

नगर विकास एवं आवास विभाग
URBAN DEVELOPMENT & HOUSING DEPARTMENT
Government of Bihar

INTERNAL AUDIT REPORT

FOR

F. Y. 2018-19

GROUP 1

MAKHDUMPUR NAGAR PANCHAYAT

BY

A. P. SANZGIRI & CO. CHARTERED ACCOUNTANTS

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A. P. SANZGIRI & CO.

CHARTERED ACCOUNTANTS

Document History
INTERNAL AUDIT FOR FY 2018-19

Project Title	Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar (Tender No. IA-140ULBs/2017-18/2018-19/2019-20) Group - 1 covering 19 ULBs"
Report Title	Internal Audit for FY 2018-19 of Nagar Panchayat Makhdumpur
Reporting Entity	A P SANZGIRI & Co., Chartered Accountants
Reporting for	Nagar Panchayat Makhdumpur
Report Prepared by	Internal Audit Team of A P SANZGIRI & Co., Chartered Accountants
Date of Submission	22 nd November 2019



ABBREVIATION AND ACRONYMS

Abbreviation	Description
UD&HD	Urban Development & Housing Department
BMAM	Bihar Municipal Accounting Manual
NMAM	National Municipal Accounting Manual
ULBs	Urban Local Bodies
FAR	Fixed Assets Register
OBS	Opening Balance Sheet
ToR	Terms of Reference
MIS	Management Information System
DEAS	Double entry accounting system
MOUD	Ministry of Urban Development
GOI	Government of India
GOB	Government of Bihar
CWIP	Capital Works in Progress
CAG	Comptroller & Auditor General of India
MAS	Municipal Audit Specialist
MAA	Municipal Audit Assistant
SS	Support Staff
NTP	Notice to Proceed
RFP	Reference for Proposal

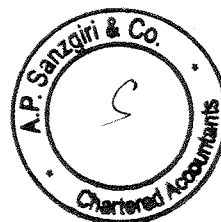


TABLE OF CONTENTS

S.N	Particulars	Page No.
1.	Covering Letter	4
2.	Executive Summary	5 - 8
3.	Detailed Audit Report	
	A. Introduction	9
	B. Administration	9
	C. Review of Outstanding Audit Para's	9 - 10
	D. Finance	11 - 16
	E. Audit Observations	16 - 50
4.	Annexure -1	51
5.	Annexure -2	52 - 53
6.	Discussion Note	54 - 56



A. P. SANZGIRI & Co.
CHARTERED ACCOUNTANTS

Date: 13th July, 2020

To
The Secretary
Urban Development & Housing Department,
Patna-Bihar

Sub: Submission of Internal Audit Report of Nagar Panchayat Makhdumpur for the Financial Year 2018-19

Ref No.: Letter No. 7/I. AK. 23/2018 - B2 Dated: 16.01.2019

Respected Sir,

With reference to above subject matter, We A P Sanzgiri & Co., Chartered Accountants has been appointed as **Internal Auditor** for the project named as "Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar (Tender No. 1A-140ULBs/2017-18/2018-19/2019-20) Group - 1 covering 19 ULBs"

As per the terms and conditions of RFP Document, we have successfully conducted the Internal Audit **Nagar Panchayat Makhdumpur** for the Financial Year 2018-19 and submitting the report of the same as per our deliverables.

We hereby confirm that, this report has been prepared in accordance with the Terms of Reference of RFP issued by the department.

Hope you will find the same in compliance.

Thanking You,

Yours faithfully,

On Behalf of
A P Sanzgiri & Co,
Chartered Accountants


CA Satish Gupta
Partner

FRN: 116293W

UDIN: 20101134AAAAGF3207

Vote - 07-07-2020
membership No - 101134

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EXECUTIVE SUMMARY

1. Introduction:

Name of the Municipality	-	Nagar Panchayat Makhdumpur
Period covered under Current Audit	-	01 st April 2018 to 31 st March 2019
Name of Mayor/Chairman	-	Smt Santoshi Devi
Name of Executive Officer	-	Shri Vinod Kumar Rajak

2. Observations and Findings:

Strengths	<ol style="list-style-type: none">1. In the existing system as prevailing in the ULB, day to day working is in progressive manner in respect of collection of revenue and execution of the projects.2. There is sufficient co-operation from the management during the course of our audit.3. General Cash book is properly up-to-dated.4. List of Outstanding dues is available.
Weaknesses	<ol style="list-style-type: none">1. The collection of rental income is not satisfactory.2. The shopkeeper/tenants have not been paying rent and have huge outstanding debts.3. Budget is not prepared properly; there is huge difference in opening balance of each year in continuous nature.4. No physical verification of store is exercised by ULB.5. No Physical verification of cash is exercised by ULB.6. Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied.7. Utilization certificate for FY 2017-18 has not been prepared.8. Fixed assets register is not maintained by ULB9. Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection for FY 2016-17.Hence, we are unable to comment on the same.10. Statutory compliance of the ULBs is not deposited timely and hence it incurs penalty and other charges.11. Certain Statutory Registers and Books are not maintained.12. Bank Reconciliation Statement has not been prepared. <p>13. Non Levy of Taxes:</p> <ul style="list-style-type: none">• Tax on advertisements, other than advertisements published in newspapers



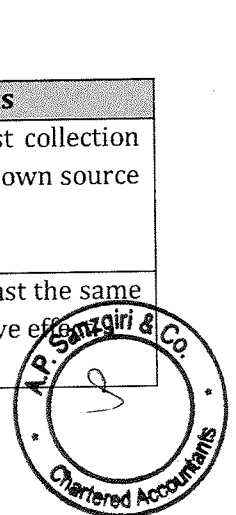
	<ul style="list-style-type: none"> • Surcharge on electricity consumption within the municipal area • Tax on congregations. • Tax on pilgrims and tourists. • User Charges for Solid Waste Management • User Charges for Parking Facility • User Charges for Garbage Clearance • Collection of fees for sanction of building plans and issue of completion certificates, • Collection of Development Charges <p>14. During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 100 to 120 days.</p> <p>15. ULB is not preparing monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.</p> <p>16. ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter</p> <p>17. Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.</p> <p>18. Non Compliance of Rule 130 of BMAR in some of the cases.</p> <p>19. ULB is not maintaining the accounts as well as not preparing the financial statements.</p> <p>20. ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.</p>
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3. Opinion:

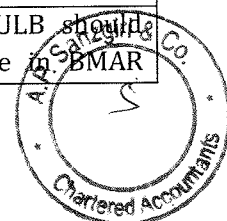
The management has to take stringent effort in forming accountability at various levels of the ULB, introducing reforms in financial management and accounting systems, development of strong internal control and organizational design of Municipalities, ensuring capacity building of the municipal personnel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

4. Audit Recommendation:

Observed Weaknesses	Audit Recommendations
The collection of rental income is not satisfactory. The shopkeeper/ tenants have not been paying rent and have huge outstanding debts.	To implement/take action to boost collection of arrear revenue to increase their own source revenue.
Budget is not prepared properly; there is huge difference in opening balance of each year in continuous nature.	ULB have to take strict action against the same and need to rectify it in retrospective effect.



No physical verification of store is exercised by ULB.	Physical verification to be carried out by ULB on interval basis for proper monitoring of the stock and process.
No Physical verification of cash is exercised by ULB.	Physical verification to be carried out by ULB on interval basis for proper monitoring of cash.
Provision of Section 36 (a) (iii) of the Bihar Municipal Act, 2007 regarding internal auditor wing or Municipal Internal Auditor on the board of the corporation has not been complied.	Internal Audit wing should be created by employing the Municipal Internal Auditor on the Board.
Utilization certificate for FY 2018-19 has not been prepared.	Utilization Certificate should be prepared timely by the ULB and submit the same to Department on regular basis.
Fixed assets register is not maintained by ULB	Fixed assets register should be maintained and updated properly.
Compliance report of AG audit is not prepared by the ULB and also report is not provided to us for inspection for FY 2010-11 to 2014-15. Hence, we are unable to comment on the same.	Compliance report should be prepared as soon as the report is received by ULB and steps to be taken for recovery of the amount for financial irregularities.
Statutory compliance of the ULB are not deposited timely and hence it incurs penalty and other charges.	As ULB is not proper in statutory compliances, that cause financial implication on ULB in mode of interest and penalty. So, ULB should ensure statutory compliance on time.
Certain Statutory Registers and Books are not maintained.	Statutory register and books of accounts should be maintained as per guidelines and BMAR.
Bank Reconciliation Statement has not been prepared.	ULB should prepare bank reconciliation of all bank accounts including doormat accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.
Non Levy of Taxes: <ul style="list-style-type: none"> • Tax on advertisements, other than advertisements published in newspapers • Surcharge on electricity consumption within the municipal area • Tax on congregations. • Tax on pilgrims and tourists. • User Charges for Solid Waste Management • User Charges for Parking Facility • User Charges for Garbage Clearance • Collection of fees for sanction of building plans and issue of completion certificates, • Collection of Development Charges 	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. ULB should take steps to implement required taxes to boost their revenue
During verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 90 to 100 days.	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.
ULB is not prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger	As per BMAR Rule No. - 121, ULB should prepare of monthly Trial balance in BMAR



BMAR per bilan

balances under various Account Codes as certified by the Chief Municipal Officer.	Form No. 72 by extracting all ledger balances under various Account Codes as certified by the executive officer.
ULB is not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	Currently ULB is sending on yearly basis and the same need to be complied on quarterly basis.
Non-preparation of fund wise statement in BMAR Form No. 71, 73 and 74 not later than 20th of the subsequent month.	As per BMAM-ULB are required to maintain fund wise receipts & payments. As per BMAM, following funds should be maintained by ULB. 1. Municipal General Fund 2. Basic service for urban poor 3. Water supply & sewerage fund 4. Solid Waste Management Fund 5. Road Development & Maintenance 6. Enterprise Fund
Non Compliance of Rule 130 of BMAR in some of the cases.	ULB should ensure compliance related to Rule 130 of BMAR on regular basis.
ULB is not maintaining the accounts as well as not preparing the financial statements.	ULB is required to maintain the accounts as well as prepare the financial statements at the end of the year.
ULB is currently not following the provision of BMAR for submission of financial statement and balance sheet to auditor.	ULB should prepare financial statements for each year and get it approved from municipal account committee. As per BMAR, audited financial statements are required to submit to auditor for audit.
In-consistency in assessment of property tax	Checked on random basis and found variation between demand raised by ULB or actual demand.

5. COMMENTS BY MANAGEMENT

We have conducted audit of the ULB and our report with observation was discussed with ULB officials and the comments are given in **Annex-1 Discussion Note**.

6. ACKNOWLEDGMENT

During the course of the audit we have come across many deficiencies like maintaining of holding tax register, fixed assets register, award register of contract etc. all such deficiencies we have brought to knowledge of the ULB officials. Further non preparation of bank reconciliation has also been brought to the notice of the ULB officials.

