



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

# INTERNAL AUDIT REPORT

FOR  
FY 2018-19

PIRO NAGAR PANCHAYAT

GROUP-06  
ULBs-18

Vinod & Co. LLP  
CHARTERED ACCOUNTANTS  
We Plant Quality





To

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

**Sub:** Submission of Piro Nagar Panchayat Annual Internal audit report with management comments for the financial year 2018-19.

**Ref No.:** Project No. 07/LA.-115/17-83 (NTP) dated; 16.01.2019

Dear Sir,

With Reference to the above, we Vinod Singhal & Co.,LLP Chartered Accountants appointed as internal auditor of 18 ULBs of Bihar under Group-06 for the project namely "Appointment of Internal auditor of 140 ULBs of Bihar."

As we have conducted Annual internal audit of Piro Nagar Panchayat for the financial year 2018-19. Through This letter we are submitting Annual internal audit report of Piro Nagar Panchayat for the F.Y.2018-19 with management comments.

We confirm that the internal audit report has been prepared as per terms of reference of RFP.

Thanking You

For Vinod Singhal & Co, LLP  
Chartered Accountants  
FRN: 005826C/C400276

*Sodhani*



CA Krishan Kumar Sodhani  
M.No:- 404603

UDIN No.:- 20404603AAAAJH5713

Date: 22-12-2020  
Place: Patna

CC:State Level Project Monitoring Unit  
PSP Financials Consultants Pvt. Ltd.

## CONTENTS

<b>Project Title</b>	<b>Internal audit of 18 ULBs of Group-06 of Bihar</b>
<b>Report Title</b>	<b>Annual Internal audit report of Piro Nagar Panchayat</b>
<b>Period</b>	<b>1<sup>st</sup> Apr -2018 to 31<sup>st</sup> -March-2019</b>
<b>Reporting Entity</b>	<b>Vinod Singhal &amp; Co., LLP, Chartered Accountants</b>
<b>Reporting for</b>	<b>Piro Nagar Panchayat</b>
<b>Report Prepared by</b>	<b>Team, Vinod Singhal &amp; Co. LLP</b>
<b>Date of submission</b>	<b>16<sup>th</sup> Sep. 2019</b>

## EXECUTIVE SUMMARY

### 1. INTRODUCTION

Name of the Municipality	Piro Nagar Panchayat
Period covered under current audit	01.04.2018 to 31.03.2019
Name of Executive Officer for the period under Audit	Mr. Anirudh Kumar

### 2. RESULTS AND FINDINGS

➤ **Strengths observed during audit engagement**

In the existing system as prevailing in the Nagar Panchayat day to day work is in progressive manner in respect of execution of the projects.

➤ **Weaknesses observed in the functioning of office, maintenance of records etc. observed during the audit engagement:**

SINo	Audit Observations
1	Budget not prepared in proper manner and guidance given by UD & HD GoB.
2	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.
3	Non-Implementation of Double Entry Accounting System
4	No municipal accounts committee formed during the financial year 2018-19.
5	<b>Non-levy of following taxes</b> <ul style="list-style-type: none"><li>* Surcharge on transfer of lands and buildings</li><li>* Water tax</li><li>* Fire tax.</li><li>* Tax on advertisements, other than advertisements published in newspapers</li><li>* Surcharge on electricity consumption within the municipal area</li><li>* Tax on congregations.</li><li>* Tax on pilgrims and tourists.</li><li>* Tax on profession.</li><li>* Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy Goods vehicles, and buses, which shall be heavy passenger motor vehicles.</li><li>* User Charges for provision of water-supply, drainage and sewerage</li><li>* User Charges for Solid Waste Management</li><li>* User Charges for Parking Facility</li><li>* User Charges for Garbage Clearance</li><li>* Collection of fees for sanction of building plans and issue of completion certificates.</li><li>* Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings.</li></ul>



	* Collection of Development Charges
6	Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22
7	Non-collection of notice fees for defaulter
8	Non-recovery of outstanding taxes
9	Non-providing details regarding arrear of advertisement tax, mobile tower tax,
10	Non deposit of outstanding amount of electricity bill of Rs. 1,22,24,385
11	Non-preparation of payment vouchers
12	Non-conducting physical survey of 20 high value properties and non-collection of outstanding property tax.
13	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014
14	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014
15	<b>Irregularities in vendor payment process:</b> <ul style="list-style-type: none"> <li>▪ Budget Control register was not updated</li> <li>▪ Quality control test report was not available</li> <li>▪ Completion certificate was not available in payment file in case of completed contract.</li> </ul>
16	Non-maintenance of register for all procurements with value above Rs. 15,000
17	Missing signature of wages worker and stamp of ULB on muster roll register
18	No maintenance of separate earnest & security deposit register
19	Non-compliance of Act & Rules
20	Lack of internal control measures <ol style="list-style-type: none"> <li>1. Voucher file was not maintained</li> <li>2. No internal mechanism for statutory compliance</li> <li>3. No MIS was prepared for tracking of payments</li> <li>4. Required books of accounts as per BMAM was not maintained</li> <li>5. Statutory compliance reconciliation was not maintained</li> <li>6. Year-end reconciliation was not available</li> <li>7. Bank reconciliation of any bank account was not prepared.</li> <li>8. Bank balance as per cash book was not maintained.</li> </ol>
21	<b>Non-compliance of statutory compliances:</b> <ul style="list-style-type: none"> <li>▪ Non preparation of statutory compliance register</li> <li>▪ Non deposit of TDS on timely basis.</li> <li>▪ Non filling of TDS return for due period</li> <li>▪ Non providing details regarding VAT/PF/Labour Cess</li> </ul>
22	<b>Deficiency in payroll system</b> <ul style="list-style-type: none"> <li>▪ Non-preparation of salary payment voucher</li> <li>▪ Non-maintaining salary payment reference number in cash book</li> <li>▪ Non-implementation of Bio-metric device and payroll software</li> </ul>
23	Non-providing of Utilization certificate for the reporting audit period
24	Non-maintaining of inventory/store register and non-conducting of physical verification of inventory and stores available with ULB as per requirement of BMAR-rule 130.
25	Non providing details of Advances, their adjustment & Recovery



**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 RECOMMENDATIONS**

SIN O	Audit Observations	Audit Observations
1	Budget not prepared in proper manner and guidance given by UD&HD GOB;	ULB should implement real time budget preparation in prescribed format of BMAM. Further, Budget variance report should be prepared for actual budget report.
2	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.	<b>Bank Reconciliation help us to monitor over:</b> 1. Difference between Bank Passbook and Cash Book 2. Unauthorised withdrawal from Bank. 3. Excessive debited by Bank 4. Helps to know any other reasons of differences. <i>Therefore, 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.</i>
3	Non-Implementation of Double Entry Accounting System	As per requirement of BMAR-2014, Part -A, Chapter -2 Rule -4, "All ULB refereed in Schedule -I shall maintain its Books of Account using the double entry system".
4	No municipal accounts committee formed during the financial year 2018-19.	As per requirement of Sec. 98 of BMA-2007, ULB should held meeting of Municipal Accounts Committee each year. However we have found that the Municipal Accounting Committee is not formed at your ULB. <i>Therefore you should ensure the formation and timely meeting of accounts committee in compliance of sec. 98 of BMA-2007.</i>
5	<p><b>Non-levy of following taxes</b></p> <ul style="list-style-type: none"> <li>* Surcharge on transfer of lands and buildings</li> <li>* Water tax</li> <li>* Fire tax.</li> <li>* Surcharge on electricity consumption within the municipal area</li> <li>* Tax on congregations.</li> <li>* Tax on pilgrims and tourists.</li> <li>* Tax on profession.</li> <li>* Toll-tax on roads, bridges, ferries and navigable channels and on boats, which shall be heavy</li> <li>* Tax on goods vehicles, and buses, which shall be heavy passenger motor vehicles.</li> <li>* User Charges for provision of water-supply, drainage and sewerage</li> <li>* User Charges for Solid Waste Management</li> <li>* User Charges for Parking Facility</li> <li>* User Charges for Garbage Clearance</li> </ul>	<p>As per section 127, 128, 129 &amp; 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. <i>ULB should take steps to implement various taxes on their revenue</i></p>



	<ul style="list-style-type: none"> <li>* Collection of fees for sanction of building plans</li> <li>* Collection of fees for Issue of municipal licenses for various non-residential uses of lands and buildings,</li> <li>* Collection of Development Charges</li> </ul>	and issue of completion certificates,
6	Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22	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 or latest before noon of next day on which collection is made. However, during our audit, we observed that there is a huge delay in depositing the tax to bank. <i>Therefore, management should implement MIS Mechanism towards getting control over collection and deposit of Taxes. Further we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000</i>
7	Non-collection of notice fees from defaulter	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, but In case of Piro Nagar Panchayat, ULB has not provided any information regarding charging and collection of notice fees. <i>ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.</i>
8	Non-recovery of outstanding taxes	ULB has provided during audit the detail of outstanding tax and other income, we observed on the basis of the data that there is huge arrear of taxes at ULB. <i>Therefore, the management should take proper step to boost collection of arrears. Further a weekly or fortnightly meeting with all tax collectors to be held for getting the reason of non-collection and resolving the same.</i>
9	Non-providing details regarding arrear of advertisement tax, mobile tower tax	ULB should prepare proper records for arrear amount and should take proper steps to collect arrears.
10	Non deposit of outstanding amount of electricity bill of Rs. 50,57,788	ULB should negotiate with electricity board to settle down the dues without late fees.
11	Non-preparation of payment vouchers	ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR -2014.
12	Non-conducting physical survey of 20 high value properties and non-collection of outstanding property tax.	Being ULB was not maintaining any details of high value properties, The details given in report has been prepared based on receipts book. Filed Survey of the same could not be conducted due to non-support of tax Daroga & tax collectors in field survey. <i>ULB should identify and prepare separate list of high value properties by conducting the assessment of prospective properties on annual basis to boost their revenue.</i>
13	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014	Detail of registers not maintained by ULB as mentioned under PART-A (a). <i>ULB should ensure proper maintenance of required Books of Accounts and register as per the list given in Rule -3 of BMAR -2014.</i>



