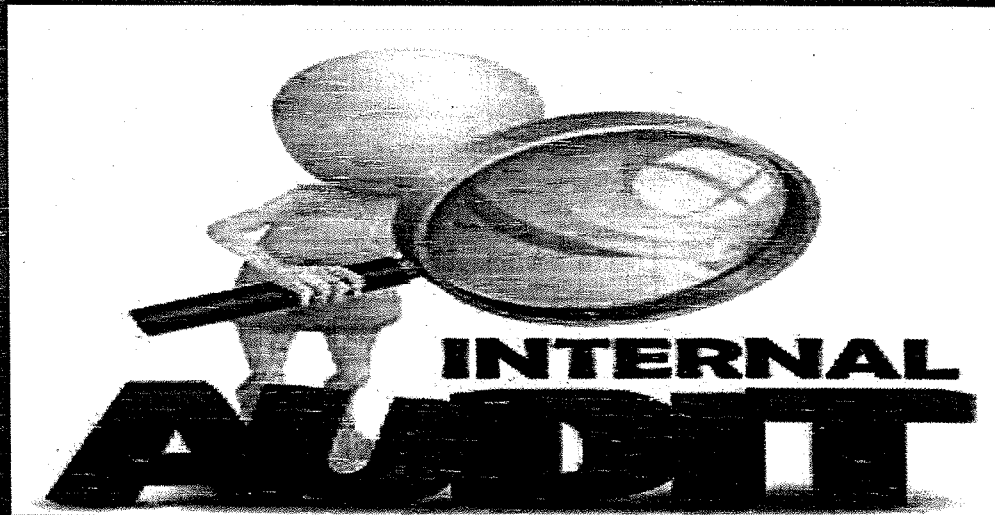


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2018-19



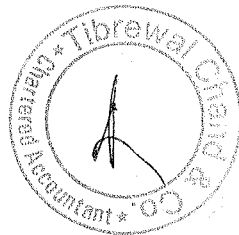
INTERNAL AUDIT REPORT
FOR THE YEAR 2018-19
KUSUM NAGAR
PANCHAYAT

Report submitted date: 10.12.2019

Internal Audit Report for the year ended 31st March of F.Y. 2018-19

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Internal Audit Report- Nagar Panchayat – Rosera

Urban Development and Housing Department in order to implement the best practices of internal audit of 140 ULBs through NIT No. IA 140ULBs/2018-19. 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.

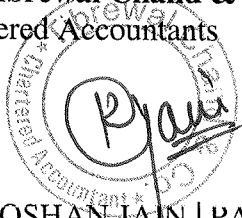
During the audit, we reviewed the following Registers and Documents.

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

Internal Audit Report for the year ended 31st March of F.Y. 2018-19

❖ Others related records and registers.

For Tibrewal Chand & Company
Chartered Accountants



CA ROSHAN JAIN | PARTNER

Membership No 518422

FRN No. 311047E

UDIN NO = 21518422 AAAAAA11668

UDIN DATE = 14-04-2021

Internal Audit Report for the year ended 31st March of F.Y. 2018-19

Executive Summary

- 1. Introduction:** Rosera Nagar Panchayat, with population of about 31,155 approx thousand is located in district of Samastipur sub district of Rosera district in the state Bihar. There are approximate 4,608 approx households. Smt. Renu Devi is Chairman holding post from 01-06-2017 to till the date of Audit. Mr. Jaychand Akela is the Executive officer holding post from 30.01.2019 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:

Strengths observed during the audit engagement	<ol style="list-style-type: none">1. Main cash book has been updated for reporting period.2. DCR book has been prepared for the audited period.3. Few Revenue related records were prepared by the Panchayat.4. Sairat register maintained separately
Weaknesses observed in the functioning of office, maintenance of records etc. during the audit engagement	<ol style="list-style-type: none">1. Non-compliance of procurement norms.2. None updating of statutory Register till the date of Audit. .3. Non collection of outstanding Sairat. <i>(Refer annexure 6)</i>4. Not payment regularly of electricity bill. <i>(Refer annexure 4)</i>5. Non preparation of bank reconciliation statements.6. Lots of assets were not disposal

Internal Audit Report for the year ended 31st March of F.Y. 2018-19

which don't have any use in ULB.

7. Non deduction of TDS in various cases such as news paper etc., resulting in violation of tax provisions and attraction of interest and penalty.

(Refer annexure 3)

8. Lack in follow-up procedure in collection of huge arrear dues in relating to property and other taxes.

9. Non deposition of statutory dues such as Royalty. Labor Cess ESI/PF to the authorities after deduction from bills, resulting in huge penalties and interest.

10. Stamp duty was not collected at the time of agreement of Sairat.

11. Non-Performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.

12. Non-Maintenance of assets registers in complete manner resulting in chances of miss-utilization of assets.

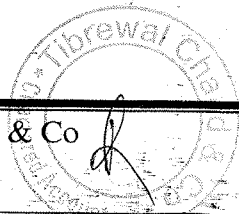
13. No proper survey of properties has been conducted by the ULB to ascertain the property tax receivables from holdings.

14. Loss of revenue due to huge

Internal Audit Report for the year ended 31st March of F.Y. 2018-19

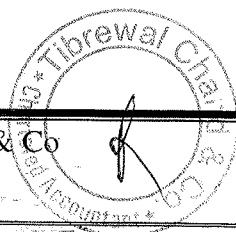
	<p>outstanding property tax.</p> <p>15. Proper log book & fuel distribution register was not prepared resulting in weakness in control over books of account. <i>(Refer annexure "2")</i></p> <p>16. Daily wages register was not prepared resulting in weakness in control over books of account.</p> <p>17. Huge outstanding of revenue including holding tax, tower tax, Sairats but no sincere efforts has been made by ULBs to recover the same.</p>
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3. **Opinion:** The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel and other matter incidental thereto for overall improvement of the ULB.



Internal Audit Report for the year ended 31st March of F.Y. 2018-19

4. **Audit Recommendations:** The recommendation of audit team on the observed weakness is as below:
5. Books of accounts should be prepared on real time basis under double entry system and accrual basis should be followed.
6. Outstanding income of Sairat & Property tax should be collected.
7. Those assets which don't have use should be disposed.
8. Electricity expenses should be paid regularly.
9. 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.
10. Stringent follow up and actions are necessary for recovering arrear relating to property tax, tower tax, rental income and other sources of income.
11. 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.
12. Fixed assets register has to be prepared for all fixed assets owned by the ULB, assets should be numbered. Physical verification of such fixed assets has to be conducted every year.
13. Stock/store register should be updated as per the formats provided in BMAR.
14. Statutory compliances such as deduction and deposition with authorities should be complied strictly to avoid penalty and interests.
15. 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.
16. Revenue records should be maintained properly including demand and collection details.
17. PF/ ESI should be timely deposited.



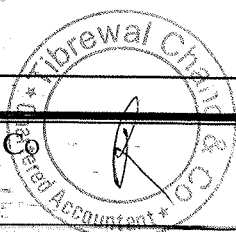
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

18. Comments from Management:-

S. No.	Observation	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. 30,000/- per Tower and the Renewal fee is Rs. 8,000/- per year. During the course of audit it was observed that Rs 24,68,400/- is due towards Tower Company for financial year 2018-19. <i>(Details given in report)</i>	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
2	The amount of tax collected by the Tax collector is required to be handed over to the cashier by the next day of the collection. But it is not in practice currently, tax collector hands over the collected cash to the cashier after a time gap of 137 to 205 days. <i>(Details given in report)</i>	If collected cash is not deposited on time, then chances of misappropriation of cash arises. So, collected amount must be deposited on the same day on which it is being collected.
3	Report on Findings of the field survey of property tax of minimum 20 high value properties. <i>(Refer details audit report)</i>	Physical survey can't be conducted due to Non availability of ULB staff for conducting physical verification. Further SAF forms were also not provided for 20 high value properties as per list provided by us.
4	Non following of procurement norms in purchases of vehicle (Tata Sumo Gold) <i>(Details given in report & annexure 5)</i>	Procurement norms should follow.
5	PF and ESI file and register was not provided to us. Therefore we are unable to quantify amounts.	PF and ESI file and register should be provided to auditors for verification.
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 Panchayat. Further it was also observed that return was also not filled for TDS & VAT. <i>(Refer details audit report & annexure 3)</i>	All statutory compliances related to deduction, deposition and return filling should be complied.
7	The municipality is not in a practice to prepare BRS on regular or periodical basis and few banks did not reconcile. <i>(Refer details audit report)</i>	BRS should be maintained month wise.