On Behalf of
A P Sanzgiri & Co,
 Chartered Accountants
 Satish
 CA Satish Gupta
 Partner
 FRN: 116293W
 UDIN: 2010434AAAK613207
 DATE: 07-07-2020
 Membership No. 101134



DETAILED AUDIT REPORT

1. INTRODUCTION:

Name Of ULB	Period-covered		Audit Team
	From	To	
Makhdumpur Nagar Parishad	1 st April, 2018	31 st March, 2019	1. Team Leader: CA Satish Gupta 2. Name of CA: Ayush Agarwal 1. Name of Auditor-1: 2. Name of Auditor-2: Dipak Sharma

2. ADMINISTRATION

S.N	Particular	Details
1	The present body of the ULB has taken charge on	August, 2018
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Smt Santoshi Devi
2.1.1	Period of service:	From: August, 2018 To: Till date
2.2	Name of Executive Officer:	Shri Vinod Kumar Rajak
2.2.1	Period of service:	From: January 2019 To: Till date

3. REVIEW OF OUTSTANDING AUDIT PARAS:

3.1. STATUS OF AUDIT OBSERVATIONS IS AS UNDER:

Particulars of audit and date of report	Total No. of Audit Paras	Improvement/corrective measures required (Nos. of Para's)	Recovery of cash is proposed (Nos. of Para's)	Recovery has been made (Nos. of Para's)	Total amount of Recovery	No action has been taken	No. & date of compliance report
Audit report submitted by AG for the F.Y. 2015-16	17	17	11	Nil	-	-	487/Dated 31.07.2019 (Refer Discussion Note)

3.2. DETAILS OF TOTAL NUMBER OF AUDIT PARA'S:

Period of AG Audit Report

: 2012-13 to 2015-16

Compliance Report Date & Number

: 487/Dated 31.07.2019 (Refer Discussion Note)

Para Nos.	Heading of the Audit Para	Amount Involved	Recovery Proposed	Recovery Completed	Action Taken or Not
1	Less deposit amount by Tax Collector.	0.003 Lac	Yes	No	No
	Non-deposit of collected amount by Tax Collector.	0.57 Lac	Yes	No	No
2	Non-deposit of collection amount by Tax Collector into the Bank's book.	5.05 Lac	Yes	Yes	Yes



3	Expenditure against purchase of Two sided Solar Light was filed.	13.47 Lac	No	No	No
4	Irregularity in purchase of two sided Solar Light.	0.96 Lac	Yes	No	No
	Irregularity in purchase of CFL Light.	0.07 Lac	Yes	No	No
	Irregularity in purchase of Dustbin.	5.74 Lac	No	No	No
	Irregularity in purchase of JCB.	16.90 Lac	No	No	No
5	Irregularity in payment against purchase of Cleaning Equipment	10.03 Lac	Yes	No	No
6	Expenditure against purchase of JCB, Section Machine & Fogging Machine was filed.	28.45 Lac	No	No	No
7	Non-deduction of performance securities.	12.73 Lac	No	No	No
8	Non-deduction of VAT amount against purchase of Street Light, Section Machine & Fogging Machine.	1.09 Lac	Yes	No	No
9	Non-deposit of outstanding amount of provision.	2.96 Lac	Yes	No	No
10	Unauthorized installation and non-collection of registration & renewals of Mobile Tower.	25.76 Lac	Yes	No	No
11	Irregularity in execution of planning.	4.54 Lac	No	No	No
12	Non-deduction of labour cess.	0.00	No	No	No
13	Non-maintenance of Grant Register	0.00	No	No	No
14	Non-maintenance of Assets Register	0.00	No	No	No
15	Non-implementation of Property Tax	0.00	No	No	No
16	Non-presentation of Miscellaneous and H receipts.	0.00	No	No	No
17	Irregular maintenance of Stock Register.	0.00	No	No	No

Note-1: ULB did not provide AG report thereafter have taken from UD & HD website.

Note-2: Further Compliance Report has been prepared by managements.

Management Comment: ULB is preparing Compliance Report for above said period of AG Report, once it is completed this report will be provided. **(Kindly Attached Refer Discussion Note).**



4. FINANCE

I. BUDGETARY PROVISIONS AND EXPENDITURES FOR THE LAST THREE YEARS:

Year	Year- 2016-17	Year- 2017-18	Year- 2018-19
Final/Revised Budget Data	35,58,76,000.00	17,06,21,000.00	19,17,33,390.00
Actual Expenditure Data	11,28,35,486.00	10,84,19,618.00	11,73,96,038.00
Savings(+)/Excess(-)	24,30,40,514.00	6,22,01,382.00	7,43,37,352.00

Auditor's Comment:

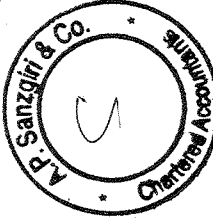
The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18 & 2018-19. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the above-mentioned figures.

II. VOLUME OF TRANSACTIONS:

Period	Rev. Budgeted for F.Y. 2018-19	Actual for the F.Y. 2016-17	Actual for the F.Y. 2017-18	Actual for the F.Y. 2018-19	Cumulative for the current period
Opening balance	15,63,78,940.00	16,78,95,742.00	17,40,60,515.00	15,63,78,940.00	15,63,78,940.00
Receipts	16,29,00,917.00	11,90,00,259.00	9,07,38,043.00	9,12,68,368.00	9,12,68,368.00
Total	31,92,79,857.00	28,68,96,001.00	26,47,98,558.00	24,76,47,308.00	24,76,47,308.00
Net expenditure	19,17,33,390.00	11,28,35,486.00	10,84,19,618.00	11,73,96,038.00	11,73,96,038.00
Closing balance	12,75,46,467.00	17,40,60,515.00	15,63,78,940.00	13,02,51,270.00	13,02,51,270.00

Auditor's Comment:

- The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18 & 2018-19. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2015-16, 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the above-mentioned figures.



III. BANK RECONCILIATION POSITION AS ON REPORTING DATE:

Since different scheme has been maintained in single cash book therefore segregation of balances of different scheme as on 31st march 2018 cannot be determined. Similarly, since through one bank account different schemes are being operated, the bank balance of a particular scheme on a particular date cannot be determined. Nagar Panchayat Makhdumpur, has not prepared Bank Reconciliation statement secretly. However, balance as on 31st march 2018 of different bank accounts as below: -

BANK RECONCILIATION POSITION AS ON 31-03-2018

S.N	Name of Bank	Bank A/C No.	Purpose of Bank Account	Balance as per Cash Book	Balance as per Bank Statement	Differences	Reconciled (Yes/No)
1	Treasury	PLA/c 021	P/L	-	7,06,56,956.00	7,06,56,956.00	Not Reconciled
2	State Bank of India	33981157712	General Fund	12,04,067.00	1,03,070.00	11,00,997.00	Not Reconciled
3	State Bank of India	31689063331	State Plan	4,69,28,740.00	9,55,553.00	4,59,73,187.00	Not Reconciled
4	Bank of india	447810100009748	BRGF	19,95,420.00	16,83,754.00	3,11,666.00	Not Reconciled
5	Bank of india	447810110004901	City Manager Allowance	35,440.00	Closed	35,440.00	Not Reconciled
6	Bank of india	444810110004984	SJSRY	14,87,327.00	Closed	14,87,327.00	Not Reconciled
7	PNB	1615000100048525	NSDP	1,58,103.00	Closed	1,58,103.00	Not Reconciled
8	PNB	1615000100048516	Kabir Anthyathi	83,000.00	Closed	83,000.00	Not Reconciled
9	PNB	16115000100023906	Ward Counsellor	993.00	8,974.00	7,981.00	Not Reconciled

10	HDFC	50100083948693	14 th Finance	1,48,99,234.00	30,32,733.00	1,18,66,501.00	Not Reconciled
11	MBGB	72050100104031	5 th Finance	1,00,20,165.00	2,51,798.00	1,18,66,501.00	Not Reconciled
12	MBGB	72050100123966	Rastriye Pariwarik	88,776.00	0.00	88776.00	Not Reconciled
13	MBGB	72050100161540	PESAKAR	18,970.00	1,10,21,126.00	11002156.00	Not Reconciled
14	MBGB	72050100161531	E-Govt	17,538.00	55,68,563.00	55,51,025.00	Not Reconciled
15	Allahabad Bank	50273883956	Swachhh Bharat	1,97,409.00	3,19,366.00	12,19,57.00	Not Reconciled
16	Allahabad Bank	50298520618	Mission	45,400.00	9,18,635.00	8,73,235.00	Not Reconciled
17	Allahabad Bank	50344306446	Census	1,31,809.00	96,63,297.00	95,31,488.00	Not Reconciled
18	Allahabad Bank (NULM)	50380250250	E.O Salary	3,29,109.00	1,30,777.00	1,98,332.00	Not Reconciled
	Total			7,76,41,500.00	10,43,14,602.00	17,07,92,671.00	

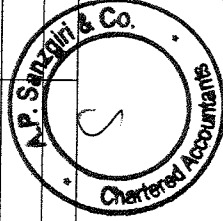
Note: ULB has Closed Four(4) Bank Accounts In F.Y 2017-18.

A single cash book maintained for a 'YOJNA/MISSION/SCHEME' whereas under a 'YOJNA/MISSION/SCHEME' more than one bank account has been opened, hence it is suggested by us to maintain separate cash book in respect of each bank account so that reconciliation between cash book and bank statement can be prepared.



IV. RECEIPT DETAILS:

INCOME DETAILS (Amounts IN INR)							
SN	Details	2017-18		2018-19		2019-20	
		2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (Actual)	2019-20 (Actual)	2018-19 (Actual)
A	Total Receipts (A+B)	9,07,38,043.00	11,90,00,259.00	9,12,68,369.00	9,07,38,043.00		9,12,68,369.00
	Revenue Receipts (1+2+3)	1,63,30,149.00	7,76,789.00	3,26,10,737.00	1,63,30,149.00		3,26,10,737.00
1	Own Revenue Receipts (a+b)	7,69,801.00	0.00	10,14,533.00	7,69,801.00		10,14,533.00
a)	Tax Revenue(Collected by ULB)	3,58,379.00	0.00	8,98,415.00	3,58,379.00		8,98,415.00
i)	Property Tax	1,78,108.00	0.00	3,98,415.00	1,78,108.00		3,98,415.00
ii)	Other tax (Collected by ULB)	1,80,271.00	0.00	5,00,000.00	1,80,271.00		5,00,000.00
b)	Non-tax revenue (Collected by ULB)	4,11,422.00	86,311.00	1,16,118.00	4,11,422.00		1,16,118.00
i)	Fees & fines	69,134.00	46,311.00	22,682.00	69,134.00		22,682.00
ii)	User Charges	3,21,061.00	40,000.00	11,780.00	3,21,061.00		11,780.00
iii)	Other non-tax revenue	21,227.00	0.00	81,656.00	21,227.00		81,656.00
2	Other Revenue Receipts	30,38,535.00	6,90,478.00	14,25,743.00	30,38,535.00		14,25,743.00
a)	Income from interest/investments	16,54,512.00	1,56,410.00	10,45,980.00	16,54,512.00		10,45,980.00
b)	Other Revenue income	13,84,023.00	5,34,068.00	3,79,763.00	13,84,023.00		3,79,763.00
3	Transfers/Grants/Assigned Revenues	1,25,21,813.00	0.00	3,01,70,461.00	1,25,21,813.00		3,01,70,461.00
a)	State Assigned Revenue	1,14,19,855.00	0.00	3,01,70,461.00	1,14,19,855.00		3,01,70,461.00
b)	State Finance Commission (SFC) Grants						
c)	Octroi compensation	11,01,958.00	0.00	0.00	11,01,958.00		0.00
d)	Other State Government Transfers						
e)	Central Finance Commission (CFC) Grant						
f)	Other Central Government Transfers						
B	Capital Receipts	7,44,07,894.00	11,82,23,470.00	5,86,57,632.00	7,44,07,894.00		5,86,57,632.00
1	Sale of Municipal Land						
2	Loans (from State Govt. of Banks etc.)						
3	State Capital Account Grant	5,17,26,657.00	5,54,65,728.00	5,86,57,632.00	5,17,26,657.00		5,86,57,632.00
4	Central Capital Account Grant	1,52,70,437.00	6,27,57,742.00	0.00	1,52,70,437.00		0.00
	Other Capital Receipts	74,10,800.00	0.00	0.00	74,10,800.00		0.00



Auditor's Comment:

The above figures have been taken from the Budgeted Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2016-17, 2017-18, 2018-19 have not been produced before us by management for verification. Hence, we could not validate the above-mentioned figures. Actual figure for F.Y. 2018-19 has been taken up to December 2018 from budget of F.Y. 2019-20.

