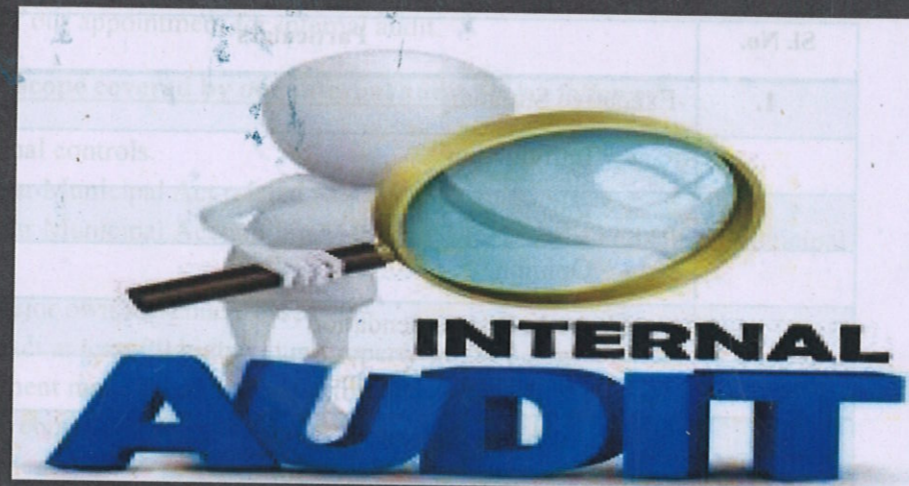


Financial
Year
2017-18



Internal Audit Report for F.Y. 2017-2018 of Purnea Municipal Corporation

INTERNAL AUDIT CONDUCTED BY

M/s Tibrewal Chand & Co., Chartered Accountants

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

Flat No. 501, 5th floor Meridian, SS Bihar Apartment near
Karbigiya Station, Patna, Mob No. +918825110779

Email- tcebihar@gmail.com

Date of Submission :- 05-07-2019

INTERNAL AUDIT REPORT
Submitted On: 14th September, 2019



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Internal Audit Report- Municipal Corporation – Purnea

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

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

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

We have conducted the Internal Audit with the objective:-

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

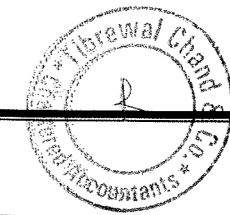
We started with an overview of activities through a study on various documents generated by the ULB. Then we identified evaluated and tested adequacy, effectiveness and efficiency of internal controls including standard policies and procedure laid down by the management for each of the areas included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

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

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

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

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



❖ Others related records and registers.

For Tibrewal Chand & Company
Chartered Accountants



CA ROSHAN JAIN | PARTNER
Membership No 518422
FRN No. 311047E
UDIN: 20518422AAAA3D7339

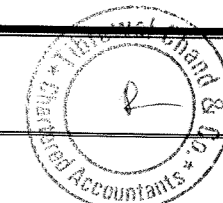
Dated :- 24-08-2020



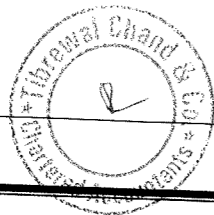
Executive Summary

- 1. Introduction:** Purnea Municipal Corporation, with population of about 2,82,248 is located in district of Purnia sub district of Purnia district in the state Bihar. Smt. Sarita Devi is Mayor holding post from 24th August, 2018 to till the date of Audit. Mr. Vijay Kumar Singh is the Municipal Commissioner holding post from 11th July, 2018 to till the date of Audit.
- 2. Results and Findings:** During our audit we observed below mentioned strengths and weakness in the functioning of ULB:

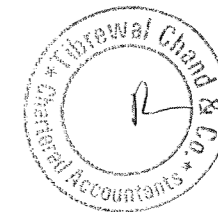
<p>Strengths observed during the audit engagement</p>	<ol style="list-style-type: none"> 1. Vouchers are arranged chronologically, authorized by competent authority and kept properly by the municipal corporation. 2. Bank books are duly maintained and every bank is properly reconciled except few. 3. Office of Purnea Nagar Nigam is very clean. Staff is taking proper care of cleaning and maintenance of the premise
<p>Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement</p>	<ol style="list-style-type: none"> 1. Non preparation of bank reconciliation statements of few banks. 2. Financial statement has not been provided to us. 3. Non deduction of TDS in various cases resulting in violation of tax provisions and attraction of interest and penalty. 4. Lack in follow-up procedure in collection of huge arrear dues in relating to property and other taxes.



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

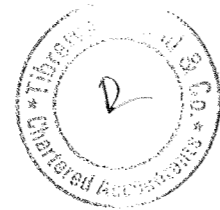


3. **Opinion:** The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the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



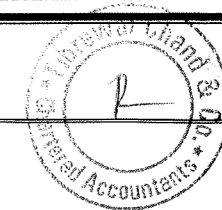
4. Audit Recommendations: The recommendation of audit team on the observed weakness is as below:

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



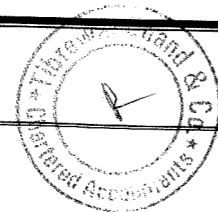
5. Comments from Management:-

S/N	Observation	Management Comment	Recommendation
1	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 50,000/- per Tower and the Renewal fee is Rs. 15,000/- per year. During the course of audit it was observed that Rs 1,77,05,100 is due towards Tower Company for financial year 2017-18. <i>(Details given in report)</i>	This will be strictly taken care by next financial year and Nagar Nigam will take necessary steps to recover or boost revenue from towers.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	During audit observed that property tax is not being deposited by tax collector on same day.	Tax collectors are directed to deposit the tax.	It should be recovered from concerned person and same should be deposited into bank.
3	Report on Findings of the field survey of property tax of minimum 20 high value properties. <i>(Refer details audit report)</i>	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Physical survey was conducted for conducting physical verification. Further SAF forms were not provided for 20 high value properties as per list provided by us.
4	Demand Register for collection of Trade License, property tax & shop rent for the financial year 2017-18 is not yet prepared.	All tax collector cashier, cashier and tax daroga is directed to make necessary attempt in this regard.	Demand register should be prepared.
5	PF deducted from all permanent staff salary but not deposited in his PF account.	Will consider it in next financial year.	PF should be deposited immediately.
6	During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Nigam. Further it was also observed that return was also not filled for TDS &	Will consider it in next financial year.	Separate register must be prepared. All statutory compliances related to deduction, deposition and return filling should be complied.