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8	Non collection of outstanding Sairat amount and current stamp duty. <i>(Refer details audit report & annexure 6)</i>	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
9	Non preparation of stores register	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	Insurance deduction from all permanent staff salary but not deposited on timely basis but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.	Insurance should be deposited.
11	Rosera Nagar Panchayat is not in practice to prepare monthly receipt and payment account and the trial balance.	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.
12	Demand Register for collection of Trade License for the financial year 2018-19 is not yet prepared	Demand register should be prepared.
13	Proper log book & fuel distribution register was not prepared resulting in weakness in control over books of account. <i>(Refer details audit report and annexure 2)</i>	Log book & fuel distribution register should be maintained and signed & stamp of concerned officer.
14	FAR is not maintained/updated by the ULB	FAR including assets wise identification number should be maintained/ updated by Nagar Panchayat.
15	If the electricity bill is not paid within the stipulated date as mentioned in the bill, then they will charge a penalty in the next bill, So It will be better to pay regularly under any circumstances. Electricity bill have to be paid regularly, to avoid penal charges. However outstanding amount is Rs. 15,20,955 with ULB. <i>(Refer annexure 4)</i>	Electricity charges must be paid within stipulated time.
16	No-collection of notice fees	As per the regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delay payment at a rate as may be specified, and the amount of penalty therefore, but in case of Rosera Nagar Panchayat, corporation has not



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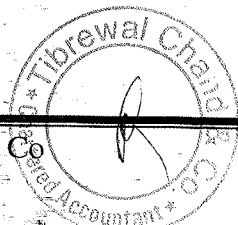
		provided any information regarding charging and collection of notice fees. ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.
17	Expenditures vouchers register not maintain by ULB it was in loose file.	It should be maintain in proper way.
18	No increment in the rent on shop, government building & other building observed during audit.	Rate of rent should be increment at proper interval.
19	During the course of Audit, we observed that Nagar Panchayat has conducted Internal audit for the year 2016-17 & 2017-18 but the compliance report for the same has not been prepared. <i>(Details given in report)</i>	It should be prepared as soon as possible.
20	Daily wages register were not produced to us for audit.	Daily wages register should be made available to auditors.
21	Lack of internal control measures (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	We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling and statutory compliances: We suggest that (i)MIS system should be implemented over daily collection and deposit. (ii)Reason for non-deposit/Late deposit should be strongly need to ask for minimize delay. (iii)Need to identify a person to comply with the statutory compliance. In case failure to 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.
22	Non-Compliance of Act & Rules	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.
23	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.	As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of municipal accounts committee each year. During our audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely

Internal Audit Report for the year ended 31st March of F.Y. 2018-19

		meeting of accounts committee in compliance of BMA-2007.
24	Non-Implementation of double entry accounting system.	As per requirement of BMAR-2014, Part-A, Chapter-2 Rule -4, "All ULB referred in schedule-1 shall maintain its books of account using the double entry system". Since Rosera Nagar Panchayat is covered under schedule -1, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule. We found the detail that double accounting system is implemented at Rosera Nagar Panchayat and AFS, FAR & PTR for 2017-18 has been submitted. However we not got any data for 2018-19 verification the same.
25	Non-maintenance of required registers as per Rule No.-3 of BMAR-2014	Details of registers not maintained by ULB is mentioned under Part-A (a). ULB should ensure proper maintenance of required books of account and register as per the list given in rule-3 of BMAR-2014.
26	Non adjustment of advances	Advance register should be produced to auditors for verification.
27	Rosera Nagar Panchayat is not being collected their outstanding properties tax of Rs. 17,93,871.	Management must take reasonable step.
28	Irregularity in payment for purchase of furniture. (Details Audit Report)	Procurement rules & regulations must follow in procurement.

19. Acknowledgement:-

We convey our heartfelt thanks to the entire team of Rosera Nagar Panchayat" for rendering their help in successfully completing the assignment.



Internal Audit Report for the year ended 31st March of F.Y. 2018-19

Detailed Audit Report

1. **Introduction:** Rosera is a Nagar Panchayat city in district of Samastipur, Bihar. The Rosera city is divided into 18 wards for which elections are held every 5 years. The Rosera Nagar Panchayat has population of 31,155 thousand approx. Rosera Nagar Panchayat has total administration over 4,608 households.

Name of ULB	Period Covered	Audit Team
Rosera Nagar Panchayat	1 st April 2018- 31 st March 2019	(1) TL:CA Neerav Bhanushali (2) MAE:CA Amit Ranjan (3) Auditor: Ashutosh Tilak

2. **Administration: -**

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

- Smt. Renu Devi is Chairman holding post from 01-06-2017 to till the date of Audit.
- Mr. Jaychand Akela is the Executive officer holding post from 30.01.2019 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 2013-14 to 2015-17	29.01.18	09	09	0	0	0	06.12.2018 Compliance report prepared (Annexure "1")

Internal Audit Report for the year ended 31st March of F.Y. 2018-19

2	Internal Audit (2016-2017 & 17-18)							Compliance Report not prepared.
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(Note: Refer point no. 19 of discussion note)

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	2018-19	2017-18	2016-17
Final/Revised Budget	75,46,57,954	23,42,35,778	20,57,15,232
Actual Expenditure	4,48,98,949	3,88,59,384	17,81,69,945
Savings(+)/Excess(-)	70,97,59,005	19,53,76,394	2,75,45,287

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

ii. **Volume of Transactions:-**

Period	Budgeted	Previous year 2017-18	Corresponding period of previous year	Current period	Cumulative for the current period
Opening Balance	14,68,64,437	12,87,30,141	16,05,73,609	14,68,64,437	14,68,64,437
Receipts	64,06,58,354	5,69,93,680	14,63,26,477	4,73,59,515	4,73,59,515
Total	78,75,22,791	18,57,23,821	30,69,00,086	19,42,23,952	19,42,23,952
Net expenditure	75,46,57,954	3,88,59,384	17,81,69,945	4,48,98,949	4,48,98,949
Closing Balance	3,28,64,837	14,68,64,437	12,87,30,141	14,93,25,003	14,93,25,003

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

iii. **Bank Reconciliation:** Un-reconciled balance between bank book and bank statement as on 31-03-2019 has been shown below:

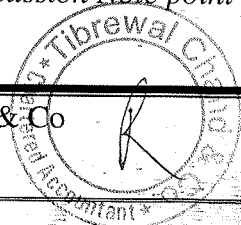
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

