

Internal Audit Report

Of

ULB: Motipur Nagar Panchayat

For the period from 01-04-2018 to 31-03-2019

Internal Audit Conducted by:

GKSureka & Co.
Chartered Accountants

104, Baidyanath Palace, Jagdeo Path,
Bailey Road Pillar No.10, Patna-800014. (Bihar).

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From 09-09-2019 to 21-10-2019

Report Issued on: 16-11-2019

Executive Summary

1. Introduction

Name of the Municipality	Nagar Panchayat Motipur (Muzaffarpur).
Period Covered under Current Audit	01.04.2018 to 31.03.2019
Name of the Chief Municipal Officer for the period under Audit	Executive Officer Mr. Santosh Kumar

2. Results and Findings

<p>Strength observed during the audit engagement</p>	<ul style="list-style-type: none"> ➤ General Cash Book has been written but subsidiary cash book has not been written. Details of subsidiary cash book (not written) are attached as per Annexure-A. ➤ Staff Co-operation during the Audit period was very poor. ➤ All municipal transactions shall be identified with funds in accordance with rule 5, and separate accounting records have been maintained for each fund.
<p>Weakness observed in the functioning of office, maintenance of records etc. observed during the audit engagement.</p> <p><i>The comments under these two categories should summarize each significant Audit observation in the order of materiality. The summary should be as brief as possible and draw on the observations under the Para on Consequence/ Effect / impact of each Audit observation. It should also include a summation of outstanding statutory and internal audit observations.</i></p>	<ul style="list-style-type: none"> ➤ Municipality has not been maintaining its books of accounts using double accounting system of book keeping following accrual system of accounting principles guided by the Bihar Municipal Accounting Manual. ➤ Statement of outstanding liabilities for expense in BMAR Form-55 is not maintaining by the municipality. ➤ The property tax register has not been provided to us to ascertain the Total Demand and Arrear at the end of audit period. ➤ There is lack of internal control on deduction and deposit of various taxes. On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes. ➤ Taxes and non taxes collections from internal sources are not deposited in bank on same day.



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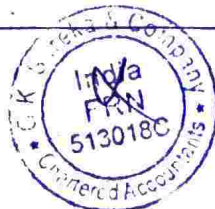
Strength observed during the audit engagement	<ul style="list-style-type: none">➤ General Cash Book has been written but subsidiary cash book has not been written. Details of subsidiary cash book (not written) are attached as per Annexure-A.➤ Staff Co-operation during the Audit period was very poor.➤ All municipal transactions shall be identified with funds in accordance with rule 5, and separate accounting records have been maintained for each fund.
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	<ul style="list-style-type: none"> ➤ Nagar Panchayat is not maintaining the demand register for various types of Taxes and non tax revenue under own sources i.e. Holding Tax, Tower Tax, and Shop Rent etc. ➤ Assessment of Property Tax, Rent and other resources has not been conducting on regular intervals. ➤ BRS has not been prepared Monthly basis. ➤ Subsidiary cash book are not maintained by ULB. ➤ Office infrastructure is not sufficient for operation.
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3. Opinion

<p>Overall opinion of the Audit team about the functioning of the Municipality</p>	<p>The functioning of the Municipality is very weak due to following reasons:</p> <ul style="list-style-type: none"> ➤ Most of the prescribed Books of accounts are not maintained such as -Ledger, Advance Register, Earnest money and security money Deposit Register, Daily Collection Register, Grant Received Register, Fixed Asset Register, Stock/Inventory Register, Procurement Register, Holding Tax Register, Statutory dues deduction and deposit register etc ➤ Internal Control w.r.t. collection and deposited of taxes, monitoring of grant, monitoring of advances, monitoring of schemes etc. not good. ➤ Collection from own sources not done properly. ➤ Grant received for various purposes not utilized on timely basis.. ➤ Deduction and deposit of statutory dues such as TDS, VAT, Royalty, Labour cess etc. not done in real time basis correctively. ➤ BRS not prepared Monthly basis. ➤ Nagar. Panchayat not maintaied the demand and collection register for various types of Taxes and non tax revenue under own sources i.e. Holding Tax, Tower Tax, and Shop Rent etc. ➤ Subsidiary cash books not maintained by ULB. ➤ Office infrastructure not sufficient for operation.
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4. Audit Recommendations

The recommendations of Audit team on the observed weakness

We recommend the followings:

- Books of Accounts need to be maintained on double entry accounting system.
- All the prescribed books of accounts and Registers should be prepared on real time basis. such as -Ledger, Advance Register, Earnest money and security money Deposit Register, Daily Collection Register, Grant Received Register, Fixed Asset Register, Stock/Inventory Register, Procurement Register, Holding Tax Register, Statutory dues deduction and deposit register etc
- Cashier Cash Book should be written on daily basis.
- Collection by tax collector should be deposited on daily basis.
- Assessment of property should be conducted on regular intervals.
- Grant Register should be prepared.
- All the statutory dues should be deposited on timely basis and returns prescribed under the statute should be also filed on timely basis.
- Demand Collection Register of various types of taxes and non taxes under Own sources should be prepared.
- Property tax register should be prepared as per new assessment.
- Collection from own sources should be improved.
- AG Audit report for financial year 2018-19 should be provided.
- BRS should be prepared and provided monthly.
- Subsidiary cash book under treasury PLA should be maintained. List of subsidiary cash book "are not maintained" attached as per **Annexure-A**.
- Taxes and non taxes collections from internal sources should be deposited in bank on same day.
- Deduction and deposit of statutory dues such as TDS, VAT, Royalty, Labour cess etc.should be done in real time basis



correctively.

- Nagar Panchayat needs to maintain the demand and collection register for various types of Taxes and non tax revenue under own sources i.e. Holding Tax, Tower Tax, and Shop Rent etc.

LIST OF SUBSIDIARY CASH BOOK HAS NOT BEEN MAINTAINED UNDER TREASURY PLA ACCOUNT

ANNEXURE "A"	
SL NO.	NAME OF SUBSIDIARY CASH BOOK
1	11TH FINANCE
2	MUDRANK SULK
3	12TH FINANCE
4	13TH FINANCE
5	HYDROLIC TRAILOR MAD
6	CHAPAKAL MAD
7	SADAK NIRMAN MAD
8	CHAIRMAN/VICE CHAIRMAN/WARD PARSHAD SALARY, ALLOWANCE
9	GHAT NIRMAN MAD
10	SALARY MAD
11	ADMINISTRATIVE BUILDING
12	MATCHING GRANT
13	CENSUS
14	COMPUTER WORK (E-Governance)
15	POSAK MAD
16	BUS STAND NIRMAN MAD
17	POSAK MAD (PREVIOUS ALOOTMENT)
18	TABLET MAD
19	TABLET (MAHILA WARD PARSHAD)
20	SHITLAHAR MAD
21	4TH FINANCE MAD
22	SAFAI MAD
23	14TH FINANCE
24	5TH FINANCE
25	MUKHYA MANTRI PAY JAL NISHCHAY YOJNA
26	MIKHYA MANTRI SHAHRI NALI GALI PAKKIKARAN NISHCHAY YOJNA
27	MISC. GRANT



5. Comments from Management

Comment from Management	<p>The audit report has been discussed with us; we will try our best to remove the irregularities pointed out in the audit report.</p> <p>For, Nagar Panchayat Motipur</p> <p>(Executive Officer)</p>
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6. Acknowledgment

We thank Mr. Santosh Kumar (Executive Officer), Mr. Bibhuti Saran Srivastav (Bara Babu) and Mr. Deep Narayan Rai (Clerk) for their support during the period of our audit. We are also thankful to Tax Daroga (Parmanand Prasad) and support staffs of the municipality for their cooperation extended to us during the period of our audit.

