



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

INTERNAL AUDIT REPORT

FOR
FY 2018-19

KOCHAS NAGAR PANCHAYAT

GROUP-06
ULBs-18

Vinod & Co. LLP
CHARTERED ACCOUNTANTS
We Plant Quality





To

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

Sub: Submission of Kochas Nagar Panchayat Annual Internal audit report with management comments for the financial year 2018-19.

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

Dear Sir,

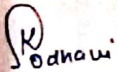
With Referenceto the above, we Vinod Singhal & Co.,LLP Chartered Accountants appointed as internal auditor of 18 ULBs of Bihar under Group-06 for the project namely "Appointment of internal auditor of 140 ULBs of Bihar."

As we have conducted Annual internal audit of Kochas Nagar Panchayat for the financial year 2018-19. ThroughThis letter we are submitting Annual internal audit report of Kochas Nagar Panchayat for the F.Y.2018-19 with management comments.

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

Thanking You

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


Sodhani



CA Krishan Kumar Sodhani
M.No:- 404603

UDIN No.:- 20404603AAAA1134039

Date: 22-12-2020
Place: Patna

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

Head Office: 207, 222, IInd Floor, Ganpati Plaza, M.I. Road, Jaipur-302001 Rajasthan

Branches: New Delhi | Kolkata | Lucknow | Patna | Jamshedpur | Ahmedabad | Raipur | Udaipur|Bharatpur|

CONTENTS

Project Title	Internal audit of 18 ULBs of Group-06 of Bihar
Report Title	Annual internal audit report of Kochas Nagar Panchayat
Period	1 st Apr -2018 to 31 st -March-2019
Reporting Entity	Vinod Singhal & Co., LLP, Chartered Accountants
Reporting for	Kochas Nagar Panchayat
Report Prepared by	Team, Vinod Singhal & Co. LLP
Date of submission	18 th Nov. 2019

EXECUTIVE SUMMARY

1. INTRODUCTION

Name of the Municipality	Kochas Nagar Panchayat
Period covered under current audit	01.04.2018 to 31.03.2019
Name of Municipal Executive officer for the period under Audit	Mr. Manoj Kumar

2. RESULTS AND FINDINGS

- **Strengths observed during audit engagement**
In the existing system as prevailing in the Nagar Panchayat day to day work is in progressive manner in respect of execution of the projects.
- **Weaknesses observed in the functioning of office, maintenance of records etc. observed during the audit engagement:**

SINo	Audit Observations
1	Budget not prepared/ given by <u>Ulb.</u>
2	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.
3	Non-Implementation of Double Entry Accounting System
4	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.
5	Non-levy of following taxes Surcharge on transfer of lands and buildings Fire tax. Surcharge on electricity consumption within the municipal area Tax on congregations. Tax on pilgrims and tourists . Tax on profession. User Charges for provision of water-supply, drainage and sewerage User Charges for Solid Waste Management User Charges for Parking Facility User Charges for Garbage Clearance Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings, Collection of Development Charges
6	Not providing tax collection and deposit data for verification.



3. OPINION

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

4. AUDIT RECOMMENDATIONS

SIN o	Audit Observations	Audit Observations
1	Budget not prepared/ given by <u>ULB</u> .	ULB should implement real time budget preparation in prescribed format of BMAM. Further, Budget variance report should be prepared for actual budget report.
2	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.	Bank Reconciliation help us to monitor over: 1. Difference between Bank Passbook and Cash Book 2. Unauthorised withdrawal from Bank. 3. Excessive debited by Bank 4. Helps to know any other reasons of differences. <i>Therefore, ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.</i>
3	Non-Implementation of Double Entry Accounting System	As per requirement of BMAR-2014, Part -A, Chapter -2 Rule -4, "All ULB refereed in Schedule -I shall maintain its Books of Account using the double entry system".
4	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.	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. <i>ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.</i>
5	<p>Non-levy of following taxes</p> <p>Surcharge on transfer of lands and buildings Fire tax. Surcharge on electricity consumption within the municipal area Tax on congregations. Tax on pilgrims and tourists . Tax on profession. User Charges for provision of water-supply, drainage and sewerage User Charges for Solid Waste Management User Charges for Parking Facility User Charges for Garbage Clearance Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings. Collection of Development Charges</p>	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source <i>they should take steps to implement required taxes to boost their revenue</i></p>



6	Not providing tax collection and deposit data for verification.	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made. However, during our audit, we observed that there is a huge delay in depositing the tax at bank. Therefore, management should implement a MIS Mechanism towards getting control over collection and deposit of Taxes. Further we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000	15
7	Non-collection of notice fees for defaulter	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but in case of Babhua Nagar Panchayat, ULB has not provided any information regarding charging and collection of notice fees. ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.	16 17 18
8	Non-recovery of outstanding taxes	ULB has provided during audit the detail of outstanding tax and other income, we observed on the basis of the data that there is huge arrear of taxes at ULB. Therefore, the management should take proper step to boost collection of arrears. Further a weekly or fortnightly meeting with all tax collectors to be held for getting the reason of non-collection and resolving the same.	19
9	Non-providing details regarding arrear of advertisement tax, and rental income	ULB should prepare proper records for arrear amount and should take proper steps to collect arrears.	
10	Non-preparation of payment vouchers	ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR -2014.	
11	Non-conducting physical survey of 20 high value properties	Being ULB was not maintaining any details of high value properties, The details given in report has been prepared based on receipts book. Filed Survey of the same could not be conducted due to non-support of tax Daroga & tax collectors in filed survey. ULB should identify and prepare separate list of high value properties by conducting re-assessment of prospective properties on timely basis to boost their revenue.	20
12	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014	Detail of registers not maintained by ULB is mentioned under PART-A (a). ULB should ensure proper maintenance of required Books of Account and register as per the list given in Rule -3 of BMAR -2014.	
13	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	ULB should ensure preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR -2014	21
14	Irregularities in vendor payment process: ▪ In case of payment to contractor-MB book was not signed by the contractor.	Proper tender documents regarding tender approval and allotment was not properly maintained or made available for audit. In provided cases, we are unable	4