4	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	ULB should ensure preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014
15	<b>Irregularities in vendor payment process:</b> <ul style="list-style-type: none"> <li>▪ Budget Control register was not updated</li> <li>▪ Quality control test report was not available</li> <li>▪ Completion certificate was not available in payment file in case of completed contract.</li> </ul>	Proper tender documents regarding tender approval and allotment was not properly maintained or made available for audit. In provided cases, we are unable to comment on channel of procurement of tender and their required compliances. Further, no statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, ULB should maintained proper tender register and file that include all related documents of tender. Statutory compliance register should be maintained for all statutory deductions made form parties invoices.
16	Non-maintenance of register for all procurements with value above Rs. 15,000	ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000
17	Missing signature of wages worker and stamp of ULB on muster roll register	ULB should ensure proper maintenance of wages register by complying signature and stamping.
18	No maintenance of separate earnest & security deposit register	EMD and security deposit register help in tracking of balance payable to parties.
19	Non-compliance of Act & Rules	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. ULB should ensure compliance of all applicable Act & Rules.
20	<b>Lack of internal control measures</b> <ol style="list-style-type: none"> <li>1. Voucher file was not maintained</li> <li>2. No internal mechanism for statutory compliance</li> <li>3. No MIS was prepared for tracking of payments</li> <li>4. Required books of accounts as per BMAM was not maintained</li> <li>5. Statutory compliance reconciliation was not maintained</li> <li>6. Year-end reconciliation was not available</li> <li>7. Bank reconciliation of any bank account was not prepared.</li> <li>8. Bank balance as per cash book was not maintained.</li> </ol>	<p>We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statuary compliances:</p> <p><b>We suggest that:</b></p> <ol style="list-style-type: none"> <li>1. MIS System should be implemented over daily collection and deposit.</li> <li>2. Reason for non-deposit/ late deposit should be strongly need to ask for minimise delay.</li> <li>3. Need to identify a person to comply with the statuary compliances. In case failure to comply with statuary compliances he should also be penalised. Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.</li> </ol>
21	<b>Non-compliance of statutory compliances:</b> <ul style="list-style-type: none"> <li>▪ Non preparation of statutory compliance register</li> <li>▪ Non deposit of TDS on timely basis.</li> <li>▪ Non filling of TDS return for due period</li> <li>▪ Non providing details regarding VAT/PF/Royalty/Labour Cess</li> </ul>	<p>Statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, ULB should maintained proper statuary compliance register. Statutory compliance register should be maintained for all statutory deductions made form parties invoices.</p> <p>Non-compliance with statuary dues will cause of penalty, interest and prosecution. Management should insure that all statuary dues are paid on time and returns related thereof filed on time.</p>
22	<b>Deficiency in payroll system</b> <ul style="list-style-type: none"> <li>▪ Non-preparation of salary payment voucher</li> <li>▪ Non-maintaining salary payment reference number in cash book</li> </ul>	Every payment should be accompanied with payment voucher. Further as per Section 2(23) of the Indian Stamp Act 1899 makes it mandatory for affixing of stamp on any receipt as defined therein



	<ul style="list-style-type: none"> <li>Non-implementation of Bio-metric device and payroll software</li> </ul>	<p>above Rs 5000. Therefore, management should ensure that the payment is accompanied by a payment voucher.</p> <p><b>Meaning of Receipt :</b>  "Receipt" includes any note, memorandum or writing-</p> <p>(a) whereby any money, or any bill of exchange, cheque or promissory note is acknowledged to have been received, or (b) whereby any other movable property is acknowledged to have been received in satisfaction of a debt, or</p> <p>(c) whereby any debt or demand, or any part of a debt or demand, is acknowledged to have been satisfied or discharged, or</p> <p>(d) which signifies or imports an acknowledgment; and whether the same is or is not signed with the name of any person "</p>
23	Non-providing of Utilization certificate for the reporting audit period	<p>Grant is blood of ULB. Therefore, for getting grant and running the ulb working smoothly it is very important to comply with all necessary requirements of grant. Further timely submission of utilization certificate helps the grant realising authority to send the money for fulfil the requirement of future. Therefore, management should ensure that UC has been submitted with concerned department on time.</p>
24	Non-maintaining of inventory/store register and non-conducting of physical verification of inventory and stores available with ULB as per requirement of BMAR-rule 130.	<p>Management should implement the control system over inventory and store. Stock register should be in place and get it verified by a responsible person as authorised by management time to time. Further any discrepancies arises/ found during stock verification should be reported immediately.</p>
25	Non providing details of Advances, their adjustment & Recovery	<p>To ensure timely recovery of advance with interest proper calculation should be there with proper recovery plan.</p>

#### 5. COMMENTS FROM MANAGEMENT

Audit observations with audit recommendation has been submitted with management for providing management Comments.

#### 6. ACKNOWLEDGEMENT

Considering the Physical Environment, accessibility, literacy of the Human Resources, communication facilities and so many other hindrances, we are in opinion that, the working of the ULB has a deep impact on the economic & social aspects and values of the inhabitants of the demarcated area. And the work is specifically dedicated for the development of Nagar Parishad in the state of Bihar according to plan & for matters ancillary thereto.



## DETAILED AUDIT REPORT

### 1. INTRODUCTION:

S.NO.	Name Of ULB	Period-covered		Audit Team
		From	TO	
1	Piro Nagar Panchayat	01-04-2018	31-03-2019	1. Name of T L : CA Krishan Kumar Sodhani 2. Name of MAE: CA Rahul Kumar Shrivastwa 3. Name of Auditor-1: Md. Abul Qais 2: Sanjeev Kumar

### 2. ADMINISTRATION:

Sl. No	Particulars	Details
1	The present body of the ULB has taken charge on	09-06-2017
2	The incumbency in the key administrative and executive positions was as under:	
2.1	Name of Mayor:	Hadisan Khatoon
2.1.1	Period of Service:	From: 09-06-2017 To: Till date
2.2	Name of Executive Officer:	Mr. Anirudh Kumar
2.2.1	Period of Service:	From: 23-01-2019 To Till date

### 3. REVIEW OF OUTSTANDING AUDIT PARAS:

#### 3.1. Status of Audit Observations is as under:

(Rs. In Lakh)

S.N	Particulars of audit and date of report	Total no. of audit paras	Total no. of audit paras where necessary improvement/corrective measures required	Total no. of audit paras where recovery of cash is proposed	Total no. of audit paras where recovery has been made	Total amount of Recovery	Total no. of O/s para where no action has been taken	No. & date of compliance report
1	Audit report submitted by AG for the F.Y. 2013-14 to 2014-15	35	25	21	-	-	-	633/22.09.2018

#### 3.2. Details of total no of audit paras:

Period of AG audit report : Financial year 2013-14 to 2014-15

Compliance report date & Number : 633/22.09.2018



Sl. No	Audit Para Number	Heading of the audit para	Amount involved	Recovery Proposed	Recovery Completed	Action Taken or Not
1	8	Non compliance of earlier audit reports.	-	-	-	Action Taken
2	9	General Comment	-	-	-	Action Not required
3	10	Not relevant	-	-	-	Action Not required
4	11	Not relevant	-	-	-	Action Not required
5	12	<b>Budget</b>	-	-	-	
		i. Not prepared budget in specified period	-	-	-	Action Taken
		ii. Budget not prepared in specified format No public interaction in budget Preparation No half yearly analysis of budget	-	-	-	Action Taken
		iii. Short achievement of target in compression to budget target	-	-	-	Action Taken
6	13	Not preparing annual account	-	-	-	Action Taken
7	14.	<b>Income and Expenditure</b>	-	-	-	
		i. Cash book not maintained in BMAR form no. -1	-	-	-	Action Taken
		ii. Not prepared fund wise detail in cash book at year end	-	-	-	Action Taken
		iii. Not prepared reconciliation statement for difference between cash book balance and bank balance	23.38	-	-	Action Taken
		iv. Not maintaining separate cash book for each fund.	-	-	-	Action Taken
<b>Part-II (A) of AG Audit Report</b>						
8	1	Excess payment to contractor for cleaning work	11.53	11.53	-	Action Taken
9	2	Irregular expenses on SJSRY training	22.90	22.90	-	Action Taken
<b>Part-II (B) of AG Audit Report</b>						
10	3	Advance salary payment of four employee without getting approval from standing committee	8.14	8.14	-	Action Taken
11	4	Loss due to amount not	7.22	7.22	-	Action



		collected from mobile tower				Taken
10	5	Loss in sairat agreement	2.11	2.11	-	Action Taken
11	6	Not collected stamp duty in sairat agreement	.80	.80	-	Action Taken
12	7	Not charging labour cess in Map sanction	.89	.89	-	Action Taken
13	8	Not deducted late fee on plan implementation	5.09	5.09	-	Action Taken
14	9	Short deposit of bus stand chungi tax	.0005	.0005	-	Action Taken
15	10	Short deposit of shop rent	.002	.002	-	Action Taken
16	11	Amount of holding tax not deposited in bank	.70	.70	-	Action Taken
17	12	Amount collected from bicycle rikshaw tin tax not deposited	.026	.026	-	Action Taken
18	13	Holding tax dues	17.24	17.24	-	Action Taken
19	14	Amount of dangerous and frightening business not deposited	.11	.11	-	Action Taken
20	15	Rent due on shop of nagar panchayat	6.46	6.46	-	Action Taken
21	16	Pointless expenses on purchase of tempu	5.54	5.54	-	Action Taken
22	17	Utilisation certificate of grant amount not submitted with government	643.38	643.38	-	Action Taken
23	18	TDS not deducted on the amount of cleaning work	0.95	0.95	-	Action Taken
24	19	Service tax not deposited by nagar panchayat	.14	.14	-	Action Taken
25	20	Non fitting of three solar light	-	-	-	Action Taken
26	21	Loss due to non collection of development fee on sanction of map	.16	.16	-	Action Taken
27	22	Non deduction of TDS on training institution	4.57	4.57	-	Action Taken
<b>Part-III (TAN) of AG Audit Report</b>						
28	1	Not preparing grant book	-	-	-	Action Taken



29	2	Plan of nagar panchayat not forwarded to district planning board	-	-	-	Action Taken
30	3	Not following bhawan sub rules in map sanction	-	-	-	Action Taken
31	4	Not determined waste storage place	-	-	-	Action Taken
32	5	Deleted	-	-	-	Action Taken
33	6	Interest amount written in another cash book	22.19	-	-	Action Taken
34	7	Deported/ blocked fund	8.31	-	-	Action Taken
35	8	Amount of education and health cess not transferred to concerned department	1.69	-	-	Action Taken
<b>Total</b>			<b>1531.49</b>	<b>737.96</b>	-	-

**Note:**

Above details has been taken from the AG Report the F.Y. 2013-14 and 2014-15 and compliance report thereof. **For AG Compliance Report, Refer the attached Annexure-01.** Further we are submitting herewith copy of Compliance report submitted by the ULB for the FY 2007-08 (**Annexure -2**) and FY 2011-12 in (**Annexure-3**).

