

Financial
Year
2017-18



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

INTERNAL AUDIT CONDUCTED BY
M/s Tibrewal Chand & Co., Chartered Accountants
From 01-04-2017 to 31-03-2018
Flat No. 501, 5th floor Meridian, SS Bihar Apartment near
Karbighiya Station, Patna, Mob No. +918825110779
Email- tccbihar@gmail.com

Date of Submission :- 30-08-2019

INTERNAL AUDIT REPORT



INDEX

Sl. No.	Particulars	Page No.
1.	Executive Summary	
	• Introduction	5
	• Results and Findings	5
	• Opinion	5
	• Audit Recommendation	6
	• Management Comment	7-14
	• Acknowledgment	14
2.	Detailed Audit Report	15-37
3.	Annexure	38-55



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Internal Audit Report- Nagar Panchayat – Bahadurganj

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

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

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

We have conducted the Internal Audit with the objective:-

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

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

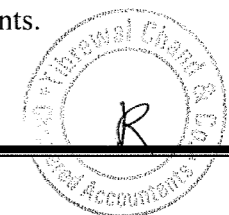
Testing of internal control was carried out by the checking a sample of transactions for the period covered under the audit.

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

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

- ❖ Accountant cash Book
- ❖ Subsidiary Cash Book

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- ❖ Bank Book
- ❖ Records related to revenue
- ❖ Vouchers along with supporting documents.
- ❖ Others related records and registers.

For Tibrewal Chand & Company
Chartered Accountants



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

UDIN: 20518422 AAAA BX8753

Dated :- 24-08-2020



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INTERNAL AUDIT REPORT OF BAHADURGANJ NAGAR PANCHAYAT

FINANCIAL
YEAR
2017-18

Executive Summary

1. Introduction:

Name of the Municipality	Bahadurganj Nagar Panchayat
Period covered under current audit	01-04-2017 to 31-03-2018
Name of Chief Municipal Officer for the period under audit	Ati Ur Rehman
Chairman holding post from 2017 to till the date of Audit	Smt. Janaki Devi

2. Results and Findings:

➤ Strengths observed during the audit engagement:

In the existing system as prevailing in the Municipal Council, day to day work is in progressive manner in respect of collection of revenue and execution of the project.

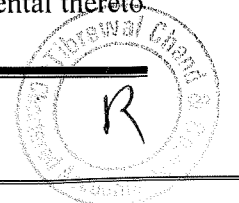
➤ Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement: -

1. Non preparation of financial statements resulting in weakness in control over accounts.
2. Non preparation of bank reconciliation statements.
3. Lack in follow-up procedure in collection of huge arrear dues in relating to property and other taxes.
4. Non-Performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.
5. Delay in deposit of collected revenue has been observed.
6. No deduction and late deposit of tax deducted at source (TDS), resulting in violation of tax provisions and attraction of interest and penalty.
7. Non-Maintenance of assets register in complete manner resulting in chances of mis-utilization of assets.
8. Some of the rent agreements were expired.

3. Opinion:-

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

1st Floor, KK-5, Civil Town ship, Rourkela-769004



**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

4. Audit Recommendations:-

1. Books of accounts should be prepared under double entry system and accrual basis should be followed.
2. ERP software should be implemented in the ULB for preparation of financial statements and other necessary information as and when required by the management. Employees of all departments will be trained with the software for entering day to day transactions.
3. Stringent follow up is necessary for recovering arrear dues relating to property tax and other sources of income.
4. Bank statements or treasury statement shall be collected and bank reconciliation statement should be prepared on monthly basis. Balance confirmation certificate to be obtained from the respective bank treasury periodically.
5. Fixed assets register has to be prepared for all fixed assets owned by the ULB, assets will be numbered, whenever applicable and location of assets should be mentioned in such register? Physical verification of such fixed assets has to be conducted by appointing external professional agency at such year end.
6. Stock/store register has to be updated in all respect. Purchase, issue and balance of each items has to be maintained separately.
7. Timely deposit of Taxes is must for The ULB.



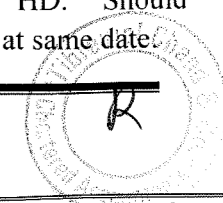
1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

5. Comments from Management:-

S/N	Observation	Management Action Plan	Recommendation
1	According to section 127 of Bihar Municipal Act, 2007 annual property tax @ 9% of annual rental value has to be realized, but in the Bahadurganj Nagar panchayat property tax collected as per square feet.	i. On pradhan sadak collected from shop Rs 4 per square feet. ii. on pradhan sadak collected from house Rs 2 per square feet. iii. On mukhya sadak collected from house Rs 2 per square feet. iv. Anya sadak collected from house Rs 0.50 square feet.	Collection should be made as per Bihar Municipal Act.
2	According to the direction of state government an increment of 15% in the old rate has to be done in every 5 year. Thus in 2015-16 property tax had to be realized at revised rate but such action has not been done.	That matter has been presented before Board but not accepted.	Collection should be made as per incremental rate.
3	On physical verification of four Properties we found that Nagar Panchayat is not in practice to collect property tax according to Bihar Municipal Act. So revenue loss for the F.Y 2017-18 Rs.13352. Details are given in Annexure "A" of our discussion note.	Field survey not done by management after 2005-06	Field survey should be done at appropriate interval.
4	During the audit we observed that tax collector has tax collected but not deposited in bank and less amount collected. details are given in Annexure "B" of our discussion note.	Concerned person will deposit the remaining tax	Should be collected and deposited at same date.
5	Delay in deposit of cash to Bank by tax collector:- As per the records made available during the audit,	Tax collector are directed to deposit the tax.	Follow the directive given by UD & HD. Should be deposited at same date.



1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

delays were observed between date of collection made by the tax collector and the deposit of the same to the Bank. Which are shown in Annexure "C" of our discussion note.

- | | | | |
|----|--|---|--|
| 6 | The cash kept in the locker is not insured against theft & fire which is very vital issue. It can be seen that huge amount of cash is kept for quiet a no of days. So, it is necessary to keep the physical under insurance cover. | Step to be taken for purchase | Insurance should be taken for cash kept in locker.-- |
| 7 | Demand Register for collection of holding/property tax for the financial year 2017-18 is not yet prepared. | Demand register are preparing | Demand register should be maintained year wise. |
| 8 | DCR is not maintained by major tax collector, so it is difficult to trace daily collection. | All tax collector cashier, cashier and tax daroga is directed to make necessary attempt in this regard. | DCR should be maintained per tax collector and Year wise. |
| 9 | Report on Findings of the field survey of property tax of minimum 20 high value properties is given in Annexure "D" of our discussion note. | Property tax self-assessment has been done as per municipal law. | Field survey should be done at appropriate interval. |
| 10 | As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 30,000/- per Tower and the Renewal fee is Rs. 8000/- per year. As per verification of records and document during the course of audit and according to | Demand raised but not paid by company, they filed write petition. | Take appropriate consultancy in this regard from advocate. |



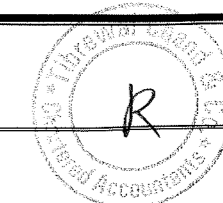
1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

the cash book produced by the ULB, it was found that only Rs. 160410/- was realized from the Tower Company till 31.03.2018, resulting in loss of Rs. 8,60,000. Details of such are given in Annexure "E" of our discussion note.

