



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

INTERNAL AUDIT REPORT

FY 2017-18

Bihar Sharif Municipal Corporation

GROUP-06
ULBs-18

Vinod & Co. LLP
CHARTERED ACCOUNTANTS
We Plant Quality





To

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

Sub: Submission of Bihar-Sharif Municipal Corporation annual internal audit report with management comments for the financial year 2017 -18.

Ref No.: Project No. 07/I.A.-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 Bihar-Sharif Municipal Corporation for the financial year 2017 -18. Through This letter we are submitting Annual internal audit report of Bihar-Sharif Municipal Corporation for the F.Y.2017-18 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: 005870C/C/00276



CA Krishan Kumar Sodhani
M.No:- 404603

UDIN No.:- 20404603AAAABQ5890

Date: 25th -Jul-2020

Place: Patna

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

Patna Office: 401-A, Vasundhara Residency, Nageshwar Colony, Boring Road, Patna-800001 Bihar

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CONTENTS

Project Title	Internal audit of 18 ULBs of Group-06 of Bihar
Report Title	Annual internal audit report of Bihar Shariff Municipal Corporation
Period	1 st Apr -2017 to 31-Mar-2018
Reporting Entity	Vinod Singhal & Co., LLP, Chartered Accountants
Reporting for	Bihar Shariff Municipal Corporation
Report Prepared by	Team, Vinod Singhal & Co. LLP
Date of submission	3 rd -May-2019



EXECUTIVE SUMMARY

1. INTRODUCTION

Name of the Municipality	Bihar Sharif Nagar Nigam
Period covered under current audit	01.04.2017 to 31.03.2018
Name of Municipal Commissioner for the period under Audit	Mr. Saurabh Jorval

2. RESULTS AND FINDINGS

➤ **Strengths observed during audit engagement**

In the existing system as prevailing in the Nagar Nigam 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	Non Compliance of AG Report for the F.Y. 2014-2016
2	Non-updating of bank reconciliation on monthly basis.
3	Non-Implementation of Double Entry Accounting System
4	No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.
5	Non-levy of following taxes * Surcharge on transfer of lands and buildings * Fire tax. * 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
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
8	Non providing of details of arrears of taxes and rental income
9	Non preparation of payment voucher
10	Non conducting field survey of 20 high value properties
11	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014
12	Irregularities in tender issue process
13	Common practice for selection of tender parties:



14	Non-maintenance of register for all Procurements with value above Rs. 15,000
15	Deficiency in payroll system and of muster roll register
16	Non-Compliance of Act & Rules
17	Lack of internal control over collection, recovery & deposit of taxes, assets handling, cheque handling and statutory compliances.
18	Non-compliance of Statutory Dues: 1. Delay in deposit of TDS 2. Non filling of TDS returns
19	Utilisation of Grant and report on missing utilisation certificates
20	Non maintenance of inventory & store register and non-conducting of physical verification of inventory/Stores
21	Non recovery/adjustment of advances & interest Theron.
22	No mechanism for grievance resolution:
23	Non providing of records

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

SINo	Audit Observations	Auditor Recommendations
1	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 be done by ulb. Further due to lack of co-operation we were also unable to help them in comply 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 & AG & internal audit compliance.</i>
2	Non-updating of bank reconciliation on monthly basis.	Bank Reconciliation help us to monitor over: 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 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". <i>Since Chhapra Nagar Nigam is Covered under Schedule -I, therefore they should have to maintain their accounts on double entry accounting system in compliance of such rule</i>
4	No details were made available regarding meeting of municipal accounts committee held during the financial year 2017-18.	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. <i>ULB should ensure timely meeting of accounts committee in compliance of BMA-2007.</i>



5	<p>Non-levy of following taxes</p> <ul style="list-style-type: none"> * Surcharge on transfer of lands and buildings * Fire tax. * 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 	<p>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. <i>ULB should take steps to implement required taxes to boost their revenue</i></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 & 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>
7	<p>Non-Collection of notice fees</p>	<p>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 Chhapra Nagar Nigam, Corporation 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></p>
8	<p>Non providing of details of arrears of taxes and rental income</p>	<p>Since proper documents were not provided during audit, therefore we can't state the exact outstanding amount, However, we observed on the basis of last reports and partial data available with us that there is huge arrear of taxes at Chhapra 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></p>



9	Non preparation of payment voucher	<i>ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR-2014.</i>
10	Non conducting field survey of 20 high value properties	Being ULB was not maintaining any details of high value properties, above details 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. <i>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.</i>
11	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). <i>ULB should ensure proper maintenance of required Books of Account and register as per the list given in Rule -3 of BMAR - 2014.</i>
12	Irregularities in tender issue process	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. <i>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.</i>
13	Common practice for selection of tender parties:	We noticed that common process was being adopted in selection of contractor. This can lead to doubt on selection process. <i>So, ULB should ensure proper transparent policy to avoid such practice.</i>
14	Non-maintenance of register for all Procurements with value above Rs. 15,000	<i>ULB should ensure maintenance of register for all Procurements with value above Rs. 15,000</i>
15	Deficiency in payroll system and of muster roll register	As ULB is not maintaining salary deduction register, Payment vouchers, Bio-metric and any payroll software. <i>ULB should ensure that all requirements should be in place and complied for effective salary management.</i>
16	Non-Compliance of Act & Rules	Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. <i>ULB should ensure compliance of all applicable Act & Rules.</i>
17	Lack of internal control over collection, recovery & deposit of taxes, assets handling, cheque handling and statutory compliances.	We observed that there is no any internal control mechanism available over collection, recovery, deposit of taxes, assets handling, Cheque handling and Statuary compliances: We suggest that: 1. <i>MIS System should be implemented over daily collection and deposit.</i> 2. <i>Reason for non-deposit/ late deposit should be strongly need to ask for minimise delay.</i> 3. <i>Need to identify a person to comply with the statutory compliances. In case failure to comply with statutory compliances he should also be penalised.</i> <i>Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.</i>
18	Non-compliance of Statutory Dues: 1. Delay in deposit of TDS 2. Non filling of TDS returns	As ULB is not proper in statutory compliance, that cause monetary/non-monetary implication on ULB in mode of interest, penalty and Late Fee & imprisonment. <i>So, management should ensure statutory compliance on time.</i>
19	Utilisation of Grant and report on missing utilisation certificates	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 help the grant realising authority to send the money for fulfil the requirement of future. <i>Therefore management should ensure that UC has been submitted with concerned department on time.</i>



20	Non maintenance of inventory & store register and non-conducting of physical verification of inventory/Stores	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.
21	Non recovery/adjustment of advances & interest Theron.	Since proper documents not provided during audit, therefore we can't state the exact outstanding advance amount, However, we observed on the basis of last reports and partial data available with us that there is huge advances given to staff at Chhapra ULB. Therefore, the management should take proper step to boost collection or settlement of advances given to staff. Further a monthly meeting with all staff who has taken advance to be held for getting back the advances.
22	No mechanism for grievance resolution:	Grievance reporting is very good for a healthy working environment. Management should implement a mechanism for resolution of grievance on time.
23	Non providing of records	We observed from the previous C & AG report, Internal Audit report and from our own experience that the ULB has adopted a general practice to not presenting the proper documents for audit. However, many very serious instances have reported by C & AG vide it report dated 20 th March 2017 the reason of these instances is only that books are not monitor by respective responsible person on timely basis. Management should take a serious action against this malafide practice.