Further we wish to say that as we have submitted letter to ULB for asking support and to appoint support staff for working on audit compliance, please refer "**Annexure-4**".



#### 4. FINANCE

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

Year	Year-2016-17	Year-2017-18	Year-2018-19
Final/Revised Budget Data	5,60,82,000	11,00,20,000	12,09,70,000
Actual Expenditure Data	2,22,86,355	9,86,59,267	9,68,81,249
Savings (+)/Excess (-)	3,37,95,645	1,13,60,733	2,40,88,751

**Comment:**  
The above figures have been taken from the Budget Statement of the ULB for the year 2016-17, 2017-18, 2018-19 and 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 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	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	25,57,04,547	4,00,35,486	14,21,84,723	9,42,08,330	9,42,08,330
Receipts	20,53,55,300	12,44,35,486	5,06,82,874	9,60,56,939	9,60,56,939
<b>Total</b>	46,10,59,847	16,44,71,078	19,28,67,597	19,02,65,269	19,02,65,269
Net expenditure	12,09,70,000	2,22,86,355	9,86,59,267	9,68,81,249	9,68,81,249
<b>Closing balance</b>	34,00,89,847	14,21,84,723	9,42,08,330	9,33,84,020	9,33,84,020

III. Bank Reconciliation position as on reporting date

Bank Reconciliation position as on 31-03-2019

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	Punjab National Bank	0493000100367203	Misc. Fund	-	39,94,289	-39,94,289	No
2	Punjab National Bank	0493000100450026	PMAY	-	90,73,289	-90,73,289	No
3	Punjab National Bank	0493000100546903	BRGF	-	87070	-87070	No
4	Punjab National Bank	0493000100458383	KAUSHAL VIKASH	-	36,41,033	-36,41,033	No
5	Madhya Bihar Gramin Bank	70682100002495	SBM	-	3,48,691	-3,48,691	Not update
6	Madhya Bihar Gramin Bank	70680100033417	NIGAM FUND	-	2,43,884	-2,43,884	No
7	Madhya Bihar Gramin Bank	7068010002486	E- GOVERNANCE	-	2,992	-2,992	No
8	Punjab National Bank	04930001004403019	BRGF	-	-	-	No
9	Madhya Bihar Gramin Bank	70680100118071	-	-	-	-	No
10	Madhya Bihar Gramin Bank	70680100117513	-	-	-	-	No
11	ICICI Bank	62201003203	SBM	-	-	-	No
12	Madhya Bihar Gramin Bank	70680100117540	4 <sup>th</sup> Finance	-	-	-	No
13	Bank of India	456510110010171	Mukhyamantri Payjal Yojna	-	-	-	
14	Bank of India	456510110010172	Nali Gali	-	-	-	
15	Madhya Bihar Gramin Bank	70680100117522	13 <sup>th</sup> Finance	-	-	-	No



**Comment:**  
 Bank Reconciliation helps us to monitor over:  
 1. Difference between Bank Passbook and Cash Book  
 2. Unauthorised withdrawal from Bank  
 3. Unauthorised debited by Bank  
 4. Helps to know all other reasons of differences  
 Therefore, all should prepare bank reconciliation of all bank accounts including abnormal accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper receipt.

**IV Revenue & Capital Receipts information**

Sl No	Details	Income Details (Amount in Rs.)				
		2017-18	2018-19	2017-18	2018-19	2019-20
A	Total Receipts (A+B)	5,06,82,874	12,44,15,485	5,06,82,874	9,60,56,939	9,60,56,939
1	Revenue Receipts (1+2+3)	1,25,19,018	1,25,26,141	1,25,19,018	2,06,25,475	2,06,25,475
a)	Own Revenue Receipts (a+b)	23,85,981	18,15,515	23,85,981	57,14,363	57,14,363
i)	Tax Revenue (levied and collected by municipal body)	23,47,986	17,83,215	23,47,986	25,42,371	25,42,371
ii)	Property tax	7,15,351	3,29,315	7,15,351	9,55,852	9,55,852
iii)	Other tax levied and collected by municipal body	16,32,635	14,53,900	16,32,635	15,86,519	15,86,519
b)	Non-tax revenue (levied and collected by municipal body)	17,995	32,300	17,995	31,71,992	31,71,992
i)	Fees & fines	7,995	2,300	7,995	11,29,992	11,29,992
ii)	User Charges	30,000	30,000	30,000	42,000	42,000
iii)	Other non-tax revenue levied and collected by municipal body					
2	Other Revenue Receipts	15,03,962	17,49,330	15,03,962	25,15,891	25,15,891



a)	Income from interest/Investments	12,32,062	12,48,230	8,32,435	12,20,627	Not Applicable	8,32,435
b)	Other Revenue Income	2,71,900	5,01,100	16,93,454	2,71,900	Applicable	16,83,455
3	Transfers/Grants/Assigned Revenues	86,29,075	89,61,296	1,23,95,771	86,29,075	Applicable	1,23,95,221
a)	State Assigned Revenue					Applicable	
b)	State Finance Commission (SFC) Grants/Devolution					Not Applicable	
c)	Octroi compensation					Applicable	
d)	Other State Government Transfers	86,29,075	87,15,996	90,89,471	86,29,075	Applicable	90,59,47
e)	Central Finance Commission (CFC) Grant					Applicable	
f)	Other Central Government Transfers					Applicable	
g)	Others (Sales & Hire Charges)		2,47,300	33,05,750		Applicable	33,05,750
B	Capital Receipts (1+2+3+4+5)	3,81,63,856	11,19,09,344	7,54,31,464	3,81,63,856	Applicable	7,54,31,464
1	Sale of Municipal Land					Not Applicable	
2	Loans (from State Govt or Bank etc.)					Not Applicable	
3	State Capital Account Grant (under State Schemes etc.)	3,81,63,856	11,19,09,344	7,54,31,464	3,81,63,856	Applicable	7,54,31,464
4	Central Capital Account Grant (under Central Schemes etc.)					Not Applicable	
5	Other Capital Receipts					Not Applicable	

**Comment:**

The above figures have been taken from the Budget Statement of the UB for the year 2016-17, 2017-18, 2018-19 and 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 2016-17 & 2017-18 have not been produced before us for verification. Hence, we could not validate the Above-mentioned figures. Refer "Annexure-5" for details.

*(Signature)*  
and Capital Expenditure Information.

2017-18

2018-19

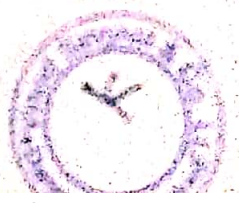
Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
1	Revenue	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
2	Capital Expenditure	500000	500000	500000	500000	500000	500000	500000	500000
3	Revenue Expenditure	500000	500000	500000	500000	500000	500000	500000	500000
4	Surplus	0	0	0	0	0	0	0	0
5	Total	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000

**Comments**  
 The above figures are based on the budget for the year 2013-14 and 2014-15 and 2015-16, 2016-17, 2017-18 and 2018-19. The figures are subject to change as per the actual performance of the organization. The figures are based on the budget for the year 2013-14 and 2014-15 and 2015-16, 2016-17, 2017-18 and 2018-19. The figures are subject to change as per the actual performance of the organization.

by means of budget provision of Capital Expenditure Accounting System. Capital Expenditure is accounted as such in the budget for the year 2013-14 and 2014-15 and 2015-16, 2016-17, 2017-18 and 2018-19. The figures are subject to change as per the actual performance of the organization.

**Signature of the Officer-in-Charge**  
 \_\_\_\_\_  
 Officer-in-Charge

Date: \_\_\_\_\_



VII. Status of Meeting of Municipal Accounts Committee

There is no any accounts committee has been formed. URB are submitting here with their letter taken from URB in respect of these committee.



**Comment**  
 Bank Reconciliation helps us to monitor over.  
 1. Difference between Bank Passbook and Cash Book  
 2. Unauthorised withdrawal from Bank  
 3. Excess debit by Bank  
 4. Helps to know all other reasons of differences.  
 Therefore, all should prepare bank reconciliation of all bank accounts including abnormal accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper receipt.

**IV Revenue & Capital Receipts information**

Sl No	Details	Income Details (Amount in Rs.)				
		2017-18	2017-18	2018-19	2018-19	2019-20
A	Total Receipts (A+B)	5,06,82,874	12,44,15,485	9,60,56,939	5,06,82,874	9,60,56,939
1	Revenue Receipts (1+2+3)	1,25,19,018	1,25,26,141	2,06,25,475	1,25,19,018	2,06,25,475
a)	Own Revenue Receipts (a+b)	23,85,981	18,15,515	57,14,363	23,85,981	57,14,363
i)	Tax Revenue (levied and collected by municipal body)	23,47,986	17,83,215	25,42,371	23,47,986	25,42,371
ii)	Property tax	7,15,351	3,29,315	9,55,852	7,15,351	9,55,852
iii)	Other tax levied and collected by municipal body	16,32,635	14,53,900	15,86,519	16,32,635	15,86,519
b)	Non-tax revenue (levied and collected by municipal body)	17,995	32,300	31,71,992	17,995	31,71,992
i)	Fees & fines	7,995	2,300	11,29,997	7,995	11,29,997
ii)	User Charges	30,000	30,000	42,000	30,000	42,000
iii)	Other non-tax revenue levied and collected by municipal body					
2	Other Revenue Receipts	15,03,962	17,49,330	25,15,891	15,03,962	25,15,891



## 5. AUDIT OBSERVATION

### I. PART-A

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

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

**1. Non-levy of taxes:** 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. *In case of Piro Nagar panchayat*, the following mentioned tax/charges are not implemented that leads to loss of revenue to ULB.

- \* Surcharge on transfer of lands and buildings
- \* Water tax
- \* Fire tax.
- \* 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.
- \* Tax on profession.
- \* Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy Goods vehicles, and buses, which shall be heavy passenger motor vehicles.
- \* -User Charges for provision of water-supply, drainage and sewerage
- \* 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 fees for Issue of municipal licenses for various non-residential uses of lands and buildings,
- \* Collection of Development Charges

**Audit Objective** - As per Point No. - 5.00 of TOR

**Criteria** - Non levied the taxes reported above by ULB.

**Condition** -As per details provided to us the ULB is not charging the above mention taxes.

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

**Cause**- We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB has not proper mechanisms for supervision and monitoring of the Taxes due to which result in Revenue leakage.

**Corrective Action / Recommendation** - As per our opinion, management should review the working on timely basis



**2. Late deposit of property tax:** 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 or latest before noon of next day on which collection is made.

