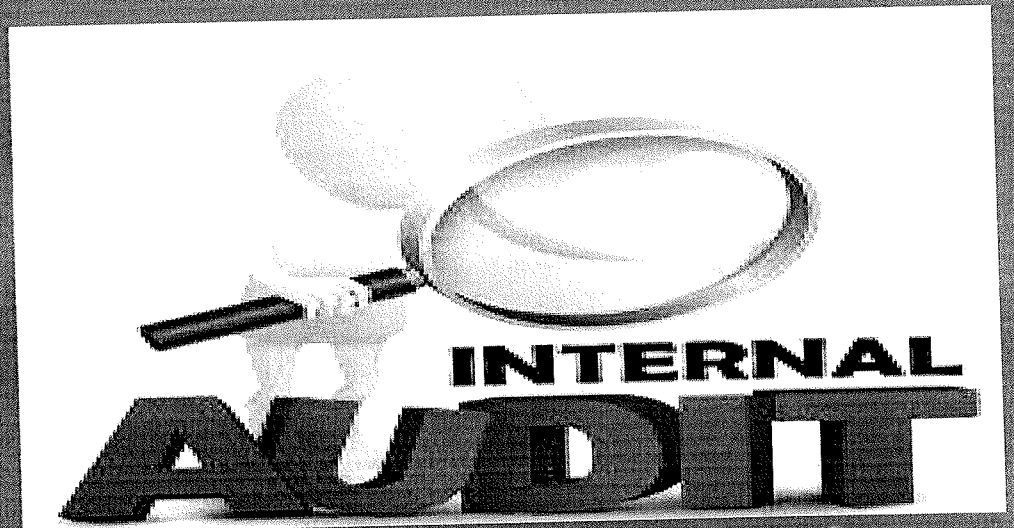


Financial
Year
2018-19



Internal Audit Report for the period from 01-04-2018 to 31-03- 2019 of Kishanganj Municipal Council

Report Submitted Date: 31-08-2019

INTERNAL AUDIT CONDUCTED BY

M/s Tibrewal Chand & Co., Chartered Accountants

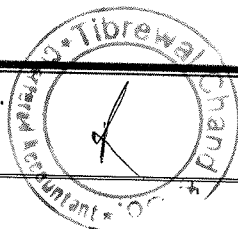
From 01-04-2018 to 31-03-2019

*Flat No. 501, 5th floor Meridian, SS Bihar Apartment Near Karbighiya Station, Patna, Mob No. +91
8825110779*

Email- tccbihar@gmail.com

Index

S. No.	Particulars	Page No.
1.	Executive Summary	
	• Introduction	3
	• Results and Findings	3
	• Opinion	4
	• Audit Recommendation	4
	• Management Comment	5-11
	• Acknowledgment	11
2.	Detailed Audit Report	12-36



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

Executive Summary

1. Introduction:

Name of the Municipality	Kishanganj Municipal Council
Period covered under current audit	01-04-2018 to 31-03-2019
Name of Chief Municipal Officer for the period under audit	Md. Manjur Alam

2. Results and Findings:

➤ **Strengths observed during the audit engagement:**

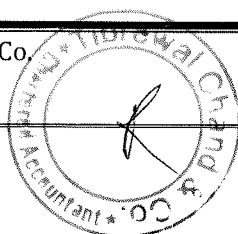
In the existing system as prevailing in the Municipal Council, day to day work is in progressive manner in respect of collection of revenue and execution of the project.

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

1. Non preparation of financial statements resulting in weakness in control over accounts.
2. Non preparation of bank reconciliation statements.
3. Lack in follow-up procedure in collection of huge arrear dues in relating to property and other taxes.
4. Non-Performing the variance analysis between budget and actual expenditure for a particular period resulting in short comings in budgetary control.
5. No deduction and late deposit of tax deducted at source (TDS), resulting in violation of tax provisions and attraction of interest and penalty.
6. Non-Maintenance of assets registers in complete manner resulting in chances of mis-utilization of assets.
7. Some of the rent agreements were expired.

3. Opinion:-

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

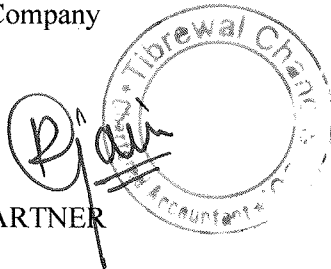


Internal Audit Report for the year ended 31st March of F.Y. 2018-19

4. Audit Recommendations:-

1. Books of accounts should be prepared under double entry system and accrual basis should be followed.
2. ERP software should be implemented in the ULB for preparation of financial statements and other necessary information as and when required by the management. Employees of all departments will be trained with the software for entering day to day transactions.
3. Stringent follow up is necessary for recovering arrear dues relating to property tax and other sources of income.
4. Bank statements or treasury statement shall be collected and bank reconciliation statement should be prepared on monthly basis. Balance confirmation certificate to be obtained from the respective bank treasury periodically.
5. Fixed assets register has to be prepared for all fixed assets owned by the ULB, assets will be numbered, whenever applicable and location of assets should be mentioned in such register? Physical verification of such fixed assets has to be conducted by appointing external professional agency at such year end.
6. Stock/store register has should be updated in all respect. Purchase, issue and balance of each item would be maintained separately.
7. Taxes should be timely deposit for to avoid interest and penalty.

For Tibrewal Chand & Company
Chartered Accountants



CA ROSHAN JAIN | PARTNER
Membership No 518422
FRN No. 311047E

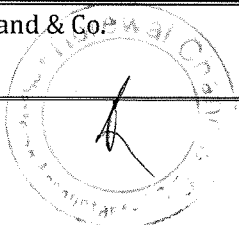
UDIN NO = 21518422 AAAAAE1677

UDIN DATE = 24-02-2021

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

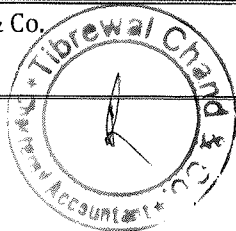
5. Comments from Management:-

S. No	Observation	Management Comment	Recommendation
1	During the audit we observed that tax collector has collected holding tax but same has not been entered in daily collection register, Due to this reason Revenue loss of Rs 15877 to the ULB. Details are given in audit report.	Deposited by cashier as on 08-07-2019.	All tax collectors should deposit the tax to concerned authority.
2	The cash kept in the locker is not insured against theft & fire which is very vital issue. It can be seen that huge amount of cash is kept for number of days. So, it is necessary to keep the physical cash under insurance cover.	Steps are taken to purchase locker soon.	Insurance should be taken for cash held in hand and locker should be purchased.
3	Demand Register for collection of holding/property tax for the financial year 2018-19 is not yet prepared.	Demand register is under process and completed as soon.	Demand register should be maintained year wise.
4	Report on Findings of the field survey of property tax of minimum 20 high value properties. Details are given in audit report.	Property tax self-assessment has been done as per municipal law.	Field survey should be done at appropriate interval.
5	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10000/- per year. As per verification of records and	Taking necessary action to realize the mobile tower tax.	Take appropriate action in this regard.



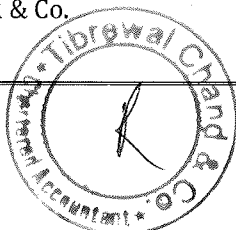
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

	document during the course of audit and according to the cash book produced by the ULB, it was found that Rs 4376000 due in regard of Tower Company for financial year 2018-19, resulting in loss of revenue. Details are given in audit report.		
6	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. An additional amount of registration and renewal fee @60% shall be levied for every additional antenna with share the same tower. as per documents provided to us there is no additional antenna shown in any tower.	Necessary step will be taken in this regard.	On every additional antenna @60% should be charged on Registration and renewal fee.
7	Annual renewal fee are due on 1 st April of each fiscal year. If payment of annual renewal fee is not received by April 30 th of the fiscal year, the interest at the rate of @1.5% per month shall accrue and payable but the interest is not calculated and hence demand not raised on such delay in payment of renewal fee.	Necessary step has to be taken during the F.Y.2019-20	Interest @1.5% should be charged if delay in payment arises.
8	Survey report related to tower has not been produced during the audit.	Necessary step has to be taken during the F.Y.2019-20	Survey should be done at appropriate interval.
9	During the verification of sairat register, we observed that during the financial year 2018-19, a lot of Sairat detail was not held at municipal council. Due to this reason Revenue loss of Rs 417000 to the ULB. Details are	<ul style="list-style-type: none"> • Public toilet constructed under SBM project. • Due to excess of sairat amount no party has participated so Toll collected by municipal staff. • After approval of board 	Sairat should be done every year. If any party has not participated then we would conduct price negotiation with appropriate party.



