

**ANNUAL INTERNAL AUDIT REPORT**

**OF ULB**

**(BIKRAM)  
FOR THE PERIOD**

**01/04/2018 TO 31/03/2019**

**CONDUCTED BY**

**M/s R. N. Singh & Co.  
208, Hem Plaza, Fraser Road  
Near Dak Bunglaw Chauraha,  
Patna – 8000010**

**From 21.08.2019 TO 30.08.2019  
Report Issued on 11<sup>th</sup> September 2019**

## Executive Summary

### 1. INTRODUCTION

Name of the Municipality	NAGAR PANCHAYAT BIKRAM
Period covered undercurrent audit	ANNUAL REPORT F/Y 2018-19
Name of Chief Municipal Officer for the period under Audit	Shri Rajeev Ranjan Kumar

### 2. Results and Findings

#### Strengths observed during the audit engagement.

- (a) All vouchers have supporting documents.
- (b) Office infrastructure is sufficient for operation.
- (c) Response from officer & Clerk are satisfactory.
- (d) Subsidiary Cash book has been maintained.

#### Weaknesses observed in the functioning of office, maintenance of records etc. Observed during the audit engagement

- (a) Bank Reconciliation Statement has not prepared by the ULB.
- (b) General Cash has not been maintained.
- (c) Demand and arrear register has not been maintained.
- (d) Double Accounting System has not been followed whereas accounting has been made on single entry system.
- (e) Fixed Assets Register is not maintained.
- (f) Advance Register is not maintained.
- (g) Stock Register is not maintained.
- (h) Daily collection register is (Revenue receipt wise) not maintained.
- (i) TDS, GST, Royalty and Labour Cess have been deducted but it has not been deposited till date. Therefore, TDS Return has not filled till date. As per Income Tax Act 1961, penalty may be levied on ULB. It is a statutory irregularity.
- (j) Property / Holding tax has not been assessed on property by the ULB from Financial Year 2015-2016.
- (k) Tower tax has not been collected, since the establishment of the ULB even though number of tower is 6 as on 31-03-2019. Thus total outstanding tax amount is Rs533304 /- For registration fee, renewal fee.
- (l) Budget has not been sanctioned by the state government.
- (m) Section 84 of the Bihar Municipal Act, 2007. Provides that Municipality shall submit its budget intimates for the ensuring year to the State Govt. by 15<sup>th</sup> of the March. But information



furnished by the Nagar Panchayat revealed that budget estimates were not passed on time by the board, which resulted into delay transmission of the same to the State Government.

- (n) No Separate Grant register is being maintained; hence, it is difficult to find out the amount of unutilized grant at any point of time.
- (o) Attendance register not maintain on daily basis and same is not approved by competent authority on daily basis.
- (p) Cash book are not verified by EO on regular interval.
- (q) Cash book has not been written regularly by accountant same has been written by bank statement after long interval.
- (r) File Movement register not maintain.
- (s) Outward/Inward register not maintain.

### 3. Opinion

**As per Our Opinion the following improvements are required.**

- ULB is not working properly, even internal control is poor.
- Revenue collection of the ULB is very poor it has scope to increase to much higher level.
- All cash collection from source of revenue are not deposited in the bank on same day. It is deposited in the bank after making daily expenditure.
- Due to lack of manpower, there is delay in performing day-to-day work.
- There should be proper segregation of duties to perform day-to-day work in efficient manner.
- Bank reconciliation should be prepared on monthly basis.
- We find that rules and regulation are there but ULB is not following them properly.
- Most of the Books of Accounts as prescribed by BMAR are not maintained by the ULB.
- There are serious lapses in deduction and deposit of statutory dues, such as GST, Royalty, TDS, Labour Cess etc.
- Separate bank account should be maintained for each scheme

### 4. Audit Recommendations

**The Recommendation of Audit Team on the Observed weakness**

SL No	We Recommend the followings:-
1.	ULB should maintain all the book of accounts, register, records etc. as prescribe in Bihar Municipal Accounts Act, Manual and Rules and same should be regularly verified by the executive Officer.
2.	ULB should adopt Computerized accounting system it provides automatic ledger entries accuracy and speed of automatic calculation automatic production of trial balance from ledger entries and provide additional analysis.



3.	ULB should prepare receipt and payments accounts on monthly basis. due to which it become very easy to find out how much fund has been received by the ULB.
4.	ULB must have to refund the unutilized amount to the Urban Development& Housing Department.
5.	ULB have to be statutory returns with in prescribe time line and deposit the deducted amount as specified in statutory law.
6.	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.
7.	ULB should maintain all the books of account, register, records etc. as prescribe in Bihar municipal accounts Act, Manual and Rules.
8.	ULB should maintain log book of vehicles & generator so that consequently its analysis is possible.
11	Meeting of Municipal Account Committee are required to be held regularly to analyze the progress of various activities and accounting procedure.
12.	ULB should be prepare summary of daily collection in form GEN-13.
13.	ULB should prepare demand and arrear register of holding tax as soon as possible..
15	ULB should maintain DCR register separately for each head of its own revenue sources for appropriate internal control and also for appropriate disclosures of books of accounts.