*In case of Piro Nagar Panchayat*, during verification of receipts book and deposit slips, we have noticed that there was gap of 242-334 days in collection of tax and deposit of tax to cashier.

Sl. No	Serial Number		Amount of Tax	Date of Collection as per Receipts Booked		Date of Deposit with cashier		Delay in deposit with cashier	
	From	To		Minimum	Maximum				
1	4201	4222	6816	4-Apr-18	20-Apr-18	28-Mar-2019		342	358
2	4223	4232	8,048	20-Apr-18	30-Apr-18			332	342
3	4233	4241	5440	01-May-18	8-May-18			324	332
4	4242	4263	10148	09-May-18	25-May-18			307	323
5	4264	4400	33880	26-May-18	10-Feb.-19	Not deposited till date		-	-
6	4264	4324	37950	10-June-18	16-Dec.-18	12,600	16.04.19	121	319
						20,000	25.04.19	130	328
						5,350	02.05.19	137	335

Refer "Annexure -10" For deposit Slip

**Audit Objective** - As per Point No. - 5.00 of TOR

**Criteria** - 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 or latest before noon of next day on which collection is made. Further we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000.00

**Condition** -As per details provided to us the ULB is not depositing the amount collected from public on time.

**Consequence Effect /Impact** - Due to non-deposit of cash on timely basis there is loss of interest to ULB. It seems that huge fund easily available with cashier on the cost of Bihiya ULB.

**Cause**- We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has not proper control, supervision, and monitoring over collection and deposit of taxes.

**Corrective Action / Recommendation** - Management should reconcile time to time the physical cash with cash book for stopping the misuse of cas



3. **Non collection of Notice fees:** As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but *In case of Piro Nagar Panchayat*, ULB is not collecting notice fee for the notice issued during the period. Please refer "Annexure - 11"

**Audit Objective** - As per Point No. - 5.00 of TOR

**Criteria** - As per sec 158 of Bihar Municipal Act, 2007 The amount of notice fee should be collected by the municipality.

**Condition** -As per details provided to us the ULB is not collecting notice fee.

**Consequence Effect /Impact** - Due to non-collection of notice fee there is loss of interest to ULB

**Cause-** We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has not proper control, supervision, and monitoring over issue of notices and collection of notice fee.

**Corrective Action / Recommendation** - Management should monitor the notices issued on periodic basis towards charging and collection of notice fee.

4. **Recovery of outstanding taxes/rental income:** As per record provided by ULB, following income was in arrear as on 31-03-2019.

**Details of outstanding arrear of income as on 31-03-2019**

Sl. No	Type of Income	Arrear Amount
1	Property Tax	7,03,098
2	Advertisement Tax	Not Provided
3	Rent Income	10,16,650
4	Mobile Tower Tax	9,19,000
5	Other income head ( Bus Stand)	3,75,900

Please Refer "Annexure -12" for detail of outstanding Rent

**Audit Objective** - As per Point No. - 5.00 of TOR

**Criteria** - As per sec 158 of Bihar Municipal Act, 2007 the amount of outstanding demand should be collected by the municipality.

**Condition** -As per details provided to us the There is huge amount outstanding as arrear of taxes.

**Consequence Effect /Impact** - Due to non-collection of arrear of taxes there is loss of interest to ULB

**Cause-** We observed that due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval, the ULB has not proper control, supervision, and monitoring over issue of notices and collection of arrear of taxes.

**Corrective Action / Recommendation** - Management should implement/take action to boost collection of arrear revenue to increase their own source revenue.



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

1. **Payment of bills after due date:** During audit of ULB we have noticed that ULB is not in practice to paid bill i.e. electricity bill, telephone bill on or before due date. Due to that ULB has to pay penalty for late payment.

**Details of outstanding expenses late payment charge as on 31-03-2019**

Sl. No	Particulars	Arrear Amount	Delay surcharge Payable	Total Arrear Amount
1	Electricity Dues	37,24,852	13,32,936	50,57,788

**Note:**

1. Due to non-payment of electricity bill ulb is paying delay surcharge amounted to Rs. 13,32,936 electricity department.
2. As per discussion with executive officer there are arrear or property on electricity department from very long time, however they are not adjusting the same while issuing invoice on ulb.
3. Since full data not provided by ULB, therefore the delay payment surcharge may be higher than from reported above. Refer "Annexure -12"
4. Further we have vouched the other expenses bills, the payment of the same has been made on time. Refer "Annexure -13"
5. We have not received bill of Telephone Expenses and Contractor for our verification.

2. **Pass payment without preparation of payment vouchers:** The ULB does not prepare Payment Vouchers for making payment to the parties/vendors. Payment was made on the basis of bills only raised in the name of ULB which is passed by the competent authority. . Refer "Annexure -13"

3. **Irregularities in payments:** No such irregularities were observed in provided sample data. As complete vouchers files were not made available for audit. However, as reported in point no. 1 above there is irregularities in payment of electricity expenses. ULB is paying huge delay surcharge on the same.

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

**Note Data Not Provided**

SINo	Holding Name	Ward No	Holding Number	Amount (Rs.)	O/s Liability at end of reporting period
1	Bihari Prasad Gupta	3	143	13,300	2011-12 To 2017-18
2	Md Samsheer Kha	3	181	15,120	2011-12 To 2017-18
3	Luxhman Updhay	3	186	6,000	2014-17 To 2017-18
4	Ashok Kumar Kakkar	3	223	3,400	2018-19
5	Rampati Kuwar	2	251	6,720	2014-15 To 2017-18
6	Brijmohan Sahay	10	136	33,264	2012-13 To 2017-18



7	Power substation	10	101	37,24,224	1991-92 To 2017-18
8	Madhy vidhyalay	10	102	1,00,800	2011-12 To 2017-18
9	Jagna Raman Sah	10	147	7,800	2013-14 To 2017-18
10	Laxhmi Narayan Ray	10	133	10,080	2012-13 To 2017-18
11	Ranjeeta Devi	10	174	11,880	2011-12 To 2017-18
12	Kameshwar Prasad Singh	10	535	6,300	2013-14 To 2017-18
13	Rekha Devi	10	539	6,000	2013-14 To 2017-18
14	Uchh Vidyalaya Piro	7	18	1,44,000	2011-12 To 2017-18
15	Kedar Prasad	7	19	36,000	2011-12 To 2017-18
16	Dayanand Chodhri	9	102	71,280	2011-12 To 2017-18
17	Dr Vijay Kumar Singh	10	26	22,860	2013-14 To 2017-18
18	Ravindra Kumar Singh	10	27	22,860	2013-14 To 2017-18
19	Vishwnath Singh	10	44	63,000	2011-12 To 2017-18
20	Baijnath Prasad	9	120	42,000	2011-12 To 2017-18

**Comment:**

1. Being details of above high value properties were provided by Tax Daroga.
2. Further we wish to say that as we have submitted letter to ULB for asking support and to appoint support staff for filed survey, however Physical survey of mentioned properties could not be done due to non-availability of ULB staff for survey. Please refer "**Annexure-4**"

**II. PART-B**

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

The ULB has not maintained the following prescribed registers (Please find attached letter to the ULB regarding non-submission of the following documents): -

1. Journal Book
2. Ledger
3. Contra Voucher
4. Journal Voucher
5. Receipt Voucher
6. Register of Cheque Received
7. Statement on status of cheque received
8. Register of Bills for Payment
9. Payment order
10. Register of Advance
11. Register of Permanent Advance
12. Deposit Received Register
13. Summary statement of Deposits Adjustment



14. Demand register
15. Bill of Income
16. Summary Statement of Bill Raised
17. Register of Notice Fee Warrant Fee other fees
18. Summary statement of Notice Fee Warrant Fee other fees
19. Summary statement of Refund and Remissions
20. Summary statement of Write offs
21. Statement of outstanding liability for expenses
22. Register of Immovable and Movable Property
23. Register of Land
24. Function wise Income Subsidiary Ledger
25. Function wise Expenditure Subsidiary Ledger
26. Asset Replacement Register
27. Register of Public Lighting System
28. Building Register
29. Status and Heritage Assets Register
30. Road and Street register
31. Bridges Flyover Subway and Causeway Register
32. Drains Register
33. Ponds and Lakes Register
34. Plant and Machinery Register
35. Vehicle Register
36. Office Equipment Register
37. Furniture and Fixture Register
38. Computer and Peripheral Register
39. Software Register
40. Grants Register

**Required at - Property Tax and other taxes**

1. Summary Statement of bills raised
2. Summary statement of Demand Adjustment raised
3. Summary statement of refunds and remissions
4. Summary Statement of write-offs
5. Money Receipt Book
6. Hand Book (details due from tax payer)

**Documents required at - water Supply**

1. Summary Statement of Demand raised on assessment
2. Summary statement of Head wise collection
3. Summary statement of refunds remissions
4. Summary statement of write- offs

**Documents required at - Rentals Fees and Other Income**

1. Summary Statement of Demand raised on assessment
2. Summary statement of Head wise collection
3. Summary statement of refunds
4. Summary statement of write- offs

**Documents required at- Public Works**

1. Summary Statement of status of CWIP
2. Work Sheet
3. Deposit works register

**Documents required at - Stores**

1. Material Receipt Note
2. Statement of Material Issues



**Other**

1. Balance confirmation as on 31.03.19
2. BRS of all Bank Accounts (including dormant accounts)
3. Physical Verification report of cash and Stock

**Final Accounts for the year 2016-17, 2017-18 & 2018-19**

1. Audited Balance Sheet
2. Audited Income & Expenditure Account
3. Audited Receipts & Payments Account and unaudited Receipts & Payment

**b. Irregularity in procurement process:**

1. **Irregularities in vendor payment process:** During audit, we observed the following discrepancies in allotment of tender:

Sr No.	Contract No.	Description of Tender	Awarded value	Remarks
1	08/2017-18	Nali Gali	83,03,646	
2	05/2017-18	Nali Gali	1,03,42,170	<b>In connection of this tender, we have noticed the following irregularities:</b> 1. Budget Control register has not been maintaining by ulb 2. Many cases Quality test report not submitted.
3	02/2017-18	Nali Gali	91,52,907	3. Completion certificate not presented to us for our verification, therefore we are unable to say that completion certificate issued or not. 4. Further the statutory compliance registers not presented to us for our verification, therefore we are unable to comment that amount deducted from vendor on account of Labour cess, TDS, sales tax and royalty has been deposited on time or not and return related to respective act has been submitted or not.s