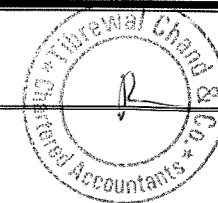
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

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



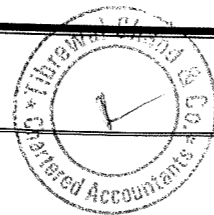
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

	very poor. <i>(Refer details audit report)</i>	improve the collection from internal resources.	
14	During the course of Audit, we observed that Nagar Nigam has conducted internal audit for the year 2016-17 but the compliance report for the same has not been prepared.	Necessary action will be taken.	Compliance must be prepared.
15	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 Nigam 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 addressed to minimize delay. (iii) Need to identify a person to comply with the statutory compliance. In case failure to comply with statutory compliances he should also be penalized. Therefore, the management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.
16	Non-Compliance of Act & Rules	ULB staff is directed to ensure compliance of all applicable Act & Rules.	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.
17	No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.	ULB staff is directed to comply with BMA-2007	As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of municipal accounts committee each year. During our audit no any evidence has been



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

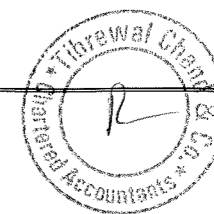
			produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.
18	Non-Implementation of double entry accounting system (DEAS)	Implementation of DEAS is ongoing and ULB staff is directed to cooperate with auditors and to provide all necessary documents for audit.	Double entry accounting system is required to be implemented at the earliest. Entries in accounting software have been done by K.K. Chanani & Associates, Chartered Accountants, for the financial year 2014-15 and 2015-16.
19	Non-maintenance of required registers as per Rule No.-3 of BMAR-2014	ULB staff is directed to follow and comply the guidelines of BMAR	Details of registers not maintained by ULB are mentioned under Part-B (a). ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 of BMAR-2014.
20	Non adjustment of advances	Necessary action for recovery of such will be taken.	Advancer register should be produced to auditors for verification.
21	Trade License issue & renewal is not maintained by Nagar Nigam. Many trade license agreements are elapsed but the same have not been renewed yet	Necessary action will be taken.	There should be proper monitoring by the ULB.
22	Market wise collection of rent is not maintained by the ULB. The register maintained for rent collections from shops do not contain the details of taxable area of shop, periods pertaining to which the rent is due and the interest due against late payment. So, the demand of market rent cannot be calculated properly.	Necessary action will be taken.	It should be maintained properly.



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

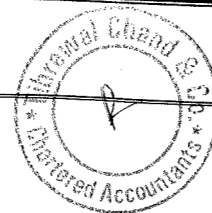
			<i>(Details given in audit report)</i>
23	Non-renewal of rent agreement <i>(Refer detailed audit report)</i>	Necessary action will be taken.	Nagar Nigam must renewal rent agreement as early.
24	Non-providing of Utilization certificate for the reporting audit period	UC details given to auditors. Staff will initiate working on this matter in next financial year.	Grant is blood of ULB. Therefore, for getting grant and running the ULB working smoothly it is requirement of grant. Further timely submission of utilization certificate helps the grant realizing authority to send the money for fulfill the requirement of future. Therefore, management should ensure that UC has been submitted with concerned department on time.
25	Non-compliance of procurement process. <i>(Details given in audit report)</i>	Will be considered in next financial year.	Nagar Nigam must be compiled procurement rules & regulations.
26	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 Purnia Nagar Nigam, 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.
27	Non providing of treasury balance	Will be considered in next financial year.	Treasury balance should be reconciled and produced to auditor for verification.

Signed discussion note is attached herewith the report.



6. Acknowledgement:-

We convey our heartfelt thanks to the entire team of "Purnea Municipal Corporation" for rendering their help in successfully completing the assignment.



Detailed Audit Report

1. Introduction: Purnia is a Municipal Corporation city in district of Purina, Bihar. The Purnia city is divided into 46 wards for which elections are held every 5 years. The Purnea Municipal Corporation has population of 2,82,248.

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

2. Administration: -

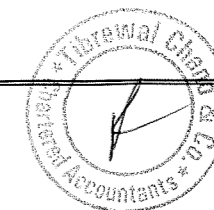
The Present governing body of the ULB has taken charge on 2012. The incumbencies in the key administrative and executive positions are as under:

- Smt. Sarita Devi is Mayor holding post from 24th August, 2018 to till the date of Audit.
- Mr. Vijay Kumar Singh is the Municipal Commissioner holding post from 11th July, 2018 to till the date of Audit.