Place : Patna
Date :

G. K. Sureka & Co.
Chartered Accountants
FRN.-513018C



CA. Gobind Kumar Sureka
Partner
M.N.- 091380

UDIN: 20091380AAAAD17087

Date: 24-06-2020

Detailed Audit Report

1. Introduction

The Internal audit of Nagar Panchayat Motipur (Muzaffarpur) covering period from 1st April 2018 to 31st March, 2019 was conducted by our audit team under guidance of CA. Gokul Kumar Sureka, Partner, M/s G.K. Sureka & Co., (Chartered Accountants).

- i. CA Anoop Kumar singh
- ii. Md. Jawed Akhtar
- iii. Mr. Avinash Kumar

2. Administration

The present body of the ULB has taken charge on 2nd Feb 2019. The incumbency in the key administrative and executive position was as under:

- i. Chairman : Smt. Anjali Ray, from 23.05.2017 to till date,
- ii. Executive officer : Shri Santosh Kumar, from 02.02.2019 to till date.



Sl. No.	Particulars of Audit and date of report	Total No. of Audit Paras.	Total No. of paras where necessary improvement/corrective measure is required	Total No. of audit where recovery of cash is proposed	Total No. of audit paras where recovery is made	Total No. of paras where recovery has been made	Total Amount Recovery	Total No. of outstanding paras where no action has been taken	No. & date of Compliance report
1.	AG Audit Report No.291/16-17	14	14	6	3	3	Rs.1,51,712	7	Letter No.589 Dated:18-08-2018

Total Amount of Recovery in compliance of AG Audit:

Audit Para No.	Particulars	Amount Recovered
Para-3	Excess Payment of Wages	16,212
Para-4	Deposit in Bank	11,500
Para-9	Tower Tax Registration and Renewal Fees	1,24,000
Total:-		1,51,712



The Major observations of AG audit report are as under:

Audit Para No.	Particulars	Amount Recovered
Para-1	Short Deduction of Performance Security by Rs. 1.04 Lakh	Proposed to be recovered.
Para-7	Irregular payment of VAT Rs. 2.84 Lakh	Pending for compliance
Para-8	Outstanding balance of Holding Tax Rs. 14.54 Lakh	Pending for compliance
Para-9	Outstanding Tower Tax Registration and Renewal Fees Rs. 1.92 Lakh	Partially complied. Recovered Rs. 1,24,000
Para-10	Outstanding Shop Rent Rs. 11.78 Lakh	Pending for compliance
Para-13	Fluctuation Amount of Rs. 14.78 Lakh	Pending for compliance
Para-14	List of Submitted and unprepared records	Pending for compliance

> We have not been provided with the Internal Audit Report of FY 2016-17 to know the status of outstanding paras.

4. Finance

I. Budgetary provisions and expenditure for the last three years

Year	2016-17	2017-18	2018-19
Final/ Revised Budget	Approved Budget copy for the year 2016-17, 2017-18, 2018-19 and 2019-20 has not been provided to us.		
Actual Expenditure	Data has not been provided.	4,24,96,824	4,28,47,165
Savings (+)/ Excess (-)			

> Letter of communication with ULB to provide the documents required 'attached'.

II. Volume of transactions

Period	Budgeted 2018-19	Previous Year (For One Year) 2017-18	Corresponding period of previous Year 2016-17	Current Period year 2018-19	Cumulative for the current year 2018-19
Opening Balance	*Approved budget copy not provided.	*11,06,87,956	N.A	*11,79,92,638	*11,79,92,638
Receipts		4,98,01,506	N.A	10,84,04,157	10,84,04,157
TOTAL		16,04,89,462	N.A	22,63,96,795	22,63,96,795
Net Expenditure		4,24,96,824	N.A	4,28,47,165	4,28,47,165
Closing Balance		11,79,92,638	N.A	18,35,49,630	18,35,49,630

- > Current year amount has been taken as per cash book.
- > Previous year amount has been taken internal audit report 2017-18.
- > Approved budget copy 2016-17, 2017-18, 2018-19 and 2019-20 has not been provided to us.
- > Letter of communication with ULB to provide the documents required 'attached'.



III. Bank Reconciliation

Details of Bank Accounts and their reconciliation position are as under:

Sl. No.	Bank Name	Account Number	Balance 31.03.2019	Reconciliation position
BALANCE AS PER PASS BOOK 31.03.2019				
1.	State Bank of India	37952695531	1,88,35,444.50	
2.	State Bank of India	37952684766	27,02,108.00	
3.	Central Bank of India	3676720133	78,093.00	Annually not reconcile
4.	Treasury PLA A/c	LF-012-URB-003	12,75,36,714.00	--do--
5.	State bank of india	35206532579	13,08,253.00	--do--
6.	Central bank of India	2155533664	17,55,706.16	--do--
7.	Central bank of India	2155498458	15,38,109.00	--do--
8.	ICICI bank	334401000344	76,13,456.90	--do--
9.	ICICI bank	133001000912	37,35,499.00	--do--
10.	ICICI bank	334401000608	90,20,601.00	--do--
11.	ICICI bank	334401000596	43,87,505.50	--do--
12.	Central bank of India	2155573243	1,09,05,621.10	--do--
(A) TOTAL BALANCE AS PER PASS BOOK 31.03.2019			18,94,17,111.16	
BALANCE AS PER ALL SUBSIDIARY CASH BOOK 31.03.2019				
13.	Holding Tax		370177.11	--do--
14.	Market Complex		10382604.50	--do--
15.	MISC SBM		1141179	
16.	SJSRY		1526120	--do--
17.	NSDP		0.00	--do--
18.	NULM		76019	
19.	SBM		7586457	--do--
20.	MM Sahri Pay Jal Nischay Yojna		11600122	--do--
21.	Sabke Liye Sahri Awas Yojna		22355154.50	--do--
22.	RSVY & Administrative Building		0.00	--do--
23.	BRGF		0.00	--do--
24.	IHSDP		1734920.16	--do--
25.	Grant for balika Samridhi Yojna		0.00	
26.	Grant for Saksharta Samiti Yojna		0.00	
TREASURY PLA A/C				
27.	11th finance		160	--do--
28.	Mudrank Sulk (Stamp Duty)		3969175	--do--
29.	12th Finance/13th finance		383185	--do--
30.	Hydrolic Tailor Mad		124649	--do--
31.	Sarad Nirman Mad		18531614	--do--
32.	Chairman/Ward Parshad Salary Allowance		0.00	--do--
33.	Ghat Nirman Mad		82799	--do--
34.	Salary mad		76025	--do--