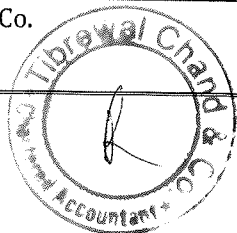
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

	given in audit report.	resolution sairat of Riksha/thelawould be cancelled.	
10	During the financial year 2018-19, a lot of Sairat detail was not held at municipal council. Due to this reason stamp duty loss of Rs 12510 to concerned ULB. Details are given in audit report.	Necessary step has been taken to realize the amount	If any party has not participated then we would conduct price negotiation with appropriate party.
11	During the verification of sairat file, we observed that agreement between the party and ULB for the concerned sairat was not available at ULB. Due to this reason stamp duty loss of Rs 7000 to concerned ULB. In the absence of agreement no suit would be filed if sairat holder not paid Sairat amount. Details are given in audit report.	Only bus stand agreement has been held.	Agreement should be done between ULB and concerned party.
12	During the verification of sairat register, we observed that during the financial year 2018-19 sairat amount has been collected without any agreement so this is violation of sairat rule.	Necessary step has been taken to realized the amount	As per sairat rule Sairat amount should be collected before allotment to concerned party.
13	During the verification of sairat register, we observed that during the financial Year 2018-19 sairat amount has been collected after the allotment.	Amount collected after 31 March 2019.	As per sairat rule Sairat amount should be collected before allotment to concerned party.
14	Rent Agreement expired in case of few market shops and no new agreement was made till the date of audit. Details are given in audit report.	Notices are issued to the shop keeper for making rent agreement.	Agreement should be renewed at appropriate interval.
15	Rent amount of Rs 112150 was due as on 31.03.2019. Details are given in audit report.	Step is taken to realized Rs.112150	Take necessary action in this regard.
16	Demand Register for collection	Demand collection register is	Demand register for trade license



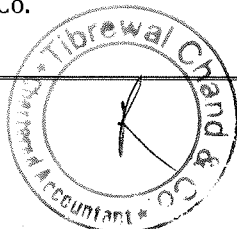
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

	of Trade License for the financial year 2018-19 is not yet prepared.	under process.	should be maintained for each year.
17	Detail regarding number of traders doing business in its area is not maintained in regard of any traders.	Demand register is under process	Field survey for no. of trader doing business in its area should be done at appropriate interval.
18	Only Rs 42408 has been collected as hoarding Tax during the financial year 2018-19. List of unrealized advertisement tax is required to be prepared.	Necessary step has been taken to realized the amount	For Advertisement tax at appropriate interval field survey should be done to avoid unauthorized advertisement.
19	Chief Minister nail-gali yozna, Scheme no. NIT 10/18-19, Group no. 1-49 in all group lottery system is taken on 24-01-2019. In most of the group the person taken as a lottery winner and allotted to contract has been absent and not interested to present in lottery meeting.	Lottery system would be done as per rule.	Allotment should be done as per Bihar municipal Act.
20	Only the Signature of Executive officer is found in lottery register conducted on 24-01-2019	Under the supervision of executive officer.	All appropriate authority should be Attend meeting.
21	While verifying the applicable procurement process, we have noticed few irregularities in procurement of NIT 10/18-19, group no.22.	Provided to in next quarter.	Procurement should be done as per financial rule and should follow procurement procedure.
22	A lot of staff advance of previous year has not been adjusted till 31-03-2019.	Deduction process has been started after the auditor comment.	Management should take appropriate action in this regard.
23	We found a few discrepancies while vouching the expenditure.	Details are given in annexure.	Management should take appropriate action in this regard.
24	Shyamkumar Thakur supplied dustbin and he has composition supplier however he charged GST Amount.	Action to be taken after verification.	Management should take appropriate action in this regard.
25	Vouchers are not filed serially	Noted for future	Voucher should be maintained in



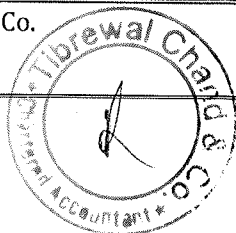
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

	and kept in loose form. Those need to be filed properly and date wise sequentially.		index file in serially.
26	It is Found that few bank balances not reconciled.	We would Trace in F.Y. 2018-19	Management should take appropriate action in this regard.
27	Fixed assets register has not been maintained at Nagar Parisad level.	Prepared by K.kchalani associates.	Fixed assets register should be maintained in separate register for each assets room wise.
28	Stock register has not been properly maintained. All the article of stock has been entered at same page in register. Issue quantity and balance quantity has not been shown in stock register.	Noted For Future	Stock register should be maintained for each item. Date of purchase, issued and consumption quantity should be maintained.
29	The Kishanganj Nagar Parisad is not complying with the provisions of EPF with regards to Contractual and permanent Employee. It may lead to imposition of Penalty by the Authority in this Regards.	EPF started from 2018-19 (from September-2018)	EPF account should be maintained with EPF department.
30	We observed that ULB is not in practice to deduct TDS on Advertisement Bill payment and salary payment to employee. But we did not receive proper file or register to quantify the amount.	Employee TDS deducted from 2018-19	TDS should be deducted as per income tax act and rule.
31	Double entry system has not implemented.	Double entry system work allotted to K.kchalani.	Double entry work should be completed as earliest.
32	Copy of Returns of GST has not been shown to us. TDS return for 4 th quarter has not been filed. But we did not receive proper file or register to quantify the amount.	Shown to next quarter.	TDS return should be quarterly filed.
33	The municipality is not in practice to prepare BRS on monthly basis or even on quarterly basis.	Noted for future.	BRS should be maintained month wise.



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

34	Monthly and quarterly budget was not maintained. Therefore, comparison of budgeted and actual figure of income and expenditure was not performed.	ULB prepared budget on annual basis.	Budget should be maintained quarterly.
35	Utilization of grant and report on missing Utilization Certificates are given in details audit report.	Details submitted to internal auditor upto 2018-19.	UC should be submitted as reasonable interval.
37	Soft copy of Advice regarding payment of housing for all and disbursement under project of SBM is not Produce with us, so it is difficult to trace double payment for same.	Noted For Future	Management should take appropriate action in this regard.
38	During the audit we observed that there is excess payment of Electricity in the month of July so there is revenue loss of Rs 17147 in only one month. Details of such are given in audit report.	Noted For Future	Management should take appropriate action in this regard.
39	During the audit, we observed that Nagar Prishad has conducted internal audit for the year 2017-18 and compliance report for the same has not been prepared. Nagar Parishad has conducted C&AG audit for the year 2016-18 and compliance report for the same has not been prepared also report not provided to us.	Noted For Future	Management should take appropriate action in this regard.
40	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.	Noted For Future	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.

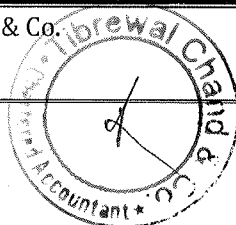


Internal Audit Report for the year ended 31st March of F.Y. 2018-19

41	<p>Lack of internal control measures:</p> <p>(i) Voucher file was not maintained</p> <p>(ii) No internal mechanism for statutory compliance</p> <p>(iii) No MIS was prepared for tracking of payments</p> <p>(iv) Required books of Accounts as per BMAM was not maintained</p> <p>Statutory compliance reconciliation was not maintained</p>	Noted for future.	<p>e observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling and statutory compliances:</p> <p>We suggest that</p> <p>(i) MIS system should be implemented over daily collection and deposit.</p> <p>(ii) Reason for non-deposit/late deposit should be strongly addressed to minimize delay.</p> <p>(iii) Need to identify a person to comply with the statutory compliance. In case failure to comply with statutory compliances he should also be penalized.</p> <p>Therefore, the management has to take serious effort in implementation of internal control mechanism for getting a better result from ULB working.</p>
----	--	-------------------	---

6. Acknowledgement:-

We convey our heartfelt thanks to the entire human resources of the "Kishanganj Municipal Council" for rendering their help for smooth completion of this assignment.



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

Detailed Audit Report

1. Introduction: -

The Internal audit of Kishanganj Municipal Council has been conducted for the period from 01st April 2018 to 31st March 2019

Name Of ULB	Period Covered	Audit Team
Kishanganj Municipal Council	1 st April 2018- 31 st March 2019	(1) TL:CA Neerav Bhanushali (2) MAE:CA Amit Ranjan (3) Auditor: Sanjeet Kumar

2. Administration: -

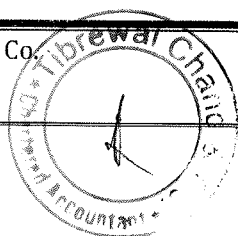
The Present governing body of the ULB has taken charge on 09-06-2017. The incumbencies in the key administrative and executive positions are as under:

- Smt. Janki Devi, Chairman from 09-06-2017 to till the date of Audit.
- Md. Manjur Alam Executive officer from 24-02-2019 to till the date of Audit.