3. Review of outstanding Audit Paras :

Status of Audit observations is as under:

Sl. No.	Particulars of audit and date of report	Total no. of Audit paras.	Total No. of Audit Paras where necessary improvement/corrective measure is require	Total No. of Audit paras where recovery of cash is proposed	Total No. of Audit paras where recover has been made	Total amount of recovery	Total No. of outstanding paras where no action has been taken	No. & date of compliance report
1	AG Audit (2017 to 2018)	19	19	0	0	0	19	Letter no. 25 dated- 04.02.2019 (Attached in Annexure "I")
2	Internal							Internal audit



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

Audit (2016-17)								report for FY 2016-17 was not received till 29-04- 2019 (audit date).
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(Note: Refer Discussion Note Point No. 14)

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

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

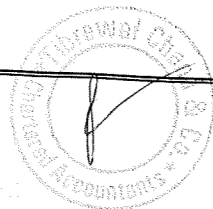
Year	2017-18	2016-17	2015-16
Final/Revised Budget	1,15,75,61,177.00	4,10,15,37,442.00	4,04,40,67,371.00
Actual Expenditure	60,92,20,913.00	72,74,21,506.00	64,91,82,828.00
Savings (+)/Excess(-)	54,83,40,264.00	3,37,41,15,936.00	3,39,48,84,543.00

Note: All figures taken from books of accounts.

ii. **Volume of Transactions :-**

Period	Budgeted 2017-18	Previous year (2016-17)	Current period	Cumulative for the current period
Opening Balance	1,33,76,10,158.00	98,58,18,606.00	1,33,76,10,158.00	1,33,76,10,158.00
Receipts	1,13,03,98,222.00	1,07,92,13,058.00	1,21,26,84,049.00	1,21,26,84,049.00
Total	2,46,80,08,380.00	2,06,50,31,664.00	2,55,02,94,207.00	2,55,02,94,207.00
Net expenditure	1,15,75,61,177.00	72,74,21,506.00	60,92,20,913.00	60,92,20,913.00
Closing Balance	1,31,04,47,203.00	1,33,76,10,158.00	1,94,10,73,294.00	1,94,10,73,294.00

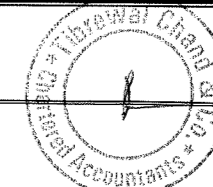
Note: All figures taken from books of accounts.



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

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

Name of Bank	Name of Scheme	Account No.	Passbook Balance	Cash Book Balance	Difference	Status
PNB	IHSDP (Infrastructure)	51528	10,73,19,794.89	10,73,19,794.89	Nil	Reconciled
PNB	IHSDP (Housing)	56213	2,75,98,826.89	2,75,98,826.89	Nil	Reconciled
PNB	SLUM Infrastructure	08366	3,88,94,609.00	3,88,94,609.00	Nil	Reconciled
HDFC	NULM	12261	1,75,89,178.50	1,75,89,178.50	Nil	Reconciled
SBI	E-Gov	34539	59,134.00	59,134.00	Nil	Reconciled
Canara Bank	Ray- Housing	02013	6,30,66,652.00	6,30,66,652.00	Nil	Reconciled
Canara Bank	Ray Infrastructure	02019	3,84,38,905.00	3,84,38,905.00	Nil	Reconciled
Canara Bank	SBM	01671	66,08,115.00	37,68,412.00	28,39,703.00	Unreconciled
HDFC	SamajikSu raksha Pension	64440	10,56,693.00	10,56,693.00	Nil	Reconciled
Canara Bank	5 th State FC	17069	28,16,586.00	28,16,586.00	Nil	Reconciled
Canara Bank	AMRUT Yojana	01655	20,53,26,067.00	20,53,26,067.00	Nil	Reconciled
Canara Bank	Bus Stand	01765	9,43,854.00	9,43,854.00	Nil	Reconciled
Canara Bank	Housing for all	01701	20,60,28,409.00	20,60,28,409.00	Nil	Reconciled
PNB	Holding Tax	50176	2,59,181.00	2,59,181.00	Nil	Reconciled
SBI	Current A/C	38032	2,46,933.50	2,46,933.50	Nil	Reconciled
UCO	Pension	01289	-	2,59,75,253.55	2,59,75,253.55	Cashbook not maintained



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

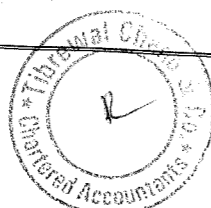
Bank	A/C					
SBI Current A/C	KabirAnet shthiYojana	18631	8,09,913.00	8,10,562.00	649.00	Unreconciled

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

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

iv. Revenue & Capital Receipts :-

Sl. No.	Details	Amount (Rs.)	
		2017-18	2016-17
		Total Receipts (A+B)	1,21,26,84,049.00
A	Revenue Receipts (1+2+3)	79,23,01,400.00	78,47,74,839.00
1	Own Revenue Receipts	12,95,96,792.00	11,95,83,435.00
a)	Tax Revenue (Levied & Collected By municipal Body) (i+ii)	5,88,27,153.00	5,78,31,544.00
i)	Property Tax	5,47,46,802.00	4,83,27,736.00
ii)	Other Tax (Levied & Collected By municipal Body)	40,80,351.00	95,03,808.00
b)	Non Tax Revenue (Levied & Collected By municipal Body) (i+ii+iii)	3,92,75,035.00	4,01,80,662.00
i)	Fess & Fines	2,82,31,397.00	2,81,26,676.00
ii)	User Charges	6,47,000.00	15,11,400.00
iii)	Other Non-Tax Revenue (Levied & Collected By municipal Body)	1,03,96,638.00	1,05,42,586.00
2	Other Revenue Receipts	3,14,94,604.00	2,15,71,229.00
a)	Income from interest/Investments	2,89,52,743.00	1,64,24,258.00
b)	Other Revenue Income	25,41,861.00	51,46,971.00
3	Transfers/grants/Assigned Revenues	66,27,04,608.00	66,51,91,404.00
a)	State Assigned Revenues	5,42,85,363.00	10,08,46,583.00



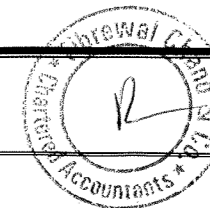
Internal Audit Report for the year ended 31st March of F.Y. 2017-18

b)	State Finance Commission (SFC) Grants/Devolution	60,84,19,245.00	56,43,44,821.00
c)	Octroi Compensation	-	-
d)	Other State Government transfers	-	-
e)	Central Finance Commission (CFC) Grants	-	-
f)	Other Central Government transfers	-	-
g)	Others	-	-
B	Capital Receipts (1+2+3+4+5)	42,03,82,649.00	29,44,38,219.00
1	Sale of Municipal Land	-	-
2	Loan (From state Govt. or Banks etc.)	-	-
3	State Capital Account Grant (Under state Scheme etc.)	14,96,94,100.00	11,22,35,396.00
4	Central Capital Account Grant (Under central Scheme etc.)	27,06,88,549.00	18,22,02,823.00
5	Other Capital Receipts	-	-

