AG and Internal audit paras have been complied, if not assistance has been provided in this regard.	Discussed in details audit report and also annexure attached.



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Annexure- 1

कार्यालय नगर पंचायत बनमनखी, (पूर्णिया)

पत्रांक-/न0प0

प्रेषक:- नगर कार्यपालक पदाधिकारी,
नगर पंचायत, बनमनखी।

सेवा में,

महालेखाकार, (ले0प0)
स्थानीय लेखा परीक्षा शाखा,
बिहार पटना।

बनमनखी दिनांक-

विषय:-

नगर पंचायत बनमनखी के अंकेक्षण प्रतिवेदित संख्या- 279/16-17 का अनुपालन प्रतिवेदन साक्ष्य सहित उपलब्ध कराने के संबंध में।

प्रसंग:-

पत्रांक- 07/अंके0- 19/2014-511/न0वि0 एवं आ0वि0 पटना दिनांक- 06.04.2017

महाराष्ट्र

उपर्युक्त विषयक प्रासंगिक पत्र के संबंध में कहना है कि कार्यालय महालेखा कार (ले0प0) बिहार स्थानीय लेखा परीक्षा शाखा, पटना से प्राप्त पत्र सं0- 14607/277 दिनांक- 11.11.2016 के द्वारा वित्तीय वर्ष- 2013-14 से 2015-16 के लेखाओं पर आधारित अंकेक्षण प्रतिवेदन सं0- 279/16-17 जो नगर पंचायत बनमनखी को प्राप्त है के आलोक में अंकेक्षण प्रतिवेदन में उठाये गये आपत्तियों का निराकरण कर साक्ष्य सहित उपलब्ध कराने की माँग की गयी है। माँगी गयी वांछित प्रतिवेदन एवं साक्ष्य पत्र के साथ संलग्न कर समर्पित किया जा रहा है।

सूचनार्थ सादर समर्पित।

विश्वासभाजन

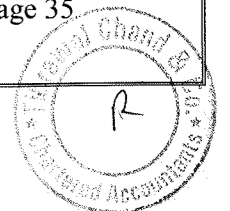
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नगर कार्यपालक पदाधिकारी,
नगर पंचायत, बनमनखी।

ज्ञापक- 69/न0प0, बनमनखी, दिनांक 09.1.18
प्रतिलिपि:- विशेष सचिव, नगर विकास एवं आवास विभाग बिहार पटना को सूचनार्थ एवं आवश्यक कार्यवाई हेतु सादर समर्पित।

09.1.18

नगर कार्यपालक पदाधिकारी,
नगर पंचायत, बनमनखी।



Internal Audit Report for the year ended 31st March of F.Y. 2017-18

Annexure- 2: Details of UC's of Financial Year 2017 - 2018

S/N	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2017-18	Salary of E.O	23/05/2017	5.00	5.00	NIL	UC Submitted
2	2017-18	Salary of Chairman	15/06/2017	3.12	3.12	NIL	UC Not Submitted
3	2017-18	Pesakar	30/06/2017	10.12	10.12	NIL	UC Not Submitted
4	2017-18	14fin	02/08/2017	70.31	70.31	NIL	UC Not Submitted
5	2017-18	Cm Nali Gali	11/08/2017	42.06	42.06	NIL	UC Not Submitted
6	2017-18	Nagrik Subidha	24/08/2017	34.62	15.62	19.00	Un-utilised amount Rs. 19.00 Lakh Transferred to PL A/C
7	2017-18	5th State Plan	14/09/2017	146.88	146.88	NIL	UC Not Submitted
8	2017-18	Cm Nali Gali	30/10/2017	36.04	36.04	NIL	UC Not Submitted
9	2017-18	14fin	24/01/2017	70.11	54.57	15.54	Un- utilised amount Rs. 19.00 Lakh Transferred to PL A/C
10	2017-18	Samrat Ashok Bhawan	20/03/2017	34.83	34.83	NIL	UC Not Submitted
Grand Total				453.09	418.55	34.54	



S. N.	Observation	Management Comment	Recommendation
1	As per notification of Bihar Government. The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 30,000/- per Tower and the Renewal fee is Rs. 8,000/- per year. During the course of audit it was observed that Rs 8, 74,000is due towards Tower Company for financial year 2017-18.(Details given in report)	This will be strictly taken care by next financial year and nagarpanchayat will take necessary steps to recover or boost revenue from towers.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	During audit observed that property tax is not being deposited by tax collector on same day.	Tax collectors are directed to deposit the tax.	It should be recovered from concerned person and same should be deposited into bank.
3	Report on Findings of the field survey of property tax of minimum 20 high value properties.(Refer details audit report)	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Physical survey was conducted for conducting physical verification. Further SAF forms were not provided for 20 high value properties as per list provided by us.
4	Demand Register for collection of Trade License, property tax & shop rent for the financial year 2017-18 is not yet prepared.	All tax collector cashier, cashier and tax daroga is directed to make necessary attempt in this regard.	Demand register should be prepared.
5	PF deducted from all permanent staff salary but not deposited in his PF account.	Will consider it in next financial year.	PF should be deposited immediately.
6	During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Panchayat. Further it was also observed that return was also not filed for TDS & VAT. Separate register of statutory deduction is	Will consider it in next financial year.	Separate register must be prepared. All statutory compliances related to deduction, deposition, and return filling should be complied.