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 unit specifically dedicated for the development of Nagar Parishad in the state of Bihar according to plan & for matters ancillary thereto.

1	Audit report submitted by AG for the F.Y. 2016-17	24	24	11	Compliance report not provided
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Sl. No.	Particulars	Amount involved (₹)	Recovery Proposed (₹)	Recovery Realized (₹)	Action Taken or Enclosed
1	Excess payment to Contractor because Bihar Financial Rule is not properly followed	13398	13398	0	No
3	Wrongly Distribution of Award Schemes Grant	0	0	0	No



DETAILED AUDIT REPORT

1. INTRODUCTION:

S.NO.	Name Of ULB	Period-covered		Audit Team
		From	TO	
1	Bihar Sharif Nagar Nigam	01-04-2017	31-03-2018	1. Name of TL: CA Krishan Kumar Sodhani 2. Name of MAE: CA Rahul Kumar Srivastava 3. Name of MAA: Abul Qasis

2. ADMINISTRATION:

SINo	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:	Vina Kumari
2.1.1	Period of Service:	From: 09.06.2017
2.2	Name of Commissioner/Executive Officer:	Saurabh Jorval
2.2.1	Period of Service:	From: 06.11.2017 To: till date

3. REVIEW OF OUTSTANDING AUDIT PARAS:

3.1. Status of Audit Observations is as under:

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. 2016-17	54	54	11	-	-	-	Compliance report not provided

3.2. Details of total no of audit paras:

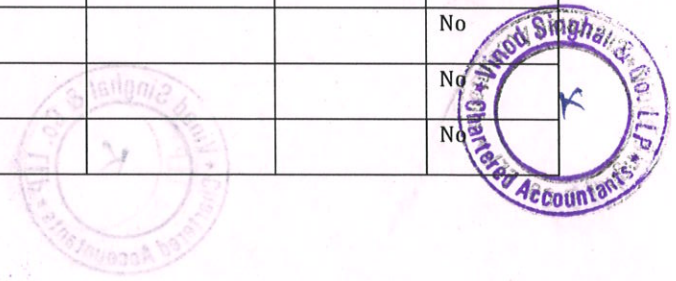
Period of AG audit report : Financial year 2016-17

Compliance report date & Number : Not Provided

S.No	Audit Para Number	Heading of the audit para	Amount involved (Lakh)	Recovery Proposed	Recovery Completed	Action Taken or Not
Part-II of AG audit report						
1	1	Excess payment to Contractor because Bihar Financial Rule is not properly followed	133.96	133.96		No
2	2	Wrongly Distribution of Awash Scheme Grant	19.5	0	0	No



3	3	Loss of revenue due to departmental non-recovery of Consumer Tax/Penalty as per Bihar Municipal Act,2007	583.84	583.84	0	No
4	4	Interest and Penalty Paid to South Bihar Power Distribution Company Limited	59.3	0	0	No
5	5	Excess Payment made in purchase of 5 Fogging Machine because such machine is purchase from other than BUDKO	5.61	0	0	No
6	6	Property Tax Due on property till Financial Year 2013 -14	149	149	0	No
7	7	Loss of Revenue due to Non deposition of Revenue Tax in Saving Bank Account	23.53	0	0	No
8	8	Differences in Deposit of Amount between Cashier Cash book and Auditor book	0.22	0.22	0	No
9	9	Short/ Non - Deposit of amount by Cashier	0.06134	0.06134	0	No
10	10	Short/ Non - Deposit of amount by Tax Collector	0.06140	0.06140	-	No
11	11	Not Collecting of Service tax on shop rent	0.32	0.32	-	No
12	12	Loss of Interest amount due to late deposit of Revenue in Nagar Nigam Account	0	0	-	No
13	13	Loss of revenue due to non-recovery from sairatbandobasti	8.5	-	-	No
14	14	Loss of revenue due to Non Renewal of Trade Licenses	15.75	15.75	-	No
15	15	Shop Rent dues till March 2017	12.79	12.79	-	No
16	16	Tower tax dues	45.22	45.22	-	No
17	17	Irregularities of compliance in the Beautification of Hiranya Mountain	0	0	-	No
18	18	Irregularities of compliance in purchase of Super Sakkar Machine	0	-	-	No
19	19	Irregularities of compliance in purchase of LED Light	-	-	-	No
20	20	Non refund of excess amount under Swatch Bharat Mission	1047.6	-	-	No
21	21	Irregularities in use of Grant under Swatch Bharat Mission	529.17	-	-	No
22	22	Irregularities in use of Grant under Shahri Awasi Scheme	297.86			No
23	23	Two to three beneficiaries on a single holding of Shahri Awasi Scheme				No
24	24	Non Availability of fund by State Government for Salary of Nagar Nigam Officer	19.51	19.51		No
25	25	Non Receipt of Grant by Nagar Nigam	521			No
26	26	Irregularities in the work of Scheme No. 08/2015-16				No
27	27	Irregularities in the work of Scheme No.20/2015-16				No
28	28	Irregularities in the work of Scheme No.37/2015-16				No
29	29	Irregularities in the work of Scheme No.3/2016-17				No



30	30	Fuel Expenses	96.27		No
31	31	Excess load on solid waste land			No
32	32	Non utilization of Grant amount	191		No
33	33	Non utilization of Grant amount under Shahri Awas Scheme	2		No
34	34	Excess Investment in Term Deposit	1.27		No

