

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

# INTERNAL AUDIT REPORT

## FOR

### F. Y. 2018-19

## GROUP 1

# GAYA MUNICIPAL CORPORATION

## BY

### A. P. SANZGIRI & CO. CHARTERED ACCOUNTANTS

PLOT NO. 22, HOUSE NO. 174, ANAND NAGAR LANE,  
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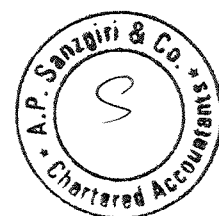
**Document History**  
**INTERNAL AUDIT FOR FY 2018-19**

<b>Project Title</b>	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"
<b>Report Title</b>	Internal Audit for FY 2018-19 of Gaya Municipal Corporation
<b>Reporting Entity</b>	A P SANZGIRI & Co., Chartered Accountants
<b>Reporting for</b>	Gaya Municipal Corporation
<b>Report Prepared by</b>	Internal Audit Team of A P SANZGIRI & Co., Chartered Accountants
<b>Date of Submission</b>	14 <sup>th</sup> November 2019



## **ABBREVIATION AND ACRONYMS**

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



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**A. P. SANZGIRI & Co.**  
**CHARTERED ACCOUNTANTS**

**Date:** 13<sup>th</sup> July, 2020

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

**Sub:** Submission of Internal Audit Report of Gaya Municipal Corporation for the Financial Year 2018-19

**Ref No.:** Letter No. 7/I. 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 Gaya Municipal Corporation for the Financial Year 2018-19 and submitting the report of the same as per our deliverables.

We hereby confirm 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.

Thanking You,

Yours faithfully,

On Behalf of  
A P Sanzgiri & Co,  
Chartered Accountants

Satish Gupta  
CA Satish Gupta  
Partner  
FRN: 116292  
UDIN: 20101134AAAAET6361  
Date - 07-07-2020  
membership No - 101134

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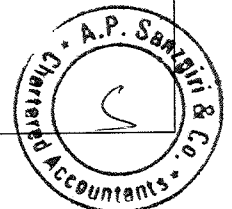
## EXECUTIVE SUMMARY

### 1. INTRODUCTION:

<b>Name of the Municipality</b>	-	Gaya Municipal Corporation
<b>Period covered under Current Audit</b>	-	01 <sup>st</sup> April 2018 to 31 <sup>st</sup> March 2019
<b>Name of Mayor</b>	-	Sri. Birendra Kumar
<b>Name of Municipal Commissioner</b>	-	Sri Ishwar Kumar

### 2. OBSERVATIONS AND FINDINGS:

<b>Strengths</b>	<ol style="list-style-type: none"><li>1. In the existing system as prevailing in the Municipal Corporation, day to day working is in progressive manner in respect of collection of revenue and execution of the projects.</li><li>2. There is sufficient co-operation from the management during the course of our audit.</li><li>3. General Cash book is properly up-to-dated.</li><li>4. List of Outstanding dues is available.</li></ol>
<b>Weaknesses</b>	<ol style="list-style-type: none"><li>1. The collection of rental income is not satisfactory.</li><li>2. The shopkeeper/tenants have not been paying rent and have huge outstanding debts.</li><li>3. No physical verification of store is exercised by ULB.</li><li>4. No Physical verification of cash is exercised by ULB.</li><li>5. 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 corporation has not been complied.</li><li>6. Fixed assets register is not maintained by ULB</li><li>7. Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection for FY 2016-17.Hence, we are unable to comment on the same.</li><li>8. Statutory compliance of the ULBs is not deposited timely and hence it incurs penalty and other charges.</li><li>9. Certain Statutory Registers and Books are not maintained.</li><li>10. Bank Reconciliation Statement has not been prepared.</li></ol> <p><b>11. Non Levy of Taxes:</b></p> <ul style="list-style-type: none"><li>- Surcharge on electricity consumption within the municipal area</li><li>- Tax on congregations.</li><li>- Tax on pilgrims and tourists.</li><li>- User Charges for Solid Waste Management</li><li>- User Charges for Garbage Clearance</li></ul>



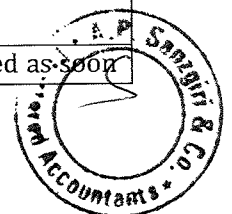
	<ul style="list-style-type: none"> <li>✓ Collection of Development Charges</li> <li>12. During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 01 to 04 days.</li> <li>13. ULB is not preparing monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.</li> <li>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</li> <li>15. Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.</li> <li>16. Non Compliance of Rule 130 of BMAR in some of the cases.</li> <li>17. ULB is not maintaining the accounts as well as not preparing the financial statements.</li> <li>18. ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.</li> </ul>
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**3. OPINION:**

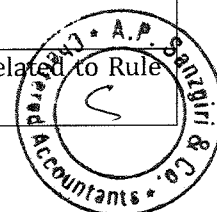
The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel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

**4. AUDIT RECOMMENDATION:**

Observed Weaknesses	Audit Recommendations
The collection of rental income is not satisfactory. The shopkeeper/ tenants have not been paying rent and have huge outstanding debts.	To implement/take action to boost collection of arrear revenue to increase their own source revenue.
No physical verification of store is exercised by ULB.	Physical verification to be carried out by ULB on interval basis for proper monitoring of the stock and process.
No Physical verification of cash is exercised by ULB.	Physical verification to be carried out by ULB on interval basis for proper monitoring of cash.
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 corporation has not been complied.	Internal Audit wing should be created by employing the Municipal Internal Auditor on the Board.
Fixed assets register is not maintained by ULB	Fixed assets register should be maintained and updated properly.
Compliance report of AG audit is not prepared	Compliance report should be prepared as soon



by the ULB and also report is not provided to us for inspection for FY 2015-16 to 2016-17. Hence, we are unable to comment on the same.	as the report is received by ULB and steps to be taken for recovery of the amount for financial irregularities.
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.
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.
<b>Non Levy of Taxes:</b> <ul style="list-style-type: none"> <li>✓ Surcharge on electricity consumption within the municipal area</li> <li>✓ Tax on congregations.</li> <li>✓ Tax on pilgrims and tourists.</li> <li>✓ User Charges for Solid Waste Management</li> <li>✓ User Charges for Garbage Clearance</li> <li>✓ Collection of fees for sanction of building plans and issue of completion certificates,</li> <li>✓ Collection of Development Charges</li> </ul>	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. ULB should take steps to implement required taxes to boost their revenue
During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 05 days.	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.
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.	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 executive officer.
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	Currently ULB is sending on yearly basis and the same need to be complied on quarterly basis.
Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.	As per BMAM-ULB are required to maintain fund wise receipts & payments. As per BMAM, following funds should be maintained by ULB. <ol style="list-style-type: none"> <li>1. Municipal General Fund</li> <li>2. Basic service for urban poor</li> <li>3. Water supply &amp; sewerage fund</li> <li>4. Solid Waste Management Fund</li> <li>5. Road Development &amp; Maintenance</li> <li>6. Enterprise Fund</li> </ol>
Non Compliance of Rule 130 of BMAR in some of the cases.	ULB should ensure compliance related to Rule 130 of BMAR on regular basis.



ULB is not maintaining the accounts as well as not preparing the financial statements.	ULB is required to maintain the accounts as well as prepare the financial statements at the end of the year.
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-consistencies in assessment of property tax	Checked on random basis and found variation between demand raised by ULB or actual demand.