- | | | | |
|----|---|---|--|
| 11 | During the verification of sairat register, we observed that during the financial year 2017-18, a lot of sairat was not held at municipal council. Due to this reason Revenue loss of Rs 145483 to concerned ULB. Details of such are given in Annexure "F" of our Discussion note. | Gudari Bazar sairat has been held from ADM(Kishanganj) Cycle ,Rickshaw, Butherkhana,Haddi mahal no party come for sairat. | Sairat should be done every year. If party not come then do price negotiation with appropriate person. |
| 12 | During the financial year 2017-18, a lot of sairat was not held at municipal council. Due to this reason stamp duty loss of Rs 7273 to concerned ULB. Details of such are given in Annexure "G" of our Discussion note. | No party come for Sairat. | Sairat should be done every year. If party not come then do price negotiation with appropriate person. |
| 13 | Rent Agreement expired in case of few market shops and no new agreement was made till the date of audit. Details of such are given in Annexure "H" of our discussion note. | Necessary attempt will be taken in next F.Y. and notice for renewal of agreement are issued. | Reasonable action should be taken in this regard. |
| 14 | Rent amount of Rs 389742 was due as on 31.03.2018. Details of such are given in Annexure "I" of our discussion note. | Demand raised and necessary attempt will be taken to rely the rent. | Reasonable action should be taken in this regard. |
| 15 | Demand Register for collection of Trade License for the financial year 2017-18 is not yet prepared. | Trade license has been implemented in F.Y. 2018-19 | Demand register for trade license has been maintained for every year. |
| 16 | While verifying the applicable | Such Practice are as per NIT | Management should take |



1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

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| procurement process, we have noticed few irregularities. Details of such are given in Annexure "J" of our discussion note | rule. | appropriate action in this regard. |
| 17 A lot of staff advance of previous year has not been adjusted till 31-03-2018. Details of such are given in Annexure "K" of our discussion Note | Necessary action for recovery of such will be taken. | Management should take appropriate action in this regard. |
| 18 We found a few discrepancies while vouching the expenditure. Details of such are given in Annexure "L" of our discussion Note | In Discussion note annexure details of management comment has been given. | Management should take appropriate action in this regard. |
| 19 Vouchers are not filed serially and kept in loose form. Those need to be filed properly and date wise sequentially. | Future reference. | Voucher should be maintained in index file in serially. |
| 20 It is Found that few bank balances not reconciled. Details of such are given in Annexure "M" of our discussion note | Trace in F.Y. 2018-19 | Management should take appropriate action in this regard. |
| 21 Fixed assets register has not been maintained at Nagar Parisad level. | Future reference. | Fixed assets register should be maintained in separate register for each assets room wise. |
| 22 Stock register has not been properly maintained. All the article of stock has been entered at same page in register. Issue quantity and balance quantity has not been shown in stock register. | Future reference. | Stock register should be maintained for each item. Date of purchase and issued for consumption and balance quantity should be maintained. |
| 23 The Bahadurganj Nagar Panchayat is not complying with the provisions of EPF with regards to Contractual and permanent Employee. It may lead to imposition of Penalty by the Authority in this Regards. | Separate account maintained with bank for such EPF. | EPF account should be maintained with EPF department. |

1st Floor, KK-5, Civil Town ship, Rourkela-769004

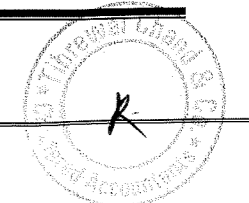


**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

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| 24 We observed that ULB is not in practice to deduct TDS on Contractor Bill payment and salary payment to employee. | TDS deducted from head clerk and tax daroga only. | TDS should be deducted as per income tax act and rule. |
| 25 We observed that ULB is not in practice to Deposit the deducted TDS on stipulated time. Details of such are given in Annexure "N" of our discussion note | Tax collectors are directed to deposit the tax. | TDS should be deposited as per income tax act and rule. |
| 26 ULB has been implemented double entry accounting system for the year 2017-18 and following has been submitted to department. PTR 2017-18 AFS 2017-18 FAR 2017-18 By Borkar & Mazumdar Co. | Not required | Deas has been implemented. |
| 27 There is no cash vault in the cash department for safety measure. | Step is being taken to purchase as soon as possible. | Management should take appropriate action in this regard. |
| 28 Copy of Returns of VAT, TDS has not been shown to us. | Return not filed | Return should be filed as per income tax act and rule. |
| 29 The municipality is continuing with a single demand collection register and cashier cash book since 2012-13. We suggest to maintained separate registers yearly. It is observed that register is turned. | Step is taken to maintained separate register. | Separate register for each head should be maintained for year wise. |
| 30 The municipality is not in practice to prepare BRS on monthly basis or even on quarterly basis. | Future reference | BRS should be maintained month wise. |
| 31 Monthly and quarterly budget was not maintained. Therefore, comparison of budgeted and actual figure of income and expenditure was not performed. | Annual budget are prepared | Budget should be maintained quarterly. |
| 32 Utilization of grant and report on 20-20 UC details given to UC should be submitted at | | |

1st Floor, KK-5, Civil Town ship, Rourkela-769004



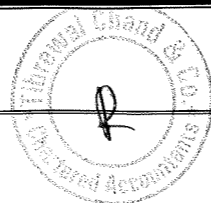
**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

- missing utilization Certificates are. auditor
Given in detailed audit report.
- 33 Soft copy of Advice regarding payment of housing for all and disbursement under project of SBM is not Produce with us, so it is difficult to trace double payment for same. Data are corrupted. Soft copy should be maintained for each advice prepared.
- 34 During the course of Audit, we observed that Nagar Panchayat has conducted CAG audit & Internal Audit for the year 2016-18 but the compliance report for the same has not been prepared. (Details given in report) Necessary action will be taken. It should be prepared as soon as possible.
- 35 No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18. ULB staff is directed to comply with BMA-2007 As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of municipal accounts committee each year. During our audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.
- 36 **Lack of internal control measures** Nagar Panchayat ensure that this will be taken care from now onwards. We suggest that
(i) MIS system should be implemented over daily collection and deposit.
(ii) Reason for non-deposit/Late deposit should be strongly need to ask for minimize delay.
(iii) Need to identify a person to comply with the statutory compliance. In case failure to
- We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling and statutory compliances:

(i) Voucher file was not maintained
(ii) No internal mechanism for

1st Floor, KK-5, Civil Town ship, Rourkela-769004

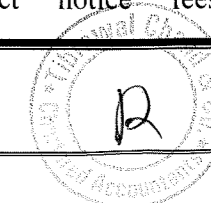


**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

- statutory compliance
(iii) No MIS was prepared for tracking of payments
(iv) Required books of Accounts as per BMAM was not maintained
(v) Statutory compliance reconciliation was not maintained
(vi) Bank reconciliation of any bank account was not prepared.
- 37 Non-Compliance of Act & Rules ULB staff is directed to ensure compliance of all applicable Act & Rules. Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.
- 38 Non-maintenance of required registers as per Rule No.-3 of BMAR-2014 ULB staff is directed to follow and comply the guidelines of BMAR. Details of registers not maintained by ULB 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.
- 39 Non-Collection of notice fees ULB staff is directed to comply with Bihar Municipal Act 2007 As per the regulation 158(a) of chapter xix of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fees, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but in case of Bahadurganj Nagar panchayat, Panchayat has not provided any information regarding charging and collection of notice fees. ULB should collect notice fees from

1st Floor, KK-5, Civil Town ship, Rourkela-769004



**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

applicable assesses in compliance of act and to boost ULB revenue.

Signed discussion note is attached with the report.

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 unit has a deep impact on the electronic and & social aspects and values of the inhabitants of the demarcated area and the unit specifically dedicated for the development of Municipal Council in the state of Bihar according to plan and for matters ancillary thereto.

We convey our heartfelt thanks to the entire human resources of the "Bahadurganj Nagar Panchayat" for rendering there help for smooth completion of this assignment



1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

Detailed Audit Report

1. Introduction: -

The Internal audit of Bahadurganj Nagar Panchayat was conducted covering the period from 01st April 2017 to 31st March 2018 was

Name of ULB	Period Covered	Audit Team
Bahadurganj Nagar Panchayat	1st April 2017- 31st March 2018	TL: CA Neerav Bhanushali MAE: CA Amit Ranjan Auditor: Sanjeet Kumar

2. Administration: -

The Present governing body of the ULB has taken charge in 2017. The incumbencies in the key administrative and executive positions are as under:

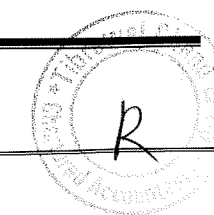
- Smt. Janaki Devi, Chairman from 2017 to till the date of Audit.
- Ati Ur Rehman Executive officer in 2019 to till the date of Audit.

3. Review of outstanding Audit Paras:

Status of Audit observations is as under:

S l. N o.	Partic ulars of audit and date of report	Total no. of Audit paras.	Total no. of Audit Paras where necessary improve ment/cor rective measure is require	Total no. of Audit paras where recover y of cash is propos ed	Total No. of Audit paras where recover has been made	Total amoun t of recove ry	Total No. of outstan ding paras where no action has been taken	No. & date of compli ance report
1	CAG Audit 2016 to 2018	22	22	0	0	0	22	Compli ance report not prepare d

1st Floor, KK-5, Civil Town ship, Rourkela-769004



**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

2	Internal Audit 2016-17	9	9	0	0	0	9	Compliance not prepared
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(Note: Refer point no. 34 of discussion note.)