Name of Bank	Name of Scheme	Account No.	Passbook Balance	Cash Book Balance	Difference	Status
SBI	BRGF	9778	58	58	-	Reconciled
SBI	Various	1689	57,097	57,097	-	Reconciled
SBI	SJSRY	8241	2,96,964	2,96,964	-	Reconciled
CBI	SJSRY	0034	16,68,418	16,68,418	-	Reconciled
CBI	SJSRY	4825	3,70,037	3,70,037	-	Reconciled
CBI	SJSRY	4498	8,56,186	8,56,186	-	Reconciled
CBI	SJSRY	2235	2,19,090	2,26,860	7,770	Unreconciled
CBI	SJSRY	4501	71,09,340	66,725	70,42,615	Unreconciled
PNB	13 TH	9237	10,44,628	10,44,628	-	Reconciled
PNB	4 TH	9246	2,72,057	2,72,057	-	Reconciled
PNB	Various	9219	20,77,082	20,77,082	-	Reconciled
PNB	Various	9228	-	6,61,774	6,61,774	Unreconciled
SBI	Various	0789	-	5,761	5,761	Unreconciled
BIO	BRGF	4920	-	31,50,189	31,50,189	Unreconciled
UBGB	Various	8724	20,14,775	20,14,775	-	Reconciled
BGB	IDMST	2272	10,50,462	10,50,462	-	Reconciled
BGB	Various	3756	-	1,25,23,781	1,25,23,781	Unreconciled
BGB	Various	8715	1,94,62,101	-	1,94,62,101	Unreconciled
BGB	Various	0491	33,487	33,487	-	Reconciled
BGB	Various	2838	7,01,624	7,01,624	-	Reconciled
ICICI	Various	0784	-	10,81,961	10,81,961	Unreconciled
Treasury-146	Various	saving	14,06,41,196	10,04,49,251	4,01,91,945	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)



Internal Audit Report for the year ended 31st March of F.Y. 2018-19

iv. Revenue & Capital Receipts :-

Income Details					
Sl. No.	Details	2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	Total Receipts (A+B)	4,73,59,515	5,69,93,680	5,69,93,680	14,63,26,477
A	Revenue Receipts (1+2+3)	3,64,78,822	1,70,22,390	1,70,22,390	9,50,04,334
1	Own Revenue Receipts	59,67,140	54,46,986	54,46,986	64,79,766
a)	Tax Revenue (Levied & Collected By municipal Body) (i+ii)	17,68,943	5,03,495	5,03,495	31,04,530
i)	Property Tax	7,63,693	1,47,187	1,47,187	23,51,882
ii)	Other Tax (Levied & Collected By municipal Body)	10,05,250	3,56,308	3,56,308	7,52,648
b)	Non Tax Revenue (Levied & Collected By municipal Body) (i+ii+iii)	15,40,604	17,92,820	17,92,820	7,63,955
i)	Fess & Fines	1,40,160	8,18,212	8,18,212	1,35,718
ii)	User Charges	3,80,000	2,12,458	2,12,458	1,02,548
iii)	Other Non-Tax Revenue (Levied & Collected By municipal Body)	10,20,444	7,62,150	7,62,150	5,25,689
2	Other Revenue Receipts	26,57,593	31,50,671	31,50,671	26,11,281
a)	Income from interest/Investments	23,53,296	18,29,219	18,29,219	16,52,487
b)	Other Revenue Income	3,04,297	13,21,452	13,21,452	9,58,794
3	Transfers/grants/Assigned Revenues	3,05,11,682	1,15,75,404	1,15,75,404	8,85,24,568
a)	State Assigned Revenues	-	-	-	-
b)	State Finance Commission (SFC) Grants/Devolution	3,05,11,682	79,27,690	79,27,690	6,74,77,270
c)	Octroi Compensation	-	-	-	-
d)	Other State Government transfers	-	-	-	-

Internal Audit Report for the year ended 31st March of F.Y. 2018-19

e)	Central Finance Commission (CFC) Grants	-	-	-	-
f)	Other Central Government transfers	-	-	-	-
g)	Others	-	36,47,714	36,47,714	2,10,47,298
B	Capital Receipts (1+2+3+4+5)	1,08,80,693	3,99,71,290	3,99,71,290	5,13,22,143
1	Sale of Municipal Land	-	-	-	-
2	Loan (From state Govt. or Banks etc.)	-	-	-	-
3	State Capital Account Grant (Under state Scheme etc.)	48,39,750	3,19,48,853	3,19,48,853	3,36,24,000
4	Central Capital Account Grant (Under central Scheme etc.)	60,40,943	80,22,437	80,22,437	1,76,98,143
5	Other Capital Receipts	-	-	-	-

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

v. Revenue & Capital Expenditure Information :-

Expenditure Details					
Sl. No.	Details	2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	Total Expenditure (1+2)	4,48,98,949	3,88,59,384	3,88,59,384	17,81,69,945
1	Revenue Expenditure	3,43,89,247	1,75,26,312	1,75,26,312	6,77,47,466
1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	1,39,16,453	77,77,662	77,77,662	74,58,971
1.2	Operation & Maintenance (O & M)	43,72,697	97,47,844	97,47,844	3,56,98,741
1.3	Loan Repayment (Interest Payments)	2,358	-	-	-
1.4	Others (any other revenue Expenditure which is not salaries, O&M & or interest)	1,60,97,739	806	806	2,45,89,754

Internal Audit Report for the year ended 31st March of F.Y. 2018-19

	payment)				
2	Capital Expenditure	1,05,09,702	2,13,33,072	2,13,33,072	11,04,22,479
2.1	All developmental works under central/state specific schemes	1,05,09,702	2,13,33,072	2,13,33,072	11,04,22,479
2.2	Loan Repayments	-	-	-	-
2.3	Other capital expenditure	-	-	-	-

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

- vi. Status of implementation of double entry accounting system:** DEAS has been implemented by M/s A P Sanzgiri & Co. at Dalsinghsarai Nagar Panchayat till F.Y 2017-18 but for the period 2018-19 no real time double entry system started till date of audit and even not got data for verification.

Particular	Completed
PTR	2017-18
AFS	2017-18
FAR	2017-18

(Note: Refer point no. 24 of discussion note)

- 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 meeting has been held till the date of our audit.

(Note: Refer point no. 23 of discussion note)

Internal Audit Report for the year ended 31st March of F.Y. 2018-19

5. Audit Observations: -

I. Part-A

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

Holding and property tax not deposit on timely basis

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: As per the records made available during the audit, delays were observed between date of collection made by the tax collector and the deposit of the same to the bank which are shown below.

Sl. No	Date of cash collected	Date of cash submitted in bank	Delay in Days	Amounts
1.	01.04.2018	15.08.2018	137	721
2.	14.08.2018	31.03.2019	140	567
3.	21.03.2018	17.03.2019	205	427

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

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

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

(Note: Refer point no. 2 of discussion note)

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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: As per notification of Bihar Government, the Governor of Bihar made the rules for the mobile tower under the Act. The mobile operator has to install tower only after obtaining necessary approvals and paying a Requisite fees of Rs. 30,000/- per Tower and the Renewal fee is Rs. 8,000/- per year, while checking the files and other relevant records company wise outstanding was not maintained properly and o/s detail of Rs. 24,68,400 Lakh was found. In absence of proper demand and collection register it was difficult to find the exact demand.

S.N.	Name of tower	No of tower	Registration fee	Registration fee additional antenna	Renewal fee	Collection	Total due
1	Airtel	5	1,50,000	8,28,000	8,22,400	1,50,000	16,50,400
2	Vodafone	5	1,50,000	5,22,000	4,80,000	3,50,000	8,02,000
3	Jio	1	30,000	-	24,000	38,000	16,000
Total			3,30,000	13,50,000	13,26,400	5,38,000	24,68,400

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

Cause: We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has no proper mechanisms for supervision and monitoring of the Tower Rent due to which result in revenue leakage.

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

(Note: Refer point no. 01 of discussion note)

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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 Panchayat 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 Panchayat.

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.

Stamp duty

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

Criteria: As per Bihar Municipal Act.

Condition: During the audit of Sairat files it was observed that stamp duty @ 3% of Sairat amount was not recovered from successful bidders at the time of agreement.