35.	Census	199330	--do--
36.	E - Governance	78979	--do--
37.	Posak Mad (Previous Allotment)	6760	--do--
38.	Tablet Mad	16900	--do--
39.	Tablet Mahila ward Parshad	180000	--do--
40.	Kabir Antyosthi (Sitlahar Mad)	5000	--do--
41.	4th Finance	2437165	--do--
42.	Safai Mad	996444	--do--
43.	14th Finance	23589709	--do--
44.	5th finance	62343061	--do--
45.	Nishchay Yojna	3174855	--do--
46.	Professional Grant	1014034	--do--
47.	Mukhya Mantri Sahri nali Gali	10326650	--do--
48.	Other	27935	--do--
49.	Grabt for City manager MANDEY	58914	--do--
50.	Kabir Antyosthi	5000	--do--
(B) TOTAL BALANCE OF ALL SUBSIDIARY CASH BOOK 31.03.2019		18,35,49,630.27	
DIFFERENCES		58,67,480.89	

- **Bank Reconciliation Statements "QUARTERLY" have not been prepared. There is a unidentified difference of Rs. 58,67,480.89 between Cash Book and consolidated balance has been observed as per pass book of all accounts.**
- **The ULB is suggested to reconcile the above-mentioned differences immediately and prepare B.R.S on monthly/Quarterly basis.**



IV. Revenue & Capital Receipts

Income Details

S. No.	Details	(Amount in Rs.)					
		2017-18	2017-18 Available	2018-19	2018-19 Not Applicable	2019-20	2019-20 Not Applicable
	Total Receipts (A+B)	4,98,01,506		10,84,04,157	4,98,01,506		
A	Revenue Receipts (1+2+3)						
1	Own Revenue Receipts (a+b)	1,53,93,067		4,97,25,102.94	1,53,93,067		10,84,04,157
a)	Tax Revenue (levied and collected by municipal body)	59,90,582	--do--	34,26,880	59,90,582	--do--	4,97,25,102.94
i)	Property Tax	--	--do--	--	--	--do--	34,26,880
ii)	Other Tax (levied and collected by municipal body)	57,92,582	--do--	7,51,915	57,92,582	--do--	--
b)	Non-Tax Revenue (levied and collected by municipal body)	1,98,000	--do--	0.00	1,98,000	--do--	7,51,915
i)	Fees & Fines	--	--do--	26,74,965--	--	--do--	26,74,965--
ii)	User Charges	--	--do--	--	--	--do--	--
iii)	Other non-tax revenue (levied and collected by municipal body)	--	--do--	--	--	--do--	--
2	Other Revenue Receipts						
a)	Income from interest/investments	8,67,669	--do--	9,46,631.94	8,67,669	--do--	9,46,631.94
b)	Other Revenue Income	8,51,457	--do--	8,86,631.94	8,51,457	--do--	8,86,631.94
3	Transfers/ Grants/ Assigned Revenues						
a)	State Assigned Revenue	85,34,816	--do--	60,000	16,212	--do--	60,000
b)	State Finance Commission (SFC) Grants/Devolution	41,79,576	--do--	44,33,020	85,34,816	--do--	4,53,51,591
c)	Octroi Compensation	--	--do--	--	41,79,576	--do--	44,33,020
d)	Other State Government Transfers	--	--do--	--	--	--do--	--
e)	Central Finance Commission (CFC) Grant	7,19,440	--do--	10,38,571	7,19,440	--do--	10,38,571
f)	Other Central Government Transfers	--	--do--	--	--	--do--	--
g)	Others	36,35,800	--do--	3,98,80,000	36,35,800	--do--	3,98,80,000
B	Capital Receipts						
1	Sale of Municipal Land	3,44,08,439	--do--	5,86,79,054	3,44,08,439	--do--	5,86,79,054
2	Loans (from State Govt. or Banks etc.)	--	--do--	--	--	--do--	--
3	State Capital Account Grant (under Central Schemes etc.)	2,24,70,925	--do--	4,47,85,561	2,24,70,925	--do--	4,47,85,561
4	Central Capital Account Grant (under Central Schemes etc.)	1,19,37,514	--do--	1,38,93,493	1,19,37,514	--do--	1,38,93,493
5	Other Capital Receipts	--	--do--	--	--	--do--	--



(Amount in Rs.)

S. No.	Details	2017-18		2018-19		2019-20	
		2017-18	2016-17	2018-19	2017-18	2019-20	2018-19
	Total Expenditure (1+2)	4,24,96,824	Not Available	4,28,47,164.84	4,24,96,824	Not Applicable	4,28,47,164.84
1	Revenue Expenditure	19104454	--do--	3,24,38,724.60	19104454	--do--	3,24,38,724.60
1.1	Administrative Expenses, Establishment and Salaries (All Departments- Regular and Contractual Staff)	65,28,661	--do--	26,82,899.60	65,28,661	--do--	26,82,899.60
1.2	Operation and Maintenance (O&M)	0	--do--	4,33,538	0	--do--	4,33,538
1.3	Loan Repayment (Interest payments)	0	--do--	-	0	--do--	-
1.4	Others (any other revenue expenditure which is not salaries O&M or Interest Payment)	1,25,75,793	--do--	2,93,22,287	1,25,75,793	--do--	2,93,22,287
2	Capital Expenditure	23392370	--do--	10,408,440.24	23392370	--do--	10,408,440.24
2.1	All developmental works under Central/ State specific schemes	1,70,77,516	--do--	90,58,361.24	1,70,77,516	--do--	90,58,361.24
2.2	Loan Repayment (Principal Amount)	0	--do--	-	0	--do--	-
2.3	Other Capital Expenditure	63,14,854	--do--	13,50,079	63,14,854	--do--	13,50,079



VI. Status of Implementation of Double Entry Accounting System

As suggested by the C&AG, the Ministry of Finance, Government of India has introduced a "National Municipal Accounts Manual" for adoption of accrual system of accounting system of accounting of ULBs. Based on NMAM, Bihar Municipal Accounts Manual (BMAM) has been got prepared by the Government of Bihar and has been enforced from April 1, 2007. Generally ULB following cash based accounting system which is only detail of total collection and expenses as per provision of BMR 2007, the double entry system should be employed to all ULB.

➤ Appointment of KRA & CO. for DEAS for the year 2016-17 to 2019-20 done but no contract has been signed with Nagar Panchayat.

➤ For the Year 2017-18 Double Entry Accounting System is not operational in the Nagar Panchayat.