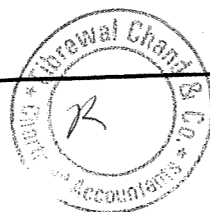


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Chartered Accountants
Banmankhi Nagar Panchayat

Discussion Note

Banmankhi Nagar Panchayat

	not being prepared by Nagar Panchayat and therefore we are unable to give details of Statutory Deductions. (Refer details audit report)		
7	<p>i) The municipality is not in a practice to prepare BRS on regular or periodical basis. (Refer details audit report)</p> <p>ii) Passbook was not provided for Treasury A/C; therefore we are unable to give balance as per Passbook.</p>	Will consider it in next financial year.	BRS should be maintained month wise.
8	<p>(i) Improper maintenance of records related to revenue collection.</p> <p>(ii) During the audit it was observed that mobile tower tax is not getting collected on a timely basis and even if it is getting collected, the same is not deposited timely.</p>	Nagar Panchayat ensure that this will be taken care from now onwards.	<p>(i) Daily collection register for property tax should be maintained and appropriate action should be taken.</p> <p>(ii) Collection should be made on a regular basis and deposited on the same day to avoid any irregularity.</p>
9	Non preparation of stores register	Will consider it in next financial year.	Due to non - maintenance of stock register, it will become difficult to identify quantity of each class of stock. So, the ULB should maintain a store ledger including price of inward goods.
10	Banmankhi Nagar Panchayat is not in practice to prepare monthly receipt and payment account and the trial balance.	Will consider it in next financial year.	ULB should prepare receipts and payment account on monthly basis. It helps to find out that how much fund received by the ULB and whether its utilization was made properly or not.
11	Daily wages register were not produced to us for audit.	ULB staff is directed to provide all the necessary documents to auditors.	Daily wages register should be made available to auditors.
12	Scheme register not prepared for the financial year 2017-18	Necessary action will be taken.	Separate register should be maintained for each scheme.

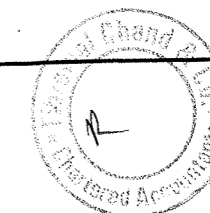


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 नगर पंचायत वनमन्थली
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Banmankhi Nagar Panchayat

13	Collection of internal resources is very poor. (Refer details audit report)	Nagar Panchayat will take steps to improve the collection from internal resources.	It should be timely collected.
14	During the course of Audit, we observed that Nagar Panchayat has conducted CAG audit for the year 2016-17 and the compliance report for the same has been prepared. (Refer Annexure I) We also observed that the compliance for Internal Audit that was conducted for the year 2016-17 has not been prepared.	Necessary action will be taken.	Refer detailed audit report and annexure I.
15	<p>Lack of internal control measures:</p> <p>(i) Voucher file was not maintained</p> <p>(ii) No internal mechanism for statutory compliance</p> <p>(iii) No MIS was prepared for tracking of payments</p> <p>(iv) Required books of Accounts as per BMAM was not maintained</p> <p>(v) Statutory compliance reconciliation was not maintained</p> <p>(vi) Bank reconciliation of any bank account was not prepared.</p>	Nagar Panchayat ensure that this will be taken care from now onwards.	<p>We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling and statutory compliances:</p> <p>We suggest that</p> <p>(i) MIS system should be implemented over daily collection and deposit.</p> <p>(ii) Reason for non-deposit/late deposit should be strongly addressed to minimize delay.</p> <p>(iii) Need to identify a person to comply with the statutory compliance. In case failure to comply with statutory compliances he should also be penalized.</p> <p>Therefore, the management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.</p>
16	Non-Compliance of Act & Rules	ULB staff is directed to ensure compliance of all applicable	Refer point of Part-B (d) of audit report for status of non-



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 मुंबई

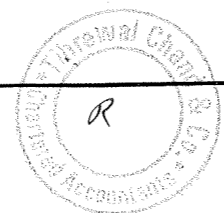
Discussion Note

Banmankhi Nagar Panchayat

	Act & Rules.	compliance of Act & Rules.
17	No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.	ULB staff is directed to comply with BMA-2007
18	Non implementation of Double Entry Accounting system (DEAS): We found the detail that double accounting system is implemented at Banmankhi Nagar Panchayat, however we did not get any data for verification of the same.	Implementation of DEAS is ongoing and ULB staff is directed to cooperate with auditors and to provide all necessary documents for audit.
19	Non-maintenance of required registers as per Rule No.-3 of BMAR-2014	ULB staff is directed to follow and comply the guidelines of BMAR
20	Non adjustment of advances	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.
21	Trade License issue & renewal is not maintained by Nagar	Will be considered in next financial year.