Sl. No	Name of Sairat	Ward No.	Amount	Remarks
1	Bus Stand	-	8,45,250	Stamp duty not collected & agreement not done
2	KhetiYogay Bhumi	-	51,500	Stamp duty not collected & agreement not done
3	KhetiYogay Bhumi	3	9,000	Stamp duty not collected & agreement not done
4	KhetiYogay Bhumi	3	30,450	Stamp duty not collected & agreement not done
5	KhetiYogay Bhumi	12	5,000	Stamp duty not collected & agreement not done
6	KhetiYogay Bhumi	15	2,06,700	Stamp duty not collected & agreement not done
7	Gudari Stall	15	2,25,800	Stamp duty not collected & agreement not done

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8	Stall near Nigam	10	1,70,700	Stamp duty not collected & agreement not done
9	SulabhSochalaya	7	34,200	Stamp duty not collected & agreement not done
10	SulabhSochalaya	12	5,775	Stamp duty not collected & agreement not done
11	Chabutra		4,500	Stamp duty not collected & agreement not done

Consequence / Effect / Impact: Due to non-Collection of stamp duty 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 stamp duty which results in revenue leakage.

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

(Note: Refer point no. 08 of discussion note)

Outstanding Sairat Amount of before audit period

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

Criteria: As per Bihar Municipal Act.

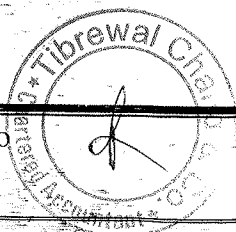
Condition: ULB has allotted land for farming to farmer while ULB is not being collected of Rs. 2, 85,982 from 2014-15 & 2015-16 to till date of audit.

Consequence / Effect / Impact: Due to non-collection of outstanding Sairat amount 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 outstanding Sairat amount which results in revenue leakage.

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

(Note: Refer point no. 08 of discussion note and annexure 6)



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Outstanding Property Tax

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 is not being collected efficiently by the Nagar Panchayat due to which Nagar Panchayat is losing revenue. Some cases given below:-

S.NO	Holding No.	Ward No.	Outstanding Property Tax
1	191	06	3,01,500
2	194	06	78,570
3	195	06	1,75,796
4	202	06	13,722
5	231	07	4,790
6	01	10	7,698
7	249	10	78,567
8	228	12	28,713
9	50	01	5,30,050
10	63	01	85,040
11	241	03	38,994
12	221	16	67,681
13	305	17	67,681
14	306	17	1,35,360
15	307	17	20,329
16	23	09	54,144
17	05	02	75,727
18	171	02	29,539
Total			17,93,871

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Consequence/Effect/Impact: Due to 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 point no. 27 of discussion note)

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

If the electricity bill is not paid within the stipulated date as mentioned in the bill, then they will charge a penalty in the next bill, So It will be better to pay regularly under any circumstances. Electricity bill have to be paid regularly, to avoid penal charges. However outstanding amount is Rs. 15,20,955 with ULB.

(Note: Refer point no.15 of discussion note & annexure 4)

ULB is not maintaining their fuel register, bills of fuel & log book of vehicle in proper format and not verify by concerned officer. Therefore we were not able to verify the correctness of the bills paid. Details were given below:-

Date of Bill	Details of Bills	Vouchers Details	Amount	Remarks
July	Petrol & Diesel	105Ltr JB & SONS	8,432Rs	Log book not maintained & purpose of vehicle use not mentioned in bill.
August	Petrol & Diesel	160 Ltr J B & Sons	12,302 Rs	Log book not maintained & purpose of vehicle use not mentioned in bill

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September	Petrol & Diesel	230 Ltr J B Sons	18,046 Rs	Log book not maintained & purpose of vehicle use not mentioned in bill
October	Petrol & Diesel	320 Ltr J B Sons	25,018 Rs	Log book not maintained & purpose of vehicle use not mentioned in bill
November	Petrol & Diesel	273 Ltr J B Sons	20,670 Rs	Log book not maintained & purpose of vehicle use not mentioned in bill
December	Petrol & Diesel	325 Ltr J B Sons	22,137 Rs	Log book not maintained & purpose of vehicle use not mentioned in bill
January	Petrol & Diesel	270 Ltr J B Sons	18,324 Rs	Log book not maintained & purpose of vehicle use not mentioned in bill
February	Petrol & Diesel	235 Ltr J B Sons	16,302 Rs	Log book not maintained & purpose of vehicle use not mentioned in bill
March	Petrol & Diesel	265.5 Ltr J B Sons	18,631 Rs	Log book not maintained & purpose of vehicle use not mentioned in bill

(Note: Refer point no. 13 & annexure 2 of discussion note)

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

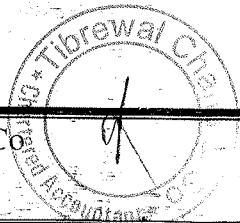
SAF forms of above few properties were provided but no arrangements were made for physical verification so, SAF forms can't be verified. Further demand collection register which was produced to us was incomplete and not having required information.

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Apart from above details of 20 high value properties provided by the ULB is as below

SI No.	Year	Holding No.	Ward No.	Name of Property	Type of Property	Property Tax
1	2018-19	191	06	Prakhand vikash karyalay	Commercial	5,650
2	2018-19	194	06	Vyapar Mandal	Commercial	1,142
3	2018-19	195	06	Avar Pramandal	Commercial	2,825
4	2018-19	202	06	Upkara Adhikshak	Commercial	4,239
5	2018-19	231	07	Satyadev Jha	Residential	2,137
6	2018-19	01	10	Rosera Thana	Residential	7,062
7	2018-19	249	10	High School	Commercial	847
8	2018-19	228	12	Manoj Kumar	Residential	881
9	2018-19	50	01	Utpad Rest House	Commercial	9,887
10	2018-19	63	01	Sanskrit Vidhalay	Commercial	1,662
11	2018-19	241	03	Nibandhan karyaly	Commercial	724
12	2018-19	221	16	Kuldeep	Residential	1,262
13	2018-19	305	17	Uchhatar Madhya Vidhalay	Commercial	1,262
14	2018-19	306	17	Prathamik Vidhalay	Commercial	2,525
15	2018-19	307	17	Prathamik Vidhalay	Commercial	374
16	2018-19	23	09	Madhya Vidhalay	Commercial	1,010
17	2018-19	05	02	Gosala Samiti	Commercial	1,412
18	2018-19	171	02	Mahila Vidhalay	Commercial	808
19	2018-19	89	18	Kapil Mahato	Residential	11,751
20	2018-19	131	18	Gopal Sah	Residential	15,427

(Note: Refer point no.03 of discussion note)



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.
- Main Cash Book.
- UC Grant & Allotment Register.

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 point no. 12 & 25 of discussion note)

b. **Irregularity in procurement process:** Procurement Register has not maintained by ULB so it is difficult to trace all Procurement above Rs. 15000 from various cash book but we have checked file and found following issue:-

❖ **Irregularity in procurement of vehicle Purchases (Tata Sumo Gold) of Rs. 9,69,206 :-**

- One quotation available in file
- Requisition not available

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- Not entered in fixed assets register
- Comparative sheet not available
- Insurance not found in file

❖ Irregularity in procurement of furniture Purchases of Rs. 48,161:-

- Original bill not available
- Executive & Accountant passed the bill on quotation
- Other supporting not attached

(Note: Refer point no. Discussion Note 04 & 28 of discussion note and annexure 5)

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

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

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

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

(Note: Refer Discussion Note 22 of discussion note)

e. **Lack of Internal Control Measures:**

- (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

(Note: Refer Discussion Note 21 of discussion note)

f. **Non- Compliance of TDS, VAT, and other relevant statute:** During the audit it was observed that there is very serious issues in statutory compliances taxes are often deducted/ but not deposited on time resulting in heavy interest and penalty. In few cases it was deduction such as TDS and Royalty are not even deducted. Few cases are-

- **TDS:** Cases in which TDS not deducted

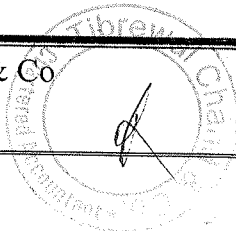
Details of Bills	Amount	Remarks
News Paper	60,995	TDS not deducted

- Royalty:** it was observed that royalty was deducted for the period 1st April 2018 to March 2019 of Rs.1,57,535 but not deposited with authority causing interest & penalty attract.
- Labor Cess** it was observed that labour cess was deducted for the period 1st April 2018 to March 2019 of Rs.92,283 but not deposited with authority causing interest & penalty attract..
- VAT:** it was observed that VAT was deducted for the period 1st April 2018to March 2019 of Rs.2,65,625 but not deposited with authority causing interest & penalty attract..
- TDS:** it was observed that TDS was deducted for the period 1st April 2017 to March 2018 of Rs.93,528 but not deposited with authority causing interest & penalty attract.
- GST:** GST is not deducted for reporting period by ULB.