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

v. Revenue & Capital Expenditure Information :-

Sl. No.	Details	Expenditure Details	
		2017-18	
		2017-18	2016-17
	Total Expenditure (1+2)	60,92,20,913.00	72,74,21,506.00
1	Revenue Expenditure	35,17,71,070.00	40,41,15,908.00
1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	7,22,04,909.00	7,17,94,316.00
1.2	Operation & Maintenance (O & M)	2,94,45,343.00	2,58,60,870.00
1.3	Loan Repayment (Interest Payments)	-	-
1.4	Others (any other revenue Expenditure which is not salaries, O&M & or interest payment)	25,01,20,818.00	30,64,60,722.00



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

2	Capital Expenditure	25,74,49,843.00	32,33,05,598.00
2.1	All developmental works under central/state specific schemes	25,74,49,843.00	30,32,79,455.00
2.2	Loan Repayments	-	-
2.3	Other capital expenditure	-	2,00,26,143.00

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

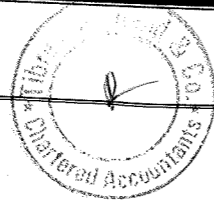
vi. Status of implementation of double entry accounting system:

Double entry accounting system is required to be implemented at the earliest. Entries in accounting software have been done by K.K. Chanani & Associates, Chartered Accountants, for the financial year 2014-15 and 2015-16.

(Note: Refer Discussion Note Point No. 18)

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

(Note: Refer Discussion Note Point No. 17)



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5. Audit Observations: -

I. Part-A

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

Holding and Property tax not deposited:

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

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

Condition: Property tax collector did not deposit collected tax amount to the cashier on daily, which has to be done on daily basis according to Bihar municipal accounting rules 2013.

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

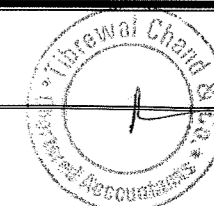
Cause: This happens due to non-follow up and monitoring of activities of Tax Collector by the concerned officer on regular interval.

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

(Note: Refer Discussion Note Point No. 02 and 04)

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: The ULB is not charging late fine @1.5% in case of delayed payment after due date. Also, does not increase renewal fees by 25% in every 5 years. Amount of tower tax under accounting head 110 (18) Rs.1, 88, 93, 000/- was budgeted for 2017-18 but actual collection was only Rs. 11, 87,900/- Tower tax demand raised but interest calculation for outstanding amount is not calculated.

Consequence/Effect/ Impact: Due to non-deposition of Tower Rent with the stipulated time line, ULB incurred heavy revenue loss.

Cause: We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has no proper mechanisms for supervision and monitoring of the Tower Rent due to which result in Revenue leakage. While checking the files and other relevant records company wise outstanding was not maintained properly and o/s detail of Rs. 1, 77, 05,100 Lakhs was found. In absence of proper demand and collection register it was difficult to find the exact demand and outstanding.

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

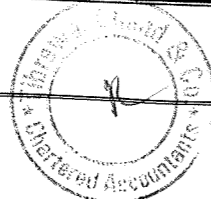
(Note: Refer point no. 1 of discussion note)

Non Collection of Advertisement Tax:

Criteria: Advertisement Taxes, in case auctioned to external agencies, shall be recognized as per the terms of agreement. In all other cases, when permission for advertisement is granted for the first time, the Advertisement Tax shall be accrued at the point when Tax is paid and permission is granted. After the first year, Advertisement Tax shall be accrued when renewal is due.

Condition: Nagar Nigam is not collecting any advertisement tax.

Consequence/Effect/Impact: Due to no collection of advertisement tax there is a huge revenue loss to the Nagar Nigam.



Cause: This is happens due to failure of designated staff and non-monitoring of authorized officials on timely basis.

Corrective Action/ Recommendation: There should be proper collection and monitoring mechanism for advertisement tax.

Trade License Registration:

Audit Objective: As per TOR.

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

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

Consequences/ Effect/ Impact: Revenue Loss.

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

Recommendation: There should be proper monitoring by the ULB.

(Note: Refer Discussion Note Point No. 21)

a) **Market Rent**

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

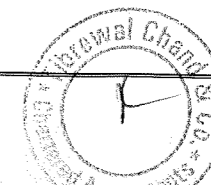
Criteria: As per Bihar Municipal Act.

Condition:

Market wise Collection of Rent is not maintained by the Corporation.

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

In some cases, market rent is due for a long period whose list is attached as below:



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

Sl. No.	Name and Address	Stall No.	Amount
1	Aarif Alam Station Road	18	40,060.00
2	Kumari Shiv Priya	80A	64,360.00
3	Srimati Sulochna Jha	06	21,990.00
4	Ritesh Kr Yadav Station Road North	74	23,025.00
5	Mukhtar Ahmad	49	10,080.00

Proper initiative is required to collect the dues.
The collection of market rent is very poor, and needs improvement.
Below are the outstanding details of 20 markets that are owned by the Municipal Corporation.

No. of Markets	No. of Shops	Previous Arrear	Current Arrear	Total Amount	Collection Amount	Outstanding Amount
20	469	28,33,326	45,60,504	73,93,830	18,88,524	55,05,306

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

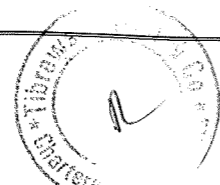
Cause: This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the shop which results in Revenue leakage.