Part-III of AG audit report

35	1	Rules not followed while preparing of Budget			
36	2	Annual Income and Expenses not prepared.			
37	3	Use of vehicle without agreement			
38	4	Domestic storage bin not available at every house as per scheme			
39	5	Double entry accounting system is not implemented			
40	6	Cleaning Staff's roster are not prepared for Road cleaning			
41	7	Advertisement tax register is not maintained			
42	8	Various committee are not			
43	9	Various register are not maintained			
44	10	Land is not recognised for Solid waste management.			
45	11	Processing technology is not implemented in solid waste management.			
46	12	Grant register is not available			
47	13	Assets are not revalued.			
48	14	Mutation Register is not properly maintained.			
49	15	Demand Register is not maintained			
50	16	Daily Collection register is not properly maintained.			
51	17	Issue of Receipt is not proper			
52	18	Excess Labour in Nagar Nigam			
53	19	Property tax receipts are not presented to Auditor			
54	20	Various register are not provided to Auditor.			
Total			3763.3	960.73	

Refer Annexure-1



4. FINANCE

I. Budgetary provisions and expenditure for the last three years

Year	Year- 2015-16	Year- 2016-17	Year- 2017-18
Final/Revised Budget Data	91,84,66,808	1,39,97,53,706	1,70,29,57,000
Actual Expenditure Data	50,52,84,999	1,03,39,45,891	47,62,77,973
Savings(+)/Excess(-)	41,01,81,806	36,58,07,815	1,22,66,79,027

Comment:

The above figures have been taken from the Budget Statement of the ULB for the year 2017-18, 2018-19 & 2019-20. Financial Statement i.e. Audited Balance Sheet, Income & Expenditure Account and receipts & Payments Account for the year 2017-18 & 2018-19 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. 2017-18	Actual for the F.Y. 2017-18	Actual for the F.Y. 2016-17	Actual for the F.Y. 2015-16	Cumulative for the current period
Opening balance	7,40,48,500	76,01,85,830	43,83,97,188	31,75,00,244	76,01,85,830
Receipts	1,70,18,48,000	69,08,25,499	85,82,67,063	62,61,81,943	69,08,25,499
Total	1,77,58,96,500	1,45,10,11,329	1,29,66,64,251	94,36,82,187	1,45,10,11,329
Net expenditure	1,70,29,57,000	47,62,77,973	1,03,39,45,891	50,52,84,999	47,62,77,973
Closing balance	7,29,39,500	97,47,33,356	26,27,18,359	43,83,97,188	97,47,33,356

Comment:

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





III. Bank Reconciliation position as on reporting date

Bank Reconciliation position as on 31-03-2018

S.N	Name of the Scheme	Name of Bank	Bank A/C No.	Balance as per Cash Book	Balance as per Bank Statement 31.3.2018	Differences	Reconciled (Yes/No)
1	Swatch Bharat Mission	HDFC	50100182010662	8,81,93,36	8,73,31,950	8,61,356	No
2	All other Fund	Treasury A/c	8448001020001		1,37,33,996	Can't Find	No
3	Amrut Yojna Nagar Aayukta	Madhya Bihar Gramin Bank	719201000125781	41,98,327	41,98,327	-	Yes
4	Mukhyamantri Shahri Peyjal Nishchay Yojna	Madhya Bihar Gramin Bank	719201000125790		17,52,56,665	Can't Find	No
5	Macchli Mandi Market Fund	Punjab National Bank	489502010024908	3,32,154	3,32,154	-	Yes
6	MBGB	Madhya Bihar Gramin Bank	714701000123835	4,376	4,532	(156)	No
7	Municipal Commissioner Slum	Punjab National Bank	1255000105183515	26,33,715	26,11,181	22,534	No

Comment:

Bank Reconciliation helps us to monitor over:

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.

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.

IV. Revenue & Capital Receipts information:

SI No	Details	Income Details (Amount in Rs.)					
		2017-18		2018-19		2019-20	
	Total Receipts (A+B)	690,825,499	858,267,062	Not Applicable	690,825,499	Not Applicable	Not Applicable
A	Revenue Receipts (1+2+3)	384,185,033	278,708,393	Not Applicable	384,185,033	Not Applicable	Not Applicable
1	Own Revenue (a+b)	51,880,239	67,326,183	Not Applicable	51,880,239	Not Applicable	Not Applicable
a)	Tax Revenue (levied and collected by municipal body)	35,014,597	51,869,430	Not Applicable	35,014,597	Not Applicable	Not Applicable
i)	Property tax	34,443,715	51,130,372	Not Applicable	34,443,715	Not Applicable	Not Applicable
ii)	Other tax (levied and collected by municipal body)	570,882	739,058	Not Applicable	570,882	Not Applicable	Not Applicable

1	Revenue Expenditure	246,987,189	734,129,909	Not Applicable	246,987,189	Not Applicable	Not Applicable
1.1	Administrative Expenses, Establishment and Salaries (All Departments-Regular and Contractual Staff)	146,613,319	153,143,417	Not Applicable	146,613,319	Not Applicable	Not Applicable
1.2	Operation and Maintenance (O&M)	69,553,777	49,506,077	Not Applicable	69,553,777	Not Applicable	Not Applicable
1.3	Loan repayment (Interest payments)	32,911		Not Applicable	32,911	Not Applicable	Not Applicable
1.4	Others (any other revenue expenditure which is not salaries, O&M or Interest Payment)	30,787,182	531,480,415	Not Applicable	30,787,182	Not Applicable	Not Applicable
2	Capital Expenditure	229,290,784	299,815,982	Not Applicable	229,290,784	Not Applicable	Not Applicable
2.1	All developmental works under Central/State specific schemes	123,037,736	241,397,289	Not Applicable	123,037,736	Not Applicable	Not Applicable
2.2	Loan Repayments (Principal Amount)	-	-	Not Applicable		Not Applicable	Not Applicable
2.3	Other Capital expenditure	106,253,048	58,418,693	Not Applicable	106,253,048	Not Applicable	Not Applicable

Note: x

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

VI. Status of Implementation of Double Entry Accounting System

The ULB has not yet implemented Double Entry Accounting System

VII. Status of Municipal Accounting Committee, if meeting is held

No details regarding meeting of municipal accounts committee held during the reporting period was made available.



5. Audit Observations

I. Part - A

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

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

i) 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 Bihar Sharif Nagar Nigam,** The following mentioned tax/charges are not implemented that leads to loss of revenue to ULB.

SL	Particulars	Implemented by ULB or Not
1	Fire tax	No
2	Tax on congregations	No
3	Tax on pilgrims and tourists	No
4	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.	No
5	User Charges for provision of water-supply, drainage and sewerage	No
6	User Charges for Solid Waste Management	No
7	User Charges for Garbage Clearance	No
8	Mobile Tower Tax	No

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 mentioned taxes. .

Consequence Effect /Impact - Due to non-collection of taxes within the prescribed 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.