➤ Status of Double Entry Accounting System:

- 1) Name of Agency Implementing DEAS: KRA & Co.
- 2) Period: 2016-17 to 2019-2020
- 3) Status of Report: Not Initiated.
- 4) Preparation of Fixed Asset Register: Not Initiated.
- 5) Preparation of Opening Balance Sheet: Not Initiated.
- 6) Preparation of Financial Statement: Not Initiated.
- 7) Preparation of Property Tax Register: Not Initiated.
- 8) Details of Tally Installation: Tally Installed
- 9) Details of Tally Serial ID. : 735641568
- 10) Email Id.: fcadhrubnarayan@gmail.com

VII. Status of Municipal Accounts Committee; if meeting held

As per section 98 of Bihar Municipal Act, 2007, it is necessary for the Municipality to constitute a Municipal Accounts Committee at its first meeting in each year or as soon as may be at any meeting subsequent thereto, but constitution status and meeting minutes of the Municipal Accounts Committee not provided to us.



5. Audit Observations

I. PART- A

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

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

Audit Objective:

Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, sairat etc;

1. **Property Tax and other revenue receipts are not deposited by tax collectors to the cashier by 4:30 PM on the same Day.**

Criteria:

Collections should be deposited in to bank on the same day. (Rule-27)

All moneys to be brought to account. (Rule 22)

Condition:

Revenue collection process is not satisfactory; in case of property tax internal control is not adequate. We have observed that Property Taxes collected by tax collector were not deposited on the same day or the day after tomorrow but it is being deposited after a week/month.

1. Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available.
2. Tax demand register has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer. This could be a huge loss to Nagar Panchayat.

Holding tax collected during the financial year 2018-19 has not been deposited in time. We found that during the year 2018-19 holding tax was deposited 751915.00 (Out of this Rs. 1,99,670.00 is of previous year 2017-18 and balance of Rs. 5,52,245/- deposit of current year collection) against collection of Rs. 7,66,058/- in year 2018-19 only Rs.552245.00 deposited upto 31.03.2019 and balance of Rs. 213813.00.00 has not been deposited upto 31.03.2019. Details are given below:-

PARTICULARS	PREVIOUS YEAR 2016-17 COLLECTION DEPOSITED IN 2017-18	CURRENT YEAR 18-19 COLLECTION	CURRENT YEAR 18-19 DEPOSIT	(Amount in Rs.)
				O/S BALANCE as at 31/03/2019
HOLDING TAX	199670.00	766058.00	552245.00	213813.00



On verification noted that an amount of Rs.199670.00 collected in last year 2017-18 has not been deposited in year 2017-18 upto 31.03.2018. Late submission /deposit of collected amount resulted loss of interest (revenue loss) to the ULB. This interest amount should be recovered from the concerned responsible person. Interest amount could not be determined due to non availability of date of collection and date of deposit.

In the same way, an amount of Rs.766058.00 collected in last year 2018-19, but only Rs. 552245.00 has been deposited in bank account in year 2018-19 upto 31.03.2018. So, an amount of Rs. 213813.00 has not been deposited by the collector in year 2018-19 upto 31.03.2019. Late submission /deposit of collected amount resulted loss of interest (revenue loss) to the ULB. This interest amount should be recovered from the concerned responsible person. Interest amount could not be determined due to non availability of date of collection and date of deposit.

Consequence/Effect/Impact:

As per Rule 27 of BMAR it should be deposited on daily basis otherwise a penalty up to Rs. 5000/- may be imposed for delayed deposit.

Cause:

Non-compliance of BMAR by tax collectors and failure to remit collections to cashier by 4:30 PM on same day.

Corrective Action/ Recommendation:

Tax collectors are needs to follows the BMAR and remit the collections to cashier by 4:30 PM on same day.

2. Irregularities in Mobile Tower Collection

Criteria:

Registration Fees per tower @ Rs. 30,000/- and annual renewal fees @ Rs.8,000/- per annum to be collected. If more than 1 antenna is placed on the tower then an extra registration and renewal fees @ 60% per annum will be collected. Moreover a late fine at 1.5% would be imposed in case of delay in collection after first month of the financial year. Further after every 5 years renewal fees has to be increased by 25%.

Further as per Rule 6(9) of Bihar Communication Towers and Related Structures Rules 2012, in case arrears of registration fees and/or renewal fees for any tower, the municipality reserve the right to seal the tower until the payment is received in full along with accrued interest.

Condition-2

Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs.3,98000/- is receivable from tower tax as on 31.03.2019. Details are attached as per annexure given below:-



NAME OF ULB: NAGAR PANCHAYAT MOTIPUR, MUZAFFARPUR
SUMMARY OF TOWER TAX DUES AS ON 31.03.2019

S. N O	NAME OF TOWER COMPANIES	PLACE OF ESTABLISHMENT	ESTABLISHMENT YEAR	ARREAR 01.04.2018			TOTAL ARREAR 2018-19	COLLECTED ON 2018-19	OUTSTANDING TAX AS ON 31.03.2019
				REGISTRATION FEE	RENEWAL FEE	CURRENT YEAR ARREAR			
2	AIRTEL	MUNNILAL, D/O LATE BIGURAL, WARD 09, SINGAULA MOTIPUR	2007	-	94,000.00	8,000.00	102,000.00		102,000.00
2	TATA INDICOM (L.T.T.S.H)	VJAY KUMAR, LATE HARIDWAR PRASAD, WARD 07, MOTIPUR	2007	-	(74,000.00)	8,000.00	(66,000.00)		(66,000.00)
3	IDEA CELLULAR INFRASTRUCTURE SERVICE LIMITED	GULAB RAI, LATE SUGALAL RAI, WARD 09 SINGAULA, MOTIPUR	2009		48,000.00	8,000.00	56,000.00		56,000.00
4	RELIANCE	NAND KISHORE PRASAD, LATE SHRI PAT CHAUDHARY, WARD 07, MOTIPUR	2005		12,000.00	8,000.00	20,000.00		20,000.00
5	AIRTEL BHARTI INFRASTRUCTURE LIMITED	AJAY KUMAR SINGH, LATE BHUPNATH PRASAD	2011		64,000.00	8,000.00	72,000.00		72,000.00



11		94,000.00	8,000.00	102,000.00		102,000.00
.6		30,000.00	8,000.00	38,000.00	8,000.00	30,000.00
5		16,000.00	8,000.00	24,000.00		24,000.00
18		50,000.00	8,000.00	58,000.00		58,000.00
				-		-
		334,000.00	72,000.00	406,000.00	8,000.00	398,000.00

t/Impact:

1 of TOWER Rent there is a huge revenue loss to the Nagar



Cause:

This happens due to non-monitoring the working activities of concerned authorised personal on regular basis.

Corrective Action/ Recommendation:

There should be proper records of mobile tower rent demand/ collection/ arrear and proper mechanism for supervision and monitoring for collection.

3. 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:

Not Applicable

Cause:

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

Corrective Action/ Recommendation:

There should be proper collection and monitoring mechanism for advertisement tax.

4. Irregularities in Shop Rent Collection:

Criteria:

Revenues in respect of rents from properties shall be accrued based on terms of agreement. All rent should be collected on due date otherwise it should be collected with penalty and interest.