V. EXPENDITURE INFORMATION:

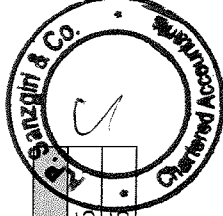
S.N	Details	2017-18		2018-19		2019-20	
		2017-18 (Actual)	2016-17 (Actual)	2018-19 (Actual)	2017-18 (Actual)	2019-20 (Actual)	2018-19 (Actual)
A.	Total Expenditure (1+2)	10,84,19,618.00	11,28,35,486.00	11,73,96,038.00	10,84,19,618.00	-	11,73,96,038.00
1	Revenue Expenditure	1,82,65,888.00	3,88,62,579.00	1,66,31,498.00	1,82,65,888.00	-	1,66,31,498.00
1.1	Administrative Expenses, Establishment and Salaries (All Departments-Regular and contract)	40,84,527.00	48,46,144.00	36,32,814.00	40,84,527.00	-	36,32,814.00
1.2	Operation and Maintenance	1,11,68,707.00	51,28,343.00	1,29,94,778.00	1,11,68,707.00	-	1,29,94,778.00
1.3	Loan repayment (Interest payments)	0.00	0.00	0.00	0.00	-	0.00
1.4	Others (any other revenue expenditure)	30,12,654.00	2,88,88,092.00	3,906.00	30,12,654.00	-	3,906.00
2	Capital Expenditure	9,01,53,730.00	7,39,72,908.00	10,07,64,540.00	9,01,53,730.00	-	10,07,64,540.00
2.1	All developmental works under Central/ State schemes	8,61,29,036.00	7,39,72,908.00	9,97,86,264.00	8,61,29,036.00	-	9,97,86,264.00
2.2	Loan Repayments (Principal Amount)	-	-	-	-	-	-
2.3	Other Capital expenditure	40,24,694.00	-	9,78,276.00	40,24,694.00	-	9,78,276.00

AUDITOR'S COMMENT:

The above figures have been taken from the Budgeted Statement of the ULB for the year 2016-17, 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Balance Sheet, Income & Expenditure Account and Receipts & Payments Account for the year 2016-17, 2017-18, 2018-19 have not been produced before us by management for verification. Hence, we could not validate the above-mentioned figures. Actual figure for F.Y. 2018-19 has been taken up to December 2018 from budget of F.Y. 2019-20.

VI. STATUS OF IMPLEMENTATION OF DOUBLE ENTRY SYSTEM: It is told by the ULB that there one Agency M/S Sahani Bansal & Associates was appointed for the DEAS work and it has completed following activities till FY 2015-16. Further at present there no agency is working for implementation of Double Entry Accounting System.

SN	Activity	Work Done
1	Fixed Assets Register	Opening FAR was prepared as on 01/04/2014 and it was updated for FY 2014-15 and 2015-16
2	Property Tax Register	Opening PTR was prepared as on 01/04/2014 and it was updated for FY 2014-15 and 2015-16



9	Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy goods vehicles, and buses, passenger motor vehicles.	NO
10	User Charges for provision of water-supply, drainage and sewerage	YES
11	User Charges for Solid Waste Management	NO
12	User Charges for Parking Facility	YES
13	User Charges for Garbage Clearance	NO
14	Collection of fees for sanction of building plans and issue of completion certificates, and buildings.	YES
15	Collection of Fees for issue of birth and death certificates.	YES
16	Collection of Development Charges	YES
17	No levy of taxes will be resulted in to revenue loss to ULB.	No
4	Consequences/Effect	
5	Cause	
6	Corrective Action/ Recommendation	
7	Management Comments	

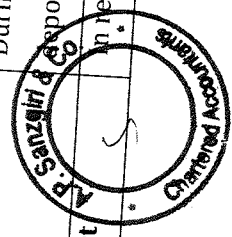
There is lack of standard policies and instructions from department. In some cases policies are prepared by it is not followed by the ULBs.

It is recommended that department should prepare uniform policies for levy and collection of taxes in proper manner and on due time. Further capacity building programmes should be held for ULBs staff and awareness about these taxes should be done.

Kindly refer discussion note attached with the report.

OBSERVATION-2 : DELAY IN DEPOSIT OF PROPERTY TAX COLLECTED BY ULB STAFF

SN	Head	Comments
1	Objective	As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 the amount of tax collected by the Tax collector is required to be handed over to cashier and deposited into bank on the same day on which collection is made. To check compliance of these provisions, we have carried audit of such type of cases.
2	Criteria	We have checked respective books in order to carry the audit and some cases were checked on random basis.
3	Condition	During verification of receipts book and deposit slips, we have noticed that there is gap period in collection of tax and
4	Consequences/Effect	in respect of above in most of the cases property tax has not been deposited on same day of collection which resulted



		in interest loss to ULB.
5	Cause	It is explained by concern person that due to non- availability of human resources the same issues arises.
6	Corrective Action/ Recommendation	It is recommended that tax collector/cashier should deposit the collected money into bank on same day itself and if he fails to do the same, necessary action should be taken by the ULB management in such cases.
7	Management Comments	Kindly refer discussion note attached with the report.

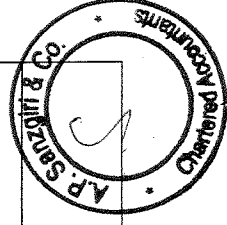
OBSERVATION-3: NON COLLECTION OF NOTICE FEE

SN	Head	Comments
1	Objective	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 delayed payment at a rate as may be specified, and the amount of penalty therefore.
2	Condition	ULB has not provided any information regarding charging and collection of notice fees.
3	Consequences/Effect	It is non-compliance of Bihar Municipal Act, 2007 which resulted in loss of revenue to the ULB.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice fees should be collected as per applicable provisions and rules.
7	Management Comments	Kindly refer discussion note attached with the report.

OBSERVATION-4: RECOVERY OF OUTSTANDING TAXES/RENTAL INCOME

1. RECOVERY OF OUTSTANDING PROPERTY TAX

SN	Head	Comments
1	Objective	ULB is authorized to collect holding tax from households situated in the municipal area and Property tax have major role in the internal revenue of ULB.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that property tax of Rs. 49.65lacs was outstanding as on 31/03/2018:



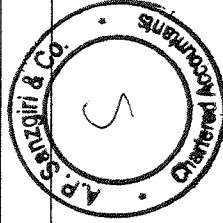
3	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report.

1. RECOVERY OF ADVERTISEMENT TAX

SN	Head	Comments
1	Objective	ULB authorized to charge advertisement tax/fee in municipal are as per act/rule.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted there was no outstanding dues as on 31/03/2018.
3	Consequences/Effect	Delay in collection or outstanding dues results in revenue loss to ULB.
5	Cause	Not Applicable
6	Corrective Action/ Recommendation	Not Applicable
7	Management Comments	Not Applicable

2. RENT INCOME

SN	Head	Comments
1	Objective	ULB authorized to charge rent from municipal properties.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that there was no rent income outstanding as on 31/03/2019
3	Consequences/Effect	Not Applicable
5	Cause	Not Applicable
6	Corrective Action/ Recommendation	Not Applicable
7	Management Comments	Not Applicable.



4. MOBILE TOWER TAX

SN	Head	Comments
1	Objective	ULB is authorized to collect tax from telecom companies for mobile towers installed in the municipal area.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that mobile tower tax of Rs. 24.41lacs was outstanding as on 31/03/2019
3	Consequences/Effect	It leads in shortage of fund for ULB and loss of revenue.
5	Cause	No proper explanation in this regard given by ULB.
6	Corrective Action/ Recommendation	Notice should be issued to the assessee's on regular interval for recovery of outstanding dues.
7	Management Comments	Kindly refer discussion note attached with the report

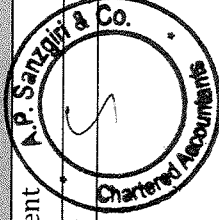
5 OTHER TAX

SN	Head	Comments
1	Objective	ULB is authorized to collect other various types of taxes/fee.
2	Criteria	It is checked from progress report prepared by ULB
2	Condition	During checking it is noted that no other tax was outstanding as on 31/03/2019
3	Consequences/Effect	Not Applicable
5	Cause	Not Applicable
6	Corrective Action/ Recommendation	Not Applicable
7	Management Comments	Not Applicable.

(B) EXCESS PAYMENT AGAINST BILL, LACK OF PRUDENCE IN PAYMENT AGAINST VOUCHER, INEFFICIENCY IN CONTROLS RESULTING LOSS TO ULBS.

During the audit we have checked below mentioned payments on random basis and audit observation are as follows:

SN	Head	Comments
1	Objective	Checking of payment made by ULBs to find out irregularities made during payment
2	Criteria	Payment were checked on random basis

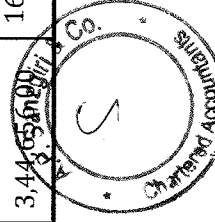


3

Condition

We have checked following payment related to FY 2018-19 during audit:

S.N	Name of Party	Payment Head	Invoice Amount	Approved Amount	Date of Payment	Audit Observations
1	Lalan Kumar	Own Fund	50,000.00	50,000.00	15.05.2018	TDS Not Deducted
2	Lalan Kumar	Own Fund	50,000.00	50,000.00	23.05.2018	TDS Not Deducted
3	Umesh visvkerma	Own Fund	1,00,000.00	1,00,000.00	08.06.2018	TDS Not Deducted
4	Vinay Kumar (Advocate)	Own Fund	55,297.00	55,297.00	06.04.2018	TDS Not Deducted
5	Ghar Sansar Makhdumpur	Samajik Suraksha	23,405.00	23,405.00	12.04.2018	TDS Not Deducted
6	Sinha Enterprises	5 th finance	4,99,000.00	4,99,000.00	26-05- 2018	TDS Not Deducted
7	Dadwa Power Industries	5 th finance	7,40,000.00	7,40,000.00	26.05.2018	TDS Not Deducted
8	Liberty A12	5 th finance	2,78,000.00	2,78,000.00	26.05.2018	TDS Not Deducted
9	Liberty A12	5 th finance	3,10,000.00	3,10,000.00	26-05- 2018	TDS Not Deducted
10	Reliable Enterprises'	Safai oyabashtha	13,08,000.00	13,08,000.00	26.05.2018	TDS Not Deducted
11	Patna Auto	Safai oyabashtha	7,33,159.00	7,33,159.00	09.06.2018	TDS Not Deducted
12	Patna Auto	State Finance	6,35,864.00	6,35,864.00	26.06.2018	TDS Not Deducted
13	Dainik Bhasker	Own source	42,108.00	42,108.00	10.10.2018	TDS Not Deducted
14	Ms Enterprises Gaya	5 th finance	49,855.00	49,855.00	06.11.2018	TDS Not Deducted
15	Jagran Prakashan	Own source	26,250.00	26,250.00	08.0.2019	TDS Not Deducted
16		5 th finance	3,45,223.00	3,45,223.00	26.09.2018	Rs 6784.59 DPS Payment
17	SBPDCL(Electricity)	5 th finance	5,54,637.00	5,54,637.00	15.01.2019	Rs 35067.72 DPS Payment
18		5 th finance	3,44,656.00	3,44,656.00	16.03.2019	Rs 4024.63 DPS Payment

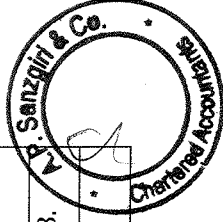


		19	Ragho Speyer's Jehanabad	Own fund	42,700.00	42,700.00	11.09.2018	TDS Not Deducted
		20	Arya Pipes Jehanabad	Own fund	23,364.00	23,364.00	30.11.2018	TDS Not Deducted
		21	Sulabh samagar seva	5 th /14 th finance	6,51,580.00	6,51,580.00	5.06.2018	All Invoice Amount is Monthly .All party (NGO) are involved regular work for ULB.(Door to Door Wastage Collection) up to month of August 2018 TDS not Deducted and month of September TDS Deducted .
		22	Agargami public welfare sansthan	14 th /5 th finance	4,19,490.00	4,19,490.00	5.06.2018	
4	Consequences/Effect	Irregularities in payment lead to excess payment, wrong deductions, non-compliance with agreement and statutory compliances.						
5	Cause	No such cases were identified during audit.						
6	Corrective Action/Recommendation	Management can implement standard checklist for each payment so that irregularities in payments can be avoided.						
7	Management Comments	Kindly refer discussion note attached with the report						

(C) REPORT ON SURVEY ON 20 HIGH VALUE PROPERTIES

During the audit we have selected 20 properties on random basis for survey and our comments are as follows:

SN	Head	Comments
1	Objective	Field survey and report of 20 high value properties of ULB and report on the basis of area of building, rate of property tax etc of the same. Comparison with the data of same property provided by the ULB and report on variance between them if available.
2	Criteria	Survey was done for 20 High value properties.
3	Condition	We have checked twenty high value assessed property and found variances related to FY 2017-18 during audit. Details of such cases are given in Annexure-2
4	Consequences/Effect	Irregularities in this area may cause short recovery of revenue receipt and it will result in loss to the ULB.
5	Cause	There are some cases found in which variance arise due to assessment of area of property on lower side.