#### 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 in *Annex-1 Discussion Note*.

#### 6. ACKNOWLEDGEMENT

During the course of the audit 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**  
CA Satish Gupta  
Partner  
FRN: 116293W  
UDIN: 20101134AAAAET6361  
DATE: 07-07-2020  
Membership No: 101134



### DETAILED AUDIT REPORT

#### 1. INTRODUCTION:

Name Of ULB	Period-covered		Audit Team
	From	To	
Municipal Corporation Gaya	1 <sup>st</sup> April, 2018	31 <sup>st</sup> March, 2019	1. Team Leader: CA Satish Gupta 2. Name of CA: Ayush Agarwal 1. Name of Auditor-1: Rahul Kumar 2. Name of Auditor-2: Yashwant Kumar

#### 2. ADMINISTRATION:

Sl. No.	Particulars	Details
1	The present body of the ULB has taken charge on	June, 2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Shri. Birendra Kumar
2.1.1	Period of Service:	From: June, 2017 To: Till date
2.2	Name of Commissioner:	Sri Ishwar Kumar
2.2.1	Period of Service:	From: May, 2018 To: February, 2019

3. REVIEW OF OUTSTANDING AUDIT PARAS:

3.1. STATUS OF AUDIT OBSERVATIONS IS AS UNDER:

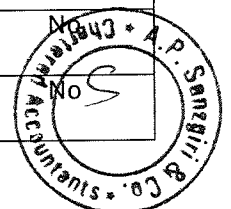
Particulars of audit and date of report	Total No. of audit Para's	Improvement/corrective measures required (Nos. of Para's)	Recovery of cash is proposed (Nos. of Para's)	Recovery has been made (Nos. of Para's)	Total amount of Recovery	No action has been taken	No. & date of compliance report
Audit report submitted by AG for the F.Y. 2015-16 to 2016-17	21	21	13	-	-	21	Not Prepared (Refer Discussion Note)

3.2. DETAILS OF TOTAL NUMBER OF AUDIT PARA'S:

Period of AG Audit Report : 2015-16 to 2016-17

Compliance Report Date & Number : Not Prepared (Refer Discussion Note)

S. N	Heading of the audit para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
1	IHSDP in respect of Aawas	90.10lacs	90.10lacs	-	No
2	IHSDP	1 1.5 cr.	1 1.5 cr.	-	No
3	IHSDP	9.37 lacs	9.37 lacs	-	No
4	IHSDP in respect of Malin Basti	31.73 lacs	31.73 lacs	-	No
5	IHSDP	2.74 cr.	2.74 cr.	-	No
6	RAY	68.40 lacs	68.40 lacs	-	No
7	Upbhokta Shulk	4.65 cr.	4.65 cr.	-	No
8	Dastavej	-	-	-	No
9	Cheque amount	-	-	-	No
10	Yojana's Vibhakti Karan	-	-	-	No
11	Amount not deposited	0.004 lacs	0.004 lacs	-	No
12	Tin ticket not deposited	0.046 lacs	0.046 lacs	-	No
13	Anudan Panji	-	-	-	No
14	Mobile tower	4.26 cr.	4.26 cr.	-	No
15	Daily Wages	543.33 lacs	543.33 lacs	-	No
16	SBM	-	-	-	No
17	Vibhag Fund	6.67 lacs	6.67 lacs	-	No

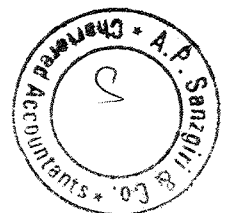


18	LID Light	-	-	-	No
19	Agrim Yojana	162 lacs	162 lacs	-	No
20	Nalli Gali	-	-	-	No
21	DPR	-	-	-	No

**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:** ULB is preparing Compliance Report for above said period of AG Report, once it is completed this report will be provided. **(Refer Discussion Note).**



## 4. FINANCE

## I. BUDGETARY PROVISIONS AND EXPENDITURES FOR THE LAST THREE YEARS:

Year	Year-2016-17	Year-2017-18	Year-2018-19
Final/Revised Budget Data	2,55,73,98,000.00	2,68,09,74,000.00	3,68,65,36,900.00
Actual Expenditure Data	1,14,82,56,074.00	1,31,30,60,207.00	1,14,64,94,969.00
Savings(+)/Excess(-)	1,40,91,41,926.00	1,36,79,34,793.00	2,54,00,41,931.00

## Auditor's Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 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 2016-17, 2017-18 & 2018-19 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. 2018-19	Actual for the F.Y. 2017-18	Actual for the F.Y. 2016-17	Actual for the F.Y. 2018-19	Cumulative for the current period
Opening balance	-	95,98,59,970.00	66,76,74,973.00	93,51,55,177.00	93,51,55,177.00
Receipts	3,68,65,36,900.00	1,28,83,55,414.00	1,44,04,41,071.00	1,14,05,62,196.00	1,14,05,62,196.00
Total	4,62,16,92,077.00	2,24,82,15,384.00	2,10,81,16,044.00	2,07,57,17,373.00	2,07,57,17,373.00
Net expenditure	3,68,65,36,900.00	1,31,30,60,207.00	1,14,82,56,074.00	1,14,64,94,969.00	1,14,64,94,969.00
Closing balance	93,51,55,177.00	93,51,55,177.00	95,98,59,970.00	92,92,22,404.00	92,92,22,404.00

## Auditor's Comment:

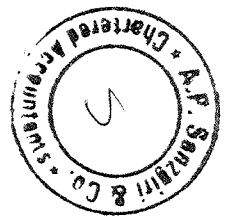
The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2016-17, 2017-18 & 2018-19 have not been produced before us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



**III. BANK RECONCILIATION POSITION AS ON REPORTING DATE:**

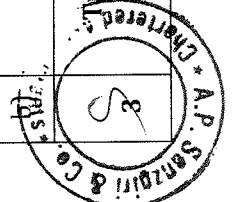
**BANK RECONCILIATION POSITION AS ON 31-03-2019**

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	Bank of India	447510110000887	Swarn Janti Yojana	1,13,48,820.00	3,60,05,012.49	2,46,56,192.00	No
2	S.B.I	111599085893	N.U.L.M	39,60,906.00	36,46,382.00	3,14,524.00	No
3	Axis Bank	917010057601117	Revenue Collection and Stamp duty	21,57,72,936.00.00	2,20,51,597.31	19,37,21,338.69	No
4	Bank of India	447510100011579	Rain Baisera	22,837.00	58,28,830.33	58,05,993.33	No
5	Bank Of Maharashtra	60159054129	N.U.L.M	39,60,906.00	8,234.00	39,52,672.00	No
6	PNB	1967000102588124	I.H.S.D.P	4,68,89,857.00	4,79,54,068.93	10,64,211.93	No
7	PNB	1967000102576244	I.H.S.D.P	1,14,05,629.00	1,14,71,610.54	65,981.54	No
8	Bank of Baroda	5166010000517	Spar Allotment	34,20,386.00	35,23,937.50	1,03,551.50	No
9	Bank Of Maharashtra	60208246590	Rajiv Aawas	4,19,17,653.00	4,23,77,513.00	4,59,860.00	No
10	HDFC	50100207620186	Hariday Yojana	21,44,88,135.00	12,67,63,158.00	87,724,977.00	No
11	Bank Of Maharashtra	60255187648	HFA	2,73,12,092.00	2,98,05,672.00	24,93,580.00	No
12	SBI	37267110212	HFA	2,73,12,092.00	2,88,67,891.00	15,55,799.00	No
13	Bank Of Maharashtra	60208567193	Rajiv Awas Yoyana	7,835.00	1,04,469.00	96,634.00	No
14	HDFC Bank	0421145000242	Revenue Collection and Stamp duty	21,57,72,936.00	9,10,798.15	21,48,62,137.85	No
15	Bank of India	447510100011579	Census	2,25,570.00	52,39,199.83	50,13,629.83	No
16	Treasury Account	0/4	General Fund	-	11,68,11,176.00	-	-
	<b>TOTAL</b>			<b>79,65,06,498.00</b>	<b>43,89,92,037.08</b>	<b>35,45,14,460.92</b>	