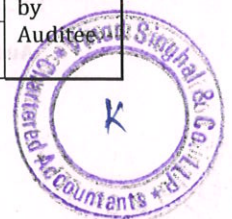
Corrective Action / Recommendation - As per our opinion, management should review the working on timely basis

ii) Delay in Deposit of Cash by the tax collector to cashier

As per Bihar Municipal Act, 2007 & Rules 22 of BMAR-2014 The amount of tax collected by the Tax collector is required to be handed over to the cashier and deposited into bank on the same day on which collection is made.

In case of Bihar Sharif Nagar Nigam, during verification of receipts book and deposit slips, we have noticed that there is gap in collection of tax and deposit of tax around 15 to 30 days.

S.No	Date of Collection		Amount	Receipt No	Deposit date (To cashier)	Delay submission in to Cashier		Deposit in Bank
	From	To				Form	To	
1	7-Apr-17	10-Apr-17	14,412.00	5401 to 5412	24-Apr-17	14	17	Cashier cash Book not provided by Auditee
2	10-Apr-17	19-Apr-17	68,337.00	5413 to 5474	28-Apr-17	9	18	
3	19-Apr-17	20-Apr-17	18,261.00	5475 to 5487	15-May-17	25	26	
4	24-Apr-17	24-Apr-17	12,356.00	5488 to 5497	19-May-17	25	25	



5	2-May-17	8-May-17	11,976.00	5301 to 5310	28-May-17	20	26
6	8-May-17	8-May-17	15,341.00	5311 to 5332	7-Jun-17	30	30

Audit Objective - Asper 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 Bihar Sharif 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 cash.

iii) Cash and its Insurance

The cash kept in the Locker is not insured against theft and fire which is very vital issue. As shown in point number (ii) above it can be seen that huge amount of cash is kept in the custody of the cashier for quite a number of days. So it is necessary to keep the physical cash under insurance cover.

iv) 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 Bihar Sharif Nagar Nigam**, Corporation has not provided any information regarding charging and collection of notice fees.

Audit Objective - Asper 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.

v) Recovery of outstanding taxes/rental income: As per record provided by corporation, following income was in arrear as on 31-03-2018.

Details of outstanding arrear of income as on 31-03-2018

SINo	Type of Income	Arrear Amount
1	Property Tax	Details not provided
2	Advertisement Tax	
3	Rent Income	

Audit Objective - Asper Point No.- 5.00 of TOR



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

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

Condition -As per details provided to us the ULB is not collecting outstanding Taxes.

Consequence Effect /Impact - Due to non-collection of outstanding 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 notice fee.

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

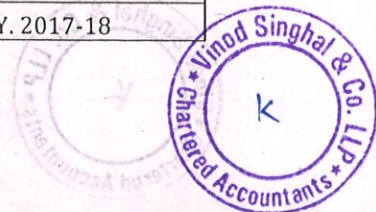
A. Excess payment against bill, lack of prudence in payment against voucher, inefficiency in controls resulting loss to ULBs.

- 1. Payment of bills after due date:** During audit of corporation we have noticed that corporation is not in practice to paid bill i.e. electricity bill, telephone bill on or before due date. Due to that corporation has to pay penalty for late payment. Instances is as below:-
A payment of electricity bill amounting of Rs. 28,18,701/- has been paid to the South Bihar Power Distribution Co. Ltd as on 19.09.2017. As per the Statement attached with the payment file this electricity bill relates to April 2017 to June 2017. However we are not able to explain how much penalty paid by the ULB because electricity bill are not attached with the file.
- 2. Pass payment without preparation of payment vouchers:** The Corporation 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 corporation which is passed by the competent authority.
- 3. Irregularities in payments:**

Sl No	Name of Party	Date	Scheme/ Bill /Voucher No	Payment form	Amount of Payment	Remarks
1	Pandal and Light Decorators and DJ	13/11/17	V.no 1314	Nagar Nigam Fund	1,76,000	Not attached party original invoice, only rough calculation on letter head of party
2	Apna Surgical Verma Market	01/01/2018	Original invoice not found	Nagar Nigam Fund	53,168	Not attached party original invoice only rough calculation on a blank page
3	Pandal and Light Decorators and DJ	22/7/2017	Original invoice not found	Nagar Nigam Fund	108,500	Not attached party original invoice, only rough calculation on letter head of party
4	Md. Sarfraz Alam	8/6/2017	Original invoice not found	Nagar Nigam Fund	80,700	Not attached log book and original invoice

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

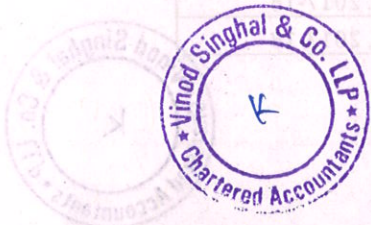
SINo	Holding No	Ward No	Name	Tax Amount	Remark
1	1169	18	Karamchand Mahato	11346	Tax Paid in F.Y. 2017-18
2	316B	18	Imtiaz Alam	10431	Tax Paid in F.Y. 2017-18
3	569A	36	Rampravesh Sao	6501	Tax Paid in F.Y. 2017-18
4	468A	36	Abdul Salam	6640	Tax Paid in F.Y. 2017-18



5	478A	30	Meera devi	5163	Tax Paid in F.Y. 2017-18
6	314	41	Bibi Nazmul Nisha	6087	Tax Paid in F.Y. 2017-18
7	54	29	Kamla Devi	23403	Tax Paid in F.Y. 2017-18
8	894	31	Gangi Devi	13658	Tax Paid in F.Y. 2017-18
9	712B	31	Vasudev Prasad	15072	Tax Paid in F.Y. 2017-18
10	475-K	30	Sushil Prasad	11229	Tax Paid in F.Y. 2017-18
11	147	29	Yasmin Khatoon	29970	Tax Paid in F.Y. 2017-18
12	2-D	27	Lalit Kumar Khatri	11622	Tax Paid in F.Y. 2017-18
13	2	27	Gopal Kumar Khatri	10661	Tax Paid in F.Y. 2017-18
14	631	27	Umar Draaz(Jinnu)	17597	Tax Paid in F.Y. 2017-18
15	781	43	Alijaan	19585	Tax Paid in F.Y. 2017-18
16	1009	26	Secretary Md Iqbal	10152	Tax Paid in F.Y. 2017-18
17	573	34	Bibi Aarka Khatoon	18896	Tax Paid in F.Y. 2017-18
18	693	34	Kashi Nath	12005	Tax Paid in F.Y. 2017-18
19	586-B	34	Shahid Jamal	14549	Tax Paid in F.Y. 2017-18
20	595	42	Kashi Gope	11196	Tax Paid in F.Y. 2017-18