#### 5. Comments from Management

As per discussion with Management, they have ensured that they are looking into the matter and proper action will be taken for all the irregularities coming out from audit.

Detail discussions on this are given in *Discussion Note* as

#### 6. Acknowledgement: -

We thank Mr. Rajeev Ranjan Kumar (Executive Officer), for his support during the period of our audit. We are also thankful to accountant and other staff of the Nagar Panchayat for their co-operation during the period of audit.

For R. N. SINGH & CO.  
Chartered Accountants  
ICAI Reg.No:322066E

CA Chanakya Shree  
Partner  
M.No: -079322



UDIN - 20079322AAAAJJ3730

Date - 06-06-2020

## Detailed Audit Report

### 1. Introduction

The Internal audit of (Bikram Nagar Panchayat) covering the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 was conducted by following persons under guidance of TL CA Chanakya Shree and MAE CA Ashok Kumar Pandey:

- i. Mr. Arun Kumar

### 2. Administration

The present body of the ULB has taken charge on 30<sup>th</sup> March 2010. The incumbency in the key administrative and executive positions was as under:

Shri Sunil Kumar Chairman from 30<sup>th</sup> March 2010 to till date.

Shrimati Savita Somya Commissioner/Executive Officer from 07 Sep 2015 to 4<sup>th</sup> Oct 2018

Shri Rajeev Ranjan Kumar Commissioner/Executive Officer from 5<sup>th</sup> Oct 2018 to till date.

### 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 required	Total no. of audit Paras where recovery of cash is proposed	Total no. of audit Paras where recovery has been made	Total amount of Recovery	Total no. of outstanding paras where no action has been taken	No. and Date of Compliance Report
1	AG Audit for the period 2013-14, 2014-15 & 2015-16	19	17	2	0	0	19	No compliance report provided to us for verification
2	Internal Audit Report dt 29.06.2016	9	9	0	0	0	9	No compliance report provided to us for verification
3	Internal Report for the period 2015-16	10	10	0	0	0	10	No compliance report provided to us for verification
4	Internal Report for the period 2016-17	9	9	1	0	0	9	No compliance report provided to us for verification
5	Internal Report for the period 2017-18	18	18	0	0	0	18	No compliance report provided to us for verification



**Detail Report on Compliance of Previous Internal Audit Report: -**

SL No	Audit Observation	Nature Of Irregularities	Complied/Not-Complied																														
1.	Cash Book has not been regularly authorized by the executive Officer.	Persisting Since 2014-15	Not-Complied																														
2.	Computerized accounting system has not been implemented by the ULB in F/Y2017-18.	Persisting Since 2014-15	Not-Complied																														
3.	ULB has not been in practice to prepare monthly receipt and payment account.	Persisting Since 2014-15	Not-Complied																														
4.	We observed that fund has not been utilized till the last year.	Persisting Since 2014-15	Not-Complied																														
5.	We observed that Statutory Compliance has not been accomplished by ULB. These statutory irregularities are following: TDS return has not been filled. Labor-cess & Royalty & VAT has not been deposited to concern department which is deducted from payment.	Persisting Since 2014-15	Not-Complied																														
6.	Amount Collected from own sources revenue has not been deposited into bank by the ULB on the same date/next to the same date as required.	Persisting Since 2014-15	Not-Complied																														
	<table border="1"> <thead> <tr> <th>Sl No</th> <th>Receipt no</th> <th>Amt</th> <th>Date of Receipt No</th> <th>Date of Deposited</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>816</td> <td>882</td> <td>27/01/18</td> <td>31/03/18</td> </tr> <tr> <td>2</td> <td>817</td> <td>335</td> <td>02/02/18</td> <td>31/03/18</td> </tr> <tr> <td>3</td> <td>818</td> <td>304</td> <td>17/02/18</td> <td>31/03/18</td> </tr> <tr> <td>4</td> <td>819</td> <td>416</td> <td>28/02/18</td> <td>31/03/18</td> </tr> <tr> <td>5</td> <td>820</td> <td>468</td> <td>28/02/18</td> <td>31/03/18</td> </tr> </tbody> </table>	Sl No	Receipt no	Amt	Date of Receipt No	Date of Deposited	1	816	882	27/01/18	31/03/18	2	817	335	02/02/18	31/03/18	3	818	304	17/02/18	31/03/18	4	819	416	28/02/18	31/03/18	5	820	468	28/02/18	31/03/18		
Sl No	Receipt no	Amt	Date of Receipt No	Date of Deposited																													
1	816	882	27/01/18	31/03/18																													
2	817	335	02/02/18	31/03/18																													
3	818	304	17/02/18	31/03/18																													
4	819	416	28/02/18	31/03/18																													
5	820	468	28/02/18	31/03/18																													
7.	Various register books of records etc. are not being prepared by the ULB such as fixed asset register, Stock register, Advance recovery register, Demand register, Collection register, Statutory register, with regard TDS,VAT,Royalty and Labour-cess etc.	Persisting Since 2014-15	Not-Complied																														
8.	Log book of vehicle & generator is not properly maintained and consequently its analysis is not possible.	Persisting Since 2014-15	Not-Complied																														