**IV. RECEIPT DETAILS:**

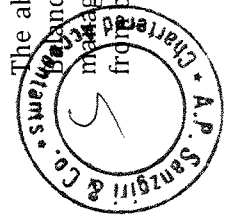
		INCOME DETAILS (Amounts IN INR)					
		2017-18		2018-19		2019-20	
S.N.	Details	2017-18(Actual)	2016-17(actual)	2018-19(Actual)	2017-18(Actual)	2019-20(Actual)	2018-19(Actual)
	<b>Total Receipts (A+B)</b>	1,28,83,55,414.00	1,44,04,41,071.00	1,14,05,62,196.00	1,28,83,55,414.00		1,14,05,62,196.00
<b>A</b>	<b>Revenue Receipts (1+2+3)</b>	38,97,03,484.00	44,97,88,488.00	41,35,87,277.00	38,97,03,484.00		41,35,87,277.00
<b>1</b>	<b>Own Revenue Receipts (a+b)</b>	28,31,22,035.00	37,09,78,106.00	34,20,75,858.00	28,31,22,035.00		34,20,75,858.00
<b>a)</b>	<i>Tax Revenue(levied and collected by municipal body)</i>	25,64,26,892.00	3,28,44,9193.00	33,26,93,687.00	25,64,26,892.00		33,26,93,687.00
i)	Property tax	8,32,49,930.00	8,93,86,441.00	6,35,28,467.00	8,32,49,930.00		6,35,28,467.00
ii)	<i>Other tax (levied and collected by municipal body)</i>	17,31,76,962.00	2,39,06,2752.00	26,91,65,220.00	17,31,76,962.00		26,91,65,220.00
<b>b)</b>	<i>Non-tax revenue (levied and collected by municipal body)</i>	2,66,95,143.00	4,25,28,913.00	93,82,171.00	2,66,95,143.00		93,82,171.00
i)	Fees & fines	0.00	0.00	0.00	0.00		0.00
ii)	User Charges	2,29,98,790.00	4,14,09,318.00	73,61,386.00	2,29,98,790.00		73.61,386.00
iii)	<i>Other non-tax revenue levied and collected by</i>	36,96,353.00	11,19,595.00	20,20,785.00	36,96,353.00		20,20,785.00
<b>2</b>	<b>Other Revenue Receipts</b>	74,62,101.00	0.00	9,59,967.00	74,62,101.00		9,59,967.00
a)	Income from interest/investments	0.00	0.00	0.00	0.00		0.00
	Other Revenue income	74,62,101.00	0.00	9,59,967.00	74,62,101.00		9,59,967.00
	<b>Transfers/Grants/Assigned Revenues</b>	9,91,19,348.00	7,88,10,382.00	7,05,51,452.00	9,91,19,348.00		7,05,51,452.00



a)	State Assigned Revenue	9,91,19,348.00	7,88,10,382.00	7,05,51,452.00	9,91,19,348.00	7,05,51,452.00
b)	State Finance Commission	0.00	0.00	0.00	0.00	0.00
c)	Octroi compensation	0.00	0.00	0.00	0.00	0.00
d)	Other State Government Transfers	0.00	0.00	0.00	0.00	0.00
e)	Central Finance Commission (CFC) Grant	0.00	0.00	0.00	0.00	0.00
f)	Other Central Government Transfers	0.00	0.00	0.00	0.00	0.00
g)	Others	0.00	0.00	0.00	0.00	0.00
<b>B</b>	<b>Capital Receipts</b>	<b>89,86,51930.00</b>	<b>99,06,52,583.00</b>	<b>72,69,74,919.00</b>	<b>89,86,51930.00</b>	<b>72,69,74,919.00</b>
1	Sale of Municipal Land	0.00	0.00	0.00	0.00	0.00
2	Loans (from State Govt. or Banks etc.)	0.00	0.00	0.00	0.00	0.00
3	State Capital Account	77,91,87,421.00	74,80,37,083.00	66,32,85,246.00	77,91,87,421.00	66,32,85,246.00
4	Central Capital Account	10,43,91,900.00	22,69,25,655.00	6,36,09,000.00	10,43,91,900.00	6,36,09,000.00
5	Other Capital Receipts	1,50,72,609.00	1,56,89,845.00	80,673.00	1,50,72,609.00	80,673.00

**Auditor's Comment:**

The above figures have been taken from the Budgeted Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2016-17, 2017-18, 2018-19 have not been produced before us by management for verification. Hence, we could not validate the above-mentioned figures. Actual figure for F.Y. 2018-19 has been taken up to December 2018 from budget of F.Y. 2019-20.



**V. EXPENDITURE INFORMATION:**

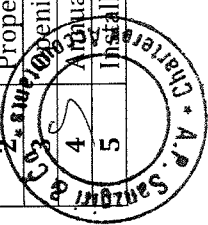
S.N	Details	INCOME DETAILS (Amounts IN INR)					
		2017-18		2018-19		2019-20	
		2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (ACTUAL)	2019-20 (Actual)	2018-19 (Actual)
<b>A.</b>	<b>Total Expenditure (1+2)</b>	<b>1,31,30,60,207.00</b>	<b>1,14,82,56,074.00</b>	<b>1,14,64,94,969.00</b>	<b>1,31,30,60,207.00</b>	<b>1,14,64,94,969.00</b>	
<b>1</b>	<b>Revenue Expenditure</b>	<b>53,28,42,594.00</b>	<b>45,79,36,347.00</b>	<b>36,40,97,464.00</b>	<b>53,28,42,594.00</b>	<b>36,40,97,464.00</b>	
1.1	Administrative Expenses, Establishment and Salaries (All Departments-Regular and contract)	41,78,86,210.00	35,21,37,813.00	28,99,98,819.00	41,78,86,210.00	28,99,98,819.00	
1.2	Operation and Maintenance	9,86,27,609.00	79,461,409.00	6,23,36,344.00	9,86,27,609.00	6,23,36,344.00	
1.3	Loan repayment (Interest payments)	0.00	0.00	0.00	0.00	0.00	
1.4	Others (any other revenue expenditure)	1,63,28,775.00	2,63,37,125.00	11,76,23,01.00	1,63,28,775.00	1,17,62,301.00	
<b>2</b>	<b>Capital Expenditure</b>	<b>78,02,17,613.00</b>	<b>69,03,19,727.00</b>	<b>78,23,97,505.00</b>	<b>78,02,17,613.00</b>	<b>78,23,97,505.00</b>	
2.1	All developmental works under Central/ State schemes	54,07,07,020.00	26,72,61,701.00	55,06,04,551.00	54,07,07,020.00	55,06,04,551.00	
2.2	Loan Repayments (Principal Amount)	0.00	0.00	0.00	0.00	0.00	
2.3	Other Capital expenditure	23,95,10,593.00	42,30,58,026.00	23,17,92,954.00	23,95,10,593.00	23,17,92,954.00	

**Auditor's Comment:**

The above figures have been taken from the Budgeted Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2016-17, 2017-18, 2018-19 have not been produced before us by management for verification. Hence, we could not validate the above-mentioned figures. Actual figure for F.Y. 2018-19 has been taken up to December 2018 from budget of F.Y. 2019-20

**VI. STATUS OF IMPLEMENTATION OF DOUBLE ENTRY SYSTEM:** At present M/s Tibrewal Chand & CO. is working for implementation of Double Entry Accounting System.

SN	Activity	Work Done
1	Fixed Assets Register	Refer attached discussion note
2	Property Tax Register	
3	Opening Balance Sheet	
4	Annual Financial Statements	
5	Installation of Tally License	Tally was installed by CA firm but now ULB staff is not aware about it.



VII. MUNICIPAL ACCOUNTS COMMITTEE: Gaya Municipal Corporation is not yet constitutes municipal Accounts Committee under section 98 of the Municipal Act 2007. Kindly refer discussion note attached with this report.