	<ul style="list-style-type: none"> PAN number of contractor was not mentioned in payment files. TDS was deducted by normal rate of 01% & 02%, Even PAN number of party was not attached in files. Budget Control Register was not made for payment made. Statutory Compliance register was not maintained for related payments. Final Work Completion certificate was not attached in case of final bill payments. 	to comment on channel of procurement of tender and their required compliances. Further, no statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, ULB should maintained proper tender register and file that include all related documents of tender. Statutory compliance register should be maintained for all statutory deductions made form parties invoices.
15	Non-maintenance of register for all procurements with value above Rs. 15,000	ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000
16	Missing signature of wages worker and stamp of ULB on muster roll register	ULB should ensure proper maintenance of wages register by complying signature and stamping.
17	No maintenance of separate earnest & security deposit register	EMD and security deposit register help in tracking of balance payable to parties.
18	Non-compliance of 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.
19	<p>Lack of internal control measures</p> <p>9. Voucher file was not maintained</p> <p>10. No internal mechanism for statutory compliance</p> <p>11. No MIS was prepared for tracking of payments</p> <p>12. Required books of accounts as per BMAM was not maintained</p> <p>13. Statutory compliance reconciliation was not maintained</p> <p>14. Year-end reconciliation was not available</p> <p>15. Bank reconciliation of any bank account was not prepared.</p> <p>16. Bank balance as per cash book was not maintained.</p>	<p>We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statuary compliances:</p> <p>We suggest that:</p> <p>1. MIS System should be implemented over daily collection and deposit.</p> <p>2. Reason for non-deposit/ late deposit should be strongly need to ask for minimise delay.</p> <p>3. Need to identify a person to comply with the statuary compliances. In case failure to comply with statuary compliances he should also be penalised. Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.</p>
20	<p>Non-compliance of statutory compliances:</p> <ul style="list-style-type: none"> Non preparation of statutory compliance register Non deposit of TDS on timely basis. Non filling of TDS return for due period Non providing details regarding VAT/PF/Labour Cess 	<p>Statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, ULB should maintained proper statuary compliance register. Statutory compliance register should be maintained for all statutory deductions made form parties invoices.</p> <p>Non-compliance with statuary dues will cause of penalty, interest and prosecution. Management should insure that all statuary dues are paid on time and returns related thereof filed on time.</p>
21	<p>Deficiency in payroll system</p> <ul style="list-style-type: none"> Non-preparation of salary payment voucher Non-maintaining salary payment reference number in cash book Non-implementation of Bio-metric device and payroll software 	<p>Every payment should be accompanied with payment voucher. Further as per Section 2(23) of the Indian Stamp Act 1899 makes it mandatory for affixing of stamp on any receipt as defined therein above Rs 5000. Therefore, management should ensure that the payment is accompanied with payment voucher.</p> <p>Meaning of Receipt :</p>



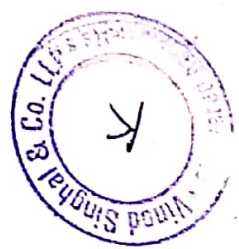
		<p>"Receipt" includes any note, memorandum or writing</p> <p>(a) whereby any money, or any bill of exchange, cheque or promissory note is acknowledged to have been received, or (b) whereby any other movable property is acknowledged to have been received in satisfaction of a debt, or</p> <p>(c) whereby any debt or demand, or any part of a debt or demand, is acknowledged to have been satisfied or discharged, or</p> <p>(d) which signifies or imports any such acknowledgment; and whether the same is or is not signed with the name of any person "</p>
22	Non-providing approved UCs for the reporting period for audit	<p>Grant is blood of ULB. Therefore, for getting grant and running the ulb working smoothly it is very important to comply with all necessary requirement of grant. Further timely submission of utilisation certificate helps the grant realising authority to send the money for fulfil the requirement of future. Therefore, management should ensure that UC has been submitted with concerned department on time.</p>
23	Non-maintaining of inventory/store register and non-conducting of physical verification of inventory and stores available with ULB as per requirement of BMAR-rule 130.	<p>Management should implement the control system over inventory and store. Stock register should be in place and get it verified by a responsible person as authorised by management time to time. Further any discrepancies arises/ found during such verification should be reported immediately.</p>
24	Non providing details of Advances, their adjustment & Recovery	<p>To ensure timely recovery of advance with interest proper calculation should be there with proper recovery plan.</p>

5. COMMENTS FROM MANAGEMENT

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

6. ACKNOWLEDGEMENT

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



DETAILED AUDIT REPORT

1. INTRODUCTION:

S.NO.	Name Of ULB	Period-covered		Audit Team
		From	TO	
1	Kochas Nagar Panchayat	01-04-2018	31-03-2019	1. Name of Team Leader : Krishan Kumar Sodhani 2. Name of MAE: CA Rahul Kumar Shrivastwa 3. Name of MAA: Sanjeev Kumar

2. ADMINISTRATION:

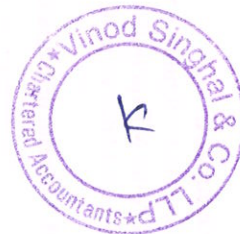
Sl. No	Particulars	Details
1	The present body of the ULB has taken charge on	09-06-2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Saneha Kumari
2.1.1	Period of Service:	From: 22-04-2019 To: Till date
2.2	Name of Commissioner/Executive Officer:	Mr. Manoj Kumar
2.2.1	Period of Service:	From: 23-01-2019 To: Till date

3. REVIEW OF OUTSTANDING AUDIT PARAS:

3.1. Status of Audit Observations is as under:

(Rs. In Lakh)