9.	Loss of Rs 4,86,304/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.	Persisting Since 2014-15	Not-Complied
10	Grant register not maintained by the ULB.	Persisting Since 2014-15	Not-Complied
11	Municipal accounts committee has not been constituted by the ULB.	Persisting Since 2014-15	Not-Complied
12.	ULB is not in practice to prepare summary of daily collection receipt in form GEN-13	Persisting Since 2014-15	Not-Complied
13.	Demand and arrear registers of holding tax are not prepared by the ULB.	Persisting Since 2014-15	Not-Complied
14.	Cash Book has not been written regularly by the Accountant, It has been written by bank statement after long time.	Persisting Since 2014-15	Not-Complied
15	Pay-roll system at the ULB is not maintain. The register, records relating to statutory deduction like PF, ESIC, Income tax are not maintained. the PF, ESIC with respect to contractual employee are neither deducted nor paid to the statutory authority.	Persisting Since 2014-15	Not-Complied
16	Bank Reconciliation Statement has not prepared by the ULB.	Persisting Since 2014-15	Not-Complied
17	Main Cash book has not maintained by the Accountant.	Persisting Since 2014-15	Not-Complied
18	Fixed Asset and store register not maintained.	Persisting Since 2014-15	Not-Complied

#### 4. Finance

##### I. Budgetary provisions and expenditure for the last three years

Year	2016-17	2017-18	2018-19
Final/Revised Budget	7,86,59,925.00	74376300.00	79546880.00
Actual Expenditure	6,19,02,613.00	74575534.80	97334896.72
Savings(+)/ Excess(-)	+16757311.35	-199234.80	-17788016.72



## II. Volume of transactions

Period	Budgeted 2018-19	Previous Year (For one Year)2017-18	current Year(for one year)2018-19
Opening balance	0.00	116648357.60	168592217.70
Receipts	81316880.00	126519395.00	88621967.17
Total	81316880.00	243167752.6	257214184.87
Net expenditure	79546880.00	74575534.80	97334896.72
Closing balance	1770000.00	168592217.70	159879288.15

## III. Bank Reconciliation: -

Since different scheme has been maintained in single cashbook therefore segregation of balances of different Scheme as on 31<sup>st</sup> March 2019 cannot be determined. Similarly, since through one bank account different schemes are being operated the bank balance of a particular scheme on a particular date cannot be determined. Bank Reconciliation Statement has not been prepared in the prescribed format by the ULB.

### Details of closing balance

Sr no.	Name of scheme / item	Bank name / account no.	Balance as per pass book	Balance as per cash book	Differences	Remarks BRS Prepared/ Not Prepared
1	Treasury	PLA-191	112517868.00	112517868.00	0.00	Reconciled
2.	SBM	UBI 6394	1284282.36	1284282.36	0.00	Not prepared
3.	HFA	UBI 8311	33753252.68	33753252.68	0.00	Not prepared
4.	Pension Yojna	UBI2122	84517.00	84517.00	0.00	Not prepared
5.	5 <sup>th</sup> finance	UBI 10828	2390499.56	2390499.56	0.00	Not prepared
6.	SISRY	SBI02526	1908.00	1908.00	0.00	Not prepared
7.	14 <sup>th</sup> finance	UBI7823	105460.00	105460.00	0.00	Not prepared
8.	13 <sup>th</sup> finance	SBI 8369 PNB 30897 CANARA 20554	6399 7.50	63997.50	0.00	Not prepared
9.	Nagar Sarkar Bhawan	UBI10186	405320.24	405320.24	0.00	Not prepared
10.	Jalapurti Yojna	UBI -4672	28894826.17	28894826.17	0.00	Not prepared
11.	e- Governance	UBI06598	2817.50	2817.50	0.00	Not prepared
12.	BRGF	CANARA 20553	591716.00	591716.00	0.00	Not prepared
13.	SBM	UBI06577	1422170.00	1422170.00	0.00	Not prepared
14.	Nagar Nidhi	SBI-38025	2510630.45	2510630.45	0.00	Not prepared
15	Sauchalay	ICICI-0637	2573090.00	2573090.00	0.00	Not prepared
16.	NULM	UBI-9683	106194.00	106194.00	0.00	Not prepared
17.	Kabir Anthysthi	UBI-4346	157521.00	157521.00	0.00	Not prepared



**Note:** -Some of the schemes such as Prasnuk Bhawan ,5<sup>th</sup> finance 4<sup>th</sup> finance, 14<sup>th</sup> finance, Peshakar, Stamp Duty, Rajya Path/ PuliyaNirman Yojana, Led Light, Excutive Officer, Maching Grant, Nagrik Subidha (Rajya Yojna) CM SwakshtaAbhiyan, NagrikSubidha (State Plan), Path Nirman (CM SahriNaliGali) Pakkikaran Yojana, Parshad, Upmukhya Parshad and Parshad Niyat Bhatta, NaliNirman, Peyajalpurti, Peyajalpurti (Mukhyamantri Sat Nischay) & City Manager schemes have been maintained through PLA