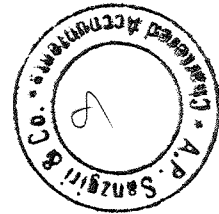
**5. AUDIT OBSERVATION:**

**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**

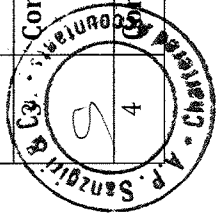
SN	Head	Comments	Implemented by ULB or Not
1	<b>Objective</b>	The main objective of audit of taxes is to check whether all taxes which are covered under Bihar Municipal Act, 2007, is levied and collected by the ULB. Further to check whether taxes are levied and collected according to applicable provisions and rules.	YES
2	<b>Criteria</b>	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.	YES
3	<b>Condition</b>	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. <b>In case of Gaya Municipal Corporation</b> , The following mentioned tax/charges are not implemented that leads to loss of revenue to corporation:	NO
			YES
			NO
			YES
			NO
			NO
			NO



8	Tax on profession.	YES
9	Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, passenger motor vehicles.	YES
10	User Charges for provision of water-supply, drainage and sewerage	YES
11	User Charges for Solid Waste Management	NO
12	User Charges for Parking Facility	YES
13	User Charges for Garbage Clearance	NO
14	Collection of fees for sanction of building plans and issue of completion certificates,	YES
15	Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,	YES
16	Collection of Fees for issue of birth and death certificates.	YES
17	Collection of Development Charges	NO
4	<b>Consequences/Effect</b>	No levy of taxes will be resulted in to revenue loss to ULB.
5	<b>Cause</b>	There is lack of standard policies and instructions from department. In some cases policies are prepared by it is not followed by the ULBs.
6	<b>Corrective Action/Recommendation</b>	It is recommended that department should prepare uniform policies for levy and collection of taxes in proper manner and on due time. Further capacity building programmes should be held for ULBs staff and awareness about these taxes should be done.
7	<b>Management Comments</b>	<b>Kindly refer discussion note attached with the report.</b>

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

SN	Head	Comments
1	<b>Objective</b>	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	<b>Criteria</b>	We have checked respective books in order to carry the audit and some cases were checked on random basis.
3	<b>Condition</b>	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 01 to 04 days. Details of such cases are given in <b>Annexure-1</b> .
4	<b>Consequences/Effect</b>	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	<b>Cause</b>	It is explained by concern person that due to non- availability of human resources the same issues arises.
6	<b>Corrective Action /Recommendation</b>	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	<b>Management Comments</b>	<b>Kindly refer discussion note attached with the report.</b>

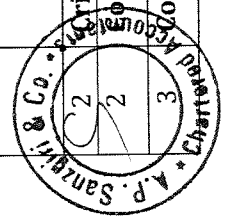
**OBSERVATION-3: NON COLLECTION OF NOTICE FEE**

SN	Head	Comments
1	<b>Objective</b>	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	<b>Condition</b>	
3	<b>Consequences/Effect</b>	Document related to non-collection of notice fee will be provided in upcoming report of 2019-20.
5	<b>Cause</b>	
6	<b>Corrective Action /Recommendation</b>	
7	<b>Management Comments</b>	<b>Kindly refer discussion note attached with the report.</b>

**OBSERVATION-4: RECOVERY OF OUTSTANDING TAXES/RENTAL INCOME**

**1. RECOVERY OF OUTSTANDING PROPERTY TAX**

SN	Head	Comments
1	<b>Objective</b>	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	<b>Criteria Condition</b>	It is checked from progress report prepared by ULB
3	<b>Consequences/Effect</b>	To be checked in upcoming report of 19-20.



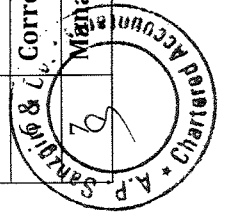
5	Cause	
6	Corrective Action/Recommendation	
7	Management Comments	<i>Kindly refer discussion note attached with the report.</i>

**2. RECOVERY OF ADVERTISEMENT TAX:**

SN	Head	Comments
1	<b>Objective</b>	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	<b>Criteria</b>	It is checked from progress report prepared by ULB
2	<b>Condition</b>	During checking it is noted that property tax of Rs. 12.68 lacs was outstanding as on 31/03/2018:
3	<b>Consequences/Effect</b>	It leads in shortage of fund for ULB and loss of revenue.
5	<b>Cause</b>	No proper explanation in this regard given by ULB.
6	<b>Corrective Action/Recommendation</b>	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	<b>Management Comments</b>	<i>Kindly refer discussion note attached with the report.</i>

**3. RENT INCOME**

SN	Head	Comments
1	<b>Objective</b>	ULB authorized to charge rent from municipal properties.
2	<b>Criteria</b>	It is checked from progress report prepared by ULB
3	<b>Condition</b>	During checking it is noted that rent income of Rs. 870.93 lacs was outstanding as on 31/03/2018.
4	<b>Consequences/Effect</b>	It leads in shortage of fund for ULB and loss of revenue.
5	<b>Cause</b>	No proper explanation in this regard given by ULB.
	<b>Corrective Action/Recommendation</b>	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
	<b>Management Comments</b>	<i>Kindly refer discussion note attached with the report.</i>

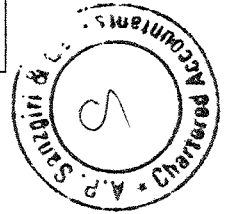


4. Mobile Tower Tax:

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 that mobile tower tax of Rs. 409.59 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	<b>Kindly refer discussion note attached with the report.</b>

5. OTHER TAX

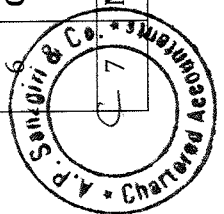
SN	Head	Comments
1	Objective	ULB is authorized to collect other various types of taxes/fee.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	
3	Consequences/Effect	To be checked in upcoming report of 19-20.
5	Cause	
6	Corrective Action/Recommendation	
7	Management Comments	<b>Kindly refer discussion note attached with the report.</b>



**(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	We have checked following payment related to FY 2018-19 during audit:																																				
		<table border="1"> <thead> <tr> <th>S.N</th> <th>Name of Party</th> <th>Payment Head</th> <th>Invoice Amount</th> <th>Approved Amount</th> <th>Audit Observations</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Pankaj Kumar</td> <td>GMC</td> <td>50,000.00</td> <td>50,000.00</td> <td>-</td> </tr> <tr> <td>2</td> <td>Sunil Kumar</td> <td>Contacto</td> <td>25,77,791.00</td> <td>25,77,791.00</td> <td>-</td> </tr> <tr> <td>3</td> <td>Vikash Kumar</td> <td>Contacto</td> <td>65,03,144.00</td> <td>65,03,144.00</td> <td>-</td> </tr> <tr> <td>4</td> <td>Ajay Kumar Singh</td> <td>Adjustment</td> <td>3,62,775.00</td> <td>3,62,775.00</td> <td>-</td> </tr> <tr> <td>5</td> <td>Dinkar Prasad</td> <td>Adjustment</td> <td>3,61,481.00</td> <td>3,61,481.00</td> <td>-</td> </tr> </tbody> </table>	S.N	Name of Party	Payment Head	Invoice Amount	Approved Amount	Audit Observations	1	Pankaj Kumar	GMC	50,000.00	50,000.00	-	2	Sunil Kumar	Contacto	25,77,791.00	25,77,791.00	-	3	Vikash Kumar	Contacto	65,03,144.00	65,03,144.00	-	4	Ajay Kumar Singh	Adjustment	3,62,775.00	3,62,775.00	-	5	Dinkar Prasad	Adjustment	3,61,481.00	3,61,481.00	-
S.N	Name of Party	Payment Head	Invoice Amount	Approved Amount	Audit Observations																																	
1	Pankaj Kumar	GMC	50,000.00	50,000.00	-																																	
2	Sunil Kumar	Contacto	25,77,791.00	25,77,791.00	-																																	
3	Vikash Kumar	Contacto	65,03,144.00	65,03,144.00	-																																	
4	Ajay Kumar Singh	Adjustment	3,62,775.00	3,62,775.00	-																																	
5	Dinkar Prasad	Adjustment	3,61,481.00	3,61,481.00	-																																	
4	Consequences/Effect	Irregularities in payment lead to excess payment, wrong deductions, non-compliance with agreement and statutory compliances.																																				
5	Cause	No proper explanation in this regard given by ULB																																				
6	Corrective Action/Recommendation	Management can implement standard checklist for each payment so that irregularities in payments can be avoided.																																				
7	Management Comments	<i>Kindly refer attached discussion note</i>																																				



**(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:

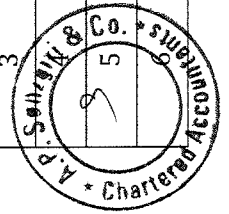
SN	Head	Comments
1	<b>Objective</b>	Field survey and report of 20 high value properties of ULB and report on the basis of area of building, rate of property tax etc of the same. Comparison with the data of same property provided by the ULB and report on variance between them if available.
2	<b>Criteria</b>	Survey yet to be done for 20 High value properties.
3	<b>Condition</b>	To be checked in upcoming report of Q-2,19-20.
4	<b>Consequences/Effect</b>	Not Applicable
5	<b>Cause</b>	Not Applicable
6	<b>Corrective Action/Recommendation</b>	Not Applicable
7	<b>Management Comments</b>	<b>Kindly refer attached discussion note</b>