(Note: Refer point no. 06 of discussion note & annexure 3)

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: PF and ESI file and register was not provided to us. Therefore we are unable to quantify amounts.



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Insurance: Insurance deduction from all permanent staff salary but not deposited on timely basis but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.

(Note: Refer point no. 5 & 10 of discussion note)

h. Utilization certificate report on grants allotted during the year: (Figure in lakhs)

Year	Name of fund	Date of Allotment	Amount in Lakh	Expenditure	Un utilized Amount	Remarks
2018-19	14 th Finance	31-10-2018	60.41	NIL	60.41	Un-utilized Amount Rs 60.41 Transferred to PL A/C
2017-18	5 th Finance	03-07-2018	96.80	NIL	96.80	Un-utilized Amount Rs 96.80 Transferred to PL A/C
2017-18	5 th Finance	10-07-2018	98.99	NIL	98.99	Un-utilized Amount Rs 98.99 Transferred to PL A/C
TOTAL			256.2	NIL	256.2	

Summary of table, Total Pending UC's of Rs. 256.2 Lakhs
UC's submitted during the year of Rs. 00.00 Lakhs
Fund received during the year of Rs. 256.2 Lakhs
Total Balance available in PL & Bank of Rs. 256.2 lakhs

But Nagar Panchayat did not utilize of above amounts and all amounts showing in P/L Accounts.

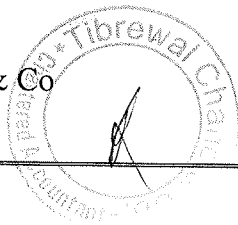
i. Physical Verification of the inventories and stores: Stores registers has not been updated by the ULB. During the year 2018-19 no physical verification was carries out of the stores. However we traced following issues:-

- Stationery and other items were purchased not entered into stores registers and also not verified from concerned officer.

(Note: Refer point no. 9 & 14 of discussion note)

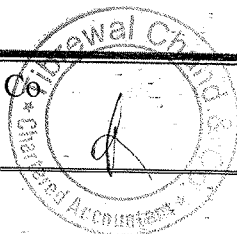
j. Advances: Advance register was not provided to us therefore we are unable to comment on this regards.

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



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 committce.) 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	<p>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</p> <p>Rule 22: All moneys to be brought to account</p> <p>Rule: 27: Collections to be deposited into Bank on the same day</p> <p>Rule 69: Grant Related Compliance</p> <p>Rule 120-121: Monthly Receipt & Payment Account and Trial Balance</p> <p>Rule 130: Audit to be completed & reported within 6 month</p>	<p>Rule 22: we have found that all money has been brought to account but delayed.</p> <p>Rule 27: we have observed that the collected money has not to be deposited into Bank Account on same day.</p> <p>Rule 69: Grant related compliance has been done properly.</p> <p>Rule 120-121: Monthly Receipt & Payment Account and Trial Balance are not being prepared.</p> <p>Rule 130 is not being followed.</p>
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.

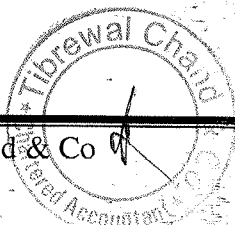


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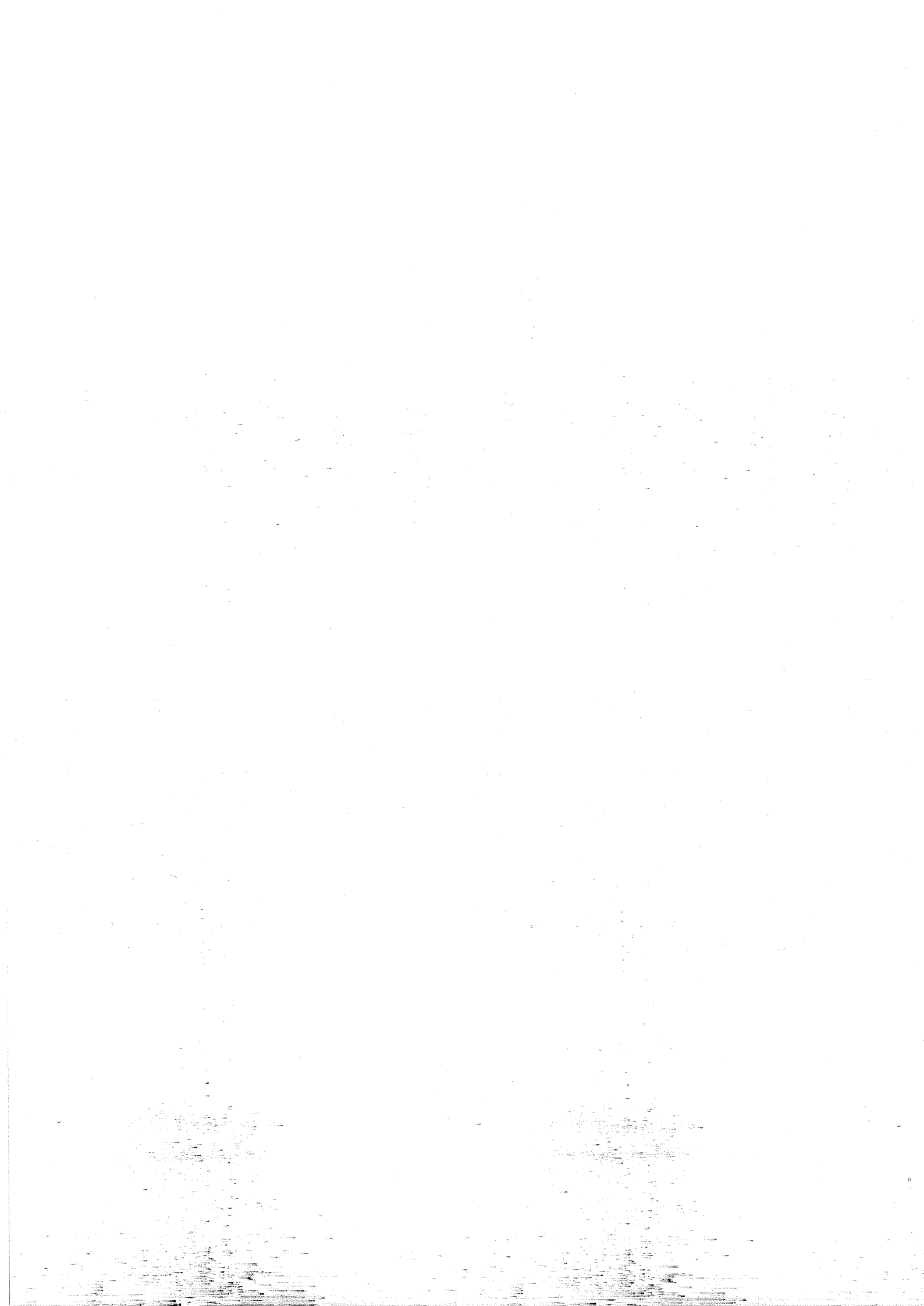
5	If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sai rat etc. have incurred then quantify the same.	It has been discussed in discussion notes and audit report under 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. 2018-19. 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 has been complied, if not assistance has been provided in this regard.	Discussed in details audit report and also annexure attached.