4. FINANCE:

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

Year	2017-18	2016-17	2015-16
Final/Revised Budget	39,23,98,000	34,96,81,000	5,05,40,000
Actual Expenditure	8,01,69,401	7,87,22,216	4,76,51,966
Savings(+)/Excess(-)	31,22,28,599	27,09,58,784	28,88,034

Note: All figures taken from books of accounts

ii. Volume of Transactions :-

Period	Budgeted for (17-18)	Previous year (16-17)	Current period	Cumulative for the current period
Opening Balance	26,18,71,959	17,08,02,599	26,18,71,959	26,18,71,959
Receipts	19,44,27,700	16,97,91,576	12,88,19,864	12,88,19,864
Total	45,62,99,659	34,05,94,175	39,06,91,823	39,06,91,823
Net expenditure	39,23,98,000	7,87,22,216	8,01,69,401	8,01,69,401
Closing Balance	6,39,01,659	26,18,71,959	31,05,22,422	31,05,22,422

Note: All figures taken from books of accounts



1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

iii. Bank Reconciliation :-

Un-reconciled balance between bank book and bank statement as on 31-03-2018 has been shown below:

Sl no.	Project Name	Bank Name	A/C no.	Cash book balance	Pass book balance	Difference	Status
1	PLA	SBI	07685	Cash withdrawn and entered in various cash book	21,66,058.60		Unreconciled
2	BRGF(ST)	SBI	14675		2,19,794		Unreconciled
3	BRGF(SC)	SBI	15545	26,017	2,13,623	26,84,823	Unreconciled
4	BRGF(GEN)	SBI	15238		22,51,406		Unreconciled
5	PLA(ANTRATIK SANSADHAN)	SBI	27985	1,13,36,778	27,61,169.87	85,75,609.87	Unreconciled
6	HFA	SBI	81768	54,71,766	50,77,128	3,94,638	Unreconciled
7	IHSDP	SBI	46131	3,69,273	10,35,005	6,65,732	Unreconciled
8	SBM	BOB	11470	54,72,466	56,74,964	27,10,920	Unreconciled
9	SBM	ICICI	00416		25,08,422		Unreconciled
10	PAYJALPURI	BOB	12398	4,77,86,269	4,77,86,269	-	Reconciled
11	DAY-NULM	BOB	04040	-	-	-	Reconciled
12	PLA-171		171	10,41,68,271	10,41,68,271	-	Reconciled

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

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

(Note: Refer Discussion Note point no.30.)



1st Floor, KK-5, Civil Town ship, Rourkela-769004

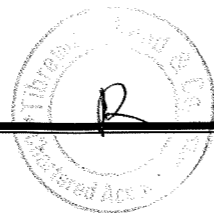
**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

iv. Revenue & Capital Receipts :-

		Income Details	
Sl.No	DETAIL S	2017-18	
		2017-18	2016-17
	Total Receipts (A+B)	12,88,19,864	16,97,91,576
A	Revenue Receipts (1+2+3)	32,72,297	3,87,40,398
1	Own Revenue Receipts (a+b)	32,23,587	4,69,083
a)	Tax Revenue (Levied & Collected By municipal Body)	18,85,857	4,69,083
i)	Property Tax	17,65,127	4,69,083
ii)	Other Tax (Levied & Collected By municipal Body)	1,20,730	-
b)	Non Tax Revenue (Levied & Collected By municipal Body)	13,37,730	-
i)	Fess & Fines	6,000	-
ii)	User Charges	-	-
iii)	Other Non Tax Revenue (Levied & Collected By municipal Body)	13,31,730	-
2	Other Revenue Receipts	48,710	-
a)	Income from interest/Investments	-	-
b)	Other Revenue Income	48,710	-
3	Transfers/grants/Assigned Revenues	-	-
a)	State Assigned Revenues	-	6,26,865
b)	State Finance Commission (SFC) Grants/Devolution	-	3,76,44,450
c)	Octroi Compensation	-	-
d)	Other State Government transfers	-	-
e)	Central Finance Commission (CFC) Grants	-	-
f)	Other Central Government transfers	-	-
g)	Others	-	-
B	Capital Receipts	12,55,47,567	13,10,51,178

1st Floor, KK-5, Civil Town ship, Rourkela-769004



**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

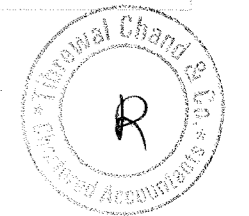
1	Sale of Municipal Land	-	-
2	Loan (From state Govt or Banks etc.)	-	-
3	State Capital Account Grant (Under state Scheme etc.)	5,35,47,767	5,25,24,252
4	Central Capital Account Grant (Under central Scheme etc.)	7,19,99,800	7,85,26,926
5	Other Capital Receipts	-	-

Note: All figure taken from books of accounts

v. Revenue & Capital Expenditure Information :-

		Expenditure Details	
Sl.No.	DETAILS	2017-18	
		2017-18	2016-17
	Total Expenditure (1+2)	8,01,69,401	7,87,22,216
1	Revenue Expenditure	16,54,528	-
1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	16,54,528	-
1.2	Operation & Maintenance (O & M)	-	-
1.3	Loan Repayment (Interest Payments)	-	-
1.4	Others (any other revenue Expenditure which is not salaries, O&M & or interest payment)	-	-
2	Capital Expenditure	7,85,14,873	7,87,22,216
2.1	All developmental works under central/state specific schemes	7,85,14,873	7,87,22,216
2.2	Loan Repayments	-	-
2.3	other capital expenditure	-	-

Note: All figure taken from books of accounts



1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

- vi. Status of implementation of double entry Accounting system:**
ULB has been implemented double entry accounting system for the year 2017-18 and following has been submitted to department.

PTR 2017-18
AFS 2017-18
FAR 2017-18

By Borkar & Mazumdar Co.

(Note: Refer point no. 26 of discussion note)

- vii. Status of Municipal Accounts Committee: if meeting is held:**
Meeting of Municipal Accounts Committee has not been held during the year 2017-18.

(Note: Refer point no. 35 of discussion note.)



1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

5. Audit Observations: -

I. Part-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.

(Audit Objective/Criteria/Condition/Consequences/Effect/Impact/Corrective Action/Recommendation)

a. Holding and property tax not deposit.

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

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

Condition: After reconciliation of cashier cash book with treasury challan, we observed that collections under different head are not deposited in treasury Account. Details of such are given here:-

Date of collection of Tax Collector		Collected	Date of deposit in bank
From	To	Amount	
30.05.2017	11.12.2017	14,580	15.12.2017
16.12.2017	11.01.2018	10,000	01.01.2018
12.01.2018	12.02.2018	20,000	12.02.2018
13.02.2018	28.03.2018	35,512	28.03.2018

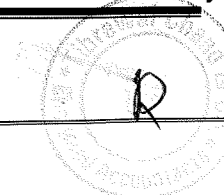
Sl.No.	Challan No	DATE	Amount	Particular
1	8958	15.04.2017	840	Holding tax

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

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

Corrective Action/Recommendations: There should be day to day monitoring on Collection of Taxes by Tax Inspector/Collectors and deposit of collection into Bank either on same day or

1st Floor, KK-5, Civil Town ship, Rourkela-769004



**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

latest before noon on the following working day.

b. Tower tax

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

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

Condition: After reconciliation of cashier cash book with treasury challan, we observed that collections under tower tax are not deposited in treasury Account. Details of such are given here:-

SI. No.	Name of Tower	Ward No.	Registration fees	Renewal fees	Total Due	Collection	Total Dues
1	Reliance	10	30,000	56,000	86,000	-	86,000
2	Airtel	11	30,000	56,000	86,000	-	86,000
3	BSNL	10	30,000	56,000	86,000	-	86,000
4	Airtel	11	30,000	56,000	86,000	-	86,000
5	MTS	11	30,000	56,000	86,000	-	86,000
6	TATA	11	30,000	56,000	86,000	-	86,000
7	Airtel	6	30,000	32,000	62,000	-	62,000
8	BSNL	15	30,000	56,000	86,000	-	86,000
9	Tata Indicom	15	30,000	56,000	86,000	-	86,000
10	Vodafone	11	30,000	56,000	86,000	62,000	24,000
11	BSNL	3	30,000	56,000	86,000	-	86,000
Total			3,30,000	5,92,000	9,22,000	62,000	8,60,00

Note: Refer point no. 10 of discussion note.