**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:**

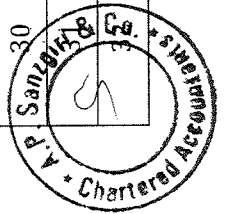
**(a) NON MAINTENANCE OF BOOKS OF ACCOUNTS, SUBSIDIARY REGISTERS:**

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

Sl. No.	Name of register	Maintained/Updated or Not	Last date of Update
1	Cash Book-Cashier	Maintained	31.03.2019
2	Cash Book-Accountant	Maintained	31.03.2019
3	Collection Register	Maintained	31.03.2019
4	Cheque issue Register	Maintained	31.03.2019
5	Register of Advance	Maintained	31.03.2019
	Register of Permanent Advance	Not properly maintained	31.03.2019



7	Deposit received register	Maintained	31.03.2019
8	Summary statement of deposit adjusted	Maintained	31.03.2019
9	Demand Register	Maintained	31.03.2019
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	Maintained in Yojna Panji	31.03.2019
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	31.03.2019
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	31.03.2019
21	Summary Statement of Refunds	Maintained in Yojna Panji	31.03.2019
22	Summary Statement of Write off	Not Maintained	-
23	Summary Statement of Demand Raised on assessment	Not Maintained	-
24	Summary Statement of Head wise Collection of Other Income	Maintained in DCR	31.03.2019
25	Summary Statement of Refunds	Maintained in Yojna Panji	31.03.2019
26	Summary Statement of Write off	Not Maintained	-
27	Grant Register	Maintained	31.03.2019
28	Summary Statement of status of Capital Work in Progress	Not Maintained	-
29	Work Sheet	Not Maintained	-
30	Deposit Works Register	Not Maintained	-
	Material Receipt Note	Maintained	31.03.2019
	Store Ledger	Maintained	31.03.2019

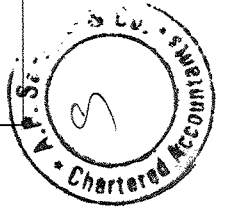


33	Statement of Closing Stock	Not maintained	-
34	Statement of Material Issued	Maintained	31.03.2019
35	BRS of all bank accounts (including dormat accounts)	Not Maintained	-
36	Audited Balance Sheet	Not Maintained	-
37	Audited Income & Expenditure Account	Not Maintained	-
38	Audited Receipts & Payment Account	Not Maintained	-

**(b) IRREGULARITY IN PROCUREMENT PROCESS:**

1. COMPLIANCE REGARDING TENDER ISSUED BY THE ULBS: During audit, we have checked following procurements :

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	Vikash Kumar	52,05,887.00	YES	YES	YES	YES	Furnished and no deviation found
2	Sanjeev Kumar	9,49,001.00	YES	YES	YES	YES	Furnished and no deviation found
3	Sunil Kumar	7,82,929.00	YES	YES	YES	YES	Furnished and no deviation found
4	Anil Kumar Sinha	13,91,173.00	YES	YES	YES	YES	Furnished and no deviation found
5	Rajesh Kumar	1,90,668.00	YES	YES	YES	YES	Furnished and no deviation found
6	Sunil Kumar	1816111.00	YES	YES	YES	YES	Furnished and no deviation found
7	Vikash Kumar	7306903.00	YES	YES	YES	YES	Furnished and no deviation found
8	Rajesh Kumar	190668.00	YES	YES	YES	YES	Furnished and no deviation found
	<b>TOTAL</b>	<b>1,78,33,340.00</b>					

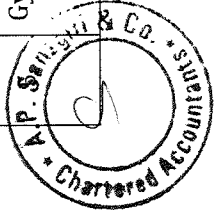


2. DETAILS OF LOG BOOK MAINTAINED

S.N	Name of Vehicle	Whether vehicle log book is maintained or not	Whether log book is properly updated or not	Whether vehicle is insured or not	Whether Rate of Diesel/Petrol properly mention in log book
1	J.C.B Old (1)	Yes, Maintained	Yes, Maintained	Some vehicle Insured or some not Insured	Yes, Maintained
2	J.C.B New (1)	Yes, Maintained	Yes, Maintained		Yes, Maintained
3	Mini Loder	Yes, Maintained	Yes, Maintained		Yes, Maintained
4	Compalkter	Yes, Maintained	Yes, Maintained		Yes, Maintained
5	Trak	Yes, Maintained	Yes, Maintained		Yes, Maintained
6	Happar	Yes, Maintained	Yes, Maintained		Yes, Maintained

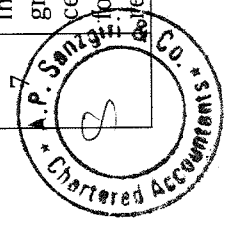
3. NON-COMPLIANCE OF DIRECTIVES BY UD&HD. GOB:

S.N	Direction issued by UDHD	Particulars of Circulars/Orders/Notice	Complied or Not
1	Gyapank No.- 6628; Dated- 26.12.2018	<b>Mukhyamantri NAL JALYojna:-</b> "Whether Para No. 1- 28 have been complied of this circulars".	<b>Complied</b>
2	Gyapank No.- 3234; Dated- 12.06.2018	<b>Purchase of Material or Receive of Service from "GeM Portal" w.e.f. 01.07.2018</b>	<b>Complied</b>
3	Gyapank No.- 3453; Dated- 29.06.2018	<b>Outsourcing of Services and there respective Standard:-</b> "Whether Standard or Measurement criteria mentioned in this circular in respect to their respective "Type of Services" have been complied". <b>Related to Departmental Work:-</b>	<b>Complied</b>
4	Amendment in Oath Number-3557, Dated 20.11.2014;Dated of Amendment- 04.05.2018	"Whether Para '1- 4' of this order have been complied in respect to 14 <sup>th</sup> F.C. or 5 <sup>th</sup> F.C Departmental work carried on , which is mentioned in this order",.	<b>Complied</b>
	Gyapank No.- 5124; Dated- 28.09.2018	<b>Deduction of TDS on GST:-</b> w.e.f.01.10.2018 TDS on GST shall be deducted as per Section 51 of BGST act, 2017	<b>Complied</b>



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

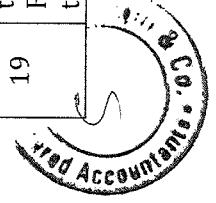
S.N	Requirement	Criteria	Auditors Comment	Management Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made	BMAR Rule No.- 22	<b>Refer point: Part-A (a) (2)</b> On an Average 01 to 04 days delayed and amount collected was in hand with Tax Collector.	<b>( Refer Discussion Note)</b>
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, Tax collector and other municipal employees are entrusted to collect municipal revenue within municipality area.	
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 ,Tax Collector kept receipt book in his personal custody;	
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, Daily Collection Register is verified by designated Officer of Council.	
5	Whether every bill collector invariably remit his collections (in cash and/or cheques) to Cashier daily before 4.30 PM and take the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	<b>Refer point: Part-A (a) (2)</b> The same rule did not followed by Tax Collector and on an average 01 to 04 days delayed found during which collected amount was in hand of Tax Collector.	<b>( Refer Discussion Note)</b>
6	Whether Grant Register as prescribed in BMAR Form 28 was maintained by the Municipality to record receipts and utilization of grants sanctioned by the Government.	BMAR Rule No.- 69	Yes, Grant Register has been maintained by ULB.	
7	Whether specific grants, which have certain conditions attached for utilizing such grants including the requirement to use it for capital purposes or use it in a particular proportion or manner. Usually such grants have requirements for submitting utilization certificates e.g. Finance Commission grant, SFC grant for specific purpose, namely, road repairs. It is the responsibility of the Chief Municipal Officer that the	BMAR Rule No.- 69	Yes, Complied.	