3. Review of outstanding Audit Paras :

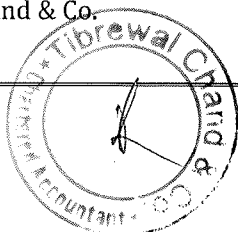
Status of Audit observations is as under:

Sl. No.	Particulars of audit and date of report	Total no. of Audit paras.	Total no. of Audit Paras where necessary improvement/corrective measure is require	Total no. of Audit paras where recovery of cash is proposed	Total No. of Audit paras where recover has been made	Total amount of recovery	Total No. of outstanding paras where no action has been taken	No. & date of compliance report
1	AG Audit (2016 to 2018)	15	15	1	1	878002	15	Compliance Report not prepared.
2	Internal Audit (2017-2018)	33	33	0	0	0	33	Compliance Report not prepared.



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

Part	Audit para/ kandika no.	Observation	Compliance by Management
II	1	Dustbeen purchase without tender amounted Rs. 19.52 lakh.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some weeks.
	2	Once tender issued for purchase of dustbeenon which again and again dustbeen purchase and excess payment of Rs 17.91 lakh has been paid.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
	3	Under the Spur yozana administration irregular expense amounted Rs. 730500 and sawardhansamiti not refunded amount of Rs.3601112.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
	4	ULB has incurred unfruitful expenses In the Samekit Aawas and malinbastivikashkaryakaram	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
	5	ULB collected amount through money receipt of Rs.895502 but not deposited with treasury account.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
	6	Mobile tower has not been registered and outstanding tower tax of Rs.3656000	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
	7	Advance of Rs. 7.28 lakh is stand without adjustment.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
	8	License fee has been outstanding of Rs.33000	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
	9	Stamp duty not collected Rs. 11500	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week



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

10	Sairat not held due to such revenue loss of Rs. 2.17 lakh.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
11	On government building outstanding rent amounted Rs. 35.09 lakh	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
12	On chief bhawan outstanding tax amounted Rs. 41.37 lakh.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
13	Outstanding shop rent of Rs. 216599	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
14	Posts of teachers under various categories remained vacant	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week
15	Posts of teachers under various categories show as vacant after its fulfillment a round /camp.	No Compliance has been made by management till the date of 29-07-2019. Management has started preparation of compliance now and it will take some week

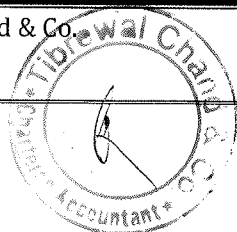
4. FINANCE:

i. Budgetary provisions and expenditure for the last three years :-

Year	2018-19	2017-18	2016-17
Final/Revised Budget	2,43,91,26,000	3,48,89,66,288	3,14,62,49,672
Actual Expenditure	17,48,83,801	18,40,51,232	41,14,35,126
Savings(+)/Excess(-)	2,26,42,42,199	3,30,49,15,056	2,73,48,14,546

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

ii. Volume of Transactions :-



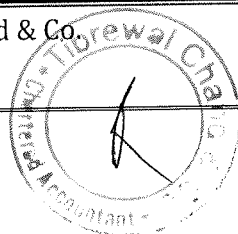
Period	Budgeted	Previous year(17-18)	Previous year(16-17)	Current period	Cumulative for the current period
Opening Balance	65,66,54,677	43,87,06,678	40,55,01,676	44,30,78,425	44,30,78,425
Receipts	2,10,42,33,500	18,84,22,979	44,46,40,128	5,21,99,624	5,21,99,624
Total	2,76,08,88,177	62,71,29,657	85,01,41,804	49,52,78,049	49,52,78,049
Net expenditure	2,43,91,26,000	18,40,51,232	41,14,35,126	17,48,83,801	17,48,83,801
Closing Balance	32,17,62,177	44,30,78,425	43,87,06,678	32,03,94,248	32,03,94,248

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

iii. Bank Reconciliation :-

The balance between bank book and bank statement as on 31-03-2019 has been shown below:

Name Of Project	Name of Bank	Account No.	Passbook Balance	Cash Book Balance	Difference	Status
House For all	Canara Bank	05526	26,08,78,130.00	26,04,28,130.00	4,50,000.00	Unreconciled
Bus Terminal A/C	OBC	00960	68,13,281.73	68,13,281.73	NIL	Reconciled
Amrut	Canara Bank	05696	4,82,933.00	4,82,933.00	NIL	Reconciled
IHSDP	Canara Bank	04776	11,62,387.00	11,62,387.00	NIL	Reconciled
RSAM (NULM)	Allahabad Bank	10240	1,28,21,712.40	1,28,21,712.40	NIL	Reconciled
Staff Pension	SBI	74212	29,752.50	29,752.50	NIL	Reconciled
Chief minister sahari pay jalyozna	OBC	00004	6,12,46,773.00	6,12,46,773.00	NIL	Reconciled
Chief minister sahari nail-galiyozna	OBC	05731	12,11,737.00	12,11,737.00	NIL	Reconciled
IHSDP(Adhar bhutsarchana)	BOB	04704	3,157.00	3,157.00	NIL	Reconciled
IHSDP(Awas Nirman)	BOB	04703	18,48,264.05	18,48,264.05	NIL	Reconciled



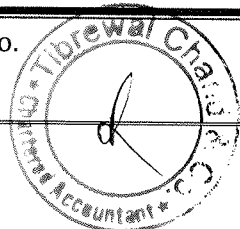
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

Treasury PL A/C	- Various	00100	23,01,49,321.00	23,01,49,321.00	NIL	Reconciled
--------------------	-----------	-------	-----------------	-----------------	-----	------------

Comments: ULB does not prepared bank reconciliation statement on monthly basis. Cash book is maintained according to bank statement.

iv. Revenue & Capital Receipts :-

Income Details					
SI. No	DETAILS	2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	Total Receipts (A+B)	5,21,99,624	18,84,22,979	18,84,22,979	44,46,40,128
A	Revenue Receipts (1+2+3)	3,94,58,624	2,60,93,076	2,60,93,076	28,39,45,930
1	Own Revenue Receipts (a+b)	3,94,58,624	1,92,71,924	1,92,71,924	1,47,65,532
a)	Tax Revenue (Levied & Collected By municipal Body)	3,16,17,515	1,89,14,914	1,89,14,914	96,74,170
i)	Property Tax	2,38,72,657	1,73,85,785	1,73,85,785	81,52,645
ii)	Other Tax (Levied & Collected By municipal Body)	77,44,858	15,29,129	15,29,129	15,21,525
b)	Non Tax Revenue (Levied & Collected By municipal Body)	78,41,109	3,57,010	3,57,010	50,91,362
i)	Fess & Fines	8,27,800	6,750	6,750	4,51,205
ii)	User Charges	-	-	-	35,04,265
iii)	Other Non Tax Revenue (Levied & Collected By municipal Body)	70,13,309	3,50,260	3,50,260	11,35,892
2	Other Revenue Receipts	-	68,21,152	68,21,152	75,86,969
a)	Income from interest/Investments	-	42,96,900	42,96,900	71,30,210
b)	Other Revenue Income	-	25,24,252	25,24,252	4,56,759
3	Transfers/grants/Assigned Revenues	-	-	-	26,15,93,429
a)	State Assigned Revenues	-	-	-	-
b)	State Finance Commission (SFC) Grants/Devolution	-	-	-	-
c)	Octroi Compensation	-	-	-	-
d)	Other State Government transfers	-	-	-	-
e)	Central Finance Commission (CFC) Grants	-	-	-	-



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

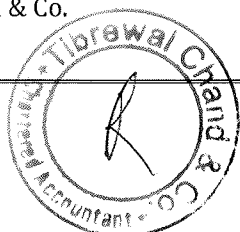
f)	Other Central Government transfers	-	-	-	-
g)	Others	-	-	-	26,15,93,429
B	Capital Receipts	1,27,41,000	16,23,29,903	16,23,29,903	16,06,94,198
1	Sale of Municipal Land		-	-	-
2	Loan (From state Govt or Banks etc.)	-	-	-	-
3	State Capital Account Grant (Under state Scheme etc.)	-	15,95,87,890	15,95,87,890	11,42,80,358
4	Central Capital Account Grant (Under central Scheme etc.)	1,27,41,000	27,42,013	27,42,013	4,53,54,260
5	Other Capital Receipts	-	-	-	10,59,580