S.N.	Particulars of audit and date of report	Total no. of audit paras	Total no. of audit paras where necessary improvement/c orrective measures required	Total no. of audit paras where recovery of cash is proposed	Total no. of audit paras where recovery has been made	Total amount of Recovery	Total no. of O/s para where no action has been taken	No. & date of compliance report
1	AG Audit has not been done at Kochas Nagar Panchayat till date. Refer "Annexure -1"							



4. FINANCE

I. Budgetary provisions and expenditure for the last three years

Year	Year- 2016-17	Year- 2017-18	Year- 2018-19
Final/Revised Budget Data	Not Available	12,27,09,879	129,669,925
Actual Expenditure Data	2,49,82,687	4,36,60,692	23,923,827
Savings (+)/Excess (-)	Can't Calculate	7,90,49,187	105,746,098

Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2017-18, 2018-19 & 2019-20 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. 2016-17	Actual for the F.Y. 2017-18	Actual for the F.Y. 2018-19	Cumulative for the current period
Opening balance	1,92,22,278	Not Available	60,452,336	61,830,761	61,830,761
Receipts	16,56,03,750	Not Available	45,039,117	52,444,361	52,444,361
Total	18,48,26,028	Not Available	105,491,453	114,275,122	114,275,122
Net expenditure	12,96,69,925	Not Available	43,660,692	23,923,827	23,923,827
Closing balance	5,51,56,103	Not Available	61,830,761	90,351,295	90,351,295

Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for The year 2017-18, 2018-19 & 2019-20 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	State Bank Of India	35273815071	DAY-NULM	Not Provided	1,92,296	-	No
2	State Bank Of India	35273819280	HFA	Not Provided	Not Provided	-	No
3	State Bank Of India	35273816530	Kabir Antyosthi	Not Provided	-	-	No
4	State Bank Of India	35234352481	SBM	Not Provided	1,237,957	-	No
5	State Bank Of India	34811587641	INOPERATIVE	Not Provided	250.92	-	No
6	State Bank Of India	35273818673	Internal-Source	Not Provided	Not Provided	-	No
7	State Bank Of India	35234357194	E-Governance	Not Provided	1,69,984	-	No
8	State Bank Of India	35273819734	WARD-PARSAD SALARY	Not Provided	1,52,246	-	No

Comment:

1. Bank Reconciliation statement has not been prepared by the Kochas Nagar Panchayat.
2. Copy of Cash book not presented for our verification.

IV. Revenue & Capital Receipts information:

SI No	Details	Income Details (Amount in Rs.)						
		2017-18	2016-17	2018-19	2017-18	2019-20		
	Total Receipts (A+B)	45,039,117	Not Available	52,444,361	45,039,117	2018-19	2018-19	52,444,361
A	Revenue Receipts (1+2+3)	2,439,131	Not Available	8,207,384	2,439,131	Not Applicable	Not Applicable	8,207,384
1	Own Revenue Receipts (a+b)	1,595,635	Not Available	2,533,515	1,595,635	Not Applicable	Not Applicable	2,533,515
a)	Tax Revenue (levied and collected by municipal body)	472,345	Not Available	873,463	472,345	Not Applicable	Not Applicable	873,463
i)	Property tax	-	Not Available	-	-	Not Applicable	Not Applicable	-
ii)	Other tax (levied and collected by municipal body)	472,345	Not Available	873,463	472,345	Not Applicable	Not Applicable	873,463
b)	Non-tax revenue (levied and collected by municipal body)	1,123,290	Not Available	1,660,052	1,123,290	Not Applicable	Not Applicable	1,660,052
i)	Fees & fines	1,123,290	Not Available	52,260	1,123,290	Not Applicable	Not Applicable	52,260
ii)	User Charges	-	Not Available	-	-	Not Applicable	Not Applicable	-
iii)	Other non-tax revenue (levied and collected by municipal body)	-	Not Available	1,607,792	-	Not Applicable	Not Applicable	1,607,792

2	Other Revenue Receipts	843,496	Not Available	2,106,430	843,496	Not Applicable	2,106,430
a)	Income from interest/investments	343,496	Not Available	423,308	343,496	Not Applicable	423,308
b)	Other Revenue income	500,000	Not Available	1,683,122	500,000	Not Applicable	1,683,122
3	Transfers/Grants/Assigned Revenues	-	Not Available	3,567,439	-	Not Applicable	3,567,439
a)	State Assigned Revenue	-	Not Available	3,464,179	-	Not Applicable	3,464,179
b)	State Finance Commission (SFC) Grants/Devolution	-	Not Available	-	-	Not Applicable	-
c)	Octroi compensation	-	Not Available	-	-	Not Applicable	-
d)	Other State Government Transfers	-	Not Available	-	-	Not Applicable	-
e)	Central Finance Commission (CFC) Grant	-	Not Available	-	-	Not Applicable	-
f)	Other Central Government Transfers	-	Not Available	-	-	Not Applicable	-
g)	Others (Sales & Hire Charges)	-	Not Available	103,260	-	Not Applicable	103,260
B	Capital Receipts (1+2+3+4+5+6)	42,599,986	Not Available	44,236,977	42,599,986	Not Applicable	44,236,977
1	Sale of Municipal Land	-	Not Available	-	-	Not Applicable	-
2	Loans (from State Govt. or Bank etc.)	-	Not Available	-	-	Not Applicable	-
3	State Capital Account Grant (under State Schemes etc.)	42,599,986	Not Available	44,236,977	42,599,986	Not Applicable	44,236,977
4	Central Capital Account Grant (under Central Schemes etc.)	-	Not Available	-	-	Not Applicable	-
5	Other Capital Receipts	-	Not Available	-	-	Not Applicable	-

Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 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 & 2019-20 have not been produced before us for verification. Hence, we could not validate the above-mentioned figures.

V. Revenue and Capital Expenditure Information.

Expenditure Details (Amount in Rs.)