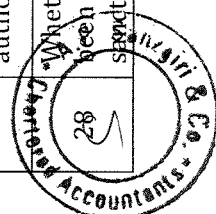
	conditions attached to the grant are complied with without exception.			
8	Whether the grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No irregularities were found.	
9	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form No 29.	BMAR Rule No.- 69	Yes, Complied.	
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	Earlier Period unutilized grant has been transferred by closing Account.	
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	Currently Receipt and Payment A/c has not been prepared by ULB.	Currently it is not prepared. <b>( Refer Discussion Note )</b>
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	Trial Balance has not been prepared.	ULB not following to prepare Trial Balance, Income & Expenditure on monthly basis. It will be prepare after implementation of double entry Accounting System.
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	The ULB was 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.	<b>( Refer Discussion Note )</b>
	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. <b>The Financial Statements shall comprise of</b> a. Receipts and Payments Account for the year (BMAR Form No.71) b. Income & Expenditure Statement for the year (BMAR Form No.73)	BMAR Rule No.- 122	Financial Statement has not been prepared by municipality.	ULB is not in practice to prepare Trial Balance, Income and Expenditure and Balance Sheet. It will be prepared after implementation of Double entry Accounting System.



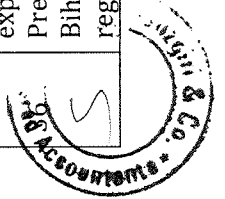
	<p>c. Balance Sheet as on 31st March of the year (BMAR Form No.74)</p> <p>d. Significant accounting policies adopted by the Municipality in presentation of the financial statements.</p> <p>e. Notes to Accounts, which shall disclose Contingent liabilities, and such other information as, may be useful 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>			
15	<p>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)</p>	<p>BMAR Rule No.-130</p>	<p><b>Refer PART-B (f)</b> Amount of statutory dues has not been deposited on due date. Like TDS should be deposited 7<sup>th</sup> day of next month and same has been delayed.</p>	<p>(Refer Discussion Note)</p>
16	<p>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)</p>	<p>BMAR Rule No.-130</p>	<p><b>Refer PART-B (g)</b></p>	<p>(Refer Discussion Note)</p>
17	<p>Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated In sufficient detail;</p>	<p>BMAR Rule No.-130</p>	<p>No Trial balance is prepared hence classification of transaction was not done.</p>	<p>(Refer Discussion Note)</p>
18	<p>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;</p>	<p>BMAR Rule No.-130</p>	<p>Yes, recorded properly in grant register as well as in cash book , but no case of deduction was found.</p>	
19	<p>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;</p>	<p>BMAR Rule No.-130</p>	<p>No special fund created.</p>	<p>(Refer Discussion Note)</p>



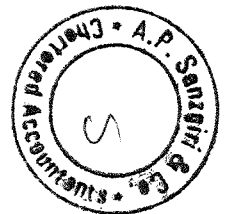
20	Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	BMAR Rule No.-130	Fixed assets register was prepared MS Sahani Bansal & Associates as on 01/04/2014.  There is no system developed to physically verify the existing assets.	(Refer Discussion Note)
21	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, There exist an adequate Internal control system in purchasing of Stores etc.	
22	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 was found during the period of Audit.	
23	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	<b>Refer Point-04 (III)</b> No, ULB is not preparing bank reconciliation for bank accounts maintained.	(Refer Discussion Note)
24	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.-130	No, ULB is not preparing bank reconciliation for bank accounts maintained.	
25	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently and in all cases such as are authorized by Act;	BMAR Rule No.-130	YES. Expenditure has been authorised by competent authority.	
26	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	BMAR Rule No.-130	To be done in upcoming report of 19-20	(Refer Discussion Note)
27	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act;	BMAR Rule No.-130	<b>Refer-PART-A (a)(2)</b> Yes, amount due to and received by ULB have been brought in to books of accounts not within prescribed time limits.	(Refer Discussion Note)
28	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	BMAR Rule No.-130	Yes, complied	



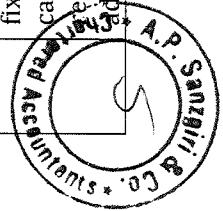
29	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as It appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR Rule No.- 130	<b>Refer-PART-B (a)</b> Books of Account are maintained except some Books of accounts.	<b>( Refer Discussion Note)</b>
30	Whether physical verification has been conducted by the ULB at reasonable intervals In respect of stores;	BMAR Rule No.- 130	No such practices followed by ULB.	It will be followed by F.Y. 2019-20. ( <b>Refer Discussion Note)</b>
31	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.- 130	No physical verification is carried out.	It is considered and will be followed as per rule.
32	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and If so, whether the same has been properly dealt with in the books of account; Whether proper procedures are in place to Identify any unserviceable or damaged stores and whether provision for the loss In this respect, If any, has been made In the accounts;	BMAR Rule No.- 130	ULB has maintained stock register properly but not carried out physical verification of stores at reasonable intervals.	<b>( Refer Discussion Note)</b>
33	Whether the valuation of stores is in accordance with the accounting principles laid down In the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	BMAR Rule No.- 130	ULB did not follow the practice of valuation of stock.	<b>( Refer Discussion Note)</b>
34	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the Interest and If not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAR Rule No.- 130	No loan given during F.Y.2018-19	ULB does not give any loan and advances. ( <b>Refer Discussion Note)</b>
35	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.- 130	No loan given during F.Y.2018-19	ULB does not give loan& advances to employees. ( <b>Refer Discussion Note)</b>
	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	BMAR Rule No.- 132	Yes, budget has been prepared.	



	Budget. Moreover, as required under provisions of Rule 139, mid -year review of Budget.				
37	<b>Municipal Fund:</b> Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	The required fund has not been created as per said chapter of act.	( Refer Discussion Note)	
38	<b>Payment not to be made out of Municipal Fund unless covered by budget grant:</b> Whether any payment made out of Municipal Fund that is not covered by budget grant.	BMA,2007: Chapter X	No such case was found during Audit period.		
39	<b>Procedure when money not covered by budget grant is paid.</b> 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)	( Refer Discussion Note)	
40	<b>Investment of surplus money.</b> 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:		No fund has been invested by ULB as investment..	ULB does not follow the practices of investing its surplus amount.	
41	<b>Preparation of budget estimate of Municipality.</b> 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, the same is levied at specified rate.		
42	<b>Maintenance of accounts.</b> 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,		Receipt and Expenditure A/c has not been prepared;	( Refer Discussion Note)	



43	<p><b>Financial Statement.</b> 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>		Financial Statement has not been prepared.	( Refer Discussion Note)
44	<p><b>Submission of financial statement and balance sheet to auditor.</b> 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 <b>this behalf by the State Government.</b></p>		Financial Statement has not been submitted.	( Refer Discussion Note)
45	<p><b>As per section 127, 128, 129 &amp; 131 of chapter XV Bihar Municipal Act, 2007 various tax are applicable on ULBs</b> 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 per 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 (4) for status of taxes not collecting by ULB	



46	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	<b>Refer-PART-A(a)(3)</b> To be done in upcoming report of 19-20	<b>( Refer Discussion Note)</b>
47	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	To be done in upcoming report of 19-20	<b>( Refer Discussion Note)</b>



5. LACK OF INTERNAL CONTROL MEASURES:We have observed the following areas where internal control measures are required by ULBs-

- a. Tax should be collect & deposit on timely basis as per BMAR Rules-As every tax collector takes 01 to 04 days to deposit the same after collection
- b. ULB should be followed Books of Account, Trial Balance, FAR, FS, and other records as per BMAR- Neither Trial Balance nor Financial Statement have been prepared by ULB.
- c. ULB should be prepared & Maintained monthly BRS- Monthly Bank Reconciliation statement has not been prepared, however year end reconciliation has been prepared.
- d. ULB should be maintained register in respect of outstanding taxes
- e. NO MIS was prepared for tracking of payments