**IV. Revenue Receipts: -**

Income Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
<b>Total Receipts (A+B)</b>		<b>126519395.00</b>	<b>4,80,24,427.00</b>	<b>88621967.17</b>	<b>126519395.00</b>		
A.	<b>Revenue Receipts (1+2+3)</b>	<b>71516111.00</b>	<b>4,78,73,820.00</b>	<b>88621967.17</b>	<b>71516111.00</b>		
1.	<b>Own Revenue Receipts (a+b)</b>	<b>393565.00</b>	<b>1,50,607.00</b>	<b>2401411.00</b>	<b>393565.00</b>		
a)	<b>Tax Revenue</b> (levied and collected by municipal body)	<b>1473226.00</b>	<b>97,930.00</b>	<b>1522716.00</b>	<b>1473226.00</b>		
i)	Property tax	73926	<b>97,930.00</b>	239370.00	73926		
ii)	Other tax (levied and collected by municipal body)	1399300.00		1283346.00	1399300.00		
b)	<b>Non-tax revenue</b> (levied and collected by municipal body)	<b>323939.00</b>	<b>52,677.00</b>	<b>878695.00</b>	<b>323939.00</b>		
i)	Fees & fines			0.00			
ii)	User Charges	75196.00	<b>52,677.00</b>	116000.00	75196.00		
iii)	Other non-tax revenue (levied and collected by municipal body)	248743.00		762695.00	248743.00		
2	<b>Other Revenue Receipts</b>	<b>1069424.00</b>	<b>48,377.00</b>	<b>992351.17</b>	<b>1069424.00</b>		
a)	Income from interest/investments	1069424.00	<b>48,377.00</b>	992351.17	1069424.00		
b)	Other Revenue income			0.00			
3.	<b>Transfers/ Grants/ Assigned Revenues</b>	<b>123778546.00</b>	<b>4,77,41,999.00</b>	85228205.00	<b>123778546.00</b>		



a)	State Assigned Revenue	750113.00	14,09,007.00	0.00	750113.00		
b)	State Finance Commission (SFC) Grants/ Devolution	4212741.00	1,89,12,094.00	0.00	4212741.00		
c)	Octroi compensation			0.00			
d)	Other State Govt. Transfer	65263714.00	1,50,88,161.00	60340431.00	65263714.00		
e)	Central Finance Commission (CFC) Grant		1,23,32,737.00	9790881.00			
f)	Other Central Govt. Transfer	64739306.00		14748756.00	64739306.00		
g)	Others	24386238.00		348137.00	24386238.00		
<b>B.</b>	<b>Capital Receipts</b>		<b>83444.00</b>	<b>0.00</b>			
1	Sale of Municipal Land			0.00			
2	Loans (from State Govt. or Banks etc.)			0.00			
3	State Capital Account Grant (under State Schemes etc.)			0.00			
4	Central Capital Account Grant (under Central Schemes etc.)		83444.00	0.00			
5	Other Capital Receipts			0.00			

**V. Revenue and Capital Expenditure Information: -**

Expenditure Details (Amounts to be provided in Rupees)							
Sl. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	<b>Total Expenditure (1+2)</b>	<b>74575534.8</b>	<b>1,17,62,008.05</b>	<b>97334896.72</b>	<b>74575534.8</b>		
1	<b>Revenue Expenditure</b>	<b>4189465</b>		<b>1223963.54</b>	<b>4189465</b>		
1.1	Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	2978660		953450	2978660		



1.2	Operation and Maintenance (O&M)	1210805		189666.54	1210805		
1.3	Loan repayment (Interest payments)						
1.4	Others(any other revenue expenditure which is not salaries, O&M or Interest Payment)			80947			
<b>2.</b>	<b>Capital Expenditure</b>	<b>56088185.80</b>		<b>96110833.18</b>	<b>70386069.8</b>		
2.1	All developmental works under Central/State specific schemes	65386069.8		96110833.18	65386069.8		
2.2	Loan Repayments (Principal Amount)						
2.3	Other Capital expenditure	5000000			5000000		

**Note:** As per above reporting format, details of expenditure have not been accounted in concern ULB premises and same has not been reported in previous financial year internal audit report 2016-17, so we are unable to enclosed in report.

#### **VI. Status of implementation of Double Entry Accounting System**

Accounting of Nagar Panchayat Bikram has not been maintained as Double Entry Accounting System. The consultant for DEAS has been appointed but no financial accounts for 2018-19 is still to be prepared. The DEAS team Tibrewal Chand & Co has started work from.19.03.2019

#### **VII. Status of Municipal Accounts Committee; -**

Nagar Panchayat Bikaram has not been constituted Municipal Accounts Committee under section 98 of the Municipal Act, 2007.



## 5. Audit Observations

### Part – A

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

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

#### (i) Mobile Tower Collection: -

**Audit Objective** – As per Point No. – 5 of TOR

**Criteria** – Tower Tax is taxes on Communication Tower & related structure as defined in BIHAR COMMUNICATION TOWERS AND RELATED STRUCTURES RULES, 2012. As per the rule, all operators are required to register with their concerned ULBs and pay registration fee & renewal charges on annual basis for communication tower erected within municipal area. Currently the registration fee for Nagar Panchayat Rs. 30,000/- per tower and annual renewal fee is Rs. 8000/- per annum per tower

**Condition** –As per details provided to us there are total 6(six) Mobile Towers registered with this ULB up to 31.03.2019 and Rs.5,33,304/- has not been collected till the date of audit from these tower operators as Tower Tax.