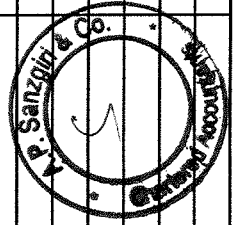
6	Corrective Action/Recommendation	Management need to carry survey of properties on regular interval.
7	Management Comments	Kindly refer discussion note attached with the report.

PART-B: ALL AUDIT OBJECTIONS/IRREGULARITIES WHICH HAS MONETARY IMPLICATION, BUT SIGNIFICANT VIOLATION OF ACT, RULES & DIRECTIVES OF UD & HD, MENTION THE REFERENCE TO ACT & RULES WHEREIN REMEDIAL MEASURE IS REQUIRED:

(a) NON MAINTENANCE OF BOOKS OF ACCOUNTS, SUBSIDIARY REGISTERS:

The Municipality has not maintained/provide for verification the following prescribed registers.

S/N	Name of Register	Maintained/ Not Maintained	Last date of Updating
1	Cash Book-Cashier	Not Maintained	
2	Cash Book-Accountant	Maintained	31.03.2019
3	Collection Register	Maintained	31.03.2019
4	Cheque issue Register	Maintained	31.03.2019
5	Register of Advance	Not Maintained	
6	Register of Permanent Advance	Not Maintained	
7	Deposit received register	Not Maintained	
8	Summary statement of deposit adjusted	Not Maintained	
9	Demand Register	Not maintained	
10	Summary Statement of Bills Raised	Not maintained	
11	Register of Notice Fees, Warrant Fees, Other Fees	Not maintained	
12	Summary Statement of Notice Fees, Warrant Fees, Other Fees	Not maintained	
13	Register of Refunds, Remissions and Write off	Maintained in Yojna panji	
14	Summary statement of Refunds and Remissions	Not maintained	
15	Summary Statement of Write-offs	Not maintained	
16	Statement of outstanding Liability for Expenses	Not maintained	
17	Document Control Register/Stock Account Receipts/Cheque Book	Maintained	31.03.2019
18	Fixed Assets Register	Not Maintained	
19	Summary Statement of Demand Raised on assessment	Not Maintained	
20	Summary Statement of Head wise Collection of Other Income	Not Maintained	
21	Summary Statement of Refunds	Maintained in Yojna Panji	31.03.2019
22	Summary Statement of Write off	Not Maintained	
23	Grant Register	Maintained	31.03.2019

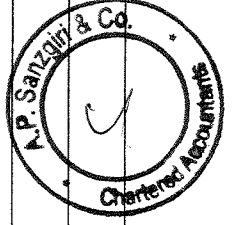


24	Summary Statement of status of Capital Work in Progress	Not Maintained	
25	Work Sheet	Not Maintained	
26	Deposit Works Register	Not Maintained	
27	Material Receipt Note	Maintained	31.03.2019
28	Store Ledger	Maintained	31.03.2019
29	Statement of Closing Stock	Not Maintained	
30	Statement of Material Issued	Not Maintained	
31	BRS of all bank accounts (including dormant accounts)	Maintained	31.03.2019
32	Final Accounts for the F.Y. 2012-13 to 2017-18	Not maintained	
33	Audited Balance Sheet	Not maintained	
34	Audited Income & Expenditure Account	Not maintained	
35	Audited Receipts & Payment Account	Not maintained	

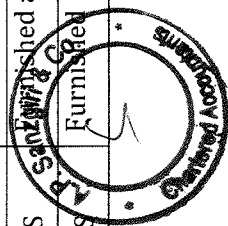
(b) IRREGULARITY IN PROCUREMENT PROCESS:

1. COMPLIANCE REGARDING TENDER ISSUED BY THE ULBS: During audit, we have checked following procurements:

S.N	Name of Party	Invoice Amount	Deduction has made or not	Whether Deductions are with appropriate Rate	Check signature of Commissioner/EO in Payment Order	Whether Measure ment book & bill signed by the JE of ULB	Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority (BMAR Rule No.-130)
1	SANJEEV KUMAR	641,460	YES	YES	YES	YES	Furnished and deviation found Excess Income tax Deducted Rs 6414
2	SANJAY KUMAR PALEYA	767,870	YES	YES	YES	YES	Furnished and deviation found Excess Security deposit Deducted Rs 38393
3	ANANT KUMAR	148,429	YES	YES	YES	YES	Furnished and deviation found Excess Security deposit Deducted Rs 181
4	SANJAY KUMA PALEYA	115,905	YES	YES	YES	YES	Furnished and no deviation found
5	SHIV KUMAR	232,993	YES	YES	YES	YES	Furnished and no deviation found



6	SANJEEV KUMAR	422,302	YES	YES	YES	YES	YES	Furnished and deviation found Excess Income tax Deducted Rs 4222
7	SANJEEV KUMAR	1,468,034	YES	YES	YES	YES	YES	Furnished and deviation found Excess Income tax Deducted Rs 14680
8	PRAMILA DEVI	255,448	YES	YES	YES	YES	YES	Furnished and no deviation found
9	PRAMILA DEVI	237,102	YES	YES	YES	YES	YES	Furnished and no deviation found
10	MANJU DEVI	153,214	YES	YES	YES	YES	YES	Furnished and deviation found Excess Income tax Deducted Rs 1531
11	SANJAY KUMA PALEYA	168,942	YES	YES	YES	YES	YES	Furnished and deviation found Security deposit not Deducted Rs 8447
12	SANJEEV KUMAR	279,521	YES	YES	YES	YES	YES	Furnished and deviation found Excess Income tax Deducted Rs 2794
13	SANJEEV KUMAR	148,429	YES	YES	YES	YES	YES	Furnished and deviation found Excess Income tax Deducted Rs 1484
14	LALAN KUMAR	148,429	YES	YES	YES	YES	YES	Furnished and no deviation found
15	LALAN KUMAR	115,905	YES	YES	YES	YES	YES	Furnished and no deviation found
16	RAJBHUSHAN SHARMA	494,522	YES	YES	YES	YES	YES	Furnished and no deviation found
17	SANJEET KUMAR	573,626	YES	YES	YES	YES	YES	Furnished and deviation found Royalty & Security deposit not Deducted Rs 28681
18	GAUTAM KUMAR	378,760	YES	YES	YES	YES	YES	Furnished and no deviation found
19	SUBANT KUMAR	741,680	YES	YES	YES	YES	YES	Furnished and no deviation found
20	PINTU CHAUDHARY	1,716,216	YES	YES	YES	YES	YES	Furnished and no deviation found
21	MANDVI KUMARI	997,720	YES	YES	YES	YES	YES	Furnished and no deviation found
22	SANJEEV KUMAR	561,440	YES	YES	YES	YES	YES	Furnished and no deviation found
23	PINTU CHAUDHARY	143,405	YES	YES	YES	YES	YES	Furnished and deviation found Excess Income Tax



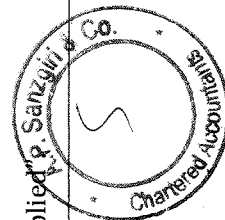
47	MANJU DEVI	537,975	YES	YES	YES	YES	YES	Furnished and no deviation found
48	LALU KUMAR SINGH	721,000	YES	YES	YES	YES	YES	Furnished and no deviation found
49	RAUSHAN KUMAR	576,747	YES	YES	YES	YES	YES	Furnished and no deviation found
50	ANANT KUMAR	694,438	YES	YES	YES	YES	YES	Furnished and no deviation found
51	PRAMILA DEVI	909,599	YES	YES	YES	YES	YES	Furnished and no deviation found

2. DETAILS OF LOG BOOK MAINTAINED

S.N	Name of Vehicle	Whether vehicle log book is maintained or not	Whether log book is properly updated or not	Whether vehicle is insured or not	Whether Rate of Diesel/Petrol properly mentioned in log book
1	Bolero	YES	YES	YES	NO
2	Tractor	YES	YES	NO	NO
3	J.C.B	YES	YES	NO	NO
4	Tata Magic-3	YES	YES	NO	NO

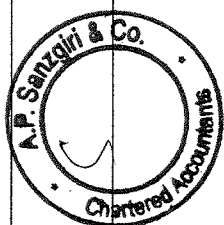
3. NON-COMPLIANCE OF DIRECTIVES BY UD&HD, GOB:

S.N	Directions Issued by UDHD	Particulars of Circulars/Orders/Notices	Complied or Not
1	Gyapank No.- 6628; Dated- 26.12.2018	Mukhyamantri NAL JAL Yojna:- "Whether Para No. 1- 28 have been complied of this circulars".	Complied
2	Gyapank No.- 3234; Dated- 12.06.2018	Purchase of Material or Receive of Service from "GeM Portal" w.e.f. 01.07.2018	Not Complied
3	Gyapank No.- 3453; Dated- 29.06.2018	Outsourcing of Services and There respective Standard:- "Whether Standard or Measurement criteria mentioned in this circular in respect to their respective 'Type of Services' have been complied".	Complied

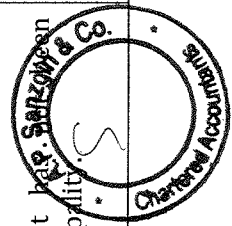


		Related to Departmental Work:-			Completed
4	Amendment in Oath Number-3557, Dated 20.11.2014; Dated of Amendment- 04.05.2018		"Whether Para '1- 4' of this order have been complied in respect to 14 th F.C. or 5 th F.C Departmental work carried on , which is mentioned in this order,".		
5	Gyapank No.- 5124; Dated- 28.09.2018	Deduction of TDS on GST:-	w.e.f. 01.10.2018 TDS on GST shall be deducted as per Section 51 of BGST act, 2017		Completed

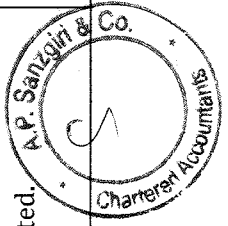
4. NON COMPLIANCE OF ACTS & RULES:

S.N	Requirement	Criteria	Auditors Comment	Management Comment
1	The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made	BMAR Rule No.- 22	Refer point: Part-A (a) (2) On an Average 100 to 120 days delayed and amount collected was in hand with Tax Collector.	(Kindly Attached Refer Discussion Note)
2	Whether every bill collector or municipal employee entrusted with the collection of municipal revenue was supplied with a Collection Register in BMAR Form 17 and receipt books.	BMAR Rule No.- 27	Yes, Tax collector and other municipal employees are entrusted to collect municipal revenue within municipality area.	
3	Whether the collection register was in the personal custody of the bill collector and the particulars in It shall be written up from the original receipts issued at the time of collection.	BMAR Rule No.- 27	Yes ,Tax Collector kept receipt book in his personal custody;	
4	Whether bill collector get its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated stall of the Municipality	BMAR Rule No.- 27	Yes, Daily Collection Register is verified by designated Officer of Council.	
5	Whether every bill collector invariably remit his collections (in cash and/or cheques) to Cashier dally before 4:30 PM and take the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	Refer point: Part-A (a) (2) The same rule did not followed by Tax Collector and on an average 100 to 120 days delayed found during which collected amount was in hand of Tax Collector.	(Kindly Attached Refer Discussion Note)
6	Whether Grant Register as prescribed in BMAR Form 28 was maintained by the Municipality to record receipts and utilization of grants sanctioned by the Government.	BMAR Rule No.- 69	Yes, Grant Register has been maintained by ULB.	