Consequence/Effect/ Impact - Due to non-deposition of Tower Rent 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 no proper mechanisms for supervision and monitoring of the Tower Rent due to which result in Revenue leakage.

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

1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

c. A lot of sairat was not held at municipal council.

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

Criteria: As per Bihar Municipal Act.

Condition: During the verification of sairat register, we observed that during the financial year 2017-18, a lot of sairat was not held at municipal council. Due to this reason Revenue loss of Rs 1,45,483 to concerned ULB. Details of such are given here:-

Note: Refer point no. 11 of discussion note.

SI No.	Name of Sairat	Minimum Collection
1	Gudri Bazar	1,12,000
2	Cycle,Rickshaw,thelagadi and belgadi	8,911
3	Butcherkhana	16,062
4	Haddi mahal	8,510

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

Cause: This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the Sairat which results in Revenue leakage.

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

d. Stamp duty loss of Rs 7,273 to government.

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

Criteria: As per stamp duty Act.

Condition: During the verification of sairat register, we observed that some agreement between the party and ULB for the concerned sairat was not available at ULB. Due to this reason stamp duty loss of Rs 7,273 to concerned ULB. Details of such are given here:-

Note: Refer point no. 12 of discussion note.

SI No.	Name of Sairat	Stamp Duty @ 5%
1	Gudri Bazar	5,600
2	Cycle,Rickshaw,thelagadi and belgadi	445
3	Butcherkhana	803
4	Haddi mahal	425

1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

Total 7,273

Consequence / Effect / Impact: Due to non-collection of Stamp duty there is a revenue loss to government.

Cause: This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the Stamp duty which results in Revenue loss to government.

Corrective Action / Recommendation: Proper attention required.

e. Outstanding Rent

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

Criteria: As per Bihar Municipal Act.

Condition: Rent amount of Rs 3,89,742 was due as on 31.03.2018. Details of such are given here:-

Note: Refer point no. 14 of discussion note.

SI. No	Particular	No. of Shop	Due Amount
1	Akansha bazar	23	1,03,193
2	Near Anupma bazar	20	98,149
3	Anupma bazar	10	1,48,000
4	Rain basera L.R.P chowk	4	25,200
5	Prasasnik Bhawan	2	8,000
6	Bus stand	1	7,200
Total			3,89,742

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

Cause: This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the Shop rent which results in Revenue loss to government.

Corrective Action / Recommendation: Proper attention required.

Excess Payments against bill, lack of produce in payments against voucher, inefficiency in the control resulting loss to ULBs

a. We found a few discrepancies while vouching the expenditure. Details of such are given here:-

1st Floor, KK-5, Civil Town ship, Rourkela-769004



**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

SI No	Voucher No.	Date	Amount	Particular	Remark
1	114	22.08.2017	49,500	H.K	No Quotation procurement
2	137	28.09.2017	7,64,484	Renu Sanskritik manch	No Quotation for such procurement
3	11,12,13,	16.05.2017	1,85,067	Hindustan Venture ltd.	TDS not deducted
	14,265,2	06.02.18			
	66,267,28	27.02.18			
4	8,289,29	06.02.18	1,24,461	Prabhat khabar	TDS not deducted
	0,297				
	245,246,2				
	47,248,2				
	49,250,25				
1,252,25					
3,254,255					
,281,282					
,283					
5	182	15.11.2017	31,744	Sultan pokhar west side	No Quotation for such procurement
6	141	20.09.2017	46,822	Raj industries	No Quotation for such procurement and Gst not deducted
7	142	20-09-2017	1,52,100	Raj industries	No Quotation for such procurement and Gst not deducted

Report on Findings of the field survey of property tax of minimum 20 high value properties.

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

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

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

1st Floor, KK-5, Civil Town ship, Rourkela-769004

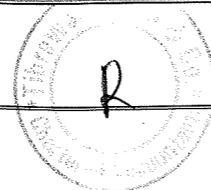


**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

S I N	Holding No	Ward No.	Name	Basis of Charges	Difference	Tax
1	105	11	Upendra sharma	Residential	600	1,200
2	95	10	Md. Kashim	Residential	920	1,840
3	95	10	Md. Kashim	Commercial	920	3,680
4	189	09	Visheswar Prasad Sah	Commercial	80	320
5	189	09	Visheswar Prasad Sah	Residential	560	1,120
6	97	10	Prakash Agrawal	Residential	576	1,152
7	97	10	Prakash Agrawal	Commercial	1,000	4,000
8	104	11	Dr. sarveswar basak.	Commercial	80	320
9	109	11	Abdul Rashid	Residential	270	540
10	138	11	Dr. sarveswar basak.	Commercial	160	640
11	146	11	Noor bidi supply agency	Commercial	625	2,500
12	165	11	Jadish agrawal	Residential	400	800
13	616	11	Rajesh kumar agrawal	Commercial	480	1,920
14	685	11	Raj agro private limited	Commercial	289	1,156
15	151	09	Mansoor alam	Commercial	231	924
16	151	09	Mansoor alam	Residential	300	600
17	184	10	Chanchal devi	Residential	200	400
18	184	10	Chanchal devi	Commercial	900	3,600
19	139	11	Jay Shankar Prasad	Residential	672	1344

1st Floor, KK-5, Civil Town ship, Rourkela-769004

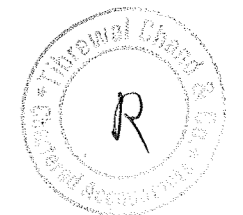


**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

20	138	11	Jay Shankar	Residential	880	1,600
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(Note: refer point no. 09 of discussion note)



1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

ii. Part B

All Audit objections/regularities which has no monetary implications, but significant violations 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:** During the audit we observed the following registers which are given below has not been maintained by the ULBs.

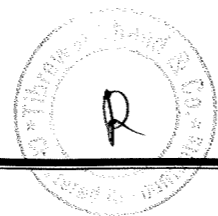
- Subsidiary register
- Stock register
- Cheque issue registers.
- Assets register.
- Contra, journal, Receipt Voucher.
- Records and revision of taxes and rent.

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

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

Photo copy of last page of accounts maintained by ULB is attach after signed discussion notes.

Note: Refer point no. 38 of discussion note.



1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

b. Irregularities in procurement Process:-

First off all no Procurement Register has been maintained by ULB so it is difficult to trace all Procurement above Rs. 15000 from various cash book.

List of Procurement done by ULB above Rs. 15000 has been provided below.

SI. No	Date of Procurement	Amount	Particular	Remarks
1	03.06.2017	19,771	Niyaz Hardware	No quotation
2	01.07.2017	49,500	H.K. Bricks	No quotation
3	25.08.2017	2,57,040	Renu Sanskritik manch	No E-Tendering
4	05.09.2017	5,41,630	Shivam Jan Swasth	No Obsevation
5	13.09.2017	46,822	Raj industries	No quotation
6	20.09.2017	1,52,100	Raj industries	No E-Tendering
7	03.11.2017	31,744	Sultan Pokhar West side	No quotation
8	07.06.2017	17,43,799	Washi athar	No Obsevation
9	17.05.2017	6,28,769	Munazir alam	No Obsevation
10	20.06.2017	6,51,165	Zaheer alam	No Obsevation
11	24.07.2017	5,99,874	Ravi kumar harijan	No Obsevation
Total		47,22,214		

While verifying the applicable procurement process, we have noticed few irregularities. Details of such are given here:-

Scheme No	04/2016-17
Scheme Name	Construction of Nali or Gali under State Finance
Group no.	18
Estimated Amount	2042393
No of Bid Received	06
Name of Bidders	Washi atahar, Munatzir alam, Gauri Shankar agrawal, Ahmad Hussain, Sabi Anwar, Munazir alam
Selected Bidder	Washi atahar
Time allotted to complete the work	3 Month
Observation	We observed that, comparative chart of varrious bidders are prepared by management showing same amount quoted by various bidders and selected through lottery system.