**Consequence Effect/ Impact** - Due to non-collection 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 not 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.

S. N.	Company Name	Outstanding amount till 2017-18	Renewal charges for(2018-19)	Amount actually collected till 31.12.2018	Amount Due
1	Airtel	89,634.00	8,000.00	0.00	96,634.00
2	Tata	53,634.00	8,000.00	0.00	61,634.00
3	Idea	4,5634.00	8,000.00	0.00	53,634.00
4	Reliance	1,,23,384.00	8,000.00	0.00	1,31,384.00
5	Aircel	93,384.00	8,000.00	0.00	1,01,384.00
6	Tata Docomo	80,634.00	8,000.00	0.00	88,634.00
Total dues		4,86,304.00			5,33,304.00



**(ii) Advertisement Tax**

**Audit Objective** – As per Point No. – 5 of TOR

**Criteria**– Non – levied of advertisement tax by the ULB.

**Consequence / Effect / Impact** - Due to non - levied of collection of advertisement tax, there is a revenue loss to ULB.

**Cause**– This happens due to lack of awareness of imposition of advertisement tax of concerned person of the ULB.

**Corrective Action / Recommendation** – There should be proper monitoring and further steps are required to be taken for collection of advertisement tax by concerned ULB.

**(iii) Holding & Property Tax Deposit – Irregularity: -**

**Audit Objective** – As per Point No. – 5 of TOR

**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** - Tax Amount is not deposited timely into Bank. In some cases, collected amount has been retained by the Tax Collectors for a period of 1-2 months from the date of collection of taxes.

**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 updation 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 / Recommendation** – 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.

Sl No	Receipt no	Amt	Date of Receipt No	Date of Deposited
1	1214	315.00	07/02/2019	30/03/2019
2	1215	970.00	08/02/2019	30/03/2019
3	1216	389.00	09/02/2019	30/03/2019
4	1217	606.00	22/02/2019	30/03/2019
5	1218	304.00	22/02/2019	30/03/2019



**(iv) Holding & Property Tax Collection: -**

**Audit Objective** – As per Point No. – 5 of TOR

**Criteria** – Non-Collection of Property Tax/Holding Tax by the concerned ULB.

**Condition** – Property Tax is collected by the tax collector from all wards.

**Consequence / Effect / Impact** - Holding / Property Tax is collected by the tax collector from all wards but in some cases, property tax is not being collected from long period by the tax collector. Due to non-collection of Property/Holding Tax, there is a major operational revenue loss to ULB and there is no record / register to know total current & arrear demand of holding tax. Demand / Arrear Register have also not been provided to us for verification.

**Cause** – This happens due to lack of proper follow up and monitoring of activities of Tax Inspector / Collector by the concerned officers on regular interval.

**Corrective Action / Recommendation** – There should be day to day monitoring on Collection of Taxes and also maintenance and updating of Demand & Collection Register on regular interval.

**(v) Market/Shop Rent Collection: –**

**Audit Objective**– As per Point No. – 5 of TOR

**Criteria**– Non-Collection of Market/Shop Rent and imposition of late fine by the concerned ULB.

**Condition**– ULB has no any own shop in their Nagar Panchayat.

**Consequence / Effect / Impact**- ULB has no any own shop in their Nagar Panchayat.

**Cause**– ULB has no any own shop in their Nagar Panchayat.

**Corrective Action / Recommendation**– ULB has no any own shop in their Nagar Panchayat.

**b. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULB's:**

➤ No observation found during the course of audit.



**c. Report on findings of field survey of Property Tax of minimum 20 high value properties:**

**Report on field survey of 20 high value properties**

NAME OF ULB- BIKRAM

DATE OF SURVEY:21.08.19 to 22.08.19

Sl No	Name of Owner	Farther Name	Ward No	Area of Sq. ft	Rate	Annual Tax( 9%)	Type of Building	Remarks of Auditor
1	Renku Kumar	Hira Sao	06	560	14	706	Residential	No variation observed.
2	Nilam Kumari	Late Lalan Singh	07	630	14	794	Residential	No variation observed.
3	Ramchander Prasad	Late Muni sao	07	1260	14	1815	Residential	No variation observed.
4	Bansi Mistry	Palak dhari Mistry	02	420	16	606	Residential	No variation observed.
5	Shatrudhan Mistry	Late rameshwar Mistry	06	252	14	368	Residential	No variation observed.
6	Ramshwari Devi	Sikander Prasad Gupta	06	567	14	714	Residential	No variation observed.
7	Asha Devi	Raghawnandan Vishwakarma	03	1050	16	1512	Residential	No variation observed.
8	Shashi Kala Devi	Bijali Jaishwal	05	630	16	907	Residential	No variation observed.
9	Umesh Singh	Magleshwar Singh	03	686	16	618	Residential	No variation observed.
10	Uday Kumar	Late Lalbabu Chaudhary	05	952	16	1371	Residential	No variation observed.
11	Ramadhan Mistry	Late Nanak Chaudhary	06	382	14	481	Residential	No variation observed.
12	Mani Bhushan Prasad	Late deonarayan Prasad	06	840	14	1059	Residential	No variation observed.
13	Ram pravesh	L;ateChaturgun Chaudhary	06	420	14	530	Residential	No variation observed.
14	Rajender Prasad	Late Godhan Sao	08	182	22	360	commercial	No variation observed.
15	Md Kalimudinl	Late Md umar mansuri	06	420	14	529	Residential	No variation observed.
16	Shatrudhan singh	Late Ramnandan singh	11	630	16	567	Residential	No variation observed.
17	Mumtaj Ahmad	Late bhola miya	06	700	16	1008	Residential	No variation observed.
18	Gudhar ram	Late bhupsiram	13	525	10	473	Residential	No variation observed.
19	Chandkrit Yadav	Late maluk chand Yadav	06	630	14	794	Residential	No variation observed.
20	Vishwnath Jaishwal	Late Gandhi Sao	06	202	14	254	Residential	No variation observed.