No	Name of party	Date	Scheme / Bill / Voucher No	Payment of	Remarks
1	Pandul and Decorators and D)	13/11/17	Vno 1314	Nagar Fund	Not attached party original invoice only rough calculation on letter head of party
2	Apna Surgical Verma Market	01/01/2018	Original invoice not found	Nagar Fund	Not attached party original invoice only rough calculation on a blank page
3	Pandul and Decorators and D)	22/7/2017	Original invoice not found	Nagar Fund	Not attached party original invoice only rough calculation on letter head of party
4	Md Saifur Alam	8/6/2017	Original invoice not found	Nagar Fund	Not attached log book and original invoice

Sino	Holding No	Ward No	Name	Amount	Remark
1	1169	18	Karimchand Maharo	11346	Tax Paid in F.Y. 2017-18
2	3168	18	Imtax Alam	10431	Tax Paid in F.Y. 2017-18
3	269A	36	Rangprवेश Sae	6201	Tax Paid in F.Y. 2017-18
4	468A	38	Abdul Salam	6640	Tax Paid in F.Y. 2017-18



II. PART-B

a. **Non-Maintenance of books of accounts, subsidiary registers**

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

SlNo	Name of register
	Voucher not maintained
1	Journal Book
2	Ledger
3	Contra Voucher
4	Journal Voucher
5	Receipt Voucher
6	Payment Voucher
	Register not maintained
7	Register of Cheque received
8	Statement on status of cheque received
9	Register of Advance
10	Register of Permanent Advance
11	Summary statement of deposit adjusted
12	Summary Statement of Bills Raised
13	Register of Notice Fees, Warrant Fees, Other Fees
14	Summary Statement of Notice Fees, Warrant Fees, Other Fees
15	Register of Refunds, Remissions and Write off
16	Summary statement of Refunds and Remissions
17	Summary Statement of Write-offs
18	Statement of outstanding Liability for Expenses
19	Fixed Assets Register
20	Function wise Income Subsidiary Ledger
21	Asset Replacement register
22	Register of public lighting system
23	Grant Register
24	Software Register
25	Computer and Peripheral Register
26	Demand Register
27	Vehicle Register
	Property Tax & Other taxes
28	Summary Statement of Demand Raised on assessment
29	Summary Statement of Head wise Collection of Other Income
30	Summary Statement of Refunds
31	Summary Statement of Write off
	Rentals, Fees & Other Income
32	Summary Statement of Demand Raised on assessment
33	Summary Statement of Head wise Collection of Other Income
34	Summary Statement of Refunds
35	Summary Statement of Write off
	Public Works
36	Work Sheet
37	Deposit Works Register
	Stores
38	Material Receipt Note
39	Store Ledger
40	Statement of Closing Stock
41	Statement of Material Issued
	Other
42	BRS of all bank accounts (including doormat accounts)
	Final Accounts for the F.Y. 2012-13 to 2017-18
43	Audited Balance Sheet

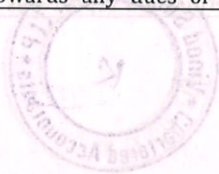


44	Audited Income & Expenditure Account
45	Audited Receipts & Payment Account

b. Non-Compliance of Act & Rules:

SINO	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	Refer point: Part-A (a) (2) No, during the audit we observed that the tax collectors not handed over there collections to cashier. However, They have directly deposited the amount into bank which takes maximum delay of 01-15 days into bank.
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 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
5	Whether every bill collector invariably remits his collections (in cash and/or cheques) to Cashier dallies before 4.30 PM and takes the cashier's acknowledgment in the collection register.	BMAR Rule No.- 27	Refer point: Part-A (a) No, Every bill collector or municipal employee pays their collection directly into bank account with average 75-90 days delay after collection of tax.
6	Whether Grant Register as prescribed in BMAR Form 28 was maintained by the Municipality to record receipts and utilization of grants sanctioned by the Government.	BMAR Rule No.- 69	Yes, 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	Utilization certificate submitted by the ULB was not made available to audit.
8	Whether The grant received for a specific purpose was diverted for any other purpose.	BMAR Rule No.- 69	No such details/information provided.
9	Whether the Utilization Certificate was signed by Chief Municipal Officer for verification of the financial outlays and physical progress reported on BMAR Form No 29.	BMAR Rule No.- 69	Refer PART-B (h) 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 related information was provided by ULB.
11	Whether The Chief Municipal Officer prepare a fund wise statement of	BMAR Rule No.- 120	No, ULB was not prepared a fund wise statement of receipts and payments in BMAR Form No. 71 not later

	receipts and payments in BMAR Form No. 71 not later than 20th of the subsequent month.		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, ULB was not prepared 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, Jagdispur Nagar Panchayat was not send 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 financial statements for the preceding year in respect of the accounts of the Municipality. The Financial Statements shall comprise of a. Receipts and Payments Account for the year (BMAR Form No.71) b. Income & Expenditure Statement for the year (BMAR Form No.73) c. Balance Sheet as on 31st March of the year (BMAR Form No.74) d. Significant accounting policies adopted by the Municipality in presentation of the financial statements. e. Notes to Accounts, which shall disclose Contingent liabilities, and such other information as, may be useful in understanding the financial statements clearly. 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	BMAR Rule No.- 122	BMAR Rule No. - 122 were not followed by ULB during the F.Y. 2017-18.
15	Whether the municipality is regular in depositing statutory dues including tax deducted at source, GST, TDS on GST, 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. ULB was booking only income & expenditure only according to cash method.
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	BMAR Rule No.-130	Details of sanctioned of grant and deductions from grant was made available for audit.



	ULB? Whether such deductions have been properly accounted;		
19	Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;	BMAR Rule No.-130	No related information was provided by ULB
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 reporting period. 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	Yes, ULB followed adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets. But there were no assets register was maintained by ULB.
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	Refer Point-04 (III) 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	Payments files were not made available.
27	Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;	BMAR Rule No.-130	Refer-PART-A (a) (2) & (4) No, As per referred point, this is clear that ULB was not recognising collection of taxes as and when collected, further there was arrears of revenue with 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 authorized by Act;	BMAR Rule No.-130	Refer-PART-A (a)(3) No, As per referred point this is clear that In case of deposit of daily tax collection, that is deposited on average 70-90 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	Grant sanction order was not produced
30	Whether, proper books of account as required by the Act and Rules have been kept by the Municipality so far as It appears from examination of those books. (Rule-130 of BMAR-2014)	BMAR Rule No.-130	Refer-PART-B (a) No Some required books of accounts as per BMAM/BMAR has not been maintained.
31	Whether physical verification has been	BMAR Rule	No store verification report was made available during