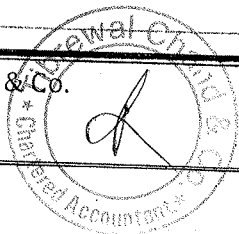
S/N	Observation	Management Comment	Recommendation
1	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 30,000/- per Tower and the Renewal fee is Rs. 8,000/- per year. During the course of audit it was observed that Rs24,68,400/- is due towards Tower Company for financial year 2018-19. <i>(Details given in report)</i>	This will be strictly taken care by next financial year and Nagar Panchayat 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	The amount of tax collected by the Tax collector is required to be handed over to the cashier by the next day of the collection. But it is not in practice currently, tax collector hands over the collected cash to the cashier after a time gap of 137 to 205 days. <i>(Details given in report)</i>	Tax collectors are directed to deposit the tax.	If collected cash is not deposited on time, then chances of misappropriation of cash arises. So, collected amount must be deposited on the same day on which it is being collected.
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 can't be conducted due to Non availability of ULB staff for conducting physical verification. Further SAF forms were also not provided for 20 high value properties as per list provided by us.
4	Non following of procurement norms in purchases of vehicle (Tata Sumo Gold) <i>(Details given in report & annexure 5)</i>	Necessary action will be taken.	Procurement norms should follow.
5	PF deducted from all permanent staff salary & deposited but contribution of employer not deposited in his PF account causing loss to the savings of the employees The Rosera Nagar Panchayat is not complying with the provisions of EPF. It may lead to	Matter has been resolved .	PF should be deposited immediately on particular PF account.

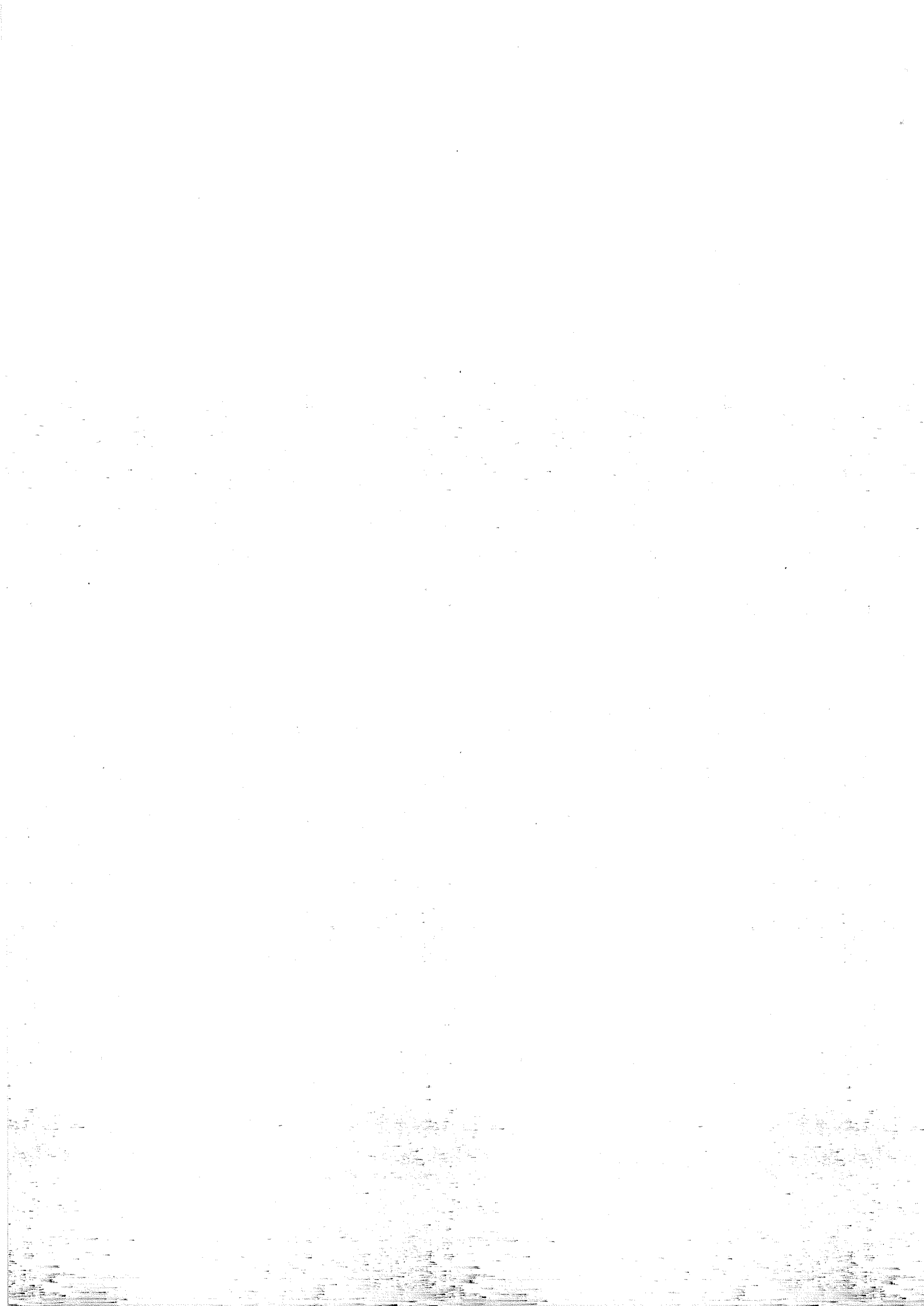


	imposition of Penalty by the Authority in this Regards & Also Separate account maintained with bank for such EPF but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.		
6	During the audit various cases were observed regarding non deduction and non-deposition of statutory dues like TDS, VAT, and Royalty in stipulated time by the Nagar Panchayat. Further it was also observed that return was also not filled for TDS & VAT. <i>(Refer details audit report & annexure 3)</i>	Matter has been resolved .	All statutory compliances related to deduction, deposition and return filling should be complied.
7	The municipality is not in a practice to prepare BRS on regular or periodical basis and few banks did not reconcile. <i>(Refer details audit report)</i>	Will consider it in next financial year.	BRS should be maintained month wise.
8	Non collection of outstanding Sairat amount and current stamp duty. <i>(Refer details audit report & annexure 6)</i>	Necessary action will be taken.	There is a huge loss of revenue & interest income. So, necessary steps should be taken for timely collection of taxes.
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	Medical deduction from all permanent staff salary but not pay out on timely basis but concerned file and register was not provided to us. Therefore we are unable to quantify amounts.	Matter has been resolved .	Insurance should be deposited.
11	Rosera Nagar Panchayat 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