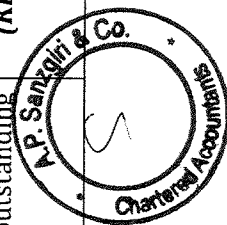
7	Whether specific grants, which have certain conditions attached for utilizing such grants including the requirement to use it for capital purposes or use it in a particular proportion or manner. Usually such grants have requirements for submitting utilization certificates e.g. Finance Commission grant, SFC grant for specific purpose, namely, road repairs. It is the responsibility of the Chief Municipal Officer that the conditions attached to the grant are complied with without exception.	BMAR Rule No.- 69	Yes, Complied.	
8	Whether the grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No irregularities were found.	
9	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form No 29.	BMAR Rule No.- 69	Refer PART-B (h) Yes, but complete UC has not been prepared.	(Kindly Attached Refer Discussion Note)
10	Whether Municipality has returned unutilized grant for more than three years from date of receipt to the source from where such grant was received	BMAR Rule No.- 69	Earlier Period unutilized grant has been transferred by closing Account.	
11	Whether The Chief Municipal Officer prepare a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.	BMAR Rule No.- 120	Currently Receipt and Payment A/c has not been prepared by ULB.	Currently it is not prepared, However we will proceed further. (Kindly Attached Refer Discussion Note)
12	Whether ULB prepare monthly Trial balance in BMAR Form No. 72 by extracting all ledger balances under various Account Codes as certified by the Chief Municipal Officer.	BMAR Rule No.- 121	Trial Balance has not been prepared.	ULB not following to prepare Trial Balance, Income & Expenditure on monthly basis. It will be prepare after implementation of double entry Accounting System.
13	Whether ULB sent the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter	BMAR Rule No.- 121	The ULB was not sending the Demand Statement in BMAR Form No. 23 and Trial Balance to the Director of Local Bodies in soft copy as well as hard copy for each quarter at the end of month following each quarter.	(Kindly Attached Refer Discussion Note)
14	The Chief Municipal Officer shall, Within three months after the end of each financial year be prepared financial statements for the preceding year in respect of the accounts of the Municipality. The Financial Statements	BMAR Rule No.- 122	Financial Statement prepared by municipality.	ULB is not in practice to prepare Trial Balance, Income and Expenditure and Balance Sheet. It will be prepared after implementation of Double entry Accounting System.



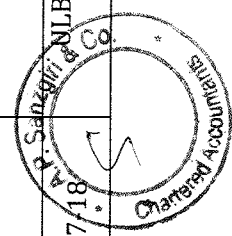
15	<p>shall comprise of</p> <p>a. Receipts and Payments Account for the year (BMAR Form No.71)</p> <p>b. Income & Expenditure Statement for the year (BMAR Form No.73)</p> <p>c. Balance Sheet as on 31st March of the year (BMAR Form No.74)</p> <p>d. Significant accounting policies adopted by the Municipality in presentation of the financial statements.</p> <p>e. Notes to Accounts, which shall disclose Contingent liabilities, and such other information as, may be useful in understanding the financial statements clearly.</p> <p>f. Comparative amounts shall be entered on the financial statements for the preceding financial year except. In the case of the first year to which those rules apply</p>	<p>BMAR Rule No.-130</p>	<p>Refer PART-B (f) Amount of statutory dues has not been deposited on due date. Like TDS should be deposited 7th day of next month and same has been delayed.</p>	<p><i>(Kindly Attached Refer Discussion Note)</i></p>
16	<p>Whether the municipality is regular in depositing statutory dues including Tax deducted at source, GST, TDS on GST, service tax, VAT, works contract tax, cess payable to the government etc. and if not, the nature and cause of such delay and the amount not deposited: (BMAR Rule No.-130)</p>	<p>BMAR Rule No.-130</p>	<p>Refer PART-B (g)</p>	<p><i>(Kindly Attached Refer Discussion Note)</i></p>
17	<p>Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation; (BMAR Rule No.-130)</p>	<p>BMAR Rule No.-130</p>	<p>No Trial balance is prepared hence classification of transaction was not done.</p>	<p><i>(Kindly Attached Refer Discussion Note)</i></p>
18	<p>Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted;</p>	<p>BMAR Rule No.-130</p>	<p>Yes, recorded properly in grant register as well as in cash book , but no case of deduction was found.</p>	<p><i>(Kindly Attached Refer Discussion Note)</i></p>
19	<p>Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;</p>	<p>BMAR Rule No.-130</p>	<p>No special fund created.</p>	<p><i>(Kindly Attached Refer Discussion Note)</i></p>



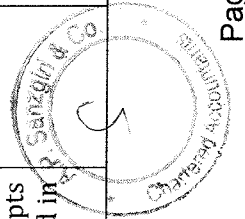
20	Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable Intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;	BMAR Rule No.- 130	Fixed assets register was prepared MS Sahani Bansal & Associates as on 01/04/2014. There is no system developed to physically verify the existing assets.	<i>(Kindly Attached Refer Discussion Note)</i>
21	Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;	BMAR Rule No.- 130	Yes, Lease rental has been collected, but collection procedure is slow as outstanding amount of Rs. 6.75 Lakhs have to collect in this respect.	Necessary action will be taken to realise outstanding amount. <i>(Kindly Attached Refer Discussion Note)</i>
22	Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?	BMAR Rule No.- 130	Yes, There exist an adequate Internal control system in purchasing of Stores etc.	
23	Whether any expenses of personal nature of the Officers or employees has been charged to the municipality' s accounts; If so, the details thereof;	BMAR Rule No.- 130	No such case was found during the period of Audit.	
24	Whether the Bank Reconciliation statements have been properly prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis;	BMAR Rule No.- 130	Refer Point-04 (III) Yes. BRS of all existing bank a/c have been prepared. Remedial Action, rectification of entries has been made in proper order.	<i>(Kindly Attached Refer Discussion Note)</i>
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.- 130	YES, Reconciliation Procedures have been carried out.	
26	Whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget. whether made originally or subsequently and in all cases such as are authorized by Act;	BMAR Rule No.- 130	YES. Expenditure has been authorised by competent authority.	
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	BMAR Rule No.- 130	Refer-PART-A (a)(4) Yes, Revenue has been properly assessed and collected but recovery procedure is slow. Total outstanding amount is Rs. 22.30 Lakhs	<i>(Kindly Attached Refer Discussion Note)</i>



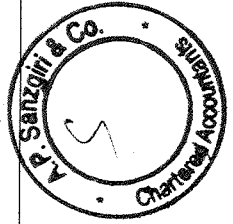
28	Whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by Act;	BMAR Rule No.-130	Refer-PART-A (a)(2) Yes, amount due to and received by ULB have been brought in to books of accounts not within prescribed time limits.	<i>(Kindly Attached Refer Discussion Note)</i>
29	Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;	BMAR Rule No.-130	UC have not been prepared in prescribed format in timely manner	<i>(Kindly Attached Refer Discussion Note)</i>
30	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as It appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR Rule No.-130	Refer-PART-B (a) Books of Account are maintained except some Books of accounts.	<i>(Kindly Attached Refer Discussion Note)</i>
31	Whether physical verification has been conducted by the ULB at reasonable intervals In respect of stores;	BMAR Rule No.-130	No such practices followed by ULB.	It will be followed by F.Y. 2019-20. <i>(Kindly Attached Refer Discussion Note)</i>
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	No physical verification is carried out.	It is considered and will be followed as per rule.
33	Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and If so, whether the same has been properly dealt with in the books of account; Whether proper procedures are in place to Identify any unserviceable or damaged stores and whether provision for the loss In this respect, If any, has been made In the accounts;	BMAR Rule No.-130	ULB did not maintained stock register properly and further periodical physical verification of stores also not carried out.	<i>(Kindly Attached Refer Discussion Note)</i>
34	Whether the valuation of stores is in accordance with the accounting principles laid down In the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;	BMAR Rule No.-130	ULB did not follow the practice of valuation of stock.	<i>(Kindly Attached Refer Discussion Note)</i>
35	Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the Interest and If not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?	BMAR Rule No.-130	No loan given during F.Y.2017-18	ULB does not give any loan and advances. <i>(Kindly Attached Refer Discussion Note)</i>
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.-	No loan given during F.Y.2017/18	No loan given during F.Y.2017-18 employees.



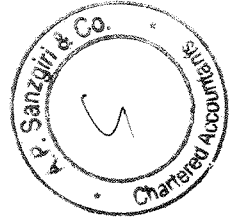
		130		(Kindly Attached Refer Discussion Note)
37	Bihar Municipal Accounting Manual, 2014, every year budget should be prepared for receipts and expenditure in Performa 75,77 and 80 Preparing Budgets as per the Rules framed under Bihar Municipal Accounts Rule 2014. Rule 132 regarding Public Participation in Preparation Of Budget. Moreover, as required under provisions of Rule 139, mid -year review of Budget.	BMAR Rule No.- 132	Yes, budget has been prepared.	(Kindly Attached Refer Discussion Note)
38	Municipal Fund: Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007; Chapter IX	The required fund has not been created as per said chapter of act.	(Kindly Attached Refer Discussion Note)
39	Payment not to be made out of Municipal Fund unless covered by budget grant: Whether any payment made out of Municipal Fund that is not covered by budget grant.	BMA,2007; Chapter X	No such case was found during Audit period.	
40	Procedure when money not covered by budget grant is paid. Whether the case is put up with Empowered Standing Committee, in case any payment made out of Municipal Fund that is not covered by budget grant.	BMA,2007; Chapter X	(Refer Discussion Note)	(Kindly Attached Refer Discussion Note)
41	Investment of surplus money. Whether municipality has invested surplus fund as per the requirement of the chapter-X of BMA-2007. Auditor will report on the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period. Check whether comparative interest rate is invited from parties before investing surplus funds:		No fund has been invested by ULB as investment..	ULB does not follow the practices of investing its surplus amount.
42	Preparation of budget estimate of Municipality. Whether The budget estimate stated the rates at which various taxes, surcharges, cesses and fees shall be levied by the Municipality in the year next following,		Yes, the same is levied at specified rate.	
43	Maintenance of accounts. Whether the Chief Municipal Officer prepared and maintained accounts of receipts and expenditure of the Municipality in such form, and in such manner, as may be prescribed,		Receipt and Expenditure A/c has not been prepared;	(Kindly Attached Refer Discussion Note)



44	<p>Financial Statement. Whether The Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality,</p>		Financial Statement has not been prepared.	<i>(Kindly Attached Refer Discussion Note)</i>
45	<p>Submission of financial statement and balance sheet to auditor. The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.</p>		Financial Statement has not been submitted.	<i>(Kindly Attached Refer Discussion Note)</i>
46	<p>As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007 various tax are applicable on ULBs Section 145, 146 and 147 of the Bihar Municipal Act 2007 chapter XVII provides for Advertisement tax on Advertisement in Urban Areas. Chapter XVII of the Bihar municipal Act, 2007 required license of Advertisement of any holding, etc. As per act Every person who erects, exhibited, fixes or retain upon or over any land, building ,wall, boarding, frame, post, kiosk, structure, vehicle, neon-sign or sky sign any advertisement, or display any advertisement to public view in any manner whatsoever (including any advertisement exhibited by means of cinematograph), visible from a public street a public place in any location in a municipal area including airport or a port or a railway station ,shall pay or every advertisement, which is so erected ,exhibited, fixed or retained or so displayed to public view, a tax calculated at such rate as may be determined regulations. it requires payment of certain fee for advertisement.</p>		Yes.	