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

v. Revenue & Capital Expenditure Information :-

Expenditure Details					
SI. No	Details	2018-19		2017-18	
		2018-19	2017-18	2017-18	2016-17
	Total Expenditure (1+2)	17,48,83,801	18,40,51,232	18,40,51,232	41,14,35,126
1	Revenue Expenditure	3,84,58,130	8,81,42,121	8,81,42,121	30,82,42,584
1.1	Administrative Expenses, Establishment & Salaries (All Departments regular & contractual staff)	3,84,58,130	8,81,42,121	8,81,42,121	3,43,58,950
1.2	Operation & Maintenance (O & M)	-	-	-	14,82,92,587
1.3	Loan Repayment (Interest Payments)	-	-	-	10,580
1.4	Others (any other revenue Expenditure which is not salaries, O&M & or interest payment)	-	-	-	12,55,80,467
2	Capital Expenditure	13,64,25,671	9,59,09,111	9,59,09,111	10,31,92,542
2.1	All developmental works under central/state specific schemes	13,64,25,671	9,59,09,111	9,59,09,111	10,31,92,542
2.2	Loan Repayments	-	-	-	-
2.3	other capital expenditure	-	-	-	-

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



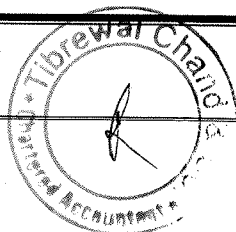
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

vi. Status of implementation of double entry accounting system:

The ULB has not yet implemented the double entry accounting system in F.Y. 2018-19. DEAS implemented by UD&HD in the ULB through CA firm M/S K K Chanani & Associates for the FY 2014-15 to 2015-16 and submitted AFS, AFR & PTR and for further carried out this work new agency has been appointed by UD&HD but details not provided to us.

vii. Status of Municipal Accounts Committee: if meeting is held:

Meeting of Municipal Accounts Committee has not been held during the year 2018-19 as Municipal accounts committee is not in existence at the Municipality.



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

➤ **Audit Observations: -**

I. Part-A

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

a. **Holding and property tax not deposit.**

Audit Objective: Assessment of property tax as per Bihar Municipal Act and all collection deposited with treasury.

Criteria: As per Rules 22(1) of Bihar Municipal Accounting Rules, 2014 Tax Collected has to be deposited on same day or latest before noon on the following working day.

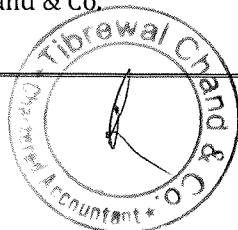
Condition: During the audit we observed that tax collector has collected holding tax but same has not been entered in daily collection register, Due to this reason Revenue loss of Rs 15,877 to concerned ULB. Details of such are given here:

SI No.	Date of collection	MR No.	Amount	Tax collector Name	Remarks
1	19-03-2019	1527	14827.00	Md.Asif Ansari	Not Deposit
2	16-09-2018	8573	1000.00	Parwez Ansari	Not Deposit
3	29-12-2018	8150	50.00	Rupai das	Not Deposit
Total			15877.00		

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

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

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



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

b. Tower Tax

Audit Objective: Assessment of Tower tax as per Bihar Communication Tower and related structure rules, 2012 and all collection deposited with treasury.

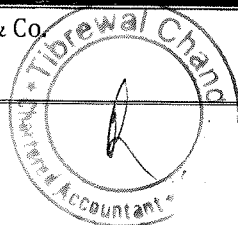
Criteria – Tower Tax is taxes on Communication Tower & related structure as defined in Bihar Communication Tower and related structure rules, 2012 as per the rule Tax Collected has to be deposited on same day or latest before noon on the following working day.

Condition:-As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10000/- per year. As per verification of records and document during the course of audit and according to the cash book produced by the ULB, it was found that Rs 43,76,000 due in regard of Tower Company for financial year 2018-19, resulting in loss of revenue. Details of such are given in here:-

SI. No	Name of tower	No of tower	Registration fee	Total due
1	A.T.C Tower	3	1,20,000	2,40,000
2	B.S.N.L	6	2,40,000	9,10,000
3	Tata Indicom	5	2,00,000	4,46,000
4	Reliance	4	1,60,000	6,30,000
5	AIRTEL	8	3,20,000	8,60,000
6	AIRCEL	7	2,80,000	6,60,000
7	Vodafone	7	2,80,000	6,30,000
8	Reliance jio	7	2,80,000	NIL
Total				43,76,000

As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. An additional amount of registration and renewal fee @60% shall be levied for every additional antenna with share the same tower. as per documents provided to us there is no additional antenna shown in any tower.

Annual renewal fee are due on 1st April of each fiscal year. If payment of annual renewal fee is not received by April 30th of the fiscal year, the interest at the rate of @1.5% per month shall accrue and payable but the interest is not calculated and hence demand not raise on such delay in payment of renewal fee.



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

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

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

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

c. Few Collection of Advertisement Tax:

Criteria: Advertisement Taxes, in case auctioned to external agencies, shall be recognized as per the terms of agreement. In all other cases, when permission for advertisement is granted for the first time, the Advertisement Tax shall be accrued at the point when Tax is paid and permission is granted. After the first year, Advertisement Tax shall be accrued when renewal is due.

Condition: Only Rs. 42,408 has been collected as hoarding Tax during the financial year 2018-19. List of unrealized advertisement tax is required to be prepared.

Consequence/Effect/Impact: Due to few collection of advertisement tax there is a huge revenue loss to the Nagar Parisad.

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

Corrective Action/ Recommendation: There should be proper collection and monitoring mechanism for advertisement tax.

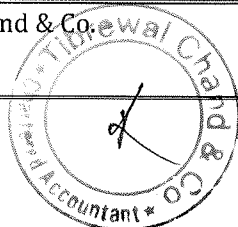
d. A lot of sairat was not held at municipal council

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

Criteria: As per Bihar Municipal Act.

Condition:

- During the verification of sairat register, we observed that during the financial year 2018-19 sairat amount Rs. 25,06,000.00 has not been collected till date of audit. Details are given below:-



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

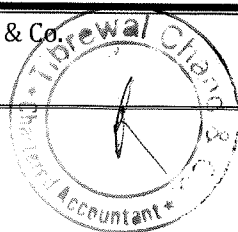
Sl. No	Name Of Sairat	Party Name	Amount Of Sairat	Collection From Sairat	Due Amount Of Sairat
1	Veer Kunwar Singh Bus Terminal	Saroj chauhan	60,01,000.00	41,80,030.00	20,01,000.00
2	Cycle & Moter Cycle Stand in court Ground	Manish sengupta	3,20,000.00	3,29,600.00	-
3	Madhav nagar sabji mandi	Md. Nijamuddin	9,31,000.00	7,28,930.00	2,30,000.00
4	Demarketsabjimandi bazaar	Md Azaad	6,43,000.00	6,62,290.00	0.00
5	Demarket Maans-Machhali Bazaar	Tanvir Alam	3,12,000.00	3,21,360.00	0.00
6	Buddha Nehru Shanti park	Arvind Mandal	57,000.00	58,710.00	-
7	Veer Kunwar Singh Bus Terminal canteen	Suraj viswassaha	5,75,000.00	3,17,250.00	2,75,000.00
Total			88,39,000.00	65,98,170.00	25,06,000.00

- During the verification of Sairat register, we observed that during the financial year 2018-19, a lot of Sairat detail was not held at municipal council. Due to this reason Revenue loss of Rs 4,17,000 to concerned ULB. Details of such are given here:-

Sl. No	Name of Sairat	Minimum Collection Amount
1	Madhav Nagar, Maans-Machhali Bazaar	1,02,000
2	RikshaThela/ChalakNibandhan	1,15,000
3	Public Toilet near bus stand	50,000
4	Public Toilet near Sale Tax office	50,000
6	Public Toilet near Madhavnagarsabjimandi	50,000
7	Public Toilet near RLDC	50,000
Total		4,17,000

Consequence / Effect / Impact: Due to non-collection of Sairat there is a revenue loss to ULB.

Cause: This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the Sairat which results in Revenue leakage.



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

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

e. Loss of Stamp Duty

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

Criteria: As per stamp duty Act.