1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

Scheme No	04/2016-17
Scheme Name	Construction of Nali or Gali under State Finance
Group no.	09
Estimated Amount	703969
No of Bid Received	04
Name of Bidders	Sabi anwar, Noor islam, Mobin alam, Sakil ahmad
Selected Bidder	Noor Islam
Time allotted to complete the work	3 month
Observation	We observed that, comparative chart of varrious bidders are prepared by management showing same amount quoted by various bidders and selected through lottery system.

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

- Non Implementation of GeM procurement mechanism
- Non collection of various taxes required to be collected.
- Non maintenance of prescribed books of accounts.
- Non maintenance of prescribed DEAS.
- None maintenance of DCR.
- Non preparation of budget as per budget manual.
- Closing of daily cash book and bank book.
- Physical verification of cash balance with daily collection register and bank balances.

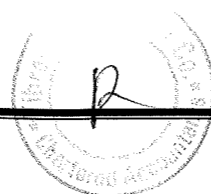
d. Non Compliances of the Acts and Rules: During the audit we observed below mentioned non compliances:

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

Monthly and quarterly budget was not maintained. Therefore, comparison of budgeted and actual figure of income and expenditure was not performed.

Note: Refer point no. 37 of discussion note.

1st Floor, KK-5, Civil Town ship, Rourkela-769004



**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

e. Lack of internal control measures:- (Response of the ULB has been given in our signed discussion notes 36)

Demand Register for collection of holding/property tax for the financial year 2017-18 is not yet prepared.

Demand Register for collection of Trade License for the financial year 2017-18 is not yet prepared.

The municipality is continuing with a single demand collection register and cashier cash book since 2012-13. We suggest to maintained separate registers yearly. It is observed that register is

turned. There is no cash vault in the cash department for safety measure.

Vouchers are not filed serially and kept in loose form. Those need to be filed properly and date wise sequentially.

The cash kept in the locker is not insured against theft & fire which is very vital issue. It can be seen that huge amount of cash is kept for quiet a no of days. So, it is necessary to keep the physical under insurance cover.

DCR is not maintained by major tax collector, so it is difficult to trace daily collection.

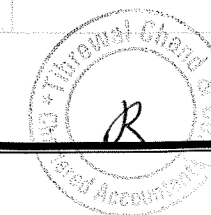
Soft copy of Advice regarding payment of housing for all and disbursement under project of SBM is not Produce with us, so it is difficult to trace double payment for same.

Rent Agreement expired in case of few market shops and no new agreement was made till the date of audit. Details of such are given here:-

Note: Refer point no. 13 of discussion note.

SI. No	Shop No.	Party Name	Market Name	Date of expire of rent agreement
1	1	Kishore kumar keshri	Rain basera L.R.P chowk	01/02/2010
2	2	Khurshid alam	Rain basera L.R.P chowk	01/02/2010
3	3	Shri somlal shah	Rain basera L.R.P chowk	01/02/2010
4	5	Sandip kumar chatterjee	Rain basera L.R.P chowk	26/05/2012

1st Floor, KK-5, Civil Town ship, Rourkela-769004



**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

5	4	Milan Kumar Shah	Rain basera L.R.P chowk	26/05/2012
6	3	Ahathsam anjum	Anupma Bazar	01/01/2010
7	10	Mahesh/Thakur	Anupma Bazar	01/01/2010
8	1	Arun kumar Thakur	Anupma Bazar	01/01/2010
9	9	Jaydeep kumar Shah	Anupma Bazar	01/01/2010
10	8	Manoj kumar	Anupma Bazar	01/01/2010

f. **Non- Compliance of TDS, VAT, and other relevant statute:-** (Response of the ULB has been given in our signed discussion notes 24 & 25.)

We observed that ULB is not in practice to deduct TDS on Advertisement Bill payment and salary payment to employee.

We observed that ULB is not in practice to Deposit the deducted TDS on stipulated time. Details of such are given here:-

Sl. No	Party Name	TDS Amount	Date of deduction	Date of deposit
1	MD. Munazir alam	7502	06-05-2017	05-08-2017
2	Washi athar	20846	07-06-2017	05-08-2017
3	Zaheer alam	7929	20-06-2017	05-08-2017
4	Atikur rehman	16138	23-08-2017	Not deposited
5	Alok lal harijan	5715	20-09-2017	Not deposited
6	Sabi anwar	3601	13-10-2017	Not deposited
7	Sabi anwar	12956	13-10-2017	Not deposited

Copy of Returns of VAT, TDS has not been shown to us.

The Bahadurganj Nagar Panchayat is not complying with the provisions of EPF with regards to Contractual and permanent Employee. It may lead to imposition of Penalty by the Authority in this Regards.



1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

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

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

h. **Utilization certificate report on grants allotted during the year:** Details of UCs related to FY: 2017 – 18 is annexed with report.

i. **Physical verification of inventory/stores**

Note: Refer point no. 21 & 22 of discussion note.

Fixed assets register has not been maintained at Nagar Panchayat level.

Stock register has not been properly maintained. All the article of stock has been entered at same page in register. Issue quantity and balance quantity has not been shown in stock register.



1st Floor, KK-5, Civil Town ship, Rourkela-769004

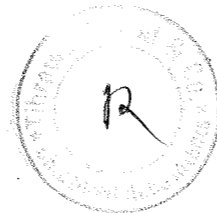
**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

j. Advances, their adjustment & recovery:- (Response of the ULB has been given in our signed discussion notes 17.)

A lot of staff advance of previous year has not been adjusted till 31-03-2018. Details of such are given here:-

Sl.No	Name of Staff	Date of Advances	Amount
1	Phool kumar ray	07-02-2013	1,01,325
2	Naeya Akhtar	09-03-2002	57,490
3	Nihal pravez tractor driver	29-10-2013	7,515
4	Anchal padhikari	19-10-2002	1,000
5	Birju malik	10-02-2016	5,000
6	Hira lal Rai	14-07-2017	500
5	Bhola malik	20-11-2011	5,500
		10-07-2016	5,000
Total			1,83,330



1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

Part "C"

Scope of Audit

Sl. No	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Chapter xi, rule 84 (Budget has not been sanction by Empowered standing committee)& Chapter xii, rule 86 (Prepare and maintain accounts of receipts and expenditure), 87 (Preparation of Municipal Accounting Manual), 88 (Financial Statement.) 89 (Balance sheet.), 90 (Submission of financial statement and balance sheet to auditor.) and 98 (Municipal accounts committee.) are not follow by the ulb.
2	What is the status of implementation of SAS of Property Tax in the ULB; If SAS has been implemented then witness some assessment procedures to check any inconsistencies in assessment. at least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not).	No, in this ULB SAS implementation of property tax has been implemented. We have witnessed the 20 high value of property (List of property tax payer provided by ulb) same has been reported in Part C.
3	Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR	Rule 22: we have found that all money has been brought to account but delayed. Rule 27: we have observed that the collected money has not to be deposited into Bank Account on same day. Rule 22: All moneys to be brought to account Rule: 27: Collections to be deposited into Bank on the same day Rule 69: Grant Related Compliance Rule 120-121: Monthly Receipt & Payment Account and Trial Balance Rule 130: Audit to be completed & reported within 6 month
4	Whether all such compliance of financial	Yes, Compliance of financial guidelines of schemes

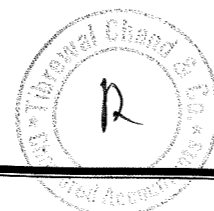


1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

- guidelines of schemes of MOHUA and UD & HD, Gob have been complied. of MOHUA and UD & HD, Gob have been complied.
- 5 If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission, Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc. have incurred then quantify the same. It has been discussed in discussion notes and audit report under part A.
- 6 Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000. All payment above Rs. 10000 has been vouched and deficiency has been mentioned in our discussion notes and audit report.
- 7 Whether all Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/- No procurement register has been maintained. All payment above Rs. 15000 has been verified and irregularity has been discussed in discussion notes as well as mentioned in audit report under part B
- 8 An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website. We advised management to prepare pending UC of expenditure already incurred. We will provide all support in this regard. Status of pending UC has been provided in our Audit report under part B.
- 9 Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future. It has been provided in discussion notes as well as in audit report under part A.
- 10 Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies. It has been provided in discussion notes as well as in audit report under part A.