1. Whether a register is kept for all Procurements with value above Rs. 15,000/-: No, Procurement register was not maintained at ULB level for procurement with value above Rs. 15,000. However, they have file the expenses bill in the file. Refer "Annexure -14"
2. As per rule no 75, disbursement to the daily wage workers is to be witnessed by the chief municipal officer / engineer and he has to sign the disbursement certificate after ensuring that the acknowledgement has been obtained from the workers on the master payroll (BMAR Form -33): As per provided master payroll of daily wages worker, we observed that signature of wages worker against their attendance was not available. This is noted that stamp of ULB was not affixed on signature done in master payroll.
3. No separate earnest & security deposit register: Earnest money deposit & security deposit register help in tracking refund of EMD/SD on time to concerned parties, but in ULB, no such register was maintained/provided for verification.

c. Non-Compliance of directives by UD&HD, GoB:

SlNo.	Direction issued by UDHD	Complied or Not
1	Circular No. 1188 dated 18-05-2017	Complied
2	Circular No. 261 dated 06-02-2018	Complied

d. Non-Compliance of Act & Rules:

Sl. No	Requirement	Criteria	Auditors 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	<b>Refer point: Part-A (a) (2)</b> No, during audit we observed that there was max 242-334 days delay in deposit of tax with cashier.
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, 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.
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, 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.
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, bill collector gets its verified collection register as well as the receipt books in his charge to the Revenue inspector/Revenue Officer or the designated of the Municipality
5	Whether every bill collector invariably remits his collections (in cash and/or cheques) to Cashier dallies before	BMAR Rule No.- 27	<b>Refer point: Part-A (a) (2)</b> No, in actual we noted that tax collector was not remitting his



	4.30 PM and take the cashier's acknowledgment in the collection register.		collections to bank. We noted that there were delay in deposit of tax with bank from day 242 to 334 days.
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	No, Scheme wise grant register was maintained by the 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	<b>Refer point: Part-B (h)</b>  Scheme/Grant related documents was not made available for audit,
8	Whether The grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No such circumstance were noticed during the audit
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	<b>Refer PART-B (h)</b>  No, Utilization certificate details produced for verification
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	No such circumstance were noticed during the audit
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	No, Piro Nagar Panchayat was not preparing a fund wise statement of receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.
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	No, Piro Nagar Panchayat was 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.
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	No, Piro Nagar Panchayat 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
14	The Chief Municipal Officer shall, within three months after the end of each financial year be prepared	BMAR Rule No.- 122	BMAR Rule No. - 122 were not followed by ULB during the F.Y. 2018-19.



	<p>financial statements for the preceding year in respect of the accounts of the Municipality.</p> <p><b>The Financial Statements shall comprise of</b></p> <p>a. Receipts and Payments Account for the year (BMAR Form No.71)</p> <p>b. Income &amp; 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>		
15	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)	BMAR Rule No.-130	Refer PART-B (f)
16	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)	BMAR Rule No.-130	Refer PART-B (g)
17	Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified and stated in sufficient detail;	BMAR Rule No.-130	No, BMAR Rule No. 130 was not followed by ULB. As Single-entry accounting system was followed by ULB
18	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;	BMAR Rule No.-130	No, grant register was not maintained by ULB
19	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds	BMAR Rule No.-130	No details regarding creation of special fund and their use were made available to comment thereon.

	have been utilized for the purposes for which they have been created;		
20	Whether the ULB is maintaining proper records showing full particulars, including quantitate 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	ULB was not maintaining fixed assets register for the financial year 2017-18. Further no, fixed assets physically verified report was made available to comment upon.
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	No details regarding lease hold property was made available to comment upon.
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	No, ULB is not followed adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets. <b>As ULB was not maintaining any store and assets purchase register.</b>
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	We have not observed such type of transaction during audit.
24	Whether the Bank Reconciliation statements have been property 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	<b>Refer Point-04 (III)</b> No, ULB has not prepared bank reconciliation for any bank accounts maintained.
25	Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;	BMAR Rule No.-130	As ULB has single entry accounting system, in that case year end provisions and reconciliation was not made during the reporting period.
26	Whether all the expenditure incurred by the Municipality is authorized by appropriate provision in the sanctioned budget. whether made originally or subsequently and are in all cases such as are authorized by Act;	BMAR Rule No.-130	Since proper voucher and expenses invoices not presented for our verification, therefore we can't comment on it.
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	BMAR Rule No.-130	<b>Refer-PART-A (a)(4)</b> Yes, ULB has accountant revenue properly. But collection and recovery of taxes was in slow pace that's why there was arrear of taxes in ULB.
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	BMAR Rule No.-130	<b>Refer-PART-A (a)(2)</b> Yes, all sums due to and received by the Municipality have been brought to account within the prescribed time



	authorized by Act;		limits and are in all cases such as are authorized by Act. Except; In case of deposit of daily tax collection, that is deposited with cashier on average 288-336 days delay of collection.
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	In absence of specific record during the audit, we can't comment that the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order
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	<b>Refer-PART-B (a)</b> No, some required books of accounts as per BMAM/BMAR has not been maintained.
31	Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;	BMAR Rule No.-130	Yes, However, They are not preparing store verification report, They used store register during verification.
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	Yes, procedures of physical verification of stores followed by the ULB are reasonable.
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	No such details provided
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	Valuation details not provided. However we have verified the physical store as per store register and observed that the ULB has kept the store at purchased price. We have not found any material deviation.
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 such details provided
36	Whether advances given to municipal employees and interest thereon are being regularly recovered;	BMAR Rule No.-130	No such details provided
37	<b>Municipal Fund:</b> Whether ULB has created required fund as mentioned in chapter IX of BMA-2007	BMA,2007: Chapter IX	No, ULB is using single entry accounting system, so there was no fund was accounting followed.
38	<b>Investment of surplus money.</b>	BMA,2007: Chapter X	No details provided



	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:		
39	<b>Preparation of budget estimate of Municipality.</b> 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,	BMA,2007: Chapter XI	Yes, followed by the ULB, however budget is not prepared in proper manner.
40	<b>Maintenance of accounts.</b> 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,	BMA,2007: Chapter XII	As ULB was following single entry accounting system. So, receipts and payments details were being maintained in form of cash book. Audited receipts & payments account as per BMAM was not prepared by ULB.
41	<b>Financial Statement.</b> 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,	BMA,2007: Chapter XII	No, ULB was not preparing 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.
42	<b>Submission of financial statement and balance sheet to auditor.</b> 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.	BMA,2007: Chapter XII	No, Financial Statements were not provided for audit by ULB
43	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act,2007 various tax is applicable on ULBs	BMA,2007: Chapter XV	Refer-PART-A(a)(1) for status of taxes not collected by ULB
44	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	BMA,2007: Chapter XIX	Refer-PART-A(a)(3)



a rate as may be specified, and the amount of penalty therefore,		
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**e. Lack of internal control measures:** We have observed the following areas where internal control measures are required by ULBs-

1. Voucher file was not maintained
2. No internal mechanism for statutory compliance
3. No MIS was prepared for tracking of payments
4. Required books of accounts as per BMAM was not maintained
5. Statutory compliance reconciliation was not maintained
6. Year-end reconciliation was not available
7. Bank reconciliation of any bank account was not prepared.
8. Bank balance as per cash book was not maintained.

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

**1. Details of TDS deducted and to be deposited:** During audit we noted that ULB is not regular in deposit of TDS, As mentioned below circumstances, ULB has deducted TDS but they have deposit the same after a long gap.

Sl. No	Particulars	TDS deducted
1	TDS on contractor	2,30,650
<b>Total</b>		

**2. Details of TDS deposited :**

During the audit, ULB has provided copy of challan of deposit of TDS In mentioned table this is clear that ULB is not regular in deposit of TDS challan, As ULB has only submitted only a single tds challan dring the entire year.

Sl. No	Challan Tender Date	Challan Serial No	Amount of Challan	Nature of Payment
1	26.07.2019	00001	2,30,650	TDS on Contractor

**Note:**

3. The above Statutory deductions details were taken as per contract register.
4. We have not received statutory compliance register and expenses invoices for our verification.
5. Non-payment of tax on or before due date will attract interest @ 1.5% p.m. or part of month
6. As per provision of sec. 276B, If a person fails to pay to the credit of the Central Government to the amount of tax deducted at source by him as required by or under the provisions of Chapter XVII-B; or the tax payable by him, as required by or under sub-section (2) of section 115-O; or the second proviso to section 194B, he shall be punishable with rigorous imprisonment for a term which shall not be less than **three months** but which may extend to **seven years** and with fine. Refer "Annexure -15"

**3. Details of TDS returns filled are mentioned below:**

During the audit, we observed that ULB was not regular in filling of TDS return, as per below mentioned details this is clear that either ULB had bot filled TDS return or if filled then not followed due date of return filling. This practice of delay in filling of TDS return would cause ULB in form of penalty.

SINo	Quarter	Due date of Return	Actual date of Return filled	Remark
1	Quarter-1 of F.Y. 2018-19	31 <sup>st</sup> -Jul-2018	-	Return Not filled



2	Quarter-2 of F.Y. 2018-19	31 <sup>st</sup> -Oct-2018	-	Return Not filled
3	Quarter-3 of F.Y. 2018-19	31 <sup>st</sup> -Jan-2019	-	Return Not filled
4	Quarter-4 of F.Y. 2018-19	31 <sup>st</sup> -May-2019	-	Return Not filled

**Note:**

- a. As per provision of Sec. 234E where a person fails to file the TDS/TCS return on or before the due date prescribed in this regard, then he shall be liable to pay, by way of fee, a sum of Rs. 200 for every day during which the failure continues. The amount of late fees shall not exceed the amount of TDS Further as per provision of Sec 271H deductor or collector of tax at source fail to file the return within the stipulated date, he/she can also be penalized with a fee which is not less than Rs 10,000. The amount of penalty could go up to Rs. 1 lakh.
- b. **Downloading of TDS Certificates from TRACES made mandatory:** In this regard, your attention is invited to the CBDT circulars 04/2013 dated 17.04.2013, CBDT Circular No. 03/2011 dated 13-5-2011 and CBDT Circular No. 01/2012 dated 9-4-2012 on the **Issuance of certificate for Tax Deducted at Source in Form 16/16A as per IT Rules 1962**. It is now **mandatory for all diductor's to issue TDS certificates after generating and downloading the same from "TDS Reconciliation Analysis and Correction Enabling System" or TRACES Portal**. In view of above circulars, it may kindly be noted that the TDS Certificates **downloaded only from TRACES Portal** will be valid. Certificates issued in any other form or manner will not comply to the requirements referred in the Income-tax Act 1961 read with relevant Rules and Circulars issued in this behalf from time to time. Further as per the provisions of section 203 of the Income Tax Act, 1961 read with rule 31A, Certificate of tax deducted at source is to be **furnished within fifteen (15) days from the due date for furnishing the statement of tax deducted at source**. Failure to comply with the provisions of the Act will attract **penalty under the provisions of section 272A of the Act, a sum of one hundred rupees for every day during which the failure continues**.
- c. In case of ULB the commissioner/executive officer in charge will be person who is liable to deduct and pay the TDS and issue of TDS certificate on time. Therefore, management is suggested to take a serious note on the status of Tax collected or deposited, timely submission of return thereof and issuance of TDS Certificate.