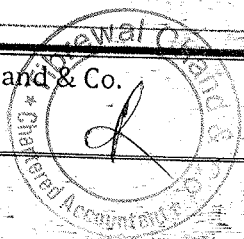


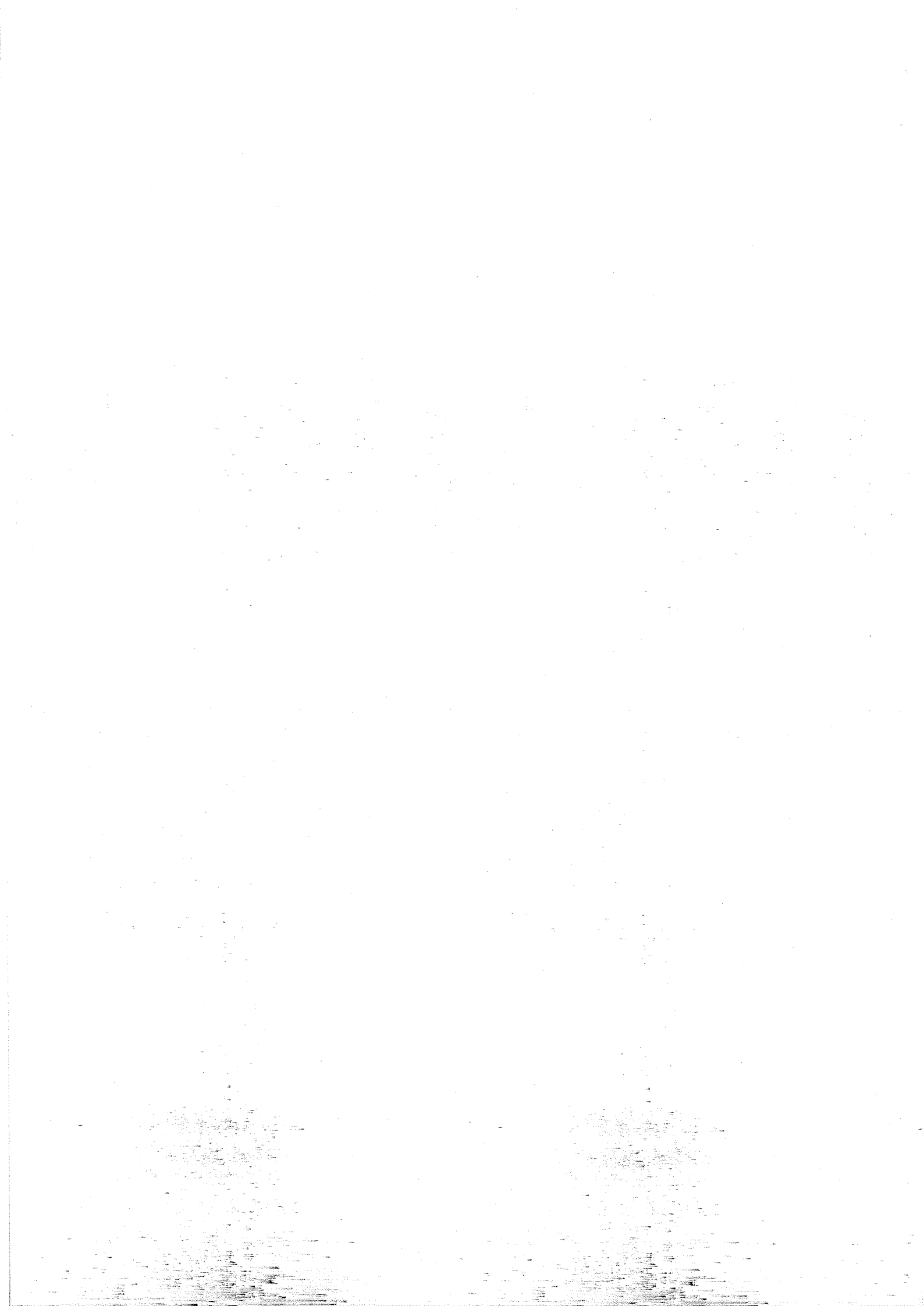
			received by the ULB and whether its utilization was made properly or not.
12	Demand Register for collection of Trade License for the financial year 2018-19 is not yet prepared	Will consider it in next financial year.	Demand register should be prepared.
13	Proper log book & fuel distribution register was not prepared resulting in weakness in control over books of account. <i>(Refer details audit report and annexure 2)</i>	Will consider it in next financial year.	Log book & fuel distribution register should be maintained and signed & stamped by concerned officer.
14	FAR is not maintained/updated by the ULB	Will consider it in next financial year.	FAR including assets with identification number should be maintained/ updated by Rosera Nagar Panchayat.
15	If the electricity bill is not paid within the stipulated date as mentioned in the bill, then they will charge a penalty in the next bill, So It will be better to pay regularly under any circumstances. Electricity bill have to be paid regularly, to avoid penal charges. However outstanding amount is Rs. 15,20,955 with ULB. <i>(Refer annexure 4)</i>	Matter has been resolved . All dues clear.	Electricity charges must be paid within stipulated time
16	No-collection of notice fees	ULB staff is directed to comply with Bihar Municipal Act 2007	As per the regulation 158 of chapter XIX of Bihar Municipal Act 2007 Municipality can issue notice of demand, charging notice fee, levy of interest for delay payment at a rate may be specified, and the amount of penalty therefor but in case of Rosera Nagar Panchayat, corporation has not provided any information regarding charging and collection of notice fees. ULB should collect notice fees



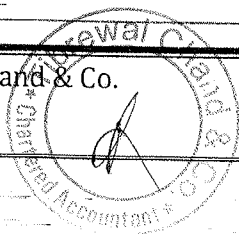


			from applicable assesses in compliance of act and to boost ULB revenue.
17	Expenditures vouchers register not maintain by ULB it was in loose file.	Will consider it in next financial year.	It should be maintain in proper way.
18	No increment in the rent on shop, government building & other building observed during audit.	Necessary action will be taken.	Rate of rent should be increment at proper interval.
19	During the course of Audit, we observed that Nagar Panchayat has conducted Internal audit for the year 2016-17 & 2017-18 but the compliance report for the same has not been prepared. <i>(Details given in report)</i>	Necessary action will be taken.	It should be prepared as soon as possible.
20	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 auditor
21	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	Nagar Panchayat ensure that this will be taken care from now onwards.	We suggest that (i) MIS system should be implemented over daily collection and deposit. (ii) Reason for no deposit/Late deposit should be strongly need to ask for minimize delay. (iii) Need to identify a person to comply with the statutory compliances. In case failure to comply with statutory compliances he should also be penalized. Therefore, the management has to take serious effort for implementation of internal control mechanism for getting a better result from ULB working.
22	Non-Compliance of Act & Rules	ULB staff is directed to ensure compliance of all applicable	Refer point of Part-B (d) of audit report for status of non





		Act & Rules.	compliance of Act & Rules ULB should ensure compliance of all applicable Act & Rules.
23	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.	ULB staff is directed to comply with BMA-2007	As per requirement of BMA 2007, Chapter-XII, ULB should held meeting of municipal account committee each year. During our audit no any evidence has been produced to us w.r.t meeting of municipa accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.
24	Non-Implementation of double entry accounting system. We found the detail that double accounting system is implemented at Rosera Nagar Panchayat and AFS, FAR & PTR for 2017-18 has been submitted. However we not got any data for 2018-19 verification the same.	Implementation of DEAS is ongoing and ULB staff is directed to cooperate with auditors and to provide all necessary documents for audit.	As per requirement of BMAR-2014, Part-A Chapter-2 Rule -4, "All ULB referred in schedule-1 shall maintain its books of account using the double entry system". Since Rosera Naga Panchayat is covered under schedule -1, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule.
25	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 as mentioned under Part-A (a). ULB should ensure proper maintenance of required books of account and registers as per the list given in rule- of BMAR-2014.
26	Non adjustment of advances	Will consider it in next financial year.	Advance register should be produced to auditors for verification.

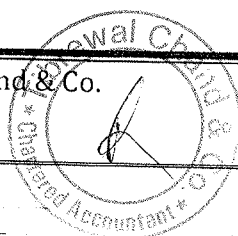




27	Rosera Nagar Panchayat is not being collected their outstanding properties tax of Rs. 17,93,871.	Nagar Panchayat ensure that this will be taken care from now onwards.	Management must take reasonable step.
28	Irregularity in payment for purchase of furniture. (<i>Details Audit Report</i>)	Nagar Panchayat ensure that this will be taken care from now onwards.	Procurement rules & regulations must follow in procurement.