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

(Note: Refer Discussion Note Point No. 22)

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

While checking the market rent agreement, few cases were found where proper agreement were not made with tenant and in some cases agreement is either lapsed or incomplete whose list is attached as below:



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

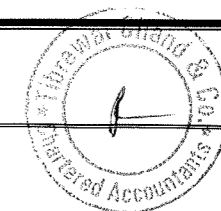
Name of markets	Stall No.	Owner	Agreement Found	Remarks
Madhubani Bazaar	98	Bimla Devi	Dated 01/09/1996 for 10 years	Agreement has expired.
Madhubani Bazaar	99	Kundan Kumar	Dated 01/09/1996 for 10 years	
Madhubani Bazaar	95	Tuntun Prasad Keshri	Dated 01/09/1996 for 10 years	
Madhubani Bazaar	94	Bhagwan Prasad Keshri	Dated 01/09/1996 for 10 years	
Taxi Market Stand	1	Manoranjan Chakarborty Kr.	Blank/ unsigned agreement	Proper signed agreements have to be kept
Taxi Market Stand	2	Sanjula Devi		
Taxi Market Stand	3	NehaChoudhary		
Taxi Market Stand	5	SoniKumari		
Taxi Market Stand	4	Indrawati Devi	Dated 16/04/2005 for 10 years	
Kala Bhawan Market	1	ShriHari Prasad Singh	No agreement found	Agreements required
Kala Bhawan Market	7	ShreematiSannaPoddar	No agreement found	
Kala Bhawan Market	2	Binod Kumar Singh	No agreement found	
Kala Bhawan Market	3	Dilip Kumar Thakur	No agreement found	

(Note: Refer Discussion Note Point No. 23)

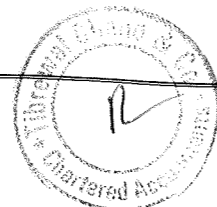
Report on Findings of the field survey of property tax of minimum 20 high value properties is given here: -

Physical verification has been done in different wards of Purnea Municipal Corporation and observation from SAS from is given in below:

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



Sl. No	Name of Holding Holder	Ward No.	Holding no.	Type of properties	Yearly Property Tax amount
1	Bijendra	23	8	Residential	6,03,243.00
2	Nav Bharat Mission School	602	8	Commercial	19,852.00
3	Salander Kumar Gupta	15	46	Residential	78,183.00
4	New India Amajen Journalist	259	45	Commercial	1,89,493.00
5	Bright Katiyer School	323	24	Commercial	1,05,323.00
6	Mohan Kediya	38/882	38	Residential	51,708.00
7	Solvining Mission	207	41	Commercial	89,489.00
8	Indra Kumar Chopra	263	39	Residential	47,686.00
9	Kumar Suman	714	41	Residential	60,709.00
10	Kafil Ahemad	933	36	Residential	35,422.00
11	Mukesh Jayshal	257	41	Residential	3,530.00
12	Lalit Agarwal	441,442,443	36	Residential	81,033.00
13	Chandra Kala Jajani	329	36	Residential	23,101.00
14	Anadi Bhawal	131	41	Residential	51,631.00
15	Neha Saraf	453	36	Residential	57,278.00
16	Nidhi Jhalan	454	36	Residential	30,671.00
17	Max 7 Hospital	234/308	30	Commercial	1,32,904.00
18	Ranju Saha Hotel	330	36	Commercial	60,218.00
19	Deelip N. Roy	11/086	30	Residential	87,126.00
20	Dr. Tanvir Alam	363	30	Commercial	67,363.00
21	Rar Kumar Bhagat	88/79	16	Residential	37,622.00

**Part B**

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

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

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

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

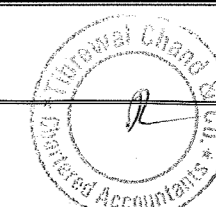
(Note: Refer Discussion Note point no.19)

b. **Irregularity in procurement process:**

- **Scheme Name:** - Construction of PCC road in Group no. 17, ward no. 26 from Md. Arman House to Durga Mandir Road.
Tender Cost- 7,13,800
Work Order dated:- 19.07.2017

Findings:

Board meeting Proceedings for work is not attached.



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Junior engineer report for the work is not prepared hence, not attached.
Site photographs prior to the start of assignment are also not attached.
Final certificate for completion of work is not obtained from engineer in charge.
Running bill is not presented/ found in the file and payment is made.

• **Scheme Name**

Construction/ Renovation of old Damaged drain from station road to house of Gautam dutta and Deepak sha to Gurukul Coaching Centre Culverts via House of Anil dutta and kartik Roy at ward no. 40.

Tender Cost:- 38,52,200
Tender Award Value:- 34,66,980
Work Order dated:- 19.01.2017

Finding:-

Board meeting Proceedings for work is not attached.
Junior engineer report for the work is not prepared hence, not attached.
Site photographs prior to the start of assignment are also not attached.
Final certificate for completion of work is not obtained from engineer in charge.
Running bill is not presented/ found in the file and payment is made.

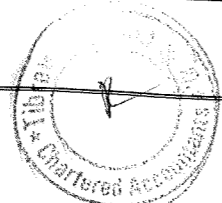
(Note: Refer Discussion Note point no.25)

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



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

(Note: Refer Discussion Note Point No. 16)

e. Lack of Internal Control Measures:

- There is lack of internal control w.r.t collection of taxes.
- There is no proper cash handling neither any locker was kept by the ULB.
- Grant Register is not being maintained hence it is difficult to find unutilized grant at any point of time.
- Voucher file was not maintained
- No internal mechanism for statutory compliance
- No MIS was prepared for tracking of payments

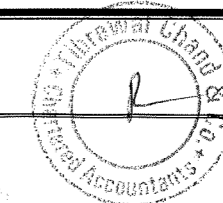
(Note: Refer Discussion Note Point No. 15)

f. Non- Compliance of TDS, VAT, and other relevant statute: There is lack of internal control on deduction and deposit of various taxes. On deduction of taxes, liability is not created hence it is difficult to ascertain tax payable at any point of time. Taxes such as Goods & Service Tax (GST), TDS, Royalty, and Labor Cess etc. are collected from time to time but payments were not proper. Taxes should be remitted to the Govt. account on a timely basis otherwise delayed interest charges may be imposed. As per Sec 234E of Income Tax Act, 1961; late fees of Rs. 200 per day are imposed if the return is not filed within the due date.