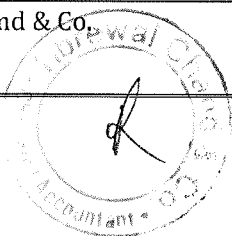
Condition: During the financial year 2018-19, a lot of sairat detail was not held at municipal council. Due to this reason stamp duty loss of Rs 12,510 to the ULB. Details of such are given here:-

Sl. No	Name of Sairat	Stamp Duty@3%
1	Madhav Nagar, Maans-Machhali Bazaar	3,060
2	RikshaThela/ChalakNibandhan	3,450
3	Public Toilet near bus stand	1,500
4	Public Toilet near Sale Tax office	1,500
6	Public Toilet near Madhavnagarsabjmandi	1,500
7	Public Toilet near RLDC	1,500
Total		12,510

During the verification of sairat file, we observed that agreement between the party and ULB for the concerned sairat was not available at ULB. Due to this reason stamp duty loss of Rs 7000 to concerned ULB. In the absence of agreement no suit would be filed if sairat holder not paidsairat amount. Details of such are given here-

Sl. No	Name of Sairat	Stamp Duty Amount
1	Veer Kunwar Singh Bus Terminal	1,000
2	Cycle &Moter Cycle Stand I in court Ground	1,000
3	Madhavnagarsabjmandi	1,000
4	Demarketsabjmandi bazaar	1,000
5	DemarketMaans-Machhali Bazaar	1,000
6	Buddha Nehru Shanti park	1,000
7	Veer Kunwar Singh Bus Terminal canteen	1,000
TOTAL		7,000

Consequence / Effect / Impact: Due to non-collection of Stamp duty there is a revenue loss to government.



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

Cause: This happens due to lack of proper follow up and monitoring of activities of concerned person of the ULB on regular interval. The ULB does not have proper mechanisms for supervision and monitoring of the Stamp duty which results in Revenue loss to government.

Corrective Action / Recommendation: Proper attention required.

f. Outstanding Shop Rent

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

Criteria: As per Bihar Municipal Act.

Condition: Rent amount of Rs 112150 was due as on 31.03.2019. Details of such are given here:-

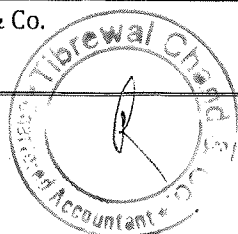
SI. No	Particular of shop	No of shop	Due amount on 31-03-2019
1	PuranaMaans- mehhali Bazaar	10	2,288
2	Hospital Road	41	7,801
3	Auotfall Drain	20	4,475
4	Utkarsh Bazaar	25	7,735
5	Avinav Bazaar	16	2,098
6	Dharamganj Nehru Park	18	11,929
7	Near Thana	10	89
8	Veer kunwar Singh Bus stand	67	22,058
9	De market Sabji Market	18	6,224
10	Palika Bazaar	15	9,132
11	Super market	47	32,101
12	Near Municipal	10	6,290
Total			1,12,150

Consequence/Effect/Impact: Due to huge outstanding of shop rent there is a huge revenue loss to the Nagar Parisad.

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

Corrective Action/ Recommendation: There should be proper collection and monitoring mechanism for shop Rent.

b) Excess Payments against bill, lack of produce in payments against voucher, inefficiency in the control resulting loss to ULBs



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

Shyam kumar Thakur supplied dustbin and he has composition supplier however he charged GST Amount.

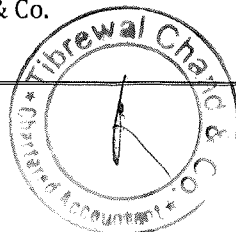
- We found a few discrepancies while vouching the expenditure. Details of such are given here:-

Sl. No	Voucher no	Date	Amount	Particulars	Remarks
1	17	19-06-2018	215419	M/S Shree shyam supplier	Tender or Quotation has not invited
2	18	3-07-2018	288323	M/S Shree Shyam supplier	Tender or Quotation has not invited
3	31	13-10-2018	118839	L.N Tech solution	Tender or Quotation has not invited
4	64	29-01-2019	52150	GPS biometric system	Quotation for such procurement has not been made.
5	60	21-07-2018	4322340	K. Associates(Bob cat steer loader modle S450)	No comparative chart of financial bid has been prepared by management.
6	Ch no.- 338175	25-01-2019	1666957	Shyamkumar Thakur	No comparative chart of financial bid has been prepared by management.

Notice Fees has been collected during the F.Y. 2018-19 on property tax, tower tax and Sairatbut no details regarding collection has been maintained.

- Rent Agreement expired in case of few market shops and no new agreement was made till the date of audit. Details of such are given here:-

Sl. No.	Shop No.	Party Name	Market Name	Date of expire rent agreement
1	28	Shyam Chandra Mandal	Veer Kunwar Singh Bus Stand	31-03-2013
2	29	Ram Narayan Poddar	Veer Kunwar Singh Bus Stand	31-03-2013
3	50	Shiv Shankar Gosai	Veer Kunwar Singh Bus Stand	31-03-2012
4	53	Vinay Kumar Saha	Veer Kunwar Singh Bus Stand	31-03-2012

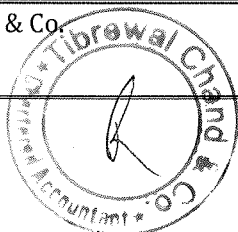


Internal Audit Report for the year ended 31st March of F.Y. 2018-19

5	57	MunnaMistri	Veer Kunwar Singh Bus Stand	31-03-2012
6	32	Rajeev RanjanSinha	Veer Kunwar Singh Bus Stand	31-03-2015
7	59	Md. Sohrab	Veer Kunwar Singh Bus Stand	31-03-2012
8	46	Md. Samim	Veer Kunwar Singh Bus Stand	31-03-2012
9	23	Yogendra Prasad	Veer Kunwar Singh Bus Stand	31-03-2013
10	56	Shiv Shankar Choudhary	Veer Kunwar Singh Bus Stand	31-03-2012
11	31	Md. Furrilan	Veer Kunwar Singh Bus Stand	31-03-2015

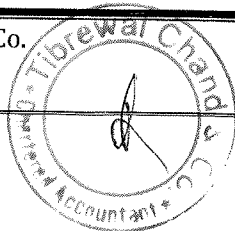
c) Report on Findings of the field survey of property tax of minimum 20 high value properties is given here:-

Sl. No.	Holding No	Ward No	Area	Type of Property	Property Tax
1	494	3	8814	Commercial	1,14,555
2	554	3	10620	Commercial	19,483
3	557	3	10620	Commercial	47,806
4	133	14	2340	Residential	12,846
5	556	3	10620	Commercial	20,123
6	103	14	1465	Residential	12,658
7	80	14	3887	Residential	10,495
8	87	14	8685	Commercial	15,250
9	52	27	3973	Commercial	28,126
10	395	8	55872	Commercial	65,408
11	184	9	29250	Residential	10,530
12	99	11	5292	Commercial	33,429
13	100	14	3333	Residential	14,339
14	179	19	38373	Commercial	51,003



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

15	188	26	2063	Residential	4,767
16	73	26	5000	Commercial	21,635
17	3	11	1900	Commercial	38,995
18	36	10	5332	Commercial	46,880
19	173	9	2700	Commercial	30,354
20	446	8	14810	Commercial	48,990



ii. Part B

All Audit objections/regularities which has no monetary implications, but significant violations of Act, Rules & directives of UD&HD. mention the reference to Act & Rules wherein remedial measure is required.

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

We observed that following registers which are given below has not been maintained by the ULBs.

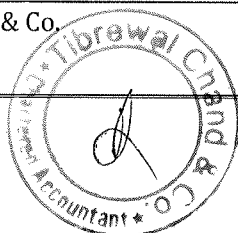
- Journal Book.
- Cheque issued register.
- Assets register.
- Contra, journal, Receipt Voucher.
- Records and revision of taxes and rent.
- Demand Register

In addition to the above following records were also not maintained by the ULB:

- Memorandum of collection (GEN 21)
- Summary of daily collection register
- Register for bills payment
- Cheque issue register
- Register for Advances
- Deposits register
- Summary statement of deposit adjustment
- Summary statement of bills raised
- Register of refunds, remissions and write offs
- Statement of outstanding expenses liability
- Document control register
- Register of immovable property
- Register of movable property
- Register of land
- Register of assets replacement
- Register of public lighting system.

b. Irregularities In procurement Process:-

Procurement Register has not maintained by ULB so it is difficult to trace all Procurement above Rs. 15000 from various cash book.