**4. Details of Royalty deduction and deposit deposited :**

During the audit, ULB has provided copy of challan of deposit of royalty, In mentioned table this is clear that ULB is not regular in deposit of Royalty amount,

Sl. No	Amount deducted	Amount Deposited	Remarks
1	291,028	-	Detail of deposit not provided

**5: Details of Labour Cess deduction and deposit deposited :**

During the audit, ULB has provided copy of challan of deposit of Labour Cess, In mentioned table this is clear that ULB is not regular in deposit of Labour Cess amount,

Sl. No	Amount deducted	Amount Deposited	Remarks
1	2,30,650	-	Detail of deposit not provided



**g. Deficiency in payroll system:**

SINo	Particulars	Comments
1	Status of maintenance of salary register for all employees (Permanent/Daily wages/Contract worker)	Yes, Salary register was maintained for all employees
2	Non availability of Salary payment voucher	ULB was not in practice to issue salary payment voucher, Payment of salary was passed based on approval by competent authority on salary register.
3	Matching of voucher number with cash book	No salary payment voucher number was mentioned in cash book
4	Salary register contains all elements of salary	Yes, all elements of salary were mentioned in salary register.
5	Maintenance of Salary Deduction register	Deductions from salary was mentioned in salary register, no separate deduction register was maintained.
6	Whether biometric devices and payroll software is implemented in ULB. If Yes, then is it integrated with accounting software	Biometric device was and payroll software was not implemented in ULB.

**h. Utilisation of Grant and report on missing Utilisation Certificates:**

1. ULB has provided hard copy of summary of certificate submitted to the department. "Refer Annexure - 16 "
2. We have submitted letter towards preparation of UC. However due to lack of manpower the Accountant of the ULB has requested to provide some time. Further he provide us time for the last week of Dec. 2019 for preparation and submission of all UC.

**i. Physical verification of inventory/Stores:** We have verified the physical store as per detail provided to us. Out of these stores some are outdated and not in condition to use.

**j. Advances, their adjustment & Recovery:** Refer point 35-36 PART-B (d) Since the ULB has not provided any detail of the amount of advance given during the year, therefore we are unable to comment on it.

**k. Any other matters as may be prescribed in due course:** As all relevant matters has been covered in above mention point

**III. PART-C**

SINo	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.	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.
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	We have reported on this point under PART-A(c). Please refer the same for detail. Further ULB



	any, in PTRs and Actuals as per internal audits;	is Assessing the property as per valuation of the FY 2009-10. We have discussed on this point with executive officer and Tax Daroga.
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: <b>Rule 22:</b> All moneys to be brought to account <b>Rule 27:</b> Collections to be deposited into Bank on the same day <b>Rule 69:</b> Grant Related Compliance <b>Rule 120-121:</b> Monthly Receipt & Payment Account and Trial Balance <b>Rule 130:</b> Audit to be completed & reported within 6 months	We have reported on this point under PART-B(d) of the report. Please refer the same for detail.
D	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	We have reported on this point under PART-B(c) of the report. Please refer the same for detail.
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.;	We have reported on this point under PART-A of the report. Please refer the same for detail.
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.	We have reported on this point under PART-B(b) of the report. Please refer the same for detail.
G	Auditor should Report on Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	We have reported on this point under PART-B(b) of the report. Please refer the same for detail.
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.	We have reported on this point under PART-B(h) of the report. Please refer the same for detail.
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.	We have reported on this point under PART-B(b) of the report. Please refer the same for detail
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	We have reported on this point under PART-B(b) of the report. Please refer the same for detail
L	Auditor will report on that the fixed deposit and other funds should be in nationalized	We have reported on this point under



	Banks/Approved financial institutions and should earn maximum interest at their gestation period.	PART-B(d) of the report. Please refer the same for detail
M	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.	We have reported on this point under PART-A(a) of the report. Please refer the same for detail)
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.	We have reported on this point under PART-B(f) and (g) of the report. Please refer the same for detail
O	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras has been complied by the ULBs, if not complied the Internal Auditor shall help the ULBs staffs to prepare the compliance report.	Complied Point-03 of Detailed Audit Report and Note thereof.

Thanking You,

For Vinod Singhal & Co. LLP

(Chartered Accountants)

FRN: 005826C/CA00775

*Sodhani*

CA Krishan Kumar Sodhani

Partner

M. No. 404603



UDIN No- 20404603AAAAJH5713

DATE - 22.12.2020

**Management Comments**

**1. INTRODUCTION**

<b>Name of the Municipality</b>	Piro Nagar Panchayat
<b>Period covered under current audit</b>	01.04.2018 to 31.03.2019
<b>Name of Executive Officer for the period under Audit</b>	Mr. Anirudh Kumar

Sl. No	Audit Observations	Auditor Recommendations	Management Comment
	Non Compliance of AG Report for the F.Y. 2014-2016	During audit we observed that the compliance of C & AG report for the F.Y. 2014-2016 has not been done by ULB. Further due to lack of co-operation we were also unable to help them in complying with C & AG audit report. We requested to management to nominate someone to comply C & AG audit queries. <i>We suggest that ULB officials should take appropriate action to prepare compliance of C &amp; AG &amp; internal audit compliance.</i>	All concerned persons are directed to comply the same. We will submit the same till Next Audit.
2	Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.	<b>Bank Reconciliation help us to monitor over:</b> 1. Difference between Bank Passbook and Cash Book 2. Unauthorised withdrawal from Bank. 3. Excessive debited by Bank 4. Helps to know reasons of differences. <i>Therefore, ULB should prepare bank reconciliation of all bank accounts including dormant accounts on monthly basis. Bank statements of all bank accounts should be kept in separate file for proper records.</i>	We are preparing Reconciliation for the operating accounts. We will submit the same for your verification at next Audit.



3	<p>Non-Implementation of Double Entry Accounting System</p>	<p>As per requirement of BMAR-2014, Part -A, Chapter-2 Rule -4, "All ULB referred in Schedule -I shall maintain its Books of Account using the double entry system". Since Piro nagar Panchayat is Covered under Schedule -I, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule. We found the detail that double accounting system is implemented at Piro ULB, however we not got any data for verification the same.</p>	<p>Double entry system was implemented at ULB till FY 2015-16, M/s Manas Das &amp; Co. was working here as DEAS consultant. The appointment of the firm were done by UD &amp; HD head office. We are waiting for new appointment. However, if the new firm not appointed by UD &amp; HD, Then we will appoint our own accounting team for Double entry accounting system</p>
4	<p>No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.</p>	<p>As per requirement of BMA-2007, Chapter-XII, ULB should held meeting of Municipal Accounts Committee each year. During our Audit no any evidence has been produced to us w.r.t. meeting of municipal accounts committee. ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.</p>	<p>There is no any accounting committee has been formed at ULB. We have submitted a request letter in board for formation of Municipal accounting Committee.</p>



5	<p><b>Non-levy of following taxes</b></p> <ul style="list-style-type: none"> <li>* Surcharge on transfer of lands and buildings</li> <li>* Fire tax.</li> <li>* Surcharge on electricity consumption within the municipal area</li> <li>* Tax on congregations.</li> <li>* Tax on pilgrims and tourists.</li> <li>* Tax on profession.</li> <li>* Toll-tax on roads, bridges, ferries and navigable channel and on heavy trucks which shall be heavy</li> <li>goods vehicles, and buses, which shall be heavy passenger motor vehicles.</li> <li>* User Charges for provision of water-supply, drainage and sewerage</li> <li>* User Charges for Solid Waste Management</li> <li>* User Charges for Parking Facility</li> <li>* User Charges for Garbage Clearance</li> <li>* Collection of fees for sanction of building plans and issue of completion certificates,</li> <li>* Collection of fees for issue of municipal licenses for various non-residential uses of lands and buildings,</li> <li>* Collection of Development Charges</li> </ul>	<p>As per section 127, 128, 129 &amp; 131 of chapter XV Bihar Municipal Act, 2007, various taxes are applicable on ULBs to increase their own source revenue. <i>ULB should take steps to implement required taxes to boost their revenue</i></p>	<p>Many of taxes as reported here are not applicable on us. Further we insure you that we will collect all applicable taxes as soon as possible.</p>
6	<p>Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22</p>	<p>As per Bihar Municipal Act, 2007 &amp; 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 or latest before noon of next day on which collection is made. However, during our audit, we observed that there is a huge delay in depositing the tax at bank. <i>Therefore, management should implement a MIS Mechanism towards getting control over collection and deposit of Taxes. Further we wish to inform that failure to comply with Rule 22 may cause for fine of Rs. 5,000</i></p>	<p>Due to work load and filed survey the collector not submitted their collection for deposit into bank. However irrespective of fact we have directed the collector to submit their collection amount as per Rule. Now there is maximum delay in deposit is 2-3 days.</p>



7	Non-Collection of notice fees	As per the Regulation 158(a) of chapter XIX of Bihar Municipal Act 2007, Municipality can issue of notice of demand, charging of notice fee, levy of interest for delayed payment at a rate as may be specified, and the amount of penalty therefore, but in case of Piro nagar Panchayat, has not provided any information regarding charging and collection of notice fees. <i>ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.</i>	From now onwards we will implement the same.
8	Non-recovery of outstanding taxes	ULB has provided during audit the detail of outstanding tax and other income, we observed on the basis of the such data that there is huge arrear of taxes at ULB. <i>Therefore, the management should take proper step to boost collection of arrears. Further a weekly or fortnightly meeting with all tax collectors to be held for getting the reason of non-collection and resolving the same.</i>	The major tax defaulter at our ULB is Government department and electricity department. However, we have served several notices for payment of the arrear taxes on all assessee including and we are continuously try to collect the same at earliest.
9	Non-providing details regarding arrear of advertisement tax, mobile tower tax, rental income	ULB should prepare proper records for arrear amount and should take proper steps to collect arrears.	Detail will provided on next Audit
10	Non deposit of outstanding amount of electricity bill	ULB should negotiate with electricity board to settle down the dues without late fees.	There are arrear of property tax on electricity department from very long time, We have served various notices on them towards settlement of account, However we have not received any affirmative answer from there side. Now we have submitted a letter towards waive-off of charges. Once we will get the revised bill after waiving off the charges from the electricity department, we will pay the same immediately.