47	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007,) Municipality shall, by regulations, provide for issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore,	BMA,2007: Chapter XIX	Refer-PART-A(a)(3) Yes, Notice of demand issued but levy of Notice Fee is not followed currently.	(Kindly Attached Refer Discussion Note)
48	As per section 342 of Bihar Municipal Act, 2007 Trade license fee is to be collected from different types of Trader, who are trading in Concerned Municipal area.	BMA,2007: Chapter XXXVII	Yes, Trade licence Fees have been collected.	



5. LACK OF INTERNAL CONTROL MEASURES: We have observed the following areas where internal control measures are required by ULBs-

- a. Tax should be collect & deposit on timely basis as per BMAR Rules- As every tax collector takes 90 to 100 days to deposit the same after collection
- b. ULB should be followed Books of Account, Trial Balance, FAR, FS, and other records as per BMAR- Neither Trial Balance nor Financial Statement have been prepared by ULB.
- c. ULB should be prepared & Maintained monthly BRS- Monthly Bank Reconciliation statement has not been prepared, however year end reconciliation has been prepared.
- d. UC should be regularly prepared as per utilization of grant- No utilisation certificate has been prepared in respect of grant used.
- e. Necessary sub-ledger is not maintained by the ULB. For instance, register of fuel, bleaching powder etc. not maintained separately. So that the actual amount of expenditure from cash book could not be verified
- f. In respect of budget, realistic approach is not adopted by the ULB in preparation of budget.
- g. Appropriate staff is not appointed at appropriate place.
- h. No MIS was prepared for tracking of payments.

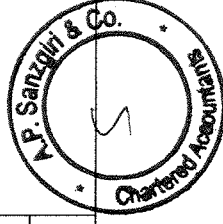
6. NON-COMPLIANCE OF TDS, VAT AND OTHER RELEVANT STATUTE

1. DETAILS OF DELAY IN DEPOSIT OF TDS ARE MENTIONED BELOW:

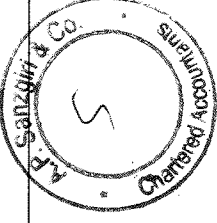
S.N	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/ Challan Number
1	SANJEEV KUMAR	641,460	12,829	07.05.2018		
2	SANJAY KUMAR PALEYA	767,870	6,910	07.06.2018		
3	ANANT KUMAR	148,429	1,484	07.06.2018		
4	SANJAY KUMA PALEYA	115,905	1,159	07.06.2018		
5	SHIV KUMAR	232,993	2,330	07.06.2018		
6	SANJEEV KUMAR	422,302	8,446	07.07.2018		

Details are given at Note below

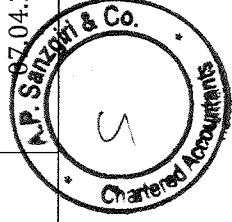
Details are given at Note below



7	SANJEEV KUMAR	1,468,034	29,361	07.07.2018
8	PRAMILA DEVI	255,448	2,554	07.07.2018
9	PRAMILA DEVI	237,102	2,371	07.07.2018
10	MANJU DEVI	153,214	3,064	07.07.2018
11	SANJAY KUMA PALEYA	168,942	1,689	07.07.2018
12	SANJEEV KUMAR	279,521	5,590	07.07.2018
13	SANJEEV KUMAR	148,429	2,969	07.07.2018
14	LALAN KUMAR	148,429	1,484	07.07.2018
15	LALAN KUMAR	115,905	1,159	07.08.2018
16	RAJBHUSHAN SHARMA	494,522	4,945	07.08.2018
17	SANJEET KUMAR	573,626	5,736	07.07.2018
18	GAUTAM KUMAR	378,760	3,788	07.07.2018
19	SUBANT KUMAR	741,680	7,417	07.07.2018
20	PINTU CHAUDHARY	1,716,216	17,162	07.07.2018
21	MANDVI KUMARI	997,720	9,977	07.07.2018
22	SANJEEV KUMAR	561,440	5,614	07.07.2018
23	PINTU CHAUDHARY	143,405	2,868	07.07.2018
24	SANJEEV KUMAR	351,717	3,517	07.07.2018
25	SANJAY KUMA PALEYA	351,717	3,517	07.07.2018



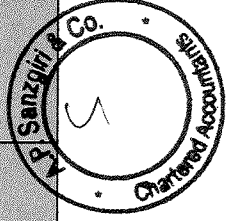
26	SHIV KUMAR	351,717	3,517	07.07.2018
27	LALAN KUMAR	882,128	8,821	07.07.2018
28	SANJAY KUMAR SAREN	464,734	4,647	07.09.2018
29	MANJU DEVI	723,851	7,239	07.10.2018
30	GAUTAM KUMAR	257,470	2,575	07.10.2018
31	RAJBHUSHAN SHARMA	635,007	6,350	07.10.2018
32	SANJEET KUMAR	834,703	8,347	07.10.2018
33	BINODKUMAR PALEYA	619,427	6,194	07.10.2018
34	SANJAY KUMA PALEYA	694,130	6,941	07.10.2018
35	PRAMILA DEVI	2,320,956	23,210	07.10.2018
36	LALU KUMAR SINGH	794,554	7,946	07.03.2019
37	LALU KUMAR SINGH	1,162,116	11,621	07.03.2019
38	SANJAY KUMAR PALEYA	503,032	5,030	07.03.2019
39	LALU KUMAR SINGH	340,887	3,409	07.03.2019
40	LALU KUMAR SINGH	463,157	4,631	07.03.2019
41	SANJAY KUMAR BIRA	1,198,766	11,988	07.03.2019
42	SANJAY KUMAR BIRA	972,631	9,717	07.03.2019
43	MANDVI DEVI	533,444	5,334	07.04.2019
44	MANJU DEVI	721,057	7,210	07.04.2019



45	PRAMILA DEVI	854,323	8,543	07.04.2019	
46	RAUSHAN KUMAR	481,588	4,816	07.04.2019	
47	MANJU DEVI	537,975	5,379	07.04.2019	
48	LALU KUMAR SINGH	721,000	7,210	07.04.2019	
Total		2,86,83,439	3,18,615		

NOTE. Some Cases TDS has been deducted at 2% in respect of individual instead of 1%

S.N	Name of scheme	Amount of Deposit	Actual Date of deposit	Cheque/ Challan Number
1	State Fund	66,357.00	01.12.2018	691645
2	14 th finance	38,734.00	01.12.2018	674225
3	MM,Nali Gali Yojna	34,049.00	03.12.2018	014156
4	SBM.	45,166.00	03.12.2018	500479
5	MM,Pay jal Yojna	43,805.00	03.12.2018	014157
6	MM,Nali Gali Yojna	1,24,970.00	27.04.2019	909100
7	MM,Pay jal Yojna	23,229.00	27.04.2019	909136
8	State Fund	29,361.00	27.04.2019	051901
9	14 th finance	12,276.00	27.04.2019	051910
10	Peshaker	5,767.00	27.04.2019	051901
Total		4,23,714.00		

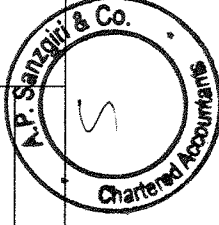


2. DETAILS OF DELAY IN DEPOSIT OF VAT ARE MENTIONED BELOW:

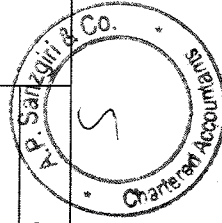
S.N	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/ Challan Number
There is no liability for VAT during F.Y 2018-19						

3. DETAILS OF DEPOSIT OF ROYALTY ARE MENTIONED BELOW

S. N	Name of Party	Invoice Value	Amount of deduction	Actual Date of deposit	Cheque/ Challan Number
1	SANJEEV KUMAR	641,460.00	10,021.00		
2	SANJAY KUMAR PALEYA	767,870.00	5,900.00		
3	ANANT KUMAR	148,429.00	1,775.00		
4	SANJAY KUMA PALEYA	115,905.00	1,045.00		
5	SHIV KUMAR	232,993.00	2,805.00		
6	SANJEEV KUMAR	422,302.00	548.00		
7	SANJEEV KUMAR	1,468,034.00	24,836.00		
8	PRAMILA DEVI	255,448.00	2,543.00		
9	PRAMILA DEVI	237,102.00	2,543.00		
10	MANJU DEVI	153,214.00	3,276.00		
11	SANJAY KUMAR PALEYA	168,942.00	2,807.00		
12	SANJEEV KUMAR	279,521.00	4,040.00		
13	SANJEEV KUMAR	148,429.00	1,776.00		
14	LALAN KUMAR	148,429.00	1,776.00		
15	LALAN KUMAR	115,905.00	1,046.00		
16	RAJBHUSHAN SHARMA	494,522.00	0.00		
17	SANJEET KUMAR	573,626.00	0.00		
				No Deposit Till Audit.	



18	GAUTAM KUMAR	378,760.00	0.00	
19	SUBANT KUMAR	741,680.00	0.00	
20	PINTU CHAUDHARY	1,716,216.00	15,842.00	
21	MANDVI KUMARI	997,720.00	14,384.00	
22	SANJEEV KUMAR	561,440.00	791.00	
23	PINTU CHAUDHARY	143,405.00	1,385.00	
24	SANJEEV KUMAR	351,717.00	4,436.00	
25	SANJAY KUMA PALEYA	351,717.00	4,438.00	
26	SHIV KUMAR	351,717.00	4,436.00	
27	LALAN KUMAR	882,128.00	3,247.00	
28	SANJAY KUMAR SAREN	464,734.00	0.00	
29	MANJU DEVI	723,851.00	16,480.00	
30	GAUTAM KUMAR	257,470.00	4,670.00	
31	RAJBHUSHAN SHARMA	635,007.00	11,898.00	
32	SANJEET KUMAR	834,703.00	12,181.00	
33	BINODKUMAR PALEYA	619,427.00	4,035.00	
34	SANJAY KUMA PALEYA	694,130.00	7,772.00	
35	PRAMILA DEVI	2,320,956.00	199,485.00	
36	LALU KUMAR SINGH	794,554.00	15,891.00	
37	LALU KUMAR SINGH	1,162,116.00	23,242.00	
38	SANJAY KUMAR PALEYA	503,032.00	10,061.00	
39	LALU KUMAR SINGH	340,887.00	6,818.00	
40	LALU KUMAR SINGH	463,157.00	9,262.00	
41	SANJAY KUMAR BIRA	1,198,766.00	23,972.00	
42	SANJAY KUMAR BIRA	972,631.00	19,733.00	

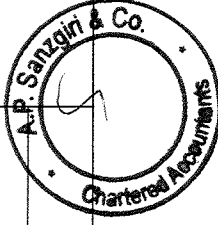


43	MANDVI DEVI	533,444.00	10,669.00		
44	MANJU DEVI	721,057.00	14,420.00		
45	PRAMILA DEVI	854,323.00	17,086.00		
46	RAUSHAN KUMAR	481,588.00	9,632.00		
47	MANJU DEVI	537,975.00	10,758.00		
48	LALU KUMAR SINGH	721,000.00	14,420.00		
TOTAL		2,86,83,439.00	5,58,181.00		

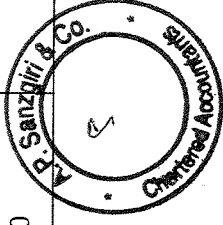
Note: In Some Cases royalty has not been deducted.