1st Floor, KK-5, Civil Town ship, Rourkela-769004

**INTERNAL AUDIT REPORT OF
BAHADURGANJ NAGAR PANCHAYAT**

**FINANCIAL
YEAR
2017-18**

- 11 Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period. No fixed deposit made during the F.Y. 2017-18. All funds held by ULB are maintained at Nationalized Banks and rate of interest is per banking norms.
- 12 Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for revenue losses. It has been provided in discussion notes as well as in audit report under part A.
- 13 Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers. It has been provided in discussion notes as well as in audit report under part A.
- 14 Whether C&AG and Internal audit paras has been complied, if not assistance has been provided in this regard. It has been discussed with management to prepare compliance report in regards of C&AG Audit paras but management says that it will take few week or month. We suggest management to communicate if any difficulty arise in regarding preparing compliance report we should guide and provide all assistance in this regard.



1st Floor, KK-5, Civil Town ship, Rourkela-769004

INTERNAL AUDIT REPORT OF BAHADURGANJ NAGAR PANCHAYAT

FINANCIAL
YEAR
2017-18

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

SN	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2017-18	EO Sairat	23/05/2017	5.00	5.00	NIL	NIL VC not submitted
2	2017-18	मुख्यमंत्री नली-गली योजना	11/08/2017	51.3	51.3	NIL	NIL VC not submitted
3	2017-18	पार्षद भाता	15/06/2017	3.24	3.11	NIL	NIL VC not submitted
4	2017-18	पेशाकर	30/06/2017	12.34	12.34	NIL	NIL VC submitted Un-Utilized Rs.
5	2017-18	14th finance	02/08/2017	90.52	NIL	90.52	90.51 transferred to PL A/C
6	2017-18	नागरी सुविधा	24/08/2017	44.90	44.9	NIL	NIL VC submitted Un-Utilized Rs.
7	2017-18	मुख्यमंत्री नली-गली योजना	30/10/2017	43.96	27.87	16.09	16.02 transferred to PL A/C Un-Utilized Rs.
8	2017-18	14th finance	24/01/2018	90.26	NIL	90.26	90.26 transferred to PL A/C
9	2017-18	वेतन	28/02/2018	2.81	2.81	NIL	NIL VC not submitted Un-Utilized Rs.
10	2017-18	5th Finance	14/09/2017	191.15	NIL	191.15	191.15 transferred to PL A/C
Grand Total				535.48	147.33	388.02	NIL



1st Floor, KK-5, Civil Town ship, Rourkela-769004

TIBREWAL CHAND & CO. CHARTERED ACCOUNTANTS.

DISCUSSION NOTE
PERIOD- 01-04-2017 TO 31-03-2018

SI.NO	OBSERVATION	MANAGEMENT COMMENT
1	According to section 127 of Bihar Municipal Act, 2007 annual property tax @ 9% of annual rental value has to be realized, but in the Bahadurganj Nagar panchayat property tax collected as per square feet.	(i) On pradhan sadak collected from shop Rs 4 per square feet. (ii) on pradhan sadak collected from house Rs 2 per square feet. (iii) On mukhya sadak collected from house Rs 2 per square feet. (iv) Anya sadak collected from house Rs 0.50 square feet.
2	According to the direction of state government an increment of 15% in the old rate has to be done in every 5 year. Thus in 2015-16 property tax had to be realized at revised rate but such action has not been done.	That matter presented before Board but not accented.
3	On physical verification of four Properties we found that Nagar Panchayat is not in practice to collect property tax. So revenue loss for the F.Y 2017-18 Rs.13352. Details are given in Annexure "A" of our discussion note.	Field verification not done by management order 2005-06.
4	During the audit we observed that tax collector has tax collected but not deposited in bank and less amount collected. details are given in Annexure "B" of our discussion note.	appropriate person will deposit concerned the remaining tax
5	Delay in deposit of cash to Bank by tax collector:-As per the records	Step to be taken to submit of locker

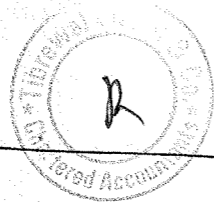
Internal

for
25/1/19
कार्यपालक पंचायतिका:
नगर पंचायत बाहादुरगंज
(विश्रामगंज)



**TIBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

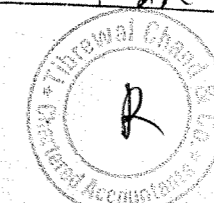
	made available during the audit, delays were observed between date of collection made by the tax collector and the deposit of the same to the Bank. Which are shown in Annexure "C" of our discussion note.	
6	The cash kept in the locker is not insured against theft & fire which is very vital issue. It can be seen that huge amount of cash is kept for quiet a no of days. So, it is necessary to keep the physical under insurance cover.	future defence
7	Demand Register for collection of holding/property tax for the financial year 2017-18 is not yet prepared.	demand register are belating
8	DCR is not maintained by major tax collector, so it is difficult to trace daily collection.	all tax collector, cashier and tax during is directed to mulca or collector attend.
9	Report on Findings of the field survey of property tax of minimum 20 high value properties is given in Annexure "D" of our discussion note.	prolorts tax self attachment for one field by the collect as per municipal law
10	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 30,000/- per Tower and the	Demand raised. but not paid by Com.Pans, they filed write petition in high court.



25/6/19

**TIBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

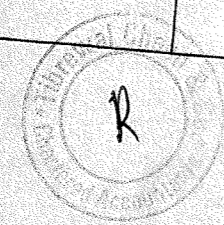
	Renewal fee is Rs. 8000/- per year. As per verification of records and document during the course of audit and according to the cash book produced by the ULB, it was found that only Rs. 160410/- was realized from the Tower Company till 31.03.2018, resulting in loss of Rs. 860000. Details of such are given in Annexure "E" of our discussion note.	
11	During the verification of sairat register, we observed that during the financial year 2017-18, a lot of sairat was not held at municipal council. Due to this reason Revenue loss of Rs 145483 to concerned ULB. Details of such are given in Annexure "F" of our discussion note.	* Cumbri Bazar Sairat was held from ADM (18/1/2018) * Cycle, Rickshaw, Butchar khana, Haddi mahal no Party came for sairat
12	During the financial year 2017-18, a lot of sairat was not held at municipal council. Due to this reason stamp duty loss of Rs 7273 to concerned ULB. Details of such are given in Annexure "G" of our discussion note.	* No Party came for sairat
13	Rent Agreement expired in case of few market shops and no new agreement was made till the date of audit. Details of such are given in Annexure "H" of our discussion note.	next if necessary attempt will be taken in next Fin. and notice for renewal agreement are issued.
14	Rent amount of Rs 389742 was due as on 31.03.2019. Details of such are given in Annexure "I" of our	Demand raised and necessary attempt will be taken to settle the rent.



for 25/6/19

**TIBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

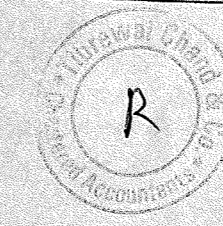
	discussion note.	
15	Demand Register for collection of Trade License for the financial year 2017-18 is not yet prepared.	Demand Trade License was implemented in F.Y 2018-19
16	While verifying the applicable procurement process, we have noticed few irregularities. Details of such are given in Annexure "J" of our discussion note	Such process are as per NPT rule.
17	A lot of staff advance of previous year has not been adjusted till 31-03-2018. Details of such are given in Annexure "K" of our discussion note	Necessary effort for accounts of such will be taken
18	We found a few discrepancies while vouching the expenditure. Details of such are given in Annexure "L" of our discussion note	Refer to annexure "L"
19	Vouchers are not filed serially and kept in loose form. Those need to be filed properly and date wise sequentially.	Future reference
20	It is Found that few bank balances not reconciled. Details of such are given in Annexure "M" of our discussion note	Trace in F.Y 2018-19
21	Fixed assets register has not been maintained at Nagar Parisad level.	Future reference
22	Stock register has not been properly maintained. All the article of stock has been entered at same page in register. Issue quantity and balance quantity has not been shown in stock register.	Future reference



for 25/6/19
 25/6/19
 TIBREWAL CHAND & CO.
 CHARTERED ACCOUNTANTS
 (Firm Name)

**TIBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

23	The Bahadur Nagar Panchayat is not complying with the provisions of EPF with regards to Contractual and permanent Employee. It may lead to imposition of Penalty by the Authority in this Regards.	EPF not implemented. Separate account maintain with Bank for such staff.
24	We observed that ULB is not in practice to deduct TDS on Contractor Bill payment and salary payment to employee.	TDS deducted from next Clerk and the salary only
25	We observed that ULB is not in practice to Deposit the deducted TDS on stipulated time. Details of such are given in Annexure "N" of our discussion note	Future reference
26	Double entry system has been not yet implemented.	Double entry system in process.
27	There is no cash vault in the cash department for safety measure.	cash vault is being the purchase soon
28	Copy of Returns of VAT, TDS has not been shown to us.	Return not filed.
29	The municipality is continuing with a single demand collection register and cashier cash book since 2012-13. We suggest to maintained separate registers yearly. It is observed that register is turned.	Steps are taken to take collectors to maintain separate register
30	The municipality is not in practice to prepare BRS on monthly basis or even on quarterly basis.	Future reference
31	Monthly and quarterly budget was not maintained. Therefore, comparison of budgeted and actual figure of income and expenditure was not performed.	Annual Budget are prepared



for 25/6/19
 25/6/19
 TIBREWAL CHAND & CO.
 CHARTERED ACCOUNTANTS
 (Firm Name)

TIBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.