	conducted by the ULB at reasonable intervals In respect of stores;	No.-130	the reporting period to comment upon.
32	Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate?	BMAR Rule No.-130	No, procedures of physical verification of stores followed by the ULB have been provided to comment upon.
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	No such details provided
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	Bihar Municipal Accounting Manual, 2014, every year budget should be prepared for receipts and expenditure in Performa 75,77 and 80 Preparing Budgets as per the Rules framed under Bihar Municipal Accounts Rule 2014, Rule 132 regarding Public Participation in Preparation Of Budget. Moreover, as required under provisions of Rule 139, mid -year review of Budget.	BMAR Rule No.-132	No such details provided
38	Municipal Fund: 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.
39	Investment of surplus money. Whether municipality has invested surplus fund as per the requirement of the chapter-X of BMA-2007. Auditor will report on the fixed deposit and other funds should be in nationalized banks/Approved financial institutions and should earn maximum interest at their gestation period. Check whether comparative interest rate is invited from parties before investing surplus funds:	BMA,2007: Chapter X	No details provided by ULB regarding investment done.
40	Maintenance of accounts. Whether the Chief Municipal Officer prepared and maintained accounts of receipts and expenditure of the Municipality in such form, and in such manner, as may be	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.



	prescribed,		
41	Financial Statement. Whether The Chief Municipal Officer shall, within four months of the close of a year, cause to prepare a financial statement containing an income and expenditure account and a receipts and payments account for the preceding year in respect of the accounts of the Municipality,	BMA,2007: Chapter XII	Not maintaining
42	Submission of financial statement and balance sheet to auditor. The financial statement prepared under section 88 and the balance sheet of the assets and the liabilities prepared under section 89 shall be placed by the Chief Municipal Officer before the Empowered Standing Committee which, after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf by the State Government.	BMA,2007: Chapter XII	Not followed
43	As per section 127, 128, 129 & 131 of chapter XV Bihar Municipal Act, 2007 various tax are applicable on ULBs.	BMA,2007: Chapter XV	Refer-PART-A(a)(1) for details
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 a rate as may be specified, and the amount of penalty therefore,	BMA,2007: Chapter XIX	Refer-PART-A(a)(3)

c. **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.

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

1. **Details of Delay in deposit of TDS are mentioned below:**

SINo	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/Challan Number
Challan/statutory deduction register are not provided for verification						

2. **Details of Delay in deposit of VAT are mentioned below:**

SINo	Name of Party	Invoice Value	Amount of deduction	Due date of deposit	Actual Date of deposit	Cheque/Challan Number
Challan/statutory deduction register are not provided for verification						



3. Details of deposit of Royalty are mentioned below:

SlNo	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/Challan Number
Challan/statutory deduction register are not provided for verification					

4. Details of deposit of labour cess are mentioned below:

SlNo	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/Challan Number
Challan/statutory deduction register are not provided for verification					

5. Details of deposit of TDS on GST are mentioned below:

SlNo	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/Challan Number
Challan/statutory deduction register are not provided for verification					

6. Details of TDS returns filled are mentioned below:

SlNo	Name of Party	Invoice Value	Amount of deduction	Date of deposit	Cheque/Challan Number
Challan/statutory deduction register are not provided for verification					

7. Entity did not deduct Tax deducted at Source properly. Some instances of non deduction are explained below:-

a) Details of Professional fee payment while TDS not deducted

Sl No	Name of Party	Invoice no.	Invoice Date	Amount	Remarks
1	Tros Consultancy Services Private limited	TCSPL/2017-18/33	19.02.2018	48,000	TDS not deducted

b) Details of Commission paid to tax collector but TDS not deducted

SlNo	Name of Party	Date of payment	Amount	Designation	Remarks
1	Deepak kumar	24.02.2018	51,623	Tax Collector	TDS not deducted
2	Vijay kumar	24.02.2018	63,100	Tax Collector	TDS not deducted
3	Navnit Kumar	24.02.2018	1,04,105	Tax Collector	TDS not deducted
4	Shashi Kumar	24.02.2018	91,691	Tax Collector	TDS not deducted

8. Deficiency in payroll system:

SlNo	Particulars	Comments
1	Status of maintenance of salary register for all employees (Permanent/Daily wages/Contract worker)	Salary Register maintained



2	Non availability of Salary payment voucher	Salary Payment Voucher not provided to us
3	Matching of voucher number with cash book	Voucher and cash book not provided to us
4	Salary register contains all elements of salary	No
5	Maintenance of Salary Deduction register	Salary Deduction register not maintained
6	Whether deduction of PF/ESI made from contract employee	No
7	Whether biometric devices and payroll software is implemented in ULB. If Yes, then is it integrated with accounting software	No

9. Details of delay of deposit of EPF:

8.1. Permanent Employee:

As per PF Act, deposit of EPF of Employees should be made 15th of the following month. However, delay has been observed for depositing of PF A/C to EPFO A/C which are as below: -

Month of Deduction	Amount Deduction	Due date of deposit	Amount Deposit	Actual Date of deposit	Delay in days
April - 17 to March 18	EPF Challan/register are not provided to us for verification				

8.2 Contractual Employee:

Month of Deduction	Amount Deduction	Due date of deposit	Amount Deposit	Actual Date of deposit	Delay in days
April - 17 to March 18	EPF Challan/register are not provided to us for verification				

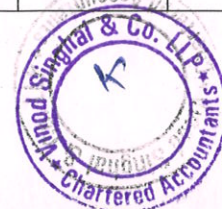
8.3 Employer Contribution to PF:

During the period of Audit we observed that the entity had not contributed his provident fund obligation towards its employee.

f. Utilisation of Grant and report on missing Utilisation Certificates

1. Status of Utilization Certificate

Sl. No	Name of Allotment	Amount (Rs. In Lakh)	Exp. (Rs. In Lakh)	Balance (Rs. In Lakh)	UC Submitted	Balance UC Against Exp. (Rs. In Lakh)	% UC Submitted Against Grant	% UC not submitted against grant
1	Stamp Duty	125.5026		125.5026				100
2	Pesakar Fund	98.98	98.98	0	UC Submitted as on 26.11.2018		100	
3	PARshad Allowance	15.84	15.84	0	UC Submitted as on 26.11.2018		100	
4	14 th Finance	507.517	254.07411	253.44305	UC Submitted for 254.07411 as on 26.11.2018	253.44305	50.1	49.9
5	5 th Finance	722.87031	0	722.87031	0	722.87031		100



6	CM Sahri nali gali Pakkikarn Yojna	761.765	0	761.765	761.765	100
7	Nagrik Suvidha	291.846		291.846	291.846	100

The above details regarding utilization certification is providing on the basis of excel working. Entity has not providing any hard copy or soft copy of utilisation letter sent to the department.