Note: Property / Holding tax are assessed by the ULB. On test check basis, we have calculated the area and no variance found. However, it is very difficult to do the Field Survey due to resentment of property holders and sometimes it gets very ugly

## Part-B

**All Audit objections/regularities which has no monetary implication, but significant violation of act, Rules directives of UD&HD. Mention the reference to Act & Rules wherein remedial measure is required.**

**a. Non –maintenance of books of accounts, subsidiary registers: -**

It has been noticed during the audit that the following Books of Accounts & Registers has not been maintained or not properly maintained (*Status as mentioned*).

Sl. No.	Particulars	Status
1	General Cash Book	Not Maintained
2	File Movement Register	Not Maintained
3	Ledger Book	Not Maintained
4	Grant Register	Not Maintained
5	Advance Register	Not Maintained
6	Pay-Roll Register	Not Maintained
7	Vehicle LOG Book	Not Maintained
8	Store Register	Not Maintained
9	Fixed Assets Register	Not Maintained
10	Demand & Collection Register of Property Tax, Mobile Tower Tax, Shop Rent etc.	Not Maintained

**b. Irregularity in procurement process: -**

During the course of Audit, we have demanded the procurement register, same has not been produced before us.

**c. Non-compliance of directives by UD & HD, Government of Bihar: -**

We observed several non-compliances of directives of UD&HD, GOB such as; -

- (1) Non collection of various taxes required to be collected.
- (2) Non maintenance of prescribe books of accounts
- (3) Non submission of UC and other reports on timely basis



**d. Non- compliance of Act & Rules: -**

As per section 127 of the Bihar Municipal Act, the Municipality can levy the following taxes:

- Property tax on land and building
- Surcharge on transfer of land and building.
- Tax on deficit in parking space in any non-residential building.
- Water tax,
- Fire tax,
- Tax on advertisement
- Surcharges on entertainment tax,

We observed that only property tax has been collected during the year other taxes have not been levied till date.

Also, Income tax Act 1962 and GST norms are not properly followed by ULB.

- i. TDS has not been deducted under proper sections.
- ii. GST norms and rules have not been properly followed.
- iii. Statutory Deductions are done but are not deposited.

**e. Lack of internal control measures: -**

1. During the course of our Audit, we have observed various discrepancies in the Cash Book, which are enumerated below: -
  - Head wise expenditure were not clearly entered and recorded.
  - The cash book balances are not reconciled with the Balances in Bank Pass Book.
  - Cash book has not been regularly authorized by the executive officer.
2. Cash book has not been properly prepared by Nagar Panchayat Bikram
  - Cash book is maintained from pass book; it means at the time of payment cash book is not maintained that shows a departmental failure.
3. After analyzing operating control, it was observed that there is shortage of Man Power in ULB. Consequently, it is not functioning smoothly with respect to completion of works on time, provide and review the service efficiently which is the main function of ULB, preparation of books and records on time etc.



**f. Non-compliance of TDS, GST and other relevant statute: -**

We observed that TDS, GST, Royalty and Labour-Cess for the financial year 2018-19 has been deducted but not deposited to appropriate authority by thr ULB till the date of audit. Also return filling of TDS & GST has not been made by the ULB.

**g. Deficiency in pay-roll system: -**

Pay-Roll Register has not been shown to us during the period of internal audit, records relating to statutory deduction like PF, ESIC, Income tax are not maintained The PF, ESIC with respect to contractual employee are neither deducted not paid to statutory authority. Thus we are unable to comment on deficiency in pay-roll system

**h. Utilizations of grant and report on missing Utilization certificates of financial year 2018-19.**

We observed that UCs are submitted by the ULB under the timeline. Further, as per the details (20 Column Sheet) provided to us there is NO any UCs pending for submission to the UD & HD. Besides that, we are providing our all help to the ULB so that the UC shall be prepared and submitted to the concerned department under the timeline.

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

Inventory/Stores Register has not been prepared by the ULB the absence of above register; it is difficult to verify the same.



**j. Advances, their adjustment & recovery: -**

Advance Register has not been maintained by the concerned ULB and in the absence of above register it is difficult to check or comments on adjustment and recovery of advances. Advance has been given to staff for office expenses without any advance requisition and without the approval of executive officer.