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

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

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



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

h. Utilization certificate report on grants allotted during the year:

Details of UCs related to FY: 2017 – 18 are given as *Annexure*.

(Note: Refer Discussion Note point no. 24)

i. Physical Verification of the inventories and stores: Fixed assets register is prepared by K.K. Chanani & associates, chartered accountants. Who are not official verified.

It was observed that unique codes mentioned on the fixed assets are not properly recorded in the register. As a result, it is difficult to confirm the identity as well as location of the assets. Moreover no physical Verification is conducted for the fixed assets.

(Note: Refer Discussion Note point no. 9)

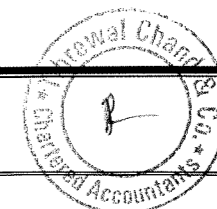
j. Advances: No advance was given to any staff during the FY

(Note: Refer Discussion Note point no. 20)



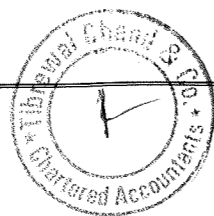
II. Part C

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



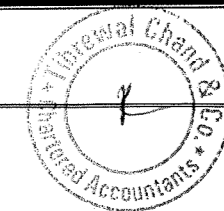
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5	If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sai rat etc. have incurred then quantify the same.	It has been discussed in discussion notes and audit report under part A.
6	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.	Discussed in audit report Part A.
7	Whether all Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Refer detailed audit report.
8	An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Refer audit report.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	It has been provided in discussion notes as well as in audit report under part A.
10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies.	It has been provided in discussion notes as well as in audit report under part A.
11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No fixed deposit made during the F.Y. 2017-18. All funds held by ULB are maintained at Nationalized Banks and rate of interest is per banking norms.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses	It has been provided in discussion notes as well as in audit report under part A.



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	have been identified then prepare a statement of loss for revenue losses.	
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	It has been provided in discussion notes as well as in audit report under part A.
14	Whether C&AG and Internal audit paras have been complied, if not assistance has been provided in this regard.	Discussed in detailed audit report and also annexure attached.



SN	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2017-18	नगर प्रबंधक मानदेय	31/05/2017	1.97	1.97	NIL	UC Submitted
2	2017-18	महापौर / उपमहपौर तथा वार्ड पार्श्वों का भत्ता	15/06/2017	15.84	15.84	NIL	Out of Rs. 15.84 UC Amounting Rs. 1.57 Not submitted.
3	2017-18	पेशाकर	30/06/2017	93.98	NIL	93.98	Un-utilised amount Rs. 93.98 transferred to PL A/C
4	2017-18	पथ एवं पुलिया निर्माण	27/07/2017	18.42	NIL	18.42	Un-utilised amount Rs. 18.42 transferred to PL A/C
5	2017-18	14वीं वित्त आयोग	02/08/2017	252.78	NIL	252.78	Un-utilised amount Rs. 252.78 transferred to PL A/C
6	2017-18	14वीं वित्त आयोग	02/08/2017	252.78	NIL	252.78	Un-utilised amount Rs. 252.78 transferred to PL A/C
7	2017-18	मुख्यमंत्री शहरी नाली गली पक्कीकरण निश्चय योजना	11/08/2017	391.14	327.82	63.32	Un-utilised amount Rs. 63.32 transferred to PL A/C and out of Rs. 327.82 UC is not submitted for Rs. 327.82
8	2017-18	सफाई व्यवस्था सुधारने हेतु	24/08/2017	324.35	324.35	NIL	out of Rs. 324.35 UC is not submitted for Rs. 324.35
9	2017-18	5th Finance	14/09/2017	1430.79	464.01	966.78	Un-utilised amount Rs. 966.78 transferred to PL A/C and out of Rs. 464.01 UC is not submitted for Rs. 464.01
10	2017-18	मुख्यमंत्री शहरी नाली गली पक्कीकरण निश्चय योजना	30/10/2017	122.74	NIL	122.74	Un-utilised amount Rs. 122.74 transferred to PL A/C
11	2017-18	मुख्यमंत्री शहरी नाली गली पक्कीकरण	30/10/2017	197.64	NIL	197.64	Un-utilised amount Rs. 197.64

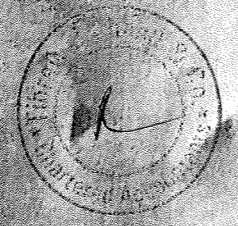
SN	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
12	2017-18	मुख्यमंत्री शहरी नाली गली पक्कीकरण निश्चय योजना	30/10/2017	15.02	NIL	15.02	transferred to PL A/C
13	2017-18	नगर प्रबंधक का मानदेय	28/12/2017	1.97	1.97	NIL	Un-utilised amount Rs. 15.02 transferred to PL A/C
14	2017-18	14वीं वित्त आयोग	24/01/2018	252.14	NIL	252.14	UC Submitted
15	2017-18	14वीं वित्त आयोग	24/01/2018	252.14	NIL	252.14	Un-utilised amount Rs. 252.14 transferred to PL A/C
16	2017-18	पथ एवं पुलिया निर्माण	15/02/2018	177.21	NIL	177.21	Un-utilised amount Rs. 177.21 transferred to PL A/C
Grand Total				3800.91	1135.96	2664.95	