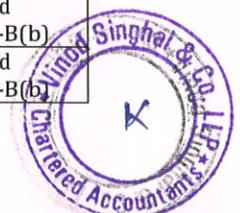
"Refer point-06-10-PART-B (b) for more on grant"

g. Physical verification of inventory/Stores: Refer point 31-40 PART-B (b)

h. Advances, their adjustment & Recovery: Refer point 35-36 PART-B (b)

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.	Complied Refer-PART-B(d)
b	Auditor should Report in a separate chapter on implementation of SAS of Property Tax in the ULB; internal auditor should witness some assessment procedures to check any in-consistencies in assessment. At least 20 high value properties in the city /town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audits;	Complied Refer-PART-A(c)
c	Auditor should report on compliance of Bihar Municipal Accounting Manual, Bihar Municipal Accounts Rules, 2014 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR: Rule 22: All moneys to be brought to account Rule 27: Collections to be deposited into Bank on the same day Rule 69: Grant Related Compliance Rule 120-121: Monthly Receipt & Payment Account and Trial Balance Rule 130: Audit to be completed & reported within 6 month	Complied Refer-PART-B(d)
d	Report on Compliance of financial guidelines of schemes of MOHUA & UD&HD, GoB.	Complied Refer-PART-B(c)
e	Report and quantify all major own revenue losses and opportunities lost or missed including in the area of Property Tax, Mobile Transmission Towers Tax, Rental of Municipal properties, Advertisement Taxes/Fees etc.;	Complied Refer-PART-A(a)
f	Auditor should Report on adequacy and appropriateness of the documentation, approvals, compliance of procedures etc. of all payments above Rs. 15,000 and above.	Complied Refer-PART-B(b)
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/-	Complied Refer-PART-B(b)
h	Auditor should Report on presence or absence of a system of issuance of utilisation certificate for the different schemes for any utilisation made during the reporting period; Where there is no system for issuance of U/Cs, the Internal Audit report shall prepare Utilisation Certificate for various schemes/grants as per the guidelines of such scheme available on the UD&HD website.	Complied Refer-PART-B(h)
I	Auditor should report instances of losses, failures or inefficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.	Complied Refer-Audit recommendation
j	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.	Complied Refer-PART-B(b)
k	Internal Auditor will report on each payment, that the payment terms & conditions of tenders and rate offers are according to procurement law and policies	Complied Refer-PART-B(b)



l	Auditor will report on that the fixed deposit and other funds should be in nationalized Banks/Approved financial institutions and should earn maximum interest at their gestation period.	Complied Refer-PART-B(d)
m	Internal Auditor will identify major areas of ULBs own revenue loss and auditor will access the loss and Prepare a statement of loss.	Complied Refer-PART-A(a)
n	Auditor will report on that all kind of tax deductions i.e. Commercial tax, Income tax, provident fund etc. Should be deducted from the payments as applicable, deposited properly and also should be properly recorded in appropriate ledgers.	Complied Refer-PART-B(f) & (g)
o	Internal Auditor will ensure that all the C&AG audit & Internal audit Paras 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

Thanking You,

For Vinod Singhal & Co. LLP

(Chartered Accountants)

FRN: 005826C404603



CA Krishan Kumar Sodhani

Partner

M. No : 404603

UDIN No :-> 20404603 AAAA B05890

DATE :-> 25th July-2020

Complied Refer-PART-A(a)	Auditor should report in a separate section for non-compliance of rules/directives of UD&H. Govt. Auditor should see the compliance of rules/directives of UD&H specifically Chapter IX and related rules and regulations as per internal audit directives by UD&H.
Complied Refer-PART-B(d)	Auditor should Report in a separate chapter on implementation of the UD&H internal auditor should witness some assessment procedures to check any in-consistency in assessment. At least 20 high value properties in the city/town (irrespective of the fact that SAS is received or not) must be surveyed and checked in each quarter and reported variations, if any, in PTRs and Actuals as per internal audit.
Complied Refer-PART-B(c)	Auditor should report on compliance of Bihar Municipal Accounting Manual Bihar Municipal Accounts Rules, 2017 and Bihar Municipal Budget Manual with special attention to following Rules of BMAR: Rule 23: All moneys to be brought to account Rule 27: Collections to be deposited into bank on the same day Rule 69: Grant Related Compliance Rule 120-123: Monthly Receipts & Payment Account and Trial Balance Rule 130: Audit to be completed & reported within 6 months
Complied Refer-PART-A(a)	Report on Compliance of financial guidelines report and quantify all major own revenue sources/amounts lost or missed including in the area of Property Tax, Transfer Tax, Rental of Municipal properties, Advertisement Tax etc.
Complied Refer-PART-B(b)	Auditor should report on adequacy of the documentation, approvals, compliance of procedures etc. above Rs. 15,000 and above. Auditor should Report on procurement through E-Tendering and E-auction indicating exceptions, if any, and a register is kept for all procurements with value above Rs. 15,000.
Complied Refer-PART-B(b)	Auditor should Report on 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/C, the Internal Audit report shall prepare Utilization Certificate for various schemes/projects as per the guidelines of scheme available on the UD&H website.
Complied Refer-Audit recommendation	Auditor should report instances of losses, failures or deficiencies and recommendations and/or measures which can be taken to avoid their recurrence in future.
Complied Refer-PART-B(c)	Internal Auditor will report on each payment that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.
Complied Refer-PART-B(c)	Internal Auditor will report on each payment that the payment terms & conditions of tenders and rate offers are according to procurement law and policies.

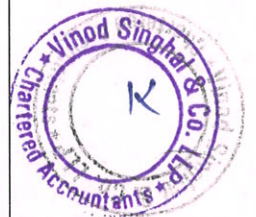


Management Comments

1. INTRODUCTION

Name of the Municipality	Bihar Sharif Nagar Nigam
Period covered under current audit	01.04.2017 to 31.03.2018
Name of Executive Officer for the period under Audit	Mr. Saurabh Jorval

Sl. No	Audit Observations	Auditor Recommendations	Management Comment
2	<p>Non Compliance of AG Report for the F.Y. 2014-2016</p> <p>Non-updating of bank reconciliation on monthly basis as per Rule No. 118 of BMAR - 2014.</p>	<p>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 comply with C & AG audit report. We requested to management to nominate someone to comply C & AG audit queries. We suggest that <i>ULB officials should take appropriate action to prepare compliance of C & AG & internal audit compliance.</i></p> <p>Bank Reconciliation help us to monitor over:</p> <ol style="list-style-type: none"> 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. Therefore, <i>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> 	<p>All concern person are directed to comply the same. We will submit the same till Next Audit.</p> <p>We are preparing Reconciliation for the operating accounts. We will submit the same for your verification at next Audit.</p>