4 DETAILS OF DEPOSIT OF LABOUR CESS ARE MENTIONED BELOW:

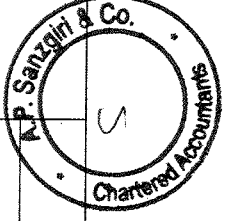
S. N	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/ Challan Number
1	SANJEEV KUMAR	641,460.00	6,414.00	No Deposit Till Audit Period	
2	SANJAY KUMAR PALEYA	767,870.00	6,910.00		
3	ANANT KUMAR	148,429.00	1,484.00		
4	SANJAY KUMA PALEYA	115,905.00	1,159.00		
5	SHIV KUMAR	232,993.00	2,330.00		
6	SANJEEV KUMAR	422,302.00	4,223.00		
7	SANJEEV KUMAR	1,468,034.00	14,680.00		
8	PRAMILA DEVI	255,448.00	2,554.00		
9	PRAMILA DEVI	237,102.00	2,371.00		



10	MANJU DEVI	153,214.00	1,532.00
11	SANJAY KUMAR PALEYA	168,942.00	1,689.00
12	SANJEEV KUMAR	279,521.00	2,795.00
13	SANJEEV KUMAR	148,429.00	1,484.00
14	LALAN KUMAR	148,429.00	1,484.00
15	LALAN KUMAR	115,905.00	1,159.00
16	RAJBHUSHAN SHARMA	494,522.00	4,945.00
17	SANJEET KUMAR	573,626.00	5,736.00
18	GAUTAM KUMAR	378,760.00	3,788.00
19	SUBANT KUMAR	741,680.00	7,417.00
20	PINTU CHAUDHARY	1,716,216.00	17,162.00
21	MANDVI KUMARI	997,720.00	9,977.00
22	SANJEEV KUMAR	561,440.00	5,614.00
23	PINTU CHAUDHARY	143,405.00	1,434.00
24	SANJEEV KUMAR	351,717.00	3,517.00
25	SANJAY KUMA PALEYA	351,717.00	3,517.00
26	SHIV KUMAR	351,717.00	3,517.00
27	LALAN KUMAR	882,128.00	8,821.00
28	SANJAY KUMAR SAREN	464,734.00	4,647.00



29	MANJU DEVI	723,851.00	7,239.00
30	GAUTAM KUMAR	257,470.00	2,575.00
31	RAJBHUSHAN SHARMA	635,007.00	6,350.00
32	SANJEET KUMAR	834,703.00	8,347.00
33	BINODKUMAR PALEYA	619,427.00	6,194.00
34	SANJAY KUMA PALEYA	694,130.00	6,941.00
35	PRAMILA DEVI	2,320,956.00	23,210.00
36	LALU KUMAR SINGH	794,554.00	7,946.00
37	LALU KUMAR SINGH	1,162,116.00	11,621.00
38	SANJAY KUMAR PALEYA	503,032.00	5,030.00
39	LALU KUMAR SINGH	340,887.00	3,409.00
40	LALU KUMAR SINGH	463,157.00	4,631.00
41	SANJAY KUMAR BIRA	1,198,766.00	11,988.00
42	SANJAY KUMAR BIRA	972,631.00	9,717.00
43	MANDVI DEVI	533,444.00	5,334.00
44	MANJU DEVI	721,057.00	7,210.00
45	PRAMILA DEVI	854,323.00	8,543.00
46	RAUSHAN KUMAR	481,588.00	4,816.00
47	MANJU DEVI	537,975.00	5,379.00



48	LALU KUMAR SINGH	721,000.00	7,210.00
TOTAL		28,683,439.00	2,86,050.00

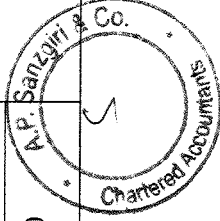
Auditor's Comment: While doing audit of deduction made by ULB, the Statutory deduction has not been deposited on due date (refer above). For example, TDS should be deposited on or before 7th day of next month.

Consequences of Non deposition of TDS on due date: ULB may suffer following consequences;

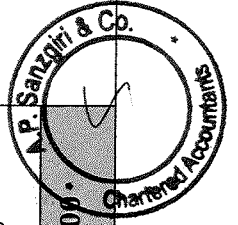
- Interest u/s 221 of income tax act, 1961- 1.5 % per month, if amount not deposited after deduction;
- Penalty u/s 271C of income tax act, 1961- Up to amount of TDS
- Prosecution u/s 276B: 3 Month to 7 Years

5. DETAILS OF DEPOSIT OF TDS ON GST ARE MENTIONED BELOW:

S. N	Name of Party	Invoice Value	Amount of deduction		Date of deposit	Cheque/ Challan Number
			CGST	SGST		
1	RAUSHAN KUMAR	576,747.00	5,767.00	5,767.00	Amount Rs 61036.00 Deposit dt:25.02.2019 Amount Rs 26064.00 Deposit dt:27.04.2019 622717	
2	ANANT KUMAR	694,438.00	6,944.00	6,944.00		
3	PRAMILA DEVI	909,599.00	9,096.00	9,096.00		
4	LALU KUMAR SINGH	340,887.00	3,409.00	3,409.00		
5	LALU KUMAR SINGH	463,157.00	4,631.00	4,631.00		
6	SANJAY KUMAR PALEYA	503,032.00	5,030.00	5,030.00		
7	LALU KUMAR SINGH	794,554.00	7,946.00	7,946.00		



8	SANJAY KUMAR BIRA	972,631.00	9,717.00	9,717.00	9,717.00
9	LALU KUMAR SINGH	1,162,116.00	11,621.00	11,621.00	11,621.00
10	SANJAY KUMAR BIRA	1,198,766.00	11,988.00	11,988.00	11,988.00
11	SANJAY KUMAR PALEYA	1,305,993.00	13,060.00	13,060.00	13,060.00
12	MANDVI DEVI	533,444.00	5,334.00	5,334.00	5,334.00
13	LALU KUMAR SINGH	463,146.00	4,631.00	4,631.00	4,631.00
14	RAUSHAN KUMAR	481,588.00	4,816.00	4,816.00	4,816.00
15	MANJU DEVI	537,975.00	5,379.00	5,379.00	5,379.00
16	LALU KUMAR SINGH	721,000.00	7,210.00	7,210.00	7,210.00
17	MANJU DEVI	721,057.00	7,210.00	7,210.00	7,210.00
18	PRAMILA DEVI	854,323.00	8,543.00	8,543.00	8,543.00
19	MANJU DEVI	113,201.00	1,132.00	1,132.00	1,132.00
20	MANJU DEVI	1,260,712.00	12,607.00	12,607.00	12,607.00
21	MANJU DEVI	1,264,209.00	12,642.00	12,642.00	12,642.00
22	RINKU DEVI	1,377,123.00	13,771.00	13,771.00	13,771.00
23	SANJAY KUMAR PALEYA	830,966.00	8,301.00	8,301.00	8,301.00
TOTAL		18,080,664.00	1,80,785.00	1,80,785.00	1,80,785.00



6. DETAILS OF TDS RETURNS FILLED ARE MENTIONED BELOW:

S.N	Quarter	Due date of Return	Actual date of Return filled	Remark
01	1st quarter	31.07.2018	Return not filled 31.01.2018 31.05.2018	Quarter-1 & 2 return not filled on due dates.
02	2nd quarter	31.10.2018		
03	3rd quarter	31.01.2018		
04	4th quarter	31.05.2018		

7. DEFICIENCY IN PAYROLL SYSTEM:

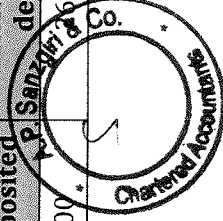
S.N	Particulars	Comments
1	Status of maintenance of salary register for all employees (Permanent/Daily wages/Contract worker)	Not Maintained
2	Non availability of Salary payment voucher	Not Available
3	Matching of voucher number with cash book	Not Matched with cash book
4	Salary register contains all elements of salary	Maintained (Salary Register is not Maintain but contains of salary elements maintain by consent file.)
5	Maintenance of Salary Deduction register	Not Maintained
6	Whether deduction of PF/ESI made from contract employee	Not deducted
7	Whether biometric devices and payroll software is implemented in ULB. If Yes, then is it integrated with accounting software	Not implemented

8. DETAILS OF DELAY OF DEPOSIT OF EPF:

Permanent Employee:

During audit of Panchayat we have observed that no amount of PF has been deposited to EPFO A/C during the financial year 2018-2019.

Month Of Deduction	Total Amount of PF Deduction	Due date of deposit	Amount Deposited	Actual Date of deposit	Delay in deposition (in days)
March-18	90,100.00	15.04.2018	90,100.00	16.05.2018	40

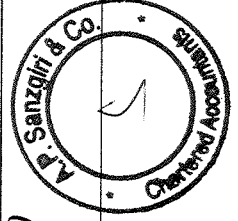


April - 18		15.05.2018			10
May - 18		15.06.2018			-
June - 18	30,236.00	15.07.2018	30,236.00	29.06.2018	-
July-18		15.08.2018			50
August-18	87,413.00	15.09.2018	87,413.00	05.10.2018	19
Sept-18		15.10.2018			-
October-18		15.11.2018			10
November-18	59,098.00	15.12.2018	59,098.00	26.11.2018	-
December-18	30,036.00	15.01.2019	30,036.00	15.01.2019	-
January-19	68,610.00	15.02.2019			12
February-19		15.03.2019	68,610.00	28.02.2019	-
TOTAL	3,65,493.00		3,65,493.00		

Note: PF deducted on Gross salary but deposited into Bank only relating with Permanent employee while Employer Contribution not deposited.
(Kindly Attached Refer Discussion Note)

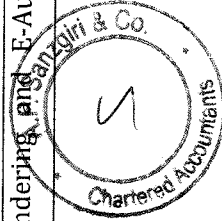
5. UTILISATION OF GRANT AND REPORT ON MISSING UTILISATION CERTIFICATES

SN	Head	Details
1	STATUS OF UTILIZATION CERTIFICATE:	(Refer Annexure)
2	STATUS OF USE OF GRANT AS PER DEFAULT ALLOCATION	(Kindly Attached Refer Discussion Note)
3	PHYSICAL VERIFICATION OF INVENTORY/STORES	(Kindly Attached Refer Discussion Note)
4	ADVANCES, THEIR ADJUSTMENT & RECOVERY	(Kindly Attached Refer Discussion Note)

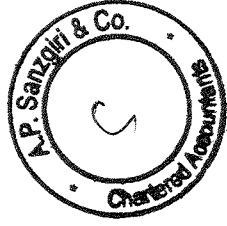


III. PART-C

SN	Particulars	Complied or Not
A	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.	Complied Refer-PART-B(d)
B	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 20 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;	Complied Refer-PART-A(c)
C	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 : Rule 22: All moneys to be brought to account Rule 27: Collections to be deposited into Bank on the same day Rule 69: Grant Related Compliance Rule 120-121: Monthly Receipt & Payment Account and Trial Balance Rule 130: Audit to be completed & reported within 6 month	Complied Refer-PART-B(d)
D	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Complied Refer-PART-B(c)
E	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;	Complied Refer-PART-A(a)
F	Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 10,000 and above.	Complied Refer-PART-B(b)
G	Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating	Complied