Condition:

Demand Register/Assessment register for shop rent has not being maintained by Nagar Panchayat. So, we are unable to ascertain opening demand as on 01.04.2018. Current demand Year 2018-19 could also not be ascertained by us. Further all the revenue collections are not timely deposited in bank account during the year 2017-18. During the Year shop rent has been deposited of Rs. 24,85,004/-



in bank as per cash book but collection amount unable to certain dur to demand & collection register not provided.

Consequence/Effect/Impact:

Due to non deposit in bank in time there is a huge revenue loss(Interest Loss) to the Nagar Panchayat.

Cause:

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

Corrective Action/ Recommendation:

There should be proper collection and monitoring mechanism for shop rent.

Consequence/Effect/Impact:

Due to no collection of rent there is a huge revenue loss to the Nagar Panchayat.

Cause:

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

Corrective Action/ Recommendation:

There should be proper collection and monitoring mechanism for shop rent.

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

During our test check no irregularities observed.



REPORT ON FIELD SURVEY OF 20 HIGH VALUE PROPERTIES OF N.P. MOTIPUR, MUZAFFARPUR, 2018-19

SL. NO.	NAME	FATHERS / HUSBAND NAMES	WARD NO.	HOLDING NO.	TYPE OF CONSTRUCTION	TYPE OF USES	TYPE OF ROAD	BUILDING AREA	CARPET AREA	ANNUAL L VALUE	ANNUAL TAX
1	2	3	4	5	6	7	8	9	10	11	12
1.	N.B.P.D.C.LTD		1	254	RCC	COMMERCIAL	PRINCEPAL ROAD	2811	2249	31128	2801.52
2.	ELECTRICIAN OFFICE		1	252	ASB	COMMERCIAL	PRINCEPAL ROAD	2460	2112	21120	1900.8
3.	LAXMAN RAY	MAKHAN RAY	1	66	RCC	RESIDENTIAL	OTHER ROAD	4160	2912	8736	786.24
4.	PARWESH KUMAR VARMA	LATE SACHIDANAND VARMA	1	24	RCC	RESIDENTIAL	OTHER ROAD	2772	1940	7762	698.58
5.	ASHOK SUDAN	LATE SUDISAT NARAYAN VARMA	1	14	RCC	RESIDENTIAL	OTHER ROAD	1500	1050	7350	661.5
6.	NARESH RAY	HARI RAY	1	92	RCC	RESIDENTIAL	OTHER ROAD	2400	1680	5040	453.6
7.	DARSHAN BHAGWAN SHAH	DARSHAN HAZARI SHAH	2	369	RCC	COMMERCIAL	OTHER ROAD	1875	1313	9188	826.92
8.	HARI MILAN RAUT	LATE RAM AVTAR RAUT	2	428	RCC	RESIDENTIAL	OTHER ROAD	1460	1012	5866	527.94
9.	NAGENDRA RAY	VEERA RAY	2	305	RCC	RESIDENTIAL	OTHER ROAD	2700	1890	5670	510.3
10.	BALDEV RAY	LATE BRIJLAL RAY	2	336	RCC	RESIDENTIAL	OTHER ROAD	2450	1715	5145	463.05
11.	ASHOK SHAH	RAMESHWAR SHAH	2	380	RCC	COMMERCIAL	OTHER ROAD	800	560	3920	352.8
12.	GEETA DEVI	SURENDRA PANDIT	2	367	RCC	RESIDENTIAL	OTHER ROAD	1750	1225	3675	330.75
13.	RAHOBOT EDUCATIONAL TRUST		3	336	RCC/ASB	RESI/COMM	OTHER ROAD	5468	3827	21025	1892.25
14.	KESHAV DEVI	LATE BHOLA RAY	3	212	RCC	RESIDENTIAL	OTHER ROAD	2000	1400	4200	378
15.	MOHAN LAL PARSAD	GANGA PARSAD	3	294	RCC	RESIDENTIAL	OTHER ROAD	1750	1225	3676	330.84
16.	RAMESH SAHANI	NAGINA SAHANI	3	163	RCC	RESIDENTIAL	OTHER ROAD	1200	840	2520	226.8
17.	GAJENDRA SHAH	LATE DEWANAND SHAH	4	281	RCC	RESIDENTIAL	OTHER ROAD	1860	1302	3906	351.54
18.	GANGA SAH	LATE SARYUG SAH	4	190	RCC	RESIDENTIAL	OTHER ROAD	1750	1225	3675	330.75
19.	PARHALAD RAUAT	RAMA RAUAT	4	56	ASB	RESIDENTIAL	OTHER ROAD	2400	1680	3360	302.4
20.	BHAGAT SAH	SURAJ SAH	4	9	RCC	RESIDENTIAL	OTHER ROAD	1400	980	2940	264.6



II. PART-B

All audit objections/ irregularities which have no monetary implication, but significant violation of Act, Rules & directives of UD & HD. Mention the reference Act & Rules wherein remedial measures is required. In this part auditor should report in respect of -

a. Non- maintenance of books of accounts , subsidiary registers

S.No.	Particulars	Status
1.	Ledger Book	Not Maintained
2.	Grant Register	Not Maintained
3.	Payroll Register	Not properly maintained
4.	Demand and Collection Register	Not Provided
5.	Assessment Register	Not Provided
6.	Log Book	Not Provided
7.	Earnest Money and Security Deposit Register	Not Maintained
8.	Procurement Register	Not Maintained
9.	Statutory dues deduction and deposit register should be maintained	Not Maintained
10.	Contractors Payment Register	Not Maintained
11.	Advance Register	Not Maintained
12.	Subsidiary Cash Books	Not Maintained

Recommendation:

We recommend to the Nagar Panchayat to Prepare and update the required books and registers.

b. Irregularity in procurement process

- No major irregularity observed.

c. Non-compliance of directives by UD & HD , GOB

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

- Non collection of various taxes required to be collected.
- Non maintenance of prescribed books of accounts
- Non submission of UC and other reports on timely basis etc.

Recommendation:

We recommend to the Nagar Panchayat to comply with all directive of UD&HD, GOB issued by them.



d. Non Compliance of Act & Rules

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

- i. Property tax on lands and buildings.
- ii. Surcharge on transfer of lands and buildings,
- iii. Tax on deficit in parking spaces in any non-residential building,
- iv. Water tax,
- v. Fire tax,
- vi. Tax on advertisements, other than advertisements published in newspapers,
- vii. Surcharge on entertainment tax
- viii. Surcharge on electricity consumption within the municipal area,
- ix. Tax on congregations,
- x. Tax on pilgrims and tourists, and
- xi. Toll -
 - a) on roads, bridges, ferries and navigable channel and
 - b) on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles, within the meaning of the Motor Vehicles Act, 1988, plying on a public street.
- xii. Tax on profession

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

New Assessment has not been done since long and holding tax is being collected at old rates.

Recommendation:

We recommend to the Nagar Panchayat to levy the above taxes and user charges

e. Lack of internal Control measures

- 1) There are lack of internal control w.r.t collection of taxes.
- 2) Demand collection Register has not been prepared hence it is not possible to ascertain total arrear of taxes
- 3) Taxes collected by tax collector are not deposited on daily basis we observed that it is being deposited after significant interval which is not proper. As per Rule 27 of BMAR it should be deposited on daily basis otherwise a penalty up to Rs. 5000/- per day may be imposed for delayed deposit.