**k. Any other matter as may be prescribed in due course: -**

No Observation found in this regards.

**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.	No observation found in this regard.
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).	We have witnessed the 20 high value of property same has been reported above in Point 5, Part A(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: 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	All the compliance has been made at ULB except Rule :27 & Rule 120-121. Details of discrepancies regarding Rule: 27 has been annexed in “Sheet B”.  Rule 120-121: Monthly Receipt & Payment Account and Trial Balance are not being prepared.  Rule69: Grant register is not maintaining by ULB.  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.
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.	Loss of Rs 5,33,304/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.
6	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.	No Observation Found in this regard.
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, Such type of Issue found in this regards.
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.	UC of Rs 250.39 Lacs/- of various scheme are pending for submission to the Urban Development & housing Department till the financial year 2018-19.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	We have been verified such instances and found some irregularities. Details of irregularity have annexed in Executive Summary in Observation Para, and recommendations have also been annexed in Recommendation in Executive Summary.
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.	Yes, all payment has been made according to payment terms & conditions of tenders.
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, Such type of issued found in this regards.



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.	We have verified all major areas of ULB and same have been reported in Point 5, Part A(c).
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.	<p>We observed that statutory compliance has not been accomplished by ULB regarding deduction, deposit and return also. Details of major statutory irregularities are:</p> <ul style="list-style-type: none"> <li>• TDS return has not been filled.</li> <li>• TDS have not been deposited appropriately.</li> <li>• Labor Cess has not been deducted appropriately.</li> <li>• GST liability has not been settled till the date of audit.</li> </ul> <p>Penalty and Interest may be levied on ULB as per Statutory Laws.</p>

**General Observations: -**

There is lots of scope for improvement with respect to maintenance of Records and Registers. The important and basic records like Advance register, annual accounts, assets register were not maintained. Effective steps may be taken to improve the maintenance of accounts and increasing of its own sources of revenues.

For R.N. Singh & Co.  
Chartered Accountants  
FRN: 322066E



CA Chanakya Shree  
Partner  
Mem No: 079322

UDIN - 20079322AAAAJJ3730

Date - 06-06-2020

**Annual Discussion Note**

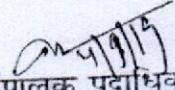
**Bikram**

**Financial Year 2018-19**

SL No	Particulars	Management Remarks
1.	Cash Book has not been regularly authorized by the executive Officer.	कैशबुक का संघारण अब नियमित रूप से किया जा रहा है।
2.	Computerized accounting system has not been implemented by the ULB in F/Y2018-19.	विभाग द्वारा मार्च 2019 में नियुक्त फॉर्म द्वारा कार्य प्रगति में है।
3.	ULB has not been in practice to prepare monthly receipt and payment account.	Due to lack of Man Power. It has not been Implemented in this ULB.
4.	We observed that fund has not been utilized till the last year.	आगे से इस बात पर ध्यान रखा जाएगा।
5.	We observed that Statutory Compliance has not been accomplished by ULB. These statutory irregularities are following:  TDS return has not been filled.  Labor-cess & Royalty & VAT has not been deposited to concern department which is deducted from payment.	संबंधित विभाग की जानकारी नहीं रहने के कारण नहीं किया गया है। अब नविष्य में समयानुसार किया जाएगा।
6.	Amount Collected from own sources revenue has not been deposited into bank by the ULB on the same date/next to the same date as required.	सर्वप्रथम कर निर्धारण किया गया था जिसकी संघारण की जानकारी नहीं थी फिर भी समयानुसार किया गया था। अब नियमित रूप से बैंक में संघारण किया जाएगा।
7.	Various register books of records etc. are not being prepared by the ULB such as fixed asset register, Stock register, Advance recovery register, Demand register, Collection register, Statutory register, with regard TDS,VAT,Royalty and Labour-cess etc.	जनकारी के अभाव में नहीं किया गया है। अब उक्त पंजी का संघारण किया जाएगा।
8.	Log book of vehicle & generator is not properly maintained and consequently its analysis is not possible.	अब आगे से उपर्युक्त लॉगबुक का संघारण किया जाएगा।
9.	Loss of Rs 5,33,304/- has been made to the ULB for non-collection registration and renewal fee from installed transmission tower in the jurisdiction of ULB.	नोटिस निर्गत किया गया है। राशि वसूल कर ली जाएगी।
10	Grant register not maintained by the ULB.	आगे से कर लिया जाएगा।



11	Municipal accounts committee has not been constituted by the ULB.	इस बिंदु पर आपसी सहमति उपरान्त विचार किया जायगा।
12.	ULB is not in practice to prepare summary of daily collection receipt in form GEN-13	इसका नियमित संधारण प्रक्रियाधीन है।
13.	Demand and arrear registers of holding tax are not prepared by the ULB.	अब इसका नियमित संधारण किया जाएगा।
14.	Cash Book has not been written regularly by the Accountant, It has been written by bank statement after long time.	कैशबुक का संधारण अब नियमित रूप से किया जा रहा है।
15	Pay-roll system at the ULB is not maintain. The register, records relating to statutory deduction like PF, ESIC, Income tax are not maintained. the PF, ESIC with respect to contractual employee are neither deducted nor paid to the statutory authority.	कम कर्मी रहने के कारण लागु नहीं है।
16	Bank Reconciliation Statement has not prepared by the ULB.	Due to lack of man power.
17	Main Cash book has not maintained by the Accountant.	आगे से कर लिया जाएगा।
18	Fixed Asset and store register not maintained.	आगे से स्थायी संपत्ती एवं भण्डार पंजी का संधारण कर लिया जाएगा।