32	Utilization of grant and report on missing Utilization Certificates are given in Annexure "O" of our discussion note	Given to Internal Auditor
33	Soft copy of Advice regarding payment of housing for all and disbursement under project of SBM is not Produce with us, so it is difficult to trace double payment for same.	data are Consulted,

Annexure "A"

S.NO.	HOLDING NO.	WARD NO.	NAME	BASIS OF CHARGE	AREA	AMOUNT
1	105	11	Upendra sharma	Residential	600	1200
2	95	10	Md. Kashim	Residential	920	1840
3	95	10	Md. Kashim	Commercial	920	3680
4	189	09	Visheswar Prasad Sah	Commercial	80	320
5	189	09	Visheswar Prasad Sah	Residential	560	1120
6	97	10	Prakash Agrawal	Residential	576	1152
7	97	10	Prakash Agrawal	Commercial	1000	4000



for 29/11/19
कार्यपालक प्रदाधिकारी
नगर पंचायत बहादुरगंज
(किशनगंज)

Discussion Note

Bahadurganj Nagar Panchayat

S/N	Observation	Management Action Plan	Recommendation
34	During the course of Audit, we observed that Nagar Panchayat has conducted CAG audit & Internal Audit for the year 2016-18 but the compliance report for the same has not been prepared. (Details given in report)	Necessary action will be taken.	It should be prepared as soon as possible.
35	No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.	ULB staff is directed to comply with BMA-2007	As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of municipal accounts committee each year. During our audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007
36	Lack of internal control measures We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling and statutory compliances: (i)Voucher file was not maintained (ii)No internal mechanism for statutory compliance (iii)No MIS was prepared for tracking of payments (iv)Required books of Accounts as per BMAM was not maintained (v)Statutory compliance reconciliation was not maintained (vi)Bank reconciliation of any bank account was not prepared.	Nagar Panchayat ensure that this will be taken care from now onwards	We suggest that (i)MIS system should be implemented over daily collection and deposit. (ii)Reason for non-deposit/Late deposit should be strongly need to ask to minimize delay. (iii)Need to identify a person to comply with the statutory compliance. In case failure to comply with statutory compliances he should also be penalized. Therefore, the management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.



Discussion Note

- 37 Non-Compliance of Act & Rules
 38 Non-maintenance of required registers as per Rule No.-3 of BMAR-2014
 39 Non-Collection of notice fees
- ULB staff is directed to ensure compliance of all applicable Act & Rules.
 ULB staff is directed to follow and comply the guidelines of BMAR
 ULB staff is directed to comply with Bihar Municipal Act 2007
- 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.
 Details of registers are maintained by ULB. ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 BMAR-2014.
 As per the regulation 158(c) chapter xix of Bihar Municipal Act 2007, Municipality issue of notice of demand charging of notice fees, levy interest for delayed payment a rate as may be specified, the amount of per therefore, but in case Bahadurganj Nagar Panchayat has not provided any information regarding charging and collection of notice fees. ULB should collect notice fees as applicable assesses compliance of act and to ULB revenue.



Handwritten signature and date: 25/6/19
 कर्मचारी प्रबन्धक
 नगर पंचायत बाहदुरगंज
 (Bahadurganj)

TIBREWAL CHAND & CO.
 CHARTERED ACCOUNTANTS.

Annexure "B"

Date of collection	Receipt no.	Holding no.	Ward no.	Amount	Remarks
15.04.2017	8958	334	12	840	Bill has to be issued Rs. 840 but amount collected on such bill is Rs 640.

Annexure "C"

DATE OF COLLECTION BY TAX COLLECTOR		COLLECTED AMOUNT	DATE OF DEPOSIT IN BANK
FROM	TO		
30-05-2017	11-12-2017		
16-12-2017	11-01-2018	14580	15-12-2017
12-01-2018	12-02-2018	10000	01-01-2018
13-02-2018	28-03-2018	20000	12-02-2018
		35512	28-03-2018

Annexure "D"

YEAR	HOLDING NO	WARD NO	AREA	PROPERTY TAX	OBSERVATION
2017-18	238	9	880	1064	No observation
2017-18	97	10	688	2352	observation
2017-18	95	11	1260	3720	observation
2017-18	104	11	320	1280	No observation
2017-18	105	11	1100	4400	observation
2017-18	109	11	540	1080	No observation

Handwritten signature and date: 25/6/19
 कर्मचारी प्रबन्धक
 नगर पंचायत बाहदुरगंज
 (Bahadurganj)

**TIBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

5	4	Milan Kumar Shah	Rain basera L.R.P chowk	26/05/2012
6	3	Ahathsam anjum	Anupma Bazar	01/01/2010
7	10	Mahesh Thakur	Anupma Bazar	01/01/2010
8	1	Arun kumar Thakur	Anupma Bazar	01/01/2010
9	9	Jaydeep kumar Shah	Anupma Bazar	01/01/2010
10	8	Manoj kumar	Anupma Bazar	01/01/2010

Annexure "I"

SI.NO	PARTICULAR OF SHOP	NO OF SHOP	DUE AMOUNT ON 31-03-2019
1	Akansha bazar	23	103193
2	Near Anupma bazar	20	98149
3	Anupma bazar	10	148000
4	Rain basera L.R.P chowk	4	25200
5	Prasasnik Bhawan	2	8000
6	Bus stand	1	7200
TOTAL			389742

Annexure "J"

Scheme No	04/2016-17
Scheme Name	Construction of Nali or Gali under State Finance
Group no.	18
Estimated Amount	2042393
No of Bid Received	06
Name of Bidders	Washi atahar, Munatzir alam, Gauri Shankar agrawal, Ahmad Hussain, Sabi Anwar, Munazir alam
Selected Bidder	Washi atahar
Time allotted to complete the work	3 Month
Observation	We observed that, comparative chart of varrious bidders are prepared by management showing same amount quoted by various bidders and selected



for 25/6/19
 (Signature)
 (Date)

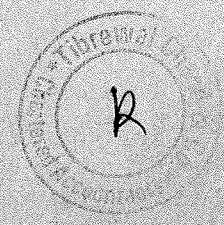
**TIBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

	through lottery system.
Scheme No	04/2016-17
Scheme Name	Construction of Nali or Gali under State Finance
Group no.	09
Estimated Amount	703969
No of Bid Received	04
Name of Bidders	Sabi anwar, Noor islam, Mobin alam, Sakil ahmad
Selected Bidder	Noor Islam
Time allotted to complete the work	3 month
Observation	We observed that, comparative chart of varrious bidders are prepared by management showing same amount quoted by various bidders and selected through lottery system.