6. NON-COMPLIANCE OF TDS, VAT AND OTHER RELEVANT STATUTE

1. DETAILS OF DELAY IN DEPOSIT OF TDS ARE MENTIONED BELOW:

Sl. No	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/Challan Number
1	Vikash Kumar	52,05,887.00	52,059.00	07.04.2019	28.05.2019	281
2	Sanjeev Kumar	9,49,001.00	17,367.00	07.04.2019	28.05.2019	281
3	Sunil Kumar	7,82,929.00	7,829.00	07.01.2019	06.05.2019	281
4	Anil Kumar Sinha	13,91,173.00	13,912.00	07.12.2018	06.12.2018	281
5	Rajesh Kumar	1,90,668.00	1,907.00	07.10.2018	01.10.2018	281
<b>TOTAL</b>		<b>85,19,658.00</b>	<b>93,074.00</b>			

2. DETAILS OF DELAY IN DEPOSIT OF VAT ARE MENTIONED BELOW: Not applicable

3. DETAILS OF DEPOSIT OF ROYALTY ARE MENTIONED BELOW:

Sl. No.	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/Challan Number
1	Sunil Kumar	18,16,111.00	36,322.00	29.03.2019	737662
2	Vikash Kumar	73,06,903.00	1,46,138.00	29.03.2019	737662
3	Rajesh Kumar	1,90,668.00	3,813.00	29.03.2019	737660
4	Kishore Kumar	3,77,933.00	7,559.00	29.03.2019	737660
<b>TOTAL</b>		<b>96,91,615.00</b>	<b>1,93,832.00</b>		



4. DETAILS OF DEPOSIT OF LABOUR CESS ARE MENTIONED BELOW:

Sl. No.	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/Challan Number
1	Sunil Kumar	15,53,042.00	15,530.00	25.03.2019	737661
2	Vikash Kumar	52,05,887.00	52059.00	25.03.2019	737661
3	Anil Kumar Sinha	13,91,173.00	13,912.00	25.03.2019	737661
4	Subodh Kumar Singh	709448.00	7,094.00	25.03.2019	737663
5	Sunil Kumar	15,53,042.00	15,530.00	25.03.2019	737661
<b>TOTAL</b>		<b>1,04,12,592.00</b>	<b>1,04,125.00</b>		

**Auditor'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 7<sup>th</sup> 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

5. DETAILS OF DEPOSIT OF TDS ON GST ARE MENTIONED BELOW:

Sl. No	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/Challan/N EFT/RTGS Number
1	Vikash Kumar	52,05,887.00	1,04,118.00	10.04.2019	25.03.2019	3029
2	Reeta devi	4,31,949.00	8,639.00	10.04.2019	25.03.2019	3650
3	Sunil Kumar	7,82,929.00	15,659.00	10.04.2019	28.12.2019	0912
4	Anil Kumar Sinha	13,91,173.00	27,823.00	10.12.2018	06.12.2018	4948
5	Sanjay Kumar	9,49,928.00	18,999.00	10.01.2018	01.10.2018	0929
<b>TOTAL</b>		<b>87,61,866.00</b>	<b>1,75,238.00</b>			

6. DETAILS OF TDS RETURNS FILLED ARE MENTIONED BELOW: Details not provided by the ULB staff although after number of reminders. Kindly refer attached discussion note.



7. DEFICIENCY IN PAYROLL SYSTEM:

SN	Particulars	Comments
1	Status of maintenance of salary register for all employees (Permanent/Daily wages/Contract worker)	Maintained
2	Non availability of Salary payment voucher	Available
3	Matching of voucher number with cash book	Matched with cash book
4	Salary register contains all elements of salary	Maintained
5	Maintenance of Salary Deduction register	Maintained
6	Whether deduction of PF/ESI made from contract employee	Not deducted
7	Whether biometric devices and payroll software is implemented in ULB. If Yes, then is it integrated with accounting software	Biometric implemented

DETAILS OF DELAY OF DEPOSIT OF EPF:

**Permanent Employee:** During audit of Panchayat we have observed that no amount of PF has been deposited to EPFO A/C during the financial year 2018-2019.

Month of Deduction	Amount Deduction	Due date of deposit	Amount Deposit	Actual Date of deposit	Delay in days
April - 18	3,05,647.00	15.05.2018	<i>Kindly refer attached discussion note</i>		
May - 18	3,05,647.00	15.06.2018			
Jun - 18	3,05,647.00	15.07.2018			
July-18	3,15,576.00	15.08.2018			
Aug.-18	3,15,576.00	15.09.2018			
Sep-18	3,15,576.00	15.10.2018			
Oct.-18	3,15,576.00	15.11.2018			
Nov.18	3,15,576.00	15.12.2018			
Dec.-18	3,15,576.00	15.01.2019			
Jan.-19	3,15,576.00	15.02.2019			
Feb.19	3,15,576.00	15.03.2019			
March-19	3,15,576.00	15.04.2019			

**Regarding Contractual Employee:** *Kindly refer attached discussion note*



8. UTILISATION OF GRANT AND REPORT ON MISSING UTILISATION CERTIFICATES

1. (a) Status of Utilization Certificate-(REFER ANNEXURE)

(b) Status of use of grant as per default allocation

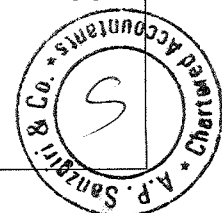
S.N	Particulars	DA	Salary	Water Supply	Nali Gali	Solid Waste Management
1	5th SFC	50%	50%			-
		30%		30%		-
		20%			20%	-
2	14th SFC	50%		50%		50%
		50%				
3	Professional tax	100%	100%			
4	Rajaya Yojna Jalapurti	100%		100%		
	<b>Total</b>					

2 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)**

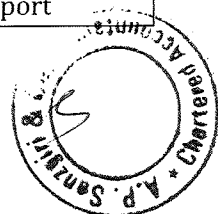
3 ADVANCES, THEIR ADJUSTMENT & RECOVERY: Refer point 35-36 PART-B (d), ULB did not give loan/ advance, hence there are no case of adjustment and recovery. **(Refer Discussion Note)**

III. PART-C

SN	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 :	Complied Refer-PART-B(4)
	<b>Rule 22:</b> All moneys to be brought to account	
	<b>Rule 27:</b> Collections to be deposited into Bank on the same day	
	<b>Rule 69:</b> Grant Related Compliance	
	<b>Rule 120-121:</b> Monthly Receipt & Payment Account and Trial Balance	
	<b>Rule 130:</b> 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(3)
E	Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc;	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 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.	Complied Refer-PART-B(8)
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(d)
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(6)
O	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras was compiled 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 FY 2018-19**  
**ULB-GAYA MUNICIPAL CORPORATION**  
**ANNEX-1 REPORT ON LATE DEPOSIT OF PROPERTY TAX**

S.N	Serial no		Amount of Tax	Date of Collection as per Receipts Book	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			3,17,544.00	11.07.2018	3,17,544.00	0	13.07.2018	2
2			7,14,168.00	17.07.2018	7,14,168.00	0	19.07.2018	2
3			4,81,734.00	31.08.2018	4,81,734.00	0	04.09.2018	4
4			5,85,720.00	20.09.2018	5,85,720.00	0	24.09.2018	4
5			7,08,478.00	01.10.2018	7,08,478.00	0	04.10.2018	3
6			14,40,412.00	14.03.2019	14,40,412.00	0	15.03.2018	1

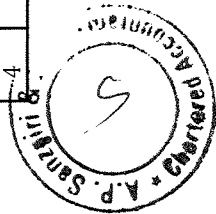
*To be done in upcoming report of 2019-20.*

**INTERNAL AUDIT REPORT FOR FY 2018-19**

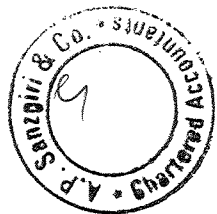
**ULB-GAYA MUNICIPAL CORPORATION**

**ANNEX-2 REPORT ON FINDINGS OF FIELD SURVEY OF PROPERTY TAX OF MINIMUM 20 HIGH VALUE PROPERTIES**

S.N	Holding Name	W.N	H.N.	Type of Use of Property		Area of Property		Tax Amount		Remarks
				As per tax Collector	As per Auditor	As per Tax Collector	As per Auditor	As per Tax Collector	As per Auditor	
1	Sidheshwar Prasad	03	1226					1,33,530.00		<i>Refer Attached Discussion Note</i>
2	SachivParsuram Mishra	10	200/304					1,35,226.00		
3	Ram Ruchi Girls High School	12	249					2,52,870.00		
4	Uttam Devi	12	12					1,79,135.00		