Sl No	Details	2017-18		2018-19		2019-20	
		2017-18	2018-19	2017-18	2018-19	2019-20	2019-20
1	Total Expenditure (1+2)	43,660,692	23,923,827	43,660,692	23,923,827	Not Applicable	23,923,827
	Revenue Expenditure	15,139,625	7,064,656	15,139,625	7,064,656	Not Applicable	7,064,656
1.1	Administrative Expenses, Establishment and Salaries (All Departments-Regular and Contractual Staff)	3,106,706	2,376,885	3,106,706	2,376,885	Not Applicable	2,376,885
1.2	Operation and Maintenance (O&M)	6,623,070	4,359,648	6,623,070	4,359,648	Not Applicable	4,359,648
1.3	Loan repayment (Interest payments)	80,849	225,763	80,849	225,763	Not Applicable	225,763
1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	5,329,000	102,360	5,329,000	102,360	Not Applicable	102,360
2	Capital Expenditure	28,521,067	16,859,171	28,521,067	16,859,171	Not Applicable	16,859,171
2.1	All developmental works under Central/State specific schemes	28,521,067	16,772,908	28,521,067	16,772,908	Not Applicable	16,772,908
2.2	Loan Repayments (Principal Amount)	-	-	-	-	Not Applicable	-
2.3	Other Capital expenditure	-	86,263	-	86,263	Not Applicable	86,263

Comment:

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

VI. Status of Implementation of Double Entry Accounting System

At present there is no Double Entry Accounting System is implemented at Kochas ULB. However till FY 2015-16 and outsourcing firm M/s Manas Dash & Co. was appointed for converting the books of account from single accounting system to double accounting system. They have prepared and submitted final statement till 2015-16 at ULB. We are submitting herewith copy of cover letter along with Balance sheet, Receipt & Payment account and Income and Expenditure Account for your ready reference.

VII. Status of Meeting of Municipal Accounts Committee

There is no any accounting committee has been formed at ULB. However standing committee has been and meeting of such standing committee has been held at ULB. We are submitting here with copy letter taken from ULB in respect of these committee.



5. AUDIT OBSERVATION

I. PART-A

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

- a. Leakage of own source revenue either due to wrong assessment or non-levy of property tax, mobile tower tax, rent on municipal properties, advertisement tax, fee etc.
1. Non-levy of taxes: As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. *In case of Kochas Nagar panchayat*, the following mentioned tax/charges are not implemented that leads to loss of revenue to ULB.

SL	Particulars	Implemented by ULB or Not
1	Surcharge on transfer of lands and buildings.	No
2	Water tax.	No
3	Fire tax.	No
4	Tax on advertisements, other than advertisements published in newspapers.	No
5	Surcharge on electricity consumption within the municipal area.	No
6	Tax on congregations.	No
7	Tax on pilgrims and tourists.	No
8	Tax on profession.	No
9	Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles.	No
10	User Charges for provision of water-supply, drainage and sewerage.	No
11	User Charges for Solid Waste Management.	No
12	User Charges for Parking Facility.	No
13	User Charges for Garbage Clearance.	No
14	Collection of fees for sanction of building plans and issue of completion certificates,	No
15	Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,	No
16	Collection of Development Charges.	No

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

Criteria - Non levied the taxes reported above by ULB.

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

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

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



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

2. **Late deposit of property tax:** As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made.

In case of Kochas Nagar Panchayat, ULB has not provided any information regarding collection of property Tax.

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

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

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

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

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

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

3. **Non collection of Notice fees:** As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but

In case of Kochas Nagar Panchayat, ULB has not provided any information regarding charging and collection of notice fees.

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

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

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

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

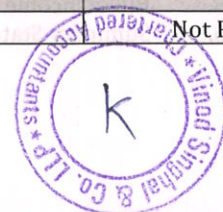
Cause- We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has not proper control, supervision, and monitoring over issue of notices and collection of notice fee.

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

4. **Recovery of outstanding taxes/rental income:** As per record provided by ULB, following income was in arrear as on 31-03-2019.

1. **Details of outstanding arrear of income as on 31-03-2019**

Sl. No	Type of Income	Arrear Amount
1	Property Tax	Not Provided



2	Advertisement Tax	Not Provided
3	Rent Income	Not Provided
4	Mobile Tower Tax	Not Provided

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

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

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

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

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

Corrective Action / Recommendation - Management should implement/take action to boost collection of arrear revenue to increase their own source revenue.

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

1. **Payment of bills after due date:** We have not received any single bill during audit. Therefore we are unable to comment upon it.
2. **Pass payment without preparation of payment vouchers:** The ULB does not prepare Payment Vouchers for making payment to the parties/vendors. Payment was made on the basis of bills only raised in the name of ULB which is passed by the competent authority.
3. **Irregularities in payments:** No such irregularities were observed in provided sample data. As complete vouchers files were not made available for audit. However, as reported in point no. 1 above there is irregularities in payment of electricity expenses. ULB is paying huge delay surcharge on the same.

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

ULB is not collecting property tax. Therefore We have not got support in filed survey, therefore we are unable to comment upon it.