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

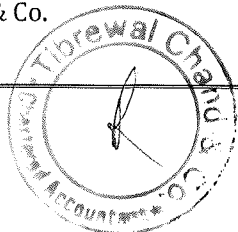
List of Procurement done by ULB above Rs. 15000 has been provided below:

Sl. No	Date of Procurement	Amount	Particulars	Remarks
1	19-06-2018	215419	M/s shree shyam supplier.	Tender or Quotation has not invited
2	03-07-2018	288323	M/s shree shyam supplier.	Tender or Quotation has not invited
3	13-10-2018	118839	L.N. Tech solution	Tender or Quotation has not invited
4	29-01-2019	52150	GPS biometric system	Tender or Quotation has not invited
5	21-07-2018	4322340	K. Associates(Bob cat steer loader modle S450)	Comparative chart not prepared
6	25-01-2019	1666957	M/s shree shyam supplier.	Comparative chart not prepared

Chief Minister nail-galiyozna, Scheme no NIT 10/18-19, Group no. 1-49 in all group lottery system is taken on 24-01-2019. In most of the group the person taken as a lottery winner and allotted to contract has been absent and not interested to present in lottery meeting. Only the Signature of Executive officer is found in lottery register conducted on 24-01-2019

While verifying the applicable procurement process, we have noticed few irregularities. Details of such are given here:-

Scheme No	10/2018-19
Scheme Name	Chief Minister nail-galiyozna
Estimated Amount	1206800
Group no.	22
No of Bid Received	05
Name of bidder	Shilpi das Md. Atawar Md. Munneralam Pratimagupta Tabrejalam
Selected Bidder	Pratimagupta
Date of allotment of work order	12-02-2019



Time allotted to complete the work	60 days
Observation	Quality control certificate and map of work was not found in the file, however payment has been made to the contractor.

c. **Non-compliance of directives by UD & HD, Government of Bihar-** We observed several non-compliance of the directions of the UDHD which includes-

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

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

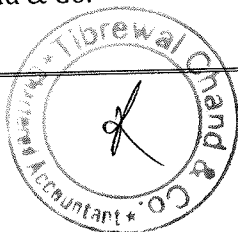
- The municipality is not in practice to prepare BRS on monthly basis or even on quarterly basis.
- Monthly and quarterly budget was not maintained. Therefore, comparison of budgeted and actual figure of income and expenditure was not performed.

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

- (i) Voucher file was not maintained
- (ii) No internal mechanism for statutory compliance
- (iii) No MIS was prepared for tracking of payments
- (iv) Required books of Accounts as per BMAM was not maintained
- (v) Statutory compliance reconciliation was not maintained

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

- We observed that ULB is not in practice to deduct TDS on Advertisement Bill payment and salary payment to employee.
- Copy of Returns of GST has not been shown to us. TDS return for 4th quarter has not been filed.
- The Kishanganj Nagar Parisad is not complying with the provisions of EPF with regards to Contractual and permanent Employee. It may lead to imposition of Penalty by the Authority in this Regards.



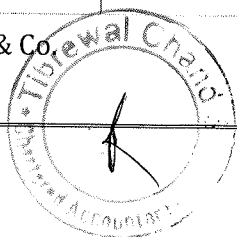
But we did not receive proper file or register to quantify the amount.

g. Deficiency in pay-roll system: -

- Labor Payment has been made on master roll.
- During the audit it was observed that no bio metric attendance was used for making attendance. Further there was very poor internal control on leave tracking of the employees.

h. Utilization of grant and report on missing Utilization Certificates

Year	Name of fund	Date of Allotment	Amount in Lakh	Expenditure	Un utilized Amount	Remarks
2018-19	Day -Nulm	11-08-2017	0.26	0.26	NIL	-
2018-19	5 th state Finance Commission	03-07-2018	246.13	246.13	NIL	-
2018-19	5 th state Finance Commission	30-07-2018	246.13	246.13	NIL	-
2018-19	5 th state Finance Commission	10-07-2018	251.72	251.72	NIL	-
2018-19	5 th state Finance Commission	21-07-2018	251.72	251.72	NIL	Un-Utilized Amount Rs 251.72 transferred to PL A/C
2018-19	Cm Nali Gali Nischay yojna	10-07-2018	136.24	NIL	136.24	Un-Utilized Amount Rs 136.24 transferred to PL A/C
2018-19	Cm Nali Gali Nischay yojna	10-07-2018	8.64	NIL	8.64	Un-Utilized Amount Rs 8.64 transferred to PL A/C
2018-19	Cm Nali Gali Nischay yojna	10-07-2018	147.87	NIL	147.87	Un-Utilized Amount Rs 147.87 transferred to PL



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

2018-19	City Manager Salary	29-11-2018	3.94	NIL	3.94	A/C Un-Utilized Amount Rs 3.94 transferred to PL A/C
2018-19	14 th Finance	31-10-2018	237.33	NIL	237.33	Un-Utilized Amount Rs 237.33 transferred to PL A/C
2018-19	Nagrik Suwidha	01-06-2018	127.41	89.26	38.15	Un-Utilized Amount Rs 38.15 transferred to PL A/C
2018-19	EO Salary	22-05-2018	7.00	7.00	NIL	-
2018-19	City Manager Salary	24-05-2018	1.97	1.97	NIL	-
TOTAL			1666.36	842.47	823.89	

i. Physical verification of inventory/stores

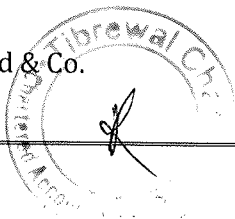
Fixed assets register has not been maintained at Nagar Parishad.

Stock register has not been properly maintained. All the article of stock has been entered at same page in register. Issue quantity and balance quantity has not [been shown in stock register.

j. Advances, their adjustment & recovery

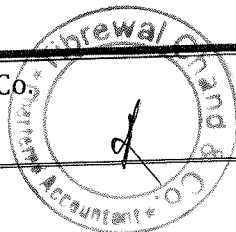
A lot of staff advance of previous year has not been adjusted till 31-03-2019. Details of such are given here:-

SI. No.	Name of staff	Date of advance	Amount
1	ShriBadalMallik, SafaiKarmi	18-06-2016	33,445
2	Md. Aasha Devi, Safaikarmi	03-05-2017	16,800
3	Md. Urmila Devi, Safaikarmi	03-05-2017	16,800



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

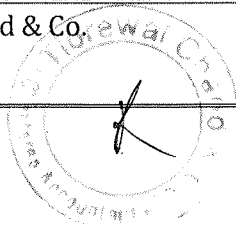
4	Md. Bhagmani Devi, Safaikarmi	03-05-2017	16,800
5	ShriSantosh Roy	16-08-2017	1,00,000
		29-08-2017	1,00,000
		04-12-2017	30,000
6	Shri Rajeev kumarsaha	13-04-2017	30,000
		24-10-2017	1,50,000
		23-02-2017	40,000
		20-02-2018	80,000
Total			6,13,845



iii. Part C

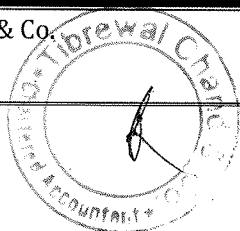
Scope of Audit

Sl. No	Particular	Remarks/ Observation
1	Whether all these the compliance of Bihar Municipal Act and specifically Chapter IX to XV and related rules and regulations as well as related directives by UD&HD.	Chapter xi, rule 84 (Budget has not been sanction by Empowered standing committee)& Chapter xii, rule 86 (Prepare and maintain accounts of receipts and expenditure), 87 (Preparation of Municipal Accounting Manual), 88 (Financial Statement.) 89 (Balance sheet.), 90 (Submission of financial statement and balance sheet to auditor.) and 98 (Municipal accounts committee.) are not follow by the ULB.
2	What is the status of implementation of SAS of Property Tax in the ULB; If SAS has been implemented then witness some assessment procedures to check any in-consistencies in assessment. at least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not).	Yes, in this ULB SAS implementation of property tax has been implemented. We have witnessed the 20 high value of property (List of property tax payer provided by ULB) same has been reported.
3	<p>Whether all compliance have been complied regarding Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR</p> <p>Rule 22: All moneys to be brought to account</p> <p>Rule: 27: Collections to be deposited into Bank on the same day</p> <p>Rule 69: Grant Related Compliance</p> <p>Rule 120-121: Monthly Receipt & Payment Account and Trial Balance</p> <p>Rule 130: Audit to be completed & reported within 6 month</p>	<p>Rule 22: we have found that all money has been brought to account but delayed.</p> <p>Rule 27: we have observed that the collected money has not to be deposited into Bank Account on same day.</p> <p>Rule 69: Grant related compliance has been done properly.</p> <p>Rule 120-121: Monthly Receipt & Payment Account and Trial Balance are not being prepared.</p> <p>Rule 130 is not being followed.</p>



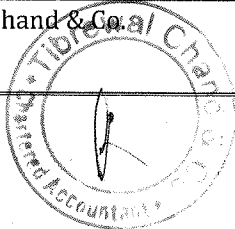
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

4	Whether all such compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob has been complied.	Yes, Compliance of financial guidelines of schemes of MOHUA and UD & HD, Gob has been complied.
5	If any revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees, Sairat etc. have incurred then quantify the same.	It has been discussed in discussion notes and audit report under part A.
6	Status of adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments on or above Rs. 10,000.	All payment above Rs. 10000 has been vouched and deficiency has been mentioned in our discussion notes and audit report.
7	Whether all Procurement made including through E-Tendering and E-Auction indicating exceptions, if any and whether a register is kept for all Procurements with value above Rs. 15,000/-	No procurement register has been maintained. All payment above Rs. 15000 has been verified and irregularity has been discussed in discussion notes as well as mentioned in audit report under part B
8	An assessment of presence or absence of a system of issuance of utilization certificate for the different schemes for any utilization made during the reporting period; Where there is no system for issuance of U/Cs, prepare Utilization Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	We advised management to prepare pending UC of expenditure already incurred. We will provide all support in this regard. Status of pending UC has been provided in our Audit report under part B.
9	Verify instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	It has been provided in discussion notes as well as in audit report under part A.
10	Whether all such payments have been made according to payment terms & conditions of tenders and rate offers are according to procurement law and policies.	It has been provided in discussion notes as well as in audit report under part A.