Details of 20 high value properties:-

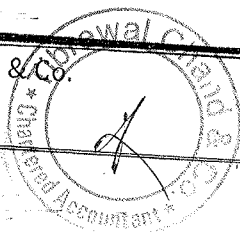
S/N	Year	Holding No.	Ward No.	Name of Property	Type of Property	Property Tax
1	2018-19	191	06	PrakhandVikashKaryalay	Commercial	5,650
2	2018-19	194	06	VyaparMandal	Commercial	1,142
3	2018-19	195	06	AvarPramandal	Commercial	2,825
4	2018-19	202	06	UpkaraAdhikshak	Commercial	4,239
5	2018-19	231	07	SatyadevJha	Residential	2,137
6	2018-19	01	10	Rosera Thana	Residential	7,062
7	2018-19	249	10	High School	Commercial	847
8	2018-19	228	12	Manoj Kumar	Residential	881
9	2018-19	50	01	Utpad Rest House	Commercial	9,887
10	2018-19	63	01	Sanskrit Vidhalay	Commercial	1,662
11	2018-19	241	03	NibandhanKaryaly	Commercial	724
12	2018-19	221	16	Kuldeep	Residential	1,262
13	2018-19	305	17	Uchhatar Madhya Vidhalay	Commercial	1,262
14	2018-19	306	17	PrathamikVidhalay	Commercial	2,525
15	2018-19	307	17	PrathamikVidhalay	Commercial	374
16	2018-19	23	09	Madhya Vidhalay	Commercial	1,010
17	2018-19	05	02	GosalaSamiti	Commercial	1,412
18	2018-19	171	02	MahilaVidhalay	Commercial	808
19	2018-19	89	18	KapilMahato	Residential	11,751
20	2018-19	131	18	GopalSah	Residential	15,427

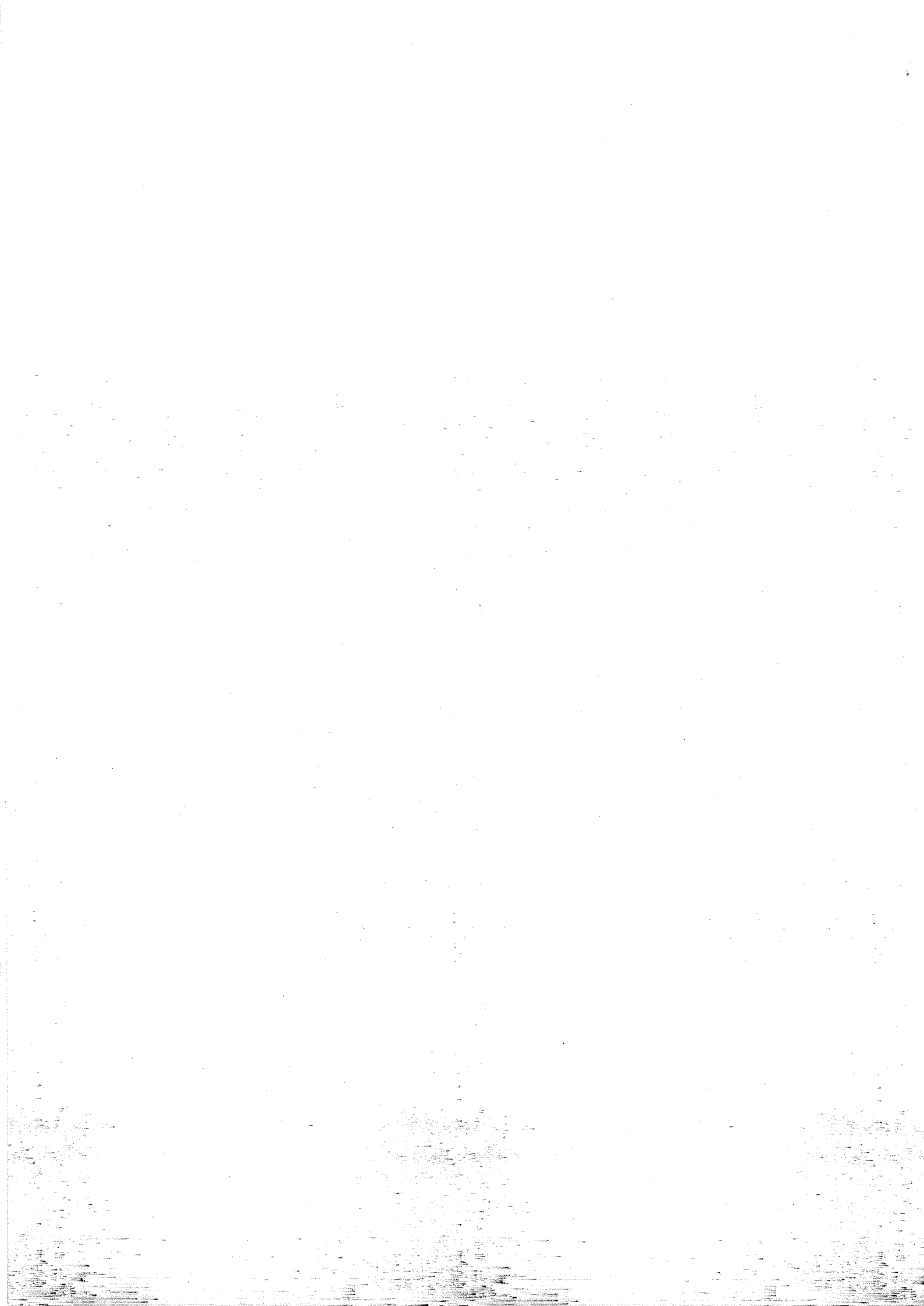




Bank Reconciliation Statement

Name of Bank	Name of Scheme	Account No.	Passbook Balance	Cash Book Balance	Difference	Status
SBI	BRGF	9778	58	58	-	Reconciled
SBI	Various	1689	57,097	57,097	-	Reconciled
SBI	SJSRY	8241	2,96,964	2,96,964	-	Reconciled
CBI	SJSRY	0034	16,68,418	16,68,418	-	Reconciled
CBI	SJSRY	4825	3,70,037	3,70,037	-	Reconciled
CBI	SJSRY	4498	8,56,186	8,56,186	-	Reconciled
CBI	SJSRY	2235	2,26,860	2,26,860	-	Unreconciled
CBI	SJSRY	4501	71,09,340	71,09,340	-	Unreconciled
PNB	13 TH	9237	10,44,628	10,44,628	-	Reconciled
PNB	4 TH	9246	2,72,057	2,72,057	-	Reconciled
PNB	Various	9219	20,77,082	20,77,082	-	Reconciled
PNB	Various	9228	6,61,774	6,61,774	-	Unreconciled
SBI	Various	0789	5,761	5,761	-	Unreconciled
BIO	BRGF	4920	31,50,189	31,50,189	-	Unreconciled
UBGB	Various	8724	20,14,775	20,14,775	-	Reconciled
BGB	IDMST	2272	10,50,462	10,50,462	-	Reconciled
BGB	Various	3756	1,25,23,781	1,25,23,781	-	Unreconciled
BGB	Various	8715	1,95,72,209	1,95,72,209	-	Unreconciled
BGB	Various	0491	33,487	33,487	-	Reconciled
BGB	Various	2838	7,01,624	7,01,624	-	Reconciled
ICICI	Various	0784	10,81,961	10,81,961	-	Unreconciled
Treasury-146	Various	saving	10,04,49,251	10,04,49,251	-	Unreconciled





Details of UC's of Financial Year 2018 - 2019

S/N	Year of allotment	Name of Scheme	Date of Allotment	Amount In Lakh	Expenditure	Un-utilized Amount	Remarks
1	2018-19	14th Finance	82/31.10.2018	60.41	NIL	60.41	Un-utilized Amount Rs. 60.41 Transferred to PL A/C
2	2017-18	5th Fin	15/03.07.2018	96.80	NIL	96.80	Un-utilized Amount Rs. 96.80 Transferred to PL A/C
3	2017-18	5th Finance	21/10-07-2018	98.99	NIL	98.99	Un-utilized Amount Rs. 98.99 Transferred to PL A/C
Grand Total				256.2	NIL	256.2	

[Signature]
EXECUTIVE OFFICER
 Nagar Panchayat, Rosera

[Signature]
 24-12-2019