II. PART-B

a. Non-maintenance of books of accounts and subsidiary registers:

The unit has not maintained the following prescribed registers (Please find attached letter to the ULB regarding non-submission of the following documents): -

1. Journal Book
2. Ledger
3. Contra Voucher
4. Journal Voucher
5. Receipt Voucher
6. Register of Cheque Received
7. Statement on status of cheque received
8. Register of Bills for Payment
9. Payment order
10. Register of Advance
11. Register of Permanent Advance
12. Deposit Received Register
13. Summary statement of Deposits Adjustment
14. Demand register
15. Bill of Income
16. Summary Statement of Bill Raised



17. Register of Notice Fee Warrant Fee other fees
18. Summary statement of Notice Fee Warrant Fee other fees
19. Summary statement of Refund and Remissions
20. Summary statement of Write offs
21. Statement of outstanding liability for expenses
22. Register of Immovable and Movable Property
23. Register of Land
24. Function wise Income Subsidiary Ledger
25. Function wise Expenditure Subsidiary Ledger
26. Asset Replacement Register
27. Register of Public Lighting System
28. Building Register
29. Status and Heritage Assets Register
30. Road and Street register
31. Bridges Flyover Subway and Causeway Register
32. Drains Register
33. Ponds and Lakes Register
34. Plant and Machinery Register
35. Vehicle Register
36. Office Equipment Register
37. Furniture and Fixture Register
38. Computer and Peripheral Register
39. Software Register
40. Grants Register

Required at – Property Tax and other taxes

1. Summary Statement of bills raised
2. Summary statement of Demand Adjustment raised
3. Summary statement of refunds and remissions
4. Summary Statement of write-offs
5. Money Receipt Book
6. Hand Book (details due from tax payer)

Documents required at – water Supply

1. Summary Statement of Demand raised on assessment
2. Summary statement of Head wise collection
3. Summary statement of refunds remissions
4. Summary statement of write- offs

Documents required at – Rentals Fees and Other Income

1. Summary Statement of Demand raised on assessment
2. Summary statement of Head wise collection
3. Summary statement of refunds
4. Summary statement of write- offs

Documents required at- Public Works

1. Summary Statement of status of CWIP
2. Work Sheet
3. Deposit works register

Documents required at – Stores

1. Material Receipt Note
2. Statement of Material Issues

Other

1. Balance confirmation as on 31.03.2019
2. BRS of all Bank Accounts (including dormant accounts)



3. Physical Verification report of cash and Stock

Final Accounts for the year 2016-17 to 2018-19

1. Audited Balance Sheet
2. Audited Income & Expenditure Account
3. Audited Receipts & Payments Account and unaudited Receipts & Payment

b. Irregularity in procurement process:

1. Irregularities in tender issue process: We have not received any data for comment.

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

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

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

d. Non-Compliance of Act

Sl. No	Requirement	Criteria	Auditors Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made	BMAR Rule No.-22	Refer point: Part-A (a) (2) No, during audit we observed that tax collector are not handed over amount to cashier, However they directly deposited into bank. The maximum delay in deposit into bank is 0 days.



2	Whether every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	BMAR Rule No.- 27	Yes, every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.
3	Whether the collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	BMAR Rule No.- 27	Yes, Collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.
4	Whether bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated stall of the Municipality	BMAR Rule No.- 27	Yes, bill collector gets its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated of the Municipality
5	Whether every bill collector invariably remits his collections (in cash and/or cheques) to Cashier dallies before 4.30 PM and take the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	Refer point: Part-A (a) (2) No, in actual we noted that tax collector was not remitting his collections to bank on daily basis. However, We noted that there were delay in deposit of tax with bank is 0 days.
6	Whether Grant Register as prescribed in BMAR Form 28 was maintained by the Municipality to record receipts and utilization of grants sanctioned by the Government.	BMAR Rule No.- 69	Yes, Scheme wise grant register was maintained by the ULB. However, in absence of proper record during our audit we can't say that utilisation is as per specified norms or not.
7	Whether specific grants, which have certain conditions attached for utilizing such grants including the requirement to use it for capital purposes or use it in a particular proportion or manner. Usually such grants have requirements for submitting utilization certificates e.g. Finance Commission grant, SFC grant for specific purpose, namely, road repairs. It is the responsibility of the Chief Municipal Officer that the conditions attached to the grant are complied with without exception.	BMAR Rule No.- 69	Refer point: Part-B (h) No such details/information provided.
8	Whether The grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No such details/information provided.
9	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form No 29.	BMAR Rule No.- 69	Refer PART-B (h) No, Utilization certificate details produced for verification
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	No related information was provided by ULB.
11	Whether the Chief Municipal Officer prepare a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.	BMAR Rule No.- 120	No, Kochas Nagar Panchayat was not preparing a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.
12	Whether ULB prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	BMAR Rule No.- 121	No, Kochas Nagar Panchayat was not preparing monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.
13	Whether ULB sent the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	BMAR Rule No.- 121	No, Kochas Nagar Panchayat 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



14	<p>The Chief Municipal Officer shall, within three months after the end of each financial year be prepared financial statements for the preceding year in respect of the accounts of the Municipality. The Financial Statements shall comprise of</p> <p>a. Receipts and Payments Account for the year (BMAR Form No.71)</p> <p>b. Income & Expenditure Statement for the year (BMAR Form No.73)</p> <p>c. Balance Sheet as on 31st March of the year (BMAR Form No.74)</p> <p>d. Significant accounting policies adopted by the Municipality in presentation of the financial statements.</p> <p>e. Notes to Accounts, which shall disclose Contingent liabilities, and such other information as, may be useful in understanding the financial statements clearly.</p> <p>f. Comparative amounts shall be entered on the financial statements for the preceding financial year except. In the case of the first year to which those rules apply</p>	BMAR Rule No.- 122	BMAR Rule No. - 122 were not followed by ULB during the 1 st Quarter of F.Y. 2019-20.
15	Whether the municipality is regular in depositing statutory dues including tax deducted at source, GST, TDS on GST, service tax, VAT, works contract tax, cess payable to the government etc. and If not, the nature and cause of such delay and the amount not deposited: (BMAR Rule No.-130)	BMAR Rule No.-130	Refer PART-B (f)
16	Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation; (BMAR Rule No.-130)	BMAR Rule No.-130	Refer PART-B (g)
17	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;	BMAR Rule No.-130	No, BMAR Rule No. 130 was not followed by ULB. As Single-entry accounting system was followed by ULB
18	Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted;	BMAR Rule No.-130	Yes, all grant received by ULB during the year have been accounted properly in grant register. No details regarding deductions from grant were made available to comment thereon.
19	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;	BMAR Rule No.-130	No details regarding creation of special fund and their use were made available to comment thereon.
20	Whether the ULB is maintaining proper records showing full particulars, including quantitate details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable Intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	BMAR Rule No.-130	ULB was not maintaining fixed assets register. Further no, fixed assets physically verified report was made available to comment upon.
21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	BMAR Rule No.-130	No details regarding lease hold property was made available to comment upon.