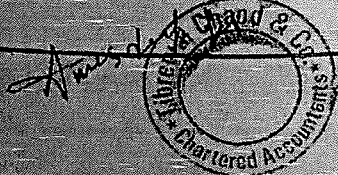
Internal Audit Report for the year ended 31st March of F.Y. 2018-19

11	Whether the fixed deposit and other funds should be kept in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period.	No fixed deposit made during the F.Y. 2018-19. All funds held by ULB are maintained at Nationalized Banks and rate of interest is per banking norms.
12	Verify all major areas of ULBs and assessed revenue loss and if any losses have been identified then prepare a statement of loss for revenue losses.	It has been provided in discussion notes as well as in audit report under part A.
13	Whether tax deductions i.e. Commercial tax, Income tax, provident fund etc. should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	It has been provided in discussion notes as well as in audit report under part A.
14	Whether C&AG and Internal audit parahas been complied, if not assistance has been provided in this regard.	It has been discussed with management to prepare compliance report in regards of C&AG Audit paras but management says that it will take few week or month. We suggest management to communicate if any difficulties arise in regarding preparing compliance report we should guide and provide all assistance in this regard.



S/N	Observation	Management Comment	Recommendation
1	During the audit we observed that tax collector has collected holding tax but same has not been entered in daily collection register, Due to this reason Revenue loss of Rs 15877 to the ULB. Details are given in audit report.	Deposited by cashier as on 08-07-2019.	All tax collectors should deposit the tax to concerned authority.
2	The cash kept in the locker is not insured against theft & fire which is very vital issue. It can be seen that huge amount of cash is kept for number of days. So, it is necessary to keep the physical cash under insurance cover.	Steps are taken to purchase locker soon.	Insurance should be taken for cash held in hand and locker should be purchased.
3	Demand Register for collection of holding/property tax for the financial year 2018-19 is not yet prepared.	Demand register is under process and completed as soon.	Demand register should be maintained year wise.
4	Report on Findings of the field survey of property tax of minimum 20 high value properties. Details are given in audit report.	Property tax self-assessment has been done as per municipal law.	Field survey should be done at appropriate interval.
5	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. Operator of the mobile has to apply to the ULB for operation of the mobile tower in the concerned area with the Requisite fees of Rs. 40,000/- per Tower and the Renewal fee is Rs. 10000/- per year. As per verification of records and document during the course of audit and according to the cash book produced by the ULB, it was found that Rs 4376000 due in regard of Tower Company for financial year 2018-19, resulting in loss of revenue. Details are given in audit report.	Taking necessary action to realize the mobile tower tax.	Take appropriate action in regard.

Tibrewal Chand & Co.



6	As per notification of Bihar Government, The Governor of Bihar made the rules for the mobile tower under the Act. An additional amount of registration and renewal fee @60% shall be levied for every additional antenna with share the same tower. as per documents provided to us there is no additional antenna shown in any tower.	Necessary step will be taken in this regard.	On every additional antenna @60% should be charged on Registration and renewal fee.
7	Annual renewal fee are due on 1 st April of each fiscal year. If payment of annual renewal fee is not received by April 30 th of the fiscal year, the interest at the rate of @1.5% per month shall accrue and payable but the interest is not calculated and hence demand not raised on such delay in payment of renewal fee.	Necessary step has to be taken during the F.Y.2019-20	Interest @1.5% should be charged if delay in payment arises.
8	Survey report related to tower has not been produced during the audit.	Necessary step has to be taken during the F.Y.2019-20	Survey should be done at appropriate interval.
9	During the verification of sairat register, we observed that during the financial year 2018-19, a lot of Sairatdetail was not held at municipal council. Due to this reason Revenue loss of Rs 417000 to the ULB. Details are given in audit report.	<ul style="list-style-type: none"> Public toilet constructed under SBM project. Due to excess of sairat amount no party has participated so Toll collected by municipal staff. After approval of board resolution sairat of Riksha/thelawould be cancelled. 	Sairat should be done every year. If any party hasnot participated then we would conduct price negotiation with appropriate party.
10	During the financial year 2018-19, a lot of Sairatdetail was not held at municipal council. Due to this reason stamp duty loss of Rs 12510 to concerned ULB. Details are given in audit report.	Necessary step has been taken to realize the amount	If any party has not participated then we would conduct price negotiation with appropriate party.
11	During the verification of sairat file.	Only bus stand agreement has	Agreement should be done

Tibrewal Chand & Co.

[Handwritten signature]

Executive Officer

[Handwritten signature]
Municipal Council, Kishanganj



	we observed that agreement between the party and ULB for the concerned sairat was not available at ULB. Due to this reason stamp duty loss of Rs 7000 to concerned ULB. In the absence of agreement no suit would be filed if sairat holder not paid Sairat amount. Details are given in audit report.	been held.	between ULB and concerned party.
12	During the verification of sairat register, we observed that during the financial year 2018-19 sairat amount has been collected without any agreement so this is violation of sairat rule.	Necessary step has been taken to realized the amount	As per sairat rule Sairat amount should be collected before allotment to concerned party.
13	During the verification of sairat register, we observed that during the financial Year 2018-19 sairat amount has been collected after the allotment.	Amount collected after 31 March 2019.	As per sairat rule Sairat amount should be collected before allotment to concerned party.
14	Rent Agreement expired in case of few market shops and no new agreement was made till the date of audit. Details are given in audit report.	Notices are issued to the shop keeper for making rent agreement.	Agreement should be renewed at appropriate interval.
15	Rent amount of Rs 112150 was due as on 31.03.2019. Details are given in audit report.	Step is taken to realized Rs.112150	Take necessary action in this regard.
16	Demand Register for collection of Trade License for the financial year 2018-19 is not yet prepared.	Demand collection register is under process.	Demand register for trade license should be maintained for each year.
17	Detail regarding number of traders doing business in its area is not maintained in regard of any traders.	Demand register is under process	Field survey for no. of traders doing business in its area should be done at appropriate interval.
18	Only Rs 42408 has been collected as hoarding Tax during the financial year 2018-19. List of unrealized advertisement tax is required to be prepared.	Necessary step has been taken to realized the amount	For Advertisement Tax at appropriate interval field survey should be done to avoid unauthorized advertisement.

Tibrewal Chand & Co.

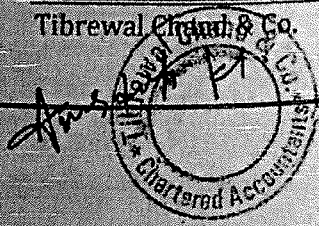
Handwritten signature

Executive Officer
Municipal Council Kishanganj
Handwritten signature and date

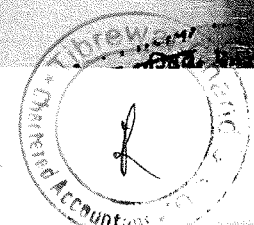


19	Chief Minister nail-galiyozna, Scheme no. NIT 10/18-19, Group no. 1-49 in all group lottery system is taken on 24-01-2019. In most of the group the person taken as a lottery winner and allotted to contract has been absent and not interested to present in lottery meeting.	Lottery system would be done as per rule.	Allotment should be done as per Bihar municipal rule.
20	Only the Signature of Executive officer is found in lottery register conducted on 24-01-2019	Under the supervision of executive officer.	All appropriate authority should be Attend meeting.
21	While verifying the applicable procurement process, we have noticed few irregularities in procurement of NIT 10/18-19, group no.22.	Provided to in next quarter.	Procurement should be done as per financial rule and should follow procurement procedure.
22	A lot of staff advance of previous year has not been adjusted till 31-03-2019.	Deduction process has been started after the auditor comment.	Management should take appropriate action in this regard.
23	We found a few discrepancies while vouching the expenditure.	Details are given in annexure.	Management should take appropriate action in this regard.
24	Shyamkumar Thakur supplied dustbin and he has composition supplier however he charged GST Amount.	Action to be taken after verification.	Management should take appropriate action in this regard.
25	Vouchers are not filed serially and kept in loose form. Those need to be filed properly and date wise sequentially.	Noted for future	Voucher should be maintained in index file in serially.
26	It is Found that few bank balances not reconciled.	We would Trace in F.Y. 2018-19	Management should take appropriate action in this regard.
27	Fixed assets register has not been maintained at Nagar Parisad level.	Prepared by K.kehalaani associates.	Fixed assets register should be maintained in Nagar Parisad level for each asset.
28	Stock register has not been properly maintained. All the article of stock has been entered at same page in	Noted For Future	Stock register should be maintained for each article of stock.