Annexure "K"

SI.NO	NAME OF STAFF	DATE OF ADVANCE	AMOUNT
1	Phool kumar ray	07-02-2013	101325
2	Naeya Akhtar	09-03-2002	57490
3	Nihal pravez tractor driver	29-10-2013	7515
4	Anchal padhikari	19-10-2002	1000
5	Birju malik	10-02-2016	5000
6	Hira lal Rai	14-07-2017	500
5	Bhola malik	20-11-2011	5500
		10-07-2016	5000
TOTAL			183330

for 25/6/19
 (Signature)
 (Date)



**TIBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

Annexure "L"

SI.NO	VOUCHER NO	DATE	AMOUNT	PARTICULARS	REMARKS
1	114	22-08-2017	49500	H.K.	NO Quotation for such procurement
2	137	28-09-2017	264484 252410	Renu Sanskritik manch	NO Quotation for such procurement
3	11,12,13,14,265, 266,267,288,289 290,297	16-05-2017,06-02- 18,27-02-18	185067	Hindustan Venture Ltd.	TDS not deducted
4	245,246,247,248 249,250,251,25 253,254,255,2 81,282,283	06-02-18	124461	Prabhat khabar	TDS not deducted
5	182	15-11-2017	31744	Sultan pokhar west side	NO Quotation for such procurement
6	141	20-09-2017	46822	Raj industries	NO Quotation for such procurement and Gst not deducted
7	142	20-09-2017	152100	Raj industries	NO Quotation for such procurement and Gst not deducted



for
25/6/19

**TIBREWAL CHAND & CO.
CHARTERED ACCOUNTANTS.**

Annexure "M"

S.NO	NAME OF PROJECT	NAME OF BANK	ACCOUNT NO	PASSBOOK BALANCE
1	PLA	STATE BANK OF INDIA	11239907685	2182036.60
2	BRGF(ST)	STATE BANK OF INDIA	32677214675	219794.00
3	BRGF(SC)	STATE BANK OF INDIA	32677215545	213623.00
4	PLA(ANTRATIK SANSADHAN)	STATE BANK OF INDIA	32695827985	2761169.87
5	BRGF(GEN)	STATE BANK OF INDIA	32677215238	2266148.00
6	HFA	STATE BANK OF INDIA	35941381768	5077128.00
7	IHSDP	STATE BANK OF INDIA	32986746131	1035005.00
8	SBM	BANK OF BARODA	21720100011470	5674964.75
9	PAYJALPURTI	BANK OF BARODA	21720100012398	47786269.00
10	DAY-NULM	BANK OF BARODA	20250100004040	185019.00
11	SBM	ICICI BANK	181001000416	2508422.00
12	PLA-171	KISANGANJ	171	104168271.22
TOTAL OF BANK BALANCE				174077846.44
TOTAL OF CASH BOOK				175513760.27
DIFFERENCE				1435913.83

Annexure "N"

SI.NO	PARTY NAME	TDS AMOUNT	DATE OF DEDUCTION	DATE OF DEPOSIT
1	MD. Munazir alam	7502	06-05-2017	05-08-2017
2	Washi athar	20846	07-06-2017	05-08-2017
3	Zaheer alam	7929	20-06-2017	05-08-2017
4	Atikur rehman	16138	23-08-2017	Not deposited
5	Alok lal harijan	5715	20-09-2017	Not deposited
6	Sabi anwar	3601	13-10-2017	Not deposited
7	Sabi anwar	12956	13-10-2017	Not deposited
8	Washi athar	20424	20-12-2017	Not deposited



for
25/6/19
कार्यपालक पदाधिकारी
नगर पंचायत बाबापुरगंज
(किसानगंज)

Discussion Note

Bahadurganj Nagar Panchayat

Observation	Management Action Plan	Recommendation
It is observed that ULB is not in compliance to deposit the deducted tax within stipulated time. Details of compliance given in Annexure "N" of this discussion note.	Tax collectors are directed to deposit the tax.	TDs should be deposited as per schedule tax and title.
ULB has been implemented double entry accounting system for the year 2017-18 and following has been submitted to department.	Not required.	BEAS has been implemented.
During the course of Audit, we observed that Nagar Panchayat has not undergone audit & Internal compliance report for the same has not been prepared. (Details given in report)	Necessary action will be taken.	It should be prepared as soon as possible.
As per details were made available during the meeting of municipal accounts committee held during the financial year, 2017-18.	ULB staff is directed to comply with BMA-2007	As per requirement of BMA-2007 Chapter VIII ULB should hold meeting of municipal accounts committee each year. During our audit no evidence has been produced to the meeting of municipal accounts committee. ULB should ensure timely collection of accounts committee in compliance of BMA-2007.

Lack of internal control measures

It is observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, deposit handling and statutory

Nagar Panchayat ensure that this will be taken care from now onwards.



Discussion Note

Bahadurganj Nagar Panchayat

Compliances:		maintainance delay implied to identify a person to comply with the statutory compliance. In case failure to comply with statutory compliances he should also be penalized. Therefore, the management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.
Voucher file was not maintained		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.
No internal mechanism for statutory compliance		Details of registers not maintained by ULB as mentioned under Part A. ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 of BMAR-2014.
No MIS was prepared for tracking of payments		
Required books of Accounts as per BMAM was not maintained		
Statutory compliance reconciliation was not maintained.		
Bank reconciliation of any bank account was not prepared.		
Non-Compliance of Act & Rules	ULB staff is directed to ensure compliance of all applicable Act & Rules.	
Non-maintenance of required registers as per Rule No.-3 of BMAR-2014	ULB staff is directed to follow and comply the guidelines of BMAR	
Non-Collection of notice fees	ULB staff is directed to comply with Bihar Municipal Act 2007	As per the regulation 153(a) of chapter XIX of Bihar Municipal Act, 2007, Municipality can issue of notice of demand charging of notice fees, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty thereon. In this case of Bahadurganj Nagar Panchayat, Panchayat has not provided any information regarding charging and collection of



Discussion Note

BAHADURGANJ NAGAR PANCHAYAT

Bank Reconciliation Statement

Sl no.	Project Name	Bank Name	A/C no.	Cash book balance	Pass book balance	Difference	Status
1	PLA	SBI	07685	Cash withdrawn and entered in various cash book	21,66,058.60		Unreconciled
2	BRGF(ST)	SBI	14675		2,19,794		Unreconciled
3	BRGF(SC)	SBI	15545	26,017	2,13,623	26,84,823	Unreconciled
4	BRGF(GEN)	SBI	15238		22,51,406		Unreconciled
5	PLA(ANTRATI K SANSADHAN)	SBI	27985	1,13,36,778	27,61,169.87	85,75,609.87	Unreconciled
6	HFA	SBI	81768	54,71,766	50,77,128	3,94,638	Unreconciled
7	IHSDP	SBI	46131	3,69,273	10,35,005	6,65,732	Unreconciled
8	SBM	BOB	11470	54,72,466	56,74,964	27,10,920	Unreconciled
9	SBM	ICICI	00416		25,08,422		Unreconciled
10	PAYJALPURI	BOB	12398	4,77,86,269	4,77,86,269	-	Reconciled
11	DAY-NULM	BOB	04040	-	-	-	Reconciled
12	PLA-171		171	10,41,68,271	10,41,68,271	-	Reconciled



Discussion Note

Bahadurganj Nagar Panchayat

Details of UC's of Financial Year 2017-2018

Sl no.	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2017-18	EO Sairat	23/05/2017	5.00	5.00	NIL	NIL UC not submitted
2	2017-18	मुख्यमंत्रीनली-गलीयोजना	11/08/2017	51.3	51.3	NIL	NIL UC not submitted
3	2017-18	पार्षदभाता	15/06/2017	3.24	3.11	NIL	NIL UC not submitted
4	2017-18	पेशाकर	30/06/2017	12.34	12.34	NIL	NIL UC Submitted
5	2017-18	14th finance	02/08/2017	90.52	NIL	90.52	Un-UtilizedRs. 90.51 transferred to PL A/C
6	2017-18	नागरीसुविधा	24/08/2017	44.90	44.9	NIL	NIL UC Submitted Un-UtilizedRs.
7	2017-18	मुख्यमंत्रीनली-गलीयोजना	30/10/2017	43.96	27.87	16.09	16.02 transferred to PL A/C Un-UtilizedRs.
8	2017-18	14th finance	24/01/2018	90.26	NIL	90.26	90.26 transferred to PL A/C
9	2017-18	वेतन	28/02/2018	2.81	2.81	NIL	NIL UC not submitted Un-UtilizedRs.
10	2017-18	5th Finance	14/09/2017	191.15	NIL	191.15	191.15 transferred to PL A/C
Grand Total				535.48	147.33	388.02	NIL



कार्यपालक निदेशिका
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विकास मंडल