- 4) Reassessment of holding tax has not been done since long and holding tax is being collected at old rates.
- 5) Due collection of revenue on old rates there is significant loss the N.P. Quantification of loss is not possible at this point of time.
- 6) Advertisement Tax is not being levied by the N.P as a result there is a loss to the N.P of advertisement tax amount.
- 7) Tower tax dues are not collected on time basis.
- 8) Tender of Ghat, Crematorium, Gate, Palm trees and lands are not done on yearly basis.
- 9) Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.
- 10) There is lack of internal control on deduction and deposit of various taxes. On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.

Recommendation:

We recommend to the Nagar Panchayat to comply with the above mentioned internal controls weakness for fair presentation of financial position.

f. Non-compliance of TDS, VAT and other relevant Statute

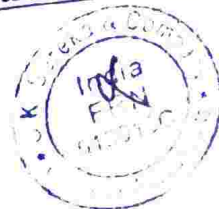
The municipality is not regular in depositing statutory dues including tax deducted at source, service tax, VAT/GST, works contract tax, cess payable to the government etc. We observed that all such taxes deducted during the financial year 2018-19 partly has been deposited and partly has not been deposited.

List of Taxes collected but not deposited on the due dates:

SUMMARY OF STATUTORY DEDUCTION FOR THE YEAR 2018-19

S. No.	Head	Amount Collected/Deducted		Short/Excess
		Deduction	Deposited	
1	Income Tax	1,63,402	1,67,074	3,672
2	VAT	37,986	74,453	36,467
3	GST	3,15,807	3,15,807	0.00
4	Labour Cess	1,40,043	1,41,805	1,762
5	Royalty	2,79,728	2,83,605	3,877
	TOTAL	936,966	9,08,291	45,778

➤ All statutory deduction has been paid after due date. Statutory dues should be paid on time. Action should be taken against the responsible



person/authority.

- Statutory dues deduction and deposit register should be maintained.
- Acknowledgement about filing return not provided to us for verification.

Recommendation:

We recommend to the Nagar Panchayat to comply with the above mentioned internal controls weakness for fair presentation of financial position.

g. Deficiency in Pay-roll System

The pay-roll system does not contain leave details of employee. PF contribution and pension fund contribution of employees are deducted but municipal department all the deductions of PF contribution and pension fund contribution are being deposited in a separate account opened by the municipality.

Recommendation:

We recommend to the Nagar Panchayat to comply the said provisions of payroll.

h. Utilization of Grant and report on missing Utilization Certificates

Grant Register has not been prepared hence it is difficult to ascertain unutilized grant at any particular time. Details of UC are under-

STATEMENT SHOWING DETAILS OF UTILISATION CERTIFICATE							
NAGAR PANCHAYAT MOTIPUR, MUZAFFARPUR, BIHAR.							
(FINANCIAL YEAR 2018-19)							
SERIAL NO.	GRANT NAME	SANCTION/ALLOTMENT LETTER NO. & DATE	ALOTMENT AMOUNT	UTILISED AMOUNT	FINANCIAL YEAR	UC SUBMISSION DATE	LETTER NO.
1	MUDRANK SULK		3,194,600.00				UC HAS NOT BEEN PROVIDED.
2	PROFESSIONAL		1,238,420.00				
6	<u>HOUSE FOR ALL (SAHRI YOJNA)</u>						UC HAS NOT BEEN PROVIDED.
	ALOTMENT						
	<u>SJSRY/NULM</u>						UC HAS NOT BEEN PROVIDED.
	ALOTMENT		185,019.00				
7	<u>SWACHH BHARAT MISSION</u>						
	ALOTMENT						
	ALOTMENT						
8	<u>GRANT FOR CITY MANAGER MANDAY</u>						



	ALOTMENT		376,332.00	
	ALOTMENT		197,220.00	UC HAS NOT BEEN PROVIDED. UC HAS NOT BEEN PROVIDED.
9	KABIR ANTYOSTHI			
	GRANT FOR			
	SAMAJIK			
	SURAKSHA			
10	KOSHANG			
	GRANT FOR			
	CHAIRMAN/WARD			
11	PARSHAD			
	GRANT FOR EXECUTIVE OFFICER SALARY			
	ALOTMENT			
12	NAGRIK SUVIDHA SAFAI MAD			
	ALOTMENT			
13	GRANT FOR 14TH FINANCE			
	COMMISSION			
	ALOTMENT		3,485,561.00	UC HAS NOT BEEN PROVIDED.
	ALOTMENT		3,485,561.00	UC HAS NOT BEEN PROVIDED.
	ALOTMENT		3,461,186.00	UC HAS NOT BEEN PROVIDED.
	ALOTMENT		3,461,185.00	UC HAS NOT BEEN PROVIDED.
14	PATH & PILIA NIRMAN (SARAK			
	NIRMAN MAD)			
	ALOTMENT		12,842,050.00	UC HAS NOT BEEN PROVIDED.
15	MUKHYA MANTRI NALI GALI (SAHRI			
	YOJNA)			
	ALOTMENT		3,162,940.00	UC HAS NOT BEEN PROVIDED.
	ALOTMENT		4,546,728.00	UC HAS NOT BEEN PROVIDED.
	ALOTMENT		197,684.00	UC HAS NOT BEEN PROVIDED.
16	PAKKI KARAN NISHYA YOJNA			
	ALOTMENT			
	ALOTMENT			
	ALOTMENT			
17	GRANT FOR 5TH FINANCE			
	COMMISSION			
	ALOTMENT		5,941,616.00	UC HAS NOT BEEN PROVIDED.
	ALOTMENT		5,941,615.00	UC HAS NOT BEEN PROVIDED.
	ALOTMENT		6,076,464.00	UC HAS NOT BEEN PROVIDED.
	ALOTMENT		6,076,464.00	UC HAS NOT BEEN PROVIDED.



GRANT FOR SAB KE LIYE AWASH SAHRI YOJNA (HFA)			
ALOTMENT		21,180,000.00	
ALOTMENT		7,060,000.00	UC HAS NOT BEEN PROVIDED.
TOTAL		92,110,645.00	UC HAS NOT BEEN PROVIDED.
NOTES: TOTAL GRANT RECEIPT DURING THE FINANCIAL YEAR 2018-19		92,110,645.00	
UTILISATION CERTIFICATE HAS BEEN SENT TO DEPARTMENT DURING THE FINANCIAL YEAR 2018-19		NIL	
AMOUNT NOT PROVIDED OF BALANCE GRANT		NIL	

Recommendation:

We recommend to the Nagar Panchayat to provide the grant register for assist in preparation of utilization certificate.

Physical verification of inventory/Stores

Store Register has not been prepared and physical verification of inventory/stores has also not been done.

Recommendation:

We recommend to the Nagar Panchayat to prepare the store/inventory register.