Tibrewal Chartered Co.



Executive Officer
Municipal Council



	register. Issue quantity and balance quantity has not been shown in stock register.		consumption quantity should be maintained.
29	The Kishanganj Nagar Parisad is not complying with the provisions of EPF with regards to Contractual and permanent Employee. It may lead to imposition of Penalty by the Authority in this Regards.	EPF started from 2018-19 (from September 2018)	EPF account should be maintained with EPF department.
30	We observed that ULB is not in practice to deduct TDS on Advertisement Bill payment and salary payment to employee. <i>But we did not receive proper file or register to quantify the amount.</i>	Employee TDS deducted from 2018-19	TDS should be deducted as per income tax act and rule.
31	Double entry system has not implemented.	Double entry system work allotted to Kachalani.	Double entry work should be completed as earliest.
32	Copy of Returns of GST has not been shown to us. TDS return for 4 th quarter has not been filed. <i>But we did not receive proper file or register to quantify the amount.</i>	Shown to next quarter.	TDS return should be quarterly filed.
33	The municipality is not in practice to prepare BRS on monthly basis or even on quarterly basis.	Noted for future	BRS should be maintained month wise.
34	Monthly and quarterly budget was not maintained. Therefore, comparison of budgeted and actual figure of income and expenditure was not performed.	ULB prepared budget on annual basis.	Budget should be maintained quarterly.
35	Utilization of grant and report on missing Utilization Certificates are given in details audit report.	Details submitted to internal auditor upto 2018-19	UC should be submitted at reasonable interval.
37	Soft copy of Advice regarding payment of housing for all and disbursement under project of SBM is not Produce with us, so it is difficult to trace double payment for same.	Noted For Future	Management should take appropriate action in this regard.

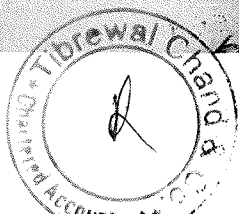
Tibrewal Chand & Co.



कार्यपालक
नगर परिषद



38	During the audit we observed that there is excess payment of Electricity in the month of July so there is revenue loss of Rs 17147 in only one month. Details of such are given in audit report.	Noted For Future	Management should take appropriate action in this regard.
39	During the audit, we observed that Nagar Prishad has conducted internal audit for the year 2017-18 and compliance report for the same has not been prepared. Nagar Parishad has conducted C&AG audit for the year 2016-18 and compliance report for the same has not been prepared also report not provided to us.	Noted For Future	Management should take appropriate action in this regard.
40	No details were made available regarding meeting of municipal accounts committee held during the financial year 2018-19.	Noted For Future	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.
41	<p>Lack of internal control measures: We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, cheque handling and statutory compliances:</p> <ul style="list-style-type: none"> (i) Voucher file was not maintained (ii) No internal mechanism for statutory compliance (iii) No MIS was prepared for tracking of payments (iv) Required books of Accounts as per BMAM 	Noted for future.	<p>We suggest that</p> <ul style="list-style-type: none"> (i) MIS system should be implemented over daily collection and deposit. (ii) Reason for non-deposit/late deposit should be strongly addressed to minimize delay. (iii) Need to identify a person to comply with the statutory



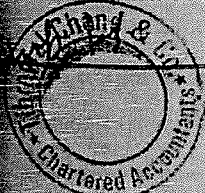
was not maintained
Statutory compliance reconciliation
was not maintained

compliance. In case failure to comply with statutory compliances should also be penalized.

Therefore, the management has to take serious effort in implementation of internal control mechanism for getting a better result from UBB working.

Details of 20 high value properties:-

S/N	Holding No	Ward No	Area	Type of Property	Property Tax
1	494	3	8814	Commercial	114555
2	554	3	10620	Commercial	19483
3	557	3	10620	Commercial	4506
4	133	14	2340	Residential	12846
5	556	3	10620	Commercial	20523
6	103	14	1465	Residential	12658
7	80	14	3887	Residential	1026
8	87	14	8685	Commercial	15250
9	52	27	3973	Commercial	28736
10	395	8	55872	Commercial	65408
11	184	9	29250	Residential	10730
12	99	11	5292	Commercial	33429
13	100	14	3333	Residential	12712
14	179	19	38373	Commercial	51003
15	188	26	2063	Residential	15152
16	73	26	5000	Commercial	21665
17	3	11	1900	Commercial	33295
18	36	10	5332	Commercial	45880
19	173	9	2700	Residential	15013
20	446	8	14810	Commercial	68990



Bank Reconciliation Statement

Name Of Project	Name of Bank	Account No.	Passbook Balance	Cash Book Balance	Difference	Status
House For all	Canara Bank	05526	26,08,78,130.00	26,04,28,130.00	4,50,000.00	Reconciled
Bus Terminal A/C	OBC	00960	68,13,281.73	68,13,281.73	NIL	Reconciled
Amrut	Canara Bank	05696	4,82,933.00	4,82,933.00	NIL	Reconciled
IHSDP	Canara Bank	04776	11,62,387.00	11,62,387.00	NIL	Reconciled
RSAM (NULM)	Allahabad Bank	10240	1,28,21,712.40	1,28,21,712.40	NIL	Reconciled
Staff Pension	SBI	74212	29,752.50	29,752.50	NIL	Reconciled
Chief minister sahari pay jalyozna	OBC	00004	6,12,46,773.00	6,12,46,773.00	NIL	Reconciled
Chief minister sahari nail-galiyozna	OBC	05731	12,11,737.00	12,11,737.00	NIL	Reconciled
IHSDP(Adhar bhutsarchana)	BOB	04704	3,157.00	3,157.00	NIL	Reconciled
IHSDP(Awas Nirman)	BOB	04703	18,48,264.05	18,48,264.05	NIL	Reconciled
Treasury PL A/C	- Various	00100	23,01,49,321.00	23,01,49,321.00	NIL	Reconciled

Details of UCs related to FY: 2018 - 2019

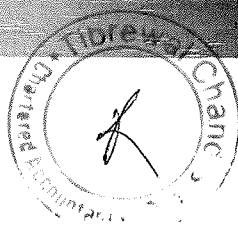
Year of allotment	Name of Scheme	Approved	Utilised	Remarks
2018-19	Day - Nulm			
2018-19	पंचमराज्यवित्तआयोग			
2018-19	पंचमराज्यवित्तआयोग			
2018-19	पंचमराज्यवित्तआयोग			

Chand & Co.

Page 8



5	2018-19	पंचमराज्यवित्तआयोग	21/07/2018	251.72	NIL	251.72	Un-Utilised amount Rs. 251.72 transferred to PL A/C
5	2018-19	मुख्यमंत्रीशहरीनालीगलीनिश्चययोजना	10/07/2018	136.24	NIL	136.24	Un-Utilised amount Rs. 136.24 transferred to PL A/C
7	2018-19	मुख्यमंत्रीशहरीनालीगलीनिश्चययोजना	10/07/2018	8.64	NIL	8.64	Un-Utilised amount Rs. 8.64 transferred to PL A/C
8	2018-19	मुख्यमंत्रीशहरीनालीगलीनिश्चययोजना	10/07/2018	147.87	NIL	147.87	Un-Utilised amount Rs. 147.87 transferred to PL A/C
9	2018-19	CM Salary	29/11/2018	3.94	NIL	3.94	Un-Utilised amount Rs. 3.94 transferred to PL A/C
10	2018-19	14th Finance	31/10/2018	237.33	NIL	237.33	Un-Utilised amount Rs. 237.33 transferred to PL A/C
11	2018-19	नागरिकसुविधा	01/10/2018	127.41	89.26	38.15	Un-Utilised amount Rs. 38.15



					transferred to P.L.A.C.	
2	2018-19	कार्यपालकपदाधिकारीकावेतन	22/05/2018	7.00	7.00	NIL
3	2018-19	Salary of City Manager	24/05/2018	1.97	1.97	NIL
		Grand Total		1666.36	842.47	823.89

Account Officer
Municipal Council - Kishanganj
28/5/21
4-2-21