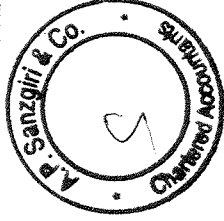
	exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	Refer-PART-B(b)
H	Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Complied Refer-PART-B(h)
I	Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Complied Refer-Audit Recommendation
J	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Complied Refer-PART-B(b)
K	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies	Complied Refer-PART-B(b)
L	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.	Complied Refer-PART-B(d)
M	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.	Complied Refer-PART-A(a)
N	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.	Complied Refer-PART-B(f) & (g)
O	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras was compiled by the ULBs, if not compiled the Internal Auditor shall help the ULBs staffs to prepare the compliance report.	Complied Point-03 of Detailed Audit Report



ANNEX-1 DELAY IN DEPOSIT OF COLLECTION

JAMALPUR NAGAR PARISHAD (2018-2019)

S.N	Serial no		Amount of tax	Date of collection as per receipt booked	Date of Deposit into bank as per Deposit slip	Amount Deposited in Bank	Delay in Deposit with bank
	From	To					
1	501	570	49,530.00	2nd May To 31st may 2018	04.06.2018	49,530.00	03-32 Days
2	571	581	12,301.00	01st June To 30th June 2018	09.07.2018	12,301.00	08-37 Days
3	582	594	20,885.00	01st July To 24th July 2018	06.08.2018	20,885.00	12-35 Days
4	595	600	34,113.00	01st Aug To 29th Aug 2018	28.09.2018	34,113.00	29-57 Days
	701	710					
5	711	726	11,597.00	01st Sep To 26th Sep 2018	16.11.2018	28,857.00	49-75 Days
6	727	735	17,260.00	01st Oct To 26th Oct 2018			
7	736	751	11,988.00	1st Nov To 29th Nov 2018	30.11.2018	11,988.00	0-28 Days
8	752	761	13,693.00	1st Dec To 24th Dec 2018	02.01.2019	13,693.00	08-31 Days
9	762	777	13,097.00	2nd Jan To 31st Jan 2019	07.02.2019	13,097.00	06-34 Days
10	778	792	21,976.00	1st Feb To 20th Feb 2019	02.03.2019	21,976.00	09-28Days
	601	616					
11	793	800	1,05,014.00	01st Mar To 31st Mar 2019	27.03.2019	34,830.00	0-25Days
	618	657			10.04.2019	70,184.00	04-13 Days
12	474	500	20,262.00	02nd April to 05th may 2018	26.06.2018	20,009.00	50-83 Days
13	801	850	33,525.00	7th may to 20th may 2018	26.06.2018	33,423.00	36-48Days
14	851	900	63,535.00	21st May to 16th July 2018	27.08.2018	63,535.00	42-97 Days
15	901	939	33,693.00	18th July to 26th Sep 2018	15.10.2018	33,693.00	19-89 Days
16	940	956	28,479.00	01st Oct to 31st Oct 2018	16.11.2018	28,479.00	15-46 Days
17	957	969	31,188.00	03rd Nov to 22nd Nov 2018	28.11.2018	10,000.00	5-24 Days
	970	986	13,829.00	06th Dec to 24th Dec 2018	27.12.2018	21,188.00	35-54 Days
18	987	1000	12,991.00	02nd Jan to 30th Jan 2019	20.02.2019	26,820.00	57-76 Days
	1501	1531	39,718.00	12th Mar to 26th Mar 2019	16.04.2019	55,930.00	19-38 Days
19	1532	1545	16,212.00	27th Mar to 30th Mar 2019			

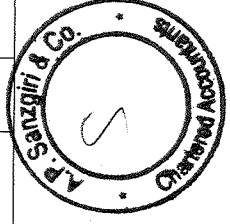


INTERNAL AUDIT REPORT FOR FY 2018-19

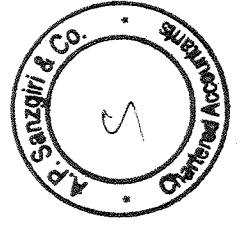
NAGAR PANCHAYAT MAKHDUMPUR

ANNEX-2 REPORT ON FINDINGS OF FIELD SURVEY OF PROPERTY TAX OF MINIMUM 20 HIGH VALUE PROPERTIES:

S.N	Holding Name	W.N	H.N	Type of Use		Area			Tax Amount			Remarks
				As per tax Collector	As per Auditor	As per Tax Collector	As per Auditor	Diff.	As per Tax Collector	As per Auditor	Diff.	
1	Suryadev Prasad refer hospital	6	288	Residential	Other	72000	72000	-	42768	85536	(42768)	-
2	Vidyut shakti centre	6	269	Residential	Other	41625	41625	-	31469	31469	0	-
3	Anchal quarter	6	271	other	Residential	14700	14700	-	5544	5557	(13)	-
4	Biskoman Bhavan	6	260	Commercial	Other	6952	6952	-	2627	1877	750	-
5	Pampi Sharma	6	39	Commercial	Commercial	19780	19780	-	45573	45573	-	-
6	E kishan Bhavan	6	287	other	Other	12000	12000	-	9072	9072	-	-
7	Makhdumpur Thana	7	501	Commercial	Other	10296	10296	-	17791	12232	5559	-
8	Middle school Makhdumpur	7	505	Commercial	Other	36600	36600	-	62726	43124	19602	-
9	Pappu kumar	7	507	Commercial	Commercial	5700	5700	-	13132	9028	4104	-
10	Kanya high school	7	506	Commercial.	other.	2100	2100	-	3628	2495	1133	-
11	Bank of India	7	500	Commercial.	Commercial.	2400	2400	-	5529	1900	3629	-



12	Post office	7	499	Commercial	Commercial	1500	1500		3456	1782	1674	-
13	Amresh Kumar	6	34	other	Residential	13000	13000	-	6552	3744	2808	-
14	State bank of india	7	497	Resi. Cum Comm.	Resi. Cum Comm.	9000	9000		14256	14256	-	-
15	Shyam Bihari Prasad	11	326	Commercial	Resi. Cum Comm	2250	2250		5184	3564	1620	-
16	Shri kant kumar	11	308	Other	Resi. Cum Comm	4200	4200		6652	6652	-	-
17	Rajesh kumar	15	28	other	Residential	2870	2870		4546	2273	-	-
18	Mr's Anuj Bhushan	6	310	Residential	Residential	8140	8140		4102	4102	-	-
19	Nagrak Subidha Kender	6	268	Commercial	Other	4400	4400		3326	1663	1663	-
20	FCI Makhdumpur	6	263	Commercial	other	19868	19868	-	16005	7510	8495	-

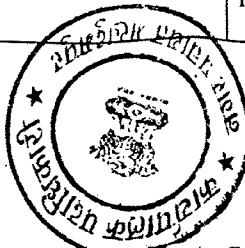


Nagar Panchayat Makhdumpur Discussion Note

Date: 20.12.2019
Nagar Panchayat Makhdumpur
with
AP Sangziri & Co.
(Chartered Accountants)

Subject: Regarding confirmation of documents not maintained and management comment in Internal Audit Report for F.Y. 2017-18.

S.N.	Auditor observation	Management comment
1	Non implementation of Double entry system;	Currently there is no agency working for implementation of accrual based double entry accounting system.
2	AG Compliance Report;	It is submitted vide letter no.487/Dated 31.07.2019
3	Prepare budget for F.Y. 2015-16 and 2016-17.	Up to F.Y 2015-16 budget not prepared. Since F.Y 2016-17 it is continued.
4	Non maintenance of Advance Register;	ULB did not follow practice of giving advance.
5	No Municipal Accounts committee established.	Under process, and matter will be put before Board for constitution of "Municipal Accounts Committee".
6	Notice fee.	People are not aware currently. At present Notice Fee is not collecting, but it will be considered and collected accordingly in near future.
7	TDS return acknowledgement.	It was Not aware for TDS Return. After getting awareness since now it is implemented.
8	Non levy of Taxes in IAR Para " I Part-A a) (1).	Some of taxes is collected by other department of GoB like professional tax and there is many taxes mentioned in this Para are not collected by ULB due to not providing services in this respect like fire tax and water taxes. For rest we will discussed in Board meeting and implement accordingly.
9	Late deposit of property Tax.	1. Due to shortage human resources & pressure of work amount of tax collected is not deposited on time. 2. Collection is not huge amount that's why not deposited on same Day . 3. Necessary steps will be taken in this respect and it will be collected and deposited as per Act.
10	Late deposit of statutory deduction of TDS.	It will deposit on or before due date from now.
11	Delay in deposit of EPF	Employee contribution Deposited but Employer contribution not Deposited and management will deposit it as soon as possible. Due to implementation of CFMS the same problem arised.
12	Non preparation of Complete UC details	It is under process and will be submitted before next report.
13	Non practice of Stock valuation.	It will be followed as per rule and Management will decide about reasonable period of valuation i.e. frequency of time for valuation.



D.M.
20/12/19

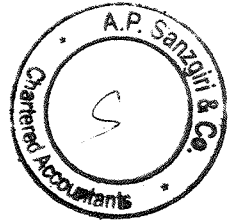
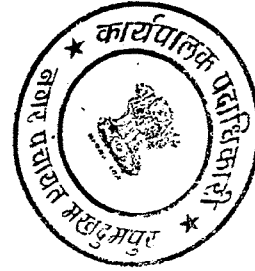


Nagar Panchayat Makhdumpur

26	Non maintenance of Procumbent Register.	ULB did not follow practice of Procumbent Register.
27	No deposit of statutory deduction of Labour cess and Royalty.	It will be deposited on or before due date from now.

Further we confirm/affirm the Management comment given in Internal Audit report for 2018-19 is on behalf of Nagar Panchayat Makhdumpur..

[Signature]
26/12/19
Internal Auditor



MAKHIDUMPUR NAGAR PANCHAYAT
STATUS OF UTILIZATION CERTIFICATION FOR FY 2018-19

S.No	Head	Approval order and date	Sanctioned Amount	Expenses Incurred	Balance Amount	UC Submitted against Expenses	UC Pending Against Expenses	% of UC Submitted against expenses	% of UC Pending against expenses	Letter No & Date of Submission of UC
1	Civic Amenities item	81/31.10.2018	40.02	-	40.02	-	-	NIL	NIL	Unutilised amount and transfer to PL A/C
2	Path and Puliya Nirman	101/27.12.2018	166.58	-	166.58	-	-	NIL	NIL	Unutilised amount and transfer to PL A/C
3	14th Finance	82/31.10.2018	89.16	-	89.16	-	-	NIL	NIL	Unutilised amount and transfer to PL A/C
4	5th Finance	15/03.07.2018	156.38	-	156.38	-	-	NIL	NIL	Unutilised amount and transfer to PL A/C
5	E.O Salary	76/23.10.2018	6.99	-	6.99	-	-	NIL	NIL	Unutilised amount and transfer to PL A/C
6	5th Finance	21/10-07-2018	159.93	-	159.93	-	-	NIL	NIL	Unutilised amount and transfer to PL A/C
7	EO Salary	07/22.05.2018	7.00	7.00	-	7.00	-	100%	NIL	2107/13.09.2018
8	City Manager Salary	08/24-05-2018	1.97	-	1.97	-	-	NIL	NIL	Unutilised amount and transfer to PL A/C
9	Nali-Gali	09/30-05-2018	88.54	-	88.54	-	-	NIL	NIL	Unutilised amount and transfer to PL A/C