11	Non preparation of payment voucher	ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR -2014.	With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.
12	Non-conducting physical survey of 20 high value properties and non-collection of outstanding property tax	Being ULB was not maintaining any details of high value properties, The details given in report has been prepared based on receipts book. Filed Survey of the same could not be conducted due to non-support of tax Daroga & tax collectors in filed survey. ULB should identify and prepare separate list of high value properties by conducting re-assessment of prospective properties on timely basis to boost their revenue.	Due to election duty many of our regular work got pending, therefore we have not visited in filed with your team. However, we ensure that we will visit the filed on your next audit schedule.
13	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014	Detail of registers not maintained by ULB is mentioned under PART-A (a). ULB should ensure proper maintenance of required Books of Account and register as per the list given in Rule -3 of BMAR - 2014.	We will maintain the same at earliest.
14	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	ULB should ensure preparation of Annual Financial Statement as per the provision of Rule 122 of BAMR - 2014	Annual Financial statement are prepared till FY 2015-16 by M/s Manas Das & Co.. The appointment of the firm were done by UD & HD head office. We are waiting for new appointment. However, if the new firm not appointed by UD & HD till 31 <sup>st</sup> Dec. we will appoint our own accounting team for Double entry accounting system and preparation of Annual Financial Statement.



15	<p><b>Irregularities in vendor payment process:</b></p> <ul style="list-style-type: none"> <li>▪ Budget Control register was not updated</li> <li>▪ Quality control test report was not available</li> <li>▪ Completion certificate was not available in payment file in case of completed contract.</li> </ul>	<p>Proper tender documents regarding tender approval and allotment was not properly maintained or made available for audit. In provided cases, we are unable to comment on channel of procurement of tender and their required compliances. Further, no statutory compliance register was maintained in regards with statutory dues deducted from party bills. So, <i>ULB should maintained proper tender register and file that include all related documents of tender. Statutory compliance register should be maintained for all statutory deductions made form parties invoices.</i></p>	<p>We are maintaining the file, However due to lack of manpower we were unable to arranged the same on day to day. Now we have arranged the tender file in proper manner. We will show the same on next Audit. Further, statutory compliance are handle by file. We are maintaining the file w.r.t. deduction and deposit of all statutory dues. We will prepare statutory deduction register and will be presented to your team on next visit.</p>
16	<p>Non-maintenance of register for all procurements with value above Rs. 15,000</p>	<p>ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000</p>	<p>We are maintaining voucher file w.r.t. all expenses irrespective of amount. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us.. Further we wish to say that with the help of available man power we are trying to serve in best possible manner at earliest.</p>
17	<p>Missing signature of wages worker and stamp of ULB on muster roll register</p>	<p>ULB should ensure proper maintenance of wages register by complying signature and stamping.</p>	<p>All concerned person are directed to resolve this issue within 30 days. We will inform you after rectification.</p>
18	<p>No maintenance of separate earnest &amp; security deposit register</p>	<p>EMD and security deposit register help in tracking of balance payable to parties.</p>	<p>We are maintain the same with contractor register. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.</p>



19	<p>Non-Compliance of Act &amp; Rules</p>	<p>Refer point of Part-B (d) of audit report for status of non-compliance of Act &amp; Rules. <i>ULB should ensure compliance of all applicable Act &amp; Rules.</i></p>	<p>With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.</p>
20	<p><b>Lack of internal control measures</b></p> <ol style="list-style-type: none"> <li>1. Voucher file was not maintained</li> <li>2. No internal mechanism for statutory compliance</li> <li>3. No MIS was prepared for tracking of payments</li> <li>4. Required books of accounts as per BMAM was not maintained</li> <li>5. Statutory compliance reconciliation was not maintained</li> <li>6. Year-end reconciliation was not available</li> <li>7. Bank reconciliation of any bank account was not prepared.</li> </ol>	<p>We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statuary compliances: <i>We suggest that:</i></p> <ol style="list-style-type: none"> <li>1. MIS System should be implemented over daily collection and deposit.</li> <li>2. Reason for non-deposit/late deposit should be strongly need to ask for minimise delay.</li> <li>3. Need to identify a person to comply with the statutory compliances. In case failure to comply with statutory compliances he should also be penalised.</li> </ol> <p><i>Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.</i></p>	<p>With the help of available man power we are trying to serve in best possible manner. However, due to lack of manpower and excess work load some of rules are not followed by or missed by us. We will try to cover the same at earliest.</p>
21	<p><b>Non-compliance of statutory compliances:</b></p> <ul style="list-style-type: none"> <li>▪ Non preparation of statutory compliance register</li> <li>▪ Non deposit of TDS on timely basis.</li> <li>▪ Non filling of TDS return for due period</li> </ul> <p>Non providing details regarding VAT/PF/Royalty/Labour Cess</p>	<p>As ULB is not proper in statutory compliance, that cause monetary/non-monetary implication on ULB in mode of interest, penalty and Late Fee &amp; imprisonment. So, <i>management should ensure statutory compliance on time.</i></p>	<p>Due to lack of trained staff statutory compliances are handled by professional hired by us. We will present all file with you after getting data from them.</p>



22	<p><b>Deficiency in payroll system</b></p> <ul style="list-style-type: none"> <li>▪ Non-preparation of salary payment voucher</li> <li>▪ Non-maintaining salary payment reference number in cash book</li> <li>▪ Non-implementation of Bio-metric device and payroll software</li> </ul>	<p>Every payment should be accompanied with payment voucher. Further as per Section 2(23) of the Indian Stamp Act 1899 makes it mandatory for affixing of stamp on any receipt as defined therein above Rs 5000. Therefore, management should ensure that the payment is accompanied with payment voucher.</p> <p><b>Meaning of Receipt :</b></p> <p>"Receipt" includes any note, memorandum or writing-</p> <p>(a) whereby any money, or any bill of exchange, cheque or promissory note is acknowledged to have been received, or (b) whereby any other movable property is acknowledged to have been received in satisfaction of a debt, or</p> <p>(c) whereby any debt or demand, or any part of a debt or demand, is acknowledged to have been satisfied or discharged, or</p> <p>(d) which signifies or imports any such acknowledgment; and whether the same is or is not signed with the name of any person "</p>	<p>All concerned person are directed to resolve this issue within 30 days. We will inform you after rectification.</p>
23	<p>Non-providing of Utilization certificate for the reporting audit period</p>	<p>Grant is blood of ULB. Therefore, for getting grant and running the ulb working smoothly it is very important to comply with all necessary requirement of grant. Further timely submission of utilisation certificate helps the grant realising authority to send the money for fulfil the requirement of future. Therefore, management should ensure that UC has been submitted with concerned department on time.</p>	<p>We have submitted various UC at the department. We will submit the same at your next visit. However, Balance UC will be prepared and submitted in January 2020 with the help of your team.</p>
24	<p>Non-maintaining of inventory/store register and non-conducting of physical verification of inventory and stores available with ULB as per requirement of BMAR-rule 130.</p>	<p>Management should implement the control system over inventory and store. Stock register should be in place and get it verified by a responsible person as authorised by management time to time. Further any discrepancies arises/ found during such verification should be reported immediately.</p>	<p>We are maintaining the Store register. The same will be show you at your next visit.</p>



25	Non providing details of Advances, their adjustment & Recovery	To ensure timely recovery of advance with interest proper calculation should be there with proper recovery plan.	We are not providing any advance.
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*Avinabh Kumar*

कार्यपालक पदाधिकारी  
नगर पंचायत कीरो, भोजपुर



कार्यालय:- नगर पंचायत, पीरो (भोजपुर)।

पत्रांक:-.....633...../

प्रेषक,

कार्यपालक पदाधिकारी  
नगर पंचायत, पीरो।

सेवा में,

महालेखाकार,  
बिहार पटना।

पीरो, दिनांक:- 22/09/18 18वीं सितम्बर-2018

विषय :- नगर पंचायत, पीरो के अंकेक्षण प्रतिवेदन 1080/2015-16 का अनुपालन प्रतिवेदन भेजने के संबंध में।

महाशय,

उपर्युक्त विषय से संबंधित अंकेक्षण प्रतिवेदन 1080/2015-16 की कंडिका संख्या-4,6,7,8,11,14,15,16,18,21 एवं 22 का अनुपालन कर अनुपालन प्रतिवेदन संलग्न कर भेजा जा रहा है।

कृपा प्राप्ति स्वीकार की जाय।

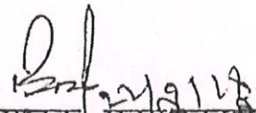
विश्वासभाजन

कार्यपालक पदाधिकारी

नगर पंचायत, पीरो (भोजपुर)।

ज्ञापांक-...633..... दिनांक- 22/09/18

प्रतिलिपि- सरकार के सचिव, नगर विकास एवं आवास विभाग, बिहार, पटना को प्रेषित।

  
कार्यपालक पदाधिकारी

नगर पंचायत, पीरो (भोजपुर)।





Letter No. IA/VSC/ KIOLWAR /06/08/2019

Date: 6<sup>TH</sup> August-2019

To,

The Municipal Executive Officer,  
Piro Nagar Panchayat  
Bhojpur, Bihar

**Sub:** Status of Documents/information required for conducting Internal Audit for the F.Y – 2018-19  
**Ref:** No. 07/LA. 115/17-83 Dated: 16-01-2019

Sir,

We are pleased to inform you that we **Vinod Singhal & Co., LLP Chartered Accountants** are appointed as internal auditor of your ULB by the UD & HD under the assignment namely "**Selection of Chartered Accountant Firms for Internal Audit of 140 ULBs of Bihar**".

In continuation of our Audit we are submitting herewith letter for required documents for audit. Your good self is therefore requested to direct your good team towards provide the documents for audit at earliest.