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Discussion Note

Banmankhi Nagar Panchayat

	Panchayat. Many trade license agreements are elapsed but the same have not been renewed yet		
22	Market wise collection of rent is not maintained by the ULB. The register maintained for rent collections from shops do not contain the details of taxable area of shop. periods pertaining to which the rent is due and the interest due against late payment. So, the demand of market rent cannot be calculated.	Nagar Panchayat ensure that this will be taken care from now onwards.	It should be maintained properly.
23	We observed during audit excess payment made against the bill, lack of prudence in payment against vouchers, inefficiency in control resulting loss to ULB. (Refer detailed audit report)	Nagar Panchayat ensure that this will be taken care from now onwards.	ULB should have a proper maker and checker procedure.
24	Utilization certificate for the reporting year has already been submitted.	Not required	Submitted.

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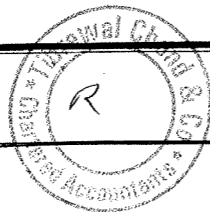
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Discussion Note

Banmankhi Nagar Panchayat

Details of 20 high value properties:-

S.N.	Name of Holding Holder	Ward No.	Holding no.	Type of properties	Amount
1	SatnarayanMandal	11	363	Residential	126
2	TilkeshwarYadav	11	464	Residential	342
3	PawanKishorYadav	12	23	Residential	304
4	PremNath Gupta	12	201	Residential	2,331
5	HardevChoudhary	12	196	Residential	2,122
6	Ram Kumar Gupta	12	248	Residential	4,600
7	Gyan Chand Sahni	12	269	Residential	1,648
8	PareshKeshri	12	332	Residential	1,396
9	Bina Devi	13	135	Residential	4,420
10	Sushila Devi	13	119	Residential	3,888
11	Ganpat Chaudhary	14	410	Residential	640
12	Ramesh Gupta	15	35	Residential	454
13	Vijay Gupta	15	90A	Residential	1,234
14	Ram Dhani Prasad	15	10	Residential	2,374
15	KanhaiyaLalSathiya	1	356	Commercial	2,226
16	HarakchandraSarogi & Co.	2	108	Commercial	17,280
17	Pawan Chaudhary	3	393	Residential	1,806
18	Dr. Amrendra Kumar	4	16	Commercial	3,024
19	BalbhartiChatrawas	5	107	Residential	2,700
20	Bhism Kant Yadav	6	106	Residential	930
21	Merchant Association	7	286	Commercial	8,344
22	Akhil Kumar Pal	8	02	Residential	4,911
23	Md. Alaytulla	9	107	Residential	4,666
24	Sushila Devi	10	193	Residential	6,480
25	Nilam Devi	11	570	Residential	636
26	BhartiyaKrishManadal	12	807	Residential	1,305
27	Bina Devi	13	166	Residential	4,420
28	Ashok Mallik	14	421	Residential	1,018
29	SarashwatiSishuMandir	15	11	Residential	2,826
30	Devrani Devi	16	86	Residential	2,076
31	Punita Devi	17	337	Residential	1,290

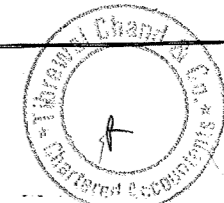


Discussion Note

Banmankhi Nagar Panchayat

Bank Reconciliation Statement

Name of Bank	Name of Scheme	Account No.	Passbook Balance	Cash Book Balance	Difference	Status
SBI Bank	SJSRY	11607546063	4,79,162	4,79,162	Nil	Reconciled
SBI Bank	General Fund	11607546143	51,70,499	51,70,499	Nil	Reconciled
United Bank Of India	Municipal Fund	1070010103650	44,85,756	44,85,756	Nil	Reconciled
Canara Bank	HFA	5246101001491	1,87,59,485	1,87,59,485	Nil	Reconciled
ICICI Bank	Mother Child A/C	071201000986	18,39,231	18,39,231	Nil	Reconciled
PL A/c	Treasury	PLA003	-	2,42,15,572	2,42,15,572	Unreconciled
SBI Bank	4 th FC	32684730010	-	-	-	A/C Closed
United Bank of India	SahayakAnudan	1070010134750	-	-	-	A/C Closed
United Bank of India	SECC	1070010157322	-	-	-	A/C Closed
United Bank of India	SJSRY	1070010159395	-	-	-	A/C Closed
United Bank of India	SamajikSuraksh a	1070010145350	-	-	-	A/C Closed
United Bank of India	13 th FC	1070010135917	-	-	-	A/C Closed
United Bank of India	E- Governance	1070010261104	-	-	-	A/C Closed



Discussion Note

Details of UC's of Financial Year 2017 - 2018

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