  
 कार्यपालक पदाधिकारी  
 नगर पंचायत बिक्रम



क्र.सं.	वित्तीय वर्ष	आवंटन का मद	स्वीकृत/व्यय संख्या एवं तिथि	आवंटित राशि	निकासी की गई राशि	निकासी नहीं की गई राशि	निकाय द्वारा उपलब्ध नहीं कराई गई राशि की विवरणी	व्यय की गई राशि	निकासी के विरुद्ध व्यय के उपरांत अवशेष राशि	कोषागार में जमा की गई राशि	समाप्त उपयोजिता प्रमाण पत्र की राशि	अनिकासी प्रमाण पत्र जमा की गयी राशि	अनिकासी प्रमाण पत्र संश्लिष्ट की राशि	विभाग द्वारा महालेखाकार को समायोजन हेतु भेजे गए उपयोजिता प्रमाण पत्र का प्रत्येक एवं दिनांक	संश्लिष्ट UC की राशि	वैक खाता में जमा अवशेष राशि	पी. एच. खाता में जमा अवशेष राशि	अभिवृत्ति
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
12	2017-18	राज्य योजना	65/30.10.17	26.04	26.04	0.00		26.04	0.00		26.04		0.00	637/30.04.19	0.00	0.00	0.00	
13	2017-18	निश्चय योजना	68/30.10.17	9.78	9.78	0.00		9.78	0.00		9.78		0.00	809/25.06.19	0.00	0.00	0.00	
14	2017-18	निश्चय योजना	68/30.10.17	15.75	15.75	0.00		15.75	0.00				0.00	809/25.06.19	0.00	0.00	0.00	
15	2017-18	निश्चय योजना	68/30.10.17	1.2	1.2	0.00		1.20	0.00		1.20		0.00	809/25.06.19	0.00	0.00	0.00	
16	2017-18	नगर प्रबंधक केतन	85/22.12.17	1.97	1.97	0.00			1.97								1.97	
17	2017-18	14वें वित्त	97/24.01.18	41.98	41.98	0.00		41.98	0.00		41.98		0.00	809/25.06.19	0.00	0.00	0.00	
18	2017-18	राज्य योजना	114/15.02.18	41.28	41.28	0.00		41.28	0.00		41.28		0.00	637/30.04.19	0.00	0.00	0.00	
19	2017-18	नागरिक सुविधा (अंशोक)	126/28.02.18	67.63	67.63	0.00			67.63								67.63	
20	2018-19	14th Finance	82/31.10.2018	49.11	49.11	0.00			49.11								49.11	
21	2018-19	5th Fin	15/03.07.2018	81.45	81.45	0.00			81.45								81.45	
22	2018-19	EO SALARY	07/22-05-2018	7.00	7.00	0.00		347264.00	7.00		347264.00	0.00	0.00	959/25.07.2019	0.00	0.00	352736.00	
23	2018-19	City Manager Salary	08/24-05-2018	1.97	1.97	0.00			1.97								1.97	
24	2018-19	नागरिक सुविधा	10/01-06-2018	25.03	25.03	0.00			25.03								25.03	
25	2018-19	5th Finance	21/10-07-2018	83.29	83.29	0.00			83.29								83.29	



क्र. सं.	वित्तीय वर्ष	आवंटन का मद	स्वीकृत्यादेश संख्या एवं तिथि	आवंटित राशि	निकासी की गई राशि	निकासी नहीं की गई राशि	निकाय द्वारा उपलब्ध नहीं कराई गई राशि की विवरणी	व्यय की गई राशि	निकासी के तिरुद्ध व्यय के उपरांत अवशेष राशि	कोषागार में जमा की गई राशि	समर्पित उपयोगिता प्रमाण पत्र की राशि	अनिकासी प्रमाण पत्र जमा की गयी राशि	अनिकासी प्रमाण पत्र तर्जित की राशि	विभाग द्वारा महालेखाकार को समावोजन हेतु भेजे गए उपयोगिता प्रमाण पत्र का पत्रांक एवं दिनांक	तर्जित UC की राशि	बैंक खाता में जमा अवशेष राशि	पी. एल. खाता में जमा अवशेष राशि	अभियुक्ति
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
26	2017-18	हर घर तल का जल BRJP	130/08.03.2018	269.87	269.87				269.87								269.87	
27	2018-19	Nali-Gali	09/30-05-2018	62.23	62.23				62.23								62.23	
<b>Total</b>				<b>1030.21</b>	<b>1022.73</b>	<b>7.48</b>	<b>0.00</b>	<b>347627.71</b>	<b>659.02</b>	<b>0.00</b>	<b>347536.95</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>353386.05</b>	<b>0.00</b>