5	Rani BhuvneswarKun ar	13	263/265	9,51,614.00
6	Motilal Vagath	14	35/1	7,79,137.00
7	Ramdas Savlok	14	178/208	9,07,573.00
8	Hasina Khatoon	14	151	2,02,050.00
9	Raja Haihar Singh	15	43	3,27,506.00
10	Kapoor Kuar	15	8	2,84,337.00
11	Hotel Nanak Sons Pvt Ltd.	17	95/53	8,25,076.00
12	Pancanand Dube	17	59/69	4,56,985.00
13	Mahesh Gangashran	19	22	2,34,384.00
14	Umashankar Keshri	19	03	1,80,823.00
15	Vimala Devi	19	28	91,859.00
16	Bibi ShaidKhatoon	21	70	1,19,808.00
17	Sachiv Mirza Galib	32	2/2	1,66,568.00
18	Galam Musata Khan	37	01/48	12,85,655.00
19	Birendra Prasad	52	361	4,89,500.00
20	Jagjivan College	52	265	2,21,245.00



**DISCUSSION NOTE**

**Gaya Nagar Nigam**

**Letter No- 04 Dated: -03-03-2020**

**To,  
The A P Sanzgiri & Co.  
Chartered Accountants**

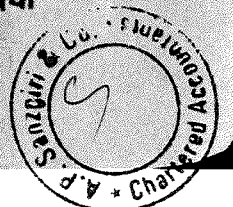
**Sub:** Regarding confirmation of documents not maintained and management comment in audit report for fy 2018-19

**Dear Sir,**

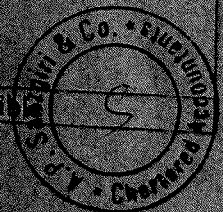
It is informed you that as per your requirement of documents, information and data for the internal audit of FY 2018-19, status is as follows:

S. N.	Audit Observation	Management Comment
1.	Comment from Management section of Executive Summary	It is under process and management will take necessary measures to avoid their recurrence in future.
2.	A.G Compliance Report	It is under process and management will submit as soon as possible
3.	Status of Implementation of DEAS	M/s Tibrewal Chand & Co. has been appointed for double entry system and accounting entry in respect of Fixed Assets Register, Property Tax Register, Opening Balance Sheet and Annual Financial statements of ULB are under process and it will be updated as soon as possible
4.	Status of Municipal Accounts Committee	Municipal Accounts Committee has not been Constituted till date.
5.	Bank Accounts and Bank Statements	ULB is not maintaining bank reconciliation statement in respect of any scheme. Hence we are not able to provide details thereof
6.	Advance Register	ULB is not maintaining advance register properly. Hence we are not able to produce the same to you during audit.
7.	Cash Books Register	ULB is maintaining cash books register of each scheme separately and same has been provided to internal audit teams.

**नगर आयुक्त  
गया नगर निगम  
गया**

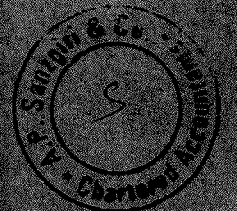


8.	Physical Verification of Stores/ Inventory	Management will follow to conduct physical verification of Stores at reasonable intervals.
9.	Procurement Register	Required documents has been provided to internal audit teams
10.	Non-Maintenance of books of accounts, subsidiary registers	ULB's relevant books of accounts & subsidiary registers is under process of maintenance and it will be updated at earliest
11.	Non-levy of taxes	We do not have any directives/guidelines/ instructions Issued by department for implementing of taxes in respect of Water tax, Fire tax, and Development charges, Garbage Clearance, Solid Waste Management and Surcharge on electricity consumption within the municipal area. There is no congregation and tourist place in gaya therefore no taxes is levied on it.
13.	Details (Break Up) of arrears relate to Property Tax, Advertisement Tax & Rental Income etc	Document related to Break Up's arrears of Property Tax, Advertisement Tax & Rental Income etc will be provided in upcoming report of 2019-20
14.	Closing balance of payable amount of TDS, VAT and other relevant Statute, if any.	All dues in respect of TDS, VAT etc has been paid in current financial year and therefore no closing balance exist.
15.	No electricity bill paid from March,2018	Due to shortage of fund electricity bill has not been paid .Now it is under process and all dues will be paid at earliest
17.	Lack of internal control measures: 1. During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 1 to 4 days.  2.ULB has not maintained register in respect of outstanding taxes etc  3. BRS is not prepared by ULB	1. ULB will make effort to reduce the gap noticed in collection of tax and deposit of tax around 7 to 4days. 2. ULB will maintain register of outstanding taxes. 3. ULB will prepares BRS as soon as possible
18.	Notice Fee	Document related to notice fee will be provided in upcoming report of 2019-20
19.	Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs	Required data has been provided to internal audit teams.
20.	Non insurance of vehicles	ULB will insure the vehicles as soon as possible



21	Survey report of 20 high value properties.	Survey of 20 high value properties related report will be submitted in upcoming report of 2019-20
22.	Details of delay of deposit of EPF	ULB has not deposited amount of PF in respect of permanent employee to EPFO A/C. Further in respect of contractual employee no amount of PF has been deducted and therefore not deposited to EPFO A/C
23.	Tax deduction	It is under process and provident fund will be deposited to the respective department as soon as possible.
24.	Reason on delay in deposit of TDS, VAT & Royalty	ULB will make effort to reduce the delay in deposit of TDS, VAT & royalty etc
25.	Non practice of stock valuation	It will follow as per rule and management will decide about reasonable period of valuation i.e. frequency of time for valuation
26.	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 prepared after implementation of double entry accounting system.
27.	Non-maintenance of fixed assets register	It will be maintained
28.	Reason on delay in deposit of TDS, VAT & Royalty	ULB will make effort to reduce the delay in deposit of TDS, VAT & royalty etc
29.	Outstanding Taxes	We will make our best effort to realize it by establishing camp in ward.
30.	TDS return	Document related to TDS return will be produced by ULB in upcoming report of 2019-20.
31.	Any payments made out of municipal fund that is not covered by budget	Payment made out of budget provision. No such payments that is not covered by budget
32.	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

05/01/2020  
 नगर आयुक्त  
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**GAYA MUNICIPAL CORPORATION**  
**STATUS OF UTILIZATION CERTIFICATION FOR FY 2018-19**

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 of UC
1	CITY MANAGER SALARY	08/24.05.2018	3.94	3.94	-	3.94	-	100%	NIL	3145/26.11.2018
2	Preet Pakshi Fair	42/24.08.2018	65.00	65.00	-	65.00	-	100%	NIL	3145/26.11.2018
3	Path and Puliya Nirmam	88/20.11.2018	112.65		112.65		-	NIL	NIL	Unutilised amount and transfer to PL A/C
4	CM Salary	90/29.11.2018	3.94	3.94	-	3.94	-	100%	NIL	1434/22.10.2019
5	14th Finance	82/31.10.2018	961.01	961.01	-	961.01	-	100%	NIL	231/19.02.2020
6	5th Fin	15/03.07.2018	2,277.20	2,277.20	-	2,277.20	-	100%	NIL	Unutilised amount and transfer to PL A/C
7	5th Fin				-		-	NIL	NIL	Unutilised amount and transfer to PL A/C
8	Civil Liberties	54/04.09.2018	254.00	-	254.00	-	-	NIL	NIL	Unutilised amount and transfer to PL A/C
9	Peshkar	77/24.10.2018	187.63	187.63	-	187.63	-	100%	NIL	231/19.02.2020
10	Civil Liberties	61/14.09.2018	417.69	417.69	-	417.69	-	100%	NIL	231/19.02.2020
11	5th Finance	21/10-07-2018	2,328.89	1,427.79	901.10	1,427.79	-	100%	NIL	231/19.02.2020
12	Nali-Gali	22/10-07-2018	1,312.06	-	1,312.06	-	-	NIL	NIL	Unutilised amount and transfer to PL A/C