22	procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	BMAR Rule No.-130	procedure for the purchase of stores, including components, plant and machinery, equipment and other assets.
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality's accounts; If so, the details thereof;	BMAR Rule No.-130	We have not observed such type of transaction during audit.
24	Whether the Bank Reconciliation statements have been 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	Refer Point-04 (III) No, ULB has not prepared bank reconciliation for any bank accounts maintained.
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.-130	As ULB has single entry accounting system, in that case year end provisions and reconciliation was not made during the reporting period.
26	Whether all the expenditure incurred by the Municipality is authorized by appropriate provision in the sanctioned budget. whether made originally or subsequently and are in all cases such as are authorized by Act;	BMAR Rule No.-130	Since proper voucher and expenses invoices not presented for our verification, therefore we can't comment on it.
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	BMAR Rule No.-130	Refer-PART-A (a)(4) Yes, ULB has accountant revenue properly. But collection and recovery of taxes was in slow pace that's why there was arrear of taxes in ULB.
28	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act;	BMAR Rule No.-130	Refer-PART-A (a)(2) Yes, 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. Except; In case of deposit of daily tax collection, that is deposited on average 26 days delay of collection.
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	BMAR Rule No.-130	In absence of specific record during the audit, we can't comment that the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order
30	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as it appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR Rule No.-130	Refer-PART-B (a) No, some required books of accounts as per BMAM/BMAR has not been maintained.
31	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;	BMAR Rule No.-130	No store verification report was made available during the reporting period to comment upon.
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	No, procedures of physical verification of stores followed by the ULB have been provided to comment upon.
33	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same has been properly dealt with in the books of account; Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts;	BMAR Rule No.-130	No such details provided
34	Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	BMAR Rule No.-130	No such details provided



35	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the Interest and If not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAR Rule No.-130	No such details provided
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.-130	No such details provided
37	Municipal Fund: Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	No, ULB is using single entry accounting system, so there was no fund was accounting followed.
38	Investment of surplus money. Whether municipality has invested surplus fund as per the requirement of the chapter-X of BMA-2007. Auditor will report on the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period. Check whether comparative interest rate is invited from parties before investing surplus funds:	BMA,2007: Chapter X	No details provided
39	Preparation of budget estimate of Municipality. Whether The budget estimate stated the rates at which various taxes, surcharges, cesses and fees shall be levied by the Municipality in the year next following.	BMA,2007: Chapter XI	Yes, followed by the ULB, however budget is not prepared in proper manner.
40	Maintenance of accounts. Whether the Chief Municipal Officer prepared and maintained accounts of receipts and expenditure of the Municipality in such form, and in such manner, as may be prescribed,	BMA,2007: Chapter XII	As ULB was following single entry accounting system. So, receipts and payments details were being maintained in form of cash book. Audited receipts & payments account as per BMAM was not prepared by ULB.
41	Financial Statement. Whether the Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality.	BMA,2007: Chapter XII	No, ULB was not preparing a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality.
42	Submission of financial statement and balance sheet to auditor. The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.	BMA,2007: Chapter XII	No, Financial Statements were not provided for audit by ULB
43	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act,2007 various tax is applicable on ULBs	BMA,2007: Chapter XV	Refer-PART-A(a)(1) for status of taxes not collected by ULB
44	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007,) Municipality shall, by regulations, provide for issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore,	BMA,2007: Chapter XIX	Refer-PART-A(a)(3)



- Lack of internal control measures:** We have observed the following areas where internal control measures are required by ULBs
1. Your fee file was not maintained
 2. No internal audit system for statutory compliances
 3. No KYC and KYIP for the banking of payments
 4. Required books of accounts as per BSAAM was not maintained
 5. Statutory compliance file/valuation was not maintained
 6. Year end balance sheet was not available
 7. Bank reconciliation of any bank account was not performed
 8. Bank balance as per cash book was not ascertained

Non-compliance of TDS, TDS on GST and other relevant Statute

1. **Deposit of TDS:** No details regarding TDS Deposited Provided by ULB during Audit for the Verification
2. **Filing of TDS Returns:** No details regarding TDS returns filed by ULB during reporting period was provided during audit
3. **Deposit of Royalty:** No details of deposit of royalty provided
4. **Deposit of Labour cess:** No details of deposit of Labour cess provided

Deficiency in payroll system

Particulars	Comments
Issue of the details of TDS regarding regular employees, Discretionary/Daily working/contract worker)	Yes salary register was maintained for all employees
Non availability of salary register vouchers	ULB was not in practice to issue salary payment vouchers, the sum of salary was entered based on appraisal by competent authority in salary register
Mixing of another member with cash book	No salary payment voucher number was mentioned in cash book
Salary register cover was all the names of salary	No allotment of salary was mentioned in salary register
Maintenance of Salary Deduction register	Contribution from salary was mentioned in salary register, no separate deduction register was maintained
Whether deduction of PF, ESI made from contract employee	No deduction of PF, ESI made from contract employees
Whether provision deduction was paid to contract employees	No monthly deduction was not maintained
It is integrated with accounting software	

Utilization of Grant and report on existing Utilization Certificates: We have not received any UC for our verification therefore we can't comment on it.