Discussion Note

Purnea Municipal Corporation

S/N	Observation	Management Comment	Recommendation
1	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 50,000/- per Tower and the Renewal fee is Rs. 15,000/- per year. During the course of audit it was observed that Rs 1,77,05,100 is due towards Tower Company for financial year 2017-18. (Details given in report)	This will be strictly taken care by next financial year and Nagar Nigam will take necessary steps to recover or boost revenue from towers.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	During audit observed that property tax is not being deposited by tax collector on same day.	Tax collectors are directed to deposit the tax.	It should be recovered from concerned person and same should be deposited into bank.
3	Report on Findings of the field survey of property tax of minimum 20 high value properties. (Refer details audit report)	ULB staff is directed to cooperate with auditors and to provide all the necessary documents for audit.	Physical survey was conducted for conducting physical verification. Further SAF forms were not provided for 20 high value properties as per list provided by us.
4	Demand Register for collection of Trade License, property tax & shop rent for the financial year 2017-18 is not yet prepared.	All tax collector cashier, cashier and tax daroga is directed to make necessary attempt in this regard.	Demand register should be prepared.
	PF deducted from all permanent staff salary but not deposited in his PF account.	Will consider it in next financial year.	PF should be deposited immediately.
	During the audit various cases were reported regarding non deduction of statutory dues like Excise and Royalty in Nagar Nigam. It was observed that TDS & other statutory dues were not being collected by	Will consider it in next financial year.	Separate register must be prepared. All statutory compliances related to deduction, deposition and return filling should be complied.



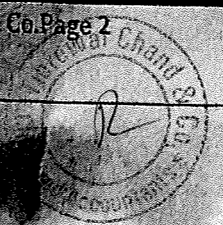
Signature
Commissioner
Purnea Municipal Corporation

Signature
10-8-2020

Discussion Note

Purnea Municipal Corporation

	... Nagar Nigam was not ... therefore we ...		
	... will consider it in next financial year.		BRS should be maintained monthwise.
8	(i) Improper maintenance of records related to revenue collection. (ii) During the audit it was observed that mobile tower tax is not getting collected on a timely basis and even if it is getting collected, the same is not deposited timely.	Nagar Nigam ensure that this will be taken care from now onwards.	(i) Daily collection register for property tax should be maintained and appropriate action should be taken. (ii) Collection should be made on a regular basis and deposited on the same day to avoid any irregularity.
9	Non preparation of stores register	Will consider it in next financial year.	Due to non-maintenance of stock register, it will become difficult to identify quantity of each class of stock. So, the ULB should maintain a store ledger including price of inward goods.
10	Purnea Municipal Corporation is not in practice to prepare monthly receipt and payment account and the trial balance.	Will consider it in next financial year.	ULB should prepare receipts and payment account on monthly basis. It helps to find out that how much fund received by the ULB and whether its utilization was made properly or not.
	Daily wages register were not produced to us for audit.	ULB staff is directed to provide all the necessary documents to auditors.	Daily wages register should be made available to auditors.
12	Scheme register not prepared for the financial year 2017-18	Necessary action will be taken.	Separate register should be maintained for each scheme.
13	Collection of internal resources is very poor. (Refer details audit report)	Nagar Nigam will take steps to improve the collection from internal resources.	It should be timely collected.



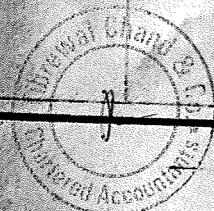
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Commissioner
Purnea Municipal Corporation

Signature
10-8-2020
Internal Auditor

Discussion Note

Purnea Municipal Corporation

14	During the course of Audit, we observed that Nagar Nigam has conducted internal audit for the year 2016-17 but the compliance report for the same has not been prepared.	Necessary action will be taken.	Compliance must be prepared.
15	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 Nigam 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 addressed to minimize delay. (iii) Need to identify a person to comply with the statutory compliance. In case failure to comply with statutory compliances he should also be penalized. Therefore, the management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.
16	Non-Compliance of Act & Rules	ULB staff is directed to ensure compliance of all applicable Act & Rules.	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.
	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



Signature
Municipal Commissioner
Municipal Corporation
PURNEA

Signature
10-8-2020
Treasurer
Audit

Discussion Note

Purnea Municipal Corporation

			committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.
18	Non-Implementation of double entry accounting system (DEAS)	Implementation of DEAS is ongoing and ULB staff is directed to cooperate with auditors and to provide all necessary documents for audit.	Double entry accounting system is required to be implemented at the earliest. Entries in accounting software have been done by K.K. Chanani & Associates, Chartered Accountants, for the financial year 2014-15 and 2015-16.
19	Non-maintenance of regular registers as per Rule No-3 of BMAR-2014	ULB staff is directed to follow and comply the guidelines of BMAR	Details of registers not maintained by ULB are mentioned under Part-B (a). ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 of BMAR-2014.
20	Non adjustment of advances	Necessary action for recovery of such will be taken.	Advancer register should be produced to auditors for verification.
21	Trade License issue & renewal is not maintained by Nagar Nigam. Many trade license agreements are elapsed but the same have not been renewed yet.	Necessary action will be taken.	There should be proper monitoring by the ULB.
22	Market wise collection of rent is not maintained by the ULB. The register maintained for rent collections from shops do not contain the details of taxable area of shop, periods pertaining to which the rent is due and the interest due against late payment. So, the demand of market rent cannot be calculated properly. (Details given in audit report)	Necessary action will be taken.	It should be maintained properly.
23	Non-renewal of rent agreement	Necessary action will be taken.	Nagar Nigam must renewal



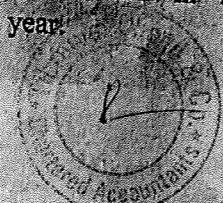
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Municipal Commissioner
Municipal Corporation
PURNEA

Signature
10-8-2020
Treasurer
Audit

Discussion Note

Purnea Municipal Corporation

24	Non-providing of Utilization certificate for the remaining audit period.	UC details given to auditors. Staff will continue working on this matter in next financial year.	Grant is blood of ULB. Therefore, for getting grant and running the ULB working smoothly it is requirement of grant. Further timely submission of utilization certificate helps the grant realizing authority to send the money for fulfill the requirement of future. Therefore, management should ensure that UC has been submitted with concerned department on time.
25	Non-compliance of procurement rules & regulations.	Will be considered in next financial year.	Nagar Nigam must be complied procurement rules & regulations.
26	Non-compliance of Bihar Municipal Act 2007.	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 Purnia Nagar Nigam, 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.
27	Non providing of treasury balance	Will be considered in next financial year.	Treasury balance should be reconciled and produced to auditor for verification.