Advances, their adjustment & recovery

Advance Payment

Criteria:

The employees of the Municipality to whom official advances are provided for incurring expenditure on behalf of the Municipality shall prepare a Payment Order for the expenditure incurred as soon as the purpose for which the advance was provided is accomplished.

Condition:

Advance Register is not prepared hence it is difficult to monitor for advances given and adjustment thereof.

Recommendation:

We recommend to the Nagar Panchayat to adjust all the advances within scheduled time.

Other matters as may be prescribed in due course.

Staff strength of accounts department needs to be increased.



III. PART- C

Auditor should report in a separate section for non-compliance of rules/directives of UD&HD, GOB; Auditor should see 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.

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

Chapter-IX: Financial Management of Municipalities

Keeping in view the classification of municipal areas under section 7, the receipts and expenditures of the Municipality has not been kept under the heads of accounts, including those for water-supply, drainage and sewerage, solid waste management, road development and maintenance, slum services, commercial projects and other account heads as specified and the general account head, in such manner, and in such Form, as prescribed, so as to facilitate the imposition of user charges and preparation of any subsidy report under this Act.

Chapter-X: Application of Municipal Fund

Records for Power to incur expenditure within specified limits of the Municipality has not been provided to us.

The state fund grants received during the year were not specifically mentioned the purpose of their utilisation, the funds received as grant during the year were utilised for various purposes.

Chapter-XI: Budget Estimates

Budget for the financial year 2015-16, 2016-17, 2017-18 and 2018-19 has not been provided to us so we are unable evaluate budget estimates.

Chapter XII: Accounts and Audit

Books and Accounts of the Nagar Panchayat has not been maintained as per Municipal Accounting Manual and not placed to auditor appointed by UDHD. However the Nagar Panchayat is maintaining only cash book and their subsidiary books.



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Chapter-XIII: Municipal Property

We were not provided with the Fixed Assets Register for the FY 2017-18 for verification.

Chapter-XIV: Borrowings

No borrowings availed by Nagar Panchayat.

Chapter-XV: Municipal Revenue

Revenue collection process is not satisfactory; in case of property tax internal control is not adequate. We have observed that Property Taxes collected by tax collector were not deposited on the same day or the day after tomorrow but it is being deposited after a week/month.

1. Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available.
 2. Tax demand register has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer. This could be a huge loss to Nagar Panchayat.
- In case of Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs.3,98,000/- is receivable from tower tax as on 31.03.2019.
 - Nagar Panchayat is not collecting any advertisement tax.

Demand Register for shop rent has not being maintained by Nagar Panchayat. Further all the revenue collections are not being deposited in bank account same day.

Field survey of 20 high value properties has been conducted by us and our report as annexed in Part-A Point-3 of this report.

Auditor should Report in a separate Chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 80 high value properties in the city /town (irrespective of the



fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;

Auditor should Report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR

- a) Rule 22: All moneys to be brought to account
- b) Rule: 27: Collections to be deposited into Bank on the same day
- c) Rule 69: Grant Related Compliance
- d) Rule 120-121: Monthly Receipt & Payment Account and Trial Balance

Rule 130: Audit to be completed & reported within 6 month

➤ As suggested by the C&AG, the Ministry of Finance, Government of India has introduced a "National Municipal Accounts Manual" for adoption of accrual system of accounting system of accounting of ULBs. Based on NMAM, Bihar Municipal Accounts Manual (BMAM) has been got prepared by the Government of Bihar and has been enforced from April 1, 2007. Generally ULB following cash based accounting system which is only detail of total collection and expenses as per provision of BMR 2007, the double entry system should be employed to all ULB.

- Till date Double Entry Accounting System is not operational in the Nagar Panchayat for FY 2018-19.
- Internal control for collections of revenue from internal sources is not adequate such as :
 - i. Demand register is not maintained.
 - ii. All the collections are not deposited in bank account on same day.
 - iii. Monthly Receipt & Payment Account and Trial Balance has not been prepared.

Audit of accounts is not completed and report has not been submitted within 6 month.

Report on compliance of financial guidelines of schemes of MOHUA and UD & HD, GoB.

Separate details of schemes of MOHUA (Ministry of Housing and Urban Affair) and UD&HD (Urban Development and Housing Department) not provided to us for Report on compliance of financial guidelines.

Auditor should Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties,

➤ Revenue collection process is not satisfactory; in case of property tax internal control is not adequate. We have observed that Property Taxes collected by tax collector were not deposited on the same day or the day after tomorrow but it is



Advertisement Taxes/Fees, Sariat
etc:

being deposited after a week/month.

1. Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available.
 2. Tax demand register has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer. This could be a huge loss to Nagar Panchayat.
 3. Daily Collection register is not maintained on regular basis, hence it is difficult to assess total amount of tax collected during the year.
 4. Trail Balance has not been maintained on monthly basis.
- Nagar Panchayat is not collecting any advertisement tax.

Demand Register for shop rent has not being maintained by Nagar Panchayat. So we are unable to ascertain opening and closing outstanding demand.

Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs.10,000 and above.

➤ No irregularities observed on test check basis.

Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-

No irregularities observed on test check basis.

Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for

Detailed observation as per Part-B (h) of the report.



Assurance of U/Cs, the Internal Auditor report shall prepare Certification Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.

Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.

Instances of losses, failures or inefficiencies

- In case of property tax internal control is not adequate. We have observed that Property Taxes collected by tax collector were not deposited on the same day or the day after tomorrow but it is being deposited after a week/month.
- Reconciliation of property tax collection by tax collector and amount deposited into bank is also not available.
- Tax demand register has not been provided for verification, in such a situation we cannot ascertain the actual tax demanded/dues which can be recovered from a single tax payer. This could be a huge loss to Nagar Panchayat.
- Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs.3,98,000/- is receivable from tower tax as on 31.03.2019.
- Nagar Panchayat is not collecting any advertisement tax.
- Demand Register for shop rent has not being maintained by Nagar Panchayat. Further all the revenue collections are not being deposited in bank account on timely basis.

Recommendations and/or measures which can be taken to avoid their recurrence in future.

Proper monitoring of all transactions and implementation of Bihar Municipal Accounting Manual by authorised personals are recommended.

Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to

No such irregularities observed on test check basis.



procurement law and policies.

Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.

Auditor will report on that the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.

Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.

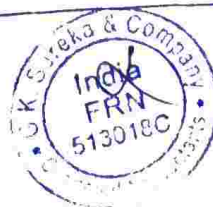
Auditor will report on that all kind of tax deductions i.e. Commercial tax, Income tax, provident fund etc. Should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.

No such FDs held by Nagar Panchayat.

As per details given below revenue loss resulted to the ULB- (Amt.in Rs.)

S. No.	Particulars	Amount	Reason
1	Property Tax	213813	Short Deposit against collections till end of year
2	Tower Tax	398000	Non-collection.
3	Shop Rent	0.00	We are not able to ascertain due to non provided to demand & collection register.
4	Advertisement Tax	----- -	No any record shown for Advertisement Tax

There is lack of internal control on deduction and deposit of various taxes. On deduction of taxes liability is not created hence it is difficult to ascertain tax payable at any point of time. Taxes such as VAT, I.T. Royalty etc are collected from time to time but its payments are made on yearly basis which is not proper. Taxes should be remitted to the Govt. account on timely basis otherwise penal action may be taken by the concerned department for delayed deposit of taxes.



Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has been complied by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report.

Refer Annexure No-1

General Observations: Auditor should report the deficiencies noticed during their audit and recommend ULB Management to improve internal systems.

- Manpower of Nagar Panchayat is not adequate and equipped with required knowledge.
- Accounting system in Nagar Panchyat is not adequate.

Place : Patna
Date :

For G.K. Sureka & Co.
Chartered Accountants
FRN.-513018C

CA. Gokul Kumar Sureka
Partner
M.N.-091380

UDIN: 20091380AAAA017057
Date: 24-06-2020

Annexure No-1


➤ The Major observations of AG audit report are as under:

Audit Para No.	Particulars	Amount Recovered
Para-1	Short Deduction of Performance Security by Rs.1.94 Lakh	Proposed to be recovered.
Para-7	Irregular payment of VAT Rs.2.84 Lakh	Pending for compliance
Para-8	Outstanding balance of Holding Tax Rs.14.54 Lakh	Pending for compliance
Para-9	Outstanding Tower Tax Registration and Renewal Fees Rs.1.92 Lakh	Partially complied. Recovered Rs.1,24,000
Para-10	Outstanding Shop Rent Rs.11.78 Lakh	Pending for compliance
Para-13	Fluctuation Amount of Rs.14.78 Lakh	Pending for compliance
Para-14	List of Submitted and unprepared records	Pending for compliance

➤ We have not been provided with the Internal Audit Report of FY 2016-17 to know the status of outstanding paras..



<p>concerned department. DEAS is in progress, and pending for approval.</p>	
<p>We are working on the constitution of Municipal Accounts Committee.</p>	
<p>a) Noted for further compliance. b) Noted for further compliance. c) Short deposit of Rs. 2,13,813/- has been deposited in bank. d) Noted for further compliance.</p>	
<p>Notice will be issue to the concerned person, as and when stay order of High Court will be laps/remove.</p>	<p>7. Tower tax (Registration and Renewal Fees) is not being collected on timely basis as more than Rs. 3,98,000/- is receivable from tower tax.</p>


 Municipal Corporation
 Indore

Maintenance of Demand Register for shop rent is in progress and it will be provided from next time. Notice to be issued to the concerned shop tenant.

We are working on the preparation of Subsidiary books and Register, few of them is prepared.
Details as below.

DEAS team has been appointed by the concerned department for this and they are working on this.

9. Demand Register for shop rent has not being maintained by ULB. Uncollected shop rent for the year 2018-19 was not ascertained

10. Non-maintenance of books of accounts, subsidiary registers

S.No.	Particulars	Status
1.	Ledger Book	Not Maintained
2.	Grant Register	Not Maintained
3.	Payroll Register	Not properly maintained
4.	Demand and Collection Register	Not Provided
5.	Assessment Register	Not Provided
6.	Log Book	Not Provided
7.	Earnest Money and Security Deposit Register	Not Maintained
8.	Procurement Register	Not Maintained
9.	Statutory dues deduction and deposit register should be maintained	Not Maintained
10.	Contractors Payment Register	Not Maintained
11.	Advance Register	Not Maintained
12.	Subsidiary Cash Books	Not Maintained

11. ULB is not preparing its books of accounts using the accrual system of accounting.



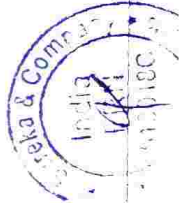
We are working on it. Taxes and fines will be charged/ collected as soon as possible.

12. We observed that only above mentioned tax/Fee has been collected during the year other taxes have not been collected.

i.e.

- a. Surcharge on transfer of lands and buildings,
- b. Tax on deficit in parking spaces in any non-residential building,
- c. Water tax,
- d. Fire tax,
- e. Tax on advertisements, other than advertisements published in newspapers,
- f. Surcharge on entertainment tax
- g. Surcharge on electricity consumption within the municipal area,
- h. Tax on congregations,
- i. Tax on pilgrims and tourists, and
- j. Toll -on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, which shall be heavy passenger motor vehicles, within the meaning of the Motor Vehicles Act, 1988, plying on a public street.

New Assessment of property tax has not been done since long and holding tax is being collected at old rates.



The municipality is not regular in depositing statutory taxes. Short Deposit of taxes will be deposited. tax deducted at source, service tax, VAT/GST, works contract tax, cess payable to the government etc. We observed that all such taxes deducted during the financial year 2017-18 partly has been deposited and partly has not been deposited.

Detail as follows.

S. No.	Head	Deduction	Deposited	Balance Due on 31-03-2019
1	Income Tax	1,63,402	1,67,074	(3,672)
2	VAT	37,986	74,453	(36,467)
3	GST	3,15,807	3,15,807	-
4	Labour Cess	1,40,043	1,41,805	(1,762)
5	Royalty	2,79,728	2,83,605	(3,877)
	TOTAL	936,966	982,744	(45,778)

- All statutory deduction has been paid after due date. Statutory dues should be paid on time. Action should be taken against the responsible person/authority.
- Statutory dues deduction and deposit register should be maintained.

14. Deficiency in Pay-roll System

- 1) The pay-roll system does not contain leave details of employee.
- 2) Contribution of permanent employees and employer towards ESI has not being made.
- 3) PF account has not been opened with PF department of all the permanent employees.

We are implementing recommendation which has given by Internal Auditor.





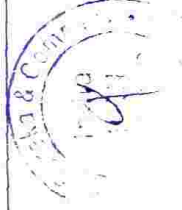
unutilized grant at any particular time.

Nagar Panchayat is not regular in preparation of Utilization Certificate on time amount of Rs. 9,21,10,645.00.

We recommend to the ULB to provide the grant register for assist in preparation of utilization certificate.

Utilization Certificate of respective grant will be prepared and submitted to the concerned department as soon as such grant utilized. Help of Internal Auditor will be taken, if required.

16.	Store Register has not been prepared and physical verification of inventory/stores has also not been done.	Store register is prepared but not maintained, we are working on it.
17.	Advance Register is not being prepared hence it is difficult to monitor for advances given and adjustment thereof.	It will be followed from next time.
18.	Staff strength of accounts department needs to be increased.	Yes, I will place this matter in meeting board/committee.
19.	Separate details of schemes of MOHUA (Ministry of Housing and Urban Affair) and UD&HD (Urban Development and Housing Department) not provided to us for Report on compliance of financial guidelines.	It will be provided from next time.



20.	Internal control measure has not been consider by concerned ULB for its operation and transaction.	We are working on the same and report will be made by the Internal Auditor.
21.	List of directive issued by UD&HD, GOB has not been provided to us for verification of same regarding compliances.	It will be provided from next time.

Date:
Place:

[Signature]
For Nagat Panchayat Motipur
(Executive Officer)