Name of Scheme	Allotment No. and Date	Amount Alloted	Amount withdrawal	Amount expended	Balance amount	Amount deposited in PL Account	Amount of UC Submitted	Status of UC
10 SALARY	07/12/08-2018	700	700	700	0	0		Amount deposited in PL Account
Nagri Sewerage	01/27/10/2018	2599	2599	2599	0	2599		Amount deposited in PL Account
10a Sewerage	01/27/10/2018	4029	4029	4029	0	4029		Amount deposited



4	5 th Finance	15/03.07.2018	68.74	68.74		68.74	68.74	in Acco Amou depo in Acco
5	5 th Finance	21/10-07-2018	70.31	70.31		70.31	70.31	in Acco Amou depo in Acco

- i. **Physical verification of inventory/Stores:** We have not received any store register for our verification. Therefore can't comment on it.
- j. **Advances, their adjustment & Recovery:** We have not received any store register for our verification. Therefore can't comment on it.
- k. **Any other matters as may be prescribed in due course.**

III. PART-C

S/No	Particulars	Complied or Not
a	Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, CoB; Auditor should see the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well a related directives by UD&HD.	Complied Refer-PART-B(d)
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 Pules, 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 130: Audit to be completed & reported within 6 months	Complied Refer-PART-B(d)
d	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Complied Refer-PART-B(c)
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(h)
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)



K	Internal Auditor will report on each payment that the payment terms & conditions of tenders and sale 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 a financialized 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 assess the loss and Prepare a statement of loss.	Complied Refer-PART A(f)
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(f) & (g)
O	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has been complied by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report.	Complied Point-07 of Detailed Audit Report

Thanking You,

For Vinod Singhal & Co. LLP

(Chartered Accountants)

FRN: 005826C/C-400276



CA Kishan Kumar Adhiani

Partner

M No. 404603

VOTN No. :- 20404603AAAAK134039
DATE :- 22-12-2020



Management Comments

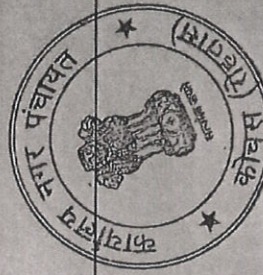
1. INTRODUCTION

Name of the Municipality	Kochas Nagar Panchayat
Period covered under current audit	01.04.2018 to 31.03.2019
Name of Executive Officer for the period under Audit	Manoj Kumar

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



<p>Non-Implementation of Double Entry Accounting System</p>	<p>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 Kochas 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. We found the detail that double accounting system is implemented at Kochas Nagar Panchayat, however we not got any data for verification the same.</p>	<p>Double entry system was implemented at ULB till FY 2015-16, M/s Manas Das & Co. was working here as DEAS consultant. The appointment of the firm were done by UD & HD head office. Now M/s K. K. Chanani & Associates has been appointed as DEAS consultant with effect from Dec-2019.</p>
<p>No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.</p>	<p>As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of Municipal Accounts Committee each year. During our Audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.</p>	<p>There is no any accounting committee has been formed at ULB. We have submitted a request letter in board for formation of Municipal accounting Committee.</p>



Non-levy of following taxes

- * Holding Tax
- * Surcharge on transfer of lands and buildings
- * Fire tax.
- * Surcharge on electricity consumption within the municipal area
- * Tax on congregations.
- * Tax on pilgrims and tourists.
- * Tax on profession.
- * Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy
- * goods vehicles, and buses, which shall be heavy passenger motor vehicles.
- * User Charges for provision of water-supply, drainage and sewerage
- * User Charges for Solid Waste Management
- * User Charges for Parking Facility
- * User Charges for Garbage Clearance
- * Collection of fees for sanction of building plans and issue of completion certificates,
- * Collection of fees for issue of municipal licenses for various non-residential uses of lands and buildings,
- * Collection of Development Charges

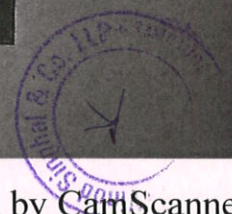
Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22

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*

As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day or latest before noon of next day on which collection is made. However, during our audit, we observed that there is a huge delay in depositing the tax at bank. *Therefore, management should implement a MIS Mechanism towards getting control over collection and deposit of Taxes. Further we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000*

Kochas is a Nagar Panchayat and many of taxes as reported here are not applicable on it. Further we insure you that we will collect all applicable taxes as soon as possible.

Due to work load and filed survey the collector not submitted their collection for deposit into bank. However irrespective of fact we have directed the collector to submit their collection amount as per Rule. Now there is maximum delay in deposit is 2-3 days.



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



<p>12</p> <p>Non-conducting physical survey of 20 high value properties and non-collection of outstanding property tax</p>	<p>Being ULB was not maintaining any details of high value properties, The details given in report has been prepared based on receipts book. Filed Survey of the same could not be conducted due to non-support of tax Daroga & tax collectors in filed survey. <i>ULB should identify and prepare separate list of high value properties by conducting re-assessment of prospective properties on timely basis to boost their revenue.</i></p>	<p>Due to election duty many of our regular work got pending, therefore we have not visited in filed with your team. However, we ensure that we will visit the filed on your next audit schedule.</p>
<p>13</p> <p>Non-maintenance of required registers as per Rule No. -3 of BMAR-2014</p>	<p>Detail of registers not maintained by ULB is mentioned under PART-A (a). <i>ULB should ensure proper maintenance of required Books of Account and register as per the list given in Rule -3 of BMAR - 2014. Further we observed that cash book and other subsidiary books are not maintain properly. Due to improper maintains of books of account the closing balances are not truthful.</i></p>	<p>We will maintain the same at earliest, further all the concern person are directed to rectify the books of accounts within 45 days.</p>
<p>14</p> <p>Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014</p>	<p><i>ULB should ensure preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014</i></p>	<p>Double entry system was implemented at ULB till FY 2015-16, M/s Manas Das & Co. was working here as DEAS consultant. The appointment of the firm were done by UD & HD head office. Now M/s K. K. Chanani & Associates has been appointed as DEAS consultant with effect from Dec-2019.</p>