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 Bihar Sharif nagar nigam 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 Bihar Sharif 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 & Co. was working here as DEAS consultant. 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, 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 2017-18.</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>




<p>Non-levy of following taxes</p> <ul style="list-style-type: none"> * Surcharge on transfer of lands and buildings * Fire tax. * 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 	<p>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. <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>
<p>5</p>	<p>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 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>
<p>6</p>	<p>Late-Deposit of tax collection of taxes with cashier and with bank as per provision of BMA rule-22</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	<p>Non-Collection of notice fees</p>	<p>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 Bihar Sharif nagar nigam, has not provided any information regarding charging and collection of notice fees. ULB should collect notice fees from applicable assesses in compliance of act and to boost ULB revenue.</p>	<p>From now onwards we will implement the same.</p>
8	<p>Non-recovery of outstanding taxes</p>	<p>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. 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.</p>	<p>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.</p>
9	<p>Non-providing details regarding arrear of advertisement tax, mobile tower tax, rental income</p>	<p>ULB should prepare proper records for arrear amount and should take proper steps to collect arrears.</p>	<p>Detail will provided on next Audit</p>
10	<p>Non deposit of outstanding amount of electricity bill</p>	<p>ULB should negotiate with electricity board to settle down the dues without late fees.</p>	<p>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.</p>



11	Non preparation of payment voucher	 <p>Non preparation of payment voucher</p>	<p>ULB should prepare voucher based on running voucher as per the provision of Rule No. 16, 17 and 18 of BMAR -2014.</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>
12	Non-conducting physical survey of 20 high value properties and non-collection of outstanding property tax	<p>Non-conducting physical survey of 20 high value properties and non-collection of outstanding property tax</p>	<p>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.</p>	<p>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.</p>
13	Non-maintenance of required registers as per Rule No. -3 of BMAR-2014	<p>Non-maintenance of required registers as per Rule No. -3 of BMAR-2014</p>	<p>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.</p>	<p>We will maintain the same at earliest.</p>
14	Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BMAR - 2014	<p>Non-preparation of Annual Financial Statement as per the provision of Rule 122 of BMAR - 2014</p>	<p>ULB should ensure preparation of Annual Financial Statement as per the provision of Rule 122 of BMAR - 2014</p>	<p>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 31st Dec. we will appoint our own accounting team for Double entry accounting system and preparation of Annual Financial Statement.</p>





15	<p>Irregularities in vendor payment process:</p> <ul style="list-style-type: none"> Budget Control register was not updated Quality control test report was not available Completion certificate was not available in payment file in case of completed contract. 	<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.</p> <p>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 & 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 & Rules</p>	<p>Refer point of Part-B (d) of audit report for status of non-compliance of Act & Rules. <i>ULB should ensure compliance of all applicable Act & 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>Lack of internal control measures</p> <ol style="list-style-type: none"> 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. 	<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: We suggest that:</p> <ol style="list-style-type: none"> 1. MIS System should be implemented over daily collection and deposit. 2. Reason for non-deposit/ late deposit should be strongly need to ask for minimise delay. 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. <p>Therefore, the management has to take serious effort in implementation of Internal control Mechanism for getting a better result from ULB working.</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>Non-compliance of statutory compliances:</p> <ul style="list-style-type: none"> Non preparation of statutory compliance register Non deposit of TDS on timely basis. Non filling of TDS return for due period <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 & imprisonment. So, management should ensure statutory compliance on time.</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>Deficiency in payroll system</p> <ul style="list-style-type: none"> Non-preparation of salary payment voucher Non-maintaining salary payment reference number in cash book Non-implementation of Bio-metric device and payroll software 	<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>Meaning of Receipt :</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.	
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Signature
28.3.20

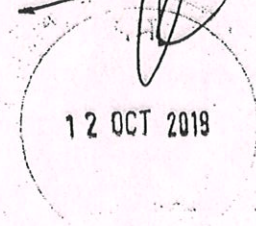




कार्यालय महालेखाकार (लेखापरीक्षा), बिहार,
सामाजिक प्रक्षेत्र -I, स्थानीय लेखापरीक्षा शाखा,
वंशचन्द पटेल मार्ग, पटना - 800001

सं०.एल०१०/स्था०नि०-1/सा०स्थानि०/14757/154
सेवा में

S.S (JPM) दिनांक-



नगर निगम, पटना
जिला स्त्री प्र. शि. वि. विभाग (वि. लेखापरीक्षा)

महाशय,

नगर निगम, पटना के वर्ष 2016-17 के लेखाओं पर आधारित निरीक्षण प्रतिवेदन सं० 1153/17-18 पर आवश्यक कार्रवाई हेतु प्रेषित है। अनुरोध है कि इस निरीक्षण प्रतिवेदन की कंडिकाओं के अन्तर्गत प्रेषित प्रतिवेदन प्राप्ति के 4 सप्ताह के अन्दर पूर्ववर्ती निरीक्षण प्रतिवेदनों की लम्बित कार्रवाई को समाप्त कर सभी अभिलेखित साक्ष्य सहित नगर निगम बोर्ड से अनुमोदित कराकर जिला स्त्री प्र. शि. वि. विभाग को प्रेषित किया/करवाया जाय जिससे लेखापरीक्षा के उद्देश्यों की पूर्ति हो सके।

इस निरीक्षण प्रतिवेदन पर कार्रवाई द्वारा संमर्पित एवं उपलब्ध करायी गयी सूचनाओं/विवरणों के आधार पर नगर निगम, पटना का महालेखाकार (लेखापरीक्षा), बिहार, पटना का कार्यालय लेखा परीक्षित इकाई द्वारा विवरणों को प्रथम सूची, तथ्य छिपाने की जवाबदेही का दावा नहीं करता है।
संलग्नक प्रेषित है।

भवदीय,

- ६० -
वरीय लेखापरीक्षा अधिकारी
शा०स्था०नि०/सामाजिक प्रक्षेत्र-1
स्थानीय लेखापरीक्षा शाखा, पटना

सं०-एल०१०/स्था०नि०-1/सा०स्थानि०/14757/154
प्रतिलिपि सूचनाओं के आधार पर कार्रवाई हेतु प्रेषित--

दिनांक-- 28.9.18

- ✓ 1. उचित नगर निगम, पटना विभाग बिहार सरकार, पटना
- 2. लेखापरीक्षा कार्यालय

A-1
22.10.18

50-7
22.10.18

श्री. रामचन्द्र
22.10.18



वनीर हसन 28/09/18
वरीय लेखापरीक्षा अधिकारी
शा०स्था०नि०/सामाजिक प्रक्षेत्र-1
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