[Signature]
Municipal Commissioner
Municipal Corporation
PURNEA

[Signature]
10.8.2020

Details of high value properties:-

Discussion Note

Purnea Municipal Corporation

S/N	Name of Holding Holder	Ward No.	Holding no.	Type of properties	Yearly Property Tax amount
1	Bijendra	23	8	Residential	6,03,243.00
2	Nav Bharat Mission School	602	8	Commercial	19,852.00
3	Salander Kumar Gupta	15	46	Residential	78,183.00
4	New India Amajen Journalist	259	45	Commercial	1,89,493.00
5	Bright Kanyer School	323	24	Commercial	1,05,323.00
6	Mohan Keshari	38/882	38	Residential	51,708.00
7	Sonising Mission	207	41	Commercial	89,489.00
8	Judra Kumar Choudhary	263	39	Residential	47,686.00
9	Kumar Suman	714	45	Residential	60,709.00
10	Kafl Ahmed	933	36	Residential	35,422.00
11	Writul Kishan	357	41	Residential	3,530.00
12	Raj Aggarwal	441, 442, 443	36	Residential	81,033.00
13	Chandir Subramaniam	329	36	Residential	23,101.00
14	Anadi Bhayal	131	41	Residential	51,631.00
15	Neha Saraf	453	36	Residential	57,278.00
16	Nidhi Jhalan	454	36	Residential	30,671.00
17	Max 7 Hospital	234/308	30	Commercial	1,32,904.00
18	Ranju Saha Hotel	330	30	Commercial	60,218.00
19	Deslip N. Roy	11/086	30	Residential	87,126.00
20	Dr. Tanvir Alam	363	30	Commercial	67,363.00
21	Raj Kumar Bhagat	88/79	36	Residential	37,622.00



[Signature]
Municipal Commissioner
Municipal Corporation
PURNEA

[Signature]
10.8.2020

Details of high value properties:-

Discussion Note

Purnea Municipal Corporation

Name of Bank	Name of Scheme	A/C No.	Passbook Balance	Cash Book Balance	Difference	Status
PNB	IHSDP (Infrastructure)	51528	10,73,19,795	10,73,19,795	Nil	Reconciled
PNB	IHSDP (Housing)	56213	2,75,98,827	2,75,98,827	Nil	Reconciled
PNB	SLUM Infrastructure	08366	3,88,94,609	3,88,94,609	Nil	Reconciled
HDFC	NULM	12261	1,75,89,179	1,75,89,179	Nil	Reconciled
SBI	E-Gov	34539	59,134	59,134	Nil	Reconciled
Canara Bank	Ray- Housing	02013	6,30,66,652	6,30,66,652	Nil	Reconciled
Canara Bank	Ray Infrastructure	02019	3,84,38,905	3,84,38,905	Nil	Reconciled
Canara Bank	SBM	01671	66,08,115	37,68,412	28,39,703	Unreconciled
HDFC	Samant Singh Pension	64440	10,56,693	10,56,693	Nil	Reconciled
Canara Bank	5 th State FC	17069	28,16,586	28,16,586	Nil	Reconciled
Canara Bank	AMRUT Yojana	01655	20,53,26,067	20,53,26,067	Nil	Reconciled
Canara Bank	Bus Stand	01765	9,43,854	9,43,854	Nil	Reconciled
Canara Bank	Housing for all	01701	20,60,23,409	20,60,23,409	Nil	Reconciled
PNB	Holding Tax	50176	2,59,181	2,59,181	Nil	Reconciled
SBI	Current A/C	58032	2,46,934	2,46,934	Nil	Reconciled
UCO Bank	Pension A/C	01289		2,59,75,254	2,59,75,254	Cashbook not maintained
SBI Current A/C	Kabir Anetshifi Yojana	18631	8,09,649	8,10,562	649	Unreconciled



Tibrewal Chand & Co. Page 7

Municipal Commissioner
Municipal Corporation
PURNEA

10-8-2018
Tibrewal Chand & Co.

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

Annexure "I"

कार्यालय नगर निगम, पूर्णियाँ।

पत्रांक /

प्रेषक,

नगर आयुक्त,
नगर निगम, पूर्णियाँ।

सेवा में,

वरीय लेखा-परीक्षा अधिकारी,
शहरी स्थानीय निकाय/समाजिक प्रक्षेत्र-1,
स्थानीय लेखा परीक्षा शाखा,
पटना।

A-1
06.02.19

विषय :-

अंकेक्षण प्रतिवेदन संख्या-288/17-18, 1769/15-16, 152/10-11, 21/11-12 एवं
450/12-13 का अनुपालन प्रतिवेदन समर्पित करने के संबंध में।

50-7
CP
06.12.19

महाशय,

उपर्युक्त विषयक विगत पाँच वित्तीय वर्षों का अंकेक्षण अनुपालन प्रतिवेदन साक्ष्य सहित
समर्पित किया जा रहा है।

कृपया स्वीकार करना चाहेंगे।

विश्वामाज
6/2/19

विश्वासमाजन,

-

नगर आयुक्त,
नगर निगम, पूर्णियाँ।

प्रतिलिपि :-

ज्ञापांक 25/दिनांक 04.02.19
प्रधान सचिव, नगर विकास एवं आवास विभाग, विहार, पटना को सादर सूचना प्रेषित।

6/2/19
नगर आयुक्त,
नगर निगम, पूर्णियाँ।