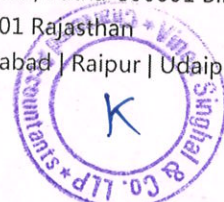
The list of such required documents is given below:

Sl. No.	Documents/Registers Required	Status
1	Budget copy of F.Y 19-20 (In Soft and Hard Copy)	
2	Receipt & payment account (FY 2018-19)	
3	Audited balance sheet and Income & Expenditure Account (FY 2018-19)	
4	Cash Book	
5	Bank Book	
6	Journal Book	
7	Ledger	
8	Cash/Bank receipt voucher	
9	Cash/ Bank payment voucher	
10	Contra voucher	
11	Journal voucher	
12	Receipt (Daily collection register)	
13	Register of Cheque Received	
14	Statement on status of cheque received	
15	Collection register	
16	Memorandum of collection	
17	Summary of Daily collection	
18	Register of bills for payment	
19	Payment order	
20	Cheque issue register	
21	Register of advance	
22	Register of permanent advance	
23	Deposit received register	
24	Summary statement of deposits adjustment	

**Patna Office:** 510, Sumati Palace, Opposite Alankar Jewellers, Boring Road, Patna-800001 Bihar

**Head Office:** 207, 222, IInd Floor, Ganpati Plaza, M.I. Road, Jaipur-302001 Rajasthan

**Branches:** New Delhi | Kolkata | Lucknow | Patna | Jamshedpur | Ahmedabad | Raipur | Udaipur | Bharatpur |





25	Demand register	
26	Bill of Income	
27	Summary Statement of Bill Raised	
28	Register of Notice Fee, Warrant Fee, other fees	
29	Summary statement of Notice Fee, Warrant Fee, other fees	
30	Register of Refunds, Reemissions and write offs	
31	Summary statement of Refund and Remissions	
32	Summary statement of Write offs	
33	Statement of outstanding liability for expenses	
34	Documents of control Register/ Stock Account of Receipt/Cheque Book	
35	Fixed Assets Register For the FY 2018-19 along with copy of invoice added during the period April 2019 till June 2019.	
36	List of Taxes Collected by ULB	
37	Detail of Allotment Received during the year 2018-19.	
38	Detail of Pending Advance Recovery from Employee and Parties	
39	Detail of Pending Interest Recovery from Employee and Parties	
40	List of Tender issued during the year	
41	EMD/ ED register	
42	Receipt Book of Revenue Collection	
43	Bank Deposit Slip	
44	Summary statement of bills raised, property & other taxes	
45	Summary statement of demand adjustments raised, property & other taxes	
46	Summary statement of head wise collection of property & other taxes	
47	Summary statement of refunds and remissions, property & other taxes	
48	Summary statement of write offs, property & other taxes	
49	Summary statement of demand raised on assessment of Water Supply	
50	Summary statement of head wise collection of other incomes of Water Supply	
51	Summary statement of refunds of Water Supply	
52	Summary statement of write offs of Water Supply	
53	Summary statement of demand raised on assessment of rentals, fee, & other income	
54	Summary statement of head wise collection of other incomes	
55	Summary statement of refunds of rentals, fee, & other income	
56	Summary statement of write offs of rentals, fee, & other income	
57	Grant register	
58	Latest statutory audit report of A.G/ memo with compliance report.	
59	Summary statement of status of capital work in progress	
60	Deposit work register	
61	Materials receipt note	
63	Store ledger	
64	Statement of closing stock	
65	Quarterly Bank Statement for the period 31.03.2019,	

Patna Office: 510, Sumati Palace, Opposite Alankar Jewellers, Boring Road, Patna-800001 Bihar

Head Office: 207, 222, IIInd Floor, Ganpati Plaza, M.I. Road, Jaipur-302001 Rajasthan

Branches: New Delhi | Kolkata | Lucknow | Patna | Jamshedpur | Ahmedabad | Raipur | Udaipur|Bharatpur|





66	Balance Confirmation from Parties as on 31.03.19	
67	BRS of all bank accounts (Including Dormant account) (Quarterly)	
68	Vouchers of all Payment and Procurements	
69	Utilization certificate - Submitted to UDHD Department,	
70	Minutes of Meeting of Municipal Accounting committee	
71	Minutes of meeting of accounting committee	
72	Physical verification report of cash and stock	
73	Details Repayment of Loan	
74	TDS Deposit Challan (of Each Month ) & Copy of Return 24Q and 26Q for the period June, Sep, Dec. and March	
75	VAT deposit challan & copy of return for the period June, Sep, Dec. and March	
76	Month wise PF Details (deduction & deposit)	
77	Details of pension	
78	<b>Details of Outstanding an on 31.03.2019</b>	
	a. Mobile tower	
	b. Property tax	
	c. Water tax	
	d. Rent	
	e. Advertisement	
	f. Any other tax	
79	Salary Register/Master Roll	

Further your good self is requested to appoint Tax Daroga/ Tax Collector towards filed survey with us for determining 20 high value properties situated in your area. This will required re-assessment of property by fill up ne SAS form.

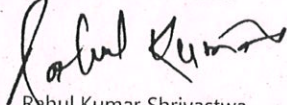
If there is non-compliance of latest C & AG report and regarding non submission of UC, your good self is requested to appoint Accountant/ Head Clerk of your good team with us towards preparation of compliance report for AG Para and UC as per guidelines given by UD & HD. **(We are submitting compliance formats of AG & UC Compliance for your perusal)**

The list is not exhaustive. Further documents required during the audit shall be demanded accordingly. Your co-operation is solicited for smooth conduct of the assignment and hence, please submits the above-mentioned documents before us as early as possible.

Thank you

For

Vinod Singhal & Co. LLP  
Chartered Accountants



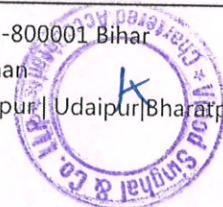
Rahul Kumar Shrivastwa  
(MAE)

Date: 6<sup>th</sup> August 2019

Place:



Patna Office: 510, Sumati Palace, Opposite Alankar Jewellers, Boring Road, Patna-800001 Bihar  
Head Office: 207, 222, IInd Floor, Ganpati Plaza, M.I. Road, Jaipur-302001 Rajasthan  
Branches: New Delhi | Kolkata | Lucknow | Patna | Jamshedpur | Ahmedabad | Raipur | Udaipur | Bharatpur |



**STOCKS HELD BY THE COMPANY**

Details of stocks held by the company as on 31.03.2015

Company Name: ABC  
 Folio No: 123  
 PAN: ABCDE1234

Sl. No.	Company Name	Quantity	Rate	Market Value	Cost	Gain/Loss	Dividend	Other Income	Notes
1	ABC Ltd.	1000	100	100000	80000	20000	5000	10000	
2	DEF Pvt. Ltd.	500	200	100000	60000	40000	2000	5000	
3	GHI Ltd.	200	500	100000	100000	0	1000	2000	
4	JKL Pvt. Ltd.	100	1000	100000	50000	50000	500	1000	
5	MNO Ltd.	50	2000	100000	30000	70000	1000	2000	
6	PQR Pvt. Ltd.	20	5000	100000	10000	90000	2000	5000	
7	STU Ltd.	10	10000	100000	5000	95000	500	1000	
8	VWX Pvt. Ltd.	5	20000	100000	2000	98000	1000	2000	
9	YZA Ltd.	2	50000	100000	1000	99000	500	1000	
10	BCD Pvt. Ltd.	1	100000	100000	500	99500	200	500	

*Handwritten signature*  
 Date: 31/03/2015



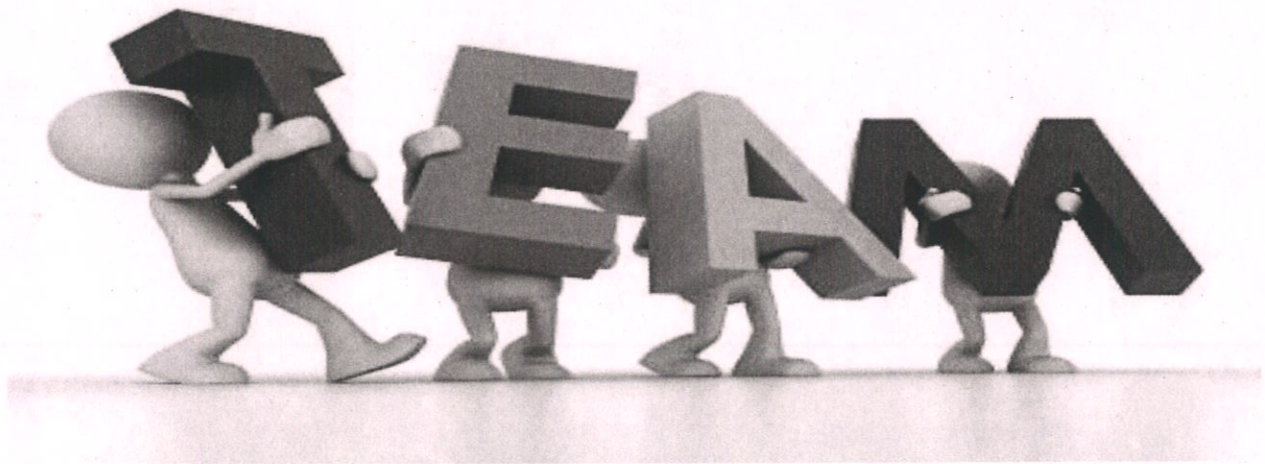
Sl. No.	Date	Particulars	Debit	Credit	Balance	Opening	Closing
1	2014.12.31	Balance Forward					
2	2015.01.01	Balance Forward					
3	2015.01.01	Balance Forward					
4	2015.01.01	Balance Forward					
5	2015.01.01	Balance Forward					
6	2015.01.01	Balance Forward					
7	2015.01.01	Balance Forward					
8	2015.01.01	Balance Forward					
9	2015.01.01	Balance Forward					
10	2015.01.01	Balance Forward					
11	2015.01.01	Balance Forward					
12	2015.01.01	Balance Forward					
13	2015.01.01	Balance Forward					
14	2015.01.01	Balance Forward					
15	2015.01.01	Balance Forward					
16	2015.01.01	Balance Forward					
17	2015.01.01	Balance Forward					
18	2015.01.01	Balance Forward					
19	2015.01.01	Balance Forward					
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93	2015.01.01	Balance Forward					
94	2015.01.01	Balance Forward					
95	2015.01.01	Balance Forward					
96	2015.01.01	Balance Forward					
97	2015.01.01	Balance Forward					
98	2015.01.01	Balance Forward					
99	2015.01.01	Balance Forward					
100	2015.01.01	Balance Forward					

The above statement is correct and true as per the books of account maintained by the firm.





thank you



**Vinod & Co. LLP**  
CHARTERED ACCOUNTANTS  
*We Plant Quality*

510, SUMATI PALANCE, OPPOSITE ALANKAR  
JEWELERS, BORING ROAD, PATMA-800001