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



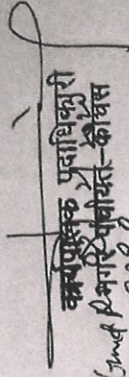
19	<p>Non-Compliance of Act & Rules</p>	<p>Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. <i>ULB should ensure compliance of all applicable Act & Rules.</i></p>	<p>With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.</p>
20	<p>Lack of internal control measures</p> <ol style="list-style-type: none"> 1. Voucher file was not maintained 2. No internal mechanism for statutory compliance 3. No MIS was prepared for tracking of payments 4. Required books of accounts as per BMAM was not maintained 5. Statutory compliance reconciliation was not maintained 6. Year-end reconciliation was not available 7. Bank reconciliation of any bank account was not prepared. 	<p>We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statuary compliances: We suggest that:</p> <ol style="list-style-type: none"> 1. MIS System should be implemented over daily collection and deposit. 2. Reason for non-deposit/late deposit should be strongly need to ask for minimise delay. 3. Need to identify a person to comply with the statutory compliances. In case failure to comply with statutory compliances he should also be penalised. <p>Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.</p>	<p>With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.</p>
21	<p>Non-compliance of statutory compliances:</p> <ul style="list-style-type: none"> - Non preparation of statutory compliance register - Non deposit of TDS on timely basis. - Non filling of TDS return for due period <p>Non providing details regarding VAT/PF/Royalty/Labour Cess</p>	<p>As ULB is not proper in statutory compliance, that cause monetary/non-monetary implication on ULB in mode of interest, penalty and Late Fee & imprisonment. So, management should ensure statutory compliance on time.</p>	<p>Due to lack of trained staff statutory compliances are handled by professional hired by us. We will present all file with you after getting data from them.</p>



<p>Every payment should be accompanied with payment voucher. Further as per Section 2(23) of the Indian Stamp Act 1899 makes it mandatory for affixing of stamp on any receipt as defined therein above Rs 5000. Therefore, management should ensure that the payment is accompanied with payment voucher.</p> <p>Meaning of Receipt :</p> <p>"Receipt" includes any note, memorandum or writing-</p> <p>(a) whereby any money, or any bill of exchange, cheque or promissory note is acknowledged to have been received, or (b) whereby any other movable property is acknowledged to have been received in satisfaction of a debt, or</p> <p>(c) whereby any debt or demand, or any part of a debt or demand, is acknowledged to have been satisfied or discharged, or</p> <p>(d) which signifies or imports any such acknowledgment; and whether the same is or is not signed with the name of any person "</p> <p>Grant is blood of ULB. Therefore, for getting grant and running the ulb working smoothly it is very important to comply with all necessary requirement of grant. Further timely submission of utilisation certificate helps the grant realising authority to send the money for fulfil the requirement of future. Therefore, management should ensure that UC has been submitted with concerned department on time.</p> <p>Management should implement the control system over inventory and store. Stock register should be in place and get it verified by a responsible person as authorised by management time to time. Further any discrepancies arises/ found during such verification should be reported immediately.</p>	<p>All concerned person are directed to resolve this issue within 30 days. We will inform you after rectification.</p>	<p>We have submitted various UC at the department. We will submit the same at your next visit. However, Balance UC will be prepared and submitted in January 2020 with the help of your team.</p>
<p>Deficiency in payroll system</p> <ul style="list-style-type: none"> - Non-preparation of salary payment voucher - Non-maintaining salary payment reference number in cash book - Non-implementation of Bio-metric device and payroll software 	<p>Non-providing of Utilization certificate for the reporting audit period</p>	<p>We are maintaining the Store register. The same will be show you at your next visit.</p>
<p>Non-maintaining of inventory/store register and non-conducting of physical verification of inventory and stores available with ULB as per requirement of BMAR-rule 130.</p>		

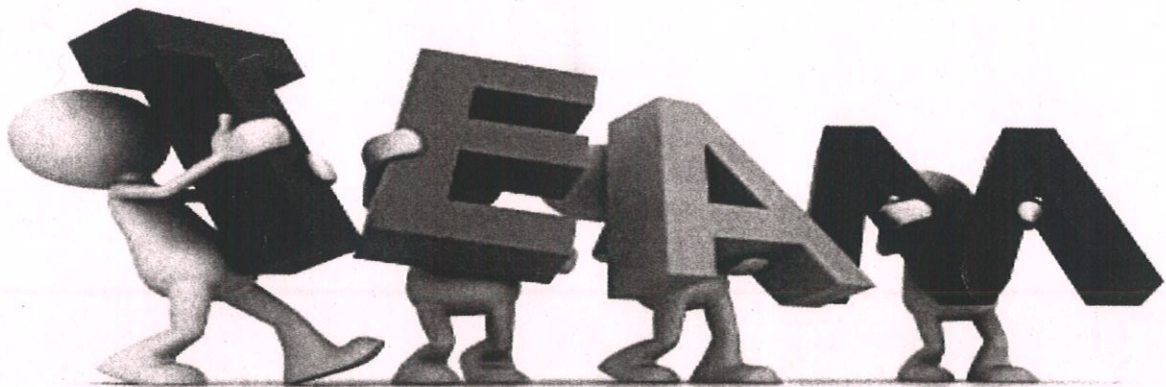


25	Non providing details of Advances, their adjustment & Recovery	To ensure timely recovery of advance with interest proper calculation should be there with proper recovery plan.	We have not provided any advance during the year under consideration.
----	--	--	---


 कार्यालयक प्रवाधिकारी
 (मार्ग परिपक्वता-कोषस)
 8.9.2028



thank you



Vinod & Co. LLP
CHARTERED ACCOUNTANTS
We Plant Quality

510, SUMATI PALANCE, OPPOSITE ALANKAR
JEWELERS, BORING ROAD, PATMA-800001

TEAM
TOGETHER
EVERYONE
ACHIEVES
MORE